



SWIFT

Trade Finance Maintenance
Working Group Proposed
Changes

SWIFT Americas

MT Category 7 Working Group

Purpose and Objectives

- was formed in July-August 2013 to achieve the following objectives:
- significantly enhance MTs of Category 7 that include interbank Documentary Credits and Guarantees / Standbys messages
- enhance MT 798 guidelines for corporate-to-bank messages incorporating the Category 7 enhancements and earlier MT 798 deferred enhancements
- prepare necessary Change Requests (CR) and submit them to SWIFT and TFMWG by 1st of June 2014



MT Category 7 Working Group

Members

- Corinne Babok (Société Générale)
- Patrick Boiteau (Crédit Agricole)
- Tommy Chong (Standard Chartered Bank)
- David Curling (Barclays)
- Francesco Cusenza (Associazione Bancaria Italiana)
- Ingrid De Trogoff (Crédit Agricole)
- Michael Fenyk (Deutsche Bank)
- Giovanni Forcati (Banca Popolare di Vicenza)
- Kate Han (HSBC)
- Roland Hasenaecker (Commerzbank)
- Egbert Jansen(ING)
- David Ondo (PNC Financial Services)
- Fiore Petrassi (JP Morgan Chase)
- Chakicherla Rao (State Bank of India)
- Guosheng Wang or Shen Ma (Bank of China)
- Janna Webskowski (U.S. Bank)
- Jim Byrne (IIBLP)

Application Vendors
have been consulted



MT Category 7 Working Group

General – L/C and Guarantees/Standbys

- creation of a message MT 759 similar to MT 799 using a number of coded and structured fields
- further structuring of party fields (like 50 and 59)
- Adoption of extended “Z” character set for long fields (eg 45A, 46A, 47A)
- Addition of a field to refer to a document sent by another channel (eg FileAct)



General and overall issues and topics

Re-structuring of the party fields in Cat 7 messages

- currently the actual fields for parties (e.g. Applicant, Beneficiary, etc.) are defined with 4 lines each 35 characters.
- quite often this is not sufficient enough to specify the details of the parties and other fields are used instead of or in addition (e.g. 47A)
- proposal to increase to 6 lines with structured address

:59?:

1/Wong Wu Garments International Ltd

1/Clothing Manufacture Department

2/Unit 25 B, 10 Floor

2/Tong Yong Factory Building, 705

2/Castle Peak Road, Lai Chi Kok,

3/HK/Kowloon

1 = Name

The number followed by a slash, '/' must be followed by the name of the party

2 = Address

The number followed by a slash, '/' must be followed by an Address Line (Address Line can be used to provide for example, street name and number, or building name).

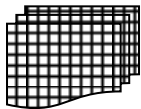
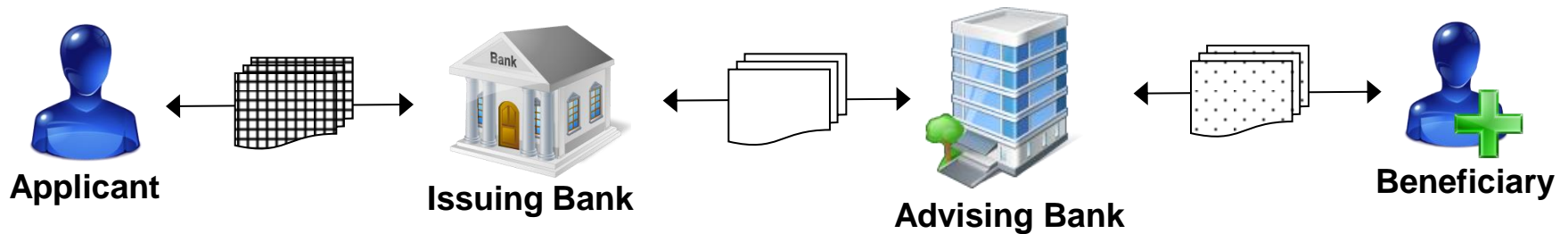
3 = Country/Town

The number followed by a slash, '/' must be followed by the ISO country code, a slash '/' and Town (Town can be complemented by postal code (for example zip), country subdivision (for example state, province, or county).

