ANGUILLA

REVISED REGULATIONS OF ANGUILLA

under

PAYMENT SYSTEM ACT
R.S.A. c. P18

Showing the Law as at 31 December 2022

This Edition was prepared under the authority of the Revised Statutes and Regulations Act, R.S.A. c. R55 by the Attorney General as Law Revision Commissioner.

Regulation	Citation	Page
PAYMENT SYSTEM (EASTERN CARIBBEAN AUTOMATED CLEARING HOUSE) RULES *Revises: R.A. 16/2014, in force 16 April 2014* *R.A. 3/2015, in force 1 April 2015* *R.A. 19/2019, in force 1February 2019* *R.A. 149/2021, in force 1 November 2021* *R.A. 77/2022, in force 11 July 2022*	R.R.A. P18-1 *(15/12/2014)* *(31/12/2022)*	3

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Revised Regulation of Anguilla: P18-1

PAYMENT SYSTEM ACT (R.S.A. c. P18)

PAYMENT SYSTEM (EASTERN CARIBBEAN AUTOMATED CLEARING HOUSE) RULES

Note: These Regulations are enabled under section 32 of the Payment System Act, R.S.A. c. P18.

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PART 1

PRELIMINARY

Definitions

1. In these Rules—

"acceptance" means the moment at which a transaction is validated as compliant, passes the tests to determine whether there is sufficient collateral for the transaction to proceed and is no longer revocable by the originating participant;

"Act" means the Payment System Act;

"authenticated fax" means a fax bearing a code or a signature that can be used as confirmation that the source of the fax is authentic and that the recipient can therefore act on its instructions with confidence that the instructions are genuine;

"block" means an action taken by the ECACH, which prevents a specific system participant from sending and receiving transactions to and from the ECACH system;

"business day" means a day on which a system participant is operating to process payments;

"clearing cut-off time" means the latest time, stipulated in the Operating Procedures Manual, by which the ECACH will accept a file for settlement;

(R.A. 19/2019, s. 2)

"collateral" means an asset or third-party commitment that is provided by the collateral provider to the collateral taker and accepted by the collateral taker to secure an obligation of the collateral provider;

"direct credit" means a payment instruction initiated by an originator for onward credit to a receiver for a payroll credit, dividend payment, wire transfer or any other such instrument that allows a person to arrange a credit transaction in favour of another;

"direct debit" means a payment instruction of an amount agreed under a direct debit mandate, collected from a receiver's account on advance notice by an originating participant on request, under a standard contract;

"disable" means an action taken by the ECACH, which prevents a specific system participant from being able to access the ECACH system;

"ECACH" means the Eastern Caribbean Automated Clearing House as established by the Central Bank pursuant to Article 36 of the Eastern Caribbean Central Bank Agreement 1983 for clearing cheques and retail electronic transactions within the Eastern Caribbean Currency Union;

"ECACH system" means the components of the automated clearing house application, which is operated at the ECACH operator site that manage the daily clearing sessions and carry out file processing, net position calculation and submission of the net settlement instruction to the Central Bank;

"effective date" means the date when actual value shall be passed to the receiver of an item;

"electronic funds transfer" means funds transfer by electronic means, and includes the use of computer-telecommunications systems;

"end of day" means the time indicated on the ECACH processing schedule at which the processes, which take place to conclude the business day, are carried out for the system;

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"end of day processing" means the time of day when the system generates all end of day reports and closes the processing queues for that processing day;

"funds transfer system" means a formal arrangement, based on private contract or statute law among participants, with common rules and standardised arrangements for the transmission and settlement of money obligations arising among the participants;

"item" means a transaction presented by a system participant for exchange and settlement using the ECACH;

"magnetic ink character recognition" means special machine-readable characters;

"NACHA" means the National Automated Clearing House Association of the United States of America;

"NACHA Standards" means the standards and requirements, as published by the NACHA from time to time, for the organisation and exchange of financial data between an originating participant and a receiving participant;

"net settlement instruction" means an instruction which contains the net credit and net debit postings, summed to zero, which the Central Bank shall process for the ECACH system participants in order to settle their indebtedness to each other with respect to that clearing;

"Operating Procedures Manual" means the document which sets out the process and procedures for the operation of the ECACH;

(R.A. 19/2019, s. 2)

"originating participant" means a system participant that originates a transaction to be sent to a receiving participant;

"originator" means a person who authorises an originating participant to send an item for the account of that person;

"payment instruction" means any instrument enabling the customer to transfer funds;

"receiver" means a person that has authorised an originator to initiate an item to the receiver's account;

"receiving participant" means a system participant that receives a transaction from an originating participant;

"routing number" means a numeric identifier that consists of a system participant's unique identification number and branch number;

"settlement" means the mechanism by which obligations in respect of funds transfer or in respect of payments in securities transactions between two or more parties are finally discharged;

"settlement account" means a system participant's designated account at the Central Bank, which is maintained for settlement;

"settlement date" means the date on which an originator intends to pass value to the receiver of an item;

"system participant" means a party who participates in a funds transfer system or settlement system which is operated, designated or regulated by the Central Bank;

"third party agent" means a system participant or a company that provides payment services to another system participant;

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"value date" means the date requested by the originator or originating participant for a receiving participant to take action on an item;

"VIP item" means a cheque of the high value as stipulated in the Operating Procedures Manual.

(R.A. 19/2019, s. 2)

Purpose

2. The purpose of these Rules is to articulate the standards and principles governing the operation of the ECACH.

International standards

3. (1) All system participants shall comply with the Canadian Payments Association Code 006 Standards for magnetic ink character recognition encoded payment items for all paper based payment items cleared through the ECACH.

(2) All system participants shall comply with the ANSI X9.100-187 Standards, as published by the American National Standards Institute from time to time, for image exchange except as modified in Schedule 1.

(3) All system participants shall comply with the NACHA Standards for electronic funds transfer except as modified in Schedule 1.

Compliance with Anti-Money Laundering and Combating the Financing of Terrorism Legislation

4. All system participants shall meet the requirements and comply with all applicable Anti-Money Laundering and Combating the Financing of Terrorism Legislation, as well as regulations and guidelines issued by the Central Bank to this end.

Application

5. These Rules govern—

(a) paper-based payment items that are eligible for cheque truncation and electronic cheque presentment using the ECACH;

(b) the use of imaging and the transmission of electronic information between system participants, to create new options for storage and retrieval of images and associated information; and

(c) electronic transactions transmitted through the ECACH.

Rules bind system participants and third party agents

6. These Rules are binding on all system participants and third party agents who—

(a) send items to the ECACH;

(b) receive items from the ECACH; or

(c) are obligated to settle for items exchanged in the ECACH.

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PART 2

PARTICIPATION, ACCESS AND RESPONSIBILITIES

General

7. (1) This Part describes and governs the clearing and settlement of credit and debit items for system participants of the ECACH.

(2) Any cheque image or electronic funds transfer item sent to the ECACH for processing and settlement is subject to the provisions of this Part.

(3) All time indications in these Rules relate to the time at the place where the head office of the ECACH is located.

Direct or indirect settlement

8. The Central Bank in consultation with the ECACH may allow a system participant to settle—

(a) directly in the ECACH using the system participant's settlement account held at the Central Bank; or

(b) indirectly in the ECACH using the designated settlement account of a system participant who is allowed to settle directly under paragraph (a) above.

Admission of system participants

9. (1) The Central Bank, in consultation with the ECACH may authorise the admission of a new system participant into the ECACH.

(2) Admission to the ECACH shall be subject to the applicant meeting the eligibility criteria and completing the required application form as set out in Schedule 3, and executing a Participant Collateral and Settlement Agreement.

(3) At the commencement of the ECACH, the Central Bank and all financial institutions licensed to do banking business pursuant to section 4 of the Banking Act[*] and who meet the requirements for admission to the ECACH shall be deemed to be system participants.

Suspension of a system participant

10. The Central Bank, in consultation with the ECACH, may suspend the access of a system participant, by blocking or disabling the system participant for a specified period in the following circumstances—

(a) by agreement with the system participant concerned;

(b) when a system participant fails to comply with a requirement for participation set out in these Rules;

(c) where an interceding event materially affects the system participant's established pattern of sending and receiving payments for a period of time, but only during the continuance of that event; or

(d) a system participant materially breaches its obligations under these Rules or the applicable procedures and fails to rectify the breach.

[*] Banking Act, 2015 (Act 6/2015) *repealed* the Banking Act, R.S.A. c. B11.

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Grace period prior to suspension

11. The Central Bank, in consultation with the ECACH, prior to the suspension of a system participant, may determine—

(a) whether a grace period should be granted; and

(b) the duration of the grace period granted under paragraph (a),

on a case by case basis.

Access to data under a suspension

12. A system participant whose access to the ECACH is suspended under section 10 is not entitled to participate in the ECACH but may retain the right to access its data outside the system upon request to the ECACH.

