SWIFT Certified Application

Trade Finance
Label Criteria 2017

This document explains the business criteria required to obtain the SWIFT Certified Application - Trade Finance 2017 label, aimed at Trade Finance banking applications.

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Preface

Purpose of the document

This document explains the business criteria required to obtain the SWIFT Certified Application - Trade Finance 2017 label, aimed at Trade Finance banking applications.

Audience

This document is for the following audience:

- product managers
- development managers/developers

Related documentation

- - www.swift.com > Support > Find help > Documentation (User Handbook)
    - SWIFT Certified Application Programme Overview

      The document provides an overview of the SWIFT Certified Application programme. It describes the benefits for SWIFT users and for application vendors that want to certify a software application for compliance against SWIFT standards, messaging services, and connectivity. This document also describes the validation processes that SWIFT uses to check the compliance of vendor products.

- www.swift.com > Products & services > Partner Programme
    - SWIFT Certified Application Technical Validation Guides

      The documents explain in a detailed manner how your application will be validated to become SWIFT Certified.

- SWIFT for Corporates - Trade Finance drivers (under **Trade and Supply Chain**)

- www.swift.com > Corporates > Resource centre (under **Trade and Supply Chain**)
    - SWIFT for Corporates - Standards MT Implementation Guide - Volume 1 (ZIP)
    - SWIFT for Corporates - Standards MT Implementation Guide - Volume 2 (ZIP)
    - FileAct Implementation Guide

1 SWIFT Trade Finance Solution: High-Level Introduction

While Documentary Trade volumes - Letters of Credit (L/Cs), Collections, Guarantees and Standby L/Cs - have remained flat over the past few years, their value continues to rise and they are still an essential part of emerging market trade and trade in countries where exchange controls are in force. In developed markets Standby L/Cs and Guarantees are increasing in importance, while Documentary Collections are still used by small-to-medium Enterprises (SMEs) that want the security of bank involvement without the cost of an L/C.

The commercial availability of the Trade Services Utility and the introduction of corporate access to SWIFT have increased interest in SWIFT trade services overall. Trade banks worldwide offer a full range of trade services, from the traditional L/Cs to services based on open account transactions.

Following feedback from banks, corporates and vendors, and Board approval, the Trade Envelope (MT 798) became available in SCORE. As a result, it was added to the criteria for the SWIFT Certified Application - Trade Finance label. Since then the offering has been further extended. The label covers all the bank-to-bank functionality needed for Trade Finance as well as the functionality for the SWIFT offering for corporate-to-bank.

2 SWIFT Certified Application - Trade Finance Label

The SWIFT Certified Application - Trade Finance label is granted to trade applications that work in a banking back-office context.

The label is awarded after a successful technical and functional validation by SWIFT and a successful product demonstration with a functional and/or business validation by SWIFT experts.

3 SWIFT Certified Application - Trade Finance Criteria 2017

3.1 Changes Compared to 2016

New label

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

Existing label (renewal from previous year)

Vendors that have been granted the SWIFT Certified Application Trade Finance label in 2016 are required to prove compliance to the Standards Release Guide (SR) 2017.

If the vendor has upgraded its application, details of the new functionalities will be requested by SWIFT and demonstrated by the vendor (for example, new functional validation required).

3.2 Installed Customer Base

Live customer reference

A minimum of five live customers 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.

3.3 Messaging

The messaging services and related tools form the core offering of SWIFT and include information directories and business intelligence.

Mandatory:

- FIN (SWIFT core store-and-forward messaging service. It enables the exchange of individual structured financial messages in a secure and reliable way)

- BIC Directory, Bank Directory Plus, IBAN Plus (Combines the 90.000 BICs and their details with the national clearing codes of some 60 countries. Lists all International Bank Account Number (IBAN)-related Single Euro Payments Area (SEPA) Business Identifier Codes (BICs)).

- FileAct with Trade specific request types (for an overview of the request types, see section 3.5.2)

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 7.0 or 7.2. Proper support of either Alliance Access Release 7.0 or 7.2 is mandatory for the 2017 label.

The SWIFT Certified Application - Trade Finance label requires support for either Automated File Transfer (AFT) or an interactive link with MQ Host Adapter (MQHA) or SOAP.

