

# NPC CREDIT TRANSFER SCHEME RULEBOOK

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**Public**



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#### **ANNEXES**

Annex I	NPC CREDIT TRANSFER ADHERENCE AGREEMENT
Annex II	NPC SCHEME MANAGEMENT INTERNAL RULES
Annex III	RULEBOOK AMENDMENTS AND CHANGES SINCE 2020 version 1.0
Annex IV	RISK MANAGEMENT
Annex V	EXTENDED REMITTANCE INFORMATION (ERI) OPTION

## 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]	NPC002-01	NPC Credit Transfer Scheme Interbank Implementation Guidelines	NPC
[2]	ISO 13616	Financial services - International bank account number (IBAN) -- Part 1: Structure of the IBAN	ISO
[3]	EPC265-03	EPC Resolution on Receiver Capability	EPC
[4]	ISO 3166	Country Codes	ISO
[5]	ISO 4217	Currency Code List	ISO
[6]	ISO 9362	Business Identifier Codes (BIC)	ISO
[7]	ISO 20022	Financial services – Universal Financial Industry message scheme	ISO
[8]	ISBN 92-9197-133-2	A Glossary of Terms Used in Payments and Settlement Systems	Bank for International Settlements
[9]	NPC003-01	NPC Credit Transfer Scheme C2B Implementation Guidelines	NPC
[10]	ISO 11649	Structured creditor references to remittance information	ISO
[11]	EPC409-09	EPC list of countries and territories included in the SEPA Schemes' geographical scope	EPC
[12]	NPC100-01	NPC Scheme Currencies – currencies covered by the Scheme	NPC
[13]	EACT website <sup>1</sup>	EACT Unstructured Remittance Standard	EACT
[14]	NPC004-01	Recommendation on Customer Reporting NCT and NCT Inst	NPC
[15]	<a href="#">NPC019-01</a>	Guidance On Reason Codes for NCT R-transactions	NPC
[16]	EPC217-08	Best practices SEPA Requirements for an extended character set	EPC

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<sup>1</sup>[https://eact.eu/Core/Documents/Wordpress\\_Old/docs/EACT\\_Standard\\_for\\_Remittance\\_Info.pdf](https://eact.eu/Core/Documents/Wordpress_Old/docs/EACT_Standard_for_Remittance_Info.pdf)

### 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 Chapter 7 of this Rulebook. The Rulebook may make reference to terms that are also used in the Payment Services Directive. The terms used in this Rulebook may not in all cases correspond in meaning with the same or similar terms used in the Payment Services Directive.

## 0.2 Change History

Issue number	Dated	Reason for revision
0.94	2019-03-06	Final version from P27-project handed over to the NPC.
0.95	2019-03-07	Updated version by the NPC with changes to terminology and nomenclature for the NPC.
0.96	2019-05-17	Updated after NPC WG meeting 2019-04-01 and 2019-05-08 and NPC Bank WG meeting 2019-04-03 and comments from NPC Legal Support Group at several meetings.
0.99	2019-06-07	First version for open consultation decided by the NPC Board.
0.991	2019-11-28	Updated version based on Public Consultation. All details are described in "NPC009-01 NCT Rulebook 2019 Public Consultation Change Result v1.0"
1.0	2019-12-19	Decided by NPC Scheme Management Committee (SMC) 9 December 2019 and approved by the NPC Board 18 December 2019.
1.0.1	2020-09-14	Updated adherence agreement and inclusion of Greenland and the Faroe Islands as countries where Participants may be established. Decided by NPC Scheme Management Committee (SMC) 10 June 2020. All changes detailed in Annex III.
1.1	2021-04-30	Updates suggested by NCT & NCT Inst and decided by the NPC Scheme Management Committee (SMC) 13 April 2021.

## 0.3 Purpose of Document

The NPC Credit Transfer Scheme is a set of rules, practices and standards to achieve interoperability for the provision and operation of a credit transfer agreed at interbank level for the currencies covered by the Scheme (Scheme Currencies).

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 Rulebook is written on a conceptual level. In addition to the Rulebook, there can be local market practices, additional agreements and documentation from Clearing and Settlement Mechanisms ("CSMs"), technology suppliers or other relevant parties.

## 0.4 About the NPC

The purpose of the Nordic Payments Council ("NPC") is to decide on, own and manage the NPC payment schemes based upon, but not limited to, the Single Euro Payments Area ("SEPA") payment schemes as well as to develop and manage additional schemes and rules in close dialogue with the Participants, the national communities and regulating authorities. This should be done to contribute to safe, efficient, economically balanced and sustainable, convenient domestic and cross border multicurrency payments in communities using the Schemes. The NPC shall ensure competitiveness and innovation as well as meet the users' needs.

## 0.5 Other Related Documents

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

### 0.5.1 NPC Credit Transfer Scheme Implementation Guidelines

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

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

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

The NPC Credit Transfer Scheme Implementation Guidelines are available as three complementary documents:

- the guidelines regarding the interbank messages (NPC Credit Transfer Scheme Interbank Implementation Guidelines)
- the guidelines regarding the customer-to-bank messages (NPC Credit Transfer Scheme Customer-to-Bank Implementation Guidelines) which each Participant is recommended to support at the request of the Originator
- the guidelines regarding bank-to-customer message (NPC Recommendation on Customer Reporting NCT and NCT Inst) which each Participant is recommended to support at the request of the Originator or Beneficiary

The NPC Credit Transfer Scheme Interbank Implementation Guidelines (reference [1]) which set out the rules for implementing the credit transfer ISO 20022 XML standard, constitute a **binding** supplement to the Rulebook.

It is also **recommended** that the Customer-to-Bank Implementation Guidelines (reference [9]) and the Recommendation on Customer Reporting NCT and NCT Inst (reference [14]) is implemented by the Originator Bank and Beneficiary Bank respectively in the same way as the Implementation Guidelines mentioned above.

The features covered in references [1] with respect to the Extended Remittance Information (ERI) option, are only binding for the ERI Option Participants.

### 0.5.2 NPC Scheme Currencies

The currencies, Scheme Currencies, covered by this Scheme to be used in all process stages for transactions are defined in the reference [12], which constitutes a **binding** supplement to the Rulebook.

### 0.5.3 NPC Credit Transfer Adherence Agreement

The Adherence Agreement, to be signed by Participants, is the document which binds Participants to the terms of the Rulebook. The text of the Adherence Agreement is available in **Annex I**. The Rulebook and the Adherence Agreement entered into by Participants together constitute a multilateral contract among Participants and the NPC. The rules and procedures for applying to join the Scheme are set out in the NPC Scheme Management Internal Rules (the "NPC SMIR").

### 0.5.4 Rules specific to Extended Remittance Information (ERI) Option

The rules specific to the Extended Remittance Information (ERI) Option are described in **Annex V**. Sections of the main body of the Rulebook impacted by the ERI Option are identified with the indication '=> ERI' next to the title of the concerned section.

## 1. VISION & OBJECTIVES

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

### 1.1 Vision

The Scheme provides a set of interbank rules, practices and standards to be complied with by Participants who adhere to the Scheme. It allows payment services providers to offer a core and basic credit transfer product in the Scheme Currencies to Customers. For executing EUR, the SCT Rulebook shall apply.

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

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

### 1.2 Objectives

- Ensure that all Participants as a minimum are reachable domestically in one of the Scheme Currencies with the option of not accepting Cross-border Transfers Transactions;
- The processing of NPC Credit Transfers will be automated, based on the use of open standards and the best practices of straight through processing ("STP") without manual intervention;
- Ensure that the format and message standards for NPC Credit Transfer Scheme follow as close as possible the SEPA standards;
- Support transactions in the Scheme Currencies as defined in section 2.4;
- Incorporate the option of embedding data related to local services (e.g. locally used payment references) without violating the ISO20022 syntax;
- To provide a framework for the harmonisation of standards and practices and the removal of inhibitors;
- 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 NPC Credit Transfer process is shown in the following diagram:

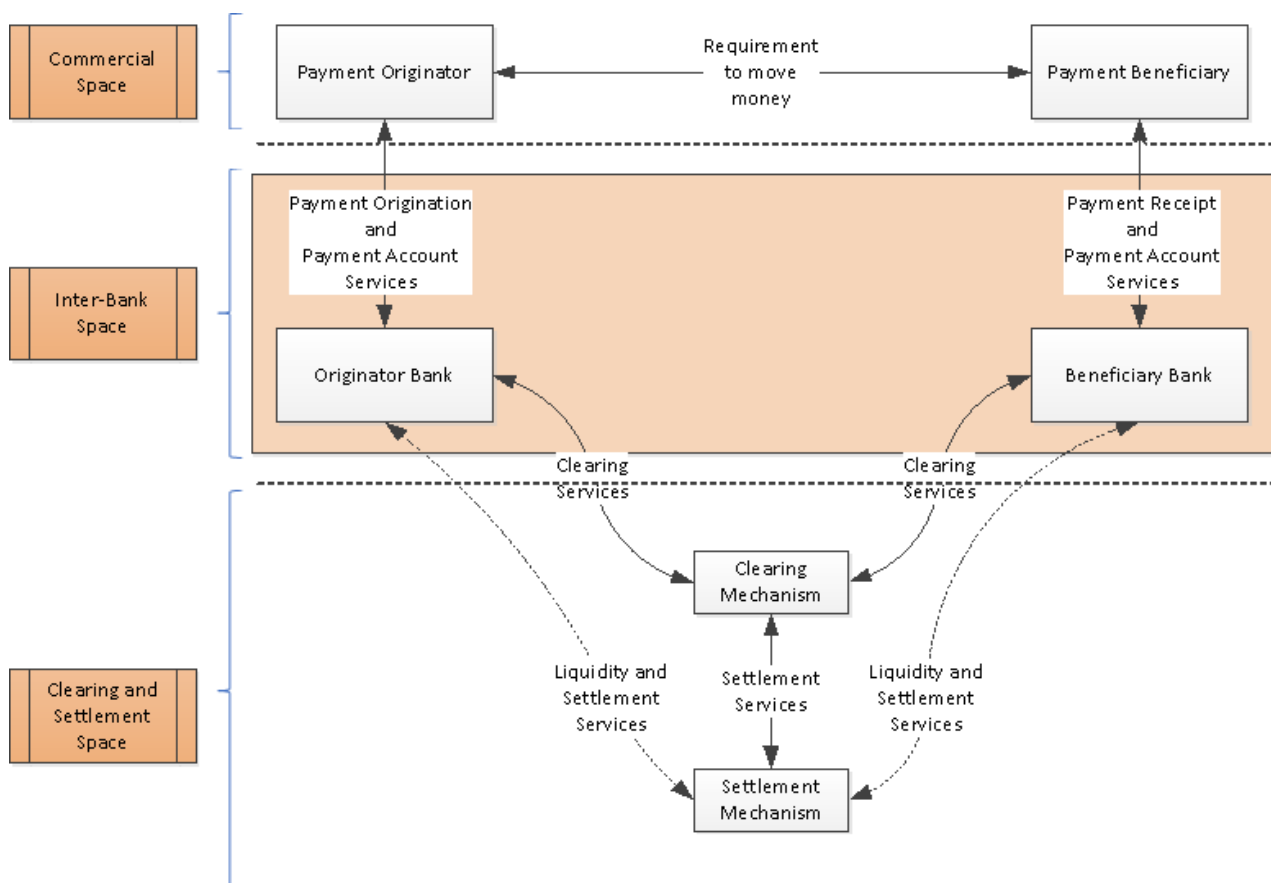


Figure 1: Credit Transfer Overview

- The demand for payment services using a Credit Transfer arises from an Originator, who wishes to transfer<sup>2</sup> Funds for whatever reason to a Beneficiary. Whilst the payment service is provided by a bank, the underlying demand and its nature are outside the control and responsibility of the banking industry or any individual bank;
- For this requirement to transfer Funds to be satisfied, the bank holding the account of the Originator must have the means necessary to remit the Funds to the bank holding the account of the Beneficiary and in the process be provided with the necessary information to accomplish the transfer;

<sup>2</sup> The credit transfer can be initiated directly (by the Originator) or indirectly (by a 'payment initiation service provider' at the request of the Originator) in compliance with the Payment Services Directive.

- Provided that the Originator has sufficient Funds or sufficient credit with which to execute the Credit Transfer, provided that the Originator is acting within its authority and provided that the Credit Transfer does not break any applicable legal, regulatory, or other requirements, including requirements established by the Originator Bank, then the Originator Bank will make the payment and advise the Originator accordingly;
- The means for making the transfer will exist if the bank holding the account of the Beneficiary, the Beneficiary Bank, has agreed both the method and the rules for receiving the payment information as well as the method and the rules for receiving the payment value;
- Based on these means of transfer the Beneficiary Bank will use the information received to credit the account of the Beneficiary, make the Funds available for its use once value has been received and inform the Beneficiary about what has been applied to its account;
- As is illustrated in the foregoing diagram, the purpose of interbank Clearing and Settlement is to correctly exchange information and to safely exchange value. The demand for Clearing and Settlement services stems from the need to transfer money between banks.

## 1.4 Binding Nature of the Rulebook

Becoming a Participant in the Scheme involves signing the Adherence Agreement. In order to be a Participant it is required to be a NPC Scheme Member or to have been approved by the NPC's Board of Directors as meeting the eligibility requirements in the NPC Bylaws for an NPC Non-Member Participant. By signing the Adherence Agreement, Participants agree to comply with the Rulebook and such other related documents as described in section 5.2.

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

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

## 1.5 Separation of the Scheme from Infrastructure

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

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

## 1.6 Other Features of the Scheme

- Participants that have signed an Adherence Agreement may participate only if said Participant is established in a SEPA country or territory, as defined in the EPC list of countries and territories included in the SEPA Schemes' geographical scope, see reference [11], or established in Greenland or in the Faroe Islands;
- The rights and obligations of Participants, and as appropriate their Customers, are clear and unambiguous;
- Payment messages use open, industry recognised standards;
- Compliance with the Scheme ensures interoperability between Participants;
- The rules ensure that responsibility for risk management is allocated to where the risk lies and that liability falls where the fault lies;
- Individual Participants are free to innovate and satisfy Customers' needs in a competitive market place, as long as these innovations do not conflict with the Rulebook.

## 1.7 The Business Benefits of the Scheme

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

The key expected benefits are summarised as follows:

### **For Originators and Beneficiaries as users:**

- Payments are made for the full Original Amount;
- The Originator and Beneficiary are responsible for their own charges;
- All Payment Accounts for the Scheme Currencies chosen by the Participants should be reachable with the option of not accepting Cross-border Payments;
- Products based on the Scheme provide the opportunity to make and receive payments in the Scheme Currencies;
- Maximum execution time with the benefit of predictability for all parties;
- The use of accepted standards and data elements facilitates payment initiation and reconciliation on an STP basis;
- Rejects and Returns are handled in a predictable way and may be automated;
- The Scheme delivers the end-to-end carrying of Customer remittance data on either a structured or an unstructured basis;
- The Scheme provides transparency and clarity of charging to all parties;
- Single payments and Bulk Payments (i.e. one debit to the Originator's account and multiple credits to the accounts of Beneficiaries) are supported.

**For Participants:**

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

**For providers of CSMs:**

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

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

## **1.8 Common Legal Framework**

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

The further details as to the requirements for a common legal framework for this Scheme are spelled out in Chapter 5 of the Rulebook.

## 2. SCOPE OF THE SCHEME

### 2.1 Application to NPC Credit Transfer

The Scheme is applicable in the countries listed in the EPC list of countries and territories included in the SEPA Schemes' geographical scope[11], in Greenland and in the Faroe Islands.

### 2.2 Description to Scope of the Scheme

An NPC Credit Transfer is a payment instrument for the execution of credit transfers in Scheme Currencies between Customer payments accounts located in a country listed in the EPC list of countries and territories included in the SEPA Schemes' geographical scope[11], in Greenland or in the Faroe Islands. The NPC 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 Scheme Currencies within the countries listed in the EPC list of countries and territories included in the SEPA Schemes' geographical scope[11], Greenland and the Faroe Islands by Participants in the Scheme. For executing EUR the SCT Credit Transfer Rulebook shall apply;
- Adherents to the Scheme are Participants who have agreed to subscribe to the Scheme and its rules;
- All Participants need as a minimum to be reachable domestically in one of the Scheme Currencies covered by this Scheme with the option of not accepting Cross-border Credit Transfer Transactions, if the Participant only participate in one of the Scheme Currencies. As a consequence of opting out from receiving Cross-border Credit Transfer Transactions the Participants will not be allowed to send Cross-border Credit Transfer Transactions either;
- The Scheme provides **the basis for credit transfer products** provided by Participants to all users of mass-market and non-urgent payment services (individuals, small and medium sized enterprises, corporates and government entities). Such products provide a straightforward payment message, with the necessary reliability and reach to support a competitive marketplace. Participants remain responsible for the products and services provided to their Customers;
- Electronic processing of transactions including the payment itself and exception handling such as Returns. At the discretion of individual Participants, instructions and advices may be exchanged with Customers on a non-electronic basis. However, the interbank elements of the Scheme are always fully automated and electronic;
- The Scheme specifies a minimum set of data elements to be provided by the Originator.

### 2.3 Additional Optional Services

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

The following two types of AOS are identified:

1. Additional Optional Services provided by banks to their Customers as value-added services which are nevertheless based on the core payment schemes. These AOS are purely a matter for banks and their Customers in the competitive space;
2. Additional Optional Services provided by local, national and communities of banks, such as the use of additional data elements in the ISO 20022 XML standards. Any community usage rules

for the use of the NPC core mandatory subset of the ISO 20022 XML standards should also be mentioned in this context, although they are not *per se* AOS. Other AOS may be defined, for example relating to community provided delivery channels for Customers.

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

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

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

## 2.4 Currency

The currencies, Scheme Currencies, covered by this Scheme to be used in all process stages for transactions are defined in the reference [12]. The currency sent by the Originator Bank will be the currency to be cleared and settled, and to be received by Beneficiary's Bank.

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

All Participants need as a minimum to be reachable domestically in one of the Scheme Currencies covered by this Scheme with the option of accepting Cross-border Credit Transfer Transactions.

The Beneficiary Bank may return the transaction if the payment amount is in a different currency than that of the Beneficiary's account.

Exception handling, i.e. Rejects, Returns, Recalls and Requests for Recall by the Originator (RFRO), shall be executed in the original currency of the transaction sent from the Originator Bank and Beneficiary Bank.

## 2.5 Value Limits

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

Value limits may therefore be applied by the Originator Bank to its products and services offered to its Customers that are founded on the Scheme according to its own risk appetite and risk management controls.

## 2.6 Reachability

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

All Participants need as a minimum to be reachable domestically in one of the Scheme Currencies covered by this Scheme with the option of accepting Cross-border Credit Transfer Transactions in the currencies they have adhered to.

## 2.7 Remittance Data ‘=> ERI - Extended Remittance Information’

The NPC Credit Transfer dataset provides for a remittance data field, which may be used as follows:

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

OR

- to carry unstructured remittance data of up to 140 characters

This remittance field therefore enables automated reconciliation between receivables and payments by the Beneficiary. It is recommended that the Beneficiaries adopt the ISO Standard for the Structured creditor reference (reference [10]) or to a creditor reference scheme as defined by the local Nordic communities.

It is recommended that Originators provide remittance information referring to a single invoice when possible.

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

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

The Scheme offers the ERI Option to Participants (**see Annex V**). A Participant that receives ERI as defined by this Rulebook option but is not an ERI Option Participant, shall transfer back the Credit Transfer Instruction or Transaction containing such ERI to the Originator or the Originator Bank as a Reject or as a Return depending if the Credit Transfer Transaction has already been settled at interbank level or not.

### 3. ROLES OF THE SCHEME ACTORS

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

#### 3.1 Actors

The execution of an NPC Credit Transfer payment involves four main actors:

- **The Originator:** is the Customer who initiates directly or indirectly<sup>3</sup> the Credit Transfer by providing the Originator Bank with an instruction. The Funds for such a Credit Transfer are made available by means of a debit from a specified Payment Account of which the Originator is account holder;
- **The Originator Bank:** is the Participant that receives the Credit Transfer Instruction from the Originator and acts on the payment instruction by making the payment to the Beneficiary Bank in favour of the Beneficiary's account according to the information provided in the instruction and in accordance with the provisions of the Scheme;
- **The Beneficiary Bank:** is the Participant that receives the Credit Transfer Instruction from the Originator Bank and credits the account of the Beneficiary, according to the information provided in the instruction and in accordance with the provisions of the Scheme;
- The Originator Bank and Beneficiary Bank may be one and the same Participant;
- **The Beneficiary:** is the Customer identified in the Credit Transfer Instruction whom the Funds are sent to.

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

The operation of the Scheme also involves other parties indirectly:

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

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<sup>3</sup> In compliance with the Payment Services Directive effective 13 January 2018

## 3.2 The Four Corner Model

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

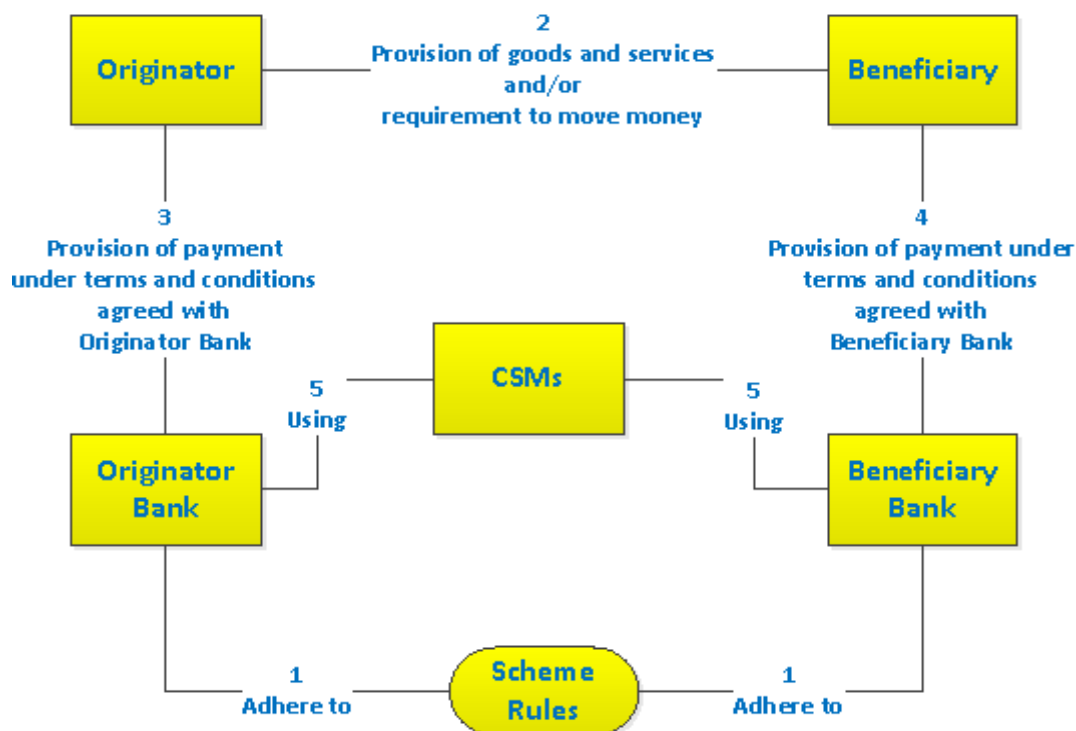


Figure 2: 4-Corner Model – Illustrative

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 NPC 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 an NPC 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 an NPC Credit Transfer;
6. As applicable, between the Originator Bank and/ or the Beneficiary Bank and any other bank acting in an intermediary capacity. Provisions for these relationships and their functioning are not governed by the Scheme. This relationship is not illustrated above

### 3.3 Clearing and Settlement Mechanisms

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

- Receive transactions for Clearing from the Originator Bank who participates in the relevant CSM;
- Clear and forward them to the Beneficiary Bank which participates in the relevant CSM, ensuring that all data intended by the Originator and the Originator Bank to reach the Beneficiary Bank and the Beneficiary is forwarded in full and without alteration;
- Handle exceptions such as Returns, Rejects and Recalls;
- Make arrangements such that Settlement can be achieved between the Originator Bank and Beneficiary Bank;
- Collect and send the payments for settlement to the respective connected local central banks in their local currency at agreed intervals;
- 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 an NPC 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 separate arrangements between the intermediary and its Customer (i.e. the Originator Banks or Beneficiary Banks).

### 3.5 Relationship with Customers

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

## 4. BUSINESS AND OPERATIONAL RULES

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

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

### 4.1 Naming Conventions

This section describes the naming conventions used in this chapter.

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

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

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

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

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

Section 4.3 below provides a more detailed explanation of the process.

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

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

The "Requested Execution Date" corresponds with a date requested by an Originator for commencing the execution of the Credit Transfer Instruction. The Originator may choose to request a Requested Execution Date in the future and submit the Credit Transfer Instruction to the Originator Bank in accordance with its Terms and Conditions with the Originator Bank. In such cases, the agreed date will be deemed to be the relevant date for commencing the execution of the Credit Transfer Instruction. This provision is to be construed in accordance with Article 78 (2) of the Payment Services Directive.

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

#### 4.2.2 Cut-off Times

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

### 4.2.3 Maximum Execution Time<sup>4</sup>

Originator Banks are obliged to ensure that the amount of the NPC Credit Transfer is credited to the account of the Beneficiary Bank within one Banking Business Day following the point in time of receipt of the Credit Transfer Instruction in accordance with the provisions of the Payment Services Directive. The execution time cycle may be affected by the application of national laws.

