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## 2014 – 2020 ACH Rule Changes

The Nacha Operating Rules are continuously changing. Due to the dynamic nature of the ACH Network and its rule-making process, it is extremely important that you keep up with these changes to ensure compliant ACH operations. The following are amendments to the Nacha Operating Rules that have been approved by the National Automated Clearing House Association (Nacha) membership and will be or has become effective during 2012-2016.

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### ***Effective March 19, 2021***

#### **Account Validation for WEB Debits**

Currently, Originators of WEB debit entries must use a “commercially reasonable fraudulent transaction detection system” to screen WEB debits for fraud. Effective March 19, 2021, the implementation of Supplementing Fraud Detection Standards for WEB debits rule make it explicit that “account validation” is part of a “commercially reasonable fraudulent transaction detection system.” This requirement will apply to the first use of an account number, or changes to the account number. For existing WEB debit authorizations, the rule will apply on a going forward basis. Originators will have to perform account validations as there are updates to account numbers in existing authorizations.

### ***Effective June 30, 2021 and Effective June 30, 2022***

#### **Supplementing Data Security Requirements**

The existing ACH Security Framework requires financial institutions, Originators, Third-Party Service Providers, and Third-Party Senders to establish, implement, and update security policies, procedures, and systems related to the initiation, processing, and storage of ACH entries. These policies, procedures, and systems must protect the confidentiality and integrity of protected information; protect against anticipated threats or hazards to the security or integrity of protected information; and protect against unauthorized use of protected information that could result in substantial harm to a natural person. There are updates to these Rules which will be effective in two phases that expands 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. The rule applies only to account numbers collected for or used in



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ACH transactions and does not apply to the storage of paper authorizations. The rule also does not apply to depository financial institution when acting as internal Originators, as they are covered by existing FFIEC and similar data security requirements and regulations.

The Rule will be implemented in two phases: Phase 1: Rules language will become effective on June 30, 2021. Any Originator, Third-Party Service Provider, or Third-Party Sender that originates 6 million or more ACH transactions in calendar year 2020 will need to be compliant by June 30, 2021. Phase 2: Rules language will become effective on June 30, 2022. Any Originator, Third-Party Service Provider, or Third-Party Sender that originates 2 million or more ACH transactions in calendar year 2021 will need to be compliant by June 30, 2022.

### ***Effective September 20, 2019 and Effective March 19, 2021***

#### **Faster Funds Availability**

##### **Notes: Effective Until September 19, 2019**

A credit entry that is not a Same Day Entry, an RDFI must make the amount of the credit entry available to the Receiver for withdrawal no later than the end of the settlement date, subject to its right to return the entry under these Rules. For a credit entry that is a PPD entry made available to the RDFI by 5:00 p.m. (RDFI's local time) on the banking day prior to settlement date, the RDFI must make the amount available to the Receiver for withdrawal at the opening of business on settlement date. Opening of business is defined as the later of 9:00 a.m. (RDFI's local time) or the time the RDFI's teller facilities (including ATMs) are available for customer account withdrawals. Entries are considered to be available to the RDFI or its Receiving Point when the entry or entry data is processed by the RDFI's ACH Operator and is ready for distribution. Warehousing of entries is the ability to store debits and credits until the settlement date. RDFIs must make funds available on settlement date (a 3-digit Julian Date in every batch header). The settlement date is set by the ACH Operator and the effective entry date is set by the Originator. The Voluntary Availability Exception Rule allows the RDFI additional time to investigate a suspicious credit entry prior to making funds available to the Receiver. The additional time increases the likelihood that unauthorized credit entries could be identified, and the associated funds could be recovered before being withdrawn. RDFIs must still comply with Regulation CC availability requirements, unless an exception to the requirement applies.

For a credit Same Day entry, an RDFI must make the amount of the credit entry available to the Receiver for withdrawal no later than 5:00 p.m. in the RDFI's local time on the Settlement Date of the entry, subject to its right to return the entry under the Nacha Operating Rules. An RDFI in the Atlantic Time Zone must make the amount of a credit Same Day entry available to the Receiver for withdrawal no later than 5:00 p.m. Eastern Time on the settlement date of the entry, subject to its right to return the entry under the Nacha Operating Rules. An RDFI located east of the Atlantic Time Zone and west of the International Date Line must make the amount of a credit Same Day entry available to the Receiver for withdrawal no later than the opening of business on the banking day following the Settlement Date of the entry, subject to its right to return the entry under the Nacha Operating Rules.

##### **Notes: Effective On or After September 20, 2019**

For a credit entry that is not a Same Day entry and is made available to the RDFI by 5:00 p.m. (RDFI's local time) on the banking day prior to the settlement date, the RDFI must make the amount of the



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credit entry available to the Receiver for withdrawal no later than 9:00 a.m. (RDFI's local time) on settlement date regardless of SEC code.

