

- volume for the time period specified by the National Association;
- the actual return rate for unauthorized entries, in total and by SEC Code, for the Originator or Third-Party Sender when computed by either:
 - (1) dividing the number of debit entries returned as unauthorized for the preceding 60 days or two calendar months by the total number of debit entries contained within the file(s) in which the original entries were transmitted; or
 - (2) dividing the number of debit entries returned as unauthorized for the preceding 60 days or two calendar months by the total number of debit entries originated for the preceding 60 days or two calendar months, respectively; and
- a statement either (1) refuting NACHA's claim that the Originator's or Third-Party Sender's return rate for unauthorized entries exceeded the one percent return threshold; or (2) explaining the reason(s) causing the Originator or Third-Party Sender to have exceeded the return threshold.

When the Originator's or Third-Party Sender's return rate, as calculated above, exceeds the return threshold, the ODFI must also provide the National Association with the following information within the ten-banking-day time frame:

- a detailed plan and timeline for reducing the Originator's or Third-Party Sender's return rate for entries returned as unauthorized to a rate below the return threshold for unauthorized entries within sixty (60) days after receipt of the National Association's written request for information, as described within this section 2.18;
- the address; telephone number; contact person; and, when such Originator or Third-Party Sender is a privately-held company, principal owner(s) and officers of the Originator or Third-Party Sender;
- a description of the nature of the business of the Originator or Third-Party Sender, and the methods used by the Originator(s) to obtain proper authorization for ACH transactions;
- the length of the ACH relationship between the ODFI and the Originator or Third-Party Sender;
- the date of the ODFI's most recent review of the exposure limit for the Originator or Third-Party Sender pursuant to section 2.1.12 (ODFI Exposure Limits); and
- date and proof of completion of the ODFI's most recent ACH audit in accordance with the requirements of Appendix Eight (Rule Compliance Audit Requirements).

The ODFI must reduce the Originator's or Third-Party Sender's return rate for unauthorized entries to a rate below one percent within sixty (60) days after receipt of the National Association's written request for information and maintain that return rate below one percent for an additional 180 days.

SECTION 2.19 ODFI Registration Requirements

SUBSECTION 2.19.1 Approval of Direct Access Debit Participants

An ODFI's board of directors, committee of the board of directors, or its designee must approve each Direct Access Debit Participant relationship prior to the ODFI initiating entries for such Direct Access Debit Participant.

SUBSECTION 2.19.2 Direct Access Registration

SUBSECTION 2.19.2.1 ODFIs with Direct Access Debit Participants

Each ODFI that has one or more Direct Access Debit Participants must register each such relationship with the National Association prior to initiating entries for such Direct Access Debit Participant by providing the following information for such Direct Access Debit Participant:

- the ODFI's name;
- the ODFI's routing number(s) provided for use by a Direct Access Debit Participant;
- the name, title, telephone number, and address for a contact person at the ODFI;
- an identification of whether the Direct Access Debit Participant is an Originator, Third-Party Service Provider, or Third-Party Sender;
- the name, title, address, telephone number, and TIN for the Originator, Third-Party Service Provider, or Third-Party Sender;
- the number of Originators transmitting ACH debit entries through the Third-Party Service Provider or Third-Party Sender;
- an identification of the ACH Operator through which each Direct Access Debit Participant transmits entries;
- a statement that the ODFI's board of directors, committee of the board of directors, or its designee has approved the Direct Access Debit Participant.

An ODFI must provide the National Association with updated information following any change to the information previously provided, including any termination of the Direct Access Debit Participant.

SUBSECTION 2.19.2.2 ODFIs with No Direct Access Debit Participants

An ODFI that has no Direct Access Debit Participants must provide the National Association with the following information:

- the ODFI's name;
- the ODFI's routing number;
- the name, title, telephone number, and address for a contact person at the ODFI; and
- a statement acknowledging that the ODFI has no Direct Access Debit Participants.

SUBSECTION 2.19.3 Direct Access Data Reporting

Each ODFI that has one or more Direct Access Debit Participants must provide the following data to the National Association on a quarterly basis for each such relationship, in total and by Standard Entry Class Code:

- average daily debit entry origination transaction volume;
- average daily debit entry origination dollar value;
- average daily debit entry return transaction volume;
- average daily debit entry return dollar value; and
- average daily rates of return.

issued by the ODFI or Originator of the entry is used in connection with the authorization for these entries.

