
IMPROVING ACH NETWORK QUALITY – UNAUTHORIZED ENTRY FEE

Effective October 3, 2016, pertaining to entries originated on or after August 1, 2016.

- This Rule is intended to improve ACH Network quality by reducing the incidence of ACH debits that are returned as unauthorized. Under this Rule, an ODFI would pay a fee to the RDFI for each ACH debit that is returned as unauthorized (return reason codes R05, R07, R10, R29 and R51). RDFIs will be compensated for a portion of the costs they bear for handling unauthorized transactions.
- ODFIs will directly bear the costs of the Unauthorized Entry Fees. The estimated cost range will be \$3.50 - \$5.50 per unauthorized Entry. This fee will ultimately be determined by NACHA closer to the effective date of the Rule. These costs will be passed on to the affected RDFI, to partially cover the costs of unauthorized entries posting to their Customer's accounts.
- ODFIs will likely pass these charges on to Originators.
- This Rule will become effective beginning with applicable return entries that have a Settlement Date of October 3, 2016 (a Monday, and the first banking day of the quarter).

Note: Originators should begin to implement systems, tools, and processes to reduce unauthorized debit returns as soon as possible. Doing so will position your organization to avoid increased fees associated with unauthorized return Entries when this Rule becomes effective.

SAME DAY ACH

Effective September 23, 2016, September 15, 2017 and March 16, 2018.

This Rule provides Originating Depositor Financial Institutions (ODFIs) the option to allow customers to initiate Same Date Settlement of domestic ACH entries less than \$25,000 through the ACH Network in a three-phased approach.

- Phase I, effective September 23, 2016, will involve credit origination only and the Receiving Depository Financial Institution (RDFI) must make the funds available to the receiver's account by the end of the business day.
- Phase II, effective September 15, 2017, will add debit origination as a same day origination option. As with credit origination, the RDFI must make the funds available to the receiver's account by the end of business day.
- Phase III, effective March 16, 2018, will require all RDFIs to provide funds available for all same day ACH received entries to the receiver's account by 5:00 PM local time.

All same day ACH entries will be subject to a same day entry fee that will be assessed and collected by the ACH Operators. The initial same day entry fee is set at 5.2 cents per same day entry. The fee will be paid to the RDFI as a means for recovering costs associated with enabling same day ACH transactions.

THIRD-PARTY SENDER REGISTRATION

Effective September 29, 2017

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

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
- The Company Identification(s) of the Third-Party Sender

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 Third-Party Sender, otherwise known as "nested" Third-Party Senders.

Beyond the initial, basic registration information defined above, it may become necessary for NACHA to receive additional information about Third-party Senders. 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 as requested:

- Any doing-business-as names, taxpayer identification number(s), and street and website address(s) 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.
- A statement as to whether the Third-Party Sender transmits debit entries, credit entries or both.

NACHA is authorized to request this information regarding risk events, which the rules 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."

NACHA RULES

Full copies of the NACHA ACH Rules may be ordered at <https://www.nacha.org/>. An electronic version of the ACH Rules may be viewed online by registering at <http://www.achrulesonline.org/>.