



Client Communication: Corporate and Public Sector Clients (EU / EEA based)

The Funds Transfer Regulation (EU Regulation 2015/847)

Dear Citi Customer

EU Regulation 2015/847 (based on FATF Recommendation XVI) (the “Regulation”) was published in June 2015 with an implementation date of 26th June 2017. The Regulation is aimed at ensuring that original payer and beneficiary details are complete and carried through all the banks in the payment processing chain. This Regulation applies to all transfers of funds sent or received by payment service providers (including intermediary payment service providers) established in EEA Member States.

Banks operating in the EU / EEA zone, sending transactions within EU / EEA and to non-EU /EEA countries must comply with the Regulation by the above implementation date. Banks located outside of EU/EEA are not required to implement these changes, however, if they are sending funds to EU/EEA zone countries then they should ensure adherence to the requirements laid out for sending institutions by this Regulation to ensure that the funds transfers to beneficiaries are not delayed or held up by the EU/EEA beneficiary or intermediary bank due to non-compliance.

This Regulation repeals and replaces the original Wire Transfer Regulation (1781/2006).

Citi’s Response to the Regulation

Citi was involved in providing feedback during the draft stages and has been reviewing the Regulation to assess impact. Citi has been working to ensure that all Citi systems and processes address relevant requirements laid out in the Regulation in order to ensure that transactions initiated from, or received into, relevant accounts with Citi will be compliant with the new requirements.

How does the Regulation impact your institution?

Your outgoing and incoming funds transfer should include full payer and payee details. Overleaf is the list of payment instruments and the relevant action you might need to take for compliance categorized by Payments and Receivables.

Payments - Outgoing Transactions

Instrument / Channel	Action
Wires and Cross Border Funds Transfer <i>Does not apply to WorldLink</i>	<p>Changes required, however, no action is required if you are making payment on your own behalf. Citi will ensure that the funds transfer message for payments instructed from your Citi account is compliant. For payment on behalf of structures please refer to POBO section</p> <p>When you are instructing an outgoing transaction and you are paying on your own behalf:</p> <ul style="list-style-type: none"> • Payer Details: You do not have to supply your own payer details every time you instruct an outgoing transaction. When these details are not provided by you, Citi will populate this information in Payer field based on actual account owner details we hold. • Beneficiary Details: You need to ensure that your instruction to Citi contains complete beneficiary details and has admissible characters as per relevant formatting rules.
SEPA Credit Transfer, Other ACH, including Faster Payments (low value) Transfers	No change required ; current data requirement sufficient for compliance with new regulation
SEPA Direct Debits and Other Low Value DD	No change required ; current data requirement sufficient for compliance with new regulation
Payroll processing <i>ACH, SEPA or other low value</i>	No change required ; current data requirement sufficient for compliance with new regulation
Payment on Behalf of (POBO) <i>POBO structures support centralized payments on behalf of their subsidiaries through one legal entity (In house Bank) creating intercompany loans</i>	<p>Clients who have an identified POBO structure with Citi will require no change; current data reporting requirements, along with POBO Legal contract, is sufficient for compliance with new regulation.</p>
WorldLink Only (Funds Transfers, ACH and SEPA)	<p>As a reminder, please ensure that you adhere to the following payment formatting standards required to transmit payments through WorldLink as defined in WorldLink's Informational Portal ("Portal"). If you do not have access to the Portal, please contact your Citi Service Representative.</p> <ul style="list-style-type: none"> • Payer Details: If you do not supply your own payer details when you instruct an outgoing transaction, Citi will populate this information in Payer field based on your actual WorldLink account profile details. If you do supply the Payer details, you are required to include the Originator Account Number, Name and Full Address. • Beneficiary Details: Beneficiary Account and Beneficiary Name are the minimum requirements for all WorldLink Payments. Some countries require additional information to accept payments, which includes but is not limited to, the "purpose of payment", beneficiary address, beneficiary phone number and/or beneficiary national identifier. Please refer to local country requirements in the Portal.
MBTBA / MBTI Transactions	Changes Required. Please ensure that you are providing complete payee details in your instructions for MBTI transactions

Receivables - Incoming Transactions

When you are a beneficiary and receiving funds from 3rd Parties

For credits into your accounts held in any of Citi's EU / EEA branches your payers need to ensure that they are inputting complete payer and payee (your) details. This regulation applies to transfers you receive regardless of location of paying party.

Required Actions for Incoming Transactions

To avoid any delay in the processing of your transactions please ensure that you are asking your payees that they / their PSPs ensure that full details are entered and sent in the funds transfer (wires) message. Citi will start applying the requirements set out in the Regulation and the rules described in the sections below from **23rd June 2017**.

Sending non-compliant transactions could result in delay in processing or rejection. If you are a beneficiary institution non-compliant incoming transactions from your counter parties could result in delay of posting of credits in your account or rejection of the funds transfer.

Citi's criteria for determining non-compliant Incoming Transactions

To detect the presence of **Payer** information Citi will apply following rules

- For intra-EU / EEA payments, i.e. where your institution (Ordering PSP) is in one of the EU / EEA countries, the Ordering Party (F50 of the incoming SWIFT instruction) should contain at least an Account Number (which could be an IBAN) and or/ unique identifier. Account number should have admissible characters as per SWIFT and relevant clearing system formatting guideline
- For non-intra-EU / EEA payments, the Ordering Party (F50 of the incoming SWIFT instruction) should contain the a) Account Number b) Name and c) Address (Field Line 1, Line 2 and Line 3) or, official personal document number or, customer identification number or, date and place of birth. All fields should have admissible characters as per SWIFT and relevant clearing system formatting guideline

To detect the presence of **Payee** information Citi will apply following rules

- For intra-EU / EEA payments, i.e. where your institution (Ordering PSP) is in one of the EU / EEA countries, the Beneficiary Party (F59 of the incoming SWIFT instruction) should contain at least an Account Number (which could be an IBAN) and or/ unique identifier. Account number should have admissible characters as per SWIFT and relevant clearing system formatting guideline
- For non-intra-EU / EEA payments, the Beneficiary Party (F59 of the incoming SWIFT instruction) should contain the Account Number and Name. Both fields should have admissible characters as per SWIFT and relevant clearing system formatting guideline

The country of the Ordering Institution will be determined from the Country Code of the BIC in F52 or, if F52 does not contain a BIC, then the Country Code of the message Sender will be considered

Citi may further refine these rules as industry guidance develops and will communicate those changes to the clients as our rules develop. You can share these details with your payers to ensure that their institutions are following these rules when making payment to your account.

Next Steps

Please ensure that your transactions comply with rules specified above by the date of implementation of Regulation. If you have any questions please contact your Citi Service Representative or relationship contacts.

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