

**THE CLEARING HOUSE  
IMAGE EXCHANGE NETWORK  
OPERATING RULES**

Effective March 1, 2024

Modifications indicated herein are to the ECCHO Rules dated March 1, 2024.

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PUBLIC

## **THE CLEARING HOUSE IMAGE EXCHANGE NETWORK OPERATING RULES**

The Clearing House Image Exchange Network Operating Rules<sup>1</sup> (the “Network Rules” or the “SVPCO Network Rules”) govern the image exchange services offered by The Clearing House Payments Company, L.L.C. These Network Rules incorporate and include all provisions of The Electronic Check Clearing House Organization Operating Rules (“ECCHO Rules”), including definitions, except to the extent the ECCHO Rules are modified herein. The Network Rules also contain provisions that are not included in the ECCHO Rules but apply to the image exchange services offered through the Clearing House Image Exchange Network. In the event of any conflict or inconsistency between a provision of these Network Rules and the ECCHO Rules, the provision of these Network Rules shall govern. Modifications to the ECCHO Rules reflected herein apply specifically to Participants in their use of The Clearing House’s image exchange services. The Commentary to the ECCHO Rules shall apply with respect to these Network Rules insofar as it applies to provisions of the ECCHO Rules that form a part of these Network Rules.

The following tables provide an overview of the modifications to the ECCHO Rules as those rules are incorporated into these Network Rules.

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<sup>1</sup> The Clearing House Image Exchange Network Operating Rules were previously known as the CHECCS Operating Rules.

**Provisions Entirely Deleted from the ECCHO Rules for Purposes of these Network Rules**

<b>Section</b>	<b>Deleted Provision</b>
Section II: Rules	II(D) through II(I)
Section IX: Obligation of Organization; Clearing House	XI(A)
Section XII: Adjustment Claims	XII(B) through XII(I)
Section XIV: Dispute Resolution Procedures	Complete section
Section XVIII: Exchange of Images of Canadian Items	Complete section
Section XIX: Electronic Images	XIX(K)(2), XIX(K)(3), XIX(K)(6), XIX(K)(7)

**Provisions Replaced in the ECCHO Rules for Purposes of these Network Rules**

<b>Section</b>	<b>Replaced Provision</b>
Section I: Definitions	I(B), I(QQ), I(BBB)
Section II: Rules	II(B), II(C)
Section III: Items Eligible for Exchange and Routing Information; Deadlines; Repairs	III(B)
Section VI: Settlement	VI(A)
Section XI: Obligations of Organization; Clearing House	XI(A)
Section XII: Adjustment Claims	XII(A)
Section XIII: Amendments	Complete section
Section XVII: Transmission of Images of Saving Bonds for Redemption by Us Treasury Department	XVII(A)(1)
Section XIX: Electronic Image	XIX(O)(2), XIX(O)(12)

**Provisions Additional to the ECCHO Rules**

<b>Section</b>		<b>New Provision</b>
Section I:	Definitions	I(A-1) through I(A-36)
Section II:	Rules	II(A-1), II(J) through II(M)
Section VI:	Settlement and Adjustment	VI(B), VI(C)
Section IX:	Data Security Electronic Image Information	IX(F)
Section X:	Data Confidentiality	X(B)
Section XVII:	Transmission of Images of Saving Bonds for Redemption by US Treasury Department	XVII(H)
Section XIX	Electronic Image	XIX(G)(3-A), Comment to XIX(H)(1)
Section XXI:	The Clearing House Service Level Requirements and Quality Management Criteria; Customer Information Security	Complete section
Section XXII:	Audit Rights and Vendor Management	Complete section
Schedule A	Information-Security Standards and Requirements	Complete schedule
Schedule B	Supplemental Image Format Requirements and Procedures	Complete schedule
Exhibits VI	Electronic Image Quality Standards	Paragraph: “Supplemental Quality Standards”
Appendix 1	The Clearing House Online Adjustment Requirements	Complete appendix

**SECTION I. - Definitions.**

**The following subsections are added to Section I of the ECCHO Rules for purposes of these Network Rules:**

**I(A-1) Adjustment Settlement File.** An instruction from The Clearing House to the Processing Reserve Bank containing the Multilateral Adjustment Balance of each Participant that is a member of the Online Adjustments Settlement Arrangement.

**I(A-2) The Clearing House.** The Clearing House Payments Company L.L.C.

**I(A-3) The Clearing House Image Exchange Network or Network.** The technical systems operated by The Clearing House that (i) Participants use to exchange Electronic Checks, Electronic Returned Checks, and adjustments directly with other Participants and non-Participants and (ii) The Clearing House uses to obtain settlement and other information related to Participants' exchange of Electronic Checks, Electronic Returned Checks, and adjustments.

**I(A-4) The Clearing House Image Exchange Network Operating Rules or Network Rules.** The ECCHO Rules as modified herein by The Clearing House.

**I(A-5) The Clearing House Settlement System.** An automated system provided by The Clearing House that enables Participants to transmit settlement information to The Clearing House in order for The Clearing House to transmit Settlement Files to the Processing Reserve Bank.

**I(A-6) Confidential Information.** Any and all information that (i) is marked with a “confidential” or “proprietary” legend, or comparable legend; (ii) is disclosed orally or visually and is identified as confidential at the time of disclosure and confirmed in writing within a reasonable time; or (iii) a reasonable person would deem confidential under the context of the disclosure or due to the nature of the information; provided that, “Confidential Information” shall not include information to the extent that the recipient of such information can demonstrate by written documentation or other tangible record (i) is publicly available (other than through

breach by the recipient of a confidentiality obligation to the discloser); (ii) was received from a third-party source without obligation of confidentiality by the recipient and without breach by the third-party of a duty of confidentiality to the discloser; or (iii) was in the possession of the recipient at the time of the disclosure, or was independently developed by the recipient without reference to the discloser's Confidential Information.

**I(A-7) Debtor Participant.** A Participant with a debit Multilateral Balance on a Settlement File.

**I(A-8) Defaulting Participant.** A Settler that does not settle for its own debit Multilateral Balance or the debit Multilateral Balance of another Participant for which the Settler has agreed to settle.

**I(A-9) ECCHO Rules.** The Electronic Check Clearing House Organization Operating Rules and Commentary, in its most current form, before modification herein by The Clearing House.

**I(A-10) Image Settlement Arrangement.** An arrangement by which Participants in the Network have designated The Clearing House as Settlement Agent under Operating Circular 12 to deliver Image Settlement Files to the Processing Reserve Bank in order to settle the Multilateral Image Settlement Balances that result from the clearing activities of the Participants over the Network.

**I(A-11) Image Settlement File.** An instruction from The Clearing House to the Processing Reserve Bank containing the Multilateral Image Settlement Balance of each Participant that is a member of the applicable Settlement Arrangement.

**I(A-12) Membership Rules.** The Clearing House Image Exchange Network Rules of Membership.

**I(A-13) Multilateral Adjustment Balance.** With respect to Participants who use the Online Adjustments Service to exchange adjustments with each other, a Participant's Multilateral Adjustment Balance is (i) the total dollar amount of debit adjustments delivered by a Participant to all other Participants ("debit adjustments delivered"), plus (ii) the total dollar amount of credit adjustments received by a Participant from all other Participants ("credit adjustments received"),

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minus (iii) the total dollar amount of debit adjustments received by the Participant from all other Participants (“debit adjustments received”), and minus (iv) the total dollar amount of credit adjustments delivered by the Participant to all other Participants (“credit adjustments delivered”), on a given Settlement Day, as transmitted to The Clearing House Settlement System and as shown on a settlement statement as determined under these Network Rules. If the total dollar amount of a Participant’s debit adjustments delivered plus credit adjustments received exceeds the total dollar amount of the Participant’s debit adjustments received plus credit adjustments delivered, the Participant will have a credit Multilateral Adjustment Balance. Conversely, if the total dollar amount of a Participant’s debit adjustments delivered plus credit adjustments received is less than the total dollar amount of the Participant’s debit adjustments received plus credit adjustments delivered, the Participant will have a debit Multilateral Adjustment Balance.

**I(A-14) Multilateral Balance.** Either a Multilateral Adjustment Balance or a Multilateral Image Settlement Balance, as applicable.

**I(A-15) Multilateral Image Settlement Balance.** A Participant’s Multilateral Image Settlement Balance is the total dollar amount, as transmitted to The Clearing House Settlement System, of Electronic Checks and Electronic Returned Checks delivered by a Participant to all other Participants minus the total dollar amount of Electronic Checks and Electronic Returned Checks/ received by the Participant from the other Participants, up to a specified time listed on a Settlement Schedule on a given Settlement Day, as shown on a settlement statement as determined or adjusted under these Network Rules. If the total dollar amount of Electronic Checks and Electronic Returned Checks delivered by a Participant to other Participants exceeds the total dollar amount of Electronic Checks and Electronic Returned Checks it received from other Participants, the Participant will have a credit Multilateral Settlement Balance. Conversely, if the total dollar amount of Electronic Checks and Electronic Returned delivered by a Participant to other Participants is less than the total dollar amount of Electronic Checks and Electronic Returned Checks it received from other Participants, the Participant will have a debit Multilateral Image Settlement Balance.

**I(A-16) Network Site Matrix.** A list of deadlines, functional specifications, and other details related to the Network.

**I(A-17) Network Usage.** The Network Usage of a Participant means the total dollar amount of physical items identified in Electronic Checks and Electronic Returned Checks that the Participant sends or receives, directly or via a third-party agent, through the Network, plus the total dollar amount of Electronic Checks and Electronic Returned Checks that it sends or receives, directly or via a third party agent, to other Participants using the Network that are settled under these Network Rules.

**I(A-18) Non-Participant.** A “depository institution” (as defined in §19(b) of the Federal Reserve Act, 12 U.S.C. §461(b)) that is not a Participant.

**I(A-19) Online Adjustments Service.** The web-based system provided by The Clearing House to Participants to facilitate their exchange and settlement of adjustments.

**I(A-20) Online Adjustment Settlement Arrangement.** An arrangement by which Participants in the Online Adjustments Service have designated The Clearing House as Settlement Agent under Operating Circular 12 to deliver Adjustment Settlement Files to the Processing Reserve Bank in order to settle the Multilateral Adjustment Balances that result from the clearing activities of the Participants.

**I(A-21) Operating Circular 12.** Federal Reserve Bank Operating Circular No. 12.

**I(A-22) Participant.** A “depository institution” (as defined in §19(b) of the Federal Reserve Act, 12 U.S.C. §461(b)) or Edge Corporation under Section 25A of the Federal Reserve Act, 12 U.S.C. §§ 611-631 that has signed the Participant Agreement and Indemnity and has been accepted by The Clearing House as a participant in the Network.

