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MINUTES
2nd MEETING – EPC Scheme Technical Forum (ESTF)
30 March 2016 - 10:00 - 11:45

Venue: EPC Secretariat, Cours Saint-Michel 30a, B-1040 Brussels
(Approved by the ESTF)

1. Welcome and approval of the agenda (ESTF 001-16)

The EPC co-Chair welcomed all ESTF participants physically present at the meeting venue and those who dialled in by conference call (due to the impossibility to fly to the Brussels airport following the events on 22 March). The agenda was approved unchanged and can be published on the EPC Website.

2. Election of ESTF co-Chair representing the technical players (EPC005-15)

Prior to the meeting, the following persons submitted their candidacy for the ESTF co-Chairpersonship:

Gabriel Carpintero	Hermesti Ingeniería Documental
Raphael François	Azzana Consulting
Thomas Feiler	Equens

Given that the majority of ESTF members participated in the meeting by conference call, the meeting participants agreed it would be more adequate to have this election at the physical ESTF meeting in August.

3. Document classification of EPC stakeholders groups (EPC 069-16)

The ESTF was informed about the document classification rules applicable to EPC stakeholders groups. The following three classifications apply:

- **Public:** Information intended for distribution outside the group, either to select groups or to the public at large;
- **Internal use:** Information intended for distribution within the group (including the constituencies of those members which are associations) or for distribution to specially designated persons outside the group;
- **Confidential:** Information intended for distribution within the group or for distribution to specially designated persons outside the group, but its unauthorised use or disclosure could have a significant impact on the members of the group, the EPC, its Members, other third parties or EPC employees.

The EPC co-Chair strongly recommended all ESTF members to respect the EPC document classification rules. No questions from the ESTF members were noted.

4. New version of the EPC Scheme Management Internal Rules (EPC 2017-14 v2.0)

A new version of the Scheme Management Internal Rules (SMIRs) had been published at the start of March 2106 and enters into force on 1 April 2016.



The publication of this new version resulted from a public consultation, held in the fourth quarter of 2015, on proposed major amendments in chapter 4 and 5 of the SMIRs covering the governance of the SEPA scheme rulebook change management.

The aim is to increase the transparency of the evolution of the EPC SEPA scheme rulebooks and to enhance the involvement from end-users and technical players in the rulebook change management cycle.

5. 2016 Rulebook Change Management Cycle (EPC 011-16; EPC 012-16; EPC 013-16, Pres EPC 013-16)

The change request consultation documents summarizing all received change requests for the SCT, SDD Core and SDD B2B Rulebooks, had been sent to the ESTF members prior to the meeting.

These consultation documents including the original change requests will be published on the EPC website on 5 April for a 90 calendar day public consultation. In July and August, the EPC Scheme Evolution and Maintenance WG (SEMWG) will review the comments from the public consultation and make formal change proposals.

At their respective August 2016 meetings, the ESTF and the Scheme End-User Forum (SEUF) will review the initial rulebook change requests, the comments from the public consultation and the related change proposals from the EPC SEMWG. Each Stakeholder Forum will then formulate its respective position on these change requests and on the SEMWG change proposals to the EPC Scheme Management Board (SMB) for its consideration.

The EPC received a total of 40 change requests, 22 originating from the EPC and PSP communities and 18 from other originators.

The ESTF was shortly informed about the following change request blocks:

Change requests related to all three schemes

1. Remittance information: extension and combination, clarification in business requirements; external storage location

One request is to allow contemporaneous presence of unstructured and structured remittance information in payment messages for SCT and SDD.

A second request is to increase space in the payment messages for unstructured and structured remittance information for SCT (to 280 characters unstructured and 2,800 characters structured).

2. Changes to the SMIRs
3. Changes and additions in R-transaction reasons
4. Mandatory Customer-to-Bank (C2B) Implementation Guidelines (IGs)
5. Provision of certain attributes and of additional content clarification for certain attributes to meet counterparty identification needs
6. Use of the UTF-8 Character Set in the C2B and inter-bank IGs
7. Assign clear responsibilities to scheme participants and CSMs for executing the SEPA Usage Rules defined in the interbank IGs

Change requests related to the SCT scheme

1. SCT Recalls: updates to general rules on responding to SCT recall requests, and a new reason code
2. Introduction of the procedure 'Recall Request by the Originator' (including the use of ISO 20022 XML messages)



Following questions from some ESTF members on this change request compared to the current SCT recall procedure, it was explained that the proposed business rules for 'Recall Request by the Originator' will be different compared to the current SCT recall procedure. A positive answer given to the 'Recall Request by the Originator' can only be done based on the upfront authorization given by the Beneficiary.

