



## **SECTION 217 – CLEARING VIA THE ACH**

### **a. Presentation of receivables through the ACH**

The presentation of receivables through the ACH requires agreement between the presenting Clearing House member and the ACH according to the prevailing conditions at the ACH.

### **b. Presentation for the purpose of receiving receivables**

1. For the purpose of clearing receivables through the ACH, a Clearing House member has the right to be represented by another member (a representative). The represented member will submit a request to the Clearing House Board together with the agreement of the representative. Once the request is approved, the Chairman of the Clearing House Board will notify the Clearing House members of such not later than 30 days from the start of the representation.
2. Representation will not be terminated except with the approval of the Chairman of the Clearing House Board starting from the date to be determined as part of the approval. Notification of such will be sent to the Clearing House members not later than 30 days from the date of termination.
3. Appendix 302 contains a list of the representative and represented members in clearing via the ACH.

### **c. Clearing of receivables via the ACH and the settling of accounts**

1. Cleared debits or credits (hereafter: receivables) via the ACH will be transmitted magnetically or electronically, as agreed upon between the member and the ACH.
2. The ACH has the right to transmit the following receivables to a Clearing House member in one or more files:
  - a. Receivables for the crediting and debiting of customers for which the clearing day is the value date. The settlement in the RTGS system will be done on the clearing day (clearing of organizations).
  - b. Receivables for the crediting or debiting of customers for which the following clearing day is the value date. Settlement in the RTGS system is carried out on the following clearing day (early clearing of credits).
  - c. Receivables for the crediting or debiting of customers for which the clearing day is the value date. Settlement in the RTGS system will be carried out on the following clearing day (bank clearing).
  - d. Receivables for the crediting and debiting of customers as a result of the clearing of returned debits and credits. These entries will be made with the value date of the original credit or debit entries. Settlement in the RTGS system will take place on the following clearing day.
3. After the data has been processed by the ACH, the net total will be cleared in the member's account in the RTGS system at the Bank of Israel, in accordance with the rules of the RTGS system.



**d. Return of receivables cleared through the ACH**

1. A member of the Clearing House has the right to return a standing order debit which he is not prepared to honor for one of the reasons for return in the ACH that are listed in Appendix 305 Clause b. of the Clearing House Rules.  
The debit will be returned not later than 5 banking business days after the date of the debit. The return of the debit will be carried out by means of a file as described in Standard 505 "Return of debits from banks to the ACH".

A Clearing House member has the right to return a credit that he is not prepared to accept for one of the reasons listed in Appendix 305 Clause c. The credit will be returned directly to the presenting bank not later than 2 banking business days following the date of the credit as a non-magnetic credit receivable with Form 402.

**e. Failure of clearing**

1. If one of the members does not have a sufficient balance in his account in the RTGS system to cover his obligations in the Clearing House, the failure arrangement will be activated subject to the conditions listed in Appendix 8(3) of the RTGS rules.
2. If the failure arrangement is not activated or if the account balance of the member in the RTGS system after activating the failure arrangement is still not sufficient for clearing, the Bank of Israel has the authority not to implement settlement in the RTGS system. Thus, the Bank of Israel has the authority to mandate that the ACH return the receivables – all or part of them – of the Clearing House member who failed, while specifying the reason for the return.