



# Design Principles of a "SIC Instant Payments Bridge" for the SIC IP Service

Document for market consultation  
(15 August to 30 September 2024)

Rough concept

Version 1.0

## Document history

All the changes carried out in this handbook are listed below with the version designation, the change date, a brief description of the change and the specification of the chapters affected.

Version	Date	Change description	Chapter
1.0	15.08.2024	First edition	all

*Table 1: Change history*

Please address all suggestions, corrections, and proposed improvements to this document to:

**SIX Interbank Clearing Ltd**

Hardturmstrasse 201

CH-8005 Zürich

[consultation-ipb@six-group.com](mailto:consultation-ipb@six-group.com)

[www.six-group.com](http://www.six-group.com)

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If you notice any errors in this document or have any suggestions for improvements, we would be grateful to receive your feedback by email to [consultation-ipb@six-group.com](mailto:consultation-ipb@six-group.com).

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## 1 About this document

This rough concept is intended for all persons and institutions interested in the topic of Instant payments in Switzerland, including:

- Market participants, in particular providers of payment solutions that are not SIC participants and want to process payments via the SIC IP service in the future (collectively referred to as "payments schemes" in this document).
- Software and technology providers or other (financial) intermediaries who wish to integrate existing or future functions within the value chain using the SIC IP service.
- Financial institutions as SIC participants that are considering cooperating with the above-mentioned market participants.

The aim is to inform the financial centre about the rough concept of a so-called "Instant Payments Bridge" and to receive feedback in a structured form on this rough concept. The results of the consultation will serve as a basis for the Board of Directors of SIC Ltd and the Swiss National Bank to decide on how to proceed.

On behalf of the Board of Directors of SIX Interbank Clearing Ltd ("**SIC Ltd**"), this document was prepared by a project team of SIC Ltd, made up of both internal and external employees, in close cooperation with the Swiss National Bank ("**SNB**"). SIC Ltd reserves the right to adapt and amend this document at any time if necessary.

## 2 Executive summary

Since autumn 2023, SIC Ltd has been investigating how the potential of Instant payments ("IP") can be promoted for the Swiss financial centre. Account-holding financial institutions ("FIs") can execute IP customer payments via the SIC IP service as SIC participants. The "scheme on scheme" project was intended to enable providers of payment solutions (payment schemes) to process payments via the SIC IP service. The result of the project's analyses is the present rough concept for an Instant Payments Bridge ("IPB"). The possibility for payment schemes to process payments via the SIC IP service promotes the general use of IP, minimises counterparty risks in the market due to the immediate flow of liquidity and facilitates innovation.

This rough concept outlines a first draft of the possible design of the IPB and was developed with the participation of various payment systems: In an interaction phase, discussions were held with eleven interested market players who had responded to a call for participation, and their feedback, as well as input from various FIs and the SNB, was iteratively obtained and incorporated.

In a first phase, the IPB aims to define the minimum necessary access criteria, standards and technical components to enable interested payment schemes to efficiently access payment processing via the SIC IP service. In later phases, the IPB can be further developed so that procedures, processes and technical components are improved or further customised to the needs of the market.

The IPB includes key design principles that are presented in this rough concept (see chapter 5). These encompass, on the one hand, the framework conditions considered prerequisites for successful implementation (see chapter 5.1) and, on the other hand, principles developed during the interaction phase of the project as well as specific requirements that constitute the functional design area of the IPB (see chapter 5.2). In addition to other requirements that were defined during the development process (see chapter 5.3), the rough concept also features initial principles for the legal framework, particularly those in compliance with competition and antitrust laws (see chapter 6), as well as for the potential pricing and billing model (see chapter 7).

Public market consultation begins with the publication of this rough concept. Interested market participants are invited to provide feedback on the present concept, which can be incorporated into an initial version of the IPB or lead to initial adjustments in the SIC system.

**Note:**

Further information on the background of the project and the context of the market consultation can be found on the [SIX website](#). The feedback form for the consultation is also available there.



## 3 Introduction

### Note:

For the sake of simplicity, all players who offer or will offer payment solutions and who are not SIC participants are referred to in this document as "payment schemes" (see also role definitions in chapter 4.2).

