

MODIFICATION OF THE NATIONAL ELECTRONIC CLEARING SYSTEM REGULATION

The National Electronic Clearing System (SNCE), managed and operated by Iberpay through its CICLOM platform, is the Spanish retail payment system. The basic rules of the SNCE are the Regulation, which was amended at the beginning of 2022 in five key areas.

Firstly, the settlement procedure for instant credit transfers was updated due to the adaptations in the SNCE resulting from the decision of the Governing Council of the European Central Bank of 22 July 2020 to achieve pan-European reachability of instant payments through the TARGET Instant Payment Settlement service (known as "TIPS"). The following measures were taken:

- i) All payment service providers adhering to the European Payments Council's SEPA Instant Credit Transfer (SCT Inst) scheme and reachable in TARGET2 must be reachable in TIPS.
- ii) All clearing houses offering instant payment services have to migrate their technical accounts from TARGET2 to TIPS.

Secondly, in accordance with the recommendations of the European resolution authorities, this regulation includes for the first time the procedures for the resolution of institutions, referring expressly to the applicable legal regulation.

The third change is the gradual replacement of the exchange of certain documents in physical format by the exchange of their image. In this respect, the SNCE was created with the aim of making the exchange, clearing and settlement of transactions exclusively electronic. However, the facility for the physical exchange of certain documents, which was a function of the old clearing houses, is still maintained. The pandemic and mobility constraints have highlighted the unquestionable advantages of telematic transmission in terms of speed, reliability and security in commercial traffic. This represents the culmination of the automation process initiated with the creation of the SNCE.

Fourthly, the requirement for a minimum level of activity to be a direct participant in the SNCE was removed. The changes adopted by the system in recent years have significantly reduced settlement risk and, therefore, it no longer seems necessary to maintain such a requirement.

Lastly, following the process of opening up the system initiated in the previous regulation, in order to further facilitate the reachability of payment institutions and electronic money institutions vis-à-vis the SNCE, the geographical scope of origin of such institutions has been extended to the Single Euro Payments Area.