For a credit entry that is not a Same Day entry that is made available to the RDFI after 5:00 p.m. (RDFI's local time) the RDFI must make the amount available for withdrawal no later than the end of Settlement Date.

For a credit Same Day entry received in the first same-day processing window, an RDFI must make the amount of the credit entry available to the Receiver for withdrawal no later than 1:30 p.m. (RDFI's local time) on the settlement date of the entry.

For a credit Same Day entry received in the second same-day processing window, an RDFI must make available to the Receiver for withdrawal no later than 5:00 p.m. (RDFI's local time) on the settlement date of the entry. An RDFI whose local time is Atlantic Time may use Eastern Time; an RDFI located east of the Atlantic Time Zone and west of the International Date Line must make the amount of a credit Same Day entry received in any same-day processing window available to the Receiver no later than 9:00 a.m. (RDFI's local time) on the banking day following the settlement date of the entry.

The Voluntary Availability Exception Rule allows the RDFI additional time to investigate a suspicious credit entry prior to making funds available to the Receiver. The additional time increases the likelihood that unauthorized credit entries could be identified, and the associated funds could be recovered before being withdrawn. RDFIs must promptly notify the ODFI and must still comply with Regulation CC availability requirements, unless an exception to the requirement applies.

**Notes: Effective On March 19, 2021**

On March 19, 2021, a new same-day processing window will allow Same Day files to be submitted to the ACH Operators until 4:45 p.m. ET. RDFIs will receive files from this window by 5:30 p.m. ET, with interbank settlement occurring at 6:00 p.m. ET. RDFIs will need to make the amount of the credit entry available in the Receiver's account no later than the completion of the RDFI's processing for that settlement date. RDFIs will need to make credits available by the end of processing for that settlement date.

***Effective March 19, 2021***

**New Same Day ACH Processing Window**

The New Same Day ACH Processing Window rule will create a new processing window that will enable ODFIs and their customers to originate same day transactions for an additional two hours each banking day. The new window will allow Same Day ACH files to be submitted to the ACH Operators until 4:45 p.m. ET. RDFIs will receive files from this third window by 5:30 p.m. ET, with interbank settlement occurring at 6:00 p.m. ET. RDFIs will need to make funds available for credits processed in the new window by the end of their processing for that Settlement Date. All credits and debits, and all returns, will be eligible to be processed in the new Same Day ACH window, with the exception of IAT entries, ENR entries, and forward entries in excess of the per-transaction dollar limit.

***Effective April 1, 2020 and Effective April 1, 2021 (two phases)***



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## Differentiating Unauthorized Return Reasons

Currently, Return Reason Code R10 is a catch-all for various types of underlying return reasons, including some for which a valid authorization exists, such as a debit on the wrong date or for the wrong amount. In these situations, there is an actual relationship and payment authorization between the Originator and its customer (the Receiver), but the Originator made an error regarding the payment. For these cases, a return of the debit still should be made, but the Originator and the Receiver might both benefit from a correction of the error rather than more significant action such as the termination of the origination authorization.

Under the Rule, Return Reason Code R11 will be re-purposed to be used for the return of a debit in which there is an error, but for which there is an authorization. The re-purposed description will be “Customer Advises Entry Not In Accordance with the Terms of the Authorization.” Return Reason Code R10 will continue to be used when a consumer claims he or she does not know the Originator, does not have a relationship with the Originator, or did not give authorization for the entry. The description will be “Customer Advises Originator is Not Known to Receiver and/or Is Not Authorized by Receiver to Debit Receiver’s Account”. R11 returns will have the same processing requirements and characteristics as R10 returns and are still considered unauthorized under the Rules.

- Incorrect EFTs are subject to the same error resolution procedures under Regulation E as unauthorized EFTs.
- The RDFI will be required to obtain the Receiver’s Written Statement of Unauthorized Debit.
- The return time frame will be 60 days.
- R11 returns will be included within the definition and calculation of the Unauthorized Entry Return Rate.
- R11 returns will be covered by the existing Unauthorized Entry Fee. (See Effective Date section)
- The new definition and use of R11 does not include disputes about goods and services, just as with the current definition and use of R10.

A key difference between R10 and R11 will be that an Originator will be permitted to correct the underlying error of an R11 return, if possible, and submit a new Entry without being required to obtain a new authorization. The new Entry must be originated within 60 days of the Settlement Date of the R11 Return Entry. In addition, any new Entry for which the underlying error is corrected is subject to the same ODFI warranties and indemnification made in Section 2.4 (e.g., the ODFI warrants that the corrected new Entry is in accordance with the terms of the authorization, it is timely, contains the correct amount, etc.).

