

**SEPA INSTANT CREDIT TRANSFER RULEBOOK
2018 CHANGE REQUEST PUBLIC CONSULTATION DOCUMENT**

COVER PAGE

The Single Euro Payments Area (SEPA) payment schemes, as set out in the SEPA Credit Transfer (SCT), the SEPA Instant Credit Transfer (SCT Inst), the SEPA Direct Debit Core (SDD Core) and the SEPA Direct Debit Business to Business (SDD B2B) rulebooks, evolve based on a transparent change management process adhered to by the European Payments Council (EPC). For details on the principles governing the EPC scheme change management process, we refer to sections 5, 6 and 7 in this document and the sources listed at the end of this page.

This SCT Inst 2018 Change Request Public Consultation Document (document EPC006-18) details change requests for possible modifications to be introduced into the next version of the SCT Inst rulebook. This public consultation document builds on change requests submitted by stakeholder representatives, banking communities and by EPC Working and Support Groups. The SCT Inst 2018 Change Request Public Consultation Document offers the analyses and recommendations of the EPC Scheme Evolution and Maintenance Working Group (SEMWG) on the way forward regarding individual change requests. A summary overview of the change requests and related recommendations by the SEMWG is provided in section 1 of this Change Request Public Consultation Document.

The EPC submits the SCT Inst 2018 Change Request Public Consultation Document for public consultation. The public consultation takes place between 13 March and 10 June 2018.

All scheme participants and stakeholders are encouraged to provide feedback on the possible changes to be introduced into the next version of the SCT Inst rulebook by completing the response template EPC010-18 and send it to change-request.EPC-scheme@epc-cep.eu by 10 June 2018 at 17h00 CET at the latest.

Proposed changes detailed in this SCT Inst 2018 Change Request Public Consultation Document, which are broadly accepted by all scheme participants and stakeholders, and that are technically and legally feasible, will be taken forward, after approval by the Scheme Management Board (the EPC decision-making body in charge of the schemes' administration and evolution). Others will not be retained. The updated version of the SCT Inst rulebook will be published in November 2018 for implementation in November 2019. In accordance with industry best practice, payment service providers and their suppliers have a one-year lead time to address rulebook updates prior to such updates taking effect.

More information about the maintenance and the evolution of the SCT Inst scheme is available in Chapter 4 of the [Scheme Management Internal Rules \(The Internal Rules\)](#) being a binding Annex to the current applicable SCT Inst rulebook.

It should be noted that the EPC is under the legal obligation to ensure compliance of the SCT Inst rulebook with existing EU legislations or to any new EU legislation impacting the SCT Inst rulebook.



Therefore, the EPC reserves the right to make necessary changes to the SCT Inst rulebook at all times in order to ensure that the SCT Inst rulebook does comply with changes to existing EU legislation or with the entry into force of any new EU legislation.

Please refer to Annex 1 for the original detailed change requests. This document contains only a summary of each individual change request.



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1. EXECUTIVE SUMMARY: MAJOR CHANGE REQUESTS TO THE SCT INST RULEBOOK

1.1. EPC Approach

The principles governing the evolution of the Single Euro Payments Area (SEPA) payment schemes as set out in the SEPA Credit Transfer (SCT) and SEPA Direct Debit (SDD) rulebooks are detailed in the 'SEPA Scheme Management Internal Rules' (the Internal Rules). These Internal Rules are available for download on the European Payments Council ([EPC Website](#)). Sections 5, 6 and 7 in this SCT Inst 2018 Change Request Public Consultation Document detail the application of the Internal Rules in the EPC scheme change management process.

The Internal Rules make a difference between so called major and minor changes to the EPC rulebooks. A major change is a change that affects or proposes to alter the substance of the rulebooks and the schemes. Any change to chapters 5 and 6 of the rulebooks are always considered a major change. A minor change is a change of an uncontroversial and usually technical nature that facilitates the comprehension and use of the rulebooks.

This executive summary of the SCT Inst Change Request 2018 Public Consultation Document highlights change requests for major changes to the SCT Inst rulebook received in this scheme change management cycle. Change requests for minor changes to the SCT Inst rulebook are set out in section 4 of this Change Request Public Consultation Document. All change requests to the SCT Inst rulebook are submitted for public consultation between 13 March and 10 June 2018. Information on how to share feedback with the EPC is included on the cover page of this Change Request Public Consultation Document.

The EPC received **15** change requests for major changes to be introduced into the SCT Inst rulebook. The change requests submitted to the EPC are included in Annex 1 to this document.

A first change request is to clarify which SCT Inst scheme participants must support the mandatory Customer-to-Bank (C2B) Implementation Guidelines (IGs) of the SCT Inst rulebook.

Several change requests have been submitted to the existing Recall and the Request for Recall by the Originator (RFRO) procedures:

- Concrete changes to resolve several issues with respect to both procedures and to harmonize as best as possible the description between these two procedures;
- Foresee the possibility for a Request for Status Update for the Originator Bank in the Recall process. This feature is already included in the RFRO process.
- Extension of the response deadline for the Beneficiary Bank to a RFRO to 15 banking business days. With this change request submitted, the SEMWG itself proposes to apply this change request as well to the Recall procedure.
- Possibility for the Originator to request Beneficiary details following a negative answer to a RFRO.

Furthermore, new elements are put forward for the SCT Inst processing:

- Give the SCT Inst scheme participants as third rulebook option to agree upon a shorter hard time-out deadline;



- Options on how to handle hits due to Anti-Money Laundering, Embargo and Counter Terrorist Financing;
- An automated Repayment service to enable the Beneficiary to promptly reimburse the Originator, either in full or in part. Only the Beneficiary would be able to initiate such repayment transaction.
- Use of a labelled -Duplicate- SCT Inst transaction message in case the Originator Bank has not received a confirmation message;
- The stipulation that the Originator Bank must receive within 2 hours after the time stamp of the SCT Inst transaction, a response to its SCT Inst transaction status investigation;
- Inclusion of a SCT Inst Return procedure for the Beneficiary Bank;
- Use of aliases for Originators when they want to make SCT Inst instructions.

Another change request proposes clarifications on the concrete point in time where an SCT Inst instruction turns into an SCT Inst transaction, and that the current maximum amount applies to both SCT Inst instructions and SCT Inst transactions. Only the SCT Inst scheme participants formally must apply the maximum amount check on SCT Inst instructions and SCT Inst transactions;

A further contribution is that an SCT Inst instruction containing an IBAN but not the related BIC, can be transmitted even if one of the two SCT Inst scheme participants covered by that SCT Inst instruction is based in a non-EEA SEPA country.

Finally, the SCT Inst rulebook (or alternatively the EPC Guide for Adherence to the SCT, the SCT Inst and the SDD schemes (EPC012-17 v.1.0)) should provide more clarity about the adherence conditions for payment service providers to this optional scheme. The rulebook does not clearly define whether the adherence to the SCT scheme is a precondition for the adherence to the SCT Inst scheme.

All change requests to the SCT Inst rulebook received were reviewed by the EPC Scheme Evolution and Maintenance Working Group (SEMWG). These change requests include the recommendation of the SEMWG regarding each of these change requests. Each recommendation reflects one of the options detailed in items a) through f) below:

- a) The change request is **already provided for** in the scheme: no action is necessary for the EPC.
- b) The change request **should be incorporated into the scheme**: the change request would become part of the scheme and the rulebook would be amended accordingly.
- c) The change request **should be included in the scheme** as an **optional feature**:
 - The new feature is optional and the rulebook would be amended accordingly;
 - Each scheme participant¹ may decide to offer the feature to its customers, or not.
- d) The change request **is not considered fit for SEPA wide use** and could be **handled as an additional optional service (AOS)** by interested communities:
 - The proposed new feature would not be included in the rulebook or in the implementation guidelines released by the EPC with regard to the rulebooks;

¹ A scheme participant is a payment service provider which has formally adhered to an EPC SEPA scheme.



- The development of AOS is out of scope of the EPC. The EPC does however publish declared AOS arrangements on its website for information;
 - The EPC may consider the inclusion of AOS arrangements, if supported by enough communities, in a future version of the rulebook.
- e) The change request **cannot be part** of the existing scheme for one of the following reasons:
- It is technically impossible;
 - It is not feasible (explained on a case by case basis);
 - It is out of scope of the EPC;
 - It does not comply with the SEPA Regulation² or any other relevant EU legislation.
- f) The change request may be considered for the development of a **new scheme**:
- The change request reflects major changes which cannot be integrated into an existing scheme;
 - To develop the change request further, i.e. to develop a new scheme, the following requirements must be met:
 - The benefits of the new scheme for payment end users are demonstrated prior to the launch of the development phase;
 - It is demonstrated that enough stakeholders will make use of the new scheme;
 - A cost-benefit analysis is provided;
 - It complies with the SEPA Regulation or any other relevant Regulation.

1.2. Overview of Change Requests and Proposed Way Forward for Consideration by Respondents to the Public Consultation

The below table lists all the received change requests which are submitted for public consultation. The SEMWG has issued a recommendation on the way forward about each change request. The reasons underlying each recommendation are detailed in section 2. The final decision whether a change request will be incorporated into the rulebook is however subject to the outcome of the public consultation.

The contributors to this public consultation are requested to indicate whether they agree with the recommendation of the SEMWG on the way forward.

In case the contributors do not agree with the SEMWG recommendation, they are requested to indicate in the comments section of the response template EPC010-18 their preferred way forward (e.g., support of the original change request, selecting another option).

Furthermore, any additional comments are welcome in the comments section.

² Regulation (EU) No 260/2012 establishing technical and business requirements for credit transfers and direct debits in euro and amending Regulation (EC) No 924/2009



Change Request item	Topic	Contributor	Recommendation of the SEMWG on the proposed way forward. The final decision is subject to the outcome of the public consultation.
1	Rulebook clarification to Mandatory Customer-to-Bank (C2B) Implementation Guidelines (IGs)	EPC SEMWG	Should be incorporated into the scheme - option b
2	Changes to the Recall procedure	EPC SEMWG	Should be incorporated into the scheme - option b
3	Changes to the 'Request for Recall by the Originator' (RFRO) procedure	EPC SEMWG	Should be incorporated into the scheme - option b
5	Extra SCT Inst option on the hard time-out deadline	EPC SEMWG	Should be incorporated into the scheme - option b
6	Rewording in section 2.5 on value limits (SCT Inst Instruction vs SCT Inst Transaction)	EPC SEMWG	Should be incorporated into the scheme - option b
13	Resolution of SCT Inst investigations within 2 hours after Time Stamp	Deutsche Bank	Cannot be part of the existing scheme – option e
14	Use of labelled -Duplicate-SCT Inst Transaction message in case of no confirmation message for the initial SCT Inst Transaction	Deutsche Bank	Cannot be part of the existing scheme – option e
17	Addition of a Repayment service	EuroCommerce	Should be incorporated into the scheme - option b
20	Extension response deadline for Beneficiary Banks to a Request for Recall by the Originator (RFRO)	Dutch Payments Association	Should be incorporated into the scheme - option b
21	Possibility for the Originator to request Beneficiary details following a negative answer to a Request for Recall by the Originator	Dutch Payments Association	Cannot be part of the existing scheme – option e
22	Procedure for handling hits due to CTF, Embargo and AML	Dutch Payments Association	Cannot be part of the existing scheme – option e



Change Request item	Topic	Contributor	Recommendation of the SEMWG on the proposed way forward. The final decision is subject to the outcome of the public consultation.
25	SEPA transaction processing based on IBAN-Only also for non-EEA SEPA countries	Payment Committee Switzerland	Should be incorporated into the scheme - option b
26	Inclusion of SCT Inst Return procedure	Deutsche Bank	Cannot be part of the existing scheme – option e
33	Clarifications on adherence conditions to the optional EPC schemes	equensWorldline	Cannot be part of the existing scheme – option e
34	Use of aliases when making SCT Inst Instructions	Citibank	Cannot be part of the existing scheme – option e

1.3. Overview of Changes to Align the Next Version of the SCT Inst Rulebook with any Existing EU Legislation and with the Entry into Force of New EU Legislation

The contributors to this public consultation are welcome to comment on these changes.

Ref.	Topic	Contributor	Way forward
At this point in time, no items have been identified that require a change to the SCT Inst rulebook due to any EU legislation.			



2. DETAILED ANALYSIS OF MAJOR CHANGE REQUESTS TO THE SCT INST RULEBOOK

2.1. # 1: Rulebook clarification to Mandatory Customer-to-Bank (C2B) Implementation Guidelines (IGs)

2.1.1. Description

This change request was made by the SEMWG.

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

However, there are scheme participants in the role of Originator Bank or Creditor Bank that do not offer at all the service of accepting and processing ISO 20022 XML message– based electronic bulk files of SCT instructions/ SDD collections for their Originators and Creditors.

An example is consumer-only oriented SCT participants or SDD scheme participants handling small volumes of SDD collections. The concerned consumers and professionals enter the SCT instructions and SDD collections respectively directly in the online banking portals of these scheme participants.

The SEMWG believes these EPC scheme participants should not be obliged to invest in tools to handle ISO 20022 XML message– based electronic C2B bulk payment files if none of their customers will ever use such method of transmitting SCT instructions/ SDD collections.

The change request proposes rewording in some very specific rulebook sections to reflect this reality. It clarifies which Originator Banks and Creditor Banks must comply with the mandatory C2B IGs of the respective EPC schemes.

2.1.2. SEMWG analysis and recommendation

The SEMWG suggests incorporating the change request into the scheme (**option b**) entering into effect as of **November 2019**.

2.1.3. Rulebook impact

If this change request is supported, this will impact the rulebook and the C2B implementation guidelines.



2.2. # 2: Changes to the Recall procedure

2.2.1. Description

This change request was made by the SEMWG.

It highlights several issues which have been reported with respect to the SCT Recall procedure. Where applicable, these issues may also occur for Recalls made under the SCT Inst scheme.

It proposes concrete changes in both SCT rulebooks to resolve such issues and to harmonize as best as possible the Recall process description in both SCT rulebooks.

It further suggests including the possibility for a Request for Status Update in the Recall process of both SCT rulebooks. The feature is already included in the 'Request for a Recall by the Originator' (RFRO) process of both SCT rulebooks. It will be of further assistance to the Originator Bank to the benefit of the Originator in the exceptional case the Originator Bank has not received any response from the Beneficiary Bank after the Recall response deadline defined in both SCT rulebooks.

2.2.2. SEMWG analysis and recommendation

The SEMWG suggests incorporating the change request into the scheme (**option b**) entering into effect as of **November 2019**.

2.2.3. Rulebook impact

If this change request is supported, this will impact the rulebook and the interbank implementation guidelines.



2.3. # 3: Changes to the 'Request for Recall by the Originator' (RFRO) procedure

2.3.1. Description

This change request was made by the SEMWG.

In analogy with the change request item # 02, the SEMWG reviewed the 'Request for Recall by the Originator' (RFRO) procedure considering that the following issues may occur (note: the RFRO procedure becomes effective as of November 2018 only under both SCT schemes):

- The Beneficiary Bank does not respond to the RFRO request from the Originator Bank within the deadline defined in the SCT rulebooks because the Beneficiary Bank may have contacted the Beneficiary but did not receive a reply from the Beneficiary.
- The Beneficiary Bank may not reply with the appropriate positive message (pacs.004) but with a "ordinary" transfer message (pacs.008) which can cause reconciliation problems on the side of the Originator Bank

The SEMWG proposes concrete changes in both SCT rulebooks to prevent such issues and to harmonize as best as possible the RFRO process description in both SCT rulebooks.

Another change is to adapt the 'Remarks' section of the DS-07 'Request for Recall by the Originator Dataset' (SCT rulebook) and the DS-08 'Request for Recall by the Originator Dataset' (SCT Inst rulebook).

The final part of the change request is to extend the list of reasons for non-acceptance of the Request for Recall by the Originator compared to the list of reasons possible under the standard Recall procedure.

2.3.2. SEMWG analysis and recommendation

The SEMWG suggests incorporating the change request into the scheme (**option b**) entering into effect as of **November 2019**.

2.3.3. Rulebook impact

If this change request is supported, this will impact the rulebook and the interbank implementation guidelines.



2.4. # 5: Extra SCT Inst option on hard time-out deadline

2.4.1. Description

This change request was made by the SEMWG.

The 2017 SCT Inst rulebook version 1.1 foresees the following options:

- Use of a higher maximum amount per SCT Inst instruction than the default 15.000,00 EUR;
- Use of a shorter target maximum execution time than the default 10 seconds.

The suggestion is to include a third option for SCT Inst scheme participants to apply on a bilateral or on a multilateral basis a **hard time-out deadline** of less than the default 20 seconds.

As the current applicable SCT Inst rulebook already allows the specific option for a shorter target maximum execution time, SCT Inst scheme participants interested in this specific option will most likely want to combine it with a shorter hard time-out deadline.

2.4.2. SEMWG analysis and recommendation

The SEMWG suggests incorporating the change request into the scheme (**option b**) entering into effect as of **November 2019**.

2.4.3. Rulebook impact

If this change request is supported, this will only impact the rulebook.



2.5. # 6: Rewording in section 2.5 on value limits (SCT Inst Instruction vs SCT Inst Transaction)

2.5.1. Description

This change request was made by the SEMWG.

The suggestion is to better specify the concrete point in time where an SCT Inst Instruction turns into an SCT Inst Transaction, and that the current maximum amount applies to both SCT Inst Instructions and SCT Inst Transactions.

The rulebook would also stipulate that only the SCT Inst scheme participants are formally expected to apply the maximum amount check on SCT Inst Instructions and on SCT Inst Transactions.

2.5.2. SEMWG analysis and recommendation

The SEMWG suggests incorporating the change request into the scheme (**option b**) entering into effect as of **November 2019**.

2.5.3. Rulebook impact

If this change request is supported, this will only impact the rulebook.



2.6. # 13: Resolution of SCT Inst investigations within 2 hours after Time Stamp

2.6.1. Description

This change request was made by Deutsche Bank.

The contributor suggests obliging the Originator Bank and the Beneficiary Bank to solve SCT Inst inquiries within 2 hours after the time stamp of the original SCT Inst transaction. This time is to be split as follows:

- Any SCT Inst scheme participant who must initiate an inquiry will have to do so within 1 hour after the time stamp;
- Any SCT Inst scheme participant receiving an inquiry message on an SCT Inst transaction will have to respond within one hour after receipt of that inquiry message.

The contributor points out that such resolution timeline is of relevance in case of an Embargo Filtering hit and where additional information is required from the Originator Bank prior to making the funds available to the Beneficiary.

This obligation would ensure that the funds will be made available in case of Embargo Filtering hits within 2 hours at the latest, or the initial SCT Inst transaction is rejected if the additional information from the inquiry leads to the conclusion that the SCT Inst transaction has to be rejected.

