

SEPA Direct Debit Implementation Guide

Version 1.10

Table of contents

| | | |
|-------|---|----|
| 1 | Change log..... | 3 |
| 2 | Purpose of this document..... | 5 |
| 2.1 | Target groups | 5 |
| 2.2 | Help..... | 5 |
| 3 | Introduction to SEPA Direct Debit..... | 6 |
| 3.1 | Schemes | 6 |
| 3.2 | Involved parties..... | 6 |
| 3.3 | Exception handling | 8 |
| 3.3.1 | Before booking..... | 8 |
| 3.3.2 | After booking..... | 8 |
| 3.4 | Not supported by Danske Bank Group..... | 9 |
| 3.5 | Changes..... | 9 |
| 4 | Setting up SEPA Direct Debit..... | 10 |
| 4.1 | Agreement..... | 10 |
| 4.1.1 | Third party | 11 |
| 4.2 | SEPA Direct Debit creditor identifier..... | 11 |
| 4.3 | Debtor mandate | 12 |
| 4.3.1 | Mandate reference..... | 13 |
| 4.3.2 | Dematerialisation..... | 13 |
| 4.3.3 | Archiving | 13 |
| 4.3.4 | Legacy mandates | 13 |
| 4.4 | Pre-notification..... | 14 |
| 5 | Using SEPA Direct Debit..... | 15 |
| 5.1 | Initiation..... | 16 |
| 5.1.1 | Direct Debit type to use when resending a collection..... | 17 |
| 5.1.2 | Due date..... | 18 |
| 5.1.3 | Cut-off times..... | 18 |
| 5.1.4 | Important file format rules..... | 20 |
| 5.2 | Cancellation | 21 |
| 5.2.1 | Cut-off times..... | 21 |
| 5.2.2 | Important file format rules..... | 21 |

| | | |
|-------|-----------------------------------|----|
| 5.3 | Acknowledgement file | 22 |
| 5.4 | Status file..... | 22 |
| 5.4.1 | References..... | 23 |
| 5.4.2 | Cancellations | 23 |
| 5.5 | Unauthorised refunds | 23 |
| 5.5.1 | Acceptance of refunds | 24 |
| 5.6 | Copy of mandate..... | 24 |
| 5.7 | Account Entries..... | 24 |
| 5.7.1 | Crediting the direct debit | 24 |
| 5.7.2 | Debiting a return or refund | 25 |
| 5.8 | Account statements | 25 |
| 5.8.1 | Business Online examples | 26 |
| 5.8.2 | Account statement examples | 28 |
| 5.8.3 | MT940 examples..... | 28 |
| 5.8.4 | CREMUL examples..... | 29 |
| 5.9 | Reconciliation..... | 30 |
| 6 | Test of set-up..... | 31 |

SEPA Direct Debit Implementation Guide

1 Change log

| Version | Date | Amendment |
|---------|------------|---|
| 1.0 | 06.12.2010 | Document created |
| 1.1 | 31.01.2011 | Paragraph 5.8.3- MT940. Example of single posting - refund. Code OCMT replaced by code MISC. |
| 1.2 | 01.10.2011 | CREMUL example and reference to mandate guide added. |
| 1.3 | 01.05.2012 | Debtor interest compensation removed . |
| 1.4 | 01.05.2013 | New screen shots in 5.8 |
| 1.5 | 16.07.2013 | Link to www.europeanpaymentscouncil.eu corrected. |
| 1.6 | 01.10.2013 | Index 2.21 in section 5.1.4 has been modified because it's no longer mandatory to provide a BIC code in the SEPA Direct Debit file |
| 1.7 | 15.10.2014 | New section 5.1.1 added concerning use of Direct Debit types when resending collections. Section 6 updated regarding use of End To End Identification. Section 5.1.3 updated for Cut-off time as per new EBA deadlines. |
| 1.8 | 20.11.2016 | 1. Local Business Banking days changed to TARGET days. 2. Cut-off times for Core changed to the same as for B2B. 3. Special cut-off times removed as not applicable any more. 4. BIC code of Debtor Bank removed from the list of mandatory information for Debtor Mandate as it became optional. 5. Usage of sub-type "First" for the first collection in the series of "Recurring" SEPA Direct Debit collections updated to optional. 6. Maximum amount of SEPA Direct Debit collections that can be sent in 1 files added in paragraph 5 . 7. Cancellation cut-off time updated. |
| 1.9 | 15.12.2016 | Corrected contact information in paragraph 2.2. |
| 1.10 | 25.09.2017 | Condition when debtor's address must be provided was added. |

SEPA Direct Debit Implementation Guide

SEPA Direct Debit Implementation Guide

2 Purpose of this document

The purpose of this guide is to ease the implementation of SEPA Direct Debit collections via Danske Bank Group. This document can be read together with the format description for SEPA Direct Debit or it can be used as a separate guide.

This guide gives you a detailed description of SEPA Direct Debit and answers many of the questions which may occur in connection with the implementation of the product.

For guidance on how to design your SEPA Direct Debit mandates please refer to SEPA Direct Debit Mandate Guide on our homepage.

For guidance on how to use the Business Online interface for SEPA Direct Debit please refer to the SEPA Direct Debit Getting Started document. You can find a link to the Getting Started documents in Business Online. This document primarily describes how to use SEPA Direct Debit via files.

2.1 Target groups

The target groups for this document are people who need to know more about SEPA Direct Debit via Danske Bank Group and who maybe are responsible for the implementation.

