

**GENERAL NOTES
ON**

**Rules & Regulations
Incasso**

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General notes on Rules & Regulations Incasso

1 Introduction

This document gives General Notes on the Incasso Rules & Regulations, which contain the various arrangements regarding all critical activities relating to the Incasso payment product.

These notes cover:

- the reasons for developing the Incasso Rules & Regulations;
- a description of the Incasso payment product;
- the Licence and Certificate structure;
- the content and structure of the document entitled '*Incasso Acceptance Regulations*';
- the content and structure of the document entitled '*Incasso Rules & Regulations*';
- the content and structure of the document entitled '*Rules & Regulations – Definitions*';
- a brief description of the processes related to the Incasso product.

No rights may be derived from these General Notes; nor do they form part of the Incasso Rules & Regulations.

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2 Reasons for the Incasso Rules & Regulations

Currence Incasso B.V. is the owner of the Incasso brand and payment product. The company has the task of defining and managing standards applicable to the various roles identified as part of the payment transaction system of the Netherlands relating to the Incasso payment product. Incasso Rules & Regulations (Incasso R&R) have accordingly been drafted for the purpose of regulating and controlling the Incasso payment product. The Incasso R&R contain descriptions of the various roles and activities which players admitted to the Incasso payment transaction market are able to perform and are permitted to perform. These roles and activities are governed by Licences and Certificates issued by Currence Incasso B.V.

As owner and operator of the Incasso payment product, Currence Incasso B.V. guarantees among other things the efficiency, quality (including reliability and image) and integrity of Incasso payment transactions. The principal tasks of Currence Incasso B.V. are as follows:

- owner, manager and operator of the Incasso payment product;
- regulator, responsible for the drafting, adoption and management of Incasso Rules & Regulations;
- issuer of Licences and Certificates;
- overseer of Licensees and Certificate Holders (with the power to impose sanctions);
- coordinator of anti-fraud measures;
- facilitator of consultation structures for Incasso users;
- developer of the Incasso payment product, including innovations;
- manager of public relations, public affairs, media contacts and brand promotion.

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3 Incasso

3.1 The Incasso product

An Incasso is a transfer whereby the initiative is taken by the payee (i.e. the Creditor). The Incasso payment product covers all the roles and activities licensed and certified by Incasso B.V. in the payment application chain, whereby the Debtor authorises the Creditor to debit an amount to his account on either an incidental (once-off) or regular basis.

Various types of Incasso have been developed for various target groups and applications. The annex 'Incasso Product Variants', provides an overview of the current product variants (whereby, in the future, types can be added or deleted), together with the specifications thereof.

In respect of most of the product variants, the Debtor has the right within a given period to refund the debit. The Debtor will in that case instruct his or her bank to refund the collected amount. The Debit Bank is also able to initiate the return the Direct Debit.

There are many ways in which the Creditor can incorporate the authorisation into its communications with the Debtor. Neither the Debit Bank nor the Credit Bank play any direct role in the process whereby the Creditor (payee) and Debtor conclude the Incasso Authorisation between themselves.

In order to be able to offer the Incasso option in the market, a Creditor must first enter into a contract with his or her Credit Bank. Without such a contract, collection orders will not be processed by the banks or transaction processor. In such a contract, the Credit Bank will impose certain requirements on the Creditor as regards the form and content of the authorisation.

Incasso is identified by means of the following logo, which is a registered trademark:



3.2 Purpose of the Incasso product

Incasso is a product aimed at the business market. An Incasso enables the Creditor to initiate automated payments chargeable to Debtors and to be credited to the Creditor in question. The Debtor is required to authorise the Creditor to debit an amount to his or her account, either on an incidental (once-off) or regular basis. This offers the Creditor the advantage of receiving the payment at the agreed time. Another advantage is that Incasso is by far the most inexpensive and efficient payment product. It offers the Debtor the convenience that nothing further need be done after authorisation has been issued (with the exception of ensuring that there are sufficient funds in the account to be debited). It is therefore impossible to forget to make payment.