SECTION 3.3 Transmission of ACH Information Via Unsecured Electronic Networks

For each entry for which any banking information, including, but not limited to, an Entry, Entry Data, a routing number, an account number, and a PIN or other identification symbol, is transmitted or exchanged between a Receiver and an Originator, an Originator and an ODFI, or an Originator and a Third-Party Service Provider, via an Unsecured Electronic Network, the Originator must, prior to the key entry and through transmission of any banking information, (1) encrypt the banking information using a commercially reasonable security technology that, at a minimum, is equivalent to 128-bit RC4 encryption technology, or (2) transmit or receive the banking information via a secure session utilizing a commercially reasonable security technology that provides a level of security that, at a minimum, is equivalent to 128-bit RC4 encryption technology.

ARTICLE THREE — OBLIGATIONS OF ORIGINATORS

SECTION 3.1 General

In addition to the requirements of section 2.1 (Prerequisites to Origination) concerning the initiation of entries, an Originator must comply with the requirements contained within this Article Three.

SECTION 3.2 MTE, POS, and SHR Entry PIN Requirements

If a personal identification number (PIN) is required in connection with the authorization for an MTE, POS, or SHR entry, the Originator must comply with the American National Standards Institute's (ANSI) Accredited Standards Committee (ASC) X9.8 concerning PIN Management and Security. This provision does not apply to SHR or MTE entries if the ODFI and the RDFI are parties to an agreement (other than these rules) for the provision of services relating to these entries, or if a card

SUBSECTION 14.1.19 “Consumer Account”

means an account held by a Participating DFI and established by a natural person primarily for personal, family or household and not for commercial purposes.

SUBSECTION 14.1.20 “CTX entry”

means a credit or debit entry initiated by an organization to effect a transfer of funds to or from the account of that organization or another organization and accompanied by addenda records that relay information formatted in accordance with the ANSI ASC X12.5 and X12.6 syntax, an ASC X12 transaction set containing a BPR or BPS data segment, or payment related UN/EDIFACT syntax. A CTX entry can contain up to 9,999 addenda records.

SUBSECTION 14.1.21 “Direct Access”

means a situation in which an Originator, Third-Party Sender, or a Third-Party Service Provider transmits credit or debit entries directly to an ACH Operator using the ODFI’s routing number and settlement account.

SUBSECTION 14.1.22 “Direct Access Debit Participant”

means an Originator, Third-Party Sender, or Third-Party Service Provider with Direct Access for the origination of debit entries except (i) a Third-Party Service Provider that transmits ACH files solely on behalf of an ODFI where that Third-Party Service Provider does not have a direct agreement with an Originator (and is not itself an Originator), or (ii) an ODFI that transmits files using another Participating DFI’s routing number and settlement account.

SUBSECTION 14.1.21 “Direct Financial Institution”

means a Direct Financial Institution as defined in the NACHA Bylaws.

SUBSECTION 14.1.22 “DNE entry” or “DNE”

means a notice to an RDFI of the death of a Receiver. Only an agency of the Federal Government may originate a DNE entry.

SUBSECTION 14.1.23 “Electronic”

means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.

SUBSECTION 14.1.24 “Electronic Record”

means an agreement, authorization, written statement under penalty of perjury, or other record created, generated, sent, communicated, received, or stored by

electronic means.

SUBSECTION 14.1.25 “Electronic Signature”

means an electronic sound, symbol, or process attached to or logically associated with an agreement, authorization, written statement under penalty of perjury, or other record and executed or adopted by a person with the intent to sign the record.

SUBSECTION 14.1.26 “ENR entry” or “ENR”

means a credit or debit enrollment entry initiated by a participating DFI to a Federal Government Agency on behalf of an account holder at the DFI and who requests the initiation of the ENR. An ENR entry may contain up to 9,999 addenda records.

SUBSECTION 14.1.27 “Entry”

means an order or request complying with the requirements of Appendix Two (ACH Record Format Specifications) (1) for the transfer of money to the account of a Receiver (a “credit entry”), (2) for the withdrawal of money from the transaction account or general ledger account of a Receiver (a “debit entry”), (3) a zero dollar entry, (4) a DNE entry, or (5) an ENR entry. For all entries except RCK entries, each debit entry shall be deemed an “item” within the meaning of Revised Article 4 of the Uniform Commercial Code (1990 Official Text) and that Article shall apply to such entries except where the application is inconsistent with these rules, in which case these rules shall control. An RCK entry is an item as defined by Revised Article 4 of the Uniform Commercial Code only for the limited purposes of presentment as set forth in Article 4-110(c) and notice of dishonor as set forth in Article 4-301(a)(2).

