

SWIFT Formatting and Usage Guide

Basic Guidelines

Introduction – Meeting Qualified Standards

When fully realized, straight-through processing has many benefits including greatly shortened processing cycles, reduced settlement risk and lower operating costs. There is an ongoing industry debate if 100% automation is a realistic goal from a cost/benefit standpoint. Nevertheless, we at UBS constantly strive to improve straight-through processing (STP) levels internally and in parallel work together with our customers/partners to improve the automation of transaction information, either bilaterally or as a community of users.

It is worth mentioning that our straight-through criteria are based on the SWIFT STP guidelines. Nevertheless, we also recognize the additional complexity that formatting standards (and exceptions) specific to each currency, country and local clearing system can add to the overall payment formatting process. In order to assist you, as much as possible, we have prepared a short set of documents to serve as your reference guide for correctly formatting your payment instructions.

Through various factsheets provided you will get helpful information on the following topics:

- 1 Definition of UBS Qualified and Unqualified payment categories including any regulatory formatting requirements.
- 2 Currency-specific formatting guidelines, exceptions and restrictions, for both commercial and interbank payments. In addition, we have also provided some examples of common payment scenarios and recommended SWIFT message formats that will ensure qualified processing of payments whether initiated by you or your counterparty.
- 3 SWIFT formatting guidelines for message types MT103+ and MT210.

The official IBAN Format:

IBAN is UBS' preferred and strongly recommended alternative to the proprietary BBAN account format.

Format I	CH350023023012345678A
Format II	CH3500230230P03456789

UBS' Proprietary Account Format (BBAN):

	Clearing Number	Dash	Account Number	Full Stop	Account No. Extension
Format I	0230	–	123456	–	78A
Format II	0230	–	P0345678	–	9

UBS Payment Categories

UBS defines two types of payments which are price-relevant. The price of a payment depends on the category under which a payment falls.

Qualified Payments

To qualify for this category, a payment order has to meet the following requirements:

- it must be sent via SWIFT or UBS KeyLink
- it must be formatted according to SWIFT STP guidelines
- it must adhere to UBS qualified rules

A summary of UBS overall qualified rules is provided below. Please note that currency-specific guidelines might override these rules in some instances.

Summary of Qualified Rules for Commercial Payments SWIFT MT103 and MT103+

a Mandatory use of the IBAN and BIC for all commercial payments made to "IBAN countries"¹. This requirement applies to all ordering banks, irrespective of their domicile, the currency and the value of the payment. Payments in favor of UBS' clients as well as payments channelled through UBS in favor of third banks' clients in Switzerland are still possible to be carried out with the respective BBAN instead of an IBAN.

The rules of UBS' proprietary account formats and based on them IBANs are explained in more detail in the following tables.

¹ "IBAN countries" are to be understood as all countries which require IBAN as a mandatory identifier of a beneficiary's account number.

A list of such countries can be found under www.ecbs.org. Please contact your client advisor in case you need additional details regarding list of IBAN countries.

- b Use of F72 only as agreed. Usage of F72 different from what has been agreed bilaterally with UBS will negate qualified processing. F72 should not be used at all for SWIFT MT103+
- c Value date in F32 should only be a current or a future value date
- d F57 correctly formatted, i. e., Option A with published SWIFT BIC
- e Usage of F53 only when required. Option A with UBS' SWIFT BIC or option B with your UBS' account number in 21 digit format in the account number line. IBAN can also be used alternatively with Option B.

21-digit format **02300000012345670000A**

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 No separators must be used.

**Summary of Qualified Rules for Interbank Payments
 SWIFT MT200 and MT202**

- a Usage of F53 only when required Option A with UBS' SWIFT BIC or option B with your UBS' account number in 21-digit format in the account number line
- b F57 correctly formatted, i. e., Option A with published SWIFT BIC
- c F58 correctly formatted, i. e., Option A with published SWIFT BIC
- d Use of F72 only as agreed. Usage of F72 different from what has been agreed bilaterally with UBS will negate qualified processing. F58 correctly formatted, i. e., Option A with published SWIFT F72 should not be used at all for SWIFT MT200
- e MT202COV is to be used for the movement of the funds between financial institutions related to an underlying customer credit transfer which was sent with cover. The user header is mandatory and must contain the code "COV" in the validation flag 119.

Unqualified Payments

A payment order will fall into this category unless it complies with SWIFT STP guidelines and UBS qualified formatting rules as described above.

Regulatory Formatting Recommendations

FATF Special Recommendation VII (SR VII)²

Following the September 2001 terrorist attacks in the US, the Financial Action Task Force (FATF) issued a number of Special Recommendations on Terrorist Financing. These oblige the individual member states (including Switzerland) to revise their legislation to take account of these recommendations.

² Special Recommendation VII (SR VII) was developed with the objective of preventing terrorists and other criminals from having unfettered access to wire transfers for moving their funds and for detecting such misuse when it occurs. Specifically, it aims to ensure that basic information on the originator of wire transfers is immediately available to (1) appropriate law enforcement and/or prosecutorial authorities to assist them in detecting, investigating, prosecuting terrorists or other criminals and tracing the assets of terrorists or other criminals, (2) financial intelligence units for analyzing suspicious or unusual activity and disseminating it as necessary, and (3) beneficiary financial institutions to facilitate the identification and reporting of suspicious transactions.

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Among these recommendations, Special Recommendation VII was specifically developed with the objective of preventing terrorists and other criminals from having easy access to wire transfers for moving their funds and for detecting such misuse when it occurs. This in simple words means that financial institutions, including money remitters, are required to include accurate and meaningful originator information (name, address and account number) on funds transfers and related messages that are sent, and the information should remain with the transfer or related message through the payment chain.

UBS is strongly committed to comply with the regulations stipulated by the FATF SR VII as well as per Art. 10 of the Verordnung der Eidgenössischen Finanzmarktaufsicht über die Verhinderung von Geldwäscherei und Terrorismusfinanzierung. As your provider of wholesale cash clearing services, we would like to strongly advise you that all cross-border payment orders sent to UBS should be accompanied by accurate and meaningful originator information. Originator information must always contain the following –

- a The name of the originator
- b The account number or a unique payment identifier
- c Address of the originator

We encourage you to use SWIFT field 50F (part of the SWIFT release 2007 – October) – the new structured option – to fill the ordering party field in a SWIFT message. This would be the best solution to fulfill FATF SR VII requirements on ordering party information as well as the Verordnung der Eidgenössischen Finanzmarktaufsicht über die Verhinderung von Geldwäscherei und Terrorismusfinanzierung requirements.

Payment orders with incomplete or missing originator information could result in time-consuming investigations or outright rejection by many banks in addition to any civil, administrative or criminal sanctions against the financial institutions that fail to comply with these regulations.

Domestic payment orders, where both originator and beneficiary institutions are located in Switzerland, need only include the account number or a unique identifier, provided that this number or identifier will permit the transaction to be traced back to the originator. Inter-bank transfers (MT2XX) payment orders are exempted from provisions of FATF SR VII.

If you have any questions or would like to receive further information, please contact your cash client advisor in Global Cash Solutions.