

## § 370.5

entry is reflected on the books of the Federal Reserve Bank(s).

*Signature* means any symbol or method executed or adopted by a person with present intention to be bound.

*We (or "us")* refers to the Secretary of the Treasury and the Secretary's delegates at the Treasury Department and Bureau of the Public Debt. The term also extends to any fiscal or financial agent acting on behalf of the United States when designated to act by the Secretary or the Secretary's delegates. The term does not extend to United States Savings Bond issuing and paying agents.

*You* means a deposit account owner, in subparts B and C, unless stated otherwise. The word "you" means a person who electronically submits transaction requests through us, in subpart D.

### Subpart B—Credit ACH Entries

#### § 370.5 How can I appoint a financial institution to receive payments on my behalf?

You must name a financial institution to receive payments through credit entries using the ACH method. You also must identify the deposit account to which payments are to be made. To do this, you must use a form approved by us.

#### § 370.6 What requirements apply to a financial institution that handles a credit entry?

A financial institution that accepts and handles a credit entry initiated by us agrees to the provisions of this subpart, and warrants that it will comply with all requirements imposed upon Receiving Depository Financial Institutions under the Operating Rules of the National Automated Clearing House Association, as modified by these regulations and other law.

#### § 370.7 How can my financial institution change my designated deposit account?

If your financial institution requests us to make a change in your deposit account number or type of your account, we will change the information without requiring any confirmation from you. The request from the financial institution must be made fol-

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lowing the Operating Rules of the National Automated Clearing House Association. The financial institution's request will be deemed an agreement by the institution to indemnify us and you for any loss resulting from the requested change.

#### § 370.8 Are there any requirements related to a prenotification entry?

(a) *Use of prenotification in our discretion.* In our discretion, we may initiate a prenotification entry to a financial institution before we send a credit entry. We may also send a prenotification message whenever there is a change in the payment instructions. If we send a prenotification message, we will follow the time frames as established by the Operating Rules of the National Automated Clearing House Association. A prenotification is a zero-dollar ACH entry that can help us determine whether there might be problems with sending a subsequent credit entry.

(b) *Requirements placed upon financial institution that receives a prenotification.* A financial institution must respond to a prenotification within the time frame for such responses as established by the Operating Rules of the National Automated Clearing House Association. If the receiving financial institution does not respond to the prenotification message within the specified time period, we may interpret the nonresponsiveness as the financial institution's agreement to this subpart. Furthermore, a financial institution warrants by its nonresponsiveness that the deposit account number and the type of account contained in the prenotification entry message was accurate as of the moment the financial institution received it.

#### § 370.9 How can my payment instructions be changed?

Your payment instructions will continue to apply until either you or your financial institution requests us to make a change.

#### § 370.10 What can cause my payments to be suspended?

(a) *Change in deposit account.* We will suspend payments if we receive notice that your deposit account has been

closed, that someone named on your deposit account is dead or has been declared legally incompetent, that there is a change in the title of your deposit account that alters your interests; or, if a corporation is the owner, that it has been dissolved.

(b) *Change in status of owner.* We will suspend payments when we receive notice that an owner of a bond, security, or investor account is dead or has been declared legally incompetent, or in any case where we receive notice of a change in the name or status of an organization or representative named on a bond, security, or investor account.

(c) *Continuation of Suspension.* Payments will continue to be suspended until we receive satisfactory evidence as to who is authorized or entitled to receive payments.

**§ 370.11 What must my financial institution do when it receives a payment?**

An institution which receives a payment on behalf of its customer must:

(a) Upon receipt, make the payment available to you on the payment date. If a scheduled payment date is not a business day for the Federal Reserve Bank of the district in which the institution is located, payment will be made on the next-succeeding business day. If the institution is unable to make a credit entry to the designated account, it must return the payment in accordance with the Operating Rules of the National Automated Clearing House Association.

(b) Promptly notify us when your account has been closed, or when it is on notice of the death or legal incapacity of you or any other individual named on your account, or when it is on notice of the dissolution of a corporation in whose name the deposit account is held. The institution must return all payments received along with an explanation for the return.

**§ 370.12 What happens if an error is made in a credit entry, or if a duplicate credit entry is made?**

If we make an erroneous credit entry under this part, we will make a corrected credit entry to your account. We will then take action to recover the er-

roneous credit entry, or any duplicate credit entry, as follows:

(a) *Return of amount of erroneous or duplicate credit entry by financial institution.* We will send a notice to the financial institution to which the erroneous or duplicate credit entry was sent. When it receives this notice, the financial institution must immediately return to the appropriate Federal Reserve Bank an amount equal to the credit entry. If the institution is unable to do this, the institution must immediately notify us, and provide any information that it has about the matter. We reserve the right to request the return of a partial amount of an erroneous or duplicate credit entry.

(b) *Collection of amount of unreturned erroneous or duplicate credit entry.* Where the erroneous or duplicate credit entry has not been returned, we will undertake any other actions that are appropriate. To the extent permitted by law, the collection action may include deducting the amount owed from future credit entries made to the deposit account to which the erroneous or duplicate credit entry was made.

(c) *Authorization of Debit to collect unreturned duplicate or erroneous credit entry.* If a financial institution has not responded within 60 calendar days of the notice, its acceptance of the credit entry will be considered an authorization for a debit in the amount of the entry. The debit will be made from the account maintained or utilized by the financial institution at the Federal Reserve Bank to which the entry was made. An institution designated by a financial institution to receive payment on its behalf, in permitting the usage, is deemed to have authorized a debit. The debit will be made from its account maintained at the Federal Reserve Bank to which the entry was made. The institution to which the credit entry has been directed is deemed to have agreed to provide information and assistance to recover any erroneous or duplicate entry. You are also deemed to have agreed to provide information and assistance, and to take any action provided by law to recover an erroneous or duplicate credit entry.