SUBSECTION 14.1.28 “Entry data”

means, as applicable, prenotifications, returned entries, adjustment entries, notifications of change and/or other notices or data transmitted through one or more ACH Operators pursuant to these rules.

SUBSECTION 14.1.29 “Existing Relationship”

The Originator and Receiver have an existing relationship when there is a written agreement in place between the Originator and the Receiver or when the Receiver has purchased goods or services from the Originator within the past two years.

SUBSECTION 14.1.30 “File”

means a group of entries complying with the requirements of Appendix Two (ACH Record Format Specifications), associated with a given transmittal register and the control totals set forth therein.

- in a proper manner. Verify that dishonored return entries are transmitted within five banking days after the Settlement Date of the return entry and that contested dishonored return entries are accepted, as required by these rules. Verify that the ODFI is using return reason codes in an appropriate. (*Article Six, Subsections 6.1.6, 6.2, and 6.2.2*)
- G. Verify that information relating to NOCs and Corrected NOCs is provided to each Originator or Third-Party Sender within two banking days of the Settlement Date of the NOC or Corrected NOC in accordance with Appendix Six (Notification of Change). Verify that refused NOCs are transmitted within fifteen (15) days of receipt of an NOC or corrected NOC. (*Article Six, Subsection 6.3.2 and Section 6.4*)
- H. With the exception of IAT entries to non-Consumer Accounts, CCD entries, CTX credit entries, and XCK debit entries, verify that the ODFI responds to an RDFI's request for a copy of an authorization within ten (10) banking days at no charge. (*Article Four, Subsection 4.1.1*)
- I. Verify that, when agreed to by the ODFI, Permissible Return Entries are accepted in accordance with Article Eight, section 8.3 (ODFI Agrees to Accept CCD or CTX Return). (*Article Eight, Section 8.3*)
- J. Verify that the ODFI has provided the Originator with proper notice to ensure compliance with UCC Article 4A with respect to ACH transactions. (*Article Two, Subsection 2.1.10*)
- K. Verify that the ODFI has utilized a commercially reasonable method to establish the identity of each Originator or Third-Party Sender that uses an Unsecured Electronic Network to enter into a contractual relationship with an ODFI for the origination of ACH transactions. When an ODFI has a relationship with a Third-Party Sender rather than with an Originator directly, also verify that the Third-Party Sender has utilized a commercially reasonable method to establish the identity of each Originator that uses an Unsecured Electronic Network to enter into a contractual relationship with the Third-Party Sender for the origination of ACH transactions. (*Article Two, Subsection 2.2.1.7*)
- L. Verify that Reversing Entries and Reversing Files are originated in accordance with the requirements of these rules. (*Article Two, Subsections 2.4 and 2.5*)
- M. For BOC entries, verify that the ODFI has (1) employed commercially reasonable procedures to verify the identity of each Originator or Third-Party Sender transmitting such entries, and (2) established procedures to document specific information with respect to each Originator, as required by these rules, and that, upon request, such information is provided to the RDFI within the required time frame. (*Article Two, Subsections 2.10.3.1, 2.10.3.2 and 2.10.3.3*)
- N. Verify that the ODFI has reported information on each Originator or Third-Party Sender, as requested by the National Association. (*Article Two, Section 2.18*)
- O. Verify that the ODFI has (1) registered its Direct Access status with the National Association; (2) obtained the approval of its board of directors, committee of the board of directors, or its designee for each Direct Access Debit Participant; (3) provided required statistical reporting for each Direct Access Debit Participant; and (4) notified the National Association of any change to the information previously provided with respect to any Direct Access Debit Participant. (*Article Two, Section 2.19*)
- Ø.P. Verify that the ODFI has kept Originators and Third-Party Senders informed of their obligations under these rules.

APPENDIX NINE — COMPENSATION RULES

SECTION 9.1 Scope

The rules in this Appendix Nine govern the settlement of claims for compensation between Participating DFIs. These rules apply regardless of the original source or ultimate beneficiary of any entry, the manner in which the entry was transmitted, or the nature of the transaction to which the entry relates. A compensation claim shall be paid for an entry only if the loss suffered by the claimant is at least \$200 per that entry. The amount of loss suffered by a claimant shall be calculated using the applicable formula provided in this Appendix Nine, excluding the administrative fee of \$200 per entry added to or subtracted from such formula and adding any applicable Deposit Insurance Assessment as described in subsection 9.5.2 (Deposit Insurance Assessment) of this Appendix Nine.

