



***Market Practice Guidelines for use of fields 50a Ordering Customer and 59a Beneficiary Customer to comply with FATF Recommendation 16
(Updated Final Version - September 2015 – Update in MPG #3)***

Note: Relevant regulations and any applicable legislation take precedence over the guidance notes issued by this body. These Guidelines represent an industry's best effort to assist peers in the interpretation and implementation of the relevant topic(s). The PMPG - or any of its Members - cannot be held responsible for any error in these Guidelines or any consequence thereof.

1. Introduction

The Payments Market Practice Group (PMPG) is an independent body of payments subject matter experts from Asia Pacific, Europe and North America. The mission of the PMPG is to:

- take stock of payments market practices across regions,
- discuss, explain, and document market practice issues, including possible commercial impact,
- recommend market practices, covering end-to-end transactions,
- propose best practice, business responsibilities and rules, message flows, consistent implementation of ISO messaging standards and exception definitions,
- ensure publication of recommended best practices,
- Recommend payments market practices in response to changing compliance requirements.

The PMPG provides a truly global forum to drive better market practices which, together with correct use of standards, will help in achieving full STP and improved customer service.

This document has three main sections:

Market Practice Guidelines:

- Describe the guidelines that the PMPG proposes to the global payments community.
- **Do not duplicate the official SWIFT standards** that are available in the current live version of the SWIFT User Handbook.

Frequently Asked Questions:

- Address specific questions that have been raised to the PMPG in relation to the subject that is addressed in the document.

Observations and Recommendations: Comments on the general impact of the guidelines and areas of further discussion.

The text starts by giving the background.

The PMPG will regularly review these guidelines, using the frequently asked questions and community feedback as input.

2. Background

To date, payments service providers have to comply with FATF 'special recommendation VII' (SR VII) through adaptation of national/regional legal framework such as Regulation (EC) N° 1781/2006 which lays down rules for banks to send information on the Ordering Customer (field 50a), end to end throughout the payment's value chain, for the prevention purposes, investigations and detection of money laundering and terrorism financing.

In February 2013, FATF published its new recommendation 16 (REC 16) which is progressively replacing SR VII when the local/regional regulators will translate it within their legal framework.

FATF REC 16 extends SR VII scope by applying to cross-border and domestic wire transfers, including serial payments, and cover payments. It aims to ensure that the necessary information on the Ordering and Beneficiary Customers of wire transfers is immediately available to ordering, intermediary and beneficiary financial institutions in order to facilitate the identification of both customers and the reporting of suspicious transactions.

FATF REC 16 being adapted in markets around the world, it is important to maintain efficiency in the payments flows and the service that banks provide to their clients. When utilising the international SWIFT FIN standard, the updating of PMPG FATF SR VII guidance for the structuring of both Ordering and Beneficiary Customers information in field 50a and field 59a (where "a" means that multiple option letters are available) of SWIFT MT 103 and MT 202 COV messages will provide reference documents for use by instructing banks to insure that their payment instructions are compliant with regulations in other markets.

Please note that this MPG document is based on the global FATF REC 16 recommendation (which, among many things, "[...] aims to ensure that basic information on the originator and beneficiary of wire transfers is immediately available"), but local/regional regulators may have additional requirements once the FATF recommendation has been applied in their according legal environment. In the meantime, current laws prevail and this MPG will be reviewed if necessary.

3. Market Practice Guidelines (MPG) for the use of field 50a, Ordering Customer and field 59a, Beneficiary Customer to comply with the FATF REC 16

MPG FATF REC 16 #1: Underlying guiding principles

Use of field 50a, Ordering Customer

Only Field 50a is to be used for ordering customer information. Ordering customer information should not be included in Fields 20, 52a, 70 or 72.

If the account number of the ordering customer is present, it must be stated in the account line, preceded by a slash.

Field 50a Options and Usage Guidelines

Field 50a has three options – A, F and K.

The formats for the three options are:

Option A	[/34x] 4!a2!a2!c[3!c]	(Account) (Identifier Code ¹)
Option F	35x 4*35x	(Party Identifier) (Name & Address)
Option K	[/34x] 4*35x	(Account) (Name & Address)

Use of field 59a, Beneficiary Customer

Only Field 59a is to be used for beneficiary customer information. Beneficiary Customer information should not be included in Fields 20, 57a, 70 or 72.

If the account number of the beneficiary customer is present, it must be stated in the account line, preceded by a slash.

