

ELECTRONIC CHECK CLEARING HOUSE ORGANIZATION RULES

Addendum to ECCHO Operating Rules -- Effective May 1, 2018

Explanatory Note to All ECCHO Members: ECCHO has updated the ECCHO Operating Rules and Commentary (the "ECCHO Rules") with the new and revised rules set forth in this Addendum to reflect ECCHO's transition into a business line of the Payments Company. As of May 1, 2018, the new and revised ECCHO Rules contained in this Addendum are deemed part of ECCHO Rules and are applicable to all Members. The rules changes in this Addendum will be re-published as part of the larger ECCHO Rules document later in 2018. The ECCHO Business Committee also has authorized ECCHO staff to make all necessary and appropriate conforming and cross reference changes to the ECCHO Rules to incorporate the rules changes contained in this Addendum into the full ECCHO Rules document.

Part A. Changes to Section 1 of the Rules

Replacement of Certain ECCHO Definitions. The following defined terms are deleted in their entirety from Section 1 of the ECCHO Rules and replaced with the following new defined terms:

Section I(II): Member. A depository institution, as defined in Section 19(b) of the Federal Reserve Act, that has executed a membership agreement with the Organization and has been accepted by the Organization as a Member. To the extent that the term is used in a Rule that is also applicable to exchanges under the rules of a Licensed Entity, the term also includes a participant in that exchange.

Section I(KK): Organization or ECCHO. The business line of TCH that is responsible for the maintenance of the Rules and certain other services and functions related to check image exchange.

New Defined Terms. The following new defined terms are added to Section 1 of the ECCHO Rules:

Section I(MMM): Director of the ECCHO Business Line or Director. The current head or director of the ECCHO business line of TCH.

Section I(NNN): ECCHO Business Committee or Business Committee. The committee established by the TCH Managing Board in connection with the operation of the Organization and pursuant to the TCH LLC Agreement and ECCHO Business Committee Charter. The Business Committee is responsible for certain activities in connection with the management of the Organization, including the adoption of, and maintenance of, the Rules.

Section I(OOO): ECCHO Business Committee Charter or ECCHO Charter. The document adopted by the ECCHO Business Committee which governs the operation of the ECCHO Business Committee.

Section I(PPP): Representative(s). A representative of a Member on the ECCHO Business Committee.

Section I(QQQ): TCH. The Clearing House Payments Company L.L.C.

Section I(RRR): TCH LLC Agreement. The Limited Liability Company Agreement of The Clearing House Payments Company L.L.C.

Section I(SSS): TCH Managing Board. The Board of Managing Directors of TCH.

Part B. Conforming Revisions to ECCHO Rules and Commentary

Throughout Section 1 to Section XX of the ECCHO Rules, the following terms shall be replaced with the corresponding terms as indicated below:

Former Term (Prior to April 19 Rules Amendment)	Replacement Term (After April 19 Rules Amendment)
President	Director of the ECCHO Business Line or Director
Board of Directors or Board	ECCHO Business Committee or Business Committee
ECCHO Bylaws or Bylaws	ECCHO Business Committee Charter, ECCHO Charter or Rules Section II(J)
Directors or Directors of the Board	Representative

Part C. Addition of New Section II(J) to the ECCHO Rules

The following new Section II(J) is added to the ECCHO Operating Rules:

Operating Rule Section II(J) – Additional Membership Terms.

