



EPC Payment Scheme Participation Fees - Invoicing Policy and Guidelines

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Public

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1. Background

The purpose of the present document is exclusively to clarify the administrative rules put in place to ensure proper execution of the collection of the EPC payment scheme participation fees, as defined in the EPC Payment Scheme Management Rules.

The rules and guidelines set out in this document do not supersede the SEPA (Instant) Credit Transfer (SCT (Inst)), the SEPA Direct Debit Scheme (SDD) and the One-Leg Out Instant Credit Transfer (OCT Inst) Rulebooks (the 'Rulebooks') in effect or the EPC Payment Scheme Management Rules, which set out the rights and obligations of EPC payment scheme participants.

2. Invoicing policy

In accordance with the relevant provisions of the EPC Payment Scheme Management Rules, the EPC will on a yearly basis establish the following year's EPC payment scheme participation fees to recover the costs related to the Payment Scheme Management function performed by the EPC and the Payment Scheme Management governance bodies.

These fees may be levied at the individual participant level, or at group level, for those participants which are part of a declared 'group' (see below), as defined in the Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (the EMIR Regulation) as amended from time to time, or for those participants located in a country outside the European Economic Area and within the geographical scope of the schemes, which are part of a group meeting substantially equivalent requirements as referred to in the definition of a 'group' in the EMIR Regulation.

The applicable fees will be fixed in a fair, reasonable and non-discriminatory way by the EPC General Assembly upon a proposal submitted by the Payment Scheme Management Board (PSMB) based on the fee setting mechanism approved by the EPC Board upon recommendation by the PSMB, and will be made public on the EPC Website.

3. Invoicing timeline

1. Latest in the week following the August Scheme Register update publication date: communication to scheme participants regarding the start of the upcoming scheme participation fee cycle, and invitation to submit new group(ing) declarations or amend existing group(ing) declarations.



2. Deadline date for October Scheme Register publication¹: deadline for submission and finalisation of new or amended group(ing) declarations. The Secretariat can extend the deadline with one-week (maximum), to resolve any outstanding issues regarding a group(ing) declaration.
3. Publication date of the October Scheme Register update: snapshot number of EPC payment scheme participants (individual participants and participants belonging to groups). All EPC payment scheme participants included with the October Scheme Register publication will, regardless of their operational readiness date, be invoiced for their EPC payment scheme participation in the following year.
4. Q4 PSMB meeting: calculation of the EPC payment scheme participation fee, based on the following year's estimated costs related to the Payment Scheme Management function performed by the EPC, divided by the number of EPC payment scheme participants included with the aforementioned 'snapshot', taking into account the number and size of declared group(s)(ings)).

EPC payment scheme participants which have informed the EPC by the deadline date for the October Scheme Register publication of their intention to terminate their participation to one or more EPC payment schemes before the end of the corresponding year, will be – partially or fully - excluded from the fee calculation for the following year.

A margin shall be factored in to cover for unexpected participation terminations occurring between the October Register publication and the invoicing and fee collection taking place at the start of the following year.

5. Q4 Board and General Assembly meetings: approval of the EPC payment scheme participation fee levels and publication on the EPC Website.
6. Beginning of Q1 of the invoicing year: send out of the EPC payment scheme participation fee invoices and the fee collection. The invoices are to be paid within 30 days from the invoicing date by means of electronic SEPA instruments only.

4. Group(ing) declarations

In the case of a declared group or grouping as defined in the EMIR Regulation, the EPC payment scheme participation fees will be consolidated and calculated based on a sliding scale taking into account the number of EPC payment scheme participants that are part of such a group or grouping across the geographical scope of the schemes. The consolidated EPC payment scheme participation fee amount will cover all EPC payment schemes (SCT, SCT Inst, SDD Core, SDD B2B, OCT Inst) and be due by the parent undertaking or the central body of the corresponding group or grouping.

Parent undertakings of a group or central bodies of a grouping are invited latest in August to declare their group(ing) composition to the EPC, by providing the duly completed "Template

¹<https://www.europeanpaymentscouncil.eu/what-we-do/participating-schemes/register-participants>



Grouping Declaration” (EPC139-20), as well as a list of all member EPC payment scheme participants using a standard Excel template (EPC287-14). Both documents shall be sent to the Secretariat by email and by regular mail, and will only become effective upon the EPC’s confirmation of receipt.

To ensure a correct calculation of the EPC payment scheme participation fee levels, it is of the utmost importance that the grouping declarations are made accurately (including correct name and BIC of parent undertaking and relevant subsidiaries) and in a timely fashion.

Any BIC changes or name changes to be processed in the EPC Register of Participants relevant to a grouping declaration should be reported in a timely fashion, and not later than by the deadline date for the October Scheme Register publication.

Grouping declarations (or amendments thereto) received after the submission deadline will not be taken into consideration until the following cycle. Consequently, impacted EPC payment scheme participants shall be invoiced individually, at the individual participation fee level.

