



ACH RISK MANAGEMENT PROPOSALS 2023
Request for Comment

Proposed Modifications to the Rules
May 2, 2023

Topic #1: Commerically Reasonable Fraud Detection (*proposed effective date – September 20, 2024*)

ARTICLE TWO – RIGHTS AND RESPONSIBILITIES OF ODFIS, THEIR ORIGINATORS, AND THIRD-PARTY SENDERS

Subsection 2.2.4 Commercially Reasonable Fraud Detection (New Section)

Each Non-Consumer Originator, ODFI, Third-Party Service Provider, and Third-Party Sender must establish, implement, and update, as appropriate, a commercially reasonable fraud detection system with respect to its ACH Entries.

Subsection 2.2.4 2.2.5 ODFI Board Approval of Direct Access Debit Participants

An ODFI's board of directors, committee of the board of directors, or its designee must approve a Direct Access Debit Participant relationship prior to the ODFI originating Entries for the Direct Access Debit Participant.

Topic #2: RDFI Credit Transaction Monitoring (*proposed effective date – September 20, 2024*)

ARTICLE THREE – RIGHTS AND RESPONSIBILITIES OF RDFIS AND THEIR RECEIVERS

SECTION 3.1 General Rights and Responsibilities of RDFIs

SUBPART 3.1.10 RDFI Must Monitor Received ACH Credits (New Subsection)

Each RDFI must establish, implement, and update, as appropriate, a commercially reasonable fraud detection system with respect to its received credit ACH Entries that includes the monitoring of such Entries and policies and procedures for handling flagged Entries.

Topic #3: Expanded Use of Return Reason Code R17 (proposed effective date –
March 15, 2024)

APPENDIX FOUR – RETURN ENTRIES

Part 4.2 Table of Return Reason Codes

Please refer to the attached table for proposed modifications to Return Reason Code R17.

Topic #4: Expanded Use of Reversals for Fraud Recovery (proposed effective date –
March 15, 2024)

**ARTICLE TWO – RIGHTS AND RESPONSIBILITIES OF ODFIS, THEIR
ORIGINATORS, AND THIRD-PARTY SENDERS**

Section 2.9 Reversing Files

Subsection 2.9.1 General Rule for Reversing Files

An Originator or an ODFI may initiate a Reversing File to reverse all Entries of (a) an Erroneous File, (b) a File in which credit Entries were Transmitted without the authorization of the Originator, or (c) a File in which credit Entries were Transmitted by the Originator as a result of fraudulent inducement, a fraud scheme, or a fraud event.

Subsection 2.9.2 ~~Reversal of Erroneous File – Obligation to Transmit Correcting File~~ Obligation to Initiate Correcting Files Corresponding to Reversing Files

An Originator or ODFI initiating a Reversing File to correct an Erroneous File must concurrently initiate a Correcting File corresponding to the Erroneous File, unless the Erroneous File was a duplicate.

Subsection 2.9.3 Time Limitations on Initiation of Reversing Files

An Originator or the ODFI must Transmit each Reversing File and, when appropriate, a corresponding Correcting File, to the ACH Operator within five Banking Days after the Settlement Date of the Erroneous File. The Originator or ODFI must Transmit the Reversing File and any corresponding Correcting File to the ACH Operator within twenty-four hours of the discovery of the Erroneous File. Any debit Entry within the Reversing File must not contain an Effective Entry Date that is earlier than the Effective Entry Date of the credit Entry to which it relates.

Subsection 2.9.4 Indemnification for Reversing Files

An ODFI that initiates a Reversing File or Correcting File shall indemnify each Participating DFI and ACH Operator from and against any and all claims, demands, losses, liabilities, and expenses, including attorneys' fees and costs, that result directly or indirectly from the debiting or crediting of any Entry in the Reversing File or corresponding Correcting File to the Receiver's account.

Subsection 2.9.5 Rules Exceptions for Reversing File

The following sections and subsections do not apply to a Reversing File complying with the requirements of this Section 2.9:

- (a) Section 2.2 (Prerequisites to Origination); and

- (b) Section 2.4 (General Warranties and Liabilities of Originating Depository Financial Institutions).

