



Market Practice Guidelines for the cancellation of suspected fraudulent transactions and handling of compliance/regulatory inquiries

(Version 2.0)

Note: Relevant regulations and any applicable legislation take precedence over the guidance notes issued by this body. These Guidelines represent an industry's best effort to assist peers in the interpretation and implementation of the relevant topic(s). The PMPG - or any of its Members- cannot be held responsible for any error in these Guidelines or any consequence thereof.

The Payments Market Practice Group (PMPG) is an independent body of payments subject matter experts from Asia Pacific, EMEA, and North America. The mission of the PMPG is to:

- take stock of payments market practices across regions,
- discuss, explain, and document market practice issues, including possible commercial impact,
- recommend market practices, covering end-to-end transactions,
- propose best practice, business responsibilities and rules, message flows, consistent implementation of ISO messaging standards and exception definitions,
- ensure publication of recommended best practices,
- recommend payments market practices in response to changing compliance requirements

The PMPG provides a truly global forum to drive better market practices which, together with correct use of standards, will help in achieving full STP and improved customer service.

This document has three main sections:

- Market Practice Guidelines: Describes the guidelines that the PMPG proposes to the global payments community.
- Frequently Asked Questions: Addresses specific questions that have been raised to the PMPG in relation to the subject that is addressed in the document.
- Observations and Recommendations: Comments on the general impact of the guidelines and areas of further discussion.

The text starts by giving the background and contains a glossary at the end.
The PMPG will regularly review these guidelines, using the frequently asked questions and community feedback as input.

Background

The purpose of this document is to establish market practice guidelines for the handling of urgent cancellation requests due to suspected fraudulent cross-border payments and urgent inquiries relating to compliance or regulatory issues.

The proposed guidelines aim at streamlining processes and work and thus reducing costs and increasing speed in customer service and reconciliation departments by providing a clear process for handling of these kinds of requests and enquiry transactions. Payment Cancellations and compliance inquiries should be submitted in structured form and to support automation, structured content should be provided in the cancellation request. Prose should be avoided.

Identifying, reporting and ultimately stopping fraudulent payments remains a challenge in the world of correspondent banking. The MT standard specifies message types and code-words for use in this context, but industry application of these mechanisms today is partial at best, which makes effective automation difficult and also poses problems for manual handling.

The MT192 'Request for Cancellation', with use of /FRAD/ in field 79, is considered the standardized practice to request the cancellation and recall/return of a MT103 payment, where fraud has occurred (the ISO20022 equivalent message (camt.055/056) uses the same 'Request for Cancellation' name description). However the awareness of this practice is less well known within the industry, where further promotion of the practice and complementing business processes need wider circulation. The soon to be launched gpi Stop & Recall service (gSRP) is also relying on the use of the MT192 with the use of code words to facilitate the cancellation of payment orders on the network level¹.

Highly publicized cases of cyber-attacks on banks' local infrastructures have triggered a clear call to action to the industry to further strengthen its cyber defenses. The cyber threat landscape continues to evolve and threats remain sophisticated and persistent across the global community. This is the background for Swift Customer Security Program. While the security program is focusing on preventing and securing the banks environment against attacks, this document looks into how to mitigate the results of fraudulent payments by trying to stop these during the correspondent banking chain before they reach criminals accounts. A quick response after detection of a fraudulent transaction can result in lower costs for all, avoid funds successfully being stolen, and hence deter further attacks.

Inquiries pertaining to additional information needed to satisfy compliance or regulatory screening also require expedited handling to minimize payment delays. These inquiries should be

¹ Note: gSRP supports cancellation using the MT192 as well as via MT199 with structured content. As the tracker performs the validation of the syntax regardless of message type.

submitted in structured form and to support automation, structured content should be provided in the inquiry process. Prose should be avoided.

PMPG market practice guidelines for the handling of urgent cancellation requests due to suspected fraudulent cross-border payments and related inquiries focuses on the following:

- Payment Cancellations should be submitted in structured form including full and correct payment details, payment reference, currency/amount, date of payment.
- To support automation, structured content should be provided in the cancellation request.
- The use of the MT192/MT292 Request for Cancellation is preferred with use of /FRAD/ in field 79. (ISO 20022: camt.055/056 CustomerPaymentCancellationRequest)
- For direct and cover payments, the direct (MT103) and the cover (MT202COV) should be cancelled in parallel.
- To support automation and allow the receiver to identify an inquiry related to a regulatory question, standard inquiry codes should be used.
- To improve funds recovery, Payment Cancellations should be treated with higher priority than standard inquiries and be considered urgent. Financial institutions should build routines into their investigation processes that allow for a prioritization of these requests.
- The use of the MT196/MT296 Response Message should be adopted to provide clear and immediate status updates and responses.

