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# **SEPA CREDIT TRANSFER**

## **SCHEME RULEBOOK**

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| Annex II  | SEPA Scheme Management Internal Rules      |
| Annex III | Rulebook amendments and changes since v7.1 |

## 0. DOCUMENT INFORMATION

### 0.1 References

This section lists documents referred to in the Rulebook. The convention used throughout is to provide the reference number only, in square brackets. Use of square brackets throughout is exclusively for this purpose.

|      | Document Number      | Title  | Issued by:                         |
|------|----------------------|--|------------------------------------|
| [1]  | EPC115-06            | SEPA Credit Transfer Scheme Interbank Implementation Guidelines                                | EPC                                |
| [3]  | ISO 13616            | Financial services - International bank account number (IBAN) -- Part 1: Structure of the IBAN | EPC                                |
| [4]  | EPC265-03            | EPC Resolution on Receiver Capability  | EPC                                |
| [5]  | ISO 3166             | Country Codes  | ISO                                |
| [6]  | ISO 4217             | Currency Code List   | ISO                                |
| [7]  | ISO 9362             | Business Identifier Codes (BIC)  | ISO                                |
| [8]  | May 2002 White Paper | Euroland: Our Single Payment Area!   | EPC                                |
| [9]  | ISO 20022            | Financial services – Universal Financial Industry message scheme                               | ISO                                |
| [10] | EPC125-07            | Guide to the Adherence Process for the SEPA Credit Transfer Scheme                             | EPC                                |
| [11] |                      | A Glossary of Terms Used in Payments and Settlement Systems                                    | Bank for International Settlements |
| [12] | EPC132-08            | SEPA Credit Transfer Scheme C2B Implementation Guidelines                                      | EPC                                |
| [13] | ISO 11649            | Structured creditor references to remittance information                                       | ISO                                |
| [14] | EPC409-09            | EPC List of SEPA Scheme Countries  | EPC                                |
| [15] |                      | EACT Unstructured Remittance Standard  | EACT                               |

#### 0.1.1 Defined Terms

This Rulebook makes reference to various defined terms which have a specific meaning in the context of this Rulebook. In this Rulebook, a defined term is indicated with a capital letter. A full list of defined terms can be found in Section 7 of this Rulebook. The Rulebook may make reference to terms that are also used in the Payment Services Directive. The terms used in this Rulebook may not in all cases correspond in meaning with the same or similar terms used in the Payment Services Directive.

## 0.2 Change History

| Issue number   | Dated      | Reason for revision  |
|----------------|------------|--|
| V 1.0          | 01/09/2005 | First reading at September Plenary, and national consultation thereafter   |
| V 2.0 Approved | 09/03/2006 | Approved by EPC Plenary 8 March 2006.  |
| V 2.1 Approved | 28/09/2006 | Approved by EPC Plenary 27 September 2006<br>Changes: <ul style="list-style-type: none"> <li>• Attribute AT41 is now mandatory (default “Not provided”) in DS02</li> <li>• Attribute AT43 is now mandatory in DS02</li> </ul>  |
| V 2.2 Approved | 13/12/2006 | Approved by EPC Plenary 13 December 2006   |
| V 2.3 Approved | 19/06/2007 | Approved by EPC Plenary 19 June 2007<br>Changes: <ul style="list-style-type: none"> <li>• Scheme Management provisions, affecting Chapters 0, 5, and 6, to bring Rulebook in line with the Internal Rules</li> <li>• Section 2.3 on Additional Optional Services amended to make disclosure of community AOS mandatory</li> <li>• Modification in Section 5.3 to make both receiving and originating SCT payments an obligation of Participants</li> <li>• Removal of term “Interbank business day” from Chapter 7 and replacement in section 4.3 by “Banking Business Day”</li> <li>• Addition of Annex 2, the Internal Rules</li> </ul> <p>The Version 2.3 of the Rulebook is the baseline for implementation at the launch date of 28 January 2008.</p> |
| V 3.2 Approved | 24/06/2008 | Approved by the 24 June 2008 Plenary<br>Changes: <ul style="list-style-type: none"> <li>• Following PSD implementation 2009</li> <li>• Enabling Swiss financial institutions to participate</li> <li>• Innovative changes to technical operations in sections 3 &amp; 4 of the Rulebook</li> <li>• Typographic changes and clarifications</li> </ul>   |
| V 3.3 Approved | 30/10/2009 | Changes: <ul style="list-style-type: none"> <li>• relating to SEPA expansion</li> <li>• relating to adherence by payment institutions</li> <li>• relating to adherence by public sector bodies</li> <li>• relating to limitation of liability for breach of the Rulebook</li> <li>• for clarification of the application of the Payment Services Directive</li> <li>• to simplify the adherence agreement</li> <li>• to the Rulebook for clarification, updating and correction of errors</li> </ul>   |

| Issue number  | Dated      | Reason for revision   |
|---------------|------------|---|
| V4.0 Approved | 30/10/2009 | Major changes: <ul style="list-style-type: none"> <li>• Update for ISO 11649 Structured Creditor Reference</li> <li>• Update for Recall of SCT transaction</li> </ul>   |
| V4.1 Approved | 01/11/2010 | SEPA Scheme Management Internal Rules v2.0 replaced by v2.1 in annex II   |
| V5.0 Approved | 30/10/2010 | Major Changes: <ul style="list-style-type: none"> <li>• Reference to the EACT Unstructured Remittance Standard</li> <li>• New value for initiator of Recall request</li> </ul>  |
| V5.1 Approved | 17/11/2011 | SEPA Scheme Management Internal Rules v2.1 replaced by v3.0 in annex II   |
| V6.0 Approved | 17/11/2011 | Version 6.0 approved by Plenary on 27 September 2011<br>Major Changes: <ul style="list-style-type: none"> <li>• Addition of new data attribute for allowing additional information on the Recall reason code for fraud cases</li> </ul>   |
| V6.1 Approved | 06/11/2012 | Inclusion of version 4.0 of the SEPA Scheme Management Internal Rules in Annex II. No other changes.  |
| V7.0 Approved | 12/09/2012 | Version 7.0 approved by Plenary on 26 September 2012<br>Major Changes: <ul style="list-style-type: none"> <li>• Adaptation to the SEPA Regulation</li> <li>• Inclusion of new reject codes</li> </ul> All changes compared to version 6.1 are listed in Annex III.  |
| V7.1 Approved | 12/12/2013 | Version 7.1 approved by Plenary on 12 December 2013<br>Changes made: <ul style="list-style-type: none"> <li>• Removal of the references to PE-ACH and PE-ACH/CSM Framework. These changes have no operational impact.</li> <li>• No other content changes have been done</li> </ul> All changes compared to version 7.0 are listed in Annex III.                                  |
| V8.0 Approved | 08/10/2014 | Version 8.0 approved by Plenary on 08 October 2014<br>Major Changes: <ul style="list-style-type: none"> <li>• Update in the category descriptions of Scheme applicants that are deemed automatically to be eligible under Rulebook section 5.4 on eligibility for participation.</li> </ul> All changes (including minor changes) compared to version 7.1 are listed in Annex III |

### 0.3 Purpose of Document

A SEPA Scheme is a set of rules, practices and standards to achieve interoperability for the provision and operation of a SEPA payment instrument agreed at interbank level.

The objectives of the Rulebook are:

- To be the primary source for the definition of the rules and obligations of the Scheme
- To provide authoritative information to Participants and other relevant parties as to how the Scheme functions
- To provide involved parties such as Participants, Clearing and Settlement Mechanisms ("CSMs"), and technology suppliers with relevant information to support development and operational activities

## 0.4 About the EPC

The EPC is the decision-making and coordination body of the European banking industry in relation to payments, whose declared purpose is to support and promote the creation of SEPA.

The vision for SEPA<sup>1</sup> was formulated in 2002 at the time of the launch of EPC, when some 42 banks, the three European Credit Sector Associations ("ECSAs") and the Euro Banking Association (the "EBA") came together. and, after an intensive workshop, released in May 2002 the White Paper (reference [8]) in which the following declaration was made and subsequently incorporated into the EPC Charter (the "EPC Charter"):

*"We, the European banks and European Credit Sector Associations:*

- *share the common vision that Euroland payments are domestic payments,*
- *join forces to implement this vision for the benefit of European customers, industry and banks and accordingly,*

*launch our Single Payments Area."*

## 0.5 Other Related Documents

The Rulebook is primarily focused on stating the business requirements and interbank rules for the operation of the Scheme. In addition to the Rulebook there are a number of key documents which support the Scheme operationally:

### 0.5.1 SEPA Credit Transfer Scheme Implementation Guidelines

The complete data requirements for the operation of the Scheme are classifiable according to the following data model layers:

- The business process layer in which the business rules and requirements are defined and the related data elements specified
- The logical data layer which specifies the detailed datasets and attributes and their inter-relationships
- The physical data layer which specifies the representation of data in electronic document formats and messages

This Rulebook focuses on the business process layer and appropriate elements of the logical layer.

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) and the recommended guidelines regarding the customer-to-bank messages (SEPA Credit Transfer Scheme Customer-to-Bank Implementation Guidelines).

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

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<sup>1</sup> See reference [14]



### 0.5.2 SEPA Credit Transfer Adherence Agreement

The Adherence Agreement, to be signed by Participants, is the document which binds Participants to the terms of the Rulebook. The text of the Adherence Agreement is available in Annex I. The Rulebook and the Adherence Agreement entered into by Participants together constitute a multilateral contract among Participants and the EPC. The rules and procedures for applying to join the Scheme are set out in Scheme Management Internal Rules (the "**Internal Rules**"). In addition, a guidance document (Guide to the Adherence Process for the SEPA Credit Transfer Scheme [10]) is available.

## **1. VISION & OBJECTIVES**

This chapter provides an introduction to the Scheme, setting out the background to the Scheme as well as its aims and objectives.

### **1.1 Vision**

The Scheme provides a set of interbank rules, practices and standards to be complied with by Participants who adhere to the Scheme. It allows payment services providers in SEPA to offer a SEPA-wide core and basic euro credit transfer product to customers.

The Scheme also provides a common basis on which Participants are able to offer new and innovative services.

The Scheme moves Participants and their customers towards open standards, which are expected to improve financial integration and act as a catalyst for a richer set of products and services.

### **1.2 Objectives**

- To remove disparities between national and cross border payments in euro within SEPA by elimination of the effects of borders, such that it is as easy and secure to make a payment within SEPA as it is within one national environment and in accordance with the ‘SEPA Regulation’.
- All core and basic credit transfers in euro within SEPA will be processed in accordance with the conditions of this Scheme
- SEPA Credit Transfers will be automated, based on the use of open standards and the best practices of straight through processing (“STP”) without manual intervention
- To provide a framework for the removal of inhibitors and the harmonisation of standards and practices
- To support the achievement of high standards of security, low risk and improved cost efficiency for all actors in the payments process
- To allow the further development of a healthy and competitive market for payment services and to create conditions for the improvement of services provided to customers

### 1.3 Commercial Context for Users and Providers of Payment Services

This section provides the general context and background in which the interbank Scheme exists and has been written from an end-to-end point of view. An overview of the credit transfer process is shown in the following diagram:

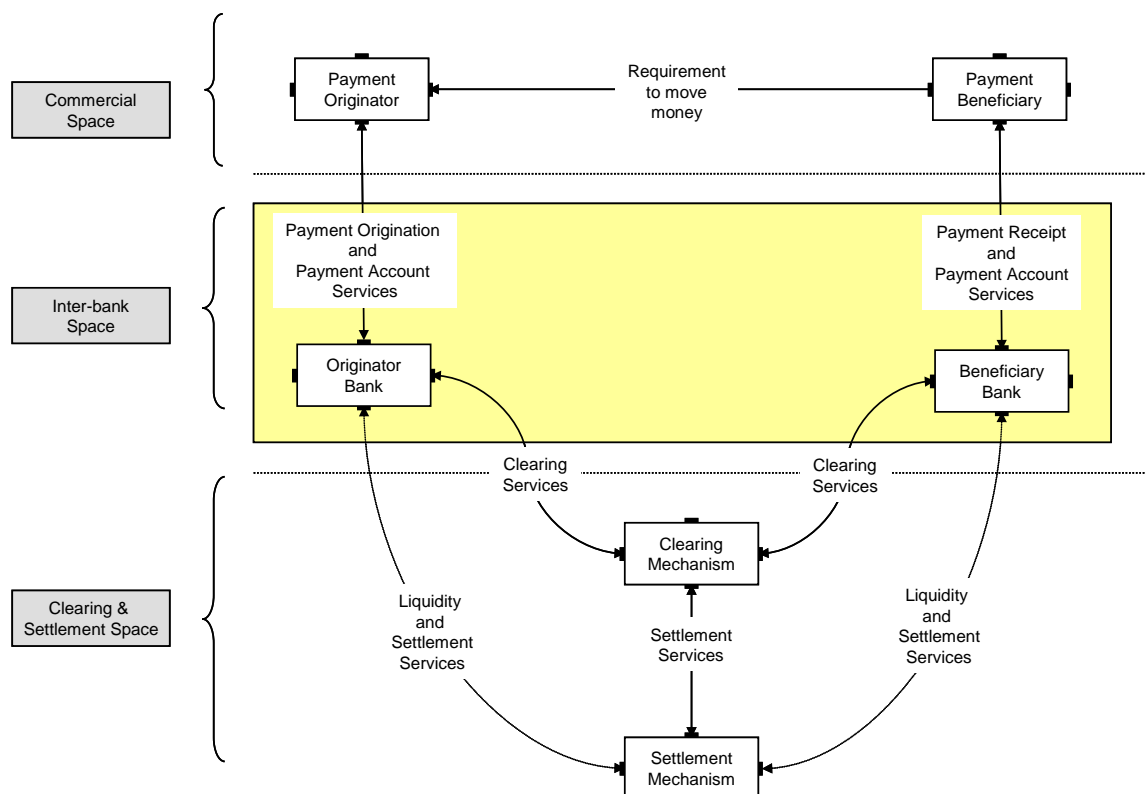


Figure 1: Credit Transfer Overview

- The demand for payment services using a customer credit transfer arises from an Originator, who wishes to transfer Funds for whatever reason to a Beneficiary. Whilst the payment service is provided by a bank, the underlying demand and its nature are outside the control and responsibility of the banking industry or any individual bank
- For this requirement to transfer Funds to be satisfied, the bank holding the account of the Originator must have the means necessary to remit the Funds to the bank holding the account of the Beneficiary and in the process be provided with the necessary information to accomplish the transfer
- Provided that the Originator has sufficient Funds or sufficient credit with which to execute the credit transfer, provided that the Originator is acting within its authority and provided that the credit transfer does not break any applicable legal, regulatory, or other requirements, including requirements established by the Originator Bank, then the Originator Bank will make the payment and advise the Originator accordingly
- The means for making the transfer will exist if the bank holding the account of the Beneficiary, the Beneficiary Bank, has agreed both the method and the rules for receiving the payment information as well as the method and the rules for receiving the payment value
- Based on these means of transfer the Beneficiary Bank will use the information received to credit the account of the Beneficiary, make the Funds available for its use once value has been received and inform the Beneficiary about what has been applied to its account

- As is illustrated in the foregoing diagram, the purpose of interbank Clearing and Settlement is to correctly exchange information and to safely exchange value. The demand for Clearing and Settlement services stems from the need to transfer money between banks

#### 1.4 Binding Nature of the Rulebook

Becoming a Participant in the Scheme involves signing the Adherence Agreement. By signing the Adherence Agreement, Participants agree to respect the rules described in the Rulebook. The Rulebook describes the liabilities and responsibilities of each Participant in the Scheme.

Participants are free to choose between operating processes themselves, or using intermediaries or outsourcing (partially or completely) to third parties. However, outsourcing or the use of intermediaries does not relieve Participants of the responsibilities defined in the Rulebook.

The Rulebook covers in depth the main aspects of the inter-bank relationships linked to the Scheme. For the relationships between a Participant and its customer, the Rulebook specifies the minimum requirements imposed by the Scheme. For the relationships between an **Originator** and a **Beneficiary**, the Rulebook also specifies the minimum requirements of the Scheme.

#### 1.5 Separation of the Scheme from Infrastructure

It is a key feature of the Scheme that it provides a single set of rules, practices and standards which are then operated by individual Participants and potentially multiple infrastructure providers. Infrastructure providers include CSMs of various types and the technology platforms and networks that support them. Infrastructure is an area where market forces operate based on the decisions of Participants.

The result is that the credit transfer instrument based on a single set of rules, practices and standards is operated on a fully consistent basis by CSMs chosen by individual Participants as the most appropriate for their needs.

#### 1.6 Other Features of the Scheme

- Participants which have adhered to the Scheme may participate only through an EEA-licensed branch unless they participate through their SEPA head office (which may be located in a SEPA country or territory outside the EEA)
- The rights and obligations of Participants, and as appropriate their customers, are clear and unambiguous
- Payment messages use open, industry recognised standards
- Compliance with the Scheme ensures interoperability between Participants
- The rules ensure that responsibility for risk management is allocated to where the risk lies and that liability falls where the fault lies
- Individual Participants are free to innovate and satisfy customers' needs in a competitive market place, as long as these innovations do not conflict with the Rulebook.

#### 1.7 The Business Benefits of the Scheme

The Scheme provides many customer benefits in terms of functionality, cost efficiency, ease of use and STP. It also allows Participants to meet their own mutually beneficial needs in terms of service and innovation for customers.

The key expected benefits are summarised as follows:

**For Originators and Beneficiaries as users:**

- Payments are made for the full Original Amount.
- The Originator and Beneficiary are responsible for their own charges.
- Full Reachability of all Beneficiary accounts within SEPA.
- Products based on the Scheme provide the opportunity to make and receive payments throughout SEPA.
- Maximum execution time with the benefit of predictability for all parties.
- The use of accepted standards and data elements facilitates payment initiation and reconciliation on an STP basis.
- Rejects and Returns are handled in a predictable way and may be automated.
- The Scheme delivers the end-to-end carrying of customer remittance data on either a structured and unstructured basis.
- The Scheme provides transparency and clarity of charging to all parties.
- Single payments and Bulk Payments (i.e. one debit to the Originator's account and multiple credits to the accounts of Beneficiaries) are supported.

**For Participants:**

- Efficient and effective end-to-end processing of credit transfers on an STP basis using open and common standards.
- Reachability across SEPA.
- Enabling a single process across SEPA including Rejects and Returns.
- Participants can choose the most efficient and cost-effective routing of transactions.
- Establishment of agreed processing cycles.
- Sound Scheme governance and legal structure.
- Ability to offer Additional Optional Services (“AOS”) on top of the core Scheme elements.
- Contributes to a more standardised cost effective processing environment.
- Satisfies the expectations of stakeholders.

**For providers of CSMs:**

The separation of scheme from infrastructure permits the operation of the Scheme by multiple Clearing and Settlement providers and CSMs.

The service providers may add features and services to the benefit of choice and competition, provided that the rules, practices and standards of the Scheme are fully met.

## **1.8 Common Legal Framework**

It is a prerequisite for the use of the Scheme that the Payment Services Directive (or provisions or binding practice substantially equivalent to those set out in Titles III and IV of the Payment Services Directive) is implemented or otherwise in force in the national law of SEPA countries.

This Scheme is a ‘payment scheme’ within the meaning of the SEPA Regulation; it is equally relevant for Participants from countries or territories which are also listed in reference [14].

## 2. SCOPE OF THE SCHEME

### 2.1 Application to SEPA

The Scheme is applicable within SEPA<sup>2</sup> as defined by the EPC.

### 2.2 Description of Scope of the Scheme

A SEPA Credit Transfer is a payment instrument for the execution of credit transfers in euro between customer payments accounts located in SEPA. The SEPA Credit Transfer is executed on behalf of an Originator holding a payment account with an Originator Bank in favour of a Beneficiary holding a payment account at a Beneficiary Bank.

The following key elements are included within the scope of the Scheme:

- A set of interbank rules, practices and standards for the execution of credit transfer payments in euro within SEPA by Participants in the Scheme.
- Adherents to the Scheme are Participants who have agreed to subscribe to the Scheme and its rules.
- The Scheme provides **the basis for credit transfer products** provided by Participants to all users of mass-market, non-urgent payment services (individuals, small and medium sized enterprises, corporates and government entities). Such products provide a straightforward payment instrument, with the necessary reliability and reach to support a competitive marketplace. Participants remain responsible for the products and services provided to their customers.
- Electronic processing of transactions including the payment itself and exception handling such as Returns. At the discretion of individual Participants, instructions and advices may be exchanged with Customers on a non-electronic basis. However, the interbank elements of the Scheme are always fully automated and electronic.
- The Scheme specifies a minimum set of data elements to be provided by the Originator.

### 2.3 Additional Optional Services

The Scheme recognises that individual Participants and communities of Participants can provide complementary services based on the Scheme so as to meet further specific customer expectations. These are described as Additional Optional Services (“AOS”).

The following two types of AOS are identified:

1. Additional Optional Services provided by banks to their customers as value-added services which are nevertheless based on the core payment schemes. These AOS are purely a matter for banks and their customers in the competitive space.
2. Additional Optional Services provided by local, national and pan-European communities of banks, such as the use of additional data elements in the ISO 20022 XML standards. Any community usage rules for the use of the SEPA core mandatory subset of the ISO 20022 XML standards should also be mentioned in this context, although they are not *per se* AOS. Other AOS may be defined, for example relating to community provided delivery channels for customers.

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<sup>2</sup> See footnote section 0.4

Participants may only offer AOS in accordance with the following principles:

1. All AOS must not compromise interoperability of the Scheme nor create barriers to competition. The Scheme Management Committee (“SMC”) should deal with any complaints or issues concerning these requirements brought to its attention in relation to compliance with the Rulebook as part of its normal procedures, as set out in the Internal Rules.
2. AOS are part of the market space and should be established and evolve based on market needs. Based on these market needs, the EPC may incorporate commonly used AOS features into the Scheme through the change management processes set out in the Internal Rules.
3. There should be transparency in relation to community AOS. In particular, details of community AOS relating to the use of data elements present in the ISO 20022 XML payment standards (including any community usage rules for the SEPA core mandatory subset) should be disclosed on a publicly available website (in both local language(s) and English).

These AOS are not further described in the Rulebook as they are to be generally considered as competitive offerings provided by both individual Participants and communities of Participants and are therefore out of scope.

## **2.4 Currency**

All transactions are in euro in all process stages, including all exception handling, i.e. Rejects, Returns and Recalls.

The accounts of the Originator and of the Beneficiary may be in euro or any other currency. Any currency conversion is executed in the Originator Bank or Beneficiary Bank and is not governed by this Scheme.

## **2.5 Value Limits**

Settlement and value limits may exist between Participants and between communities of Participants, for example through the CSMs employed by them with reference to factors such as risk management.

Value limits may therefore 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 appetite and risk management controls.

## **2.6 Reachability**

Participants commit to making and receiving payments under the Scheme and to processing them according to the rules of the Scheme.

Reachability is a major assumption on which the Scheme is based and is therefore a key success factor for the Scheme.

## **2.7 Remittance Data**

The credit transfer dataset provides for a remittance data field, which may be used as follows:

- to carry structured remittance data of up to a max of 140 characters

OR

- to carry unstructured remittance data of up to 140 characters

This remittance field therefore enables automated reconciliation between receivables and payments by the Beneficiary. It is recommended that beneficiaries adopt the ISO Standard (reference [13]) for a 'structured creditor reference to the remittance information' (identified in the Rulebook as 'structured creditor reference') as the preferred remittance data convention for identifying payment referring to a single invoice.

The remittance data supplied by the Originator in the Credit Transfer Instruction must be forwarded in full and without alteration by the Originator Bank and any intermediary institution and CSM to the Beneficiary Bank. When the Originator provides a Structured Creditor Reference with a Credit Transfer Instruction, it is recommended that the Originator Bank checks the correctness of the Structured Creditor Reference at the point of capture by the Originator.

The Beneficiary Bank must also deliver received remittance data in full and without alteration to the Beneficiary.

Communities of banks serving customers within SEPA are able to implant data conventions for structured remittance data and /or longer remittance data references.



### 3. ROLES OF THE SCHEME ACTORS

This chapter describes the roles of the actors in the Scheme.

#### 3.1 Actors

The execution of a SEPA Credit Transfer payment involves four main actors:

- **The Originator:** is the customer who initiates the credit transfer by providing the Originator Bank with an instruction. The Funds for such a credit transfer are made available by means of a debit from a specified payment account of which the Originator is account holder.
- **The Originator Bank:** is the Participant that receives the Credit Transfer Instruction from the Originator and acts on the payment instruction by making the payment to the Beneficiary Bank in favour of the Beneficiary's account according to the information provided in the instruction and in accordance with the provisions of the Scheme.
- **The Beneficiary Bank:** is the Participant that receives the Credit Transfer Instruction from the Originator Bank and credits the account of the Beneficiary, according to the information provided in the instruction and in accordance with the provisions of the Scheme.
- The Originator Bank and Beneficiary Bank may be one and the same Participant.
- **The Beneficiary:** is the customer identified in the Credit Transfer Instruction who receives the Funds by means of a credit to its payment account.

Originator Banks and Beneficiary Banks are responsible for meeting their obligations under the Rulebook. This responsibility is irrespective of either the means or the parties by which Originator Banks or Beneficiary Banks choose to discharge those obligations and for which they remain responsible under the Scheme.

The operation of the Scheme also involves other parties indirectly:

- **CSMs:** Such mechanisms could include the services of a Clearing and Settlement provider such as an automated clearing house or other mechanisms such as intra-bank and intra-group arrangements and bilateral or multilateral agreements between Participants. The term CSM does not necessarily connote one entity, for example, it is possible that the Clearing function and the Settlement functions are conducted by separate actors.
- **Intermediary Banks:** Banks offering intermediary services to Originator and/or Beneficiary Banks, for example in cases where they are not themselves direct participants in a CSM.

### 3.2 The Four Corner Model

The following diagram gives an overview of the contractual relationships and interaction between the main actors.

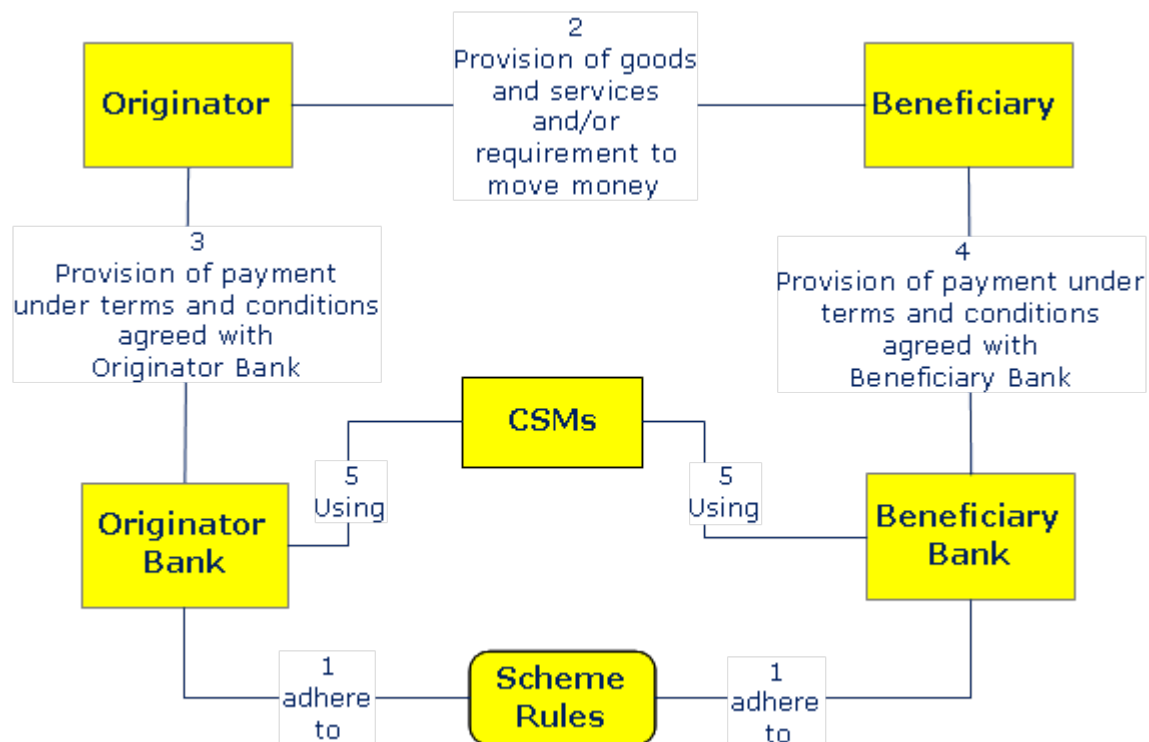


Figure 2: 4-Corner Model - Illustrative

The actors are bound together by a number of relationships, identified on the diagram by numbers:

1. The contractual relationships underlying the Scheme to which all Participants are bound.
2. Between the Originator and the Beneficiary regarding the provision of goods and services and/or the requirement to make a payment. This may or may not be reflected in a formal legal contract. This relationship does not form part of the operation of the Scheme.
3. Between the Originator and the Originator Bank concerning the payment and cash management products and services to be provided and their related terms and conditions. Provisions for this relationship are not governed by the Scheme, but will, as a minimum, cover elements relevant to the initiation and execution of a SEPA Credit Transfer as required by the Scheme.
4. Between the Beneficiary and the Beneficiary Bank concerning the products and services to be provided and the related terms and conditions. Provisions for this relationship are not governed by the Scheme, but will, as a minimum, cover elements relevant to the receipt of a SEPA Credit Transfer as required by the Scheme.
5. As applicable, between the Originator Bank and the Beneficiary Bank and the selected CSM concerning the terms and conditions of the services delivered. Provisions for these relationships are not governed by the Scheme, but will, as a minimum, cover elements relevant to the execution of a credit transfer.
6. As applicable, between the Originator Bank and/ or the Beneficiary Bank and any other bank acting in an intermediary capacity. Provisions for these relationships and their functioning are not governed by the Scheme. This relationship is not illustrated above.

