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SUMMARY

5th MEETING – Scheme End-User Forum (SEUF) (Meeting held on 13 October 2017: 11:00 - 12:30)

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

(Approved by the SEUF)

1. Welcome and approval of the agenda (SEUF 003-17; EPC194-17)

The EPC co-Chair welcomed the participants to the first SEUF meeting under its new composition. Next, the members were invited to introduce themselves (see Annex I for the list of attendees).

The agenda was approved unchanged and will be published on the EPC website.

2. Notification of the SEUF Terms of Reference (ToR) and the Scheme Management Internal Rules (SMIRs) (EPC091-17; EPC192-17; Pres EPC004-17)

The Scheme Management Board (SMB) is responsible, under the delegated authority granted by the EPC Board, for performing the functions of management and evolution of the EPC SEPA schemes.

Under Module 1, the EPC has established two formal stakeholder fora, i.e. the SEUF representing scheme end-users and the EPC Scheme Technical Forum (ESTF), which is made up of representatives of technical players who provide services facilitating the processing of transactions under the SEPA schemes. Through these two fora, the stakeholders are informed about the maintenance and the further evolution of the existing EPC SEPA scheme rulebooks.

The EPC Director General emphasised that these fora are a formal feedback channel via which the stakeholders can raise or address issues and make recommendations to the SMB concerning the EPC scheme rulebooks.

The ToR of the SEUF, the EPC organisation chart and an extract from the EPC SMIRs describing the EPC stakeholder fora had been provided to the SEUF members prior to the meeting.

3. SEUF role in the change management process (EPC207-14; SMIRs work flow)

A detailed work flow had been provided to the SEUF prior to meeting which provides an overview of the different phases the EPC undertakes from the moment it receives change requests from any stakeholder until the moment the EPC publishes a new version of the EPC scheme rulebooks.



Individual SEUF members in their capacity of an organisation representative but also the SEUF as a forum as such can submit SEPA scheme rulebook change requests to the EPC.

The SEUF will be given the opportunity to discuss in detail the received change requests and related Scheme Evolution and Maintenance Working Group (SEMWG) recommendations, during a physical meeting prior to the start of the 90-day public consultation.

Once the public consultation is finished, the SEMWG will consolidate all comments received and will formulate change proposals. Subsequently, during a physical meeting, the SEUF and the ESTF will be invited to share their formal position on each change request. As a next step, the SMB will assess the positions from the SEMWG, the SEUF and the ESTF in order to determine which change requests will be included in the new version of the concerned EPC scheme rulebook.

4. Election of SEUF co-Chair representing the European associations of users of the SCT, SCT Inst and SDD Schemes

The ToR of the SEUF foresee a co-Chairing model with the SEMWG Chair taking up the role as EPC co-Chair, and a second co-Chair to be elected by and amongst the other SEUF members representing the end-users.

SEUF members had been invited to submit their candidacy for the role of second co-Chair by e-mail to SEUF@epc-cep.eu or at the latest at the start of the 13 October 2017 meeting. No candidacies had been received and in view of the low number of attendants it was agreed to postpone the election of the co-Chair representing the end-users until the next meeting in March 2018.

5. EPC document classification rules applicable to EPC stakeholder groups (EPC069-16 v0.2)

The SEUF took note of the following EPC document classification rules:

Classification	Labelling	Distribution	Access
Public	Labelling on first page of document.	<ul style="list-style-type: none">▪ Distribution to the general public.▪ Document can be made available on the EPC website.	No restrictions apply.
Internal Use (Including Designated External)	Labelling on first page of document.	Distribution to the members of the group.	"Role-based" access: these documents are restricted to the members of the group (including their constituencies, as applicable) and can only be disclosed externally with the EPC Director General's permission.
Confidential	Labelling on every page of document.	Distribution to the members of the group.	"Role-based" access: these documents are restricted to the members of the group and can only be disclosed to their constituencies or externally with the EPC Director General's permission.



Most EPC documents shared with the SEUF will be “internal use” documents. The SEUF meeting agendas and the approved meeting minutes are however published on the EPC website for transparency reasons and are hence to be labelled as “public”.

6. Code of Conduct – Competition Law (EPC 212-14)

The EPC Code of Conduct - Competition Law aims at preventing (potential) competition law issues in the context of EPC meetings and to specify the process to be followed to address potential competition law issues. SEUF members were invited to carefully read this document.