### 3.1 Initial situation

SIC Ltd operates the central payment system Swiss Interbank Clearing (SIC system) on behalf of the SNB. As SIC participants approved by the SNB, FIs process payments in Swiss francs (CHF) via the SIC system. Only international standards (ISO 20022) are used for the exchange of messages. Almost all interbank liabilities in CHF, whether large amounts or mass payments, are settled quickly and securely via the SIC system in central bank funds.

To further develop the SIC system, the SNB and SIC Ltd have jointly introduced the SIC5 platform to enable FIs to settle IP in less than 10 seconds (including clearing and settlement in central bank funds). This new SIC IP service has been available since November 2023. The market launch of IP in Switzerland will take place on 20 August 2024. More than 60 FIs, which together account for over 95% of the payment transaction volume in Switzerland, will then be able to receive IP payments.

In future, the SIC IP service will also be made available to interested payment schemes for payments. To this end, a project was launched in October 2023 to investigate the possibilities of standardised and non-discriminatory access for payment schemes and to evaluate the extent to which the SIC IP service can be adapted to process payments submitted as part of a payment scheme in future.

By utilising the SIC IP service in this way, payment schemes could make a significant contribution to efficient and innovative payment transactions in Switzerland and market players could benefit from the following advantages:

- **Immediate money transfer**, account to account ("**A2A**"), is enabled by the SIC IP service 24x7.
- **New use cases and value flows** are enabled by IP and can therefore contribute to innovation in the financial centre.
- **The need for intermediate storage of funds is reduced**, thus enabling a more efficient value creation chain.
- Immediate payment processing in central bank funds **reduces counterparty risks in the market**.

## 3.2 Scope

The IPB is intended as an extension of the SIC IP service. It is not a stand-alone system. Payment schemes wishing to use the SIC IP service to process payments submit transactions to the SIC system via FIs. The IPB governs this indirect access to the SIC IP service and provides functionalities to facilitate indirect submission and processing and/or technical components for interaction between payment schemes and the SIC system.

The overlap of the requirements identified in the interaction phase with payment schemes and FIs is set out in this rough concept and should serve as a basis for further action. Other, particularly overarching topics were excluded and can be found in this rough concept as explicitly defined requirements in chapter 5.3.

The aim of the market consultation is to validate the IPB rough concept with interested market participants in order to subsequently decide on future developments in the relevant committees. All elements described in this rough concept are to be understood as proposals in the sense of the market consultation – no implementation decisions have yet been made.

## 4 Target image and procedure

### 4.1 Objectives and function of the IPB

The IPB defines and standardises the connection of payment schemes that wish to process IP customer payments via the SIC IP service. This aims to create the possibility for both existing and future payment schemes to process payment flows within their respective processes of the individual payment schemes as transactions within the SIC IP service, thus quickly, securely and in central bank funds. This has three main objectives:

- Interoperability and economies of scale can be achieved through standardised infrastructures that enable the rapid onboarding of interested payment schemes and the associated increased use of the SIC IP service. These effects reduce costs for all parties involved, both during implementation and operation, as adjustments can be made quickly and uniformly.
- Counterparty risks in the market are to be reduced by enabling as many use cases as possible to be processed directly A2A via a standardised infrastructure and clearing and settlement to take place in real time and in central bank funds.
- A "level playing field" is to be created by means of standardisation. Both existing and future payment schemes should be able to use the SIC IP service more easily in order to support innovation.

In order to achieve these goals, the introduction of the IPB will probably require extensions and adjustments to the SIC IP service in three areas:

- A set of supplementary, standardised and harmonised rules, e.g. in the form of the extension of existing "Implementation Guidelines" for ISO 20022 messages as a basis for the transfer of information and the processing of payments triggered by payment schemes via the SIC IP service.
- Additional technical support components that enable the transfer of information between payment schemes and the SIC system.
- Initiation of a working group to define an API market standard that would harmonise the interface between payment schemes and SIC participants.

These elements are explained in more detail in chapter 5.2.2.

## 4.2 Roles and responsibilities

The following roles and responsibilities can be derived for the IPB context:

**SNB:** The SNB is the system manager of the SIC system. In the context of the IPB, the SNB defines the access criteria and decides on the admission of payment schemes to the SIC IP service. The principles of the access model are discussed in more detail in chapter 6.

