MT Category 7 Enhancements Overview

Robert Marchal, SWIFT Standards

Webinars of 21-26 June 2018

Agenda

Overall Project Presentation

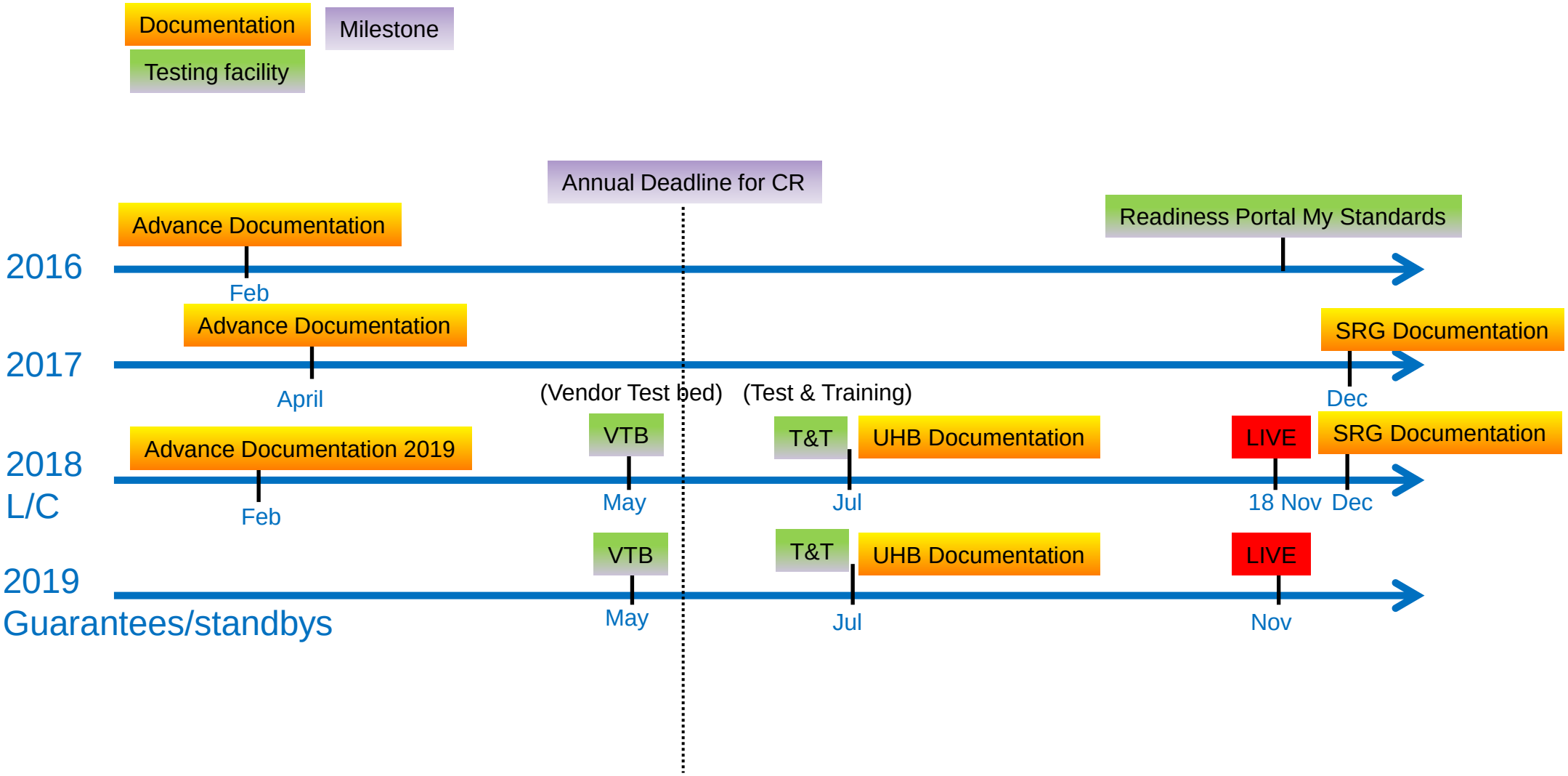
Time Line

Category 7 changes SR 2019

MT 798

Overall Project

- **The Trade Finance Maintenance Working Group (TFMWG) launched a significant overhaul of the cat 7 MTs (Letters of credit, guarantees and standby L/Cs) 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 (guarantees/standby L/Cs) series of messages, including 9 new MTs**
- **The go-live dates are in November 2018 for L/Cs and November 2019 for guarantees/standby L/Cs.**
- **The detailed implementation and documentation time line is as follows:**


Documentation
Milestone
Testing facility
Annual Deadline for CR
Advance Documentation
Readiness Portal My Standards
2016
Feb
Advance Documentation
SRG Documentation
2017
April
Dec
(Vendor Test bed)
(Test & Training)
VTB
T&T
UHB Documentation
LIVE
SRG Documentation
Advance Documentation 2019
2018
L/C
Feb
May
Jul
18 Nov
Dec
VTB
T&T
UHB Documentation
LIVE
2019
Guarantees/standbys
May
Jul
Nov

Standards releases

Gain a clear picture of upcoming releases and manage the impact on your business using our dedicated tools

Release highlights

Overview | MT Release 2017 | MX Release 2017 | MT Release 2018 | MX Release 2018 | Release highlights

Release highlights

Table of contents

- Standard MT Release 2018 - Business highlights
- Standard MT Release 2018 - BIC Implementation
- Standards MT Release 2020: Free format deletion for party fields in MT Payments messages
- Standard MT Release 2018 - Mandatory changes in category 1 and category 2
- Standards MT Release 2018 and 2019: prepare for major changes related to Category 7 messages

Standards MT Release 2018 and 2019: prepare for major changes related to Category 7 messages

We would like to inform you that a mandatory maintenance 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 you can plan sufficiently in advance for these releases and to provide you with all the information you need, SWIFT Standards has organised webinar sessions that have been recorded. More information can be found here.

