

Retail Payments Jamaica Limited

Automated Clearing House (ACH)

## **Section E – Electronic Items**

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The Retail Payments Jamaica Limited (RPJL) acknowledges the National Automated Clearing House Association ACH Rules as a source and guiding document for the RPJL Automated Clearing House Rules.

E.1 Glossary of Terms	Description
E.1.1 “ACH” or “Automated Clearing House”	<b>ACH</b> is a central clearing facility to or from which Members transmit or receive payment instructions.
E.1.2 “ACH Operator” or “Automated Clearing House Operator	“ <b>ACH Operator</b> ” is the company that operates the ACH on behalf of the Members.
E.1.3 “ACK/ATX – (Acknowledgement Entry)	<b>ACH Acknowledgement entries are optional, non-dollar transactions which may be used by an RDFI to acknowledge that a corporate ACH credit entry has been received and that the RDFI will attempt to post the payment to the Receiver’s account.</b>
E.1.4 “Alphameric”	means any character 0 - 9, A - Z, blank, and printable special characters which have an EBCDIC value greater than hexadecimal 3F. Fields defined in these Rules as “alphameric” may contain any of these allowable characters.
E.1.5 “ANSI ASC X12.5” (Interchange Control Structure)	means the standard to define the control structures for the electronic interchange of business transactions encoded in ASC X12-based syntax. This standard provides the interchange envelope of a header and trailer for the electronic interchange through a data transmission, a structure to acknowledge the receipt and processing of this envelope, and optional, interchange-level service request structures.
E.1.6 “ANSI ASC X12.6” (Application Control Structure)	means the standard used to define the structure of business transactions for computer-to-computer interchange. This structure is expressed using a symbolic representation of X12 data in terms of both the design and use of X12 structures, independent of the physical representation (e.g., character set encoding).
E.1.7 “Automated Clearing House” or “ACH”	means a central clearing facility to or from which members transmit or receive payment instructions
E.1.8 “APL”	means <b>Automated Payments Limited.</b>
E.1.9 “BPR or BPS Data Segment” or “Beginning Segment for Payment Order/Remittance Advice”	means the beginning segment for the payment order/remittance advice used in ASC X12-based syntax to indicate the beginning of a payment-related transaction set which contains the necessary banking information to process the transaction.
E.1.10 “Business Day”	means a day other than a Public General Holiday as defined in the Holidays (Public General) Act

<b>E.1 Glossary of Terms</b>	<b>Description</b>
<b>E.1.11 “CCD Entry”</b>	means a credit or debit entry initiated by an organization to consolidate funds of that organization from its branches, franchises or agents, or from other organizations, or to fund the accounts of its branches, franchises or agents, or of another organization.
<b>E.1.12 “Company”</b>	means Retail Payments Jamaica Limited.
<b>E.1.13 “Constitution”</b>	means the Constitution of Retail Payments Jamaica Limited.
<b>E.1.14 “Consumer account”</b>	means a deposit account held by a Participating DFI and established by a natural person primarily for personal, family or household and not for commercial purposes.
<b>E.1.15 “CTX Entry”</b>	means a credit or debit entry initiated by an organization to effect a transfer of funds to or from the account of that organization or another organization and accompanied by addenda records that relay information formatted in accordance with ANSI ASCX12.6 syntax.
<b>E.1.16 “Electronic Funds Transfer”</b>	means the electronic transfer of money from one licensed financial institution's account to another account, whether in the same licensed financial institution or across multiple licensed financial institutions, using technology, including an electronic communication system, provided that the licensed financial institution is a member of the ACH. The terms "electronic" and "electronic communication system" shall have the same meaning as defined in the Electronic Transactions Act. "
<b>E.1.17 “Entry”</b>	means an order or request complying with the requirements of Appendix Two (ACH Record Format Specifications) (1) for the deposit of money to the deposit account of a Receiver (a “credit entry”), (2) for the payment of money from the deposit account of a Receiver (a “debit entry”), (3) a zero dollar entry or (4) all entries constituting notice of presentment of an eligible item as defined Rule A1 Preparation of Clearings and notice of dishonor as set forth in Rule A4 Returned and Redirected Items and E6.
<b>E.1.18 “Existing Relationship”</b>	the Originator and the Receiver have an existing relationship when there is a written agreement in place between the Originator and the Receiver or when the Receiver has purchased goods or services from the Originator within the past two years.
<b>E.1.19 “File”</b>	means a group of entries complying with the requirements of Appendix Two (ACH Record Format Specifications), associated with a given transmittal register and the control totals set forth therein.
<b>E.1.20 “Member”</b>	means any institution which licensed under the Banking Services Act (BSA) and is a member of the Company