4 Licence and Certificate structure

Institutions wishing to enter the Incasso payment market must obtain a Licence or Certificate from Currence Incasso B.V. Institutions wishing to perform the role of Credit or Debit Bank may be eligible for a Licence. Institutions wishing to provide support services in relevant markets for Incasso payment transactions on behalf of a Licensee may, providing they comply with the rules, obtain a Certificate (see § 6.4 role descriptions). The following section of these General Notes (Section 5) explains how to obtain a Licence or Certificate.

Currence Incasso B.V. has adopted a uniform set of rules, the Rules & Regulations, which are to be adhered to by every Licensee. The R&R contain among other things rules covering all critical activities relating to the Incasso payment product. As regards the activities covered by the Incasso R&R rules, a distinction is made between the debit domain and the credit domain. The debit domain comprises all activities relating to the settlement and processing of collected payments charged to Debtors. The credit domain comprises all activities relating to the conclusion of contracts with Creditors, the checking of Direct Debits received and the transfer of funds, and provision of information, to Creditors relating to executed Incasso payments charged to Debtors.

Licensees are under an obligation to conform to all the standards applicable to their specific domain. Within each domain there are a number of roles (as defined in the Incasso Rules & Regulations section) and a number of activities are linked to each role. Unless they are directly linked to a Licence, it is necessary to obtain a Certificate in order to perform the various activities (linked to a specific role). If a Licensee performs such activities itself, it is the Licensee's responsibility to obtain a Certificate for those activities. If a Licensee subcontracts those activities, the contracting Institution will require a Certificate from Currence Incasso B.V. for the role concerned plus the associated activity or activities. Licensees may only subcontract activities associated with specific roles to certified Certificate Holders. Certificate Holders can be certified to perform one or more (or all) of the activities associated with a specific role. It is the Licensee's responsibility to ensure that all the activities in the total domain are covered.

Licensees enter into contracts with collectors of payments for use of the Incasso product on their own terms and conditions. In signing such contracts, however, payment collectors also undertake to comply with the agreed conditions for the Incasso product.

5 Acceptance and Acceptance Regulations

A Licence is obtained by entering into a Licence Agreement with Currence Incasso B.V. A Certificate is obtained by entering into a Certificate Agreement with Currence Incasso B.V.

To qualify for a Licence Agreement or a Certificate Agreement, an Institution must demonstrate that it satisfies the acceptance standards for the role which it wishes to perform as part of the Incasso payment product. This requires the Institution to successfully complete the acceptance procedure in accordance with the Currence Incasso B.V. acceptance regulations. To begin the acceptance procedure, the Institution must sign and return the acceptance regulations, other documents and the associated secrecy agreement to Currence Incasso B.V. to show its acceptance thereof. Currence Incasso B.V. will then send the Institution a documentation set, including the R&R.

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6 Incasso Rules & Regulations

6.1 General

The '*Incasso Rules & Regulations*' lay down all the requirements relating to the critical activities to be satisfied by Licensees and Certificate Holders of the Incasso product. These requirements apply to all institutions wishing to enter the Incasso payment market as well as to all Institutions already operating in that market.

