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Global PAYplus Version 4.6.6

Single Euro Payment Area (SEPA)

Business Guide

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Version Control

Version	Date	Summary of Changes
1.0		Document Created

1.1		Updates:
		
		• Remove restriction of generating Returns based on days, sections:
		    o Manual Generation of SEPA Recall Return
		    o Manual Generation of SEPA Return
		
		• Alternate flows added for Outward Payment Cancellation Request (PCR)
		• Clarify that White Fields are not supported for STEP2.
		• Remove 3rd bullet from section Automatic generation of SEPA Recall Reject

2.0	Apr 2017	Added Stops and Permits Validations section within the SEPA Specific Validations section

Table of Contents

1   Introduction to SEPA

This business guide describes the processing of Single Euro Payments Area (SEPA) payments certified by Global PAYplus (GPP).

1.1   European Payments Council (EPC)

The EPC is the decision-making and coordination body of the European banking industry in relation to payments whose declared purpose is to support and promote the creation of SEPA. The purpose of the EPC, representing payment service providers (PSPs), is to support and promote European payments integration and development, notably the SEPA.

EPC develops the SEPA payment schemes, based on global technical standards made available by international standards bodies, such as the International Organization for Standardization (ISO).

The EPC has created different schemes for Credit Transfer and Direct Debits:

- One scheme for Credit Transfer – SEPA Credit transfer scheme

- Two separate schemes for Direct Debits – a Core scheme and the B2B scheme

The processing rules and data elements between schemes are similar, although the timings differ. Data exchanged in the interbank space is identified and segregated by the use of codes: Core for the core scheme and B2B for the Business to Business Scheme.

The SEPA payment schemes, as defined in the SCT (SEPA Credit Transfer) and SDD (SEPA Direct Debit) Rulebooks, contain sets of rules and standards for the execution of SEPA payment transactions that have to be followed by scheme participants, which are PSPs that have formally adhered to the schemes. These rulebooks can be regarded as instruction manuals which provide a common understanding on how to move funds between payment accounts within SEPA. EPC is responsible for the development and evolution of the SEPA Schemes and it publishes regularly (usually once a year) new rulebooks and accompanying implementation guidelines as a definitive source of information regarding the rules and obligations of the different schemes (SCT, SDD Core and SDD B2B).

The Rulebook is primarily focused on stating the business requirements and inter-bank rules for the operation of the Scheme. In addition to the Rulebook, EPC publishes also SEPA implementation guides (per each scheme) which are separated in two complementary documents:

- The mandatory Guidelines regarding the inter-bank messages (SEPA inter-bank Implementation Guidelines). These guidelines are further adjusted by EBA guidelines.

- The recommended Guidelines regarding the Customer-to-bank messages (SEPA Customer-to-bank Implementation Guidelines).

1.2   Euro Banking Association (EBA) – STEP2

The EBA is an industry forum for the European payments industry with close to 200 member banks and organizations from the European Union and across the world. It is aimed at fostering and driving pan-European payment initiatives.

EBA CLEARING is a bank-owned provider of pan-European payment infrastructure solutions. EBA CLEARING owns and operates STEP2, a Pan-European Automated Clearing House (PE-ACH) for processing euro retail payments. STEP2 provides a processing engine, which is based on global XML-based ISO standards and is fully compliant with the EPC SCT and SDD Scheme Implementation Guidelines.

EBA provides concise overview documents that contain the details on the Interfaces between participants and the STEP2 Services (per EPC schemes). Similarly to EPC, also EBA publishes

regularly SEPA implementation guides (per each service) that are compliant to the changes declared by EPC.

The EPC Implementation Guidelines contain recommendations for using the ISO20022 fields for SEPA messages. By taking all the fields within the rulebook, and all the Mandatory fields within the ISO20022 messages, EPC have created a SEPA Data Set – a list of fields with a status, format and specific validation rules. The STEP2 implementation of the ISO 20022 contains all the fields within the SEPA Data Set and follows their recommendation on formats and validation where possible. In some cases, additional fields that are not in the SEPA data set have been added where a strong business need has been identified.

STEP2 supports a Credit Transfer service for the CT scheme and two Direct Debit services (Core and B2B) to support the two DD schemes. Additionally, STEP2 supports an option in the Core Service to allow direct debits to be sent (and received) at the latest one inter-bank business day before due date, also known as COR1.

Additional information related to EBA-STEP2:

	Value
Currency code	EUR
Operating hours of STEP2	Direct debits and credit transfers may be transmitted 24 hours a day on all TARGET2 days.

Cutoff time (COT)	• For SEPA Direct Debits there are different COT for collection and R-messages, per scheme.
	    o CORE
	        ❖ 11:00: COT for DD R-messages
	        ❖ 16:00: COT for DD
	    o B2B
	        ❖ 12:00: COT for DD R-message
	        ❖ 15:00: COT for DD
	• For SEPA Credit Transfers there are several cycles per day and each cycle has its COT. 16:00 on D (due) date is the latest COT for files to be settled on D.

1.3   SEPA Message Types

1.3.1   Supported in GPP

This is the list of SEPA Message Types supported in GPP.

1.3.1.1   Payment Initiation

Message Type	Description
pain.001	Customer Credit Transfer Initiation (CustomerCreditTransferInitiation). This message is sent by the initiating party to the forwarding agent or debtor agent. It is used to request movement of funds from the debtor account to a creditor. It can contain one or more customer credit transfer instructions.
pain.002	Customer Payment Status Report (CustomerPaymentStatusReport). This message is sent by an instructed agent to the previous party in the payment chain. It is used to inform this party about the positive or negative status of an

Message Type	Description
	instruction (either single or file). It is also used to report on a pending instruction.
pain.007	Customer Payment Reversal (CustomerPaymentReversal). This message is sent by the initiating party to the next party in the payment chain. It is used to reverse a payment previously executed.
pain.008	Customer Direct Debit Initiation (CustomerDirectDebitInitiation). This message is sent by the initiating party to the forwarding agent or creditor agent. It is used to request single or bulk collection(s) of funds from one or various debtor's account(s) for a creditor.

1.3.1.2 Payments Clearing and Settlement

Message Type	Description
pacs.002	Financial Institution To Financial Institution Payment Status Report (FIToFIPaymentStatusReport). This message is sent by an instructed agent to the previous party in the payment chain. It is used to inform this party about the positive or negative status of an instruction (either single or file). It is also used to report on a pending instruction.
pacs.003	Financial Institution To Financial Institution Customer Direct Debit (FIToFICustomerDirectDebit). This message is sent by the creditor agent to the debtor agent, directly or through other agents and/or a payment clearing and settlement system. It is used to collect funds from a debtor account for a creditor.
pacs.004	Payment Return (PaymentReturn). This message is sent by an agent to the previous agent in the payment chain to undo a payment previously settled.
pacs.007	Financial Institution To Financial Institution Payment Reversal (FIToFIPaymentReversal). This message is sent by an agent to the next party in the payment chain. It is used to reverse a payment previously executed.
pacs.008	Financial Institution To Financial Institution Customer Credit Transfer (FIToFICustomerCreditTransfer). This message is sent by the debtor agent to the creditor agent, directly or through other agents and/or a payment clearing and settlement system. It is used to move funds from a debtor account to a creditor.

1.3.1.3 Exceptions and Investigations

Message Type	Description
camt.029	Resolution Of Investigation (ResolutionOfInvestigation). This message is sent by a case assignee to a case creator/case assigner. It is used to inform of the resolution of a case, and optionally provides details about: • the corrective action undertaken by the case assignee • information on the return where applicable
camt.056	Financial Institution To Financial Institution Payment Cancellation Request (FIToFIPaymentCancellationRequest). This message is sent by a case creator/case assigner to a case assignee. It is used to request the cancellation of an original payment instruction. It is exchanged between the instructing agent and the instructed agent to request the cancellation of a interbank payment message previously sent (such as FIToFICustomerCreditTransfer or FIToFICustomerDirectDebit).

1.3.2   Customer-to-Bank Messages

GPP implementation of Customer-to-Bank messages is based on EPC guidelines regarding the Customer-to-bank messages, as per color-coding and requirement instructions:

- Elements denoted with white shading are usually ignored by GPP, they are not mapped into or from the GPP database.

- Elements denoted with red shading are not available for use in SEPA payments and therefore are not mapped into or from the GPP database.

- Elements denoted with yellow shading are usually mapped into or from the GPP database, depending on whether GPP requires these elements for processing and are required to be sent out from GPP to the Clearing.

- Elements for which the instruction is Mandatory are mapped into and from the GPP database.

1.3.3   Inter-Bank Messages

GPP implementation of Inter-Bank messages is based on the EBA functional description and interface specifications documents. EBA documentation does not contain any guidelines or references to the usage of SEPA messages in the Customer-to-Bank domain.

As per the color-coding of EBA Specification, STEP2 will reject all fields that are not colored yellow in the STEP2 Interface Specifications with error code: XT81.

Under certain conditions, as an additional service, STEP2 allows STEP2 Participants to exchange additional data fields (the White fields) under the mutual agreement of STEP2 Participants that subscribe to an Additional Optional Service (AOS).

Note: as per current AOS are not supported and thus white fields will not be sent out to STEP2.

1.4   SEPA File Types

This is the list of SEPA File Types supported in GPP.

1.4.1   SEPA Direct Debit Files

Message Type	Name	Description
IDF	Input Debit File	Used to transmit transactions to the central system by the Direct Participant's systems.
DVF	Debit Validation File	It is returned by the central system, per transmitted IDF, to the sending Direct Participant, indicating the success or otherwise of the validation process.
DNF	Debit Notification File	Used to notify to the relevant counterparty accepted Direct Debits transactions, pre-settlement and post-settlement R-messages.
RSF	Results of Settlement File	It includes the status of DD collections and the post-settlement R-messages which have been sent to the settlement system for the relevant business date and is delivered to the relevant Direct Participants, at the end of the settlement phase in a window specified during the daily cycle. Each Direct Participant will receive a single RSF notifying them of all the DD collections and post-settlement R-messages for which they are either the Instructed Agent or Instructing Agent (either debtor or creditor DPs).

1.4.2   SEPA Credit Transfer Files

Message Type	Name	Description
ICF	Input Credit File	Used to transmit transactions to the central system by the Direct Participant's systems.
CVF	Credit Validation File	It is returned by the central system, per transmitted ICF, to the sending Direct Participant, indicating the success or otherwise of the validation process.
SCF	Settled Credit File	Used to deliver to the relevant counterparty settled transactions after settlement of the transaction is completed.
CCF	Cancelled Credit File	Used to notify originating Direct Participants of any cancelled instructions at settlement level.

1.5   SEPA Processing

1.5.1   SEPA Credit Transfer Files and Messages Workflow
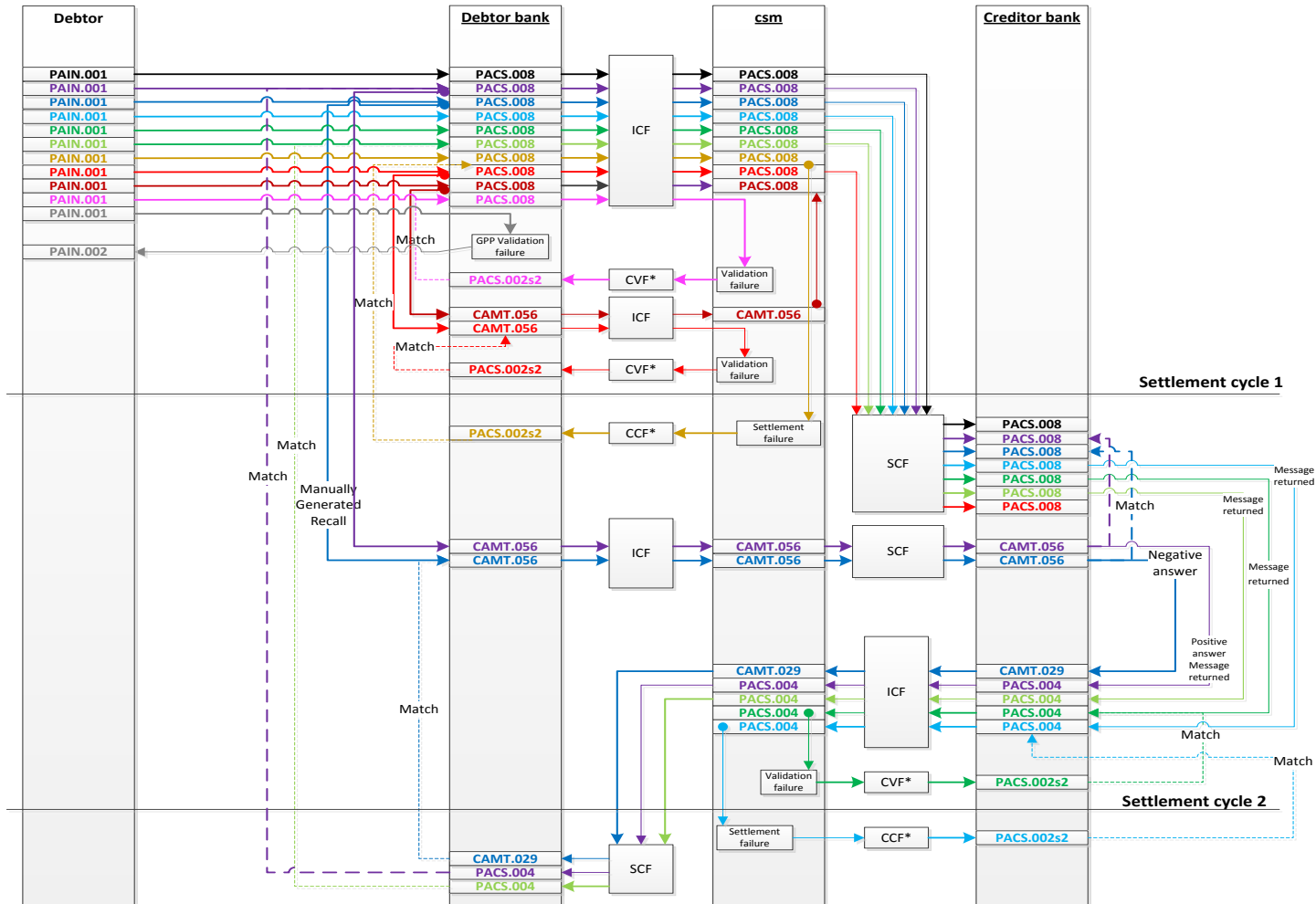
* CVF/CCF – Every message can receive a validation failure message back in CCF file; only CT and Returns can receive a settlement failure message back. Not all possible cases are shown in the diagram

1.5.2   SEPA Direct Debit Files and Messages Workflow – Flow Diagram
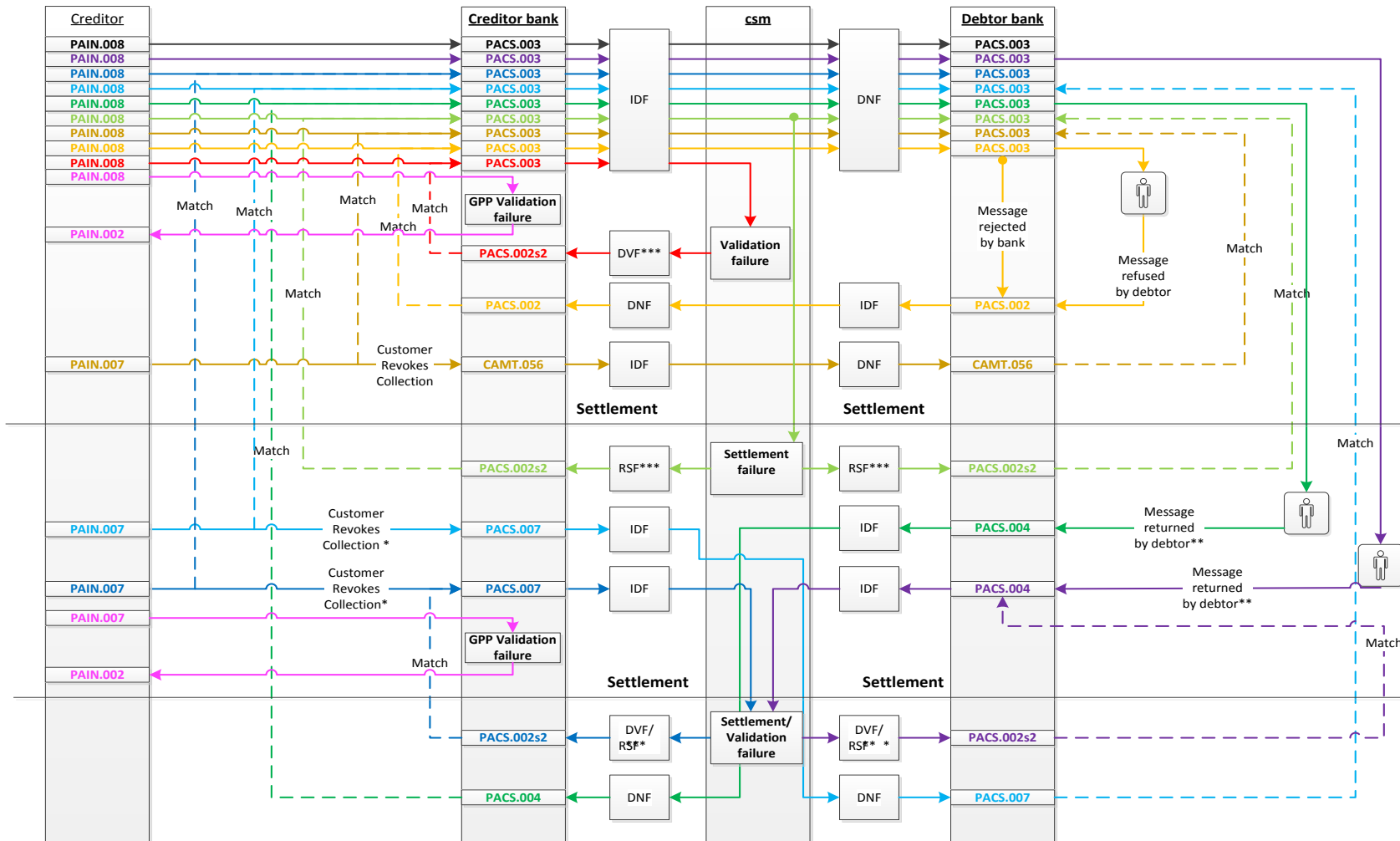
*   Revocation can be initiated also in the GUI (either by Creditor or by creditor's bank)
**   Or debtor's bank
***   DVF/RSF - On settlement failure, both parties will receive an RSF file with the failed transactions, given that the transactions were already passed to the counter-party ahead of settlement (only showing RSF to Sending Party in this diagram).
       On validation failure, only the Sending Party will receive a DVF file back. Every message can receive a validation failure message back; only DD and post-settlement R-messages can receive a settlement failure message back.

1.5.3   Files and Messages Process

1.5.3.1   SEPA Direct Debit Files and Messages Process

Message Type	Outward/Inward	Processing Flow	STEP2 /Receiving Bank Response	Comments
pain.008	Incoming from customer	Incoming collection received ahead of processing time	N/A	Warehousing
pain.008, pain.002	• Incoming from customer • Reject back to Customer	Incoming collection fails pre-processing	N/A	Message not included in the sub-batch accounting message that credits the Customer
pain.008, pacs.003	• Incoming from customer • Outward to CSM (IDF)	Outward Collection to Clearing (pacs.003)	N/A	Message included in the sub-batch accounting message that credits the Customer
pacs.003, pacs.002S2	• Outward to CSM (IDF) • Incoming from CSM (DVF/RSF)	Outward collection, Incoming CSM reject	pacs.002S2 as validation failure (same day) or as settlement failure (on settlement day) from STEP2	• Match and link between pacs.003 and pacs.002S2 • May require 'enrichment' of pacs.002S2 when Rejection is received on file/bulk level. • Reverse accounting for Creditor.
pacs.003, pacs.002	• Outward to CSM (IDF) • Incoming from CSM (pre-settlement) (DNF)	Outward collection, Incoming pre-settlement Reject from Debtor	pacs.002 (as Reject) from Debtor Bank before settlement	• Match and link between pacs.003 and pacs.002 • Reverse accounting for Creditor.
pacs.003, pacs.004	• Outward to CSM (IDF) • Incoming from CSM (post - settlement) (DNF)	Outward collection, Incoming post-settlement Return/Refund from Debtor	pacs.004 (as Return or Refund) from Debtor Bank	• Match and link between pacs.003 and pacs.002 • Reverse accounting for Creditor.
pacs.003, pain.007, pain.002	• Outward to CSM (IDF) • Incoming Cancellation from customer • Reject back to Customer	Incoming Cancellation Request/Reversal fails pre-processing	N/A	No accounting performed against creditor's account

Message Type	Outward/Inward	Processing Flow	STEP2 /Receiving Bank Response	Comments
pacs.003, pain.007, pacs.007, camt.056	• Outward to CSM (**IDF**) • Incoming Cancellation from customer • Outward Cancellation Request/Reversal (**IDF**)	Outward Cancellation Request/Reversal	N/A	• Match and link between pacs.003 and pain.007 (camt.056 or pacs.007) • Reverse accounting for Creditor. • Cancellation Request/Reversal can be initiated manually (from GPP GUI) and not only triggered by pain.007.
pacs.007, camt.056, pacs.002S2	• Outward Cancellation Request/Reversal (**IDF**) • Incoming from CSM (**DVF/RSF**)	Outward Cancellation Request/Reversal, Incoming CSM reject	pacs.002S2 as validation failure (same day) or as settlement failure (on settlement day) from STEP2	• May require 'enrichment' of pacs.002S2 when Rejection is received on file/bulk level. • No reverse accounting on receipt of CSM reject
pacs.003	• Incoming from CSM (**DNF**)	Incoming collection from Clearing (sent by Creditor)	N/A	Must be received ahead of settlement (either 2 or 5 days as per sequence type).
pacs.003, pacs.002	• Incoming from CSM (**DNF**) • Outward from Debtor (pre-settlement) (**IDF**)	Outward Reject	N/A	• No accounting posted to debtor (neither debit nor credit) • Can be generated manually or automatically. • Both A and S messages are generated.
pacs.003, pacs.002, pacs.002s2	• Incoming from CSM (**DNF**) • Outward from Debtor (pre-settlement) (**IDF**) • Incoming from CSM (**DVF**)	Outward Reject, Incoming CSM reject	pacs.002S2 as validation failure (same day)	• May require 'enrichment' of pacs.002S2 when Rejection is received on file/bulk level. • No reverse accounting on receipt of CSM reject.

Message Type	Outward/Inward	Processing Flow	STEP2 /Receiving Bank Response	Comments
pacs.003, pacs.004	- Incoming from CSM (**DNF**) - Outward from Debtor (post - settlement) (**IDF**)	Outward Return/Refund	N/A	- Reverse accounting to debtor - Can be generated manually or automatically.
pacs.003, pacs.004, pacs.002s2	- Incoming from CSM (**DNF**) - Outward from Debtor (post - settlement) (**IDF**) - Incoming from CSM (**DVF/RSF**)	Outward Return/Refund	pacs.002S2 as validation failure (same day) or as settlement failure (on settlement day) from STEP2	- May require 'enrichment' of pacs.002S2 when Rejection is received on file/bulk level. - No additional accounting vs. the debtor's account.
pacs.003, pacs.007, camt.056	- Incoming from CSM (**DNF**) - Incoming from CSM (**DNF**)	Incoming Cancellation Request/Reversal from Clearing	N/A	- Reverse accounting to debtor. If received pre-settlement, no accounting (neither debit nor credit) is done vs. the debtor's account. - Note: if pacs.003 is in a Manual queue, it should be cancelled by incoming R-message, no accounting is done.
pacs.003, pacs.002S2	- Incoming from CSM (**DNF**) - Incoming from CSM (**RSF**)	Incoming collection from Clearing, Incoming CSM reject	pacs.002S2 as settlement failure (on settlement day) from STEP2	- Match and link between pacs.003 and pacs.002S2 - May require 'enrichment' of pacs.002S2 when Rejection is received on file/bulk level. - Reverse accounting for Debtor.
pacs.004, pacs.002S2	- Incoming from CSM (post - settlement) (**DNF**) - Incoming from CSM (**RSF**)	Incoming post-settlement Return/Refund from Debtor, Incoming CSM reject	pacs.002S2 as settlement failure (on settlement day) from STEP2	- Match and link between pacs.004 and pacs.002S2 - May require 'enrichment' of pacs.002S2 when Rejection is received on file/bulk level.

Message Type	Outward/Inward	Processing Flow	STEP2 /Receiving Bank Response	Comments
				• No additional accounting vs. the debtor's account.
pacs.007, pacs.002S2	• Incoming from CSM (**DNF**) • Incoming from CSM (**RSF**)	Incoming Reversal from Clearing, Incoming CSM reject	pacs.002S2 as settlement failure (on settlement day) from STEP2	• Match and link between pacs.007 and pacs.002S2 • May require 'enrichment' of pacs.002S2 when Rejection is received on file/bulk level. • No additional accounting vs. the debtor's account.

1.5.3.2 SCT Files and Messages Process

Message Type	Outward/Inward	Processing Flow	STEP2 /Receiving Bank Response	Comments
pain.001	Incoming from customer	Incoming payment received ahead of processing time	N/A	Warehousing
pain.001, pain.002	• Incoming from customer • Reject back to customer	Incoming payment fails pre-processing	N/A	Message not included in the sub-batch accounting message that debits the Customer
pain.001, pacs.008	• Incoming from customer • Outward to CSM (ICF)	Outward Payment to Clearing (pacs.008)	N/A	Message included in the sub-batch accounting message that debits the Customer
pacs.008, pacs.002S2	• Outward to CSM (ICF) • Incoming from CSM (CVF/CCF)	Outward payment, Incoming CSM reject	pacs.002S2 as validation failure (same day) or settlement failure (on settlement day) from STEP2	• Match and link between pacs.008 and pacs.002S2 • Reverse accounting for Debtor
pacs.008, camt.056	• Outward to CSM (ICF) • Outward Recall (ICF)	Outward Recall	N/A	• Link between pacs.008 and camt.056

Message Type	Outward/Inward	Processing Flow	STEP2 /Receiving Bank Response	Comments
				• If pre-settlement, reverse accounting for Debtor.
pacs.008, pacs.004	• Outward to CSM (ICF) • Incoming from Debtor (SCF)	Outward payment, Incoming Return from Creditor	pacs.004 as Return from Creditor Bank	• Match and link between pacs.008 and pacs.004 • Reverse accounting for Debtor
pacs.008, camt.056, pacs.004	• Outward to CSM (ICF) • Incoming from Debtor (SCF)	Outward Recall, Incoming Return from Creditor	pacs.004 as Return from Creditor Bank	• Match and link between pacs.008 and pacs.004 • Set camt.056 to Complete • Reverse accounting for Debtor (if was not performed before). Amount returned might differ from amount sent.
camt.056, camt.029	• Outward to CSM (ICF) • Incoming from Debtor (SCF)	Outward Recall, Incoming Rejection from Creditor	camt.029 as Rejection from Creditor Bank	• Match and link between camt.056 and camt.029 • No accounting done vs. the Debtor account
pacs.008	• Incoming from CSM (SCF)	Incoming payment from Clearing	N/A	
pacs.008, camt.056	• Incoming from CSM (SCF) • Incoming from CSM (SCF)	Incoming Recall from Clearing	N/A	• Match and link between camt.056 and pacs.003 • No accounting done vs. the Creditor account
camt.056, camt.029	• Incoming from CSM (SCF) • Outward Recall Rejection (ICF)	Incoming Recall from Clearing, Outward Recall Rejection	N/A	No accounting done vs. the Creditor account
camt.029, pacs.002S2	• Outward to CSM (ICF) • Incoming from CSM (CVF)	Outward Recall Rejection, Incoming CSM reject	pacs.002S2 as validation failure (same day)	No accounting done vs. the Creditor account
camt.056, pacs.004	• Incoming from CSM (SCF) • Outward Return (ICF)	Incoming Recall from Clearing, Outward Return Recall	N/A	Accounting might be done vs. Creditor account depending if was done before for pacs.008.

Message Type	Outward/Inward	Processing Flow	STEP2 /Receiving Bank Response	Comments
pacs.004, pacs.002S2	• Outward to CSM (ICF) • Incoming from CSM (CVF)	Outward Return, Incoming CSM reject	pacs.002S2 as validation failure (same day)	No accounting done vs. the Creditor account

1.5.3.3   Edge Case Scenarios

Scenarios requiring special or manual handling may occur in the following cases:

- Colliding R-messages: Usually occurs when incoming and outgoing R-messages are processed against the same original payment or collection:
  o When an incoming R-messages matches a collection previously rejected. The latest R-message is sent to a specific queue for manual handling – see scenario **Error! Reference source not found.**.
  o When the first R-message that has been matched to the original payment or collection, is not yet completed – see scenario **Error! Reference source not found.**.
- Receiving Recall for payment (CT): Occurs when the R-message is in a Manual queue, see scenario **Error! Reference source not found.**.
- Receiving CSM reject on an R-message: Occurs when the R-message needs to be sent to a specific queue for manual handling (manual reverse accounting is expected).

