



SWIFT Partner Management

# SWIFTReady Reconciliation

Label criteria 2009

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# Preface

## Purpose of this document

This document explains the criteria needed to obtain the SWIFTReady Reconciliation 2009 label for your business application. The intended audience are Application Product Managers and Developers as well as SWIFT customers seeking to understand the SWIFTReady programme or being involved in the selection of 3rd party applications.

Please refer to the following set of documents for further information on the SWIFTReady label programme.

## Related documents

- [SWIFTReady applications guide](#)

Explains the 'Why and How' on joining the SWIFT Partner Management framework and its related SWIFTReady Accreditation programmes.

- [SWIFTReady criteria portfolio](#)

Explains the 'What' in a generic yet detailed manner on the criteria of your SWIFTReady Application.

- [SWIFTReady technical validation guide for Reconciliation](#)

Explains the 'How' in a detailed manner on how your application will be validated to become SWIFTReady Reconciliation.

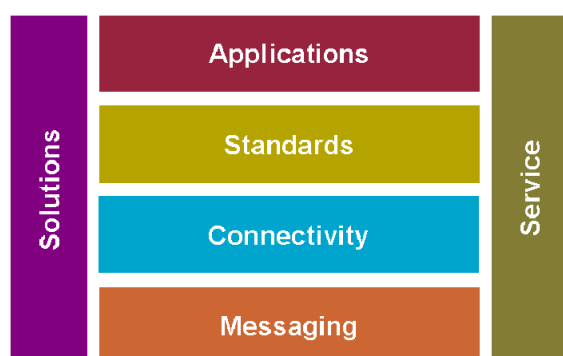
## 1 The SWIFTReady Reconciliation label

Financial services firms are turning their attention towards reconciliation systems as data continues to grow in complexity and volumes.

The SWIFTReady Reconciliation label targets third-party vendor applications looking to streamline middle and back office operations in relation to the matching and reconciliation of large volumes of data related to trades in securities (equities, derivatives,...) and payments.

This label is granted to business applications that adhere to a specific set of criteria linked to the support of SWIFT FIN messages, SWIFT connectivity and SWIFT functionality.

## 2 SWIFTReady Reconciliation criteria 2009



### 2.1 New criteria for 2009

No changes brought to the 2009 criteria compared to 2008, to the exception of an alternative connectivity option to Alliance Access, offered through the MQHA (the new WebSphere MQ Adapter for Alliance Access).

### 2.2 Installed Customer Base

The application must be used by minimum 5 live customers. At least one of the five live customers must be a user of the intra-day business functionality (cfr. section 2.8).

By 'customer' we mean separate financial institutions using the product to generate/receive FIN messages transported over SWIFTNet. Five live sites from the same customer are not enough to qualify for a label.

SWIFT reserves the right to contact the relevant customer to validate the functionality of the application submitted for SWIFTReady certification. A questionnaire will be sent as the basis for the customer validation which can be in the form of a telephone interview, an e-mail or a discussion at the customer site. The information provided by the customer will be treated as confidential and will not be disclosed, unless explicitly expressed by the customer.

### 2.3 Messaging

The application should support the FIN protocol and its associated features (e.g. message validation).

## 2.4 Connectivity

The application should be able to connect directly or indirectly to Alliance Access.

An application which does not support a link to Alliance Access, even though it may support a link to a third-party SWIFT interface, will not be considered for a SWIFTReady label.

### 2.4.1 Option 1: Direct connectivity

The direct business application to Alliance Access connection can be achieved using one of the Alliance Access adapters: MQSA (MQ Series SWIFTAlliance Access Adapter), the MQHA (the new WebSphere MQ Adapter for Alliance Access - available as of release 6.2) or AFT (Automated File Transfer).

The SWIFTReady Reconciliation label requires support for both Automated File Transfer (AFT) and interactive link with MQSA or MQHA.

We encourage all SWIFTReady vendors to plan for MQHA support in the coming years, or even offer it as of 2009 although not required to get the 2009 SWIFTReady Reconciliation label.

### 2.4.2 Option 2: Indirect connectivity

Alternatively, you can prove your application's compliance with the connectivity criteria by providing SWIFT with evidence of an indirect connectivity solution consisting of your business application and a middleware (EAI) solution. This is preferably one of the SWIFTReady Financial EAI applications. The complete and up-to-date list of SWIFTReady Financial EAI applications can be found on [www.swift.com](http://www.swift.com).

Indirect connectivity can be accepted only for business applications applying for a SWIFTReady label. Furthermore, its combination with an EAI application needs to be proven through ITB testing or a customer implementation.

In the latter case, Partner Management reserves the right to contact the relevant financial institution for further information.

## 2.5 Standards

Only SWIFT MT compliant message standards are taken into consideration for a SWIFTReady Reconciliation Label. The application must be able to support all fields and all code words, mandatory and optional.

### 2.5.1 SWIFT MT outgoing:

MT549: Request for statement and status must be supported.

An application must be able to automatically generate SWIFT messages when an event occurs or when a user manually enters an event. These SWIFT messages must be correct in their format and syntax as mentioned in the SWIFT User Handbook and must support the general STP, Usage and Network Validated Rules (more information available in section 2.6. "Message Validation").

