



Standards MT November 2021

SR 2021 – Business Highlights

This document provides summarised, high level, business information related to the changes made to FIN (MT) messages as part of Standards release 2021 (SR 2021).

20 November 2020

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Preface

Purpose of this document

This document provides summarised, high level, business information related to the changes made to MTs as part of Standards release 2021 (SR 2021). These changes will be active on the SWIFT network on 21 November 2021.

The *technical* details of the changes are published in the Standards Release Guide (SRG). Information can be accessed via the Standards MT release 2021 [timeline](#) and analysed using [MyStandards](#). Also available via the [timeline](#) is the Updated High-Level Information document, which contains a summary of the *underlying business cases* for each change.

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 [User Handbook \(Knowledge Centre\)](#)).

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

Validation changes to the (optional) format option F in field 50 and 59 for implementation in SR 2021.

To facilitate

- ISO 20022 migration, especially for institutions and market infrastructures already on (or moving to) ISO 20022 dealing with coexistence of the different standards and;
- (local) regulatory and FATF requirements;

use of format option F in field 50 and 59 already gives structured data.

In most cases, the name will be accompanied by address details, including country information. Inclusion of street name, country, town, etc. requires at least 2 lines in the MT format option F and restricts the number of lines left for the name to only 2. In SR 2021, the validation of format option F will therefore allow maximum 2 occurrences of lines starting with 1/ and mandate the presence of a line starting with 3/ which includes at least a country code.

Reminder: Free format options for fields 50 and 59 NOT removed in MT

To comply with AML and anti-terrorist financing regulations, name and address of the ordering customer (payer) and beneficiary (payee), must be screened by handling banks against sanctions lists issued by various authorities. In the payments MTs, an optional structured format option was introduced in both ordering and beneficiary customer (fields 50F and 59F), but traffic statistics show low usage of the format option. However, without widespread adoption, the benefits of structured data will not be realised.

The need for structured data is still recognised. However, with the ISO 20022 Programme starting as of SR 2022, there is more benefit in considering the granularity of ISO 20022 already when gathering the underlying data.

Institutions that were already taking action, based on SWIFT's communication since 2015 that free format options in MT were going to be deleted, must not stop their efforts as structured data will certainly become the new norm.

Changing underlying customer data has far-reaching consequences for banks' payment processing systems and requires a multiyear effort.

Community migration of cross-border payments and cash reporting traffic from the MT standards to ISO 20022

Together with the evolution of SWIFT's technology platform, the SWIFT community will move from MT to ISO 20022 for cross-border payments and cash reporting between November 2022 and November 2025. This will allow the industry as a whole to benefit from richer, better quality data end-to-end and the advantages it brings for customer service, innovation, and compliance.

Until November 2021, MT remains the only standard for cross-border payments. However, users are urged to already familiarise themselves with the new documentation. Please visit www2.swift.com/myprofile/res/subjects/iso_20022_adoption/index.html and the ISO 20022 specifications for Cross-Border Payments and Reporting (CBPR+) published on MyStandards: www2.swift.com/mystandards/#/c/cbpr/landing.

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

Tighten settlement party fields and trade party fields

In order to promote more structured usage of the messages, MT 305 and MT 306 will be aligned with the changes made to MT 300 and MT 304 in SR 2019 in fields 82, 87, 83, 53, 86, 56, 57, 58:

- Remove option D, which is free format text.
- Partially restructure option J codes, to provide more clarity.
- Mandate that a BIC cannot be the only information in option J. For those cases, option A must be used.

Add a regulatory Reporting Jurisdiction code FCA for UK

As a consequence of Brexit, some trades may be required to be reported to the UK Financial Conduct Authority (FCA) instead of, (or in addition to) ESMA. Adding code FCA to the standard will ensure complete transparency and alignment with other jurisdiction codes that are already present.

Remove irrelevant code for Fund or Beneficiary Servicing Party (SVBY) in field 83J in MT 304

There is no need to explicitly indicate which party services the underlying fund, as there is no ambiguity in MT 304, due to the presence of field 82a Fund Manager. Code SVBY is only relevant in MT 300.