The advance documentation for the Category 7 messages of SR 2019 (guarantees/standby LCs) can be found on the MT Release 2018 time line here.

In addition to the above changes, we have also published the new MT 798 Trade Guidelines for corporate-to-bank communication V5.1 (9 March 2018).

Testing Facilities

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

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

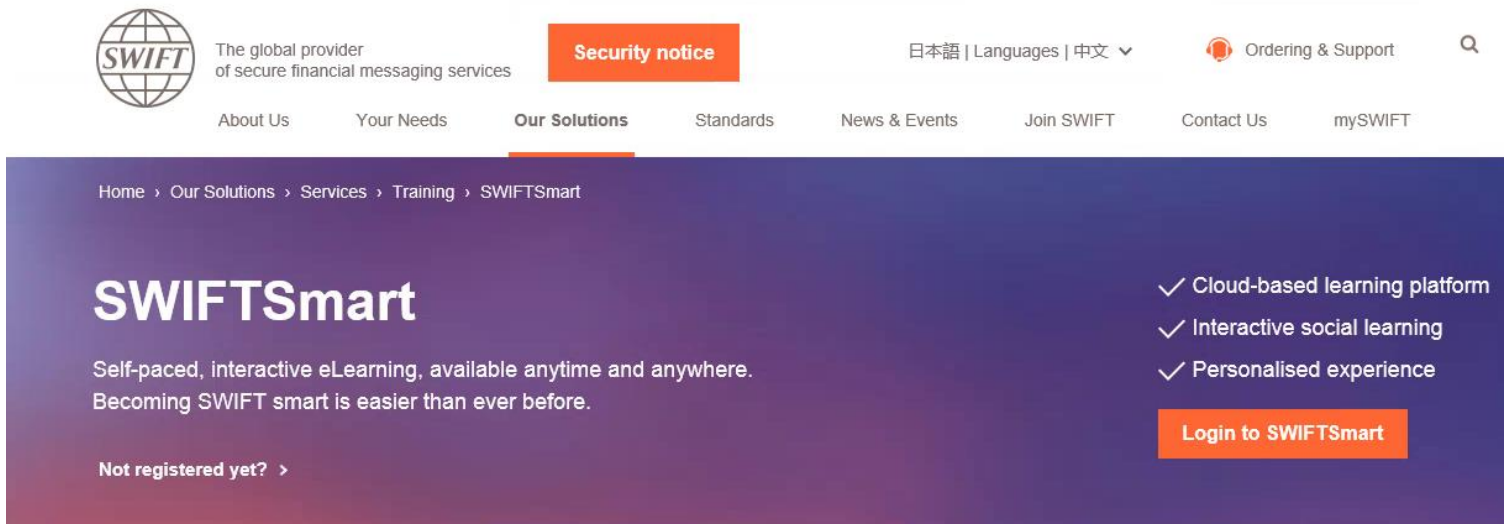
An additional testing facility, integrated as a Readiness Portal in MyStandards is available since 2016. The new MT's can be tested, with some limitations:

- **not all NVR (Network Validated Rules) implemented**
- **not for volume testing**

Training and Webinars

Worldwide webinars on SR 2019 in 2018

SwiftSmart will have specific modules and training on category 7, SR 2018 (as of January 2018) and SR 2019 (beginning of 2019).



Summary – Evolution in Category 7

Limited functionality

- Large portions of free text
- Limited character set
- Few coded fields

Major revamp

- New fields added
- Z-character set in long text fields
- Codes introduced
- More validation

Staggered Release

- Published advance documentation
- SR 2018
  - MT 700-759
  - 3 new messages
- SR 2019
  - MT 760-787
  - 6 new messages

MT Category 7 Update

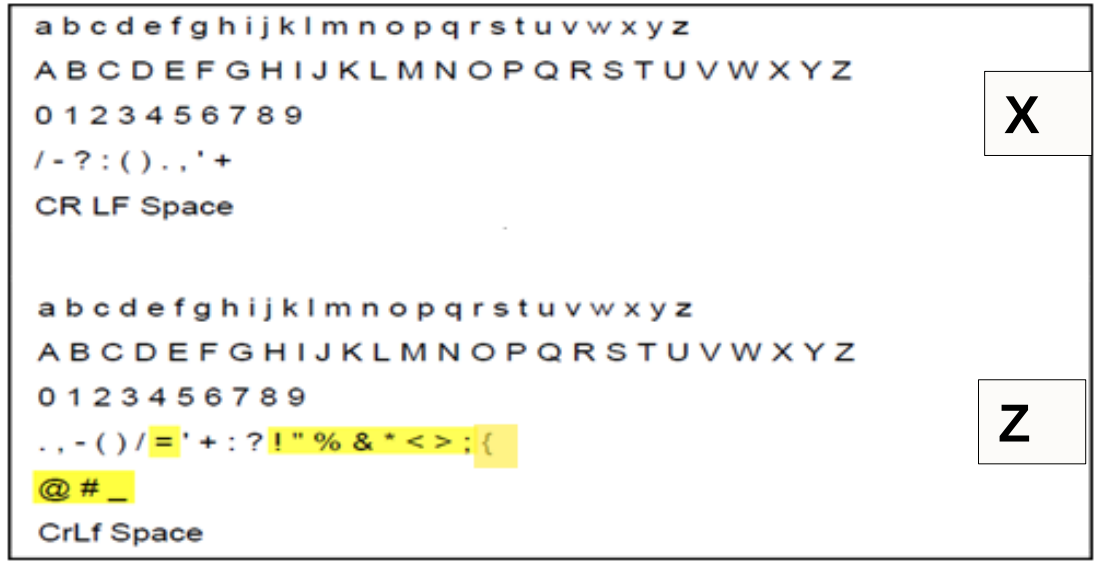
New messages

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**

General – L/C and Guarantees/Standbys

- **Creation of a message MT 759 (Ancillary Trade Structured Message) similar to MT 799 but using a number of coded and structured fields**