2.2 Help

You may contact Integration Service for assistance on SEPA Direct Debit via Danske Bank Group:

| | |
|----------------------------------|--------------------------|
| Danske Bank in Denmark: | 70 114 115 (choice 3) |
| Danske Bank in London: | +45 70 152 151 |
| Danske Bank in Sweden: | 020-790 347 (choice 2) |
| Danske Bank in Norway: | 800 14 648 (choice 2) |
| Danske Bank in Ireland: | 1 655 0200 (choice 3) |
| Danske Bank in Northern Ireland: | 028 9031 1377 (choice 3) |
| Danske Bank in Finland: | 0100 2580 |

SEPA Direct Debit Implementation Guide

3 Introduction to SEPA Direct Debit

SEPA Direct Debit enables you to collect money from debtors within the SEPA countries using a set of standardised rules.

With SEPA Direct Debit you can use the same solution for both domestic and cross border direct debits.

In Danske Bank Group SEPA Direct Debit is a part of the Collection Service product.

3.1 Schemes

A scheme consists of a set of rules which regulates the use of SEPA Direct Debit. The banks and customers using the scheme must comply with these rules.

Currently SEPA Direct Debit consists of two different schemes:

- SEPA Core Direct Debit
- SEPA Business to Business Direct Debit

The SEPA Core Direct Debit scheme can be used to collect from debtors that are either consumers or business customers.

The SEPA Business to Business Direct Debit scheme can only be used to collect from business customers.

There is one major difference in the use of the schemes - under the Core scheme the debtor can ask for a refund of authorised transactions which is not possible under the Business to Business scheme.

Please refer to the SEPA Direct Debit Rulebooks on EPC's homepage to learn more:

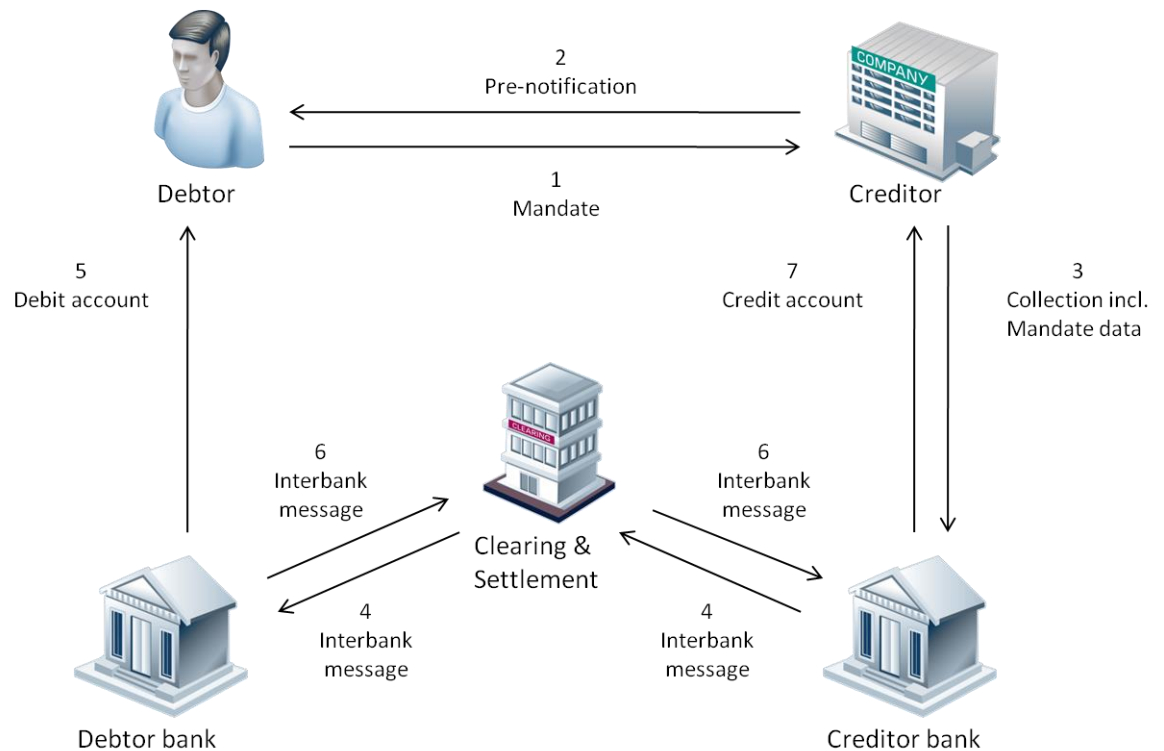
www.europeanpaymentscouncil.eu

3.2 Involved parties

The parties involved in SEPA Direct Debit are:

- The debtor (payer)
- The creditor
- Creditor's bank
- Clearing & Settlement house
- Debtor's bank

The interaction between the different parties can be illustrated like this:



1. You must provide your debtor with a mandate. Your debtor must sign this mandate and return it to you before you may start to collect euro payments from the debtor.
2. You must pre-notify your debtor of the upcoming direct debit at least 14 calendar days before due date. Please refer to section 4.4 for more details.
3. After receipt of the signed mandate and after having pre-notified your debtor you may initiate the SEPA Direct Debit. See more about the file format for SEPA Direct Debit Initiation in section 5.1.
4. No sooner than 14 calendar days before due date we forward your direct debit to the debtor bank using a Clearing & Settlement house. For more details on cut-off times please see section 5.1.3.
5. On the due date the debtor's bank debit the debtor's account according to the direct debit instructions. Sending the SEPA Direct Debit you must ensure that due date is a TARGET day. For more details on TARGET days please refer to section [5.1.2](#).
6. The Debtor's bank forwards the amount to us on the due date via the Clearing & Settlement house.
7. We credit the amount to your account on the due date.

3.3 Exception handling

In some cases a collection is handled exceptionally. This happens when one of the involved parties cannot process the collection in the normal way.

In this situation the affected party will use an R-message to start the exception handling process.

The exception handling can occur before or after the collection has been booked. The following sections describe the different R-messages.

