



Federal Reserve Bank FedACH[®] Participation Agreement Instructions

FRBservices.org

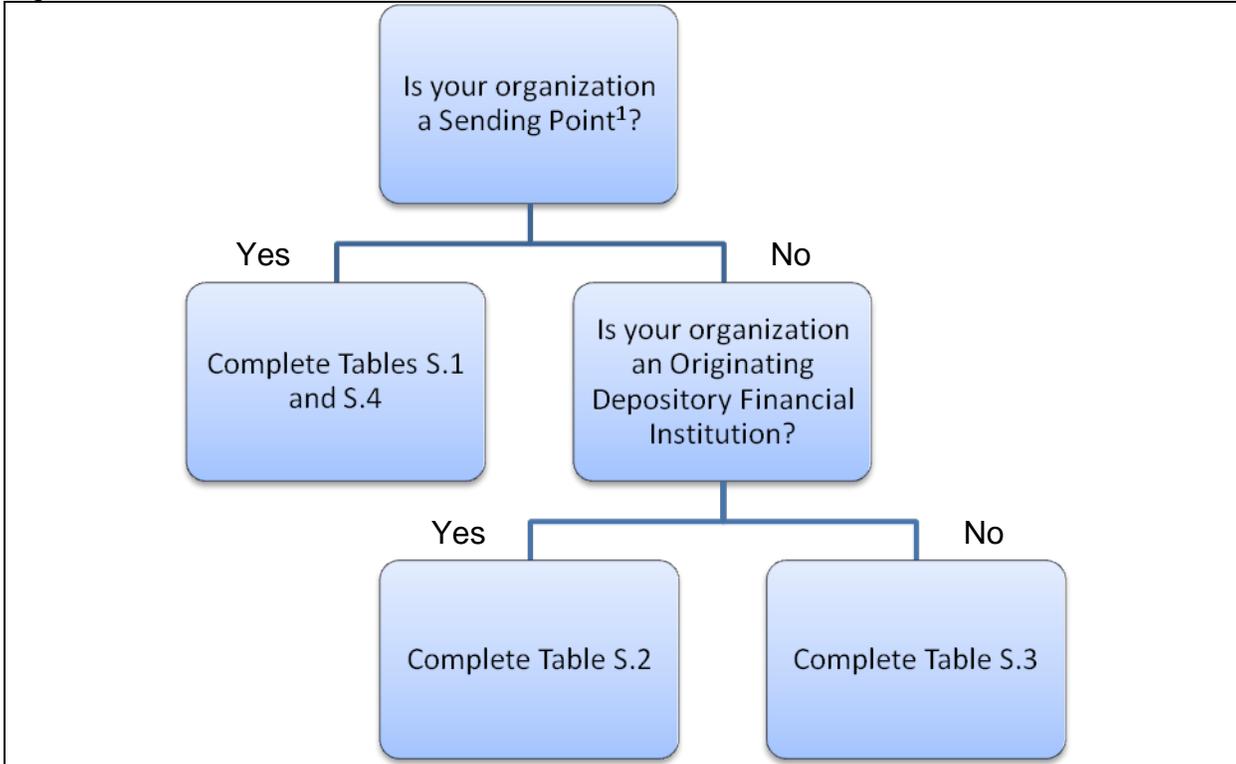
Concepts, Terms and Definitions

1. For purposes of this agreement, the terms Participating Institution and Depository Institution are synonymous.
2. A Sending Point is an entity that owns the electronic connection that is used to send ACH files to the Reserve Bank.
3. A Receiving Point is an entity that owns the electronic connection that is used to receive ACH files from the Reserve Bank.
4. A Service Provider:
 - a. Is an entity that a Participating Institution has designated to receive or send its files;
 - b. may be a Receiving Point or Sending Point; and
 - c. may be a Participating Institution (see instructions for Parts 3A and 3B for further explanation).
5. Within the agreement, certain pages and sections are marked with the statement “When you submit this page [or section], the submitted page [or section] supersedes any previous versions of the same page [or section].” This means that only the most recent version of the page (or section) will be effective as an instruction to the Reserve Bank. Hence, when updating such pages (or sections) both the new information and any previous information that needs to remain effective should be included.