- **Adoption of extended "Z" character set for long fields (e.g. 45A, 46A, 47A, 71, 72, 73, 77)**



Changes for SR 2019 – Guarantees and Standby Letters of Credit

- MT 760 & MT 767 are significantly enhanced
  - Previously had few structured fields and one large free-format field
  - New versions are highly detailed and structured
  - Sequences introduced to cater for undertaking details as well as local undertaking details
- MT 768 & MT 769
  - field 71B change to 71D with z-character set
  - field 72 change to 72Z with z-character set
  - New field 23X with codes to identify the delivery channel

Changes for SR 2019 – Guarantees and Standby Letters of Credit

- 6 new messages

- MT 761 – Continuation of MT 760
- MT 765 – Used to demand payment under an undertaking
- MT 775 – Continuation of MT 767
- MT 785 – Used to notify the beneficiary of the non-extension of the referenced undertaking
- MT 786 – Used to notify the beneficiary that the demand has been refused
- MT 787 – Used to indicate acceptance or rejection by the beneficiary of the amendment

SR 2019

Current

MT 760 Format Specifications

MT 760 Guarantee/Standby Letter of Credit

Status	Tag	
M	27	Sequence of Total
M	20	Transaction Reference Number
M	23	Further Identification
O	30	Date
M	40C	Applicable Rules
M	77C	Details of Guarantee
O	72	Sender to Receiver Information

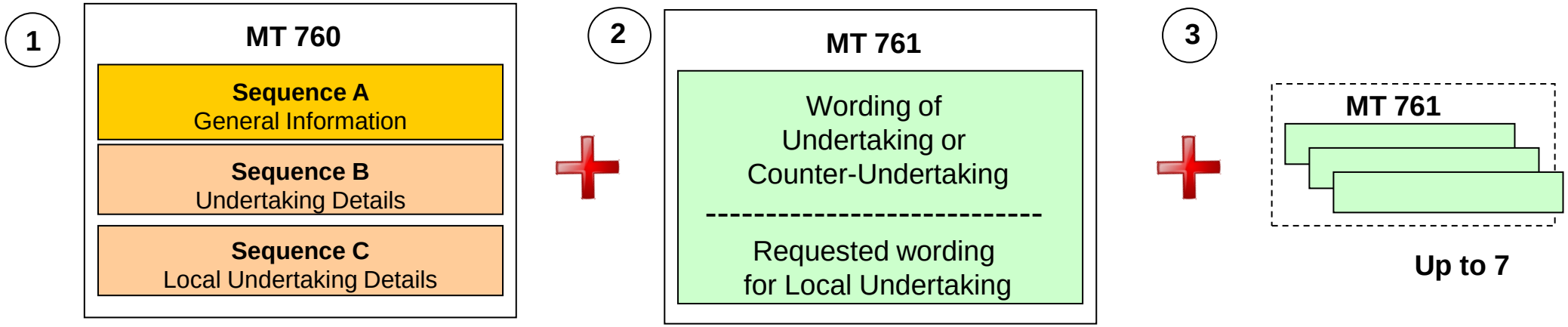
M = Mandatory, O = Optional

MT 760 Issue of a Demand Guarantee/Standby Letter of Credit

Status	Tag	Field Name	Content/Options	No.
Mandatory Sequence A General Inf				
M	15A	New Sequence		
M	27	Sequence of Total		
M	22R	Purpose of Messa		
O	72Z	Sender to Receive		
End of Mandatory Sequence A Gen				
Mandatory Sequence B Undertaking				
M	15B	New Sequence		
M	20	Undertaking Numb		
M	30	Date of Issue		
M	22D	Form of Undertaki		
M	40C	Applicable Rules		
M	23B	Expiry Type		
O	31B	Date of Expiry		
O	35G	Expiry Condition		
O	50	Applicant		
O	51	Obligor/Instructing		
M	52a	Issuer		
M	59	Beneficiary		
O	56a	Advising Bank	A, D	17
O	21A	Advising Bank Reference	16x	18
O	57a	Second Advising Bank	A, D	19
M	32B	Undertaking Amount	3!a15d	20
O	39D	Additional Amount Information	12*65z	21
O	71D	Charges	6*35z	22
O	45C	Presentation Instructions	100*65z	23
M	77U	Undertaking Terms and Conditions	150*65z	24
O	49	Confirmation Instructions	7!c	25
O	49a	Requested Confirmation Party	A, D	26
O	44H	Governing Law	/2!a/[65x]	27
O	23F	Auto		
O	78	Auto		
O	23H	Auto		
O	31S	Auto		
O	48B	Dem		
O	48D	Tran		
O	45L	Unde		
O	24E	Deliv		
O	24G	Deliv		
O	23X	File I		
End of Mandatory Sequ				
Optional Sequence C Local Undertaking Details				
M	15C	New Sequence	Empty field	38
O	31C	Requested Date of Issue	6!n	39
M	22D	Form of Undertaking	4!c	40
M	40C	Applicable Rules	/4!a/[35x]	41
O	22K	Type of Undertaking	/4!c/[35x]	42
M	23B	Expiry Type	4!c	43
O	31B	Date of Expiry	6!n	44
O	35G	Expiry Condition	12*65x	45
M	50	Applicant	4*35x	46
O	51	Obligor/Instructing Party	4*35x	47
O	52a	Issuer	A, D	48
M	59	Beneficiary	[/34x] 4*35x	49