### **3.3 Clearing and Settlement Mechanisms**

CSMs are responsible to the Originator Banks and Beneficiary Banks that use their services. As a matter of normal practice, these mechanisms:

- Receive transactions for Clearing from the Originator Bank who participates in the relevant CSM
- Clear and forward them to the Beneficiary Bank who participates in the relevant CSM, ensuring that all data intended by the Originator and the Originator Bank to reach the Beneficiary Bank and the Beneficiary is forwarded in full and without alteration
- Handle exceptions such as Returns, Rejects and Recalls
- Make arrangements such that Settlement can be achieved between the Originator Bank and Beneficiary Bank
- Provide any required risk management procedures and other related services

### **3.4 Intermediary Banks**

If any actor uses the services of an Intermediary Bank to perform any function in relation to a credit transfer, this should:

- Be transparent to the Scheme and in no way affect or modify the obligations of the Participants
- Be the subject of a separate bilateral agreement between the intermediary and its customer (i.e. the Originator Banks or Beneficiary Banks)

### **3.5 Governing laws**

The governing laws of the agreements in the four-corner model are as follows:

- The Rulebook is governed by Belgian law.
- The Adherence Agreement is governed by Belgian law.

### **3.6 Relationship with customers**

In accordance with Chapter 5 Participants must ensure that the Terms and Conditions are effective so as to enable Participants to comply with their obligations under the Scheme.

## 4. BUSINESS AND OPERATIONAL RULES

This chapter describes the business and operational rules of the Scheme which must be observed by Participants and by other actors as necessary such that the Scheme can function properly. It also describes the datasets used in the Scheme, and the specific data attributes within these datasets.

It is recognised that actors will also be required to establish complementary operational rules and data requirements in relation to the roles they perform and these will be defined separately by those actors.

Datasets and attributes will be represented and transmitted using generally accepted, open, interoperable standards wherever accepted by the EPC (see Section 0.5).

### 4.1 Naming Conventions

This section describes the naming conventions used in this chapter.

The descriptions are based on the concepts of Process, Process-step, Attribute and Dataset.

For facilitating the reading and the use of this Rulebook, structured identification-numbers are used as follows:

|                       |  |
|-----------------------|--|
| <b>Process-steps:</b> | CT-xx-yy, where xx-yy is the unique sequence number in this Rulebook   |
| <b>Datasets:</b>      | DS-xx, where xx represents the unique sequence number in this Rulebook |
| <b>Attributes:</b>    | AT-xx, where xx represents the unique sequence number in this Rulebook |

### 4.2 Overview of the Credit Transfer Process & Time Cycle

This section describes the terms used to define the execution time cycle.

Sections 4.3 and 4.4 below provide a more detailed explanation of the process.

#### 4.2.1 Commencement of the Execution Time Cycle (Day “D”)

The execution time for a SEPA Credit Transfer shall commence at the point in time of receipt of the Credit Transfer Instruction, as defined in the Payment Services Directive.

The "Requested Execution Date" corresponds with a date requested by an Originator for commencing the execution of the Credit Transfer Instruction. The Originator may choose to request a Requested Execution Date in the future and submit the Credit Transfer Instruction to the Originator Bank in accordance with its Terms and Conditions with the Originator Bank. In such cases, the agreed date will be deemed to be the relevant date for commencing the execution of the Credit Transfer Instruction. Since 1 November 2009, this provision is to be construed in accordance with Article 64(2) of the Payment Services Directive.

The execution time cycle may be interrupted, stopped or otherwise affected by the application of laws.

#### 4.2.2 Cut-off Times

Cut-off Times must be advised by an Originator Bank to the Originator. They are also agreed between an Originator Bank and a CSM. Such Cut-off times are out of scope of the Rulebook.

#### **4.2.3 Maximum Execution Time<sup>3</sup>**

Originator Banks are obliged to ensure that the amount of the Credit Transfer is credited to the account of the Beneficiary Bank within one Banking Business Day following the point in time of receipt of the Credit Transfer Instruction in accordance with the provisions of the Payment Services Directive.

A Beneficiary Bank is obliged to credit the account of the Beneficiary with the amount of the credit transfer in accordance with the provisions of the Payment Services Directive.

It is open to communities of Participants to agree a shorter execution time for SEPA Credit Transfers.

The Scheme recognises that Participants may not be open for business on certain days of the year for the purpose of executing SEPA Credit Transfers.

Accordingly, the execution time cycle of a SEPA Credit Transfer defines the execution time cycle by reference to Banking Business Days, rather than to Calendar Days. This means that a Participant will only be required to execute its obligations under the Rulebook on days on which it is open for business, as required for the execution of a SEPA Credit Transfer. Therefore, where an obligation falls to be executed by a Participant on a day which is not a Banking Business Day, the Participant must execute this obligation on the next Banking Business Day, and the maximum time permitted for the execution of a SEPA Credit Transfer may be construed accordingly.

The definition of Banking Business Day is therefore to be construed in accordance with this provision.

#### **4.2.4 Charging Principles**

Charges to Customers will be based on the shared principle such that the Originator and Beneficiary are charged separately and individually by the Originator Bank and Beneficiary Bank respectively. The basis and level of charges to Customers are entirely a matter for individual Participants and their Customers.

---

<sup>3</sup> The Payment Services Directive allows an extra day for the execution of paper-initiated credit transfers. The Rulebook currently describes interbank electronic payments only and does not take into account additional time permitted for processing paper-initiated transactions. This is considered to be a matter for each Participant to regulate with its customer in accordance with applicable laws.

### 4.3 SEPA Credit Transfer Processing Flow

#### 4.3.1 SEPA Credit Transfer Processing Flow (PR-01)

The following diagram identifies a number of process steps, which are described below.

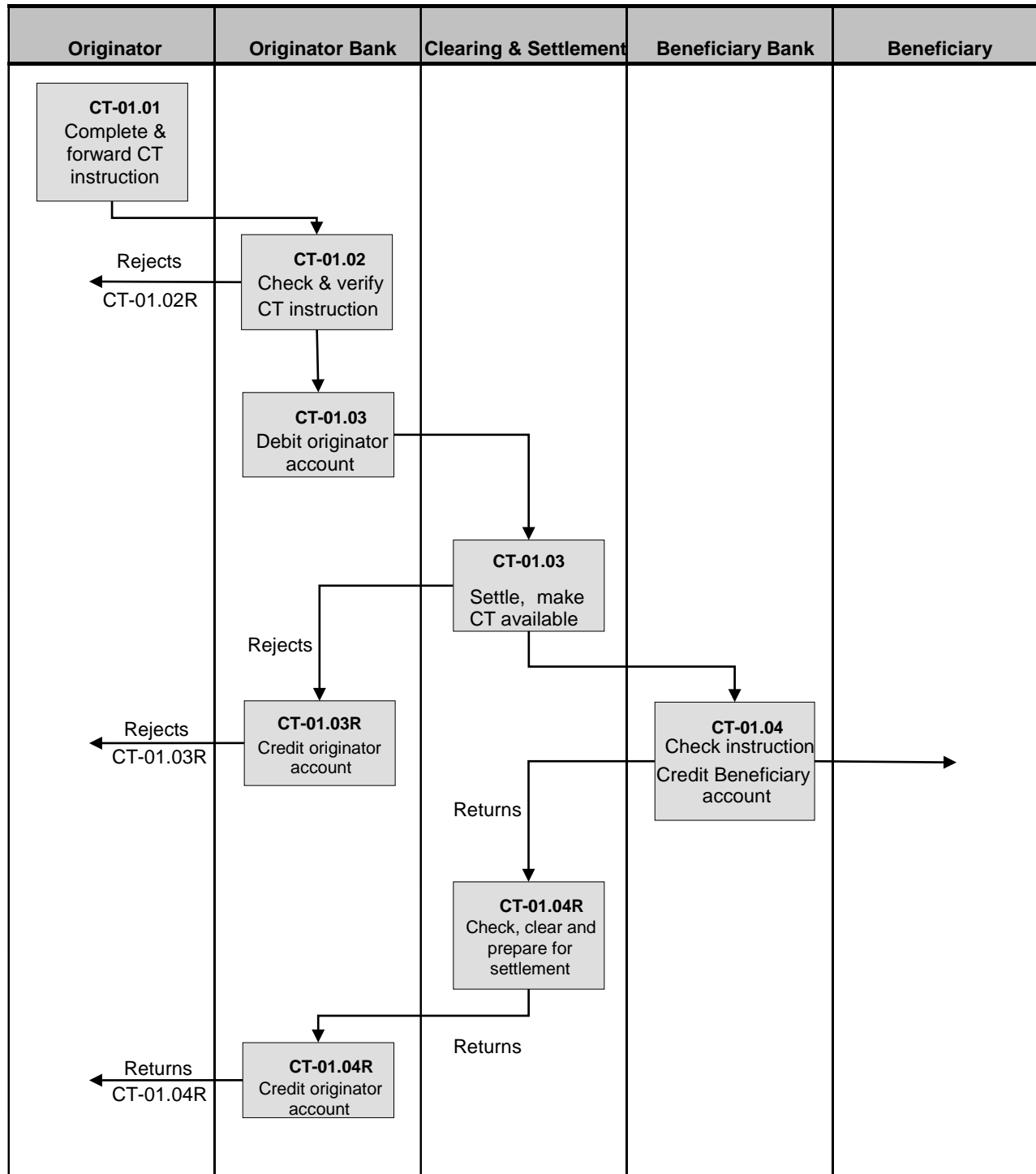


Figure 3: Credit Transfer Process

- CT-01.01** The Originator completes and forwards the Credit Transfer Instruction. The instruction will be submitted by any means agreed between the Originator and the Originator Bank. The data elements to be provided are defined in dataset DS-01 below.
- CT-01.02** The Originator Bank receives and checks if it has sufficient information to execute a payment instruction and that the instruction fulfils the conditions required by its procedures as to execution of the instruction including the authenticity of the instruction, and the checking of the format and plausibility of the BIC and IBAN.
- Rejected instructions are covered by procedures described below.
- CT-01.03** On or following D, the Originator Bank will debit the account of the Originator. This will be followed by the sending of the Credit Transfer Instruction to ensure receipt by the Beneficiary Bank via the selected CSM in accordance with the rules of the Scheme. The data elements to be provided are defined in dataset DS-02 below.
- CT-01.04** The Beneficiary Bank must credit the account of the Beneficiary in accordance with the provisions of the Payment Services Directive, taking into consideration such legal obligations as the Beneficiary Bank may be subject to under Article 73 of the Payment Services Directive. The Beneficiary Bank will make the information of DS-04 available to the Beneficiary on the basis agreed between the Beneficiary and his Beneficiary Bank.

#### 4.3.2 Recall Processing Flow (PR02)

The following diagram identifies a number of process steps, which are described below.

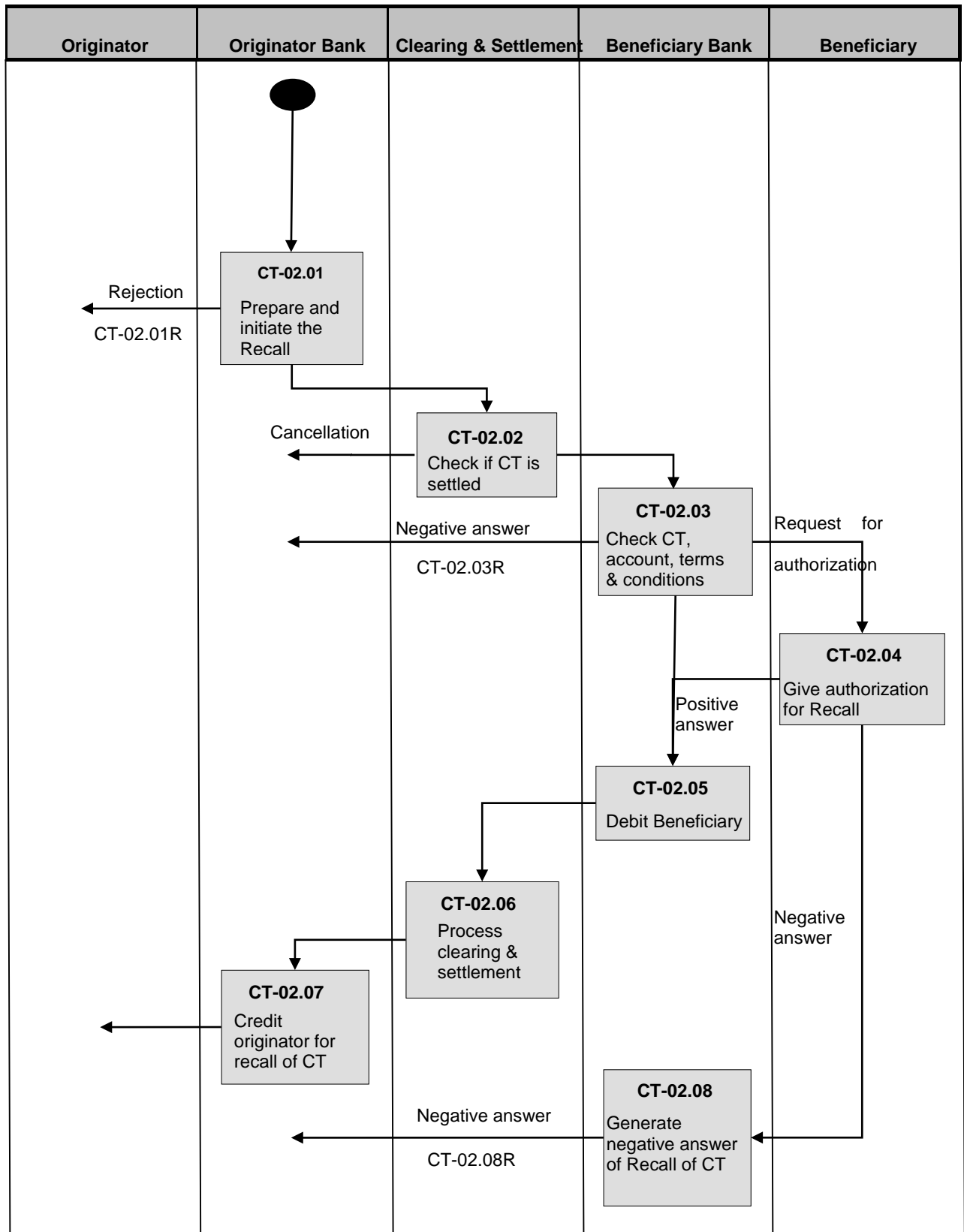


Figure 4: Credit Transfer Recall Process



**CT-02.01** The Originator Bank realizes the need to recall SCTs. It may also receive a request from the Originator. Before initiating the Recall procedure, the Originator Bank must check if the SCT(s) subject to the Recall:

- had an execution date towards the CSM of less than 10 Banking Business Days before the recall
- has (have) really been wrongly executed for one of the reasons listed below:
  - Duplicate sending
  - Technical problems resulting in erroneous SCT(s)
  - Fraudulent originated Credit Transfer

The path used for initiating the Recall should be identical to the one used for the SCT subject to the Recall.

**CT-02.01R** The Originator Bank can reject the request of the Originator to make a Recall when it judges that the SCT is not the subject of one of the foregoing reasons.

**CT-02.02** The CSM will check if the SCT is already executed, if not it should handle the Recall before execution according to its own procedures agreed with its participants. If the SCT 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 provide either a positive or negative answer within 10 days. If the SCT was already credited to the Beneficiary's account, there are sufficient funds on the account and the funds are not yet 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

For handling of the Recall the Beneficiary Bank has 10 Banking Business Days to provide the Originator Bank with an answer.

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

- there are insufficient funds on the account
- the account is closed
- there is legal reason: to be explained in a clear text
- Beneficiary's refusal
- no response from beneficiary
- Original Credit Transfer never received
- already returned transaction

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

- CT-02-05** The Beneficiary Bank generates a positive answer to the Recall by debiting 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-02-06** The CSM receives the positive answer to the Recall from the Beneficiary Bank and settles this with the Originator Bank.
- CT-02-07** The Originator Bank credits the account of the Originator with the amount of the positive answer to the Recall.
- 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.

#### 4.4 Exception Processing Flow

Credit transfer transactions are handled according to the time frame described in section 4.3.1. If, for whatever reason, any party cannot handle the transaction in the normal way, the process of exception handling starts. The messages resulting from these situations are all handled in a standardised way, at process level as well as at dataset level.

A '**Reject**' occurs when a credit transfer is not accepted for normal execution before interbank Settlement. If the rejection is at the point at which the Originator instructs the Originator Bank, for the purposes of the Scheme, the Originator Bank need only inform the Originator of the reason.

If it occurs in the interbank space the Reject must be sent as specified in DS-03 below.

The main characteristics of a reject (DS-03) are:

- the transferred amount will be the Original Amount of the Credit Transfer Instruction
- the 'Reject' message is routed through the same path taken by the original credit transfer with no alteration of the data contained in the original credit transfer
- a record of the relevant data relating to the initial credit transfer, sufficient to provide an audit trail, is included
- the initial credit transfer is identified by the original reference of the Originator Bank
- 'Reject' messages contain a reason code (attribute AT-R3, see below)

'Reject' messages should be transmitted on a same day basis and must at the latest be transmitted on the next Banking Business Day.

A '**Return**' occurs when a credit transfer is diverted from normal execution after **interbank Settlement**, and is sent by the Beneficiary Bank to the Originator Bank for a credit transfer that cannot be executed for valid reasons such as wrong account number or account closed with the consequence that the Beneficiary account cannot be credited on the basis of the information contained in the original credit transfer message. The Return procedure must not be used in cases where the Beneficiary's account has already been credited and the Beneficiary wishes to return the funds. Instead, the procedure of initiating a new Credit Transfer applies.

The main characteristics of a Return (DS-03) are:

- the transferred amount will be the Original Amount of the Credit Transfer Instruction

- the Return message is routed through the same path taken by the original credit transfer (unless otherwise agreed between the Beneficiary Bank and the Originator Bank), with no alteration of the data contained in the original credit transfer. In the case of a 'Return' message to be sent to the Originator by the Originator Bank, the parties may agree a specific mechanism which may differ from the original path
- a record of the relevant data relating to the initial credit transfer, sufficient to provide an audit trail, is included
- the initial credit transfer is identified by the original reference of the Originator Bank
- 'Return' messages contain a reason code (attribute AT-R3, see below)

'Return' messages initiated by the Beneficiary Bank must be transmitted to the Originator Bank within three Banking Business Days after Settlement Date.

The step by step process flow for Rejects and Returns are as follows:

**CT-01.02R** The Originator Bank must inform the Originator according to the timing agreed with the Originator

**CT-01.03R** The CSM must send the 'Reject' message to the Originator Bank at the latest on the next Banking Business Day following rejection.

Unless the Originator Bank is able and is willing to repair and resend the payment instruction within the Execution Time, the Originator Bank must inform the Originator that the instruction has been rejected and credit the Originator's account according to the timing agreed with the Originator. Any instruction that is repaired and re-sent by the Originator Bank shall be deemed to be a new Credit Transfer Instruction under this Rulebook, and the point in time of receipt of this instruction shall be interpreted accordingly.

**CT-01.04R** The Beneficiary Bank must send the 'Return' message to the Originator Bank through the selected CSM at the latest three Banking Business Days after Settlement Date and at the same time return the Funds.

The Originator Bank must credit the Originator's account according to the timing agreed with the Originator, and make the appropriate details available to the Originator.

A **Recall** occurs when the Originator Bank requests to cancel a SEPA Credit Transfer. 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 its customer. Before initiating the Recall procedure, the Originator Bank has to check if the SCT(s) 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 SCT(s)
- Fraudulent originated Credit Transfer

The main characteristics of a Recall (DS-05 and DS-06) are:

- the returned amount can differ from the Original Amount of the Credit Transfer 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 original credit transfer, with no alteration of the data contained in the original credit transfer.

- a record of the relevant data relating to the initial 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 a foregoing Section 4.3.2

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

#### **4.5 Business Requirements for Datasets**

The datasets are the following:

|              |  |
|--------------|--|
| <b>DS-01</b> | Customer to Bank Credit Transfer Information |
| <b>DS-02</b> | Interbank Payment Dataset                    |
| <b>DS-03</b> | Reject or Return Credit Transfer Dataset     |
| <b>DS-04</b> | Bank to customer Credit Transfer Information |
| <b>DS-05</b> | Recall of Credit Transfer Dataset            |
| <b>DS-06</b> | Answer to Recall of Credit Transfer Dataset  |

#### 4.5.1 DS-01 Customer to bank Credit Transfer Information

|                                  |   |
|----------------------------------|---|
| <b>Identification:</b>           | <b>DS-01</b>  |
| <b>Name:</b>                     | <b>Customer to bank Credit Transfer Information</b>   |
| <b>Description:</b>              | The following list of attributes represents the full range of data which may be provided by the Originator and transported under the Scheme rules via Dataset DS-02   |
| <b>Attributes contained</b>      | <ul style="list-style-type: none"> <li>• 01 The IBAN of the account of the Originator</li> <li>• 02 The name of the Originator</li> <li>• 03 The address of the Originator</li> <li>• 04 The amount of the credit transfer in euro</li> <li>• 05 The Remittance Information sent by the Originator to the Beneficiary in the Credit Transfer Instruction</li> <li>• 07 The Requested Execution Date of the instruction</li> <li>• 08 The name of the Originator Reference Party</li> <li>• 09 The identification code of the Originator Reference Party</li> <li>• 10 The Originator identification code</li> <li>• 20 The IBAN of the account of the Beneficiary.</li> <li>• 21 The name of the Beneficiary</li> <li>• 22 The address of the Beneficiary</li> <li>• 23 The BIC code of the Beneficiary Bank</li> <li>• 24 The Beneficiary identification code</li> <li>• 28 The name of the Beneficiary Reference Party</li> <li>• 29 The identification code of the Beneficiary Reference Party</li> <li>• 41 The Originator's reference of the Credit Transfer Transaction</li> <li>• 44 The purpose of the credit transfer</li> <li>• 45 The category purpose of the credit transfer</li> </ul> |
| <b>Technical characteristics</b> | From a business perspective, customer-to-bank Credit Transfer Instructions may be initiated as single or bulk payments. A single payment relates to one Originator account to be debited by a specified amount, and one Beneficiary account to be credited. A Bulk Payment relates to one Originator account to be debited for the total amount, and more than one Beneficiary account to be credited, each for an individually specified amount. Rules for bulk presentation are beyond the scope of the Scheme  |
| <b>Rules applied:</b>            | <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>  |
| <b>Remarks</b>                   | These attributes reflect business requirements and do not prescribe fields in the SEPA Credit Transfer Scheme C2B Implementation Guidelines as defined in Chapter 0.5   |

#### 4.5.2 DS-02 Interbank Payment Dataset

|                                  |   |
|----------------------------------|---|
| <b>Identification:</b>           | <b>DS-02</b>  |
| <b>Name:</b>                     | <b>The interbank payment dataset</b>  |
| <b>Description:</b>              | This dataset describes the content of the interbank payment message (mandatory unless otherwise indicated).   |
| <b>Attributes contained</b>      | <ul style="list-style-type: none"> <li>• 01 The IBAN of the account of the Originator</li> <li>• 02 The name of the Originator</li> <li>• 03 The address of the Originator (Optional)</li> <li>• 04 The amount of the credit transfer in euro</li> <li>• 05 The Remittance Information (Optional)</li> <li>• 06 The BIC code of the Originator Bank</li> <li>• 08 The name of the Originator Reference Party (Optional)</li> <li>• 09 The identification code of the Originator Reference Party (Optional)</li> <li>• 10 The Originator identification code (Optional)</li> <li>• 20 The IBAN of the account of the Beneficiary</li> <li>• 21 The name of the Beneficiary</li> <li>• 22 The address of the Beneficiary (Optional)</li> <li>• 23 The BIC code of the Beneficiary Bank</li> <li>• 24 The Beneficiary identification code (Optional)</li> <li>• 28 The name of the Beneficiary Reference Party (Optional)</li> <li>• 29 The identification code of the Beneficiary Reference Party (Optional)</li> <li>• 40 The identification code of the SEPA electronic credit transfer Scheme</li> <li>• 41 The Originator's reference of the Credit Transfer Transaction</li> <li>• 42 The Settlement Date of the credit transfer</li> <li>• 43 The Originator Bank's reference number of the credit transfer message</li> <li>• 44 The purpose of the credit transfer (Optional)</li> <li>• 45 The category purpose of the credit transfer (Optional)</li> </ul> |
| <b>Technical characteristics</b> | From a business perspective, interbank credit transfers are always considered to be single payments, each containing one Originator account and one Beneficiary account. The use of term "bulk payments" in the interbank space refers to the physical layer of the SEPA Credit Transfer Scheme interbank Implementation Guidelines   |
| <b>Rules applied:</b>            | <p>Where an Originator has provided information in a specific payment instruction relating to an optional DS-02 field (with the exception of AT-45), this field will be populated in the interbank payment message, subject to any overriding legal/regulatory requirements.</p> <p>Regarding AT-45, when the agreement between Originator and Originator Bank only involves a specific processing at Originator Bank level, said Originator Bank is not obliged to send AT-45 to the Beneficiary Bank as part of DS-02.</p>  |
| <b>Remarks</b>                   | 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   |

#### 4.5.3 DS-03 Reject or Return Credit Transfer Dataset

|                             |  |
|-----------------------------|--|
| <b>Identification:</b>      | <b>DS-03</b>   |
| <b>Name:</b>                | <b>The Reject or Return credit transfer dataset</b>  |
| <b>Description:</b>         | This dataset describes the content of a Reject or Return credit transfer (mandatory unless otherwise indicated)  |
| <b>Attributes contained</b> | <ul style="list-style-type: none"> <li>• R1 The type of “R” message</li> <li>• R2 The Identification of the type of party initiating the “R” message</li> <li>• R3 The reason code for non-acceptance of the credit transfer</li> <li>• R4 The Settlement Date for the Return</li> <li>• R5 The specific reference of the bank initiating the Reject/Return</li> <li>• An exact copy of all the attributes of the received DS-02 which is being returned/rejected</li> </ul> |

#### 4.5.4 DS-04 - Bank to customer credit transfer information

|                              |  |
|------------------------------|--|
| <b>Identification:</b>       | <b>DS-04</b>   |
| <b>Name:</b>                 | <b>The bank to customer credit transfer information</b>  |
| <b>Description:</b>          | Description of the minimum information that a Beneficiary Bank needs to make available to the Beneficiary  |
| <b>Attributes contained:</b> | <ul style="list-style-type: none"> <li>• 02 The name of the Originator</li> <li>• 04 The amount of the credit transfer in euro</li> <li>• 05 The Remittance Information</li> <li>• 08 The name of the Originator Reference Party (optional)</li> <li>• 09 The identification code of the Originator Reference Party (optional)</li> <li>• 10 The Originator identification code</li> <li>• 20 The IBAN of the account of the Beneficiary</li> <li>• 21 The name of the Beneficiary</li> <li>• 24 The Beneficiary identification code</li> <li>• 28 The name of the Beneficiary Reference Party (optional)</li> <li>• 29 The identification code of the Beneficiary Reference Party (optional)</li> <li>• 41 The Originator’s reference of the Credit Transfer Transaction</li> <li>• 42 The Settlement Date of the credit transfer (optional)</li> <li>• 44 The purpose of the credit transfer (optional)</li> </ul> |



|                        |   |
|------------------------|---|
| <b>Identification:</b> | <b>DS-04</b>  |
| <b>Name:</b>           | <b>The bank to customer credit transfer information</b>   |
| <b>Rules applied:</b>  | <p>Where any of the above attributes, optional or not, are present in an interbank payment message (DS-02) the contents must be made available in full by the Beneficiary Bank to the Beneficiary, subject to any prior agreement to the contrary.</p> <p>Where the Beneficiary and Beneficiary Bank have an explicit agreement regarding the deduction of charges then the amount of the charges will be made clear to the Beneficiary</p> <p>A Beneficiary Bank may drop received extended Reference Party information (attributes 08, 09, 28, 29 and 44) and not make it available to a Beneficiary who uses an interface which does not comply with the ISO 20022 XML standard.</p> |
| <b>Remarks:</b>        | These attributes reflect business requirements  |