The SWIFT gpi experts group has sponsored a change request, subsequently approved, that represents an improved stop and recall model that utilizes the unique transaction id (the so called "UETR", Unique End-to-End Transaction Reference) and the tracking database to cancel a payment in the network. However, as not all banks will be participating in SWIFT gpi, the gateway banks that service non-gpi banks in the SWIFT gpi environment should follow the market practice outlined in this document for payments, cancellations and inquiries to non-SWIFT gpi banks.

Additionally, the SWIFT gpi experts group sponsored three SR2018 change requests, all approved, that mandates the population of a UETR in field 121 of all MT103 (including REMIT & STP variants), MT202, MT202COV, MT205 & MT205COV messages. This paper will provide guidance on where the UETR can be optionally used in applicable category n messages to assist in unambiguously identifying the original payment instruction to which the category n message relates.

Common Business Flow

The exception management and inquiry process outlined in this document establishes request and response pairs. As such it is paramount that the reference numbers align and can be used to link the messages in the business flow.

Request

The request should relate to a message previously sent. In the payment cancellation or regulatory inquiry scenario, this would be the original payment order and should be referenced in field 21², and optionally field 79³, of the MTx92/x95/x99 message.

Structure the unstructured

In this document the PMPG recommends the use of structured messages such as the MT192/195 instead of the free format MT199. However, if the sender is not able to generate these message types, the PMPG recommends to emulate their structure in the MT199/299. This will allow the receiver to parse the message more effectively, route it to the right department and build some level of automation. We recommend avoiding verbose free format text (prose should be avoided) as this requires the receiver to read and interpret the message.

Note: The SWIFT UHB states that: “If a message type exists for a particular class of transaction, then customers must use that message type in the manner prescribed in the SWIFT documentation.[...] Failure to comply with the message standards can cause confusion, error, and consequent liability between customers. In the event of a dispute, the sending customer's adherence to the message standards, as set out in the SWIFT documentation, determines liability.”

Standard Codes and definition align with ISO 20022

Automation becomes possible through the use of standard codes and their agreed upon definitions. SR 2018 supports the following new code words that can be used in the MT192/292:

DUPL - Payment is a duplicate of another payment

AGNT - Agent in the payment workflow is incorrect

CURR - Currency of the payment is incorrect

CUST - Cancellation requested by the debtor (ordering party)

² Should be populated from the reference number in field 20 of the instruction that the cancellation or inquiry refers to.

³ Optionally populate the UETR of the original payment order in a single line of field 79 by removing the four dashes (-) within the UETR, thereby enabling it to fit within the 35 character line length.

UPAY - Payment is not justified

CUTA - Cancellation request because an investigation request has been received and no remediation is possible

TECH - Cancellation requested following technical problems resulting in an erroneous transaction

FRAD - Cancellation request following a transaction that was originated fraudulently. The use of the fraudulent origin code should be governed by jurisdiction. ⁴

In addition the SR 2019 contains a new code word INDM. This code word may be optionally used after a code-word where present to indicate a willingness to bilaterally establish an indemnity agreement.

Acknowledgement/Responses

Each cancellation and inquiry should be acknowledged immediately. The response should carry the reference of the original cancellation or inquiry message in field 21 and optional inclusion of the UETR in F79.

When the intermediary bank receives the MT192 for a yet to be forwarded MT103, it will process the cancellation request immediately. If the cancellation request is done successfully, the intermediary bank should return the funds back to the debtor agent (ordering bank) by using either an MT202 or MT103 (utilizing the structure and codes outlined in the *Payments Reject/Return Guidelines* within the SWIFT UHB) together with an MT196 with a standard code CNCL - “Cancelled as requested” as a positive acknowledgement to the cancellation request.

If the intermediary bank has completed processing the payment request and forwarded the MT103 to the next bank, then it should pass on the MT192 to the next bank. In addition, it should respond to the debtor agent (ordering bank) with a MT196 with the code word PTNA - “Past To Next Agent” when the cancellation has been forwarded to the next agent in the payment chain.

When the creditor bank receives a MT192, it should provide an MT196 with CNCL, PDCR, or RJCR “Cancellation request is rejected” with a reason code.