Mandatory adapters

Messaging service	Standards	Interface	Mandatory adapter
FIN	MT	Alliance Access 7.0 or 7.2	AFT or MQHA or SOAP
FileAct in real-time mode	Any	Alliance Access 7.0 or 7.2	AFT or MQHA or SOAP
FileAct in store-and-forward mode	Any	Alliance Access 7.0 (client) or 7.2	AFT or MQHA or SOAP

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.*

SWIFTNet Release 7.2

A mandatory upgrade to the underlying technology behind SWIFT's interface products is planned for 2017. The aim of the release is to continue to provide a highly secure and efficient SWIFT service for our customers in the years ahead.

Note   *Release 7.2 support will become a mandatory requirement in 2018. SWIFT recommends that you test, plan, and prepare for this change accordingly during the course of 2017. Customers will expect statements about your readiness soon after general availability.*

More details on the SWIFTNet Release 7.2 can be found on www.swift.com:

• Release 7.2

• User Handbook

Local Authentication (LAU)

Local Authentication provides integrity and authentication of 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 file signature. With the increased number of cyber-attacks on the financial industry, customers will expect message signing with LAU from their application providers.

Note   *Although Local Authentication support is not mandatory to receive the 2017 SWIFT Certified Application label, SWIFT strongly encourages SWIFT Certified providers to plan for LAU support.*

3.5   Standards

3.5.1   FIN

Mandatory

FIN Message Types (MTs)	Mandatory	Optional
Outgoing from application (sent to SWIFT)	103 (+202COV[1]),202[1], 400,410,412,416,420,422,430, 700,701,707,710,711,720,721, 730,732,734,740,742,747, 750,752,754,756, 760,767,768,769 **798 Trade Envelope (Trade for Corporates)** (with all sub-message types/flows)	205, 900, 910
Incoming from application (received from SWIFT)	400,410,412,416,420,422,430, 700,701,707,710,711,720,721, 730,732,734,740,742,747, 750,752,754,756, 760,767,768,769 **798 Trade Envelope (Trade for Corporates)** (with all sub-message types/flows)	
Common group messages (sent and received)	n90, n91, n92, n95, n96, n98, n99	

(1)   When an MT 103 is used to settle a trade deal under the cover method, an MT 202COV must be used as the cover message. When an MT 202 is sent to cover an underlying MT 4xx or MT 7xx without the use of an MT 103, the normal MT 202 must be used.

The MT 798 is an "envelope" message, one of the "common group" messages in category 7 which has always been used bank-to-bank. The MT 798 (Trade Envelope) message is available in SCORE (Standardized Corporate Environment) for bank-to-corporate/corporate-to-bank use. The main difference between the bank-to-bank use and the corporate-to-bank use of the message is that in the latter case the content of the envelope is highly structured.

Banks need help from their vendors in order to implement the Trade Envelope both bank-to-corporate and corporate-to-bank. SWIFT has therefore made the MT 798 Trade Envelope a mandatory element. The message and its related sub-messages cater for Import Letters of Credit, Export Letters of Credit and Guarantees/Standby Letters of Credit.

All MT 798 sub-messages and flows need to be supported for the 2017 label.

Mandatory:

Import Documentary Credit
Application for issuance of Documentary Credit - C2B
Notification of issuance of Documentary Credit - B2C
Request for amendment of Documentary Credit - C2B
Notification of amendment of Documentary Credit - B2C
Notification of Acceptance/Refusal of Amendment - B2C
Advice of Discrepancy - B2C
Response to Advice of Discrepancy - C2B
Notification of Advice of Payment/Acceptance/Negotiation - B2C
Notification of Advice of Discharge - B2C
Notification of Advice of Refusal - B2C
Notification of Advice of Reimbursement or Payment - B2C
Settlement of Import Documentary Credit - B2C

Mandatory:

Export Documentary Credit
Advice of Documentary Credit - B2C
Advice of amendment of Documentary Credit - B2C
Advice of Third Bank Documentary Credit - B2C
Advice of Transfer Documentary Credit - B2C
Advice of Acceptance/Refusal of Amendment - C2B
Response to Documentary Credit presentation - B2C
Notification of authorisation to Pay, Accept or Negotiate - B2C
Notification of Advice of Payment/Acceptance/Negotiation - B2C

