



Quarterly Rulemaking Update

June 20, 2019

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Agenda

- Same Day ACH Federal Reserve Update
- Currently in Rule Making:
 - ACH Contact Registration
 - Non-consumer Receiver Agreements
 - ACH Message Entries
- Rules Implementing in 2019 and Beyond:
 - Differentiating Unauthorized Returns
 - Quality and Risk Management
 - Same Day ACH Expansion



Same Day ACH Federal Reserve Activity Update

Same Day ACH - FRB

- On May 9, 2019, the Federal Reserve Board of Governors issued a request for comment on changes to Federal Reserve services to support the new SDA window
 - As requested by Nacha, the Board proposes to extend the operating hours of the National Settlement Service by 1 hour to 6:30 p.m. ET
 - The Board also proposes to extend the operating hours of Fedwire by 30 minutes to 7:00 p.m. ET

Same Day ACH - FRB

- The Board is asking the following questions (among others)
 - How will financial institutions and their customers use a later same-day ACH window?
 - Are there changes, costs, and/or risks of extending NSS and Fedwire hours?
 - Should the Fed revise the criteria for granting extensions to Fedwire, in order to minimize potential delays in the re-opening of Fedwire for the next banking day at 9:00 p.m. ET?
 - Revise the dollar threshold to \$5 billion; and/or
 - Revise the target window between closing and re-opening to 90 minutes

Same Day ACH - FRB

- The comment deadline is Monday, July 15, 2019. The Board's full request for comment is available at <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20190509b.htm>
- Nacha's statement on the Board's issuance of this RFC is at <https://www.nacha.org/news/nacha-statement-regarding-federal-reserve-proposal-support-same-day-ach-enhancements>

“Nacha applauds the Federal Reserve Board of Governors for issuing its proposal to extend its settlement services to support Same Day ACH enhancements with later settlement hours. The industry has spoken loudly in support of the expansion of Same Day ACH, and the public benefits it will provide for all businesses and consumers that use the ACH Network. Risks due to the extension of settlement hours can be mitigated with changes that Nacha believes the industry can gradually adopt over the next year and 10 months. These changes will better position financial institutions for ongoing improvements to the payments system. We are glad to see the Fed take this next step to deliver on the expansion of Same Day ACH.”



Currently in Rule Making

ACH Contact Registration

- A common pain point for ODFIs and RDFIs is the difficulty in contacting counterparties at other ODFIs and RDFIs
 - Determining who to contact
 - Determining how to make contact
- In many situations, time is of the essence
 - Fraud alerts and recovery
 - Erroneous transactions, duplicates and reversals
- NACHA already provides an “emergency” financial institution contact database on a voluntary basis
 - As of April 2019, 1,117 FIs have entered 3,318 contacts
 - While Nacha continues to encourage adoption, registration growth has slowed after the initial launch of the Risk Management Portal

ACH Contact Registration

- In today's environment, FIs are seeking ways to communicate quickly with other FIs about error and fraud events, and recovery of funds
- Potential rule proposal:
 - All ACH-participating financial institutions would register and list contact information for ACH operations and risk/fraud personnel (at a minimum)
 - Listing secondary contacts, and contacts for other departments, could be encouraged but not required
 - Registration information must be updated on a regular basis
 - The contacts would be available for any ACH participating financial institution to use in the event of system outages, erroneous payments, duplicates, reversals, fraudulent payments, etc., or potentially other uses (e.g., proper contact for letters of indemnity)
 - Use of the information would be limited to the purposes stated in the rule

ACH Contact Registration – Potential Effective Date

- **Potential rule effective date – June 1, 2020**
 - This is the date on which the registration portal could be available for Participating DFIs to begin to submit registration information.
- **Potential compliance date - October 30, 2020**
 - This is the date by which a Participating DFI would be required to have completed its registration.

