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To: MARKT H3

**Subject: Comments on the Consultative Document**

Comments from the Krajowa Izba Rozliczeniowa S.A. (KIR) on the Consultative Document to contribute to the Preparation of a Report on the Application of Regulation (EC) No 2560/2001 on Cross-border Payments in euro. Please feel free to contact me if some clarification is needed.

Jaroslaw Tymowski  
Vicepresident

KIR is the ACH in Poland, providing domestic interbank clearing services for payments in PLN and EUR, and also being, on behalf of the National Bank of Poland, a gateway to EBA STEP2 system for cross-border payments in EUR.

Our main system ELIXIR has been designated as Systemically Important Payment System by the National Bank of Poland.

Because of that we would like to take part in consultations of the Consultative Document, and to present our views on issues raised in part 6.4. Payments Infrastructures, of that document.

Regarding the first issue, i.e. whether issues relating to the development of payment infrastructures should continue to be dealt with in the context of the New Legal Framework and self-regulation as is currently the case, we would like to make the following comments:

- a) an approach, in which regulatory action provides the necessary legal foundations for the payment service providers to develop payment infrastructures through self-regulation, seems to be an optimal solution;
- b) at the same time we believe that neither regulatory action nor self-regulation should interfere too strongly with market forces and principals of competition;
- c) specifically, integration of the national payment infrastructures should be a subject of the decisions of their owners.

Regarding the second issue, i.e. to identify the key area where problems exist to establish a pan-European payments infrastructure and how these can be overcome, we would like to mention the following problems:

- a) the efficiency of the national payment infrastructures depends to a large extent on the terms and conditions of the settlement; an example of that can be EBA STEP2 system, which, because of settlement done through a combination of EURO1 and TARGET systems, has a much longer clearing and settlement cycle than what is being achieved in majority of the national systems; from pan-European perspective a major improvement will come with implementation of TARGET2, but it seems that integration of the national payment infrastructures, e.g. via several ACHs affiliating with each other, would require some special provisions for those ACHs in TARGET2 specifications, e.g. to move funds between banks serviced by different ACHs;
- b) pan-European reachability depends on ability to identify each financial institution through a unique, pan-European identifier, e.g. a BIC, which is not a case at the moment.