Notification of suspension

13. The ECACH shall immediately notify all system participants of a suspension made under section 10 through the use of email, telephone contact or any other means available and shall confirm the suspension of a system participant by notice in writing within 24 hours.

Reinstatement of a suspended system participant

14. (1) The Central Bank, in consultation with the ECACH, may reinstate a suspended system participant.

(2) The ECACH shall, within 48 hours of the decision to reinstate a suspended system participant under subsection (1), notify system participants of that decision and the reactivation date for that system participant.

Cessation of a system participant

15. A system participant ceases to be a system participant on—

(a) resignation;

(b) becoming insolvent or making an arrangement or composition with creditors generally;

(c) being wound-up, dissolved or otherwise ceasing to exist except in the case of a winding up for the purpose of reconstruction or amalgamation the terms of which have been approved by the ECACH; or

(d) being terminated by the Central Bank in accordance with these Rules.

Resignation in writing

16. A system participant who resigns from the ECACH shall give at least 60 days notice in writing to the ECACH.

Termination

17. The Central Bank may terminate access to the ECACH by giving at least 30 days written notice of termination to a system participant on the following conditions—

(a) the system participant has been suspended under section 10;

(b) the Central Bank has consulted with the ECACH regarding such termination; and

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(c) the system participant has been allowed a period of at least 14 days following receipt of the written notice, within which to make written submissions to the Central Bank regarding its termination.

Grace period prior to termination

18. The Central Bank, in consultation with the ECACH, prior to termination of a system participant, may determine—

(a) whether a grace period should be granted; and

(b) the duration of the grace period granted under paragraph (a),

on a case by case basis.

Effective date of termination

19. The termination served pursuant to section 17 shall take effect on a date the Central Bank shall determine.

Revocation of termination

20. The Central Bank may revoke a notice issued under section 17 at any time before it becomes effective.

Discharge of obligations on suspension and cessation

21. A person who is suspended or ceases to be a system participant shall continue to be bound by these Rules in respect of—

(a) any act, matter or event occurring prior to the time such cessation takes effect, or as a result of such suspension or cessation; and

(b) any fees, costs, charges and expenses which may have been levied on the system participant prior to suspension or cessation.

Discharge of monies owed on cessation

22. Subject to any rights of set-off, counterclaim or combination thereof, upon any cessation of a system participant—

(a) the person who ceases to be a system participant shall immediately pay all sums of money owed by it to any other system participant in respect of obligations arising from the exchange of payments; and

(b) all sums of money owed to the system participant who ceases to be a system participant by any other system participant in respect of all payments exchanged shall be paid by that other system participant to the system participant who ceases to be a system participant.

Cessation of access

23. A person who ceases to be a system participant pursuant to section 15 shall immediately cease to effect exchanges in the ECACH.

Notice to system participants of cessation

24. The Central Bank shall immediately notify all system participants by the most expeditious means available of any cessation under section 15.

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Entrance and exit fees

25. A person who ceases to be a system participant pursuant to section 15—

(a) is not entitled to be reimbursed any part of any entrance, operating or other fee paid; and
(R.A. 19/2019, s. 3(a))

(b) shall pay the exit fee set out in the Operating Procedures Manual.
(R.A. 19/2019, s. 3(b))

Collateralisation

26. A system participant shall maintain sufficient aggregate collateral as set out in the Participant Collateral and Settlement Agreement, to cover a minimum period as the Central Bank may determine from time to time, to ensure prompt settlement of ECACH transactions.

Calculating the minimum collateral amount and the credit limit

27. (1) The collateral amounts required by a system participant shall be based on a multiple of the average daily gross obligations over a period determined by the Central Bank in consultation with the ECACH and the system participants of the ECACH from time to time.

(2) The collateral amounts shall be recalculated at least annually by the Central Bank.

(3) The credit limit shall be a percentage of the collateral amount as shall be determined by the Central Bank from time to time.

Settlement failure

28. (1) The ECACH shall only accept payment instructions that are fully collateralised, from system participants to prevent settlement failure.

(2) Collateral held in relation to instructions accepted by the ECACH shall not extend to items settled bilaterally under sections 84(4), 89, 91 and 92.

Sending credit and debit items

29. (1) An originating participant may send an item to the ECACH once the item is drawn on a receiving participant.

(2) An originating participant shall send an item under subsection (1) in accordance with the standards described in section 3.

Security procedures

30. (1) All files originated by a system participant for processing shall be digitally signed and encrypted by the system participant before transmission to the ECACH.

(2) All outgoing ECACH files shall be digitally signed and encrypted by the ECACH before being transmitted to the system participant.

(3) A system participant shall not disclose any aspects of the security procedures offered by the ECACH except to a third party agent designated under section 45(1).

(4) The originating participant or the receiving participant shall notify the ECACH immediately where the confidentiality of the security procedures is compromised, and shall act to prevent the security procedures from being further compromised.

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Processing of items

31. (1) The ECACH shall process all items in accordance with these Rules.

(2) The ECACH may reject, or may impose conditions for the processing of, any item for reasons specified in these Rules.

(3) The ECACH shall only act on instructions in an item that provides information in accordance with the standards described in sections 3(1), 3(2) or 3(3) as modified in Schedule 1.

Duplicate items

32. Where the ECACH notifies an originating participant of the receipt of a suspected duplicate file or any other problem, the ECACH shall not process the file without approval of the originating participant or its third party agent.

ECACH not responsible for a system participant's failure

33. The ECACH is not responsible for a system participant's failure to comply with these Rules.

Recording of communication

34. The ECACH may record any communication relating to an item by using any recording device.

Acknowledgement for electronic transmissions

35. (1) The ECACH shall provide an acknowledgment of receipt to an originating participant, for files sent by the originating participant by electronic transmission, within 30 minutes of receiving the files.

(2) An acknowledgment of receipt by the ECACH is not a confirmation of acceptance or an indication of rejection of the items contained in the files by the ECACH.

Verification of acknowledgement

36. A system participant shall be responsible for verifying the information in the acknowledgment and notifying the ECACH immediately of any discrepancy.

Notification for non-receipt of acknowledgment

37. A system participant shall notify the ECACH promptly of the non-receipt of an acknowledgment.

Designation by routing number

38. An originating participant shall designate the receiving participant by a routing number.

Processing by routing number

39. The ECACH may process an item on the basis of the routing number of a receiving participant appearing in any form on the item when received.

No obligation for use of routing number

40. The ECACH shall not be responsible for any loss or delay resulting from acting on the routing number, whether or not the routing number is consistent with any other designation of the receiving participant as identified on the item.

Delivery of items to receiving participants

41. (1) The ECACH shall deliver items by electronic means to a receiving participant or to the third party agent designated under section 45(1).

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(2) The delivery of items by electronic means may include making them available on the ECACH system for the system participant or its third party agent to retrieve.

(3) In an emergency situation—

(a) a system participant shall immediately advise the ECACH of its alternate third party agent in writing;

(R.A. 19/2019, s. 4)

(b) the ECACH may send items to, and receive items from, the alternate third party agent which the system participant assigned under paragraph (a).

Items deemed delivered

42. Where an item has been placed on the ECACH storage device and made available to the system participant or its agent to retrieve, or is sent using an agreed arrangement with the system participant, the item shall be considered delivered.

Advice of non-receipt of items

43. A system participant shall promptly advise the ECACH when it does not receive items by the expected date and time.

Receipt of items in a timely manner

44. (1) A system participant shall manage its electronic connection to allow it to receive items in a timely manner throughout the business day.

(2) Where a system participant does not receive items in a timely manner because of its own action or omission regarding the management of its electronic connection, or because of any emergency circumstances not attributable to a fault of the ECACH, it shall settle for the items with the ECACH on the settlement date.

Designation of a third party agent

45. (1) A system participant may with the prior approval of the ECACH designate a third party agent to send and receive items on the system participant's behalf.

(2) Where a system participant chooses to designate a third party agent under subsection (1), the system participant shall ensure that its third party agent complies with the system participant's obligations under these Rules.

(3) Where a system participant designates a third party agent, the designating system participant shall ensure that the third party agent meets the following criteria—

(a) is registered under a Companies Act[†] in the Currency Union;

(b) the owners and operators of the company are fit and proper persons as outlined under section 26 of the Banking Act[‡];

(c) the company has sufficient capital and/or risk insurances, commensurate with the levels of transactions to be processed, to provide warranties for any liability that may arise from processing transactions under these Rules;

(d) the company has the adequate tools and capacity to ensure compliance with these Rules.

[†] Business Companies Act, 2022 (Act 2/2022) *repealed* the Companies Act, R.S.A. c. C65.
[‡] Banking Act, 2015 (Act 6/2015) *repealed* the Banking Act, R.S.A. c. B11.

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(4) The ECACH shall act upon items, information, and instructions sent to the ECACH by the third party agent designated by the system participant under subsection (1).

