



CENTRAL BANK OF LIBERIA

**Automated Check Processing/Automated Clearing House
(ACP)/(ACH)
System Rules**

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Version V1.2

Central Bank of Liberia

Automated Check Processing (ACP)/Automated Clearing House (ACH) Rules

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Document Control

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Document Release

The current version of this document is the pdf document with the greatest version number. After each new release, the version number of the word document is incremented. Point increases are used where there are minor changes, and whole number increases are used where there is a significant change in the released document.

To issue a new version, the word version is saved in pdf format after updating the Document Control section.

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R.1 Introduction

R.1.1 Background

The Automated Clearing House and Automated Check Processor (ACH/ACP) facilitate the electronic clearing of payment items among banks operating in Liberia on behalf of their customers. The ACH is operated by the Central Bank of Liberia (CBL), and settlement takes place over the accounts of banks held on the books of the central bank.

The ACH processes check as well as direct debits and direct credit transfers. Check truncation, the conversion of a check into an electronic form, has been implemented, and the physical presentation of checks has been eliminated. The utilization of the ACH in no way impinges upon, nor alters, the normal banker-customer relationship.

R.1.2 Purpose of the Document

The ACH Rules govern the processing of paper items and electronic entries and apply to all items, entries and entry data transmitted through the ACH. The document defines the relationships and provides guidance for Participants (including the CBL in its role as a Participant) with the day-to-day operation and use of the system. The clearing banks are required and expected to understand and comply fully with these Rules.

These Rules contemplate the establishment of a Rules Committee comprising representatives from all the clearing banks, that is, the nine (9) commercial banks and the Central Bank of Liberia. It is envisaged that these Rules will be reviewed at least annually and revised where necessary. The Participating institutions and the Central Bank of Liberia as ACH Operator may also initiate amendments in accordance with the Procedures for Amending the Rules prescribed in Section R.14 herein.

The Rules shall be construed in accordance with, and governed by, the laws of Liberia. The cardinal rule of construction of documents applies. Accordingly these Rules should be construed so as to make them meaningful and not produce an absurdity.

R.1.3 Related Documentation

These Rules make reference to, and should be read in conjunction with, the Appendices which provide, inter alia, detailed specifications of message and file formats, account numbering and check standards. These Appendices derive from the Participant User Guides furnished by the *BFI Groupe* developers of the software application employed by the ACP/ACH.

Appendix A1 (Check and Account Number Standards)

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Appendix A2 (File and Record Formats)

Appendix A3 (Remittance Exchange Management)

R.1.4 Definitions

The following words have the meanings indicated unless a contrary intention appears.

Term	Description
“Automated Check Processing” or ‘ACP’	The ACP system will be used to process paper instruments (mainly checks). The presenting bank creates check data and image files in the ACP, directs images to the paying bank and sends data files to the ACH.
“Automated Clearing House” or Clearing House or ‘ACH’	The ACH will clear electronic payments, including check data from the ACP system, together with electronic direct debits and direct credits. The aggregated ACH transactions will be settled in the Real Time Gross Settlement (RTGS) system”.
“Central Bank of Liberia” or CBL or the Bank	The central bank, licensed under the Central Bank of Liberia Act 1999.
“Banking Day”	A day on which all Participating DFIs are open to the public during any part of such day for carrying on banking business.
“Beneficiary”	The customer of a bank who is to receive a payment from a bank or from the customer of another bank
“Business Day”	A calendar day other than a weekend day, a public Holiday or any other day as determined by the competent authority.
“Check”	A bill of exchange drawn on a bank by the holder of a current account; payable into a bank account, if crossed, or on demand, if uncrossed.
"Clearing"	The process of exchange of approved payment items/data and the calculation and reconciliation of the net amounts due to or by participating financial institutions prior to settlement.
“Collecting Bank” or “Presenting Bank”	The bank branch at which a check is first delivered by or on behalf of the Beneficiary for collection
“Direct Credit”	The means by which an organisation can transfer funds electronically, directly into a specified bank to make payments to accounts of individuals or companies.

Term	Description
"Direct Debit"	A payment of an agreed amount collected from a customer's bank account by an Originator on request
"Distribution"	The routing of transactions from one Participant to the other Participants and the creation of transactions for the net value of such transactions exchanged through the ACH.
"Drawee"	The Participant institution to which a Payment Item is addressed, and which is directed to pay the amount of money therein mentioned.
"Drawer"	A person, individual or corporate, that originates and issues an order directing the payment of an amount by way of a Payment Item against a deposit account held with the Drawee.
"Endorsement"	A signature made by a holder of an Instrument on the item when negotiating (transferring) it to another person, or the stamp placed by a bank on the Instrument for the purpose of clearing.
"Entry"	An order or request complying with the requirements of Appendix A2 (File and Record Formats) for (1) the deposit of money to the deposit account of a Receiver (a "credit entry"), (2) the payment of money from the deposit account of a Receiver (a "debit entry"), (3) a zero LRD entry or (4) all entries constituting notice of presentment of an eligible item as defined in these Rules.
"Indirect Participating Institution"	An Institution that holds payment accounts with the central bank but uses Participating DFIs' technical infrastructure for the exchange of payment items with the Clearing House. The IPI is financially liable for the exchange and payment of its Payment Items.
"Instrument"	The means of payment or type of operations which can be processed by the Clearing House.
"Image"	The image of the scanned instrument created through a scanning process.

Term	Description
"Item in Dispute"	A returned Item or entry that is a dishonoured Payment Item that the Collecting Bank (ODFI) believes was not returned in accordance with these Rules.
"LRD"	The Liberian Dollar, the local currency
"Manager's Check"	A Payment Item issued by a Participating Depository Financial Institution and drawn on itself for the purpose of ordering a payment to be made to a payee.
"MICR codeline"	The magnetic ink marking area at the bottom of the check or the bank draft (The Standards accepted by the Clearing House are CMC7 or MICR E13B).
"Originating Depository Financial Institution" or "ODFI"	A Depository Financial Institution that transmits entries directly to the ACH for transmittal to an RDFI. In the context of paper instruments ODFI refers to the DFI, that is the presenting bank, that receives the check from its customer (the payee) and subsequently presents the check through the clearing on the bank of the drawer, the RDFI, for payment.
"Originator"	A person that has authorized a DFI to transmit a credit or debit entry to the deposit account of a Receiver with a DFI, or, if the Receiver is also the DFI, to such Receiver. Where the context so requires, the term also refers to the ODFI.
"Participating Depository Financial Institution" or "Participating DFI" or "Participating Institution"	A financial institution that (1) is connected to the Clearing House through its own platform and which is responsible for financial commitments versus other participating institutions; (2) is authorized by law to accept deposits, (3) operates an account with the central bank and (4) has agreed to be bound by these Rules as in effect from time to time. Only Participating DFIs may act as ODFIs or RDFIs authorized to transmit entries and receive entries from the ACH Operator.
"Payment Item" or Item	Any approved clearing item as provided under Rule R.3.3.

Term	Description
"Receiving Depository Financial Institution" or "RDFI"	The Participating Depository Financial Institution that receives entries from the ACH for debit or credit to the accounts of Receivers. With respect to paper items, RDFI refers to the drawee bank. The RDFI will collect the funds from its customer upon presentment of the item by the ODFI.
"Receiver"	A person that has authorized an Originator to initiate a credit or debit entry to the Receiver's deposit account with a DFI, or, if the Receiver is also the DFI, to such Receiver. With respect to debit entries, the term "Receiver" shall be deemed to mean all persons whose signatures are required to withdraw funds from an account for purposes of the warranty provisions of Sub-section R.7.2 (Warranties of Receiving Depository Institutions).
"Receiving Point"	The physical location of the offices where the <i>Hanibal Poste-Autocollecte</i> Mailbox for the Participating DFI is located.
"Sending Point"	The physical location of the offices where the <i>Hanibal Poste-Autocollecte</i> Mailbox for the Participating DFI is located.
"Settlement Account" or "Account"	The Settlement Account maintained by a Participating DFI on the books of the central bank
"Settlement date"	The date on which an operation is settled. It is expressed in the D + n form, where D is the presentation day and n the settlement period, that is the number of banking days between the instrument's presentation day for clearing and its settlement date..
"Sub-Participant"	A Sub-Participant does not hold a settlement account at the central bank but participates in the clearing process through a DFI or an indirect participating institution with which it has a bilateral agreement. It is the representing participating institution that assumes the financial commitments of the sub-participant through its own settlement account at the Central Bank.
"Transmit"	To deliver by electronic means of communication

Term	Description
"Truncation"	A process whereby checks are presented by transmission of data describing the check rather than by the delivery of the check itself. The check itself may be delivered subsequent to the electronic presentment, although this is not required in Liberia.

R.1.5 Rules for Interpreting This Document

Headings and sub-headings are for convenience only. They are guides to reading, but not aids to construction, and do not affect interpretation. The following rules also apply in interpreting this document, except where the context makes it clear that a rule is not intended to apply.

- a. A reference to:
 - i. Legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
 - ii. A document or agreement, or a provision of a document or agreement, is to that document, agreement or provision as amended, supplemented, replaced or notated;
 - iii. A party to this document or to any other document or agreement includes a permitted substitute or a permitted assign of that party;
 - iv. A person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person; and

Anything (including a right, obligation or concept) includes each part of it.
- b. A singular word includes the plural, and vice versa.
- c. A word which suggests one gender includes the other gender.
- d. If a word is defined, another part of speech that is a derivative of that word has a corresponding meaning.

R.1.6 Business Day

If the day on or by which a person must do something under this document is not a Business Day:

- a. If the act involves a payment that is due on demand, the person must do it on or by the next Business Day; and
- b. In any other case, the person must do it on or by the previous Business Day.

R.1.7 Payment Systems Act 2014

The legality of a check image or other electronic media as proof of a contract between the drawer and payee and its admissibility as evidence, or relating to the transfer of funds, is enshrined in the *Payment System Act of June 2014, article 31.3* which states: *“Payment instructions, messages and funds transfers that are initiated, processed and executed through electronic means including electronic signatures shall be admissible as prima facie evidence of the matters or transactions of the original instrument, on proof being given on written affidavit”.*

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R.2 Rules Application and Compliance

R.2.1 Application of Rules

These Rules apply to all entries and entry data transmitted through the Automated Clearing House (ACH).

R.2.2 Participating Institutions

There are four types of institutions participating in the clearing system.

The Central Bank

The Central Bank of Liberia operates the Automated Clearing House and is also a Participating Depository Financial Institution.

