



SWIFT Partners

SWIFTReady Trade Finance

Label criteria 2009

Version 3.8

April 2009

Legal notices

Copyright

SWIFT © 2009. All rights reserved.

You may copy this publication within your organisation. Any such copy must include these legal notices.

Disclaimer

SWIFT supplies this publication for information purposes only. The information in this publication may change from time to time. You must always refer to the latest available version.

Translations

The English version of SWIFT documentation is the only official version.

Trademarks

SWIFT is the trade name of S.W.I.F.T. SCRL. The following are registered trademarks of SWIFT: SWIFT, the SWIFT logo, Sibos, SWIFTNet, SWIFTRReady, and Accord. Other product, service, or company names in this publication are trade names, trademarks, or registered trademarks of their respective owners.

Table of content

1 SWIFT TRADE FINANCE SOLUTION RELATED TO THIS SWIFTREADY LABEL CRITERIA : HIGH LEVEL INTRODUCTION.....	5
2 THE SWIFTREADY TRADE FINANCE LABEL	5
3 SWIFTREADY TRADE FINANCE CRITERIA 2009.....	5
3.1 NEW CRITERIA FOR 2009.....	6
3.2 INSTALLED CUSTOMER BASE.....	6
3.3 MESSAGING	7
3.4 CONNECTIVITY	7
3.5 STANDARDS	8
3.6 BUSINESS WORKFLOW.....	9
3.7 INFORMATION SERVICES INTEGRATION (BICPLUSIBAN)	10
3.8 USER PROFILE MANAGEMENT	11
3.9 DOCUMENTATION	11

Preface

Purpose of this document

This document explains the business criteria needed to obtain the SWIFTRReady Trade Finance 2009 label, aimed at Trade Finance Applications. The intended audience is Product Managers and Development Managers/Developers.

Please refer to the following set of documents for further info on the SWIFTRReady label programme:

Related documents

- [SWIFTRReady applications guide](#)

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

- [SWIFTRReady criteria portfolio](#)

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

- [SWIFTRReady technical validation guide](#)

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

1 SWIFT Trade Finance Solution related to this SWIFTReady label criteria : high level introduction

SWIFT and traditional trade

While documentary trade volumes - letters of credit (L/Cs), collections, guarantees and standby L/Cs - have remained flat over the past few years, their value continues to rise and they are still an essential part of emerging market trade and trade in countries where exchange controls are in force. In developed markets standby L/Cs and guarantees are increasing in importance, while documentary collections are still used by Small to Medium Enterprises (SMEs) who want the security of bank involvement without the cost of an L/C.

The commercial availability of the TSU and the introduction of corporate access to SWIFT have increased interest in SWIFT's trade services overall. Trade banks worldwide offer a full range of trade services, from the traditional L/C to services based on open account transactions. In 2007, SWIFT carried out two surveys – one with banks, one with corporates. The first ascertained community appetite for change in the trade space, the second explored corporate needs for trade messaging over SWIFT. Feedback shows strong interest in bringing the category 4 and 7 messages (FIN messages for collections, documentary credits and guarantees) in line with current business practice, and in enabling certain category 7 messages for corporate to bank communication.

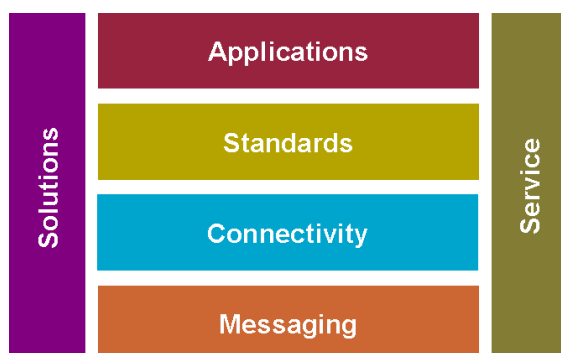
2008 saw a number of new projects in the Trade Services area:

- Formalization of the use of FileAct messaging exchange corporate to bank. Five Request Types specific to Trade have been developed. See the FileAct Implementation Guide – SWIFT for Corporates.
- SCORE FIN matrix extended to include the MT798. The MT798 Trade Envelope caters for Import Letters of Credit, Export Letters of Credit and Guarantees/Standby Letters of Credit. A set of guidelines details how to use the message.
- Investigation into the usage of the MT799 by banks.
- Review of the trade market - modeling the business flows to identify gaps in the SWIFT offering and assessing the need for new/enhanced standards.

