banks instruments

Sample Bank Message Guide

Banks Instruments Limited | Hong Kong | Draft Template - Not for Execution

Regulatory capacity: any regulated activity described in this template must be performed only under the verified licence or exemption [INSERT], or by the named licensed third-party provider [INSERT]. Any security amount is contractual transaction security under definitive documents and is not a bank deposit or customer deposit with Banks Instruments Limited.

Status and permitted use

Every example in this guide is illustrative and incomplete. It is not a SWIFT message, payment order, instrument, proof of funds, bank commitment, bank confirmation or evidence that a transaction exists. Only an authorized financial institution may prepare and transmit an actual message through its approved system. Issuing, sending, receiving, correspondent, custody and financing institutions must approve the final message type, fields, wording, authentication and routing.

All samples should display the legend SAMPLE FOR BANK REVIEW NOT FOR TRANSMISSION until the responsible institutions replace them with approved text.

MT760 for a bank guarantee

An issuing bank may use an MT760 or the message type then required by its system to transmit a bank guarantee. The final text should identify the issuer, applicant, beneficiary, amount, currency, issue and expiry dates, place of presentation, governing rules, demand requirements, reduction or reinstatement terms, transferability if any, charges and authenticated bank references.

Illustrative content outline:

- Message purpose: issue bank guarantee
- Applicant: [VERIFIED LEGAL NAME]
- Beneficiary: [VERIFIED LEGAL NAME AND BANK]
- Amount and currency: [INSERT]
- Expiry and place: [INSERT]
- Governing rules: [URDG758 OR BANK APPROVED GUARANTEE RULES]
- Undertaking: [BANK APPROVED OPERATIVE TEXT]
- Demand conditions: [OBJECTIVE DOCUMENTS AND PRESENTATION METHOD]
- Charges and reference: [INSERT]

No party should describe a draft MT760 as operative or issued.

MT760 for a standby letter of credit

An issuing bank may use an MT760 or the message type then required by its system to transmit a standby letter of credit. The standby text should separately identify the issuer, applicant, beneficiary, amount, currency, issue and expiry dates, place and method of presentation, governing rules, drawing documents, partial or multiple drawings, reduction or reinstatement, transferability if any, charges and authenticated bank references.

Illustrative content outline:

- Message purpose: issue standby letter of credit
- Applicant: [VERIFIED LEGAL NAME]
- Beneficiary: [VERIFIED LEGAL NAME AND BANK]
- Amount and currency: [INSERT]
- Expiry and place: [INSERT]
- Governing rules: [ISP98 UCP600 OR BANK APPROVED STANDBY RULES]
- Undertaking: [BANK APPROVED OPERATIVE TEXT]
- Drawing conditions: [OBJECTIVE DOCUMENTS AND PRESENTATION METHOD]
- Charges and reference: [INSERT]

No party should describe a draft standby text or MT760 as operative or issued.

MT799 receiving bank readiness

An MT799 may be used for authenticated free format bank communication where accepted by the relevant banks. A receiving bank readiness communication should be drafted by that bank and should state only what it is authorized and operationally prepared to do.

Illustrative content outline:

- Reference to proposed transaction and parties
- Confirmation that the receiving bank maintains the stated beneficiary account
- Confirmation of readiness to receive and authenticate the specified message type, subject to compliance and account terms
- Approved contact or bank to bank query route
- Expiry of the readiness statement

It should not guarantee credit, monetization or acceptance of defective wording.

MT799 proof of funds communication

Where lawful and approved, a bank may issue an authenticated free format statement addressing the existence or availability of funds as of a stated date. The message should identify the account holder, currency, amount or agreed threshold, permitted purpose, validity period and material restrictions.

Illustrative content outline:

- Account holder: [VERIFIED NAME]

- Amount or threshold: [INSERT]
- Status: [CLEARED AVAILABLE OR OTHER PRECISE BANK APPROVED TERM]
- Restrictions or encumbrances: [INSERT]
- Purpose and authorized recipient: [INSERT]
- Valid through: [INSERT]

The message should not be presented as a guarantee or authorization to debit the account.

Bank Payment Undertaking

A bank payment undertaking must state the issuing bank's actual obligation and the objective conditions for payment. The bank should define amount, currency, beneficiary, maturity, presentation method, governing law or rules, conditions, expiry, transferability and any reduction or cancellation mechanism.

Illustrative content outline:

- Issuing bank and reference
- Applicant and beneficiary
- Maximum amount and currency
- Irrevocable or conditional status as approved
- Exact payment trigger and required evidence
- Payment date or calculation
- Expiry and governing terms

A commercial party must not label its own promise as a bank undertaking.

Bank Comfort Letter

A bank comfort letter should be issued only in a form the bank approves. It may confirm a relationship, account standing or general capacity while expressly limiting reliance and duration.

Illustrative content outline:

- Client identity and relationship commencement
- Limited factual confirmation authorized by the client
- Purpose and named recipient
- No guarantee or commitment language unless the bank expressly undertakes one
- Validity date and verification contact

Combined Bank Comfort Letter and Bank Payment Undertaking

If a transaction requests both comfort information and a payment undertaking, the bank should separate the factual confirmation from the legally binding undertaking. The text must identify which paragraphs are informational and which create an obligation, along with the precise conditions, limits and expiry.

MT110 bank draft advice

An MT110 is used in banking for advice of a cheque or similar instrument where supported. The responsible banks must determine whether it is appropriate for the draft and collection route. Relevant data may include drawer bank, draft number, issue date, currency, amount, payee, place of payment, remitting bank and collection reference.

The advice does not replace the original instrument where presentment is required and does not by itself prove that the draft will be honored.

MT542 and SKR or custody settlement

MT542 is associated with a securities delivery instruction free of payment in supported settlement environments. It should not be described generically as an SKR message. If a custodian proposes MT542 in connection with an asset covered by an SKR or CSKR, the custodian and settlement institutions must confirm that the asset is eligible, the account and instrument identifiers are correct, the delivery is free of payment, and the message matches the actual settlement route.

Illustrative data outline:

- Trade and settlement references
- Delivering and receiving parties
- Security identifier and quantity
- Settlement date and place
- Safekeeping accounts
- Free of payment indicator
- Linked custody or receipt reference

KTT MT103 payment wording

An MT103 is a customer credit transfer message and should reflect a genuine underlying payment. A key tested telex or other authenticated instruction must be accepted by both institutions and must comply with current payment standards.

Illustrative content outline:

- Ordering customer and verified account
- Beneficiary customer and verified account
- Sending, intermediary and receiving institutions
- Amount, currency and value date
- Remittance purpose and underlying agreement reference
- Charges code and compliance information
- Transaction reference and bank authentication

A message copy is not final proof of irrevocably available funds. The beneficiary bank's credit confirmation and applicable finality rules control.

Blocked funds ready willing and able communication

A bank communication concerning blocked funds should state the factual status of the account and block without implying a guarantee beyond the bank's approved obligation.

Illustrative content outline:

- Account holder and account reference
- Currency and amount subject to the block
- Effective date, expiry and legal or contractual basis
- Permitted beneficiary or purpose
- Existing liens, priority claims and release conditions
- Confirmation of whether the bank is ready, willing and operationally able to follow the proposed verification or control procedure, subject to compliance

Review checklist

Before any sample is sent to a bank for review, confirm that all names and accounts match verified KYC records; the message type fits the actual purpose; the amount, currency and dates agree with signed documents; the governing rules and conditions are complete; the banks have approved the route; all fees and commissions are separately disclosed; and the sample still carries the non transmission legend.