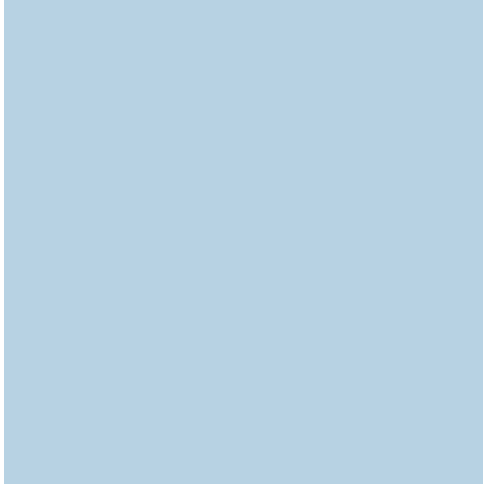





# RTP<sup>®</sup> System Operating Rules

March 19, 2023



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The Clearing House Payments  
Company L.L.C.



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# The Clearing House

## RTP System Operating Rules

### I. RTP Overview

#### A. Definitions.

1. Account: An account held by a Participant for a Customer to or from which a Payment is received or sent.
2. Account Number: The number assigned by a Participant to identify an Account.
3. ACH Operator: Has the meaning ascribed to it in the Nacha Rules.
4. AML: Anti-money laundering.
5. Applicable Law: Any U.S. federal, state, provincial, or local law, statute or regulation.
6. Arbitration Proceeding: An arbitration proceeding as described in section VII.C.7 of these RTP Operating Rules.
7. BSA: The Bank Secrecy Act, as amended, and its implementing regulations.
8. Chief Executive Officer: The Chief Executive Officer of TCH or his or her designee.
9. Confidential Information: Has the meaning ascribed to it in Rule XI(A) of these RTP Operating Rules.
10. Consumer: A natural person.
11. Counterparty Participant: The term Counterparty Participant has the meaning ascribed to it in the Token Service Rules.
12. Cover Payment: A Payment that pays an obligation owed by one depository institution to another depository institution for a previous payment instruction from the paying depository institution to the payee depository institution.
13. Current Prefunded Position: See Rule VI(C)(3)(a).
14. Customer: A Sender, Receiver, or a Person that initiates or receives a Non-Payment Message, as the context may require.

15. Customer Statement: A statement from the Customer of a Message Receiving Participant that satisfies the requirements of section VII.C.2 of these RTP Operating Rules.
16. EFT: An electronic fund transfer.
17. EFTA: The Electronic Fund Transfer Act.
18. Excess Liquidity: The amount of a Participant or Funding Provider's Current Prefunded Position that exceeds the Participant or Funding Provider's Prefunded Requirement.
19. Federal Banking Regulators: The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Consumer Financial Protection Bureau, and the National Credit Union Administration.
20. Federal Reserve Bank: One of the twelve (12) Federal Reserve Banks.
21. Fedwire: The Fedwire® Funds Service operated by the Federal Reserve Banks.
22. Fees: Any and all fees, dues, operating charges, assessments, and other amounts due to TCH related to RTP.
23. FFIEC: The Federal Financial Institutions Examination Council.
24. FinCEN: The Financial Crimes Enforcement Network.
25. Funding Agent: A depository institution that has become a party to the Prefunded Balance Account Agreement and is either a Funding Manager or a Funding Provider.
26. Funding Manager: A depository institution that has been approved by TCH to serve as an agent to one or more Non-funding Participants to (A) provide the Prefunded Requirement and supplemental funding on behalf of each such Non-funding Participant (to the extent it is a Sending Participant) and (B) request disbursements as permitted by these RTP Operating Rules for each of its Non-funding Participants.
27. Funding Participant: A Participant that has become a party to the RTP Prefunded Balance Account Agreement with the Prefunded Balance Account Bank and that (i) requests and receives disbursements from the Prefunded Balance Account, as permitted by these RTP Operating Rules, to its Federal Reserve account and (ii) if the Participant is a Sending Participant, prefunds for itself in accordance with the RTP Participation Rules and these RTP Operating Rules.

28. Funding Provider: A depository institution that has been approved by TCH to have a funding arrangement with a group of Non-Funding Participants under which the depository institution provides funding for use by the Non-funding Participants consistent with these Rules.
29. Information Security Standards and Requirements: The information security standards and requirements for RTP Participants and Third-Party Services Providers that TCH promulgates from time to time.
30. Managing Board: The Board of Managing Directors of TCH or any committee or subcommittee designated by the Board of Managing Directors of TCH to exercise any of its rights or fulfill any of its responsibilities in connection with the RTP System.
31. Mass Claim: A claim regarding multiple Requests for Payment alleged to have breached the Request for Payment Warranty as described in section VII.C.8.a.iii of these RTP Operating Rules.
32. Message Receiver: The Customer of the Message Receiving Participant who is the intended recipient of a Payment-related Message.
33. Message Receiving Participant: A Participant that receives a Payment-related Message subject to and in accordance with these RTP Operating Rules and the RTP Technical Specifications.
34. Message Sender: A Customer of the Message Sending Participant who sends a Payment-related message.
35. Message Sending Participant: A Participant that sends a Payment-related Message subject to and in accordance with these RTP Operating Rules and the RTP Technical Specifications.
36. Nacha Rules: The rules adopted by the National Automated Clearing House Association that apply to all entries transmitted through one or more ACH Operators.
37. Net Position: See Rule VI.C.3.b.
38. Non-funding Group: A group of Non-funding Participants that use a common Funding Provider.
39. Non-funding Group Member: A Participant that is a member of a Non-funding Group.
40. Non-funding Participant: A Participant that is not a Funding Participant and that has an agreement with either (i) a Funding Manager to act on the Participant's behalf with

respect to its funding obligations under the RTP Participation Rules and these RTP Operating Rules or (ii) a Funding Provider to be a Non-funding Group Member.

41. Non-payment Message: A message, other than a Payment Message or Payment Message Response, in the format specified in the RTP Technical Specifications that is transmitted between the RTP System and a Participant or between Participants. Non-payment Messages include Payment-related Messages and Payment-related Message Responses.
42. Notice of Potential Rules Violation: A notice sent by TCH to a Participant to notify the Participant of a potential violation of the RTP Participation Rules and/or these RTP Operating Rules.
43. Notification of Non-Compliance: A notice sent by TCH to a Participant to notify the Participant of a finding of the Participant's non-compliance with the RTP Participation Rules and/or these RTP Operating Rules.
44. Notification of Non-Violation: A notice sent by TCH to a Participant to notify the Participant of a finding that the Participant did not violate the RTP Participation Rules and/or these RTP Operating Rules.
45. OFAC: The Office of Foreign Assets Control.
46. Opening Prefunded Position: See Rule VI(C)(3)(c).
47. Participant: A depository institution that has entered into a RTP Participant Agreement and Indemnity with TCH.
48. Participant Agreement and Indemnity: An agreement between a Participant and TCH that sets forth the terms pursuant to which the Participant may access and use the RTP System.
49. Participant Test Users: The employees, representatives, and agents of a Participant who are authorized by TCH and have received user identification and password access to the RTP Test Solutions.
50. Payment (or RTP Payment): A transfer of value from a Sender to a Receiver through the RTP System pursuant to a Payment Message.
51. Payment Acknowledgment: A Payment-related Message that a Message Sending Participant submits to the RTP System on behalf of the Receiver to acknowledge receipt of an RTP Payment to the Sender.

52. Payment Instruction: An instruction by a Sender to a Sending Participant to cause the Receiving Participant to pay a fixed amount of money denominated in U.S. Dollars to the Receiver.
53. Payment Message: A message in the format specified by the RTP Technical Specifications, submitted by a Sending Participant to the RTP System, that when released by the System, instructs the Receiving Participant to pay a fixed amount of money denominated in U.S. Dollars to the Receiver to effectuate an RTP Payment.
54. Payment Message Response: A message in the format specified by the RTP Technical Specifications that a Receiving Participant submits to the RTP System in response to a Payment Message. A Payment Message Response may be an “accept” message, an “accept without posting” message, or a “reject” message, as the context may require.
55. Payment-related Message: A message, other than a Payment Message or a Payment Message Response, in the format specified by the RTP Technical Specifications that is transmitted between Participants. A Payment-related Message may be a Request for Payment, a Request for Information, a Remittance Advice, a Payment Acknowledgement, or a Request for Return of Funds.
56. Payment-related Message Response: A message in the format specified by the RTP Technical Specifications that a Participant submits to the RTP System in response to a Payment-related Message. A Payment-related Message Response may be a Response to Request for Payment, a Response to Request for Information, or a Response to Request for Return of Funds.
57. Payment Service Provider or PSP: A Person, other than a payroll processor or an entity that sends and receives payments for corporate affiliates, that (i) is a Money Services Business, as defined in FinCEN’s regulations (31 CFR §1010.100), due to its activities as a Money Transmitter, as defined in FinCEN regulations (31 CFR § 1010.100(ff)(5)) and as interpreted by public FinCEN rulings and guidance; and (ii) sends RTP Payments to complete payments between other parties. For the avoidance of doubt, RTP payments that are sent for the purpose of funding a stored balance used as part of a Money Transmitter’s service are not RTP payments “between other parties” when the Sender and Receiver of the RTP Payment are the Money Transmitter’s customer and the Money Transmitter, respectively. Similarly, RTP Payments that are sent for the purpose of returning funds from a stored balance used as part of a Money Transmitter’s service are not RTP payments “between other parties” when the Sender and Receiver of the RTP Payment are the Money Transmitter and Money Transmitter’s customer, respectively.
58. Person: Any natural person or corporation, partnership, sole proprietorship, joint venture, or other form of entity or organization.

59. Plan of Correction: A plan submitted by a Participant to TCH that details the corrective actions the Participant will take to cure the Participant's violation of the RTP Participation Rules and/or these RTP Operating Rules, as applicable, and to prevent the recurrence of future violations.
60. Prefunded Balance Account: The special deposit account established for the joint benefit of all Funding Participants and Funding Agents by the Prefunded Balance Account Bank for the purpose of supporting the operations of the RTP System.
61. Prefunded Balance Account Bank: The bank that holds the Prefunded Balance Account.
62. Prefunded Requirement: A dollar amount determined by TCH that (i) is the minimum level of funding that a Participant or a Funding Provider is required to pay into the Prefunded Balance Account before the Participant or a Participant that is a Non-funding Group Member of the Funding Provider's Non-funding Group can begin sending Payment Messages using the RTP System and (ii) is equal to the Current Prefunded Position that a Participant or Funding Provider is generally expected to maintain in the RTP System at all times, as further described in Rule VI . Participants that only receive RTP Payments and Participants that are Non-funding Group Members will not have a Prefunded Requirement.
63. PSP Agreement: The agreement entered into by a PSP with TCH authorizing the PSP to be a Sender in the RTP System in connection with money transmission activities and pursuant to which the PSP agrees to comply with the terms of these RTP Operating Rules applicable to the PSP as a Sender in the RTP System in connection with money transmission activities and the ongoing compliance requirements, including, without limitation, the PSP Compliance Criteria.
64. PSP Annual Certification: The documentation that a PSP must submit, on an annual basis, to affirm or update the information originally submitted in its PSP Application and to validate the PSP's compliance with these RTP Operating Rules and the ongoing compliance requirements, including, without limitation, the PSP Compliance Criteria.
65. PSP Application: The form and information required to be completed and submitted to TCH by a prospective PSP to assist TCH in determining whether to approve such PSP to enter into a PSP Agreement with TCH.
66. PSP Compliance Criteria: The compliance obligations applicable to PSPs as set forth in the PSP Compliance Schedule.



67. Receiver: The customer of a Receiving Participant whose Account is designated for receipt of an RTP Payment in a Payment Message or, for Payments permitted under Rule II(B)(1)(b)(ii) and (iv), the Receiving Participant.
68. Receiving Participant: The Participant that holds the Receiver's Account and that receives a Payment Message.
69. Reconciliation Window: One or more defined time periods during the RTP Day for tracking payment and funding activity for purposes of producing reconciliation reports at the close of the time period.
70. Regulation E: The regulation promulgated and enforced by the Consumer Financial Protection Bureau to implement the EFTA.
71. Remittance Advice: A Payment-related message that a Sending Participant submits to the RTP System that is associated with, and that provides additional information about, an RTP Payment.
72. Request for Information: A Payment-related Message that a Receiving Participant submits to the RTP System to request additional information in connection with an RTP Payment.
73. Request for Payment (RFP): A Payment-related Message that a Message Sending Participant submits to the RTP System to request an RTP Payment from a Customer of a Message Receiving Participant.
74. Request for Payment Fine Schedule: The schedule of fines established by TCH as described in section VII.C.7.c.vii of these RTP Operating Rules.
75. Request for Payment Warranty or RFP Warranty: The warranty provided by a Message Sending Participant under section VII.B.2 of these RTP Operating Rules.
76. Request for Return of Funds: A Payment-related Message that a Sending Participant submits to the RTP System to request return of funds related to an RTP Payment.
77. Responding Payment: A Payment initiated in response to a Request for Payment alleged to have breached the RFP Warranty.
78. Response to Notice of Potential Rules Violation: The response a Participant sends to TCH in connection with a Notice of Potential Rules Violation subject to and in accordance with these RTP Operating Rules.

79. Response to Request for Information: A Payment-related Message Response that a Sending Participant submits to the RTP System in response to a Request for Information.
80. Response to Request for Payment: A Payment-related Message Response that a Message Receiving Participant submits to the RTP System in response to a Request for Payment.
81. Response to Request for Return of Funds: A Payment-related Message Response that a Receiving Participant submits to the RTP System in response to a Request for Return of Funds.
82. RTP Audit Review Session: A detailed, on-site review of audit and compliance information related to TCH's operation of the RTP System, including (i) discussion of TCH audit reports provided pursuant to these RTP Operating Rules; (ii) discussion of TCH information security, risk management, business continuity and disaster recovery policies, procedures, and controls; and (iii) opportunity for discussion regarding third-party provider compliance-related issues.
83. RTP Business Committee: The committee established by the Managing Board in connection with the RTP System.
84. RTP Day: The calendar day in which an RTP Payment is made, beginning at 12:00 a.m. and ending at 11:59:59 p.m. ET.
85. RTP Incentive Fees: Fees owed to other Participants, as further described in the RTP Participant Fee Schedule, that TCH will collect and distribute on behalf of Participants.
86. RTP Incentive Fee Debits: ACH debit entries for collection of RTP Incentive Fees originated by TCH's bank to the account identified by a Participant, in accordance with TCH's procedures, for the Participant's payment of RTP Incentive Fees.
87. RTP Prefunded Balance Account Agreement: An agreement that TCH and each Funding Participant and Funding Agent enters into with the Prefunded Balance Account Bank under which the Prefunded Balance Account is established at the Prefunded Account Balance Bank.
88. RTP Participant Fee Schedule: The schedule that sets forth information about fees, dues, operating charges, and assessments due to TCH for use of the RTP.
89. RTP System: The payment system described in these RTP System Operating Rules.