Guarantees and Standby Letters of Credit

General overview message structure of new MT 760



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

2. 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

3. Up to a maximum of 7 MT 761 messages can follow the MT 760 message

MT 765 Format Specifications

MT 765 Guarantee/Standby Letter of Credit Demand

Status	Tag	Field Name		
M	20	Transaction Reference Number	16x	
M	21	Related Reference	16x	
O	23	Beneficiary Reference Number	16x	
M	52a	Issuer	A or	
O	59a	Beneficiary	A or D	5
O	31L	Date of Demand	6!n	6
M	22G	Demand Type	4!c	7
M	32B	Demand Amount	3!a15d	8
O	78	Additional Amount Information	12*65x	9
O	49A	Demand Statement	4!c [50*65z]	10
O	77	Presentation Completion Details	20*35z	11
O	31E	Requested New Date of Expiry	6!n	12
O	56a	Intermediary	A, B, or D	13
O	57a	Account With Institution	A, B, or D	14
O	72Z	Sender to Receiver Information	6*35z	15
O	23X	File Identification	4!c/65x	16
M = Mandatory, O = Optional - Network Validated Rules may apply				

MT 765 Scope

This message is sent by a party (as the beneficiary or on behalf of the beneficiary) to a party which has issued an undertaking (guarantee, demand guarantee, standby letter of credit or dependent undertaking), either directly or via a third party.

It is used to demand payment under an undertaking and may include a request to extend the expiry date.

The demand itself must be specified as narrative text within the message. It may indicate availability of supporting documentation in addition to the demand.

MT 785 Scope

This message is sent in one of two ways:

- by the party that issued the undertaking (guarantee, demand guarantee, standby letter of credit or dependent undertaking) to the beneficiary (that is, only in case of beneficiary being a financial institution) or to a nominated advising party that advised the undertaking to the beneficiary or to another advising party
- by the party that issued the counter-undertaking (counter-guarantee or counter-standby) to the beneficiary of the counter-undertaking (financial institution)

MT 785 Format Specifications

It is used to notify the beneficiary, if applicable, via one or more advising parties of the non-extension of the referenced undertaking beyond the current expiry date.

MT 785 Guarantee/Standby Letter of Credit Non Extension Notification

Status	Tag	Field Name	Content/Options	No.
M	20	Undertaking Number	16x	1
O	21	Related Reference	16x	2
M	52a	Issuer	A or D	3
M	31C	Date of Issue	6!n	4
M	59a	Beneficiary	A or D	5
O	56a	Advising Bank	A or D	6
O	57a	'Advise Through' Bank	A or D	7
O	31E	Final Date of Expiry	6!n	8
O	72Z	Sender to Receiver Information	6*35z	9
O	23X	File Identification	4!c/65x	10
M = Mandatory, O = Optional - Network Validated Rules may apply				

MT 786 Scope

This message is sent by the party that issued the undertaking (guarantee, demand guarantee, standby letter of credit or dependent undertaking) to a bank as the beneficiary or to the presenter of the demand, either directly or via a third party.

It is used by the party obligated on the undertaking and to whom a demand for payment has been made, to notify the beneficiary that the demand has been refused.

The reason(s) giving cause for refusal must be specified as narrative text within the message.

MT 786 Format Specifications

MT 786 Guarantee/Standby Letter of Credit Demand Refusal

Status	Tag	Field Name	Content/Options	No.
M	20	Undertaking Number	16x	1
O	21	Beneficiary Reference Number	16x	2
M	52a	Issuer	A or D	3
M	30	Demand Submission Date	6!n	4
M	32B	Demand Amount	3!a15d	5
M	77J	Reason for Refusal	70*50z	6
O	77B	Disposal of Documents	3*35x	7
O	72Z	Sender to Receiver Information	6*35z	8
O	23X	File Identification	4!c/65x	9
M = Mandatory, O = Optional - Network Validated Rules may apply				

MT 787 Scope

This message is sent in one of two ways:

- by the beneficiary when the beneficiary is a financial institution
- by a nominated advising party that advised the undertaking amendment to the beneficiary or advised the undertaking amendment to another advising party

It is sent to the bank that issued the undertaking amendment (guarantee, demand guarantee, standby letter of credit or dependent undertaking), either directly or via one or more advising parties, to indicate acceptance or rejection by the beneficiary of the amendment.

MT 787 Format Specifications

MT 787 Guarantee/Standby Letter of Credit Amendment Response

Status	Tag	Field Name	Content/Options	No.
M	20	Transaction Reference Number	16x	1
M	21	Related Reference	16x	2
M	52a	Issuer	A or D	3
M	26E	Number of Amendment	3n	4
M	23R	Amendment Status	4!c [6*35x]	5
O	72Z	Sender to Receiver Information	6*35z	6
O	23X	File Identification	4!c/65x	7
M = Mandatory, O = Optional - Network Validated Rules may apply				

Other Changes for SR 2019

Addition of field 23X File Identification in all messages

MT 768, 769: character set Z allowed in “Details of Charges” and “Sender to Receiver Information”

After SR 2019, guarantees and standby LCs may not be issued using the MT 700 anymore. The related codes will be removed from MT 700. MT 760 must be used.