<b>E.1 Glossary of Terms</b>	<b>Description</b>
<b>E.1.21 “Midnight of a Business day”</b>	means midnight of the day on which such Business day falls.
<b>E.1.22 “Non-Settled entry”</b>	means an entry for which settlement cannot be completed under the rules governing the settlement of that entry.
<b>E.1.23 “Organization”</b>	means a corporation, partnership, association or other entity, governmental or private.
<b>E.1.24 “Originating Depository Financial Institution” or “ODFI”</b>	is a Participating Depository Financial Institution that (1) transmits entries directly or indirectly to the ACH Operator for transmittal to an RDFI, and (2) is designated as the ODFI.
<b>E.1.25 “Originator”</b>	means a person that has authorized an ODFI to transmit a credit or debit entry to the deposit account of a Receiver with an RDFI, or, if the Receiver is also the RDFI, to such Receiver. Where the context so requires, that term also refers to the ODFI.
<b>E.1.26 “Participating Depository Financial Institution” or “Participating DFI”</b>	means a financial institution that (1) is licensed under the BSA as a deposit taking institution, (2) has been assigned a routing number, and (3) has agreed to be bound by these rules. A Participating DFI is a member of the Company authorized to transmit entries and receive entries from the ACH Operator. Only Participating DFIs may act as ODFIs or RDFIs.
<b>E.1.27 “Person”</b>	means a natural person or an organization.
<b>E.1.28 “PPD Entry”</b>	means a credit or debit entry initiated by an organization pursuant to a standing or a single entry authorization from a Receiver to effect a transfer of funds to or from an account of the Receiver.
<b>E.1.29 “Prenotification Entry”</b>	A Prenotification entry is a non-dollar transaction which is used by an Originator to verify that the account number on an entry is for a valid account at an RDFI.
<b>E.1.30 “Receiver”</b>	means a person that has authorized an Originator to initiate a credit or debit entry to the Receiver’s deposit account with an RDFI, or, if the Receiver is also the RDFI, to such Receiver. With respect to debit entries, the term “Receiver” shall be deemed to mean all persons whose signatures are required to withdraw funds from an account for purposes of the warranty provisions of subsection 5.2 (Warranties).
<b>E.1.31 “Receiving Depository Financial Institution” or “RDFI”</b>	Is a Participating Depository Financial Institution that (1) receives entries from the ACH Operator for debit or credit to the accounts of Receivers, and (2) is designated as the RDFI.



<b>E.1 Glossary of Terms</b>	<b>Description</b>
<b>E.1.32 “Receiving Point”</b>	means a person that receives entries from the ACH Operator on behalf of an RDFI. A Receiving Point may be an RDFI acting on its own behalf, a Participating DFI, a commercial data processing service organization, or a person operating a data transmission facility, acting on behalf of one or more RDFIs.
<b>E.1.33 “Recourse Period”</b>	means the period within which the RDFI must return an item to the ODFI, that is within 3 Business days, day one being the original settlement date.
<b>E.1.34 “Retention Period”</b>	means the period within which all actions of account and suits for such accounts shall be commenced and sued, as provided in the Limitation of Actions Act, Section 51, (Part IV)
<b>E.1.35 “Send”</b>	means to deposit in the mail or to communicate by any other usual means with postage or cost of transportation provided for and the item properly addressed or sent by facsimile.
<b>E.1.36 “Sending Point”</b>	means a person that transmits entries to an ACH Operator on behalf of an ODFI. A Sending Point may be an ODFI acting on its own behalf, or a Participating DFI, a commercial data processing service organization or a person operating a data transmission facility, acting on behalf of one or more ODFIs.
<b>E.1.37 “Settlement Date”</b>	means the date an exchange of funds with respect to an entry is reflected on the books of <b>Bank of Jamaica</b> .
<b>E.1.38 “Single Entry”</b>	means a onetime transfer of funds initiated by an Originator in accordance with the Receiver’s authorization for a single ACH credit or debit to the Receiver’s Account.
<b>E.1.39 “Third-Party Service Provider”</b>	means an entity other than an ODFI or RDFI that performs any functions on behalf of the ODFI or the RDFI related to ACH processing of entries, including but not limited to, the creation of ACH files or acting as a sending or receiving point on behalf of a Participating DFI. A Third-Party Service Provider may include a data processing service bureau, a correspondent bank, a payable-through bank, or one financial institution acting on behalf of another financial institution.
<b>E.1.40 “Transaction Account”</b>	means a deposit account from which the depositor or account holder is permitted to make transfers or withdrawals by negotiable or transferable instrument, payment order of withdrawal, telephone transfer, or other similar device for the purpose of making payments or transfers to third parties or others or from which the depositor may make third party payments at an automated teller machine (ATM) or a remote service unit, or other electronic device, including by debit card.
<b>E.1.41 “Transmit”</b>	means to deliver by electronic means of communication.

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<b>E.1 Glossary of Terms</b>	<b>Description</b>
<b>E.1.42 “TRC entry”</b>	means a debit entry initiated pursuant to a cheque truncation program, whereby data from the MICR line is transmitted electronically.
<b>E.1.43 “Truncation”</b>	means a process whereby cheques are presented by transmission of data describing the cheque rather than by the delivery of the cheque itself. The cheque itself may be delivered subsequent to the electronic presentment.
<b>E.1.44 “TRX entry”</b>	means an entry initiated pursuant to a cheque truncation program. Multiple cheques are placed in the Payment Related Information section of the Addenda Record. A TRX entry can contain up to 9,999 addenda records.

## **E.2 Rules Application and Compliance**

### **E.2.1 Application of Rules**

These rules apply to all entries and entry data transmitted through the ACH Operator.