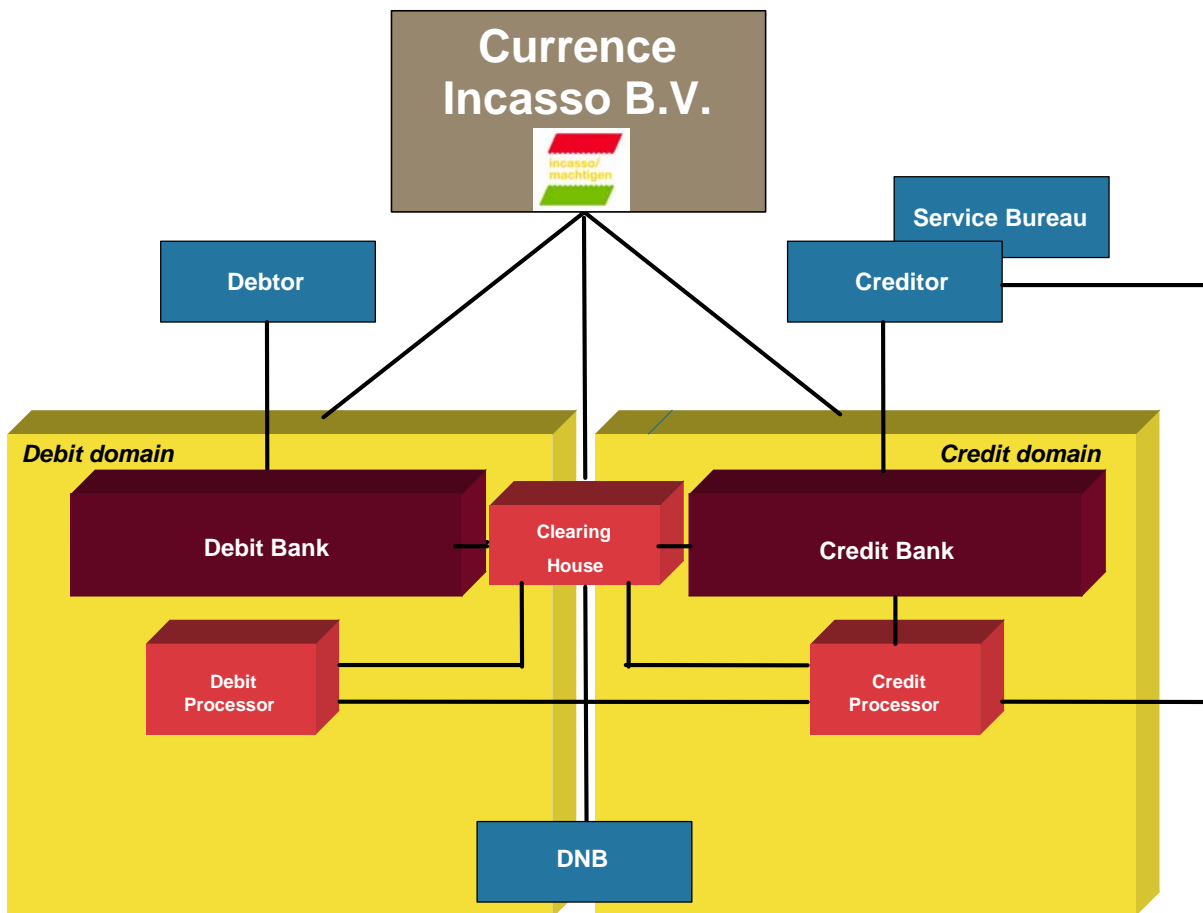
6.2 Starting points

The individual requirements laid down in the Incasso R&R have the following starting points:

- the legislation based on the European Payment Services Directive of 13 November 2007
- rulings by the Nederlandsche Bank (DNB), in particular the 'controlled operations' requirement pursuant to the Financial Supervision Act (WFT), as contained in the Order-in-Council (AMvB) under Part 3 of the WFT entitled 'Decree on Prudential Rules for Financial Undertakings' (AMvB 5), Bulletin of Acts, Orders and Decrees 2006,519' and supervision standards;
- the Core Principles for Systemically Important Payment Systems (CPSS), containing standards drawn up by the G-10 countries and adopted by the European Central Bank in January 2001;
- wherever possible, based on existing agreements and working methods of banks and processors;
- independent and objective analysis of draft versions of the Incasso R&R, including market consultation, as part of the formal ratification of these R&R.

6.3 Roles

Underpinning the Incasso R&R is the system of separate roles developed by Currence Incasso B.V. This is the system used in the Dutch market for Incasso credit transfers. The following diagram shows how the roles are organised.



