**ACH Glossary**

**ABA Number —** also known as Routing/Transit Number. A nine-digit number that identifies a specific financial institution. These numbers are assigned by the Thompson Financial Information and are listed in its annual publication *Key to Routing and Transit Numbers*.

**Access Device —** a device used to access a consumer’s account to initiate an electronic funds transfer (card or code). This does not include telephones and personal computers.

**ACH Association —** an organization formed by financial institutions to regulate and support the exchange of electronic transactions among member institutions.

**ACH Credit —** a transaction through the ACH network originated to pay a receiver (deposit funds into an account).

**ACH Debit —** a transaction through the ACH network originated to remove funds from the receiver (withdrawal from account).

**ACH Network —** a funds transfer system, governed by the *NACHA Operating Rules,* that provides for the interbank clearing of electronic entries for participating financial institutions.

**ACH Operator —** the Federal Reserve Bank or other organization operating as a clearing house for automated entries. The ACH Operator acts as a central facility for the clearing, delivery and settlement of entries between or among the participating financial institutions.

**Accounts Receivable Entry (ARC) —** a single-entry debit initiated by an Originator to an account of the Receiver pursuant to an eligible source document provided by the Receiver via U.S. mail or delivery service, at a dropbox location or in person for payment of a bill at a manned location.

**Acknowledgment Entry (ACK or ATX)** — an ACK provides an acknowledgment of receipt by the RDFI of a corporate credit payment originated using the CCD format. An ATX entry provides an acknowledgment of receipt by the RDFI of a corporate credit payment originated using the CTX format. An ACK or ATX entry may be accompanied by one addenda record which relays information about the financial EDI credit payment using the ANSI ASC X12 REF data segment. Both ACK and ATX are non-monetary entries.

**Addenda Record —** an ACH record type that carries the supplemental data needed to completely identify an account holder(s) or provide information concerning a payment to the Receiving Depository Financial Institution and the Receiver.

**Agreement —** a contract between two parties that defines the relationship between the two parties.

**Alphameric —** any character from 0-9, A-Z, a-z, space, and those special characters which have an EBCDIC value greater than hexadecimal “3F” or an ASCII value greater than hexadecimal “1F.”

**ANSI Accredited Standards Committee for Banking (X9) or ANSI ASC X9 —** a committee that sets, among other technical specifications, the standards for electronic data interchange of business information.

**ANSI Accredited Standards Committee for Electronic Data Interchange (X12) or ANSI ASC X12 —** a committee that sets the standards for electronic data interchange of business information.

**ANSI ASC X12.5 (Interchange Control Structure) –** 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.

**ANSI ASC X12.6 (Application Control Structure) –** 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 structure, independent of the physical representation (e.g. character set encoding).

**Authentication —** a data security technique used to ensure that the professed sender of information or payment order is actually who they claim to be.

**Authorization —** an agreement by the Receiver that will allow ACH debits and credits to post to their account.

**Automated Accounting Advice (ADV) —** a non-monetary, machine readable, information-only ACH transaction which contains accounting information sent from an ACH Operator to a DFI for use in automated accounting systems.

**Automated Clearing House (ACH) –** an electronic funds transfer system governed by the Rules of the National Automated Clearing House Association which provides for the interbank clearing of electronic entries for participating financial institutions.

**Automated Deposit —** a deposit made directly to an account at a depository institution through the ACH network (i.e. payroll deposits, social security payments, and retirement benefits).

**Automated Enrollment Entry (ENR) — a**n enrollment entry originated by a DFI at the request of an account holder at the DFI. Entry is sent to a Federal Government Agency and must include one addenda record that relays information pertaining to the account holder on whose behalf the ENR is initiated.

**Automated Teller Machine (ATM) —** a machine to dispense cash, accept deposits and loan payments, and enable a financial institution’s customer to order transfers among accounts and make account inquiries.

**Auxiliary On-Us Field –** an optional, variable format field of the MICR line of a check of sufficient length. It is positioned to the left of the routing number (or the external processing code, when such a code is present). Data located within the Auxiliary On-Us Field is bracketed by on-us symbols.

**Available Balance —** funds currently available for immediate use.

**Back Office Conversion Entry (BOC) –** a single-entry debit initiated by an Originator to an account of the Receiver based on an eligible source document, provided to the Originator by the Receiver at the point of purchase or at a manned bill payment location to effect a transfer of funds from an account of the Receiver through subsequent conversion to an ACH debit during back office processing. This type of entry may only be used for non-recurring, in-person entries, for which there is no standing authorization with the Originator for the origination of ACH entries to the Receiver’s account.

**BPR or BPS Data Segment —** 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.

**Banking Day —** any day on which a participating financial institution is open to the public during any part of the day for carrying on substantially all of its banking functions, and, with reference to an ACH Operator, any day on which the appropriate facility of such ACH Operator is being operated.