3.3.1 Before booking

These R-messages can be used for exception handling before the collection is booked:

| R-message | Can be used by | Some of the possible reasons |
|--------------------------|-----------------------|---|
| Reject | Creditor bank | Technical reasons, such as invalid format, wrong IBAN number etc. |
| | Clearing & Settlement | |
| | Debtor bank | The collection cannot be processed because the account is closed etc. |
| | Debtor | The debtor refuses to pay |
| Revocation | Creditor | The creditor wishes to delete a collection not yet forwarded to Clearing & Settlement |
| Request for cancellation | Creditor | The creditor wishes to recall a collection forwarded to the debtor but not yet paid |

3.3.2 After booking

These R-messages can be used for exception handling after the collection is booked:

| R-message | Can be used by | Some of the possible reasons |
|---------------------|----------------|--|
| Return | Debtor bank | The collection cannot be processed because of insufficient funds, the account is closed etc. |
| Refund ¹ | Debtor | The debtor refuses to pay |

¹The Refund message can only be used under the Core scheme.

The Refund message can be used in two situations:

- 1 The debtor can refuse to pay an authorised collection up to 8 weeks after it has been booked.
- 2 The debtor can refuse to pay an unauthorised collection up to 13 months after it has been booked.

The difference between an authorised or unauthorised collection is whether or not a valid mandate exists for the collection in question.

3.4 Not supported by Danske Bank Group

Exception handling

We do not support this R-message which can be used for exception handling after the collection is booked:

| R-message | Can be used by | Some of the possible reasons |
|-----------|----------------|---|
| Reversal | Creditor | The creditor wishes to recall a collection already booked |

Instead we suggest you make a credit transfer to repay the debtor.

Debtor mandate

At the moment we do not support e-mandate (electronic debtor mandate).

Pre-notification

You cannot use our solution to pre-notify your debtors. You therefore have to send the pre-notification yourselves. Please refer to section 4.4 for more details.

3.5 Changes

SEPA Direct Debit is maintained by the European Payments Council (EPC). In general the EPC may initiate these changes:

Major changes: 1 per year

Minor changes: 2 per year

The changes may be mandatory or optional. We will adjust our solution to comply with the mandatory changes whereas we might decide not to support the optional changes.

SEPA Direct Debit Implementation Guide

4 Setting up SEPA Direct Debit

Before you create your first SEPA Direct Debit collection via Danske Bank Group you must have

- a Euro denominated account in one of our group banks:
 - Danske Bank in Denmark
 - Danske Bank in London
 - Danske Bank in Sweden
 - Danske Bank in Norway
 - Danske Bank in Ireland
 - Danske Bank in Northern Ireland
 - Danske Bank in Finland
- a Business Online Agreement
- a SEPA Direct Debit module in Business Online
- a SEPA Direct Debit creditor identifier
- informed us which scheme you wish to use
- a credit facility and a Settlement Line, if you want to use the Core scheme
- a debtor who can receive SEPA Direct Debits via his/her bank
- a signed mandate from the debtor
- pre-notified the debtor about the collection.

4.1 Agreement

A Business Online agreement must be signed by you and activated by us before you start sending collections via us.

The agreement specifies which of the SEPA Direct Debit modules you have access to. The modules you need depend on in which bank your account is held. If you want to use accounts in several group banks you need the modules equivalent to each bank:

| | | | |
|-----------------------|---|-------------------|---------------------------------|
| Collection Service DK | - | SEPA Direct Debit | Danske Bank in Denmark |
| Collection Service FI | - | SEPA Direct Debit | Danske Bank in Finland |
| Collection Service GB | - | SEPA Direct Debit | Danske Bank in London |
| Collection Service IE | - | SEPA Direct Debit | Danske Bank in Ireland |
| Collection Service UK | - | SEPA Direct Debit | Danske Bank in Northern Ireland |
| Collection Service NO | - | SEPA Direct Debit | Danske Bank in Norway |
| Collection Service SE | - | SEPA Direct Debit | Danske Bank in Sweden |

The user authorisation, which is part of the Business Online agreement, specifies which of the SEPA Direct Debit modules each of your users have access to. Thus you can limit their access to SEPA Direct Debit to accounts in certain banks.

From the user authorisation you can also see the SEPA Direct Debit creditor identifier(s) applicable to your users and for which scheme(s) they can use them. Please be aware that you cannot limit your user's access to the SEPA Direct Debit creditor identifiers and/or the schemes. If your users have a SEPA Direct Debit module they will also have access to every SEPA Direct Debit creditor identifier (please refer to section 4.2) and scheme.

4.1.1 Third party

If you need to create collections using another company's SEPA Direct Debit creditor identifier(s) this company must sign a Third party mandate.

4.2 SEPA Direct Debit creditor identifier

You may only initiate SEPA Direct Debit collections if you have a SEPA Direct Debit creditor identifier.

The creditor identifier makes it possible to identify you as a creditor within the SEPA Direct Debit schemes without ambiguity. To ensure this the creditor identifier throughout the SEPA countries must follow this structure:

CCNNZZZX

| | |
|------|---|
| CC: | ISO country code |
| NN: | Check digit |
| ZZZ: | Creditor Business Code |
| X: | Country specific details (up to 28 characters long) |

You may use the Creditor Business Code to identify different business lines or services.

The country specific details have been decided on a country level and therefore differ from country to country.

If you need a creditor identifier in Denmark, Finland, Great Britain, Norway or Sweden we can issue one for you. For the Nordic countries you however have to provide us with some specific country information as this is part of the creditor identifier for these countries:

| | |
|----------|---|
| Denmark: | Your Danish CVR Number |
| Finland: | Your Finnish Business ID |
| Norway: | Your Norwegian National Organisation Number |
| Sweden: | Your Swedish National Organisation Number |

We will provide you with a certificate specifying the creditor identifier issued to you.

In Ireland, IPSO (Irish Payments Services Organisation) will issue you with a Creditor Identifier.

