



SEPA CREDIT TRANSFER

SCHEME RULEBOOK

Abstract	This document defines the EPC SEPA Credit Transfer Scheme Rulebook.
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Preface to the Rulebook

The publication of this SEPA Credit Transfer Scheme Rulebook (the “Rulebook”) is an important milestone in the creation of the Single Euro Payments Area – (“SEPA”). This Rulebook will serve as the basis for the payments industry within SEPA to develop and implement products and services that allow their Customers to make payments by credit transfers as easily across SEPA tomorrow, as they do within their local market today.

The European Payments Council (the “EPC”) wishes to ensure that the SEPA Credit Transfer Scheme (the “Scheme”) will be operational from the start of 2008, and that achieving this date remains realistic and achievable by all parties.

Looking beyond 2008, the Scheme has been designed to be capable of evolution to permit the development of features and improvements to satisfy future needs. For example:

1. Based on operational experience throughout SEPA payment communities, the EPC foresees the likelihood of a gradual reduction in the average credit transfer time cycle, leading to a potential reduction in the maximum Execution Time permitted under the Scheme rules.
2. Banks are fully aware of the interest of customers, particularly of those engaged in commerce of all kinds, in the further development of remittance data standards which will support reconciliation and related procedures. The EPC foresees that such global or SEPA-wide standards will become incorporated into the Scheme rules. This would need to be done in close collaboration with interested market players and in the longer term, could be extended to allow the provision of Additional Optional Services (“AOS”) such as electronic invoicing.

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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]	EPC075-06	Scheme Management Governance	EPC
[2]	EPC170-05	Framework for the Evolution of the Clearing and Settlement of Payments in SEPA – Including the Principles for SEPA Scheme Compliance and Re-statement of the PE-ACH Model (“PE-ACH/CSM Framework”).	EPC
[3]	EBS 204 (ISO 13616)	IBAN: International Bank Account Number (Standard) ¹	EPC
[4]	SIG 203	IBAN Standard Implementation Guidelines	EPC
[5]	ISO 3166	Country Codes	ISO
[6]	ISO 4217	Currency Code List	ISO
[7]	ISO 9362	Bank Identifier Codes (BIC)	ISO
[8]		The European Interbank Compensation Guidelines	FBE
[9]	ISO 20022	Financial services – Universal Financial Industry message scheme	ISO
[10]	EPC029-06	SEPA Data Model Version 2.2	EPC
[11]		A Glossary of Terms Used in Payments and Settlement Systems	Bank for International Settlements
[12]		The Interbank Convention on Payments (ICP)	EPC
[13]		The Credeuro Convention	EPC
[14]	EPC-0265/03	EPC Resolution on Receiver Capability	EPC
[15]	EPC115-06	SEPA Credit Transfer Scheme Implementation Guidelines Version 2.2	EPC

¹ It is intended to reference the ISO Standard as soon as the revision, currently under ballot, is approved.

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.

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 Changes: <ul style="list-style-type: none"> • Attribute AT41 is now mandatory (default “Not provided”) in DS02 • Attribute AT43 is now mandatory in DS02
V 2.2 Approved	13/12/2006	Approved by EPC Plenary 13 December 2006

0.3 Purpose of Document

The EPC made the decision to develop a set of scheme rules when it accepted and approved the Roadmap 2004-2010 at its December 2004 Plenary meeting.

The development of the Scheme, the SEPA Direct Debit Scheme, and a SEPA Cards Framework were treated as a primary and priority objective. The EPC vision being to create a set of core payment instruments to be provided by banks to their consumer and corporate customers within SEPA.

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.

This document draws on the accumulated experience of EPC with respect to credit transfers and in particular the Credeuro Convention (reference [13]), the Interbank Convention on Payments (ICP, reference [12]) and the EPC Resolution on Receiver Capability (reference [14]). When the Scheme is launched, these existing conventions will be superseded by the new Scheme under such transition arrangements as are agreed by the EPC.

Following adoption by EPC, the Rulebook will be made available as a basis for specification work throughout its community, in preparation for scheme pilots and subsequent operational adoption.

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 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 the White Paper 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."*

The definition of SEPA is part of the EPC Roadmap as approved by the December 2004 EPC Plenary. *"SEPA will be the area where citizens, companies and other economic actors will be able to make and receive payments in euro, within Europe (currently defined as consisting of the 25 European Union ("EU") member states plus Iceland, Norway, Liechtenstein and Switzerland), whether between or within national boundaries and under the same basic conditions, rights and obligations, regardless of their location."*

SEPA will be delivered as a priority within the Eurozone. Within SEPA, but outside the Eurozone, there will be opportunities to participate in euro payment systems, and communities will be able to adopt SEPA standards and practices to contribute to the single market for payment services.

0.5 Other Related Documents

The Rulebook is primarily focused on stating the business requirements and inter-bank rules for the operation of the Scheme. In addition to the Rulebook there are a number of key documents which enable the Scheme to become operational:

0.5.1 SEPA Data Model and the Credit Transfer Scheme Implementation Guidelines

The complete data requirements for the operation of the Scheme are classifiable according to the SEPA Data Model which recognises the following 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. Further required elements of the logical layer and the specification of the physical layer, including message standards are specified in the SEPA Data Model (reference [10]).

The SEPA Data Model (reference [10]) describes and specifies in detail the three layers and inter alia their application to the Scheme. The SEPA Data Model constitutes a binding supplement to the Rulebook.

The SEPA Credit Transfer Scheme Implementation Guidelines (reference [15] which sets out the rules for implementing the credit transfer UNIFI (ISO 20022) XML standards, are also a binding supplement to the Rulebook.

0.5.2 PE-ACH/CSM Framework

The PE-ACH/CSM Framework document (reference [2]) establishes the principles on which Clearing and Settlement Mechanisms (“CSMs”) support the schemes for credit transfer and direct debit on the basis of separation between the Scheme and relevant CSMs. The document referred to provides an update and clarification of the PE-ACH concept, building on work already completed by the EPC. The Roadmap 2004-2010 enshrined the principle that scheme and infrastructure should be separated and therefore the PE-ACH/CSM Framework forms an important complementary document.

0.5.3 SEPA Scheme Management

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

SEPA Scheme Management can be divided into 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.

0.5.4 SEPA Scheme Management - Development and Evolution

The development and evolution function shall be performed by the EPC Plenary, supported by existing working and support groups or by such other groups as it may establish from time to time. The EPC Plenary shall perform the development and evolution function in accordance with such procedures as are established by the EPC from time to time.

The EPC Plenary shall implement formal governance and management structures and processes for fostering dialogue, development and the creation of new schemes in SEPA. Document(s) (reference [1]) describe the delineation of responsibilities between the EPC Plenary, its working and support Groups, the Participants and others as applicable.

0.5.5 SEPA Scheme Management - Administration and Compliance

The administration and compliance function shall be performed by a Scheme Management Committee to be established by the EPC in accordance with the EPC Charter (“SMC”). The SMC shall perform the administration and compliance function in accordance with such procedures as are established by the EPC from time to time.

The SMC shall be responsible for the promotion and management of compliance, for the implementation of the adherence process as well as for the ongoing management of the Scheme. Document(s) (reference [1]) describe the delineation of responsibilities between the SMC, the Participants and others as applicable.

0.5.6 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 annexed. It might be necessary to adjust the Adherence Agreement depending on the final text of the EPC document(s). The Rulebook and the Adherence Agreement entered into by Participants together constitute a multilateral contract among Participants and the EPC. The procedure for joining the Scheme is set out in Chapter 5.

1 VISION & OBJECTIVES

This chapter provides an introduction to the Scheme as essential context and background.

1.1 Vision

The Scheme establishes a set of interbank rules, practices and standards to be observed by Participants who adhere to the Scheme. It allows the payments industry in SEPA to offer a SEPA-wide core and basic credit transfer product to Customers in euro.

Citizens and companies in SEPA will be able to make credit transfers in euro as simply and as easily throughout SEPA from 2010 as they are accustomed to do on a national basis today. The Scheme also provides a common basis on which banks are able to offer new and innovative services.

Automated reconciliation of invoices will become much simpler as banks commit themselves to use the scheme to pass remittance reference information unchanged throughout the complete banking system on behalf of the originating Customer to the intended payment Beneficiary. This information may be structured or unstructured at the discretion of the person making the transfer.