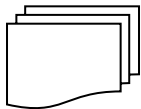


Guarantees and Standby Letters of Credit

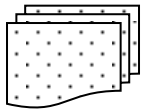
Status quo in electronic communication standards



well structured Customer-to-Bank messages (SCORE MT 798)



unstructured Bank-to-Bank messages (MT 760, MT 767, etc.)



less structured Bank-to-Customer messages (SCORE MT 798)

Guarantees and Standby Letters of Credit

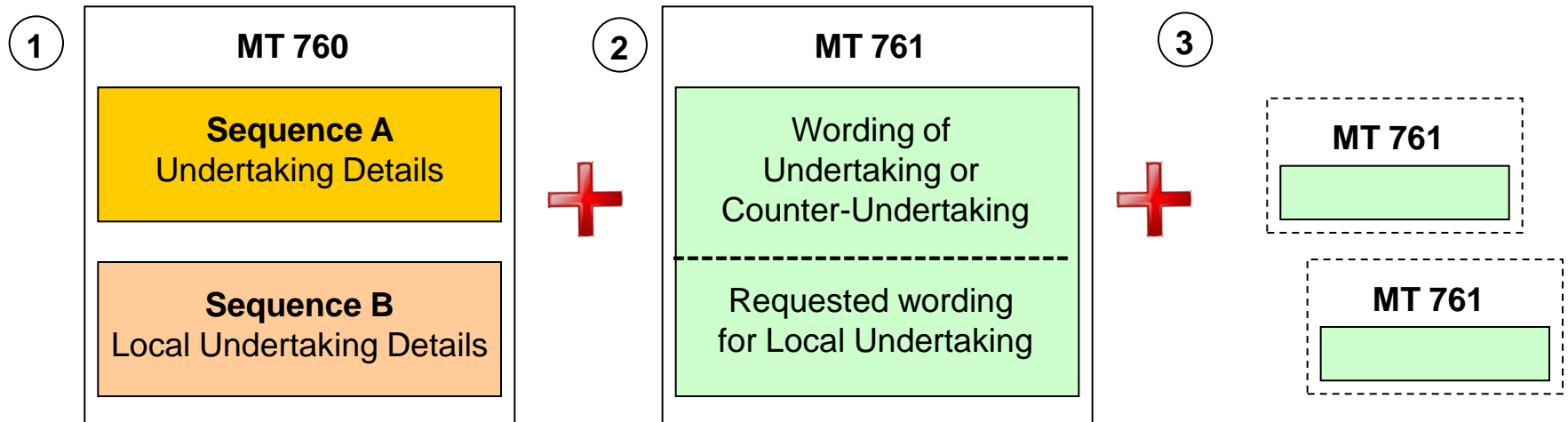
Overview of work items and topics

- enforcement of use of MT 760 (and series) for Demand Guarantees / Standby Letters of Credit
- significant re-design of MT 760 + continuation message
- significant re-design of MT 767 + continuation message
- NEW MT: Guarantee Demand (incorporating Extend or Pay) MT 765
- NEW MT: Demand Refusal MT 786
- NEW MT: Undertaking Amendment Response MT 787
- NEW MT: Non-extension Notification MT 785



Guarantees and Standby Letters of Credit

General overview revised message structure of MT760



The revised MT 760 message consists primarily of structured fields and fields with coded options (e.g. amount, parties, expiry details, etc.) The message has been designed with two blocks:

- 1** Sequence A: indicates the details of the undertaking or counter-undertaking
- Sequence B: (optional) indicates the details of the requested local undertaking