**SIC Ltd:** SIC Ltd is the system operator of the SIC system. As a SIX company and joint venture of the Swiss financial centre, SIC Ltd provides services in the areas of payment transactions and payment systems. SIC Ltd operates the SIC system and will develop and operate functions approved for implementation in the context of the IPB.

**FIs:** As SIC participants, FIs have technical access to and via settlement accounts in the SIC system. FIs also have a sight deposit account with the SNB. In the context of IPB, FIs deliver and receive IP customer payments based on bilateral contractual relationships with payment schemes.

**Payment schemes:** Third-party providers that offer a payment solution to the end customers of FIs in the market. For this purpose, payment schemes maintain contractual relationships with FIs for the submission of IP customer payments to the SIC IP service.

**Note:**

The existing role definitions in accordance with the SIC Handbook remain unchanged and are merely supplemented within the framework of the IPB.

### 4.3 Process flow

Based on the key design principles (see chapter 5), an initial possible high-level process flow was outlined (Figure 1).

**Note:**

Steps A–D may vary depending on the payment scheme and are not described further in this rough concept.

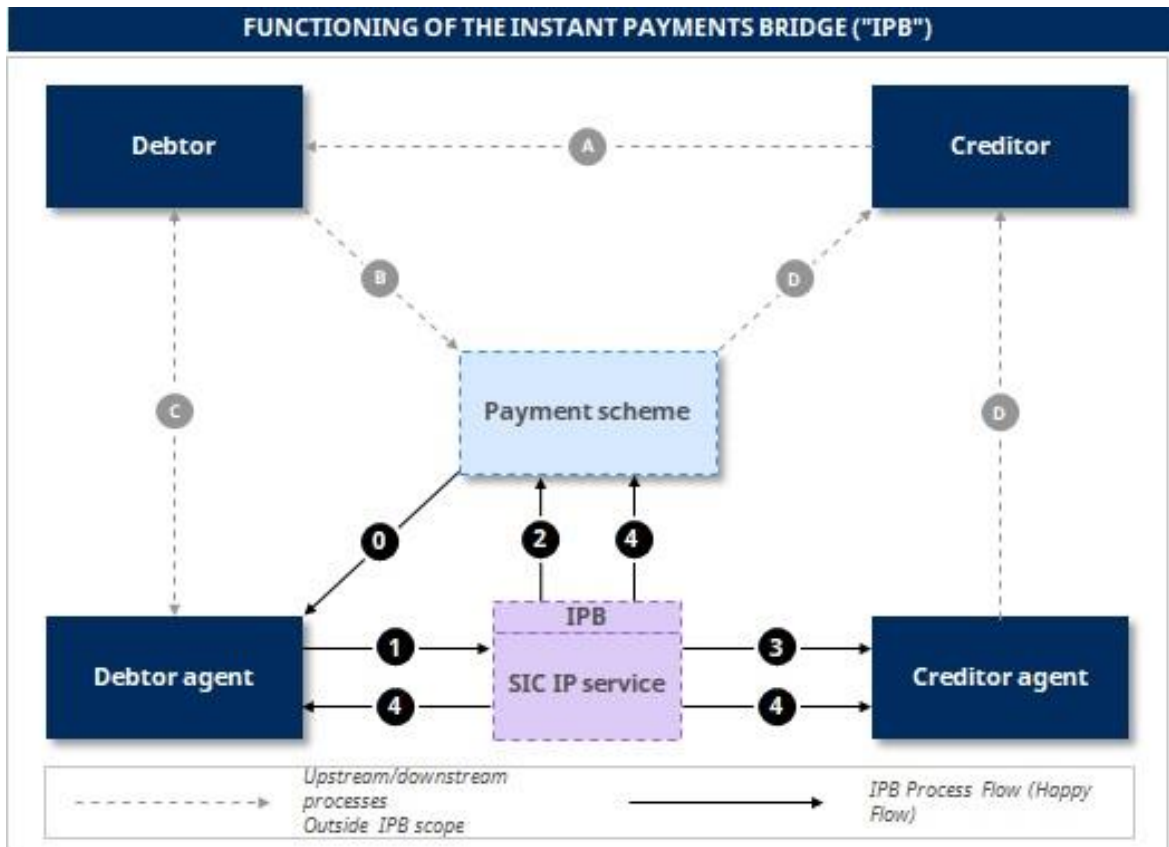


Figure 1: IPB process flow ("Happy Case")

Upstream processes, which take place at the beginning of the value creation chain between the creditor, debtor and/or systems involved, can vary significantly. This is often initiated by a payment request from the creditor to the debtor (A), who instructs the payment with the corresponding payment scheme (B). The payment is then authorised (C) between the debtor and the debtor agent (if necessary, via the payment scheme). However, other processes are also conceivable.

