



# Category 7 Upgrade

In 2013, the Trade Finance Maintenance Working Group (TFMWG) recognized that a significant overhaul of the Category 7 interbank MTs (Letters of credit, guarantees and standbys) was required as in previous years a number of change requests had been postponed. This needs to be addressed along with upgrading the messages to increase automation.

The drivers of this initiative are:

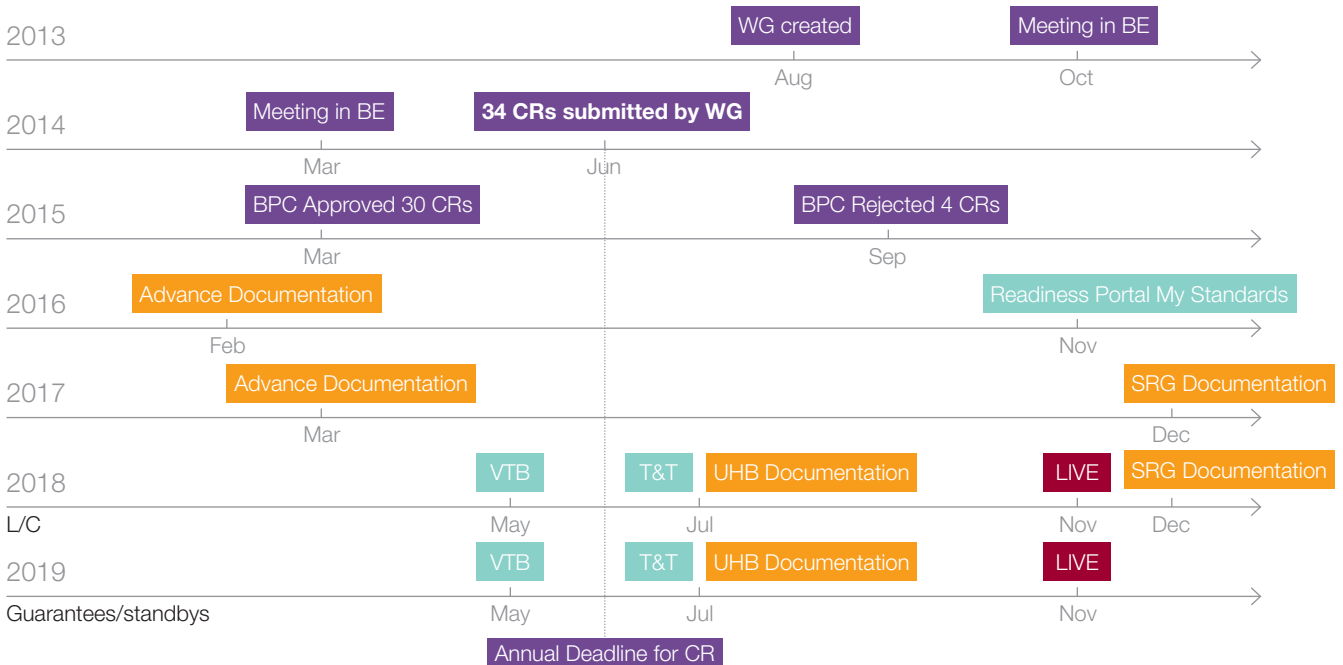
1. Change requests from the community over the last 10 years;
2. increase straight-through-processing and;
3. fill some gaps in transaction flows.

The result of this work will be implemented in SR 2018 for Letters of credit (MT 700-759) and SR 2019 for guarantees and standbys (MT 760-789).

Legend Project Timeline

- = Milestone
- = Documentation
- = Testing Facility
- VTB = Vendor Test Bed
- T&T = Test & Training

## Project timeline



## Advance Documentation

In February 2016 Advance Documentation was issued however, some additional change requests have been implemented, so revised Advance Documentation will be published at the end of April 2017. The Advance Documentation can be downloaded from the UHB on swift.com.

## Testing

In line with the annual release timeline, testing facilities for, the Vendor Test Bed (VTB) will be available in May of the SR and Test and Training (T&T) in July of the SR.

An additional testing facility, integrated as a Readiness Portal in MyStandards has been available since 2016 and the new MT's can be tested, with some limitations:-

- Not all NVR (Network Validated Rules) implemented
- Not for volume testing

## What is the impact of Category 7 changes?

The revamp of Category 7 is the biggest upgrade ever and will include 9 new messages:

### Documentary Credits

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MT 708 Amendment to a Documentary Credit

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MT 744 Notice of Non-Conforming Reimbursement Claim

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### Guarantees Standbys

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MT 761 Issue of a Demand Guarantee/ Standby Letter of Credit

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MT 765 Guarantee/Standby Letter of Credit Demand

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MT 775 Amendment to a Demand Guarantee/Standby Letter of Credit

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MT 785 Guarantee/Standby Letter of Credit Non Extension Notification

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MT 786 Guarantee/Standby Letter of Credit Demand Refusal

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MT 787 Guarantee/Standby Letter of Credit Amendment Respons

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### All Cat 7

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MT 759 Ancillary Trade Structured Message

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As part of this upgrade we would also draw your attention to the following significant changes:

- The MT 707 will be restructured to be a mirror image of the MT 700
- The MT 760 will become a highly structured message, as opposed to the free format text it is today. It will allow for the specification of the guarantee/standby issued, and also for the specification of the local guarantee/standby to be issued in case of counter and local guarantee/standby.

## How SWIFT can help

Application vendors are already working on upgrades to their trade applications and with a mandatory deadline of November 2018, it is critical that the community starts preparing for these changes now