

On March 20, 2023, SWIFT will begin its migration to using a new format which complies with ISO 20022 for cross-border payments. EUR settlement systems in Europe are also scheduled to switch over to the new format. In November 2023, The Clearing House Interbank Payment System plans to go live with ISO 20022. ISO20022 will impact all parties in the payment process: Remitters, beneficiaries, and banks. This document shares important information regarding MUFG NY Branch's ISO 20022 plans and to help you prepare for ISO 20022. As we move through our journey to full ISO 20022 implementation, we will continue to provide regular updates. Please contact your relationship manager should you have additional questions.

WHAT IS ISO 20022?

ISO 20022 is a harmonized set of data and messaging standards across major financial services domains (Cash, Securities, Trade, Card and Foreign Exchange) based on a shared data dictionary and business process model. It has emerged as an enabler of a single, common "language" for global financial communications that can assist organizations in responding to evolving demands from customers and regulators.

The SWIFT community as well as payment market infrastructures have decided to migrate to ISO 20022 between 2023 and 2025. SWIFT MT (legacy) and MX (ISO 20022 messages) will both be supported during this period. By November 2025, ISO 20022 will be the common language of the global financial industry.

ISO 20022 messages use a common data dictionary, can carry a considerable amount of information, supports payment messages end to end, and provides for more detailed, more granular data to facilitate identification of the data in a payment instruction. Business processes supported include the following:

- Payment initiation (corporate to bank)
- Interbank settlement (bank to bank)
- Cash management (bank to corporate)

ISO 20022 US MARKET (FED & CHIPS) HIGH LEVEL CHANGES

Since not all market infrastructures will migrate at the same time there are certain interoperability challenges in the coexistence period when MX, MT messages and local clearing formats exist in parallel. In particular, the time span between the SWIFT, Fedwire and CHIPS migration timelines poses a challenge for US banks.

SWIFT will offer MX messages on the new FinPlus network starting in March 2023. CHIPS will migrate to the new HVPS+ formats in November 2023 and Fedwire in March 2025.

From March 2023 onwards US banks can receive payment instructions that have some fields that do not map cleanly into the existing CHIPS and Fedwire formats. Either these data elements have more characters than the corresponding CHIPS/Fedwire field can carry or these ISO 20022 elements do not correspond to any existing Fed and CHIPS fields.

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TIMELINE SUMMARY

- ISO 20022 Migration for Euro Clearing System will go live in March 2023
- ISO20022 format will become available on SWIFT network starting in March 2023 for Category 1xx, 2xx and 9xx messages. The new format (MX) and the current format (MT) will coexist on SWIFT network until Nov 2025 when MTs are decommissioned.
- The Clearing House Interbank Payment System (CHIPS) will migrate to the ISO 20022 formats in November 2023.
- Fedwire will migrate to the ISO 20022 format in March 2025.
- SWIFT Decommissions MT message types in November 2025.

ISO 20022 FREQUENTLY ASKED QUESTIONS

GENERAL QUESTIONS

What is ISO?

ISO is "the International Organization for Standardization". It is an international, non-governmental organization comprised of a large number of national standards bodies that develops and publishes international standards for various industries and fields. Usually, standards are indicated by a number following "ISO."

What is ISO 20022?

ISO 20022 is a global standard for financial messaging specified by the ISO, which uses XML as the main data description language. While the primary objective of adopting ISO 20022 is to standardize the creation of financial messages, it may also make it easier to achieve interoperability with various types of messaging used in the financial operation.

Moreover, because ISO 20022 uses XML which allows the user to freely define tags, more flexible and scalable data utilization is expected than the past messaging standards. This will significantly change the current financial operations and may lead to new financial services.

Can you explain the naming convention of the ISO messages

ISO 20022 messages follow a naming convention that identifies the relevant business area for each message:

PAIN: Payment Initiation (Corporate to Bank)

PACS: Payment and Clearing Settlement (Interbank)

CAMT: Cash Management (Reporting, Exception Handling)

ADMI: Administration (System Messages, Rejects)

Naming Convention

Pacs.008.001.07

Business area. Message number. Variant. Version

Additional information on SWIFT message equivalents is in Appendix.

What is the schedule for SWIFT's migration to ISO 20022?

Among the currently used MT messaging types, handling of ISO 20022-based messages for customer payments and cheques (Category 1 message types), financial institution transfers (Category 2 message types), and cash management and customer status (Category 9 message types) will begin in March 2023.