Some possible scenarios:

1. Scenario 1: Colliding incoming and outgoing R-messages
   o Message Types:
     ❖ pacs.003
     ❖ pacs.002
     ❖ camt.056
   o Message Status:
     ❖ Rejected (pacs.003)
     ❖ Complete (pacs.002)
     ❖ RMSGREJ (camt.056)
     ❖ RMSGREJ (pacs.002s2)
   o Process:
     i. Incoming pacs.003 received and fails processing before settlement so it is rejected.
     ii. Generates pacs.002 and sends back to Clearing.
     iii. Receives Incoming camt.056 (due to the Clearing first processing camt.056 from the Creditor Side).
        Expected result: Both pacs.003 and pacs.002 remain in their statuses, no reverse accounting, no impact on the existing messages, and camt.056 routed to RMSGREJ.
     iv. Receives pacs.002S2 for the outgoing pacs.002 (the Clearing first processed the camt.056 and therefore when receiving the pacs.002 it is no longer valid so it returns it back).

Expected result: Both pacs.003 and pacs.002 remain in their statuses, no reverse accounting, no impact on the existing messages; and pacs.002S2 routed to RMSGREJ.

2. Scenario 2: Incoming R-message where outgoing R-message is in a manual queue
   o Message Types:
     ❖ pacs.003
     ❖ pacs.002
     ❖ camt.056
   o Message Status:
     ❖ Cancelled (pacs.003)
     ❖ Rejected (pacs.002)
     ❖ Completed (camt.056)
   o Process:
     i.   Incoming pacs.003 received and fails processing before settlement so it is rejected.
     ii. Generates pacs.002 back to Clearing, but pacs.002 fails to Manual queue.
     iii. Receives Incoming camt.056, stops the processing of pacs.002 and routes it to Rejected.
          - pacs.002 is Rejected
          - pacs.003 is set to Cancelled
          - camt.056 is processed to Complete

   Note: this process only applies when first R-message is in Manual queue. Manual queue should be distinct from Wait queue (for example OFAC). If an R-message is received and the outgoing R-message is in Wait queue, the incoming message is routed to a manual queue until the completion of the outgoing R-message.

3. Scenario 3: Incoming recall for CT which its R-message is in a wait manual queue
   o Message Types:
     ❖ pacs.008
     ❖ pacs.004
     ❖ camt.056
   o Message Status:
     ❖ None
   o Process:
     i.   Incoming pacs.008 received and fails processing.
     ii. pacs.004 is generated, awaits OFAC.
     iii. camt.056 is received and waits until pacs.004 finishes processing:
          - If pacs.004 is Completed, camt.029 is generated back with error 'CT already rejected'.
          - If pacs.004 is Rejected, camt.056 will continue to wait user decision.

2   GPP SEPA Credit Transfer (SCT) Use Cases

SEPA payments use cases are based on the Mass Payment use cases with additional clearing specifications.

Basic SEPA Use Case	Alternate SEPA Use Case
Outward SEPA Credit Transfer via STEP2	Outward SEPA Credit Transfer is Warehoused
	Outward SEPA Credit Transfer Fails Processing
	Outward SEPA Credit Transfer with Incoming CVF
	Outward SEPA Credit Transfer with Incoming CCF
Incoming SEPA Credit Transfer from STEP2	
Outward PCR via STEP2	Outward PCR with Incoming CVF
Incoming Recall from STEP2	
Manual Generation of SEPA Recall-Reject	Automatic generation of SEPA Recall Reject
	Outward Recall Reject with Incoming CVF
Manual Generation of SEPA Recall Return	Manual Generation of SEPA Return
	Outward Return with Incoming CVF
	Outward Return with Incoming CCF
Incoming Recall Reject from STEP2	
Incoming Return from STEP2	

2.1   Outward SEPA Credit Transfer

Use Case Name	Outward SEPA Credit Transfer (SCT)
Actors	Initiating party, User, Banks core systems, STEP2 Gateway.
Description	This use case defines the outward SEPA Credit Transfer via STEP2
Trigger	Either by: • Initiating party (such as a bank customer), sends a file containing multiple credit payment transactions, or • User manually creates SCT, or • SCT message is routed to Mass Payments flow from a different flow.
Pre-conditions	Payment initiation is well-formatted and has mandatory information as defined by EPC pain message (pain.001)
Post-conditions	Payment is completed successfully. ICF file is generated, formatted as per STEP2 specifications, and sent to STEP2
Basic flow	GPP receives a file containing multiple credit payment transactions and can process it successfully to complete using SCT method of payment.
Alternate flows	• CT is sent ahead of time and is warehoused • CT cannot be processed (cannot derive BIC, sent too late) • CT is rejected by STEP2 by CVF or CCF

Use Case Name	Outward SEPA Credit Transfer (SCT)
	• + existing alternate flows as described in the Mass Payments Business Guide, for use case Outward Credit Transfer

2.1.1 Outward SEPA Credit Transfer via STEP2

GPP receives and processes incoming files that contain transaction messages.

Processing begins upon the receipt of an SCT payment file, a file containing pain.001 messages. GPP receives the file and starts File processing as described in the Mass Payments Business Guide.

After the file is parsed and validated successfully, GPP generates the individual transactions related to the validated Payment Information and starts the pre-processing flow. During this step, GPP checks whether the Creditor and Debtor agents are received.

This use case is based on the Mass Payments Outward Credit Transfer via Clearing use case but with these STEP2 additions:

- BIC from IBAN Derivation
- Cycle Management
- Outgoing Input Credit File (ICF)

2.1.1.1   Outward SEPA Credit Transfer via STEP2 Workflow
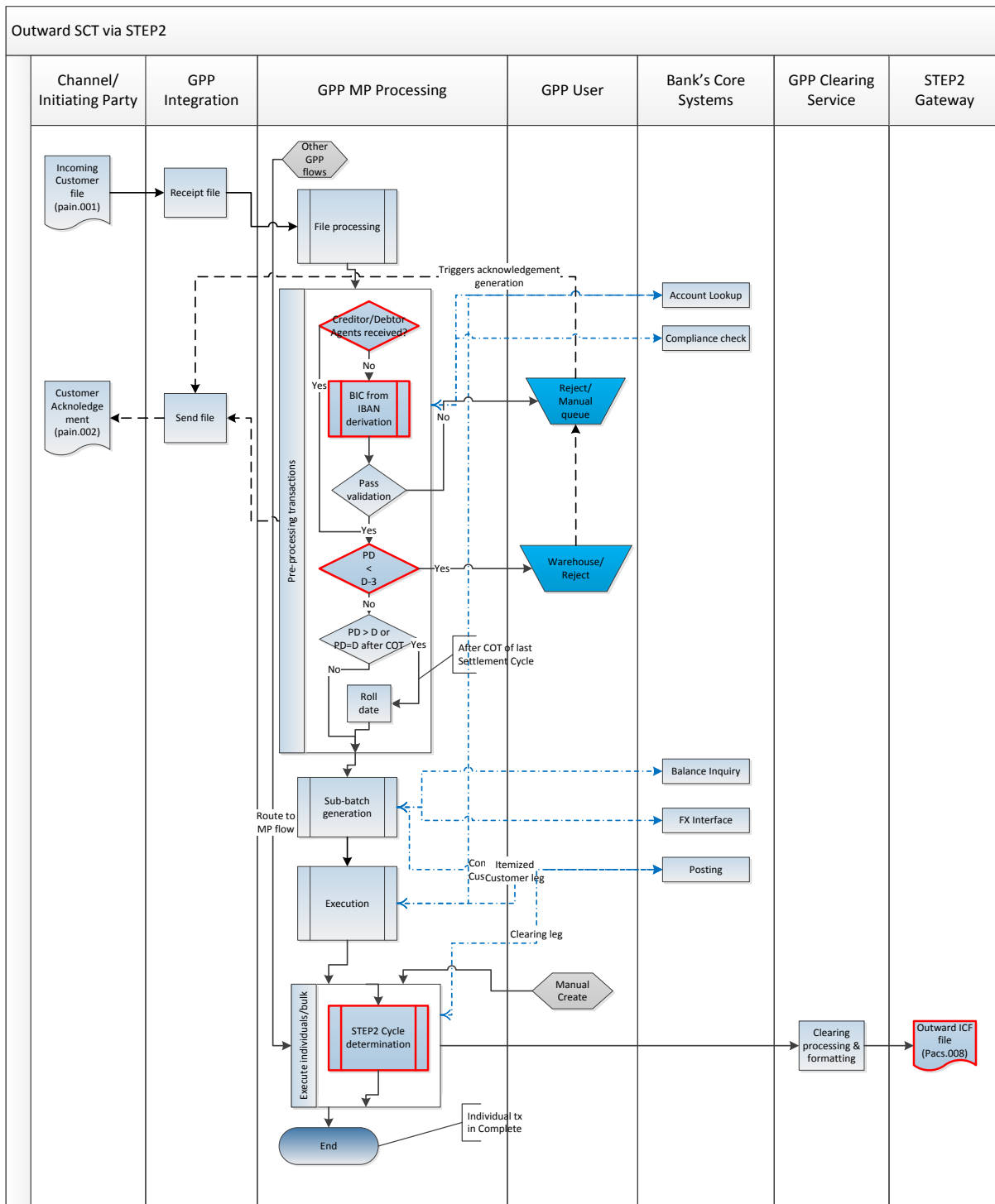
2.1.1.1.1   BIC from IBAN Derivation

Since SEPA regulation introduced the IBAN only rule, GPP checks if the BIC is received for Debtor/Creditor Agent/Financial Institution Identification.

If no BIC is received, GPP triggers the BIC from IBAN derivation procedure for the counter party (Creditor/Debtor Agent for CT/DD respectively); when the missing Agent is local office BIC (Debtor/Creditor Agent for CT/DD respectively), GPP sets this agent as the local office BIC.

For SEPA messages, it is expected that the value received in the Debtor/Creditor Agent/Financial Institution Identification/Other/Identification XML tag is NOTPROVIDED when no BIC is received for this identification.

2.1.1.1.2 Cycle Management

The STEP2 Credit service consists of a number of processing and settlement cycles per day. GPP allows for the configuration of the cycles using a dedicated profile (MOP Cycle profile). While processing the individual CT, GPP evaluates the relevant settlement cycle for each transaction according to the MOP cycles configuration and the calculated value date.

If the calculated value date is the same as the business date, the transaction is applied with the next available settlement cycle. GPP checks the assigned sending time against the MOP cycle profile and applies the cycle with the Cycle closing time which is the closest to this sending time.

If the calculated value date is later than the business date (for example T-1) GPP assigns the first cycle of the settlement date. GPP chooses the earliest cycle closing time, and applies it to the transaction.

If the sending time is reached and the file has not been sent (for example Minimum number of transaction condition from the Bulking profile was not met), the sending time is advanced to the next sending time indicated in the Bulking profile. At this point the cycle should be re-calculated to assign a new cycle based on the new sending time.

2.1.1.1.3 Outgoing Input Credit File (ICF)

GPP generates the outgoing file containing pacs.008 messages to STEP2 with File header of ICF as expected by STEP2.

2.1.2 Outward SEPA Credit Transfer is Warehoused

STEP2 SCT Service allows credit transfer messages to be submitted up to three Business Days prior to the due date (D Date). Credit transfer messages are not accepted by the STEP2 SCT Service prior to this earliest Payment date and are warehoused in GPP as per setup.

For details of the flow, see 2.1.1.1Outward SEPA Credit Transfer via STEP2.

2.1.3 Outward SEPA Credit Transfer Fails Processing

An SCT transaction undergoes the same validations as a regular Mass Payments Credit Transfer and these are the additional validations, which are specific for SEPA Credit Transfer handling:

- Credit Transfer messages received without either the Debtor or Creditor agents triggers a BIC from IBAN derivation. If BIC cannot be derived, the transaction is rejected.

- For more information of the mass payments validations, see Outward CT (individual) in Manual queue or Rejected use case in the GPP Business Guide Mass Payments.

For details of the flow, see 2.1.1.1Outward SEPA Credit Transfer via STEP2.

Note: The full list of available error codes for the Reject/Return message are detailed in the SCT Interface Specification provided by EBA.

2.1.4　Outward SEPA Credit Transfer with Incoming CVF

Irrespective of the result of the validation, only one Credit Validation File (CVF) is returned, per transmitted Input Credit File (ICF), to the sending Direct Participant indicating the success or failure of the validation process.

If the Direct Participant exceeds the maximum number of ICFs per Direct Participant per processing cycle, enforced by the STEP2 Central System, STEP2 returns a single CVF with error code R24 when the first file in excess of the limit is processed. Additional ICFs received from the Direct Participant in the current processing cycle are also rejected, but the CVF is not produced by GPP.

The process of this CVF file is described in the GPP Business Guide Mass Payments, Incoming ACH-Rejection use case.

2.1.4.1　Outward SEPA Credit Transfer with Incoming CVF Workflow
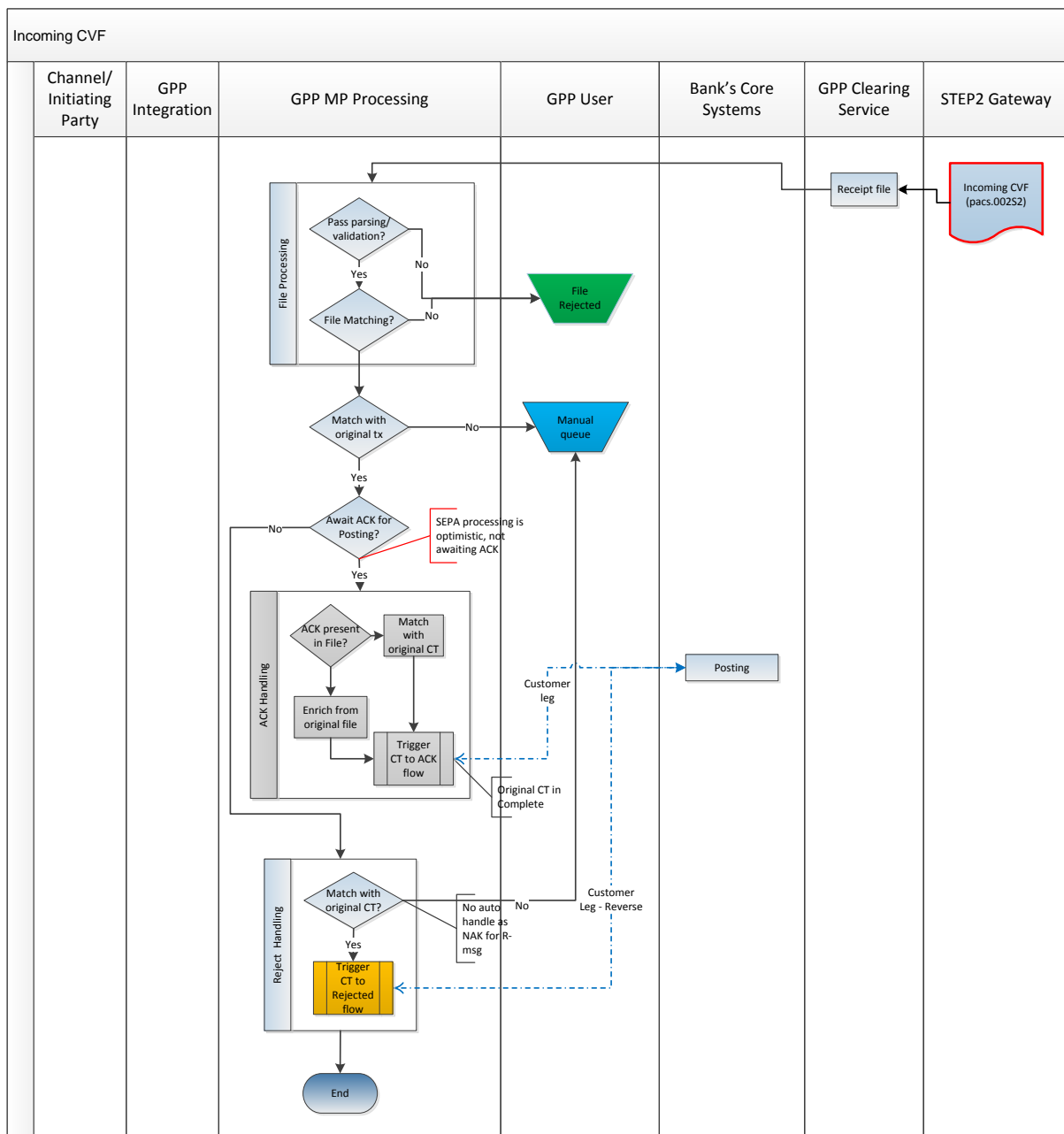
2.1.4.1.1   CVF File and Bulks Matching and Handling

The CVF indicates the validation of the ICF:

- CVFs indicating a positive validation of an ICF (FileRjctRsn = A00) do not contain any specific rejected transactions and there is no need to take any further action for settlement.

- CVFs indicating a complete rejection of an ICF do not contain any rejected transactions (the CVF may contain specific rejected credit transfer instructions only if all the credit transfers have been rejected individually; under these circumstances, the rejected transactions in the CVF gives the user information to enable diagnosis of the problem). GPP matches the CVF to the ICF by the Original File Name, and triggers the CT to Rejected for all original transactions sent in the ICF, as shown in the Outward SEPA Credit Transfer with Incoming CVF Workflow.

- CVFs indicating a partially positive validation of an ICF (FileRjctRsn = A01) contains one bulk for every bulk received from that sender. Each bulk contains the total number and value of the messages from the original bulk that were sent and passed validation. The bulk contains zero or more transactions, one for each message from the original bulk that failed validation.

The group status indicating the status of the original bulk, is set with one of the allowed values:

- ACCP: Entire bulk valid. No further action is required.

- RJCT: Entire bulk rejected. The bulk contains bulk rejection reason code and might contain transactions, depending on the bulk rejection reason. Regardless whether transaction are present or not in the bulk, GPP matches the CVF bulk to the original ICF bulk by the original message ID and triggers the CT to Rejected for all original transactions sent in the matched ICF bulk.

- PART: Partially valid. CVFs indicating partially positive validation of an ICF contains specific rejected transactions. GPP matches the received rejected transaction against the original transaction and triggers the CT to Rejected for the original transaction.

2.1.5   Outward SEPA Credit Transfer with Incoming CCF

Originating Direct Participants are notified of any cancelled instructions at settlement level via a Cancelled Credit File (CCF). The CCF is being sent only after the last cycle of a business day.

2.1.5.1   Outward SEPA Credit Transfer with Incoming CCF Workflow
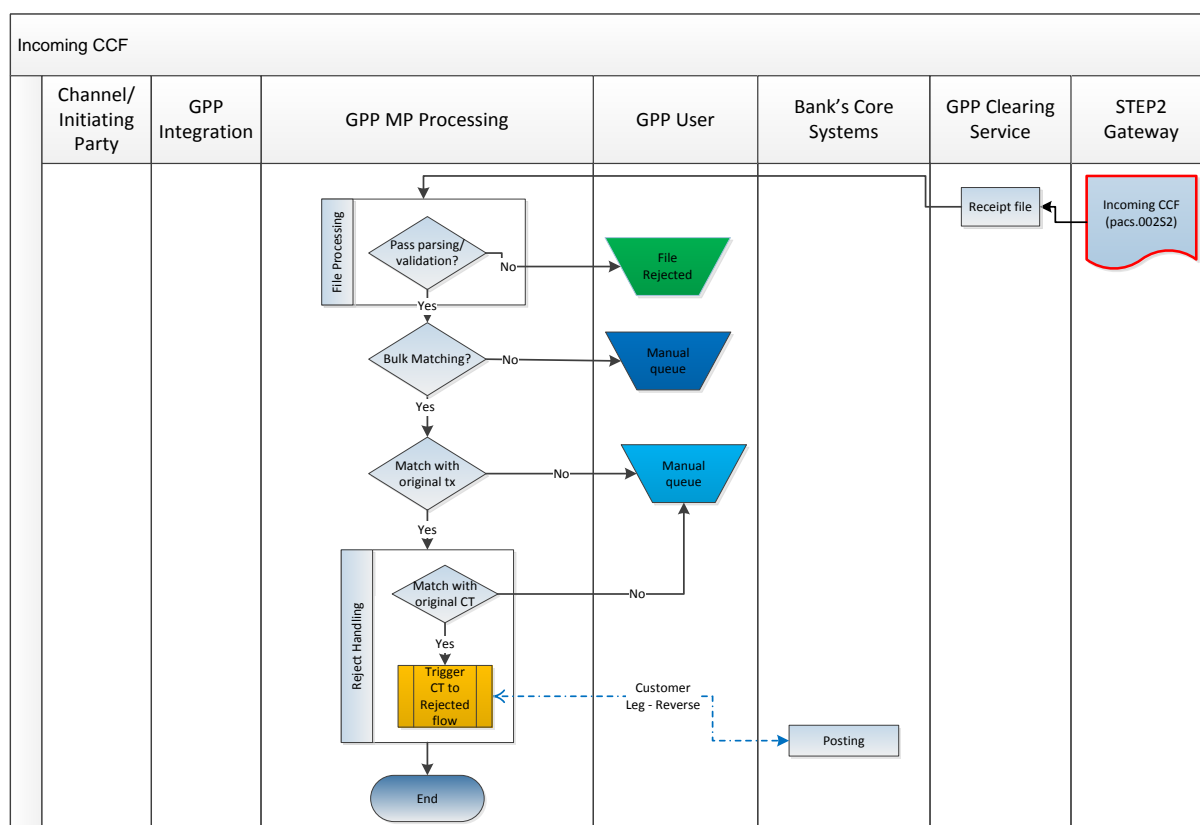
2.1.5.1.1   CCF File and Bulks Matching and Handling

The Cancelled Credit File (CCF) contains bulks corresponding to the original Credit Transfer bulks in the ICF.

The group status indicating the status of the original bulk, is set with one of the allowed values:

- RJCT: cancelled by the STEP2 External Settlement Mechanism (ESM). The bulk contains bulk rejection reason code and might contain transactions, depending on the bulk rejection reason. Regardless whether transaction are present or not in the bulk, GPP matches the CCF bulk to the original ICF bulk by the original message ID and triggers the CT to Rejected for all original transactions sent in the matched ICF bulk.

- PART: partially settled. CCFs indicating partially settled of an ICF contains specific rejected transactions. GPP matches the received rejected transaction against the original transaction and triggers the CT to Rejected for the original transaction.

2.2   Incoming SEPA Credit Transfer

Use Case Name	Incoming SEPA Credit Transfer (SCT)
Actors	User, Banks core systems, STEP2 Gateway.
Description	This use case defines the incoming SEPA Credit Transfer from STEP2.
Trigger	STEP2 sends an SCF (Settled Credit File) containing multiple SEPA credit payment transactions.
Pre-conditions	SCF file is received with pacs.008 transactions.

Use Case Name	Incoming SEPA Credit Transfer (SCT)
Post-conditions	Payment is completed successfully
Basic flow	GPP receives an SCF file containing multiple credit payment transactions and can process it successfully to complete using BOOK method of payment.
Alternate flow	Existing alternate flows as described in the Mass Payments Business Guide for use case MPCT.2 (Incoming Credit Transfer)

2.2.1   Incoming SEPA Credit Transfer from STEP2

GPP receives and processes incoming files that contain transaction messages.

Processing begins upon the receipt of an SCF file from STEP2 containing pain.001 messages. GPP receives the file and starts File processing as described in the GPP Business Guide Mass Payments.

After the file is parsed and validated successfully, GPP generates the individual transactions and starts the pre-processing flow. During this step, the transactions are individually validated, repaired, their parties are identified, and they are processed to completion, crediting the beneficiary.

This use case is based on the Mass Payments Incoming Credit Transfer from Clearing use case with these STEP2 additions:

- Incoming Settled Credit File (SCF).

2.2.1.1   Incoming SEPA Credit Transfer from STEP2 Workflow
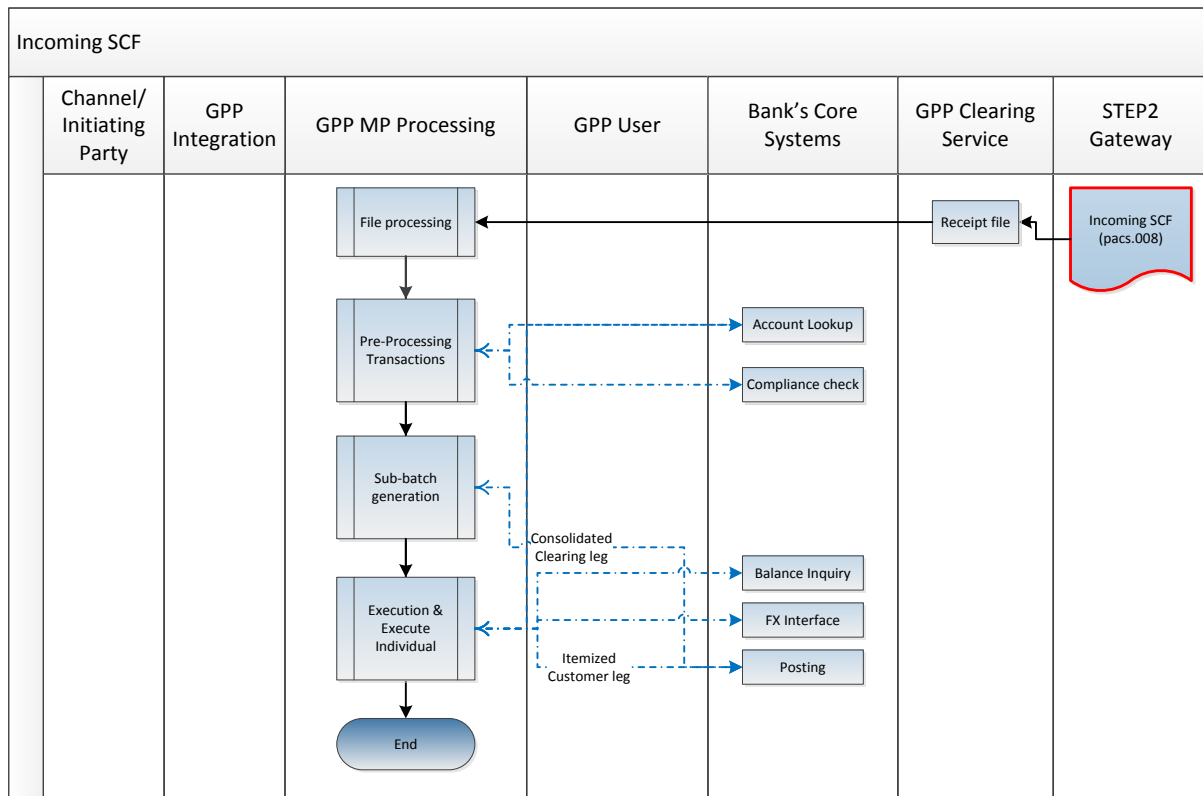
2.2.1.1.1   Incoming Settled Credit File (SCF)

GPP receives incoming file containing pacs.008 messages from STEP2 with File header of SCF as generated by STEP2.

2.3　Outward Payment Cancellation Request (PCR)

Use Case Name	Outward Payment Cancellation Request (PCR)
Actors	Initiating party, User, Banks core systems, STEP2 Gateway.
Description	This use case defines the outward recall from the Originating Bank via STEP2.
Trigger	Originating Bank initiates a recall request
Pre-conditions	Original payment was successfully completed
Post-conditions	Original Payment is Cancelled, Recall is completed successfully. ICF file is generated, formatted as per STEP2 specifications, and sent to STEP2.
Basic flow	Originating Bank initiates a recall request which matches a previous payment which is cancelled as a consequence.
Alternate flows	• Recall is rejected by STEP2 by CVF (due to validation error) • Attempt to generate Recall for already cancelled, recalled, rejected, or returned CT. • Consecutive Recall after previous was rejected (either by Clearing or by incoming camt.029).

2.3.1　Outward PCR via STEP2

After an originating bank transmits a Credit Transfer to STEP2, the originating bank can initiate a recall of the original payment message either before or after the settlement of the original payment.

