Direct Access Registration

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What is Direct Access?

• By definition, Direct Access involves a separation of control and responsibility.
• These relationships may expose ACH Network participants, including the ODFI, to a variety of risks (including fraud) that may result from potential shortcomings in the Originator’s or Third-Party’s policies and processes.
• Regardless of the level of due diligence performed by an ODFI, the ODFI remains responsible for the entries those customers introduce into the ACH Network.
• It is essential for ODFIs that establish such Direct Access Debit Participants to mitigate risks by thorough underwriting, management and monitoring of these relationships.
Direct Access Registration Rule

• The *NACHA Operating Rules* requires all ODFIs to register their Direct Access status with NACHA.
  – For Direct Access Debit Participant (DADP) relationships, the Rules require the ODFI to (1) report certain information regarding each DADP relationship prior to originating entries, (2) provide quarterly data, and (3) provide updates, including any termination information.
  – For an ODFI that has no DADP relationships, the ODFI must provide NACHA with that status as well by acknowledging a statement to that effect.

• Direct Access registration requirements are enforced through audit provisions in the ODFI’s annual rules compliance audit, and through rules enforcement.
  – Non-compliance can result in the imposition of fines in the rules enforcement process.

* 2018 NACHA Operating Rules, Subsection 2.17.1, Direct Access Registration
Definitions*

• **Direct Access** is a situation in which an Originator, Third-Party Sender, or a Third-Party Service Provider transmits credit or debit entries directly to an ACH Operator using an ODFI’s routing number and settlement account.

• A **Direct Access Debit Participant** is an Originator, Third-Party Sender, or a Third-Party Service Provider with Direct Access for the origination of debit entries *except*:
  - a Third-Party Service Provider that transmits files solely on behalf of an ODFI where that Third-Party Service Provider does not have a direct agreement with an Originator (and is not itself an Originator).
    • (e.g., a bank service company performing services on behalf of a bank)
  - an ODFI that transmits files using another Participating DFI’s routing number and settlement account.
    • (e.g., a correspondent/respondent relationship)

* 2018 NACHA Operating Rules, Article Eight, Section 8.30 Direct Access, and Section 8.31 Direct Access Debit Participant
Direct Access Sound Business Practices

• Adherence to the NACHA Operating Rules
  – ODFIs should ensure agreements with Originators, Third-Party Senders and/or Third-Party Service Providers address all appropriate rules provisions, including proper authorization and revocation language, and adherence to the Rules.

• Utilize ACH Operator Risk Monitoring Tools
  – ODFIs, Originators, Third-Party Senders and/or Third-Party Service Providers should subscribe to the risk monitoring services provided by the ACH Operators.
Direct Access Sound Business Practices

• Know Your Customer - Originators and Third-Parties
  – ODFIs should exercise due diligence to determine whether the Direct Access relationship is appropriate.
  • Review financial statements to check for creditworthiness.
  • Obtain and review ratings from a credit service company and the Better Business Bureau.
  • Understand the business of the customer.
  • Know the types of ACH transactions that are being originated.
  • Approve any new business introduced by Direct Access entity only after conducting an appropriate review.
  • Perform risk-based review of new Originators supported by a Third-Party Sender or Third-Party Service Provider with Direct Access.
• Stay active in managing risks related to changes in volume and character of transactions.
Direct Access Sound Business Practices

• ODFIs should monitor origination and return volume and act accordingly. ODFIs should pay attention the activity of its Direct Access Debit Participant. Monitor for:
  − Significant increases in origination volume or dollars.
  − Atypical increases in return entries - particularly returns for unauthorized, administrative, and overall reasons*.

• Follow regulatory guidance regarding Third-Party Sender or Third-Party Service Provider relationships.
  − ODFIs should remain current on all compliance standards related to the use of Third-Party Sender or Third-Party Service Provider for ACH origination.

* 2018 NACHA Operating Rules, Subsection 2.17.1, Direct Access Registration
Direct Access Registration

• Direct Access can exist in many scenarios, but may not be required to be registered based on the exclusions to the definition.
  – A Third-Party that transmits files solely on behalf of the ODFI where that Third-Party does not have a direct agreement with an Originator (and is not itself an Originator).
  – An ODFI that transmits files using another ODFI’s routing number and settlement account.

• It is incumbent on the ODFI to make the final determination of its Direct Access status and register accordingly.
  – The ODFI must define its specific relationship(s) with Third-Parties and Originators.
Financial Institution Registration

https://riskmanagementportal.nacha.org

Do not use your NACHA website log-in credentials here. Click on “Financial Institution Registration”.