2.6.2. SEMWG analysis and recommendation

The SEMWG recommends not taking forward the change request (**option e**).

The rulebook specifies that the Originator Bank must always receive a confirmation message within the timespan defined in the rulebook. For example, in case of a regulatory hit, the Beneficiary Bank has to decide either to reject the transaction outright or to send a positive confirmation back to the Originator Bank and further conducts its regulatory investigation.

2.6.3. Rulebook impact

If this change request is supported, this will impact the rulebook and the interbank implementation guidelines.



2.7. # 14: Use of labelled -Duplicate- SCT Inst Transaction message in case of no confirmation message for the initial SCT Inst Transaction

2.7.1. Description

This change request was made by Deutsche Bank.

The contributor suggests that in case any party in the clearing chain (Originator Bank, the CSM of the Originator Bank, the CSM of the Beneficiary Bank) did not receive the positive or negative confirmation for a SCT Inst transaction from the next party in the chain within the time limits set by the scheme or by bilateral/multilateral agreement, then the party which misses the confirmation, should be enabled to send a "Duplicate Transaction", clearly marked as a duplicate of the original SCT Inst transaction.

Whoever receives this "Duplicate" and has not received the initial (original) SCT Inst transaction message should then act upon receipt of this second message as if it were the original SCT Inst transaction.

It would avoid the need for an SCT Inst transaction status investigation process, and thus facilitate the final execution and the making the funds available to the Beneficiary.

The time-out period would start anew from the point in time the duplicate SCT Inst transaction message was generated to allow subsequent action by the party, which has not received the original message.

2.7.2. SEMWG analysis and recommendation

The SEMWG recommends not taking forward the change request (**option e**).

The SCT Inst scheme applies very short timelines and foresees for the exceptional case whereby no confirmation message is received within the timespan defined in the rulebook, that the Originator Bank can already make use of the optional SCT Inst Transaction status investigation procedure (section 4.4). Therefore, the SEMWG does not see the need for the proposed "Duplicate" procedure.

2.7.3. Rulebook impact

If this change request is supported, this will impact the rulebook, the C2B and interbank implementation guidelines.



2.8. # 17: Addition of a Repayment service

2.8.1. Description

This change request was made by EuroCommerce.

Currently the SCT rulebooks define that when the Beneficiary's account has already been credited and the Beneficiary wishes to return the funds, it can only do this by initiating a new SCT (Inst) transaction.

The contributor points out that payers purchasing goods or services at merchant points of sale often change their mind, return the goods or refine their requirements post event. The contributor believes that payers should be entitled to obtain a refund through the original payment method seamlessly whilst ensuring a consistent user experience.

The contributor therefore proposes to include an automated refund service in the SCT Inst scheme to enable the Beneficiary to promptly reimburse/refund the Originator, either in full or in part. Only the Beneficiary would be able to initiate such refund transaction.

As the Beneficiary may not receive the information on the IBAN of the Originator in the bank-to-customer credit transfer data set, the refund transaction should refer to the payment reference of the initial SCT Inst transaction which the Beneficiary has received from the Beneficiary Bank. With this reference, the Beneficiary Bank can retrieve all necessary details of the initial SCT Inst transaction to reimburse the Originator.

2.8.2. SEMWG analysis and recommendation

The SEMWG suggests incorporating the change request into the scheme (**option b**).

The SEMWG proposal is to include clarifications in the IGs through new usage rules, and in the Clarification Paper of the SCT and SCT Inst rulebooks how to execute such repayment.

2.8.3. Rulebook impact

If this change request is supported, this will impact the rulebook, the C2B and interbank implementation guidelines.



2.9. # 20: Extension response deadline for Beneficiary Banks to a Request for Recall by the Originator (RFRO)

2.9.1. Description

This change request was made by the Dutch Payments Association.

The contributor suggests extending the period for Beneficiary Banks from 10 to 15 Banking Business Days after the receipt of the Request for Recall by the Originator (RFRO), for providing either a positive or negative answer to the Originator Bank.

Extending the period to respond increases the likelihood for Beneficiary Banks to receive, if needed, the proper authorization from the Beneficiaries for debiting their account in time.

This change would prevent (unnecessary) negative answers to Originator Banks caused by Beneficiaries who are not able to provide their proper authorization for debiting their account to the Beneficiary Bank in time. The quality of the outcome of the RFRO process would improve substantially.

2.9.2. SEMWG analysis and recommendation

This change would prevent unnecessary negative answers to Originator Banks caused by Beneficiaries who are not able to provide their proper authorization for debiting their account to the Beneficiary Bank in time. The quality of the outcome of the RFRO procedure would improve substantially.

To achieve as much as possible consistency between similar types of exception handling, the SEMWG recommends extending the maximum period for Beneficiary Banks to respond to a **SCT Inst Recall** procedure from 10 to 15 Banking Business Days. This measure will increase the quality of the outcome of the SCT Inst Recall procedure.

The SEMWG suggests incorporating the change request **both for SCT Inst Recall and RFRO** into the scheme (**option b**) entering into effect as of **November 2019**.

Each stakeholder taking part in the public consultation of the 2018 SCT Inst rulebook change management cycle, is invited to indicate if:

- a) It supports the change request related to the RFRO procedure
- b) It is in favour to extend the response deadline for Beneficiary Banks for a SCT Inst Recall procedure from 10 to 15 Banking Business Days

2.9.3. Rulebook impact

If this change request is supported, this will impact only the rulebook.



2.10.# 21: Possibility for the Originator to request Beneficiary details following a negative answer to a Request for Recall by the Originator

2.10.1. Description

This change request was made by the Dutch Payments Association and relates to the Request for Recall by the Originator (RFRO) procedure.

The contributor suggests expanding the possibility of appeal for the Originator if a negative answer to the Request for Recall is received from the Beneficiary Bank.

If the Beneficiary Bank is obliged to provide a negative answer, nowadays the communicated decision from the Beneficiary, regarding the concerned initial Credit Transfer, is final from the perspective of the Originator Bank as well as the Beneficiary Bank.

However, the Originator can (still) disagree with this communicated decision and might wish to contact the Beneficiary directly, to take legal action. Since the Originator has no access to the correct contact details of the Beneficiary, the Originator Bank can ask for the correct contact details (Name, Address, Place) of the Beneficiary via the Beneficiary Bank.

After this request the Beneficiary Bank can provide the Originator Bank with the requested contact details (Name, Address, Place). However, the (non-intended) Beneficiary always can submit a well-founded objection to this provision of the requested contact details (Name, Address, Place) to the Beneficiary Bank. The Beneficiary Bank will inform the Originator Bank as soon as possible about this objection.

2.10.2. SEMWG analysis and recommendation

The SEMWG recommends not taking forward the change request (**option e**). It sees national data protection obstacles in several countries to share such information about the Beneficiary.

With such national limitations in sharing personal data in mind and taking the assumption that such procedure would be based on ISO 20022 messages, the SEMWG is concerned about the uneven balance between the implementation costs of such procedure and the number of such requests filed by Originators.

Each stakeholder taking part in the public consultation of the 2018 SCT Inst rulebook change management cycle, is invited to indicate if:

- a) It supports the change request related to the RFRO procedure
- b) It is in favour to apply this change request as well to the **Recall** procedure

2.10.3. Rulebook impact

If this change request is supported, this will impact the rulebook and the C2B implementation guidelines.



2.11.# 22: Procedure for handling hits due to CTF, Embargo and AML

2.11.1. Description

This change request was made by the Dutch Payments Association.

The contributor points out that the Beneficiary Bank can be faced with the following situation:

- It has a potential hit for a CTF, Embargo or AML reason;
- It does not reject the SCT Inst transaction; and
- The immediate confirmation to the Originator and the Beneficiary is required;

The Originator would receive a confirmation that the SCT Inst Transaction is successful, but the Funds are not (directly) Made Available to the Beneficiary. The Beneficiary Bank will then investigate, outside the time window for a regular SCT Inst transaction, whether the potential hit is a true hit.

To enable the Originator Bank to inform the Originator adequately upon request, the Originator Bank must be notified of the fact that the Beneficiary Bank further investigates the SCT Inst transaction. For such notification from the Beneficiary Bank to the Originator Bank, the contributor suggests two possible solutions:

- A. Introduce the option in the SCT Inst rulebook to send a 'Pending' status as reply. This 'Pending' status informs the Originator Bank that the Beneficiary Bank has been confronted with a potential hit. Settlement of the SCT Inst transaction will be triggered by this 'Pending' status message (in line with a positive confirmation message) to allow the Beneficiary Bank to fulfil its legal obligations.

When the Beneficiary Bank has concluded the investigation, the Pending status message will be followed by a confirmation message (either positive or negative) enabling the Beneficiary Bank to inform the Originator Bank whether the Funds have been finally Made Available to the Beneficiary.

- B. Introduce the usage rule to include a Reason Code in the positive confirmation message (DS-03) from the Beneficiary Bank to the Originator Bank indicating that the Beneficiary Bank has been confronted with a potential hit. Settlement of the SCT Inst transaction will not be impacted.

In this option there will be no final formal confirmation whether the Funds are finally Made Available to the Beneficiary.

In both options, when the investigation results in a true hit, and the Funds may have to be returned to the Originator, the Beneficiary Bank will do so by a SCT Inst transaction for the same amount with reference to the original transaction.

2.11.2. SEMWG analysis and recommendation

The SEMWG recommends not taking forward the change request (**option e**).

2.11.3. Rulebook impact

If this change request is supported, this will impact the rulebook and the interbank implementation guidelines.



2.12.# 25: SEPA transaction processing based on IBAN-Only also for non-EEA SEPA countries

2.12.1. Description

This change request was made by the Payment Committee Switzerland.

The actual version of the rulebooks and implementation guidelines request that the BIC code is mandatory if a bank is located in a non-EEA SEPA country or territory.

The contributor proposes

- To allow bank customers in SEPA countries to use <<IBAN-only>> also for banks located in non-EEA SEPA countries or territories. The request is to delete the obligation that BIC is mandatory for non-EEA SEPA countries or territories in all EPC rulebooks and implementation guidelines.
- If (for any reason) it is not possible to allow bank customers in SEPA countries to use <<IBAN-only>> for all non-EEA SEPA countries or territories the change request should be interpreted to allow <<IBAN-Only>> for payments from/to Switzerland.

The change request explains in detail the arguments for dropping the EPC rulebook rule of IBAN+BIC for transactions to and from non-EEA SEPA countries.

2.12.2. SEMWG analysis and recommendation

The SEMWG suggests incorporating the change request into the scheme (**option b**).

If a SCT Inst scheme participant can support the acceptance and the processing of a SCT Inst instruction from the Originator containing an IBAN but not the related BIC, even if one of the two SCT Inst scheme participants covered by that SCT Inst instruction is based in a non-EEA SEPA country, it is allowed to do so and to communicate this service to its customers.

2.12.3. Rulebook impact

If this change request is supported, this will impact the rulebook and the C2B implementation guidelines.



2.13.# 26: Inclusion of SCT Inst Return procedure

2.13.1. Description

This change request was made by Deutsche Bank.

The contributor suggests including a Return procedure (i.e. after the settlement of an SCT Inst transaction) in the SCT Inst rulebook.

Even though such process would be used for settled SCT Inst transactions which eventually caused a CTF, Embargo or AML hit, this procedure would also be useful for other reasons.

2.13.2. SEMWG analysis and recommendation

The SEMWG recommends not taking forward the change request (**option e**).

The Beneficiary Bank must send a new SCT Inst transaction as the initial SCT transaction was successfully settled.

2.13.3. Rulebook impact

If this change request is supported, this will impact the rulebook, the C2B and interbank implementation guidelines.



2.14.# 33: Clarifications on adherence conditions to the optional EPC schemes

2.14.1. Description

This change request was made by equensWorldline.

The SCT Inst scheme is an optional scheme. Currently, PSPs are not obliged by law, national or any EU regulation to offer payments following this payment scheme. However, in the rulebook there is no clear statement whether the adherence to the SCT scheme is a precondition for the adherence to the SCT Inst scheme.

Until now, payment service providers had adhered to the “basic schemes” (SCT and SDD Core) and afterwards some had adhered optionally to the SDD B2B scheme. In the future, it is possible for some payment service providers to decide strategically to offer exclusively SCT Inst services. The payment service providers should be provided with clarity about the adherence of these schemes.

The document “Guide for Adherence to the SEPA Credit Transfer Scheme, the SEPA Instant Credit Transfer Scheme and the SEPA Direct Debit Schemes”, (EPC012-17 v.1.0) does neither provide the clarity whether a participant can offer exclusively optional SEPA schemes and not “core” schemes to the market.

Therefore, the contributor suggests that the SCT Inst rulebook must include a clear statement regarding the above-mentioned possibility. Alternatively, a reference to the Guide Adherence could help, if the clarification is made in the guide adherence instead.

2.14.2. SEMWG analysis and recommendation

The SEMWG recommends not taking forward the change request (**option e**).

There are four independent schemes and they do not have any relation or dependency to each other.

2.14.3. Rulebook impact

If this change request is supported, this will impact the rulebook and/or the EPC scheme adherence guide.



2.15.# 34: Use of aliases when making SCT Inst Instructions

2.15.1. Description

This change request was made by Citibank.

The contributor suggests introducing a dropdown feature in the SCT Inst instruction initiation channels to enable Originators to make SCT Inst instructions by just specifying an alias for the IBAN of the Beneficiary (e.g., a mobile number\email ID or any other National ID of the Beneficiary).

With this, the Originator does not need to remember and to provide each time the IBAN of the Beneficiary which effectively means faster payment submission.

2.15.2. SEMWG analysis and recommendation

The SEMWG recommends not taking forward the change request (**option e**).

The scope of the SCT Inst scheme lies pre-dominantly in the cooperative domain of the interbank space.

The range of SCT Inst instruction initiation channels and the types of aliases or shortcuts offered to Originators for these channels, is part of the commercial i.e. competitive SCT Inst service of each SCT Inst scheme participant.

2.15.3. Rulebook impact

If this change request is supported, this will impact the rulebook and the C2B implementation guidelines.



3. CHANGES PERTAINING TO THE IMPACT OF THE SEPA REGULATION OR ANY OTHER EU LEGISLATION

As the EPC is under the legal obligation to ensure compliance of the rulebooks with the SEPA Regulation or of any other EU legislation, proposed changes to the rulebooks under this section are not subject to public consultation. They are included in this document for information but the contributors to this public consultation can comment on these changes.

For this release management cycle, no changes have been deemed required at this point in time.



4. DETAILED ANALYSIS OF MINOR CHANGES TO THE SCT INST RULEBOOK

The SEMWG recommends supporting the following minor change requests:

4.1. Change Requests

Section	Description	Reason for change	Type of Change
Entire rulebook	Replace the terms "Originator Bank" and "Beneficiary Bank" into "Originator PSP" and "Beneficiary PSP" throughout the entire rulebook	Participation to the EPC schemes is not limited to banks only. The term Payment Services Provider (PSP) covers a wider range of actors.	CHAN
Section 0.1	The reference [12] should now refer to the document EPC012-17	Instead of a scheme adherence guide per scheme, a single adherence guide for all EPC schemes has been published	CLAR
Section 2.6	Add as 2 nd paragraph: Reachability is a major assumption on which the Scheme is based and is therefore a key success factor for the Scheme.	To ensure alignment with the wording in the SCT rulebook.	CLAR
Section 4.4	Replace the term "SCT Inst status inquiry message" into "SCT Inst Transaction status investigation message"	To use one and the same term for this SCT Inst process	CHAN



5. PRINCIPLES GOVERNING THE CHANGE MANAGEMENT CYCLE

5.1. Change Request Public Consultation Document

This Change Request Public Consultation Document is submitted by the SEMWG in accordance with the procedures set out in the Internal Rules in respect of changes to the SCT Inst rulebook.

5.2. Structure of the Change Request Public Consultation Document

Sections 2, 3 and 4 describe the changes to the SCT Inst rulebook which are proposed in this Change Request Public Consultation Document.

These change requests fall into three categories:

- Section 2 covers innovative change requests to technical operations in chapters 3 and 4 of the rulebook and other significant non-technical changes which fall within the definition of major changes;
- Section 3 covers change requests to align the SCT Inst rulebook with the SEPA Regulation and any other EU legislation;
- Section 4 proposes changes to correct typing errors and provide additional clarification to the SCT Inst rulebook. These changes consist of minor changes to the SCT Inst rulebook which are uncontroversial in nature and do not affect technical operations.

Annex 1 contains all received original change requests for the 2018 SCT Inst rulebook change management cycle.



6. CHANGE MANAGEMENT CYCLE IN RESPECT OF MAJOR CHANGE REQUESTS

6.1. Consideration of Change Requests

In accordance with chapter 4.1.4 of the Internal Rules, a number of change requests with respect to the rulebooks have been submitted for consideration to the SEMWG. 15 of these are applicable to the SCT Inst scheme.

Following consideration of these change requests as required under chapter 4.1.6 of the Internal Rules, the SEMWG has determined: (a) that the change requests set out in section 2 and 3 meet the criteria for acceptance into the 2018 SCT Inst rulebook change management cycle; and (b) that the change requests set out in section 4 constitute minor change requests invoking the procedures set out in Chapter 4.3 of the Internal Rules.

6.2. Change Request Public Consultation Document

The SEMWG is responsible for the preparation and development of a Change Request Public Consultation Document in respect of the major change requests referred to in section 2 above, and guiding the change requests through the rulebook change management cycle.

The SEMWG has therefore formulated this Change Request Public Consultation Document under chapter 4.2 of the Internal Rules. This Change Request Public Consultation Document analyses the major changes which have been proposed, and contains in Annex 1 the original change requests.

6.3. SEMWG Recommendations

The SEMWG is required under chapter 4.2.1 of the Internal Rules to issue a recommendation on the way forward with regard to each change request; the reasons underlying each recommendation are detailed in section 2. The final decision whether a change request will be incorporated into the SCT Inst rulebook is however subject to the outcome of the public consultation.

The contributors to this public consultation are requested to indicate whether they agree with the recommendation of the SEMWG on the way forward. In case the contributors do not agree with the SEMWG recommendation, they are requested to indicate their preferred way forward.

6.4. Public Consultation on the Change Requests

The EPC encourages all SEPA stakeholders to provide feedback during the public consultation. PSP communities are asked to consult all their members who are involved in the SCT Inst scheme to ensure that the views of the payment services constituency are considered in the public consultation process. The SEMWG encourages the PSP communities to consult as wide a range of stakeholders as possible, including participants, end users and service suppliers. All stakeholders should provide feedback to the EPC on the Change Request Public Consultation Document by **10 June 2018 at 17h00 CET at the latest**.