From the point of view of the SIC IP service, the instruction of an IP payment with the debtor agent by the payment scheme (0) is also still upstream, but already in the focus of the IPB due to the API market standard described in chapter 5.2.2.4. The debtor's FI then submits an IP customer payment to the SIC IP service (1). It must be ensured that any necessary authentications and authorisations have been guaranteed by means of upstream scheme processes.

Immediately after receipt and positive validation, the SIC IP service can, if required, send a receipt confirmation to the involved payment scheme (2) via the "confirmation API" (see chapter 5.2.2.3). At the same time, the SIC IP service forwards the payment to the recipient's FI, which sends back a confirmation (3). In the case of a positive response, settlement takes place (clearing and settlement in central bank funds). After successful execution, both FIs and, if required, the payment scheme (via "confirmation API") receive a corresponding settlement confirmation and the end customers' accounts are credited/debited immediately (4).

Downstream (outside of the SIC IP service), the notification of the creditor takes place, which can vary depending on the characteristics (or depending on specific agreements) (D).

## 4.4 Gradual implementation and further development

### 4.4.1 Release management

Elements of the IPB within the SIC IP service are subject to the release management of the SIC system. With the releases, SIC Ltd makes changes and enhancements to the software of the SIC system, which often also require changes in the connection software and/or the banking software of the participants.

Participants are free to submit change requests as part of the release process. For this purpose, a "Release management" section is available on the SIC Ltd extranet, where all relevant information and documents regarding the new release process are available.

One release is carried out per year, with the following deadlines:

- **End of August – change requests:** Expiry of the submission deadline for change requests for the SIC platform release in November of the following year.
- **February – detailed specifications package 1:** Publication of the release notes and implementation guidelines for the next SIC platform release (for November of the current year).
- **July – provision of the external test environments:** The external test environments are available in the entire release scope.
- **November – go-live of the SIC platform release:** The SIC release goes into production.

**Note:**

Release management, including the complete schedule, is described in more detail in chapter 4.11 of the SIC Handbook.

### 4.4.2 Phases

The initial IPB implementations will lay the foundation for further iterations in the coming years. Accordingly, the IPB elements described in chapter 4.1 are to be defined and implemented in stages following approval by the responsible bodies (Figure 2).

