MT Category 7 Guarantees
MT 798
Enhancements Overview

Angeline Tan
Lead Standards Specialist

July 2017
MT Category 7 Guarantees Enhancements Overview
Overall Project

• The Trade Finance Maintenance Working Group (TFMWG) launched a significant revamp of the cat 7 MTs (Letters of credit, guarantee and standby) in 2013, taking into account change requests from previous years.
• The drivers are:
  - requests from the community over the last 10 years
  - straight-through-processing
  - to fill some gaps in transaction flows
• It is a significant upgrade to the functionality and format of the 700 (L/C) series and 760 (guarantee/standby) series of messages, including 9 new MTs
• The go-live dates are in November 2018 for L/C and November 2019 for guarantees/standbys.
• The detailed implementation and documentation time line is as follows:
Testing Facilities

As usual, the Vendor Test Bed (VTB) will be available in May of the SR.

And Test and Training (T&T), in July of the SR.

An additional Testing Facility, integrated as a Readiness Portal in MyStandards is available since 2016. The new MT’s can be tested, with some limitations
- not all NVR (Network Validated Rules) implemented
  (currently NVR only implemented in MT 700 and 760)
- not for volume testing
Advance Documentation on swift.com

https://www2.swift.com/uhbonline/books/a2z/standards_mt.htm
Category 7 Update

**Changed messages**

**Documentary Credits**
- MT 700 Issue of a Documentary Credit
- MT 701 Issue of a Documentary Credit
- MT 705 Pre-Advice of a Documentary Credit
- MT 707 Amendment to a Documentary Credit
- MT 710 Advice of a Third Bank’s or a Non-Bank’s Documentary Credit
- MT 711 Advice of a Third Bank's or a Non-Bank’s Documentary Credit
- MT 720 Transfer of a Documentary Credit
- MT 721 Transfer of a Documentary Credit
- MT 730 Acknowledgement
- MT 732 Advice of Discharge
- MT 734 Advice of Refusal
- MT 740 Authorisation to Reimburse
- MT 742 Reimbursement Claim
- MT 747 Amendment to an Authorisation to Reimburse
- MT 750 Advice of Discrepancy
- MT 752 Authorisation to Pay, Accept or Negotiate
- MT 754 Advice of Payment/Acceptance/Negotiation
- MT 756 Advice of Reimbursement or Payment

**Guarantees Standbys**
- MT 760 Issue of a Demand Guarantee/Standby Letter of Credit
- MT 767 Amendment to a Demand Guarantee/Standby Letter of Credit Amendment
- MT 768 Acknowledgement of a Guarantee/Standby Message
- MT 769 Advice of Reduction or Release
Category 7 Update

New messages

**Documentary Credits**
- MT 708 Amendment to a Documentary Credit
- MT 744 Notice of Non-Conforming Reimbursement Claim

**Guarantees Standbys**
- MT 761 Issue of a Demand Guarantee/Standby Letter of Credit
- MT 765 Guarantee/Standby Letter of Credit Demand
- MT 775 Amendment to a Demand Guarantee/Standby Letter of Credit
- MT 785 Guarantee/Standby Letter of Credit Non Extension Notification
- MT 786 Guarantee/Standby Letter of Credit Demand Refusal
- MT 787 Guarantee/Standby Letter of Credit Amendment Response

**All Cat 7**
- MT 759 Ancillary Trade Structured Message
• Creation of a message MT 759 (Ancillary Trade Structured Message) similar to MT 799 using a limited number of coded and structured fields
• Addition of a field to refer to a document sent by another channel (e.g. FileAct)
• Adoption of extended “Z” character set for long fields (e.g. 45A, 46A, 47A, 71, 72, 73, 77)
Guarantee and Standby Letter of Credit

Overview of work items and topics

- ISSUANCE: Enforcement of use of MT 760 (and MT 767) for Demand Guarantee / Standby Letter of Credit
- Significant re-design of MT 760 + new continuation message (MT 761)
- AMENDMENT: Significant re-design of MT 767 + new continuation message (MT 775)
- NEW MT: Guarantee/SBLC Demand (incorporating Extend or Pay) (MT 765)
- NEW MT: Guarantee/SBLC Non-Extension Notification (MT 785)
- NEW MT: Guarantee/SBLC Demand Refusal (MT 786)
- NEW MT: Guarantee/SBLC Amendment Response (MT 787)
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 three blocks:

1. Sequence A: General Information
2. Sequence B: indicates the details of the undertaking or counter-undertaking
3. Sequence C: (optional) indicates the details of the requested local undertaking

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

Up to a maximum of 7 MT 761 messages could accompany the MT 760 message
### MT 760 Issue of a Demand Guarantee/Standby Letter of Credit

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<td>M</td>
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### MT 760 Format Specifications

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M = Mandatory, O = Optional
MT 759 Ancillary Trade Structured Message

MT 759 Scope

This message is sent to request or to provide information, such as a fraud alert or a financing request, concerning an existing trade transaction such as a documentary credit, demand guarantee, standby letter of credit or an undertaking (for example, a guarantee, surety, etc.).

This message must not be used where an existing MT message is available, and it should be used rather than the MT 799.

