

Use of the 'TM01' reason code

TIPS CG – 5 JULY 2023

According to the SCT-Inst Rulebook, the following timeout scenarios can occur in the processing of an instant payment transaction.

➤ **Scenario 1 – *Timeout between Originator PSP and TIPS (Beneficiary PSP not involved)***

A pacs.002 message is generated by TIPS towards the Originator PSP (reason code equal to “AB06”).

➤ **Scenario 2 – *Timeout in case of missing pacs.002 from Beneficiary PSP***

Two pacs.002 messages are generated by TIPS, respectively (i) for the Originator PSP (reason code equal to “AB08”) and (ii) the Beneficiary PSP (reason code equal to “TM01”).

➤ **Scenario 3 – *Timeout in case of delayed pacs.002 from Beneficiary PSP***

Two pacs.002 messages are generated by TIPS, respectively (i) for the Originator PSP (reason code equal to “AB05”) and (ii) the Beneficiary PSP (reason code equal to “TM01”).

Official Reference in EPC documentation:

October 2022 : version 1.1 of the SCT-Inst Inter-PSP Implementation Guidelines

- extract from section §2.2.1 *Use of the FI to FI Payment Status Report (pacs.002.001.10)* :
 - Reason code "TM01" (Invalid Cut-off Time) is the only reason code that can be used in a negative confirmation message to the Beneficiary PSP.
 - Reason code "TM01" is not allowed in a negative confirmation message to the Originator PSP. Instead the code "AB05" (Time-out Creditor Agent) or "AB06" (Time-out Instructed Agent) can be used.

| ISO Code | ISO Name | SEPA Core Reason as specified in the Rulebook |
|----------|-------------------|---|
| TM01 | InvalidCutOffTime | Time-out – maximum execution time has been exceeded |

- **A misuse of “TM01” reason code has been detected** since such a reason code is inserted by some Beneficiary PSPs into their reply to TIPS, in order to indicate a timeout, instead of using “AB06”/ “AB08”. This may cause anomalies at the Originating PSP since the reason code is not expected.
- In fact, **TIPS forwards back to the Originator PSP any rejection code**, including “TM01”, inserted by the Beneficiary PSPs without altering the payload, fully in line with the TIPS User Requirements extract reported below.

| | |
|--------------------|--|
| ID | TIPS.UR.03.360 |
| Name | Originator Participant notification in case of unreservation of funds the standard SCT Inst settlement model |
| Requirement | In the standard SCT Inst settlement model, TIPS shall inform the Originator Participant or Instructing Party which sent the original payment transaction with a <i>rejection</i> message in case TIPS unreserved funds on their account. This rejection message shall contain a rejection reason code which is either provided by TIPS (in case TIPS rejects) or provided in the Beneficiary Participant reply message (in case the Beneficiary Participant or Instructing Party rejects). |

Either a failed validation, timeout of the Beneficiary Participant reply message or a negative response (i.e. non-acceptance of the payment) by the Beneficiary Participant or Instructing Party can trigger the unreservation of funds in TIPS. In the latter case, TIPS shall provide the rejection reason code from the negative Beneficiary Participant reply to the Originator Participant or Instructing Party. Section 8.3.2 contains requirements for the actual messages (see TIPS.UR.08.130).

Thank you for the attention!