Participating Depository Financial Institution

It is a participating institution which is directly connected to the Clearing House through its own platform and which is responsible for financial commitments arising on its own behalf as well as on behalf of other participating institutions, on whose behalf items are processed through its settlement account held at the central bank.

Indirect Participating Institution

These institutions hold payment accounts with the central bank but use Participating Depository Financial Institutions' technical infrastructure for their exchanges with the Clearing House.

Sub-participating Institution

Such an institution does not hold a settlement account at the central bank but participates in the clearing process through a Participating Depository Financial Institution with which it enters into an agreement. It is the representing participating institution that assumes the financial commitments of the sub-participating institution through its own settlement account at the central bank.

R.2.3 Compliance with Rules

Agreement to Comply

Each Participating Institution shall execute the Participant Agreement to indicate its agreement to comply with these Rules and that it will comply with the Rules enforcement procedures prescribed herein.

Audits

Each Participating DFI shall conduct system audits of its compliance with these Rules at least annually in accordance with the procedures prescribed by the Central Bank of Liberia.

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Applicable Laws

These Rules and the rights and obligations of a party with regard to all items submitted for clearing shall be construed in accordance with and governed by the laws of Liberia. Disputes arising under these Rules between DFIs or between a DFI and an Indirect Participating Institution or between the central bank and another DFI are governed by the laws of Liberia.

Retention of Records

Each Participating Institution must retain records of all entries, including return and adjustment entries, transmitted from or to the ACH. These records must be retained for not less than seven years from the date the entry was transmitted. The Participating Institution must, if requested by any other Participating Institution (through an authorized signatory) which originated, transmitted, or received the entry or the ACH, provide the requester with a printout or reproduction of the information relating to the entry. The Participating Institution may impose a reasonable charge for the provision of such information.

R.2.4 Management and Administration

Establishment and Functions

The ACH Rules Committee ("Committee") is hereby established to manage and administer the operation and implementation of these Rules, and to settle disputes in relation to interactions between Participants pursuant to these Rules. Each DFI may report a material breach of these Rules to the Committee.

Representatives

Each Participant shall appoint one senior officer to the Committee as its representative by written notice to the Committee and an alternate (See Annex 1) and may remove and replace any appointee from time to time in the same manner.

Meetings

The Committee shall meet at the central bank at such times as it determines. A meeting of the Committee may be called by any Participant at any time provided that the other Participants are given five banking days' notice of the time and venue of the meeting. Minutes of each meeting shall be kept. Meetings of the Committee shall be chaired by the central bank's representative.

Decisions

All decisions of the Committee must be carried by a two-thirds majority vote. Where this is not achieved, the CBL has the casting vote. Insofar that such decision does not affect the basic rules or compromises the procedures established to uphold the ACH rules

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R.3 Items Acceptable for Clearing

R.3.1 Introduction

This Rule outlines the general requirements with respect to the Items acceptable for clearing.

R.3.2 Criteria for Clearing Items

Only Payment Items specified in the Rules may be exchanged through the clearing. Payment Items exchanged through the clearing shall be payable on demand or otherwise conform to the rules as to value date, be drawn on or payable through a Participating Depository Financial Institution and be endorsed or guaranteed as specified in the Rules.

R.3.3 Approved Classes of Clearing Items

The following classes of Items are approved for clearing

- (1.) Paper based Payment Items including Checks, Manager's Checks;
- (2.) Payment Items recorded on magnetic media or compact disk and capable of being reproduced in alphanumeric characters on paper, microfilm or other permanent storage medium;
- (3.) Payment Items transmitted in any other electronic message medium capable of being reproduced in alphanumeric characters by both the sending and receiving institutions on paper, microfilm or other permanent storage form; and
- (4.) Any other Payment Items that may be specified by the central bank from time to time.

Checks and other paper based items must be MICR-encoded as per WAMZ standard and codification to facilitate processing by electronic means in the ACH/ACP.

R.3.4 Items Eligible for Clearing

The following Items are specified as eligible for clearing

- (1.) Checks drawn by a customer on an account maintained by that customer at a Branch of a DFI where the decision to honour or dishonour rests with the Drawee;
- (2.) Direct Credit Electronic Payment Items;
- (3.) Direct Debit Electronic Payment Items;
- (4.) Manager's Checks
- (5.) Returned or Re-presented Items as described in Rule R.8 (*Returned and Redirected Items*);

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(6.) Any other Items approved by the Central Bank of Liberia.

R.3.5 Disqualifying Conditions

Items in Dispute

No Item in dispute (as described in Rule R.16 (Dispute Resolution) shall be re-introduced into the clearing.

Post-Dated Items

No Item that is post-dated shall be introduced into the clearing. A post-dated Item is one charged to the paying bank on a date sooner than the date of the Item.

Month-Dated Items

An Item not bearing the day of the month shall not be introduced into the clearing prior to the first business day of the month indicated on the Item.

Third Party Check

Third party checks are not acceptable in the clearing.

Conditional Statements

- (1.) Where an Item bears a conditional statement, on its face or on the reverse, such condition shall not be binding on the presenting bank.
- (2.) For the purpose of this Sub-section, conditional statements include:
 - (i.) "Void if over LRD xxx"
 - (ii.) "Item expires on"
 - (iii.) "Not valid after [a certain date]"
 - (iv.) "Not valid if presented for payment after X days following date of issuance"

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R.4 Processing of Clearing Items

R.4.1 Check Truncation

General

An ODFI uses electronic check presentment in order to obtain payment from an RDFI, whereby a check from the RDFI's customer is presented for payment. The services generally entail the presentment of a check via electronic transmission of data obtained from its MICR code line as specified in Appendix A1 (Check and Account Number Standards), with an image of the check itself being delivered concurrently with the electronic presentment. For this section, "entry" refers to a demand for payment made upon an RDFI by an ODFI complying with the requirements of this section.

Scanning the Item

Both sides of each item must be scanned into an image file as described in Appendix A2 (File and Record Formats).

Preparation of the Data File

Each presenting bank (ODFI) shall, prior to scanning and presentation of the image, enter in magnetic ink on the face of an Item the amount for which it is drawn. As a part of the scanning process the MICR encoding shall be read into a data file as described in Appendix A2 (File and Record Formats).

Reconciliation of Data and Image Files

Image and data files must be validated by the presenting bank or ODFI and all MICR errors identified shall be corrected before the image is processed in the Automated Check Processor.

Responsibility for Encoding and Encoding Errors

In the event of an error in encoding and the making of an entry, the bank making the erroneous entry, the ODFI, shall indemnify and hold harmless the bank on which it is drawn, the drawee bank or RDFI, to the extent of the difference between the amount entered in the data file and the actual value of the Item, plus any interest income foregone or interest expense charged as a consequence of the error, from the date the instrument was debited to the drawer's account to the date of the settlement of the claim in accordance with the provisions of Rule R.8. Any such Item should be settled by direct claim on the financial institution making the erroneous entry and the claim must be made within twelve (12) months of the date of the erroneous entry. If the presenting bank encodes a lesser amount than the actual value the issue of compensation does not arise.

Where an item deposited by a customer is not machine readable because, for example, the MICR-code line is defaced, the presenting bank or ODFI shall present the item directly to the Drawee bank for payment. For purposes of such direct presentation, banks are required to formally advise the central bank and all other Participating DFIs of their principal office and of changes to the location of these offices.

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Exchange of Items

All Items shall be exchanged and processed by payment type, for example, checks, direct debits and direct credits, card transactions.

Retention of Paper Items

Originating DFIs' must retain the physical paper item for a minimum of 12 months after the date of clearing after which the said item may be destroyed.

R.4.2 Endorsement of Paper Items

Introduction

This Rule outlines procedures for the endorsement of paper Payment Items acceptable for clearing.

Requirement to Endorse

Each Participating Institution that is a party to the clearing of an Item, beginning with the Sub-participant Institution and ending with the Drawee, shall endorse or otherwise place an identifying mark on the Item to facilitate tracing (proper endorsement, validation, clearing stamp and scanner endorsement)

A payee's Endorsement is not a "necessary endorsement" where the item is deposited to the credit of the person's account and that person is the same person as the named and intended payee on the check.

Items made payable to cash must be endorsed by the drawer.

Guarantee of Endorsement

Each image of a paper Item delivered through the clearing shall bear the endorsement of the delivering DFI. Such endorsement shall be deemed to guarantee the genuineness of all endorsements or lack of endorsement regardless of amount. The presenting bank hereby indemnifies the paying bank against any claims that may arise with respect thereto, subject to the condition that the guarantee implied by the crossing stamp shall be for a period of seven years from the date of payment of the check and all claims must be made on the ODFI within that period. The Item must not however be returned through the clearing after the normal recourse period has expired.

Forms of Endorsement

Endorsements must include the following:

- (i.) ODFI name and Branch domicile;
- (ii.) Date; and
- (iii.) Teller Number

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R.5 Origination of Electronic Entries (Direct Credits and Direct Debits)

R.5.1 Prerequisites to Origination

The following sub-sections detail the prerequisites an Originator must fulfill prior to initiating the first Direct Credit or Direct Debit entry to a Receiver or to a Receiver's account with a DFI.

Receiver Authorization and Agreement

The Receiver must authorize the Originator to initiate the entry to the Receiver's account and such authorization must also specify the manner in which revocation should take place. In the case of debit entries to an account, the authorization must be in writing, signed or similarly authenticated. The term similarly authenticated includes the use of a digital signature or other code. To meet the requirement that an authorization be in writing, an electronic authorization must be able to be displayed on a computer screen or other visual display that allows the communication to be read. The authorization also must be readily identifiable as an authorization, must clearly and conspicuously state its terms, and must provide that the Receiver may revoke the authorization only by notifying the Originator in the manner specified in the authorization. In the case of credit entries, the authorization may be provided orally or by other non-written means. Entries described in Sub-section R.5.1.2 (Exception to Authorization Requirement) are excepted from these Receiver authorization requirements.

Exception to Authorization Requirement

If both the Originator and Receiver are natural persons, no authorization by the Receiver is required for credit entries, and no warranty with respect to that authorization is made by the DFI. The provisions of Sub-section R.6.5. (Records) and Sub-section R.7.1.1 (Right to Information Regarding Entries) are not applicable to the entries described in this Sub-section R.5.1.2.

