

ALTA

inSIGHTS

REAL TIME | ON-DEMAND



A Look at Modern Payment Rails and
Impact on Good Funds Laws

Today's
ALTA Insights
Featured
Sponsor



Speakers

- **Chris Hultzman | Vice President of Corporate Underwriting | First American Title Insurance Co.**
- **Michael O'Neal | Vice President of Corporate Underwriting | First American Title Insurance Co.**
- **Mickey Vandenberg | Vice President of Escrow Operations | Stewart Title Co.**



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ALTA Good Funds and Modern Payment Rails – Project Overview

- **Comparison/use cases:** Wire transfers – RTP – FedNow – ACH
- **State law research:** Legal analysis of existing good funds laws
- **Model law:** Enable modern payment rails, protect consumers



MODERN PAYMENT RAILS COMPARED

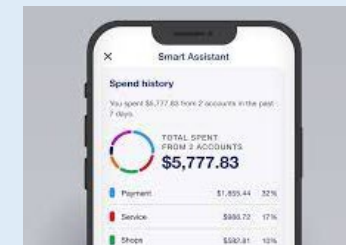




Central Bank Money



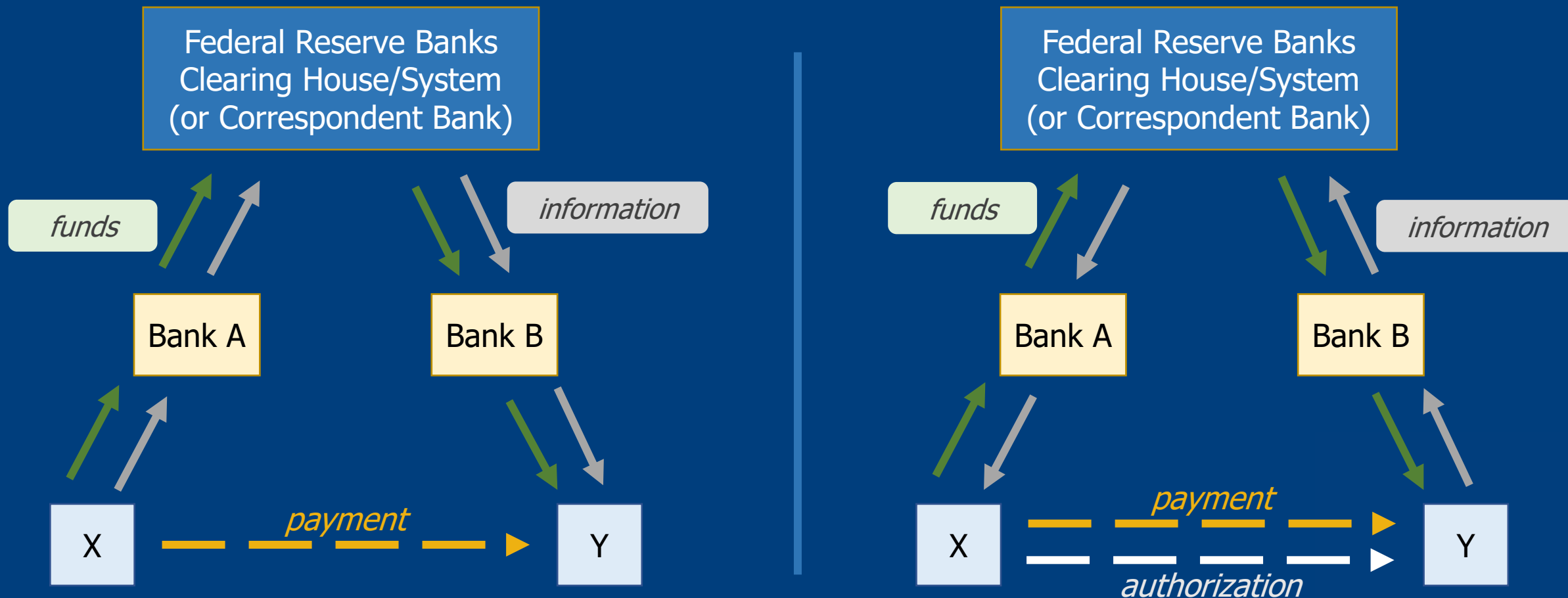
Commercial Bank Money



Central Bank Money



Credit ("Push") vs. Debit ("Pull")



