ISSUE #1 – STANDING AUTHORIZATIONS

ARTICLE TWO – RIGHTS AND RESPONSIBILITIES OF ODFIS, THEIR ORIGINATORS, AND THIRD-PARTY SENDER

Section 2.3 Authorization and Notice of Entries

Subsection 2.3.2.4 Standing Authorization for Debit Entries to Consumer Accounts (New Subsection)
An Originator may obtain a Standing Authorization from a Receiver for future Subsequent Entries to the Receiver’s Consumer Account that require further affirmative action by the Receiver to initiate. In addition to the requirements of Subsections 2.3.2.2 (Debit Entries) and 2.3.2.3 (Form of Authorization), an Originator that obtains a Standing Authorization from a Consumer Receiver must clearly specify the action(s) that the Receiver can take to initiate a Subsequent Entry. A Subsequent Entry may be initiated by the manner(s) permitted in the corresponding Standing Authorization.

A Standing Authorization that is also an Oral Authorization must comply with the requirements of Subsection 2.3.X.X (Oral Authorization for Debit Entries to Consumer Accounts). ¹

Subsection 2.3.2.5 2.3.2.6 Retention and Provision of the Record of Authorization
(a) An Originator must retain the original or a copy of each written authorization, including each Standing Authorization, of a Receiver, or a readily and accurately reproducible Record evidencing any other form of authorization, for two years from the termination or revocation of the authorization.

(b) Upon receipt of an RDFI’s written request, the ODFI must provide the original, copy or other accurate Record of the Receiver’s authorization to the RDFI within ten Banking Days without charge.

(c) At the request of its ODFI, the Originator must provide the original, copy, or other accurate Record of the Receiver's authorization to the ODFI for its use or for the use of an RDFI requesting the information. The Originator must provide the original, copy or other accurate Record in such time and manner as to enable the ODFI to deliver the authorization to a requesting RDFI within ten Banking Days of the RDFI's request.

¹ The inclusion of language related to Oral Authorization as a component of a Standing Authorization is contingent upon approval of Issue #2 (Oral Authorizations).
**Subsection 2.5.15.1 General Rule for TEL Entries**

A TEL Entry is a debit Entry to a Consumer Account originated based on an oral authorization provided to the Originator by a Consumer Receiver via a telephone call. A TEL Entry may only be used when there is an Existing Relationship between the Originator and the Receiver, or, when there is not an Existing Relationship between the Originator and the Receiver, when the Receiver initiates the telephone call. An ODFI must perform, or ensure that its Originator or Third-Party Sender performs, the requirements of Subsection 2.5.15.2 (Authorization of TEL Entries) and Subsection 2.5.15.3 (Retention of the Record of Authorization for TEL Entries) below before permitting the Originator or Third-Party Sender to initiate a TEL Entry.

**Subsection 2.5.15.2 Use of TEL Standard Entry Class Code for Subsequent Entries** (New Subsection)

At its discretion, an Originator may identify a Subsequent Entry as a TEL Entry if the initiation of the Subsequent Entry is communicated by the Receiver to the Originator orally via a telephone call, regardless of the manner in which the Standing Authorization was obtained. The requirements of Subsection 2.5.15.2 (Authorization of TEL Entries) and Subsection 2.5.15.3 (Retention of the Record of Authorization for TEL Entries) do not apply to such a TEL Entry.

**Subsection 2.5.17 Specific Provisions for WEB Entries (Internet-Initiated/Mobile Entry)**

**Subsection 2.5.17.1 General Rule for WEB Entries**

A debit WEB Entry is a debit Entry to a Consumer Account originated based on (1) any form of authorization that is communicated, other than by oral communication, from the Receiver to the Originator via the Internet or a Wireless Network, or (2) any form of authorization if the Receiver's instruction for the initiation of the individual debit Entry is designed by the Originator to be communicated, other than by an oral communication, to the Originator via a Wireless Network. An ODFI must perform, or ensure that its Originator or Third-Party Sender performs, the requirements of Subsection 2.5.17.2 (Authorization of Debit WEB Entries) and Subsection 2.5.17.3 (Annual Audit Requirements for Debit WEB Entries) before permitting an Originator or Third-Party Sender to initiate a WEB Entry.

A credit WEB Entry is a credit Entry initiated by or on behalf of the holder of a Consumer Account that is intended for a Consumer Account of a Receiver, regardless of whether the authorization is communicated via the Internet or Wireless Network.

**Subsection 2.5.17.2 Use of WEB Standard Entry Class Code for Subsequent Entries** (New Subsection)

At its discretion, an Originator may identify a Subsequent Entry as a debit WEB Entry if the initiation of the Subsequent Entry is communicated by the Receiver to the Originator via the Internet, regardless of the manner in which the Standing Authorization was obtained. The requirements of Subsection 2.5.17.3 (Authorization of Debit WEB Entries) do not apply to such a debit WEB Entry.

**ARTICLE EIGHT – DEFINITIONS OF TERMS USED IN THESE RULES**

**Section 8.XX “Standing Authorization”** (New Section)

an advance authorization by a Receiver of future Entries to the Receiver's Consumer Account that requires further affirmative action by the Receiver to initiate those future Entries.

**Section 8.XX “Subsequent Entry”** (New Section)
an Entry to a Consumer Account that is initiated by a Receiver’s affirmative action in accordance with the terms of a Standing Authorization.

Section 8.55 “Internet-Initiated/Mobile Entry” or “WEB Entry” or “WEB”

(1) a debit Entry initiated by an Originator to a Consumer Account of the Receiver based on (a) an authorization that is communicated, other than by an oral communication, from the Receiver to the Originator via the Internet or a Wireless Network, or (b) any form of authorization if the Receiver's instruction for the initiation of the individual debit Entry is designed by the Originator to be communicated, other than by an oral communication, to the Originator via a Wireless Network; or

(2) at the discretion of the Originator, a Subsequent Entry for which the initiation of the Subsequent Entry is communicated by the Receiver to the Originator via the Internet, regardless of the manner in which the Standing Authorization was obtained; or

(3) a credit Entry initiated by or on behalf of the holder of a Consumer Account that is intended for the Consumer Account of a Receiver, regardless of whether the authorization of such Entry is communicated via the Internet or Wireless Network.

Section 8.105 “Telephone-Initiated Entry” or “TEL Entry” or “TEL”

a debit Entry initiated by an Originator to a Consumer Account of the Receiver based on an oral authorization obtained over the telephone; or, at the discretion of the Originator, a debit Subsequent Entry for which the initiation of the Subsequent Entry is communicated by the Receiver to the Originator orally via a telephone call, regardless of the manner in which the Standing Authorization was obtained.
ISSUE #2 – ORAL AUTHORIZATIONS

ARTICLE TWO – RIGHTS AND RESPONSIBILITIES OF ODFIS, THEIR ORIGINATORS, AND THIRD-PARTY senders

Section 2.3 Authorization and Notice of Entries

Subsection 2.3.2.4  Oral Authorization for Debit Entries to Consumer Accounts (New Subsection)

An Originator may obtain a Consumer Receiver's Oral Authorization for a debit Entry, provided that the Oral Authorization meets the minimum standards for a debit authorization in Subsections 2.3.2.2 (Debit Entries) and 2.3.2.3 (Form of Authorization), and (b) meets the additional requirements, including use of the appropriate Standard Entry Class Code and security requirements, for the communication channel used to obtain the Oral Authorization.