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Origination Options

Figure 1



1. Special Sending Point arrangements

- a. If your organization is a Sending Point that uses both its own connection and another entity's connection to send files to the Reserve Bank, complete Tables S.1, S.4, and either S.2 (if your organization is an Originating Depository Financial Institutions (ODFI)) or S.3 (if your organization is not an ODFI).
- b. If your organization is a Sending Point and wants to send files to the Reserve Bank that identify a different Routing Transit Number (RTN) than your own in the "Immediate Origin" field of the file's file header record, specify those RTNs in the "Optional" box in Table S.1. This arrangement was formerly referred to as "alternate access."
- c. If your organization is an ODFI and a Service Provider but not a Sending Point, complete Table S.2 for your own files and Table S.3 for the files for which you are a Service Provider.

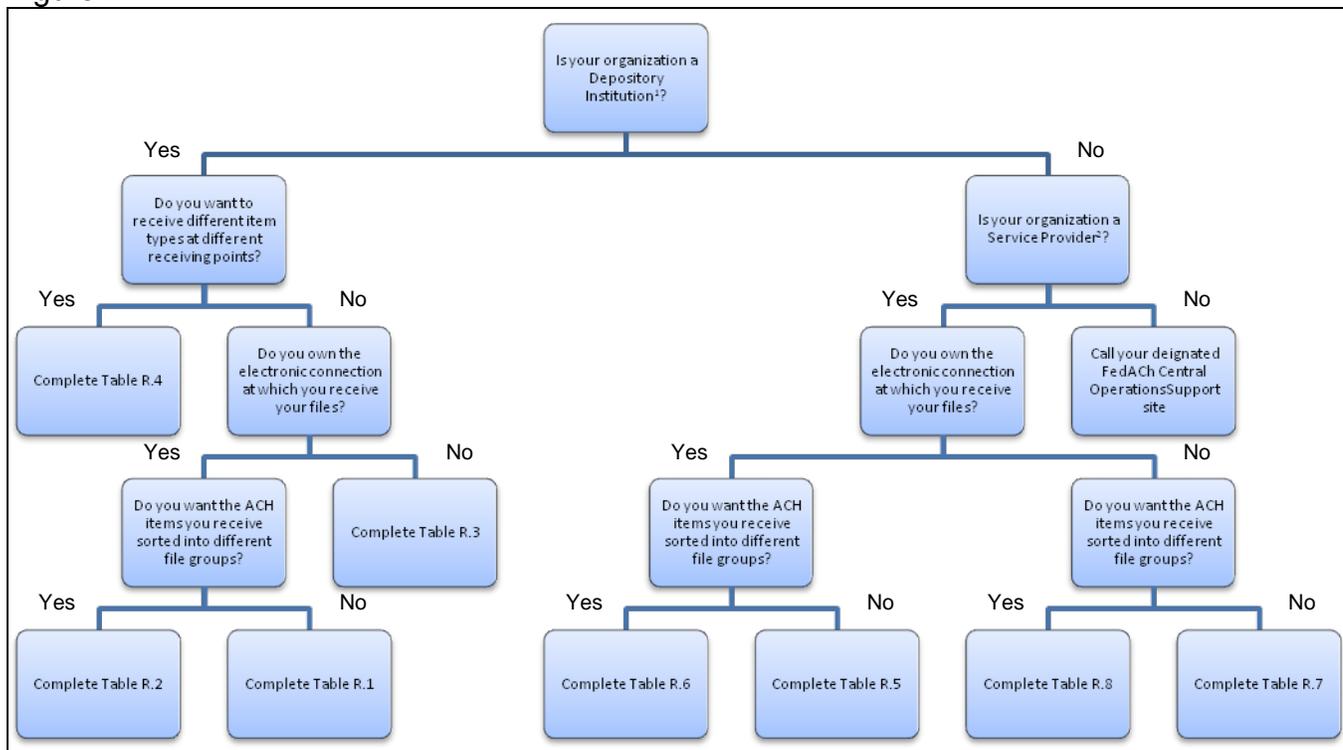
¹ - A Sending Point means your organization owns the electronic connection that is used to send ACH items to the Reserve Bank.

