

## Revisions to the NACHA Operating Rules

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The 2017 edition of the NACHA operating Rules & Guidelines contains changes related to the following amendments:

- Same Day ACH: Moving Payments Faster, Phases 2 and 3, including a related Minor Rules change; and
- Third-Party Sender Registration.

The effective dates for these changes range from September 15, 2017 to March 16, 2018. Please see each specific amendment for details on its effective date.

This section also includes a technical summary of all changes to the Rules that were implemented in 2016. 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.

### Same Day ACH: Moving Payments Faster

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(Approved May 18, 2015- Phase 2 Effective September 15, 2017; Phase 3 Effective March 16, 2018)

#### SUMMARY

Phases 2 and 3 of The Same Day ACH: Moving Payments Faster rule (Rule) build upon the foundation established by the initial implementation of Same Day ACH. The NACHA operating Rules (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 p.m. RDFI local time.

#### OVERVIEW OF EXISTING SAME DAY ACH ELEMENTS

The Same Day ACH Rule allows same-day processing and settlement of ACH payments through new ACH Network functionality without affecting existing ACH schedules and capabilities. These elements will remain the same during Phases 2 and 3.

#### *Processing Windows*

Originating Depository Financial Institutions (ODFIs) can submit files for same-day processing and settlement through two clearing windows provided by the ACH Operators:

- A morning window with a submission deadline of 10:30 a.m. ET, with settlement occurring at 1:00 p.m. ET.

- An afternoon window with submission deadline of 2:45 p.m. ET, with settlement occurring at 5:00 p.m. ET.

### ***Payment Eligibility***

Virtually all types of ACH payments will be eligible for same-day processing by the end of the implementation period. The only ACH transactions ineligible for same-day processing are International ACH Transactions (IATs), Automated Enrollment Entries (ENRs), and individual transactions over \$25,000.

### ***Identification of Same Day Transactions via the Effective Entry Date***

Same Day ACH transactions are identified by the ODFI and its Originator by using the current day's date in the Effective Entry Date field of the Company/Batch Header Record. In addition, transactions intended for same-day processing that carry a current day Effective Entry Date need to meet an ACH Operator's submission deadline for same-day processing. Any eligible entry carrying the current day's date in the Effective Entry Date field that is submitted prior to an ACH Operator's same-day processing submission deadline will be handled as a Same Day ACH transaction and assessed the Same Day Entry fee.

### ***Stale or Invalid Effective Entry Dates***

ACH transactions submitted to an ACH Operator with stale or invalid Effective Entry Dates will be settled at the earliest opportunity, which could be the same day. If the transactions are submitted prior to the close of the second same-day processing window at 2:45 p.m. ET, the entries will be settled the same day and the Same Day Entry fee will apply. If the transactions are submitted to the ACH Operator after 2:45 p.m. ET, the entries will be settled the next day and the Same Day Entry fee will not apply.

### ***Return Entry Processing***

The Rule allows same-day processing of return entries at the discretion of the RDFI, whether or not the forward entry was a Same Day ACH transaction. Any return entry is eligible for settlement on a same-day basis; the \$25,000 per transaction limit and ENR/IAT restrictions do not apply. Because returns are initiated and flow from RDFI to ODFI, return entries processed on a same-day basis are not subject to the Same Day Entry fee.

### ***Same Day Entry Fee***

The Rule includes a fee paid from the ODFI to the RDFI for each Same Day ACH transaction. The fee provides a mechanism to help RDFIs mitigate investment and operating expenses and provide a fair return on their required investments. The current Same Day Entry fee is set at 5.2 cents per same-day entry. The fee is assessed and collected by the ACH Operators through their established monthly billing.

The Rule includes a methodology to measure the effectiveness of the Same Day Entry fee at five, eight and ten full years after implementation. After each review, the Same Day Entry fee could be maintained or lowered, but not increased.

