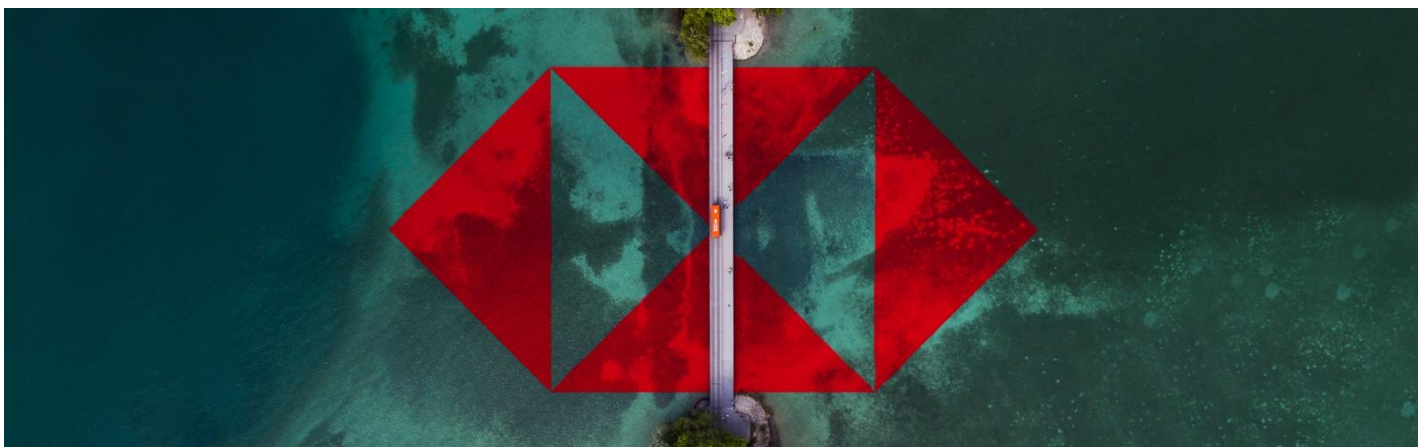


SEPA Direct Debit B2B Creditor



SEPA Direct Debit B2B (SDD B2B) is an alternative Direct Debit solution to SDD CORE that is exclusively available to business users. It enables the collection of Euro DDs across the Single Euro Payments Area (SEPA) from business accounts. It is based on an agreement between the company collecting funds (The 'Creditor') and the company paying the direct debit (The 'Debtor') which is referred to as the 'SEPA Mandate'.

SDD B2B differs from the SDD CORE scheme in two key ways:

- ◆ **Mandate management:** the SDD B2B mandate must be registered with the Debtor's Payment Service Provider (PSP) for verification before any SDD payment is collected
- ◆ **Refund rights:** there are no refund rights for the Debtor under the SDD B2B scheme (except for wrongly executed or erroneous transactions)

About SEPA

Developed by the European Payments Council ('EPC'), the Single Euro Payments Area ('SEPA') expands on the vision behind the Euro to establish a single monetary and economic union.

Specifically, SEPA creates a borderless system of Euro payments throughout SEPA countries and territories by putting a consistent set of standards, rules and conditions in place. The ultimate goal is to make sending and receiving SEPA zone payments as easy and cost effective as non-urgent domestic payments.

Important Information on SDD

- ◆ SDD requires ISO 20022 XML format in the SEPA zone

Steps towards SEPA implementation

- ◆ Check that your back office or ERP (Enterprise Resource Planning) system can manage SDD B2B data
- ◆ Obtain a SEPA Creditor Identifier
- ◆ Generate mandates and Unique Mandate References
- ◆ Obtain BIC/IBAN from your Debtors¹
- ◆ Plan for a testing phase in your implementation

Contact HSBC

HSBC understands the opportunities and challenges that your business is facing with the advance of SEPA. This factsheet has been prepared for general guidance to business customers on our SEPA proposition. As ever, we would be very happy to answer any questions you may have or discuss any aspect in greater depth.

Please contact your HSBC Representative or visit our website: www.hsbcnet.com/sepa for more information.