MT192/196 mentioned should apply to serial payments made by the debtor agent (ordering bank). For cases of cover payments, MT292/296 should be used.

⁴ The PMPG is sponsoring a CR for SWIFT Standards Release 2019 to change the definition of FRAD to: Cancellation requested following a transaction that was (possibly) originated fraudulently

Standard Reason Codes and definitions have been aligned with ISO 20022 as part of the SR 2018:

Status Codes:

CNCL – Cancelled as requested

RJCR – Cancellation request is rejected

PDCR – Cancellation request is pending

Reason Codes when rejecting a cancellation request:

LEGL – Reported when the cancellation cannot be accepted because of regulatory rules

AGNT – Reported when the cancellation cannot be accepted because of an agent refuses to cancel.

CUST – Reported when the cancellation cannot be accepted because of a customer decision (Creditor).

ARDT – Cancellation not accepted as the transaction has already been returned.

NOAS – No response from beneficiary (to the cancellation request).

NOOR – Original transaction (subject to cancellation) never received.

AC04 – Account number specified has been closed on the receiver's books.

AM04 – Amount of funds available to cover specified message amount is insufficient.

Reason Codes when reporting a cancellation request as pending:

PTNA – Past To Next Agent when the cancellation has been forwarded to the next agent in the payment chain

RQDA – Requested Debit Authority when authority is required by the creditor to return the payment

ARPL - Awaiting Reply, when a reply is expected from either the customer or the next agent

Payment Cancellation & Return of Funds

MPG E&I #1: Payment Cancellations should be submitted in structured form

To support automation, structured content should be provided in the cancellation request. Prose should be avoided. The use of the MT192/MT292 Request for Cancellation is preferred to the MT199/299 Free Format Message.

Business Content	MT 192/292	MT199/299
Request Type: Cancellation	Expressed in Msg type MT 192/292 usage	First line in field 79: /192/FRAD/ or /292/FRAD/
Message Reference Number	20:16x (Case Ref)	20:16x (Case Ref)
Msg. ref that this request relates to	21:16x	21:16x
Msg type and date of the message that cancellation refers to	11S:3!n6!n[4!n6!n] (MT, date)	Second Line in field 79: (MT, date)
Reason for Cancellation	79:/FRAD/	Second field in the first line
Mandatory fields of the message to be cancelled	Followed by :20::32A::50:59::71A:	Followed by :20::32A::50:59::71A:

Table 1: Message structure for a cancellation request relating to a transaction that was (possibly) originated fraudulently

Note

Instead of listing the mandatory fields the sender could use the UETR to reference the message by quoting field 121 from the header of the payment order:

Business Content	MT 192/292	MT199/299
Request Type: Cancellation	Expressed in Msg type MT 192/292 usage	First line in field 79: /192/FRAD/ or /292/FRAD/
Message Reference Number	20:16x (Case Ref)	20:16x (Case Ref)
Msg. ref that this request relates to	21:16x	21:16x
Msg type and date of the message that cancellation refers to	11S:3!n6!n[4!n6!n] (MT, date)	Second Line in field 79: (MT, date)
Reason for Cancellation	79:/FRAD/	Second field in the first line
Mandatory fields of the message to be cancelled	Followed by :121: [xxxxxxxxxxxx4xxxxyxxxxxxxxxxxxxxxxx]	Followed by :121 [xxxxxxxxxxxx4xxxxyxxxxxxxxxxxxxxxxx]

Table 2: Message structure for a cancellation request relating to a transaction that was (possibly) originated fraudulently with UETR reference in field 79.

Other narrative that is needed can be added after quoting field 121 in field 79

Codes

Reason codes for cancellations that are now supported are:

DUPL - Payment is a duplicate of another payment

AGNT - Agent in the payment workflow is incorrect

CURR - Currency of the payment is incorrect

CUST - Cancellation requested by the debtor (ordering party)

UPAY - Payment is not justified

CUTA - Cancellation request because an investigation request has been received and no remediation is possible

TECH - Cancellation requested following technical problems resulting in an erroneous transaction

FRAD - Cancellation request following a transaction that was originated fraudulently. The use of the fraudulent origin code should be governed by jurisdiction.

Note: The FRAD code word should be used when the origination of the payment was done without the authorization of the account owner. It should not be used in cases of commercial disputes or claims of overpayment. In those cases UPAY should be used as the code word.

Fields

Field 20: This field specifies the reference assigned by the Sender to unambiguously identify the message i.e. their investigation reference such as CASEREF1234.