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

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

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

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

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

### 4.2.4 Charging Principles

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

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<sup>4</sup> The Payment Services Directive allows an extra day for the execution of paper-initiated credit transfers. The Rulebook currently describes interbank electronic payments only and does not take into account additional time permitted for processing paper-initiated transactions. This is considered to be a matter for each Participant to regulate with its Customer in accordance with applicable laws.

## 4.3 NPC Credit Transfer Processing Flows

### 4.3.1 NPC Credit Transfer Processing Flow

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

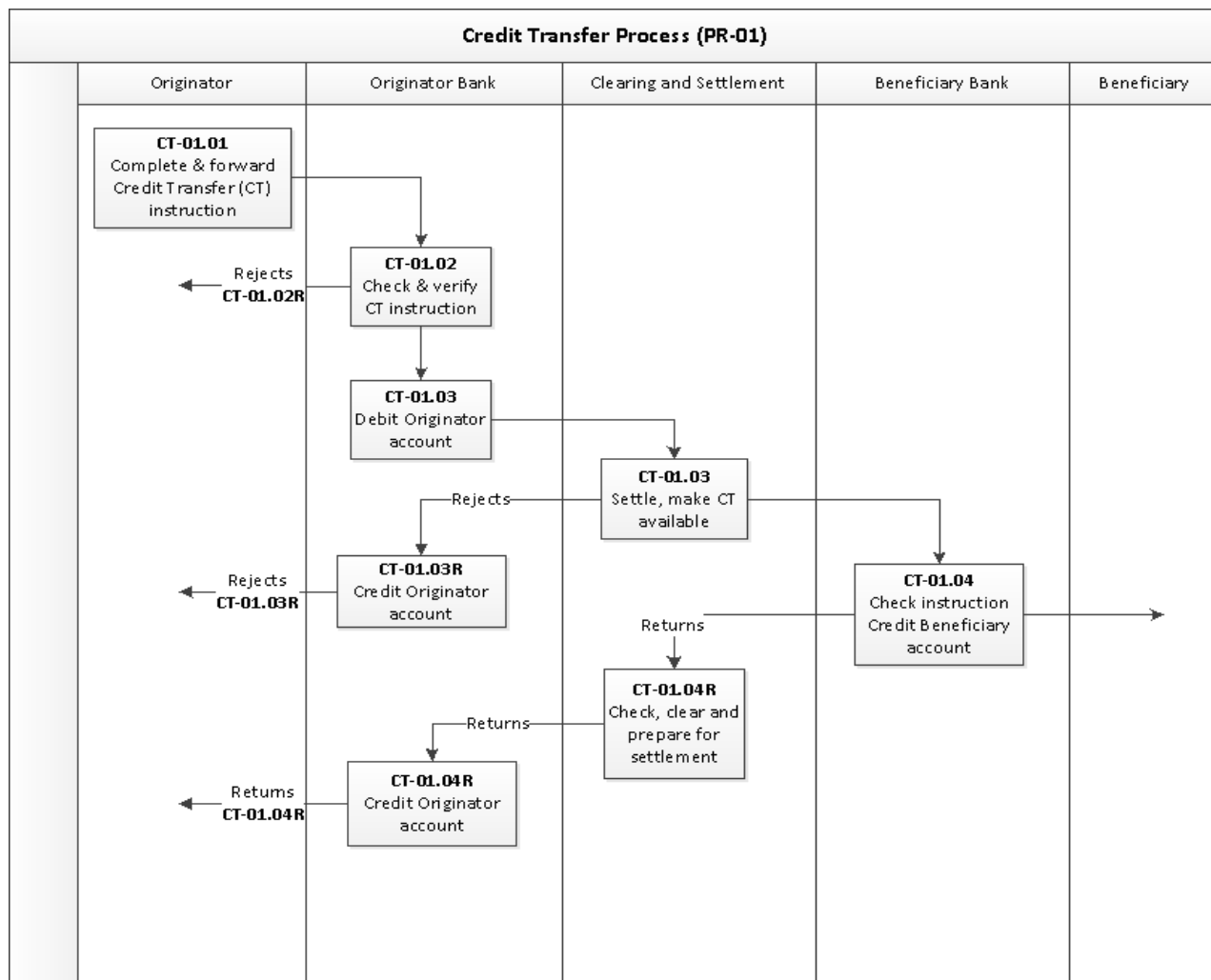


Figure 3: Credit Transfer Process

- CT-01.01** The Originator completes and forwards the Credit Transfer Instruction. The instruction will be submitted by any means agreed between the Originator and the Originator Bank. The data elements to be provided are defined in dataset DS-01 below.
- CT-01.02** The Originator Bank receives and checks if it has sufficient information to execute a payment instruction and that the instruction fulfils the conditions required by its procedures as to execution of the instruction including the authenticity of the instruction, and the checking of the format and plausibility of the IBAN or Alias and if requested, of the BIC.
- Rejected instructions are covered by procedures described below.
- CT-01.03** On or following D, the Originator Bank will debit the account of the Originator. This will be followed by the sending of the Credit Transfer Instruction to ensure receipt by the Beneficiary Bank via the selected CSM in accordance with the rules of the Scheme. The data elements to be provided are defined in dataset DS-02 below.

- CT-01.04** The Beneficiary Bank should credit the account of the Beneficiary in accordance with provisions based on the Payment Services Directive. The Beneficiary Bank will make the information of DS-04 available to the Beneficiary on the basis agreed between the Beneficiary and his Beneficiary Bank.

### 4.3.2 Exception Processing Flow

Credit Transfer Transactions are handled according to the time frame described in section 4.3. If, for whatever reason, any party cannot handle the transaction in the normal way, the process of exception handling starts. The messages resulting from these situations are all handled in a standardised way, at process level as well as at dataset level.

#### 4.3.2.1 Reject processing

A '**Reject**' occurs when a NPC Credit Transfer is not accepted for normal execution before interbank Settlement. If the rejection is decided at the point at which the Originator instructs the Originator Bank, for the purposes of the Scheme, the Originator Bank only needs to 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 and the original currency of the Credit Transfer Instruction;
- the 'Reject' message is routed through the same path taken by the original NPC Credit Transfer with no alteration of the data contained in the original NPC Credit Transfer;
- a record of the relevant data relating to the initial NPC Credit Transfer, sufficient to provide an audit trail, is included;
- the initial NPC Credit Transfer is identified by the original reference of the Originator Bank;
- 'Reject' messages contain a reason code (attribute AT-R3, see section 4.6.1).

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

#### 4.3.2.2 Return processing

A '**Return**' occurs when a NPC Credit Transfer is diverted from normal execution after **interbank Settlement**, and is sent by the Beneficiary Bank to the Originator Bank for a NPC 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 NPC Credit Transfer message. The Return procedure must not be used in cases where the Beneficiary's account has already been credited and the Beneficiary wishes to return the funds. In such case, the procedure of initiating a new NPC Credit Transfer applies instead.

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

- the transferred amount will be the Original Amount and the Original Currency of the Credit Transfer Instruction;
- the Return message is routed through the same path taken by the original NPC 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 NPC Credit Transfer, sufficient to provide an audit trail, is included;
- the initial NPC Credit Transfer is identified by the original reference of the Originator Bank;
- 'Return' messages contain a reason code (attribute [AT-R3](#), see below).

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

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

- |                  |   |
|------------------|---|
| <b>CT-01.02R</b> | The Originator Bank must inform the Originator according to the timing agreed with the Originator.  |
| <b>CT-01.03R</b> | <p>The CSM must send the 'Reject' message to the Originator Bank at the latest on the next Banking Business Day following rejection.</p> <p>Unless the Originator Bank is able and is willing to repair and resend the payment instruction within the Execution Time, the Originator Bank must inform the Originator that the instruction has been rejected and credit the Originator's account according to the timing agreed with the Originator. Any instruction that is repaired and re-sent by the Originator Bank shall be deemed to be a new Credit Transfer Instruction under the Rulebook, and the point in time of receipt of this instruction shall be interpreted accordingly. Transaction references must be reused from the original message.</p> |
| <b>CT-01.04R</b> | <p>The Beneficiary Bank must send the 'Return' message to the Originator Bank through the selected CSM at the latest three Banking Business Days after Settlement Date and at the same time return the Funds.</p> <p>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.</p>   |

#### 4.3.2.3 Recall processing

A **Recall** occurs when the Originator Bank requests to cancel a Credit Transfer Transaction. The Recall procedure can be initiated only by the Originator Bank, which may do it on behalf of the Originator.

Before initiating the Recall procedure, the Originator Bank has to check if the Credit Transfer Transaction is subject to one of the following reasons only:

- Duplicate sending;
- Technical problems resulting in an erroneous Credit Transfer Transaction;
- Fraudulent originated Credit Transfer Instruction.

The main characteristics of a Recall and the response to a Recall (DS-05 and DS-06 in section 4.5) are:

- The Originator Bank must send out the Recall within the period of 10 Banking Business Days following the execution date of the initial Credit Transfer Transaction subject to the Recall;
- The amount transferred back can differ from the Original Amount of the Credit Transfer Transaction. The Beneficiary Bank may decide to charge a fee to the Originator Bank;
- The currency sent back to the Originator Bank must be the same as the original currency received from the Originator Bank;
- The Recall message is routed through the same path taken by the initial Credit Transfer Transaction, with no alteration of the data contained in the initial Credit Transfer Transaction;
- A record of the relevant data relating to the initial Credit Transfer Transaction, sufficient to provide an audit trail, is included;
- Recall messages contain a reason code (attribute [AT-48](#), see below); If initiated before settlement, the Recall will lead to a cancellation, according to the CSM's own procedures agreed with its participants. If initiated after settlement, the Recall will be forwarded by the CSM;
- The Beneficiary Bank must provide the Originator Bank with an response to a Recall within 15 Banking Business Days following the receipt of the Recall request from the Originator Bank. The Beneficiary Bank is in breach with the Rulebook if it has not responded to the Recall by the Originator Bank within this period of 15 Banking Business Days. If the Beneficiary Bank has received no response from the Beneficiary to this Recall within these 15 Banking Business Days, the Beneficiary Bank must send a negative response with the reason "No response from the Beneficiary" to the Originator Bank;
- In case the Beneficiary Bank can report a positive response to a Recall, the Beneficiary Bank needs to use the message prescribed in [1]. The Beneficiary Bank cannot transfer back the amount through a separate Credit Transfer Transaction message.

It is the decision of the Beneficiary Bank if it wants to charge a fee to the Originator Bank. This practice is only allowed for a positive response to a Recall. For this purpose, a field is dedicated in the response message. This practice is limited to Recalls only and has under no circumstances effect on the normal Return procedure as defined in the Rulebook.

The following diagram shows the step-by-step process for a Recall.

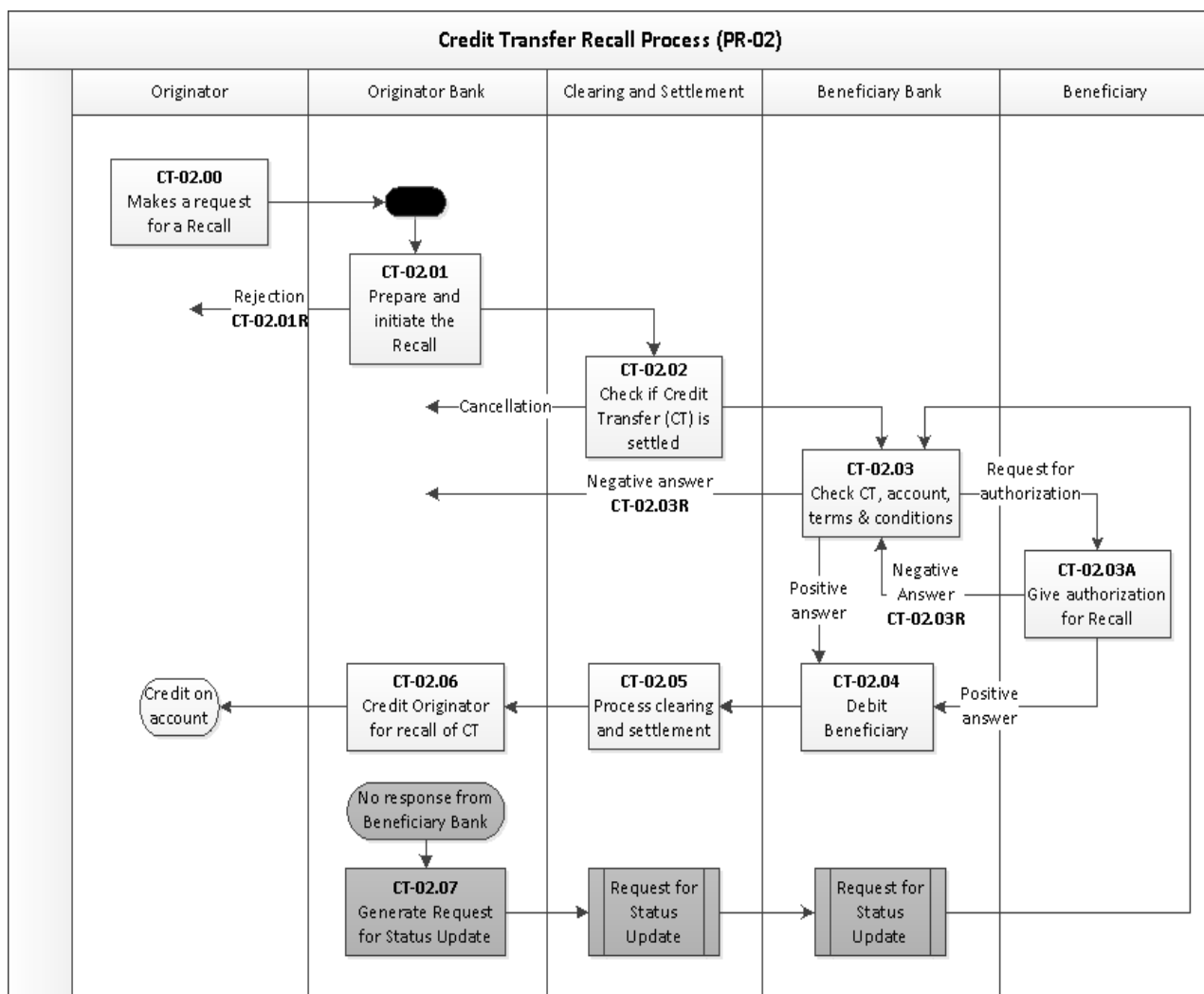


Figure 4: Credit Transfer Recall Process

#### CT-02.00 & CT-02.01

The Originator Bank realizes the need to recall a Credit Transfer Transaction.

It may also receive a request from the Originator (see CT-02.00). Before initiating the Recall procedure, the Originator Bank must check if the initial Credit Transfer Transaction:

- Had an execution date towards the CSM of less than or equal to 10 Banking Business Days before the Recall;
- Had been wrongly executed for one of the reasons listed below:
  - Duplicate sending;
  - Technical problems resulting in an erroneous Credit Transfer Transaction;
  - Fraudulent originated Credit Transfer Instruction.

The path used for initiating the Recall should be identical to the one used for the initial Credit Transfer Transaction subject to the Recall.

The Originator Bank must send out the Recall within the period of 10 Banking Business Days following the execution date of the initial Credit Transfer Transaction

**CT-02.01R** The Originator Bank can reject the request of the Originator to make a Recall when it judges that the initial Credit Transfer Transaction is not the subject of one of the foregoing reasons or if this request was submitted more than 10 Banking Business Days after the execution date of the initial NCT Transaction.

**CT-02.02** The CSM will check if the Credit Transfer Transaction is already executed, if not it should handle the Recall before execution according to its own procedures agreed with its participants. If the Credit Transfer Transaction is already executed the CSM will transfer the Recall to the Beneficiary Bank

**CT-02.03** The Beneficiary Bank must always handle the Recall and must provide a positive or negative response within 15 Banking Business Days following the receipt of the Recall from the Originator Bank.

If the Credit Transfer Transaction was already credited to the Beneficiary's account and there are sufficient funds on the account and the funds are not yet transferred back, the Beneficiary Bank may, depending on the legislation in its country and/or contractual agreement with the Beneficiary:

- Generate immediate positive response by debiting the account;
- Decide whether it is necessary to ask the Beneficiary for debit authorisation;
- Be obliged to get the Beneficiary's authorization to debit its account;
- The funds sent back to the Originator Bank must be in the same currency as the original currency received from the Originator Bank.

**CT-02.03A** If needed: the Beneficiary is asked for his/her authorization to let the Beneficiary Bank debit its Payment Account for a Recall

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

- There are insufficient funds on the account;
- The account is closed;
- There is a legal reason (to be explained in a clear text);
- The Beneficiary has refused the Recall;
- No response from the Beneficiary within the 15 Banking Business Days following the receipt of the Recall from the Originator Bank;
- Initial Credit Transfer Transaction never received;
- The Funds of the initial Credit Transfer Transaction have already been transferred back.

**CT-02.04** The Beneficiary Bank generates a positive response to the Recall. The Beneficiary Bank debits the account of the Beneficiary (if needed, the Beneficiary Bank waits

until it has received the authorisation from the Beneficiary for debiting his account).

- CT-02.05** The CSM receives the positive response to the Recall from the Beneficiary Bank and settles this with the Originator Bank.
- CT-02.06** The Originator Bank credits the account of the Originator with the amount of the positive response to the Recall.
- CT-02.07** In the exceptional case of no response from the Beneficiary Bank within the deadline of 15 Banking Business Days following the receipt of the Recall from the Originator Bank, the Originator Bank may send a Request for Status Update to the Beneficiary Bank.

#### 4.3.2.4 *Request for Recall by the Originator processing*

A **Request for Recall by the Originator** can be initiated by the Originator Bank after an Originator has requested the Originator Bank to reverse a settled Credit Transfer Transaction for a reason other than duplicate sending, technical problems resulting in an erroneous Credit Transfer Transaction and a fraudulently originated Credit Transfer Instruction.

The Originator Bank is obliged to inform the Originator that such Request for Recall does not guarantee that the Originator will effectively receive back the Funds of the initial Credit Transfer Transaction. It will depend on the consent of the Beneficiary whether to turn back the Funds to the Originator.

The main characteristics of a Request for Recall by the Originator (DS-07) are:

- The message for a Request for Recall by the Originator is routed through the same path which was used for the initial Credit Transfer Transaction;
- A record of the relevant data relating to the initial Credit Transfer Transaction message, sufficient to provide an audit trail, is included with no alteration of the data contained in the initial Credit Transfer Transaction;
- The message contains a reason code (attribute AT-50 see section 4.6) highlighting the reason for the Request for Recall by the Originator;
- The Beneficiary Bank must send its response to a Request for Recall by the Originator within 15 Banking Business Days following the receipt of the Request for Recall by the Originator from the Originator Bank.

The document 'Guidance on reason codes for NCT R-transactions' ([15]) prescribes which ISO codes should be used for initiating a Request for Recall by the Originator and for responding to such request.

#### **Process steps for a Request for Recall by the Originator**

- Step 1** The Originator Bank receives the Request for Recall by the Originator. Before initiating the procedure for a Request for Recall by the Originator, the Originator Bank must check if
- The Originator has provided a comprehensible reason for this request as this reason will be submitted to the Beneficiary for its consideration;
  - The debit date of the original Credit Transfer Transaction forming the subject of the Request for Recall by the Originator falls within the period of 13

months preceding the date at which the Request for Recall by the Originator has been received by the Originator Bank;

If these conditions are not met, the Originator Bank is allowed to reject the Request for Recall by the Originator.

The Originator Bank communicates to the Originator that the Request for Recall by the Originator is no guarantee that the Originator will effectively get back the Funds of the initial Credit Transfer Transaction.

The path used for initiating the Request for Recall by the Originator must be identical to the one used for the initial Credit Transfer Transaction.

**Step 2** The CSM routes the Request for Recall by the Originator to the Beneficiary Bank

**Step 3** The Beneficiary Bank will present the Request for Recall by the Originator with the reason to the Beneficiary for its consideration.

The Beneficiary Bank is in breach with the Rulebook if it has not responded to the Request for Recall by the Originator within the period of 15 Banking Business Days.

If the Beneficiary Bank has received no response from the Beneficiary to this Request for Recall by the Originator within these 15 Banking Business Days, the Beneficiary Bank must send a negative response with the reason "No response from the Beneficiary" to the Originator Bank.

**Step 4A** Upon receipt of a positive response from the Beneficiary (DS-08 in section 4.5): the Beneficiary Bank debits the account of the Beneficiary and transfers the funds back via the CSM to the Originator Bank. If needed, the Beneficiary Bank waits until it has received the authorisation from the Beneficiary for debiting his account.

The Beneficiary Bank needs to use the message prescribed in [1]. The Beneficiary Bank cannot transfer back the Funds through a separate Credit Transfer Transaction message.

It is the decision of the Beneficiary Bank if it wants to charge a fee to the Originator Bank. This practice is only allowed for a **positive** response to a Request for Recall by the Originator. For this purpose, a field is dedicated in the response message DS-08..

**Step 4B** Upon receipt of a negative response from the Beneficiary (DS-08): the Beneficiary Bank will route the Beneficiary's refusal via the CSM back to the Originator Bank. The Originator Bank communicates the refusal to the Request for Recall by the Originator to the Originator.

The communicated decision by the Beneficiary on the concerned initial Credit Transfer Transaction finalises the fate of the initial Credit Transfer Transaction from the perspective of both the Originator Bank and the Beneficiary Bank.

**Step 4C** In an exceptional case of no response from the Beneficiary Bank after 15 Banking Business Days after the receipt of the Request for Recall by the Originator, the Originator Bank may send a Request for Status Update to the Beneficiary Bank.

**Step 5** The Originator Bank credits the account of the Originator with the amount reported in the positive response message.

## 4.4 Inquiry process

### 4.4.1 NCT inquiry

An **NCT inquiry** occurs when a Participant requests information or clarification about the status of a NPC Credit Transfer.

The Rulebook foresees the following reasons for a NCT inquiry:

- i. **Claim of Non-Receipt:** the Beneficiary claims not to have received the initial NPC Credit Transfer. The Originator Bank is asked to investigate if and when the initial NPC Credit Transfer had been executed. The cause for this claim can be at the Originator Bank, the Beneficiary Bank and/or in the clearing and settlement layer.

The assumption is that the Beneficiary will contact first the Originator, and that the Originator will launch a claim for non-receipt to the Originator Bank. The situation where the Beneficiary directly addresses a claim for non-receipt to the Beneficiary Bank is not described in the Scheme.

- ii. **Claim for Value Date Correction:** the Beneficiary claims that the initial NPC Credit Transfer has been credited with a value date later than the date the amount would have been value dated had the transaction been correctly executed.

The Originator Bank is asked to investigate at what precise date the initial NPC Credit Transfer had been executed. The cause for this claim can be at the Originator Bank, the Beneficiary Bank and/or in the clearing and settlement layer.

The assumption is that the Beneficiary will contact first the Originator, and that the Originator will launch a claim for late execution to the Originator Bank. The situation where the Beneficiary directly addresses a claim of late execution to the Beneficiary Bank is not described in the Scheme.

In case the cause does not fall within the responsibility of the Beneficiary Bank, then the Beneficiary Bank has the right to receive interest compensation from the Originator Bank.

This compensation is a variable amount, being the interest calculated for the number of calendar days between the original value date and the corrected value date of the original NPC Credit Transfer. The rate to be applied follows the local principals based on the currency used in the original NPC Credit Transfer.

The Beneficiary Bank, if it decides so, may recover this compensation from the Originator Bank by specifying the compensation amount in AT-85 in the DS-10.

- iii. **Request for Status Update:** the Originator Bank can remind the Beneficiary Bank about the NCT inquiry reasons 'Claim of Non-Receipt' and 'Claim of Value Date Correction' that has been addressed earlier to the Beneficiary Bank and which the Beneficiary Bank has not yet replied to.

An NCT inquiry can only be made for a NPC Credit Transfer when the (claimed) debit date of the concerned NPC Credit Transfer falls within the period of 13 months preceding the date at which the Originator submits an inquiry for the reasons i and ii to the Originator Bank.

The main characteristics of a NCT inquiry (DS-09) are:

- The NCT inquiry message is routed through the same path which was used for the initial NPC Credit Transfer / initial NCT inquiry message;
- A record of the relevant data relating to the initial NPC Credit Transfer/ initial NCT inquiry message, sufficient to provide an audit trail, is included with no alteration of the data contained in the initial NPC Credit Transfer/ initial NCT inquiry message;
- The inquiry message concerns a single initial NPC Credit Transfer or a reminder to a single earlier issued NCT inquiry. If several initial NPC Credit Transfers or reminders to earlier issued NCT inquiries are concerned, then several NCT inquiry messages must be sent.

The document 'Guidance on reason codes for NPC R-transactions' ([15]) prescribes which ISO codes should be used for initiating an NCT inquiry.

#### 4.4.2 Response-to-NCT-inquiry

The **Response-to-NCT-inquiry** message is made by the Beneficiary Bank.

The concerned Beneficiary Bank addresses its response to the Originator Bank that initiated the NCT inquiry, informing the latter about

- The final investigation outcome (whether positive or negative) for a NCT inquiry; and
- Optionally providing details about the corrective action undertaken.

