

General operating conditions for direct debits on the NLB Business account

1. General provisions

By these general conditions Nova Ljubljanska banka d.d., Ljubljana (hereinafter referred to as: Nova LB) defines the conditions of opening and implementing a direct debit (hereinafter referred to as: DB) for NLB Business account holders, the deadlines for providing coverage on the NLB Business account, reimbursement and expenses with regard to DB, notification methods and deadlines, the method of mediating claims, and validity of general conditions.

2. Definitions of the terms

The terms used in this document shall have the following meaning:

- **creditor's bank:** a bank managing a creditor's account (i.e. it can be Nova LB or any other Slovenian bank, which signed an interbank agreement for implementing NPIs)
- **debtor:** a person, for which payment liability is identified;
- **parent bank:** a bank managing a payer's account;
- **payer:** natural or legal person, who settles all liabilities for his or her account or for a debtor's account;
- **contracting bank:** a bank, which manages the account of a business partner (creditor), and signs with a business partner the Declaration on the inclusion into operation with payment instruments and the Contract on dealing with direct debits;
- **creditor:** a commissioner (recipient) of funds in respect of settling the liabilities with DB;
- **NPI:** new payment instruments: direct debit, direct credit, special money order, special transfer order, and standing order.

3. Legal framework

The basis for implementing DB is a tripartite contractual relationship between a debtor/payer, a creditor, and Nova LB.

The legal relation between Nova LB and a creditor arises upon the signing of the Declaration on the inclusion into operation with payment instruments and the Contract on dealing with direct debits, whereas in case of the legal relation between Nova LB, a payer, and a creditor upon signing the Direct Debit Authorization.

A contracting bank shall conclude with a creditor the Contract on dealing with direct debits on behalf of and for the account of all banks, signatories of the Agreement on the method of using instruments of payment: special money order, special transfer order, direct debit, direct credit and standing order, which has been reached within the Bank Association of Slovenia. Nova LB notifies a creditor and a debtor of general operating conditions for direct debits.

4. Direct debit

DB is a standardized electronic debit payment instrument, by means of which liabilities of a debtor to a creditor are settled in the amount, which does not exceed the threshold defined by the Expert Committee for monitoring the implementation of the agreement for NPI within the Bank Association of Slovenia (amount currently valid: 50.000 EUR). Liabilities are settled by means of a direct debit to a payer's account on the basis of data, which a creditor submits to Nova LB.

DB is implemented, if a creditor signs with a contracting bank the Contract on dealing with direct debits and if a payer signs an authorization to debit an account.

By concluding the contract with a contracting bank a creditor becomes a participant of the operating scheme with DB, enters into the Collection Centre system, and adopts standards and conditions for data exchange.

A creditor prepares data for DB in accordance with the Instructions and standards for data exchange through the Collection Centre, and sends such data to the Collection Centre or to a contracting bank within two business days and not more than within seven days prior to the expected account debiting.

A creditor shall be obliged to inform a debtor of the amount of the expected account debiting at least eight days before the day of the expected debit.

Nova LB shall execute account debiting, if the debit was sent for the day, which a creditor defined in the contract (frequency of payment) and if a payer also selected this date in the authorization. Nova LB shall take consideration of timely appeal of the commissioner.

A debtor has a possibility to object to the execution of an individual debit:

- at a creditor, until he or she sends data to the Collection Centre or to a contracting bank;
- at Nova LB not later than within two business days prior to a debit.

5. Rights and obligations

5.1 Rights and obligations of a payer/debtor

A debtor/payer shall sign the Direct Debit Authorization, in which he or she defines the date of payment, which he or she can select among offered possibilities, as defined by a creditor in the Contract on dealing with direct debits with a contracting bank.

A payer shall sign the Direct Debit Authorization at the Nova LB establishment, which manages a payer's account, and a payer sends the data to a creditor in an electronic form. A payer must sign the authorization ten days prior to the implementation of the first direct debit.

A debtor can submit an appeal against the implementation of an individual DB at a creditor, whereas a payer can submit an appeal at the Nova LB establishment, which manages his or her account, not later than within two business days before the expected debit.

An appeal applies to a specific payment of liability and does not mean cancellation or termination of an authorization.

In order to cancel the authorization for direct debit operations a payer shall sign the "Direct debit authorization cancellation" at the Nova LB establishment, which manages his or her account, whereas the establishment implements the cancellation of DB and sends relevant data to a creditor in an electronic form.

Nova LB shall take into consideration any authorization cancellations received at least ten days before the date of the account debiting.

5.2. Rights and obligations of the bank

Nova LB implements DB on the day defined in the DB authorization by a debtor/payer. If such a day is not a business day, Nova LB shall implement the debit on the first following business day.

Nova LB shall settle payer's liabilities only within the coverage in the national currency on a payer's account. The coverage must be performed not later than until 11a.m. on the day of the account debiting.

If there is no account coverage, Nova LB shall reject the DB payment and inform a payer of this.

Nova LB shall not implement a debit, if the NLB Business account is blocked, or if an account has been cancelled.

Nova LB shall charge compensation to a payer for performed service in accordance with the respective valid Tariff of Nova Ljubljanska banka d.d., Ljubljana.

If the appeal of a certain payment has been send to the Nova LB establishment, which manages an account of a payer, at least two business days prior to payment, Nova LB shall not implement this payment. Nova LB shall inform a creditor of the appeal in an electronic form.

Nova LB shall be entitled to cancel DB in case a creditor has not send the bank the application for DB implementation within the past 13 months, of which the bank shall inform a creditor in an electronic form.

6. Claims

Nova LB shall solve any payers' complaints in accordance with the General operating conditions with NLB Business accounts.

Claims of a debtor/payer with regard to the DB amount shall be solved by a creditor.

7. Changing general conditions

Nova LB shall inform a holder of an account about any possible changes to the General operating conditions for direct debits on the NLB Business account, namely, the holder of an account, who operates with Nova LB through NLB Proklik shall be informed by means of an electronic notification, otherwise by means of a notification on a paper print-out.

Nova NLB shall provide the text of changed General operating conditions for direct debits on the NLB Business account in all NLB establishments and on Nova LB internet sites.

If a holder of an account does not agree with the changes to General operating conditions for direct debits on the NLB Business account, he or she can cancel DB. A claim for cancellation of DB must be sent within 30 days from the announcement of changed General operating conditions, otherwise it shall be deemed he or she agrees with the changes.

8. Transitional and final provisions

All information and data, which apply to DB operations, are confidential. Nova LB shall hereby undertake to protect such information and data and treat them as confidential in accordance with valid legislation on protection of personal data.

These general conditions shall be valid from January 1st, 2008 onwards.