Use of credentials by third party agent

46. The ECACH on the written instructions of a system participant shall grant the system participant's third party agent credentials authorising its access to the ECACH's systems to act—

(a) on behalf of the system participant; and

(b) on behalf of other system participants who use the same third party agent, if the system participant agrees that the third party agent may act.

Establishment of controls for third party agents

47. It is the responsibility of a system participant and its third party agent to establish controls sufficient to ensure that the third party agent properly segregates the items, information, and instructions of a system participant from any items, information, or instructions of other system participants.

ECACH not responsible for proper identification by third party agent

48. The ECACH shall not take any measures to ensure that a system participant's work is properly identified or segregated by a third party agent.

System participant bound by acts or omissions of third party agent

49. A system participant is bound by the acts or omissions of its third party agent with respect to items that are handled by the ECACH pursuant to these Rules.

System participant to authorise settlement to ECACH

50. A system participant authorises the ECACH to—

(a) settle for items sent to or received from the ECACH by the system participant's third party agent;

(b) obtain from the system participant payment as provided in these Rules for any fees owed to the ECACH in connection with items sent to the ECACH or received from the ECACH by the system participant's third party agent.

Delivery to third party agent

51. The ECACH may send items to the system participant by delivering or transmitting such items to the system participant's third party agent.

Reliance on third party agent designation

52. The ECACH may rely on the third party agent designation until it is revoked in writing and the ECACH has had 30 days to respond to the revocation.

System participant's responsibility for items on termination of third party agent

53. A system participant shall be responsible for the settlement of items that exist at the time of any termination of the third party agent designation and these obligations shall survive the termination of the third party agent designation.

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Indemnity for acts of third party agent

54. A system participant indemnifies the ECACH against any claim, loss, cost or expense resulting from—

(a) the acts or omissions of the system participant's third party agent;

(b) the ECACH's acts or omissions in carrying out the instructions of a third party agent within the scope of the agency appointment; or

(c) the third party agent's arrangements for accessing the ECACH, including but not limited to attorney's fees and expenses of litigation, except for any claim, loss, cost or expense arising solely out of the ECACH's failure to exercise ordinary care or to act in good faith.

Pending and rejected items

55. (1) All items not settled in one session may be held over and processed in the next consecutive session but not later than the last session prior to cut-off for end of day processing.

(2) All items not settled by end of day processing shall be rejected and such items shall be submitted in a new session when the ECACH resumes.

Time schedules, settlement dates and extension of time limits

56. (1) The ECACH processing schedule as published from time to time shall contain the business days and the deadlines for the ECACH to receive credit and debit items of various classes for immediate or next day settlement.

(2) The time schedule shall also show the effective date for classes of items and provisions for settlement for various effective dates.

(3) The ECACH shall process items in accordance with its published processing schedules and shall send them to the receiving participant on or before the settlement date.

(4) Where a delay beyond the applicable time limit in acting on an item occurs due to "Acts of God", major system failures, delayed settlement or any other circumstances beyond the control of the ECACH, the time for acting on the item shall be extended by the time necessary to complete the action, provided the ECACH exercises such diligence as the circumstances require.

Designation of settlement account

57. (1) Prior to sending an item to or receiving an item from the ECACH, a system participant shall designate a settlement account, and identify the transactions to be settled through the account.

(2) Where a system participant designates the account of another system participant, the designated system participant shall agree to that designation.

(3) Only a system participant authorised by the Central Bank under section 8(a) may be designated to settle for another system participant.

Actions to be taken by the ECACH on a designated settlement account

58. By designating a settlement account, a system participant and its settling participant, authorise the ECACH—

(a) to debit the designated account on the settlement date with the amount of credit items sent by the system participant to the ECACH;

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(b) to debit the designated account on the settlement date with the amount of debit items received by the system participant from the ECACH;

(c) to credit the designated account on the settlement date with the amount of debit items sent by the system participant to the ECACH;

(d) to credit the designated account on the settlement date with the amount of credit items received by the system participant from the ECACH; and

(e) to debit and credit to the designated settlement account the amount of other transactions including fees with respect to ECACH items.

General charges

59. A system participant and its settling participant, agree to maintain in the designated settlement account, a balance of funds sufficient to cover charges under these Rules and all other charges to the system participant's and its settling participant's account.

ECACH not responsible for rights between system participant and settling participant

60. The ECACH is not responsible for any obligations or rights of a system participant with respect to a settling participant.

Prior designations of no effect

61. A settlement designation by a system participant supersedes all prior designations with respect to an item.

Obligations for settlement of transactions

62. (1) A system participant remains responsible under these Rules for all transactions, notwithstanding that it has designated a settlement account, including a settlement account maintained by another system participant.

(2) The ECACH may, at its sole discretion, recover the unpaid balance of a system participant's obligation with respect to an item from its originating or receiving participant, without prior notice or demand.

Termination of settlement designation by written notice

63. A system participant may terminate a settlement designation by giving 30 days notice in writing to the Central Bank.

Settlement

64. (1) A system participant's settlement obligation is owed to the ECACH which acts as a central counter party.

(2) On the settlement date, the Central Bank shall debit or credit the settlement account for the net settlement amount.

(3) The ECACH may take any action authorised by law to recover amounts owed to it by the system participant, including but not limited to the exercise of set-off without demand or notice, whether or not the obligations are contingent or un-matured, the realisation on any available collateral, and the exercise of any rights it may have as a creditor under applicable law.

(4) Where the ECACH, determines that there may not be sufficient funds in the account at the settlement time on the settlement date to cover a debit for a credit item or for a received debit item, the ECACH may cease processing the item and may refuse to settle for the item.

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(5) The ECACH may also cease processing and refuse to settle for an item if it receives notice of the suspension or the winding up of a system participant prior to the acceptance of such item.

(6) Where the ECACH ceases to process or refuses to settle for an item, the ECACH shall notify the originating participant and the receiving participant within 30 minutes of such refusal to process or refusal to settle.

Availability of credit

65. (1) Credit given for a debit item by the ECACH is available for use and may qualify as a reserve on the settlement date.

(2) The ECACH may refuse to permit the use of credit given for a debit item if it determines that there may not be sufficient funds in the originating participant's settlement account to cover charge back or return of the item.

(3) Credit given by the ECACH for a credit item is final and available for use and may qualify as a reserve.

Revocation of items

66. (1) An originating participant may not amend or revoke an item after it has been sent to the ECACH, except as provided for in sections 133 to 140.

(2) The ECACH may cancel items by initiating a reversing batch of items if it discovers that it sent a duplicate or erroneous batch of items.

(3) The ECACH shall notify the originating participant within 24 hours of the discovery of a duplicate or erroneous batch of items.

(4) Nothing in these Rules constitutes a waiver by any ECACH system participant of a right of recovery.

Return of items

67. (l) A system participant may return a debit or credit item, except a VIP item, to the ECACH by the clearing cut-off time for the last session on the business day following settlement.

(2) A system participant is accountable for the amount of a debit or credit item received if the item is not returned to the originating participant by the clearing cut-off time.

(R.A. 19/2019, s. 5)

Processing of a returned item

68. The ECACH shall process a returned item it receives from a receiving participant and send it or make it available to the originating participant in accordance with section 67.

Settlement of a returned item

69. On the settlement date, the ECACH shall debit or credit the settlement account of an originating participant in the amount of a returned debit or credit item, and shall credit or debit the settlement account of a receiving participant in the amount of the returned debit or credit item.

Recourse and alternative resolution

70. (1) The return procedures, timeframes and responsibilities set out in these Rules shall apply to all participants and shall limit the degree to which they can seek recourse from other system participants under these Rules.

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(2) Subject to subsection (3), nothing in this section precludes a system participant from exercising its rights and seeking recourse outside of these Rules.

(3) A system participant may only pursue alternative resolution outside of these sections after exhausting all options available under these Rules.

Disputed returns

71. (1) Where an originating participant in the first instance, disputes the propriety of a returned item the ECACH shall provisionally settle for the disputed returned item, subject to receipt of funds from the receiving participant.

(2) Where the receiving participant disputes the originating participant's claim under subsection (1), the ECACH will reverse the provisional settlement for the disputed returned item, subject to receipt of funds from the originating participant.

Finality

72. (1) Where the ECACH submits to the Central Bank net settlement instructions and the Central Bank accepts the net settlement instructions, the net settlement instructions shall be deemed final.

(2) A valid payment instruction accepted by the ECACH and transmitted to the receiving participant is deemed final when the clearing cut-off time for the last session on the business day following the settlement of the instruction has passed.

(R.A. 19/2019, s. 6)

Obligations of originating participant in finality

73. An originating participant shall promptly make the funds available for withdrawal to a customer where a payment instruction is deemed final.

No return of funds

74. Once an ECACH payment is settled with finality, any request from the system participant for return of funds on behalf of their customers shall not be handled by the ECACH.