5. Participation termination, mergers and acquisitions

The EPC Secretariat maintains a separate EPC Register of Participants for each of the schemes, containing the name, reference BIC, contact address and other details determined by the EPC in respect of each participant. The Registers are regularly updated by the Secretariat as specified in the relevant schedule published on the EPC Website².

The EPC Payment Scheme Management Rules stipulate that, if an EPC payment scheme participant changes its details, so that the Register does not carry accurate data in respect of the participant, the EPC payment scheme participant shall notify the Secretariat as soon as it is reasonably practicable to do so. It is the responsibility of the EPC payment scheme participant to ensure that the Secretariat is provided with information in relation to the EPC payment scheme participant that is accurate and up to date at all times.

In the context of EPC payment scheme participation fees, the aforementioned requirement to notify the Secretariat of changes pertaining to the EPC payment scheme participant in a timely manner is not only of relevance to ensure correct invoicing and a smooth collection of fees, but is also of specific relevance to EPC payment scheme participation terminations (for example through mergers and acquisitions). Indeed, the failure to notify the Secretariat of an intended EPC payment scheme participation termination could lead to the generation of EPC payment scheme participation invoices for entities which are no longer existing. Moreover, the calculation of the relevant EPC payment scheme participation fees will be flawed, because it would be based on an erroneous number of EPC payment scheme participants adhering to the scheme.

In case of failure to timely report an intended EPC payment scheme participation termination, and to the furthest reasonably possible extent, the EPC will recover the due EPC payment scheme participation fees from the merged/acquiring entity.

Furthermore, it is to be noted that, the EPC Dispute Resolution Committee may decide to initiate a formal complaint against EPC payment scheme participants for failing to notify the EPC of

²<https://www.europeanpaymentscouncil.eu/what-we-do/participating-schemes/register-participants>.



mergers or acquisitions requiring updates to the EPC Registers of Participants, which qualifies as a breach of the Rulebooks.

6. Late payments

The EPC Payment Scheme Management Rules explicitly provide that the failure of an EPC payment scheme participant to pay EPC payment scheme participation fees due shall constitute an Event of Default, on the basis of which the EPC may, at its sole discretion and upon notice by registered mail, temporarily suspend or terminate the entry of the EPC payment scheme participant in the relevant EPC Register(s) of Participants, as of the first following Register update publication, but not earlier than 30 calendar days after the issuance of a notice of suspension.

In the event of EPC payment scheme participants no longer being able to pay their debts as they fall due, becoming insolvent or having ceased to exist, the Secretariat may decide to rectify the relevant EPC Register(s) of Participants (i.e. by removing the EPC payment scheme participant from all EPC payment schemes adhered to) after verification of such event with the relevant national regulator, National Adherence Support Organisation (NASO) or national authority.

In case of an actual insolvency/bankruptcy, the EPC will in all likelihood not be able to recover the EPC payment scheme participation fees due from the EPC payment scheme participant's bankruptcy estate.

7. Role of NASOs

The support of the National Adherence Support Organisations (NASOs) is indispensable for keeping the EPC Registers of Participants up to date and for sharing information relevant to EPC payment scheme participants within their local community.

To this end, all communications sent to EPC payment scheme participants in the course of an EPC payment scheme participation fee cycle will also be shared with the NASOs. Also, at the start of a new cycle, each NASO will be requested to review the entries of the EPC payment scheme participants of their country or territory in the EPC Registers of Participants, to ensure that any necessary BIC changes, name changes or address changes can be processed in a timely manner.

The EPC furthermore invites the NASOs

- To help on a voluntary basis the EPC in recovering fees from EPC payment scheme participants which would fail to pay the invoices sent to them despite reminders, for example by providing alternative contact information, etc.; and
- To act on a voluntary basis as a billing agent for the fees being levied in their community, i.e. collecting fees on behalf of the EPC.

The NASOs which are based in the European Economic Area (EEA), should provide the EPC with their local VAT number. In case the NASOs concerned do not communicate or re-confirm their local VAT number or do not have such number at all, the invoiced fees will then be subject to the applicable Belgian VAT rate (currently 21 percent).

8. Approved payment instruments

The EPC aims to collect EPC payment scheme participation fees using SEPA Direct Debit Core (SDD Core) as the preferred payment instrument.



By making use of SDD Core, the EPC payment scheme participants' payment administration will be made easier since the process is automated. It will also avoid missing payment deadlines, which generates reminders as well as unnecessary escalation and extra work, and could even result into being suspended from the EPC Registers of Participants, as set out above.

To this end, a direct debit mandate template will be sent to all EPC payment scheme participants, which they will be invited to sign and send back (via email or regular mail).

EPC payment scheme participants which prefer not to make use of SDD Core may settle their EPC scheme participation fee invoices by SEPA Credit Transfer (SCT) or SEPA Instant Credit Transfer (SCT Inst).