For a Single Entry authorized by the Receiver orally, the Originator must (i) make an audio recording of the Oral Authorization or provide the Receiver with written notice confirming the Oral Authorization prior to the settlement of the Entry; and (ii) retain the original or a copy of the written notice or the original or a duplicate audio recording of the Oral Authorization for two years from the date of the authorization.

For a recurring Entry authorized by the Receiver orally, the Originator must (i) comply with the requirements of Regulation E for the authorization of preauthorized transfers, including the requirement to send a copy of the authorization to the Receiver, and (ii) retain for two years from the termination or revocation of the authorization (a) the original or a duplicate audio recording of the Oral Authorization, and (b) evidence that a copy of the authorization was provided to the Receiver in compliance with Regulation E.

The requirement that an Electronic authorization must be visually displayed in a manner that enables the consumer to read the communication, as required by Subsection 2.3.2.5 (Electronic Authorizations) does not apply when the consumer's authorization is obtained orally.

Subsection 2.3.2.5 2.3.2.6 Retention and Provision of the Record of Authorization

(a) An Originator must retain the original or a copy of each written authorization of a Receiver, or a readily and accurately reproducible Record evidencing any other form of authorization, for two years from the termination or revocation of the authorization. An Originator must retain the original or a copy of an Oral Authorization in the manner and for the time period required by Subsection 2.3.2.4 (Oral Authorization for Debit Entries to Consumer Accounts.)

(b) Upon receipt of an RDFI's written request, the ODFI must provide the original, copy or other accurate Record of the Receiver's authorization to the RDFI within ten Banking Days without charge.

(c) At the request of its ODFI, the Originator must provide the original, copy, or other accurate Record of the Receiver's authorization to the ODFI for its use or for the use of an RDFI requesting the information. The Originator must provide the original, copy or other accurate Record in such time and manner as to enable the ODFI to deliver the authorization to a requesting RDFI within ten Banking Days of the RDFI's request.
Subsection 2.5.15 Specific Provisions for TEL Entries (Telephone-Initiated Entry)

Subsection 2.5.15.1 General Rule for TEL Entries
A TEL Entry is a debit Entry to a Consumer Account originated based on an oral authorization provided to the Originator by a Consumer Receiver via a telephone call. A TEL Entry may only be used when there is an Existing Relationship between the Originator and the Receiver, or, when there is not an Existing Relationship between the Originator and the Receiver, when the Receiver initiates the telephone call. An ODFI must perform, or ensure that its Originator or Third-Party Sender performs, the requirements of Subsection 2.5.15.2 (Authorization of TEL Entries) and Subsection 2.5.15.3 (Retention of the Record of Authorization for TEL Entries) below before permitting the Originator or Third-Party Sender to initiate a TEL Entry.

Subsection 2.5.15.2 Authorization of TEL Entries
An Originator must satisfy the requirement for authorization of a TEL Entry by obtaining oral authorization from the Receiver to initiate a debit Entry to a Consumer Account of the Receiver. The authorization must be readily identifiable as an authorization and must have clear and readily understandable terms.

In addition to the requirements of Subsection 2.3.2.3 (Form of Authorization) and Subsection 2.3.2.4 (Oral Authorization for Debit Entries to Consumer Accounts), the following minimum information must be included as part of the authorization of a Single Entry TEL Entry:

(a) the date on or after which the ACH debit to the Receiver's account will occur;

(b) the amount of the transaction or a reference to the method of determining the amount of the transaction;

(c) the Receiver's name or identity;

(d) the account to be debited;

(e) a telephone number for Receiver inquiries that is answered during normal business hours;

(f) the date of the Receiver's oral authorization; and

(g) a statement by the Originator that the authorization obtained from the Receiver is for a Single-Entry ACH debit, a one-time electronic funds transfer, or other similar reference.

For an authorization related to a Single Entry TEL Entry, the Originator must either make an audio recording of the oral authorization, or provide the Receiver with written notice confirming the oral authorization prior to the settlement of the Entry.

In addition to the requirements of Subsection 2.3.2.3 (Form of Authorization) and Subsection 2.3.2.4 (Oral Authorization for Debit Entries to Consumer Accounts), the following minimum information must be included as part of the authorization of a recurring TEL Entry:

(h) the amount of the recurring transactions, or a reference to the method of determining the amounts of recurring transactions;

(i) the timing (including the start date), number, and/or frequency of the electronic fund transfers, or other similar reference, to the Consumer's account;
(j) the Receiver’s name or identity;
(k) the account to be debited;
(l) a telephone number for Receiver inquiries that is answered during normal business hours; and
(m) the date of the Receiver’s oral authorization.

For an authorization relating to recurring TEL Entries, the Originator must comply with the requirements of Regulation E for the authorization of preauthorized transfers, including the requirement to send a copy of the authorization to the Receiver.

Subsection 2.5.15.3 Retention of the Record of Authorization for TEL Entries
An Originator must retain the original or a copy of the written notice or the original or a duplicate audio recording of the oral authorization for two years from the date of the authorization of a Single Entry TEL Entry. For recurring TEL Entries, an Originator must retain for two years from the termination or revocation of the authorization (i) the original or a duplicate audio recording of the oral authorization, and (ii) evidence that a copy of the authorization was provided to the Receiver in compliance with Regulation E.

Subsection 2.5.15.4 2.5.15.3 Additional ODFI Warranties for TEL Entries
In addition to the other warranties contained within these Rules, an ODFI originating a TEL Entry warrants to each RDFI and ACH Operator that:

(a) Verification of Receiver’s Identity. The Originator has established and implemented commercially reasonable procedures to verify the identity of the Receiver.

(b) Verification of Routing Numbers. The Originator has established and implemented commercially reasonable procedures to verify that the routing number used in the TEL Entry is valid.

Subsection 2.5.15.5 Rules Exceptions for TEL Entries
The requirement that an Electronic authorization must be visually displayed in a manner that enables the consumer to read the communication, as required by Subsection 2.3.2.4 (Electronic Authorizations), does not apply to TEL Entries.

Subsection 2.5.17 Specific Provisions for WEB Entries (Internet-Initiated/Mobile Entry)

Subsection 2.5.17.1 General Rule for WEB Entries
A debit WEB Entry is a debit Entry to a Consumer Account originated based on (1) an any form of authorization that is communicated other than by oral communication, from the Receiver to the Originator via the Internet or a Wireless Network, except for an Oral Authorization via a telephone call; or (2) any form of authorization if the Receiver’s instruction for the initiation of the individual debit Entry is designed by the Originator to be communicated, other than by an oral communication, to the Originator via a Wireless Network. An ODFI must perform, or ensure that its Originator or Third-Party Sender performs, the requirements of Subsection 2.5.17.2 (Authorization of Debit WEB Entries) and Subsection 2.5.17.3 (Annual Audit Requirements for Debit WEB Entries) before permitting an Originator or Third-Party Sender to initiate a WEB Entry.
A credit WEB Entry is a credit Entry initiated by or on behalf of the holder of a Consumer Account that is intended for a Consumer Account of a Receiver, regardless of whether the authorization is communicated via the Internet or Wireless Network.

Subsection 2.5.17.2 Authorization of Debit WEB Entries
An Originator must satisfy the requirement for authorization of a debit WEB Entry to a Consumer Account of the Receiver by (1) obtaining written authorization, other than an Oral Authorization via a telephone call, from the Receiver via the Internet or a Wireless Network; or (2) obtaining the Receiver's authorization in any manner permissible under Subsection 2.3.2 (Authorizations and Notices with Respect to Consumer Accounts), and the Receiver's instruction for the initiation of the individual debit Entry is communicated, other than by an oral communication, via a Wireless Network.