Advice of credit, debit and reporting of errors

75. (1) The ECACH shall provide an advice of credit and debit to a settling participant for items for which the system participant has agreed to settle.

(2) An advice of credit indicates that credit has been given, subject to the provisions of these Rules.

(3) The ECACH shall also, on request of the system participant, provide an advice to a settling participant's third party agent.

(4) A system participant shall immediately report an accounting error to the ECACH.

Records

76. (1) A system participant in the ECACH shall keep its electronic records of items for at least 7 years from the date the electronic record was created.

(2) The ECACH may request a system participant to resend items kept pursuant to subsection (1).

(3) The ECACH shall also keep its electronic records of items processed for at least 7 years after the settlement date.

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Fees and penalties

77. (1) The ECACH—

(a) may set fees including entrance, exit, annual membership and other fees for transactions and services rendered to system participants by the ECACH;

(b) may periodically review the fees; and

(c) shall publish the fees in the Operating Procedures Manual.

(2) The ECACH shall notify a system participant in writing of any fee revisions no less than one month before the effective date.

(3) A system participant shall pay any applicable fees for transactions and services rendered to the system participant by the ECACH.

(4) For fees payable pursuant to subsection (3), the ECACH shall—

(a) send a notice stipulating the amount owed by each system participant on the first business day of the month following the month in which the fees were incurred; and

(b) withdraw the amount stipulated in the notice from the settlement account of the system participant within 15 business days after the notice is issued.

(R.A. 19/2019, s. 7)

Non-value messages

78. The ECACH shall handle messages that do not result in an accounting entry, such as a notification of change, in the same manner as an item of value.

Limitations on liability and warranty

79. (1) The ECACH's liability to a system participant is limited to instances of its own failure to exercise ordinary care, or for its own or its employees' wilful misconduct.

(2) The ECACH shall not act as an agent of a system participant or its assign and shall not be liable for the insolvency, neglect, misconduct, mistake or default of any system participant or its assign.

(3) The ECACH does not make any warranty with respect to an item it processes or settles for under these Rules.

Restriction of claims for processing or settling a claim

80. A system participant is barred from making a claim against the ECACH for loss resulting from the ECACH's processing of or settling for an item after one year from the settlement date of the item.

Failure to send a written objection to an advice debit

81. Where a system participant or settling participant fails to send a written objection to an advice of debit to the ECACH within 30 days after receipt of the advice, it is deemed to have approved the debit on its own behalf and on behalf of the system participant for which it settles.

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Damages

82. (1) The measure of damages for the ECACH's failure to exercise ordinary care, or for its own or its employees' wilful misconduct is as follows—

(a) in processing a non-value message, its liability may not exceed the amount of any fee paid to the ECACH for the message;

(b) for a credit item including a returned credit item, its liability is limited to damages that are attributable directly and immediately to the failure to exercise ordinary care or to the wilful misconduct, and does not include damages that are attributable to indirect consequences of such conduct, even if such consequences were foreseeable at the time of such conduct;

(c) for a debit item including a returned debit item, its liability for its failure to exercise ordinary care is limited to the amount of the item reduced by an amount that could not have been realised by the use of ordinary care;

(d) where there is wilful misconduct with respect to a debit item, the measure of damages includes other damages that are attributable directly and immediately to the wilful misconduct, but does not include damages that are attributable to indirect consequences of such misconduct.

(2) The ECACH, in its sole discretion, may satisfy its obligation to pay damages in the form of interest by—

(a) providing an "as of" adjustment to a system participant in an amount equal to the amount on which interest is to be calculated, multiplied by the number of days for which interest is to be calculated; or

(b) paying damages in the form of interest to a system participant or another party on the item that is entitled to such payment.

PART 3

OPERATING RULES FOR CHEQUE IMAGE EXCHANGE

Scope

83. (1) In this Part "eligible item" means an approved paper based payment item.

(2) This Part governs the clearing and settlement of eligible items to be processed through the ECACH.

(3) These Rules are binding on an originating participant who sends eligible items to the ECACH, a receiving participant who receives eligible items from the ECACH, and on a settling participant who has agreed to settle for eligible items under these Rules.

(4) Any eligible item that is sent to the ECACH for clearing and settlement is subject to the provisions of these Rules.

(5) The ECACH shall process such eligible items in its capacity as operator.

General requirements

84. (1) Each eligible item shall be exchanged, cleared and settled in accordance with these Rules.

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(2) All eligible items shall contain, a magnetic ink character encoded routing number, account number and serial number in compliance with the Canadian Payment Association Code 006 Standard specified in section 3(1).

(3) The front and back images of each eligible item shall be captured prior to truncation.

(4) To facilitate the transition from the manual system to the automated system, the ECACH shall allow the bilateral exchange under these Rules, of paper based items that are not in compliance with the Canadian Payments Association Code 006 Standards, for a period of 9 months from the start of operations in Anguilla.

(5) All bilateral exchanges shall be conducted in accordance with sections 90, 91, 92 and 93 as applicable.

(6) A system participant shall maintain an archive of data and images for each eligible item sent to or received from the ECACH.

(7) An originating participant shall retain cheque images for a period of at least 7 years commencing as of the date of capture.

(8) An originating participant may destroy the physical paper based documents of eligible items one year after settlement of the item to which the document pertains.

Items and instruments eligible for ECACH

85. The following instruments encoded with magnetic ink characters as prescribed in the Canadian Payment Association Code 006 Standard are eligible for exchange in accordance with these Rules—

(a) Eastern Caribbean currency denominated cheques drawn by a person on an account maintained by that person at a branch of a receiving participant, where the decision to honour or dishonour rests with the receiving participant, and where proof of the signing authority resides with the receiving participant;

(b) United States currency denominated cheques drawn by a person on an account maintained by that person at a branch of a receiving participant, where the decision to honour or dishonour rests with the receiving participant, and where proof of the signing authority resides with the receiving participant.

VIP session

86. (1) In this section "VIP session" means a special clearing session for VIP items specified in the Operating Procedures Manual.

(2) A system participant shall submit an eligible item to a VIP session in which the eligible items shall be individually cleared and settled through the Central Bank's interbank settlement system.

(3) The ECACH after consultation with the Central Bank shall from time to time determine the rate of high values for a VIP session specified in the Operating Procedures Manual.

(R.A. 19/2019, s. 8)

Standards for image capture

87. An originating participant shall capture images in accordance with the ECACH image usability standards in section 93 and the image quality specifications as outlined in Schedule 2.

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Image capture

88. The originating participant shall capture two image segments for all eligible items as follows—

(a) black and white image of the front; and

(b) black and white image of the back.

Unusable images

89. Where an originating participant is unable to capture a usable image of an eligible item in accordance with the image quality specifications under Schedule 2, the originating participant shall exchange and settle the eligible item bilaterally with the receiving participant.

Communication of bilateral exchanges

90. (1) Where an item under these Rules is to be settled bilaterally between system participants, the originating participant shall notify the receiving participant of any eligible item of the reason for bilateral exchange, within the same clearing session in which the item would have been presented.

(2) On a daily basis all system participants are to provide to the Central Bank and the ECACH the following details of all cheques exchanged bilaterally—

(a) the number of cheques delivered to and received from each system participant;

(b) the value of cheques delivered to and received from each system participant; and

(c) the number and value of returns received from and delivered to each system participant.

Delivery of physical cheques in bilateral exchanges

91. (1) Where both the originating participant and the receiving participant are within the same territory, the physical cheque shall be delivered over the counter by the clearing session following notification in section 90(1).

(2) Where both the originating participant and the receiving participant are not within the same territory, the originating participant shall send the physical cheque to the receiving participant by the end of the following business day.

Transmission of cheque images in bilateral exchanges by fax, email

92. (1) Where the originating participant is located within a different territory, by mutually agreed image standards, an image clearly outlining all the essential features of the front and back of the cheque shall be presented to the receiving participant using a mutually agreed method of transmission which may include authenticated fax, email, or any secured means of transmission.

(2) The transmission of the image details shall occur no later than the clearing session following the session when the cheque would have normally been presented.

Image usability standards

93. An image is considered usable if it satisfies the following—

(a) the image of each field is legible, that is, it can be read or deciphered by human eyes;

(b) the image of each field is viewable, that is, there is perceived content in the field and the content can be viewed without obstruction;

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(c) the image is a clearly represented digital picture of an item on which all of the following are legible on the image of the item—

(i) the magnetic ink character recognition line as described in the Canadian Payment Association Code 006 referenced in section 3(1);

(ii) the date field;

(iii) the payer information;

(iv) the convenience amount (amount in figures);

(v) the legal amount (amount in letters);

(vi) the payer's signature;

(vii) the payee's name;

(viii) the payee's endorsement(s), if present on the item.

Reason for return and return process

94. (1) Where an image of an eligible item is not usable according to section 93, the eligible item may be returned within the time frames outlined in section 107.