Section 2.10 Reversing Entries

Subsection 2.10.1 General Rule for Reversing Entries

An Originator or ODFI may initiate a Reversing Entry to correct an Erroneous Entry previously initiated to a Receiver's account. The Reversing Entry must be Transmitted to the ACH Operator in such time as to be Transmitted or made available to the RDFI within five Banking Days following the Settlement Date of the Erroneous Entry.

An Originator or ODFI may Transmit a Reversing Entry with respect to a previously Transmitted Entry that is:

- a) an Erroneous Entry, as defined by Article Eight, Section 8.38 (Erroneous Entry);
- b) a credit PPD Entry satisfying each of the following criteria:
 - (i) the credit PPD Entry is for funds related to a Receiver's employment;
 - (ii) the value of the credit PPD Entry is fully included in the amount of a Check delivered to the same Receiver at or prior to the Receiver's separation from employment; and
 - (iii) the credit PPD Entry was Transmitted by the Originator prior to the delivery of the Check to the Receiver;
- c) a credit Entry Transmitted without the authorization of the Originator; or
- d) a credit Entry Transmitted by the Originator as a result of fraudulent inducement, a fraud scheme, or a fraud event.

A Reversing Entry must be Transmitted to the ACH Operator in such time as to be Transmitted or made available to the RDFI within five Banking Days following the Settlement Date of the previously Transmitted Entry. A debit Reversing Entry must not contain an Effective Entry Date that is earlier than the Effective Entry Date of the credit Entry to which it relates.

For this Section 2.10 and Subsection 2.13.2 (ODFI Request for Return) only, an Erroneous Entry is defined as an Entry that:

- ~~(a) is a duplicate of an Entry previously initiated by the Originator or ODFI;~~
- ~~(b) orders payment to or from a Receiver different than the Receiver intended to be credited or debited by the Originator;~~
- ~~(c) orders payment in a dollar amount different than was intended by the Originator;~~
- ~~(d) orders payment of a debit Entry on a date earlier than the Receiver was intended to be debited by the Originator, or payment of a credit Entry on a date later than the Receiver was intended to be credited by the Originator; or~~
- ~~(e) is a credit PPD Entry satisfying each of the following criteria:
 - ~~(i) the credit PPD Entry is for funds related to a Receiver's employment;~~~~

~~(ii) the value of the credit PPD Entry is fully included in the amount of a Check delivered to the same Receiver at or prior to the Receiver's separation from employment; and~~

~~(iii) the credit PPD Entry was Transmitted by the Originator prior to the delivery of the Check to the Receiver.~~

For each Reversing Entry Transmitted to correct an Erroneous Entry, the Originator must make a reasonable attempt to notify the Receiver of the Reversing Entry and the reason for the Reversing Entry no later than the Settlement Date of the Reversing Entry.

For a Reversing Entry related to a PPD Entry satisfying the criteria in Subsection 2.10.1(b), For a credit PPD Entry satisfying the criteria of Subsection 2.10.1(e) above, the Originator must notify the Receiver of the Reversing Entry at the time the Check is delivered to the Receiver.

Subsection 2.10.2 Formatting Requirements for Reversing Entries

For a Reversing Entry under subsection (a) or (b) of Subsection 2.10.1 (General Rule for Reversing Entries), the Originator or ODFI must submit ~~a~~ the Reversing Entry within a batch that includes the word "REVERSAL" in the Company Entry Description field of the Company/Batch Header Record.

For a Reversing Entry under subsection (c) or (d) of Subsection 2.10.1 (General Rule for Reversing Entries), the Originator or ODFI must submit the Reversing Entry within a batch that includes the value "REVERSALFR" in the Company Entry Description Field.

The description "REVERSAL" ~~or~~ "REVERSALFR" must replace the original content of the Company Entry Description field transmitted in the original batch, including content otherwise required by these Rules.

For each Reversing Entry, the content of the following fields must remain unchanged from the original, erroneous Entry to which the Reversal relates:

- Standard Entry Class Code;
- Company Identification/Originator Identification; and
- Amount.