2 The SWIFTReady Trade Finance label

The SWIFTReady Trade Finance label is granted to Trade applications that work in a banking back-office context. The label is awarded after a successful technical and functional validation by SWIFT, and a successful product demo with a functional/business validation by SWIFT experts.

3 SWIFTReady Trade Finance criteria 2009



3.1 New criteria for 2009

3.1.1 Mandatory

- The BIC Database + directory integration has been replaced by the newly available BIC+IBAN directory integration.
- Mandatory support for the new usage of the MT798 Trade Envelope:

The MT798 is an “envelope” message, one of the “common group” messages in category 7 which has always been used bank to bank. In November 2008 the MT798 (Trade Envelope) was made available in SCORE (Standardized Corporate Environment) for bank to corporate/corporate to bank use. The main difference between the bank to bank use and the corporate to bank use of the message is that in the latter case the contents of the envelope is highly structured (see 3.8 Documentation – Trade Extract).

Banks will need help from their vendors in order to implement the Trade Envelope both bank to corporate and corporate to bank. SWIFT will therefore make the MT798 Trade Envelope a mandatory element of the SWIFTReady Trade Finance 2009 label criteria. The message and its related submessages cater for Import Letters of Credit, Export Letters of Credit and Guarantees/Standby Letters of Credit. For 2009 criteria 13 submessages/flows (see 3.6) must be supported by the Trade Application :

1. Import Documentary credits
 - Application
 - Issuance Notification
 - Amendment Request
 - Amendment Notification
2. Export Documentary credits
 - Credit Advice
 - Amendment Advice
 - Third Bank Advice
 - Transfer Advice
3. Guarantees/Standby Letters of credit
 - Request
 - Notification
 - Amendment Request
 - Amendment Notification
 - Reduction/Release Advice

3.1.2 Optional

- FileAct specific trade request types (see 3.5.2)
- Ability to handle the new field type, 23X (File Identification)
- The 5 newly added Guarantee submessages/flows (see 3.6) are optional, namely:
 - Query to extend or pay Guarantee
 - Response to extend or pay Guarantee
 - Claim for payment of Guarantee information
 - Settlement of Guarantee claim for payment and/or charges
 - Request for Guarantee Reduction / Release

3.2 Installed Customer Base

5 Live customers are needed as a reference.

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.

*By 'customer' we mean separate financial institutions using the product to generate/receive messages transported over SWIFTNet.

3.3 Messaging

The messaging services and related tools form the core offering of SWIFT and include information directories and business intelligence.

Mandatory:

- [FIN](#) (FIN is SWIFT's core store-and-forward messaging service. It enables the exchange of individual structured financial messages in a secure and reliable way)
- [BICPlusIBAN directory](#) integration (Combines the 90.000 BICs and their details with the national clearing codes of some 60 countries. Lists all IBAN-related SEPA BICs).

Optional:

- [FileAct](#) with Trade specific request types (for these request types, see section 3.5 Standards)

3.4 Connectivity

3.4.1 Option 1: Direct Connectivity

You will have to connect your application to the [Alliance Access](#) or Alliance Gateway depending on business requirements

- Alliance Access is the preferred choice. It provides several file, Web and MQ based adapters for FIN, InterAct and (as of Alliance Access R6.3) FileAct connectivity.
- Automated File Transfer (AFT) and either MQSA or MQHA connectivity mechanisms are mandated.

MQSA will be phased-out in favour of the embedded MQ Host Adapter (MQHA) introduced in Alliance Access 6.2. We encourage all SWIFTReady providers to plan for MQHA support in the coming years, or even offer it as of 2009 although not required to get the 2009 SWIFTReady label.

3.4.2 Option 2: Indirect connectivity

Alternatively, you can prove your application's FIN messaging support by providing SWIFT with evidence of an indirect connectivity solution consisting of your business application and a SWIFTReady Financial EAI (middleware) solution. The complete and up-to-date list of SWIFTReady Financial EAI applications can be found on www.swift.com/partners.

An EAI proposes generic adapters that allow you to capture business data from diverse file systems, documents or vendor applications databases, and to map them to the requested MT or MX formats, prior to route and dispatch them to the appropriate Alliance interface.

The EAI absorbs the messaging and network complexities and allows for much quicker integration with SWIFT. The EAI adapters should be customised and configured to map to the vendor application, which should also provide appropriate messages reconciliation mechanisms. The combined Vendor application – EAI should be end-to-end tested over SWIFT Integration Test Bed (ITB) for label validation.