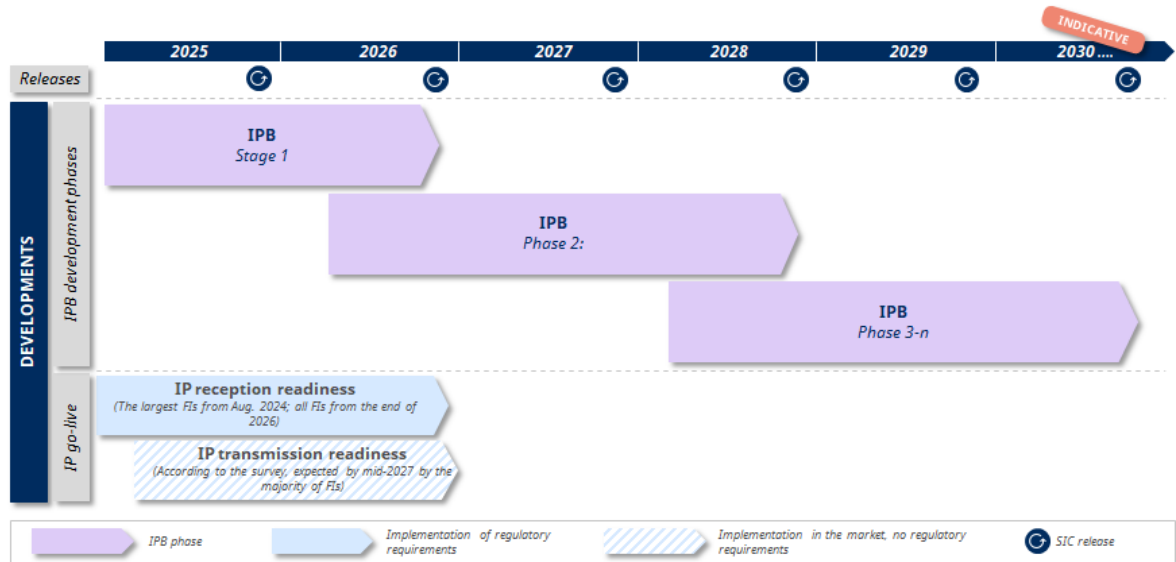


Figure 2: IPB development phases

#### Phase 1 (October 2024 to November 2026)

Phase 1 sets the course for the IPB.

Subject to decisions by the relevant bodies (Board of Directors of SIC Ltd / SNB), this includes defining the admission process and the access criteria for payment schemes by the SNB. In addition, minor adjustments can be made to the SIC IP service (e.g. in the area of standards or for changes in validation rules) and the design of technical components can be started in a further step. Minor changes (so-called "quick wins") may be implemented as early as November 2025, while those that are more complex may not be implemented until November 2026.

#### Phase 2 (January 2026 to November 2028)

In Phase 2, elements that require a longer period of clarification will be further explored and possibly implemented. It is also possible that elements will already be identified in Phase 1 whose implementation cannot be planned until November 2027 for reasons of time and resources (subject to decisions by the relevant bodies). Relevant requirements for the further development of the IPB may also arise from ongoing operations.

#### Phase 3 (from 2028)

The IPB will then be developed continuously and iteratively through exchanges between the SNB and SIC Ltd and market players.



## 5 Key design principles

Based on the completed interaction phase with the payment schemes and discussions with FIs, SIC Ltd and the SNB have divided the key design principles into two categories: framework conditions (see chapter 5.1) and functional design area (see chapter 5.2). In addition, a number of discussed requirements have been defined which have either not been included as part of the IPB (for the time being) or must be considered in the context of the entire SIC system and cannot be considered in isolation within the IPB topic (see chapter 5.3).

### 5.1 Framework conditions

Framework conditions are requirements that must be met from the perspective of the payment schemes so that they can generally process their payment flows via the SIC IP service. These are described separately from the functional elements, as they are outside the direct sphere of influence of SIC Ltd or the SIC IP service.

In accordance with the SIC IP Service Handbook, FIs must be able to process IP customer payments 24x7x365. The availability of FI systems 24 hours a day, 365 days a year is a prerequisite for offering IP-based payment solutions to the market. The performance specifications of the SIC IP service (end-to-end processing in a maximum of 10 seconds, round-the-clock availability) must be adhered to by the FIs. This is necessary to avoid the cancellation of the payment process and thus a poor customer experience.

According to the results of the interaction phase, processing via the SIC IP service is only viable for payment systems if the FIs are able to receive and send IP customer payments on a large scale. Receiving IP customer payments is mandatory for all FIs that process customer payments via SIC system from November 2026 at the latest. The implementation of the sending of IP customer payments is not mandatory for the FIs, but is required from the perspective of the payment schemes due to the planned submission via FIs.

## 5.2 Functional design area

The functional design area consists of principles and requirements from payment schemes. The principles were established at the beginning of the project and validated during the interaction phase with the payment schemes (see chapter 5.2.1). The requirements (see chapter 5.2.2) were put forward by payment schemes in workshops and/or in writing.

### 5.2.1 Principles

The principles established by the project team are not specific requirements for the IPB but rather serve as foundational principles on which the IPB is based.

#### 5.2.1.1 A2A processing of IP customer payments

IP customer payments are always processed A2A. There is always a cash flow between two accounts of FI end customers.

#### 5.2.1.2 Submission of IP customer payments by FI

Only SIC participants can submit IP customer payments to the SIC IP service. As in the case of the IPB, this can also be done according to the instructions of a payment scheme that has a corresponding contractual agreement and a technical interface with the respective FI. Therefore, payment initiation always takes place via an FI; direct submission by the payment scheme in the SIC IP service is not provided for (see also chapter 5.3.4).

#### 5.2.1.3 Authorisation and authentication

Authorisation (if required) and authentication take place outside the SIC system. The SIC system is a "Clearing and Settlement Mechanism" ("CSM") and does not provide for any functionalities that are not directly related to the cash flow, i.e. the clearing and settlement of payments in central bank funds. The potential authorisation of individual transactions as well as the authentication of participants and their means of payment must therefore take place outside the SIC system; the SIC system only authenticates the SIC participants.

