TANZANIA AUTOMATED CLEARING HOUSE

(TACH)

RULES

2016

	PART I **PRELIMINARY**	
1.	These Rules shall be cited as the Tanzania Automated Clearing House (TACH) Rules 2015 for facilitating clearing of interbank payment instruments and shall be binding between the participants.	Title
2.	These Rules shall come into operation on such a date as the Chairperson of the Management Committee of TACH shall appoint by issuance of a notice to all members of TACH.	Commencement
3.	Terminologies used in these Rules, unless the context otherwise requires are defined in the Glossary of Terms appended as Schedule 1.	Interpretation
4.	(1) TACH shall offer the following services: (i) clearing services which enables Payment Instructions (Direct Debits, Direct Credits and Cheques) to be exchanged among participants; and (ii) generation of a multilateral net positions and submission of a Net Settlement Instruction (NSI) to TISS. (2) TACH services shall be restricted only to TACH members.	TACH services
5.	The objectives of TACH shall be to: (i) provide efficient and effective clearing of payment instruments presented at the clearing house; (ii) formulate and review rules relating to the clearing procedures between members of the TACH; (iii) contribute to the improvement of the national payment systems; (iv) maintain records of the TACH system and such other matters as may be thought necessary; and (v) maintain discipline of members in TACH operations.	Objectives

6.	The Clearing Agent shall:	Responsibilities of the Clearing Agent
	(i) own the TACH system and be responsible for the authorisation to participate, the establishment and maintenance of the system which shall include ensuring compliance with the TACH Rules;	
	(ii) provide facilities to ensure efficient and sound environment for TACH operations and performance;	
	(iii) act as an operator for TACH system which involves managing the technical infrastructure of the system and executing the procedures involved in operating the TACH system;	
	(iv) administer the operations of the daily business cycle, manage the creation of reports and maintain responsibility for the security of all data, software and infrastructures including backups;	
	(v) at its own discretion, may delegate operations of the system to a third party; and	
	(vi) administer participants in the system.	
	PART II **MEMBERSHIP**	
7.	(1) TACH membership shall be open to any financial institution licensed by the Bank and operating in the United Republic of Tanzania which meets the following eligibility criteria: (i) must be a participant in the Tanzania Interbank Settlement System (TISS); and (ii) must maintain government securities or cash reserves to be used as collateral. (2) Without prejudice to the provision of (1), the Clearing Agent may determine other criteria to be considered for a certain types of TACH participant.	Access criteria
8.	Application for membership shall be made to the Clearing Agent by filling and submitting an Application Form appearing as Schedule 2 of	Procedures for application

	these Rules.	4
9.	(1) The Clearing Agent shall, upon receipt of the Application Form, assess the eligibility and notify the applicant of the fate of its application. (2) Where the application is not granted the Clearing Agent shall provide reasons to the applicant for rejection. The applicant shall be given an opportunity to resubmit its application considering the Access Criteria stated under section 7. (3) Where the application is granted the participant shall be provided with membership acceptance notice as appearing in Schedule 4 which requires the member to comply with conditions for participation as stipulated in Schedule 5.	Application Assessment
10.	(1) A member shall be suspended from TACH in any of the following events: (i) the participant is in breach of a prudential supervision requirement and the Bank has requested for such suspension; (ii) If the member is placed under statutory management in accordance with the provisions of the Banking and Financial Institutions Act 2006; (iii) If in the opinion of the TACH Operations Committee a member has not acted in the highest principles and interest of the clearing and settlement process; (iv) an event occurs which affects, or may affect, the ability of the participant to participate in sending and receiving payment instructions; and (v) the participant breaches its obligations under these Rules or the applicable procedures and fails to rectify the breach or to provide a satisfactory justification. (2) In suspending the participant, the Clearing Agent, may block or	Suspension

	disable on any terms the participant's access to the TACH system for a specified period or extension of the period taking into account the nature of the situation.	
	(3) The Clearing Agent will immediately notify all participants of any suspension by the most expeditious means available.	
	(4) A participant who has been suspended under this section is not entitled to participate in TACH, but it still has a right to access its data outside the system via a request to the Clearing Agent.	
	(5) A participant whose access to the TACH system is suspended or blocked shall continue to honour obligations accrued in TACH operations unless otherwise stated by the Clearing Agent.	
	(6) The Clearing Agent shall reinstate a participant, after the reasons for suspension, blocking or disabling have been rectified. The Clearing Agent will, as soon as reasonably possible, notify all participants of re-commencement date for the suspended participant.	
11.	A participant's membership shall be terminated from TACH upon: (i) Withdrawal of membership; (ii) becoming insolvent in terms of the provisions of the Banking and Financial Institutions Act 2006; and (iii) termination by the Clearing Agent in accordance with these Rules.	Termination
12.	A participant who wishes to withdraw as a participant in the TACH shall give a thirty (30) days' notice, in writing, to the Clearing Agent.	Withdrawal of membership
13.	(1) A participant whose membership has been terminated or withdrawn shall not have access to the TACH system. (2) A participant whose membership is terminated or withdrawn pursuant to this section shall continue to be bound by these Rules in respect of:	Effect of termination or withdrawal of membership