6.5. Next Steps

Considering the comments received during the public consultation, the SEMWG will produce a Change Proposal Submission Document to the EPC Scheme Management Board (SMB) for decision-making purposes in accordance with section 4.2.5 of the Internal Rules, and to the EPC Stakeholder Forums (see section 4.4 of the Internal Rules), i.e. the Scheme End-User Forum (SEUF) and the EPC Scheme Technical Forum (ESTF), for their respective positions on the SEMWG Change Proposals.



Approved change requests will be incorporated into the version 1.0 of the 2019 SCT Inst rulebook and published in November 2018 with the intention that they become effective in November 2019.

6.6. Further Information

The above is a summary of the change management process. If you would like further information please refer to the Internal Rules or contact the EPC Secretariat.



7. CHANGE MANAGEMENT CYCLE IN RESPECT OF MINOR CHANGE REQUESTS

7.1. Publication of List of Minor Change Requests

The SEMWG has identified certain minor change requests which they consider necessary for the SCT Inst rulebook.

The SEMWG is required under the Internal Rules to publish a list of minor change requests on the EPC website and to ensure that the list may be viewed by all stakeholders. This obligation shall be met by the publication of this Change Request Public Consultation Document, and in particular through the provision of section 4 noting certain change requests as 'minor'.

7.2. Comments on the Minor Change Requests

All stakeholders may submit comments on the list of minor change requests in this Change Request Public Consultation Document.

7.3. Submission of the List of Minor Change Requests to the SMB

The list of minor change requests shall be submitted to the SMB via the Change Proposal Submission Document in accordance with section 4.2.5 of the Internal Rules.



ANNEX 1 - ORIGINAL CHANGE REQUESTS

[X] Public – [] Internal Use – [] Confidential – [] Strictest Confidence

Distribution: Publicly available

TEMPLATE

for proposing a change request in a SEPA Payment Scheme

Responses by e-mail to: change-request.EPC-scheme@epc-cep.eu

by 31 December 2017

Name of contributor:	Scheme Evolution and Maintenance Working Group (SEMWG)
Organisation:	EPC
Address:	
Contact details:	
Your reference:	#01 - Rulebook clarification to the Mandatory Customer-to-Bank (C2B) Implementation Guidelines (IGs)
Scheme and document and version number:	<u>Highlight which EPC SEPA Scheme Rulebook(s) this change request relates to:</u> EPC125-05 2017 SEPA Credit Transfer Rulebook Version 1.1 EPC004-16 2017 SEPA Instant Credit Transfer Rulebook Version 1.1 EPC016-06 2017 SEPA Direct Debit Core Rulebook Version 1.1 EPC222-07 2017 SEPA Direct Debit Business to Business Rulebook Version 1.1
Request Date:	14 December 2017
For information:	This template is provided by EPC to allow any person or organisation to submit a change request for making a change to the SEPA Schemes in accordance with the rules set out in the document 'SEPA Scheme Management Internal Rules' (SMIRs) available on the EPC Website: http://www.europeanpaymentscouncil.eu/index.cfm/knowledge-bank/epc-documents/sepa-scheme-management-internal-rules-version-40/



1 General Description of the Change Request

1.1 Suggested launch date (if any):

17 November 2019 – effectiveness date of the 2019 EPC SEPA scheme rulebooks.

1.2 Description of the change request:

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

Originators and Creditors still have the choice either to continue using their previously chosen C2B file set-up or to opt for the C2B file based on EPC specifications. On the other hand, the scheme participants must be technically capable of supporting the EPC C2B SEPA payment file specifications.

However, there are scheme participants in the role of Originator Bank or Creditor Bank that do not offer at all the service of accepting and processing ISO 20022 XML message-based electronic bulk files of SCT instructions/ SDD collections for their Originators and Creditors.

An example is consumer-only oriented SCT participants or SDD scheme participants handling small volumes of SDD collections. The concerned consumers and professionals enter the SCT instructions and SDD collections respectively directly in the online banking portals of these scheme participants. There are even scheme participants which only accept paper-based C2B SEPA payment instructions.

The SEMWG believes these EPC scheme participants should not be obliged to invest in tools to handle ISO 20022 XML message-based electronic C2B bulk payment files if none of their customers will ever use such method of transmitting SCT instructions/ SDD collections.

The following concrete changes are proposed in the SCT, SCT Inst, SDD Core and SDD B2B rulebooks:

A. 2017 SCT Rulebook Version 1.0

Section 0.5.1 SEPA Credit Transfer Scheme Implementation Guidelines

(...)

The SEPA Credit Transfer Scheme Implementation Guidelines are available as two complementary documents:

- the ~~mandatory~~ guidelines regarding the inter-bank messages (SEPA Credit Transfer Scheme Inter-bank Implementation Guidelines)
- the guidelines regarding the customer-to-bank messages (SEPA Credit Transfer Scheme Customer-to-Bank Implementation Guidelines) which each participant is obliged to support at the request of the Originator.

The SEPA Credit Transfer Scheme Inter-Bank Implementation Guidelines (reference [1]) and the SEPA Credit Transfer Scheme Customer-to-Bank Implementation Guidelines (reference [12]) which set out the rules for implementing the credit transfer ISO 20022 XML standards, constitute **binding** supplements to the Rulebook.

Important specification to reference [12]: only when the Originator Bank offers to its Originators the service of accepting and processing electronically bundled Customer-



to-Bank Credit Transfer Instructions, the Originator Bank is obliged to accept at least but not exclusively Customer-to-Bank Credit Transfer Instructions which follow the specifications defined in [12] at the request of the Originator.

Section 4.5.1 DS-01 Customer to bank Credit Transfer Information

(...)

Rules applied:	<p><u>Only when the Originator Bank offers to its Originators the service of accepting and processing electronically bundled Customer-to-Bank Credit Transfer Instructions.</u> (The Originator Bank is obliged to accept <u>at least but not exclusively</u> customer-to-bank Credit Transfer Instructions <u>which follow the specifications defined in the SEPA Credit Transfer Scheme Customer-to-Bank Implementation Guidelines covered in Chapter 0.5</u> at the request of the Originator, which are based on the credit transfer ISO 20022 XML initiation message standards in the SEPA Credit Transfer Scheme Customer-to-Bank Implementation Guidelines as defined in Chapter 0.5.</p> <p>Where any of the above attributes (except for AT-45, see rules applied in DS-02) are provided by the Originator within a payment instruction, they must be transported by the Originator Bank to the Beneficiary Bank in accordance with DS-02 subject to any overriding legal/regulatory requirements</p> <p>Information relating to an Originator Reference Party and/or Beneficiary Reference Party is included only for the purpose of assisting the Originator and/or Beneficiary in managing their payments and is not required by the Originator Bank and/or Beneficiary Bank for the purpose of the execution of the payment to which the information relates</p>
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Section 5.2 Compliance with the Rulebook

A Participant shall comply with:

- the Rulebook, including amendments as and when they are made and properly communicated to Participants
- the SEPA Credit Transfer Scheme Inter-Bank Implementation Guidelines
- the SEPA Credit Transfer Scheme Customer-to-Bank Implementation Guidelines when as Originator Bank it offers to its Originators the service of accepting and processing electronically bundled Customer-to-Bank Credit Transfer Instructions

B. 2017 SCT Inst rulebook version 1.0

Section 0.5.1 SEPA Instant Credit Transfer (SCT Inst) Scheme Implementation Guidelines

(...)

The SCT Inst Scheme Implementation Guidelines are available as two complementary documents:

- the ~~mandatory~~ guidelines regarding the Inter-Bank messages (SCT Inst Scheme Inter-Bank Implementation Guidelines (reference [1]))
- the guidelines regarding the Customer-to-Bank messages (SCT Inst Scheme Customer-to-Bank Implementation Guidelines (reference [10])) which each Participant is obliged to support at the request of the Originator.

The SCT Inst Scheme Inter-Bank Implementation Guidelines and the SCT Inst Scheme Customer-to-Bank Implementation Guidelines which set out the rules for implementing the credit transfer ISO 20022 XML standards, constitute **binding** supplements to the Rulebook.

Important specification to reference [10]: only when the Originator Bank offers to its Originators the service of accepting and processing electronically bundled Customer-



to-Bank SCT Inst Instructions, the Originator Bank is obliged to accept at least but not exclusively Customer-to-Bank SCT Inst Instructions which follow the specifications defined in [12] at the request of the Originator.

Section 4.5.1 DS-01 Customer to bank Credit Transfer Information

(...)

Rules applied	<p><u>Only when the Originator Bank offers to its Originators the service of accepting and processing electronically bundled Customer-to-Bank SCT Inst Instructions, t</u>The Originator Bank is obliged to accept <u>at least but not exclusively</u> Customer-to-Bank SCT Inst Instruction messages <u>which follow the specifications defined in the SCT Inst Scheme Customer-to-Bank Implementation Guidelines covered in Chapter 0.5</u> at the request of the Originator. which are based on the credit transfer ISO 20022 XML initiation message standards in the SCT Inst Scheme Customer-to-Bank Implementation Guidelines as defined in Chapter 0.5.</p> <p>Where any of the above attributes (except for AT-45, see rules applied in DS-02) are provided by the Originator within a payment instruction, they must be transported by the Originator Bank to the Beneficiary Bank in accordance with DS-02 subject to any overriding legal/regulatory requirements.</p> <p>Information relating to an Originator Reference Party and/or Beneficiary Reference Party is included only for the purpose of assisting the Originator and/or Beneficiary in managing their payments and is not required by the Originator Bank and/or Beneficiary Bank for the purpose of the execution of the payment to which the information relates.</p>
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Section 5.2 Compliance with the Rulebook

A Participant shall comply with:

- the Rulebook, including amendments as and when they are made and properly communicated to Participants
- SCT Inst Scheme Inter-Bank Implementation Guidelines
- SCT Inst Scheme Customer-to-Bank Implementation Guidelines when as Originator Bank it offers to its Originators the service of accepting and processing electronically bundled Customer-to-Bank SCT Inst Instructions

C. 2017 SDD Core Rulebook Version 1.0

Section 0.5.1 SEPA Direct Debit Scheme Implementation Guidelines

(...)

The SEPA Core Direct Debit Scheme Implementation Guidelines are available as two complementary documents:

- the ~~mandatory~~ guidelines regarding the inter-bank Collection messages (SEPA Core Direct Debit Scheme inter-bank Implementation Guidelines) and
- the guidelines regarding the Customer-to-Bank Collection messages (SEPA Core Direct Debit Scheme Customer-to-Bank Implementation Guidelines) which each participant is obliged to support at the request of the Creditor.

The SEPA Core Direct Debit Scheme Inter-bank Implementation Guidelines (reference [9]) and the SEPA Core Direct Debit Scheme Customer-to-Bank Implementation



Guidelines (reference [12]) which set out the rules for implementing the direct debit ISO 20022 XML Standards; constitute **binding** supplements to the Rulebook.

Important specification to reference [12]: only when the Creditor Bank offers to its Creditors the service of accepting and processing electronically bundled Customer-to-Bank Collections, the Creditor Bank is obliged to accept at least but not exclusively Customer-to-Bank Collections which follow the specifications defined in [12] at the request of the Creditor.

Section 4.7.4 DS-03 – Customer to Bank Collection

Description: The Creditor must supply the following attributes. Attributes known by the Creditor Bank may be filled in by the Creditor Bank. This is a matter between the Creditor and the Creditor Bank. Attributes are mandatory unless otherwise indicated.

Only when the Creditor Bank offers to its Creditors the service of accepting and processing electronically bundled Customer-to-Bank Collections, the Creditor Bank is obliged to accept at least but not exclusively Customer-to-Bank Collections messages which follow the specifications defined at the request of the Creditor which are based on the direct debit ISO 20022 XML initiation message standards in the SEPA Core Direct Debit Scheme Customer-to-Bank Implementation Guidelines covered in as defined in Chapter 0.5 at the request of the Creditor.

Section 5.2 Compliance with the Rulebook

A Participant shall comply with:

- the Rulebook, including amendments as and when they are made and properly communicated to Participants
- the SEPA Core Direct Debit Scheme Inter-Bank Implementation Guidelines
- the SEPA Core Direct Debit Scheme Customer-to-Bank Implementation Guidelines when as Creditor Bank it offers to its Creditors the service of accepting and processing electronically bundled Customer-to-Bank Collections

D. SDD B2B Rulebook Version 7.1

Section 0.5.1 SEPA Business-to-Business Direct Debit Implementation Guidelines (...)

The SEPA Business-to-Business Direct Debit Scheme Implementation Guidelines are now available as two complementary documents:

- the ~~mandatory~~ guidelines regarding the inter-bank Collection messages (SEPA Business-to-Business Direct Debit Scheme Inter-bank Implementation Guidelines) and
- the guidelines regarding the Customer-to-Bank Collection messages (SEPA Business-to-Business Direct Debit Scheme Customer-to-Bank Implementation Guidelines) which each participant is obliged to support at the request of the Creditor.

The SEPA Business-to-Business Direct Debit Inter-bank Implementation Guidelines (reference [9]) and the SEPA Business-to-Business Direct Debit Scheme Customer-to-Bank Implementation Guidelines (reference [12]) which set out the rules for



implementing the direct debit ISO 20022 XML standards, constitute **binding** supplements to the Rulebook.

Important specification to reference [12]: only when the Creditor Bank offers to its Creditors the service of accepting and processing electronically bundled Customer-to-Bank Collections, the Creditor Bank is obliged to accept at least but not exclusively Customer-to-Bank Collections which follow the specifications in [12] at the request of the Creditor.

Section 4.7.4 DS-03 – The Business Customer to Bank Collection (☐ e-Mandates)

Description: The Creditor must supply the following attributes. Attributes known by the Creditor Bank may be filled in by the Creditor Bank. This is a matter between the Creditor and the Creditor Bank. Attributes are mandatory unless otherwise indicated.

Only when the Creditor Bank offers to its Creditors the service of accepting and processing electronically bundled Customer-to-Bank Collections, the Creditor Bank is obliged to accept at least but not exclusively Customer-to-Bank Collections messages at the request of the Creditor which follow the specifications defined are based on the direct debit ISO 20022 XML initiation message standards in the SEPA Business-to-Business Direct Debit Scheme Customer-to-Bank Implementation Guidelines covered as defined in Chapter 0.5 at the request of the Creditor.

Section 5.2 Compliance with the Rulebook

A Participant shall comply with:

- the Rulebook, including amendments as and when they are made and properly communicated to Participants
- the SEPA Business-to-Business Direct Debit Inter-Bank Implementation Guidelines
- the SEPA Business-to-Business Direct Debit Scheme Customer-to-Bank Implementation Guidelines when as Creditor Bank it offers to its Creditors the service of accepting and processing electronically bundled Customer-to-Bank Collections

1.3 Wherever possible, please indicate:

1. Impact on the Scheme in general:

Yes. This change clarifies which Originator Banks and Creditor Banks must comply with the mandatory C2B IGs of the respective EPC schemes.

2. Impact on the interbank space:

No impact.

3. Impact on the message standards (SEPA Scheme Implementation Guidelines and other standards):

No impact to the C2B messages themselves in the C2B IGs.

4. Impact on the legal rules as defined in chapter 5 of the EPC SEPA Scheme Rulebooks:



Yes. This change clarifies which Originator Banks and Creditor Banks now must comply with the C2B IGs of the respective EPC schemes.

5. The nature of the change request:

a. A change (deleting or replacing an existing Rulebook element by a new one)

Yes

b. A variant (adding an alternative – optional – rule alongside an existing Rulebook element)

No



2 Elements for evaluation

The submitting party is requested to give an appropriate answer to each of these questions with sufficient detail to allow the EPC to make an evaluation of the change request submitted.

Is the change request a case for SEPA wide acceptance?	YES, this change request provides clarity about which Originator Banks and Creditor Banks have to comply with the mandatory C2B IGs of the respective EPC schemes.
Is the change request underpinned by a cost-benefit analysis?	NO.
Does the change fit in the strategic objectives for SEPA?	YES. It supports the further harmonization whereby SDD Creditors and SCT Originators can submit their SEPA payment files based on just a single set of specifications which all Creditor Banks and Originator Banks in SEPA have to accept
Do you consider that the implementation of the change resulting from the acceptance of the change request is feasible?	YES.
Do you consider that the change request does not impede SEPA-wide interoperability?	YES.
Do you consider that the change request is in the scope of the scheme involved?	YES.

[X] Public – [] Internal Use – [] Confidential – [] Strictest Confidence

Distribution: Publicly available

TEMPLATE

for proposing a change request in a SEPA Payment Scheme

Responses by e-mail to: change-request.EPC-scheme@epc-cep.eu

by 31 December 2017

Name of contributor:	Scheme Evolution and Maintenance Working Group (SEMWG)
Organisation:	EPC
Address:	
Contact details:	
Your reference:	#02 – Changes to the Recall procedure
Scheme and document and version number:	<u>Highlight which EPC SEPA Scheme Rulebook(s) this change request relates to:</u> EPC125-05 2017 SEPA Credit Transfer Rulebook Version 1.1 EPC004-16 2017 SEPA Instant Credit Transfer Rulebook Version 1.1 EPC016-06 2017 SEPA Direct Debit Core Rulebook Version 1.0 EPC222-07 2017 SEPA Direct Debit Business to Business Rulebook Version 1.0
Request Date:	14 December 2017
For information:	This template is provided by EPC to allow any person or organisation to submit a change request for making a change to the SEPA Schemes in accordance with the rules set out in the document 'SEPA Scheme Management Internal Rules' (SMIRs) available on the EPC Website: http://www.europeanpaymentscouncil.eu/index.cfm/knowledge-bank/epc-documents/sepa-scheme-management-internal-rules-version-40/



1 General Description of the Change Request

1.1 Suggested launch date (if any):

17 November 2019 – effectiveness date of the 2019 EPC SEPA scheme rulebooks.

1.2 Description of the change request:

The following issues have been reported with respect to the SCT Recall procedure:

- Sometimes Recalls appear not to be issued for one of the three permitted Recall reasons (technical error, duplication or fraud).
- Scheme participants are receiving Recall messages after the deadline defined in the SCT rulebook. To manage these events, scheme participants are obliged to use a manual exception handling.
- The Beneficiary Bank does not respond to the Recall from the Originator Bank within the deadline defined in the SCT rulebook because the Beneficiary Bank may have contacted the Beneficiary but did not receive a reply from the Beneficiary.
- The Beneficiary Bank sometimes does not reply with the appropriate positive message (pacs.004) but with a "ordinary" transfer message (pacs.008) which can cause reconciliation problems on the side of the Originator Bank

Where applicable, upper-mentioned issues may also occur for Recalls made under the SCT Inst scheme.

