



## ACH Network Rules Pandemic-Related Frequently Asked Questions

*Updated April 3, 2020*

Nacha has developed the following FAQs based on information it has provided, information it has learned, and inquiries posed to Nacha by industry participants. Newly added FAQs are in *underlined italics*.

### **RDFIs**

1. Can the RDFI extend the 14-day timeframe before a verbal stop pay order expires?

A verbal stop pay order does not automatically expire after 14 days. Article Three, Subsection 3.7.1.3 states that the RDFI may request written confirmation of a verbal stop pay order within 14 days. Such a confirmation is not required by the Rules. RDFIs may choose to modify their business procedures to not require a written confirmation of a verbal stop pay order.

2. A nursing home as representative payee of Social Security payments has instructed the RDFI to return the payments, as the beneficiary has left the nursing home. Which Return Reason Code should the RDFI use?

R14 – Representative Payee Deceased or Unable to Continue in that Capacity.

3. Can an RDFI block reversing debit entries if requested to do so by a Receiver?

No. Reversals are an important tool to allow Originators to correct errors and do not require Receiver authorization. If an RDFI receives a reversing debit, and the funds are available, the RDFI should post the entry. If the Receiver makes a claim that the reversal was not in accordance with Article Two, Subsection 2.9.1 of the 2020 NACHA Operating Rules, or otherwise provides information that would lead the RDFI to believe this, then the Receiver can complete a WSUD and the RDFI can return the debit using Return Reason Code R10 (or R11 as of April 1, 2020).

4. How can an RDFI comply with the rule to obtain the consumer Receiver's signature on the Written Statement of Unauthorized Debit when many communities are under stay at home orders?

In ACH Operations Bulletin #5-2020, NACHA provides relief to RDFIs on the WSUD signature requirement by not enforcing the signature or similar authentication requirement until further notice. RDFIs that have the ability for consumers to

similarly authenticate signatures by remote channels such as online and by telephone should continue to do so.

5. If an RDFI has received a request for a copy of a Written Statement of Unauthorized Debit and cannot provide the copy to the ODFI within in ten Banking Days due to the pandemic, will the RDFI be subject to a rules violation?

In ACH Operations Bulletin #3-2020, Nacha provides temporary relief to RDFIs from the 10 Banking Day deadline for providing copies of WSUDs to ODFIs. For the duration of the National Emergency, Nacha will refrain from recommending enforcement penalties when a copy of a WSUD is provided beyond the existing 10 Banking Day timeframe, but within 20 Banking Days. Nacha encourages RDFIs to fulfill such obligations as quickly as time permits.

6. When can RDFIs expect to begin receiving Direct Deposits from the recently passed emergency economic stimulus legislation?

According to the IRS, “economic impact payments” should begin in “the next three weeks.” RDFIs could begin seeing payments as early as the week of April 6.

## **ODFIs**

7. If a business is facing a cash shortfall, can it use the Reversal process to claw back previous salary and wage payments to employees made via ACH or payments made to vendors or suppliers via ACH?

No. The Nacha Operating Rules permit reversals only for a limited set of circumstances to correct errors. The 2020 Nacha Operating Rules list the specific circumstances in Article Two, Subsection 2.9.1.

8. If an Originator does not have sufficient funds for an already released ACH credit file, can the credit file be reversed?

No. A client’s failure to fund an ACH file is not a valid reason for reversal under the Rules. This is true whether the client is an ODFI’s direct customer or is the customer of an ODFI’s Third-Party Sender customer. ODFI’s must work with their Originators to ensure proper funding has been addressed when originating credit files.

9. If a Third-Party Sender’s payroll customer cannot fund the payroll, but the payroll credit file already has been released, can the Third-Party Sender reverse the payroll credit file?

No. Failure of an Originator to fund its credit file is not a valid reason for the Third-Party Sender to reverse the file. As with ODFIs, Third-Party Senders must work with their customers to ensure proper funding has been addressed, when originating credit files.