Export Documentary Credit
Notification of Advice of Discharge - B2C
Notification of Advice of Refusal - B2C
Notification of Advice of Reimbursement or Payment - B2C
Request for Transfer of a Documentary Credit - C2B
Advice of Transfer Documentary Credit - B2C
Settlement of Export Documentary Credit - B2C

Mandatory:

Guarantee / Standby Letter of Credit
Application for issuance of Guarantee / Standby Letter of Credit - C2B
Notification of Guarantee / Standby Letter of Credit - B2C
Request for amendment of Guarantee / Standby Letter of Credit - C2B
Notification of amendment of Guarantee / Standby Letter of Credit - B2C
Query to extend or pay Guarantee / Standby Letter of Credit - B2C
Response to extend or pay Guarantee / Standby Letter of Credit - C2B
Notification of claim for payment of Guarantee / Standby Letter of Credit - B2C
Settlement of Guarantee / Standby Letter of Credit claim for payment and/or charges - B2C
Request for Guarantee / Standby Letter of Credit Reduction / Release - C2B
Advice of Guarantee / Standby Letter of Credit Reduction or Release - B2C

Mandatory:

Common Group
Free Format Message - C2B
Free Format Message - B2C
Notification of Settlement of Charges - B2C
Request for Settlement of Charges - B2C

More information and specifications of the flows can be found in the Standards MT Documentation.

Optional

Support of Lead Bank Model:

- to support multiple "lead bank" implementations alongside existing implementations
- to have no impact on MT 798 implementations outside the "lead bank" model
- to be independent of the of the message delivery channel

How:

- addition of 3 optional fields at the end of every MT 798 Index Message
- in "lead bank" scenarios, the use of the three fields is mandatory

Mandatory fields in the Lead Bank Model

Tag	Field Name	Format	Status	AddUsageRules Guidelines
29S	Customer Identifier **CID#**	4!c/35x (Code) (Party Identifier)	O	This field specifies a code to identify the customer Codes: • BICC = BIC • OTHR = Other
29T	Processing Bank Identifier **PID#**	35x (Party Identifier)	O	This field specifies the BIC to identify the bank responsible for processing the transaction
29U	Lead Bank Identifier **LID#**	35x (Party Identifier)	O	This field specifies the BIC to identify the lead bank that provides the customer interface or channel.

3.5.2   FileAct

For some types of trade data exchange, the FileAct messaging service may be more appropriate. Specific trade request types enable banks and corporates to identify files in a formal manner. Trade documents and images can be sent over SWIFT, and FIN messages for one transaction can be grouped together. Transparency, classification, routing and processing are all improved.

Trade Request Type	For files containing ...
tsrv.xxx.lettersofcredit	Items relating to L/Cs in any agreed format (for example, SWIFT Standards, EDIFACT, XML, scanned images).
tsrv.xxx.gteesstandbys	Items relating to Guarantees/Standbys in any agreed format (for example, SWIFT Standards, EDIFACT, XML, scanned images).
tsmt.xxx.tradedocuments	Trade documents (for example, invoices, certificates of origin, Bills of Lading).

Trade Request Type	For files containing ...
tsrv.fin.mt7xx.lettersofcredit	Items pertaining to L/Cs in FIN format
tsrv.fin.mt7xx.gteesstandbys	Items pertaining to Guarantees/Standbys in FIN format

More information on names and specifications Trade Request Types can be found in the SWIFT for Corporates - FileAct Implementation Guide for SCORE under **Implement your project**.

When supporting FileAct, the application must be able to support the reference in the MT 798 (field 23X) to a related FileAct file.