In addition, it is proposed to include the possibility for a Request for Status Update in the Recall process of both SCT rulebooks. The feature is already included in the 'Request for a Recall by the Originator' (RFRO) process of both SCT rulebooks. The 2017 version of the pacs.028 message used under the RFRO process can be re-used. It will be of further assistance to the Originator Bank to the benefit of the Originator in the exceptional case the Originator Bank has not received any response from the Beneficiary Bank after the Recall response deadline defined in both SCT rulebooks.

The following concrete changes are proposed in the SCT rulebook **and** the SCT Inst rulebook to resolve such issues and to harmonize as best as possible the Recall process description in both SCT rulebooks.

Note:

The 2018 change request #08 from the EPC proposes editorial changes among other in the structural presentation of the Recall description of the SCT rulebook. The purpose of item # 08 is to align the structure of the SCT Recall description with the one in the SCT Inst rulebook.

If the change request items # 03 and #08 are supported in the 2018 rulebook change management cycle, the current section numbering for the points A. and B. below will be adapted.

A. 2017 SCT rulebook version 1.1 - Section 4.4 Exception Processing Flow

(...)

A **Recall** occurs when the Originator Bank requests to cancel a **SEPA-Credit Transfer Transaction**. ~~The Recall procedure must be initiated by the Originator Bank within 10 Banking Business Days after execution date of the SCT subject to the Recall.~~ The Recall procedure can be initiated only by the Originator Bank, which may do it on behalf of the Originator's customer.



Before initiating the Recall procedure, the Originator Bank has to check if the Credit Transfer Transaction~~SCT(s)~~ is are-subject to one of the ~~reasons listed below~~

~~A bank may initiate a Recall procedure for~~ following reasons only:

- Duplicate sending
- Technical problems resulting in erroneous Credit Transfer Transaction(s)~~SCT(s)~~
- Fraudulent originated Credit Transfer Instruction

The step by step process flow for a Recall (PR02) is given in Section 4.3.2.

The main characteristics of a Recall and the answer to a Recall (DS-05 and DS-06 in section 4.6) are:

- The Originator Bank must send out the Recall within the period of 10 Banking Business Days following the execution date of the initial Credit Transfer Transaction subject to the Recall.
- ~~The returned~~-amount sent back can differ from the Original Amount of the Credit Transfer Transaction~~Instruction~~. The Beneficiary Bank may decide to charge a fee to the Originator Bank.
- ~~The~~ Recall message is routed through the same path taken by the initial~~original~~ Credit Transfer Transaction~~credit transfer~~, with no alteration of the data contained in the initial~~original~~ Credit Transfer Transaction~~credit transfer~~.
- A record of the relevant data relating to the initial Credit Transfer Transaction~~credit transfer~~, sufficient to provide an audit trail, is included.
- Recall messages contain a reason code (attribute AT-48, see below).
- If initiated before settlement, the Recall will lead to a cancellation, according to the CSM's own procedures agreed with its participants. If initiated after settlement, the Recall will be forwarded by the CSM.

~~The step by step process flow for a Recall (PR02) is given in Section 4.3.2 and stipulates that~~

- The Beneficiary Bank must ~~has to~~ provide the Originator Bank with an answer to a Recall within 10 Banking Business Days following the receipt of the SCT Recall request from the Originator Bank.
The Beneficiary Bank is in breach with the Rulebook if it has not responded to the Recall by the Originator Bank within this period of 10 Banking Business Days. If the Beneficiary Bank has received no response from the Beneficiary to this Recall within these 10 Banking Business Days, the Beneficiary Bank must send a negative answer with the reason "No response from the Beneficiary" to the Originator Bank.
- In case the Beneficiary Bank can report a positive answer to a Recall, the Beneficiary Bank needs to use the message prescribed in [1]. The Beneficiary Bank cannot transfer back the amount through a separate Credit Transfer Transaction message.

It is the decision of the Beneficiary Bank if it wants to charge a ~~return~~-fee to the Originator Bank. This practice is only allowed for a **positive** response to a Recall. For this purpose, a field is dedicated in the answer~~return~~ message. This practice is limited to ~~the Rrecalls procedure~~ only and has under no circumstances effect on the normal Rreturn procedure as defined in the SCT Rulebook. ~~It is purely limited and restricted for recalls only.~~



B. 2017 SCT rulebook version 1.1 - Section 4.3.2 Recall Processing Flow (PRO2)

(...)

CT-02.00 & CT-02.01 The Originator Bank realizes the need to recall an Credit Transfer TransactionSCTs.

It may also receive a request from the Originator (see CT-02.00).

Before initiating the Recall procedure, the Originator Bank must check if the initial Credit Transfer TransactionSCT(s) subject to the Recall:

- Had an execution date ~~towards the CSM~~ of less than or equal to 10 Banking Business Days before the Recall.
- Hads ~~(have)-really~~ been wrongly executed for one of the reasons listed below:
 - Duplicate sending
 - Technical problems resulting in erroneous Credit Transfer Transaction SCT(s)
 - Fraudulent originated Credit Transfer Instruction

The path used for initiating the Recall should be identical to the one used for the initial Credit Transfer TransactionSCT subject to the Recall.

The Originator Bank must send out the Recall within the period of 10 Banking Business Days following the execution date of the initial Credit Transfer Transaction.

CT-02.01R The Originator Bank can reject the request of the Originator to make a Recall when it judges that the initial Credit Transfer TransactionSCT is not the subject of one of the foregoing reasons or if this request was submitted more than 10 Banking Business Days after the execution date of the initial SCT Transactions.

CT-02.02 The CSM will check if the Credit Transfer TransactionSCT is already executed, if not it should handle the Recall before execution according to its own procedures agreed with its participants. If the Credit Transfer TransactionSCT is already executed the CSM will transfer the Recall to the Beneficiary Bank.

CT-02.03 The Beneficiary Bank must always handle the Recall ~~upon receipt of such request~~ and must provide ~~either~~ a positive or negative answer within 10 Banking Business Days following the receipt of the Recall from the Originator Bank.

If the Credit Transfer TransactionSCT was already credited to the Beneficiary's account, there are sufficient funds on the account and the funds are not yet transferred back~~returned~~, the Beneficiary Bank may, depending on the legislation in its country and/or contractual agreement with the Beneficiary:

- Generate immediate positive answer by debiting the account
- Decide it is necessary to ask the Beneficiary for debit authorisation
- Be obliged to get the Beneficiary's authorization to debit its account

CT-02.03A If needed: the Beneficiary is asked for his authorization to let the Beneficiary Bank debit its payment account for a Recall.



CT-02.03R The Beneficiary Bank will generate a negative answer to the Originator Bank and give reason for it if:

- ~~T~~here are insufficient funds on the account
- ~~T~~he account is closed
- ~~T~~here is a legal reason: to be explained in a clear text
- Beneficiary's refusal
- ~~N~~o response from the Beneficiary
- ~~Initial Credit Transfer Transaction Original Credit Transfer~~ never received
- ~~The Funds of the initial Credit Transfer Transaction already transferred back~~ready returned transaction

~~**CT-02.04** If needed the Beneficiary is asked for his authorization for a Recall.~~

CT-02.045 The Beneficiary Bank generates a positive answer to the Recall. The Beneficiary Bank ~~by~~ debitsing the account of the Beneficiary (if needed, the Beneficiary Bank waits until it has received the authorisation from the Beneficiary for debiting his account).

CT-02.056 The CSM receives the positive answer to the Recall from the Beneficiary Bank and settles this with the Originator Bank.

CT-02.067 The Originator Bank credits the account of the Originator with the amount of the positive answer to the Recall.

CT-02.07 (NEW) In the exceptional case of no response from the Beneficiary Bank within the deadline of 10 Banking Business Days following the receipt of the Recall from the Originator Bank, the Originator Bank may send a Request for Status Update to the Beneficiary Bank.

~~**CT-02.08** The Beneficiary Bank receives a negative answer or no answer from the Beneficiary to process the Recall and generates therefore a negative answer message.~~

~~**CT-02.08R** The Beneficiary Bank received no debit authorisation or no answer at all from the Beneficiary and generates therefore a negative answer message in which it gives the reason for refusal.~~

C. 2017 SCT rulebook version 1.1 – Section 4.6.5 DS-05 Recall of Credit Transfer Dataset

Identification:	DS-05
Name:	The Recall of a Credit Transfer Dataset
Description:	This dataset contains the messages for description of the minimum information that an Originator Bank needs to make available to the Beneficiary Bank
Attributes contained:	<u>Request for</u> Recall of Credit Transfer: <ul style="list-style-type: none">• An exact copy of the original Interbank Payment dataset (DS-02) which is being recalled.



Identification:	DS-05
Name:	The Recall of a Credit Transfer Dataset
	<ul style="list-style-type: none">• 04 The amount of the SEPA Credit Transfer in euro• 48 The Recall reason code• R2 Identification of the type of party initiating the "R" message• R7 The specific reference of the Bank initiating the Recall• 49 Additional Information to AT-48 The Recall reason code
Remarks:	<p>Except for AT-49, these attributes reflect business requirements and do not prescribe fields in the SEPA Credit Transfer Scheme Interbank Implementation Guidelines as defined in Chapter.</p> <p><u>In case the Request for Status Update is used, a clear reference to the original Recall of the Credit Transfer needs to be provided besides the copy of DS-02.</u></p>

D. 2017 SCT rulebook version 1.1 – Section 4.7.1 Attribute Details

Identification:	AT-48
Name:	The Recall reason code
Description:	This code explains the reason for the Recall for a <u>SEPA Credit Transfer Collection</u> . It is defined by the Originator Bank who initiates the Recall. It can be used by the Beneficiary Bank to inform the Beneficiary about the reason for debit of the account of the Beneficiary.
Value range:	Codes are: <ul style="list-style-type: none">• Duplicate sending• Technical problems resulting in erroneous SCTs• <u>Fraudulent originated credit transfer</u>• <u>Request for Status Update</u>



E. 2017 SCT Inst rulebook version 1.1 – Section 4.3.2.2 SCT Inst Recall processing

An **SCT Inst Recall** occurs when the Originator Bank requests to cancel an SCT Inst Transaction. The Recall procedure can be initiated only by the Originator Bank which may do it on behalf of the Originator.

Before initiating the Recall procedure, the Originator Bank has to check if the SCT Inst Transaction is subject to one of the following reasons only:

- Duplicate sending
- Technical problems resulting in erroneous SCT Inst Transaction(s)
- Fraudulent originated SCT Inst Instruction

The step-by-step process flow for a SCT Inst Recall (PR-02) is given below. ~~The Beneficiary Bank has to provide the Originator Bank with an answer to the SCT Inst Recall within 10 Banking Business Days following the SCT Inst Recall from the Originator Bank.~~

The main characteristics of a SCT Inst Recall and the answer to a SCT Inst Recall (DS-05 and DS-06 in section 4.5) are:

- ~~The Originator Bank has to~~ must send out the SCT Inst Recall within 10 Banking Business Days after the execution date of the initial SCT Inst Transaction.
- ~~The amount sent back can differ from the Original Amount~~ initial amount of the SCT Inst Transaction. ~~If the Beneficiary Bank may decides~~ to charge a fee to the Originator Bank.
- ~~The SCT Inst Recall message is routed through the same path taken by intermediaries used for~~ the initial SCT Inst Transaction, with no alteration of the data contained in the initial SCT Inst Transaction.
- ~~A~~ record of the relevant data relating to the initial SCT Inst Transaction, sufficient to provide an audit trail, is included.
- Recall messages contain a reason code (attribute AT-48).
- ~~The Originator Bank has to send out the SCT Inst Recall within 10 Banking Business Days after the execution date of the initial SCT Inst Transaction~~
- ~~The Beneficiary Bank must provide the Originator Bank with an~~ answer to ~~the~~ SCT Inst Recall within 10 Banking Business Days following the receipt of the SCT Inst Recall from the Originator Bank.
The Beneficiary Bank is in breach with the Rulebook if it has not responded to the SCT Inst Recall by the Originator Bank within this period of 10 Banking Business Days. If the Beneficiary Bank has received no response from the Beneficiary to this SCT Inst Recall within these 10 Banking Business Days, the Beneficiary Bank must send a negative answer with the reason “No response from the Beneficiary” to the Originator Bank.
- In case the Beneficiary Bank can report a positive answer to a SCT Inst Recall, the Beneficiary Bank needs to use the message prescribed in [1]. The Beneficiary Bank cannot transfer back the amount through a separate SCT Inst Transaction message.
- Each party in the Interbank Space receiving the SCT Inst Recall from the Originator Bank or receiving the answer to the SCT Inst Recall from the Beneficiary Bank, has to send the concerned SCT Inst Recall and the answer to the SCT Inst Recall **Immediately** to the following party in the Interbank Space, the Beneficiary Bank or the Originator Bank.



It is the decision of the Beneficiary Bank if it wants to charge a ~~return~~-fee to the Originator Bank. This practice is only allowed for a **positive** response to a SCT Inst Recall. For this purpose, a field is dedicated in the answer message. ~~This practice is purely limited to Recalls only.~~

(...)

CT-02.01 The Originator Bank realises the need to recall an SCT Inst Transaction. It may also receive a Recall request from the Originator (see CT-02.00).

Before initiating the Recall procedure, the Originator Bank must check if the initial SCT Inst Transaction:

- Had an execution date of less than or equal to 10 Banking Business Days before the Recall.
- Had been wrongly executed for one of the reasons listed below:
 - Duplicate sending
 - Technical problems resulting in an erroneous SCT Inst Transaction
 - Fraudulent originated SCT Inst Instruction

The path used for initiating the Recall should be identical to the one used through the same parties in the Interbank Space used for the initial SCT Inst Transaction.

The Originator Bank has to send out the SCT Inst Recall within the period of 10 Banking Business Days following the execution date of the SCT Inst Transaction.

CT-02.01R The Originator Bank can reject the request of the Originator to make a Recall when it judges that the initial SCT Inst Transaction is not the subject of one of the foregoing reasons or if this request was submitted more than 10 Banking Business Days after the execution date of the initial SCT Inst Transaction. -

CT-02.02 The parties in the Interbank Space transmit Instantly the SCT Inst Recall to the Beneficiary Bank



CT-02.03 The Beneficiary Bank must always handle the SCT Inst Recall and must provide a positive or negative answer within 10 Banking Business Days following the receipt of the SCT Inst Recall from the Originator Bank.

If there are sufficient Funds on the Payment Account and the Funds are not yet transferred back by the Beneficiary, the Beneficiary Bank may, depending on the legislation in its country and/or contractual agreement with the Beneficiary:

- Generate an immediate positive answer by debiting the Payment Account
- Decide whether it is necessary to ask the Beneficiary for debit authorisation
- Be obliged to get the Beneficiary's authorization to debit its Payment Account

CT-02.03A If needed: the Beneficiary is asked for his authorization to let the Beneficiary Bank debit its Payment Account for a SCT Inst Recall

CT-02.03R The Beneficiary Bank will generate a negative answer to the Originator Bank and give reason for it if:

- ~~T~~here are insufficient Funds on the Payment Account
- ~~T~~he Payment Account is closed
- ~~T~~here is a legal reason: to be explained in a clear text
- Beneficiary's refusal
- ~~N~~o response from the Beneficiary within the 10 Banking Business Days following the receipt of the SCT Inst Recall from the Originator Bank
- ~~I~~nitial SCT Inst Transaction never received
- ~~T~~he Funds of the initial SCT Inst Transaction already transferred back

The parties in the Interbank Space transmit Instantly the negative answer to the SCT Inst Recall to the Originator Bank.

CT-02.04 The Beneficiary Bank generates a positive answer to the Recall request. The Beneficiary Bank ~~by debiting~~ the Payment Account of the Beneficiary (if needed, after the Beneficiary Bank has received authorisation from the Beneficiary to debit his Payment Account).

CT-02.05 The parties in the Interbank Space transmit Instantly the positive answer to the SCT Inst Recall.

The CSM of the Originator Bank in the Interbank Space transmits the positive answer to the Recall from the Beneficiary Bank.

The CSMs of the Beneficiary Bank and of the Originator Bank make the necessary arrangements to establish a settlement position between the two Banks.

CT-02.06 The Originator Bank credits the Payment Account of the Originator with the amount of the positive answer to the Recall.



CT-02.07 (NEW) In the exceptional case of no response from the Beneficiary Bank within the deadline of 10 Banking Business Days following the receipt of the SCT Inst Recall from the Originator Bank, the Originator Bank may send a Request for Status Update to the Beneficiary Bank.

F. 2017 SCT Inst rulebook version 1.1 – Section 4.5.5 DS-05 Recall of an SCT Inst Dataset

Identification	DS-05
Name	The Recall of an SCT Inst dataset
Description	This dataset contains the messages for description of the minimum information that an Originator Bank needs to make available to the Beneficiary Bank
Attributes contained	<u>Request for Recall of an SCT Inst:</u> <ul style="list-style-type: none">• An exact copy of the original Interbank payment dataset (DS-02) which is being recalled.• 04 The amount of the SCT Inst in euro• 48 The Recall reason code• R2 Identification of the type of party initiating the “R” message• R6 The specific reference of the bank initiating the Recall• 49 Additional Information to AT-48 The Recall reason code
Remarks	Except for AT-49, these attributes reflect business requirements and do not prescribe fields in the SCT Inst Scheme Interbank Implementation Guidelines as defined in Chapter Error! Reference source not found.. <u>In case the Request for Status Update is used, a clear reference to the original Recall of the SCT Inst needs to be provided besides the copy of DS-02.</u>

G. 2017 SCT Inst rulebook version 1.1 – Section 4.6 Business Requirements for Attributes

Identification:	AT-48
Name:	The Recall reason code
Description:	This code explains the reason for the Recall for a <u>SCT Inst TransactionCollection</u> . It is defined by the Originator Bank who initiates the <u>SCT Inst</u> Recall. It can be used by the Beneficiary Bank to inform the Beneficiary about the reason for debit of the Payment Account of the Beneficiary.
Value range:	Codes are: <ul style="list-style-type: none">• Duplicate sending• Technical problems resulting in an erroneous SCT Inst



- | | |
|--|--|
| | <ul style="list-style-type: none">• <u>Fraudulent originated SCT Inst</u>• <u>Request for Status Update</u> |
|--|--|

1.3 Wherever possible, please indicate:

1. Impact on the Scheme in general:

Yes. This change further specifies the rules and deadlines that the SCT and SCT Inst scheme participants have to respect with regards to Recalls.

2. Impact on the interbank space:

Yes. Firmer specifications are given to SCT and SCT Inst scheme participants what they need to do and within a certain timespan when handling Recalls.

Implementation of the 2017 version of the pacs.028 message to support the possibility for a 'Request for Status Update' in the Recall process of both SCT rulebooks. This message is already selected for the 'Request for a Recall by the Originator' process in both SCT rulebooks going live in November 2018.

3. Impact on the message standards (SEPA Scheme Implementation Guidelines and other standards):

Implementation of the 2017 version of the pacs.028 message.

