

1. CR 70

SWIFT STANDARDS MT CHANGE REQUEST TEMPLATE – SR 2015

Instructions for submitters

- 1.) The originator must fill in all fields to enable Standards and the maintenance working groups to fully understand the change request and its impact on the community.
- 2.) The role of the UGC as submitter of change requests is important and must be underlined. The UGC must make sure that a change request is discussed with the national community or industry body and, as the sender of the change request, must check that it is clear and complete.
- 3.) Please consider that the quality of change-request documentation is paramount for the evaluation and impact analysis, and in the end for an adequate decision and implementation for the benefit of the community.
- 4.) The Standards department is committed to check the quality of change requests and to return change requests that are unclear or incomplete, and to ask the originator to provide additional information if needed.
- 5.) The deadline for final and complete change requests is 1 June 2014. You are encouraged to submit your request ahead of this deadline to be sure that there is sufficient time for Standards to validate it and, if needed, to get back to you with questions before the deadline is passed.
- 6.) **All requests must be submitted by a SWIFT National Member Group, a SWIFT User Group or an industry group whose membership includes SWIFT users.** Requests received directly from individual institutions will not be accepted.
- 7.) The requestor may propose a solution to address the change request. However, Standards is solely responsible for defining the appropriate standards solutions for such requests.

Notes for completing the template

- 1.) A separate form must be used for each change request. Please do not submit multiple requests on one form.
- 2.) All the shaded cells must be completed. (Replace the text that is in blue or red Italics).
- 3.) Completed forms must be sent to the Standards releases e-mail address, which is StandardsReleases.generic@swift.com. Requests submitted to any other address will not be considered.

Special Note for SR 2015

At the December 2013 Board meeting, the SWIFT Securities Committee (SSC) requested explicitly that all securities change requests (category 5) for SR 2015 should be critical and have a strong business case or a regulatory justification, as the securities industry is facing migration to some major market infrastructure projects starting in 2015. The SSC will perform a final scrutiny of all securities change requests that are approved by the Securities Maintenance Working Group before they are submitted for country voting.

Proposed title of change request		
<i>Field 70: Status Change to Mandatory</i>		
Origin of request		
Requesting country/Industry body:	Country code	OR Name of industry body
	<i>RU</i>	
Person or persons that can be contacted for additional information	<p><i>Name: Elena Barabanova</i></p> <p><i>Email Address: iu21@msk.vtb.ru</i></p> <p><i>Telephone number: +7 495 231 75 64</i></p> <p><i>Name:</i></p> <p><i>Email Address:</i></p> <p><i>Telephone number:</i></p> <p><i>Name:</i></p> <p><i>Email Address:</i></p> <p><i>Telephone number:</i></p>	
Group that sponsors the request <i>must be a group of users or multiple institutions within a group</i>	<i>Russian National SWIFT Member and User Group (ROSSWIFT)</i>	
Is this change required for regulatory reasons?	YES	
	<p><i>Regulation of the Central Bank of Russian Federation "On the Bookkeeping Rules for the credit organizations located on the territory of the Russian Federation" No 385-P dd July 16 2012;</i></p> <p><i>Regulation of the Central Bank of Russian Federation "On Funds Transfer Rules" dd June 19 2012 No 383-P;</i></p> <p><i>Regulation of the Central Bank of Russian Federation "On the Bank of Russia Payment System" dd June 29 2012 No 384-P;</i></p>	

Letter of the Central Bank of Russian Federation without number explaining the usage of field «Remittance information».

Business impact of request:

Indicate with an X the appropriate impact on business applications

HIGH - High Impact on business applications

MEDIUM - Medium Impact on business applications

LOW – Low Impact on business applications

Improve the quality of the data transmitted and of the end-to-end payments' processing

Impact on traffic/events/users and commitment to implement the change

Total number of messages of this type that the sponsors currently send and receive in one year

For 14/04/2014 per year Russia have sent 48 487 604 MT 103 messages and received 43 726 546. And for MT202COV related figures are following – 2 171 349 and 1 749 946. And in total – 50 658 953 (sent) + 45 476 492(received)=96 135 445.

Of the messages sent and received (see previous cell), how many will use this change in the future?

