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## MAY 2011 Operations Meeting

### New to ECCHO

Participating Member  
TD Bank

Sponsoring Organization  
Compass Bank

### Returns & Adjustments Monthly Survey

If your bank is not currently participating in the survey and would like to, please contact Anita Driscoll at [adriscoll@eccho.org](mailto:adriscoll@eccho.org) 214.273.3205.

### National Check Payment Certification

Sign up now for the NCP Pilot Exam! Contact Jenny Johnson at 770.452.0961 or [jjohnson@eccho.org](mailto:jjohnson@eccho.org).



## ECCHO RULES UPDATE

The ECCHO Ops meeting was held on May 12 in Charlotte, NC with 90+ people participating. With the input of the membership, ECCHO Rules evolve to meet the demands of the check image environment. First, subcommittees meet via phone to explore potential changes, and how to accomplish them equitably. Recommendations for Rules changes are developed and brought to triannual Ops meetings. If the changes are accepted by the Ops Committee, they proceed to the Board for final approval. The following changes will be recommended to the Board from the May meeting:

- **Retransmission Rule**—when acting on request of receiving bank to retransmit a file, sending bank is not deemed to breach any warranty to receiving bank regarding duplicate images. Rule provides safe harbor to sending bank against liability under ECCHO warranties and other applicable law in event images resent result in duplicate(s). Sending bank is not obligated to provide a second file to receiving bank and has no liability to receiving bank for decision not to provide second file.
- **Dispute Resolution**—Rule is being modified to expand usability. Some changes include: lowering claim amount from \$50,000 to \$5,000 (multiple checks may be included if they arise from the same violation), increasing the time limit for the complaint to be filed from 120 days to 6 months, establishing methods for choosing and number of arbitrators, setting fees, adding a hold harmless clause, etc. Changes were approved pending the development of a *Policies for Dispute Resolution* with more details around the arbitration process.
- **Returning Bank Hierarchy**—Rules clarified that returns routing hierarchy must be followed by paying banks and other returning members in return process that receive image returns from paying bank or other returning members that are members of ECCHO.
- **Return Rules**—A complete review of Image Returns Section XX was conducted and numerous changes are being recommended. Changes reflect current return processes, legal considerations and lessons learned since the implementation of image exchange and return. Changes are not substantive.
- **Matrix Changes for Not Our Item**—changed from 180 calendar to 20 business days with entry; changed from [181 calendar days to 1 year] to [21 business days to 1 year] without entry.
- **Matrix Changes for Non-negotiable**—changed from 20 business to 90 calendar days with entry; changed from [21 business days to 1 year] to [91 calendar days to 1 year] without entry.

Get a copy of the ECCHO Rules at [www.eccho.org](http://www.eccho.org) (Updated Rules will be available July 1)

## Working on for Next Ops Meeting

September 14, 2011 in San Diego, CA

**Missing Image**—item that needs to be cleared with MICR only because the image is not available. More work needs to be done to define missing image, presentment for these items, indemnification, and other potential Rules changes.

**FAQs**—the answers to frequently asked questions about ECCHO Rules and Commentary are being developed to serve as a first stop for Members in solving image check processing dilemmas. FAQs, once developed, will be accessible on the ECCHO website.

**Second Opinion**—potentially develop a process where certain ECCHO members are asked to provide opinions on processing and potential Rules violations. This feature could support the dispute resolution process.

**Rule 9 Disclaim Process**—in an image exchange environment the ability to disclaim a Rule 9 claim is sometimes difficult. The considerations to make this process work more efficiently need to be examined.

**Altered vs. Counterfeit**—potential Rule to establish an item is considered altered unless there is sufficient proof that the item is counterfeit.

**Adjustment Reversal and Claim of Damages due to Under Encoding**—matrix changes need additional work.

### Update on XCK

ACH SEC code was created in the mid-1990s to establish a way for banks to collect checks that were destroyed in transit, utilizing the ACH system, rather than creating indemnified photo copies. Effective September 16, 2011, NACHA Rules for XCK will be expanded to include “certain damaged checks for which processable images cannot be made and certain images that are unprocessable.” The widened scope of XCK presents numerous issues for ECCHO members to consider. ECCHO Rules already allow for imperfect images. XCK is a fully optional SEC code and has been infrequently used in the past. Please notify NACHA and ECCHO if you plan to begin using XCK for unprocessable images. The RPAs will survey their members to see if they plan to use XCK transactions for this purpose, and report back to ECCHO.