Examples of correctable errors include a debit originated for settlement earlier than authorized; a debit for the wrong amount; a debit as part of an Incomplete Transaction; and some types of an improperly reinitiated Entry. Once the Originator has corrected the underlying issue, the Originator will be able to submit a new Entry. Some errors, however, cannot be corrected. Examples of uncorrectable errors include the Originator did not provide the required notice for ARC, BOC, or POP entries prior to accepting the check, or the notice did not conform to the requirements of the Rules; or the source document for an ARC, BOC or POP Entry was ineligible for conversion. In these cases, the Originator will not be able to submit a new Entry.



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**Effective on April 1, 2020 – Phase One** - the re-purposed return code will become effective, and financial institutions are to use it for its new purpose. Other provisions in the Rules that apply to unauthorized returns will become effective at this time with respect to R11s – i.e., Unauthorized Entry Return Rate and its relationship to ODFI Return Rate Reporting obligations.

**Effective on April 1, 2021 – Phase Two** - the re-purposed return code will become covered by the existing Unauthorized Entry Fee. This part of the Rule will be implemented by the ACH Operators, and as with the current fee, will be billed/credited on their monthly statements of charges.

### **Effective June 30, 2020 and Effective June 30, 2021**

#### **Supplementing Data Security Requirements**

The existing ACH Security Framework requires financial institutions, Originators, Third-Party Service Providers, and Third-Party Senders to establish, implement, and update security policies, procedures, and systems related to the initiation, processing, and storage of ACH entries. These policies, procedures, and systems must protect the confidentiality and integrity of protected information; protect against anticipated threats or hazards to the security or integrity of protected information; and protect against unauthorized use of protected information that could result in substantial harm to a natural person. There are updates to these Rules which will be effective in two phases that expands 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. 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 institution when acting as internal Originators, as they are covered by existing FFIEC and similar data security requirements and regulations.

The *Rule* will be implemented in two phases: Phase 1: Rules language will become effective on June 30, 2020. Any Originator, Third-Party Service Provider, or Third-Party Sender that originates 6 million or more ACH transactions in calendar year 2019 will need to be compliant by June 30, 2020. Phase 2: Rules language will become effective on June 30, 2021. Any Originator, Third-Party Service Provider, or Third-Party Sender that originates 2 million or more ACH transactions in calendar year 2020 will need to be compliant by June 30, 2021.

### **Effective March 20, 2020**

#### **Same Day ACH Dollar Limit Increase**

The Same Day ACH Dollar Limit Increase Rule will increase the per-transaction dollar limit, for both debits and credits, from \$25,000 to \$100,000.

### **Effective January 1, 2019**

#### **Minor Rules Topics**

- **ACH Operator Edits** – This rule aligns the Rules with current ACH Operator file editing practices.



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- **Clarification of TEL Authorization Requirements** – This amendment clarifies that the general Rules governing the form of authorization for all consumer debits apply to the authorization of TEL entries, including the obligation to include the revocation language.
- **Clarification of RDFI Obligation to Return Credit Entry Declined by Receiver** – This rule expressly identifies specific conditions under which the RDFI is excused from its obligation to return a credit: 1) there are insufficient funds available to satisfy the return, including due to any third-party lien or security interest; 2) the return is prohibited by legal requirements; and/or 3) the RDFI itself has a claim against the proceeds of the credit entry, including by offset, lien, or security interest.
- **Clarification on Reinitiation of Return Entries** – This amendment is an editorial change to the language of the general rule on Reinitiation Entries to clarify the existing intent of the Rules that reinitiation is limited to two times.
- **Clarification on RDFI Liability Upon Receipt of a Written Demand for Payment** – This amendment contains editorial changes regarding conditions under which an RDFI may return a Reclamation Entry or reject a Written Demand for Payment.

### ***Effective June 21, 2019***

#### **Return for Questionable Transaction**

RDFIs will be able to, but not required to, use the Return Reason Code R17 to indicate that the RDFI believes the entry containing invalid account information was initiated under questionable circumstances. RDFIs that elect to use R17 for this purpose will be required to use the description “QUESTIONABLE” in the Addenda Information field of the return entry. Other uses of the R17 will continue unchanged such as the opt-in program for return of questionable tax refund ACH Credits or that fields cannot be processed by the RDFI.

### ***Effective March 16, 2018***

**Same Day ACH: Moving Payments Faster – Phase 3** – Phase 3 of The Same Day ACH: Moving Payments Faster rule (Rule) builds upon the foundation established by the earlier phases of Same Day ACH. The implementation of Same Day ACH will be complete with Phase 3, when most RDFIs will be required to provide funds availability for same day credits by 5 p.m. RDFI local time in most cases.