### 5.2.2 Requirements

A number of the requirements defined by payment schemes fall within the area of responsibility of SIC Ltd. Depending on prioritisation, available capacity and the decision of the relevant bodies, these elements are expected to be further explored and defined in Phase 1 of the IPB and, if necessary, implemented in Phase 1 or 2.

### 5.2.2.1 Clear identification of payment scheme

Payment schemes admitted by the SNB receive a unique identifier for the transactions initiated by the respective payment scheme (payment scheme code) after successful verification (see chapter 6). This is necessary in order to be able to assign the payments initiated by them in the SIC system and to validate that only admitted payment schemes submit corresponding IP customer payments via FI.

A list of admitted payment scheme codes must be maintained in the SIC system in order to verify the validity of the codes submitted. This list must be designed in such a way that new payment schemes can be activated at any time (and not just for a SIC release).

Initial analyses have shown that there are fields in the ISO 20022 messages that can be used for the scheme code. Such a variant would probably only result in a few adjustments to the Implementation Guidelines and could already be implemented in Phase 1.

However, it has not yet been clarified to what extent further validation rules will be necessary for payments initiated by payment schemes; such validations would then have to be triggered via corresponding field in the ISO 20022 messages.

The implementation of the payment scheme code should be as simple as possible, but at the same time designed to be sustainably efficient. Future requirements (e.g. in connection with the "confirmation API" or in the area of reporting) should be taken into account from the outset wherever possible. In the further course of the work, the precise definition and implementation of the scheme code, including the results of the market consultation, must be further analysed.

### 5.2.2.2 E2E reference

It must be possible to recognise and assign IP customer payments initiated by payment schemes throughout the entire value creation chain by means of an E2E reference. Ideally, the creditor has control over the reference to ensure that reconciliation is automated throughout. There are already options for E2E transaction recognition in the current ISO 20022 messages. One example of this is the QR reference, which could in principle also be used for IP customer payments via IPB.

It will be possible to determine whether adjustments to the existing definitions are necessary after analysing the feedback from the consultation. Changes to the Implementation Guidelines could probably be implemented in Phase 1.

### 5.2.2.3 Centralised confirmation API

In addition to expanding the set of rules, a technical component is being considered that will send status reports to payment schemes directly from the SIC IP service using a central "confirmation API". In particular, two process steps (steps 2 and 4 in the process flow in chapter 4.3) should be covered – the confirmation of the submission of payments by FI in the SIC IP service and the final payment confirmation or rejection after completion of the payment.

These functions enable, among other things, prompt notification, security and a certain independence in the area of the message flow for payment schemes.

Depending on prioritisation and market demand, the initial preparations could start in Phase 1; the development of the confirmation API can be implemented at the end of Phase 1 or in Phase 2 at the earliest.

#### **5.2.2.4 API market standard**

During the interaction phase, it became clear that the market is interested in developing an API market standard for the scheme-bank interface in order to standardise the communication between payment schemes and FIs. A standard can reduce bilateral efforts and ensure harmonisation. If this interest is confirmed during the market consultation, SIC Ltd can initiate and coordinate a corresponding working group, which will define the standard together with interested parties.

As a minimum, the interface is standardised in such a way that everyone involved knows what needs to be implemented and the integration of new payment schemes with an FI (or vice versa) is significantly simplified. A corresponding standard would then be recommended to all parties involved for implementation. In principle, it is conceivable that SIC Ltd could also take over the administration (maintenance and further development) of the standard. In a further step, a centralised operator for the interface could appear, if this is desired by the market.

The specific development and, in particular, the timeline for this market standard depend on market interest, the degree of consensus on the required functionalities and the precise form of the standard.

## 5.3 Distinct requirements

Requirements defined here were discussed as part of the project. These are briefly described below, and reasons are provided as to why the requirements are not currently the focus of the IPB.

### 5.3.1 Scheme fees figure

The requirement to map fees in the transported E2E messages was only raised by individual payment schemes during the interaction phase. The idea is to simplify settlement processes and create transparency regarding fees for payments. It is already possible to map charges in the existing ISO 20022 messages. Interested payment systems can make use of the existing options, which is why the issue is not redefined separately in the IPB.