Any further questions related to this document can be addressed to the EPC legal counsel (legalcounsel@epc-cep.eu).

7. SCT Inst scheme implementation status (Pres EPC045-17)

The SEMWG members had provided an update on the SCT Inst scheme implementation status in their national communities by mid-October 2017. The presented status overview Pres EPC045-17 v1.2 listed only the firmly expressed positions.

The number of declared SCT Inst scheme participants at mid-October was:

Country	# of adherents	Remarks
AT	475	51 act only as Beneficiary Bank
DE	407	405 banks reachable by 10 July 2018
EE	2	
ES	86	
IT	16	
LT	2	
LV	3	
NL	2	One PSP acts only as Beneficiary Bank
8 countries	993	

Close to 600 of the 993 SCT Inst scheme participants will be reachable as of 21 November 2017. Some payment service providers (PSPs) have adhered only on behalf of a specific SEPA branch even though the parent company itself is not yet reachable for the SCT Inst scheme. M. Battistella commented that it is currently difficult to identify which branches of a specific PSP have already adhered. This should however be a temporary issue which is related to the transitional period.

PSPs in at least four additional countries are expected to adhere to the SCT Inst scheme by the end of November 2018. Three countries indicated a national go-live date.

The percentages of these PSPs in the total national (S)CT volume range from 40 to 90 percent. The large majority of these PSPs intend to act as both Originator Bank and Beneficiary Bank. PSPs in three countries are considering a higher maximum amount per SCT Inst instruction and/ or a shorter target maximum execution time.

As for the issues and obstacles reported at this stage, four categories could be distinguished:



- Adherence: each PSP must determine if it can make a positive business case out of SCT Inst.
- Technical challenges: the SCT Inst scheme requires a different risk assessment, a new technical implementation approach and IT investments as scheme participants must ensure real-time processing and 24/7/365 system availability.
- Risk management: the PSPs consider that SCT Inst transactions can become attractive for fraud and for money laundering. PSPs must still examine how to handle transactions withheld by screening and fraud prevention systems considering the tight deadlines defined in the scheme.
- Clearing and settlement: PSPs are concerned that there will be no interoperability between all SCT Inst scheme compliant CSMs. The fear is hence that scheme participants will be forced to participate in more than one clearing solution. Further confusion on this subject was created following the expected development of Target Instant Payment Settlement (TIPS) by the Eurosystem and its launch in November 2018. Another worry is the limited TARGET2 opening hours.

With respect to the role of the EPC for the SCT Inst scheme roll-out, the PSPs expect that the EPC:

- Monitors the SCT Inst roll-out (similar to the introduction of the SCT scheme in 2007);
- Gives guidance on the minimum reachability requirements for PSPs to adhere;
- Provides continuous and transparent information about PSPs that adhere to the scheme;
- Shares experiences, recommendations and best practices from (communities of) PSPs that have already adhered to the scheme;
- Issues advice about potential operational issues and clarifications in case of different interpretations of the SCT Inst rulebook;
- Takes a steering and coordination role in case of major incidents and major frauds.

The expectation is that by the end of 2019 half of all PSPs will be reachable. It was further clarified that the register of participants is published eleven times a year on the EPC website which allows to keep track of the evolution of the number of SCT Inst participants.

M. Battistella informed that within his national community there are still a lot of questions in relation to how this will be implemented and that it would be beneficial if this status update presentation could be shared within his constituency. The EPC co-Chair informed that a shorter version of the presentation will be prepared which SEUF members will be able to share with their constituencies.

8. Formal SEUF recommendation on the extension of remittance information (IL 050-17; IL 058-17; Letter EPC106-17; Pres EPC044-17 v1.0)

During the summer of 2017, a joint letter from several European business end-user associations had been sent to the EPC asking for an extended remittance information (ERI) solution in line with the ISO 20022 standard. The European Commission was copied in this letter who had shared its views in a separate response letter.



The SEMWG believes that the concerned business users can already now use scheme participants that support the transmission of ERI through an Additional Optional Service (AOS). However, the SEMWG is willing to maintain an open dialogue with these end-users in order to come to a solution.

