ADB

May 30, 2023

Dear CPMI Secretariat,

As the Secretariat of the Asian Bond Markets Initiative (ABMI), we would like to thank you for giving us an opportunity to provide our comments to the Committee on Payments and Markets Infrastructures (CPMI) in response to the Consultative report "ISO 20022 harmonisation requirements for enhancing cross-border payments". We think the CPMI proposals are very relevant to our ongoing ABMI discussions to standardize market practices to integrate financial markets in ASEAN consisting of 10 countries, plus China, Japan, and Korea, collectively known as ASEAN+3.

Before providing comments on the questions asked, we would like to highlight some unique characteristics of Asia, particularly that of the consideration to be made in the context of developing countries as we are also promoting standardization in Asia. Please note that in our responses to the questions, we use ASEAN+3 as a term collectively referring to these 13 countries and ASEAN+3 Bond Market Forum (ABMF) as a platform to bring public and private sector experts in the region to promote market practice harmonization and standardization in ASEAN+3 since 2010.

First, in these countries, cross-border payments are closely associated with foreign exchange transactions and regulations which is a sensitive matter as it has an impact on capital movement and currency conversion. FX reporting is already incorporated as a regulatory requirement. Therefore, whatever the CPMI proposes may create some impact on their regulations. Since the share of emerging Asia in global financial transactions is increasing, it is important to have smooth coordination with these countries to ensure the effectiveness of the global initiative to be proposed by CPMI.

Second, taking the opportunity of the CPMI discussion, it is desirable to have harmonization and standardization of the mandatory FX regulatory reporting already implemented. Since the objective of the FX reporting is mostly the same as the CPMI initiative, i.e., increasing market transparency through the identification of transacting parties and objectives of the transactions basically. It will be an opportunity to reduce the regulatory burden; hence, the CPMI proposal will be supported by the industry. If CPMI fails to coordinate, it would create an additional burden; thus, it would not be supported by the industry.

Third, having said that, the work may not be easy. Our preliminary data comparison shows that some jurisdictions have more than one hundred options for transaction purpose codes while others may have only 20. Identification of transacting parties may only be done by names and addresses, while some jurisdictions use their own investor IDs. We also expect there may be different market practices in other parts of the world. Therefore, before proposing applicable data elements by CPMI, it would be necessary to conduct a comprehensive data collection exercise to identify market practices that may need to be standardized and harmonized through the CPMI discussions.

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Fourth, in the context of data standardization and harmonization to increase market transparency, the focus of CPMI discussions should be given to a transaction ID, transaction purpose codes to identify transaction purposes, and a globally recognized corporate ID to identify transacting parties. It would go beyond CPMI's capacity to standardize the entire scope of business transactions through proposing standardization of ISO 20022 messages. The introduction of a transaction ID can increase traceability, even though it may not be able to identify end-to-end transactions. Harmonization of transaction purpose codes can ensure consistency in reporting and would facilitate the investigation of suspicious transactions. Identification of transacting parties may not be easy, especially for individuals, because of privacy protection. But corporate data and information should be accessible and exchangeable beyond borders because there are no, or significantly fewer, privacy concerns. Basically, they need to be known to conduct business beyond borders; thus, the introduction of a globally recognized corporate and entity ID like LEI would be beneficial.

Lastly, the focus on standardization and harmonization under the CPMI discussion should be limited to cross-border transactions. It is understood that the result of the CPMI discussion may influence domestic payment practices. Besides, transparency in payments should be ensured in domestic transactions as well. From a technical point of view, it may not be easy to differentiate between domestic and cross-border because the payment network used in domestic transactions may be connected or the same for domestic and cross-border transactions in many advanced markets. However, it is necessary to note that a payment system for domestic payments and for cross-border is often differentiated in many Asian countries because, in reality, cross-border payments mean foreign currency payments. Thus, practices and rules applied to local domestic currencies and cross-border payments for foreign currencies can differ. The CPMI consultation paper appears to be largely written on the basis that cross-border payments are carried out by banks using the SWIFT network, with the end users being bank account holders. If it is the intention, it would be necessary to state the scope more clearly. A large number of the population in developing countries do not have a bank account. Therefore, it would be desirable to separately consider what would be applicable through the SWIFT network and what needs to be considered for the entire payment system to avoid unnecessary confusion. Developing countries need to develop their own system(s) at their own pace with suitable and affordable technology. Thus, how to develop a domestic system should be left to the decision of each market.