The Scheme moves the banks 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 border effects, such that it is as easy and secure to make a payment within SEPA as it is within one national environment.
- All core and basic credit transfers in euro within SEPA will be processed under 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:

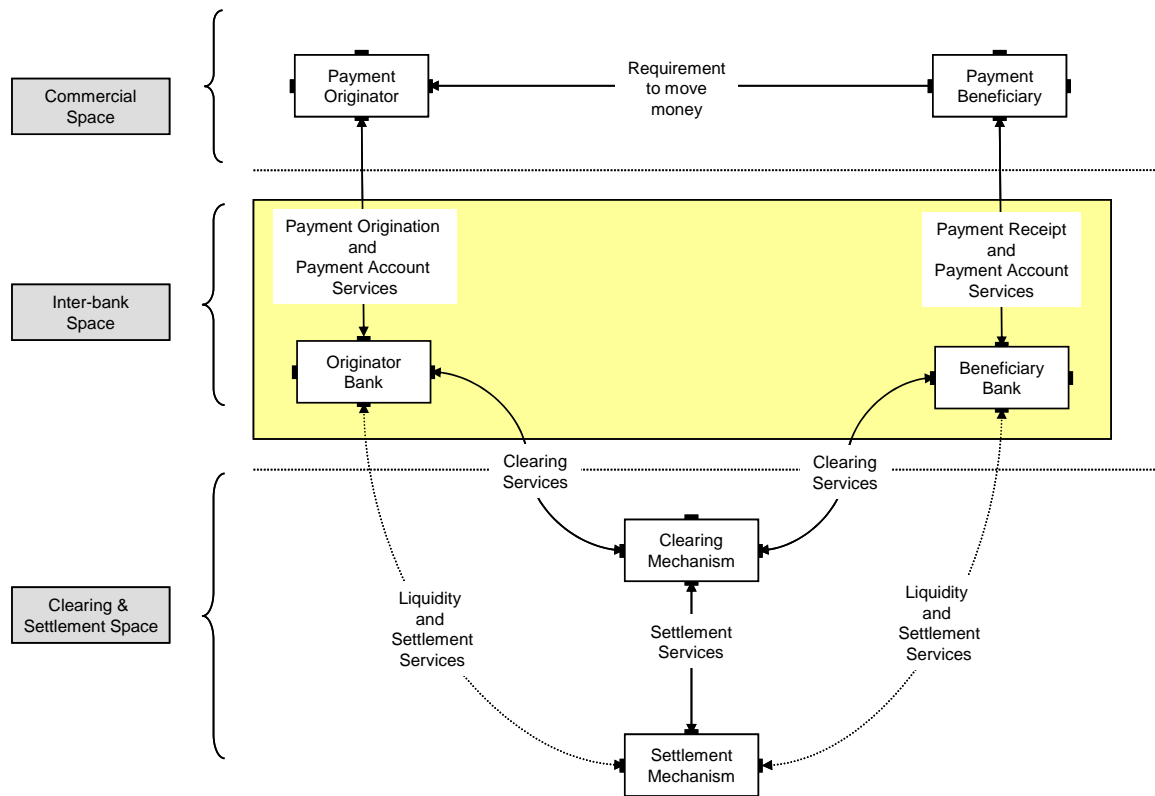


FIGURE 1: CREDIT TRANSFER OVERVIEW

- 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 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 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 what has been applied to its account.
- As is illustrated in the above 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 as the Rulebook describes the liabilities and responsibilities of each Participant in the Scheme.

Participants are free to choose between operating processes themselves, or outsourcing (partially or completely) them to third parties. However Participants remain responsible under the Rulebook irrespective of their choice of any intermediaries.

1.5 Separation of the Scheme from Infrastructure

The Scheme provides a single set of rules, practices and standards and is separate from any infrastructure that supports its operation.

The Scheme is implemented by individual banks 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 prevail, based on the decisions of banks.

The result is that the interbank processing of credit transfers is provided on a consistent basis by multiple CSMs, chosen by individual banks as the most appropriate for their needs, but based on a single set of rules, practices and standards, as defined by the Scheme.

1.6 Other Features of the Scheme

- 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.

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.
- The Scheme provides a maximum guaranteed 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 banks:

- 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 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 Maximum Execution Time

After the creation of SEPA, Customers will experience the same or better execution service level for payments as they do today.

The Scheme ensures a **MAXIMUM** Execution Time of 3 Banking Business Days following the date of acceptance.

Banks and communities of banks may respond competitively to commercial customer needs by offering shorter Execution Times within the scope of these rules.

Any future SEPA Priority Payments Scheme (as set out in the Roadmap 2004 – 2010) will be subject to its own scheme rules and is outside the scope of this Rulebook.

The SEPA Credit Transfer Scheme complements other payment propositions and solutions, in particular payments via Real Time Gross Settlement or Real Time Net Settlement for urgent and high value payments.

2 SCOPE OF THE SCHEME

2.1 Application to SEPA

The Scheme is applicable within SEPA, as defined by the EPC. The current definition of SEPA encompasses the 25 EU member states together with Iceland, Liechtenstein, Norway, and Switzerland.

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 payment 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 will 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 will provide complementary services based on the Scheme so as to meet further specific customer expectations. These are described as Additional Optional Services (“AOS”).

There are two types of AOS, namely those offered by individual Participants, and those offered by communities of Participants.

AOS may be offered by an individual Participant or by a community of Participants to its own Customers as part of its product and services offering in a competitive environment. In offering such products and services, the Participant must ensure that it does not compromise in any way the Scheme and the roles, responsibilities, and liabilities of other Participants. Furthermore, it should not impact the interoperability of the Participant in the Scheme.

AOS may be offered by a community of Participants. Such communities may be existing communities of Participants, or communities established for the purpose of sharing the provision of these services. The following conditions apply:

- Participants who take part in a community AOS shall not by joining such a community AOS exclude themselves from the Scheme – they must provide full interoperability for all Participants operating in the Scheme including those not participating in the AOS
- A community AOS shall operate according to the principles of fair competition
- A community AOS may not disturb the operation of, or compromise in any way, the SEPA Scheme for Participants who do not take part in the AOS

These AOS are not further described in the Rulebook as they are to be 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 and Returns.

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

The Scheme does not of itself limit the value of a transaction made in accordance with its rules.

Credit risks, relating to customer relationships are a matter for the individual Participants.

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 receiving payments under the Scheme and to process 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 will therefore enable automated reconciliation between receivables and payments by the Beneficiary.

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.

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

Communities of banks serving Customers within SEPA will be 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 will be 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. The mechanisms are as specified in the PE-ACH/CSM framework summary document referred to in Section 0.6 (reference [2]).
- **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.