	(i) any act, matter or thing occurring prior to the time such termination or withdrawal takes effect or as a result of such termination or withdrawal; and	
	(ii) any fees, costs, charges and expenses which may be levied on, or which are to be reimbursed in accordance with these Rules in respect of periods which commence prior to the time such termination or withdrawal takes effect or which relate to any such act, matter or thing.	
	(3) A participant whose membership is terminated or withdrawn is not entitled to be repaid all or part of any entrance, operating or other fee that has been paid.	
	PART III **USER ADMINISTRATION**	
14.	(1) Each participant shall designate a minimum of three and maximum of five personnel who shall represent the participant in the system as users. (2) Users in the TACH system shall be created as follows: (i) Each participant shall submit a dully filled User Access Request Form as provided in Schedule 3 for authorisation by the Clearing Agent; (ii) Upon approval of the application, the Clearing Agent shall register TACH participant as a User in the TACH system and provide login credentials to enable nominated users to access the TACH system as per their profile; (iii)The nominated User of the TACH participant shall be required to collect in person with proof of identification the login credentials from the Clearing Agent; (iv)The nominated User of the TACH participant shall change his default password upon accessing TACH system for the first time; and	User creation and modification

	(v) TACH Participant shall designate a Master User who will be responsible for administration of other users. (3) TACH users shall keep their passwords and other access methods confidential and notify the Clearing Agent immediately by email upon loss of password or login credentials of Master User.	

PART IV
PARTICIPANTS RESPONSIBILITIES

15.	The Collecting Bank shall:
	
	a) perform physical checks on the cheque presented by customers at the counter or point of deposit which shall include :
	
	    i) validity of date;
	
	    ii) presence of signature(s);
	
	    iii) the correctness of payee's name;
	
	    iv) the matching of amount in figures as in words;
	
	    v) presence of endorsement, and stamp duty where relevant; and
	
	    vi) absence of pre endorsement by another bank.
	
	    vii) no alteration
	
	b) confirm that the MICR code-line of the cheque is not tampered;
	
	c) ensure that the cheque bears the mandatory physical security features set out in the Cheque Standards and Specifications (CSS) for TACH before acceptance;
	
	d) ensure that the beneficiary account to be credited is that intended by the drawer of the cheque;
	
	e) ensure that all cheque deposited are stamped and signed on the rear for all crossings using quality inks, either blue or black;
	
	f) retain physical cheques that have cleared in TACH;
	
	g) safely archive physical cheques received from their customers and
		Responsibilities of Collecting Bank

	produce them to relevant authorities as and when they are required in compliance with the requirements of the Anti-Money Laundering laws;	
	h) provide undertakings to certify that the images are true copies of the original cheque;	
	i) ensure that each item submitted has unique reference identification for a particular day; and	
	j) maintain a cheque archive of all cheques received and store the cheques in the archive for the statutory period of seven years.	

16.	The Paying Bank shall:
	
	a) perform checks on the images of the cheques presented for payment by the collecting bank; these shall include presence of a valid
	
	    i) date;
	
	    ii) collecting bank's endorsement stamp and signature;
	
	    iii) signature;
	
	    iv) payee name;and
	
	    v) amount in words as appearing in figures.
	
	b) perform verification of account mandates/checklist for cheques presented for payment by the collecting bank;
	
	c) advise fate of all cheques presented by the collecting bank by returning all unpaid cheque images together with a reason for return to the collecting bank within the clearing period;
	
	d) store all collected images in an archive for the statutory period provided under the Anti Money Laundering Framework; and
	
	e) counter-check the validity of payment details contained in the electronic journal against details on the corresponding image.
		Responsibilities of Paying Bank

	PART V **OPERATING TIMES**	

17.	(1) TACH shall operate from Monday to Friday except on public holidays. The operating times of TACH shall be as per Schedule 6 of these Rules.	Business days and operating times
	(2) The Clearing Agent may change or modify the operating times of TACH upon occurrence of exceptional circumstances and notify participants of such changes.	Change or modification of operating times
	(3) Files submitted for clearing by TACH participants beyond the clearing Cut-Off times shall automatically be input to the next clearing session. (4) Cheque files submitted for clearing by TACH participant beyond the Cut-Off times of the final session shall automatically be input to the clearing session in the following business day.	Submission of files
	PART VI **COMMUNICATION MECHANISM**	
18.	(1) TACH Participants shall send and receive clearing instructions through a Virtual Private Network (VPN) established between the participants and Clearing Agent to facilitate clearing of cheques and EFT instruments. (2) Notwithstanding subsection (1), TACH participants shall access TACH services by: (i) Submitting digitally signed batch files using either Gateway or Payment Originator (PO) module; (ii) Submitting batch files in accordance with ISO 20022 prescribed format of the instrument message type for TACH services as provided in Schedule 7; and (iii) Receive batch files in a prescribed format in accordance with ISO 20022 as provided in Schedule 7. (3) TACH participants shall ensure that the batch files submitted are	Network connectivity