**Batch —** a group of records or documents considered as a single unit for the purpose of data processing.

**Beneficiary —** a person who has applied for and is entitled to Federal benefits payable by law.

**Blank Effective Dates —** settlement will occur on the first available date for that type of entry.

**Business Day** — a calendar day other than a Saturday, Sunday, or Federal holiday in the United States.

**Cash Concentration —** the transfer of funds from diverse accounts, usually in different financial institutions, into a single central account to effect more efficient cash management.

**Cash Letter —** the bundle of checks and/or items sent to or from one financial institution to another for deposit or collection on the items within. Electronic cash letters are files created from the MICR line on checks within a cash letter and sent for electronic presentment.

**Central Information File (CIF) —** a master file maintained by the ACH Operator containing information on each depository financial institution. This file includes the depository financial institution’s name, transit routing number, address, settlement and delivery information and output medium requested.

**Check –** a check as that term is defined in Article 3 of the Uniform Commercial Code and includes share drafts.

**Check Conversion —** a check begins as a paper item but is not negotiated. Processing the paper item is stopped at some point and the payment is processed electronically from then on. Payment is no longer under check law but under electronic banking regulations. The check is no longer a check but a source document.

**Check Digit —** the final digit of a routing/transit number which may be used to test the validity of a specific routing/transit number.

**Check Serial Number –** the serial number of a Check.

**Check Truncation Entry—** a check begins as a paper check and is negotiated, but processing the paper item is stopped at some point and the payment is processed electronically from then on. The check remains under check law. A debit entry imitated under a Check Truncation Program. A TRC entry is for the truncation of a single check drawn on the paying bank. A TRX entry is for the truncation of multiple checks drawn on the same paying bank. A TRX entry may contain up to 9,999 addenda records.

**Check Truncation Program** – a program for the truncation of checks based on an agreement among two or more Participating DFIs.

**CHIPS (Clearing House Interbank Payments System) —** a large dollar funds transfer system, a member of the New York Clearing House family of payments.

**Clearing —** the collection of paper items or electronic entries from the payor banks after being deposited by a customer.

**Clearing Balance —** the balance in an account maintained by a financial institution at the Federal Reserve or correspondent bank.

**Clearing House —** a voluntary association of depository institutions that facilitates the clearing of checks or electronic entries through the direct exchange of funds between members.

**Code of Federal Regulations (CFR) —** a compilation of procedures by which Federal agencies will use to administer the laws passed by the U.S. Congress.

**Collected Funds —** funds for which final payment has been received.

**Commercially Reasonable —** a commercially reasonable practice, system, or technology is one that corresponds to commonly accepted practices among commonly situated Originators conducting a similar business.

**Commercially Reasonable Security Procedure —** a security procedure for the transmission of payment orders which meets the criteria as established by the Uniform Commercial Code Article 4A.

**Company Batch/Header Record —** the record(s) contained within an ACH file that describes the Originator(s) of an ACH transaction(s) and the types of transactions within the batch.

**Company Identification Record** — the number in the Company Batch/Header Record that identifies the Originator to the ODFI.

**Composite Receiver File (CRF) —** a directory of all RDFIs served by the ACH Operator.

**Consumer Account —** an account held at a participating depository financial institution and established by a natural person primarily for personal, family or household use and not for commercial purposes.

**Controlled Disbursement —** a disbursement arrangement where a company is notified early in the day of the dollar amount of the items waiting to clear the account later that day, so they can fund the account with the exact dollar amount.

**Contested Dishonored Return —** a return that is sent from the RDFI to the ODFI contesting a dishonored return. The deadline to contest a dishonored return is two banking days.

**CORE-required Minimum CCD+ Reassociation Data Elements –** information transmitted by a Health Plan to a Health Care Provider in a Health Care EFT Transaction for the purpose of reassociating the Health Care EFT Transaction with an electronic remittance advice. The CORE-required Minimum CCD+ reassociation Data Elements include the information contained within the Effective Entry Date field, the Amount field, and the Payment Related Information field of the CCD Entry

**Corporate Credit or Debit (CCD) –** a debit and credit entries initiated by an Originator to affect a transfer of funds to or from the account of that organization or another organization. A CCD entry may be accompanied by one Addenda Record that relays information in payment related ANSI ASC X12 data segments or NACHA-endorsed banking conventions. A CCD entry that is a Health Care EFT Transaction must include one Addenda Record that contains the ASC X12 835 TRN (Reassociation Trace Number) data segment in the Payment Related Information Field.

**Corporate-to-Corporate Payments —** payments made between trading partners through the ACH Network. CCD, CCD+, and CTX are the Standard Entry Class Codes used to identify these payments.

