



## **ACH Contact Registration *Request for Comment***

### ***Proposed Modifications to the Rules*** **July 12, 2019**

*Proposed effective date – July 1, 2020. This is the date on which NACHA intends the registration portal to be available for Participating DFIs to begin to submit registration information.*

*Compliance date - October 30, 2020. This is the date by which a Participating DFI must have completed its registration.*

#### **ARTICLE ONE – GENERAL RULES**

##### **SUBSECTION 1.14 Participating DFI Contact Registration (New Subsection)**

A Participating DFI must register with the National Association specific contact information for personnel or departments responsible for: 1) ACH operations; and 2) fraud and/or risk management. A Participating DFI may register contacts for additional personnel or departments, at its discretion.

A Participating DFI must provide the National Association with either: 1) the name, title, email address, and phone number for at least one primary and one secondary contact person; or, 2) department contact information that includes an email address and a working telephone number. Registered phone numbers and email addresses must be those that are monitored and answered during normal business hours for financial institution inquiries.

A Participating DFI must update the registration information within 45 days following any change to the information previously provided; and must verify all registration information at least annually.

The National Association will make registered contact information available only to registered Participating DFIs and Associations via secure means so that other Participating DFIs have access to such information for purposes of addressing ACH operational, fraud, and risk management issues within the ACH Network. The National Association will use registered contact information only for purposes of ACH Network operational, risk and fraud management.

Participating DFIs and Associations accessing registered contact information agree that such information will only be used only for the purposes stated in this Subsection.

## APPENDIX TEN – Rules Enforcement

### Part 10.3 **ODFI Participating DFI** Registration Requirements

#### *Subpart 10.3.1 Direct Access Registration*

If, in its sole discretion, the National Association believes that an ODFI has failed to register its Direct Access Debit Participant status, or to provide data reporting regarding a Direct Access Debit Participant, the National Association may initiate a rules enforcement proceeding. Such proceeding will be according to Part 10.4 (National System of Fines) of this Appendix Ten for a Class 2 Rules Violation, as defined within Subpart 10.4.7.4 (Class 2 Rules Violation).

#### *Subpart 10.3.2 Third-Party Sender Registration*

If, in its sole discretion, the National Association believes that an ODFI has failed to register or provide other required information for a Third-Party Sender, the National Association may initiate a rules enforcement proceeding. Such proceeding will be according to Part 10.4 (National System of Fines) of this Appendix Ten for a Class 2 Rules Violation, as defined within Subpart 10.4.7.4 (Class 2 Rules Violation).

#### ***Subpart 10.3.3 Participating DFI Contact Registration (new subsection)***

***If, in its sole discretion, the National Association believes that a Participating DFI has failed to register its contact information pursuant to Subsection 1.14 (Participating DFI Contact Registration), the National Association may initiate a rules enforcement proceeding. Such proceeding will be according to Part 10.4 (National System of Fines) of this Appendix Ten for a Class 2 Rules Violation, as defined within Subpart 10.4.7.4 (Class 2 Rules Violation).***

## Part 10.4 National System of Fines

### *SUBPART 10.4.7 Fines and Penalties*

#### *SUBPART 10.4.7.4 Class 2 Rules Violation*

A Class 2 Rules Violation is one in which:

- (1) the Participating DFI has not responded to either the Notice of Possible ACH Rules Violation or the Notice of Possible Fine;
- (2) the Participating DFI responds to either notice that it does not intend to correct the rules violation;
- (3) the Participating DFI
  - (i) fails to respond completely and accurately, within the proper time frame, to the National Association's request for information in accordance with the requirements of Article Two, Subsection 2.17.2 (ODFI Return Rate Reporting);
  - (ii) fails to reduce the Originator's or Third-Party Sender's Unauthorized Entry Return Rate below the Unauthorized Entry Return Rate Threshold within 30 days of receipt of the National Association's written request;
  - (iii) successfully reduces the Unauthorized Entry Return Rate below the Unauthorized Entry Return Rate Threshold within the 30 day time period, but fails to maintain the Unauthorized Entry Return Rate below the Unauthorized Entry Return Rate Threshold for 180 additional days.

The Panel may consider the Originator's or Third-Party Sender's volume of debit Entries as an extenuating circumstance in determining whether a violation under this provision constitutes a Class 2 Rules Violation;

(iv) fails to reduce the Administrative Return Rate or Overall Return Rate of an Originator or Third Party Sender below the applicable Return Rate Level within 30 days after receipt of the written directive; or

(v) successfully reduces the Administrative Return Rate or Overall Return Rate of an Originator or Third Party Sender below the applicable Return Rate Level within 30 days after receipt of a written directive, but fails to maintain the rate below the applicable Return Rate Level for 180 additional days;

(4) the Participating DFI fails to register its Direct Access Debit Participant status or provide data reporting on a Direct Access Debit Participant, as required by Article Two, Subsection 2.17.1 (Direct Access Registration);

(5) the Participating DFI fails to register a Third-Party Sender(s) with the National Association, or provide other required information, as required by Article Two, Subsection 2.17.3 (Third-Party Sender Registration);

(6) the Participating DFI fails to register its contact information, as required by Subsection 1.14 (Participating DFI Contact Information);

~~(6)~~ (7) the Participating DFI fails to provide the National Association with proof of completion of its own, its Third-Party Service Provider's, or its Third-Party Sender's rules compliance audit, as required by Appendix Eight (Rule Compliance Audit Requirements);

~~(7)~~ (8) the ACH Rules Enforcement Panel determines the time frame and resolution date asserted by a Participating DFI as necessary to resolve the problem causing the rules violation are excessive;

~~(8)~~ (9) the National Association believes that the violation causes excessive harm to one or more Participating DFIs or the ACH Network; or

~~(9)~~ (10) it is the fourth or subsequent recurrence of the same rules violation.

In situations involving a Class 2 Rules Violation, the ACH Rules Enforcement Panel may levy a fine against the respondent Participating DFI in an amount up to \$100,000 per month until the problem is resolved. Where the violation relates to a specific Originator or Third-Party Service Provider at the DFI, a separate monthly fine may be assessed to the DFI with respect to each such Originator or Third-Party Service Provider.