### ***Effective September 15, 2017***

**Same Day ACH: Moving Payments Faster – Phase 2** – Phase 2 and 3 of the Same Day ACH: Moving Payments Faster rule build upon the foundation established by the initial implementation of Same Day ACH. The Nacha Operating Rules will be amended to allow for same-day processing of debit entries in Phase 2. For Phase 2, same-day credit funds availability will continue to be required no later than the end of the RDFI’s processing day. Implementation of Same Day ACH will be complete with Phase 3, when RDFIs will be required to provide funds availability for same day credits by 5:00 pm RDFI local time.

### ***Effective September 29, 2017***



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**Third-Party Sender Registration** – The Third-Party Sender Registration Rule requires every Originating Depository Financial Institution to either register its Third-Party Sender customer(s) with Nacha or provide Nacha a statement that it has no such customers.

### ***Effective January 1, 2016***

**Recrediting Receiver – Removal of Fifteen Calendar Day Notification Time Frame** – This Rule removed the fifteen-calendar day notification period associated with an RDFI’s obligation to promptly recredit a consumer account for an unauthorized debit entry, and aligned the RDFI’s recredit obligation with its ability to transmit an Extended Return Entry.

**Clarification of RDFI Warranties for Notification of Change** – This Rule modified the Rules with respect to Notification of Change (NOCs) to clarify aspects of: the RDFI’s warranties made with respect to its transmission of a Notification of Change or Corrected Notification of Change, and, the ODFI’s warranties made with respect to usage of the corrected data within subsequent transactions.

**Minor Rules Topics** – These rule amendments change the Rules to address four minor topics.

- 1. Clarification of ODFI Periodic Statement Requirements for CIE and WEB credits** -This Rule made minor, editorial clarifications to the language within Article Two, Subsections 2.5.4.2 (ODFI to Satisfy Periodic Statement Requirement) and 2.5.17.6 (ODFI to Satisfy Periodic Requirement for Credit WEB Entries) to clarify the intent of language governing an ODFI’s periodic statement obligations with respect to the origination of CIE and credit WEB entries by consumers.
- 2. Clarifying the Commercially Reasonable Encryption Standard** – This Rule removed the reference to 128-bit encryption technology as the minimum acceptable commercially reasonable standard, but retained the general reference to using a commercially reasonable level of encryption. The Rule also clarified that a commercially reasonable level of security must comply with current, applicable regulatory guidelines, which already impose more rigorous encryption obligations.
- 3. Definition of Zero-Dollar Entry** - This Rule reintroduced the definition of a Zero-Dollar Entry within Article Eight to correspond to unique technical references in the Appendices of the Rules. Zero Dollar Entries are unique in that, although their dollar amount is zero, they bear remittance data that must be provided to the Receiver in an identical manner as “live” entries that transfer funds. The definition was removed in 2010 when the definition of a “Non-Monetary Entry” was introduced into the Rules.
- 4. Expansion of Permissible Criteria for ODFI Requests for Return** – This Rule permits an ODFI to request that an RDFI return any entry that the ODFI claims was originated without the authorization of the Originator. This Rule also expanded the description of Return Reason Code R06 to include entries return by the RDFI for this reason.

### ***Effective March 18, 2016***

**Disclosure Requirements for POS Entries** – This Rule established an Originator/Third-Party Service Provider obligation to provide consume Receivers with certain disclosures when providing those consumers with cards used to initiate ACH Point of Sale (POS) entries.

### ***Effective August 18, 2016***

**Minor Rules Topics**

- 1. Clarification of Reinitiation -Standard Entry Description** – This amendment clarified that the RETRY PYMT descriptive statement applies to all cases of reinitiation and supersedes any other company entry description, including other – Rules mandated company entry descriptions for original entries.



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2. **Clarification of Reinitiation – Applicability to RCK** – This amendment clarified the reinitiation Rules as applicable to RCK entries by eliminating the separate section on reinitiated RCK entries and re-locating RCK-specific details within the general rule on reinitiated entries.
3. **Clarification on Reinitiation – Non-Applicability to Corrected Entries Related to R03/R04 Return** – This Rule clarified that entries returned using Return Reason Code R03 or R04 are not eligible for reinitiation because the initial presentment was not to the correct Receiver’s account.
4. **Rules Enforcement – Monitoring of Class 2 Violations** – This amendment revised the description of a Class 2 Rules Violation within Appendix Ten to allow evaluation of the timing of a recurring violation in relation to the resolution date for the immediately preceding violation when determining its status as a Class 2 Rules Violation.
5. **Rules Enforcement – Protection of the National Association from Liability for Enforcement of the Rules** – This amendment expanded the Rules enforcement provisions within the Nacha Operating Rules to include express protections for Nacha and its committees when engaged in their roles related to Rules enforcement.
6. **Rules Enforcement – Appeal Process for Suspension from the ACH Network** – This amendment expanded Appendix Ten to define a process by which an ODFI may appeal the suspension of its Originator or Third-Party Sender customer when suspension has been mandated by the ACH Rules Enforcement Panel as the penalty for a Class 3 Rules violation.
7. **Clarification of Originating DFI Identification for IAT Entries** – This amendment revised the description of the Originating DFI Identification field as it relates to Outbound IAT entries to include the possibility that the financial institution identified as the source of the funds is located in a foreign country.