The name of the Originator (as identified in the Company Name field or the Originator Name field) must reflect the same Originator identified in the Erroneous Entry to which the Reversal relates. The Originator or ODFI may make minor variations to the original content of the Company Name field or Originator Name field, such as for accounting or tracking purposes, provided that the name of the Originator remains readily recognizable to the Receiver.

The content of other fields may be modified only as necessary to facilitate proper processing of the Reversing Entry.

Section 2.13 Return Entries

Subsection 2.13.2 ODFI Request for Return

An ODFI may, orally or in writing, request an RDFI to return an Erroneous Entry, or a credit Entry originated without the authorization of the Originator, that was initiated by the ODFI. The RDFI may, but is not obligated to, comply with this request. For purposes of this subsection, an Erroneous Entry has the same meaning as in Section 2.10 (Reversing Entries).

An ODFI may request, orally or in writing, that an RDFI return an Entry. The RDFI may, but is not obligated to, comply with this request. The RDFI must promptly respond to an ODFI's request, regardless of its decision to comply or not comply.

Subsection 2.13.3 Indemnification by ODFI for Requested Returns

An ODFI requesting that an RDFI return an Erroneous Entry, or a credit Entry originated without the authorization of the Originator, Entry, as permitted by Subsection 2.13.2 (ODFI Request for Return), indemnifies the RDFI from and against any and all claims, demands, losses, liabilities and expenses, including attorneys' fees and costs, resulting directly or indirectly from compliance by the RDFI with such request.

ARTICLE THREE – RIGHTS AND RESPONSIBILITIES OF RDFIS AND THEIR RECEIVERS

Section 3.8 RDFI's Right to Transmit Return Entries

Subsection 3.8.5 RDFI Must Respond to ODFI's Request for Return (New Subsection)

An RDFI may, but is not obligated to, comply with an ODFI's request for the return of an Entry, as provided under Subsection 2.13.2 (ODFI Request for Return). Regardless of whether the RDFI chooses to comply with the ODFI's request to return the Entry(ies), the RDFI must promptly advise the ODFI of its decision.

ARTICLE EIGHT – DEFINITIONS OF TERMS USED IN THESE RULES

Section 8.38 "Erroneous Entry"

an Entry that (a) is a duplicate of an Entry previously initiated by the Originator or ODFI; (b) orders payment to or from a Receiver different than the Receiver intended to be credited or debited by the Originator; (c) orders payment in a dollar amount different than was intended by the Originator; or (d) orders payment of a debit Entry on a date earlier than the Receiver was intended to be debited by the Originator, or payment of a credit Entry on a date later than the Receiver was intended to be credited by the Originator.

Section 8.39 "Erroneous File"

a File that is a duplicate of a previously submitted File, or a File in which each Entry, or each Entry in one or more batches contained in such File, is an Erroneous Entry.

Section 8.100 "Reversing Entry" or "Reversal"

a credit or debit Entry that reverses an Erroneous Entry. An Entry that reverses:

(a) an Erroneous Entry;

(b) a credit PPD Entry satisfying each of the following conditions:

(i) the PPD entry is for funds related to a Receiver's employment;

(ii) the value of the credit PPD Entry is fully included in the amount of a Check delivered to the same Receiver at or prior to the Receiver's separation from employment; and

(iii) the credit PPD Entry was Transmitted by the Originator prior to the delivery of the Check to the Receiver;

(c) a credit Entry Transmitted without the authorization of the Originator; or

(d) a credit Entry Transmitted by the Originator as a result of fraudulent inducement, a fraud scheme, or a fraud event.

Section 8.101 “Reversing File”

a File that reverses all Entries in (a) an Erroneous File, (b) a File in which credit Entries were Transmitted without the authorization of the Originator; or (c) a File in which credit Entries were Transmitted by the Originator as a result of fraudulent inducement, a fraud scheme, or a fraud event.

