

EUROPEAN PAYMENTS COUNCIL

Towards our Single Payment Area

Doc: EPC185-09
(Version 1.0)

15 June 2009
EPC

Template

Comments on Change Request

SEPA Credit Transfer Scheme

(Responses by e-mail to: info@europeanpaymentscouncil.eu or by mail to the address at the foot of this page)

Name of contributor:	Latvia's National SEPA Working Group
Organisation:	Latvijas Banka on behalf of the Latvia's National SEPA Working Group (NSWG), which represents all SEPA stakeholders in Latvia – consumers, companies, banks, public authorities, payment processing providers and payment technologies providers.
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Your reference:	001.4.5-08/2009/5
Scheme:	SEPA Credit Transfer Scheme Rulebook. EPC125-05 version 4.0 (effective November 2010)
Date:	14 September 2009
Deadline:	15 September 2009
For information:	This template is provided by EPC to allow any person or organisation to comment on the suggestions for making changes to the SEPA Schemes in accordance with the rules set out in the document 'SEPA Scheme Management Internal Rules' available on the EPC Website: http://www.europeanpaymentscouncil.eu/knowledge_bank_detail.cfm?documents_id=155

1 GENERAL

The suggestions for changes received for the SEPA Credit Transfer Scheme due to take effect in November 2010 have been evaluated and the resulting recommendations are included in the attached document: EPC135-09.

2 COMMENTS

Comments are invited by the deadline of 15 September 2009. Please follow the structure of the template as this will facilitate EPC's analysis of the inputs.

2.1 General Comments

Please list any general comments that you might have here.

2.2 Innovative Changes to Technical Operations in Chapters 3 and 4 of the Rulebook

See Chapter 11 of the Change Request document.

2.2.1 Proposal Categories

a) Already provided for in the Scheme

- No action is necessary for EPC

b) The suggestion for change should be **incorporated into the Scheme**

- The suggestion for change becomes part of the scheme and the Rulebook is amended accordingly

c) The suggestion for change should be **included in the scheme** as an **optional feature**

- The new feature is optional and the RB will be amended accordingly
- Each Scheme Participant may decide to offer the feature to its customers, or not.

d) The suggestion for change is not considered fit for SEPA wide use and could be handled as an **AOS** by interested communities

- The proposed new feature is not included in the Rulebook nor in the Implementation Guidelines
- The development of AOS is out of scope of the EPC. However, EPC does publish declared AOS arrangements on its website for information
- EPC may consider the inclusion of AOS arrangements, if supported by a sufficient number of communities, in a future version of the Scheme.

e) The suggestion for change **cannot be part** of the existing Scheme

- It is technically impossible or
- It is not feasible (explained on a case by case basis) or
- It is out of scope of EPC

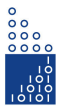
f) The suggestion for change may be considered for the development of a **new scheme**

- It contains major changes which cannot be integrated in an existing scheme
- To develop these suggestions further would need:
 - a top down analysis of the benefits for customers
 - an analysis of the additional costs involved
 - the confirmation of a level of support by market players in the development phase
 - sufficient engagement by market players to use such a scheme

The EPC will ensure that these principles are respected.

2.2.2 Overview of suggestions

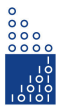
Ref.	Topic	Contributor	Result
5.3	ISO Creditor Reference Standard	EPC	Accepted – b
5.4	SCT Recalls	EPC	Accepted – b
5.5	Acceptance date	EACT	AOS – d
5.5	Settlement date	EACT	Provided for – a
5.6	Data Set DS-04	EACT	Not feasible – e
5.7	Data Set AT-09/29	EACT	Not feasible – e
5.8	Extended Remittance Information	Finnish Banking Community	AOS – d
5.9	140 Characters insufficiency	Poste Italiane	AOS – d
5.10	Increase characters for remittance information	ABI (Italian Banking Association)	AOS - d
5.11	Specific initiation channels	Dutch Banking Community	Provided for – a
5.12	Fixed recipient value/offset value	Poste Italiane	Not feasible – e
5.13	Omission of compulsory BIC	Poste Italiane	Provided for - a
5.14	Recipient Identification	Poste Italiane	Not feasible - e