Field 59a Options and Usage Guidelines

Field 59a has currently the option A and can be used without letter option (free text format). **A new option – F – will be available when SR 2015 will be implemented in November 2015.**

Option A	[/34x] 4!a2!a2!c[3!c]	(Account) (Identifier Code ¹)
Option F	[/34x] 4*(1!n/33x)	(Account) (Number)(Name and Address Details)
No letter option	[/34x] 4*35x	(Account) (Name and Address)

MPG FATF REC 16 #2: The use of field 50a with Option A

50A is appropriate when the ordering customer is a corporation with a non-financial institution Business Identifier Code (non-financial institution BIC) assigned to it.

The second scenario where 50A is appropriate is when a bank makes payments on its own behalf and the bank's Business Identifier Code (financial institution BIC) is used as the identifier.

The BIC must be a SWIFT registered address, either connected or non-connected.

Option A – Usage

Subfield 1 'Account', if present, must include the account number of the ordering customer.

Subfield 2 'Identifier code' must include the BIC of the ordering customer.

¹ Generally the BIC.

PMPG recommendation:

If no account number is available, then subfield 1 'Account' must carry a unique identifier, for example, tax-id, preceded by a slash.

Option A – Preferred example:

:50A:/SE13500000005491000011
WXYZSESS

MPG FATF REC 16 #3: The use of field 50a with Option F

Field 50F provides the possibility to clearly structure the ordering customer information for validation by networks and processing applications. For this reason, in absence of a BIC, it is the preferred option.

Option F – Usage

The minimum for field 50F is 2 lines: one for the subfield 1 'Party Identifier' and one for the subfield 2 'Name & Address':

- Subfield 1 'Party Identifier' must be present and must start with either a slash (Account option) or with a code of a restricted list (Identifier option).
- Subfield 2 'Name & Address' must be present. All lines must start with a number between 1 and 8 followed by a slash. As the subfield is mandatory, at the minimum one line containing the name of the ordering customer must be present in line with that format.

For subfield 1 'Party Identifier', one of the following line formats must be used:

/34x (Account)

Or

4 !a/2!a/27x (Code)(Country Code)(Identifier)

When subfield 1 'Party Identifier' is used with the (Code)(Country Code)(Identifier) format, one of the codes as described within the SWIFT User Handbook must be used.

For subfield 2 'Name & Address', the following format must be used:

4*(1!n/33x) (Number)(Details)

For option F, this means that the preferred usage is:

Subfield 1 'Party Identifier'	/(Account) <i>or</i> (Code)(Country Code)(Identifier)
Subfield 2 'Name & Address'	1/Name of the ordering customer
	2/Address details
	3/Country code/Town

PMPG recommendations:

The preference for subfield 1 'Party Identifier' is to fill the Party Identifier with the account number of the ordering customer, preceded by a slash.

If no account number is available, then subfield 1 'Account' must carry a unique identifier, for example, tax id, preceded by a slash, the format (Code)(Country Code)(Identifier) must be used to fill in the subfield 1 'Party Identifier'.

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Subfield 2 'Name & Address', concerning the 'Country and Town' (line starting with number 3) it is preferred that the Country Code and Town indicate the place of residence (domicile) of the ordering customer.

Option F – Preferred example: account number with name, address and country code/city

:50F:/12345678
1/SMITH JOHN
2/299, PARK AVENUE
3/US/NEW YORK, NY 10017

MPG FATF REC 16 #4: The use of field 50a with Option K

Option K is used to provide ordering customer information, in a less structured format. Correct use of option K is an acceptable means of complying with FATF recommendations.

Option K – Usage

Subfield 1 'Account', if present, must include the account number of the ordering customer, preceded by a slash.

Subfield 2 'Name & Address' must include the following information:

The first line must carry the name of the ordering customer and the following lines are for address details of the ordering customer in accordance with the generic format specifications for a 4*35x field.

PMPG recommendations:

- If no account number is available, then subfield 1 'Account' must carry a unique identifier, for example, tax-id, preceded by a slash.

- **It is preferred** that the last line of the subfield 2 'Name & Address' starts with a slash '/' followed by the ISO country code of the place of residence (domicile) of the related customer, followed by a slash '/', complemented with town, postal code, country subdivision, etc.

Option K – Preferred example

:50K:/BE68539007547034
DUPONT MARTIN
AVENUE DU LAC 26
/BE/BRUSSELS-1000

MPG FATF REC 16 #5: The use of field 59a with Option A

59A is appropriate when the beneficiary customer is a corporation with a non-financial institution Business Identifier Code (non-financial institution BIC) assigned to it.

The second scenario where 59A is appropriate is when a bank makes payments in favour of another bank acting as a corporate and the bank's Business Identifier Code (financial institution BIC) is used as the identifier.

The BIC must be a SWIFT registered address, either connected or non-connected.

Option A – Usage

Subfield 1 'Account', if present, must include the account number of the beneficiary customer.