### **E.2.2 Compliance with Rules**

#### **E.2.2.1 Agreement to Comply**

Each Participating DFI and the ACH Operator agree to comply with these rules and warrant that it is able to comply with all applicable requirements of these rules and that it will comply with the rules enforcement procedures prescribed by the Company.

#### **E.2.2.2 Audits**

Each Participating DFI shall conduct or have conducted audits of its compliance with these rules at least annually in accordance with the procedures prescribed by the Company.

#### **E.2.2.3 Compensation**

The settlement of claims for compensation between Participating DFIs shall be governed by the procedures contained in Rule A5 (Items in Dispute), Rule A6 (Arbitration) and Rule A7 (Interest Claims) as the case may require.

#### **E.2.2.4 Arbitration**

Subject to the Arbitration Act, the settlement of disputes arising under these rules between Participating DFIs shall be governed by the procedures contained in Rule A6 Arbitration.

#### **E.2.2.5 Competent Court**

Disputes arising under these rules between participating DFIs or between a participating DFI and the Operator shall be governed by Jamaican law.

#### **E.2.2.6 Recourse Periods**

A Participating DFI may return an entry outside of the recourse periods and timelines stipulated in these Rules, subject to the acceptance of the DFI receiving such an entry.

### **E.2.3 Excused Delay**

Delay by a Participating DFI or the ACH Operator beyond the time limits prescribed or permitted by these rules may be excused if the delay was caused by the interruption of communication or computer facilities, suspension of payments by another Participating DFI or the ACH Operator, war, emergency conditions, failure of equipment, or other circumstances beyond the control of the Participating DFI or the ACH Operator, provided that it takes all reasonable steps as may be required in the circumstances. Any accommodation granted in these circumstances does not constitute an entitlement.

### **E.2.4 Days on Which Institution or Facility is Closed**

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

**E.2.5 Records**

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

**E.2.6 Choice of Law**

These rules and the rights and obligations of a party with regard to a credit entry subject to Rule A1 General Rules – Items Acceptable for Clearing and E5.4 shall be construed in accordance with and governed by the laws of Jamaica.

## **E.3 Origination of Entries**

### **E.3.1 Prerequisites to Origination**

The following sub-sections detail the prerequisites an Originator must fulfill prior to initiating the first credit or debit entry to a Receiver or to a Receiver's account with an RDFI:

#### **E.3.1.1 Originator Authorization and Agreement**

The Originator must authorize the ODFI in writing, or by non-written means to transmit, and to credit or debit the amount of one or more entries to the Receiver's account.

#### **E.3.1.2 Receiver Authorization and Agreement**

The Receiver must authorise the Originator to initiate the entry to the Receiver's account and such authorisation must also specify the manner in which revocation should take place. In the case of debit entries to an account, the authorization must be in writing, signed or similarly authenticated. The term similarly authenticated includes the use of a digital signature or other code. To meet the requirement that an authorization be in writing, an electronic authorization must be able to be displayed on a computer screen or other visual display that allows the communication to be read. The authorization also must be readily identifiable as an authorization, must clearly and conspicuously state its terms, and must provide that the Receiver may revoke the authorization only by notifying the Originator in the manner specified in the authorization. In the case of credit entries, the authorization may be provided orally or by other non-written means. Entries described in Sub section E.3.1.3 (Exception to Authorization Requirement) are exempted from these Receiver authorization requirements.

#### **E.3.1.3 Exception to Authorization Requirement**

If both the Originator and Receiver are natural persons, no authorization by the Receiver is required for credit entries, and no warranty with respect to that authorization is made by the ODFI. The provisions of Subsection E.4.5 (Records) and Subsection E.5.1.1 (Right to Information Regarding Entries) are not applicable to the entries described in this Subsection E.3.1.3.

#### **E.3.1.4 Notice by ODFI**

In the case of a credit entry, the ODFI shall provide the Originator with notice that the entry may be transmitted through the ACH.

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

#### **E.3.1.5 Notice by RDFI**

In the case of a credit entry, the RDFI must provide the Receiver with notice that the entry may be transmitted through the ACH.

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

These rules do not require the RDFI to provide the Receiver with notice that the RDFI has received the entry unless the RDFI has agreed to do so.

### **E.3.2 Warranties and Liabilities of Originating Depository Financial Institutions**

#### **E.3.2.1 ODFI Warranties**

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

##### **E.3.2.1.1 *Authorization by Originator and Receiver***

Each entry transmitted by the ODFI to the ACH Operator is in accordance with proper authorization provided by the Originator and the Receiver.

*E.3.2.1.2 Timeliness of Entries*

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

*E.3.2.1.3 Compliance With Other Requirements*

All other applicable requirements of Section E.3.1 (Prerequisites to Origination) concerning the authorization and entry have been satisfied, the entry has not been reinitiated in violation of Section E.6.1.7 (Reinitiation of Returned Entries by the ODFI), and the entry otherwise complies with these rules.