Modern Payment Rails

- Wire transfers



- Real-time payments



Credit transfers

- Automated clearing house (ACH) network



Credit or debit transfers

- Check collection system

Debit transfers



WIRE TRANSFERS & UCC ARTICLE 4A



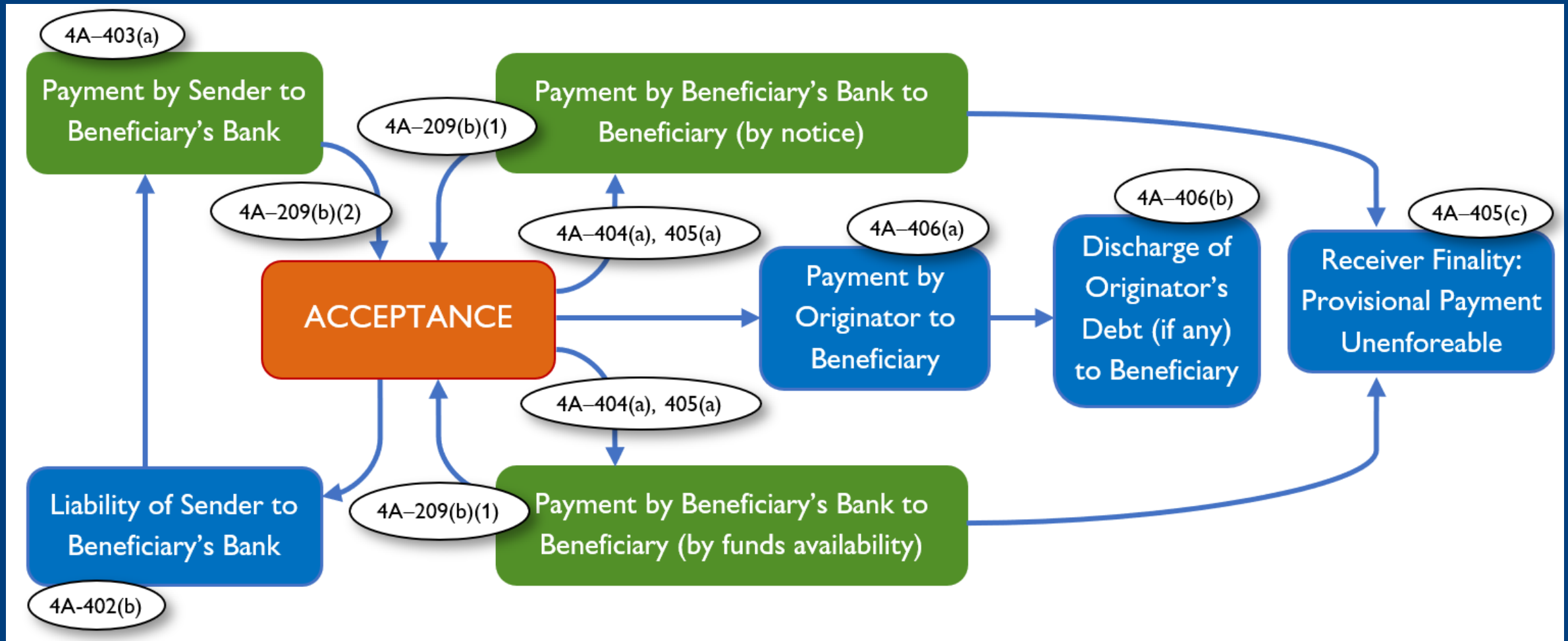
What Is a Wire Transfer?

- **Real-time gross settlement (RTGS) credit transfer system**
 - Settlement on FRB Master Accounts / Prefunded Balance Account at FRBNY
- **“Wholesale wire transfers” aka commercial wires**
- **Largely governed by UCC Article 4A**
 - Reg. J, Subpart B + Federal Reserve Operating Circulars
 - CHIPS[®] Rules and Administrative Procedures
- **Focus on non-consumer uses**
 - ~\$4.3 trillion per day (Fedwire[®]) / ~\$1.8 trillion per day (CHIPS[®])



UCC Article 4A

Simultaneous final settlement, acceptance, payment & discharge + receiver finality in funds transfers



UCC Article 4A

Cancellation of completed funds transfers

- No right for originator to cancel completed funds transfer
- Section 4A–211(c)(2)
 - Only if beneficiary's bank agrees to cancellation (need not agree) Variable
 - Unauthorized or mistake: Not Variable
 - (1) duplicate payment
 - (2) beneficiary not entitled
 - (3) too much \$
 - Recovery to extent allowed under law governing mistake and restitution Variable
- Section 4A–211(f): Indemnity from sending bank



UCC Article 4A

Cancellation of completed funds transfers

- **Potential mistake and restitution defenses**
- Restatement (3d) Restitution & Unjust Enrichment § 67 “Bona fide payee”
- Restatement (1st) Restitution § 14 (1937) “Discharge for value”
 - Preexisting creditor recipient of mistaken or fraudulent payment without knowledge at time of receipt may retain payment in reduction or satisfaction of a valid obligation
 - *Swift v. Tyson*, 41 U.S. (16 Pet.) 1 (1842)
 - *In re Citibank Aug. 11, 2020 Wire Transfers*, 520 F. Supp. 3d 390 (S.D.N.Y. 2021) (\$1 billion mistaken payment by Citibank of its own money (!) to unsuspecting creditors of Revlon Inc.); *reversed* 49 F.4th 42 (2d Cir. 2022) (creditors were on inquiry notice of the mistake)



Shortcomings

Four major problems with wire transfers

1. Timing
2. Control
3. Interloper fraud
4. Error

Designed to be same-day value transfer system

- “Generally, the Fedwire Funds Service is a same-day value transfer system through which funds may be transferred from the originator to the beneficiary on the same funds transfer business day.” Reg. J, Subpart B, 12 C.F.R. § 210.30(c)



Shortcomings

- **Nonetheless, wires can take up to 2 days to complete**
 - No statutory duty for any receiving bank to act on a payment order (§ 4A–212)
 - Beneficiary’s bank owes duty to pay beneficiary upon acceptance (§ 4A–404(a))
 - But intermediary bank owes no duty to beneficiary to execute payment order. Receivers of Sabena, SA v. Deutsche Bank A.G., 90 U.C.C. Rep. Serv 2d 19 (N.Y. App. Div. 2016)
 - Originating or intermediary (correspondent) bank may delay or refuse to process a payment order
 - Bank policy to limit “daylight overdrafts” may cause central “wire room” to wait for incoming transfers to offset an outgoing transfer, resulting in delays for the “wire to go through”
 - Banks are required to cover “daylight overdrafts” in their Federal Reserve master accounts by end of each funds-transfer business day (Reg. J, Subpart B, 12 C.F.R. § 210.28(b)(1)(i))
 - Similarly, CHIPS® payments queued if lower limit to “current primary position” is breached



Shortcomings

- **Nonetheless, wires can take up to 2 days to complete (*continued*)**
 - Human-run “wire room” requires action by at least 2 employees (Op. Cir. No. 5, app. A, ¶2.1(f))
 - Banks may establish varying wire processing cut-off times (§ 4A–106, Op. Cir. No. 6, ¶10.0)
 - Federal Reserve Banks have no duty to complete on day requested (Op. Cir. No. 6, ¶8.2.4, ¶8.6)
 - Duty to execute a payment order expeditiously applies only after it has been accepted (§ 4A–302(a)(2), Reg. J, Subpart B, commentary to 12 C.F.R. § 210.29(b)(2))
 - An unaccepted but unrejected payment order may be in limbo for 5 business days (§ 4A–211(d))
 - If acceptance by beneficiary's bank occurs after cut-off time, payment to beneficiary may be made on the next funds-transfer business day (§ 4A–405(a))
 - Funds availability is required only on the next business day (Reg. CC, 12 C.F.R. § 229.19(c)(1))