Subsection 2.5.17.3 Annual Audit Requirements for Debit WEB Entries
An Originator of a debit WEB Entry must conduct, or have conducted on its behalf, annual audits to ensure that the financial information it obtains from Receivers is protected by security practices and procedures that include, at a minimum, adequate levels of:

(a) physical security to protect against theft, tampering, or damage;

(b) personnel and access controls to protect against unauthorized access and use; and

(c) network security to ensure secure capture, storage, and distribution.

Subsection 2.5.17.4 Additional ODFI Warranties for Debit WEB Entries
In addition to the other warranties contained within these Rules, an ODFI originating a debit WEB Entry warrants to each RDFI and ACH Operator that:

(a) Fraud Detection Systems. The Originator has established and implemented a commercially reasonable fraudulent transaction detection system to screen the debit WEB Entry. Such a fraudulent transaction detection system must, at a minimum, validate the account to be debited for the first use of such account number, and for any subsequent change(s) to the account number.

(b) Verification of Receiver's Identity. The Originator has established and implemented commercially reasonable methods of authentication to verify the identity of the Receiver of the debit WEB Entry.

(c) Verification of Routing Numbers. The Originator has established and implemented commercially reasonable procedures to verify that the routing number used in the debit WEB Entry is valid.

Subsection 2.5.17.5 Additional Indemnity for Credit WEB Entries
An ODFI shall indemnify each RDFI from and against any and all claims, demands, losses, liabilities, and expenses, including attorneys' fees and costs, that result directly or indirectly from the RDFI's accurate communication or display to a Receiver of any information provided within the Payment Related Information field of an Addenda Record Transmitted by the ODFI with a credit WEB Entry.
Subsection 2.5.17.6 ODFI to Satisfy Periodic Statement Requirement for Credit WEB Entries
An ODFI must provide or make available to the Originator the following information with respect to the Consumer Account of the Originator of a credit WEB Entry:

(a) the date funds were debited from the Consumer’s Account for the purpose of funding the credit WEB Entry;

(b) dollar amount of the funds debited;

(c) payee name;

(d) a description of the payment;

(e) account type;

(f) account number;

(g) amount of any charges assessed against the account for services related to the Entry;

(h) balances in the Originator's account at the beginning and at the close of the statement period; and

(i) address and telephone number to be used for inquiries or notices of errors preceded by “Direct Inquiries To” or similar language.

References to data elements contained in an Entry are further defined in Appendix Three (ACH Record Format Specifications). The requirements of this subsection apply regardless of whether Regulation E imposes similar requirements on the ODFI.

Subsection 2.5.17.7 Rules That Do Not Apply to Credit WEB Entries
The following subsections do not apply to credit WEB Entries:

(a) Subsection 2.2.2.1 (ODFI Must Enter Origination Agreement with Originator); and

(b) Subsection 2.2.3 (ODFI Risk Management), to the extent applicable to Originators.

ARTICLE EIGHT – DEFINITIONS OF TERMS USED IN THESE RULES

Section 8.XX “Oral Authorization” (New Section)
A remote (not in-person) oral authorization of one or more Entries to a Consumer Account. An authorization that is created by voice-to-text technology is not considered an Oral Authorization if it is either (i) visually reviewed and confirmed by the Receiver prior to delivery to the Originator, or (ii) used by the Receiver without prompting by the Originator.
ISSUE #3 – OTHER AUTHORIZATION PROPOSALS

ARTICLE TWO – RIGHTS AND RESPONSIBILITIES OF ODFIS, THEIR ORIGINATORS, AND THIRD-PARTY SENDERS

Section 2.3 Authorization and Notice of Entries

Subsection 2.3.1 General Rule – Originator Must Obtain Authorization from Receiver

An Originator must obtain authorization from the Receiver to originate one or more Entries to the Receiver’s account, except for credit Entries for which the Originator and Receiver are both natural Persons.

An authorization must comply with applicable Legal Requirements, be readily identifiable as an authorization, and have clear and readily understandable terms. A purported authorization for an Entry that is not clear and readily understandable as to its terms, or that is otherwise invalid under applicable Legal Requirements, does not satisfy the requirements of this Subsection 2.3.

Subsection 2.3.2 Form of Receiver Authorization (New Subsection)

Subsection 2.3.2.1 Credit Entries to Consumer Accounts, and Any Entries to Non-Consumer Accounts

The Originator of (i) a credit Entry to a Consumer Account of the Receiver, or (ii) any Entry to a Non-Consumer Account of the Receiver, may obtain the Receiver’s authorization in any manner permitted by applicable Legal Requirements.

Subsection 2.3.2.2 Debit Entries to Consumer Accounts

The Originator of a debit Entry to a Consumer Account of the Receiver must obtain a written authorization that is signed or similarly authenticated by the Receiver, except as otherwise expressly permitted by these Rules for specific SEC Codes.

In addition to the general requirements for an authorization, as defined under Subsection 2.3.1 (General Rule – Originator Must Obtain Authorization from Receiver), an authorization for a debit Entry to Consumer Account of the Receiver must, at a minimum, include:

(a) Language regarding whether the authorization obtained from the Receiver is for a Single Entry, multiple Entries, or Recurring Entries;
(b) The amount of the Entry(ies) or a reference to the method of determining the amount of the Entry(ies);
(c) The timing (including the start date), number, and/or frequency of the Entries;
(d) The Receiver’s name or identity;
(e) The account to be debited;
(f) The date of the Receiver’s authorization; and

(g) Language that instructs the Receiver how to revoke the authorization directly with the Originator (including the time and manner in which the Receiver’s communication with the Originator must occur). For a Single Entry scheduled in advance, the right of the Receiver to revoke his
authorization must afford the Originator a reasonable opportunity to act on the revocation prior to initiating the Entry.

Where these Rules provide that authorization for an Entry may be obtained by notice to the Receiver, the Receiver’s authorization may also be obtained by a signed, written authorization that meets the requirements of this subsection.

**Subsection 2.3.2.3 Copy of Receiver Authorization** (New Subsection)

An Originator must provide each Receiver with an Electronic or hard copy of the Receiver’s authorization for all debit Entries to be initiated to a Consumer Account.

**Subsection 2.3.2 Authorizations and Notices with Respect to Consumer Accounts**

**Subsection 2.3.2.1 Credit Entries**

Authorization of a credit Entry to a Consumer Account is not required to be in writing. If both the Originator and Receiver are natural Persons, no authorization by the Receiver is required, and no warranty with respect to any such authorization is made by the ODFI.

**Subsection 2.3.2.2 Debit Entries**

— (a) Authorization of a debit Entry to a Consumer Account must be in writing and signed or similarly authenticated by the Receiver, except as expressly provided in the authorization sections of these Rules for specific types of Entries. Where these Rules provide that authorization for an Entry may be obtained by notice to the Receiver, authorization also may be obtained by means of a signed written authorization that meets the requirements of Subsection 2.3.2.3 (Form of Authorization) if all of the other requirements for the type of Entry are met.

— (b) An Originator must provide each Receiver with an Electronic or hard copy of the Receiver’s authorization for all debit Entries to be initiated to a Consumer Account.

