RTP® Participation Rules

July 27, 2023

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The Clearing House RTP Participation Rules  
Effective July 27, 2023

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I. General Eligibility Requirements

A. Only a depository institution is eligible to become a Participant in the RTP System.

A depository institution may become a Participant in the RTP System if:

1. it carries on its business from an office located in the United States of America;
2. the office in the United States of America is subject to supervision and regulation by a federal, state, or territorial depository institution regulatory authority;
3. it has an account with a Federal Reserve Bank or a funding arrangement with a Funding Agent that has been approved by TCH;
4. it has the ability, directly or through a Third-Party Service Provider that has been approved by TCH, to operate and manage its RTP activity on a continuous basis twenty-four (24) hours a day, seven (7) days a week, fifty-two (52) weeks a year, including holidays, in accordance with the RTP Operating Rules and the RTP Technical Specifications; and
5. it is approved by TCH as a Participant.

B. For purposes of this section, the term “depository institution” means any

1. entity that is an “insured depository institution” as defined in the Federal Deposit Insurance Act, 12 U.S.C. § 1813(c)(2);
2. uninsured branch or agency of a foreign bank that is included in the term “insured depository institution” under 12 U.S.C. § 1813(c) for purposes of 12 U.S.C., § 1818; and
3. “insured credit union” as defined in the Federal Credit Union Act, 12 U.S.C. §1752(7); and
4. a credit union organized under the law of any state or the District of Columbia the member accounts of which are insured by an insurer other than the National Credit Union Share Insurance Fund. For the avoidance of doubt, state for purposes of this definition does not include the territories of the United States or the Commonwealth of Puerto Rico.

II. Participant Categories and Publication

A. Participant Categories Defined. RTP shall have four (4) categories of Participants as follows:

1. Funding Participant: A Participant that has become a party to the RTP Prefunded Balance Account Agreement and that (i) requests and receives disbursements from the Prefunded Balance Account, as permitted by the RTP Operating Rules, to its Federal Reserve account and (ii) if the Participant is a Sending Participant, prefunds for itself in accordance with these RTP Participation Rules and the RTP Operating Rules.
2. **Non-funding Participant**: A Participant that is not a Funding Participant and that has designated a Funding Agent to act on its behalf to prefund in accordance with these RTP Participation Rules and the RTP Operating Rules.

3. **Receiving Participant**: The Participant that holds the Receiver’s Account and that receives a Payment Message.

4. **Sending Participant**: The Participant that holds the Sender’s Account and initiates a Payment Message.

B. A Participant must be (i) either a Funding Participant or a Non-funding Participant, and (ii) a Receiving Participant. A Participant also may be a Sending Participant.

C. To assist in its marketing of the RTP System TCH may publish on its public website and in other public materials

1. a list of current Participants and identify each Participant according to its status a Sending and/or Receiving Participant, and

2. a list of Participant routing numbers that are eligible to send and/or receive RTP Payments.

### III. Designation of Eligible Agents

A. **Use of Third-Party Service Providers**

1. A Participant may designate a Third-Party Service Provider to act on its behalf as agent to send and receive transmissions of Payment Messages, Payment Message Responses, and Non-payment Messages, using the Third-Party Service Provider’s technical connection.

B. **Requirements for Third-Party Service Providers**. A Third-Party Service Provider must:

1. Be designated by one or more Participants to act as a Third-Party Service Provider in accordance with procedures established by TCH; and

2. Satisfy the applicable provisions of the RTP Information Security Standards and Requirements and the RTP Technical Specifications, as certified by the Participant in accordance with procedures established by TCH.

C. **Prerequisites to Use of a Third-Party Service Provider**. No Participant may use a Third-Party Service Provider until the Participant has designated the Third-Party Service Provider in accordance with procedures established by TCH.

D. **TCH Right to Prohibit Use of a Third-Party Service Provider**. TCH, in its sole discretion, may require a Participant to stop using a particular Third-Party Service Provider, in which case the
Participant will need to make alternate technical connection arrangements to continue its access to and use of the RTP System.