1. Designation of Classes of ECCHO Membership. The Organization shall have a class of Members designated full members, consisting of founding and nonfounding Members, and such other classes of Members as shall be provided from time to time in these Rules. The full and other Members shall have such qualifications, rights and obligations as are provided in the Rules.
2. Founding Members. The following full Members are the founding Members: Bank of America, N.A.; Deutsche Bank; JPMorgan Chase Bank; Citibank, N.A.; Comerica Bank; Key Bank of New York; SunTrust Bank, Atlanta; Union Bank of California, N.A.; and Wells Fargo Bank, N.A.
3. Additional Full Members. Any "depository institution," as defined in Section 19(b) of the Federal Reserve Act, may become a nonfounding full Member upon (a) payment of such initial membership fees and execution of such membership agreement as may be required by TCH, and (b) approval of its application for membership by TCH.
4. Limits on Members' Rights. Except as otherwise expressly provided in Section II(J)(5),

no Member of the Organization shall have any ownership or other property or other rights, claims or interests, including any patent right, trade secret right, or copyright interest, in the Rules, any related commentary, guidance or specifications, the Organization, TCH, TCH's trademarks or service marks, or in any products, services, solutions, or materials, including any ideas, proposals, information, reports or studies produced by TCH or the Organization, individually or jointly with a Member, whether arising under the Rules, the membership agreement, any law, or any other contract as a result of its status as a Member of the Organization. Members shall have no right to vote on any proposed or final amendment to the Rules or any proposal to, or final action of, the ECCHO Business Committee, including without limitation relating to the governance of the Organization. Certain Members shall have the right to designate Representatives of the ECCHO Business Committee as provided in the ECCHO Business Committee Charter, as amended from time to time.

5. License to use Rules. TCH grants to each Member a limited, non-exclusive, non-transferable, non-sublicenseable, fully paid right and license to use the Rules in connection with the Member's participation in the Organization and its exchange or return of items with other Members pursuant to the Rules. The license granted herein shall continue in effect for so long as the Member is a Member of the Organization and is bound by the Rules, unless such license is expressly terminated by TCH. Upon notice to the Member that TCH has terminated the license, the Member shall cease all use of the Rules.
6. Merger, Etc., of Members. In the event of the consolidation or merger of two Members or the purchase by one Member of the business and assets of another Member, the consolidated or merged institution, or the purchasing Member in the case of a purchase, shall continue to be a Member in accordance with the terms of membership applicable to the surviving or purchasing Member. The consolidated Member shall resign its membership within 30 days of the effective date of the consolidation, merger or purchase. Such resignation shall be effective upon receipt of such notice at the principal office of the Organization.
7. Resignation of Membership. A Member may resign from the Organization by written notice to the Director transmitted to the principal office of the Organization.
8. Termination of Membership.
 - a. Membership shall terminate upon the occurrence of any one of the following events:
 - i. The resignation of the Member.
 - ii. The failure of the Member to pay dues or fees within the times set forth by the ECCHO Business Committee or the Director.
 - iii. A determination by the ECCHO Business Committee that the Member has engaged in activity or taken an action that constitutes a material intentional violation of the Rules.
 - b. Before a membership is terminated in accordance with Section II(J)(8)(a)(ii) or

(iii) above, the following procedures shall be followed:

