



SWIFT Certified Application

Electronic Trade Confirmation

Label Criteria 2018

This document explains the business criteria required to obtain the SWIFT Certified Application - Electronic Trade Confirmation (ETC) 2018 label for securities applications.

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Preface

Purpose of the document

This document explains the business criteria required to obtain the SWIFT Certified Application - Electronic Trade Confirmation (ETC) 2018 label for securities applications.

Audience

This document is for the following audience:

- Application product managers
- Developers
- Development managers
- SWIFT customers seeking to understand the SWIFT Certified Application Programme or involved in selecting third-party applications

Terminology

ETC stands for Electronic Trade Confirmation.

GETC stands for Global Electronic Trade Confirmation.

Related documentation

- [Global ETC over SWIFT \(SWIFT's Cash Equity and Fixed Income Allocation and Confirmation Post-Trade Service\) Implementation Guide](#), available on www.swift.com. Search for **GETC**.
- [SWIFT Certified Application Programme Overview](#)

The document provides an overview of the SWIFT Certified Application Programme. It describes the benefits of the programme for SWIFT registered providers that have a software application they want to certify for compatibility with SWIFT standards, messaging services, and connectivity. This document also describes the application and validation processes that SWIFT uses to check such SWIFT compatibility. SWIFT's certification of an application is not an endorsement, warranty, or guarantee of any application, nor does it guarantee or assure any particular service level or outcome with regard to any certified application.

- [SWIFT Certified Application Technical Validation Guides](#)

The documents explain in a detailed manner how SWIFT validates the application so that this application becomes SWIFT Certified.

- [User Handbook](#)

1 Electronic Trade Confirmation over SWIFT

Effectively manage cost and risk

Electronic Trade Confirmation (ETC) over SWIFT allows customers to effectively manage cost and risk in the cash equity and fixed income trade allocation and confirmation process. ETC over SWIFT has been well established in many markets for more than 20 years. Increasingly, investment managers and broker/dealers in several markets are using SWIFT messages and related translation services to automate the block trade allocation and confirmation processes.

For nearly 20 years, fifty percent of cash equity and fixed income trades have been confirmed electronically. However, the multiple quasi-STP channels being used can make this business process costly and weak in terms of best practice operational efficiency and scalability.

Even more critical in today's environment, the pressure to have compliant operational risk controls in place means that you must demonstrate robust and transparent operational practices globally.

The SWIFT GETC solution is particularly relevant for investment managers and broker/dealers in the following cases:

- They use e-mail, fax, or leased lines, and need to enhance their operating model.
- They want to be compliant with regulations that require automation of all trade confirmations. One example is the Regulation on settlement and Central Securities Depositories, known as CSDR.
- They want to maintain their own local matching business model rather than make the increased platform investment to move to a central matching model.

Both broker/dealers and investment management firms face increased regulatory spending to maintain normal operational processing. SWIFT offers the opportunity to maintain and to increase already high levels of straight-through processing (STP) through either re-use of the existing SWIFT ISO infrastructure or through SWIFT's connectivity and optional translation services.

GETC Implementation Guide

The [Global ETC over SWIFT Implementation Guide](#) was created in 2011 and is regularly updated. This guide is a collaborative effort between SWIFT and a group of investment managers and broker/dealers. The goal is to create and agree on an enhanced ISO best-practice implementation that governs the use of GETC messages over SWIFT. The guide ensures uniform adoption of and processing around the equities and fixed income ISO message suite. This covers the business process models that can be implemented, the relevant messages and their content, cancellations, and exception handling. As investment manager and broker coverage of the solution grows, users confirm its ease of implementation, cost-effectiveness, and reliability as an alternative to central matching.

All of the ISO 15022 messages covered within the GETC market practice have been available and used for many years. An agreed market practice approach enables harmonisation of message formats for the business processes agreed by senders and receivers. This helps to ensure success in settlement and results in one implementation by all counterparties, which increases STP rates and ensures more scalable systems.

2 SWIFT Certified Application - Electronic Trade Confirmation Label

The SWIFT Certified Application - Electronic Trade Confirmation label is provided to core business applications that enable the initiation, generation, processing, and settlement of trade allocations, confirmations, and settlement instructions for exchange over the SWIFT network. This label is also provided to messaging middleware platforms that facilitate the integration and exchange of these messages through use of translation, conversion, re-formatting, and mapping tools.

An additional component to this certification, the GETC Compliant flag, can be added to those applications that adhere to the specific market practice as defined in the [Global ETC over SWIFT Implementation Guide](#). This market practice has strictly defined processing rules for work flows, exception management, referencing, trade details, settlement location, account details and so on.

