

---

## ARTICLE ONE — GENERAL

### SECTION 1.1 Application of Rules

These rules apply to all entries and entry data transmitted through one or more ACH Operators, except where superseded by the operating rules of an Association by which an ODFI and RDFI have agreed to be bound. Unless a federal government entity or agency has expressly agreed to be bound by these rules, the rules do not apply to entries initiated by that entity or agency.

### SECTION 1.2 Compliance With Rules

Each Participating DFI agrees to comply with these rules and warrants that it is legally able to comply with all applicable requirements of these rules.

#### SUBSECTION 1.2.1 Audits

Each Participating DFI shall conduct or have conducted audits of its compliance with these rules in accordance with Appendix Eight (Rule Compliance Audit Requirements).

#### SUBSECTION 1.2.2 Risk Assessments

Each Participating DFI shall conduct or have conducted an assessment of the risks of its ACH activities, shall implement or have implemented a risk management program on the basis of such an assessment, and shall comply with the requirements of its regulator(s) with respect to such assessment and risk management program.

#### SUBSECTION 1.2.3 Compensation

The settlement of claims for compensation between Participating DFIs may be governed by the procedures contained in Appendix Nine (Compensation Rules).

#### SUBSECTION 1.2.4 Arbitration

The settlement of disputes arising under these rules between Participating DFIs may be governed by the procedures contained in Appendix Ten (Arbitration Procedures).

#### SUBSECTION 1.2.5 Rules Enforcement

Each Participating DFI is subject to, and agrees to comply with, the rules enforcement procedures contained in Appendix Eleven (Rules Enforcement).

#### SUBSECTION 1.2.6 Effect of Illegality

Any action by a Participating DFI to debit or credit an account or to transfer funds that is required by these rules is excused to the extent that such action is inconsistent with U.S. law, including the obligations of the DFI under programs administered by the Office of Foreign Assets Control (OFAC) and the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN).

### SECTION 1.3 Network Administration Fees

Each Participating DFI agrees to pay the National Association (1) an annual fee, and (2) a per-entry fee for each commercial, inter-bank or Federal Government ACH Entry that is transmitted or received by the Participating DFI, including those ACH Entries that are not processed through an ACH Operator but are exchanged with another non-affiliated Participating DFI. The annual and per-entry fees are established from time-to-time by the Board of Directors of the National Association and are published within the Schedule of Fees section of the ACH Rules.

### SECTION 1.4 Excused Delay

Delay by a Participating DFI or ACH Operator beyond the time limits prescribed or permitted by these rules is excused if the delay was caused by the interruption of communication or computer facilities or the suspension of payments by another Participating DFI or ACH Operator, and the delay is beyond the reasonable control of the Participating DFI or ACH Operator. This may include, but is not limited to, delays caused by war or act of God, provided that the Participating DFI or ACH Operator exercises such diligence as the circumstances require. Delay caused by the general failure of a Participating DFI's computer facilities or other equipment does not constitute an excused delay and should be addressed within the Participating DFI's contingency planning policies.

### SECTION 1.5 Days on Which Institution or Facility is Closed

Any entry or entry data required by these rules to be made available or transmitted by a Participating DFI or ACH Operator on or by a day that is not a banking day for both the sending party (sending DFI or sending ACH Operator) and receiving party (receiving DFI or receiving ACH Operator) may be made available or transmitted on the next day that is a banking day for both the sending and receiving parties. This rule only applies where an entry will be received on the same day it is transmitted.

### SECTION 1.6 Transmission of ACH Information Via Unsecured Electronic Networks

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, that is transmitted or exchanged between a Receiver and an Originator, an Originator and an ODFI, an ODFI and an ACH Operator, an ACH Operator and an RDFI, or an Originator, ODFI, RDFI, or ACH Operator and a Third-Party Service Provider, via an Unsecured Electronic Network, must, prior to the key-entry and through transmission of any banking information, (1) be encrypted using a commercially reasonable security technology that, at a minimum, is equivalent to 128-bit RC4 encryption technology, or (2) be transmitted 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.

