

Revisions to the Nacha Operating Rules

The 2022 edition of the Nacha Operating Rules & Guidelines contains changes related to the following amendment:

- Increasing the Same Day ACH Dollar Limit to \$1 Million (effective March 18, 2022)

This Revisions section provides a summary of the key components and technical changes to Rules language of this change.

This section also includes a technical summary of the changes to the Rules that were implemented in 2021. The text changes were officially communicated via Supplements, but they are summarized here for reference. Please note that since these changes are already effective, they are not marked within the text of the Rules.

Increasing the Same Day ACH Dollar Limit to \$1 Million

SUMMARY

The Increasing the Same Day ACH Dollar Limit to \$1 Million rule will increase the per-transaction dollar limit from \$100,000 to \$1,000,000. At implementation, both Same Day ACH credits and Same Day ACH debits will be eligible for same day processing up to \$1,000,000 per transaction.

The first Same Day ACH rule incorporated a \$25,000 per transaction limit as a risk mitigation measure, which gave the industry time to gain experience with same day processing while transacting at relatively low dollar amounts. In March 2020, the Same Day ACH transaction limit was increased to \$100,000. With the \$1,000,000 limit, the percentage of ACH dollars eligible for Same Day ACH will more than double. Furthermore, an additional 3.5% of business-to-business payments will become eligible for Same Day ACH. The increase will also make large dollar business-to-consumer transactions and reversals Same Day ACH eligible.

IMPACT TO PARTICIPANTS

Originators and Third-Party Senders: These ACH participants should discuss with their financial institutions whether and when originating debit and/or credit entries up to \$1,000,000 is appropriate for their businesses. If these participants choose to transmit such entries, they need to be prepared for higher dollar transactions flowing through their accounts multiple times during the business day.

ODFI: ODFIs will need to determine whether and how they will implement higher limit same day transactions with their Originator and Third-Party Sender customers. Higher Same Day ACH dollar limits might impact a financial institution's assessment of its customers' credit risks. ODFIs that offer Same Day ACH will need to update internal processing applications and procedures to accommodate higher dollar limit same-day entries.

RDFI: RDFIs may need to update their internal processing applications and procedures to accommodate higher limit same-day entries. RDFIs should be prepared for a larger amount of dollars settling at several times throughout the day.

Receivers: Receivers, particularly non-Consumer Receivers, should be prepared to receive ACH debits and credits up to the new \$1,000,000 limit. These participants need to be ready for possibility of higher dollar transactions posting to their accounts throughout the business day. Receivers should review their internal procedures to determine whether any changes are required.

EFFECTIVE DATE

The Rule will be effective on March 18, 2022.

TECHNICAL SUMMARY

Below is a summary of the impact of the Increasing the Same Day ACH Dollar Limit to \$1 Million rule on the Nacha Operating Rules. Sections of the Rules that are affected by this amendment are also included and reflect rule language as it will read upon implementation in highlighted, italicized text.

- *Article Eight, Section 8.101 (Same Day Entry)* – Updates definition to reflect higher per-transaction dollar limit.
- *Appendix Three, Subpart 3.2.2 (Glossary of Data Elements): Settlement Date* – Updates description to reflect higher per-transaction dollar limit.
- *Appendix Nine, Subpart 9.4.6.2 (Responsibilities of Enforcement Panel)* – Updates Rules Enforcement Panel responsibilities to reflect higher per-transaction dollar limit.

Technical Summary of 2021 Changes to the Rules

The following is a technical summary of the changes to the Nacha Operating Rules implemented during 2021. The text changes were officially communicated via Supplements to the Rules, but they are summarized here for reference. Please note that since these changes are already effective, they are not marked within the text of the 2022 Rules.

JANUARY 1, 2021 EFFECTIVE DATE

Enforcement

(Approved September 30, 2020)

The Enforcement rule change defined an egregious violation within the context of rules enforcement.

The Enforcement Rule allows the ACH Rules Enforcement Panel to determine whether a violation is egregious, and to classify whether an egregious violation is a Class 2 or Class 3 rules violation. The rule expressly authorizes Nacha to report Class 3 rules violations to the ACH Operators and to federal and state banking, consumer protection, and other appropriate regulators and agencies.