The non-response to an NCT inquiry will be considered as a breach against the Rulebook.

The main characteristics of a Response-to-NCT-Inquiry (DS-10) are:

- The response-to-NCT-inquiry message is routed through the same path which was used for the initial NCT inquiry message;
- A record of the relevant data relating to the initial NCT inquiry message, sufficient to provide an audit trail, is included with no alteration of the data contained in the initial NCT inquiry message;
- The response-to-NCT-inquiry message concerns a single NCT inquiry/ a reminder to a single earlier issued NCT inquiry at a time;
- The Beneficiary Bank has to provide a response-to-NCT-inquiry message about the concerned NCT inquiry within 10 Banking Business Days after it has received the NCT inquiry message.

It is the decision of the Beneficiary Bank if it wants to charge a fee to the Originator Bank for handling the NCT inquiry.

The document 'Guidance on reason codes for NCT R-transactions' ([15]) prescribes which ISO codes should be used for responding to an NCT inquiry.

## 4.5 Business Requirements for Datasets

The datasets are the following:

<b>DS-01</b>	Customer-to-Bank NPC Credit Transfer Information
<b>DS-02</b>	Interbank Payment Dataset
<b>DS-03</b>	Reject or Return NPC Credit Transfer Dataset
<b>DS-04</b>	Bank-to-Customer NPC Credit Transfer Information
<b>DS-05</b>	Recall of NPC Credit Transfer Dataset
<b>DS-06</b>	Response to Recall of NPC Credit Transfer Dataset
<b>DS-07</b>	Request for Recall by the Originator Dataset
<b>DS-08</b>	Response to the Request for Recall by the Originator Dataset
<b>DS-09</b>	NCT Inquiry dataset
<b>DS-10</b>	Response-to-NCT-Inquiry dataset

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

<b>Identification</b>	<b>DS-01</b>
<b>Name</b>	<b>Customer-to-Bank NPC Credit Transfer Information</b>
<b>Description</b>	The following list of attributes represents the full range of data which may be provided by the Originator and transported under the Scheme rules via Dataset DS-02
<b>Attributes contained</b>	<ul style="list-style-type: none"> <li>• 01 The IBAN of the account of the Originator</li> <li>• 02 The name of the Originator</li> <li>• 03 The address of the Originator</li> <li>• 04 The amount of the NPC Credit Transfer in the relevant Scheme Currencies and the relevant currency code</li> <li>• 05 The Remittance Information sent by the Originator to the Beneficiary in the Credit Transfer Instruction</li> <li>• 07 The Requested Execution Date of the Credit Transfer Instruction</li> <li>• 08 The name of the Originator Reference Party</li> <li>• 09 The identification code of the Originator Reference Party</li> <li>• 10 The Originator identification code</li> <li>• 11 The Alias or Proxy of the Originator's account</li> <li>• 20 The IBAN of the account of the Beneficiary.</li> <li>• 21 The name of the Beneficiary</li> <li>• 22 The address of the Beneficiary</li> <li>• 23 The BIC code of the Beneficiary Bank</li> <li>• 24 The Beneficiary identification code</li> <li>• 25 The Alias or Proxy of the Beneficiary's account</li> <li>• 28 The name of the Beneficiary Reference Party</li> <li>• 29 The identification code of the Beneficiary Reference Party</li> <li>• 41 The Originator's reference of the Credit Transfer Transaction</li> <li>• 44 The purpose of the NPC Credit Transfer</li> <li>• 45 The category purpose of the NPC Credit Transfer</li> </ul>
<b>Technical characteristics</b>	From a business perspective, Customer-to-Bank Credit Transfer Instructions may be initiated as single or bulk payments. A single payment relates to one Originator account to be debited by a specified amount, and one Beneficiary account to be credited. A bulk payment relates to one Originator account to be debited for the total amount, and more than one Beneficiary account to be credited, each for an individually specified amount. Rules for bulk presentation are beyond the scope of the Scheme.

<b>Identification</b>	<b>DS-01</b>
<b>Name</b>	<b>Customer-to-Bank NPC Credit Transfer Information</b>
<b>Rules applied</b>	<p>Only when the Originator Bank offers to its Originators the service of accepting and processing electronically bundled Customer-to-Bank Credit Transfer Instructions, the Originator Bank is recommended to accept Customer-to-Bank Credit Transfer Instruction messages which follow the specifications defined in the NPC Credit Transfer Scheme Customer-to-Bank Implementation Guidelines covered in section 0.5 at the request of the Originator.</p> <p>Where any of the above attributes (except for AT-45, see rules applied in DS-02) are provided by the Originator within a payment instruction, they must be transported by the Originator Bank to the Beneficiary Bank in accordance with DS-02 subject to any overriding legal/regulatory requirements.</p> <p>Information relating to an Originator Reference Party and/or Beneficiary Reference Party is included only for the purpose of assisting the Originator and/or Beneficiary in managing their payments and is not required by the Originator Bank and/or Beneficiary Bank for the purpose of the execution of the payment to which the information relates.</p>
<b>Remarks</b>	<p>These attributes reflect business requirements and do not prescribe fields in the NPC Credit Transfer Scheme C2B Implementation Guidelines as defined in section 0.5.</p> <p>For this dataset, the attribute 23 'The BIC code of the Beneficiary Bank' only has to be provided when the Originator Bank is technically not able to derive the BIC from the IBAN of the account of the Beneficiary when held at a Beneficiary Bank in a non-EEA SEPA country or territory. This attribute remains mandatory in DS-02 (Interbank Payment).</p> <p>When the Beneficiary wishes to transfer back funds to the Originator related to an earlier executed Credit Transfer Transaction, but the Beneficiary does not have the IBAN of the account of the Originator (AT-01), the Beneficiary can provide in the Credit Transfer Transaction an alternative identifier to this attribute to the Beneficiary Bank. Specific usage rules are provided in [9]. The Beneficiary can only provide such identifier to the Beneficiary Bank when the Beneficiary and the Beneficiary Bank have a bilateral agreement for such service.</p>

## 4.5.2 DS-02 Interbank Payment Dataset

<b>Identification</b>	<b>DS-02</b>
<b>Name</b>	<b>The Interbank Payment Dataset</b>
<b>Description</b>	This dataset describes the content of the Interbank Payment message (mandatory unless otherwise indicated).
<b>Attributes contained</b>	<ul style="list-style-type: none"> <li>• 01 The IBAN of the account of the Originator</li> <li>• 02 The name of the Originator</li> <li>• 03 The address of the Originator (only mandatory when the Originator Bank or the Beneficiary Bank is located in a non-EEA SEPA country or territory)</li> <li>• 04 The amount of the NPC Credit Transfer in the relevant Scheme Currencies and the relevant currency code</li> <li>• 05 The Remittance Information (Optional)</li> <li>• 06 The BIC code of the Originator Bank</li> <li>• 08 The name of the Originator Reference Party (Optional)</li> <li>• 09 The identification code of the Originator Reference Party (Optional)</li> <li>• 10 The Originator identification code (Optional)</li> <li>• 11 The Alias or Proxy of the Originator's account (Optional)</li> <li>• 20 The IBAN of the account of the Beneficiary</li> <li>• 21 The name of the Beneficiary</li> <li>• 22 The address of the Beneficiary (Optional)</li> <li>• 23 The BIC code of the Beneficiary Bank</li> <li>• 24 The Beneficiary identification code (Optional)</li> <li>• 25 The Alias or Proxy of the Beneficiary's account (Optional)</li> <li>• 28 The name of the Beneficiary Reference Party (Optional)</li> <li>• 29 The identification code of the Beneficiary Reference Party (Optional)</li> <li>• 40 The identification code of the NPC electronic credit transfer Scheme</li> <li>• 41 The Originator's reference of the Credit Transfer Transaction</li> <li>• 42 The Settlement Date of the NPC Credit Transfer</li> <li>• 43 The Originator Bank's reference number of the NPC Credit Transfer message</li> <li>• 44 The purpose of the NPC Credit Transfer (Optional)</li> <li>• 45 The category purpose of the NPC Credit Transfer (Optional)</li> </ul>
<b>Technical characteristics</b>	From a business perspective, interbank NPC 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 NPC Credit Transfer Scheme Interbank Implementation Guidelines.
<b>Rules applied</b>	<p>Where an Originator has provided information in a specific payment instruction relating to an optional DS-02 field (with the exception of AT-45), this field will be populated in the Interbank Payment message, subject to any overriding legal/regulatory requirements.</p> <p>Regarding AT-45, when the agreement between Originator and Originator Bank only involves a specific processing at Originator Bank level, said Originator Bank is not obliged to send AT-45 to the Beneficiary Bank as part of DS-02.</p>
<b>Remarks</b>	These attributes reflect business requirements and do not prescribe fields in the NPC Credit Transfer Scheme Interbank Implementation Guidelines as defined in section 0.5.

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

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

#### 4.5.4 DS-04 Bank-to-Customer NPC Credit Transfer Information

<b>Identification:</b>	<b>DS-04</b>
<b>Name:</b>	<b>The Bank-to-Customer NPC Credit Transfer Information</b>
<b>Description:</b>	Description of the minimum information that a Beneficiary Bank needs to make available to the Beneficiary
<b>Attributes contained:</b>	<ul style="list-style-type: none"> <li>• 02 The name of the Originator</li> <li>• 04 The amount of the Credit Transfer in the relevant Scheme Currencies and the relevant currency code</li> <li>• 05 The Remittance Information</li> <li>• 08 The name of the Originator Reference Party (optional)</li> <li>• 09 The identification code of the Originator Reference Party (optional)</li> <li>• 10 The Originator identification code</li> <li>• 11 The Alias or Proxy of the Originator's account (Optional)</li> <li>• 20 The IBAN of the account of the Beneficiary</li> <li>• 21 The name of the Beneficiary</li> <li>• 24 The Beneficiary identification code</li> <li>• 25 The Alias or Proxy of the Beneficiary's account (Optional)</li> <li>• 28 The name of the Beneficiary Reference Party (optional)</li> <li>• 29 The identification code of the Beneficiary Reference Party (optional)</li> <li>• 41 The Originator's reference of the Credit Transfer Transaction</li> <li>• 42 The Settlement Date of the NPC Credit Transfer (optional)</li> <li>• 44 The purpose of the NPC Credit Transfer (optional)</li> </ul>
<b>Rules applied:</b>	<p>Where any of the above attributes, optional or not, are present in an interbank payment message (DS-02) the contents must be made available in full by the Beneficiary Bank to the Beneficiary, subject to any prior agreement to the contrary.</p> <p>Where the Beneficiary and Beneficiary Bank have an explicit agreement regarding the deduction of charges then the amount of the charges will be made clear to the Beneficiary</p> <p>A Beneficiary Bank may drop received extended Reference Party information (attributes 08, 09, 28, 29 and 44) and not make it available to a Beneficiary who uses an interface which does not comply with the ISO 20022 XML standard.</p>
<b>Remarks:</b>	These attributes reflect business requirements

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

<b>Identification:</b>	<b>DS-05</b>
<b>Name:</b>	<b>The Recall of a NPC Credit Transfer Dataset</b>
<b>Description:</b>	This dataset contains the messages for description of the minimum information that an Originator Bank needs to make available to the Beneficiary Bank
<b>Attributes contained:</b>	<p><u>Recall of NPC Credit Transfer:</u></p> <ul style="list-style-type: none"> <li>• An exact copy of the original Interbank Payment dataset (DS-02) which is being recalled.</li> <li>• 04 The amount of the NPC Credit Transfer in the relevant Scheme currency with the relevant currency code</li> <li>• 48 The Recall reason code</li> <li>• R2 Identification of the type of party initiating the “R” message</li> <li>• R7 The specific reference of the Bank initiating the Recall</li> <li>• 49 Additional Information to AT-48 The Recall reason code</li> </ul>
<b>Remarks:</b>	<p>Except for AT-49, these attributes reflect business requirements and do not prescribe fields in the NPC Credit Transfer Scheme Interbank Implementation Guidelines as defined in section 0.5.</p> <p>In case the Request for Status Update is used, a clear reference to the original Recall of the NPC Credit Transfer needs to be provided beside the copy of DS-02.</p>

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

<b>Identification:</b>	<b>DS-06</b>
<b>Name:</b>	<b>Response to a Recall of NPC Credit Transfer Dataset</b>
<b>Description:</b>	This dataset contains the messages for the description for sending the response to a Recall of Credit Transfer Dataset
<b>Attributes contained:</b>	<p><u>Positive response for a Recall of an NPC Credit Transfer</u></p> <ul style="list-style-type: none"> <li>• An exact copy of the original Interbank payment dataset (DS-02) which is being recalled.</li> <li>• 47 The fee for the positive response to a Recall in the relevant Scheme currency (optional)</li> <li>• 46 The returned amount of the positive response to the Recall in the relevant Scheme currency and the relevant currency code</li> <li>• R1 The type of “R” message</li> <li>• R2 The Identification of the type of party initiating the “R” message</li> <li>• R7 The specific reference of the Bank initiating the Recall</li> <li>• R8 The Settlement Date for the positive response to the Recall</li> </ul> <p><u>Negative response for a Recall of an NPC Credit Transfer</u></p> <ul style="list-style-type: none"> <li>• An exact copy of the original Interbank Payment dataset (DS-02) which is being recalled.</li> <li>• R6 Reason code for non-acceptance of the Recall</li> </ul>
<b>Remarks:</b>	These attributes reflect business requirements and do not prescribe fields in the NPC Credit Transfer Scheme Interbank Implementation Guidelines as defined in section 0.5.

#### 4.5.7 DS-07 Request for Recall by the Originator Dataset

<b>Identification:</b>	<b>DS-07</b>
<b>Name:</b>	<b>Request for Recall by the Originator dataset</b>
<b>Description:</b>	This dataset contains the attributes describing the minimum information that the Originator Bank needs to make available in a Request for Recall by the Originator
<b>Attributes contained:</b>	<ul style="list-style-type: none"> <li>• 50 Reason code for the Request for Recall by the Originator</li> <li>• 51 The specific reference of the Originator Bank for the Request for Recall by the Originator</li> <li>• 52 Additional Information to AT-50 Reason code for the Request for Recall by the Originator</li> <li>• An exact copy of the original Interbank Payment dataset (DS-02) which the Request for Recall by the Originator relates to</li> </ul>
<b>Remarks:</b>	<p>These attributes reflect business requirements and do not prescribe fields in the NPC Credit Transfer Scheme Interbank Implementation Guidelines as defined in section 0.5.</p> <p>In case the 'Request for Status Update' is used, a clear reference to the original Request for Recall by the Originator needs to be provided beside the copy of DS-02.</p>

#### 4.5.8 DS-08 Response to the Request for Recall by the Originator Dataset

<b>Identification:</b>	<b>DS-08</b>
<b>Name:</b>	<b>Dataset for the Response to the Request for Recall by the Originator</b>
<b>Description:</b>	This dataset contains the attributes for describing the response from the Beneficiary Bank to a Request for Recall by the Originator
<b>Attributes contained:</b>	<p><u>Positive response</u></p> <ul style="list-style-type: none"> <li>• An exact copy of the original Interbank Payment dataset (DS-02) which the Request for Recall by the Originator relates to</li> <li>• 51 The specific reference of the Originator Bank for the Request for Recall by the Originator</li> <li>• 53 The returned amount of the positive response to the Request for Recall in the original NPC Scheme currency and the relevant currency code</li> <li>• 54 The settlement date for the positive response to the Request for Recall by the Originator</li> <li>• 56 Fee for the positive response to a Request for Recall by the Originator in the original NPC Scheme currency and the relevant currency code</li> </ul> <p><u>Negative response</u></p> <ul style="list-style-type: none"> <li>• An exact copy of the original Interbank Payment dataset (DS-02) which the Request for Recall by the Originator relates to</li> <li>• 51 The specific reference of the Originator Bank for the Request for Recall by the Originator</li> <li>• 55 Reason code for non-acceptance of the Request for Recall by the Originator</li> <li>• 57 Provision of all information available to file a legal claim to recover the funds in case of reason code 'wrong unique identifier of the Beneficiary account' (optional)</li> </ul>
<b>Remarks:</b>	These attributes reflect business requirements and do not prescribe fields in the NPC Credit Transfer Scheme Interbank Implementation Guidelines as defined in section 0.5.

#### 4.5.9 DS-09 NCT Inquiry dataset

<b>Identification:</b>	<b>DS-09</b>
<b>Name:</b>	<b>NCT Inquiry dataset</b>
<b>Description:</b>	This dataset contains the attributes describing the minimum information that a Participant needs to make available in a NCT inquiry
<b>Attributes contained:</b>	<ul style="list-style-type: none"> <li>• 80 NCT inquiry reason code</li> <li>• 81 The specific NCT inquiry reference of the Participant initiating the NCT inquiry</li> <li>• 82 Additional Information to AT-80 NCT inquiry reason code</li> <li>• An exact copy of the original Interbank Payment dataset (DS-02) which the NCT inquiry relates to</li> </ul>
<b>Remarks:</b>	These attributes reflect business requirements and do not prescribe fields in the NPC Credit Transfer Scheme Interbank Implementation Guidelines as defined in Chapter 0.5. In case the NCT Inquiry reason code 'Request for Status Update' is used, an exact copy of the original NCT inquiry needs to be provided instead of the copy of DS-02.

#### 4.5.10 DS-10 Response-to-NCT-Inquiry dataset

<b>Identification:</b>	<b>DS-10</b>
<b>Name:</b>	<b>Response-to-NCT-Inquiry dataset</b>
<b>Description:</b>	This dataset contains the attributes for describing the response to an NCT inquiry from the Participant whom the NCT inquiry has been addressed to
<b>Attributes contained:</b>	<p><u>Response to Claim of Non-Receipt</u></p> <ul style="list-style-type: none"> <li>• 81 The specific NCT inquiry reference of the Participant initiating the NCT inquiry</li> <li>• An exact copy of the original Interbank Payment dataset (DS-02) which the NCT inquiry relates to</li> <li>• 42 The Settlement Date of the NPC Credit Transfer</li> <li>• 83 Non-receipt of the NPC Credit Transfer/ non-execution due to regulatory reason</li> <li>• 86 Fee for handling the NCT inquiry (optional)</li> </ul> <p><u>Response to Claim of Value Date Correction</u></p> <ul style="list-style-type: none"> <li>• 81 The specific NCT inquiry reference of the Participant initiating the NCT inquiry</li> <li>• An exact copy of the original Interbank Payment dataset (DS-02) which the NCT inquiry relates to</li> <li>• 84 New value date of the NPC Credit Transfer based on the new settlement date</li> <li>• 85 The interest compensation recovered by the Beneficiary Bank from the Originator Bank (optional)</li> <li>• 86 Fee for handling the NCT inquiry (optional)</li> </ul>
<b>Remarks:</b>	These attributes reflect business requirements and do not prescribe fields in the NPC Credit Transfer Scheme Interbank Implementation Guidelines as defined in section 0.5.

## 4.6 Business Requirements for Attributes

This section defines the business requirements for the attributes used by the Scheme. The attributes used in the NPC 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 – 79 for other attributes of a compliant NPC Credit Transfer;
- 80 onwards for attributes related to NCT inquiries and related responses;
- R01 onwards for attributes of Rejects/Returns/Recalls.

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

AT-01	The IBAN of the account of the Originator
AT-02	The name of the Originator
AT-03	The address of the Originator
AT-04	The amount of the NPC Credit Transfer in the relevant Scheme Currencies and the relevant currency code
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 Credit Transfer Instruction
AT-08	The name of the Originator Reference Party
AT-09	The identification code of the Originator Reference Party
AT-10	The Originator identification code
AT-11	The Alias or Proxy of the Originator's account (Optional)
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-25	The Alias or Proxy of the Beneficiary's account (Optional)
AT-28	The name of the Beneficiary Reference Party
AT-29	The identification code of the Beneficiary Reference Party
AT-40	The identification code of the Scheme
AT-41	The Originator's reference of the Credit Transfer Transaction
AT-42	The Settlement Date of the NPC Credit Transfer
AT-43	The Originator Bank's reference of the Credit Transfer Transaction
AT-44	The purpose of the NPC Credit Transfer
AT-45	The category purpose of the NPC Credit Transfer
AT-46	The returned amount of the positive response to the Recall in in the relevant Scheme currency and the relevant currency code
AT-47	The fee for the positive response to the Recall in the relevant Scheme currency and the relevant currency code
AT-48	The Recall reason code
AT-49	Additional Information to AT-48 The Recall reason code
AT-50	Reason code for the Request for Recall by the Originator
AT-51	The specific reference of the Originator Bank for the Request for Recall by the Originator

AT-52	Additional Information to AT-50 Reason code for the Request for Recall by the Originator
AT-53	The returned amount of the positive response to the Request for Recall by the Originator in the relevant Scheme currency and the relevant currency code
AT-54	The settlement date for the positive response to the Request for Recall by the Originator
AT-55	Reason code for non-acceptance of the Request for Recall by the Originator
AT-56	Fee for the positive response to a Request for Recall by the Originator in the relevant Scheme currency and the relevant currency code
AT-57	Provision of all information available to file a legal claim to recover the funds in case of reason code 'wrong unique identifier of the Beneficiary account'
AT-80	The NCT inquiry reason code
AT-81	The specific NCT inquiry reference of the Participant initiating the NCT inquiry
AT-82	Additional Information to AT-80 NCT inquiry reason code
AT-83	Non-receipt of the NPC Credit Transfer/ non-execution due to regulatory reason
AT-84	New value date of the NPC Credit Transfer based on the new settlement date
AT-85	The interest compensation recovered by the Beneficiary Bank from the Originator Bank
AT-86	Fee for handling the NCT inquiry
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 NPC Credit Transfer
AT-R4	The Settlement Date for the Return
AT-R5	The specific reference of the Bank initiating the Reject/Return
AT-R6	The Reason code for non-acceptance of the Recall
AT-R7	The specific reference of the Bank initiating the Recall
AT-R8	The Settlement Date for the positive Response to the Recall

#### 4.6.1 Attribute Details

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

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

<b>Identification:</b>	<b>AT-03</b>
<b>Name:</b>	<b>The address of the Originator</b>
<b>Description:</b>	<p>The information should reflect the address of the account holder being debited.</p> <p>Applies for DS-02: This attribute is only mandatory when the Originator Bank or the Beneficiary Bank is located in a non-EEA SEPA country or territory.</p>

<b>Identification:</b>	<b>AT-04</b>
<b>Name:</b>	<b>The amount of the NPC Credit Transfer in the relevant Scheme Currencies and the relevant currency code</b>
<b>Description:</b>	The directions for how to use the amount as well as the Scheme Currencies are described in Attachment [12] Scheme Currencies.

<b>Identification:</b>	<b>AT-05</b>
<b>Name:</b>	<b>The Remittance Information sent by the Originator to the Beneficiary in the Credit Transfer Instruction</b>
<b>Description:</b>	<p>A maximum of 140 characters for unstructured Remittance Information</p> <p>The European Association of Corporate Treasurers (EACT) has developed a standard for formatting the contents of the unstructured remittance information.</p> <p>The standard specifies the elements enabling the automated payments processing between business partners.</p> <p>Further information on this standard can be found on the following website EACT website:  <a href="https://eact.eu/Core/Documents/Wordpress_Old/docs/EACT_Standard_for_Remittance_Info.pdf">https://eact.eu/Core/Documents/Wordpress_Old/docs/EACT_Standard_for_Remittance_Info.pdf</a>          (reference [13])</p> <p>The 140 characters unstructured Remittance Information should be used for storing the data elements described in the standard.</p> <p>OR</p> <p>structured Remittance Information of a maximum of 140 characters according to detailed rules to be defined</p> <ul style="list-style-type: none"> <li>• NPC recommends Beneficiaries to adopt the ISO standard (reference [9]) for a 'Structured creditor reference to the remittance information' identified in the rulebook as 'structured creditor reference' as the preferred remittance data convention for identifying payment referring to a single invoice, to be part of the structured Remittance Information.</li> <li>• In the Nordic payment market, there is a legacy to use one of the existing OCR-references. These references are only used in combination with a corresponding 'Alias', where the Alias registry holds information regarding the validation rule for the reference.</li> <li>• Therefore, when customers (Originators) has entered a structured reference it is mandatory that the Originator Bank (Debtor Bank) validates the 'structured creditor reference' thru validate according to ISO-rules or checking the rule for validation connected to the 'Alias', to ensure the correctness of the structured reference.</li> </ul> <p>OR</p> <p>Use the ERI Option (reference document). This option supports the transmission and the processing of the following combination of RI in Credit Transfer Instructions and Transactions:</p> <ul style="list-style-type: none"> <li>• One occurrence of 140 characters of unstructured RI and</li> <li>• Up to 999 occurrences of 280 characters of structured RI based on the ISO 20022 standard or OCR-references described as above. The Originator can refer to up to 999 invoices and credit notes in structured format to each Credit Transfer payment. All references must also have a referred amount and be of the same currency.</li> </ul>

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

<b>Identification:</b>	<b>AT-07</b>
<b>Name:</b>	<b>The Requested Execution Date of the Credit Transfer Instruction</b>
<b>Description:</b>	This date corresponds with a date requested by an Originator for commencing the execution of the Credit Transfer Instruction as described in Chapter 7.

