

SEC Codes

1. CCD-Corporate Credit or Debit-

This application can be either a credit or debit application where funds are either distributed or consolidated between corporate entities. This application can serve as a stand-alone funds transfer, or it can support a limited amount of payment related data with the funds transfer. Initially designed for intra-company cash concentration and disbursement transactions, the CCD format will be revised, as of March 16, 2007, to clarify that CCD entries are used more broadly for transfers between unrelated corporate entities.

- CCD is the standard entry class code
- Entries to or from Corporate Accounts only
- Can be one time entry or recurring transactions
- If there is no preexisting relationship between the parties a written authorization must be obtained prior to debit or credit to the corporate account.

2. PPD-Prearranged Payment or Deposit-Direct Deposit-

Direct deposit is a credit application that transfers funds into a consumer's account at the Receiving Depository Financial Institution. The funds being deposited can represent a variety of products, such as payroll, interest, pension, dividends, etc.

- PPD is the standard entry class code
- Entries are to consumer accounts only
- Entries can be one time or recurring transactions
- Written authorization must be obtained from receiver prior to debit or credit to account.

Preauthorized Bill Payment-

Preauthorized payment is a debit application. Companies with billing operations may participate in the ACH through the electronic transfer (direct debit) of bill payment entries. Through standing authorizations, the consumer grants the company authority to initiate periodic charges to his or her account as bills become due. This concept has met with appreciable success in situations where the recurring bills are regular and do not vary in amount -- insurance premiums, mortgage payments, and installment loan payments being the most prominent examples. Standing authorizations have also been successful for bills where the amount does vary, such as utility payments.

- PPD is the standard entry class code

- Entries are to consumer accounts only
- Entries can be one time or recurring transactions
- Written authorization must be obtained from receiver prior to debit or credit to account.

6. POS-Point of Sale Entry-

These two Standard Entry Class Codes represent point of sale debit applications in either a shared (SHR) or non-shared (POS) environment. These transactions are most often initiated by the consumer via a plastic access card.

- POS is the Standard Entry Class Code
- Consumer presents a plastic access card (debit card) at the Point of sale for a single-entry debit transaction. A PIN number is typically required.
- Consumer signs an authorization form permitting the financial institution/store to debit his/her account for ACH transactions originated by the debit card.
- The debit card is swiped through a POS terminal, capturing account data from the magnetic strip on the back of the debit card. Using the ATM Network, an authorization of available funds is received. The consumer is given a receipt for his/her purchase.
- These transactions are conducted within a non-shared environment. (No contractual agreement between ODFI and RDFI)
- The retail store sends the POS information to the ODFI/Third Party Processor, who then sends the info electronically to the FED. The FED credits the ODFI's account and debits the RDFI's accounts on settlement day. The ODFI credits the retail stores' accounts and the RDFIs debit the consumers' accounts.

7. SHR-Shared Network Transaction-

These two Standard Entry Class Codes represent point of sale debit applications in either a shared (SHR) or non-shared (POS) environment. These transactions are most often initiated by the consumer via a plastic access card.

- SHR is the Standard Entry Class Code
- Consumer presents a plastic access card at the Point of sale for a single-entry debit transaction in a shared (SHR) environment. A PIN number is typically required.
- These transactions are conducted in a shared environment (There is an existing agreement between the ODFI and the RDFI)

8. RCK-Re-presented Check Entry-

A re-presented check entry is a Single-Entry ACH debit application used by Originators to re-present a check that has been processed through the check collection system and returned because of insufficient or uncollected funds. This method of collection via the ACH Network, compared to the check collection

process, provides Originators with the potential for improvements to processing efficiency (such as control over timing of the initiation of the debit entry) and decreased costs.

