



Standards MT November 2018

SR 2018 – Business Highlights

This document provides summarised, high level, business information related to the changes made to FIN (MT) messages as part of Standards Release 2018 (SR 2018).

17 November 2017

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Preface

Purpose of this document

This document provides summarised, high level, business information related to the changes made to MT messages as part of Standards Release 2018 (SR 2018). These changes will be implemented on the SWIFT network on 18 November 2018.

The *technical* details of the changes are published in the Standards Release Guide (SRG) in December each year and updates to the SRG are published in February, the following year. Both publications are found in the User Handbook Online and can be accessed via the Standards MT Release 2018 [timeline](#) and analysed using [MyStandards](#). Also available via the [timeline](#) is the Updated High-Level Information document, which is published in November each year and contains a summary of the *underlying business cases* for each change.

Note **Information in this document is subject to change prior to the publication of the Standards Release Guide or the Updated High-Level Information document.**

1 Background and Summary

The annual MT Standards release ensures that the message types (MTs) exchanged by SWIFT users remain suitable for the business areas in which they are used, by enabling new business functionality and compliance with changing regulations. Because the standard is so widely implemented, it is important that the benefit of each change is balanced against the implementation cost. The SWIFT MT maintenance process ensures that all changes are reviewed and approved by a broad cross section of the SWIFT community (more information about the MT maintenance process can be found in the SWIFT User Handbook Online).

The Standards release for 2018 includes:

- Changes due to regulation that require additional information to be transported in the messages
- Changes to support the requirements of local markets
- New features to support evolving business processes and new financial instruments
- Definitions clarified to promote greater consistency in the use of messages and thereby improve automation
- Major changes to category 7 messages to facilitate automation and reduce enquiries

2 Payments: Categories 1, 2, 9, and Common Group

Mandate field 121 Unique End-to-end Transaction Reference (UETR) in all MT 103, MT 103 STP, MT 103 REMIT, MT 202 COV, MT 205 COV, MT 202 and MT 205:

In cases where the sender is acting as intermediary and a UETR is present in the received message, the UETR must be passed, unchanged, to the next message in the transaction chain. Otherwise a new UETR must be used. The UETR of an MT 202 COV/205 COV must be the same as the UETR in the related MT 103.

This change will allow members of the SWIFT global payment innovation (SWIFT gpi) service to track payments on the SWIFT network end to end, even if they are being processed by banks that are not part of the SWIFT gpi Closed User Group (CUG).

Ability to receive header fields 111 and 121 in all category 1 and category 2 messages:

Even though the current SWIFT gpi service does not yet incorporate all category 1 and 2 messages, this change will allow the SWIFT gpi service to expand in the future without a direct impact on the normal MT standards maintenance. For the messages described in the previous paragraph, banks that are not in the SWIFT gpi CUG must forward the received field 121, but will not be allowed to send or forward field 111. For the other messages in category 1 and 2 messages, they are not allowed to send or forward both of these header fields.

Conversion of Chinese characters in ordering/beneficiary fields (field 50a, 59a, 58a) in MT 101, 102, 102 STP, 103, MT 103 STP, MT 103 REMIT, MT 110, MT 202, MT 202 COV, MT 203, MT 205 and MT 205 COV, MT 210, MT 910:

A usage rule is added to reference the published Chinese commercial codes (CCC) conversion table when information indicated by Chinese characters is necessary in FIN messages and when use is bilaterally agreed.

Add cancellation reason codes to field 79 in MT n92 and response and reason codes to field 76 in MT n96:

This enables the introduction of structured codes and alignment with ISO 20022. This will reduce ambiguity and will allow a code-word based, prioritisation workflow. The SWIFT gpi stop and recall service will use these code words.