### 5.3.2 Performance for point of sale or similar use cases

For certain use cases, e.g. at the point of sale ("**POS**"), the performance specification of up to 10 seconds defined in the SIC IP service is not sufficient. Stricter performance requirements within the SIC IP service are not planned (at least in the short term), as this would have a significant impact on all IP customer payments and in particular on requirements relating to various infrastructures at the FIs.

Payment schemes can define higher performance requirements in their scheme rules. In the long term (from Phase 3 at the earliest), however, this topic can be re-evaluated, but then with regard to the SIC IP service as a whole and not in isolation with regard to the IPB.

### 5.3.3 Anonymity of debtor for P2M use cases

In many person-to-merchant ("**P2M**") use cases today, the anonymity of the debtor is guaranteed. In the case of IP customer payments via SIC system, however, this is not possible due to compliance requirements (e.g. AML and sanction screening), particularly for the FIs of the creditors. Such information must be available in order to fulfil the regulations regarding AML and sanction screening.

Accordingly, the SIC system must forward such data to the creditor's FI. Alternatively, it is possible for payment schemes and FIs to define anonymity bilaterally in the scheme rules, i.e. the FIs agree not to disclose the relevant data on the recipient side to the recipient (in this case usually merchants). In some instances, this is already the practice today, e.g. in use cases where the debtor's IBAN is not forwarded to the recipient due to banking secrecy.

### 5.3.4 Direct access to settlement accounts through payment schemes

As already explained in chapter 5.2.1.2, IP customer payments are always submitted to the SIC system via an FI (SIC participant). Direct payment submission by a payment scheme is not envisaged, as the responsibility for payment initiation lies with the account-holding FI. In principle, direct access of the payment schemes to the SIC system would mean that they would have access to the SIC settlement accounts of the FIs in the SIC system and could initiate transactions directly.

A new participant type would have to be defined in the SIC IP service for the possibility of direct submission to the SIC system by the payment schemes. In addition to the significant technical effort that would be required, this would also entail extensive legal clarifications and complex risk analyses, which is why such a solution could only be considered in the very long term. Accordingly, the topic will not be pursued further for the time being. If a proven market need for such a solution is identified in the future, the topic can be taken up again; any implementation would be possible in Phase 3 at the earliest.

### 5.3.5 IP customer payments in different currencies

As already mentioned in the introduction (see chapter 3), the SIC system processes payments in CHF. Accordingly, transactions in other currencies are not covered by this basic concept. The extent to which interoperability with other payment systems will lead to further possibilities in the future, in particular in the area of IP, e.g. for cross-border payments, cannot yet be assessed at the time of publication of this rough concept. In the design of the IPB, already foreseeable developments are taken into account.

### 5.3.6 Fraud detection and prevention

During the interaction phase, it was discussed that a supporting centralised solution from the SIC system for fraud detection and prevention would be helpful. However, decisions on the implementation of possible functions in this regard must be made with a view to the entire SIC system and take into account the fact that the responsibility for recognising and preventing fraud lies with the FIs involved and cannot be outsourced to third parties. For these reasons, the topic cannot be considered in isolation for the IPB.

### 5.3.7 Sanction screening

Various requirements in the area of sanction screening were raised by the payment schemes during the interaction phase; in particular, it was pointed out that in certain cases, adjustments to current practice would be desirable.

The regulation of sanctions is not the responsibility of the SNB or SIC Ltd. Corresponding applications to the regulator would probably have to be submitted by the directly affected parties (in this case the FIs). Accordingly, the topic of sanction screening will not be pursued further with regard to the development and implementation of an IPB.

## 6 Legal framework and access criteria

The principles and initial criteria for access to the SIC IP service for payment schemes are defined below.

The SIC system is operated by SIC Ltd on behalf of the SNB. The IPB is not a system in its own right, but comprises supplementary sets of rules and functionalities within the SIC system and the SIC IP service. Accordingly, there are no separate releases and no separate governance for the IPB. The governance including release management of the SIC system applies (see chapter 4.4.1).