Agenda

Overall Project Presentation

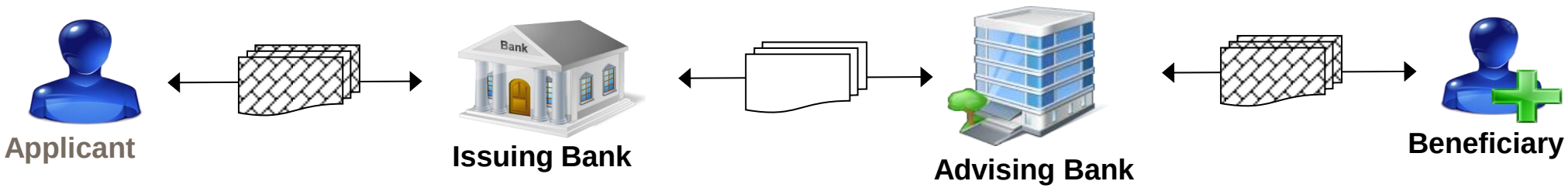
Time Line

Category 7 changes SR 2019

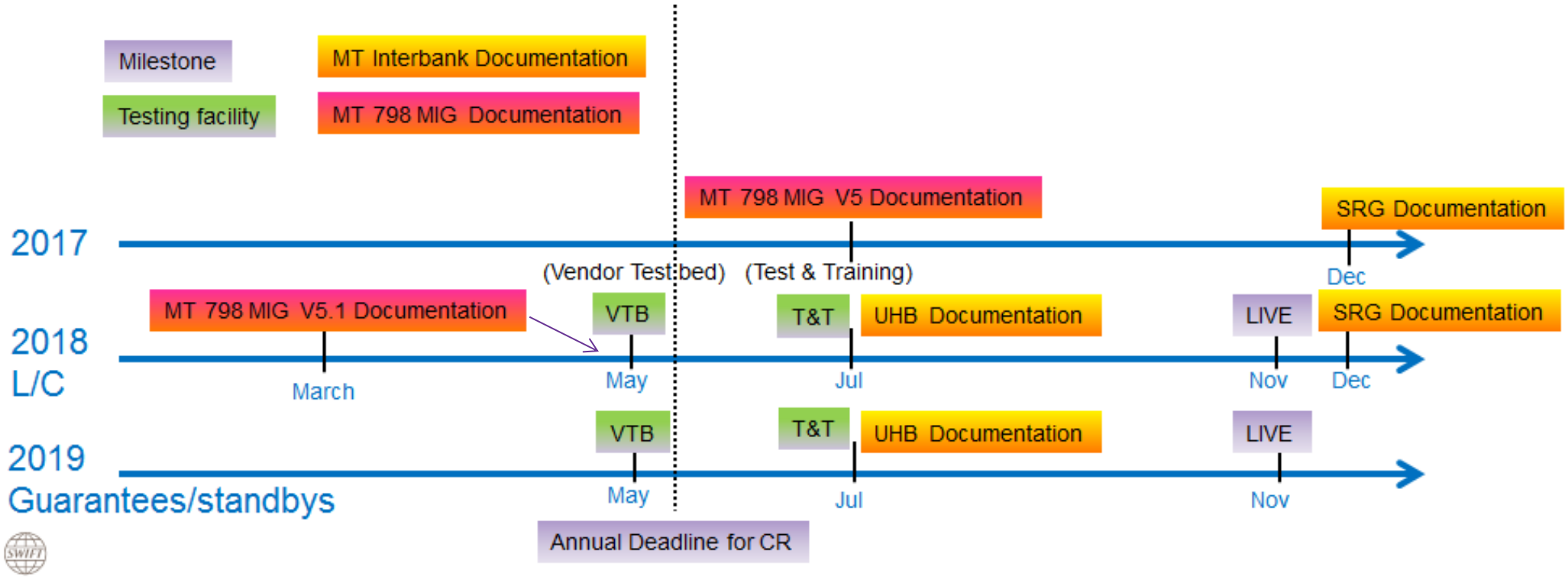
MT 798

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, with specific fields, or entire bank-to-bank MTs included in field 77E
- The MT 798 Guideline specification (currently implented is V4) will be upgraded to take into account the category 7 changes. It also includes various enhancements.
- These changes will “go live” at the same time than the corresponding MTs.
- MT 798 MIG V5 was firstly published in July 2017. Updated in 2018



