

# Response template



European  
Payments Council

EPC013-22

Version 1.0

Date issued: 17 January 2022

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Public

Approved

## Response template for the public consultation on the [Instant] Euro One-Leg Out Credit Transfer ([Inst] Euro OCT) Arrangement Rulebook

### 1 Introduction

The European Payments Council (EPC) is launching a public consultation on its proposed *[Instant] Euro One-Leg Out Credit Transfer ([Inst] Euro OCT) Arrangement Rulebook (EPC145-21)* and the proposed *Maximum Amount for Instant Euro OCT Instructions under the [Inst] Euro OCT Arrangement Rulebook (EPC208-21)*, which will run for a 90-calendar day period from 18 January up to and including 17 April 2022.

**All interested stakeholders are invited to participate in the public consultation by including their comments on the proposed [Inst] Euro OCT Arrangement Rulebook and the related proposed Maximum Amount for Instant Euro OCT Instructions, in this template and emailing it to [change-request.EPC-scheme@epc-cep.eu](mailto:change-request.EPC-scheme@epc-cep.eu) by 17 April 2022 (midnight Brussels time) at the latest. The EPC will not consider any feedback received after this deadline.**

In the second quarter of 2022, the EPC will then review the feedback received from this public consultation and consider concrete next steps about the proposed [Inst] Euro OCT Arrangement. An important element for the EPC to pursue with the launch of this Arrangement or not, is the scale of interest among SEPA payment scheme participants and other payment stakeholders in SEPA for this Arrangement.



## 2 Contributor details

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### Confidentiality:

*The EPC will publish the received public consultation comments from all contributors including the name of each comment contributor's organisation on the EPC Website.*

*Please state if you wish the name of your organization to remain anonymous during the public consultation feedback review process and in the published public consultation comments report:*

☐ YES

☒ NO



### 3 Feedback on the proposed [Inst] Euro OCT Arrangement Rulebook (EPC 145-21)

Rulebook section N°	Comment / Proposed new rulebook text (please indicate via track changes)	Reason for change
1.3/3.1	<p>Propose removing: <i>"The demand for international euro [Instant] payment services using a credit transfer arises from a Payer, who wishes to transfer<sup>1</sup> Funds for whatever reason to a Payee.</i></p> <p><sup>1</sup>The credit transfer can be initiated directly (by the Payer) or indirectly (by a payment initiation service provider at the request of the Payer)."</p>	Generally, we would welcome that the Arrangement makes a clear reference that a Payee will be allowed to request the initiation of an [Inst] euro OCT from a Payer though a SEPA request to pay (SRTP) or similar international set of rules and relevant SRTP or similar service providers. This would allow to promote in international context such ways to request a payment initiation.
1.3	Propose clarifying: <i>"Based on these means of [Instant] credit transfer the SEPA-Based Payee's PSP/ non-SEPA Payee's FI will use the information received to credit the Payment Account/ Account of the Payee, Make the Funds Available for its use once value has been received and inform the Payee about what has been applied to its account."</i>	Seeking clarification: we understand that even in case of an instant OLO payment (IOCT), there is no explicit requirement to make funds available immediately to the Beneficiary. More clarity on this point in the Rulebook in general would be welcome as depending on this, the design of the OLO implementation might vary.
1.4.1	<p>Propose reconsidering:</p> <p>"Step 1 [...]"</p> <ul style="list-style-type: none"> <li><i>When the Payer indicated that its instruction must be processed Instantly and the non-SEPA Payer's FI participates in an Instant Payment System, the non-SEPA Payer's FI is assumed to execute the non-SEPA Leg of this instruction according to the stipulations of that Instant Payment System.</i></li> </ul>	Suggest reconsidering the assumption that the Payer's FI made the FX conversion into euro: if the payment non-SEPA leg is executed according to stipulations of that instant payment system, the Payer FI is likely not able to do the conversion into euro for processing in that instant payment system as mentioned in the subsequent bullet. <b>The OCT arrangement should consider different possible moments of currency conversion.</b> E.g. where the non-SEPA environment makes use of a similar approach with entry