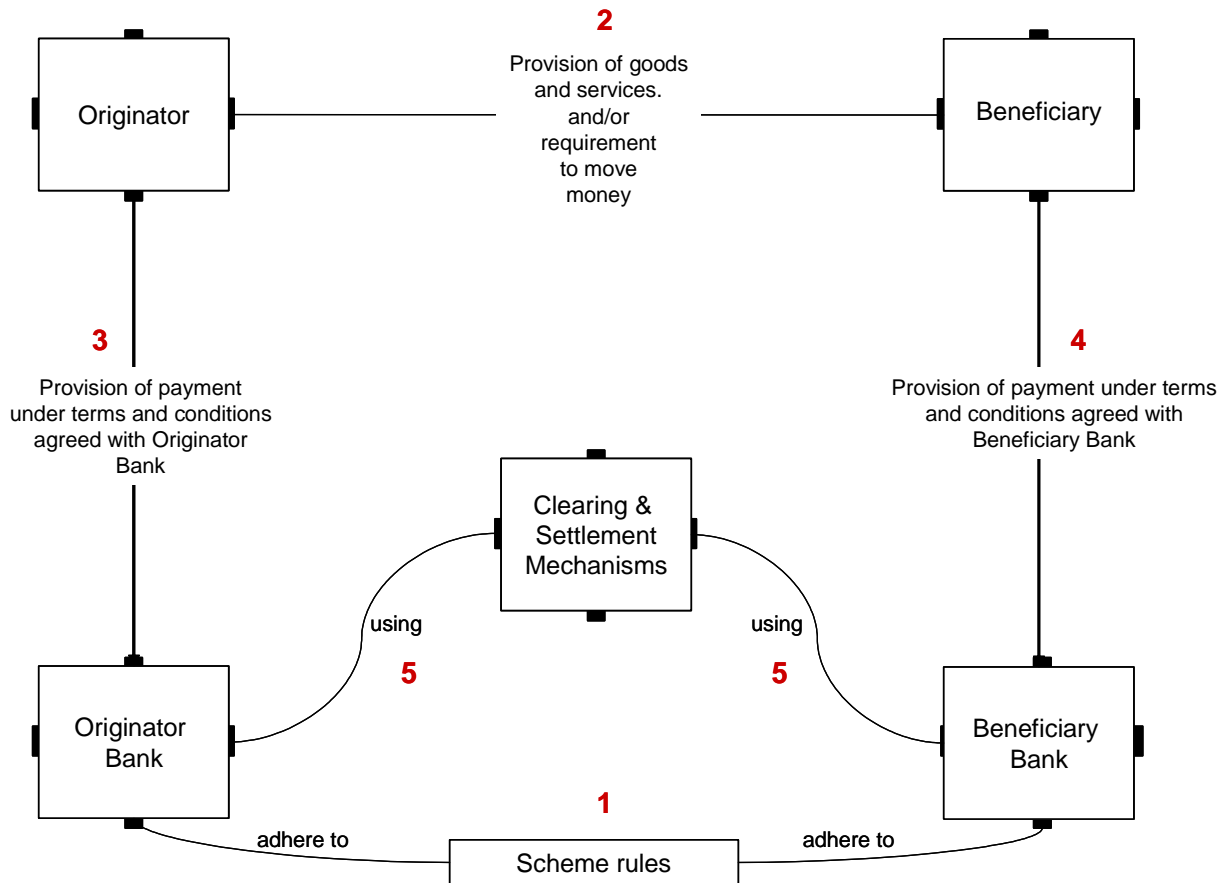


FIGURE 2: 4-CORNER MODEL - ILLUSTRATIVE

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. Principles for the operation of such CSMs in relation to SEPA payment instruments are set out within the EPC PE-ACH/CSM Framework (reference [2]).
- (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 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 and Rejects
- 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 or Beneficiary Bank)

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 Agreements are governed by Belgian law.

3.6 Relationship with Customers

The Rulebooks does not impose any requirement as to the Terms and Conditions between a Participant and its Customer, but 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:

- Process-steps:** CT-yy, where yy is the unique sequence number in this Rulebook
- Datasets:** DS-xx, where xx represents the unique sequence number in this Rulebook
- Attributes:** AT-xx, where xx represents the unique sequence number in this Rulebook

4.2 Schematic Overview of the Credit Transfer Process & Time Cycle

An overview of the process is provided in the following figures:

Figure 3 shows the time cycle of the process, identifying the key dates and their inter-relationships.

Figure 4 shows the process flow and the interaction between the actors in the different process steps.

In addition to the figures, this section provides definitions of terms used to define the Execution Time cycle.

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

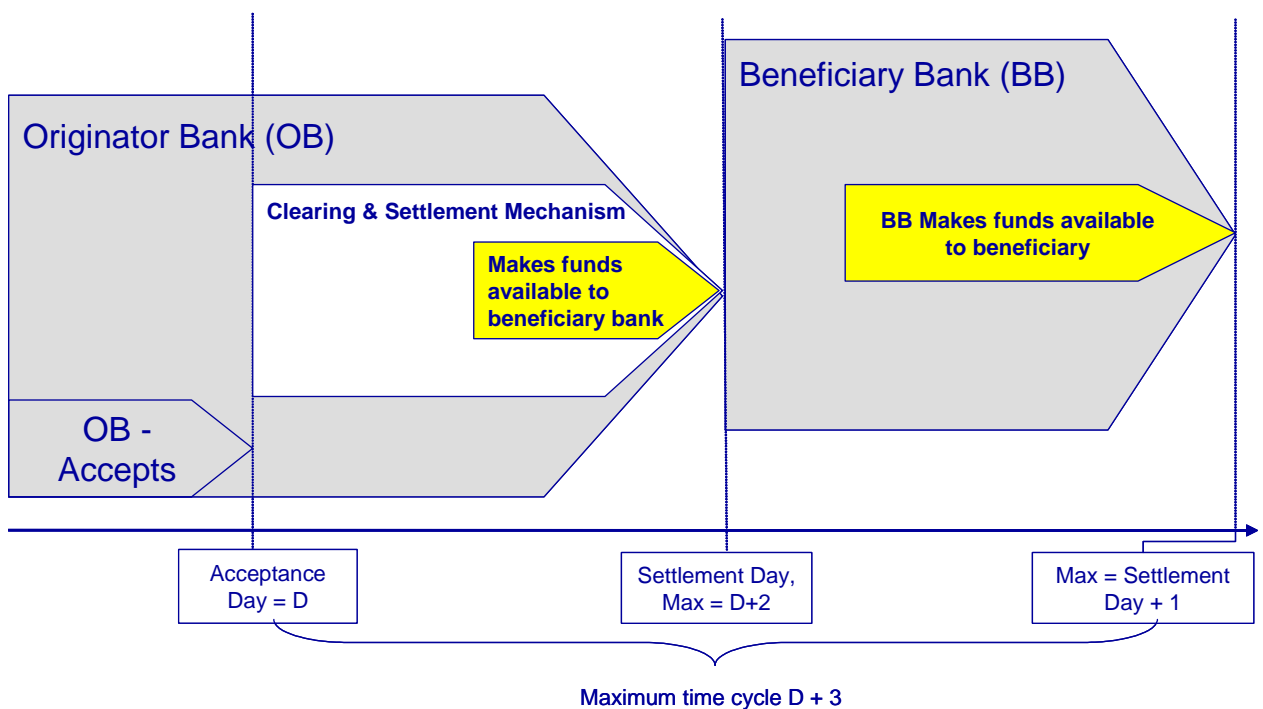


FIGURE 3: PROCESSING TIME CYCLE

4.2.1 Acceptance Date

The Acceptance Date is defined by the Originator Bank and is communicated to its Originator.

The Acceptance Date is the beginning of the Execution Time-cycle.

The Acceptance Date is the date of fulfilment of all conditions required by the Originator Bank as to the execution of a SEPA Credit Transfer including but not limited to regulatory obligations, to cut off times defined by the Originator Bank and to the availability of adequate financial cover and of the information required to execute the instruction.

The Originator may choose to request an execution date (Requested Execution Date) in the future and submit the instruction to the Originator Bank at a time in advance, on the basis of terms and conditions as agreed with the Originator Bank.

4.2.2 Cut-off Times

Cut-off Times must be advised by an Originator Bank to an 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

The amount of the credit transfer must be credited to the Beneficiary on the third Banking Business Day following Day D, **at the latest**.

It should be noted that communities of banks exchanging credit transfers may agree shorter Execution Times.

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.