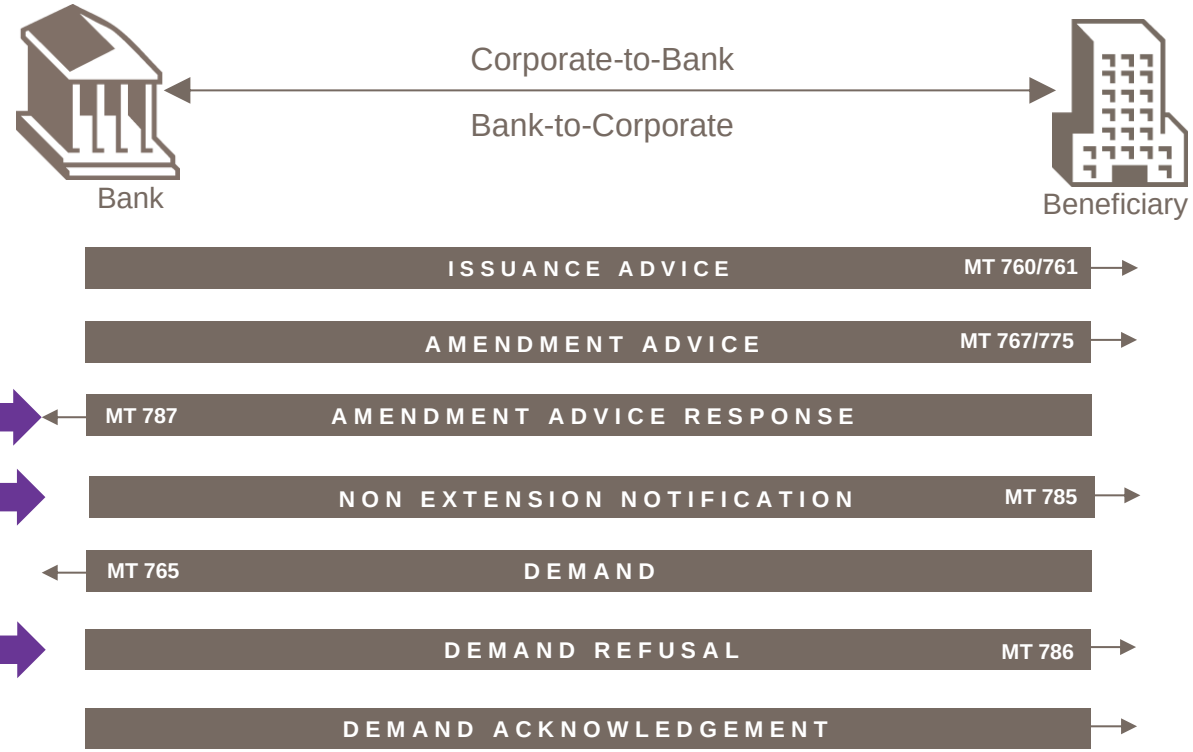
Time Line MT 798 SR 2018 2019



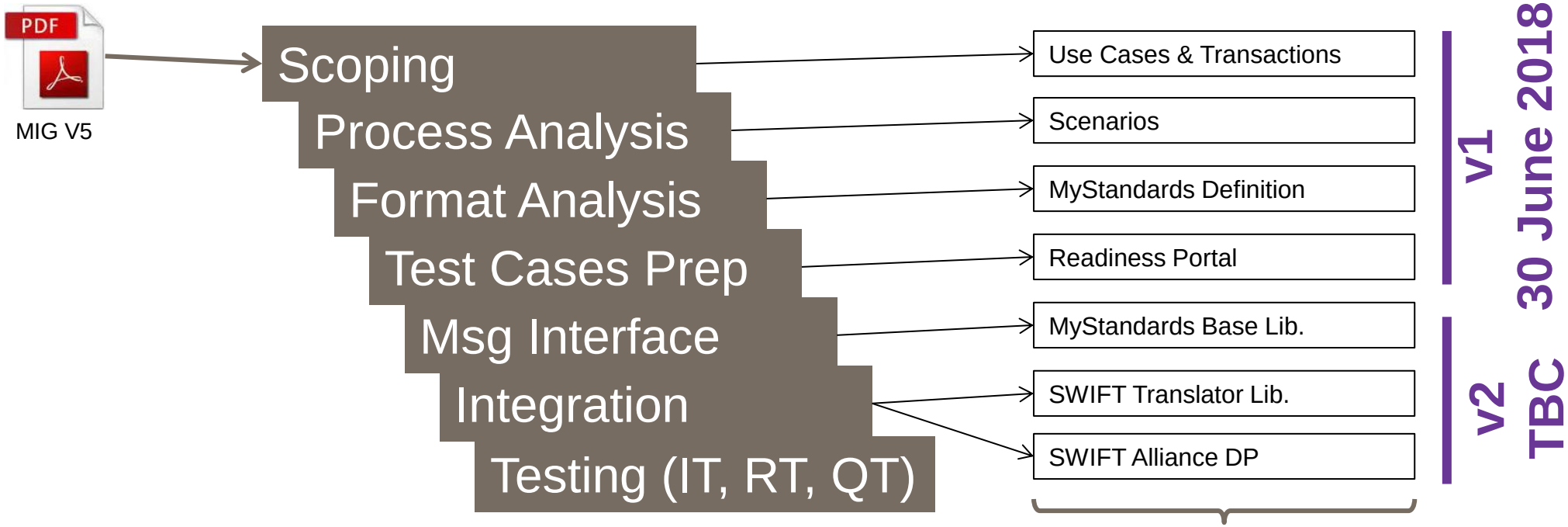
Major Work Items for MT 798 V5

- Alignment of MT 798 guidelines to updated interbank MT SR 2018-2019
- New and consistent references in all flows (21A and P, 21S and T)
- Index message is now the same for guarantees and standby LC (was different in V4)
- New flows
- Drafting process

New Flows
MT 798
guarantees/standby LC



MT 798 Implementation Pack



MT 798 Implementation Pack

Predefined content speeding up each activity

Questions

Thank you

Your SWIFT Standards contacts

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Useful links

Standards Release Page

https://www.swift.com/standards/standards-releases/release-highlights?tl=en

Release Highlights Page

https://www.swift.com/standards/standards-releases/release-highlights?tl=en#topic-tabs-menu

SR 2018 documentation

https://www2.swift.com/uhbonline/books/public/en_uk/srg_20171222/index.htm

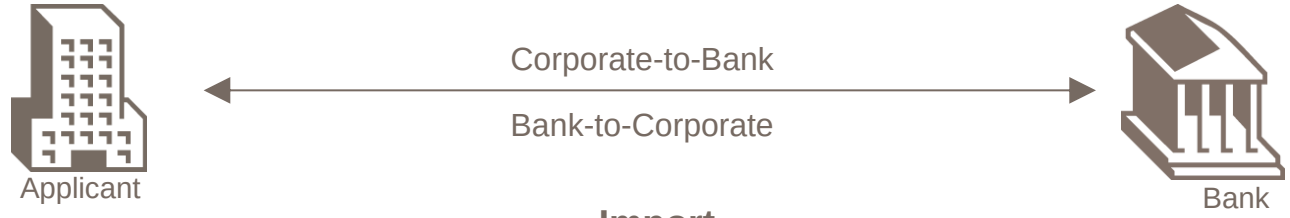
Advance documentation for SR 2019

https://www.swift.com/resource/category-7-advance-information-0

MT 798 V5 Specification

https://www2.swift.com/uhbonline/books/public/en_uk/s_corp_stdsmt_msg_impl_guid_vol_2_trd_fnc_std/index.htm