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- d. If your organization is a Sending Point that has more than six RTNs/ETIs that will be listed in the “Immediate Origin” field of the file header records of the files you will send to the Reserve Bank, you may use a “Special Purpose Form” to add or delete such RTNs/ ETIs. This form would be used in lieu of the “Optional” box on Table S.1. Note: to use this form, your organization must be a designated Service Provider or Sending Point for each RTN/ETI that is added. Call your designated FedACH Central Operations Support site for assistance.

Receipt Options

Figure 2



Item Type – Controls the type of items delivered to a particular Receiving Point.

File Group – Allows items to be sorted into separate files based on Corporate, Consumer, Returns & Rejects, NOCs, Truncation items and/or settlement date.

¹ - Depository Institutions who are also Service Providers should complete the appropriate table(s) in Part 3A as well as Part 3B.

² - Service Providers who are also Depository Institutions should complete the appropriate table(s) in Part 3B as well as Part 3A.

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Part 3A: Receipt Options for Participating Institutions

If Participating Institution . . .	Then complete . . .
has its own electronic connection with the Reserve Bank and receives all its own ACH files (as well as any ACH files it receives for other Routing Transit Numbers (RTNs)) to its electronic connection in files that contain all ACH files types	Table R.1
has its own electronic connection with the Reserve Bank and receives all its own ACH files (as well as any ACH files it receives for other RTNs) to its electronic connection in files that contain certain mixes of ACH files types	Table R.2
does not have its own electronic connection with the Reserve Bank and will use a single electronic connection, which is owned by an entity other than itself, to receive all the Participating Institution's ACH files	Table R.3
Will receive different types of ACH files at different electronic connections, which it may or may not own	Table R.4

1. A Receiving Point who receives sorted files and wants to send some file types to a different Receiving Point should complete Table R.8.
2. For Participating Institutions that are Service Providers:
 - a. If your organization is an RDFI, a Receiving Point, and a Service Provider, complete the appropriate table(s) in Part 3A only.
 - b. If your organization is an RDFI and a Service Provider but not a Receiving Point, complete Table R.1 and either Table R.3 or Table R.4 as appropriate for your own files. In addition, complete Table R.7 or Table R.8 for the files for which your organization serves as Service Provider.

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Table R.2 – Receiving Point File Sort Selections

File Sort Options for Receiving Points

The chart on the following pages indicates options for sorting files. Note: items are not sorted within a file; items can only be sorted into separate files based on SEC code or settlement date.

File Group	File Type	Description	Format
301 (One unsorted file)	01 Appl ID AJ01	All Item Types	NACHA Print Display Format
303 (Two separately sorted files)	09 Appl ID AJ09 10 Appl ID AJ10	ACH Corporate (1 Day) ACH Consumer (1 Day) ACH Truncation and XCK ACH Returns and Rejects ACH NOCs/DNEs ACH Corporate (2 Day) ACH Consumer (2 Day)	NACHA Print Display Format
304 (Two separately sorted files)	11 Appl ID AJ11 06 Appl ID AJ06	ACH Corporate (1 & 2 Day) ACH Consumer (1 & 2 Day) ACH Returns and Rejects ACH NOCs/DNEs International ACH Transactions, Truncation and XCK	NACHA Print Display Format
306 (Four separately sorted files)	13 Appl ID AJ13 10 Appl ID AJ10 06 Appl ID AJ06 14 Appl ID AJ14	ACH Corporate (1 Day) ACH Consumer (1 Day) ACH Corporate (2 Day) ACH Consumer (2 Day) International ACH Transactions, Truncation and XCK ACH Returns and Rejects ACH NOCs/DNEs	NACHA Print Display Format

