## Table of Contents

**What is ACH, NACHA, and NEACH**
- WHAT IS ACH?  
- WHAT IS NACHA?  
- WHAT IS NEACH?  
- CONSUMER vs. CORPORATE  

**ACH Processing via Eastern Treasury at Eastern Bank**
- ACH Batches and Pass-thru Files  
- Prenotes  
- Daily Processing for ACH Batch and Pass Thru Data via Eastern Treasury  
- ACH Batch Processing Time Schedule:  
- Business Day Calendar  

**ACH Returned and Notification of Change (NOC) Reporting**
- ACH Return Report – Return Entries  
- Return Reason Codes  
- ACH Return Report – Notification of Change (NOC)  
- Notification of Change (NOC) Codes  
- ACH Transaction Codes  

**Standard Entry Class Codes**  

**Procedure for Transaction and Batch Reversal**  

**Rule and Procedure for Reinitiating Returned Entries**
- Reinitiating a Returns Batch  

**International ACH**
- Canadian Payments  

**Important NACHA Rules and Regulations**  

**Important Upcoming NACHA Rules and Regulations**  

**Sample Authorization Agreements**  

**Glossary of Terms**
What is ACH, NACHA, and NEACH

What is ACH?

The Automated Clearing House (ACH) Network

The ACH Network is a highly reliable and efficient nationwide batch-oriented electronic funds transfer system governed by the NACHA OPERATING RULES, which provide for the interbank clearing of electronic payments for participating depository financial institutions. The American Clearing House Association, Federal Reserve, Electronic Payments Network, and Visa act as ACH Operators, central clearing facilities through which financial institutions transmit or receive ACH entries.

ACH payments include:

- Direct Deposit of payroll, Social Security and other government benefits, and tax refunds
- Direct Payment of consumer bills such as mortgages, loans, utility bills and insurance premiums
- Business-to-business payments
- E-checks
- Healthcare payments
- E-commerce payments
- Federal, state and local tax payments

ACH Participants

Originator
Any individual, corporation or other entity that initiates entries into the Automated Clearing House Network

Originating Depository Financial Institution (ODFI)
A participating financial institution that originates ACH entries at the request of and by (ODFI) agreement with its customers. ODFI's must abide by the provisions of the NACHA Operating Rules and Guidelines

Receiving Depository Financial Institution (RDFI)
Any financial institution qualified to receive ACH entries that agrees to abide by the NACHA Operating Rules and Guidelines

Receiver
An individual, corporation or other entity who has authorized an Originator to initiate a credit or debit entry to a transaction account held at an RDFI.
**What is NACHA?**

NACHA - The National Automated Clearing House Association is the leading organization in developing electronic solutions to improve the payments system.

NACHA is the steward of the ACH Network, an electronic payment system that safely and reliably moves tens of billions of payments annually. NACHA sets and enforces the NACHA Operating Rules and works to continuously enhance the ACH Network through innovation, education and advocacy. In 2018, the ACH Network moved 23 billion payments and more than $51 trillion over a wide range of transaction types, including Direct Deposit of salaries and benefits, bill payments, business-to-business (B2B) and person-to-person (P2P) payments, and claim payments to healthcare providers. As a nonprofit organization, NACHA convenes hundreds of diverse organizations to enhance and enable electronic payments and financial data exchange within the U.S. and across geographies. Through development of rules, standards, governance, education, advocacy, and in support of innovation, NACHA’s efforts benefit the providers and users of those systems. NACHA leads groups focused on API standardization and author the Quest Operating Rules for EBT.

Same Day ACH volume soared in 2018, the first full year with same-day debits as well as credits. There were nearly 178 million Same Day ACH payments last year: 98.3 million credits and 79.7 million debits. Overall Same Day ACH volume jumped 137 percent from 2017. Total Same Day ACH value in 2018 was $159.9 billion, up 83 percent over the year before.

NACHA represents more than 12,000 financial institutions through direct memberships and a network of regional payments associations, and 650 organizations through its industry councils. NACHA develops operating rules and business practices for the Automated Clearing House (ACH) Network and for electronic payments in the areas of Internet commerce, electronic bill and invoice presentment and payment (EBPP, EIPP), e-checks, financial electronic data interchange (EDI), international payments (IAT), and electronic benefits transfer (EBT).

NACHA's Mission is to promote the development of electronic solutions that improve the payments system for the benefit of its members and their customers.

NACHA is dedicated to improving the payments system through its eight primary functions. These are:

1. Rulemaking for the ACH Network and other payments systems;
2. Facilitating the development of new payment applications;
3. Identification and implementation of risk management initiatives;
4. Providing and supporting education programs;
5. Instituting and monitoring quality controls in the payments system;
6. Improving member communications/relations;
7. Responding to regulatory and government relations issues; and
8. Marketing electronic payment services.

**What is NEACH?**

“The New England Automated Clearing House” (NEACH) is a non-profit association that helps members originate and receive ACH transactions, and provides products, services, education and marketing to increase the acceptance, use and quality of electronic transactions.

**Consumer vs. Corporate Payments**

ACH transactions are typically categorized as either consumer payments or corporate payments, depending on the relationship of the parties involved in the transaction and the type of Receiver account. In addition, payments are distinguished as Federal Government payments (representing automated disbursements originating from the United States Government, such as Social Security benefits, military and civilian payrolls, retirement benefits, tax refunds, and disbursements for state and federal revenue sharing programs) or commercial payments (initiated by both individual consumers and corporations).

Consumer payments currently made via the ACH Network include credit applications such as payroll, retirement, dividend, interest, and annuity payments, in addition to educational benefit reimbursements, payments and advances, and many others. Consumer ACH debit applications include, among others, the collection of insurance premiums, mortgage and rent payments, utility payments, installment payments, a variety of membership dues, and other recurring obligations. The ACH Network is also widely used to settle consumer transactions made at automated teller machines and point-of-sale terminals.
Corporate ACH applications include cash concentration and disbursement, corporate trade payments, state and Federal tax payments and financial electronic data interchange (EDI). Cash concentration and disbursement allows companies to achieve efficiencies in cash management through timely intra-company transfer of funds. Corporate trade payments enable corporations to exchange both data and funds with trading partners, facilitating an automated process of updating their accounts receivable and accounts payable systems.

Both Consumer and Corporate transactions must adhere to the NACHA Operating Rules. Violation of the NACHA Operating Rules could result in fines to both the Originator and the ODFI, and in extreme cases suspension of the Originator from using the ACH network.

Additionally, Regulation E governs Consumer transactions and UCC4 governs Corporate transactions. One of the major regulatory differences between Consumer and Corporate transactions is the timeframe allowable to return an ACH debit transaction as revoked or unauthorized:

- **Consumer Debits (PPD)** – Regulation E allows the recipient of a PPD debit up to 60 calendar days to request a return of a debit
- **Corporate Debits (CCD)** – UCC4 allows the recipient of a CCD debit 2 banking days to request a return of a debit
- These regulations are enforced based on the ACH transaction code used when the transaction was originated; for example, if a PPD debit transaction was sent to a corporation, that corporation has 60 calendar days to request their Bank return that debit
ACH Processing via Eastern Treasury at Eastern Bank

Eastern Bank, acting as the ODFI, is bound by the NACHA rules and regulations, but day to day processing timeframes and processes differ between banks. This section of the guide reviews processing guidelines at Eastern Bank.

ACH Batches and Pass-thru Files

ACH batches and NACHA formatted pass-thru files processed through Eastern Treasury are required to be unbalanced. Eastern Bank will apply an automated offset for each batch. A pass thru file can contain multiple batches, consisting of credit only and debits only batches.

Prenotes

Prenotes are an option under the NACHA rules; Eastern Bank recommends our customers use Prenotes. Once the Prenote is transmitted there is a six-business day waiting period before the live dollar transaction can be initiated.

Daily Processing for ACH Batch and Pass Thru Data via Eastern Treasury

Utilizing Eastern Treasury to transmit ACH information can be done at any time of the day, however, there are certain times during the day when information is collected from the Eastern Treasury platform and processed through our ACH processing system for the ACH batch files that are input as outlined in the processing time schedule below.

ACH pass thru files (NACHA formatted files) are sent continuously throughout the day as files are transmitted by customers via Eastern Treasury. Any pass thru files that are sent after 4:00 p.m. ET may not be released if the reject for any reason including exceeding the credit limit. Any files that reject at the bank after the 4:00 p.m. timeframe will be addressed the next business day.

ACH Batch and Pass Thru File Processing Time Schedule:

Standard (next day) ACH Batch Files & Pass Thru Files

- The processing time schedule for standard ACH batch files is:
  
<table>
<thead>
<tr>
<th>Time</th>
<th>ET</th>
</tr>
</thead>
<tbody>
<tr>
<td>6:15 a.m.</td>
<td>2:45 p.m.</td>
</tr>
<tr>
<td>9:00 a.m.</td>
<td>3:45 p.m.</td>
</tr>
<tr>
<td>12:45 p.m.</td>
<td>6:00 p.m.</td>
</tr>
</tbody>
</table>

- Pass Thru files are released for processing continuously throughout the day
- ACH transactions will be distributed by the effective date. To ensure transactions are processed timely, transactions should be sent two business days prior to the effective date.
- Any transactions, batches or files processed after 2:45 p.m. ET may not be processed during the same day if there are any delays or the file exceeds the credit limit of the customer.