R.5.2 Warranties and Liabilities of Originating Depository Financial Institutions

DFI and Indirect Participating Institution Warranties

Each DFI and Indirect Participating Institution sending an entry warrants the following to each Receiving DFI, and the ACH:

R.5.2.1.1 Authorization by Originator and Receiver

Each entry transmitted by the DFI to the ACH is in accordance with proper authorization provided by the Originator and the Receiver.

R.5.2.1.2 Timeliness of Entries

Each credit entry is timely, and each debit entry is for an amount which on the Settlement Date will be due and owing to the Originator from the Receiver, is for

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a sum specified by the Receiver to be paid to the Originator, or is to correct a previously transmitted erroneous credit entry.

R.5.2.1.3 Compliance with Other Requirements

All other applicable requirements of Section R.5.1 (Prerequisites to Origination) concerning the authorization and entry have been satisfied, the entry has not been reinitiated in violation of Sub-section R.8.2.7 (Re-initiation of Returned Entries by an Originating DFI), and the entry otherwise complies with these Rules.

R.5.2.1.4 Revocation of Authorization

At the time the direct debit entry is transmitted to the ACH, the Originator's authorization has not been revoked, the agreement between the ODFI and the Originator concerning the entry has not been terminated, and neither the DFI nor the Originator has actual knowledge of the revocation of the Receiver's authorization or of the termination of the arrangement between the Receiving DFI and the Receiver concerning the entry.

R.5.2.1.5 Termination of Authorization by Operation of Law

At the time the entry is processed by a Receiving DFI, the authorization for that entry has not been terminated, in whole or in part, by operation of law. This Sub-section shall not apply if the Receiving DFI has actual knowledge of the circumstances giving rise to such termination at the time it processes the entry and the Originating DFI does not have such actual knowledge.

R.5.2.1.6 Transmittal of Required Information

Each entry transmitted by the Originating DFI to the ACH contains the correct Receiver account number and all other information necessary to enable the Receiving DFI to comply with the requirements of Section R.7.5 (Periodic Statements) except for information within the purview of the Receiving DFI's relationship with the Receiver. Information transmitted with an entry is payment-related and conforms to the requirements of Appendix A2 (File and Record Formats).

R.5.2.1.8 Audits

The Originating DFI and any third-party service provider that has acted on behalf of the Originating DFI with regard to the entry are in compliance with the audit requirements prescribed, which provide for an annual audit of compliance with these Rules.

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R.5.3 Limitation

Notwithstanding anything in these Rules to the contrary, the warranties contained within Sub-section R.5.2.1 (DFI and Indirect Participating Institution Warranties) and the requirements of Sub-section R.5.1.1 (Receiver Authorization and Agreement) do not apply to the goods or services to which the entry relates.

R.5.4 Liability for Breach of Warranty

Each Originating DFI breaching any of the preceding warranties shall indemnify every Receiving DFI and the ACH from and against any and all claim, demand, loss, liability, or expense, including attorneys' 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. This indemnity includes, without limitation, any claim, demand, loss, liability, or expense based on the ground 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. This indemnity also includes without limitation, any claim, demand, loss, liability, or expense resulting from the failure of the Originating DFI to comply with the provisions of these Rules or with the laws of Liberia.

R.5.5 Reversing Files

General Rule

If an Originator, Originating DFI, has erroneously 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 DFI, may initiate a file of entries (referred to as a "reversing file") in accordance with Appendix A2 (File and Record Formats) and this Section R.5.5 to reverse each entry of the duplicate or erroneous file or batch.

Timeframe for Initiation of Reversing Files

Each reversing file initiated by the Originator, Originating DFI must be initiated in such time as to be transmitted or made available to the Receiving DFI(s) within two banking days after the Settlement Date of the duplicate or erroneous file or batch. In the case of a reversing file initiated by an Originator or Originating DFI, the file must be transmitted to the ACH within 24 hours of the discovery of the duplication or error. In the case of a reversing file initiated by the ACH, the file must be transmitted to the appropriate Receiving DFI(s) within 24 hours of the discovery of the duplication or error.

Correcting Files

A reversing file to correct an erroneous file or batch must be accompanied by a file (referred to as a "correcting file") which contains correct information. The correcting file must comply with the requirements of Appendix A2 (File and Record Formats).

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Indemnification

Each Originating DFI that initiates a reversing or correcting file shall indemnify every Participating DFI and the ACH from and against any and all claims, demand, loss, liability, or expense, including attorneys' fees and costs, that result directly or indirectly from the debiting or crediting of any entry in the file to the Receiver's account. Each Originating DFI also shall indemnify every Receiving DFI and the ACH from and against any and all claim, demand, loss, liability, or expense, including attorneys' fees and costs, resulting directly or indirectly from the crediting or debiting of any entry contained in a reversing or correcting file initiated by an Originator through the Originating DFI.

Inapplicable Provisions

For a reversing file complying with the requirements of this section, the provisions of Sections R.5.1 (Prerequisites to Origination), R.5.2 (Warranties and Liabilities of Originating Depository Financial Institutions), and Section R.6.3 (Notice by Originator to Receiver of Variable Debits) do not apply.

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R.5.6 Reversing Entries

General Rule

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. The reversing entry must be transmitted to the ACH in such time as to be transmitted or made available to the Receiving DFI by the end of the second banking day following the Settlement Date of the erroneous entry. For this Section R.5.6 only, an erroneous entry is defined as an entry that (1) is a duplicate of an entry previously initiated by the Originator or Originating DFI; (2) orders payment to or from a Receiver not intended to be credited or debited by the Originator; or (3) orders payment in an amount different than was intended by the Originator. The Originator must notify the Receiver of the reversing entry and the reason for the reversing entry no later than the Settlement Date of the reversing entry.

Indemnification

Each Originating DFI that initiates a reversing entry shall indemnify every Participating DFI and the ACH from and against any and all claims, demand, loss, liability, or expense including attorneys’ fees and costs, that result directly or indirectly from the debiting or crediting of the reversing entry to the Receiver’s account. Each Originating DFI also shall indemnify every Receiving DFI and the ACH from and against any and all claims, demand, loss, liability, or expense including attorneys’ fees and costs, that result directly or indirectly from the debiting or crediting of the reversing entry initiated by an Originator through the Originating DFI.

Inapplicable Provisions

For a reversing entry complying with the requirements of this section, the provisions of Sections R.5.1.1 (Receiver Authorization and Agreement), R.5.2.1 (DFI and Indirect Participating Institutions Warranties), and Section R.6.3 (Notice by Originator to Receiver of Variable Debits), do not apply.

R.5.7 Media and Format Specification Requirements

Each entry transmitted by an ODFI to the ACH must comply with the requirements specified in Appendix A2 (File and Record Formats).

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R.6 Obligations of Originators – Direct Debits

R.6.1 General

In addition to the requirements of Section R.5.1 (Prerequisites to Origination - Direct Credits and Direct Debits) concerning the initiation of entries, an Originator of a direct debit entry must comply with the requirements contained within this Section R.6.

R.6.2 Pre-notifications

A Pre-notification entry is a zero amount transaction which is used to verify that the account number on an entry is for a valid account at a Receiving DFI. Prior to sending a debit entry, Originators must submit a Pre-notification entry to the Receiver's DFI for verification.

R.6.3 Notice by Originator to Receiver of Variable Debits

Notice of Change in Amount

If the amount of a direct debit entry to be initiated to an account differs from the amount of the immediately preceding direct debit entry relating to the same authorization or from a preauthorized amount, the 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. The Originator must send the Receiver written notice at least ten calendar days prior to the date on which the new entry is scheduled to be initiated.

Receiver's Election

If the Originator informs the Receiver of the Receiver's right to receive notification concerning a change in the amount of a debit entry, the Receiver may choose to receive notice only if the amount of the entry falls outside a specified range or if the entry differs from the most recent entry by more than an agreed upon amount.

Notice of Change in Scheduled Debiting Date

If 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 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. Such notification shall be sent not less than ten calendar days before the first entry to be affected by the change is scheduled to be debited to the Receiver's account. For purposes of this Sub-section, variation in debiting dates due to Saturdays, Sundays, or public holidays are not considered to be changes in the scheduled dates.

R.6.4 Copy of Debit Authorization

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An Originator must on request provide each Receiver with an electronic or hard copy of the Receiver's authorization for debit entries to be initiated to an account. How can this be done considering the ACP/ACH

R.6.5 Records

An Originator must retain the original or a microfilm-equivalent copy of each authorization of a Receiver for seven years from the termination or revocation of the authorization. At the request of its Originating DFI, the Originator must provide the original or copy of the authorization to the Originating DFI for its use or for the use of a Receiving DFI requesting the information pursuant to Sub-section R.7.1.1 (Right to Information Regarding Entries).

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R.7 Receipt of Entries - Direct Debits

R.7.1 General Rights and Obligations of Receiving Depository Financial Institution

Right to Information Regarding Entries

Prior to acting as a Receiving DFI for a Receiver, the Receiving DFI may request, in writing, that an Originating DFI provide a copy of the Receiver's authorization for any entries. Upon receipt of the Receiving DFI's written request, the Originating DFI must obtain the original or a copy of the Receiver's authorization from the Originator in accordance with Section R.6.4 (Copy of Debit Authorization) and provide it to the Receiving DFI. The Receiving DFI must not require the Originator to provide any other information concerning the Receiver or any entry to be initiated by the Originator to the Receiver's account.

Obligation to Accept Entries

Subject to its right to return or reject entries under these Rules, a Receiving DFI must accept credit, debit, and zero amount entries that comply with these Rules and are received with respect to any account maintained with that Receiving DFI.

Reliance on Account Numbers for Posting of Entries

If the account number and the name of the Receiver contained in an entry do not relate to the same account, the Receiving DFI may rely solely on the account number contained in the entry for purposes of posting the entry to the Receiver's account.

If an RDFI is returning a check unpaid for any reason, the image must be returned to the ODFI on the day following the settlement date.

R.7.2 Warranties of Receiving Depository Financial Institutions

Each Receiving DFI warrants to each Originating DFI and the ACH that it has the power under applicable law to receive entries as provided in these Rules and to comply with the requirements of these Rules concerning Receiving DFIs and Participating DFIs. Each Receiving DFI also warrants that the Receiving DFI and any third-party service provider that has acted on behalf of the Receiving DFI with regard to the entry are in compliance with the audit requirements as prescribed by these Rules, which provides for an annual audit of compliance with these Rules.