APPENDIX THREE – ACH RECORD FORMAT SPECIFICATIONS

Part 3.2 Glossary of ACH Record Format Data Elements

SUBPART 3.2.2 Glossary of Data Elements

Company Entry Description: 10 Positions – Company/Batch Header Record – Mandatory (all batches)

The Originator establishes the value of this field to provide the Receiver with a description of the purpose of the Entry. For example, “Gas bill,” “Reg. Salary,” “ins. prem.,” “Soc. Sec.,” “DTC,” “Trade Pay,” “PURCHASE,” etc.

This field must contain the word “ACCTVERIFY” when the batch contains Micro-Entries.

This field must contain the word “NONSETTLED” when the batch contains Entries that could not settle.

This field must contain the word “RECLAIM” when the batch contains Reclamation Entries.

This field must contain the words “RETRY PYMT” when the batch contains Reinitiated Entries. For any Reinitiated Entry, the description “RETRY PYMT” must replace the original content of the Company Entry Description field transmitted in the original Entry, including content otherwise required by these Rules.

This field must contain the words “RETURN FEE” when the batch contains Return Fee Entries.

This field must contain the word “REVERSAL” or “REVERSALFR” when the batch contains Reversing Entries.

ADV: The Originator, i.e., the Originating ACH Operator, uses this field to describe to the institution receiving the ADV File the type of activity to which the accounting information relates.

CCD: This field must contain the word “HCCLAIMPMT” when the batch contains Health Care EFT Transactions.

ENR: This field must contain the word “AUTOENROLL” when the batch contains Automated Enrollment Entries.

RCK: This field must contain the word “REDEPCHECK”.

TRX: This field contains the routing number of the keeper.

WEB: For a Person-to-Person Entry, this field must contain a description that the Receiver would readily recognize as descriptive of a Person-to-Person Entry.

XCK: This field must contain the words “NO CHECK”.

APPENDIX FOUR – RETURN ENTRIES

Part 4.2 Table of Return Reason Codes

Please refer to the attached table for proposed modifications to Return Reason Code R06.

Topic #5: Additional Exemption from Funds Availability Requirement *(proposed effective date – March 15, 2024)*

Section 3.3 Timing Requirements for RDFI to Make Credit and Debits Entries Availability

Subsection 3.3.1 General Rules for Availability of Credit Entries to Receivers

An RDFI's obligation to make funds available under this Subsection 3.3.1 is subject to its right to return the Entry under these Rules.

An RDFI that reasonably suspects that a credit Entry is unauthorized or was originated as a result of fraudulent inducement, a fraud scheme or fraud event is exempt from the funds availability requirements of this Subsection 3.3.1. An RDFI invoking any such an exemption must promptly notify the ODFI.

Topic #6: Standard Company Entry Descriptions *(proposed effective date – September 20, 2024)*

APPENDIX THREE – ACH RECORD FORMAT SPECIFICATIONS

Part 3.2 Glossary of ACH Record Format Data Elements

SUBPART 3.2.2 Glossary of Data Elements

Company Entry Description: 10 Positions – Company/Batch Header Record – Mandatory (all batches)

The Originator establishes the value of this field to provide the Receiver with a description of the purpose of the Entry. For example, “Gas bill,” “Reg. Salary,” “ins. prem.,” “Soc. Sec.,” “DTC,” “Trade Pay,” “PURCHASE,” etc.

This field must contain the word “ACCTVERIFY” when the batch contains Micro-Entries.

This field must contain the word “NONSETTLED” when the batch contains Entries that could not settle.

This field must contain the word “PURCHASE” when the batch contains e-commerce purchases. For this purpose, an e-commerce purchase is a debit Entry authorized by a consumer Receiver for the online purchase of goods or services. An e-commerce purchase uses the WEB debit SEC Code, except as permitted by the rule on Standing Authorization to use the PPD or TEL debit SEC Code.

This field must contain the word “RECLAIM” when the batch contains Reclamation Entries.

This field must contain the words “RETRY PYMT” when the batch contains Reinitiated Entries. For any Reinitiated Entry, the description “RETRY PYMT” must replace the original content of the Company Entry Description field transmitted in the original Entry, including content otherwise required by these Rules.

This field must contain the words “RETURN FEE” when the batch contains Return Fee Entries.

This field must contain the word “REVERSAL” when the batch contains Reversing Entries.