Transmissions or exchanges of banking information over an Unsecured Electronic Network by means of voice or keypad inputs from a wireline or wireless telephone are not subject to this section 1.6 unless the telephone is used to access the Internet.

### **SECTION 1.7 Records**

#### **SUBSECTION 1.7.1 Records of Entries**

Each Participating DFI must retain records of all entries, including return and adjustment entries, transmitted from or to an ACH Operator. These records must be retained for six years from the date the entry was transmitted. The Participating DFI must, if requested by its customer, or any other Participating DFI or ACH Operator which originated, transmitted, or received the entry, provide the requester with a printout or reproduction of the information relating to the entry. A Participating DFI may impose a reasonable charge for the provision of such information.

#### **SUBSECTION 1.7.2 Record Retention**

Any agreement, authorization, written statement under penalty of perjury, or other record required by these rules may be retained as an electronic record that (1) accurately reflects the information in the record, and (2) is capable of being accurately reproduced for later reference, whether by transmission, printing, or otherwise.

#### **SUBSECTION 1.7.3 Electronic Records Permitted**

Any agreement, authorization, written statement under penalty of perjury, or other record required by these rules to be in writing may instead be in electronic form. Any record that is required to be signed or similarly authenticated may be signed with an electronic signature in conformity with the terms of the Electronic Signatures in Global and National Commerce Act (15 U.S.C. §7001, et seq.) and in a manner that evidences the identity of the person who signed and that person's assent to the terms

of the record. Any record that is signed or similarly authenticated according to the terms of an applicable state version of the Uniform Electronic Transaction Act is deemed to be signed in conformity with the terms of the Electronic Signatures in Global and National Commerce Act.

### **SECTION 1.8 Choice of Law**

These rules and the rights and obligations of a party with regard to a credit entry subject to Article 4A shall be construed in accordance with and governed by the laws of the State of New York, unless otherwise provided in an agreement of such party.

### **SECTION 1.9 Beneficiaries of the Rules**

Each Participating DFI, each ACH Operator, each Association, and the National Association (including its Board, committees, and panels) are intended third-party beneficiaries of the representations, warranties, and covenants of each other Participating DFI and ACH Operator under these rules. Nothing in these rules is intended to, and nothing in these rules shall be implied to, give any legal or equitable right, remedy, or claim to any other entity, including to any Originator, Receiver, Third-Party Service Provider, or Third-Party Sender.

---

## **ARTICLE TWO — ORIGINATION OF ENTRIES**

### **SECTION 2.1 Prerequisites to Origination**

The following must occur before an Originator may initiate the first credit or debit entry to a Receiver or to a Receiver's account with an RDFI:

#### **SUBSECTION 2.1.1 Originator Authorization and Agreement**

The Originator or a Third-Party Sender has authorized the ODFI to transmit, and to credit or debit the amount of, one or more entries to the Receiver's account. For all entries except CIE, either (1) the Originator and ODFI have entered into an agreement under which the Originator agrees to be bound by these rules as in effect from time to time and acknowledges that entries may not be initiated that violate the laws of the United States, or (2) any Third-Party Sender has entered into an appropriate agreement under which the Third-Party Sender is bound by these rules as in effect from time to time and acknowledges that entries may not be initiated that violate the laws of the United States, and the Originator has entered into an appropriate agreement under which the Originator has assumed the responsibilities of an

Originator under these rules and has acknowledged that entries may not be initiated that violate the laws of the United States. Each Third-Party Sender is subject to the requirements of Article Five (Obligations of Third-Party Senders). For IAT entries, the agreement required by this subsection must also incorporate specific terms and conditions with respect to international payments as defined within section 2.11.1 (Originator and Third-Party Sender Agreements). This subsection does not apply to XCK entries initiated pursuant to section 2.7 (Destroyed Check Entries).