Non-Consumer Receiver Agreement to Be Bound to the Rules

- Currently, as part of the authorization process for entries to Non-Consumer Accounts, Originators are required to obtain the Receiver's authorization AND the Receiver's express agreement to be bound to the *Rules*
 - This agreement to be bound to the Rules was intended to ensure that, among other things, the non-consumer Receiver honors its obligation to show in its records the Originator's payment as having been received as of the settlement date
- Although Receiver compliance with the requirements of the *Rules* is important, Nacha has received comments indicating the current obligation to bind the Receiver to the *Rules* is burdensome for the Originator, which is not best position to ensure the Receiver's adherence to the *Rules*
 - Receiver compliance with the *Rules* is better suited to the RDFI, which might already addresses this (and other Receiver obligations) in its account agreements with non-consumer Receivers

Non-Consumer Receiver Agreement to Be Bound to the Rules

- This rule proposal would revert back to original placement of language governing a Receiver's *Rules* compliance within the RDFI's obligations (which existed in the *Rules* as an RDFI requirement until 1987)
- The Originator's requirement to enter into an agreement that binds the Receiver to the Rules (current subsection 2.3.3.1) would be eliminated
- Parallel language would be added to Article Three (new subsection 3.1.10) to require the RDFI to obtain its non-consumer Receivers' agreement to be bound by the *Rules*

Non-Consumer Receiver Agreement to Be Bound to the Rules – Potential Effective Date

- **Potential rule effective date - January 1, 2020**
 - Would apply to new RDFI agreements with non-consumer Receivers
- **Potential compliance date for RDFIs – January 1, 2021**
 - This would be the date by which RDFIs would have to update terms and conditions for existing agreements

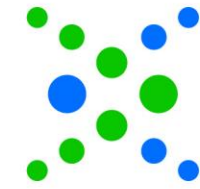
ACH Message Entries

- Proposal provided a method, through the ACH Network, to resolve exception cases, through new MSG Entry forward and response formats
- Recent Committee feedback is to keep evaluating the cost/benefit balance, especially in light of:
 - Changes to the landscape that may impact level of implementation, and
 - The desire for a two-Operator solution

ACH Message Entries

Ongoing Steps

- Reviewing options for document repository access with industry participants
- Ongoing discussions with industry legal staff about standardizing indemnification requests and provision
- Assess changing landscape when looking at implementation options



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Rules Implementing in 2019 and Beyond

ACH Quality and Risk Management

June 21, 2019 - 2021

ACH Quality and Risk Management Topics – Effective Dates

Effective dates for these three changes are:

- Return for Questionable Transaction – June 21, 2019
- Supplementing Fraud Detection for WEB Debits – January 1, 2020
- Supplementing Data Security Requirements
 - Phase 1 – June 30, 2020 for Originators and Third-Parties with annual ACH volume greater than 6 million in 2019
 - Phase 2 – June 30, 2021 for Originators and Third-Parties with annual ACH volume greater than 2 million in 2020



ACH Quality and Risk Management
Return for Questionable Transaction
June 21, 2019

Return for Questionable Transaction – Current Rules and Environment

- Currently, an RDFI may return an ACH entry for “any reason”
- The defined return reasons include “unauthorized” and “invalid account number/no account”
- For an ACH transaction that does not have a valid account number, and therefore does not post to any Receiver’s account, there is not a defined return reason that enables an RDFI to communicate that an ACH transaction is questionable, suspicious, or anomalous in some way
 - Using a standard administrative return reason (R03 or R04) does not enable an ODFI or its Originator to differentiate such questionable or suspicious transactions from other routine account number errors
- Existing NACHA guidance¹ currently advises RDFIs that they can use R17 to return questionable transactions that would otherwise be returned via existing invalid/no account return codes (R03/R04)

¹ Operations Bulletin #3-2017: Misuse of Routing Numbers on Social Media - September 28, 2017

Return for Questionable Transaction – The Rule

- RDFIs will be allowed (but not required) to use return reason code R17 to indicate that the RDFI believes the entry was initiated under questionable circumstances
 - Use of R17 to flag questionable entries is optional, at the discretion of the RDFI
 - RDFIs electing to use R17 for this purpose would be required to use the description “QUESTIONABLE” in the Addenda Information field of the return
 - An R17 in conjunction with this description would enable these returns to be differentiated from returns for routine account numbers errors
- Whether for a single transaction that an RDFI suspects is fraud, or for cases in which an RDFI is receiving a large number of questionable transactions, it will have a method to communicate this to the ODFI(s) via the returns
- **Effective date June 21, 2019**