ADV: The Originator, i.e., the Originating ACH Operator, uses this field to describe to the institution receiving the ADV File the type of activity to which the accounting information relates.

CCD: This field must contain the word “HCCLAIMPMT” when the batch contains Health Care EFT Transactions.

ENR: This field must contain the word “AUTOENROLL” when the batch contains Automated Enrollment Entries.

PPD: This field must contain the word “PAYROLL” when the batch contains credits for the payment of wages, salaries, or similar types of compensation.

RCK: This field must contain the word “REDEPCHECK”.

TRX: This field contains the routing number of the keeper.

WEB: For a Person-to-Person Entry, this field must contain a description that the Receiver would readily recognize as descriptive of a Person-to-Person Entry.

XCK: This field must contain the words “NO CHECK”.

Topic #7: Standardized Use of Individual Name Field (*proposed effective date – September 20, 2024*)

APPENDIX THREE – ACH RECORD FORMAT SPECIFICATIONS

Part 3.2 Glossary of ACH Record Format Data Elements

SUBPART 3.2.2 Glossary of Data Elements

Individual Name: 22 Positions – Entry Detail Record – Mandatory (TEL, WEB, and Returns, dishonored Returns, and contested dishonored Returns for TEL and WEB); 22 Positions – Entry Detail Record – Required (ADV, DNE, POS, PPD, RCK, Returns, dishonored Returns, contested dishonored Returns, COR, refused COR); 22 Positions – Entry Detail Record – Optional (ARC, BOC, POP); 15 Positions – Entry Detail Record – Required (CIE); 15 Positions – Entry Detail Record – Mandatory (MTE)

Except as noted below, this field is entered by the Originator to provide additional identification of the Receiver and may be helpful in identifying returned Entries.

When this field contains the name of one or more Receivers, the name(s) must be displayed in the format below. If the Receiver’s name (including required spaces) exceeds the allowable field length, insert the leftmost characters, in the format required, and truncate any remaining characters. Spaces must be used as separators between data elements.

Do not include periods or hyphens. (Note: Where a Receiver's Additional Last Name, Suffix, or Middle Initial is not applicable or is not available, these fields may be omitted.)

Individual Receiver:

RECEIVER LAST NAME[space]RECEIVER ADDITIONAL LAST NAME[space]SUFFIX[space]RECEIVER FIRST NAME[space]RECEIVER MIDDLE INITIAL

Or

Joint Receivers:

PRIMARY RECEIVER LAST NAME[space]PRIMARY RECEIVER ADDITIONAL LAST NAME[space]PRIMARY RECEIVER SUFFIX[space]PRIMARY RECEIVER FIRST NAME[space]PRIMARY RECEIVER MIDDLE INITIAL[space]&[space]SECONDARY RECEIVER FIRST NAME[space]SECONDARY RECEIVER MIDDLE INITIAL

Examples:

Name

Steven E. Jones

Steven E. and Deborah L. Jones

Steven E. Jones, Jr.

Steven E. Jones-Smith

Steven E. Jones and Nancy M. Smith

Individual Name Field Contents

JONES STEVEN E

JONES STEVEN E & DEBOR

JONES JR STEVEN E

JONES SMITH STEVEN E

JONES STEVEN E & NANCY

ADV: This field contains the name associated with the Advice Routing Number in positions 40-48 of the Entry Detail Record.

ARC, BOC, POP: This field may contain the Receiver's name or a reference number, identification number, or code that the merchant needs to identify the particular transaction or customer.

CIE: This field is entered by the ODFI to provide additional identification for the Receiver and may be helpful in identifying returned Entries. Field 7, rather than Field 8, of the Entry Detail Record is used for the Individual Name.

MTE: Field 7, rather than Field 8, of the Entry Detail Record is used for the Individual Name.

PPD: For a PPD Return Fee Entry authorized by notice in accordance with Subsection 2.15.2 (Authorization of Return Fee Entries) and related to an underlying ARC, BOC, or POP Entry, this field must contain the same information identified within the Individual Name/Receiving Company Name field of the ARC, BOC, or POP Entry to which the Return Fee Entry relates.