Each agreement between the Originator and the ODFI that is entered, renewed, or extended, and that provides for authorization of ACH transactions must expressly address:

- any restrictions on the types of ACH transactions that may be originated;
- the right of the ODFI to terminate or suspend the agreement for breach of these rules in a manner that permits the ODFI to comply with these rules; and
- the right of the ODFI to audit the Originator's compliance with the agreement and these rules.

Each agreement between a Third-Party Sender and the ODFI that is entered, renewed, or extended, and that provides for authorization of ACH transactions must expressly address:

- any restrictions on the types of ACH transactions that may be originated;
- the right of the ODFI to terminate or suspend the agreement, or any Originator processed by the Third-Party Sender, for breach of these rules in a manner that permits the ODFI to comply with these rules; and
- the right of the ODFI to audit the Third-Party Sender and its Originator's compliance with the agreement and these rules.

#### SUBSECTION 2.1.2 Receiver Authorization and Agreement

The Receiver has authorized the Originator to initiate the entry to the Receiver's account. In the case of IAT entries to a non-Consumer Account, and CCD and CTX entries, the Receiver has an agreement with the Originator under which the Receiver has agreed to be bound by these rules as in effect from time to time.

In the case of credit entries to a Consumer Account, the authorization may be provided orally or by other non-written means. Except as noted later in this subsection 2.1.2, in the case of debit entries to a Consumer Account, the authorization must be in writing and signed or similarly authenticated by the consumer. The similarly authenticated standard permits signed, written

authorizations to be provided electronically, and the authorization process must evidence both the consumer's identity and his assent to the authorization.

With respect to the use of electronic authorizations, an electronic authorization must be able to be displayed on a computer screen or other visual display that enables the consumer to read the communication. The writing and signature requirements are satisfied by compliance with the Electronic Signatures in Global and National Commerce Act (15 U.S.C. §7001 et seq.), which defines electronic records (as contracts or other records created, generated, sent, communicated, received, or stored by electronic means) and electronic signatures. Electronic signatures include, but are not limited to, digital signatures and security codes.

The authorization must be readily identifiable as an authorization, must clearly and conspicuously state its terms, and, for all entries except POP entries and Single-Entry WEB entries, the authorization must provide that the Receiver may revoke the authorization only by notifying the Originator in the manner specified in the authorization.

The authorization for POP entries consists of a written authorization in accordance with the requirements of this subsection 2.1.2 and a notice meeting the requirements of subsection 2.1.6 (Notification for Point-of-Purchase Entries). The authorization for ARC Entries consists of a notice meeting the requirements of subsection 2.1.4 (Notification for Accounts Receivable Entries) and the receipt of the Receiver's source document. The authorization for BOC Entries consists of a notice meeting the requirements of subsection 2.1.5 (Notification for Back Office Conversion Entries) and the receipt of the Receiver's source document. The authorization for RCK entries consists of a notice meeting the requirements of subsection 2.1.7 (Notification for Re-presented Check Entries) and the receipt of the item to which the RCK entry relates.

Entries subject to subsections 2.1.3 (Exception to Authorization Requirement) and 2.1.8 (Authorization for Telephone-Initiated Entries) are excepted from these Receiver authorization requirements.

#### SUBSECTION 2.1.3 Exception to Authorization Requirement

If both the Originator and Receiver are natural persons, no authorization by the Receiver is required for credit entries, and no warranty with respect to that authorization is made by the ODFI. No authorization by the Receiver is required for entries initiated pursuant to section 2.7 (Destroyed Check Entries). The provisions of section 3.5 (Consumer Accounts - Copy of Debit Authorization), section 3.13 (Record of Authorization), and subsection 4.1.1 (Right to Information Regarding Entries) are not applicable to the entries described in this subsection 2.1.3.

unless the Originator and the ODFI have agreed that the laws of another jurisdiction shall govern their rights and obligations;

(3) credit given by the RDFI to the Receiver for the entry as provided in subsection 4.4.1 (Availability of Credit Entries to Receivers) is provisional until the RDFI has received final settlement through a Federal Reserve Bank or otherwise has received payment as provided for in Section 4A-403(a) of Article 4A; and

(4) if the RDFI does not receive such payment for the entry, the RDFI is entitled to a refund from the Receiver in the amount of the credit to the Receiver's account, and the Originator will not be considered to have paid the amount of the credit entry to the Receiver.

