



EUROPEAN COMMISSION

DIRECTORATE-GENERAL FOR FINANCIAL STABILITY, FINANCIAL SERVICES AND CAPITAL MARKETS UNION

Director General

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Mr Etienne Goosse
Director General
European Payments Council
Etienne.Goosse@epc-cep.eu

Subject: Geographical scope of SEPA schemes - Brexit

Dear Mr Goosse,

By letter of 18 December 2018, you asked the Commission services to *“identify whether there would be any objections from the perspective of the services of the European Commission against the continued participation of the PSPs from the UK within the geographical scope of the SEPA payment schemes or if you [the Commission services] would like to make any specific comments in this context.”*

The Commission notes that the decision as to whether a community of banks or financial institutions, which are equivalent to ‘payment service providers’ in the EU/EEA, from a non-EEA country or territory should be considered eligible to participate in the SEPA Schemes is taken by the EPC on the basis of the criteria adopted by the EPC and laid down in its document EPC061-14, Version 3.0 of 1 March 2018.

The Commission services appreciate the specific situation of the Applicant, who already participates in the geographical scope of the SEPA Scheme. Should this participation be interrupted, this may create in the Commission services’ view, a risk of disruption in the flow of payment transactions currently carried out in accordance with the SEPA Schemes between the EU and the Applicant’s country.

Therefore, should the EPC consider that its conditions to authorise the Applicant’s PSPs to remain within the geographical scope of the SEPA Schemes are met, the Commission services would not object to it, subject to the following conditions.

Firstly, the Commission services underscore the importance of the EPC applying its periodic membership review process envisaged in the EPC document containing the Participation Criteria, which states that: *“The EPC will reserve the right to carry out periodic checks on a successful Applicant's continuing compliance with the Participation Criteria”*.

The Commission recommends that the membership of the UK’s PSPs is reviewed within 12 months after the UK withdrawal from the Union and as periodically as necessary.

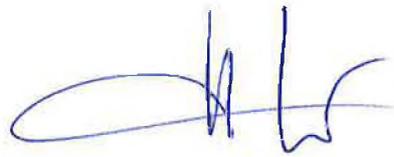
Secondly, the Commission services appreciate that the EPC is a private entity, which is outside the EU's institutional framework. However, the fact that the EPC gives the Commission a clear role to play in the assessment of applications to be part of the SEPA geographical scope shows a close interaction between the two entities and evidences a clear link between their respective objectives. This link is also demonstrated through the adoption in 2012 of the so-called 'SEPA Regulation' (Regulation (EU) No 260/2012), which provided the necessary legal framework for setting an end-date to the migration towards the SEPA Schemes developed by the EPC.

In light of the circumstances stated above, having regard to the political importance of SEPA notably for the international role of the euro and given the critical role played by the EPC in the SEPA and in the design of SEPA Schemes, the Commission services would invite the EPC to carefully consider whether it is at all appropriate that the Applicant, in the future, participate in the governance of the EPC even if the Applicant were to remain part of the geographical scope of the SEPA Schemes.

Finally, the Commission services reserve the right to reconsider at any time its own assessment in light of forthcoming developments. We would welcome regular updates on the situation from your side, including on the preparedness steps undertaken.

My services and I remain at your disposal should you wish to further discuss this matter.

Yours sincerely,



Olivier GUERSENT

Cc: M. Nava, E. Ducoulombier, K.Kobylińska-Hilliard