## KEY COMPONENTS OF RULE AMENDMENTS

Phases 2 and 3 of Same Day ACH add functionality; most existing Same Day ACH rules remain in place. A summary of Phase 1 rules can be found at the end of this Revisions section.

Phase 2 of Same Day ACH introduces debit entries to same day processing. The Rule modifies language to allow the settlement of debit entries on the effective date of the entry. Other changes to the *Rules* ensure that reversing and reclamation debit entries are not settled before the associated credit entries.

Phase 3 of Same Day ACH will require RDFIs to provide funds availability for ACH credits by 5 p.m. RDFI local time in most cases. The addition of debits and requiring RDFIs to provide funds availability by 5p.m. expands same day processing to practically every ACH entry.

## IMPACT TO PARTICIPANTS

**Originators, Third-Party Senders and Third-Party Service Providers:** These ACH participants should discuss Same Day ACH with their financial institution to determine whether it is appropriate and cost effective for their businesses.

**ODFIs:** ODFIs that offer Same Day ACH will need to update internal processing applications and procedures to accommodate changes resulting from Phase 2 of Same Day implementation. ODFIs bringing on new same day customers will need to determine whether to solely utilize the Effective Entry Date, or to also utilize the optional method for determining an Originator's intent for same day processing and settlement.

ODFIs that do not offer Same Day ACH will need to continue to ensure they are appropriately using the Effective Entry Date to prevent inadvertently originating Same Day ACH entries.

**RDFIs:** RDFIs are required to accept Same Day ACH entries. By the Phase 3 effective date, RDFIs will be required to make funds available from Same Day ACH credits by 5:00 p.m. local time. RDFIs may continue to use same-day processing for any return transactions.

## EFFECTIVE DATES

Same Day ACH's additional ACH Network functionality will be effective across two remaining implementation phases, with the following effective dates:

- Phase 2 - September 15, 2017: Addition of ACH debits to same day processing capability.
- Phase 3 - March 16, 2018: ACH credit funds availability updated to 5:00 p.m., RDFI local time.

## TECHNICAL SUMMARY

Below is a summary of the impact of Same Day ACH on the NACHA operating Rules for each implementation phase based on the above effective dates. Sections of the 2017 Rules that are affected by this amendment are marked with highlighting and italics in the body of this edition of the Rules.

**Phase 2 · Effective September 15, 2017**

- *Article Two, Subsection 2.5.15.2 (Authorization of TEL Entries)* - revises written notice deadline to account for Same Day Entries.
- *Article Two, Subsection 2.8.3 (Time Limitations on Initiation of Reversing Files)* - adds language to ensure that a reversing debit Entry is not settled before the related erroneous credit Entry.
- *Article Two, Subsection 2.9.1 (General Rule for Reversing Entries)* - adds language to ensure that a reversing debit Entry is not settled before the related erroneous credit Entry.
- *Article Two, Subsection 2.10.4 (Timing Requirements for Reclamation Entries and Written Demands for Payment)* - adds language to ensure that a Reclamation debit Entry is not settled before the related credit Entry.
- *Article Eight, Section 8.99 (Same Day Entry)* - modifies definition to allow same day settlement of debit Entries.
- *Appendix Three, Subpart 3.2.2 (Glossary of Data Elements)*
  - *Effective Entry Date*: modifies language to add debit Entries as eligible for same day settlement
  - *Settlement Date*: deletes exclusionary language to allow same day settlement of debit Entries

**Phase 3 - Effective March 16, 2018**

- *Article Three, Subsection 3.3.1.1 (General Rule for Availability of Credits)* - updates language to require funds availability for Same Day ACH credit Entries by 5:00 p.m. in the RDFI's local time. The final language was amended on August 18, 2016 to accommodate funds availability requirements for RDFIs located in time zones east of Eastern Time and west of the International Date Line.