Return for Questionable Transaction – The Rule

- Existing NACHA-coordinated opt-in programs with federal and state tax agencies for RDFIs to return tax refund ACH credits using R17 will continue and not be impacted
 - These programs involve the return of questionable ACH credits, whereas the primary “use case” of this rule would be to return ACH debits
 - The opt-in programs provide RDFIs with additional protection from liability when returning ACH credits as questionable; the opt-in rules for those programs will remain intact



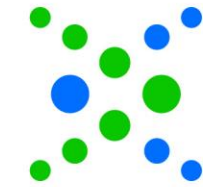
ACH Quality and Risk Management
Commercially Reasonable Fraud Detection for WEB Debits
January 1, 2020

Supplementing Fraud Detection Standards for WEB Debits – Current Rules and Environment

- Currently, ACH Originators of WEB debit entries are required to use a “commercially reasonable fraudulent transaction detection system” to screen WEB debits for fraud
 - Existing NACHA guidance already states
 - “An important element of a commercially reasonable fraudulent transaction detection system would be the adoption of risk-based mechanisms designed to confirm the validity of an account to be debited.”
 - The requirement is intended to help prevent the introduction of fraudulent payments into the ACH Network, and to help protect RDFIs from posting fraudulent or otherwise incorrect/unauthorized payments
 - Originators are in the best position to detect and prevent fraud related to payments they are initiating
 - In recent risk events perpetrated via social media channels, it has become apparent that some ACH Originators do not have or use any such system to screen WEB debits

Commercially Reasonable Fraud Detection for WEB Debits – The Rule

- The existing screening requirement will be supplemented to make it explicit that “account validation” is part of a “commercially reasonable fraudulent transaction detection system”
 - The supplemental requirement will apply to the first use of an account number, or changes to the account number
 - Will apply on a “going-forward” basis to first use of new account numbers obtained for initiated WEB debits
 - Will not apply retroactively to account numbers that have already been used for WEB debits
 - The rule is neutral with regard to specific methods or technologies to validate account information. Possibilities include:
 - An ACH prenotification
 - ACH micro-transaction verification
 - Commercially available validation service
 - Potential new capabilities or services, such account validation enabled by APIs
- Effective date January 1, 2020



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ACH Quality and Risk Management
Account Information Security Requirements
June 30, 2020-2021

Account Information Security Requirements – Current Rules and Environment

- The existing ACH Security Framework, which became effective in 2013, established the following requirements:
 - Financial institutions, Originators, Third-Parties Service Providers and Third-Party Senders are required to establish, implement and update, as appropriate, security policies, procedures, and systems related to the initiation, processing and storage of ACH transactions
 - These policies, procedures, and systems must:
 - Protect the confidentiality and integrity of Protected Information
 - “Protected Information” is defined as “the non-public personal information, including financial information, of a natural person used to create, or contained within, an Entry and any related Addenda Record”
 - 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

Account Information Security Requirements – The Rule

- The rule expands the existing ACH Security Framework rules to explicitly require large, non-FI Originators, Third-Party Service Providers (TPSPs) and Third-Party Senders (TPSs) to protect account numbers by rendering them unreadable when stored electronically
 - Aligns with existing language contained in PCI requirements
 - Industry participants should be reasonably familiar with manner and intent of requirement
 - Neutral as to methods/technology – encryption, truncation, tokenization, destruction, data stored/hosted/tokenized by ODFI, etc.
 - Applies only to the DFI account number collected for or used in ACH transactions
 - Would not apply to the storage of paper authorizations
 - The rule 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