#### 4.5.5 DS-05 Recall of Credit Transfer Dataset

|                              |   |
|------------------------------|---|
| <b>Identification:</b>       | <b>DS-05</b>  |
| <b>Name:</b>                 | The Recall of a Credit Transfer Dataset   |
| <b>Description:</b>          | This dataset contains the messages for description of the minimum information that an Originator Bank needs to make available to the Beneficiary Bank   |
| <b>Attributes contained:</b> | <p><u>Request for Recall of Credit Transfer:</u></p> <ul style="list-style-type: none"> <li>• An exact copy of the original Interbank payment dataset (DS-02) which is being recalled.</li> <li>• 04 The amount of the Credit Transfer in euro</li> <li>• 48 The Recall reason code</li> <li>• R2 Identification of the type of party initiating the “R” message</li> <li>• R7 The specific reference of the bank initiating the Recall</li> <li>• 49 Additional Information to AT-48 The Recall reason code</li> </ul> |
| <b>Remarks:</b>              | 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 0.5.  |



#### 4.5.6 DS-06 Answer to a Recall of Credit Transfer Dataset

|                              |   |
|------------------------------|---|
| <b>Identification:</b>       | <b>DS-06</b>  |
| <b>Name:</b>                 | Answer to a Recall of Credit Transfer Dataset   |
| <b>Description:</b>          | This dataset contains the messages for the description for sending the answer to a Recall of Creditor Transfer Dataset  |
| <b>Attributes contained:</b> | <p><u>Positive response for a Recall of a Credit Transfer</u></p> <ul style="list-style-type: none"> <li>• An exact copy of the original Interbank payment dataset (DS-02) which is being recalled.</li> <li>• 47 The fee for the positive answer to a Recall in euro</li> <li>• 46 The returned amount of the positive answer to the Recall in euro</li> <li>• R1 The type of “R” message</li> <li>• R2 The Identification of the type of party initiating the “R” message</li> <li>• R7 The specific reference of the bank initiating the Recall</li> <li>• R8 The Settlement Date for the positive answer to the Recall</li> </ul> <p><u>Negative response for a Recall of a Credit Transfer</u></p> <ul style="list-style-type: none"> <li>• An exact copy of the original Interbank payment dataset (DS-02) which is being recalled.</li> <li>• R6 Reason code for non-acceptance of the Recall</li> </ul> |
| <b>Remarks:</b>              | 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   |

#### 4.6 Business Requirements for Attributes

This section defines the business requirements for the attributes used by the Scheme. The attributes used in the credit transfer datasets are described below. Attribute numbering is as follows:

- 01 – 19 for attributes pertaining to the Originator
- 20 – 39 for attributes pertaining to the Beneficiary
- 40 onwards for other attributes of a compliant credit transfer
- R01 onwards for attributes of Rejects/Returns/Recalls

This numbering is only for cross referencing purposes within the Rulebook.

|       |   |
|-------|---|
| AT-01 | The IBAN of the account of the Originator   |
| AT-02 | The name of the Originator  |
| AT-03 | The address of the Originator   |
| AT-04 | The amount of the credit transfer in euro   |
| AT-05 | The Remittance Information sent by the Originator to the Beneficiary in the Credit Transfer Instruction |
| AT-06 | The BIC code of the Originator Bank   |
| AT-07 | The Requested Execution Date of the instruction   |
| AT-08 | The name of the Originator Reference Party  |
| AT-09 | The identification code of the Originator Reference Party   |
| AT-10 | The Originator identification code  |

|       |  |
|-------|--|
| AT-20 | The IBAN of the account of the Beneficiary                         |
| AT-21 | The name of the Beneficiary  |
| AT-22 | The address of the Beneficiary                                     |
| AT-23 | The BIC code of the Beneficiary Bank                               |
| AT-24 | The Beneficiary identification code                                |
| AT-28 | The name of the Beneficiary Reference Party                        |
| AT-29 | The identification code of the Beneficiary Reference Party         |
| AT-40 | The identification code of the Scheme                              |
| AT-41 | The Originator's reference of the Credit Transfer Transaction      |
| AT-42 | The Settlement Date of the credit transfer                         |
| AT-43 | The Originator Bank's reference of the Credit Transfer Transaction |
| AT-44 | The purpose of the credit transfer                                 |
| AT-45 | The category purpose of the credit transfer                        |
| AT-46 | The returned amount of the positive answer to the Recall in euro   |
| AT-47 | The fee for the positive answer to the Recall in euro              |
| AT-48 | The Recall reason code   |
| AT-49 | Additional Information to AT-48 The Recall reason code             |
| AT-R1 | The type of "R" message  |
| AT-R2 | The identification of the type of party initiating the "R" message |
| AT-R3 | The reason code for non-acceptance of the credit transfer          |
| AT-R4 | The Settlement Date for the Return                                 |
| AT-R5 | The specific reference of the bank initiating the Reject/Return    |
| AT-R6 | The Reason code for non-acceptance of the Recall                   |
| AT-R7 | The specific reference of the bank initiating the Recall           |
| AT-R8 | The Settlement Date for the positive Answer to the Recall          |

#### 4.6.1 Attribute Details

|                        |  |
|------------------------|--|
| <b>Identification:</b> | <b>AT-01</b>   |
| <b>Name:</b>           | <b>The IBAN of the account of the Originator</b>   |
| <b>Description:</b>    | The account number (only the IBAN) of the Originator to be debited for the Credit Transfer Instruction |

|                        |   |
|------------------------|---|
| <b>Identification:</b> | <b>AT-02</b>  |
| <b>Name:</b>           | <b>The name of the Originator</b>   |
| <b>Description:</b>    | The information should reflect the name of the account holder being debited |

|                        |  |
|------------------------|--|
| <b>Identification:</b> | <b>AT-03</b>   |
| <b>Name:</b>           | <b>The address of the Originator</b>   |
| <b>Description:</b>    | The information should reflect the address of the account holder being debited |

|                        |   |
|------------------------|---|
| <b>Identification:</b> | <b>AT-04</b>  |
| <b>Name:</b>           | <b>The amount of the credit transfer in euro</b>  |
| <b>Description:</b>    | <p>The amount contains two parts, the first is expressed in euro, and the second is expressed in euro cents</p> <p>The first part must be larger than or equal to zero euro, and equal to or not larger than 999.999.999 euro.</p> <p>The second part must be larger than or equal to zero euro cent, and smaller than or equal to 99 euro cents</p> <p>The combined value of 0,00 euro (zero euro and zero euro cent) is not allowed</p> |

|                        |  |
|------------------------|--|
| <b>Identification:</b> | <b>AT-05</b>   |
| <b>Name:</b>           | <b>The Remittance Information sent by the Originator to the Beneficiary in the Credit Transfer Instruction</b>   |
| <b>Description:</b>    | <p>A maximum of 140 characters for unstructured Remittance Information</p> <p>The European Association of Corporate Treasurers (EACT) has developed a standard for formatting the contents of the unstructured remittance information.</p> <p>The standard specifies the elements enabling the automated payments processing between business partners.</p> <p>Further information on this standard can be found on the following website:<br/> <a href="http://www.europeanpaymentscouncil.eu/content.cfm?page=eact_standard_for_unstructured_remittance_information">http://www.europeanpaymentscouncil.eu/content.cfm?page=eact_standard_for_unstructured_remittance_information</a> (reference [15])</p> <p>The 140 characters unstructured Remittance Information should be used for storing the data elements described in the standard.</p> <p>OR</p> <p>structured Remittance Information of a maximum of 140 characters according to detailed rules to be defined</p> <p>EPC recommends beneficiaries to adopt the ISO standard (reference [13]) for a 'Structured creditor reference to the remittance information' identified in the rulebook as 'structured creditor reference') as the preferred remittance data convention for identifying payment referring to a single invoice, to be part of the structured remittance information.</p> <p>When the Originator provides a Structured Creditor Reference with a Credit Transfer Instruction, it is recommended that the Originator Bank checks the correctness of the Structured Creditor Reference at the point of capture by the Originator.</p> |

|                        |  |
|------------------------|--|
| <b>Identification:</b> | <b>AT-06</b>                               |
| <b>Name:</b>           | <b>The BIC code of the Originator Bank</b> |
| <b>Description:</b>    | See Chapter 7                              |

|                        |   |
|------------------------|---|
| <b>Identification:</b> | <b>AT-07</b>  |
| <b>Name:</b>           | <b>The Requested Execution Date of the instruction</b>  |
| <b>Description:</b>    | This date corresponds with a date requested by an Originator for commencing the execution of the Credit Transfer Instruction as described in section 4.2.1. |

|                        |  |
|------------------------|--|
| <b>Identification:</b> | <b>AT-08</b>   |
| <b>Name:</b>           | <b>The name of the Originator Reference Party</b>  |
| <b>Description:</b>    | <p>The name of a person in relation to whom an Originator makes a payment</p> <p>The Originator Reference Party is a person on behalf of or in connection with whom the Originator purports to make a payment</p> <p>Reference in any payment instruction to an Originator Reference Party does not imply that such party is an Originator or otherwise a payer, or is contractually obliged or entitled in connection with any payment obligation</p> |

|                        |  |
|------------------------|--|
| <b>Identification:</b> | <b>AT-09</b>   |
| <b>Name:</b>           | <b>The identification code of the Originator Reference Party</b>                   |
| <b>Description:</b>    | A code supplied by the Originator and to be delivered unaltered to the Beneficiary |

|                        |  |
|------------------------|--|
| <b>Identification:</b> | <b>AT-10</b>   |
| <b>Name:</b>           | <b>The Originator identification code</b>  |
| <b>Description:</b>    | A code supplied by the Originator and to be delivered unaltered to the Beneficiary |

|                        |   |
|------------------------|---|
| <b>Identification:</b> | <b>AT-20</b>  |
| <b>Name:</b>           | <b>The IBAN of the account of the Beneficiary</b>   |
| <b>Description:</b>    | <p>The International Bank Account Number used to uniquely identify the account of a customer at a financial institution</p> <p>The ISO standard 13616 applies</p> |

|                        |   |
|------------------------|---|
| <b>Identification:</b> | <b>AT-21</b>  |
| <b>Name:</b>           | <b>The name of the Beneficiary</b>                        |
| <b>Description:</b>    | The name of the Beneficiary as supplied by the Originator |

|                        |  |
|------------------------|--|
| <b>Identification:</b> | <b>AT-22</b>   |
| <b>Name:</b>           | <b>The address of the Beneficiary</b>                        |
| <b>Description:</b>    | The address of the Beneficiary as supplied by the Originator |

|                        |   |
|------------------------|---|
| <b>Identification:</b> | <b>AT-23</b>                                |
| <b>Name:</b>           | <b>The BIC code of the Beneficiary Bank</b> |
| <b>Description:</b>    | See Chapter 7                               |

|                        |  |
|------------------------|--|
| <b>Identification:</b> | <b>AT-24</b>                               |
| <b>Name:</b>           | <b>The Beneficiary identification code</b> |
| <b>Description:</b>    | A code supplied by the Originator          |

|                        |  |
|------------------------|--|
| <b>Identification:</b> | <b>AT-28</b>   |
| <b>Name:</b>           | <b>The name of the Beneficiary Reference Party</b>   |
| <b>Description:</b>    | <p>The name of a person in relation to whom a Beneficiary receives a payment</p> <p>The Beneficiary Reference Party is a person on behalf of or in connection with whom the Beneficiary receives a payment.</p> <p>Reference in any payment instruction to a Beneficiary Reference Party does not imply that such party is a Beneficiary or otherwise a payee, or is contractually obliged or entitled in connection with any payment obligation</p> |

|                        |  |
|------------------------|--|
| <b>Identification:</b> | <b>AT-29</b>   |
| <b>Name:</b>           | <b>The identification code of the Beneficiary Reference Party</b>                  |
| <b>Description:</b>    | A code supplied by the Originator and to be delivered unaltered to the Beneficiary |

|                        |  |
|------------------------|--|
| <b>Identification:</b> | <b>AT-40</b>   |
| <b>Name:</b>           | <b>The identification code of the Scheme</b>   |
| <b>Description:</b>    | To differentiate SEPA Credit Transfer Instructions from those of any other scheme sharing common logical and physical models |

|                        |   |
|------------------------|---|
| <b>Identification:</b> | <b>AT-41</b>  |
| <b>Name:</b>           | <b>The Originator's reference of the Credit Transfer Transaction</b>  |
| <b>Description:</b>    | This reference identifies for a given Originator each Credit Transfer Transaction presented to the Originator Bank, in a unique way. This number will be transmitted in the entire process of the handling of the credit transfer transactions from acceptance until the finality of the transaction. It must be returned in any exception handling process-step by any party involved. The Originator cannot request for any other referencing information to be returned to him, in order to identify a credit transfer. The Originator must define the internal structure of this reference; it can only be expected to be meaningful to the Originator. |
| <b>Value range:</b>    | If no reference is provided by the Originator, this attribute has default value "Not provided"  |

|                        |   |
|------------------------|---|
| <b>Identification:</b> | <b>AT-42</b>  |
| <b>Name:</b>           | <b>The Settlement Date of the credit transfer</b>   |
| <b>Description:</b>    | The date on which obligations with respect to Funds transfer between Originator Bank and Beneficiary Bank are discharged. In the message from Originator Bank, it contains the requested Settlement Date, whereas in the message delivered to the Beneficiary Bank, it contains the Settlement Date applied |

|                        |   |
|------------------------|---|
| <b>Identification:</b> | <b>AT-43</b>  |
| <b>Name:</b>           | <b>The Originator Bank's reference of the Credit Transfer Transaction</b>   |
| <b>Description:</b>    | The reference of the Credit Transfer Transaction given by the Originator Bank, which is to be delivered unaltered to the Beneficiary Bank |

|                        |  |
|------------------------|--|
| <b>Identification:</b> | <b>AT-44</b>   |
| <b>Name:</b>           | <b>The purpose of the credit transfer</b>  |
| <b>Description:</b>    | The purpose of the credit transfer is the underlying reason for the credit transfer transaction, i.e. information on the nature of such transaction. |
| <b>Value range:</b>    | All codes part of the ISO standard are accepted  |

|                        |  |
|------------------------|--|
| <b>Identification:</b> | <b>AT-45</b>   |
| <b>Name:</b>           | <b>The category purpose of the credit transfer</b>   |
| <b>Description:</b>    | The category purpose of the credit transfer is information on the high level nature of the credit transfer transaction. It can have different goals: allow the Originator Bank to offer a specific processing agreed with the Originator, or allow the Beneficiary Bank to apply a specific processing |
| <b>Value range:</b>    | All codes part of the ISO standard are accepted  |

|                        |  |
|------------------------|--|
| <b>Identification:</b> | <b>AT-46</b>   |
| <b>Name:</b>           | <b>The returned amount of the positive answer to the Recall in euro</b>  |
| <b>Description:</b>    | <p>This amount may be the same as AT-04 if there is no AT-47. If a fee for the positive answer to the Recall is present in AT-47, this amount will be equal to the difference between AT-04 and AT-47.</p> <p>The amount contains two parts; the first is expressed in euro, and the second is expressed in euro cents.</p> <p>The first part must be larger than or equal to zero euro, and equal to or not larger than 999.999.999 euro. The second part must be larger than or equal to zero euro cents, and smaller than or equal to 99 euro cents.</p> <p>The combined value of 0,00 euro (zero euro and zero euro cent) is not allowed</p> |

|                        |  |
|------------------------|--|
| <b>Identification:</b> | <b>AT-47</b>   |
| <b>Name:</b>           | <b>The fee for the positive answer to the Recall in euro</b>   |
| <b>Description:</b>    | <p>The amount contains two parts, the first is expressed in euro, and the second is expressed in euro cents</p> <p>The first part must be larger than or equal to zero euro, and equal to or not larger than 999.999.999 euro. The second part must be larger than or equal to zero euro cent, and smaller than or equal to 99 euro cents</p> <p>The combined value of 0,00 euro (zero euro and zero euro cent) is not allowed</p> |

|                        |   |
|------------------------|---|
| <b>Identification:</b> | <b>AT-48</b>  |
| <b>Name:</b>           | <b>The Recall reason code</b>   |
| <b>Description:</b>    | <p>This code explains the reason for the Recall for a Collection. 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.</p> |
| <b>Value range:</b>    | <p>Codes are:</p> <ul style="list-style-type: none"> <li>• Duplicate sending</li> <li>• Technical problems resulting in erroneous SCTs</li> <li>• Fraudulent originated credit transfer</li> </ul>  |



|                        |   |
|------------------------|---|
| <b>Identification:</b> | <b>AT-49</b>  |
| <b>Name:</b>           | <b>Additional Information to AT-48 The Recall reason code</b>   |
| <b>Description:</b>    | <p>When the reason for a Recall is “fraudulent originated Credit Transfer”, the Originator Bank may use this attribute for including additional information on AT-48. The text shall be in a comprehensible language to the Beneficiary Bank.</p> <p>Beneficiary Banks are not obliged to act upon this information received.</p> |

|                        |   |
|------------------------|---|
| <b>Identification:</b> | <b>AT-R1</b>  |
| <b>Name:</b>           | <b>The type of “R” message</b>  |
| <b>Description:</b>    | This code allows to identify the type of “R” message in the handling of the credit transfer transaction |
| <b>Value range:</b>    | <ul style="list-style-type: none"> <li>• Reject</li> <li>• Return</li> <li>• Recall</li> </ul>          |

|                        |  |
|------------------------|--|
| <b>Identification:</b> | <b>AT-R2</b>   |
| <b>Name:</b>           | <b>The Identification of the type of party initiating the “R” message</b>  |
| <b>Description:</b>    | This attribute contains a code identifying the type of party initiating the Reject/Return message or the Recall message.   |
| <b>Value range:</b>    | <ul style="list-style-type: none"> <li>• <b>Values applying for Reject/Return messages:</b> <ul style="list-style-type: none"> <li>○ Originator Bank</li> <li>○ CSM</li> <li>○ Beneficiary Bank</li> </ul> </li> <li>• <b>Values applying for Recall messages:</b> <ul style="list-style-type: none"> <li>○ Originator</li> <li>○ Originator Bank</li> </ul> </li> </ul> |

|                        |  |
|------------------------|--|
| <b>Identification:</b> | <b>AT-R3</b>   |
| <b>Name:</b>           | <b>The reason code for non-acceptance of the credit transfer</b>   |
| <b>Description:</b>    | This code identifies the reason for the non-acceptance of the credit transfer  |
| <b>Value range:</b>    | <p>The reasons for a Reject by the Originator Bank or the CSM are as follows:</p> <ul style="list-style-type: none"> <li>• Account identifier incorrect (i.e. invalid IBAN)</li> <li>• Bank identifier incorrect (i.e. invalid BIC)</li> <li>• Duplicate payment</li> <li>• File received after Cut-off Time</li> <li>• Operation/transaction code incorrect, invalid File format</li> <li>• Regulatory reason</li> <li>• Reason not specified</li> <li>• Beneficiary Bank not registered under this BIC in the CSM</li> <li>• Originator Bank not registered under this BIC in the CSM</li> </ul> <p>The reasons for a Return by the Beneficiary Bank are as follows:</p> <ul style="list-style-type: none"> <li>• Account address invalid</li> <li>• Account blocked, reason not specified</li> <li>• Account closed</li> <li>• Account identifier invalid (i.e. invalid IBAN or account number does not exist)</li> <li>• Bank identifier incorrect (i.e. invalid BIC)</li> <li>• Beneficiary deceased</li> <li>• By order of the Beneficiary</li> <li>• Credit transfer forbidden on this type of account (e.g. savings account)</li> <li>• Duplicate payment</li> <li>• Operation/transaction code incorrect, invalid File format</li> <li>• Regulatory reason</li> <li>• Reason not specified</li> </ul> |

|                        |  |
|------------------------|--|
| <b>Identification:</b> | <b>AT-R4</b>   |
| <b>Name:</b>           | <b>The Settlement Date for the Return</b>                        |
| <b>Description:</b>    | The date on which the amount of the return is settled by the CSM |

|                        |  |
|------------------------|--|
| <b>Identification:</b> | <b>AT-R5</b>   |
| <b>Name:</b>           | <b>The specific reference of the bank initiating the Reject/Return</b>   |
| <b>Description:</b>    | This reference, determined by the bank that initiates the Reject or Return of the credit transfer transaction, must be forwarded in the handling of the Reject/Return message to the Originator Bank and optionally to the Originator. It must be specified in any request by the Originator or the Originator Bank to the initiating party to obtain more information about the reasons for the Reject/Return |

|                        |  |
|------------------------|--|
| <b>Identification:</b> | <b>AT-R6</b>   |
| <b>Name:</b>           | <b>The Reason code for non-acceptance of the Recall</b>  |
| <b>Description:</b>    | The codes defines the reason for non-acceptance of the Recall  |
| <b>Value range</b>     | <p>Codes are:</p> <ul style="list-style-type: none"> <li>• Beneficiary's Refusal</li> <li>• Legal reasons</li> <li>• Account closed</li> <li>• Insufficient funds on the account</li> <li>• No response from Beneficiary</li> <li>• Original Credit Transfer never received</li> <li>• Already returned transaction</li> </ul> |

|                        |  |
|------------------------|--|
| <b>Identification:</b> | <b>AT-R7</b>   |
| <b>Name:</b>           | <b>The specific reference of the bank initiating the Recall</b>  |
| <b>Description:</b>    | This reference is determined by the bank that initiates the Recall of the credit transfer transaction, must be forwarded in the handling of the Recall message to the Beneficiary Bank and optionally to the Beneficiary. It must be specified in any request by the Beneficiary or the Beneficiary Bank to the initiating party to obtain more information about the reasons for the Recall |

|                        |  |
|------------------------|--|
| <b>Identification:</b> | <b>AT-R8</b>   |
| <b>Name:</b>           | <b>The Settlement Date for the positive answer to the Recall</b> |
| <b>Description:</b>    | The date on which the returned amount is settled by the CSM      |

## **5. RIGHTS AND OBLIGATIONS OF PARTICIPANTS**

### **5.1 The Scheme**

Participation in the SEPA Credit Transfer Scheme is on the basis of compliance with the following guiding principles:

- Scheme Participants from all countries in SEPA participate on the basis that the level playing field principle is respected.
- All adhering Scheme Participants shall comply with the SEPA Credit Transfer Scheme Rulebook on the same basis as all other Participants.
- Participants need to ensure that Regulation (EC) 1781/2006 of 15 November 2006 on Information on the Payer accompanying Transfers of Funds and the provisions of Title III and Title IV of the Payment Services Directive from November 2009 affecting credit transfers enabled by the SEPA Credit Transfer Scheme are effectively represented in law or substantially equivalent binding practice.

### **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
- Credit Transfer Scheme Inter-Bank Implementation Guidelines
- the Internal Rules, as set out in Annex II to this Rulebook
- any validly made order or notice issued as part of the SEPA Scheme Management processes under the Rulebook and the Internal Rules.

The parties to the Rulebook are the EPC and each Participant.

The Rulebook is a multilateral agreement comprising contracts between:

- the EPC and each Participant; and
- each Participant and every other Participant.

A person who is not a party to the Rulebook shall have no rights or obligations under the Rulebook.

A Participant shall procure that its employees, its agents and the employees of its agents comply with all applicable obligations under the Rulebook.

### **5.3 Reachability**

Each Participant shall offer services relating to the Scheme in the capacity of both Originator Bank and Beneficiary Bank.

Each Participant needs to determine how to achieve full reachability for the SEPA Credit Transfer Scheme. There are several ways for Participants to send and receive euro payment transactions to and from other Participants across SEPA.

A Participant can use the services of a CSM to assist in the provision of its services to Beneficiaries and Originators.

A Participant can use the services of an Intermediary Bank to perform any functions in relation to an obligation arising under the Rulebook. The Participant shall ensure that its arrangements with such Intermediary Bank are consistent with, and do not detract from, the requirements of the Rulebook and the other documents listed at section 5.2.

Participants can choose any solution or a combination of solutions, as long as reachability and compliance with the Scheme is effectively ensured. A Participant uses the services of a CSM or Intermediary Bank at its own risk.

## 5.4 Eligibility for participation

In order to be eligible as a Participant, a Participant must at all times:

- be active in the business of providing banking and/or payment services to customers, including the provision of accounts used for the execution of payments, holding the Funds needed for the execution of payments or making the Funds received following the execution of payments available to customers
- be either incorporated and licensed in a SEPA country or territory, or licensed by an appropriate EEA regulatory body
- be able to pay its debts as they fall due, and not be insolvent as defined in accordance with any insolvency law applicable to the Participant
- maintain a sufficient level of liquidity and capital in accordance with regulatory requirements to which it is subject
- be able to meet rating or other criteria set under the terms of the Scheme from time to time for the purpose of establishing the Participant's ability to meet its financial obligations
- comply fully with applicable regulations in respect of money laundering, sanctions restrictions and terrorist financing
- participate, or be eligible to participate, directly or indirectly in one or more CSMs for the purpose of providing access to the Scheme throughout SEPA
- develop and effect operational and risk control measures appropriate to the business undertaken by the Participant, such as the risk mitigation provisions set out in the Rulebook and in Annex II to the Rulebook.

Applicants which fall within one of the following categories shall be deemed automatically to be eligible under this section 5.4:

- a credit institution which is authorised in accordance with Article 8 (1) of Directive 2013/36/EU by a state which is a member of the European Economic Area;
- an undertaking which is listed in Article 2 of Directive 2006/48/EC; or
- a bank which is authorised in accordance with Article 3 of the Federal Law on Banks and Savings Banks of 8 November 1934 by the Swiss Financial Market Supervisory Authority (FINMA).
- A bank which is authorised by the Central Bank of San Marino in accordance with Article 7, Part I, Title II, of the Sammarinese Law No. 165 (approved on November 17th 2005) and with Regulation No. 2007 of 2007.

Any references in the Rulebook to a "bank" or "banks" shall be construed as including any undertaking or institution which is eligible under any of the categories listed above in this section 5.4.

An applicant which has been authorised as a payment institution under Article 10 of the Payment Services Directive, or any other payment service provider listed in Article 1.1 of the Payment Services Directive, shall be deemed automatically to have met the following eligibility criteria:

- be active in the business of providing banking and/or payment services to customers, including the provision of accounts used for the execution of payments, holding the Funds needed for the execution of payments or making the Funds received following the execution of payments available to customers
- be either incorporated and licensed in a SEPA country or territory or licensed by an appropriate EEA regulatory body
- maintain a sufficient level of liquidity and capital in accordance with regulatory requirements to which it is subject
- comply fully with applicable regulations in respect of money laundering, sanctions restrictions and terrorist financing
- develop and effect operational and risk control measures appropriate to the business undertaken by the Participant.

Furthermore, an applicant which is the treasury of a sovereign state shall not be required to establish:

- that it is able to pay its debts as they fall due or that it is not insolvent; or
- that it meets rating or other criteria set under the terms of the Scheme for the purpose of establishing its ability to meet its financial obligations,

unless there are exceptional circumstances or the applicant is not the treasury of an EEA member state or Switzerland. However, the SMC may request such an applicant to demonstrate (in its legal opinion or otherwise) that it is the treasury of the state itself, and not the treasury of an organ or entity under the control of the state

A Participant shall notify the Scheme Management Committee immediately of any matter that is material to the Participant's eligibility as a Participant under this section 5.4. The SMC shall take reasonable steps to bring such notifications to the attention of all other Participants and the EPC Plenary.

## **5.5 Becoming a Participant**

Any undertaking which is eligible under section 5.4 above may apply to become a Participant.

Applications shall be submitted to the EPC in accordance with its application procedures as set out in the Internal Rules.

To apply to become a Participant, an undertaking shall submit to the EPC and executed and original Adherence Agreement and submit Supporting Documentation to the EPC. A Participant may appoint an agent to complete an Adherence Agreement on its behalf. If the latter procedure is adopted the Participant undertakes all rights and obligations under the Rulebook and the documents specified in section 5.2 above as if it had completed the Adherence Agreement itself.

The EPC may require additional information from the applicant in support of its application.