4.3 SEPA Credit Transfer Processing Flow

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

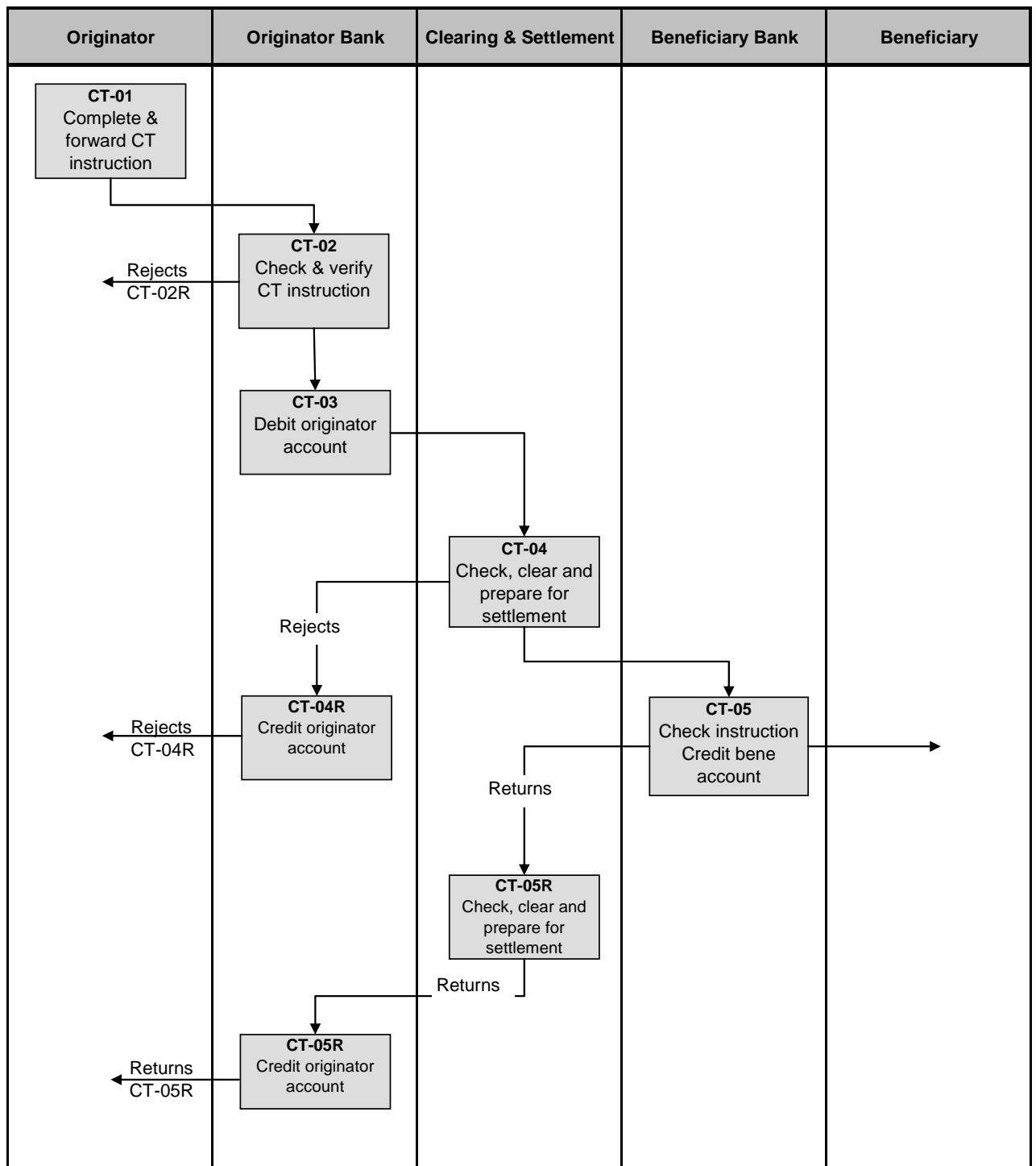


FIGURE 4: CREDIT TRANSFER PROCESS

CT-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-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-03 On the Acceptance Date (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, at the earliest on day D and at the latest on day D + 2, according to the rules of the CSM. The data elements to be provided are defined in dataset DS-02 below.

CT-04 The CSM will make the credit transfer message available to the Beneficiary Bank and settle for the amount of the credit transfer at the latest on day D + 2, called Settlement Date (see AT-42), as part of a Clearing and Settlement process in accordance with its rules and agreed modalities. Procedures for rejected messages are described below.

CT-05 The Beneficiary Bank will receive the credit transfer message at the latest on the Settlement Date (D + 2 at the latest), check the credit transfer message, credit the account of the Beneficiary, and make the information of DS-04 available to the Beneficiary on the basis agreed between the Beneficiary and his bank. Such credit must occur by Settlement Date + 1 at the latest (day D+3 at the latest overall), except in the case that legal constraints (e.g. verifications in view of risks of money laundering and terrorist financing) have not been fulfilled, or if day D+3 is not a Customer Banking Business Day. In this latter case, the Beneficiary Bank must credit the Beneficiary at the latest on the first following Customer Banking Business Day.

4.4 Exception Processing Flow

Credit transfer transactions are handled according to the time frame described above. If, for whatever reason, any party can not handle the transaction in the normal way, the process of exception handling starts. The different 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 inter-bank Settlement. If the rejection is at the point at which the Originator instructs the Originator Bank, 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 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.

It is recommended that European Interbank Compensation Guidelines (reference [8]) are applicable and are used.

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

CT-02R The Originator Bank must inform the Originator according to the timing agreed with the Originator

CT-04R The CSM must send the 'Reject' message to the Originator Bank at the latest on the next Inter-Bank 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.

CT-05R The Beneficiary Bank must send the 'Return' message to the Originator Bank through the selected CSM at the latest three Inter-Bank 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

4.5 Business Requirements for Datasets

The datasets are the following:

DS-01	Customer to Bank Credit Transfer Information
DS-02	Interbank Payment Dataset
DS-03	Reject or Return Credit Transfer Dataset
DS-04	Bank to Customer Credit Transfer Information

4.5.1 Customer to bank Credit Transfer Information

Identification:	DS-01
Name:	Customer to bank Credit Transfer Information
Description:	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.
Attributes contained	<ul style="list-style-type: none"> • 01 The IBAN of the account of the Originator • 02 The name of the Originator • 03 The address of the Originator • 04 The amount of the credit transfer in euro • 05 The Remittance Information sent by the Originator to the Beneficiary in the Credit Transfer Instruction • 07 The Requested Execution Date of the instruction • 10 The Originator identification code • 20 The IBAN of the account of the Beneficiary • 21 The name of the Beneficiary • 22 The address of the Beneficiary • 23 The BIC code of the Beneficiary Bank • 24 The Beneficiary identification code • 41 The Originator's reference of the Credit Transfer Transaction
Technical characteristics	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.
Rules applied:	Where any of the above attributes 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.
Remarks	These attributes reflect business requirements and do not prescribe fields in the logical or physical layer of the SEPA data models as defined in Chapter 0.5.

4.5.2 Interbank Payment Dataset

Identification:	DS-02
Name:	The interbank payment dataset
Description:	This dataset describes the content of the interbank payment message (mandatory unless otherwise indicated)
Attributes contained	<ul style="list-style-type: none"> • 01 The IBAN of the account of the Originator • 02 The name of the Originator • 03 The address of the Originator (Optional) • 04 The amount of the credit transfer in euro • 05 The Remittance Information (Optional) • 06 The BIC code of the Originator Bank • 10 The Originator identification code (Optional) • 20 The IBAN of the account of the Beneficiary • 21 The name of the Beneficiary • 22 The address of the Beneficiary (Optional) • 23 The BIC code of the Beneficiary Bank • 24 The Beneficiary identification code (Optional) • 40 The identification code of the SEPA electronic credit transfer Scheme • 41 The Originator's reference of the credit transfer transaction • 42 The Settlement Date of the credit transfer • 43 The Originator Bank's reference number of the credit transfer message
Technical characteristics	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 Data Model
Rules applied:	Where an Originator has provided information in a specific payment instruction relating to an optional DS-02 field then this field will be populated in the inter-bank payment message, subject to any overriding legal/regulatory requirements.
Remarks	These attributes reflect business requirements and do not prescribe fields in the logical or physical layer of the SEPA data models as defined in Chapter 0.5.

4.5.3 Reject or Return Credit Transfer Dataset

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

4.5.4 DS-04 - Bank to Customer credit transfer information

Identification:	DS-04
Name:	The bank to Customer credit transfer information
Description:	Description of the minimum information that a Beneficiary Bank needs to make available to its beneficiary Customer.
Attributes contained	<ul style="list-style-type: none"> • 02 The name of the Originator • 04 The amount of the credit transfer in euro • 05 The Remittance Information • 10 The Originator identification code • 20 The IBAN of the account of the Beneficiary • 21 The name of the Beneficiary • 24 The Beneficiary identification code • 41 The Originator's reference of the Credit Transfer Transaction • 42 The Settlement Date of the credit transfer (optional)
Technical characteristics	
Rules applied:	<p>Where any of the above attributes 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>
Remarks	These attributes reflect business requirements

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

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

AT-01	The IBAN 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-10	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-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-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

The following sections contain the descriptions of the attributes.

4.6.1 Attribute Details

Identification:	AT-01
Name:	The IBAN of the account of the Originator
Description:	The account number (only the IBAN) of the Originator to be debited for the Credit Transfer Instruction.
Value range:	

Identification:	AT-02
Name:	The name of the Originator
Description:	The information should reflect the name of the account holder being debited
Value range:	

Identification:	AT-03
Name:	The address of the Originator
Description:	The information should reflect the address of the account holder being debited
Value range:	

Identification:	AT-04
Name:	The amount of the credit transfer in euro
Description:	<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 then 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>
Value range:	

Identification:	AT-05
Name:	The Remittance Information sent by the Originator to the Beneficiary in the Credit Transfer Instruction
Description:	A maximum of 140 characters for unstructured Remittance Information OR structured Remittance Information of a maximum of 140 characters according to detailed rules to be defined
Value range:	

Identification:	AT-06
Name:	The BIC code of the Originator Bank
Description:	See Chapter 7
Value range:	

Identification:	AT-07
Name:	The Requested Execution Date of the instruction
Description:	This date corresponds with the debit date requested by the Originator. If the requested date is not a Banking Business Day, the Originator Bank must execute the payment order on the first following Banking Business Day of the Originator Bank, at the latest.
Value range:	

Identification:	AT-10
Name:	The Originator identification code
Description:	A code supplied by the Originator and delivered unaltered to the Beneficiary
Value range:	