2.3.1.1 Outward PCR via STEP2 Workflow
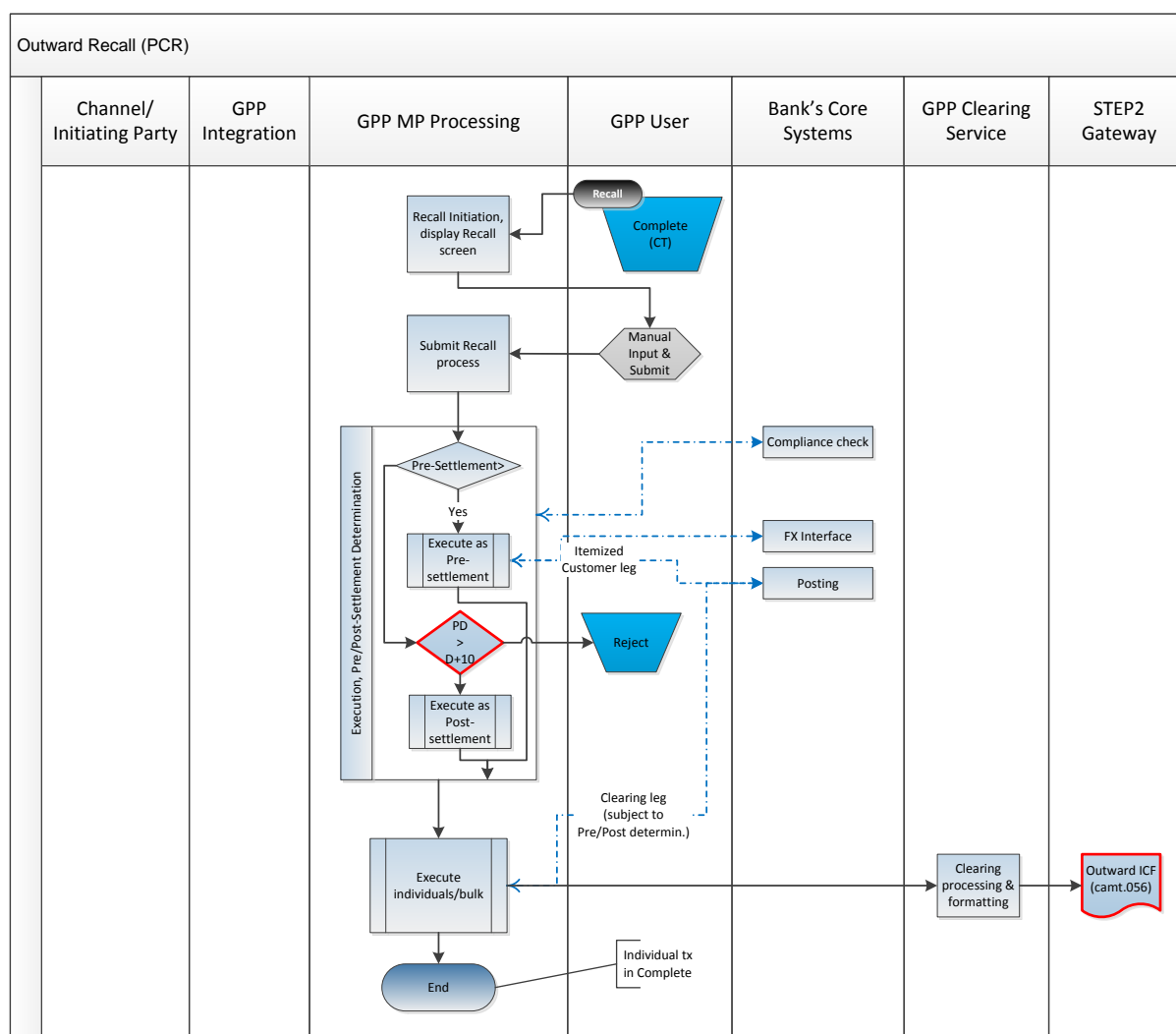
2.3.1.1.1 Recall Initiation

A GPP user at the originating bank initiates a recall of a previously transmitted payment message, such as a pacs.008.

A user can initiate a recall if the following conditions exist:

- The debit Method of Payment (MOP) of the original payment message is BOOK.
- The original payment message was transmitted. If the original payment message was not transmitted, a user can cancel the payment using the cancellation functionality of the GPP UI (Cancel button).
- The original payment message was not previously recalled.
- The original payment message was previously recalled and the receiving bank rejected the recall.
- The original payment was not rejected by the CSM or returned by the receiving bank.

GPP uses attributes from the original payment message to generate an outward recall message in the relevant format. The GPP message matching service is used to generate an index for the outward recall, which can be subsequently used to match the outward recall message with an incoming recall reject message.

2.3.1.1.2　　Manual Input by User

- Recall Initiator: The initiator of the recall can be one of the following:
  - o　Bank: The initiating bank's BIC, which is the default value.
  - o　Customer: The initiating customer's name.
- Recall Reason: The reason for recalling the original payment, as per STEP2 specific reason codes.

Note: The list of available error codes for the Recall message is detailed in the SCT Interface Specification provided by EBA.

2.3.1.1.3　　Outward Recall Process

GPP user clicks the Submit button to submit the outward recall message for processing.

Before transmitting the message, GPP verifies that the recall is within the allowed time limit. One of the following occurs:

- If the recall occurs after the allowed time limit, GPP generates an error message, routes the recall message to the Service Rejected queue, and stops processing the recall.
- If the recall occurs within the allowed time limit, GPP continues processing.

GPP determines if the recall is pre or post-settlement, see Pre-settlement Recall, and Post-settlement Recall. The recall continues with the regular process of a Mass Payments message including sub-batching, bulking and formatting as per the Mass Payments flow.

2.3.1.1.4　　Pre-settlement Recall

If the recall is generated prior to the original payment message's settlement date, GPP cancels the original payment and routes the recall to the Service Complete queue as no response is expected from the STEP2 for this recall.

If the original payment has been posted, GPP executes the required reverse posting for the original payment message.

2.3.1.1.5　　Post-settlement Recall

If the recall is generated after the original payment message is settled, GPP routes the recall to the Service Wait queue. The recall message remains in this queue until one of the following responses is received:

- Recall Reject: The receiving bank rejects the recall message.
- Recall Return: The receiving bank accepts the recall and returns the funds.

2.3.1.1.6　　Recall Submission Date

The first date to submit a Request for Cancellation is the date of sending the related credit transfer message. The STEP2 SCT Service validates credit transfer messages prior to R-Messages; this ensures that if the credit transfer message and its related Request for Cancellation are sent in the same file, the credit transfer message will be validated and stored before validating the Request for Cancellation.

All Requests for Cancellation received after the Sending Cut-Off of the Processing Cycle on D are processed as a Recall and are forwarded to the Instructed Agent according to the procedure set in the EPC SCT Rulebook.

According to the EPC SCT Rulebook, a Recall can be sent by the Instructing Agent up to ten (10) Business Days following the settlement of the credit transfer message.

Note: This is not checked by the STEP2 SCT Service.

2.3.1.1.7   Outgoing Input Credit File (ICF)

GPP generates the outgoing file containing camt.056 messages to STEP2 with File header of ICF (Input Credit File) as expected by STEP2.

2.3.2   Outward PCR with Incoming CVF

Irrespective of the result of the validation, one (and only one) Credit Validation File (CVF) is returned, per transmitted Input Credit File (ICF) to the sending Direct Participant indicating the success or failure of the validation process.

The process of this CVF file is described in the GPP Business Guide Mass Payments, Incoming ACH-Rejection use case.

2.3.2.1   Outward PCR with Incoming CVF Workflow
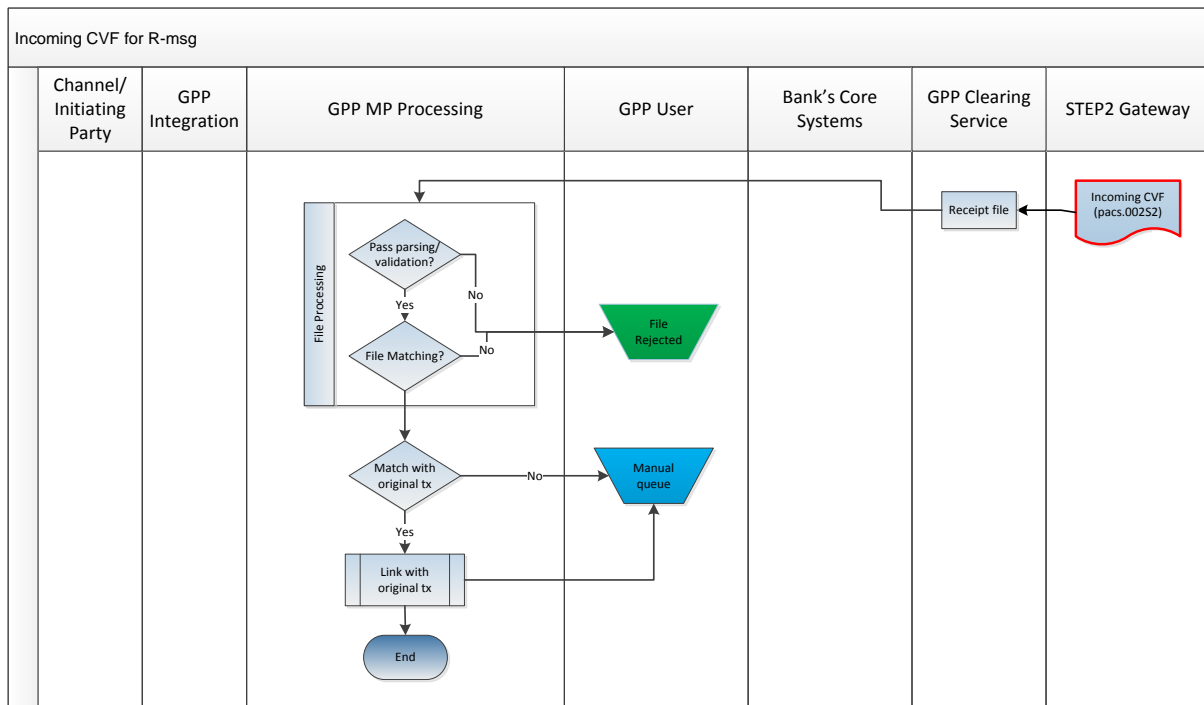
Irrespective of the result of validation, only one Credit Validation File (CVF) is returned per transmitted ICF to the sending Direct Participant indicating the success or otherwise of the validation process. Validation failure can be received also for an outward R-message, in which case a process to handle the original outward R-message that was rejected by STEP2, is conducted.

GPP identifies the failed outward PCR in the received CVF. On completion of this action, the outward PCR is marked as handled, the original payment is reversed to its original status and funds related to the PCR are reversed (if were credited when the PCR was sent).

See further details in section CVF File and Bulks Matching and Handling.

2.4   Incoming Recall

Use Case Name	Incoming SEPA Recall
Actors	User, Banks core systems, STEP2 Gateway.
Description	This use case defines the incoming SEPA Recall initiated by the Originating Bank.
Trigger	STEP2 sends a Settled Credit File (SCF) containing multiple SEPA Recall transactions.
Pre-conditions	SCF file is received with camt.056 transactions.
Post-conditions	Recall is completed successfully
Basic flow	GPP receives an SCF file containing multiple Recall transactions and can process it successfully to complete matching it with an original payment.
Alternate flow	• Incoming Recall unmatched • Original payment unqualified for Recall

2.4.1   Incoming Recall from STEP2

GPP receives and processes incoming files that contain transaction messages.

Processing begins upon the receipt of an SCF file from STEP2 containing camt.056 messages. GPP receives the file and starts File processing as described in the GPP Business Guide Mass Payments for regular incoming Mass Payments transactions.

After the file is parsed and validated successfully, GPP generates the individual transactions and starts the pre-processing flow of each transaction.

When identifying that the incoming transaction is a Recall, GPP attempts to match the incoming recall message with the original payment message and performs validations on the received Recall.

2.4.1.1　Incoming Recall from STEP2 Workflow
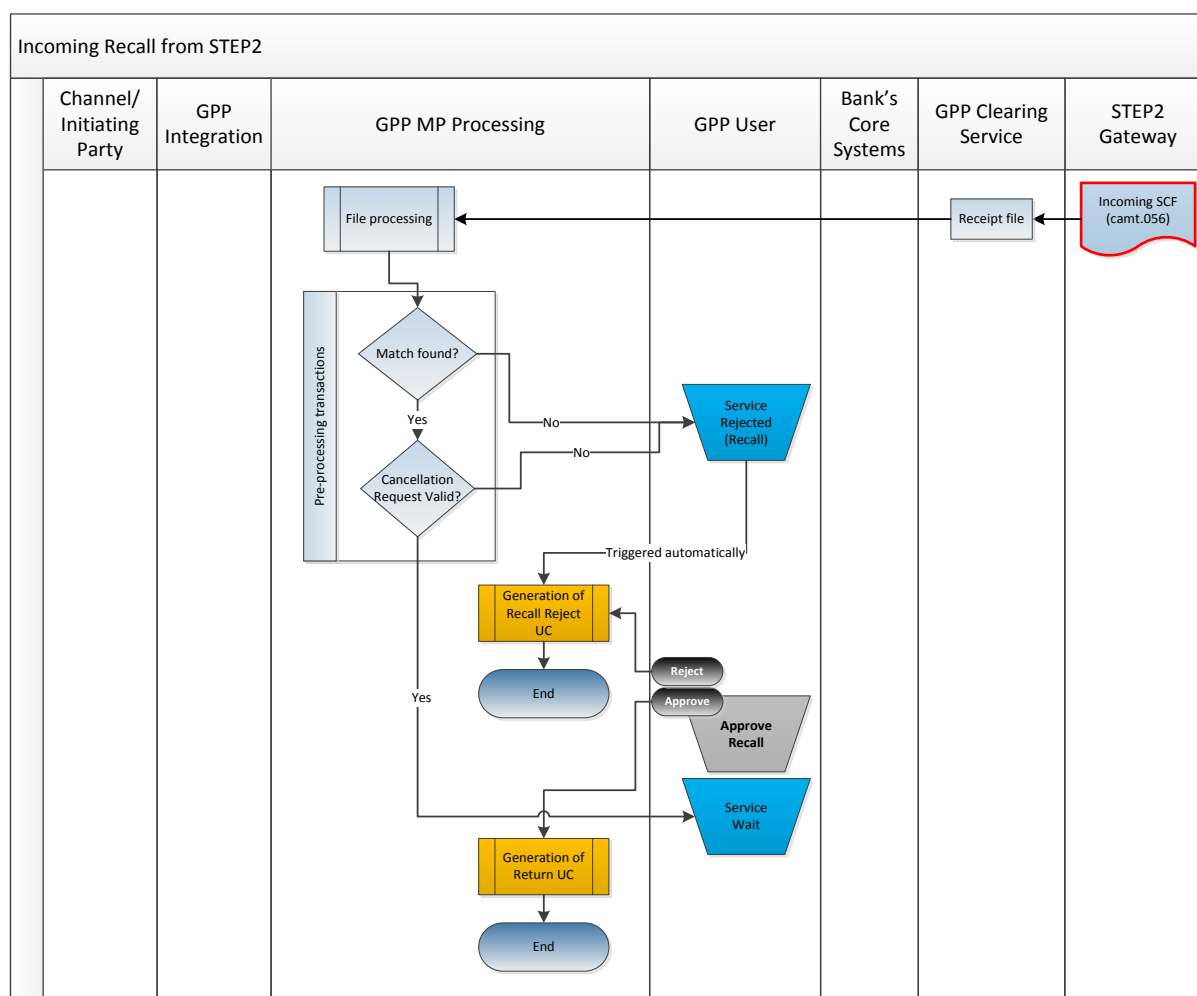
2.4.1.1.1　Incoming Settled Credit File (SCF)

GPP receives incoming file containing pacs.008 messages from STEP2 with File header of SCF as generated by STEP2.

2.4.2　Incoming Recall Unmatched

For details of the flow, see 2.1.1.1Incoming Recall from STEP2 Workflow.

If GPP cannot successfully match the incoming recall message, GPP generates a recall reject message with the relevant rejection reason code, and transmits it back to the originating bank, see Automatic generation of SEPA Recall Reject.

2.4.3　Original Payment Unqualified for Recall

For details of the flow, see 2.1.1.1Incoming Recall from STEP2 Workflow.

The recall message fails validation due to the original payment being already cancelled or returned. GPP generates a recall reject message with the relevant rejection reason code, and transmits it to the originating bank, see section Automatic generation of SEPA Recall Reject.

2.5　Outward Recall Reject

Use Case Name	Outward Recall-Reject
Actors	User, Banks core systems, STEP2 Gateway.
Description	This use case defines the outward Recall Reject sent from the Receiving Bank. The recall reject message indicates the receiving bank's refusal of the originating bank's recall message.
Trigger	User manually rejects the recall.
Pre-conditions	Recall is received
Post-conditions	Recall is rejected, original message remains in original status. ICF file is generated, formatted as per STEP2 specifications, and sent to STEP2
Basic flow	User rejects the recall by Reject button
Alternate flows	• Automatic generation of the Recall Reject by GPP (with specific SEPA codes) • Recall is rejected by STEP2 by CVF (due to validation error)

2.5.1　Manual Generation of SEPA Recall-Reject

GPP user initiates the outgoing recall reject flow using the GPP user interface. A user in the receiving bank searches for, and navigates to an original payment message in the Approve Recall queue, and initiates the recall rejection by clicking the Reject button. The user enters the reason for rejection, the initiator of the recall reject, and submits the message. The status of the original payment message is set to its status before the receipt of the recall message.

2.5.1.1 Manual generation of SEPA Recall Reject Workflow
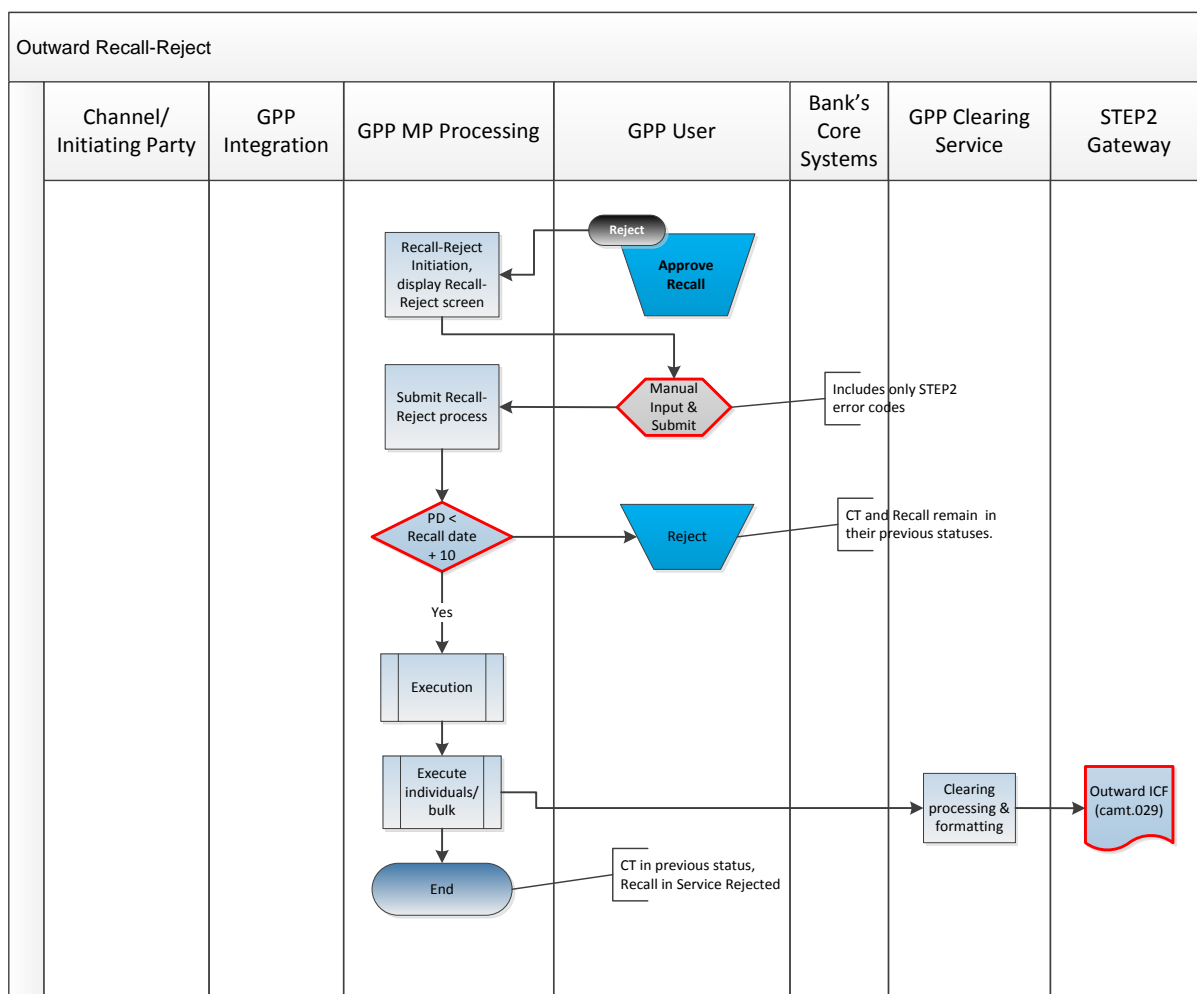
2.5.1.1.1 Recall-Reject Submission Date

According to EPC Rule Book, for handling of the Recall, the Beneficiary Bank has 10 Banking Business Days to provide the Originator Bank with an answer.

2.5.1.1.2 Recall-Reject Error Codes

When the user initiates the Recall-Reject, the reason for this negative answer must be accompanied by a valid STEP2 error code.

Note: The list of available error codes for the Recall-Reject message is detailed in the SCT Interface Specification provided by EBA.

2.5.1.1.3 Outgoing Input Credit File (ICF)

GPP generates the outgoing file containing camt.029 messages to STEP2 with File header of ICF as expected by STEP2.

2.5.2 Automatic generation of SEPA Recall Reject

GPP automatically generates a Recall Reject for the incoming recall request under the following circumstances:

- When no match is found (Recall Reject is generated with error code NOOR).

- When the previously received SCT was already returned (Recall Reject is generated with error code ARDT).

Note: The list of available error codes for the Recall-Reject message is detailed in the SCT Interface Specification provided by EBA.

2.5.3　Outward Recall Reject with Incoming CVF

Irrespective of the result of the validation, only one Credit Validation File (CVF) is returned, per transmitted Input Credit File (ICF) to the sending Direct Participant indicating the success or failure of the validation process. Validation failure can be received also for an outward R-message, in which case a process to handle the original outward R-message that was rejected by STEP2, is conducted.

2.5.3.1　Outward Recall Reject with Incoming CVF Workflow
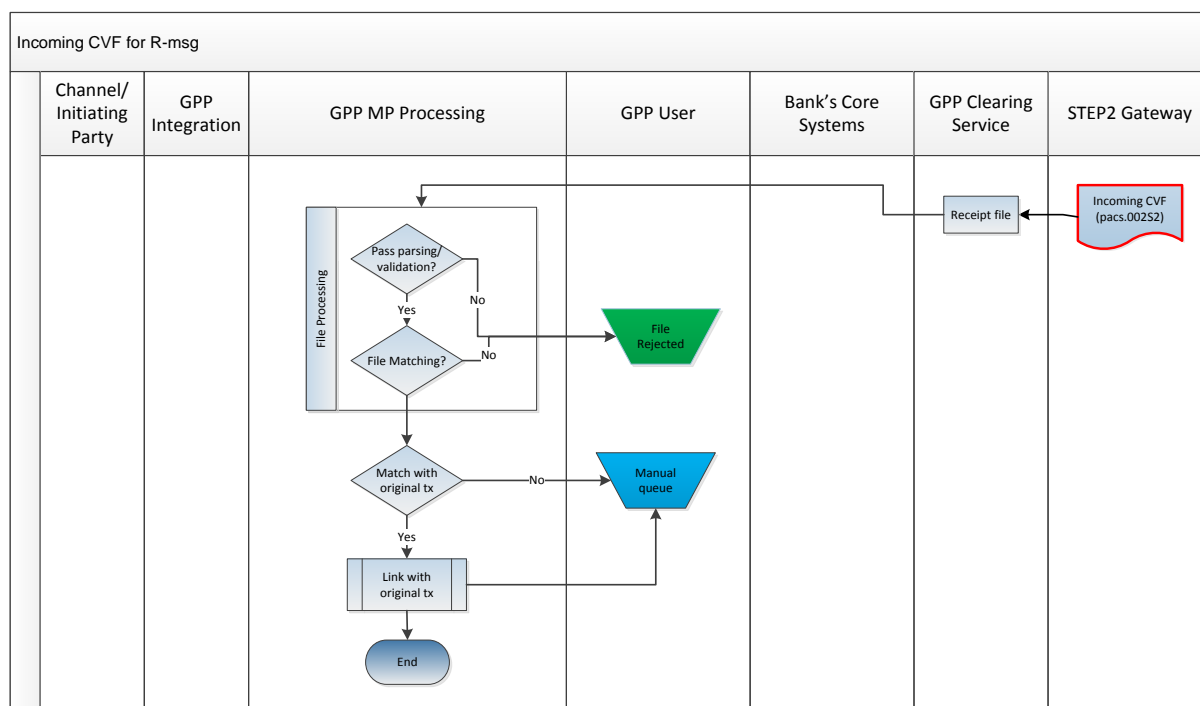
GPP identifies the failed outward Recall Reject in the received CVF. Either a user or an automatic process conducts corrective action on the outward Recall Reject and its related messages and indicates when the action is completed. On completion of this action, the outward Recall Reject is marked as handled, and both the original payment and the incoming Recall are reversed to their original status.

See further details in section CVF File and Bulks Matching and Handling.

2.6　Outward Return

Use Case Name	Outward Return
Actors	User, Banks core systems, STEP2 Gateway.
Description	This use case defines the outward Return sent from the Receiving Bank. When received after a recall, the return message indicates the receiving bank's acceptance of the originating bank's recall message and includes the return of the funds.
Trigger	User manually returns the payment.
Pre-conditions	Payment is received, recall is received (optionally)

Use Case Name	Outward Return
Post-conditions	Payment is returned. ICF file is generated, formatted as per STEP2 specifications, and sent to STEP2
Basic flow	User returns the payment as a result of recall request
Alternate flow	• User returns the payment (without any previous recall) • Automatic generation of Return (reject) due to failure in processing of incoming SCT • Return is rejected by STEP2 by CVF (due to validation error) • Return is rejected during settlement, rejection received in CCF

2.6.1   Manual Generation of SEPA Recall Return

GPP user initiates the outgoing recall return flow using the GPP UI. A user in the receiving bank searches for and navigates to an original payment message in the Approve Recall queue, and initiates the recall return by clicking the Approve button. GPP automatically assigns the reason for return (Following Cancellation Request) and initiator and submits the message. The status of the original payment message is set to Returned.

2.6.1.1　Manual generation of SEPA Recall-Return Workflow
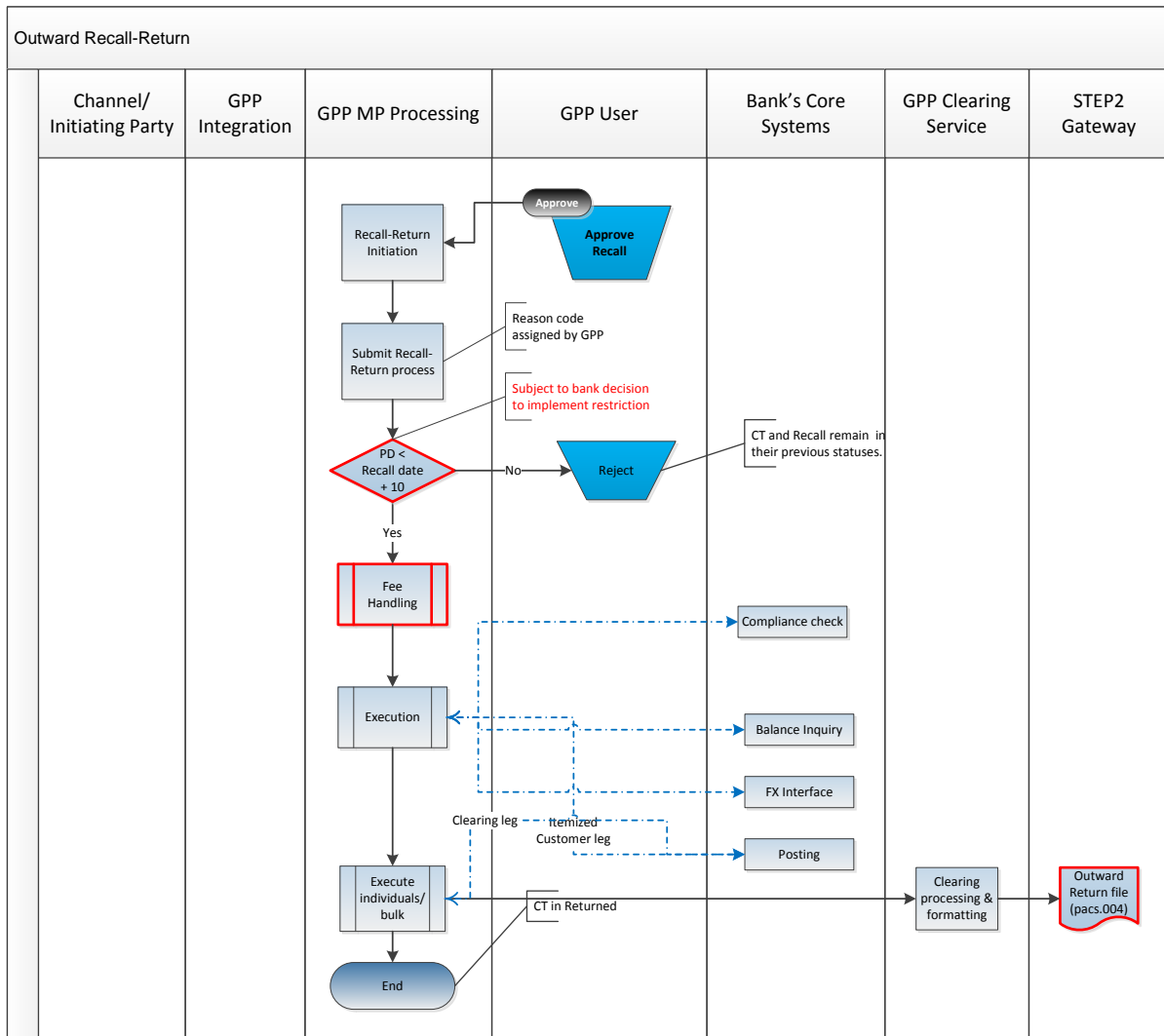
2.6.1.1.1　Recall-Return Submission Date

According to EPC Rule Book, for handling of the Recall, the Beneficiary Bank has 10 Banking Business Days to provide the Originator Bank with an answer.

Note: GPP will not restrict the generation of Return-Recall. This is subject to business rules setup (for MOP, number of days and return reason code of FOCR).