Same Day ACH Credit Batch and Pass Thru Files

- The processing time schedule for same day ACH credit batch and pass thru files is:
  
<table>
<thead>
<tr>
<th>Time</th>
<th>ET</th>
</tr>
</thead>
<tbody>
<tr>
<td>9:00 a.m.</td>
<td>1:30 p.m.</td>
</tr>
<tr>
<td>12:30 p.m.</td>
<td>5:30 p.m.</td>
</tr>
</tbody>
</table>

- Any Pass Thru credit file received with a stale date (earlier than the current day) will be considered Same Day if received by 12:30 PM
- Same Day dated batches and files received after 12:30 PM will be processed effective for the next business day
- Same Day dated batches and files that suspend for over-the-limit or other condition, may not process until the next business day

Business Day Calendar

Eastern Bank operates on the Federal Holiday calendar. Any ACH batches or files transmitted after the last cut-off time, on a weekend or a holiday will be processed on the next business day.
ACH Returned and Notification of Change (NOC) Reporting

Eastern Bank receives Returned entries and Notifications of Change (NOC) from RDFI’s daily. They are communicated to the Originator within 2 business days of the settlement date.

Return Entries and Notification of Change (NOC) Information

Eastern Bank will provide a report via the Eastern Treasury Legacy Report service to inform you of any Return entries or NOC’s to ACH originated items that we receive from RDFI’s. This report is called the ACH Return Items Report.

For any Return entries a financial adjustment will be made to your account at Eastern Bank for each individual item. It is your responsibility as the originator to determine the changes, based on the Return or Correction code that must to be made on your system(s) or data records. If you receive a NOC (notification of change) an entry must not be transmitted again containing the incorrect information or the change must be made within 6 business days to avoid any fines as outlined in the NACHA rules.

ACH Return Report – Return Entries

Below is a sample of the ACH Return report with a return reason code and a legend on the data fields.

<table>
<thead>
<tr>
<th>Account Number</th>
<th>Set Transaction Type</th>
<th>Amount</th>
<th>Customer ID</th>
<th>Customer Name</th>
<th>Bank</th>
<th>Id</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1234567890</td>
<td>PPD</td>
<td>$100</td>
<td>1234567890</td>
<td>ABC Company</td>
<td>XYZ Bank</td>
<td>1234567890</td>
<td>Return for credit card processing</td>
</tr>
</tbody>
</table>

ACH Return Item Notice Legend

1. Receiving Transaction Account #
2. Return Transaction Code
3. Transaction Type – DR/CR
4. Original Transaction Amount
5. Customer ID Data
6. Customer Name
7. Receiving Bank ABA
8. Your ACH Company Name
9. Original Entry Description
10. Settlement Date of Return

11. Transaction Type – PPD, CCD, CTX etc.
12. Your ACH ID - Tax ID #
13. Return Code – See table for value descriptions
14. Original Trace #
15. Original Effective Entry Date
16. Originating Bank ABA-Eastern Bank ABA - 01130179
17. Addendum Information Relative to the Return
# Return Reason Codes

<table>
<thead>
<tr>
<th>Code</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>R01</td>
<td>Insufficient Funds. The available and/or cash reserve balance is not sufficient to cover the dollar value of the debit entry.</td>
</tr>
<tr>
<td>R02</td>
<td>Account Closed. A previously active account has been closed by action of the customer or the RDFI.</td>
</tr>
<tr>
<td>R03</td>
<td>No Account/Unable to Locate Account. The account number structure is valid, and it passes the check digit validation, but the account number does not correspond to the individual identified in the entry, or the account number designated is not an open account.</td>
</tr>
<tr>
<td>R04</td>
<td>Invalid Account number. Account number structure invalid or may fail the check digit validation.</td>
</tr>
<tr>
<td>R05</td>
<td>Unauthorized entry to a consumer account bearing a Corporate SEC code. Those are: CCD, CTX.</td>
</tr>
<tr>
<td>R06</td>
<td>Returned per ODFI's Request. The ODFI has requested that the RDFI return the ACH entry. If the RDFI agrees to return the entry, the ODFI must indemnify the RDFI according to Article Five (Return, Adjustment, Correction, and Acknowledgment of Entries and Entry Information) of these Rules.</td>
</tr>
<tr>
<td>R07</td>
<td>Authorization Revoked by Customer (adjustment entries). The RDFI's customer (the Receiver) has revoked the authorization previously provided to the Originator for this particular transaction. The Receiver may request immediate credit from the RDFI for an unauthorized debit. The request must be made in writing within fifteen (15) days after the RDFI sends or makes available to the Receiver information pertaining to that debit entry.</td>
</tr>
<tr>
<td>R08</td>
<td>Payment Stopped or Stop Payment on Item</td>
</tr>
<tr>
<td>R09</td>
<td>Uncollected Funds Sufficient book or ledger balance exists to satisfy the dollar value of the transaction, but the dollar value of transactions in the process of collection (i.e., uncollected checks) brings the available and/or cash reserve balance below the dollar value of the debit entry.</td>
</tr>
<tr>
<td>R10</td>
<td>Customer Advises Not Authorized; Item Is Ineligible, Notice Not Provided, Signatures Not Genuine, or Item Altered (adjustment entries).</td>
</tr>
<tr>
<td>R11</td>
<td>Check Truncation Entry Return (Specify) To be used when returning a check truncation entry. This reason for return should be used only if no other return reason code is applicable. The RDFI should use the appropriate field in the addenda record to specify the reason for return (i.e., &quot;exceeds dollar limit,&quot; &quot;no match on ARP,&quot; &quot;stale date,&quot; etc.).</td>
</tr>
<tr>
<td>R12</td>
<td>Branch Sold to Another DFI [Account Sold to Another DFI]</td>
</tr>
<tr>
<td>R14</td>
<td>Representative Payee Deceased or Unable to continue in that capacity. Representative payee is a person or institution authorized to accept entries on behalf of one or more other persons, such as legally incapacitated adults or minor children. Representative payee is either deceased or unable to continue in that capacity. Beneficiary is not deceased.</td>
</tr>
<tr>
<td>R15</td>
<td>Beneficiary or Account Holder (Other Than a Representative Payee) Deceased (1) The beneficiary is the person entitled to the benefits and is deceased. The beneficiary may or may not be the account holder; or the account holder (acting in a non-representative payee capacity) is an owner of the account and is deceased.</td>
</tr>
<tr>
<td>R16</td>
<td>Account Frozen The funds in the account are unavailable due to specific action taken by the RDFI or by legal action.</td>
</tr>
<tr>
<td>R17</td>
<td>File Record Edit Criteria (Specify) Some fields that are not edited by the ACH Operator are edited by the RDFI. If the entry cannot be processed by the RDFI, the field(s) causing the processing error must be identified in the addenda record information field of the return.</td>
</tr>
<tr>
<td>R20</td>
<td>Non-Transaction Account. The ACH entry destined for a non-transaction account, as defined in Regulation D, would include either an account against which transactions are prohibited or limited or a pass-through where the entry is for a credit union or thrift organization and Regulation E descriptive requirements cannot be met.</td>
</tr>
<tr>
<td>R21</td>
<td>Invalid Company Identification. The identification number used in the Company Identification Field is not valid. This Return Reason Code will normally be used on CIE transactions.</td>
</tr>
</tbody>
</table>
R22  Invalid Individual ID Number. The Individual ID Number of CIE or MTE type entries is used by the Receiver (non-consumer) that a specific transaction has not been authorized by the Receiver.

R23  Credit Entry Refused by Receiver. The Receiver may return a credit entry because one of the following conditions exists: (1) a minimum amount required by the Receiver has not been remitted; (2) the exact amount required has not been remitted; (3) the account is subject to litigation and the Receiver will not accept the transaction; (4) acceptance of the transaction results in an overpayment; (5) the Originator is not known by the Receiver; or (6) the Receiver has not authorized this credit entry to this account.

R24  Duplicate Entry. The RDFI has received what appears to be a duplicate entry; i.e., the trace number, date, dollar amount and/or other data matches another transaction. This code should be used with extreme care. The RDFI should be aware that if a file has been duplicated, the Originator may have already generated a reversal transaction to handle the situation.

R29  Corporate Consumer Advises Not Authorized. The RDFI has been notified by the Receiver (non-consumer) that a specific transaction has not been authorized by the Receiver.

R31  Permissible Return Entry (CCD and CTX only). The RDFI has been notified by the ODFI that the ODFI agrees to accept a CCD or CTX return entry in accordance with Article Seven, section 7.3 (ODFI Agrees to Accept CCD or CTX Return).

R33  Return of XCK Entry. The RDFI determines at its sole discretion to return an XCK entry. This return reason code may only be used to return XCK entries. An XCK entry may be returned up to sixty days after its Settlement Date.