E. Compliance with these RTP Participation Rules and the RTP Operating Rules. A Third-Party Service Provider shall comply with all relevant provisions of these RTP Participation Rules and the RTP Operating Rules as if such Third-Party Service Provider were a Participant.

F. Participant Liability for Third-Party Service Providers

1. Participants shall be fully responsible and liable to TCH and other Participants for the acts or omissions of their Third-Party Service Providers with respect to (i) the RTP System, including the obligations and responsibilities of Participants under these RTP Participation Rules and the RTP Operating Rules and (ii) the RTP Test Solutions.

2. Participants shall indemnify, defend, and hold harmless TCH and other Participants from and against any and all 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 arising from the acts or omissions of their Third-Party Service Providers in connection with the RTP System and the RTP Test Solutions.

IV. Procedures for Approval of Applicants

A. A prospective Participant must:

1. execute and deliver the Participant Agreement and Indemnity provided by TCH, and any other agreement that may be required by TCH;

2. have agreed to participate in the RTP System as a Funding Participant or a Non-funding Participant and a Receiving Participant; and

3. have agreed to pay any fees, dues, operating charges, and assessments, if any, and any application fee, as prescribed by TCH.

B. A prospective Participant will be evaluated in accordance with the procedures established by TCH. Evaluation of a prospective Participant may include consideration of its business practices or those of its customers. At a minimum, a prospective Participant must satisfy TCH’s due diligence requirements, which may be updated by TCH from time to time.
V. Funding Participants, Designation of Funding Agents, and Interest Payments

A. Eligibility to be a Funding Participant. Each Funding Participant must (i) maintain a reserve or clearing account with a Federal Reserve Bank and (ii) be accepted as a Funding Participant by TCH and the Prefunded Balance Account Bank.

B. Authorized Representatives. Each Funding Participant must identify authorized representatives to act on the Funding Participant’s behalf in connection with the Funding Participant’s funding obligations.

C. Funding for Non-funding Participants / Non-funding Participant Agreement. The designation of a Funding Agent by a Non-funding Participant does not relieve a Non-funding Participant of its funding obligations in the event the Funding Agent is unable or otherwise fails to satisfy the Non-funding Participant’s funding obligations. If a Non-funding Participant’s Funding Agent fails to prefund on the Non-funding Participant’s behalf in accordance with the RTP Operating Rules, the Non-funding Participant will not be permitted to initiate RTP Payments until the required funds are provided by the Funding Agent or through alternate arrangements made by the Non-funding Participant. A Non-funding Participant’s funding obligations do not create any right to any balance or part of the balance in the Prefunded Balance Account.

D. Participant and Funding Agent Liability

1. A Participant and its Funding Agent shall be fully responsible and jointly and severally liable to TCH and other Participants for the acts or omissions of the Funding Agent with respect to the RTP System and the RTP Test Solutions.

2. A Participant and its Funding Agent shall indemnify, defend, and hold harmless TCH and other Participants from and against any and all 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 arising from the acts or omissions of the Funding Agent in connection with the RTP System and the RTP Test Solutions.

E. Interest Payments

1. When the Prefunded Balance Account Bank pays interest on the balance of the Prefunded Balance Account TCH will distribute the full amount of the interest to each Funding Participant and Funding Agent as follows:

   a. TCH will calculate the amount of interest to be paid to each Funding Participant and Funding Agent (such amount the “Interest Amount”) in the same manner and using the same applicable daily interest rate that the Prefunded Balance Account Bank uses to calculate interest on reserve balances. TCH will use each Funding Participant
and Funding Agent’s Current Prefunded Position at the close of Fedwire or the time Fedwire would have closed if it was a business day for Fedwire (such Current Prefunded Position the “Interest Position”) as the equivalent of an end of day balance in a Federal Reserve account. If a Funding Participant or Funding Agent has more than one Current Prefunded Position, it will have a separate Interest Position for each of its Current Prefunded Positions, unless TCH publishes a different means of treating multiple Current Prefunded Positions.