Identification:	AT-20
Name:	The IBAN of the account of the Beneficiary
Description:	The International Bank Account Number, an expanded version of the Basic Bank Account Number (BBAN) used internationally to uniquely identify the account of a Customer at a financial institution. As of late-2005, ISO is in process of aligning ISO 13616 with the European standard, EBS204, and that in due course, ISO 13616 will replace the EBS standard.
Value range:	

Identification:	AT-21
Name:	The name of the Beneficiary.
Description:	The name of the Beneficiary as supplied by the Originator.
Value range:	

Identification:	AT-22
Name:	The address of the Beneficiary.
Description:	The address of the Beneficiary as supplied by the Originator...
Value range:	

Identification:	AT-23
Name:	The BIC code of the Beneficiary Bank
Description:	See Chapter 7
Value range:	

Identification:	AT-24
Name:	The Beneficiary identification code
Description:	A code supplied by the Originator
Value range:	

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

Identification:	AT-41
Name:	The Originator's reference of the credit transfer transaction
Description:	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.
Value range:	If no reference is provided by the Originator, this attribute has default value "Not provided"

Identification:	AT-42
Name:	The Settlement Date of the credit transfer
Description:	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
Value range:	

Identification:	AT-43
Name:	The Originator Bank's reference of the credit transfer transaction
Description:	The reference of the credit transfer transaction given by the Originator Bank, which is to delivered unaltered to the Beneficiary Bank
Value range:	

Identification:	AT-R1
Name:	The type of "R" message
Description:	This code allows to identify the type of "R" message in the handling of the credit transfer transaction.
Value range:	Reject Return

Identification:	AT-R2
Name:	The Identification of the type of party initiating the “R” message
Description:	This attribute contains a code identifying the type of party initiating the Reject/Return message.
Format:	
Value range:	Originator Bank CSM Beneficiary Bank

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

Identification:	AT-R4
Name:	The Settlement Date for the Return
Description:	The date on which the amount of the return is settled by the CSM.
Value range:	

Identification:	AT-R5
Name:	The specific reference of the bank initiating the Reject/Return
Description:	This reference is 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.
Value range:	

5 RIGHTS AND OBLIGATIONS OF PARTICIPANTS

5.1 The Scheme

The EPC may resolve to commence operation of the Scheme at a date that it determines at its sole discretion based on a decision taken in accordance with its Charter.

However, in determining the Commencement Date, the EPC shall take into account progress made on the effective transposition of the Payment Services Directive into national law within each EEA jurisdiction. For Swiss Participants, the Scheme shall commence generally on a date when the EPC has received legal advice to the effect that Swiss Participants can comply with the undertakings set out in EPC Resolution, "Participation of Banks in Switzerland in SEPA Payment Schemes."

5.2 Compliance with the Rulebook

A Participant shall comply with:

- the Rulebook, including amendments as and when they are made and properly communicated to Participants
- the SEPA Data Model and its Implementation Guidelines
- any validly made order or notice issued as part of the SEPA Scheme Management processes under the Rulebook.

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.

Participants should act consistently with the policies and practices set out in the PE-ACH/CSM Framework.

5.3 Reachability

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

A Participant may also offer services relating to the Scheme in the capacity of Originator Bank.

A Participant which uses the services of a CSM to assist in the provision of its services to Beneficiaries and Originators shall only use a CSM which complies with the PE-ACH/CSM Framework in relation to the provision of Clearing and Settlement services in relation to the Scheme.

A Participant which uses the services of an Intermediary Bank to perform any functions in relation to an obligation arising under the Rulebook 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.

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 regulated by an appropriate European regulatory body
- be incorporated or licensed in a SEPA jurisdiction
- 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 recommended risk mitigation guidance set out in the Rulebook and in an annex 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 4 of Directive 2000/12/EC by a state which is a member of the European Economic Area;
- an undertaking which is listed in Article 2(3) of Directive 2000/12/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 Federal Banking Commission.

Any references in the Rulebook to a "bank" or "banks" shall be construed as including any undertaking which is eligible under this section 5.4 and shall not be construed as excluding or attempting to exclude undertakings which do not fall within one of the categories listed above.

A Participant shall notify the SMC 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.

To apply to become a Participant, an undertaking shall submit to the EPC an 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 upon publication of its name on the list of Participants as published regularly. The applicant shall be informed prior to the initial publication of its name on such list of the status of its application and the date of such publication. 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 of an applicant 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 under the appeals process of the Scheme.

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.

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:

1. ensure that Terms and Conditions exist governing the provision and use of services relating to the Scheme;
2. ensure that such Terms and Conditions are consistent with the Rulebook;
3. 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;
4. not restrict its Originators from obtaining similar services relating to the Scheme from any other Originator Bank;
5. 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;
6. identify the payment to the Beneficiary Bank as a payment made under the terms of the Scheme;
7. treat any Credit Transfer Instruction not fulfilling the requirements of the Rulebook outside the Scheme or decline to process such instruction;
8. 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.
9. provide to Originators the means of initiating Credit Transfer Instructions and accepting the applicable data and format requirements;
10. provide to Originators information on the Cut-off Time for the submission and execution of Credit Transfer Instructions through each available channel;
11. ensure the authenticity and validity of the Originator's instructions

12. 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;
13. 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;
14. 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;
15. 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;
16. ensure that all transfer instructions comply with the standards set out in the SEPA Data Model;
17. 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:

1. ensure that Terms and Conditions exist governing the provision and use of services relating to the Scheme;
2. ensure that such Terms and Conditions are consistent with the Rulebook;
3. ensure that such Terms and Conditions make adequate provision for the Beneficiary Bank's succession, in accordance with the Rulebook;
4. 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;

5. apply the standards set out in the SEPA Data Model to the processing of its received payment instructions and to the provision of information to its Customers.
6. effect all Returns in relation to its Beneficiaries' accounts, in accordance with the Rulebook;
7. 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;
8. 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;
9. 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;
10. 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;
11. provide to the Beneficiary the IBAN and BIC relating to his account;
12. be entitled to delay its execution to perform a payment instruction if a Beneficiary Bank becomes aware of a bona fide discrepancy between IBAN and name or similar valid reason.

5.9 Indemnity and Limitation of Liability

In respect of each SEPA Credit Transfer, a Participant shall be liable to other Participants for all losses, costs, damages and expenses (including reasonable legal fees), taxes and liabilities for any claims, demands or actions but limited always to the amount specified in the Credit Transfer Instruction, (each referred to as a "Loss") including but not limited to Loss arising out of or in connection with:

1. the performance by a Participant of any obligation relating to the credit transfer to which it is subject under the Rulebook;
2. any breach of the Rulebook relating to the SEPA Credit Transfer;
3. any negligent act or omission of the relevant Participant relating to the SEPA Credit Transfer insofar as relevant to the operation of the Scheme;
4. any operational failure of the relevant Participant relating to the SEPA Credit Transfer insofar as relevant to the operation of the Scheme.

A Participant, its agents, its employees and the employees of its agents shall not be liable under the Rulebook for any indirect or consequential Losses. Any Loss which exceeds a sum specified in a Credit Transfer Instruction shall be deemed to be an indirect Loss. A Loss which results from action taken to limit or manage risk shall also be deemed to be an indirect Loss.

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 Termination

A Participant may terminate its status as a Participant by giving no less than six months' prior written notice in accordance with the rules 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.

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 or suspension 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 or suspension of a Participant's status as a Participant is (where the Participant has given notice in accordance with the first paragraph of section 5.10) 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 5.10.

Sections of the Rulebook shall continue to be enforceable against a Participant, notwithstanding termination of such Participant's status as a Participant.

5.11 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.

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.

For the purposes of the computation of time or any period of time under the Rulebook, only days which are Banking Business Days in the relevant jurisdictions of both the Originator Bank and the Beneficiary Bank in question shall be included in such computation.

Where an obligation under the Rulebook would fall to be performed by a Participant on a day which is not a Banking Business Day in the country where the Participant is obliged to perform that obligation, that obligation shall not be due for performance until the next following day which is a Banking Business Day in that country.

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.

6 SEPA SCHEME MANAGEMENT

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

SEPA Scheme Management can be divided into 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 development and evolution function shall be performed by the EPC Plenary, supported by existing working and support groups or by such other groups as it may establish. The EPC Plenary shall perform the development and evolution function in accordance with such procedures and internal rules as are established by the EPC from time to time.