4. Impact on the legal rules as defined in chapter 5 of the EPC SEPA Scheme Rulebooks:

No.

5. The nature of the change request:

- a. A change (deleting or replacing an existing Rulebook element by a new one)

Yes

- b. A variant (adding an alternative – optional – rule alongside an existing Rulebook element)

No



2 Elements for evaluation

The submitting party is requested to give an appropriate answer to each of these questions with sufficient detail to allow the EPC to make an evaluation of the change request submitted.

Is the change request a case for SEPA wide acceptance?	YES, this change request emphasizes that Beneficiary Banks have to give a formal answer to a (SCT Inst) Recall within a well-defined period of time.
Is the change request underpinned by a cost-benefit analysis?	NO.
Does the change fit in the strategic objectives for SEPA?	YES. It sets clearly outspoken rules and deadlines for all SCT and SCT Inst scheme participants by when Recalls need to be concluded. Non-compliance of these rules and deadlines are a breach against the SCT rulebooks.
Do you consider that the implementation of the change resulting from the acceptance of the change request is feasible?	YES.
Do you consider that the change request does not impede SEPA-wide interoperability?	YES.
Do you consider that the change request is in the scope of the scheme involved?	YES.

[X] Public – [] Internal Use – [] Confidential – [] Strictest Confidence

Distribution: Publicly available

TEMPLATE

for proposing a change request in a SEPA Payment Scheme

Responses by e-mail to: change-request.EPC-scheme@epc-cep.eu

by 31 December 2017

Name of contributor:	Scheme Evolution and Maintenance Working Group (SEMWG)
Organisation:	EPC
Address:	
Contact details:	
Your reference:	#03 – Changes to the 'Request for Recall by the Originator' procedure
Scheme and document and version number:	<u>Highlight which EPC SEPA Scheme Rulebook(s) this change request relates to:</u> EPC125-05 2017 SEPA Credit Transfer Rulebook Version 1.1 EPC004-16 2017 SEPA Instant Credit Transfer Rulebook Version 1.1 EPC016-06 2017 SEPA Direct Debit Core Rulebook Version 1.0 EPC222-07 2017 SEPA Direct Debit Business to Business Rulebook Version 1.0
Request Date:	14 December 2017
For information:	This template is provided by EPC to allow any person or organisation to submit a change request for making a change to the SEPA Schemes in accordance with the rules set out in the document 'SEPA Scheme Management Internal Rules' (SMIRs) available on the EPC Website: http://www.europeanpaymentscouncil.eu/index.cfm/knowledge-bank/epc-documents/sepa-scheme-management-internal-rules-version-40/



1 General Description of the Change Request

1.1 Suggested launch date (if any):

17 November 2019 – effectiveness date of the 2019 EPC SEPA scheme rulebooks.

1.2 Description of the change request:

In analogy with the change request item # 02 (review of the Recall procedure in both SCT rulebooks), a review of the 'Request for Recall by the Originator' (RFRO) procedure has been done on following grounds:

- The Beneficiary Bank does not respond to the RFRO request from the Originator Bank within the deadline defined in the SCT rulebooks because the Beneficiary Bank may have contacted the Beneficiary but did not receive a reply from the Beneficiary.
- The Beneficiary Bank may not reply with the appropriate positive message (pacs.004) but with a "ordinary" transfer message (pacs.008) which can cause reconciliation problems on the side of the Originator Bank

Another change is to adapt the 'Remarks' section of the DS-07 'Request for Recall by the Originator Dataset' (SCT rulebook) and the DS-08 'Request for Recall by the Originator Dataset' (SCT Inst rulebook). The interbank Implementation Guidelines (IGs) specify the usage of a 'FI to FI Payment Status Request' message (pacs.028) to request for a status update for a RFRO.

There are no data elements in the pacs.028 that can accommodate attributes AT-50 (AT-52 for SCT Inst) 'Reason code for the Request for Recall by the Originator' and AT-52 (AT-54 for SCT Inst) 'Additional Information to AT-50 Reason code for the Request for Recall by the Originator'.

Pacs.028 however makes a reference to the Request for Recall by the Originator (camt.056) and includes AT-51 (AT-53 for SCT Inst) 'The specific reference of the Originator Bank for the Request for Recall by the Originator'.

The final proposal is to extend the list of reasons for non-acceptance of the Request for Recall by the Originator compared to the list of reasons possible under the standard Recall procedure.

The EPC proposes the following concrete changes in the SCT rulebook **and** the SCT Inst rulebook to a) resolve such issues and b) to harmonize as best as possible the RFRO process description in both SCT rulebooks.



A. **2017 SCT rulebook version 1.1 - Section 4.4 Exception Processing Flow**

(...)

A **Request for Recall by the Originator** can be initiated by the Originator Bank after an Originator has requested the Originator Bank to reverse a settled Credit Transfer Transaction for a reason other than duplicate sending, technical problems resulting in erroneous Credit Transfer Transaction(s) and a fraudulently originated Credit Transfer Instruction.

The Originator Bank is obliged to inform the Originator that such Request for Recall does not guarantee that the Originator will effectively receive back the Funds of the initial Credit Transfer Transaction. It will depend on the consent of the Beneficiary whether to turn back the Funds to the Originator.

The main characteristics of a Request for Recall by the Originator (DS-07) are:

- The message for a Request for Recall by the Originator is routed through the same path which was used for the initial Credit Transfer Transaction.
- A record of the relevant data relating to the initial Credit Transfer Transaction message, sufficient to provide an audit trail, is included with no alteration of the data contained in the initial Credit Transfer Transaction.
- The message contains a reason code (attribute AT-50, see section 4.7) highlighting the reason for the Request for Recall by the Originator.
- The Beneficiary Bank must send its answer to a Request for Recall by the Originator within 10 Banking Business Days following the receipt of the Request for Recall by the Originator from the Originator Bank.

Process steps for a Request for Recall by the Originator

Step 1 The Originator Bank receives the Request for Recall by the Originator. Before initiating the procedure for a Request for Recall by the Originator, the Originator Bank must check if

- The Originator has provided a ~~comprehensible~~ reason for this request as this reason will be submitted to the Beneficiary for its consideration.
- The debit date of the original Credit Transfer Transaction forming the subject of the Request for Recall by the Originator falls within the period of 13 months preceding the date at which the Request for Recall by the Originator has been received by the Originator Bank.

If these conditions are not met, the Originator Bank is allowed to reject the Request for Recall by the Originator.

The Originator Bank communicates to the Originator that the Request for Recall by the Originator is no guarantee that the Originator will effectively get back the Funds of the initial Credit Transfer Transaction.

The path used for initiating the Request for Recall by the Originator must have to be identical to the one used for the initial Credit Transfer Transaction.

Step 2 The CSM routes the Request for Recall by the Originator to the Beneficiary Bank.

Step 3 ~~The Beneficiary Bank must always handle the Request for Recall by the Originator and provide either a positive or negative answer to the Originator Bank within 10 Banking Business Days after the receipt of the Request for Recall by the Originator.~~
The Beneficiary Bank will present the Request for Recall by the Originator with the reason to the Beneficiary for its consideration.



~~The non response to a Request for Recall by the Originator will be considered as a breach against the Rulebook.~~

The Beneficiary Bank is in breach with the Rulebook if it has not responded to the Request for Recall by the Originator within this period of 10 Banking Business Days. If the Beneficiary Bank has received no response from the Beneficiary to this Request for Recall by the Originator within these 10 Banking Business Days, the Beneficiary Bank must send a negative answer with the reason “No response from the Beneficiary” to the Originator Bank.

Step 4A Upon receipt of a positive response from the Beneficiary (DS-08 in section 4.6): the Beneficiary Bank debits the account of the Beneficiary and transfers the funds back via the CSM to the Originator Bank. If needed, the Beneficiary Bank waits until it has received the authorisation from the Beneficiary for debiting his account. The Beneficiary Bank needs to use the message prescribed in [1]. The Beneficiary Bank cannot transfer back the Funds through a separate Credit Transfer Transaction message.

It is the decision of the Beneficiary Bank if it wants to charge a ~~return~~ fee to the Originator Bank. This practice is only allowed for a **positive** response to a Request for Recall by the Originator. For this purpose, a field is dedicated in the response message DS-08.

Step 4B Upon receipt of a negative response from the Beneficiary (DS-08): the Beneficiary Bank will route the Beneficiary’s refusal via the CSM back to the Originator Bank. The Originator Bank communicates the refusal to the Request for Recall by the Originator to the Originator.

The communicated decision by the Beneficiary on the concerned initial Credit Transfer Transaction finalises the fate of the initial Credit Transfer Transaction from the perspective of both the Originator Bank and the Beneficiary Bank.

Step 4C In an exceptional case of no response from the Beneficiary Bank after 10 Banking Business Days after the receipt of the Request for Recall by the Originator, the Originator Bank may send a Request for Status Update to the Beneficiary Bank.

Step 5 The Originator Bank credits the account of the Originator with the amount reported in the positive response message.



B. 2017 SCT rulebook version 1.1 - Section 4.6.7 Request for Recall by the Originator Dataset

Identification:	DS-07
Name:	Request for Recall by the Originator dataset
Description:	This dataset contains the attributes describing the minimum information that the Originator Bank needs to make available in a Request for Recall by the Originator
Attributes contained:	<ul style="list-style-type: none">• 50 Reason code for the Request for Recall by the Originator• 51 The specific reference of the Originator Bank for the Request for Recall by the Originator• 52 Additional Information to AT-50 Reason code for the Request for Recall by the Originator• An exact copy of the original Interbank Payment dataset (DS-02) which the Request for Recall by the Originator relates to
Remarks:	<p>These attributes reflect business requirements and do not prescribe fields in the SEPA Credit Transfer Scheme Interbank Implementation Guidelines as defined in Chapter 0.5.</p> <p>In case the reason code 'Request for Status Update' is used, an exact copy of a clear reference to the original Request for Recall by the Originator needs to be provided instead of besides the copy of DS-02.</p>

C. 2017 SCT rulebook version 1.1 - Section 4.7 Business requirements for Attributes

Identification:	AT-55
Name:	Reason code for non-acceptance of the Request for Recall by the Originator
Description:	The codes define the reason for non-acceptance of the Request for Recall by the Originator
Value range	<p>Codes are:</p> <ul style="list-style-type: none">• <u>Beneficiary's refusal</u>• <u>Legal reasons</u>• <u>Account closed</u>• Insufficient funds on the account• <u>No response from Beneficiary</u>• <u>Initial SCT Transaction never received</u>• Already recalled <u>returned</u> transaction



D. 2017 SCT Inst rulebook version 1.1 – Section 4.3.2.3 Request for Recall by the Originator

A **Request for Recall by the Originator** can be initiated by the Originator Bank after an Originator has requested the Originator Bank to get the reimbursement of a settled SCT Inst Transaction for a reason **other than** duplicate sending, technical problems resulting in erroneous SCT Inst Transactions or a fraudulently originated SCT Inst Instruction (see section 4.3.2.2).

The Originator Bank is obliged to inform the Originator that such Request for Recall does not guarantee that the Originator will effectively receive back the **Funds** of the initial SCT Inst Transaction. It will depend on the consent of the Beneficiary whether to turn back the Funds to the Originator.

The main characteristics of a Request for Recall by the Originator (see DS-08 in section 4.5) are:

- The message for a Request for Recall by the Originator is routed through the same path which was used for the initial SCT Inst Transaction.
- A record of the relevant data relating to the initial SCT Inst Transaction message, sufficient to provide an audit trail, is included with no alteration of the data contained in the initial SCT Inst Transaction.
- The message contains a reason code (attribute AT-52, see section 4.6-θ) highlighting the reason for the Request for Recall by the Originator.
- The Originator Bank has the choice to send out the Request for Recall by the Originator either Instantly or not.
- The Beneficiary Bank ~~has to~~must send ~~out its~~the answer to a Request for Recall by the Originator within 10 Banking Business Days following the receipt of the Request for Recall by the Originator from the Originator Bank.
- Each party in the Interbank Space receiving the Request for Recall by the Originator from the Originator Bank or receiving the answer to the Request for Recall by the Originator from the Beneficiary Bank, ~~has to~~must send the concerned Request for Recall by the Originator and the answer to the Request for Recall by the Originator **Immediately** to the following party in the Interbank Space, the Beneficiary Bank and the Originator Bank.



Process steps for a Request for Recall by the Originator

Step 1 The Originator Bank receives the Request for Recall by the Originator. Before initiating the procedure for a Request for Recall by the Originator, the Originator Bank must check if

- ~~T~~he Originator has provided a ~~comprehensible~~ reason for this request as this reason will be submitted to the Beneficiary for its consideration.
- ~~T~~he debit date of the original SCT Inst Transaction forming the subject of the Request for Recall by the Originator falls within the period of 13 months preceding the date at which the Request for Recall by the Originator has been received by the Originator Bank.

If these conditions are not met, the Originator Bank is allowed to reject the Request for Recall by the Originator.

The Originator Bank communicates to the Originator that the Request for Recall by the Originator is no guarantee that the Originator will effectively get back the ~~F~~unds of the initial SCT Inst Transaction.

The path used for initiating the Request for Recall by the Originator ~~has to~~must be identical to the one used for the initial SCT Inst Transaction.

Step 2 The parties in the Interbank Space transmit Instantly the Request for Recall by the Originator to the Beneficiary Bank.

Step 3 ~~The Beneficiary Bank must always handle the Request for Recall by the Originator and must provide either a positive or negative answer to the Originator Bank within 10 Banking Business Days after the receipt of the Request for Recall by the Originator.~~ The Beneficiary Bank will present the Request for Recall by the Originator with the reason to the Beneficiary for its consideration.

~~The non-response to a Request for Recall by the Originator will be considered as a breach of the Rulebook.~~

The Beneficiary Bank is in breach with the Rulebook if it has not responded to the Request for Recall by the Originator within this period of 10 Banking Business Days. If the Beneficiary Bank has received no response from the Beneficiary to this Request for Recall by the Originator within these 10 Banking Business Days, the Beneficiary Bank must send a negative answer with the reason "No response from the Beneficiary" to the Originator Bank.

Step 4A Upon receipt of a positive response from the Beneficiary (see DS-09 in section 4.5): the Beneficiary Bank debits the Payment Account of the Beneficiary and transfers the Funds back via the parties in the Interbank Space. If needed, the Beneficiary Bank waits until it has received authorisation from the Beneficiary to debit his Payment Account. The Beneficiary Bank needs to use the message prescribed in [1]. The Beneficiary Bank cannot transfer back the Funds through a separate SCT Inst Transaction message.

It is the decision of the Beneficiary Bank if it wants to charge a ~~return~~ fee to the Originator Bank. This practice is only allowed for a **positive** response to a Request for Recall by the Originator. For this purpose, a field is dedicated in the response message DS-09.



Step 4B Upon receipt of a negative response from the Beneficiary (DS-09): the Beneficiary Bank will route the Beneficiary's refusal via the parties in the Interbank Space back to the Originator Bank. The Originator Bank communicates the refusal to the Request for Recall by the Originator to the Originator.

The communicated decision by the Beneficiary on the concerned initial SCT Inst Transaction finalises the fate of the initial SCT Inst Transaction from the perspective of both the Originator Bank and the Beneficiary Bank.

Step 4C In an exceptional case of no response from the Beneficiary Bank after 10 Banking Business Days after the receipt of the Request for Recall by the Originator, the Originator Bank may send a Request for Status Update to the Beneficiary Bank.

Step 5 The Originator Bank credits the Payment Account of the Originator with the amount reported in the positive response message.

E. 2017 SCT Inst rulebook version 1.1 – Section 4.5.8 DS-08 Request for Recall by the Originator Dataset

Identification	DS-08
Name	Request for Recall by the Originator dataset
Description	This dataset contains the attributes describing the minimum information that the Originator Bank needs to make available in a Request for Recall by the Originator
Attributes contained	<ul style="list-style-type: none">• 52 Reason code for the Request for Recall by the Originator• 53 The specific reference of the Originator Bank for the Request for Recall by the Originator• 54 Additional Information to AT-52 Reason code for the Request for Recall by the Originator• An exact copy of the original Interbank payment dataset (DS-02) which the Request for Recall by the Originator relates to
Remarks	<p>These attributes reflect business requirements and do not prescribe fields in the SCT Inst Scheme Interbank Implementation Guidelines as defined in Chapter 0.5.</p> <p>In case the reason code 'Request for Status Update' is used, an exact copy of a clear reference to the original Request for Recall by the Originator needs to be provided besides instead of the copy of DS-02.</p>



F. 2017 SCT Inst rulebook version 1.1 – Section 4.6 Business Requirements for Attributes

Identification:	AT-57
Name:	Reason code for non-acceptance of the Request for Recall by the Originator
Description:	The codes define the reason for non-acceptance of the Request for Recall by the Originator
Value range	Codes are: <ul style="list-style-type: none">• <u>Beneficiary's refusal</u>• <u>Legal reasons</u>• <u>Account closed</u>• Insufficient funds on the account• <u>No response from Beneficiary</u>• <u>Initial SCT Transaction never received</u>• Already returnedcalled transaction

1.3 Wherever possible, please indicate:

1. Impact on the Scheme in general:

Yes. This change further specifies the rules and deadlines that the SCT and SCT Inst scheme participants must respect with regards to Request for Recall by the Originator.

2. Impact on the interbank space:

Yes. Firmer specifications are given to SCT and SCT Inst scheme participants what they need to do and within a certain timespan when handling Recalls.

3. Impact on the message standards (SEPA Scheme Implementation Guidelines and other standards):

Yes. Changes in the range of reasons for some specific attributes in the response message to the RFRO in the interbank IGs.

4. Impact on the legal rules as defined in chapter 5 of the EPC SEPA Scheme Rulebooks:

No.

5. The nature of the change request:

- a. A change (deleting or replacing an existing Rulebook element by a new one)

Yes

- b. A variant (adding an alternative – optional – rule alongside an existing Rulebook element)

No



2 Elements for evaluation

The submitting party is requested to give an appropriate answer to each of these questions with sufficient detail to allow the EPC to make an evaluation of the change request submitted.

Is the change request a case for SEPA wide acceptance?	YES, this change request emphasizes that Beneficiary Banks have to give a formal answer to a (SCT Inst) Request for Recall by the Originator within a well-defined period of time.
Is the change request underpinned by a cost-benefit analysis?	NO.
Does the change fit in the strategic objectives for SEPA?	YES. It sets clearly outspoken rules and deadlines for all SCT and SCT Inst scheme participants by when Requests for Recall by the Originator need to be concluded. Non-compliance of these rules and deadlines are a breach against the SCT rulebooks.
Do you consider that the implementation of the change resulting from the acceptance of the change request is feasible?	YES.
Do you consider that the change request does not impede SEPA-wide interoperability?	YES.
Do you consider that the change request is in the scope of the scheme involved?	YES.