An applicant becomes a Participant on an admission date specified by the EPC in accordance with the Internal Rules. Names of applicants which will become Participants at a future date may be pre-published, and a date designated and published when they will become Participants.

In consideration of the mutual obligations constituted by the Rulebook, an applicant agrees to be bound by, becomes subject to and shall enjoy the benefits of, the Rulebook upon becoming a Participant.

If the application to become a Participant is rejected, the applicant shall receive notice of such in writing and be provided with a statement of the reasons for such rejection.

Upon receipt of such a written rejection, the applicant may appeal against the decision in accordance with the Internal Rules.

## **5.6 Credit Transfer Scheme List of Participants**

The Credit Transfer Scheme List of Participants shall be maintained in good and up-to-date order and arrangements will be made for such list to be made available to Participants when issued or updated.

Such list shall contain:

- current contact details for each Participant for the purpose of enabling notices to be served on Participants in accordance with the Rulebook;
- the date on which each Participant attained Participant status;
- details of undertakings which have been removed from the list, including the date of their removal; and
- such other information as is considered appropriate in the interests of the effective management of the Scheme.

Any changes to contact details will be provided by Participants in accordance with the Scheme management process.

By submitting an application to become a Participant, an undertaking consents to publication of the details referred to in this section 5.6.

## **5.7 Obligations of an Originator Bank**

In respect of each of its Originators, an Originator Bank shall:

- ensure that Terms and Conditions exist governing the provision and use of services relating to the Scheme;

- ensure that such Terms and Conditions are consistent with the Rulebook;
- ensure that such Terms and Conditions make adequate provision for the Originator Bank's succession (e.g. through merger or acquisition), in accordance with the Rulebook;
- not restrict its Originators from obtaining similar services relating to the Scheme from any other Originator Bank;
- provide to the Beneficiary Bank the required payment information (as described in DS-02, in Chapter 4) and the payment value in sufficient time and manner to allow the Beneficiary Bank to comply with its obligations under the Rulebook;
- identify the payment to the Beneficiary Bank as a payment made under the terms of the Scheme;
- treat any Credit Transfer Instruction not fulfilling the requirements of the Rulebook outside the Scheme or decline to process such instruction;
- provide Originators and prospective Originators with adequate information to understand the Scheme proposition, its service level and in particular when the Beneficiary will receive the Funds.
- provide to Originators the means of initiating Credit Transfer Instructions and accepting the applicable data and format requirements;
- provide to Originators information on the Cut-off Time for the submission and execution of Credit Transfer Instructions through each available channel;
- ensure the authenticity and validity of the Originator's instructions
- validate each Credit Transfer Instruction, accept (subject to account status and the terms of its agreement with the Originator) each valid Credit Transfer Instruction, and reject each invalid Credit Transfer Instruction. For these purposes, validation includes checking the plausibility of the IBAN of the Beneficiary and the validity of the Beneficiary Bank's BIC;
- provide an explanation to the Originator of the reason for rejecting any payment instruction in a manner and within a timeframe as may be agreed with the Originator;
- following acceptance of a Credit Transfer Instruction, debit the specified account of the Originator, route the credit transfer to the specified Beneficiary Bank for credit of the account of the Beneficiary identified in the Credit Transfer Instruction;
- provide an explanation to the Originator and/or the Beneficiary Bank as to how a Credit Transfer Instruction has been processed and provide to the Originator all reasonably requested information in the event of a dispute;
- ensure that all Credit Transfer Instructions comply with the standards set out in the Credit Transfer Scheme Inter-Bank Implementation Guidelines;
- effect exceptional processing (including all Rejects and Returns in relation to its Originators' accounts) in accordance with the Rulebook.

It is a precondition to the Originator Bank's obligations in respect of a Credit Transfer Instruction, that the Beneficiary has provided to the Originator the IBAN and BIC of the Beneficiary's account to be credited. Furthermore, the Originator Bank has no obligations to transmit data relating to the remittance unless this has been provided by the Originator.

An Originator Bank shall oblige each of its Originators, in relation to any Credit Transfer Instruction which the Originator Bank accepts, in accordance with the relevant requirements set out in the Rulebook, to:

- provide the Originator Bank with sufficient information for the Originator Bank to make the credit transfer in compliance with the Rulebook;



- supply the required payment data accurately, consistently, and completely.

## 5.8 Obligations of a Beneficiary Bank

In respect of each of its Beneficiaries, a Beneficiary Bank shall:

- ensure that Terms and Conditions exist governing the provision and use of services relating to the Scheme;
- ensure that such Terms and Conditions are consistent with the Rulebook;
- ensure that such Terms and Conditions make adequate provision for the Beneficiary Bank's succession, in accordance with the Rulebook;
- provide Beneficiaries with adequate information on the respective rights and obligations of the Originator, Beneficiary, Originator Bank and Beneficiary Bank in relation to the Scheme, and information about the service level offered and any charges that apply to the service being performed;
- apply the standards set out in the Credit Transfer Scheme Inter-Bank Implementation Guidelines to the processing of its received payment instructions and to the provision of information to its Customers.
- effect all Returns in relation to its Beneficiaries' accounts, in accordance with the Rulebook;
- receive the SEPA Credit Transfer from the Originator Bank and credit the account of the Beneficiary identified by the IBAN in the Credit Transfer Instruction as the unique identifier, provided that applicable regulations in relation to money laundering and terrorist financing have been complied with;
- validate the syntax of the Credit Transfer Instruction, accept it if it is in accordance with the requirements of the Rulebook, and carry out a Return if it is invalid together with a reason code;
- credit the account of the Beneficiary with the full amount of the payment in accordance with the time cycle defined in Chapter 4, or for a lesser amount subject to any agreement with the Beneficiary under which the Beneficiary Bank may deduct its own fees from the amount transferred before crediting the Beneficiary's account;
- in the event of a dispute, provide to the Originator Bank an explanation as to how a Credit Transfer Instruction has been processed and any further information reasonably requested;
- provide to the Beneficiary the IBAN and BIC relating to his account.

## 5.9 Limitation of Liability

### 5.9.1 Compensation for Breach of the Rulebook

A Participant who is party to a SEPA Credit Transfer shall be liable to the other Participant who is also party to that SEPA Credit Transfer for all foreseeable losses, costs, damages and expenses (including reasonable legal fees), taxes and liabilities for any claims, demands or actions (each referred to as a "Loss"), where the Loss arises out of or in connection with:

1. any breach of the Rulebook relating to the SEPA Credit Transfer by the relevant Participant, its employees or agents;
2. any negligent act or omission of the relevant Participant, its employees or agents relating to the SEPA Credit Transfer insofar as relevant to the operation of the Scheme;
3. any operational failure of the relevant Participant, its employees or agents relating to the SEPA Credit Transfer insofar as relevant to the operation of the Scheme.

### **5.9.2 Limits on Liability**

A Participant's liability under the Rulebook is limited as follows:

- The maximum amount which may be claimed in respect of a Loss is the amount of the SEPA Credit Transfer.
- The cap on liability applies even if there has been gross negligence by the liable Participant, its employees or agents.
- The cap on liability does not apply in the event of wilful intent by the liable Participant, or by the Participant's employees or agents.
- The maximum amount which may be claimed in respect of a Loss is subject to proportionate reduction in the case of contributory negligence of the Participant making the claim, its employees or its agents.
- A Loss which results from action taken to limit or manage risk shall not be claimed.
- A Loss can be regarded as foreseeable only if it is regularly experienced by Participants active in making cross border payments to SEPA countries.

### **5.9.3 Force majeure**

Further, a Participant shall not be liable for any failure, hindrance or delay in performance in whole or in part of its obligations under the Rulebook if such failure, hindrance or delay arises out of circumstances beyond its control. Such circumstances may include, but are not limited to, acts of God, criminal action, fire, flood and unavailability of energy supplies.

### **5.10 Liability of the EPC**

The EPC, its agents, employees or the employees of its agents shall not be liable for anything done or omitted in the exercise of any discretion under the Rulebook unless it is shown that the act or omission was effected in bad faith.

The EPC, its agents, its employees and the employees of its agents shall not be liable for any losses which are not foreseeable.

### **5.11 Termination**

A Participant may terminate its status as a Participant by giving no less than six months' prior written notice to the SMC of the EPC, such notice to take effect on a designated day (for which purpose such a day will be designated at least one day for each month). As soon as reasonably practicable after receipt of such notice, it or a summary shall be published to all other Participants in an appropriate manner.

Notwithstanding the previous paragraph, upon receipt of the participant's notice of termination by the SMC, the Participant and the SMC may mutually agree for the termination to take effect on any day prior to the relevant designated day.

A former Participant shall continue to be subject to the Rulebook in respect of all activities which were conducted prior to termination of its status as a Participant and which were subject to the Rulebook, until the date on which all obligations to which it was subject under the Rulebook prior to termination have been satisfied.

Upon termination of its status as a Participant, an undertaking shall not incur any new obligations under the Rulebook. Further, upon such termination, the remaining Participants shall not incur any new obligations under the Rulebook in respect of such undertaking's prior status as a Participant. In particular, no new SEPA Credit Transfer obligations may be incurred by the former Participant or in favour of the former Participant.

The effective date of termination of a Participant's status as a Participant is (where the Participant has given notice in accordance with the first paragraph of section 5.11) the effective date of such notice, or (in any other case) the date on which the Participant's name is deleted from the Credit Transfer Scheme List of Participants, and as of that date the Participant's rights and obligations under the Rulebook shall cease to have effect except as stated in this section 5.11.

This section, sections 5.9, 5.10, 5.12 and Annex II of the Rulebook shall continue to be enforceable against a Participant, notwithstanding termination of such Participant's status as a Participant.

## **5.12 Intellectual Property**

The Participants acknowledge that any copyright in the Rulebook belongs to the EPC. The Participants shall not assert contrary claims, or deal with the Rulebook in a manner that infringes or is likely to infringe the copyright held by the EPC in the Rulebook.

## **5.13 Contractual provisions**

The Rulebook contains legal obligations which are binding on the Participants and which are enforceable against a Participant by the SMC or another Participant. The whole Rulebook is intended to have legal effect. In the event of any inconsistency between the provisions of the Rulebook, the provisions of this Chapter 5 shall prevail. Subject to the prevalence of provisions in this Chapter 5, the provisions of Chapter 4 shall prevail over any other provision in the Rulebook.

In the event of an inconsistency between the provisions of the Rulebook and any other agreement or convention between the Participants and the EPC in relation to the subject matter of this Rulebook, the provisions of this Rulebook shall prevail.

The terms of each agreement governing the provision and use of services relating to the Scheme between respectively the Originator and Originator Bank and the Beneficiary and Beneficiary Bank shall continue for the benefit of the successors and permitted assignees of any relevant party.

Any reference in the Rulebook to statutes or statutory instruments shall be to such statutes or statutory instruments as amended or replaced from time to time.

Every document that is required to be provided under the Rulebook shall be provided in the English language.

Any reference in the Rulebook to a person or an undertaking (howsoever described) shall include its successors.

Headings in the Rulebook are used for ease of reference only.

The Rulebook is governed by, and shall be construed in accordance with, Belgian law.

The Rulebook is drawn up in the English language. If the Rulebook is translated into any other language, the English language text prevails.

#### **5.14 Application of the EU legislation between Participants**

Each Participant that is not subject to the Payment Services Directive under its national law shall vis-à-vis other Participants and vis-à-vis its Customers and to the extent permitted by the national law applicable to such Participant, comply with and perform obligations that are substantially equivalent to those provisions in Title III and IV of the Payment Services Directive which are relevant for SEPA Credit Transfers.

Further, each Participant (whether or not subject to the Payment Services Directive) shall refrain, to the extent reasonably possible, from exercising any rights accorded to it under its national law vis-à-vis other Participants and vis-à-vis its Customers that either conflict or that could potentially conflict with the provisions in Title III and IV of the Payment Services Directive.

The obligations of each Participant (whether or not subject to the Payment Services Directive) under the Rulebook shall apply notwithstanding that the Payment Services Directive is limited in its geographical scope (art.2 Payment Service Directive).

The above principles apply mutatis mutandis to each Participant with respect to the provisions of Article 5 and the Annex of the SEPA Regulation.

## 6. SEPA SCHEME MANAGEMENT

The Scheme Management Entity is EPC AISBL acting in accordance with the EPC Charter.

SEPA Scheme Management comprises two functions. The first function involves managing the development and evolution of the Scheme and the second function involves the administration of the Scheme and the process of ensuring compliance with its rules. The detailed rules that describe the operation of these functions are set out in the Internal Rules of SEPA Scheme Management at Annex II of the Rulebook.

### 6.1 Development and Evolution

The development and evolution function of SEPA Scheme Management establishes formal change management procedures for the Scheme. The change management procedures aim to ensure that the Scheme is kept relevant for its users and up-to-date, with structured processes for initiating and implementing changes to the Scheme, the Rulebook and related documentation. An important component of change management is the innovation of ideas for enhancing the quality of the existing Scheme as well for developing new schemes, based always on sound business cases.

The development of change proposals is to be carried out through clear, transparent and structured channels, which take into account the views of Scheme Participants, SEPA service suppliers, end-users as well as other concerned groups.

The development and evolution function shall be performed by the EPC Plenary, supported by the SEPA Payment Schemes Working Group ("**SPS WG**") or by such other working and support group as the EPC Plenary may designate. The EPC Plenary and the SPS WG shall perform the development and evolution function in accordance with the procedures set out in the Internal Rules.

### 6.2 Administration and Compliance

The administration and compliance function of SEPA Scheme Management establishes rules and procedures for administering the adherence process for the Scheme, for addressing cases of claimed non-compliance by Participants with the rules of the Scheme and for addressing situations where Participants are unable to resolve their grievances through local, national dispute resolution methods.

In addition, the Internal Rules provide for an appeals process on decisions taken by the SMC on adherence and complaints matters.

The administration and compliance function aims to ensure that the Schemes are administered fairly and transparently at every stage in accordance with the Rulebook and general principles of applicable law.

The administration and compliance function shall be performed by the SMC as set out in detail in the Internal Rules.

The roles, rights and powers of the SMC and the EPC Plenary are set out in detail in the Internal Rules and in the EPC Charter.

The SMC and the EPC Plenary are supported by a common EPC Secretariat in the exercise of their SEPA Scheme Management functions.

The parties to this Rulebook are the EPC and each Participant. The SMC and the EPC Plenary are established by the EPC in accordance with the EPC Charter and are organs of the EPC. In this Rulebook, references to the rights, obligations and entitlements of the SMC and the EPC Plenary may be read as references to the rights, obligations and entitlements of the EPC.

The Internal Rules form part of this Rulebook and may only be amended in accordance with the procedures set out in section 3 of the Internal Rules.

The Internal Rules shall be binding on Participants in accordance with section 1.4 and 5.2 of the Rulebook.

## 7. DEFINED TERMS IN THE RULEBOOK

| Term   | Definition  |
|--|---|
| <b>Acceptance Date</b>                         | As defined in section 4.2.1 of the Rulebook.  |
| <b>Additional Optional Services</b>            | Complementary features and services based on the Scheme, as described in Chapter 2.3 of the Rulebook.   |
| <b>Adherence Agreement</b>                     | The agreement to be completed as part of the process by which an entity applies to become a Participant. The agreement is found as Annex I of the Rulebook.   |
| <b>AOS</b>                                     | <i>See Additional Optional Services</i>   |
| <b>Banking Business Day</b>                    | Banking Business Day means, in relation to a Participant, a day on which that Participant is open for business, as required for the execution of a SEPA Credit Transfer. .  |
| <b>Beneficiary</b>                             | See section 3.1   |
| <b>Beneficiary Bank</b>                        | See section 3.1   |
| <b>Beneficiary Reference Party</b>             | See section 4.6.1 AT-28   |
| <b>BIC</b>                                     | <i>See Business Identifier Code</i>   |
| <b>Bulk Payment</b>                            | See section 4.5.1   |
| <b>Business Identifier Code (BIC)</b>          | An 8 or 11 character ISO code assigned by SWIFT and used to identify a financial institution in financial transactions.   |
| <b>Calendar Day</b>                            | A Calendar Day means any day of the year  |
| <b>Category purpose of the credit transfer</b> | See section 4.6.1   |
| <b>Clearing</b>                                | The process of transmitting, reconciling and, in some cases, confirming payment orders prior to Settlement, possibly including the netting of instructions and the establishment of final positions for Settlement. |
| <b>CSM</b>                                     | A Clearing and Settlement Mechanism. For more info see section 3.1.   |
| <b>Credit Transfer Instruction</b>             | An instruction given by an Originator to an Originator Bank requesting the execution of a credit transfer transaction, comprising such information as is necessary for the execution the credit transfer.           |

| <b>Term</b>  | <b>Definition</b>   |
|--|---|
| <b>Credit Transfer Transaction</b>                 | An instruction executed by an Originator Bank by forwarding the Transaction to a CSM for forwarding the Transaction to the Beneficiary Bank   |
| <b>Credit Transfer Scheme List of Participants</b> | The list of Participants published by the EPC under Chapter 5 and the Internal Rules.   |
| <b>Customer</b>                                    | Non-bank Originator or Beneficiary  |
| <b>Customer Account</b>                            | The account held by a Customer in the books of a Participant  |
| <b>Cut-off Time</b>                                | The Rulebook defines time cycles expressed in the time-unit “day”. More detailed time limits expressed in “hours-minutes” must be specified by all Participants and CSMs, for operating the Scheme.                           |
| <b>D</b>   | See section 4.2.1   |
| <b>EBA</b>   | Euro Banking Association  |
| <b>ECSA</b>  | A European Credit Sector Association  |
| <b>EPC</b>   | The European Payments Council   |
| <b>EPC Charter</b>                                 | The Charter of the European Payments Council dated 18 June 2004, as amended from time to time.  |
| <b>EU</b>  | The European Union  |
| <b>File</b>  | An electronic envelope containing a number of transactions that allows the receiver of the File to control its integrity. A File may contain a single transaction, or several single transactions, or groups of transactions. |
| <b>Funds</b>                                       | In relation to a payment transaction shall mean cash, scriptural money and electronic money as defined in Directive 2000/46/EC  |
| <b>IBAN</b>  | International Bank Account Number (IBAN): uniquely identifies an individual account at a specific financial institution in a particular country (ISO 13616).  |
| <b>Intermediary Bank</b>                           | As described in clause 3.4, a bank which is neither that of the Originator nor that of the Beneficiary and which participates in the execution of a credit transfer.  |
| <b>Internal Rules</b>                              | The Scheme Management Internal Rules, as set out in Annex II of the Rulebook, and as amended from time to time.   |
| <b>Loss</b>  | Shall have the meaning given in section 5.9 of the Rulebook.  |



| <b>Term</b>                                  | <b>Definition</b>  |
|--|--|
| <b>Original Amount</b>                       | Original ordered amount for a credit transfer as specified by the ordering Customer to the ordering bank.  |
| <b>Originator</b>                            | See section 3.1  |
| <b>Originator Bank</b>                       | See section 3.1  |
| <b>Originator Reference Party</b>            | See section 4.6.1 AT-08  |
| <b>Participant</b>                           | An entity accepted to be a part of the Scheme in accordance with section 5.4 of the Rulebook.  |
| <b>Payment Services Directive</b>            | Directive 2007/64/EC on Payment Services in the Internal market published in the Official Journal of the European Union on 5 December 2007 ( <b>PSD</b> ).                   |
| <b>Purpose of the credit transfer</b>        | See section 4.6.1  |
| <b>Reachability</b>                          | Reachability is the concept that all payment accounts in SEPA are accessible for the receiving of payments in the Scheme   |
| <b>Recalls</b>                               | See section 4.4  |
| <b>Rejects</b>                               | See section 4.4  |
| <b>Remittance Information</b>                | Information supplied by the Originator in the credit transfer transaction and transmitted to the Beneficiary in order to facilitate the payment reconciliation.              |
| <b>Requested Execution Date</b>              | This date corresponds to a date requested by an Originator for commencing the execution of the Credit Transfer Instruction in accordance with section 4.2.1 of the Rulebook. |
| <b>Returns</b>                               | See section 4.4  |
| <b>Rulebook</b>                              | The SEPA Credit Transfer Rulebook, as amended from time to time.   |
| <b>Scheme</b>                                | The SEPA Credit Transfer Scheme, as described in the Rulebook.   |
| <b>Scheme Management Committee, or “SMC”</b> | A committee of the EPC that shall perform the administration and compliance function of SEPA Scheme Management.  |

| Term  | Definition  |
|---|---|
| <b>SEPA</b>   | SEPA is the area where citizens, companies and other economic actors will be able to make and receive payments in euro, within all the EU Member States, whether between or within national boundaries under the same basic conditions, rights and obligations, regardless of their location. For the geographical scope, see (Reference [14]). |
| <b>SEPA Credit Transfer</b>   | The SEPA Credit Transfer is the payment instrument governed by the rules of the SEPA Credit Transfer Scheme for making credit transfer payments in euro throughout the SEPA from bank accounts to other bank accounts.  |
| <b>SEPA Credit Transfer Scheme C2B Implementation Guidelines</b>        | The SEPA Credit Transfer Scheme C2B Implementation Guidelines set out the rules for implementing the credit transfer ISO 20022 XML standards in the Customer to Bank space, constitute an optional supplement to the Rulebook, described with reference [14] in the Rulebook.   |
| <b>SEPA Credit Transfer Scheme Inter-Bank Implementation Guidelines</b> | The SEPA Credit Transfer Scheme Inter-Bank Implementation Guidelines set out the rules for implementing the credit transfer ISO 20022 XML standards in the interbank space, constitute a binding supplement to the Rulebook, described with reference [1] in the Rulebook.  |
| <b>SEPA Core Direct Debit Scheme</b>                                    | The SEPA Core Direct Debit Scheme is the payments scheme for making direct debits across SEPA, as set out in the SEPA Core Direct Debit Scheme Rulebook.  |
| <b>SEPA Core Direct Debit Scheme Rulebook</b>                           | The Rulebook setting out rules and business standards for the SEPA Core Direct Debit Scheme.  |
| <b>SEPA Regulation</b>  | Regulation (EU) 260/2012 establishing technical and business requirements for credit transfers and direct debits in euro and amending Regulation (EC) No 924/2009 (the ‘SEPA Regulation’)   |
| <b>SEPA Scheme</b>  | A SEPA payment scheme is a common set of business rules, practices and standards for the provision and operation of a SEPA payment instrument agreed at interbank level in a competitive environment.   |
| <b>SEPA Scheme Management</b>   | SEPA Scheme Management denotes the administration, compliance and development functions in relation to a SEPA Scheme.   |
| <b>Settlement</b>   | An act that discharges obligations with respect to the transfer of Funds between Originator Bank and Beneficiary Bank.  |
| <b>Settlement Date</b>  | The date on which obligations with respect to funds transfer between Originator Bank and Beneficiary Bank are discharged.   |

| Term                            | Definition  |
|---------------------------------|---|
| <b>Share or SHA</b>             | The share principle means that the Originator and Beneficiary are charged separately and individually by the Originator Bank and Beneficiary Bank respectively. The basis and level of charges to Customers are entirely a matter for individual Participants.              |
| <b>STP</b>                      | Straight-through Processing which is a prerequisite for cost efficient handling of credit transfers.  |
| <b>Supporting Documentation</b> | A legal opinion in the form set out on the website of the EPC, duly executed by the undertaking's internal or external counsel in accordance with the Internal Rules.   |
| <b>Terms and Conditions</b>     | The general Terms and Conditions that a bank has with its Customers (and which may contain dispositions about their rights and obligations related to SEPA Credit Transfers. These dispositions may also be included in a specific agreement, at the Participant's choice). |
| <b>Time Cycle</b>               | This describes the time constraints of a process in terms of days per key process step.   |
| <b>Unresolved Issue</b>         | Any dispute in relation to the Rulebook.  |

## **Annex I SEPA Credit Transfer Adherence Agreement**

## SEPA Credit Transfer Adherence Agreement

To: The European Payments Council (the “**EPC**”)

From: Name of Applicant[s]\*:

[As set out in the list annexed to this Adherence Agreement]\*

-----  
([each]\* an “**Applicant**”)

\*Please include the text in square brackets if this Adherence Agreement covers more than one entity.

### PREAMBLE

- (A) The SEPA Credit Transfer Scheme (the “**Scheme**”) is a pan-European Credit Transfer Scheme that operates in all SEPA countries as listed in the SEPA Country List.
- (B) The EPC oversees the operation of the Scheme in accordance with the terms and conditions set out in the SEPA Credit Transfer Scheme Rulebook (the “**Rulebook**”).
- (C) The Rulebook sets out the rights and obligations of all institutions bound by its terms (the “**Participants**”), and the EPC Plenary and binds each Participant to comply with their obligations to the EPC and to all other Participants pursuant to the rules set out therein.
- (D) The EPC, acting on its behalf and on behalf of all Participants, will notify the Applicant of the date following the Readiness Date on which this Adherence Agreement becomes effective (the “**Effective Date**”) as between the Applicant, the EPC and other Participants.
- (E) As of the Effective Date the Applicant shall become a Participant and be bound to all the obligations, and entitled to all the benefits, set out in the Rulebook.

### IT IS HEREBY AGREED AS FOLLOWS:-

1. The Applicant hereby undertakes to all Participants and to the EPC to perform the obligations imposed by and to comply with the provisions of the Rulebook, as modified from time to time, with effect from the Effective Date.
2. The Applicant makes the following representations and warranties:
  - 2.1 The Applicant has the power and authority to enter into and has taken all corporate action to authorise its entry into the Scheme and to perform the obligations and comply with the provisions of the Rulebook.
  - 2.2 The signatories of the Applicant [and the agent signing on behalf of the Applicant] have all necessary corporate authorisations and the power and authority to bind the Applicant to the Rulebook.

- 2.3 The Applicant shall ensure that it satisfies and will at all times during its participation in the Scheme satisfy the eligibility criteria for participation in the Scheme as set out in the Rulebook. If at any time, the Applicant has reason to believe that it no longer satisfies such criteria, or may be unable to satisfy such criteria, it shall notify the EPC immediately of the circumstances.
- 2.4 The Applicant is in a position to comply with all of the obligations set out in the Rulebook by the “Readiness Date” as stated in the accompanying Schedule.
3. By submitting this completed form of Adherence Agreement the Applicant agrees to be bound by the provisions of the EPC's Internal Rules governing applications for participation in the Scheme, whether or not it becomes a Participant.
4. Any communication, including service of process, to be made with the Applicant under or in connection with the Rulebook shall be made in writing and addressed to the Applicant at the address set out above.
5. The Applicant consents to the publication of its name and basic details of its adherence application on the public website of the EPC.
6. This Agreement is governed by Belgian law.

FOR AND ON BEHALF OF THE APPLICANT

Signed by (1)

-----

Name/Position -----

Date of signature -----

By (2) (if necessary)

-----

Name/Position -----

Date of signature -----

Where this Adherence Agreement was signed by two signatories on different dates, it shall be considered as being dated the later date.

## SCHEDULE

### Information to the Adherence Agreement for adherence to the SEPA Credit Transfer Scheme

- (F) The Applicant must supply the information requested in this Schedule in support of its application to adhere to the Scheme. A failure to supply this information may result in a rejection of the application or a delay in processing it. The following information must be included in the Schedule:
- BIC8 or BIC11
  - Name of Applicant
  - Street Address
  - Post Code
  - City
  - Country
  - Generic E-mail
  - E-mail and phone number of contact person handling Applicant's Adherence Pack in-house
  - Name of chosen NASO organisation
  - Readiness Date
- (G) Templates to be used for providing the Schedule information (Excel or Word) can be downloaded from the EPC website at [www.europeanpaymentscouncil.eu](http://www.europeanpaymentscouncil.eu). It is strongly recommended that Applicants provide the Schedule information as an Excel File.
- (H) The information supplied above shall be recorded on the EPC's Register of Participants for the SEPA Credit Transfer Scheme.
- (I) The Applicant understands that any information on the Applicant's name, registered office address, Reference BIC and Readiness Date supplied in the Schedule shall be published in the relevant EPC Register of Participants on the public website of the EPC and may be made generally available for download by the EPC.
- (J) The Applicant understands that any other information supplied in the Schedule shall be available only to the EPC or to any National Adherence Support Organisation ("**NASO**") that has been chosen by the Applicant to assist in the completion of this application, as specified in section (F), and will not be disclosed to any other body.