Field 21: This field contains the content of field 20 (Transaction Reference Number) of the original payment message for which cancellation is requested.

In some communities, it is practice to supply additional details in free format form in an MT199/299 alongside the structured cancellation request. If the UETR of the message to be cancelled is available it should be placed in field 79 in the MT192/292 or at the end of the message in the MT199/299⁵.

MPG E&I #2: Direct and Cover should be cancelled together

When a direct and cover payment is to be cancelled the sender of the direct message should send the MT192 to the beneficiary bank and the MT292 to the receiver of the MT202COV/MT205 COV that is to be cancelled. Please consult the PMPG MPG MT202 COV document for more details. ([MT202 COV MPG](#))

MPG E&I #3: removed

⁵ A change request has been raised for SR 2019 to support field 121 for MT n92/n95/n96/n99 messages. If approved the use of the UETR in field 79 will be temporary.

Acknowledgements/Responses and Payment Return Message and codes

MPG E&I #4: Response to Request for Cancellation

To support automation, structured content should be provided in the response message to the cancellation request. Prose should be avoided. It is important that the action that has been taken is included in the response and only an auto-acknowledgment of cancellation receipt is not sufficient. The use of the MT196/MT296 Response Message is preferred to the MT199/299.

Business Content	MT 196/296	MT199/299
Response/Acknowledgement	Expressed in Msg type MT196/296	First line in field 79: /196/ or /296/
Message Reference Number	20:16x	20:16x
Msg. ref that this response relates to	21:16x	21:16x
Response	76:PTNA	Second line for field 79: PTNA
Msg type and date of the message that response refers to	11S:3!n6!n[4!n6!n] (MT, date, session number/ISN]	Third line for field 79: (MT, date, session number/ISN]
Mandatory fields of the message to be cancelled	Followed by :20::32A::50:59::71A: Or :121: [xxxxxxxxxxxx4xxxxyxxxxxxxxxxxxxxxxxxxx]	Followed by :20::32A::50:59::71A: Or :121: [xxxxxxxxxxxx4xxxxyxxxxxxxxxxxxxxxxxxxx]

Table 3: Message structure for a response to a cancellation request

Note:

Field 20: This field specifies the reference assigned by the Sender to unambiguously identify the message.

Field 21: This field contains a reference to the related message. (i.e., field 20 of the MT192 received which could be the case number of the party requesting the cancellation) .

If the UETR of the message to be cancelled is available it should be placed after the field reference: 121: in field 79 in the MT196/296 or at the end of the message in the MT199/299.

MPG E&I #5: Use of standard reason codes for response message

To support automation, a standard response code should be used.

Status Codes:

CNCL – Cancelled as requested
RJCR – Cancellation request is rejected
PDCR – Cancellation request is pending

Reason Codes when rejecting a cancellation request:

LEGL – Reported when the cancellation cannot be accepted because of regulatory rules
AGNT – Reported when the cancellation cannot be accepted because of an agent refuses to cancel.
CUST – Reported when the cancellation cannot be accepted because of a customer decision (Creditor).
ARDT – Cancellation not accepted as the transaction has already been returned.
NOAS – No response from beneficiary (to the cancellation request).
NOOR – Original transaction (subject to cancellation) never received.
AC04 – Account number specified has been closed on the receiver’s books.
AM04 – Amount of funds available to cover specified message amount is insufficient.

Reason Codes when reporting a cancellation request as pending:

PTNA – Past To Next Agent when the cancellation has been forwarded to the next agent in the payment chain
RQDA – Requested Debit Authority when authority is required by the creditor to return the payment
ARPL - Awaiting Reply, when a reply is expected from either the customer or the next agent

Indemnity (use case when bene account has been credited)

Request for indemnification from loss by the creditor agent (beneficiary bank) is common in certain jurisdictions when the funds have already been applied to the creditor account, and generally influenced by local legislation or internal policy. This MPG will not comment on the legality or appropriateness of such scenarios, rather will provide recommendations on how to expedite the outcome where an indemnity is required.

MPG E&I #6: Indemnity with cancellation request

If the debtor agent (ordering bank) of the cancellation request is willing to issue an indemnity

(applicable to the Creditor agent (beneficiary bank) only) for the cancellation scenario involved, they should consider indicating this willingness upfront within the cancellation request.

The SR 2019 contains a new code word INDM. This code word may be optionally used after a code-word where present to indicate a willingness to bilaterally establish an indemnity agreement.

