

ERPB Secretariat

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## **Assessment of follow-up on ERPB statements, positions and recommendations**

### **1. Introduction & summary**

The aim of this document is to provide an overview on the follow-up of ERPB statements, positions and recommendations for which work is ongoing<sup>1</sup>. The overview serves the purpose of keeping track at the ERPB level on whether ERPB statements, positions and recommendations are followed up with action by relevant stakeholders and, if not, to enable the ERPB to discuss possible remedies. A similar overview is provided for each meeting of the ERPB.

**Based on the assessment by the Secretariat further progress was made since the last review on some of the past recommendations made by the ERPB. Overall, the follow-up on ERPB recommendations remains satisfactory. The Secretariat will continue to monitor developments related to these open items and new recommendations and will report back to the next meeting of the ERPB (in June 2019).**

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<sup>1</sup> The record of past recommendations deemed closed as at 18 June 2018 is available at: [https://www.ecb.europa.eu/paym/retpaym/shared/pdf/Record\\_of\\_past\\_ERPB\\_recommendations.pdf?1e788952f786396a318cfe2f7212e85](https://www.ecb.europa.eu/paym/retpaym/shared/pdf/Record_of_past_ERPB_recommendations.pdf?1e788952f786396a318cfe2f7212e85)

## 2. Methodology of the assessment

To ensure a better and more user-friendly overview of the status of the follow-up on past ERPB statements, recommendations and positions, a simple traffic light system with four grades is applied:

- **Red:** means that no significant efforts have been done or there are significant obstacles faced by the relevant stakeholders preventing progress on the given recommendation or issue. Hence, **more attention and efforts are needed in the future and the recommendation or issue requires further attention at the ERPB level.**
- **Yellow:** means that *either*
  - efforts have been made on the given recommendation or issue by the relevant stakeholders but further – previously not planned – efforts may be needed *or*
  - there is a risk that obstacles may arise with regard to further progress on the recommendation or issue

**The recommendation or issue could require further attention at the ERPB level in the future.**

- **Green:** means that all necessary efforts have been made by the relevant stakeholders on the given recommendation or issue and the issue at hand is on track to be fully resolved in the near future. **Barring unexpected developments there is no need for further attention to the matter at the ERPB level.**
- **Blue:** means that due to the necessary efforts made by the relevant stakeholders the given recommendation or issue has been fully followed up / relevant stakeholders are in full compliance with the given recommendation and **the issue is to be treated as closed.**

These traffic lights are complemented by textual remarks / assessment of the follow-up on the given issue or recommendation to provide more detailed information and to underpin the traffic light assessment.

### **3. Overall assessment of the follow-up and status of ERPB recommendations, stances and statements**

Overall, ERPB recommendations and statements made in the past meetings of the ERPB have been followed up by relevant stakeholders. The majority of traffic light assessments given to the recommendations and other ERPB stances are set to blue or green and further progress was made since the last written assessment (prepared in June 2018). The below highlights the issues for which the timing needs to be reconsidered as well as those recommendations with most significant progress.

#### **3.1. Person-to-person mobile payments**

At its meeting in June 2015, the ERPB endorsed the vision of “allowing any person to initiate a pan-European P2P mobile payment safely and securely, using a simple method with information the counterparty is prepared to share in order to make a payment”. The ERPB also made recommendations to the community of mobile P2P solution providers and invited the EPC to facilitate cooperation between existing and future local mobile P2P solutions to ensure pan-European interoperability.

In its June 2018 meeting, the ERPB took note of the status of the work and welcomed the progress made over recent months. The ERPB further invited the scheme manager to maintain the momentum to ensure that the schedule for delivering the SPL (October 2018), testing with on-boarded participants (from November 2018) and going live to the market (January 2019) is adhered to in order to support the development of instant payments in Europe. Since then, preparations have progressed according to the envisaged timeline. The EPC started with the preparation of the implementation of the SPL scheme in July 2018, setting up a group responsible for the scheme management of the SPL service (the SPL scheme participant group) and preparing the SPL scheme rulebook. The development of the SPL service is progressing as planned, and the service is expected to be ready for implementation early 2019.