Topic #8: Timing of Written Statement of Unauthorized Debit (proposed effective date – March 15, 2024)

ARTICLE THREE – RIGHTS AND RESPONSIBILITIES OF RDFIS AND THEIR RECEIVERS

SUBSECTION 3.12.4 Form of Written Statement of Unauthorized Debit

The Written Statement of Unauthorized Debit must be signed or similarly authenticated by the Receiver, submitted within the time frames provided by these Rules, and otherwise conform to the requirements of this Section 3.12.

The Written Statement of Unauthorized Debit must include the following minimum information for each Entry for which recredit is requested by the Receiver:

- (a) Receiver's printed name ~~and signature~~;
- (b) Receiver's account number;
- (c) identity of the party (i.e., the payee) debiting the account, as provided to the Receiver, and, if different, the name of the intended third-party payee;
- (d) date the Entry was posted to the Receiver's account or, if the Entry was not posted to the account, the Effective Entry Date of the debit Entry;
- (e) dollar amount of Entry;
- (f) reason for return;
- ~~(g) signature date;~~
- ~~(h)(g)~~ Receiver assertion that the Written Statement of Unauthorized Debit is true and correct; ~~and~~
- ~~(h)(h)~~ Receiver assertion that the Receiver is an authorized signer or has corporate authority to act on the account; ~~and~~
- ~~(i) the Receiver's signature and signature date.~~

~~The Written Statement of Unauthorized Debit must be dated on or after the Settlement Date of the Entry(ies) for which recredit is requested. The Written Statement of Unauthorized Debit must be signed and dated by the Receiver on or after the date on which the Entry is presented to the Receiver's account for payment, either by posting to the account or by notice of a pending transaction.~~

More than one unauthorized debit Entry from a single Originator may be documented on a Written Statement of Unauthorized Debit, provided that all of the information detailed above is provided for each debit Entry for which the Receiver is seeking recredit.

An RDFI may obtain a Written Statement of Unauthorized Debit as an Electronic Record, as permissible in Subsection 1.4.3 (Electronic Record Creation and Retention). An RDFI may accept a consumer's Electronic Signature, as permissible in Subsection 1.4.4 (Electronic Signatures), for a Written Statement of Unauthorized Debit regardless of its form or the method used to obtain it.

Topic #9: RDFI Must Promptly Return Unauthorized Debit *(proposed effective date – March 15, 2024)*

ARTICLE THREE – RIGHTS AND RESPONSIBILITIES OF RDFIS AND THEIR RECEIVERS

Section 3.13 RDFI Right to Transmit Extended Return Entries

Subsection 3.13.1 RDFI May Transmit Extended Return Entries

Upon receipt of a Receiver's Written Statement of Unauthorized Debit that complies with the requirements of Subsection 3.12.4 (Form of Written Statement of Unauthorized Debit), an RDFI ~~may Transmit~~ Transmitting an Extended Return Entry must do so promptly with respect to any debit Entry for which it recredits a Receiver's account in accordance with Section 3.11 (RDFI Obligation to Recredit Receiver), provided that:

- (a) no error was made by the RDFI in the debiting of the original Entry to the Receiver's account, except with respect to a stop payment order; and
- (b) the RDFI Transmits the Extended Return Entry to its ACH Operator by its deposit deadline for the Extended Return Entry to be made available to the ODFI no later than the opening of business on the Banking Day following the sixtieth calendar day following the Settlement Date of the original Entry.

The Extended Return Entry must comply with the requirements of Appendix Four (Return Entries).

APPENDIX A

As part of this Request for Comment, Topic #4 (Expanded Use of Reversals for Fraud Recovery) and Topic #6 (Standard Company Entry Descriptions) separately propose changes that will affect the language within the Company Entry Description field (Appendix Three, Subpart 3.2.2 – Glossary of Data Elements). This Appendix A identifies the combined impact of these rule changes on the Company Entry Description and illustrates language as it would read if all changes in this RFC were to be approved by the Nacha Voting Membership.