R37  Source Document Presented for Payment The source document to which an ARC entry or a POP entry relates has been presented for payment. The Receiver may request immediate credit from the RDFI for an ARC entry or a POP entry for the reason described above. The request must be made in writing within fifteen (15) days after the RDFI sends or makes available to the Receiver information relating to that debit entry. The Receiver must also provide the RDFI with a written statement under penalty of perjury that the source document was presented for payment. An RDFI using this return reason code must transmit the return entry by its ACH Operator’s deposit deadline for the return entry to be made available to the ODFI no later than the opening of business on the banking day following the sixtieth calendar day following the Settlement Date of the ARC entry or the POP entry.

R38  Stop Payment on Source Document. The RDFI determines that a stop payment order has been placed on the source document to which the ARC entry relates. An RDFI using this Return Reason Code must transmit the return entry by its ACH Operator’s deposit deadline for the return entry to be made available to the ODFI no later than the opening of business on the banking day following the sixtieth calendar day following the Settlement Date of the ARC entry to which the source document relates.

R39  Improper Source Document. The RDFI determines that the source document used for an ARC, BOC or POP entry to its Receiver’s account is improper pursuant to subsections 3.7.2 (Source Documents), 3.8.2 (Source Documents), and 3.9.1 (Source Documents). An entry returned using this return reason code must be received by the RDFI’s ACH Operator by its deposit deadline for the return entry to be made available to the ODFI no later than the opening of business on the second banking day following the settlement date of original entry.

R50  State Law Affecting RCK Acceptance. The RDFI is located in a state that has not adopted Revised Article 4 of the Uniform Commercial Code (1990 Official Text) and has not revised its customer agreements to allow for electronic presentment. OR the RDFI is located within a state that requires all canceled checks to a specific type of account to be returned to the Receiver within the periodic statement. An RCK entry that is returned using this Return Reason Code must be transmitted by the RDFI to its ACH Operator no later than midnight of the second banking day following the banking day of receipt of the presentment notice.
| R51 | Item is Ineligible, Notice Not Provided, Signature Not Genuine, Item Altered, or Amount of Entry Not Accurately Obtained from Item (adjustment entries) An RCK entry may be considered to be ineligible if (1) the item to which the RCK entry relates is not an item within the meaning of Revised Article 4 of the Uniform Commercial Code (1990 Official Text); (2) the item is not a negotiable demand draft drawn on or payable through or at a Participating DFI, other than a Federal Reserve Bank or Federal Home Loan Bank; (3) the item does not contain a pre-printed serial number; (4) the item is in an amount of $2,500 or more; (5) the item does not indicate on the face of the document that it was returned due to "Not Sufficient Funds," "NSF," "Uncollected Funds," or comparable language; (6) the item is dated more than 180 days from the date the entry is being transmitted to the RDFI (i.e., the item to which the RCK entry relates is stale dated); (7) the item is drawn on a non-Consumer Account; or (8) the item has been previously presented more than two times in its physical form, or more than one time in its physical form and more than one time as an RCK entry. OR, The Originator did not provide notice as provided for within Article Three, subsection 3.5.2 (Notice Obligation). OR All signatures on the item to which the RCK entry relates are not authentic or authorized, or the item to which the RCK entry relates has been altered. The amount of the RCK entry was not accurately obtained from the item. An RDFI using this Return Reason Code must transmit the return entry by its ACH Operator's deposit deadline for the return entry to be made available to the ODFI no later than the opening of business on the banking day following the sixtieth calendar day following the Settlement Date of the RCK entry to which the item relates.

| R52 | Stop Payment on Item (adjustment entries) The RDFI determines that a stop payment order has been placed on the item to which the RCK entry relates. An RDFI using this Return Reason Code must transmit the return entry by its ACH Operator's deposit deadline for the return entry to be made available to the ODFI no later than the opening of business on the banking day following the sixtieth calendar day following the Settlement Date of the RCK entry to which the item relates.

| R53 | Item and ACH Entry Presented for Payment (adjustment entries) In addition to an RCK entry, the item to which the RCK entry relates has also been presented for payment. The Receiver may request immediate credit from the RDFI for an RCK entry for the reason described above. The request must be made in writing within fifteen (15) days after the RDFI sends or makes available to the Receiver information relating to that debit entry. The Receiver must also provide the RDFI with a written statement under penalty of perjury, pursuant to subsection 7.6.5.3 (Receiver's Written Statement Under Penalty of Perjury for RCK Entries), that both the RCK entry and the item to which it relates were presented for payment. An RDFI using this return reason code must transmit the return entry by its ACH Operator's deposit deadline for the return entry to be made available to the ODFI no later than the opening of business on the banking day following the sixtieth calendar day following the Settlement Date of the RCK entry.

| Codes to Be Used by the ODFI for Automated Dishonored Return Entries: |

| R61 | Misrouted Return The financial institution preparing the return entry (the RDFI of the original entry) has placed the incorrect Routing Number in the Receiving DFI Identification field (positions 04-12, including Check Digit, of the Entry Detail Record).

| R62 | Incorrect Trace Number. The Trace Number found in positions 07-21 in the Addenda Record of the return entry is different from the trace number of the original entry.

| R67 | Duplicate Return. The ODFI has received more than one return for the same entry.

| R68 | Untimely Return The return entry has not been sent within the timeframe established by these rules.

| R69 | Multiple Errors Two or more of the following fields -- Original Entry Trace Number, Amount, Individual Identification Number/Identification Number, Company Identification, and/or Transaction Code -- are incorrect.
### ACH Return Items Report – Notification of Change (NOC) Legend

- **Receivers Account Number**
- **Return Trace Number**
- **Transaction Code and Type (DR/CR)**
- **Customer ID**
- **Customer Name**
- **Receiving Customers Bank ABA Number**
- **Your ACH Company Name**
- **Entry Description**
- **Correction Settlement Date**
- **SEC Type - COR**
- **Origination Date**
- **Your ACH Company ID**
- **Correction Reason Code - See attached definition listing**
- **Original Transaction Trace Number**
- **Correction Posting Effective Date**
- **Receiving Bank ABA Number**
- **Addendum Information Field - Contains correct information that caused the error**
## Notification of Change (NOC) Codes

A Notification of Change is created by an RDFI to notify the ODFI that previously valid information contained in a posted entry has become outdated or that information contained in a pre-notification or live transaction is erroneous and should be changed.

### Change Codes

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>C01</td>
<td>Incorrect DFI Account Number</td>
</tr>
<tr>
<td>C02</td>
<td>Incorrect Routing Number Correct Routing Number (including Check Digit) appears in first nine positions of the Corrected Data Field.</td>
</tr>
<tr>
<td>C03</td>
<td>Incorrect Routing Number and Incorrect DFI Account Number. Correct Routing Number (including Check Digit Example: Due to merger or consolidation, a once valid Routing Number must be changed, and in most instances, this change will cause a change to the account numbering structure.</td>
</tr>
<tr>
<td>C04</td>
<td>Incorrect Individual Name/Receiving Company Name. Correct Individual Name/Receiving Company Name</td>
</tr>
<tr>
<td>C05</td>
<td>Incorrect Transaction Code Example: An item, which the RDFI determines should be posted to their Demand Deposit Account (DDA) System, contains a Savings Transaction Code.</td>
</tr>
<tr>
<td>C06</td>
<td>Incorrect DFI Account Number and Incorrect Transaction Code. Example: An entry posting to a savings account should actually be going to a demand account or vice versa, and the account number is also incorrect.</td>
</tr>
<tr>
<td>C07</td>
<td>Incorrect Routing Number, Incorrect DFI Account Number, and Incorrect Transaction Code</td>
</tr>
<tr>
<td>C09</td>
<td>Incorrect Individual Identification Number. Example: Individual's Identification Number within the Company is incorrect, either on initial input or through merger or consolidation. Note: Change Codes C10 through C12 cover information contained in the Batch Header Record and therefore will require the creation of a dummy Entry Detail Record(s) to meet the software requirements.</td>
</tr>
<tr>
<td>C13</td>
<td>Addenda Format Error Information in the Entry Detail Record was correct, and the entry was able to be processed and posted by the RDFI. However, information found in the Addenda Record was unclear or was formatted incorrectly.</td>
</tr>
</tbody>
</table>
### ACH Transaction Codes used for Pass Thru Files

#### Demand Credit Records (for checking, NOW, and share draft accounts)

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>22</td>
<td>Checking Credit</td>
</tr>
<tr>
<td>23</td>
<td>Pre-notification</td>
</tr>
<tr>
<td>24</td>
<td>Zero dollar with remittance data</td>
</tr>
</tbody>
</table>

#### Demand Debit Records (for checking, NOW, and share draft accounts)

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>27</td>
<td>Checking Debit</td>
</tr>
<tr>
<td>28</td>
<td>Pre-notification</td>
</tr>
<tr>
<td>29</td>
<td>Zero dollar with remittance data</td>
</tr>
</tbody>
</table>

#### Savings Account Credit Records

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>32</td>
<td>Savings Credit</td>
</tr>
<tr>
<td>33</td>
<td>Pre-notification</td>
</tr>
<tr>
<td>34</td>
<td>Zero dollar with remittance data</td>
</tr>
</tbody>
</table>

#### Savings Account Debit Records

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>37</td>
<td>Savings Debit</td>
</tr>
<tr>
<td>38</td>
<td>Pre-notification</td>
</tr>
<tr>
<td>39</td>
<td>Zero dollar with remittance data</td>
</tr>
</tbody>
</table>
## Standard Entry Class Codes