MT192 example:

```
:20:23191
:21:494932/DEV
:11S:103
090527
:79:/DUPL/INDM
:20:494932/DEV
:32A:090527EUR1958,47
:50F:/942267890
1/FRANZ HOLZAPFEL GMBH
2/GELBSTRASSE, 13
3/AT/VIENNA
:59:H.F. JANSSEN
LEDEBOERSTRAAT 27
AMSTERDAM
:71A:SHA
```

This only indicates a *willingness* to indemnify the creditor agent (beneficiary bank), and does not represent an actual indemnity, which would need to be subsequently agreed bilaterally. Additionally, this indication from the debtor agent (ordering bank) of a *willingness* to indemnify imposes no obligation on the creditor agent (beneficiary bank), and instead provides information that may contribute to a risk-based decision to quarantine the funds, pending further investigation, and avoiding further distribution of the funds that would make retrieval less likely.

MPG E&I #7: Indemnity request with response message

If the creditor agent (beneficiary bank) receives a cancellation request and requires an indemnity from the debtor agent (ordering bank) to be able to proceed further, the code word INDM⁶ should be populated after the applicable code word in field 76 of the MTn96 message (e.g. /PDCR/INDM). Prior to the effective date of SR 2019 the phrase:” willingness to bilaterally establish an indemnity agreement” should be used

MPG E&I #8: MT9xx usage to expedite funds quarantine in multiple banks serial scenario

In a multi-bank serial payment flow, cancellation requests following the original payment flow are subject to delay moving from one bank to the next. In an urgent scenario such as fraud, the best opportunity to recover funds is to avoid them being applied to the creditor account, which relies on the cancellation request reaching the creditor agent (beneficiary bank) as quickly as possible. Additionally, it is possible (and in most cases likely) the debtor agent (ordering bank)

⁶ CR has been raised to include the new code word in SR 2019

will not have RMA established with the creditor agent (beneficiary bank) in this multi-bank serial payment scenario.

To circumvent delays, the debtor agent (ordering bank) should consider sending an additional cancellation request directly to the creditor agent (beneficiary bank) (via MT192/292 if RMA exists between the two institutions, and via MT992 if not), utilizing the same structure guidance provided in ***MPG E&I #1: Payment Cancellations should be submitted in structured form.***

- Note (i): The MT992 is not designed to replace the original MT192/292 sent through the serial chain (which should continue as normal), rather it is an additional message that provides an opportunity for the creditor agent (beneficiary bank) to hold the funds (if/once received) awaiting the original MT192/292.
- Note (ii): On receipt, the creditor agent (beneficiary bank) should respond with an MTn96/MTn99, using the applicable codes described in ***MPG E&I #5: Use of standard reason codes for response message.***
- Note (iii): Receipt of an MT992 from the debtor agent (ordering bank) imposes no obligation on the creditor agent (beneficiary bank) and instead provides information that may contribute to a risk-based decision to quarantine the funds and avoid further distribution thereof that would make retrieval less likely.

In the case that the instruction has been cancelled in the interbank chain before reaching the creditor agent (beneficiary bank), the direct cancellation message will inform the creditor agent (beneficiary bank) that the transaction was cancelled by the debtor agent (ordering bank) due to suspected fraud. This will allow the creditor agent (beneficiary bank) to conduct their own investigation, for which there would be no trigger without this direct cancellation message.

It is recognized that the field 20 reference of the original payment instruction sometimes changes through its lifecycle as it is processed through multiple banks and Market Infrastructures. As a result, field 21 of the cancellation message and optional inclusion of field 20 of the original message (as part of the “mandatory fields of the original message”) may not be meaningful to the creditor agent (beneficiary bank). As such, it is important to provide the other “mandatory fields of the original message” that have been referenced in tables earlier in this document (F32A, F50, F59, F71A), or the UETR in field 79, to provide the creditor agent (beneficiary bank) the best opportunity to identify the payment in question.

MPG E&I #9: Return of funds by the beneficiary bank based on their own fraud

investigation: In the case that the creditor agent (beneficiary bank) decides to return funds that are suspected to be originated fraudulently without receiving a prior cancellation request, the funds should be returned back to the debtor agent (ordering bank) bank by using either an MT202 or MT103 (utilizing the structure and codes outlined in the ***Payments Reject/Return Guidelines*** within the SWIFT UHB).