**Third-Party Sender Registration**

*(Approved August 18, 2016; Effective September 29, 2017)*

**SUMMARY**

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

## KEY COMPONENTS OF THE RULE AMENDMENT

### Initial Registration

For ODFIs with no Third-Party Sender customers, the Rule requires the ODFI to acknowledge this in a statement to NACHA. NACHA will provide a simple means through the registry to make such a statement. For ODFIs with Third-Party Sender customers, the Rule requires the ODFI to provide a limited set of initial, basic registration information for each Third-Party Sender that the ODFI should already have in its records:

- the ODFI's name and contact information;
- the name and principal business location of the Third-Party Sender;
- the ODFI's routing numbers used in ACH transactions originated for the Third-Party Sender;. and
- the Company Identification(s) of the Third-Party Sender.

ODFIs will be required to provide the initial, basic registration information for a Third-Party Sender customer within 30 days of originating the first ACH entry for the customer. In instances in which an ODFI becomes aware that an unregistered customer is actually a Third-Party Sender that should be registered, the Rule provides 10 days (i.e., a grace period) for the ODFI to register that customer.

ODFIs will be required to update the registration information on the Third-Party Sender within 45 days following any change to the information previously provided, including whether the Third-Party Sender relationship has ended. A period of 45 days balances the need for the registration information to be reasonably current, while enabling ODFIs to submit updates on a regular, routine schedule following the end of a calendar month or similar periodic reporting cycle.

The registration requirement applies to Third-Party Senders that are the ODFI's direct customers, as well as those other Third-Party Senders that are direct customers of the first Third-Party Sender, otherwise known as "nested" Third-Party Senders. To aid ODFIs in collecting registration information, the Rule obligates Third-Party Senders to provide their ODFIs, upon request, with any registration information needed. Further, in order to aid ODFIs with due diligence regarding nested Third-Party Sender relationships, the Rule requires Third-Party Senders to disclose to their ODFIs any other Third-Party Senders for which they transmit ACH entries.

### Supplemental Registration

Beyond the initial, basic registration information defined above, it may become necessary for NACHA to receive additional information about a Third-Party Sender. The Rule provides that, upon receiving a written request from NACHA, an ODFI will be required to provide within 10 banking days the following information that is requested:

- any doing-business-as names, taxpayer identification number(s), and street and website address(es) of the Third-Party Sender;
- the name and contact information for the Third-Party Sender's contact person;
- names and titles of the Third-Party Sender's principals;

- the approximate number of Originators for which the Third-Party Sender transmits entries; and
- a statement as to whether the Third-Party Sender transmits debit entries, credit entries or both.

NACHA will be authorized to request this information regarding risk events, which the Rule defines as "cases in which it (NACHA) believes that a Third-Party Sender in the ACH Network poses an escalated risk of (i) financial loss to one or more Participating DFIs, Receivers or Originators; (ii) violation of the Rules or applicable Legal Requirements, or (iii) excessive Returns."

### **Enforcement**

NACHA will utilize the same approach to enforcement as with all other rules that involve a direct obligation to NACHA (such as Direct Access Registration and ODFI Return Rate Reporting). NACHA could initiate a Rules enforcement proceeding if it believes that an ODFI has failed to register a Third-Party Sender customer.

NACHA recognizes that there might be situations in which a NACHA risk investigation identifies an entity as a Third-Party Sender, but its ODFI is not aware that the entity is a Third-Party Sender that should be registered. In such a case, NACHA's risk investigation staff will advise the ODFI, in writing, that it must register the Third-Party Sender within the 10 banking day grace period described above. Failure of the ODFI to register the Third-Party Sender could then result in the initiation of a Rules enforcement proceeding.

### **IMPACT TO PARTICIPANTS**

*ODFIs:* ODFIs with Third-Party Sender customers will incur some direct costs to assemble and report the required information to NACHA, and to update the registration information on a periodic basis. ODFIs already should have thorough records of their existing Third-Party Sender customers, and likely will have obtained the relevant information during the on-boarding of new customers; therefore, NACHA does not expect these costs to be significant. There may be some ODFIs, however, that will have to enhance their customer onboarding and monitoring processes, and obtain the required information; these ODFIs may experience higher initial costs to comply with the Rule. ODFIs with no Third-Party Sender customers will have only de minimus administrative costs to provide NACHA with a statement.