- *Appendix Nine, Part 9.1 (Scope)* – Updated to include egregious violations under the scope of the rules enforcement procedures.
- *Appendix Nine, Subpart 9.4.1 (Initiation of a Rules Enforcement Proceeding)* – Expanded to define egregious violations and provide Nacha with the authority to initiate rules enforcement proceedings for such violations.
- *Appendix Nine, Subpart 9.4.3 (Submission Requirements for Rules Enforcement Proceedings Initiated by the National Association)* – Expanded to include egregious violations as a reason for Nacha to initiate a rules enforcement proceeding.
- *Appendix Nine, Subpart 9.4.4 (Assessment of Rules Enforcement Submission)* – Modified to include Class 3 Rules violations.
- *Appendix Nine, Subpart 9.4.4.1 (Notice of Possible ACH Rules Violation)* – Updated to exclude egregious violations from the notice process for first infractions of the Rules.
- *Appendix Nine, Subpart 9.4.6.2 (Responsibilities of Enforcement Panel)* – Expanded to add egregious violations to the list of issues over which the ACH Rules Enforcement Panel has final authority.
- *Appendix Nine, Subpart 9.4.7.4 (Class 2 Rules Violation)* – Modified to add egregious violations to the description of Class 2 Rules Violations.
- *Appendix Nine, Subpart 9.4.7.5 (Class 3 Rules Violation)* – Expanded to add egregious violation to the description of Class 3 violations and to state that Class 3 Rules Violations may result in a monthly fine to the ODFI for each offending Originator, Third-Party Service Provider, or Third-Party Sender.

MARCH 19, 2021 EFFECTIVE DATE

New Same Day ACH Processing Window

(Approved September 13, 2018)

The New Same Day ACH Processing Window rule created a new processing window that enables ODFIs and their customers to originate same-day transactions for an additional two hours each banking day. The new window allows Same Day ACH files to be submitted to the ACH Operators until 4:45 p.m. ET (1:45 p.m. PT). RDFIs will receive files from this third window by 5:30 p.m. ET (2:30 p.m. PT), with interbank settlement occurring at 6:00 p.m. ET (3:00 p.m. PT).¹ RDFIs need to make funds available for credits processed in the new window by the end of their processing

¹ The specific ACH Operator processing schedules are not determined by the Nacha Operating Rules, but are believed to be accurate with respect to ACH Operator intentions.

for that Settlement Date. All credits and debits, and all returns, are eligible to be settled in the new Same Day ACH window, with the exception of International ACH Transactions (IATs), Automated Enrollment Entries (ENRs), and forward entries in excess of the per-transaction dollar limit.

- *Article Three, Subsection 3.3.1.2 (Availability of Credit That Are Same Day Entries)* – Updated language to address funds availability of third window same day credits.
- *Appendix Three, Subpart 3.2.2 (Glossary of Data Elements) Company Descriptive Date* – Updated language to describe an additional optional indicator for third window same day processing.

Supplementing Fraud Detection Standards for WEB Debits

(Approved November 2, 2018; Original Effective Date January 1, 2020)

The Supplementing Fraud Detection Standards for WEB Debits rule enhanced the requirement to screen WEB debits for fraud to make it explicit that “account validation” is part of a “commercially reasonable fraudulent transaction detection system.” The supplemental requirement applies to the first use of an account number, or to changes to the account number. Originators will have to perform account validations when there are updates to account numbers in existing WEB authorizations.

- *Article Two, Subsection 2.5.17.4 (Use of Fraud Detection Systems)* – Added text to make explicit that a fraudulent transaction detection system must, at a minimum, validate the account number to be debited.

APRIL 1, 2021, EFFECTIVE DATE

Differentiating Unauthorized Return Reasons (Phase 2)

(Approved April 12, 2019)

Under Phase 1 of the Differentiating Unauthorized Return Reasons Rule, Return Reason Code R11 (Customer Advises Entry Not in Accordance with the Terms of the Authorization) was re-purposed to be used for the return of a debit in which there is an error, but for which there is an authorization. R11 returns have the same processing requirements and characteristics as R10 returns, and are considered unauthorized under the Rules.

With the implementation of Phase 2 of the Rule, the existing Unauthorized Entry Fee now applies to ACH debit entries that are returned bearing Return Reason Code R11. This part of the Rule was implemented by the ACH Operators. As with other return entry fees, fees for entries returned as R11 are billed/credited on financial institutions’ monthly statements of charges.

