



Service

Partners

SWIFTReady Trade Finance

Label Criteria 2012

This document explains the business criteria needed to obtain the SWIFTReady Trade Finance 2 label, aimed at Trade Finance banking applications.

27 January 2012

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Preface

Purpose of this document

This document explains the business criteria needed to obtain the SWIFTReady Trade Finance 2012 label, aimed at Trade Finance banking applications.

Intended audience

This document is for the following audience:

- Product Managers
- Development Managers/Developers

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 validation.
- *SWIFTReady Technical Validation Guide*
The document explains the "How" in a detailed manner on how your application will be validated to become SWIFTReady.
- [SWIFT for Corporates – Trade Finance drivers](#)
- [SWIFT for Corporates – Standards MT Implementation Guide – Volume 1 \(ZIP\)](#)
- [SWIFT for Corporates - Standards MT Implementation Guide – Volume 2 \(ZIP\)](#) (27 August 2010)
- [SWIFTNet FileAct Implementation Guide \(PDF - May 2010\)](#)
- [Trade and Supply Chain](#) pages on swift.com
- [SWIFT User Handbook Online – Message Reference Guides](#)
- For any further information also see www.swift.com/corporates/resource.htm

1 SWIFT Trade Finance Solution: 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 Trade Services Utility (TSU) and the introduction of corporate access to SWIFT have increased interest in SWIFT trade services overall. Trade banks worldwide offer a full range of trade services, from the traditional L/Cs to services based on open account transactions.

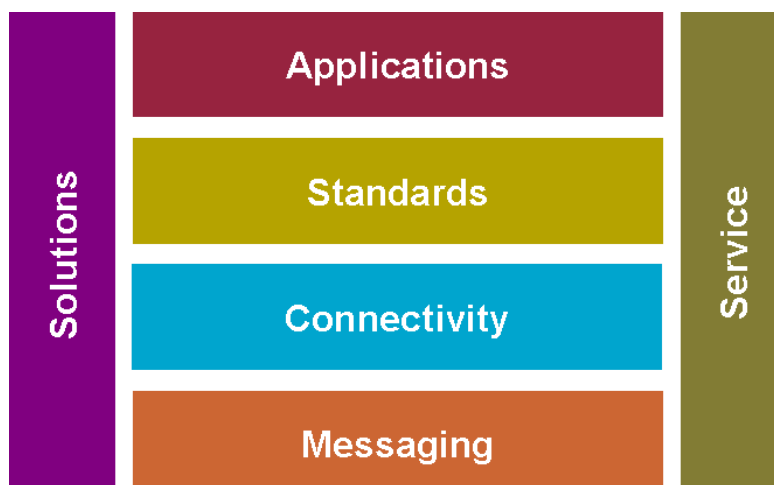
Following feedback from banks, corporate and vendors, and Board approval in June 2008, the Trade Envelope (MT 798) became available in SCORE in November 2008. As a result, it was added to the criteria for the SWIFTReady Trade Finance label in 2009. Since then the offering has been further extended. The label therefore covers all the bank-to-bank functionality needed for Trade Finance as well as the functionality for the SWIFT offering for corporate to bank.

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 2012



3.1 Changes compared to 2011

New label

Vendors applying for the SWIFTReady Trade Finance label for the first time must comply to all criteria as defined in this document.

Existing label (renewal from previous year)

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

Following optional criteria for 2011 are mandatory in 2012:

- Submessages / flows mentioned in paragraph 3.5.1 FIN
- FileAct with specific Trade Request types (see paragraph 3.5.2 FileAct)
- Support the reference in the MT 798 (field 23X) to a related FileAct file

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).

3.2 Installed Customer Base

Vendors applying for SWIFTReady Trade Finance label are requested to provide 5 or more live customer reference(s).

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

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.

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 core store-and-forward messaging service. It enables the exchange of individual structured financial messages in a secure and reliable way)
- [BIC](#) and/or [BICPlusIBAN directory](#) integration (Combines the 90.000 BICs and their details with the national clearing codes of some 60 countries. Lists all International Bank Account Number (IBAN)-related Single Euro Payments Area (SEPA) Business Identifier Codes (BICs)).
- [FileAct](#) with Trade specific request types (for an overview of the request types, see section 3.5.2)

3.4 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.