4.3 Debtor mandate

Your debtor has to sign a SEPA Direct Debit paper mandate for a particular contract held with you before you may start sending collections to the debtor.

The layout of the debtor mandate is up to you, however it must include:

1. a mandatory legal wording
2. some mandatory information

The mandatory information consists of:

- Unique Mandate reference
- Name of the Debtor
- Address of the Debtor¹
- Postal code/city of the Debtor¹
- Debtor's country of residence¹
- Debtor's account number IBAN
- Creditor company name
- Creditor's identifier
- Creditor's address street and number
- Creditor's postal code and city
- Country of the Creditor
- Type of payment
- Signature place and time
- Debtor identification code
- Name of the Debtor Reference Party
- Identification code of the Debtor Reference Party
- Name of the Creditor Reference Party
- Identification code of the Creditor Reference Party
- Underlying contract identifier
- Contract description.

¹) Debtor's address is only mandatory when the Debtors' Bank is located in a non-EEA SEPA country or territory.

The mandate can be amended at anytime.

The requirements are set by the EPC in the Rulebooks for each scheme.

For guidance on how to design your SEPA Direct Debit mandates please refer to the SEPA Direct Debit Mandate Guide on our homepage.

www.danskebank.com/sepadirectdebit

The EPC has made a document called "Guidelines for the Appearance of Mandates", which also may help you design your own mandate form. Please refer to the EPC homepage for more information:

www.europeanpaymentscouncil.eu

A mandate which you have not used for 36 months must be cancelled by you and you may not initiate any collections based on this mandate.

4.3.1 Mandate reference

Each mandate must have a mandate reference. This mandate reference should be mentioned in the mandate signed by your debtor. If that is not possible you must inform your debtor of the mandate reference before you send him the first collection.

The mandate reference must be unique for each mandate in combination with your SEPA Direct Debit creditor identifier, without the extension, called Creditor Business Code.

In this example the mandate reference refers to the same mandate:

| Creditor identifier | Business code | Creditor identifier without Business code | Mandate reference |
|---------------------|---------------|---|-------------------|
| DK91001300061126228 | 001 | DK91300061126228 | 123 |
| DK91002300061126228 | 002 | DK91300061126228 | 123 |

We recommend to limit the length of the mandate reference as it is used as a key in several processes.

4.3.2 Dematerialisation

Paper-based mandates must be dematerialised. Dematerialisation is a process where you convert the written information on the paper mandate into electronic data. You must ensure that your dematerialisation does not alter the content of the paper mandate.

From the SEPA Direct Debit Rulebooks on EPC's homepage you can see which mandate information must be dematerialised:

www.europeanpaymentscouncil.eu

Some of the dematerialised mandate information must be included in every direct debit you initiate as specified in section 5.1.

4.3.3 Archiving

You must store the original mandate, together with any amendments, cancellation or lapse relating to the mandate, according to your national legislation.

4.3.4 Legacy mandates

You might be able to migrate mandates which you have issued under a local direct debit scheme, also called legacy scheme, to SEPA Direct Debit mandates. However the legacy mandates may not fully comply with the requirements of the SEPA Direct Debit Rulebooks and therefore EPC has made some rules which enable you to use these mandates under the SEPA Direct Debit schemes in certain limited circumstances eventually decided by the bank community in each country.

Please refer to the SEPA Direct Debit Rulebooks on EPC's homepage to learn more:

www.europeanpaymentscouncil.eu

4.4 Pre-notification

Before you send a collection to your debtor you must pre-notify him of the amount and due date of the collection. Unless otherwise agreed with your debtor you have to send the notification to him at least 14 calendar days before due date.

You may send the pre-notification separately or together with or as part of other commercial documents, e.g. an invoice.

The notification can also include:

1. a list of repeating direct debits for an agreed period of time
2. an advice for the collection your notification concerns

If you do not send such pre-notification the debtor may consider your collection to be unauthorised.

5 Using SEPA Direct Debit

You can use SEPA Direct Debit via files and via Business Online. This section describes how to use SEPA Direct Debit via files.

We offer you a file solution via these channels:

- Business Online
- Web Services
- SWIFT File Act
- Direct communication channels(e.g. File Transfer Protocol - FTP over Virtual Private Network - VPN).

You can send up to 25.000 SEPA Direct Debit collections in 1 file.

You can find the format description on our homepage:

www.danskebank.com/sepadirectdebit

These format descriptions cover Danske Bank's and EPC's interpretation of the ISO 20022 XML messages used for SEPA Direct Debit.

These format descriptions cover both EPC's interpretation and any interpretation we have added. They describe how we use the fields in Danske Bank Group and which fields are mandatory.

We support these files:

Creditor to bank

| File name | Purpose |
|--|---|
| SEPA Direct Debit Initiation pain.008.001.02 | Initiation of SEPA Direct Debits |
| SEPA Direct Debit Cancellation camt.055.001.01 | Cancellation of a previously sent SEPA Direct Debit |

Bank to creditor

| File name | Purpose |
|---|---|
| SEPA Direct Debit Status pain.002.001.03 | Status on the SEPA Direct Debits sent to Danske Bank Group |
| SEPA Direct Debit Acknowledgement pain.002.001.03 | Informing if the <i>SEPA Direct Debit Initiation</i> file sent to Danske Bank Group has been accepted |

To send and receive the files you can use the Business Online interface.