R.7.3 Receipt and Availability of Entries

An entry or entry data is deemed to be received by a Receiving DFI on the banking day on which the entry or entry data is made available to it. An entry or entry data is made available to a Receiving DFI when the entry or entry data is processed by the ACH and the net settlement files are ready for distribution and upload to the real time gross settlement system for settlement.

R.7.4 Availability of Entries and Entry Data, Crediting and Debiting of Entries

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Availability of Credit Entries to Receivers

Subject to its right to return or reject entries in accordance with these Rules, each Receiving DFI must make the amount of each credit entry received from the ACH available to the Receiver for withdrawal no later than the banking day following the settlement date of the entry.

Time of Debiting of Direct Debit Entries

A Receiving DFI must not debit the amount of any Direct Debit entry to a Receiver's account prior to the Settlement Date of the entry.

Rights of Receiver upon Unauthorized Debit to Its Account

A Receiver or other person whose account is debited by an entry which is, in whole or in part, not authorized by such person shall have rights, including the right to have the account re-credited as provided by law or agreement. Each Receiving DFI that initiates the re-credit of an entry said to be unauthorized which turns out to be an authorized entry shall indemnify the ACH Operator, the Originating DFI and the Originator from and against any and all expense that results directly or indirectly from handling the request.

R.7.5 Periodic Statements

A Receiving DFI must send or make available to each of its Receivers information by way of periodic statements concerning each credit and debit entry to an account of the Receiver.

R.7.6 Notice to Receiver

A Receiving DFI 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 DFI and Receiver or required by law or regulation which cannot be varied by these Rules or by agreement of the parties.

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R.8 Returned and Redirected Items

R.8.1 Return of Paper Based Items

Introduction

This Rule outlines procedures, timeframes and responsibilities whenever an item is exchanged through the clearing for payment and payment is refused or cannot be obtained and where the Drawee (RDFI) returns or redirects the item through the clearing.

Nothing in this Rule precludes a Drawee from exercising its rights and seeking remedies outside of the clearing. Before taking such action however, the Drawee must exercise the options available under Rule R.16.

Scope

The procedures, timeframes and responsibilities set out in this Rule shall apply to each Participating Institution, and shall limit the degree to which they can seek to recover from other Participating Institutions through the clearing for Items which are either dishonoured or otherwise not able to be processed by the Drawee.

Reason for Return

Subject to the exceptions listed in the following sub-sections, an Item may be returned through the clearing by the Drawee if, for any valid reason, the Item cannot be paid.

Difference in Words and Figures

All items or transactions shall be rejected or returned whenever there is a difference in words and figures no matter the amount involved.

Manager's Check

A Drawee may not return a Manager's Check properly prepared and disbursed, unless the Item is returned for the reason that an endorsement is forged, missing or incomplete or for the reason that the Item has been altered subsequent to issuance or where the item has been fraudulently negotiated.

Time Limitation for Return

- a) Subject to Section R.8.1.5, each Item being returned through the clearing shall be returned by the Drawee to the ODFI no later than the banking day following receipt of the entry by the Drawee i.e. D to D+1.
- b) Where a returned Item contains a "forged signature", the Item shall be returned no later than the banking day following receipt by the Drawee.
- c) Where an item contains both a "forged signature" and a "forged endorsement", the Item shall be returned no later than the banking day following receipt by the Drawee.

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Forged Endorsement

There is no time limitation if an Item is being returned for the reason "Forged Endorsement". If however, it is being returned outside of the normal recourse period, it must not be sent through the clearing.

In returning an Item with a forged endorsement, the Drawee shall provide the ODFI with a declaration, signed by the drawer, that the endorsement is a forgery.

Duplicate Items

Where both an original and its replacement have been paid, the second Item paid shall be returned, for the reason "Duplicate Item", together with supporting explanation of the reason for the return.

Redirected Items

Where a Drawee re-routes an Item due to the transfer of an account to another Branch, the timeframe for return (the recourse period) shall not be extended to accommodate this.

Re-Cleared Items

An Item being returned for any reason, other than those checks represented under the code 33 provision, shall not be re-presented through the clearing by the ODFI a second time, unless authorized in writing by the Drawee.

Item Incorrectly Amount Encoded

An Item is deemed to be incorrectly amount encoded when the amount entered in the data file differs from the amount written in figures on the face of the Item.

- a) All items incorrectly amount-encoded shall be returned no matter the amount involved.
- b) The Participating Institution which initially amount encoded the item shall indemnify and hold harmless the RDFI on which the item is drawn to the extent of the difference between the encoded amount entered on the face of the Item and the actual value of the item plus any interest income foregone or interest expense charged as a consequence of the error from the date the instrument was debited to the drawer's account to the date of settlement of the claim, provided the error is detected within 12 months from the date that the item was first cleared.
- c) Where the encoded amount differs from the amount expressed in words on the face of an Item, but is identical to the amount written in figures, the Item shall be returned for the reason "words and figures differ" within the timeframes stipulated in these Rules.

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Stale Dated Items

Each Item dated more than six months prior to presentment for payment may be returned unpaid for the reason "Stale Dated".

Note: Confirmation that such Items are still acceptable may be obtained by inquiry via Skype or phone, or by presenting the Item directly to the Drawee bank.

R.8.2 Return of Electronic Entries

Right to Return Entries

Except as otherwise provided for in Sub-section R.8.2.3 (Restrictions on Right to Return), a Receiving DFI may return an entry for any of the reasons stated in Appendix A3 (Remittance Exchange Management).

Requirements of Returns

Each return entry must comply with the requirements of Appendix A3 Sub-Section 3.2 (Return/Rejection Codes). A return entry relating to a credit entry must be transmitted by the Receiving DFI to the ACH if the Receiver of the entry does not have an account with the Receiving DFI, the Receiver's account has been closed, or the Receiving DFI is not permitted by law to receive credits for the Receiver's account.

Restrictions on Right to Return

A Receiving DFI may not return an entry solely because it is a credit, debit, or zero amount entry or is a particular type of credit, debit, or zero amount entry.

Credit Entries Returned by Receiver

A Receiving DFI may return any credit entry that is returned to it by a Receiver. The Receiving DFI must transmit the return entry to the ACH before the cut off time for the last clearing session of the banking day following the banking day of receipt from the Receiver.

Acceptance of Return Entries by ODFI

An Originating DFI must accept return entries complying with Appendix A3 (Remittance Exchange Management) and transmitted by the RDFI within the time limits established by these Rules.

Re-initiation of Return Entries by an Originating DFI

An entry that has been returned may not be reinitiated by the Originating DFI unless it has taken corrective action to remedy the reason for the return.

R.8.3 Dishonour of Return Entries

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Dishonour of Return by Originating DFI

An Originating DFI may dishonor a return entry (1) if it can substantiate that the Receiving DFI failed to return the entry within the time limits established by these Rules, thus causing either the Originating DFI or Originator to suffer a loss, or (2) if the return entry contains incorrect information, does not include all information required by Appendix A3 Sub-Section 3.2 (Return/Rejection Codes) or otherwise fails to comply with the requirements of Appendix 3. To dishonor a return entry, the Originating DFI must transmit a dishonored return entry complying with Appendix A3 to the ACH within one banking day after the Settlement Date of the return entry.

Contesting of Dishonoured Returns by a Receiving DFI

A Receiving DFI may dispute a dishonored return entry even if the return entry was, in fact, returned within the time limits established by these Rules by initiating a contested dishonored return entry. A contested dishonored return entry must comply with the requirements of Appendix A3 Sub-section 3.2 (Return/Rejection Codes) and must be transmitted to the ACH within one banking day after the Settlement Date of the dishonored return entry. The Originating DFI must accept a contested dishonored return entry transmitted by the Receiving DFI and complying with this Sub-section R.8.3.2.

Contesting a Contested Dishonoured Return

An Originating DFI may not contest a contested dishonored return received from a Receiving DFI by reinitiating the entry. Any further action concerning a contested dishonored return must be pursued outside of the ACH.

Corrected Returns

A Receiving DFI receiving a dishonored return entry based on a return entry containing incorrect information, failing to contain all information required by Appendix A3 Sub-section 3.2 (Return/Rejection Codes), or otherwise failing to comply with the requirements of Appendix A3 may transmit a corrected return entry to the ACH within one banking day of the Settlement Date of the dishonored return entry. The corrected return entry must comply with the requirements of Appendix 3 and must include the dishonored return information received from the Originating DFI. The Originating DFI must accept a corrected return entry transmitted by a Receiving DFI in accordance with this Sub-section R.8.3.4.

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R.9 Accounts of Deceased Customers

R.9.1 Introduction

This Rule outlines the procedures relating to credits for deposit to the account of a deceased customer and also to debits, and shall be construed in accordance with and governed by the laws of Liberia.

R.9.2 Scope

This Rule applies to both paper items and electronic debit and credit entries.

R.9.3 Notice of Death

Notice of death of the customer shall be deemed to have been received when any branch of the DFI has caused any account record(s) of a deceased person at that bank/branch to bear or carry a notation or message to the effect that the person is deceased.

R.9.4 Action after Notice

Each Payment Item received in favor of any deceased person after notice of death has been received pursuant to Sub-section R.9.3 shall be returned. The bank shall not pay a check drawn on an account of its customer or permit the account to be debited after receiving notice of the customer's death.

R.9.5 Joint Accounts

Each Payment Item received in favor of a living person having a joint account with a deceased person shall be accepted, notwithstanding that the other account holder of the joint account is deceased.

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R.10 Recall, Stop Payment, Re-credit and Adjustment

R.10.1 Recall by ODFI or Originator

Except as allowed by Sections R.5.5 (Reversing Files) and R.5.6 (Reversing Entries) neither an Originator nor an Originating DFI has the right to recall an entry or file, to require the return of or adjustment to an entry, or to stop the payment or posting of an entry, once the entry or file has been received by the ACH.

R.10.2 ODFI Request for Return

An Originating DFI may, in writing, request a Receiving DFI to return or adjust an erroneous entry initiated by the Originating DFI. For purposes of this Section R.10.2, an erroneous entry is an entry (1) that is a duplicate of an entry previously initiated by the Originator or Originating DFI, (2) that orders payment to or from a Receiver not intended to be credited or debited by the Originator, or (3) that orders payment in an amount different than was intended by the Originator. The Receiving DFI may, but is not obligated to, comply with such a request. The Originating DFI making such a request indemnifies the Receiving DFI from and against any and all claim, demand, loss, liability or expense, including attorneys' fees and costs, resulting directly or indirectly from compliance by the Receiving DFI with such request.

