

TERMS AND CONDITIONS FOR SEPA DIRECT DEBIT TRANSACTIONS FOR CREDITORS

1. GENERAL

These Terms and Conditions are issued by:

- LON d.d., Kranj, Žanova ulica 3, 4000 Kranj, www.lon.si, company ID: 5624908, VAT Number: SI40451372 (hereinafter: the Bank),
- LON d.d. is included in the list of banks and savings banks which have obtained an authorization to provide payment services from the Bank of Slovenia, which is published on the website of the Bank of Slovenia, www.bsi.si,
- the supervisory authority responsible for controlling the savings bank is the Bank of Slovenia.

2. DEFINITIONS

Banking Business Day means a day on which the Creditor Bank is open for business.

Bank means LON d.d., Kranj, Žanova ulica 3, SI-4000 Kranj, which operates the account of the Creditor and which has concluded with the Creditor an Agreement on the provision of SEPA Direct Debit payment services.

Debtor Bank means a provider of banking services which operates the Debtor's account.

Execution Date means a date when the Debtor's account is debited.

Inter-bank Business Day means a day on which the Creditor Bank and Debtor Bank are open for inter-bank business through the payment system.

SDD Instructions are the SEPA Direct Debit (SDD) Instructions for Creditors, which are set out as Annex to these Terms and Conditions.

SDD Core Scheme is a scheme that sets out the rules, standards and procedures for the execution of SEPA Direct Debits, where the Debtor is normally a consumer and the Creditor is a legal entity, an entrepreneur, or an individual proprietor.

SDD Transaction is a SEPA Direct Debit payment transaction.

Collection means an instruction which the Debtor sends to the Bank to instruct an SDD Collection.

Payment System is a clearing and settlement mechanism that enables inter-bank settlement of Collections.

Debtor means a legal entity, entrepreneur, individual proprietor, civil law entity or natural person who gives the Mandate to the Creditor to initiate Collections by debiting the Debtor's account.

SDD Agreement means an Agreement on the provision of SEPA Direct Debit payment services which is concluded between the Bank and the Creditor.

SDD Terms and Conditions are the terms and conditions of conducting SEPA Direct Debits for Creditors.

Creditor is a holder of a transaction account with the bank whose account is credited for the amount of the SEPA Direct Debit collection.

Unique Mandate Reference is a unique mandate reference number determined by the Creditor.

SEPA (Single Euro Payments Area) is the environment where consumers, business entities and other users of payment services make and receive payments in Euros with payment service providers (PSP), under the same core conditions, rights and obligations as well as business practices irrespective of the fact whether such a transaction is executed within a state or between various states of the SEPA.

SDD: SEPA Direct Debit (SDD) is a payment service for debiting the Debtor's transaction account in which the instructions for SDD Collection are initiated by the Creditor on the basis of a mandate given by the Debtor.

Mandate is an expression of consent which the Debtor gives to the Creditor to execute one-off or recurrent SDD Collections. By giving a mandate, the Debtor allows the Creditor to transmit instructions for SDD Collection and debit the Debtor's transaction account for the owed amount. Through the mandate, the Debtor Bank is authorized to debit the Debtor's transaction account.

Cut-off times mean the times of executing payment transactions for legal entities, entrepreneurs, sole traders and civil law entities, which set out the deadlines of the execution for Collections.

3. SDD Schemes

The Bank enables the Creditor to conduct SDDs for all Debtors. In accordance with the SDD Instructions, SDD Agreement and SDD Terms and Conditions, the Creditor may conduct transactions through the SDD Scheme ('CORE').

4. EXECUTION OF SDD

4.1 Conclusion of an SDD Agreement

An SDD Agreement may be concluded by a legal entity, individual proprietor or entrepreneur who has a transaction account with the Bank and who has acquired a Slovene VAT number. These Terms and Conditions shall form a component part of the Agreement.

4.2 Mandate of the Debtor

The Creditor shall obtain a written mandate of the Debtor before instructing a Collection. The Creditor shall define the unique mandate reference identifier and notify the Debtor thereof. The mandate identifier shall be used in all the Collections against the Debtor. The Mandate may be given in paper or electronic form. If the Mandate is given in paper form, it shall be physically signed by the Debtor. An e-Mandate shall be signed in a safe and reliable electronic manner. The Mandate must contain all the data specified in the Instructions. The Debtor's Mandate shall expire if, under this Mandate, the Creditor did not initiate any Collections within the last 36 months. The Creditor shall undertake to check the validity of the Debtor's Mandate prior to each transmission of a Collection. The Creditor shall store the Mandate for at least 36 months following the last submission of a Collection for an individual Debtor. The Creditor shall settle an amendment of the Mandate with the Debtor in case the Debtor informs them about the change of the Debtor Bank. In the event of any status changes concerning the Bank, Debtor Bank, Debtor or Creditor, which would result in a change of information stated in the Mandate, the Creditor shall settle the change of the Mandate with the Debtor. The Creditor shall be obliged to provide a copy of the Mandate no later than within 7 business days at the request of their Bank. In case the Creditor fails to provide a copy of the Mandate for SDD's to which the Debtor objects as unauthorized, the Bank will debit them for the amount of the refund.

4.3 Notifying the Debtor

The Creditor shall be obliged to notify the Debtor about the intended SDD no later than 14 calendar days prior to the SDD Execution Date, or within the deadlines agreed upon by the Debtor and the Creditor. The notification must contain all the data specified in the SDD Instructions.