## **Annex II SEPA Scheme Management Internal Rules**



## SEPA SCHEME MANAGEMENT INTERNAL RULES

(Approved by Plenary)

|                  |   |
|------------------|---|
| Abstract         | This document contains descriptions of the internal organisation, structure, rules, and processes that make up Scheme Management of the SEPA Credit Transfer and Direct Debit Schemes. Such processes cover administration and compliance, and change management, including structured dialogue with stakeholders |
| Reason for Issue | Updates resulting from 2012 Scheme change management cycle. Main changes are the inclusion of a cost recovery model for conciliation, appeals and complaints and the inclusion of a new procedure for changes to the schemes for regulatory reasons   |

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## 0 DOCUMENT INFORMATION

### 0.1 References

This section lists documents referred to in this document. The convention used throughout is to provide the reference number only, in square brackets.

|     | Document Number     | Title  | Issued by: |
|-----|---------------------|--|------------|
| [1] | PRES-EPC109-04-V2.1 | Realisation of the Single Euro Payments Area – Roadmap 2004 – 2010 | EPC        |
| [2] | EPC125-05           | SEPA Credit Transfer Scheme Rulebook                               | EPC        |
| [3] | EPC016-06           | SEPA Core Direct Debit Scheme Rulebook                             | EPC        |
| [4] | EPC222-07           | SEPA Business to Business Direct Debit Scheme Rulebook             | EPC        |

### 0.2 Change History

| Issue number           | Dated      | Reason for revision   |
|------------------------|------------|---|
| 1.0 approved           | 15/03/2007 | National consultation until 30 April 2007   |
| 1.6 approved           | 19/06/2007 | Approved by 19 June Plenary   |
| 1.6 approved (amended) | 26/07/2007 | Par.2.12. rewritten to reflect Plenary decision on composition of SMC.  |
| 2.0 approved           | 29/10/2009 | Amendments resulting from Scheme change management cycle 2009 including public consultation on suggested changes to the SEPA Scheme Rulebooks |
| 2.1 approved           | 29/09/2010 | Amendment to allow removal of Scheme Participants from the register in case of them ceasing to exist. See paragraph 2.2.6.                    |
| 3.0 approved           | 17/11/2011 | Amendments resulting from Scheme change management cycle 2011   |
| 4.0 Approved           | 06/11/2012 | Amendments resulting from Scheme change management cycle 2012   |

### 0.3 Purpose of Document

This document sets out the internal rules ("**Internal Rules**") that govern SEPA Scheme Management. This document covers the following topics:

1. Rules for the administration and compliance functions of SEPA Scheme Management, as performed by the Scheme Management Committee ("**SMC**").
2. Rules for the development and evolution function of SEPA Scheme Management, as performed by the EPC Plenary and the SEPA Payment Schemes Working Group ("**SPS WG**").

## 1 INTRODUCTION

### 1.1 The European Payments Council ("EPC")

#### *EPC Objectives and Roles*

The EPC is the decision-making and co-ordination body of the European banking industry in relation to payments. The objective of the EPC is to provide leadership and support for the establishment of the Single Euro Payments Area ("SEPA").

The vision for SEPA was formulated in 2002 at the time of the launch of the EPC, when some 42 banks, the three European Credit Sector Associations ("ECSAs") and the Euro Banking Association ("EBA") came together and, after an intensive workshop, released the White Paper *Euroland: Our Single Payments Area*, in which the following declaration was made and subsequently incorporated into the EPC Charter:

"We, the European banks and European Credit Sector Associations ("ECSAs"), the European Banking Federation ("FBE") and the European Savings Banks Group ("ESBG") and the European Association of Co-operative Banks ("EACB"):

- share the common vision that Euro land payments are domestic payments;
- join forces to implement this vision for the benefit of European customers, industry and banks, and accordingly;
- launch our Single Payments Area."

As part of its role, the EPC is responsible for defining common positions on core payments services (retail and commercial payments) in euro in Europe and their settlement, giving strategic guidance on standards and best practice models for payments as well as monitoring the implementation of decisions taken on SEPA-related issues to ensure that SEPA payment service providers can maintain self-regulation and meet the expectations of users in an effective and efficient manner.

The EPC is established as an international, not-for-profit association under Belgian law, with its headquarters in Brussels.

#### *Organisation of the EPC*

This section sets out an overview of the organisational structure of the EPC, as described in detail in the EPC Charter.

The EPC Plenary is the main decision-making body of the EPC, comprising the members of the EPC<sup>1</sup> acting in accordance with the EPC Charter and these Internal Rules. The role of the EPC Plenary is to define the strategy and objectives for the EPC, decide on matters of policy in relation to the work of the EPC, approve amendments to rules governing SEPA schemes and oversee the appointment of members of the SMC. In relation to SEPA Scheme Management, the EPC Plenary is responsible for carrying out the development and evolution function for SEPA schemes. The EPC Plenary convenes at least once every year at its annual general meeting.

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<sup>1</sup> A full list of EPC members can be found on the website [www.europeanpaymentscouncil.eu](http://www.europeanpaymentscouncil.eu)

The EPC Plenary is supported by the following bodies in the exercise of its functions:

- the EPC Secretariat (the “**Secretariat**”) – the Secretariat performs administrative and secretarial functions in relation to the management of the SEPA schemes as well as providing technical and co-ordination support to the working and support groups and to the SMC as required. The Secretariat is further responsible for managing an information service on SEPA issues.
- the EPC Co-ordination Committee – the EPC Co-ordination Committee is charged with preparing the agenda for EPC Plenary meetings, making recommendations on matters to be decided by the EPC Plenary as well as preparing the annual accounts and budget for the EPC. It is further charged with monitoring the implementation of EPC decisions, in conjunction with the ECSAs and banking communities.
- the SMC – the SMC is responsible for performing the administration and compliance functions of SEPA Scheme Management. Its members are approved by the EPC Plenary and may, in certain exceptional cases, be removed from office by a resolution of the EPC Plenary. The SMC is a body with decision-making power. This power may only be exercised in relation to the specific functions of SEPA Scheme Management for which it is responsible pursuant to these Internal Rules. The SMC is required to report to the EPC Plenary at each EPC Plenary meeting and may do so more regularly, if required.
- the Nominating and Governance Committee (“**NGC**”) – the NGC is charged with making recommendations to the EPC Plenary on potential candidates for positions in the various EPC bodies in accordance with the EPC Charter.
- Working and support groups and task forces, as established by the EPC Plenary in accordance with the EPC Charter – the working and support groups are established by the EPC Plenary to carry out a variety of different functions in relation to the conception, creation and technical development of SEPA and SEPA schemes. Working and support groups may make recommendations to the EPC Plenary after consulting the EPC Co-ordination Committee. The working and support groups can set up task forces to assist in the performance of their functions.
- the CASB (the Certification Authority Supervisory Board) is responsible for governing the “EPC Approved Certification Authorities” in support of the e-Mandates Scheme for SEPA Direct Debit. EPC will allow any established CA which has been approved by the EPC following the dedicated approval process for e-Mandate Service CAs (as specified in document EPC292-09) to provide certificates to the market. The CASB has been established in September 2010.

## 1.2 SEPA and the SEPA Schemes

### *SEPA*

The Single Euro Payments Area (SEPA) is the area where citizens, companies and other economic participants can make and receive payments in euro, within Europe, whether within or across national boundaries under the same basic conditions, rights and obligations, regardless of their location. The aim of SEPA therefore is to create a single market for making payments, where cross border payments can be made on the same terms and conditions as national payments. SEPA is supported by the European Commission and the European Central Bank, amongst others, as a key component of the Internal Market. SEPA will create the conditions for enhanced competition in the provision of payment services. It will also generate, through harmonisation, more efficient payment systems and deliver tangible benefits for the economy and society as a whole. The common currency will be systemically strengthened by a harmonised set of euro payment instruments..



SEPA comprises the countries listed in the official EPC list of SEPA countries as published by the EPC from time to time.

#### *SEPA Schemes*

An important step in the creation of SEPA is the development and implementation of SEPA schemes for making credit transfer and direct debit payments (the “**Schemes**”) throughout SEPA.

To this effect, the EPC has produced the SEPA Credit Transfer Scheme Rulebook, the SEPA Core Direct Debit Scheme Rulebook and the SEPA Business to Business Direct Debit Scheme Rulebook (the “**Rulebooks**”) which set out binding rules and technical standards governing each of the Schemes. The Rulebooks have legal effect between participants in the Schemes (“**Participants**”).

The SEPA Schemes are open to eligible payment service providers regardless of their status as “banks”, “payment institutions” or other eligible Participants. References in these Internal Rules to “banks” and “banking” should be interpreted broadly so as to encompass all types of eligible Participant, except where the context otherwise requires.

The EPC is responsible for the implementation and operation of Scheme Management.

These Internal Rules set out the rules in accordance with which the Schemes are administered and enforced by the EPC, as well as detailing procedures for the innovation and development of both the existing Schemes and new SEPA schemes going forward.

The document “SEPA CSM Market Practices” is a high-level set of policies and technical standards for clearing and settlement mechanisms (“**CSMs**”) in SEPA, adopted by the EPC. All Scheme Participants and CSMs are expected to comply with its provisions.

The EPC has produced the SEPA Cards Framework that sets out high-level guidelines for establishing a harmonised market in card payments in SEPA. This document is not intended to have legal effect but rather to set out over-arching principles for creating a SEPA market in card payments. The EPC will not be responsible for any implementation action in respect of the SEPA Cards Framework and its operations are outside the scope of these Internal Rules.

The Single Euro Cash Area Framework provides non-binding guidance on harmonising the distribution and processing of SEPA cash with a view to encouraging merchants and consumers to migrate to electronic payment methods. The EPC is not responsible for the implementation of strategies set out in this document and its operations are outside the scope of these Internal Rules.

## **1.3 SEPA Scheme Management**

### *Introduction*

SEPA Scheme Management comprises two functions. The first function involves the administration of the Schemes and the process of ensuring compliance with their rules, as set out in each of the respective Rulebooks, and the second function involves managing the development and evolution of the Schemes.

### *Administration and Compliance*

The administration and compliance function of SEPA Scheme Management establishes rules and procedures for administering the adherence process for each of the Schemes, for addressing cases of claimed non-compliance by Participants with the rules of the Schemes and for addressing situations where Participants are unable to resolve their grievances through local or national dispute resolution methods.



The administration and compliance processes aim to ensure that the Schemes are administered fairly and transparently at every stage in accordance with the Rulebooks and general principles of applicable law.

The administration and compliance function shall be performed by the SMC, with some input from the EPC Plenary on matters relating principally to the policy of the Schemes. The SMC shall have wide decision-making power in respect of each of its functions however; it shall be accountable to the EPC Plenary. The EPC Plenary shall exclusively have the power to appoint members of the SMC, and if required, to remove them from office, as set out in detail in these Internal Rules. The SMC shall perform the administration and compliance function in accordance with the procedures set out in these Internal Rules.

#### *Development and Evolution*

The development and evolution function of SEPA Scheme Management establishes formal change management procedures for the Schemes. The change management procedures aim to ensure that the Schemes are kept relevant for their users and up-to-date, with structured processes for initiating and implementing changes to the Schemes, the Rulebooks and related documentation. An important component of change management is the inclusion of innovative ideas for enhancing the quality of existing Schemes. In addition, scheme change management might lead to developing new schemes, based always on sound business cases.

The development of change proposals is to be carried out through clear, transparent and structured channels, which take into account the views of Scheme Participants, suppliers and end-users as well as other interested groups. That is to say, the development and evolution function provides a structured and transparent means through which Participants, users and suppliers can participate in a dialogue with the EPC, so that proposals for change are openly considered by all relevant parties.

The development and evolution function shall be performed by the EPC Plenary, supported by the SPS WG. The EPC Plenary and the SPS WG shall perform the development and evolution function in accordance with the procedures set out in these Internal Rules.

## **2 ADMINISTRATION AND COMPLIANCE**

### **2.1 Definition of Administration and Compliance Roles**

#### **2.1.1 Role of the Scheme Management Committee**

The SMC is responsible for performing the administration and compliance functions of SEPA Scheme Management. The role of the SMC is limited to the following:

- Adherence – the SMC shall be responsible for administering the adherence process for becoming a Participant in the Schemes;
- Conciliation – the SMC shall be responsible for establishing and administering a conciliation process for Participants who are unable to resolve grievances relating to the Schemes through local dispute resolution methods; and
- Complaints – the SMC shall be responsible for investigating complaints made against Participants for alleged breaches of the Rulebooks, evaluating such complaints and determining appropriate sanctions against Participants who are found to be in breach.
- Appeals - the SMC shall be responsible for hearing appeals brought in respect of decisions taken by the SMC in accordance with a fair process that is separate from the process of decision-making at first instance.
- Oversight of the Certification Authority Supervisory Board ('CASB') – the SMC shall be responsible for overseeing the activities of the CASB which has been established by the EPC in September 2010.

The SMC has wide decision-making power in relation to the exercise of the functions outlined above. The SMC shall be accountable to the EPC Plenary. The Chair of the SMC is required to report to the EPC Plenary at each EPC Plenary meeting and may report to the EPC Plenary more regularly if required. The EPC Plenary has the power to remove members of the SMC, or the SMC as a whole in accordance with section 2.1.4.

#### **2.1.2 Composition of the SMC**

The definition of an Independent Member is set out in section 2.1.6 of these Internal Rules.

The SMC shall be composed of 12 members, one of which shall be the Chair of the SMC. The SMC shall be required to have 3 Independent Members. The Chair of the SMC shall be an Independent Member. The Chair of the SMC is appointed by the Plenary in accordance with the Nominating Process set out in section 2.1.7 of these Internal Rules. Upon NGC recommendation, the EPC Plenary may increase the maximum number of SMC members with up to 4 additional members for a short-term appointment of maximum one year.

#### **2.1.3 Duration of Appointment**

Each member shall hold office for a term of 3 years, with the possibility of re-election for a further term of 3 years. Therefore, a member of the SMC may serve on the SMC for a maximum duration of 6 years.

Notwithstanding the above, Independent Members may be re-elected two times, each time for a further term of 3 years. As such, Independent Members of the SMC may serve on the SMC for a maximum duration of 9 years.

Each member who does not act as the Chair, may resign from the SMC by giving notice in writing to the Chair and the NGC not less than 30 Calendar Days' prior to leaving the SMC.

A Chair may only resign from the SMC by giving notice in writing to the NGC not less than 60 Calendar Days' prior to leaving the SMC.

#### **2.1.4 Termination of Appointment by Resolution of the EPC Plenary**

The EPC Plenary may by resolution vote to remove from office either an individual SMC member, a group of such members or the SMC as a whole.

This power may only be exercised if the EPC Plenary, after due and proper consideration, reasonably believes that either an individual SMC member, a group of such members or the SMC as a whole is performing the functions of the SMC in a manner evidencing serious misconduct, a dereliction of duty, bad faith, or gross negligence. The EPC Plenary may further exercise this power where, after due and proper consideration, the EPC Plenary reasonably believes that a member of the SMC does not have the capacity to perform the function of the SMC.

Any SMC member removed from the SMC by resolution of the EPC Plenary shall cease to be a member of the SMC with either immediate effect or on such a date as the EPC Plenary may specify taking into account the outstanding obligations of the SMC member to the SMC and to Scheme Management.

A member of the SMC removed in this manner shall be notified in writing of his or her removal from the office of SMC member.

#### **2.1.5 Criteria for Membership (EPC Related Member)**

A member of the SMC shall be chosen on the basis of his or her suitability and expertise for the position ahead of any other consideration. A prospective member of the SMC must therefore be of good repute, possess appropriate academic and vocational qualifications together with relevant work experience and a proven track record at a senior level in the payments services sector.

Subject to the foregoing, the SMC shall aim to represent as far as reasonably practicable the composition of Scheme Participants, ensuring at all times that this composition fairly represents a balance of the country, size, and industry sectors of Scheme Participants and includes an appropriate representation of members from SEPA countries where the euro is the official currency.

A member of the SMC may not also act as a representative of an EPC member in the EPC Plenary. If a Plenary representative of an EPC member wishes to be considered for the position of SMC member, he or she is obliged to cease acting as a Plenary representative of an EPC member before assuming the role of an SMC member.

#### **2.1.6 Criteria for Membership (Independent Member)**

An Independent Member is a member who can display the highest standard of professional integrity and objectivity in relation to Scheme Management. An Independent Member should be a professional of good repute, with appropriate skills, who has a reasonable knowledge of the payments services sector but who is not employed or is otherwise affiliated with a Scheme Participant or its banking communities, service providers or a payment services user group or user association. A prospective Independent Member must possess appropriate academic and vocational qualifications for the position together with relevant work experience and a proven track record in a profession.

It is envisaged that an Independent Member shall provide expertise to the SMC as well as adding breadth to the knowledge base of the SMC membership.

After NGC consultation, the EPC Plenary shall have complete discretion in deciding whether a member is an Independent Member in accordance with this section 2.1.6.

#### **2.1.7 Criteria for Membership (Chair)**

A Chair of the SMC shall be an Independent Member chosen on the basis of his or her suitability and expertise for the position ahead of any other consideration. A prospective Chair of the SMC must therefore be of good repute, possess appropriate academic and vocational qualifications together with relevant work experience and expertise.

A Chair shall be required to demonstrate a proven track record of leadership in his or her professional field together with relevant management experience.

After NGC consultation, the EPC Plenary shall have complete discretion in choosing a Chair in accordance with these criteria.

#### **2.1.8 Duties of SMC Members**

All SMC Members shall be required to act in accordance with the following general principles:

- each SMC member shall act in accordance with the provisions of these Internal Rules at all times for the duration of his or her term in office;
- each SMC member shall owe a duty to act in the best interests of the Schemes with a view to ensuring that the Schemes are administered efficiently, fairly and professionally;
- each SMC member shall observe the highest standards of integrity, fairness and professionalism at all times;
- as and when arising, each SMC member is obliged to disclose and manage any conflict of interest, as set out in further detail in Appendix 2;
- each SMC member shall act in a timely manner in respect of cases before the SMC;
- each SMC member shall be subject to a duty of confidence in respect of cases pending before the SMC. A member shall not discuss details of cases pending before the SMC with persons other than those on the SMC or persons engaged by the SMC to assist the SMC with the performance of its tasks and who are at all times subject to a duty of confidentiality in respect of their engagement;
- each SMC member agrees to act impartially in fulfilling the obligations of the SMC, notwithstanding his or her membership of a particular banking community, industry sector or position of employment. As part of this duty, an SMC member must be mindful of and refuse any inducements, rewards, or other gifts offered to him or her in the performance of his or her duties, ensuring at all times that he or she acts and is seen to act in accordance with the highest standards of independence and impartiality;
- each SMC member must ensure that decisions taken by him or her in the course of carrying out the functions of the SMC are based upon a sound understanding of the relevant issues and after due and proper consideration of the issues before the SMC; and
- each SMC member shall endeavour as far as reasonably practicable to carry out his or her duties in the SMC with reasonable skill, care and diligence.

### 2.1.9 EPC Plenary Role in Policy of SMC

The EPC Plenary shall be able to raise issues arising from the work of the SMC at meetings of the EPC Plenary. The EPC Plenary shall not comment on specific cases pending before the SMC, but may discuss matters of SMC policy to ensure that the SMC is acting within its scope and performing its role in a proper manner.

The EPC Plenary shall be able to raise issues arising from the work of the SMC in order to discuss policy issues arising in respect of the Rulebooks.

The SMC may report to the EPC Plenary to raise issues relating to the substance or interpretation of the Rulebooks and the operation of the Schemes.

### 2.1.10 SMC - Key Roles and Responsibilities

The SMC shall be responsible for performing the following functions of SEPA Scheme Management:

- Adherence
- Conciliation
- Complaints
- Oversight of the CASB

(together, the "**Compliance Functions**")

- Appeals

(the "**Appeals Function**")

#### *Compliance Functions*

SMC members who are not charged with carrying out the Appeals Function shall perform the Compliance Functions of Scheme Management.

In respect of the Compliance Functions, relevant SMC members shall be responsible for performing investigation, evaluation and decision-making functions in respect of a particular case appearing before it. It shall be open to the SMC to carry out any or all tasks in respect of such cases either as a whole, or to delegate the performance of its tasks to a group of such members of the SMC.

All determinations by the SMC in adherence and complaints cases shall be taken by all of the members of the SMC acting together, excluding those members of the SMC that are charged with carrying out the Appeals Function. The Appeals Function of Scheme Management shall be comprised of three persons constituting the Appeals Panel. The Appeals Panel will be chaired by an independent member of the SMC. One EPC related member of the SMC will in principle sit on the Appeals Panel. The SMC may appoint one or more persons from the group of experts on a case-by-case basis as additional member(s) of the Appeals panel (see section 2.5.2 of these Internal Rules).

The SMC will oversee the activities of the CASB (the Certification Authority Supervisory Board) which is responsible for governing the "EPC Approved Certification Authorities" in support of the e-Mandates Scheme for SEPA Direct Debit. EPC will allow any established CA which has been approved by the EPC following the dedicated approval process for e-Mandate Service CAs (as specified in document EPC292-09) to provide certificates to the market. The CASB has been established in September 2010.

### *Appeals Function<sup>2</sup>*

In respect of the Appeals Function, the SMC shall be responsible for performing evaluation and decision-making functions in respect of a particular case appearing before it. Members of the SMC that are responsible for performing the Appeals Function may not generally participate in decisions or discussions concerning any cases arising from the Compliance Functions of Scheme Management.

The SMC shall make reasonable efforts to ensure that members of the SMC who are responsible for carrying out the Appeals Function remain in this role for the duration of their term in office.

The duties of the SMC in respect of each of the Compliance Functions and the Appeals Function are set out in detail in these Internal Rules.

#### **2.1.11 Meetings of the SMC**

The SMC shall meet on a regular basis and generally not less than 4 times every year. The SMC may convene more regularly if it is appropriate to do so in the exercise of its duties. The SMC is not obliged to convene if it is not charged with any tasks in respect of its Scheme Management duties.

Meetings of the SMC may be held either face-to-face or by telephone or teleconference. A member of the SMC shall be deemed to be present at a meeting of the SMC if he or she is able to participate through any of these means.

The SMC may meet as a whole to discuss general issues relating to the policy, strategy and role of the SMC. Such meetings shall not involve discussions of specific cases appearing before the SMC. All members of the SMC may be present at such meetings.

Alternatively, the SMC may meet to discuss the conduct of cases appearing before it. Where the SMC meets to discuss the conduct of particular cases, members of the SMC that are charged with performing the Appeals Function may never participate in any capacity in meetings to discuss cases arising under the Compliance Functions. Similarly, except as otherwise indicated below, members of the SMC that perform duties in respect of the Compliance Functions may never participate in meetings held to discuss the conduct of appeals cases.

Meetings of the SMC are generally called by the Chair on giving reasonable notice in writing to the SMC members, in either paper or electronic format.

Members of the SMC are required to make every reasonable effort to attend a meeting convened in accordance with this section. Where a member is unable to attend, he or she must give reasonable notice to this effect to the Chair.

For general meetings, an SMC member who is unable to attend may wish to appoint a proxy from amongst the remaining SMC members to vote at the meeting on his or her behalf. For meetings to discuss cases before the SMC, members carrying out the Appeals Function may never be appointed as proxies in respect of other SMC members. Where a member carrying out an Appeals Function is unable to attend a meeting, he or she may appoint another member from the SMC to attend the meeting on his or her behalf, ensuring at all times that any SMC member appointed in this manner is not connected in any way, nor has had any influence in respect of any appeal discussed at the meeting.

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<sup>2</sup> The Appeals Function of the SMC is being reviewed by the EPC. One option is to separate the Appeals Function from the SMC altogether, such that appeals are carried out by entirely independent person(s). Any modifications of the Internal Rules intended to give effect to that review may be implemented in the November 2011 release of the Rulebooks (or as provided under section 3.2.3 of the Internal Rules).



An SMC member wishing to appoint a proxy must give reasonable notice to the Chair in writing. A notice to appoint a proxy may be given either electronically or in paper format.

An SMC member may not hold a proxy for more than 2 other SMC members at any SMC meeting.

Where an SMC member is unable to attend SMC general meetings and if the SMC member is unable to attend 3 consecutive general meetings of the SMC, the matter will be brought to the attention of the NGC.

The Chair must make every reasonable effort to attend a meeting convened in accordance with this section. Where the Chair is unable to attend in a particular instance, he or she may appoint another SMC member in writing to carry out the functions of the Chair. In such cases, the Chair must notify other members of the SMC in writing of this appointment. Where a Chair is unable to attend SMC general meetings and if the Chair is unable to attend 3 consecutive general meetings of the SMC, the matter will be brought to the attention of the NGC.

Minutes of each meeting must be prepared and filed.

#### **2.1.12 Quorum**

For a meeting involving all of the members of the SMC, the quorum for the meetings is at least 2/3rds of the total membership of the SMC present either in person or by proxy. Where the quorum is not reached, a further meeting may be called within 30 Calendar Days of the date of the first meeting and this second meeting may properly convene and carry out SMC business, if 50% of SMC members are present either in person or by proxy and as long as the Chair is present.

Where tasks have been delegated to a group of SMC members, the quorum shall include at least 2/3rds of those members of the SMC to whom such authority has been delegated, present either in person or by proxy.

#### **2.1.13 Voting**

Each member of the SMC shall be entitled to one vote.

A resolution to nominate a member of the SMC to perform the Appeals Function in accordance with section 2.1.10 requires the approval of at least 75% of those present and voting on the resolution at a validly convened meeting of the SMC.

In respect of all other matters discussed by the SMC as a whole or by a sub-set of the SMC acting under its delegated authority, resolutions may be passed with the approval of more than 50% of those present and voting on the resolution at a validly convened meeting of the SMC or of its relevant members.

On a vote, a member of the SMC must disclose and manage any conflict of interest that exists or that might reasonably be expected to arise in accordance with Appendix 2.

#### **2.1.14 Other Support**

The SMC may engage any appropriate person in order to carry out tasks related to the work of the SMC at the cost of the EPC and within the budget of the SMC. The SMC shall ensure that any person engaged in this manner shall be subject to a duty of confidentiality in respect of information acquired in the course of its engagement with the SMC.

The SMC shall be entitled to consult third party advisors at its discretion, provided always that the SMC is able to carry out its duties in accordance with the general principles set out in section 2.1.8. The SMC shall ensure that any person consulted in this manner shall be subject to a duty of confidentiality in respect of information acquired in the course of its engagement with the SMC.

#### **2.1.15 Nominating Process**

The nomination of candidates for the position of SMC member shall be carried out by the EPC Plenary. The NGC shall recommend suitable candidates for this position to the EPC Plenary in accordance with its role, as set out in Article 11.2 of the EPC Charter.

On an annual basis, 4 SMC members, including one Independent Member, shall be nominated by the EPC Plenary. As such, one third of the total number of SMC Members will be appointed each year, allowing a three-year rotating policy.

Subject always to the criteria set out in 2.1.5-2.1.7, the EPC Plenary shall endeavour to ensure that the composition of the SMC reflects a balanced composition of Participants, bringing together a fair representation of the country, size and industry sectors of Scheme Participants, including an appropriate representation of members from SEPA countries where the euro is the official currency.

The NGC shall provide a list of candidates for the position of SMC member to the EPC Plenary 30 Calendar Days in advance of an EPC Plenary meeting. This list shall include a summary of the candidates' qualifications for the position. The NGC should only include details of suitable candidates on such a list.

The EPC Plenary shall approve suitable candidates by resolution.

The NGC may not recommend and the EPC Plenary may not appoint a Plenary representative of an EPC member to the position of SMC member or propose his or her name to the EPC Plenary, without first ensuring that such a candidate has ceased to act as a Plenary representative of an EPC member.

The NGC may not recommend and the EPC Plenary may not appoint a candidate to the position of SMC member, or propose his or her name to the EPC Plenary, if such a candidate has already served on the SMC for the maximum term set out in these Internal Rules.

The NGC may not recommend and the EPC Plenary may not appoint a candidate to the position of SMC member, or propose his or her name to the EPC Plenary, if there are reasonable grounds to believe that such a candidate is subject to personal insolvency proceedings in his or her local jurisdiction or may be imminently subject to such proceedings.

The NGC may not recommend and the EPC Plenary may not appoint a candidate to the position of SMC member, or propose his or her name to the EPC Plenary, if there are reasonable grounds to believe that such a candidate is a person of ill-repute who may bring the SMC and the Schemes into disrepute.

#### **2.1.16 Role of the Secretariat**

The Secretariat shall provide secretarial and administrative support to the SMC.

The Secretariat shall be responsible for referring cases arising in respect of Scheme Management to the SMC, as necessary.

#### **2.1.17 Information Service**

The Secretariat shall be responsible for administering an information service on SEPA issues. The information service shall be open to everyone. Requests for information to the information service shall be in written format only, either by letter, fax or email.

The information service shall endeavour to respond to requests for information within 30 Business Days from the date of receiving the request for information.