### ***Effective September 23, 2016***

**Same Day ACH: Moving Payments Faster – Phase 1** – The Same Day ACH: Moving Payments Faster, Phase 1 rule amended the Rules to allow the same day processing of virtually any credit ACH payment, with fund availability to the Receiver by the end of the RDFI’s processing day. The Rule included a Same Day Entry Fee on each Same Day ACH transaction to help mitigate RDFI costs for enabling and supporting Same Day ACH.

#### **Minor Rules Topics Related to Same Day ACH: Moving Payments Faster**

1. **Funds Availability for Same Day Entries** – This amendment modified the language in Appendix Eight that is specific to fund availability to adopt more general language referencing an RDFI’s obligation to comply with the funds availability requirements as they are defined in Article Three, Subsection 3.3.1
2. **Alignment of ENR, IAT and Same Day Language** - This amendment revised the description of ENR entries, IAT entries and Same Day entries to reflect that ENR and IAT entries cannot be Same Day entries.
3. **Alignment of TRC/TRX and Same Day Language** – This Rule aligned the same-day settlement requirements for forward TRC and TRX entries with other SEC codes so that TRC and TRX entries are treated the same as all other eligible SEC codes. This resulted in language for TRC and TRX entries being fully aligned with other SEC codes, where settlement is based on Effective Entry Date.

### ***Effective October 3, 2016***

**Improving ACH Network Quality – Unauthorized Entry Fee** – This Rule change is intended to improve ACH Network quality by reducing the incidence of ACH debits that are returned as unauthorized. Under this Rule, an ODFI will pay a fee to the RDFI for each ACH debit that is returned as unauthorized (return reason codes R05, R07, R10, R29 and R51). Under the Rule, ODFIs will have an economic incentive to improve the quality of the ACH transactions they originate. The Rule will encourage ODFIs to implement processes or tools with their Originators to address practices that result in returns, such as unclear, confusing or deceptive authorizations, and unclear or improper identification of transactions. RDFIs will be compensated for a portion of the costs they bear for



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handling unauthorized transactions, and will experience reduced costs due to a reduction in unauthorized transactions over time.

### ***Effective January 1, 2015***

**Network Administration Fees** – The Nacha Operating Rules require each Participating Depository Financial Institution that transmits or receives ACH entries (commercial and Federal Government) to pay an annual fee and a per-entry fee to cover costs associated with the administration of the ACH Network. These Network Administration Fees apply to all entries subject to the requirements of the Nacha Operating Rules, whether such entries are transmitted via an ACH Operator, sent directly from one Participating DFI to another, or sent through another entity. The Network Administration Fees have been established by the Nacha Board of Directors and are reviewed and modified, as appropriate, on an annual basis.

Schedule of Fees established by the Nacha Board of Directors for calendar year 2015:

- Per-Entry Fee (January 1 – December 31) ..... \$ .000162
- Annual Fee ..... \$ 216.00

**Third-Party Sender Issues** – This Rule includes a direct obligation on Third-Party Senders to monitor, assess and enforce limitations on their customer’s origination and return activities in the same manner the Rules require of ODFIs. In addition, the Rule updates certain reporting requirements in the Rules in order to streamline oversight of Third-Party Service Providers and Third-Party Senders, when necessary. The Rule requires the Third-Party Service Provider or Third-Party Sender to provide proof of completion of its Rules compliance audit to a Participating DFI in order to fulfill a request from Nacha.

**Nacha’s Enforcement Authority** – This Rule includes the express authority for Nacha to bring an enforcement action based on the origination of unauthorized entries. To ensure the judicious use of the expanded authority, the Rule requires the ACH Rules Enforcement Panel to validate the materiality of this type of enforcement case before Nacha can initiate any such proceeding. In addition, because Nacha remains reliant on Participating DFIs and Operators to identify potential Rules violations in the first instance, the Rule encourages RDFIs to voluntarily provide to Nacha information, such as return data, that may be indicative of a potential Rules violation by other ACH Network participants, including improper authorization practices, even if the RDFI is not interested in itself initiating a Rules enforcement proceeding.