	correct and dully authorised for clearing.	
	PART VII **CHEQUE PROCESSING**	
19.	TACH shall process cheques denominated in Tanzania Shillings or United States Dollars payable in Tanzania by a TACH participant or by a customer of a TACH participant.	Cheques denominations
20.	(1) The Bank shall set maximum limit for the amounts of the individual cheques submitted to the TACH which may be reviewed from time to time. (2) TACH participants shall submit individual items in a batch in compliance with the limit set in (1) above. (3) TACH system shall reject an individual item in the batch which has exceeded value limit set and send a notification to the sending bank.	Cheque Value Limit
21.	TACH shall clear cheques that comply with Cheque Standards and Specifications (CSS, 2013) issued by the Bank.	Cheque Standards
22.	TACH participants shall : (i) scan cheques using high resolution cheque scanners that are capable of capturing images as specified in Schedule 7; (ii) generate images and data from the scanned cheques and produce a batch file for submission to the TACH system; and (iii) ensure to correctly fill the batch fields and the individual items fields in the batch file.	Cheque truncation
23.	TACH participants shall submit digitally signed batch files in a unified message format ISO20022 to the TACH system for clearing.	Cheque Message Format
24.	The TACH system shall receive batch files from the TACH participant, perform file verification process and: (i) Accept the batch for sorting and disbursing to respective paying	TACH system processing batch file

	bank; or (ii) Reject incorrectly filled batch or individual item fields by returning to TACH participant.	
25.	(1) TACH participant who receives the batch file from the TACH system shall perform verification on the received file. (2) TACH participant shall, in case of rejection, submit a message for unpaid items stating reasons as per Schedule 8 to the TACH system before Cut-Off time of the clearing session. (3) The instrument shall be considered accepted for payment if the receiving bank did not submit any rejection message before the Cut-Off time of the clearing session.	Handling cheque batch files
26.	TACH System shall, during the operating hours, notify the originating participant for any rejected items and remove such items from the clearing session.	Cheque rejected items
PART VIII **EFT TRANSACTIONS**		
27.	TACH shall process Electronic Funds Transfer instructions (Direct Credits) denominated in Tanzania Shillings.	EFT
28.	(1) TACH participants shall submit individual EFT instructions in the batches in accordance with the limit as set by the Bank from time to time. (2) TACH system shall reject individual item in the batch which has exceeded the set limit and send a notification to the sending bank.	EFT Value Limit
29.	TACH participants shall submit digitally signed batch files in a unified message format ISO20022 to the TACH system for clearing as appearing under Schedule 7 of these Rules.	EFT Message Format
30.	The TACH system shall receive the batch files from the TACH	TACH system processing EFT batch file

	participant, perform file verification process and: (i) Accept the batch for sorting and disbursing to respective paying banks; or (ii) Reject incorrectly filled batch or individual item fields by returning to TACH participant.	
31.	(1) TACH participant who receives EFT batch file from the TACH system shall perform verification and credit the beneficiary. (2) TACH participant shall, in case fails to apply the funds transfer instructions, submit a message for un-applied EFT instructions stating reasons as per Schedule 8 to the TACH system before Cut-Off time of the clearing session.	Handling of EFT batch files
32.	TACH System shall, during the operating hours, submit to the originating participant for any un-applied instructions.	Unapplied EFT instructions
	PART IX **SETTLEMENT MECHANISM**	
33.	(1) TACH system shall compute, at every clearing session, participants' net position and generate Net Settlement Instruction. (2) The batch file containing Net Settlement Instruction shall be submitted to TISS for settlement.	Settlement Instructions for cheque and EFT
34.	The Receiving participant shall credit beneficiary's account in not more than two hours after receipt of payment on its TISS Clearing Account.	Crediting Beneficiary's Account
	PART X **SETTLEMENT FAILURE MECHANISM**	
35.	(1) TACH participants shall adopt Defaulter's Pay Mechanism as failure to settle mechanism. (2) In order to facilitate settlement of the net obligation of a TACH participant in the event of failure, TACH participants shall be required to access Intra-day Liquidity Facility from the Clearing	Failure to settle mechanism for TZS denominated instruments

	Agent. (3) The TACH participant shall ensure that the value of the ILF referred in sub-section (2) shall not be less than its net settlement obligation.	
36.	The TACH participant shall be required to put up a USD cash reserve in TISS clearing account of not less than its net settlement obligation in order to facilitate settlement of the net obligation of a USD denominated instruments submitted by a TACH participant.	Failure to settle mechanism for USD denominated instruments
	PART XI **CONTINGENCY MEASURES**	

37.	(1) Participants shall be required to have Business Continuity Plan to ensure effective clearing of payment instructions which shall include;
	
	    (i) Duplicating primary site operations to a secondary site; and
	
	    (ii) Ability to timely operate Virtual Private Network from the Secondary site in case the primary site is not available.
	
	(2) Participants shall periodically test their Business Continuity Plan and maintain testing reports.
	
	(3) The Clearing Agent shall provide contingency facility for TACH participants to send and receive TACH files in the event participants are facing connectivity problems on their site.
		Business Continuity Plan

	PART XII **FEES,CHARGES AND PENALTIES**	
38.	The Bank shall charge participants the annual maintenance fees, transaction fees, and may impose penalties as provided in Schedule 9 of these Rules.	Fees, Charges and Penalties
	PART XIII **TACH ADMINISTRATIVE COMMITTEES**	
39.	(1) There shall be a TACH Technical Committee that shall; (i) Resolve disputes among TACH participants arising from TACH	TACH Technical Committee

operations; and

(ii) Advice and recommend to the Management Committee on TACH technical issues.