3.6 Business Workflow
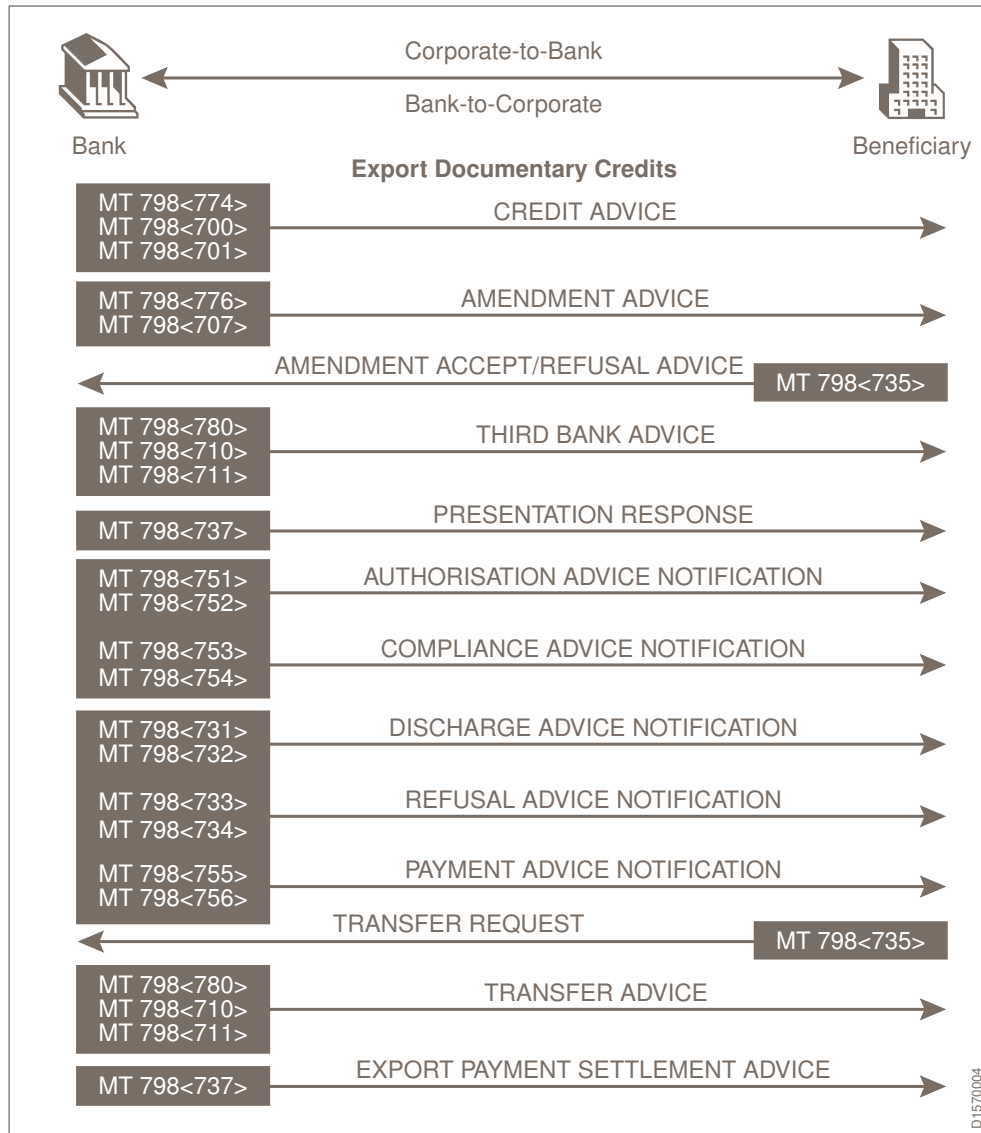
The banking application must support straight-through processing (STP) and SWIFT usage guidelines. For the MT 798 message, all related sub-messages and flows must be supported.