(2) The originating participant may re-scan the source document and transmit the image as a new eligible item to the receiving participant.

Poor source documents

95. Where an image of an eligible item is not usable due to the quality of the physical paper based document, the originating participant may—

(a) return the physical paper based item to its customer;

(b) forward the physical paper based document to the receiving participant for payment outside of these Rules.

Piggy-back items

96. (1) A piggy-back situation occurs when an eligible item is image-captured with another eligible item or instrument with the appearance of forming one eligible item.

(2) Where a piggy-back situation occurs, the originating participant shall correct the situation by separating and recapturing the 2 eligible items or the item and the instrument, as the case may be.

(3) Where an originating participant finds a piggy-back image after a submission to the ECACH, the originating participant shall notify the receiving participant about the error via fax, email or registered mail and request that the receiving participant, or its third party agent, initiate a return using the appropriate return code.

Liability of originating participant for usability

97. An originating participant shall be liable to a receiving participant for the usability of each image that it captures up to the deadline for the return of eligible items under section 107 after which the receiving participant assumes liability for the usability of the image.

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Liability of originating participant under a piggy-back situation

98. Where an originating participant receives a returned eligible item as a result of a piggy-back situation and is unable to locate the original items for re-capture, the originating participant shall be liable for any loss.

Endorsement

99. (1) The originator or the originating participant shall endorse each eligible item before submitting to the ECACH for onward delivery to the receiving participant.

(2) The originator or originating participant shall place any endorsement on the rear side of the eligible item.

(3) An endorsement stamp or trace line of the originating participant shall be understood to guarantee the genuineness of the originators endorsement or absence thereof.

Image cash letter creation

100. A system participant shall create an image cash letter in accordance with the ANSI X9.100-187 Standards as modified in Schedule 1.

Image cash letter transmission

101. A system participant shall transmit and receive an image cash letter in accordance with the processing schedule stipulated in the Operating Procedures Manual for cheques.

(R.A. 19/2019, s. 9)

Eligible item identification

102. (1) A system participant who creates or transmits an image cash letter shall identify each eligible item by populating the appropriate identification fields in the cash letter as set out in the ANSI X9.100-187 Standards as modified in Schedule 1.

(2) For any transit eligible item, an originating participant shall not repair information contained in any field of the magnetic ink character recognition line other than the receiving participant's routing number field and shall enter the amount field.

(3) Where any other field of the magnetic ink character recognition line is not valid, the originating participant shall classify the eligible item as unqualified during the cash letter creation process by indicating the appropriate code in the cheque detail record correction indicator field.

Responsibilities of originating participant

103. An originating participant shall create and exchange cash letters via the ECACH.

Responsibilities of receiving participant

104. (1) A receiving participant shall verify the cheque image received in an image cash letter and where necessary return the eligible item no later than the clearing cut-off time for the last session on the business day following settlement.

(2) Subsection (1) does not apply to a VIP item.

(R.A. 19/2019, s. 10)

Presentment

105. An eligible item is presented to the receiving participant when an image cash letter containing the eligible item is made available to the receiving participant by the ECACH.

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Return by receiving participant

106. Where payment of an eligible item is refused, the receiving participant may initiate a return using the applicable return code in accordance with ANSI X9.100-187 Standards as modified in Schedule 1 before the last clearing session on the next business day of the receiving participant following refusal.

Time limitation

107. (1) The receiving participant shall return to the originating participant the returned eligible item as soon as possible but no later than the last clearing session on the next business day following the settlement date.

(2) Where the originating participant uses a third party agent the third party agent shall ensure that an image of each eligible item and information are accessible by the originating participant within reasonable time.

Fraudulent items

108. Where an eligible item is counterfeited or contains—

(a) a forged or unauthorised signature;

(b) a forged endorsement; or

(c) the intended payee was not paid,

the eligible item shall be sent to the originating participant within 24 hours of the discovery.

Genuineness of eligible item

109. (1) The originating participant shall with reasonable diligence and ordinary care verify the *prima facie* genuineness of the eligible item to be truncated for signs of—

(a) fraud;

(b) forgery; or

(c) tampering,

on the face of the instrument.

(2) The originating participant shall be responsible for detecting material alterations to the following—

(a) payee name;

(b) amount; or

(c) date.

(3) In a case where the genuineness of an eligible item cannot be verified or a material alteration is detected, the originating participant shall not submit such eligible item to the ECACH.

Returned eligible item not to be re-presented

110. A returned eligible item which was returned for any reason except for image quality assurance failure by the receiving participant shall not be presented by the originating participant a second time.

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Method and routing of returned eligible item

111. Where an eligible item is presented in a session, the corresponding returned eligible item shall be returned using the same process and shall be returned using the applicable return code in accordance with ANSI X9.100-187 Standards as modified in Schedule 1.

Images in an ECACH return image cash letter

112. Where a returned eligible item is returned within the time limitation set out in section 107, the front and back images of the eligible item being returned shall be included in the image cash letter.

Eligible items with incomplete or missing endorsements

113. Where the endorsement on an eligible item is missing or incomplete the eligible item may be returned for the reason "incomplete or missing endorsement" using the appropriate return reason code.

Return codes for forged endorsements or material alterations

114. Where a returned eligible item is being returned for the reason "forged endorsement" or "material alteration", the receiving participant shall return the item using the return codes for forged and material alternations.

Misdirected eligible items to be returned

115. (1) An eligible item is misdirected when the eligible item image routing information does not match the electronic routing information.

(2) A receiving participant shall forward a misdirected eligible item to an originating participant using the appropriate return code.

(3) A misdirected eligible item shall be returned within the clearing session immediately following the clearing session in which the eligible item was originally settled.

Incorrect amount in image cash letter

116. (1) Where an eligible item with an incorrect amount is detected in an image cash letter by the originating participant after acceptance by the ECACH, the originating participant shall notify the receiving participant about the error via fax, email or registered mail and request that the receiving participant, or its third party agent initiate a return using the appropriate return code specified within the ANSI X9.100-187 Standards as modified in Schedule 1.

(2) An eligible item is deemed to have an incorrect amount when the amount in the image cash letter differs from the amount written in words on the face of the eligible item.

(3) The originating participant or its third party agent who creates the image cash letter with the incorrect amount shall be responsible for the difference in amount, provided that the error is detected within 90 days of the eligible item being presented to the receiving participant.

Words and figures differ

117. Where the amount expressed in words on the face of an eligible item differs from the amount written in figures, the eligible item shall be returned and shall be noted as "cannot determine amount" no later than the last clearing session on the next business day following the settlement date in accordance with the Operating Procedures Manual.

(R.A. 19/2019, s. 11)

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Stale dated items

118. An eligible item dated more than 6 months prior to presentment for payment may be returned unpaid for the reason "Stale Dated".

Re-presentment

119. (1) An originating participant may re-present a returned eligible item, if the originating participant believes the exception which caused the return has been rectified.

(2) If re-presenting a returned eligible item, the originating participant shall create an image cash letter in accordance with the ANSI X9.100-187 Standards as modified in Schedule 1.

(3) A returned eligible item that is eligible for re-presentment may only be re-presented once.

PART 4

OPERATING RULES FOR ELECTRONIC FUNDS TRANSFERS

Scope

120. This Part applies to all non-paper based payments that are transmitted through the ECACH.

Prerequisites for initiating a credit or debit funds transfer

121. Before initiating a credit or debit funds transfer to a receiver's account held at a receiving participant, an originating participant shall ensure the following—

(a) the originator has authorised the originating participant to transmit, and to credit or debit the amount of, one or more entries to the receiver's account;

(b) for all entries, the originator and the originating participant act in accordance with these Rules;

(c) the receiver has authorised the originator to initiate the entry to the receiver's account;

(d) the receiver has an agreement with the originator where the receiver intends to make debit entries to a commercial account;

(e) where the debit entries are to a non-corporate customer's account, the authorisation shall be in writing and shall be signed or similarly authenticated by the non-corporate customer;

(f) the authorisation process shall confirm both the customer's identity and his consent to the authorisation.

Written electronic authorisation

122. (1) An electronic authorisation is deemed to be in writing under these Rules where it—

(a) is displayed on a computer screen or other visual display and is in a readable form;

(b) clearly states that it is an authorisation;

(c) clearly and conspicuously states its terms; and

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(d) clearly outlines the manner and form for the receiver to revoke the authorisation by notifying the originator.

(2) The authorisation for credit entries, may be—

(a) written; or

(b) oral.

Exception to authorisation requirement

123. (1) Where both the originator and receiver are non-corporate customers, no authorisation by the receiver is required for credit entries, and no warranty with respect to that authorisation is made by the originating participant.

(2) The provisions of sections 149, 150 and 151 shall not apply to the entries described in subsection (1).