(2) TACH Technical Committee shall comprise of sixteen members as follows:

(i) Four representative of the Bank of Tanzania;

(ii) Twelve rotating representatives, appointed by the Committee of Management. For the purpose of continuity four new members shall be appointed each two years;

(iii) The Bank shall provide a Chairperson and a Secretary for the committee and members shall elect, among them a Vice Chairperson after every two years;

(iv) A bank representative shall cease to be a member of the Technical Committee if the bank he/she represents ceases to be a member of the TACH;

(v) The quorum of the committee shall be any nine members;

(vi) The decisions of the Technical Committee shall be on the basis of a simple majority vote, with the Chairperson having a casting vote; and

(vii) The Technical Committee meetings shall be held at least once every three months and the minutes thereof submitted to the members of the Technical Committee, and the Chairman of the Committee of Management.

	(3) Disputes in TACH operations shall be resolved by Technical Committee through arbitration.	Dispute Resolution

(4) The arbitration mechanism shall be as per the following procedures:

(i) An aggrieved participant shall submit a complaint to the Chairperson of Technical Committee supported with

	evidence of the complaints;	15
	(ii) The Chairperson shall require the respondent participant to submit written defence on the matter in dispute with supporting evidence;	
	(iii) Upon receiving response from the respondent, the Chairperson shall call for an Technical Committee arbitrate the dispute;	
	(iv) The Technical shall deliver its determination in writing after hearing both parties and communicate the outcome to disputants; and	
	(v) The disputant may appeal to the Committee of Management if not satisfied with the decision of the Technical Committee.	
	(5) The decision of the Management Committee shall be final.	
	(6) The Committee shall exempt from hearing any of its member who is a party to the dispute.	
40.	(1) There shall be a TACH Management Committee which shall:	Management Committee
	(i) Receive recommendations from TACH Technical Committee on operations matters; and	
	(ii) Receive and determine appeals from TACH participants dissatisfied with the decision of Technical Committee.	
	(2) TACH Management Committee shall comprise of eight members as follows:	
	(i) Four representative of the Bank of Tanzania;	
	(ii) Eight rotating representatives of TACH participants, appointed by the participant's management. For the purpose of continuity four new members shall be appointed each two years;	
	(iii) The Bank shall provide a Chairperson and Secretary for the Committee while members shall elect, among themselves a Vice Chairperson after every two years;	
	(iv) A TACH participant representative shall cease to be a member of the Management Committee if the bank	

	he/she represents ceases to be a member of the TACH; (v) The quorum of the Management Committee shall be any seven members; (vi) The decisions of the Management Committee shall be on the basis of a simple majority vote, with the Chairperson having a casting vote; and (vii) The Management Committee meetings shall be held at least once in a year and any other time whenever there is an extraordinary matter to be determined.	16
	PART XIV **REVIEW AND CHANGES TO THE RULES**	
41.	The Bank shall review these Rules from time to time after consultation with stakeholders.	Amendment of the Rules

LIST OF SCHEDULES

SCHEDULE 1: GLOSSARY OF TERMS

"Bank"	means the Bank of Tanzania as defined under the Bank of Tanzania Act 2006.
"Business days"	means Monday to Fridays excluding Saturday, Sunday and official public holidays.
"Block"	means an action taken via a TACH menu, which prevents a specific participant from being able to send transactions or to access the system.
"Clearing Agent"	means the designated authority which undertakes the responsibilities of managing TACH in this case the Bank.
"Collateral"	means cash or financial instruments provided by a participant collateral provider in favour of, or to the Bank by way of security for the purpose of securing or otherwise covering the settlement of its transactions, and where the full ownership of the collateral remains with the participant collateral provider when the security is established; or in full ownership for the purpose of securing or otherwise covering the settlement of its transactions.
"Collecting Bank"	means, a bank that collects value for cheques or other debit instruments from other banks on behalf of its customers.
"Constraining Event"	means processing, communications or other failure of a technical nature; inaccessibility (total or partial) to facilities by means of which payments are sent and received; or manifestation of industrial action or restraining Court Order, which affects, or may affect, the ability of any participant to participate to the normal and usual extent in sending and

	receiving payments
"Contingency"	means any constraining event or any other event or circumstance specified by the Bank
"Direct Credit"	means a low value credit transfer payment instruction processed by the TACH.
"Direct Debit"	means a payment instruction of an amount agreed under a direct debit mandate collected from a customer's bank account by an originator (collecting bank) on request, under a standard contract. The amounts and dates may vary from payment to payment, subject to advance notice being given.
"Direct Debit Mandate"	means a continuing but revocable authority and request satisfying the requirements of the Rules on Direct Debit, given, in writing, and signed or similarly authenticated with a secure electronic signature, by a participant-payer or a payer to the paying bank, where applicable, and to the participant-payee or the payee that authorises such participant-payee or payee to issue a Direct Debit Instructions (DDI) against the participant-payer's account or against the payer's account at a paying bank and that authorises, if applicable, the paying bank to debit the account of the payer with the amount of the DDI in case a Direct Debit Instruction is issued by the payee against the payer's account at the paying bank
"eToken"	means a plastic USB drive, which carries an embedded chip with memory and/or processor functions. eTokens containing an Integrated Circuit (IC) processor are sometimes called Integrated Circuit Cards (ICCs).
"Failure to settle mechanism"	means the procedure invoked to ensure settlement accomplishment, in the event a member fails to settle its net clearing obligations due to insufficient funds in its settlement