100%

Country, community or group that is committed to use this change

All SWIFT Users of Russian Federation

Year they commit to use this change

2015

Business rationale for the change

- 1. All SWIFT Users where national rules prescribe remittance information as mandatory.*
- 2. The suggested change is a reflection of current practice and business logic. In accordance with regulations of many countries, Remittance information is mandatory to be present in the payment, being part of AML Requirements. In Russian Federation Remittance information is mandatory for payment orders which are overwhelming majority used and considered to be settlement documents equivalent to MT103.*
- 3. This change will also help to avoid inquiries in case Remittance Information is missing and will lead to more transparency.*

Nature of change / proposed change

Change field 70: status from optional to mandatory

Describe a current work around if one exists

None

Message type(s) impacted

MT103, MT202COV

Business scenario examples

Example:

:70:CONTRACT NO 123 DD 130815

2. CR 71F

SWIFT STANDARDS MT CHANGE REQUEST TEMPLATE – SR 2015

Proposed title of change request		
<i>Addition of the Second Mandatory Subfield to Field 71F: Sender's Charges</i>		
Origin of request		
Requesting country/Industry body:	Country code	OR Name of industry body
	<i>RU</i>	
Person or persons that can be contacted for additional information	<i>Name: Elena Barabanova Email Address: iu21@msk.vtb.ru Telephone number: +7 495 231 75 64</i> <i>Name: Email Address: Telephone number:</i> <i>Name: Email Address: Telephone number:</i>	
Group that sponsors the request <i>must be a group of users or multiple institutions within a group</i>	<i>Russian National SWIFT Member and User Group (ROSSWIFT)</i>	
Is this change required for regulatory reasons?	<i>NO</i> <i>If 'YES', it is mandatory to state the regulatory requirements or provide a link to the regulation.</i>	
Business impact of request:		
Indicate with an X the appropriate impact on business applications		
<input checked="" type="checkbox"/>	<i>HIGH - High Impact on business applications</i>	
<input type="checkbox"/>	<i>MEDIUM - Medium Impact on business applications</i>	
<input type="checkbox"/>	<i>LOW – Low Impact on business applications</i>	
<i>Addition of second mandatory subfield to field 71F to include SWIFT BIC of a party which deducted the commission shown in the repetition of this field.</i>		
Impact on traffic/events/users and commitment to implement the change		
Total number of messages of this type that the sponsors currently send and receive in one year	<i>For 14/04/2014 per year Russia have sent 48 487 604 MT 103 messages and received 43 726 546. And in total – 92 214 150.</i>	
Of the messages sent and received (see previous cell), how many will use this change in the future?	<i>100%</i>	
Country, community or group that is committed to use this change	<i>All SWIFT Users of Russian Federation.</i>	
Year they commit to use this change	<i>2016</i>	
Business rationale for the change		

1. All users who use BEN/SHA charges codes for MT103 and field 71F eventually;
2. This change will allow more transparency in the payment chain to show which party deducted certain commission. This change will also ensure decrease of customer inquiries initiated in respect of unknown/unrecognizable commissions.

Nature of change / proposed change

Addition of second mandatory subfield to field 71F to include SWIFT BIC of a party which deducted the commission shown in the repetition of this field.

Describe a current work around if one exists

None

Message type(s) impacted

MT103

Business scenario examples

:71F:USD10,
VTBRRUMM

SWIFT STANDARDS MT CHANGE REQUEST TEMPLATE – SR 2015

Proposed title of change request		
<i>Preservation, i.e. cancellation of planned removal, of free format options for fields 50a and 59a</i>		
Origin of request		
Requesting country/Industry body:	Country code	OR Name of industry body
	<i>RU</i>	
Person or persons that can be contacted for additional information	<i>Name: Elena Barabanova Email Address: iu21@msk.vtb.ru Telephone number: +7 495 231 75 64</i> <i>Name: Email Address: Telephone number:</i> <i>Name: Email Address: Telephone number:</i>	
Group that sponsors the request <i>must be a group of users or multiple institutions within a group</i>	<i>Russian National SWIFT Member and User Group (ROSSWIFT)</i>	
Is this change required for regulatory reasons?	<i>Yes</i> <i>Federal Law 115-FZ On Countering Legalization (Laundering) of Proceeds of Crime and Terrorism Financing and including amendments to it put into effect by Federal Law № 121-FZ dd 03.06.2009.</i>	
Business impact of request:		
Indicate with an X the appropriate impact on business applications		
	<i>HIGH - High Impact on business applications</i>	
	<i>MEDIUM - Medium Impact on business applications</i>	
<i>X</i>	<i>LOW – Low Impact on business applications</i>	
<i>Preserve free format options for fields 50a "Ordering Customer" and 59a "Beneficiary Customer". As option K for field 50 and no letter option for field 59 currently exist, there should be no impact on business applications.</i>		
Impact on traffic/events/users and commitment to implement the change		
Total number of messages of this type that the sponsors currently send and receive in one year	<i>Sent – 48487604, Received – 43726546.</i>	
Of the messages sent and received (see previous cell), how many will use this change in the future?	<i>60% (expert estimate)</i>	
Country, community or group that is committed to use this change	<i>All SWIFT Users of Russian Federation.</i>	

