Summary of Changes to the Image Exchange Network Membership and Operating Rules

The SVPCO Business Committee has approved certain changes to the Image Exchange Network Membership and Operating Rules, which are summarized below. In addition, this summary covers a change that was previously approved by TCH’s Managing Board (PayCo Board). These changes are effective April 5, 2021.

Membership Rules

- **Edge Act Corporations (Rule 1, pg. 2).**
  - Eligibility for participation in the Image Exchange Network has been expanded to allow Edge Act Corporations chartered under the Federal Reserve Act (“EACs”). EACs are established as subsidiaries of U.S. banks or bank holding companies for the purpose of engaging in certain foreign banking activities. Among other things, EACs are permitted to accept deposits and collect checks from a foreign person or government, or from a U.S. person if it is for a foreign purpose (e.g., a U.S. depositor establishing an account to transfer funds abroad). EACs are subject to Regulation CC, Subpart C (Collection of Checks) and the Uniform Commercial Code. They are permitted to have Master Accounts with a Federal Reserve Bank and to use Federal Reserve check image services under Operating Circular 3 and Regulation J.

Operating Rules

- **Edge Act Corporations (Rule I(A-22), pg. 8).**
  - The definition of Participant has been modified to include EACs.

- **Provision of Services; Term and Termination (Rule II(J), pgs. 14-16).**
  - Certain changes have been made to reflect current practices regarding access to and use of the Image Exchange Network, including to reflect that (i) there is no longer a requirement to order services for a specified 12 month service period, and (ii) since the “gateway migration” (from the DTA access environment) the software licensing terms no longer apply.

- **Delayed Image Settlement (Rule VI(B)(3), pg. 24).**
  - The cutoff for a delayed Image Exchange settlement has been moved from 5:00pm to 6:30pm. This is the latest time Image Exchange Network settlement would occur if there is a delay to the typical settlement schedule (e.g., due to a Federal Reserve service outage), rather than being held over to the next day.

- **Financial Institution Bond (Rule IX(F), pg. 27).**
  - The PayCo Board has approved changes across TCH rulesets indicating that TCH will use commercially reasonable efforts to procure a financial institution bond and computer crime...
insurance policy. The new rule further provides that (i) TCH in its sole discretion may determine that an event should be covered by the bond and/or insurance and to submit a claim of loss to the bond/insurance carrier; and (ii) TCH will transfer some or all payment that it receives on a proof of loss to Image Exchange Participants that suffered a loss from the event, in a proportion deemed appropriate by the PayCo Board.

- The new rule retains TCH’s current limitation of liability under Rule Section XI(A)(2) of the Image Exchange Operating Rules.

- **TCH Service Level Requirements and Quality Management Criteria (Rule XXI(A)(2), pgs. 39-40).**
  - **Customer Satisfaction Survey.** This change removes language regarding TCH’s annual customer satisfaction survey as it does not reflect current survey practices, including for example, that the survey is no longer specific to each TCH system.
  
  - **Primary/Secondary Support.** This change reflects TCH’s current practices regarding notification to Image Exchange Participants in the event of a service interruption (which does not require a Participant to request in writing that it be notified).