Via Business Online you can:

- send files
- receive status files
- view the files you have sent and their status

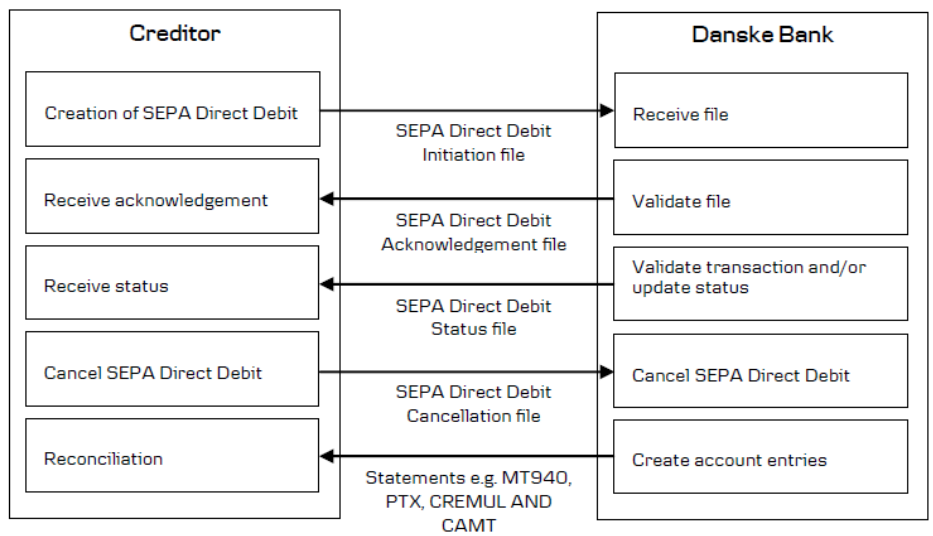
- search for the collections you have sent and check if they have been paid
- view the collections you have sent, their status and possible error messages
- View the mandates you have sent and their status
- Create mandates and collections

Other communication channels enables you to:

- send files
- receive status files

This figure below illustrates the message exchange between creditor and the bank.

SEPA Direct Debit message flow



5.1 Initiation

You can initiate two types of SEPA Direct Debits:

- one-off
- recurring

One-off is used when the debtor, via the mandate, has only allowed you to send one single direct debit. After the first direct debit the mandate has expired and you cannot use it anymore.

Recurring is used when the debtor mandate allows for regular collections. This type of collection can be split into three sub-types:

| Sub-type | Purpose |
|-----------|--|
| First | Can be used when you initiate the first direct debit under a new mandate. However it is not mandatory, as "Recurring" sub-type can be used instead. |
| Recurring | Must be used when you initiate the subsequent direct debits under the mandate. Also recommended to be used for the first direct debit under a new mandate. |
| Final | Can be used when you initiate the final direct debit under the mandate |

Each collection you initiate must include the mandatory mandate information, as specified in the format descriptions - please refer to the beginning of section 5 in this document.

5.1.1 Direct Debit type to use when resending a collection

In case your original collection has been handled exceptionally (please refer to section 3.3 for more details), you may wish to resend the collection. When doing so you have to set the Direct Debit type according to the rules shown below.

Original collection was exception handled before booking:

| R-message received | Direct Debit type in original collection | Direct Debit type in resend collection |
|--------------------------|--|--|
| Reject | First | First |
| | Recurring | Recurring |
| | Final | Final |
| | One-off | One-off |
| Request for cancellation | First | First |
| | Recurring | Recurring |
| | Final | Final |
| | One-off | One-off |

Original collection was exception handled after booking:

| R-message received | Direct Debit type in original collection | Direct Debit type in resend collection |
|--------------------|--|--|
| Return | First | Recurring |
| | Recurring | Recurring |
| | Final | <i>Cannot be resend as mandate has expired</i> |
| | One-off | <i>Cannot be resend as mandate has expired</i> |
| Refund | First | Recurring |
| | Recurring | Recurring |
| | Final | <i>Cannot be resend as mandate has expired</i> |
| | One-off | <i>Cannot be resend as mandate has expired</i> |

5.1.2 Due date

When initiating a SEPA Direct Debit you must ensure that the due date is a TARGET day.

TARGET days are days defined by the European Central Bank (ECB) on which transactions may be processed. The only days on which transactions cannot be processed are:

- Saturdays and Sundays
- New Year's Day
- Good Friday
- Easter Monday
- 1 May (Labour Day)
- Christmas Day
- 26 December

As a result due dates may be national holidays or other local non-business days.

For details on booking please see section 5.7.1.

5.1.3 Cut-off times

We must receive your SEPA Direct Debit initiations before a certain cut-off time otherwise we will reject your initiations.

The cut-off times are illustrated in the following tables using these abbreviations:

| | | |
|------|---|------------------------------|
| D | = | due date |
| TD | = | target day |
| CD | = | calendar day |
| CET | = | central European time |
| CEST | = | central European summer time |

CEST starts on the last Sunday in March and ends on the last Sunday in October.

The cut-off times depend on the scheme and Direct Debit types:

| Scheme | Type | Cut-off time |
|--------|-----------|--|
| Core | One-off | D - 1TD ¹ before 12:00 CET/CEST |
| | First | |
| | Recurring | |
| | Final | |
| B2B | One-off | D - 1TD ¹ before 12:00 CET/CEST |
| | First | |
| | Recurring | |
| | Final | |

¹⁾ Equals: Due date minus 1 Target days

Example of interpretation of cut-off time

You want to send the first of a recurring series of Core direct debits thus you must adhere to this cut-off time:

D - 1TD before 12:00 CET/CEST

If the due date is the 25. November 2016 you calculate the cut-off time like this:

25 - 1 target days = 24. November 2016

The cut-off time is therefore the 24. November 2016 before 12:00 CET.