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TEMPLATE

for proposing a change request in a SEPA Payment Scheme

Responses by e-mail to: change-request.EPC-scheme@epc-cep.eu

by 31 December 2017

Name of contributor:	Scheme Evolution and Maintenance Working Group (SEMWG)
Organisation:	EPC
Address:	
Contact details:	
Your reference:	#05 – extra SCT Inst option on hard time-out deadline
Scheme and document and version number:	<u>Highlight which EPC SEPA Scheme Rulebook(s) this change request relates to:</u> EPC125-05-2017-SEPA-Credit-Transfer-Rulebook-Version-1.1 EPC004-16-2017-SEPA-Instant-Credit-Transfer-Rulebook-Version-1.1 EPC016-06-2017-SEPA-Direct-Debit-Core-Rulebook-Version-1.1 EPC222-07-2017-SEPA-Direct-Debit-Business-to-Business-Rulebook-Version-1.1
Request Date:	14 December 2017
For information:	This template is provided by EPC to allow any person or organisation to submit a change request for making a change to the SEPA Schemes in accordance with the rules set out in the document 'SEPA Scheme Management Internal Rules' (SMIRs) available on the EPC Website: http://www.europeanpaymentscouncil.eu/index.cfm/knowledge-bank/epc-documents/sepa-scheme-management-internal-rules-version-40/



1 General Description of the Change Request

1.1 Suggested launch date (if any):

17 November 2019 – effectiveness date of the 2019 EPC SEPA scheme rulebooks.

1.2 Description of the change request:

The 2017 SCT Inst rulebook version 1.1 foresees the following options:

- Use of a higher maximum amount per SCT Inst instruction than the default 15.000,00 EUR (rulebook section 2.5 - 3rd paragraph)
- Use of a shorter target maximum execution time than the default 10 seconds (rulebook section 4.2.3 B. – 8th paragraph)

SCT Inst scheme participants might wish to apply on a bilateral or on a multilateral basis a **hard time-out deadline** of less than the default 20 seconds. However, the 2017 SCT Inst rulebook version 1.1 does not provide this option to the SCT Inst scheme participants.

As the current applicable SCT Inst rulebook already allows the specific option for a shorter target maximum execution time, SCT Inst scheme participants interested in this specific option will most likely want to combine it with a shorter hard time-out deadline.

The following SCT Inst rulebook section change is proposed:

A. Section 4.2.3 C. Time-out deadline

The Scheme nevertheless foresees a **hard time-out deadline** to cover exceptional processing situations. Within **20 seconds** after the Originator Bank has put the Time Stamp in accordance with section 4.2.1, the **CSM of the Beneficiary Bank** operating in the Interbank Space must have received either a positive or a negative confirmation message about the SCT Inst Transaction from the Beneficiary Bank.

Participants are free to agree on a bilateral or multilateral basis with other Participants on a hard time-out deadline of less than 20 seconds. This shorter time-out deadline only applies to those Participants that have concluded such agreement.

1.3 Wherever possible, please indicate:

1. Impact on the Scheme in general:

These changes provide full flexibility to those SCT Inst scheme participants who formally commit on a bilateral or multilateral basis to deliver a more performant SCT Inst processing to the benefit of their customers and the customers/ suppliers of their customers.

It allows these groups of SCT Inst scheme participants to take up a pioneer role to 'test' to what extent the default SCT Inst processing timecycle could be shortened and/or the maximum amount could be increased in the mid-term.

2. Impact on the interbank space:

The uptake of the SCT Inst options as market force will push the technology supply side in this space to increase the overall performance of their SCT Inst processing solutions.

3. Impact on the message standards (SEPA Scheme Implementation Guidelines and other standards):



No.

4. Impact on the legal rules as defined in chapter 5 of the EPC SEPA Scheme Rulebooks:

No.

5. The nature of the change request:

- a. A change (deleting or replacing an existing Rulebook element by a new one)

Yes

- b. A variant (adding an alternative – optional – rule alongside an existing Rulebook element)

No



2 Elements for evaluation

The submitting party is requested to give an appropriate answer to each of these questions with sufficient detail to allow the EPC to make an evaluation of the change request submitted.

Is the change request a case for SEPA wide acceptance?	YES, this set of three SCT Inst options gives the SCT Inst scheme participants the possibility to differentiate their SCT Inst solutions across SEPA on two main aspects: processing time and the level of the maximum amount.
Is the change request underpinned by a cost-benefit analysis?	NO.
Does the change fit in the strategic objectives for SEPA?	YES. In the mid-term, these SCT Inst options of applying a shorter processing time and/or higher maximum amount may lead to a default shorter SCT Inst processing cycle and/or higher maximum amount.
Do you consider that the implementation of the change resulting from the acceptance of the change request is feasible?	YES. A few communities of PSPs have indicated their desire to the EPC to offer SCT Inst services with a shorter processing cycle and/or higher maximum amount.
Do you consider that the change request does not impede SEPA-wide interoperability?	YES.
Do you consider that the change request is in the scope of the scheme involved?	YES.

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Distribution: Publicly available

TEMPLATE

for proposing a change request in a SEPA Payment Scheme

Responses by e-mail to: change-request.EPC-scheme@epc-cep.eu

by 31 December 2017

Name of contributor:	Scheme Evolution and Maintenance Working Group (SEMWG)
Organisation:	EPC
Address:	
Contact details:	
Your reference:	#06 – rewording in section 2.5 on value limits (SCT Inst Instruction vs SCT Inst Transaction)
Scheme and document and version number:	<u>Highlight which EPC SEPA Scheme Rulebook(s) this change request relates to:</u> EPC125-05-2017-SEPA-Credit-Transfer-Rulebook-Version-1.1 EPC004-16-2017-SEPA-Instant-Credit-Transfer-Rulebook-Version-1.1 EPC016-06-2017-SEPA-Direct-Debit-Core-Rulebook-Version-1.1 EPC222-07-2017-SEPA-Direct-Debit-Business-to-Business-Rulebook-Version-1.1
Request Date:	14 December 2017
For information:	This template is provided by EPC to allow any person or organisation to submit a change request for making a change to the SEPA Schemes in accordance with the rules set out in the document 'SEPA Scheme Management Internal Rules' (SMIRs) available on the EPC Website: http://www.europeanpaymentscouncil.eu/index.cfm/knowledge-bank/epc-documents/sepa-scheme-management-internal-rules-version-40/



1 General Description of the Change Request

1.1 Suggested launch date (if any):

17 November 2019 – effectiveness date of the 2019 EPC SEPA scheme rulebooks.

1.2 Description of the change request:

2017 SCT Inst rulebook version 1.1 applies the following definitions in chapter 7:

SCT Inst Instruction *A payment instruction given by an Originator to an Originator Bank requesting the execution of an instant credit transfer, comprising such information as is necessary for the execution of the instant credit transfer and is directly or indirectly initiated in accordance with the provisions of the Payment Services Directive*

SCT Inst Transaction *A payment instruction executed by the Originator Bank and which is Immediately forwarded to a CSM for forwarding Immediately the same payment instruction to the Beneficiary Bank in accordance with the rules of this Rulebook. This payment instruction triggers a settlement obligation versus the Beneficiary Bank unless the payment instruction was unsuccessful and the Funds have not been made available to the Beneficiary*

Section 2.5 of the SCT Inst rulebook stipulates the following on the value limit under the SCT Inst scheme:

2.5 Value Limits

The maximum amount per SCT Inst Instruction that can be processed under the Scheme is defined in document reference [16]. This amount can be revised in or outside the regular Scheme Rulebook release management cycle as defined in the Scheme Management Internal Rules.

Beneficiary Banks, who are Participants of the Scheme, are obliged to accept and process SCT Inst Transactions up to and including the maximum amount per SCT Inst Instruction.

Any SCT Inst Instruction having an amount higher than the maximum amount defined in the Scheme is rejected by the interbank parties involved in the process chain unless otherwise agreed between individual Participants or communities of Participants while respecting the maximum amount stipulation in the SEPA End-Date Regulation.

A lower value limit may be applied by the Originator Bank to its products and services offered to its Customers that are founded on the Scheme according to its own risk management analysis and controls and based on the channels used to issue a SCT Inst by its Customers.

The following rulebook rewording is suggested to specify when a SCT Inst Instruction turns into the SCT Inst Transaction and that the current maximum amount applies to both SCT Inst Instructions and SCT Inst Transactions.



Furthermore, only the SCT Inst scheme participants must formally apply the maximum amount check on SCT Inst Instructions and on SCT Inst Transactions depending on their concrete role in the processing of a specific SEPA instant credit transfer (i.e. either as Originator Bank or as Beneficiary Bank). On the other hand, each SCT Inst scheme participant is free to delegate such check to an interbank space party.

Proposed SCT rulebook re-wording:

A. Section 2.5 Value Limits

The maximum amount per SCT Inst Instruction that can be processed under the Scheme is defined in document reference [16]. This amount can be revised in or outside the regular Scheme Rulebook release management cycle as defined in the Scheme Management Internal Rules. The SCT Instruction will then be converted into a SCT Inst Transaction by the Originator Bank for further processing by the Interbank Space and the Beneficiary Bank.

Beneficiary Banks, who are Participants of the Scheme, are obliged to accept and process SCT Inst Transactions up to and including this maximum amount ~~per SCT Inst Instruction~~.

Any SCT Inst ~~Instruction or Transaction~~ Instruction having an amount higher than the maximum amount defined in the Scheme, ~~is rejected by the Participants~~ interbank parties involved in the process chain, unless otherwise agreed between individual Participants or communities of Participants while respecting the maximum amount stipulation in the SEPA End-Date Regulation.

A lower value limit for SCT Inst Instructions may be applied by the Originator Bank to its products and services offered to its Customers that are founded on the Scheme according to its own risk management analysis and controls and based on the channels used to issue a SCT Inst Instruction by its Customers.

B. Chapter 7 – definition of SCT Inst Transaction:

SCT Inst Transaction	An <u>SCT Inst Instruction converted into a SCT Inst</u> payment message <u>instruction</u> executed by the Originator Bank and which is Immediately forwarded to a <u>party in the Interbank Space</u> ESM for forwarding Immediately the same <u>SCT Inst</u> payment message instruction to the Beneficiary Bank in accordance with the rules of this Rulebook. This payment <u>message instruction</u> triggers a settlement obligation versus the Beneficiary Bank unless the <u>processing of this</u> payment message instruction was unsuccessful and the Funds have not been made available to the Beneficiary
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1.3 Wherever possible, please indicate:

1. Impact on the Scheme in general:

To specify the concrete point in time where an SCT Inst Instruction turns into an SCT Inst Transaction.

The rulebook would also stipulate which parties are formally expected to apply the maximum amount check on SCT Inst Instructions and SCT Inst Transactions.



2. Impact on the interbank space:

No.

3. Impact on the message standards (SEPA Scheme Implementation Guidelines and other standards):

No.

4. Impact on the legal rules as defined in chapter 5 of the EPC SEPA Scheme Rulebooks:

No.

5. The nature of the change request:

a. A change (deleting or replacing an existing Rulebook element by a new one)

Yes

b. A variant (adding an alternative – optional – rule alongside an existing Rulebook element)

No



2 Elements for evaluation

The submitting party is requested to give an appropriate answer to each of these questions with sufficient detail to allow the EPC to make an evaluation of the change request submitted.

Is the change request a case for SEPA wide acceptance?	YES, it clarifies that the current maximum amount applies to both SCT Inst Instructions and SCT Inst Transactions. It further defines who formally must apply the maximum amount check on SCT Inst Instructions and SCT Inst Transactions (i.e. the SCT Inst scheme participants).
Is the change request underpinned by a cost-benefit analysis?	NO. There is no need for such analysis. It only clarifies specific rulebook terms and stipulates a formal separation of duties on the maximum amount check.
Does the change fit in the strategic objectives for SEPA?	YES. There will be a clear separation of duties through the rulebook between the SCT Inst scheme participants and the Interbank Space on the maximum amount check. Scheme participants can still decide to outsource this duty to a party in the Interbank Space.
Do you consider that the implementation of the change resulting from the acceptance of the change request is feasible?	YES. There is no operational impact for existing and SCT Inst scheme participants.
Do you consider that the change request does not impede SEPA-wide interoperability?	YES.
Do you consider that the change request is in the scope of the scheme involved?	YES.

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TEMPLATE

for proposing a change request in a SEPA Payment Scheme

Responses by e-mail to: change-request.EPC-scheme@epc-cep.eu

by 31 December 2017

Name of contributor:	Hardy Bremer
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Your reference:	SCTInst ReqPay
Scheme and document and version number:	<u>Highlight which EPC SEPA Scheme Rulebook(s) this change request relates to:</u> EPC125-05 2017 SEPA Credit Transfer Rulebook Version 1.0 EPC004-16 2017 SEPA Instant Credit Transfer Rulebook Version 1.0 EPC016-06 2017 SEPA Direct Debit Core Rulebook Version 1.0 EPC222-07 2017 SEPA Direct Debit Business to Business Rulebook Version 1.0
Request Date:	06 December 2017
For information:	This template is provided by EPC to allow any person or organisation to submit a change request for making a change to the SEPA Schemes in accordance with the rules set out in the document 'SEPA Scheme Management Internal Rules' (SMIRs) available on the EPC Website: http://www.europeanpaymentscouncil.eu/index.cfm/knowledge-bank/epc-documents/sepa-scheme-management-internal-rules-version-40/



1 General Description of the Change Request

1.1 Suggested launch date (if any):

Next Rulebook Version

1.2 Description of the change request:

Oblige payer and payee bank to solve investigations within 2 hours after the time stamp of the original payment.

This time is to be split as follows:

Any bank who has to initiate an inquiry will have to do so within 1 hour after the time stamp.

Any bank receiving an electronic inquiry on an SCTInst will have to respond within one hour after receipt of the inquiry.

This is of particular relevance in case of inquiries as a result of an Embargo Filtering hit and where additional information is required from the payer's bank prior to making the funds available to the beneficiary.

This obligation ensures that the funds will be made available in case of Embargo Filtering hits within 2 hours at the latest or the transaction in question gets returned if the additional information led to the conclusion that the transaction was to be rejected.

1.3 Wherever possible, please indicate:

1. Impact on the Scheme in general:

This change request ensures that unclear situations because of missing paer information is resolved within a clearly defined maximum period of time.

2. Impact on the interbank space:

Ditto

3. Impact on the message standards (SEPA Scheme Implementation Guidelines and other standards):

There is no impact on message standards as these inquiries will be executed via SWIFT MT messages anyway

4. Impact on the legal rules as defined in chapter 5 of the EPC SEPA Scheme Rulebooks:

None

5. The nature of the change request:

- a. A change (deleting or replacing an existing Rulebook element by a new one)

It is an additional obligation for the payer and payee bank

- b. A variant (adding an alternative – optional – rule alongside an existing Rulebook element)



2 Elements for evaluation

The submitting party is requested to give an appropriate answer to each of these questions with sufficient detail to allow the EPC to make an evaluation of the change request submitted.

Is the change request a case for SEPA wide acceptance?	Yes
Is the change request underpinned by a cost-benefit analysis?	No, but it will increase the acceptance of the scheme and make it compliant with existing other Real Time Payment schemes
Does the change fit in the strategic objectives for SEPA?	Yes, it will limit the maximum execution time in case of inquiries and thus defines an end to a process, which is unlimited today.
Do you consider that the implementation of the change resulting from the acceptance of the change request is feasible?	Yes
Do you consider that the change request does not impede SEPA-wide interoperability?	Yes. In fact it will support the SEPA wide acceptance, at least with SCTInst users.
Do you consider that the change request is in the scope of the scheme involved?	Yes.

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Distribution: Publicly available

TEMPLATE

for proposing a change request in a SEPA Payment Scheme

Responses by e-mail to: change-request.EPC-scheme@epc-cep.eu

by 31 December 2017

Name of contributor:	Hardy Bremer
Organisation:	Deutsche Bank AG
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Contact details:	e-mail: hartmut.bremer@db.com phone: +49 69 910 32148
Your reference:	SCTInst ReqPay
Scheme and document and version number:	<u>Highlight which EPC SEPA Scheme Rulebook(s) this change request relates to:</u> EPC125-05 2017 SEPA Credit Transfer Rulebook Version 1.0 EPC004-16 2017 SEPA Instant Credit Transfer Rulebook Version 1.0 EPC016-06 2017 SEPA Direct Debit Core Rulebook Version 1.0 EPC222-07 2017 SEPA Direct Debit Business to Business Rulebook Version 1.0
Request Date:	06 December 2017
For information:	This template is provided by EPC to allow any person or organisation to submit a change request for making a change to the SEPA Schemes in accordance with the rules set out in the document 'SEPA Scheme Management Internal Rules' (SMIRs) available on the EPC Website: http://www.europeanpaymentscouncil.eu/index.cfm/knowledge-bank/epc-documents/sepa-scheme-management-internal-rules-version-40/



1 General Description of the Change Request

1.1 Suggested launch date (if any):

Next Rulebook Version

1.2 Description of the change request:

In case, any party in the clearing chain (payer bank, payer CSM, beneficiary CSM) did not receive the positive or negative confirmation from the next party in the chain within the time limits set by the scheme or bilateral/multilateral agreement, then the party, which misses the response should be enabled to send a "Duplicate Transaction", clearly marked as a duplicate of the original instruction.

Whoever receives this "Duplicate" and has not received the initial (original) message should then act on receipt of this second message as if it was the original one.

This process would avoid the need for an inquiry process, and thus facilitate the final execution and credit to the beneficiary account.

The time out period starts anew from the time the duplicate was generated to allow subsequent action by the party, which has not received the original message.

1.3 Wherever possible, please indicate:

1. Impact on the Scheme in general:

This would be a variant to the existing SCTInst pacs.008

The "duplicate" pacs.008 would consist of exactly the same data elements and content as the original but clearly marked as "duplicate" (field to be determined)

2. Impact on the interbank space:

All banks and CSMs involved in the processing of SCTInst will be able to process this duplicate message fully automated and act upon it as if it was the original one (if necessary). This avoids manual handling of investigation messages and potential re-issuance of the transaction by the customer.

3. Impact on the message standards (SEPA Scheme Implementation Guidelines and other standards):

See 1. Above

4. Impact on the legal rules as defined in chapter 5 of the EPC SEPA Scheme Rulebooks:

The obligations of the payer bank, as well as the CSMs on behalf of the payer and beneficiary bank will have to support this functionality

5. The nature of the change request:

- a. A change (deleting or replacing an existing Rulebook element by a new one)

This is a change to the current investigation process in case of non-receipt of a positive or negative confirmation.