Current MT messaging and ISO 20022-based messaging will co-exist until November 2025. At that time, use of MT messaging types will be discontinued for customer payments, interbank payments, and cash management.

Schedules for other messaging types, such as treasury markets and securities markets (MT300 and 500 series), or trade finance-related messaging (Category 7 message types) has not been released.

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What kind of impact will the migration to ISO 20022 have on non-FI corporate and individual customers?

The operational procedures at financial institutions will change as a result of ISO 20022 migration when creating a payment request. More information in a more detailed/structured format will be required than before when making a payment.

Receiving a payment will allow for more accompanying information to be attached to the payment than before ISO 20022.

Why is ISO 20022 important to me?

As part of this efforts, there will be enriched data in payments such as increase in the field size as well as additional fields mandated by ISO20022 CBPR committee for US Market.

MUFG will incorporate these changes into our payment channels which will impact the way clients initiate payment instructions as well as impact account reporting and transaction advising.

U.S. CONSIDERATIONS QUESTIONS

Has MUFG NY begun working on an ISO20022 migration project?

Yes. Since its inception, we have been an active participant in the Fedwire/CHIPS ISO 20022 standards advisory committee as well as the CBPR Plus group (a global payments industry group) recommending payment system implementations of the ISO 20022 standard

How will the co-existence period work? What is MUFG NY's approach for this period?

During the co-existence period, from March 2023 through November 2025, we plan to migrate to FINPlus ISO 20022 MX messages.

During the co-existence period MUFG will continue to accept MT payment messages from our clients while participating in the exchange of MX messages with counterparties who are MX-enabled.

More information will be shared as it becomes available.

How does MUFG NY plan to support clients during the co-existence period?

We will support clients through their journey to ISO 20022 adoption.

For clients communicating using online and transmission channels (MUFG Exchange, MUFG Connect):

MUFG Connect already supports client communication using ISO 20022 (for file import and file transmission).

MUFG Exchange will be updated to increase data elements and data capacities and will capture more granular data.

GCMS + updates are expected to be in line with the Fedwire ISO implementation in 2025

GPH already supports ISO 20022 XML.

For clients communicating via SWIFT:

Clients may continue to send MT messages.

During the co-existence period, MUFG will continue to send MT advice (MT900/910) and statement (MT94x) messages as default

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During this period, will payment related data get dropped as legacy MT formats can't support the enriched data contained in the MX message?

All data elements will be maintained.

During the transition period between SWIFT ISO transition and Fedwire/CHIPS ISO transition Fedwire/CHIPS participants will use existing field tags (Fedwire tag {8200} or CHIPS tag [900]) to include the entire ISO20022 messages when conversion from MX to the legacy Fed/CHIPS formats.

These changes support ISO20022 U.S. market practice for interoperability.

Who can we contact if we have additional questions about the MUFG ISO migration?

Please direct questions to your Treasury Relationship Manager. We are here to support you as you navigate through these changes.

PAYMENT MESSAGES QUESTIONS

When do you plan to receive and process ISO payment messages (pacs.008, pacs.009,pain.001 relay)?

We will support receipt of all messages in line with CBPR+ and Market Infrastructure (e.g. CHIPS, Fedwire) requirements starting in November 2023 for CHIPS and March 2025 for Fedwire

When do you plan to send and process ISO payment messages (pacs.008, pacs.009,pain.001 relay)?

We will support all messages in line with CHIPS requirements starting in November 2023.

How do you expect to handle payments with unstructured addresses after March 2023?

At this time, neither MUFG nor the U.S. banking community will enforce structured address data during the ISO 20022 coexistence period (2023 to 2025). We expect that the Fedwire and CHIPS systems will introduce new validation rules in 2025 that will only support structured address data.

The address data provided will be sent to the next bank in the payment chain.

When we send MUFG an MT message during the coexistence period, will this message be converted into an MX message or remain an MT message when sent to the next bank?

It will remain an MT message

Will you be able to provide both MX and MT bilateral reporting during the co-existence period (November 2023 - 2025)?

Yes, from November 2023, MUFG will be able to support both MT and MX reporting.

Our default will be MT reporting, and clients can change to MX reporting when they are ready. To enable a smooth migration to MX reporting, it may be possible to set up parallel MT and MX reporting.

For details contact your Treasury Relationship Manager.

Is MUFG planning to support testing with clients?

MUFG NY will begin developing testing and implementation plans once we are ISO enabled in November 2023.