5.1.4 Important file format rules

You must ensure that the files you send comply with the format rules specified in the format descriptions – please refer to the beginning of section 5. However we would like to draw your attention to these specific rules:

| Index | Message Element | Requirement |
|-------|--------------------------------|--|
| 1.1 | ++ Message Identification | Contains an id which identifies the file. Must be unique within the SEPA Direct Debit creditor identifier – including the Creditor Business Code. |
| 2.18 | ++ Requested collection date | Contains the due date of the collection. Must be a TARGET day. Can be pre-dated up to 390 Calendar days. |
| 2.21 | ++ Creditor Agent | Contains the BIC code of the creditor bank if its provided in the SEPA Direct Debit file. However it’s not mandatory to provide the BIC code. If you provide the BIC you must use the BIC which matches the account holding bank. Must contain one of these BIC codes: Danske Bank in Denmark: DABADKKK Danske Bank in London: DABAGB2L Danske Bank in Sweden: DABASESX Danske Bank in Norway: DABAN022 Danske Bank in Ireland: DABAIE2D Danske Bank in Northern Ireland: DABAGB2B Danske Bank in Finland: DABAFIHH |
| 2.31 | ++++ End To End Identification | Contains creditor’s reference of the collection. Must be unique within the SEPA Direct Debit creditor identifier – including the Creditor Business Code. |
| 2.48 | +++++ Mandate Identification | Contains the mandate reference. Must be unique in combination with the SEPA Direct Debit creditor identifier - without the Creditor Business Code. |

If your file does not comply with the format rules we will reject it and the file will be given the status “Rejected by the bank” in the Business Online interface.

For further details on the rejection you may contact EDI Support (please refer to section 2.2).

5.2 Cancellation

You may cancel SEPA Direct Debits which have not been booked yet via files. You can do this by cancelling

- a group of collections, if they were originally sent within the same file
- one collection which originally was sent by itself or as part of a group of collections within the same file

Collections can also be cancelled via Business Online.

It is not required that you pre-notify the debtor about the cancellation.

5.2.1 Cut-off times

We must receive your cancellation before a certain cut-off time otherwise we are unable to process your cancellation.

The cut-off time is illustrated in the following table using these abbreviations:

| | | |
|------|---|------------------------------|
| D | = | due date |
| CD | = | calendar day |
| CET | = | central European time |
| CEST | = | central European summer time |

CEST starts the last Sunday in March and ends the last Sunday in October.

| Scheme | Cut-off time |
|------------|---|
| Core & B2B | D - 1CD ¹⁾ before 22:00 CET/CEST |

¹⁾ Equals: Due date minus 1 Calendar Day

5.2.2 Important file format rules

You must ensure that the cancellations you send via files comply with the format rules specified in the format descriptions – please refer to the beginning of section 5. However we would like to draw your attention to these specific rules:

| Index | Message Element | Requirement |
|-------|-------------------------------------|---|
| 1.3 | +++++++ Identification | Contains the SEPA Direct Debit creditor identifier used in the original collection. Must contain the SEPA Direct Debit creditor identifier of the original file or collection. |
| 4.9 | +++ Original Message Identification | Contains an id that identifies the file with the original collection. Must be used when cancelling a group of collections and must |

| Index | Message Element | Requirement |
|-------|---|--|
| | | <p>contain the Message Identification of the original file.</p> <p><i>Caution</i> Not all collections in the original file may be deleted, depending on their due date.</p> |
| 4.52 | ++++ Original End To End Identification | <p>Contains creditor's reference of the original collection.</p> <p>Must be used when cancelling one collection and must contain the End To End Id of the original collection.</p> |

5.3 Acknowledgement file

As default we will always send an acknowledgement file per *SEPA Direct Debit Initiation* file you send to us via files. This file will inform whether or not the file has been accepted. When files are send via Business Online you will not receive acknowledgement file instead the files status will be updated.

For further details please refer to the beginning of section 5 or contact EDI Support (please refer to section 2.2).

5.4 Status file

You will receive a status file containing the collections rejected just after we have received the *SEPA Direct Debit Initiation* via file. No further status files will be sent.

However you can via the *SEPA Direct Debit Initiation* file choose to order another type of status file instead:

| Type | Result | Time of creation |
|----------|---|---------------------------------|
| None | No status file is sent. | Not relevant. |
| All | A daily status file containing status on all collections that have changed status. | Early morning on a daily basis. |
| Positive | A daily status file containing status on collections which have changed status to deleted, paid, processed or ready for processing. | |
| Negative | <p>A daily status file containing status on collections which have changed status to rejected, returned or refunded.</p> <p>The file will also contain the error message.</p> | |

Please be advised that each collection can change status several times, as it may be accepted by us only to be rejected later by e.g. Debtor's Bank.

5.4.1 References

Some of the references given when initiating the direct debit are returned in the status file:

| Index | Message Element | Equals in the payment initiation file | |
|-------|--|---------------------------------------|---------------------------------------|
| | | Index | Message Element |
| 2.1 | ++ Original Message Identification | 1.1 | ++ Message Identification |
| 3.1 | ++ Original Payment Information Identification | 2.1 | ++ Payment Information Identification |
| 3.17 | +++ Original Instruction Identification | 2.30 | ++++ Instruction Identification |
| 3.18 | +++ Original End To End Identification | 2.31 | ++++ End To End Identification |
| 3.70 | +++++Mandate Identification | 2.48 | +++++ Mandate Identification |

5.4.2 Cancellations

The status file does not include status per cancellation request in the cancellation files. Instead you can see from the status on the direct debits requested cancelled, whether or not the cancellations have been processed.

5.5 Unauthorised refunds

Your debtor may ask for a refund of an unauthorised direct debit.

The debtor bank will via us ask you to respond to the refund request. Your answer will form part of the debtor bank's considerations of whether or not the refund claim is justified.