*E.3.2.1.4 Revocation of Authorization*

At the time the entry is transmitted to the ACH Operator, the Originator's authorization has not been revoked, the agreement between the ODFI and Originator concerning the entry has not been terminated, and neither the ODFI nor the Originator has actual knowledge of the revocation of the Receiver's authorization or of the termination of the arrangement between the RDFI and the Receiver concerning the entry.

*E.3.2.1.5 Termination of Authorization by Operation of Law*

At the time the entry is processed by an RDFI, the authorization for that entry has not been terminated, in whole or in part, by operation of law. This subsection shall not apply if the RDFI has actual knowledge of the circumstances giving rise to such termination at the time it processes the entry and the ODFI does not have such actual knowledge.

*E.3.2.1.6 Transmittal of Required Information*

Each entry transmitted by the ODFI to the ACH Operator contains the correct Receiver account number and all other information necessary to enable the RDFI to comply with the requirements of Section E.5.5 (Periodic Statements) except for information within the purview of the RDFI's relationship with the Receiver. Information transmitted with an entry is payment related and conforms to the requirements of Appendix Two (ACH Record Format Specifications).

*E.3.2.1.7 Sending Points*

An entry containing the routing number of an ODFI which is transmitted to the ACH Operator by a Sending Point used by that ODFI to transmit entries to the ACH Operator on its behalf is transmitted pursuant to an agreement entered into between the ODFI and that Sending Point to transmit the entry.

*E.3.2.1.8 Audits*

The ODFI and any third-party service provider that has acted on behalf of the ODFI with regard to the entry are in compliance with the audit requirements prescribed in the Constitution, which provide for an audits of compliance with these rules.

**E.3.3 Limitation**

Notwithstanding anything in these rules to the contrary, the warranties contained within Subsection E.3.2.1 (Warranties) and the requirements of Subsection E.3.1.2 (Receiver Authorization and Agreement) do not apply to the goods or services to which the entry relates.

**E.3.4 Liability for Breach of Warranty**

Each ODFI breaching any of the preceding warranties shall indemnify every RDFI, ACH Operator, and the Company from and against any and all claims, demand, loss, liability, or expense, including attorneys' fees and costs, that result directly or indirectly from the breach of warranty or the debiting or crediting of the entry to the Receiver's account. This indemnity includes, without limitation, any claim, demand, loss, liability, or expense based on the ground that the debiting of an entry to an account resulted, either directly or indirectly, in the return of one or more items or entries of the Receiver due to insufficient funds. This indemnity also includes without limitation, any claim, demand, loss, liability, or expense resulting from the failure of the ODFI to comply with the provisions of these rules or with or with the Laws of Jamaica.

**E.3.5 Reversing Files****E.3.5.1 General Rule**

If an Originator, ODFI, or the ACH Operator has mistakenly initiated a duplicate file or a file in which each entry or each entry in one or more batches contains erroneous data, and no right to recall those entries otherwise exists under these rules, the Originator, ODFI, or the ACH Operator may initiate a file of entries (referred to as a "reversing file") in accordance with Appendix Two (ACH Record Format Specifications) and this Section E.3.5 to reverse each entry of the duplicate or erroneous file or batch(es).

**E.3.5.2 Limitations on Initiation of Reversing Files**

Each reversing file initiated by the Originator or the ODFI must be initiated in such time as to be transmitted or made available to the RDFI(s) within one Business day after the Settlement Date of the duplicate or erroneous file or batch(es). The file must be transmitted to the ACH Operator within 24 hours of the settlement of the original file.

**E.3.5.3 Correcting Files**

A reversing file to correct an erroneous file or batch must be accompanied by a file (referred to as a "correcting file") which contains correct information. The correcting file must comply with the requirements of Appendix Two (ACH Record Format Specifications).

**E.3.5.4 Indemnification**

Each ODFI that initiates a reversing or correcting file shall indemnify every Participating DFI, the ACH Operator, and the Company from and against any and all claims, demand, loss, liability, or expense, including attorneys' fees and costs, that result directly or indirectly from the debiting or crediting of any entry in the file to the Receiver's account. Each ODFI also shall indemnify every RDFI, the ACH Operator, and the Company from and against any and all claims, demand, loss, liability, or expense, including attorneys' fees and costs, resulting directly or indirectly from the crediting or debiting of any entry contained in a reversing or correcting file initiated by an Originator through the ODFI.

**E.3.5.5 Inapplicable Provisions**

For a reversing file complying with the requirements of this section, the provisions of Sections E.3.1 (Prerequisites to Origination), E.3.2 (Warranties & Liabilities of ODFIs), and Section E.4.3 (Notice by Originator to Receiver of Variable Debits) do not apply.

**E.3.6 Reversing Entries****E.3.6.1 General Rule**

An Originator may initiate an entry (referred to as a “reversing entry”) to correct an erroneous credit or debit entry previously initiated to a Receiver’s account. The reversing entry must be transmitted to the ACH Operator in such time as to be transmitted or made available to the RDFI on the Business day following the Settlement Date of the erroneous entry. The RDFI may, but is not obligated to, comply with such a request. For this section E.3.6 only, an erroneous entry is defined as an entry that (1) is a duplicate of an entry previously initiated by the Originator or ODFI; (2) orders payment to or from a Receiver not intended to be credited or debited by the Originator; or (3) orders payment in a dollar amount different than was intended by the Originator. The Originator must notify the Receiver of the reversing entry and the reason for the reversing entry no later than the Settlement Date of the reversing entry.