**Subsection 2.3.2.3 Form of Authorization**

An authorization must:

— (a) be readily identifiable as an authorization;

— (b) have clear and readily understandable terms. A purported authorization that is not clear and readily understandable as to its terms (including the amount or timing of debits), or that is otherwise invalid under applicable Legal Requirements, does not satisfy the requirements of this Section 2.3; and

— (c) provide that the Receiver may revoke the authorization only by notifying the Originator in the time and manner stated in the authorization. For a Single Entry scheduled in advance, any such revocation right shall afford the Originator a reasonable opportunity to act on such revocation prior to the initiation of the Entry.

**Subsection 2.3.2.4 Electronic Authorizations**

The writing and signature requirements of Subsection 2.3.2.2(a) (Authorization and Notices with Respect to Consumer Accounts—Debit Entries) and 2.3.2.2 (Debit Entries to Consumer Accounts) may be satisfied by compliance with the Electronic Signatures in Global and National Commerce Act (15 U.S.C. §7001 et seq.). An Electronic authorization must be visually displayed in a manner that enables the consumer to read the communication.
Subsection 2.3.2.5 Retention and Provision of the Record of Authorization

(a) An Originator must retain the original or a copy of each written authorization of a Receiver, or a readily and accurately reproducible Record evidencing any other form of authorization, for two years from the termination or revocation of the authorization.

(b) Upon receipt of an RDFI's written request, the ODFI must provide the original, copy or other accurate Record of the Receiver's authorization to the RDFI within ten Banking Days without charge.

(c) At the request of its ODFI, the Originator must provide the original, copy, or other accurate Record of the Receiver’s authorization to the ODFI for its use or for the use of an RDFI requesting the information. The Originator must provide the original, copy or other accurate Record in such time and manner as to enable the ODFI to deliver the authorization to a requesting RDFI within ten Banking Days of the RDFI's request.

Subsection 2.3.2.6 Notices of Variable Recurring Debit Entries Debits to Consumer Accounts

(a) Notice of Change in Amount. If the amount of a debit Recurring Entry to be initiated to a Consumer Account differs from the amount of the immediately preceding debit Recurring Entry relating to the same authorization, or differs from a preauthorized amount, an Originator must send the Receiver written notification of the amount of the Entry and the date on or after which the Entry will be debited at least ten calendar days prior to the date on which the Entry is scheduled to be initiated.

(b) No Notice Required for Change within Agreed Range. The Originator is not required to give the notice in Subsection 2.3.2.6(a) (Notice of Change in Amount) above if (i) the Originator provides, and the Receiver chooses, the option to receive such notice only if the amount of the Recurring Entry falls outside a specified range or if the Recurring Entry differs from the most recent Recurring Entry by more than an agreed upon amount, and (ii) the variation in the amount of the Recurring Entry is within the tolerance agreed to by the Receiver.

(c) Notice of Change in Scheduled Debiting Date. An Originator that changes the scheduled date on or after which debit Recurring Entries are to be initiated to a Receiver's account must send to the Receiver written notification of the new date on or after which Recurring Entries are scheduled to be debited to the Receiver's account. For purposes of this subsection, variation in debiting dates due to Saturdays, Sundays, or holidays are not considered to be changes in the scheduled dates.

Subsection 2.3.3 Agreement, Notice, and Authorization for Entries to Non-Consumer Accounts

Subsection 2.3.3.1 Agreement to Be Bound by the Rules for Entries to Non-Consumer Accounts
In addition to the requirements of Subsection 2.3.2.1 (Credit Entries to Consumer Accounts, and Any Entries to Non-Consumer Accounts) the Originator must obtain the Receiver's agreement to be bound by these Rules.

Subsection 2.5.15 Specific Provisions for TEL Entries (Telephone-Initiated Entry)

Subsection 2.5.15.1 General Rule for TEL Entries
A TEL Entry is a debit Entry to a Consumer Account originated based on an oral authorization provided to the Originator by a Consumer Receiver via the telephone call. A TEL Entry may only be used when
there is an Existing Relationship between the Originator and the Receiver, or, when there is not an Existing Relationship between the Originator and the Receiver, when the Receiver initiates the telephone call. An ODFI must perform, or ensure that its Originator or Third-Party Sender performs, the requirements of Subsection 2.5.15.2 (Authorization of TEL Entries) and Subsection 2.5.15.3 (Retention of the Record of Authorization for TEL Entries) below before permitting the Originator or Third-Party Sender to initiate a TEL Entry.

Subsection 2.5.15.2 Authorization of TEL Entries
An Originator must satisfy the requirement for authorization of a TEL Entry by obtaining oral authorization from the Receiver to initiate a debit Entry to a Consumer Account of the Receiver. In addition to meeting the requirements of Subsection 2.3.2.2 (Debit Entries to Consumer Accounts), an Originator that obtains the Receiver's oral authorization via a telephone call must also provide the Receiver, as part of the terms of the authorization, a telephone number for Receiver inquiries that is answered during normal business hours.

The authorization must be readily identifiable as an authorization and must have clear and readily understandable terms.

In addition to the requirements of Subsection 2.3.2.3 (Form of Authorization), the following minimum information must be included as part of the authorization of a Single Entry TEL Entry:

— (a) the date on or after which the ACH debit to the Receiver's account will occur;

— (b) the amount of the transaction or a reference to the method of determining the amount of the transaction;

— (c) the Receiver's name or identity;

— (d) the account to be debited;

— (e) a telephone number for Receiver inquiries that is answered during normal business hours;

— (f) the date of the Receiver's oral authorization; and

— (g) a statement by the Originator that the authorization obtained from the Receiver is for a Single-Entry ACH debit, a one-time electronic funds transfer, or other similar reference.

For an authorization related to a Single Entry TEL Entry, the Originator must either make an audio recording of the oral authorization, or provide the Receiver with written notice confirming the oral authorization prior to the settlement of the Entry.

In addition to the requirements of Subsection 2.3.2.3 (Form of Authorization), the following minimum information must be included as part of the authorization of a recurring TEL Entry:

— (h) the amount of the recurring transactions, or a reference to the method of determining the amounts of recurring transactions;

— (i) the timing (including the start date), number, and/or frequency of the electronic fund transfers, or other similar reference, to the Consumer's account;

— (j) the Receiver's name or identity.
(k) the account to be debited;

(l) a telephone number for Receiver inquiries that is answered during normal business hours; and

(m) the date of the Receiver's oral authorization.

For an authorization relating to recurring TEL Entries, the Originator must comply with the requirements of Regulation E for the authorization of preauthorized transfers, including the requirement to send a copy of the authorization to the Receiver.

Subsection 2.5.15.3 Retention of the Record of Authorization for TEL Entries
An Originator must retain the original or a copy of the written notice or the original or a duplicate audio recording of the oral authorization for two years from the date of the authorization of a Single Entry TEL Entry. For recurring TEL Entries, an Originator must retain for two years from the termination or revocation of the authorization (i) the original or a duplicate audio recording of the oral authorization, and (ii) evidence that a copy of the authorization was provided to the Receiver in compliance with Regulation E.

Subsection 2.5.15.4 Verification of Receiver’s Identity (New Subsection)
An Originator must establish and implement commercially reasonable procedures to verify the identity of the Receiver.

Subsection 2.5.15.5 Verification of Receiver’s Routing Number (New Subsection)
An Originator must establish and implement commercially reasonable procedures to verify that the routing number used in the TEL Entry is valid.

Subsection 2.5.15.4 Additional ODFI Warranties for TEL Entries
In addition to the other warranties contained within these Rules, an ODFI originating a TEL Entry warrants to each RDFI and ACH Operator that:

— (a) Verification of Receiver’s Identity. The Originator has established and implemented commercially reasonable procedures to verify the identity of the Receiver.

