

Legal Notes to CHIPS ISO 20022 Message Usage Guidelines

The Clearing House Payments Company, LLC (TCH) has adopted the ISO 20022 message format, an international standard, for CHIPS. These legal notes supplement TCH’s ISO 20022 message usage guidelines to identify aspects of the ISO 20022 message format that might be construed as having meaning under U.S. law that is not applicable or not consistent with the CHIPS Rules and Administrative Procedures and New York Uniform Commercial Code Article 4-A, which govern CHIPS messages. As provided in CHIPS Rule 8 (c) and described in the table below, these aspects of the ISO 20022 message format do not alter the rights and responsibilities of CHIPS Participants with respect to a CHIPS message or the rights and responsibilities of other parties to a funds transfer of which a CHIPS message is a part.

The legal notes provided in the table below serve as the CHIPS usage for the related ISO 20022 term or entity in every instance in which such term or entity appears in any CHIPS message.

| ISO 20022 Term | ISO 20022 XML tag | ISO 20022 Definition/ Usage | Article 4-A or CHIPS Term | Legal Notes/ CHIPS Usage |
|---------------------------|-------------------|--|--|--|
| Interbank Settlement Date | <IntrBkSttlmDt> | Date on which the amount of money ceases to be available to the agent that owes it and when the amount of money becomes available to the agent to which it is due. | CHIPS Operating Date | <p>The CHIPS operating day spans two calendar days, beginning 9:00 p.m. Day 1 and ending 6:15 p.m. Day 2. The CHIPS Operating Date is the Day 2 calendar date. CHIPS Payments that are released on Day 1, settle on Day 1. <i>Hence, Interbank Settlement Date should not be relied upon as the date that a CHIPS Payment was settled.</i></p> <p>Creation Date Time <CreDtTm> in the group header section of an outbound pacs.004, pacs.008, or pacs.009 that CHIPS releases to a Receiving Participant will show the calendar date that the payment was settled. Similarly, Original Creation Date and Time <OrgnlCreDtTm> in the transaction information and status/ original group information section of a pacs.002 resolver notice¹ that CHIPS sends to a Sending Participant will show the calendar date that the payment was settled.</p> |
| Debtor | <Dbtr> | Party that owes an amount of money to the (ultimate) creditor. | Originator | The Debtor is the Originator of the funds transfer of which a CHIPS message is a part. Notwithstanding the term “Debtor,” the Originator is not necessarily indebted to or otherwise legally obligated to pay the Beneficiary (what the ISO 20022 standard calls the “Creditor”). |
| Initiating Party* | <InitgPty> | Party that initiates the payment. This can be either the debtor or a party that initiates the credit | Originator or Originator’s third party service | Notwithstanding use of the word “party” in the term “Initiating Party,” if the person identified as the Initiating Party is not the Originator, the person is not a party to the funds transfer being cleared and settled through CHIPS. Rather, an initiating party |

¹ A resolver notice is a pacs.002 with an accepted (ACSC) transaction status.

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| | | | transfer on behalf of the debtor. | provider | that is not the Originator is a person that the Originator uses to send payment orders to the Originator's Bank. The Initiating Party may be either the Originator itself or third party service provider of the Originator. |
| Agent* | Previous Instructing Agent | <PrvsInstgAgt> | Agent immediately prior to the instructing agent. | CHIPS Instructing Bank | Notwithstanding use of the word "Agent" in the terms "Previous Instructing Agent," "Instructing Agent," "Instructed Agent," "Intermediary Agent" "Debtor Agent," and "Creditor Agent," (and associated "agent" account fields) a person identified by these ISO 20022 terms is not an agent of any party to the funds transfer and owes no duty to any other party to the funds transfer except as provided in Article 4-A or by express agreement. Additionally, with respect to the ISO 20022 usage for Debtor Agent and Creditor Agent (Originator Bank and Beneficiary Bank), such banks are not required to hold accounts for the Originator or Beneficiary. |
| | Instructing Agent | <InstgAgt> | Agent that instructs the next party in the chain to carry out the (set of) instruction(s). | CHIPS Sending Participant | |
| | Instructed Agent | <InstdAgt> | Agent that is instructed by the previous party in the chain to carry out the (set of) instruction(s). | CHIPS Receiving Participant | |
| | Intermediary Agent 1 | <IntrmyAgt1> | Agent between the debtor's agent and the creditor's agent. | CHIPS Intermediary Bank | |
| | Debtor Agent | <DbtrAgt> | Financial institution servicing an account for the debtor. | Originator Bank | |
| | Creditor Agent | <CdtrAgt> | Financial institution servicing an account for the creditor. | Beneficiary Bank | |
| Creditor | <Cdtr> | | Party to which an amount of money is due. | Beneficiary | The Creditor is the Beneficiary of the funds transfer of which a CHIPS message is a part. Notwithstanding the term "Creditor," the Beneficiary is not necessarily a creditor of or otherwise legally entitled to payment from the Originator. |
| Ultimate Debtor | <UltmtDbtr> | | Ultimate party that owes an amount of money to the (ultimate) creditor. | No equivalent | Information provided in an ISO 20022 payment message to identify another person that is not a party to the funds transfer but that has some connection to the purpose of the funds transfer and is identified in the payment message for regulatory, compliance, remittance, or other purposes. An "Ultimate Debtor" is not an Originator. The relationship and any rights or obligations between the Ultimate Debtor and the Originator is determined by law other than Article 4A. |
| Ultimate Creditor | <UltmtCdtr> | | Ultimate party to which an amount of money is due. | No equivalent | Information provided in the an ISO 20022 payment message to identify another person that is not a party to the funds transfer but that has some connection to the purpose of the funds transfer and is identified in the payment message for regulatory, |

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| | | | | compliance, remittance, or other purposes. An “Ultimate Creditor” is not a Beneficiary. The relationship and any rights and obligations between the Ultimate Creditor and the Beneficiary is determined by law other than Article 4A. |
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*There may be multiple instances of these “agents” in CHIPS message (i.e., Previous Instructing Agent 1, Previous Instructing Agent2, etc).