

MT 760 Bank Instruments

The SWIFT MT 760 format is a viable option - one utilized frequently in a wide range of financial transactions, not simply private placement programs. That said, the use of this procedure raises a number of issues of critical importance. Clients considering utilizing this format, therefore, should exercise a measure of caution and restraint. Let's examine some of these issues in turn...

Analysis:

1) Nature of SWIFT A SWIFT MT 760 is a bank-responsible guarantee issued by the sender bank, upon instructions of its account holder, in favour of a particular transaction or counter-party. Since banks never put their own money at risk, the clients funds are "blocked" by the bank, and held by the bank as security (collateral) for the issuance of the SWIFT. The SWIFT MT 760, therefore, is more than just an inter-bank message - it is a full-blown cash-backed negotiable instrument!

2) Text The SWIFT MT 760 comes in a variety of shapes and sizes, depending on the precise text employed by the sending bank in the field specifications, particularly Field 77C. When offered a SWIFT MT 760 procedure by a Trade Group, clients should request the complete text of the SWIFT MT 760 message so there can be no "surprises" later on. And don't settle for a watered-down "broker" version of the text; the precise language of the field specifications is of critical importance.

3) Availability U.S. Banks (and some banks in the Far East) have shown a general unwillingness to issue a SWIFT MT 760. Before you can commit to any proposed transaction, therefore, you will need to first confirm that your bank will take instructions to issue the SWIFT message. And if your bank won't cooperate, you may wish to move your funds out of the bank to a more accommodating financial institution!

4) Cost Keep in mind that the bank charges for issuance of a SWIFT MT 760 are not insubstantial, it's normally 0,05 % of the amount.

MT 799 Bank Instruments

MT799 is a simple text message, sent bank to bank. This is used for a bank to bank proof of funds, only. The MT799 is not a form of payment and it is not a bank undertaking or promise to pay. It is simply a bank to bank confirmation of the funds on deposit, nothing more.

What does the SWIFT MT799 option provide?

An account with the SWIFT MT799 capability allows bank-to-bank SWIFT electronic verification for Proof of Funds in compliance with the SWIFT Category 7 "Treasury Markets & Syndication" message types. Often there is a misconception that a particular circumstance requires a SWIFT MT760 message, when in fact, the SWIFT MT799 format provides the required bank confirmation for the application.

There is a \$1 million minimum account size for a SWIFT MT799, and additional costs apply.