- *Article One, Subsection 1.11.1 (General Rule on Unauthorized Entry Fee)* – updated to include Return Reason Code R11.
- *Article Eight, Section 8.115 (Unauthorized Entry Fee)* – updated to include R11.

JUNE 30, 2021 EFFECTIVE DATE

Supplementing Data Security Requirements (Phase 1)

(Approved November 2, 2018)

The Supplementing Data Security Requirements rule expanded the existing ACH Security Framework to explicitly require large, non-financial institution Originators, Third-Party Service Providers, and Third-Party Senders to protect account numbers used in the initiation of ACH entries by rendering them unreadable when stored electronically. The rule applies only to account numbers collected for or used in ACH transactions and does not apply to the storage of paper authorizations. The rule also does not apply to depository financial institutions when acting as internal Originators, as they are covered by existing FFIEC and similar data security requirements and regulations.

Implementation of the Supplementing Data Security Requirements rule began with the largest Originators, Third-Party Service Providers, and Third-Party Senders whose ACH volume exceeds 6 million transactions annually. A second phase will apply to those whose ACH volume exceeds 2 million transactions annually.

- *Article One, Section 1.6 (Security Requirements)* – Added text to require Originators, Third-Party Service Providers, and Third-Party Senders to render unreadable account numbers used for ACH initiation when those numbers are stored electronically.

Limitation on Warranty Claims

(Approved September 30, 2020)

The Limitation on Warranty Claims Rule (the Rule) limits the length of time an RDFI is permitted to make a claim against the ODFI's authorization warranty.

For an entry to a non-consumer account, an RDFI may make a claim for one year from the Settlement Date of the entry. This time frame is analogous to the one-year rule in UCC 4-406 that applies to checks and items charged to bank accounts.

For an entry to a consumer account, the limit covers two time periods:

1. The RDFI may make a claim for two years from the Settlement Date of the Entry. This time period is longer than the one-year period in EFTA and allows for additional time for extenuating circumstances.
 2. Additionally, an RDFI may make a claim for entries settling within 95 calendar days from the Settlement Date of the first unauthorized debit to a consumer account. The 95-day time period is designed to allow RDFIs to make claims for all cases where they may be liable to their consumer customers under Regulation E, which requires a consumer to report unauthorized transfers within 60 days of the financial institution's transmittal of a statement to avoid liability for subsequent transfers.
- *Article One, Section 1.15 (Limitation of Claims Based on Unauthorized Entries)* – New section established the limitation on warranty claims for consumer and non-consumer accounts.

Reversals

(Approved September 30, 2020)

The Reversals Rule expanded the Reversal rules to specifically state that the initiation of Reversing Entries or Files for any reason other than those explicitly permissible under the Rules is prohibited. The Reversals Rule also explicitly defined within the Rules non-exclusive examples of circumstances in which the origination of Reversals is improper.

The Reversals Rule also:

- Established additional formatting requirements for reversals in which the Company ID/Originator ID, SEC Code and Amount fields of the Reversing Entry must be identical to the original entry. The Rule also requires the name of the Originator to reflect the same Originator identified in the Erroneous Entry to which the Reversal relates. (Minor variations to the Originator's name are permissible for accounting or tracking purposes as long as the name remains readily recognizable to the Receiver.)
- Explicitly permits an RDFI to return an improper reversal. Upon receiving a consumer claim, an RDFI may return an improper Reversing Entry using Return Reason Code R11. The RDFI will need to obtain a Written Statement of Unauthorized Debit from the consumer Receiver and return the entry in such time that it is made available to the ODFI no later than the opening of business on the banking day following the sixtieth (60th) calendar day following the Settlement Date of the improper Reversing Entry.

An RDFI may return an improper Reversing Entry to a Non-Consumer account by using Return Reason Code R17. These returns will need to be made in such time as to be made available to the ODFI no later than the opening of business on the second Banking Day following the Settlement Date of the improper Reversing Entry.

RDFIs are also permitted to use R17 to return an improper reversal that it identifies without customer contact within the same 2-day return timeframe.