3. Introduction of SCT inquiry procedures (including the use of ISO 20022 XML messages)

Change requests related to the SDD schemes

1. SDD Rulebook Annexes: changes to the e-Mandate Annex, removal of Advance Mandate Information Annex (AMI)
2. Extension of the reversal period for the Creditor from 5 days to 10 inter-bank business days
3. Extension of the SDD B2B return period with one additional day
4. Usage rules for the exchange rate for SDD Core Refunds

The ESTF further discussed in more detail the following change requests:

- **# 13 Extension of the use of existing technical r-transaction reason codes and the introduction of new technical r-transaction reason codes for specific pain and pacs messages**

The background for this change request is that every clearing and settlement mechanism (CSM) defines its own error codes as the EPC rulebooks currently do not include many technical codes. These error codes are not included in the main interbank formats. This results into technical errors regularly being mapped to the reason code MS03 (= reason not specified) when forwarded to another participant.

The first suggestion was to implement the following reason codes:

- CNOR and DNOR for use in pacs.004 messages to be used instead of MS03. These codes are used in an automated way in pacs.002 messages by some CSMs but not in pacs.004.
- DT01 "Invalid Date" for use in Pacs.002, Pacs.004 and Pain.002
- ED05 (= SettlementFailed) for use in the pacs.002

The second suggestion was to implement the ISO reason code "NARR" in combination with the XML field AdditionalInformation:

- If the reason code is NARR, then AdditionalInformation must be present
- If the reason code is not NARR, then AdditionalInformation is optional
- The code should be implemented for Pacs.002, Pacs.004 and Pain.002

This will make it easier for every participant to give detailed information about the reason for an r-transaction, especially for technical issues.

One ESTF member expressed concerns on the second suggestion fearing that the code NARR would become the new MS03. Such code would not be good for automated processing.

- **# 14: Assign clear responsibilities to scheme participants and CSMs for executing those SEPA usage rules defined in the interbank IGs**

The reason for this change request is that the EPC Rulebooks currently define SEPA usage rules but not the responsibilities for executing these. There seems to a lack of



clarity if a certain check/validation has to be done, can be done or must not be done by a participant that is not the Creditor Agent or Debtor Agent.

The contributor of this change request states that it must be clear to all the parties involved in the processing chain who is responsible for which validation. The suggestion is that the EPC should define the responsibilities in general or for each SEPA usage rule in the IGs.

The ESTF member representing the contributor of this change request stated that the SCT originator bank and the SDD creditor bank should check the payment files they are submitting into the interbank space. The payment file validation responsibilities should lie on the side of the sending bank.

One ESTF member shared the contributor's point of view as CSMs should route the payment but should not do validation checks on the payments. However, the contributor had neither specified concrete rewording proposals for the concerned rulebooks nor indicated the exact rulebook sections to be reworded.

However, another ESTF member representing a CSM highlighted that if this change request would find sufficient stakeholder support and be endorsed by the SMB, this would be a big change for scheme participants and CSMs. The scheme participant formally bears the responsibility to do validation checks on the payment files to be transmitted but it can choose CSMs which would do such validation checks as a special service on behalf of the scheme participant.

An ESTF member representing another CSM indicated that, following the logic of this change request, the EPC rulebooks would also have to state which party would bear the responsibility on changing the character set in the payment messages (scheme participant or the CSM?).

The EPC Director General indicated that the EPC rulebooks stipulate rights and obligations for the scheme participants but none for the CSMs.

The EPC co-Chair concluded the debate by noting two different viewpoints within the ESTF on this change request.

The EPC co-Chair invited all ESTF members to take part in the upcoming public consultation. The August ESTF meeting will be dedicated to review all public consultation comments and to formulate an ESTF position on the change requests.

6. Impact of PSD2 on the EPC SEPA Rulebooks (oral report)

The analysis performed by the EPC's Legal Support Group (LSG) concluded that PSD2 does not have an impact on the SCT and the SDD processing as such.

It was further explained that the eligibility criteria to adhere to the EPC schemes will remain unchanged.

7. SDD COR1 r-transaction handling after November 2016 (oral report)

As from 20 November 2016 onwards, all SDD Core collections presented for the first time, on a recurrent basis or as a one-off collection can be presented up to D-1 Inter-Bank Business Day. The standard time cycle code will be 'CORE'¹.

¹ Currently, 'CORE' is being used for D-2 (recurrent Collection) or D-5 (one-off Collection) whereas 'COR1' is used for D-1 (reduced time cycle)



The EPC is expected to publish an errata by the end of June 2016 to address the scenario whereby a SDD Core collection sent before 20 November 2016 with 'COR1' leads to an R-transaction (e.g., return, refund) after 20 November 2016.

8. SEPA Instant Credit Transfer Scheme (SCT Inst) (Pres EPC015-16)

As stipulated in the terms of reference of the ESTF, the focus of the ESTF is on the existing SCT and SDD Schemes. In view of the importance of the SCT Inst Scheme, the EPC Board however decided to involve the EPC's stakeholder forums in the SCT Inst rulebook preparation process.