b. For the avoidance of doubt, a Funding Participant or Funding Agent is not entitled to interest for any day on which it did not have a Current Prefunded Position at the close of Fedwire or the time Fedwire would have closed if it was a business day for the Fedwire.

c. Upon request, TCH will provide a Funding Participant or Funding Agent with records that detail how its Interest Amount for an interest period was calculated.

d. Unless TCH publishes a different means of payment, TCH will pay each Funding Participant and Funding Agent its Interest Amount by a Fedwire payment using the same payment instructions provided to TCH by the Funding Participant or Funding Agent to receive distributions of Excess Liquidity.

e. TCH will endeavor to calculate Interest Positions and pay Interest Amounts on the Fedwire day that follows the day that the Prefunded Balance Account Bank paid interest on the balance in the Prefunded Balance Account.

f. Each Funding Participant and Funding Agent authorizes TCH as agent of the Prefunded Balance Account to make transfers from the account that enable TCH to distribute interest in accordance with this rule.

2. TCH has no obligation to distribute an amount that is greater than the amount of interest the Prefunded Balance Account Bank pays on the balance of the Prefunded Balance Account.

3. TCH shall have no liability for any error in its calculation of Interest Amounts, any error in its instruction of payments to pay Interest Amounts, or any delay in its distribution of interest. TCH will endeavor to correct any errors made in the calculation of or instruction of payments to pay Interest Amounts. Each Funding Participant and Funding Agent agrees to (i) notify TCH within 30 calendar days of payment of an Interest Amount if it believes it did not receive the correct Interest Amount and (ii) return to TCH any overpayment of interest it receives promptly upon TCH’s notice that an overpayment was made.

4. Upon reasonable advance notice, TCH may charge Funding Participants and Funding Agents through its usual RTP invoicing for its costs, if any, in paying the Interest Amounts. Such charges will constitute Fees.
VI. Notification of Certain Changes

A Participant must inform the Chief Executive Officer, in writing on its letterhead and signed by a senior officer of such Participant, 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.

A. For purposes of this provision, “control” of a Participant changes if:

1. 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;

2. 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 sixty percent (60%) of the surviving or resulting bank or company;

3. the Participant must file a notice with the Board of Governors of the Federal Reserve System pursuant to § 211.24(a)(7)(i) of Regulation K, 12 C.F.R. § 211.24(a)(7)(i); or

4. the Managing Board or the Chief Executive Officer determines that a Person has acquired a controlling influence over the Participant or its parent.

B. Upon receiving a notice from a Participant of a proposed change in name, form of organization, charter, insured or uninsured status, or direct or indirect control, the Chief Executive Officer may cause the Participant’s continued status as a Participant in the RTP System (and, if relevant, the Participant’s status as a Funding Participant) to be evaluated.

C. Failure to inform the Chief Executive Officer of a change in name, form of organization, charter, insured or uninsured status, or direct or indirect control in accordance with this Article VI may result in the Participant’s termination or suspension from the RTP System by the Chief Executive Officer.

D. 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 change in name, form of organization, charter, insured or uninsured status, or direct or indirect control.
VII. **Resignation**

Any Participant may resign from the RTP System upon not less than thirty (30) days prior written notice to the Chief Executive Officer. The notice shall designate the date on which the resignation is to become effective. Shorter notice of a resignation shall be effective only if accepted by TCH. In the event of any resignation, TCH shall promptly notify each Participant of the resignation and its effective date.

VIII. **Termination or Suspension**

A. Any Participant that suspends payments (as defined in § 4-104 of the New York Uniform Commercial Code) for any reason or loses its charter shall thereby cease to be a Participant.

B. TCH reserves the right, in its sole discretion, to limit, condition, suspend, or terminate a Participant’s use of the RTP System in accordance with the Rules Enforcement Proceedings provisions of the RTP Operating Rules for such Participant’s misuse or abuse of the RTP or for such Participant’s non-compliance with these RTP Participation Rules and/or the RTP Operating Rules.