**E.3.6.2 Indemnification**

Each ODFI that initiates a reversing entry shall indemnify every Participating DFI, the ACH Operator, and the Company from and against any and all claims, demand, loss, liability, or expense including attorneys’ fees and costs, that result directly or indirectly from the debiting or crediting of the reversing entry to the Receiver’s account. Each ODFI also shall indemnify every RDFI, the ACH Operator and the Company from and against any and all claims, demand, loss, liability, or expense including attorneys’ fees and costs, that result directly or indirectly from the debiting or crediting of the reversing entry initiated by an Originator through the ODFI.

**E.3.6.3 Inapplicable Provisions**

For a reversing entry complying with the requirements of this section, the provisions of Sections E.3.1.2 (Receiver Authorisation and Agreement), E.3.2.1 (Warranties & Liabilities of ODFIs), and Section E.4.3 (Notice by Originator to Receiver of Variable Debits), do not apply.



## **E.4 Obligations of Originators**

### **E.4.1 General**

In addition to the requirements of Section E.3.1 (Prerequisites to Origination) concerning the initiation of entries, an Originator must comply with the requirements contained within this Section E. 4.

### **E.4.2 Prenotification Entry**

Prior to sending a debit dollar entry, Originators must submit a Prenotification entry to the Receiver's RDFI for verification.

### **E.4.3 Notice by Originator to Receiver of Variable Debits**

#### **E.4.3.1 Notice of Change in Amount**

If the amount of a debit entry to be initiated to an Account differs from the amount of the immediately preceding debit entry relating to the same authorization or from a preauthorized amount, the Originator must send the Receiver written notification of the amount of the entry and the date on or after which the entry will be debited. The Originator must send the Receiver written notice at least fifteen calendar days prior to the date on which the entry is scheduled to be initiated.

#### **E.4.3.2 Receiver's Election**

If the Originator informs the Receiver of the Receiver's right to receive notification concerning a change in the amount of a debit entry, the Receiver may choose to receive notice only if the amount of the entry falls outside a specified range or if the entry differs from the most recent entry by more than an agreed upon amount.

#### **E.4.3.3 Notice of Change in Scheduled Debiting Date**

If an Originator changes the date on or after which entries to be initiated by the Originator are scheduled to be debited to a Receiver's account, the Originator shall send to the Receiver written notification of the new date on or after which entries initiated by the Originator are scheduled to be debited to the Receiver's account. Such notification shall be sent within not less than fifteen calendar days before the first entry to be affected by the change is scheduled to be debited to the Receiver's account. For purposes of this Subsection, variation in debiting dates due to Saturdays, Sundays, or holidays are not considered to be changes in the scheduled dates.

### **E.4.4 Copy of Debit Authorization**

An Originator must provide each Receiver with an electronic or hard copy of the Receiver's authorization for debit entries to be initiated to an Account.

### **E.4.5 Records**

An Originator must retain the original or an electronic or a microfilm or microfilm-equivalent copy of each authorization of a Receiver for the specified Retention Period commencing from the termination or revocation of the authorization. At the request of its ODFI, the Originator must provide the original or copy of the authorization to the ODFI for its use or for the use of an RDFI requesting the information pursuant to Section E.5.1.1 (Right to Information Regarding Entries).

## **E.5 Receipt of Entries**

### **E.5.1 General Rights and Obligations of RDFI**

#### **E.5.1.1 Right to Information Regarding Entries**

Prior to and at any time while acting as an RDFI for a Receiver, the RDFI may request, in writing, that an ODFI provide a copy of the Receiver's authorization for any entries. Upon receipt of the RDFI's written request, the ODFI must obtain the original or a copy of the Receiver's authorization from the Originator in accordance with Section E.4.5 (Records) and provide it to the RDFI. The RDFI must not require the Originator to provide any other information concerning the Receiver or any entry to be initiated by the Originator to the Receiver's account.

#### **E.5.1.2 Obligation to Accept Entries**

Subject to its right to return or reject entries under these rules, an RDFI must accept credit, debit, and zero dollar entries that comply with these rules and are received with respect to any account maintained with that RDFI.

#### **E.5.1.3 Reliance on Account Numbers for Posting of Entries**

If the account number and the name of the Receiver contained in an entry do not relate to the same account, the RDFI may rely solely on the account number contained in the entry for purposes of posting the entry to the Receiver's account.

### **E.5.2 Warranties of Receiving Depository Financial Institutions**

Each RDFI warrants to each ODFI, the ACH Operator, and the Company that it has the power under applicable law to receive entries as provided in these rules and to comply with the requirements of these rules concerning RDFIs and Participating DFIs. Each RDFI also warrants that the RDFI and any third-party service provider that has acted on behalf of the RDFI with regard to the entry are in compliance with the audit requirements as prescribed by the Constitution, which provides for an annual audit of compliance with these rules.