2.2.3 Individual Suggestions for Commenting

Ref.	Topic	Proposal/Questions	Response
5.3	ISO Creditor Reference Standard	SPS proposal: to include in the Scheme (Option b) It would be mandatory for banks to support this feature whilst beneficiaries and initiators would have the choice to use it or not.	
		Do you agree with this proposal	Yes
		If no, which of the following options would you prefer:	
		c) An optional feature of the Scheme	
		d) AOS	
		e) Reject	
		Further comments:	

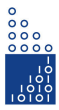
Ref.	Topic	Proposal/Questions	Response
5.4	SCT Recalls	SPS proposal: to include in the Scheme (Option b)	
		Do you agree with this proposal	Yes
		If no, which of the following options would you prefer:	
		c) An optional feature of the Scheme	
		d) AOS	
		e) Reject	
		Further comments:	



Ref.	Topic	Proposal/Questions	Response
5.5	Acceptance date	The SPS WG proposal is that this would be best developed as an AOS (d)	
		Do you agree with this proposal	Yes
		If no, which of the following options would you prefer:	
		c) An optional feature of the Scheme	
		e) Reject	
		Further comments:	

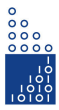
Ref.	Topic	Proposal/Questions	Response
5.5	Settlement date	This is already provided for in the Scheme as an option and should remain so (a)	
		Do you agree with this proposal	Yes
		If no, which of the following options would you prefer:	
		b) This should not be an option, but be mandatory for beneficiary banks.	
		d) AOS	
		e) Reject	
		Further comments:	

Ref.	Topic	Proposal/Questions	Response
5.6	Data Set DS-04	The SPS WG recommends rejection of this suggestion since it is not feasible (e)	
		Do you agree with this proposal	Yes
		Further comments:	



Ref.	Topic	Proposal/Questions	Response
5.7	Data Set AT-09/29	The SPS WG recommends rejection of this suggestion since it is not feasible (e).	
		Do you agree with this proposal	Yes
		Further comments:	

Ref.	Topic	Proposal/Questions	Response
5.8	Extended Remittance Information	The proposal of the SPS WG is that this would best be developed as an AOS (d).	
		Do you agree with this proposal	Yes
		If no, which of the following options would you prefer:	
		b) The suggestion should become part of the scheme	
		c) The suggestion should be included in the Scheme as an optional feature	
		e) Reject	
		Further comments:	



Ref.	Topic	Proposal/Questions	Response
5.9	140 Characters insufficiency	The proposal of the SPS WG is that this would best be developed as an AOS (d).	
		Do you agree with this proposal	Yes
		If no, which of the following options would you prefer:	
		b) The suggestion should become part of the scheme	
		c) The suggestion should be included in the Scheme as an optional feature	
		e) Reject	
		Further comments:	

Ref.	Topic	Proposal/Questions	Response
5.10	Increase characters in remittance information	The proposal of the SPS WG is that this would best be developed as an AOS (d)	
		Do you agree with this proposal	Yes
		If no, which of the following options would you prefer:	
		b) The suggestion should become part of the scheme	
		c) The suggestion should be included in the Scheme as an optional feature	
		e) Reject	
		Further comments:	

Ref.	Topic	Proposal/Questions	Response
5.11	Specific initiation channels	This is already provided for in the Scheme (a)	
		Do you agree with this proposal	Yes
		If no, which of the following options would you prefer:	
		d) AOS	
		Further comments:	

Ref.	Topic	Proposal/Questions	Response
5.12	Fixed recipient value/offset value	The SPS WG recommends rejection of this suggestion since it is not feasible (e)	
		Do you agree with this proposal	Yes
		Further comments:	