We will forward the refund request to you via fax or email. How you can respond to the request depends on the type of request you receive:

| Request type | Your possible responses |
|--|---|
| No mandate copy requested if claim accepted | <ul style="list-style-type: none">• Claim accepted• Claim disputed and copy of mandate provided |
| Mandate copy requested, even if claim accepted | <ul style="list-style-type: none">• Claim accepted and copy of mandate provided• Claim disputed and copy of mandate provided |
| Mandate cancelled by debtor | <ul style="list-style-type: none">• No mandate, claim accepted• Claim disputed and supporting information provided |
| Mandate terminated (has not been used for 36 months) | <ul style="list-style-type: none">• No mandate, claim accepted• Claim disputed and supporting information provided |

You must send your response to us no later than 7 Banking Business Days after we have forwarded the request to you. You must state your response in the request we have sent to you and return it to us via the fax number or email address we have stated in our request.

If you do not respond to the request the debtor bank is entitled to accept the refund only taking into account the evidence presented by the debtor.

5.5.1 Acceptance of refunds

Where the debtor bank accepts the refund request we will debit your account with the original amount with value date equal to the due date of the initial collection.

5.6 Copy of mandate

In some cases the debtor or the debtor bank needs a copy of the mandate and will therefore via us ask you for a copy of the mandate.

We will forward the request to you via fax or email. You can respond in two ways:

1. send a copy of the mandate
2. indicate why you cannot provide a copy of the mandate

At the latest 7 Banking Business Days after we have forwarded the request to you, you must send your response to us. You must state your response in the request we have sent to you and return it to us via the fax number or email address we have stated in our request.

5.7 Account Entries

Depending on the situation we can make two types of entries on the account you stated in the SEPA direct debit:

1. Crediting the direct debit
2. Debiting a return or refund

5.7.1 Crediting the direct debit

We can book your collections in three ways:

| Booking | Result |
|--------------------------------------|---|
| Single entry | Each direct debit is entered into your account separately |
| Core - Bulk postings per booking day | The amount of all the Core direct debits is entered as a sum. |
| B2B - Bulk postings per booking day | The amount of all the B2B direct debits is entered as a sum. |

Unless you inform us otherwise we will as default enter your collections as single entries.

The value date will be the same as the entry date.

5.7.2 Debiting a return or refund

Returns and refunds are always entered as single entries.

The value date will be the same as the entry date.

5.8 Account statements

The entries will be visible from different channels:

- Business Online
- Paper account statement
- MT940
- CREMUL

You decide which channel to use, however you have to order the MT940 file in Business Online first. The entries are available approximately from 14:00 CET/CEST.

Please be advised that if you have asked us to bulk your SEPA Direct Debit postings you can only see the details in this channel:

- Business Online
- CREMUL

5.8.1 Business Online examples

Example of single posting – collection

| View entry details - AFTALE 2 - 3001774824 EUR | |
|--|---|
| Account: | AFTALE 2 - 3001774824 EUR |
| Account holder: | CASH MANAGEMENT - 0092100841 |
| ▼ Posting details | |
| Text: | RAMD |
| Entry type: | SEPA Core DD First collection |
| Amount posted: | 1,000.00 EUR |
| Status: | Completed |
| Entry date: | 21.02.2013 |
| Interest date: | 21.02.2013 |
| Commission date: | 21.02.2013 |
| ▼ Message | |
| Text: | SEPA Core Direct Debit Creditor's Reference: RAMD05 Mandate Reference: MANDATERAMD02 Creditor Identifier: DE98EVE09999999999 |
| ► Technical posting information | |

Example of single posting - refund

| View entry details - AFTALE 2 - 3001774824 EUR | |
|--|--|
| Account: | AFTALE 2 - 3001774824 EUR |
| Account holder: | CASH MANAGEMENT - 0092100841 |
| ▼ Posting details | |
| Text: | RAMD |
| Entry type: | SEPA Core DD return |
| Amount posted: | -1.000,00 EUR |
| Status: | Completed |
| Entry date: | 22.02.2013 |
| Interest date: | 21.02.2013 |
| ▼ Message | |
| Text: | SEPA Core Direct Debit Refund Reason Code: Disputed authorised transaction Creditor's Reference: RAMD05 Mandate Reference: MANDATERAMD02 Creditor Identifier: DE98EVE09999999999 |
| ► Technical posting information | |

Example of bulk posting

| | Booking date ▼ | Interest date ▼ | Text ▼ | Amount in EUR ▼ |
|---|----------------|-----------------|--|-----------------|
| ► | 14.10 | 14.10 | Debtor Name SEPA B2B Direct Debit Creditor's Reference: TVISEndtoEnd2-3 Mandate Reference: TORBENB2B1 Creditor Identifier: DK63222300012345432 | 1,02 |
| ► | 14.10 | 14.10 | Debtor Name SEPA B2B Direct Debit Creditor's Reference: SEPADD Vers I 2010-10-11 13.53.01 Mandate Reference: MANDATEVR001 Creditor Identifier: DK8022209999999999 | 111,10 |
| ► | 14.10 | 14.10 | Debtor Name SEPA B2B Direct Debit Creditor's Reference: End to End Id 2010-10-12 16.40.00 Mandate Reference: MANDATEVR001 Creditor Identifier: DK91222300061126228 | 50.101,00 |
| ► | 14.10 | 14.10 | Debtor Name SEPA B2B Direct Debit Creditor's Reference: End to End Id 2010-10-12 16.55.00 Mandate Reference: MANDATEVR001 Creditor Identifier: DK91222300061126228 | 10,00 |
| Composite entry 002, booked 14.10.2010 | | | Number of entries: 4 | 50.223,12 |
| 🖨 Print version | | | | |

5.8.2 Account statement examples

Example of single posting – collection

| Entry date | Value date | | Credited + Debited - | | Credit balance + Debit balance - |
|------------|------------|---|-------------------------|--|-------------------------------------|
| 21.02 | 21.02 | Debtorname SEPA Core Direct Debit Creditor's Reference: RAMD05 Mandate Reference: MANDATERAMD02 Creditor Identifier: DE98EVE09999999999 | 1,000.00 + | | 1,000.00 + |