**Corporate Trade Exchange (CTX) —** a credit or debit entry initiated by an Originator to pay or collect an obligation of such Originator and destined for the account of another organization and may be accompanied by addenda records that relay information formatted in accordance with ANSI ASC X12.5 and X12.6 syntax, an ASC X12 transaction set containing a BPR or BPS data segment, or payment related UN/EDIFACT syntax. A CTX entry can contain up to 9,999 addenda records.

**Correcting File –** a File that corrects the Entries contained in an Erroneous File.

**Corrected Return —** a return that is sent from the RDFI to the ODFI correcting a dishonored return. The deadline to correct a dishonored return is two banking days.

**Correspondent Bank —** a financial institution that provides payment services (such as processing or settlement) for other, often smaller, financial institutions.

**Credit Risk —** the risk that a party to a transaction cannot provide the necessary good funds, as previously committed by files originated, in order for settlement to take place.

**Customer Initiated Entry (CIE) —** a credit entry initiated by or on behalf of the holder of a consumer account to the non-consumer account of a receiver.

**Customer (Receiver) —** a person(s) that maintains an account at a Depository Financial Institution. A customer may authorize a financial institution to debit/credit their account in response to an ACH entry.

**Database —** a collection of records stored electronically.

**Data Encryption —** a technique by which a message is scrambled into an undecipherable stream of bits for transmission for security purposes.

**Data Element —** the basic unit of information in EDI transaction sets. May be single codes, literal descriptions, or numeric values.

**Data Segment —** a predefined set of functionally related elements within a transaction set.

**Data Transmission —** the electronic exchange of information between two data processing points (computers).

**Day Cycle —** the first scheduled time for transmission of ACH files from the ODFI to the ACH Operator.

**Daylight Overdraft —** a negative funds position in an account (usually used in conjunction with a financial institution’s Fed account) which occurs sometime after the opening of business and is cleared before close of business on the same day.

**Death Notification Entry (DNE) –** a notice initiated by an agency of the Federal Government to notify an RDFI of the death of a Receiver. A DNE entry must be accompanied by one Addenda Record that relays information, such as date of death and social security number of the Receiver using a NACHA endorsed banking convention. A Death Notification Entry is a non-monetary entry.

**Decryption —** a mathematical process of de-encoding encrypted information so the original message or information can be used.

**Delimiter —** a predetermined code that indicates the beginning and end of a data segment.

**Descriptive Statement —** a bank account summary that contains information concerning one or more entries for which no separate entry is enclosed. ACH entries necessitate some form of descriptive statement unless a substitute enclosure document is produced by the financial institution. Minimum reporting requirements are defined by Federal Regulation E.

**Designated Data** – the data regarding Entries, excluding CIE Entries, processed by an ACH Operator, to the extent such ACH Operator agrees to provide such data to the National Association from time to time.

**Destroyed Check Entry (XCK) —** an ACH transaction which represents the collection of an item which was originally a check but was lost or destroyed along with the cash letter it was a part of.

**Digital Signature —** an electronic means of authentication which uniquely identifies the sender of a message or payment order through the use of special encryption techniques.

**Direct Access** – a situation in which an Originator, Third-Party Sender, or a Third-Party Service Provider Transmits credit or debit Entries directly to an ACH Operator using an ODFI’s routing number and settlement account.

**Direct Access Debit Participant** – an Originator, Third-Party Sender, or Third-Party Service Provider with Direct Access for the origination of debit Entries except: a Third-Party Service Provider that Transmits Files solely on behalf of an ODFI where that Third-Party Service Provider does not have a direct agreement with an Originator or an ODFI that Transmits Files using another Participating DFI’s routing number and settlement account.

**Direct Debit —** a method of ACH collection used where the debtor gives authorization to debit his or her account upon the receipt of an entry issued by a creditor.

**Direct Deposit —** an ACH service that provides for the electronic transfer of funds directly into the account of a payee, usually an employee receiving pay or a Social Security beneficiary receiving retirement benefits.

**Direct Financial Institution** – a Direct Financial Institution, as that term is defined from time to time in the bylaws of NACHA.

**Direct Payment —** a method of collection used in the ACH Network for certain claims, generally those that are repeated over a period of time, for which the debtor gives the Originator authorization to debit his or her account.

**EDI Payment —** the computer-to-computer transmission of a payment and related information in standard format.

**EDIFACT —** a set of standards approved by the United Nations for international electronic data interchange.

**Effective Entry Date** — the date the originating company expects payment to take place. The ACH Operator reads the effective entry date to determine the settlement date that is usually the next available business day. The Effective Entry Date is set by the Originator.

**Electronic** – relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.

**Electronic Authorization —** an alternative means of authorization for ACH transactions. Electronic authorizations must be displayed in such a manner that the consumer can read the authorization, create a record or hard copy of the authorization so the consumer can refer back to it and must be authenticated in a similar manner to that in which a signature authenticates a written authorization (digital signature, PIN or other code which identifies the consumer).