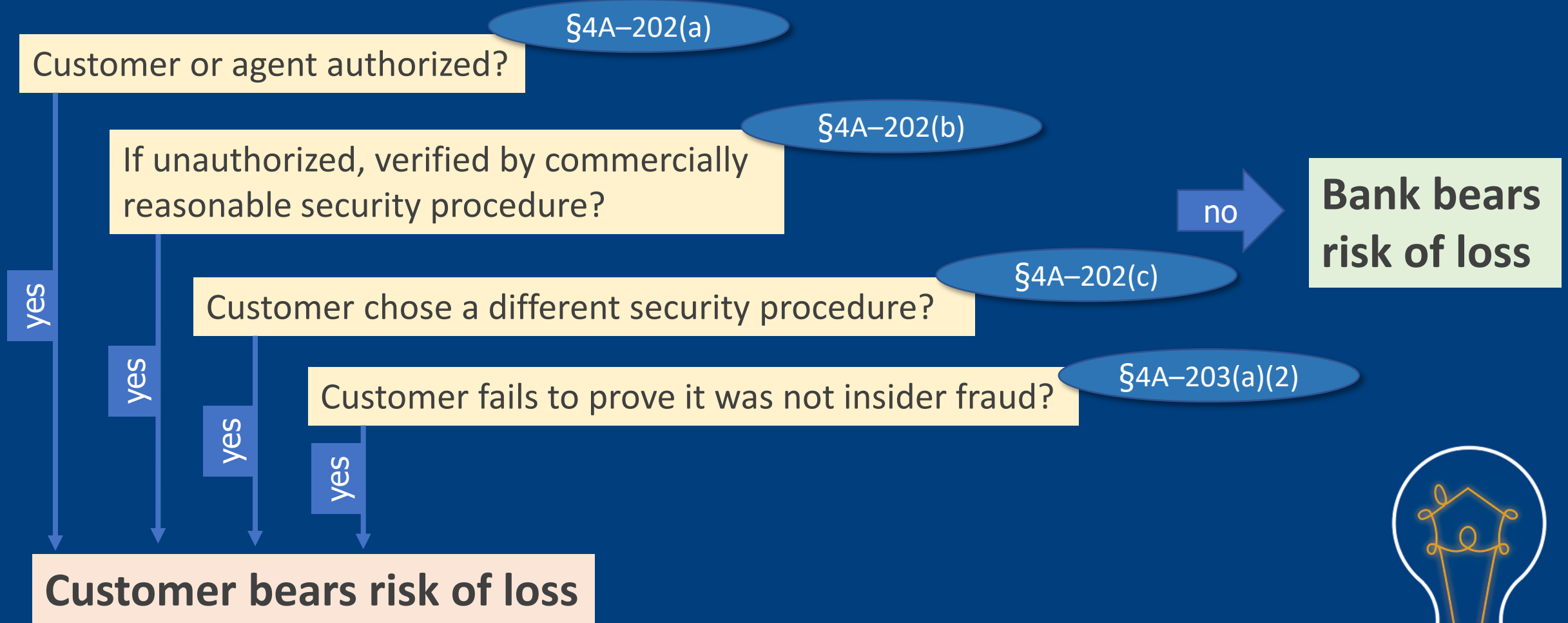
Shortcomings

- BENJAMIN GEVA, THE LAW OF ELECTRONIC FUNDS TRANSFERS, § 2.09[6]
 - Article 4A effectively places the risk of a delayed funds transfer on the originator (as a default rule)
 - The drafters “appear to have overlooked the demands of prudent cash management which dictate against making early payments. . . . As the law under Article 4A currently exists, payments that might result in substantial losses to the originator if missed should be made well in advance.”
- Section 4A–305, cmt. 2
 - “[T]he originator of the funds transfer is in the best position to evaluate the risk that a funds transfer will not be made on time and to manage that risk by issuing a payment order in time to allow monitoring of the transaction. . . . If the originator has sent the payment order at a time that allows a reasonable margin for correcting error, no loss is likely to result if the transaction is monitored.”



Interloper Fraud

Article 4A's risk allocation for unauthorized payment orders



Erroneous Payment Orders

Misdescription of beneficiary

- If beneficiary's name and bank account number don't match, beneficiary's bank may rely *solely* on account number
 - Unless *individual* at bank processing payment has *actual* knowledge of misdescription; but no duty to determine whether name/number match

§ 4A-207(b)
Reg. J, § 210.27(b)
§ 1-202(b), (f)
- Compare to rule for checks: "If an instrument contains contradictory terms, . . . words prevail over numbers."

§ 3-114
- Error by sender's communication system is imputed to sender ("deemed to be an agent of the sender")

§ 4A-206



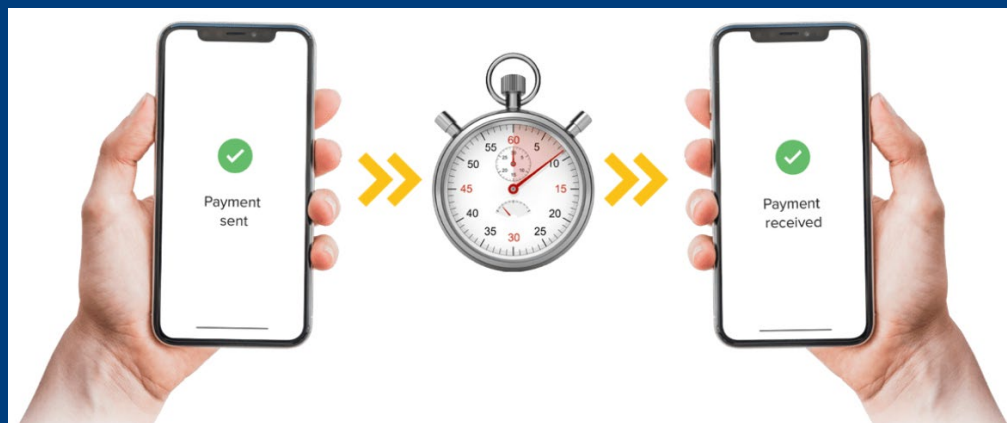
Poll Question

REAL-TIME PAYMENTS



What Is a Real-Time Payment?