C. The Chief Executive Officer may terminate or suspend a Participant at any time if he or she determines, in his or her sole discretion, that the Participant’s continued participation in the RTP System would not be in the best interests of TCH, the RTP System or other Participants. By way of example but not by way of limiting the discretion of the Chief Executive Officer, such determination may be based on the following:

1. repeated or willful violations of the provisions of these RTP Participation Rules or the RTP Operating Rules;

2. failure to pay to TCH, when due, any fees, dues, operating charges, or assessments owing to TCH;

3. the occurrence of any act, event, or condition that leads the Chief Executive Officer to determine that a Participant is or is about to become insolvent or unable to meet its obligations under these RTP Participation Rules or the RTP Operating Rules or is being operated in an unsafe or unsound manner;

4. the commencement of any proceedings by or before any regulatory body to terminate a Participant’s deposit insurance or cause it or any of its officers or directors to desist from any alleged unsafe or unsound practice; or

5. the continued transmission of Payment Messages that are related to the fraudulent or questionable business practices of its Customer for more than sixty (60) days after receipt of notice from TCH of the fraudulent or questionable nature of the transactions.
Any termination or suspension taken under this Section VIII.C will be effective from the time set by the Chief Executive Officer and continue unless or until it is countermanded by the Managing Board.

D. In the event of a cessation, termination, or suspension of a Participant under the provisions of this Article VIII, TCH will promptly notify the Participant and each other Participant of the action and its effective date.

IX. Obligation of a Participant on Resignation, Suspension or Other Termination of Participation

A Participant that resigns from the RTP System or whose participation in the RTP System has otherwise been terminated or suspended for any reason shall be and remain liable to TCH and other Participants for or on account of any obligations that have accrued or that have arisen or may arise out of any (i) transaction that has taken place or (ii) indemnification the Participant provided under these RTP Participation Rules prior to the effective date of such resignation, termination, or suspension.

X. Liability

A. **TCH Liability.** In carrying out its responsibilities as operator of the RTP System and in making available the RTP Test Solution, TCH shall only be liable to a Participant for TCH’s gross negligence or intentional misconduct. TCH’s liability in such instances shall be limited to actual damages attributable to its gross negligence or intentional misconduct and shall not include consequential damages, even if such damages were foreseeable.

B. **Participant Liability and Indemnification.** A Participant’s liability and indemnity to TCH and other Participants under these RTP Participation Rules is set forth in the Participant Agreement and Indemnity. As more fully described in the Participant Agreement and Indemnity a Participant shall

1. be liable to other Participants for and indemnify them from costs, claims, and expenses arising from the Participant’s failure to exercise ordinary care or comply with any of the provisions of the RTP Participation Rules or Operating Rules; and

2. be liable to TCH for and indemnify it from costs, claims, and expenses arising from the Participant’s own acts or omissions related to participation in the RTP System (including any failure to comply with any of the provisions of the RTP Participation Rules or Operating Rules).
C. In the event of a dispute between or among Participants, TCH will not be a party to the dispute nor will TCH be responsible for determining the resolution of a dispute, except as specifically set forth in the RTP Operating Rules.

XI. Non-transferability of Rights of Participation

Except as otherwise expressly permitted by TCH, a Participant’s rights of participation in the RTP System shall not be transferable or assignable, whether by sale, merger, consolidation, or otherwise, except as expressly provided herein.

XII. Binding Agreement; Assignment

These RTP Participation Rules and the RTP Operating Rules shall inure to the benefit of TCH and its successors and assigns and shall be binding on the Participants and their respective successors and assigns, except that no Participant may transfer or assign its rights or obligations thereunder except as expressly provided herein. TCH may assign its rights or its obligations under these RTP Participation Rules, the RTP Operating Rules, the Participant Agreement and Indemnity, and any other agreement contemplated in these RTP Participation Rules or the RTP Operating Rules to any subsidiary or affiliate of TCH and shall provide prompt notice of the assignment to each Participant.

XIII. General

Capitalized terms used but not defined in these RTP Participation Rules shall have the meanings ascribed to them in the RTP Operating Rules.