2.6.1.1.2　Recall Fee Handling (AT-47)

Credit side fees (AT-47) can be defined for the returned message when the outward Return is a Positive response for a Recall of a Credit Transfer. In this case, the returned amount can differ from the original amount of the CT.

If credit-side fees had been deducted from the SCT, the customer is debited for the SCT principal amount less the fee. If the credit-side fee had been posted as a separate fee, the credit customer is debited for the full principal amount of the SCT.

2.6.1.1.3   Recall-Return Error Codes

When the Return message is a positive answer to a Recall message, the error code (Code under Return Reason Information) should specify FOCR.

2.6.1.1.4   Outgoing Input Credit File (ICF)

GPP generates the outgoing file containing pacs.004 messages to STEP2 with File header of ICF as expected by STEP2.

2.6.2   Manual Generation of SEPA Return

GPP user initiates the outgoing return flow using the GPP user interface. A user in the receiving bank searches for and navigates to an original payment message in a Manual queue (or in Complete) and initiates the return by clicking the Return button. The user is requested to enter a return reason, initiator, and submits the message. The status of the original payment message is set to Returned.

2.6.2.1   Manual Generation of SEPA Return Workflow
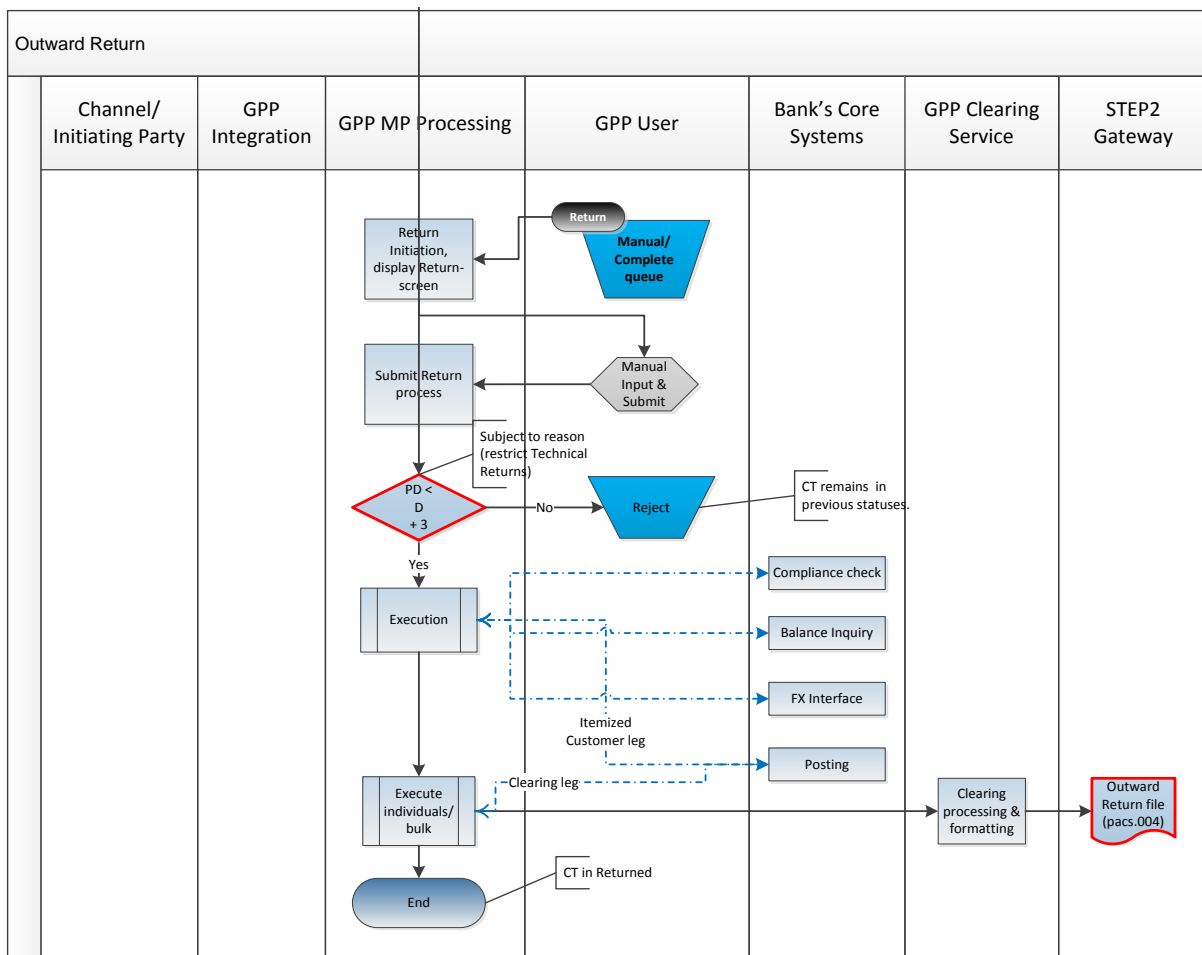
2.6.2.1.1   Return Submission Date

As per EPC, Return messages initiated by the Beneficiary Bank must be transmitted to the Originator Bank within three Banking Business Days after Settlement Date. This applies to credit transfer messages that cannot be processed due to technical reasons, for example, if the Creditor Agent cannot apply the credit transfer message due to account closure.

However, The STEP2 SCT Service does accept Returns indefinitely after Interbank Settlement Date to give the Creditor Agent the time to examine statements and return those credit transfer messages that were incorrectly credited.

Note1: The STEP2 SCT Service does not validate the timeframes for Returns. The Direct Participants are responsible to comply with the timeframes set in the EPC SCT Rulebook. The list of available error codes for the Return message is detailed in the SCT Interface Specification provided by EBA.

Note2: GPP will not restrict the generation of Return-Recall. This is subject to business rules setup (for MOP, number of days and specific return reason codes).

2.6.2.1.2   Outgoing Input Credit File (ICF)

GPP generates the outgoing file containing pacs.004 messages to STEP2 with File header of ICF as expected by STEP2.

2.6.3   Outward Return with Incoming CVF

Irrespective of the result of the validation, only one Credit Validation File (CVF) is returned, per transmitted Input Credit File (ICF) to the sending Direct Participant indicating the success or failure of the validation process.

2.6.3.1   Outward Return with Incoming CVF Workflow
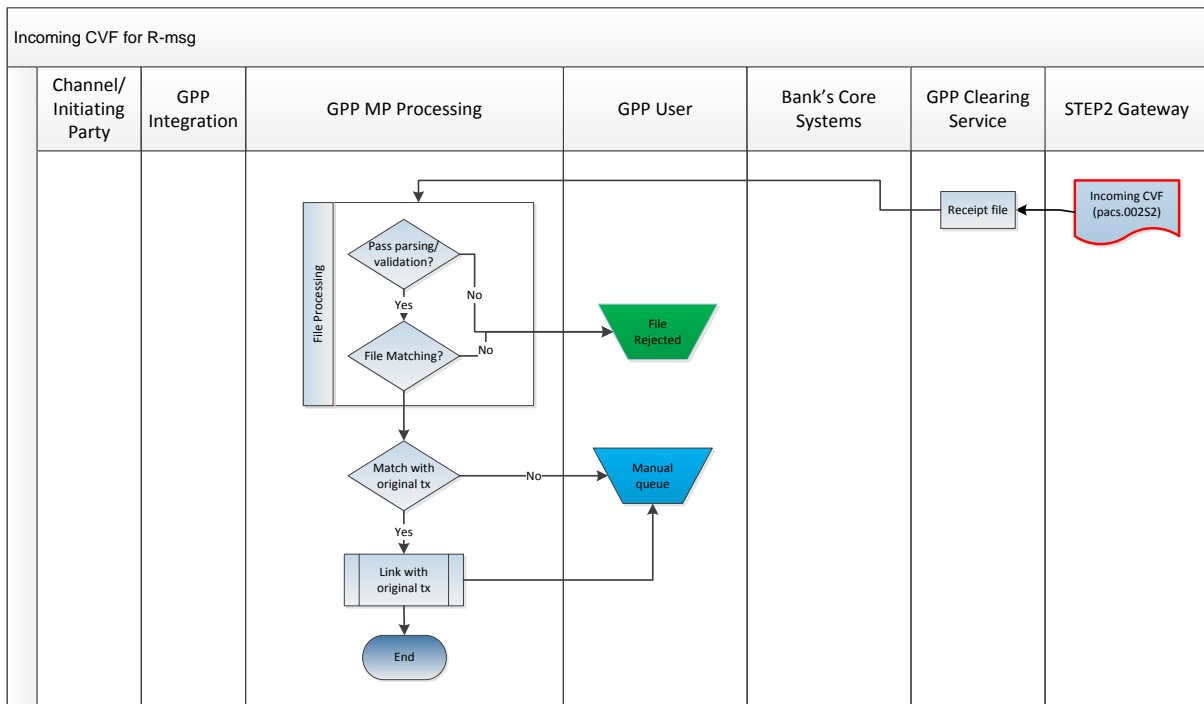
GPP identifies the failed outward Return in the received CVF. Either a user or an automatic process conducts corrective action on the outward Return and its related messages and indicates when the action is completed. On completion of this action, the outward Return is marked as handled, and the original payment is reversed to its original status. When the Return was a result of a Recall, also the incoming Recall is reversed to its original status.

See further details in section CVF File and Bulks Matching and Handling.

2.6.4　Outward Return with Incoming CCF

Originating Direct Participants are notified of any cancelled instructions at settlement level via a CCF (Cancelled Credit File), including Returns cancelled during settlement. The CCF is being sent only after the last cycle of a business day.

GPP identifies the failed outward Return in the received CCF. Either a user or an automatic process conducts corrective action on the outward Return and its related messages and indicates when the action is completed. On completion of this action, the outward Return is marked as handled, and the original payment is reversed to its original status. When the Return was a result of a Recall, also the incoming Recall is reversed to its original status.

For the processing of this file, see CCF File and Bulks Matching and Handling.

2.7　Incoming Recall Reject

Use Case Name	Incoming Recall Reject
Actors	User, Banks core systems, STEP2 Gateway.
Description	This use case defines the incoming SEPA Recall Reject received from the Receiving Bank. The recall reject message indicates the receiving bank's refusal of the originating bank's recall message.
Trigger	Incoming Recall-Reject from STEP2.
Pre-conditions	Recall is sent.
Post-conditions	Recall is rejected, no accounting is done vs. original payment
Basic flow	Incoming Recall-reject matches the sent recall.
Alternate flow	• Incoming Recall-reject not matched • Original recall was regarded as pre-settlement

2.7.1　Incoming Recall Reject from STEP2

GPP receives and processes incoming files that contain transaction messages.

Processing begins upon the receipt of a mass payment file, which includes Recalls (such as a file containing camt.029 messages). GPP is receiving the file and starts File processing.

After the file is parsed and validated successfully, GPP generates the individual transactions and starts the pre-processing flow.

GPP attempts to match the incoming recall reject message with an outgoing recall message, and routes the incoming recall reject message to the Service Release queue for review and release by an authorized user. After a user clicks the Release action button, one of the following occurs:

- If GPP successfully matches the incoming recall reject message to an outgoing recall message, it:
  - o Links the recall reject message to the recall message
  - o Sets the incoming recall reject message status to Service Complete
  - o Sets the outgoing recall message status to Service Rejected

- If GPP cannot match the incoming recall reject message to an outgoing recall message, it sets the incoming recall reject message status to Service Rejected.

2.7.1.1   Incoming Recall Reject Workflow
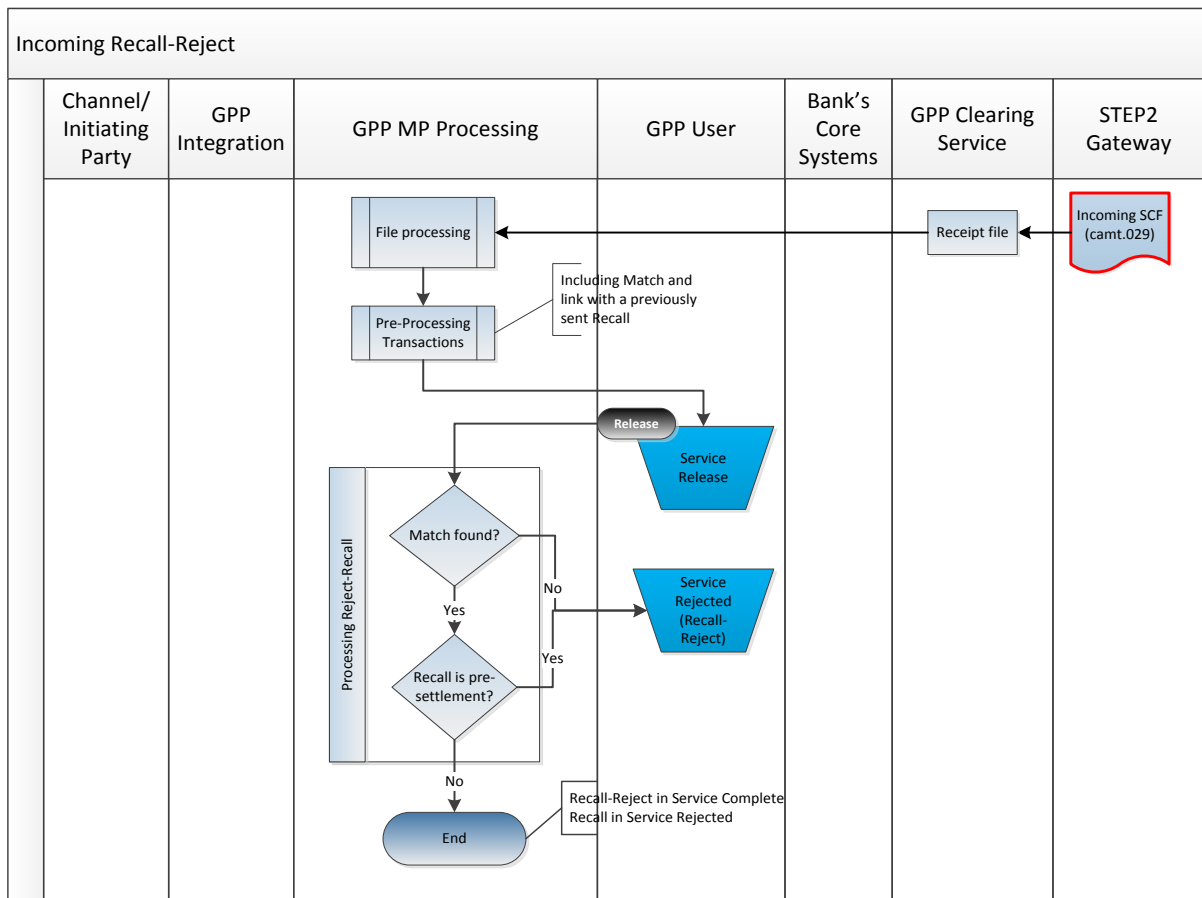
2.7.1.1.1   Incoming Settled Credit File (SCF)

GPP receives incoming file containing camt.029 messages from STEP2 with File header of SCF as generated by STEP2.

2.7.2   Incoming Recall Reject Unmatched

For details of the flow, see Incoming Recall Reject Workflow. 2.1.1.1

If GPP cannot match the incoming recall reject message to an outgoing recall message, it sets the incoming recall reject message status to Service Rejected.

2.7.3   Incoming Recall Reject Matched a Pre-settlement Recall

For details of the flow, see Incoming Recall Reject Workflow. 2.1.1.1

If GPP match the incoming recall reject message to an outgoing recall message regarded as pre-settlement, it sets the incoming recall reject message status to Service Rejected. Manual intervention is required, as GPP already executed reverse posting for the original payment message, see Pre-settlement Recall.

2.8   Incoming Return

Use Case Name	Incoming Return
Actors	User, Banks core systems, STEP2 Gateway.
Description	This use case defines the incoming Return received from the Receiving Bank. The return message indicates the receiving bank's acceptance of the originating bank's recall message and includes the return of the funds.
Trigger	Incoming Return from STEP2.
Pre-conditions	N/A
Post-conditions	Return is completed successfully.
Basic flow	GPP receives a file containing Return transaction and can complete it successfully.
Alternate flow	Existing alternate flows as described in the Mass Payments Business Guide for use case MPCT.5 (Incoming Return)

2.8.1   Incoming Return from STEP2

GPP receives and processes incoming files that contain transaction messages.

Processing begins upon the receipt of a mass payment file, which includes Returns (such as a file containing pacs.004 messages). GPP is receiving the file and starts File.

After the file is parsed and validated successfully, GPP generates the individual transactions and starts the pre-processing flow.

This processing flow is based on the GPP incoming return business flow that processes all returns, including those that are not specific to the recall flow.

GPP attempts to match the incoming return message to the corresponding original payment message.

If GPP cannot successfully match the two messages, GPP routes the incoming return message to the ROFi (Return of Funds Incoming) queue for manual handling by a GPP user.

This use case is entirely based on the MPCT.5 (Incoming Return) use case with these STEP2 additions:

- Recall Fee Handling (AT-47)
- Incoming Settled Credit File (SCF)
- Incoming Recall-Return

2.8.1.1　Incoming Return from STEP2 Workflow
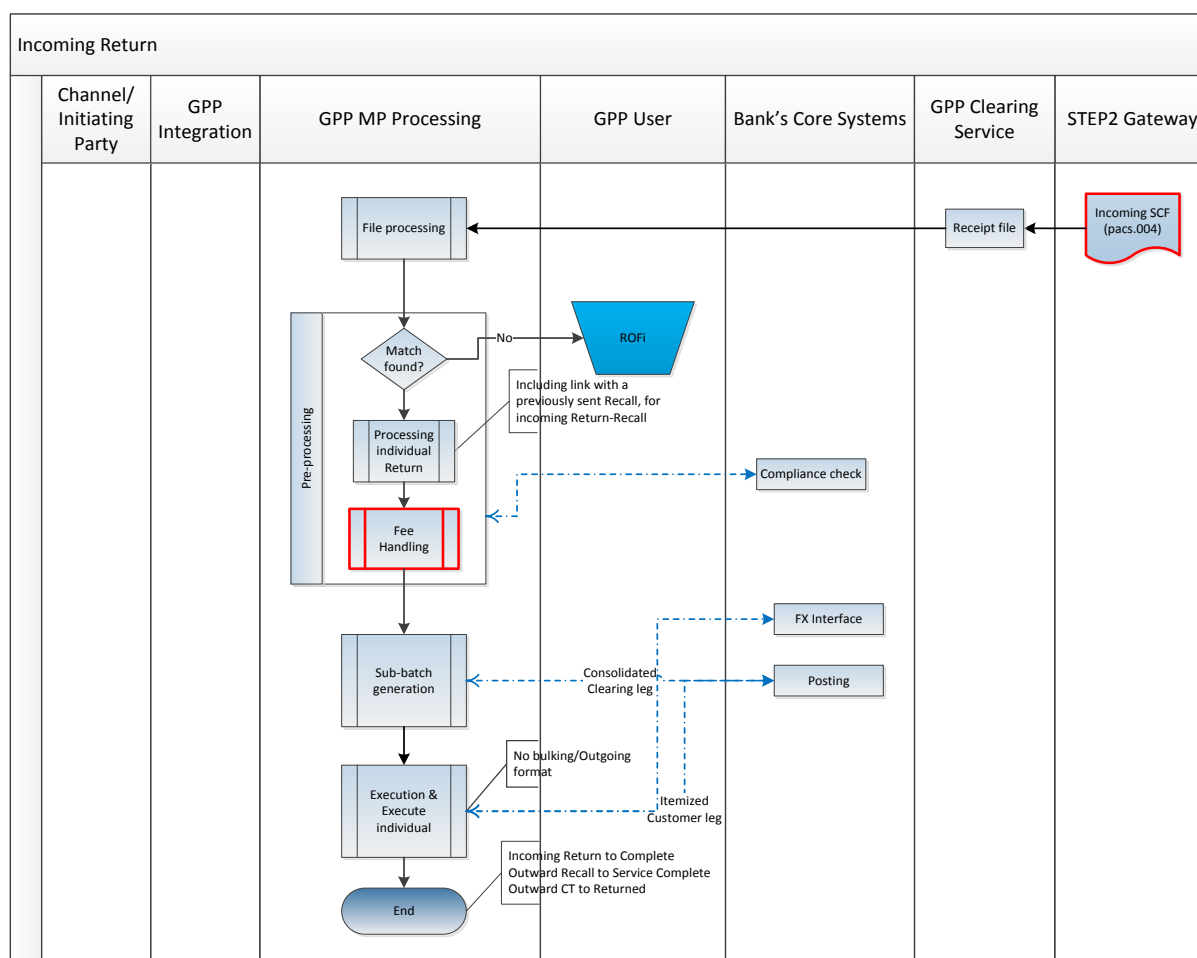
2.8.1.1.1　Recall Fee Handling (AT-47)

Credit side fees (AT-47) can be defined for the returned message when the outward Return is a Positive response for a Recall of a Credit Transfer. In this case, the returned amount can differ from the original amount of the CT.

GPP accepts inward returns that include recall fees (AT-47) and the posting to the Customer/Recall Suspense (subject to the initiator of the Recall) account, is for the interbank settlement amount, when the charges have already been deducted.

2.8.1.1.2　Incoming Settled Credit File (SCF)

GPP receives incoming file containing pacs.004 messages from STEP2 with File header of SCF as generated by STEP2.

2.8.1.1.3　Incoming Recall-Return

When GPP successfully matches the two messages following processing of the return message, GPP does the following:

- Sets the incoming return message status to Complete

- Sets the outgoing recall message status to Service Complete

- Links the return message to the original payment message and sets the original payment message status to Returned.

3   GPP SDD (SEPA Direct Debit) Use Cases

SEPA payments Use Cases are based on the MP (Mass Payment) use cases with additional clearing specifications.

Basic SEPA Use Case	Alternate SEPA Use Case
Outward SDD via STEP2	Outward SDD via STEP2 Workflow
	Direct Debit Submission Dates
	BIC from IBAN Derivation
	Additional SEPA Specific Validations
	Outgoing Input Debit File (IDF)
Outward SDD is Warehoused	
Outward SDD Fails Processing	
Outward SDD with Incoming DVF	Outward SDD with Incoming DVF Workflow • DVF File and Bulks Matching and Handling
Outward SDD with Incoming RSF	Outward SDD with Incoming RSF Workflow • RSF File and Bulks Matching and Handling (by the Sender)

3.1   Outward SDD

Use Case Name	Outward SEPA Direct Debit (SDD)
Actors	Initiating party, User, Banks core systems, STEP2 Gateway.
Description	This use case defines the outward SEPA Direct Debit via STEP2.
Trigger	Either by: • Initiating party (such as a bank customer), sends a file containing multiple direct debit transactions, or • Message is routed to Mass Payments flow from a different flow.
Pre-conditions	Collection initiation is well-formatted and has mandatory information as defined by EPC pain message (pain.008)
Post-conditions	Collection is completed successfully. IDF file is generated, formatted as per STEP2 specifications, and sent to STEP2
Basic flow	GPP receives a file containing multiple direct debit transactions and can process it successfully to complete using SDD method of collection.
Alternate flows	• DD is sent ahead of time and is warehoused • DD cannot be processed (for example, cannot derive BIC, sent too late). • DD is rejected by STEP2 by DVF or RSF • plus existing alternate flows as described in the GPP Business Guide Mass Payments, for use case Outward Direct Debit

3.1.1   Outward SDD via STEP2

GPP receives and processes incoming files that contain transaction messages.

Processing begins upon the receipt of a mass collection file, such as a file containing pain.008 messages. GPP is receiving the file and starts File processing.

After the file is parsed and validated successfully, GPP generates the individual transactions related to the validated collection Information and starts the pre-processing.

This use case is based on the Mass Payments Outward Direct Debit via Clearing use case but with these STEP2 additions:

- Direct Debit Submission Dates
- BIC from IBAN Derivation
- Additional SEPA Specific Validations
- Outgoing Input Debit File (IDF)

3.1.1.1 Outward SDD via STEP2 Workflow
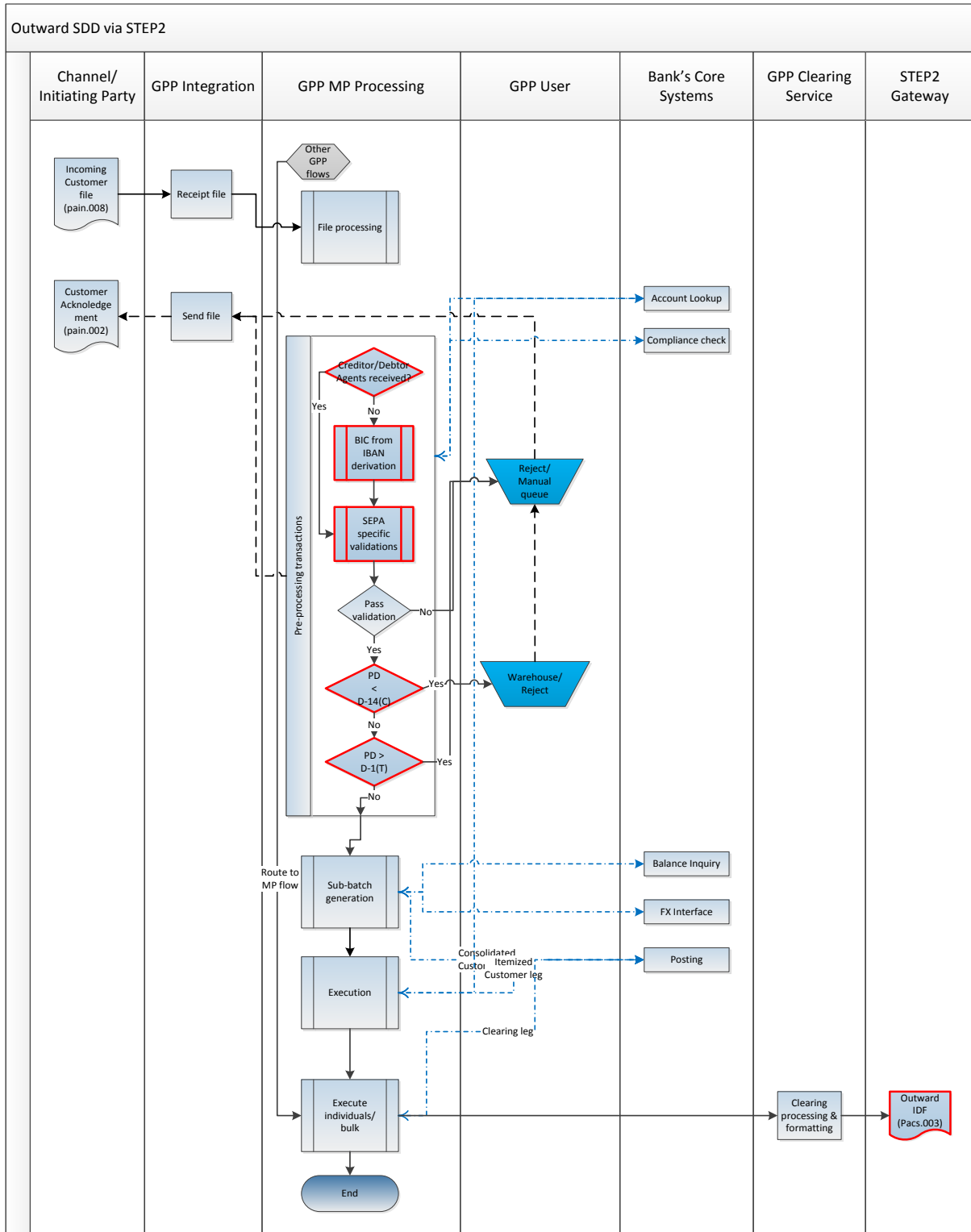
3.1.1.1.1 Direct Debit Submission Dates

A direct debit can be submitted to STEP2 by the Creditor Agent 14 (calendar) days before the Interbank Settlement Date of the direct debit.

Additionally, the latest date on which a direct debit can be submitted to STEP2 is at least one TARGET day before the Interbank Settlement Date of the direct debit, irrelevant of its sequence type.

3.1.1.1.2　BIC from IBAN Derivation

See BIC from IBAN Derivation.

3.1.1.1.3　Additional SEPA Specific Validations

- **Creditor ID and IBAN check digit validation:** GPP ensures that the Creditor ID and IBAN (both Debtor Account and Creditor Account) received in the collection are valid as per the MOD 97-10 Algorithm which validates the check digit as per the elements of the Creditor ID and the IBAN. For SEPA Creditor IDs, the Creditor Business Code (characters 5-7) is ignored.

  Note: Creditor ID is case and space insensitive.

- **Allowed Scheme validation:** When processing the collection, at the stage of deriving the Creditor attributes, GPP validates that the requested scheme of the collection is consistent with the allowed schemes of the creditor.

3.1.1.1.4　Outgoing Input Debit File (IDF)

GPP generates the outgoing file containing pacs.003 messages to STEP2 with File header of IDF as expected by STEP2.

3.1.2　Outward SDD is Warehoused

STEP2 SDD Core & B2B Service allows direct debit messages to be submitted up to 14 Calendar Days prior to the due date of the direct debit. Direct Debit messages are not accepted by the STEP2 SDD Core & B2B Service prior to this earliest Payment date, and are warehoused in GPP as per setup.

For details of the flow, see Outward SDD via STEP2.

3.1.3　Outward SDD Fails Processing

An SDD transaction undergoes same validations as a regular Mass Payments Direct Debit and these are the additional validations, which are specific for SEPA DD handling:

- Direct Debit messages received without either the Debtor or Creditor agents, triggers a BIC from IBAN derivation. If BIC cannot be derived, the transaction is rejected.