Ref.	Topic	Proposal/Questions	Response
5.13	Omission of compulsory BIC	The SPS WG recommends rejection of the suggestion at this point since it is not feasible. Not all community BICS can successfully be derived from IBANs (e)	
		Do you agree with this proposal	Yes
		Further comments:	

Ref.	Topic	Proposal/Questions	Response
5.14	Recipient identification	The SPS WG recommends rejection of this suggestion since there is no UEI and therefore it is not feasible (e).	
		Do you agree with this proposal	Yes
		Further comments:	

2.3 Changes relating to SEPA Expansion

See Chapter 6 of the Change Request document.

<p>Do you have any comments on these updates to the Rulebook? If yes, please specify.</p>	<p>Yes</p> <p>Updates of the SEPA definition differ in the adherence agreement, in the eligibility criteria, in the terms' definitions, etc.</p> <p>An unambiguous definition will increase coherence among Participants.</p>
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Please list any further comments on the proposed changes relating to SEPA expansion here.

2.4 Changes relating to adherence by payment institutions

See Chapter 7 of the Change Request document.

<p>Are you in favour of payment institutions being treated as equivalent to credit institutions in respect of certain of the Eligibility Criteria? If no, please specify why not.</p>	<p>Yes</p>
<p>Do you agree that the correct Eligibility Criteria have been identified as criteria in respect of which payment institutions should be treated as equivalent to credit institutions?</p>	<p>We agree with the opinion of the EPC Legal Support Group that the eligibility for participation criteria "Participant must at all times participate, or be eligible to participate, directly or indirectly in one or more CSMs for the purpose of providing access to the Scheme through SEPA" is not applicable to the payment institutions.</p>
<p>If you believe some or all of the criteria have been incorrectly identified, please specify why.</p>	

Please list any further comments on the proposed changes in respect of payment institutions here.

2.5 Changes relating to adherence by public sector bodies

See Chapter 8 of the Change Request document.

<p>Do you agree that public sector bodies, provided that they fall within Article 1.1 of the PSD, should be granted the same treatment as proposed for payment institutions in Chapter 7 of the Change Request document?</p>	<p>No</p>
<p>If no, please specify why.</p>	<p>Public sector bodies could be treated as payment institutions as described in Chapter 7 of the Change Request document, but we consider that the State Treasuries – payment service providers should be deemed automatically eligible to participate in the Schemes as they represent significant volume of public payments and could have an impact on the overall migration to SEPA.</p> <p>According to the Doc: EPC103-08 (Version 2.0) Paragraph 0.7 "Legal costs" – applicants not deemed automatically eligible to participate in the Schemes shall be asked to reimburse for the legal costs associated with the review of their adherence applications.</p> <p>Taking into account the level of possible adherence fee, there could be some refusals to participate in the SEPA schemes. Therefore the overall migration to SEPA in some countries (e.g. Latvia) can be endangered.</p>

Please list any further comments on the proposed changes relating to public sector bodies here.

2.6 Limitation of Liability for Breach of the Rulebook

See Chapter 9 of the Change Request document.

Are you in favour of these changes or not?	
Do you agree that the cap on liability should apply even where there has been gross negligence, but should not apply in the event of willful intent by the liable Participant?	Yes
If no, please specify why.	
Do you agree that the maximum amount which may be claimed in respect of a Loss should be subject to proportionate reduction in the case of contributory negligence of the claiming Participant?	Yes
If no, please specify why.	
Do you agree that a Loss should only be regarded as foreseeable (and hence claimable) if it is regularly experienced by Participants active in making cross border payments to SEPA countries?	Yes
If no, please specify why.	

Please list any further comments on the proposed changes relating to limitation of liability here.

2.7 Clarification of the application of the PSD

See Chapter 10 of the Change Request document.

Do you have any comments on the proposed clarification of the application of the PSD?	No
If yes, please specify.	

Please list any further comments on the proposed changes in respect of the PSD here.