This notice may be included as part of an agreement entered into by the Originator binding the Originator to these rules, or it may be provided to the Originator separately.

#### SUBSECTION 2.1.11 Notice by RDFI

In the case of a credit entry subject to Article 4A, the RDFI has provided the Receiver with notice of the following information:

- (1) the entry may be transmitted through the ACH;
- (2) the rights and obligations of the Receiver concerning the entry shall be governed by and construed in accordance with the laws of the State of New York, unless the Receiver and the RDFI have agreed that the laws of another jurisdiction shall govern their rights and obligations;
- (3) credit given by the RDFI to the Receiver for the entry as provided by subsection 4.4.1 (Availability of Credit Entries to Receivers) is provisional until the RDFI has received final settlement through a Federal Reserve Bank or otherwise has received payment as provided for in Section 4A-403(a) of Article 4A;
- (4) if the RDFI does not receive such payment for the entry, the RDFI is entitled to a refund from the Receiver in the amount of the credit to the Receiver's account, and the Originator will not be considered to have paid the amount of the credit entry to the Receiver; and
- (5) these rules do not require the RDFI to provide the Receiver with notice that the RDFI has received the entry unless the RDFI has agreed to do so.

This notice may be included as part of an agreement entered into by the Receiver binding the Receiver to these rules, or it may be provided to the Receiver separately.

#### SUBSECTION 2.1.12 ODFI Exposure Limits ODFI Risk Management

~~In the case of an entry sent or transmitted to an ODFI directly by an Originator that is not a natural person or by a Third-Party Sender, the ODFI has (1) established an exposure limit for that Originator or Third-Party Sender, (2) implemented procedures to review that exposure limit periodically, (3) implemented procedures to monitor entries initiated by that Originator or Third-Party Sender relative to its exposure limit across multiple settlement dates, and (4) implemented procedures to monitor the payments system risk associated with IAF entries sent or transmitted by that Originator or Third-Party Sender.~~

In the case of an entry sent or transmitted to an ODFI directly by an Originator that is not a natural person or by a Third-Party Sender, the ODFI has performed due diligence with respect to such Originator or Third-Party Sender sufficient to form a reasonable belief that such Originator or Third-Party Sender has the capacity to perform its obligations in conformance with these rules. In addition, with respect to each Originator and Third-Party Sender, the ODFI has (a) assessed the nature of the Originator's or Third-Party Sender's ACH activity and the risks it presents; (b) established an exposure limit for the Originator or Third-Party Sender, and (c) established procedures to monitor the Originator's or Third-Party Sender's origination and return activity across multiple settlement dates, enforce restrictions on the types of ACH transactions that may be originated, and enforce the exposure limit.

### **SECTION 2.2 Warranties and Liabilities of Originating Depository Financial Institutions**

#### SUBSECTION 2.2.1 Warranties

Each ODFI sending an entry warrants the following to each RDFI, ACH Operator, and Association:

##### SUBSECTION 2.2.1.1 Authorization by Originator and Receiver

Except in the case of XCK entries initiated pursuant to section 2.7 (Destroyed Check Entries), each entry transmitted by the ODFI to an ACH Operator is in accordance with proper authorization provided by the Originator and the Receiver.

##### SUBSECTION 2.2.1.2 Timeliness of Entries

Each credit entry is timely, and each debit entry is for an amount which on the Settlement Date will be due and owing to the Originator from the Receiver, is for a sum specified by the Receiver to be paid to the Originator, or is to correct a previously transmitted erroneous credit entry.

unauthorized access and use, and (3) network security to ensure secure capture, storage, and distribution.

**SECTION 3.11 Obligations of Originators of Telephone-Initiated Entries**

**SUBSECTION 3.11.1 Verification of Receiver Identity**

Each Originator that initiates TEL entries must employ commercially reasonable procedures to verify the identity of the Receiver.