3.5 Standards

3.5.1 FIN

FIN – Message Types (MT)	Mandatory	Optional
Outgoing Application (sent to SWIFT) from (sent to SWIFT)	<ul style="list-style-type: none"> • 103 (+202COV*),202* • 400,410,412,416,420,422,430 • 700,701,707,710,711,720,721 • 730,732,734,740,742,747 • 750,752,754,756 • 760,767,768,769 • 798 Trade Envelope (Trade for Corporates) 	<ul style="list-style-type: none"> • 205
Incoming Application (received from SWIFT) from (received from SWIFT)	<ul style="list-style-type: none"> • 400,410,412,416,420,422,430 • 700,701,707,710,711,720,721 • 730,732,734,740,742,747 • 750,752,754,756 • 760,767,768,769 • 798 Trade Envelope (Trade for Corporates) 	
Common group messages (sent and received)	<ul style="list-style-type: none"> • n90,n91,n92 • n95,n96,n98,n99 	

*When an MT103 is used to settle a Trade deal under the cover method, an MT202COV should be used as the cover message. When an MT202 is sent to cover an underlying MT4xx or MT7xx without the usage of an MT103, the normal MT202 should be used.

3.5.2 FileAct

FileAct

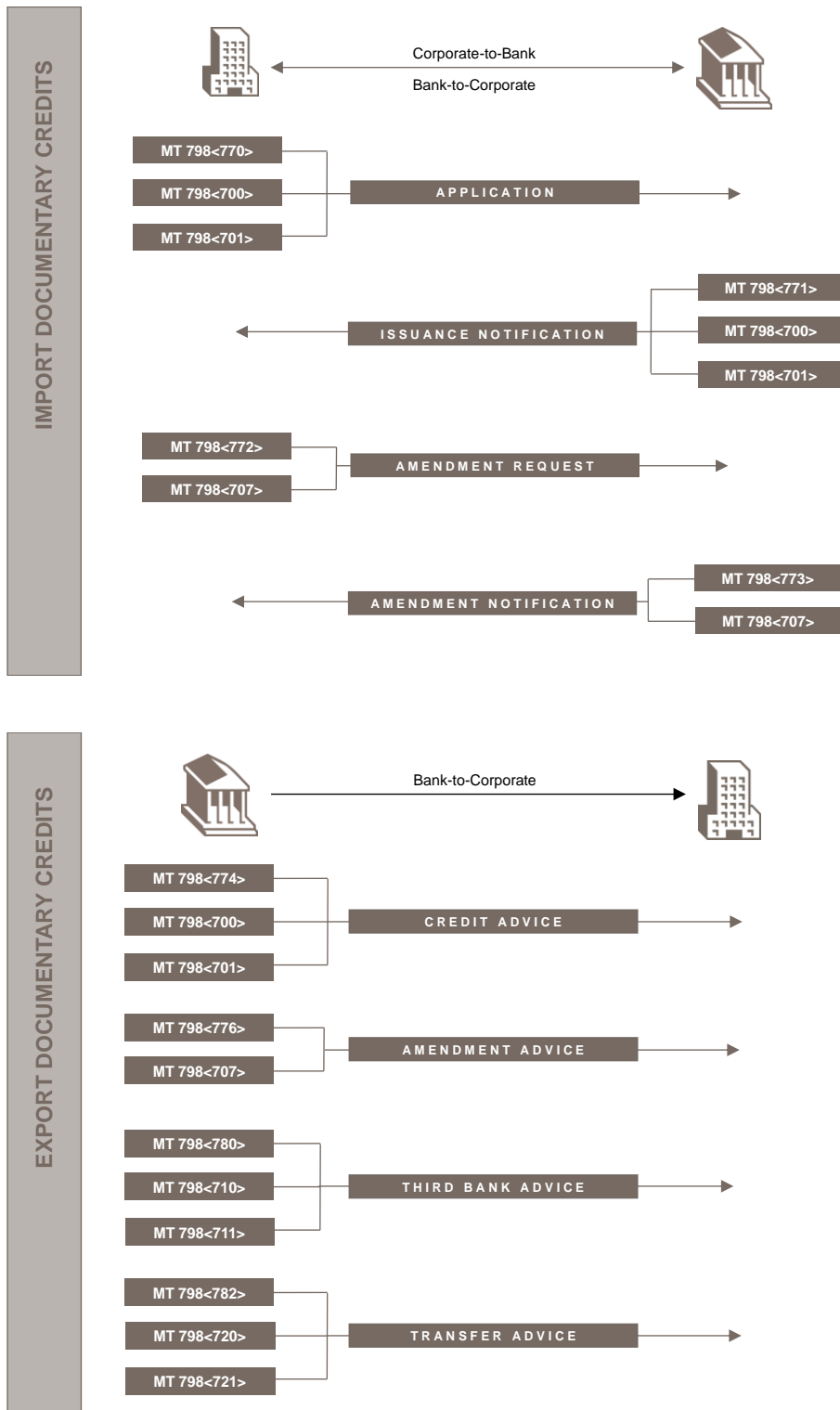
For some types of trade data exchange, the FileAct messaging service may be more appropriate. Specific trade request types enable banks and corporates to identify files in a formal manner. Trade documents and images can be sent over SWIFT, and FIN messages for one transaction can be grouped together. Transparency, classification, routing and processing are all improved.

