



Service

Partners

SWIFTReady Reconciliation

Label Criteria 2012

This document explains the criteria needed to obtain the SWIFTReady Reconciliation label for your business application.

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Preface

Purpose of this document

This document explains the criteria needed to obtain the SWIFTReady Reconciliation label for your business application.

Intended audience

This document is for the following audience:

- Application Product Managers
- Development Managers/Developers
- SWIFT customers seeking to understand the SWIFTReady programme or being involved in the selection of third-party applications.

Related documentation

The first two references can be found at http://www.swift.com/partners/certify_your_application

- *SWIFTReady Application Programme Overview*
The document provides an overview of the SWIFTReady programme, including the benefits to join for application vendors. It also explains the SWIFTReady validation process, including the technical, functional and customer validations.
- *SWIFTReady Technical Validation Guides*
The documents provide a detailed description of the technical validation processes for each label.
- The *Standards MT documentation set* on the SWIFT User Handbook Online – accessible through the Documentation site on www.swift.com.

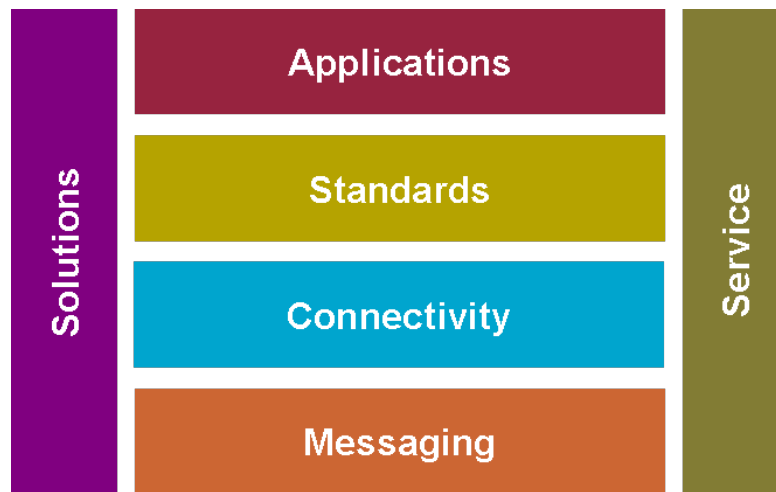
1 The SWIFTReady Reconciliation Label

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 transactions in securities, payments and other asset classes (funds, derivatives, ...).

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 2012



2.1 Changes compared to 2011

New label

Vendors applying for the SWIFTReady Reconciliation label for the first time must comply with all criteria as defined in this document.

Existing label (renewal from previous year)

Vendors that have been granted the SWIFTReady Reconciliation label in 2011 are required to prove compliance to 2012 Standards Release Guide (SRG) updates.

In case the vendor has upgraded its application, details of the new functionalities will be requested by SWIFT and demonstrated by the vendor (e.g. New Functional validation required).

2.2 Installed Customer Base

The application must be used by minimum 2 live customers. At least one of the two live customers must be a user of the intra-day business functionality (see section 2.8 Data Reconciliation Automation Processing and Workflows).

By "customer" we mean distinct financial institutions using the product to generate/receive FIN messages transported over SWIFTNet. Two 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 must support the FIN protocol and its associated features (for example, message validation).

2.4 Connectivity

The partner must be able to connect its application with SWIFT:

- either **directly** through one of the available **Alliance** interface adapters
- or **indirectly** through a **SWIFTReady Financial Enterprise Application Integration (EAI)** solution

A partner application that does not connect directly or indirectly to Alliance cannot be considered for a SWIFTReady label. The Alliance interface can be deployed at customer premises, or managed at a service bureau.

2.4.1 Option 1: Direct Connectivity

For direct connectivity, the vendor application must integrate with Alliance Access.

Alliance Access provides File, Simple Object Access Protocol (SOAP) and MQ-based adapters for FIN, InterAct, and for FileAct connectivity. The direct business application to Alliance Access connection can be achieved using one of the Alliance Access adapters: MQ Host Adapter (MQHA), Automated File Transfer (AFT) or SOAP Host Adapter.

The partner must develop and test SWIFT application integration using Alliance Access 7.0. Proper support of Alliance Access 7.0 is mandated for the 2012 label.

The SWIFTReady Reconciliation label requires support for either Automated File Transfer (AFT) or an interactive link with MQHA or SOAP.