**Electronic Benefit Transfer (EBT) —** the electronic delivery of government benefits to beneficiaries through automated teller machines and point-of-sale terminals.

**Electronic Check —** an ACH transaction that started out as a check but has been converted to an ACH transaction. The original check is returned to the check writer at the point of purchase or retained by the collecting agency.

**Electronic Check Presentment (ECP) —** the electronic transmission of the contents of a cash letter to the payor bank ahead of the physical arrival of the checks actually in the cash letter. Information is captured from the MICR line of each check.

**Electronic Funds Transfer (EFT) —** a generic term used whenever money is moved without the use of a check or draft.

**Electronic Funds Transfer Act (EFTA) —** the law passed by the U.S. Congress in 1978 which set out the rights and obligations of consumers and their financial institutions regarding the use of electronic systems to transfer funds. This act is implemented in the Federal Reserve Bank’s Regulation E.

**Electronic Record —** an agreement, authorization, written statement under penalty of perjury, or other record created, generated, sent, communicated, received, or stored electronically.

**Electronic Signature –** an electronic sound, symbol, or process attached to or logically associated with an agreement, authorization, written statement under penalty of perjury, or other record and executed or adopted by a person with the intent to sign the record.

**Element —** smallest item of information in a transaction set.

**Eligible Source Document** - a Check that is used as a source of information for ARC, BOC or POP Entries.

**Encryption —** a data security technique used to protect information. Information appears to be a meaningless string of letters and symbols.

**Encryption Key —** a string of characters or numbers, shared between the parties, which allows the Originator of a message to encrypt and the Receiver to decrypt the message.

**Entry –** an order or request (1) for the transfer of money to the account of a Receiver, (2) for the withdrawal of money from the transaction account or general ledger account of a Receiver, (3) a zero dollar entry, (4) a DNE entry, or (5) an ENR entry.

**Entry Data –** as applicable, prenotification, returned entries, adjustment entries, notifications of change, and/or other notices or data transmitted through one or more ACH Operators pursuant to these rules.

**Erroneous Entry** – an Entry that is a duplicate of an Entry previously initiated by the Originator or ODFI; orders payment to or from a Receiver different than the Receiver intended to be credited or debited by the Originator; or orders payment in a dollar amount different than was intended by the Originator.

**Erroneous File** - a File that is a duplicate of previously submitted File, or a File in which each Entry, or each Entry in one or more batches contained in such File, is an Erroneous Entry.

**Exception Item —** any entry that requires special attention or processing, such as return entries, stop payments, notifications of change, dishonored returns, etc.

**Existing Relationship –** there is a written agreement in place between the Originator and the Receiver or the Receiver has purchased goods or services from the Originator within the past two years.

**Exposure Limit —** a maximum total limit established by an ODFI for each of its Originators beyond which the ODFI is unwilling to process additional files.

**Extended Return Entry** – an Entry initiated by an RDFI in accordance with the *NACHA Operating Rules* that returns a previously originated debit Entry to an ODFI.

**Fedline —** a personal computer software program provided by the Federal Reserve Bank which allows access to the Federal Reserve’s payment services.

**File —** a group of ACH batches initiated into the ACH Network or sorted for delivery to ACH receiving point(s). A file must be transmitted electronically via data transmission between the sending point and the receiving point. A file may be delivered to an end-point via direct data transmission, magnetic tape, or floppy diskette. A file may contain one or more batches of entries.

**File** – a group of Entries associated with a given transmittal register and the control totals set forth therein.

**File Control Record —** the last record of the ACH file indicating termination of information.

**File Header Record —** the first record of an ACH file containing information necessary to route, validate and track the ACH information contained within the file.

**Financial Agency** – an entity that is authorized by applicable Legal Requirements to accept deposits or to conduct the business of issuing money orders or transferring funds.

**Financial EDI —** electronic data interchange for financial transactions/applications between companies and financial institutions, including payment and remittance advice, account analysis, and balance reporting.

**Financial Organization Master File (FOMF) —** a list developed by the Financial Management service and maintained by the Federal Reserve Bank of all financial institution receiving government payments.

**Foreign Correspondent Bank** – a financial institution or Financial Agency located in a country other than the United States that holds deposits owned by other financial institutions and provides payment and other services to those other financial institutions.

**Foreign Gateway** – an entity that performs outside of the United States functions substantially similar to those of a Gateway by acting as an entry point to or exit point form a country other than the United States for payment transactions.

**Fraud Risk —** the risk that a payment transaction will be initiated or altered in an attempt to misdirect or misappropriate funds.

**Funds Availability —** the time at which funds associated with paperless entries have been made available to the customer.

**Gateway —** in International ACH Transactions (IATs), the operating entity which receives and converts a payment made in the currency and format or the originating country into the currency and format of the receiving country. An Operator or a Participating DFI that acts as an entry point to or exit point from the United States for ACH payment transactions.

