

# SEPA Direct Debit Rulebook changes

20 November, each year is the date that new versions of the SEPA rulebooks come into effect. These specific updates could impact the usage of SEPA Direct Debit and Credit Transfer which can lead to either operational and/or IT changes. This documents gives insights on updates/changes set out specifically in the SEPA Direct Debit Rulebook that will be implemented per 20 November 2017. Below these changes you can also find information on what changed per November 2016.

## Key updates for SEPA Direct Debit Rulebook coming into effect November 2017

1. Update	EU Regulation 2015/847 – FATF16 recommendations
Applicable to	SEPA Direct Debit Core and B2B
Description	This regulation mainly reflects the recommendations of the Financial Action Task Force (FATF), including the so-called FATF16 recommendations. The recommendations specify the need for financial institutions to provide address information about the payer during the processing of credit transfers and SEPA direct debit transactions.
Impact on direct debits process	<p>This regulation makes it mandatory to fill out the address and country of the debtor in the SEPA Direct Debit transactions (both Core and B2B) with a debtor account in one of the following non EEA countries:</p> <ul style="list-style-type: none"><li>• Switzerland (CH)</li><li>• Monaco (MC)</li><li>• San Marino (SM)</li><li>• Saint-Pierre and Miquelon (PM)</li><li>• Jersey (JE)</li><li>• Guernsey (GG)</li><li>• Isle of Man (IM)</li></ul> <p>The address and country information must be placed in the following XML Tags in the SDD initiation file (pain008): AdrLine &lt;DrctDbtTxInf&gt;&lt;Dbtr&gt;&lt;PstlAdr&gt;&lt;AdrLine&gt; and Ctry &lt;DrctDbtTxInf&gt; &lt;Dbtr&gt;&lt;PstlAdr&gt;&lt;Ctry&gt;</p> <p>From 20 November 2017 transactions without address and country of the debtor will not be executed, resulting in a reject that will be reported in clients account reporting with reason code RR02 and MS03 for German SDD creditors. For the credit transfer, either SEPA or international, there is no impact. You can continue initiating your payments as is.</p>
2. Update	Rulebook changes on B2B return period
Applicable to	SEPA Direct Debit B2B
Description	The return period during which SEPA Direct Debit B2B collections can be returned by the debtor bank, has been extended from two to three interbank business days.
Impact on direct debits process	The SEPA Direct Debit B2B does not provide for a refund for the debtor. With the extra day for returning the transaction, SEPA Direct Debit b2B creditors are only fully sure that their debtors have paid the transactions after three days.
3. Update	Rulebook changes – Additional reason code for B2B
Applicable to	SEPA Direct Debit B2B
Description	MD07 as additional reason code for B2B
Impact on direct debits process	For SEPA Direct Debit B2B 2017 collections in case of exception handling, a new reason code – MD07- Debtor Deceased – is added. As from 20 November creditors using the SDD B2B product could receive this specific code in a B2B returned transaction

## Key changes for SEPA Direct Debit Rulebook that came into effect November 2016

1. Change	
Applicable to	SEPA Direct Debit Core and B2B.
Short explanation	The requirement of indicating the sequence type "FRST" will no longer be mandatory.
Description	All recurring direct debits can be initiated with sequence type "RCUR".
Impact on direct debit process	No longer requiring a specific sequence type for first time SDD's provides a general simplification of the rules taking one of the variables out. But this is not mandatory. In case you choose to continue using "FRST" you can do so without alteration. In case you only want to use RCUR as from 20 November 2016 this could have consequences for your ERP systems.
Documentation	<a href="#">SDD timelines</a> and <a href="#">How to handle r-messages</a> on <a href="http://www.ingwb.com/pcm">www.ingwb.com/pcm</a>

2. Change	
Applicable to	Initiation of SEPA Direct Debit Core.
Short explanation	Core collections can be presented interbank up to one business day prior to the due date.
Description	Current standard time cycles for SDD Core are 5 and 2 interbank business days. On these days, prior to the due date for interbank presentation, a debtor's bank must receive the request for a first, one-off and/or recurrent direct debit collection. The related Cut off Time is D-6 for a first/ one-off and D-3 for recurrent 23:00 hours (for Slovakia the Cut off Time is 17:00 hours). With the rulebook changes the standard time cycle will be shorter i.e. only one interbank business day before the due date direct debits must be received by the debtor bank. The time cycle will be the same as the current B2B time cycle and COR1 (Germany, Austria and Spain) time cycle.
Impact on direct debit process	<ul style="list-style-type: none"> <li>The Commercial Cut off Time (COT) for initiating SEPA Direct Debit Core will be: D-2 23:00 hours (for Slovakia the Cut off Time is 17:00 hours) for first time, recurrent or one-off transactions. These COT's are the same as SEPA Direct Debit B2B and COR1.</li> <li>The 'COR1' option will no longer be supported. The attribute 'The Identification Code of the SEPA Direct Debit Scheme' for SDD Core collection will always be 'CORE' instead of 'COR1'. This should be adjusted in case COR1 is coded in ERP systems. If the SDD is manually initiated 'CORE' instead of 'COR1' should be selected in the screen.</li> </ul> <p>As a creditor you will have the advantage of more time to plan for SDD's. However there is less time for a 'request for cancellation' in case of an error during initiation. If you would like to continue using the current timelines this is possible after 20 November.</p>
Documentation	<a href="#">SDD Cut off Times</a> and <a href="#">SDD timelines</a> on <a href="http://www.ingwb.com/pcm">www.ingwb.com/pcm</a>

3. Change	
Applicable to	SEPA Direct Debit Core and B2B.
Short explanation	The code SMNDA will be defined as 'Same Mandate with a New Debtor Account' to indicate a different IBAN (account).
Description	The European SEPA Regulation n° 260/2012 stipulates the so-called 'IBAN only' rule: the BIC does not have to be provided anymore as of February 2016. The code SMNDA ('Same Mandate New Debtor Agent') is currently used by a creditor to indicate that the debtor amended the mandate debtor account i.e. he asked to be debited on a payment account held at another debtor bank - read: another BIC. As the amended mandate may not indicate the BIC anymore, you as a creditor will not always be able to determine whether or not the debtor bank has changed. Therefore, the code SMNDA will be defined as 'Same Mandate with a New Debtor Account' to indicate a different IBAN.
Impact on direct debit process	<ul style="list-style-type: none"> <li>In case SMNDA is used this should be inserted in the tag &lt;OrgnlDbtrAcct&gt; instead of in the tag &lt;OrgnlDbtrAgt&gt; in pain008 where it is currently used.</li> <li>In the document 'mandate amendment' you can find the instructions on the usage of SMNDA in case your debtor changes account within the same bank or changes accounts between banks.</li> </ul>
Additional notes	To support flawless execution ING will replace SMNDA from tag <OrgnlDbtrAgt> to the correct tag <OrgnlDbtrAcct>.
Documentation	<a href="#">C2B Implementation Guidelines of SDD Core and B2B</a> and <a href="#">Mandate Amendments document</a> .

### More information

If you have any questions regarding these change, please consult your relationship manager.