ANNEX 1

EACT FORMATTING RULES OF SEPA "UNSTRUCTURED" 140 CHRS FIELD FOR REMITTANCE INFORMATION

Introduction

The SEPA credit transfer dataset provides for a remittance information field, which may be used as follows:
• to carry XML-structured remittance information of up to 140 characters including tags
OR
• to carry unstructured remittance information of up to 140 characters.

The information provided in the remittance field will enable beneficiaries to reconcile receivable open items with payments.
In structured format the remittance information may contain extensive details of a limited number (max 3) of referred documents, identified by their document number or by a reference provided by the Creditor:
If the Creditor has indicated to the Debtor a structured Creditor Reference according to ISO 11649 or to a national/ proprietary standard , it is advisable to use that in the "structured " field
Only one Creditor Reference (i.e. one document) can be paid with a Creditor Reference in the standard structured SEPA message. A Finnish AOS (used by corporates, banks and ACH adhering to the scheme) allows inserting up to 9 References.

The **unstructured remittance** information field is completely under control of the initiator of the payment and may contain free text, formatted remittance information according to the EACT standard (**see Annex IV**) or any proprietary format.

The EACT formatting standard enables automated processing of remittance information by the beneficiary, irrespective of the format of the bank statement, but the information is also human-readable.
The EACT formatting standard supports free text; details of **multiple** documents referenced by document number or Creditor Reference; the customer number as assigned by the supplier; or reference details to a Remittance Advice which has been sent or made available separately.
If the unstructured field is used, Creditor References will not be checked by the banks for validity.
This separate Remittance Advice message or letter is used in case the remittance details do not fit in the available space of 140 characters and the originator does not want to split the documents over multiple payment instructions.

The Originator Bank and any intermediary institution or CSM must forward to the Beneficiary Bank in full and without alteration the remittance information supplied by the Originator in the Credit Transfer Instruction.

When the Originator provides a Structured Creditor Reference with a Credit Transfer Instruction, it is recommended that the Originator Bank checks the correctness of the Structured Creditor Reference at the point of capture by the Originator.

The Beneficiary Bank must also deliver remittance information in full and without alteration to the Beneficiary.

Communities of banks serving Customers within SEPA will be able to implement conventions (AOS) for structured remittance information and /or longer remittance information fields.

Formatting Rules

Optimisation of the usage of the Remittance Information field in **unstructured mode** is the object of this EACT formatting standard.

EACT recommends restricting the use of the structured remittance details to one occurrence of a Creditor Reference (according to the ISO 11649 or national standard) or to two documents. The structured option allows specification of more adjustments of the invoice amount, but this is not allowed in VAT-based countries.

As long as in Europe banks convert to and from SEPA XML messages in other formats, EACT recommend the use of the unstructured 140 character format, where the information is delivered to the beneficiary as formatted by the originator.

Although customer number and purpose may be provided in the message body, EACT recommends all elements mentioned below in the formatted Remittance Information field, even including some elements redundantly.

For Business to Business credit transfers specific information is required for the automatic reconciliation process (STP), which can only be contained in the **Remittance Information field**.

The following elements can be specified as remittance detail:
- The customer number, as issued by the Creditor.
- The unique reference, as issued by Creditor.
- Details of documents being settled.
- The purpose of the payment.
- The reference to a separate remittance advice message.
- Free text.

Formatting rules:

- Every "element" is preceded by a code ("tag"), placed between forward slashes.

- Multiple elements can be used; the code, placed between forward slashes, must be repeated between two elements of the same kind.

- Elements can be specified in any order.

- Components of a compound element are separated by a forward slash followed by a space (two characters, both for readability and to allow the use of individual slashes and spaces within elements).

- For compound elements (like invoices) a predefined sequence of components determines the meaning of the information, components being separated by a forward slash followed by a space.

Element codes:

CNR the customer number as issued by the Creditor (and specified on the invoice).

DOC for document reference (document may be invoice, debit note, credit note or any commercial document as basis for the payment).
A compound element.

CINV* for Commercial Invoice reference. A compound element.

CREN* for Credit Note reference. A compound element. Note that amounts if specified will be negative.

DEBN* for Debit Note reference. A compound element.