MPG E&I #10: Passing on structure content: When receiving structured requests and responses from gpi and non-gpi banks, any agent passing on requests or responses to the next bank should maintain the structured content. When responding to a structured request the agent bank should use a structured response.

Example: The non-gpi creditor agent (beneficiary bank) ABCDGB22 receives an MT192 from a gpi intermediary:

<i>Message type</i>	<i>192</i>
Transaction reference number	:20: 516722
Ref. of message to be cancelled	:21: 948LA
MT and date of original message	:11S: 103, 120827 79:/FRAD/
Reference to the UETR of the original payment order to be cancelled	:121: eb6305c9-1f7f-49de-aed0-16487c27b42d

The creditor agent (beneficiary bank) wants to let the requesting agent know that the account has been closed but cannot send a MT196. Instead the creditor agent (beneficiary bank) responds with:

<i>Message type</i>	<i>199</i>
Transaction reference number	:20: 7564AN
TRN of request for cancellation (Reference of MT 192)	:21: 516722
Text	:79:/196/ /RJCR/AC04

Inquiries related to regulatory screening or regulatory questions.

MPG E&I #11: Inquires related to regulatory matters should be submitted in structured form. To support automation, structured content should be provided in the inquiry request. Prose

should be avoided. The use of the MT195/MT295 query message is preferred to the MT199/299. If the MT199/299 is used the request should contain the following structure:

Business Content	MT 195/295	MT199/299
Response/Acknowledgement	Expressed in Msg type MT 195/295	First line in field 79: /195/Query Number / or : /295/Query Number /
Message Reference Number	20:16x	20:16x
Msg. ref that this query relates to	21:16x	21:16x
Request	75:/Query Number /(Additional Information/ (use query numbers 48 to 52)	Second line for field 79: :/Query Number /(Additional Information/ (use query numbers 48 to 52)
Msg type and date of the message that response refers to	11S:3!n6!n[4!n6!n] (MT, date, session number/ISN)	Third line for field 79: (MT, date, session number/ISN)
Mandatory fields of the message the query relates to	Followed by :20::32A::50:59::71A: Or :121: [xxxxxxxxxxxx4xxxxyxxxxxxxxxxxxxxxxx]	Followed by :20::32A::50:59::71A: Or :121: [xxxxxxxxxxxx4xxxxyxxxxxxxxxxxxxxxxx]

Table 4: Message structure for an inquiry relating to regulatory or compliance information

Note:

Field 20: This field specifies the reference assigned by the Sender to unambiguously identify the message i.e. their investigation reference such as CASEREF1234.

Filed 21: This field contains the content of field 20 (Transaction Reference Number) of the MT103 message to which this inquiry relates. .

If the UETR of the message subject to the inquiry is available it should be placed at the beginning of the line in field 79 of the MT195/295 or at the end of the message in the MT199/299. Example: :79::121:[xxxxxxxxxxxx4xxxxyxxxxxxxxxxxxxxxxx]

MPG E&I #12: Use of standard inquiry codes for regulatory inquiries

To support automation and allow the receiver to identify an inquiry related to a regulatory question, a standard inquiry code should be used:

48	Payment is pending execution. For reasons of regulatory requirements we request further information on the account number or unique identification of the party identified in field (1).
----	--

49	Payment is pending execution. For reasons of regulatory requirements we request further information on the name and/or address of the party identified in field (1).
50	Payment has been executed. For reasons of regulatory requirements we request further information on the account number or unique identification of the party identified in field (1).
51	Payment has been executed. For reasons of regulatory requirements we request further information on the name and/or address of the party identified in field (1).
52	The payment is blocked due to a sanctions screening hit. Please prioritise this query and provide the following details (1) ...

Note: (1) means that supplementary information is required. This supplementary information must be the first information following the Query Number Example: 75:/48/50F/to indicates that further information on the account number or unique identification of the party identified in field 50F is required.