The diagram shows the various roles involved in Incasso payment transactions, for which these R&R lay down specific requirements.* The Incasso R&R also contain a description of the individual roles and their interrelationships. The following section provides a brief description to explain the system. No rights may be derived from this brief description.

**In exceptional and compelling circumstances, it is possible to depart from a specific role covered by the R&R. In such circumstances, however, it will be necessary to render proper account to Currence Incasso B.V.*

6.4 Role descriptions

Currence Incasso B.V.

Currence Incasso B.V. is owner of the Incasso payment product and registered user of the Incasso brand and, in that capacity, lays down standards for the Incasso product. Currence Incasso B.V.'s responsibilities have already been described in Section 2.

Debit Bank

This is the role which an Institution whose business it is to acquire redeemable funds outside a restricted circle from other than professional market parties and to grant credit for its own account and which has obtained a licence in accordance with the statutory and other rules and regulations currently in force is able to perform (when duly licensed). The role involves responsibility for the entire debit domain with regard to Incasso payment transaction activities relating to the processing of Direct Debits received that are chargeable to Debtors served by said bank. The Debit Bank is also responsible for the transfer of funds to a Credit Bank in respect of collections chargeable to its client (Debtor) payable to a Creditor (customer of the Credit Bank concerned).

The Institutions concerned may employ the services of a Clearing House for processing (clearing) the payments between Debit Bank and Credit Bank. For all other operating activities in the debit domain not performed by Licensees themselves, Debit Banks are required to enter into an agreement with a Debit Processor, as described below and in the manner stipulated in the R&R.

Debit Processor

This is the role (when in possession of the appropriate Certificate) which an Institution is able to perform that is responsible on behalf of a Licensee (Debit Bank) for those debit domain activities as described in chapter 1 of the Role of Debit Processor connected with operations that are not the specific responsibility of the Licensee itself.

Debtor

A Debtor is the person or payer who has validly authorised the Creditor to debit an amount from his or her account on an incidental (once-off) or regular basis. The Debtor is a client of the Debit Bank, with which it holds an account. Currence Incasso B.V. does not impose any requirements with respect to Debtors.

Credit Bank

This is the role which an Institution whose business it is to acquire redeemable funds outside a restricted circle from other than professional market parties and to grant credit for its own account and which has obtained a licence in accordance with the statutory and other rules and regulations currently in force is able to perform (when duly licensed). The role involves responsibility for the entire credit domain with regard to Incasso payment transaction activities relating to its Creditors.

The Credit Bank is responsible for entering into contracts with Creditors. The Credit Bank's responsibilities also include the transfer of funds and the provision of information to Creditors in respect of payments made by Debtors via a Debit Bank to a particular Creditor (customer of the Credit Bank concerned). In addition the Credit Bank is responsible for the transfer of funds to the Debit Bank in the event of refunds or reversals or in the event of a correct notification of an incorrect Direct Debit. The Institutions concerned may employ the services of a Clearing House for processing (clearing) the payments between Debit Bank

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and Credit Bank. For all other operating activities in the credit domain not performed by Licensees themselves, Credit Banks are required to enter into an agreement with a Credit Processor, as described below and in the manner stipulated in the R&R.

Credit Processor

This is the role (when in possession of the appropriate Certificate) which an Institution is able to perform that is responsible on behalf of a Licensee for those credit domain activities as described in chapter 1 of the Role of Credit Processor, connected with operations that are not the specific responsibility of the Licensee itself.

Creditor

The Creditor is the initiator of the Direct Debit which, after receiving valid authorisation from the Debtor, may submit Direct Debits chargeable to that Debtor. To this end the Creditor, as a customer of the Credit Bank, has an account with the Credit Bank and will have entered into a contract for permission to make use of Direct Debits. Requirements with respect to Creditors are indirectly imposed via Credit Banks (for example, inasmuch as Credit Banks are required to include provisions in the conditions applying to Creditors that Creditors must hold a producible authorisation from the Debtor before a collection may be made). A Creditor may also make use of a Service Bureau, as described below, for handling Direct Debits.