MT 759 Format Specifications

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M = Mandatory, O = Optional
Field 23H: Function

CODES

Function must contain one of the following codes:

- CLSVOPEN Opening of client service call by Trade Operations
- CLSVCLOS Closing of client service call by Trade Operations
- FRAUDMSG Advice of a fraud attempt
- GENINFAD General information advice
- ISSAMEND Amendment of a free-form undertaking such as a dependent guarantee
- ISSUANCE Issue of a free-form undertaking such as a dependent guarantee
- OTHERFNC Other request
- REIMBURSE Request related to a reimbursement
- REQAMEND Request to amend an undertaking
- REQFINAN Financing request
- REQISSUE Request to issue an undertaking
- TRANSFER Transfer of a undertaking

USAGE RULES

The function may not be used if there is a specific MT (for example, MT 700, 707, 760, 707) that covers the same function.
MT 798 Overview
MT 798 Trade Guidelines

- The category 7 MTs are bank-to-bank messages
- In the corporate-to-bank space, MT 798 guidelines have been developed. The MT 798 is used as an envelope message, including ad-hoc fields, or entire bank-to-bank MTs
- The MT 798 Guideline specification (currently V4) will be upgraded to take into account the category 7 changes. It will also include other enhancements
- The result of this work will be published in July 2017 and will “go live” at the same time than the corresponding MT’s:
  - documentary credit flows at the time of SR 2018
  - guarantee and standby letter of credit flows at the time of SR 2019.
Time line of the go live of MT 798

Annual Deadline for CR

2017

MT 798 MIG v5 Documentation
Jul

2018

L/C

UHB Documentation
Jul

2019

Guarantees/standbys

SRG Documentation
Nov
Dec

UHB Documentation
Jul

LIVE
Nov

MIG v5a Updated version

SRG Documentation
Dec
## Publication Background

### Versions of Implementation Guide

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Documentary Credit Flows

Drafting process

Based on new MT 708

Based on new MT 708
Documentary Credit Flows (cont)

Based on new MT 708

New message
Guarantee/Standby Letter of Credit Flows (Cont)

Based on new MT 761
MT 798<749>
MT 798<750>
MT 798<761>

Based on new MT 775
MT 798<742>
MT 798<757>
MT 798<775>

Based on new MT 785
MT 798<727>
MT 798<785>

Based on new MT 786
MT 798<729>
MT 798<786>

Based on new MT 765
MT 798<712>
MT 798<765>

Based on new MT 787
MT 798<725>
MT 798<787>
Common Group Flows
MT 798 Update

New messages

Documentary
Credits

- Index message
  - MT 798<723> Notification of Transfer of Documentary Credit
  - MT 798<738> Response to Advice of Discrepant Presentation

- Extension message
  - MT 798<708> Amendment to a Documentary Credit

Guarantees
Standbys

- Index message
  - MT 798<727> Notification of Guarantee/SBLC Non Extension
  - MT 798<728> Response to Amend of Guarantee/SBLC
  - MT 798<729> Advice of demand refusal under Guarantee/SBLC
  - MT 798<739> Advice of Acceptance/Refusal of Amendment of Guarantee/SBLC

- Details / Extension message
  - MT 798<761> Issue of a Demand Guarantee/Standby Letter of Credit
  - MT 798<765> Guarantee/Standby Letter of Credit Demand
  - MT 798<775> Amendment to a Demand Guarantee/Standby Letter of Credit
  - MT 798<785> Guarantee/Standby Letter of Credit Non Extension Notification
  - MT 798<786> Guarantee/Standby Letter of Credit Demand Refusal
  - MT 798<787> Guarantee/Standby Letter of Credit Amendment Response
MT 798 Update

New messages (Cont)

Common Group

- Index message
  - MT 798<719> Response to a Draft Undertaking
  - MT 798<725> Ancillary message
  - MT 798<726> Ancillary message
  - MT 798<741> Notification of Cancellation/Refusal
  - MT 798<797> Request for Cancellation

Common Group

- Details message
  - MT 798<759> Ancillary Trade Structured Message
Documentary Credit & Guarantee / Standby

Overview of work items and topics

- Alignment of MT 798 guidelines to updated interbank MT SR 2018-2019
- Adoption of z character set for field 77E of MT 798
- New and consistent references in all flows (21A and P, 21S and T)
- Drafting process
- Addition of new fields and codes to several existing MT 798 messages
- Adjustments to improve usage and interpretation
- New message to respond to a draft Undertaking (MT 798<719>)
- New messages to support ancillary trade (MT 798<725>, MT 798<726>)
- New message to notify the referenced SWIFT message has been cancelled/refused (MT 798<741>)
- New message to request cancellation/reversal of a previously sent message (MT 798<797>)
- New function to request for settlement of charges for one or many instruments or time related (MT 798<794>)
Guarantee and Standby Letter of Credit

Overview of work items and topics

- New message to respond to Amendment of Guarantee/SBLC (MT 798<728>)
- New message to advise acceptance or rejection of Amendment of Guarantee/SBLC (MT 798<739>)
- New message to notify non extension of Guarantee/SBLC (MT 798<727>)
- New message to advise demand refusal under Guarantee/SBLC (MT 798<729>)
Standards MT Release 2018 and 2019
Prepare for the changes related to Category 7 messages

Dear Customer,

This is an invitation to join our Webinar concerning the mandatory maintenance that will be performed on MT Category 7 messages in November 2018 and November 2019, as part of the continuous improvement of our standards.

To ensure that you can plan sufficiently in advance for those releases – and to provide you with all the information you need – SWIFT Standards is organising a special Webinar session targeting Oceania, but also open to other APAC countries:

**Tuesday 25th July 2017**

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The content of these sessions has been tailored to the needs of operational teams and business teams in financial institutions, corporates and vendors.

This one hour Webinar will provide you with:
- The background and context to the **Standards 2018 and 2019 releases** for the Category 7 messages.
- Important **milestones** for documentation and implementation
- Brief overview of the content
- Testing considerations
- Other related standards: MT 798
- Time for Q&A

With kind regards

The SWIFT Standards Team

For any questions, please do not hesitate to contact us via standardscampaign@swift.com