If you have testing requirements, contact your Treasury Relationship Manager to discuss availability.

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CHANNEL CHANGES QUESTIONS

How are users of our online MUFG Exchange system impacted?

MUFG Exchange supports ISO 20022 for file import and payment file transmission. The online user interface, file import, and payment transmission will be upgraded to include additional fields. Data in payment instructions and import files may be more granular with greater data capacities.

Which of the payment type impacted by ISO20022

At this stage payment types which will be impacted by ISO 20022 In November include a Domestic wire, Book Transfers, and International wires.

At this time, Federal Tax Wire and Fed Drawdown payments are out of scope for the November 2023 change and will remain as is.

We will keep you informed if there are any changes to this timeline.

Will there be changes in MUFG Connect

In November 2023, in support of CHIPS ISO 20022 migration MUFG Connect will support increased field sizes and additional data elements. We will continue to support the use of the FIN message standard MT 101 as a direct transmission standard.

Will there be changes in GCMS Plus/GPH

GCMS Plus will support increased field sizes and additional fields. GPH, which already supports ISO 20022 will in future include the additional fields and increased field sizes supported by SWIFT, Fedwire and CHIPS. GPH will continue to support the use of the FIN message standard MT 101 as a direct transmission standard.

How will SWIFT MT 101 be impacted?

FI customers using SWIFT FIN connection will need to migrate to FINplus by November 2025 and make the relevant enhancements to comply with SWIFT requirements

Corporate customers may continue to use a SWIFT FIN connection and maintain MT 101.

Enhancements may be required to accommodate the additional structured data.

MUFG recommends switching from FIN / MT 101 because the full benefits of ISO 20022 such as enriched data cannot be enjoyed in MT.

How are users of payment file transmission services (MUFG Connect for Pain.001.001.03, EDIFACT, and custom formats) impacted?

System enhancements will be necessary to support any new mandatory fields and take advantage of any new, optional fields and features, e.g., acknowledgements. There is no need to change the connectivity method.

INFORMATION REPORTING CHANGES QUESTIONS

Is there any impact of ISO 20022 on Information reporting?

Yes, Information Reporting services (incl. Transmission, Web, and SWIFT) will be updated to support the extended payment details. Additional information on the Information Reporting products will be published in 2023.

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APPENDIX

ISO20022 MESSAGE INVENTORY VS SWIFT MT 1XX, 2XX AND 9XX MESSAGES

Existing SWIFT FIN Message Type	Message Name	ISO 20022 equivalent
MT 101	Request for Transfer	pain.001
MT 102	Bulk Customer Credit Transfer (Multiple)	pacs.008
MT 103	Customer Credit Transfer (Single)	pacs.008
MT 104	Direct Debit And Request for Debit Transfer Message	pacs.003
MT 111	Request for Stop Payment of a Cheque	camt.056
MT 103/2 (Original payment message with RETN code in field 72)	Return of Funds	pacs.004
MT 200	Financial Institution Transfer for its own Account	pacs.009
MT 201	Multiple Financial Institution Transfer for its own Account	pacs.009
MT 202 / 202 COV	General Financial Institution Transfer	pacs.009
MT 203	Multiple General Financial Institution Transfer	pacs.009
MT 204	Financial Markets Direct Debit Message	pacs.010
MT 205	Financial Institution Transfer Execution	pacs.009
MT 202 (Original payment message with RTN code in field 72)	Return of Funds	pacs.004
MT 900	Confirmation of Debit	camt.054
MT 910	Confirmation of Credit	camt.054
MT 920	Request Message	camt.060
MT 940	Customer Statement Message	camt.053
MT 941	Balance Report	camt.052
MT 942	Interim Transaction Report	camt.052
MT 950	Statement Message	camt.053
MT n92	Request For Cancellation	camt.056
MT n96 n99	Response for Cancellation	camt.029
MT n95 n99	Queries: Unable to Apply, Request To Modify, Claim Non Receipt, etc.	camt.026, camt.087, camt.027, camt.033
MT n99	Case Management: Reject Investigation, Cancel Case Assignment, Notification of Case Assignment, Notification of Case Assignment, etc.	camt.031, camt.032, camt.030, camt.038
MT n96 n99	Answers: Resolution of Investigation, Additional Payment Information, etc.	camt.029, camt.028, camt.039
MT n90	Advice of Charges, Interest and Other Adjustments	camt.105.001.01
MT n91	Request for Charges	camt.106.001.01