### **E.5.3 Receipt and Availability of Entries**

An entry or entry data is deemed to be received by an RDFI on the Business day on which the entry or entry data is made available to it. An entry or entry data is made available to an RDFI when the entry or entry data is processed by the ACH Operator and is ready for distribution. Each PPD credit entry that is made available to an RDFI by its ACH Operator on the Business day prior to the Settlement Date must be made available to the receiver for withdrawal at the opening of business on the Settlement Date. For purposes of the preceding sentence, opening of business is defined as the time the RDFI's teller facilities (including ATMs) are available for customer account withdrawals.

### **E.5.4 Availability of Entries and Entry Data, Crediting and Debiting of Entries**

#### **E.5.4.1 Availability of Credit Entries to Receivers**

Subject to its right to return or reject entries in accordance with these rules, each RDFI must make the amount of each credit entry received from its ACH Operator available to the Receiver for withdrawal or cash withdrawal no later than the Business day following the Settlement Date of the entry.

#### **E.5.4.2 Time of Debiting of Entries**

An RDFI must not debit the amount of any entry to a Receiver's account prior to the Settlement Date of the entry.

#### **E.5.4.3 Rights of Receiver Upon Unauthorized Debit to Its Account**

A Receiver or other person whose account is debited by an entry which is, in whole or in part, not authorized by such person shall have rights, including the right to have the account re-credited as provided by law or

agreement. Each participating DFI that initiates recreditation of an entry said to be unauthorised which turns out to be an authorised entry shall indemnify the Operator, the ODFI and the Originator from and against any and all expense that results directly or indirectly from handling the request.

**E.5.4.4 Reliance on Standard Entry Class Codes**

An RDFI may consider an entry containing a Standard Entry Class Code specified in Appendix Two (ACH Record Format Specifications) as complying with the requirements of these rules for that type of entry.

**E.5.5 Periodic Statements**

An RDFI must send or make available to each of its Receivers information concerning each credit and debit entry to an account of the Receiver in accordance with Appendix Four (Minimum Description Standards).

**E.5.6 Notice to Receiver**

An RDFI is not required to notify a Receiver of receipt of an entry to its account unless otherwise provided for in an agreement between the RDFI and Receiver or required by law or regulation which cannot be varied by these rules or by agreement of the parties.

**E.5.7 Acknowledgement Entries**

Originators may request an acknowledgment by the RDFI that a corporate credit payment (CCD or CTX entry) has been received by the RDFI.

## **E.6 Return of Entries**

### **E.6.1 Return of Entries**

#### **E.6.1.1 Right to Return Entries**

Except as otherwise provided for in Subsection E.6.1.3 (Restrictions on Right to Return), an RDFI may return an entry for any of the reasons stated in Appendix 5.

#### **E.6.1.2 Requirements of Returns**

Each return entry must comply with the requirements of Appendix 5 (Return Entries). A return entry relating to a credit entry must be transmitted by the RDFI to the ACH Operator prior to the time the RDFI accepts the credit entry unless the Receiver of the entry does not have an account with the RDFI, the Receiver's account has been closed, or the RDFI is not permitted by law to receive credits for the Receiver's account.

#### **E.6.1.3 Restrictions on Right to Return**

A RDFI may not return an entry solely because it is a credit, debit, or zero dollar entry or is a particular type of credit, debit, or zero dollar entry.

#### **E.6.1.4 Credit Entries Returned by the RDFI**

A RDFI must return any credit entry so that it is available to the ODFI by the close of business on the third Business day following receipt of the entry.

#### **E.6.1.5 Credit Entries Returned by Receiver**

A RDFI may return any credit entry that is returned to it by a Receiver. The RDFI must transmit the return entry to the ACH Operator by the end of the Business day following receipt of this credit entry by the RDFI from the Receiver.

#### **E.6.1.6 Debit Entries Returned by RDFI**

A RDFI must return any debit entry to the ODFI within the Recourse Period.

#### **E.6.1.7 Return of Un-posted Credit Entries**

A RDFI must return all credit entries that are not credited or otherwise made available to its Receiver's account by midnight of the Business day following the Settlement Date.

#### **E.6.1.8 Acceptance of Return Entries by ODFI**

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

#### **E.6.1.9 Re-initiation of Return Entries by ODFI**

An entry that has been returned may not be reinitiated unless the ODFI has taken corrective action to remedy the reason for the return.

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**E.7 Settlement Accountability****E.7.1 Maintenance of Bank Accounts**

Each Participating DFI must maintain an account with Bank of Jamaica.

**E.7.2 Settlement**

Settlement among Participating DFIs for entries, adjustment entries, and return entries transmitted in accordance with these rules will be effected by the crediting and debiting of Bank of Jamaica accounts of Participating DFIs referred to in Section E.7.1 (Maintenance of Bank Accounts). Settlement must be made in accordance with these rules, applicable operating circulars of Bank of Jamaica, and any other applicable agreements.

**E.7.3 Effect of Settlement**

Settlement of entries does not preclude a Participating DFI from pursuing any available legal rights or remedies concerning any entry, adjustment entry, or return entry, including without limitation any right or remedy arising out of a return entry or adjustment entry, transmitted after the time limits established by these rules.