R.10.3 Stop Payment Affecting Accounts

A Receiver may order its Receiving DFI to stop the payment of any direct debit entry initiated or to be initiated to an Account of the Receiver. The stop payment order must be provided to the Receiving DFI at such time and in such manner as to allow the Receiving DFI a reasonable opportunity to act upon the stop payment order prior to acting on the direct debit entry.

R.10.4 Receiver's Right to Re-credit

Receiver's Right to Re-credit

A Receiving DFI must promptly credit the amount of a direct debit entry to an account of a Receiver if (1) the Receiver sends or delivers to the Receiving DFI an affidavit as described in Sub-section R.10.4.2 (Receiver Affidavit) that the direct debit entry was not authorized by the Receiver and (2) this affidavit is sent or delivered to the Receiving DFI within fifteen (15) days from the date the Receiving DFI sends or makes available to the Receiver information relating to the direct debit entry in accordance with Section R.7.5 (Periodic Statements).

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Receiver Affidavit

A Receiver must execute an affidavit, in the form required by the Receiving DFI, declaring and swearing under oath that the debit entry for which the Receiver is seeking re-credit under this Sub-section R.10.4 was not authorized by the Receiver.

Unauthorized Debit Entry (Direct Debits)

For purposes of this Sub-section R.10.4, a direct debit entry was not authorized by the Receiver if (1) the authorization requirements of Sub-section R.5.1.1 (Receiver Authorization and Agreement) have not been met; (2) the direct debit entry was initiated in an amount greater than that authorized by the Receiver; or (3) the debit entry was initiated for settlement earlier than authorized by the Receiver. An unauthorized direct debit entry does not include a direct debit entry initiated with fraudulent intent by the Receiver or any person acting in concert with the Receiver.

Re-credit Right Not Exclusive

The rights provided to the Receiver under this Section R.10.4 are in addition to any rights provided under other applicable law or by agreement between the Originating DFI and the Receiving DFI.

R.10.5 Adjustment Entries

Receiving DFI's Right to Adjustment

A Receiving DFI receiving the written affidavit described in Sub-section R.10.4.1 (Receiver's Right to Re-credit) may transmit an adjustment entry to the ACH in the amount of the unauthorized entry referred to in the affidavit, provided that (1) no error was made by the Receiving DFI in the debiting of the entry to the Receiver's account, (2) the affidavit described in Sub-section R.10.4.2 (Receiver Affidavit) was sent or delivered to the Receiving DFI, and (3) the Receiving DFI transmitted the adjustment entry to the ACH by its deposit deadline for the adjustment entry to be made available to the Originating DFI no later than the opening of business on the banking day following the ninetieth calendar day following the Settlement Date of the original entry. The adjustment entry must comply with the requirements of Section R.8. (Returned and Redirected Items) and Appendix A3 (Remittance Exchange Management). A Receiving DFI may consider an affidavit as timely if, in its reasonable judgment, the affidavit appears to have been sent within the time limits described above.

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Warranty of RDFI

Each Receiving DFI transmitting an adjustment entry pursuant to Sub-section R.10.5.1 (Receiving DFI's Right to Adjustment), warrants to each Originating DFI and the ACH that, prior to initiating the adjustment entry, the Receiving DFI obtained from the Receiver an affidavit complying with Section R.10.4.1 (Receiver's Right to Re-credit). Each Receiving DFI breaching this warranty shall indemnify every Originating DFI and the ACH from and against any and all claim, demand, loss, liability, or expense, including attorneys' fees and costs, resulting directly or indirectly from the breach of such warranty.

Copy of Affidavit

Each Receiving DFI initiating an adjustment entry pursuant to Sub-section R.10.5.1 (Receiving DFI's Right to Adjustment) shall send to the Originating DFI, within three (3) days after receiving a written request from the Originating DFI, a copy of the affidavit obtained from the Receiver in accordance with Sub-section R.10.4.1 (Receiver's Right to Re-credit), provided such request is received by the Receiving DFI within six months of the date of the initiation of the adjustment entry.

Acceptance of Adjustment Entries by Originating DFI

Each Originating DFI must accept adjustment entries transmitted to it in accordance with these Rules.

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R.11 Settlement Accountability

R.11.1 Maintenance of Bank Accounts

Each DFI and Indirect Participating Institution must maintain an account with the Central Bank of Liberia and be a Participant in the RTGS system.

R.11.2 Settlement

Settlement among DFIs and Indirect Participating Institutions for entries, adjustment entries, and return entries transmitted in accordance with these Rules will be effected by the crediting and debiting of the RTGS accounts of Participating DFIs held with the Central Bank of Liberia referred to in Section R.11.1. Settlement must be made in accordance with these Rules, applicable operating circulars of the Central Bank of Liberia, and any other applicable agreements.

R.11.3 Effect of Settlement

Settlement of entries does not preclude a Participating DFI from pursuing any available legal rights or remedies concerning any entry, adjustment entry, or return entry, including without limitation any right or remedy arising out of a return entry or adjustment entry, transmitted after the time limits established by these Rules.

R.11.4 Accountability for Entries

Each Receiving DFI is accountable for the amount of all debit entries received that are not returned in accordance with these Rules. The Receiving DFI's accountability under this section is not affected by the failure of the Originating DFI to comply with the provisions of Section R.8.3 (Dishonor of Return Entries).

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R.12 The Role of the Automated Clearing House (ACH)

R.12.1 Processing Obligation

The ACH must, in accordance with Appendix A2 (File and Record Formats):

- (i.) Promptly process entries and entry data, insert the appropriate Settlement Date, and reject batches and files in accordance with Section R.12.3 (Return and Rejection by the ACH),
- (ii.) Transmit or make available entries and entry data to Participating DFIs in accordance with agreed upon processing and delivery schedules,
- (iii.) Total the debit and credit activity received from and transmitted to each Participating DFI during each banking day,
- (iv.) Calculate the settlement amounts for each day for all entries processed under these Rules and
- (v.) Upload and distribute the net settlement files for settlement in the RTGS system.

R.12.2 Automated Accounting Advices

The ACH may provide ACH accounting information in machine readable format to facilitate the automation of accounting entries to customer accounts in Participating DFIs. Accounting information shall be provided in standard record formats with specific field contents as indicated in Appendix 2 (File and Record Formats). The ACH will provide accounting information in a separate file if requested.

R.12.3 Return and Rejection by the ACH

If an entry or entry data received by the ACH for processing does not meet the acceptance criteria set forth in Appendix A2 (File and Record Formats) or Appendix A3 (Remittance Exchange Management), the ACH must in accordance with those Appendices reject the entire batch or file containing the entry by notifying the Originating DFI.

R.12.4 Originator Status Code Review

The ACH must review each batch of entries it receives to ensure that the appropriate status code pertaining to the Originator is included in accordance with Appendix A2 (File and Record Formats). If a batch of entries contains an incorrect Originator Status Code or contains no Originator Status Code, the ACH must either reject the batch or insert the correct Originator Status Code.

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R.12.5 Optional Services

The ACH may provide optional services. The use of the optional services must not inconvenience or adversely affect the rights of Participating DFIs that do not use the optional services.

R.12.6 Compliance with Audit Requirements

The ACH warrants that it will comply with the audit requirements prescribed by these Rules which provide for an annual audit of compliance with these Rules.

R.12.7 Record Retention

The ACH must retain a record of all entries, return entries, and adjustment entries (all referred to in this section as “entries”) received or transmitted by it for not less than seven years from the date of receipt or transmittal of the entry. The ACH must provide a printout or other reproduction of the information relating to a particular entry if requested to do so by the Participating DFI that originated, transmitted, or received the entry.

R.12.8 Warranties and Liabilities

With respect to MICR code line information or an image transmitted to the Receiving DFI, the Originating DFI warrants to the Receiving DFI that the MICR code line information transmitted accurately represents the information inscribed on the MICR code line of the check.

Recording, transmitting, repairing of entries by the Originating DFI shall not constitute a breach of warranty imposed by law with respect to alteration of an item. In addition, the Originating DFI is not responsible for determining whether a check is properly payable under applicable law, including but not limited to determining:

The genuineness of the signature of any drawer appearing on a check;

Whether any or all required signatures appear on a check;

Whether a check is stale-dated;

Whether a check is post-dated; and

Whether a stop payment has been issued for a check.

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R.13 Communication and Legal Matters

R.13.1 Notice from the CBL to Participating DFIs

Method of Giving Notice

When the CBL gives a notice under the Rules or Participant Agreement that is directed to Participating DFIs, the notice shall be:

- i) Sent by e-mail to the e-mail address provided by the DFI; or
- ii) Delivered to the street address provided by the DFI.

Effective Time for Notice

Notice given by the CBL to a Participating DFI in accordance with one of the foregoing methods is effective:

- i) At the time that the CBL sends or delivers such notice, if the notice is sent or delivered when the ACH is open for business; or
- ii) At the next time that the ACH is open for business, if the notice is sent when the ACH is closed;

Provided that any notice that is sent by e-mail and directed to a particular DFI shall be effective only at the time that the DFI confirms receipt of such notice.

Address for Notice

Each Participating DFI shall provide the CBL with an appropriate e-mail address, street address and post office box number for purposes of this Rule, and the CBL may rely upon the most recent notification provided by a DFI. The Participants' contact details (address, email address, postal address, and Skype number) are those set out in Annex 1 of these Rules.

Notice Not Communication

This Rule applies only to matters where the Participant Agreement or the Rules specify that the CBL shall give notice to a Participating DFI or to DFIs generally.

Court Process

This Rule must conform to all laws in the Republic of Liberia and apply to the service of documents on a DFI as part of a legal process of a court, which shall be governed by the applicable statutory or regulatory provisions.

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R.13.2 Notice from Participating DFIs to the CBL

Method of Giving Notice to the CBL

When a DFI gives a notice to the CBL under the Rules or Participant Agreement, the notice shall be:

- i) Sent by e-mail to the following e-mail address: **achacpsupport@cbl.org.lr** (or to such other e-mail address as is provided by notice to Participating DFIs); or
- ii) Delivered to: The Central Bank of Liberia
Ashmum & Lynch Street
Monrovia, Liberia
Attention: Director of Banking & Payment Systems Department

Effective Time for Notice

Notice given by a DFI to the CBL in accordance with one of the foregoing methods is effective at the time that the CBL confirms receipt of such notice. The CBL shall confirm receipt of any notice given by a DFI as soon as is practicable, taking into account all of the circumstances including whether notice was given during business hours at the registered office of the Bank in accordance with R.13.2 below.