3.4.1 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 Trade Finance label requires support for either Automated File Transfer (AFT) or an interactive link with MQHA or SOAP.

In summary:

Messaging service	Standards	Interface	Mandatory adapter
FIN	MT	Access	AFT or MQHA or SOAP
FileAct RT (real-time)	Any	Access	AFT or MQHA or SOAP
FileAct SF (store-and-forward)	Any	Access (client)	AFT or MQHA or SOAP

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

3.4.2 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.

3.5 Standards

3.5.1 FIN

Mandatory:

FIN Message Types (MTs)	Mandatory	Optional
Outgoing from application (sent to SWIFT)	103 (+202COV*),202*	205, 900, 910
	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) (with sub-message types/flows described on next page)	
Incoming from application (received from SWIFT)	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) (with sub-message types/flows described on next page)	
Common group messages (sent and received)	n90,n91,n92	
	n95,n96,n98,n99	

(*) When an MT 103 is used to settle a Trade deal under the cover method, an MT 202COV must be used as the cover message. When an MT 202 is sent to cover an underlying MT 4xx or MT 7xx without the usage of an MT 103, the normal MT 202 must be used.

The MT 798 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 MT 798 (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.

Banks need help from their vendors in order to implement the Trade Envelope both bank-to-corporate and corporate-to-bank. SWIFT therefore made the MT 798 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. See the tables below for the Mandatory MT 798 submessages / flows for the 2012 label. The messages that were optional in 2011 are indicated in *italic*.

Mandatory:

Import Documentary Credit
Application for issuance of Documentary Credit - C2B
Notification of issuance of Documentary Credit - B2C
Request for amendment of Documentary Credit - C2B
Notification of amendment of Documentary Credit - B2C
<i>Notification of Acceptance/Refusal of Amendment – B2C</i>
<i>Advice of Discrepancy – B2C</i>
<i>Response to Advice of Discrepancy – C2B</i>
<i>Notification of Advice of Payment/Acceptance/Negotiation – B2C</i>
<i>Notification of Advice of Discharge – B2C</i>
<i>Notification of Advice of Refusal – B2C</i>
<i>Notification of Advice of Reimbursement or Payment – B2C</i>
<i>Settlement of Import Documentary Credit – B2C</i>

Export Documentary Credit
Advice of Documentary Credit – B2C
Advice of amendment of Documentary Credit – B2C
Advice of Third Bank Documentary Credit – B2C
Advice of Transfer Documentary Credit – B2C
<i>Advice of Acceptance/Refusal of Amendment – C2B</i>
<i>Response to Documentary Credit presentation – B2C</i>
<i>Notification of authorisation to Pay, Accept or Negotiate – B2C</i>
<i>Notification of Advice of Payment/Acceptance/Negotiation – B2C</i>
<i>Notification of Advice of Discharge – B2C</i>
<i>Notification of Advice of Refusal – B2C</i>
<i>Notification of Advice of Reimbursement or Payment – B2C</i>
<i>Request for Transfer of a Documentary Credit – C2B</i>
<i>Advice of Transfer Documentary Credit – B2C</i>
<i>Settlement of Export Documentary Credit – B2C</i>

Guarantee / Standby Letter of Credit
Application for issuance of Guarantee / Standby Letter of Credit – C2B
Notification of Guarantee / Standby Letter of Credit – B2C
Request for amendment of Guarantee / Standby Letter of Credit – C2B
Notification of amendment of Guarantee / Standby Letter of Credit – B2C
Query to extend or pay Guarantee / Standby Letter of Credit – B2C
Response to extend or pay Guarantee / Standby Letter of Credit – C2B
Notification of claim for payment of Guarantee / Standby Letter of Credit – B2C
Settlement of Guarantee / Standby Letter of Credit claim for payment and/or charges – B2C
Request for Guarantee / Standby Letter of Credit Reduction / Release – C2B
Advice of Guarantee / Standby Letter of Credit Reduction or Release – B2C

Common Group
Free Format Message – C2B
Free Format Message – B2C
<i>Notification of Settlement of Charges – B2C</i>
<i>Request for Settlement of Charges – B2C</i>

More information and specifications of the flows can be found in the *Standards MT Implementation Guide – Volume 2 (Aug 2010)*.