APPENDIX ELEVEN — RULES ENFORCEMENT

SECTION 11.1 Scope

Appendix Eleven governs the rules enforcement procedures to be applied in the event of (1) an ACH rules violation, including a breach of warranty under these rules, filed against a Participating DFI by a Participating DFI or an ACH Operator that is a party to a transaction, or (2) the identification of a return rate for unauthorized entries by an Originator or Third-Party Sender that exceeds a defined threshold, or (3) the failure of a Participating DFI to comply with a direct obligation to the National Association, as defined by these rules.

This Appendix Eleven (1) defines the criteria under which a rules enforcement proceeding may be initiated for any violation of these rules; and (2) establishes the parameters under which the National Association may undertake specific actions with respect to the monitoring and reporting of activity causing potential harm to Participating DFIs or the ACH Network .

The purpose of these enforcement mechanisms is to maintain the quality of ACH services and the satisfaction of Participating DFIs and their customers by promoting compliance with these rules and reducing the risks to Participating DFIs and their customers by limiting the number of unauthorized entries.

SECTION 11.2 ODFI Reporting Requirements

SUBSECTION 11.2.1 National Association Request for Information

If, in its sole discretion, the National Association believes that the rate that debit entries are returned as unauthorized exceeds one percent for one or more Originators or Third-Party Senders using the ODFI to originate entries, the National Association may send, via traceable delivery method, a written request to the ODFI's Chief Operating Officer for information described in Article Two, ~~subsection~~ section 2.18 (ODFI Reporting Requirements). A copy of this request will also be sent to the ODFI's ACH Manager.

SUBSECTION 11.2.2 National Association Action on Receipt of Information Reported by ODFI

The National Association may initiate a rules enforcement proceeding pursuant to section 11.3 (National System of Fines) of this Appendix Eleven for a Class 2 Rules Violation, as defined within subsection ~~11.3.7.4~~ 11.4.7.4 (Class 2 Rules Violation), if the ODFI (1) fails to provide the National Association with complete and accurate information, as required by Article Two, section 2.18 (ODFI Reporting Requirements), within ten banking days

of receipt of NACHA's written request for information; (2) substantiates the claim that the Originator's or Third-Party Sender's return rate for unauthorized entries exceeded one percent, and the ODFI fails to reduce that return rate to a rate below the return threshold for unauthorized entries within sixty (60) days after receipt of the National Association's written request, pursuant to Article Two, section ~~2.17~~ 2.18 (ODFI Reporting Requirements); or (3) substantiates that the Originator's or Third-Party Sender's return rate for unauthorized entries exceeded one percent, and the ODFI successfully reduced the return rate to below the return threshold within the 60-day time period, but the ODFI failed to maintain the return rate below one percent for 180 additional days.

SECTION 11.3 ODFI Registration Requirements

If, in its sole discretion, the National Association believes that an ODFI has failed to register its Direct Access Debit Participant status, or to provide data reporting regarding a Direct Access Debit Participant, the National Association may initiate a rules enforcement proceeding. Such proceeding will be pursuant to section 11.4 (National System of Fines) of this Appendix Eleven for a Class 2 Rules Violation, as defined within subsection 11.4.7.4 (Class 2 Rules Violation).

~~SECTION 11.3~~ 11.4 National System of Fines

SUBSECTION ~~11.3.1~~ 11.4.1 Initiation of a Rules Enforcement Proceeding

A rules enforcement proceeding may be initiated for any violation of these rules. A rules enforcement proceeding may be conducted by the National Association in response to an ACH rules violation, including a breach of warranty under these rules, filed against a Participating DFI. The complainant must be a Participating DFI or an ACH Operator that is party to the transaction. A rules enforcement proceeding initiated by a Participating DFI or an ACH Operator must comply with the requirements of subsection ~~11.3.2~~ 11.4.2 (Submission Requirements for Rules Enforcement Proceedings Initiated by a Participating DFI or an ACH Operator.) The Report of Possible ACH Rules Violation Form and filing instructions are located in Section IV, Chapter VI (National System of Fines) of the NACHA Operating Guidelines.

