# DECISION OF THE EUROPEAN CENTRAL BANK

**of 22 April 2022**

**on the identification of CORE(FR) as a systemically important payment system pursuant to Regulation (EU) No 795/2014 on oversight requirements for systemically important payment systems and repealing Decision ECB/2014/37**

**(ECB/2022/21)**

THE GOVERNING COUNCIL OF THE EUROPEAN CENTRAL BANK,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 127(2) thereof,

Having regard to the Statute of the European System of Central Banks and of the European Central Bank, and in particular Article 3.1, Article 22 and the first indent of Article 34.1 thereof,

Having regard to Regulation (EU) No 795/2014 of the European Central Bank of 3 July 2014 on oversight requirements for systemically important payment systems (ECB/2014/28)[1] and, in particular, Articles 1(2) and 1(3-a)(a) thereof,

Whereas:

(1) The fourth indent of Article 127(2) of the Treaty and the fourth indent of Article 3.1 of the Statute of the European System of Central Banks and of the European Central Bank empower the Eurosystem to promote the smooth operation of payment systems.

(2) The Eurosystem promotes the smooth operation of payment systems, inter alia, by conducting oversight.

(3) The European Central Bank (ECB) has implemented the principles for financial market infrastructures issued by the Committee on Payment and Settlement Systems (CPSS) of the Bank for International Settlements (BIS) and the Technical Committee of the International Organization of Securities Commission (IOSCO), which harmonise and strengthen existing international oversight standards for, inter alia, systemically important payment systems, by means of Regulation (EU) No 795/2014 (ECB/2014/28).

(4) Regulation (EU) No 795/2014 (ECB/2014/28) was amended to respond to the fast-moving technological trends coupled with changing consumer preferences that may give rise to fundamental changes in the way payments are made. Against this background, an additional, flexible and forward-looking methodology for the identification of a systemically important payment system (SIPS) has been put in place to ensure that all potentially relevant factors of systemic importance are taken into account in the identification of payment systems, and that such payment systems are subject to the highest

[1] OJ L 217, 23.7.2012, p. 16-30.

applicable oversight standards as laid down in Regulation (EU) No 795/2014 (ECB/2014/28).

(5) In the course of the identification exercise pursuant to Article 1(2) of Regulation (EU) No 795/2014, the Governing Council has verified that, in relation to CORE (COmpensation REtail) (FR) (hereinafter 'CORE(FR)'), all the criteria mentioned in Article 1(3-a)(a) of Regulation (EU) No 795/2014 have been fulfilled, as described in the Annex to this Decision. For the verification exercise on which this Decision is based, public data for the calendar year 2018 and 2019 have been used, combined with responses to ECB surveys.

(6) CORE(FR) was previously identified as a SIPS in Decision ECB/2014/37 of the European Central Bank[2] on the basis of the criteria mentioned in Article 1(3) of Regulation (EU) No 795/2014 (ECB/2014/28). That Decision requires the addressee to comply with Articles 3 to 21 of Regulation (EU) No 795/2014 (ECB/2014/28). Following the identification of CORE(FR) as a SIPS on the basis of the criteria mentioned in Article 1(3-a)(a) of Regulation (EU) No 795/2014 (ECB/2014/28), the addressee of this Decision will be subject to those same requirements. Therefore, the period of one year for compliance with these requirements that is laid down in Article 25(2) of Regulation (EU) No 795/2014 (ECB/2014/28) should not apply.

(7) The addressee of this Decision has been provided with the opportunity to express in writing any objections, views and comments regarding the facts and legal grounds presented in the Decision.

(8) This Decision should replace Decision ECB/2014/37, which should be repealed,

HAS ADOPTED THIS DECISION:

*Article 1*

**Definitions**

Terms used in this Decision have the same meaning as those in Regulation (EU) No 795/2014 (ECB/2014/28).

*Article 2*

**Identification of SIPS and SIPS operator**

1. CORE(FR) shall be identified as a systemically important payment system for the purposes of Regulation (EU) No 795/2014 (ECB/2014/28) in accordance with the criteria in Article 1(3-a)(a) of that Regulation and on the basis of the reasons set out in the Annex to this Decision.

2. In its capacity as operator of CORE(FR), STET shall ensure that this systemically important payment system complies with the requirements set out in Articles 3 to 21 of Regulation (EU) No 795/2014

[2] Decision of the ECB of 13 August 2014 on the identification of CORE(FR) as systemically important payment system pursuant to Regulation (EU) No 795/2014 on oversight requirements for systemically important payment systems (ECB/2014/37).

(ECB/2014/28).

3. Article 25(2) of Regulation (EU) No 795/2014 (ECB/2014/28) shall not apply.

*Article 3*

**Competent authority**

Banque de France shall be the competent authority for the oversight of CORE(FR).