	account held at Bank of Tanzania,
"Gateway"	means file interface application that facilitates transmission of files to and from TACH.
"Intra-day Liquidity"	means credit extended by the Bank for the purpose of providing liquidity for a participant in TISS, and which credit is extended and reimbursed within a period of less than one business day.
"In writing"	means communication by secured e-mail, authenticated faxes or SWIFT message MT 999.
"Login credentials"	means the access privileges to TACH provided by username and password.
"Net Settlement Instructions (NSI)"	means an instruction submitted to TISS by the TACH, which contains the net credit, and debit postings, used by TISS to settle obligations among participants.
"Open for business"	means the time in the business day at which the TACH system is ready to accept payment instructions submitted by participants.
"Participants"	means entities, which have direct access to TACH and have a settlement account with the Bank, including the Bank.
"Paying Bank"	means the bank that honours a payment instruction directed to it by its customer.
"Payment Instructions"	means request made by a participant for a payment execution.
"Payment Instrument"	means cheque and funds transfers instructions (Direct Credit & Direct Debits).

"Payment Station"	means the functionality within the TACH participant system which provides facilities for preparation and sending of files of payment instructions to the central TACH System.
"Payment Originator (PO) module"	means a facility that allows participants to capture payment instruction.
"Receiving Bank"	means the bank that collects an electronic transfer from another bank for posting to a customer's account
"Reserve"	means funds set aside in TISS specifically for the settlement of a NSI from TACH system.
"Rules"	mean in this context TACH Rules and Operational Procedure as may be amended from time to time.
"Settlement"	means a mechanism by which obligations in respect of funds transfer or in respect of payments in securities transactions between two or more parties are finally discharged in TISS which is irrevocable and unconditional.
"Settlement Account"	means an account with the Bank, which is maintained in the TISS by an institution subject to the rules and procedures of the TISS system.
"Settlement Agent"	means the Bank which manages the settlement processes for a clearing system.
"Straight Through Process (STP)"	means the mechanism that automates the end to end processing of transactions of financial instruments without intervention of any sort.
"Tanzania Automated Clearing House (TACH)"	means a virtual clearing house responsible for calculation of mutual position within a group of participants or users to facilitate the settlement of their obligations on a net basis.

"TACH system"	means an electronic clearing system that enable files of payment instructions to be exchanged among the system participants, calculates the multilateral net positions and submit a Net Settlement Instructions to TISS to undertake settlement.
"TACH Member"	means any licensed bank, which agrees to abide by these Rules governing the operations of the TACH. The term member includes the Bank of Tanzania as a participating bank and as a Settlement Agent,
"TISS"	means Tanzania Interbank Settlement System, a real time gross settlement system.
"User"	means a staff member or appointed agent of a participant who is entitled, under these rules, to use the TACH facilities, and has been issued with a secure access control.
"Virtual Private Network (VPN)"	means a private user group on a secure network, in this context, a proprietary inter-bank network implemented in Tanzania to support the connection of the participants to the central TACH components.

SCHEDULE 2: APPLICATION FORM

(Made under Rule 8)

To:	Bank of Tanzania	
Re:	Participation in the Tanzania Automated Clearing House (TACH)	
From:	Name of Participant	
	Registered Office Address / Principal Place of Business in Tanzania	
	BIC Address	
	Name of Contact Person:	
	Telephone Number:	
	Fax Number:	
	E-mail:	
	Preferred Start Date: *(This is the preferred date on which the applicant wishes to be admitted as a Participant of the TACH.)*	
	Type of Service/s required: *(Tick services required)*	☐ Cheques ☐ Direct Credits ☐ Direct Debits

The above named body corporate ("applicant") hereby applies for membership as a participant in the TACH. The applicant agrees that if this application is accepted then subject to and in consideration of that acceptance:

1. The applicant will observe and comply with the system rules of the TACH and the procedures detailed in the User Manual (as defined in those rules) in force from time to time. The applicant hereby acknowledges receipt of a copy of the System Rules and the User Manual as currently in force.

2. The applicant will observe and comply with the requirements and directions of the Bank and any relevant statutory authority in force from time to time relating to the TACH operations.

3. The applicantt undertakes to not adversely affect the integrity of payment instructions sent and received between participants or the settlement of those payment instructions (or otherwise introduce a significant new risk into the TACH after becoming a participant).

4. The applicant undertakes not to impair the overall efficiency of the TACH after becoming a participant.

5. The applicant undertakes to pay the fees and other amounts payable under the Rules by authorising debiting of their clearing account in TISS.

6. The following information is enclosed with this application to demonstrate that the applicant satisfies the applicable requirements for membership which are contained in TACH rules.

[list information and documents enclosed with the application]

Terms not defined in this application shall have the same meaning as those defined in the TACH rules.

Dated:	
EXECUTED by **THE APPLICANT**	
Signature of Head of Institution	
Full name	

SCHEDULE 3: USER ACCESS REQUEST FORM

(Made under Rule 14 (2) (1))

To:	Director National Payment Systems Bank of Tanzania	
Re:	Request for Authorized TACH System User	
From:	Name of TACH Participant: (Bank Name and SWIFT BIC)	
	Contact details of Authorizing Officer: Name: Business Address: Telephone number: Fax number: E-mail:	
	Name of nominated User:	
	User Profile (Tick the intended user profile)	☐ Administrator ☐ Operations ☐ Treasury
	Modules (*Tick module(s) requested*)	☐ Session ☐ Maintenance ☐ Routing ☐ Clearing ☐ Reporting

The applicant and the nominee agree that if this application is accepted then subject to and in consideration of that acceptance, to:

1. observe and comply with the Rules of the TACH and the procedures detailed in the user manual (as defined in those Rules) in force from time to time.