A rules enforcement proceeding may also be initiated and conducted by the National Association in response to (1) a violation of unauthorized entries pursuant to section 11.2 (ODFI Reporting Requirements) of this Appendix Eleven, or (2) the failure of a Participating DFI to comply with a direct obligation to the National Association, as defined by these rules. A rules enforcement proceeding initiated by the National Association must comply with the requirements of subsection ~~11.3.3~~ 11.4.3 (Submission Requirements for Rules Enforcement Proceedings Initiated by the National Association)

SUBSECTION ~~H-3.4~~ 11.4.4 Assessment of Rules Enforcement Submission

Each submission of a rules enforcement proceeding will be evaluated by the National Association to ensure that the documentation necessary to identify the incident has been included and to ascertain whether a violation of these rules appears to have occurred. If the National Association makes a preliminary determination that a violation of these rules has occurred, the National Association will identify whether the violation is (1) the first such violation, (2) a Class 1 Rules Violation involving a recurrence of a previous violation, or (3) a Class 2 Rules Violation, and it will issue either a Notice of Possible ACH Rules Violation or a Notice of Possible Fine in accordance with this section ~~H-3.4~~ subsection 11.4.4. If the National Association determines that it is unclear whether a rules violation has occurred, or if the National Association believes the violation involves a Class 2 Rules Violation, it may forward the issue to the ACH Rules Enforcement Panel for additional review.

In circumstances involving (1) a submission to the rules enforcement process from a Participating DFI or an ACH Operator that is a party to a transaction, identifying either a Class 1 Rules Violation or a Class 2 Rules Violation; or (2) a rules enforcement proceeding initiated by the National Association because of a Class 2 Rules Violation, the issue will be forwarded directly to the ACH Rules Enforcement Panel for evaluation and possible assessment of a fine or penalty in accordance with section ~~H-3.7~~ 11.4.7 (Fines and Penalties).

SUBSECTION ~~H-3.4.1~~ 11.4.4.1 Notice of Possible ACH Rules Violation

If the National Association determines that the violation is the first such infraction of these rules, a Notice of Possible ACH Rules Violation will be sent to the ACH Manager at the respondent Participating DFI, within ten banking days via traceable delivery method, indicating that an infraction of the rules appears to have occurred and explaining that fines may be imposed against the Participating DFI in the event that the rule violation is not corrected.

The Participating DFI will be asked to correct the problem that caused the rule violation and to respond within ten banking days after the date on which it received the Notice of Possible ACH Rules Violation. The Notice of Possible ACH Rules Violation Response Form must be sent, via traceable delivery method, to the National Association and must include either (1) an acknowledgment of the Participating DFI's recognition of and intent to correct the problem causing the rule violation, along with a statement specifying the date by which the Participating DFI will resolve the problem (Resolution Date), or (2) a statement, along with supporting documentation, that the Participating DFI does not believe that a rules infraction

has occurred.

If the National Association receives the Participating DFI's completed response form and any necessary documentation within the ten-banking-day time frame, no additional action will be taken by the National Association unless (1) the National Association believes the time frame and Resolution Date asserted by a Participating DFI as necessary to resolve the problem causing the rules violation is excessive and requires review by the ACH Rules Enforcement Panel, or (2) the National Association receives an additional submission of a rule violation report.

SUBSECTION ~~H-3.4.2~~ 11.4.4.2 Notice of Possible Fine

If the National Association determines that the violation is a Class 1, Class 2, or Class 3 Rules Violation, as defined by subsection ~~H-3.7~~ 11.4.7 (Fines and Penalties), a Notice of Possible Fine will be sent to the Participating DFI and the National Association will forward the issue to the ACH Rules Enforcement Panel to consider the imposition of a fine against the Participating DFI in accordance with subsection ~~H-3.7~~ 11.4.7 of this Appendix Eleven.

In the Notice of Possible Fine, the Participating DFI will be asked to correct the rule violation that is the basis for the Notice of Possible Fine and to respond to the National Association within ten banking days after the date on which it received a Notice of Possible Fine. The Notice of Possible Fine Response Form must be sent, via traceable delivery method, to the National Association and must include either (1) an acknowledgment of the Participating DFI's recognition of and intent to correct the problem causing the rule violation that is the basis for the Notice of Possible Fine, along with a statement specifying the Resolution Date, or (2) a statement, along with supporting documentation, that the Participating DFI does not believe that a rules violation occurred.

Where the ODFI fails to provide a complete and accurate response in accordance with the requirements of section 2.18 (ODFI Reporting Requirements), the ODFI's acknowledgment to the Notice of Possible Fine must include the reporting information required by section 2.18. In situations involving the ODFI's affirmation of a return rate for unauthorized entries in excess of the return threshold, the ODFI's acknowledgment to the Notice of Possible Fine must include updated information on, and the timetable for, the implementation of the ODFI's plan to reduce its return rate.