**SUBSECTION 3.11.2 Verification of Routing Numbers**

Each Originator that initiates TEL entries must use commercially reasonable procedures to verify that routing numbers are valid.

**SECTION 3.12 Payment to ODFI**

Each Originator that utilizes a Third-Party Sender to authorize an ODFI to transmit credit or debit entries agrees to make payment to the ODFI for any such credit entries originated and for any debit entries returned by the RDFI to the extent that the ODFI does not receive payment from the Third-Party Sender.

**SECTION 3.13 Record of Authorization**

An Originator must retain the original or a microfilm or microfilm-equivalent copy of each authorization of a Receiver for two years from the termination or revocation of the authorization. In the case of TEL entries, the Originator must retain the original or a microfilm or microfilm-equivalent copy of the written notice or the original or a duplicate tape recording of the oral authorization for two years from the date of the authorization. At the request of its ODFI, the Originator must provide the original or copy of the authorization to the ODFI for its use or for the use of an RDFI requesting the information pursuant to subsection 4.1.1 (Right to Information Regarding Entries). This section 3.13 does not apply to SHR or MTE entries if the ODFI and RDFI are parties to an agreement (other than these rules) for the provision of services relating to SHR or MTE entries.

**SECTION 3.14 Termination, Suspension, and Audit of Originators**

In addition to any other termination or suspension rights in any agreement between an Originator and an ODFI, including for breach, if an Originator breaches these rules, or causes its ODFI to breach these rules, the agreement between the Originator and the ODFI may be terminated or suspended by the ODFI upon ten (10) banking days' notice, or such shorter notice period as may be provided in such agreement. In addition to any other rights that may be set forth in any agreement between an Originator and an ODFI, the ODFI may audit the compliance of the

Originator with respect to these rules and such agreement, subject to the procedural requirements, if any, set forth in such agreement.

---

**ARTICLE FOUR —  
RECEIPT OF ENTRIES**

**SECTION 4.1 General Rights and Obligations of RDFI**

**SUBSECTION 4.1.1 Right to Information Regarding Entries**

An RDFI may request, in writing, that an ODFI provide a copy of the Receiver's authorization for any entries other than IAT entries to non-Consumer Accounts, CCD entries, CTX credit entries, and XCK debit entries. Upon receipt of the RDFI's written request, the ODFI must obtain the original or a copy of the Receiver's authorization from the Originator in accordance with section 3.13 (Record of Authorization) and provide it to the RDFI within ten banking days. An ODFI must provide such authorization without charge. The RDFI must not require the Originator to provide any other information concerning the Receiver or any entry to be initiated by the Originator to the Receiver's account. This subsection 4.1.1 does not apply to SHR or MTE entries if the ODFI and RDFI are parties to an agreement (other than these rules) for the provision of services relating to SHR or MTE entries. For ARC entries, the authorization shall consist of a copy of the notice provided under subsection 2.1.4 (Notification for Accounts Receivable Entries) and a copy of the Receiver's source document. For BOC entries, the authorization shall consist of a copy of the notice provided under subsection 2.1.5 (Notification for Back Office Conversion Entries) and a copy of the Receiver's source document. The copy of the source document must indicate that it is a copy on its face. For RCK entries, the authorization shall consist of a copy of the notice provided under subsection 2.1.7 (Notification for Re-presented Check Entries) and a copy of the item to which the RCK entry relates.

**SUBSECTION 4.1.2 Obligation to Verify Prenotification**

If a prenotification has been initiated by an Originator, the RDFI receiving the prenotification must verify that the account number contained in the prenotification is for a valid account. If the RDFI finds that a prenotification does not contain a valid account number, or is otherwise erroneous or unprocessable, it must reject the prenotification and transmit a return entry complying with the requirements of Article Six (Return, Adjustment, Correction, and Acknowledgment of Entries and Entry Information) and Appendix Five (Return Entries), or the

**SECTION 5.5 Performance of Originator Responsibilities**

For the purposes of providing copies of documents to an ODFI under the following rules, each Third-Party Sender shall be jointly and severally liable for the performance of the obligations of the Originator:

- 3.6.3 Copy of Item;
- 3.7.3 Copy of Source Document;
- 3.8.5 Copy of Source Document; and
- 3.13 Record of Authorization.

