



Railroad Clearinghouse (RCH) Overview & Requirements



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Railroad Clearinghouse (RCH) Overview

The Railroad Clearinghouse (RCH) is a centralized process for administering and transferring funds among railroads. The RCH process uses a central bank to handle settlements through Electronic Funds Transfer (EFT) (Automated Clearinghouse (ACH) or wire) on a net/net basis. The Clearinghouse uses the EFT (wire) process to release funds to the creditors of the settlement process. Wells Fargo in San Francisco, CA is the central bank for the US Dollar Settlements and Bank of Montreal in Montreal Canada acts as the central bank for the settlement of Canadian Dollar activity. Railinc serves as the RCH administrator as authorized by the [Association of American Railroads. Railroad Clearinghouse \(RCH\) Settlement Regulations](#) (found in the [Railway Accounting Rules](#)) govern the process by which railroads exchange funds to settle Interline waybills, monthly Car Hire, and Switching Settlement on a net/net basis.

Interline Settlement System (ISS)

All railroads that participate in ISS are required to belong to the Railroad Clearinghouse. Canadian as well as U.S. funds are transferred through the RCH. ISS determines the monies one railroad owes to other roads as a result of interline settlements. Based on ISS timing rules, records are settled each day. The settlement records contain a funds transfer date on which monies are scheduled to be transferred from debtor railroads to creditor railroads. These daily records are accumulated for a monthly funds transfer on a railroad-to-railroad basis.

ISS Clearinghouse participants can retrieve the Funds Transfer Reports indicating their net/net position with other railroads in the Clearinghouse on the first business day of the month by 10:00 AM EST. On the second business day, debtor railroads wire funds to the Clearinghouse Bank (by 11:30 AM EST) and the Bank wires funds to creditor accounts between 2:00 PM and 5:30 PM on the Funds Transfer date (depending on the timing of receipt of incoming wire transfers). Debtors pay in a single lump sum and creditors receive their funds in a single lump sum.

Car Hire Data Exchange (CHDX)

RCH also manages a settlement process for Railroad Car Hire. The RCH system determines the monies one railroad owes to other roads as a result of information received from the Car Hire Data Exchange (CHDX) system. Based on Car Hire timing rules, records are settled monthly and are accumulated for a monthly funds transfer on a railroad-to-railroad basis.

CHDX Clearinghouse participants can retrieve the Funds Transfer Reports indicating their net/net position with other railroads in the Clearinghouse on the date specified in the CHDX-RCH Schedule (between the 19th and the 22nd of the month). The net/net reports are made available no later than one day prior to the Funds Transfer date. On the Funds Transfer Date (between the 21st and 24th of the month), debtor railroads wire funds to the Clearinghouse Bank (by 11:30 AM EST) and the Clearinghouse Administrators authorize the Bank to release funds to creditor accounts between 2:00 PM and 5:30 PM on the Funds Transfer date (depending on the timing of receipt of incoming wire transfers). Debtors pay in a single lump sum and creditors receive their funds in a single lump sum.

[CHDX-RCH Schedule](#)

Switching Settlement Data Exchange (SSDX)

The RCH system also provides settlement services for Switching Settlements and determines the monies one railroad owes to other roads as a result of information received from the Switching Settlement Data Exchange (SSDX) system. Based on Switching Settlement timing rules, records are settled monthly. These records are accumulated for a monthly funds transfer on a railroad-to-railroad basis.

SSDX Clearinghouse participants can retrieve the Funds Transfer Reports indicating their net/net position with other railroads in the Clearinghouse on the date specified in the SSDX-RCH Schedule (between the 20th and the 25th of the month) no later than 10:00 AM EST. This date fluctuates but the net/net reports are made available no later than one day prior to the Funds Transfer date. On the Funds Transfer Date (between the 23th and 27th of the month), debtor railroads wire funds to the Clearinghouse Bank by 11:30 AM EST and the Clearinghouse Administrators authorize the Bank to release funds to creditor accounts (between 2:00 PM and 5:30 PM on the Funds Transfer date depending on the timing of receipt of incoming wire transfers). Debtors pay in a single lump sum and creditors receive their funds in a single lump sum.

[SSDX-RCH Schedule](#)

Multi-Level Pool Billing Data Exchange (MLPB)

Data from the Multi-Level Pool Billing (MLPB) Data Exchange process is distributed to pool participants per the schedule below published by Railinc. Pool participants receive an email with the MLPB Accounts Payable Data Exchange Report and MLPB Net Billing Data Exchange Report, and notification that the file is available to download. Pool participants are responsible for downloading their respective files from the FTP mailbox within 14 days of the Data Exchange Process run as specified by the Data Exchange schedule.

[MLPB Schedule](#)

New Participants

For carriers seeking to participate in the RCH settlement processes, a completed Credit Application is required. Participating railroads sign an RCH Trust Subscription agreement, which delineates the responsibilities of both the railroad and the AAR/Railinc. Railroads then provide basic information to the RCH regarding the account to which monies are to be sent and, if necessary, notify their bank to send money to the RCH Bank on a monthly basis.

If a railroad already participates in ISS, CHDX, SSDX, or MLPB, in order to join the Railroad Clearinghouse, a railroad must notify the RCH Administrator five business days before a settlement, provide a signed Credit Application, executed RCH Trust Subscription Agreement, and furnish payment setup instructions. Railroads wishing to join RCH are sent the following documents:

- 1) The Railroad Clearinghouse Credit Application;
- 2) The Railroad Clearinghouse Trust Subscription Agreement (Note: revenues in this agreement are defined as meaning the same as gross freight revenues in the AAR Bylaws);
- 3) Instructions for sending a Fed-wire and a Swift-wire (for Canadian Dollar payments); and
- 4) Payment setup instructions to be filled out and returned to the RCH.

For information regarding the Railroad Clearinghouse, or to obtain the necessary forms, contact the Railinc Customer Success Center by phone at 877-RAILINC (877-724-5462) or by email at csc@railinc.com.