- Expanded the permissible reasons for a Reversing Entry to include the reversal of a debit entry that was for a date earlier than intended by the Originator and the reversal of a credit entry that was for a date later than intended by the Originator.
- *Article Two, Section 2.9.1 (General Rule for Reversing Entries)* – Clarified that an ODFI may originate a Reversing Entry as well as an Originator. Updated to include the new reason of an incorrect effective entry date.
- *Article Two, Subsection 2.9.2 (Formatting Requirements for Reversing Entries)* – New subsection to address new formatting requirements.
- *Article Two, Subsection 2.9.5 (Improper Reversing Entries)* – New subsection to provide examples of improper Reversing Entries.
- *Article Two, Subsection 2.12.5 (Correction of Entries Returned as R11 (Customer Advises Entry Not in Accordance with the Terms of the Authorization))* – Updated to state that improperly-initiated Reversing Files or Reversing Entries are not correctable.
- *Article Three, Subsection 3.12.2 (Debit Entry Not in Accordance with the Terms of the Authorization)* – Updated to include improperly-initiated reversals.
- *Article Three, Subsection 3.12.2.4 (Improperly-Initiated Reversal)* – New subsection to provide examples of improperly-initiated reversals.
- *Article Eight, Section 8.38 (Erroneous Entry)* – Updated to include an error related to an incorrect effective entry date.
- *Appendix Three, Subpart 3.2.2 (Glossary of Data Elements)* – “Amount” description updated to reflect new formatting requirements for reversals.
- *Appendix Three, Subpart 3.2.2 (Glossary of Data Elements)* – “Company Identification” description updated to reflect new formatting requirements for reversals.
- *Appendix Three, Subpart 3.2.2 (Glossary of Data Elements)* – “Company Name” description updated to reflect new formatting requirements for reversals.
- *Appendix Three, Subpart 3.2.2 (Glossary of Data Elements)* – “Originator Identification” description updated to reflect new formatting requirements for reversals.
- *Appendix Three, Subpart 3.2.2 (Glossary of Data Elements)* – “Originator Name” description updated to reflect new formatting requirements for reversals.
- *Appendix Four, Part 4.2 (Table of Return Reason Codes)* – Updated to reflect expanded uses of R11 and R17 to return improperly-initiated reversals.

AUGUST 1, 2021 EFFECTIVE DATE

ACH Contact Registry (Phase 2)

(Approved November 19, 2019)

The first phase of the ACH Contact Registry Rule required all ACH Participating Depository Financial Institutions to register contact information for their ACH operations and fraud and/or risk management areas. Registration is done via Nacha's Risk Management Portal. Phase 1 became effective on July 1, 2020, the date on which the registration portal was opened for Participating DFIs to begin to submit and query contact information. All Participating DFIs were required to complete their registration by October 30, 2020.

Under Phase 2, Nacha's enforcement authority for the Rule became effective. ACH Participating Depository Financial Institutions that do not register their contact information with Nacha may be subject to a rules enforcement proceeding and fines at the Class 2 violation level.

- *Appendix Nine, Part 9.3 (Participating DFI Registration Requirements)* – Renamed this part to apply to all Participating DFIs.
- *Appendix Nine, Subpart 9.3.3 (Participating DFI Contact Registration)* – New subsection established Nacha's enforcement authority with respect to the Rule.
- *Appendix Nine, Subpart 9.4.7.4 (Class 2 Rules Violation)* – Included the failure of a Participating DFI to provide registration information within the definition of a Class 2 rules violation.

SEPTEMBER 17, 2021 EFFECTIVE DATE

Meaningful Modernization

(Approved September 30, 2020)

The five amendments comprising Meaningful Modernization were designed to improve and simplify the ACH user experience by facilitating the adoption of new technologies and channels for the authorization and initiation of ACH payments; reducing barriers to use of the ACH Network; providing clarity and increasing consistency around certain ACH authorization processes; and reducing certain administrative burdens related to ACH authorizations.

Specifically, the five Rules

- explicitly defined the use of standing authorizations for consumer ACH debits;
- defined and allow for oral authorization of consumer ACH debits beyond telephone calls;
- clarified and provided greater consistency of ACH authorization standards across payment initiation channels;
- reduced the administrative burden of providing proof of authorization; and
- better facilitate the use of electronic and oral Written Statements of Unauthorized Debit.

Each topic within the group of rules comprising the Meaningful Modernization changes is listed separately below. The Technical Summaries of Rules section affected by each change summarizes the impact of that specific change only, and does not reflect the impact of other amendments impacting the same rules section. Please note that the resulting rules language within the body of the 2022 Nacha Operating Rules may not fully align with these Technical Summaries.