*Third-Party Senders:* Third-Party Senders likely will incur some direct costs to assemble and provide required information to their ODFIs. Because the information is basic in nature, NACHA does not expect these costs to be so significant as to outweigh the benefits of the Rule.

*Originators, ACH operators, and RDFIs:* These Network participants are not expected to incur any direct costs associated with Third-Party Sender Registration.

### **EFFECTIVE DATE**

The Rule will become effective on September 29, 2017. This will be the first date for which the Third-Party Sender registry will become available for ODFIs to begin submitting registration information. NACHA will provide ODFIs with an implementation period to submit initial registration information, or to provide

statements that the ODFIs have no Third-Party Sender customers, in order to allow for implementation to be spread out across a reasonable time period. The implementation period will last through March 1, 2018.

## **TECHNICAL SUMMARY**

Below is a summary of the impact of the Third-Party Sender Registration Rule on the *NACHA Operating Rules*.

- *Article Two, Subsection 2.15.1 (Third-Party Senders' Provision of Information to ODFIs)* – Creates obligations of Third-Party Senders to provide ODFIs with information necessary for registration, and to disclose to the ODFI the identity(ies) of any nested Third-Party Sender(s)
- *Article Two, Subsection 2.17.3 (Third-Party Sender Registration)* - Creates a new subsection for the Third-Party Sender Registration data requirements
- *Appendix Eight, Part 8.4 (Audit Requirements for ODFIs, Third-Party Service Providers and Third-Party Senders)* - Adds an audit item verifying that the ODFI has registered and updated information on its Third-Party Senders
- *Appendix Ten, Subpart 10.3.1 (Direct Access Registration)* - Modifies the subpart title only
- *Appendix Ten, Subpart 10.3.2 (Third-Party Sender Registration)* - Adds a new subpart to address rules enforcement for Third-Party Sender Registration
- *Appendix Ten, Subpart 10.4. 7.4 (Class 2 Rules Violation)* - Adds failure of the ODFI to register its Third-Party Senders to the list of Class 2 Rules Violations

## ***Chronological Summary of Revisions to the 2017 NACHA Operating Rules***

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### **SEPTEMBER 15, 2017 EFFECTIVE DATE**

- Same Day ACH: Moving Payments Faster - Phase Two

### **SEPTEMBER 29, 2017 EFFECTIVE DATE**

- Third-Party Sender Registration

### **MARCH 16, 2018 EFFECTIVE DATE**

- Same Day ACH: Moving Payments Faster - Phase Three

## ***Technical Summary of 2016 Changes to the Rules***

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The following is a technical summary of the changes to the NACHA operating Rules implemented during 2016. The amendments are in chronological order based on implementation date. 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 2017 Rules.

- Recrediting Receiver - Removal of Fifteen Calendar Day Notification Time Frame;
- Clarification of RDFI Warranties for Notifications of Change;
- Disclosure Requirements for POS Entries;
- Same Day ACH - Phase 1;
- Improving ACH Network Quality - Unauthorized Entry Fee; and
- Minor Rules Topics.

### **JANUARY 1, 2016 EFFECTIVE DATE**

#### ***Recrediting Receiver- Removal of Fifteen Calendar Day Notification Time Frame***

*(Approved September 4, 2015)*

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.

- *Article Three, Subsection 3.11.1 {RDFI General Obligation to Recredit Consumer Accounts}* – removed the fifteen calendar day reference and added language to clarify that the RDFI's obligation to recredit is triggered by the receipt of a Written Statement of Unauthorized Debit within the 60-day extended return time frame.
- *Article Three, Subsection 3.11.2.1 {RDFI Obligation to Recredit Non-Consumer Accounts for ARC, BOG and POP Entries}* - removed the fifteen calendar day text and clarified that the RDFI's obligation to recredit is triggered by the receipt of a Written Statement of Unauthorized Debit within the 60-day extended return time frame.
- *Article Three, Subsection 3.11.2.3 {RDFI Obligation to Recredit for Debit IAT Entries}* - removed the fifteen calendar day reference and clarified that the RDFI's obligation to recredit is triggered by the receipt of a Written Statement of Unauthorized Debit within the 60-day extended return time frame.