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File Group	File Type	Description	Format
307 (Five separately sorted files)	13 Appl ID AJ13 10 Appl ID AJ10 06 Appl ID AJ06 07 Appl ID AJ07 08 Appl ID AJ08	ACH Corporate (1 Day) ACH Consumer (1 Day) ACH Corporate (2 Day) ACH Consumer (2 Day) International ACH Transactions, Truncation and XCK ACH Returns and Rejects ACH NOCs/DNEs	NACHA Print Display Format
308 (Two separately sorted files)	15 Appl ID AJ15 14 Appl ID AJ14	ACH Corporate (1 Day) ACH Consumer (1 Day) ACH Corporate (2 Day) ACH Consumer (2 Day) ACH Truncation and XCK ACH Returns and Rejects ACH NOCs/DNEs	NACHA Print Display Format
309 (Three separately sorted files)	15 Appl ID AJ15 07 Appl ID AJ07 08 Appl ID AJ08	ACH Corporate (1 Day) ACH Consumer (1 Day) ACH Corporate (2 Day) ACH Consumer (2 Day) ACH Truncation and XCK ACH Returns and Rejects ACH NOCs/DNEs	NACHA Print Display Format

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File Group	File Type	Description	Format
310 (Three separately sorted files)	16 Appl ID AJ16	ACH Corporate (1 Day) ACH Consumer (1 Day) ACH Corporate (2 Day) ACH Consumer (2 Day)	NACHA Print Display Format
	14 Appl ID AJ14	ACH Returns and Rejects ACH NOCs/DNEs	
	06 Appl ID AJ06	International ACH Transactions, Truncation and XCK	

Table R.4 – Participating Institution Item Type Receipt Options

Item Type Receipt Table

Note: The Receiving Point, based on its own agreement, controls how they will receive sorted items. This table, as completed by the Participating Institution, only controls the type of items delivered to a particular Receiving Point.

401: Corporate/Government

Items originated by the Federal Government to be posted to Corporate (business) accounts, e.g., vendor payments. Standard Entry Class codes: CCD, CTX, ENR, and CBR.

402: Corporate/Commercial

Items originated by commercial institutions (including state and local government items) to be posted to business accounts, e.g., cash concentration, vendor payments, etc. Standard Entry Class codes: CCD, CTX, ENR, and CBR.

403: Consumer/Government

Items originated by the Federal Government to be posted to regular consumer accounts, e.g., Social Security, Veteran’s Administration benefits, etc. Standard Entry Class codes: PPD, CIE, MTE, POS, SHR, POP, PBR, RCK, WEB, TEL, and ARC.

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404: Consumer/Commercial

Items originated by commercial originators (including state and local governments) to be posted to regular consumer accounts, e.g., payroll, insurance drafts, etc. Standard Entry Class codes: CIE, MTE, POS, PPD, SHR, POP, PBR, RCK, WEB, TEL, and ARC.

405: Returns and Rejects

Acknowledgement items with SEC codes ACK and ATX and items previously originated by the participant which are being returned by the receivers for various reasons, or items that are being rejected by the ACH Operator for various edit failures. Most returns retain the original Standard Entry Class code so they could be any of these SEC codes: CCD, CIE, CTX, ENR, MTE, POS, PPD, SHR, TRC, IAT, TRX, ACK, ATX, DNE, CBR, POP, PBR, RCK, XCK, WEB, TEL, and ARC.