**I(A-24) Participant Agreement and Indemnity.** The agreement each Participant is required to execute, as provided in The Clearing House Image Exchange Rules of Membership, to participate in the Network.



**I(A-25) Personal Information.** Transmitted Customer Data and any other sensitive or personal information or other term as defined in applicable federal or state laws or regulations or in applicable rules.

**I(A-26) Processing Reserve Bank.** The Reserve Bank responsible for accepting the Settlement File from the Settlement Agent and processing it in accordance with Operating Circular 12.

**I(A-27) Reserve Bank.** The Federal Reserve Bank of New York or another Federal Reserve Bank.

**I(A-28) Service.** The services related to the Network and described in any agreement under the Network Rules governing a Participant's use of or participation in the Network.

**I(A-29) Settlement Agent.** An entity authorized to act on behalf of Settlers under Operating Circular 12.

**I(A-30) Settlement Arrangement.** The Image Settlement Arrangement, Online Adjustment Settlement Arrangement or both, as applicable.

**I(A-31) Settlement Day.** A "Business Day" as defined in Rule I(I) of these Network Rules.

**I(A-32) Settlement File.** As applicable, an Image Settlement File, an Adjustment Settlement File or both.

**I(A-33) Settlement Schedule.** A schedule issued by The Clearing House that lists the processing times and transmission deadlines for settlement information and Settlement Files.

**I(A-34) Settler.** A Participant that has established an account with a Reserve Bank and settles its own Multilateral Balance, settles Multilateral Balances for the account of another Participant, or both.

**Subsection I(B) does not apply to the Network, and is replaced by the following:**

**I(B) Adjustment Claim.** A claim for an adjustment made under Section XII of these Network Rules.

**Subsection I(BBB) does not apply to the Network, and is replaced by the following:**

**I(BBB) Rules.** The Network Rules, as amended from time to time.

## SECTION II. - Rules.

**Section II(A-1) of the ECCHO Rules is supplemented by the following for purposes of these Network Rules:**

**II(A-1(a)) Application of Network Rules.** The Network Rules, which incorporate the ECCHO Rules as modified herein, govern, as applicable: (i) the Network and (ii) settlement of balances related to services provided through the Network. In addition, as set forth in Section II(A-1(c)), the Network Rules establish requirements for Participants with respect to Electronic Checks exchanged, directly or indirectly, with another ECCHO Member where such exchange does not occur pursuant to these Network Rules.

**II(A-1(b)) Exchanges Pursuant to the Network Rules.** With respect to Electronic Checks exchanged, directly or indirectly, with another Participant pursuant to these Network Rules, a Participant is considered an ECCHO Member for purposes of the application of Section XIX(O) of the ECCHO Rules.

**II(A-1(c)) Exchanges Not Pursuant to the Network Rules.** Notwithstanding anything to the contrary within these Network Rules, with respect to Electronic Checks exchanged, directly or indirectly, with another ECCHO Member where such exchange does not occur pursuant to these Network Rules, Participants agree that:

- (i) a Participant is considered an ECCHO Member for purposes of the application of Section XIX(O) of the ECCHO Rules; and
- (ii) Sections II(B) and XIX(O) of the ECCHO Rules apply to the Participant.

**Sections II(B) and II(C) of the ECCHO Rules do not apply to the Network and are replaced by the following for purposes of these Network Rules:**

**II(B) Nature of the Network Rules.** The Network Rules are clearinghouse rules as contemplated by Section 4-103 of the Code and Section 229.37 of Regulation CC, are intended

to supplement and vary the effect of provisions of the Code and Regulation CC, and shall bind each person interested in an Item exchanged pursuant to these Network Rules whether or not that person has specifically assented to these Network Rules. Each Participant agrees to be bound by these Network Rules.

**II(C) Participation in the Network.**

(1) Each Participant is authorized to: (i) receive Electronic Checks, and Electronic Returned Checks directly from other Participants using the Network in accordance with Sections XIX and XX; and (ii) settle for Electronic Checks and Electronic Returned Checks in accordance with Section VI. Each Participant is authorized to (i) send Electronic Checks, and Electronic Returned Checks directly to other Participants using the Network in accordance with Section XIX and XX; and (ii) settle for Electronic Checks and Electronic Returned Checks in accordance with Section VI. Adjustments for Electronic Checks and Electronic Returned Checks delivered by a Participant directly to another Participant using the Network in accordance with Section XIX and XX shall be governed by Section XII.

(2) No Participant shall be deemed to agree to exchange Electronic Checks and Electronic Returned Checks pursuant to these Network Rules with any other Participant by virtue of authorization to participate in the Network, or be required to agree to such an exchange with any other Participant. Two or more Participants may establish the commencement date(s) for exchange of Electronic Checks and Electronic Returned Checks among such Participants pursuant to these Network Rules. A Participant seeking to discontinue the exchange of Electronic Checks and Electronic Returned Checks pursuant to these Network Rules with any other Participant shall give such other Participant(s) not less than thirty (30) days' written notice prior to the effective date of such discontinuance. Participants shall also give a copy of any notice of commencement or discontinuation to The Clearing House. The Clearing House may provide notice to Participants regarding the current exchange participation status of other current and former Participants.

(3) In the event that its continued exchange of Electronic Checks and Electronic Returned Checks with another Participant would be commercially unreasonable, a Participant may temporarily suspend its exchange with such Participant through the Network by providing the other Participant with at least twenty-four (24) hours electronic or written notice. The notice

shall describe the reason(s) why continued exchange would be commercially unreasonable. The Participant suspending the exchange shall notify the other Participant as soon as reasonably possible of the date that it will be able to resume exchanging Electronic Checks and Electronic Returned Checks with it through the Network.

(4) If a Participant is unable to exchange Electronic Checks or Electronic Returned Checks with another Participant through the Network because of interruption of communication or computer facilities, terrorist attack, war, emergency conditions, failure of equipment or other circumstances beyond its control, it shall notify the other Participant within a reasonable time of the occurrence of such event. If reasonably possible, Participant shall exchange physical checks with the other Participant. Participant shall notify the other Participant as soon as reasonably possible of the date that it will be able to resume exchanging Electronic Checks and Electronic Returned Checks with it through the Network.

(5) A Participant that exchanges Electronic Checks and Electronic Returned Checks with another Participant using the Network shall be deemed to be acting as an independent contractor and no agency, partnership, employment or joint venture relationship between the Participants or any of their respective employees or third party agents shall be deemed to have been created as a result of such exchange.

(6) If a Participant has entered into a bilateral agreement with another Participant related to their exchange of Electronic Checks or Electronic Returned Checks using the Network and there is an inconsistency between the terms of these Network Rules and the bilateral agreement, the bilateral agreement shall govern as between the Participants for those transactions covered by the bilateral agreement. Notwithstanding any bilateral agreement between two Participants, these Network Rules will continue to govern as between a Participant and The Clearing House. A bilateral agreement between two Participants will not alter the rights and obligations of The Clearing House under these Network Rules and will not alter any rights or obligations of a Participant to The Clearing House hereunder or any other agreement between a Participant and The Clearing House.

(7) A Participant may use the Network to exchange Electronic Checks and Electronic Returned Checks with a non-Participant. The exchange of such Electronic Checks and Electronic Returned Checks by the Participant and the non-Participant and the settlement for

such Electronic Checks and Electronic Returned Checks shall be covered by an agreement between them, independent of any agreement between the Participant and The Clearing House, and shall not be covered by these Network Rules except as otherwise expressly provided herein. The agreement between a Participant and a non-Participant to use the Network shall obligate the non-Participant to comply with all Network Rules that govern the relationship between a Participant and The Clearing House and that involve (i) operational and technical requirements and procedures regarding the use of the Network, (ii) confidentiality obligations and (iii) information security requirements, each as set forth in these Network Rules, as if the non-Participant were a Participant. For the avoidance of doubt, the Network Rules to which a non-Participant is obligated to comply pursuant to the previous sentence do not include any of the ECCHO Rules. However, the bilateral agreement between the Participant and Non-participant shall govern all rights and responsibilities between them. If the non-Participant is not a member of ECCHO, the Participant and such non-Participant may not agree in their bilateral agreement to use the Network Rules to govern their relationship with one another. A Participant exchanging such Electronic Checks and Electronic Returned Checks warrants that it and the non-Participant shall exchange the Electronic Checks and Electronic Returned Checks in a format specified by The Clearing House from time to time. The Participant shall indemnify, defend, and hold The Clearing House harmless against any claim, loss, cost, or expense arising from its or a non-Participant's use of the Network, as described in the first sentence of this paragraph, and for any performance or non-performance under the agreement between it and the non-Participant or any failure by the non-Participant to comply with such Network Rules as if it were a Participant.

(8) A Participant that is a Receiving Bank may elect not to use the Network to settle for an Electronic Check or an Electronic Returned Check that was sent to it over the Network by another Participant. However, if a Receiving Bank elects not to use the Network to settle for such items, it shall provide The Clearing House notice of such arrangement in a manner determined by The Clearing House from time to time and have an agreement in place with the Sending Bank regarding: (i) settlement for the item and (ii) when presentment of the item takes place.

**Sections II(D) through II(I) of the ECCHO Rules do not apply for purposes of these Network Rules.**

**The following Sections II(J) through II(M) of these Network Rules do not exist in the ECCHO Rules but are applicable to the image exchange services offered through the Clearing House Image Exchange Network:**

**II(J) Provision of Services in the Network; Term and Termination.**

(1) In addition to the Participant Agreement and Indemnity, a Participant shall execute such documents as may be required by The Clearing House from time to time related to the provision of Services, including documents that set forth the fees and payment terms related to Services to be used by the Participant. Participant agrees to pay such admission, annual, subscription, transaction, or other fees as shall be established by The Clearing House from time to time.

Upon resignation or termination, a Participant agrees to pay The Clearing House any third-party costs related to access to the Image Exchange Network that The Clearing House reasonably and actually incurs as a result of the cancellation of the Participant's Services.

**II(K) Change in Name, Form of Organization, or Control.**

(1) Participant shall inform the chief executive officer of The Clearing House or his or her designee (the "Chief Executive Officer"), in writing on its letterhead, signed by a senior officer, of any proposed change in its name, form of organization, charter, insured or uninsured status, or in the direct or indirect Control of such Participant, at least thirty-one (31) days before the change becomes effective, unless the change is due to the resolution of the Participant by the FDIC or other government resolution authority. For purposes of this Subsection II(K), "Control" of a Participant changes if:

- (a) a person acquires control of the Participant or its parent within the meaning of § 2(a)(2)(A) or (B) of the Bank Holding Company Act, 12 U.S.C. § 1841 (a)(2)(A) or (B), with the Participant being deemed a bank and the person (whether an individual, corporation, or other entity) acquiring control being deemed a company for purposes of such section;
- (b) the Participant or its parent merges or consolidates with another bank or company and the shareholders of the Participant or its

parent own less than 60 per cent of the surviving or resulting bank or company;

- (c) the Participant shall file a notice with the Board of Governors of the Federal Reserve System pursuant to § 211.24(a)(4)(i) of Regulation K, 12 C.F.R. § 211.24(a)(4)(i); or
- (d) the Board of Managing Directors of The Clearing House or the Chief Executive Officer determines that a person has acquired a controlling influence over the Participant or its parent.