<table>
<thead>
<tr>
<th>Consumer/Corporate</th>
<th>Applications</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ARC</strong> Accounts Receivable Entry</td>
<td>This Standard Entry Class Code enables Originators to convert to a Single-Entry ACH debit a consumer check received via the U.S. mail or at a drop box location for the payment of goods or services. The consumer's source document (i.e., the check) is used to collect the consumer's routing number, account number, check serial number, and dollar amount for the transaction.</td>
<td></td>
</tr>
<tr>
<td><strong>BOC</strong> Back Office Conversion</td>
<td>Back Office Conversion will allow Originators and ODFI's acting as Originators, to accept checks at the point-of-purchase or at manned bill payment locations and covert the checks to ACH debits during back office processing.</td>
<td></td>
</tr>
<tr>
<td><strong>CIE</strong> Customer Initiated Entry</td>
<td>Customer Initiated Entries are limited to credit applications where the consumer initiates the transfer of funds to a company for payment of funds owed to that company, typically through some type of home banking product or bill payment service provider.</td>
<td></td>
</tr>
<tr>
<td><strong>IAT</strong> International ACH</td>
<td>An International ACH Transaction is an ACH entry that is part of a payment transaction involving a financial agency's office that is not located in the territorial jurisdiction of the US. IAT Transactions focus on where the financial institution that handles the payment transaction (movement of the funds) is located and not where any other party to the transaction (e.g., the Originator or Receiver) is located.</td>
<td></td>
</tr>
<tr>
<td><strong>MTE</strong> Machine Transfer Entry</td>
<td>The ACH Network supports the clearing of transactions from Automated Teller Machines, i.e., Machine Transfer Entries (MTE).</td>
<td></td>
</tr>
<tr>
<td><strong>POP</strong> Point-of-Purchase Entry</td>
<td>A POP Entry is a Single-Entry debit originated based on an Eligible Source Document (check) provided to an Originator by a consumer at the point-of-purchase.</td>
<td></td>
</tr>
<tr>
<td><strong>PPD</strong> Direct Deposit Entry and Prearranged/Preauthorized Payment</td>
<td>Direct Deposit is a credit application that transfers funds into a consumer's account at the Receiving Depository Financial Institution. The funds being deposited can represent a variety of products, such as payroll, interest, pension, dividends, etc. Preauthorized payment is a debit application. Companies with billing operations may participate in the ACH through the electronic transfer (direct debit) of bill payment entries. Through standing authorizations, the consumer grants the company authority to initiate periodic charges to his or her account as bills become due.</td>
<td></td>
</tr>
<tr>
<td><strong>POS/SHR</strong> Point of Sale Entry/Shared Network Transaction</td>
<td>These two Standard Entry Class Codes represent point of sale debit applications in either a shared (SHR) or non-shared (POS) environment. These transactions are most often initiated by the consumer via a plastic access card.</td>
<td></td>
</tr>
<tr>
<td><strong>RCK</strong> Re-presented Check Entry</td>
<td>A re-presented check entry is a Single-Entry ACH debit application used by Originators to re-present a check that has been processed through the check collection system and returned because of insufficient or uncollected funds.</td>
<td></td>
</tr>
<tr>
<td><strong>TEL</strong> Telephone-Initiated Entry</td>
<td>This Standard Entry Class Code is used for the origination of debit entries (either recurring or Single-Entry) to a consumer's account pursuant to an authorization that is obtained from the Receiver via the Telephone.</td>
<td></td>
</tr>
<tr>
<td><strong>WEB</strong> Internet-Initiated Entry</td>
<td>This Standard Entry Class Code is used for the origination of debit entries (either recurring or Single-Entry) to a consumer's account pursuant to an authorization that is obtained from the Receiver via the Internet.</td>
<td></td>
</tr>
</tbody>
</table>

---

<table>
<thead>
<tr>
<th>Consumer/Corporate</th>
<th>Applications</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ACK/ ATX</strong> Acknowledgment Entries</td>
<td>These optional Standard Entry Class Codes are available for use by the RDFI to acknowledge the receipt of ACH credit payments originated using the CCD or CTX formats. These acknowledgments indicate to the Originator that the payment was received and that the RDFI will attempt to post the payment to the Receiver's account.</td>
<td></td>
</tr>
<tr>
<td><strong>ADV</strong> Automated Accounting Advice</td>
<td>This Standard Entry Class Code represents an optional service to be provided by ACH Operators that identifies automated accounting advices of ACH accounting information in machine readable format to facilitate the automation of accounting information for Participating DFIs.</td>
<td></td>
</tr>
<tr>
<td><strong>CTX</strong> Corporate Trade Exchange</td>
<td>The Corporate Trade Exchange application supports the transfer of funds (debit or credit) within a trading partner relationship in which a full ANSI ASC X12 message or payment related UN/EDIFACT information is sent with the funds transfer. The ANSI ASC X12 message or payment related UN/EDIFACT information is placed in multiple addenda records.</td>
<td></td>
</tr>
<tr>
<td><strong>CCD/CCD+</strong> Corporate Debit or Credit</td>
<td>This application, Cash Concentration or Disbursement, can be either a credit or debit application where funds are either distributed or consolidated between corporate entities. This application can serve as a stand-alone funds transfer, or it can support...</td>
<td></td>
</tr>
<tr>
<td>Code</td>
<td>Description</td>
<td>Details</td>
</tr>
<tr>
<td>------</td>
<td>-------------</td>
<td>---------</td>
</tr>
<tr>
<td>DNE</td>
<td>Death Notification Entry</td>
<td>This application is utilized by Federal Government to notify a depository financial institution that the recipient of a government benefit payment has died.</td>
</tr>
<tr>
<td>IAT</td>
<td>International ACH</td>
<td>An International ACH Transaction is an ACH entry that is part of a payment transaction involving a financial agency's office that is not located in the territorial jurisdiction of the US. IAT Transactions focus on where the financial institution that handles the payment transaction (movement of the funds) is located and not where any other party to the transaction (e.g., the Originator or Receiver) is located.</td>
</tr>
<tr>
<td>TRC/TRX</td>
<td>Truncated Entries</td>
<td>This Standard Entry Class Code is used to identify batches of truncated checks. For more information on check truncation, please see the National Association for Check Safekeeping Guidelines available from NACHA.</td>
</tr>
<tr>
<td>XCK</td>
<td>Destroyed Check Entry</td>
<td>This application can be utilized by a collecting institution for the collection of certain checks when those checks have been destroyed.</td>
</tr>
<tr>
<td>RCK</td>
<td>Re-presented Check Entry</td>
<td>A re-presented check entry is a Single-Entry ACH debit application used by Originators to re-present a check that has been processed through the check collection system and returned because of insufficient or uncollected funds.</td>
</tr>
</tbody>
</table>
Procedure for ACH Batch and Transaction Reversals/Deletions

There may be situations that require an entry within a batch or a complete batch to be deleted or reversed. Batch and transaction reversals can be made through the Payments List View on the Eastern Treasury system within 5 business days from the EFFECTIVE of the original batch/transaction.

1. Locate and View the transaction to be reversed in Payments List View
2. Click on Reverse at the bottom of the screen
3. Input the Reversal Reason and Batch/Transaction criteria
4. Submit the Reversal
Payment Summary

Status: Released
Timestamp: 02/25/2019 11:39 AM
Last Approved On: 02/25/2019 11:40 AM
Entry Method: Preform
Last Approved By: 02/25/2019 12:45 PM

Originator Information

Originator ID: ACH COMPANY-2-1031456759
Value Date: 02/25/2019
Batch Description: CONS PAY

Payee Information

<table>
<thead>
<tr>
<th>Filter</th>
<th>Select fields</th>
<th>All Payees</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Actions</th>
<th>Name</th>
<th>ID</th>
<th>Bank Code</th>
<th>Account Number</th>
<th>Account Type</th>
<th>Amount</th>
<th>CCY</th>
<th>Present</th>
<th>Referee</th>
</tr>
</thead>
<tbody>
<tr>
<td>View</td>
<td>Toni Brown</td>
<td>9586533</td>
<td>011301798</td>
<td>655444669</td>
<td>Checking</td>
<td>821.00</td>
<td>USD</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>View</td>
<td>Brian Duke</td>
<td>010000026</td>
<td>011301798</td>
<td>442001000</td>
<td>Checking</td>
<td>225.00</td>
<td>USD</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>View</td>
<td>John Venture</td>
<td>21070175</td>
<td>22034868</td>
<td>22034868</td>
<td>Checking</td>
<td>300.00</td>
<td>USD</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

Viewing 1 of 2 records

Display 50 per page

Payment History

View Full Payment History

<table>
<thead>
<tr>
<th>Action</th>
<th>Timestamp</th>
<th>User ID</th>
<th>User Name</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entered</td>
<td>02/25/2019 11:39 AM</td>
<td>MROI8B</td>
<td>Marianne Robbins</td>
<td>ADVALL1</td>
</tr>
<tr>
<td>Approved</td>
<td>02/25/2019 11:40 AM</td>
<td>MROI8B</td>
<td>Marianne Robbins</td>
<td>ADVALL1</td>
</tr>
<tr>
<td>Extracted</td>
<td>02/25/2019 12:45 PM</td>
<td>MROI8B</td>
<td>Marianne Robbins</td>
<td>ADVALL1</td>
</tr>
</tbody>
</table>

1,087.00 USD to 3 Payees on 25 Feb 2019

- Copy as Payment
- Print
- Copy as Template
- Reverse
- Cancel
Procedure for Pass Thru related Batch and Transaction Reversals/Deletions

1. The preferred process for Pass Thru customers to request a file, batch or transaction reversal is to originate a **REVERSAL** file from your external system. Refer to your software (or vendor) for instructions.