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

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

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

<b>Identification:</b>	<b>AT-11</b>
<b>Name:</b>	<b>The Alias or Proxy of the Originator's account</b>
<b>Description:</b>	<p>It is a requirement that the Nordic payment ecosystem be able to support a number of existing Alias schemes such as National Account Number, Swedish Bankgiro number, Swedish Plusgiro number etc. It could also be used to support the transmission of Proxy information such as for example mobile phone numbers or identifiers used in the various Nordic mobile payment platforms.</p> <p>The reason for including the additional attribute in the interbank messaging is to allow the Alias or Proxy, used by the Originator, to be used by the Beneficiary Bank in order to supply the Alias or Proxy in communication with the Beneficiary, if the alias or proxy service requires it.</p>
<b>Value range:</b>	<p>Scheme Identifier</p> <p>Alias or Proxy</p>

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

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

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

<b>Identification:</b>	<b>AT-23</b>
<b>Name:</b>	<b>The BIC code of the Beneficiary Bank</b>
<b>Description:</b>	For the dataset DS-01, the BIC code of the Beneficiary Bank has to be provided only when the Originator Bank explicitly requests the BIC of the Beneficiary Bank whereby at least one of the two Banks is located in a non-EEA SEPA country or territory. See Chapter 7.

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

<b>Identification:</b>	<b>AT-25</b>
<b>Name:</b>	<b>The Alias or Proxy of the Beneficiary's account</b>
<b>Description:</b>	<p>The information supplied by the Originator for the Originator Bank to identify Beneficiary Bank and Beneficiaries IBAN.</p> <p>It is a requirement that the Nordic payment ecosystem be able to support a number of existing Alias schemes such as National Account Number, Swedish Bankgiro number, Swedish Plusgiro number, Danish FIK Creditor ID etc. It could also be used to support the transmission of Mobile Proxy information such as mobile phone numbers or identifiers used in the various Nordic mobile payment platforms.</p> <p>The reason for including this value in the interbank messaging is to allow the alias used by the Originator to be used by the Beneficiary Bank to either validate the corresponding National Account Number and/or use the Proxy/Alias supplied in Beneficiary communication, if the Alias or Proxy scheme requires it.</p> <p>The transmission of the National Account Number will also signal a shift of liability from the Originator Bank to the Beneficiary Bank in the correct processing of a transaction in the case where the Originator supplied Beneficiary IBAN is not associated with the Originator supplied Beneficiary National Account Number. The Beneficiary Bank has the right to reject the payment if the IBAN is incorrect and not process the payment based on the National Account Number alone.</p> <p>The identification code will consist of two elements – a scheme identifier and the Alias/National Account Number itself.</p>
<b>Value range:</b>	<p>Scheme Identifier</p> <p>Alias, Proxy or National Account Number Structure</p>

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

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

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

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

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

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

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

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

<b>Identification:</b>	<b>AT-46</b>
<b>Name:</b>	<b>The returned amount of the positive response to the Recall in the relevant Scheme currency and the currency code</b>
<b>Description:</b>	This amount may be the same as AT-04 if there is no AT-47. If a fee for the positive response to the Recall is present in AT-47, this amount will be equal to the difference between AT-04 and AT-47.  The list of different Scheme Currencies is described in Attachment [12] Scheme Currencies

<b>Identification:</b>	<b>AT-47</b>
<b>Name:</b>	<b>The fee for the positive response to the Recall in the relevant Scheme Currency and the currency code (optional)</b>
<b>Description:</b>	The fee deducted from the original amount sent to the Beneficiary Bank. The Recall will be in the original transaction currency and the Beneficiary Bank can also deduct any currency conversion loss as part of the Recall fee.  This is an optional attribute.  The list of different Scheme Currencies is described in Attachment [12] Scheme Currencies.

<b>Identification:</b>	<b>AT-48</b>
<b>Name:</b>	<b>The Recall reason code</b>
<b>Description:</b>	This code explains the reason for the Recall for a Credit Transfer Transaction. It is defined by the Originator Bank who initiates the Recall. It can be used by the Beneficiary Bank to inform the Beneficiary about the reason for debit of the account of the Beneficiary.
<b>Value range:</b>	Codes are: <ul style="list-style-type: none"> <li>• Duplicate sending</li> <li>• Technical problems resulting in erroneous NCTs</li> <li>• Fraudulent originated NPC Credit Transfer</li> <li>• Request for status update</li> </ul>

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

<b>Identification:</b>	<b>AT-50</b>
<b>Name:</b>	<b>Reason code for the Request for Recall by the Originator</b>
<b>Description:</b>	This code explains the reason for making a Request for Recall by the Originator. It is defined by the Originator Bank who initiates the Request for Recall by the Originator and is based on the input received from the Originator
<b>Value range:</b>	Codes are: <ul style="list-style-type: none"> <li>• Wrong unique identifier of the Beneficiary account</li> <li>• Wrong amount</li> <li>• By request of the Originator without any reason specified</li> <li>• Request for status update (Tracer)</li> </ul>

<b>Identification:</b>	<b>AT-51</b>
<b>Name:</b>	<b>The specific reference of the Originator Bank for the Request for Recall by the Originator</b>
<b>Description:</b>	This reference is determined by the Originator Bank that initiates the Request for Recall by the Originator on the initial Credit Transfer Transaction. It must be forwarded to the Beneficiary Bank.

<b>Identification:</b>	<b>AT-52</b>
<b>Name:</b>	<b>Additional Information to AT-50 Reason code for the Request for Recall by the Originator</b>
<b>Description:</b>	The Originator Bank may use this attribute for including additional information on AT-50. The text shall be in a comprehensible language to the Beneficiary Bank receiving the Request for Recall by the Originator who is obliged to act upon this information received.

<b>Identification:</b>	<b>AT-53</b>
<b>Name:</b>	<b>The returned amount of the positive response to the Request for Recall by the Originator in the relevant Scheme currency</b>
<b>Description:</b>	The use of the different Scheme Currencies is described in Attachment [12] Scheme Currencies.

<b>Identification:</b>	<b>AT-54</b>
<b>Name:</b>	<b>The settlement date for the positive response to the Request for Recall by the Originator</b>
<b>Description:</b>	The date on which the returned amount is settled by the CSM

<b>Identification:</b>	<b>AT-55</b>
<b>Name:</b>	<b>Reason code for non-acceptance of the Request for Recall by the Originator</b>
<b>Description:</b>	The codes define the reason for non-acceptance of the Request for Recall by the Originator
<b>Value range</b>	<p>Codes are:</p> <ul style="list-style-type: none"> <li>• Beneficiary's refusal</li> <li>• Legal reasons</li> <li>• Account closed</li> <li>• Insufficient funds on the account</li> <li>• No response from Beneficiary</li> <li>• Initial Credit Transfer Transactions never received</li> <li>• Already returned transaction</li> </ul>

<b>Identification:</b>	<b>AT-56</b>
<b>Name:</b>	<b>Fee for the positive response to a Request for Recall by the Originator in the relevant Scheme currency (optional)</b>
<b>Description:</b>	<p>The fee deducted from the original amount sent to the Beneficiary Bank. The Recall will be in the original transaction currency and the Beneficiary Bank can also deduct any currency conversion loss as part of the Recall fee.</p> <p>This is an optional attribute.</p> <p>The list of different Scheme Currencies is described in Attachment [12] Scheme Currencies</p>

<b>Identification:</b>	<b>AT-57</b>
<b>Name:</b>	<b>Provision of all information available to file a legal claim to recover the funds in case of reason code 'wrong unique identifier of the Beneficiary account'</b>
<b>Description:</b>	Subject to the data protection laws which apply to the Beneficiary Bank, the Beneficiary Bank provides all information available of the Beneficiary. This gives the Originator all information to file a legal claim. This is an optional attribute. However, the Participants must bear in mind the principle from the Payment Services Directive that PSPs must assist their Customers when the latter want to take further actions to recover their Funds.

<b>Identification:</b>	<b>AT-80</b>
<b>Name:</b>	<b>The NCT inquiry reason code</b>
<b>Description:</b>	This code explains the reason for making a NCT inquiry. It is defined by the Participant who initiates the NCT inquiry.
<b>Value range:</b>	Codes are: <ul style="list-style-type: none"> <li>• Claim of Non-Receipt</li> <li>• Claim of Value Date Correction</li> <li>• Request for Status Update (Tracer)</li> </ul>

<b>Identification:</b>	<b>AT-81</b>
<b>Name:</b>	<b>The specific NCT inquiry reference of the Participant initiating the NCT inquiry</b>
<b>Description:</b>	This reference is determined by the Participant that initiates the NCT inquiry on the initial Credit Transfer Transaction / initial NCT inquiry. It must be forwarded to the Participant whom the NCT inquiry is addressed to.

<b>Identification:</b>	<b>AT-82</b>
<b>Name:</b>	<b>Additional Information to AT-80 NCT inquiry reason code</b>
<b>Description:</b>	<p>The Participant may use this attribute for including additional information on AT-80. The text shall be in a comprehensible language to the Participant receiving the NCT inquiry who is obliged to act upon this information received.</p> <p>In case the NCT inquiry concerns a "Claim of Value Date Correction", the Originator Bank should use this attribute to report the date and time at which the Originator Bank received the Credit Transfer Instruction from the Originator and to report the initially expected settlement date.</p>

<b>Identification:</b>	<b>AT-83</b>
<b>Name:</b>	<b>Non-receipt of the NPC Credit Transfer / non-execution due to regulatory reason</b>
<b>Description:</b>	<p>In response to the "Claim of Non-Receipt" NCT inquiry from the Originator Bank, the Beneficiary Bank reports that</p> <ul style="list-style-type: none"> <li>• It has not received the original Credit Transfer Transaction;</li> <li>• It could not credit the account of the Beneficiary due to regulatory reasons (if the Beneficiary Bank is allowed to communicate such reason under the applicable legislation); or</li> <li>• It has already sent a Reject or Return for this Credit Transfer Transaction.</li> </ul>

<b>Identification:</b>	<b>AT-84</b>
<b>Name:</b>	<b>New value date of the NPC Credit Transfer based on the new settlement date</b>
<b>Description:</b>	In response to the “Claim of Value Date Correction” NCT inquiry from the Originator Bank, the Beneficiary Bank reports the new value date granted to the Beneficiary for the original NPC Credit Transfer under DS-02

<b>Identification:</b>	<b>AT-85</b>
<b>Name:</b>	<b>The interest compensation recovered by the Beneficiary Bank from the Originator Bank</b>
<b>Description:</b>	<p>It is an <b>optional</b> attribute restricted to a “Claim of Value Date Correction” NCT inquiry only.</p> <p>The interest compensation is calculated by the Beneficiary Bank and is sent to the Originator Bank through the CSM provided that the Originator Bank has acknowledged its responsibility in the late execution of the NPC Credit Transfer.</p> <p>This compensation is a variable amount, being the interest calculated for the number of calendar days between the original value date and the corrected value date for the original NPC Credit Transfer under DS-02.</p>

<b>Identification:</b>	<b>AT-86</b>
<b>Name:</b>	<b>Fee for handling the NCT inquiry</b>
<b>Description:</b>	<p>It is an <b>optional</b> attribute for the Beneficiary Bank when responding to a ‘Claim of Non-Receipt’ or a ‘Claim of Value Date Correction’ inquiry.</p> <p>The fee deducted from the original amount will be sent to the Beneficiary Bank. The fee for the NCT Inquiry will be in the original transaction currency.</p> <p>The list of different Scheme Currencies is described in Attachment [12] Scheme Currencies.</p>

<b>Identification:</b>	<b>AT-R1</b>
<b>Name:</b>	<b>The type of “R” message</b>
<b>Description:</b>	This code allows to identify the type of “R” message in the handling of the Credit Transfer Transaction
<b>Value range:</b>	<ul style="list-style-type: none"> <li>• Reject</li> <li>• Return</li> <li>• Recall</li> <li>• Request for Recall by the Originator</li> </ul>

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

<b>Identification:</b>	<b>AT-R3</b>
<b>Name:</b>	<b>The reason code for non-acceptance of the NPC Credit Transfer</b>
<b>Description:</b>	This code identifies the reason for the non-acceptance of the NPC Credit Transfer
<b>Value range:</b>	<p><b>The reasons for a Reject by the Originator Bank or the CSM are as follows:</b></p> <ul style="list-style-type: none"> <li>• Account identifier incorrect (i.e. invalid IBAN)</li> <li>• Alias identifier incorrect (i.e. does not match the intended information)</li> <li>• Bank identifier incorrect (i.e. invalid BIC)</li> <li>• Duplicate payment</li> <li>• File received after Cut-off Time</li> <li>• Operation/transaction code incorrect, invalid File format</li> <li>• Regulatory reason</li> <li>• Reason not specified</li> <li>• Beneficiary Bank not registered under this BIC in the CSM</li> <li>• Originator Bank not registered under this BIC in the CSM</li> <li>• Beneficiary bank not registered to process this currency</li> <li>• ERI Option not supported</li> <li>• Settlement of the NPC Credit Transfer failed</li> <li>• Transaction currency is invalid or missing (used when Beneficiary Bank is not reachable for Cross-Border Credit Transfer Transactions)</li> </ul> <p><b>The reasons for a Return by the Beneficiary Bank are as follows:</b></p> <ul style="list-style-type: none"> <li>• Account address invalid</li> <li>• Account blocked, reason not specified</li> <li>• Account closed</li> <li>• Account identifier invalid (i.e. invalid IBAN or account number does not exist)</li> <li>• Bank identifier incorrect (i.e. invalid BIC)</li> <li>• NPC Credit Transfer currency not accepted for this account</li> <li>• Beneficiary deceased</li> <li>• By order of the Beneficiary</li> <li>• NPC Credit Transfer forbidden on this type of account (e.g. savings account)</li> <li>• Duplicate payment</li> <li>• Operation/transaction code incorrect, invalid File format</li> <li>• Regulatory reason</li> <li>• ERI Option not supported</li> <li>• Beneficiary Bank not registered under this BIC in the CSM</li> <li>• Settlement of the NPC Credit Transfer failed</li> <li>• Reason not specified</li> </ul> <p>The document 'Guidance on reason codes for NCT R-transactions' ([15]) prescribes which ISO code should be used for each of the above-mentioned reasons under a Reject and a Return.</p>

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

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

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

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

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

## 5. RIGHTS AND OBLIGATIONS OF PARTICIPANTS

### 5.1 The Scheme

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

- Participants from all countries in the EPC list of countries and territories included in the SEPA Schemes' geographical scope[11], from Greenland or from the Faroe Islands being able to process the Scheme Currencies participate on the basis that the level playing field principle is respected;
- All adhering Participants shall comply with the NPC Credit Transfer Scheme Rulebook on the same basis;
- Participants need to ensure that they at all times through their participation in the Scheme are compliant with the Regulation on Information accompanying Transfers of Funds and the provisions of Title III and Title IV of the Payment Services Directive or substantially equivalent binding practice affecting credit transfers.

### 5.2 Compliance with the Rulebook

A Participant shall comply with the Rulebook including:

- The Adherence Agreement undersigned by such party;
- **Annex II-IV** to the Rulebook

A Participant shall furthermore comply with the following binding documents, notices and orders related to the Rulebook:

- The NPC Credit Transfer Scheme Interbank Implementation Guidelines, reference [1];
- The NPC Scheme Currencies – currencies covered by the Scheme, reference [12]
- Any validly made order or notice issued as part of the NPC Scheme Management processes under the Rulebook chapter 6 and the **NPC SMIR**.

The above includes amendments as and when they are made and properly communicated to Participants in accordance with chapter 6 and **NPC SMIR**.

The features covered in references [1] and [9] and in **Annex V** with respect to the ERI Option, are only binding for the ERI Option Participants.

The Rulebook is a multilateral agreement comprising contracts between:

- The NPC and each Participant; and
- Each Participant and every other Participant.

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

### 5.3 Reachability

Each Participant shall offer services relating to the Scheme in the capacity of at least Beneficiary Bank by receiving payments under the Scheme and to processing them according to the rules of the Scheme. Each Participant needs to determine how to achieve full reachability for the NPC Credit Transfer Scheme. There are several ways for Participants to send and receive payment transactions to and from other Participants in the Scheme Currencies.

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

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

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

### 5.4 Eligibility for participation

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

1. Be a NPC Scheme Member unless eligible to be an NPC Non-Member Participant;
2. Be active in the business of providing banking and/or payment services to Customers;
3. Be active in the business of providing 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;
4. Be established in a SEPA country or territory, as defined in the EPC list of countries and territories included in the SEPA Schemes' geographical scope, see reference [11], in Greenland or in the Faroe Islands;
5. 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;
6. Maintain a sufficient level of liquidity and capital in accordance with regulatory requirements to which it is subject;
7. 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;
8. Comply with applicable regulations in respect of money laundering, sanctions restrictions and terrorist financing;
9. Participate, or be eligible to participate, directly or indirectly in one or more CSMs for the purpose of providing access to the Scheme;
10. Develop and effect operational and risk control measures appropriate to the business undertaken by the Participant, such as the risk management provisions set out in the Rulebook and in the Risk Management **Annex IV** to the Rulebook.

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

1. A credit institution which is authorised in accordance with Article 8 (1) of Directive 2013/36/EU by a state which is a member of the European Economic Area;
2. The institutions referred to in points (2) to (23) of Article 2 (5) of Directive (EU) 2013/36/EU;
3. A bank which is authorised in accordance with Article 3 of the Federal Law on Banks and Savings Banks of 8 November 1934 by the Swiss Financial Market Supervisory Authority (FINMA);
4. A bank which is authorised by the Central Bank of San Marino in accordance with Article 7, Part I, Title II, of the Sammarinese Law No. 165 (approved on November 17th 2005) and with Regulation No. 07 of 2007;
5. An undertaking incorporated in Jersey and registered with the Jersey Financial Services Commission to conduct deposit-taking business under the Banking Business (Jersey) Law 1991;
6. An undertaking incorporated in Guernsey and registered with the Guernsey Financial Services Commission to conduct deposit-taking business under the Banking Supervision (Bailiwick of Guernsey) Law 1994; or
7. An undertaking incorporated in the Isle of Man and licensed by the Isle of Man Financial Services Authority to conduct deposit-taking business under the Isle of Man Financial Services Act 2008.

An applicant which has been authorised as a payment institution under Article 11 of the Payment Services Directive, or any other payment service provider listed in Article 1.1 of the Payment Services Directive, shall be deemed automatically to have met the following eligibility criteria:

1. Be active in the business of providing banking and/or payment services to customers;
2. Be established in a SEPA country or territory, as defined in the EPC list of countries and territories included in the SEPA Schemes' geographical scope, see reference [11], in Greenland or in the Faroe Islands;
3. Maintain a sufficient level of liquidity and capital in accordance with regulatory requirements to which it is subject;
4. Comply fully with applicable regulations in respect of money laundering, sanctions restrictions and terrorist financing;
5. Develop and effect operational and risk control measures appropriate to the business undertaken by the Participant.

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

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

unless there are exceptional circumstances or the applicant is not the treasury of an EEA member state or Switzerland.

However, the Function for Compliance and Adherence may request such an applicant to demonstrate (in a legal opinion or otherwise) that it is the treasury of the state itself, and not the treasury of an organ or entity under the control of the state

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

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

## 5.5 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 NPC in accordance with its application procedures as set out in the NPC SMIR.

To apply to become a Participant, an undertaking shall submit to the NPC an executed and original Adherence Agreement and submit Supporting Documentation to the NPC. 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 NPC may require additional information from the applicant in support of its application.

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

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

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

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

## 5.6 NPC Credit Transfer Scheme List of Participants

The NPC Credit Transfer Scheme List of Participants shall be maintained in good and up-to-date order by the NPC and is 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 (e.g. Participants adhered currency/currencies).

Any changes to operational, contacting or invoicing details shall be provided by Participants in accordance with the Scheme management process as stipulated in the NPC SMIR.

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 to Originators the means of initiating Credit Transfer Instructions and accepting the applicable data and format requirements;
9. Provide to Originators information on the currencies for the submission and execution of Credit Transfer Instructions through each available channel;
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 when requested by the Originator Bank, the validity of the Beneficiary Bank's BIC;
13. Verify if the Beneficiary Bank adheres to the currency of the Credit Transfer Instruction and only if the Beneficiary Bank adheres forward the Credit Transfer Transaction;
14. In case of Cross-border Credit Transfer Instruction, verify if the Beneficiary Bank supports Cross-border Payments in that currency and only if the Beneficiary Bank supports Cross-border Payments in that currency forward the Credit Transfer Transaction;
15. 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;
16. Following acceptance of a Credit Transfer Instruction, debit the specified account of the Originator, route the NPC Credit Transfer to the specified Beneficiary Bank for credit of the account of the Beneficiary identified in the Credit Transfer Instruction;
17. 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;
18. Ensure that all Credit Transfer Instructions comply with the standards set out in the Credit Transfer Scheme Interbank Implementation Guidelines;
19. Effect exception processing in accordance with the Rulebook;
20. Comply with applicable provisions issued from time to time in relation to risk management as set out in the Rulebook and **Annex IV**;
21. Ensure the ongoing compliance of its own rules, procedures and agreements with the laws, regulations and generic supervisory requirements applicable to them;

22. Enter into an agreement governing the provision and use of services relating to the Scheme only after applying the principles of know your customer;
23. Ensure that such agreement is consistent with the Rulebook and that such agreement is complete, unambiguous and enforceable;
24. Enter into legally binding agreements with its NPC Credit Transfer service providers covering all functions performed by those providers in direct connection with the Scheme, ensure that such agreements are complete, unambiguous and enforceable on each contractual party and safeguard the ongoing compliance of such agreements with the laws applicable to them;
25. Require the CSM(s) to which it is connected to act in compliance with the Scheme rules;
26. Provide Originators with adequate information on their risks as well as the respective rights and obligations of the Originator, Beneficiary, Originator Bank and Beneficiary Bank, where relevant, including those specified in the applicable legislation, in relation to the NPC Credit Transfer as well as to the Scheme in question, and information about the service level offered and any charges that apply to the service being performed;
27. Immediately (without any further delay) report to the NPC about unmitigated Risks of Scheme-Wide Importance and about Major Incidents that affect the smooth functioning of the Scheme;
28. Without delay report to the NPC about issues or complaints related to the Credit Transfer Transactions that were raised by Originators or Beneficiaries and about internal or external audit findings, where such matters are deemed to be Issues or Complaints of scheme-wide importance.

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 or an Alias accepted by the Originator Bank of the Beneficiary's account to be credited (and the BIC of the Beneficiary Bank if the Originator Bank explicitly requests the BIC of the Beneficiary Bank whereby at least one of the two Banks is located in a non-EEA Scheme currency country or territory). 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:

29. Provide the Originator Bank with sufficient information for the Originator Bank to make the NPC Credit Transfer in compliance with the Rulebook;
30. 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 Credit Transfer Scheme Interbank Implementation Guidelines to the processing of its received payment instructions and to the provision of information to its Customers.
6. Effect exception processing in accordance with the Credit Transfer Rulebook;

7. Receive the NPC 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 exception processing in accordance with the Rulebook 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. Comply with applicable provisions issued from time to time in relation to risk management as set out in the Rulebook and **Annex IV**;
13. Ensure the ongoing compliance of its own rules, procedures and agreements with the laws, regulations and generic supervisory requirements applicable to them;
14. Enter into an agreement governing the provision and use of services relating to the Scheme only after applying the principles of know your customer;
15. Ensure that such agreement is consistent with the Rulebook and that such agreement is complete, unambiguous and enforceable;
16. Enter into legally binding agreements with their NPC Credit Transfer service providers covering all functions performed by those providers in direct connection with the Scheme, ensure that such agreements are complete, unambiguous and enforceable on each contractual party and safeguard the ongoing compliance of such agreements with the laws applicable to them;
17. Require the CSM(s) to which it is connected to act in compliance with the Scheme rules;
18. Provide Beneficiaries with adequate information on their risks as well as the respective rights and obligations of the Originator, Beneficiary, Originator Bank and Beneficiary Bank, where relevant, including those specified in the applicable legislation, in relation to the NPC Credit Transfer as well as the Scheme in question, and information about the service level offered and any charges that apply to the service being performed;
19. Immediately (without any further delay) report to the NPC about unmitigated Risks of Scheme-Wide Importance and about Major Incidents that affect the smooth functioning of the NPC Credit Transfer Scheme;
20. Without delay report to the NPC about issues or complaints related to NCT Transactions that were raised by Originators or Beneficiaries and about internal or external audit findings, where such matters are deemed to be Issues or Complaints of Scheme-Wide Importance.

## 5.9 Liability and Limitation of Liability

### 5.9.1 Scope of Liability

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

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

### 5.9.2 Limits on Liability

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

1. The maximum amount which may be claimed in respect of a Loss is the amount of the NPC Credit Transfer;
2. The cap on liability applies even if there has been gross negligence by the liable Participant, its employees or agents;
3. The cap on liability does not apply in the event of intent by the liable Participant, or by the Participant's employees or agents;
4. The maximum amount which may be claimed in respect of a Loss is subject to proportionate reduction in the case of contributory negligence of the Participant making the claim, its employees or its agents;
5. A Loss which results from action taken to limit or manage risk shall not be claimed;
6. A Loss can be regarded as foreseeable only if it is regularly experienced by Participants active in making credit transfers in the Scheme Currencies.

### 5.9.3 Force majeure

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

## 5.10 Liability of the NPC

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

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

## 5.11 Termination

A Participant may terminate its status as a Participant by giving no less than six months' prior written notice to the Secretariat, such notice to take effect on a NPC 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, the notice or a summary thereof shall be published by the Secretariat to all other Participants in an appropriate manner.