- Real-time gross settlement (RTGS) credit transfer system (like wires)
- *Instantaneous* payment & funds availability (in real time = within seconds)
- *Continuous* operation by design (24x7x365)
- Focus on both consumer and non-consumer uses




R | T | P[®]

FedNow[®]
24/7
INSTANT PAYMENTS




Legal Research: Governing Law

FedNow[®] Service

Source	Substance	Priority
Federal Law	Federal Reserve Act, Electronic Fund Transfer Act, Expedited Funds Availability Act, other federal laws (<i>e.g.</i> , sanctions, maritime, federal criminal statutes)	 <p>Preempts or supersedes to the extent inconsistent</p>
	Regulation E (12 C.F.R. Part 1005)	
	Regulation J, Subpart C (12 C.F.R. Part 210, Subpart C) Regulation CC, Subpart B (12 C.F.R. Part 1029, Subpart B)	
	<ul style="list-style-type: none"> ▪ Federal Reserve Operating Circulars (<i>e.g.</i>, Op. Cir. No. 8) ▪ FedNow Service Operating Procedures ▪ The FedNow Service Readiness Guide ▪ The FedNow Service Technical Overview and Planning Guide ▪ FedNow Service Operating Hours 	
	UCC Article 4A (under Regulation J, Appendix A)	
State Law	UCC Article 4A (under state statutes)	
	General principles of law (state common law) as preserved by Article 4A or by UCC § 1-103(b)	

Legal Research: Governing Law

RTP® System

Source	<i>consumer payments</i>	Substance	<i>non-consumer payments</i>	Priority
Federal Law	Federal Reserve Act, Electronic Fund Transfer Act (consumer payments only), Expedited Funds Availability Act, other federal laws (<i>e.g.</i> , sanctions, maritime, federal criminal statutes)			 <p>Preempts or supersedes to the extent inconsistent</p>
	Regulation CC, Subpart B (12 C.F.R. Part 1029, Subpart B)			
	Regulation E (12 C.F.R. Part 1005)			
	Federal Reserve Operating Circulars (<i>e.g.</i> , Op. Cir. Nos. 1, 5)			
State Law (including private contract)	Non-variable UCC Article 4A (N.Y. law)			
	<ul style="list-style-type: none"> ▪ RTP Operating Rules ▪ RTP Rules Interpretations ▪ RTP Participation Rules ▪ RTP Participation Agreements ▪ RTP Guidelines, Playbooks & Checklists 			
	Other (variable) UCC Article 4A (N.Y. law)			
	General principles of law (state common law) . . . as preserved by Article 4A or by UCC § 1-103(b)			

Final Settlement



- Instantaneous (within seconds)
- RTP[®] System Operating Rules
 - Settlement becomes “final” with “final discharge and payment” upon system recording of increase/decrease in Net Positions (backed by prefunded balance account at FRBNY) § VI(E)(6)
 - Exception if “additional time” needed (Accept without Posting) § V(E)(2)
- FedNow[®] Service Operating Procedures
 - Settlement becomes “final” upon earlier of:
 - (1) recording of transaction debit/credit (Participant Master Accounts); or
 - (2) Advice of Credit sent to Receiver
 - Exception if “additional time” needed (ACWP) 12 C.F.R. § 210.44(b)(3) / § 15.d



Post-Completion Reversals

- **Payments are irrevocable except for voluntary returns**
- **RTP[®] System Operating Rules**
 - “purpose and design as a real-time, irrevocable credit transfer system” § I(B)
 - Sender may send Request for Return of Funds; acceptance or rejection is voluntary (response within 10 days) § VII(C)
 - Exception: Request for Payment (RfP) warranty breached § VII(B)(2)
- **FedNow[®] Service Operating Procedures**
 - Participant may decide whether to honor/accept return request § 15.2
 - Strongly recommended to respond by midnight next business day § 15.2.b



Fraud Mitigation

- **Request for Payment (RfP)**
- **RTP[®] System Operating Rules**
 - Multifactor authentication § III(A)(1)
 - Tokenization to mask account numbers § II(L)
 - Prohibits correspondent banking relationships § II(B)
 - Transaction limits: up to \$1,000,000 default § II(C)
- **FedNow[®] Service Operating Procedures**
 - Multifactor authentication of user interface access via FedLine[®] Solutions
 - Transaction limits: \$100,000 default / up to \$500,000 App. C
 - Participant-specific transaction limits and Participant negative lists § 10



Fraud Mitigation

- **Consumer Recourse under Regulation E**

- Unauthorized payment risk allocation
- Error resolution procedures

15 U.S.C. § 1693g, 12 C.F.R. § 1005.6

15 U.S.C. § 1693f, 12 C.F.R. § 1005.11

- **Other recourse under UCC Article 4A**

- Commercially reasonable security procedures for verified payment orders § 4A–201 *et seq.*
- Error resolution procedures and risk allocation for receiving bank error § 4A–302 *et seq.*

- **ISO 20022 messaging standard**

- **But systems may still rely on account number only . . . for now**

- § 4A–207(b)(1)
- RTP[®] System Op. Rules § V(D)
- Reg. J, Subpart C, 12 C.F.R. § 210.42(b)



