

Settlement Instruction

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Discussion

A Settlement Instruction provides a structured output from the Cost Recovery, Compensation, and Settlement Plane for accounting, chargeback, reimbursement, or settlement activity. It identifies the economic treatment associated with governed work after the architecture links the work to a cost rule, an evidence reference, a qualified provider, and a settlement context.

A Settlement Instruction supports ordinary accounting mechanisms. It provides the information needed for downstream accounting systems, consortium settlement processes, internal chargeback processes, reimbursement processes, or regulated cost-recovery processes.

A Settlement Instruction does not execute payment by itself. It provides a structured instruction or accounting artefact that an authorised financial, accounting, or governance process handles in accordance with applicable policies, contracts, regulations, and accounting practices.

Definition

record that identifies settlement treatment for governed work

Source

FX Demo Reference Architecture, Part 6: Cost Recovery, Compensation, and Settlement Plane

Note

A Settlement Instruction differs from a Compensation Claim. A Compensation Claim requests economic recognition for governed work. A Settlement Instruction identifies the accounting or settlement treatment that follows evaluation of cost, evidence, provider, and allocation context.

A Settlement Instruction also differs from a payment. Payment execution occurs outside the reference architecture unless a later implementation profile defines a specific payment integration.

Example

A qualified evidence-retention provider records retained evidence for an FX transaction. The Cost Recovery, Compensation, and Settlement Plane applies the relevant Cost Rule and produces a

Settlement Instruction that identifies the chargeback amount, accountable participant, evidence reference, and accounting category.

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