	<ul style="list-style-type: none"> <li><i>The non-SEPA Payer's FI then executed all processing conditions and Funds availability checks. When these validation checks were successful, the non-SEPA Payer's FI debited the Payer's Account. It is assumed that it made an FX conversion into euro of the Funds to be transferred in case the Payer's Account was not in euro."</i></li> </ul>	and exit PSPs. This should be done while maintaining all required transparency to payment end-users.
1.4.1	<p>Propose revising:</p> <p><i>"Step 2 [...] When the SEPA Entry PSP or the SEPA-Based Payee's PSP does not support the processing of incoming Instant Euro OCTs, the SEPA Entry PSP rejects the Inst Euro OCT."</i></p>	The agreement could stipulate that the payment can be made as a Euro OCT in case an [Inst] OCT is not possible.
1.4.1	<p>Request clarification:</p> <p><i>"Step 3 [...] When it is indicated that the Euro OCT is to be processed Instantly, the SEPA-Based Payee's PSP executes this Instant Euro OCT according to the stipulations of the Arrangement."</i></p>	Please confirm that there is no requirement to make funds available immediately to the beneficiary.
2.2	<p>Request confirmation/clarification:</p> <p><i>"Instant Euro OLO Credit Transfer (Inst Euro OCT) whereby an Instant processing of this credit transfer is requested. The Arrangement itself does set the maximum execution timelines and deadlines for such instant payments and related Exception Handling exclusively for the SEPA Leg, as well as the maximum transferable amount per Inst Euro OCT."</i></p>	No reference is made to (immediate) availability of funds for the beneficiary (as is done for the standard Euro OCT). Please confirm/clarify.
4.2.1.2	<p>Propose reconsidering:</p> <p>Commencement of the Execution Time Cycle: <i>"The SEPA Entry PSP completes the process by putting a SEPA Leg Time Stamp in the Transaction, Instantly sets aside the necessary cover and Instantly sends the Transaction through the Inter-PSP Space for</i></p>	The Arrangement could allow for the timestamp to remain unchanged (as set by the non-SEPA Payer FI) upon SEPA entry. This would allow development of end-to-end service and related SLAs for users across SEPA and non-SEPA. In this context it could also be considered to allow a different



	<i>further handling at the SEPA-Based Payee's PSP. Further details of this process are covered in section 4.2.3.2.1."</i>	Execution Time Cycle and Time-out deadline in the Inst Euro OCT than for the SCT Inst.
4.2.3.2.1 "Incoming" & 4.2.3.2.2 "Outgoing"	Propose reconsidering: Step E. SEPA leg time out deadline	More time would be needed for the SEPA Payee's PSP to screen OLO payments. 15 seconds as the execution time and 30 seconds as the timeout deadline seem more appropriate to IOCT (both incoming and outgoing).
4.2.3.2.2	<p>Propose reconsidering:</p> <p>C. Target SEPA Leg maximum execution time</p> <p><i>"Latest at 10 seconds after the SEPA-Based Payer's PSP has put the SEPA Leg Time Stamp [...] the SEPA-Based Payer's PSP must have received at least one of the messages below: [...]"</i></p> <p><i>Scenario 2: the SEPA Exit PSP is in a position to forward the payment in the non-SEPA Leg. The CSM of the SEPA Exit PSP has received a positive confirmation message from the SEPA Exit PSP [...] This triggers the settlement of the SEPA Leg, i.e. the SEPA Exit PSP receives the funds. These funds serve as cover for the non-SEPA Leg."</i></p>	<p>In particular in a fully instant processing context on both legs (as is the aim of the Arrangement cf. section 1.4), the Arrangement could allow for an alternative process with a longer maximum execution time to allow the Exit PSP to await a final status on the [instant] processing in the non-SEPA leg and send this final confirmation, which would be used to complete settlement on the SEPA leg and inform the SEPA Payer PSP and Payer accordingly. This would be similar to the SCT Inst rulebook, in which the CSM of the beneficiary PSP (non-SEPA leg system in this example) always controls the time-out and the CSM of the originator PSP (the SEPA leg system here) waits for the response of the CSM of the beneficiary PSP while preserving "settlement certainty" until then.</p> <p>As the Arrangement assumes that the process of both legs should strive to be done in comparable ways, it would be welcome if the Arrangements could leave some flexibilities to adapt the control of and target for the maximum</p>



		<p>execution time to the requirements of the local/regional/international credit transfer scheme or system, where possible to allow end to end/Payer to Payee time control. This could be done in the Arrangement e.g. by allowing the possibility to build additional optional services or even options within the Arrangement to facilitate interoperability for given corridors.</p>
4.2.4	<p>Propose revising: Figure 9. Currency Conversion Workflow - Incoming [Inst] Euro OCT Transaction</p> <p>Based on the scenarios described in section 1.4, only the SEPA-Based Payer's PSP and the Payee's PSP are entitled to do the currency conversion as they are in direct relationship with the Payer or the Payee respectively.</p>	<p>This process does not take into account the situation where the non-SEPA leg works with a similar Arrangement involving an Exit FI (different from the non-SEPA payer's PSP itself) as well, where the currency conversion in the inter-PSP chain can only take place at the moment the payment exits the non-SEPA non-euro payment system.</p> <p>We would suggest clarifying that the Arrangement is not prescribing in which currency occurs any inter-PSP transaction on the non-SEPA leg between the non-SEPA Payer FI and non-SEPA Exit FI as long as the SEPA Entry PSP receives an [Inst] Euro OCT Transaction and the Payer who has asked for EUR to be sent rather than its own currency is applied a conversion by its FI.</p>
4.2.4	<p>Request for clarification: "An [Inst] Euro OCT Transaction may lead to an R-transaction with that R-transaction possibly requiring itself a currency conversion. If the Actor which made the conversion for the initial [Inst] Euro OCT Transaction is part of the SEPA Leg, that specific Actor will take up any currency conversion costs or benefits related to that R-transaction subject to an</p>	<p>Does this imply that the payer will get back the same amount in Euro in such circumstance?</p>



