

**COMMISSION de SURVEILLANCE
du SECTEUR FINANCIER**

In case of discrepancies between the French and the English text, the French text shall prevail

Luxembourg, 17 July 2012

To all payment service providers

CIRCULAR CSSF 12/543

Re: Entry into force of Regulation (EU) No 260/2012 of the European Parliament and of the Council of 14 March 2012 establishing technical and business requirements for credit transfers and direct debits in euro and amending Regulation (EC) No 924/2009

Ladies and Gentlemen,

We draw your attention to the entry into force, on 31 March 2012, of Regulation (EU) No 260/2012 of the European Parliament and of the Council of 14 March 2012 establishing technical and business requirements for credit transfers and direct debits in euro and amending Regulation (EC) No 924/2009, published in the Official Journal of the European Union No L 94 of 30 March 2012 (the "Regulation").

Since 31 March 2012, the Regulation is binding in its entirety and directly applicable in each Member State of the European Union.

The purpose of this Regulation is to ensure the proper functioning of the internal market through the creation of an integrated market for electronic payments in euro, with no distinction between national and cross-border payments, regardless of location within the European Union. The single euro payments area ("SEPA") project aims to develop common Union-wide payment services and to replace current national payment services.

SEPA should provide EU citizens and businesses with secure, competitively priced, user-friendly, and reliable payment services in euro.

The Regulation applies to all credit transfer and direct debit transactions denominated in euro within the European Union where both the payer's payment service provider and the payee's payment service provider are located in the European Union, or where the sole payment service provider involved in the payment transaction is located in the European Union.

The Regulation supplements (i) Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market, which provides a modern legal foundation for the creation of an internal market for payments, of which SEPA is a fundamental element, and (ii) Regulation (EC) No 924/2009 of the European Parliament and of the Council of 16 September 2009 on cross-border payments in the Community, which also provides a number of facilitating measures for the success of SEPA.

The Regulation also amends Articles 2 point (10), 3 paragraph 1, 4 paragraphs 2 and 3, 5 paragraph 1, 7 paragraphs 1, 2 and 3, and deletes Article 8 of Regulation (EC) No 924/2009.

We hereby invite you to adapt, if necessary, your internal procedures in order to comply with the requirements of the Regulation.

In accordance with the principle of primacy of European law, the provisions of the Regulation prevail over those laid down in the relevant national laws.

Yours faithfully,

COMMISSION de SURVEILLANCE du SECTEUR FINANCIER

Claude SIMON
Director

Andrée BILLON
Director

Simone DELCOURT
Director

Jean GUILL
Director General

Link to the regulation:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:094:0022:0037:EN:PDF>