(2) Upon receiving a notice from a Participant of a proposed change in its direct or indirect Control, the Chief Executive Officer will cause the Participant's continued status in the Network to be evaluated by The Clearing House.

(3) Failure to inform the Chief Executive Officer of a change in name, direct or indirect Control, or form of organization in accordance with this Subsection II(K) may result in the Participant's termination or suspension from the Network by the Chief Executive Officer under the provisions of the Membership Rules.

(4) At his or her discretion, the Chief Executive Officer may require such documents and information as he or she may deem necessary or desirable from a Participant in connection with any such change in name, form of organization, charter, insured or uninsured status, or direct or indirect Control.

**II(L) Applicable Law.** Section 4-102(b) of the Uniform Commercial Code (2002 Official Text) shall determine the applicable law that governs the liability of a Participant for action or non-action with respect to an item handled by it for purposes of presentment, payment, or collection under the Network Rules. Section 4-102(b) reads in full as follows:

The liability of a bank for action or non-action with respect to an item handled by it for purposes of presentment, payment, or collection is governed by the law of the place where the bank is located. In the case of action or non-action by or at a branch or separate office of a bank, its liability is governed by the law of the place where the branch or separate office is located.



**II(M) Emergencies.** In the event of an emergency, including, but not limited to, severance of communications between The Clearing House and one or more Participants, failure or disruption of the Network's operations, or any other emergency, image exchange services shall be handled in accordance with the decisions of the Chief Executive Officer. Without limiting the discretion of the Chief Executive Officer, he or she may:

- (1) extend the hours of operation of the Network;
  - (2) direct any Participant or several or all to not exchange Electronic Checks or Electronic Returned Checks through the Network pending resolution of the problem;
- or
- (3) direct such other action as he or she may deem necessary.

**SECTION III. – Items Eligible for Exchange and Routing Information; Deadlines; Repairs.**

**Subsection III(B) of the ECCHO Rules does not apply to the Network and is replaced in its entirety by the following for purposes of these Network Rules:**

**III(B) Deadlines.** Each Participant as a Receiving Bank shall designate a deadline for receipt of an Electronic Check.

**SECTION VI. - Settlement and Adjustment.**

**Subsection VI(A) of the ECCHO Rules does not apply to the Network and is replaced in its entirety by the following for purposes of these Network Rules:**

**VI(A) Settlement and the Online Adjustments Service.**

(1) **General.** All Electronic Checks, Electronic Returned Checks and adjustments sent or exchanged between Participants using the Network, including the Online Adjustments Service, shall be settled in accordance with this Section VI, unless the exchange of those Electronic Checks, Electronic Returned Checks and adjustments is covered by a bilateral agreement between two Participants or between a Participant and a non-Participant and the parties to such bilateral agreement have provided for settlement through means other than the Image Settlement Arrangement. However, Electronic Checks and Electronic Returned Checks

that are not exchanged using the Network are not part of the Image Settlement Arrangement and shall not be settled in accordance with this Section VI.

(a) For the Settlement Arrangement, a Participant that is not a Settler shall designate a Settler and shall execute such documents as may be required by The Clearing House for this purpose. A non-settling Participant agrees that it has a duty to ensure settlement of its Electronic Checks, Electronic Returned Checks and adjustments and that failure of its Settler to settle for such Electronic Checks, Electronic Returned Checks and adjustments does not relieve the non-settling Participant of its duty to settle.

(b) A Settler may cease settling for a non-settling Participant by sending a written notice to that effect to The Clearing House. A notice under this section shall be effective at the beginning of the processing cycle on the business day following the date written notification is received by the Clearing House or such later date as the notice specifies, except that if the notice is received by the Clearing House after 12:00 noon ET, or if the later effective date specified in that notice is not a business day, then the effective date of the notice shall be the beginning of the processing cycle on the next business day following the date written notification is received. Notwithstanding the preceding sentences, a Settler that sends a notice that it will cease acting as a settler shall continue to settle for all Electronic Checks, Electronic Returned Checks, and adjustments that are sent or received by the non-settling participant during the period prior to the effective date of the notice but that have a settlement date after the effective date of the notice.

(c) A Settler shall execute a settlement agreement in the form provided in Appendix A of Operating Circular 12 and provide the business manager of The Clearing House or his or her designee with the original executed agreement.

(d) A Settler that settles for an adjustment that it did not transmit or receive shall be responsible under these Network Rules for the adjustment as if it transmitted or received the adjustment.

(2) **Settlement of Electronic Checks and Electronic Returned Checks.** By the time(s) specified in the Settlement Schedule related to the Image Settlement Arrangement (12:00 p.m. (ET) and 5:00 p.m. (ET)), each Debtor Participant, directly or through a Settler, shall settle the balances charged against it that day in an Image Settlement File, which settlement shall be made

in accordance with Operating Circular 12 and these Network Rules. The Clearing House shall deliver two Image Settlement Files for the Image Settlement Arrangement to the Processing Reserve Bank for settlement each Settlement Day at the times set forth in the Settlement Schedule (12:00p.m. (ET) and 5:00 p.m. (ET)).

(3) **Settlement of Adjustments.** A Participant may use the Online Adjustments Service to exchange adjustments with other Participants throughout each calendar day. An adjustment that it exchanges with another Participant by the time listed in the Settlement Schedule related to the Online Adjustment Settlement Arrangement (4:00 p.m. (ET)) will be used to determine the Participant's Multilateral Adjustment Balance for inclusion in that day's Adjustment Settlement File. An adjustment that it exchanges with another Participant after the time listed in the Settlement Schedule (4:00 p.m. (ET)) will be used to determine the Participant's Multilateral Adjustment Balance in the next day's Adjustment Settlement File. By 4:00 p.m. (ET) each Settlement Day, each Debtor Participant, directly or through a Settler, shall settle the balances charged against it that day in an Adjustment Settlement File, which settlement shall be made in accordance with Operating Circular 12 and these Network Rules. The Clearing House shall deliver one Adjustment Settlement File for the Online Adjustment Settlement Arrangement to the Processing Reserve Bank for settlement each Settlement Day at 4:00 p.m. (ET).

**The following Sections VI(B) and VI(C) of these Network Rules do not exist in the ECCHO Rules but are applicable to the image exchange services offered through the Clearing House Image Exchange Network:**

**VI(B) Settlement Schedules.**

**(1) Normal Schedule for Settlement of Electronic Checks and Electronic Returned Checks.**

(a) For settlement of Electronic Checks and Electronic Returned Checks, The Clearing House Settlement System will prepare two Image Settlement Files for The Clearing House to submit to the Processing Reserve Bank each Settlement Day in accordance with Operating Circular 12. The first file will be transmitted by The Clearing House to the Processing Reserve Bank at 12:00 p.m. (ET) (the "12:00 p.m. (ET) Image Settlement File"). The second file will be transmitted by The Clearing House to the Processing Reserve Bank at 5:00 p.m. (ET) (the

“5:00 p.m. ET Image Settlement File”).

(b) Image Ledger Cutoff Time. Each Participant in its capacity as a Receiving Bank shall establish an Image Ledger Cutoff Time for each of its routing numbers listed in the Image Site Matrix. Such time must be either:

(i) during the standard Network cut off period that is no earlier than 12:00 p.m. (ET) and no later than 5:00 p.m. (ET); or

(ii) by express agreement between the Sending Bank and Receiving Bank, during an earlier cut off period that is either (A) no earlier than 1:00 a.m. (ET) and no later than 12:00 p.m. (ET) for Images related to certain transit products; or (B) no earlier than 7:00 a.m. (ET) and no later than 12:00 p.m. (ET) for Images related to certain controlled disbursement and other special purpose accounts.

5:00 p.m. (ET) is the latest Image Ledger Cut Off Time that will enable The Clearing House Settlement System to prepare the 5:00 P.M. (ET) Settlement File. See the Image Exchange Site Matrix for a list of Participants' Image Ledger Cutoff Times and other details related to image exchange and settlement.

(c) If a Participant establishes an Image Ledger Cutoff Time of 12:00 p.m. (ET) or earlier, the dollar totals of the Electronic Checks such Participant receives from other Participants through the Network by the Image Ledger Cutoff Time, as transmitted to The Clearing House Settlement System, will be used to determine the Participant's Multilateral Image Settlement Balance for inclusion in that day's 12:00 p.m. (ET) Image Settlement File. The dollar totals of any Electronic Checks that it receives from other Participants through the Network after its Image Ledger Cutoff Time, as transmitted to The Clearing House Settlement System, will be used to determine the Participant's Multilateral Image Settlement Balance for inclusion in the next Settlement Day's 12:00 p.m. (ET) Settlement Image File.

(d) If a Participant establishes an Image Ledger Cutoff Time of later than 12:00 p.m. (ET), the Electronic Checks that it receives from other Participants through the Network after 5:00 p.m. (ET) the prior Banking Day and by 12:00 p.m. (ET), on the Settlement Date as transmitted to The Clearing House's Settlement System, will be used to determine the Participant's Multilateral Image Settlement Balance for inclusion in that day's 12:00 p.m. (ET)

Image Settlement File. The Electronic Checks that it receives from other Participants through the Network after 12:00 p.m. (ET) but by its Image Ledger Cutoff time, as transmitted to The Clearing House Settlement System, will be used to determine the Participant's Multilateral Image Settlement Balance for inclusion in that day's 5:00 p.m. (ET) Image Settlement File.

(e) An Electronic Returned Check received by a Participant through the Network by 11:59 a.m. (ET) on a Settlement Day, as transmitted to The Clearing House Settlement System, will be included in the 12:00 p.m. (ET) Image Settlement File on that Settlement Day. An Electronic Returned Check received by a Participant through the Network after 11:59 a.m. (ET) on a Settlement Day (Day 1), as transmitted to The Clearing House Settlement System, will be included in the 12:00 p.m. (ET) Image Settlement File on the following Settlement Day (Day 2).

(f) Set forth below is a summary of events and the times at which they would typically occur pursuant to a normal settlement schedule for settlement of Electronic Checks and Electronic Returned Checks.