Account Information Security Requirements – The Rule

- Implementation begins with the largest Originators and TPSPs (including TPSs)
 - The rule initially applies to ACH Originators/TPSPs/TPSs with ACH volume of **6 million** transactions or greater annually
 - Initially, an Originator/Third-Party that originated 6 million or more ACH transactions in calendar year 2019 will need to be compliant by **June 30, 2020**
 - A second phase applies to ACH Originators/TPSPs/TPSs with ACH volume of **2 million** transactions or greater annually
 - An Originator/Third-Party that originated 2 million or more ACH transactions in calendar year 2020 will need to be compliant by **June 30, 2021**
 - Many ACH Originators/TPSPs are likely compliant already, particularly those that comply with similar PCI requirements

Same Day ACH Expansion

September 20, 2019 – March 19, 2021

ENHANCEMENTS ARE COMING TO EXPAND THE CAPABILITIES OF SAME DAY ACH



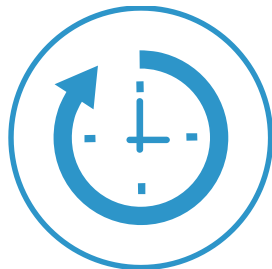
SOONER

Beginning Sept. 20, 2019, the availability of funds for many Same Day ACH and other ACH credits will occur sooner in the day



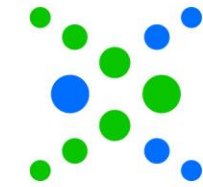
HIGHER

Beginning March 20, 2020, the per-transaction dollar limit for Same Day ACH will increase to \$100,000



LATER

Beginning March 19, 2021, access will be extended by enabling Same Day ACH transactions to be submitted to the ACH Network two hours later every business day



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Expanding Same Day ACH

Providing Faster Funds Availability

September 20, 2019

Providing Faster Funds Availability

- The rule provides faster funds availability for many ACH credits
 - Funds from Same Day ACH credits processed in the existing, first processing window will be made available by 1:30 p.m. RDFI local time
 - Funds from non-Same Day ACH credits will be available by 9:00 a.m. RDFI local time on the settlement day, if the RDFI had them by 5:00 p.m. on the previous day (i.e., apply the existing “PPD rule” to all ACH credits)
- Effective date September 20, 2019

Processing window	RDFI Receipt Time	Funds Availability Requirement
First Same Day ACH window	12:00 noon ET	1:30 p.m. RDFI local time
Second Same Day ACH window	4:00 p.m. ET	5:00 p.m. RDFI local time
Non-Same Day ACH credits	If received prior to 5:00 p.m. local time	9:00 a.m. RDFI local time for all SEC Codes