- Last submission date for SEPA Direct Debits (for both Core and B2B schemes) is at least one TARGET day ahead of the message's due date (Interbank Business Day). If it is not, the message cannot be sent to STEP2. The decision whether to reject the message back to the customer, or to roll its due date, is subject to setup.

For details of the flow, see Outward SDD via STEP2.

Note: The list of available error codes for the Reject/Return message is detailed in the SDD Interface Specification provided by EBA.

3.1.4　Outward SDD with Incoming DVF

Irrespective of the result of validation, only one Debit Validation File (DVF) is returned per transmitted Input Debit File (IDF) to the sending Direct Participant, indicating the success or failure of the validation process.

Note: If the Direct Participant exceeds the maximum number of IDFs per Direct Participant per settlement cycle, enforced by the STEP2 Central System, STEP2 returns a single DVF with error code R24. When the first file in excess of the limit is processed; additional IDFs received from the DP in the current settlement cycle are also rejected, but the DVF is not sent.

The process of this DVF file is described in the GPP Business Guide Mass Payments, Incoming ACH-Rejection use case.

3.1.4.1   Outward SDD with Incoming DVF Workflow
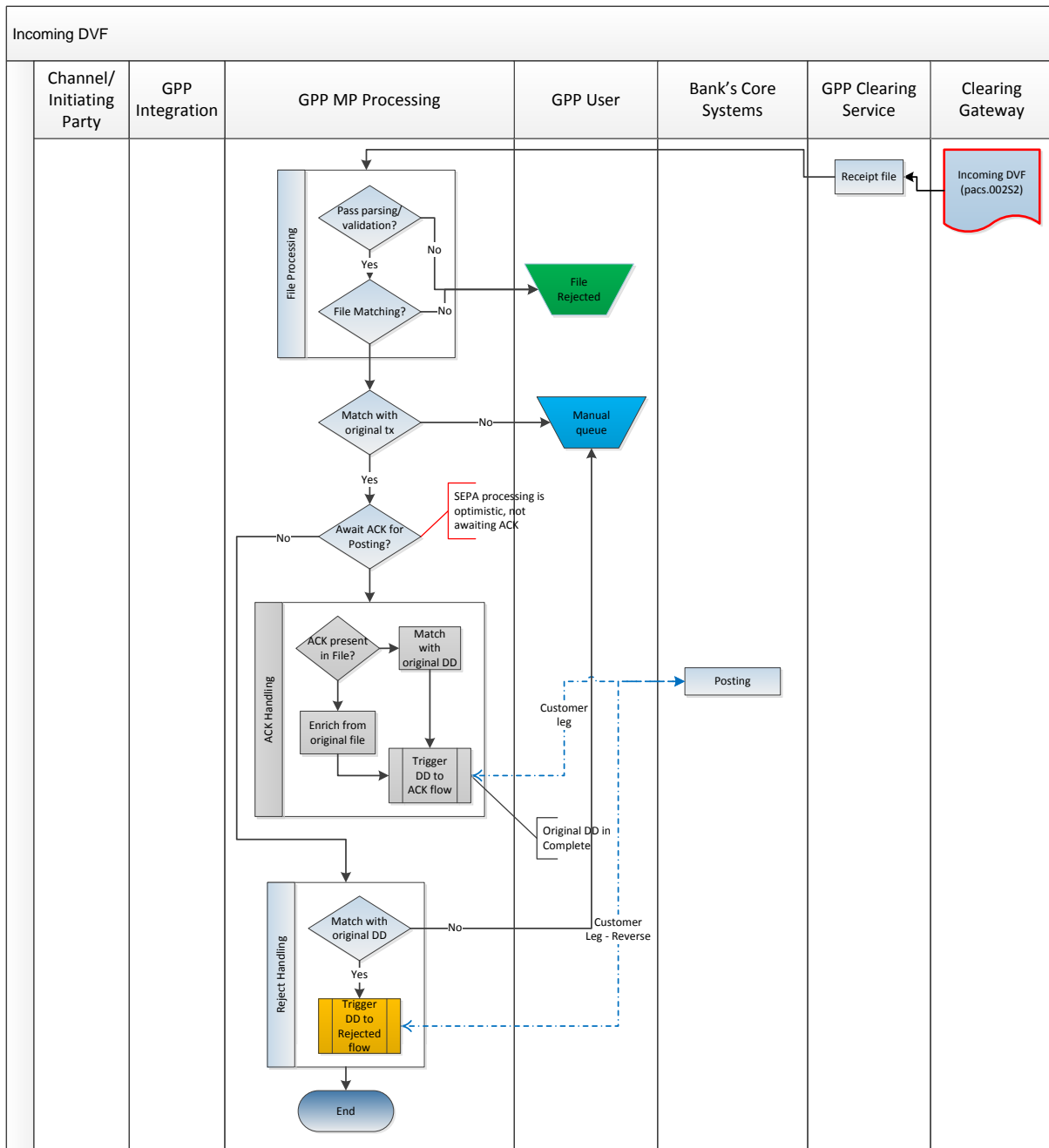
3.1.4.1.1   DVF File and Bulks Matching and Handling

DVF validates the IDF:

- DVFs indicating a positive validation of an IDF (FileRjctRsn = A00) do not contain any specific rejected transactions and there is no need to take any further action for settlement.

- DVFs indicating a complete rejection of an IDF do not contain any rejected transaction (the DVF may contain specific rejected debit instructions only if all the debits have been rejected; under these circumstances, the rejected transactions in the DVF give the user information to enable

diagnosis of the problem). GPP matches the DVF to the IDF by the Original File Name, and triggers the DD to Rejected for all original transactions sent in the IDF, as shown in the workflow.

- DVFs indicating a partially positive validation of an IDF (FileRjctRsn = A01) contains one bulk for every bulk received from that sender. Each bulk contains the total number and value of the messages from the original bulk that were sent and passed validation. The bulk contains zero or more transactions, one for each message from the original bulk that failed validation.

The group status indicating the status of the original bulk, is set with one of the allowed values:

- ACCP: Entire bulk is valid. No further action is required.

- RJCT: Entire bulk is rejected. The bulk contains bulk rejection reason code and might contain transactions, depending on the bulk rejection reason. Regardless whether transaction are present or not in the bulk, GPP matches the DVF bulk to the original IDF bulk by the original message ID and triggers the DD to Rejected for all original transactions sent in the matched IDF bulk.

- PART: Partially valid. DVFs indicating partially positive validation of an IDF contains specific rejected transactions. GPP matches the received rejected transaction against the original transaction and triggers the DD to Rejected for the original transaction.

3.1.5 Outward SDD with Incoming RSF

Originating Direct Participants are notified of any cancelled instructions at settlement level via a Results of Settlement File (RSF). The RSF is delivered to the relevant Direct Participants during the output phase of the daily cycle.

3.1.5.1 Outward SDD with Incoming RSF Workflow
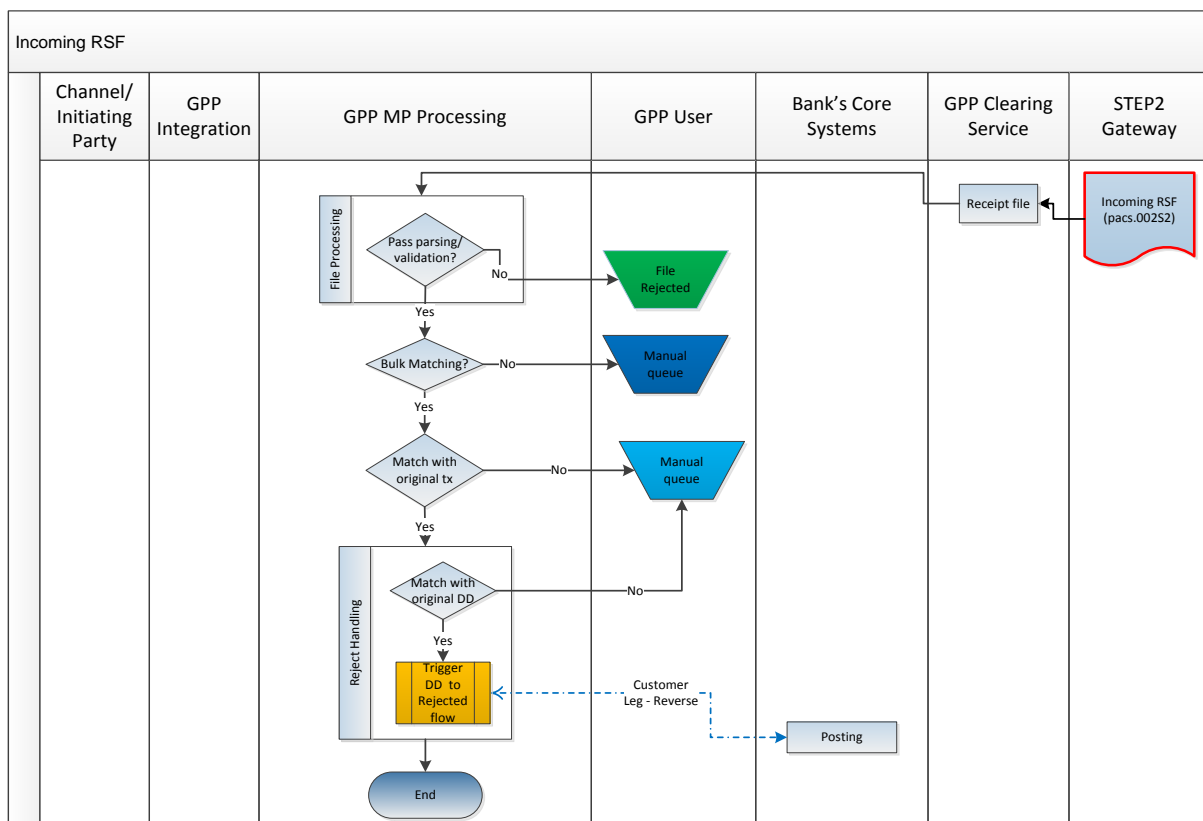
3.1.5.1.1 RSF File and Bulks Matching and Handling (by the Sender)

The RSF file contains bulks corresponding to the bulks received from the sender in an IDF.

The group status indicating the status of the original bulk, is set with one of the allowed values:

- ACSC: Accepted (settlement confirmed). No further action is required.

- RJCT: Cancelled by the STEP2 External Settlement Mechanism (ESM). The bulk contains bulk rejection reason code and might contain transactions, depending on the bulk rejection reason. Regardless whether transaction are present or not in the bulk, GPP matches the RSF bulk to the original IDF bulk by the original message ID and triggers the DD to Rejected for all original transactions sent in the matched IDF bulk.

- PART: Partially settled. RSFs indicating partially settled of an IDF contains specific rejected transactions. GPP matches the received rejected transaction against the original transaction and triggers the DD to Rejected for the original transaction.

3.2   Incoming SDD

Use Case Name	Incoming SEPA Direct Debit
Actors	User, Banks core systems, STEP2 Gateway.
Description	This use case defines the incoming SEPA Direct Debit from STEP2.
Trigger	The clearing sends a file containing multiple SEPA direct debit transactions.
Pre-conditions	Collection has mandatory information as defined by SEPA pacs.003 message.
Post-conditions	Collection is completed successfully.
Basic flow	GPP receives a file containing multiple direct debit transactions and can process it successfully to complete debiting the Debtors.
Alternate flow	- DD is rejected by STEP2 by RSF - plus existing alternate flows as described in the GPP Business Guide Mass Payments, for use case Incoming Direct Debit

3.2.1   Incoming SDD from STEP2

GPP receives and processes incoming files that contain transaction messages.

Processing begins upon the receipt of a mass collection file, such as a file containing pacs.003 messages. GPP receives the file and starts File processing.

After the file is parsed and validated successfully, GPP generates the individual transactions and starts the pre-processing flow. During this phase, the transactions are individually validated, repaired, their parties are identified, and they are processed to completion, debiting the debtor customer. Mandate validation is part of this process.

This use case is based on the Mass Payments Incoming Direct Debit from Clearing use case with these STEP2 additions:

- SEPA Specific Validations
- Incoming Debit Notification File (DNF)

3.2.1.1　Incoming SDD from STEP2 Workflow
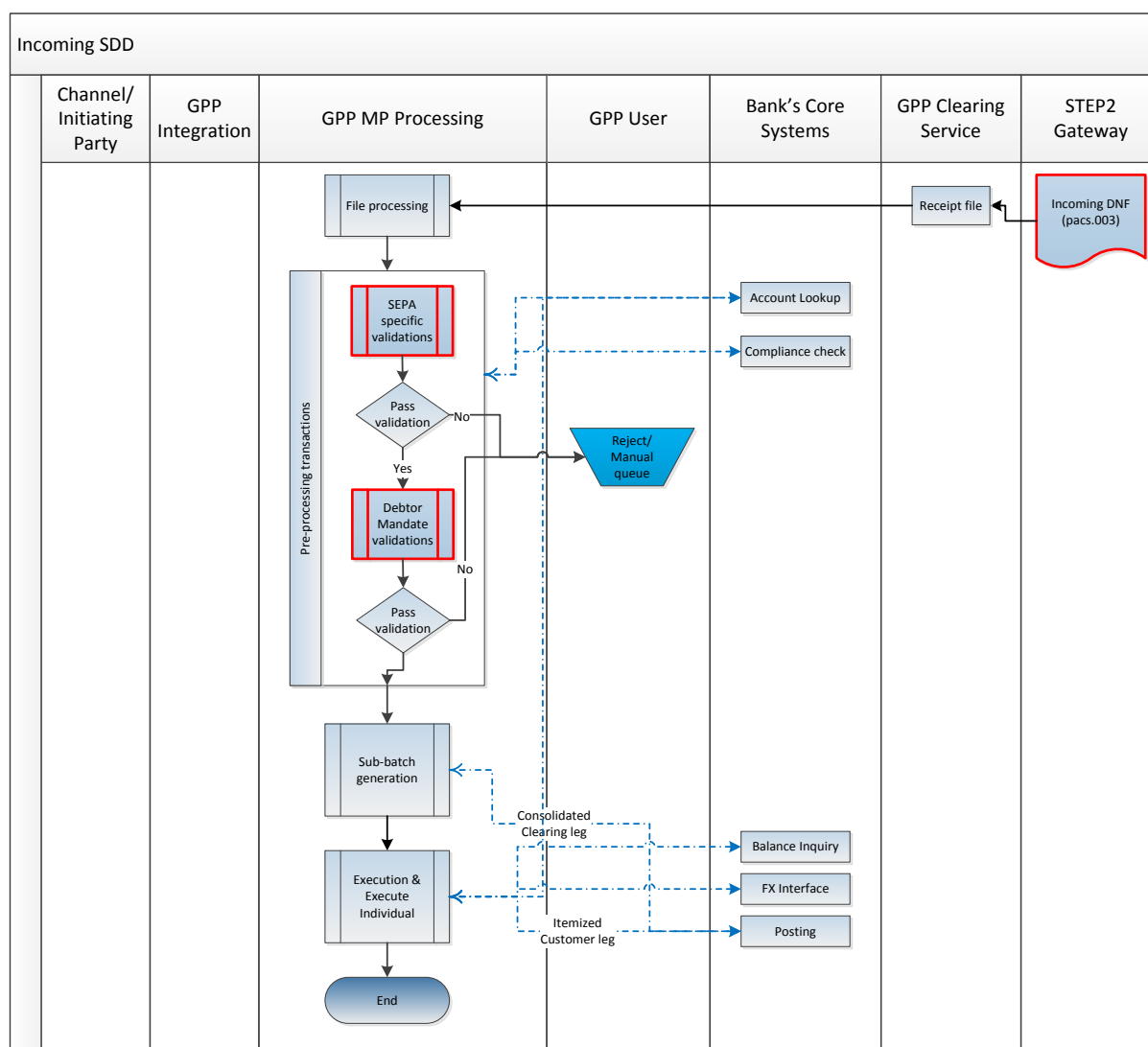
3.2.1.1.1　SEPA Specific Validations

- **Creditor ID and IBAN check digit validation**

  GPP ensures that the Creditor ID and IBAN (both Debtor Account and Creditor Account) received in the collection are valid as per the MOD 97-10 Algorithm which validates the check digit as per the elements of the Creditor ID and the IBAN. For SEPA Creditor IDs, the Creditor Business Code (characters 5-7) is ignored.

  Note: Creditor ID is case and space insensitive.

- **Stops and Permits Validations**

  GPP supports customer preferences for defining a list of stops or permits from debiting a payer account. This is done by the use of the Stops and Permits profile. This profile is used by financial institutions to define whether to Stop or permit any direct debits to the payer's payment account or to Stop or permit any direct debits initiated by one or more specified payees.

  The list of profiles are evaluated after the invocation of the DD Stops and Permits mode rule. The rules conditions determine the client preferences as to whether GPP checks for Permits or Stops. The DD Stops and Permits profiles can be updated per client request manually, via GPP user

interface, or automatically, via ProfileActionsService where actions of Create, Update, and Delete are available.

Every incoming DD transaction is evaluated by the DD Stops and Permits mode Rule, before searching for a relevant Mandate (even if a Creditor appears in a Permit Profile for a specific Account, this does not remove the need for a Mandate Profile). When a rule is matched, GPP searches within the Stops and Permits profiles based on the rule action (stops or permits). When the rules actions is:

o **Stop** - GPP filters the Stops and Permits profiles to the ones marked as 'Stop' and then searches for a suited profile:

❖ GPP searches the Stops and Permits table and looks for a Stop profile to match the transaction attributes (Dr Account, Creditor ID, MOP and Scheme).

❖ When no match is found, GPP searches the Stops and Permits table and looks for a Stop profile to match only the Dr Account, Creditor ID and MOP payment attributes (scheme is null).

❖ When no match is found, GPP searches the Stops and Permits table and looks for a Stop profile to match only the Dr Account and Creditor ID payment attributes (MOP and Scheme are null).

❖ When no match is found, GPP searches the Stops and Permits table and looks for a Stop profile to match only Dr Account in the payment attribute (Creditor ID, MOP and Scheme are null).

When a profile is found GPP continues to check if the transaction is cross border or domestic according to the criteria defined in the profile. If the criteria matches the transaction, GPP rejects the transaction back to clearing and logs an error.
If profile was found and the criteria does not match to the transaction or a profile was not found, GPP will continue to process the transaction.

o **Permit** - GPP filters the Stops and Permits to the ones marked as 'Permit' and then searches for a suited profile based on the incoming transaction.

❖ When the account is available in the list, GPP searches the Stops and Permits table and looks for a Permit profile to match the transaction attributes (debit account, creditor ID, MOP and scheme).

❖ When no profile is found, GPP searches the Stops and Permits table and looks for a Permit profile to match only the debit account, creditor ID and MOP payment attributes (scheme is null).

❖ When no profile is found, GPP searches the Stops and Permits table and look for a Permit profile to match only the debit account and creditor ID payment attributes (MOP and scheme are null).

❖ When no profile is found, GPP searches the Stops and Permits table and looks for a Permit profile to match only debit account in the payment attributes (creditor ID, MOP and scheme are null).

When a profile is found, GPP continues to check whether the transaction is cross border or domestic, according to the criteria defined in the profile and continues message processing when matched.
If profile was found and the criteria does not match to the transaction or a profile was not found, GPP rejects the transaction back to clearing and logs an error.

Cross border check is done by comparing the first two characters of the Dr and Cr IBAN.

Skip - GPP does not search for any Stops and Permits profile and continues with processing.

- **Debtor Mandate validations**

Debtor mandate validations facilitated for SEPA direct debits include:

- o Check mandate existence using the unique mandate reference (UMR) and Creditor ID (excluding characters 5-7 of the Creditor ID

- o Manual set-up of debtor mandates is available. This enables the financial institution to pre-define limit checks, cancel a mandate and specify rejection of a collection before it is actually received

- o GPP provides means to limit the collections received against an account or an established mandate and is validating the collection according to these limitations:

  - ❖ Prohibit the processing of collections against a Debtor account, and/or a Creditor ID, and/or a scheme.

  - ❖ Prohibit the processing of collections against an established mandate for a defined period.

- o Fixed amount: if a fixed collection amount was set on the mandate, then GPP validates that the collection's amount equals the amount defined on the mandate.

- o Total aggregated amount: if a limit was set on the total aggregate amount of collection against the mandate, then GPP validates that current transaction does not exceed the total aggregated amount.

- o Periodicity: when mandate periodicity is defined on the mandate, GPP validates that the collection meets the periodicity defined.

- **B2B specific Mandate validation**

  Upon receipt of an incoming B2B message, GPP ensures that a mandate is already established and it verifies the data of the collection vs. the data set on the mandate. For **Core** transaction, when a mandate does not exist prior to the receipt of the transaction, GPP creates a mandate profile upon receipt of an incoming Core message, as per the mandate data received in the transaction.

- **Existing Mandate data vs. collection mandate data**

  When a mandate is established prior to the receipt of the collection, GPP checks that:

  - o GPP validates that the Scheme Type of the mandate matches the Scheme of the Incoming Direct Debit collection (both should be either B2B or Core).

  - o GPP validates that the Recurrence Type of the mandate matches with Sequence Type of the collection:

    - ❖ If recurrence type is One-off, the sequence type in the direct debit collection must be OOFF. If it does not match, the collection is considered invalid.

    - ❖ If recurrence type is Recurrent, the sequence type in the direct debit collection must be either FRST, RCUR, or FNAL. If it does not match, the collection is considered invalid.

  - o GPP validates that the Debtor details as setup in the Mandate profile, matches the debtor details received in the collection, specifically the Debtor bank BIC and Debtor account.

- **Mandate Amendments**

  - o If the UMR changed as per a mandate amendment in an incoming direct debit, the original and previous UMR fields are also mapped to the Mandate profile. Similarly, if the Creditor ID changed as per a mandate amendment in an inward direct debit, the original and previous Creditor ID fields are mapped to the Mandate profile

  - o Amendment Indicator and related details:

    - ❖ When the amendment indicator is set to TRUE, GPP validates that at least one of the amendment information details fields is included in the collection.

    - ❖ If an amendment information field is not included, the collection is considered invalid and is rejected.

❖ When the amendment indicator is set to FALSE, GPP validates none of the amendment information details fields are included in the collection. If at least one of the amendment information details field is included, the collection is considered invalid and is rejected.

o GPP validates that amendments in the amendment information details of the collection, are amendments to the data that exist in the mandate profile. At the same time, GPP validates that if an amendment occurred vs. existing mandate profile data, the amendment is mentioned in the collection under the amendment information details. GPP validates these attributes: Creditor Name, Debtor account and Debtor agent

❖ If any of these attributes stored on the mandate do not match the corresponding attributes as received in the collection, and the attribute is not listed in the amendment details of the collection, the collection is considered invalid.

❖ GPP checks that the mandate related attributes that are present in the amendment information details of the collection (as original values) matches the mandate related attributes in the same collection. When the amendment indicator on the collection is set to TRUE, if any of the attributes declared as amended (populated as original attributes in the amendment information details of the collection), is similar to the same attribute as received in the collection, the collection is considered invalid.

3.2.1.1.2 Incoming Debit Notification File (DNF)

GPP receives incoming file containing pacs.003 messages from STEP2 with File header of DNF (Debit Notification File) as generated by STEP2.

3.2.2 Incoming Result of Settlement File (RSF)

Each direct participant receives a single RSF notifying them of all the DD collections and post-settlement R-messages for which they are either the Instructed Agent or Instructing Agent (either debtor or creditor direct participant).

The process of this file on the Debtor Side is similar to the process of an RSF file received on the Creditor Side, with the exception of matching against an **incoming** collection:

- When matched, the collection is cancelled. If the collection was already processed (rare scenario, not expected to occur) and the debtor was debited, the incoming message is crediting the debited amount back to the debtor.

- When not matched, the incoming message is routed to a manual queue for user to handle outside of GPP.

3.2.2.1　Incoming RSF Workflow
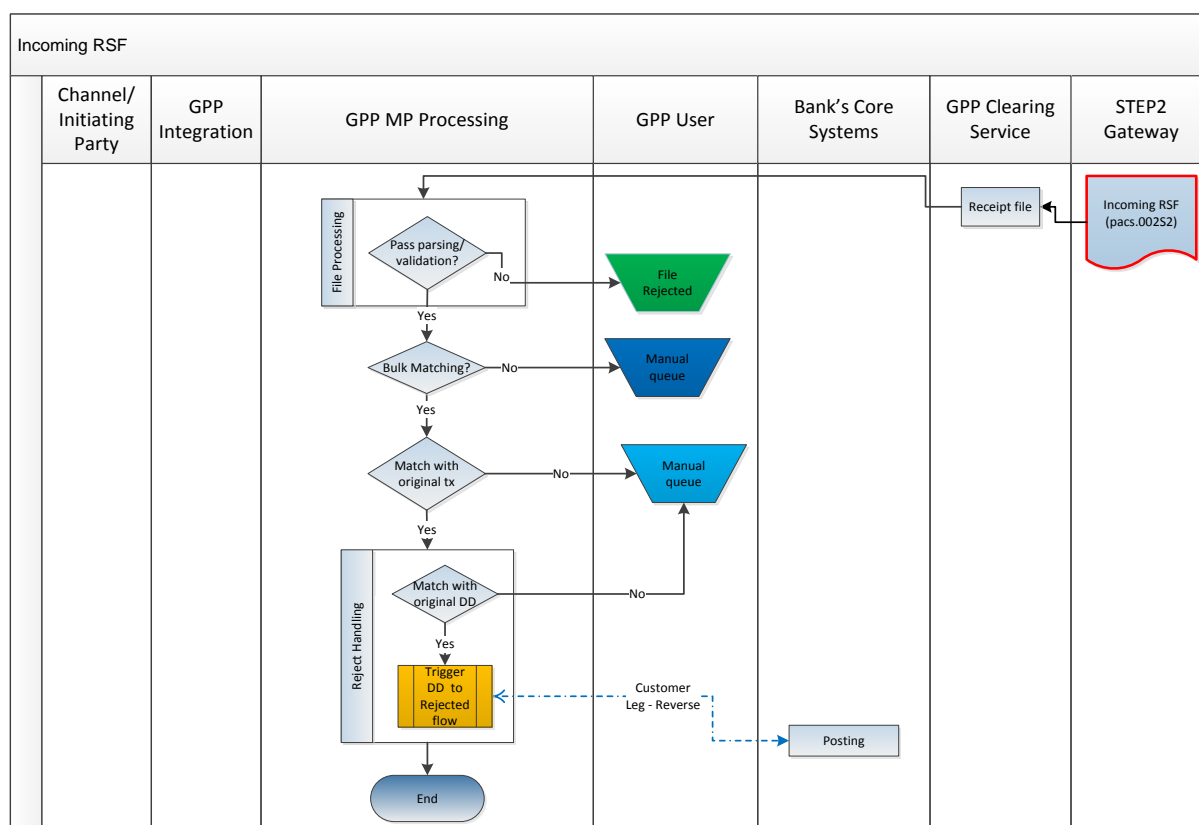
3.2.2.1.1　RSF File and Bulks matching and handling (by the receiver)

The RSF file contains bulks corresponding bulks sent to that receiver by the STEP2 in a DNF.

The group status indicating the status of the original bulk, is set with one of the allowed values:

- ACSC: Accepted (settlement confirmed). No further action is required.

- RJCT: Cancelled by the STEP2 External Settlement Mechanism (ESM). The bulk contains bulk rejection reason code and might contain transactions, depending on the bulk rejection reason. Regardless whether transaction are present or not in the bulk, GPP matches the RSF bulk to the original DNF bulk by the original message ID and triggers the DD to Rejected for all original transactions sent in the matched IDF bulk.