ACH TRANSFERS



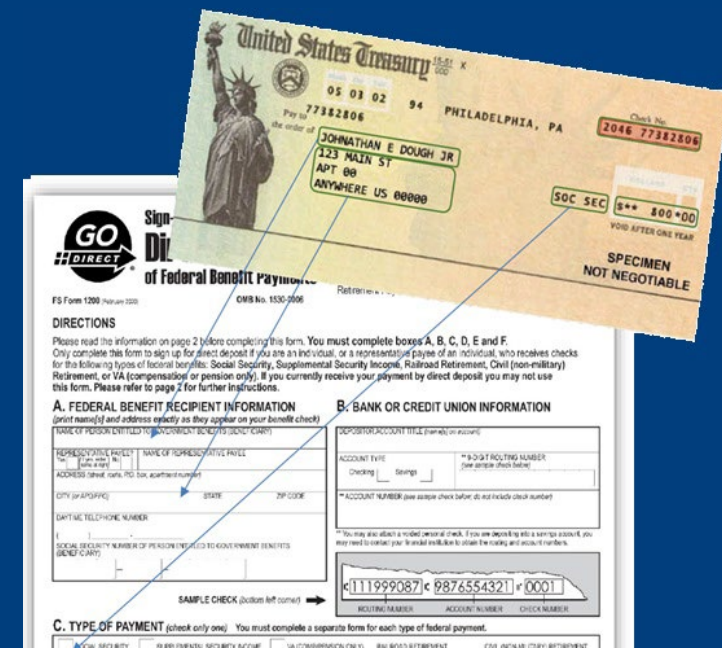
What Is an ACH Transfer?

- **Deferred net settlement (DNS) debit and credit transfer system**
 - Batches of payments settled at end of cycle (usually daily, but also intraday for Same Day ACH beginning 2016)
 - Settled on net-net basis amongst all participants
 - Same Day ACH Transaction Limits: \$1,000,000 (as of 2022)
- **Largely governed by Nacha[®] Operating Rules**
 - Incorporated/modified by ACH Operator Rules
 - EPN Operating Rules / Federal Reserve Op. Cir. No. 4
 - UCC Article 4A (varied) applies to non-consumer credit transfers
- **Huge variety of uses**



Uses of ACH Today

- Direct deposit for payroll (PPD)
- Peer-to-Peer (P2P) payments
- Business-to-Business (B2B) payments (CCD)
- Federal gov. vendor payments, social security benefits, tax refunds, etc.
- Automatic bill pay (utility, car loan, mortgage payments) (PPD)
- Back-office conversion (BOC) and other check (ARC) payments
- Consumer terminal purchases (POS, POP) or single bill pay (CIE)
- Telephone (TEL) and Internet (WEB) initiated payments



Settlement & Reversal Timeframes

Standard ACH credit transfers

Settlement window: 

Funds availability:

Nacha

Reg. CC business day

Initiation

Originator/ODFI may initiate Reversing Entry

Banking Day -2	Banking Day -1	Settlement Date	Banking Day +1	Banking Day +2	Banking Day +3	Banking Day +4	Banking Day +5	Banking Day +6
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Initiation

Originator/ODFI may initiate Reversing Entry

Settlement windows: 

Funds availability:

Nacha

Reg. CC business day

Same Day ACH credit transfers

Note: "Banking Day" is defined in the Nacha[®] Operating Rules § 8.15 as any day an ODFI/RDFI is open to public for substantially all operations = UCC § 4-104(a)(3)

Note: Delays may be excused. Nacha[®] Operating Rules § 1.5

Post-Completion Reversals

Nacha[®] Operating Rules

- RDFI must justify return
- Erroneous Entry reasons
 - 1) duplicate
 - 2) different Receiver intended
 - 3) wrong \$ amount
 - 4) earlier payment date intended
- Limit: 5 Banking Days (unless excused)

Nacha[®] Operating Rules § 2.10.1, § 2.10.5(c)

UCC Article 4A

- BB need not agree to cancel
- Cancellation reasons limited
 - 1) duplicate
 - 2) beneficiary not entitled
 - 3) beneficiary entitled to lower \$ amount
- Other recovery limits
 - law governing mistake & restitution
- No time limit

UCC § 4A-211(c)(2)

Poll Question

GOOD FUNDS RESEARCH



Purpose of Good Funds Laws

Client and Customer Protections

- Safeguard entrusted client/customer funds
- Prevent inadvertent spending of other client/customer funds
- Provide more specificity for other duties (fiduciary, contractual, ethical)

Systemic Protections

- Protect financial stability of escrow agents
- Protect stability of real estate economy
- Help to deter, detect, prevent real estate fraud