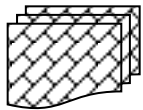
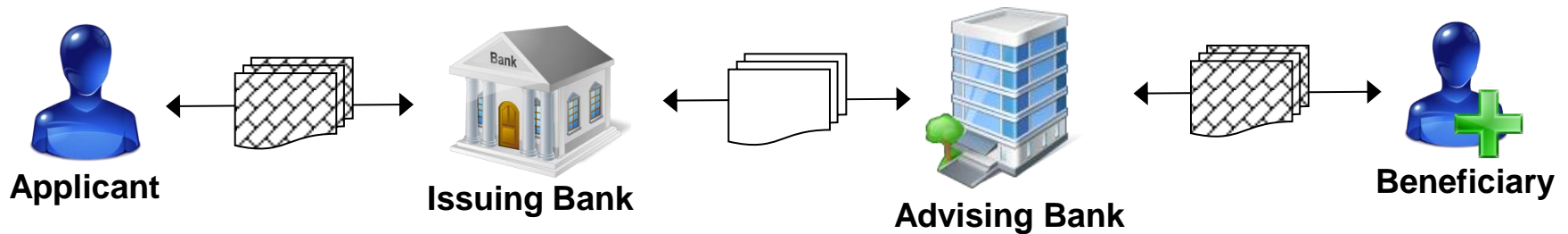
- 2** The extension message MT 761 message consists primarily of a big free text block in order to specify the wording of the undertaking/counter-undertaking as well as the requested wording for the local undertaking – if applicable

- 3** Up to a maximum of 8 MT 761 messages could accompany the MT 760 message

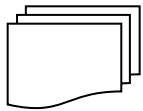


Documentary Credits

Status quo in electronic communication standards



- well structured C2B and B2C messages (SCORE MT 798)
- respective Bank-to-Bank MTs build the „backbone“ of the messages
 - additional fields for communication Customer-to-Bank and vice versa



- well structured B2B messages (MT 700, MT 710, MT 707, etc.)
- however, some messages are not structured enough (e.g. Amendment)

Documentary Credits

Overview of work items and topics

- Re-design of MT 707
 - Structured fields for any modification
 - use of codes ADD, DELETE, REPLACE ALL for the long narrative fields
 - Specific tag for amendment charges
- Addition of 2 files to indicate the Special Instructions for Payment (to be conveyed to the Beneficiary or for the Advising Bank only)
- Addition of the Bank that must add confirmation
- Trans-shipment and Partial shipment structured with codes
- NEW MSG: Advice of non-conforming claim MT 744



What are the Change Requests?

- 3.1 CR 000812 (#01): Use z character set in fields 45, 46, 47
- 3.2 CR 000813 (#02): Use z character set in field 71
- 3.3 CR 000814 (#03): Use z character set in field 72
- 3.4 CR 000815 (#04): Use z character set in field 73
- 3.5 CR 000816 (#05): Use z character set in field 77
- 3.6 CR 000817 (#06): Change Party field 50 format
- 3.7 CR 000818 (#07): Change Party field 59 format

What are the Change Requests?

- 3.8 CR 000819 (#08): Change Party field 41 format
- 3.9 CR 000820 (#09): Change Party field format of banks
- 3.10 CR 000821 (#10): Add field 79 (Narrative) in MT 730 and MT 752
- 3.11 CR 000822 (#11): Rename field 42P
- 3.12 CR 000823 (#12): Add new field (Requested Confirmation Party)
- 3.13 CR 000824 (#13): Delete some codes from field 40A
- 3.14 CR 000825 (#14): Change field 43P format to a code

What are the Change Requests?

- 3.15 CR 000826 (#15): Change field 43T format to a code
- 3.16 CR 000827 (#16): Rename field 48
- 3.17 CR 000828 (#17): Change field 48 format and definition
- 3.18 CR 000829 (#18): Change field 49 definition
- 3.19 CR 000830 (#19): Add two new fields: Special Payment Conditions for Beneficiary/ Receiving Bank
- 3.20 CR 000831 (#20): Change Usage rule in fields 45, 46, 47
- 3.21 CR 000832 (#21): Change Usage rule about number of continuation messages

What are the Change Requests?