*Article 4*

**Repeal**

Decision ECB/2014/37 is repealed.

*Article 5*

**Taking effect**

This Decision shall take effect on the day of its notification to the addressee.

*Article 6*

**Addressee**

This Decision is addressed to STET, Cœur Défense - Tour B - 100 esplanade du Général de Gaulle 92932 La Défense Paris, France in its capacity as SIPS operator of CORE(FR).

Done at Frankfurt am Main, 22 April 2022.

*The President of the ECB*

Christine LAGARDE

ANNEX

CORE (COmpensation REtail) (FR) (hereinafter 'CORE(FR)') was assessed against the criteria set out in Article 1(3-a)(a) of Regulation (EU) No 795/2014 (ECB/2014/28).

| Criterion | CORE(FR) |
|---|---|
| Nature, size and complexity of the payment system | CORE(FR) is a domestic retail payment system based in France. It provides the service of netting of Single Euro Payments Area (SEPA) credit transfers and of domestic means of payment (cheques, card transactions, automated teller machine (ATM) withdrawals, and bills of exchange).<br><br>Despite its purely domestic scope of operations, the size of CORE(FR)'s activity positions CORE(FR) as the largest payment system in the EU by EU market share in terms of the volume of euro-denominated payments processed both in 2018 and 2019, and as the second largest retail payment system in the EU by EU market share in terms of the value of euro-denominated payments processed both in 2018 and 2019.<br><br>The total daily average value of euro-denominated payments processed by CORE(FR) has remained stable at approximately double the amount of the quantitative threshold stipulated in Article 1(3)(i) of Regulation (EU) No 795/2014 (ECB/2014/28).<br><br>CORE(FR)'s participants are interconnected with CORE(FR) through the processing of domestic payment schemes that have been adapted specifically to the needs of CORE(FR) and its participants, and through the use of an in-house messaging system between CORE(FR) and its participants.<br><br>CORE(FR) shares its technical platform (CORE) with SEPA(EU), which is a payment system also operated by STET, and with the Centre for Exchange and Clearing (CEC) which is a prominently important retail payment system in Belgium. As a result, several functions used by CORE(FR), in particular governance and risk management, are interconnected with and shared with these systems.<br><br>**Criterion fulfilled** |
| The nature and importance of the payment system's participants | All private sector direct participants of CORE(FR) are credit institutions designated as either global systemically important banks (G-SIBs) or other systemically important institutions (O-SIIs). The two other participants are Banque de France and the *Caisse des Dépôts et des Consignations*, both of which are major public sector institutions in France.<br><br>**Criterion fulfilled** |

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|---|---|
| The substitutability of the payment system and the availability of alternatives to it | For domestic non-SEPA payments (cheques, card payments, ATM withdrawals and bills of exchange), which comprised 82% of CORE(FR)'s total volume of payment transactions processed in 2019, the substitutability of CORE(FR) by other payment systems is assessed as low both in the short term (within 1 month) and the medium term (within 12 months). A transfer of these domestic non-SEPA payments would require the integration of the respective payment schemes into at least one other system, implying the need for potential system-wide and scheme-specific adjustments. This is considered to be challenging, even over a 12-month period. It would also pose technical challenges to the participants' infrastructures, which have been integrated with CORE(FR) and the respective domestic schemes.<br><br>SEPA payments, which comprised 18% of CORE(FR)'s total volume of payment transactions processed in 2019, would in principle be transferable from CORE(FR) to other systems. However, CORE(FR)'s participants would face substantial technical challenges in adapting their systems and procedures in the short term so as to redirect all of their SEPA payments to other systems while at the same time complying with the respective rules and procedures of those systems. As a consequence, the substitutability of CORE(FR) regarding the processing of its SEPA payments in the short term is assessed as low.<br><br>**Criterion fulfilled** |
| The relationship, interdependencies, and other interactions the system has with the wider financial system | Any incident affecting CORE(FR) could have significant knock-on effects on the French economy, due to the central position of CORE(FR) in the French payments market, in which it processes more than half of all payment transactions involving non-monetary financial institutions in France.<br><br>Furthermore, given that four significant participants of CORE(FR) are G-SIBs, any incident impacting CORE(FR) may also have an adverse impact on the global financial system.<br><br>Finally, as mentioned above, CORE(FR) shares its technical platform, governance, and risk management with SEPA(EU), which is also operated by STET. In addition, STET provides the technical platform for the Belgian system CEC, leading to interdependencies relating to governance and risk management. Therefore, the management and performance of CORE(FR) is of relevance to a wider group of related systems and their markets.<br><br>**Criterion fulfilled** |