Year they commit to use this change

Undefined, as the date for removal has not been announced yet.

Business rationale for the change

The common banking practice in the Russian market, prescribes that banks should provide originator or beneficiary information in as much detail as possible. This practice is fully based on the provisions of the current Russian legislation, and is essential for the purposes of compliance and foreign exchange control because it helps Russian banks monitor customer activities more effectively and cost-efficiently. For example:

- 1. In accordance with Federal Law 115-FZ and amendments to it put into effect by Federal Law № 121 introduced Article 7 which requires Russian banks and federal postal services organizations to fulfil the following obligations when performing noncash settlements and funds transfers:*

The bank which services account of the ordering customer should ensure monitoring of presence, completeness, transmission as part of settlement documents, conformity to the data held at the bank disposal as well as the storage in accordance with clause 4 article 7 of the following information:

- On the payer – individual person, individual entrepreneur or individual person engaged in private practice in accordance with the order established by the Russian Federation Legislation: Last name, first name, patronymic (if applicable), bank account number, taxpayer identification number, if available, or address of place of residence (registration) or of place of temporary residence;*
- On the payer –legal person: name, bank account number, taxpayer identification number or foreign enterprise code;*

- 2. As per Bank of Russia's Regulation № 383-P "On Fund Transfers Execution Rules", the Russian payment order format allows using up to 160 characters to describe details of the Ordering Customer, 160 characters of the Beneficiary Customer, and up to 210 characters can be used for Payment Details. From the international perspective, it ultimately leads to a substantial decrease in the amount of compliance requests, and adds more transparency to commercial payments.*

In order to meet the requirements of the Russian legislation, the Russian banking community worked out a fixed structure for fields 50K and no letter 59, which helps process Russian Rouble MT103s automatically. The deletion of fields 50K and no letter 59 from the SWIFT UHB, will impact a whole of the automatic processing of MT103 Rouble messages and may cause delay in payments and increase operational risks. The issue in question will also adversely affect our numerous foreign FI clients who route their Rouble payments through Russian clearing agents, and surely expect that their instructions would be effected instantly and efficiently.

Much to our knowledge, this practice is also common for several other countries with strict foreign exchange control and compliance regulation, for example, most of the CIS states.

As compliance and cost-efficiency are nowadays extremely vital for financial institutions in any country, deletion of fields 50K and no letter 59 may urge Russian banks to search for alternative communication channels to transmit this information losslessly, which may eventually result in reduction of the overall SWIFT traffic generated by the Russian banking community.

Deletion of fields 50K and no letter 59 from the UHB, would definitely turn into a serious issue for Russian banks. As European/US banks are not likely to be comfortable with fields 50K and no letter 59, we suggest amending the Usage Rules for fields 50 and 59 in the way that would allow for these fields to be used in exceptional circumstances only, e.g. in Rouble payments. It will be vital for the Russian banking community to preserve these fields.

Nature of change / proposed change
<i>To preserve option K for field 50 and no letter option for field 59 which will reverse Country Voting Results for CR000653 Part 2 “In a later release, remove free format options from fields 50a and 59a”.</i>
Describe a current work around if one exists
<i>Currently no work around exists – no one is required as long as options K and no letter are available for fields 50 and 59.</i>
Message type(s) impacted
<i>MT103</i>
Business scenario examples
<i>The following structure is applicable for RUB environment:</i>
<i>/34x (Account number)</i>
<i>[3!a12n[.3!a9n]] (INN or KIO).(KPP)</i>
<i>3*35x (Name)</i>