- PART: Partially settled. RSFs indicating partially settled of a DNF contains specific rejected transactions. GPP matches the received rejected transaction against the original transaction and triggers the DD to Rejected for the original transaction.
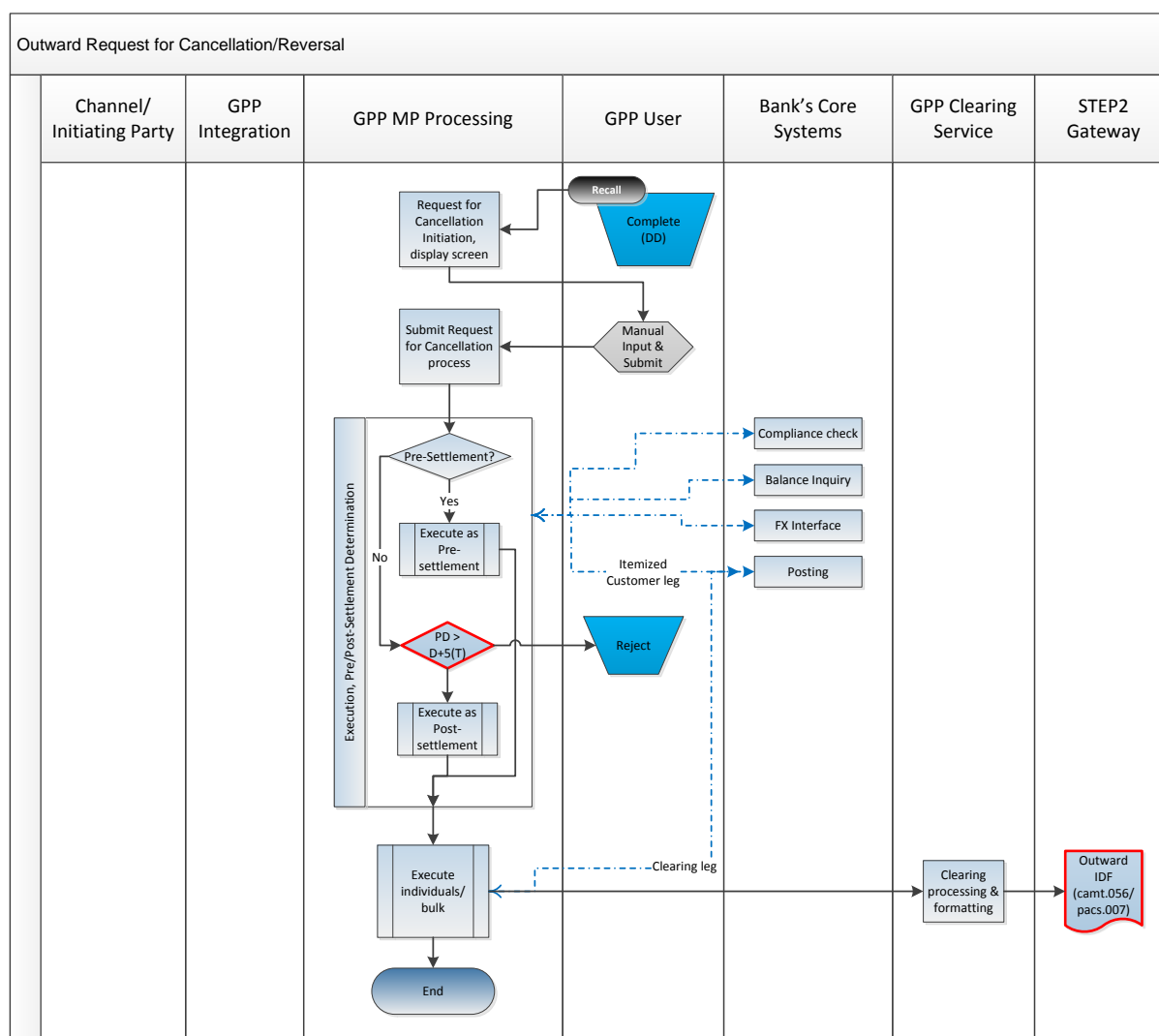
3.3　Outward Request for Cancellation

Use Case Name	Outward Request for Cancellation
Use Case Name	Outward Request for Cancellation
Actors	Initiating party, User, Banks core systems, STEP2 Gateway.
Description	This use case defines the outward request for Cancellation from the Originating Bank via STEP2.
Trigger	Either: • Originating Bank initiates a request for cancellation or • A request for cancellation is received from the Initiating party by a pain.007 message
Pre-conditions	Request for cancellation initiation is well-formatted and has mandatory information as defined by EPC pain.007 incoming message
Post-conditions	Original collection is cancelled, Request for cancellation is completed successfully, funds are reversed if were already credited to the Creditor. IDF file is generated, formatted as per STEP2 specifications, and sent to STEP2
Basic flow	Originating Bank initiates a Request for Cancellation that matches a collection. The collection is cancelled as a consequence.
Alternate flows	• Request for Cancellation is received from Initiating party. • Reversal is sent (post-settlement) • Reversal cannot be sent – too late to send out • Request for Cancellation is rejected by STEP2 by DVF • Reversal is rejected by STEP2 by DVF/RSF. • plus existing alternate flows as described in the GPP Business Guide Mass Payments, for use case Outward Request for Cancellation as Revocation

3.3.1　Outward Request for Cancellation via STEP2

After the initiating party has transmitted a collection message, such as a pain.008, to the Bank, the originating bank can initiate a Request for Cancellation of the original collection message either before or after the settlement of the original payment.

3.3.1.1 Outward Request for Cancellation via STEP2 Workflow

3.3.1.1.1 Request for Cancellation Initiation

A GPP user at the originating bank initiates a Request for Cancellation of a previously transmitted collection message, such as a pacs.003.

A user can initiate a Request for Cancellation if the following conditions exist:

- The credit Method of Payment (MOP) of the original payment message is BOOK.

- The original collection message was transmitted. If the original collection message was not transmitted, a user can cancel the collection using the cancellation functionality in the GPP user interface (Cancel button).

- The original collection message was not previously cancelled.

- The original collection was not rejected by the CSM or by the receiving bank.

GPP uses attributes from the original collection message to generate an outward Request for Cancellation message in the relevant format.

3.3.1.1.2 Manual Input by User

- Request for Cancellation Initiator: The initiator of the Request for Cancellation can be one of the following:

> - Bank: The initiating bank's BIC, which is the default value.

> - Customer: The initiating customer's name.

- Request for Cancellation Reason: The reason for recalling the original collection, as per STEP2 specific reason codes.

Note: The list of available error codes for the Request for Cancellation message is detailed in the SDD Interface Specification provided by EBA.

3.3.1.1.3   Request for Cancellation Submission Dates

Request for Cancellation is a pre-settlement R-message that can be received until the Interbank Settlement Date of the direct debit this message requests to cancel.

3.3.1.1.4   Outgoing Input Debit File (IDF)

GPP generates the outgoing file containing camt.056 messages to STEP2 with File header of IDF as expected by STEP2.

3.3.2   Outward Request for Cancellation from Initiating Party

Processing begins upon the receipt of a mass collection file containing recall messages. GPP receives the file and starts File processing.

After the file is parsed and validated successfully, GPP generates the individual transactions related to the validated Payment Information and starts the pre-processing flow.

When identifying that the incoming transaction is a Request for Cancellation, GPP attempts to match the incoming Request to an original collection. If a match is found, GPP continues to process the incoming message.

3.3.2.1 Outward Request for Cancellation from Initiating Party via STEP2 Workflow

Outward Request for Cancellation – from Initiating Party

3.3.2.1.1 Outward Request for Cancellation/Reversal from Initiating Party

When matching pain.007 to pain.008, the Creditor ID (which is a criteria for matching an outward R-message to an outward DD) is the full Creditor ID (including the Business code) as it is assumed that the Creditor ID that originated the original collection will identify itself when coming to revoke the collection (including the business code).

EBA STEP2 accepts both Requests for Cancellation and Reversals. The decision whether to create the outward R-message as a Request for Cancellation (camt.056) or as a Reversal (pacs.007) depends on whether the R-message is post or pre settlement vs. the original collection's interbank settlement date and COT.

3.3.2.1.2 Outgoing Input Debit File (IDF)

GPP generates the outgoing file containing either camt.056 or pacs.007 messages to STEP2 with File header of IDF as expected by STEP2.
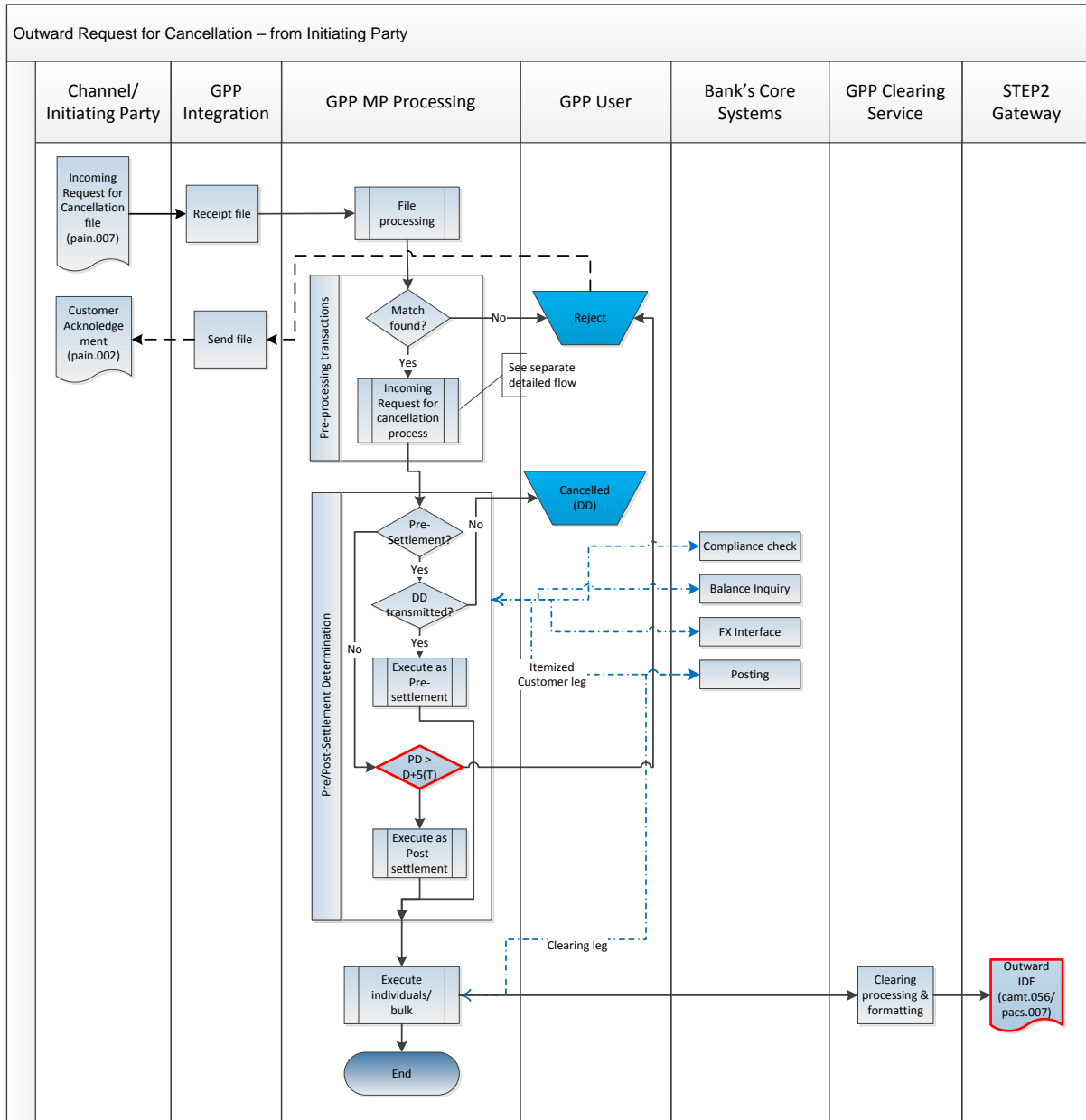
3.3.3 Outward Reversal

The initiation of a Reversal is similar to the initiation of Request for Cancellation use case, which can be either initiated from the user interface or can be received in a file from the Initiating party, with the exception of following:

- Original collection is expected to be transmitted and in a Final Complete status

- The outward message is formatted as a post-settlement message.

- Reverse of funds of the original credited funds from by the original collection.

Note: The list of available error codes for the Reversal message is detailed in the SDD Interface Specification provided by EBA.

For details of the flow, see Outward Request for Cancellation via STEP2 Workflow.

3.3.3.1 Interchange Fee (AT-R8)

Subject to the SEPA Regulation, participants may have interchange fee arrangements. This is a fee paid between the Debtor Bank and the Creditor Bank for direct debit transactions. For R-messages, an Interchange Fee may be charged as part of the R-transaction, by providing attribute (AT-R8). This attribute can be present in both CORE and B2B SDD Schemes for Rejects (pacs.002) Return/Refund (pacs.004) and Reversals (pacs.007). When charges are present, the Reversed Interbank Settlement Amount (in the R-message) is equal to the Original Interbank Settlement Amount (in the R-message) + Charges Amount (in the message).

3.3.3.2 Outgoing Input Debit File (IDF)

GPP generates the outgoing file containing pacs.007 messages to STEP2 with File header of IDF as expected by STEP2.

3.3.4 Outward Request for Cancellation/Reversal in Manual Queue or Rejected

STEP2 SDD Core & B2B Service allows Request for Cancellation messages to be submitted up to 5 Target Days after the due date of the direct debit.

3.3.4.1　Outward Request for Cancellation/Reversal in Manual Queue or Rejected
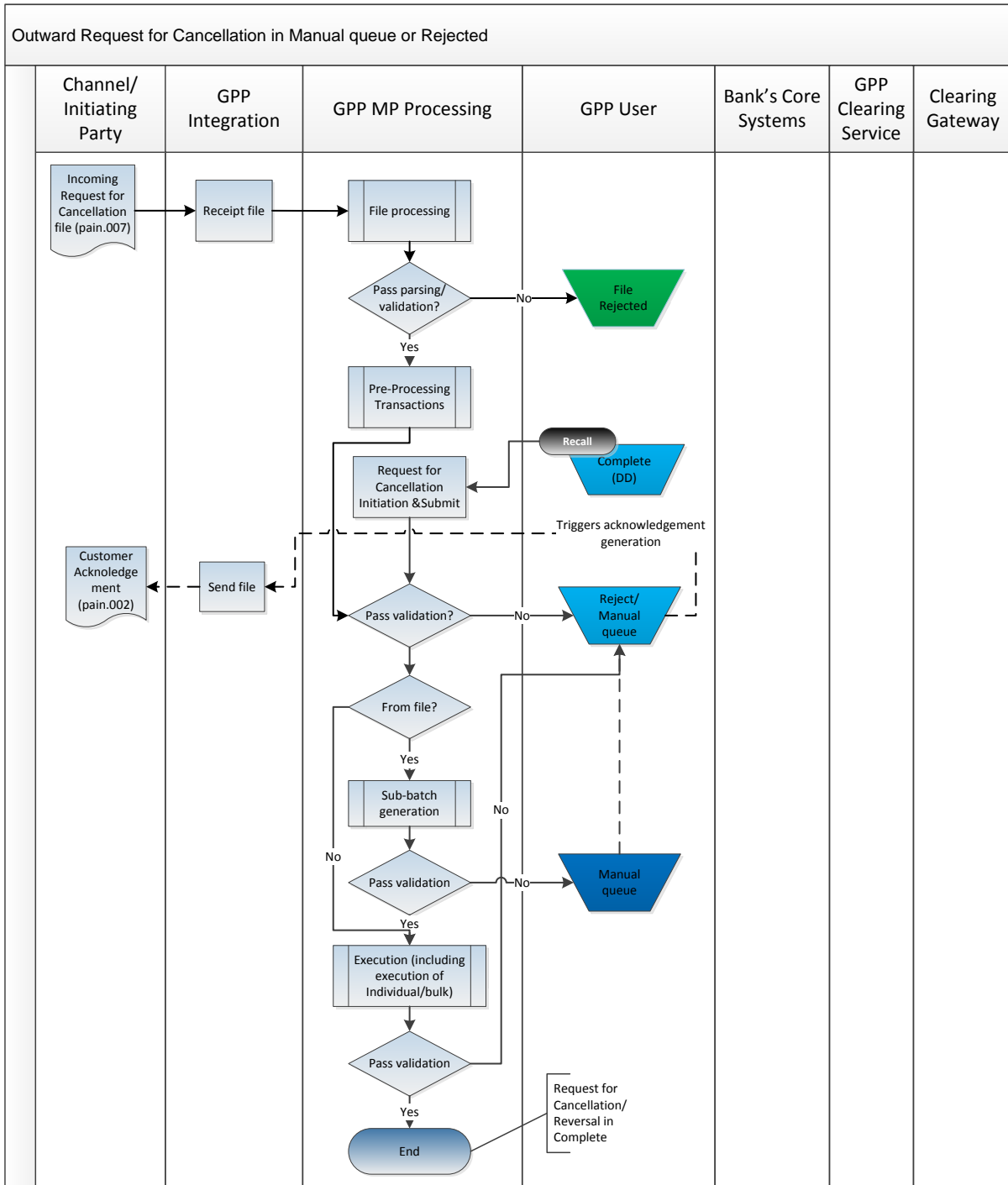
After the initiating party has transmitted a collection message, as a pain.008, to the Bank, either the originating bank can initiate a Request for Cancellation of the original collection message, or a GPP user can initiate such request.

The failure occurs in either one of the steps detailed in the processing of the transaction. For files received from initiating party, the failure can also occur on the processing of the file.

Once a transaction requires manual handling, it is removed from the Sub batch and processed individually. As a result of any failure, GPP can generate back to the Customer an acknowledgement as pain.002 file.

For specific failures due to STEP2 regulations, see Outward Request for Cancellation via STEP2 Workflow
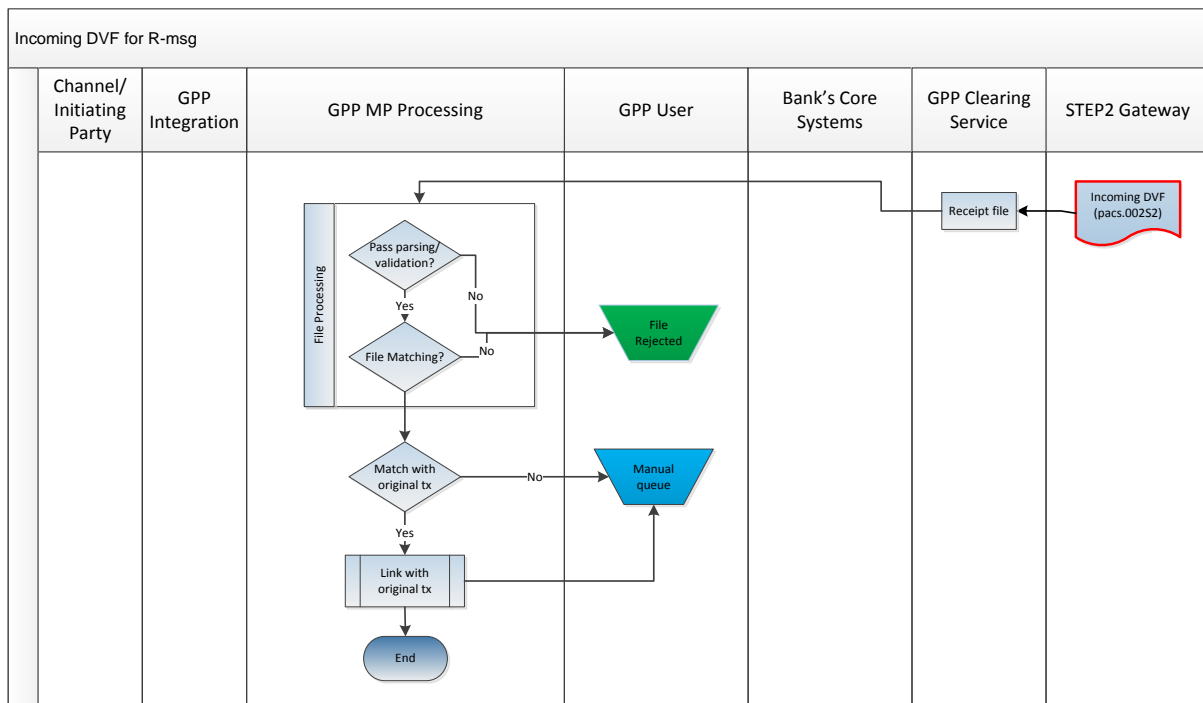
3.3.5   Outward Request for Cancellation/Reversal with Incoming DVF

Irrespective of the result of validation, only one Debit Validation File (DVF) is returned per transmitted Input Debit File (IDF) to the sending Direct Participant indicating the success or failure of the validation process.

Note: If the Direct Participant exceeds the maximum number of IDFs per Direct Participant per settlement cycle, enforced by the STEP2 Central System, STEP2 returns a single DVF with error code R24 when the first file in excess of the limit is processed; additional IDFs received from the DP in the current settlement cycle are also rejected, but the DVF is not sent.

The process of this DVF file is described in the GPP Business Guide Mass Payments, Incoming ACH-Rejection use case.

3.3.5.1   Outward Request for Cancellation with Incoming DVF Workflow

For details, see DVF File and Bulks Matching and Handling.

3.3.6   Outward Reversal with Incoming DVF/RSF

Irrespective of the result of validation, only one Debit Validation File (DVF) is returned per transmitted Input Debit File (IDF) to the sending Direct Participant indicating the success or failure of the validation process.

Note: If the Direct Participant exceeds the maximum number of IDFs per Direct Participant per settlement cycle, enforced by the STEP2 Central System, STEP2 returns a single DVF with error code R24 when the first file in excess of the limit is processed; additional IDFs received from the DP in the current settlement cycle are also rejected, but the DVF is not sent.

The process of this DVF file is described in the GPP Business Guide Mass Payments, Incoming ACH-Rejection use case.

Additionally, originating Direct Participants are notified of any cancelled instructions at settlement level via a Results of Settlement File (RSF). The RSF is delivered to the relevant Direct Participants during the output phase of the daily cycle.

3.3.6.1 Outward Reversal with Incoming RSF Workflow
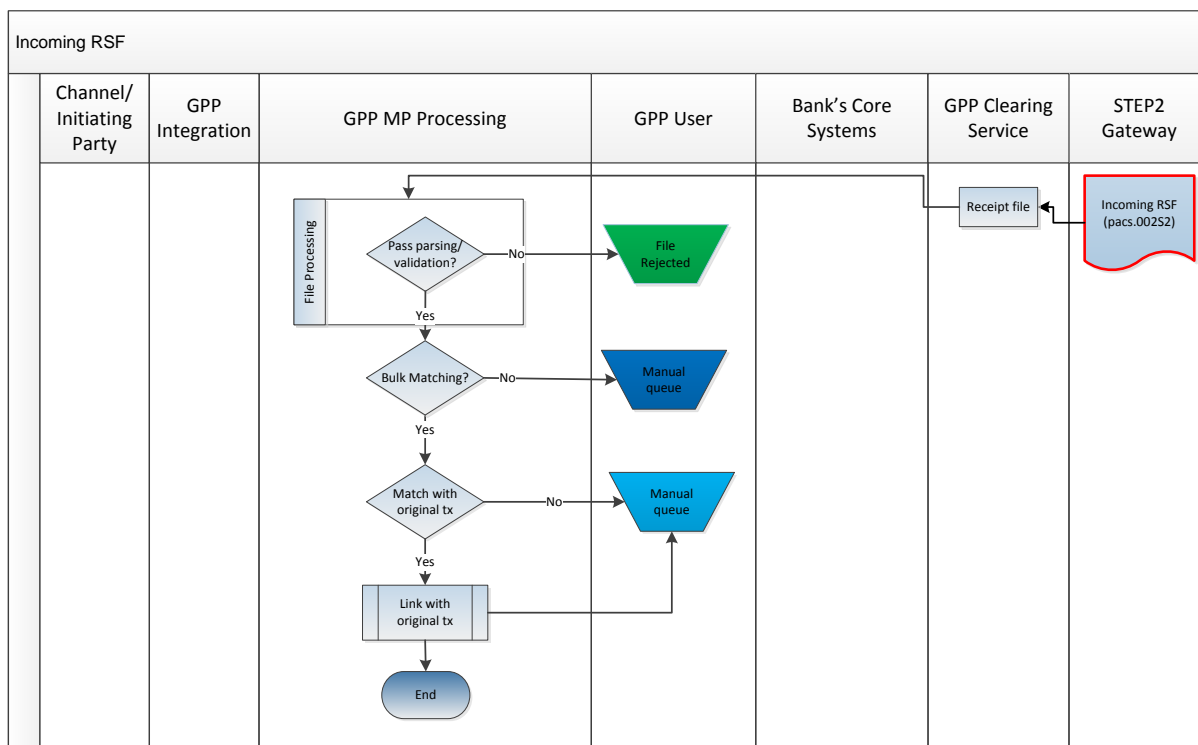
For details, see RSF File and Bulks Matching and Handling (by the Sender).

3.4 Incoming Request for Cancellation

Use Case Name	Incoming Request for Cancellation
Actors	User, Banks core systems, STEP2 Gateway.
Description	This use case defines incoming Request for Cancellation initiated by the Originating Bank, received from STEP2.
Trigger	STEP2 sends a file containing Request(s) for Cancellation.
Pre-conditions	Request for cancellation initiation is well-formatted and has mandatory information as defined by SEPA camt.056 incoming message
Post-conditions	Request for cancellation is matched to original DD, collection is cancelled and the incoming Request for cancellation/Reversal message is completed successfully. No funds are debited from the debtor
Basic flow	GPP receives a file containing Request(s) for Cancellation and is can process it successfully to complete, matching it with an original collection.
Alternate flows	• Request for Cancellation is unmatched. • Request for Cancellation cannot be processed

3.4.1 Incoming Request for Cancellation from STEP2

GPP receives and processes incoming files that contain transaction messages.

3.4.1.1   Incoming Request for Cancellation from STEP2 Workflow
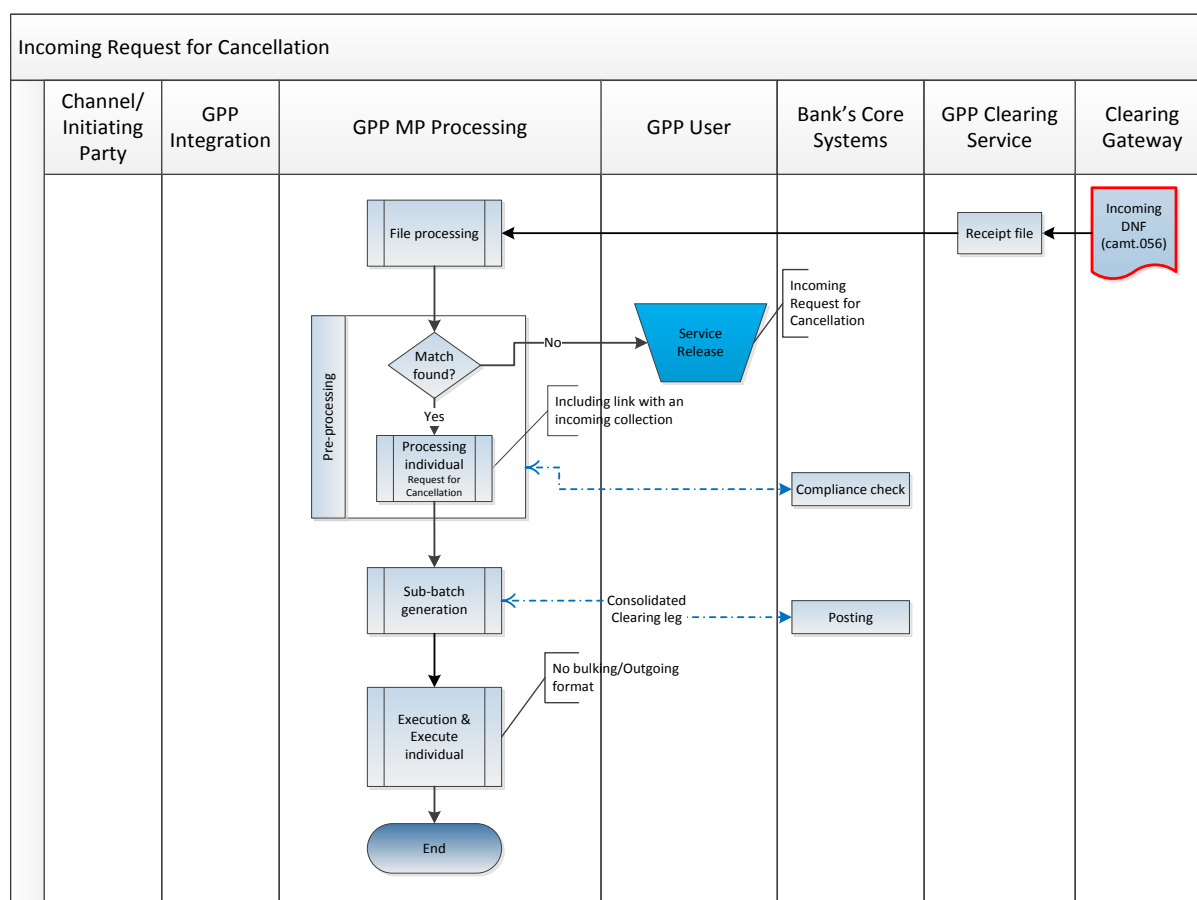
Processing begins upon the receipt of a mass payments file, which includes Requests for Cancellation (camt.056 messages). GPP receives the file and starts File processing.

After the file is parsed and validated successfully, GPP generates the individual transactions and starts the pre-processing flow.

When identifying that the incoming transaction is a Request for Cancellation, GPP attempts to match the incoming message with the original collection message and then performs validations on the received Request for Cancellation, as well as on the matched collection.

Some of the validations performed:

- For incoming Request for Cancellation, GPP may check:
    - o   It was not received too late
- For the matched collection, GPP checks:
    - o   The collection was not already cancelled/rejected.
    - o   It is expected that the collection is in Scheduled queue (as the Request for Cancellation is a pre-settlement message) and not already completed. If the collection is in a different manual queue or awaiting interface, see Incoming Request for Cancellation Matches Collection in Manual Queue.

When validations are completed successfully, the original DD is cancelled and the incoming request message is set to Complete.

Note: Consolidated clearing leg depends on the accounting model performed (whether net or gross).

3.4.1.1.1   Incoming Debit Notification File (DNF)

GPP receives incoming file containing camt.056 messages from STEP2 with File header of DNF (Debit Notification File) as generated by STEP2.

3.4.2   Incoming Request for Cancellation Unmatched

See [Incoming Request for Cancellation from STEP2 Workflow](#).

When the incoming Request for cancellation is unmatched, the message is routed to Service Release from which the user can review and investigate the message. From this queue, a user can perform two actions to resolve the unmatched cancelation request/Reversals after investigation:

- Release (Release button): For an unmatched Request for Cancellation, the incoming Request for Cancellation is routed to Service Complete, and no funds are credited to the debtor.

- Cancel (Cancel button): The incoming Request for Cancellation is routed to Service Cancelled.