Risk Management Portal

Welcome to NACHA’s Risk Management Portal. For first-time users, please select “Financial Institution Registration” (for banks and credit unions) or “Other Registration” (for Third-Parties registering for the Terminated Originator Database only) to begin the registration process. For returning users, please enter your email address and password.
Financial Institution Registration

The Primary RTN = ODFI Routing & Transit Number
The Primary RTN field cannot be changed after registration.
# Financial Institution Registration

The Administrator’s email address cannot be the same email address as any User.

<table>
<thead>
<tr>
<th>Administrator Details:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>First Name*:</td>
<td>Last Name*:</td>
</tr>
<tr>
<td>Enter admin first name</td>
<td>Enter admin last name</td>
</tr>
<tr>
<td>Email Address*:</td>
<td>Telephone Number*:</td>
</tr>
<tr>
<td>Enter admin email address</td>
<td>Enter admin telephone number</td>
</tr>
</tbody>
</table>

ODFI User Details (0-4 users): Any User’s email address cannot be the same as the Administrator’s email address.

<table>
<thead>
<tr>
<th>ODFI User Details</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>User 1 First Name:</td>
<td>Last Name:</td>
</tr>
<tr>
<td>Enter first name</td>
<td>Enter last name</td>
</tr>
<tr>
<td>Email Address:</td>
<td>Telephone Number:</td>
</tr>
<tr>
<td>Enter email address</td>
<td>Enter telephone number</td>
</tr>
</tbody>
</table>

| User 2 First Name: | Last Name: |
| Enter first name | Enter last name |
| Email Address: | Telephone Number: |
| Enter email address | Enter telephone number |

| User 3 First Name: | Last Name: |
| Enter first name | Enter last name |
| Email Address: | Telephone Number: |
| Enter email address | Enter telephone number |

| User 4 First Name: | Last Name: |
| Enter first name | Enter last name |
| Email Address: | Telephone Number: |
| Enter email address | Enter telephone number |

Contact Person Details: This contact can be the same as the Administrator, any User, or a separate contact.

<table>
<thead>
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<th>Contact Person Details:</th>
<th></th>
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<tbody>
<tr>
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<td>Telephone Number*:</td>
</tr>
<tr>
<td>Enter email address</td>
<td>Enter telephone number</td>
</tr>
<tr>
<td>Job Title*:</td>
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</tbody>
</table>

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Financial Institution Registration

• Please double-check all email addresses for accuracy before submitting the registration.
  – Any error in the email address will render the Administrator or User unable to log in to the Risk Management Portal.
  – Administrator or User email addresses cannot be edited after submission.
• The Administrator or User will have to be deactivated and re-entered!
  – Common errors – example jdoe@bank.com – entered as:
    • jdoe@bank.cm
    • jdoe@bnak.com
    • djoe@bank.com
‘No’ is default on all questions, but the Financial Institution needs to determine each status and each voluntary participation.
Initial login

NACHA must accept each registration – most will be instant, but some may take up to 3 business days.

- The Admin and Users will receive an email with a welcome notice and temporary password.
  - All must login and change their password.

If you do not receive the welcome email, please check your spam and junk folders, and ensure internal email servers are configured to white-list nacha.org.
Two-Factor Authentication

• A One-Time Authentication (OTA) Code is generated at each login and sent via email.
• Type or copy and paste the OTA Code.

If you do not receive the OTA email, please check your spam and junk folders, and ensure internal email servers are configured to white-list nacha.org.
Portal Time-Out

- The Risk Management Portal will log the User out after five minutes of inactivity.
- You will be required to log back in and submit another OTA Code *every* time you are logged out.
• View and edit FI information here.
The “Edit” icon (A) will let you edit FI information.

The “Deactivate” icon (B) will deactivate the FI.
Direct Access Debit Registration - Required

- NACHA Staff will contact the Financial Institution to confirm the Direct Access Debit Participant relationship and complete the registration with the Financial Institution.
- Direct Access (DA) menu in the Portal is only enabled for FIs that have DA relationships.
Direct Access Debit Registration - Required

- All Financial Institutions with one or more Direct Access Debit Participant relationships must provide quarterly data.

- Direct Access Debit Participant relationships can be deactivated using the icons in the actions column.
Registration Confirmation

• Click on the “Registration Confirmation” button to print proof of registration. Print the registration confirmation after all Third-Party Sender Customers and Direct Access Debit Participants have been added. The confirmation will appear in a new screen, so please “allow pop-ups”. 
Registration Confirmation

• A one page summary will appear in a new window.
• Use your browser’s print option to print and/or save the one-page registration confirmation.
• This confirmation page is typically what an auditor will need in order to confirm your registration with NACHA.

Registration Summary Report

BANK OF NACHA, Primary RTN 061000101, 400, 2550 Wesser Terrace, Herndon, VA has successfully registered with NACHA.