The legal framework is based on three principles:

1. **Security in the SIC system:** By not allowing direct submission of payment schemes and only allowing authorised payments from SIC participants to be submitted to the SIC system, the emergence of new risks associated with access to the system is countered.
2. **Low-threshold access:** Low-threshold access criteria should be defined that can also be implemented for new or smaller payment schemes (compared to the requirements for participants with settlement accounts).
3. **Mutual contractual freedom:** Market parties on both sides (payment scheme and FI) can decide individually with whom they want to enter into a contractual relationship in order to perform use cases via the SIC IP service.

### 6.1 Access process and criteria

The access process is still to be precisely defined and is expected to take place in two phases:

The first step is for payment schemes to conclude a cooperation agreement with at least one SIC participant. Such a partnership provides the basis for later testing, as indirect access can only be tested via a SIC participant. In order to obtain approval from the SNB, further access criteria must be met, which have not yet been finalised at the time of publication of this document (e.g. payment transactions with CHF, sanctions list, compliance with minimum contractual standards and, in particular, data storage regulations). The criteria are made transparent, i.e. they are likely to be published.

After successful verification by the SNB, the payment scheme receives a technical identification (in accordance with chapter 5.2.2.1) and access to the test system. The payment scheme then carries out technical checks together with at least one SIC participant using predefined test criteria from SIC Ltd. After successful acceptance tests, the payment scheme is admitted to production in the SIC system (entry of the scheme code in the master data and thus the possibility for SIC participants to submit corresponding transactions).

#### Notes:

The scope of the admission criteria defined by the SNB may change depending on the final design of the IPB and its various technical components, and is yet to be determined in detail.

## 6.2 Contracts

The aim is to retain most of the contractual arrangements already known from the use of the SIC system and to create few additional contractual agreements. The contractual relationships below result from the key design principles of the IPB explained in chapter 5:

- **Between FI and SIC Ltd:** Existing contracts with SIC participants.
- **Between FI and payment scheme:** Mutual and individual contractual freedom applies. In order to be admitted as a payment scheme, there must first be an agreement between the payment scheme and at least one FI.
- **Between SIC Ltd and payment scheme:** In principle, there is currently no need for a separate contract. It is likely that corresponding agreements will have to be made for the use of individual technical components (e.g. confirmation API).
- **Between SNB and payment scheme:** It is possible that an "Adherence Agreement" signed by the payment scheme or a similar written confirmation or agreement is required for access to the SIC IP service via IPB; the exact details still need to be clarified.

In a similar way to the establishment of a possible market standard (see chapter 5.2.2.4), contracts between FIs and payment schemes could also be standardised, for example in the form of model contracts, which in particular reduce the effort and costs for the parties involved when concluding contracts. Corresponding templates could be supported in the form of recommendations to ensure that minimum standards regarding contractual agreements are observed (see also admission criteria in chapter 6.1). All antitrust and competition law provisions must be complied with and the individual contractual freedom of both parties must continue to be guaranteed.



## 7 Billing and pricing model

The approach of avoiding complexity and additional costs, especially for Phase 1, is also pursued with regard to the settlement of IP customer payments submitted by payment schemes via FI in the SIC system.

For this reason, existing accounting principles form the basis:

1. **Settlement via SIC participants:** Transactions are always submitted to the SIC system via FI. Therefore transactions initiated by payment schemes are settled with the corresponding SIC participants.
2. **"Scheme payments" are customer payments:** Payments initiated by payment schemes are considered customer payments in the SIC system and are treated in the same way as all other customer payments at the transaction price level. This means that SIC Ltd splits the transaction price between the two SIC participants involved (the debtor agent and the creditor agent) and charges both. All customer payments are bundled and settled via transaction volume of the respective SIC participant. The prices follow a degressive scale per FI, which means that the average SIC transaction fee for the participating FI will fall as the volume increases.

### Notes:

- These statements only concern the prices on the part of SIC Ltd. SIC Ltd has no influence whatsoever on the contractual relationships, including financial regulations such as settlement and pricing models, between the FIs and the payment schemes, the payment schemes and their customers or other third parties.
- There will be separate pricing for the use of individual technical components (e.g. "confirmation API"; see chapter 5.2.2.3).
- SIC Ltd operates the SIC system in Cost+ Pricing. This means that the fees are not set up to maximise profits and only have to cover the operating costs of the SIC system (including reserves for the further development of the system). With increased volumes in the SIC system and unchanged expenses, a reduction in the average price per transaction can therefore be expected for all participants.