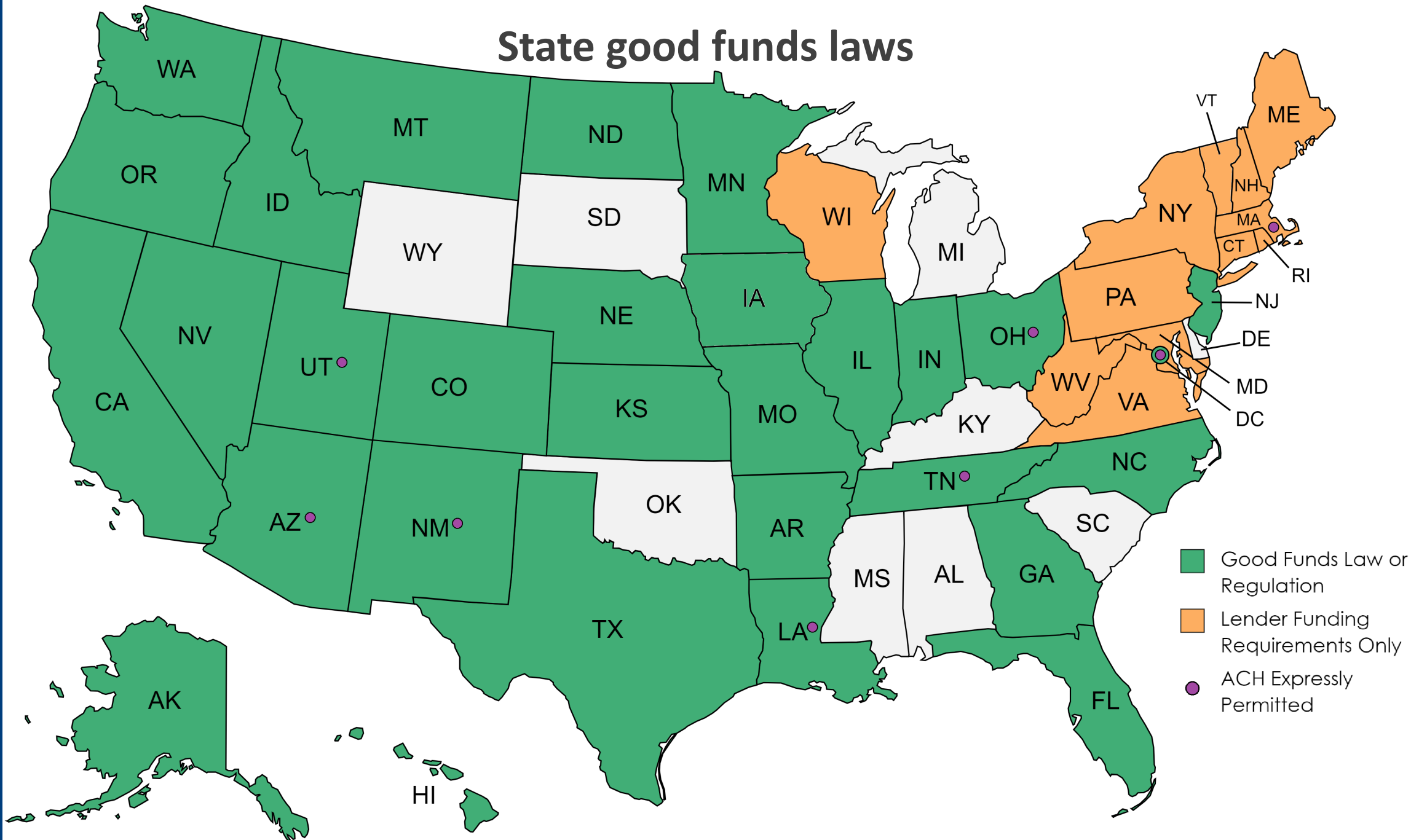


Purpose of Good Funds Laws

Risks that may affect & are addressed by payment finality

- Payor credit risks
 - Insufficient funds
 - Stop payment orders
- Payee entitlement & reversal risks
 - Unauthorized payments (fraud, forgery, counterfeit, etc.)
 - Payment errors (amount, payee, date)
 - Non-holder, missing indorsement, etc.
- Bank credit and liquidity risks
 - Insolvency, suspension of payments (*e.g.*, Abbey Financial Corp. 1994)
 - Intraday credit risk (daylight overdrafts)
- Payment system risks
 - Spillover participant liquidity risks
 - Technical malfunctions or operational mistakes
 - Legal uncertainty
 - Disruption of the system itself

State good funds laws



Unclear Terminology

- “wire”; “wire transfer”
- “wired funds”
- “interbank electronic transfer”
- “electronic transfer”
- “electronic payment”
- “electronic fund (wire) transfer”
- “electronic funds transfer”
- “electronically transferred funds”
- “finally settled”; “final settlement”
- “unconditionally held/received”
- “irrevocably credited”
- “finally collected”; “collected funds”
- “unconditionally available”
- “available for [immediate] withdrawal as a matter of right”
- “item” / “cash”



Parsing Existing Laws

NAIC Model #230, § 10(E)

E. Disbursements may be made out of an escrow, settlement or closing account only if deposits in amounts at least equal to the disbursement have first been made directly relating to the transaction disbursed against and if the deposits are in one of the following forms:

- (1) **Cash**;
- (2) **Wire transfers** such that the funds are **unconditionally received** by the title insurance agent or the agent's depository;
- (3) Checks, drafts, negotiable orders of withdrawal, **money orders** and any other item that has been **finally paid** before any disbursements;
- (4) A **depository check**, including a certified check, governed by the provisions of the Federal Expedited Funds Availability Act, 12 U.S.C. § 4001, *et seq.*; or
- (5) Credit transfers through the Automated Clearing House (ACH) which have been deemed available by the depository institution receiving the credits. The credits **must conform** to the operating rules set forth by the National Automated Clearing House Association (NACHA).

"cash" can include commercial bank money.
Cash, BLACK'S LAW DICTIONARY (10th ed. 2014)

Not a legal term. Just Fedwire and CHIPS? UCC § 4A-302 cmt. 1-2
Book transfers? § 4A-104 cmt. 1

Subject to UCC § 4A-405(c) without exception? How does beneficiary know?

UCC § 4-215(a), (b).
How does a payee know when the payor bank's right to revoke provisional settlement has been lost?

§ 4001(11): "cashier's check, certified check, teller's check" and functional equivalents determined by Federal Reserve Board

All next-day available items subject to Reg. CC, Subpart B, 12 C.F.R. § 229.10(c)?

- USPS money orders?
- state checks?
- local "on-us" checks?

How does a Receiver know this?

Payment Law Terminology

UCC Article 4A

- comments on “wire” or “wire transfer”
- “funds transfer”
- “final settlement”
- “condition to payment”

UCC Article 4

- “item”
- “settlement” is “provisional or final”
- “finally paid” and “final payment”

Sources: § 4A-104(a), § 4A-302, cmt. 1, § 4A-403(a)(1), § 4A-405(c); § 4-104(a)(9), § 4-104(a)(11), § 4-214(a), § 4-215

EFTA/Regulation E

- “electronic fund transfer”

Regulation CC

- “wire transfer” / “electronic payment”
- all forward collection “settlements” are “final”

Regulation J

- “actually and finally collected funds”
- “Fedwire Funds Service” / “FedNow Service”
- “payment” of “obligation”

Sources: 15 U.S.C. § 1693a(7), 12 C.F.R. § 1005.3(b); 12 C.F.R. § 229.2(II), § 229.2(p), § 229.36(c); 12 C.F.R. § 210.2(b), § 210.26(e), 210.31(a), § 210.41

State Law Statistics

29 states + District of Columbia

RTP[®] allowed?