APPENDIX THREE – ACH RECORD FORMAT SPECIFICATIONS

Part 3.2 Glossary of ACH Record Format Data Elements

SUBPART 3.2.2 Glossary of Data Elements

Company Entry Description: 10 Positions – Company/Batch Header Record – Mandatory (all batches)

The Originator establishes the value of this field to provide the Receiver with a description of the purpose of the Entry. For example, “Gas bill,” “Reg. Salary,” “ins. prem.,” “Soc. Sec.,” “DTC,” “Trade Pay,” “PURCHASE,” etc.

This field must contain the word “ACCTVERIFY” when the batch contains Micro-Entries.

This field must contain the word “NONSETTLED” when the batch contains Entries that could not settle.

This field must contain the word “PURCHASE” when the batch contains e-commerce purchases. For this purpose, an e-commerce purchase is a debit Entry authorized by a consumer Receiver for the online purchase of goods or services. An e-commerce purchase uses the WEB debit SEC Code, except as permitted by the rule on Standing Authorization to use the PPD or TEL debit SEC Code.

This field must contain the word “RECLAIM” when the batch contains Reclamation Entries.

This field must contain the words “RETRY PYMT” when the batch contains Reinitiated Entries. For any Reinitiated Entry, the description “RETRY PYMT” must replace the original content of the Company Entry Description field transmitted in the original Entry, including content otherwise required by these Rules.

This field must contain the words “RETURN FEE” when the batch contains Return Fee Entries.

This field must contain the word “REVERSAL” or “REVERSALFR” when the batch contains Reversing Entries.

ADV: The Originator, i.e., the Originating ACH Operator, uses this field to describe to the institution receiving the ADV File the type of activity to which the accounting information relates.

CCD: This field must contain the word “HCCLAIMPMT” when the batch contains Health Care EFT Transactions.

ENR: This field must contain the word “AUTOENROLL” when the batch contains Automated Enrollment Entries.

PPD: This field must contain the word “PAYROLL” when the batch contains credits for the payment of wages, salaries, or similar types of compensation.

RCK: This field must contain the word "REDEPCHECK".

TRX: This field contains the routing number of the keeper.

WEB: For a Person-to-Person Entry, this field must contain a description that the Receiver would readily recognize as descriptive of a Person-to-Person Entry.

XCK: This field must contain the words "NO CHECK".

PART 4.2 Table of Return Reason Codes

CODE	TITLE	DESCRIPTION	INITIATED BY	RETURN TYPE	ACCOUNT TYPE	TIME FRAME	WRITTEN STATEMENT REQUIRED	CROSS REFERENCE	NOTES
R01	Insufficient Funds	The available and/or cash reserve balance is not sufficient to cover the dollar value of the debit Entry.	RDFI	Return	Consumer or Non-Consumer	* 2 Banking Days	No	Article Three, Section 3.8 - RDFI's Right to Transmit Return Entries.	
R02	Account Closed	A previously active account has been closed by action of the customer or the RDFI.	RDFI	Return	Consumer or Non-Consumer	* 2 Banking Days	No	Article Three, Section 3.8 - RDFI's Right to Transmit Return Entries.	
R03	No Account/Unable to Locate Account	The account number structure is valid and it passes the check digit validation, but the account number does not correspond to the individual identified in the Entry, or the account number designated is not an existing account.	RDFI	Return	Consumer or Non-Consumer	* 2 Banking Days	No	Article Three, Section 3.8 - RDFI's Right to Transmit Return Entries.	This Return Reason Code may not be used to return ARC, BOC, or POP Entries or Return Fee Entries related to underlying ARC, BOC, or POP Entries solely because they do not contain the Receiver's name in the Individual Name/Receiving Company Name Field.
R04	Invalid Account Number Structure	The account number structure is not valid.	RDFI	Return	Consumer or Non-Consumer	* 2 Banking Days	No	Article Three, Section 3.8 - RDFI's Right to Transmit Return Entries.	The Entry may fail the check digit validation or may contain an incorrect number of digits.
R05	Unauthorized Debit to Consumer Account Using Corporate SEC Code	CCD or CTX debit Entry was Transmitted to a Consumer Account of the Receiver and was not authorized by the Receiver.	RDFI	Extended Return	Consumer	** 60 Calendar Days	Yes	Article Three, Section 3.13 - RDFI Right to Transmit Extended Return Entries. Article Three, Subsection 3.12.1 - Unauthorized Debit Entry. Article Three, Subsection 3.4.1.1 - Rule Exception for CCD and CTX Entries to Consumer Accounts.	
R06	Returned per ODFI's Request	The ODFI has requested that the RDFI return an Entry, Erroneous Entry, or a credit Entry originated without the authorization of the Originator.	RDFI	Return	Consumer or Non-Consumer	Not defined, determined by ODFI and RDFI.	No	Article Two, Subsection 2.13.2 - ODFI Request for Return.	If the RDFI agrees to return the Entry, the ODFI must indemnify the RDFI according to Article Two, Subsection 2.13.3 (Indemnification by ODFI for Requested Returns).