10. If an Originator needs extra time to provide a Proof of Authorization due to the pandemic, does the Originator have to request that relief from the ODFI under ACH Operations Bulletin #3-2020, or is it automatically granted?

For the duration for the National Emergency, Nacha will refrain from recommending enforcement penalties when a Proof of Authorization is provided beyond the existing 10 Banking Day timeframe, but within 20 Banking Days. The ODFI can determine how best to administer this relief. Nacha encourages ODFIs and their Originators to fulfill such obligations as quickly as time permits.

11. We originate POP Entries. Our customers don't want to touch the POS device and the electronic pen to sign the EFT authorization. Do we still have to get the signature?

The Nacha Rules currently provide for the origination of POP Entries through a notice plus a written authorization, which must be signed or similarly authenticated. Nacha understands that obtaining signatures might not be possible while physical distancing recommendations are in effect. Therefore, in light of CDC recommendations and various state and local stay-at-home orders, effective immediately Nacha will not enforce the signature requirement for the authorization of POP Entries.

Originators must still meet all the other requirements of POP Entries. Originators still must display or provide the ACH authorization language to the customer (the Receiver); obtain affirmative authorization to debit the Receiver's account, such as by oral confirmation; and provide a copy of the notice and the voided Source Document to the Receiver. Originators should understand that without a signature they might have more difficulty defending a claim that the POP Entry was unauthorized and might face an elevated risk of return. Nacha will continue to monitor the situation and post advance notice on this site before retracting this position.

12. Our financial institution has an Originator that debits its customers' accounts each month for a membership fee. Since they temporarily closed due to stay-at-home orders, we have noticed an increasing number of the debits have been returned for insufficient funds, stop payments or as unauthorized entries. Are we at risk of a Nacha rule violation since our customer is experiencing more returns?

ACH Operations Bulletin #6-2020 discusses the relief Nacha will provide regarding potential rules violations for elevated return rates and levels during the National Emergency. Nacha will provide relief on a case-by-case basis after considering a number of factors, some of which are outlined in the Operations Bulletin.

Nacha encourages all businesses that originate pre-authorized ACH debits, to the extent possible, to communicate clearly with their customers about how they will handle pre-authorized ACH debits during periods of service interruption.

## General

13. To allow state governments sufficient time to become compliant with the Data Security Rule, Nacha agreed to not enforce the Rule for those state government Originators with transaction volume in excess of 6 million entries until the Phase 2 effective date of June 30, 2021. Now that the Phase 2 effective date has been extended to June 30, 2022, will Nacha provide enforcement relief to state governments until 2022?

No. State governments that meet the 6 million entry threshold will be expected to comply with the Rule no later than June 30, 2021.

14. Can a financial institution claim an excused delay if it is short staffed due to the Coronavirus?

ACH Operations Bulletin #2-2020 reviews the excused delay provision in Article One, Section 1.5 of the 2020 Nacha Operating Rules, and encourages financial institutions to review their business continuity plans. A delay caused by the failure of a financial institution to maintain or implement an appropriate business continuity plan is not excused under the Rules for that institution.

15. Will Nacha relax the 60 calendar day return time frame for unauthorized debits to consumer accounts during the National Emergency?

The 60 calendar day return time is still in effect and is confirmed in ACH Operations Bulletin #5-2020.

16. Will Nacha extend the effective dates for other rules that are implementing in 2020?

ACH Operations Bulletin #4-2020 affirms the effective dates of the Differentiating Unauthorized Return Reasons (April 1, 2020) and the ACH Contact Registry (October 30, 2020) rules.

17. What happens if a financial institution cannot submit to Nacha required information that is part of a rules enforcement proceeding within the required timeframe?

ACH Operations Bulletin #3-2020 states that Nacha's rules enforcement process can accommodate short extensions of required violation responses on a case-by-case basis.