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

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

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

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

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

## 5.12 Intellectual Property

The Participants acknowledge that any copyright in the Rulebook belongs to the NPC or 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 NPC or the EPC in the Rulebook.

## 5.13 Contractual provisions

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

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

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

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

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

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

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

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

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

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

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

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

The obligations of each Participant (whether or not subject to the Payment Services Directive) under the Rulebook shall apply notwithstanding that the Payment Services Directive is limited in its geographical scope (art.2 Payment Service Directive). For the avoidance of doubt and notwithstanding the above paragraphs of this section, it is recognised that the compliance obligations for a Participant that is not subject to the Payment Services Directive under its national law and is operating outside the EEA shall not include the obligations resulting from Article 66 and related Articles of the Payment Services Directive as these Articles should only apply in combination with the authorisation framework within the EEA in accordance with Titles I and II of the Payment Services Directive.

## 6. NPC SCHEME MANAGEMENT

The NPC acting in accordance with the NPC Bylaws.

NPC Scheme Management comprises of two functions. The first function involves managing the development and change management of the Scheme and the second function involves the administration of the Scheme and the process of ensuring compliance with its rules. The detailed rules that describe the operation of these functions are set out in the NPC SMIR in **Annex II** of the Rulebook.

### 6.1 Development and Change Management

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

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

The development and change management function shall be performed by the SMC, supported by working and support groups established under the SMC. The Scheme Management Group shall perform the development and change management function in accordance with the procedures set out in the NPC SMIR.

### 6.2 Administration and Compliance

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

In addition, the NPC SMIR provide for an appeals process on decisions taken by the Secretariat on adherence and complaints matters. The appeals function is detailed in the NPC Bylaws and the NPC SMIR.

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

The administration and compliance function shall be performed by the Secretariat as set out in detail in the NPC SMIR. The roles, rights and powers of the SMC and the Secretariat are set out in detail in the NPC Internal Rules and in the NPC Bylaws.

The SMC and the Secretariat are established by the NPC in accordance with the NPC Bylaws and the Internal Rules as organs of the NPC. In this Rulebook, references to the rights, obligations and entitlements of the SMC and the Secretariat may be read as references to the rights, obligations and entitlements of the NPC.

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

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

## 7. DEFINED TERMS IN THE RULEBOOK

TERM	DEFINITION
Additional Optional Services	Complementary features and services based on the Scheme, as described in section 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 <b>Annex I</b> of the Rulebook.
Alias	A pseudonym that allows to uniquely identify for instance the Beneficiary account or the Beneficiary. The conversion is done through a lookup in the directory used for that specific alias. Alias is generated by the Beneficiary Bank and given to the Beneficiary. The Beneficiary can request a change of the Alias at any given time.
AOS	<i>See Additional Optional Services</i>
Bank	See section 5.4.
Banking Business Day	Banking Business Day means, in relation to a Participant, a day on which that Participant is open for business.
Beneficiary	See section 3.1
Beneficiary Bank	See section 3.1
Beneficiary Reference Party	See section 4.6.1 AT-28
BIC	<i>See Business Identifier Code</i>
Bulk Payment	See section 4.5.1
Business Identifier Code (BIC)	An 8 or 11 character ISO code assigned by SWIFT and used to identify a financial institution in financial transactions.
Calendar Day	A Calendar Day means any day of the year
Category purpose of the NPC Credit Transfer	See section 4.6.1
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.
Credit Transfer Instruction	An instruction given by an Originator to an Originator Bank requesting the execution of a Credit Transfer Transaction, comprising such information as is necessary for the execution the NPC Credit Transfer and is directly or indirectly initiated in accordance with the provisions of the Payment Services Directive.

Credit Transfer Transaction	An instruction executed by an Originator Bank by forwarding the Transaction to a CSM for forwarding the Transaction to the Beneficiary Bank.
Cross-border Credit Transfer Instruction	Cross-border Credit Transfer Instructions is a term referring to Credit Transfer Instructions where the Originator Bank and the Beneficiary Bank are located in different countries.
Cross-border Credit Transfer Transactions	Cross-border Credit Transfer Transactions is a term referring to Credit Transfer Transactions where the Originator Bank and the Beneficiary Bank are located in different countries.
Cross-border Payment	Cross-border Payment is a term referring to transactions where the Originator Bank and the Beneficiary Bank are located in different countries.
CSM	A Clearing and Settlement Mechanism. For more info see section 3.13
Customer	Non-bank Originator or Beneficiary
Cut-off Time	See section 4.2.2
D	Day - See section 4.2.1
EEA	European Economic Area
EPC	The European Payments Council
ERI	Extended Remittance Information
ERI Option	Extended Remittance Information Option
ERI Option Participant	Participant who has formally declared its participation to this option to the NPC
EU	The European Union
Exception Processing	See section 4.3.2
Execution Time Cycle	This describes the time constraints of a process in terms of seconds per key process step.
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.
Function for Compliance and Adherence	The function of the NPC Secretariat that performs the compliance functions of the NPC Scheme Management.

Funds	In relation to a payment transaction shall mean cash, scriptural money and electronic money as defined in Directive 2000/46/EC
IBAN	International Bank Account Number (IBAN): uniquely identifies an individual account at a specific financial institution in a particular country (ISO 13616).
Interbank Space	Covers the space in which NPC Credit Transfer service providers operate offering technical, clearing and/or settlement services to the Originator Bank and/or the Beneficiary Bank.
Intermediary Bank	As described in section 3.4, a bank which is neither that of the Originator nor that of the Beneficiary and which participates in the execution of an NPC Credit Transfer.
Issues or Complaints of scheme-wide Importance	An issue or complaint of scheme-wide importance shall be understood to be a matter that could be seen as creating reputational damage to the Scheme or that could negatively affect the integrity or the proper functioning of the Scheme.
Loss	Shall have the meaning given in section 5.9 of the Rulebook.
Major Incidents	<p>An incident should be classified as 'major' if it has caused significant business disruption or interrupted the smooth functioning of the Scheme (e.g. major network or scheme operation failure or a major fraud incident involving the loss of sensitive payment data).</p> <p>Moreover, if it has or may have a material impact on the security, integrity or continuity of scheme participant's payment-related processes and/or the security of sensitive payment data or funds it shall also be considered as 'major'.</p> <p>The assessment of materiality should consider the number of potentially affected users, the amount(s) at risk and the impact on other scheme participants or other payment infrastructures, to the extent possible.</p> <p>Further detailed elements for the classification of an incident as 'major' shall be published and kept updated by the CSM.</p>
Making/Make/ Made Funds Available	This action means that the Beneficiary has immediate use of the Funds subject to the Terms and Conditions governing the use of the Payment Account of the Beneficiary.
NASO	National Adherence Support Organisation
National Account Number Structure	Nationally defined account structure, including at minimum bank branch code and account number
NCT	NPC Credit Transfer
NPC	The Nordic Payments Council

NPC Bylaws	The Bylaws of the Nordic Payments Council (NPC), as amended from time to time
NPC Credit Transfer	The NPC Credit Transfer is the payment message governed by the rules of the NPC Credit Transfer Scheme for making credit transfer payments in the Scheme Currencies from bank accounts to other bank accounts.
NPC Credit Transfer Scheme C2B Implementation Guidelines	The NPC Credit Transfer Scheme C2B Implementation Guidelines set out the rules for implementing the credit transfer ISO 20022 XML standards in the Customer to Bank space, constitute a recommended supplement to the Rulebook, described with reference [9] in the Rulebook.
NPC Credit Transfer Scheme Interbank Implementation Guidelines	The NPC Credit Transfer Scheme Interbank Implementation Guidelines set out the rules for implementing the credit transfer ISO 20022 XML standards in the interbank space, constitute a binding supplement to the Rulebook, described with reference [1] in the Rulebook.
NPC Credit Transfer Scheme List of Participants	The list of Participants published by the NPC under section 5.6 and the NPC SMIR.
NPC Credit Transfer Service Provider	NPC Credit Transfer service providers include payment service providers, technical service providers offering technical services for purposes directly linked to the Scheme, the clearing provider and the settlement provider.
NPC Non-Member Participant	<p>Entities which are not Members in the NPC but adhere to an NPC Scheme based on having been approved by the NPC Board of Directors as meeting the eligibility requirements in the NPC Bylaws for Non-Member Participation. The following entities are eligible to be Non-Member Participants. Payment Service Providers as defined in point 11 of article 4 of Directive 2015/2366 EU established in SEPA that are:</p> <ul style="list-style-type: none"> <li>• states or their regional or local authorities when not acting in their capacity as public authorities;</li> <li>• the ECB and national central banks when not acting in their capacity as monetary authority or other public authorities.</li> </ul>
NPC Recommendation on Customer Reporting NCT and NCT Inst	The NPC Recommendation on Customer Reporting NCT and NCT Inst set out the rules for implementing the credit transfer ISO 20022 XML standards in the Bank to Customer space and constitute a recommended supplement to the Rulebook, described with reference [14] in the Rulebook.
NPC Scheme Management	NPC Scheme Management denotes the administration, compliance and development activities in relation to an NPC Scheme.

NPC Scheme Member	A member of the NPC which has been approved by the Board of Directors of the NPC as meeting the membership requirements in the NPC Bylaws and will adhere to, or has adhered to, the Scheme.
NPC Secretariat function for Compliance	The NPC function that performs the compliance functions of the NPC.
NPC SMIR	The Scheme Management Internal Rules, as set out in <b>Annex II</b> of the Rulebook, and as amended from time to time.
Original Amount	Original ordered amount for an NPC Credit Transfer as specified by the ordering Customer to the ordering bank.
Originator	See section 3.1
Originator Bank	See section 3.1
Originator Reference Party	See section 4.6.1 AT-08
Participant	An entity that has entered into the Adherence Agreement
Payment Account	An account held in the name of one or more payment service users which is used for the execution of payment transactions and having an IBAN as Payment Account identifier
Payment Services Directive	Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (PSD 2).
Proxy	A pseudonym that allows to uniquely identify for instance the Beneficiary account or the Beneficiary. The conversion is done through a lookup in the directory used for that specific Proxy. Proxy is not generated by the Beneficiary Bank but rather chosen by the Beneficiary – as long as it acceptable by the given standards. The Beneficiary can change the Proxy at any given time.
PSD	See <i>Payment Services Directive</i>
Purpose of the NPC Credit Transfer	See section 4.6.1 AT-44
Reachability	The concept that all Payment Accounts in the Scheme Currencies for all Participants, are accessible for the receiving of payments in the Scheme. All Participants need as a minimum to be reachable in one of the currencies covered by the Scheme but have the possibility of opting out of Cross-Border Credit Transfer Transactions for one or more of the Scheme Currencies.
Recalls	See section 4.3.2.3

Regulation on Information accompanying Transfers of Funds	Regulation (EU) 2015/847 of the European Parliament and of the Council of 20 May 2015 on information accompanying transfers of funds and repealing Regulation (EC) No 1781/2006.
Rejects	See section 4.3.2.1
Remittance Information	Information supplied by the Originator in the NPC Credit Transfer transaction and transmitted to the Beneficiary in order to facilitate the payment reconciliation.
Requested Execution Date	This date corresponds to a date requested by an Originator for commencing the execution of the NPC Credit Transfer in accordance with section 0 of the Rulebook.
Returns	See section 4.3.2.2
Risk of Scheme-Wide Importance	Shall be understood to be those risks for the Scheme that could be seen as creating reputational damage to the Scheme or that could negatively affect the integrity or the proper functioning of the Scheme.
Rulebook	The NPC Credit Transfer Rulebook, as amended from time to time.
Scheme	The NPC Credit Transfer Scheme, as described in the Rulebook.
Scheme Currencies	The currencies for the payments in the Scheme as described in reference [12] in the Rulebook.
Scheme Management Committee, or "SMC"	The NPC body that according to the NPC Bylaws is responsible for performing the NPC Scheme Management Functions as stipulated in the NPC SMIR.
SCT Rulebook	The SEPA Credit Transfer Scheme Rulebook, as amended by the EPC from time to time.
Secretariat	The NPC body as defined in the NPC Bylaws.
SEPA	<p>The Single Euro Payment Area (SEPA) is the area where citizens, companies and other economic actors will be able to make and receive payments in euro, within all the EU Member States, whether between or within national boundaries under the same basic conditions, rights and obligations, regardless of their location.</p> <p>SEPA shall be deemed to encompass the countries and territories which are part of the geographical scope of the SEPA Schemes, as listed in the EPC list of countries and territories included in the SEPA Schemes' geographical scope(see Reference [11]), as amended from time to time.</p>
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.
STP	Straight-through Processing which is a prerequisite for cost efficient handling of credit transfers.
Supporting Documentation	A legal opinion in the form set out on the website of the NPC, duly executed by the undertaking's internal or external counsel in accordance with the NPC SMIR.
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 NPC Credit Transfer. These dispositions may also be included in a specific agreement, at the Participant's choice.
Time Cycle	This describes the time constraints of a process in terms of days per key process step.

# Annex I      NPC CREDIT TRANSFER ADHERENCE AGREEMENT

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## NPC Credit Transfer Adherence Agreement

To: The Nordic Payments Council (the “**NPC**”)

From: Name of Applicant[s]\*:

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

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([each]\* an “**Applicant**”)

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

### PREAMBLE

- (A) The NPC Credit Transfer Scheme (the “**Scheme**”) is a Credit Transfer Scheme for specified Scheme Currencies used by NPC Participants from a country listed in the EPC List of SEPA Scheme Countries as defined in the NPC Credit Transfer Scheme Rulebook (the “**Rulebook**”), from Greenland or from the Faroe Islands.
- (B) The NPC oversees the operation of the Scheme in accordance with the terms and conditions set out in the Rulebook.
- (C) The Rulebook sets out the rights and obligations of all entities bound by its terms (the “**Participants**”), and the NPC binds each Participant to comply with their obligations to the NPC and to all other Participants pursuant to the rules set out therein.
- (D) The NPC, acting on its own behalf and on behalf of all Participants, will notify the Applicant of the date following the Readiness Date as defined below on which this NPC Credit Transfer Adherence Agreement (the “**Adherence Agreement**”) becomes effective (the “**Effective Date**”) as between the Applicant, the NPC and other Participants.
- (E) As of the Effective Date the Applicant shall become a Participant and be bound to all the obligations, and entitled to all the benefits, set out in the Rulebook.

### IT IS HEREBY AGREED AS FOLLOWS:

1. The Applicant hereby undertakes to all Participants and to the NPC to perform the obligations imposed by and to comply with the provisions of the Rulebook, as modified from time to time, with effect from the Effective Date.
2. The Applicant acknowledges and undertakes the following:
  - 2.1. The Applicant is a NPC Scheme Member or has been approved by the NPC’s Board of Directors as meeting the eligibility requirements in the NPC Bylaws for a NPC Non-Member Participant.
  - 2.2. The signatories of the Applicant [and the agent signing on behalf of the Applicant] have all necessary corporate authorisations and the power and authority to bind the Applicant to the Rulebook.

- 2.3. The Applicant ensures that it satisfies and will at all times during its participation in the Scheme satisfy the eligibility criteria for participation in the Scheme as set out in the Rulebook. If at any time, the Applicant has reason to believe that it no longer satisfies such criteria, or may be unable to satisfy such criteria, it shall notify the NPC immediately of the circumstances.
- 2.4. The Applicant is in a position to comply with all of the obligations set out in the Rulebook by the **"Readiness Date"** as stated in the accompanying Schedule.
3. By submitting this completed form of Adherence Agreement, the Applicant agrees to be bound by the provisions of the NPC Scheme Management Internal Rules ("**NPC SMIR**") governing applications for participation in the Scheme, whether or not it becomes a Participant.
4. Any communication, including service of process, to be made with the Applicant under or in connection with the Rulebook shall be made in writing and addressed to the Applicant at the address set out in the accompanying Schedule.
5. The Applicant consents to the publication of its name and basic details of its adherence application on the public website of the NPC.
6. This Adherence Agreement is governed by Swedish law. If the Parties have not been able to settle any dispute, controversy or claim arising out of or in connection with this Adherence Agreement, or the breach, termination or invalidity thereof, in an amicable manner as set out in the NPC SMIR, the dispute, controversy or claim shall be finally settled by arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce (the "**SCC**").

The Arbitration Rules by the SCC shall apply, unless the SCC in its discretion determines, taking into account the complexity of the case, the amount in dispute and other circumstances, that Rules for Expedited Arbitrations shall apply. In the former case, the Arbitral Tribunal shall be composed of three arbitrators.

The seat of arbitration shall be Stockholm. The language to be used in the arbitral proceedings shall be English.

## FOR AND ON BEHALF OF THE APPLICANT

Signature (1)

Signature (2) (if necessary)

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Name: -----

Name: -----

Title: -----

Title: -----

Date of signature: -----

Date of signature: -----

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

## SCHEDULE

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

- (A) The Applicant must supply the information requested in this Schedule in support of its application to adhere to the Scheme. A failure to supply this information may result in a rejection of the application or a delay in processing it. The following information must be included in the Schedule:
- BIC8 or BIC11
  - Name of Applicant
  - Organisational number
  - Type of Institution and Authorization Authority (Credit Institution, Payment Institution or other institution and name of the authorization authority)
  - Status as NPC Scheme Member Participant or NPC Non-Member Participant
  - Scheme Currency (-ies) and cross-border choice
  - Street Address
  - Post Code
  - City
  - Country
  - Generic E-mail
  - E-mail and phone number of contact person handling Applicant's Adherence Pack in-house
  - Name of chosen NASO organisation
  - Readiness Date
  - Extra billing information
- (B) Templates to be used for providing the Schedule information will be possible to download from the NPC website at [www.nordicpaymentscouncil.org](http://www.nordicpaymentscouncil.org)
- (C) The information supplied above shall be recorded on the NPC Credit Transfer Scheme List of Participants for the NPC Credit Transfer Scheme.

- (D) The Applicant understands that any information on the Applicant's name, registered office address, Reference BIC and Readiness Date supplied in the Schedule shall be published in the relevant NPC Register of Participants on the public website of the NPC and may be made generally available for download by the NPC.
- (E) The Applicant understands that any other information supplied in the Schedule shall be available only to the NPC or to any National Adherence Support Organisation ("**NASO**") that has been chosen by the Applicant to assist in the completion of this application, as specified in section (F), and will not be disclosed to any other body.

# Annex II      NPC SCHEME MANAGEMENT INTERNAL RULES

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# NPC SCHEME MANAGEMENT INTERNAL RULES

Abstract	This document contains descriptions of the internal organisation, structure, rules, and processes that make up Scheme Management of the NPC Schemes. Such processes cover Scheme maintenance, administration and compliance and change management, including structured dialogue with stakeholders.
Reason for Issue	Updated the NPC Scheme Management Internal Rules (NPC900-01 v1.1) to reflect that the NPC Scheme Management is valid for all NPC Schemes.

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## 0. Document Information

This document sets out the internal rules that govern Nordic Payments Council (“NPC”) Scheme Management (the “NPC Scheme Management Internal Rules”, abbreviated the “NPC SMIR”). This document covers the following topics:

1. Rules for the administration and compliance functions of NPC Scheme Management.
2. Rules for the maintenance, development and change management function of NPC Scheme Management.

### 0.1 Defined Terms

This document makes references to various defined terms which have a specific meaning in the context of this document. In this document, a defined term is indicated with a capital letter. A full list of defined terms can be found in Chapter 5 of this document. The document may make references to terms that are also used in the Payment Services Directive. The terms used in this document may not in all cases correspond in meaning with the same or similar terms used in the Payment Services Directive.

### 0.2 Change History

Issue number	Dated	Reason for revision
0.1	2019-08-08	First version created by the NPC Secretariat
0.2	2019-09-16	Review by NPC and NBA-representatives
0.9	2019-10-14	Code of Conduct added, new Appendix 4. First review in the Scheme Management Committee.
0.91	2019-11-08	Updates after first SMC review.
0.92	2019-11-29	Additional updates after final SMC review.
1.0	2019-12-09	Final version after SMC decision.
1.0.1	2020-10-22	Updated version to be generic for multiple NPC Schemes.
1.0.2	2020-11-06	Updated to appendix 4 – code of conduct.
1.0.3	2020-12-11	Review with suggested changes from NPC Legal Counsel Setterwalls.
1.1	2021-04-30	Updates agreed by NCT & NCT Inst and decided by the NPC Scheme Management Committee (SMC) 13 April 2021.

### 0.3 Purpose of Document

This document contains descriptions of the internal organisation, structure, rules, and processes that make up NPC Scheme Management of the NPC Schemes. Such processes cover Scheme maintenance, administration and compliance, and change management, including structured dialogue with stakeholders.

### 0.4 Change management for this document

The Scheme Management Committee (“SMC”) is responsible for this document and approves it. The document will be reviewed and updated if necessary during the change management cycles of the NPC Schemes.

## 1. Introduction

This chapter provides an introduction to the NPC, the NPC Schemes and the NPC Scheme Management, setting out the purpose and organisation of the NPC as well as an overview of the NPC Schemes and the process of NPC Scheme Management.

### 1.1 The Nordic Payments Council

#### 1.1.1 Purpose of the NPC

The purpose of the NPC is to create, own and manage the NPC payment schemes based upon, but not limited to, the Single Euro Payments Area ("SEPA") payment schemes as well as to develop and manage additional schemes and rules in close dialogue with the Participants and the national communities. This should be done to contribute to safe, efficient, economically balanced and sustainable, convenient domestic and cross border multicurrency payments in communities using the Schemes. The NPC shall ensure competitiveness and innovation as well as meet the users' needs.

The NPC's operations are ultimately supporting Nordic competitiveness and innovation.

The NPC will have open forum for stakeholders and regulators in payments.

#### 1.1.2 Organisation of the NPC

NPC consists of a General Assembly, a Board of Directors, a Secretariat headed by the Secretary General, a Scheme Management Committee and a Nomination Committee as described in the NPC Bylaws.

The **General Assembly** consists of all NPC Members and decide on the annual report, budget, financing model and voting rights for the General Assembly etc.

The **NPC Board** consists of representatives from the Founding Members and discuss all matters within the scope of the NPC, prepare material for the General Assembly, decide on the composition of the Scheme Management Committee, approve new members, establish Working Groups etc.

The **Secretariat** is responsible for the day-to-day operations of the NPC and represents the NPC in connections with third parties. The Secretariat is responsible for the administration and the NPC Function for Adherence and Compliance. The Secretariat shall assist the Scheme Management Committee, working groups, support groups and task forces with secretarial and administrative support.

The **SMC** is responsible for the development and management of the Schemes while the **Nomination Committee** make recommendations to the General Assembly regarding candidates for the Board and the Scheme Management Committee.

### 1.2 The NPC Schemes

The NPC has produced the NPC Schemes consisting of NPC Scheme Rulebooks (the "**Rulebooks**") which set out binding rules and technical standards governing each of the Schemes and other related documentation, e.g. Implementation Guidelines. The Rulebooks only have legal effect between participants in the Schemes ("**Scheme Participants**") and the NPC.

The NPC Schemes are open to eligible entities according to the eligibility criteria for participation in the Rulebooks.

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

These NPC SMIR set out the rules in accordance with which the Schemes are administered and enforced by the NPC, as well as detailing procedures for the change management of existing Schemes.

## 1.3 NPC Scheme Management

### 1.3.1 Introduction

NPC Scheme Management comprises two functions. The first function involves the administration of the Schemes and the process of ensuring compliance with their rules, as set out in each of the respective Rulebooks. The second function involves managing the maintenance and change management of the Schemes entrusted by the NPC to the Scheme Management Committee.

### 1.3.2 Administration and Compliance

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

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

The administration and compliance function shall be performed under the responsibility of the SMC, with some input from the NPC Board and General Assembly on matters relating principally to the policy of the Schemes. The SMC shall have wide decision-making power in respect of each of its functions however; it shall be accountable to the NPC Board and the General Assembly. The Secretariat shall perform the administration and compliance function in accordance with the procedures set out in these NPC SMIR.

### 1.3.3 Maintenance and Change Management

The maintenance and change management function of NPC Scheme Management establishes formal change management procedures for the Schemes. The change management procedures aim to ensure that the Schemes are kept relevant for their users and up-to-date, with structured processes for initiating and implementing changes to the Schemes, the Rulebooks and related documentation. An important component of change management is the inclusion of innovative ideas for enhancing the quality of existing Schemes.

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

The maintenance and change management function shall be performed by the SMC, supported by Working Groups, in accordance with the procedures set out in these NPC SMIR.

## 1.4 Fees

Fees for using the Schemes will be connected to membership in the NPC. The fees will be decided according to the NPC Bylaws as amended by the General Assembly from time to time.

## 2. Scheme Management Roles and Responsibilities

### 2.1 Role of the SMC

The SMC is the NPC body responsible for performing the functions of maintenance and change management of the NPC Schemes.

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

- Management of the maintenance and the change management of the NPC Schemes (supported by the NPC Working Groups and other relevant NPC bodies)
- Decision for new NPC Schemes
- Risk Management Annexes

## 3. The SMC

### 3.1 Detailed description of the SMC

#### 3.1.1 Composition of the SMC

The composition and voting rights of the SMC is defined in the NPC Bylaws and NPC Internal Rules.

#### 3.1.2 Duration of Appointment

In a steady state, each member shall hold office for a term of 2 years, with the possibility of re-election.