2. Another option is to utilize the interactive Eastern Bank ACH Payment Reversal Request Form located at: [https://www.easternbank.com/ach-payment-reversal-request](https://www.easternbank.com/ach-payment-reversal-request)

3. Complete and submit the request online
   a. the same day the file is transmitted or 2 days prior to the settlement date in order to delete the item or
   b. to request a reversal, submit the form within 5 business days of the settlement date of the transaction
   c. before the form is submitted, a confirmation # is displayed in the event you have questions, please save this number

4. The ACH Payment Reversal Request Form must be transmitted to and received by Eastern Bank by 4:00 PM to be processed the same day and the offsetting transaction will be post to your account.

5. A confirmation of the reversal will be emailed to the requestor within 2 hours of receiving the request or by 5:00 PM the same day.

6. If you do not see the transaction, please contact the Business Service Team at 1-800-333-8000 and provide the original confirmation number.

*Note: Fees apply for this request*
Rule and Procedure for Reinitiating Returned Entries

A NACHA rule, implemented 9/18/15, governs under what circumstances and how Reinitiated Returned Entries are handled. Any Entry, other than an RCK Entry, that was previously returned may be Reinitiated only if:

a. The original Entry was returned for insufficient or uncollected funds (R01 or R90)
b. The original Entry was returned for stopped payment (R08) and the Reinitiation has been subsequently authorized by the Receiver after the Return Entry has been received
c. Action has been taken to correct the reason for the return; ex: incorrect Transaction Type (R10)

Other:

d. The Reinitiated Entry must occur within 180 days after the Settlement Date of the original Entry
e. Reinitiation cannot occur again if an Entry has been returned more than two (2) times for insufficient or uncollected funds following the Return of the original Entry
f. A debit Entry will not be treated as a Reinitiated Entry if:
   i) The debit Entry is one of a series of preauthorized, recurring debits Entries and is not contingent on whether an earlier debit was returned (insurance payments/gym memberships)
   ii) A new authorization for the Debit has been obtained after the original Return Entry

Reinitiating a Returns Batch

Reinitiated Returns must be submitted in a separate batch from any other Entry type.

The Reinitiated Entry must contain the following identical field entries as the original Entry that was returned:

a. Company Name
b. Company Identification
c. Amount

The Batch Description field of the reinitiated payment must contain the words “RETRY PYMT” in all caps.

Reinitiating Pass Thru Batch

Use the ACH Pass Thru service to load a Reinitiated Returns Batch. Your external system will need to create a Reinitiated Returns Batch by using “RETRY PYMT” in Record 5 - Batch Header - Company Entry Description. When you load an ACH pass-thru file, the system validates that the format of the records in the file matches the standard NACHA formats. After the validation is complete, you approve the pass-thru ACH file. Once approved, the file is sent to the bank for processing. You cannot edit pass-thru files.
International ACH Transaction (IAT) processing - Canada

General Description

Eastern Bank supports the Federal Reserve’s mission to ensure an efficient, effective and accessible retail payments system and offers a single processing stream for our customers sending and receiving domestic and international ACH credit items using domestic FedACH deadlines.

Cross-border payments are formatted using the NACHA Standard Entry Class (SEC) code IAT (international ACH transaction). The Company/Batch Header Record contains information specific to cross-border payments, including data related to foreign exchange, origination and destination country, and currency codes. The IAT SEC code and fields in the Company Batch Header Record allow cross-border payments to be readily identified.

Canadian Requirements and Service Description

For payments originated in the U.S. and sent through Eastern Bank, the Federal Reserve Bank of Atlanta serves as the U.S. Gateway Operator (GO) and works with the appropriate Foreign Gateway Operator (FGO). Eastern Bank has partnered with the Federal Reserve Bank and Scotiabank, which are acting as gateway operators and serve as conduits to their domestic payments systems to accomplish straight-through processing of payments.

It is important to remember that each country is governed by its own domestic clearing rules and practices. Some of the prominent differences between the U.S. and Canadian payments systems are highlighted to assist you in planning and implementing IAT transactions. The Canada Service supports both forward ACH 1-day and 2-day debits and credits originated in the U.S. and destined to any receiver’s account in Canada. Please note that Eastern Bank only allows 2-day credit transactions to Canada.

NACHA Operating Rules allow for transactions to be originated in three types of currency value exchange: fixed-to-fixed (FF), fixed-to-variable (FV), or variable-to-fixed (VF). Eastern Bank accommodates fixed-to-variable (FV) and fixed-to-fixed (FF) Credit transactions for outbound payments destined to Canada.

As Canada is a dual-currency country, it is common practice for customers in Canada to have bank accounts denominated in either Canadian or U.S. dollars. Therefore, the Canada service allows for the flexibility in foreign exchange options, depending upon what the Canadian receiver’s account is denominated in – fixed-to-fixed (FF) or fixed-to-variable (FV). The items can be paid in a variable amount of Canadian dollars (FV - USD to CAD) based upon a daily exchange rate applied by Scotiabank or in U.S. dollars (FF- USD to USD). All settlement with U.S. participants is in U.S. dollars.

Rule Differences
The Federal Reserve Bank and Scotiabank serve as conduits to their domestic payment systems to process and deliver international ACH payments. ACH items originated in the United States are governed by U.S. laws and rules (including the NACHA Rules), until they cross the border into Canada. Once they arrive in Canada, Canadian laws and rules apply.

**Prenotifications and Notifications of Change (NOC)**

Prenotes are not supported in Canada. Any prenotes sent to Canada will be rejected by FedACH. To verify account information for a new receiver, a forward IAT credit for $2.00 may be sent. If the information for the receiver is incorrect, the receiving financial institution will return the item within the appropriate time frame for the receiving country.

NOC processing is supported in the Canada Service and NOCs may be initiated to notify ODFIs in the U.S. that previously valid information contained in a posted entry has become outdated and should be changed.

**ODFI Recalls and Reversals**

Reversals are not supported in FedGlobal. If an error is detected after a file has been submitted, the U.S. ODFI should contact the originator, which in turn should work with the receiver to request a refund of the duplicated funds. In addition, the U.S. ODFI can contact FedACH, who can provide contact information for the foreign RDFI.

The U.S. ODFI and/or originator are responsible for contacting the foreign RDFI or the beneficiary to request a refund of the item.

**Canadian Payments System Overview**

In Canada, the clearing and settlement of ACH payments is handled separately. There is no ACH Operator, and ACH payments are exchanged directly among banks that are known as direct clearers in the Automated Clearing Settlement System (ACSS). The Bank of Canada, which is the central bank, provides the settlement for payments processed. Canadian banks are classified as either a direct or indirect clearing bank. There are a small number of financial institutions that act as direct clearers; all other financial institutions are indirect clearers and must arrange for a direct clearer to act as an agent on their behalf within the clearing system.

As noted earlier, ACH items originated in the U.S. are governed by U.S. laws and rules (including OC4 and the NACHA Rules) until they cross the border into Canada. Once they arrive in Canada, Canadian laws and the rules of the Canadian Payments Association (CPA) apply. The CPA, as the rulemaking authority in Canada, imposes significant financial penalties for rule violations. The Canadian payment rules can be obtained from the web site at [http://www.cdnpay.ca](http://www.cdnpay.ca). In the case that Scotiabank is notified for a CPA Rules violation, it will inform the ODFI that a violation has occurred and on a best effort basis, will work with the ODFI to ensure that the ODFI's payments are compliant with the CPA rules.

Examples of rule differences include but may not be limited to the following:

- Return times are longer in Canada than in the U.S. In Canada, consumers can return debits up to 90 days after the debit date. Businesses can return debits up to 10 days. Although credits are seldom returned, the same return timeframes apply.
- While debits into Canada are supported, originating financial institutions must be aware of, and comply with, the substantive requirements of the Canadian payment system rule H-1 on pre-authorized debits (“PAD”). Please refer directly to the CPA Rules to review the requirements of Rule H-1 at: [http://www.cdnpay.ca/imis15/pdf/pdfs_rules/rule_h1.pdf](http://www.cdnpay.ca/imis15/pdf/pdfs_rules/rule_h1.pdf). Please note that Eastern Bank does not allow the processing of debits to Canada at this time.
- Bill C-25 was introduced in June 2009 to update existing procedures and laws of money laundering and terrorist financial reporting. Due to the nature of this bill, Scotiabank will be reviewing all payments for proper compliance, including the quality of the data that is being passed from the U.S. to Canada. If for some reason, there are pertinent fields such as the receiver information, that is not properly formatted according to the NACHA formats and/or the quality of the data within the fields is not reasonable, Scotiabank will return the item back to the originating depository financial institution. For more information on Bill C-25, please refer directly to: [http://www.fintrac.gc.ca/publications/nr/Bg2007-10-25-eng.asp](http://www.fintrac.gc.ca/publications/nr/Bg2007-10-25-eng.asp).