<u>Time</u>	<u>Event</u>
12:00 p.m. (ET)	The Clearing House Settlement System prepares first Settlement File for the Settlement Day.
12:00 p.m. (ET)	The Clearing House transmits first Settlement File for the Settlement Day to the Processing Reserve Bank. Processing Reserve Bank debits or credits each Participant's or its Settler's Master Account (as defined in Federal Reserve Bank Operating Circular 12) for its Multilateral Image Settlement Balance.
5:00 p.m. (ET)	The Clearing House Settlement System prepares second Settlement File for the Settlement Day.
5:00 p.m. (ET)	The Clearing House transmits second Settlement File for the Settlement Day to the Processing Reserve Bank. Processing Reserve Bank debits or credits each Participant's or its Settler's Master Account

**Time**

**Event**

for its Multilateral Image Settlement Balance.

**(2) Normal Schedule for Settlement of Adjustments.**

(a) For settlement of adjustments, The Clearing House Settlement System will prepare one Adjustment Settlement File for The Clearing House to submit to the Processing Reserve Bank each Settlement Day in accordance with Operating Circular 12. The file will be transmitted by The Clearing House to the Processing Reserve Bank at 4:00 p.m. (ET) (the “4:00 p.m. (ET) Adjustment Settlement File”).

(b) Set forth below is a summary of events and the times at which they would typically occur pursuant to a normal settlement schedule for settlement of adjustments.

**Time**

**Event**

4:00 p.m. (ET)

Cut-off hour for Participants to exchange adjustments for inclusion in current Settlement Day.

4:00 p.m. (ET)

The Clearing House Settlement System prepares Online Adjustment Settlement File for the Settlement Day using data from The Clearing House Online Adjustments Service.

4:00 p.m. (ET)

The Clearing House transmits Online Adjustments Settlement File for the Settlement Day to the Processing Reserve Bank. Processing Reserve Bank debits or credits each Participant’s or its Settler’s Master Account for its Multilateral Adjustment Balance.

**(3) Delayed Settlement Schedule.**

(a) If a Participant or its Settler notifies The Clearing House that its ability to settle Participant's Multilateral Balance in a Settlement File is delayed by a technical problem, or

if settlement cannot take place in accordance with the normal settlement schedule because of a technical problem at The Clearing House, settlement shall take place in accordance with a delayed settlement schedule as set out in this subsection (3).

(b) A Participant or its Settler having a technical problem shall notify The Clearing House as soon as possible of the nature of the problem, its efforts to correct it, and an estimate of the time by which it expects the problem to be corrected. If The Clearing House believes that the problem causing the delay can be corrected in sufficient time to allow settlement to be completed before 6:30 p.m. (ET) and would not delay beyond 6:30 p.m. (ET) the processing of other Settlement Files in the Settlement Arrangement, The Clearing House shall establish a delayed settlement schedule for that day and send a notice of the delayed settlement schedule to each Participant and its Settler, if any.

(c) If The Clearing House determines in its sole discretion that settlement under a normal or delayed settlement will not be completed because of operational difficulties of one or more Participants or Settlers, or for any other reason, The Clearing House may in its sole discretion either recast settlement and follow the procedure for settlement recast set out in subsection (4) below or hold the settlement over for settlement on the following Settlement Day. If a delayed settlement is held over for settlement on the following Settlement Day, The Clearing House will not begin to process settlement for a subsequent day until settlement for the prior day is completed. Interest compensation related to a delayed settlement shall be paid in accordance with applicable interest compensation rules.

**(4) Abnormal Settlement Schedule.**

(a) If at any time before settlement has been completed, the Processing Reserve Bank notifies The Clearing House that it has rejected a debit Multilateral Balance on a Settlement File, settlement shall take place in accordance with an abnormal settlement schedule as set out in this subsection (4).

(b) The Clearing House shall recast the Settlement File containing the rejected debit Multilateral Balance by deleting all of the debits and credits of each of the Defaulting Participant(s) from the calculation of the other Participants' Multilateral Balances. This will cause the Multilateral Balance of each Defaulting Participant to equal zero. The Clearing House

shall notify each remaining Participant of its Multilateral Balance on the revised Reserve Bank settlement statement. Each remaining Participant shall settle its revised Multilateral Balance in accordance with an abnormal settlement schedule as established by The Clearing House.

(c) If, following the recast of a settlement, settlement is not completed in accordance with the abnormal settlement schedule established in accordance with this subsection (4), The Clearing House may, in its sole discretion: (i) extend the time for settlement to be completed, (ii) recast settlement again, or (iii) hold the settlement over to the following Settlement Day. Interest compensation related to an abnormal settlement shall be paid in accordance with applicable interest compensation rules.

#### **VI(C) Risk Control.**

(1) **Ex-Post Debit Cap.** The Clearing House may establish for each Participant a limit on the debit Multilateral Balance that the Participant is permitted to incur in connection with the Network for any Settlement Day (a “Debit Cap”). These Debit Caps shall be monitored by The Clearing House on an ex-post basis. Any Participant with a high-risk rating that exceeds its Debit Cap frequently, as determined by The Clearing House, will be subject to suspension or termination under the provisions of the Membership Rules.

(2) **Criteria for Establishing Limits.** The Debit Caps provided for in subsection (a) above shall be set by The Clearing House based on information about liquid assets as set forth in reports to a Participant’s primary federal financial institution regulator or otherwise available to The Clearing House, or, where such ratings are not available, another method determined by the Clearing House. The percentages used as limits shall be available to Participants upon request.

(3) **Confidentiality.** Except as otherwise provided herein, The Clearing House will exercise its best efforts to maintain Debit Caps and risk rating information on a confidential basis. The Clearing House may provide such information to the Participant to which such information relates, to the Participant's Settler if requested by the Settler, to appropriate financial institution regulatory authorities, to appropriate personnel of The Clearing House, and otherwise as required by law. The Clearing House may notify a Participant’s primary federal financial institution regulator any time the Participant exceeds its Debit Cap if it gives the Participant at least ten 10 days’ advance notice of its intention to notify such regulator.



**SECTION IX. – Financial Institution Bond**

**The following Section IX(F) of these Network Rules does not exist in the ECCHO Rules but is applicable to the image exchange services offered through the Clearing House Image Exchange Network:**

**IX(F)**

The Clearing House will use commercially reasonable efforts to procure a standard financial institution bond and a computer crime policy to cover its operations. In the event of an occurrence that The Clearing House considers, in its sole discretion, is the type that should be covered by the financial institution bond and/or the computer crime policy, The Clearing House may, in its sole discretion, submit a proof of loss to the appropriate carrier. Upon request from The Clearing House, each Participant shall fully and timely cooperate in The Clearing House's preparation and submission of any proof of loss to the appropriate carrier. In the event The Clearing House receives payment on the proof of loss, The Clearing House will transfer some or all of such payment to any Participant(s) sharing in such loss in a proportion deemed appropriate by The Clearing House's Managing Board. Any loss incurred by a Participant that is not paid (i) because The Clearing House received payment on the proof of loss and the loss exceeds the amount that The Clearing House's Managing Board allocated to the Participant, or (ii) for any other reason shall be borne pro rata by each Participant based on its average daily Image Exchange Network usage for the 30-calendar day period preceding the proof of loss to the appropriate carrier.

The Clearing House assumes no obligation to undertake any legal action against any carrier in the event payment under the proof of loss is denied, in whole or in part.

Nothing in this Rule IX(F) waives or modifies the limitation of liability set forth in Section XI(A)(2) of these Rules, nor is the rule intended to create any liability on the part of The Clearing House where none otherwise exists, except to the extent of a payment on a proof of loss under the computer crime insurance or financial institution bond coverage described in this

section. Any liability of The Clearing House under this Rule IX(F) is strictly limited to the amount paid by the relevant insurance carrier on a proof of loss.

**SECTION X. – Data Confidentiality.**

**The following Section X(B) of these Network Rules does not exist in the ECCHO Rules but is applicable to the image exchange services offered through the Clearing House Image Exchange Network:**

**X(B) Additional Protection of Confidential Information**

**(1) Confidential Information Exchanged between Participants.**

(a) In connection with the exchange of any information between two Participants related to their use or potential use of the Network, each Participant shall maintain the confidentiality of all such information that is Confidential Information.

(b) Each Participant agrees, if requested, to return any Confidential Information to another Participant at the request of the Participant.

**(2) Confidential Information Exchanged between The Clearing House and a Participant.**

(a) All Confidential Information disclosed by The Clearing House to a Participant shall remain the property of The Clearing House. A Participant shall not disclose, nor shall it permit any others to disclose, to any third party, or otherwise use, or permit any others to use, any Confidential Information received from The Clearing House for any purpose other than the purpose for which the disclosure was made without the prior written consent of The Clearing House. The degree of care required of a Participant regarding the prevention of disclosure of Confidential Information of The Clearing House shall be at least the degree of care the Participant uses to protect its own similar Confidential Information and trade secrets, but in no event shall the Participant exercise less than reasonable care. If a Participant is required by order of any court or other government agency to disclose any Confidential Information disclosed to it

by The Clearing House, the Participant shall provide The Clearing House with prompt written notice of any such requirement, unless the order prohibits the Participant from providing such notice, so that The Clearing House may seek an appropriate protective order or waive compliance with the provisions of this Subsection X(B)(2)(a). Upon the request and at the expense of The Clearing House, the Participant will reasonably cooperate with The Clearing House to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded the Confidential Information.

(b) All Confidential Information disclosed by a Participant to The Clearing House shall remain the property of the Participant. The Clearing House shall not disclose, nor shall it permit any others to disclose, to any third party, or otherwise use, or permit any others to use, any Confidential Information received by The Clearing House from a Participant for any purpose other than the purpose for which the disclosure was made without the prior written consent of the Participant. The degree of care required of The Clearing House regarding the prevention of disclosure of the Confidential Information shall be at least the degree of care The Clearing House uses to protect its own similar Confidential Information and trade secrets, but in no event shall The Clearing House exercise less than reasonable care. If The Clearing House is required by order of any court or other government agency to disclose any Confidential Information disclosed to it by a Participant, The Clearing House shall provide the Participant with prompt written notice of any such requirement, unless the order prohibits The Clearing House from providing such notice, so that the Participant may seek an appropriate protective order or waive compliance with the provisions of this Subsection X(B)(2)(b). Upon the request and at the expense of the Participant, The Clearing House will reasonably cooperate with the Participant to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded the Confidential Information.

(3) All obligations of confidentiality shall survive termination of this Subsection X(B).