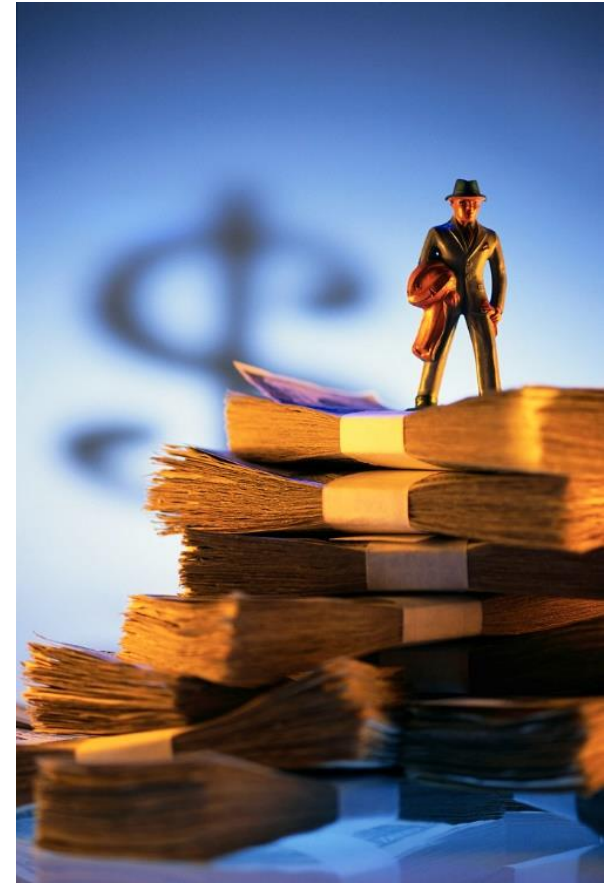
Expanding Same Day ACH

Increasing the SDA Per-Transaction Dollar Limit to \$100,000

March 20, 2020

Increasing the Dollar Limit to \$100,000

- The rule increases the per-transaction dollar limit for Same Day ACH transactions from \$25,000 to \$100,000
 - Both Same Day ACH credits and Same Day ACH debits will be eligible for same day processing up to \$100,000 per transaction
- There are a number of use-cases for which a higher dollar limit would enable ACH end-users to make greater use of Same Day ACH
- **Effective date March 20, 2020**





Expanding Same Day ACH

Expanding Access to Same Day ACH with a New Processing Window

March 19, 2021

Expanding Access to Same Day ACH

- This rule creates a new Same Day ACH processing window that will enable ODFIs and their customers to originate SDA transactions for an additional 2 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), providing greater access for all ODFIs and their customers
 - The timing of this new processing window balances expanding access to Same Day ACH with the desire to minimize impacts on financial institutions' end-of-day operations and the re-opening of the next banking day

Expanding Access to Same Day ACH – The Rule

The ACH Operators will establish a third, daily Same Day ACH processing and settlement window*

- ODFIs will be able to submit files of SDA transactions until 4:45 p.m. ET / 1:45 p.m. PT
 - This timing provides ODFIs operating in Pacific Time with a file submission schedule into the early afternoon
- RDFIs will receive files of SDA transactions by 5:30 p.m. ET / 2:30 p.m. PT
- Interbank settlement will occur at 6:00 p.m. ET / 3:00 p.m. PT
- An RDFI must make funds available for SDA credits in this new SDA processing window no later than the end of its processing day
 - This uses the same end-of-day requirement as did Phases 1 and 2
 - An RDFI could decide to make funds available sooner than the deadline (i.e., an RDFI in Pacific Time could make funds available at 5:00 p.m. Pacific Time)
- All credits and debits, and all returns, will be eligible for same day processing in the new window; except international ACH transactions (IATs), automated enrollments (ENRs), and forward transactions over the per-transaction dollar limit

** The specific ACH Operator processing schedules are not determined by the NACHA Operating Rules, but for this deck are believed to be accurate with respect to ACH Operator intentions.*

Expanding Access to Same Day ACH

Effective date for third window March 19, 2021

Processing window	ODFI deadline	RDFI receipt	Settlement
Same Day ACH <i>(1st window)</i>	10:30 a.m. ET	12 noon ET	1:00 p.m. ET
Same Day ACH <i>(2nd window)</i>	2:45 p.m. ET	4:00 p.m. ET	5:00 p.m. ET
Same Day ACH <i>(3rd window)</i>	4:45 p.m. ET	5:30 p.m. ET	6:00 p.m. ET
Next day ACH	2:15 a.m. ET	6:00 a.m. ET	8:30 a.m. ET

Expanding Same Day ACH

- **Eligibility for Same Day ACH Processing** – This Rule does not change the eligibility of transaction types for Same Day ACH processing
 - IATs and ENRs remain ineligible for Same Day ACH
 - The change to the per-transaction dollar limit is covered by the new Rule *Increasing the Same Day ACH Dollar Limit* which becomes effective March 20, 2020
- **Same Day Entry Fee** – The existing fee of 5.2 cents per Same Day ACH transaction will apply to forward Same Day ACH transactions in the third processing window, but will not apply to returns or NOCs processed in this window.