**Payment and Settlement Flows**

This section describes both processing and settlement schedules for the Canada Service.

**Processing**

1. Originator submits IAT transactions to Eastern Bank by 4:00 PM
   a. FF and FV credit payments cannot be combined in one batch therefore must be batched separately
   b. Eastern Bank submits transactions to OFAC screening
   c. NACHA formatted file containing Canadian cross-border transactions is transmitted to FedACH
2. FedACH reviews the file and validates that receipt is from an eligible participant
   a. The deposit deadline for cross-border items is 2:15 AM ET
   b. Files are transmitted to Scotiabank by 6:00 AM ET for further processing
3. Scotiabank translates the NACHA formatted items into the Canadian format and converts the U.S. dollar amounts into Canadian dollars if the items are FV
   a. Subsequently, Scotiabank posts the transactions to receiving accounts held at Scotiabank or distributes the transaction to RDFIs in Canada.

**Settlement**

1. Transactions are delivered to Canadian RDFIs according to standard Canadian electronic funds transfer (EFT) delivery schedules and exchanges between direct clearers
   a. Canadian EFT payments are exchanged at 10:00 ET and 2:30 PM ET
      i. All U.S. dollar items (FF) are delivered in the 10:00 AM ET exchange
      ii. All FV items are delivered to Canadian RDFIs in the 2:30 PM ET exchange
   b. Each Canadian RDFI can post items to receiver accounts according to its own internal timetable
   c. A survey of Canadian banks shows that the posting times vary from 5:30 PM ET on Day 1 to 8:00 AM ET on Day 2 for FV items and 11:00 AM ET on Day 1 to 8:00 AM ET on Day 2 for FF items.

The convention of “Day 0” and “Day 1” is used to distinguish the “day” in which processing occurs versus the “day” in which settlement takes place and reflects the FedACH processing day cycle (e.g. start of Day “0” at 3:00 AM ET Monday through close of Day “0” at 2:15 AM ET on Tuesday).

**Fixed-to-Fixed (FF – USD to USD)**

If sending payments to Canadian receivers using the FF payment option: The items are deposited by the ODFI/SP (Sending Point), received and processed by FedACH and forwarded to Scotiabank where the items are converted into the Canadian format. In this case, there is no foreign exchange, and the items are delivered to the Canadian banks in U.S. dollars. Due to the time frames for exchanging U.S. dollars in Canada, 1-day FF payments received by FedACH after 2:00 PM ET will be processed as 2-day payments.

**Fixed-to-Variable (FV – USD to CAD)**

If sending payments to Canadian receivers using the FV payment option: The ODFI/SP deposits an ACH input file with FedACH, which receives and processes the file. The deposit deadline is 02:15 ET on FedACH processing Day 0*. FedACH acknowledges receipt of the file for the ODFI/SP, creates the accounting entries, and makes available settlement information to the ODFI and Scotiabank. Scotiabank receives the Canadian items in the file from FedACH on Day 1. Scotiabank reformats the items, converts the U.S. dollar amounts into Canadian dollars at 10:00 ET and exchanges the payments with the Canadian banks. All settlement with U.S. participants is in U.S. dollars.

**Holiday Schedule**

Canadian banking holidays are not all identical to U.S. banking holidays, and ODFIs occasionally transmit items through FedACH for settlement on a Canadian holiday. When an ODFI submits items for settlement on a national Canadian holiday that is not a U.S. holiday, FedACH will process the items and settle against the ODFI’s settlement account on the specified settlement date, and Scotiabank will process, deliver and settle the items to the receivers in Canada on the next Canadian banking day after the holiday. The FX Rate will then be set according to the rate posted on the business day following the holiday and funds availability will be at the opening of business on the following day.

**Canadian Banking Holidays**

New Year's Day (observed)
Family Day *
Good Friday *
Victoria Day *
Canada Day *
Civic Holiday *
Labor Day
Thanksgiving Day *
Remembrance Day *
Christmas Day (observed)
Boxing Day *

* Indicates holidays that differ from US Banking holidays
Exception Processing

Return Items

When Scotiabank receives files from FedACH, they are processed and posted to receiving accounts at Scotiabank or distributed to receiving institutions through the Canadian clearing system. Subsequently, Scotiabank or the Canadian RDFI may find it necessary to return an item. The item will be returned with the original dollar amount adjusted as necessary based upon the prevailing exchange rate, and the original forward item amount will be referenced in the return addenda record (field eight, position 47-56).

The procedures noted below outline the steps involved in two return item scenarios: items returned/rejected by Scotiabank and items returned by a Canadian RDFI. The items will be returned using one of the following U.S. NACHA Return Reason codes.

<table>
<thead>
<tr>
<th>Code</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>R01</td>
<td>Insufficient Funds</td>
</tr>
<tr>
<td>R02</td>
<td>Account Closed</td>
</tr>
<tr>
<td>R03</td>
<td>No Account/Unable to Locate Account</td>
</tr>
<tr>
<td>R04</td>
<td>Invalid Account Number</td>
</tr>
<tr>
<td>R06</td>
<td>Returned per ODFI’s Request</td>
</tr>
<tr>
<td>R07</td>
<td>Receiver Dispute</td>
</tr>
<tr>
<td>R08</td>
<td>Payment Stopped</td>
</tr>
<tr>
<td>R09</td>
<td>Uncollected Funds</td>
</tr>
<tr>
<td>R10</td>
<td>Customer Advises Not Authorized</td>
</tr>
<tr>
<td>R12</td>
<td>Branch Sold to Another DFI</td>
</tr>
<tr>
<td>R14</td>
<td>Representative Payee Deceased</td>
</tr>
<tr>
<td>R15</td>
<td>Beneficiary or Account Holder Deceased</td>
</tr>
<tr>
<td>R16</td>
<td>Account Frozen</td>
</tr>
<tr>
<td>R17</td>
<td>File Record Edit Criteria</td>
</tr>
<tr>
<td>R20</td>
<td>Non-Transaction Account</td>
</tr>
<tr>
<td>R24</td>
<td>Duplicate Entry</td>
</tr>
<tr>
<td>R80</td>
<td>Cross-Border Payment Coding Error</td>
</tr>
<tr>
<td>R81</td>
<td>Non-Participant in Cross-Border Program</td>
</tr>
<tr>
<td>R82</td>
<td>Invalid Foreign Receiving DFI Identification</td>
</tr>
<tr>
<td>R83</td>
<td>Foreign Receiving DFI Unable to Settle</td>
</tr>
<tr>
<td>R84</td>
<td>Entry Not Processed by OGO</td>
</tr>
</tbody>
</table>

**Items returned by Scotiabank**

Upon receipt of items from FedACH, Scotiabank may be unable to process some payments and will return these payments. Items may be returned because the Canadian RTN and account numbers within the addenda records are not within Scotiabank’s defined edit range. It is critical that ODFIs ensure that items returned for edit failures are corrected before they are retransmitted. This will avoid having items reject “multiple times” for the same edit error. Additionally, Scotiabank will reject Credit payments if the effective entry date is more than 30 calendar days prior to the processing date. Debit payments will be rejected if the effective entry date is more than 173 calendar days prior to the processing date. Please note that Eastern Bank only allows the processing of credit entries at this time. These date ranges were set by Scotiabank to conform to the timeframes established in the CPA Rules.

**Items returned by the RDFI or receiver**

Items processed by Scotiabank to the receiving institution may be returned if the RDFI is unable to post the items (account closed, invalid account number, etc). Items will generally be returned no later than the business day following receipt by the first organizational unit that is able to make or act upon a decision to accept an item.
Important NACHA Rules and Regulations

As a customer you are the “originator” in the NACHA framework and Eastern Bank is the Originating Depository Financial Institution (ODFI). As an Originator you need to be aware of some of the important NACHA rules and regulations that you are bound by. Outlined below are some of the key Operating Rules for Originators. Anyone can find out more about the rules and regulations by going the NACHA web page on the internet at https://www.nacha.org/rules.

Receiver Authorization and Agreement - Subsection 2.1.2
The Receiver has authorized the Originator to initiate the entry to the Receiver's account. In the case of CBR, CCD, and CTX entries, the Receiver has an agreement with the Originator under which the Receiver has agreed to be bound by these rules as in effect from time to time. In the case of debit entries to a Consumer Account, the authorization must be in writing and signed or similarly authenticated by the consumer. 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 enables the consumer to read the communication. The authorization also must be readily identifiable as an authorization, must clearly and conspicuously state its terms, and, for all entries except POP entries and Single-Entry WEB entries, the authorization 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 subsections 2.1.3 (Exception to Authorization Requirement), 2.1.4 (Authorization/Notification for PPD Accounts Receivable Truncated Check Debit Entries), and 2.1.5 (Authorization for Telephone-Initiated Entries) are excepted from these Receiver authorization requirements.