* Each Return Entry must be received by the RDFI's ACH Operator by its deposit deadline for the Return Entry to be made available to the ODFI no later than the opening of business on the second Banking Day following the Settlement Date of the original Entry.

** Each Return Entry must be received by the RDFI's ACH Operator by its deposit deadline for the Return Entry to be made available to the ODFI no later than the opening of business on the Banking Day following the sixtieth calendar day following the Settlement Date of the original Entry.

PART 4.2 Table of Return Reason Codes (continued)

CODE	TITLE	DESCRIPTION	INITIATED BY	RETURN TYPE	ACCOUNT TYPE	TIME FRAME	WRITTEN STATEMENT REQUIRED	CROSS REFERENCE	NOTES
R17	File Record Edit Criteria/Entry with Invalid Account Number Initiated Under Questionable Circumstances/ Return of Improperly-Initiated Reversal	(1) Field(s) cannot be processed by RDFI; (2) the Entry contains an invalid RDFI Account Number (account closed/no account/ unable to locate account/ invalid account number) and is believed by the RDFI to have been initiated under questionable circumstances; the RDFI has not posted the Entry to the Receiver's account because it believes the Entry to the Receiver's account was initiated under questionable circumstances (which may include, but is not limited to, an ACH credit Entry initiated without the Originator's authorization, or an ACH credit Entry Transmitted by the Originator as a result of fraudulent inducement, a fraud scheme, or a fraud event); or (3) either the RDFI or Receiver has identified a Reversing Entry as one that was improperly initiated by the Originator or ODFI.	RDFI	Return	Consumer or Non-Consumer	*2 Banking Days	No	Article Three, Section 3.9 - RDFI's Right to Transmit Return Entries. Appendix Three, Part 3.2 - Glossary of ACH Record Format Specifications	(1) Some fields that are not edited by the ACH Operator are edited by the RDFI. If the Entry cannot be processed by the RDFI, the field(s) causing the processing error must be identified in the Addenda Information field of the Return. (2) An RDFI may use Return Reason Code R17 to return an Entry that contains an invalid RDFI Account Number and is believed by the RDFI to have been initiated under questionable circumstances has determined that an Entry should not be posted to the Receiver's account because the RDFI believes it to have been initiated under questionable circumstances (which may include, but is not limited to, an ACH credit initiated without the Originator's authorization, or an ACH credit transmitted by the Originator as a result of fraudulent inducement, a fraud scheme, or fraud event). The RDFI returning an Entry for this reason must insert "QUESTIONABLE" within the first twelve positions of the Addenda Information field. The RDFI may include additional explanatory information within the remaining positions of this field. (3) An RDFI may use Return Reason Code R17 to return a Reversing Entry that was improperly initiated by the Originator or ODFI.

* Each Return Entry must be received by the RDFI's ACH Operator by its deposit deadline for the Return Entry to be made available to the ODFI no later than the opening of business on the second Banking Day following the Settlement Date of the original Entry.

** Each Return Entry must be received by the RDFI's ACH Operator by its deposit deadline for the Return Entry to be made available to the ODFI no later than the opening of business on the Banking Day following the sixth calendar day following the Settlement Date of the original Entry.