3.5.2 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 matter. 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.

Mandatory:

Trade Request Type	For files containing ...
tsrv.xxx.lettersofcredit	Items relating to L/Cs in any agreed format (for example, SWIFT Standards, EDIFACT, XML, scanned images).
tsrv.xxx.gteesstandbys	Items relating to Guarantees/Standbys in any agreed format (for example, SWIFT Standards, EDIFACT, XML, scanned images).
tsmt.xxx.tradedocuments	Trade documents (for example, invoices, certificates of origin, Bills of Lading).
tsrv.fin.mt7xx.lettersofcredit	Items pertaining to L/Cs in FIN format
tsrv.fin.mt7xx.gteesstandbys	Items pertaining to Guarantees/Standbys in FIN format

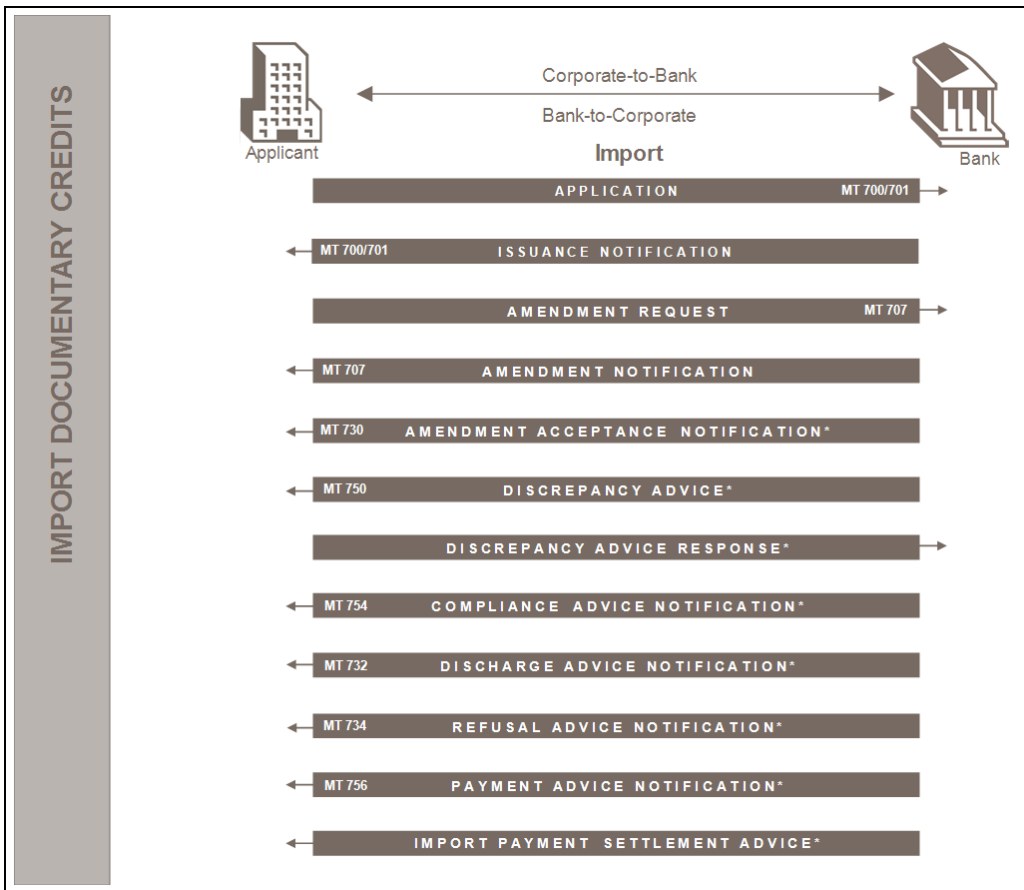
More information on names and specifications Trade Request Types can be found in the *SWIFT for Corporates - FileAct Implementation Guide (May 2010)*.

