

Future-ready Securities: Innovating Securities markets with ISO 20022

Migrating to the ISO 20022 Standard is not without its challenges, but the process is manageable, providing the Securities industry follows some simple steps.

Colin Parry, CEO at the International Securities Services Association (ISSA) , moderated a series of panels during the Standards Forum at SIBOS in Beijing, discussing how Securities markets can best navigate the transition to ISO 20022.

ISO 20022 for Securities – show me the use cases!

The Payments world is in the midst of transitioning to ISO 20022 ahead of the November 2025 implementation deadline, a move which promises to yield a number of strategic benefits, i.e. improving financial crime compliance, better insights into customer data, streamlined payments, exceptions and investigations, etc.

However, as several panellists pointed out during SIBOS, the rationale for adopting ISO 20022 in Securities markets is less clear-cut than it is for Payments, but that is not to say there are no business use cases or drivers for moving to the new Standard, i.e. potential operational efficiencies in activities where there are low rates of Straight through Processing (STP) such as corporate actions, or in areas where there may currently be a lack of standards , as is the case in the securities issuer space.

ISO 20022 is also being adopted where there is no choice, i.e. in order to comply with the EU's Shareholder Rights Directive 2 (SRD2) or to connect to Target2Securities (T2S), etc.

Getting the transition right....

Where it makes business sense for the Securities industry to adopt ISO 20022, a few things need to happen first to ensure the transition is a successful one, according to the panel.

One speaker stressed that organisations need to be clear about the business cases and timelines for adopting ISO 20022, underlining the importance of having a formal and transparent market consultation process in place.

Since 2020, ISSA has been running a dedicated Working Group (WG) focused on ISO 20022.

One expert noted the ISSA WG has spent a lot of time examining previous ISO 20022 migrations (e.g. the Depository Trust & Clearing Corporation [DTCC], Japan Securities Depository Center [JASDEC], the funds' industry) and sharing some of the lessons and best practices from those transitions with the wider Securities community.

These sorts of initiatives and thought leadership exercises will help educate markets and simplify the ISO 20022 migration journey for everyone involved.

Other measures also need to be taken by the industry to ensure a streamlined ISO 20022 transition experience. During any migration, it is vital that co-existence and co-maintenance of previous Standards continues, so that interoperability is enabled for those firms who are ready

versus those who are not. Otherwise, firms will agree bi-lateral workarounds, which will lead to more complexity and cost.

The audience heard that the use of extensions should be strictly limited, or if they are used to facilitate the migration, then firms should put in place a plan to make sure there is alignment with the core base Standard within two to three years.

In addition, any new business processes should be implemented using ISO 20022, and not retrofitted with ISO 15022.

And finally, experts wrapped up the panel by stressing that sound governance practices (i.e. the Global Market Practices Guidelines, etc.) must be followed during the transition. With ISO 20022 now approaching its second decade, the Standard's governance structure should also be reviewed to validate that it still meets the industry's requirements.

During a follow-up session – also moderated by Parry, a speaker gave a comprehensive overview detailing how the ISO 20022 registration process works. The speaker said the bar for registering a business use case for new candidate ISO 20022 messages is high, adding this is essential because the outcome of such decisions impacts the entire industry.

The speaker said expertise and diligence are key here, noting that a lot of firms often give up before the submission process is complete.

Next Steps....

The move to ISO 20022 will be complicated for the Securities industry, but it is not insurmountable, provided the market prepares carefully and buys in to the value and the business case for the change.

For further information about ISO 20022 and best practices around the migration, please consult ISSA's white paper - [Market Considerations and ISO 20022 Migration Approaches for Securities](#)'.