90. RTP Technical Specifications: The technical and messaging requirements and standards of the RTP System, as promulgated by TCH from time to time in various documents that TCH makes available to Participants.
91. RTP Test Solutions: Individually and collectively, the production-like testing tools made available by TCH to a Participant through either a hosted environment (which Participant will access and use but which will be hosted by TCH or its designee) or an installed software environment (in which Participant will download, install and execute test software), in each case to provide an end-to-end simulated test environment that acts and responds in the same way as TCH's RTP environment.
92. Rules Enforcement Committee: The committee established by the RTP Business Committee to assist with evaluating and determining whether a violation of the RTP Participation Rules and/or these RTP Operating Rules has occurred.
93. Self-Audit Form: The form that a Participant must complete and submit to TCH upon conducting and completing a self-audit subject to and in accordance with these RTP Operating Rules.
94. Sender: The customer of a Sending Participant that sends a Payment Instruction to the Sending Participant or, for Payments permitted under Rule II(B)(1)(b)(iii) and (iv), the Sending Participant.
95. Sending Participant: The Participant that holds the Sender's Account and initiates an RTP Payment.
96. TCH: The Clearing House Payments Company L.L.C.
97. TCH Fee Debits: ACH debit entries for payment of Fees originated by TCH's bank to the account identified by a Participant, in accordance with TCH's procedures, for Participant's payment of Fees.
98. TCH Marks: Any marks of TCH, including, without limitation, any trademarks, service marks, and logos of TCH and the RTP System.
99. Third-Party Service Provider: A commercial data processing service organization, a Person operating a data transmission facility, or any other Participant that acts on behalf of a Participant, as such Participant's agent, to transmit and receive Payment Messages, Payment Message Responses and Non-payment Messages through the RTP System and may also conduct technical testing as agent of Participant using the RTP Test Solutions.
100. Token: The term Token has the meaning ascribed to it in the Token Service Rules.

101. Token Participant: The term Token Participant has the meaning ascribed to it in the Token Service Rules.
102. Token Participant Identifier: The term Token Participant Identifier has the meaning ascribed to it in the Token Service Rules.
103. Token Service: The Token Service offered by TCH as further described in the Token Service Rules.
104. Token Service Rules: The rules promulgated by The Clearing House that govern use of the Token Service.
105. United States of America: the fifty states, the District of Columbia, and the territory of Puerto Rico.

#### **B. Purpose of Rules.**

These RTP Operating Rules have been drafted to define the rights and responsibilities of Participants and TCH with respect to the RTP System, to ensure the safety, soundness, security and reliability of the RTP system, and to ensure consumer protection. As the use of the RTP System develops over time these rules may be modified to ensure the ongoing safety, soundness, security and reliability of the system, and the system's ongoing protection of consumer interests, including the addition of rules that control, limit or prohibit uses of the RTP System that are inconsistent with its purpose and design as a real-time, irrevocable credit transfer system.

#### **C. Rules of Construction and Interpretation.**

Unless the context otherwise requires, (1) words in the singular shall include the plural and words in the plural shall include the singular; (2) the terms "include" and "including" shall not be limiting and shall be understood to be followed by the words "without limitation"; (3) "sole discretion" shall be understood to mean the sole, absolute, and unfettered discretion; and (4) references to an article, section, or paragraph shall refer to all sub-parts of such article, section, or paragraph. TCH shall have the sole discretion, right, and authority to interpret the RTP Operating Rules and any such interpretation by TCH shall be binding on all Participants.

#### **D. Technical Terminology.**

As stated in Rule II(A) of these RTP Operating Rules, Participants are obligated to comply with the RTP Technical Specifications, which include messaging specifications and terminology that are based on the "ISO 20022 Financial Services – Universal financial

industry message scheme.” The terminology used in the RTP Technical Specifications and in Payment Messages, Payment Message Responses, and Non-payment Messages, including, without limitation, the terms “agent,” “creditor,” and “debtor” (as such terms are used in the ISO 20022 Financial Services – Universal financial industry message scheme) shall have no legal effect on the status or nature of an RTP Payment or the relationship of a Participant, Sender, or Receiver with respect to any other party to an RTP Payment. In addition, Persons that are not parties to an RTP Payment may be identified in the RTP Payment Message as an ISO 20022 “ultimate debtor” or “ultimate creditor” for regulatory, compliance, remittance, or other purposes. Any rights or obligations that such non-parties may have with a party to a RTP Payment are determined by law other than the RTP Operating Rules and RTP Participation Rules. Notwithstanding the terms used in the RTP Technical Specifications and Payment Messages and Non-payment Messages, the RTP Participation Rules, these RTP Operating Rules, and Applicable Law, including defined terms, establish the legal rights and obligations of (i) Participants, with respect to their participation in the RTP System, and (ii) Participants, Senders, and Receivers with respect to RTP Payments. To the extent that there is any inconsistency between the RTP Technical Specifications, Payment Messages, Payment Message Responses, and Non-payment Messages and the RTP Participation Rules and these RTP Operating Rules, the RTP Participation Rules and these RTP Operating Rules shall govern.

#### **E. Description of the RTP System.**

The RTP System enables Participants to initiate credit transfers, receive final and irrevocable settlement for credit transfers, and make available to Receivers funds associated with such credit transfers in real-time, twenty-four (24) hours a day, seven (7) days a week, fifty-two (52) weeks a year.

#### **F. Choice of Law.**

1. Commercial and Non-EFTA Consumer Payments. For an RTP Payment in which no part of the transaction is subject to the EFTA:
  - a. The rights and obligations of a Participant as Sending Participant or Receiving Participant to the transaction shall be governed by these RTP Operating Rules and by the laws of the State of New York, including Article 4-A of the New York Uniform Commercial Code;
  - b. The rights and obligations of all other parties to a transaction of which a RTP Payment is a part, shall be governed, to the greatest extent permitted by law, by these Rules and the law of the State of New York, including Article 4-A of the New York Uniform Commercial Code; and

- c. If there is any conflict between these RTP Operating Rules and Article 4-A of the New York Uniform Commercial Code, these RTP Operating Rules, as funds transfer system rules, shall govern.
2. EFTA Consumer Payments. For an RTP Payment any part of which is subject to the EFTA, the rights and obligations of a Participant and a Consumer Customer shall be governed by:
  - a. the EFTA and Regulation E, to the extent applicable to the transaction, and,
  - b. to the extent consistent with EFTA and Regulation E as applicable to an RTP Payment, by these RTP Operating Rules, and the laws of the State of New York, excluding Article 4-A of the New York Uniform Commercial Code.

#### **G. Process for Amendment of RTP Operating Rules.**

1. Rulemaking Authority.
  - a. Pursuant to the Limited Liability Company Agreement of The Clearing House Payments Company L.L.C. (the "LLC Agreement"), the Managing Board has the authority to establish, amend, repeal, or restate from time to time the rules and regulations under which any TCH payment system will be conducted. TCH's by-laws provide that the Managing Board may establish one or more business committees relating to each of TCH's payment systems. Under the LLC Agreement, TCH's Managing Board may delegate its authority to make, amend, or repeal the rules governing a payment system to the business committee that relates to the relevant payment system.
  - b. The Managing Board has established the RTP Business Committee and approved a charter to govern the committee, which states, in part, that the committee's responsibilities include establishing, amending, repealing, or restating any of the RTP Participation Rules and these RTP Operating Rules.
2. Opportunities for Input. TCH welcomes suggestions for changes to these RTP Operating Rules. Interested parties should send suggestions for changes to these RTP Operating Rules to [RealTimePaymentsRules@theclearinghouse.org](mailto:RealTimePaymentsRules@theclearinghouse.org). A Person that provides or submits a suggestion for changes to these RTP Operating Rules shall not be entitled to any copyright or other interest in these RTP Operating Rules, and TCH will not provide compensation for such suggestions.
3. Evaluation of Suggested Changes. Suggested changes to these RTP Operating Rules will be evaluated by TCH. If the suggested change is judged, in TCH's sole discretion, to have

merit, TCH will forward the suggested change to the RTP Business Committee. The decision of whether to approve the suggested change ultimately will rest with the RTP Business Committee, as designee of the Managing Board.

4. Implementation Period.

- a. A key consideration regarding the implementation of any new change is when it will take effect. There can be no hard and fast rules for when a new change will take effect. Some changes, for example, those changes that are mandated by regulation or that are designed to address a serious risk issue that has arisen, must take effect immediately; other changes, especially those that require modifications to Participant operations or technology, require a longer lead time to allow Participants to comply with the changes.
- b. As a general rule, if a change will require Participants to change their operating procedures or technology, the change will take place no sooner than one (1) year after the change is announced to allow Participants to make the required alterations and to test the changes. In any case, the implementation date will be announced when notice of the change is announced to Participants.

5. Informing Participants of RTP Operating Rules Changes. Once a change to these RTP Operating Rules has been approved, a notice will be made available to all Participants. The announcement also will direct Participants to the location on the TCH website where the amended RTP Operating Rules will be posted.

**H. Governance of the RTP System.**

The Managing Board has established the RTP Business Committee and delegated authority to the RTP Business Committee to oversee the operation and management of the RTP System.

**I. Related Services**

TCH may offer to RTP Participants certain optional services that are subject to rules that are not part of the RTP Operating Rules. Participants that opt into these services agree to the rules for the optional services as specified below.

1. By enrolling in the Token Service, an RTP Participant becomes a Token Participant and is subject to and agrees to comply with the Token Service Rules.

## II. General Participant Responsibilities

### A. Participant Eligibility.

Prospective Participants must satisfy requirements established in the RTP Participation Rules to be eligible to be a Participant in RTP. A Participant must, at all times, comply with these RTP Operating Rules, including requirements set forth in applicable schedules, the RTP Technical Specifications, the RTP Risk Management and Fraud Control Requirements and the RTP Information Security Standards and Requirements.

### B. No Correspondent Participation.

1. A Participant may not submit a Payment Message to the RTP System that
  - a. is instructed by a Sender or instructs payment to a Receiver that is a foreign depository institution;
  - b. is instructed by a Sender or instructs payment to a Receiver that is a Participant or a domestic depository institution, unless one of the following exceptions apply:
    - i. the Participant serves as a Third-Party Service Provider for another Participant and is submitting a Payment Message for the other Participant as a Third Party Service Provider and not as the Sending Participant;
    - ii. the Sending Participant is submitting a Payment Message for a Sender that is not a depository institution to a Receiving Participant that is the Receiver of the Payment, and there is no further Person on whose behalf the Receiving Participant is receiving the Payment;
    - iii. the Sending Participant is submitting a Payment Message for itself as Sender or a Sender that is a Participant or other domestic depository institution to a Receiver that is not a depository institution and there is no further depository institution or Person on whose behalf the Sender is sending the Payment; or
    - iv. the Sending Participant is submitting a Payment Message for itself as Sender or a Sender that is a Participant or other domestic depository institution to a Receiver that is a Participant or other domestic depository institution, the Payment is not a Cover Payment, and there is no further Person on whose behalf the Sender is sending the Payment and no further Person on whose behalf the Receiver is receiving the Payment.



2. A Sending Participant that submits Payment Messages to the RTP System that is instructed by a Sender or instructs payment to a Receiver that is a Participant or a domestic depository institution
  - a. warrants to TCH that each such Payment meets the requirements set forth in subsections 1(b) (ii),(iii), or (iv) above (as applicable to the Payment), and
  - b. must have measures in place that are reasonably designed to ensure compliance with the requirements of subsections 1(b) (ii),(iii), or (iv) above (as applicable to its Payment origination).
3. For the avoidance of doubt, a Sending Participant has the same obligations under these Rules with respect to a Sender that is a Participant or other domestic depository institution as it does to a non-depository commercial Sender. Also for the avoidance of doubt, a Receiving Participant has the same obligations under these Rules to a Receiver that is a Participant or other domestic depository institution as it does to a non-depository commercial Receiver.

#### **C. Eligible Payments.**

1. A Sending Participant may only permit a Sender to initiate an RTP Payment from the Sender's Account.
2. An RTP Payment may not exceed the general transaction limit of \$ 1,000,000.
  - a. Sending Participants may establish a lower transaction limit for their Senders.
  - b. Receiving Participants may not establish a lower transaction limit for their Receivers.

#### **D. No Fee Netting.**

Participants in RTP are not permitted to reduce the principal amount of an RTP Payment as a means of collecting fees. This provision does not restrict a Participant's ability to separately charge its Customers for RTP Payments.

#### **E. Prohibited Transactions.**

1. Searching for Accounts. RTP Payment Messages may only be used to determine if account numbers, whether in tokenized or untokenized form, are associated with valid, active Accounts when an account number has been given to the Sender by an intended Receiver who is expecting to receive one or more Payments, ACH credit entries, or other credit payments from the Sender. The fact that an Account is valid and active for

receiving RTP Payment Messages does not ensure that the account is also reachable through other payment networks.

2. Foreign Payments. The RTP System shall be used by Participants only to effectuate RTP Payments between a Sender and Receiver whose Accounts are located in the United States of America. To the extent a Sender sends or a Receiver receives a Payment on behalf of another Person, whether such Sender or Receiver is a Payment Service Provider or not, the Person on whose behalf the Sender sends or the Receiver receives must be a resident of or otherwise domiciled in the United States. Participants must inform Senders and Receivers of their obligation to comply with this restriction regarding Payments sent or received on behalf of other Persons and with OFAC regulations in the legal terms that govern their Customers' use of RTP.

#### **F. Payment Status and Message Information.**

1. Payment Status. Sending Participants and Receiving Participants must immediately make available information regarding the status of an RTP Payment to the Sender and Receiver, respectively, as specified in the RTP Technical Specifications.
  - a. A Receiving Participant that has provided a "reject" response to a Payment Message due to reasons specified in V(C)(1), (2), or (3) of these Rules has no obligation to provide status information to the Receiver.
2. Message Information. Participants must make available to their respective Customers any information contained in the fields of a Payment Message, Payment Message Response, or a Non-Payment Message that are designated as required to be made available in the RTP Technical Specifications, except that Participants shall not be obligated to make available information
  - a. that would violate the Participant's reasonable standards for messaging that prohibit offensive or threatening language or unlawful activity;
  - b. contained in a Payment Message if the Participant has provided a "reject" message in response to the Payment Message;
  - c. contained in a Request for Payment Message, if the Participant's Customer, has elected not to receive (i) Requests for Payment from the Person that initiated the Request for Payment, or (ii) all Requests for Payment; or
  - d. if the Participant's Customer is not enrolled in online or mobile banking.

#### **G. Participant Response and Fraud Reporting Obligations.**

1. Participants must act on alerts from TCH regarding suspected fraud in connection with the RTP System in accordance with the Risk Management and Fraud Control Requirements.
2. Participants must report fraudulent activity involving the RTP System to TCH and the other Participant involved in a fraudulent RTP Payment in accordance with the RTP Technical Specifications and Risk Management and Fraud Control Requirements.