— (b) Verification of Routing Numbers. The Originator has established and implemented commercially reasonable procedures to verify that the routing number used in the TEL Entry is valid.

Subsection 2.5.17 Specific Provisions for WEB Entries (Internet-Initiated/Mobile Entry)

Subsection 2.5.17.1 General Rule for WEB Entries
A debit WEB Entry is (1) a debit Entry to a Consumer Account originated based on (4) any form of authorization that is communicated—other than by oral communication—from the Receiver to the Originator via the Internet or a Wireless Network, except for an oral authorization via a telephone call, or (2) any form of authorization if the Receiver's instruction for the initiation of the individual debit Entry is designed by the Originator to be communicated, other than by an oral communication, to the Originator via a Wireless Network. An ODFI must perform, or ensure that its Originator or Third-Party Sender
performs, the requirements of Subsection 2.5.17.2 (Authorization of Debit WEB Entries) and Subsection 2.5.17.3 (Annual Audit Requirements for Debit WEB Entries) before permitting an Originator or Third-Party Sender to initiate a WEB Entry.

A credit WEB Entry is a credit Entry initiated by or on behalf of the holder of a Consumer Account that is intended for a Consumer Account of a Receiver, regardless of whether the authorization is communicated via the Internet or Wireless Network.

Subsection 2.5.17.2 Authorization of Debit WEB Entries
An Originator must satisfy the requirement for authorization of a debit WEB Entry to a Consumer Account of the Receiver by (1) obtaining written authorization from the Receiver via the Internet or a Wireless Network, or (2) obtaining the Receiver’s authorization in any manner permissible under Subsection 2.3.2 (Authorizations and Notices with Respect to Consumer Accounts), and the Receiver’s instruction for the initiation of the individual debit Entry is communicated, other than by an oral communication, via a Wireless Network.

Subsection 2.5.17.3 Annual Audit Requirements for Debit WEB Entries
An Originator of a debit WEB Entry must conduct, or have conducted on its behalf, annual audits to ensure that the financial information it obtains from Receivers is protected by security practices and procedures that include, at a minimum, adequate levels of:

(a) physical security to protect against theft, tampering, or damage;

(b) personnel and access controls to protect against unauthorized access and use; and

(c) network security to ensure secure capture, storage, and distribution.

Subsection 2.5.17.4 Use of Fraud Detection Systems (New Subsection)
An Originator of a debit WEB Entry must establish and implement a commercially reasonable fraudulent transaction detection system to screen the debit WEB Entry. Such a fraudulent transaction detection system must, at a minimum, validate the account to be debited for the first use of such account number, and for any subsequent change(s) to the account number.

Subsection 2.5.17.5 Verification of Receiver's Identity (New Subsection)
An Originator of a debit WEB Entry must establish and implemented commercially reasonable methods of authentication to verify the identity of the Receiver of the debit WEB Entry.

Subsection 2.5.17.6 Verification of Routing Numbers (New Subsection)
An Originator of a debit WEB Entry must establish and implement a commercially reasonable procedures to verify that the routing number used in the debit WEB Entry is valid.

Subsection 2.5.17.4 Additional ODFI Warranties for Debit WEB Entries
In addition to the other warranties contained within these Rules, an ODFI originating a debit WEB Entry warrants to each RDFI and ACH Operator that:

(a) Fraud Detection Systems. The Originator has established and implemented a commercially reasonable fraudulent transaction detection system to screen the debit WEB Entry. Such a fraudulent transaction detection system must, at a minimum, validate the account to be debited for the first use of such account number, and for any subsequent change(s) to the account number.
Verification of Receiver's Identity. The Originator has established and implemented commercially reasonable methods of authentication to verify the identity of the Receiver of the debit WEB Entry.

Verification of Routing Numbers. The Originator has established and implemented commercially reasonable procedures to verify that the routing number used in the debit WEB Entry is valid.

Subsection 2.5.17.5 Additional Indemnity for Credit WEB Entries
An ODFI shall indemnify each RDFI from and against any and all claims, demands, losses, liabilities, and expenses, including attorneys’ fees and costs, that result directly or indirectly from the RDFI’s accurate communication or display to a Receiver of any information provided within the Payment Related Information field of an Addenda Record Transmitted by the ODFI with a credit WEB Entry.

Subsection 2.5.17.6 ODFI to Satisfy Periodic Statement Requirement for Credit WEB Entries
An ODFI must provide or make available to the Originator the following information with respect to the Consumer Account of the Originator of a credit WEB Entry:

(a) the date funds were debited from the Consumer’s Account for the purpose of funding the credit WEB Entry;

(b) dollar amount of the funds debited;

(c) payee name;

(d) a description of the payment;

(e) account type;

(f) account number;

(g) amount of any charges assessed against the account for services related to the Entry;

(h) balances in the Originator's account at the beginning and at the close of the statement period; and

(i) address and telephone number to be used for inquiries or notices of errors preceded by “Direct Inquiries To” or similar language.

References to data elements contained in an Entry are further defined in Appendix Three (ACH Record Format Specifications). The requirements of this subsection apply regardless of whether Regulation E imposes similar requirements on the ODFI.

Subsection 2.5.17.7 Rules That Do Not Apply to Credit WEB Entries
The following subsections do not apply to credit WEB Entries:

(a) Subsection 2.2.2.1 (ODFI Must Enter Origination Agreement with Originator); and

(b) Subsection 2.2.3 (ODFI Risk Management), to the extent applicable to Originators.
ARTICLE EIGHT – DEFINITIONS OF TERMS USED IN THESE RULES

SECTION 8.77 “Prearranged Payment and Deposit Entry” or “PPD Entry” or “PPD”
a credit or debit Entry initiated by an Organization to a Consumer Account of a Receiver based on a standing or Single Entry authorization from the Receiver.

SECTION 8.XX “Recurring Entry” (New Section)
an Entry to a Consumer Account that recurs at substantially regular intervals, without further affirmative action by the Receiver to authorization those future Entries.
ISSUE #4 – ODFI AGREES TO ACCEPT RETURN IN LIEU OF PROVIDING PROOF OF AUTHORIZATION

ARTICLE TWO – RIGHTS AND RESPONSIBILITIES OF ODFIS, THEIR ORIGINATORS, AND THIRD-PARTY SENDERS

Section 2.3 Authorization and Notice of Entries

Subsection 2.3.2 Authorizations and Notices with Respect to Consumer Accounts

Subsection 2.3.2.5 Retention and Provision of the Record of Authorization

(a) An Originator must retain the original or a copy of each written authorization of a Receiver, or a readily and accurately reproducible Record evidencing any other form of authorization, for two years from the termination or revocation of the authorization.

(b) Upon receipt of an RDFI’s written request, the ODFI must either (1) provide the original, copy or other accurate Record of the Receiver's authorization to the RDFI within ten Banking Days without charge, or (2) confirm to the RDFI in writing the ODFI's agreement to accept the Return of the Entry that is the subject of the RDFI's inquiry at any time within ten Banking Days of providing the confirmation to the RDFI, without regard to any other time limits on Returns under these Rules. Where the ODFI has accepted, or has agreed to accept, the Return Entry, and the RDFI subsequently still requests evidence of authorization of the Entry, the ODFI must provide the original, copy, or other accurate Record to the RDFI within the required time frame.