	<i>agreement between the Actor concerned and its counterparty resolving such situations differently.”</i>	
4.3.2.1	Propose reconsidering: Figure 13 ( <b>Incoming Inst Euro OCT Process</b> ) & CT-01.02	As raised under 4.2.1.2, the Arrangement could allow for the time-stamp to remain unchanged (as set by the non-SEPA Payer FI) and allow different execution timings for Inst Euro OCT. This would allow, for enhanced interoperability between SEPA and non-SEPA legs, to have end to end/payer to payee time control.
4.3.2.2	Propose reconsidering: Figure 14 ( <b>Outgoing Inst Euro OCT Process</b> ) & CT-01.07/CT-01.08	As raised under 4.2.3.2.2, the Arrangement could allow the SEPA Exit PSP to await final positive confirmation of the non-SEPA payee FI before confirming and settlement in the SEPA inter PSP space, with different execution timings as necessary. This could be done in the Arrangement e.g. by allowing the possibility to build additional optional services or ideally even options within the Arrangement to facilitate interoperability for given corridors.
4.3.2.2 CT-01.07	Propose revising: <i>“The SEPA Exit PSP Instantly sends the positive confirmation message (Scenario 2) back to its CSM in the Inter-PSP Space within the maximum execution time defined in section 4.2.3.2.2, following the same path as the initial Inst Euro OCT Transaction, confirming that the SEPA Exit PSP</i>  <ul style="list-style-type: none"> <li>• <i>has received the Inst Euro OCT Transaction and</i></li> <li>• <i>is in a position to forward the Transaction in the non-SEPA Leg.”</i></li> </ul>	This step should be made optional (not part of the SCT Inst scheme).
4.3.3.3 EURO OCT recall	Propose supplementing: <i>“The SEPA Entry PSP/ SEPA-Based Payer’s PSP is obliged to inform the Non-SEPA Payer’s FI/ Payer that such request for [Inst] Euro OCT Recall does not guarantee</i>	We suggest clarifying further this point as follows:



	<i>that the Non-SEPA Payer's FI/ Payer will effectively receive back the Funds of the initial [Inst] Euro OCT Transaction."</i>	<p>The SEPA Entry PSP/ SEPA-Based Payer's PSP should be obliged to inform the Non-SEPA Payer's FI/ Payer of the following:</p> <ul style="list-style-type: none"> <li>i. that such request for [Inst] Euro OCT Recall does not guarantee that the Non-SEPA Payer's FI/ Payer will effectively receive back the Funds of the initial [Inst] Euro OCT Transaction</li> <li>ii. that the amount transferred back can differ from the Original Amount of the [Inst] Euro OCT Transaction (e.g., due to currency conversion); and</li> <li>iii. that the SEPA-Based Payee's PSP/ non-SEPA Payee's FI may decide to charge a fee to the non-SEPA Payer's FI/ SEPA-Based Payer's PSP.</li> </ul>
4.6.1 Attribute details	Request clarification: <i>"For outgoing [Inst] Euro OCTs: strong recommendation to use the IBAN as identifier of the Account of the Payee to be credited for the [Inst] Euro OCT Instruction."</i>	It is understood that the SEPA-based account must be an IBAN. However, the non-SEPA based account may be located in a region not using IBAN as account identifier. Please confirm that the OCT Arrangement recognises the usage of alternative account identifiers to cope with those situations where the payee/payer's account is not in IBAN format. Using a 'non-existing' IBAN instead of the actual (non-IBAN) account may create issues with respect to the screening activities.
4.6.1 Attribute details	<i>"For outgoing [Inst] Euro OCTs, the transaction should support to carry the data of both the intermediate beneficiary IBAN and its PSP and the ultimate beneficiary and its one-leg-out PSP."</i>	The OCT arrangement and available data elements, should allow the sending PSP to specify which intermediary PSP it would use in the SEPA-side CSM for each transaction: this will enable it to specify different intermediaries for different transactions that could be sent in the same





*For incoming [Inst] Euro OCTs, the transaction should support to carry the data of both the intermediate originating IBAN and its PSP and the ultimate originator and its one-leg-out PSP."*

corridor. If the sending PSP would not be able to specify the intermediary, the SEPA-side CSM would have to decide for all its transactions and it would be more static.

The arrangement should also allow intermediary PSPs to process the transactions with their existing message exchange interfaces from IBAN to IBAN, while also ensuring additional data is carried in the message of the ultimate originator/ beneficiary, in case this party does not have an IBAN.



**4 Feedback on the proposed Maximum Amount for Instant Euro OCT Instructions (EPC 208-21)**

Section N° of the document	Comment / Proposed new text (please indicate via track changes)	Reason for change
n/a	The maximum amount should be decided based on bilateral / multilateral arrangements	Leave the market to decide the maximum amount per transaction for each currency corridor.

**WE THANK YOU FOR YOUR CONTRIBUTION!**