REMINDER Advance information for a future release:

A structured format option is now available for ordering and beneficiary customer (fields 50F and 59F). Free format options for these fields will be removed from the following messages in SR 2020:

- | | |
|----------------------------|---|
| • MT 101 | field 50H and field 59 (no letter option) |
| • MT 103/103 STP/103 REMIT | field 50K and field 59 (no letter option) |
| • MT 102/102 STP | field 50K and field 59 (no letter option) |
| • MT 110 | field 50K and field 59 (no letter option) |
| • MT 202 COV/ 205 COV | field 50K and field 59 (no letter option) |
| • MT 210 | field 50 (no letter option) |
| • MT 910 | field 50K |

3 Treasury Markets - Foreign Exchange, Money Markets & Derivatives: Category 3

All relevant category 3 messages:

- Add optional field to indicate a country as payment clearing centre for transacted currencies to make offshore clearing more visible. The field must not be used if the settlement is at the default country.
- Add optional field to cover client transparency on commissions and fees: Markets in Financial Instruments Directive (MiFID II) requires more transparency on costs and charges

MT 300, MT 304, MT 305, MT 306

Correct misleading message usage rules that refer to industry requirements to clarify that a FIN confirmation message cannot create a legal agreement between the parties.

MT 304 Advice/Instruction of a Third Party:

All fields related to accounting information are now optional, in order to be able to include commission and fees (field 34B and field 30F) even where other accounting information is not present.

Advance information for a future release:

In SR 2019, settlement party fields and trade party fields will be tightened:

- Remove option D, which is free format text
- Partially restructure option J codes, to provide more clarity
- Remove BIC from option J. If the party has a BIC, option A must be used.

4 Trade Finance: Categories 4 and 7

In 2013, the Trade Finance Maintenance Working Group (TFMWG) recognized that a significant overhaul of the Category 7 interbank MTs was required as in previous years a number of change requests had been postponed. This will be addressed along with upgrading the messages to increase automation.

The drivers of this initiative are:

- Change requests from the community over the last 10 years
- Increase straight-through-processing and
- Fill some gaps in transaction flows

The result of this work will be implemented in

- SR 2018 for Documentary Credits (Letters of Credit) (MT 700-759)
- SR 2019 for Guarantees and Standby Letters of Credit (MT 760-789).

Changes for SR 2018 – Documentary Credits (Letters of Credit)

MT 707 (amendment message) is significantly enhanced to be more in line with the MT 700, MT 710, and MT 720, with structured fields for amendment details instead of the few free-format fields that were used in the past.

Changes that do not impact validation:

- Definitions updated
- Usage rules updated
- Field names changed

Changes that will impact validation:

- Fields added or removed
- Length of fields modified
- Codes introduced in fields to improve STP

Format of large, free-text fields changed from x-character set to z-character set, which also allows for the use of the special characters = ! " % & * < > ; { @ # _

3 new messages:

- MT 708 – Continuation message for the MT 707
- MT 744 – To notify the receiver that a reimbursement claim appears to be not in accordance with the reimbursement authorisation
- MT 759 – Ancillary, structured message to be used only if there is no other appropriate category 7 message. This structured message will allow for better processing and routing and replaces the present use of the unstructured MT 799. The intention is to eventually phase out the present use of the MT 799 for transactions that are catered for in other category 7 messages.

Advance information for a future release:

Updated advance information about the SR 2019 changes and the new messages will be published in the first quarter of 2018. It relates to Guarantees and Standby Letters of Credit and 6 new messages will be introduced.

5 Securities: Category 5

Settlement and Reconciliation:

- **Add codes for investment funds switch orders:** to be able to distinguish settlement of switch order from other types of transactions in the same securities + increase usage of REDM (Redemption(Funds)) and SUBS (Subscription (Funds))
- **Add a research fee code in the settlement amount:** Markets in Financial Instruments Directive (MiFID II) requires more transparency across the trading process, including separation of research fees from trading charges.

Trade Initiation and Confirmation

- **Add a research fee code in the settlement amount:** Markets in Financial Instruments Directive (MiFID II) requires more transparency across the trading process, including separation of research fees from trading charges.