**SECTION XI. - Obligations of Organization; Clearing House.**

**Section XI(A) of the ECCHO Rules does not apply to the Network and is replaced by the following for purposes of the Network Rules:**

**XI(A) Obligations of The Clearing House.**

(1) The Clearing House shall monitor the operation of the Network under these Network Rules, coordinate the exchange of information among Participants regarding its operation, designate days of operation and deadlines for receipt and transmission through the Network, and make such changes in these Network Rules as it deems appropriate from time to time as provided under the Limited Liability Company Agreement of The Clearing House Payments Company, L.L.C.

(2) Notwithstanding any other provision of the Network Rules, The Clearing House shall have no liability, whatsoever to any Participant or any other person, organization, or entity for any costs, charges, claims, demands, expenses (including costs of investigation and attorneys' fees and expenses of litigation), losses, liabilities, damages, judgments, fines, penalties, interest, and amounts paid in settlement (each referred to herein as a "Loss") suffered by such Participant, person, organization, or entity arising from The Clearing House's or any third party's acts or failures to act pursuant to the Network Rules. Notwithstanding the immediately preceding sentence, if The Clearing House is found liable for a Loss arising from its action or failure to act pursuant to the Network Rules, then (i) the measure of damages for such liability shall be limited to damages attributable directly and immediately to The Clearing House's act or failure to act and shall not include damages that are attributable to the consequences or results of the act or failure to act, even if such consequences or results were foreseeable at the time of the act or failure to act and (ii) each Participant agrees to indemnify and hold harmless The Clearing House from any Loss arising from such finding, action, or proceeding (including any loss arising from its negligence or gross negligence, costs of investigation, attorneys' fees, and expenses of litigation but excluding any loss arising from its willful misconduct).

(3) Pursuant to the indemnity made under Section XI(A)(2) above, each Participant shall pay to The Clearing House promptly on demand that portion of The Clearing House's Loss that is equal to the proportion of the Network Usage of that Participant to the total Network

Usage of all Participants during the three (3) months preceding the date on which a Loss was incurred. If one or more Participants fail to make any such payment (each, a “Defaulting Indemnity Participant”), the obligations hereunder of the remaining Participants shall be determined without regard to the Network Usage of the one or more Defaulting Indemnity Participants. Each Defaulting Indemnity Participant shall be liable to each other Participant in the amount by which such other Participant’s payment or payment obligation was increased as a result of the Defaulting Indemnity Participant’s failure to make payment plus interest thereon at the rate of eighteen percent per annum, applied to a 365-day year. The Clearing House may recover the amounts due from any Participant by originating an ACH debit entry directed to the Participant. For purposes of this indemnity, the date that The Clearing House incurs a Loss is the date when The Clearing House’s cause of action has accrued.

(4) As a condition of providing settlement services performed for The Clearing House, the Reserve Banks require each Settler to indemnify and hold harmless each Reserve Bank from any loss or expense (including attorneys’ fees and expenses of litigation) it may incur in connection with the provision of services to The Clearing House excluding only (i) any loss or expense to the extent the loss or expense resulted from a Reserve Bank’s lack of good faith or failure to exercise ordinary care and (ii) a direct loss to a Reserve Bank holding a Settler’s Federal Reserve Account resulting from an overdraft in that account caused by a final and irrevocable debit under Operating Circular 12. A claim for indemnity shall be made and paid in the manner set out in Operating Circular 12.

(5) If Operating Circular 12 requires that payment of a claim for an indemnity under this section shall be made by the Settlers, then each Settler shall pay the Reserve Bank making the claim an amount equal to its proportionate share as determined in Section XI(A)(3) plus the proportionate share of each Participant for which it settles. Each such Participant shall indemnify and hold harmless its Settler for any amount its Settler pays the Reserve Bank in respect of the Participant under this subsection, and each Settler that has a claim against a Participant for which it settles under this subsection may recover the amount of this claim by debiting any account on its books of the Participant.

## **SECTION XII. - Adjustment Claims.**

**Section XII(A) of the ECCHO Rules does not apply to the Network and is replaced in its entirety by the following for purposes of the Network Rules:**

**XII(A) Online Adjustments Service.**

(1) Appendix 1 sets forth the categories of Adjustment Claims that Participants and other depository institutions authorized to use the Online Adjustments Service are permitted to make through the Online Adjustments Service. It also sets forth related requirements regarding use of each adjustment category, including the time period from the date of the ICL file for the Electronic Check or Electronic Returned Check to which the Adjustment Claim relates, as well as needed information and documentation.

(2) A Participant that uses the Network to transmit Electronic Checks and Electronic Returned Checks to another Participant under these Network Rules may use the Online Adjustments Service to accept and process an Adjustment Claim related to such Electronic Checks and Electronic Returned Checks submitted to it by the other Participant under these Network Rules. In addition, a Participant may use the Online Adjustments Service to make an Adjustment Claim using the Warranty Indemnity Claim (Electronically Created Item Indemnity Claim) category in relation to an Electronically Created Item exchanged under these Network Rules as a purported Electronic Check, or the return of an Electronically Created Item under these Network Rules as a purported Electronic Returned Check, notwithstanding that Electronically Created Items are not eligible for exchange under these Network Rules. Notwithstanding any bilateral agreements between Participants, if a Participant uses the Online Adjustment Service to send an Adjustment Claim related to an Electronic Check, Electronic Returned Check, or Electronically Created Item submitted under these Network Rules, the Participant to whom the Adjustment Claim is sent must accept it through the Online Adjustment Service, subject to its right to disclaim the Adjustment Claim or initiate a second timely Adjustment Claim to reverse the settlement on the first Adjustment Claim as set forth in Appendix 1.

(3) A Participant may use the Online Adjustments Service to send and receive Adjustment Claims related to Electronic Checks, Electronic Returned Checks and Electronically Created Items (as described in Section XII(A)(2)) with other depository institutions that use the Online Adjustments service under an agreement with The Clearing House and have agreed to

receive Adjustment Claims of Electronic Checks and Electronic Returned Checks from that Participant.

(4) Within timeframes set by The Clearing House, a Participant shall use the Online Adjustments Service to correct an under-or over-settlement relating to Electronic Checks exchanged by it and another Participant by submitting an Adjustment Claim in accordance with the Online Adjustments requirements in Appendix 1 attached hereto. A Participant may correct its over-settlement by delivering a debit Adjustment Claim to the Participant that under-settled. A Participant may correct its under-settlement by delivering a credit Adjustment Claim to the Participant that over-settled. A Participant shall use commercially reasonable efforts to research its under-settlements that have been on its books for more than six months from the settlement date of the transaction that caused the under-settlement and to correct each such under-settlement by using the Online Adjustments Service to deliver a credit Adjustment Claim to the Participant that over-settled.

(5) A Participant, acting through a correspondent relationship with a non-Participant, may use the Online Adjustments Service to exchange adjustments with the non-Participant. The exchange of such adjustments by the Participant and the non-Participant and the settlement for such adjustments shall be covered by a bilateral agreement between them, independent of any agreement between the Participant and The Clearing House and shall not be covered by these Network Rules except as otherwise expressly provided herein. The agreement between a Participant and a non-Participant to use the Online Adjustments Service shall obligate the non-Participant to comply with all Network Rules that govern the relationship between a Participant and The Clearing House and that involve (i) operational and technical requirements and procedures regarding the use of the Network, (ii) confidentiality obligations and (iii) information security requirements, each as set forth in these Network Rules, as if the non-Participant were a Participant. However, the bilateral agreement between the Participant and Non-participant shall govern all rights and responsibilities between them. The Participant shall indemnify, defend, and hold The Clearing House harmless against any claim, loss, cost, or expense arising from its or a non-Participant's use of the Online Adjustments Service, as described in the first sentence of this paragraph, and for any performance or non-performance under the agreement between it and the non-Participant or any failure by the non-Participant to comply with such Network Rules as if it were a Participant.

(6) Adjustment Claims processed using the Online Adjustments Service that as described in Appendix 1 are (i) with entry, or (ii) without entry and meet the conditions for settlement, shall be settled in accordance with Section VI.

**Sections XII(B) through XII(I) of the ECCHO Rules do not apply for purposes of the Network Rules.**

**XIII. - Amendments.**

**Section XIII of the ECCHO Rules does not apply to the Network and is replaced in its entirety by the following for purposes of the Network Rules:**

**XIII. - Amendments to the Network Rules and Membership Rules.**

The Network Rules and Membership Rules may be established, amended, or repealed by The SVPCO Business Committee as delegated by the Managing Board of Directors of The Clearing House. Amendments to the ECCHO Rules, except as modified herein by the SVPCO Business Committee, will be incorporated into the Network Rules on the effective date of their approval by ECCHO.

**Section XIV. - Dispute Resolution Procedures.**

**Section XIV of the ECCHO Rules does not apply to the Network.**

**Section XVII. - Transmission of Images of Savings Bonds for Redemption by US Treasury Department.**

**Section XVII(A)(1) of the ECCHO Rules does not apply to the Network and is replaced by the following for purposes of the Network Rules:**

**XVII(A)(1) Application of Rule.**

(a) Subject to the exclusion in Section XVII(A)(2), this Section XVII shall constitute an agreement between two Participants to transmit images of Savings Bonds between the two Participants for subsequent transmission by the Receiving Bank to either another Receiving Bank under this Section XVII or to a Federal Reserve Bank (as fiscal agent to the U.S.



Treasury Department) for redemption and payment. This Section XVII may be supplemented with additional terms by means of an agreement between two Participants relating to the transmission and payment of savings bonds.

(b) Subject to the exclusion in Section XVII(A)(2), in the event that two Participants transmit an image of a Savings Bond between them, then this Section XVII shall apply to the transmission of the image of the Savings Bond by the Sending Bank to the Receiving Bank and the Receiving Bank's receipt, handling, and settlement of the image of the Savings Bond. A Receiving Bank that receives an image of a Savings Bond may transmit the image of the Savings Bond to a second Receiving Bank under this Section XVII or to a Federal Reserve Bank (as fiscal agent to the U.S. Treasury Department).

**The following Section XVII(H) of these Network Rules does not exist in the ECCHO Rules but is applicable to the image exchange services offered through the Clearing House Image Exchange Network:**

**XVII(H) Settlement.**

(1) A Receiving Bank that receives an image of a Savings Bond through the Network agrees to provide credit to the Sending Bank for the image.

(2) The Sending Bank and the Receiving Bank agree that settlement for images of Savings Bonds shall be conducted through The Clearing House's usual settlement procedures for Electronic Checks and Electronic Returned Checks provided in Section VI.

(3) For purposes of Section VI, an image of a Savings Bond shall constitute an "Electronic Check."