2. undertake not to adversely affect the integrity of payment instructions sent and received between participants or the settlement of those payment instructions (or otherwise introduce a significant new risk into the TACH after becoming a user).

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3. undertake not to impair the overall efficiency of the TACH after becoming a user.

4. request the Clearing Agent to establish the applicant's user profile as requested for the purpose of performing the selected TACH functions.

Dated: [	Dated: [ ]
SIGNED by **THE NOMINEE**	**SIGNED** by **THE AUTHORISING OFFICER**
Name:	Name:
Official Seal:	

FOR OFFICIAL USE

PART C : NPS [Approval from MSDS)/Supervisor SDS]

_____   _____   _____
  Signature   Name & Designation   Date

PART D: NPS [To be filled by TACH Administrator]

User ID Assigned [   ]   Access level Assigned [   ]

_____   _____   _____
  Signature   Name   Date & Time

PART E: MIS [To be filled by MIS Security Officer]

Name of certificate provided [   ]

_____   _____   _____
  Signature   Name   Date & Time

*** To be filled in duplicate

SCHEDULE 4: **MEMBERSHIP ACCEPTANCE NOTICE**

(Made under Rule 9(3))

Bank of Tanzania

Date

Participants Address

Dear Sir/Madam

RE: MEMBERSHIP ACCEPTANCE NOTICE

Refer to the above subject matter and your TACH membership application letter dated…….

The Bank is pleased to inform you that approval for participating in Tanzania Automated Clearing House has been granted.

You are therefore required to comply with the TACH Rules including conditions for participation as appearing in Schedule 5 of these Rules.

Yours faithfully,

Bank of Tanzania

SCHEDULE 5:   **CONDITIONS FOR PARTICIPATION**
(Made under Rule 9 (3))

The applicant shall:

i.)   maintain TZS and, or USD Settlement Accounts as the Clearing Agent may determine;

ii.)   maintain VPN connection with Clearing Agent and ensure primary VPN connection point to TACH is within Tanzania;

iii.)   notify the Clearing Agent in case it wishes to change the location of its primary VPN connection;

iv.)   install and configure e-Tokens to support TACH transactions authentication;

v.)   keep TACH materials confidential;

vi.)   grant appropriate access with duty of care, and confidentiality for users who require access for the proper use of the services;

vii.)   use all materials in the manner designated therein and in the ordinary course of its business, and not deviate in any way;

viii.) observe that all materials provided in connection with the services including the access to TACH, are the exclusive and confidential property of the Clearing Agent;

ix.)   maintain Business Continuity Plan and Management for TACH operations;

x.)   achieve "Straight Through Processing" (STP) between TACH system and participant's Core Banking System;

xi.)   comply with clearing standards and protocols as provided by the Clearing Agent;

xii.)   undergo testing to demonstrate its operational capacity to participate effectively before being connected to the live environment;

xiii.) be responsible for own expense incurred in course of its participation to TACH; and

xiv.)   provide qualified personnel with relevant equipments and tools necessary for TACH operations.

SCHEDULE 6:   OPERATING TIMES

(Made under Rule 17)

TACH	Time	Daily processing timetable				
		TACH Session 1 (EFT)	TACH Session 2 (EFT)	TACH Session 3 (USD Cheques)	TACH Session 3 (TZS Cheques)	TACH Session 4 (EFT)
Start-of-day	09:00					
Open-for-business	09:00					
	10:00	Start-of-session				
	10:00	Collateral Setup				
	10:05	Clearing				
	10:10	Clearing Cut-Off				
	10:15	Settlement				
	12:20		Start-of-session			
	12:25		Collateral Setup			
	12:30		Clearing			
	12:40		Clearing Cut-Off			
	12:45		Settlement			
	13:00			Start-of-session		
	13:05			Collateral Setup		
	13:10			Clearing	Start-of-session	
	13:15			Clearing Cut-Off	Collateral Setup	
	13:20			Settlement	Clearing	
	13:25				Clearing Cut-Off	
	13:30				Settlement	
	16:0					Start-of-session
	16:10					Collateral Setup
	16:15					Clearing
	16:25					Clearing Cut-Off
	16:30					Settlement
TACH Final Cut-Off	18.00					
TACH End of Day	18.05					

Notes:

- TACH sessions must:
    - Start after TISS is open for business and
    - End before TISS Initial "Cut-Off"
- Files may be submitted and approved at any time between "Open-for-Business" and "End of Final Session".
- Additional sessions can be added within the operating day.
- Sessions for different currencies can run in parallel with each other.
- Settlement will normally occur within a few seconds of the NSI being submitted by the TACH to TISS and TISS will advise the TACH of the successful settlement. If, however, in some exceptional circumstance settlement is delayed, the TACH will not end the session nor start the next session.
- TACH shall determine the value date of the cheques depending on the time of receipt.

(i) cheques received before cheques cut off time shall be assigned value date of the next business day.