The incoming message that is routed to a manual queue, is removed from the sub-batch. The sub-batch accounting is adjusted outside of the GPP flow.

3.4.3   Incoming Request for Cancellation Matches Collection in Manual Queue

When the incoming Request for cancellation matches a collection in Manual queue (other than Scheduled) or when it matches a collection that is awaiting answer from interface, the incoming Request for Cancellation can either be routed to a manual queue for further review and investigation by a user (subject to business rules setup), or it can continue its regular processing, cancelling the collection.

3.4.4   Incoming Request for Cancellation Matches a Completed Collection

This rare occurrence may cause GPP to regard the Request for Cancellation as Reversal, or cancel the incoming Request for Cancellation, subject to business rules setup.

3.4.5 Incoming Request for Cancellation Fails Processing

3.4.5.1 Incoming Request for Cancellation Fails Processing Workflow
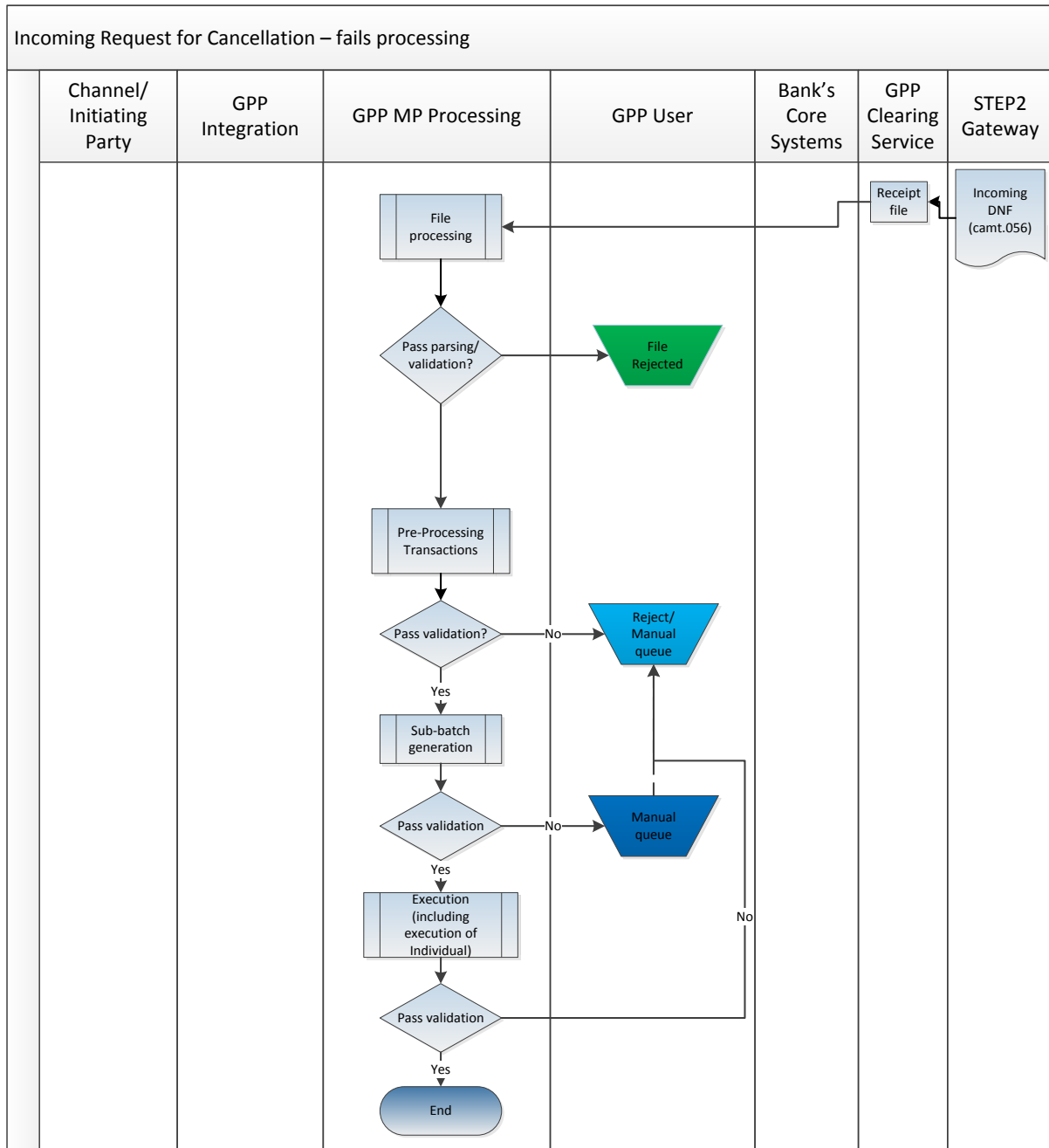
GPP receives and processes incoming files from STEP2 that contain transaction messages. Processing begins upon the receipt of a mass payment file, containing camt.056 messages. GPP receives the file and starts File processing.

The failure occurs in either one of the steps detailed in the processing of the transaction. As a result of any failure, GPP does not automatically reverse any accounting or statuses, but the incoming message is sent to a manual queue for user to investigate and take manual action, possibly outside of GPP.

Additionally, an incoming message can be parked in a wait queue, awaiting answer from an external interface.

3.5   Incoming Reversal

Use Case Name	Incoming Reversal
Actors	User, Banks core systems, STEP2 Gateway.
Description	This use case defines incoming Reversal initiated by the Originating Bank, received from STEP2.
Trigger	STEP2 sends a file containing Reversals.
Pre-conditions	Reversal initiation is well-formatted and has mandatory information as defined by SEPA pacs.007 incoming message
Post-conditions	Reversal is matched to original DD, collection is reversed, funds are credited back to debtor and the Reversal incoming message is completed successfully.
Basic flow	GPP receives a file containing Reversals and is can process it successfully to complete, matching it with an original collection.
Alternate flows	• Reversal is unmatched. • Reversal cannot be processed. • Reversal re-activates mandate (for mandate cancelled by previous collection). • Incoming RSF for Incoming Reversal

3.5.1   Incoming Reversal from STEP2

GPP receives and processes incoming files that contain transaction messages.

Processing begins upon the receipt of a mass payment file, which includes Requests for Cancellation (such as a file containing camt.056 messages). GPP receives the file and starts File processing.

After the file is parsed and validated successfully, GPP generates the individual transactions and starts the pre-processing flow.

When identifying that the incoming transaction is a Reversal, GPP attempts to match the incoming message with the original collection message and then performs validations on the received Reversal, as well as on the matched collection.

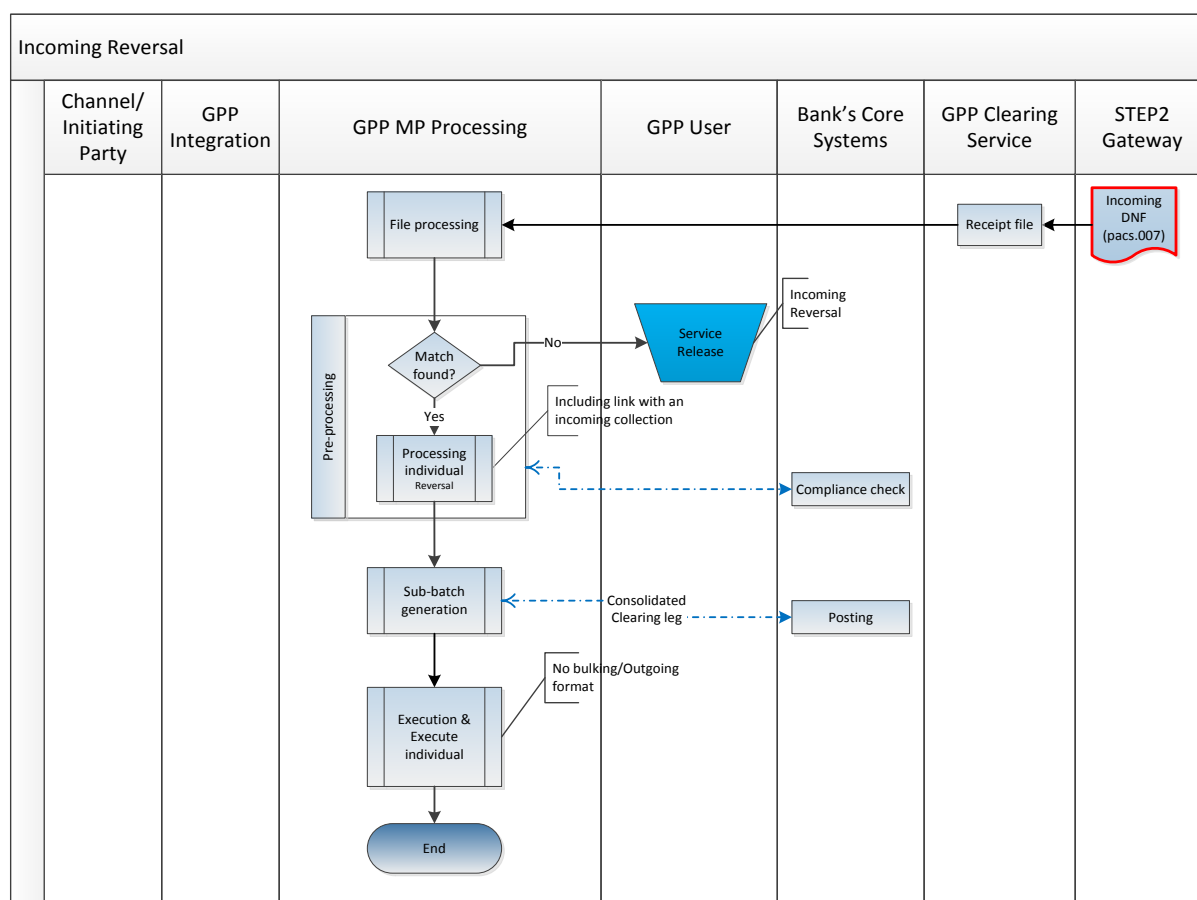### 3.5.1.1　Incoming Reversal from STEP2 Workflow

GPP receives and processes incoming files that contain transaction messages.

Processing begins upon the receipt of a mass payment file, which includes Requests for Cancellation (file containing pacs.007 messages). GPP receives the file and starts File processing.

After the file is parsed and validated successfully, GPP generates the individual transactions and starts the pre-processing flow.

When identifying that the incoming transaction is a Reversal, GPP attempts to match the incoming message with the original collection message and then performs validations on the Reversal, as well as on the matched collection.

Some of the validations performed:

- For incoming Reversal, GPP checks:
  o It was not received too late
  o Compliance check
- For the matched collection, GPP checks:
  o The collection was not already cancelled, rejected or returned
  o It is expected that the collection is in Complete

When validations are completed successfully, the original collection is cancelled and the incoming request message is set to Complete.

3.5.1.1.1   Interchange Fee (AT-R8)

Subject to the SEPA Regulation, participants may have interchange fee arrangements. This is a fee paid between the Debtor Bank and the Creditor Bank for direct debit transactions.

For R-messages, an Interchange Fee may be charged as part of the R-transaction, by providing attribute (AT-R8). This attribute can be present in both CORE and B2B SDD Schemes for Rejects (pacs.002) Return/Refund (pacs.004) and Reversals (pacs.007).

When charges are present, the Reversed Interbank Settlement Amount (in the R-message) is equal to the Original Interbank Settlement Amount (in the R-message) + Charges Amount (in the message).

3.5.1.1.2   Incoming Debit Notification File (DNF)

GPP receives an incoming file containing pacs.007 messages from STEP2 with File header of DNF (Debit Notification File) as generated by STEP2.

3.5.2   Incoming Reversal Reactivates Mandate

When the collection matched to the incoming Reversal has cancelled the mandate (for example, the collection's sequence type was FNAL), the processing of the Reversal triggers a mandate re-activation use case.

3.5.3   Incoming Reversal Unmatched

See Incoming Reversal from STEP2 Workflow.

When the incoming Reversal is unmatched, the message is routed to Service Release from which the user can review and investigate the message. From this queue, a user has these actions to resolve the unmatched Reversals after investigation:

- Release (Release button): The incoming Reversal continue its processing as an incoming CT.
- Cancel (Cancel button): The incoming Reversal is routed to Service Cancelled, and no funds are credited to the end customer.

Incoming message that is routed to manual queue, is removed from the sub-batch. The sub-batch accounting is adjusted outside of the GPP flow.

3.5.4 Incoming Reversal Fails Processing

3.5.4.1 Incoming Reversal Fails Processing Workflow
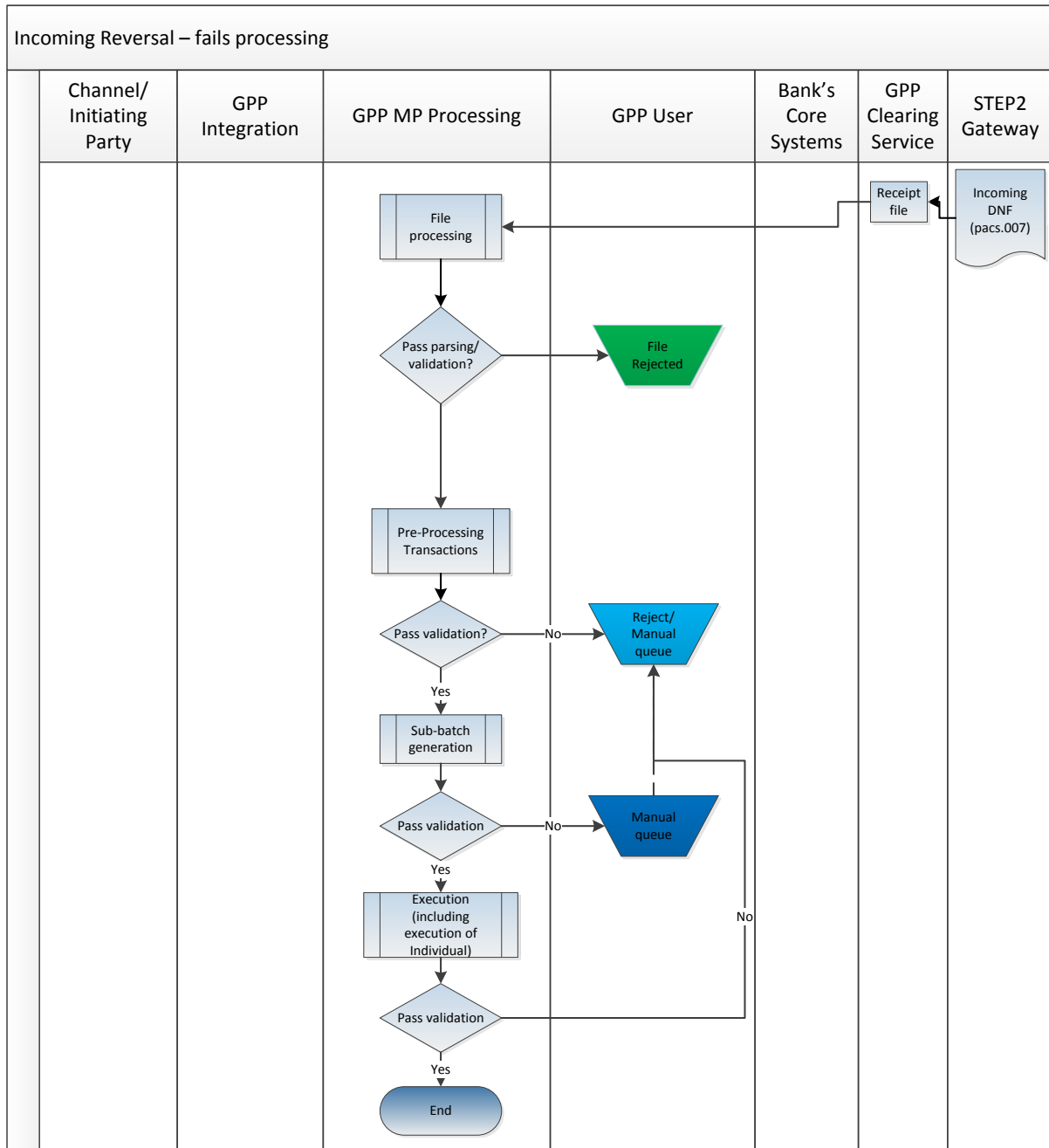
GPP receives and processes incoming files from STEP2 that contain transaction messages. Processing begins upon the receipt of a mass payment file, containing pacs.007 messages. GPP receives the file and starts File processing.

The failure occurs in either one of the steps detailed in the processing of the transaction. As a result of any failure, GPP does not automatically reverse any accounting or statuses, but the incoming message is sent to a manual queue for the user to investigate and take manual action, possibly outside of GPP.

Additionally, an incoming message can be parked in a wait queue, awaiting answer from an external interface.

3.5.5   Incoming Reversal with Incoming RSF

Receiving Direct Participants are notified of any cancelled instructions at settlement level via a Results of Settlement File (RSF). The RSF is delivered to the relevant Direct Participants during the output phase of the daily cycle.

3.5.5.1   Outward Reversal with Incoming RSF Workflow
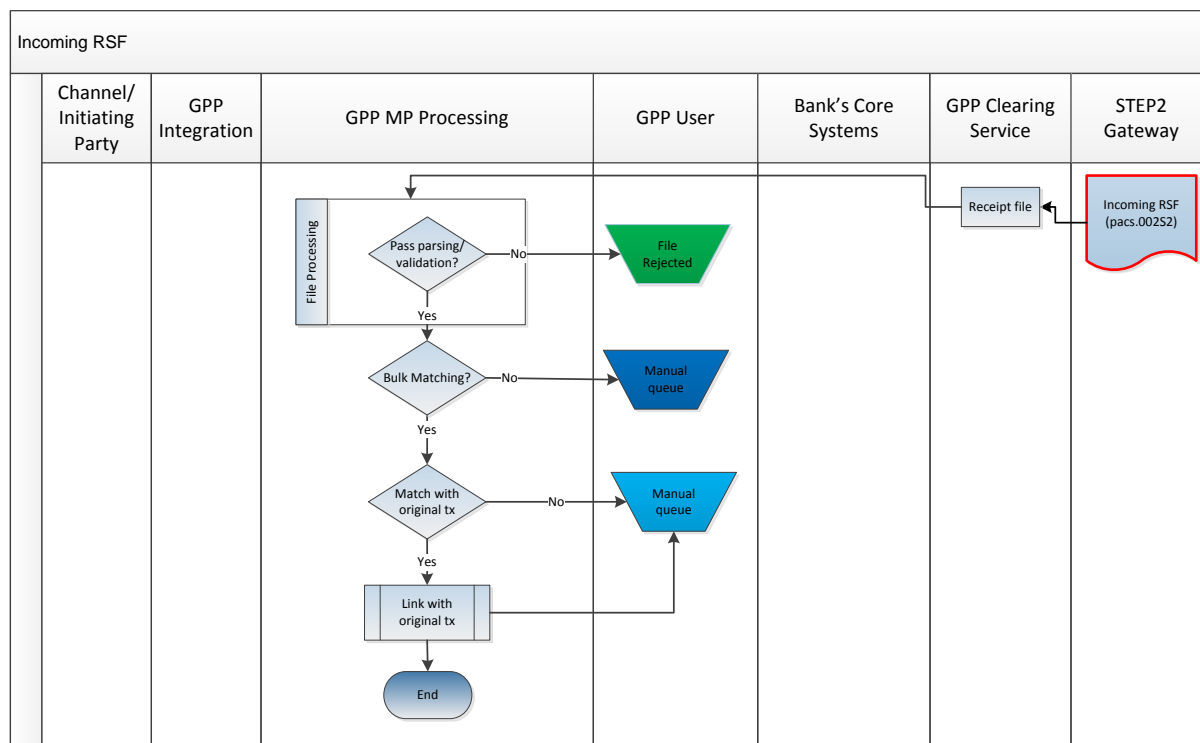
For details, see RSF File and Bulks matching and handling (by the receiver).

3.6   Outward Reject

Use Case Name	Outward Reject
Actors	User, Banks core systems, STEP2 Gateway.
Description	This use case defines the outward Reject sent from the Receiving Bank. The reject message indicates the receiving bank's rejection of the originating bank's collection (and does not include the return of the funds).
Trigger	User manually rejects the collection.
Pre-conditions	Collection is received, and is awaiting settlement
Post-conditions	Collection is rejected. IDF file is generated, formatted as per STEP2 specifications, and sent to STEP2
Basic flow	User rejects the collection
Alternate flow	• Reject is rejected by STEP2 by DVF • plus existing alternate flows as described in the GPP Business Guide Mass Payments, for use case Outward Reject, Automatically Generated

3.6.1   Outward Reject via STEP2

GPP user initiates the outgoing reject flow using the GPP user interface.

A user in the receiving bank searches for and navigates to an original pre-settled collection message in a manual queue, and initiates the rejection by clicking the Reject button.

3.6.1.1   Outward Reject via STEP2 Workflow

Outward Reject, pre-settlement
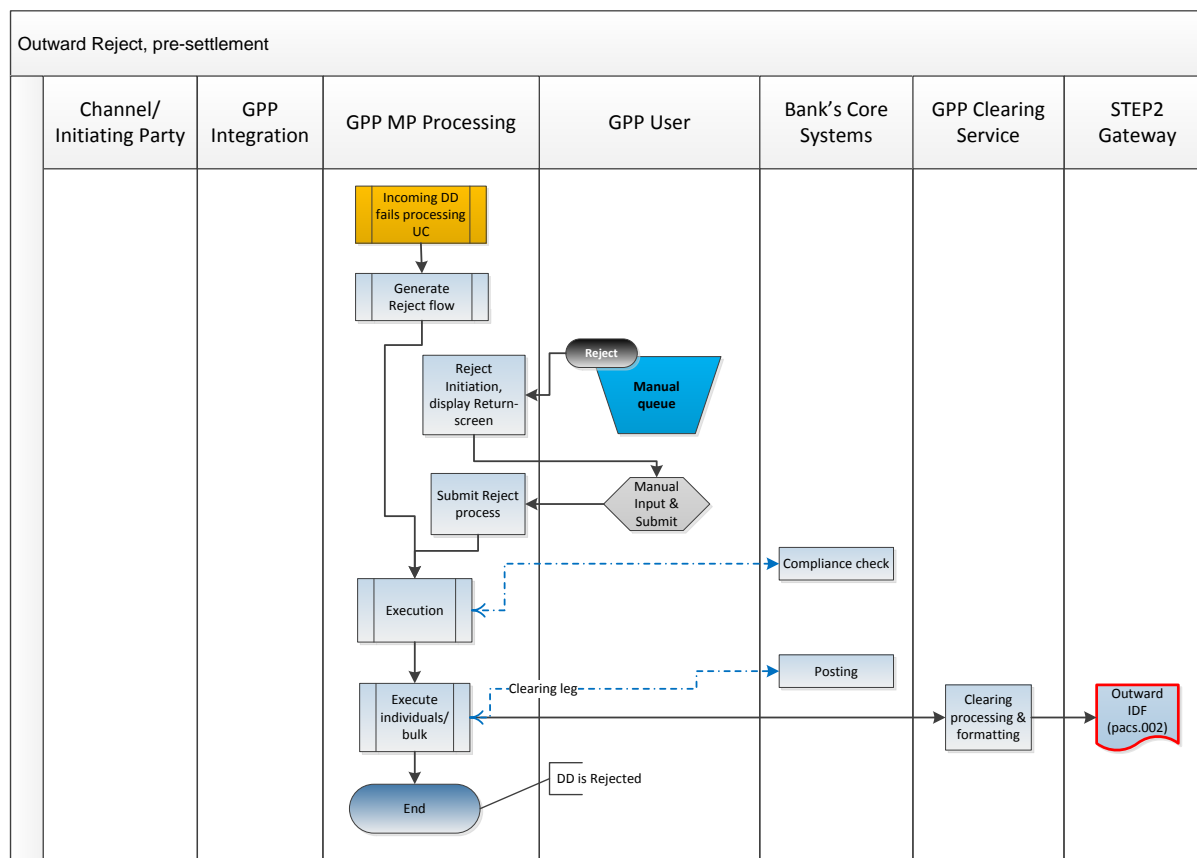
3.6.1.1.1   Manual Input by User

- Reject Initiator: The initiator of the Reject can be one of the following:
  - Bank: The initiating bank's BIC, which is the default value.
  - Customer: The debtor customer's name.
- Reject Reason: The reason for rejecting the collection, as per STEP2 specific reason codes.

Note: The list of available error codes for the Reject message is detailed in the SDD Interface Specification provided by EBA.

3.6.1.1.2   Interchange Fee (AT-R8)

Subject to the SEPA Regulation, participants may have interchange fee arrangements. This is a fee paid between the Debtor Bank and the Creditor Bank for direct debit transactions.

For R-messages, an Interchange Fee may be charged as part of the R-transaction, by providing attribute (AT-R8). This attribute can be present in both CORE and B2B SDD Schemes for Rejects (pacs.002) Return/Refund (pacs.004) and Reversals (pacs.007).

3.6.1.1.3   Outgoing Input Debit File (IDF)

GPP generates the outgoing file containing pacs.002 messages to STEP2 with File header of IDF as expected by STEP2.

3.6.2   Outward Reject with Incoming DVF

Irrespective of the result of validation, only one Debit Validation File (DVF) is returned per transmitted Input Debit File (IDF) to the sending Direct Participant indicating the success or failure of the validation process.

Note: If the Direct Participant exceeds the maximum number of IDFs per Direct Participant per settlement cycle, enforced by the STEP2 Central System, STEP2 returns a single DVF with error code R24 when the first file in excess of the limit is processed; additional IDFs received from the DP in the current settlement cycle are also rejected, but the DVF is not sent.

The process of this DVF file is described in the GPP Business Guide Mass Payments, Incoming ACH-Rejection use case.

3.6.2.1   Outward Reject with Incoming DVF Workflow
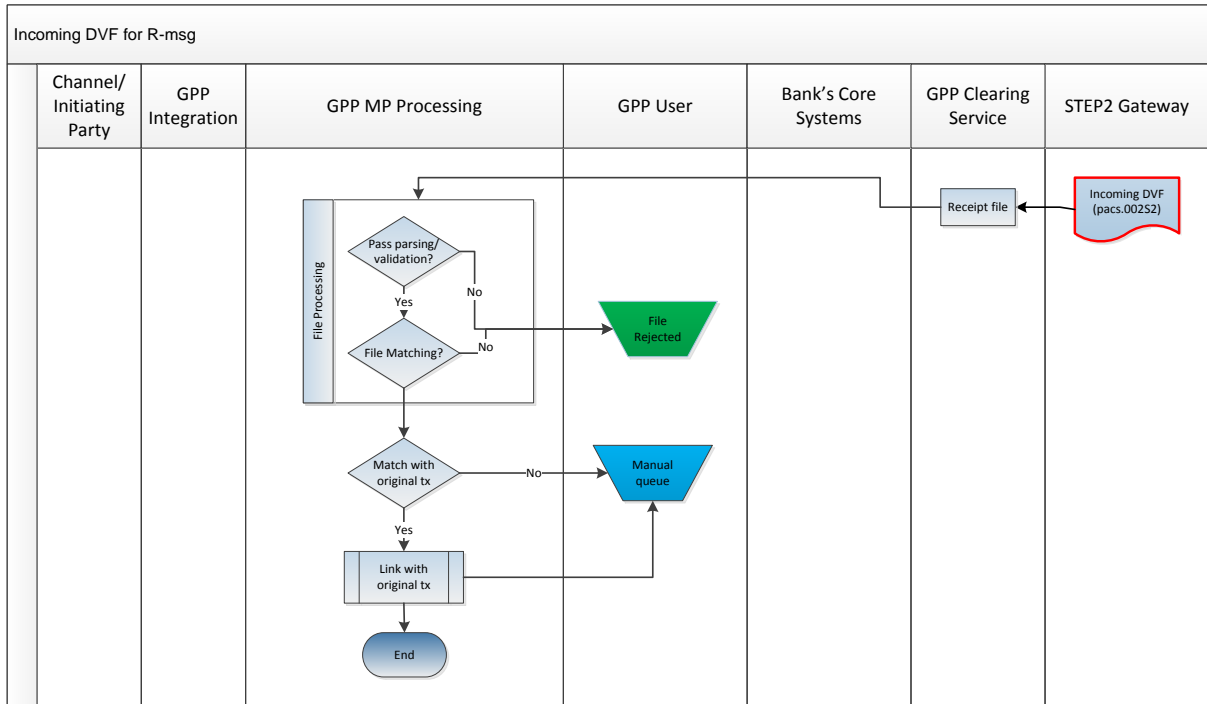
For details, see DVF File and Bulks Matching and Handling.

3.7   Outward Return/Refund

Use Case Name	Outward Return/Refund
Actors	User, Banks core systems, STEP2 Gateway.
Description	This use case defines the outward Return/Refund sent from the Receiving Bank. This message indicates the receiving bank's is reversing funds, crediting back the debtor for the amount of the original collection (potentially including compensation and charges).
Trigger	User manually returns the collection.
Pre-conditions	Collection is either during processing or already successfully completed.
Post-conditions	Collection is returned, funds are reversed (if were already debited from the customer), IDF file is generated, formatted as per STEP2 specifications, and sent to STEP2
Basic flow	User returns/refunds the collection
Alternate flow	• B2B Return (has a shorted cycle) • B2B Refund is not allowed • Return/Refund re-activates mandate (for mandate cancelled by previous collection). • plus existing alternate flows as described in the GPP Business Guide Mass Payments, for use case Outward Return/Refund, Automatically Generated.