New Flows in MT 798
LC Import



Drafting Process

Import

APPLICATION — MT 700/701 →

← MT 700/701 DRAFT OR ISSUANCE NOTIFICATION

AMENDMENT REQUEST — MT 707/708 →

← MT 707/708 AMENDMENT NOTIFICATION

← AMENDMENT ACCEPTANCE NOTIFICATION

← MT 750 DISCREPANCY ADVICE

DISCREPANCY ADVICE RESPONSE →

← COMPLIANCE ADVICE NOTIFICATION

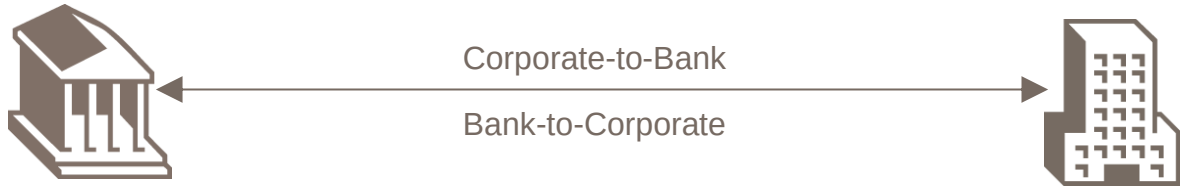
← MT 732 DISCHARGE ADVICE NOTIFICATION

← MT 734 REFUSAL ADVICE NOTIFICATION

← PAYMENT ADVICE NOTIFICATION

← IMPORT PAYMENT SETTLEMENT ADVICE

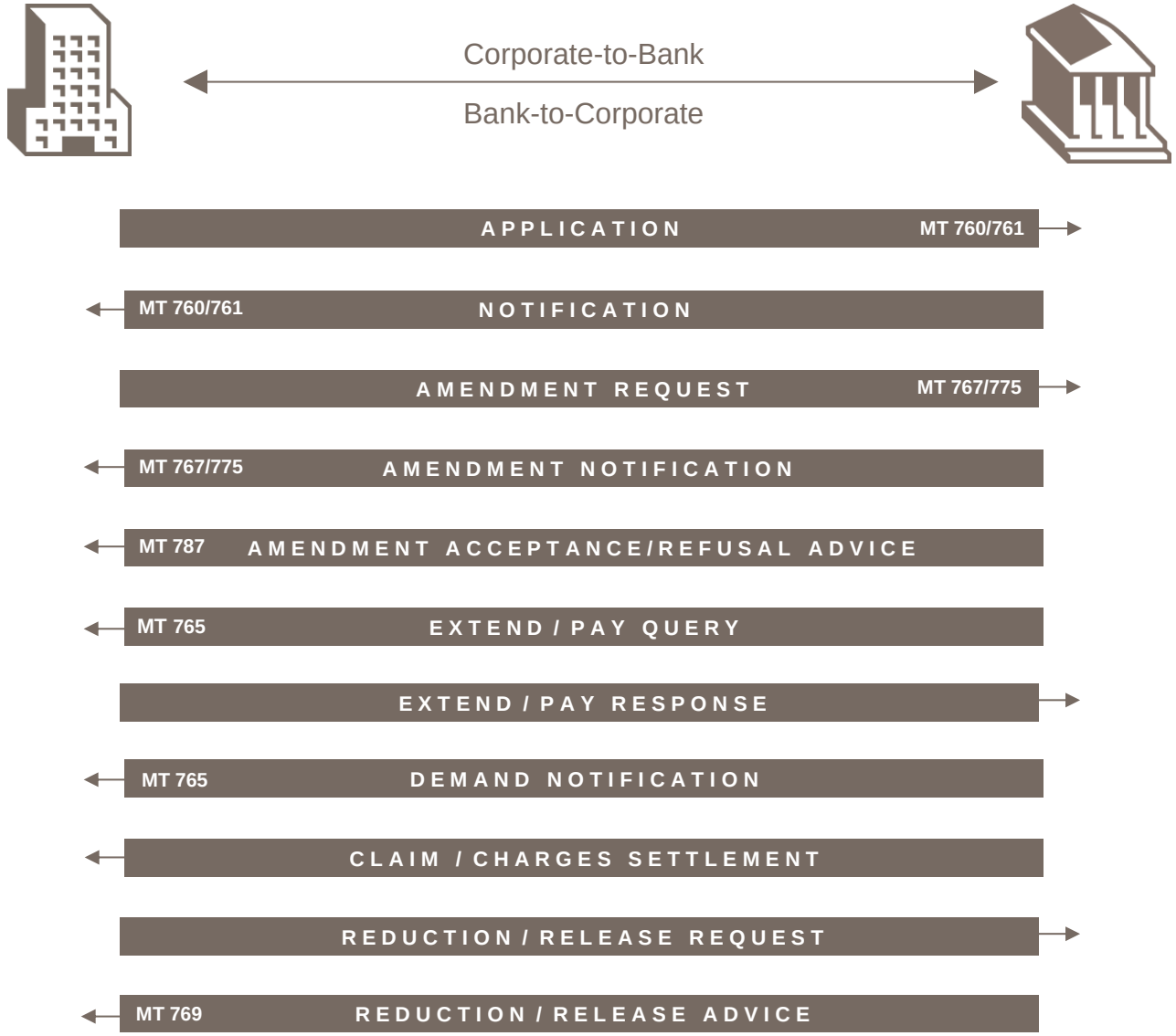
New Flows
MT 798 LC



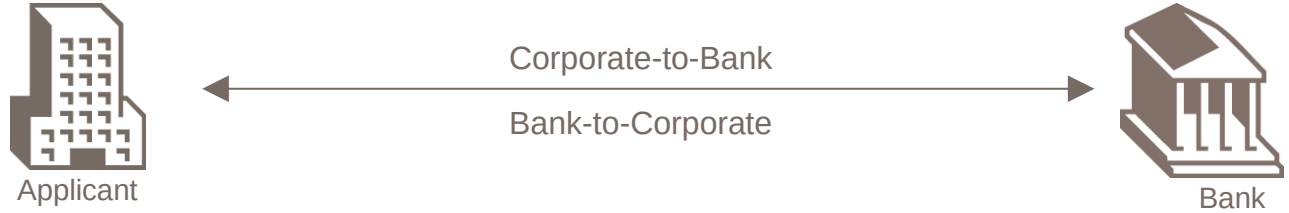
May be used for confirmation only

→	CREDIT ADVICE	MT 700/701
→	AMENDMENT / CONFIRMATION ADVICE	MT 707/708
←	AMENDMENT ACCEPTANCE/REFUSAL ADVICE	
→	THIRD BANK ADVICE	MT 710/711
→	PRESENTATION RESPONSE	
←	DISCREPANT PRESENTATION RESPONSE	
→	AUTHORISATION ADVICE NOTIFICATION	
→	COMPLIANCE ADVICE NOTIFICATION	
→	DISCHARGE ADVICE NOTIFICATION	MT 732
→	REFUSAL ADVICE NOTIFICATION	MT 734
→	PAYMENT ADVICE NOTIFICATION	
←	TRANSFER REQUEST	
→	TRANSFER ADVICE / NOTIFICATION	MT 720/721
→	EXPORT PAYMENT SETTLEMENT ADVICE	

New Flows
MT 798
guarantees/standby LC



New Flows
MT 798 common



Answer to Draft from Bank

Not based on MT 792

DRAFT UNDERTAKING RESPONSE

REQUEST FOR CANCELLATION

NOTIFICATION OF CANCELLATION / REFUSAL

Both sides

MT 790 CHARGES SETTLEMENT NOTICE

MT 791 CHARGES SETTLEMENT REQUEST

FREE FORMAT MT 799

MT 799 FREE FORMAT

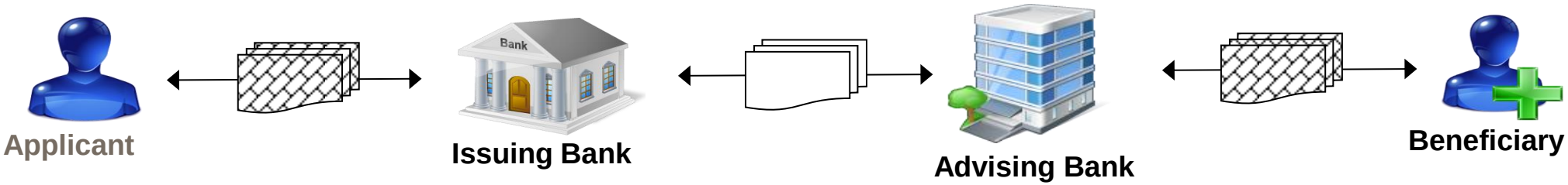
Based on new MT 759

ANCILLARY MESSAGE MT 759

MT 759 ANCILLARY MESSAGE

Documentary Credits

Status in electronic communication standards



well structured C2B and B2C messages (SCORE MT 798)
- using the Bank-to-Bank MTs as the ‘backbone“ of the messages
- additional fields for communication Customer-to-Bank and vice versa

well structured B2B messages (MT 700, MT 710, MT 707, etc.)
- however, some messages are not structured enough (e.g. Amendment)

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

MT 759 Ancillary Trade Structured Message

Status	Tag	Field Name	Content/Options	*No.*
M	27	Sequence of Total	1!n/1!n	*1*
M	20	Transaction Reference Number	16x	*2*