Notice to be given to originator before a credit entry is made

124. (1) Before a credit entry is made, the originating participant shall inform the originator by notice in writing that the—

(a) entry may be transmitted through the ECACH;

(b) rights and obligations of the originator concerning the entry is governed by and construed in accordance with any applicable legislation in respect of banking, anti-money laundering or consumer protection.

(2) The notice may be included as part of an agreement entered into by the originator binding the originator to these Rules, or it may be provided to the originator in a separate agreement.

Notice to be given to receiver where credit entry made

125. (1) Where a credit entry is made, the receiving participant shall inform the receiver by notice in writing that the—

(a) entry may be transmitted through the ECACH;

(b) rights and obligations of the receiver concerning the entry is governed by and construed in accordance with any applicable legislation in respect of banking, anti-money laundering or consumer protection.

(2) This notice may be included as part of an agreement entered into by the receiver binding the receiver to these Rules, or it may be provided to the receiver separately.

(3) Unless the receiving participant agrees to provide the receiver with notice that it has received an entry it shall be under no obligation to provide such notice.

Originating participant exposure limits

126. Where an entry is initiated by an originator who is a body corporate, the originating participant shall—

(a) establish an exposure limit for that originator;

(b) implement procedures to review that exposure limit at least annually;

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(c) implement procedures to monitor entries initiated by the originator to ensure that the entries are in keeping with its exposure limit across multiple settlement dates; and

(d) implement procedures to monitor the payments system risk associated with legitimate transaction entries initiated by the originator.

Authorisation of originator and receiver

127. An originating participant shall ensure that each entry transmitted to the ECACH is in accordance with the required authorisation provided by the originator and the receiver.

Timeliness of credit entries and amount for debit entries

128. An originating participant shall ensure that each—

(a) credit entry is made within a reasonable period of time to allow the receiving participant to provide credit to the receiver at the start of business on the designated settlement date, or where transmitted on the same day of settlement to provide credit to the receiver within the business day of settlement;

(b) debit entry is for an amount which on the settlement date shall be due and owing to the originator from the receiver, either for a sum specified by the receiver to be paid to the originator, or to correct a previously transmitted erroneous credit entry.

Originating participant to ensure entry complies with other requirements

129. An originating participant shall ensure the following—

(a) the requirements of section 121 concerning the authorisation of an entry have been satisfied;

(b) the entry has not been reinitiated in violation of section 142; and

(c) the entry otherwise complies with these Rules.

Transmittal of required information

130. (1) Where an originating participant transmits an entry to the ECACH it shall contain the correct receiver account number and all other information necessary to enable the receiving participant to comply with the requirements of section 161 except for information within the purview of the receiving participant's relationship with the receiver.

(2) An originating participant shall ensure that the information transmitted with an entry in subsection (1) above is payment related and conforms to the requirements of the NACHA Standards as modified in Schedule 1.

Limitation of warranties

131. Notwithstanding anything in these Rules to the contrary, the warranties contained within these Rules do not apply to the goods or services to which an entry relates.

Indemnity for breach of warranty

132. (1) An originating participant in breach of any of the preceding warranties shall indemnify a receiving participant and the ECACH from and against any and all claim, demand, loss, liability, or expense, including legal fees and costs, that result directly or indirectly from the breach of warranty or the debiting or crediting of the entry to the receiver's account.

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(2) The indemnity under subsection (1) includes without limitation—

(a) any claim, demand, loss, liability, or expense based on the fact that the debiting of an entry to an account resulted, either directly or indirectly, in the return of one or more items or entries of the receiver due to insufficient funds;

(b) any claim, demand, loss, liability, or expense based on the fact that the failure of the originating participant to comply with any provision of these Rules resulted, either directly or indirectly, in the violation by a receiving participant of any applicable legislation in respect of anti-money laundering or consumer protection.

General rule for reversing files

133. If an originator, originating participant, or the ECACH, has mistakenly initiated a duplicate file or a file in which each entry or each entry in one or more batches contains erroneous data, and no right to recall those entries otherwise exists under these Rules, the originator, originating participant, or ECACH, may initiate a file of entries referred to as a "reversing file" in accordance with NACHA Standards as modified in Schedule 1 and sections 134, 135 and 136 to reverse each entry of the duplicate or erroneous file or batches.

Time limits for initiating a reversing file

134. (1) The ECACH shall initiate a reversing file in such time as to be transmitted or made available to the receiving participant within 24 hours of discovery of the duplication or error but no later than 2 business days after the settlement date of the duplicate or erroneous file or batches.

(2) Where a reversing file is initiated by an originator or originating participant, the file shall be transmitted to the ECACH within 24 hours of the discovery of the duplication or error but no later than 2 business days after the settlement date.

Notification of reversing a file by ECACH

135. Where the ECACH initiates a reversing file it shall notify each receiving participant and each originating participant directly concerned with the duplication or error, at or prior to the time of initiation.

Correcting files

136. An originating participant shall send a reversing file in compliance with the requirements of the NACHA Standards as modified in Schedule 1, to correct an erroneous file or batch, accompanied by a file referred to as a "correcting file" with the correct information.

Indemnification on reversing files

137. An originating participant or the ECACH who initiates a reversing or correcting file shall indemnify a system participant from and against any and all claim, demand, loss, liability, or expense, including legal fees and costs, that result directly or indirectly from the debiting or crediting of any entry in the file to the receiver's account.

Rules inapplicable to reversing files

138. The provisions of sections 121, 127, and 146 shall not apply to a reversing file under this Part.

General rule for reversing entries

139. (1) An originator may initiate an entry referred to as a "reversing entry" to correct an erroneous credit or debit entry previously initiated to a receiver's account.

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(2) An originating participant shall transmit a reversing entry to the ECACH in such time as to be transmitted by the receiving participant or made available to the receiving participant within 2 business days of the settlement date of the erroneous entry.

(3) The originator shall notify the receiver of the reversing entry and the reason for the reversing entry no later than the settlement date of the reversing entry.

(4) In this section, an "erroneous entry" means an entry that—

(a) is a duplicate of an entry previously initiated by the originator or originating participant;

(b) orders the payment to or from a receiver not intended to be credited or debited by the originator; or

(c) orders the payment in a dollar amount different from that which was intended by the originator.

Indemnification on reversing entries

140. An originating participant that initiates a reversing entry shall indemnify a system participant and the ECACH from and against any and all claim, demand, loss, liability, or expense, including legal fees and costs, that result directly or indirectly from the debiting or crediting of the reversing entry to the receiver's account.

Rules inapplicable to reversing entries

141. The provisions of sections 121, 127 and 146 shall not apply to reversing an entry under section 139.

Re-initiation of returned entries by originators

142. (1) An originating participant or an originator may reinitiate a returned entry for the following reasons—

(a) the entry was returned for insufficient or uncollected funds;

(b) the entry was returned for a stopped payment and the receiver authorised re-initiation; or

(c) where corrective action was taken.

(2) An originator may reinitiate an entry that has been returned for insufficient or uncollected funds no more than once following the return of the original entry after the settlement date of the original entry.

Media and format specification requirements

143. The originating participant shall comply with the requirements of the appropriate NACHA Standard entry class code specified in Schedule 1 for each entry transmitted to the ECACH.

Release of information

144. An originating participant agrees that the ECACH may release information to the Central Bank in accordance with the disclosure provisions of the Act.

Pre Notification

145. (1) An originator or an originating participant may, at its option, deliver or send a pre-notification to a receiving participant, prior to the initiation of the first entry to a receiver or a receiver's account with the receiving participant, in accordance with the NACHA Standards as modified in Schedule 1.

(2) The pre-notification shall provide notice to the receiving participant that the originator intends to initiate one or more entries to a receiver's account in accordance with the receiver's authorisation.

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(3) If the originator intends to initiate an entry on behalf of another person, any pre-notification transmitted shall be transmitted with respect to such person.

(4) In any case in which a pre-notification has been initiated by an originator, it shall do so no later than 6 business days before the initiation of the first entry to a receiver.

(5) An originator who has initiated a pre-notification may not initiate entries to a receiver's account sooner than 6 business days following the settlement date of the pre-notification entry.

(6) Where, within the 6 business days, the receiving participant has transmitted to the ECACH and the originating participant has received a return entry complying with the requirements of this section indicating that the receiving participant will not accept entries, such entries shall not be initiated.

(7) Where, within the 6 business days, the receiving participant has transmitted to the ECACH and the originating participant has received a notification of change in accordance with this section indicating that the receiving participant requires the requested changes to be made prior to the initiation of such entries, such entries shall not be initiated unless the requested changes have been made.

(8) A receiving participant shall verify the validity of an account number contained within a pre-notification.

(9) Where the account number contained within a pre-notification is invalid, a receiving participant shall—

(a) return the pre-notification with the relevant return code; or

(b) send a notification of change.

