



Same Day ACH: Faster Funds Availability

Guidance for RDFIs on Determining Local Time **August 21, 2019**

Effective on September 20, 2019, RDFIs will have two new funds availability requirements that are based on the RDFIs' "local time." With these requirements, RDFIs must ensure that Receivers have funds availability for the following ACH credits:

- Funds from all non-Same Day ACH credits made available to the RDFI by 5:00 p.m. local time the banking day before settlement must be available for withdrawal on Settlement Date by 9:00 a.m. RDFI local time. Currently, RDFIs must already meet this funds availability deadline for PPD credits made available by the 5:00 p.m. cutoff on the banking day prior to Settlement Date. This change expands the current "PPD availability rule" to apply to all SEC Codes.
- Funds from Same Day ACH credits received in the first Same Day ACH processing window must be available for withdrawal on Settlement Date by 1:30 p.m. RDFI local time.¹

Same Day ACH credits received in the second Same Day ACH processing window will continue to be subject to the existing 5:00 p.m. local time on Settlement Date funds availability requirement.

These times are "no later than" times by which funds must be available. RDFIs always have discretion to make funds available to Receivers earlier than these deadlines. An RDFI can satisfy its obligation to make a credit entry available by a specific time by making the entry available for cash withdrawal at a teller or an ATM by that time.

The Nacha Operating Rules do not specify a required method of calculating "local time," in order to allow RDFIs flexibility in using a consistent standard that is most easily applied in an RDFI's specific processing environment. For many RDFIs, the determination of "local time" is straightforward; for example, cases in which the RDFI's geographic footprint is limited to a single time zone. In other cases, an RDFI can determine local time based on the branches in which specific accounts were opened (or otherwise are considered to be located), or are hosted on platforms corresponding to those branches. An RDFI also could utilize a customer's address (i.e., the Receiver of the Same Day ACH credit) in determining local time for that customer's account. Other mechanisms for assigning "local time" may also be acceptable as long as they

¹ RDFIs in the Atlantic Time Zone may use Eastern Time to satisfy funds availability requirements for Same Day ACH credits. RDFIs located east of the Atlantic Time Zone and west of the International Date Line must make the amount of a Same Day ACH credit received in any same-day processing window available to the Receiver for withdrawal no later than 9:00 a.m. RDFI's local time on the Banking Day following the Settlement Date of the Entry.

are consistent with the spirit of providing access to funds on a basis that reasonably associates accounts with location information that can be derived from RDFIs' systems.

Nothing in the Nacha Operating Rules prohibits an RDFI from meeting these availability requirements prior to the September 20, 2019 effective date. The effective date is a "no later than" deadline by which time the requirement must be met.

Delay in Transmission or Availability of Files

Occasionally, an ACH Operator might experience a delay in transmitting or making available a file of Same Day Entries to one or more RDFIs. With a target delivery time of noon ET for the first daily same-day window and 4:00 p.m. ET² for the later of the two same-day processing windows, even a minor delay in the delivery of a same-day file could jeopardize an RDFI's ability to meet the funds availability requirement, especially when that RDFI's local time is Eastern Time.

Section 1.5 of the *Nacha Operating Rules* generally addresses the issue of "excused delay," i.e. circumstances under which a Participating DFI's obligations under the *Rules* may be excused due to an event outside of the Participating DFI's reasonable control. In short, a delay in RDFI performance of its obligation to make Same Day ACH Credit funds available to Receivers is excused "to the extent the delay was caused by the interruption of communication." (Emphasis added.) In this case, Nacha would consider the failure to receive a Same Day ACH file distribution in a timely manner to be an "interruption of communication" to RDFIs of that critical data. Accordingly, RDFIs will not be considered in violation of the *Rules* "to the extent" their own delay in making funds available to Receivers is caused by an ACH Operator's delay in making the file of Same Day Entries available. Although the delay by an ACH Operator is a permissible excuse, it is not an open-ended excuse. Instead, RDFIs must use reasonable diligence under the circumstances to make funds available to Receivers as promptly as possible.

Examples of Late File Delivery and Excused Delay

The following examples are intended to illustrate potential scenarios of when Excused Delay would apply in the event of a late file distribution from an ACH Operator. While it is not possible to anticipate or evaluate every possible scenario, these examples should guide RDFIs in understanding their own scenarios. Each RDFI should exercise such diligence as required by its own facts, circumstances and processing environment.

- An RDFI located in the Eastern Time zone receives a file of Same Day Entries from its ACH Operator at 1:30 p.m. ET, an hour and a half after the target distribution time. Although the RDFI is not able to make funds available by 1:30 p.m. ET, it is able to make funds available by 2:30 p.m. ET. The RDFI can rely on Excused Delay in this situation.

² See <https://www.frbservices.org/assets/financial-services/ach/091517-same-day-schedule.pdf> for FedACH's file distribution target schedule.

The information contained within this document is an informal interpretation intended to provide general guidance by Nacha staff in interpreting the *Nacha Operating Rules*. The interpretation is not an official position of Nacha and is not binding on Nacha staff, the Nacha Board or any ACH Rules Enforcement Panel. All applications of the *Nacha Operating Rules* are subject to facts and circumstances of the specific case. Readers of this document should obtain their own legal advice regarding their obligations under the *Nacha Operating Rules* or applicable legal requirements.

- An RDFI located in the Eastern Time zone receives a file of Same Day Entries from its ACH Operator at 4:30 p.m. ET, a half hour after the target distribution time. Although the RDFI is not able to make funds available by 5:00 p.m. ET, it is able to make funds available by 5:30 p.m. The RDFI can rely on Excused Delay in this situation.
- An RDFI located in the Pacific Time zone receives a file of Same Day Entries from its ACH Operator at 4:30 p.m. ET / 1:30 p.m. PT, a half hour after the target distribution time. The RDFI is able to make funds available by 5:00 p.m. local time. In this RDFI's case, the delay in receiving its file of Same Day ACH Entries was not so substantial as to cause it to miss the funds availability deadline.
- An RDFI located in the Eastern Time zone receives a file of Same Day Entries from its ACH Operator at 6:30 p.m. ET. Although the RDFI is not able to make funds available by 5:00 p.m. local time, it is able to make funds available by the end of its processing day, which occurs at the end of its overnight DDA posting at approximately 2:00 a.m. The RDFI can rely on Excused Delay in this situation.
- An RDFI located in the Central Time zone receives a file of Same Day Entries from its ACH Operator at 11:30 p.m. ET / 10:30 p.m. CT. The RDFI is not able to make funds available by 5:00 p.m. local time, and it has already finished its end-of-day processing. It makes funds available at the next reasonable opportunity, which is the opening of business on the following day. The RDFI can rely on Excused Delay in this situation.

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