3.7.1   Outward (Core) Return/Refund via STEP2

GPP user initiates the outgoing return flow using the GPP user interface.

A user in the receiving bank searches for and navigates to an original settled collection message in Complete queue (or a collection which still resides in a manual queue after its interbank settlement date), and initiates the return by clicking the Return button.

3.7.1.1　Outward Return/Refund via STEP2 Workflow
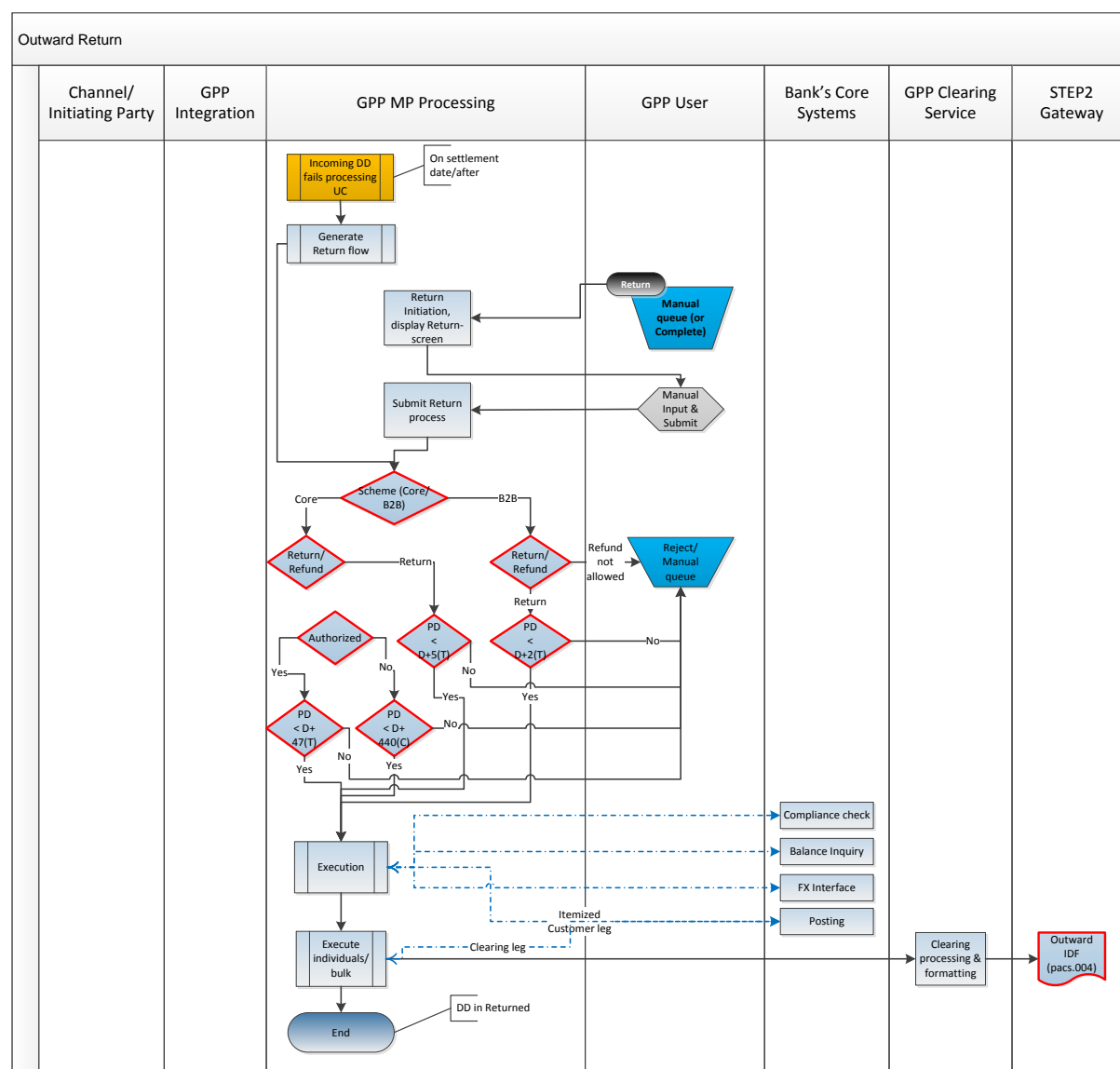
3.7.1.1.1　Manual Input by User

After GPP generates an outward return message, using attributes from the original collection, the GPP user must review the message and enter mandatory user-determined fields before submitting the message:

- Initiator: The initiator of the return action, can be one of the following:
  - Bank: The initiating bank's BIC, which is the default value (the message will be regarded as Return)
  - Customer: The initiating customer's name (the message will be regarded as a Refund).
- Reason: The reason for returning the collection message, as per STEP2 specific reason codes.
- Compensation: this is an optional field, allowed only for Refunds (initiated by Customer). For more details, see Compensation (AT– R6)

Note: The list of available error codes for the Return/Refund message is detailed in the SDD Interface Specification provided by EBA.

Before transmitting the message, GPP verifies that the return/refund is within the allowed time limit, further details in section Return/Refund Submission Date. One of the following occurs:

- If the return occurs within the allowed time limit, GPP continues processing.

- If the return occurs after the allowed time limit, GPP generates an error message, routes the return message to the Rejected queue, and stops processing the return.

3.7.1.1.2　Return/Refund Submission Date

The latest date on which a Return (initiated by Bank) can be submitted by the Debtor Agent after the after the Interbank Settlement date (of the direct debit to be returned) is:

- For Core scheme – 5 TARGET days

- For B2B scheme – 2 TARGET days

The latest date which a Refund (initiated by customer) can be submitted by the Debtor Agent after the after the Interbank Settlement date (of the direct debit to be returned) is:

- For an authorized Core Refund – 47 TARGET days

- For a non-authorized Core Refund – 440 calendar days

3.7.1.1.3　Interchange Fee (AT-R8)

Subject to the SEPA Regulation, participants may have interchange fee arrangements. This is a fee paid between the Debtor Bank and the Creditor Bank for direct debit transactions. For R-messages, an Interchange Fee may be charged as part of the R-transaction, by providing attribute (AT-R8). This attribute can be present in both CORE and B2B SDD Schemes for Rejects (pacs.002) Return/Refund (pacs.004) and Reversals (pacs.007).

For Refunds and Returns, the Returned Interbank Settlement Amount (in the R-message) is equal to the Original Interbank Settlement Amount (in the R-message) + the Compensation Amount (in the R-message) + Charges Amount (in the R-message).

3.7.1.1.4　Compensation (AT– R6)

The Debtor Bank has the right to receive compensation, called the Refund compensation, from the Creditor Bank for the related interest loss incurred by the Debtor Bank. Compensation amount is additional to the original interbank amount and it can be either credited to the Debtor bank or to a debtor account. This amount is passed in the DD transaction using a dedicated XML element field. The compensation amount is validated using EONIA rates. This is achieved by setting Interest Type for EONIA in the Interest Types profile and the relevant rates for each month in the Interest Rates profile.

On the debtor bank side, the compensation is calculated based on the relevant interest type, interest rate, number of holding calendar days and the collection amount.

3.7.1.1.5　Outgoing Input Debit File (IDF)

GPP generates the outgoing file containing pacs.004 messages to STEP2 with File header of IDF as expected by STEP2.

3.7.2　Outward B2B Return

For B2B scheme, a Return has a shorter cycle, i.e. the latest date on which a Return can be submitted by the Debtor Agent is 2 TARGET days after the due date.

3.7.3   Outward B2B Refund Not Allowed

GPP prohibits the generation of outward Refund for the B2B scheme.

An exception handling of post settlement R-messages originated by Customer (Debtor) occurs on Maturity Date (D day). EPC allows Refusals to be generated on Maturity Date (D day). If the Refusal is processed on D day after cutoff (i.e. post-settlement), GPP regards it as a Return, therefore clearing the Name of the Debtor from the customer originating this R-message and having the BIC of the local office in the Party originating this R-message.

3.7.4   Outward Return/Refund Reactivates Mandate

When the collection matched to the outward Return/Refund has cancelled the mandate (for example, the collection's sequence type was FNAL), the processing of the Return/Refund triggers a mandate reactivation Use Case.

3.7.5   Outward Return/Refund with Incoming RSF

Originating Direct Participants are notified of any cancelled instructions at settlement level via a Results of Settlement File (RSF). The RSF is delivered to the relevant Direct Participants during the output phase of the daily cycle.

3.7.5.1   Outward Return/Refund with Incoming RSF Workflow
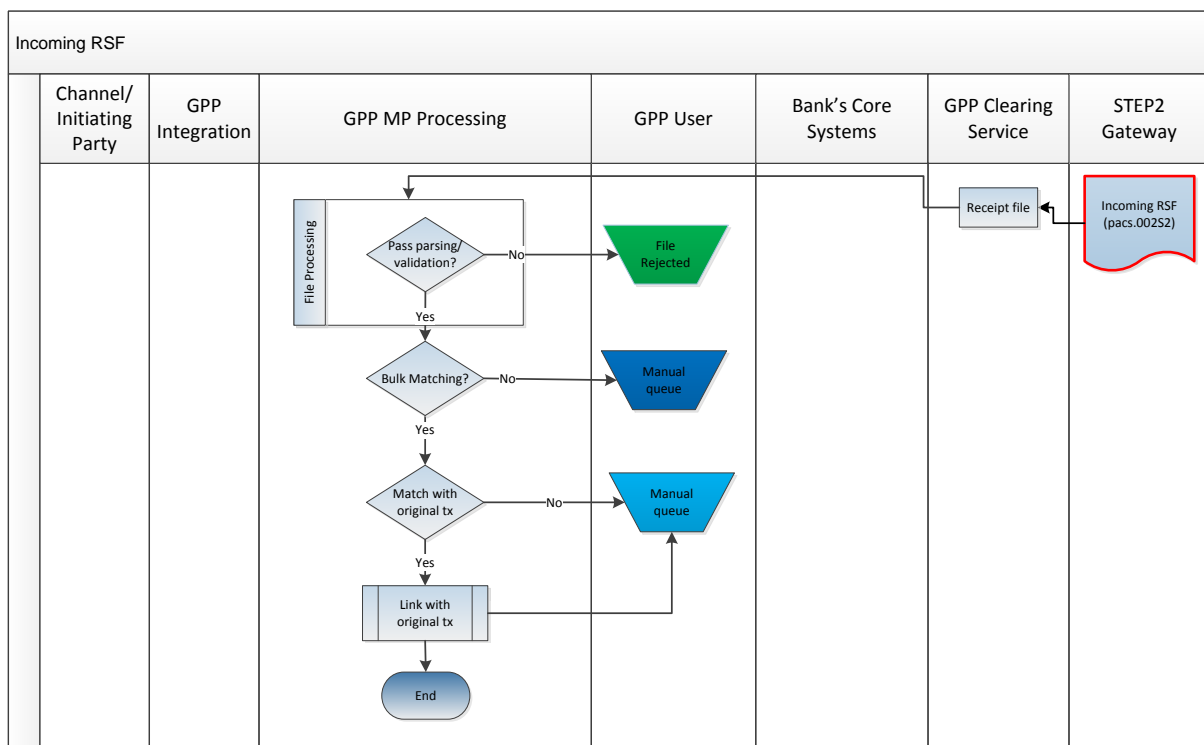
For details, see RSF File and Bulks Matching and Handling (by the Sender).

3.8   Incoming Reject

Use Case ID	SDD.8
Use Case Name	Incoming Reject
Actors	User, Banks core systems, STEP2 Gateway.
Description	This use case defines the incoming Reject sent from the Receiving Bank. The reject message indicates the receiving bank's rejection of the originating bank's collection (and does not includes the return of the funds).
Trigger	STEP2 sends a file containing Reject(s).
Pre-conditions	Collection was sent and is awaiting settlement
Post-conditions	Collection is rejected, funds are either not credited to Creditor, or funds are debited if previously credited (depending on accounting model and time of processing)
Basic flow	Reject message rejects the collection
Alternate flow	Existing alternate flows as described in the GPP Business Guide Mass Payments, for use case Incoming Reject.

3.8.1   Incoming Reject from STEP2

GPP receives and processes incoming files that contain transaction messages.

Processing begins upon the receipt of a mass payment file, which includes Rejects (such as a file containing pacs.002 messages). GPP receives the file and starts File processing.

After the file is parsed and validated successfully, GPP generates the individual transactions and starts the pre-processing flow.

When identifying that the incoming transaction as a Reject, GPP attempts to match the incoming message with the original collection message and then performs validations on the received Reject, as well as on the matched collection.

This use case is based on the Mass Payments Incoming Reject use case but with these STEP2 additions:

- Interchange Fee (AT-R8)
- Incoming Debit Notification File (DNF)

3.8.1.1   Incoming Reject from STEP2 Workflow
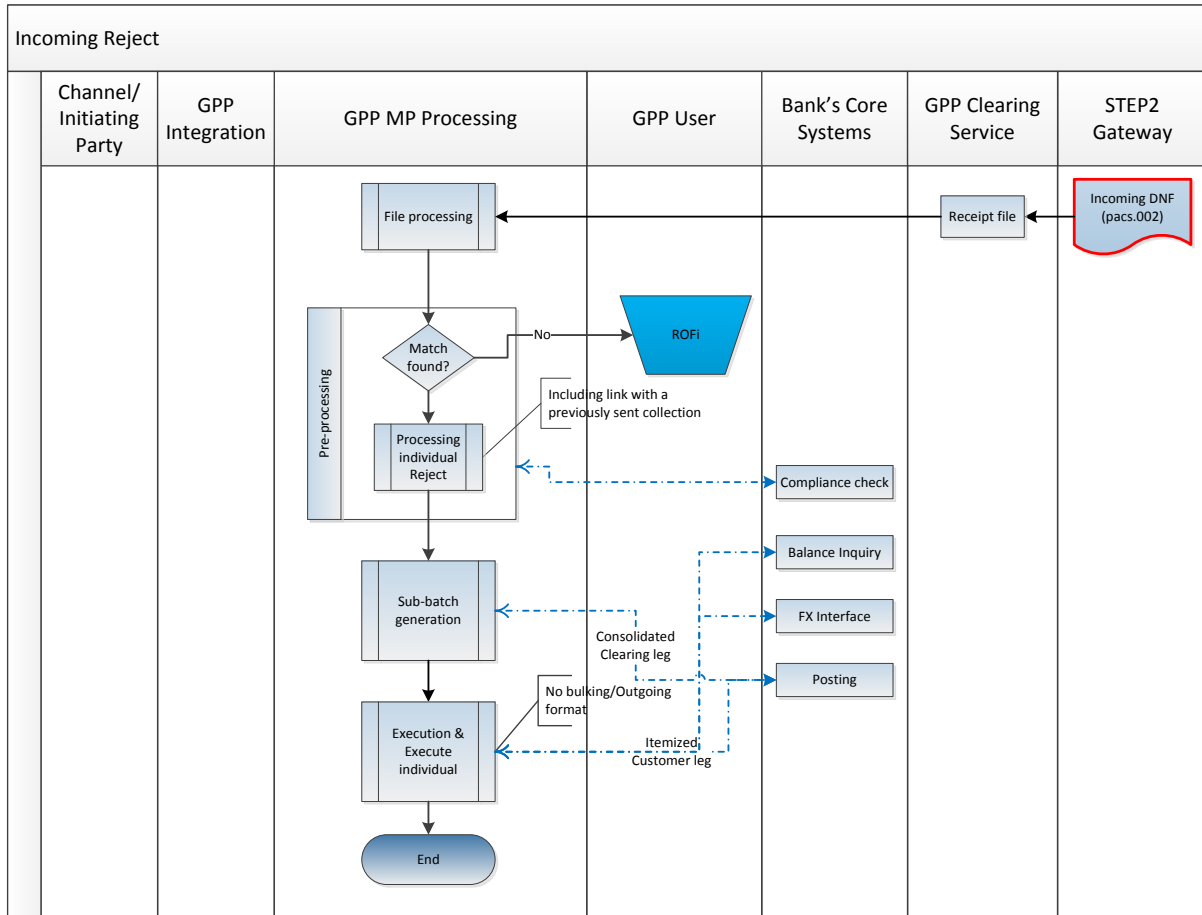
3.8.1.1.1   Interchange Fee (AT-R8)

Subject to the SEPA Regulation, participants may have interchange fee arrangements. This is a fee paid between the Debtor Bank and the Creditor Bank for direct debit transactions.

For R-messages, an Interchange Fee may be charged as part of the R-transaction, by providing attribute (AT-R8). This attribute can be present in both CORE and B2B SDD Schemes for Rejects (pacs.002) Return/Refund (pacs.004) and Reversals (pacs.007).

3.8.1.1.2   Incoming Debit Notification File (DNF)

GPP receives incoming file containing pacs.002 messages from STEP2 with File header of DNF (Debit Notification File) as generated by STEP2.

3.9   Incoming Return/Refund

Use Case Name	Incoming Return/Refund
Actors	User, Banks core systems, STEP2 Gateway.
Description	This use case defines the incoming Return/Refund sent from the Receiving Bank. This message indicates the receiving bank's is reversing the funds, crediting back the debtor for the amount of the original collection (potentially including compensation).
Trigger	The clearing sends a file containing Return(s)/Refund(s).
Pre-conditions	Collection was sent and settled
Post-conditions	Collection is returned, funds are reversed against the Creditor
Basic flow	The Return/Refund message sets the collection's status to Return
Alternate flow	Existing alternate flows as described in the GPP Business Guide Mass Payments, for use case Incoming Return/Refund.

3.9.1   Incoming Return/Refund from STEP2

GPP receives and processes incoming files that contain transaction messages.

Processing begins upon the receipt of a mass payment file, which includes Returns/Refunds (such as a file containing pacs.004 messages). GPP receives the file and starts File processing.
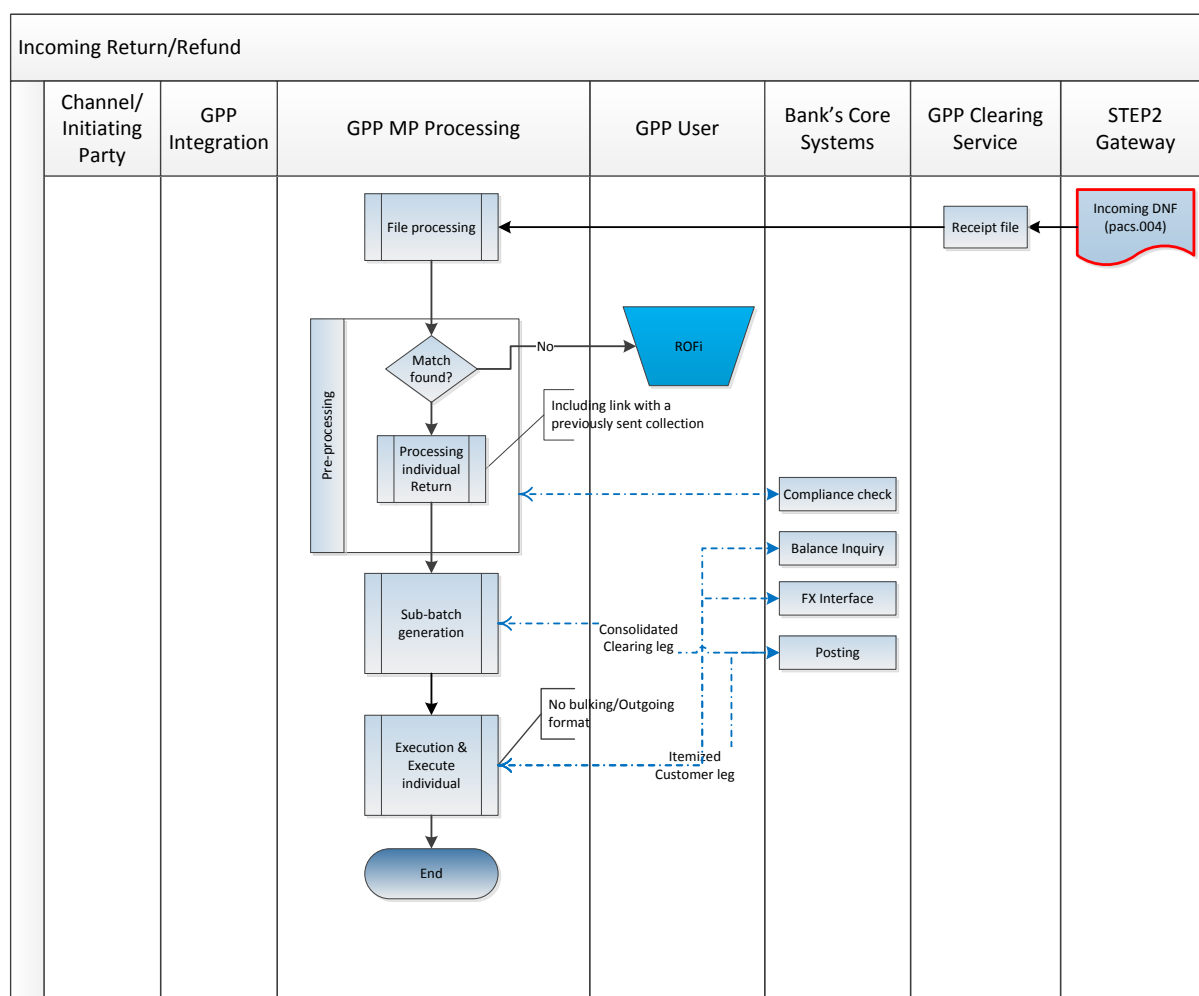
After the file is parsed and validated successfully, GPP generates the individual transactions and starts the pre-processing flow.

When identifying that the incoming transaction is a Return/Refund, GPP attempts to match the incoming message with the original collection message and then performs validations on the received Return/Refund, as well as on the matched collection.

This use case is based on the Mass Payments Incoming Return/Refund use case but with these STEP2 additions:

- Interchange Fee (AT-R8)
- Compensation (AT– R6)
- Incoming Debit Notification File (DNF)

3.9.1.1   Incoming Return/Refund from STEP2 Workflow

3.9.1.1.1   Interchange Fee (AT-R8)

Subject to the SEPA Regulation, participants may have interchange fee arrangements. This is a fee paid between the Debtor Bank and the Creditor Bank for direct debit transactions.

For R-messages, an Interchange Fee may be charged as part of the R-transaction, by providing attribute (AT-R8). This attribute can be present in both CORE and B2B SDD Schemes for Rejects (pacs.002) Return/Refund (pacs.004) and Reversals (pacs.007).

For Refunds and Returns, the Returned Interbank Settlement Amount (in the R-message) is equal to the Original Interbank Settlement Amount (in the R-message) + the Compensation Amount (in the R-message) + Charges Amount (in the R-message).

3.9.1.1.2   Compensation (AT– R6)

The Debtor Bank has the right to receive compensation, called the Refund compensation, from the Creditor Bank for the related interest loss incurred by the Debtor Bank. Compensation amount is additional to the original interbank amount and it can be either credited to the Debtor bank or to a debtor account. This amount is passed in the DD transaction using a dedicated XML element field.

The compensation amount is validated using EONIA rates. This is achieved by setting Interest Type for EONIA in the Interest Types profile and the relevant rates for each month in the Interest Rates profile.

On the creditor bank side:

- If the amount is not within the allowed tolerance range, the incoming R-message is sent to a manual queue where a user may either approve the amount or reject the R-message.

- GPP allows the creditor to specify an account to be used for compensation postings

3.9.1.1.3　Incoming Debit Notification File (DNF)

GPP receives an incoming file containing pacs.002 messages from STEP2 with File header of DNF (Debit Notification File) as generated by STEP2.

3.9.2　Incoming Return/Refund with Incoming RSF

Receiving Direct Participants are notified of any cancelled instructions at settlement level via a Results of Settlement File (RSF). The RSF is delivered to the relevant Direct Participants during the output phase of the daily cycle.

3.9.2.1　Outward Reversal with Incoming RSF Workflow
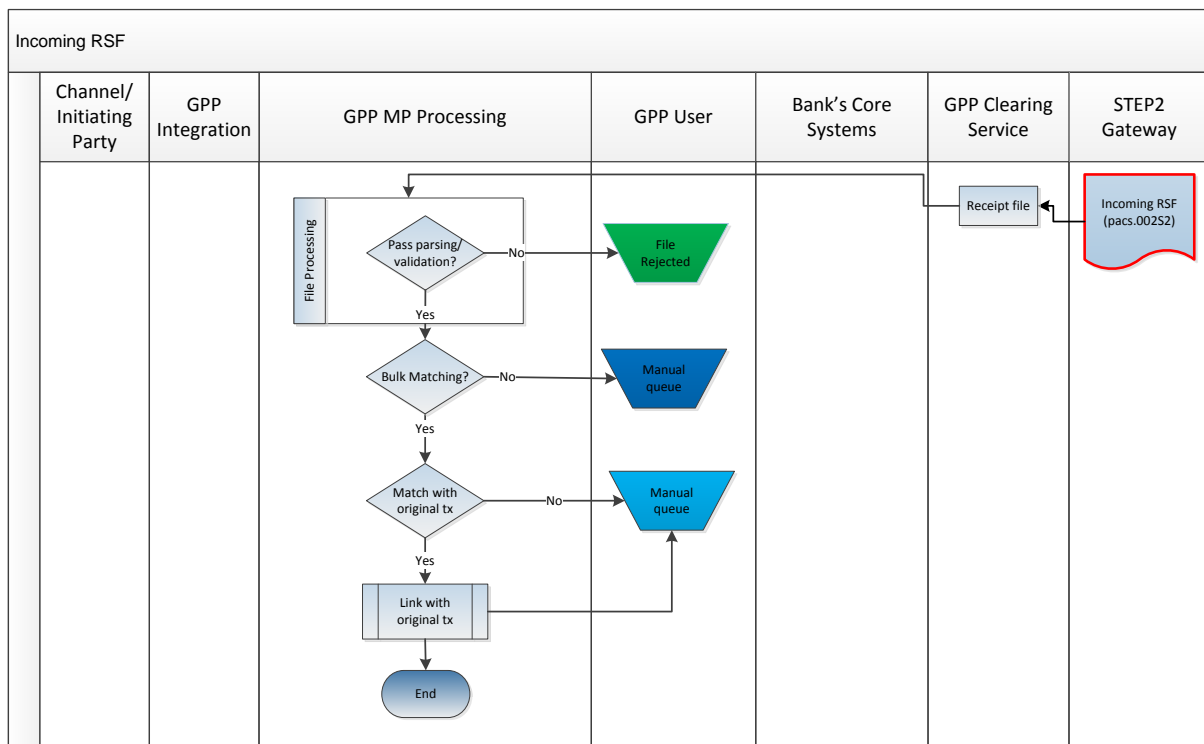
For details, see RSF File and Bulks matching and handling (by the receiver).

4   Processing

SEPA payments processing is based on the Mass Payments process which includes the following processes:

- Incoming and Outgoing File: GPP processes incoming and outgoing credit and debit message files and R-messages.

- Credit Transfer Recall - Debtor Bank: The GPP process begins when an originating (debtor) bank receives a file containing groups of recall requests, such as a pain.007 messages, from an initiating bank customer.

- Validation and Cancellation File Handling: GPP processes incoming validation and cancellation files.

These processes, including the workflows, are details in the GPP Business Guide Mass Payments.

The specific services and functional components within the general Mass Payments flow, that are relevant to SCT and SDD schemes requirements, and are on top of the existing validations and processing performed on Mass Payments messages, are detailed in this business guide.

4.1   SEPA – File Handling

4.1.1   File Validation

GPP validates the file integrity and content for example, header, trailer, field lengths

For each file received, GPP performs a duplicate check against previously received files.

The validations are performed as per the specifications and the parameters defined as identification and matching criteria of SEPA files.

4.1.2   Incoming Files from STEP2

Processing report files that arrived from STEP2 (DVF/CVF, RSF and CDF/CCF) may cause performance issues due to the need to process a large quantity of additional transactions. In addition, in certain cases users may decide not to process such a file and, instead, resend the original file (this applies only to DVF/CVF).

For these reasons, it is possible to determine whether to immediately process a file or to wait for user decision based on business rules to route the file.

4.2   SEPA General – Individual Handling

4.2.1   Date Validation

Value date rules and calendars allow GPP to ensure the value/settlement date is correct and determine the correct processing date. Transactions received from originating customers can be sent to STEP2 according to flexible parameters.

Different rules can be defined for transactions as per their scheme (SDD Core/B2B and SCT) and also based on the transaction sequence type. For example, a first-time Core SDD message can be sent to STEP2 14 days prior to settlement or can be warehoused on GPP until the last possible day, which is five days prior to settlement.

4.2.2   Warehousing

GPP holds transactions in the Scheduled queue when the issuing of the payments or collections does not need to be done on the receipt date, or if the value/settlement date for an inward transaction is in the future.

GPP allows a flexible setup of required timelines for credit transfers, direct debits and R-messages per scheme (MOP).

4.2.3   End of Batch Reporting

After all of the transactions in a customer file have been pre-processed, a file containing the status messages can be generated and sent back to the channel or transformation layer for reformatting and delivery to the originating customer. This service is provided for customers who are set up for this type of advising.

This data file is in pain.002 format and provides information about each transaction that was rejected during pre-processing.

Appendix A: Glossary

This table provides definitions of terms used in this document.

Term	Description
GPP	Global PAYplus
SEPA	Single Euro Payments Area. A European financial infrastructure that creates a zone in which Euro payments (or any other agreed upon currency) are considered domestic.
MT	Message Type