- RCK is the standard entry class code
- Single Entry debit to a consumer account
- Entry must relate to an item that
 - o is a negotiable demand draft drawn on or payable through or at a participating DFI, other than a Federal Reserve Bank or Federal Home Loan Bank
 - o contained a pre-printed serial number
 - o is in an amount less than \$2,500
 - o indicates on the face of the document that the item was returned due to “Not Sufficient Funds,” “NSF”, “Uncollected Funds”, or comparable language
 - o is dated 180 days or less from the date the entry is being transmitted to the RDFI
 - o is drawn on a Consumer Account
 - o has been previously presented (a) no more than two times in its physical form, if the entry is an initial RCK entry; or (b) no more than one time in its physical form and no more than one time as an RCK entry, if the entry is a reinitiated RCK entry.
- Ineligible Items
 - o Noncash items
 - o Drafts drawn on the Treasury of the United States, a Federal Reserve Bank, or a Federal Home Loan Bank
 - o Drafts drawn on a state or local government that are not payable through or at a Participating DFI
 - o Money Orders
 - o Items payable in a medium other than United States currency
 - o Third-Party items
 - o Demand Drafts and third-party drafts that do not contain the signature of the receiver.
- Prior to the origination of a RCK Entry, the Originator must provide the Receiver with a notice that clearly and conspicuously states the terms of the re-presented check entry policy in advance of receiving the item to which the RCK entry relates.
- RCK returns have a non-standard 3 day return period. A RCK return must be received by the OPERATOR by midnight of the second banking day. So if the RDFI processes the return on the 2nd banking day the Operator would receive by midnight and make available to the ODFI on the morning of the 3rd day.

9. TEL-Telephone-Initiated Entry- This Standard Entry Class Code is used for the origination of a Single-Entry debit transaction to a consumer's account pursuant to an oral authorization obtained from the consumer via the telephone. This type of transaction may only be originated when there is either (1) an existing relationship between the Originator and the Receiver, or (2) no existing relationship between the Originator and the Receiver, but the Receiver has initiated the telephone call. This SEC Code facilitates access to the ACH Network by providing an alternative authorization method, oral authorization via the telephone, for certain types of consumer debit entries.

- TEL is the standard entry class code
- Oral Authorization via the telephone
- Consumer Account only
- One time (Single Entry) debit only
- Must be an existing relationship between the Originator and the Receiver
- If no existing relationship exists between the Originator and the Receiver the Receiver must initiate the telephone call. - No outbound calls from Originator allowed.
- Originator must either (1) record the oral authorization, or (2) provide the Receiver with written notice confirming the oral authorization prior to the Settlement Date of the entry.
- Authorization must be readily identifiable as an authorization and must clearly state its terms.
- Authorization must contain, at a minimum, the following 6 pieces of information
 - o The date on or after which the ACH debit to the Receiver's account will occur.
 - o The amount of the transaction
 - o The Receiver's name
 - o A telephone number for Receiver inquiries that is answered during normal business hours
 - o The date of the Receiver's oral authorization
 - o A statement by the Originator that the authorization obtained from the Receiver is for a Single-Entry ACH Debit.
- Originator must utilize commercially reasonable procedures to verify that routing numbers are valid.
- Maximum unauthorized return rate for TEL Transactions is currently 2.5%

10. WEB-Internet-Initiated Entry-

This Standard Entry Class Code is used for the origination of debit entries (either recurring or Single-Entry) to a consumer's account pursuant to an authorization that is obtained from the Receiver via the Internet. This SEC Code helps to address unique risk issues inherent to the Internet payment environment through requirements for added security procedures and obligations.

- WEB is the standard entry class code
- Authorization is obtained from the Receiver via the internet
- Debit to a Consumer Account Only
- Transactions can be either single entry or recurring items
- Originator must employ a commercially reasonable fraudulent transaction detection system to screen each entry.
- Originator must use commercially reasonable methods of authentication to verify the identity of the Receiver.
- Originator must use commercially reasonable procedures to verify that routing numbers are valid.
- Originator must complete, or have completed by an outside source, a website security audit.

13. ARC-Accounts Receivable Entry-

This Standard Entry Class Code enables Originators to convert to a Single-Entry ACH debit an eligible check received via the U.S. mail or at a dropbox location for the payment of goods or services. The Receiver's source document (i.e., the check) is used to collect the Receiver's routing number, account number, check serial number, and dollar amount for the transaction. Authorization for an ARC entry is obtained through notice provided to the Receiver by the payee and the Receiver's going forward with the transaction.