## ***Clarification of RDFI Warranties for Notifications of Change***

*(Approved September 4, 2015)*

This Rule modified the Rules with respect to Notifications of Change (NOCs) to clarify aspects of: 1) the RDFI's warranties made with respect to its transmission of a Notification of Change or Corrected Notification of Change; and, 2) the ODFI's warranties made with respect to usage of the corrected data within subsequent transactions.

- *Article Two, Subsection 2.4.2 (Exceptions to ODFI Warranties for Entries Originated Using Corrected Data from Notification of Change)* - Added a new subsection clarifying an ODFI's warranties with respect to the use of corrected data contained, within an NOC.
- *Article Three, Subsection 3.9.3 (RDFI Warranties for Notifications of Change)* - Removed from this Subsection item (b), which referenced an RDFI's obligation to obtain (when required) the Receiver's authorization to transmit the NOC if the change relates to the Receiver's account number.

## ***Minor Rules Topics***

*(Approved September 4, 2015)*

These rule amendments changed 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 Statement 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.

- *Article Two, Subsection 2.5.4.2 (ODFI to Satisfy Periodic Statement Requirement)* - updated subsection title to refer to CIE; modified text to specifically state ODFI's periodic statement requirement when debiting a consumer account to originate a CIE Entry.
- *Article Two, Subsection 2.5.17.6 (ODFI to Satisfy Periodic Statement Requirement for Credit WEB Entries)* - modified to specifically state ODFI's periodic statement requirement when debiting a consumer account to originate a WEB credit Entry.

### ***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.

- *Article One, Section 1.7 (Secure Transmission of ACH Information Via Unsecured Electronic Networks)* - Clarified commercially reasonable encryption standards must comply with regulatory guidelines; removed reference to outdated technology standard.
- *Article Three, Subsection 3.1.5.3 (RDFI Must Provide Payment-Related Information to Receivers of CCD, CIX, CIE, and IAT Entries to Non-Consumer Accounts)* - Clarified that the electronic provision of remittance information for Healthcare EFTs must meet commercially reasonable encryption standards that comply with regulatory guidelines; removed reference to outdated technology standard.

### 3. *Definition of Zero-Dollar Entry*

This Rule reintroduced the definition of a Zero-Dollar Entry within Article Eight (Definitions of Terms Used in These Rules) 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.

- *Article Eight (Definition of Terms Used in These Rules)* - Added a new section to define the term Zero-Dollar Entry.

### 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 (Returned per ODFI's Request) to include Entries returned by the RDFI for this reason.

- *Article Two, Subsection 2.12.2 - (ODFI Request for Return)* - Recognized use of ODFI Request to Return process to recover credit entries transmitted without the Originator's authorization.
- *Article Two, Subsection 2.12.3 - (Indemnification by ODFI for Requested Returns)* - Recognized use of ODFI Request to Return process to recover credit entries transmitted without the Originator's authorization.
- *Article Four, Part 4.2- (Table of Return Reason Codes)* - Expanded the description of R06 - (Returned Per ODFI's Request) to include ACH Credit Entries originated without the Originator's authorization.

## **MARCH 18, 2016 EFFECTIVE DATE**

### ***Disclosure Requirements for POS Entries***

*{Approved September 4, 2015}*

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

- *Article Two, Subsection 2.5.11.2 {Disclosures for ACH Cards Used to Initiate POS Entries}*- Added a new subsection to the specific provisions for POS Entries to require Originators and Third-Party Service Providers that issue ACH cards to provide disclosures related to overdraft charges, benefits, and protections related to the use of such cards.
- *Article Eight (Definition of Terms Used in These Rules), Section 8.2 ("ACH Card")* - Established a new defined term, "ACH Card," for a card or other means of access to a Consumer Account held by a Depository Financial Institution that is issued by an entity other than the Depository Financial Institution, and can be used at the point of sale to initiate POS Entries.