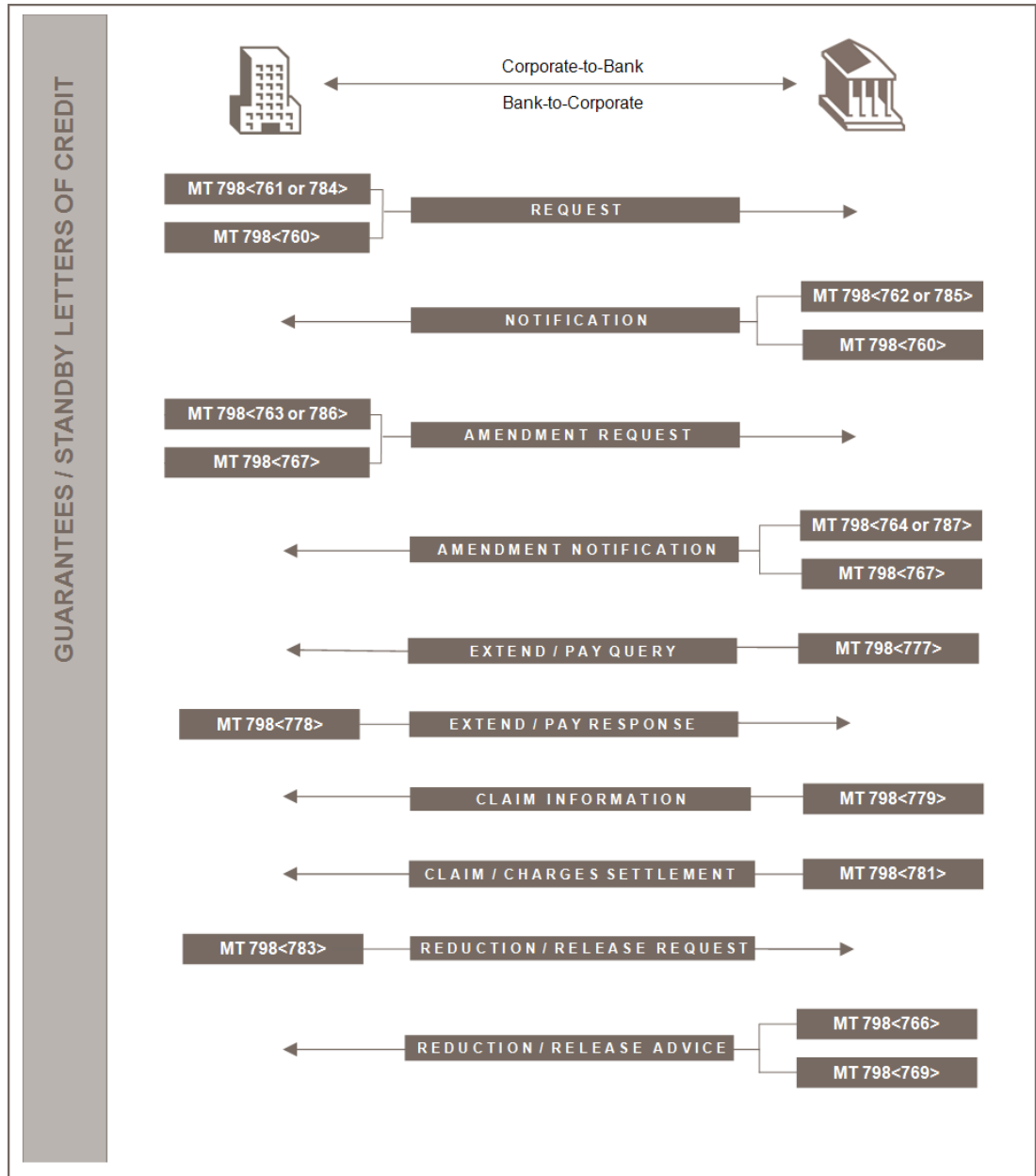
Example: Trade request types

Trade request type	For files containing...
tsrv.xxx.lettersofcredit	Items relating to L/Cs in any agreed format: SWIFTStandards, EDIFACT, XML, scanned images... etc
tsrv.xxx.gteesstandbys	Items relating to Guarantees/Standbys in any agreed format: SWIFTStandards, EDIFACT, XML, scanned images... etc
tsmt.xxx.tradedocuments	trade documents: invoices, certificates of origin, Bills of Lading... etc
tsrv.fin.mt7xx.lettersofcredit	Items pertaining to L/Cs in FIN format
tsrv.fin.mt7xx.gteesstandbys	Items pertaining to Guarantees/Standbys in FIN format

3.6 Business Workflow

The application should support Straight through Processing (STP) and SWIFT usage guidelines. For the MT798 message, all related sub-messages and flows must be supported:





3.7 Information Services Integration (BICPlusIBAN)

The BIC Directory is a database containing the exhaustive list of institutions connected on the SWIFT network, the ISO Country and Currency codes and other banking reference data. The BICPlusIBAN is a comprehensive database based on the previous BIC+ directory, expanded to include SEPA identifiers, such as national bank identifiers used in IBANs, IBAN formats, and BICs issued with IBANs.

Your application should provide access to these directories both for message validation and as look-up function in the message creation and message repair stations.

SWIFT Users can download the BIC Directory from www.swift.com in full or delta versions. Registered Partners can request from Partner Management a free sample of the BIC Directory for integration testing purpose on the www.swiftcommunity.net site (under : 'registered vendors').

Directory integration

To fulfill the Directory Integration requirements, the vendor application must include:

3.7.1 User upload of the updated BIC Directory

SWIFT provides monthly updates of the BIC Directory to all subscribers, downloadable in several file sizes and formats from swift.com.

It is the responsibility of the subscriber at all times to make sure he uses the latest update of the BIC. As such, we expect the application to provide the user with a comprehensive tool to allow this monthly update in an efficient manner without disrupting the customer operations.

If the BIC Directory database is not located within the application, the vendor must provide an interactive query and retrieve functionality to the database where the BIC Directory is located.

3.7.2 Search and retrieve functionality during message composition