- ARC is the standard entry class code
- Single-Entry debit to convert a consumer's check to an ACH item
- Check must be received via the U.S. mail or at a dropbox location
- Notice must be provided to the receiver by the originator, clearly and conspicuously stating that the receipt of the source document will authorize an ACH debit entry to the receiver's account in accordance with the terms of the source document.
- The source document (check) must:
 - o Contain a pre-printed serial number
 - o Not contain an Auxiliary On-Us filed in the MICR line
 - o Be in an amount of \$25,000 or less
 - o Be completed and signed by the receiver

- Ineligible Source Documents:
 - Checks or sharedrafts that contain an Auxiliary On-Us Field in the MICR line
 - Checks or sharedrafts in an amount greater than \$25,000
 - Third-Party checks or sharedrafts
 - Demand drafts and third-party drafts that do not contain the signature of the receiver
 - Checks provided by a credit card issuer for purposes of accessing a credit card account or checks drawn on home equity lines of credit
 - Checks drawn on an investment company as defined in the Investment Company Act of 1940
 - Obligations of a financial institution (traveler's checks, cashier's checks, official checks, money orders, etc.)
 - Checks drawn on the Treasury of the United States, a Federal Reserve Bank, or a Federal Home Loan Bank
 - Checks drawn on a state or local government that are not payable through or at a participating DFI
 - Checks or sharedrafts payable in a medium other than United States Currency.
- During initial processing of an ARC entry, the Originator may not key-enter the routing number, account number, or check serial number from the source document. The routing number, account number and check serial number must be captured using a reading device (scanner). Originator may key-enter such information to correct errors relating to MICR misreads, misencoding, or processing rejects.
- The amount of the entry, the routing number, the account number and the check serial number must be in accordance with the source document.
- The source document to which the ARC entry relates may not be presented for payment unless the ARC entry is returned by the RDFI.
- Originator must retain a reproducible, legible, image, microfilm, or copy of the front of the Receiver's source document for each ARC entry for two years from the Settlement Date of the ARC Entry.

14. BOC-Back Office Conversion Entries-

This Standard Entry Class code enables Originators, during back office ACH processing, to convert to a Single-Entry ACH debit an eligible check received at the point of purchase or manned bill payment location for the in-person purchase of goods or services. The Receiver's source document (i.e., the check) is used to collect the Receiver's routing number, account number, check serial number, and dollar amount for the transaction. Authorization for a BOC entry is obtained through notice provided by the Originator at the point of purchase or manned bill payment location and the Receiver's going forward with the transaction.

- BOC is the standard entry class code
- A Check or Sharedraft is provided by the receiver at the point of purchase and is used as the source document.
- The source document is used to provide the receiver's routing number, account number, check serial number and dollar amount
- The originator must use a reading device to capture the Receiver's routing number, account number, and check serial number from the MICR line of the source document. This information may not be key entered by the Originator. An Originator may key-enter such information to correct errors relating to MICR misreads, misencoding or processing rejects.
- Source document must:
 - o Contain a pre-printed serial number
 - o Not contain an Auxiliary On-Us Field in the MICR line
 - o Be in an amount of \$25,000 or less
 - o Be completed and signed by the Receiver
- Ineligible Source Documents:
 - o Checks or sharedrafts that contain an Auxiliary On-Us Field in the MICR line
 - o Checks or sharedrafts in an amount greater than \$25,000
 - o Third-Party checks or sharedrafts
 - o Demand drafts and third-party drafts that do not contain the signature of the receiver
 - o Checks provided by a credit card issuer for purposes of accessing a credit card account or checks drawn on home equity lines of credit
 - o Checks drawn on an investment company as defined in the Investment Company Act of 1940
 - o Obligations of a financial institution (traveler's checks, cashier's checks, official checks, money orders, etc.)
 - o Checks drawn on the Treasury of the United States, a Federal Reserve Bank, or a Federal Home Loan Bank
 - o Checks drawn on a state or local government that are not payable through or at a participating DFI
 - o Checks or sharedrafts payable in a medium other than United States Currency
- Notice to receiver must be given prior to receipt of source document:
 - o Notice must state that when a check is provided as payment, you authorize us to either use the information from your check to make a one-time debit electronic funds transfer from your account or to process the payment as a check transaction.
 - o The notice must be posted in a prominent and conspicuous location and a copy of such notice, or language that is substantially similar, must be provided to the Receiver at the time of the transaction.
 - o Until January 1, 2010, the posted notice must also include the following, or substantially similar, additional language, although