Each SMC member who does not act as the Chair, may resign from the SMC by giving notice in writing to the SMC chair and the Secretariat, not less than 30 Calendar Days' prior to leaving the SMC. The SMC Chair may only resign from the SMC by giving notice in writing to the NPC Secretariat not less than 60 Calendar Days' prior to leaving the SMC.

#### 3.1.3 Termination of Appointment by decisions of the NPC Board

The NPC Board may decide to remove from office either an individual SMC member, a group of such members or the SMC as a whole.

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

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

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

If the mandate of a SMC member ceases before its term, for whatever reason, the NPC Board may appoint a new member for the remainder of the term, provided that the candidate member fulfils the criteria for the composition of the SMC of the replaced member.

#### 3.1.4 Criteria for Membership (Scheme Participant)

A SMC member shall be chosen on the basis of his or her suitability and expertise for the position ahead of any other consideration. A prospective SMC member must therefore be of good repute and possess appropriate qualifications together with relevant work experience and a proven track record at a senior level in the payments services sector. In addition, SMC members must be fluent in English, with – in particular – the capability to understand complex documents and the ability to express views during meetings.

Subject to the foregoing, the SMC shall aim to represent as far as reasonably practicable the composition of Scheme Participants, ensuring at all times that this composition fairly represents a balance of the country, size, and industry sectors of Scheme Participants.

The provisions of this section 3.1.4 shall equally apply to alternates to Scheme Participant representative members.

The above mentioned criteria will apply for observers in the SMC as well.

### 3.1.5 Criteria for Membership (Chair)

In a steady state, the SMC chair shall be elected by the SMC for 2 years and approved by the NPC Board. A prospective SMC chair must be of good repute and possess appropriate qualifications together with relevant work experience and expertise.

### 3.1.6 Duties of SMC Members

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

- each SMC member shall act in accordance with the provisions of these NPC SMIR at all times for the duration of his or her term in office;
- each SMC member shall owe a duty to act in the best interests of the Schemes for the community as a whole and with a view to ensuring that the Schemes are administered efficiently, fairly and professionally;
- each SMC member shall observe the highest standards of integrity, fairness and professionalism at all times;
- as and when arising, each SMC member is obliged to disclose and manage any personal conflict of interest, as set out in further detail in Appendix 2;
- each SMC member must be mindful of and refuse any inducements, rewards, or other gifts offered to him or her in the performance of his or her duties, ensuring at all times that he or she acts and is seen to act in accordance with the highest standards of independence and impartiality;
- each SMC member shall endeavour as far as reasonably practicable to carry out his or her duties in the SMC with reasonable skill, care and diligence; and
- each SMC member shall abide by the NPC Competition Law Code of Conduct

The provisions of this section 3.1.6 shall equally apply to alternates to Scheme Participant representative members.

### 3.1.7 NPC Board Role in Policy of SMC

The NPC Board may discuss matters of SMC policy to ensure that the SMC is acting within its scope and performing its role in a proper manner. The NPC Board may request the SMC to revisit a decision which, in the view of the NPC Board, exceeds the SMC mandate as provided for in the NPC Bylaws and the present NPC SMIR or might jeopardise the reputation, the integrity, the proper functioning or the continuity of any of the Schemes. The NPC Board, in its sole discretion, may annul or amend the disputed decision, in the event that the SMC fails to properly justify or modify its decision.

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

The SMC shall report to the NPC Board and in particular raise issues relating to the substance or of the operation of the Schemes.

### 3.1.8 Meetings of the SMC

The SMC shall meet on a regular basis and not less than 2 times every year. The SMC may convene more regularly if it is appropriate to do so in the exercise of its duties.

Meetings of the SMC will be held physically or by telephone, video or web conference if deemed necessary by the SMC chair.

The SMC members shall, from the Secretariat, receive written notice of the date, time and place of a meeting no less than two (2) weeks before the date of the meeting. The Secretariat shall have the ambition to send the agenda of the meeting and the documents necessary for the discussion two (2) weeks before the date of the meeting.

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

An SMC member who is unable to attend an SMC meeting may appoint a proxy from amongst the remaining SMC members to vote at the meeting on his or her behalf.

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

An SMC member may not hold a proxy for more than 1 other SMC member at any SMC meeting.

The SMC chair must make every reasonable effort to attend a meeting convened in accordance with this section. Where the SMC chair is unable to attend in a particular instance, he or she may appoint another SMC member in writing to carry out the functions of the SMC chair. In such cases, the SMC chair must notify other members of the SMC in writing of this temporary appointment.

Minutes of each meeting must be prepared and filed upon approval by the SMC members.

### 3.1.9 Quorum

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

### 3.1.10 Voting

The voting rights in the SMC are defined in the NPC Bylaws and NPC Internal Rules.

In respect of all matters discussed by the SMC, resolutions may be passed with the approval of 2/3 of those present and voting on the resolution at a validly convened meeting of the SMC. Blank votes and invalid votes do not count. No proposal may be decided upon if more than half of the Members presented abstain.

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

#### 3.1.10.1 Voting by written procedure

In exceptional cases and when the urgency of the matter so requires, the SMC may take decisions by a written procedure. To that effect, the Chair, with the assistance of the Secretariat, shall send via regular mail or via any other means of written communication (including e-mail) which he/she deems fit, the proposed decision(s) to all SMC members. The communication shall be accompanied by an explanation prepared by the Chair setting forth the reasons which have led to the use of the written procedure, the deadline for the vote as well as the context of the proposed decision(s).

The proposed decision(s) shall be deemed adopted, if within 14 Calendar Days after being sent, the number of, and votes attached to, the duly completed communications returned to the Secretariat by the SMC members is sufficient to meet the quorums and voting requirements set forth in the present NPC SMIR.

Votes in favour, against and abstentions shall be recorded separately by the Secretariat. Results of the vote must be communicated to all SMC members by the Secretariat within two (2) working days of the close of voting.

The decisions taken via the written procedure shall have the same legal force as the decisions taken at an SMC meeting.

Upon request by any SMC member submitted to the SMC chair within 5 Calendar Days from the sending to the SMC members of the written communication including the proposed decision(s), the SMC chair may agree to hold an SMC meeting by telephone in accordance with these NPC SMIR in order to provide an opportunity for additional clarifications and for a debate on the decision item(s) that was (were) proposed to be subject to the written voting procedure. In such a case, the proposed decision(s) shall be subject to approval at the telephone SMC meeting as convened by the SMC chair.

### 3.1.11 Nomination Process

In accordance with section 3.1.4 the SMC members are representatives of the Scheme Participants and shall be nominated by individual participants or from a “coalition” of Scheme Participants subject to Scheme usage. In addition, there can be country representatives nominated through the National Bankers’ Associations. The nominations shall be reviewed by the Nomination Committee and the Nomination Committee makes recommendations as a list of candidates for the position of the SMC member to the NPC Board, according to the NPC Bylaws.

Subject to the criteria set out in the NPC Bylaws and NPC Internal Rules, the NPC Board shall endeavour to ensure that the composition of the SMC reflects a balanced composition of Scheme Participants, bringing together a fair representation of the country, size and industry sectors of Scheme Participants.

The Nomination Committee may not recommend and the NPC Board may not appoint a candidate to the position of SMC member, or propose his or her name to the NPC Board, if the candidate is in a situation of judicial administration, or bankruptcy, judicial reorganisation, dissolution or liquidation, or is subject to insolvency proceedings of a similar nature under the laws of any jurisdiction.

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

### 3.1.12 Role of the Secretariat

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

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

### 3.1.13 Information Service

The Secretariat shall be responsible for administering an information service on NPC Schemes. The information service shall be open to everyone. Requests for information to the information service shall be in written format only, either by letter or e-mail.

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

### 3.1.14 Additional Optional Services ("AOS")

The following principles will apply to AOS:

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

The SMC may receive complaints from Scheme Participants in relation to the operation of community AOS in respect of the above principles. The SMC will strive to resolve the issue in an amicable way. If no solution can be found, the SMC may refer the complaint to the Function for Compliance and Adherence, which will deal with it in an appropriate way, in accordance with these NPC SMIR.

### 3.1.15 Expenses

All participation in NPC Scheme Management will be on own cost basis.

### 3.1.16 Record Keeping

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

## 3.2 Definition of Administration and Compliance Roles

### 3.2.1 Role of the Function for Compliance and Adherence

The Secretariat is responsible for the Function for Compliance and Adherence of the NPC.

The role of the Function for Compliance and Adherence is limited to the following:

- Adherence – the Function for Compliance and Adherence shall be responsible for overseeing the adherence process for becoming a Participant in the Schemes; and
- Compliance – the Function for Compliance and Adherence shall be responsible for investigating complaints made against Scheme Participants for alleged breaches of the Rulebooks, evaluating such complaints and determining appropriate sanctions against Scheme Participants who are found to be in breach.

The Function for Compliance and Adherence is responsible for appointing an independent conciliator when needed for performing the adherence and compliance functions of NPC Scheme Management.

The Function for Compliance and Adherence shall regularly update the SMC and the NPC Board on its activities.

### 3.2.2 Handling of Appeals

The NPC Board shall be responsible for hearing appeals brought in respect of decisions taken by the Function for Compliance and Adherence in accordance with a fair process that is separate from the process of decision-making at first instance.

The NPC Board shall regularly update the SMC on these activities.

### 3.2.3 Rules for Adherence

#### 3.2.3.1 Eligibility for Participation in Schemes

In order to be eligible to participate in the Schemes, each applicant must satisfy the eligibility criteria set out in the section “Eligibility for participation” of the Rulebooks.

The Function for Compliance and Adherence shall accept any applicant that fulfils the criteria set out in the section “Eligibility for participation” of the Rulebooks and will only reject applications on the basis of failure to meet these criteria.

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

Each legal entity that seeks to adhere to a Scheme must agree to accept the rights and obligations of a Scheme Participant in relation to the relevant Scheme. Upon admission to a Scheme, the adhering legal entity shall assume all of the rights and responsibilities arising from admission to a Scheme.

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

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

#### 3.2.3.3 Rules for Signing the Adherence Agreement

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

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

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

The NPC has, in conjunction with a national community, identified one or more NASOs. A NASO is responsible for providing basic guidance on the adherence process and on adherence applications through a helpdesk, for liaising with the Secretariat in respect of an application (as requested by the applicant) and for such other tasks as the NPC may request it to perform from time to time. A NASO also carries out a basic preliminary review of an adherence application, if requested by the applicant to do so. The NPC publishes a list of NASOs on the NPC Website.

#### *3.2.3.5 Becoming a Scheme Participant*

An application to become a Scheme Participant in one or more Schemes shall be made using the form of Adherence Agreement of which is in Annex 1 of each of the Rulebooks.

The application for adherence shall be finally submitted to the NPC Secretariat. Except as otherwise indicated in section 3.2.3 of these NPC SMIR, before submitting the application, an applicant must consult with the relevant NASO for preliminary guidance on eligibility and documentation involved in the adherence process.

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

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

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

In the course of determining the application, the Secretariat may take into consideration views expressed by national regulators (this term extends to include such bodies as insolvency officers, law enforcement authorities and local courts).

In the case of a successful application and approval of the NPC Board, the applicant or its agent will receive a written notification of admission to a Scheme. The applicant becomes a Scheme Participant and becomes subject to the Rulebooks on one of the Admission Dates published on the NPC Website or, where requested by the applicant and agreed by the Secretariat, on a deferred Admission Date specified by the applicant in advance to the Secretariat. The Secretariat may send the written notification to the applicant in paper or electronic format.

The Secretariat will make a recommendation to the Function for Compliance and Adherence when an applicant for participation in one of the Schemes or an existing Scheme Participant fails to satisfy the eligibility criteria set out in the section "Eligibility for participation" of the Rulebooks. In such case, the Function for Compliance and Adherence may decide to request the applicant or existing Scheme Participant to provide additional information, or to reject the application or terminate participation in accordance with section 3.2.3.7 of these NPC SMIR.

#### *3.2.3.6 Register of Scheme Participants*

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

The registers shall be updated by the Secretariat regularly as specified in the relevant schedule published on the NPC Website.

If the Scheme Participant changes its details, so that the register does not carry accurate data in respect of the Scheme Participant, the Scheme Participant shall notify the Secretariat as soon as it is reasonably practicable to do so. For those Participants which are part of a 'group' as described in section 8.1 of these NPC SMIR, such notification can be provided by the parent undertaking or the central body of the corresponding group or grouping. It is the responsibility of the Scheme Participant to ensure that the Secretariat is provided with information in relation to the Scheme Participant that is accurate and up-to-date at all times.

In the event of Scheme Participants no longer being able to pay their debts as they fall due, becoming insolvent or having ceased to exist (each an Event of Default), the Secretariat may decide to rectify the register of Scheme Participants after verification of such event with the relevant national regulator or national authority. The failure of a Scheme Participant to pay the fees mentioned in section 1.4 of these NPC SMIR shall constitute an Event of Default for the purposes of this section 3.2.3.6, on the basis of which the NPC may, at its sole discretion and upon notice by registered mail, temporarily or permanently suspend the entry of the Scheme Participant in the register(s) of the relevant Scheme(s), as of the first following register update publication, but not earlier than 30 Calendar Days after the issuance of such notice of suspension.

The public part of the register, containing the Participants' BIC code, name, address, operational readiness date and Scheme leaving date (if applicable), may be accessed and searched through a website of the NPC, available to all users. The register is not an operational database in respect of Scheme usage. Any operational data needed by Scheme Participants in relation to other Scheme Participants shall be supplied outside of the Schemes.

#### **3.2.3.7 Unsuccessful Applications**

The Function for Compliance and Adherence may reject an application for participation in one of the Schemes if an applicant fails to satisfy the eligibility criteria set out in the section "Eligibility for participation" of the Rulebooks.

Where an application is rejected, the Function for Compliance and Adherence shall provide the applicant with a letter setting out the reasons for rejecting the application.

#### **3.2.3.8 Appeals**

An applicant whose application for participation in one or more of the Schemes has been rejected may appeal to the NPC Board for a re-consideration of its application. A notice of appeal in such cases must be filed within 21 Calendar Days of the applicant receiving a notification of rejection of its adherence application. The appeals notice must include a copy of the adherence application together with a letter supplied to the applicant under section 3.2.3.7 NPC SMIR.

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

If the parties are unable to settle an Unresolved Issue, if a Scheme Participant gives another Scheme Participant notice that an Unresolved Issue exists and if the Unresolved Issue has not been resolved within 30 Calendar Days of service of the notice, the Unresolved Issue shall be referred by to arbitration.

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

In arbitration or litigation proceedings, the Rulebooks shall be governed by and interpreted in accordance with Swedish law. A court or arbitrator may however apply such rules of process in relation to the proceedings as may be applicable under established principles of conflicts of laws. The parties shall inform the Secretariat of the outcome of any litigation or arbitration or other dispute resolution methods conducted by them. The parties may consult the Secretariat on matters relating to the interpretation of the Rulebooks in the course of any such arbitration or litigation proceedings.

### 3.3 Complaints Submitted to the Function for Compliance and Adherence

#### 3.3.1 Role of the Function for Compliance and Adherence in Complaints

The Function for Compliance and Adherence shall oversee the implementation of the Rulebooks by Scheme Participants. The Function for Compliance and Adherence may investigate breaches or potential breaches of the Rulebooks following a complaint made by a Scheme Participant to the Function for Compliance and Adherence.

For breaches of the obligation for Scheme Participants to ensure the ongoing compliance of their own rules and procedures with the laws applicable to them, the Function for Compliance and Adherence shall only focus on violations of such obligations which are of scheme-wide importance.

For the sake of clarity, an issue of scheme-wide importance shall be understood to be a matter that could be seen as creating reputational damage to the Scheme or that could negatively affect the integrity or the proper functioning of the Scheme. The Function for Compliance and Adherence may refuse complaints if it reaches the conclusion that a particular complaint at hand does not qualify to be of scheme-wide importance. The Function for Compliance and Adherence may decide to consult with the SMC in such matters before refusing a complaint.

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

In addition, the Function for Compliance and Adherence may investigate breaches or potential breaches of the Rulebooks of its own accord.

For the purposes of this section, investigations made by the Function for Compliance and Adherence into breaches or potential breaches of the Rulebooks, whether or not initiated by the Function for Compliance and Adherence itself, shall be referred to as complaints. References to the Function for Compliance and Adherence include any person nominated by the Function for Compliance and Adherence to carry out a function in relation to a complaint, and where a complaint is made by or on behalf of the Function for Compliance and Adherence itself, references to the "parties" are to the Affected Participant only.

#### 3.3.2 Key Principles

In the course of carrying out its function in relation to complaints, the Function for Compliance and Adherence shall ensure that it acts in accordance with guarding the integrity and security of the Schemes based on the following general principles:

- the Function for Compliance and Adherence shall act in a manner that is impartial and objective at all times;
- the Function for Compliance and Adherence shall act in a manner that is fair to all parties, taking into account the circumstances of each case;

- the Function for Compliance and Adherence shall ensure that, as far as possible, it acts in a manner that is transparent, open and intelligible to the parties; and
- the Function for Compliance and Adherence shall ensure that it acts in a manner that is proportionate to the seriousness of the matter before it.

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

### 3.3.3 Investigation of Complaint

The Function for Compliance and Adherence may delegate its power to investigate a complaint to any other person.

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

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

The Function for Compliance and Adherence may additionally require the Affected Participant to give all reasonable assistance in the course of the Function for Compliance and Adherence investigation. A failure to provide such assistance shall be deemed to be a breach of Scheme rules and may therefore be actionable in accordance with this section. In addition, in the course of the investigation, the Function for Compliance and Adherence may consult Scheme Participants as well as end-users and suppliers and may call for information and documentation, liaising through Scheme Participants.

The Function for Compliance and Adherence investigating the complaint may engage any person in order to carry out tasks related to the investigation at the cost of the NPC and within the budget of the NPC. The Function for Compliance and Adherence may also engage a legal professional to give legal advice on any aspects of the investigation. Where this is done, the cost incurred by the Function for Compliance and Adherence and paid by the NPC may be added by the Function for Compliance and Adherence to the cost's payable under section 3.3.10 below.

### 3.3.4 Evaluation of Complaint

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

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

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

In the event of a complaint as to a scheme participants' compliance of their own rules, procedures and agreements with applicable legislation, regulations or generic supervisory requirements a complainant PSP should refer such matter to the relevant competent authority. The Function for Compliance and Adherence – at its discretion - could also refer such matter to the relevant competent authority. Only issues of a scheme-wide importance shall be a matter for the Function for Compliance and Adherence in respect of its investigations and possible sanctions in the event of a complaint.

In the event of a complaint regarding a Scheme Participants' compliance with the obligation to ensure that an agreement governing the provision and use of services relating to the Scheme is consistent with the Rulebook and that such agreement is complete, unambiguous and enforceable, a complainant Scheme Participant should refer such matter to the relevant competent authority. Only issues of a scheme-wide importance shall be a matter for the Function for Compliance and Adherence in respect of its investigations and possible sanctions in the event of a complaint.

In the event of a complaint regarding a Scheme Participants' compliance with the obligation to enter into legally binding agreements with their service providers covering all functions performed by those providers in direct connection with the concerned scheme, to ensure that such agreements are complete, unambiguous and enforceable on each contractual party and / or to safeguard the ongoing compliance of such agreements with the laws applicable to them, a complainant Scheme Participant should refer such matter to the relevant competent authority. Only issues of a scheme-wide importance shall be a matter for the Function for Compliance and Adherence in respect of its investigations and possible sanctions in the event of a complaint.

For the sake of clarity, an issue of scheme-wide importance shall be understood to be a matter that could be seen as creating reputational damage to the Scheme or that could negatively affect the integrity or the proper functioning of the Scheme. The Function for Compliance and Adherence may refuse complaints if it reaches the conclusion that a particular complaint at hand does not qualify to be of scheme-wide importance. The Function for Compliance and Adherence may decide to consult with the SMC in such matters before refusing a complaint.

### 3.3.5 Sanctions

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

The Function for Compliance and Adherence shall review the contents of this report, following which the Function for Compliance and Adherence may consider that:

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

- discussions should take place with the Affected Participant and the Affected Participant should be sanctioned.

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

Subject to section 3.3.7, the Affected Participant shall have 30 Calendar Days following receipt of the notification to accept the sanction, or to present written or oral representations to the Function for Compliance and Adherence (the "**Representation Right**"). The Affected Participant may consult legal counsel at any stage of the sanctioning process.

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

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

The sanctions available to the Function for Compliance and Adherence are the following:

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

#### *3.3.5.1 Private Warning*

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

#### *3.3.5.2 Written Notification of Complaint*

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

#### *3.3.5.3 Public Warning*

The Function for Compliance and Adherence may give a public warning to the Affected Participant. The public warning shall constitute a formal notice to the Affected Participant and aims to deter the Affected Participant from committing a further breach of a Rulebook or to cease conduct that is in

breach of a Rulebook. The public warning shall publish the name of the Affected Participant, together with details of the breach, on the website of the NPC.

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

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

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

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

- a private warning may generally be considered more appropriate for a first breach where the breach was not of a serious nature, had not adversely affected other Scheme Participants or the Scheme(s), and there would be no merit in other Scheme Participants being informed of the breach;
- a written notification of complaint, being a formal reprimand, would be applied where the Function for Compliance and Adherence considered the breach to be of a sufficiently serious nature to record a reprimand against the firm. The Function for Compliance and Adherence may consider publishing the notification on its website if it believed this would be in the interests of other Scheme Participants and/or the Scheme(s);
- a public warning, being a formal notice, would be applied in the case of a more serious breach and where the Function for Compliance and Adherence believes it would be in the interests of other Scheme Participants and/or the Schemes to publicise the notice. This sanction is the most likely of the three to be used in conjunction with the sanction of termination.

#### *3.3.5.5 Report to National Regulator*

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

Considerations which may indicate the appropriateness of this sanction would be if the Function for Compliance and Adherence believed that the breach by the Affected Participant may also constitute a

breach of the rules or guidelines of a relevant regulator or if the Affected Participant's conduct cast doubt on its fitness and propriety to continue as a regulated entity. However, the decision whether or not to report a breach by an Affected Participant to a regulator will be entirely at the Function for Compliance and Adherence's discretion.

#### 3.3.5.6 Termination

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

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

Before making a termination order, the Function for Compliance and Adherence may consult with relevant groups to determine the impact of the sanction. Such groups may include other Scheme Participants, the NPC Board, clearing and settlement mechanisms or PSP communities. The Function for Compliance and Adherence shall consult with relevant regulators before applying the termination sanction.

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

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

If the participation of an Affected Participant is terminated, the Affected Participant may re-apply to join the relevant Scheme after 6 months, starting from the date of the termination of its participation. However, an Affected Participant may re-apply earlier if it can demonstrate to the Function for Compliance and Adherence that it has remedied the breach and/or that there is no reasonable likelihood of the Scheme Participant committing the breach in future. The Function for Compliance and Adherence shall publish details of a termination of participation on the website of the NPC together with the relevant order and details of the conduct giving rise to the complaint.

#### 3.3.6 Emergency Injunction Procedure

Where a termination order is issued to an Affected Participant, such Affected Participant may within 21 Calendar Days of receiving notification of the order, apply for an injunction against such order to a competent court in Sweden, during which time the sanction shall be suspended pending the court's determination of the matter. Where the court decides not to grant the injunction requested by the Affected Participant, the Function for Compliance and Adherence may enforce the conditions of the

termination order. The courts of Sweden shall have exclusive jurisdiction in respect of proceedings brought in accordance with this section.

### 3.3.7 Appeals Arising from Complaints

Within 30 Calendar Days of receiving the notification of a sanction, the Affected Participant may appeal to the NPC Board.

### 3.3.8 Timing of Sanctions

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

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

The following applies only if the Function for Compliance and Adherence considers that the conduct or circumstances of the Affected Participant will undermine the operation of any of the Schemes or would cause a serious risk of undermining the operation of any of the Schemes. The Function for Compliance and Adherence may impose a sanction of which it has notified the Affected Participant with immediate effect, or at any other time specified by the Function for Compliance and Adherence. In particular, the Function for Compliance and Adherence may impose a sanction in such circumstances even though the Representation Right has not expired; or any appeal that has not yet been determined.

However, both the Representation Right and the right to appeal against any sanction will remain available to any Affected Participant notwithstanding the expedited imposition of any sanction. The decision whether or not to expedite the imposition of sanctions under this section 3.3.8 shall be entirely at the discretion of the Function for Compliance and Adherence, however, issues which would tend to indicate the need for such action would be insolvency, loss of regulatory licence(s), or criminal conviction of the Affected Participant.

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

### 3.3.9 Eligibility, Merger and Acquisition of a Scheme Participant

In addition to the circumstances set out in section 3.3.1, the Function for Compliance and Adherence may investigate, initiate or respond to a complaint in the following circumstances:

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

The Function for Compliance and Adherence may treat evidence of the existence of these circumstances coming to its attention as if it were a formal complaint, and deal with the matter in accordance with section 3.3.1 of these NPC SMIR. Any references to a 'breach' of the Rulebooks in

section 3.3.1 shall include a breach of the Adherence Agreement (including the representations and warranties set out in the Adherence Agreement) entered into by the Scheme Participant and may be treated by the Function for Compliance and Adherence as being references to the circumstances set out in this section 3.3.9.