Standing Authorizations

The Standing Authorizations Rule (the Rule) established standards for a standing authorization as an advance authorization by a consumer of future debits at various intervals. Under a Standing Authorization, future debits are

initiated by the consumer through further actions. The Rule allows for Originators to obtain Standing Authorizations in writing or orally. The Rule also defines Subsequent Entries, which are individual payments initiated based on a Standing Authorization. Subsequent Entries may be initiated in any manner identified in the Standing Authorization.

The Rule allows Originators some flexibility in the use of consumer Standard Entry Class (SEC) Codes for individual Subsequent Entries. Originators may use the TEL or WEB SEC Codes for Subsequent Entries when initiated by either a telephone call or via the Internet/wireless network, respectively, regardless of how the Standing Authorization was obtained. In these cases, the Originator does not need to meet the authorization requirements of TEL or WEB, but does need to meet the risk management and security requirements associated with those SEC Codes.

In addition, the Rule allows for optional formatting so an Originator may, at its discretion, identify an entry as having been originated under the terms of a Recurring, Single-Entry or Standing Authorization. The standard code values will be “R” for Recurring, “S” for Single-Entry, and “ST” for Standing Authorization. An Originator may choose to include these values in the Payment Type Code Field of a TEL or WEB entry or the Discretionary Data Field of a PPD entry. In order to accommodate this option, the Rule removed the existing requirement that TEL and WEB entries must be identified as either Recurring or Single Entries, and designates the Payment Type Code as an optional field.

- *Article Two, Subsection 2.3.2.5 (Standing Authorization for Debit Entries to Consumer Accounts)* – New section defines additional authorization requirements for Standing Authorizations and Subsequent Entries.
- *Article Two, Subsection 2.3.2.7 (Retention and Provision of the Record of Authorization)* – Updated for Standing Authorizations.
- *Article Two, Subsection 2.5.15.1 (General Rule for TEL Entries)* – Modified to specify use for telephone calls.
- *Article Two, Subsection 2.5.15.2 (Use of TEL Standard Entry Class Code for Subsequent Entries)* – New subsection allows TEL for Subsequent Entries.
- *Article Two, Subsection 2.5.17.1 (General Rule for WEB Entries)* – Modified to broaden use for authorizations communicated via the Internet or a Wireless Network.
- *Article Two, Subsection 2.5.17.2 (Use of WEB Standard Entry Class Code for Subsequent Entries)* – New subsection adds WEB for Subsequent Entries.
- *Article Three, Subsection 3.12.2 (Debit Entry Not in Accordance with the Terms of the Authorization)* – Updated to include Standing Authorization.
- *Article Eight, Section 8.55 (Internet-Initiated/Mobile Entry or WEB Entry or WEB)* – Expanded to address Standing Authorizations and Subsequent Entries.
- *Article Eight, Section 8.107 (Standing Authorization)* – New section to add Standing Authorization to Defined Terms.
- *Article Eight, Section 8.108 (Subsequent Entry)* – New section to add Subsequent Entry to Defined Terms.
- *Article Eight, Section 8.109 (Telephone-Initiated Entry or TEL Entry or TEL)* – Expanded to address Standing Authorizations and Subsequent Entries.
- *Appendix Three, Subpart 3.1.22 (Sequence of Records for WEB Entries)* – Updated to allow for optional Payment Type Code use for Subsequent Entries.
- *Appendix Three, Subpart 3.2.2 (Glossary of Data Elements)* – “Discretionary Data” updated to allow for optional formatting.

- *Appendix Three, Subpart 3.2.2 (Glossary of Data Elements)* – “Payment Type Code” updated to remove required use and allow for optional formatting.
- *Appendix Four, Subpart 4.2 (Table of Return Reason Codes)* – Updated to allow use of Return Reason Code R11 to return Subsequent Entries.

Oral Authorizations

The Oral Authorizations rule (the Rule) established rules for Oral Authorizations as a valid authorization method for consumer debits distinct from a telephone call. Under the Rule, any oral authorization obtained via any channel needs to meet the requirement of an Oral Authorization. An Oral Authorization obtained over the Internet that is not a telephone call also needs to meet the risk and security requirements that currently apply to Internet-Initiated/Mobile (WEB) Entries, and will use the WEB Standard Entry Class Code. The Rule allows for Standing Authorizations to be obtained orally. In addition, the Rule allows for Subsequent Entries initiated under a Standing Authorization to be initiated through voice commands, instructions, or affirmations.