Exception to Authorization Requirement - Subsection 2.1.3
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. No authorization by the Receiver is required for entries initiated pursuant to section 2.7 (Destroyed Check Entries) or section 2.8 (Re-presented Check Entries).

Authorization of TEL Entries – Subsection 2.5.15.2
An Originator must satisfy the requirement for authorization of a TEL Entry by obtaining oral authorization from the Receiver to initiate a debit Entry to a Consumer Account of the Receiver. The authorization must be readily identifiable as an authorization and must have clear and readily understandable terms. The following minimum information must be included as part of the authorization of a Single Entry TEL Entry: (a) the date on or after which the ACH debit to the Receiver’s account will occur; (b) the amount of the transaction or a reference to the method of determining the amount of the transaction; (c) the Receiver’s name or identity; (d) the account to be debited; (e) a telephone number for Receiver inquiries that is answered during normal business hours. Additionally, for Recurring Entry TEL, the authorization must include the timing (including the start date), number, and/or frequency of the electronic fund transfers, or other similar reference, to the Consumer’s account; and the Originator must comply with the requirements of Regulation E for the authorization of preauthorized transfers, including the requirement to send a copy of the authorization.

Authorization of WEB Entries and Annual Audit Requirements – Subsections - 2.5.17.2 and 2.5.17.3
An Originator must satisfy the requirement for authorization of a debit WEB Entry to a Consumer Account of the Receiver by (1) obtaining written authorization from the Receiver via the Internet or a Wireless Network; or (2) obtaining the Receiver’s authorization in any manner permissible under Subsection 2.3.2 (Authorizations and Notices with Respect to Consumer Accounts), and the Receiver’s instruction for the initiation of the individual debit Entry is communicated, other than by an oral communication, via a Wireless Network. An Originator of a debit WEB Entry must conduct, or have conducted on its behalf, annual audits to ensure that the financial information it obtains from Receivers is protected by security practices and procedures that include, at a minimum, adequate levels of: (a) physical security to protect against theft, tampering, or damage; (b) personnel and access controls to protect against unauthorized access and use; and (c) network security to ensure secure capture, storage, and distribution.

Pre-notifications – Section 2.3
Prior to the initiation of the first entry to a Receiver or a Receivers Account with an RDFI, an Originator may, at its option, send notification via the ODFI and the ACH network to the RDFI. The pre-notification provides the RDFI notice that the Originator intends to initiate one or more entries to the Receiver’s account in accordance with the Receiver’s authorization. The Originator is required to maintain proof of authorization that can be requested by the ODFI or RDFI in a case of dispute.

Six banking days delay for any pre-notification: Return entries or notification of change – Section 2.23
An Originator that has initiated a pre-notification to a Receiver’s account may not send a live transaction before 6 banking days following the settlement date (effective date) of the pre-notification entry. The six days allows time for the RDFI to either “return” or send a Notification of Change to the Originator via the ODFI. If a return is received another transaction must not be initiated with the same data. If a Notification of
Change is sent from the RDFI to the Originator via the ODFI, the Originator is required to make the changes prior to the next initiation of such entries or within six business days whichever comes first.

Reversing Files – Section 2.4
If an Originator, ODFI, or ACH operator has initiated a duplicate file or a file in which each entry or an entry in one or more batches contains erroneous data, and no right to recall those entries exists under the rules, the Originator, ODFI or ACH operator may initiate a file of entries (referred to as a “reversing file”). The file must comply with the ACH record format for reversals.

Limitation of Initiation of Reversing Files – Subsection 2.4.2
Each reversing file must be initiated in time to be available to the RDFI within five banking days after the Settlement Date of the duplicate or erroneous file. The file must also be sent within 24 hours of discovery of the duplication or error.

Reversing Entries – Section 2.5
An originator may initiate and entry (referred to as a “reversing entry”) to correct an erroneous credit or debit entry previously initiated to a Receiver’s account. This reversing entry must be transmitted to the Receiving ACH Operator in such time to be transmitted or made available to the RDFI by midnight of the fifth banking day following the settlement day of the erroneous entry. 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.

Reinitiation of Returned Entries – Subsection 2.12.4.1
Reinitiation of Returned Debit Entries, the Rule requires a reinitiated Entry to contain identical content in the following fields: Company Name, Company ID, and Amount. Further, the rule permits modification to other fields only to the extent necessary to correct an error or facilitate processing of an Entry. This change will allow reinitiations to correct administrative errors, but prohibit reinitiation of Entries that may be attempts to evade the limitation on the reinitiation of returned Entries by varying the content of the Entry.

Finally, the Rule addresses two technical issues associated with the Reinitiation Rule. First, the ODFI would be required to include the description “RETRY PYMT” in the Company Entry Description field to identify Entries that are permissible resubmissions of Returned Entries under the Reinitiation Rule. Use of this description in the field would notify the Receiver that the Entry relates to a previously Returned Entry, and will facilitate research and dispute resolution for RDFIs. Second, there is not currently a separate Return code for an RDFI to indicate when an Entry is being returned for a violation of the Reinitiation Rule. The Rule will allow such returns to use Return Code R10 (currently used for Extended Returns) to include a Return for a violation of the Reinitiation Rule, since most violations of the Reinitiation Rule are likely to be identified via a customer complaint after the expiration of the “two-day” return timeframe (i.e., an extended return timeframe would be necessary). In order to use R10 and the extended return timeframe, the RDFI will need to obtain a Written Statement of Unauthorized Debit.

Consumer Accounts - Notice by Originator to Receiver of Variable Debits - Section 3.3

Notice of Change in Amount - Subsection 3.3.1
If the amount of a debit entry to be initiated to a Consumer 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 ten calendar days prior to the date on which the entry is scheduled to be initiated.

Receiver’s Election - Subsection 3.3.2
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.

Notice of Change in Scheduled Debiting Date - Subsection 3.3.3
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 seven 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 3.3.3, variation in debiting dates due to Saturdays, Sundays, or holidays are not considered to be changes in the scheduled dates.

Consumer Accounts - Copy of Debit Authorization - Section 3.4
An Originator must provide each Receiver with an electronic or hard copy of the Receiver's authorization for all debit entries to be initiated to a Consumer Account.
**Same Day ACH: Moving Payments Faster – Section 8.84**
Same Day ACH rule enables the same-day processing of virtually any ACH payment, both credits and debits, will be eligible for same-day processing. Only international transactions (IATs) and high-value transactions above $25,000 will not be eligible at this time.

**Phased Implementation:**

Phase 1 (September 23, 2016), ACH credit transactions eligible for same day processing
Phase 2 (September 15, 2017), same-day ACH debits added
Phase 3 (March 16, 2018), faster ACH credit funds availability, funds from Same Day credit transactions available by 5 p.m. RDFI local time.

**Unauthorized Entry Fee – Chapter 10**
The Rules provide for an Unauthorized Entry Fee to be charged to an ODFI for each debit entry that is returned to it as unauthorized. This fee is intended to improve ACH Network quality by reducing the incidence of ACH debits that are returned as unauthorized. ODFIs are required to pay a fee to an RDFI for any ACH debit returned due to a reason of unauthorized (return reason codes R05, R07, R10, R29 and R51).

International ACH Transactions (IAT) are not currently covered by the fee but could be included in the future. ODFIs have an economic incentive to improve the quality of the ACH transactions they originate. This rule encourages ODFIs to implement processes or tools with their Originators to address practices that result in entries being returned as unauthorized, such as unclear, confusing or deceptive authorizations, and unclear or improper identification of transactions.

**Return for Questionable Transaction - Effective 06/21/2019**
This change to the NACHA Operating Rules will enhance quality and improve risk management within the ACH Network by allowing RDFIs to indicate within a return that the original transaction was questionable or part of anomalous activity.

RDFIs may but are not required to use return reason code R17 to indicate that the RDFI believes the entry was initiated under questionable circumstances. RDFIs electing to use R17 for this purpose will use the description “QUESTIONABLE” in the Addenda Information field of the return. An R17 in conjunction with this description enables these returns to be differentiated from returns for routine account number errors.

**Providing Faster Funds Availability - Effective 09/20/2019**
This new Rule increases the speed of funds availability for certain Same Day ACH and next-day ACH credits.

This Rule modifies the following areas of the NACHA Operating Rules

- Article Three, Subsection 3.3.1 Availability of Credit Entries to Receivers
- Article Three, Subsection 3.3.1.1 Availability of Credits that are Not Same Day Entries
- Article Three, Subsection 3.3.1.2 Availability of Credits that are Same Day Entries
  Establishes additional funds availability standards for ACH credits

- Funds from Same Day ACH credits processed in the existing, first processing window will be made available by 1:30 p.m. in the RDFI's local time
- Funds from non-Same Day ACH credits will be available by 9:00 a.m. RDFI's local time on the Settlement Date, if the credits were available to the RDFI by 5:00 p.m. local time on the previous day (i.e., apply the existing “PPD rule” to all ACH credits)

**Important Upcoming NACHA Rules and Regulations**

**Supplementing Fraud Detection Standards for WEB Debits - Effective 01/01/2020**
This change to the NACHA Operating Rules will enhance quality and improve risk management within the ACH Network by supplementing the fraud detection standard for Internet-initiated (WEB) debits.