The ABMI Secretariat looks forward to responding to inquiries related to our response and looks forward to further dialogue with the CPMI Secretariat on this matter. Please feel free to reach out to **syamadera@adb.org** for anything further.

Our comments to your questions are found in the attachment (Annex).

Best regards,

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Annex

CPMI Question 1. Do you agree with the guiding principles followed for setting the requirements, including the platform or network agnostic approach, the level of ambition and the future state orientation?

We basically agree with the guiding principles, including the network agnostic approach. Based on our experience under the ABMI, Asian markets are heterogeneous, and each market may favor a different approach on the basis of separate legal and regulatory environments. But as indicated above, some level of standardization for cross-border payment reporting is possible and desirable.

Requirement #1– To use the appropriate message for a particular business function.

Question 2. Do you agree that the inconsistent use of messages can be adequately addressed through this requirement?

It is necessary to agree on the scope of the standardization CPMI will propose. CPMI cannot set standards to ensure consistency for every business process because CPMI is not in a position to understand every aspect of business transactions conducted through the payment network. it is necessary to note that standardization is necessary, but CPMI discussion may not be able to eliminate the inconsistency involved.

We also can consider a stepwise approach. We may not be able to eliminate inconsistency and discrepancy in the use of messages from the beginning but may be able to reduce it through continuous efforts. For example, capturing end-to-end transactions may not be feasible in emerging markets, and putting too much emphasis on this may create an unnecessary negative consequence by a risk of excluding these markets.

To support the efforts of CPMI, the discussion under the ASEAN+3 Bond Market Forum (ABMF) is looking to propose a core message set for FX transaction reporting. Desirably, a standardized FX reporting format proposed by ABMF will reduce the existing reporting burden and ensure consistency of the use of messages in the region.

Question 3. How could the risk of inconsistent use of messages or deviation from the business functions defined by ISO 20022 be mitigated? Would the proposed solution contribute to mitigating such risks and lead to improved efficiency of cross-border payments processing? Please explain.

Our work on FX regulatory reporting showed how different the markets in the ASEAN+3 region are and how these markets are faced with different reporting requirements from regulators. But the introduction of ISO 20022 will be an opportunity to mitigate such differences if we can propose a core message on FX transaction reporting that aligns with the regulator requirements of the various markets. It is desirable that CPMI would take the regional consideration into account for the CPMI standardization proposal; thus, the proposed solution would improve the efficiency of cross-border payments.

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Question 4. How do you assess the level of effort that will be required to adopt the appropriate message as defined by the ISO 20022 standard?

Implementing any system change may require a significant effort but very much depends on the technological environment of each market participant as well as the connectivity prescriptions for shared market infrastructure, such as FMI. In this regard, standardization through ISO 20022 would be desirable for ASEAN+3 as the region is one of the fastest regions of ISO 20022 implementation. The introduction of ISO 20022 has been one of our important initiatives since 2010, and the implementation is recognized as one of the key performance indicators of the ASEAN Economic Community integration process.

Requirement #2 – To use ISO 2002 externalised codes for payments and payment-related processes.

Question 5. Would requiring the use of ISO 20022 externalised codes facilitate faster, cheaper and more transparent cross-border payments? How do you assess the implementation effort?