- i. A notice shall be sent by prepaid first-class or registered mail to the most recent address of the Member as shown on the Organization's records, setting forth the action to be taken, the reasons for the action, and the date, time, and place of the hearing provided for in subparagraph (ii) below. Such notice shall be sent at least fifteen (15) days before the proposed effective date of termination.
 - ii. The Member shall be given an opportunity to be heard, either orally or in writing, at a hearing to be held not fewer than five (5) days before the effective date of the proposed termination. The hearing will be held by a special committee of the ECCHO Business Committee composed of no fewer than (3) Representatives of the ECCHO Business Committee appointed by the Director or the Chairman of the ECCHO Business Committee. If an oral hearing is requested, the special committee may require that the hearing be conducted via teleconference call.
 - iii. Following the hearing, the special committee shall decide whether or not the membership status should be terminated or the Member suspended or sanctioned in some other way. The decision of the special committee shall be final.
9. Transfer of Membership. No Member may transfer its membership, membership agreement or any membership right. The consolidation or merger of a Member into a non-Member entity which is a "depository institution" as defined in Section 19(b) of the Federal Reserve Act, or the purchase by a non-Member entity which is a "depository institution" as defined in Section 19(b) of the Federal Reserve Act of the business and assets of a Member, does not constitute a transfer for purposes of the preceding sentence. Upon consummation of such consolidation, merger or purchase, the non-Member entity shall automatically become a Member and shall assume all of the rights and obligations of the consolidated, merged or purchased Member, including without limitation the obligation to pay any dues or fees whenever due owing by such Member to the Organization.
10. Rights and Liabilities of Resigned or Terminated Members. A resigned or terminated Member shall (i) have no further rights as a Member; (ii) not be entitled to any refund of dues, fees, assessments and other payments made to the Organization and shall remain liable for and shall promptly pay any dues, fees, assessments or obligations for charges incurred or services or benefits actually received, and other charges owed to the Organization prior to the effective date of such Member's resignation or termination; (iii) continue to remain liable, to other Members for obligations arising, whether before or after such termination, from its participation in the transactions which are the subject of the Rules; and (iv) forthwith take such further action as may be required of a resigned or terminated Member under the Rules.
11. Rulemaking Authority. TCH Managing Board has established the ECCHO Business Committee and approved the ECCHO Business Committee Charter to govern the ECCHO Business Committee, which states, in part, that the ECCHO Business Committee's responsibilities include establishing, amending, repealing, or restating any

of the Rules.

12. Intellectual Property. Each Member recognizes TCH's ownership of all intellectual property in the Rules, any related commentary, guidance or specifications, and TCH's trademarks and service marks. Each Member agrees to protect these ownership rights in the Rules, any related commentary, guidance or specifications, and TCH's trademarks and service marks.
13. TCH Liability. In carrying out its responsibilities in connection with the Organization, including the adoption and maintenance of the Rules, TCH shall only be liable to a Member for TCH's gross negligence or intentional misconduct. TCH's liability in such instances shall be limited to actual damages attributable to its gross negligence or intentional misconduct and shall not include consequential damages, even if such damages were foreseeable. In no event shall TCH's liability to a Member exceed the total membership fees paid by such Member to the Organization in the preceding calendar year.
14. DISCLAIMER. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, TCH AND THE ORGANIZATION SHALL NOT BE DEEMED TO HAVE MADE ANY REPRESENTATION OR WARRANTY, EXPRESS, IMPLIED OR STATUTORY, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY AS TO THE CONDITION, PERFORMANCE, OR COMPLIANCE WITH LAW OF THE RULES AND ANY RELATED WORK PRODUCT OF TCH OR THE ORGANIZATION. TCH AND THE ORGANIZATION EXPRESSLY DISCLAIM THE IMPLIED WARRANTIES OF MERCHANTABILITY, NONINFRINGEMENT AND FITNESS FOR A PARTICULAR PURPOSE.
15. Governing Law. With respect to any litigation, claim, dispute, arbitration or other matter arising between a Member and TCH with respect to the Organization or the Rules, the Rules shall be governed by and construed in accordance with the laws of the State of New York and each Member and TCH submits to the exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan of the City of New York. This Section shall not apply with respect to any litigation, matter or dispute between or among two or more Members with respect to transactions subject to the Rules or to any litigation, claim, dispute, arbitration or other matter arising between a Member and TCH not involving the Organization or the Rules.
16. Relationship between the Parties. Nothing in the Rules or a membership agreement in the Organization shall be construed to create any agency, partnership, employment, or joint-venture relationship between TCH and a Member. A Member understands that it has no authority to act for or on behalf of, bind, or otherwise obligate TCH and a Member shall not make any representations, written or oral, regarding TCH, in connection with the Member's participation in the Organization.
17. Third-Party Beneficiaries. The Rules or a membership agreement in the Organization shall not be construed to create any third-party beneficiaries. Except as expressly set forth in the Rules, no rights or benefits shall inure to any third party.