MPG E&I #13: Response related to regulatory matters should be submitted in structured form. To support automation, structured content should be provided in the response. Prose should be avoided. The use of the MT196/MT296 query message is preferred to the MT199/299. If the MT199/299 is used the request should contain the following structure:

Business Content	MT 196/296	MT199/299
Response/Acknowledgement	Expressed in Msg type MT196/296	First line in field 79: /196/ or /296/
Message Reference Number	20:16x	20:16x
Msg. ref that this response relates to	21:16x	21:16x
Request	76:/Response Number/ (Additional Information/ (use answer number 23, 24, 33)	Second line for field 79: /Response Number / (Additional Information/ (use query numbers 23, 24, 33)
Msg type and date of the message that response refers to	11S:3!n6!n[4!n6!n] (MT, date, session number/ISN]	Third line for field 79: (MT, date, session number/ISN]
Mandatory fields of the message the query relates to	Followed by :20::32A::50:59::71A: Or :121: [xxxxxxxxxxxx4xxxymxxxxxxxxxxxxxxxx]	Followed by :20::32A::50:59::71A: Or :121: [xxxxxxxxxxxx4xxxymxxxxxxxxxxxxxxxx]

Table 5: Message structure for a response to an inquiry relating to regulatory or compliance information

Note:

Filed 20: This field specifies the reference assigned by the Sender to unambiguously identify the message.

Field 21: This field contains a reference to the related message. (i.e., field 20 of the MT195/199 received which could be the case number of the party inquiring)

MPG E&I #14: Use of standard response codes for regulatory inquiries

To support automation and allow the receiver to identify an inquiry related to a regulatory question, a standard response code should be used:

23	Please amend field (1) ... to read (2) ...
24	Please consider our payment instruction as null and void.
33	The requested details are (1) ... (Use in response to 50, 51, 52)

Prioritization Schemes (Changes required to improve efficient delivery)

Over the years various attempts have been made by industry groups to gain support for CRs that either requested the creation of new message types for inquires related to fraud and regulatory topics or the use of a header field to allow the receiver to prioritize the request within their own system. None of these have gained any traction. In the following, we are proposing two alternatives for the industry to consider that do not require a SWIFT change request.

Expedited Delivery via SWIFT

The SWIFT network supports a priority message service that could be considered to ensure that cancellation requests are moved to the front of the SWIFT messaging queue. This service can be combined with requesting the receipt an acknowledgement of positive delivery. While under normal message flow conditions this service might not make much of a difference it could be of significant value in stress situations when the sending bank has back-log of messages due to a contingency event of if certain payment processes had to be halted due to a cyber-incident.

Code word in the body of the message (preferred option)

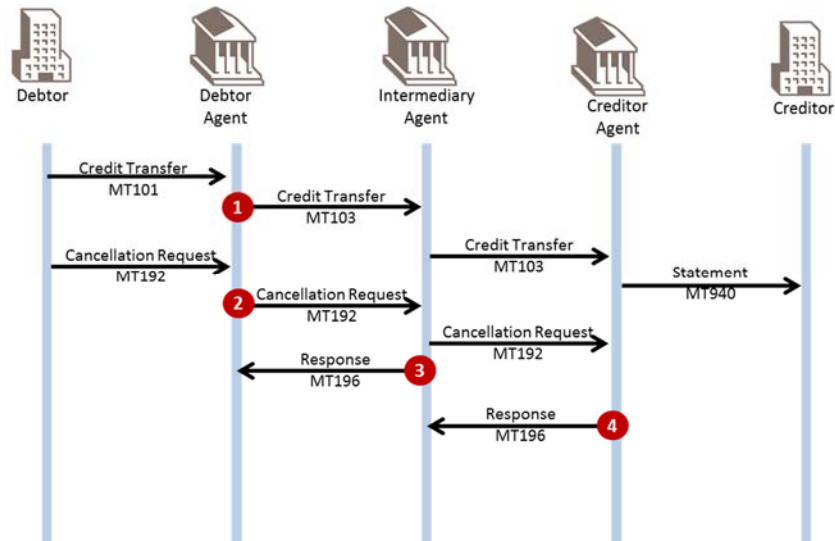
The SWIFT Alliance infrastructure can route messages to a designated endpoint/queue based on a code word string. Example: /192/FRAD/ in the first line of field 79 can be used to distinguish a cancellation due to alleged fraud and received as a MT199 from other MT199s. The presence of the code word /FRAD/ in field 79 of the MT192 can be used to prioritize a cancellation request due to suspected fraud. Most investigation platforms can do the same.

Dedicated BIC

As for CLS nostro payments, a dedicated BIC 11 extension could help with receiving specific inquires. Example: ABCBUS33URG can be used to receive urgent inquiries. If a dedicated BIC is being used, it should be made public in the SWIFT Ref Directory.

Example

The creditor agent (beneficiary bank) has already credited the creditor account and advised the credit. The creditor agent (beneficiary bank) is trying to return the funds but the creditor has already withdrawn the funds.