#### **3.2. IBAN discrimination**

In December 2014, the ERPB adopted a set of recommendations on SCT-SDD post-migration issues, including a recommendation to follow-up with EU Member States and take appropriate action to ensure the enforcement of EU law related to payment accessibility as stipulated in Article 9, Regulation EU (No) 260/2012. Since then, the subject of IBAN discrimination has been addressed at the meetings of the Commission's EU SEPA Forum and Commission Expert Group on Banking and Payment and Insurance. Despite the progress, an assessment conducted by the ESCB in the second half of 2018 notes that IBAN discrimination is still an ongoing issue and the ERPB urges national competent authorities to increase their efforts to tackle IBAN-discrimination and resolve complaints by consumers in a timely manner. Awareness and information on complaint procedures in each member state should also be improved. The assessment of the recommendation should thus change from green to yellow.

#### 4. Detailed assessment of follow-up on ERPB statements, positions and recommendations<sup>2</sup>

Number	Issue / recommendation	Addressee s / relevant stakeholder s	Remark	Assess ment of follow- up
<b>ERPB recommendations on SCT-SDD post migration issues made in December 2014</b>				
ERPB/2014/rec3	It is recommended to follow up with EU Member States and take appropriate action to ensure the enforcement of EU law related to payment accessibility as stipulated in Article 9, Regulation EU (No) 260/2012.	European Commission and Member States	<p>The subject of IBAN discrimination has been addressed at each meeting of the EU SEPA Forum and CEGBPI since December 2014. In these meetings Member States were informed of complaints received by the Commission in relation to IBAN discrimination and asked to take all necessary measures including by ensuring that designated competent authorities are competent for Payment Services Providers (PSPs) and Payment Services Users (PSUs) as a number of Member States misinterpreted Regulation 260/2012 and did not designate competent authorities with responsibility for payment service users.</p> <p>The SEPA implementation report adopted by the Commission in November 2017 comprehensively reviews the application of the Regulation in the 28 Member States and insists on the need for a continued fight against IBAN discrimination. All but three EU MS have now correctly implemented the provisions on competent authorities for PSUs (no IBAN discrimination cases have been reported in those countries). The Commission is in contact with these member states to remedy the situation.</p> <p>An assessment by the ESCB in the second half of 2018 notes that IBAN discrimination is still an ongoing issue and the ERPB urges national competent authorities to increase their efforts to tackle IBAN-discrimination and resolve</p>	Yellow

<sup>2</sup> Based on feedback from the relevant (addressed) stakeholders

			<p>complaints by consumers in a timely manner. Awareness and information on complaint procedures in each member state should also be improved. The assessment of the recommendation should thus change from green to yellow.</p>	
<p>ERP/2014/rec8</p>	<p>It is recommended to investigate possible alternatives to meet the extended structured and unstructured remittance information demands from corporate PSUs</p>	<p>EPC and the EPC's Scheme End User Forum</p>	<p>At their first meetings in the 3rd quarter of 2015, the SEUF and the ESTF had been asked for their position on this topic. The views among members of the ESTF and SEUF were divided on the EPC 2014 change request to only transmit the storage localization of the additional customer-to-customer information in the payment message whereby the additional information itself could be extracted from a "cloud" environment.</p> <p>The ESTF and SEUF suggestions ranged between an increased number of permitted blocks of 140 characters in combination with a cloud solution, and a first block for 140 unstructured characters with a considerable number of structured character blocks.</p> <p>End January 2016, the EPC received internal input from the national PSP communities on the need to extend the current 140 character limitation for remittance information in under the EPC schemes and if so, how many extra (blocks of) characters.</p> <p>The EPC concluded there was no need to extend the number of characters for remittance information.</p> <p>The EPC resubmitted its 2014 change request for public consultation for the 2016 EPC SEPA rulebook change management cycle.</p> <p>2016 change requests from the European Association of Corporate Treasurers on this matter had been received as well and were also included in the public consultation.</p> <p>The comments from the 2016 public consultation and the positions from the two EPC Stakeholder Fora on the various change requests were divided.</p> <p>Based on this difference in views, the SMB decided not to make any change related to remittance information in the 2017 rulebooks.</p> <p>In the first quarter of 2017, the EPC collected again input from the national PSP communities to know whether these communities:</p> <p>i. have or had more than 140 characters in remittance information foreseen in their legacy credit transfer and direct</p>	<p>Green</p>