such language need not be included on the copy provided to the Receiver: "When we use information from your check to make an electronic fund transfer, funds may be withdrawn from your account as soon as the same day you make your payment, and you will not receive your check back from your financial institution.

- Notice must contain a customer service telephone number that is answered during normal business hours for receiver inquiries.
- The source document to which the BOC entry relates may not be presented for payment unless the BOC entry is returned by the RDFI.
- Originator must retain a reproducible, legible, image, microfilm, or copy of the front of the Receiver's source document for each BOC entry for two years from the Settlement Date of the BOC Entry.

15. POP-Point-of-Purchase Entry-

This ACH debit application is used by Originators as a method of payment for the in-person purchase of goods or services by Receivers. These Single-Entry debit entries are initiated by the Originator based on a written authorization between the Originator and Receiver and notice provided by the Originator at the point of purchase. The source document, which is voided by the merchant and returned to the Receiver at the point-of-purchase, is used to collect the Receiver's routing number, account number, and check serial number that will be used to generate the debit entry to the Receiver's account.

- POP is the standard Entry Class Code.
- The source document must be voided by the Originator and returned to the receiver at the point-of-purchase.
- The source document is used to provide the receiver's routing number, account number, check serial number and dollar amount
- The originator must use a reading device to capture the Receiver's routing number, account number, and check serial number from the MICR line of the source document. This information may not be key entered by the Originator. An Originator may key-enter such information to correct errors relating to MICR misreads, misencoding or processing rejects.
- Source document must:
 - Contain a pre-printed serial number
 - Not contain an Auxiliary On-Us Field in the MICR line
 - Be in an amount of \$25,000 or less
 - Be completed and signed by the Receiver
- Ineligible Source Documents:
 - Checks or sharedrafts that contain an Auxiliary On-Us Field in the MICR line
 - Checks or sharedrafts in an amount greater than \$25,000
 - Third-Party checks or sharedrafts
 - Demand drafts and third-party drafts that do not contain the signature of the receiver

- Checks provided by a credit card issuer for purposes of accessing a credit card account or checks drawn on home equity lines of credit
- Checks drawn on an investment company as defined in the Investment Company Act of 1940
- Obligations of a financial institution (traveler's checks, cashier's checks, official checks, money orders, etc.)
- Checks drawn on the Treasury of the United States, a Federal Reserve Bank, or a Federal Home Loan Bank
- Checks drawn on a state or local government that are not payable through or at a participating DFI
- Checks or sharedrafts payable in a medium other than United States Currency
- An Originator must provide to each Receiver a receipt containing the following information with respect to each POP entry to the Receiver's account:
 - Originator name (merchant);
 - Company (merchant)/third-party service provider telephone number
 - Date of Transaction
 - Transaction Amount
 - Source document check serial number;
 - Merchant number (or other unique number that identifies the location of the transaction);
 - Terminal City; and
 - Terminal State.

The National Association strongly recommends, but these rules do not require, that the Originator also provide the following information on the receipt provided to the Receiver:

- Merchant address
- Merchant identification number
- Receiver's financial institution routing number
- Receiver's truncated account number
- Receiver's truncated identification number

- Transaction reference number
- The Receiver's complete account number and complete identification number are not permitted to be placed on the receipt.
- Receipt must be signed by receiver.