Codifying information relating to payments – any financial market transaction really - improves transparency and minimizes need for human interpretation that can result in misinterpretation. It also promotes interoperability as the information is easily carried among market participants and to/from FMI. However, implementation requires not just system adjustment but also the actual usage of the external codes. There are a huge number of codes in the ISO 20022 code repository without any explanation of where, when and how these codes should be used; it should be made clear what codes can be used and what these codes mean. Otherwise, prospective users will dismiss the code repository and embark on their own code definition and use. Hence, participants need to get familiar with the codes and to ensure that they are appropriately and accurately used in the messages.

In ASEAN+3, the work of ABMF on FX regulatory reporting has shown the importance of transaction purpose codes. We have seen how different codes are used to indicate similar purposes across markets in ASEAN+3. Some markets require more detailed purpose codes than others and as such would have more than 150 purpose codes while there are markets that would just require purposes to be grouped according to the categorization in the IMF Balance of Payment reporting and as such would require not more than 15 codes and still others would not use codes but report transaction purpose as a free format text. This shows a need for some re-alignment to make the codes useful across markets. To the extent that the inflow/outflow of FX is linked to payments, there is an associated purpose code from the payment side, but the codes would be different from what is used in the FX reporting. ABMF is looking at how the various codes from across markets may be re-aligned and matched across markets (keeping in mind the existing purpose of such codes and regulations in each market) not just for FX reporting but for data interoperability of cross-border payment and settlement transactions.

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Question 6. Are there any limitations/challenges resulting from increased reliance on ISO 20022 codes? How difficult would it be to overcome these limitations/challenges?

Limitation might be in the applicability and adequacy of the external codes that are in the ISO20022 external code set in the various markets along the payment chain. There might be a need for governing bodies of ISO 20022 such as the ISO 20022 Registration Management Group (RMG) to participate in the discussion as to the proper context of how the external codes were developed, how they were meant to be used and what needs to be done to internalize the external codes into the systems. There might be a need to define the scope and proper context of an external code or even propose new codes, including purpose codes.

In the ASEAN+3 region for instance, the purpose codes are very different, in nature and in quantity, per market, and thus there is a need to realign and propose new codes so that they can be meaningfully carried across and used in the regulatory reporting. The transaction purpose codes in the region are also very different from the category purpose codes of ISO 20022, thus we will also work with the RMG to properly contextualize the codes that we will develop into the ISO 20022 FX reporting message.

Requirement #3 – To indicate that a payment is a cross-border payment.

Question 7. Do you agree that identifying a payment as a cross-border payment should be required to enhance the processing efficiency of cross-border payments? Would such a flag facilitate compliance procedures including financial crime screening? Please explain.

It is not clear as to how this requirement will add to processing efficiency; sender and receiver of a cross-border payment already know of its nature and intermediaries have developed processes that route payments to domestic or cross-border payment applications, as the case may be and often depending on the channel used by customers. Payment systems themselves often already have or themselves represent indicators that identify cross-border transactions and process them as such. Also, adding a purpose category to indicate the payment as cross-border may not carry any meaningful information across the border as opposed to reporting the purpose of the transactions (e.g., being a supplier payment).

The work of ABMF on FX regulatory reporting shows that more meaningful would be a purpose code indicating the reason for a transaction for regulatory purposes. Regulatory reporting in ASEAN+3 is used mostly for statistics reporting and for financial monitoring.

Question 8. Do you agree that the use of an ISO 20022 external code (e.g. a Category Purpose) would be the most effective way to flag a payment as cross-border? Are there alternative approaches you would suggest?

We understand that there is no universal definition of a cross-border payment. Yet, existing messages already contain a number of attributes that could characterize a payment (message) as cross-border. Hence, would not existing payment process systems be adequate to provide information needed to effectively identify and process cross-border payments. Also, use of a globally accepted standard ID to identify parties should carry information on whether a transaction is a cross-border transaction, i.e., whether the recipient of a payment

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resides in a different jurisdiction. If we define cross-border transactions as those that involve nonresidents, the LEI will have information on domicile country which could be used as an additional indicator.