Notice Not Communication

This Rule applies only to matters where the Participant Agreement or the Rules specify that a Participating DFI shall give notice to the CBL.

R.13.3 Other Communication

Without limiting the means by which service may be effected, other communication such as to customers under these Rules is only effective if it is:

In writing, signed by or on behalf of the person giving it;

Addressed to the person to whom it is to be given; and

Served by being:

Emailed to an agreed and confirmed email address of the person as may be mutually agreed in writing;

Left at the address of the person;

Delivered or sent by prepaid mail (by airmail, if the addressee is overseas) to that person's postal address; or

A notice, consent or other communication that complies with this Rule is regarded as given and received in keeping with the following schedule:

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If it is:

- (1.) Emailed – on the day following the date on which the email was sent: or
- (2.) Delivered to a person or left at an address:
 - By 5.00 pm (local time in the place of receipt) on a Business Day – on that day; or
 - After 5.00 pm (local time in the place of receipt) on a Business Day – on that day; or
 - On a day that is not a Business Day - on the next Business Day;
- (3.) Sent by mail - five days after it is posted; or
- (4.) Sent by Skype - on the day following the day on which it was sent.

R.13.4 Publication of Documents

The CBL shall maintain a website, identified as www.cbl.org.lr or such other identification as is provided by notice to Participating DFIs from time to time. The CBL shall publish on the website the Rules and Procedures for the ACH, and all communications to be given in accordance therewith. The electronic version of each document, as published on the website, shall be the definitive version of such document if the website so indicates. The CBL shall maintain a master document list evidencing the version of each document that is in effect from time to time.

R.13.5 Severability

In the event that one or more of the terms and conditions contained in these Rules shall be determined to be invalid, unlawful or unenforceable in any respect, then such term(s) or condition(s) shall be severed from the remaining terms and conditions which shall continue to be valid and enforceable to the fullest extent permitted by law.

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R.14 Amendment of Rules

R.14.1 Review Period

A Participating DFI may submit a proposed amendment to the Rules (other than a technical amendment) to the CBL for consideration. An amendment is a technical amendment if it is restricted to one or more of the following purposes: (i) correcting spelling, punctuation, typographical or grammatical mistakes or inaccurate cross-referencing in an existing Rule; or (ii) revising stylistic formatting, including changes to headings or paragraph numbers. Such proposals should fully describe the purpose and benefit of the change being proposed and should be sent to the CBL in the format indicated in the ACH Procedures. The CBL will convene a meeting of the Rules Committee which will deliberate the appropriateness of the proposed amendments. The Rules Committee may reject the proposed amendment or may approve the proposed amendment with or without variation. The Committee will also determine the timeframe within which the proposed amendment will become effective.

R.14.2 Implementation of Amendment

The effective date of an amendment shall be not less than 10 days following the day on which the Rules Committee approves the amendment. However, if the CBL determines that circumstances require prompt or immediate action, it may specify a shorter period of time or make the amendment effective immediately.

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R.15 Fees and Charges

R.15.1 Consistency of Application

The CBL agrees to apply the same fee structure to all Participating DFIs for the same service. The Participants acknowledge that the CBL may recover ongoing and variable costs where feasible by the imposition of transaction and participation charges and agree that the CBL may periodically review and amend such fees and charges. The CBL may also impose sanctions in respect of a Participating DFI's breach of these Rules.

The fees and charges will be specified in the rules pending verification with stakeholders

R.15.2 User Fees

The Bank may charge and the Participants shall pay fees for the use of each Service. The fees may include fees for the failure to comply with the Rules. The fees may be revised from time to time and the CBL shall give notice to Participants of any increase in fees not less than 30 days prior to the implementation of such increase. The CBL may specify a shorter notice period or may implement the revised fees immediately.

R.15.3 Taxes and Charges for Unusual Expenses

A Participating DFI shall pay to the CBL the amount charged for any unusual expense caused directly by the DFI relating to its use of the ACH. Without limiting the generality of the foregoing, such expenses include the cost of producing records pursuant to an order or other legal process in any litigation or legal or regulatory proceeding or investigation. A Participating DFI shall also pay any taxes and other governmental charges levied or imposed in respect of the Services, user fees and charges.

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R.16 Dispute Resolution

R.16.1 Introduction

This Rule, without prejudice to either party's rights, outlines the procedures by which a Participating DFI may place an Item in dispute, and the means by which the dispute can be resolved. The Item in dispute shall not be cleared back to the Drawee but shall be held by the ODFI pending resolution of the dispute.

R.16.2 General

The Participating DFIs agree that every effort shall be made to resolve amicably, by direct negotiation, any disagreement or dispute arising between them under or in connection with these Rules. Responsibility for resolving any dispute between Participants arising from the use of the ACH shall rest solely upon the institutions which are parties to the dispute. The parties to the dispute shall continue to use the ACH and fulfil their obligations in relation thereto pending the resolution of the dispute. If the Participants fail to settle a dispute, it shall be subject to a dispute resolution process requiring the appointment of an Arbitrator as provided hereunder.

R.16.3 Process

An ODFI that disputes a returned Item shall give notice in writing to the Drawee within 15 calendar days following receipt of the returned Item. The notice shall state the reason for the dispute. The Drawee shall acknowledge in writing the notice of dispute within five Business Days of its receipt. Where such notice is given in accordance with this Rule the parties to the dispute shall proceed to achieve resolution under this Rule as set out hereunder.

R.16.4 Rules Committee

Where the dispute cannot be resolved bilaterally by the parties, it may be referred to the Rules Committee which will operate as a resolution panel in accordance with Rule R.2.4.1 and R.2.4.2. The resolution panel will be comprised of representatives from the central bank and Participating DFIs not being parties to the dispute for a determination of whether the Rules have been correctly followed.

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R.16.5 Arbitration

Where the foregoing procedures do not resolve the dispute, the parties may proceed to Arbitration. An "Arbitration Panel" shall be constituted to rule on and settle disputes between Participating DFIs. The Panel will comprise three natural persons, technically knowledgeable in the matter in dispute or appointed respectively by the claimant and the respondent, and the third, an umpire shall be selected by the two Arbitrators so appointed. No person appointed as an Arbitrator shall be an employee or an officer or the spouse of an employee or officer of a Participant, nor a pensioner or the spouse or widow/widower of a pensioner nor shall an arbitrator be interested in any matter in dispute.

The Arbitration Panel once established shall form its own rules. The decision of the Panel shall be binding on the parties. The Arbitration shall be held as a matter of urgency, at a time and place decided on by the duly appointed Panel, with a view to being completed within fourteen (14) days after the establishment of the Panel. Each party shall be entitled to be represented at the Arbitration by its Attorney(s)-at-Law and shall be entitled to produce such evidence and call such witnesses as it deems relevant.

The Arbitration Panel may order payment by one or more of the parties of the amount of the Item(s) in Dispute, any interest claimed and any costs allocated pursuant to Rule R.16.6 (Costs of Arbitration). The Arbitration Panel shall not order the payment of any indirect, consequential, punitive or other damages. The order shall be binding on the parties and payment shall be made within five business days after the Award is given to the parties notwithstanding an appeal.

R.16.6 Costs of Arbitration

The expenses incurred by each party shall be borne by that party. The fees and expenses of the Arbitration Panel shall be considered costs of the Arbitration and apportioned to the parties in such a manner as the Arbitration Panel considers equitable.

R.16.7 Time of Award

The Award shall be given to the parties no later than thirty days after the date on which the Arbitration Panel has determined that the Arbitration has come to an end.

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R.16.8 Contractual Obligations

Pending the resolution of the dispute, the Participating DFIs shall continue to perform all their obligations in relation to their participation in the ACH. A reference to Arbitration shall not preclude the parties from their contractual obligations to each other except where the dispute necessarily requires that the obligation ceases until the determination of the Arbitration Panel that the dispute is resolved. Where the dispute relates only to the settlement or return of an Item or entry then the reference to Arbitration shall not preclude the parties from making payment on any other item not the subject of the Arbitration.

R.16.9 Interest

A claim for loss of interest on float shall be calculated pursuant to Section R.17 (Inter-member Interest Claims), except that interest shall be calculated from the date of the notice of dispute.

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R.17 Inter-Member Interest Claims

R.17.1 Introduction

The following procedures are designed to assist in obtaining through mutual agreement, reasonable settlements of interest claims resulting from errors in clearing exchanges between Participating DFIs. The settlement of interest claims among DFIs should be in a manner which as far as is practical removes the possibility of one DFI becoming unjustly enriched as a result of an error or omission on the part of another DFI, and be consistent with the need to improve the efficiency of operations and to minimize the administration involved.

R.17.2 Interest Calculations

Interest will be determined by agreement between the parties and will be calculated in the following manner:

- a) The minimum interest rate shall be the CBL's overnight Repo rate.
- b) The maximum interest rate shall be the average rate applicable to the overdrafts of customers with commercial banks.
- c) Interest shall be calculated on a 365-day basis.

R.17.3 Period

The period over which interest is payable shall be equal to the number of calendar days for which the funds were unavailable. This shall be deemed to be that period starting with the day when the entries were incorrectly settled or should have been settled through the CBL and ending with, but including the day prior to the settlement of the correcting entries through the CBL.

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R.17.4 Notice of Claim

Upon discovery or notification of an error, the DFI to which interest accrues will send a letter to the DFI from which interest is due enclosing supporting documentation and specifying the following information:

1. Date and details of the transaction;
2. The account name of the beneficiary;
3. The number of days, the amount and the applicable rate of interest.

Notice of interest claims must be given within 12 months following the date of the transaction in question, except in cases of interest claims with respect to items in dispute for which no maximum notice period applies.

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R.18 Extension of Recourse

R.18.1 Introduction

A request for an extension of recourse can only originate with the RDFI, the Drawee bank. This should only be done in exceptional circumstances where the RDFI is unable to return its in-clearing items within the normal recourse period due to circumstances outside its control. Inability to process due to inadequate resources, including staff shortages, and or other management issues are not considered as adequate reasons.

R.18.2 Request for Extension of Recourse

Delay by a Participating DFI or the ACH beyond the time limits prescribed or permitted by these Rules may be excused by the central bank if the delay was caused by the interruption of communication or computer facilities, suspension of payments by another DPI or the ACH, war, emergency conditions, failure of equipment, or other circumstances beyond the control of the DFI or the ACH, provided it exercises such diligence as the circumstances require. The requesting bank must disclose the reason or circumstances giving rise to the request.