The performance of the development and evolution function of SEPA Scheme Management shall entail the establishment of formal change management processes for further developing the Scheme Rulebook and related documentation, so as to incorporate further ideas and proposals for innovation in light of experience. In addition, the development and evolution function shall provide a means through which Participants and Stakeholders can participate in a structured dialogue with the EPC with a view to reviewing and developing the content of the Scheme, based on sound business cases.

The administration and compliance function shall be performed by the SMC. The SMC shall perform the administration and compliance function in accordance with such procedures as are established by the EPC from time to time.

The SMC shall be responsible for the promotion and management of compliance. As part of this role, the SMC shall offer a forum for Participants to resolve their grievances through a process of conciliation and dialogue.

In addition, the administration and compliance function will provide an information service on SEPA matters, such support as may be necessary for the EPC and for Participants in matters relating to risk management and regulatory compliance, and support and monitoring facilities for the implementation of the Scheme.

The SMC shall also be responsible for managing the adherence process. 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 annexed. It might be necessary to adjust the Adherence Agreement depending upon the final text of the EPC document(s). The Rulebook and Adherence Agreement entered into by Participants together constitute a multilateral contract among Participants and the EPC. The procedure for joining the Scheme is set out in Chapter 5.

The constitution and powers of the SMC and the EPC Plenary are documented in the EPC Charter and in the EPC internal rules.

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.

6.1 The EPC Plenary

The role of the EPC Plenary shall be to:

- provide leadership in the innovation and development of the scheme;
- further develop the Rulebooks and related documentation;
- establish and administer processes through which a structured dialogue with Participants and Stakeholders can take place with a view to receiving from Participants and Stakeholders proposals for developing the Scheme and SEPA-compliant products and services;
- conduct such a dialogue with Participants and Stakeholders by providing Participants and Stakeholders with regular opportunities to contribute ideas and proposals to the EPC Plenary in an appropriate manner;
- cater for diversity in SEPA communities by ensuring that such dialogue takes into account the requirements and concerns of all Participants and Stakeholders; and
- establish and administer clear processes to manage proposals for change and development in SEPA from the capture of ideas for change to their analysis (both cost-benefit and technical), discussion and implementation in SEPA.

Unless specifically stated in the Rulebook, the EPC Plenary does not undertake any commitment or obligation to perform any duty or service to any person.

6.2 Changes to the Rulebook

The EPC Plenary shall implement changes to the Rulebook in a transparent and consultative manner.

The EPC Plenary may appoint working and support groups from time to time to consult Participants and (where applicable) Stakeholders in accordance with section 6.3 below, in order to develop proposals for modifying the Rulebook.

The EPC Plenary shall consult with Participants and (where applicable) Stakeholders in accordance with the internal rules of the EPC, on changes proposed by the relevant working and support groups of the EPC Plenary.

Following its consultation with Participants and (where applicable) Stakeholders, the EPC Plenary shall evaluate the proposals received from the relevant working and support groups together with the findings gathered from its consultation process with Participants and (where applicable) Stakeholders.

Once the EPC Plenary has completed its evaluation of the proposed changes to the Rulebook, the EPC Plenary may, in its sole discretion, make such changes to the Rulebook as it deems appropriate acting in accordance with its internal rules.

Amendments to the Rulebook shall take effect on the date specified in the EPC Plenary Resolution relating to those amendments, which shall be no earlier than the date of publication of the notice and which may be a future date. In the absence of a requirement to remedy a serious deficiency in a Scheme, the EPC Plenary and the relevant working and support groups shall endeavour to implement only one set of changes per Scheme in any calendar year, with effect from the Commencement Date.

6.3 Structured Dialogue with Participants and Stakeholders

The EPC Plenary and such working and support groups as it may establish in accordance with its internal rules, shall undertake a structured dialogue with Participants and Stakeholders, in particular, in relation to any review of the provisions and content of the Schemes conducted from time to time.

The EPC Plenary and its working and support groups may consult Participants and Stakeholders separately in course of conducting a review and in such an order as the EPC Plenary deems appropriate. The EPC Plenary and such other working and support groups as it may appoint from time to time, shall collect the findings from such a review in an appropriate manner before presenting the findings to the EPC.

The EPC Plenary may, but shall not be obliged to, accept the contribution of a Participant or Stakeholder who fails to follow the procedures specified by the EPC Plenary.

The EPC Plenary will establish representative forums comprising groups of Participants and Stakeholders in order to facilitate the collection of Stakeholders' and Participants' contributions in the review process.

Findings from a review, views expressed in the review process or contributions from Participants and Stakeholders during a review shall not bind the EPC Plenary or any other person.

Where no review has been called under this section, the EPC Plenary may nevertheless carry out such a dialogue with Participants and Stakeholders and accept such proposals in relation to the Scheme as are required by it to perform its obligations under the Rulebook.

Following the structured dialogue with Participants and Stakeholders, where the EPC Plenary validly determines that a change to the Scheme is required to be made, it shall publish a timetable for implementing the change in a manner that it consider appropriate.

6.4 The Obligations of the SMC

The SMC shall:

- act within the terms of the EPC Charter and the internal rules of the EPC;
- administer the Scheme in accordance with the Rulebook; and
- exercise its rights and obligations under the Rulebook with a view to ensuring that the Scheme operates efficiently, fairly and in accordance with the Rulebook.

In addition to obligations to which it is expressly subject elsewhere in the Rulebook, the SMC shall:

- administer the process by which Participant status is granted and terminated under the Rulebook in a transparent manner by handling and determining applications and by providing an appeals mechanism for rejected applicants;
- promote compliance with the Rulebook;
- monitor and manage compliance by Participants with the Rulebook;
- provide a forum for Participants to resolve Unresolved Issues through a process of conciliation and dialogue;
- establish and administer an information service to provide authoritative guidance on the operation of the Schemes;
- provide support to Participants on regulatory compliance and risk management, as necessary; and
- provide support and monitoring of implementation with facilities such as a programme management office, a testing framework, checklists, guidance notes and other appropriate materials, as necessary.

Unless specifically stated in the Rulebook, the SMC does not undertake any commitment or obligation to perform any duty or service to any person.

The SMC shall implement appropriate procedures to ensure that all decisions are independent (including an appropriate policy for dealing with any conflicts of interest).

6.5 Resolution of Unresolved Issues between Participants

Issues may from time to time arise in relation to the interpretation of the Rulebook or compliance with its terms.

If any Unresolved Issue arises between Participants, the relevant Participants shall use all reasonable endeavours to resolve the matter amicably without the involvement of the SMC. Reasonable endeavours to resolve the Unresolved Issue may include:

- submitting to a conciliation process, led by an independent person or body chosen by the relevant Participants;
- consulting with relevant national banking communities; or
- submitting to such other national dispute resolution process (short of litigation or arbitration) as the Participants may agree upon.

If the relevant Participants fail to resolve the Unresolved Issue in accordance with the steps set out above, the relevant Participants shall submit to a conciliation process to resolve the Unresolved Issue, as led by the SMC (if the SMC agrees) in accordance with its rules or by such other body as the SMC may designate from time to time. As part of the conciliation process, the SMC shall encourage Participants to disclose all relevant facts in good faith with a view to resolving the Unresolved Issue in a prompt and amicable manner.

THE FOLLOWING OPTIONS ARE PUT FORWARD FOR APPROVAL IN DECEMBER 2006 TO ADDRESS A FAILURE BY PARTICIPANTS TO RESOLVE DISPUTES. THE SMC WILL CONSIDER THESE OPTIONS AND PROVIDE GUIDANCE IN 2007 LEADING TO AN EPC PLENARY DECISION ON THE FINAL CHOICE AND WORDING BEFORE THE COMMENCEMENT DATE.

[OPTION A

Following a failure by the Participants to resolve the Unresolved Issue through either the conciliation process led by the SMC (or by a body designated for this purpose by the SMC), or where, such a conciliation process has not taken place, following consultation with the SMC, if a Participant gives another Participant notice that an Unresolved Issue exists and that the Unresolved Issue has still not been resolved within 30 Calendar Days of service of the notice or the SMC agrees, then 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 the parties to the Unresolved Issue otherwise agree, any Unresolved Issue which is unresolved 30 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 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 relevant Participants 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 and approved by the EPC. The jurisdiction chosen by the relevant Participants for such local arbitration must be substantially connected to the conduct of the Unresolved Issue.

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

Alternatively, following a failure by the relevant Participants to resolve the Unresolved Issue in accordance with the steps set out above, the relevant Participants may agree to submit to such other dispute resolution process (other than arbitration) as they consider appropriate, including litigation. If the relevant Participants 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.]