#### **H. Payment Service Provider Risk Management.**

1. PSP Application and Agreement Requirement.
  - a. A prospective PSP must submit a PSP Application. TCH, in its sole discretion, shall approve or disapprove any PSP Application.
  - b. If the PSP Application is accepted by TCH, the PSP will be required to enter into a PSP Agreement with TCH, pursuant to which the PSP will be permitted to be a Sender in the RTP System in connection with money transmission activities.
2. Ongoing Compliance Requirements. Each approved PSP shall comply with all (i) relevant provisions of these RTP Operating Rules as if such PSP were a Participant and (ii) all PSP Compliance Criteria.
3. Annual Certification Requirement
  - a. An approved PSP shall be required to submit a PSP Annual Certification certifying the PSP's ongoing compliance with the PSP Compliance Criteria.
  - b. Each PSP Annual Certification must be accompanied by (i) an updated audit report validating the PSP's compliance with the PSP Compliance Criteria, completed at least ninety (90) days prior to the PSP Annual Certification date and (ii) updates, as necessary, to the PSP's initial PSP Application and any accompanying documentation.
  - c. Any audit required by this certification process shall be conducted by an independent third-party auditor approved by TCH to perform such audits.

4. PSP and Sending Participant Liability and Indemnity
  - a. An approved PSP and the Sending Participant through which such PSP accesses the RTP System shall be jointly and severally liable for the PSP's compliance with the PSP Compliance Criteria.
  - b. An approved PSP and the Sending Participant through which such PSP accesses the RTP System shall indemnify, defend, and hold harmless TCH and other Participants from and against any and all costs, charges, claims, demands, expenses (including costs of investigation and attorneys' fees and expenses of litigation), losses, liabilities, damages, judgments, fines, penalties, interest, and amounts paid in settlement arising from the acts or omissions of the PSP. A Sending Participant's liability under this subsection will not exceed its legal lending limit under 12 U.S.C. § 84 or any lower limit established by its examiner-in-charge or its chartering authority, as applicable.
5. Risk-Based Measures to Prevent Unapproved PSP Activity
  - a. A Sending Participant must have appropriate, risk-based measures that are reasonably designed to prevent any Customer that is a Money Transmitter, as defined in FinCEN regulations (31 CFR § 1010.100(ff)(5)) and as interpreted by public FinCEN rulings and guidance, from engaging in money transmission activities as a Sender, unless the Customer has been approved by TCH as a PSP and entered into a PSP Agreement with TCH.
  - b. A Participant shall be fully responsible and liable to TCH for its failure to have appropriate, risk-based measures that are reasonably designed to prevent unapproved PSPs from engaging as Senders in money transmission activities in the RTP System through such Participant.
6. TCH Authority
  - a. TCH shall have the authority to seek, at any time, information from an approved PSP regarding its RTP activity and its compliance with these RTP Operating Rules and the PSP Compliance Criteria.
  - b. TCH shall have the authority to revoke a PSP's ability to be a Sender in the RTP System or to limit the PSP's RTP activity related to money transmission at any time, including, without limitation, due to information provided in the PSP Annual Certification.

## I. Erroneous and Unauthorized RTP Payments.

1. An error might occur at one or more points during an RTP Payment that results in (i) payment of an erroneous amount, (ii) payment to an unintended Receiving Participant or Receiver, or (iii) a duplicate payment. Additionally, an RTP Payment may result from an unauthorized Payment Instruction or Payment Message being processed through the RTP System.
  - a. Commercial RTP Payments. With respect to an erroneous or unauthorized RTP Payment that is not subject to the EFTA, the rights and responsibilities of the parties to the RTP Payment will be governed by Applicable Law, including Article 4-A of the New York Uniform Commercial Code, if applicable, except to the extent Article 4-A of the New York Uniform Commercial Code is modified by these RTP Operating Rules, as funds transfer system rules.
  - b. Consumer Payments. With respect to an erroneous or unauthorized RTP Payment, any part of which is subject to the EFTA, the rights and responsibilities of the parties to the RTP Payment will be governed by Applicable Law, including the EFTA and Regulation E to the extent applicable.
2. Request for Return of Funds. As further described in Rule VII(C), the RTP System provides a mechanism to Participants to send and respond to requests for the return of funds for any reason, including unauthorized or erroneous RTP Payments.
3. Cooperation among Participants with respect to Unauthorized or Erroneous RTP Payments. Without prejudice to the rights or responsibilities of the parties to an unauthorized or erroneous RTP Payment under Article 4-A of the New York Uniform Commercial Code or the EFTA, Participants shall reasonably cooperate among themselves and with TCH in attempts to address and recover unauthorized and erroneous RTP Payments.
4. A Participant has the right, pursuant to Rule X (D), to enforce these RTP Operating Rules against any other Participant in connection with an erroneous RTP Payment.
5. TCH shall not be a party to any dispute between Participants regarding liability for erroneous or unauthorized RTP Payments. Such determination shall be left to the Participants, including through any available dispute resolution and/or judicial process.
6. Unauthorized RTP Payment Caused by TCH.
  - a. TCH will use commercially reasonable efforts to procure a standard financial institution bond and a computer crime policy to cover its operations. In the event of

an occurrence that TCH considers, in its sole discretion, is the type that should be covered by the financial institution bond and/or the computer crime policy, TCH may, in its sole discretion, submit a proof of loss to the appropriate carrier. Upon request from TCH, each Participant shall fully and timely cooperate in TCH's preparation and submission of any proof of loss to the appropriate carrier. In the event TCH receives payment on the proof of loss, TCH will transfer some or all of such payment to any Participant sharing in such loss in a proportion deemed appropriate by the Managing Board. Any loss incurred by a Participant that is not paid (i) because TCH received payment on the proof of loss and the loss exceeds the amount that the Managing Board allocated to the Participant, or (ii) for any other reason shall be borne pro rata by each Participant based on the daily average number of Payments the Participant sent and received for the 30-calendar day period preceding the proof of loss to the appropriate carrier.

- b. TCH assumes no obligation to undertake any legal action against any carrier in the event payment under the proof of loss is denied, in whole or in part.
- c. Nothing in this Rule II.I.6 waives or modifies the limitation of liability set forth in the RTP Participation Rules, nor is the rule intended to create any liability on the part of TCH where none otherwise exists, except to the extent of a payment on a proof of loss under the computer crime insurance or financial institution bond coverage described in this section. Any liability of TCH under this Rule II.I.6 is strictly limited to the amount paid by the relevant insurance carrier on a proof of loss.

#### **J. OFAC Compliance Program**

A Participant must have a written OFAC compliance program reasonably designed to promote and monitor compliance with OFAC sanctions programs and regulations.

#### **K. Testing Requirements and Use of Testing Solution**

1. Participants must test and validate their implementation of the RTP Technical Specifications, including updates and changes to the specifications, as directed by TCH from time to time.
2. To enable Participants to perform such testing and validation TCH makes available RTP Test Solutions to Participant Test Users.
  - a. TCH grants each Participant, for access and use by Participant Test Users, a worldwide, non-exclusive, fully-paid up, royalty-free, right and license to access, configure, execute, install and use software and related user guides, specifications,

and documentation made available by TCH or its designee to facilitate Participant's testing and validation of its implementation of the RTP Technical Specifications.

- b. Each Participant shall ensure that neither Participant Test Users nor any other employee, representative or agent of Participant (i) uses the RTP Test Solutions and related user guides, specifications, and documentation for any purpose other than for testing and validation related to the RTP System, or (ii) modifies the RTP Test Solutions except as may be necessary for interoperability purposes with Participant's systems and platforms.
- c. Each Participant shall pay the applicable additional RTP Test Solution fees established by TCH, which are Fees under these RTP Operating Rules.

#### **L. Tokens**

1. Each Participant may send or receive RTP Payment Messages, Requests for Payment, or Remittance Advices containing Tokens, even if the Participant is not enrolled in the Token Service as a Token Participant.
2. A Participant will be able to identify a Payment Message, Request for Payment, or Remittance Advice that contains a Token based on the inclusion of a Token Participant Identifier in the message. TCH will make available a complete list of Token Participant Identifiers and the Participants to which they belong on TCH's public website or other publicly accessible means.
3. Participants are responsible for updating their compliance programs if necessary to take into account the use of Tokens on the RTP System.
4. A Sending Participant is responsible for determining whether use of a Token in any particular Payment Message is permitted under the "Travel Rule" (31 C.F.R. § 1010.400 *et seq.*)
5. A Participant shall not use Tokens in RTP Payment Messages, Requests for Payment, or Remittance Advices to circumvent any laws or regulations, or knowingly permit a Sender or Message Sender to use Tokens for the purpose of circumventing anti-money laundering monitoring systems or masking Payments from law enforcement.
6. If a Token Participant's Token is included in a Payment Message, Request for Payment, or Remittance Advice, the Counterparty Participant may request cooperation from the Token Participant as reasonably necessary for the Counterparty Participant to operate its compliance program or respond to subpoenas or other legal process and the Token Participant agrees to comply with such request.

7. Following procedures established by TCH, a Counterparty Participant may request and TCH will provide Account Numbers associated with Tokens, as such Participants require for legal or regulatory purposes. TCH shall retain Account Numbers associated with Tokens while Tokens are active and for at least five years from the date a Token was deactivated.

### III. Sending Participant Obligations

#### A. Security Obligations.

1. Authorization/Authentication Requirements. A Sending Participant must, at a minimum, utilize multi-factor authentication in accordance with the Risk Management and Fraud Control Requirements Schedule and any information security standards and requirements that TCH may publish from time to time.
2. Fraud and Risk Screening for RTP Payments. A Sending Participant must utilize fraud and risk-screening measures prior to submitting a Payment Message to the RTP System. Such measures must be available on a 24 hour, every day basis and meet the requirements of the RTP Risk Management and Fraud Control Requirements.

#### B. Acceptance of Payment Instructions.

For RTP Payments that are not subject to Article 4-A of the New York Uniform Commercial Code, a Sending Participant that chooses to execute a Sender's Payment Instruction is obligated to create a Payment Message and make an RTP Payment in accordance with the Sender's Payment Instruction. For RTP Payments that are subject to Article 4-A of the New York Uniform Commercial Code, Article 4-A, including Section 4-A-302 (Obligations of Receiving Bank in Execution of Payment Order), shall apply when a Sending Participant chooses to execute a Sender's Payment Instruction.

#### C. Prerequisites to Submitting a Payment Message.

Prior to submitting a Payment Message to the RTP System, a Sending Participant must:

1. Have satisfied its Prefunded Requirement as specified in the RTP Participation Rules and these RTP Operating Rules.
2. Ensure that the Payment Message complies with applicable requirements of these RTP Operating Rules and the RTP Technical Specifications.



3. With respect to RTP Payments originating from Accounts of Consumers, provide the Sender with the name of the Receiver that is associated with the routing information the Sender has provided to the Sending Participant in the Sender's Payment Instruction. Alternatively, a Sending Participant must include in the Payment origination process or the design of a Payment origination service a means of confirming with reasonable assurance that a Sender's Payment Instruction instructs payment to the account of the Sender's intended recipient. A Payment in response to a Request for Payment that uses the Message Sender information from the Request for Payment to identify the Receiver of the Payment satisfies this rule.

#### **D. Obligation to Pay.**

A Sending Participant becomes obligated to pay the amount of the Payment Message when the Receiving Participant sends an "accept" or "accept without posting" payment status message to the RTP System. The Sending Participant's payment obligation is satisfied when the Payment Message is settled in accordance with Rule VI(E)

#### **E. No Right to Cancel or Amend.**

A Payment Message cannot be cancelled or amended by a Sending Participant once the Payment Message is sent by the Sending Participant to the RTP System. Notwithstanding the foregoing, a Payment Message can be cancelled by the RTP System in the event of an RTP "time out," as provided in Rule IV(A)(4) of these RTP Operating Rules.

#### **F. Directory Services.**

For purposes of this rule "routing information" means information that the RTP Technical Specifications permit a Sending Participant to use to identify the Receiving Participant and Receiver's Account in a RTP Payment Message. A Sending Participant that permits its Senders to provide Payment Instructions that identify the Receiver's account with an email address, phone number, or other social alias ("social identifiers") must have risk management in place with respect to any directory the Participant uses to associate such social identifiers with routing information. Such risk management should take into consideration the irrevocable nature of RTP Payments and the need for routing information to be associated with a Sender's intended Receiver.

## IV. TCH Functions

### A. Payment Clearing.

1. The RTP System will accept eligible Payment Messages from Sending Participants and, subject to the other provisions of this Article IV, route Payment Messages to the identified Receiving Participant for acceptance, acceptance without posting, or rejection.
2. Upon receiving a Payment Message from the Sending Participant, TCH reserves the right to review the Payment Message and to reject the Payment Message if it fails to comply with these RTP Operating Rules or the RTP Technical Specifications.
3. Exception Transactions. TCH reserves the right not to accept and/or process Payment Messages that TCH believes to be erroneous, including, without limitation, Payment Messages that appear to be duplicates.
4. RTP “Time-Out”
  - a. If a Receiving Participant fails to respond to a Payment Message received from the RTP System within the timeframe identified in the RTP Technical Specifications, then TCH will cancel the Payment Message and notify both the Sending Participant and the Receiving Participant of such cancellation. A cancelled Payment Message may only be re-submitted if it is formatted as and meets the requirements applicable to new Payment Messages as described in the RTP Technical Specifications.

### B. Monitoring.

1. TCH may monitor Participants for compliance with the RTP Participation Rules, these RTP Operating Rules, and the RTP Technical Specifications.
2. TCH may monitor payment and messaging activity to identify potentially erroneous, fraudulent, unlawful, or other suspicious activity.
3. TCH makes no warranties and assumes no risk or liability in connection with TCH’s acts or omissions in monitoring or in failing to monitor payment or messaging activity through the RTP System.

**C. TCH Rights to Use Aggregated and Anonymized Data.**

TCH reserves the right, in its sole discretion, to use, for any business purpose, aggregated and anonymized Participant and transaction data collected in connection with TCH's operation of the RTP System. Each Participant agrees that TCH may use data it receives from or about the Participant for such purpose and agrees that the Participant has obtained any consents or permissions necessary to permit such use by TCH.

**D. Provision of Information to Federal Banking Regulators.**

TCH may provide Federal Banking Regulators with regular reporting regarding the RTP activity of Participants.

**E. Emergencies.**

In the event of an emergency, including, but not limited to, severance of communications between TCH and one or more Participants, failure or disruption of RTP operations, or any other emergency, RTP services shall be handled in accordance with the decisions of the Chief Executive Officer. Without limiting the discretion of the Chief Executive Officer, he or she may:

1. direct any Participant or several or all Participants not to submit Payment Messages, Payment Message Responses, or Non-payment Messages to the RTP System pending resolution of the problem;
2. modify the requirements of the RTP Operating Rules or RTP Technical Specifications; or
3. direct such other action as he or she may deem necessary.

In the event that the Chief Executive Officer utilizes authority under this section, TCH will notify the RTP Business Committee and Participants as soon as reasonably practicable.

## **V. Receiving Participant Obligations**

### **A. Immediate Response.**

A Receiving Participant must respond to a Payment Message within the timeframe established in the RTP Technical Specifications.