Outside of a directive by the central bank, the decision to extend recourse is entirely at the discretion of the ODFI (presenting bank) where the Drawee is unable to process the in clearing files on the day of receipt.

Any accommodation granted in these circumstances does not constitute an entitlement

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Annex 1 Contacts – Participating DFI Nominees

001 CBL	First point of contact	Alternative
Representative name:	Clifton Garpeh, Jr.	Ishmael L. Kweyete
Telephone number:	0776737668/0880694452	0886380841/0770993619
Skype ID:	tarkor119	ilkweyete
Email:	cgarpeh@cbl.org.lr	ilkweyete@cbl.org.lr
Postal address	Ashmum & Lynch Street Monrovia, Liberia	Ashmum & Lynch Street Monrovia, Liberia

002 LBDI	First point of contact	Alternative
Representative name:		
Telephone number:		
Skype ID:		
Email:		
Postal address		

003 EBLL	First point of contact	Alternative
Representative name:		
Telephone number:		
Skype ID:		
Email:		
Postal address		

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004 IBLL	First point of contact	Alternative
Representative name:	Asatta Gbollie	Sully Turay
Telephone number:	0886805457	0886579724
Skype ID:	jemah.gbollie	sully2ray
Email:	agbollie@ibliberia.com	sturay@ibliberia.com
Postal address	International Bank (Liberia) Limited 64 Broad Street, P.O.Box 10-292 1000 Monrovia, 10 Liberia	International Bank (Liberia) Limited 64 Broad Street, P.O.Box 10-292 1000 Monrovia, 10 Liberia

005 GNBANK	First point of contact	Alternative
Representative name:		
Telephone number:		
Skype ID:		
Email:		
Postal address		

006 UBALL	First point of contact	Alternative
Representative name:	<u>Braimah Armiyau</u>	<u>Ponsphord Johns</u>
Telephone number:	<u>0888709750/0770915807</u>	<u>0886522977/0775573341</u>
Skype ID:	armiyau.braimah	ponsphordjohns1
Email:	armiya.braimah@ubagroup.com	ponsphord.johns@ubagroup.com

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Postal address	UBA, Broad & Nelson Streets, Monrovia, Liberia	UBA, Broad & Nelson Streets, Monrovia, Liberia
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007 GTBLL	First point of contact	Alternative
Representative name:		
Telephone number:		
Skype ID:		
Email:		
Postal address		

008 GBLL	First point of contact	Alternative
Representative name:	Hawa S. Flomo	Prince Higgins
Telephone number:	0777865276/0880746685	0886270449/0775749780
Skype ID:	lady-h1950	Prince T. Higgins
Email:	flomohawa@gmail.com	prince.higgins@globalbanklr.com
Postal address	Global bank, Ashmun street Monrovia	Global bank, Ashmun street Monrovia

009 ABLL	First point of contact	Alternative
Representative name:	Anita S. Gibson	Emmanuel Thompson
Telephone	0555999028/0886417005/0776513143	0555999080/0770138598

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number:		
Skype ID:	anita.stewart4	Emmanuel Gaoh Thompson
Email:	anita.stewart@accessbank.com.lr	Emmanuel.thompson@accessbank.com.lr
Postal address	20 th Street Sinkor, Monrovia, Liberia	20 th Street Sinkor, Monrovia, Liberia

010 AFBL	First point of contact	Alternative
Representative name:		
Telephone number:		
Skype ID:		
Email:		
Postal address		

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Annex 2 Declaration Form – Endorsement of a Payment Item as a Forgery

I (We), _____
declare that,

with reference to the attached item in the amount of LRD _____ drawn
on account number _____ on (Date) _____, and
purporting to be endorsed by me (us), I (we) did not endorse the item nor did I (we)
authorize anyone to endorse the item on my (our) behalf.

The endorsement is a forgery. I (We) became aware of this situation on
(Date) _____,

Signed _____

(Date)

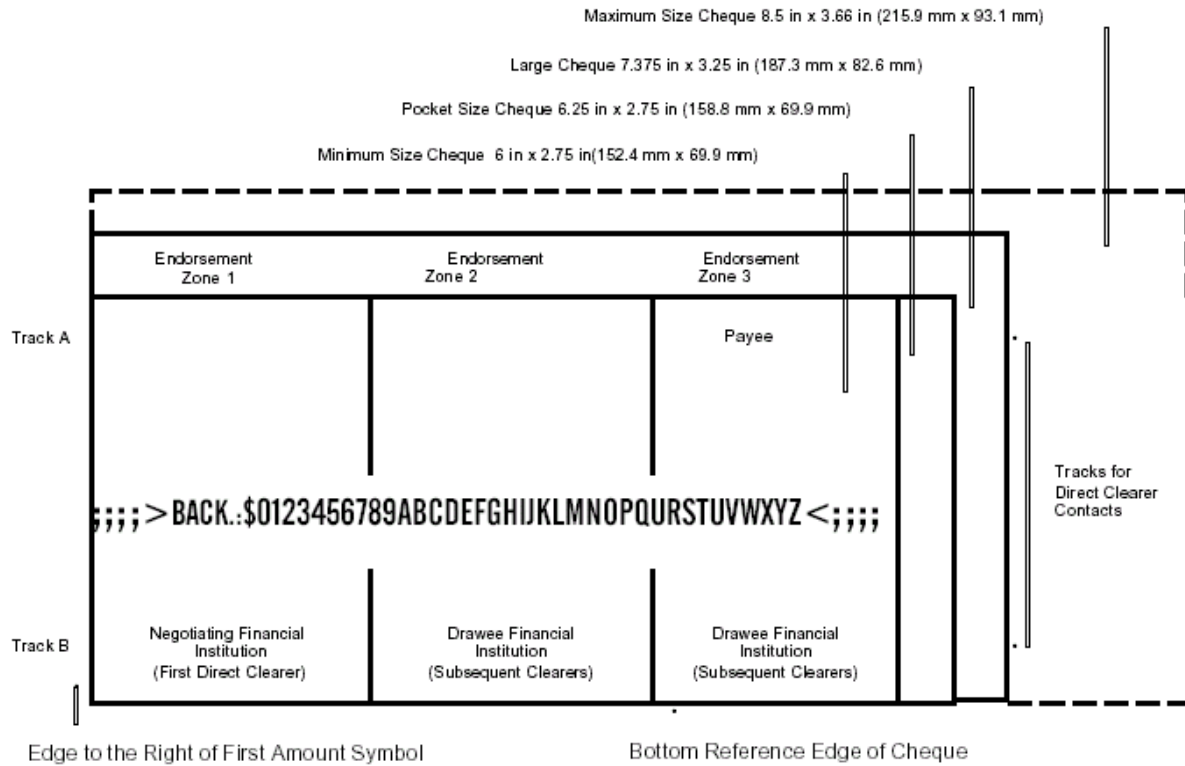
(Witness)

(Witness)

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Annex 3 Check Endorsement Zones



Back of Cheque

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Appendix A1 (Check and Account Number Standards)

A.1.1 Structure of the MICR Code line as per the WAMZ Specifications:

Order	Name	Starting Position	Length	Description
	Symbol I 2/ On-U's symbol	1	01	
1	Cheque Number	2	08	AAAAAAAA
	Symbol I 2/ On-U's symbol	10	01	
2	Drawn Country code	11	02	06
3	Drawn bank code	13	03	CCC
4	State code	16	02	DD
5	Drawn branch code	18	03	FFF
	Symbol I 0 / Transit symbol	21	01	
6	Account number	22	10	GGGGGGGGGG
7	Account number Check digit	32	02	Modulo97 : include the bank code, branch code and the account number
	Symbol I 2/ On-U's symbol	34	01	
8	Transaction code	35	02	01 : personal cheque 02 : corporate cheque 03 : bank Draft
9	Currency code	37	03	430= LRD, 840=USD
10	MICR Check Digit	40	02	Modulo97 include all MICR digits (35 digits) above
	Symbol I 1/ Amount symbol	42	01	
Total with separators		43		
Total without separators			37	

- **Check Number** is eight digits which will be generated by the check printer in consultation with the customer or the bank.
- **Country Code** is being provided for all the WAMZ members' countries. The code for Liberia is **06**.
- **Bank code, State Code, and Bank Branch Code** is to be developed by the CBL based on the specification as described in the **WAMZ Harmonized Check Document**.

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- **Account Number** is ten digits which will be extracted from the customer account number.
- **Account Number Check Digit** is a two digit number computed using modulo 97. Please see the illustration on page 6.
- **Transaction Code** is a two digit number already defined for the following categories of instruments: **corporate check** is 02, **personal check** is 01 and **bank draft** is 03.
- **Currency Code** has been defined for all WAMZ members' countries. The codes assigned for Liberia are: **430** for Liberia dollar and **840** for the United States dollars. Liberia is the only country that has two codes due to its dual currency.
- **MICR Check Digit** is two digit number computed using modulo 97. Please see the illustration on page 7.

A.1.2 ACCOUNT CHECK DIGIT COMPUTATION

The assembly formed in order by the bank code, branch code and account number (either corporate or personal account number) constitutes a number (N) of 16 digits.

Multiply N by 100 = N'

Divide N' by 97

The rest of the Euclidean division of N' by 97 (mod 97) can take values between 00 and 96.

Therefore, the rest of the following subtraction ($97 - (N' \text{ mod } 97)$) can only take values between 01 and 97. It represents the Account Check Digit (two digits).

Example:

Bank Code	Branch Code	Account number	Account Check Digit (*)
001	001	0000000111	57

$N = 0010010000000111$

$N' = 00100100000011100$

Rest of the Euclidean division of N' by 97 (mod 97) = MOD (00100100000011100; 97)
= 40

(*) Account Check digit = $97 - 40 = 57$

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A.1.3 Account Number Format (BBAN)

The Basic Bank Account Number (BBAN) is codified over 18 positions as follows:

Order	Fields	Length	Type	Comment
1	The bank code	03	Number	Completed with 0 on the left
2	The branch code	03	Number	Completed with 0 on the left
3	Account number	10	Number	Completed with 0 on the left
4	Account check digit	02	Number	
Total		18		

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Appendix A2 (File and Record Formats)

A.2.1 Introduction

The ACP/ACH record format specifications are designed to assist participants in properly formatting and retrieving transaction information. This section details the contents of the various record formats and defines the code values and data elements. The inclusion, requirements, contents and lengths of data elements are illustrated in the record formats.