[OPTION B

Following a failure by Participants to resolve the Unresolved Issue through the conciliation process led by the SMC (or a body designated for this purpose by the SMC) or, where such a conciliation process has not taken place, following consultation with the SMC, the relevant Participants may submit to such dispute resolution processes as they consider appropriate, including but not limited to arbitration, or litigation. in a competent court of a SEPA jurisdiction.]

If an Unresolved Issue arises between a Participant and the EPC or one or more divisions of the EPC, then both the Participant and the EPC shall conduct the resolution of the Unresolved Issue in accordance with the processes set out in this section, subject to appropriate procedures established by the EPC from time to time to ensure the independence of all adjudicating bodies involved in resolving the Unresolved Issue.

6.6 SMC Role in Compliance

Where the SMC believes that there has been a failure to comply with the Rulebook by an Affected Participant, the SMC may, but shall not be obliged to, take steps against the Participant.

If the SMC determines that there has been a breach of the Rulebook by an Affected Participant, it may exercise such powers as are set out from time to time in the rules of the SMC.

Following its determination, the SMC will notify the Affected Participant in writing of its decision and provide the Affected Participant with a statement of the reasons for its decision.

The powers of the SMC in the case of a breach of the Rulebook by an Affected Participant, shall be limited to:

- issuing a private written warning to the Affected Participant;
- issuing a written warning to the Affected Participant and also publishing this warning to other Participants;
- making an order that the Affected Participant make restitution to any person, when the Affected Participant has profited from a breach of the Rulebook at that person's expense;

- bringing the conduct of the Affected Participant to the attention of the relevant national regulator(s), national banking community or to such other body as the SMC considers appropriate;
- suspending an Affected Participant's status as a Participant for a fixed period;
- terminating an Affected Participant's status as a Participant.

The powers of the SMC in relation to the sanctions set out in this section are described in detail in the internal rules of the EPC.

The SMC shall address disciplinary matters under such processes as it may establish, based on separation of duties between (i) personnel responsible for investigation and elimination of breaches of the Rulebook from (ii) personnel responsible for fair adjudication of facts and (if appropriate) any enforcement action.

Where a Participant has been deemed to satisfy the eligibility criteria in section 5.4 on account of holding authorisation in accordance with the first bullet point of section 5.4 in the list of undertakings deemed to be automatically eligible, the Participant's status as such will automatically terminate upon the loss by such Participant of that authorisation, provided always that a Participant or ex-Participant may reapply under section 5.5 before or after loss of authorisation.

If, at any time, a Participant ceases to be eligible in accordance with section 5.4 above, the SMC may suspend or terminate such Participant's status as a Participant. The former Participant may appeal against the decision of the SMC under the appeals process of the EPC.

In a case where the SMC exercises its powers to suspend or terminate a Participant's status as a Participant, the SMC shall give such consequential directions as are necessary to ensure the smooth operation of the Scheme. Such directions may apply to Participants generally or to a class of Participants and shall have effect as if included in the Rulebook.

6.7 Appeals

Participants shall have a right of appeal to a competent court of a SEPA jurisdiction against a decision of the SMC. In the event of an appeal, Participants shall follow such procedures as are established by the EPC from time to time in accordance with its appeals rules.

6.8 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.

6.9 Liability of the SMC and the EPC Plenary

None of the EPC Plenary or the SMC, their agents, employees or the employees of its agents shall 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 Plenary or the SMC, their agents, their employees and the employees of their agents shall not be liable for any indirect or consequential Losses.

6.10 Fees

The EPC shall be entitled to levy fees in respect of such matters and at such rates as may from time to time be set out in the internal rules of the EPC. Such fees shall be payable by such Participants, at such times, and in such manner as may be set out in the internal rules of the EPC.

The EPC shall publish its current tariff of fees to all Participants from time to time in such manner as it considers appropriate. The EPC shall take the views of all Participants into account when setting the level of the fees, in accordance with section 6.3.

Any changes to be made to such fees shall take effect as set out in the internal rules of the EPC.

6.11 Compliance by CSMs

A CSM that participates in the Scheme as a SEPA compliant CSM in accordance with the conditions set out in the PE-ACH/CSM Framework, shall carry out a regular self-assessment to demonstrate its compliance with the PE-ACH/CSM Framework.

A CSM that complies with the PE-ACH/CSM Framework shall notify of its users and owners of its compliance in an appropriate manner.

A CSM that operates solely on a bi-lateral or internalised basis pursuant to paragraph 2.1 of the PE-ACH/CSM Framework is not obliged to carry out a self-assessment or notify the SMC of its compliance with the PE-ACH/CSM Framework in accordance with this section.

7 DEFINED TERMS IN THE RULEBOOK

Term	Definition	Source
Acceptance Date	See section 4.2.1	
Additional Optional Services	Complementary features and services based on the Scheme, as described in Chapter 2.3 of the Rulebook.	
Adherence Agreement	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 1 of the Rulebook.	
AOS	<i>See Additional Optional Services</i>	
Banking Business Day	A day which is not a national bank holiday in either the country of the Originator Bank and / or the country of the Beneficiary Bank.	
Bank Identifier Code (BIC)	An 8 or 11 character ISO code assigned by SWIFT and used to identify a financial institution in financial transactions.	ISO 9362
Beneficiary	See section 3.1	
Beneficiary Bank	See section 3.1.	
BIC	<i>See Bank Identifier Code</i>	
Bulk Payment	See section 4.5.1	
Calendar Day	A Calendar Days means any day of the year	
Clearing	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.	Bank for International Settlements
Commencement Date	The date on which the EPC resolves to commence operation of the Scheme in accordance with section 5.1.	
CSM	A Clearing and Settlement Mechanism (including a PE-ACH) as described in the PE-ACH/CSM Framework, reference [2]	EPC ECT WG

Term	Definition	Source
Credit Transfer Instruction	An instruction given by an Originator to his bank requesting the execution of a credit transfer transaction.	EPC ECT WG
Credit Transfer Scheme List of Participants	The list of Participants published by the SMC under Chapter 5.	
Customer	Non-bank Originator or Beneficiary	
Customer Account	The account held by a Customer in the books of a SEPA bank	
Customer Banking Business Day	A Customer Banking Business Day is a day on which banks in the relevant jurisdiction are generally open for business with Customers.	
Cut-off Time	A bank's individually set and published time limit in the course of a Banking Business Day for the processing for SEPA Credit Transfers within pre-defined fixed periods of time and subject to the fulfilment of the conditions required for the acceptance, transmission or crediting of such payments.	Credeuro Convention
EBA	European Banking Association	
ECSA	A European Credit Sector Association	
EPC	The European Payments Council	
EPC Charter	The Charter of the European Payments Council dated 18 June 2004, as amended from time to time.	
EU	The European Union	
Execution Time	The number of days elapsing from the Acceptance Date until the date the account of the Beneficiary is credited.	Credeuro Convention
File	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.	

Term	Definition	Source
Funds	In relation to a payment transaction shall mean cash, scriptural money and electronic money as defined in Directive 2000/46/EC	EPC DD WG
IBAN	<p>The International Bank Account Number, an expanded version of the Basic Bank Account Number (BBAN) used internationally to uniquely identify the account of a Customer at a financial institution.</p> <p>As of late-2005, ISO is in process of aligning ISO 13616 with the European standard, EBS204, and that in due course, ISO 13616 will replace the EBS standard.</p>	ISO 13616
Inter-Bank Business Day	An Inter-Bank Business Day is a day on which banks generally are open for inter-bank business. The Target Days Calendar is used to identify Inter-Bank Business Days. TARGET is the Trans-European Automated Real-time Gross Settlement Express Transfer System. To avoid frequent changes to TARGET closing days and thus the introduction of uncertainties into financial markets, a long-term calendar for TARGET closing days has been established and applied since 2002. It is published by the European Central Bank.	
Intermediary Bank	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 (97/5/EC).	EPC
Loss	Shall have the meaning given in section 5.9 of the Rulebook.	
Non-Compliance Case	Any case of non-compliance with the Rulebook, controversy or claim which arises between Participants in connection with the Rulebook	
Original Amount	Original ordered amount for a credit transfer as specified by the ordering Customer to the ordering bank.	SWIFT
Originator	See section 3.1	
Originator Bank	See section 3.1	

