European Banking Authority

Consultation Paper

Draft Regulatory Technical Standards

on separation of payment card schemes and processing entities under Article 7 (6) of Regulation (EU) 2015/751

SIA’s Response

Please find below SIA’s comments on Draft Regulatory Technical Standards on separation of payment card schemes and processing entities. These comments need not be treated as confidential.

***Section 2***

***Accounting***

*Article 3 Financial information*

1. Payment card schemes and processing entities shall have accounting processes in place that enable them to produce, as a minimum, financial information related to separated balance sheets, profit and loss accounts and explanatory notes to this financial information for the payment card scheme and the processing entity respectively.

Regarding processing entities we consider that this requirement should apply when the processing entity is owned or controlled by the scheme. When there is a complete legal separation and a totally separate ownership of the two entities, we think that the disclosure of financial information should not be required as complete independence is already *de facto* achieved.

We also consider that the information disclosure requirement should be applied only on scheme related processing activities. Scheme related processing activities include for instance authorisation and clearing switching but not the processing of card issuance to an issuer or of merchant acquiring to an acquirer.

Otherwise, processing entities that have no activities whatsoever in scheme related processing will be required to produce the financial information defined in article 3 1. even though they are outside the scope intended by article 7 1. (a) of the IFR as we understand it.

Our understanding is supported by paragraph 5. of 3.1 Background in the Consultation Paper which recites:

*5. Currently, card payment schemes often offer their own services for processing card payment transactions, which compete with services offered by other card processing providers. Processing services offered by card payment schemes are usually referred as the default scheme processing infrastructure, ensuring the reachability of all issuers and all acquirers participating in the scheme.*

Paragraph 5 clearly identifies two types of processing entities, those entities related to a scheme that offer ‘services for processing card payment transactions’, and ‘other card processing providers’. It shows that the provision of article 7 of the IFR are aimed at covering services offered by entities related to a scheme which compete in the same services offered by ‘other’ card processing providers. The scope seems to be limited both to certain actors and to a certain range of services.

We thus suggest:

* To limit the application of the RTS to the scheme-owned or scheme-controlled entities
* To limit the application of the RTS to the services for processing card payment transactions that compete with the same services offered by other card processing providers