Example of single posting – refund

| Entry date | Value date | | Credited + Debited - | | Credit balance + Debit balance - |
|------------|------------|--|-------------------------|--|-------------------------------------|
| 22.02 | 21.02 | Debtorname SEPA Core Direct Debit Refund Reason Code: Disputed authorised transaction Creditor's Reference: RAMD05 Mandate Reference: MANDATERAMD02 Creditor Identifier: DE98EVE09999999999 | 1,000.00 - | | 1,000.00 - |

Example of bulk posting

| Entry date | Value date | | Credited + Debited - | | Credit balance + Debit balance - |
|------------|------------|------------------------|-------------------------|--|-------------------------------------|
| 14.10 | 14.10 | SEPA B2B DD - Bulk 002 | 50,223.12 + | | 50,223.12 + |

5.8.3 MT940 examples

Example of single posting – collection

:61:1302210221CR1000,00NDDTKREF//Debtor name
:86:/EREF/RAMD05/
IREF/RAMD05/PREF/Payment/
SVCL/SEPA/MARF/MANDATERAMD02/CSID/DE98EVE09999999999/ORDP//NAME
/Debtor name

Example of single posting – refund

:61:1302210222RCR1000,00NRTIKREF//Debtor name
:86:/EREF/RAMD05/
IREF/RAMD05/SVCL/SEPA/MARF/MANDATERAMD02/CSID/DE98EVE09999999999/RTRN/Disputed authorised transaction/MISC/-1000.00/OTHR/-0.03/ORDP//Debtor name

Example of bulk posting

:61:1010141014CR50223,12NMSCIndbet. SEPA DD//B2B 002
:86:Indbet. SEPA DD B2B 002

5.8.4 CREMUL examples

Example of single posting – collection

```
UNH+2+CREMUL:D:96A:UN'  
BGM+X1+20130306204519508404'  
DTM+137:20130306:102'  
LIN+1'  
DTM+202:20130221:102'  
DTM+209:20130221:102'  
BUS++DO++SDD'  
MOA+60:1000:EUR'  
RFF+ACK:5523076674'  
FII+BF+3001774824'  
SEQ++1'  
FII+BF'  
RFF+CR:Entry text on adv.'  
RFF+CR3:RAMD05'  
RFF+MDI:MANDATERAMD02'  
RFF+CSI:DE98EVE09999999999'  
RFF+AXX:RAMD05'  
MOA+98:1000:EUR'  
NAD+PL++Debtor name  
UNT+20+2'  
UNZ+2+130306U159'
```

Example of single posting – refund

```
UNH+1+CREMUL:D:96A:UN'  
BGM+X1+20110822084251232978'  
DTM+137:20110822:102'  
LIN+1'  
DTM+202:20110121:102'  
DTM+209:20110119:102'  
BUS++DO++SDR'  
MOA+60:1.27:EUR'  
RFF+ACK:177E000042'  
FII+BF+12345678912345'  
SEQ++1'  
DTM+OPD:2011-01-19:102'  
FII+BF'  
RFF+CR:Entry text on adv.'  
RFF+CR3:20110117-CB2B-0001'  
RFF+MDI:CB2B'  
RFF+AFS:177E000042791669'  
MOA+98:1.27:EUR'  
UNT+19+1'  
UNZ+1+110822U026'
```

Example of bulk posting

```
UNH+1+CREMUL:D:96A:UN'  
BGM+X1+20110905123629823870'  
DTM+137:20110905:102'  
LIN+1'  
DTM+202:20101014:102'  
DTM+209:20101014:102'  
BUS++DO++SDD'  
MOA+60:112.12:EUR'  
RFF+CR:Indbet. SEPA DD B2B'  
FII+BF+12345678912345'  
SEQ++1'  
FII+BF'  
RFF+CR:Debtor Name'
```

```

RFF+ACD:1907393761'
RFF+CR3:TVISEndtoEnd2-3'
RFF+MDI:TORBENB2B1'
RFF+CSI:DK63ZZZ300012345432'
MOA+98:1.02'
NAD+PL++Debtor Name:Debtor address 1:Debtor address 2'
SEQ++2'
FII+BF'
RFF+CR:Debtor Name'
RFF+ACD:5535041015'
RFF+CR3:SEPADD Vers I 2010-10-11 13.53.01'
RFF+MDI:MANDATEVR001'
RFF+CSI:DK80ZZZ0999999999'
MOA+98:111.1'
NAD+PL++Debtor Name:Debtor Address 1:Debtor Address 2'
UNT+29+1'
UNZ+1+110905U120'
MOA+98:1.27:EUR'
UNT+19+1'
UNZ+1+110822U026'

```

5.9 Reconciliation

For reconciliation purposes you can use:

- status files and/or
- electronic account statements

How you reconcile is up to you, however you have to be aware that the account statements may contain returned or refunded collections changing the status from paid to unpaid.

Please be advised that you cannot reconcile via electronic account statements if you have asked us to enter the collections as bulk postings, except if you use CREMUL. Instead the collections must be entered as single entries.

We recommend that you use the End To End Identification for reconciliation as this information is unique within the SEPA Direct Debit creditor identifier and is returned on the account statement for each transaction.

SEPA Direct Debit Implementation Guide

6 Test of set-up

You can test the initiation of SEPA Direct Debits by putting a test marking in the Group Header in the *SEPA Direct Debit Initiation* file as explained in our format description on our homepage:

www.danskebank.com/sepadirectdebit

We will process the file but the collections will not be executed. Please be aware that the End To End Identification used in a test can not be reused in test or in production.

You can see the result of your test from the Business Online interface or from the *SEPA Direct Debit Status* file, if you have ordered this file – please refer to section 5.4 for more information.

If your test was successful the error message will be “The transaction is test-marked and will not be handled”.