### **B. No Inconsistent Cut-Off Times.**

Notwithstanding Section 4-A-106 of the New York Uniform Commercial Code, Receiving Participants may not establish cut-off times for receiving Payment Messages that would cause the Payment related to a Payment Message to be made on a different RTP Day than the RTP Day on which the Payment Message was received or otherwise delay funds availability as required by these RTP Operating Rules.

### **C. General Acceptance Requirement.**

A Receiving Participant agrees to accept all Payment Messages that conform to the RTP Technical Specifications, unless:

1. the identified Receiver Account is closed, invalid, or being monitored for suspected fraudulent or other illegal activity, or is not a “transaction account” as defined in the Federal Reserve Board’s Regulation D (12 C.F.R 204);
2. the owner of an Account has indicated that it does not wish to accept all or certain specified RTP Payments for the Account; or
3. the Payment Message cannot be accepted due to legal or regulatory compliance requirements.

### **D. Receiving Participant May Rely on Account Number.**

A Receiving Participant may rely on the Receiver’s account number identified in a Payment Message and is under no obligation to confirm that a Payment Message describes the Receiver consistently by name and Account number.

## E. Receiving Participant Responses to Payment Messages.

### 1. Accept

- a. An “accept” message submitted to the RTP System as an initial response to a Payment Message or a payment acknowledgement message following an initial response of “accept without posting” as provided in Rule V(E)(2)(d), means that the Receiving Participant will accept the Payment Message and will provide immediate funds availability to the Receiver. Any failure by the Receiving Participant to make funds available to the Receiver will be resolved between the Receiving Participant and Receiver, pursuant to New York Uniform Commercial Code Article 4-A, Section 4-A-404 (1) (Obligation of Beneficiary’s Bank to Pay and Give Notice to Beneficiary) for RTP Payments that are subject to Article 4-A or other applicable law for RTP Payments that are not subject to Article 4-A. In addition to its obligations under 4-A-404 or other applicable law, the Receiving Participant may be subject to rules enforcement proceedings for violation of the RTP Operating Rules.
- b. A Receiving Participant that responds with an “accept” message must make funds from the RTP Payment available to the Receiver identified by the account number in the accepted Payment Message upon receipt of a message from the RTP system acknowledging receipt of the Receiving Participant’s “accept” message. For the avoidance of doubt, a Non-funding Group Member that responds with an “accept” message is not excused from this requirement.

### 2. Accept without Posting

- a. An “accept without posting” message submitted to the RTP System means that the Receiving Participant has not yet determined whether to send an “accept” or “reject” message in response to the Payment Message and will not provide immediate funds availability to the Receiver due to the need to review the RTP Payment for legal or compliance purposes. For the avoidance of doubt, a Receiving Participant may only submit an “accept without posting” message to the RTP System if
  - i. the Receiving Participant requires additional time to review the RTP Payment for legal or compliance purposes; or
  - ii. The Payment is returning funds to a closed Account in response to the Participant’s request for return (whether through an RTP Request for Return of Funds Message or other means) and (a) the Participant has closed the Receiver’s Account identified in the RTP Payment due to unauthorized activity; (b) the Receiver has another Account with the Participant or the Participant is in the

process of establishing a new Account for the Receiver; and (c) the Participant cannot satisfy the immediate funds availability requirement of the “accept” response because it needs time to credit the Payment to the Receiver’s other Account. For the avoidance of doubt, a Receiving Participant may not submit an “accept without posting” response if a Payment is a new payment (rather than a return of funds from a prior Payment) to a closed Account. To support the quality and integrity of the RTP System, a Receiving Participant should provide a “reject” response to such new Payments.

- b. A Payment Message accepted without posting is immediately and finally settled as provided in Rule VI(E) of these RTP Operating Rules. Notwithstanding the fact that a Payment Message that has been accepted without posting is immediately and finally settled, the Payment Message will not be accepted for purposes of Article 4-A of the New York Uniform Commercial Code , even if Section 4-A-209 (Acceptance of Payment Order) would have deemed the Payment Message accepted. A Payment Message that is accepted without posting is not accepted for purposes of Article 4-A unless the Receiving Participant submits a follow up payment acknowledgment message, as provided in Rule V(E)(d).
- c. A Receiving Participant that accepts without posting is expected to determine by 11:59 p.m. local time the next business day following its “accept without posting” message whether the Receiving Participant will make funds available to the Receiver, except in cases in which the RTP Payment is being reviewed for compliance with sanctions laws applicable to or otherwise complied with by the Receiving Participant.
- d. Decision to Make Funds Available. If the Receiving Participant determines to make funds available to the Receiver, then the Receiving Participant must submit a follow up payment acknowledgment message to the RTP System referencing the applicable RTP Payment in accordance with the RTP Technical Specifications.
- e. Decision to Not Make Funds Available. If the Receiving Participant determines not to make funds available to the intended Receiver, then the Receiving Participant must promptly refund the amount of the payment made by the Sending Participant to the Receiving Participant related to the Payment Message, unless the Receiving Participant is legally prohibited from doing so.
  - i. If the Receiving Participant is also a Sending Participant, such refund will be made by sending a new Payment Message to the RTP System that identifies the original RTP Payment in accordance with the RTP Technical Specifications.

- ii. If the Receiving Participant is not also a Sending Participant, such refund will be made by sending a payment through another payment mechanism and referencing the original Payment Message's identification number in the return payment in accordance with the specifications applicable to payments sent through such payment mechanism.
  - iii. If the Receiving Participant determines not to make funds available to the Receiver and the Receiving Participant is legally prohibited from refunding the amount of the payment to the Sending Participant, the Receiving Participant must inform the Sending Participant that the amount of the Payment Message has been blocked pursuant to legal requirements.
3. Reject
- a. A "reject" message submitted to the RTP System means that the Receiving Participant has rejected the Payment Message. Following the System's receipt of a "reject" message from a Receiving Participant, the System will notify the Sending Participant that the RTP Payment has been rejected by the Receiving Participant.
  - b. The Receiving Participant must include a valid and most appropriate reason code with the "reject" message as specified in the RTP Technical Specifications.
  - c. Rejected RTP Payments will not be settled.

## **VI. Funding and Settlement**

### **A. Funding Participants.**

A Funding Participant is obligated to satisfy its funding obligations in accordance with the RTP Participation Rules and these RTP Operating Rules.

### **B. Funding Agents, Funding Managers, Funding Providers, and Non-funding Participants.**

#### **1. General**

- a. A Participant that is a Non-Funding Participant may choose to have (i) a Current Prefunded Position and a Funding Manager or (ii) no Current Prefunded Position and a Funding Provider.

- b. A Funding Agent that is also a Participant will have its own Prefunded Requirement, Opening Prefunded Position, and Current Prefunded Position as described in Rule VI(C)(3) for itself as Sending Participant and Receiving Participant and separate from the Prefunded Requirement, Opening Prefunded Position, and Current Prefunded Position of any Non-funding Participant for which it serves as Funding Agent. A Funding Provider may not be a member of any Non-funding Group for which it serves as Funding Provider, unless the Funding Provider and all members of a Non-funding Group are affiliates under a common ownership.
- c. A funding arrangement between a Non-funding Participant and a Funding Agent shall be subject to TCH's approval and ongoing review.
- d. If TCH determines that (i) a funding arrangement between a Non-funding Participant and a Funding Agent is unreliable or creates unacceptable risk for the RTP System; or (ii) a Funding Agent creates unacceptable risk for the RTP System, TCH may require a change to a funding arrangement between a Non-funding Participant and a Funding Agent and may require a Non-funding Participant to make alternate funding arrangements.
- e. A funding arrangement between a Funding Agent and a Non-funding Participant may be terminated by either the Funding Agent or the Non-funding Participant upon prior written notice to TCH. Such notice must be provided at least twenty-four (24) hours in advance of the effective date of termination. Termination of a funding arrangement becomes effective at the beginning of the RTP Day that is the effective day of the termination.
- f. A Non-funding Participant authorizes TCH to provide its Funding Agent with information about its RTP activity as specified in the RTP Technical Specifications. At the Funding Agent's election, such information may include a near real time data feed that provides the Funding Agent with information from RTP Payments for which the Funding Agent provides funding, including the amounts of Payments and Account Numbers of the Non-funding Participant's Customers who are the Senders or Receivers of RTP Payments.

## 2. Non-funding Participants and Funding Managers

- a. A Non-funding Participant with a Current Prefunded Position is obligated to satisfy its funding obligations (if any) through a Funding Manager and in accordance with the RTP Participation Rules and these RTP Operating Rules. The designation of a Funding Manager by a Non-funding Participant shall not relieve the Non-funding Participant of its obligation to satisfy its funding obligations



under the RTP Participation Rules and these RTP Operating Rules in the event that the Funding Manager is unable or fails to satisfy the Non-funding Participant's funding obligation. However, a Non-funding Participant's funding obligations do not create any right to any balance or part of the balance in the Prefunded Balance Account.

- b. A Non-funding Participant and its Funding Manager must have appropriate communication and financial arrangements in place to ensure that the Funding Manager meets the Non-funding Participant's funding obligations in a timely and reliable manner.

### 3. Non-funding Participants and Funding Providers

- a. A Funding Provider is obligated to satisfy its funding obligations in accordance with the RTP Participation Rules and these RTP Operating Rules.
- b. A Non-funding Group Member will not have a funding obligation, Opening Prefunded Position, or Current Prefunded Position as described in Rule VI(C)(3). Such member satisfies the System's requirement that all Payments be prefunded through its use of its Funding Provider's Current Prefunded Position and is permitted to send Payments, up to the amount of either its Funding Provider's Current Prefunded Position or its Net Send Limit described in Rule VI(D), whichever amount is less.

### 4. Amounts to be Funded and Recorded by RTP System

- a. A Funding Manager that enters into a funding arrangement with one or more Non-funding Participants must send an amount equal to or greater than each of the Non-funding Participants' Prefunded Requirements to the Prefunded Balance Account, which funds will be recorded by the RTP System as separate Opening Prefunded Positions for each of the Funding Manager's Non-funding Participants. Any supplemental funding that the Funding Manager may send to the Prefunded Balance Account must identify the Non-funding Participant to which such funding relates and shall result in an increase to the Net Position and the Current Prefunded Position of such Non-Funding Participant, as described in Rules VI(C)(3) and (D)(1). Any disbursements that the Funding Manager receives from the Prefunded Balance Account on behalf of a Non-funding Participant shall result in a decrease to the Net Position and Current Prefunded Position, as described in Rules VI(C)(3) and (G)(1), of the Non-funding Participant to which such disbursements relate.

- b. A Funding Provider that enters into a funding arrangement with a Non-funding Group must send an amount equal to or greater than the Funding Provider's Prefunded Requirement to the Prefunded Balance Account, which funds will be recorded by the RTP System as the Opening Prefunded Position for the Funding Provider. Any supplemental funding that the Funding Provider may send to the Prefunded Balance Account shall result in an increase to the Current Prefunded Position of the Funding Provider, as described in Rules VI(C)(3) and (D)(1). A Funding Provider may designate that supplemental funding be credited to the Net Position of a Non-funding Group Member of its Non-funding Group. Any disbursements that the Funding Provider receives from the Prefunded Balance Account shall result in a decrease to the Current Prefunded Position, as described in Rules VI(C)(3) and (G)(2), of the Funding Provider. A Funding Provider may designate that a disbursement be debited from the Net Position of a Non-funding Group Member of its Non-funding Group.

### **C. Prefunded Balance Account, Prefunded Requirement, and Positions.**

#### **1. Prefunded Balance Account**

- a. The Prefunded Balance Account Bank shall hold all funds deposited in the Prefunded Balance Account for the joint benefit of all Funding Participants and Funding Agents, payable exclusively in accordance with the instructions of TCH, as agent on behalf of all Funding Participants and Funding Agents.
- b. Pursuant to the RTP Prefunded Balance Account Agreement, records maintained by the RTP System are not records of the Prefunded Balance Account Bank, and do not reflect a debtor-creditor relationship between the Prefunded Balance Account Bank and any Participant. The Prefunded Balance Account Bank does not maintain or adjust its records to reflect RTP Payments.
- c. No Funding Participant or Funding Agent shall have a separate, individual claim against the Prefunded Balance Account Bank, at any time, for any balance or any part of the balance in the Prefunded Balance Account. No Non-funding Participant shall have any claim against the Prefunded Balance Account Bank, at any time, for any balance or any part of the balance in the Prefunded Balance Account. The Prefunded Balance Account Bank shall have no obligation to pay any amount, except any amount then in the Prefunded Balance Account and except in accordance with the instructions of TCH, as agent on behalf of all Funding Participants and Funding Agents under the RTP Prefunded Balance Account Agreement.

- d. TCH may provide data to the Prefunded Balance Account Bank pursuant to the Prefunded Balance Account Agreement regarding the RTP activity of Participants and Funding Agents. Such RTP activity data may include payment flows between Participants, volumes and values sent and received by each Participant, and Current Prefunded Positions at certain points in time, among other information. Non-funding Participants authorize TCH to provide their RTP activity data to the Prefunded Balance Account Bank as needed to comply with TCH's obligations under the Prefunded Balance Account Agreement.
- e. The Prefunded Balance Account may only be used in support of RTP activities. Participants and Funding Providers are expected to maintain Excess Liquidity for no purpose other than their reasonably anticipated liquidity needs for their or their Non-funding Participants' RTP Payments (including such messages sent in response to a Request for Return of Funds or to refund funds upon rejection of a Payment Message that was accepted without posting, as described in Rule V(E)(2)(e)(i)) on a daily or non-Fedwire operating period basis. TCH reserves the right to require a Participant or Funding Provider to request disbursement of funds, as provided in Rule VI(G), in order to reduce the Participant or Funding Provider's Excess Liquidity if TCH determines that the Participant or Funding Provider's Excess Liquidity is not consistent with their or their Non-funding Participants' RTP activity.

## 2. Prefunded Requirement

- a. TCH, in its sole discretion, will determine a Prefunded Requirement for each (i) Sending Participant that is a Funding Participant or is a Non-funding Participant that has a Current Prefunded Position (Participants with a funding obligation) and (ii) each Funding Provider. TCH may change the amount of a Participant or Funding Provider's Prefunded Requirement from time to time.
- b. A Sending Participant with a funding obligation must transfer funds in an amount equal to or greater than its Prefunded Requirement to the Prefunded Balance Account via Fedwire before it can originate any RTP Payments. A Funding Provider must transfer funds in an amount equal to or greater than its Prefunded Requirement to the Prefunded Balance Account via Fedwire before any Non-funding Group Member can originate any RTP Payments.

## 3. Positions.

- a. Opening Prefunded Position.
  - i. The RTP System shall record an Opening Prefunded Position at the opening of each Reconciliation Window for each Participant that has a Current Prefunded

Position and each Funding Provider. The Participant or Funding Provider's first Opening Prefunded Position will be the amount of its first transfer of funds to the Prefunded Balance Account and thereafter its Opening Prefunded Position will be the Participant or Funding Provider's Current Prefunded Position, as described in Rule V(C)(3)(c), at the opening of the Reconciliation Window.