**Section XVIII. Exchange of Images of Canadian Items.**

**Section XVIII of the ECCHO Rules does not apply to the Network.**

**Section XIX. – Electronic Image.**

**The following Section XIX(C)(1-A) of these Network Rules does not exist in the ECCHO Rules but is applicable to the image exchange services offered through the Clearing House Image Exchange Network:**

Section XIX(C)(1) provides that “[a] Sending Bank and a Receiving Bank may under their image exchange agreement permit the exchange of Electronic Checks without complete MICR line information as set forth in Sections XIX(C)(3) [with respect to non-Fully Qualified items or As-Read MICR Information] and XIX(C)(4) [with respect to RNA Partial MICR Information].”

A paying bank may agree to accept images of items that are not Fully Qualified or otherwise include only As-Read MICR Information, as defined in Section I(F) of the ECCHO Operating Rules, or RNA Partial MICR Information, as defined in Section I(CCC) of the ECCHO Operating Rules, in the related Electronic Information for such images of items by indicating that it agrees to do so on the Network Site Matrix.

**The following Comment to Section XIX(H) of these Network Rules does not exist in the ECCHO Rules but is applicable to the image exchange services offered through the Clearing House Image Exchange Network:**

**Comment:** Under Section XIX(H), presentment of an Electronic Check occurs when the Electronic Information related to the Electronic Check and the Image associated with the Electronic Check have been received by a Receiving Bank. An image cash letter file (“ICL file”) contains Electronic Information, as defined by Section I(W), related to the Images in the files. Therefore, presentment of an Electronic Check occurs when the ICL file containing an Image is received by a Paying Bank.

**Sections XIX(K)(2), (K)(3), (K)(6) and (K)(7) of the ECCHO Rules do not apply to the Network.**

**The following Section XXI does not exist in the ECCHO Rules but is applicable to the image exchange services offered through the Clearing House Image Exchange Network:**

**SECTION XXI – The Clearing House Service Level Requirements and Quality Management Criteria; Customer Information Security.**

**XXI(A) Service Level Requirements/Quality Management Criteria**

The Clearing House holds itself to the following service-level requirements and quality-management criteria in providing image exchange services to Participants:

**(1) NETWORK OPERATIONAL PERFORMANCE.**

The service-level requirements applicable to the Network are described in the system uptime, customer satisfaction, and critical incident (P1S1) metrics of the “PayCo Scorecard” as approved by the Managing Board of The Clearing House.

**(2) RESULTS OF OUTSIDE AUDITS.**

The Clearing House must receive from its external auditors an unqualified SOC-1 audit report for Network services. A copy of that report shall be provided to any Participant upon its request.

**(3) PRIMARY AND SECONDARY SUPPORT.**

(a) The Clearing House will maintain a service desk telephone hotline for client support issues, which will be available to Participants 24 hours a day, 7 days a week. The Clearing House manages service requests submitted via the telephone hotline and escalates questions and reported issues as necessary to manage and resolve them, including with respect to computer operations support and applications and system support.

(b) The Clearing House will use its best efforts to notify the Participant of any interruption in the Network’s service to perform emergency maintenance no less than 30 minutes before the interruption.

**XXI(B). Customer Information Security**

(4) The Clearing House, as the operator of the Network, shall take appropriate measures, as specified from time to time in Schedule A to these Network Rules, designed to meet the objectives of the *Interagency Guidelines Establishing Information Security Standards* issued by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the National Credit Union Administration, and as amended from time to time. These will include appropriate measures designed to (i) ensure the security and confidentiality of any information of a customer of a Participant obtained by The Clearing House as a result of a Participant's use of the Network; (ii) protect against any anticipated threats or hazards to the security or integrity of such information; and (iii) protect against unauthorized access to or use of such information that could result in substantial harm to any such customer.

(5) The Clearing House, as the operator of the Network, shall take appropriate measures, as specified from time to time in Schedule A to these Network Rules, designed to meet the objectives of the *Interagency Guidance on Response Programs for Unauthorized Access to Customer Information and Customer Notice* issued by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the National Credit Union Administration, and as amended from time to time. These will include appropriate actions to address incidents of unauthorized access to a Participant's customer information, including notification to the Participant as soon as possible of any such incident, to enable the Participant to expeditiously implement its response program.

**The following Section XXII does not exist in the ECCHO Rules but is applicable to the image exchange services offered through the Clearing House Image Exchange Network:**

## **SECTION XXII – Audit Rights and Vendor Management**

### **Section XXII(A) General Audit Rights of Participants**

(1) The Clearing House will cooperate with Participants and assist Participants in meeting their responsibilities to regulatory authorities to conduct audits on The Clearing House as operator of

the Network. The Clearing House will regularly make available to Participants such materials as are reasonably relevant to a Participant's regulatory obligations to audit third parties.

(2) In addition to the information made available by The Clearing House above, The Clearing House will host, no less than two times per year, dedicated on-site reviews of audit and compliance information relating to the Clearing House's operation of the Network ("Image Exchange Audit Review Sessions"). Each Participant may attend any or all of the Image Exchange Audit Review Sessions. To the extent a Participant requires any additional audits, such audits shall be conducted in accordance with Rule XXII(C).

### **Section XXII(B) Individual Audit Rights**

In the event that any Participant reasonably requires information or audits beyond the information and audits provided above, including the Image Exchange Audit Review Sessions, The Clearing House will cooperate with such Participant in facilitating such additional reasonable audits as the Participant may require, subject to the following requirements.

(1) The Participant shall notify the Clearing House in writing that the Participant or its designee requests to conduct an audit at least thirty (30) days in advance of the date that the Participant requests the audit begin, and shall specify the scope of the information sought and the specific purpose of the audit. The audit shall be conducted during normal business hours for the facility at which the audit is to occur and shall be coordinated with The Clearing House to minimize disruption to The Clearing House's business operations.

(2) All individual Participant audits shall relate to the Network, shall be reasonable in scope and duration, and shall not last more than three Business Days.

(3) The individual audit shall be performed by the Participant's employees or a mutually agreed upon third party approved by The Clearing House, which approval shall not be unreasonably delayed, conditioned, or withheld, it being understood that the Participant (and its representatives and third parties involved in any audit) may be required to execute The Clearing House's standard confidentiality agreement in advance of performing any audit.

(4) The Participant shall be responsible for its own expenses incurred in connection with any such audit, and the Participant shall reimburse The Clearing House for any costs or expenses incurred by The Clearing House (including internal costs and expenses) in preparing for and supporting the Participant's audit.

**Section XXII(C) Other Vendor Management Requests**

(1) In addition to the audit rights provided in this Rule, The Clearing House will cooperate with reasonable requests for information and materials to assist Participants with their vendor management obligations. The Clearing House in its sole discretion will determine the method for providing such information and materials to Participants.

(2) To the extent a Participant's vendor management requests, whether for information, materials or any other form of inquiry or request, requires The Clearing House to expend material internal or external resources, as determined in The Clearing House's sole discretion, such Participant shall be responsible for reimbursing The Clearing House in accordance with a standard reimbursement rate and methodology determined by The Clearing House.

**The following Schedule A does not exist in the ECCHO Rules but is applicable to the image exchange services offered through the Clearing House Image Exchange Network:**

## **Schedule A**

### **INFORMATION-SECURITY STANDARDS AND REQUIREMENTS**

The Clearing House, as operator of the Network shall take the following measures designed to (i) ensure the security and confidentiality of any information of a customer of (a) a Participant and (b) a non-Participant with which a Participant is exchanging Electronic Checks as authorized these Network Rules (collectively “Customer”), which has been obtained by The Clearing House as a result of a Participant’s use of the Network (“Customer Information”); (ii) protect against any anticipated threats or hazards to the security or integrity of Customer Information, (iii) protect against unauthorized access or use of Customer Information that could result in substantial harm to a Customer, and (iv) address incidents of unauthorized access to Customer Information, including notification to the Participant as soon as possible of any such incident, to enable the Participant to expeditiously implement its response program.

#### **(1) INFORMATION-SECURITY PROGRAM.**

(a) The Clearing House shall adopt a written information-security program that will, at a minimum contain the following elements:

- (1) Physical access to computer equipment, storage media (including electrical, optical, and physical media), and other aspects of the system that would permit access to Customer Information shall be restricted to properly authorized individuals, 24 hours per day, 7 days per week.
- (2) Logical access to programs, data, or any other aspect of the system that would permit access to Customer Information shall be limited to authorized individuals.

(b) The information-security program shall describe the following features as applicable:

- (1) the detail of the system architecture of all environments, including, as applicable, the logical topology of routers, switches, Internet firewalls,

- management or monitoring firewalls, servers (web, application, and database), intrusion detection systems, network and platform redundancy;
- (2) the specifications of the firewalls in use;
  - (3) the intrusion-detection system environment and the security breach and event escalation process;
  - (4) the change-management process for automated systems used to provide services;
  - (5) the business and technical disaster recovery management process;
  - (6) the management and staff positions that perform administrative functions on servers, firewalls, or other devices within the application and network infrastructure;
  - (7) each logon process to be followed by Participants to obtain access to services;
  - (8) policies, procedures, and controls used to protect Customer Information when it is in printed or other perceptible forms;
  - (9) operating system security controls and configurations;
  - (10) technology and usage of encryption for protecting Customer Information, including passwords and authentication information, during transit and in all forms and locations;
  - (11) services, tools and connectivity required to manage the application and network environment;
  - (12) arrangements for physical security;
  - (13) privacy and security policies;
  - (14) location of servers; and
  - (15) security of Customer Information held at The Clearing House's service providers, to the extent such service providers have access to Customer Information.
- (c) The information-security program will be available for inspection by a Participant at an The Clearing House facility upon appointment during normal business hours.
- (d) The Clearing House shall provide for regular audits of the controls related to the information-security program by independent auditors (*e.g.*, SSAE 16 audits). A copy of the audit report shall be provided to each Participant upon request.



(e) The Clearing House shall permit inspection by appropriate federal and state bank supervisory agencies.

(f) The Clearing House shall review the effectiveness of its information-security program and report its findings to its board of directors at least annually. Such review may be based upon and made in conjunction with the reports of independent auditors or bank supervisors as provided in paragraphs 4 and 5 of this section.

**(2) DETECTION OF SECURITY BREACHES.**

(a) The Clearing House shall monitor its system and its procedures for security breaches, violations, and suspicious activity, including suspicious external activity (including unauthorized probes, scans, or break-in attempts) and suspicious internal activity (including unauthorized system administrator access, unauthorized changes to its system or network, system or network misuse, or theft or mishandling of Customer Information).

(b) The Clearing House shall permit a Participant to inspect its physical system equipment, operational environment, and Customer Information handling procedures with prior notice and at mutually agreeable times.

(c) The Clearing House shall notify a Participant in the event of a breach of security or the detection of suspicious activity that affects the Participant and shall cooperate with the Participant's security investigation activities.