The BIC codes contained in the BIC Directory can be used in various fields of the SWIFT messages. The absence of BIC Codes in these fields is one of the major obstacles to STP and causes manual intervention on the recipient's side. SWIFT expects vendors to provide an integrated interface within their application to allow users to retrieve and input BIC's into the proper fields, correctly formatted.

The user should be able to enter a number of search criteria, such as Bank Name or Location, perform a search and be presented with a list of results. From this window he should be able to select the correspondent BIC and to copy it into the message (i.e. transaction).

If the search criteria return no results, the user must be alerted that no BIC is available. If the user manually enters a non-existing BIC, the application must send an alert notifying the user that this BIC is not valid.

3.7.3 Integration of BICPlusIBAN data

Same as for BIC Directory except that codes retrieved from BICPlusIBAN data must be inserted into the proper field and formatted correctly as per the usage rules in the SWIFT User Handbook.

Please be reminded that the current BIC Database+ Directory has been expanded to include a number of fields that are dedicated to the validation and the extraction of BIC & IBAN combinations. The new directory, i.e. BICPlusIBAN replaces the BIC Database+ which has been phased out in November 2008.

3.8 User profile management

The application must ensure the security of the Financial Institution's process(es).

SWIFT expects this to include ensuring that only authorized users (whether people or applications) can perform a specific task. You should demonstrate how profile management is assured and how access is denied to unauthorized users.

In a non-automated environment the application must also be able to support the "four eyes principle".

3.9 Documentation

- [SWIFT for Corporates - Standards MT Message Implementation Guidelines \(PDF - March 2009\)](#)
- [Corporate to bank messaging for trade – factsheet \(PDF - September 2008\)](#)
- [FileAct Implementation Guide – SWIFT for Corporates \(PDF - July 2008\)](#)

Please note: Five flows, included in the diagram under Business Workflow, have been added to the Guarantee/Standby set recently as a result of feedback from the SWIFT community. These are: Extend/Pay query, Extend/Pay response, Claim Information, Claim/Charges Settlement, and Reduction/Release request. Documentation for these flows is targeted to be ready by mid May.

-end of document-