Subfield 2 'Identifier Code' must include the BIC of the beneficiary customer.

PMPG recommendation:

If no account number is available², it is recommended not to fill subfield 1 'Account' by another reference, and to only use subfield 2 'Identifier Code' with the BIC of the beneficiary customer.

Option A – Preferred example

:59A:/SE13500000005491000011
WXYZSESS

MPG FATF REC 16 #6: The use of field 59a with No letter Option

Field 59 without letter option (in free text format) is appropriate when the beneficiary customer can not be identified with any structured identifier such as a Business identifier code (BIC). Correct use of the No letter Option is an acceptable means of complying with FATF recommendations.

It may also be used when a specific format is required for regulatory reason.

Field 59 without letter option – Usage

Subfield 1 'Account', if present, must include the account number of the beneficiary customer.
Subfield 2 'Name & Address' must include at least the name of the beneficiary customer.

PMPG recommendations:

- If no account number is available², it is recommended not to fill subfield 1 'Account' by another reference, and to only use subfield 2 'Name & Address'.

- **It is preferred³** that the last line of the subfield 2 'Name & Address' starts with a slash '/' followed by the ISO country code of the place of residence (domicile) of the beneficiary customer followed by a slash '/', complemented with town, postal code, country subdivision, etc.

Field 59 without letter option – Preferred example

:59:/BE62510007547061
JOHANN WILLEMS
RUE JOSEPH II, 19
/BE/BRUSSELS-1040

MPG FATF REC 16 #7: The use of field 59a with option F

Option F of field 59 will be available when SR 2015 will be implemented in November 2015.

Field 59F provides the possibility to clearly structure the beneficiary customer information in order to facilitate the AML screening and controls and consequently secures the business applications of the banks. For these reasons, in absence of a BIC, it is the preferred option.

Option F – Usage

In option F, the following format is:

Subfield 1	[/34x]	(Account)
Subfield 2	4*(1!n/33x)	(Number)(Name and Address Details)

² The account number, if present, must be used. The case of non-existence of an account number should rather be a rare occasion, e.g. in the case of cash payouts or cheques. It may also be the case for settlements in favour of banks for which usually a BIC is used without account numbers, e.g. settlement of FX transactions or money market placements.

³ For good order's sake, please note that the address of the beneficiary customer is not explicitly mentioned in the FATF REC 16 requirement.

Subfield 1 'Account', if present, should preferably carry the account number of the beneficiary customer, preceded by a slash.

Subfield 2 'Name & Address' must be present. All lines must start with a number between 1 and 3 followed by a slash. This subfield should preferably detail the beneficiary customer's address.

For option F, this means that the preferred usage is:

Subfield 1 'Account'	/Account Number
Subfield 2 'Name & Address'	1/Name of the beneficiary customer
	2/Address details
	3/Country code/Town

PMPG recommendations:

- If no account number is available², it is recommended not to fill subfield 1 'Account' by another reference, and to only use subfield 2 'Name & Address'.

- **It is preferred³** that the last line starts with number 3 followed by a slash '/', followed by the ISO country code of the place of residence (domicile) of the related customer, followed by another slash '/' and complemented with town, postal code, country subdivision, etc.

Option F – Preferred example: account number with name, address and country code/city

:59F:/12345678
1/SMITH JOHN
2/299, PARK AVENUE
3/US/NEW YORK, NY 10017

4. Frequently Asked Questions

Q1: Who is the ordering customer in field 50a?

A: It is the account owner as specified in the ordering institution's books⁴.

Q2: Who is the beneficiary customer in field 59a?

A: It is the account owner in the books of the beneficiary's institution⁴.

Q3: Is it acceptable if my applications only support the preferred option F for field 50a?

A: All 3 options have to be supported for incoming messages.

Q4: How do I specify the address if there are no streets or street numbers involved?

A: There are exceptional cases where no street name or number is available.

If only the street number is missing, it is preferred³ the street name is combined with the town and country. In case of fields 50F and 59F, this means that 'Name & Address' field carries:

- The name of the ordering, respectively beneficiary, customer (on the first line(s) after "1/"),
- The street name (on the next line after "2/") and
- The ISO country code and town name of place of residence (domicile) of the related customers (on the next line after "3/").

If the street number and the street name or only the street name are/is missing, and an alternative piece of information for the street name (for example, a P.O. Box) is available, then it is preferred³ to give a combination with the town and country. In case of fields 50F and 59F, this means that 'Name & Address' field carries:

- The name of the ordering, respectively beneficiary, customer (on the first line(s) after "1/"),
- The alternative piece of information, e.g. P.O. Box (on the next line after "2/") and
- The ISO country code and town name of place of residence (domicile) of the related customers (on the next line after "3/").