406: Notifications of Change and Death Notification Entries

Notifications of Change are zero dollar items that are being sent back to the participant supplying change information about items previously originated by the participant. Standard Entry Class code: COR

Death Notification Entries are zero dollar entries originated by the Federal Government to notify participants of the death of a former recipient of government benefits. Standard Entry Class code: DNE

407: International ACH Transactions, Truncation and Destroyed Check Entries

A debit or credit entry that is part of a payment transaction involving a financial agency's office that is not located in the territorial jurisdiction of the United States.
Standard Entry Class code: IAT

Truncation entries represent checks that are stored at a point of deposit with the information converted to an ACH item to be paid in lieu of the actual check presentment. Standard Entry Class codes: TRX, TRC

Destroyed Check Entries are checks that are lost or destroyed, but the information about them has been converted to ACH items to be paid in lieu of the actual check presentment. Standard Entry Class code: XCK

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Part 3B: Receipt Options for Service Providers

Service Providers who are also Participating Institutions should complete the appropriate table(s) in Part 3B as well as Part 3A.

For Service Providers that are Participating Institutions:

1. If your organization is Service Provider, a Receiving Point and an RDFI, complete the appropriate table(s) in Part 3A only.
2. If your organization is a Service Provider and an RDFI but not a Receiving Point, complete Table R.3 or Table R.4 as appropriate for your own files. In addition, complete Table R.7 or Table R.8 for the files for which your organization serves as Service Provider.

Table R.8 – Service Provider File Sort Selections

See pages 5-6, “File Sort Options for Participating Institutions”, for more information on file sort options for Service Providers.

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Part 4: Sending Point and Receiving Point Contingency Information

This agreement should be used by Sending and Receiving Points to establish alternate processing arrangements to be used in contingency situations. The agreement is kept on file at the FedACH Central Operations Site and can be invoked when necessary.

1. Select appropriate option(s)
2. Complete contact section
3. Signers of this agreement must be on the Official Authorization (OAL) list for their institution /organization

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Part 5A: Advices

FedACH creates settlement Advices summarizing the ACH settlement for participating financial institutions. Financial Institutions have access to this information for their own Routing Transit Number (RTN) and for any RTNs that they have a settlement arrangement within the ACH database. This information can also be provided to another entity referred to as a 'Service Provider'.

1. Settlement information is available on FedLine Information Services.
2. Advice files are available to FLD and FLC customers in PDF format (PDAA)
3. Advice file are available in an uploadable file format (FAHA) to FLD, FLC and FedLine Advantage[®] customers.
4. Advices can be delivered to any customer via e-mail or fax. To receive Advices via e-mail or fax, visit www.frbservices.org, select "Access Solutions" then "FedMail" and complete a FedMail[®] Service Request Form. The monthly subscription fee can be obtained at the same website by selecting "Service Fees".
5. Check appropriate boxes
6. Signers of this agreement must be on the Official Authorization list (OAL) for their institution/organization

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Part 5B: Balance Report

Balance Reports provide a summary of all transaction files that are sent to, or received from the FRB for a particular Sending Point and/or Receiving Point on a specific processing date. The information can be provided to the Sending and/or Receiving institution or to another entity referred to as a 'Service Provider'

The information is available on FedLine Information Services.

Balance Report files (PDABs) can be delivered in PDF format to FLC and FLD customers.

1. Check appropriate boxes
2. Signers on this agreement must be on the Official Authorization list for their institution/organization

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Part 5C: Composite Receiver File

The Composite Receiver File (CRF) is a listing of all RTNs that are on the FedACH database as eligible to receive commercial ACH payments. This file is used by Originators to determine if a Receiving Depository Financial Institution is an ACH participant before they send an item to that RTN. An institution with an electronic connection can choose to receive the entire CRF file or just the updated records, either monthly or annually. Please note that the CRF is also available and downloadable via the Financial Services web site at www.frbservices.org.