The application must be able to receive and process the messages, as stated in FIN on page 8, with the appropriate counterparties (corporate, bank).
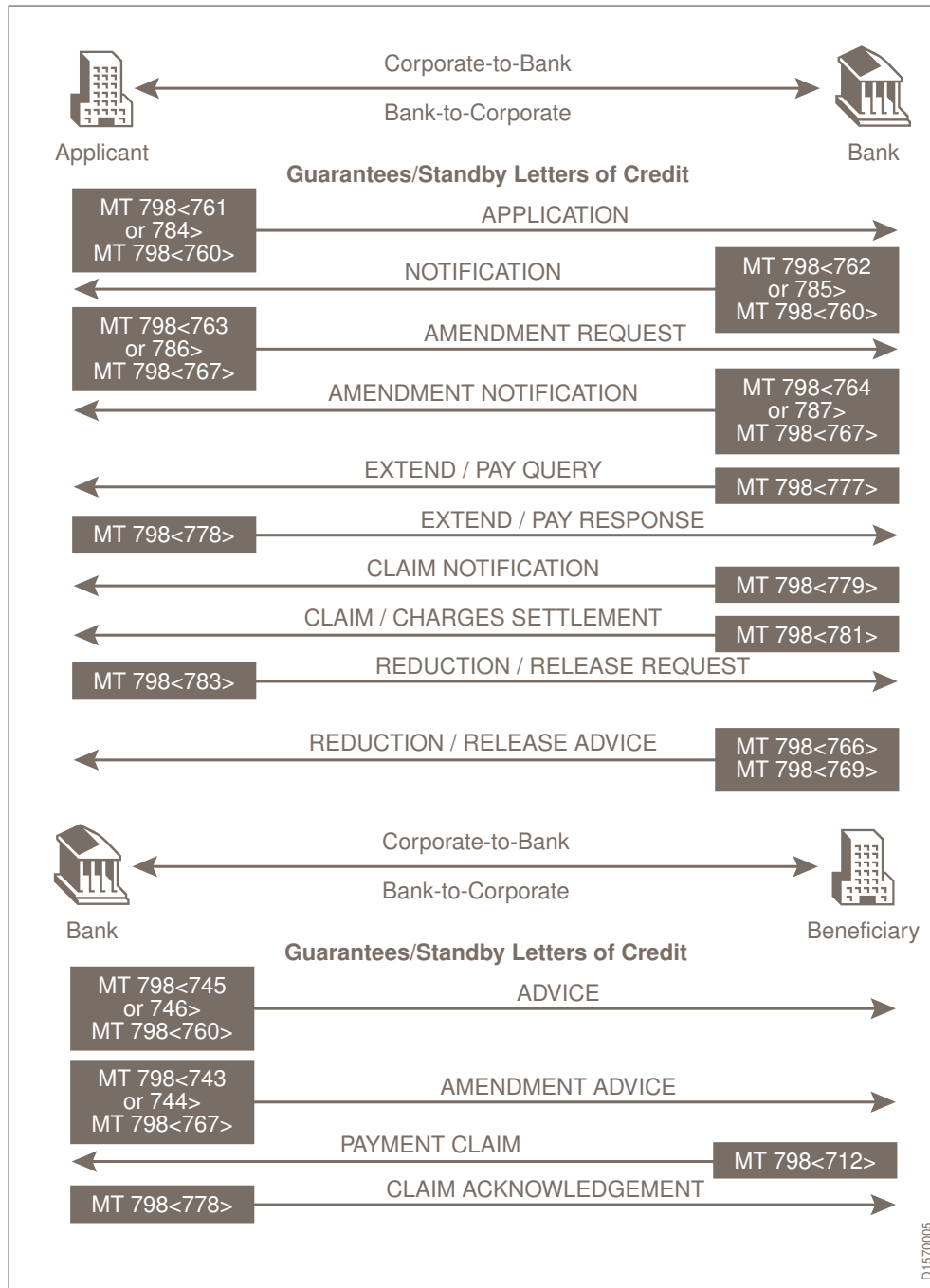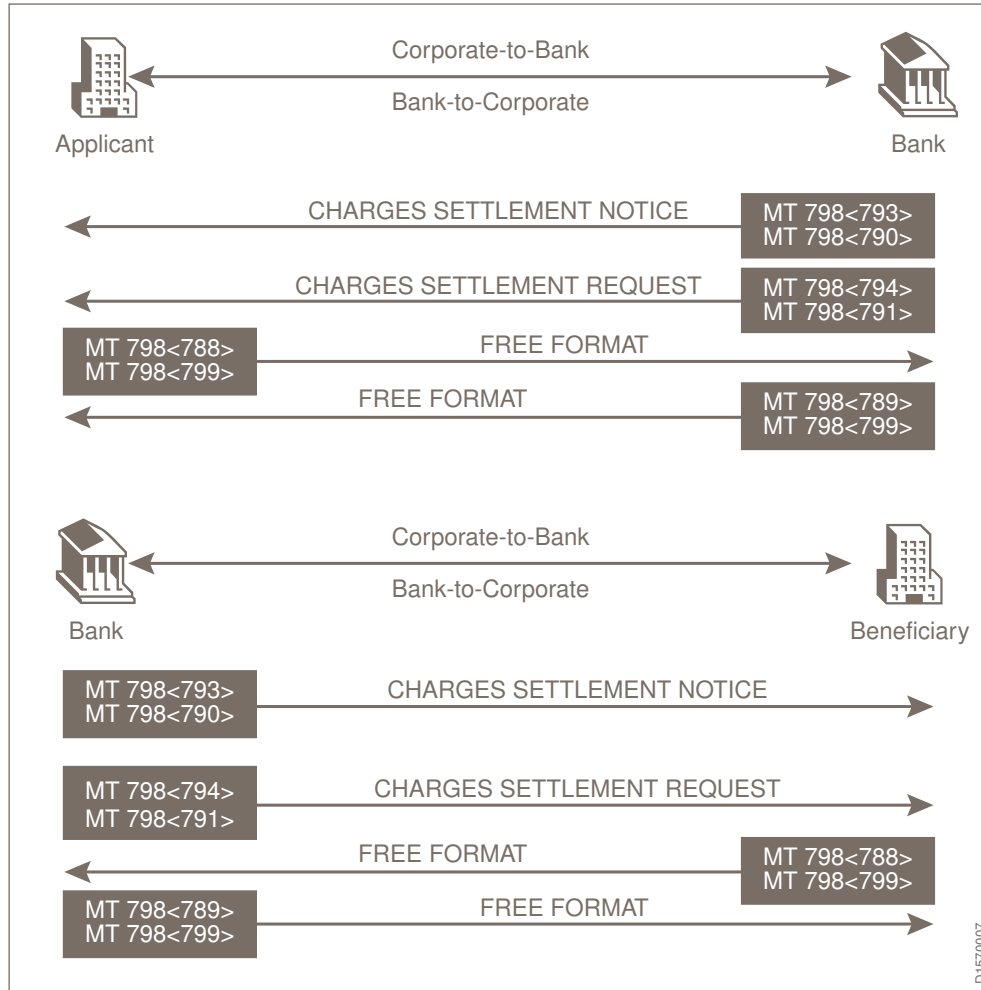
Import Documentary Credits
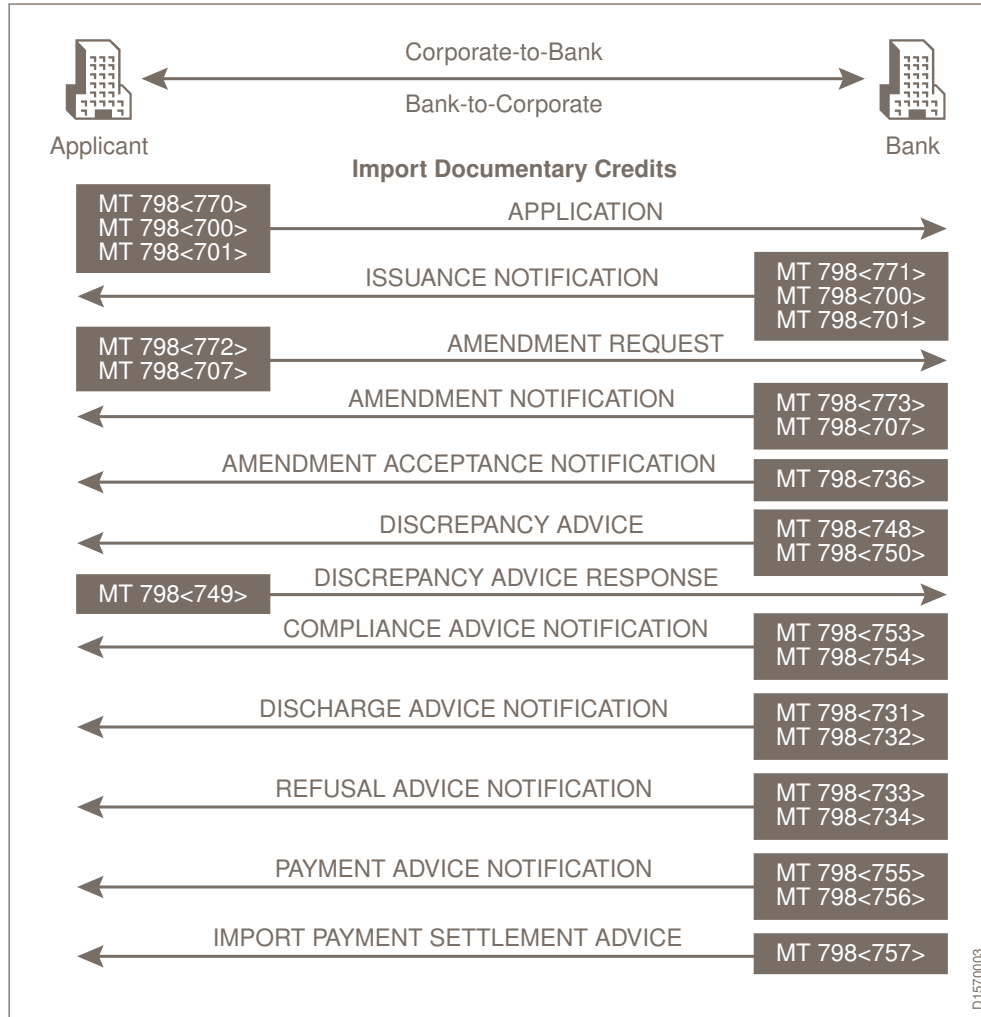
Export Documentary Credits