- ii. Once a Participant or Funding Provider's Opening Prefunded Position is recorded, the position does not change until the opening of the next Reconciliation Window.
  - iii. Non-funding Group Members will not have initial prefunded positions or Opening Prefunded Positions.
- b. Net Position. The RTP System shall continuously record a Net Position for each Participant.
- i. A Participant's Net Position is the net of all increases and decreases, as recorded by the RTP System through the operation of Rules VI(D), (E), and (G), as applicable, during a Reconciliation Window.<sup>1</sup>
  - ii. A Funding Provider does not have a Net Position.
  - iii. A Participant's Net Position starts at zero (0) at the beginning of each Reconciliation Window and is immediately updated throughout a Reconciliation Window as the RTP System records entries through the operation of Rules VI(D), (E), and (G), as applicable.
- c. Current Prefunded Position. The RTP System shall continuously record a Current Prefunded Position for each Funding Participant, Non-funding Participant that has a Current Prefunded Position, and Funding Provider. The Current Prefunded Position of a Funding Participant or a Non-funding Participant that has a Current Prefunded Position is the sum of the Participant's Opening Prefunded Position and its Net Position (whether positive or negative) The Current Prefunded Position of a Funding Provider is the sum of (i) the Funding Provider's Opening Prefunded Position; (ii) the Net Positions (whether positive or negative) of all Non-funding Group Members that have a funding arrangement with the Funding Provider, (iii) any Supplemental Funding recorded pursuant to the operation of Rule VI(D) that has not already been used to increase the Net Position of a Non-Funding Group Member, and (iv) any

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<sup>1</sup> A Non-funding Group Member's Net Position is sometimes referred to as a Tracking Position in certain RTP technical documentation.

Disbursements recorded pursuant to the operation of Rule VI(G) that has not already been accounted for in the Net Position of a non-Funding Group Member.

- d. Multiple Positions. TCH may permit a Participant to have different funding arrangements for different RTP-enabled RTNs or pseudo-RTNs. In such cases a Participant will have a different Opening Position, Net Position, and Current Prefunded Position (as applicable to the funding arrangement) for each RTP-enabled RTN or pseudo-RTN. A Participant's positions associated with one RTP-enabled RTN or pseudo-RTN are separate from the Participant's positions associated with other RTP-enabled RTNs or pseudo-RTNs. A Participant's rights and obligations under the RTP Participation Rules and these RTP Operating Rules do not change by virtue of being permitted to have different funding arrangements for different RTP-enabled RTNs or pseudo-RTNs.

#### **D. Supplemental Funding and Obligations to Manage Positions.**

1. After its first transfer of funds to the Prefunded Balance Account, a Participant with a funding obligation or a Funding Provider may transfer supplemental funds to the Prefunded Balance Account during Fedwire operating hours. Upon receipt of an advice from the Prefunded Balance Account Bank relating to such a transfer, the RTP System shall record increases in the amount of the transfer to (i) the Net Position, which will thereby also increase the Current Prefunded Position, of the Participant with a funding obligation or (ii) the Current Prefunded Position of the Funding Provider and, if the Funding Provider has designated that the amount of transfer should be credited to the Net Position of a Non-funding Group member, the member's Net Position.
2. Obligation to Monitor Current Prefunded Position and Provide Supplemental Funding
  - a. Each Participant with a funding obligation and each Funding Provider must monitor its Current Prefunded Position and provide supplemental funding to the Prefunded Balance Account if its Current Prefunded Position falls below its Prefunded Requirement during Fedwire operating hours.
  - b. Supplemental funding to return a Current Prefunded Position to a Participant or Funding Provider's Prefunded Requirement should occur (i) no later than the next opening of Fedwire, if the Current Prefunded Position falls below the Prefunded Requirement during hours when Fedwire Funds is closed or (ii) before the next close of Fedwire, if the Current Prefunded Position falls below the Prefunded Requirement during hours when Fedwire is open.
3. Obligation to Monitor and Manage Positions during Non-Fedwire Hours

- a. A Funding Provider or Participant with a funding obligation must monitor and manage its Current Prefunded Position and provide supplemental funding as needed in advance of the close of Fedwire to ensure that the Funding Provider or Participant's Current Prefunded Position is sufficient to cover its anticipated payment origination activity when Fedwire is closed. TCH reserves the right, in its sole discretion, to increase a Funding Provider or Participant's Prefunded Requirement or take other action if a Funding Provider or Participant does not maintain an adequate Current Prefunded Position during Non-Fedwire hours to prevent rejection of a Non-funding Group Member or the Participant's Payments due to an insufficient position, as described in Rule VI(E)(3).
  - b. Funding Providers and Participants with funding obligations may have arrangements with each other to transfer liquidity through RTP Payments if their Current Prefunded Position becomes low during Non-Fedwire hours. Such liquidity transfers must be reported to TCH within ten banking days following the day on which the liquidity transfer occurred, using procedures specified by TCH.
4. Low and Normal Watermark Values

A Funding Provider and Participants with a funding obligation may establish a low watermark value for its Current Prefunded Position that will trigger an alert from the RTP System when the Participant or Funding Provider's Current Prefunded Position falls to or below the value. Once the system sends a low watermark alert, it will not send any further low watermark alerts until (i) the Funding Provider or Participant's Current Prefunded Position increases to a normal watermark value that the Funding Provider or Participant has established and (ii) the Current Prefunded Position again falls below the low watermark value.
5. Non- funding Group Limits
  - a. A Funding Provider for a Non-funding Group must establish a limit on the negative Net Position that each Non-funding Group Member may incur during a Reconciliation Window (Net Send Limit). Subject to TCH's ability to require alternative funding arrangements under Rule VI(B)(1), the total Net Send Limits for a Non-funding Group may exceed the Funding Provider's Prefunded Requirement. The Funding Provider should set such Net Send Limits to ensure that each Non-funding Group Member has use of the Funding Provider's Current Prefunded Position that is sufficient to support the Non-funding Group Member's anticipated Payment origination activity. Each Non-funding Group Member should monitor its Net Position and manage its Payment origination activities to ensure that it does not send Payments to the System that would exceed its Net Send Limit.

- b. In managing its Current Prefunded Position for use by its Non-funding Group, Funding Providers should take into account the impact of Reconciliation Windows on Net Send Limits. Under Rule VI(C)(3)(b)(iii) each Participant's Net Position resets to zero at the opening of the window. Hence, each Non-funding Group Member's ability to send Payments that exceed the value of Payments the member receives will be limited to the difference between zero and the member's Net Send Limit notwithstanding the fact that the member may have had a greater or lesser difference between its Net Position and its Net Send Limit at the close of the prior Reconciliation Window.

#### **E. Settlement Procedures.**

1. The RTP System shall not release a Sending Participant's Payment Message to the Receiving Participant unless the Sending Participant's Current Prefunded Position or its Funding Provider's Current Prefunded Position is equal to or greater than the amount of the Payment Message. Such Current Prefunded Position is herein referred to as "sufficient" to allow release of a Payment Message. Additionally, for Non-funding Group Members, the RTP System shall not release a Sending Participant's Payment Message to the Receiving Participant if the reduction of the Participant's Net Position under operation of Rule VI(E)(2) would cause the Participant to exceed its Net Send Limit.
2. If the conditions for release of a Payment Message specified in Rule VI(E)(1) are met, then upon release of the Payment Message the System shall record entries to reserve the amount of the Payment by decreasing the Sending Participant's Net Position, which will thereby also decrease either (i) the Current Prefunded Position of the Sending Participant, if it has a funding obligation, or, (ii) if the Sending Participant is a Non-funding Group Member, the Current Prefunded Position of its Funding Provider so that the Sending Participant or Funding Provider's Current Prefunded Position cannot be reduced below the reserved amount before the Payment has been cancelled under operation of Rule IV(A)(4), rejected as described in Rule V(E)(3), or settled under operation of Rule VI(E)(4). Upon cancellation or rejection, the RTP System shall record entries to un-reserve the amount of the Payment by increasing the Sending Participant's Net Position, which will thereby also increase either the Current Prefunded Position of the Sending Participant or the Sending Participant's Funding Provider, as applicable, by the amount of the Payment.
3. If the conditions for release of a Payment specified in Rule VI(E)(1) are not met, the System shall reject the Payment Message.
4. Upon the RTP System's receipt of the Receiving Participant's "accept" or "accept without posting" message, as described in Rules V(E)(1) and (2), the System will record

entries to credit the amount that was reserved in Rule VI(E)(2) by increasing the Receiving Participant's Net Position, which will thereby also increase either (i) the Receiving Participant's Current Prefunded Position, if it is a Funding Participant or a Non-funding Participant that has a Current Prefunded Position or, (ii) if the Receiving Participant is a Non-funding Group Member, its Funding Provider's Current Prefunded Position. The receipt of an "accept" message or an "accept without posting" message, and the recording of these entries shall be deemed to be simultaneous.

5. If a Payment Message is cancelled, as described in Rule IV(A)(4), or rejected, as described in Rule V(E)(3), no changes will be made to the Net Position or Current Prefunded Position of the Receiving Participant or the Current Prefunded Position of the Funding Provider, as applicable.
6. Settlement with respect to a Payment Message is complete when the RTP System has recorded both the decrease in the Sending Participant's Net Position and the increase in the Receiving Participant's Net Position, which recordings shall be deemed simultaneous. Completion of settlement constitutes final settlement of the RTP Payment and final discharge and payment of a Sending Participant's obligation to pay the amount of the Payment Message to the Receiving Participant under Rule III(D).

#### **F. Position Reports.**

1. TCH shall provide a reconciliation report after the close of each Reconciliation Window. TCH reserves the right, in its sole discretion, to determine the frequency and timing of Reconciliation Windows. In addition to other information, the reconciliation reports shall indicate a Participant or Funding Provider's Current Prefunded Position and the Participant's Net Position (whether such Participant is a Funding or Non-Funding Participant) at the beginning of a particular Reconciliation Window and at the end of the Reconciliation Window. A Funding Provider that receives reconciliation reports with payment details must provide each Non-funding Group Member with the payment details from the reports for the Non-funding Group Member's payments. A Funding Provider must provide such payment details to each Non-funding Group Member at least once each Fedwire operating day.
2. Upon the receipt of a reconciliation report, a Participant or Funding Provider shall review the reconciliation report and shall promptly notify TCH of any error in the reconciliation report. Upon the receipt of a payment details from a reconciliation report from its Funding Provider, a Non-Funding Group Member shall review the payment details and shall promptly notify TCH of any error in the payment details.



## **G. Disbursements and Obligations between Funding Providers and Non-Funding Group Members.**

1. A Participant (other than a Non-funding Group Member) and a Funding Provider may request that TCH, as the agent for all Funding Participants and Funding Agents, transfer funds from the Prefunded Balance Account to that Participant (or its Funding Manager) or to the Funding Provider in an amount up to the amount of any Excess Liquidity. A Participant may have arrangements with its Funding Manager that permit the Funding Manager to request disbursement on behalf of the Participant. Alternatively, a Participant that is not a Sending Participant and that does not have a Funding Agent may have arrangements with its Third Party Service Provider that permit the Third Party Service Provider to request disbursement on behalf of the Participant. Upon request, the RTP System will validate that the Participant or Funding Provider has Excess Liquidity and, if so, create a Fedwire payment to disburse the requested amount of Excess Liquidity to the Participant (either directly or through a Funding Manager) or to the Funding Provider. Upon validating that a Participant or Funding Provider's request is less than or equal to its Excess Liquidity, the RTP System shall record decreases in the amount of the disbursement to (i) the Net Position and Current Prefunded Position of the Participant that requested the disbursement or (ii) the Current Prefunded Position of the Funding Provider and, if the Funding Provider has designated that the disbursement should be debited from the Net Position of a Non-Funding Group member, the member's Net Position.
2. The TCH's disbursement of funds to a Funding Manager pursuant to Rule VI(G)(1) constitutes the System's disbursement to the Non-funding Participant that requested the disbursement.
3. A Non-funding Group Member has no right to request disbursement from the Prefunded Balance Account even if the Non-funding Group Member has settled Payments through the System and has a positive Net Position.
  - a. The following requirements apply to Non-funding Groups, except for Non-funding Groups in which all members of the group are affiliates under common ownership and in which the Funding Provider is also a member of the group:
    - i. A Funding Provider for a Non-funding Group must pay each Non-funding Group Member that has a positive Net Position at the end of a Reconciliation Window an amount equal to such positive Net Position at least once each Fedwire operating day. The manner of payment may be through credit to an account the Funding Provider holds for the Non-funding Group Member, offset to an amount the Non-Funding Group Member owes the Funding Provider, or other means as agreed between the Funding Provider and Non-funding Group

Member. No Non-funding Group Member shall have any obligation to pay any other Non-funding Group Member for any positive Net Position the other member may have at the end of a Reconciliation Window.

- ii. A Non-funding Group Member that has a negative Net Position at the close of a Reconciliation Window must pay the Non-funding Group's Funding Provider an amount equal to such negative Net Position at least once each Fedwire operating day. Such payment may be made in advance through prefunding with the Funding Provider or through other means as agreed between the Funding Provider and Non-Funding Participant. No Non-funding Group Member shall have any obligation to pay the Funding Provider for any negative Net Position that another member may have at the end of a Reconciliation Window.
- iii. A Non-funding Group Member's Net Position at the end of a Reconciliation Window shall be determined by the reconciliation report TCH creates for the Non-funding Group Member.

- b. Rules VI(G)(3)(a)(i), (ii), and (iii) must be included in the legal terms that govern the funding arrangement between a Funding Provider and each Non-funding Group Member. TCH may require copies of such terms to ensure compliance with this requirement.

#### 4. Disbursement Upon Termination

Upon termination of a Funding Participant, Non-funding Participant that has a Current Prefunded Position, or Funding Provider from the RTP System, TCH, as the agent for all Funding Participants and Funding Agents shall transfer funds from the Prefunded Balance Account to that Participant (or its Funding Manager) or Funding Provider in an amount equal to the Participant or Funding Provider's Current Prefunded Position. Upon initiating the transfer, the RTP System shall decrease (i) the Participant's Net Position and Current Prefunded Position to zero (0) or (ii) the Funding Provider's Current Prefunded Position to zero (0). The obligation to pay a requested disbursement under Rule VI(G)(1) or (2) or to transfer funds upon termination from the RTP System under this rule is owed by all Funding Participants and Funding Agents jointly, becomes due and payable only (i) upon receipt by TCH of a properly formatted request for disbursement in an amount that does not exceed the requesting participant's or Funding Provider's Excess Liquidity or (ii) upon a Participant or Funding Provider's termination, and is payable solely by the instruction of TCH as agent on behalf of all Funding Participants and Funding Agents and solely from the balance in the Prefunded Balance Account.