Service Bureau

A Service Bureau may be an administrative agent handling Direct Debits on behalf of one or more Creditors. No further details are provided on Service Bureaus in the Incasso R&R, but all the requirements are linked to a Creditor, irrespective as to whether or not that Creditor makes use of a Service Bureau.

Clearing House*

This role can either be performed bilaterally between a Debit Bank and a Credit Bank or entrusted to an Institution looking after the clearing of transactions on behalf of various Debit Banks and Credit Banks. The Clearing House role is defined as the role which an Institution is able to perform that is responsible on behalf of Licensees for collecting and redistributing transaction details between Debit Bank and Credit Bank, leading to the financial settlement of transactions (when in possession of the appropriate Certificate). In the case of intragroup transactions, it is at the discretion of the Debit Bank whether transactions are handled by a Clearing House. The Clearing House is also responsible for the preparation and submission of transaction details for settlement via the 'De Nederlandse Bank' (DNB); The Dutch Bank).

6.5 Structure

The R&R follow the same structure as the system of roles, with a set of requirements defined for each separate role. These requirements are divided into requirements of a general organisational nature and requirements relating to the process involved in the specific role. This process comprises the various critical activities together making up the complete role. The process-related requirements are in turn divided into quality requirements and, where necessary, additional detail requirements of a more operational nature.

All the requirements are specifically identified in the documentation and explanatory notes are included where appropriate.

7 Rules & Regulations - Definitions

The Licence Agreement and the Certificate Agreement (of which the Incasso Rules & Regulations form an integral part) make use of numerous terms with defined meanings. For a proper understanding of the contracts, it is important to be familiar with the definitions of these terms. The 'General Rules & Regulations' of both the Licence Agreement and the Certificate Agreement contain the definitions, in alphabetical order. A list of definitions of the remaining terms is included as Annex P.

8 Process descriptions

The following concise descriptions of the processes involved provide a broad indication of the way in which the various roles defined in section 6 are interrelated in practice. It is, of course, possible for a given Institution to perform one or more roles. Similarly, a given role may be performed by one or more Institutions. These descriptions do not pretend to be in any way exhaustive and serve only to give the basic picture.

The roles in the Incasso system of roles need to have information regarding the relationship ‘Debtor – Debit Bank – Debit Processor’ and the relationship ‘Creditor – Credit Bank – Credit Processor’ (e.g. for the correct processing of Direct Debits). This information should be available to all parties at all times in an up-to-date form. In due course, a decision will be taken as to whether this activity can be provided in a different manner, for example via integrated information exchange or having the information available at a central point.

8.1 Contracts and authorisations

For the use of Incasso by a Creditor, an agreement is required with the Credit Bank for each product variant (as described in Annex Q ‘Incasso Product Variants’) and for each method of authorisation. Before an agreement can be concluded, the Credit Bank will assess the Creditor on the basis of applicable acceptance criteria (see Annex B).

Before proceeding to collect the payments, the Creditor must hold valid authorisations from the Debtors (in accordance with the conditions agreed with his or her Credit Bank).

8.2 Incasso payment

The Creditor, either directly or via the Service Bureau, sends the Direct Debits to the Credit Bank or the Credit Processor. The latter checks (e.g. for the existence of a valid contract with the Creditor in question) and then processes the Direct Debits and submits them in batches to a Clearing House for clearing.

The Clearing House checks the submitted batches as received from the Credit Processor. If a batch does not satisfy the requirements, it is rejected. After the validation process, the payments are sorted by bank and assembled into (credit) lots. The Clearing House then sends the lots to the DNB for settlement. The DNB checks that the Debit Banks in the lot have sufficient funds in their accounts. The accounts of the banks concerned are then debited and credited, completing settlement.

After processing the batches, the Clearing House produces information showing the results of the clearing operation. The Debit Processor and the Credit Processor are advised of the processed Direct Debits (including any refused Direct Debits). Using the information received from the Clearing House, the Debit Processor checks the Direct Debits. If the Debit Processor observes, for example, that the Debtor’s account number has lapsed or is blocked against this or other Direct Debits, the Direct Debit will be submitted to the Clearing House by the Debit Processor for refund (see also section 8.4).