**Green Book —** a publication assembled by the U.S. Department of Treasury that specifies the procedures to be used in ACH transactions originated on behalf of the United States Federal Government.

**Hash —** a mathematical calculation that creates a single number from critical fields in each transaction entry, as a check against inadvertent alteration of data contents due to hardware failure or program error.

**Health Plan –** an individual or group plan (including a self-insurance plan) that provides, or pays the cost of, medical care (i.e. meaning of “Health Plan” assigned at 45 CFR 160.103, as modified from time to time).

**Health Care EFT Transaction –** a CCD Entry originated by a Health Plan to a Health Care Provider with respect to a health care claim. A Health Care EFT Transaction must be accompanied by one Addenda Record that contains the ASC X12 835 TRN (Reassociation Trace Number) data segment is the Payment Related Information field.

**Health Care Provider –** a provider of medical or health services, and any other person or organization who furnishes, bills, or is paid for health care in the normal course of business (i.e., the meaning of “Health Care Provider” assigned at 45 CFR 160.103, including a provider of certain services specified in the regulation, as modified from time to time).

**Inbound IAT Entry –** an IAT Entry that originates in a country other than the United States and is transmitted to the United States.

**Incomplete Transaction –** a payment to an intended third-party payee that was not made or completed by the Originator, Third-Party Sender or ODFI of a corresponding debit entry authorized by a consumer Receiver (or any Receiver with respect to an ARC, BOC or POP entry) for the purpose of funding the payment to the third-party payee. A partial or erroneous payment to the intended third-party payee is not an incomplete transaction.

**Individual Identification Number —** the number used in an ACH transaction by the Originator to identify the Receiver.

**International ACH Transaction (IAT)** – an Entry that is part of a payment transaction involving a Financial Agency’s office that is not located in the territorial jurisdiction of the United States.

**Interceptor —** an institution or computer service company designated to act on behalf of another institution to receive and/or send ACH entries.

**Internet-Initiated Entry/Mobile Entry (WEB) —** a debit entry initiated by an Originator to a consumer account of the Receiver based on: an authorization that is communicated, other than by an oral communication, from the Receiver to the Originator via the Internet or a Wireless Network, or any form of authorization if the Receiver’s instruction form the initiation of the individual debit entry is designed by the Originator to be communicated, other than by an oral communication, to the Originator via a wireless network; or a credit entry initiated by or on behalf of the holder of a consumer account that is intended for the consumer account of a Receiver, regardless of whether the authorization of such entry is communicated via the Internet or wireless network.

**Julian Date —** the numeric day of the year.

**Legal Requirements –** any law, statute, rule or regulation, or any binding published interpretation of any of the foregoing, issued by any government authority (including courts), and any judicial, governmental, or administrative order, judgment, decree or ruling, in each case as applicable to the subject matter and the parties at issue, and as amended, supplemented, modified or replaced from time to time.

**Live Dollar Entry —** “live” refers to an entry that affects a funds transfer rather than non-dollar entries.

**Machine Transfer Entry (MTE) —** a credit or debit entry initiated at an electronic terminal, as defined in Regulation E, to affect a transfer of funds to or from a deposit account of an Originator maintained with a RDFI, i.e., ATM cash deposits and withdrawals. An MTE entry must be accompanied by an Addenda Record to provide terminal location, city, state and other required information.

**Mandatory Field —** this field is necessary to ensure the proper routing and/or posting of an ACH entry. If a mandatory field is left blank; the entry, batch, or file will be rejected by the Operator.

**Memo Posting —** a notation posted to an account which indicates credit funds will be posted, but have not yet been posted to the account.

**MICR Line —** ahe magnetic ink character recognition inscriptions at the bottom of a paper check.

**National Automated Clearing House Association (NACHA) —** a body which oversees all ACH activities and procedures and is composed of all local ACHs.

**Net Settlement —** the netting out by financial institutions of debits and credits owed to each other to result in a single net amount for settlement.

**Night Cycle —** the latest scheduled time for transmission of ACH files from the ODFI to the ACH Operator. The close of the night cycle is generally the ACH Operator’s end of day for processing.

**Non-Business Effective Dates —** non-business effective dates are those entries deposited with an effective date of Saturday, Sunday, or a business holiday. Settlement will occur on the next available business date for that type of entry.

**Non-Consumer Account –** an account held by a Participating DFI and established by an Organization primarily for commercial purposes. A Non-Consumer Account may be established by a natural person if the Participating DFI’s records indicate that the account is primarily for commercial and not for personal, family, or household purposes (i.e., it is not a Consumer Account).

**Non-Monetary Entry** – any notice or data complying with the requirements of the *NACHA Operating Rules* that is not an order or request for the transfer or withdrawal of funds.