### 3.3.10 Costs

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

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

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

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

## 4. Maintenance and Change Management

### 4.1 Change Management Process

#### 4.1.1 Change Management - Guiding Principle

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

The key principles underpinning change management are the following:

- Innovation - the Schemes shall be open to innovative proposals to improve delivery of the Schemes in order that the Schemes are competitive, efficient and able to benefit from the latest developments in payments technology.
- Compliance with applicable legislation and regulation - the Schemes shall be and remain at all times in compliance with the relevant Nordic and EU legislation and with any relevant regulatory requirements.
- Transparency - the change management process shall be transparent and open so that changes implemented into the Schemes are carefully considered and scrutinised. Establishing open channels for Scheme Participants, end-users and suppliers to propose changes is a key aim of change management.
- Impact analysis - proposals for change are supported, where appropriate, by a careful analysis evaluating its impact on the Customer-to-PSP, the PSP-to-PSP and the PSP-to-Customer domains to ensure that changes implemented into the Schemes are viable.
- Remain close to the SEPA Schemes – where there are SEPA equivalents to NPC Schemes the aim of the NPC Schemes is to stay as close as possible to the SEPA schemes in order to facilitate interoperability
- Development of payments in the Nordics - the Schemes are seen as an important platform for Scheme Participants to develop Nordic products and services that allow both end-users and Scheme Participants to take advantage of.

#### 4.1.2 Change Management – Terminology

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

**Change Request** - A Change Request denotes any concrete and comprehensible proposal for making a change to the Schemes which is to be presented along with a substantiated reasoning on why and how it concerns the Initiator (or the stakeholders it is representing). A Change Request may be devised by any individual or organisation that is able to claim a legitimate interest in this change management process and is submitted to the Secretariat in accordance with these NPC SMIR.

**Initiator** - Refers to an individual or organisation that submits a Change Request in accordance with these NPC SMIR.

**SMC Recommendation** - The Scheme Management Committee (SMC) is in charge of analysing the Change Request. The analysis will be performed by a Working Group appointed by the SMC. Following its analysis, the Working Group makes a Recommendation about the Change Request. Both the Change Request and the related Recommendation will be submitted for a Public Consultation.

**Public Consultation Document** - The Working Group consolidates all received Change Requests in accordance with these NPC SMIR and its Recommendation on each Change Request in a Public Consultation Document.

**Public Consultation** - The Public Consultation starts with the publication of the Public Consultation Document on the NPC Website. Scheme Participants and Stakeholders have the opportunity to comment on the Change Requests and related Recommendations described in the Public Consultation Document.

**Change Proposal** – The Working Group formulates a Change Proposal based on the outcome of the Public Consultation on the Change Requests and the related Recommendations.

Where the Change Request proposes to modify the Rulebooks and any related documentation, a Change Proposal shall include a mark-up of the Rulebooks and any related documentation to show the proposed amendments to be made to the Rulebooks and related documentation when the change would be implemented.

**Change Proposal Submission Document** - The SMC makes the Change Proposal Submission Document which is a consolidation of the Change Requests, the related non-confidential comments received from the contributors during the Public Consultation and the related Change Proposals.

The Change Proposal Submission Document also indicates that each stage of the change management process has been completed.

#### 4.1.3 Role of SMC and NPC Working Groups

The management and change management function of NPC Scheme Management shall be performed by the SMC and if needed supported Working and/or Support Group(s).

The SMC can formulate proposals to and interact with regulators, stakeholders and end-users on the change management of the NPC Schemes and implement changes, taking into account the overall strategy and policy goals of the NPC, identifying key needs and finding appropriate solutions.

The SMC can choose to be supported by a Working Group. The Working Group is the co-ordination and administration body for change management whose role involves liaising with Initiators, reviewing Change Requests, formulating Change Proposals and guiding these through the change management process. The Working Group shall operate in accordance with its terms of reference. The Chair of the Working Group, who may or may not be a member of the SMC, shall be invited to attend all SMC meetings.

#### 4.1.4 Submission of Change Requests to the Secretariat

A Change Request as described in section 4.1.2 shall be submitted to the Secretariat in accordance with the rules set out in this section. Change Requests shall be submitted in all cases in accordance with a format which will be published for this purpose on the NPC website.

The Initiator needs to substantiate the interests it represents (e.g., a specific institution, an association of institutions at national or international) in order that the SMC and the Working Group and any contributor during the Public Consultation can understand the potential impact of the change request on the concerned Scheme Participant or stakeholder.

It is recommended that different individuals or organisations representing as a whole a specific stakeholder community at national and/or at international level through e.g., an association or a representative body, agree first on a joint Change Request on that stakeholder community level and then submit it to the Secretariat. Such a joint Change Request will ease the Change Request review process for the Working Group prior to the Public Consultation and for the contributors when analysing the Change Requests during the Public Consultation.

It is recommended that the Initiator supports the Change Request, where appropriate, with an impact analysis (set out in chapter 5 of these NPC SMIR). Such an impact analysis emphasizes the merits of the Change Request and can influence the formulation of the Working Group Recommendation on the Change Request prior to the start of the Public Consultation and the opinion of the contributors when analysing the Change Requests during the Public Consultation.

#### 4.1.5 Acknowledgement of Receipt of a Change Request

The Secretariat shall acknowledge receipt of the Change Request to the Initiator within 21 Calendar Days of receiving the Change Request. An acknowledgement of receipt does not imply that a Change Request has been accepted but only that the Change Request has been received.

#### 4.1.6 Consideration of a Change Request

The Working Group shall analyse (a) whether the change as suggested in a Change Request falls within the scope of the Scheme and (b) whether the change proposed by the Change Request is a Minor Change or a Major Change.

In respect of (a), as part of this analysis, the Working Group shall consider the change proposed by a Change Request in accordance with the following broad criteria:

- the change presents a case for wide Nordic market-acceptance;
- the change is sufficiently concrete;
- the change is feasible to implement; and
- the change must not compromise Nordic interoperability of the Schemes or the integrity of the Schemes.

In respect of (b), the Working Group shall assess whether a Change Request proposing a change can be defined as a Minor Change or a Major Change.

A Minor Change is a change of an uncontroversial and usually technical nature that facilitates the comprehension and use of the Rulebooks. Clarifications of existing rules shall not be deemed to affect the substance of the Rulebooks or the Schemes and will therefore be a Minor Change. Examples of such changes include corrections of spelling mistakes, grammatical corrections, or minor adjustments to technical standards in the Rulebooks to take account of upgrades. More information about the process for Minor Changes are set out in section 4.3 of these NPC SMIR.

A Major Change by contrast is a change that affects or proposes to alter the substance of the Rulebooks and the Schemes. Examples of such changes include the addition or development of new technical standards, proposals for new services to be offered in the Schemes, or changes affecting policy. Any change to chapters “Rights and Obligations of Participants” and “NPC Scheme Management” of the Rulebooks shall always be a Major Change. Changes that are classified as Major Changes are approved through detailed consultation, as set out in section 4.2 of these NPC SMIR.

Any change to the NPC SMIR shall not be counted as Minor Change. Such Change Requests shall be submitted first to the NPC Legal Support Group for its advice. The Change Request and the related NPC Legal Support Group advice are then presented to the SMC for a first assessment unless the Change Request was initiated by the SMC itself. Any decision to integrate or not to integrate a Change Request for change to the NPC SMIR into the Public Consultation Document must be endorsed by both the SMC and the NPC Board.

#### 4.1.7 Publication of Change Requests

All Change Requests that comply with the published NPC template for Change Requests and with the section 4.1.4 of these NPC SMIR shall be submitted for Public Consultation. The Working Group shall provide the Initiator with a written response before the start of the Public Consultation indicating the reasons in the event that a Change Request cannot be considered for the Public Consultation.

### 4.2 Process for Major Rulebook Change

#### 4.2.1 Preparation of SMC Recommendation

Once a Change Request from the Initiator has been classified as a Major Change by the Working Group, the Working Group is responsible for analysing in detail the submitted Change Request (and if provided the related impact analysis) and for preparing its Recommendation for the Public Consultation.

The analysis of the Working Group will also indicate if the Change Request meets the criteria set out in section 4.1.6 of these NPC SMIR. The Working Group may ask the Initiator to provide an impact analysis to demonstrate the potential of the Change Request.

The Working Group will determine whether any Change Request which includes a request for expedited implementation in accordance with section 4.2.7 of these NPC SMIR on grounds that the proposed change constitutes a non-operational change, does indeed qualify as such. If the Working Group is satisfied that a Change Request would have no operational impact on Scheme Participants and that it is suitable for an expedited implementation, the Working Group will make a recommendation to the SMC that the Change Request is implemented as a non-operational change in accordance with section 4.2.7.

Where the change as presented in the Change Request proposes to modify the Rulebooks and any related documentation, the Working Group recommendation on the basis of the Change Request shall also show the likely amendments to be made to the Rulebooks and related documentation in case of implementing the proposed change.

The Working Group shall make all reasonable efforts to complete the analysis and its recommendation for each Change Request in a timely manner. Each Change Request will be given one of the Working Group Recommendation options below:

- a) The change is **already provided for** in the Scheme: no action is necessary for the NPC
- b) The change **should be incorporated into the Scheme**: the Change Request becomes part of the Scheme and the Rulebook is amended accordingly
- c) The change should be included in the Scheme as an optional feature:
  - The new feature is optional and the Rulebook will be amended accordingly;
  - Each Scheme Participant may decide to offer the feature to its customers, or not.
- d) The change is not considered fit for Nordic wide use and could be handled as an additional optional service (AOS) by interested communities:
  - The proposed new feature is not included in the Rulebook or in the Implementation Guidelines released by the NPC related to the Rulebook;
  - The development of AOS is out of scope of the NPC. However, the NPC does publish declared AOS arrangements on the NPC Website for information purposes;
  - The NPC may consider the inclusion of AOS arrangements, if supported by a sufficient number of communities, in a future version of the Rulebook;
- e) The change **cannot be part** of the Scheme:

- It is technically impossible or otherwise not feasible (to be explained on a case by case basis);
  - It is out of scope of the Scheme;
  - It does not comply with the SEPA Regulation or any other relevant EU, Nordic or Swedish legislation.
- f) The change request may be considered for the development of a **new scheme**:
- The change request reflects major changes which cannot be integrated into an existing scheme;
  - To develop the change request further, i.e. to develop a new scheme, the following requirements should be met;
  - The benefits of the new scheme for payment end users are demonstrated prior to the launch of the development phase;
  - It is demonstrated that a sufficient number of stakeholders will make use of the new scheme;
  - A cost-benefit analysis is provided;
  - It complies with the SEPA Regulation or any other relevant EU, Nordic or Swedish legislation.

The Working Group will share the Public Consultation Document containing the Change Requests and the related Working Group recommendations with the SMC prior to the start of the Public Consultation on the Change Requests.

## 4.2.2 Dialogue

### 4.2.2.1 *With the Initiator*

In the course of developing its recommendation on the Change Request, the Working Group may consult with the Initiator for clarification purposes. To that end the Working Group can invite the Initiator to present its Change Request(s).

The Initiator can also ask the Secretariat to present its Change Request in further detail to the Working Group.

### 4.2.2.2 *With the Nordic regulators/Overseer*

The Secretariat shall have a dialogue with the Nordic regulators and overseers to inform about scheme development and any planned changes to the scheme. This information process will be detailed with the regulators and overseers.

## 4.2.3 Public Consultation on Change Request

Once the Working Group has concluded on its recommendations related to each Major Change Request, the Working Group shall begin the process of consulting Scheme Participants and stakeholders including end users and service suppliers on the submitted Change Requests, via a Public Consultation. The Public Consultation shall start with the publication of the Public Consultation Document on the NPC Website.

The Working Group shall aim to conclude the Public Consultations after 90 Calendar Days of publication of the Public Consultation Document on the NPC Website.

## Scheme Participants

All Participants to the Schemes should be asked whether they support or not the Change Request or the related Working Group Recommendation. Scheme Participants may provide comments on the Change Requests to the Working Group.

Such community feedback is essential to determine whether a Change Request is supported by a majority of the responding Scheme Participants. It is a valuable contribution for the SMC during its deliberations to accept or not a Change Proposal (reference is made to section 4.2.5 of these NPC SMIR).

## End-user and suppliers

End-users and suppliers can give contributions through the Stakeholder Forum as described under section 4.4 of these NPC SMIR.

### 4.2.4 Process following Public Consultation

The Working Group shall collect and analyse the support for each Change Request and the comments received from all Scheme Participants and stakeholders and shall develop its Change Proposals based on the comments received from the Public Consultation.

A Change Proposal as developed by the Working Group may bring together more than one change, developed from one or more Change Requests.

The Working Group will consolidate the Change Proposals, along with each Change Request and the related non-confidential comments received from the contributors during the Public Consultation, in the Change Proposal Submission Document.

The Change Proposal Submission Document shall indicate that each stage of the change management process, from initiation to consultation, has been properly completed in respect of the Change Request submitted.

The Change Proposal Submission Document is then submitted to the SMC for decision making purposes in accordance with section 4.2.5 of these NPC SMIR, and to the Stakeholder Forum. The Stakeholder Forum formulate their respective positions as described in section 4.4 of these NPC SMIR and address them to the SMC for its final deliberations in accordance with section 4.2.5.

### 4.2.5 SMC Deliberations on the working group Change Proposal Submission Document and on the Positions from the NPC Stakeholder Forum

The SMC deliberates on the Change Proposal Submission Document from the Working Group and the position documents from the Stakeholder Forum. The SMC shall finally determine whether or not to accept a Change Proposal after consideration of the position from the NPC Stakeholder Forum in accordance with section 4.4 of these NPC SMIR.

If the SMC considers that the Change Proposal could be of strategic relevance to the NPC, for example when the Change Proposal relates to the geographic scope of the NPC Schemes or to the Change release process and cycle itself, the Change Proposal shall be submitted for endorsement to the NPC Board, without which it could not be accepted by the SMC.

### 4.2.6 Publication

The Change Proposal Submission Document submitted to the SMC shall be published on the NPC Website along with the decision of the SMC on each Change Proposal. The Working Group shall publish all Change Requests and Change Proposals, irrespective of whether the change has been accepted or rejected at the SMC.

#### 4.2.7 Change Release Process Cycle

The SMC shall launch a Change Release Process at a minimum every two years but may at its discretion decide on a shorter cycle. This will ensure that Scheme Participants and stakeholders have sufficient time to gain sufficient experience with the respective changes of the last change cycle.

The NPC vision is to be as closed to the EPC SEPA Schemes, when applicable and hence the change management cycles in the NPC will be as synchronised as possible with the EPC.

This should further ensure Scheme stability for all actors. In order to ensure that the Schemes are not disrupted by the rapid implementation of numerous Change Proposals in a short space of time, it shall not be possible for the SMC to approve more than 1 Change Proposal Submission Document in any year, except in exceptional circumstances (see sections 4.2.8 and 4.2.9 of the NPC SMIR).

The NPC may only implement a Change Proposal, as approved by the SMC, at the earliest 6 months after the date on which the Change Proposal is published on the NPC Website in accordance with section 4.2.6. In respect of complex changes, the NPC may specify a longer period of notice before implementing a Change Proposal.

The NPC may implement a Change Proposal on shorter notice where the change proposed pertains to any section of these NPC SMIR. Changes proposed to any section of these NPC SMIR shall take effect on a date to be determined by the SMC but not earlier than 30 calendar days after SMC approval.

A change which has been designated by the SMC as a non-operational change suitable for expedited implementation under section 4.2.1 of these NPC SMIR may be implemented at a date earlier than 6 months after the date on which the Change Proposal is published on the NPC Website. Such date will be determined by the SMC on a case by case basis following consideration of a recommendation from the Working Group.

#### 4.2.8 Exceptional Change

In exceptional circumstances, the SMC can approve the urgent implementation of a Change Proposal only in cases whereby the failure to implement a change may result in a disruption to the Schemes or to users of the Schemes (e.g., material mistakes or significant flaws in the Scheme are reported).

The Working Group shall prepare, in close cooperation with the NPC Legal Support Group, an Exceptional Change Proposal Submission Document for submission to the SMC alongside the Exceptional Change Proposal. The Stakeholder Forum will provide their respective position documents on the Exceptional Change Proposal to the SMC.

The SMC shall determine whether or not to accept the Exceptional Change Proposal.

An Exceptional Change Proposal that has been considered by the SMC shall be published on the NPC Website together with the Exceptional Change Proposal Submission Document and the decision of the SMC.

The NPC may implement an Exceptional Change Proposal, as approved by the SMC, at the earliest from the Business Day following the date on which the Exceptional Change Proposal is published on the NPC Website. Such date will be determined by the SMC on a case by case basis.

#### 4.2.9 Change for Regulatory Reasons

The creation of or amendments to relevant rules and regulations might necessitate the urgent alignment of the Schemes with such rules and regulations.

In such case the Working Group, in close collaboration with the NPC Legal Support Group, will prepare a Regulatory Change Proposal. This will be done as soon as reasonably possible, in light of the date on which the new or amended rules and regulations will enter into force.

The Working Group shall complete a Regulatory Change Proposal Submission Document for submission to the SMC alongside the Regulatory Change Proposal. The Regulatory Change Proposal Submission Document shall specify that the change proposed relates to a mandatory rule of law, and the reasons why the regular change management process could not be followed.

The SMC shall determine whether or not to accept the Regulatory Change Proposal.

A Regulatory Change Proposal that has been considered by the SMC shall be published on the NPC Website together with the Regulatory Change Proposal Submission Document and the decision of the SMC.

The NPC may implement a Regulatory Change Proposal, as approved by the SMC, at the earliest from the Business Day following the date on which the Regulatory Change Proposal is published on the NPC Website. Such date will be determined by the SMC on a case by case basis following consideration of a recommendation from the Working Group and the NPC Legal Support Group.

### 4.3 Process for Minor Rulebook Changes

The Working Group shall notify the List of Minor Changes within the Public Consultation Document used for Major Rulebook Changes (see section 4.2.3 of these NPC SMIR).

As Minor Changes do not affect the substance of the Rulebooks or the Schemes, the contributors taking part in the Public Consultation are not requested to provide comments to these Minor Changes. These Changes will also be included in the Working Group Change Proposal Submission Document (see section 4.2.4 and 4.2.5 of these NPC SMIR).

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

The Working Group shall consult with the relevant Initiator(s) on the status of the item with a view to determining whether a change is a Minor or a Major Change. Following such a consideration, the change may be re-classified as a Major Change and to be approved through the approval process for Major Changes, as set out in these NPC SMIR.

### 4.4 NPC Stakeholder Forum

The NPC has established a Stakeholder Forum. The SMC shall consider the position documents from the NPC Stakeholder Forum on a Change Request and on the relevant Change Proposal during the change management process. End-users and suppliers shall have an opportunity to present their views through stakeholder forum. The change management process shall aim to capture a range of stakeholder opinions in the Nordics.

The NPC Stakeholder Forum is established in order to cater for a thorough consultation of end-user representative associations for advice to the SMC on the change management of the Schemes.

The NPC Stakeholder Forum shall represent a wide cross-section of interest groups at the Nordic level, including consumers, large users and small and medium sized enterprises as well as various types of technology and service providers including Clearing and Settlement Mechanisms (CSMs). This stakeholder forum shall operate in accordance with terms of reference concluded with the SMC.

The SMC shall request through a public call for Stakeholder Forum candidates, properly established, representative Nordic end-user associations or major pan-Nordic end-users with presence in multiple countries to nominate a representative(s).

It is open for organisations nominating a representative to withdraw a member from this forum at any stage and replace this member with another representative. However, to encourage continuity in the work of the forum, the forum should aim, as far as reasonably possible to have a stable and committed membership.

The NPC shall have discretion in deciding whether a stakeholder group at the Nordic level is sufficiently established to qualify as a nominating stakeholder group.

The Stakeholder Forum will meet at least twice per year to reflect on the maintenance and change management of the Schemes.

The Stakeholder Forum has no decision-making power but is a consultative body to the NPC.

The Stakeholder Forum is invited to provide its consolidated comments in a position document on the Change Requests and on the related Change Proposals outlined in the Change Proposal Submission Document. This position document will be communicated to the SMC.

#### **4.5 Risk Management Annex**

The SMC will be responsible for Risk Management Annexes to the Schemes ("RMA") to be approved by the NPC Board.

## 5. Terms Defined in the NPC SMIR

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

TERM	DEFINITION
Additional Optional Services	Complementary features and services based on the Scheme, as described in the Rulebooks.
Adherence Agreement	The agreement to be completed as part of the process by which an entity applies to become a Scheme Participant. The agreement is found as ANNEX I of the Rulebooks.
Admission Date	A date specified for admission to one of the Schemes for a group of successful applicants.
Affected Participant	A Scheme Participant that is subject to proceedings before the Function for Compliance and Adherence in accordance with section 3.4 of these NPC SMIR.
Business Identifier Code (BIC)	An 8 or 11 character ISO code assigned by SWIFT and used to identify a financial institution in financial transactions.
BIC	See 'Business Identifier Code'.
Business Day	A day on which PSPs in the relevant jurisdiction are generally open for business with customers.
Calendar Day	A Calendar Day means any day of the year
Chair	Chair refers to the Chair of the SMC
Change Proposal	A Change Proposal is formulated by the Working Group on the basis of the Initiator's Change Request. A Change Proposal should take into account any impact analysis that may be submitted together with the Change Request, and any other details in relation to the change proposed. Where the change proposed in the Change Request modifies the Rulebooks or related documentation, a Change Proposal shall include a mark-up of the Rulebooks and related documentation to show the amendments required to be made to the Rulebooks and related documentation as a result of the change proposed.

Change Proposal Submission Document	Is a consolidation of the Change Requests, the related non-confidential comments received from the contributors during the Public Consultation and the related Change Proposals. The document is prepared by the Working Group and certifies that each stage of the change management process has been properly completed.
Change Request	A Change Request means any concrete and comprehensible proposal for making a change to the Schemes which is to be presented along with a substantiated reasoning. A Change Request may be devised by any individual or organisation that is able to claim a legitimate interest in this change management process (the “Initiator”) and then submitted to the Secretariat in accordance with the procedures set out in these NPC SMIR.
CSM	A Clearing and Settlement Mechanisms
EU	The European Union
Event of Default	Each event indicating that a Scheme Participant is no longer able to pay its debts as they fall due, becomes or became insolvent or has ceased to exist (each an Event of Default), including but not limited to the failure of a Scheme Participant to pay the fees mentioned in section 1.4 of these NPC SMIR.
Function for Compliance and Adherence	The function of the NPC Secretariat that performs the compliance and adherence functions of the NPC Scheme Management as defined in section 3.2.1.
IA	Impact analysis
Initiator	Any individual or organisation submitting a Change Request
List of Minor Changes	As defined in section 4.3 of these NPC SMIR
Major Change	As defined in section 4.1.6 of these NPC SMIR
Minor Change	As defined in section 4.1.6 of these NPC SMIR
NASO	National Adherence Support Organisation, as explained in section 3.2.3 of these NPC SMIR.
NPC	The Nordic Payments Council

NPC Board	The Board as defined as defined in of the NPC Bylaws
NPC Bylaws	The Bylaws of the NPC, as amended from time to time
NPC Founding Member	A Member of the NPC as defined in of the NPC Bylaws.
NPC Member	NPC Founding Member and NPC Scheme Member collectively as defined in the NPC Bylaws.
NPC Office Holders	Is each of the following: the NPC Chair, the NPC Secretary General, the Scheme Management Committee and the Chairs of the NPC Working Groups, task forces and Support Groups.
NPC Scheme	An NPC Scheme is a common set of business rules, practices and standards for the provision and operation of a payment or payment related instrument agreed at an inter-PSP level in a competitive environment for defined currencies. A Scheme consists of a rulebook, implementation guidelines and other additional documents.
NPC Scheme Management	NPC Scheme Management denotes the governance, development and compliance mechanisms in relation to an NPC Scheme.
NPC Scheme Member	A Member of the NPC as defined in of the NPC Bylaws.
NPC SMIR	These are the NPC SMIR for Scheme Management set out in this document, as amended from time to time
NPC Stakeholder Forum	As defined in section 4.4 of these NPC SMIR
Payment Services Directive	Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (PSD 2).
PSP	Any 'Payment Service Provider' as defined in PSD2 that is eligible to participate in a Scheme in accordance with the section "Eligibility for participation" of the Rulebooks
Rulebook	Covers all the NPC Scheme Rulebooks.

Scheme	Each of the published NPC Schemes as defined on the NPC website
Scheme Management Committee, or “SMC”	The NPC body that is responsible for performing the NPC Scheme Management Functions as defined in the NPC SMIR
Scheme Participant	An entity that has adhered to one or more NPC Schemes in any capacity.
Secretariat	The NPC body as defined in the NPC Bylaws.
SEPA	SEPA is the area where citizens, companies and other economic actors will be able to make and receive payments in euro, within all the EU Member States, whether between or within national boundaries under the same basic conditions, rights and obligations, regardless of their location.
SEPA Regulation	Regulation (EU) No 260/2012 establishing technical and business requirements for credit transfers and direct debits in euro and amending Regulation (EC) No 924/2009
Unresolved Issue	Any dispute in relation to the Rulebook.
Working group	A working group reporting to the SMC.

## 6. Appendix 1 – Impact Analysis

### 6.1.1 Impact Analysis ("IA") – Introduction

An IA evaluates the impact of a Change Request together with a practical assessment of its benefit for the industry, including the Scheme Participants, the end-user, and the society as a whole.