36 SEPA countries:

Eurozone members of EU

Austria	Belgium	Croatia
Cyprus	Estonia	Finland
France	Germany	Greece
Ireland	Italy	Latvia
Lithuania	Luxembourg	Malta
Netherlands	Portugal	Slovakia
Slovenia	Spain	

EEA members

Iceland	Lichtenstein	Norway
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Additional SEPA members

Monaco	Switzerland	San Marino
Andorra	UK	Vatican City State/ Holy See

Non-Eurozone members of EU

Bulgaria	Czech Republic	Denmark
Hungary	Poland	Romania
Sweden		

Key Features of SEPA Direct Debit B2B:

Geographic zone	EBA Clearing reachable banks in the SEPA region (List available here)
Currency	Euro
Bank details required	IBAN ¹
Maximum Amount	999.999.999,99 per transaction
Agreement between creditor and debtor	SEPA Mandate
Mandate Reference	Unique Mandate Reference (UMR)
Format required	ISO 20022 XML and EPC standards
Debtor bank validation	The SDD Mandate must be registered with the Debtor's bank at least 5business days before the "Settlement Date" so that it can be verified before any payment is made.
Mandate Format	A Mandate may exist as a paper document which is physically signed by the Debtor. Alternatively, the Mandate may be an electronic document which is signed using a legally binding method of signature.
Mandate management and storage	The signed Mandate, whether it be paper-based or electronic, must be stored by the Creditor for as long as the Mandate exists and for the period of its possible dispute. The Creditor is responsible for maintaining the Mandate, as well as its history The Mandate must also be registered with the Debtor's bank.
Creditor Identifier (CI)	The Creditor Identifier is unique in the SDD Scheme, it allows to identify a legal entity, or an association that is not a legal entity, or a person assuming the role of the Creditor.
Submission timing (D=Value Date)	D-1(Inter-Bank Business Days) for all collection types
Advance Notification (by the Creditor to the Debtor)	14 calendar days before the Value date (unless otherwise agreed by both parties)
Remittance Information	Up to 140 characters (not truncated)
Returns	3 Inter-Bank Business Days after the Due Date (e.g. lack of funds, blocked account)
Request for Refund (initiated by the debtor)	There are no refund rights for authorized payments under the SDD B2B scheme
Charges	SDD creditor shall pay the Bank fees, costs, charges, interest and expenses in connection with the SEPA Direct Debit Services. The Customer will pay any charges for rejects, returns and refunds payable to the Debtor Bank and, more generally, any refund compensation payable to the Debtor Bank under the EPC Rulebook.

Our Services

- ◆ **A full XML offering which extends beyond the SEPA zone** – our SEPA experts can advise you on technical aspects of XML 20022 formats and best practice
- ◆ **A range of SEPA reports** – We provide you with improved reporting information in XML and non-XML formats to make reconciliation easier

SEPA Opportunities

- ◆ SDD allows you to collect funds in Euros from business customers anywhere in the SEPA zone. Please note, that SDD collection from non EUR debtor accounts is subject to the capabilities of the debtor bank to offer currency conversion services. HSBC is not able to collect SDD B2B from non EUR creditor accounts
- ◆ Benefit from standardisation and error reduction: a single format for the entire SEPA zone based on the ISO 20022 XML and a simplified scheme standardised by the EPC providing a common rule-based framework for rejects and returns
- ◆ Simplify reconciliation processes with up to 140 characters of remittance information
- ◆ Consolidate redundant low volume Euro bank accounts from several countries into fewer locations
- ◆ Centralise your internal operations and transactions into one point, for example to a Payment Factory or Shared Service Centre
- ◆ Ensure receivables completion within a pre-determined time cycle and the ability to determine the exact collection date for intra-Europe collections (e.g. replacing cheques and cash)

Why choose HSBC to help you implement SEPADirect Debits?

HSBC's presence in Europe gives us a real advantage in providing a coordinated delivery of SEPA. We can offer you the right solution and expertise:

- ◆ **A network of offices across Europe, with extensive payments capabilities** – We can help you manage and centralise payments from many locations across Europe
- ◆ **Thought Leadership and Expertise** – We can keep you informed on the latest SEPA market news and talk to you about what this means for your business
- ◆ **State of The Art Technical Capabilities** – We have invested heavily in SEPA compliant payment systems and can deliver payments through a wide range of our award winning electronic channels

To find out more about SEPA speak to your Bank Representative or go to hsbcnet.com/sepa

Contact Information

Find out more about SEPA by visiting our website at: hsbcnet.com/sepa

Alternatively, speak with your usual HSBC representative. Features and functionality may vary by country. Please confirm availability with your local HSBC Representative. HSBC Bank endeavours to ensure the information in this document is correct and doesn't accept any liability for error or omission. You're solely responsible for making your own independent appraisal of, and investigations, into the products and services referred to in this document and you shouldn't rely on any information in this document as constituting investment advice. This document does not constitute any form of legal, tax or account advice from HSBC Bank plc to you. HSBC Bank is not responsible for the content of third-party websites. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, on any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of HSBC Bank plc.

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¹ The BIC code of the Beneficiary Bank will be requested if HSBC is technically not able to derive the BIC from the IBAN of the account of the Beneficiary when held at a Beneficiary Bank in a non-EEA SEPA country or territory.