**Point-of-Sale (POS) Entries- Clarification of General Rule** – This Rule re-aligns the general rule for POS Entries with the definition of POS Entries in Article Eight. The definition of POS within Article Eight recognizes these Entries as both debits and credits; the general rule for POS within Article Two currently identifies POS Entries only as debits. Although a POS Entry is generally considered to be a debit Entry initiated at an electronic terminal by a consumer to pay an obligation incurred in a point-of-sale transaction, it can also be an adjusting or other credit Entry related to the debit Entry, transfer of funds, or obligation (for example, a credit to refund a previous point-of-sale transaction). This Rule corrects this discrepancy.

**Return Fee Entry Formatting Requirements** – This Rule revises the formatting requirements for certain Return Fee Entries to align with the formatting requirements specific to the underlying transaction to which the return fee relates. Specifically, this Rule modifies the description of the Individual Name Field in a PPD Return Fee Entry related to a returned ARC, BOC, or POP Entry to require that it contain the same information identified within the original ARC, BOC, or POP Entry. The Individual Name Field is optional for ARC, BOC, and POP; therefore, this field (1) may include the Receiver’s name, (2) may include a reference number, identification number, or code that the



merchant needs to identify the particular transaction or customer, or (3) may be blank. Presently, the name of the Receiver must be included in all PPD Entries.

**Entry Detail Record for Returns- Clarification Regarding POP Entries**– This Rule adds a footnote to the Entry Detail Record for Return Entries to clarify the specific use of positions 40-54 with respect to the return of a POP Entry.

**Clarification of RDFI's Obligation to Recredit Receiver** – This Rule clarifies that an RDFI's obligation to recredit a Receiver for an unauthorized or improper debit Entry is generally limited to Consumer Accounts, with certain exceptions for check conversion and international transactions.

**Clarification of Prenotification Entries and Addenda Records** – This Rule revises the Nacha Operating Rules to clarify that, with the exception of IAT Entries; a Prenotification Entry is not required to include addenda records that are associated with the subsequent live Entry.

**Clarification of Company Identification for P2P WEB Credit Entries** – This Rule adds language to the Company Identification field description to clarify content requirements for Person-to-Person (P2P) WEB credit Entries.

### ***Effective March 20, 2015***

**Dishonored Returns and Contested Dishonored Returns Related to an unintended Credit to a Receiver**- This Rule provides an Originator/ODFI with an additional mechanism to resolve, via the automated return process, situations in which use of the Reversal process has resulted in, or not resolved, an unintended credit to the Receiver. An unintended credit to the Receiver may be caused by either of the following conditions:

- A debit Erroneous Entry and a subsequent credit Reversing Entry are both transmitted to the Receiver's account. The erroneous debit is returned, but the reversing credit is posted and made available to the Receiver.
- A credit Erroneous Entry and a subsequent debit Reversing Entry are both transmitted to the Receiver's account. The erroneous credit is posted and made available to the Receiver, but the reversing debit is returned.

**ODFI's Right to Dishonor a Debit Return that Causes an Unintended Credit to the Receiver**- The Rule establishes the right of an ODFI to dishonor the Return of a debit Erroneous Entry if the Return Entry results in an unintended credit to the Receiver because (1) the Return Entry relates to a debit Erroneous Entry, (2) the ODFI has already originated a credit Reversing Entry to correct the Erroneous Entry, and (3) the ODFI has not received a Return of that credit Reversing Entry. Similarly under the Rule, an ODFI may dishonor the Return of a debit Reversing Entry if the Return Entry results in an unintended credit to the Receiver because (1) the Return Entry relates to a debit Reversing Entry that was intended to correct a credit Erroneous Entry, and (2) the ODFI has not received a Return of that credit Erroneous Entry.

The Rule defines a new dishonored Return Reason Code (R62 – Return of Erroneous or Reversing Debit) for this purpose.

**ODFI Warranties for Dishonored Return Relating to Reversals**- This Rule requires an ODFI dishonoring a debit Return Entry under either of these conditions to warrant that it originated a Reversal in an effort to correct the original erroneous transaction and therefore is dishonoring the Return of the debit Erroneous Entry or the debit Reversing Entry, either of which causes an unintended credit to the Receiver.

**RDFI's Right to Contest a Dishonored Return Involving an Unintended Credit to Receiver**- The Rule also establishes the right of an RDFI to contest this type of dishonored Return if either of the following conditions exists:

- the RDFI returned both the Erroneous Entry and the related Reversal; or



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- the RDFI is unable to recover the funds from the Receiver.

The Rule defines a new contested dishonored Return Reason Code (R77 – Non-Acceptance of R62 Dishonored Return) for this purpose.

**Notification of Change – Removal of Change Code C04 (Incorrect Individual Name/Receiving Company Name)-**

This amendment removes the Notification of Change Code – C04 (Incorrect Individual Name/Receiving Company Name) from the Nacha Operating Rules.