REGISTRATION STATUS: Active

DATE OF INITIAL REGISTRATION: 11-03-2017

AS OF 11-08-2017, BANK OF NACHA HAS ATTESTED TO THE FOLLOWING:

THIRD-PARTY SENDER REGISTRATION
The financial institution does currently maintain Third-Party Sender customers. The financial institution maintains 3 Third-Party Sender customer(s).

DIRECT ACCESS REGISTRATION
The financial institution does currently maintain Direct Access Debit Participant relationships. The financial institution maintains 1 Direct Access Debit Participant relationship(s).
NACHA Contacts

Risk Management Portal, Including Direct Access
(703) 349-4556

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APPENDIX

Direct Access Scenarios

NOTE: The Appendix illustrates several Direct Access examples. These are examples only and not meant to define every Direct Access relationship. An ODFI must determine its own Direct Access status.
Direct Access Scenario A

Our financial institution outsources all of our ACH services to a Third-Party and we have ACH origination agreements with our own Originators. Does our institution need to register this relationship?

No. This relationship is excluded from registration as long as the Third-Party is transmitting debit origination files solely in the capacity of a bank service company for the financial institution. The ODFI would register using Form A. If the Third-Party is transmitting debit origination files on behalf of itself or Originator customers outside their relationship as a bank service provider for the ODFI, then the ODFI would register that relationship using Form B.
Direct Access Scenario B

Our financial institution has an Originator customer that uses a Third-Party for Direct Deposit of Payroll and the Third-Party submits the file directly to the ACH Operator. Does our institution need to register this relationship?

No. The Direct Access Rule applies only to ACH debit origination. The ODFI would register using Form A.

Special Note: Although ODFIs may permit the origination of credit transactions through Direct Access arrangements, ODFIs are not required to register those relationships under the provisions of this Rule. This includes credit relationships, such as for Direct Deposit of Payroll, which may occasionally necessitate a debit reversal.
Direct Access Scenarios C

Our credit union transmits all of our ACH files to our corporate credit union processor and they transmit to the ACH Operator. Does our institution need to register this relationship?

No. A financial institution that transmits ACH debit origination files using another financial institution’s routing number (i.e. correspondent/respondent relationship) has an exclusion from registering that relationship. The ODFI would register using Form A.
Direct Access Scenario D

Our financial institution’s Originators transmit their files to a Third-Party who then transmits directly to the ACH Operator using our routing number. Our Originators do not have an agreement with the Third-Party. Does our institution need to register this relationship?

It depends on whether the Third-Party is transmitting files solely on behalf of your financial institution as a bank service provider. If that is the case, the ODFI would register using Form A. If the Third-Party is transmitting files directly to the ACH Operator for its own business or on behalf of Originators outside of its role as a bank service provider, then the ODFI would register that relationship using Form B.
Direct Access Scenario E

Our financial institution has an agreement with a Third-Party that transmits ACH debit files for their Originators directly to the ACH Operator using our routing number. My financial institution does not have agreements with the Originators. Does our institution need to register this relationship?

Yes. Your institution should register this Direct Access Debit Relationship with NACHA because the Third-Party is transmitting debit origination files directly to the ACH Operator for its own business purposes. The ODFI would register using Form B.
Direct Access Scenario F

Our financial institution has ACH Originator customers that transmit ACH debit files directly to the ACH Operator using our routing number. Does our institution need to register this relationship?

Yes. For purposes of this Direct Access registration process the ODFI would register using Form B, because the Originator is transmitting debit origination files directly to the ACH Operator.
Direct Access Scenario G

Our financial institution has a relationship in which our Third-Party hosts our online banking platform for our customers and transmits directly to the ACH Operator using our routing number. Does our institution need to register this relationship?

No. For purposes of this Direct Access registration process, if the Third-Party Sender or Third-Party Service Provider is hosting the online banking platform for the ODFI in the role of a bank service provider, then the ODFI would not have to register the Third-Party Sender or Third-Party Service Provider. The ODFI would register using Form A.
Direct Access Scenario H

Our financial institution has a relationship in which our Third-Party hosts our online banking platform for our customers and transmits directly to the ACH Operator using our routing number. The Third-Party also transmits ACH debit entries using our routing number to debit their customer’s accounts for processing services. Does our institution need to register this relationship?

No – and yes. For purposes of this Direct Access registration process, if the Third-Party Sender or Third-Party Service Provider is hosting the online banking platform for the ODFI in the role of a bank service provider, then the ODFI would not have to register that Third-Party Sender or Third-Party Service Provider for that relationship. However, since the Third-Party is also using the ODFI routing number to send separate ACH debit files to the ACH Operator for their own business purpose, that relationship should be registered with NACHA.