CONSUMER ACH QUICK REFERENCE GUIDE

Merchant's Responsibilities as an Originator

- Obtain proper authorization from the Receiver and retain for two years past revocation or termination. TSYS Merchant Solutions may request to see your authorizations as part of a customer review. At a minimum, the authorization should:
  - Be identifiable as an authorization
  - Include words that are clear and easily understood
  - Include language that identifies the Authorization is for a single Entry, multiple (unscheduled) Entries, or
  - Recurring (Scheduled) Entries;
  - Identify the amount of the Entry(ies) or a reference to the method to determine the amount;
  - The timing (including the start date), number, and/or frequency of the Entries;
  - The Receiver's name or identity;
  - The account funds will be taken/withdrawn from;
  - The date authorization was given;
  - Provide that the Receiver may revoke the Authorization only by notifying the Originator in the manner specified in the Authorization;
  - The Originator must provide the Receiver a copy of the Authorization for all debit Entries;
  - Additional criteria may be required for specific SEC Codes.
- Apply the appropriate SEC Code based on type of customer bank account (corporate or consumer), and if "consumer" how authorization was obtained, in writing, over telephone or internet.
- Provide proper notice to the Receiver if changing amount or date of debit.
- Cease submission of future entries as soon as you are notified. (See "Returns".)
- Update your records within six (6) banking days upon receipt of a Notification of Change or Swap OR before another entry is sent. (See "Notification of Change".)
- Protect banking information regardless of the format received on; paper, verbal or electronically.
- Ensure you have taken safeguards to protect against unauthorized use of Protected Information.
- Ensure you do not disclose a Receiver's account information for any third party's use in initiating a separate ACH debit entry.
- When storing information, ensure account numbers are rendered unreadable.

This Quick Reference Guide provides a brief summary of Merchant Responsibilities when originating ACH transactions. It is not intended to be a replacement or substitution for the NACHA Rules and Guidelines. NACHA Rules are subject to change.

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Authorization Types (SEC Codes)

Corporate Authorization

"CCD"

- Use this SEC Code for all transactions with another business. There must be an agreement between parties. The NACHA Rules do not define an "agreement". It is suggested you follow the same authorization criteria when obtaining consent as you would a Consumer. (See below.)

Consumer Authorizations

"PPD"

- Consent to debit consumer bank account occurs when the authorization form is signed.

"TEL"

- Verbal consent to debit consumer bank account provided over the telephone.
- To refund money must use "PPD" SEC Code even though TEL SEC Code used on original debit transaction.
- Call must be recorded if Receiver authorization will allow recurring transactions. Otherwise, written notice must be sent.
- Ensure minimum contents included in written notice; including how to revoke transaction.
- Notice must be sent to consumer prior to settlement of the entry, either by email or US Mail.
- Verify Receiver's identity.
- Verify routing numbers.

"WEB"

- Consent to debit consumer bank account provided on merchant's website.
- To refund money must use "PPD" SEC Code even though WEB SEC Code used on original debit transaction.
- An annual audit must be conducted to ensure financial information is protected by security practices and procedures.
- You must have a commercially reasonable fraudulent transaction detection system established and implemented. This includes validation of the account number used to create the entry.
- You must have a commercially reasonable method of authenticating the identity of the Receiver.
- You must have a commercially reasonable method of verifying the routing number provided by the Receiver.

Standard Entry Class (SEC Codes)

Code	Application Title	Application Description	Consumer/ Corporate	Debit/Credit
CCD	Corporate Credit or Debit	Transfer of funds between business accounts	Corporate	Debit or Credit
PPD	Prearranged Payment or Deposit Entry	Payment of bills such as utilities, insurance, child care	Consumer	Debit or Credit
TEL	Telephone Initiated Entry	Oral authorization obtained solely via the telephone	Consumer	Debit Only
WEB	Internet Initiated Entry	Authorization obtained solely via the Internet or a wireless network	Consumer	Debit Only

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Notification of Change

- When the account number, routing number or account type is incorrect, the Receiving Bank will send a notice containing corrected information. ACH Rules require you to make the change within six (6) banking days of receiving the information or before another entry is sent
- The Receiving Bank warrants the information they provide is correct. You do not need to obtain permission from the Receiver to update the information in your system.

Returns

- The Receiving Bank must create and send Returns within 2 Banking Days. We recommend you review your reports daily.
- An exception to the 2 Banking Day rule is consumer unauthorized returns, which may be returned within 60 days of posting.
- The use of consumer (PPD, TEL, WEB) or corporate (CCD) SEC Codes determines the applicable ACH return rules.
- Debit entries returned "NSF" or "Uncollected Funds" (R01 or R09) may be re-initiated up to 2 additional times, depending on ODFI specifications. We suggest you take advantage of our "ReClear" process to ensure you do not violate ACH Rules.

Reversals

- Reversals may only be made for the following three conditions:
    - *Wrong dollar amount
    - *Wrong account number
    - *Duplicate transaction
- When initiating a reversal, the reversing entry must be for the full amount, must be sent within five (5) banking days of the original entry and must be sent within 24 hours of discovering the error.
- The Receiver must be notified if a reversing entry debits his or her account. However, the Receiver does not need to authorize the reversing debit.

Please refer to the recent copy of the "Omaha Consumer ACH Originator Guide" for additional details including a list of common ACH Return and Notification of Change Codes and how to resolve them.

This document does NOT contain all the rules and regulations that govern ACH transactions. For more information, [NACHA http://www.nacha.org.](http://www.nacha.org)

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