

ISO 20022 FOR CORPORATES NEWSLETTER - 2025 #2

Cash Management

The ISO 20022 message standard supports richer, more structured data than the fixed format MT messages. These richer data fields enhance everything from anti-money laundering checks to straight-through-processing.

The aim of Bank of England is to take benefit of ISO 20022 enhanced data to improve efficiency, prioritise payments and prevent financial crime.

*In this newsletter, we inform you about Bank of England's policy with regards to enhanced data requirements for **Clearing House Automated Payment System** ("CHAPS") payments.*

MANDATORY ENHANCED DATA REQUIREMENTS COMING INTO EFFECT FROM 1 MAY 2025

The Bank of England will mandate from 1 May 2025:

- the use of Purpose Codes for CHAPS payments between financial institutions, and for property transactions; and
- the inclusion of Legal Entity Identifiers (LEIs) for CHAPS payments between financial institutions¹.

➤ Purpose Code

The Bank of England encourages the inclusion of Purpose Codes for all CHAPS payments where possible.

The mandatory enhanced data requirements applicable from 1 May 2025 are use of **Purpose Codes for property transactions**.

The mandate is towards the banks: it is mandatory for the direct participants of CHAPS to make the purpose code option available in their online banking system by this deadline. Although this field remains optional for the clients, **we recommend you to populate the purpose code in your property payments** for the May 2025 deadline.

BNP Paribas will implement this option in Connexis Cash for UK contracts. Clients will be able to choose the requisite purpose code from the entire list of 100+ code published by Bank of England, including the 6 property payment codes. The default option will be blank.

The obligation to provide purpose codes is planned to be extended to all channels and all payment types by November 2027.

¹ For the purposes of the first stage of mandating enhanced data from **1 May 2025**, payments between financial institutions are defined as all pacs.009 CORE CHAPS payment messages.



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➤ Legal Entity Identifier (LEI)

The **Legal Entity Identifier (LEI)** is a unique global identifier for legal entities participating in financial transactions. Also known as an LEI code or LEI number, its purpose is to help identify legal entities on a globally accessible database.

From 1 May 2025, Bank of England will mandate the use of LEIs for GBP CHAPS payments between Financial Institutions². It means the LEIs of the financial institutions involved in the payment processing will need to be provided. **This new obligation has no impact on the corporate clients.**

It is the Bank of England's vision to widen the LEI requirement to all CHAPS payments over time. Consistent and wide usage of LEIs will support improved resolution planning, financial crime detection, sanctions screening, customer due diligence, and innovation in products and services.

This recognises the need for the wider adoption of the LEI.

As the use of LEIs increases, the Bank will engage with industry on the best path for widening the LEI requirement to all CHAPS payments, for example, by sector or by size of institution.

FUTURE ISO 20022 ENHANCED DATA REQUIREMENTS IN CHAPS

Moving forward, the Bank of England is planning to mandate the **Purpose Codes** for all channels and all payment types in CHAPS payments from November 2027.

We would therefore recommend our clients sending GBP CHAPS payments to assess the possibility to provide purpose codes by 2027.

Other Bank of England's obligations for the CHAPS Direct Participants that impact corporates making GBP CHAPS payments from November 2027:

- **Structured Addresses:**
 - the Bank will continue to align with international standards, to enable 'hybrid' addresses (i.e., up to two lines of the unstructured 'AddressLine' element with at least Town Name and Country in structured form) from November 2025;
 - From November 2026, CHAPS payments containing fully unstructured addresses will be rejected.
- **Structured Remittance:** any remittance data must be structured, unless there exists no appropriate structured remittance field for any of the remittance data.

Please contact your dedicated Cash Management Officer for any questions or concerns you may have.

² CHAPS payments involving a transfer of funds between financial institutions.

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More info:
Contact your Cash Management Officer

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