Question 9. How do you assess the level of cost and effort required for the implementation effort?

There are likely a number of aspects to the consideration for this question. Is the data element(s) (to identify the cross-border nature of a payment/message) already contained in an organization's data set? If it is not, does an organization deem it necessary to introduce such data element or will it seek to deduce the nature of the payment/message based on existing data fields and just carry the result to external parties. If such data element is to be included in the organization's data architecture (without the organization's systems deriving a direct benefit from the change), willingness to change and associated cost and timeline could render this subject a tough ask.

If the data element is included in the ISO 20022 message and for those markets adopting the standard, systems will still need to be updated and tested according to the use case(s). One additional key effort might lie in the need for industry participants to compromise on the adoption and most efficient use of such data element(s).

Requirement #4 – To support/restrict the character set used for ISO 20022 payment messages to current market practice.

Question 10. Do you agree with the restricted character set for cross-border payments as described above? If not, which alternative character sets or additional characters should be included?

CPMI proposes to restrict the character set to the currently agreed Latin character set: lower case characters a–z, upper case characters A–Z, numeric characters 0–9, and the following additional characters,

(/ - ? : ( ) . , ‘ +) (! # & % * = ^ _ ` { | } ~ " ; @ [\ ] $ > <)

In some markets, characters might carry a different (local) meaning and as such can cause confusion. Moreover, in some Asian and European countries, the language is not alphabet based but character based and while the CPMI also recommends that jurisdictions add local language mapping, if necessary, the local characters most likely would not have a direct equivalent or even a one-to-one mapping with the proposed character set. For example, how will the 'Umlaut' of the German alphabet be treated or read; similarly, how would the characters in the Japanese alphabet be interpreted? The proposed character set might be limiting to local jurisdictions and might just add more confusion. In this regard, it might be beneficial to expand the character set since the Latin character set will likely not work for certain markets, particularly in Asia and parts of Europe. The use of a globally accepted standard ID should also mitigate the issues that can potentially arise from limitations in the character set. An LEI would carry key static information that need not be carried in the message and thus limit potential confusions arising from different characters across markets.

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Requirement #5 – To use a common time convention across all ISO 20022 messages associated with cross-border payments.

Question 11. Do you agree that requiring times in ISO 20022 messages to be stated either in UTC or in local time with UTC offset will enhance the transparency and efficiency of cross-border payments? If not, please explain.

Convention in reporting of data elements speeds up processes and promotes data interoperability. This is particularly crucial to cross-border transactions when it comes to reporting dates considering time zone differences. It promotes transparency and clarity of timing of transactions across the payment chain.

In our work on FX regulatory reporting standardization, we are also proposing to standardize the formats of reporting the information in the data elements for data interoperability. A standard practice of reporting time, dates and other data elements may also be adopted for other business processes such that there is a standard format for ISO 20022 for reporting information pertaining to a particular data element.

Requirement #6 – To include a unique end-to-end reference for all cross-border payments.

Question 12. Do you agree that requiring the use of UETR for all cross-border payments will have a positive impact on the transparency, speed and cost of cross-border payments? If not, please explain.

In principle, an end-to-end reference number would not just promote transparency, which has implications for other processes - particularly AML and tax. Making cross-border transactions tractable reduces the potential for financial crime and promotes better tax practices. An improvement in speed (more so as a result of the reduction of time to identify and reconcile individual payment segments) and associated reduction of cost may be incidental factors (see below examples).

On the FX reporting side, the reference number attached to an FX transaction report record often does not relate to the originating transaction but is limited to the submission or might only get allocated by the receiving party upon receipt for recordkeeping; its purpose and how it is populated differ across markets. Reference numbers included by customers do not get carried beyond the receiving bank; many a times, a reference number is limited only to a point-to-point transaction between two contracting parties (buyer and seller, client and bank, or similar). Yet, a UETR is also being proposed in the FX instruction message, to make identifying, tracking, and reporting an FX transaction end-to-end more seamless.