**Non-Settled Entry –** a credit or debit Entry for which settlement cannot be completed.

**Notification of Change (NOC) —** a non-monetary entry transmitted by an RDFI for the purpose of identifying incorrect information contained within an entry and providing correct data to be sued on future entries. A NOC is also known by the SEC Code COR. The SEC Code COR is also used by the ODFI to create a refused Notification of Change to refuse an NOC entry containing incorrect or incomplete information.

**Office of Foreign Assets Control (OFAC) —** the agency of the United States Government that administers economic sanctions and embargo programs that require assets and transactions involving interest of targeted parties be blocked or frozen.

**On-Demand Delivery —** in addition to the scheduled delivery times (referred to delivery schedule), the new ACH software offers on-demand delivery. With this feature, customers can request an output file at any time during the processing day.

**On-Us Entries —** the entries in an ACH File that belong to the originating financial institution. These entries may be stripped from the file and posted internally before a file is sent to the ACH.

**Operational Risk —** the risk that a transaction is altered or delayed due to unintentional error in transmission, receiving, or processing.

**Optional Field —** the inclusion or omission of optional fields in an ACH file is determined by Originator. The omission of this field will not affect processing; however, the field must be filled with blanks or other characters.

**Organization –** a corporation, partnership, association or other entity, governmental or private, or a natural person, provided that, in the case of a natural person, any account of such person to be debited or credited with the amount of any entry is maintained primarily for commercial and not for personal, family or household purposes.

**Originating ACH Operator –** an ACH Operator that receives entries from an ODFI with which it has an agreement. In the event entries are transmitted between an ODFI and an RDFI through a single ACH Operator, the term refers to the ACH Operator.

**Originating Company —** an organization or company that produces an ACH file and delivers it to an ODFI for introduction into the ACH network.

**Originating Depository Financial Institution (ODFI) —** a participating depository financial institution with respect to entries that it transmits directly or indirectly to an ACH Operator for transmittal to an RDFI, and on which it is designated as the ODFI in accordance with Appendix Three. An RDFI is not considered an ODFI solely by reason of its imitation of Acknowledgment Entries, Return Entries, Extended Return Entries, or Notification of Change.

**Origination Agreement** – a written agreement between an ODFI and an Originator or Third-Party Sender that authorizes the ODFI to transmit entries to a Receiver’s account and that meets all other applicable requirements set forth in the *Rules*.

**Originator –** a person that has authorized an ODFI to transmit, for the account of that person, a credit entry, debit entry, or non-monetary entry to the Receiver’s account at the RDFI.

**Outbound IAT Entry –** an IAT entry that originates in the United States and is transmitted to another county.

**Participating Depository Financial Institution (DFI) —** any financial institution that (1) is authorized by law to accept deposits, (2) has been assigned a routing number by Accuity, and (3) has agreed to be bound by these rules as in effect from time to time.

**Payable Through Entry —** an item that is destined to an account held at a credit union or savings institution that receives entries destined for its customers’ accounts through an intermediary financial institution.

**Person –** means a natural person or an organization.

**Person-to-Person Entry** – a credit entry initiated by or on behalf of a holder of a consumer account that is intended for a consumer account that is intended for a consumer account of a Receiver. A P2P entry uses the Internet-Initiated/Mobile Entry (WEB) SEC code.

**Point-of-Purchase (POP) —** a single entry debit initiated by an Originator (merchant) pursuant to a source document at the point-of-purchase or manned bill payment location to affect a transfer of funds from an account of the Receiver. The customer’s information is obtained electronically from the MICR line of the check. The dollar amount is key-entered. The check is stamped void and returned to the customer.

**Point-of-Sale (POS) —** a debit entry initiated at an electronic terminal as defined in Regulation E to pay an obligation incurred in a point-of-sale transaction, or to effect a transfer of funds from a deposit account (i.e., a point-of-sale terminal cash withdrawal), and reversing, adjusting, and other credit entries relating to such debit entries, transfer of funds or obligations. POS entries are originated in a non-shared system in which no agreement other than these Rules exists between the ODFI and the RDFI, and in which transactions are typically initiated by use of a merchant issued plastic card. A POS entry must be accompanied by an Addenda Record to provide terminal location, city, state, and other required information.

**Posting —** the process of recording debits and credits to individual account balances.

**Prearranged Payment or Deposit (PPD) —** a credit or debit entry initiated by an organization pursuant to a standing or single entry authorization from a Receiver to affect a transfer of funds to or from a Consumer Account. PPD+ is a PPD entry with one addenda record.

**Prenotification (Prenote) —** a non-dollar entry sent through the ACH Network by an Originator to an RDFI to verify the accuracy of the account information. Prenotifications are optional. If an Originator chooses to send a prenotification the RDFI must verify the account information. An originator initiating a prenotification may not send the live entry until at least six banking days following the settlement date of the prenotification.

**Processing Day —** any day that a member institution is open to the public to conduct business, or that an ACH facility is being operated.