(ii) cheques received after the cheques cut off time shall be assigned the value date of T+1

SCHEDULE 7:   INSTRUMENT   MESSAGE   TYPE   AND   IMAGE SPECIFICATION

(Made under Rule 18)

I.   INSTRUMENT MESSAGE TYPE

SN	Instrument	Message Type
1.	Cheques	pacs.005.001.02
2.	Direct Credits	pacs.008.001.02
3.	Cheque Rejections and Payment Status Reports	pacs.002.001.03
4.	Unapplied Direct Credits	pacs.004.001.02

II.   IMAGE SPECIFICATIONS

No.	Image Type	Minimum DPI	Format	Compression
1.	Front Grayscale	100 DPI	JFIF	JPEG
2.	Back Grayscale	100 DPI	JFIF	JPEG
3.	Front B&W	200 DPI	TIFF	CCITT G4
4.	Front UV	100 DPI	JFIF	JPEG

SCHEDULE 8: REJECTED CHEQUES & UNAPPLIED EFT REASONS CODES

(Made under Rule 25 (2))

EFT UNAPPLIED REASONS

AC01	Incorrect Account Number
AC04	Closed Account Number
AC06	Blocked Account
AG01	Transaction Forbidden
MD07	Customer Deceased
MS02	By Order of the Beneficiary
DC01	Beneficiary Name Incomplete/Irregular
DC02	Payer Name Incomplete/Irregular
DC03	Missing Payer Account

CHEQUE REJECT REASONS

AC01	Incorrect Account Number
AC04	Closed Account
AC06	Blocked Account
AG01	Transaction Forbidden
AM04	Insufficient Funds (Refer to Drawer)
AM05	Duplication
MD07	Customer Deceased
MS02	By Order of the Drawer
RR01	Missing Debtor Account or Identification
RR02	Missing Debtor Name or Address
RR03	Missing Creditor Name or Address
RR04	Regulatory Reason
CH01	Image Not Clear
CH02	Physical Cheque Required
CH03	Missing Verification From Collecting Bank
CH04	Checklist Required
CH05	Title of Account Irregular
CH06	Incorrect Cheque Number
CH07	Cheque Stale (Date expired)
CH08	Post – dated
CH09	Date Irregular (date style inappropriately made)

CH10	Date Required
CH11	Payee name Incomplete/irregular/required
CH12	Amount in words and figures differ
CH13	Amount in words required
CH14	Amount in figures required
CH15	Amount in figures irregular – or incomplete
CH16	Banks Crossing Stamp Required (where the bank's stamp indicating receipt of the cheque is required)
CH17	Stamp duty requires (for Government cheques)
CH18	Drawer's Endorsement Required (cash cheques/ Open cheques)
CH19	Drawer signature Required
CH20	Endorsement Irregular (where, especially government and institutions cheques the endorsement is not properly done)
CH21	Cheque written in pencil
CH22	Frozen Account
CH23	Payment stopped by Drawer
CH24	Payment stopped - Confirmation Awaited (where the beneficiary stops payment, confirmation from the drawer is required)
CH25	Payment Stopped under Court Oder (by law)
CH26	Unable to Clear (only when bank is closed (stops operations), and/or locked out of the clearing)
CH27	Cheques not Drawn on us
CH28	Drawers signature differs
CH29	Not Signed in Accordance with Mandate held.
CH30	Title of Account Required
CH31	Effects not cleared
CH32	Please Represent (for Government Cheques)
CH33	Payee's official receipt required
CH34	Currency Mismatch
CH35	Alteration on Cheque Not Allowed
CH36	Amount in figures/words differ from captured details of the cheque
CH37	Missing collecting bank's endorsement signature
CH38	Incorrect branch code captured

SCHEDULE 9:

FEES, CHARGES AND PENALTIES

(Made under Rule 40)

(a) <u>Participants Annual subscription fee:</u>

Participants' Annual subscription fee will be TZS 2,500,000.00

(b) <u>Transaction Processing charges (charges for all transactions should be in TZS):</u>

Transaction processing shall be as follows:

    (i) Cheques   -   TZS 150.00

    (ii) EFT   -   TZS 100.00

(c) <u>Penalties:</u>

    (i) Delay in NSI settlement for One (1) Hour   -   TZS 2,000,000.00

SCHEDULE 10:

TRANSACTION CODES

10	Saving Bank Cheques
11	Current Account Cheques
12	Bankers' Cheques
13	Cash/Credit transfers(Inter-bank Placements)
14	Dividend Warrants
15	Travellers' Cheques
18	Payment/Standing Orders
19	Demand Drafts
20	Cheques issued in lieu of Pay orders
21	Gift Cheques
22	Interest Warrants
60	Cheques for use in US Dollars

SCHEDULE 11:

