Summary of RTP Token Program Rule Changes

The RTP Business Committee approved changes to the RTP Operating Rules and Participation Rules to support the RTP Token Program. These changes will become effective February 1, 2022.

- New RTP Token Program Rules Schedule
  - governs rights and responsibilities of TCH, Requestor Participants, and Token Participants.
- Changes to RTP Operating Rules
  - address how Tokens are handled by the RTP System and establishes Token rules that apply to all Participants.
- Changes to RTP Participation Rules
  - limited changes to allow for Third Party Token Providers and add the RTP Token Program to the rule that addresses TCH liability.

1. **New Roles and Key Concepts**
   a. RTP Token Program Generally

   RTP Participants may opt to be Token Participants and/or Requestor Participants. If a Participant opts to be a Token Participant, TCH will issue Tokens for the Token Participant's Eligible Account Numbers, upon request of a Token Requestor or the Token RTP Participant. These Tokens can be used in lieu of the Token Participant's Account Numbers in RTP Payments, Request for Payment, and Remittance Advices. It is important to note that although Participants choose whether they will be a Token Participant and/or Requestor Participant, _all_ Participants may receive Payment Instructions, Payments, RFPs, and Remittances Advices in which another Participant's customer account (counterparty account) is a Token.

   b. The revised rules create four new roles in the RTP System.
      i. Requestor Participant – A Participant that authorizes a Person as a Token Requestor.
      ii. Token Participant – A Participant that authorizes TCH to issue Tokens for its Eligible Account Numbers to Token Requestors.
      iii. Token Requestor – A Token Participant or a Person that Requestor Participant has authorized to request Tokens for any Token Participant's Eligible Account Numbers.
      iv. Third Party Token Provider – A Person, including another Participant, who acts on behalf of a Participant, as such Participant's agent, to request and receive Tokens for the Participant's Eligible Account Numbers and may also conduct technical testing as agent of Participant using the RTP Test Solutions.

2. **New RTP Token Program Rules Schedule**
   a. Defines the terms Eligible Account Number, Requestor Participant, Token Participant, and Token Requestor.
   b. Describes the RTP Token Program.
   c. Provides that the RTP Business Committee will review the program within 12 months of the effective date of the schedule to determine the effectiveness of the program and whether changes are needed to better effectuate the purpose of the program.

3. **RTP Operating Rule Changes**
   a. <u>Definitions</u> (Op Rule I.A)
      i. New terms: Account Number (I.A.2), Bill Pay Purpose (I.A.6), Counterparty (I.A.11), Permitted Restricted Token Use Case (I.A.56), RTP Token Program (I.A.88), Third Party Token Provider (I.A.97), Token (I.A.98), Token Participant Identifier (I.A.99).
      ii. Revised terms: added reference to RTP Token Program to the definition of Fees (I.A.21) and RTP Technical Specifications (I.A.86).
   b. <u>Prohibited Transactions</u> (Op Rule II.E). New subsection 3 (Certain Messages with Tokens) prohibits a Participant from using Tokens in Payments, RFPs, and Remittance Advices to circumvent laws or regulations, or knowingly permit a customer to use Tokens to circumvent AML monitoring systems or mask Payments from law enforcement.
   c. <u>Compliance Programs</u> (Op Rule II.J) New subsection 2 (Tokens) addresses compliance responsibilities related to Tokens, including that a Sending Participant is responsible for determining whether use of a Token in any particular Payment Message is permitted under Applicable Law and that Participants are responsible for updating their compliance programs, if necessary, to account for RTP Tokens. This subsection also creates an obligation on Token Participants to cooperate with a Counterparty Participant as reasonably necessary to operate compliance programs and respond to subpoenas. TCH also has an obligation to provide Account Numbers associated with Tokens to Counterparty Participants while the Tokens are active and for 5 years from the date they are deactivated.
   d. <u>Use of Tokens in Payment Messages</u> (Op Rule III.F) This new rule allows Participants to send Payment Messages that include Tokens; requires that a Sending Participant provide its Token Participant Identifier (RTN) and real RTN when it sends a Payment Message that includes a Token for the Sender's Account; and authorizes TCH to make certain changes in order to detokenize Tokens for Receiver Accounts when Payment Messages are released to the Receiving Participant.
   e. <u>RTP Token Program</u> (Op Rule IV.B) This new rule sets forth general provisions about the RTP Token Program, including that TCH does not make any representations or warranties about the availability of Token functionality. It also establishes how the RTP System handles messages that contain Tokens, including circumstances under which

messages will be rejected due to Token issues. Under this rule, Participants that send messages that contain Tokens to the RTP System indemnify TCH from any claim, harm, or loss that results from the inclusion of a Token in a RTP message. As between Participants, each Participant disclaims liability to other Participants for its use of Tokens and the RTP Token Program and waive any claims against other Participants for their use of Tokens and the Token Program.

f. <u>Message Sending Participant Obligations and Authorization with Respect to Tokens</u> (Op Rule VII.D) This new rule (i) allows a Message Sending Participant to include Tokens in RFPs and Remittance Advices; (ii) prohibits a Message Sending Participant from knowingly including a restricted Token in a RFP or Remittance Advice except for a Permitted Restricted Token Use Case; (iii) requires that a Message Sending Participant provide its Token Participant Identifier (RTN) and real RTN when it sends a RFP or Remittance Advice that includes a Token for the Message Sender's Account; and (iv) authorizes TCH to make certain changes in order to detokenize Tokens for Message Receiver Accounts when RFPs or Remittance Advices are released to the Receiving Message Participant.

g. <u>Protection of Confidential Information</u> (Op Rule XI.A.4) This subsection is revised to include Token information in the kinds of Confidential Information that TCH can disclose under certain conditions.

4. **RTP Participation Rule Changes**

   a. <u>Designation of Eligible Agents</u> (Participation Rule III.A) This rule is revised to enable a new type of agent, a Third-Party Token Provider, to request and receive Tokens as agent of a Token Participant. References to Third-Party Token Provider are added throughout the rule. Like Third-Party Service Providers, Third-Party Token Providers must be designated by a Participant and TCH may require a Participant to stop using a particular Third-Party Token Provider. Because Third-Party Token Providers only connect to TCH systems to request and receive Tokens as agents of Token Participants and do not send or receive RTP Payments or Non-payment Messages, unlike TPSPs, (i) they are not required to comply with the RTP Participation Rules or RTP Operating Rules as if they were Participants and (ii) Participants are not liable for their Third-Party Token Provider's acts and omissions with respect to the RTP System and RTP Test Solutions.

   b. <u>Liability</u> (Participation Rule X.A) TCH's limitation of liability is revised to include the RTP Token Program.