The SEMWG however sets as a condition that this solution would be a formal rulebook option which interested scheme participants would formally have to adhere to. The inclusion of this option in the relevant rulebook however cannot impact scheme participants that do not want to transmit or receive more than 140 characters of RI.

The concrete proposed characteristics of the ERI solution as a SCT rulebook option were presented and summarised during the SEUF meeting as follows:

- Major condition for ERI option adherence: the SCT scheme participant must support this option in the role of Originator Bank and of Beneficiary Bank;
- Originator or Originator Bank must determine upfront if the Beneficiary Bank can process ERI based on the rulebook ERI option.
- The Originator Bank can only send messages with ERI to Beneficiary Banks that have adhered to the ERI option;
- The ERI option supports only the exchange of structured ERI via ISO 20022 XML messages between the respective customers of the Originator Bank and the Beneficiary Bank;
- The exchange of structured ERI done via other message formats, via other channels not supporting ISO 20022 XML messages or the exchange of unstructured ERI are not within the scope of the SCT rulebook ERI option;
- Still to determine how to transmit the ERI in the Interbank area.

The SEUF did not have objections in relation to the proposed ERI solution. The SEMWG will hence continue its work as there are still several topics for which the SEMWG needs to make a recommendation including on:

- whether the ERI should be included in the payment message itself or whether a separate remittance advice (remt) message could be used. M. Battistella was of the view that decoupling could lead to problems.
- The number of recurrences. (According to M. Battistella 999 recurrences would suffice).

In relation to the Finnish AOS, M. Battistella commented that in case a Beneficiary Bank supports this AOS it will receive both the Structured and unstructured RI. The EPC co-Chair will check this with the Finnish representative of the SEMWG.

It was furthermore clarified that the list of PSPs adhering to this option would be published on the EPC website.

9. Status update on the extension of the SEPA character set

The SEUF was informed that the SEMWG had come to the conclusion that there would be no need to extend the SEPA character set. As a result, the EPC will not develop a change request on this topic for the 2018 rulebook change management cycle.

M. Battistella commented that "@" can however be found in the name of several counterparties.



10. Status update on the ISO 20022 version used for the SCT and SDD payment messages

The SEUF was informed that the SEMWG had decided not to recommend a migration to a newer ISO version for implementation in 2019. The justification being that an ISO version change-over must clearly resolve specific business needs from scheme participants and end-users. In absence of such clear business needs, it would be very difficult to convince the scheme participants and end-users to adopt a new ISO version.

The EPC co-Chair reported that certain messages to be used for the new processes covered in the 2017 SEPA Credit Transfer (SCT) rulebook (e.g. SCT Inquiry, Request for a Status Update for a Request for a Recall by the Originator) will however be based on newer ISO versions.

This topic will be revisited as part of the next scheme change maintenance cycle.

11. Publication of an updated version of all 2017 EPC rulebooks (linked to a regulatory change)

The September 2017 SMB meeting approved regulatory change requests for all four 2017 scheme rulebooks and the SMIRs. These changes resulted from the Eurosystem's oversight assessment exercise on the SEPA Direct Debit (SDD) Core scheme and have no operational impact.

The updated rulebooks will be published on 18 October 2017 on the EPC website.

12. 2017 SCT rulebook: delay of entry into force of SCT inquiry processes (SEUF 004-17)

The SEUF was informed about the SMB decision to delay the effectiveness date for the SCT inquiry processes from 18 November 2018 to 17 November 2019. This to ensure ample implementation time and taking into account that the official ISO messages related to the SCT inquiry process will only be published around April or May 2018.

13. 2017 SCT /SCT Inst rulebook implementation guidelines – use of different ISO 20022 versions

In November 2017, the EPC will publish the following updated implementation guidelines (IGs), subject to approval from the SMB:

- An updated version of the Interbank IGs related to the 2017 SCT and SCT Inst rulebooks to be published in the first half of November 2017 covering the "Request for Recall by the Originator" (RRO) procedure.
- A new version of the Interbank IGs related to the 2017 SCT rulebook is expected to be published at the end of November 2017 covering the "candidate" ISO 20022 messages for the SCT inquiry processes (i.e. Claim Non-Receipt, Claim for Value Date Correction and Request for Status update) – subject to the availability of the 'candidate' ISO messages.