**Protected Information –** the non-public personal information, including financial information, of a natural person used to create or contained within, an Entry and any related Addenda Record.

**Provisional Settlement —** the conditional settlement of debits and credits transferred via ACH. Until declared final by the Federal Reserve Bank, provisional settlement may be reversed.

**Quick$tart (ENR) —** an enrollment process that allows a depository financial institution to use the Automated Clearing House network to transmit Direct Deposit enrollment information to Federal agencies using the ENR transaction.

**Re-presented Check Entry (RCK) —** a single-entry debit initiated for the purpose of collecting a paper check after the paper check has been returned for insufficient or uncollected funds.

**Receiver —** an individual, corporation or other entity who has authorized an originator to initiate a credit or debit entry to an account held at an RDFI.

**Receiving ACH Operator** – an ACH Operator that distributes entries to an RDFI with which it has an agreement. In the event entries are transmitted between an ODFI and an RDFI through a single ACH operator, the term refers to that ACH Operator.

**Receiving Depository Financial Institution (RDFI) —** a receiving financial institution is an ACH transaction’s final destination. The receiving financial institution may receive the entries directly from an ACH Operator or may work through a processing center, which is the actual receiving point.

**Receiving Point —** the designated organization that receives ACH entries on behalf of an RDFI. The Receiving Point can be the RDFI itself, a third party processor or correspondent.

**Reclamation Entry—** a procedure to recover benefit payments from a financial institution which were paid to the financial institution on behalf of a beneficiary who is deceased or legally incapacitated.

**Record** – information that is inscribed on a tangible medium or that is stored in an Electronic or other medium and is retrievable in perceivable form.

**Regulation CC —** a regulation published by the Federal Reserve Bank to implement the law regarding the availability of deposited funds.

**Regulation D —** a regulation published by the Federal Reserve Bank regarding the reserve requirements for financial institutions.

**Regulation E —** a regulation promulgated by the Federal Reserve Board of Governors in order to ensure consumers of a minimum level of protection in disputes arising from electronic funds transfers.

**Rejected Entry/File —** a term used to describe an entry/file that cannot be processed by the ACH Operator.

**Required Field — t**he omission of a required field in an ACH entry will not cause the entry to reject at the Operator level. The entry may reject at the RDFI level.

**Return Entry — a**n item/entry that cannot be processed and is being returned by the RDFI to the ODFI.

**Return Fee** – a fee charged by an Originator to a Receiver for a debit entry or other item that was returned for insufficient or uncollected funds, to the extent permitted by applicable legal requirements.

**Return Fee Entry –** a single entry initiated by an Originator to the account of a Receiver to collect a return fee.

**Reversal —** an ACH entry or file sent to correct or reverse previously originated duplicate or erroneous files or entries. Reversals must be sent within five banking days of the settlement date of the original entry/file.

**Routing Transit Number —** also known as ABA Number. A nine-digit (eight digits and a check digit) number, which identifies a specific financial institution. These are numbers assigned by the Thompson Financial Directory and are listed in its annual publication *Key to Routing and Transit Numbers*.

**Safekeeping —** means a service whereby the financial institution does not return canceled checks to its customers with their statements. This was originally called truncation.

**Sending Point —** the designated organization which sends ACH entries to the ACH Operator on behalf of an ODFI. This may be the ODFI itself, a third party processor, or a correspondent.

**Settlement —** the actual transfer of funds between two parties. Settlement for ACH usually occurs through the Federal Reserve Bank.

**Settlement Date —** the date on which settlement occurs at the Federal Reserve Bank, i.e. funds actually change hands as a result of an ACH entry. The settlement date is set by the ACH Operator and is in Julian Format.

**Shared Network Transaction (SHR) –** a debit entry initiated at an electronic terminal as defined in Regulation E to pay an obligation incurred in a point-of-sale transaction, or to effect a transfer of funds from a deposit account (i.e., point-of-sale terminal cash withdrawal), and reversing, adjusting, and other credit entries relating to such debit entries, transfer of funds or obligations. SHR entries are originated in a shared system where an agreement, in addition to these Rules, exists between the ODFI and RDFI, and in which the transactions are typically initiated by the use of a plastic card issued by the Receiver’s DFI. An SHR entry must be accompanied by an Addenda Record to provide terminal location, city, state, and other required information.

**Single Entry –** a one-time 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.

**Special Committee on Paperless Entries (SCOPE) —** a committee formed in California in 1972 to explore the feasibility of setting up an automated clearing house system.

**Stale Dated Item — s**tale dated items are those items deposited with an effective date less than or equal to the Federal Reserve Bank process date. Settlement will occur on the next available business date for that type of item. Example: A credit item effective on Wednesday and deposited with the Federal Reserve Bank on Wednesday will be settled on Thursday.