## **AUGUST 18, 2016 EFFECTIVE DATE**

### ***Minor Rules Topics***

*{Approved August 18, 2016}*

#### ***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.

- *Article Two, Subsection 2.12.4.2 (Formatting Requirements for Reinitiated Entries)* - Modified to specifically state that, in any case where an entry is returned and subsequently reinitiated, the description "RETRY PYMT" supersedes the original content of the Company Entry Description field.
- *Appendix Three, Subpart 3.2.2 (Glossary of Data Elements- Company Entry Description)* – Modified to specifically state that, in any case where an entry is returned and subsequently reinitiated, the description "RETRY PYMT" supersedes the original content of the Company Entry Description field.

#### ***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.

- *Article Two, Subsection 2.5.13.7 - (Reinitiation of RCK Entries)* - This subsection was removed from the Rules.
- *Article Two, Subsection 2.12.4.1 (General Rule for Reinitiated Entries)* - Modified to include RCK reinitiation rules with general reinitiation information.

### 3. Clarification of Reinitiation - Non-Applicability to Corrected Entries Related to R03/R04 Returns

This Rule clarified that entries returned using Return Reason Codes R03 (No Account/Unable to Locate Account) or R04 (Invalid Account Number Structure) are not eligible for reinitiation' because the initial presentment was not to the correct Receiver's account.

- *Article Two, Subsection 2.12.4.1 (General Rule for Reinitiated Entries)* - Expanded to state that corrected entries resulting from R03/R04 returns are not considered to be reinitiated entries.

### 4. Rules Enforcement- Monitoring of Class 2 Violations

This amendment revised the description of a Class 2 Rules Violation within Appendix Ten (Rules Enforcement) 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.

- *Appendix Ten, Part 10.4.7.4 - (Class 2 Rules Violation)* - Modified to re-define a Class 2 rules violation as the fourth or subsequent recurrence of a rule violation, where that fourth or subsequent recurrence takes place within one year of the resolution date of the immediately preceding infraction.

### 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.

- *Appendix Ten, Part 10.4.7.7 - (Protection of the National Association from Liability for Enforcement of the Rules)* - New subpart added to expressly provide that the ACH Rules Enforcement Panel, the Appeals Panel, the National Association (including staff), and members of its committees have no liability in connection with their role in enforcement matters.

### 6. Rules Enforcement- Appeal Process for Suspension from the ACH Network

This amendment expanded Appendix Ten (Rules Enforcement) 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.

- *Appendix Ten, Part 10.4.7.6- (Suspension and Appeal)* - Modified to provide that a Participating DFI may appeal a suspension order to a panel ("Appeals Panel") comprised of at least three individuals who are on the list of arbitrators maintained by NACHA in accordance with Appendix Nine (Arbitration).

### 7. Clarification of Originating OF/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.

- *Appendix Three, Subpart 3.2.2 (Glossary of Data Elements - Originating DFI Identification)* - Expanded to allow the use of either the routing number of the U.S. ODFI or the national clearing system number of a foreign financial institution, whichever party is responsible for providing funds for the Outbound IAT Entry.

## SEPTEMBER 23, 2016 EFFECTIVE DATE

### ***Same Day ACH: Moving Payments Faster - Phase 1***

*(Approved May 18, 2015)*

The Same Day ACH: Moving Payments Faster, Phase 1 rule (Rule) amended the Rules to allow for same day processing of virtually any credit ACH payment, with funds 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.