### **2.1.18 Additional Optional Services ("AOS")**

The following principles will apply to AOS:

1. All AOS must not compromise interoperability of the Schemes nor create barriers to competition. The SMC should deal with any complaints or issues concerning these requirements brought to its attention in relation to compliance with the Rulebooks as part of its normal procedures.
2. AOS are part of the market space and should be established and evolve based on market needs. Based on these market needs, the EPC may incorporate commonly used AOS features into the Schemes through the SEPA Schemes change management processes.
3. There should be transparency in relation to community AOS. In particular, details of community AOS relating to the use of data elements present in the ISO 20022 message standards (including any community usage rules for the SEPA core mandatory subset) should be disclosed on a publicly available website (in both local language(s) and English).

The SMC may receive complaints from Participants in relation to the operation of community AOS in respect of the above principles. Complaints received by the SMC on this matter shall be dealt with in an appropriate manner in accordance with these Internal Rules.

### **2.1.19 Expenses**

Independent Member(s) of the SMC shall be entitled to claim reasonable expenses. The SMC Independent Member shall also be able to claim a daily stipend for each full day spent on working on SMC related matters. The level of the stipend paid to the SMC member shall depend on the work undertaken and the time spent on carrying out such work.

### **2.1.20 Record Keeping**

The Secretariat shall keep a record of all agendas and minutes of meetings of the SMC. The Secretariat shall use reasonable efforts to keep records relating to appeals separately from those relating to other compliance aspects of Scheme Management. Records may be held in either paper or electronic format. The SMC shall in its absolute discretion decide whether these minutes and related documentation may be made publicly available on the EPC website or on the internal extranet of the EPC.

### **2.1.21 Rapid Response Mechanism**

The EPC Plenary has withdrawn its earlier decision about the installation of the Rapid Response Mechanism and decided that after the publication of the EU SEPA Regulation a new Task Force be installed to reassess the actual or potential risks for SDD scheme participants and to make recommendations as to whether or not a need for any risk-mitigating mechanism for SDD scheme participants at an EPC scheme level is confirmed, and, if required, to identify a suitable alternative to the Rapid Response Mechanism for further consideration by the relevant EPC Working and Support Groups and for final consideration by the Plenary.

## **2.2 Rules for Adherence<sup>3</sup>**

### **2.2.1 Eligibility for Participation in Schemes**

In order to be eligible to participate in the Schemes, each applicant must satisfy the eligibility criteria set out in Chapter 5.4 of the Rulebooks.

The SMC shall accept any applicant that fulfils the criteria set out in Chapter 5.4 of the Rulebooks and will only reject applications on the basis of failure to meet these criteria.

### **2.2.2 Rules for Adherence by an Entity in a Group/Decentralised Structure**

Each legal entity that seeks to adhere to a Scheme must agree to accept the rights and obligations of a Participant in relation to the relevant Scheme (SEPA Credit Transfer Scheme and / or SEPA Core Direct Debit Scheme and / or SEPA Business to Business Direct Debit Scheme). Upon admission to a Scheme, the adhering legal entity shall assume all of the rights and responsibilities arising from admission to a Scheme.

A subsidiary entity or affiliate of an adhering entity, i.e. each entity that has a separate and distinct legal personality within the adhering entity's group or organisational structure, must adhere separately from a parent or group entity. A subsidiary or affiliate shall be a Scheme Participant in its own right and shall assume all the rights and responsibilities arising from admission to a Scheme.

A branch of an adhering entity, i.e. an entity that does not have separate legal personality, whether located in the jurisdiction of the adhering entity or in another SEPA jurisdiction, shall be deemed to be legally part of the adhering entity and able to carry out SEPA transactions in accordance with the Rulebooks.

### **2.2.3 Rules for Signing the Adherence Agreement**

An entity may sign the Adherence Agreement on its own behalf. Alternatively, an entity may give legal authority to an agent to sign the Adherence Agreement on its behalf (for example, an agent could be a parent company, another adhering entity or banking association). An entity that appoints an agent to sign the Adherence Agreement on its behalf must ensure that the agent is given the necessary legal authority to sign. An agent must demonstrate that it possesses the legal authority to bind an adhering entity in accordance with the local law of the entities involved. An agent signing the Adherence Agreement on behalf of other entities must demonstrate by way of legal opinion of external or internal legal counsel in a form specified by the EPC that it possesses the requisite legal authority to bind such entities.

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<sup>3</sup> This section sets out a description of the general rules relating to adherence to the Schemes. The EPC has produced separately detailed documents for describing the practical steps that must be taken to adhere together with guidance on the adherence process: EPC125-07 Guide to the Adherence Process for the SEPA Credit Transfer Scheme; EPC329-08 Guide to the Adherence Process for the SEPA Core Direct Debit Scheme and for the SEPA B2B Direct Debit Scheme; EPC103-08 Application Pack for Adherence to the SEPA Credit Transfer Scheme and the SEPA Direct Debit Schemes for Applicants that are neither licensed credit institutions in accordance with Article 6 of Directive 2006/48/EC (or licensed Swiss banks) nor entities listed under Article 2 of Directive 2006/48/EC (hereafter “non credit institutions”). These documents are available for download on the EPC web site at [www.europeanpaymentscouncil.eu](http://www.europeanpaymentscouncil.eu).

This provision permits members of a banking community to adhere to a Scheme at the same time by nominating an agent to complete the Adherence Agreement in respect of each member. Similarly, a parent company may sign an Adherence Agreement in respect of some or all of its subsidiaries and an entity in a group or de-centralised structure may sign an Adherence Agreement in respect of each of the other entities in the group or de-centralised structure. In each case, an entity signing the Adherence Agreement that acts as an agent on behalf of another must show that it possesses the legal authority to do so.

#### **2.2.4 National Adherence Support Organisation ("NASO")**

The EPC has, in conjunction with a national banking community, identified one or more NASOs in respect of each SEPA community. A NASO is responsible for providing basic guidance on the adherence process and on adherence applications through a helpdesk, for liaising with the SMC in respect of an application (as required) and for such other tasks as the EPC or any organ of the EPC may request it to perform from time to time. A NASO also carries out a basic preliminary review of an adherence application, if requested to do so. The EPC publishes a list of NASOs on the EPC website. A NASO could be a national banking association(s) or a regulatory body, which has agreed to conduct the task on behalf of the national community.

Except as otherwise indicated in this section, an adhering entity must consult a NASO on its adherence application.

Only multi-country entities that are signing in their own right or as agent on behalf of four or more of their subsidiaries located in four different SEPA jurisdictions or arranging the completion of the adherence application by such subsidiaries may submit an adherence application directly to the EPC without first consulting a NASO. Such entities are nevertheless free to consult a NASO before submitting their application to the EPC, should they wish to do so. In such cases, where an entity wishes to consult a NASO, it may use the NASO of any of the adhering entities on whose behalf it is signing the adherence application.

#### **2.2.5 Becoming a Participant**

An application to become a Participant in one or both of the Schemes shall be made using the form of Adherence Agreement set out in the official Adherence Guide an example of which is in Annex 1 of each of the Rulebooks.

An application shall be accompanied by a legal opinion in the form specified by the EPC provided by either internal or external counsel on the capacity and authority of the applicant to become a Participant in one or both of the Schemes.

The application for adherence shall be finally submitted to the EPC Secretariat. Except as otherwise indicated in section 2.2.4 of these Internal Rules, before submitting the application, an applicant must consult with the relevant NASO for preliminary guidance on eligibility and documentation involved in the adherence process.

The Secretariat uses reasonable efforts to send a written acknowledgement of receipt of the application to the applicant within 10 Business Days of receiving the application.

The SMC, supported by the Secretariat, shall use reasonable efforts to determine the application within 60 Calendar Days of receiving the application. In the event that the SMC requires more time to arrive at a determination, it shall notify the applicant as soon as it is reasonably practicable to do so.

The SMC may request the applicant to provide such additional information as may be required by the SMC in the course of determining the application.

In the course of determining the application, the SMC may take into consideration views expressed by the following bodies in relation to the application:

- other Participants;
- banking communities; and
- national regulators (this term extends to include such bodies as insolvency officers, law enforcement authorities and local courts).

It is also open to the SMC to take into account views expressed by such other persons or bodies as it considers appropriate. In the case of a successful application, the applicant or its agent will receive a written notification of admission to a Scheme. The applicant becomes a Participant and becomes subject to the Rulebooks on an Admission Date specified by the SMC or, where requested by the applicant and agreed by the SMC, on a deferred Admission Date specified by the applicant in advance to the SMC. The Secretariat may send the written notification to the applicant in paper or electronic format.

#### **2.2.6 Register of Participants**

The Secretariat shall maintain a separate register of Participants for each of the Schemes. The register shall contain the name, contact address and other details determined by the EPC in respect of the Participant.

The registers shall be updated by the Secretariat regularly as specified in the relevant schedule published on the EPC web site.

If the Participant changes its details, so that the register does not carry accurate data in respect of the Participant, the Participant shall notify the Secretariat as soon as it is reasonably practicable to do so. It is the responsibility of the Participant to ensure that the Secretariat is provided with information in relation to the Participant that is accurate and up-to-date at all times. In the event of Participants having ceased to exist the SMC may decide to rectify the register of Participants after verification of such change with the relevant national regulator or national authority.

The register may be accessed and searched through a website of the EPC, available to all users. The register is not an operational database in respect of Scheme usage. Any operational data needed by Participants in relation to other Participants shall be supplied outside of the Schemes.

#### **2.2.7 Fees**

The EPC reserves the right to recover costs. The policy of the EPC with regard to fees related to the adherence process will be decided from time to time by the EPC Plenary.

#### **2.2.8 Unsuccessful Applications**

The SMC may reject an application for participation in one or both of the Schemes if an applicant fails to satisfy the eligibility criteria set out in chapter 5.4 of the Rulebooks.

Where an application is rejected, the SMC shall provide the applicant with a letter setting out the reasons for rejecting the application.

An applicant may not re-apply to become a Participant until 3 months after the determination of its application by the SMC or after a determination in an appeal begun in accordance with these Internal Rules or after a final determination of a tribunal or court responsible for determining the case.

### **2.2.9 Appeals**

An applicant whose application for participation in one or both of the Schemes has been rejected may appeal to the SMC for a re-consideration of its application. A notice of appeal in such cases must be filed within 21 Calendar Days of the applicant receiving a notification of rejection of its adherence application. The appeals notice must include a copy of the adherence application together with a letter supplied to the applicant under section 2.2.8 and any other information required by section 2.5.4 of these Internal Rules. The appeal shall be determined in accordance with section 2.5 of these Internal Rules.

## **2.3 Conciliation Undertaken by the SMC**

### **2.3.1 SMC Role in Conciliation**

The SMC shall provide a voluntary conciliation service to Participants and to the EPC. Conciliation may be used for resolving Unresolved Issues that arise in respect of the Rulebooks only.

Issues concerning SMC determinations on adherence applications or on complaints must be addressed through the appeals process rather than through conciliation.

Conciliation services shall be available with regard to the following:

- Unresolved Issues arising out of the Rulebooks between Participants;
- Unresolved Issues arising out of the Rulebooks between a Participant and the EPC.

Conciliation services shall only be available to a Participant where the Participant can demonstrate that it has used reasonable endeavours to resolve the matter amicably, after dialogue with banking communities and by using conciliation or other dispute resolution processes at a local level. SEPA banking communities are expected to make a body available to Scheme Participants for this purpose.

Conciliation services shall be administered in a manner that is efficient and cost-effective, with a view to ensuring a rapid conclusion to the Unresolved Issue.

The SMC shall appoint one or more conciliators either from the body of relevant SMC members to hear the Unresolved Issue on a case-by-case basis and/or, as appropriate, appoint experienced individuals from outside the SMC and EPC to adjudicate on Unresolved Issues. The conciliators shall make a recommendation to the parties involved. This recommendation shall not be binding upon them and will be without prejudice to further proceedings between the parties.

As set out in further detail in Appendix 2, conciliators must be mindful of any conflict of interest arising in relation to the subject matter of the conciliation or to any of the parties to the conciliation. In the event that a conciliator is aware that a conflict of interest exists, he or she shall make this known to the SMC immediately and the SMC can appoint another conciliator(s) from the relevant members of the SMC to carry out the conciliation. If the SMC is unable to find a conciliator(s) from the SMC to act in respect of the Unresolved Issue, the Chair may appoint a conciliator(s) from outside of the SMC and the EPC, provided always that the parties to the Unresolved Issue agree to this appointment.

In cases where the conciliation is between a Participant and the EPC, the SMC shall ensure that conciliators from outside the SMC and the EPC are appointed, provided that both the EPC and the Participant agree to this appointment.

### **2.3.2 Application for Conciliation**

An application for conciliation shall be made in writing and filed with the Secretariat. The application shall clearly state the name of the other party involved together with details of the Unresolved Issue. The application shall also be accompanied with a written statement of consent from the other party stating that it wishes to submit to conciliation.

The Participant shall give a copy of the application and accompanying information to the other party involved in the Unresolved Issue.

Within 15 Business Days starting from the date that the application was filed, the Secretariat shall request the other party to file with the Secretariat any statement of facts in relation to the Unresolved Issue.

The other party may withdraw from the conciliation at any time. If the other party withdraws in this manner, the conciliation proceedings shall be terminated with immediate effect and the conciliator shall not deliver a recommendation. The costs provisions set out in section 2.3.6 of these Internal Rules continue to apply.

### **2.3.3 Conciliation Proceedings**

The conciliator shall aim to resolve the Unresolved Issue between the parties in a manner that is fair, open and amicable.

Unless otherwise agreed, conciliation proceedings shall be in private.

The conciliator shall consider all the evidence put before the conciliator and allow both parties to provide clarification and elaboration on the points raised in the Unresolved Issue.

The conciliator shall then recommend a proposed settlement to the Unresolved Issue.

If a settlement is reached, the settlement shall be written down by the conciliator and signed by the parties. The parties may keep a copy of the settlement.

If the parties cannot reach settlement, the conciliator shall close the conciliation proceedings. The parties may take such procedures as they consider appropriate and may take the matter to arbitration or litigation in accordance with section 2.3.7.

### **2.3.4 Conciliation Involving the EPC**

Where conciliation involves the EPC, the conciliators shall always be individuals who are not connected to either the EPC or to the Participant in any way. The costs of engaging conciliators in such cases shall be determined in accordance with Section 2.3.6. In all other respects, the conciliation proceedings shall follow the procedure set out in this section.

### **2.3.5 Report of Conciliators**

Following the conclusion of conciliation proceedings, whether by way of settlement or voluntary termination by parties to the conciliation, the conciliators may prepare a report on the conciliation for the SMC. The report may contain such details relating to the conciliation proceedings as the conciliators wish to include. The report shall be confidential and may only be made available to relevant members of the SMC.

Where the conciliators become aware of serious misconduct by the Participant such as behaviour evidencing fraud or other such serious violations of the law, they may bring this to the attention of the relevant national regulator or national authority.



### **2.3.6 Costs**

An upfront, non-refundable administrative fee outlined in Appendix 3 of the SMIRs on the SMC cost recovery mechanism will be payable to the EPC prior to the initiation of the proceeding, by the Scheme Participant who wishes to initiate the proceeding, to cover basic administrative costs. This fee will be recoverable from the losing party, as appropriate. Appendix 3 of the SMIRs listing this fee will be reviewed and adjusted in line with any actual costs incurred in the first year plus a reasonable amount for anticipated increases in costs in the year in question and will be adjusted accordingly in subsequent years.

The EPC will ensure that any fee set under this section is quantified so as to be consistent with the costs incurred by the EPC and the EPC's status as a non-profit organisation under Belgian law.

The upfront, non-refundable administrative fee shall be equally split between the two parties where they are both jointly seeking conciliation.

In addition, any relevant non-administrative SMC costs incurred during the course of the proceedings shall be recovered from the losing party, or divided between the parties based on the principles established by the Rules of Arbitration of the International Chamber of Commerce.

Where the conciliation is terminated before either a settlement is reached or before the conciliators close the conciliation, the upfront, non-refundable administrative fee payable to the EPC and the SMC's costs incurred to handle the conciliation up to that point in time will be recovered from the party requesting the termination of the conciliation process.

### **2.3.7 Further Steps - Arbitration v Litigation**

Following consultation with the SMC, if the parties are unable to settle an Unresolved Issue through conciliation, or where such a conciliation process has not taken place, if a Participant gives another Participant notice that an Unresolved Issue exists and if the Unresolved Issue has not been resolved within 30 Calendar Days of service of the notice, the Unresolved Issue shall be referred by the SMC to arbitration.

No Participant shall resort to arbitration against another Participant under the Rulebook until 30 Calendar Days after the referral of the Unresolved Issue to the SMC.

Unless parties to the Unresolved Issue otherwise agree, any Unresolved Issue which is unresolved 30 Calendar Days after the referral of the Unresolved Issue to the SMC shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with those Rules. The seat of the arbitration shall be Brussels. The EPC, as represented by an appropriate member of the SMC, shall have the right to participate in the arbitration.

However, if the Unresolved Issue is referred to arbitration in accordance with this section, the parties to the Unresolved issue may agree to submit to local arbitration in a SEPA jurisdiction. If the relevant Participants elect to submit to such local arbitration, they shall conduct the arbitration under rules agreed between them. The jurisdiction chosen by the relevant parties for such local arbitration must be substantially connected to the conduct of the Unresolved Issue. The EPC, as represented by an appropriate member of the SMC, shall have the right to participate in the arbitration.

Any arbitration between Participants under the Rulebook shall (unless the relevant Participants agree otherwise, and in an Unresolved Issue in which the EPC is participating, with the consent of the EPC) be conducted in the English language.

Alternatively, following a failure by the relevant Participants to resolve an Unresolved Issue in accordance with the steps set out above, the parties to the Unresolved Issue may agree to submit to such other dispute resolution process (other than arbitration) as they consider appropriate, including litigation. If the relevant parties submit to litigation in accordance with this section, the relevant Participants shall conduct the litigation in a jurisdiction, and under such processes as are determined by established principles of conflicts of laws.

In arbitration or litigation proceedings, the Rulebooks shall be governed by and interpreted in accordance with Belgian law. A court or arbitrator may however apply such rules of process in relation to the proceedings as may be applicable under established principles of conflicts of laws.

The parties shall inform the SMC of the outcome of any litigation or arbitration or other dispute resolution methods conducted by them. The parties may consult the SMC on matters relating to the interpretation of the Rulebooks in the course of any such arbitration or litigation proceedings.

## **2.4 Complaints Submitted to the SMC**

### **2.4.1 Role of SMC in Complaints**

The SMC shall oversee the implementation of the Rulebooks by Scheme Participants. The SMC may investigate breaches or potential breaches of the Rulebooks following a complaint made by a Scheme Participant to the SMC. The SMC may also receive complaints from Participants in relation to the operation of community AOS, as set out in section 2.1.18 of these Internal Rules.

Unless otherwise stated, a complaint may be submitted by any Scheme Participant and must be filed in writing with the Secretariat. A complaint that is filed with the Secretariat must state the name of the Participant that is the subject of the complaint (the "**Affected Participant**") together with details of the complaint.

Members of the SMC that are charged with carrying out the Appeals Function may never file a complaint against a Participant.

In addition, the SMC may investigate breaches or potential breaches of the Rulebooks of its own accord.

For the purposes of this section, investigations made by the SMC into breaches or potential breaches of the Rulebooks, whether or not initiated by the SMC itself, shall be referred to as complaints.

References to the SMC include any person nominated by the SMC to carry out a function in relation to a complaint, and where a complaint is made by or on behalf of the SMC itself, references to the "parties" are to the Affected Participant only.

### **2.4.2 Key Principles**

In the course of carrying out its function in relation to complaints, the SMC shall ensure that it acts in accordance with the following general principles:

- the SMC shall act in a manner that is impartial and objective at all times;
- the SMC shall act in a manner that is fair to all parties, taking into account the circumstances of each case;
- the SMC shall ensure that, as far as possible, it acts in a manner that is transparent, open and intelligible to the parties; and



- the SMC shall ensure that it acts in a manner that is proportionate to the seriousness of the matter before it.

The deliberations of the SMC and any discussions held in the course of evaluating and investigating the complaint shall be private and confidential, unless otherwise agreed between the parties.

#### **2.4.3 Investigation of Complaints**

The SMC may nominate a group of members of the SMC to investigate and evaluate a complaint or the SMC may delegate its power to investigate a complaint to the EPC Secretariat or any other person.

The SMC shall as soon as reasonably possible notify the Affected Participant that it is subject to investigation by the SMC. The Affected Participant shall have 28 Calendar Days from receipt of such notification to file written representations in respect of the Complaint. The Affected Participant may be required to cease any activity that could constitute conduct suspected of being in breach of one or both of the Rulebooks.

Members investigating the complaint may in the course of the investigation call for such information and documentation from the Affected Participant as may be relevant for determining whether a breach of a Rulebook has taken place. The Affected Participant shall use reasonable efforts to provide such information to the relevant SMC members as is within the Affected Participant's possession, custody or control. The Affected Participant shall have 28 Calendar Days to respond to such requests for information and documentation.

The SMC may additionally require the Affected Participant to give all reasonable assistance in the course of the SMC investigation. A failure to provide such assistance shall be deemed to be a breach of Scheme rules and may therefore be actionable in accordance with this section.

In addition, in the course of the investigation, relevant SMC members may consult Participants as well as end-users and suppliers and may call for information and documentation from such bodies, liaising through Scheme Participants.

Members investigating the complaint may engage any person in order to carry out tasks related to the investigation at the cost of the EPC and within the budget of the EPC. The SMC may also engage a legal professional to give legal advice on any aspects of the investigation. Where this is done, the cost incurred by the SMC and paid by the EPC may be added by the SMC to the costs payable under section 2.4.9 below.

#### **2.4.4 Evaluation of Complaint**

The SMC shall evaluate any information that it may obtain in the course of the investigation. It may engage a skilled person in order to carry out tasks related to the evaluation of the complaint as well as a legal professional to give legal advice on any aspects of the evaluation and adjudication of the complaint at the cost of the EPC and within the budget of the EPC. The SMC may request advice from the EPC SEPA Payment Schemes Working Group ("SPS WG") and the EPC Legal Support Group ("LSG") to determine whether a Scheme Participant is in breach of a Rulebook. The SMC shall ensure that any person engaged in this manner shall be subject to a duty of confidentiality in respect of information acquired in the course of its engagement with the SMC.

In the course of this evaluation, the Affected Participant shall be invited to discuss the complaint with the SMC. The Affected Participant may seek legal advice at any stage of this process at its own cost.

When evaluating any complaint, the SMC shall take into account the date of the alleged breach and, except in exceptional circumstances at the discretion of the SMC or where a breach is continuing, shall determine a complaint to be invalid which relates to a breach which occurred three years or more before the complaint is filed.

#### 2.4.5 Sanctions<sup>4</sup>

On completion of the evaluation, the SMC shall prepare a report on the conduct of the case, setting out the facts of the case and a preliminary evaluation of the complaint.

The SMC shall review the contents of this report, following which the SMC may consider that:

- no further action should be taken in relation to the alleged breach of the Rulebook if the SMC considers that either there is no evidence of a breach, or that the breach is of a trivial nature;
- discussions should take place with the Affected Participant to decide how to proceed in respect of a breach that has already occurred or one that is continuing - no sanctions are contemplated at this stage;
- discussions should take place with the Affected Participant and the Affected Participant should be sanctioned.

If the SMC considers that the Affected Participant should be sanctioned, the SMC shall send a written notice to the Affected Participant setting out details of the complaint and the sanction proposed, the report and any material that is believed to be relevant to the matter.

Subject to section 2.4.7, the Affected Participant shall have 30 Calendar Days following receipt of the notification to accept the sanction, or to present written or oral representations to the SMC (the "**Representation Right**"). The Affected Participant may consult legal counsel at any stage of the sanctioning process.

In considering any representations made to it, the SMC is not bound to follow rules of evidence, as followed in a court or tribunal. It will not normally consider oral evidence. Any party may however adduce written evidence in the course of the deliberations of the SMC and make such representations as it considers appropriate in accordance with this section.

Within 30 Calendar Days of hearing representations from the Affected Participant, the SMC shall determine the sanction to be made against the Affected Participant. The SMC shall notify the Affected Participant of its determination.

The sanctions available to the SMC are the following:

- private warning
- written notification of complaint
- public warning
- report to a national regulator or equivalent national authority, including a NASO
- termination

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<sup>4</sup> Modification of the Internal Rules, designed to guide the SMC as to the circumstances in which a particular sanction may be appropriate, may be introduced in the November 2011 release of The Rulebooks (or as provided under section 3.2.3 of the Internal Rules).

### *Private Warning*

The SMC may give a private warning to the Affected Participant. The private warning shall constitute a formal notice to the Affected Participant and aims to deter the Affected Participant from committing a further breach of a Rulebook or to cease conduct that is in breach of a Rulebook. A record of the private warning shall be made by the SMC. This record shall be confidential.

### *Written Notification of Complaint*

The SMC may give a written notification of a complaint to the Affected Participant. A written notification constitutes a formal reprimand to the Affected Participant. The written notification shall set out details of the breach and is aimed to deter the Affected Participant from committing a further breach of a Rulebook or to cease conduct that is on breach of a Rulebook. The SMC may publish details of this sanction on the website of the EPC.

### *Public Warning*

The SMC may give a public warning to the Affected Participant. The public warning shall constitute a formal notice to the Affected Participant and aims to deter the Affected Participant from committing a further breach of a Rulebook or to cease conduct that is in breach of a Rulebook. The public warning shall publish the name of the Affected Participant, together with details of the breach, on the website of the EPC.

### *Circumstances which may indicate which Warning Sanctions may be applied*

The decision as to which sanction or sanctions may be appropriate in respect of any Affected Participant shall be entirely at the discretion of the SMC. However, the following circumstances would tend to indicate that one of the above three sanctions would be more appropriate than the sanction of termination (described below):

- the conduct of the Affected Participant did not display bad faith nor was it due to gross negligence towards other Participants or to the Scheme(s) of which the Affected Participant is part;
- the conduct of the Affected Participant did not display dishonesty and the Affected Participant did not act in a grossly unprofessional manner;
- the breach was not of such a serious nature as to potentially undermine the operation and integrity of one or both of the Schemes;
- the Affected Participant had not committed a breach, or a breach of this type, in the past;
- the breach was of a nature that the SMC believes would be best addressed by deterrent action envisaged by these three sanctions and that it remains appropriate for the Affected Participant to continue as a Participant in the relevant Scheme(s) rather than facing expulsion under the sanction of termination; and
- the breach can be rectified without loss or cost to any other Participant or user or the EPC

As regards which of the three Warning Sanctions might be applicable to any case:

- a private warning may generally be considered more appropriate for a first breach where the breach was not of a serious nature, had not adversely affected other Participants or the Scheme(s), and there would be no merit in other Participants being informed of the breach;

- a written notification of complaint, being a formal reprimand, would be applied where the SMC considered the breach to be of a sufficiently serious nature to record a reprimand against the firm. The SMC may consider publishing the notification on its website if it believed this would be in the interests of other Participants and/or the Scheme(s)

a public warning, being a formal notice, would be applied in the case of a more serious breach and where the SMC believes it would be in the interests of other Participants and/or the Schemes to publicise the notice. This sanction is the most likely of the three to be used in conjunction with the sanction of termination.

#### *Report to National Regulator*

In addition to giving a private warning, public warning or written notification of breach, the SMC may report the Affected Participant to its national regulator, NASO or to an equivalent national authority. The regulator shall be provided with the name of the Affected Participant together with details of the conduct of the Participant.

Considerations which may indicate the appropriateness of this sanction would be if the SMC believed that the breach by the Affected Participant may also constitute a breach of the rules or guidelines of a relevant regulator or if the Affected Participant's conduct cast doubt on its fitness and propriety to continue as a regulated entity. However, the decision whether or not to report a breach by an Affected Participant to a regulator will be entirely at the SMC's discretion.

#### *Termination*

In addition to making a report to a relevant national regulator or giving a private warning, written notification of breach or public warning to the Affected Participant, the SMC may terminate the participation of an Affected Participant in a Scheme in the following circumstances:

- where the breach committed by the Affected Participant is sufficiently serious to undermine the operation and integrity of a Scheme;
- where the Affected Participant has committed a repeated breach of a Rulebook, notwithstanding any earlier sanctions given to the Affected Participant by the SMC;
- where the conduct of the Affected Participant displays bad faith or gross negligence towards other Participants or towards the Scheme(s) of which it is part; or
- where the conduct of the Affected Participant displays dishonesty or is grossly unprofessional.

Before making a termination order, the SMC may consult with relevant groups to determine the impact of the sanction. Such groups may include other Scheme Participants, the EPC Plenary, clearing and settlement mechanisms or banking communities. The SMC shall consult with relevant regulators before applying the termination sanction.

If the SMC decides to terminate the participation of an Affected Participant, it shall make a termination order setting out the terms and conditions on which the termination is to be effected. Such an order shall set out the steps to be taken by the Affected Participant to ensure the continued orderly and efficient operation of the Schemes.

