**3.12.7 On actual and contractual payments**

**3.12.7.1 In general**

As a general rule all payments of income proceeds or capital are processed on an actual basis, i.e. each intermediary credits the cash to its account holders only upon confirmed receipt of the funds from their up-chain intermediaries, the chain starting with the issuer or its agent.

With exception of (I)CSDs, any account servicer may – if the local regulations allow it - offer a SLA based contractual payment service to its account holders, i.e. offer to credit proceeds before the confirmed receipt of the funds from the issuer, thus granting their clients a short-term cost free credit at the account servicer’s own risk.

An account servicer may reverse a contractual payment at its discretion should the expected funds not be received in due time from the issuer or any intermediary up in the chain.

**3.12.7.2 Use of the Contractual Payment Indicator (CONT) in ISO 15022**

|  |  |
| --- | --- |
| **ISO 15022** | **ISO 20022** |
| MT564 / E2 / 22H / CONT | **not available in seev.31, will be introduced with SR 2019** |
| **Decision Date** | **Implementation Date** | **Update Date** | **Open Item Reference** |
| 2018 | 2018 | n/a | NEW |

For account holders with SLA based contractual payment services:

The contractual payment indicator qualifier and the code for actual payment [**seq. E2 :22H::CONT//ACTU**] should be used to inform them, that contrary to the previously agreed on contractual payment method, the payment for this event will be made upon actual receipt of the funds.

It is not recommended to use the indicator if no SLA based contractual payment service is signed, as the actual payment method becomes then the default.

**6.12 Contractual Payment Indicator Usage**

|  |  |
| --- | --- |
| **ISO 15022** | **ISO 20022** |
| MT566 / D2 / 22H / CONT | seev.36 – E2 / Cash Movement Details / Contractual Payment Indicator |
| **Decision Date** | **Implementation Date** | **Update Date** | **Open Item Reference** |
| 2018 | 2018 | n/a | NEW |

In comparison to the usage in the Notification Message **[MT564 – seev.31**] (see 3.12.7), the usage of the Contractual Payment Indicator in the Confirmation Message [**MT566 – seev36**] differs as there are two codes: Actual [**ACTU**] and Contractual [**CONT**].

By setting the appropriate code, an account servicer informs the account holder whether the payment was executed upon receipt of the proceeds from the issuer [**ACTU**] or not [**CONT**].