- If the checks by the Debit Processor are in order, the Debit Bank then updates the Debtor’s account using the information received from the Debit Processor. Using the information received

from the Credit Processor, the Credit Bank then updates the Creditor's account. (It is also possible that the Creditor's account may already have been debited by the Credit Bank immediately after processing by the Credit Processor and before submission to the Clearing House. In that case, the information received from the Clearing House is used for administrative purposes and for checking the credit previously booked on the Creditor's account.)

- The Credit Processor provides the Creditor with the necessary information regarding the processing of payments received, as agreed with the Credit Bank concerned.

If the parties perform multiple roles as provided for in the system of roles for Incasso, the processing may take place in a different sequence. In order to guarantee the quality of the Incasso product, however, all the substantive requirements must be satisfied at all times.

8.3 Revocations and Request for cancellation

Previously submitted Direct Debits that have not yet been processed may be cancelled by the Credit Processor at the request of the Credit Bank, Service Bureau or Creditor (Revocation). The Credit Processor will check any Requests received for the Cancellation or Revocation of Direct Debits. If all the requirements have been satisfied, the Credit Processor will cancel the Direct Debits.

8.4 Refusal and Refund

The Debtor may initiate a refusal of an Direct Debit with his bank (Debit Bank) to the Working Day preceding the date of debiting. The Debit Bank will take care that the Direct Debit concerned will be rejected or will initiate a refund.

The Debtor may initiate a refund of a previously executed Direct Debit if, in accordance with the Incasso Variant in question, the Debtor has the right to do so and exercises that right within the applicable period. This refund may be initiated up to the maximum permitted reversal period for the product variant in question.

The Debit Bank may also initiate a refund under certain conditions, for example if it establishes that processing the Incasso would mean that the Debtor's credit limit is exceeded. The Debit Bank will then submit a request for refund to the Debit Processor for processing.

Refund requests approved by the Debit Processor are submitted for clearing in the same way as Direct Debits, and are then processed.

8.5 Reversals

At the request of a Creditor, the Credit Processor or the Clearing House, the Credit Bank may submit a reversal to the Credit Processor. When a reversal, a previously processed batch of Direct Debits is reversed in such a way that each account that was debited or credited when the batch for correction was processed is then credited with or debited by the corresponding amount. This is not a standard procedure but an emergency one.

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In the case of reversals no payment information is provided to the collector of payments. Correction entries are processed in accordance with the applicable procedure (see Annex H).

The Debit Banks must be informed in good time about the execution of a reversal.

After various checks have been performed, reversals are submitted by the Credit Processor for clearing in the same way as Direct Debits, and then processed.

8.6 Blocking an account

A Debtor may request the Debit Bank to block his or her account against Direct Debits from a specific Credit account number (selective block) or (where this can be done by the Debit Bank) against Direct Debits in general. The Debit Bank may also institute an Incasso block at its own initiative where there are grounds for doing so. The Debit Bank will inform the Debit Processor about the selective or general block. Using this information the Debit Processor will refuse any future Direct Debits.

In the case of an Incasso block of an account by the Debit Bank, the Debit Bank is required to advise the account holder in question, setting out the consequences.

8.7 Incorrect Direct Debits (MOI)

If the Debtor considers that an Direct Debit has been executed erroneously, he or she may refuse the order in certain circumstances. The Debtor must notify any such a request to the Debit Bank no later than 13 months after debiting, which will submit the Incorrect Direct Debit Report (MOI) to the Credit Bank. In accordance with the MOI regulations, the Credit Bank will either furnish the Debit Bank with evidence that the Direct Debit in question was duly authorised or repay the collected amount to the Debit Bank.

If the Debit Bank and the Credit Bank are unable to resolve the dispute between them it will be submitted to the Dispute Committee MOI.