In the event of termination, the Affected Participant shall be barred from exercising rights under the Rulebooks in accordance with the terms and conditions set out in the termination order. The Affected Participant shall fulfil all obligations arising under the Rulebooks in accordance with the termination order.

If the participation of an Affected Participant is terminated, the Affected Participant may re-apply to join the relevant Scheme after 6 months, starting from the date of the termination of its participation. However, an Affected Participant may re-apply earlier if it can demonstrate to the SMC that it has remedied the breach and/or that there is no reasonable likelihood of the Scheme Participant committing the breach in future.

The SMC shall publish details of a termination of participation on the website of the EPC together with the relevant order and details of the conduct giving rise to the complaint.

#### **2.4.6 Emergency Injunction Procedure**

Where a termination order is issued to an Affected Participant, such Affected Participant may within 21 Calendar Days of receiving notification of the order, apply for an injunction against such order to a competent court in Belgium, during which time the sanction shall be suspended pending the court's determination of the matter. Where the court decides not to grant the injunction requested by the Affected Participant, the SMC may enforce the conditions of the termination order. The courts of Belgium shall have exclusive jurisdiction in respect of proceedings brought in accordance with this section.

#### **2.4.7 Appeals Arising from Complaints**

Within 30 Calendar Days of receiving the notification of a sanction, the Affected Participant may appeal to an Appeals Panel in accordance with section 2.5.

#### **2.4.8 Timing of Sanctions**

Except in exceptional circumstances described in more detail below, a determination by the SMC of a sanction to be made against an Affected Participant shall not take effect until the conclusion of appeals proceedings before the SMC that may be commenced in accordance with these Internal Rules, or until such time as the time period for referring a matter to an appeal to the SMC has expired in accordance with these Internal Rules.

Of all sanctions available to the SMC, the imposition of the following sanctions only shall be suspended awaiting the determination of the appeal: (i) public warning, (ii) report to national regulator or equivalent national authority, including NASO, and/or (iii) termination.

The following applies only if the SMC considers that the conduct or circumstances of the Affected Participant will undermine the operation of any of the Schemes or would cause a serious risk of undermining the operation of any of the Schemes. The SMC may impose a sanction of which it has notified the Affected Participant with immediate effect, or at any other time specified by the SMC. In particular, the SMC may impose a sanction in such circumstances even though:

- the Representation Right has not expired; or any appeal under section 2.5 has not yet been determined.

However, both the Representation Right and the right to appeal against any sanction will remain available to any Affected Participant notwithstanding the expedited imposition of any sanction.

The decision whether or not to expedite the imposition of sanctions under this section 2.4.7 shall be entirely at the discretion of the SMC, however, issues which would tend to indicate the need for such action would be insolvency, loss of regulatory licence(s), or criminal conviction of the Affected Participant.

In cases where a sanction takes effect with immediate effect or at any other time specified by the SMC, the sanction shall remain in force for as long as determined by the SMC or until it is revoked by a determination of the case at appeal. No Affected Participant will have any right of recourse against the SMC for any loss suffered due to the imposition of a sanction if a sanction is subsequently revoked on appeal or under any other circumstances.

#### **2.4.9 Eligibility, Merger and Acquisition of a Participant**

In addition to the circumstances set out in section 2.4.1, the SMC may investigate, initiate or respond to a complaint in the following circumstances:

- a Participant has failed to satisfy one or more of the Scheme eligibility criteria; and
- a Participant has failed to notify the EPC of its intention to terminate its participation under section 5.11 of the relevant Rulebook,

The SMC may treat evidence of the existence of these circumstances coming to its attention as if it were a formal complaint, and deal with the matter in accordance with section 2.4.1 of these Internal Rules. Any references to a 'breach' of the Rulebooks in section 2.4.1 shall include a breach of the Adherence Agreement (including the representations and warranties set out in the Adherence Agreement) entered into by the Participant and may be treated by the SMC as being references to the circumstances set out in this section 2.4.8.

#### **2.4.10 Costs**

An upfront, non-refundable administrative fee outlined in Appendix 3 of the SMIRs on the SMC cost recovery mechanism will be payable by the complainant to the EPC, upon lodging the complaint, to cover basic administrative costs. This fee will be recoverable from the losing party, as appropriate. Appendix 3 of the SMIRs listing this fee will be reviewed regularly and adjusted in line with any actual costs incurred in the first year plus a reasonable increase uplift for anticipated increases in costs in the year in question and will be adjusted accordingly in subsequent years.

The EPC will ensure that any fee set under this section is quantified so as to be consistent with the costs incurred by the SMC and paid by the EPC and the EPC's status as a non-profit organisation under Belgian law. In addition, any relevant non-administrative SMC costs incurred during the course of the proceedings will be recovered from the losing party.

Where the complaint is withdrawn by the complainant before a formal SMC decision on the complaint has been made, the SMC's costs incurred to handle the complaint proceedings up to that point in time will be recovered from the complainant.

Where the SMC initiates a complaint, it may require the Affected Participant to contribute to any costs incurred by the SMC in relation to the complaint, if the Affected Participant were found to be in breach of the Rulebook(s).



## **2.5 Appeals**

### **2.5.1 Introduction to the Appeals Process**

In this section and unless the context otherwise indicates, a reference to the SMC shall be read as a reference to those persons comprising the Appeals Panel who have been nominated to carry out the Appeals Function of Scheme Management in accordance with section 2.1.10 of these Internal Rules including SMC members and representatives of the expert group described in section 2.5.2 of these Internal Rules.

Where the decision under appeal is a decision in which the SMC had initiated a complaint under section 2.4.1 of these Internal Rules, the SMC (including, for the avoidance of doubt, any sub-committee of the SMC, such as the CAC) is not to be regarded as a "party" to the appeal.

The role of the SMC shall be to determine whether, on the basis of the material put before it by the appellant, a decision reached in complaints and adherence matters was correct and justified. The SMC may request advice from a third party professional, including a legal professional in the course of its deliberations.

Deliberations before the SMC shall be conducted in private and shall be confidential unless otherwise agreed between the parties.

In considering any representations made to it, the SMC is not bound to follow rules of evidence, as followed in a court or tribunal. The SMC will not normally consider oral evidence.

The SMC shall act in accordance with the principles set out in section 2.5.2 to ensure that a matter is handled fairly and impartially. It may stipulate such conditions as it considers appropriate in order to ensure that this obligation is fulfilled.

Members of the SMC must ensure that all written information in respect of its Appeals Function, whether in electronic or paper format, is kept separately from documentation held by the SMC in relation to its Compliance Functions so that information is stored in proper manner and is available only to the relevant members of the SMC.

The SMC may never have access to information held in respect of cases arising under the Compliance Functions, whether oral or written, until such time as such information is referred to appeal.

In the course of determining an appeal, the Appeals Panel must not discuss details of the case with other members of the SMC, without first ensuring that such discussions are carried out with the agreement of the parties to the appeal.

The SMC may engage skilled professionals or the Secretariat to carry out administrative duties arising out of the conduct of appeals before the SMC at the cost of the EPC and within the budget of the EPC. The SMC shall ensure that any person engaged in this manner shall be subject to a duty of confidentiality in respect of information acquired in the course of its engagement with the SMC.

### 2.5.2 Group of Experts

In accordance with section 2.1.10 of the Internal Rules and taking into account possible scenarios of temporary SMC vacancies, potential cases of conflict of interests and non-availability of expertise, the SMC may appoint up to two persons who are not SMC members on an *ad hoc* basis to sit on the Appeals Panel at such time as a case is presented to the SMC. It is not necessary for any such person to be appointed as a member of the SMC; they would instead be vested with delegated power to convene and consider appeals cases. They shall be engaged solely for the purpose of hearing appeals and their skills shall be appropriate for this purpose. An initial proposal regarding the appointment of such a person or persons to sit on the Appeals Panel for a particular case will be made to the SMC by the SMC Chair together with the Chair of the Appeals Panel.

Once an appeal has arisen, the SMC Chair may select such experts from a group of experts comprising selected skilled professionals. The nomination of any person to become a member of the group of experts must be approved at a validly convened meeting of the SMC in accordance with section 2.1.13 of the Internal Rules. In addition, each member of the group of experts shall have the prior approval of the EPC Plenary as technically competent to assist in fulfilling the Appeals Function. The SMC in consultation with the EPC Nominating and Governance Committee will identify candidates to sit on the group of experts.

In order to be selected as a member of the group of experts, a prospective expert would be requested to:

- state the reason for applying to be included on the group of experts;
- describe in details their technical skills, experience and professional qualifications;
- set out any actual or potential conflicts of interest;
- agree to be subject to the Internal Rules;
- set out their likely availability and any possible time constraints; and
- agree a rate for their costs;

### 2.5.3 Key Principles

In carrying out the Appeals Function, the SMC shall perform its functions in accordance with the following principles:

- the SMC shall act in a manner that is impartial and objective at all times;
- the SMC shall act in a manner that is fair to all parties, taking into account the circumstances of each matter before it;
- the SMC shall act in a timely manner to determine matters arising before it;
- the SMC shall allow all parties to make representations and present written material to the SMC;
- the SMC shall ensure that, as far as possible, matters referred to it are dealt with in a way which is transparent, open and intelligible to the parties; and
- the SMC shall ensure that it acts in a manner that is proportionate to the seriousness of the matter before it.



- each member shall be subject to a duty of confidence in respect of appeals cases pending before the SMC. A member shall not discuss details of such cases other than with other members of the SMC that are nominated to carry out the Appeals Function, persons engaged by the SMC to assist the SMC in the exercise of this function, or with relevant parties in the course of appeals proceedings;

#### **2.5.4 Submission of Appeals Notice**

A person with the right to an appeal under these Internal Rules must file an appeals notice with the Secretariat. An appeals notice shall set out details of the case under appeal, reasons supporting the appeal, together with a copy of the determination that is the subject of the appeal.

Within 21 Calendar Days of receiving the appeals notice, the Secretariat shall provide a copy of the appeals notice to those members of the SMC whose decision is the subject of the appeals notice. These SMC members shall have 21 Calendar Days to file written representations in respect of the appeal. They may appoint one or more representatives from their number to take the appeal forward on their behalf. A representative appointed in this manner must be an SMC member who has been nominated to carry out the Compliance Functions of Scheme Management in accordance with section 2.1.10.

The SMC shall then consider the appeals notice and any representations filed and, within 21 Calendar Days of receiving representations from each party, shall notify all parties of the date of the appeal meeting.

At any time before the date of the meeting, the SMC may, but is not obliged to make such directions to the parties as may be useful for the swift and fair determination of the appeal. Such directions may include the following:

- directions to exchange documents relevant for the appeal; and
- directions to exchange names and written statements of any witnesses, including expert witnesses (if any).

The SMC shall ensure that all documents and evidence received from the SMC by the SMC or by one or other of the parties is provided to all the parties to the appeal in a timely manner in advance of the appeal meeting.

#### **2.5.5 Meeting**

The SMC shall aim to determine the appeal between the parties in a manner that is fair, open and amicable at a meeting involving all relevant parties.

Unless otherwise agreed, this meeting shall be private. Parties may bring legal representatives to a meeting.

In the event that a party does not attend the meeting, or if both parties do not attend, the SMC may arrive at such determination as it considers appropriate, or may postpone the date of the meeting.

The SMC shall consider all the material put before it and allow the parties to make oral representations during the meeting.

The SMC shall then deliver a decision on the appeal.

The SMC may make either of the following determinations:

- confirm, vary, or reverse the decision of the SMC at first instance;

- impose any sanction that may have been imposed, but was not imposed by the SMC at first instance.

The SMC may publish the details of the appeals decision on the website of the EPC. Any decisions of the SMC at first instance that are published on the website of the EPC, if varied or reversed at appeal, shall be amended accordingly on the EPC website.

A party to an appeal may withdraw from the appeal at any time by giving notice to the SMC. The appeal shall be closed with immediate effect and the SMC may make such determination in respect of the subject matter of the appeal and in respects of the allocation of costs for the appeal as may be appropriate.

#### **2.5.6 Costs**

An upfront, non-refundable administrative fee outlined in Appendix 3 of the SMIRs on the SMC cost recovery mechanism will be payable to the EPC upon lodging the appeal, by the party filing the appeal in question, to cover basic administrative costs. This fee will be recoverable from the losing party, as appropriate. Appendix 3 of the SMIRs listing this fee will be reviewed and adjusted in line with any actual costs incurred in the first year plus a reasonable amount for anticipated increases in costs in the year in question and will be adjusted accordingly in subsequent years.

The EPC will ensure that any fee set under this section is quantified so as to be consistent with the costs incurred by the EPC and the EPC's status as a non-profit organisation under Belgian law. In addition, any relevant non-administrative costs incurred by the SMC during the course of the proceedings will be recovered from the losing party.

Where the appeal is withdrawn by the appeal filing party before a formal SMC decision on the appeal has been formulated, the SMC's costs incurred to handle the appeal proceedings up to that point in time will be recovered from the appeal filing party.

Where there is a sole party to the appeal, the SMC shall have the power to require that party to bear the SMC's costs in respect of the appeal, if that party were found to be in breach of the Rulebook(s).

#### **2.5.7 Further Steps**

Following the determination of the SMC, if a party to the appeal does not consider the issue to have been correctly resolved, it shall be open to that party to attempt to resolve the matter through such means as it considers appropriate, including litigation in a competent court in Belgium. As the EPC shall always be a defendant in such proceedings, the courts of Belgium shall have exclusive jurisdiction in respect of proceedings brought in accordance with this section. Such a party may challenge the decision before the courts of Brussels, but only on the grounds of a serious breach by the SMC of these Internal Rules or of a breach of mandatory rules of law, or on the grounds that the decision, when subject to a *prima facie* review (*examen marginal / marginale toetsing*) by the court, appears manifestly incorrect.

### **3 DEVELOPMENT AND EVOLUTION**

#### **3.1 Change Management Processes**

##### **3.1.1 Change Management - Guiding Principles**

It is a key objective of the EPC that the Schemes are able to develop with an evolving payment services market. To meet the demands of Participants, end-users and banking communities, the Schemes shall be subject to a change management process that is structured, transparent and open, governed by the rules of the development and evolution function of SEPA Scheme Management.

The key principles underpinning change management are the following:

- Innovation - the Schemes shall be open to innovative proposals to improve delivery of the Schemes with a view to ensuring that the Schemes are competitive, efficient and able to benefit from the latest developments in payments technology. Innovation shall provide the basis for the conception, design and implementation of new schemes for SEPA going forward.
- Transparency - the change management process shall be transparent and open so that changes implemented into the Schemes are carefully considered and scrutinised. Establishing open channels for Scheme Participants, users and suppliers to propose changes is a key aim of change management.
- Cost-benefit analysis - proposals for change shall be supported by careful analysis weighing up its costs and benefits to ensure that changes implemented into the Schemes are viable for all concerned.
- Development of SEPA - the Schemes are seen as an important platform for Scheme Participants to develop SEPA-enabled products and services that allow both end-users and Participants to take advantage of the development and investment in SEPA.

##### **3.1.2 Change Management - Terminology**

The change management process shall involve ideas for changes being formulated as follows:

**Submission of Suggestion** - A Suggestion denotes any idea for making a change to the Schemes. A Suggestion may be devised by any person and then submitted to the SPS WG in accordance with the procedures set out in these Internal Rules. An Initiator refers to a person that submits a Suggestion in accordance with these Internal Rules;

**Preparation of Change Request** - A Change Request is formulated by the SPS WG. A Change Request is prepared if a Suggestion is accepted into the change management process, as set out in these Internal Rules. A Change Request involves detailed analysis into the change set out in the Suggestion and can include cost-benefit analysis and market research. Where the change proposes to modify the Rulebooks and any related documentation, a Change Request shall include a mark-up of the Rulebooks and any related documentation to show the amendments required to be made to the Rulebooks and related documentation as a result of implementing the change; and

Preparation of Change Proposal - A Change Proposal is prepared after consultation on the Change Request, as set out in detail in these Internal Rules. A Change Proposal sets out a detailed framework for making a change to the Schemes, taking into consideration comments made during consultation. Where the change proposes to modify the Rulebooks and any related documentation, the Change Proposal shall include a mark-up of the Rulebooks and any related documentation to show the amendments required to be made to the Rulebooks and any related documentation as a result of the change proposed. The Change Proposal is accompanied by a Change Proposal Submission Document. The Change Proposal Submission Document certifies that each stage of the change management process has been completed.

### **3.1.3 Role of EPC Plenary and Working and Support Groups**

The development and evolution function of SEPA Scheme Management shall be performed mainly by the EPC Plenary and the SEPA Payment Schemes Working Group ("**SPS WG**").

The EPC Plenary shall implement changes, taking into account the overall strategy and policy goals of SEPA and the EPC, identifying key needs and finding appropriate solutions.

The EPC Plenary shall be supported by the SPS WG. The SPS WG is the co-ordination and administration body for change management whose role involves liaising with Initiators, accepting Suggestions, formulating Change Requests and guiding these through the change management process. The SPS WG shall operate in accordance with its terms of reference.

### **3.1.4 Sending a Suggestion to the Secretariat**

A Suggestion is an idea for making any change to the Schemes. A Suggestion may be devised by any person and is to be submitted to the Secretariat in accordance with the rules set out in this section. Suggestions can then be sent to the SPS WG for consideration.

The SPS WG, supported by the Secretariat, shall look to receive Suggestions from the following sources:

- Scheme Participants (or representatives)
- end-users (or representatives )
- suppliers (or representatives)

The Secretariat may also accept Suggestions made by bodies within the EPC, such as the SMC, that have insight into the operation of the Schemes and ideas about enhancing the delivery of SEPA services to Participants and users. Such Suggestions may also be sent directly to the SPS WG.

#### *Scheme Participants*

Scheme Participants must submit a Suggestion to their relevant banking community. The Suggestion should be submitted in a format that can be understood by the banking community.

Upon receiving a Suggestion, the banking community shall carry out a preliminary evaluation of the Suggestion to determine whether the Suggestion is appropriate for the change management process. The banking community may conduct an initial consultation of its members on the Suggestion at this stage. In the course of carrying out its evaluation, the banking community may consult with the SPS WG at any time on any aspect of the evaluation process.

If the banking community determines that the Suggestion is likely to be appropriate for the change management process, it shall submit this Suggestion to the Secretariat for the attention of the SPS WG. The SPS WG shall then analyse the Suggestion further in accordance with these Internal Rules. The banking community shall notify the relevant Participant of the outcome of its evaluation as soon as it is reasonably possible to do so.

A banking community that wishes to submit its own Suggestion may do so directly to the Secretariat at any time and the Secretariat shall send this Suggestion to the SPS WG.

#### *End-users and suppliers*

End-users and suppliers may send Suggestions to the EPC, or to a relevant stakeholder forum at a national or SEPA level.

If a Suggestion is sent to the EPC, the EPC shall send the Suggestion to an appropriate stakeholder forum in a timely manner after receiving the Suggestion.

Where a stakeholder forum receives a Suggestion either from such an Initiator or from the EPC, it shall discuss this Suggestion with a view to determining whether the Suggestion is appropriate for the change management process and whether there is substantial consensus in support of the Suggestion within the relevant stakeholder forum. In the course of this process, a stakeholder forum may send the Suggestion to a relevant banking community for discussion and for possible consultation nationally or at the European level. In the course of conducting its discussions, the stakeholder forum may consult with the SPS WG at any time.

If the forum determines that the Suggestion is suitable for the change management process and if there is substantial consensus in support of the Suggestion, it shall submit the Suggestion to the Secretariat. The SPS WG shall then analyse the Suggestion further in accordance with these Internal Rules. The stakeholder forum shall notify the Initiator of the outcome of its discussions as soon as it is reasonably possible to do so.

A stakeholder forum that wishes to submit its own Suggestion may do so at any time directly to the Secretariat, provided always that such a Suggestion is supported by substantial consensus within the forum.

### **3.1.5 Acknowledgement of Receipt of Suggestion**

The Secretariat shall acknowledge receipt of the Suggestion to the Initiator within 21 Calendar Days of receiving the Suggestion.

An acknowledgement of receipt does not imply that a Suggestion has been accepted but only that the Suggestion has been received for consideration by the SPS WG.

### **3.1.6 Consideration of a Suggestion**

The SPS WG shall be responsible for deciding (a) whether the change should be accepted into the change management process or rejected and (b) whether the change proposed by the Suggestion is a Minor Change or a Major Change.

In respect of (a), the SPS WG will only accept Suggestions into the change management process that propose ideas that fall within the scope of the Schemes. As part of this analysis, the SPS WG shall consider the change proposed by a Suggestion in accordance with the following broad criteria:

- the change presents a case for wide SEPA market-acceptance;
- the change is underpinned by cost-benefit analysis;
- the change is aligned with the strategic objectives of the EPC;

- the change is feasible to implement; and
- the change must not impede SEPA-wide interoperability of the Schemes.

Suggestions that are not within the scope of the Schemes, or ones that fail to meet these criteria will generally not be accepted into the change management process.

In respect of (b), the SPS WG shall decide whether a Suggestion proposes a change can be defined as a Minor Change or 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. Clarifications of existing rules shall not be deemed to affect the substance of the Rulebooks or the Schemes and will therefore be a Minor Change. Examples of such changes include corrections of spelling mistakes, grammatical corrections, or minor adjustments to technical standards in the Rulebooks to take account of upgrades. If a change is classified as a Minor Change, it can be approved through a simplified procedure, as set out below in these Internal Rules.

A Major Change by contrast is a change that affects or proposes to alter the substance of the Rulebooks and the Schemes. Examples of such changes include the addition or development of new technical standards, proposals for new services to be offered in the Schemes, changes affecting policy, or the innovation of new SEPA schemes. Any change to chapters 5 and 6 of the Rulebooks shall always be a Major Change. Changes that are classified as Major Changes are approved through detailed consultation with relevant SEPA groups, as set out in these Internal Rules.

### **3.1.7 Acknowledgement of Acceptance or Rejection of Suggestion to Initiator**

After considering the Suggestion, the SPS WG shall decide whether or not to formulate a Change Request on the basis of the Suggestion made and whether the Suggestion should be accepted into the change management process.

After arriving at its determination, the SPS WG shall notify the Initiator of its decision in a timely manner. The SPS WG may notify an Initiator either directly or indirectly using the EPC website.

All Suggestions, irrespective of whether they have been accepted into the change management process shall be published on the EPC website, with a view to permitting such a list to be openly viewed by all groups.

## **3.2 Process for Submitting Major Scheme and Rulebook Changes**

### **3.2.1 Preparation and Development of Change Request by SPS WG**

Once a Suggestion has been accepted and the change proposed by the Suggestion classified as a Major Change by the SPS WG, the SPS WG is responsible for carrying out detailed work to prepare and develop a Change Request on the basis of the Suggestion made.

The SPS WG shall conduct research and carry out a cost-benefit analysis on the Suggestion, in accordance with Appendix 2 of these Internal Rules. This work will involve developing a business case for making a Change Request and eventually a Change Proposal. The analysis of the SPS WG should also show how the Suggestion meets the criteria set out in section 3.1.6 of these Internal Rules.



The SPS WG will determine whether any Suggestion which includes a request for expedited implementation in accordance with section 3.2.8 of these Internal Rules on grounds that the proposed change constitutes a non-operational change does indeed qualify as such. If the SPS WG is satisfied that a Suggestion would have no operational impact on Participants and that it is suitable for the fast track process, the SPS WG will make a recommendation to the EPC Plenary that the Suggestion is implemented as a non-operational change in accordance with section 3.2.8.

Where the change proposes to modify the Rulebooks and any related documentation, a Change Request shall also show the likely amendments to be made to the Rulebooks and related documentation as a result of implementing the change proposed in the Suggestion.

The SPS WG shall make all reasonable efforts to develop the Change Request in a timely manner. The SPS WG shall publish a regular update on the EPC website to indicate the stage of development of the Change Request.

Suggestions for change pertaining to the Internal Rules shall generally be submitted to the Scheme Management Committee and/or the Legal Support Group for a first assessment unless the suggestion was initiated by one of these bodies. The decision not to integrate a suggestion for change to the Internal Rules into the change request to be submitted for public consultation must be endorsed by the Coordination Committee.

### **3.2.2 Dialogue with the Initiator**

In the course of developing the Change Request, the SPS WG shall consult with the Initiator, so that, as far as reasonably feasible, the Change Request is in line with the Suggestion submitted by the Initiator.

### **3.2.3 Consultation on Change Request**

Once the SPS WG has developed a Change Request, the SPS WG shall begin the process of consulting Participants, end users and service suppliers on the Change Request.

#### *Scheme Participants*

The SPS WG shall consult Scheme Participants, through all banking communities, on the Change Request. Banking communities will be asked to consult all of their members who are part of the Schemes with a view to ensuring that the views of the payment services constituency are considered in the consultation process.

Banking communities shall ask their Scheme Participants to approve the Change Request, or alternatively, indicate their disapproval. A banking community shall notify the SPS WG of the outcome of such a consultation with its members. A Change Request shall be deemed to be approved by SEPA Participants if the Change Request is supported by those Scheme Participants who carry out at least 2/3rds of the volume of SEPA payment transactions in SEPA as a whole. For this purpose, a SEPA payment transaction is defined as a transaction under one or both Schemes, or under such other scheme as the EPC may devise from time to time. The EPC and the SPS WG shall not be obliged to verify the correctness of any notification made by the banking community or any evaluative methods used by the banking community in the consultation process. In addition to either approving or rejecting the Change Request, Scheme Participants, through their banking community may provide comments on the Change Request to the SPS WG.

The SPS WG shall aim to conclude consultations within 90 Calendar Days of first calling for consultation. However, in cases where the Change Request requires further consideration or clarification, the SPS WG shall be free to extend any deadline for completing the consultation to ensure that Scheme Participants have an opportunity to provide their contributions.

### *End-user and suppliers*

End-users and suppliers will be invited to contribute to the consultation through stakeholder forums organised at the European level and at the level of the national community. In addition to consultation with national banking communities, the SPS WG may also consult other SEPA banking communities. The composition of stakeholder forums for end-users and suppliers, and their role in the change management process, is set out in greater detail below.

Stakeholder forums shall be requested to give their views on the Change Request to the SPS WG.

#### **3.2.4 Feedback from National Consultation**

The SPS WG shall collect and analyse the comments received from both Participants and end-users and suppliers. The SPS WG shall prepare a feedback report on the consultation and make this report available on the EPC website to all groups. The SPS WG shall additionally give feedback on the consultation to the Initiator.

A Change Request that is not approved by Scheme Participants during the consultation process shall generally not be taken forward by the SPS WG. However, notwithstanding this general position, the SPS WG may, after due and proper consideration, raise issues arising from the national consultation for discussion at the EPC Plenary in accordance with the EPC Charter.

#### **3.2.5 Preparation of Change Proposal and the Change Proposal Submission Document**

If the SPS WG decides to proceed with the change following consultation, the SPS WG shall prepare a Change Proposal, taking into account comments received during the national consultation. The Change Proposal shall set out details of the change proposed and the likely costs and benefits involved in implementing the change. The Change Proposal shall detail non-confidential comments received from the different banking communities of Scheme Participants and from end-users and suppliers in the stakeholder forums. Where the change proposes to modify the Rulebooks and any related documentation, the Change Proposal shall include a mark-up of the Rulebooks and related documentation to show the amendments to be made to the Rulebooks and related documentation as a result of implementing the change.

A Change Proposal may bring together more than one change, as developed from one or more Suggestions.

The SPS WG shall complete a Change Proposal Submission Document for submission to the EPC Plenary alongside the Change Proposal. The Change Proposal Submission Document shall certify that each stage of the change management process, from initiation to consultation, has been properly completed in respect of the change proposed.

#### **3.2.6 Submission of Change Proposal to the EPC Plenary**

Following its consideration by the Co-ordination Committee in accordance with the EPC Charter, the Change Proposal and the Change Proposal Submission Document shall be submitted to the EPC Plenary for determination. The EPC Plenary shall determine whether or not to accept the Change Proposal by resolution.

#### **3.2.7 Publication**

A Change Proposal that has been considered at the EPC Plenary shall be published on the EPC website together with the Change Proposal Submission Document and the decision of the EPC Plenary. The SPS WG shall use reasonable efforts to publish all Change Proposals, irrespective of whether the change has been accepted or rejected at the EPC Plenary, as soon as reasonably practicable after the relevant meeting of EPC Plenary.



### 3.2.8 Change Release Process and Cycle

In order to ensure that the Schemes are not disrupted by the rapid implementation of numerous Change Proposals in a short space of time, it shall not be possible for the EPC Plenary to approve more than 1 Change Proposal in any year, except in exceptional circumstances. The EPC Plenary may only approve a further Change Proposal(s) in exceptional circumstances, for example, where the failure to implement a Change Proposal may result in disruption to the Schemes or to users of the Schemes. In implementing the changes set out in a Change Proposal, the EPC Plenary shall take into account current, mandated changes in the payments industry.

