

## Subject: SEPA credit transfers and SEPA Regulation

Date: 26<sup>th</sup> October 2016

Dear Customer,

On 15<sup>th</sup> August 2016 we informed you that in accordance with the terms of Regulation No. 260/2012 of the European Union the respective SEPA payment formats for credit transfers and direct debits have to be used for all payments denominated in EUR within the SEPA area (States of the European Union, Switzerland, Iceland, Liechtenstein, Monaco and Norway) as of November 1, 2016.

Main characteristics of SEPA credit transfers:

- The currency of the transaction is always Euro.
- The total amount of a SEPA transaction is going to be credited on the receiver's account without any deductions.
- Payer and payee both only bear the bank charges occurred at the respective bank.
- Accounts held with banks in the SEPA member states are always identified by the unified IBAN.
- The same format applies for single and bulk payments.
- Payments are processed within one banking day from debiting payee's account until crediting beneficiary's account (T+1)
- Payer can dedicate to each transaction a special ID-number (end-to-end identifier) which enables the tracking of the payment through the whole processing.
- The content of the field 'details of payment' available to the payer with a maximum length of 140 characters must be forwarded to the beneficiary without any change.
- Comprehensive unified rules apply to the handling of rejected and returned payments.

We kindly inform you that **SEPA compliant payments have to be submitted in ISO20022 XML format** by our clients **as of November 1, 2016** according to Regulation No. 260/2012 of the European Union mentioned above. Our front-end systems already support both the manual capturing and importing of this payment format for credit transfers thus you can switch to SEPA XML format and submit payments any time.

If you are submitting payments originating from your accounting system by importing them into the front-end system provided by us it might occur that the SEPA XML format cannot be generated through the processing until the previously mentioned deadline (i.e. your internal systems are not yet able to handle this file format). In this case you will be able to make use of a converter software provided by us which will convert the payments from your accounting system into the SEPA XML format which then can be imported to the front-end system and processed according to the directive.

However, we strongly recommend you to take the necessary measures and make your systems and processes ready for SEPA XML since by converting proprietary formats instead you will miss out on leveraging the potential and advantage of this new payment format.

Further information about Regulation No. 260/2012 of the European Union is available under the following URL:

[http://www.sepahungary.hu/uploads/files/SEPA\\_Regulation\\_260-2012.PDF](http://www.sepahungary.hu/uploads/files/SEPA_Regulation_260-2012.PDF)

Your CTS Specialists and the SEPA Support Team are happy to assist you with your questions and queries. To contact them please use our postbox:

[SEPA\\_Budapest@commerzbank.com](mailto:SEPA_Budapest@commerzbank.com)

Kind regards

Commerzbank Zrt.