Step 1:

<i>Message type</i>	<i>103</i>
Sender reference number	:20: 948LA
Bank operation code	:23B: CRED
Value Date/Currency/Instructed Amount	:32A: 120828CAD1958,47
Ordering customer	:50K: /122267890 BIOCOM 123 Windsor St Toronto, ON M8Y 1A4 Canada
Beneficiary customer	:59: /502664959 H.F. JANSSEN
Details of charges	LEDEBOERSTRAAT 27 AMSTERDAM :71A: SHA

Step 2:

<i>Message type</i>	<i>192</i>
Transaction reference number	:20: 516722
Ref. of message to be cancelled	:21: 948LA
MT and date of original message	:11S: 103120827 79:/FRAD/
Copy of the mandatory fields of the message to be cancelled	:20:948LA :23B: CRED :32A: 120828CAD1958,47 :50K:/122267890 BIOCOM 123 Windsor St Toronto, ON M8Y 1A4 Canada :59:/502664959 H.F. JANSSEN LEDEBOERSTRAAT 27 AMSTERDAM :71A:SHA

Please note instead of listing the mandatory fields of the original message the UETR can be quoted.

<i>Message type</i>	<i>192</i>
Transaction reference number	:20: 516722
Ref. of message to be cancelled	:21: 948LA
MT and date of original message	:11S: 103, 120827 79:/FRAD/
Reference to the UETR of the original payment order to be cancelled	:121: eb6305c91f7f49deacd016487c27b42d

Step 3:

<i>Message type</i>	<i>196</i>
Transaction reference number	:20: 6344AN
TRN of request for cancellation (Reference of MT 192)	:21: 516722
Answer	:76: PTNA
MT and date of original message	:79: :11R:103 120827

Please note instead of listing the mandatory fields of the original message the UETR can be quoted.

<i>Message type</i>	<i>196</i>
Transaction reference number	:20: 6344AN
TRN of request for cancellation (Reference of MT 192)	:21: 516722
Answer	:76: PTNA
UETR of original message	:79: :121: eb6305c91f7f49daed016487c27b42d

Step 4:

<i>Message type</i>	<i>196</i>
Transaction reference number	:20: 7564AN
TRN of request for cancellation (Reference of MT 192)	:21: 516722
Answer	:76:/ RJCR/AM04
	:77: RJCR AM04
MT and date of original message	:11\:\:103 120827

Please note instead of listing the mandatory fields of the original message the UETR can be quoted.

<i>Message type</i>	<i>196</i>
Transaction reference number	:20: 7564AN
TRN of request for cancellation (Reference of MT 192)	:21: 516722
Answer	:76:/ RJCR/AM04
	:79:
MT and date of original message	:121: eb6305c91f7f49daed016487c27b42d

Observations and Recommendations

The PMPG is not a regulatory body and cannot enforce any of the guidelines. It can only point out practices which, when followed properly, are beneficial to the payments community.

Above and beyond the guidelines stated above, the community can use below recommendations to further improve the handling of fraud and compliance inquiries:

Ability to stop all debits

To ensure account owners have the ability to stop all debits to the account held at an account

servicer, the ability should exist for the account servicer to place a debit block on the account upon request.

Review Indemnity Process with their legal and finance department

Banks should review their process under which indemnities are issued and accounted for.

Dialogue with Law Enforcement

To ensure that banks can quickly turnaround fraudulent or cyber fraud payments, contact details with the respective local financial crimes unit should be documented and incorporated in a local playbook for the wire operations team.

Dialogue FBI Legal Attaché

For fraudulent payments involving USD, in addition to local law enforcement, banks should have available the contact details for the FBI legal attaché at the local US embassy.

The FBI Fraud Kill Chain Process can be utilized if the fraudulent wire transfer meets the following criteria:

- the wire transfer is \$50,000 or above;
- the wire transfer is international;
- a SWIFT recall notice has been initiated; and
- the wire transfer has occurred within the last 72 hours.

Contact list of FBI field offices: <https://www.fbi.gov/contact-us/legal-attache-offices>

Glossary of Terms

Creditor: Party to which an amount of money is due. In the current MT message implementation this is the beneficiary

Creditor Agent: Financial Institution servicing an account for the creditor (beneficiary). In the current MT message implementation this is referred to as the Beneficiary Bank or Account With Bank

Debtor Agent: Financial Institution servicing an account for the debtor (ordering party). In the current MT message implementation this is referred to as the Ordering Bank

Debtor: Party that owes money to the creditor. In the current MT message implementation this is the Ordering Party