- *Article Two, Subsection 2.3.2.4 (Oral Authorization for Debit Entries to Consumer Accounts)* – New section defines additional authorization requirements for Oral Authorizations.
- *Article Two, Subsection 2.3.2.7 (Retention and Provision of the Record of Authorization)* – Updated for Standing Authorizations.
- *Article Two, Subsection 2.5.15.1 (General Rule for TEL Entries)* – Modified to allow Oral Authorizations and specify use for telephone calls.
- *Article Two, Subsection 2.5.15.3 (Authorization of TEL Entries)* – Modified to add Oral Authorization requirements for TEL entries.
- *Article Two, Subsection 2.5.15.3 (Retention of the Record of Authorization for TEL Entries)* – This section was removed from the Rules.
- *Article Two, Subsection 2.5.15.5 (Rules Exceptions for TEL Entries)* – This section was removed from the Rules.
- *Article Two, Subsection 2.5.17.1 (General Rule for WEB Entries)* – Modified to allow Oral Authorizations and maintain the exception for those communicated via telephone call.
- *Article Two, Subsection 2.5.17.2 (Authorization of Debit WEB Entries)* – Subsection was removed from the Rules.
- *Article Eight, Section 8.55 (Internet-Initiated/Mobile Entry or WEB Entry or WEB)* – Modified to allow Oral Authorizations and maintain the exception for those communicated via telephone call.
- *Article Eight, Section 8.64 (Oral Authorization)* – New section adds Oral Authorization to Defined Terms.
- *Article Eight, Section 8.109 (Telephone-Initiated Entry or TEL Entry or TEL)* – Modified to limit use to Oral Authorizations obtained via a telephone call.

Other Authorization Issues

In conjunction with the rules on Standing Authorizations and Oral Authorizations, Meaningful Modernization included the Other Authorization Issues rule (the Rule), which made other modifications and reorganized the general authorization rules for clarity, flexibility, and consistency.

Clarity

- The Rule re-organized the general authorization rules to better incorporate Standing Authorizations, Oral Authorizations, and other changes.
- The Rule defined “Recurring Entry” to complement the existing definition of Single Entry and the new definition of Subsequent Entry and to align with term in Regulation E.

Flexibility

- The Rule explicitly stated that authorization of any credit entry to a consumer account and any entry to a non-consumer account can be by any method allowed by law or regulation. Only consumer debit authorizations require a writing that is signed or similarly authenticated.

Consistency

- The Rule applied the standards of “readily identifiable” and “clear and readily understandable terms” to all authorizations.
- The Rule applies to all consumer debit authorizations the minimum data element standards previously only required for TEL entries.
- *Article Two, Subsection 2.3.1 (General Rule – Originator Must Obtain Authorization from Receiver)* – Updated to include the clear and readily understandable terms and readily identifiable standards.
- *Article Two, Subsection 2.3.2 (Form of Receiver Authorization for Entries to Consumer Accounts)* – New subsection describing consumer authorization requirements.
- *Article Two, Subsection 2.3.2.1 (Credit Entries to Consumer Accounts)* – New subsection defining consumer credit entry authorization requirements.
- *Article Two, Subsection 2.3.2.2 (Debit Entries to Consumer Accounts)* – New subsection defining consumer debit entry authorization requirements.
- *Article Two, Subsection 2.3.2.6 (Copy of Receiver Authorization)* – New subsection describing requirement to provide a copy of a consumer’s debit entry authorization.
- *Article Two, Subsection 2.3.2.3 (Electronic Authorizations)* – Modified to update cross references.
- *Article Two, Subsection 2.3.2.8 (Notices of Variable Recurring Debit Entries to Consumer Accounts)* – Retitled and updated to reference Recurring Entries.
- *Article Two, Subsection 2.3.3 (Form of Receiver Authorization, Agreement, and Notice Requirement for Entries to Non-Consumer Accounts)* – Retitled and expanded to reflect changes to Non-Consumer authorizations.
- *Article Two, Section 2.4.1.1 (The Entry is Authorized by the Originator and Receiver)* – Modified to address ODFI warranties for credit entries when the Originator and Receiver are natural persons.
- *Article Two, Subsection 2.5.15.1 (General Rule for TEL Entries)* – Modified to clarify that a TEL Entry is for authorizations via telephone call and to remove an ODFI obligation for TEL Entries.
- *Article Two, Subsection 2.5.15.3 (Authorization of TEL Entries)* – Modified to address Recurring Entries, require a business telephone number, and remove redundant requirements.
- *Article Two, Subsection 2.5.15.4 (Verification of Receiver’s Identity)* – New subsection addresses requirement to verify Receiver’s identity.