		<p>debit schemes</p> <p>ii. currently need extra remittance information under the EPC schemes. They had to indicate which customer segments desire such extra information.</p> <p>iii. have already additional optional services (AOS) in place under the EPC schemes to support the transport of more than 140 characters in remittance information (RI) via the payment message itself or in an external storage location</p> <p>The EPC shared its findings with the EPC Stakeholder Fora in June 2017.</p> <p>The June 2017 SEUF meeting re-emphasised its preference for a combination of structured and unstructured RI with the option of not passing on the structured RI to a Beneficiary which is not connected via an XML interface to its PSP.</p> <p>Shortly afterwards, a joint letter from five European business end-user associations was sent to the EPC asking for an extended RI solution in line with the ISO 20022 standard.</p> <p>In the second half of 2017, the EPC worked out a solution within the SCT rulebook to transmit more than 140 characters of RI through the dedicated field of the payment message itself.</p> <p>This solution takes the form of a formal rulebook option which interested scheme participants would formally have to adhere to. The inclusion of this option in the relevant rulebook cannot impact at all those other scheme participants that do not want to transmit and/or receive more than 140 characters of remittance information.</p> <p>This EPC proposal on extended remittance information (ERI) was shared with the October 2017 EPC Stakeholder Forum meetings. These Forums did not express objections or changes to the principles of this EPC proposal.</p> <p>Even though the public consultation comments from EPC scheme participants (via national communities or via individual comments) to this change request are mixed whereas all other contributors fully support this change request, the September 2018 SMB meeting considered that</p>	
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			<p>this change request is nevertheless the best proposal to serve this market need.</p> <p>This change request will be included as an option within the scheme in the 2019 SCT rulebook version 1.0.</p>	
ERP/2014/rec11	<p>It is recommended to investigate if and how national legal restrictions affecting the use of the appropriate SDD R-transaction reason codes could be removed</p>	<p>European Commission and Member States</p>	<p>R-transactions were addressed in the meetings of the EU SEPA Forum and CEGBPI, where Member States informed the Commission that the restrictions on communication of information regarding payers' accounts and the use of a "miscellaneous" code are linked to national laws on data protection. Two legal instruments are relevant for this point: the General Data Protection Regulation – GDPR – and the Data Protection Directive for Police and Criminal Justice Authorities. The official texts of the Regulation<sup>3</sup> and the Directive<sup>4</sup> have been published in the EU Official Journal. The Regulation entered into force on 24 May 2016, and applies as from 25 May 2018. The Directive entered into force on 5 May 2016 and EU Member States had to transpose it into their national law by 6 May 2018.</p> <p>It is noted that both the Data Protection Directive (95/46) and the GDPR have a horizontal nature and do not provide for tailor-made solutions for any sector of economic activity. Personal data related to R-transaction codes can be transmitted between banks as long as there is a legal ground (e.g. a contract, national or Union law, legitimate interests of the controller) for the processing of those data for those specific purposes.</p> <p>Although Member States can still further specify the GDPR (e.g. by adopting national legislation providing a legal basis for processing personal data for a specific purpose see article 6(2) and (3) of GDPR) this regulation reduces overall fragmentation by providing a simplified, streamlined and directly applicable regulatory framework. It will also level the playing field by requiring that non-EU companies apply the same rules as EU companies when offering services in the EU. The GDPR will also simplify enforcement by creating a</p>	<p>Green</p>

<sup>3</sup> Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation)

<sup>4</sup> Directive (EU) 2016/680 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data by competent authorities for the purposes of the prevention, investigation, detection or prosecution of criminal offences or the execution of criminal penalties, and on the free movement of such data, and repealing Council Framework Decision 2008/977/JHA

