
Specific Direction 6 on messaging standards (Bacs)

June 2017

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1 Power exercised and purpose

1.1 The *Payment Systems Regulator* makes this specific direction in accordance with section 54(3)(c) (Regulatory and competition functions – directions) of the Financial Services (Banking Reform) Act 2013 (the *Act*). In accordance with section 54(3)(c) this specific direction applies to persons of a specified description.

1.2 The *Payment Systems Regulator* has had regard in particular to the following provisions of the *Act*:

- a) sections 49 to 53 (General duties of regulator)
- b) section 62(2)(a) (Duty to consider exercise of powers under Competition Act 1998)

The *Payment Systems Regulator* makes this direction for the reasons set out in its infrastructure market review final report¹ remedies decision.²

1.3 The purpose of this specific direction is to ensure that the *operator* of *Bacs* prepares and makes available the documentation required to allow conversion between existing messaging standards and *ISO 20022*.

2 Application

2.1 This specific direction applies to the *operator* of *Bacs*.

3 Commencement

3.1 This specific direction comes into force on 20 June 2017.

3.2 This specific direction will continue in force until such time as it is varied or revoked by the *Payment Systems Regulator*.

4 Citation

4.1 This specific direction may be cited as Specific Direction 6 (Messaging standards: Bacs).

5 Interpretation

5.1 General Provisions GP2 and GP3 are incorporated into this specific direction and are to be read as a direction under section 54 of the *Act* for the purposes of this specific direction.

5.2 The headings and titles used in this specific direction are for convenience and have no legal effect.

5.3 The Interpretation Act 1978 applies to this specific direction as if it were an Act of Parliament except where words and expressions are expressly defined.

5.4 References to any statute or statutory provisions will be construed as references to that statute or statutory provision as amended, re-enacted or modified, whether by statute or otherwise.

¹ PSR MR15/2.3, *Market review into the ownership and competitiveness of infrastructure provision: final report* (July 2016).

² PSR MR15/2.5, *Market review into the ownership and competitiveness of infrastructure provision: remedies decision* (June 2017).

5.5 In this specific direction:

<i>Act</i>	Means the Financial Services (Banking Reform) Act 2013
<i>Bacs</i>	Means the Bacs <i>regulated payment system</i> designated by HM Treasury under section 43 of the <i>Act</i> in March 2015
<i>existing messaging standard</i>	Means the Standard 18 messaging standard
<i>ISO 20022</i>	An international financial messaging standard developed to facilitate electronic data interchange between financial institutions, and which supports interoperability between all parties in the payments process
<i>implementation guidelines</i>	A set of rules and technical specifications that guide the implementation of a standard in a payment system
<i>operator</i>	Has the meaning given by section 42(3) of the <i>Act</i>
<i>payment system</i>	Has the meaning given by section 41 of the <i>Act</i>
<i>Payment Systems Regulator</i>	Means the body corporate established under Part 5 of the <i>Act</i>
<i>regulated payment system</i>	Means a <i>payment system</i> designated by HM Treasury under section 43 of the <i>Act</i> in March 2015

6 Requirement to produce documentation

6.1 This Specific Direction 4 requires the operator of Bacs to take the specific actions set out below by 1 December 2017.

6.2 The *operator* of Bacs must prepare the documentation necessary (including comprehensive implementation guidelines) to support the conversion of all relevant messages and related functionalities (used in the current Bacs system) from *ISO 20022* into the existing *messaging standard* and from the *existing messaging standard* into the *ISO 20022* messaging standard. This documentation must be prepared in accordance with paragraphs 6.3 and 6.4.

6.3 The documentation required under paragraph 6.2 must include rules that unambiguously define and explain:

- a) how to extract all business-related information from the data elements in the *existing messaging standard* and move, or map, such information to corresponding data elements in the *ISO 20022 messaging standard*, and
- b) how to extract business-related information from the data elements in the *ISO 20022 messaging standard* and move, or map, such information to corresponding data elements in the existing *messaging standard*.

Any constraints regarding the ability to map information from the *ISO 20022 messaging standard* to the *existing messaging standard* must be clearly articulated.

6.4 The *operator* of Bacs must take all reasonable steps to define implementation guidelines for the conversion of all elements of the *existing messaging standard* into *ISO 20022* messages, including, if necessary pursuing the amendment or creation and registration of new *ISO 20022* messages.

- 6.5** The *operator* of Bacs must ensure that the documentation prepared in accordance with paragraph 6.2 remains accurate and up to date at all times, including adding any further information as may from time to time be required if new messages or functionalities are defined in the *existing messaging standard*.
- 6.6** The *operator* of Bacs must make all documentation prepared in accordance with paragraph 1.2 available on its website and in such manner and form as from time to time directed by the *Payment Systems Regulator*.