**SECTION 5.6 Termination, Suspension, and Audit of Third-Party Senders**

In addition to any other termination or suspension rights in any agreement between a Third-Party Sender and an ODFI, including for breach, if a Third-Party Sender breaches these rules, or causes its ODFI to breach these rules, the agreement between the Third-Party Sender and the ODFI may be terminated or suspended by the ODFI upon ten (10) banking days' notice, or such shorter notice period as may be provided in such agreement. In addition to any other audit rights that may be set forth in any agreement between a Third-Party Sender and an ODFI, the ODFI may audit the compliance of the Third-Party Sender with these rules and such agreement, subject to the procedural requirements, if any, set forth in such agreement.

---

## **ARTICLE SIX — RETURN, ADJUSTMENT, CORRECTION, AND ACKNOWLEDGMENT OF ENTRIES AND ENTRY INFORMATION**

**SECTION 6.1 Return of Entries****SUBSECTION 6.1.1 Right to Return Entries**

Except as otherwise provided for in subsection 6.1.3 (Restrictions on Right to Return), an RDFI may return an entry for any reason.

**SUBSECTION 6.1.2 Requirements of Returns**

Each return entry must comply with the requirements of Appendix Five (Return Entries). Except as otherwise provided in this section 6.1, subsection 6.3.2 (ODFI and Originator Action on Notification of Change), subsection 2.7.6 (Return of a Destroyed Check Entry), and subsection 2.8.4 (Return of a Re-presented Check Entry), each return entry must be received by the RDFI's

ACH Operator by its deposit deadline for the return entry to be made available to the ODFI no later than the opening of business on the second banking day following the Settlement Date of the original entry. For purposes of the preceding sentence, the term second banking day shall refer to the second banking day of the RDFI's ACH Operator, and the term Settlement Date of the original entry shall refer to the Settlement Date of the original entry that is being returned. A return entry relating to a credit entry subject to Article 4A must be transmitted by the RDFI to its ACH Operator prior to the time the RDFI accepts the credit entry as provided for under Article 4A, unless the Receiver of the entry does not have an account with the RDFI, the Receiver's account has been closed, or the RDFI is not permitted by law to receive credits for the Receiver's account. A return entry which is rejected by an ACH Operator does not meet or extend the deadline contained in this section 6.1.

**SUBSECTION 6.1.3 Restrictions on Right to Return**

An RDFI may not return an entry because it is a credit, debit, or zero dollar entry or is a particular type of credit, debit, or zero dollar entry. An RDFI may not return a prenotification because it relates to credit or debit entries or to a particular type of credit or debit entry. An RDFI may, however, return any XCK debit entry or any entry received (including prenotification) that concerns any account that is not a "transaction account" (as defined in Regulation D of the Board of Governors of the Federal Reserve System) maintained with that RDFI.

**SUBSECTION 6.1.4 Credit Entries Returned by Receiver**

An RDFI may return any credit entry that is returned to it by a Receiver as provided for in subsection 4.4.4 (Crediting of Originators' Accounts by Receiver). The RDFI must transmit the return entry to the ACH Operator by midnight of the banking day following the banking day of receipt by the RDFI from the Receiver.

**SUBSECTION 6.1.5 Return of Unposted Credit Entries**

An RDFI must return all credit entries that are not credited or otherwise made available to its Receivers' accounts by midnight of the banking day following the Settlement Date.

**SUBSECTION 6.1.6 Acceptance of Return Entries by ODFI**

An ODFI must accept return entries complying with Appendix Five (Return Entries) and transmitted by the RDFI within the time limits established by these rules.

**SUBSECTION 6.1.7 Reinitiation of Return Entries by ODFI**