

The SEPA-compliant Electronic Database Alignment (SEDA) Additional Optional Service

1 - Objective

The SEPA Direct Debit Schemes, respectively "Core" and "Business-to-Business" (hereinafter SDD), set out by the EPC, allow collections of funds from a Debtor's account, held by his/her PSP (Debtor PSP). Any single collection is initiated by a Creditor via his/her PSP (Creditor PSP), on the basis of an authorisation ("mandate") previously given by the Debtor to the Creditor.

In Italy, the national direct debit services (called "RID") has several different basic characteristics with respect to the SDD Schemes.

The Additional Optional Service called SEDA (Sepa-compliant Electronic Data Alignment) has been developed by the Italian banking sector to respond to the needs displayed by Italian companies as regards the migration in the SEPA environment of the functionalities currently incorporated in the national procedure of Electronic Alignment of Archives (AEA procedure) used in conjunction with the national direct debit service.

2 – SEDA description

SEDA is an auxiliary service to the SEPA DD which replicates the functions of the national AEA procedure and allows the beneficiaries of SEPA DDs to send and receive information on authorisation of direct debits through an electronic dialogue with their PSP (called "Alignment PSP").

This AOS will be offered by the PSP to the Creditors through two different modules: the "Basic" and the "Advanced" one.

The "**Basic**" **SEDA module** will allow the Creditor to:

- have the confirmation, before sending an SDD collection, about the correctness of the information on the SDD mandate;
- be sure that the Debtor PSP would debit the Debtor's account only after having successfully checked and aligned the information referred to, respectively, in the SDD transaction and the related mandate;
- be sure about the systematic alignment of the information stored in the Creditor's and Debtor PSP's mandate databases whenever any mandate changes or cancellations occur.

More specifically, the "Basic" module enables the Creditor to have an electronic alignment with the Debtor PSPs, through his Alignment PSP, in order to manage correctly all SEPA Direct Debit collections.

The messages exchanged within the "Basic" SEDA module are the following:

- request for a new Direct Debit mandate signed by the Debtor and given to the Creditor;
- request to amend the mandate data initiated by the Creditor;
- request to cancel the mandate initiated by the Creditor;
- communication to amend mandate data initiated by the Debtor PSP;
- communication to cancel the mandate initiated by the Debtor PSP.

The "**Advanced**" **SEDA module** supplements the functionalities of the "Basic" module giving the possibility to the Creditor of delegating to the Debtor PSP the activities connected with the acquisition and storage of the mandates (the so called Debtor Bank Mandate Flow or DMF scheme - not provided for in the SDD Schemes). The additional message foreseen within the "Advanced" SEDA module is:

- request for a new Direct Debit mandate signed by the Debtor and given to the Debtor PSP.

The SEPA mandates given by the Debtors to the Creditors ("Basic" module) or to the Debtor PSPs ("Advanced" module) must include all information defined in the SDD Core and B2B Rulebooks.

In addition, the mandates need to include additional obligatory data related to the Signer's full name and tax code, in order to allow the Debtor PSP to verify the signer's authority to operate on the account.

3 – Participants' role

ABI is the SEDA manager and in this capacity it coordinates the design and development of the service as well as manages the register of participating PSPs.

The parties involved in SEDA are the following:

- **Creditor:** a legal entity or a physical person which uses SEPA direct debit services and the SEDA services. For technical and legal reasons a Creditor cannot be a "Consumer" as defined by the EU legislation.
- **Alignment PSP:** a PSP selected by the Creditor that:

- adheres to the SDD Core Scheme and, as the case may be, to the SDD B2B Scheme;
 - has the role of Creditor PSP for the SDD collections;
 - signs in its own name and also on behalf of all Debtor PSPs with the Creditor the contract for the offer of the SEDA service;
 - registers the Creditors in a specific directory of the SEDA service;
 - sends/receives SEDA messages to/from Debtor PSPs on behalf of the Creditor.
- **Debtor PSP:** the PSP where the Debtor opened her/his account as indicated in the relative mandate and that:
 - adheres to the SDD Core Scheme and, as the case may be, to the SDD B2B Scheme;
 - if participating in the "Basic" module, sends/receives SEDA messages to/from the Creditors (via their Alignment PSPs);
 - certifies information on SEDA mandates received via SEDA and checks that the information contained in the mandate related information of the SDD collections matches with the information contained in the mandates stored in advance in its database;
 - if participating in the "Advanced" module, receives and retains the mandates signed by the Debtor on behalf of the Creditor.
 - **Debtor:** a physical person or legal entity that authorises SDD collections being debited on his/her account. The Debtor has no active role in SEDA.