			<p>"one-stop-shop" which means that companies will only have to deal with one single supervisory authority: the one of their Member State of establishment.</p> <p>Finally, the regulation increases individuals' trust in digital services by protecting them in respect of all companies that offer their services in the European market and therefore facilitating the flow of data in the Single Market</p>	
ERP/2014/rec13	<p>It is recommended to look for more appropriate attributes in a long term perspective (e.g., Legal Entity Identifier (LEI) as a unique entity identifier) to identify a creditor</p>	<p>EPC (supported by the European Central Bank and standardisation authorities)</p>	<p>At their first meetings in the 3rd quarter of 2015, the SEUF and the ESTF had been asked for their position on this topic.</p> <p>The following main comments were made:</p> <ul style="list-style-type: none"> <li>• The LEI might not be the right code but a fiscal code or VAT code could be a reliable alternative.</li> <li>• The number of LEIs currently issued to creditors is very low compared to the current number of creditors.</li> <li>• The LEI cannot replace the CI as the LEI cannot be assigned to private creditors.</li> <li>• The attribute of the LEI is not foreseen in the ISO 20022 XML message versions used for SCT and SDD transactions. An adaptation via a new version of these ISO 20022 XML message versions would be needed.</li> </ul> <p>At the start of 2017, the EPC analysed the LEI developments. Approximately 300 000 LEIs have been issued in SEPA countries at that point in time. The number of enterprises in the non-financial business economy of the 28 EU countries is 24,4 million (Eurostat 2014).</p> <p>Given the low number of LEIs issued in SEPA compared to the number of non-financial enterprises in SEPA, the EPC decided not to work further on LEI for the time being.</p>	Green
<b>ERP/2014/rec25</b>				
ERP/2014/rec25	<p>It is recommended – after putting in place the implementation acts as foreseen in the Regulation (EU) No 910/2014 – to continue to monitor the cross-border usage of qualified electronic signatures and, if needed, take further steps to ensure cross-border usability for PSPs and PSUs.</p>	<p>European Commission</p>	<p>Regulation 910/2014 ensures interoperability, based on mutual recognition of solutions for public services which should enable also the private sector to use qualified e-signatures on a cross-border level. The European Commission Action Plan insists further on encouraging remote ID recognition (action 11: "The Commission will facilitate the cross-border use of electronic identification and know-your-customer portability based on eIDAS to enable banks to identify customers digitally – Q4 2017"). The Commission launched a dedicated expert group early 2018 to explore these issues further and to analyse whether</p>	Green



			common EU guidelines are necessary. The group will comprise regulators, supervisors, financial institutions, consumer groups and the existing groups of e-identity and anti-money laundering experts from Member States. The group launched its work early 2018.	
<b>ERPB recommendations and invitations on person-to-person (P2P) mobile payments made in June 2015</b>				
ERPB/2015/ rec1	Consensus and cooperation between the existing local solutions should be developed by organising a forum for existing EU P2P mobile payment solutions to work on pan-European interoperability. In particular, the forum should come together to develop a set of rules and standards (framework) related to joining and using pan-European mobile payment services. In addition, a governance structure (responsible for, inter alia, defining, publishing and maintaining the framework) needs to be set up.	European Payments Council and existing providers of P2P mobile payment solutions	The Mobile Proxy Forum (MPF) has published the rules for operating, joining and participating to the SPL. The MPF came to an agreement on the future governance of the SPL service, which should be set up as part of the EPC. Following the signing of the transfer of copyright agreement in relation to the SPL rules and the SPL API specification by the EPC and MPF in July 2018, the MPF was disbanded and the EPC started with preparing the implementation of the SPL scheme, for which the finalised rulebook is expected to be published by the end of 2018. The EPC has assumed its role of SPL scheme manager by establishing a scheme participant group (made up of all registered, committed or "interested" eligible scheme participants) reporting to the EPC Board, as a replacement for the MPF (this group had its inaugural meeting on 27 September 2018). As a second step, the establishment of an SPL Scheme Management Board is planned (expected to take place by July 2019).	Green
ERPB/2015/ rec2	To put in place a standardised proxy lookup (SPL) service which allows P2P mobile payment data (i.e. proxy and IBAN) to be exchanged among P2P mobile payment solutions on a pan-European level. The SPL service is outlined in the working group report.	Existing providers of P2P mobile payment solutions	The SPL scheme and service is planned to be ready for implementation early 2019 (see report from the SPL scheme manager under agenda item 4).	Green
ERPB/2015/ rec4	A full legal review should be undertaken.	Existing providers of P2P mobile payment solutions	This task has been completed. The legal review is considered to be a matter of scheme participant and service provider(s) compliance. This is/will be reflected in the signed service agreement, the Rulebook and most probably in a future risk management annex. The matter will continue to be monitored as (and when) the scheme develops, grows and expands.	Blue
<b>ERPB recommendations and invitations on technical standards for payment cards made in June 2015</b>				
ERPB/2015/ rec5	The ERPB recommends that, for newly installed payment card terminals, the choice of protocol	Acquirers Processors	The SCS Volume requirements for card-present transactions were expected to be met for new cards and	Green