3 SWIFT Certified Application - Electronic Trade Confirmation Criteria 2018

3.1 Certification Requirements

New label

Vendors applying for the SWIFT Certified Application - Electronic Trade Confirmation label for the first time must comply with all criteria as defined in this document.

Label renewal

Vendors that have been granted the SWIFT Certified Application - Electronic Trade Confirmation label in 2017 are required to prove compliance with the Standards Release (SR) 2018 and connectivity through Alliance Access 7.2.

If the vendor has upgraded its application, then SWIFT will request details of the new functionalities that the vendor must demonstrate (for example, new functional validation required).

3.2 Installed Customer Base

Live customer reference

A minimum of one live customer must use the application.

By customer, SWIFT means a distinct financial institution that uses the product to send and receive messages over SWIFTNet.

SWIFT reserves the right to contact the relevant customer to validate the functionality of the application submitted for a SWIFT Certified Application label. A questionnaire is used as the basis for the customer validation. The questionnaire can be in the form of a telephone interview, an e-mail, or a discussion at the customer site. The information provided by the customer is treated as confidential and is not disclosed, unless explicitly agreed with the customer.

In addition, tests may be run at the customer site to verify compliance of the application to the certification criteria.

3.3 Messaging

FIN protocol

The application must support the FIN protocol (for example, message validation).

In particular, the application must be able to generate the correct FIN header, body, and trailer blocks. It must also be able to parse and act upon any incoming messages as appropriate.

3.4 Direct Connectivity

Requirements

For direct connectivity, the vendor application must integrate with Alliance Access. A business application that does not connect directly to Alliance cannot be considered for a SWIFT Certified Application label.

The direct connection from the business application to Alliance Access can be achieved using one or more of the Alliance Access adapters:

- MQ Host Adapter (MQHA)
- Automated File Transfer (AFT)
- SOAP Host Adapter

The vendor must develop and test SWIFT application integration using Alliance Access 7.2. Proper support of Alliance Access Release 7.2 is mandatory for the 2018 label.

Mandatory adapters

Messaging service	Standards
FIN	MT

Note *If the application supports several of the previously mentioned adapters, then the vendor may provide the appropriate evidence for some or all of them during the technical validation. SWIFT only publishes information for which evidence has been provided.*

Local Authentication (LAU)

Local Authentication provides integrity and authentication of messages and files exchanged between Alliance Access and any application that connects through the application interface. Local Authentication requires that the sending entity and Alliance Access use the same key to compute a Local Authentication message/file signature. With the increased number of cyber-attacks on the financial industry, customers will expect message signing with LAU from their application providers.

For more information about LAU, see the [Alliance Access Developer Guide](#).

Note *Although Local Authentication support is not mandatory to receive the 2018 SWIFT Certified Application label, SWIFT strongly encourages SWIFT Certified providers to plan for LAU support.*

3.5 Standards

The application must support the category 5 messages (according to Standards Release 2018), incoming or outgoing (or both) depending on the client segment supported (that is, Buy Side or Sell Side). To qualify for the Electronic Trade Confirmation Label, at least three of the following message types must be supported.

To receive the GETC Compliant flag, the application must also be able to support the following:

- all fields and all code words, mandatory and optional, that are described in the [Global ETC over SWIFT Implementation Guide](#)

- the mandatory messages detailed in the following tables

The application must be able to:

- generate all outgoing messages types, validate them against the related syntax and semantic rules, then route them to the SWIFT interface
- receive and parse any incoming message types, and properly act upon them, according to the business transaction rules

Sell Side Application Mandatory	Send MT 515 - Client Confirmation of Purchase or Sale - NEW and CANCEL Receive MT 509 - Trade Status Message - Reject Receive MT 517 - Trade Confirmation Affirmation
Sell Side Application Optional	Send MT 513 - Block Trade (Client Advice of Execution) - NEW and CANCEL Receive MT 514 - Trade Allocation Instruction - Receive MT 502 - Order to Buy or Sell (Notice of Order Send) MT 513 - Partial Fill (Client Advice Of Execution) - NEW and CANCEL Send MT 509 - Trade Status Message - Reject
Buy Side Application Mandatory	Receive MT 515 - Client Confirmation of Purchase or Sale - NEW and CANCEL Send MT 509 - Trade Status Message - Reject Send MT 517 - Trade Confirmation Affirmation
Buy Side Application Optional	Send MT 502 - Order to Buy or Sell (Notice of Order Receive) MT 513 - Partial Fill (Client Advice Of Execution) - NEW and CANCEL Receive MT 513 - Block Trade (Client Advice Of Execution) - NEW and CANCEL Send MT 514 - Trade Allocation Instruction - NEW and CANCEL

3.6 Message Reconciliation

SWIFT validates messages at different levels and provides notifications related to the validation and transmission results of the messages sent. The application must capture these notifications and ensure technical reconciliation, error handling, repair, and retransmission where appropriate.