**E.7.4 Accountability for Entries**

Each RDFI is accountable for the amount of all debit entries received that are not returned in accordance with these rules. The RDFI's accountability under this section is not affected by the failure of the ODFI to comply with the provisions of Section E.6.2 (Dishonor of Return Entries).

**E.8 Recall Stop Payments, Re-credit and Adjustment****E.8.1 Recall by ODFI or Originator**

Except as allowed by Sections E.3.5 (Reversing Files) and E.3.6 (Reversing Entries) neither an Originator nor an ODFI has the right to recall an entry or file, to require the return of or adjustment to an entry, or to stop the payment or posting of an entry, once the entry or file has been received by the ACH Operator. The ODFI cannot recall an entry or a file for lack of funds.

**E.8.2 ODFI Request for Return**

An ODFI may, in writing, request an RDFI to return or adjust an erroneous entry initiated by the ODFI. For purposes of this Section E.8.2, an erroneous entry is an entry (1) that is a duplicate of an entry previously initiated by the Originator or ODFI, (2) that orders payment to or from a Receiver not intended to be credited or debited by the Originator, or (3) that orders payment in an amount different than was intended by the Originator. The RDFI may, but is not obligated to, comply with such a request. The ODFI making such a request indemnifies the RDFI from and against any and all claim, demand, loss, liability or expense, including attorneys' fees and costs, resulting directly or indirectly from compliance by the RDFI with such request.

**E.8.3 Stop Payment Affecting Accounts**

A Receiver may order its RDFI to stop the payment of any debit entry initiated or to be initiated to an Account of the Receiver. The stop payment order must be provided to the RDFI at such time and in such manner as to allow the RDFI a reasonable opportunity to act upon the stop payment order prior to acting on the debit entry.

**E.8.4 Receiver's Right to Re-credit****E.8.4.1 Receiver's Right to Re-credit**

An RDFI must promptly credit the amount of a debit entry to an account of a Receiver if:

- (1) the Receiver sends or delivers to the RDFI an affidavit as described in subsection E.8.4.2 (Receiver Affidavit) that the debit entry was not authorised by the Receiver, and
- (2) this affidavit is sent or delivered to the RDFI within fifteen (15) calendar days from the date the RDFI sends or makes available to the Receiver a statement relating to the debit entry in accordance with section E. 5.5 ("Periodic Statements").

**E.8.4.2 Receiver Affidavit**

A Receiver must execute an affidavit, in the form required by the RDFI, declaring and swearing under oath that the debit entry for which the Receiver is seeking recredit under this Section E.8.4 was not authorized by the Receiver.

**E.8.4.3 Unauthorized Debit Entry**

For purposes of this Section E.8.4, a debit entry was not authorized by the Receiver if:

- (1) the authorization requirements of Subsection E.3.1.2 (Receiver Authorization and Agreement) have not been met;
- (2) the debit entry was initiated in an amount greater than that authorized by the Receiver; or
- (3) the debit entry was initiated for settlement earlier than authorized by the Receiver.

An unauthorized debit entry does not include a debit entry initiated with fraudulent intent by the Receiver or any person acting in concert with the Receiver.

**E.8.4.4 Re-credit Right Not Exclusive**

The rights provided to the Receiver under this section E.8.4 are in addition to any rights provided under other applicable law or by agreement between the ODFI and the RDFI.

**E.8.5 Adjustment Entries****E.8.5.1 RDFI's Right to Adjustment**

An RDFI receiving the written affidavit described in Subsection E.8.4.1 (Receiver's Right to Recredit) may transmit an adjustment entry to the ACH Operator in the amount of the unauthorized entry referred to in the affidavit, provided that:

- (1) no error was made by the RDFI in the debiting of the entry to the Receiver's account,
- (2) the affidavit described in Subsection E.8.4.2 was sent or delivered to the RDFI, and
- (3) the RDFI transmitted the adjustment entry to the ACH Operator by its deposit deadline for the adjustment entry to be made available to the ODFI

no later than the opening of business on the Business day following the one hundred and twentieth calendar day following the Settlement Date of the original entry. The adjustment entry must comply with the requirements of Section 6.1 (Return of Entries) and Appendix Five (Return Entries). An RDFI may consider an affidavit as timely if, in its reasonable judgment, the affidavit appears to have been sent within the time limits described above.

**E.8.5.2 Warranty of RDFI**

Each RDFI transmitting an adjustment entry pursuant to Subsection E.8.5.1 (RDFI's Right to Adjustment), warrants to each ODFI, the ACH Operator, and Company that, prior to initiating the adjustment entry, the RDFI obtained from the Receiver an affidavit complying with Section E.8.4.1 (Receiver's Right to Re-credit). Each RDFI breaching this warranty shall indemnify every ODFI, the ACH Operator, and Company from and against any and all claim, demands, loss, liability, or expense, including attorneys' fees and costs, resulting directly or indirectly from the breach of such warranty.

**E.8.5.3 Copy of Affidavit**

Each RDFI initiating an adjustment entry pursuant to Subsection E.8.5.1 (RDFI's Right to Adjustment) shall send to the ODFI, within three (3) days after receiving a written request from the ODFI, a copy of the affidavit obtained from the Receiver in accordance with section E.8.4.1 (Receiver's Right to Re-credit), provided such request is received by the RDFI within six months of the date of the initiation of the adjustment entry.

