DTCC: Staying one step ahead of ISO 20022 corporate actions messaging with MyStandards

The Depository Trust & Clearing Corporation (DTCC) was an early adopter of ISO 20022 corporate actions flows. Find out how with MyStandards, DTCC found the crucial support to significantly ease the transition to ISO 20022, and optimise customer onboarding and data information sharing.

Challenge

When it comes to corporate actions, ISO 20022 messages are bridging the gap in terms of data completeness, message flows, and processes. DTCC was one of the first financial service companies to initiate a transition to ISO 20022 to take advantage of its richer, more structured corporate action data. The challenge for DTCC was how to migrate customers from legacy file-based information to a new messaging standard with some firms having little or no ISO messaging experience.

Publishing corporate action message specifications is a complex process. Misinterpretation of data elements and rules could lead to increased inquiries and reputational risk. A tool was needed to bridge the gap between DTCC legacy rules and the new ISO messaging standard. MyStandards provided an easy-to-use solution that reduces cost and mitigates risk when implementing and maintaining the rich ISO 20022 message format.

Solution

Catering to all types of corporate action events

As the Central Securities Depository in the US, DTCC provides messaging for Corporate Action Announcements, Payment Processing and Voluntary Instructions. DTCC handles three different types of data: Redemption events such as maturities, Income events such as principal interest, and Reorganisation events including Bid Tenders and Rights Exercise events.

Steve Sloan
Director of Asset Servicing Product
Management at DTCC

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MyStandards acts as a central publication and testing platform for all relevant usage guidelines. It provides a consolidated approach to convey all artifacts including schemas, excel and pdf documentation. DTCC is able to use documentation to denote the impact of fields on Redemptions, Reorganisation and Income events. It also traces ISO fields to the underlying DTCC field names, which has helped in the transition for many firms to the ISO standard.

Recently, within the Voluntary Reorganisation Instruction project, DTCC was able to implement restricted XML schemas to ensure that inbound instructions utilised only the required or optional fields that DTCC could process. According to Steve Sloan, Director of Asset Servicing Product Management at DTCC, this restricted build and testing concept has been extremely effective in helping DTCC manage a very complex and risky process.

"Our messages can get very specific. Certain events should only use certain types of options, codes or values," Sloan explains. "Sometimes there's so much data in a message, it's hard to visually see it until you remove the data that isn't utilised and focus on the data that is. MyStandards helps clients easily understand what is needed and what isn't for their implementations."

Additionally, DTCC has found significant value in MyStandards' annual Comparison Reports, which allow them to automate work and ease client onboarding. MyStandards' Comparison Reports enable users to stay on top of the impact annual

changes have on business areas and usage guidelines, so clients can easily keep up with yearly maintenance.

"The Comparison Reports feature has saved us hours of time. That's due to the quality information MyStandards outputs. Clients are itching to get their hands on the reports as soon as they can," Sloan says. Another key new feature is the ability for MyStandards to show the path of ISO elements within ISO 20022. Understanding the data path is key for both internal and external programmers to make changes for the yearly release.

Understanding data to optimise customer onboarding

Understanding corporate actions data is key to onboarding clients efficiently. That's why for DTCC, MyStandards also acts as a key training tool for clients to learn and understand the DTCC ISO 20022 data model, especially when it comes to creating knowledge continuity between legacy systems, and new ISO-based systems and terminology.

MyStandards serves as a central hub for ISO 20022 usage guidelines that document all the necessary information, such as DTCC definitions, annotations, rules and synonyms. "DTCC still has legacy systems with legacy terminology. For example, for every data element that's in a message, we have a synonym for what that translates into in our DTCC data model. MyStandards is a key tool that helps bridge that knowledge," Sloan explains.

MyStandards is a vital asset to supply information to DTCC clients who are not familiar with

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ISO 20022 terminology, helping them better understand the data and ultimately drive their implementation work forward. "The ability to easily understand data elements within the usage guidelines, and to show where certain things are in a message using a unique path, those are key principles we need to get clients onboarded," Sloan states. "We have very tight rules our clients have to follow to process instructions, and MyStandards has worked out unbelievably well for them."

Improving user experience through customised testing

DTCC further optimised client onboarding with the MyStandards Readiness Portal, the testing feature available for Premium+ users. This successfully answered clients' requests for an agile testing platform where they can confirm that their corporate action messages meet DTCC's requirements before moving into end-to-end production testing.

The MyStandards Readiness Portal enables DTCC to create dedicated and easy-to-use online testing portals for individual clients where they can directly access the necessary information and independently test messages against DTCC's usage guidelines. This means potentially fewer issues during the end-to-end testing phase, which in turn significantly reduces onboarding cost and time. The Readiness Portal is the first step that DTCC clients use to ensure

they are ready to send Voluntary Reorganisation instructions. "We know if they pass the Readiness Portal tests, then our experience with the client will be successful," says Sloan.

For DTCC, the Readiness Portal has cut several months out of the onboarding process and significantly enhanced their end clients' customer experience. "With its ability to test specific voluntary reorganisation instruction scenarios independently against the schemas, MyStandards offers an extra layer that you don't get with an off-the-shelf XML product," Sloan confirms. "The combination of the comparison reports, restricted schemas, various export options and the Readiness Portal has made the entire transition to ISO 20022 a huge success," said Sloan. "We appreciate the excellent collaboration and partnership with SWIFT."

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