	specification should be market driven and conform to the SEPA Cards Standardisation Volume (SCS Volume). Acquirers and processors should recognise and work with at least one protocol that conforms to the SCS Volume.	of payment payment cards	terminals being introduced in the market as from 2017. By now, three organisations have declared the conformance of altogether seven sets of specifications with the Volume requirements. More are likely to follow.	
ERP/2015/rec6	The ERPB recommends that, for newly installed payment card terminals, the choice of terminal payment application should be market driven and conform to the SCS Volume. Acquirers and processors should recognise and work with at least one terminal payment application that conforms to the SCS Volume.	Acquirers Processors of payment payment cards	The SCS Volume requirements for card-present transactions were expected to be met for new cards and terminals being introduced in the market as from 2017. By now, three organisations have declared the conformance of altogether seven sets of specifications with the Volume requirements. More are likely to follow.	Green
ERP/2015/rec7	The ERPB recommends that the identified terminal security certification methodologies, processes and frameworks implement the relevant list of requirements described in the SCS Volume. Schemes shall strictly follow the process described in the SCS Volume for this domain.	Terminal security implementation specification providers and their certification bodies; card schemes	The SCS Volume requirements for card-present transactions were expected to be met for new cards and terminals being introduced in the market as from 2017. By now, three organisations have declared the conformance of altogether seven sets of specifications with the Volume requirements. More are likely to follow.	Green
<b>ERP/ recommendations related to mobile and card-based contactless payments</b>				
ERP/2015/rec8	The ERPB recommends to: i. Speed up the creation of a single common POI kernel specification for contactless transactions (already planned under EMV Next Generation) and make the specifications publicly available as soon as possible. (December 2016) ii. Limit the number of terminal configuration options in the EMV Next Generation specifications, in order to allow consistency among implementations and provide consumers with a streamlined payment experience across different terminals. (December 2016) iii. Include a parameter in the EMV Next Generation specifications that would allow the identification of the form factor of the consumer device used for the initiation of the contactless transaction. (December 2016)	EMVCo	The work of EMVCo is in progress. The publication of the final version of specifications is expected only in 2019 (the exact date is not known) The points specified under ii and iii are covered in the specification. The importance of this recommendation increases due to its link to the outcome of ERP/2015/rec10. The latter points out that the best possible long term solution is to use specifications under development by EMVCO ("EMV 2nd Gen"). For this reason, it would be a good moment to encourage the industry to agree on the implementation of the EMV 2nd generation.	Green
ERP/2015/rec9	The ERPB recommends to: i. Define an aligned European mandate for the implementation of contactless-enabled POIs, including a specification of where they should be available. The	Card scheme sector	(i) The great majority of the newly implemented terminals have the contactless capability and in general markets are working to the international schemes' mandates for the deployment of contactless terminals, as terminals accept	Green