YES	NO	MAYBE
7	1	22

FedNow[®] allowed?

YES	NO	MAYBE
6	1	23



ALTA MODEL GOOD FUNDS LAW



ALTA Good Funds Principles

- Enable use of modern payment rails (RTP[®] and FedNow[®])
 - Facilitate anti-fraud technology to protect consumers
 - Payment in commercial bank money (USD between banks)
 - No credit cards, cryptocurrency, non-direct bank transfers
 - Appropriate “good funds” conditions to disbursement

Other Goals

- Address multiple audiences: escrow agents, consumers, regulators
- Simple, easy-to-use and easy-to-understand checklist
- Clear terminology, no interpretive expertise in payment law necessary
- Broadly protective, mindful of other duties (contractual, fiduciary, ethical)
- No cross-references to other bodies of law
- Avoid previously litigated negative implications



Scope of Model

- Escrow agents (title, settlement, closing agents) – not lenders or banks
- Form of receipt into escrow, not disbursement from escrow
- Real estate transactions (residential, commercial, or both)
- Not covered:
 - Long-term or single-party escrows
 - Personal property transactions
- Not addressed:
 - Bank location; interest earned on account; audit requirements; capital, bond, E&O requirements
 - Form of escrow instructions; timing of escrow disbursements



Dealing with Checks!



- All language in the Model is [optional]
- No consistent approach under existing state good-funds laws
- *Good-enough* funds: Long-tail payment finality risks in collection system
 - Final payment/midnight deadline: forgery, counterfeit, insufficient funds, stop payment order, etc.
 - Presentment warranty statute of limitations: alterations, missing indorsement, known forgery, etc.
 - **Variable by private agreement/warranty** (e.g., ECCHO Rule 9, deposit contract, etc.)
- Reg. CC expedited return and notification requirements
 - Return to be normally received by depository bank by 2 p.m. on 2d business day after presentment
 - Notice of non-payment of \geq \$5,000 check by 2 p.m. on 2d business day after presentment



ALTA Model Law

Section 2(f): Definition of “good funds”

(f) Good funds” means funds denominated in United States dollars directly deposited or received in the form of:

- (i) United States currency;
- (ii) a wire transfer through the Fedwire Funds Service or the Clearing House Interbank Payments System (CHIPS);
- (iii) a credit transfer through the automatic clearing house system governed by the rules of the National Automated Clearing House Association and operated by the Federal Reserve’s FedACH service or The Clearing House Payment Company’s Electronic Payments Network (EPN);
- (iv) a real-time or instant payment through the FedNow Service operated by the Federal Reserve Banks or The Clearing House Payment Company’s Real-time Payments (RTP) system;
- (v) a debit entry to another account on the books of the depository bank, and a credit entry in the same amount to the escrow account on the books of the depository bank, other than by check;



ALTA Model Law

Section 2(f): Definition of “good funds”

continued

- [**(vi) a cashier’s check, certified check, teller’s check, check drawn on the United States Treasury, check drawn on a Federal Reserve Bank, check drawn on a Federal Home Loan Bank, or check drawn by a state or a unit of general local government;
- (vii) any other check, whether commercial or personal, drawn on a bank, if (A) the check is in an amount of [\$5,000] or less and the escrow agent has reasonable grounds to believe that the check is properly payable; (B) the check is drawn on the depository bank and disbursement is made no earlier than the [second] banking day after the banking day on which the check was deposited; or (C) disbursement is made no earlier than the [sixth] banking day after the banking day on which the check was deposited;**) or
- (viii) any other funds credited to the escrow account if the depository bank confirms to the escrow agent in a record that the funds are finally settled or that there has been final settlement of the funds.



ALTA Model Law

Section 3: Conditions

- (1) Deposited & credited: actually deposited with or received by bank
- (2) Balanced ledger: deposited funds must be at least equal to proposed transaction disbursements
- (3) “Good funds”: directly received by bank in the form of “good funds” from list – no multi-payment rail workarounds
- (4) Funds availability: bank has made funds available for immediate use or withdrawal