- *Article Two, Subsection 2.5.15.5 (Verification of Receiver's Routing Number)* – New subsection addresses routing number verification requirement.
- *Article Two, Subsection 2.5.17.1 (General Rule for WEB Entries)* – Modified to exclude oral authorizations via telephone call and to remove an ODFI obligation for WEB Entries.
- *Article Two, Subsection 2.5.17.2 (Authorization of Debit WEB Entries)* – Subsection was removed from the Rules.
- *Article Two, Subsection 2.5.17.4 (Use of Fraud Detection Systems)* – New subsection addresses fraud detection system requirement.
- *Article Two, Subsection 2.5.17.5 (Verification of Receiver's Identity)* – New subsection addresses requirement to verify Receiver's identity.
- *Article Two, Subsection 2.5.17.4 (Additional ODFI Warranties for Debit WEB Entries)* – Subsection was removed from the Rules.
- *Article Two, Subsection 2.5.17.6 (Verification of Routing Numbers)* – New subsection to address requirement to verify Receiver's routing number.
- *Article Eight, Section 8.78 (Prearranged Payment and Deposit Entry or PPD Entry or PPD)* – Modified to allow any type of authorization from a Receiver.
- *Article Eight, Section 8.88 (Recurring Entry)* – New section to add Recurring Entry to list of Defined Terms.

Alternative to Proof of Authorization

The Alternative to Proof of Authorization rule (the Rule) reduces an administrative burden on ODFIs and their Originators for providing proof of authorization in every instance in which it is requested by an RDFI. By allowing an alternative, the Rule is intended to help reduce the costs and time needed to resolve some exceptions in which proof of authorization is requested. However, if the RDFI still needs proof of authorization, the ODFI and its Originator must provide the proof of authorization within ten days of the RDFI's subsequent request.

- *Article Two, Subsection 2.3.2.7 (Retention and Provision of the Record of Authorization)* – Expanded to allow an ODFI to accept the return of a debit entry instead of providing proof of authorization and to allow the RDFI to make a subsequent request for proof of authorization.
- *Article Two, Subsection 2.3.3.3 (Provision of the Record of Authorization)* – Expanded to allow an ODFI to accept the return of debit entry instead of providing proof of authorization and to allow the RDFI to make a subsequent request for proof of authorization.

Written Statement Of Unauthorized Debit via Electronic or Oral Methods

The Written Statement of Unauthorized Debit via Electronic or Oral Methods rule (the Rule) reduces an administrative burden on RDFIs and their customers. The Rule clarified and made explicit that an RDFI may obtain a consumer's WSUD as an Electronic Record, and an RDFI may accept a consumer's Electronic Signature, regardless of its form or the method used to obtain it. These changes emphasize that WSUDs may be obtained and signed electronically, which could include the same methods permissible for obtaining a consumer debit authorization.

- *Article Three, Subsection 3.12.4 (Form of Written Statement of Unauthorized Debit)* – Expanded to explicitly state that electronic records and electronic signatures are allowed for WSUDs.

Minor Topics Rule Changes

(Approved September 16, 2021)

The Minor Topics Rule Changes include clarifications to the Meaningful Modernization Rules and other clarifications. These changes had little to no impact on ACH participants and no significant processing or financial impact.

Clarification on Standard Entry Class Code Flexibility and Subsequent Entries Initiated at Electronic Terminals

This minor change clarified the intent of the Meaningful Modernization Rule. This change states that Subsequent Entries initiated at an “electronic terminal” (as that term is defined in Regulation E) must be identified using the Point-of-Sale (POS), Machine Transfer Entry (MTE), or Shared Network Entry (SHR) SEC Code, as applicable, regardless of the manner in which the Standing Authorization was obtained. The POS, MTE, or SHR format is required in order to convey information to identify the location of the terminal. This change added an additional exception to the Rules for SEC Code flexibility for Subsequent Entries.

- *Article Two, Subsection 2.3.2.5 (Standing Authorization for Debit Entries to Consumer Accounts)*

RDFI's Subsequent Request For Proof Of Authorization Must Be In Writing

This minor change clarified the intent of the Meaningful Modernization Rules. This change states that, where an ODFI has accepted, or has agreed to accept, a Return Entry in lieu of providing the RDFI with proof of authorization, and the RDFI still subsequently requests proof of the Receiver's authorization, the RDFI must make any subsequent request to the ODFI in writing.