(c) At the request of its ODFI, the Originator must provide the original, copy, or other accurate Record of the Receiver's authorization to the ODFI for its use or for the use of an RDFI requesting the information. The Originator must provide the original, copy or other accurate Record in such time and manner as to enable the ODFI to deliver the authorization to a requesting RDFI within ten Banking Days of the RDFI's request.

Subsection 2.3.3 Agreement, Notice, and Authorization for Entries to Non-Consumer Accounts

Subsection 2.3.3.3 Provision of the Record of Authorization

For a CCD, CTX, or Inbound IAT Entry to a Non-Consumer Account:

(a) Upon receipt of an RDFI’s written request for evidence of authorization of the Entry, the ODFI must either (1) provide an accurate record evidencing the Receiver's authorization, or (2) provide the contact information for the Originator that, at a minimum, includes (i) the Originator’s name, and (ii) the Originator’s phone number or email address for inquiries regarding authorization of Entries, or (3) confirm in writing the ODFI's agreement to accept the Return of the Entry that is the subject of the RDFI’s inquiry at any time within ten Banking Days of providing the confirmation to the RDFI, without regard to any other time limits on Returns under these Rules. Where the ODFI has accepted, or has agreed to accept, the Return Entry, and the RDFI subsequently still requests evidence of authorization of the Entry, the ODFI must provide the original, copy, or other accurate Record to the RDFI within the required time frame. This record of authorization or contact information must be provided to the RDFI within ten Banking Days of receipt of the request without charge.

(b) At the request of its ODFI, the Originator must provide either (1) an accurate record evidencing the Receiver's authorization, or (2) contact information for the Originator that, at a minimum, includes (i) the Originator's name, and (ii) the Originator's phone number or email address for inquiries regarding authorization of Entries. The Originator must provide the record or information to the ODFI for its use.
or for the use of an RDFI requesting the information in such time and manner as to enable the ODFI to deliver the information to the requesting RDFI within ten Banking Days of the RDFT's request.
ISSUE #5 – WRITTEN STATEMENT OF UNAUTHORIZED DEBIT VIA ELECTRONIC OR ORAL COMMUNICATION

ARTICLE THREE – RIGHTS AND RESPONSIBILITIES OF RDFIS AND THEIR RECEIVERS

Section 3.12 Written Statement of Unauthorized Debit

Subsection 3.12.4 Form of Written Statement of Unauthorized Debit

The Written Statement of Unauthorized Debit must be signed or similarly authenticated by the Receiver, submitted within the time frames provided by these Rules, and otherwise conform to the requirements of this Section 3.12.

The Written Statement of Unauthorized Debit must include the following minimum information for each Entry for which recredit is requested by the Receiver:

(a) Receiver’s printed name and signature;

(b) Receiver’s account number;

(c) identity of the party (i.e., the payee) debiting the account, as provided to the Receiver, and, if different, the name of the intended third-party payee;

(d) date the Entry was posted to the account;

(e) dollar amount of Entry;

(f) reason for return;

(g) signature date;

(h) Receiver assertion that the Written Statement of Unauthorized Debit is true and correct; and

(i) Receiver assertion that the Receiver is an authorized signer or has corporate authority to act on the account.

The Written Statement of Unauthorized Debit must be dated on or after the Settlement Date of the Entry(ies) for which recredit is requested.

More than one unauthorized debit Entry from a single Originator may be documented on a Written Statement of Unauthorized Debit, provided that all of the information detailed above is provided for each debit Entry for which the Receiver is seeking recredit.

An RDFI may obtain a Written Statement of Unauthorized Debit as an Electronic Record, as permissible in Subsection 1.4.3 (Electronic Record Creation and Retention). An RDFI may accept a consumer’s Electronic Signature, as permissible in Subsection 1.4.4. (Electronic Signatures), for a Written Statement of Unauthorized Debit regardless of its form or the method used to obtain it.
APPENDIX A

COMBINED CHANGES TO AUTHORIZATION REQUIREMENTS DUE TO PROPOSALS #1-4

Appendix A illustrates the combined impact of proposals #1-4 (Standing Authorizations; Oral Authorizations; Other Authorization Proposals; ODFI Agrees to Accept Return in Lieu of Providing Proof of Authorization) to Article Two of the Nacha Operating Rules. It includes rule language as it would read if all four changes are approved as proposed.

ARTICLE TWO – RIGHTS AND RESPONSIBILITIES OF ODFIS, THEIR ORIGINATORS, AND THIRD-PARTY SENDERS

Section 2.3 Authorization and Notice of Entries

Subsection 2.3.1 General Rule – Originator Must Obtain Authorization from Receiver

An Originator must obtain authorization from the Receiver to originate one or more Entries to the Receiver's account, except for credit Entries for which the Originator and Receiver are both natural Persons.

An authorization must comply with applicable Legal Requirements, be readily identifiable as an authorization, and have clear and readily understandable terms. A purported authorization for an Entry that is not clear and readily understandable as to its terms, or that is otherwise invalid under applicable Legal Requirements, does not satisfy the requirements of this Subsection 2.3.

Subsection 2.3.2 Form of Receiver Authorization

Subsection 2.3.2.1 Credit Entries to Consumer Accounts, and Any Entries to Non-Consumer Accounts

The Originator of (i) a credit Entry to a Consumer Account of the Receiver, or (ii) any Entry to a Non-Consumer Account of the Receiver, may obtain the Receiver's authorization in any manner permitted by applicable Legal Requirements.

Subsection 2.3.2.2 Debit Entries to Consumer Accounts

The Originator of a debit Entry to a Consumer Account of the Receiver must obtain a written authorization that is signed or similarly authenticated by the Receiver, except (i) as expressly permitted in Subsection 2.3.2.3 (Oral Authorizations) or (ii) as otherwise expressly permitted by these Rules for specific SEC Codes.

In addition to the general requirements for an authorization, as defined under Subsection 2.3.1 (General Rule – Originator Must Obtain Authorization from Receiver), an authorization for a debit Entry to Consumer Account of the Receiver must, at a minimum, include:

(a) A statement by the Originator regarding whether the authorization obtained from the Receiver is for a Single Entry, multiple Entries, or Recurring Entries;

(b) The amount of the Entry(ies) or a reference to the method of determining the amount of the Entry(ies);
(c) The timing (including the start date), number, and/or frequency of the Entries;

(d) The Receiver’s name or identity;

(e) The account to be debited;

(f) The date of the Receiver’s authorization; and

(g) Language that instructs the Receiver how to revoke the authorization directly with the Originator (including the time and manner in which the Receiver’s communication with the Originator must occur). For a Single Entry scheduled in advance, the right of the Receiver to revoke his authorization must afford the Originator a reasonable opportunity to act on the revocation prior to initiating the Entry.

Where these Rules provide that authorization for an Entry may be obtained by notice to the Receiver, the Receiver’s authorization may also be obtained by a signed, written authorization that meets the requirements of this subsection.

Subsection 2.3.2.3  Oral Authorization for Debit Entries to Consumer Accounts
An Originator may obtain a Consumer Receiver’s Oral Authorization for a debit Entry, provided that the Oral Authorization meets the minimum standards for a debit authorization in Subsection 2.3.2.2 (Debit Entries to Consumer Accounts), and (b) meets the additional requirements, including use of the appropriate Standard Entry Class Code and security requirements, for the communication channel used to obtain the oral authorization.

For a Single Entry authorized by the Receiver orally, the Originator must (i) make an audio recording of the oral authorization or provide the Receiver with written notice confirming the oral authorization prior to the settlement of the Entry; and (ii) retain the original or a copy of the written notice or the original or a duplicate audio recording of the oral authorization for two years from the date of the authorization.