At present, UETR is not a priority in terms of regulatory purposes in the region. Currently, there is no clear need to identify a transaction end-to-end. The use of the transaction reference number in the regulatory reporting formats is primarily to identify an FX for BOP statistics and reporting. If regulators in the region would find it beneficial for any of its regulatory reporting requirements, ABMF can help promote its use.

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Question 13. How do you assess the effort required to implement this requirement?

Any changes to existing messages and underlying processing systems that carry logic (need to be captured, stored, and interpreted) is costly. A change to introduce and carry the same data element across platforms (payment, FX, underlying reason for payment, accounting/GL parts, etc.) is massive, will require integration and industry testing and will require finding serious business use cases to justify the expense. The actual effort will depend on each market participants infrastructure and applications.

From a pure process perspective, the payment initiator can generate the UETR and all involved in the payment process must have the capacity and commitment to carry the UETR, plus the ability to apply required logic; all parties should be expected to be senders and receiver of payments, hence, will have to accommodate all additional required functionality. However, it is necessary to note that the identification of the end receiver depends on its definition of 'end'. It is necessary to separate the issue of identifying the 'ultimate beneficiary'.

Requirement #7 – To ensure full transparency on processing times for cross-border payments.

Question 14. Do you believe that the requirement for inclusion of the time of debit of the debtor will increase transparency on the time it takes to complete the processing of cross-border payments? What improvements would the requirement bring to the end user experience?

This subject requires clarification on the application of such time stamps. In an instant payment environment, the debit time is likely representative of the actual initiation time of the payment; in conventional payment systems or in typical bank infrastructure, a debit may occur immediately but payment routing patterns, cut-off times, processing holidays, industry practices and the ability to generate float for financial institutions may not imbue the debit time stamp with sufficient meaning and allow to derive qualitative assessments.

While the proposed inclusion of time in the payment message can potentially improve transparency regarding the time it takes to process the initiation and each step along the payment chain, the end-user (payment recipient) may not have a particular use for the information. As such it needs to be clearly determined who would benefit from the inclusion.

In ASEAN+3, some markets require information on the time an FX transaction is confirmed, and the information is populated by processing systems upon completion of the transaction; the data is primarily for regulatory purposes.

Question 15. How do you assess the difficulty of adopting usage of the Acceptance Date Time data element as a requirement for cross-border payments? Would the implementation effort and impact on the transparency needs of end users differ by message type?

System time of a processing step is captured in any processing system but not necessarily carried into messaging or between processing or routing systems; hence, most effort would be required on interfaces, which involves complex testing.

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Requirement #8 – To ensure full transparency on amounts, currency conversions and charges of cross-border payments.

Question 16. What are the implications of requiring all those involved in cross-border payments to provide complete information on amount, conversions, and charges?

The proposal is seen to benefit clients as there is increased transparency on any adjustments on transaction amount paid because of currency conversion or additional charges. It can potentially promote cost-efficiency through transparency and enhanced competition among financial institutions/platforms that carry cross-border payments. To what extent, however, it can promote cost efficiency cannot be determined at this point. Also, is it necessary to carry all information on charges in the messages which might lead to a bloating of messaging?

As an example, for FX transactions in the ASEAN+3 region, only the exchange rates applied to the transactions are required to be reported for regulatory purposes.

Question 17. Are there any technical, legal or other hurdles that could impede the inclusion of complete information on amount, conversions and charges in cross-border payments?

It is necessary to note that FX reporting in ASEAN+3 is based on regulatory requirements. Therefore, there may be a case that CPMI proposals must be taken into their regulatory requirements, thus, leading to revisions in regulations.