- b. A variant (adding an alternative – optional – rule alongside an existing Rulebook element)



2 Elements for evaluation

The submitting party is requested to give an appropriate answer to each of these questions with sufficient detail to allow the EPC to make an evaluation of the change request submitted.

Is the change request a case for SEPA wide acceptance?	Yes
Is the change request underpinned by a cost-benefit analysis?	No, but will show its benefits because of the automated processing
Does the change fit in the strategic objectives for SEPA?	Yes
Do you consider that the implementation of the change resulting from the acceptance of the change request is feasible?	Yes
Do you consider that the change request does not impede SEPA-wide interoperability?	On the contrary. The easier it will be to process SCTInst the faster it will be used.
Do you consider that the change request is in the scope of the scheme involved?	Yes

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TEMPLATE

for proposing a change request in a SEPA Payment Scheme

Responses by e-mail to: change-request.EPC-scheme@epc-cep.eu

by 31 December 2017

Name of contributor:	Pascal Spittler
Organisation:	EuroCommerce
Address:	Avenue des Nerviens 85, 1040 Etterbeek, Belgium
Contact details:	Pascal Spittler (Pascal.spittler@ikea.com)
Your reference:	Refund payment service to SCT instant
Scheme and document and version number:	<u>Highlight which EPC SEPA Scheme Rulebook(s) this change request relates to:</u> <u>Applicable for all of the messages but with priority to SEPA SCT instant credit transfer</u> EPC125-05 2017 SEPA Credit Transfer Rulebook Version 1.1 EPC004-16 2017 SEPA Instant Credit Transfer Rulebook Version 1.1 EPC016-06 2017 SEPA Direct Debit Core Rulebook Version 1.1 EPC222-07 2017 SEPA Direct Debit Business to Business Rulebook Version 1.1
Request Date:	November 2018
For information:	This template is provided by EPC to allow any person or organisation to submit a change request for making a change to the SEPA Schemes in accordance with the rules set out in the document 'SEPA Scheme Management Internal Rules' (SMIRs) available on the EPC Website: https://www.europeanpaymentscouncil.eu/document-library/other/sepa-scheme-management-internal-rules



1 General Description of the Change Request

1.1 Suggested launch date (if any):

November 2018 or latest November 2019

1.2 Description of the change request:

Currently the SEPA instant payment defines a EURO “real time” payment service. A refund is available but only through a manual process or a reversed SCT Inst.

(EP004-16 SEPA Instant Credit Transfer Scheme Rulebook Version 1.0 section 4.3.2.4 Beneficiary wishing to transfer back the Funds)

Customers purchasing goods or services at merchant point of sale often change their mind, return the goods or refine their requirements post event. Customers should be entitled to obtain a refund (either in full or in part) using their original payment method seamlessly whilst ensuring a consistent user experience.

EuroCommerce therefore proposes that an automated refund service based on the SCT Inst scheme be defined to enable the payee to promptly reimburse the payer, either in full or in part. It should only be initiated by the Payee and be based either on the Payment reference provided by the payee’s payment service provider or on the provision of the customers bank detail by the customer, supporting refund in case the initial bank account has been closed. It should be noted it is fairly common for the customer to not have their bank detail available at that time (IBAN account or proxy/surrogate value of the IBAN account).

The PSD2 mandates the payee’s payment service provider to provide for each payment order a reference allowing to identify the payment transaction

As the payee may not receive the information on the IBAN of the payer in the bank to customer credit transfer data set (4.5.4 DS-04 – Bank to Customer credit transfer information), the refund service should refer to the initial reference of the transaction received by the payee which would allow the payment service provider of the payee to reimburse the payer with complete SCT instant input.

Referring to the reference of the initial payment will ensure:

- a mitigation of fraud or error risk at the merchant side
- accurate information of the refund to the beneficiary’s IBAN account or their surrogate value
- Support the future use of virtual private address, surrogate value (token, ticket) of IBAN or biometric Identification. Such technologies are currently used (e.g. India UPI) or are under deployment (e.g.: P2P payments).

Retailers also believe that by creating a new reference built on the ticket/invoice information of the credit note, an SCT service provider should be able to process the SCT online (instant) and do this by identifying the payer (for reversals it is the merchant), the payee (the customer) without the need for the merchant to provide any of the initial registered data of the customer.



The credit note (or negative cash register ticket) would become the new reference for the transaction so that consumers can reconcile their bank account statement after they receive their refund. A consumer should accept the payment (reversal SCT) in the same way as they would in executing a payment to the merchant. A strong customer authentication as defined in the RTS on SCA could also be processed if required.

The ISO 20022 CT message, as describe by the EPC SCT instant Scheme, mandates that the valid IBAN of the beneficiary must be populated. In the refund service, the payee (a merchant) won't always be able to provide this information. The creditor IBAN and address may not be kept retained or made available to the merchant due to GDPR rules. A reference of the payment order (subrogate value of the customer data) should be used in place of the mandatory "SEPA Core Requirements" of the creditor and creditor agent. Several workarounds or business rules may be used to overcoming this limitation. A liaison with ISO 20022 Payment SEG group is recommended for either defining a new usage of the ISO 20022 CT or by defining a new business rule in the EPC SEPA instant CT implementation guideline (SEPA Instant Credit Transfer C2B IGs 2017 Version 1.0 Approved)

Regulatory basis

PSD2 by derogation in **Article 42 c) i)** stipulates that the payment service provider provides or makes available only a reference enabling the payment service user to identify the payment transaction, the amount of the payment transaction, any charges and/or in the case of several payment transactions of the same kind made to the same payee, information on the total amount and charges for those payment transactions;

Article 49 defines the Information for the payee after execution of the payment order as:

(a) a reference enabling the payee to identify the payment transaction and, where appropriate, the payer and any information transferred with the payment transaction;

Article 58 on Information for the payee on individual payment transactions states that "(a) a reference enabling the payee to identify the payment transaction and the payer, and any information transferred with the payment transaction;"

SEPA SCT inst transfer back of funds

This process is currently a manual process initiated by the beneficiary

4.3.2.4 Beneficiary wishing to transfer back the Funds

The Rulebook does not foresee any Exception Processing in case a Beneficiary wishes to send back the Funds of an SCT Inst Transaction. The Beneficiary has to contact the Beneficiary Bank on how the Beneficiary can transfer back the Funds (e.g., via another EPC SEPA Scheme, a new SCT Inst Transaction).

1.3 Wherever possible, please indicate:

1. Impact on the Scheme in general:

An additional payment service (SCT inst Refund).

2. Impact on the interbank space:



New code or service level code to be defined

3. Impact on the message standards (SEPA Scheme Implementation Guidelines and other standards):

The creditor and creditor agent may not be provided as they are omitted in the original message (B2C). The refund initiation has to be based on the payment order reference or, in case the customer is able to provide bank details, on a new SCT inst qualified as a refund.

4. Impact on the legal rules as defined in chapter 5 of the EPC SEPA Scheme Rulebooks:

Update of their multilateral agreement to support a refund service

5. The nature of the change request:
 - a. A change (deleting or replacing an existing Rulebook element by a new one)

 - b. A variant (adding an alternative – optional – rule alongside an existing Rulebook element) – **A variant refund service as a payment service which includes a reverse payment (either partial or total) of a previously initiated SEPA SCT instant Credit Transfer payment transaction.**



2 Elements for evaluation

The submitting party is requested to give an appropriate answer to each of these questions with sufficient detail to allow the EPC to make an evaluation of the change request submitted.

Is the change request a case for SEPA wide acceptance?	A refund service will facilitate the acceptance of SCT Inst real time payment by customer as they will be able to get refund by the merchant using a frictionless process
Is the change request underpinned by a cost-benefit analysis?	Faster and larger adoption of the SEPA SCT Instant as the customer is currently accustomed with such service using card payments
Does the change fit in the strategic objectives for SEPA?	Yes, it allows a basic payment service providing common payments and refund payment methods
Do you consider that the implementation of the change resulting from the acceptance of the change request is feasible?	Yes
Do you consider that the change request does not impede SEPA-wide interoperability?	It is only an extension of the Payee's payment service provider service
Do you consider that the change request is in the scope of the scheme involved?	It is a real time refund payment service

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Distribution: Publicly available

TEMPLATE

for proposing a change request in a SEPA Payment Scheme

**Responses by e-mail to: change-request.EPC-scheme@epc-cep.eu
by 31 December 2017**

Name of contributor:	C. Bastian
Organisation:	Dutch Payments Association
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Contact details:	c.bastian@betaalvereniging.nl, +31(0)203051958 or info@betaalvereniging.nl
Your reference:	EPC265-16 Scheme change request DPA_SCT_Inst_#1_2017.docx
Scheme and document and version number:	<u>Highlight which EPC SEPA Scheme Rulebook(s) this change request relates to:</u> EPC004-16 2017 SEPA Instant Credit Transfer Rulebook Version 1.1
Request Date:	December 20th 2017
For information:	This template is provided by EPC to allow any person or organisation to submit a change request for making a change to the SEPA Schemes in accordance with the rules set out in the document 'SEPA Scheme Management Internal Rules' (SMIRs) available on the EPC Website: https://www.europeanpaymentscouncil.eu/document-library/other/sepa-scheme-management-internal-rules



1 General Description of the Change Request

1.1 Suggested launch date (if any):

November 2019

1.2 Description of the change request:

Extending the period for Beneficiary Banks **from 10** Banking Business Days (after the receipt of the Request for Recall by the Originator) **to 15 Banking Business Days** (after the receipt of the Request for Recall by the Originator) for providing either a positive or negative answer to the Originator Bank.

Extending the period to respond increases the likelihood for Beneficiary Banks to receive, if needed, the proper authorization from the Beneficiaries for debiting their account in time.

This change will prevent (unnecessary) negative answers to Originator Banks caused by the fact that Beneficiaries are not able to provide their proper authorization for debiting their account to the Beneficiary Bank in time. The quality of the outcome of the Request for Recall process will improve substantially.

1.3 Wherever possible, please indicate:

1. Impact on the Scheme in general:

No

2. Impact on the interbank space:

Yes

3. Impact on the message standards (SEPA Scheme Implementation Guidelines and other standards):

None

4. Impact on the legal rules as defined in chapter 5 of the EPC SEPA Scheme Rulebooks:

None

5. The nature of the change request:

A change (deleting or replacing an existing Rulebook element by a new one)



2 Elements for evaluation

The submitting party is requested to give an appropriate answer to each of these questions with sufficient detail to allow the EPC to make an evaluation of the change request submitted.

Is the change request a case for SEPA wide acceptance?	YES
Is the change request underpinned by a cost-benefit analysis?	NO
Does the change fit in the strategic objectives for SEPA?	YES (Quality improvement)
Do you consider that the implementation of the change resulting from the acceptance of the change request is feasible?	YES
Do you consider that the change request does not impede SEPA-wide interoperability?	YES
Do you consider that the change request is in the scope of the scheme involved?	YES

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Name of contributor:	C. Bastian
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Your reference:	epc265-16 scheme change request dpa_sct_inst_#2_2017.docx
Scheme and document and version number:	<u>Highlight which EPC SEPA Scheme Rulebook(s) this change request relates to:</u> EPC004-16 2017 SEPA Instant Credit Transfer Rulebook Version 1.1
Request Date:	December 20th 2017
For information:	This template is provided by EPC to allow any person or organisation to submit a change request for making a change to the SEPA Schemes in accordance with the rules set out in the document 'SEPA Scheme Management Internal Rules' (SMIRs) available on the EPC Website: https://www.europeanpaymentscouncil.eu/document-library/other/sepa-scheme-management-internal-rules



1 General Description of the Change Request

1.1 Suggested launch date (if any):

November 2019

1.2 Description of the change request:

Expand the possibility of appeal for the Originator if a negative answer to the Request for Recall is received from the Beneficiary Bank.

If the Beneficiary Bank is obliged to provide a negative answer, nowadays the communicated decision from the Beneficiary, regarding the concerned initial Credit Transfer, is final from the perspective of the Originator Bank as well as the Beneficiary Bank.

However, the Originator can (still) disagree with this communicated decision and might wish to contact the Beneficiary directly to take legal action. Since the Originator has no access to the correct contact details of the Beneficiary, the Originator Bank can ask for the correct contact details (Name, Address, Place) of the Beneficiary via the Beneficiary Bank.

After this request the Beneficiary Bank can provide the Originator Bank with the requested contact details (Name, Address, Place). However, the (non-intended) Beneficiary always has the opportunity to submit a well-founded objection to this provision of the requested contact details (Name, Address, Place) to the Beneficiary Bank. The Beneficiary Bank will inform the Originator Bank as soon as possible about this objection.

1.3 Wherever possible, please indicate:

1. Impact on the Scheme in general:

No

2. Impact on the interbank space:

Yes

3. Impact on the message standards (SEPA Scheme Implementation Guidelines and other standards):

None

4. Impact on the legal rules as defined in chapter 5 of the EPC SEPA Scheme Rulebooks:

None

5. The nature of the change request:

A change (deleting or replacing an existing Rulebook element by a new one)



2 Elements for evaluation

The submitting party is requested to give an appropriate answer to each of these questions with sufficient detail to allow the EPC to make an evaluation of the change request submitted.

Is the change request a case for SEPA wide acceptance?	YES
Is the change request underpinned by a cost-benefit analysis?	NO
Does the change fit in the strategic objectives for SEPA?	YES (Quality improvement)
Do you consider that the implementation of the change resulting from the acceptance of the change request is feasible?	YES
Do you consider that the change request does not impede SEPA-wide interoperability?	YES
Do you consider that the change request is in the scope of the scheme involved?	YES

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TEMPLATE

for proposing a change request in a SEPA Payment Scheme

**Responses by e-mail to: change-request.EPC-scheme@epc-cep.eu
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Name of contributor:	C. Bastian
Organisation:	Dutch Payments Association
Address:	P.O. Box 83073, 1080 AB Amsterdam, The Netherlands
Contact details:	c.bastian@betaalvereniging.nl, +31(0)203051958 or info@betaalvereniging.nl
Your reference:	EPC265-16 Scheme change request DPA_SCT_Inst_#3_2017.docx
Scheme and document and version number:	<u>Highlight which EPC SEPA Scheme Rulebook(s) this change request relates to:</u> EPC004-16 2017 SEPA Instant Credit Transfer Rulebook Version 1.1
Request Date:	December 20th 2017
For information:	This template is provided by EPC to allow any person or organisation to submit a change request for making a change to the SEPA Schemes in accordance with the rules set out in the document 'SEPA Scheme Management Internal Rules' (SMIRs) available on the EPC Website: https://www.europeanpaymentscouncil.eu/document-library/other/sepa-scheme-management-internal-rules



1 General Description of the Change Request

1.1 Suggested launch date (if any):

ASAP, but no later than November 2019

1.2 Description of the change request:

Introduction

The current EPC SCT Inst Rulebook states that if, for whatever reason, any party cannot handle the transaction in the normal way, the SCT Inst should be rejected.

Additionally the EPC SCT Inst Risk Management Annex specifies an option for Beneficiary Banks to put the transaction on hold when they are confronted with a potential hit (based on regulatory requirements "Handling of hits against CTF, Embargo and AML"; see Business Risk B.4).

This option describes, outside the time window for a regular SCT Inst transaction, the procedures for the Beneficiary Bank how to handle during the analysis/validation of the potential hit (Is the hit positive or false?).

Result is an open end: the Originator receives a confirmation that the SCT Inst Transaction is successful, but the Funds are not (directly) Made Available to the Beneficiary.

To solve the open end the Originator Bank must be enabled to inform the Originator adequately upon request that the SCT Inst Transaction is delayed; preferable within the timeframe of a normal Instant Payment transaction.

Proposed change

The change proposal, to cover the immediate notification from the Beneficiary Bank to the Originator Bank, is to choose one out of the two possible solutions as mentioned below. These solutions are:

1. Introduce the option to send a 'Pending' status as reply. This 'Pending' status informs the Originator Bank that the Beneficiary Bank has been confronted with a potential hit. Settlement will be triggered by this message (in line with a Positive confirmation) to allow the Beneficiary Bank to fulfill its legal obligations.

When the Beneficiary Bank has concluded the investigation the Pending status will be followed by a Confirmation Message (either Positive or Negative) enabling the Beneficiary Bank to inform the Originator Bank whether the Funds are finally Made Available to the Beneficiary.

2. Introduce the usage rule to include a Reason Code in the Positive Confirmation message (DS-03) from the Beneficiary Bank to the Originator Bank indicating that the Beneficiary Bank has been confronted with a potential hit. Settlement will not be impacted.

In this option there will be no final confirmation whether the Funds are finally Made Available to the Beneficiary.

In both cases, when the investigation results in a true hit, and the Funds may be returned to the Originator, the Beneficiary Bank will do so by a SCT Inst payment for the same amount with reference to the original transaction.

This is in line with the process as it is in the actual version of the Rulebook and RMA.



1.3 Wherever possible, please indicate:

1. Impact on the Scheme in general:

No

2. Impact on the interbank space:

Yes

3. Impact on the message standards (SEPA Scheme Implementation Guidelines and other standards):

Yes

4. Impact on the legal rules as defined in chapter 5 of the EPC SEPA Scheme Rulebooks:

None

5. The nature of the change request:

A variant (adding an alternative – optional – rule alongside an existing Rulebook element)



2 Elements for evaluation

The submitting party is requested to give an appropriate answer to each of these questions with sufficient detail to allow the EPC to make an evaluation of the change request submitted.

Is the change request a case for SEPA wide acceptance?	YES
Is the change request underpinned by a cost-benefit analysis?	NO
Does the change fit in the strategic objectives for SEPA?	YES (Quality improvement)
Do you consider that the implementation of the change resulting from the acceptance of the change request is feasible?	YES
Do you consider that the change request does not impede SEPA-wide interoperability?	YES
Do you consider that the change request is in the scope of the scheme involved?	YES

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Distribution: Publicly available

TEMPLATE

for proposing a change request in a SEPA Payment Scheme

**Responses by e-mail to: change-request.EPC-scheme@epc-cep.eu
by 31 December 2017**

Name of contributor:	SIX Interbank Clearing Ltd on behalf of the Swiss Financial Market (Payment Committee Switzerland – PaCoS)
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Your reference:	
Scheme and document and version number:	<u>This change request relates to all rulebooks:</u> EPC125-05 2017 SEPA Credit Transfer Rulebook Version 1.1 EPC004-16 2017 SEPA Instant Credit Transfer Rulebook Version 1.1 EPC016-06 2017 SEPA Direct Debit Core Rulebook Version 1.1 EPC222-07 2017 SEPA Direct Debit Business to Business Rulebook Version 1.1 - and all affected Implementation Guidelines
Request Date:	15 December 2017
For information:	



1 General Description of the Change Request

1.1 Suggested launch date (if any):

As soon as possible at the latest by November 2019

1.2 Description of the change request:

Background and Example:

The actual version of the Rulebooks and Implementation Guidelines request that the BIC code is mandatory if a bank is located in a non-EEA SEPA country or territory.