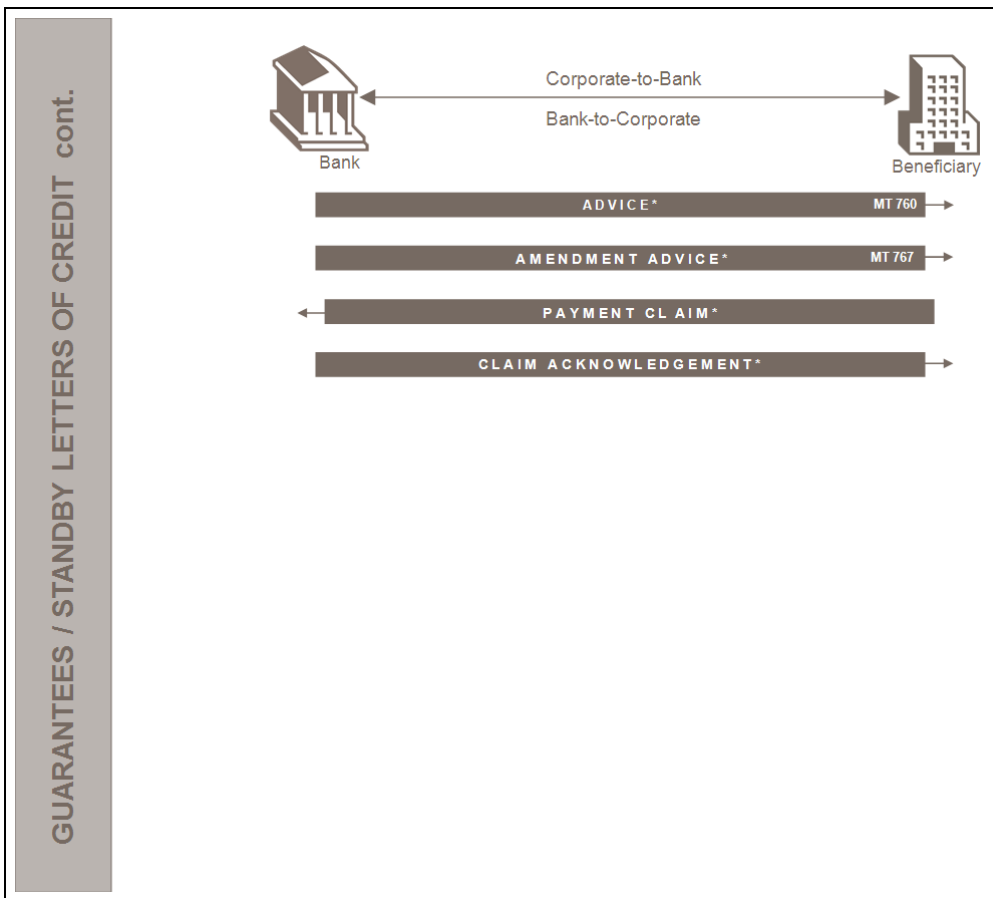
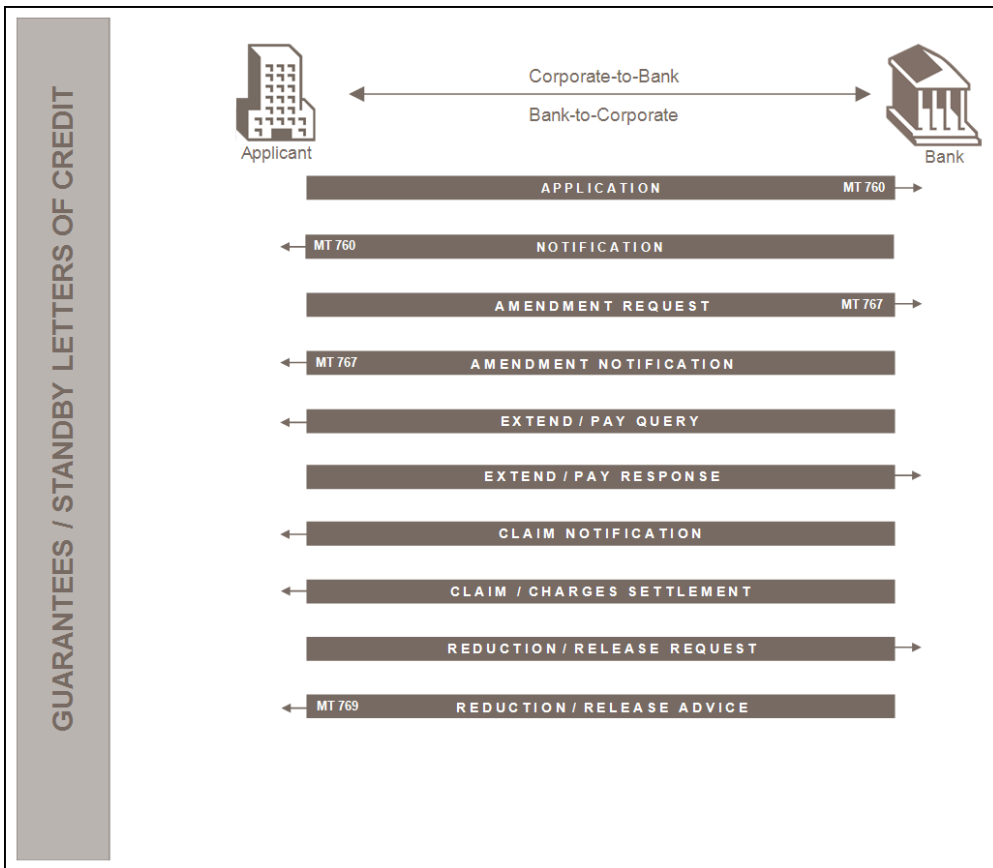
When supporting FileAct, the application must be able to support the reference in the MT 798 (field 23X) to a related FileAct file.