3.7 Message Validation

FIN central services validate every FIN message against syntax and semantic rules. The central system rejects messages that do not pass validation, incurring substantial cost for SWIFT users. To avoid this, vendor applications must provide the same level of validation on the generated messages as the FIN central services do.

To receive the GETC Compliant flag, the vendor application must build and validate all messages according to the message format and field specifications specified in the [Global ETC over SWIFT Implementation Guide](#).

In addition, the application must ensure that outgoing messages comply with the following rules and the guidelines described in the [Standards MT Message Reference Guides](#):

- Network validated rules
- Usage Rules
- Straight-through processing (STP) guidelines
- Standards Usage Guidelines

3.8 Additional Certification Requirements

3.8.1 Business Models

To receive the GETC Compliant flag, the application must be able to support the business models described in the [Global ETC over SWIFT Implementation Guide](#), and listed in the *ETC Certification Profile Sheet*. The business models accommodate different types of clients and the different ways that they integrate into internal systems. The profile sheet allocates 10 points per business flow. To be eligible for the label, a total of 100 points must be achieved. The certification testing determines the number of points attained by the application per business flow.

3.8.2 Best Practice

To receive the GETC-compliant flag, the application must also be able to support the business models and the best practices for populating the messages for, at a minimum, the Confirmation Only workflow. The [Global ETC over SWIFT Implementation Guide](#) describes the best practice information.

3.8.3 Standing Settlement Instructions

Standing Settlement Instructions (SSI) are a critical part of post-trade processing because of the direct link between an affirmed confirmation and the settlement instruction. Most firms in this industry use a hybrid practical solution where much of this standing settlement information is populated centrally, and used to maintain local databases. With GETC messaging, each party can communicate to the other party the SSI that it intends to use for settlement. By comparing the SSIs received from the counterparty in the GETC message with internal sources, users can best ensure settlement proceeds correctly. GETC messaging enables each party to keep their own local SSI static data up-to-date (whether sourced from a central provider or maintained locally).

For purposes of certification, the application must demonstrate how it sources and populates the standing settlement information in the messages.

3.8.4 Exception Handling

The [Global ETC over SWIFT Implementation Guide](#) describes exception handling flows with guidance on when and how to issue Rejections and Cancellations.

The [Global ETC over SWIFT Implementation Guide](#) describes in detail more than 20 types of exception conditions that could arise throughout the life cycle of the GETC process. It details the relevant code words to use (the detection triggers) for each condition, and the required actions in response. This provides invaluable guidance to implementation teams when it comes to scoping, estimating, and analysing requirements for the development. It also ensures a standardised implementation that can support multiple clients. Applications receiving the GETC Compliant Flag are expected to meet the Exception Handling requirements, but this is not planned to be part of the certification testing.

3.8.5 Customisation Capability

The [Global ETC over SWIFT Implementation Guide](#) describes additional types of information that can be included over and above the agreed market practice. This is documented so that each institution can decide whether to include such additional data in its implementation. Usage of such additional data must be agreed on a bilateral basis with each counterparty. As the community grows, such variations can move from bilateral agreements to an agreed market practice model in line with community requirements.

3.8.6 Message Entry

The application must make it possible for a user to input or modify the MT messages manually, by offering normalised fields for input (independent from the underlying syntax and business meaning).

3.8.7 Message Repair

The application must validate the user data input at field level and must flag any invalid entry, prompting the user to correct the input. This includes but is not limited to flagging mandatory fields.

3.8.8 User Profile Management

The application must provide a user profile management functionality to ensure that only authorised users can perform specific tasks. The vendor must demonstrate how its application handles user profile creation, update, and deletion. It must also demonstrate that access is denied or an operation is refused if a user is not entitled to perform this operation.

The vendor must also demonstrate that the application supports the *four eyes principle*. This means showing that a specific operation (for example, a payment initiation) requires a second person to validate it before execution.

3.9 Reference Data Integration

The application must support the directories that are documented in this section.

Optional directories are clearly identified as such.

3.9.1 BIC Directory

Overview

The application must provide access to the BIC Directory (or the eventual replacements of the BIC Directory: BIC Plus or BIC Directory 2018, or Bank Directory Plus) both for message validation and as a look-up function in the message creation and message repair stations.

It is the responsibility of directory subscribers at all times to make sure that they use the latest version of the BIC Directory. As such, SWIFT expects the application to support the BIC Directory monthly update in an efficient manner without disrupting customer operations.

Retrieval functionality during message composition

The BICs contained in the BIC Directory, BIC Plus, and BIC Directory 2018 can be used in various fields of the SWIFT messages. The absence of BICs in these fields is one of the major obstacles to straight-through processing (STP) and causes manual intervention on the recipient side. SWIFT expects vendors to provide an integrated interface within their application to make it possible for users to retrieve and input correctly formatted BICs into the proper fields.

