**Change Request**

**for the update of ISO 20022 financial repository items**

1. **Origin of the request:**

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1. **Related messages:**

*PaymentObligation* block in *Baseline* in

|  |  |  |
| --- | --- | --- |
| **#** | **Message ID** | **Message Name** |
| 1 | tsmt.009.001.04 | BaselineAmendmentRequestV04 |
| 2 | tsmt.012.001.04 | BaselineReSubmissionV04 |
| 3 | tsmt.018.001.04 | FullPushThroughReportV04 |
| 4 | tsmt.019.001.04 | InitialBaselineSubmissionV04 |

1. **Description of the change request:**



Request change to *PaymentObligation* component in *Baseline*

1. Create new optional element to capture banks position for handling transactions relating to sanctioned goods/ countries. Recommended size – 600 charterers (based on avg. size of these clauses we have seen in LC’s and collection covering schedules)
2. **Purpose of the change:**

Trade has been identified as being high risk from the perspective of money laundering by regulators and industry associations around the world.

US alone, based on FINCEN’s advisory dated Feb 2010 that SAR reporting related to Trade based money laundering is increasing. Between Jan 2004 and May 2009, the reported transactions involved aggregated to over US$276billion

<http://www.fincen.gov/statutes_regs/guidance/pdf/fin-2010-a001.pdf>

In order to align with current and evolving regulatory demands in this area, the *tsmt* messages that support the BPO need to be enhanced to better ensure compliance with these demands.

1. **Urgency of the request:**

To be handled in accordance with the normal yearly maintenance cycle.

1. **Business examples:**

Documents such as Letters of Credit, Bills of Lading, and Invoices all provide for description of goods.

1. **SEG recommendation:**

|  |  |  |
| --- | --- | --- |
| **Consider** |  | **Timing** |
|  | - **Next yearly cycle: 2014/2015**(the change will be considered for implementation in the yearly maintenance cycle which starts in 2014 and completes with the publication of new message versions in the spring of 2015) |  |
|  | - **At the occasion of the next maintenance of the messages**(the change will be considered for implementation, but does not justify maintenance of the messages in its own right – will be pending until more critical change requests are received for the messages) |  |
|  | - **Urgent unscheduled**(the change justifies an urgent implementation outside of the normal yearly cycle) |  |  |
|  | - **Other timing:** |  |

Comments:

|  |  |
| --- | --- |
| **Reject** | X |

Reason for rejection:

Inconsistent with ICC Recommendation regarding inclusion of sanction clauses in trade related financial instruments. Introduction of the proposed new element may encourage rather than deter inclusion of such clauses.

ICC Recommendation (Document No.470/1238 Guidance Paper – 13 June 2014)

4.1 It is recommended that banks should refrain from issuing trade finance-related instruments that include sanctions clauses that purport to impose restrictions beyond, or conflict with, the applicable statutory or regulatory requirements. It is also advisable for practitioners to be aware of the risks posed by such clauses if included by other banks involved in their transactions.