Term	Definition	Source
Participant	Originator Bank and/or Beneficiary Bank.	
Payments Services Directive	The forthcoming 'Directive on Payment Services in the Internal Market.'	
PE-ACH	This stands for: Pan-European Automated Clearing House. A business platform for the processing of euro payment instruments, made up of governance rules and payments practices and supported by the necessary technical platform(s).	Impact paper
PE-ACH CSM Framework	The EPC document that establishes the principles on which CSMs will support the schemes for credit transfer and direct debits, as set out in reference [2].	EPC
Reachability	Reachability is the concept that all payment accounts in SEPA are accessible for the receiving of payments in the Scheme	ECT WG
Rejects	See section 4.4	
Remittance Information	Payment information transmitted to the Beneficiary in the credit transfer order upon request of the Originator in order to facilitate the reconciliation	Credeuro Convention
Requested Execution Date	This date corresponds with the debit date requested by the Originator. If the requested date is not a Banking Business Day, the Originator Bank is requested to execute the payment order on the first following Banking Business Day of the Originator Bank, at the latest.	EPC ECT WG
Returns	See section 4.4	
Rulebook	The SEPA Credit Transfer Rulebook, as amended from time to time.	
Scheme	The SEPA Credit Transfer Scheme	
Scheme Management Committee	A committee of the EPC that shall perform the administration and compliance function of SEPA Scheme Management.	EPC

Term	Definition	Source
SEPA	The definition of SEPA is part of the EPC Roadmap approved by the EPC Plenary in December 2004. SEPA will be the area where citizens, companies and other economic actors will be able to make and receive payments in euro, within Europe (currently defined as consisting of the EU 25 member states plus Iceland, Norway, Liechtenstein and Switzerland), whether between or within national boundaries under the same basic conditions, rights and obligations, regardless of their location.	EPC Roadmap
SEPA Credit Transfer	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.	EPC
SEPA Data Model	This document sets out in detail elements of the logical data layer and the physical data layer of the Scheme, as described in Chapter 0.5 of the Rulebook and reference [10]	EPC
SEPA Direct Debit Scheme	The SEPA Direct Debit Scheme is the payments scheme for making direct debits across SEPA, as set out in the SEPA Direct Debit Scheme Rulebook.	EPC
SEPA Direct Debit Scheme Rulebook	The Rulebook setting out rules and business standards for the SEPA Direct Debit Scheme.	
SEPA Scheme	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.	EPC
SEPA Scheme Management	SEPA Scheme Management denotes the governance, development and compliance functions in relation to a SEPA Scheme.	EPC

Term	Definition	Source
Service Level Agreements	Agreements between any entity that provides services to another entity for the purposes of offering the scheme, setting out their respective obligations and duties.	EPC ECT WG
Settlement	An act that discharges obligations with respect to the transfer of FUNDS between Originator Bank and Beneficiary Bank.	
Settlement Date	The date on which obligations with respect to funds transfer between Originator Bank and Beneficiary Bank are discharged	EPC ECT WG
Settlement Cycle	The time taken to achieve Settlement	EPC ECT WG
Share or SHA	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 credit institutions.	EPC ECT WG
Stakeholders	Stakeholders signify a category of persons closely connected with the Scheme and in the context SEPA Scheme Management, include (but are not limited to) users of payment services, CSMs and industry vendors and regulators.	
STP	Straight-through Processing which is a prerequisite for cost efficient handling of credit transfers	EPC ECT WG
Supporting Documentation	The opinion on capacity and authority, in the form set out at [], duly executed by the undertaking's counsel, together with such additional documents which the EPC may require.	
Terms and Conditions	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 bank's choice).	

Term	Definition	Source
Transaction Reference Number	A unique reference number used to uniquely identify each payment instruction	Impact paper
Unresolved Issue	Any dispute in relation to the Rulebook	

ANNEX I – DRAFT SEPA CREDIT TRANSFER ADHERENCE AGREEMENT

Draft SEPA Credit Transfer Adherence Agreement

To: The European Payments council (the "EPC")

From: Name of Proposed Participant:

(the "**Proposed Participant**")

Official Address -----
for Notices: -----

Fax No: -----

PREAMBLE

- (A) The SEPA Credit Transfer Scheme (the "**Scheme**") is a pan-European Credit Transfer Scheme that operates in all SEPA countries, comprising the 25 EU member states, the three additional member states of the European Economic Area (the EEA), and Switzerland.
- (B) The EPC controls and manages 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 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 Proposed Participant of the date on which this Adherence Agreement becomes effective (the "Effective Date") as between the Proposed Participant, the EPC and other Participants.
- (E) As of the Effective Date the Proposed Participant shall become a Participant and be bound to all the obligations, and entitled to all the benefits, set out in the Rulebook.
- (F) Other material to be identified

IT IS HEREBY AGREED AS FOLLOWS:-

1. The Proposed Participant hereby undertakes to all Participant 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 Proposed Participant makes the following representations and warranties:
3. The Proposed Participant 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.
4. The signatories of the Proposed Participant have all necessary corporate authorisations and the power and authority to bind the Proposed Participant to the Rulebook.
5. The Proposed Participant 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 Proposed Participant 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.
6. Any communication, including service of process, to be made with the Proposed Participant under or in connection with the Rulebook shall be made in writing and addressed to the Proposed Participant at the address set out above.
7. This Agreement and all matters arising from or connected with it are governed by Belgian law.
8. This Agreement is supported by the following information (please check boxes as applicable).
 - Internal or external legal counsel's opinion on capacity and authority in the form prescribed by the EPC
 - Other evidence of capacity and authority acceptable to the EPC

FOR AND ON BEHALF OF THE PROPOSED PARTICIPANT

Signed by (1)

By (2)

Name/Position -----

Name/Position -----

Date of signature -----

Date of signature -----

Seal: (if necessary)

List of changes in SCT Rulebook v2.2

Compared to v2.1

SYMBOLS USED

1. Column one contains the unique identification number of the Change
2. Column two contains the reference(s) to the parts of the Rulebook v2.1 updated
3. Column three contains a description of the change
4. Column four contains a status code:
 - REJ : Rejected by the ECT Working Group
 - PEN : Issue pending in the ECT Working Group
 - ACC : Accepted in Rulebook v2.2

Column five contains the type of change:

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

Reference	Chapter / Section / Paragraph / Bullet	Description	Status	Type
06/001	7.	Addition of the definition of 'Customer Banking Business Day' which is used in 4.3, CT-05 as defined in DD Rulebook	ACC	CLAR
06/002	7	Addition of the definition of (Interbank Business Day" which is used in 4.4 CT-04R and CT-05R, as defined in DD Rulebook	ACC	CLAR
06/003	7	Complete reference in definition of 'Adherence Agreement'	ACC	CLAR
06/004	7	Deletion Of The Definition Of 'Bulk Payment' And Add A Reference To The Definition Provided In section 4.5.1	ACC	CLAR
06/005	4.6, 4.6.1,	Reference to attributes AT-20 The IBAN of the account of the Beneficiary and AT-41 The Originator's reference of the Credit Transfer Transaction have been aligned in DS	ACC	CLAR
06/006	4.6	Replace "uniquely for cross referencing" with "only for cross referencing"	ACC	CLAR
06/007	4.6.1	Replace expression for AT-04 The amount of the Credit Transfer in euro with literal text as used in the DD Rulebook	ACC	CLAR

Reference	Chapter / Section / Paragraph / Bullet	Description	Status	Type
06/008	7	Definition of Intermediary Bank should refer to clause 3.4	ACC	TYPO
06/009	7	Definition of Loss should refer to chapter 5.9	ACC	TYPO
06/010	7	Definition of Participant should be aligned to the Direct Debit Rulebook	ACC	CLAR
06/011	4.5.1	Align the name and description of AT-01 – The IBAN of the account of the Originator	ACC	CLAR
06/012	5	Update of chapter 5 Rights and Obligations of Participants	ACC	CHAN
06/013	6	Addition of new chapter 6 SEPA Scheme Management	ACC	CHAN
06/014	4.6.1	Description of AT-01 The IBAN of the account of the Originator	ACC	CLAR
06/015	4.6.1	Description of AT-06 The BIC code of the Originator Bank (in line with the Direct Debit Rulebook)	ACC	CLAR
06/016	4.6.1	Description of AT 23 The BIC code of the Beneficiary Bank (in line with the Direct Debit Rulebook)	ACC	CLAR
06/017	4.6.1	Description of AT-R4 Settlement Date for the Return (in line with the Direct Debit Rulebook)	ACC	CLAR
06/018	Annex 1	Update of the Adherence Agreement	ACC	CHAN
06/019	General	Deletion of reference to ‘Support Groups’, capitalisation of terms defined in Chapter 7, replacement of SMC with EPC, addition of other definitions in chapter 7 among others as requested by legal counsel	ACC	CLAR
06/020	2.7	Section on Payment Origination removed (Plenary decision)	ACC	CHAN