Update usage rules:

- To clarify that the ISDA Benchmark Supplement is incorporated, when relevant, in the legal agreements for the trade. (MT 300, MT 304, MT 305, MT 306, MT 340, MT 360, MT 361).
- Correct usage rule for digital options in MT 306 to say that the option pays-out if the spot exchange rate trades at the trigger level (not only beyond).

Add support for cash-settled forwards and options in deliverable currency pairs

To align with new ISDA additional provisions for cash-settled forwards and options in deliverable currency pairs, the following changes are made to MTs 300, 304, 305, and 306:

- New optional field 26K Calculation Agent in MT with dedicated codes to specify the calculation agent.
- Clarify in the definition of existing fields that they can be used for cash-settled trades.
- Additional code ISDACS in field 77H (Type, Date, Version of the Agreement) in order to specify the additional provisions for cash-settled forwards and options.

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 first part of this work was implemented in SR 2018 for Documentary Credits (Letters of Credit) (MT 700-759).

In SR 2021, similar changes impact the Guarantees and Standby Letters of Credit (MT 760-789).

Changes for SR 2021 – 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 changed to 71D with z-character set.
 - Field 72 changed to 72Z with z-character set.
 - Possibility to identify the delivery channel.
- 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.

Additional changes to Documentary Credits and/or Standby Letters of Credit messages since SR 2018

- Update MT 759 to add new functions:
 - As more and more applicants request to extend the maturity date, a new function REXTMATU will allow them to formally request this without needing to use MT 799. They can specify the details in field 45D (Narrative).
 - Another function PREDENOT is added to allow the use of this message for Pre-debit notification.
- Update scope to clarify that these MTs are not to be used for guarantees: These messages must be used for documentary credits and may also be used for standby letters of credit. They must not be used for guarantees. (MT 732, MT 740, MT 742, MT 744, MT 747, MT 750, MT 752, MT 754, MT 756).
- Consistent referencing between amendment message and their continuation: Add a mandatory field 21 after field 20 in MT 708 and MT 775 (align with MT 707/767).

- Increase network validation
 - To prevent use of code REPALL in multiple lines of the same field (field 45B, 46B, 47B, 49M, 49N in MT 707, MT 708).
 - Change field 77B validation in MT 734 to provide clear instructions concerning discrepant documents.
- Rename field 49H to not only refer to Receiving bank, but to any bank involved (MT 700, MT 701, MT 707, MT 710, MT 711, MT 720, MT 721, MT 775).

5 Securities: Category 5

Settlement and Reconciliation (S&R):

- Address regulatory requirements related to the Central Securities Depositories Regulation (CSDR) MT 536, MT 537, MT 540-549, MT 578, MT 586.
 - Add Internalised Settlement indicator (new code INTS in field 22F for qualifier STCO). When, in a market infrastructure/CSD, the same omnibus account is used by a client and its counterparty because the share the same custodian, the instructions would be kept internal to the custodian (direct participant of the CSD). These settlements may fail but they would not be subject to penalties so the client/counterparty may be expecting a penalty that is not applicable. This can now be made explicit with a dedicated code.
 - Add Cash Penalty Reference (new Reference field 20C in sequence D1 PENACUR) and new network validated rules on Party field 95a. To make sure reconciliation can be done based on the MT 9xx cash reporting message(s) linked to the penalty fees that may be netted.
 - Remove qualifier TRTR (Trade Transaction Type) from field 22F sequence D1a1B1 to align with semt.044 and other MTs.
 - Make penalty status and reason fields in sequence D1a1 PENADET more accurate; remove duplicates and link presence of reason code to presence of penalty status field through network validation.
 - Add code for Buy In Settlement Transaction Type (BYIY) for qualifier SETR in field 22F as buy-in is the reason for the settlement transaction (both delivering and receiving party), no need for it anymore in RPOR in field 22F (Reporting).
 - Identify that status updates of each instruction of a matched transaction apply but also identify that one of the instructions is put on hold with new codes linked to qualifier PRRC (Pending Processing Reason) in field 24B of sequence A2A.
 - Reflect the time zone (use format option E in field 98) of the account servicer in the Matched (MTCH) and Acknowledged Timestamps (ASTS).
 - Add code BPSS (Partial successful Buy In) for qualifier STCO in field 22F to indicate in that the instruction is created as the result of a partial successful buy-in.
 - Remove code CYCL (Awaiting Next Settlement Cycle Instruction) from qualifier PEND in field 24B to increase harmonisation when using codes CYCL and FUTU (Future Cycle).
- Updates to codes MT 540-548, MT 575
 - Add new code INTT for qualifier STCO in field 22F to make custodian banks aware of the investment manager's intent to adjust the amount of the traded interest.
 - Add a new code NEGA for Price field 90B to indicate that, due to recent market conditions, oil futures can have a negative deal price.

