

Change Request form

General Information (Origin of Request)		
<input type="checkbox"/> User Requirements Document (URD) <input type="checkbox"/> User Detailed Functional Specification (UDFS) <input type="checkbox"/> User Handbook (UHB) <input checked="" type="checkbox"/> Other User Functional or Technical Documentation (SYS)		
Request raised by: NCB	Institution: Banque de France	Date raised: 29 July 2024
Request title: Implementation of an "R-only transactions" BIC functionality		Request ref. no: TIPS-0080-SYS
Request type:		
1. Legal/business importance parameter: Medium	2. Market implementation efforts parameter – Stakeholder impact: Medium	
3. Operational impact: Low	4. Financial impact parameter: Low	
5. Functional/ Technical impact: Medium	6. Interoperability impact: Medium	
Requestor Category: National Central Bank	Status: Draft	

Reason for change and expected benefits/business motivation:

The proposed modification involves refining the TIPS Directory and CRDM configurations to incorporate an intermediate status for a Bank Identifier Code (BIC), addressing a specific need that arises in exceptional scenarios such as mergers. Currently, the system's configuration allows a BIC to only be categorized in two states:

- fully reachable, where it can receive instant payments transactions
or
- entirely deactivated

This binary setting may not adequately support certain operational and regulatory requirements during transitional phases such as mergers or restructurings. Some SCT Inst transactions require exception handling, because one of the parties involved does not or cannot process the transaction in the normal way. This exception handling involves the sending of messages called R-transactions.¹ When a BIC is assigned with the new proposed status "R-transaction only" (R-Only BIC), it is specifically configured to be unable to send or receive any new SCT Inst transaction, however, investigations and all other queries should continue to be processed regularly in TIPS, even in case an 'R-only' BIC is addressed.

Introducing such an intermediate status in the TIPS Directory and CRDM configurations is expected to reduce the overall transaction rejection rate. This reduction is anticipated because participants will have the ability to verify the status of a BIC prior to initiating a transaction. By knowing the transaction capabilities of a BIC in advance, financial institutions can avoid sending payments that are likely to be rejected, thereby streamlining operations, reducing unnecessary transaction volume, and enhancing overall system efficiency.

If an originator sends an IP to a BIC marked as "R-transaction only" nevertheless, the rejection generated by the system should contain a reason code, among those admitted by the EPC SCT Inst Implementation Guidelines, which potentially allows the reason for the rejection to be recognised, thus sparing the effort for each owner of an R-Only BIC to identify unwanted transactions and reject them by themselves with heterogeneous reason codes.

This change enhances compliance and operational efficiency during periods of transition. It also makes it easier for participants to comply with the SCT Inst scheme requirement to accept recalls for previously received payments for 13 months after settlement even in transitional scenarios as described above.

Description of requested changes:

Both the Authorised Account User (AAU) entity in CRDM and TIPS functionality should be changed in order to allow the possibility to express this intermediary status (i.e., a BIC unable to send or receive SCT Inst IP transaction, but accept recalls and investigation messages). The validity of the status is directly linked to the validity of the AAU object. Users with the relevant privilege (Update Authorised Account User) shall be able to modify the status of the BIC.

All the above-mentioned requested changes shall be implemented for all TIPS hosted currencies (current and upcoming/future ones).

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This new status should thus be reflected in any TIPS Directory regardless of the specific currency. The same requirement shall also apply to the dedicated screen in CRDM (TIPS DIR search/list screen).

TIPS transaction processing needs to be adapted in order to automatically identify and reject any transaction that does not comply with the designated status of a BIC. Specifically, TIPS should be changed in order to automatically reject any incoming pacs.008 Instant Payment transaction which contains an R-Only BIC as either Originator PSP or Beneficiary PSP.

Submitted annexes / related documents:

https://www.ecb.europa.eu/paym/target/target-professional-use-documents-links/tips/shared/pdf/tipsmeetdoc/ecb.tipsmeetdoc240611_TIPS-CG_CR_R_only_BICs.en.pdf?5a0dde33893071f18bb0985df78a0341

Proposed wording for the Change request:

High-level description of Impact:

Impacts on other projects and products:

Outcome/Decisions:

¹ [EPC004-16 \(europeanpaymentscouncil.eu\)](https://www.europeanpaymentscouncil.eu)