Expanding Same Day ACH

- **Identification of Same Day ACH transactions** – Same Day ACH transactions in this third Same Day ACH processing window will be identified in the same way as with the existing windows – by including a “today’s date” in the Effective Entry Date field, and submitting the transaction timely to the ACH Operator
 - ODFIs and Originators optionally may use the convention “SD1800” in the Company Descriptive Date field for transactions in this new Same Day ACH window
 - As with current Same Day ACH processing, ACH Operators will process stale or invalid Effective Entry Dates in the next available processing window, which could be this new Same Day ACH window

End of day processing

- Funds availability for credits received in the third window, like in SDA implementation Phases 1 and 2, will be required by the end of the processing day.
 - While funds do not need to be available for cash withdrawal at that time (e.g., via an ATM), they must be available to satisfy other subsequent debit entries against the account (e.g., to pay ACH debits and checks).
 - For example, if an RDFI finishes processing all credits and debits to its DDAs for the settlement date of November 5 by 11:00 p.m. on November 5, then the funds from a Same Day ACH credit received in the third window must be available in the Receiver's account by 11:00 p.m. on November 5 and must be available to satisfy subsequent debits (other than cash withdrawals) to the Receiver's account.
- The Same Day ACH availability requirement is a “no later than” deadline; RDFIs always have discretion to make funds available earlier.

Expanding Access to Same Day ACH – Returns

- For ACH transactions that need to be returned, faster processing of the return is typically a “win-win” for all parties
 - ODFIs and Originators learn about problems sooner
 - RDFIs get exceptions processed and settled faster
- This rule will allow for faster processing of returns, regardless of whether the forward transaction is a same-day transaction or not
 - Returns that are settled on a same-day basis are not subject to the Same Day Entry Fee
 - Not subject to the eligibility limit on forward transactions (i.e., dollar limit per transaction; IAT)
- An RDFI is not required to process returns on the same day an Entry is received, regardless of whether the Entry is a Same Day Entry
 - For example, if an RDFI receives a Same Day ACH debit on April 28 that is NSF, it is not required to send the return on April 28
 - The RDFI is required to send the return so that it is available to the ODFI by the opening of business on April 30 (opening of business 2 Banking Days after the original April 28 Settlement Date)

Expanding Access to Same Day ACH – Returns

- All returns (and Notifications of Change) will be eligible for processing through the third SDA processing window
- The existing “returns-only” window provided by the ACH Operators will be absorbed into the new Same Day ACH processing window
 - Enables RDFIs to send returns later into the day, up to 4:45 p.m. ET / 1:45 p.m. PT
 - Greater ability for RDFIs to make use of SDA processing for returns, which would get settled 14.5 hours earlier than next-day returns

Returns processing	RDFI submission deadline	Settlement ¹
Existing “returns only” window	4:00 p.m. ET 1:00 p.m. PT	5:00/5:30 p.m. ET 2:00/2:30 p.m. PT
Returns in new SDA window	4:45 p.m. ET 1:45 p.m. PT	6:00 p.m. ET 3:00 p.m. PT

¹ – Settlement timing for the existing returns-only window varies by ACH Operator

SAME DAY ACH USE CASES

The enhancements to Same Day ACH have numerous cases that can benefit ODFIs and their customers.

CREDITS:

Insurance Claims and Disaster Assistance Payments -

these are often more than the current \$25,000 limit and are time sensitive to customers with home, auto and other claims

Refunds -

customers could see credits sooner for an amount due or an overpayment

Discounts -

take advantage of supplier or vendor payment discounts by making payments the same day

DEBITS:

Bill Payments -

consumers could be able to make bill payments on due dates and could see faster processing of late payments

Tax Payments -

businesses could make last-minute payments to avoid penalties

Payroll -

make emergency payrolls and have faster payment options for hourly, temporary and contract workers

BOTH CREDITS AND DEBITS:

Account-to-Account Transfers -

these are often more than the current \$25,000 limit

B2B Payments -

an additional 8 percent of ACH B2B payments become eligible for Same Day ACH

Reversals -

a greater percentage of transactions could be reversed using same-day processing

Differentiating Unauthorized Returns

April 1, 2020 - 2021

Differentiating Unauthorized Returns - Introduction

- Risk management is a process of continuous improvement. Nacha revisits rules on ACH Network quality and risk management topics as warranted from time to time
- In November 2018, three new rules were approved to help manage risk and improve quality
- Providing better differentiation among types of unauthorized return reasons will give ODFIs and Originators clearer and better information when a customer alleges “error” as opposed to “no authorization”
 - Corrective action could be easier in these instances, and more drastic action can be avoided
 - Also allows collection of better industry data on unauthorized activity