Where the ODFI fails to register or provide data reporting in accordance with the requirements of Article Two, section 2.19 (ODFI Registration Requirements), the ODFI's acknowledgement to the Notice of Possible

Fine must include the registration information required by section 2.19.

If the National Association receives the Participating DFI's completed response form and related information within the ten-banking-day time frame, and the National Association determines that the response refutes the claim in the Notice of Possible Fine, the National Association will take no additional action at that time. In all other circumstances described within this subsection ~~11.3.4.2~~-11.4.4.2, the National Association will forward the issue to the ACH Rules Enforcement Panel for its consideration and possible imposition of a fine in accordance with ~~Section 11.3.7~~ subsection 11.4.7 (Fines and Penalties) of this Appendix Eleven.

SUBSECTION ~~11.3.7.4~~ 11.4.7.4 Class 2 Rules Violation

A Class 2 Rules Violation is one in which:

- (1) the Participating DFI has not responded to either the Notice of Possible ACH Rules Violation or the Notice of Possible Fine;
- (2) the Participating DFI responds to either notice that it does not intend to correct the rules violation;
- (3) the Participating DFI (i) fails to respond completely and accurately, within the proper time frame, to the National Association's request for information in accordance with the requirements of Article Two, section 2.18 (ODFI Reporting Requirements); (ii) substantiates the claim that the Originator or Third-Party Sender exceeded the return rate for unauthorized entries and the ODFI has failed to reduce the Originator's or Third-Party Sender's return rate for entries returned as unauthorized to a rate below the return threshold for unauthorized entries within sixty (60) days of receipt of the National Association's written request; or (iii) substantiates that the Originator's or Third-Party Sender's return rate for unauthorized entries exceeded the return rate, and the ODFI successfully reduced the return rate to below the return threshold within the 60-day time period, but the ODFI failed to maintain the return rate below the return threshold for 180 additional days. The Panel may consider the Originator's or Third-Party Sender's volume of debit entries as an extenuating circumstance in determining whether a violation under this provision constitutes a Class 2 Rules Violation.
- (4) the Participating DFI fails to register its Direct Access Debit Participant status or provide data reporting on a Direct Access Debit Participant, as required by Article Two, section 2.19 (ODFI Registration Requirements);
- (~~4~~)(5)the Participating DFI fails to provide the National Association with proof of completion of a rules compliance audit, as required by Appendix Eight (Rules Compliance Audit Requirements);
- (~~5~~)(6)the ACH Rules Enforcement Panel determines the time frame and Resolution Date asserted by a Participating DFI as necessary to resolve the problem causing the rules violation are excessive;
- (~~6~~)(7)the National Association believes that the violation causes excessive harm to one or more Participating DFIs or the ACH Network; or
- (~~7~~)(8)it is the fourth or subsequent recurrence of the

same rules violation.

In situations involving a Class 2 Rules Violation, the ACH Rules Enforcement Panel may levy a fine against the respondent Participating DFI in an amount up to \$100,000 per month until the problem is resolved. Where the violation relates to a specific Originator or Third-Party Service Provider at the DFI, a separate monthly fine may be assessed to the DFI with respect to each such Originator or Third-Party Service Provider.

SUBSECTION ~~11.3.7.5~~ 11.4.7.5 Class 3 Rules Violation

In any case where a Class 2 Rules Violation, as defined by subsection ~~11.3.7.4~~ 11.4.7.4 (Class 2 Rules Violation), has continued for three consecutive months, the ACH Rules Enforcement Panel may determine that the violation of these rules by a respondent Participating DFI is a Class 3 Rules Violation and may levy a fine against the respondent Participating DFI of up to \$500,000 per month until the problem causing the violation is resolved.

SUBSECTION ~~11.3.7.6~~ 11.4.7.6 Suspension

In circumstances where the ACH Rules Enforcement Panel has determined that there is a Class 3 Rules Violation that relates to a specific Originator or Third-Party Sender pursuant to subsection ~~11.3.7.5~~ 11.4.7.5 (Class 3 Rules Violation) of this Appendix Eleven, the ACH Rules Enforcement Panel may direct the ODFI to suspend the Originator or Third-Party Sender from originating. Any such suspension shall only be lifted by the ACH Rules Enforcement Panel.

In cases where the ACH Rules Enforcement Panel has directed an ODFI to suspend an Originator or Third-Party Sender from originating, the National Association will provide notice of such suspension, and any subsequent reinstatement, to Participating DFIs, ACH Operators, and Regional Payments Associations.