O	21	Related Reference Number	16x	*3*
M	22D	Form of Undertaking	4!c	*4*
O	22N	Undertaking Number	32x	*5*
O	52a	Issuer	A or D	*6*
M	23H	Function	8c	*7*
M	45B	Narrative	150*65z	*8*
O	23X	File Identification	/4!c/65x	*9*
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, 767) that covers the same function.

Alliance Lite2 questions

1. **When will Alliance Lite2 be available for SR2018 testing?**
   The Standards MT Release 2018 will be activated in production as of November 18, 2018 and as per the Alliance Lite2 service description available in test and training 6 weeks before on October 7, 2018.

Alliance Access/Entry questions

1. **When and how will SR2018 be delivered for Alliance Access/Entry?**
   For Alliance Access/Entry the following software updates will be provided to implement SR2018:

Update	Planned availability	Content
7.2.50	mid July 2018 Mandatory	• SR2018 including UETR related changes • All fixes and security updates since 7.2.00 • Limited number of fixes
7.3.00	end August 2018 Optional	• SR2018 including UETR related changes • All fixes and security updates since 7.2.00 • Limited new features • Fixes

Alliance Messaging Hub questions

1. **Which AMH release will support SR2018 and the mandatory UETR addition?**

   In order to support the Standards MT Release 2018, mandatory AMH updates will be released (AMH 3.4.20, 3.5.20, 3.6.20 and 3.7.20). These updates are planned for March 30, 2018 and will contain the needed software changes to meet the SWIFT gpi requirements that will go live in November 2018. Your AMH must therefore be updated before November 2018.

   On top of these updates, the SWIFT Standards MT Release 2018 standards deployment package (Netpack) must also be installed in order to activate the addition logic (as this Netpack contains the definition of the FIN message types for which the UETR becomes mandatory).

   AMH 3.3 (AMH 3.3.x) is out of support in August 2018, i.e. before the November 2018 SR 2018 cut-over. There will be no AMH update 3.3.20, and no Netpack on AMH 3.3 in support of the Standards MT 2018. This means that AMH 3.3 will not support SR 2018, and will not be able to send MT messages with a UETR.