Differentiating Unauthorized Return Reasons Current Rules and Environment

- Currently, return reason code R10 is a catch-all for various types of underlying return reasons
 - Wrong date
 - Wrong amount
 - Incomplete transaction
 - Improperly reinitiated transaction
 - Originator not known/recognized
 - Authorization never given
- For several of these underlying reasons, there is an actual relationship and a payment authorization between the Originator and the Receiver, but the Originator has made an error regarding the payment

Differentiating Unauthorized Return Reasons – The Rule

- A different return code (R11) will be re-purposed to be used for a debit in which there is an error, but for which there is an authorization
 - The re-purposed reason will be “Customer Advises Entry Not In Accordance with the Terms of the Authorization”
 - The new R11 will have the same 60-day extended return time frame and requirement for a Written Statement as with R10
 - The Originator will not be required to get a new authorization if it corrects the error
 - These returns will continue to be covered by the Unauthorized Entry Return Rate and Unauthorized Entry Fee definitions as currently with R10
- 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
 - The reason will be “Customer Advises Originator is Not Known to Receiver and/or Is Not Authorized by Receiver to Debit Receiver's Account”
- Phase 1 effective date April 1, 2020
- Phase 2 effective date April 1, 2021

Differentiating Unauthorized Return Reasons – The Rule

- R11 returns will have many of the same requirements and characteristics as an R10 return, and are still considered unauthorized under the Rules
 - Incorrect EFTs are subject to the same error resolution procedures under Regulation E as unauthorized EFTs
 - RDFIs' effort to handle the customer claim and obtain a WSUD remain the same as with the current obligations for R10 returns
 - The RDFI will be required to obtain the Receiver's Written Statement of Unauthorized Debit
 - The return timeframe is 60 days
 - R11 returns will be included within the definition of Unauthorized Entry Return Rate
 - R11 returns will be covered by the existing Unauthorized Entry Fee
 - 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 would be that with an R11 return an Originator would be permitted to correct the underlying error, 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
 - Any new Entry for which the underlying error is corrected is subject to the same ODFI warranties and indemnification made in Section 2.4 (i.e., the ODFI warrants that the corrected new Entry is authorized)

Differentiating Unauthorized Return Reasons – Phased Implementation

- **Phase One – effective date April 1, 2020**
 - New definitions of R10 and R11 take effect
 - R11 would be used by FIs for its new purpose
 - R11 is included in Unauthorized Entry Return Rate category and ODFI Return Rate Reporting
 - FIs will receive R11 return information in standard return reporting from their ACH Operator
- **Phase Two – effective date April 1, 2021**
 - R11 covered by the Unauthorized Entry Fee
 - ACH Operators begin billing/crediting for R11s on monthly statements

Differentiating Unauthorized Return Reasons – Changes to the Original Proposal

- Language was added to address follow-up actions that an Originator may take after receiving an R11 return
 - An Originator that has received an R11 return may correct the error or defect in the original Entry, if possible, and Transmit a new Entry that conforms to the terms of the original authorization, without the need for re-authorization by the Receiver
 - The new Entry must be Transmitted within 180 days from the original Entry
 - The new Entry will not be treated as a Reinitiated Entry if the error or defect in the previous Entry has been corrected to conform to the terms of the original authorization
- The effective date is in **two phases** to enable the new use of the return code sooner, while allowing the billing functions related to the Unauthorized Entry Fee to be developed and implemented by the ACH Operators
- Section 3.12 (WSUD) is reorganized so that the descriptions of types of unauthorized/improper debits are aligned with the descriptions of the return codes in Appendix Four
 - No authorization (R10)
 - Not in conformance with authorization (R11)
 - RCK-specific reasons (R51)



Thank You!

amorris@nacha.org