

CLARIFICATION PAPER ON SEPA CREDIT TRANSFER AND SEPA INSTANT CREDIT TRANSFER RULEBOOKS

Abstract	<p>This document addresses operational issues arising from the implementation of the SEPA Credit Transfer (SCT) rulebook and the SEPA Instant Credit Transfer (SCT Inst) rulebook.</p> <p>This document applies to the version 1.1 of the 2017 SCT and SCT Inst rulebooks.</p> <p>This document replaces the SCT and SDD Clarification Paper (EPC348-12 v3.0).</p>
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0. Document Information

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1. Introduction

This document has been created to avoid a fragmented approach in the manner in which the SEPA Credit Transfer (SCT) and the SEPA Instant Credit Transfer (SCT Inst) rulebooks are implemented.

In this document the European Payments Council (EPC) provides guidance and, where feasible, recommendations to EPC SEPA scheme participants on how to handle situations that are not as such described in the rulebooks. This document will be updated from time to time by the EPC, once new questions and issues arise and need clarification.

2. General questions & answers on the SCT and SCT Inst rulebooks

2.1. Receipt of an SCT/SCT Inst transaction by the Beneficiary Bank or CSM which includes characters not covered by the Latin character set

SCT and SCT Inst scheme participants and their customers must be able to support the Latin character set commonly used in international communication, which are as follows:

a b c d e f g h i j k l m n o p q r s t u v w x y z
A B C D E F G H I J K L M N O P Q R S T U V W X Y Z
0 1 2 3 4 5 6 7 8 9
/ - ? : () . , ' +
Space

SCT and SCT Inst scheme participants and their customers throughout SEPA cannot be required to support the full character set used in all SEPA countries.

However, there may be bilateral or multilateral agreements to support one or more sets of characters beyond the Latin character set referred to above.

More information on this subject can be found in the document [EPC217-08 'Best practices SEPA Requirements for an extended character set'](#) which contains a set of best practices to be used in dealing with local language and special characters used in some SEPA countries.

2.2. Non-euro denominated accounts held by SCT/ SCT Inst scheme participants

Section 2.4 of the SCT and the SCT Inst rulebooks specify that all SCT/ SCT Inst transactions are in euro in all process stages. The accounts of the Originator and of the Beneficiary may be denominated in euro or any other currency.

Subject to the Terms and Conditions of the Originator Bank or of the Beneficiary Bank, payment service users can use non-euro denominated accounts for SCT and SCT Inst transactions. This means an SCT scheme participant may only reject or return SCT transactions or an SCT Inst scheme participant may only reject SCT Inst transactions if the selected account is not designated to send or to receive SCT or SCT Inst payments.



In case of SCT/ SCT Inst r-transactions, the transferred amount will be the original euro amount of the initial SCT/ SCT Inst instruction (except for Recall, see section 2.4).

2.3. Mandatory Customer-to-Bank Implementation Guidelines

As of the version 1.0 of the 2017 SCT and SCT Inst rulebooks, the SCT/ SCT Inst scheme participant is obliged to accept at least but not exclusively Customer-to-Bank (C2B) SEPA payment message files based on the EPC's C2B SEPA scheme Implementation Guidelines defined for the SCT and SCT Inst schemes.

Originator Banks would still be free to agree with their Originators to use any other ISO 20022 XML payment message format to submit their C2B SEPA payment message files to their PSPs.

This means that Originators still have the choice either to continue using their accepted C2B file set-up or to opt for the C2B file based on EPC specifications. On the other hand, the SCT/ SCT Inst scheme participants will have to be technically capable of supporting the EPC C2B SEPA payment file specifications.

However, there are SCT/ SCT Inst scheme participants in the role of Originator Bank that do not offer the service of electronic bulk files of SCT/ SCT Inst instructions to their Originators. An example are consumer-only oriented scheme participants.

Customers of such SCT/ SCT Inst scheme participants only transmit SCT/ SCT Inst instructions by entering the instructions one by one directly in the online banking portals. There are even scheme participants that may only accept paper-based C2B SCT/ SCT Inst instructions.

Only those SCT/ SCT Inst scheme participants that currently offer or wish to offer to their Originators the service of transmitting and processing electronic bulk files of SCT/ SCT Inst instructions, have the obligation to accept C2B SCT/ SCT Inst instructions which are based on the credit transfer ISO 20022 XML initiation message standards in the SCT/ SCT Inst C2B Implementation Guidelines.

2.4. Liability for a potential currency loss in case of a Recall for a SCT/ SCT Inst transaction which was subject to a currency conversion at the Beneficiary Bank

A Recall is always initiated by the Originator Bank, possibly on behalf of the Originator. Neither the Beneficiary nor the Beneficiary Bank has any influence on it. As a consequence, they should not bear any loss related to it.

The positive response of the Beneficiary Bank to a Recall request is a ISO Payment Return message with a specific return reason "following cancellation request" (FOCR). The SCT and SCT Inst schemes allow for the Beneficiary Bank to charge a fee for such a positive response. This fee is clearly identified in the ISO Payment Return message, which also contains the amount of the original SCT/ SCT Inst transaction and the actual returned amount. Currency conversion losses may be included in the Recall fee that may be charged by the Beneficiary Bank.

In exceptional cases, currency conversion loss can be settled outside the Recall procedure by rejecting the Recall request and settling the issue in a bilateral way.



2.5. Auto-conversion practices: can an SCT/ SCT Inst transaction be converted into a non-euro currency before reaching the Beneficiary Bank?

Reference is made to Section 2.4 of the SCT and the SCT Inst rulebooks which states that “all transactions are in euro in all process stages”. In other words, the amount of the transaction must remain unchanged and expressed in euro until it reaches the Beneficiary Bank. This also means that currency conversion of an SCT/ SCT Inst transaction to be credited to a non-euro account can only be carried out by the Beneficiary Bank, and currency conversion of an SCT/ SCT Inst transaction to be debited from a non-euro account can only be carried out by the Originator Bank.

2.6. Clarification on specific attributes to identify counterparties in SCT/ SCT Inst transactions

The SCT and the SCT Inst rulebooks foresee the following attributes to identify counterparties in SCT/ SCT Inst transactions:

- AT-09 The identification code of the Originator Reference Party
- AT-10 The Originator identification code
- AT-24 The Beneficiary identification code
- AT-29 The identification code of the Beneficiary Reference Party

These attributes refer to elements of the ISO 20022 XML message standard to transfer information or codes. The codes inserted in each of these attributes allow a unique and unambiguous way of identifying an organisation or an individual. This can be useful for the automated and straight-through-processing identification of the counterparties involved in the SCT transaction.

Codes that can be used in these attributes are the Fiscal Code, the VAT Code, the Enterprise Registration Number, the Business Identity Code, the Organization Code, the Trade Register Number, the Business Register Number, the National Tax ID, the Customer Code (for AT-09 and AT-10 only) and the Supplier Code (for AT-24 and AT-29 only).