Example: 2017 SEPA Credit Transfer Rulebook (DS-01)
AT-23

- [23 The BIC code of the Beneficiary Bank (only mandatory when Beneficiary Bank is located in a non-EEA SEPA country or territory)

Example: 2017 SEPA INSTANT CREDIT TRANSFER SCHEME – CUSTOMER-TO-BANK IMPLEMENTATION GUIDELINES
AT-06/AT-23

#	SEPA Mult	Message Element	SEPA Core Requirements
2.41	0..1	Customer Credit Transfer Initiation V03 +Payment Information ++Debtor Agent +++Financial Institution Identification ++++BIC	<i>SEPA Rulebook</i> <i>AT-06 The BIC code of the Originator Bank. The BIC is only mandatory when Originator Bank is located in a non-EEA SEPA country or territory.</i> <i>ISO Name</i> BIC
2.94	0..1	Customer Credit Transfer Initiation V03 +Payment Information ++Credit Transfer Transaction Information +++Creditor Agent	<i>SEPA Rulebook</i> <i>AT-23 The BIC code of the Beneficiary Bank. Only mandatory when Beneficiary Bank is located in a non-EEA SEPA country or territory.</i> <i>SEPA Usage Rule(s)</i> Only BIC is allowed.

The same principle applies to SDD (both Core/B2B) and SCT Inst.

Problem:

As described above, SEPA customers are not allowed to use the <<IBAN-only procedure>> for banks located in a non-EEA country or territory. This creates unnecessary costs for banks and their customers and therefore impedes the success of SEPA.

**Change Request:**

a) To allow bank customers in SEPA countries to use <<IBAN-only>> also for banks located in non-EEA SEPA countries or territories. Therefore we request to delete the obligation that BIC is mandatory for non-EEA SEPA countries or territories in all EPC Rulebooks and Implementation Guidelines.

b) If (for any reason) it is not possible to allow bank customers in SEPA countries to use <<IBAN-only>> for all non-EEA SEPA countries or territories the change request should be interpreted to allow <<IBAN-Only>> for payments from/to Switzerland.

Reason for this request:

1. There is no business rational for the obligation that BIC are mandatory for non-EEA SEPA countries or territories. The EU directive 260/2012 requested under reason No. 8 that "technical means should be developed to enable all users to identify unambiguously a payment account by IBAN alone." Therefore solutions like SWIFTRef exist and could be used for all SEPA countries. The IBAN derivation for non-EEA SEPA members can be done similarly to IBAN derivation for EEA SEPA members. An example for a Swiss IBAN derivation is enclosed.
2. The repeal of the obligation that BIC is mandatory for non-EEA SEPA countries or territories will have a positive impact on bank customers in all SEPA countries. Bank customers will be able to treat all payments within SEPA with IBAN-only.
3. This change request contributes to the success of SEPA, e.g. by avoiding unnecessary costs, such as for separate validations in an ERP software or separate treatments in an online banking solution.
4. There are no legal requirements for this obligation.



1.3 Wherever possible, please indicate:

1. Impact on the Scheme in general:
No impact besides clarification (CLAR).
2. Impact on the interbank space:
No impact besides clarification (CLAR) as BIC is always used in the interbank space.
3. Impact on the message standards (SEPA Scheme Implementation Guidelines and other standards):
No impact on standards besides clarification (CLAR). The respective ISO elements remain untouched.
4. Impact on the legal rules as defined in chapter 5 of the EPC SEPA Scheme Rulebooks:
No impact besides clarification (CLAR).
5. The nature of the change request:
 - a. A change (deleting or replacing an existing Rulebook element by a new one)
No
 - b. A variant (adding an alternative – optional – rule alongside an existing Rulebook element)

The nature of the change request is b). Nevertheless we recommend including this clarification in the next version of the rulebook.



2 Elements for evaluation

The submitting party is requested to give an appropriate answer to each of these questions with sufficient detail to allow the EPC to make an evaluation of the change request submitted.

Is the change request a case for SEPA wide acceptance?	yes
Is the change request underpinned by a cost-benefit analysis?	no
Does the change fit in the strategic objectives for SEPA?	yes
Do you consider that the implementation of the change resulting from the acceptance of the change request is feasible?	yes
Do you consider that the change request does not impede SEPA-wide interoperability?	yes
Do you consider that the change request is in the scope of the scheme involved?	yes



ANNEX: EXAMPLE: SWISS IBAN DERIVATION

Bankers World Online Search IBAN tools Holidays

IBAN tools

IBAN Validation IBAN Structure IBAN Constructor

IBAN was made invisible Validate

✓ Valid

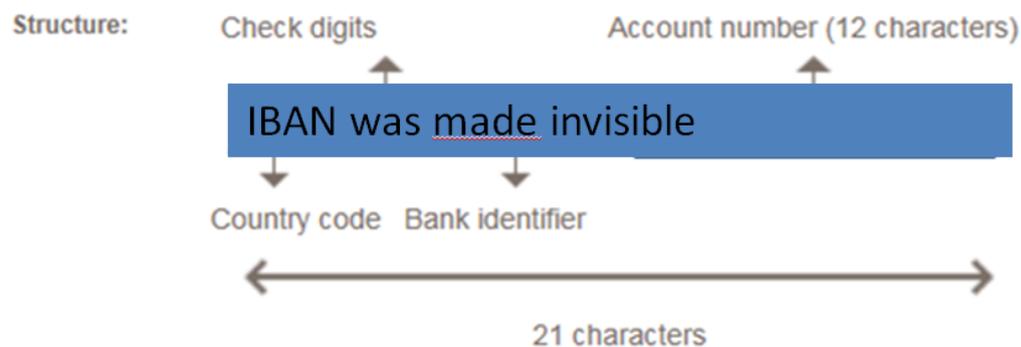
IBAN BIC:
UBSWCHZH82P

Bank Name:
UBS SWITZERLAND AG

IBAN National ID:
00217

ROUTING BIC:
UBSWCHZH80A

Country:
SWITZERLAND



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Distribution: Publicly available

TEMPLATE

for proposing a change request in a SEPA Payment Scheme

Responses by e-mail to: change-request.EPC-scheme@epc-cep.eu

by 31 December 2017

Name of contributor:	Hardy Bremer
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Contact details:	e-mail: hartmut.bremer@db.com phone: +49 69 910 32148
Your reference:	SCTInst Return
Scheme and document and version number:	<u>Highlight which EPC SEPA Scheme Rulebook(s) this change request relates to:</u> EPC125-05 2017 SEPA Credit Transfer Rulebook Version 1.0 EPC004-16 2017 SEPA Instant Credit Transfer Rulebook Version 1.0 EPC016-06 2017 SEPA Direct Debit Core Rulebook Version 1.0 EPC222-07 2017 SEPA Direct Debit Business to Business Rulebook Version 1.0
Request Date:	21 December 2017
For information:	This template is provided by EPC to allow any person or organisation to submit a change request for making a change to the SEPA Schemes in accordance with the rules set out in the document 'SEPA Scheme Management Internal Rules' (SMIRs) available on the EPC Website: http://www.europeanpaymentscouncil.eu/index.cfm/knowledge-bank/epc-documents/sepa-scheme-management-internal-rules-version-40/



1 General Description of the Change Request

1.1 Suggested launch date (if any):

Next Rulebook Version

1.2 Description of the change request:

If banks follow the RMA recommendation they most likely will perform EU Embargo Filtering AFTER the confirmation was sent to the CSM that the transaction was accepted.

At the end of the Filtering process, there are the following options:

- a) Passed, i.e. amount can be credited to customer account
- b) Reject, i.e. the transaction will have to be returned as it was already settled based on the positive confirmation sent out earlier
- c) Freeze, i.e. the amount in question will have to be held on a dedicated account until further notice

In case of b) it would be necessary for the beneficiary bank to return the funds. Currently this is not foreseen in the Rulebook. Instead of using a pacs.004 (return message) the bank will have to initiate a pacs.008 message using as many details from the original message as possible. However, indicating that the SCTInst is in fact a return of a previously received SCTInst can be indicated only in the remittance details.

Therefore it is requested that pacs.004 messages can be used also for returns initiated by banks in addition to those of type FO CR.

1.3 Wherever possible, please indicate:

1. Impact on the Scheme in general:

This would be a variant to the existing SCTInst pacs.004

The return would not be restricted to pacs.004 with reason code FO CR but would allow for bank returns for other reasons as well, e.g. MS03 or RR01

2. Impact on the interbank space:

All banks and CSMs involved in the processing of SCTInst will have to be able to accept this variant.

3. Impact on the message standards (SEPA Scheme Implementation Guidelines and other standards):

See 1. Above

4. Impact on the legal rules as defined in chapter 5 of the EPC SEPA Scheme Rulebooks:

No change

5. The nature of the change request:

- a. A change (deleting or replacing an existing Rulebook element by a new one)

This is a change to the current processing of return messages



- b. A variant (adding an alternative – optional – rule alongside an existing Rulebook element)



2 Elements for evaluation

The submitting party is requested to give an appropriate answer to each of these questions with sufficient detail to allow the EPC to make an evaluation of the change request submitted.

Is the change request a case for SEPA wide acceptance?	Yes
Is the change request underpinned by a cost-benefit analysis?	No, but will show its benefits because of the automated processing
Does the change fit in the strategic objectives for SEPA?	Yes
Do you consider that the implementation of the change resulting from the acceptance of the change request is feasible?	Yes
Do you consider that the change request does not impede SEPA-wide interoperability?	On the contrary. The easier it will be to process SCTInst the faster it will be used.
Do you consider that the change request is in the scope of the scheme involved?	Yes

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Distribution: Publicly available

TEMPLATE

for proposing a change request in a SEPA Payment Scheme

Responses by e-mail to: change-request.EPC-scheme@epc-cep.eu

by 31 December 2017

Name of contributor:	Guido Cavagnaro
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Address:	Hahnstrasse 25, D-60528 Frankfurt Germany
Contact details:	Guido.cavagnaro@equensworldline.com
Your reference:	Clarifying adherence conditions for optional schemes
Scheme and document and version number:	<u>Highlight which EPC SEPA Scheme Rulebook(s) this change request relates to:</u> EPC125-05 2017 SEPA Credit Transfer Rulebook Version 1.1 EPC004-16 2017 SEPA Instant Credit Transfer Rulebook Version 1.1 EPC016-06 2017 SEPA Direct Debit Core Rulebook Version 1.1 EPC222-07 2017 SEPA Direct Debit Business to Business Rulebook Version 1.1
Request Date:	
For information:	This template is provided by EPC to allow any person or organisation to submit a change request for making a change to the SEPA Schemes in accordance with the rules set out in the document 'SEPA Scheme Management Internal Rules' (SMIRs) available on the EPC Website: http://www.europeanpaymentscouncil.eu/index.cfm/knowledge-bank/epc-documents/sepa-scheme-management-internal-rules-version-40/



1 General Description of the Change Request

1.1 Suggested launch date (if any):

November 2019

1.2 Description of the change request:

The SCT Inst scheme is an optional scheme. Currently, PSPs are not obliged by law, national or any EU regulation to offer payments following this payment scheme. However, in the Rulebook there is no clear statement whether the adherence to the SCT scheme is a precondition for the adherence to the SCT Inst scheme.

This also applies to SDD B2B scheme, which is an optional scheme as well. PSPs are not obliged to offer payments following this payment scheme. However, in the Rulebook there is no clear statement whether the adherence to the SDD Core scheme is a precondition for the adherence to the SDD B2B scheme.

Until now, payment service providers had adhered to the "basic schemes" (SCT and SDD Core) and afterwards some had adhered optionally to the SDD B2B scheme. In the future, it is possible for some payment service providers to decide strategically to offer exclusively SCT Instant Payments. The payment service providers should be provided with clarity with regard to the adherence of these schemes.

Even the document "Guide for Adherence to the SEPA Credit Transfer Scheme, the SEPA Instant Credit Transfer Scheme and the SEPA Direct Debit Schemes", EPC012-17 (Vs 1.0) left this question unclear. It appears unclear whether a participant is allowed to offer on the market exclusively optional SEPA schemes and not "core" schemes. equensWorldline does not consider the following reference in Chapter 1.1 of the Guide to be sufficient for clarification of this question (cursive quote):

("If the applicant has been authorised as a payment institution under Article 11 of the Payment Services Directive (the "PSD"), or is any other payment services provider listed in Article 1.1 of that Directive (a "Payment Institution"), the applicant shall be deemed automatically to have met certain of the eligibility criteria due to at least equivalent requirements being imposed on them by virtue of authorisation and continuing requirements under the PSD. The eligibility requirements which applicants qualifying as Payment Institutions will be deemed automatically to have met are:

- *be active in the business of providing banking and/or payment services to Customers"*

Therefore, equensWorldline suggests that the SDD B2B Rulebook and the SCT Inst Rulebook must include a clear statement regarding the above-mentioned possibility. Alternatively, a reference to the Guide Adherence could help, if the clarification is made in the guide adherence instead.

1.3 Wherever possible, please indicate:

1. Impact on the Scheme in general:

Enhancing the consistency, clarity and completeness of the scheme's documentation

2. Impact on the interbank space:

No direct impact



3. Impact on the message standards (SEPA Scheme Implementation Guidelines and other standards):

No direct impact

4. Impact on the legal rules as defined in Chapter 5 of the EPC SEPA Scheme Rulebooks:

No direct impact

5. The nature of the change request:

- a. A change (deleting or replacing an existing Rulebook element by a new one)

- b. A variant (adding an alternative – optional – rule alongside an existing Rulebook element)



2 Elements for evaluation

The submitting party is requested to give an appropriate answer to each of these questions with sufficient detail to allow the EPC to make an evaluation of the change request submitted.

Is the change request a case for SEPA wide acceptance?	YES
Is the change request underpinned by a cost-benefit analysis?	NO
Does the change fit in the strategic objectives for SEPA?	YES
Do you consider that the implementation of the change resulting from the acceptance of the change request is feasible?	YES
Do you consider that the change request does not impede SEPA-wide interoperability?	YES
Do you consider that the change request is in the scope of the scheme involved?	YES

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TEMPLATE

for proposing a change request in a SEPA Payment Scheme

Responses by e-mail to: change-request.EPC-scheme@epc-cep.eu

by 31 December 2017

Name of contributor:	Rachit Sharma
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Address:	Eon IT Park, Kharadi, Pune, Maharashtra 411014, India
Contact details:	8552855771 rachitster@gmail.com
Your reference:	
Scheme and document and version number:	<u>Highlight which EPC SEPA Scheme Rulebook(s) this change request relates to:</u> EPC125-05 2017 SEPA Credit Transfer Rulebook Version 1.1 EPC004-16 2017 SEPA Instant Credit Transfer Rulebook Version 1.1 EPC016-06 2017 SEPA Direct Debit Core Rulebook Version 1.1 EPC222-07 2017 SEPA Direct Debit Business to Business Rulebook Version 1.1
Request Date:	22/12/2017
For information:	This template is provided by EPC to allow any person or organisation to submit a change request for making a change to the SEPA Schemes in accordance with the rules set out in the document 'SEPA Scheme Management Internal Rules' (SMIRs) available on the EPC Website: https://www.europeanpaymentscouncil.eu/document-library/other/sepa-scheme-management-internal-rules



1 General Description of the Change Request

1.1 Suggested launch date (if any):

Can be proposed in phase 2 i.e. after banks have been successfully launched and implemented SCT Instant payments

1.2 Description of the change request:

Change:

Introduce a dropdown option in the UI which will enable clients to make payments by just specifying a mobile number\email ID or any other National ID of the beneficiary.

Benefit:

- With this user will not need to remember the Beneficiary Account Number. He\She can make payment to the beneficiary by specifying their mobile number\national ID\email id and any such similar values.
- No need to validate the Beneficiary Account Number which effectively means faster payment submission.

Details:

- Changes on the UI
this field can be called as Product Type\Payment ID or any other name found suitable. This will be a drop down which will have values like Mobile Number\national ID>Email etc. Based on this value, user can enter the actual value of the chosen Product Type in Beneficiary Account Number field.
- Changes on the Product processor\Back end application
there can be a system which will have a mapping between all such mobile number\email Ids etc with the Beneficiary Account Number.
- If there are any changes on the mobile number\email ID\Nation ID they can be communicated to the bank for changes\corrections. This can be part of an ongoing maintenance activity.
- The pain message can be populated with the beneficiary account number details based on the values fetched against the mobile number.

Examples for reference:

- **India IMPS Payments**
<https://www.npci.org.in/product-overview/imps-product-overview>
- **NPP payments in Australia**
<http://www.nppa.com.au/payid/>
<https://www.payid.com.au/>



1.3 Wherever possible, please indicate:

1. Impact on the Scheme in general:

SCT Instant Payments can be initiated without the need to specify complete beneficiary account details.

2. Impact on the interbank space:

3. Impact on the message standards (SEPA Scheme Implementation Guidelines and other standards):

Beneficiary Account Number and related beneficiary fields can be populated based on values derived on the basis of mapping table. The mapping table will contain beneficiary account number and their corresponding mobile numbers\email ids etc.

4. Impact on the legal rules as defined in chapter 5 of the EPC SEPA Scheme Rulebooks:

This should NOT lead to violation of any rule as per my understanding.

5. The nature of the change request:

- a. A change (deleting or replacing an existing Rulebook element by a new one)

NO

- b. A variant (adding an alternative – optional – rule alongside an existing Rulebook element)

YES



2 Elements for evaluation

The submitting party is requested to give an appropriate answer to each of these questions with sufficient detail to allow the EPC to make an evaluation of the change request submitted.

Is the change request a case for SEPA wide acceptance?	Yes. Adoption of this can simplify payments and make it easier for the user to provide details on the payment initiation screen and there will be no need to remember the beneficiary account number.
Is the change request underpinned by a cost-benefit analysis?	Benefits: <ol style="list-style-type: none">1. Send payments quickly as Beneficiary Account Number Validation will NOT be required2. No need to remember the beneficiary's account number3. Beneficiaries can keep their account details private Cost involved would include: <ol style="list-style-type: none">1. Efforts to introduce a new field in UI2. Maintain the mapping between account number and Payment ID types (such as mobile number\email ID\Nation ID etc)
Does the change fit in the strategic objectives for SEPA?	<ol style="list-style-type: none">1. Making payments simpler and faster2. There will be less validations required on the screen since user is not entering beneficiary Account Number
Do you consider that the implementation of the change resulting from the acceptance of the change request is feasible?	Yes. India IMPS\Australia NPP are examples.
Do you consider that the change request does not impede SEPA-wide interoperability?	NO. This would provide multiple benefits as mentioned before.
Do you consider that the change request is in the scope of the scheme involved?	Yes.