For a Recurring Entry authorized by the Receiver orally, the Originator must (i) comply with the requirements of Regulation E for the authorization of preauthorized transfers, including the requirement to send a copy of the authorization to the Receiver, and (ii) retain for two years from the termination or revocation of the authorization (a) the original or a duplicate audio recording of the oral authorization, and (b) evidence that a copy of the authorization was provided to the Receiver in compliance with Regulation E.

The requirement that an Electronic authorization must be visually displayed in a manner that enables the consumer to read the communication, as required by Subsection 2.3.2.7 (Electronic Authorizations) does not apply when the consumer’s authorization is obtained orally.

Subsection 2.3.2.4  Standing Authorization for Debit Entries to Consumer Accounts
An Originator may obtain a Standing Authorization from a Receiver for future Entries to the Receiver’s Consumer Account that require further affirmative action by the Receiver to initiate. In addition to the requirements of Subsection 2.3.2.2 (Debit Entries to Consumer Accounts), an Originator that obtains a Standing Authorization from a Consumer Receiver must clearly specify the action(s) that the Receiver can take to initiate a Subsequent Entry. A Subsequent Entry may be initiated by the manner(s) permitted in the corresponding Standing Authorization.

A Standing Authorization that is also an Oral Authorization must comply with the requirements of Subsection 2.3.2.3 (Oral Authorization for Debit Entries to Consumer Accounts).
Subsection 2.3.2.5 Copy of Receiver Authorization
An Originator must provide each Receiver with an Electronic or hard copy of the Receiver’s authorization for all debit Entries to be initiated to a Consumer Account.

Subsection 2.3.2.6 Electronic Authorizations
The writing and signature requirements of Subsection 2.3.2.2(a) (Authorization and Notices with Respect to Consumer Accounts – Debit Entries) may be satisfied by compliance with the Electronic Signatures in Global and National Commerce Act (15 U.S.C. §7001 et seq.). An Electronic authorization must be visually displayed in a manner that enables the consumer to read the communication.

Subsection 2.3.2.7 Retention and Provision of the Record of Authorization
(a) An Originator must retain the original or a copy of each written authorization, including each Standing Authorization, of a Receiver, or a readily and accurately reproducible Record evidencing any other form of authorization, for two years from the termination or revocation of the authorization. An Originator must retain the original or a copy of an Oral Authorization in the manner and for the time period required by Subsection 2.3.2.3 (Oral Authorization for Debit Entries to Consumer Accounts.)

(b) Upon receipt of an RDFI’s written request, the ODFI must either (1) provide the original, copy or other accurate Record of the Receiver’s authorization to the RDFI within ten Banking Days without charge, or (2) confirm to the RDFI in writing the ODFI’s agreement to accept the Return of the Entry that is the subject of the RDFI’s inquiry at any time within ten Banking Days of providing the confirmation to the RDFI, without regard to any other time limits on Returns under these Rules. Where the ODFI has accepted, or has agreed to accept, the Return Entry, and the RDFI subsequently still requests evidence of authorization of the Entry, the ODFI must provide the original, copy, or other accurate Record to the RDFI within the required time frame.

(c) At the request of its ODFI, the Originator must provide the original, copy, or other accurate Record of the Receiver’s authorization to the ODFI for its use or for the use of an RDFI requesting the information. The Originator must provide the original, copy or other accurate Record in such time and manner as to enable the ODFI to deliver the authorization to a requesting RDFI within ten Banking Days of the RDFI’s request.

Subsection 2.3.2.8 Notices of Variable Recurring Debit Entries to Consumer Accounts
(a) Notice of Change in Amount. If the amount of a debit Recurring Entry to be initiated to a Consumer Account differs from the amount of the immediately preceding debit Recurring Entry relating to the same authorization, or differs from a preauthorized amount, an Originator must send the Receiver written notification of the amount of the Entry and the date on or after which the Entry will be debited at least ten calendar days prior to the date on which the Entry is scheduled to be initiated.

(b) No Notice Required for Change within Agreed Range. The Originator is not required to give the notice in Subsection 2.3.2.6(a) (Notice of Change in Amount) above if (i) the Originator provides, and the Receiver chooses, the option to receive such notice only if the amount of the Recurring Entry falls outside a specified range or if the Recurring Entry differs from the most recent Recurring Entry by more than an agreed upon amount, and (ii) the variation in the amount of the Recurring Entry is within the tolerance agreed to by the Receiver.

(c) Notice of Change in Scheduled Debiting Date. An Originator that changes the scheduled date on or after which debit Recurring Entries are to be initiated to a Receiver’s account must send to the Receiver written notification of the new date on or after which Recurring Entries are scheduled to be debited to the Receiver’s account. The Originator must send such notification to the Receiver at least seven calendar days before the first such Entry is scheduled to be debited to the Receiver’s account. For purposes of this
subsection, variation in debiting dates due to Saturdays, Sundays, or holidays are not considered to be changes in the scheduled dates.

**Subsection 2.3.3 Agreement, Notice, and Authorization for Entries to Non-Consumer Accounts**

**Subsection 2.3.3.1 Agreement to Be Bound by the Rules for Entries to Non-Consumer Accounts**

In addition to the requirements of Subsection 2.3.2.1 (Credit Entries to Consumer Accounts, and Any Entries to Non-Consumer Accounts) the Originator must obtain the Receiver's agreement to be bound by these Rules.

**Subsection 2.3.3.3 Provision of the Record of Authorization**

For a CCD, CTX, or Inbound IAT Entry to a Non-Consumer Account:

(a) Upon receipt of an RDFI's written request for evidence of authorization of the Entry, the ODFI must either (1) provide an accurate record evidencing the Receiver's authorization; (2) provide the contact information for the Originator that, at a minimum, includes (i) the Originator's name, and (ii) the Originator's phone number or email address for inquiries regarding authorization of Entries; or (3) confirm in writing the ODFI's agreement to accept the Return of the Entry that is the subject of the RDFI's inquiry at any time within ten Banking Days of providing the confirmation to the RDFI, without regard to any other time limits on Returns under these Rules. Where the ODFI has accepted, or has agreed to accept, the Return Entry, and the RDFI subsequently still requests evidence of authorization of the Entry, the ODFI must provide the original, copy, or other accurate Record to the RDFI within the required time frame. This record of authorization or contact information must be provided to the RDFI within ten Banking Days of receipt of the request without charge.

(b) At the request of its ODFI, the Originator must provide either (1) an accurate record evidencing the Receiver's authorization, or (2) contact information for the Originator that, at a minimum, includes (i) the Originator's name, and (ii) the Originator's phone number or email address for inquiries regarding authorization of Entries. The Originator must provide the record or information to the ODFI for its use or for the use of an RDFI requesting the information in such time and manner as to enable the ODFI to deliver the information to the requesting RDFI within ten Banking Days of the RDFI's request.

**Section 2.5 Provisions for Specific Types of Entries**

**Subsection 2.5.15 Specific Provisions for TEL Entries (Telephone-Initiated Entry)**

**Subsection 2.5.15.1 General Rule for TEL Entries**

A TEL Entry is a debit Entry to a Consumer Account originated based on an Oral Authorization provided to the Originator by a Consumer Receiver via a telephone call. A TEL Entry may only be used when there is an Existing Relationship between the Originator and the Receiver, or, when there is not an Existing Relationship between the Originator and the Receiver, when the Receiver initiates the telephone call.

