



General description SEPA(EU)

– December 2018 –

STET provides infrastructure services to banks and other payment service providers within the Single Euro Payments Area and national markets of the European Union.

In this respect, STET owns and operates a technical platform which exchanges and processes data (“the Technical Platform”).

STET’s clients, who use the Technical Platform, exchange Operations between themselves through such Technical Platform. The Technical Platform performs the required processing by automation, notably regarding the interbank exchange and clearing of Payment Orders. The automated Clearing services performed by the Technical Platform are offered to STET’s clients through different payment systems, including CORE(FR), CORE(BE) and the SEPA(EU) Payment System.

Our SEPA.EU offering is a processing, clearing and settlement service for SEPA schemes SCT, SDDs and SCTInst.

The service offers multilateral clearing for transactions presented in files and fully compliant with the EPC Rulebooks and Implementation Guidelines. The service is operational on Target2 calendar days and can be accessed through SWIFTNet and STET VPN.

In order to support existing and future participants, SEPA.EU will accept already defined formats in the market, namely CORE community formats as well as formats used for accessing other major SEPA CSMs.

SEPA.EU operates under a delivery after settlement model to mitigate counterparty risk and offers multilateral net settlement in Target2 through ASI5 several times a day for SDDs and a prefunded model through ASI6 Real Time (technical account) for SCTInst.

The service is open to all banks already connected to STET and any PSP in SEPA wishing to clear with STET participants. This approach provides PSPs with elements to mitigate infrastructure risk as well as providing a platform for interoperability.

The access to the SEPA(EU) Payment System is opened to entities which fulfil the eligibility criteria. Any entity which participates in the SEPA(EU) Payment System, whether directly or indirectly has to abide by the rules.

This new CSM is open to French banks (already direct and indirect Participants), other banks and other European banking communities. This system is being instructed in 3 steps:



- The first phase: SEPA(EU) V1 became operational on November 21, 2016 with French direct debit transactions the first to migrate (SDD Core and SDD B2B). This V1 aims to deliver a set of features based on the current CORE architecture to STET Participants and potentially new European Participants.

On November 21, 2016, every CORE(FR) Participants subscribed to SEPA(EU) SDD services.

The exchange cut off for SDD services is fixed at 6pm D-1 and for R-transactions at 1:30 pm D-Day.

SEPA(EU) segregates the SDD transactions in order to deliver collections and cancellations, returns and rejects in different files. This allows Participants first to process transactions with the same day value (R-transactions) and then transactions with future settlement dates (collections).

Under the SEPA(EU) Payment System, the Technical Platform calculates the multilateral interbank Clearing Balances issued from the Payment Orders exchanged within the Exchange Communities which are using the SEPA(EU) Payment System. The settlement of these Clearing Balances, through TARGET2, takes place in the settlement accounts held with any central bank of the Eurosystem operating a TARGET2 component system.

The clearing is performed through the multilateral method (model 5 Target2), with one single daily cycle (at 2pm), including all SDD and R-transactions. The validation deadline for SDD Compensation balances by direct Participants is fixed at 2: 30 pm and the settlement is done through a single payment by direct Participants at 2:45 p.m. In addition, bilateral balances are available in real time.

- The second phase with the processing of transactions Instant Payments: STET has prepared the pan-European market for setting up a clearing and settlement service for SCTInst for the launch of the new scheme in November 2017; compliant with the EPC's SCTInst rulebook.

Instant clearing of SCTInst is carried out on a bilateral net basis and ensures the irrevocability of each transaction (prefunded model).

The main principle to ensure irrevocability is that only transactions that have been validated against the payment capacity of the originator in the CSM will be delivered to the beneficiary. Transactions presented for clearing which exceed the value of the payment capacity of an originator will be rejected.

The clearing process has no cycles and each PSP will add and withdraw as required, depending on the level of liquidity placed.



The PSP may update its position account payment capacity by crediting the CSM's technical account in Target2 with the amount required to settle its Instant Payments.

- The third phase of transaction migration: SEPA(EU) V2 will move credit transfers (SCTs) into the CSM on Q3 2020 (date to validate).