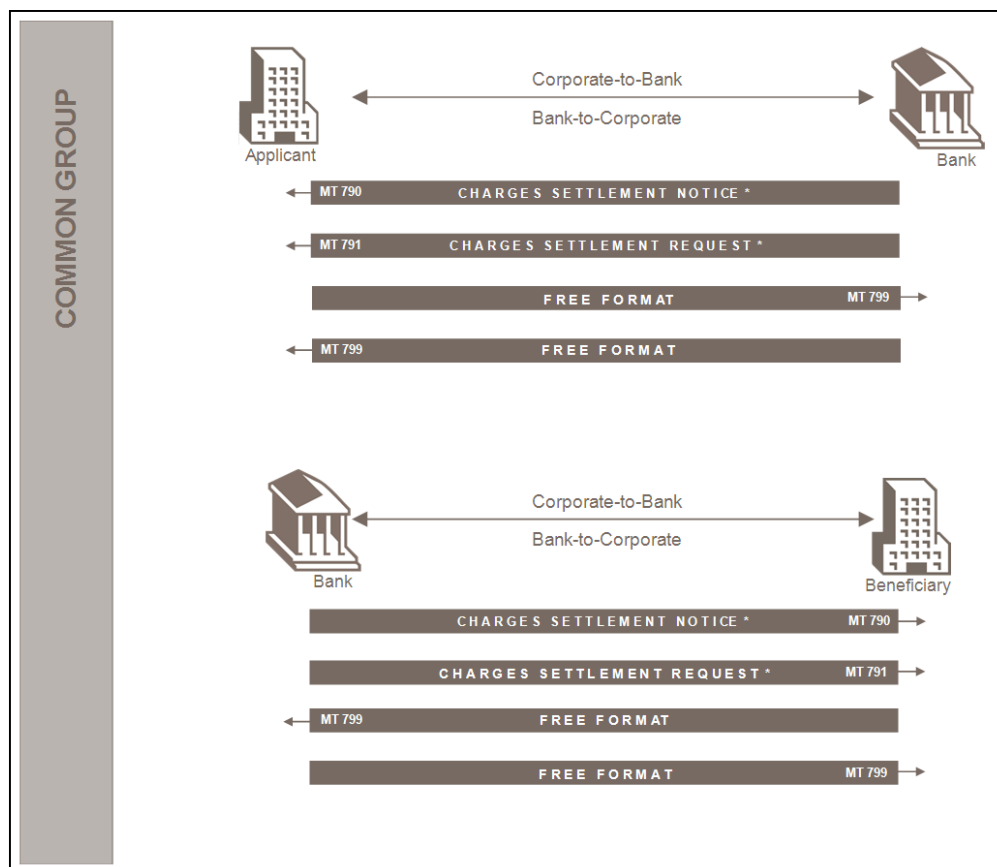
3.6 Business Workflow

The banking application must support Straight-Through Processing (STP) and SWIFT usage guidelines. For the MT 798 message, all related sub-messages and flows must be supported (on following screenshots, an asterisk indicates the flows that have become mandatory for the 2012 label - optional in 2011).

