

June 2016

SEPA Direct Debit Regulation – Monday 21st November

Dear SEPA Direct Debit Originator,

Under SEPA Direct Debit Regulation, effective Monday 21st November 2016, a number of changes are being applied to direct debit processing throughout Europe. There are three key changes – the details of each are outlined below. Two of these changes are entirely optional for customers – if you wish to continue processing as per current processing standards you can. However, there is one change which is mandatory relating to the flagging of amendments to customer account details. This change also results in a change to the XSD for customers.

Direct Debit Originators should check with their software providers with regard to the changes outlined below. For further information Creditors should contact our Business On Line Customer Care team by emailing business.online@boi.com or call 1890 818 265. In advance of Go Live, updated creditor guide, specification and XSDs will be published.

1. **Amendments to Debtor Account Details (Mandatory)**

Currently, the scheme acronym 'SMNDA' is used to indicate Same Mandate with a New Debtor Agent. The SMNDA Indicator in the PAIN.008 is used by the Creditor to indicate that the Debtor has provided an amended payment account held at another bank.

Given that the BIC is no longer mandatory, the amended mandate provided to the Creditor may not contain the BIC information therefore the Creditor may not always be able to identify whether or not the Debtor bank has changed. As a result of this, the SMNDA now stands for 'Same Mandate with a new Debtor Account' to indicate a different IBAN in the amendment section of the PAIN.008.

SMNDA Usage rules:

- If the creditor can determine new Debtor IBAN corresponds to same BIC (i.e. debtor stays with same bank), you can either populate SMNDA or IBAN in the amendment section of the PAIN.008
- If the creditor can determine that new Debtor IBAN corresponds to a different BIC (i.e. debtor switches bank), you should populate SMNDA only in the amendment section of the PAIN.008
- The Creditor should never combine the use of SMNDA and Original Debtor BIC
- The Creditor should never combine the use of SMNDA and Original Debtor IBAN

Changes required to PAIN.008 XML File:

Existing Rules : SMNDA -> Same mandate New Debtor Agent

Change to Account within same Bank

```
<AmdmntInd>true</AmdmntInd>
<AmdmntInfDtls>
  <OrgnlDbtrAcct>
    <Id>
      <IBAN>IE95BOFI90324212345678</IBAN>
    </Id>
  </OrgnlDbtrAcct>
</AmdmntInfDtls>
```

OR

Change to Account to a different Bank

```
<AmdmntInd>true</AmdmntInd>
<AmdmntInfDtls>
  <OrgnlDbtrAgt>
    <FinInstnId>
      <Othr>
        <Id>SMNDA</Id>
      </Othr>
    </FinInstnId>
  </OrgnlDbtrAgt>
</AmdmntInfDtls>
```

New: SMNDA -> Same mandate New Debtor Account

If debtor had changed IBAN, within same bank, you have option of going with option A or option B below, however, if debtor has switched bank, option B must be used. Please note that option A cannot be used in conjunction with option B.

A. Change to Account within same Bank

```
<AmdmntInd>true</AmdmntInd>
<AmdmntInfDtls>
  <OrgnlDbtrAcct>
    <Id>
      <IBAN>IE95BOFI90324212345678</IBAN>
    </Id>
  </OrgnlDbtrAcct>
</AmdmntInfDtls>
```

OR

B. Change to Account with Same bank or External Bank

```
<AmdmntInd>true</AmdmntInd>
<AmdmntInfDtls>
  <OrgnlDbtrAcct>
    <Id>
      <Othr>
        <Id>SMNDA</Id>
      </Othr>
    </Id>
  </OrgnlDbtrAcct>
</AmdmntInfDtls>
```

RECOMMENDATION: For ease of business rules Bank of Ireland would recommend that when a BIC or IBAN has changed that the Creditors always populates 'SMNDA' in the '<OrgnlDbtrAcct>' tag as outlined in section B above.

PAIN002 Updated Format:

The amended format of amendment details required in the Pain.008 will then be reflected back in the Pain.002 XML file from November 20th onwards also.

Key Points:

- Any PAIN.008 files submitted after Close of Business on Friday 18th November will need to comply with the new XSD as outlined above where amendments to accounts are taking place. PAIN.008 files submitted in advance of Close of Business on Friday 18th November, irrespective of value date, will need to apply to the current XSD as the file is being submitted prior to Close of Business Friday 18th November.
- Files uploaded on Business On Line File Gateway (BOLFG) in advance of Close of Business on the 18th should also be authorised in advance of Close of Business on the 18th November to avoid files being rejected due to validations being initiated on new PAIN.008 XSD formats post the 18th November
- Any R Messages received after the 18th November will be published on the updated version of the PAIN.002 XML irrespective of the fact that they may have been received in a PAIN.008 XSD current version in advance of the 18th November. This will avoid the Creditor having to support two versions of PAIN.002 XML formats.

2. Shorter Cycle Timelines - Bank of Ireland File Submission Date extended to D-1 (OPTIONAL)

As of the effective date of 21st November 2016, all SDD Core collections presented for the first time, as a one-off collection or on a recurrent basis can be presented by the Banks for interbank clearing to the central clearing house (EBA) up to 1 Target Business Day before the due date (D-1).

To accommodate this change and take advantage of the extended EBA timelines, Creditors can now submit their PAIN.008 files to Bank of Ireland up to **11:00am 1 TARGET day in advance of their due date (D-1).** Creditors, who wish to continue submitting their files as per the existing file submission times, can continue to send their SDD Core collections as per existing schedule. .

3. **Simpler use of Sequence Types – FIRST/RCUR (OPTIONAL)**

Creditors are no longer obliged to use FRST to initiate a first collection or to represent a rejected first collection. From the 21st November Creditors can now submit new mandates under the sequence type RCUR.

Outlined below is the existing sequence type rules associated with a FIRST collection and the changes being proposed by the scheme. If a Creditor is considering making Sequence type rule changes, Bank of Ireland would recommend that they always submit their collections as a RCUR to simplify the rules and reduce the number of rejects going forward.

Scenarios	Current Scheme Rules – FIRST/ Represented collection required	Post 21st Nov	BOI Recommendation
1. FIRST Collection Submission	FIRST	FIRST/RCUR/FNAL	RCUR
2. FIRST Collection with Pre-Settlement Reject	Represented FIRST	Represented FIRST/RCUR/FNAL	RCUR
3. FIRST Collection with Post Settlement Return	Represented RCUR	Represented RCUR	RCUR

Note: Creditors can continue to submit the sequence type as per the current rules as this change is optional.

Many thanks

Bank of Ireland