Notice by originator of change in amount

146. Where the amount of a debit entry to be debited to a receiver's account differs from—

(a) the amount of the immediately preceding debit entry relating to the same authorisation; or

(b) a preauthorised amount,

the originator shall send the receiver a written or electronic notification of the amount of the entry and the date on or after which the entry will be debited, at least 10 business days prior to the date on which the entry is scheduled to be initiated.

Receiver may elect to receive notice

147. Where an originator informs the receiver of his right to receive notification concerning a change in the amount of a debit entry, a receiver may choose to receive notice only where—

(a) the amount of the entry falls outside a specified range; or

(b) the entry differs from the most recent entry by more than an agreed upon amount.

Notice by originator of change in scheduled debiting date

148. (1) Where an originator changes the date on or after which entries to be initiated by the originator are scheduled to be debited to a receiver's account, the originator shall send to the receiver electronic or written notification of the new date on or after which entries initiated by the originator are scheduled to be debited to the receiver's account.

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(2) The notification in subsection (1) shall be sent not less than 10 business days before the first entry to be affected by the change is scheduled to be debited to the receiver's account.

(R.A. 19/2019, s. 12)

(3) For the purposes of subsection (1) variation in debiting dates due to Saturdays, Sundays, or public holidays are not considered to be changes in the scheduled dates.

Originator to provide copy of debit authorisation

149. An originator shall provide at the request of each receiver, an electronic or hard copy of the receiver's authorisation for all debit entries to be initiated to an account.

Retention of the record of authorisation

150. (1) An originator shall retain the original or a copy of each authorisation of a receiver for 2 years from the termination or revocation of the authorisation.

(2) At the request of its originating participant, the originator shall provide the original or a copy of the authorisation to the originating participant for its use or for the use of the receiving participant requesting the information pursuant to section 151.

Receiving participant right to information regarding entries

151. (1) Prior to acting as a receiving participant for a receiver, the receiving participant may request, in writing, that an originating participant provide a copy of the receiver's authorisation for any entries other than credit entries.

(2) Upon receipt of the receiving participant's written request, the originating participant shall obtain the original or a copy of the receiver's authorisation from the originator in accordance with section 150 and provide it to the receiving participant within 10 business days.

(3) An originating participant shall provide such authorisation without charge.

(4) The originator is under no obligation to the receiving participant to provide any other information concerning the receiver or any entry to be initiated by the originator to the receiver's account.

Receiving participant under obligation to accept entries

152. Subject to its right to return or reject entries under these Rules, a receiving participant shall accept credit and debit entries that comply with these Rules which were received with respect to any account maintained with that receiving participant.

Receiving participant may rely on account numbers for posting of entries

153. Where the account number and the name of the receiver contained in an entry do not relate to the same account, the receiving participant may rely solely on the account number contained in the entry for purposes of posting the entry to the receiver's account.

Warranty and indemnity of receiving participant

154. (1) A receiving participant warrants to an originating participant and the ECACH that it has the capacity to receive entries as provided in these Rules and to comply with the requirements of these Rules concerning receiving participants.

(2) Any receiving participant who breaches a warranty under this section shall indemnify an originating participant and the ECACH from and against any and all claims, demand, loss, liability, or expense, including legal fees and costs, resulting directly or indirectly from the breach of warranty.

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Receipt and availability of entries

155. (1) An entry or entry data is made available to a receiving participant or its third party agent when the entry or entry data is processed by the ECACH and made available to the receiving participant or its agent as provided for in these Rules.

(2) An entry or entry data is deemed to be received by a receiving participant on the business day on which the entry or entry data is made available to the receiving participant or to its third party agent.

Receiving participant to make available credit entries to receivers

156. Subject to its right to return or reject entries in accordance with these Rules, each receiving participant shall make the amount of each credit entry received from the ECACH available to the receiver for withdrawal no later than the settlement date of the entry.

Time to debit entries to a receiver's account

157. A receiving participant shall not debit the amount of any entry to a receiver's account prior to the designated settlement date of the entry.

Rights of receiver upon unauthorised debit to its account

158. A receiver or other person whose account is debited by an entry which is, in whole or in part, not authorised by such person shall have rights, including the right to have the account re-credited.

Reliance on standard entry class codes

159. A receiving participant may consider an entry containing a NACHA Standard entry class code specified in Schedule 1 as complying with the requirements of these Rules for that type of entry.

Reimbursement of receiving participant

160. (1) A credit entry given to the receiver by the receiving participant as provided in section 156 is provisional until the receiving participant has received final settlement through the Central Bank.

(2) Where such settlement or payment is not received, the receiving participant is entitled to a refund from the receiver of the amount credited, and the originator is considered not to have paid the receiver the amount of the entry.

Periodic statements

161. A receiving participant shall send or make available to its receiver, information concerning each credit and debit entry to the account of the receiver in accordance with the respective participant's agreement with the receiver.

Notice to receiver

162. A receiving participant is not required to notify a receiver of receipt of an entry to its account unless otherwise provided for in an agreement between the receiving participant and receiver or required by law.

Release of information

163. Each receiving participant agrees that the ECACH may release to the Central Bank information regarding the receiving participant entries transmitted to or by the receiving participant in accordance with the disclosure provisions of the Act.

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Processing obligation of the ECACH

164. In accordance with the NACHA Standards as modified in Schedule 1, the ECACH shall—

(a) promptly process the entries, enter the data, insert the appropriate settlement date, or reject batches and files in accordance with section 166;

(b) transmit or make available entries and entry data to system participants in accordance with the processing schedule stipulated in the Operating Procedures Manual;
(R.A. 19/2019, s. 13)

(c) total the debit and credit activity received from and sent to the system participant during each business day; and

(d) calculate and report the settlement amounts for each day for all entries processed under these Rules.

Accounting advice

165. The ECACH shall provide the Central Bank with accounting information to facilitate the processing of accounting entries for system participants.

Rejection by ECACH

166. If an entry or entry data received for processing does not meet the acceptance criteria defined by the NACHA Standards as modified in Schedule 1, the ECACH shall reject the file containing the entry and notify the appropriate originating participant.

ECACH to review originator status code

167. The ECACH shall review each batch of entries it receives to ensure that the originator status code is included in accordance with the NACHA Standards as modified in Schedule 1.

ECACH to record entries

168. (1) The ECACH shall retain a record of all entries, return entries, and adjustment entries referred to in this section as "entries" received or transmitted by it for 7 years from the date of receipt or transmittal of the entry.

(2) The ECACH shall provide information relating to a particular entry if requested to do so by the system participant that originated, transmitted, or received the entry.

Transactions and payment types

169. (1) The ECACH shall process two main types of electronic fund transfer payments as follows—

(a) credit instruments called direct credits; and

(b) debit instruments called direct debits.

(2) The ECACH may process combined transaction types, direct debits and direct credits within the same batch.

(3) The batches within any one file may have different value dates.

Direct credit payments

170. (1) Direct credit payments shall be submitted for clearing by the system participant required to settle for the payment.

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(2) The receiving participant receives the files with payment batches after being processed.

(3) The direct credit payments shall be supported by multiple payment types based on the codes available in the file format used in the NACHA Standards as modified in Schedule 1.

(4) The acceptance of direct credits into the ECACH shall conform to the NACHA Standards as modified in Schedule 1 and the instrument types shall be submitted through a system participant of the ECACH.

(5) All direct credit instruments shall be submitted electronically.

Direct debit payments

171. (1) The originating participant shall submit direct debits for clearing.

(2) Direct debit items may be sent either on their value dates or in accordance with the time specified for the early submission of files as set out in the Operating Procedures Manual.

(R.A. 19/2019, s. 14)

(3) A receiving participant may refuse a direct debit item in accordance with these Rules by initiating a direct debit return.

(4) Direct debit batches shall be cleared and settled on their value date.

(5) The direct debit transactions are based on a direct debit mandate between the originator and the receiver.

(6) Direct debits shall be accepted where the originating participant of the item confirms that the necessary authorisations are in place from its originator allowing the processing of debits to the receiver's accounts.

(7) The agreement(s) shall cover provisions for the returning of debits once the receiver advises the receiving participant that the debit is unauthorised.

(8) The acceptance of direct debits into the ECACH shall conform to the NACHA Standards as modified in Schedule 1.

(9) In this section "direct debit mandate" means a continuing but revocable authority and request, given in writing and signed or similarly authenticated with a secure electronic signature, by a receiver, to an originator that authorises the originator to issue a direct debit instruction against the receiver's account and that authorises, the receiving participant to debit the account of the receiver with the amount of the direct debit instructions where a direct debit instruction is issued by the originator against the receiver's account at the receiving participant.

Citation

172. These Rules may be cited as the Payment System (Eastern Caribbean Automated Clearing House System) Rules, Revised Regulations of Anguilla, P18-1.