- *Article One, Section 1.12 {Same Day Entry Fee}* - created a new section regarding Same Day Entry fees.
- *Article Two, Subsection 2.5.8.1 {General Rule for IAT Entries}* - modified the language to exclude IAT Entries from Same Day ACH transactions.
- *Article Three, Subsection 3.1.9 (RDFI May Rely on Settlement date)* - added a new subsection to explicitly state that the RDFI can rely solely on the Settlement Date for posting ACH transactions.
- *Article Three, Subsection 3.3.1.1 {General Rule for Availability of Credits}* - updated the language to address funds availability for credit Entries that are same-day and those that are not.
- *Article Eight, Section 8.99 (Same Day Entry)* - added new defined term to cover Same Day ACH.
- *Appendix Three, Subpart 3.2.2 {Glossary of Data Elements}*
  - *Company Descriptive Date*: added new language for standardized, optional Same Day ACH indicator
  - *Effective Entry Date*: modified language for Same Day ACH credit Entries
  - *Settlement Date*: modified description to address Same Day ACH Phase 1 limitations
- *Appendix Ten, Subpart 10.4.6.2 (Responsibilities of Enforcement Panel)* - expanded responsibilities of the ACH Rules Enforcement Panel to include ruling on evasion of Same Day ACH limitations.
- *Appendix Eleven (Determination and Review of Same Day Entry Fee)* - created a new appendix to address Same Day Entries.

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

*(Approved August 18, 2016)*

### ***1. Funds Availability for Same Day Entries***

This amendment modified the language in Appendix Eight (Rules Compliance Audit Requirements) that is specific to funds availability (Part 8.3(d)) 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 (Availability of Credit Entries to Receivers).

- *Appendix Eight, Part 8.3 (Audit Requirements for RDFIs and Third-Party Service Providers), Item d* - Modified to mirror the funds availability requirement language in Article Three, Subsection 3.3.1 (Availability of Credit Entries to Receivers).

### ***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

- Article Two, Subsection 2.5.7 (General Rule for ENR Entries (Automated Enrollment Entry) – modified to specifically state that an ENR Entry cannot be a Same Day Entry.
- Article Eight, Section 8.12 ("Automated Enrollment Entry" or "ENR Entry" or "ENR") - modified to specifically state that an ENR Entry cannot be a Same Day Entry.
- *Article Eight, Section 8.54 ("International ACH Transaction" or "IAT Entry" or "IAT")* - modified to exclude IAT Entries from Same Day ACH transactions.
- *Article Eight, Section 8.99 ("Same Day Entry")* - modified to exclude ENR and IAT Entries from Same Day ACH transactions.

### ***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 the Effective Entry Date.

- *Appendix Three, Subpart 3.2.2 (Glossary of Data Elements - Effective Entry Date)* - removed language from the Effective Entry Date field description that was outdated as of the Same Day ACH effective date.
- *Appendix Three, Subpart 3.2.2 (Glossary of Data Elements - Settlement Date)* - removed language from the Settlement Date field description that was outdated as of the Same Day ACH effective date.

**OCTOBER 3, 2016 EFFECTIVE DATE*****Improving ACH Network Quality- Unauthorized Entry Fee***

*(Approved August 22, 2014)*

Under this Rule, an ODFI is required to pay a fee to the RDFI for each ACH debit that is returned as unauthorized (return reason codes R05, R07, R10, R29 and R51). This fee compensates RDFIs for a portion of the costs they bear for handling unauthorized transactions.

- *Article One, Section 1.11 (Unauthorized Entry Fee)* - created a new section regarding Unauthorized Entry Fees.
- *Article One, Subsection 1.11.1 (General Rule on. Unauthorized Entry Fee)* - established the obligation of the ODFI to pay the fees to the respective RDFIs.
- *Article One, Subsection 1.11.2 (Determination and Review of Unauthorized Entry Fee)* - established the authority of the NACHA staff, and the methodology used, to determine the specific amounts of the Unauthorized Entry Fee.
- *Article Eight, Section 8.111 (Unauthorized Entry Fee)* - added "Unauthorized Entry Fee" to the list of defined terms.