If the street number and the street name or only the street name are/is missing, and no alternative for the street name is available, then it's preferred³ that in fields 50F and 59F, the 'Name & Address' subfields carry :

- the name of the ordering, respectively beneficiary, customer (on the first line(s) after "1/"),
- the ISO country code and town name of place of residence (domicile) of the related customers (on the next line after "3/").

If this is done, it should be clear that the identification of the person and the country and town are sufficient to uniquely identify the ordering / beneficiary customer.

Note that e.g. the Australian AML/CTF legislation is strict in its requirement that a payer's full business or residential address not be a P.O. Box. Accordingly, any inbound message to Australia containing a P.O. Box might be queried, delayed or rejected. Similar requirements may exist in other countries.

⁴ This Market Practice Guidelines is centered on the FATF recommendation 16 and on the correct qualification of the ordering and beneficiary customer fields. However the PMPG recognizes that both the evolution in standards (like ISO20022, SEPA standards, ...) and in the rules to combat money laundering and the financing of terrorism imply a wider reflection on the additional information represented by the "ultimate ordering customer" and "ultimate beneficiary customer". In some countries' legislation this information is already mandatory and there is a common interest for a deeper reflection in evaluating this evolution in the market and regulatory praxis.

Q5: How do I specify a name longer than 35 characters?

A: In certain regions the name of the ordering customer or of the beneficiary customer indeed does not fit onto a single line of an MT 'Name&Address' field with format 4*35x. This length issue has been addressed in the ISO 20022 payments messages where the name has been extended to 140 characters. In the meantime, there are several options to cater for long names.

For a field 50K, the name can be continued on a second line of the 4*35x field. If a line break is necessary, the line break should be created only between words but not within a word:

```
:50K:/BE68539007547034  
SHOE SHINE IMPORT AND EXPORT  
ZANG MI TRADING CORPORATION  
AVENUE DU LAC 26  
1000 BRUSSELS-BE
```

However, the second line in the example above might not be recognized as continuation of the name due to the free format of the field.

This issue can be solved by using field 50F for the ordering customer and field 59F for the beneficiary customer where the information on the ordering customer / the beneficiary customer respectively is structured by using numbers at the beginning of each line of the field.

A number "1" followed by a slash is used to indicate that following text is the name of the ordering customer / the beneficiary customer respectively. If more than one line is needed to provide the complete information, the number "1" followed by a slash has to be repeated on several lines to indicate that the name of the ordering customer / the beneficiary customer respectively is continued.

When using 50F and 59F*, the same example will become:

```
:50F:/BE68539007547034  
1/SHOE SHINE IMPORT AND EXPORT  
1/ZANG MI TRADING CORPORATION  
2/AVENUE DU LAC 26  
3/BE/BRUSSELS-1000
```

() Option F of field 59 will be available when SR 2015 will be implemented in November 2015.*

One more time, if a line break is necessary, the line break should be created only between words but not within a word.

Q6: How do I specify a country and town longer than 35 characters?

A: While not a very common issue, in certain regions the country and town of the beneficiary customer indeed does not fit onto a single line of an MT "Country and Town" field with format 4*35x. This length issue has been addressed in the ISO 20022 payments messages where this field has been extended to 140 characters. In the meantime, there are several options to cater for long names.

```
:50K: 68539007547034  
HIDALGO IMPORT AND EXPORT  
Calle Guerrero 26  
Dolores Hidalgo Cuna de la  
Independencia Nacional –MX
```

When using 50F the same example will become:

:50F:/68539007547034
1/ HIDALGO IMPORT AND EXPORT
2/ Calle Guerrero 26
3/**MX/ Dolores Hidalgo Cuna de la**
3/**Independencia Nacional**

The same approach has to be used for field 59F*; for instance:

:59F:/68539007547034
1/ HIDALGO IMPORT AND EXPORT
2/ Calle Guerrero 26
3/**MX/ Dolores Hidalgo Cuna de la**
3/**Independencia Nacional**

() Option F of field 59 will be available when SR 2015 will be implemented in November 2015.*

Q7: Does the IBAN of the beneficiary replace the BIC of the bank holding the related beneficiary account?

A: No, field 57a designates the bank where the beneficiary customer account is open any time the receiving bank (designated at the header level of the FIN messages) is different from the beneficiary customer one.

In order to process in a STP and secure manner a credit transfer, the BIC of the beneficiary customer's bank **is required** and this is the case even when the IBAN of the beneficiary customer is quoted in field 59a.

5. Observations and Recommendations *(to be possibly updated depending on FATF guidelines if any)*

These PMPG Guidelines are globally applicable.