- *Article Two, Subsection 2.3.2.7 (Retention and Provision of the Record of Authorization)*
- *Article Two, Subsection 2.3.3.3 (Provision of Record of Authorization)*

Stop Payment Rules For Subsequent Entries

This minor change clarified the intent of the Meaningful Modernization Rules regarding an RDFI's obligation with respect to stop payments for Subsequent Entries. The change requires an RDFI to honor a stop payment order on a Subsequent Entry that is provided by a Receiver to the RDFI in such time and manner that the RDFI has a reasonable opportunity to act on the stop payment order prior to acting on the Subsequent Entry.

- *Article Three, Subsection 3.7.1.1 (RDFI Obligation to Stop Payment of Recurring Entries)*
- *Article Three, Subsection 3.7.1.2 (RDFI Obligation to Stop Payment of Single and Subsequent Entries)*

Other Clarifications on Subsequent Entries

These changes incorporated additional clarifications to the Meaningful Modernization rules.

- Two minor changes pull through references to the defined term Subsequent Entry in two additional places in the Rules: Form of Receiver Authorization – Debit Entries to Consumer Accounts (Article Two, Subsection 2.3.2.2(a) and General Rule for Prearranged Payment and Deposit (PPD) Entry (Article Two, Subsection 2.5.12).
- Two minor updates to new subsections on TEL (Article Two, Subsection 2.5.15.2 – Use of TEL Standard Entry Class Code for Subsequent Entries) and WEB (Article Two, Subsection 2.5.17.2 – Use of WEB Standard Entry Class Code for Subsequent Entries) clarify the application of existing rules to Subsequent Entries using these Standard Entry Class Codes.
- One minor change to the general rule for PPD Entries (Article Two, Subsection 2.5.12 – General Rule for PPD Entries (Prearranged Payment and Deposit Entry) to align the description of a PPD Entry with the updated definition in Article Eight.

Expiration of Stop Payment Orders on Entries to Non-Consumer Accounts

This change was a minor modification to Rules language to incorporate current industry practices. The modification clarifies that the effective period for a stop payment order on a debit entry to a Non-Consumer account stated in the Rules reflects the minimum time period that such a stop payment order must remain in effect. The language was also changed to make clear that an RDFI may establish a longer effective period for these stop payment orders and to remove the requirement that a renewal of such a stop payment order must be in writing.

- *Article Three, Subsection 3.7.2.1 (Effective Period of Stop Payment Orders)*

Clarification on ACH Operator Edit – Effective Entry Date

This change revised the field description as it relates to Return Entries for clarity and aligned the Rules language with current ACH Operator file editing practices. The modification of the Effective Entry Date field description clarified that ACH Operators:

- Use the content of the Effective Entry Date field (as copied from the original Entry) to determine the appropriate Settlement Date for a Return Entry, dishonored Return Entry, and contested dishonored Return Entry.
- May choose to verify proper formatting of the Effective Entry Date field and, potentially, replace an invalid Effective Entry Date with the current processing date.
- Do not reject a Return Entry, dishonored Return Entry, or contested dishonored Return Entry because of an invalid date in the Effective Entry Date field.
- *Appendix Three, Subpart 3.2.2 (Glossary of Data Elements – Effective Entry Date)*

Supplement #3-2021* to the Nacha Operating Rules

On September 16, 2021, the Nacha Voting Membership approved an amendment to the Nacha Operating Rules on the following topic:

- Third-Party Sender Roles and Responsibilities (two amendments) – effective September 30, 2022

This supplement provides ACH Network participants with a summary of the key components of the change, along with details regarding the technical changes to Rules language.

*Supplement #3-2021 was originally issued in November 2021 as a stand-alone update to the 2021 edition of the Nacha Operating Rules and Guidelines. The version included here is an abridged version addressing pending rule changes related to Third-Party Sender Roles and Responsibilities. The Minor Topics rule changes covered in the original distribution of this Supplement have already become effective and are included in the body of the 2022 Nacha Operating Rules text. Discussion on the details of these changes (including the sections of the rules impacted) has been removed from this Supplement and now appears within the Revisions section of this publication under the heading of “Technical Summary of 2021 Changes to the Rules.”