Search functionality

The user must be able to enter a number of search criteria, such as a part of the BIC, bank name, or address, to perform a search, and to get a list of results. From this result window, the user must be able to select the required BICs and copy these into the different bank identifier fields of the message (that is, the transaction).

If the search criteria return no results, then the user must be alerted that no BIC is available. If the user manually enters an invalid BIC, then the application must send an alert notifying the user that this BIC is not valid.

Available format and delivery

Flat file in XML or TXT format.

Delivery

The BIC Directory, BIC Plus, and BIC Directory 2018 are downloadable in a manual or automated manner from the [SWIFTRef Portal](#) in full and delta versions. Upon request, they can also be delivered through FileAct.

The BIC Directory, BIC Plus, and BIC Directory 2018 must either be copied into the application repository system or stored in the back office for access by the vendor application through a defined interface.

3.9.2 Bank Directory Plus (Optional)

Content

Bank Directory Plus contains the following information:

- All BIC11s from the BIC Directory (more than 200 countries), from connected and non-connected financial institutions and corporates active on FIN, FileAct, and/or InterAct.
- LEIs (Legal Entity Identifier) from the endorsed LOUs (Local Operating Units).

Only LEIs that have a corresponding BIC are included.

- Name and address details for most BICs
- FIN service codes
- National clearing codes (160+ countries), including CHIPS, TARGET, and EBA data. For a limited number of countries (10+), national codes are also provided with name and address in local language (for example, China, Japan, Russia).
- Bank hierarchy information
- Country, currency, and holiday information
- Timezone information

Available formats

Flat file in XML or TXT format

Delivery

The Bank Directory Plus is downloadable in a manual or automated manner from the [SWIFTRef Portal](#) in full and delta versions. Upon request it can also be delivered through FileAct on a daily or monthly basis.

3.9.3 IBAN Plus (Optional)

Content

The IBAN Plus directory contains the following information:

- IBAN country formats
 - IBAN country prefix
 - IBAN length
 - Bank code length, composition, and position within the IBAN
- Institution name and country
- Institution bank and branch codes in the formats as embedded in IBANs
- Institution BICs as issued together with the IBANs to the account holders
- Data for the SEPA countries and the non-SEPA countries that adopted the IBAN
- Updates to the file when new IBAN country formats are registered with SWIFT in its capacity as the ISO IBAN registry
- Institution bank and branch codes for which no IBANs have been issued and hence that should not be found in IBANs.

The directory is ideal for accurate derivation of BIC from IBAN, covering 72 IBAN countries (including all SEPA countries). It is also ideal for validating IBANs. The capability to validate IBANs is important as many corporations generate IBANs for their vendors, suppliers, and clients, which in many cases are not the correct IBANs issued by the banks.

Available formats

Flat file in XML or TXT format

Delivery

The IBAN Plus is downloadable in a manual or automated manner from the [SWIFTRef Access Point](#) in full and delta versions on a daily and monthly basis. Upon request it can also be delivered through FileAct.

3.9.4 SWIFTRef Business Applications (Optional)

Introduction

SWIFTRef offers a portfolio of reference data products and services. Data is maintained in a flexible relational database and accessible in a choice of formats and delivery channels matched to business needs.

Purpose

Application vendors are able to access BICs, National bank/Sort codes, IBAN data, payment routing data (including SEPA and other payment systems), Standard Settlement Instructions (SSIs), LEIs, MICs (Market Identification Codes), BRNs (Business Registration Numbers), GIINs (Global Intermediary Identification Numbers), and more. Through SWIFTRef, vendors can ensure that their applications support the most accurate and up-to-date reference and entity data for smooth payments initiation and processing.

Related information

Additional information about SWIFTRef for application vendors is available on swiftref.swift.com/swiftref-business-applications.

4 Marketing and Sales

Requirements

In order to maximise the business value of the SWIFT Certified Application - Electronic Trade Confirmation label, collaboration between SWIFT and the vendor is expected. More specifically, the vendor must provide SWIFT, under a non-disclosure agreement, with the following information:

- A list of customers actively using the application in a SWIFT context
The list must contain the institution name, location, and an overview of the integration scope (domain, features, and sites) for the current and previous year.
- A list of all customers active in the financial sector
- A product roadmap for 2018 and 2019 containing the plans for further developments, SWIFT support, and new releases
- A complete set of documentation, including feature overview, SWIFT adapters, workflow engine capability, and user manuals

In addition, the vendor must dedicate a page of their web site to describe the SWIFT Certified Application used in a SWIFT context.

Legal Notices

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