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Part 5D: Information File

The Information File service provides an information-only file containing all ACH items delivered to the subscribing Routing Transit Number (RTN) each processing day. This file can be delivered to the subscribing institution, or to a designated Service Provider, and is created in addition to regularly delivered transaction files. The monthly subscription fee can be obtained on the Federal Reserve Banks website www.frbervices.org by clicking on 'Service Fees'.

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Part 6A: Service Request Form for FedGlobalSM

The following information must be completed if originating International payments via FedACH.

1. A service contact name and phone number should be provided to answer any questions regarding this service.
2. Indicate the Estimated Start Date you would like to begin using this service.
 - a. Test Date
 - b. Production Date
3. List the institution's name and nine-digit Routing Transit Number (RTN) that will be originating FedGlobal transactions.

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Part 6B: FedACH Risk[®] Origination Monitoring Service

The following must be completed to activate the FedACH Risk Origination Monitoring Service.

1. Completion of Part 6B (FedACH Risk Origination Monitoring Service) provides ODFIs with access to a value-added service enabling the ODFI to set dollar limits on certain batches of forward ACH items sent to FedACH for processing.
2. Fees for this service can be obtained on the Federal Reserve Banks website www.frbervices.org by clicking on 'Service Fees'.
3. This service is governed by the Federal Reserve Operating Circular 4, Appendix E, as amended from time to time.
4. Check the appropriate box to "Add" or "Delete" participation in the service.
5. Changes must be verified via telephone prior to the effective date.

Note: The Signer of this agreement must appear as an authorized signature on your institution's Official Authorization List that is currently on file with the Federal Reserve District servicing your Master Account.

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Part 6E: Designation of FedPayments[®] Reporter Service Participation Point

1. A Participating Institution uses this form to designate a Service Participation Point for its FedPayments Reporter Service.
2. The Service Participation Point is a new construct in FedACH that allows a Participating Institution to designate an electronic connection (that is associated with a Federal Reserve digital certificate) to be an electronic access point for the Service for one or more of the Participating Institution's Routing Transit Numbers (RTN) that may or may not be associated with a digital certificate. The designated electronic connection (and its associated ETI or RTN) may belong to the Participating Institution or the Participating Institution's third party processor.

The Service Participation Manager is a third party that owns the electronic connection that a Participating Institution has designated to be the Participating Institution's Service Participation Point. The Service Participation Manager will administer the FedPayments Reporter service on behalf of the Participating Institution

Refer to Appendix F1 of Operating Circular 4 for additional details about the Service Participation Point and Service Participation Point Manager.

3. A Participating Institution can only have one Service Participation Point.
4. A Participating Institution should fill out one form for all its RTNs that will use a Service Participation Point.
5. A Participating Institution completes Part A or B. Only one part can be completed because the designations made are mutually exclusive.
6. Determining which part is applicable:

Complete Part A if the Service will be accessed and administered for your institution's RTNs that are subscribing to the Service from an electronic device that is owned and operated by your institution.

Complete Part B if the Service will be accessed and administered for all your institution's RTNs that are subscribing to the Service from an electronic device that is owned or operated by a third party.

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Part 6E: Designation of FedPayments[®] Reporter Service Participation Point (continued)

7. Examples:

Bank ABC has **executed** three FedPayments Reporter Service Request forms for three of its RTNs. Bank ABC wants to designate one of its RTNs as the Service Participation Point for its other two RTNs. Bank ABC completes Section A, listing the one RTN that will serve as the Service Participation Point in Box A1. Bank ABC will list its other two RTNs in Box A2.

Bank ABC wants to change its Service Participation Point to a third party. Bank ABC submits a new Designation of FedPayments Reporter Service Participation Point, Section B, listing the third party's RTN or ETI in Box B1, listing the name of the third party in Box B2, and listing all three of its RTNs in Box B3. The third party must also sign the form.