4.4 Executing SDD

The form and contents of a Collection shall be defined in the Instructions. The Creditor prepares Collections in accordance with the Mandate given by the Debtor. The timelines for submitting Collections to the Bank are specified in the Bank's Cut-off Times. In the event that the Creditor submits a Collection outside the specified timelines, the Bank will reject the Collection and notify the Creditor accordingly. The Bank may also reject a Collection submitted by the Creditor if the Collection is not prepared in accordance with the SDD Instructions. The Collection may also be rejected, prior to inter-bank settlement, for the following reasons:

- technical reasons which are detected by the Bank, the payment system, or the Debtor Bank and which prevent the execution of the Collection,
- the Debtor Bank is unable to process the Collection for such reasons as are set out in the applicable legislation or the SDD Instructions.

The Bank shall credit the transaction account of the Creditor on the Execution Date if the Debtor Bank does not lodge an objection or reject.

4.5 Objections lodged by the Debtor

The Debtor may lodge an objection with the Creditor prior to the Execution Date. After receiving the objection, the Creditor may not submit the disputed Collection to the Bank or is obliged to send a revocation of the Collection in accordance with the Cut-off Times if the Collection has already been submitted.

4.6 Revocation

The Creditor shall submit with the Bank a revocation of Collection within the specified timelines. The Bank shall not execute the Collection if the Collection has not been forwarded to execution in accordance with the Bank's cut-off times.

4.7 Reversal

After a Collection has been executed, the Creditor may submit to the Bank, in accordance with its cut-off times and SDD Instructions, a request for reversal of the Collection. On the basis of the request for reversal of a Collection, the Bank will debit the transaction account of the Creditor, and the Debtor Bank will credit the Debtor's transaction account with the amount of the reversed payment. The Creditor Bank may reject a request for reversal of the Collection submitted by the Creditor if the request for reversal of the Collection is not prepared in accordance with the SDD Instructions.

4.8 Refund

The Debtor may request a refund for the executed Collection, along with the costs and interest, for authorised and non-authorised payments, in accordance with the existing legislation and the SDD Instructions. In the event of a request for a refund of an executed Collection, the Bank will settle the claim from the credit balance on the Creditor's account and notify the Creditor accordingly. When the Bank is unable to set-off the claim, the Creditor shall be obliged to settle the claim upon the call of the Bank.

4.9 Return

If the Debtor Bank requests the Bank to return the amount of the Collection and the Creditor has already received the payment, the Bank will settle the claim from the credit balance on the Creditor's account and notify the Creditor accordingly. When the Bank is unable to set-off the claim, the Creditor shall be obliged to settle the claim upon the call of the Bank.

4.10 Notifying the Creditor

The Creditor shall be notified about payments received from executed Collections, as well as about any executed return of refund, by means of a statement of account. The Bank shall notify the Creditor about any non-executed Collections in accordance with the instructions.

5. COMPLAINTS

The Creditor shall settle all claims arising from Collections which are not executed as a result of the Debtor's actions directly with the Debtor, while the Creditor shall settle all other claims with the Creditor Bank. The Bank shall correct any incorrect execution of Collection resulting from error on the side of the Bank, and notify the Creditor accordingly. In the event that the Creditor objects to the correction, the Bank shall restore the situation to the one prior to the correction and otherwise exercise its claim towards the Creditor arising from unjustified crediting of the account.

6. COMPENSATION

The Creditor shall be obliged to compensate the Bank for the costs and pay changes for the execution of SDD's, in the manner and amount as specified in the applicable Schedule of bank charges for payment services for legal entities, entrepreneurs, sole traders and civil law entities.

7. SECURITY INTEREST

The Creditor Bank shall require the Creditor to provide adequate security interest, which the parties shall specify in the SDD Agreement. The Bank may also require the Creditor to furnish additional security interest in the following cases:

- if the volume of business increases following the conclusion of the Agreement,
- if the financial position of the Creditor aggravates, according to the Creditor Bank, or
- if there occurs a change in the legal and organizational structure of the Creditor which increases the risk of claims under this Agreement remaining unsettled upon their maturity.

The Creditor shall be obliged to provide the Bank with additional security no later than within 5 business days. The Bank and the Creditor may agree on the volume and conditions of additional security in a separate agreement. The Creditor may not request the cancellation of security interest before the expiry of 15 months from the last executed Collection in the event of termination of the Agreement.

8. RIGHTS OF THE BANK

The Creditor shall agree and authorize the Bank to offset all its claims arising from the returns and compensations for already executed Collections and other claims of the Bank arising from the contractual relationship against any credit balance on the Creditor's accounts.

9. TRANSITIONAL AND FINAL PROVISIONS

In accordance with its corporate policy, the Bank may amend these SDD conditions in accordance with the Terms and Conditions. In the event that the Creditor fails to notify the Bank of its objections to the amended SDD Terms and Conditions, it shall be deemed that it is in agreement with the amendments. In the event that the Creditor rejects the proposed amendments and does not terminate its SDD Agreement, its SDD Agreement shall be deemed to be terminated with the last day before the date when the amendments come into effect. The Creditor shall immediately inform the Bank of any change of data.

The SDD Agreement may be terminated at any time by way of a written agreement between the parties. In the event of a termination of the SDD Agreement, the Creditor shall be obliged to settle in full its obligations from the Agreement incurred by the date of termination. The Bank may terminate the SDD Agreement giving one month's notice. The Bank may terminate the SDD Agreement unilaterally and without notice if the Creditor has breached the provisions of the SDD Agreement, SDD Terms and Conditions, or SDD Instructions. The Creditor may terminate the SDD Agreement giving one month's notice. The Creditor undertakes to settle all its obligations arising from the contractual relationship in full also after the SDD Agreement has been terminated.

All disputes arising out of or in relation to these Terms and Conditions shall be settled in the court having jurisdiction over the address of the Bank. These Terms and Conditions shall apply from 31 December 2012.