

Brussels, 1 October 2013

For the attention of all SEPA Direct Debit (SDD) Core and/or Business-to-Business (B2B) Scheme Participants

Re: Clarification letter regarding electronic mandates under the SDD Core Scheme and SDD B2B Scheme

Dear SDD Scheme Participants,

It has come to the attention of the EPC that there is uncertainty among SDD Scheme Participants around the question of whether electronic mandate solutions that were used under the local legacy schemes could be used under the rules of the EPC SDD Schemes, especially from February 2014 onwards.

It is recognised that the efficient handling and acceptance of electronic mandates is a very important element in the context of a successful migration to and for the further development of the SDD Schemes.

However, the SEPA Regulation does not specify how a mandate should be signed by the payer (we refer to Recital 23 and Annex (3) (a) (vii) to the SEPA Regulation).

The EPC SDD Scheme Rulebooks (version 7.0 for SDD Core, version 5.0 for SDD B2B) which are applicable as from 1 February 2014 provide under Section 4.1 – in addition to the “e-mandate” option (Annex VII) – for the following in respect of mandates:

“... A Mandate may exist as a paper document which is physically signed by the Debtor. The paper mandate can be stored either as the original document or in any digitalised format subject to the national legal requirements. Alternatively, the Mandate may be an electronic document which is created and signed with a Qualified Electronic Signature agreed between the Creditor and the Creditor Bank. ... The Creditor may offer the Debtor an automated means of completing the Mandate, including the use of an electronic signature...”

It is the EPC’s understanding that the signature method as described in Section 4.1 of the SDD Scheme Rulebooks (“Qualified Electronic Signature” as defined in the EU Directive 1999/93/EC of 13 December 1999) for electronic mandates appears to create uncertainty for the use of electronic mandate solutions that were used under the local legacy schemes until now.

We hereby wish to clarify that the signature methods as described in Section 4.1 of the SDD Scheme Rulebooks are not exhaustive and that SDD Scheme Participants may consider allowing continued usage of other legally binding methods of signature including those that were used under the local legacy scheme rules until now provided that they comply with the SEPA Regulation.

SDD Scheme Participants are reminded that for SDD Core transactions it is always the decision of the Debtor Bank, which is final for all Participants in this Scheme to decide if a Direct Debit has been authorised or not – in accordance with SDD Core Rulebook PT04-24, section 5.7 and Annex VI (1) (h). The responsibility and the risks are with the Creditor Bank to pay the amount of each Refund to the relevant Debtor Bank, regardless of the status of the Creditor’s account or the Creditor itself.

However, for SDD B2B transactions the Debtor Bank is obliged – in accordance with SDD B2B Rulebook section 5.8 - to obtain the confirmation from the Debtor on the B2B Mandate data received as part of the first Collection presented and before debiting the Debtor's account. The responsibility and the risks are consequently - after two business days - for the Debtor Bank in the SDD B2B Scheme in case of any unauthorised transaction.

Yours sincerely,



Javier Santamaria, EPC Chair



Etienne Goosse, Secretary General