The EPC submitted change requests to ISO to update existing ISO 20022 messages to be in line with the 2017 SCT rulebook specifications in relation to the new inquiry process. As a result, these inquiry (and related response) messages will only be available in the latest version of ISO 20022 (i.e. not in the 2009 version). The consequence is that the SCT scheme participants will have to deal with two different versions of ISO messages: the 2009 version for Customer-to-Bank (C2B) and interbank



payment messages and the latest version for the messages for SCT inquiries and related responses.

M. Battistella commented that it would be beneficial to also include messages related to the Request for Recall by Originator (RRO) process in the C2B IGs.

14. SDD schemes: continued use of the sequence types FRST and LAST

The SEMWG initially considered removing the optional sequence types 'FRST' and 'LAST' in the SDD rulebooks. However, following analysing the statistics from the SEPA-scheme compliant CSMs the SEMWG learned that these sequence types are used broadly and hence concluded that they should not be removed in view of their added-value in the business processes of the Creditor and/or the Debtor.

15. 2018 scheme change management cycle: concrete change requests from the SEUF or individual SEUF members

The SEUF was reminded that change requests to the EPC rulebooks should be sent to change-request.EPC-scheme@epc-cep.eu by 31 December 2017 at the latest. The deadline will be strictly enforced.

M. Battistella commented that it could be worthwhile to also develop IGs for the B2C space. The EPC co-Chair however commented that one of the reasons the EPC was unable to develop B2C IGs is related to the fact that the use of the B2C cash management (camt) messages is not limited to SEPA transactions. As an alternative, the EPC decided at the time to publish mapping recommendations (EPC188-09) instead of IGs.

16. Proposed 2018 meeting dates

The next meeting will take place on 7 March 2018 (11-16). The August 2018 meeting date will be confirmed via email.

All SEUF meetings will be held at the EPC offices in Brussels.

Note in editing: The second SEUF meeting in 2018 will take place on 23 August 2018.

17. AOB

No other business topics were discussed.

18. Closure of the meeting

The EPC co-Chair closed the meeting around 12.30 CET and thanked the participants for the constructive meeting



ANNEX I: List of attendees of the 5th meeting on 13 October 2017

Name	Institution	Attendance
Co-Chairs		
Jacquelin Jean-Yves (SEMWG Chair)	Erste Bank (Austria) – Representing the EPC	Yes
N/A	Co-Chair representing the end-users to be appointed	N/A
EPC Scheme Evolution and Maintenance Working Group (SEMWG)		
Begoña Blanco Sanchez	ING (Belgium)	Yes
Carsten Thaarup	Nordea (Denmark)	Yes
Jose Vicente	Millenium BCP (Portugal)	Apologies
European Associations of Users of the SCT and SDD Schemes Members		
Alexander Singewald	The Federation of European Direct and Interactive Marketing (FEDMA)	Apologies
Arnaud Crouzet	EuroCommerce	Yes (dial-in)
Erik Jensen	European Fund and Asset Management Association (EFAMA)	Apologies
George Wilson	European Association for the Coordination of Consumer Representation in Standardisation (ANEC)	Apologies
Günther Lutschinger	European Fundraising Association (EFA)	Apologies
Razvan Antemir ¹	European Multi-channel and Online Trade Association (EMOTA)	Yes
Jay Nair ²	Computer and Communications Industry Association (CCIA)	Yes (dial-in)
Massimo Battistella	European Association of Corporate Treasurers (EACT)	Yes
Observers		
Roxanne Romme	European Commission	Apologies
EPC Secretariat		
Etienne Gosse	Director General	Yes
Christophe Godefroi	SEUF Secretariat	Yes

¹ Alternate member

² Alternate member



Annex II: Action points

Ref.	Action	Owner	Status/Target
05-01	Share shorter version of document "Pres EPC045-17" on the mid-October 2017 SCT Inst scheme implementation status with SEUF members.	EPC secretariat	15 October 2017
05-02	Check the Finnish AOS process with the Finish SEMWG representative.	J-Y. Jacquelin	In due course
05-03	Submit candidacy (if applicable) for the role of second co-Chair (representing the end-users).	SEUF Members (representing end-users)	7 March 2018
05-04	Confirm the August 2018 meeting date of the SEUF.	EPC secretariat	In due course