In summary:

Messaging service	Standards	Interface and release	Mandatory adapter
FIN	MT	Alliance Access 7.0	AFT or MQHA or SOAP

MQSA can no longer be ordered. It is supported in maintenance mode only.

2.4.2 Option 2: Indirect Connectivity

Alternatively, you can prove your application 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. For indirect connectivity, a selection must be made from the list of **2011 SWIFTReady Financial EAI** suites, which are listed on [swift.com http://www.swift.com/partners/locator](http://www.swift.com/partners/locator). Please note that there will not be a 2012 SWIFTReady Financial EAI label.

Financial EAI provides generic adapters that enable to capture business data for various file systems, documents and business application databases, and map them to the requested MT or MX formats, prior to routing and dispatching them to the appropriate Alliance interface. It deals with the messaging and network complexities and eases the integration with SWIFT. The EAI adapters must be customised and configured to map to the partner application, which must also provide the appropriate message reconciliation mechanisms.

When the Partner selects the indirect connectivity option for label qualification, the combined solution (partner application and SWIFTReady Financial EAI) must be tested end-to-end over the SWIFT Integration Test Bed (ITB).

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

2.5 Standards

Only ISO 15022-compliant message standards are taken into consideration for a SWIFTReady Reconciliation Label in 2012. The application must be able to support all fields and all code words, mandatory and optional.

Warning In future, messaging based on ISO 15022 and ISO 20022 will co-exist. Although the Settlement & Reconciliation ISO 20022 MX messages, equivalent to ISO 15022 MT messages, are not yet available on SWIFTNet, we recommend vendors to stay tuned with the ongoing development of MX messages and be ready to support them. For more details, visit swift.com > [Standards information](#).

2.5.1 SWIFT MT Outgoing

The support of following outgoing messages is optional:

Message Type	Message Type Name
MT 549	Request for Statement/Status Advice

2.5.2 SWIFT MT Incoming

The support of following incoming messages is optional:

Message Type	Message Type Name
MT 578	Settlement Allegement
MT 586	Statement of Settlement Allegements

The support of following incoming messages is mandatory:

Message Type	Message Type Name
MT 535	Statement of Holdings Article I. Note: Support for the "Delta" statement is required, that is, the ability to accept a Statement of Holdings that shows just the changes since the previous Statement
MT 536	Statement of Transactions
MT 537	Statement of Pending Transactions
MT 538	Statement of Intra-Position Advices
MT 540	Receive Free
MT 541	Receive Against Payment
MT 542	Deliver Free
MT 543	Deliver Against Payment
MT	Receive Free Confirmation

544	
MT 545	Receive Against Payment Confirmation
MT 546	Deliver Free Confirmation
MT 547	Deliver Against Payment Confirmation
MT 548	Settlement Status and Processing Advice
MT 940	Customer Statement Message Article II. ote: The MT940 allows free text to be included for each movement. The capture and display of this free text needs to be demonstrated.
MT 950	Statement Message

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 must 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.

The SWIFTReady Reconciliation 2012 label requires the support of SRG 2012.

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 the SWIFT User Handbook Online. The MFVR is updated on a regular basis, following the SWIFT Standards Release cycle.

2.6.3 MT 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 Online.

2.6.4 Straight-Through Processing 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 must capture these notifications and ensure technical reconciliation, error handling, repair and retransmission.

2.8 Data Reconciliation Automation Processing and Workflows

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

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

The application must 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 enable 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 is 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 foreign exchange 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 MT n95 which request information relating to a previous message or amendment to a previous message.
- Answers MT n96, which are used to respond to a Query message (MT n95)

A reconciliation application must be capable of automatically preparing an MT n95 for sending. An operator intervention must be necessary only for verification and approval. An application that can send MT n95s but is not capable of accepting and processing the MT n96 response does not support STP and therefore its Investigation functionality does not qualify for the SWIFTReady Reconciliation label.

Note The SWIFT Exceptions and Investigations solution aims to streamline the management of payment-related enquiries. To enable 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. A specific SWIFTRReady Exceptions and Investigations label is endorsing this solution.

- MT 549: Request for statement (optional)

2.9 Marketing and Sales

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

- A list of all customers active in the finance sector. The list must 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 2012 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 SWIFTRReady label.

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