#### H. Indemnification of Prefunded Balance Account Bank.

1. TCH, each Funding Participant and Funding Agent, and the Prefunded Balance Account Bank have entered into the RTP Prefunded Balance Account Agreement, which, among other things, requires each Funding Participant and Funding Agent to indemnify and hold harmless the Prefunded Balance Account Bank and each other Federal Reserve Bank for any Claim (as defined in the RTP Prefunded Balance Account Agreement). Each Funding Participant's and Funding Agent's pro rata responsibility for a Claim equals the proportion of the average daily RTP usage of that Funding Participant or, in the case of a Funding Agent, all Participants for which the Funding Agent has been designated as Funding Agent, to the average daily RTP usage of all Participants.
2. For purposes of this section, "average daily RTP usage" means the daily average number of payments sent and received by a Participant during the thirty (30) calendar day period preceding the date on which a Claim (as referred to in Rule VI(H)(1)) is alleged to have accrued or occurred.
3. Within two business days of receiving written notice of a Claim from the Prefunded Balance Account Bank, the TCH shall provide written notice to the Prefunded Balance Account Bank and each Funding Participant and Funding Agent of the amount of the Claim for which each Funding Participant and Funding Agent is responsible in accordance with the Rules VI(H)(1) and (2). If TCH fails to provide the Prefunded Balance Account Bank with the amount of the Claim for which each Funding Participant and Funding Agent is responsible, the Prefunded Balance Account Bank may divide the amount of the Claim evenly among the Funding Participants and Funding Agents. However, such division does not affect the right of the Funding Participants and Funding Agents as between themselves to reapportion the amount for which each is responsible for a Claim under these Rules.
4. Upon receipt of written notice from TCH of the amount of the Claim for which each Funding Participant, and Funding Agent, is responsible or if no such notice is received by the stated deadline, the Prefunded Balance Account Bank may recover the amount of a Funding Participant or Funding Agent's portion of a Claim by directing the Federal Reserve Bank maintaining that Funding Participant or Funding Agent's master Federal Reserve account to debit such amount from that master account.
5. If one or more Funding Participants or Funding Agents does not have a sufficient balance in their master accounts to cover their portion of the Claim (each, a "Defaulting Participant"), each Funding Participant and Funding Agent (other than the Defaulting Participants) is responsible for a portion of the unrecovered amount based upon their average daily RTP usage, as described in Rule VI(H)(2), without regard to the average daily RTP usage of the one or more Defaulting Participants. The Prefunded Balance

Account Bank may recover the amount of a Funding Participant or Funding Agent's portion of the unrecovered amount by directing the Federal Reserve Bank maintaining that Funding Participant or Funding Agent's master Federal Reserve account to debit such amount from that master account.

6. If the Prefunded Balance Account Bank is still unable to recover the full amount of the Claim, each Funding Participant and Funding Agent is jointly and severally liable for the full amount of the unrecovered amount of the Claim and the Prefunded Balance Account Bank may recover that amount in the aggregate from one or more Funding Participants and Funding Agents by directing the Federal Reserve Banks maintaining the Funding Participant and Funding Agent's master accounts to debit those master accounts.
7. Each Defaulting Participant shall be liable to each other Funding Participant and Funding Agent in the amount by which such other Funding Participant or Funding Agent's responsibility for the Claim was increased as a result of the Defaulting Participant's insufficient master account balance or inability to otherwise pay its portion of the Claim, plus interest thereon for each day the Defaulting Participant fails to pay such amount owed to a Funding Participant or Funding Agent at a rate equal to one percent (1%) above the effective rate for federal funds as published on a daily basis by FRBNY for such day.
8. A Funding Participant or Funding Agent may obtain any amount owing to it from a Defaulting Participant pursuant to this Rule VI (H) by charging the Defaulting Participant's account on its books, to the extent the Defaulting Participant holds an account with the other Funding Participant, or Funding Agent.

## **VII. Non-Payment Messages**

### **A. Non-Payment Message Types and Responses.**

1. Payment-Related Messages and Payment-Related Message Responses shall be submitted to the RTP System as further described in and in accordance with the RTP Technical Specifications.
2. A Message Receiving Participant must transmit any Payment-related Response Message provided by its Customer to the Message Sending Participant.
3. If a Request for Payment is not delivered to the Message Receiving Participant's Customer, the Message Receiving Participant is required to notify the Message Sending Participant. The Message Sending Participant is not required to notify its Customer of the Message Receiving Participant's Response to Request for Payment.

### **B. Requirements for Request for Payment Messages.**

1. A Participant may submit Requests for Payment to the RTP System. Such requests shall not constitute the initiation of a debit or impose any obligation on the Message Receiver to pay any amount to the Message Sender. A Request for Payment may only be made for legitimate purposes, as defined in Rule VII(B)(3) of these RTP Operating Rules, and for permissible uses identified in a public RTP rules interpretation (Permissible Uses).
2. A Message Sending Participant that submits a Request for Payment to the RTP System must:
  - a. ensure that the Request for Payment complies with the RTP Technical Specifications;
  - b. comply with the Requirements for Request for Payment Customers;
  - c. have a reasonable basis for determining that the Message Sender's RFPs will only be used for Permissible Uses and have made such a determination prior to submitting an RFP for the Message Sender;
  - d. warrant to TCH and the Message Receiving Participant that the Request for Payment (1) is made for a legitimate purpose and (2) is not part of a fraudulent scheme to induce payment, harassing, or otherwise unlawful, including violations of the prohibition on unfair, deceptive, or abusive acts or practices as set forth in Title X of the Dodd-Frank Act or violations of the prohibition on unfair or deceptive acts or

practices in or affecting commerce as set forth in Title 5 of the Federal Trade Commission Act;

- e. take corrective action with respect to a Message Sender when a Message Sending Participant determines, or should have determined based on information available to it, that the Message Sender has initiated Requests for Payment that are not made for (i) a Permissible Use; or (ii) a legitimate purpose or are fraudulent, abusive or unlawful. Such corrective actions may include suspension of a Customer's ability to initiate Requests for Payment and, under appropriate circumstances, the ability to receive RTP Payments, as determined by the Message Sending Participant or by TCH through Rules Enforcement Proceedings; and
  - f. respond to RTP reports of abuse of Requests for Payment.
3. Legitimate Purposes for Requests for Payment.
- a. Requests for Payment initiated by a non-Consumer Message Sender are made for a legitimate purpose when they are sent to request payment for (i) a current sale or transaction; or (ii) an amount that is due, owed or otherwise agreed to be paid to the Message Sender.
  - b. Requests for Payment initiated by a Consumer Message Sender are made for a legitimate purpose when they are sent to request payment from a Message Receiver who (i) is known to the Message Sender and (ii) would reasonably expect to receive the Request for Payment from the Message Sender.

### **C. Request for Payment Warranty Claims Process**

As used in this Section VII.C, Message Sender and Message Receiver refer to the Message Sender of a Request for Payment and Message Receiver of a Request for Payment, respectively.

1. Prerequisites to Warranty Claims. A Message Receiving Participant may bring a claim for breach of the Request for Payment Warranty against a Message Sending Participant pursuant to this section if the following conditions are satisfied:
- a. The Message Receiver initiated a Responding Payment in response to the Request for Payment alleged to have breached the RFP Warranty.
  - b. The claim is initiated within 95 calendar days of the date of the Responding Payment.

- c. The Message Receiving Participant has obtained a Customer Statement from the Message Receiver that satisfies the requirements of section VII.C.2.
  - d. The Message Receiving Participant has determined that the Customer Statement if true would support a valid claim for a breach of the RFP Warranty.
- 2. Customer Statement Requirement. The Customer Statement required under section VII.C.1 must be a signed or similarly authenticated statement by the Message Receiver, or a record of information obtained from the Message Receiver that is kept in a readily producible form and accurately reflects the information provided by the Message Receiver at the time of making the claim, and at a minimum include the following information about the Request for Payment and Responding Payment: name of the Message Sender; name and Account Number of Message Receiver; Payment date; and narrative description of the reason for the claim of breach of the RFP Warranty.
- 3. Claim Initiation Requirements.
  - a. To initiate a claim under this section, a Message Receiving Participant must use the Request for Return of Funds message and procedures established by TCH.
  - b. When it initiates a claim, a Message Receiving Participant must provide the Message Sending Participant with (i) the information obtained in the Customer Statement, (ii) the component(s) of the RFP Warranty alleged to have been breached, and (iii) the Transaction ID and End to End ID from the Responding Payment, as well as any other requirements established in the RTP Technical Specifications.
  - c. A Message Receiving Participant may also provide supplemental information and documentation to support its claim. Such supplemental information or documentation if provided must clearly identify the RFP Warranty claim to which it relates. Supplemental information or documentation may be provided at any time prior to the initiation of an arbitration proceeding under VII.C.8.
  - d. A claim is considered initiated when the Message Sending Participant has received all of the required information set out in section VII.C.3.b.
  - e. By initiating a claim, the Message Receiving Participant represents and warrants to the Message Sending Participant and TCH that (i) it has obtained the Customer Statement; and (ii) the Message Receiver has alleged facts sufficient to support a claim of breach of the RFP Warranty in accordance with section VII.C.5 and to allow the Message Sending Participant to investigate the claim.
- 4. Alternative Warranty Components. If the narrative description provided to the Message Sending Participant under section VII.C.3.b(i) sets forth facts sufficient to support a breach of at least one component of the RFP Warranty, the Message Receiving

Participant's selection of a component of the RFP Warranty under section VII.C.3.b.ii is not by itself a reason for the Message Sending Participant to provide a negative response under section VII.C.6.b or for the claim to be decided in favor of the Message Sending Participant under the arbitration process described in section VII.C.7.

5. Sufficient Facts to Support a Claim. A Message Receiver alleges facts sufficient to support a claim of breach of the RFP Warranty as set forth below.
  - a. No Legitimate Purpose.
    - i. Non-Consumer Message Sender. The Message Receiver alleges that the Message Sender did not send the Request for Payment to request payment for a current sale or transaction or an amount due, owed or otherwise agreed to be paid to the Message Sender.
    - ii. Consumer Message Sender. The Message Receiver alleges that the Message Sender is not known to the Message Receiver and did not reasonably expect to receive the Request for Payment from the Message Sender.
  - b. Part of a Fraudulent Scheme to Induce a Payment. The Message Receiver alleges that a Person engaged in wrongful or criminal deception to induce the Message Receiver to make a Payment used a Request for Payment to solicit the Payment.
  - c. Harassing. The Message Receiver alleges that the Message Sender used language in a Request for Payment Message that could reasonably be perceived by the Message Receiver as threatening or intimidating; or sent repeated Requests for Payment to the Message Receiver within a timeframe that could be reasonably perceived by that Message Receiver as harassing.
  - d. Otherwise Unlawful. The Message Receiver alleges facts demonstrating that the Message Sender used a Request for Payment in a manner that violates an applicable law or regulation. For purposes of this subsection (d), bona fide errors and unintentional mistakes by a Message Sender in sending a Request for Payment are presumptively lawful.
  - e. Complaints regarding goods and services. A complaint regarding the quality or delivery of goods or services does not by itself constitute the allegation of facts sufficient to support a claim of breach of the RFP Warranty under sections VII.C.5.
6. Message Sending Participant Obligations.
  - a. Investigation. Upon receipt of a claim initiated under section VII.C.3, a Message Sending Participant must investigate the claim of breach of the RFP Warranty.



- b. Response. A Message Sending Participant must respond to the claim of breach of the RFP Warranty within 20 business days of the calendar day on which the claim was initiated with either (i) a positive response indicating the Message Sending Participant will pay the claim or (ii) a negative response indicating the Message Sending Participant will not pay the claim.
  
- c. Negative Response Requirements.
  - i. If a Message Sending Participant provides a negative response it must provide a statement to the Message Receiving Participant as to why RFP Warranty was not breached, or a statement (or other evidence) that the Message Sender has already provided the Message Receiver a remedy in at least the full amount of the Responding Payment with sufficient specificity to allow the Message Sender to confirm that the remedy was provided. A Message Sending Participant may also provide supplemental information and documentation to support its negative response. Such information may be provided at any time prior to the initiation of an arbitration proceeding under section VII.C.8.
  
  - ii. A Message Sending Participant may not provide a negative response under section VII.C.6.b solely because of the Message Sending Participant's inability to recover funds from the Message Sender, the Message Receiving Participant's lack of a legal obligation to recredit the Message Receiver, or the fact that the Message Receiving Participant has not recredited the Message Receiver in advance of asserting the warranty claim.
  
  - iii. By initiating a negative response, the Message Sending Participant represents and warrants to the Message Receiving Participant and TCH that (i) it has conducted the investigation required by section VII.C.6.a; (ii) the negative response complies with the requirements of this section VII.C.2.c; and (iii) if the negative response is based on a determination that a breach of warranty has not occurred, that the information from its investigation supports the negative response.
  
- d. Return of Funds and Obligation to Recredit.
  - i. If the Message Sending Participant provides a positive response under section VII.C.6.b, the Message Sending Participant must return funds to the Message Receiving Participant through a Payment in the amount of the Responding Payment. Such Payment must be made by the end of the business day immediately following the calendar day on which the response is provided.
  
  - ii. If funds are returned to the Message Receiving Participant under section VII.C.6.d.i, the Message Receiving Participant must credit the Message Receiver in the amount of the returned funds if it has not already done so. Such credit

must be made by the end of the business day immediately following the calendar day on which the funds are returned to the Message Receiving Participant.

7. Arbitration Proceedings.

a. Initiation.

- i. Participants are encouraged to resolve the claim under sections VII.C.1-6.
- ii. Upon receipt of a negative response under section VII.C.6.b or if the Message Sending Participant fails to provide a response within 20 business days under such section and good faith efforts between the Message Receiving Participant and Message Sending Participant to resolve the RFP Warranty claim have ceased, a Message Receiving Participant may initiate an Arbitration Proceeding by submitting to TCH an arbitration request using a form developed by TCH for such purposes. Such form must be submitted to TCH within 45 calendar days of the negative response or conclusion of the response period and good faith efforts to resolve the claim, as applicable. When TCH receives an arbitration request form, it will notify the relevant Message Sending Participant.
- iii. An Arbitration Proceeding may relate to a single Request for Payment alleged to have breached the warranty or a Mass Claim involving multiple Requests for Payment alleged to have breached the warranty provided that all such claims involve Requests for Payment sent by the same Message Sender and involving substantially similar facts, and the timing requirement of VII.C.7.a.ii. is satisfied with respect to all such Requests for Payment.

b. Arbitration Process.

- i. Participants that are parties to an Arbitration Proceeding agree to provide TCH with the information shared with the other Participant pursuant to the process described in sections VII.C.3 and VII.C.6, and to respond to TCH's requests for additional information and documentation relating to the alleged breach of Request for Payment Warranty.
- ii. Except in response to requests by TCH, during the course of the Arbitration Proceeding, neither the Message Sending Participant nor Message Receiving Participant may submit information, documentation, or other evidence to TCH that they did not previously exchange with each other.
- iii. During the course of an Arbitration Proceeding and prior to a decision under section VII.C.7.c, either Participant may decide to withdraw in which case it agrees to a decision in favor of the other Participant to the dispute.