TACH ERROR CODES

Error	CODE	Additional Info Label
FILE_BAD_SIGNATURE	DS0E	TACH: Invalid signature: {0}
FILE_MANUAL_REJECT	CUST	TACH: File was rejected at approve
FILE_CUTOFF_REJECT	CUST	TACH: Unapproved file cancelled by cut-off
FILE_TOO_LARGE	R10	TACH: {0} file exceeds the maximum allowed size
FILE_EMPTY	R10	TACH: {0} not found
BULK_ISO_INVALID_FILE_FORMAT	FF01	TACH: Invalid file format
BULK_CUST_REQ	CUST	TACH: "BULK_CUST_REQ";
BULK_RFC_BAD_AGENT	AGNT	TACH: RFC Bad Agent
BULK_BAD_CURRENCY	CURR	TACH: Invalid Currency
BULK_FILE_CURRENCY_MISMATCH	CURR	TACH: File currency mismatch
BULK_UNDUE	UPAY	TACH: Undue
BULK_SUPICIOUS	SUSP	TACH: Suspicious
BULK_ACCEPTED	B00	TACH: Accepted
BULK_PARTIAL	B01	TACH: Partial
BULK_TOO_LARGE	FF01	TACH: Too large
BULK_BAD_COUNT	FF01	TACH: Invalid item count
BULK_BAD_TTL_AMT	FF01	TACH: Invalid total amount
BULK_BAD_CTRL_AMT	FF01	TACH: Invalid control amount
BULK_ALL_REJECTED	B09	TACH: All items rejected
BULK_BAD_INSTRUCTING	FF01	TACH: Bad instructing agent
BULK_BAD_INSTRUCTING_BIC	RC01	TACH: Invalid instructing BIC
BULK_BAD_INSTRUCTED	FF01	TACH: Bad instructed agent
BULK_ZERO_AMT	FF01	TACH: Zero amount
BULK_DUPLICATE	AM05	TACH: Duplicate bulk
BULK_BAD_STTLMT_DT	FF01	TACH: Invalid settlement date
BULK_BAD_STTLMT_NFO	FF01	TACH: Invalid settlement Info
BULK_BAD_ORGNL_MSGID	FF01	TACH: Invalid original MsgId
BULK_BAD_ORIGINATOR	RC01	TACH: Invalid originator
BULK_INV_BULK	FF01	TACH: Invalid bulk
BULK_NOT_SETTLED	ED05	TACH: Bulk not settled
ITEM_ISO_CUST_REQ	CUST	TACH: Request by customer

ITEM_ISO_RFC_DUPLICATE	DUPL	TACH: Duplicate RFC
ITEM_ISO_BAD_AGENT	AGNT	TACH: Invalid Agent
ITEM_ISO_BAD_CURRENCY	AM03	TACH: Invalid currency
ITEM_ISO_UNDUE	MD05	TACH: Undue
ITEM_ISO_NO_MANDATE	MD01	TACH: Mandate validation
ITEM_ISO_SUSPICIOUS	SUSP	TACH: Suspicious
ITEM_ISO_BAD_ACCOUNT	AC01	TACH: Invalid account
ITEM_ISO_CLOSED_ACCOUNT	AC04	TACH: Closed account
ITEM_ISO_BLOCKED_ACCOUNT	AC06	TACH: Blocked account
ITEM_ISO_FORBIDDEN	AG01	TACH: Forbidden
ITEM_ISO_BAD_OP_CODE	AG02	TACH: Invalid operation code
ITEM_ISO_ZERO_AMT	AM01	TACH: Zero amount
ITEM_ISO_BAD_AMT	AM02	TACH: Invalid amount
ITEM_ISO_DUPLICATE	AM05	TACH: Duplicate
ITEM_ISO_CUSTOM_DUPLICATE	AM05	TACH: Duplicate Cheque Serial Number
ITEM_ISO_BAD_DATE	DT01	TACH: Invalid date
ITEM_ISO_NO_CREDITOR_ADDRESS	BE04	TACH: Missing creditor address
ITEM_ISO_SETTLEMENT_FAILED	AM04	TACH: Settlement failed
ITEM_ISO_INV_FILE_FMT	FF01	TACH: Invalid file format - {0}
ITEM_ISO_INV_ITEM_FMT	FF01	TACH: Invalid data format {0}
ITEM_ISO_CUSTOMER_DECEASED	MD07	TACH: Customer deceased
ITEM_ISO_CUST_GEN_RSN	MS02	TACH: Customer generated reason
ITEM_ISO_AGT_GEN_RSN	MS03	TACH: Agent generated reason
ITEM_ISO_BAD_BANK_ID	RC01	TACH: Invalid Bank Id
ITEM_ISO_CUTOFF	TM01	TACH: Cut-off
ITEM_PRTRY_CUST_GEN_RSN	RR01	TACH: Product is missing {0}
ITEM_PRTRY_BAD_BIC	RC01	TACH: Invalid BIC {0}
ITEM_PRTRY_BAD_IBAN	AC01	TACH: Invalid IBAN {0}
ITEM_PRTRY_UNSUPPORTED_FLD	MD03	TACH: Unsupported field {0}
ITEM_PRTRY_INV_DATA_FMT	MD03	TACH: Invalid data format {0}
ITEM_PRTRY_INV_COUNTRY	AC01	TACH: Invalid country {0}
ITEM_PRTRY_INV_ORGNL_STS_ACTION_REQ	MD03	TACH: Missing original transaction {0}
ITEM_PRTRY_INV_ORGNL_STS_NO_ACTION_REQ	MD03	TACH: Invalid original transaction {0}
ITEM_PRTRY_INV_ORGNL_DT_MISMATCH	MD03	TACH: Date does not match with original {0}
ITEM_PRTRY_INV_ORGNL_INFO_MISMATCH	MD03	TACH: Information does not match with

		original - {0}
ITEM_PRTRY_CORE	MD03	TACH: Core error {0}
ITEM_INV_CTGY_PURP	AG02	TACH: Invalid category purpose
ITEM_INV_SVCLVL_CD	AG02	TACH: SvcLvl Code error