2.8 Simplifying the Adherence Agreement

See Chapter 11 of the Change Request document.

Do you have any comments on the proposed changes to the text of the Adherence Agreement?	No
If yes, please specify.	

Please list any further comments on the proposal here.

2.9 Changes to Internal Rules proposed by the EPC Legal Support Group

See Chapter 12 of the Change Request document.

10.2. Do you agree that the Appeals Panel should be chosen on an ad hoc basis from a panel of independent experts?	Yes
If no, please specify why.	
<p>Note: This refers to #2.1.10 of the SMIRs and there is a request for change on the same subject in Chapter 11 of the Change Request document. Communities should therefore indicate their preference for an independent panel (suggested here) or the alternative suggestion involving ‘expert members’ as described in the proposal text #2.5.2 of the Internal Rules included in Annex 3..</p>	
<p>10.3. Do you agree that the period for lodging an appeal against:</p> <p>a) Sanctions (Rule 2.4.6) should be extended to 30 days rather than 14</p> <p>b) Rejection of Participant Application (Rule 2.2.9) – should be extended to 30 days rather than 21</p>	<p>Yes</p> <p>Yes</p>
If your answer to either of these questions is no, please specify why.	
<p>10.4</p> <p>a) Do you agree to the addition of a provision for the suspension of sanctions (public warning, report to national regulator or equivalent national authority including NASO, and/or termination) pending appeal?</p> <p>b) Alternatively do you agree that the suspension of sanctions should only be implemented when SMC may rely on scheme integrity not being affected by suspension of sanctions, and that related decisions should be on a case by case basis?</p>	<p>Yes, but we suggest to withdraw from the provisions for the suspension of sanctions - the report to national regulator or equivalent national authority including NASO – due to the supervisory and oversight purposes.</p> <p>No</p>
If your answer to both of these questions is no, please specify why.	
10.5 Do you agree that Rule 2.4.4 should be amended to introduce a three-year limit for filing a complaint?	Yes



If no, please specify why.	
10.6 Do you agree that the SMC should prepare an annual report of its SMC activities to be published on the EPC website?	Yes

2.10 Changes to Internal Rules proposed by the SMC

See Chapter 13 of the Change Request document.

Please list any comments in the table below:

# in SMIR	Accept	Reject	Comment
2.1.10	Yes		
2.2.7	No	Yes	Imposition of legal fees related to the adherence process for applicants could significantly reduce the pace of the overall migration to SEPA in Latvia, in particular, as currently stated in Doc: EPC103-08 (Version 2.0) Paragraph 0.7 "Legal costs" the amount of EUR 12,000 might be overestimated as regards the application procedure.
2.3.1	Yes		
2.3.6	Yes		
2.4.1	Yes		
2.5.1	Yes		
2.5.2 (new)	Yes		
2.5.5 (2.5.6 in marked up version)	Yes		
3.2.1	Yes		
3.2.8	Yes		
3.3.6	Yes		

2.11 Minor Rulebook Changes

See Chapter 14 of the Change Request document.

Section of the Rulebook	Description of the Change	Reason for change	Comments
Preface	New preface for the Rulebook	Updating document reference details.	No comments
# 0.2	Update text for version 4.0 of the Rulebook.	The Change History of the Rulebook will be updated.	No comments
# 4.5.1	Identification of data elements as mandatory/optional in DS-01	EACT suggestion: accepted	No comments
# 4.5.2	Addition of mandatory fields in DS-01 plus explanatory text: 'If attributes of the data set are supplied by the Originator, they must be transported in the interbank message to the Beneficiary Bank.'	EACT suggestion: accepted	No comments
Annex II	Typing error in rule 2.4.6: change 'Participation' to 'Participant'	EPC	No comments
Annex III	New annex will be added to the Rulebook containing the description of all the changes made in version 4.0 of the Rulebook over version 3.2.	Will reflect changes between versions.	No comments