Corporate Actions:

- **Enhancements to meet new business needs with new codes and qualifiers**
 - Add new event and functionalities to enable the reporting to investors on a withholding tax applied on deemed income or deemed dividend distributions (often related to equity-linked derivative instruments) which are not actually distributed to the investors.
 - Add additional price qualifiers in the notification and a new amount in the status message to enable full STP for instructions on cash amount (already introduced in SR 2017)
 - Add rate type code to enable the reporting to the investor within the frame of distribution of income events, the exact nature of an income when it originates from a foreign source and which is subject to different tax treatments as per the investor resident status.
- **Change multiplicity of qualifiers to remove inconsistencies in different format options and to align ISO 15022 with 20022 design:**
 - Limit repeatability of Stock Lending Deadline (BORD) qualifier.
 - Limit repeatability of Withholding Tax Rate (TAXR) and Second Level Tax (WITL) qualifiers.
- **Update definitions and usage rules:**
 - Change the usage rule on qualifier DEVI (Declared Rate) to allow the use of DEVI even when that currency and rate is one of the many currency options offered for the event
 - Change definition of qualifier CERT (Certification Deadline Date/Time) to refer more broadly to the deadline by which the certification must be sent, instead of simply when the beneficial ownership of securities must be declared.
- **Delete unused elements:**
 - Non-resident rate qualifier NRES and related rate type code IMPU, PREC and TIER.

Common category 5 changes

There are no changes common to category 5 in SR 2018.

6 Commodities and Reference Data: Category 6

MT 600 Commodity Trade Confirmation and MT 601 Commodity Option Confirmation:

- Correct misleading message usage rules that refer to industry requirements to clarify that a FIN confirmation message cannot create a legal agreement between the parties.
- Add optional field to cover client transparency on commissions and fees: Markets in Financial Instruments Directive (MiFID II) requires more transparency on costs and charges.

7 Travellers Cheques: Category 8

There are no changes to the Travellers Cheques messages for SR 2018.

8 Common to all categories

Change the character set for field 77E in MT n98 (Proprietary Message):

The character set changes from the x-character set to the z-character set, which also allows for the use of these special characters

= ! " % & * < > ; { @ # _

This change has no direct impact on existing agreements between present users of the MT n98. Any changes to existing agreements must be agreed by all parties to the agreement.

[MTs 798 are exchanged in SCORE](#) (Standardised Corporate Environment) between a bank and its corporate customer. Within the MT 798, structure is defined in field 77E and this structured content is based on the content of existing Category 7 messages. With the introduction of the z-character set in some fields in Category 7 messages, the same fields used in the MT 798 messages must also be updated to use the z-character set.

The "revamp" of category 7 includes the use of the z-character set in some fields (see Chapter 4 for details). Category 7 messages are (and stay) limited to the bank to bank space. In order for corporate customers to continue to send a valid copy of a category 7 message in field 77E of an MT 798, field 77E must be updated to also accept the full z-character set.

9 BIC Implementation

Reminder:

The ISO 9362 Business Identifier Code (BIC) standard was revised in 2014. A transition period started in January 2015 and will end in November 2018. All users must carefully plan and budget for systems or process changes, if any, to be prepared on time.

All details of implementation changes and impact of the revised ISO 9362 BIC standard can be found in the [information paper](#):

A summary of what has changed:

- BIC owners are responsible for the maintenance of the data related to their BICs and must keep it up-to-date and confirm the accuracy at least once a year
- The SWIFTRef BIC Plus directory contains enriched data and replaces BIC directory that will be decommissioned in November 2018
- After 18 November 2018, SWIFT will no longer issue BICs with "1" in position 8
- After 18 November 2018, a change of connectivity status will no longer systematically imply the expiry and creation of a new BIC

A summary of what has NOT changed:

- Existing connected and non-connected BICs are not changed
- Structure of the BIC is not changed
- There will always be connected and non-connected BICs

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