(d) The Clearing House shall monitor industry-standard information channels for newly identified system vulnerabilities regarding the technologies and services (including application software, databases, servers, firewalls, routers and switches, hubs, etc.) and fix or patch any identified security problem as soon as commercially reasonable.

**(3) CONTINGENCY PLANS.**

(a) The Clearing House shall maintain appropriate plans to assure its continued operation. These plans shall include the following: recovery strategy, documented recovery plans covering all areas of operations necessary to delivering services as required by the Network Rules, vital records protection, and testing plans. The plans shall provide for off-site backup of

critical data files, Customer Information, software, documentation, forms and supplies, and alternative means of transmitting and processing entries. The recovery strategy shall provide for recovery after both short- and long-term disruptions in facilities, environmental support, and data processing equipment. The Clearing House shall continue to provide service to a Participant if the Participant activates its contingency plan or moves to an interim site to conduct its business, including during tests of the Participant's contingency operations plans.

(b) The Clearing House's contingency plans shall provide the ability to bring its operations up to full capacity at its back-up site within 60 minutes of a declared disaster.

(c) The Clearing House shall provide to a Participant upon request copies of all contingency exercise final reports. If requested, The Clearing House shall allow a Participant, at its own expense, to observe a contingency test.

(d) The Clearing House shall participate in a Participant's exercise to validate recovery connectivity, if requested and upon reimbursement of any expenses incurred by The Clearing House.

**(4) RECORD RETENTION.**

The Clearing House shall maintain system records and logs for one year. A Participant may review and inspect any record of system activity, including entries and Customer Information with prior notice and at a time mutually convenient to the Participant and The Clearing House.

**(5) OTHER.**

(a) The Clearing House will not share Customer Information with anyone outside of the Network.

(b) The Clearing House shall disclose customer information to subcontractors only on a need to know basis, provided that all such subcontractors have written confidentiality obligations to The Clearing House.

**The following Schedule B does not exist in the ECCHO Rules but is applicable to the image exchange services offered through the Clearing House Image Exchange Network:**

## Schedule B

### SUPPLEMENTAL IMAGE FORMAT REQUIREMENTS AND PROCEDURES

(1) Only the following files may be exchanged by Participants through the Network: electronic check presentment data file (“ECPD file”), image cash letter file (“ICL file”), image cash letter return file (“ICLR file”), and image replacement document file (“IRD file”).

(2) Acknowledgement of the receipt of the following files shall be sent by the Participant that received the file: ICL file, ICLR file, and ECPD file.

(3) If a Paying Bank sends an ICLR file or ECPD file to the Presenting Bank, it shall do so by 11:59 p.m. (ET). The following requirements apply to ICLR and ECPD files:

(a) A Paying Bank may send more than one ICLR or ECPD file per day to a Presenting Bank.

(b) A Paying Bank may send return and adjustment cash letters in a single ECPD file.

(4) (a) Prior to a Participant’s initial use of the Network, the Participant shall submit to The Clearing House completed Network Site Matrices in such forms as provided or made available by The Clearing House from time to time

(b) Each Participant shall update its Network Site Matrices as necessary to ensure the information therein remains accurate. A Participant shall not update its Network Site Matrix as Paying Bank to delete a routing number(s) until at least thirty (30) calendar days after it has notified the other Participants that the routing number(s) will be deleted.

(5) A Participant that uses the Network to exchange Electronic Checks with another Participant shall use its best efforts to test with the other Participant any change that it plans to make to its software and/or hardware related to such exchange before it implements the change.

(6) A Presenting Bank shall use commercially reasonable efforts to accurately indicate in Field 3 of the Check Detail Addendum A Record (Type 26) described in X9.100-187 the location to which a Paying Bank should send an ICLR item.

(7) When a Participant sends Check Image Exchange Unprocessable Transmittal #6 to another Participant, it is notifying the other participant that additional action shall be taken by the participants to resolve a processing issue.

**EXHIBITS VI – Electronic Image Quality Standards.**

**Exhibits VI of the ECCHO Rules is amended by adding the following paragraph for purposes of the Network Rules:**

**SUPPLEMENTAL REFERENCES:**

(a) Electronic check presentment data files, image cash letter files, image cash letter return files, and image return disposition files shall meet the requirements of American National Standards specifications for Electronic Exchange of Check and Image Data, ANSI X9.100-187, which can be obtained through [www.X9.org](http://www.X9.org).

(b) Electronic Checks and Electronic Returned Checks should meet at a minimum the specifications of ANSI X9.100-181 (TIFF Image Format for Image Exchange) and TIFF 6.0.

**EXHIBIT VII – Exchange of Image of Canadian Items**

**Exhibit VII of the ECCHO Rules does not apply to the Network.**

**The following Appendix 1 does not exist in the ECCHO Rules but is applicable to the Online Adjustments Service offered by The Clearing House:**

### **Appendix 1**

#### **Online Adjustments Matrix**

This Adjustments Matrix sets forth the categories of Adjustment Claims that a Participant is permitted to make through the Online Adjustments Service, as well as related requirements regarding use of each category, including the time period from the date of the ICL file for the Electronic Check, Electronic Returned Check, or Electronically Created Item (as described in Network Rule XII(A)(2)) to which the Adjustment Claim relates, as well as needed information and documentation.

“With entry” Adjustment Claims settle by default without further action by the sending or receiving Participant. Whether an Adjustment Claim is “with entry” or “without entry” is typically determined by whether the Adjustment Claim is submitted to the Online Adjustments system within a specified period of time from the date of the ICL file to which the Adjustment Claim relates, as set forth in this adjustment matrix.

For an Adjustment Claim that is with entry, the receiving Participant may disclaim the Adjustment Claim or initiate a second timely Adjustment Claim to reverse the settlement on the first Adjustment Claim in the following circumstances:

- The sending Participant did not comply with the requirements of this Adjustment Matrix.
- The Adjustment Claim does not relate to an Electronic Check, Electronic Returned Check, or Electronically Created Item (as described in Network Rule XII(A)(2)) handled by the receiving Participant.
- The Adjustment Claim was a duplicate.
- The receiving Participant had itself previously initiated an Adjustment Claim relating to the same matter.
- The receiving Participant has a reasonable basis for concluding that the sending Participant has not established the factual basis for the claim, except in situations when the Adjustment Claim relates to a breach of warranty claim under Regulation CC 229.34(d) (RCC warranty) for a remotely created check.

Without entry Adjustment Claims settle once the receiving Participant agrees to settle within the Online Adjustments Service, or fails to respond within a specified period of time, as set forth below.

- If the ICL file date of the ICL file to which the Adjustment Claim relates is less than 180 calendar days old, the receiving Participant has 21 calendar days from the date of submission to respond to either accept or reject the without entry Adjustment Claim, or the adjustment will automatically settle.
- If the ICL file date of the ICL file to which the Adjustment Claim relates is 180 calendar days old or greater, the receiving Participant has 45 calendar days from the date of submission to respond and either accept or reject the without entry Adjustment Claim, or the adjustment will automatically settle.

The receiving Participant may reject a request for settlement for a without entry Adjustment Claim for any of the reasons specified above for rejection of with entry Adjustment Claims.

For informational adjustments, the receiving Participant must respond to the informational adjustment within the timeframe from the date of the request specified in this Adjustment Matrix.

Adjustment Reason (type and sub-type, if applicable)	Timing Deadline (from the date of the ICL file to which the adjustment relates)	With/Without Financial Entry	Adjusting Bank Submits	Information Needed
<b>Reversals (ADJ REV)</b>  Explanation: Reversal of an incorrect adjustment.	90 Calendar Days	With entry	Debit or Credit	Copy of Item Previous reference # Previous date charged
<b>Reversal (ADJ REV)</b>  Explanation: Reversal of an incorrect adjustment.	91 Calendar Days – 1 year	Without entry	Debit or Credit	Copy of Item Previous reference # Previous date charged

<p><b>Encoding Error (EE)/Misread (MR)</b></p> <p>Amount Error-Legal Amount</p> <p>Explanation: Compensation for an item encoded for an amount different than the legal (written) amount or the written amount differs from the stated amount in the ANSI X9.100-187 image cash/return letter. Only applies to amount encoding errors.</p>	<p>180 Calendar Days</p>	<p>With entry</p>	<p>Debit or Credit</p>	<p>MICR Code Line Sequence # Item Date Amt Difference</p>
<p><b>Encoding Error (EE)/Misread (MR)</b></p> <p>Amount Error-Legal Amount</p> <p>Explanation: Request for compensation for an item encoded for an amount different than the legal (written) amount or the written amount differs from the stated amount in the ANSI X9.100-187 image cash/return letter. Only applies to amount encoding errors.</p>	<p>181 Calendar Days – 1 year</p>	<p>Without entry</p>	<p>Debit or Credit</p>	<p>MICR Code Line Sequence # Item Date Amt Difference</p>
<p><b>Encoding Error (EE)/Misread (MR)</b></p> <p>Claim of Damage due to Under-Encoding</p>	<p>20 Business Days</p>	<p>With entry</p>	<p>Debit or Credit</p>	<p>Information from encoding error MICR Code line Original Reference # Sequence #</p>



<p>Explanation: Compensation for an item that was under-encoded by the Depository Bank for which the Paying Bank is unable to collect the funds.</p>				<p>Item Date ICL date Entry date</p>
<p><b>Encoding Error (EE)/Misread (MR)</b></p> <p>Claim of Damage due to Under-Encoding</p> <p>Explanation: Request for compensation for an item that was under-encoded by the Depository Bank for which the Paying Bank is unable to collect the funds.</p>	<p>21 Business Days – 1 year</p>	<p>Without entry</p>	<p>Debit or Credit</p>	<p>Information from encoding error MICR Code line Original Reference # Sequence # Item Date ICL date Entry date</p>
<p><b>Duplicate Item (DI)</b></p> <p>Explanation: A Participant received an item which it was asked to pay based on an item that it already had paid and has a claim arising under the duplicate warranty provision in Regulation CC 229.34(a)(ii).</p>	<p>Less than 180 calendar days</p>	<p>With entry</p>	<p>Debit or Credit</p>	<p>For Both items MICR Code Line Sequence # Date of indorsement Cash letter totals Case # (if notified) If originally received from FRB can include only information received from FRB plus FRB reference number or copy of FRB adjustment form or advice</p>