The application must be able to receive and process the messages, as stated in paragraph 3.5.1 FIN, with the appropriate counterparties (corporate, bank).







3.7 Message Reconciliation

SWIFT validates messages at different levels and provides notifications 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 transmission.

3.8 Message Validation (Syntax/Semantic – Rulebook Compliance)

The application must comply with message syntax/semantic and rules described in the most recent version of *SWIFT for Corporates – Standards MT Implementation Guide - volume 2* (Aug 2010) and optionally *SWIFT for Corporates – FileAct Implementation Guide*.

3.9 Information Services Integration (BIC, BICPlusIBAN and/or SWIFTRef)

The BIC Directory is a database containing the exhaustive list of institutions connected on the SWIFT network.

The BICPlusIBAN Directory includes the full list of the ISO 9362 BIC cross-referenced with more than 400,000 national bank codes/sort codes from over 60 countries, including codes from the American Banking Association (ABA). It also provides the ISO 13616 IBAN structures of more than 50 countries, and all national bank codes used in IBANs, cross-referenced with the BICs used in SEPA. It also includes the directory of countries, currencies and holidays.

BICPlusIban can no longer be purchased as of January 2012. It remains available for existing users until December 2013.

SWIFTRef, the global payments reference data utility, offers a suite of global payments reference data services, housed and maintained on a flexible relational database and accessible in a choice of formats and delivery channels matched to the business needs.

The Partner Application must provide access to these directories both for message validation and as look-up function in the message creation and message repair stations.

The BIC Directory is downloadable from www.swift.com in full or delta versions. It must either be copied into the application repository system, or stored in back-office for access by the partner application through a defined interface.

Directory integration

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

3.9.1 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 www.swift.com.

It is the responsibility of the subscriber at all times to make sure that it uses the latest update of the BIC. As such, we expect the application to provide the user with a comprehensive tool to enable 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.

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 side. SWIFT expects vendors to provide an integrated interface within their application to enable users to retrieve and input BICs into the proper fields, correctly formatted.

The user must 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 the user must be able to select the correspondent BIC and to copy it into the message (that is, 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.

3.9.2 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 Online.

The Partner Application must support validation of generated messages against the BICPlusIBAN directory. It must use the IBAN-BIC directory to validate the IBAN-BIC combinations, translate BIC into national bank/clearing codes, and to derive the BIC from the IBAN.

Note	The BICPlusIBAN directory will no longer be available for order (for new customers) as from January 2012. It will be replaced by the new SWIFTRef services suite which becomes available at that time. The BICPlusIBAN directory remains available for existing users until December 2013.
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3.9.3 Optional Integration of SWIFTRef suite

SWIFTRef, the global payments reference data utility, offers a suite of global payments reference data services, housed and maintained on a flexible relational database and accessible in a choice of formats and delivery channels matched to the business needs.

Via SWIFTRef, vendors will be able to access all the Standard Settlement Instructions, BICs, national bank codes, IBAN information, routing directories (SEPA and other payment systems) and more, secure in the knowledge that the data is up-to-date, comprehensive and consistent with all related payments reference data sets on the platform.

More information available on <http://www.swiftrefdata.com/>

The Partner Application must be able to support the use of the SWIFTRef services suite and lookup and validate the Standard Settlement Instructions, BICs, IBANs, national bank codes, routing directories and more. The Partner Application must also implement the necessary logic.

3.10 User Profile Management

The application must ensure the security of the Financial Institution processes.

SWIFT expects this to include ensuring that only authorized users (whether people or applications) can perform a specific task. You must 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".

4 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 that actively use the partner application in a SWIFT context. 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 and 2013 containing the plans for further partner application development, support of SWIFT solutions and new releases.
- A complete set of partner application documentation, including features overview, SWIFT adapters, workflow engine capability and user manuals.
- A dedicated web page on the partner web site describing the SWIFTRReady application used in a SWIFT context. The page must be maintained with the same URL for a complete year that will be referenced to on www.swift.com.

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