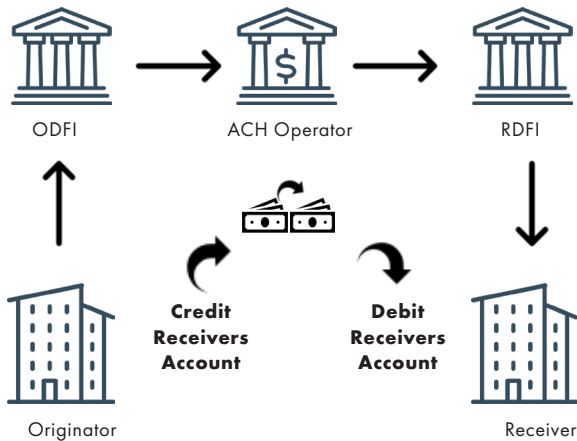


ACH DEBIT TRANSACTION



ACH Debits

In an ACH debit transaction, funds flow in the opposite direction. Funds are collected from a Receiver's account and transferred to an Originator's account, even though the Originator initiated the entry. For example, the Originator of a preauthorized debit is the company to which the amount is owed. Consumers authorize a company to debit their accounts for their monthly bills, such as mortgage payments or utilities. Once a month, the company initiates a file of ACH debits through its ODFI to withdraw the money from the consumers' accounts. The company is the Originator, and the consumers are the Receivers.

ACH Transaction Flow

In ACH terminology, Originator and Receiver refer to the participants that initiate and receive the ACH entries. Unlike a check, which is always a debit instrument, an ACH entry may be either a credit or a debit transaction. By examining what happens to the Receiver's account, one can distinguish the difference between an ACH credit and an ACH debit transaction. If the Receiver's account is debited (balance decreased), then the entry is an ACH debit. If the Receiver's account is credited (balance increased), then the entry is an ACH credit. Conversely, the offset to an ACH debit is a credit to the Originator's account and the offset to an ACH credit is a debit to the Originator's account.

RETURN TIME FRAME



ACH Participants Terms

ODFI- Originating Depository Financial Institution: Financial institution that receives payment instructions from the Originator and forwards to the ACH Operator.

Originator: Entity that agrees to initiate ACH entries into the payment system based on an arrangement with the Receiver.

ACH Operator: Central clearing facility operated by the Federal Reserve Bank or Electronic Payments Network on behalf of the Depository Financial Institution (DFIs)

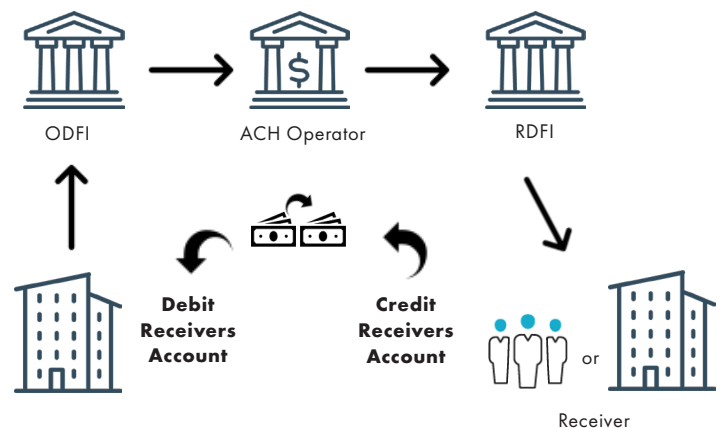
RDFI- Receiving Depository Financial Institution: Financial institution that receives ACH entries from the ACH Operator and posts entries to the accounts of the Receivers

Receiver: Customer that has authorized an Originator to initiate an ACH entry to the Receiver's account with the RDFI

ACH Credits

ACH credit entries occur when an Originator initiates a transfer to move funds into a Receiver's account. For example, when a corporate buyer originates a payment for goods through the ODFI, the ODFI initiates the credit transaction to transfer the money into the corporate seller's account at the RDFI. In this instance, the seller is the Receiver. ACH credit transactions involve both consumer and corporate payments with distinct rules and regulations for each. The most typical consumer ACH application is Direct Deposit of payroll.