<p><b>Duplicate Item (DI)</b></p> <p>Explanation: A Participant received an item which it was asked to pay based on an item that it already had paid and has a claim arising under the duplicate warranty provision in Regulation CC 229.34(a)(ii).</p>	<p>More than 180 calendar days but less than one year</p>	<p>Without entry</p>	<p>Debit or Credit</p>	<p>For Both items MICR Code Line Sequence # Date of indorsement Cash letter totals Case # (if notified) If originally received from FRB can include only information received from FRB plus FRB reference number or copy of FRB adjustment form or advice</p>
<p><b>Non Conforming Image (NCI)</b></p> <p>Non-Negotiable Item, MICR Mismatch</p> <p>Explanation: Non-negotiable item or an item for which the MICR information associated with the item does not match the MICR information reflected on the image of the item.</p>	<p>90 Calendar Days</p>	<p>With entry</p>	<p>Debit or Credit</p>	<p>MICR Code line Sequence # Item Date</p>
<p><b>Non Conforming Image (NCI)</b></p> <p>Non-Negotiable Item, MICR Mismatch</p> <p>Explanation: Non-negotiable item or an item for which the MICR information associated with the item does not match the MICR</p>	<p>91 Calendar Days – one year</p>	<p>Without entry</p>	<p>Debit or Credit</p>	<p>MICR Code line Sequence # Item Date</p>

information reflected on the image of the item.				
<b>Non Conforming Image (NCI)</b>  Poor Image Quality, Misdirected Return, Ineligible Item, Not Our Item, Invalid RT, Image Missing	20 Business Days	With entry	Debit or Credit	MICR Code line Sequence # Item Date ICL Date Image of Item
<b>Non Conforming Image (NCI)</b>  Poor Image Quality, Misdirected Return, Ineligible Item, Not Our Item, Invalid RT, Image Missing	21 Business Days to one year	Without entry	Debit or Credit	MICR Code line Sequence # Item Date ICL Date Image of Item
<b>Warranty/Indemnity Claim (WIC)</b>  Check 21 Warranty Claim	One year	With entry	Debit	Description of Warranty Breach MICR Code line Copy of Item
<b>Warranty/Indemnity Claim (WIC)</b>  Remote Deposit Capture (RDC) Indemnity Claim	One year	With entry	Debit	Provide information requested within or complete and attach ECCHO Sample RDC Indemnity Claim Letter** as appropriate

<p><b>Warranty/Indemnity Claim (WIC)</b></p> <p>Electronically Created Item Indemnity Claim</p>	<p>One year</p>	<p>With entry</p>	<p>Debit</p>	<p>Provide information requested within or complete and attach ECCHO Sample ECI Indemnity Claim Letter** as appropriate</p>
<p><b>Warranty/Indemnity Claim (WIC) (Disclaimer)</b></p> <p>Remote Deposit Capture Indemnity Disclaimer, Electronically Created Item Indemnity Disclaimer</p>	<p>20 Business Days</p>	<p>With Entry</p>	<p>Debit</p>	<p>Provide information requested within or complete and attach ECCHO Sample RDC or ECI Indemnity Disclaim Form** as appropriate</p>
<p><b>Warranty/Indemnity Claim (WIC)</b></p> <p>Rule 8/Rule 9 Claim</p> <p>Explanation: The WIC Rule 8/Rule 9 Claim category can be used to make Rule 8 or Rule 9 claims under the ECCHO Rules through the Online Adjustments Service rather than the returns process.</p>	<p>Follow ECCHO Rules timing requirements</p>	<p>With entry</p>	<p>Debit</p>	
<p><b>Warranty/Indemnity Claim (WIC)</b></p> <p>Rule 8/Rule 9 Claim Disclaimer</p> <p>Explanation: The WIC Rule 8/Rule 9 Disclaimer categories can be used to disclaim Rule 8 or Rule 9 claims</p>	<p>Follow ECCHO Rules timing requirements</p>	<p>With entry</p>	<p>Debit</p>	

made through the Online Adjustments service.				
<b>Warranty/Indemnity Claim (WIC)</b>  Unauthorized RCC Warranty Claim  Explanation: Claim for a breach of the Regulation CC warranty for remotely created checks (12 CFR 229.34(b)).	90 calendar days	With entry	Debit	MICR Code line Sequence # Item Date Copy of Item Copy of Customer Affidavit
<b>Warranty/Indemnity Claim (WIC)</b>  Unauthorized RCC Warranty Claim  Explanation: Claim for a breach of the Regulation CC warranty for remotely created checks (12 CFR § 229.34(b)).	91 calendar days to one year	Without entry	Debit	MICR Code line Sequence # Item Date Copy of Item Copy of Customer Affidavit
<b>Warranty/Indemnity Claim (WIC)</b>  Expedited Recredit  Explanation: “Check 21” expedited recredit claim under Regulation CC (12 CFR § 229.55).	120 calendar days	Without entry	Debit	<i>Follow requirements in Regulation CC (12 CFR § 229.55).</i>
<b>Other</b>	60 calendar days	With entry	Debit or Credit	MICR Code line

<p>Late Return (Required minimum \$100)</p> <p>Explanation: Item was returned outside applicable return time frames.</p>				<p>Sequence # Item Date Copy of Item</p>
<p><b>Other</b></p> <p>Late Return (Required minimum \$100)</p> <p>Explanation: Item was returned outside applicable return time frames.</p>	<p>61 calendar days to one year</p>	<p>Without entry</p>	<p>Debit or Credit</p>	<p>MICR Code line Sequence # Item Date Copy of Item</p>
<p><b>Other</b></p> <p>Late Return Disclaimer</p> <p>Explanation: Disclaimer of a late return claim adjustment.</p>	<p>20 Business days</p>	<p>With Entry</p>	<p>Debit or Credit</p>	<p>MICR Code line Sequence # Item Date Copy of Item</p>
<p><b>Other</b></p> <p>Late Return Disclaimer</p> <p>Explanation: Disclaimer of a late return claim adjustment.</p>	<p>21 Business Days to One Year</p>	<p>Without Entry</p>	<p>Debit or Credit</p>	<p>MICR Code line Sequence # Item Date Copy of Item</p>
<p><b>Other</b></p>	<p>60 Calendar days</p>	<p>With Entry</p>	<p>Debit or Credit</p>	<p>MICR Code line Sequence #</p>

Pricing Error Adjustment (Savings Bonds)				Item Date Copy of Item
<p><b>Other</b></p> <p>Other</p> <p>Explanation: Request for compensation for an Adjustment reason not otherwise specifically identified in this Adjustment Matrix. May also be used for the Compensation Claim and Non-Receipt of Cash Letter categories.</p>	One year	Without entry	Debit or Credit	MICR Code line Sequence # Item Date Copy of Item
<p><b>Entry in Error (EIE)</b></p> <p>Adjusting Errors Settlement</p> <p>Explanation: A settlement accounting entry was incorrectly made, either for the wrong amount or to the wrong party.</p>	20 Business Days	With Entry	Debit or Credit	Previous reference # in error
<p><b>Entry in Error (EIE)</b></p> <p>Adjusting Errors Settlement</p> <p>Explanation: A settlement accounting entry was incorrectly</p>	21 Business Days - 1 year	Without Entry	Debit or Credit	Previous reference # in error

made, either for the wrong amount or to the wrong party.				
<p><b>Wrong Payee Credit (WPC)</b></p> <p>Explanation: Depository Bank seeks to pass credit to maker's account at Paying Bank to correct error in payee processing/credit of the item. An example would be lockbox bank posts check utility payment to entity other than the utility company payee and subsequently identifies the processing error.</p>	180 calendar days	With entry	Credit	<p>Copy of check                      Maker name                      Check number                      Account on Check</p>
<p><b>Wrong Payee Credit (WPC)</b></p> <p>Explanation: Depository Bank seeks to pass credit to maker's account at Paying Bank to correct error in payee processing/credit of the item. An example would be lockbox bank posts check utility payment to entity other than the utility company payee and subsequently identifies the processing error.</p>	180 calendar days to one year	Without entry	Credit	<p>Copy of check                      Maker name                      Check number                      Account on Check</p>
<p><b>Return (RA)</b></p> <p>Explanation: Adjustment of a return item that was incorrectly returned.</p>	60 Calendar days	With entry	Debit or Credit	<p>Reason for use                      Item sequence number                      Date of Deposit                      Copy of item that includes (RT, Acct #, Amount, Check #)</p>



<p><b>Return (RA)</b></p> <p>Explanation: Adjustment of a return item that was incorrectly returned.</p>	<p>61 Calendar Days to one year</p>	<p>Without entry</p>	<p>Debit or Credit</p>	<p>Reason for use Item sequence number Date of Deposit Copy of item that includes (RT, Acct #, Amount, Check #)</p>
<p><b>Compensation Claim</b></p> <p>Explanation: The value of loss of funds from unjust enrichment of the paying bank as the result of an under encoded check. This claim is brought pursuant to Section VII of, and Exhibit VI to, the ECCHO Rules.</p> <p>Use the “Other” category and provide details regarding the Compensation Claim in the comments section.</p>	<p>90 calendar days (from date of original error)</p>	<p>Without entry</p>	<p>Debit or Credit</p>	<p>Provide information required by Exhibit VI of the ECCHO Rules.</p>
<p><b>Non-Receipt of Cash Letter</b></p> <p>Explanation: No credit Received. The subject cash letter did not reach its intended destination.</p> <p>Use the “Other” category and provide details in the comments section.</p>	<p>As soon as the error is discovered</p>	<p>Without entry</p>	<p>Debit or Credit</p>	
<p><b>Request for Information (RFI)</b></p>	<p>One year</p>	<p>Without entry</p>	<p>N/A</p>	<p>MICR Code line Sequence #</p>

<p><b>Source of Receipt Request</b></p> <p>Explanation: A request to identify from whom an institution received an item, including the routing number and the associated cash/return letter information (date, total, bundle and sequence number).</p> <p>May also be sent by the Depository Bank that accepted the original paper check (“Paper Depository Bank”) to the Paying Bank to identify the depository bank that was paid for an item in a duplicate scenario for use in potential RDC indemnity claim.</p>				<p>Item Date Copy of Item</p> <p>If being used to request the identity of the depository bank for use in potential RDC indemnity claim, provide information requested within or complete &amp; attach ECCHO Sample Source of Item Identification Form.</p>
<p><b>Request for Information (RFI)</b></p> <p>Disposition Request</p> <p>Explanation: Information request to identify where an item was presented/returned, including the routing number and the associated cash/return letter information (date, total, bundle and sequence number).</p>	<p>One year</p>	<p>Without entry</p>	<p>N/A</p>	<p>MICR Code line Sequence # Item Date Copy of Item</p>
<p><b>Request for Original or Sufficient Copy (OSCR)</b></p>	<p>One year</p>	<p>Without entry</p>	<p>N/A</p>	<p>MICR Code line Sequence # Item Date Copy of Item</p>

Explanation: Request for information to assist in determining whether a Check 21 claim is valid.				
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