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SCHEDULE 1

(Sections 3(2), 3(3), 31, 100, 102, 106, 111, 116, 119, 130, 133, 136, 143, 145, 159, 164, 166, 167, 170 and 171)

FILE SPECIFICATIONS

File Specifications

(1) The ECACH System shall comply with the full ANSI X9.100-187 Standards for cheque image exchange and the NACHA Standard for electronic payment files. However, modifications have been made to accommodate the needs of the Currency Union.

NACHA Standard

(2) The Full NACHA Standard for the electronic payment files shall be accepted and processed by the ECACH system with the following modifications—

(a) In order to allow for domestic multicurrency clearing and settlement, the Reference Field in the File Header Record will be a mandatory field used to indicate currency code. The "three character" ISO Currency Code for EC dollar and US dollar will be used.

(b) The Central Bank is not using a check digit with the bank routing number scheme. A trailing zero will be used in any 9 digit Routing Number field, a zero will be used in any Bank Routing Number Check Digit field and there will be no validation on the check digit.

(c) An additional operator code is being added "R62–originating participant exceeds collateral" to identify an operator return at the end of day if the originating participant does not have enough collateral to send the payments.

NACHA Standard entry class codes

(3) The following NACHA Standard entry class codes shall be used for processing—

(a) CIE – Customer Initiated Entry: Customer initiated entries are limited to credit applications where the customer initiates the transfer of funds to a person for payment of funds owed to that company or person. Typical examples of these entries are utility bills and other internet banking product payments.

(b) PPD – Prearranged Payment or Deposit Entry.

(i) Direct Deposit: Direct deposit is a credit application that transfers funds into a customer's account at the receiving participant. The funds being deposited can represent a variety of products such as payroll, remittances, interest, pension and dividends refunds.

(ii) Preauthorised Payment: A preauthorised payment is a debit application. Companies with existing relationships with the customers may participate in the electronic funds transfers through the electronic transfer (Direct Debit) of payment entries. Through standing authorisations, the customer grants the company authority to initiate periodic charges to his or her account as bills become due. This concept is especially applicable in situations where the recurring bills are regular and do not vary in amount such as insurance premiums and loan instalments. Preauthorised payments may also be used for bills where the amount does vary, such as utility payments.

(c) CCD/CCD+ – Corporate Credit or Debit: This application can be either a credit or a debit application where funds are either distributed or consolidated between corporate entities or government entities. This application can serve as a stand-alone funds transfer between

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corporate or government entities, or it can support a limited disclosure of information when the funds are being transferred between organizations (that is sister companies) under the same group.

(d) CTX – Corporate Trade Exchange: This application supports the transfer of funds (debit or credit) with a trading partner relationship in which business payment remittance information is sent with the funds transfer. The payment-related information is placed in multiple addenda records in a format agreed to by the parties and the ECACH.

(e) IAT – International ACH: This application supports the cross-border transfer of funds (debit or credit) by a customer or business to pay another customer or business in another territorial jurisdiction.

(f) ADV – Automated Accounting Advice.

(g) COR – Automated Notifications of Change or Refused Automated Notification of Change.

(h) Returns – Returns, Dishonoured Returns, Contested Dishonoured Returns.

(i) Pre-notifications – 0.01 dollar test file for credit or debit transactions.

(j) File Acknowledgments – ECACH acknowledgment of file status.

ANSI X9.100-187 Standards

(4) The full ANSI X9.100-187 Standards for cheque images will provide a structure to facilitate electronic exchange of cheque related data and images for the purpose of forward cheque presentment, return item notification, and returns processing with the following modifications—

(a) In order to allow for domestic multicurrency clearing and settlement, Field 13 in the File Header Record will be a mandatory field used to indicate currency code.

(b) The three character ISO Currency Code for EC dollars and US dollars will be used.

(c) The Central Bank is not using a check digit with the bank routing number scheme. A trailing zero will be used in any 9 Digit Routing Number field, a zero will be used in any Payer Bank Routing Number Check Digit field and no modulus verification checks will be employed.

(d) "Return Code P" will be used to identify an operator return at the end of day if the receiving participant does not have enough collateral to cover the payment.

Failure to meet standards

(5) Where a system participant fails to meet the standards as prescribed by these Rules the batch or file which does not meet the standards may be rejected by the operator. A receiving participant may return individual entries which do not meet the standards.

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SCHEDULE 2

(Sections 29, 87 and 89)

IMAGE QUALITY SPECIFICATIONS

(1) A system participant shall perform image quality checks for each set of image view records (Type 50, Type 52 and Type 54) as set out in the ANSI X9.100-187 Standards. The full details for data and field specifications may be found in section 5 of the ANSI X9.100-187 Standards.

(2) Where a system participant fails to follow the data and field specifications the operator or the receiving participant may reject the item or file.

(3) All image items deposited as part of an image cash letter shall meet the criteria set out in Tables A and B.

Table A - Image Standard	
Physical Cheque	Canadian Payment Association Code 006 Standard
Image Cash Letter	ANSI X9.100-187 Standards
Image Format	TIFF 6.0 CCITT Group 4
Image Quality / Compression	200 or 240 dpi
TIFF TAG Byte Order	Little Endian (Intel) byte order
Variable Record Length Indicator	Big Endian (Motorola) byte order
Character Code	8-bit EBCDIC
View Descriptor	Full view, i.e., no partial views
View	Bi-tonal front and bi-tonal rear (Black and White)
Maximum File Size	Limit outward clearing file size to 5MB

Table B – Image Quality Assurance (IQA) Settings		
Length	Minimum = 6.25 Inches	Maximum = 8.50 Inches
Height	Minimum = 2.75 Inches	Maximum = 3.75 Inches
Corners	Front Lower Right and Back Lower Left Corners > 0.8 Inches Front Upper (both) and Front Lower Left Corners > 1.0 Inches Rear Upper (both) and Rear Lower Right Corners > 3.0 Inches	
Document Skew	Front Skew > 287.2 Degrees	
Darkness	Front Minimum Darkness < 0.009 (Ratio of black pixels to total pixels) Front Maximum Darkness > 0.9 (Ratio of black pixels to total pixels) Back Minimum Darkness < 0.0038 (Ratio of black pixels to total pixels) Back Maximum Darkness > 0.98 (Ratio of black pixels to total pixels)	
Noise	Front Noise Relative Density (Black and White) > 5,852 Spots considered as noise per square inch, on average Back Noise Relative Density (Black and White) > 5,852 Spots considered as noise per square inch, on average	
IQA Record Size	Front = Minimum 250 Bytes, Maximum 200,000 Bytes Back = Minimum 250 Bytes, Maximum 200,000 Bytes	

(R.A. 3/2015, s. 2 and R.A. 19/2019, s. 15 and s. 16)

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SCHEDULE 3

(Section 9)

CRITERIA FOR PARTICIPATION

PART A

The following conditions shall be met by system participants and applicants to, the ECACH to the satisfaction of the Central Bank, which is responsible under section 2 of the Act for the general supervision and management of the ECACH.

(1) The Central Bank is satisfied that the applicant—

(a) if regulated, is materially in compliance with the relevant Act under which it is supervised, in that, all statutory and prudential requirements must be satisfied, or the applicant must demonstrate that these will be satisfied;

(b) does not pose any credit risk to the clearing house; and

(c) has adequate collateral to cover its clearing obligations.

(2) The Central Bank is satisfied that the applicant is systemically important, having regard to the following—

(a) the capacity of the applicant's transactions to transmit systemic disruption;

(b) the size and nature of individual payment obligations processed and settled by the institution on any given day;

(c) the aggregate value of payment obligations processed and settled by the institution on any given day;

(d) the size of payment obligations owed to and by other system participants in the general payment system; and

(e) whether it is in the public interest (in terms of added value and competition).

(3) The applicant shall demonstrate the capacity to comply with these Rules, to meet the technical and operational requirements to facilitate the delivery of the agreed ECACH products and services, and to comply with the following—

(a) all applicable Anti-Money Laundering and Combating the Financing of Terrorism Legislation; and

(b) all relevant regulations and guidelines issued by the Central Bank and other regulatory bodies.

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PART B

FORM

APPLICATION FOR MEMBERSHIP IN THE EASTERN CARIBBEAN AUTOMATED CLEARING HOUSE

The (Full name of the Institution) of (Registered Address) hereby applies for membership in the Eastern Caribbean Automated Clearing House (ECACH). We are (Type of Institution and/or Nature of business activity) regulated by (Full name and registered address of Regulator)[§].

The following documents are submitted with this application:

☐ Company/Business Formation Documents

☐ Certified copy of business license

☐ Certified copy of the Resolution of the Board of Directors (or equivalent), authorising the application for membership in the ECACH

☐ Audited financial statements for the last two (2) years

Signed: …….

Name: ……..
Managing Director/ General Manager/ Manager Date ……

(R.A. 149/2021, s. 2 and R.A. 77/2022, s. 1)

[§] State full name and registered address of the regulator or delete if not applicable.

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