***Effective September 18, 2015***

**ACH Operator Edit for Returns-** This amendment incorporates an additional ACH Operator edit within the listing of ACH Operator file/batch reject edit criteria specified within Appendix Two of the Nacha Operating Rules. Specifically, this edit requires ACH Operators to reject any batch of Return Entries in which RDFI returns and ACH Operator returns are commingled. By definition, different parties are responsible for generating each type of return, and each must be separately identified within the Company/Batch Header Record as the sender of the batch. This ACH Operator edit codifies this fact within the Nacha Operating Rules and ensures consistent processing of return batches by all ACH Operators.

**Return Rate Levels-** This Rule will help address the concern about increased unauthorized transactions and poor origination practices and their adverse impact on RDFIs and the ACH Network with the following changes:

- Reducing the current return rate threshold for unauthorized debit Entries (Return Reason Codes R05, R07, R10, R29, and R51) from 1.0 percent to 0.5 percent.
- Establishes two new return rate levels in the Rules for other types of returns;
  - A return rate level of 3.0 percent will apply to debit entries returned due to administrative or account data errors (Return Reason Codes R02- Account Closed; R03 – No Account/Unable to Locate Account; and R04 – Invalid Account Number Structure).
  - A return rate level of 15.0 percent will apply to all debit entries (excluding RCK entries) that are returned for any reason.
- Establishes an inquiry process, which is separate and distinct from a Rules enforcement proceeding, as a starting point to evaluate the origination activity of Originators and Third-Party Senders that reach the new administrative return and overall debit return rate levels.

**Reinitiation of Entries-** Currently, Subsection 2.12.4 of the Rules implicitly prohibits the reinitiation of Entries outside of the express limited circumstances under which they are permitted under the Rules. This Rule makes this prohibition explicit. For additional clarity, the Rule includes common examples that would be considered reinitiating an Entry. The Rule also adds a specific prohibition against reinitiating a transaction that was returned unauthorized. The Rule further includes an anti-evasion provision, specifying that any other Entry that Nacha reasonably believes represents an attempt to evasion of the defined limitations will be treated as an improper reinitiation.

***Effective January 1, 2014***

**Reclamation entries – Corrections to Rules Governing Authorization-** This Rule amends the Nacha Operating Rules to adopt several corrections to the Rules governing the authorization of Reclamation Entries. These changes address technical and drafting discrepancies between Reversing Entries and Reclamation Entries in the Rules and make the Rules related to Reclamation Entries consistent with those for Reversing Entries to the extent possible.

***Effective March 21, 2014***



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**Clarification of Third-Parties in the ACH Network-** This Rule revises the Nacha Operating Rules to clarify the definitions and certain roles and responsibilities of Third-Parties in the ACH Network. The amendments clarify and expand on the Rules to assist Third-Parties and other ACH participants in better understanding their roles and responsibilities in a particular transaction. This Rule addresses three specific area of clarification: (1) Definition of Third-Party Sender; (2) Definition of Third-Party Service Provider; and (3) Third-Party Sender and Third-Party Service Provider Audit Requirements.

**Editorial Clarification- Non-consumer Receiver’s Obligation to Credit Originators Account-** This Rule amends the text and title of Article Three, Subsection 3.3.1.3 (Receiver Must Credit Originator’s Account) to read “Non-Consumer Receiver’s Records Must Reflect Payments Received from Originator.”

**Gateway Obligation to Identify Ultimate Foreign Beneficiary/Payer in Inbound IAT Entry-** This Rule establishes a Gateway obligation to identify within an Inbound IAT Entry (1) the ultimate foreign beneficiary of the funds transfer when the proceeds from a debit Inbound IAT Entry are for Entry, or (2) the foreign party ultimately funding a credit Inbound IAT Entry when that party is not the Originator of the credit IAT Entry.

It is important to emphasize that the Gateway (as the party with the direct relationship with the foreign country (either via the foreign Gateway and/or the foreign originator directly)) has the obligation to ensure that all parties to the transaction are appropriately identified within the IAT Entry. Gateways should ensure that their agreements with parties in the foreign country include provisions for the identification of all parties to the payment transaction.

**Remittance Addenda Record – Formatting Requirements for Payment Related Information Field-** The Rule revises the description of the Payment Related Information Field as it relates to the IAT Remittance Addenda Record to establish specific formatting requirements for inclusion of the ultimate foreign beneficiary’s/payer’s name, street address, city, state/province, postal code, and ISO Country Code.