- iv. In the event of a claim involving a Request for Payment to collect payment for a Message Receiver's purchase of goods or services in the ordinary course of business as determined by TCH, the Message Receiving Participant has the burden of establishing the facts necessary to support the RFP Warranty claim. For all other claims, the Message Sending Participant has the burden of establishing the facts necessary to rebut the RFP Warranty claim.
  - v. In the event of a Mass claim, each individual claim will be considered, however, the fact that there are multiple claims involving the same Message Sender and substantially similar facts may be taken into account and may shift the burden to the Message Sending Participant even in situations involving the purchase of goods or services.
- c. Arbitration Decisions.
- i. TCH will determine whether the Message Sending Participant breached the RFP Warranty that is the subject of the claim or combined claim described in section VII.C.7.a.iii. If TCH determines that a breach has occurred, the Message Sending Participant is required to return the amount of the Responding Payment(s) at issue in the dispute.
  - ii. TCH will make its determination based only on the information obtained through the arbitration process and prior arbitration precedent, and without regard to the owner bank status of a party or the volume of transactions sent or received by the parties. TCH may also consider agency and court decisions in determining what constitutes unlawful activity.
  - iii. TCH will inform the parties of the decision within 30 calendar days from the date of receipt by TCHs of all of the information and documentation required to be provided to TCH under section VII.C.7.b.i, including any requests for additional information or documentation requested by TCH.
  - iv. A decision under this section is final and binding on the Participants that are parties to the claim. The Participants agree that a judgment on the arbitration decision and award may be entered by any court with jurisdiction and neither party may appeal the decision to the courts.
  - v. TCH will preserve decisions from Arbitration Proceedings, including the anonymized facts, for use as precedents for future decisions in arbitration proceedings under this section and to make information about such decisions available to Participants as guidance for future claims of breach of the Request for Payment warranty.

- vi. To cover the costs of arbitration described in this section, TCH will establish a fee on a cost recovery basis that will be assessed on the unsuccessful party to the claim.
  - vii. If during the course of an Arbitration Proceeding, a Participant is found to have violated the RTP Operating Rules with respect to the use of Requests for Payment or any aspect of the dispute resolution process set out in this section VII.D then, regardless of whether the arbitration decision is in their favor, TCH may assess a fine against the Participant. Both the amount of such fines and the appropriateness of levying such fines will be determined based on the RFP Fine Schedule established by TCH and made available to the Participants.
  - viii. This section VII.C.7.c. sets forth the only fees, charges or obligations TCH may impose on a Participant pursuant to an Arbitration Proceeding.
- d. Return of Funds.
- i. If under the process described in section VII.C.7, the Message Sending Participant is determined to have breached the RFP Warranty, the Message Sending Participant must return funds to the Message Receiving Participant within five (5) business days through a Payment in the amount of the Responding Payment(s).
  - ii. If funds are returned to the Message Receiving Participant under section VII.C.7.d, the Message Receiving Participant must credit the Message Receiver in the amount of the returned funds if it has not already done so. Such credit must be made by the end of the business day immediately following the calendar day on which the funds are returned to the Message Receiving Participant
8. Monitoring and Enforcement.
- a. TCH will monitor Request for Payment related activity to identify Participant behavior that threatens the use of Request for Payments on the RTP network or the integrity of the RFP Warranty claim process described in this section VII, and may assess fines against Participants as a result of its monitoring based on the RFP Fine Schedule.
  - b. TCH's right to assess financial penalties for Request for Payment related activity is exclusively governed by this section VII, notwithstanding any provision in section X of these rules.

#### D. Requests for Return of Funds.

A Participant may send a Request for Return of Funds for any reason, including to request a return of funds related to an unauthorized or erroneous RTP Payment or an RTP Payment made in response to a fraudulent Request for Payment. A Request for Return of Funds is not a cancellation of a RTP Payment and, thus, a Participant that sends a Request for Return of Funds shall have no liability to the Receiving Participant for such request under Section 4-A-211 (6) of the New York Uniform Commercial Code.

1. A Receiving Participant must respond to a Request for Return of Funds with a Response to Request for Return of Funds, but a Receiving Participant shall be under no obligation to return funds related to an RTP Payment in response to a Sending Participant's Request for Return of Funds.
2. The process for sending and responding to a Request for Return of Funds for RTP Payments is set forth in the RTP Technical Specifications. A Receiving Participant must send its Response to Request for Return of Funds within ten banking days of receiving the Request for Return of Funds, except for Request for Return of Funds messages that are sent due to claimed fraud ("FRAD") or breach of a Request for Payment warranty ("UPAY"). With respect to such Request for Return of Funds messages, the Receiving Participant may take longer than ten banking days to send a Response to Request for Return of Funds message to allow time for the Receiving Participant to investigate the claimed fraud or breach of warranty. In such situations the Receiving Participant is expected to promptly perform its investigation and send its Response to Request for Return of Funds upon completion of its investigation. For purposes of this subsection, banking day means that part of any business day on which an office of a Participant is open to the public for carrying on substantially all of its banking functions.
3. A Participant may offer an indemnity with its Request for Return of Funds, as provided in the RTP Request for Return of Funds Indemnity Schedule. A Receiving Participant has no obligation to accept the offer of indemnity or to return funds related to a Request for Return of Funds in which an indemnity has been offered.
4. A Sending Participant may not resubmit a Request for Return of Funds if it has previously sent a Request for Return of Funds for the same payment and received a negative ("RJCR" status) Response to Request for Return of Funds due to the Receiver's refusal to return the funds ("CUST" reason code). This prohibition does not apply if the Sending Participant is resubmitting a Request for Return of Funds because TCH requires such resubmission in the RTP Technical Specifications or a published interpretation of these RTP Operating Rules.

## **VIII. Payment of RTP Fees**

### **A. Payment Generally.**

Except as described below in Rule VIII(C), each Participant will pay for Fees and RTP Incentive Fees in connection with the Participant's use of the RTP System in accordance with the RTP Participant Fee Schedule by means of TCH Fee Debits and RTP Incentive Fee Debits.

### **B. Frequency / Authorization.**

1. TCH Fee Debits and RTP Incentive Fee Debits will be originated periodically as described in the RTP Participant Fee Schedule.
2. Each Participant authorizes TCH to originate TCH Fee Debits and RTP Incentive Fee Debits to its designated payment account in the amount of the Fees and RTP Incentive Fees that it owes to TCH and other Participants, respectively. Such amounts shall be determined by TCH. A Participant's Participation Agreement and this section of the RTP Operating Rules shall serve as the Participant's executed debit authorization under the NACHA Rules.
3. Any section of the NACHA Rules that requires or deems an originating depository financial institution to represent that a debit entry has been transmitted in accordance with an executed customer authorization shall, with respect to a TCH Fee Debit and an RTP Incentive Fee Debit, be deemed to mean that such debit entry has been transmitted in accordance with the authorization provided by these RTP Operating Rules.
4. A Participant may revoke its authorization for TCH Fee Debits and RTP Incentive Fee Debits by written notice to TCH. Such revocation shall serve as the Participant's notice of termination of its participation in the RTP System.

### **C. Alternative Billing Arrangement.**

Certain Participants that utilize a Third-Party Service Provider to access the RTP System may be billed by the Third-Party Service Provider in accordance with procedures established by the Third-Party Service Provider. Such Participants will be notified by the Third-Party Service Provider and TCH regarding the existence of any alternative billing arrangement.

### **D. RTP Incentive Fees.**

Participants agree to pay RTP Incentive Fees to other Participants as further described in the RTP Participant Fee Schedule. TCH, as operator of the RTP System, will use RTP Incentive

Fee Debits to collect the RTP Incentive Fees and will originate ACH credit entries to distribute the RTP Incentive Fees to the Participants to which they are owed. TCH will use commercially reasonable efforts to collect RTP Incentive Fees from Participants that owe them and distribute the RTP Incentive Fees to the Participants to which they are owed, but TCH shall not be obligated to distribute any RTP Incentive Fees that TCH is unable to collect. A Participant's failure to pay RTP Incentive Fees shall be a violation of these RTP Operating Rules and shall cause the Participant to be subject to liability as set forth in these RTP Operating Rules, including the enforcement provisions of Article X set forth herein.

**E. Liability.**

A Participant is responsible for the payment of any Fees related to the Participant's use of the RTP System. No funding arrangement with a Funding Agent or use of a Third-Party Service Provider will relieve a Participant of its responsibility to pay its Fees. TCH shall not be responsible for any disruption of services as a result of a Participant's, Third-Party Service Provider's, or Funding Agent's nonpayment of Fees. TCH reserves the right to terminate a Participant's participation in the RTP System for the Participant's failure to pay any Fees.

## IX. Risk Controls Established by TCH

### A. Audits.

1. TCH Audit Rights
  - a. Participants. TCH maintains the right to audit, monitor, inspect, and investigate a Participant for its compliance with the RTP Participation Rules and these RTP Operating Rules.
  - b. Third-Party Service Providers and PSPs. TCH maintains the right to audit, monitor, inspect, and investigate any Third-Party Service Provider or PSP for its compliance with the RTP Participation Rules and these RTP Operating Rules.
2. Participant Self-Audit. A Participant shall conduct self-audits, at least once annually, to audit its compliance with the RTP Participation Rules and these RTP Operating Rules and shall complete the Self-Audit Form to certify to TCH that it has completed the self-audit and that any material findings of non-compliance, as determined by the Participant's audit standards or risk management framework, were reported to the Participant's audit committee or equivalent body responsible for overseeing the Participant's internal controls. TCH will make available the Self-Audit Form to Participants.
3. Participant Audit Rights and Vendor Management
  - a. General Audit Rights of Participants
    - i. TCH will cooperate with Participants and assist Participants in meeting their responsibilities to regulatory authorities to conduct audits on TCH as operator of the RTP System. TCH will regularly make available to Participants such materials as are reasonably relevant to a Participant's regulatory obligations to audit third parties.
    - ii. In addition to the information made available by TCH above, TCH will host, no less than two (2) times per year, RTP Audit Review Sessions. Each Participant may attend any or all of the RTP Audit Review Sessions. To the extent a Participant requires any additional audits, such audits shall be conducted in accordance with Rule IX(A)(3)(b).
  - b. Individual Audit Rights. In the event that any Participant reasonably requires information or audits beyond the information and audits provided above, TCH will cooperate with such Participant in facilitating such additional reasonable audits as the Participant may require, subject to the following requirements.



- i. The Participant shall notify TCH in writing that the Participant or its designee requests to conduct an audit at least thirty (30) days in advance of the date that the Participant requests the audit begin, and shall specify the scope of the information sought and the specific purpose of the audit. The audit shall be conducted during normal business hours for the facility at which the audit is to occur and shall be coordinated with TCH to minimize disruption to TCH's business operations.
  - ii. All individual Participant audits shall relate to the RTP System, shall be reasonable in scope and duration, and shall not last more than three (3) business days.
  - iii. The individual audit shall be performed by the Participant's employees or a mutually agreed upon third party approved by TCH, which approval shall not be unreasonably delayed, conditioned, or withheld, it being understood that the Participant (and its representatives and third parties involved in any audit) may be required to execute TCH's standard confidentiality agreement in advance of performing any audit.
  - iv. The Participant shall be responsible for its own expenses incurred in connection with any such audit, and the Participant shall reimburse TCH for any costs or expenses incurred by TCH (including internal costs and expenses) in preparing for and supporting the Participant's audit.
- c. Other Vendor Management Requests
- i. In addition to the audit rights provided in this Rule, TCH will cooperate with reasonable requests for information and materials to assist Participants with their vendor management obligations. The Clearing House in its sole discretion will determine the method for providing such information and materials to Participants.
  - ii. To the extent a Participant's vendor management requests, whether for information, materials or any other form of inquiry or request, requires TCH to expend material internal or external resources, as determined in TCH's sole discretion, such Participant shall be responsible for reimbursing TCH in accordance with a standard reimbursement rate and methodology determined by TCH.

## **B. Origination Controls for Participants.**

To manage operational risks associated with a Participant, TCH may establish controls on the gross value of RTP Payments that a Participant may originate during an RTP Day.

# **X. Enforcement of RTP Participation Rules and RTP Operating Rules**

## **A. Rules Enforcement Proceedings.**

1. In addition to the Chief Executive Officer's ability under the RTP Participation Rules to terminate or suspend a Participant whose continued participation in RTP would not be in the best interest of TCH, the RTP System, or other Participants, TCH has the right to enforce compliance with the RTP Participation Rules, these RTP Operating Rules, and any other requirements imposed on Participants by TCH.
2. In the event that TCH has reason to believe that a Participant has violated the RTP Participation Rules or these RTP Operating Rules, TCH may investigate the suspected violation. Upon its determination to investigate the suspected violation, TCH shall send a Notice of Potential Rules Violation to the Participant that describes the potential violation of the RTP Participation Rules and/or these RTP Operating Rules, the basis for TCH's belief that the Participant has violated the RTP Participation Rules and/or these RTP Operating Rules, and the time period in which the Participant may provide a Response to Notice of Potential Rules Violation, which time period shall not be less than ten (10) days. TCH may conduct the investigation by auditing the Participant's controls and compliance related to the RTP Participation Rules and these RTP Operating Rules, by requesting additional information, including proof that annual self-audits have been performed, from the Participant and by taking other actions as may be necessary for TCH to determine whether a violation has occurred.
3. The Participant may provide a Response to the Notice of Potential Rules Violation within the time period specified in the Notice of Potential Rules Violation that explains why the Participant does not believe a violation of the RTP Participation Rules and/or these RTP Operating Rules has occurred, or, if a violation has occurred, the Participant's explanation as to the cause and any corrective actions already taken by the Participant to address the violation.
4. Participant Cooperation during an Investigation
  - a. A Participant shall cooperate, and shall ensure that any of its Third-Party Service Providers and PSPs cooperate, with TCH during any investigation into the suspected

violation of the RTP Participation Rules and/or these RTP Operating Rules, including by complying with all requests for information submitted by TCH to the Participant.

- b. A Participant shall respond to all requests for information within ten (10) business days.
5. Evaluation and Determination by Rules Enforcement Committee
- a. The RTP Business Committee will establish a Rules Enforcement Committee that will be responsible for evaluating and determining whether a violation of the RTP Participation Rules and/or these RTP Operating Rules has occurred.
  - b. TCH will present a recommendation to the Rules Enforcement Committee as to whether a violation of the RTP Participation Rules and/or these RTP Operating Rules has occurred. Such recommendation will include the facts and information upon which TCH relied in making its determination as well as any Response to the Notice of Potential Rules Violation provided by the Participant.
  - c. Upon the Rules Enforcement Committee's determination as to whether a violation of the RTP Participation Rules and/or these RTP Operating Rules has occurred, TCH will deliver either a Notification of Non-Violation or a Notification of Non-Compliance to the Participant. The Notification of Non-Compliance will include (i) TCH's reasons for its determination of non-compliance, (ii) the amount of the Participant's non-compliance fine, and (iii) information regarding the Participant's right to appeal TCH's determination of non-compliance and/or the amount of the non-compliance fine. The Notification of Non-Compliance may require the Participant to submit a Plan of Correction to TCH.
  - d. While the Participant implements its Plan of Correction, TCH may request that a senior executive at the Participant certify the status of the Participant's Plan of Correction.
6. A Participant shall reimburse TCH for any costs and expenses incurred by TCH in enforcing that Participant's compliance with the RTP Participation Rules and/or these RTP Operating Rules, including reasonable attorneys' fees.