	<p>ECB should act as facilitator for this. (June 2016)</p> <p>ii. Harmonise the level of transaction limits at POIs at country level for each use case/payment context. (Ongoing)</p> <p>iii. Request the use of open protocols in the POI domain and the POI-to-acquirer domain which are compliant with the SEPA Cards Standardisation Volume and labelled by the Cards Stakeholders Group. (June 2017)</p> <p>iv. Mandate a common implementation plan for the EMV Next Generation specifications with an appropriate migration period. (December 2017)</p>		<p>international schemes in addition to the domestic schemes. In this context, international schemes have mandated POI contactless capability from 2020 on and local schemes are aligned with them.</p> <p>(ii) The level of transaction limits is harmonised in most countries and the tendency is to increase the contactless transaction amount limit.</p> <p>(iv) A common implementation plan has not been adopted yet. Next steps in the implementation of the EMV Next Gen specifications may be determined by the market once the specifications are published (reference to ERPB/2015/rec8).</p>	
ERPB/2015/rec13	<p>The ERPB recommends to:</p> <p>i. Agree on and pursue the development of specifications for a “smart secure platform” (enabling the provision of value-added services relying on authentication of the user, regardless of the mobile device, communication channel or underlying technology), taking into account the requirements of mobile payments, and building on the work already done by EMVCo and GlobalPlatform. (December 2017)</p> <p>ii. Develop implementation guidelines (December 2016) (building on work already done by GlobalPlatform) that define:</p> <ul style="list-style-type: none"> <li>- a process that provides service providers with the credentials for access to secure elements;</li> <li>- a process that allows a service provider to be authenticated, to securely obtain the credentials to access a mobile device’s hardware vaults (i.e. the secure element), and to communicate with these vaults.</li> </ul>	European Telecommunications Standards Institute (ETSI)	<p>(i) ETSI activities on the development of specifications for a “smart secure platform” are still ongoing.</p> <p>(ii) No progress has been made. The development of specifications for a smart secure platform could give new momentum to this task.</p>	Yellow
ERPB/2015/rec14	<p>The ERPB recommends to require mobile devices to be certified in accordance with the future “Smart Secure Platform” being developed by ETSI (see ERPB/2015/rec 13). (December 2018)</p>	Mobile payment service providers	<p>The implementation of this recommendation is dependent on the achievement of ERPB/2015/rec13.</p>	Yellow
ERPB/2015/rec16	<p>The ERPB recommends to provide access to the mobile device’s contactless interface in order to ensure that the consumer can have a choice of payment applications from different mobile payment service providers, independently of the mobile device and the operating system used. (Ongoing)</p>	Mobile device manufacturers, mobile operating	<p>The European Commission (DG-Competition) is aware of the issue and is following developments.</p>	Yellow

		system developers, GSMA/MNOs, and competition authorities		
<b>ERPB recommended requirements on Payment initiation Services (adopted in June 2018)</b>				
<b>ERPB/2018/sta1</b>	The ERPB confirmed the technical, operational and business requirements stemming from the November 2017 working group report. Technical requirements should however be considered in light of the developments that occurred since then and in particular in view of the Opinion provided by the EBA and the work of the API Evaluation Group. The ERPB also endorsed the set of additional business and operational requirements stemming from the June 2018 working group report.		<p>With regard to technical requirements, such as those for the ASPSP-TPP-interfaces and their functionality, the API Evaluation Group has continued working on “recommended functionalities” for standardised API specifications. The European Banking Authority (EBA) participates as observer, to facilitate alignment with regulatory views. The API EG has kept a dialogue with five API standardisation initiatives. Based on the ECB’s monitoring of market developments, further initiatives have emerged and “national flavours” are being added to e.g. the Berlin Group’s work. The API EG published the outcome of its work on recommended functionalities on 9 November 2018<sup>5</sup>, including those issues where consensus between the API EG members has not been possible.</p> <p>For the operational requirements, relating to PSD2-certificates and operational directory services, ETSI has engaged with the EBA to complement its earlier standard with elements covering the interaction between certificate issuers and the NCAs deciding on the authorisation of PSPs. Separately, EBA and National Competent Authorities are discussing enhancements of their PSP registers, including the need to quickly update these in case of changes in the authorisation. Multiple providers are offering operational directory services in which ASPSP can check -also in real-time during a payment initiation or account information request- whether the TPP is (still) authorised; TPPs could use the directory service as a consolidated database for information on ASPSPs’ interface specifications, contact persons, etc.</p> <p>With respect to business requirements, i.e. those relating to event and dispute handling, at least one provider is offering such a mechanism.</p>	Yellow

<sup>5</sup> [https://www.europeanpaymentscouncil.eu/sites/default/files/kb/file/2018-11/API%20EG%20045-18%20Recommended%20Functionalities%209%20November%202018\\_0.pdf](https://www.europeanpaymentscouncil.eu/sites/default/files/kb/file/2018-11/API%20EG%20045-18%20Recommended%20Functionalities%209%20November%202018_0.pdf)