**Subsection 2.5.15.2 Use of TEL Standard Entry Class Code for Subsequent Entries (New Subsection)**

At its discretion, an Originator may identify a Subsequent Entry as a TEL Entry if the initiation of the Subsequent Entry is communicated by the Receiver to the Originator orally via a telephone call, regardless of the manner in which the Standing Authorization was obtained.
**Subsection 2.5.15.3 Additional Authorization Requirements for TEL Entries**

In addition to meeting the requirements of Subsection 2.3.2.2 (Debit Entries to Consumer Accounts), an Originator that obtains the Receiver's oral authorization via a telephone call must also provide the Receiver, as part of the terms of the authorization, a telephone number for Receiver inquiries that is answered during normal business hours.

**Subsection 2.5.15.4 Verification of Receiver's Identity**

An Originator must establish and implement commercially reasonable procedures to verify the identity of the Receiver.

**Subsection 2.5.15.5 Verification of Receiver's Routing Number**

An Originator must establish and implement commercially reasonable procedures to verify that the routing number used in the TEL Entry is valid.

**Subsection 2.5.17 Specific Provisions for WEB Entries (Internet-Initiated/Mobile Entry)**

**Subsection 2.5.17.1 General Rule for WEB Entries**

A debit WEB Entry is (1) a debit Entry to a Consumer Account originated based on any form of authorization that is communicated from the Receiver to the Originator via the Internet or a Wireless Network, except for an Oral Authorization via a telephone call, or (2) any form of authorization if the Receiver’s instruction for the initiation of the individual debit Entry is designed by the Originator to be communicated, other than by an oral communication, to the Originator via a Wireless Network.

A credit WEB Entry is a credit Entry initiated by or on behalf of the holder of a Consumer Account that is intended for a Consumer Account of a Receiver, regardless of whether the authorization is communicated via the Internet or Wireless Network.

**Subsection 2.5.15.2 Use of WEB Standard Entry Class Code for Subsequent Entries (New Subsection)**

At its discretion, an Originator may identify a Subsequent Entry as a debit WEB Entry if the initiation of the Subsequent Entry is communicated by the Receiver to the Originator via the Internet, regardless of the manner in which the Standing Authorization was obtained.

**Subsection 2.5.17.3 Annual Audit Requirements for Debit WEB Entries**

An Originator of a debit WEB Entry must conduct, or have conducted on its behalf, annual audits to ensure that the financial information it obtains from Receivers is protected by security practices and procedures that include, at a minimum, adequate levels of:

- physical security to protect against theft, tampering, or damage;
- personnel and access controls to protect against unauthorized access and use; and
- network security to ensure secure capture, storage, and distribution.

**Subsection 2.5.17.4 Use of Fraud Detection Systems**

An Originator of a debit WEB Entry must establish and implement a commercially reasonable fraudulent transaction detection system to screen the debit WEB Entry. Such a fraudulent transaction detection system must, at a minimum, validate the account to be debited for the first use of such account number, and for any subsequent change(s) to the account number.
Subsection 2.5.17.5 Verification of Receiver's Identity
An Originator of a debit WEB Entry must establish and implemented commercially reasonable methods of authentication to verify the identity of the Receiver of the debit WEB Entry.

Subsection 2.5.17.6 Verification of Routing Numbers
An Originator of a debit WEB Entry must establish and implement a commercially reasonable procedures to verify that the routing number used in the debit WEB Entry is valid.

Subsection 2.5.17.7 Additional Indemnity for Credit WEB Entries
An ODFI shall indemnify each RDFI from and against any and all claims, demands, losses, liabilities, and expenses, including attorneys' fees and costs, that result directly or indirectly from the RDFI's accurate communication or display to a Receiver of any information provided within the Payment Related Information field of an Addenda Record Transmitted by the ODFI with a credit WEB Entry.

Subsection 2.5.17.8 ODFI to Satisfy Periodic Statement Requirement for Credit WEB Entries
An ODFI must provide or make available to the Originator the following information with respect to the Consumer Account of the Originator of a credit WEB Entry:

(a) the date funds were debited from the Consumer's Account for the purpose of funding the credit WEB Entry;

(b) dollar amount of the funds debited;

(c) payee name;

(d) a description of the payment;

(e) account type;

(f) account number;

(g) amount of any charges assessed against the account for services related to the Entry;

(h) balances in the Originator's account at the beginning and at the close of the statement period; and

(i) address and telephone number to be used for inquiries or notices of errors preceded by “Direct Inquiries To” or similar language.

References to data elements contained in an Entry are further defined in Appendix Three (ACH Record Format Specifications). The requirements of this subsection apply regardless of whether Regulation E imposes similar requirements on the ODFI.

Subsection 2.5.17.9 Rules That Do Not Apply to Credit WEB Entries
The following subsections do not apply to credit WEB Entries:

(a) Subsection 2.2.2.1 (ODFI Must Enter Origination Agreement with Originator); and

(b) Subsection 2.2.3 (ODFI Risk Management), to the extent applicable to Originators.
ARTICLE EIGHT – DEFINITIONS OF TERMS USED IN THESE RULES

Section 8.55 “Internet-Initiated/Mobile Entry” or “WEB Entry” or “WEB”
(1) a debit Entry initiated by an Originator to a Consumer Account of the Receiver based on (a) an authorization that is communicated, other than by an oral communication, from the Receiver to the Originator via the Internet or a Wireless Network, or (b) any form of authorization if the Receiver’s instruction for the initiation of the individual debit Entry is designed by the Originator to be communicated, other than by an oral communication, to the Originator via a Wireless Network; or

(2) at the discretion of the Originator, a Subsequent Entry for which the initiation of the Subsequent Entry is communicated by the Receiver to the Originator via the Internet, regardless of the manner in which the Standing Authorization was obtained; or

(3) a credit Entry initiated by or on behalf of the holder of a Consumer Account that is intended for the Consumer Account of a Receiver, regardless of whether the authorization of such Entry is communicated via the Internet or Wireless Network.

Section 8.XX “Oral Authorization”
a remote (not in-person) oral authorization of one or more Entries to a Consumer Account. An authorization that is created by voice-to-text technology is not considered an Oral Authorization if it is either (i) visually reviewed and confirmed by the Receiver prior to delivery to the Originator, or (ii) used by the Receiver without prompting by the Originator.

SECTION 8.77 “Prearranged Payment and Deposit Entry” or “PPD Entry” or “PPD”
a credit or debit Entry initiated by an Organization to a Consumer Account of a Receiver based on an authorization from the Receiver.

SECTION 8.XX “Recurring Entry”
an Entry to a Consumer Account that recurs at substantially regular intervals, without further affirmative action by the Receiver to authorization those future Entries.

Section 8.XX “Standing Authorization”
an advance authorization by a Receiver of future Entries to the Receiver’s Consumer Account that requires further affirmative action by the Receiver to initiate those future Entries.

Section 8.XX “Subsequent Entry”
an Entry to a Consumer Account that is initiated by a Receiver’s affirmative action in accordance with the terms of a Standing Authorization.

Section 8.105 “Telephone-Initiated Entry” or “TEL Entry” or “TEL”
a debit Entry initiated by an Originator to a Consumer Account of the Receiver based on an oral authorization obtained over the telephone; or, at the discretion of the Originator, a debit Subsequent Entry for which the initiation of the Subsequent Entry is communicated by the Receiver to the Originator orally via a telephone call, regardless of the manner in which the Standing Authorization was obtained.