Corporate Actions (CA): MT 564, MT 565, MT 566, MT 567

- Updates to codes, qualifiers and assign format options to fields (with linked network validation rules):
 - Qualifier BIDI in field 92a and qualifiers MAXP and MINP in field 90a added to option sequence of the notification. To cover cases of Dutch auction and tender events in the US where 2 options are proposed besides NOAC and minimum and maximum prices are only valid for one option and the other option is considered as a non-competitive option.
 - New field 17B with qualifier SODF in instruction and reason code ISOL added to qualifier REJT in field 24B in status message, to enable the explicit request of a solicitation dealer fee in instructions for certain rights, tender and exchange events in order to fully automate the processing of voluntary reorganisation instruction.

- Move qualifier INDX in field 92a to regroup the static data components used to calculate INTP and OFFR in the same sequence of the notification.
- Allow a tax breakdown to be explicitly requested for WTRC event (code BOBD to qualifier in field 22a and network validation) and enable proper identification of the beneficiary owner (enable field 95S for qualifier OWND) in instructions.
- In the notification, cover different types of bid ranges with qualifier BIDI in field 22F (divisible with code DIVI, multiple with code MULT, and increments with code INCR) that can be offered in the US market for Dutch auctions and bid tender events.
- Indicate to account owner that underlying securities from an instruction on a specific option are blocked for a certain period of time (qualifier BLOK moved and codes PAYD, RDTE, RDDT, MKDT, PWAL, MEET, NARR, and UKWN added).
- Allow to split resident and non-resident holdings on accumulating funds events by adding code ACCU for qualifier CAEV in field 22F in the instruction and status message.
- Enable full automation of the instruction processing status in the context of the automation of the voluntary reorganisation Instruction processing with new status reason codes added to qualifier PEND (codes SNAV and BSTR) and qualifier REJT (codes BSTR, CTCT, DUPL, PRON, PROT, PROI, TRTI) in field 24B.
- Current inconsistencies corrected in the availability of a UTC format for some Date/Time qualifiers and Date/Time qualifier names and definitions relevant for the shareholder rights directive (SRDII) corrected.

Triparty Collateral Management (TCM): MT 527, MT 558, MT 569

- Ensure co-existence and alignment between the ISO 15022 and the reversed engineered ISO 20022 Triparty Collateral Management messages in ISO 20022. The Eurosystem's Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo) agreed to introduce a single, harmonised triparty model for Europe based on ISO 20022.
- Add the option to identify a party with an LEI in field 95L to align with other securities messages.
- Allow the usage of the unique transaction identifier (UTI) in field 20U for the common identification as recommended by IOSCO for reporting of financial transactions, which can be used with qualifier COMM to indicate the common collateral transaction reference.

6 Commodities and Reference Data: Category 6

Tighten settlement party fields and trade party fields

In order to promote more structured usage of the messages, MT 600 and MT 601 will be aligned with the changes made to MT 300 and MT 304 in SR 2019 in fields 82, 87, 83, 53, 56, 57, 58:

- Remove option D (and option B), which is free format text.
- Partially restructure option J codes, to provide more clarity and introduce option J for the fields that do not have this format option yet.
- Mandate that a BIC cannot be the only information in option J. For those cases, option A must be used.

Add a regulatory Reporting Jurisdiction code FCA for UK

As a consequence of Brexit, some trades may be required to be reported to the UK FCA instead of, (or in addition to) ESMA. Adding code FCA to the standard will ensure complete transparency and alignment with other jurisdiction codes that are already present. As codes in field 22L are not validated on the network, the code can already be used, but will be added in the Standards Release Guide 2021 for global awareness.

Update usage rules

Update definitions and usage rules for market area codes in MT 670 and 671 sequence B field 22F, in order to increase clarity and improve usage.

7 Travellers Cheques: Category 8

There are no changes to the Travellers Cheques messages for SR 2021.

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