Will the sending of an MT 101 with multiple messages after 1st February 2014 be compliant with the SEPA Regulation (EC 260/2012)?

A note by the SEPA Migration Action Round Table

Background

The Request for Transfer (MT 101) is predominantly used as a cash management tool to manage accounts that are not held with a corporate's main bank. By initiating MT 101 messages, either directly in the SWIFT MA-CUG or SCORE environment or through the main Electronic Banking systems of banks, a corporate asks its main bank to instruct payments to be made from accounts that the corporate or its subsidiaries hold with other banks. The MT 101 thus serves as a means to provide the main bank with the information it needs for a payment instruction to another bank. The MT 101 exists as an individual message and in a format containing multiple messages.

Question on the relevance of the SEPA Regulation for the use of the MT 101

The SEPA Migration Round Table (SMART) has been faced with the question whether MT 101s containing multiple messages would be impacted by the SEPA Regulation (EC 260/2012). The SEPA Regulation states in Art. 5.1 (d) that where PSUs, which are not consumers or microenterprises, initiate or receive individual credit transfers or direct debits bundled together for transmission, ISO 20022 XML message formats must be used.

This raised the question whether the MT 101 could be considered as a bulk payment initiation message for payments to be cleared via SEPA-compliant channels and thus would need to be replaced with an ISO 20022 XML message from 1st February 2014 on if the main bank and the account-holding bank are located in the EEA.

Understanding shared by the SEPA Migration Action Roundtable participants

The common understanding in the SMART is that the multiple MT 101, as a special instrument belonging to the corporate cash management toolbox, might contain high and low value payments, which based on the specific indication in the message will be routed via a high or low value payments channel.

Depending on this routing, it is possible for low-value transactions to end up being processed as SEPA transactions following the mapping of these transactions into the SCT format.

The present document is based on the input and feedback of the participants in the SEPA Migration Action Round Table (SMART). SMART is a forum for banks and by banks, which is logistically supported by the Euro Banking Association. A list of the institutions that have endorsed the present note can be found on the last page of the document.

List of endorsing banks

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