## **B. Fines.**

1. TCH has the right to fine Participants for any violation of the RTP Participation Rules and/or these RTP Operating Rules.

2. A Participant shall pay all fines in a timely fashion. TCH reserves the right, in its sole discretion, to terminate any Participant's participation in RTP for the Participant's failure to pay any fine in accordance with this Rule X(B)(2).
3. Non-Compliance Fine Structure
  - a. The amount of a fine will be determined according to (i) the category of the violation, (ii) the type of fine, and (iii) any other mitigating or aggravating factors that TCH deems, in its sole discretion, to be relevant to the determination of the amount of a fine.
    - i. Categories of Violations. TCH shall determine the categorization of a violation in its sole discretion.
      - Category 1: RTP Integrity. TCH may assess monetary fines for category 1 violations and require the Participant to remediate the circumstances underlying the violation. Category 1 violations include, but are not limited to, violations involving Third-Party Service Providers, violations of the Information Security Standards and Requirements under these RTP Operating Rules, violations of the RTP Technical Specifications, and failure by the Participant to properly monitor its Customers' use of the Request for Payment functionality.
      - Category 2: Customer-Facing. TCH may assess monetary fines for category 2 violations, notify a Participant of a category 2 violation, and provide the Participant with a period of time in which to remediate the circumstances underlying the violation, or both prior to TCH imposing a fine for category 2 violations. Category 2 violations are violations that are visible to Customers, such as the Participant's failure to comply with the messaging or funds availability requirements under these RTP Operating Rules.
      - Category 3: Efficiency and Operational Performance. TCH may assess monetary fines, notify a Participant of a violation, and provide the Participant with a period of time in which to remediate the circumstances underlying the violation, or both for category 3 violations. Category 3 violations include violations that do not have a Customer impact or any other violation not otherwise considered a category 1 violation or a category 2 violation.
    - ii. Non-Compliance Fine Schedule: The following table outlines the maximum amount for a fine within each specific category and fine type. |

Violation Category	Fine Type	Fine Amount
1	Per violation	<ul style="list-style-type: none"> <li>– Up to \$25,000 for the first violation within a 12-month period</li> <li>– Up to \$50,000 for the second violation within a 12-month period</li> <li>– Up to \$75,000 for the third violation within a 12-month period</li> <li>– Up to \$100,000 for the fourth violation within a 12-month period</li> </ul>
1	Variable occurrence (by transaction)	<ul style="list-style-type: none"> <li>– Up to \$2,500 per occurrence for the first 30 days</li> <li>– Up to \$5,000 per occurrence for days 31-60</li> <li>– Up to \$10,000 per occurrence for days 61-90</li> <li>– Up to \$20,000 per occurrence for subsequent violations</li> </ul>
2	Per violation	<ul style="list-style-type: none"> <li>– Up to \$20,000 for the first violation within a 12-month period</li> <li>– Up to \$30,000 for the second violation within a 12-month period</li> <li>– Up to \$60,000] for the third violation within a 12-month period</li> <li>– Up to \$100,000 for the fourth violation within a 12-month period</li> </ul>
2	Variable occurrence (by transaction)	<ul style="list-style-type: none"> <li>– Up to \$1,000 per occurrence for the first 30 days</li> <li>– Up to \$2,000 per occurrence for days 31-60</li> <li>– Up to \$4,000 per occurrence for days 61-90</li> <li>– Up to \$8,000 per occurrence for subsequent violations</li> </ul>
3	Per violation	<ul style="list-style-type: none"> <li>– Up to \$15,000 for the first violation within a 12-month period</li> <li>– Up to \$25,000 for the second violation within a 12-month period</li> <li>– Up to \$50,000 for the third violation within a 12-month period</li> <li>– Up to \$75,000 for the fourth violation within a 12-month period</li> </ul>
3	Variable occurrence (by transaction)	<ul style="list-style-type: none"> <li>– Up to \$1,000 per occurrence for the first 30 days</li> <li>– Up to \$2,000 per occurrence for days 31-60</li> <li>– Up to \$4,000 per occurrence for days 61-90</li> <li>– Up to \$8,000 per occurrence for subsequent violations</li> </ul>

- iii. Mitigating and Aggravating Factors. Mitigating and aggravating factors include, but are not limited to, a Participant’s (i) provision of information to TCH, (ii) compliance with Applicable Law, (iii) history of non-compliance, and/or (iv) responsibility for its employees.
4. Repetitive violations by a Participant of the RTP Participation Rules and/or these RTP Operating Rules will result in increased fines for a Participant. A violation shall be deemed to be repetitive if the Participant has not corrected the violation by the date specified for compliance in the Notification of Non-Compliance.

5. TCH may impose additional fines on a Participant if a violation of the RTP Participation Rules and/or these RTP Operating Rules is deemed to have been willful. A violation shall be deemed to be willful if the Participant knew or should have known, or its knowledge can be fairly implied, that it was in violation of the RTP Participation Rules and/or these RTP Operating Rules. When determining the additional fine, TCH may consider, among other things, (i) the type of violation, (ii) the nature of the damage, (iii) the repetitive nature of the violation, (iv) the Participant's history or prior conduct, and/or (v) the effect the fine may have on TCH, the RTP System, and/or the Participant.
6. In the event that a Participant elects to increase the amount the Participant charges to its Customers or other Participants as a result of the assessment of a fine in connection with the Participant's non-compliance with the RTP Participation Rules and/or these RTP Operating Rules, the Participant shall not characterize the increase in the amount of charges as being imposed by TCH.
7. TCH reserves the right, in its sole discretion, to assess, suspend, or waive any fine.

**C. Additional Penalties.**

1. TCH's assessment of a fine for non-compliance with the RTP Participation Rules and/or these RTP Operating Rules shall not limit TCH's right to pursue other legal or administrative remedies against a Participant for violations of the RTP Participation Rules and/or these RTP Operating Rules.
2. TCH reserves the right, in its sole discretion, to limit, condition, suspend, or terminate a Participant for non-compliance with the RTP Participation Rules and/or these RTP Operating Rules.
3. TCH reserves the right, in its sole discretion, to limit, condition, suspend, or terminate a Customer's use of the RTP System due to the Customer's misuse or abuse of the system.

**D. Participant Liability to Other Participants for Non-Compliance.**

1. The right to enforce the RTP Participation Rules and these RTP Operating Rules lies solely with TCH. A Participant shall not have the right to enforce the RTP Participation Rules or these RTP Operating Rules against another Participant, except to the extent that the RTP Participation Rules and/or these RTP Operating Rules provide a legal right to the Participant and the Participant seeks to enforce the right through legal process or mutually agreed upon arbitration with the other Participant.

2. A compliant Participant may be entitled to restitution by a non-compliant Participant if such noncompliance resulted in direct harm to the compliant Participant and/or the compliant Participant's Customer.
3. Any disputes between Participants related to a Participant's failure to comply with these RTP Operating Rules shall be resolved as between the Participants. TCH shall not be a party to or arbitrate such disputes.

**E. No Waiver**

TCH's failure to assert its rights or any claim or to enforce any provisions of the RTP Participation Rules and/or these RTP Operating Rules against a Participant shall not be construed to be a waiver of TCH's rights to do so.

## XI. General Provisions

### A. Protection of Confidential Information.

1. The confidentiality provisions of this Rule XI(A) supersede any prior confidentiality agreements between TCH and a Participant with respect to the RTP System. For purposes of this Rule XI(A), “Confidential Information” shall include any and all information disclosed by TCH or by a Participant in the course of RTP-related business that
  - a. is not generally known or (i) marked “confidential” or “proprietary” at or before the time of disclosure thereof, if disclosed in tangible form, or (ii) if disclosed orally, designated confidential or proprietary at or before the time of disclosure thereof and is identified in reasonable detail and confirmed as such in a writing delivered to the receiving party within thirty (30) days of the date of such oral disclosure; and
  - b. relates to the business or operations of TCH or the Participant; or any material, information, or service supplied by, or on behalf of, TCH or the Participant.
2. “Confidential Information” does not include any information that TCH or the Participant establishes by written documentation or other tangible records:
  - a. was known prior to such disclosure to the receiving party free of any obligation to keep it confidential; or
  - b. is independently developed by the receiving party without reference to, use of or access to the Confidential Information of the disclosing party; or
  - c. is within the public domain at the time of disclosure or that subsequently enters the public domain; or
  - d. is lawfully received from a third party free to disclose such information to the receiving party; or
  - e. was released without restriction pursuant to the prior written approval of the party claiming it as Confidential Information under this Rule;

in each case, through no breach by the receiving party of any duty to the disclosing party and through no violation by the receiving party of any Applicable Law.
3. All Confidential Information shall remain the property of the disclosing party. Except as otherwise provided in these RTP Operating Rules, the receiving party shall not disclose,



nor shall it permit any others to disclose, to any unaffiliated third party, or otherwise use, or permit any unaffiliated third party to use, any Confidential Information for any purpose other than the purpose for which the disclosure was made without the prior written consent of the disclosing party. The degree of care required of a receiving party regarding the prevention of disclosure of the Confidential Information shall be at least the degree of care the receiving party uses to protect its own similar Confidential Information and trade secrets, but in no event shall the receiving party exercise less than reasonable care.

4. The receiving party may disclose Confidential Information without prior notice to or consent of the disclosing party in response to (i) subpoenas, civil investigative demands, and similar investigative summonses compelling information about transactions through the RTP System, and (ii) disclosures requested or required by a government agency with supervisory authority over the receiving party or disclosures the receiving party makes to any such government agency for purposes of satisfying supervisory or regulatory expectations.

TCH may disclose Confidential Information of Participants involved in a RTP rules enforcement matter with the Rules Enforcement Committee as reasonably necessary for the committee to perform the functions contemplated in these RTP Operating Rules. Members of the Rules Enforcement Committee shall be required to maintain the confidentiality of Confidential Information provided to them on terms no less restrictive than the confidentiality obligations set forth in these RTP Operating Rules.

5. Information Security and Testing.
  - a. TCH, as operator of the RTP System, shall take appropriate measures, as specified from time to time in the RTP Customer Information Security Standards and Requirements Schedule, designed to meet the objectives of the *Interagency Guidelines Establishing Information Security Standards* issued by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the National Credit Union Administration, as amended from time to time.
  - b. TCH, as operator of the RTP System, shall take appropriate measures, as specified from time to time in the RTP Customer Information Security Standards and Requirements Schedule, designed to meet the objectives of the *Interagency Guidance on Response Programs for Unauthorized Access to Customer Information and Customer Notice* issued by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the National Credit Union Administration, as amended from time to time.

- c. At its discretion, TCH may, upon reasonable notice, require Participants to (i) participate in technical, business continuity, and other system tests at such times as TCH deems necessary or desirable and (ii) take timely actions, such as installing software updates, to ensure the confidentiality, integrity, and availability of the RTP System. If a Participant fails to comply with any such requirement, it may be suspended from the RTP System by the Chief Executive Officer.

## **B. Intellectual Property.**

1. Each Participant recognizes TCH's ownership of all intellectual property in the RTP System, including any products, services, solutions, names, trademarks, and/or service marks, and any documentation, including, without limitation, the RTP Participation Rules, these RTP Operating Rules, the RTP Technical Specifications, and any other RTP message specifications and/or RTP technical information. Each Participant agrees to protect these ownership rights and the integrity of TCH's trademarks and service marks, technology, and documentation.
2. Each Participant acknowledges and agrees that it shall not have any property or other right, claim, or interest, including any patent right, trade secret right, or copyright interest, in the RTP System or in any products, services, solutions, equipment, software, or materials, including any ideas, proposals, information, reports, or studies produced by TCH, individually or jointly with a Participant, or any data analytic models developed by TCH using information collected or processed by TCH through its operation of the RTP System.

## **C. Use of Marks.**

1. License to use TCH Marks. TCH grants to each Participant a limited, non-exclusive, non-transferable, non-sublicenseable, fully paid right and license to use the TCH Marks in connection with the Participant's participation in the RTP System. The license granted herein shall continue in effect for so long as the Participant is a Participant in the RTP System and is bound by the RTP Participation Rules and these RTP Operating Rules, unless such license is expressly terminated by TCH. Upon notice to the Participant that TCH has terminated the license, the Participant shall cease all use of the TCH Marks.
2. Protection of TCH Marks. A Participant shall cooperate with TCH to the extent necessary to protect TCH's rights in the TCH Marks and shall notify TCH promptly if the Participant becomes aware of any use of the TCH Marks that may constitute the infringement or unauthorized use of the TCH Marks.

#### **D. Cessation of Operations by TCH.**

If TCH elects to cease acting as operator of the RTP System, it shall give notice to each Participant at least thirty (30) days in advance of the effective date of the cessation. TCH shall make arrangements to transfer to a successor RTP System operator, if any, documentation relating to continued operations of the RTP System or a successor RTP System operator, if any, on terms that are mutually satisfactory to TCH and to the successor RTP System operator. In the case of a transfer, references to TCH shall be deemed to be references to the successor RTP System operator. TCH may assign its rights or its obligations under these RTP System Operating Rules to any subsidiary or affiliate of TCH and shall provide prompt notice of such assignment to each Participant.

#### **E. Notices.**

Any notices required to be sent to TCH pursuant to the RTP Participation Rules and/or these RTP Operating Rules shall be sent to: The Clearing House Payments Company L.L.C., 1114 Avenue of the Americas, 17th Floor, New York, New York 10036, or to such other address as TCH may specify in writing. TCH reserves the right to send notices to Participants in a manner TCH deems appropriate, including, without limitation, through U.S. mail, courier delivery service, or electronic mail.

#### **F. Relationship between the Parties.**

Nothing in the RTP Participation Rules or these RTP Operating Rules shall be construed to create any agency, partnership, employment, or joint-venture relationship between TCH and a Participant or any Third-Party Service Provider. A Participant understands that it has no authority to act for or on behalf of, bind, or otherwise obligate TCH in connection with the Participant's participation in the RTP System, and a Participant shall not make any representations, written or oral, regarding TCH.

#### **G. Third-Party Beneficiaries.**

The RTP Participation Rules and these RTP Operating Rules shall not be construed to create any third-party beneficiaries. Except as expressly set forth herein, no rights or benefits shall inure to any third party.

#### **H. Severability.**

If any provision of the RTP Participation Rules or these RTP Operating Rules is held to be illegal, invalid, or unenforceable, the legality, validity, and enforceability of the remaining provisions of the RTP Participation Rules and/or these RTP Operating Rules shall remain in

full force and effect and the provision held to be illegal, invalid, or unenforceable shall be deemed to be restated to reflect, as nearly as possible, the original intent of the provision.

**I. Survival.**

The provisions of the RTP Participation Rules and these RTP Operating Rules shall survive, for any reason, in the event that a Participant chooses to no longer participate in the RTP System or in the event that the Participant's participation in the RTP System is terminated by TCH.

RTP Schedules:

Requirements for Request for Payment Customers

Risk Management and Fraud Control Requirements

RTP Request for Return of Funds Indemnity

PSP Compliance Criteria

RTP Customer Information Security Standards and Requirements

RTP Indemnity Schedule

RTP/Zelle Schedule

UCC 4A and RTP Schedule