### 2.5.2 SWIFT MT incoming:

Following incoming messages must be supported:

MT	Remark
MT535	Support for the 'Delta' statement is required, i.e. the ability to accept a Statement of Holdings that shows just the changes since the previous Statement
MT536	
MT537	
MT538	
MT540	
MT541	
MT542	
MT543	
MT544	
MT545	
MT546	
MT547	
MT548	
MT575	
MT940	The MT940 allows free text to be included for each movement. The capture and display of this free text needs to be demonstrated.
MT950	

## 2.6 Message Validation (Syntax and Semantic)

FIN Central Services validate every FIN message against syntax and semantic rules. Messages that do not pass validation are rejected by the central system, incurring substantial cost for SWIFT users. To avoid this, applications should provide the same level of validation of the generated messages as the FIN central Service do.

### 2.6.1 Standards Release

All changes to existing and introduction of new message types must be supported by the application before live release date on the SWIFT Network. If new messages are introduced or a significant modification has been done on existing messages we expect the application provider to provide adequate testing time to its customers before these messages go live.

## 2.6.2 Network Validated Rules (Message Format Validation Rules (MFVR))

The Network Validation Rules are defined in the Message Format Validation Rules (MFVR) in SWIFT User Handbook. MFVR is updated on a regular basis, following the SWIFT Standards Release cycle.

## 2.6.3 Usage Rules

Usage Rules are not validated on the network, and do not generate error code. Usage rules are nevertheless mandatory for the correct usage of the MT field, as mentioned in the SWIFT User Handbook

## 2.6.4 STP Guidelines

STP Guidelines are not validated on the network and are not mandatory for the correct usage of message. An application generating messages is required to comply, wherever possible, with the guiding principles for STP in a SWIFT environment. These include very generic principles, such as avoiding the use of full name and address for a financial institution.

## 2.7 Technical message reconciliation

SWIFT validates messages at different levels and provides notification relating to the validation and transmission results of the sent messages. The application should capture these notifications and ensure technical reconciliation, error handling, repair and retransmission.

Please refer to the 'SWIFTReady criteria portfolio' guide for further details.

## 2.8 Data reconciliation automation processing and workflows

The application should be able to automate holdings and transactions reconciliation processing using the correct SWIFT messages:

The application should perform end of day reconciliation based on SWIFT statement messages.

The application should also perform intra day reconciliation based on SWIFT transactions and interim statement messages. The purpose of this requirement is to show that added business functionality exists to calculate an intra-day balance based on transactions or interim statements, in addition to normal end of day statement processing.

It must be shown that the Reconciliation application has some control over how to differentiate between the intra-day balance and the end of day balance. This could be achieved for example either by just opening a parallel account, or by merging intra-day and end-of-day movements in the same account. It is understood that any calculated balance is probably only an indication and not a true cash management feature. The SWIFTReady label is assigned to applications that can demonstrate their flexibility to take advantage of SWIFT intra-day message types to allow balance calculations during the day.

Matching must be demonstrated either intra-account, between Debit/Credit movements, or against a real time ledger extract, or equivalent.

### 2.8.1 Value added processing

A reconciliation application provides an essential function in itself but the value of this function increases when it integrated into the life cycle of a transaction. Reconciliation applications need to be integrated in the processing cycle from the viewpoint of end-to-end processing, and therefore we require the application to support *value added processing*, such as:

- **Event triggers** in another application that are the direct result of the reconciliation process. These events can be categorized as follows: (a) an exception requiring action to resolve and (b) a confirmation that authorises the next process to begin. Examples are : Late settlement or incorrect amount requiring correction, control of Risk Exposure, Support of Cash Management process, Central Authority Reporting, Authorisation for release of funds or trade transaction...

- **Transaction to statement matching:** This implies a more comprehensive facility than just matching a statement to an internal position. A Reconciliation application is expected to relate a balance to the underlying transaction that led to the movement: a FX confirmation to a cash statement movement. In other words, requirements for this option are met if the application provides the ability for an operator to link a movement in a statement to information concerning the original transaction that caused the movement to occur.

## 2.8.2 Exception processing

Reconciliation applications must have the capability to process exceptions resulting from the matching process and are expected to fully support the SWIFT recommended investigation messages. These are:

- Queries MTn95 which request information relating to a previous message or amendment to a previous message.

- Answers MTn96, which are used to respond to a Query message (MTn95)

A reconciliation application should be capable of automatically preparing a MTn95 for sending. An operator intervention should be necessary only for verification and approval. An application that can send MTn95s but is not capable of accepting and processing the MTn96 response does not support STP and therefore its Investigation functionality does not qualify for the SWIFTReady Reconciliation label.

Note: SWIFT Exceptions and Investigations solution aim to streamline the management of payment related enquiries. To allow for consistency and a single standard support going forward, SWIFT plans to remove all FIN payment-related enquiry messages at the end of 2012, provided specific interim milestones are achieved.

- MT549: Request for statement

## 2.9 Information Services Integration

Not applicable

## 2.10 Marketing and Sales

Collaboration in terms of administrative and marketing information is requested. In particular the Partner should provide SWIFT under non-disclosure agreement with customer related information.

- A list of all customers active in the finance sector. The list should provide institution names, locations, and an overview of the integration scope (domain, features, and sites) for the present and previous year.
- A product roadmap for 2009 and 2010 containing the plans for further developments, solutions support and new releases.
- A complete set of documentation, including features overview, where appropriate SWIFT adapters, workflow engine capability and user manuals.
- A dedicated web page on Partner web site for the SWIFTReady label.

## 3 Related Documentation

- SWIFT User Handbooks for FIN MT Standards – on-line accessible through [www.swift.com](http://www.swift.com)

-end of document-