From a technical point of view, there are likely many differences across jurisdictions which will make aligning the process of collecting and displaying charges across markets difficult. Taxation, i.e., the treatment of fees and charges under prevailing GST or VAT rules may be too complex to be considered for all markets and circumstances. There might also be instances that legal procedures require information to be disclosed from the payor which does not affect payment; other jurisdictions will not find the information useful and will not be willing to carry such.

Requirement #9 – To indicate that a cross-border payment is consistent with the CPMI service level agreement guidance (building block 3).

Question 18. Would the introduction of a CPMI service level code in ISO 20022 to track adherence to the CPMI guidance and harmonisation requirements facilitate improvements to cross-border payments processing?

It would be decided by the industry. We understand the proposal is based on G20 and FSB proposals for faster, more secure, and efficient payments and is aimed to improve adherence to the requirements; however, it is unclear if it can achieve the purpose. It needs system and infrastructure changes, some likely complex in nature, and includes end-to end testing. At the same time, the question needs to be answered how does it benefit the end-user? Would the business of a financial institution be affected if it is non-compliant? Who – in our context, which regulator in which market –would (be able to) assess and enforce compliance?

Question 19. How would the availability of a CPMI service level code in ISO 20022 messages impact the business models/strategies of financial institutions providing cross-border payment IT services?

It depends on what would be agreed by the industry.

Question 21. Do you agree that the use of account identifiers (or account proxies), to the extent possible, would have a positive impact on the speed and cost of cross-border payments? Please explain.

It is necessary to note Asia do not recognize IBAN and Asian countries only use IBAN when transacting with countries that hold IBAN. There are different account identification mechanisms and practices in Asia. As such, it is not likely that an IBAN-type account structure concept be implementable in ASEAN+3.

FX regulatory reporting in the ASEAN would require the domestic account number of the counterparty since its concern is the flow of funds to and from the domestic account. As an account identifier, we support the account number and the name of the account holder reported in a structured format should be sufficient.

Requirement #11 – To uniquely identify all financial institutions (FIs) involved in cross-border payments in an internationally recognised and standardised way.

Question 22. Do you agree that uniquely identifying all financial institutions involved in cross-border payments in an internationally recognised and standardised way would enhance cross-border payments? Please explain.

We support the proposal to standardize the identification of all FIs involved in the cross-border payment by using a globally acceptable identifier (e.g., LEI). This will reduce the time that needs to be spent validating the identity of the FI. It also increases transparency since the identity of the FI at every stage is more readily verifiable from the information attached to the global identifier. The global identifier can be supplemented by a domestic ID for validation.

Question 23. Do you agree with the proposed solution of requiring the use of the BIC to identify all financial institutions? Why or why not?

To identify entities as required by FX regulatory reporting in ASEAN+3, we need to combine various identifiers, as BIC and LEI alone do not satisfy the requirements. We are also suggesting for GLEIF to expand the data elements attached to an LEI to include information on Business Category/Type of Business, such as the International Standard Industrial Classification of All Economic Activities (ISIC).

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Question 24. What would you assess to be the level of effort required by your jurisdiction: (a) to only use the BIC to identify financial institutions in ISO 20022 messages; and (b) for all financial institutions that currently do not have a BIC to register for one?

At present, message sender and recipients are already identified using BIC in messaging; however, this does not necessarily extent to the actual ultimate beneficiary of a payment.

Hence, significant effort may be needed to switch to using BIC as an ID for parties normally not associated with a recipient of messages, as a global identifier: systems must be updated to report the data on the identifier in a structured format; registration and periodic validation is also required. The identifier that must be chosen should be the one that has widest coverage, easiest for registrants to maintain and for users to validate.

Requirement #12 – To identify all entities involved in a cross-border payment in a standardised and structured way.

Question 25: Do you agree that requiring participants to identify all entities involved in a cross-border payment in a standardised and structured way would enhance the processing efficiency of cross-border payments? Please explain.

Identification of all entities involved in cross-border payment may not be easy. It is common to identify point-to-point, not end-to-end. This is the practice in securities settlement transactions in ASEAN+3.