ACH CREDIT TRANSACTION



Understanding Return Timeframes

- **2 day** - return must be received by the ODFI at the opening of business on the second banking day following settlement date
- **5 day** - dishonored return must be received by the RDFI at the opening of business on the 5th banking day following the settlement date
- **2 day** - contested dishonored return must be received by the ODFI at the opening of business on the 2nd banking day following the settlement date
- **60 day** - return must be received by the ODFI at opening of business on the banking day following the 60th calendar day after settlement date (Not applicable to Non-Consumer SEC Codes)

STANDARD ENTRY CLASS CODES (SEC) COMMONLY USED

Resource 1, 2 of 2

PPD: Corporate to Consumer Entries

Prearranged Payment or Deposit used to pay or collect from consumer accounts, such as direct deposit of payroll to employees, payments to individuals and collections from consumer accounts.

CCD/CTX: Corporate to Corporate Entries

Corporate Credit or Debit CCD, companies use for cash management, debits and credits sent to other companies. Corporate Trade Exchange CTX is used to collect and disburse funds between companies, normally in the form of a trading partner agreement.

RCK/ARC: E-Check Applications

Re-presented Check Entry RCK is a single entry debit for consumers only. Originators use to collect checks drawn on consumer accounts returned for NSF or Uncollected. ARC are single entry debits for consumer or corporate, initiated by Originator for purchase or payments made by mailing check to Originator via U.S. mail or delivery service, placing in a box or in person for payment of a bill at manned location.

BOC/POP: E-Check Applications

Back Office Conversion Entry BOC is a single entry debit used by consumers or corporates, Originator initiates at point of purchase or manned bill payment location to transfer funds from the Receivers account by converting a source document to an ACH debit. Point-of-Purchase POP, is a single entry debit used by consumers or corporates, Originator initiates for in-person payment of goods and services. Customer information obtained electronically and is key entered, stamped voided and returned to customer.

TEL/WEB: High Risk Applications

Telephone Initiated Entry TEL is a debit entry used by consumers only for both recurring or single-entry debits, Originator initiates pursuant an oral authorization obtained. Internet Initiated Entry/Mobile Entry Web are single-entry and recurring debits, Originator initiates pursuant authorization is obtained from Receiver via the internet accessed from a device that uses a wired or wireless network to effect transfer of funds from consumers account.

IAT: International ACH Transactions

International ACH Transactions are 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. An IAT transaction conveys the Bank Secrecy's Act's Travel Rule information, Originators are required to obtain and properly identify information within the ACH record.

CIE: Customer Initiated Entry

Customer Initiated Entry is a credit entry initiated on behalf of a consumer to transfer funds to a non-consumer Receiver. CIE entries are usually transmitted to a company for payment of funds that the consumer owes to that company and are initiated by the consumer through some type of online banking product or bill payment service provider

ACK	ADV	ARC	ATX	BOC
CCD	CIE	COR	CTX	DNE
ENR	IAT	MTE	POP	POS
PPD	RCK	SHR	TEL	TRC
TRX		WEB		XCK

SAME DAY ACH & FASTER FUNDS AVAILABILITY

Same Day ACH provides Faster Funds Availability for Many ACH credits

Funds from Same Day ACH credits processed in the existing, first processing window must be made available by 1:30pm RDFI local time

Funds from non-Same Day ACH credits must be available by 9:00am. RDFI local time on the settlement date, if the RDFI had them by 5:00pm on the previous day

Processing Window	RDFI Receipt Time	Funds Availability Requirement
First Same Day ACH window	12:00 noon ET	1:30 pm RDFI local time
Second Same Day ACH window	4:00 pm ET	5:00 pm RDFI local time
New, Third Day Same Day ACH window (Effective March 19, 2021)	5:30 pm ET	End of RDFI's processing day
Non-Same Day ACH credits	If received prior to 5:00 pm local time	9:00 am RDFI local time for all SEC Codes

RESOURCES

ACH Rules Online

www.achrulesonline.org

EFTPS

www.eftps.gov

Electronic Payments

www.electronicpayments.org

Federal Reserve Bank

www.federalreserve.gov

FRB Routing Number Directory

www.feddirectory.frb.org

Green Book

(31 CFR Part 210)

www.fms.treas.gov/greenbook

NCUA

www.ncua.gov

Office of Foreign Assets Control (OFAC)

www.treasury.gov/ofac

Social Security Administration

www.ssa.gov

PaymentsFirst Member Support

866-993-3753

info@paymentsfirst.org

678-384-9791

www.paymentsfirst.org

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