RFS a 25-character reference issued by the beneficiary, including check digits according to the ISO CD 11649 standard. A compound element.

RFB a reference issued by the beneficiary without check digits as in RFS. National standards may define fixed formats including check digits (e.g. the Norwegian KID). A compound element.

PUR purpose of payment, coded

URI identification of a Remittance Advice which is sent separately.

URL location where Remittance Advice is sent to.

TXT free text, to be used in combination with other structured elements.

Components of the compound elements:
- The reference number of the document

- The amount paid, signed (only to be specified if deviating from invoice amount, because of discount applied or partial payment). An optional element which needs to be specified if the next component is specified.
- The document date, the date the document was issued, in the format, YYYYMMDD an optional element.

Examples:

/CNR/876543/DOC/894584334/DOC/894584335/ 45.56/ 20092707
/CNR/876543/ means customer number 876543
/DOC/894584334 means invoice number 894584334 is paid as invoiced
/DOC/894584335/ 45.56 / 20092707 means for invoice 894584335 dated 27-07-2009 only 45.56 is paid

/CNR/876543/DOC/94584334/DOC/94584335/ 45.56/ 20092707/DOC/94584336/ -34.10
/CNR/876543 means customer number 876543
/DOC/94584334 means invoice number 94584334 is paid as invoiced
/DOC/94584335/ 20092707/ 45.56 means for invoice 94584335 dated 27-07-2009 only 45.56 is paid
/DOC/94584336/ -34.10 means 94584336 is a credit note at an amount of 34.10 deducted from the payment (if this would have been the credit note amount, it could have been omitted from the specification)

/CNR/876543/CINV/94584334/CREN/94584335
/CNR/876543 means customer number 876543
/CINV/94584334 means invoice number 94584334 is paid as invoiced
/CREN/94584336 is a credit note deducted from the payment.

/RFS/RF23567483937849450550875
This means that the ISO-reference provided by the creditor, including check digits, is specified.

/RFB/9876096598656344
This means that a reference provided by the creditor according to local standard is specified.
This may include check digits (like the Norwegian KID or the Dutch Acceptgiro reference). The amount is not specified as the amount paid is same as invoiced.

/RFB/9876096598656344/ 45.56/ 20092707
This means that a reference provided by the beneficiary according to local standard is specified, the date of the referenced document is 27-07-2009 and the amount paid is 45.56.

/PUR/SAL/TXT/salary number 1234578 November 2009
This specifies that the purpose is a salary payment for the month of November 2009.

/URI/8798877/URL/mailbox@system.company.com
This refers to separate Remittance Advice number 8798877, sent to the mail address specified.
 Note that character set restrictions may require to specify the @ as (at) if ERPs do not accept @

/CNR/876543/TXT/ADVANCED PAYMENT FOR PROJECT SAUDI ARABIA/TELECOM
Text in combination with the customer number.

Remarks.

- When the payment order requires more information than 140 characters the ERP system either splits the documents over multiple payments or generates a separate remittance advice.

- ERP systems can easily be programmed to populate the Remittance Information field in the proposed format. At the receiving side ERP systems can also easily be programmed to extract the relevant information.

- Current notation allows one adjustment and does not distinguish reasons for adjustment other than discount for early payment (the default reason).
  The US request to add a list of "adjustment reasons" that cover more than just "discount". This would create greater alignment with the US standard SPN820. We then recommend using the separate Remittance Advice message, or the structured option of remittance information.
  In VAT-based countries it is not allowed to "modify the invoice-amount" in the payment order for other reasons than discount for early payment. Any other reason for adjustment must be documented by a debit- or credit note.

- The contents of the Creditor Reference is determined by the invoicer and may include the invoice number only, but may also contain the customer number, and an identification of the business unit for which the invoice was issued. It may even contain the purpose of the invoice.
  By specifying the contents of the Creditor Reference (including the check digit) the invoicer determines which information in the Creditor Reference is required for his reconciliation process. The check digit (in general not available for invoice numbers) guarantees error free information.

- The type of document can be indicated by the specific tags CINV, DEBN or CREN or by the more general DOC. The beneficiary will recognise the type of document in his Accounts Receivable system based on the reconciliation with the unique reference.

END