



## CHAPTER SIX – SETTLEMENT

### SECTION 6.1 End of Day Cut-off and Processing

Each Issuer must designate a standard daily cut-off time for Transaction processing by Acquirers that have entered into Acquirer Agreements with that Issuer or its Designated Agent(s); provided, however, that such cut-off time may not be earlier than 12:00 noon local time at any Terminal accepting Transactions for such an Acquirer. Transactions performed during a Business Day prior to the standard cut-off time shall be settled by the Issuer to the Acquirer on the next Business Day. (Example 1: Transactions performed after Wednesday Business Day cut-off time and before Thursday Business Day cut-off time shall be settled to Acquirers on Friday Business Day; Example 2: Transactions performed after Thursday Business Day cut-off time and before Sunday cut-off time shall be settled to Acquirers on Monday Business Day). Merchants and Acquirers that establish their own cut-off times which are different from their Issuer's cut-off time must maintain appropriate suspense accounts for such purposes. *(Amended December 29, 2000)*

### SECTION 6.2 Settlement Payments

Settlement shall be on a net basis among Issuers and Acquirers. Each Issuer must initiate Settlement payments to its Acquirers in a net credit position through ACH transfers or Federal Reserve Wire Transfers each Settlement Day in a timely manner to ensure receipt of Settlement payments by the Acquirers on the next Business Day.

- a. **Network Settlement.** Transactions routed by Acquirers through a Network shall be settled in accordance with such Network's normal Settlement procedures.
- b. **Settlement of Interoperable Transactions.** Each Issuer shall arrange with each other Issuer for the net Settlement of Interoperable Transactions each Business Day.
- c. **Processors as Endpoints.** These Rules do not prohibit Processors from acting as agents of Acquirers for purposes of Settlement and reconciliation.
- d. **Partially Authorized Transactions.** Each Issuer shall be obligated to settle its Partially Authorized Transactions only in the amount actually Authorized. *(Amended September 26, 2014)*

### SECTION 6.3 Government Reimbursement

Each Issuer shall be liable for Settlement of Transactions it authorizes each Settlement Day regardless of when or whether the Issuer receives payment in respect of such Transactions from a Government Entity.



#### **SECTION 6.4 Beneficial Ownership of Funds**

Each Issuer that is not a Government Entity that receives funds directly or indirectly from a Government Entity for the purpose of settling for Authorized Transactions under these Rules shall have no equitable or beneficial interest in such funds and holds such funds in trust so that such funds shall not be considered to be property of the Issuer, assets of the Issuer or property of the estate of the Issuer or used to satisfy the creditors of the Issuer in the event that the Issuer becomes insolvent. Any such funds that are due and payable to Acquirers or their Agents under these Rules shall be paid to Acquirers or their agents. Any such funds that are not due and payable to Acquirers or their agents under these Rules shall be due and payable to the Government Entity from which they were received and shall be returned to that Government Entity. For the purpose of this section, an agent shall be defined as a Processor, Designated Agent or Network that acts on behalf of Acquirer for settlement and reconciliation purposes. *(Amended October 8, 2002 and November 10, 2004)*

#### **SECTION 6.5 Settlement Reports**

Promptly following the cut-off time each Settlement Day, each Issuer shall make available to each Acquirer, directly or through a Processor for such Acquirer, such settlement reports and/or data files as shall be reasonably required for such Acquirer's reconciliation of the day's Settlement.