A.2.2 Name and structure of DATA files (DATA)

A.2.2.1 Individual Data file name (DATA)

Field	Instrument code	Remittance number	Presenting bank code	Presenting branch code	Currency code	Generation date DDMMYYYY	Generation time HHMMSS	Extension
Length	02	07	03	03	03	08	06	.Data

A.2.2.2 Accumulated DATA file name (.DATA)

Field	Instrument code	“ACCU” Prefix	Presenting bank code	Presenting branch code	Currency code	Generation date DDMMYYYY	Generation time HHMMSS	Extension
Length	02	04	03	03	03	08	06	.Data

A.2.2.3 Global Data file name (.DATA)

Field	Instrument code	“GLOB” Prefix	Presenting bank code	Presenting branch code	Currency code	Generation date DDMMYYYY	Generation time HHMMSS	Extension
Length	02	04	03	03	03	08	06	.Data

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A.2.3 Name Structure of (.ENV/RCP) Files

The file name structure .ENV/RCP is applied to all sent (or received) remittances by participants to (or coming from) the automated clearing house such as:

Field	Clearing code	Country code	Presenting bank code	Generation date	Generation time	Instrument code	Transaction code	Currency code	Ext
Length	02	02	03	08	06	02	02	03	.ENV .RCP

Example: 01-LR-001-11022010-101352-30-21-430.ENV

It is a presentation remittance of issued checks by the bank 001

Note:

Fields defining file names are separated by dashes.

If .ENV files are generated at the branch level, the name of the ENV file should contain the presenting branch code, after the presenting bank code.

A.2.3.1 CAT & PAK image file name structure

Field	Clearing code	Country code	Participant code	Generation date	Generation time	Instrument code	Transaction code	Currency code	Ext
Length	02	02	03	08	06	02	02	03	.CAT .PAK

Example: 01-LR-002-13122004-111000-30-21-430.CAT

An inter-bank catalogue file related to the check instrument generated by the 002

01-LR-002-13122004-111000-30-21-430.PAK

An inter-bank package file related to the check instrument generated by the 002

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Note:

-Fields defining file names are separated by dashes.

-If Global (.CAT/PAK) files are generated at the branch level, the name of the file should contain the presenting branch code, after the presenting bank code.

A.2.4 Name Structure of other files issued by the ACH

A.2.4.1 Name structure of Regulatory Rejection files (RJT)

Field	Clearing code	Country code	Receiving participant code	Session date	Generation time	Instrument code	Transaction code	Currency code	Ext
Length	02	02	03	08	06	02	02	03	.RJT

Example: 01-LR-003-11022010-171648-23-21-430.RJT

It is a regulatory rejection of a re-presented direct debit remittance received by the bank 003.

Note:

-Fields defining file names are separated by dashes.

-If RJT files are generated at the branch level, the name of the ENV file should contain the presenting branch code, after the presenting bank code.

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A.2.4.2 Name Structure of Detailed Net Balances

Field	Clearing code	Country code	Receiving participant code	Session date	Generation time	Instrument code	Currency code	Extension
Length	02	02	03	08	06	02	03	.SNI, .SND, .SIV, .SNF, .SFV, .SDV

Example:

01-US-001-11022010-181347-40-840.SNI: the bill of exchange intermediate net balance of participant 001.

A.2.4.3 Global net balance file names structure

Field	Clearing code	Country code	Receiving participant code	Session date	Generation time	Instrument code	Currency code	Extension
Length	02	02	03	08	06	02	03	.SIG, .SFG, .SNG

Examples:

01-LR-003-11022010-181387-430.SIG: the intermediate global net balance of the participant 003

01-US-002-11022010-180010-840.SFG: the global end of session net balance of the participant 002

01-LR-001-12022010-110002-430.SNG: the global net balance of the participant 001

Note:

Fields defining file names are separated by dashes.

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Appendix A3 (Remittance Exchange Management)

A.3 Remittance Exchange Management

A.3.1 Exchange Formats

A.3.1.1 Remittance Exchange Naming Conventions

The participants in the ACP/ACH will exchange electronic files, named <<Remittances>>, structured according to pre-defined formats and obeying specific control rules.

Exchanged remittances include:

- image instruments: paper transfer, paper direct debits, checks and bills of exchange.
- Non-image instruments: bank transfers, direct debits, direct credits and card transactions.

For image instruments each remittance includes a triple file ENV, CAT and PAK that must be deposited together in the ACP front End platform

- ENV file: containing outgoing remittance data.
- CAT/PAK files containing outgoing images and their indexes.

Non images instrument remittances contain only ENV files.

After processing, the clearing house generates return remittances to the Recipient participants.

For image instruments, received remittances from the ACH contain three files: RCP, CAT and PAK that are received together at the ACP front end platform.

RCP file: containing incoming remittance data (same structure as ENV files)

CAT/PAK files: containing incoming images and their indexes

For non-image instruments, received remittances from the ACH contain only RCP files (same structure as ENV files)

Example of remittances:

- Inter-bank image instrument remittance: check
 - 01-LR-XXXXXX-21012010-141510-30-21-430.ENV
 - 01-LR-XXXXXX-21012010-141510-30-21-430.CAT
 - 01-LR-XXXXXX-21012010-141510-30-21-430.PAK

Inter-bank non image instrument remittance: direct credit

- 01-LR-XXXXXX-22012011-113000-10-21-430.ENV

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Intra-bank image instrument remittance: Check

00-LR-XXXXX-21012010-141510-30-21-430.ENV

00-LR-XXXXX-21012010-141510-30-21-430.CAT

00-LR-XXXXX-21012010-141510-30-21-430.PAK

Intra-bank non image instrument remittance: direct credit

00-LR-XXXXX-22012011-113000-10-21-430.ENV

A.3.1.2 Remittance Formats

Remittance files contain all the operations presented by a participant per instrument and per transaction code.

A participant can present an unlimited number of remittances of the same record type and transaction code during a clearing session.

Data contained in remittances must conform to the fixed data formats of the CBL (bank and branch codes, rejection reasons, instruments codes ect..)

ENV/RCP files are composed of a global record and one or several detailed records.

- Global record: The global record gives information concerning:
 - ✓ The remittance direction (Outgoing to the clearing house or return from the ACH to the recipient participant);
 - ✓ The instrument to be cleared;
 - ✓ The remitting participant;
 - ✓ The operation date;
 - ✓ The remittance number;
 - ✓ The remittance nature;
 - ✓ The total number of records (details);
 - ✓ The total amount of all detail records;
- Detail record: In addition to the common information of the global record, the detail records contain useful and necessary information allowing the bank to settle the related operations. That is essentially:
 - ✓ The remitting participant and branch codes;
 - ✓ The recipient participant and branch codes;

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- ✓ The Drawer or payer BBAN;
- ✓ The transaction number and amount;
- ✓ The beneficiary BBAN and any useful reference;
- ✓ The remittance date, presentation date, settlement date, maturity date;

The participant bank will generate its remittances by choosing a generation frequency in relation to its transaction volume for presentation to the clearing house. Thus, for a given instrument (record type), and a transaction code (i.e. presentation, rejection or cancellation) many remittances can be generated the same day.

A.3.1.3 File Controls

A.3.1.3.1 *ENV/DATA file control*

Controls executed on the ENV files are of three types:

- Authentication: authentication enables verifying that files have not been altered or modified since their creation
- Syntactical controls: control related to the remittance format, control over the record structures, record completeness control and a field type control.

Example: existence of a numeric value in a numeric field, a date in a date field.

- Logical controls: controls related to the presence of mandatory information in each record,

Example:

- ✓ Reference Data conformity (Bank and branches, rejection reason),
- ✓ Correct BBAN key,
- ✓ Number and amount conformity, i.e. between number and amount on the global records and the sum of those on the detailed records, etc...

Syntactic and logical controls are executed at a first time in the participant Bank platform and then re-executed in the clearing house. The Syntactic and logical errors lead to remittance rejection (ENV, CAT and PAK).

- ❖ Duplication controls: verifies that no other record having the same identifier has already been accepted by the application (same day or previous day).

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- ❖ Regulatory controls: controls related to regulatory compliance by participants and some of which rely on the historical level of the database.

Examples:

- Existence of an initial presentation in case of a re-presentation,
- Existence of an already received transaction in case of a rejection,
- Existence of an already sent transaction in case of a cancellation,
- Late rejection if exceeding authorized rejection period, etc...
- Late cancellation if exceeding authorized cancellation period

Regulatory control errors lead to a unit rejection and failure at the clearing house. The rejection is immediately sent to the remitting bank.

A.3.2` Return/Rejection codes

A.3.2.1 Rejections: code 22 (on previously received transactions)

-Rejections must be generated in separate remittances and must contain all information about the initial transaction that is being rejected;

-Rejecting a transaction by a Receiving bank may be done for:

a. Technical reasons which impede the recipient bank from knowing the amount to pay or exact account number of the payer or to check the transaction validity (unreadable image, etc.)

b. Banking reasons which impede the bank from completely settling the transaction (insufficient funds, unauthorized signature, closed or blocked account etc....)

-Rejections must be sent to the clearing house during the rejection period related to the payment instrument, the rejection period starts from the presentation date of the transaction; rejections which are sent after the rejection period are automatically rejected by the clearing house (late rejection);

-Rejections must not be sent to the clearing house before the rejection starting day related to the payment instrument. Rejections sent before that day are automatically rejected by the ACH (early rejection);

-Rejection must contain the original transaction references.

A.3.2.2 Cancellation codes 23 and 24 (of already presented or rejected transactions)

-Cancellations must be generated in separate remittances and must contain all information about the initial transaction to be cancelled (presentation, rejection or re-presentation remittances);

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-Cancellations must be sent to the ACH during the cancellation period corresponding to their instrument code. Cancellations which are sent after the cancellation period are automatically rejected by the ACH (late cancellation).

A.3.3 Items Accepted by the ACH

A.3.3.1 Financial instruments

Financial Instruments	
Description	Code
Direct credit	10
Foreign direct credit	12
Re-presented direct credit	13
Direct debit	20
Re-presented direct debit	23
Check	30
Re-presented check	33
Bill of exchange	40
Re-presented bill of exchange	43
Card transaction	50
Re-presented card transaction	53

A.3.3.2 Non-Financial Instruments

Non-Financial Instruments	
Description	Code
Free message	61
Non-payment notice	62
Fund recovery notice	83

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Approved: _____

EXECUTIVE GOVERNOR