

Via Electronic Submission

Securities and Exchange Commission
100 F St. NW Washington, DC 20549-9303
Rule-comments@sec.gov
File S7-20-19

Re: Fee Payment Modernization, Release Nos. 33-10720; 34-87395; IC-33676

Dear Ms. Countryman,

Nacha welcomes the opportunity to submit this comment letter to the Securities and Exchange Commission in response to the notice and request for comment regarding Fee Payment Modernization (File S7-20-19). Nacha applauds the efforts of the SEC to add the option for fee payment via Automated Clearing House (“ACH”) and eliminate the option of payment via paper checks and money orders. The proposed amendments will improve filing fee payment certainty, efficiency, and payment processing by facilitating lower-cost, easily routable payments through the ACH Network.

I. BACKGROUND: NACHA AND THE ACH NETWORK

Nacha manages the development, administration, and governance of the ACH Network, the backbone for the electronic movement of money and remittance information in the United States. The ACH Network serves as a safe, secure, reliable and ubiquitous network for direct consumer, business, and government payments, and annually facilitates billions of payments moving trillions of dollars. The ACH Network is governed by the Nacha Operating Rules (“Nacha Rules”). Nacha’s rule development process includes input from and participation from all types of organizations, including both business and consumer end-user organizations, as well as the U.S. Treasury, the Federal Reserve Board of Governors, and the Federal Reserve Banks. Nacha itself represents over 10,000 participating financial institutions of all sizes and types throughout the United States, both directly and through 11 Payments Associations.

The ACH Network serves as a secure, reliable and ubiquitous network for consumer, business and government electronic payments. In 2019, the ACH Network processed 24.7 billion transactions totaling \$55.8 trillion in value. The use of the ACH Network has grown by more than 1 billion payments each year for the past five years.

In 2016, Nacha and the two ACH Network operators – the Federal Reserve and The Clearing House – introduced Same Day ACH for faster processing and funds availability for ACH payments. Since its inception, the ACH Network has moved more than 500 million Same Day ACH payments; and in 2019, Same Day ACH saw 250 million payments and \$247 billion in value.

II. COMMENTS ON THE REQUEST

Our comments will be limited to the specific questions and benefits provided by using the ACH Network. We also will address a Same Day ACH capability change that will enhance the filing process. The Securities and Exchange Commission has proposed to eliminate checks and money orders by moving to ACH and wire payments. The proposed rule specifically called out the benefit of ACH payments for cost efficiency and certainty of payment settlement. The proposal also calls out the benefits of filing fees being paid via Same Day ACH. The use of Same Day ACH can help the SEC enable filing and paying the filing fee on the date of the filing deadline. The certainty that the payment will settle on the date intended will be invaluable to those companies filing. Please note, the dollar limit for Same Day ACH credits/debits will increase from \$25,000 to \$100,000 this March 20, 2020, which will assist businesses with larger dollar filings/transactions.

The Federal Government is one of the largest users of the ACH Network, making use of its capabilities and efficiencies for 1) the Direct Deposit of salaries and retirement benefits; Social Security, veterans and other benefit payments; and tax refunds; 2) the collection of much of the Federal Government's revenue through the remittance and collection of tax payments; and 3) the payment of government vendors and contractors. The Federal Government recognizes the value, the security and certainty associated with ACH. The U.S. Department of the Treasury saves taxpayers hundreds of millions each year, incurring only \$0.11 in cost to generate an ACH compared to \$1.59 per check.

Nacha supports the proposal to move from paper to electronic payments. The addition of ACH payments will allow for more efficient, less costly filings to the Securities and Exchange Commission. Filers can use the ACH instead to schedule payments at their convenience. Emergency filing fees can also be made using Same Day ACH. Publically traded companies rely on ACH to pay many invoices, their employees and taxes. Adding filing fees will be relatively seamless to their back-end systems because they are already using ACH in many facets of their payrolls, payables and receivables.

Nacha applauds the Securities and Exchange Commission's decisions to move from paper payments to electronic payments. The move will create better payment security and certainty. Thank you for the opportunity to provide comments in response to the Request. If you have any questions regarding our comments, please do not hesitate to call me at (703) 561-3943, or Mike Herd at (703) 561-3924.

Sincerely,

William D Sullivan
Government & Industry Relations