- 3.22 CR 000833 (#22): Create a new message (MT 708 Amendment to a Documentary Credit Extension)
- 3.23 CR 000838 (#23): Create a new message (MT 744 Notice of Non-Conforming Reimbursement Claim)
- 3.24 CR 000839 (#24): Create a new message (MT 759 Multi-purpose Structured Trade Message)
- 3.25 CR 000840 (#25): Create a new message (MT 765 Guarantee/SBLC Demand)
- 3.26 CR 000841 (#26): Create a new message (MT 775 Demand Guarantee/SBLC Amendment Extension)

What are the Change Requests?

- 3.27 CR 000844 (#27): Create a new message (MT 785 Guarantee/SBLC Non-Extension Notification)
- 3.28 CR 000845 (#28): Create a new message (MT 786 Guarantee/SBLC Demand Refusal)
- 3.29 CR 000846 (#29): Create a new message (MT 787 Guarantee/SBLC Amendment Response)
- 3.30 CR 000847 (#30): Create a new message (MT 761 Demand Guarantee/SBLC Issuance Extension)
- 3.31 CR 000848 (#31): Redesign MT 707
- 3.32 CR 000849 (#32): Redesign MT 760

What are the Change Requests?

- 3.33 CR 000850 (#33): RedesignMT767
- 3.34 CR 000852 (#34): Add new field 23X (File Identification)
- 3.35 CR 000851 (#35): Change definition of the code word “HOLD” in 77B

Now Give me a summary

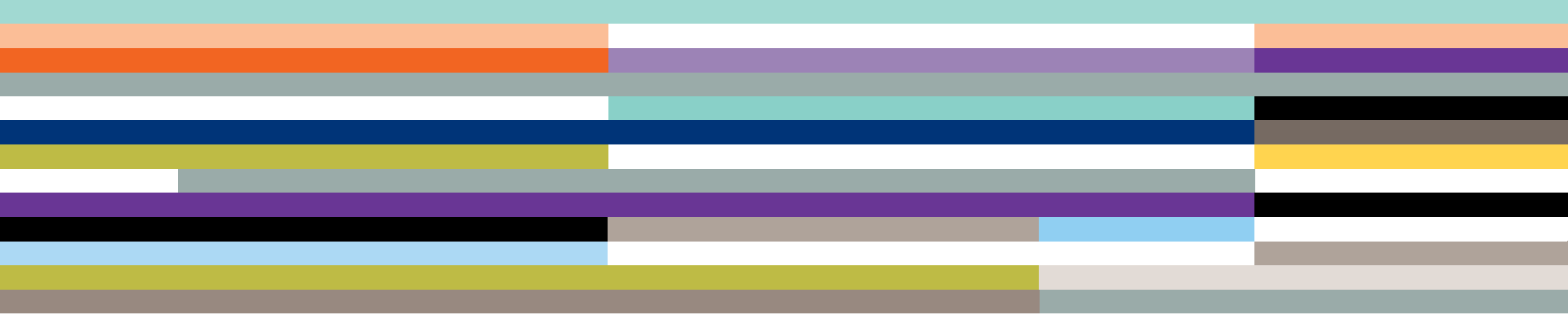
- new messages (9)
- redesigned messages (3)
- use of Z character set (7 fields)
- Change party field format (4 messages)
- Add, change fields, change code words, change usage rules (14 messages)

What are the changes by type of transaction?

- Documentary LCs are the majority of the field and character set changes
- One new documentary credit message
- One new reimbursement message
- One new structure trade message
- Six new Guarantee/SBLC messages

So where are we in the process?

- 35 changes went out for country vote and appear to have been approved
- There were comments about implementation time frames. The proposed dates of SR 2017/18 were seen as too aggressive.
- A further review on timing is scheduled by the SWIFT Banking & Payments committee of the Board on the timing. Results are expected by the end of Q1 2015



Thank you