Guarantees/Standby Letters of Credit

Guarantees/Standby Letters of Credit

Corporate-to-Bank

Bank-to-Corporate

Applicant — Bank

Guarantees/Standby Letters of Credit

From	Message	To
MT 798<761 or 784> MT 798<760>	APPLICATION	
	NOTIFICATION	MT 798<762 or 785> MT 798<760>
MT 798<763 or 786> MT 798<767>	AMENDMENT REQUEST	
	AMENDMENT NOTIFICATION	MT 798<764 or 787> MT 798<767>
	EXTEND / PAY QUERY	MT 798<777>
MT 798<778>	EXTEND / PAY RESPONSE	
	CLAIM NOTIFICATION	MT 798<779>
	CLAIM / CHARGES SETTLEMENT	MT 798<781>
MT 798<783>	REDUCTION / RELEASE REQUEST	
	REDUCTION / RELEASE ADVICE	MT 798<766> MT 798<769>

Corporate-to-Bank

Bank-to-Corporate

Bank — Beneficiary

Guarantees/Standby Letters of Credit

From	Message	To
MT 798<745 or 746> MT 798<760>	ADVICE	
MT 798<743 or 744> MT 798<767>	AMENDMENT ADVICE	
	PAYMENT CLAIM	MT 798<712>
MT 798<778>	CLAIM ACKNOWLEDGEMENT	

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Common Group

3.7 Message Reconciliation

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

3.8 Message Validation (Syntax and Semantic - Rulebook Compliance)

The application must comply with message syntax, semantic and rules described in the most recent version of SWIFT for Corporates - Standards MT Implementation Guide - volume 2 under **Trade and Supply Chain** and, optionally, SWIFT for Corporates - FileAct Implementation Guide for SCORE under **Implement your project**.

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) 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 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 Access Point 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

Content

Bank Directory Plus contains the following information:

- All BIC11s from the ISO registry (more than 200 countries), from connected and non-connected financial institutions and corporates active on FIN, FileAct, and/or InterAct.

- All LEI (Legal Entity Identifier) from the endorsed LOUs (Local Operating Units).

- Name and address details for each BIC

- 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 Access Point in full and delta versions. Upon request it can also be delivered through FileAct.

3.9.3   IBAN Plus

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

The directory is ideal for accurate derivation of BIC from IBAN, covering 68 IBAN countries (including all SEPA countries).

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. Upon request it can also be delivered through FileAct.

3.9.4 SWIFTRef Business Applications

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.

3.10 User Profile Management

The application must ensure the security of the Financial Institution processes.

SWIFT expects this to include ensuring that only authorised users (whether people or applications) can perform a specific task. You must demonstrate how profile management is assured and how access is denied to unauthorised users.

In a non-automated environment the application must also be able to support the "four eyes principle".

4 Marketing and Sales

Requirements

In order to maximise the business value of the SWIFT Certified Application - Trade Finance 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 2017 and 2018 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.

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