4 - Participation

The participation in the SEDA service ("Basic" or "Advanced" module) is optional for Creditors.

All PSPs that adhere to the SDD Core Scheme may participate in SEDA. Participation in the ("Basic" or "Advanced") services by a PSP implies the offer of the SEDA services at least acting as Debtor PSP, whilst the offer of the SEDA services as Alignment PSP is possible for all the PSPs which also act for any given Creditor as Creditor PSP.

More specifically, participation in the "Basic" module is mandatory for all ABI members that adhere to the SDD Core Scheme. This is meant to ensure a generalized offer of the SEDA service and therefore a consistent level of service to companies operating in Italy, which would facilitate their migration to SEPA.

The participation in the SEDA "Advanced" module is optional for all PSPs.

PSPs communicate their adherence to the service by an online application within specific time slots defined by ABI. For the first launch of the service, the PSPs have communicated their adherence by September 10th, 2013.

This automated solution has been considered necessary to guarantee the timely migration to the SDD Schemes, as well as the compliance with the deadlines set out by EU Regulation 260/2012.

Additional information about time slots and procedure for adherence, later than September 10th 2013, will be made available on the website www.sepaitalia.eu or may be requested at the address pg@abi.it.

ABI, as manager of the service, in addition to the above-mentioned activities, provides to:

- gather the adherence requests;
- communicate the adherence requests received to the manager of the SEDA operational directory;
- update the "Table of Adhering PSPs" to the service which is made public on the website www.sepaitalia.eu (the so called "Register of SEDA Participants");

Creditors wishing to adhere to the service shall provide their own Alignment PSP with the following data and information:

- the Creditor Identifier code/s they use in order to be uniquely identified for their own operations in the SDD Schemes and in the SEDA service;
- the SEDA module chosen ("Basic" or "Advanced") in connection with each Creditor Identifier code indicated;
- the IBAN of the account held by the Alignment PSP which will be debited in order to pay the fees due to Debtor PSPs for the service.

This information will be registered in a specific directory (called "Anagrafica dei Beneficiari").

5 - Message standards

The SEDA messages exchanged among participating PSPs are:

- exchanged in File transfer mode and are based on the ISO 20022 "Payments Mandate" standards (XML language);
- processed using the same infrastructures used by PSPs for SDD Schemes within an interoperability framework among Clearing Mechanisms (CM);
- compliant with the exchange and intermediation roles provided by the SDD Schemes (each PSP may choose among different Clearing Mechanisms which can also differ from those that each PSP might be choosing for participation in the SEPA Schemes).

The rules concerning messages are illustrated in the "Implementation Guidelines and Interoperability Agreement" document (available at this link: <http://www.sepaitalia.eu/welcome.asp?Page=2701&chardim=0&a=a&langid=1>).

6 – Pricing model and Legal framework

The SEDA remuneration model foresees Creditors to directly remunerate Alignment PSPs and Debtor PSPs for their respective activities.

Accordingly, SEDA will be offered on the basis of a contract executed exclusively by the Creditor and the Alignment PSP. However, the contract – drafted in respect to a scheme made available by ABI – will bind all Debtor PSPs in an Agency relationship carried out by the Alignment PSP.

More specifically, on the basis of a specific Interbank Agreement (available at [this link: http://www.sepaitalia.eu/uploads/accordo%20interbancario%20servizio%200seda.pdf](http://www.sepaitalia.eu/uploads/accordo%20interbancario%20servizio%200seda.pdf)), all Debtor PSPs will give implied authority to the Alignment PSPs for the execution of contract.

SEDA does not envisage the application of multilateral interchange fees in order to remunerate PSPs activities, so that each Creditor shall pay separately the Alignment PSP and the Debtor PSPs for the respective services they offer.

The list of the Debtor PSPs providing the SEDA service and the maximum prices applied by each of these are public and available on the website www.sepaitalia.eu, in the Register of SEDA participants.

The fees applied by the Debtor PSPs might be diversified depending on whether the mandate has been collected and stored by the Debtor PSP or by the Creditor. They can be derogated via bilateral agreements between Creditor and Debtor PSP.

7 - Service activation date

The Start-up of SEDA is planned on October 14th, 2013.

From September 23th the Alignment PSPs may begin to gather information about the perspective Creditors in order to register them in a specific directory.

8 – Links

More detailed information about the service are available at the following links:

[http:// www.sepaitalia.eu](http://www.sepaitalia.eu)

<http://www.sepaitalia.eu/welcome.asp?Page=2701&chardim=0&a=a&langid=1>