Question 26: Do you agree with the proposed use of structured identifiers such as the LEI, if they exist, to complement the recommended minimum data requirements to identify the legal entities involved in cross-border payments? Are there alternative approaches that you would suggest?

We support the use of a globally accepted identifier such as the LEI to identify parties to a transaction. In our work on FX regulatory reporting standardization, we noted that most of the static information pertaining to the counterparty that are required for regulatory reporting are attached to the LEI (e.g. legal name, address, country of residence) and need not be carried in the message. A domestic corporate ID can also be included as an identifier to complement the LEI.

Requirement #13 – To identify all persons involved in a cross-border payment in a standardised and structured way.

Question 27. Do you agree that requiring participants to identify all persons involved in a cross-border payment in a standardised and structured way would enhance the processing efficiency of cross-border payments? Please explain.

Natural persons (individuals) are not part of legal arrangements between entities on the payment chain. Sending such information across jurisdictions may contravene privacy regulations. In a region like ASEAN+3, this would likely not be possible.

Requirement #14 – To provide a common minimum level of postal address information structured to the extent possible.

Question 28. Do you agree that a requirement not to use unstructured postal address information and to use only structured postal address information can help enhance the processing efficiency of cross-border payments? Please explain.

It is necessary to note that, in developing countries, postal address and postal code information may not be structured to identify a location. Sometimes, postal addresses and codes are not allocated granularly enough to identify exact locations. Though address and postal code information may not be structured and not sufficient enough for identification, it is still required for KYC and used for identification. It is questionable that the exclusion of unstructured addresses and postal codes would increase efficiency in developing countries. It is necessary to pay more attention to each country's practice on how to treat addresses and postal codes.

Question 29. Do you agree with the minimum required postal address information consisting of the Country and Town Name fields? Should any additional fields be required?

As mentioned above, it is necessary to pay more attention to each country's practice on how to treat addresses and postal codes.

Requirement #15 – To cater for the transport of customer remittance information across the end-to-end cross-border payment chain by enabling the inclusion of a minimum size of structured or unstructured remittance information with the payment, or to reference such information when sent separately.

Question 30. Do you believe that setting minimum end-to-end expectations with respect to the carrying of remittance information can improve the processing efficiency of cross-border payments?

It is necessary to note the identification of end-to-end transactions may not be practical, especially in the context of developing countries where not everyone has a bank account.

Question 31. To what extent would the ability to include references to separately sent remittance-related information (e.g. through inclusion of hyperlinks or other references) be helpful to process a cross-border payment? Are there obstacles (e.g. legal, regulatory, supervisory limits) to including reference to separately sent remittance information in your jurisdiction/community?

This depends on the information required. For example, FX-related reporting is done to the central banks through separate information systems in ASEAN+3.

In capital markets, disclosure in relation to securities issuance features the concept of 'incorporation by reference', where a link to existing information at a different source is possible, to keep the size of specific documents smaller and easier to navigate. However, such information incorporation is not (meant to be) transactional.

Question 32. Is the timing envisaged for the requirements to take effect in line with industry expectations?

As has been discussed in the responses from the previous questions, the markets in the ASEAN+3 region have systems and practices in place that adhere to the regulatory requirements that are being implemented. In particular, FX reporting is already incorporated as a regulatory requirement and with payments being closely related to FX, the requirements the CPMI proposes are likely to impact regulations, and as such the timing should take into consideration market conditions and regulatory requirements in the ASEAN+3 region and in other jurisdictions that may also have different practices.

Question 33. Do the requirements provide clarity on how harmonised implementation of ISO 20022 can contribute to achieving the G20 targets?

As discussed in the responses, there are requirements that may not be applicable to the ASEAN+3 region. And since the share of emerging Asia in global financial transactions is increasing, it is important to have an inclusive and consultative process for better clarity and timing to ensure the effectiveness of the global initiative to be proposed by CPMI.

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