**Increasing the Same Day ACH Dollar Limit - Effective 03/20/2020**
This new rule increases the Same Day ACH per-transaction dollar limit to $100,000 and will become effective on March 20, 2020.

**Supplementing Data Security Requirements - Effective 06/30/2020**
This change to the NACHA Operating Rules will enhance quality and improve risk management within the ACH Network by supplementing the existing account information security requirements for large-volume Originators and Third-Parties. This change will be implemented in two phases.
Expanding Same Day ACH - Effective 09/18/2020
This new rule expands access to Same Day ACH by allowing Same Day ACH transactions to be submitted to the ACH Network for an additional two hours every business day. The new Same Day ACH processing window will go into effect on Sept. 18, 2020.
AUTHORIZATION AGREEMENT FOR DIRECT DEPOSITS (ACH CREDITS)

Company Name ____________________________ Company ID Number ____________

I (we) hereby authorize ______________________________________________________, hereinafter called COMPANY, to initiate credit entries to my (our) Checking Account / Savings Account (select one) indicated below at the depository financial institution named below, hereafter called DEPOSITORY, and to credit the same to such account. I (we) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. law.

Depository Name ____________________________ Branch __________________________
City __________________________ State __________________ Zip ______________
Routing Number ____________________________ Account Number __________________

This authorization is to remain in full force and effect until COMPANY has received written notification from me (or either of us) of its termination in such time and in such manner as to afford COMPANY and DEPOSITORY a reasonable opportunity to act on it.

Name(s) ____________________________ ID Number ____________________________ (Please Print)

Date ____________________________ Signature __________________________

NOTE: WRITTEN CREDIT AUTHORIZATIONS MUST PROVIDE THAT THE RECEIVER MAY REVOKE THE AUTHORIZATION ONLY BY NOTIFYING THE ORIGINATOR IN THE MANNER SPECIFIED IN THE AUTHORIZATION.

AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS (ACH DEBITS)

Company Name ____________________________ Company ID Number ____________

I (we) hereby authorize ______________________________________________________, hereinafter called COMPANY, to initiate debit entries to my (our) Checking Account / Savings Account (select one) indicated below at the depository financial institution named below, hereafter called DEPOSITORY, and to debit the same to such account. I (we) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. law.

Depository Name ____________________________ Branch __________________________
City __________________________ State __________________ Zip ______________
Routing Number ____________________________ Account Number __________________

This authorization is to remain in full force and effect until COMPANY has received written notification from me (or either of us) of its termination in such time and in such manner as to afford COMPANY and DEPOSITORY a reasonable opportunity to act on it.

Name(s) ____________________________ ID Number ____________________________ (Please Print)

Date ____________________________ Signature __________________________

NOTE: WRITTEN DEBIT AUTHORIZATIONS MUST PROVIDE THAT THE RECEIVER MAY REVOKE THE AUTHORIZATION ONLY BY NOTIFYING THE ORIGINATOR IN THE MANNER SPECIFIED IN THE AUTHORIZATION.
Glossary of Terms

ACH Operator
ACH Operator means (1) a Federal Reserve Bank that performs all of the following, or (2) an entity that executes an annual agreement with the National Association in which the entity agrees to comply with or perform all of the following:
(a) adhere to these rules (except to the extent inconsistent with the policies or practices of the Federal Reserve Banks) and other applicable laws, regulations, and policies;
(b) execute agreements with a minimum of twenty independent (i.e., not owned by the same holding company) Participating DFIs that bind such entities to the ACH Operator’s rules and to these rules (except that a Federal Reserve Bank shall not be required to bind a Participating DFI to any provision of such rules of the National Association that is not incorporated by the Uniform Operating Circular of the Federal Reserve Banks);
(c) (a) provide clearing, delivery, and settlement services for ACH entries, as defined by these rules, between Participating DFIs that have selected that ACH Operator to perform ACH services (intra-ACH Operator services), and (b) exchange transactions with other ACH Operators (inter-ACH Operator exchange);
(d) process and edit files based on the requirements of these rules;
(e) evaluate the credit worthiness of and apply risk control measures to their Participating DFIs;
(f) adhere to the Federal Reserve’s Policy Statement on Privately Operated Multilateral Settlement Systems (as applicable); and
(g) adhere to any National ACH Operator Performance Standards of the National Association.

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 RDFI and the Receiver.

Authorization
A written agreement with the originating company signed or similarly authenticated by an employee or customer to allow payments processed through the ACH Network to be deposited in or withdrawn from his or her account at a financial institution. Can also be a written agreement that defines the terms, conditions and legal relationship between trading partners. For ACH credit entries, authorization may also be by verbal or other non-written means.

Automated Clearing House (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.

Banking Day
Any day on which a participating depository financial institution is open to the public during any part of the day for carrying on substantially all its banking functions.

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

Consumer Account
A deposit account held by a financial institution and established by a natural person primarily for personal, family, or household use and not for commercial purposes.

Corporate-to-Corporate Payments
Any of the class of automated payment formats developed for the ACH Network that allow concurrent exchange of funds and remittance information between trading partners.

Credit Entry
An entry to the record of an account to represent the transfer or placement of funds into the account.

Data Transmission
The electronic exchange of information between two data processing points.
Debit Blocking
Used to block or allow ACH debit transactions. Based on the corporate customer’s instructions, you can set up which receiving accounts and, optionally, originating company IDs, will have ACH debit transactions automatically posted.

Debit Entry
An entry to the record of an account to represent the transfer or removal of funds from the account.

Direct Debit
A method of collection used in the ACH for certain claims, generally those that are repeated over a period of time, under which the debtor gives his or her financial institution 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 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 an authorization to debit his or her account.

EDI Payment (Electronic Data Interchange)
The computer-to-computer transmission of a payment and related information in a standard format.

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.

Electronic Funds Transfer (EFT)
A generic term used to describe any ACH or wire transfer.

Entry
An electronic item representing the transfer of funds in the ACH.

Field
One or more consecutive character positions within an ACH entry mapped to contain specific information. For credit, debit or ATM cards, a defined area within an information track of the magnetic stripe of fixed or variable length.

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.

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

Funds Availability
The time at which the funds resulting from a funds transfer are made available to the customer.

Green Book
A publication assembled by the U.S. Department of the Treasury that specifies the procedures to be used in Automated Clearing House transactions originated on behalf of the United States Federal Government.
Live Dollar Entry
"Live" refers to an entry that affects a funds transfer rather than non-dollar entries, such as pre-notifications.

MICR line
The magnetic ink character recognition inscription at the bottom of a paper check.

National Automated Clearing House Association (NACHA)
The national association that establishes the standards, rules and procedures that enable depository financial institutions to exchange payments on a national basis.

NACHA Formats
The ACH record format specifications described in the NACHA Operating Rules and Guidelines are the accepted and warranted payment format standards for payments delivered through the ACH.

Notification of Change (NOC)
Information sent by an RDFI to notify the ODFI that previously valid information for a receiver has become outdated or that information contained in a pre-notification is erroneous. The standard entry class code is COR.

On-Us Entries
Entries within an ACH file destined for accounts held at the ODFI.

Originating Depository Financial Institution (ODFI)
A participating financial institution that initiates ACH entries at the request of and by agreement with its customers. ODFIs must abide by the provisions of the NACHA Operating Rules and Guidelines.

Originator
Any individual, corporation or other entity that initiates entries into the Automated ClearingHouse system.

Posting
The process of recording debits and credits to individual account balances.

Prefunding batch
This type of ACH batch can only contain credit entries.

Pre-notification
A non-dollar entry that may be sent through the ACH Network by an Originator to alert an RDFI that a live-dollar transaction will be forthcoming and that verification of the Receiver's account number is required.

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

Receiving Depository Financial Institution (RDFI)
Any financial institution qualified to receive ACH entries that agrees to abide by the NACHA Operating Rules and Guidelines.

Receiving Point
A site where entries are received from an ACH Operator for processing. It may be the RDFI, its data center or a data processing service bureau authorized to receive entries on behalf of a RDFI.

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.
**Returns**
Any ACH entry that has been returned to the ODFI by the RDFI or by the ACH Operator because it cannot be processed. The reason for each return is included with the return in the form of a "return reason code." (See the NACHA Operating Rules and Guidelines for complete return reason code listing.)

**Reversals**
Any ACH entries or files sent within required deadlines to "correct" or reverse previously originated entries or files.

**Routing Number**
A nine-digit number (eight digits and a check digit) that identifies a specific financial institution. Also referred to as the ABA number. Numbers are assigned by the Thomson Financial Publishing and are listed in its publication entitled Key to Routing Numbers.

**Sending Point**
A processing site from which entries are transmitted to the ACH Operator. It may be the ODFI on its own behalf or a financial institution or private data processing service bureau on behalf of the ODFI.

**Settlement**
A transfer of funds between two parties in cash, or on the books of a mutual depository institution, to complete one or more prior transactions, made subject to final accounting. Settlement for the ACH system usually occurs through the Federal Reserve.

**Settlement Date**
The date on which an exchange of funds with respect to an entry is reflected on the books of the Federal Reserve Bank(s).

**Standard Entry Class Codes**
Three character code within an ACH company/batch header record that identifies payment types within an ACH batch (e.g., CCD, CTX, etc.).

**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.