**Standard Entry Class Code (SEC Code) —** a three character code within an ACH Company/Batch Header Record to identify the payment types contained within an ACH batch. (E.g. CCD, CIE, CTX, MTE, POS, TRC, TRX, PPD, etc.)

**Statement of ACH Activity —** the advice prepared by the ACH stating the number of entries and dollar value of an ACH file.

**Systemic Risk — t**he possibility that one or more financial institutions will face losses (and/or go out of business) because of the inability of other financial institutions to settle their net debit obligations at the time of settlement.

**Telephone-Initiated Entry (TEL) —** a debit entry initiated by an Originator to a consumer account of the Receiver based on an oral authorization obtained over the telephone.

**Temporal Risk —** the risk or exposure that an institution has because of the time necessary to complete certain transactions.

**Terminator —** a special character at the end of a record or file which indicates the end of that record or file.

**Third-Party Sender –** a type of Third-Party Service Provider that acts as an intermediary in Transmitting Entries between an Originator and an ODFI, including through Direct Access, and acts on behalf of an Originator or another Third-Party Sender.  A Third-Party Sender must have an Origination Agreement with the ODFI of the Entry.  A Third-Party is never the Originator for Entries it transmits on behalf of another Organization.  However, a Third-Party Sender of Entries may also be an Originator of other Entries in its own right.

**Third-Party Service Provider –** an organization that performs any functions on behalf of the Originator, the Third-Party Sender, the ODFI, or the RDFI related to the processing of entries, including the creation of the files or acting as a Sending Point or Receiving point on behalf of a participating DFI.  An organization acting as Third-Party Sender also is a Third-Party Service Provider.

**Trace Number —** a 15-digit code assigned to every ACH entry by an originating institution that uniquely identifies that entry within a specific ACH file. The first eight digits of the trace number is the routing transit number of the ODFI and the last seven digits are sequence numbers assigned by the originator.

**Transaction Account** – a “transaction account” as that term is defined in Regulation D.

**Transaction Code —** the two-digit code in the ACH record that determines whether an entry is a debit or a credit to a DDA account, savings account, or general ledger account, or whether an entry is a credit to a loan account

**Transmit** – to send by Electronic means of communication.

**Treasury Tax & Loan Depository (TT&L) —** a financial institution which has been designated by the Treasury Department as eligible to receive federal tax payment deposits from taxpayers on behalf of the Federal Government.

**Truncated Entry (TRC) –** truncated checks being safe kept by the keeper bank (Originator) as defined by a check truncation program.

**Truncated Entries Exchange (TRX) –** truncated checks being safekept by the keeper bank (Originator) as defined by a check truncation program. The TRX format allows financial institutions to use a single entry to carry information from multiple checks. TRX entries must be accompanied by Addenda Records that relay information formatted in National Association for Check Safekeeping syntax.

**Truncation –** a process whereby checks are presented by transmission of information describing the check rather than by the delivery of the check itself.

**UN/EDIFACT —** the United Nations body chartered to develop international standards for the electronic exchange of business information. UN/EDIFACT standards are different from ANSI X12 standards.

**Uniform Commercial Code –** the Uniform Commercial Code as enacted in the State of New York, unless otherwise provided.

**Uniform Commercial Code Article 3 —** the section of the Uniform Commercial Code that defines negotiable instruments.

**Uniform Commercial Code Article 4 —** the section of the Uniform Commercial Code that deals with bank deposits and collections. Outlines the collection process of negotiable instruments.

**Uniform Commercial Code Article 4A (UCC 4A) —** Uniform Commercial Code (UCC) is a comprehensive body of state law governing commercial transactions. Article 4A covers certain funds transfers, including ACH credit transactions not subject to the Electronic Funds Transfer Act.

**Unsecured Electronic Network (UEN) –** A network, public or private, that is not located entirely within a single, contiguous, physical facility and any part of which that has not implemented security technologies that provide a level of security that, at a minimum, is equivalent to 128-bit RC4 encryption technology.

**Value Added Network (VAN) —** a third-party service provider that facilitates the transmission of data among multiple trading partners.

**Warehousing —** the ability of an originating institution to receive a file from a customer/company ahead of the effective date and hold it for release to the ACH on the effective date or for a receiving financial institution to receive entries ahead of the effective date and hold them without posting until the effective date has been reached.

**Wholesale Credit —** electronic credit transactions between commercial entities.

**Window —** a predetermined period in time in which an exchange of information and funds can take place.

**Wireless Network** – an Unsecured Electronic Network for the communication of data using wireless technology.

**Written Statement of Unauthorized Debit —** a written notice submitted to an RDFI by a Receiver requesting recredit to the Receiver’s account with the RDFI for a debit to the Receiver’s account that was not authorized by the Receiver, was improper or was part of an Incomplete Transaction.

**Voice Response —** a system for processing return entries and NOCs which can be accessed by using a touch-tone telephone.