**Identification of Country Names within IAT Entries-** This Rule requires an Originator, Third-Party Sender, ODFI, or Gateway transmitting an IAT Entry to identify any country named within the IAT Entry by that country’s 2-digit alphabetic ISO Country Code, as defined by the International Organization for Standardization’s (ISO) 3166-1-alpha-2 code list. This clarification affects the following fields:

- ISO Destination Country Code (*IAT Company/Batch Header Record*)
- Originator Country & Postal Code (*Third IAT Addenda Record*)
- Originating DFI Branch Country Code (*Fourth IAT Addenda Record*)
- Receiving DFI Branch Country Code (*Fifth IAT Addenda Record*)
- Receiver Country & Postal Code (*Seventh IAT Addenda Record*)
- Payment Related Information Field (*IAT Addenda Record for Remittance Information*)
- Foreign Correspondent Bank Branch Country Code (*IAT Addenda Record for Foreign Correspondent Bank Information*)

**Person-to-Person Payments via ACH –** This Rule, with mandatory compliance by March 20, 2015, standardizes the use of the ACH Network for Person-to-Person (P2P) Entries. A P2P is a credit entry initiated or on behalf of a holder of a Consumer Account that is intended for a consumer account of a Receiver. P2P entries will use the Internet-Initiated /Mobile Entry (WEB) SEC code regardless of how the authorization is obtained. Highlights of the Rules around P2P entries you should be aware of:

- Company Name Field in the Company Batch Header Record should identify the P2P Third-Party Service Provider.
- Company Entry Description Field should have a description that indicates the entry is a P2P payment.
- Individual Identification Number Field should identify the Originator (sender). The Individual Identification Number Field is required to appear on the Receiver’s account statement.
- One Addenda Record is allowed but not required to appear on the Receiver’s account statement.



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- Payment Type Code Field should be completed with “S” to represent a single-entry and “R” to represent a recurring entry.
- Notification of Change entries received related to P2P entries are to be resolved by the ODFI or Third-Party Service Provider not the Originator of the P2P entry.

**Incomplete Transaction Clarifications-** the Incomplete Transaction Clarifications amendment recognizes certain ARC, BOC, and POP Entries to Non-Consumer Accounts as eligible for return under the Incomplete Transaction Rule. This change streamlines RDFI’s processing of ARC, BOC, and POP returns and improves their ability to comply with the Rules by eliminating different processing requirements for unauthorized/improper consumer and non-consumer ARC, BOC, and POP Entries, which share the same Standard Entry Class Code. The change restores the RDFI’s ability under the Rules to rely solely on the Standard Entry Class Code when determining handling requirements for specific types of Entries. This amendment also adds specific references to “consumer” Receivers, where appropriate, to add clarity regarding the scope of the Incomplete Transaction Rules.

**Use of Tilde as Data Segment Terminator-** This amendment corrects two IAT field descriptions to identify the tilde (“~”) as a valid data segment terminator. Use of the tilde as a segment terminator for ACH Entries was approved with the Healthcare Payments via ACH rule and became effective September 20, 2013. However, the earlier ballot overlooked adding the tilde to these two IAT fields. This change aligns the Rules relating to the Data Segment Terminator for all Entries.

***Effective August 22, 2014- Applicable for 2014 Audit***

**Clarification of Audit Requirements for Participating DFIs Reporting Network Administration Fees-** This Rule revises the annual Rules compliance audit provisions for all Participating DFIs to clarify that a Participating DFI’s obligation to verify that it has paid annual and per-Entry fees to Nacha is applicable only when the Participating DFI exchanges Entries through a means other than through an ACH Operator (i.e., a direct debit between the Participating DFI and another, non-affiliated Participating DFI).

***Effective September 19, 2014***

**Proof of Authorization for Non-Consumer Entries-** This Rule establishes a minimum standard for proof of authorization for Non-Consumer Entries, which will aid in the resolution of unauthorized or fraudulent debits to businesses, particularly those where no trading partner relationship/agreement exists between the Originator and Receiver. This change permits an RDFI to request proof of a Non-Consumer Receiver’s authorization for a CCD, CTX or an Inbound IAT Entry to a Non-Consumer Account and the obligation of the ODFI to provide proof of authorization for CCD, CTX, and IAT Entries to Non-Consumer Accounts. This amendment also modifies the audit requirement under Appendix Eight, Section 8.4, item f (Audit Requirements for ODFIs) to address the ODFI’s obligation to verify that it provides proof of authorization or Originator contact information, when requested, for CCD Entries, CTX Entries, and IAT Entries to Non-Consumer Accounts.

**Prenotification Entries –** This amendment reduces the current six banking day waiting period between the initiation of a Prenotification and “live” Entries for Originators choosing to originate Prenotes. This amendment also modifies the Rules related to Notification of Change to clarify the Originator’s obligations with respect to an NOC received in response to a prenote.