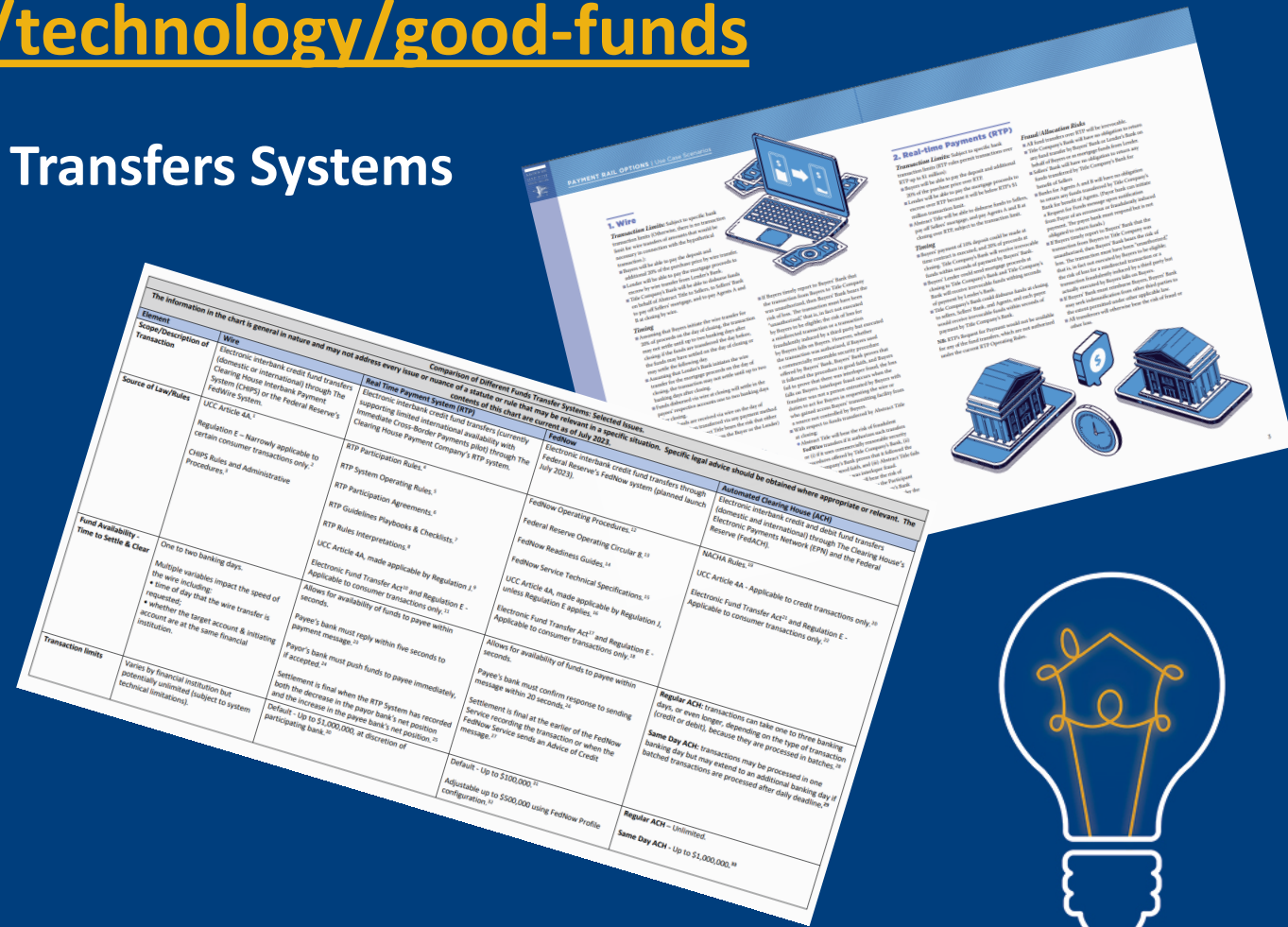


ALTA Resources

Real Time Payments / Good Funds

<https://www.alta.org/advocacy/technology/good-funds>

- Comparison Chart of Different Funds Transfers Systems
- Payment Rails Use Cases
- ALTA Model Good Funds Legislation
- ALTA Model Good Funds Law FAQs
- Good Funds Industry FAQs



Comparison of Different Funds Transfer Systems: Selected Issues

Element	Wire	Real Time Payment System (RTP)	Fedwire	Automated Clearing House (ACH)
Scope/Description of Transaction	Electronic interbank credit fund transfers (domestic or international) through the Clearing House Interbank Payment System (CHIPS) or the Federal Reserve's FedWire System.	Electronic interbank credit fund transfers supporting limited international availability with Clearing House Payments Company's RTP system.	Electronic interbank credit fund transfers through Federal Reserve's Fedwire system (planned launch July 2023).	Electronic interbank credit and debit fund transfers (domestic and international) through the Clearing House's Electronic Payments Network (EPN) and the Federal Reserve (FedACH).
Source of Law/Rules	UCC Article 4A; Regulation E - Narrowly applicable to certain consumer transactions only; CHIPS Rules and Administrative Procedures. ¹	RTP Participation Rules, ² RTP System Operating Rules, ³ RTP Participation Agreements, ⁴ RTP Guidelines Playbooks & Checklists, ⁵ RTP Rules Interpretations, ⁶ UCC Article 4A, made applicable by Regulation I. ⁷	Fedwire Operating Procedures, ⁸ Federal Reserve Operating Circular 8, ⁹ Fedwire Business Guides, ¹⁰ Fedwire Service Technical Specifications, ¹¹ UCC Article 4A, made applicable by Regulation I, unless Regulation E applies. ¹²	NACHA Rules, ¹³ UCC Article 4A - Applicable to credit transactions only, ¹⁴ Applicable to consumer transactions only. ¹⁵
Fund Availability Time to Settle & Clear	One to two banking days. Multiple variables impact the speed of the wire including: • time of day that the wire transfer is requested; • whether the target account & initiating account are at the same financial institution.	Electronic Fund Transfer Act ¹⁶ and Regulation E - Allows for availability of funds to payee within seconds. Payee's bank must push funds to payee within five seconds to if accepted. ¹⁷ Payor's bank must push funds to payee immediately, both the decrease in the payor bank's net position. Default - Up to \$1,000,000 at discretion of participating bank. ¹⁸	Allows for availability of funds to payee within seconds. Payee's bank must confirm response to sending message within 20 seconds. ¹⁹ Settlement is final at the earlier of the Fedwire Service recording the transaction or when the Fedwire Service sends an Advice of Credit message. ²⁰ Default - Up to \$100,000. ²¹ Adjustable up to \$500,000 using Fedwire Profile configuration. ²²	Regulr ACH: transactions can take one to three banking days, or even longer, depending on the type of transaction (credit or debit), because they are processed in batches. ²³ Same Day ACH: transactions may be processed in one banking day but may extend to an additional banking day if configuration. ²⁴ Regulr ACH - Unlimited. Same Day ACH - Up to \$1,000,000. ²⁵
Transaction limits	Varies by financial institution but potentially unlimited (subject to system technical limitations).	Settlement is final when the RTP system has recorded the transaction or when the payor's bank sends an Advice of Credit message. ²⁶ Default - Up to \$1,000,000 at discretion of participating bank. ²⁷	Default - Up to \$100,000. ²⁸ Adjustable up to \$500,000 using Fedwire Profile configuration. ²⁹	Regulr ACH - Unlimited. Same Day ACH - Up to \$1,000,000. ³⁰

Q&A



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