**E.8.5.4 Acceptance of Adjustment Entries by ODFI**

Each ODFI must accept adjustment entries transmitted to it in accordance with these rules.

## **E.9 ACH Operators**

### **E.9.1 Processing Obligation**

The ACH Operator must, in accordance with Appendix Two (ACH Record Format Specifications):

- (i.) promptly process entries and entry data, insert the appropriate Settlement Date, and reject batches and files in accordance with section E.9.3 (Return and Rejection by the ACH Operator),
- (ii.) transmit or make available entries and entry data to Participating DFIs in accordance with agreed upon processing and delivery schedules,
- (iii.) total the debit and credit activity received from and transmitted to each Participating DFI during each Business day, and
- (iv.) calculate the settlement amounts for each day for all entries processed under these rules.

### **E.9.2 Automated Accounting Advices**

The ACH Operator may provide ACH accounting information in machine readable format to facilitate the automation of accounting information for Participating DFIs. Accounting information shall be provided in standard record formats with specific field contents as indicated in Appendix Two (ACH Record Format Specifications). The ACH Operator will provide accounting information in a separate file.

### **E.9.3 Return and Rejection by the ACH Operator**

If an entry or entry data received by the ACH Operator for processing does not meet the acceptance criteria set forth in Appendix Two (ACH Record Format Specifications) or Appendix Five (Return Entries), the ACH Operator must in accordance with those Appendices reject the entire batch or file containing the entry by notifying the ODFI.

### **E.9.4 Optional Services**

The ACH Operator may provide optional services. The use of the optional services must not inconvenience or adversely affect the rights of Participating DFIs that do not use optional services. The provision by the ACH Operator of any optional services or any other services not otherwise identified in these rules shall only be offered after prior written notification of 20 Business days to Bank of Jamaica.

### **E.9.5 Breaches Committed by the Operator**

If the ACH Operator breaches any of its commitments or fails to discharge its obligations as Operator under these rules, it shall indemnify each Participating DFI and the Company from and against any and all claims, demand, loss, liability or expense, including attorneys' fees and costs that result from its non-compliance.

### **E.9.6 Compliance with Audit Requirements**

The ACH Operator warrants that it will comply with the audit requirements prescribed by the Company which provide for an annual audit of compliance with these rules.

### **E.9.7 Record Retention**

The ACH Operator must retain a record of all entries, return entries, and adjustment entries (all referred to in this section as "entries") received or transmitted by it for the prescribed Retention Period commencing from the date of receipt or transmittal of the entry. The ACH Operator must provide a printout or other reproduction of the information relating to a particular entry if requested to do so by the Participating DFI that originated, transmitted, or received the entry.



**E.10 Cheque Truncation Entries****E.10.1 Scope**

This section sets out the terms under which the ODFI can use services of electronic cheque presentment in order to obtain payment from an RDFI, whereby a cheque from the RDFI's client is presented for payment. The services generally entail the presentment of a cheque via electronic transmission of data obtained from its MICR line, with the cheque itself being delivered subsequent to the electronic presentment or not at all. For this section, "entry" refers to a demand for payment made upon an RDFI by an ODFI complying with the requirements of this section.

**E.10.2 Definition of "ODFI"**

ODFI in this context refers to the DFI that receives the cheque from its client (the payee) and subsequently presents the cheque through the clearing on the bank of the drawer for payment.

**E.10.3 Definition of "RDFI"**

RDFI refers to the drawee bank. The RDFI will collect the funds from its client upon presentment by the ODFI.

**E.10.4 Electronic Presentment**

The ODFI records the MICR-line information obtained from a cheque and transmits it to the RDFI, together with the sequence number for each item, the total (dollar) amount of the cheque and the date the information was recorded.

The RDFI will debit the account of the drawer of a cheque for which the MICR-line information has been received. If the RDFI is unable to obtain payment for any reason, the MICR-line information shall be returned by the end of the Business day following settlement.

**E.10.5 Presentment**

The exchange of the physical cheque or image must take place on the settlement date or the day following.

If a cheque is being returned unpaid for any reason, the physical item or its image must be returned to the ODFI by the end of the Business day following settlement.

**E.10.6 Warranties and Liabilities**

With respect to MICR-line information or an image transmitted to the RDFI, the ODFI warrants to the RDFI that the MICR-line information transmitted accurately represents the information inscribed on the MICR-line of the cheque.

Recording, transmitting, repairing of entries by the ODFI shall not constitute a breach of warranty imposed by law with respect to alteration of an item. In addition, the ODFI is not responsible for determining whether a cheque is properly payable under applicable law, including but not limited to determining:

- a) the genuineness of the signature of any drawer appearing on a cheque;
- b) whether any or all required signatures appear on a cheque;
- c) whether a cheque is stale-dated;
- d) whether a cheque is post-dated;
- e) whether a stop payment has been issued for a cheque and
- f) whether a cheque is a photocopy and if so, whether it has been properly prepared and submitted.