The EPC co-Chair presented the key characteristics of the SCT Inst Scheme:

- o It is an optional SCT scheme
- o Elements from the SCT Rulebook will be re-used as much as possible
- o An SCT Inst transaction should be processed in 10 seconds, from the moment when SCT Inst instruction from the Originator meets all mandatory attributes for SCT Inst interbank processing and the processing conditions of the Originator Bank. This means that the Originator Bank has received the SCT Inst instruction and has applied checks regarding Originator authentication and authorisation, and availability of funds. A time stamp will be used to mark this point in time.

The Scheme foresees a hard time-out deadline to cover exceptional processing situations. Within 20 seconds after the Originator Bank has received the SCT Inst instruction from the Originator, either a positive or a negative confirmation message about the SCT Inst transaction has to be sent out back to the Originator Bank. The above-reported time stamp will determine the time-out deadline.

If a party² other than the Originator Bank has received even a 100 percent executable SCT Inst transaction after 20 seconds, this SCT Inst transaction will have to be rejected.

- o Use of mandatory positive and negative confirmation messages between scheme participants to report the final status of the SCT Inst transaction
- o The assumption is that a SCT Inst transaction is successful until a negative confirmation message is received
- o It is mandatory for the Originator Bank to inform the Originator if the instant payment was not successful
- o The SCT Inst scheme foresees an optional SCT Inst transaction status investigation procedure for the Originator Bank if no confirmation message has reached the Originator Bank after the time-out deadline
- o It is proposed to define the maximum amount per SCT Inst instruction in a separate binding document outside the SCT Inst Rulebook in order to give the EPC more flexibility to review this amount outside the regular scheme rulebook change management cycle.

For the first year, the proposed maximum amount is set at 15.000,00 EUR. A too high initial scheme default maximum amount may affect the scheme take-up and the reachability.

On the question why a similar change approach had not been chosen for the maximum number of seconds, the EPC co-Chair stated that this number will remain

² A CSM, another intermediate SCT Inst interbank player or the Beneficiary Bank



a more stable factor. Nothing prevents the SCT Inst scheme participants to process the SCT Inst transactions much faster.

The public consultation on the proposed version of the SCT Inst rulebook will be held from 12 April until 10 July. The ESTF members were invited to take part in this consultation. The ESTF and the SEUF will be formally consulted at their respective August meetings to formulate their respective positions on the comments received from this public consultation.

The SCT Inst Rulebook is expected to be published in November 2016 and to become effective as an optional scheme in November 2017.

9. AOB

No other business was reported.

10. Date of next meeting and closure of the meeting

The next ESTF meeting will take place on 25 August 2016 at the EPC premises in Brussels. The main agenda topics will be the positions of the ESTF on the EPC SEMWG change proposal documents in relation to the SDD and SCT schemes as well as on the outcome of the public consultation on the SCT Inst Rulebook.

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List of participants – 2nd ESTF Meeting

Date: 30 March 2016

Name	Institution	Attendance
EPC Scheme Evolution and Maintenance Working Group (SEMWG)		
Jacquelin Jean-Yves (SEMWG Chair)	Erste Bank (Austria)	Yes
Schindler Axel	Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (BVR) (Germany)	Yes*
Sramkova Helena	UniCredit (Czech Republic)	Yes*
SEPA Scheme compliant Clearing and Settlement Mechanisms (CSMs)		
Renault David	EBA Clearing	Yes*
Bär Fred	European Automated Clearing House Association (EACHA)	Yes*
Feiler Thomas	Equens	Yes*
Pfeffer Walter	Geldservice Austria	Yes*
Langa José-Luis	Iberpay	Apologies
Marchetta Angelo	SIA S.p.A.	Yes*
Sequeira Luis	SIBS	Yes*
Beltran José	STET	Apologies
Technical players or European associations of technical players that provide SCT and SDD messaging services and are not already CSMs		
Bouille Isabelle	SWIFT	Yes*
Other technical players (or their European associations)		
Kislingbury Barry	ACI Worldwide	Yes*
Francois Raphael	Azzana Consulting	Yes
Belgini Enrico ³	Cedacri S.p.A.	Yes*
Chance David	Dovetail Systems	Yes*
Denis Olivier	EastNets	Yes
Carpintero Gabriel	Hermesti Ingeniería Documental	Yes*
North Craig	Microsoft	Apologies
Heinze Volker	Unifits GmbH	Yes*
Observers		
To be nominated	European Central Bank	--
To be nominated	European Commission	--
European Payments Council (EPC)		
Goosse Etienne	Director General	Yes
Clarebout Bart	ESTF Secretary	Yes

* These ESTF members participated by conference call to the ESTF meeting

³ Alternate of Stefanelli Salvatore