Bank ABC wants to keep the same third party Service Participation Point but wants another one of Bank ABC's RTNs to use the Service. Bank ABC executes a FedPayments Reporter Service Request Form for its fourth RTN. Bank ABC also provides a new Designation of FedPayments Reporter Service Participation Point, Section B, listing the third party's RTN or ETI in Box B1, listing the name of the third party in Box B2, and listing all four RTNs in Box B3. The third party must also sign the form.

Bank ABC decides that it no longer wants to use a Service Participation Point. Bank ABC provides a new Designation of FedPayments Reporter Service Participation Point and checks the delete box.

8. Box A2 or B3.

Your institution must own all the RTNs listed in this box.

There must be an executed FedPayments Reporter Service Request Form for each of the RTNs listed in this box.

If your institution has more than 9 RTNs to list, use as many copies of Section A or B as necessary to list the remaining RTNs. On each copy, note beside the heading of Section A or B the copy number and total number of copies. For instance, "1 of 3," "2 of 3", and "3 of 3." Initial beside these notes. The signature box on the last copy should be signed. So if there are three copies, the third copy should be signed.

9. The person signing Part A must be listed on the Official Authorization List for the RTNs listed in Box A1 and Box A2. The person signing Part B on behalf of the Participating Institution must be listed on the Official Authorization List for all the RTNs listed in Box B3.

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Part 7: Merger Options

The survivor in a merged or branched situation can choose from the listed options to assist in the conversion of ACH transactions from the non-survivor's Routing Transit Number (RTN) to the survivor's RTN. This form can also be used to request the deletion of an obsolete RTN from the FedACH database. The surviving institution should be listed as the Participating Institution, and the merged/branched RTN should be listed as the non-survivor on the agreement.

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Part 8: ACH Security Procedure Agreement

This form is required to be completed by all ACH Originating Depository Financial Institutions and Receiving Depository Financial Institutions and should be signed by an authorized signatory.

General

The Reserve Banks offer the following Security Procedures to each sending bank that is authorized to send ACH items to a Reserve Bank, for the purposes of verifying the authenticity of the source of the ACH items. The Security Procedures are not used to detect an error in the transmission or the content of the ACH items.

Prior to selecting any Security Procedure, a sending bank should consider the degree to which the various options satisfy the sender's business needs given the size, type, and frequency of ACH items sent to a Reserve Bank.

Level One Security Procedures

The Reserve Banks offer one or more Level One Security Procedures. Level One Security Procedures are available to any bank that sends or receives ACH items by means of an encrypted leased or dial-up communications line between its computer and a Reserve Bank's computer utilizing a hardware/software system certified by a Reserve Bank.

Level One Security Procedures are incorporated in the hardware and software associated with the computer. In general, the procedures include access controls such as identification codes and confidential passwords that allow a customer to access the Reserve Bank's system, and also include encryption of ACH items during the transmission process.

The primary differences between the various Level One Security Procedures relate to the strength of the encryption algorithm and/or the type of software used to access a Reserve Bank's network. The procedures are more specifically described in the Computer Interface Protocol Specification (CIPS), the FedLine[®] User Guide and the Local Security Administrator Guide, which are available from any Reserve Bank.

Level Two Security Procedures

The Level Two Security Procedure is available to any bank that sends ACH items to a Reserve Bank by electronic transmission that does not include both encryption and access controls. It also is used when a bank that normally sends ACH items under one of the Level One Security Procedures defined above is unable to do so because of equipment or communications failure or other circumstances.

Part 8: ACH Security Procedure Agreement (continued)

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In the case of electronic transmission of ACH items, the Level Two Security Procedure is incorporated in the transmission process and, in general, includes either access controls or encryption.

When ACH items are sent by CD or electronic transmission that does not include either encryption or access controls, the Level Two Security Procedure includes a procedure whereby the sending bank or its agent provides file information, e.g., file ID, debit and credit dollar amounts, and entry/addenda count, to a Reserve Bank and then the Reserve Bank compares that information against the file(s) it actually receives.