Subject to the following paragraph and section 3.2.9, except in exceptional circumstances, the EPC may only implement a Change Proposal, as approved by the EPC Plenary, 6 months after the date on which the Change Proposal is published on the EPC website in accordance with section 3.2.7. In respect of complex changes, the EPC may specify a longer period of notice before implementing a Change Proposal. The EPC may implement a Change Proposal on shorter notice where the change proposed is necessary to ensure the efficient operation of the Schemes or if the change proposed pertains to section 2 of these Internal Rules. Changes proposed to section 2 of these Internal Rules shall take effect on a date to be determined by the Plenary but not earlier than 30 days after EPC Plenary approval.

A change which has been designated by the SPS WG as a non-operational change suitable for fast track implementation under section 3.2.1 of these Internal Rules may be implemented at a date earlier than 6 months after the date on which the Change Proposal is published on the EPC website. Such date will be determined by the EPC Plenary on a case by case basis following consideration of a recommendation from the SPS WG.

### 3.2.9 Change for Regulatory Reasons<sup>5</sup>

The creation of or amendments to relevant rules and regulations (including the technical requirements set out in the Annex to the SEPA Regulation as amended by the European Commission from time to time) might necessitate the urgent alignment of the Schemes with such rules and regulations.

In such case the SPS WG, in close collaboration with the LSG, will prepare a Regulatory Change Proposal. This will be done as soon as reasonably possible, in light of the date on which the new or amended rules and regulations will enter into force. The SPS WG shall complete a Regulatory Change Proposal Submission Document for submission to the EPC Plenary alongside the Regulatory Change Proposal. The Regulatory Change Proposal Submission Document shall specify that the change proposed relates to a mandatory rule of law, and the reasons why the regular change management process could not be followed.

Following its consideration by the Co-ordination Committee in accordance with the EPC Charter, the Regulatory Change Proposal and the Regulatory Change Proposal Submission Document shall be submitted to the EPC Plenary for determination. The EPC Plenary shall determine whether or not to accept the Regulatory Change Proposal by resolution.

A Regulatory Change Proposal that has been considered at the EPC Plenary shall be published on the EPC website together with the Regulatory Change Proposal Submission Document and the decision of the EPC Plenary, as soon as reasonably practicable after the relevant meeting of the EPC Plenary.

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<sup>5</sup> This section will enter into force on 17 November 2013

The EPC may implement a Regulatory Change Proposal, as approved by the EPC Plenary, at the earliest from the business day following the date on which the Regulatory Change Proposal is published on the EPC website in accordance with this section 3.2.9. Such date will be determined by the EPC Plenary on a case by case basis following consideration of a recommendation from the SPS WG.

### **3.3 Process for Submitting Minor Rulebook Changes**

#### **3.3.1 Preparation of List of Minor Changes**

The SPS WG shall prepare a List of Minor Changes not more than twice each year. This List shall take into account Suggestions received by the SPS WG as well as any Minor Changes that the SPS WG considers are required for the Rulebooks.

#### **3.3.2 Publication of List of Minor Changes**

The SPS WG shall publish the List of Minor Changes on the EPC website and ensure that the List may be viewed by all groups.

Any person may submit comments on the List of Minor Changes through the EPC website to the SPS WG. The SPS WG shall permit comments to be sent to it for a period of 90 Calendar Days starting from the date of the publication of the List of Minor Changes on the EPC website. However, the SPS WG shall be free to extend this period, if appropriate.

#### **3.3.3 Re-classification of a Minor Change**

In the event that the SPS WG receives extensive comments on the List of Minor Comments, where some items on the List are identified by contributors as potentially Major Changes, the SPS WG may remove the item from the List and consider re-classifying this item.

The SPS WG may consult with relevant contributors and relevant groups on the status of the item with a view to determining whether a change is a Minor or a Major Change. Following such a consideration, the change may be re-classified as a Major Change and fall to be approved through the approval process for Major Changes, as set out in these Internal Rules.

#### **3.3.4 Submission of List of Minor Changes to the EPC Plenary**

The List of Minor Changes shall be submitted to the EPC Plenary for determination. The EPC Plenary shall determine whether or not to accept the changes proposed in the List of Minor Changes by resolution.

#### **3.3.5 Publication**

A List of Minor Changes that has been considered at the EPC Plenary shall be published on the EPC website together with the decision of the EPC Plenary on the items listed. The SPS WG shall use reasonable efforts to publish the List of Minor Changes, irrespective of whether the changes proposed have been approved or rejected at the EPC Plenary, as soon as it is reasonably practicable to do so after the relevant meeting of the EPC Plenary.

### 3.3.6 Change Release Process and Cycle

In order to ensure that the Schemes are not disrupted by the rapid implementation of numerous changes in a short space of time, it shall not be possible for the EPC Plenary to approve more than 2 Lists of Minor Changes in any year, except in exceptional circumstances. The EPC Plenary may only approve a further List exceeding this limit in exceptional circumstances, for example, where the failure to implement a change may result in severe disruption to the Schemes or to users of the Schemes.

Except in exceptional circumstances, the EPC may only implement the changes set out in the List of Minor Changes 6 months after the date on which the List is published on the EPC website in accordance with section 3.3.5. The EPC may implement one or more of the changes set out in the List on shorter notice where the change(s) proposed is necessary to ensure the efficient operation of one or both of the Schemes.

A change or changes to the Internal Rules shall not be counted as a List of Minor Changes.

## 3.4 Stakeholder Forums at European and National Levels

The SPS WG shall consult stakeholder forums on a Change Request during the change management process. It is envisaged that end-users and suppliers shall have an opportunity to present their views through stakeholder forums. The change management process shall aim to capture a range of stakeholder opinions in SEPA by ensuring that stakeholder forums at the national level are represented alongside those at the European level.

### *Stakeholder Forums - National Levels*

The SPS WG shall invite locally established stakeholder forums in SEPA jurisdictions to provide comments on a Change Request. Consultation at the national level shall take place through banking communities who shall be responsible for collecting and presenting views from established stakeholder forums in their jurisdiction. Banking communities shall consult stakeholder forums from a broad cross-section of interests, so that consumers, small and medium sized businesses, large users of payments services and suppliers are given an opportunity to contribute to the discussion. Banking communities shall be required to demonstrate to the SPS WG that they have made reasonable efforts to consult established stakeholder forums representing these interest groups in their jurisdictions. Banking communities should consult stakeholder groups that are properly established and with a track record in commenting on issues in the payments services industry.

If a national stakeholder forum that wishes to be consulted by its banking community is not so consulted, it may provide its comments directly to the SPS WG. However, it is envisaged that banking communities shall consult broadly, ensuring that appropriate and relevant stakeholder forums in their jurisdictions are given an opportunity to consider and comment on the Change Request.

After carrying out the consultation, banking communities shall prepare a report for the SPS WG in an appropriate format, setting out the views of stakeholders in their community.

The SPS WG may publish stakeholder consultation reports received from communities in different SEPA jurisdictions on the EPC website during the consultation and feedback process.

### *Stakeholder forums - European Level*

In addition to consulting Scheme Participants, the EPC shall facilitate the establishment of a stakeholder forum for various types of payments services users and technology providers in SEPA.

In respect of the stakeholder forum for users, it is envisaged that the stakeholder forum shall represent a wide cross-section of interest groups at the European level, including consumers, large users and small and medium sized enterprises. This stakeholder forum shall operate in accordance with a code of conduct and terms of reference concluded with the EPC. However, it shall be an independent body, with the power to structure its meetings, discussions and decision-making procedure in a manner that it considers appropriate.

The EPC shall request properly established, payments services stakeholder groups at the European level to nominate a representative(s) to this stakeholder forum. The representative(s) nominated by such groups shall form this stakeholder forum. It is open for organisations nominating a representative to withdraw a member from this forum at any stage and replace this member with another representative. However, to encourage continuity in the work of the forum, the forum should aim, as far as reasonably possible to have a stable and committed membership. Stakeholder groups at the European level that wish to have a role in nominating a representative but who have not been invited to submit a nomination, may request the Co-ordination Committee for permission to submit a nominee. The Co-ordination Committee, as advised by the NGC, shall have complete discretion in deciding whether a stakeholder group at the European level is sufficiently established to qualify as a nominating stakeholder group.

A member of a stakeholder forum at the national level that is consulted by its banking community as part of national consultations may also be a member of this stakeholder forum at a European level.

### **3.4.1 Obligations of Stakeholder Forums**

Stakeholder forums at both the European and the national level shall be expected to conduct their affairs in accordance with the following obligations:

- stakeholder forums shall act in the best interests of the Schemes, with a view to always furthering the objectives of SEPA;
- stakeholder forums shall act with diligence and skill, ensuring that Change Requests are carefully considered and discussed;
- representatives of the stakeholder forums and the forum acting together shall ensure that they represent the interests of their constituents when acting in the stakeholder forums;
- stakeholder forums shall establish good management procedures, keeping records of all meetings held and keeping records of documentation considered at forum meetings;
- stakeholder forums shall observe principles of good governance, openness and transparency, ensuring that all interests groups are fairly represented in any governance arrangement established within a stakeholder forum; and
- stakeholder forums shall conduct their affairs with the highest level of integrity and professionalism.

## 4 APPENDIX 1 - COST-BENEFIT ANALYSIS

### 4.1.1 Cost Benefit Analysis ("CBA") - Introduction

CBA is a powerful evaluative tool, used widely in industry and in the public sector to evaluate the costs and benefits involved in making an investment. CBAs provide a monetary evaluation of the impact of a potential investment together with a practical assessment of its benefit for the investor, consumer, industry and society as a whole. CBAs therefore help all parties concerned in determining whether the costs of an investment are worth the benefits that are likely to be garnered from it.

While a CBA gives a good indication of the costs and benefits involved in monetary terms, it forms one component of a broader analysis into the decision of whether an investment is necessary or desired. While the importance of establishing the "business case" is self-evident, the CBA permits the business case to be given due weight while allowing parties to consider the change holistically, taking into account stakeholder opinions on factors that may more difficult to quantify.

CBAs are conducted on the basis of key ground rules:

- a CBA should take into account all important costs and benefits; and
- a CBA should take full account of the risks and uncertainties involved in a project (technical failures, market disruptions etc.)

### 4.1.2 CBA - Analytical Parameters

Not every Change Request may require a CBA to be performed, for example in cases where the benefit of the innovation is overwhelming and self-evident.

However, where the Change Request requires the CBA to be performed, SPS WG shall be responsible for carrying out, or requesting a third party to carry out, a CBA to evaluate the CBA business case for the proposed change. The SPS WG may also take into consideration CBA received from third parties.

A CBA shall be responsible for showing the following:

- the costs and benefits for industry, including Scheme Participants and suppliers of payments technology and infrastructure; and
- the costs and benefits for consumers and for SEPA as a whole, showing where the costs may be distributed across the different areas of the SEPA payments society.

#### *Costs and Benefits for Industry*

A CBA should clearly show all the monetary costs involved in a Change Request, so that capital as well as operational costs are reflected in this analysis.

The benefits for industry shall be determined mainly by the value added to the service already provided to customers for the new services, or by the value-added to the service already provided to customers. Accordingly, the CBA shall include information on the likely customer uptake of the Change Request by including results of any surveys, research or projections.

### *Benefits for Customers and SEPA*

The CBA shall consider the wide benefit accruing to customers and to society as a whole as part of any analysis.

The wider social benefits of a change may be seen in the benefits it holds for technological innovation, faster service delivery or financial stabilisation.

#### **4.1.3 CBA - Results**

The Change Request shall take into account the results of the CBA for Participants, users and suppliers together with the level of net monetary return expected from the change.

In addition, the Change Request shall set out the costs for upgrading technology and infrastructure to deal with the change together with an analysis of the general risks that may impact on the implementation of the new changes.

If a CBA shows that the benefits do not justify the costs involved, it is expected that this will lead to the rejection of the Change Request by relevant groups and by the EPC Plenary.

In some cases, where the CBA shows that the change would be positive for consumers but costly for industry, this analysis is likely to inform the debate at the level of users, suppliers and the EPC Plenary. Such a debate may focus on the funding arrangements necessary for re-distributing the costs involved, given that Scheme Participants and EPC Plenary members are not obliged to fund measures that are not in their overall financial interest. In such cases, the EPC Plenary shall exercise its discretion in determining the feasibility of changes, taking into account the views expressed in the consultation process.



## **5 APPENDIX 2 - CONFLICTS OF INTEREST**

### **5.1 Rules for Managing Conflicts of Interest**

#### **5.1.1 General Principles**

A member of the SMC may be faced with a situation where the duties owed by him or her under these Internal Rules conflict in some way with another interest, duty or consideration of the member.

A member of the SMC must be extremely alert to such conflicts of interest, or potential conflicts of interest arising in the course of his or her engagement with the SMC.

In order to ensure that the Schemes are administered in accordance with the highest standards of fairness and transparency, a member of the SMC must monitor any conflicts of interest arising or potentially arising in the course of his or her office.

On appointment, a member of the SMC must supply the NGC with a written list of issues that create or that may create a conflict of interest for a member in the course of his or her office. Such a list must constantly be updated in the course of a member's appointment to the SMC.

Members of the SMC shall monitor conflicts of interest arising in respect of any of the other members of the SMC on a continuing basis. A member of the SMC shall be expected to declare any actual or potential conflicts of interests at the start of any meeting involving the SMC. A note of such a declaration must be retained in accordance with section 6.1.2 below.

Any member of either the SMC may inform an appropriate person like the Chair of that body that he or she feels that a member of the body or the body as a whole is subject to a conflict of interest, or that a conflict of interest might reasonably be expected to arise. In such cases, the Chair shall act in an appropriate manner to ensure that the conflict of interest is managed effectively and transparently. Where the Chair is subject to a conflict of interest, he or she may nominate another person within the SMC to manage the conflict on his or her behalf. Where all the members of a body are subject to a conflict of interest, the body must request the NGC to take appropriate action.

Examples of conflicts of interest include situations where a member of the SMC finds him or herself in a position to adjudicate against a competitor of his or her employer, or where such a member may stand to gain in some way from a particular outcome of proceedings before either the SMC.

Where a conflict exists or where one might reasonably be expected to arise, the member must declare the conflict and the Chair, acting together with other members of either of the SMC shall decide whether a conflict does indeed exist and how such a conflict should be managed. Where a conflict of interest is deemed to exist or where one might reasonably be expected to arise, the Chair, acting together with the other members of the SMC, must determine whether the affected member should refrain from voting on the relevant issue before him or her.

#### **5.1.2 Record Keeping**

Members of the SMC shall keep a record of each case where a conflict of interest has arisen or where one has been likely to arise, together with the action taken by the relevant member or body to manage the conflict.

Members of the SMC should also record cases where a conflict of interest was suspected but where, after analysis, such a conflict was deemed not to have arisen.

Such records shall be open to inspection by the EPC and to such other persons as the SMC may consider appropriate.

## **6 APPENDIX 3 - SMC COST RECOVERY MECHANISM**

### **6.1 Main cost types in a dispute resolution procedure**

Three types of costs are identified:

- Administrative costs, incurred by the EPC for administering and monitoring the relevant proceedings (including all disbursements in connection with a particular case, for example, postage, international courier services, telephone, faxes, copies, etc);
- Experts' and SMC legal fees and expenses, incurred by the EPC including costs for their travel, lodging and clerical assistance; and
- Litigation or dispute resolution costs incurred by the parties in question, including fees and expenses of any lawyers engaged, as well as amounts incurred on the presentation and preparation of the case

### **6.2 Rationale for SMC cost recovery mechanism**

The rationale for the SMC cost recovery mechanism centres on a non-refundable administrative fee. This centres on the position that the individual participants benefiting from the SMC's complaints appeals and conciliation activities should be responsible for the costs arising from them (in whole or in part). In addition, given the EPC's core activity is to develop and design payment schemes and frameworks to realise SEPA, it would be unfair for the EPC membership to subsidise the SMC conciliation, complaint and appeal proceedings.

Moreover, there are some initial administrative and handling costs involved in the various stages of the conciliation, complaint and appeal activity. These should be recoverable from the Scheme Participants either requesting or affected by the conciliation, complaint and appeal proceedings.

It is therefore appropriate for the filing Scheme Participant to pay to the EPC a flat fee to cover these costs as an 'upfront fee' for such activities. Such a fee is recoverable from the other Scheme Participant involved in the action if the Scheme Participant initiating the procedure is successful at the end of the proceedings.

In addition, any relevant non-administrative SMC costs incurred during the course of the proceedings shall be recovered from the losing party.

### **6.3 Level of the non-refundable administrative fee**

As a non-profit organisation, the EPC ensures that there is no material 'profit' mark up resulting in a material gain for the EPC when setting the non-refundable administrative fee.

The upfront fee payable to the EPC per single conciliation, complaint and appeal case by the concerned Scheme Participant initiating the proceeding is estimated to be as at [9 February 2012]:

- Conciliation: 2.000 EUR



- Complaint: 2.000 EUR
- Appeal: 3.000 EUR

The level of these fees will be reviewed as a minimum once per annum by the EPC Plenary and will be adjusted in line with any actual costs incurred in the previous year(s) plus anticipated increases in costs and/or proceeding cases in the subsequent year.

## 7 TERMS DEFINED IN THE INTERNAL RULES

Definitions taken from other documents are acknowledged. Terms defined elsewhere in this document are not repeated here, but only referenced.

| Term                                       | Definition   |
|--|--|
| <b>Additional Optional Services</b>        | Complementary features and services based on the Schemes, as described in more detail in the Rulebooks.  |
| <b>Adherence Agreement</b>                 | The agreement to be completed as part of the process by which an entity applies to become a Participant. The agreement is found at Annex 1 of the Rulebooks.   |
| <b>Admission Date</b>                      | A date specified for admission to one or both of the Schemes for a group of successful applicants.   |
| <b>Affected Participant</b>                | A Participant that is subject to proceedings before the SMC in accordance with section 2.4 of these Internal Rules.  |
| <b>SMC</b>                                 | The SMC of Scheme Management, as further detailed in these Internal Rules.   |
| <b>Bank Identifier Code (BIC)</b>          | An 8 or 11 character ISO code assigned by SWIFT and used to identify a financial institution in financial transactions (ISO 9362).   |
| <b>BIC</b>                                 | <i>See 'Bank Identifier Code'.</i>   |
| <b>Business Day</b>                        | A day on which banks in the relevant jurisdiction are generally open for business with customers.  |
| <b>Calendar Day</b>                        | A Calendar Day means any day of the year   |
| <b>CBA</b>                                 | Cost benefit analysis  |
| <b>Chair</b>                               | Chair refers to the Chair of the SMC   |
| <b>Initiator</b>                           | Any person making a Suggestion   |
| <b>Change Proposal</b>                     | A detailed proposal setting out a proposal for change after consultation with relevant groups such as users and suppliers and detailed consideration of the Change Request. A Change Proposal can set out comments received from such groups together with a detailed analysis of the change and the costs and benefits of implementing a change. Where the change proposed in the Change Proposal modifies the Rulebooks or related documentation, a Change Proposal shall include a mark-up of the Rulebooks and related documentation to show the amendments required to be made to the Rulebooks and related documentation as a result of the change proposed. |
| <b>Change Proposal Submission Document</b> | A pro-forma document prepared by the SPS WG to certify that each stage of the change management process has been properly completed.   |

| <b>Term</b>                          | <b>Definition</b>   |
|--------------------------------------|---|
| <b>Change Request</b>                | A Change Request is formulated by the SPS WG on the basis of Suggestions accepted into the change management process. A Change Request takes into account CBA, and other details in relation to the change proposed. Where the change proposed in the Change Request modifies the Rulebooks or related documentation, a Change Request shall include a mark-up of the Rulebooks and related documentation to show the amendments required to be made to the Rulebooks and related documentation as a result of the change proposed. |
| <b>CSMs</b>                          | Clearing and Settlement Mechanisms  |
| <b>Commencement Date</b>             | The date on which the EPC resolves to commence operation of the Scheme in accordance with section 5.1 of the Rulebooks.   |
| <b>Customer Banking Business Day</b> | A Customer Banking Business Day is a day on which banks in the relevant jurisdiction are generally open for business with customers.  |
| <b>EBA</b>                           | European Banking Association  |
| <b>ECSA</b>                          | European Credit Sector Association  |
| <b>EPC</b>                           | The European Payments Council   |
| <b>EPC Charter</b>                   | The Charter of the European Payments Council dated 18 June 2004, as amended from time to time.  |
| <b>EU</b>                            | The European Union  |
| <b>Independent Member</b>            | An Independent Member is a member who can display the highest standard of professional integrity and objectivity in relation to Scheme Management. An Independent Member should be a professional of good repute, with appropriate skills, who has a reasonable knowledge of the payments services sector but who is not employed or is otherwise affiliated with a Scheme Participant or its banking communities, service providers or a payment services user group or user association.  |
| <b>Internal Rules</b>                | These are the internal rules for Scheme Management set out in this document, as amended from time to time.  |
| <b>List of Minor Changes</b>         | As defined in section 3.3.1 of these Internal Rules   |
| <b>Major Change</b>                  | As defined in section 3.1.6 of these Internal Rules   |
| <b>Minor Change</b>                  | As defined in section 3.1.6 of these Internal Rules   |
| <b>NASO</b>                          | National Adherence Support Organisation, as explained in section 2.2.4 of these Internal Rules.   |
| <b>NGC</b>                           | Nominating and Governance Committee   |
| <b>Participant</b>                   | A Participant is an entity that has adhered to one or both of the Schemes in any capacity.  |

| Term  | Definition   |
|---|--|
| <b>Payment Services Directive</b>                             | The EU Directive on payment services in the internal market.   |
| <b>Rapid Response Mechanism</b>                               | <b>The EPC intends to establish a Rapid Response Mechanism in conjunction with the Eurosystem and the European System of Central Banks and / or other national supervisory body in SEPA, to inform the EPC and ultimately Scheme Participants when a Scheme Participant has been prohibited from continuing operations..</b> |
| <b>Scheme</b>   | Each of the SEPA Direct Debit Scheme and the SEPA Credit Transfer Scheme   |
| <b>SMC</b>  | Scheme Management Committee  |
| <b>Secretariat</b>  | The EPC Secretariat  |
| <b>SEPA</b>   | SEPA is the area where citizens, companies and other economic actors are able to make and receive payments in euro within Europe. SEPA comprises the countries listed in the official EPC list of SEPA countries as published by the EPC from time to time.  |
| <b>SEPA Credit Transfer Scheme</b>                            | The SEPA Credit Transfer Scheme is the payments scheme for making credit transfers across SEPA, as set out in the SEPA Credit Transfer Scheme Rulebook.  |
| <b>SEPA Credit Transfer Scheme Rulebook</b>                   | The Rulebook setting out rules and business standards for the SEPA Credit Transfer Scheme, as amended from time to time.   |
| <b>SEPA Core Direct Debit Scheme Rulebook</b>                 | The Rulebook setting out rules and business standards for the SEPA Core Direct Debit Scheme, as amended from time to time.   |
| <b>SEPA Business to Business Direct Debit Scheme Rulebook</b> | The Rulebook setting out rules and business standards for the SEPA Business to Business Direct Debit Scheme, as amended from time to time.   |
| <b>SEPA Scheme</b>  | A SEPA payment scheme is a common set of business rules, practices and standards for the provision and operation of a SEPA payment instrument agreed at an interbank level in a competitive environment.   |
| <b>SEPA Scheme Management</b>                                 | SEPA Scheme Management denotes the governance, development and compliance mechanisms in relation to a SEPA Scheme.   |
| <b>SPS WG</b>   | SEPA Payments Schemes Working Group  |
| <b>Suggestion</b>   | A Suggestion is an idea for change to the Schemes, proposed to the SPS WG.   |
| <b>Unresolved Issue</b>                                       | Any dispute in relation to one or both of the Rulebooks.   |

## **Annex III Rulebook amendments and changes since v7.1**

THIS ANNEX IS NOT A PART OF THE RULEBOOK AND IS INCLUDED IN THE  
RULEBOOK FOR INFORMATION PURPOSES ONLY

## List of Changes in SCT Rulebook v8.0 Compared to v7.1

### Key:

Column one contains the rulebook reference

Column two contains a description of the amendment

Column three contains the type of amendment, as classified below:

- TYPO: typing and layout errors
- CLAR: clarification of the text
- CHAN: change of the Rulebook content

| Reference                   | Description  | Type |
|-----------------------------|--|------|
| 0.1                         | Addition of reference to May 2002 White Paper  | CHAN |
| 0.1                         | Change of document name for document reference EPC125-07   | CHAN |
| 0.3                         | Removal of two first paragraphs and last paragraph (historical or outdated text)   | CHAN |
| 0.4                         | Add reference to May 2002 White Paper in second paragraph  | CHAN |
| 0.5                         | Wording correction in last sentence of the paragraph   | TYPO |
| 0.5.1                       | Removal of text referring to SEPA Data Model   | CHAN |
| 0.5.2                       | Clear inclusion of Scheme Management Internal Rules and the Guide to the Adherence Process for the SCT Scheme at the end of the paragraph                                    | CLAR |
| 1.1                         | First sentence: change ‘observed’ into ‘complied with’<br>Removal of the entire third paragraph and the first sentence of the second paragraph (historical or outdated text) | CHAN |
| 1.4                         | Align contents of entire section with the contents of the same section in the SDD Core and SDD B2B Rulebooks   | CHAN |
| 1.5                         | Align contents of entire section with the contents of the same section in the SDD Core and SDD B2B Rulebooks   | CHAN |
| 1.6                         | Align contents of last bullet point with the contents of the same bullet point in the SDD Core and SDD B2B Rulebooks   | CHAN |
| 1.7                         | Replace “bank” by “Participant”  | TYPO |
| 1.8                         | Removal of the section 1.8 Maximum Execution Time  | CHAN |
| 1.9<br>renumbered<br>to 1.8 | Add reference 14 referring to EPC document EPC409-09   | CLAR |
| 3.6                         | Removal of first sentence<br>Add “In accordance with Chapter 5” at the start of the second sentence  | CLAR |
| 4.2.3                       | Remove “Since 1 January 2012” at start of the first paragraph  | CHAN |

| Reference                     | Description   | Type |
|-------------------------------|---|------|
| 4.4                           | Remove “different” from third sentence in first paragraph   | TYPO |
| 4.6.1                         | AT-20: removal of the reference to BBAN in the description field  | CHAN |
| 4.6.1                         | AT-R: change the start of the sentence “This reference, is..” to clarify unambiguously the description  | TYPO |
| 5.1                           | Removal of the first sentence referring to the Scheme operation date  | CHAN |
| 5.4                           | Reword the list of bullet points in the part of the section outlining the categories of applicants which are deemed automatically eligible under this section | CHAN |
| 5.5                           | Penultimate paragraph: small wording changes  | TYPO |
| 5.6                           | Align contents of penultimate paragraph with the contents of the same paragraph in the SDD Core and SDD B2B Rulebooks   | CHAN |
| 5.11                          | Add “Annex II” in the last sentence   | TYPO |
| 6                             | Add “Annex II” in the last sentence of the second paragraph   | TYPO |
| <b>Section 7</b>              | <b>Changes to various definitions</b>   |      |
| Section 7                     | The column containing the source of the listed definitions had been removed (to align with chapter 7 of the SDD Core and SDD B2B Rulebooks)                   |      |
| ‘B’                           | Correct the alphabetical order of terms under ‘B’   | TYPO |
| Commencement date             | Removal of the definition (term not used)   | CHAN |
| Customer Account              | Change of “SEPA bank” into “Participant”  | TYPO |
| Cut-off time                  | Align the definition with the definition in the SDD Rulebooks   | CHAN |
| EBA                           | Change of the abbreviation into ‘Euro Banking Association’  | TYPO |
| IBAN                          | Shorten the definition of IBAN  | CHAN |
| Participant                   | Definition brought in line with the other EPC SEPA Rulebooks  | CHAN |
| Remittance information        | Rewording of the definition   | CHAN |
| SEPA                          | Removal of the EPC list of SEPA countries   | CHAN |
| SEPA Core Direct Debit Scheme | Add SEPA 'Core' Direct Debit Scheme Rulebook  | TYPO |
| Settlement Cycle              | Removal of the definition (term not used)   | CHAN |
| Share                         | Change of “credit institution” into “Participant”   | TYPO |
| Terms and Conditions          | Change of “bank” into “Participant”   | TYPO |
| Time cycle                    | Include definition as in the SDD Rulebooks  | CLAR |

| Reference                          | Description                               | Type |
|------------------------------------|---|------|
| Transaction<br>Reference<br>Number | Removal of the definition (term not used) | CHAN |