### 6.1.2 IA - Analytical Parameters

An IA shall illustrate the following:

- The impact for the industry, including Scheme Participants and suppliers of payments technology and infrastructure including costs and benefits;
- The impact on the relationships PSP-to-customer, inter-PSP and customer-to-PSP and, where appropriate, other parties involved in the payment; and
- The impact for end-users and for NPC and the Nordics as a whole, showing where the impact of the Change Request will be felt across the different areas of the Nordic payment environment.

#### *Impact for Industry*

An IA should clearly show all the consequences that would result when implementing a Change Request.

The benefits for industry shall be determined mainly by the added value of a new service to the end-users, or by the added value to the existing service provided to the end-users. Accordingly, the IA shall include information on the likely end-user uptake of the Change Request by including results of any surveys, research or projections.

#### *Benefits for End-Users and the Nordics*

The IA shall consider the wide benefit accruing to end-users and to society as a whole as part of any analysis.

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

### 6.1.3 IA – Results

An IA outlines the financial and non-financial effects of the Change Request for Scheme Participants, end-users and suppliers.

The IA or the Change Request itself shall set out the efforts for upgrading technology and infrastructure to deal with the change together with an analysis of the general risks that may impact on the implementation of the new changes.

If an IA shows that the benefits do not justify the efforts involved, it is expected that this will lead to the rejection by the SMC of the Change Request and the related Change Proposal.

In some cases, where the IA shows that the change would be positive for end-users but costly for the industry, this analysis is likely to contribute to a debate at the level of end-users, suppliers and the SMC. Such a debate may focus on the funding arrangements necessary for re-distributing the costs involved. In such cases, the SMC shall exercise its discretion in determining the feasibility of changes while taking into account the views expressed in the consultation process (e.g., Public Consultation, position documents from the NSEUF and the NSTF).

## 7. Appendix 2 - Conflicts of Interest

### 7.1 Rules for Managing Conflicts of Interest

#### 7.1.1 General Principles

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

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

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

If a new issue which could create a conflict of interest would arise in the course of a member's appointment to the SMC, that member will, without delay, inform the Nomination Committee accordingly.

A member of the SMC shall be expected to declare any actual or potential conflicts of interests at the start of any meeting involving the SMC. A note of such a declaration must be retained in accordance with section 7.1.2 below.

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

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

#### 7.1.2 Record Keeping

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

The SMC shall also record cases where a conflict of interest was suspected but where, after analysis, such a conflict was deemed not to have arisen. Such records shall be open to inspection by the NPC and to such other persons as the SMC may consider appropriate.

## 8. Appendix 3 - Scheme Management Cost Allocation

### 8.1 Scheme participation fee

The Scheme Management cost is covered by the Membership Fee of the NPC according to the NPC Bylaws and detailed in the NPC SMIR.

The applicable fees will be fixed in a fair, reasonable and non-discriminatory way by the NPC General Assembly upon a proposal submitted by the NPC Board and will be made public on the NPC Website as NPC Internal Rules.

### 8.2 Main cost types in a dispute resolution procedure

Three types of costs are identified:

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

### 8.3 Rationale for dispute resolution cost recovery mechanism

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

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

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

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

#### **8.4 Level of the non-refundable administrative fee for dispute resolution**

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

The upfront fee payable to the NPC per single complaint case by the concerned Scheme Participant initiating the proceeding is estimated to be as at [November 2019]:

Complaint: 15 000 SEK

Appeal: 15 000 SEK

The level of these fees shall be regularly reviewed by the SMC and the NPC Board.

## 9. Appendix 4 – NPC Competition Law Code of Conduct

### 9.1 Background and Objective

The NPC, a non-profit association established under and governed by Swedish law, is subject to EU and national competition law requirements.

In order to address ‘competition law issues’ in the NPC context, this policy aims at helping NPC Members and their representatives, NPC Office Holders, Working and Support Group Chairs and any participants in meetings organised by the NPC to prevent and / or identify potential competition law issues; and if a (potential) competition law issue is identified to specify the process to be followed in order to address it.

### 9.2 Competition Law Guidelines

EU and national competition law contain two basic prohibitions:

1. Prohibiting anti-competitive agreements between two or more undertakings;
2. Prohibiting abuses of a single or collective dominant position (which may apply both to unilateral conduct and to agreements involving a dominant party).

EU competition rules apply only where trade between Member States is affected to an appreciable extent, but since national competition law applies even in the absence of cross-border effects, the NPC and NPC Members when acting in meetings organised by the NPC commit to always comply with the rules even if arrangements or discussions involve NPC Members from one country only, or cover only one country.

Infringement of EU and national competition law can lead to fines, civil liability for damages, and in some countries even to criminal liability. It is the responsibility of the NPC and of each NPC Member individually to ensure compliance with these Guidelines. Liability under the competition laws may be strict - a trade association member may under certain circumstances be held liable for infringement by the rest of the association.

The following Guidelines apply to the NPC, including all its standing bodies, working groups, support groups, staff, individual NPC Members, and any sub-groups or task forces within the association, as established from time to time where they act in meetings organised by the NPC.

### 9.3 Prohibition of Anti-competitive Agreements – General

As a matter of principle, no NPC meeting participant shall ever discuss or be involved in any of the following activities:

- Discussions on customer prices of products and services; including and not limited to the coordination of pricing elements, discounts, bonuses, surcharges, accounting procedures or profit margins;
- Market partitioning such as the allocation of customer groups or territories between competitors;
- Exchange of competitively sensitive information, for instance, on pricing elements, business plans, customer relations or ongoing or planned bids;
- Any other agreement restricting competition such as, for instance, a collective boycott, joint negotiations, (except after legal review) joint selling or joint buying, any arrangement to avoid direct competition, resale price maintenance, pricing policies designed to isolate national markets or joint action to exclude competitors or new entrants.

To be prohibited by competition law, an agreement or a decision of an association of undertakings need not to be written or binding. A verbal information exchange or an informal agreement can be considered an infringement even if it is merely a "gentleman's agreement". On the other hand, an agreement does not need to be exercised or implemented in order to infringe competition law. The potential anti-competitive effect is sufficient.

## 9.4 Specific Rules for the NPC

There are two specific areas that require particular attention in the light of the competition rules:

### 9.4.1 Industry Standards

The NPC or the working groups within the association may develop and promote industry standards, rules, guidelines, codes of practice or standard terms and conditions for agreements, in accordance with the relevant stipulations of the European Commission's "[Guidelines on the applicability of Article 101 of the Treaty on the Functioning of the European Union to horizontal co-operation agreements](#)", as amended from time to time. These standards are allowed where they improve the quality of NPC Members' products or services; however, neither NPC nor NPC Members are allowed to develop or to use them to restrict competition. Accordingly:

- Standards must be related to specified legitimate objectives, and no more detailed or restrictive than reasonably necessary. Standards should not be used to raise barriers to entry to the market or to exclude competitors.
- Specifications for standards should be publicly accessible, also for non-members.
- Compliance should be voluntary (unless required by law). Standards must not prohibit use of competing products or services.
- Fees should be cost-based. The use of standard agreements should not be made compulsory, and standard terms and conditions should not attempt to harmonize "price-related" clauses.

### 9.4.2 Information Exchange

NPC Members must never, neither at formal NPC gatherings nor at other informal meetings in a NPC context, exchange confidential or otherwise competitively sensitive business information. Subjects which must never be discussed are:

- Prices, discounts, or price-related contractual terms. This includes planned or implemented price increases (whether or not a precise amount of the increase is included), the dates of planned price increases or announcements, mark-ups, rebates, allowances, credit terms, promotions, or any other data that would have a bearing on price;
- Client relations and customer credit risk, including among others the identities of individual customers or sales territories;
- Contract tenders, ongoing bids or plans to bid for business as well as the corporate procedures for responding to tenders;
- Business plans or commercial strategy and forecasts of market evolution;
- Competitive strengths/weaknesses in particular areas;
- Product development or investment in research programs which is not yet publicly known;
- Individualised market share data.

Benchmarking, i.e. compilation and circulation of statistical data and/or exchange of information is allowed, if and only if, the following conditions are respected and advice from the NPC legal counsel is sought:

- The entity collecting, aggregating and circulating the data is neutral and bound by confidentiality, and
- only aggregated data is circulated to participants and competitively sensitive information such as market shares remain anonymous. Individual company data must not be circulated and it must not be possible to derive individual company data from the aggregated data circulated (i.e. to disaggregate it).

If you are part of an information or benchmarking 'pool' or other market survey, ensure that individual institutions are not identifiable from the data, avoid meetings to discuss the results of the information gathering exercise without the presence of the NPC Legal Counsel, and allow open and voluntary participation in the exchange.

It is acceptable to discuss public policy, regulatory matters of general interest, demographic trends, generally acknowledged industry trends, publicly available information and historical information that have no impact on future business. NPC Members may demonstrate new or existing products, but not discuss non-public R&D or production plans.

## 9.5 Prohibition of Abuse of a Dominant Position

An undertaking may be in a dominant position if it can act to an appreciable extent independently of its customers and suppliers in a given market. A dominant position is not in itself anti-competitive, but if the undertaking exploits this position to eliminate competition, it is considered to have abused it. Undertakings that have the economic power to act independently and set prices regardless of customers' or suppliers' demands or competitive pressure, have a special duty to not to restrict competition and not to exploit their customers. Dominance is, in essence, the power to overprice, which is assumed if a firm account for a dominant share of supply or demand (normally 40% or more).

Even if individual NPC Members may not be dominant, NPC Members may be considered collectively dominant in a particular product market if they account for a large share of supply and if they have contacts with each other through the trade association. Dominant positions can be held by single firms and, in certain circumstances, held collectively. In other words, Article 102 TFEU can apply to oligopolies. In such an oligopolistic market, parallel behaviour that restricts competition or exploits customers might be found abusive even if there is no evidence of active collusion.

As soon as a dominant undertaking's behaviour has an anti-competitive object or effect, without objective justification, fines and civil liability may result. There is no need to demonstrate the existence of an agreement or collusion.

## 9.6 What to do if you Suspect a Breach of this Code of Conduct?

Presence at meetings where anticompetitive conduct takes place or where commercially sensitive information is exchanged, can be enough to infringe the competition rules. Check the agenda, object in advance to inappropriate discussion items. In case the agenda contains inappropriate discussion items, express your concerns at the start of the meeting when the agenda is presented for approval. As soon as you become aware of a potential infringement, request that the corresponding discussion be stopped, request that advice be sought from or contact the NPC Secretariat ([info@npcouncil.org](mailto:info@npcouncil.org)), express your disagreement, ensure that a record is kept of your disagreement. In case the discussion continues, leave the meeting.

If you are uncertain whether a particular agreement, discussion or information exchange between competitors is allowed, immediately request that the opinion of the NPC Legal Counsel will be sought, who will take appropriate steps.

## 9.7 Procedure for NPC Meetings

The Chairs of each NPC meeting and the NPC Secretariat shall take every reasonable precaution to ensure that meetings are managed in such a way as to ensure that the risks of inappropriate discussion taking place are minimised.

As a practical matter, therefore, the NPC undertakes the following:

- NPC shall make this code of conduct available to all NPC Members
- This Code of Conduct shall be referred to in all Terms of Reference for Working Groups or task forces
- Written agendas for each NPC meeting must be drafted and circulated prior to each NPC meeting.
- Minutes of each meeting or as the case may be meeting summaries will be drafted and any comment or request for amendment will be notified to the meeting chairman and to the NPC Secretariat person in charge as soon as possible following receipt of the minutes.
- NPC shall keep agendas, minutes and attendance lists of every meeting chronologically.

## Annex I: Code of Conduct Guidelines on Participation in NPC Meetings (“Do’s and Don’ts”)

### Do’s

- **Do** carefully read the NPC Competition Law Code of Conduct that precedes this Annex.
- **Do** identify clearly the specific legitimate purpose of each NPC project, meeting and conference call.
- **Do** object to any discussion, activity or conduct that may infringe competition law rules and inform the NPC Legal Counsel accordingly.
- **Do** stay on topic during meetings, within the scope of the approved agenda and the terms of reference of the body concerned.
- **Do** stop any meeting when the participants insist on discussing matters that may lead to violations of competition law rules.
- **Do** return commercially sensitive information you receive, without keeping copies, and explain in writing that you do not wish to obtain such information.
- **Do** inform your company counsel and the NPC Legal Counsel of any approaches seeking to exchange competition sensitive information or coordinate conduct on the market.

### Don’ts

- **Don’t** reach understandings or agreements or even hold discussions (especially with a competitor) on anything relating to commercially sensitive topics such as prices, credit terms and billing practices, sales, costs, future business plans, bids or matters relating to individual suppliers or customers.
- **Don’t** attend meetings without clear indication of the purpose and/or written agenda, circulated in advance.
- **Don’t** attend unscheduled gatherings unless you know that they are for a bona fide purpose or purely social gatherings.
- **Don’t** use NPC as a venue to engage in conduct that could be construed as intended to exclude competitors from the market or create a barrier to market entry.
- **Don’t** accept written competition sensitive information or agree to the exchange of oral competition sensitive information with NPC Members who market competing products or services.
- **Don’t** participate in information exchanges, market surveys, or benchmarking exercises without the advice of your and/or NPC's Legal Counsel.
- **Don’t** exclude competitors or engage in collective boycotts.

# Annex III      RULEBOOK AMENDMENTS AND CHANGES SINCE 2020 version 1.0

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

## List of changes in NCT Rulebook since 2020 version 1.0

*(Note: This list is for information – the changes included in the body of the document are the changes in effect)*

### Key:

Column one contains the change number

Column one contains the rulebook reference

Column two contains a description of the amendment

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

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

### List of changes v 1.1 relative to 2020 v 1.0.2

No	Reference	Description	Type
6	General	Change 'answer' to a Recall or to a Request for Recall by the Originator (RFRO) into a 'response' to a Recall or to an RFRO to apply a uniform terminology.	CLAR
7	General	The title of reference [11] has been slightly amended.	CHAN
8	0.1	New reference [15] to the document 'Guidance on reason codes for NCT R-transactions'	CHAN
9	0.1	Addition the EPC document EPC217-08 'Best practices SEPA Requirements for an extended character set' as a reference [16] under section 0.1 in the NCT and NCT Inst Rulebook.	CLAR
10	2.4	Addition of reference to Request for Recall by the Originator in the last paragraph.	CLAR
11	4.3.2.4	Extra paragraph referring to the document 'Guidance on reason codes for NCT R-transactions' [15].	CHAN
12	4.4.1, 4.4.2	Extra paragraph referring to the document 'Guidance on reason codes for NCT R-transactions' [15].	CHAN
13	4.6	Additions and changes in wording related to AT-11 and AT-25 Alias/Proxy to clarify and make better examples.	CLAR
14	4.6.1	AT-47: addition of the sentence "this is an optional attribute", and of the term "(optional)" in the attribute title	CLAR
15	4.6.1	AT-56 addition of the sentence "this is an optional attribute", and of the term "(optional)" in the attribute title	CLAR
16	4.6.1	AT-57: addition of the last sentence in the 2nd paragraph referring. to the PSD	CLAR
17	4.6.1	AT-R1: addition of 'Request for Recall by the Originator'	CLAR

No	Reference	Description	Type
18	4.6.1	AT-R2: reformulation of the attribute description and the inclusion of values for a Request for Recall by the Originator message	CHAN
19	4.6.1	AT-R3: extra paragraph referring to the document 'Guidance on reason codes for NCT R-transactions' [15].	CHAN
20	4.6.1	AT-R7: additional of the term 'Originator' in the attribute title and in the description	CLAR
21	Annex V, 2.7	Change in relation to Structured Creditor Reference to align with Rulebook	CHAN
22	Annex V, 4.0	Change in relation to Referred Document amount to align with Rulebook	CHAN
23	4.3.2.4	Process flow for Recall by Originator taken out due to the same process as for Recall, will be replaced with a new in next version.	TYPO

### List of changes v 1.0.2 relative to 2020 v 1.0.1

No	Reference	Description	Type
1	0.1, 0.5.1, 7	Changed NPC Credit Transfer Scheme B2C Implementation Guidelines to NPC Recommendation on Customer Reporting NCT and NCT Inst.	TYPO
2	1.6, 2.1, 2.2, 5.1 and 5.4	Addition of Greenland and the Faroe Islands as possible countries where Scheme Participants may be established.	CHAN
3	1,6 and 5.4	Removal of " <i>or licensed by an appropriate EEA regulatory body</i> " to be consistent with the equivalent wording in other sections.	TYPO
4	Annex I	Final wording of the Adherence agreement as decided by the NPC Scheme Management Committee 10 June 2020.	CLAR
5	Annex IV	Updated text since the Risk Management Annex is now finalised.	CLAR

## Annex IV RISK MANAGEMENT

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The document (NPC901-01) has a restricted distribution and is therefore not included here. Should Participants wish to provide suppliers with a copy of this Risk Management Annex, they must do this under a non-disclosure agreement.

# Annex V      EXTENDED REMITTANCE INFORMATION (ERI) OPTION

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## 0. Annex V - Introduction to this Annex

The Scheme foresees an Extended Remittance Information (ERI) Option whereby the following combination of Remittance Information (RI) can be transmitted:

- One occurrence of 140 characters of unstructured RI **and**
- Up to 999 occurrences of 280 characters of structured RI based on the ISO 20022 standard.

The ERI Option gives Originators the possibility to transmit this specific ERI combination end-to-end to the Beneficiary through the Customer-to-Bank (C2B) Credit Transfer Instruction messages used under the Scheme.

The description of the ERI Option is contained in the following documents:

1. This Annex of the Rulebook: it covers the specific business and operational rules, and rights and obligations of the ERI Option;
2. The adapted ISO 20022 XML message standards for the C2B and the Interbank messages defined in [9] and [1] of the Rulebook

## 1. VISION AND OBJECTIVES

### 1.7 The Business Benefits of the Scheme

#### **For Originators and Beneficiaries as users:**

*(Addition at the end of the section)*

The inclusion of the Extended Remittance Information (ERI) Option brings additional advantages to especially corporate Originators and Beneficiaries:

- Transmission of a large volume of structured Remittance Information (RI) within a single Credit Transfer Instruction that has a concrete value for the Beneficiary or leads to a swift settlement of several payment obligations for the Originator. Examples are:
  - Use of a single Credit Transfer Instruction by the Originator to settle a total amount of several accounts payables, possibly netted off with granted credit note, while transmitting structured RI and amount positive or negative for each concerned invoice and credit note item;
  - Receipt of a single Credit Transfer Transaction amount that settles several accounts receivables, possibly netted off with granted credit notes, whereby the received structured RI is automatically straight through processed and reconciled with each relevant open accounts receivable position.
- Less need to use other means to exchange large volume of RI or other information related to accounts payable, accounts receivable or to other business transactions.

#### **For Participants**

*(Addition at the end of the section)*

The inclusion of the ERI Option brings additional advantages to the Participants:

- Participants can offer an additional optional NPC wide standardised service for Originators and Beneficiaries that wish to exchange a high volume of structured RI with their counterparties;
- Participants can increase the commercial attractiveness of their NPC Credit Transfer services and as an effect the Scheme itself.

## 2. Scope of the Scheme

### 2.2 Description of Scope of the Scheme

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

*(Addition at the end of the section)*

- • The ERI Option supports the transmission and the processing of the following combination of RI in Credit Transfer Instructions and Transactions:
  - One occurrence of 140 characters of unstructured RI **and**
  - Up to 999 occurrences of 280 characters of structured RI based on the ISO 20022 standard.
- • ERI Option Participants are Participants who have formally declared their participation to this Option to the NPC;
- • The ERI Option does not support:
  - The exchange of unstructured ERI of more than one occurrence of 140 characters of unstructured RI;
  - The exchange of structured ERI through message formats based on another standard than ISO 20022 or through interfaces between the Scheme actors that do not support ISO 20022 XML messages.

### 2.6 Reachability

*(Addition at the end of the section)*

ERI Option Participants shall offer services related to the ERI Option in the role of at least Beneficiary Bank, or in the role of both Originator Bank and Beneficiary Bank.

### 2.7 Remittance Data

*(Replacement of the contents of the entire section with the following text)*

The unstructured RI and the extended structured RI under the ERI Option supplied by the Originator in the Credit Transfer Instruction must be forwarded in full and without alteration by the Originator Bank and any Intermediary Bank and CSM to the Beneficiary Bank.

If the Beneficiary has an arrangement with the Beneficiary Bank for the concrete delivery and presentation of ERI, the Beneficiary Bank must deliver the ERI to the Beneficiary in accordance to the specifications concluded in such arrangement.

In case there is no such arrangement between the Beneficiary Bank and the Beneficiary, the Beneficiary Bank must deliver only the received occurrence of 140 characters of unstructured RI in full and without alteration to the Beneficiary.

When the Originator provides a Structured Creditor Reference with a Credit Transfer Instruction, it is mandatory that the Originator Bank, at the point of capture from the Originator, checks both the correctness of the Structured Creditor Reference as well as that all ERI's contains an amount and that the sum of all ERI's equals the payment amount.

## 4. Business and Operational Rules

### New section 'ERI Processing'

*(This section precedes the section 'Business Requirements for Datasets')*

- The Originator Bank must verify upfront if the Beneficiary Bank is an ERI Option Participant or not. The Originator Bank sends Credit Transfer Transactions containing ERI only to those Beneficiary Banks that are ERI Option Participants.

In case the Originator Bank receives Credit Transfer Instructions containing ERI addressed to a Beneficiary Bank that is not an ERI Option Participant, the Originator Bank must reject the concerned Credit Transfer Transactions addressed to this Beneficiary Bank unless the Originator Bank and the Originator have made an arrangement whereby in such case, the Originator Bank can just transfer the single occurrence of the 140 characters of unstructured RI and can remove the occurrences of structured RI.

- The Originator Bank must, upfront, validate the structured creditor reference in all ERI's and that all have a referred amount as well as that the amount of the Credit Transfer equals the sum of the amounts of the referred references.

In case the Originator Bank receives Credit Transfer Instructions containing ERI where there is an incorrectness in the structured reference and/or a missing referred amount and/or that the amount of the Credit Transfer do not equal the sum of the amounts of the referred references, the Originator Bank must reject the concerned Credit Transfer Transactions.

- The ERI is transmitted from the Originator to the ERI Option Participants based on the ISO 20022 XML Customer-to-Bank messages described in [9], the ISO 20022 XML Interbank messages described in [1] of the Rulebook and the XML Bank-to-Customer message described in [14];
- Each ERI Option Participant determines with its CSM and Intermediary Banks how to transport the ERI up to the ERI Option Participant-counterparty;
- The Beneficiary Bank passes as a minimum the occurrences of structured RI to the Beneficiary. The Beneficiary Bank is free to arrange with the Beneficiary to submit as well the unstructured RI;
- The exchange of ERI between the Beneficiary Bank and the Beneficiary is only made available through an agreed **electronic** format (preferably based on ISO 20022);
- In case the Beneficiary Bank is an ERI Option Participant, but the Beneficiary has not arranged with the Beneficiary Bank on the delivery and the presentation of ERI, the Beneficiary Bank removes the occurrences of structured RI and transmits only the occurrence of 140 characters of unstructured RI to the Beneficiary;
- The messages used for exception processing and inquiries for ERI-populated Credit Transfer Transactions must only contain the occurrence of 140 characters of unstructured RI.

## 5. Rights and obligations of all participants

### 5.2 Compliance with the Rulebook

*(Addition at the end of the section)*

In addition, an ERI Option Participant shall comply with the **Annex V** of the Rulebook, including amendments as and when they are made and properly communicated to ERI Option Participants, and with the sections foreseen for **Annex V** in the Implementation Guidelines of the Rulebook.

### 5.3 Reachability

*(Addition at the end of the section)*

ERI Option Participants shall offer services related to the ERI Option in the role of at least Beneficiary Bank, or in the role of both Originator Bank and Beneficiary Bank.

Each ERI Option Participant needs to determine how to achieve full reachability for the use of the ERI Option.

### 5.4 Eligibility for participation

*(Addition at the end of the section)*

In order to be eligible as an ERI Option Participant, an ERI Option Participant must at all times be a Participant to the Scheme.

### 5.5 Becoming a Participant

*(Additions at the end of the section)*

In addition, a Participant that applies to become an ERI Option Participant shall formally declare its participation to this Option according to the procedures defined by the NPC.

An applicant becomes an ERI Option Participant on an admission date specified by the NPC in accordance with the NPC SMIR. Names of applicants which will become ERI Option Participants at a future date may be pre-published, and a date designated and published when they will become ERI Option 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 **Annex V** of the Rulebook upon becoming an ERI Option Participant.

### 5.6 NPC Credit Transfer Scheme List of Participants

*(Addition at the end of the section)*

Above mentioned stipulations also apply on the Sub-List of ERI Option Participants which the NPC publicly discloses on a regular basis.

### 5.7 Obligations of an Originator Bank

*(Addition at the end of the first list of bullet points)*

27) Comply with applicable provisions issued from time to time in relation to Extended Remittance Information as set out in the Rulebook and **Annex V**;

## 5.8 Obligations of a Beneficiary Bank

(Addition at the end of the first list of bullet points)

21) Comply with applicable provisions issued from time to time in relation to Extended Remittance Information as set out in the Rulebook and **Annex V**;

## 5.11 Termination

*(Additions at the end of the section)*

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

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

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

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

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

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