

NACHA RULEMAKING PROCESS PARTICIPATION POLICIES

POLICIES FOR PARTICIPATION

Policies for Group Members

- Rulemaking Process Groups typically meet monthly by conference call. Because of the time-critical nature of the work and the need for a high level of participation to maintain consistency, the participation of all committee members on each conference call is essential. If a member misses three conference calls, the member's participation will be reviewed.
- As a thorough understanding of the *NACHA Operating Rules* and the NACHA Rulemaking Process is necessary for members of this committee, it is preferable that voting committee members are either Accredited ACH Professionals (AAPs) or attorneys working in the area of electronic payments.
- Group members are expected to actively participate in the Group's efforts through voicing viewpoints on issues and possible solutions on the conference calls.
- Group members should communicate with each of the following departments, as appropriate, in their organization to obtain feedback on the issue:

Customer Support

Sales/Marketing

Compliance/Audit/Legal

Cash Management

Fraud/Risk Management

Payment Systems Operations (ACH, wire, and check)

Policies for Group Chairs

- Groups typically meet by conference call. The chair is expected to facilitate each of these conference calls. NACHA staff works with the chair to develop agendas and send appropriate background materials to the Group members. Chairs should ensure that all members of the Group participate on the conference call and have ample opportunity to voice their viewpoints.
- Chairs will ensure progression of the issue through the Rulemaking Process, working with staff to determine timelines and action items and assigning tasks to Group members as appropriate.
- A Group chair should monitor the conference call to ensure that a particular participant or viewpoint does not monopolize the call.

FAQs for Group Members

Are these positions term-limited? Yes, a member is limited to two consecutive terms. After that the member would need to be off the Committee for one term.

Are there requirements for active participation? Yes, missing three meetings or conference calls will lead to a review of that person's position on the group by staff. If staff finds that the member has missed a significant number of calls, a recommendation will be made to the group chair and Rules Committee Chairman.

If a member changes jobs within an organization or changes employment, can he keep his position on the group? Appointments to the group are for that person, not the organization. If a member changes jobs within an organization and wishes to continue to actively participate, then he may be able to continue. If a member changes organizations (one DFI to another DFI) and the new employer is qualified to participate on the group, then the member may be able to keep his position on the group. The Committee Chairman and staff, will make the decision after consulting the person involved. Changing employment from a qualifying organization to a non-qualifying organization (e.g., from a DFI to a TPSP) would cause the member to lose his position on the group.

Can an organization change their representative on a group? Since the position is assigned to the person, not the organization, the Rules & Operations Committee Chair and staff would need to consider that new person and all outstanding nominations (people that might not have been initially accepted or have now indicated an interest in an opening on the group if one becomes available) and determine who should be assigned that spot. Members of groups in the Rulemaking Process should not have substitutes serve in their place for meetings/conference calls.

If someone states an interest in a group after it is formed, is there a wait list? Yes, NACHA will maintain a list of all people that had initially been nominated for a group and not accepted and also anyone who expresses an interest after the group has been formed, in case an opening occurs on the group.

GROUPS IN THE PROCESS

Rules & Operations Committee

The Rules & Operations Committee:

1. provides strategic oversight to the Rulemaking Process;
2. assesses potential new applications and services;
3. monitors the progress of issues through the Rulemaking Process and makes decisions on next steps for an initiative;
4. reviews Requests For Information and Requests For Comment;
5. reviews and approves pilot proposals;
6. reviews and approves distributing ballots to the NACHA Voting Membership; and
7. is responsible for reporting to the Board.

The voting members of the Rules & Operations Committee include the Chairman, FIs, RPAs and other stake-holders. Voting Members will serve two-year terms with members eligible to serve for two consecutive terms. Nominations are provided to the Chairman and the Chairman approves the voting members. In addition, there are non-voting liaisons to the Committee from the Federal Reserve Board of Governors, the U.S. Department of Treasury, and the ACH Operators. Members must remain in compliance with NACHA's Code of Conduct.

Corporate Information Interface (CII)

The Corporate Information Interface (CII):

1. Increase the corporate community's involvement in the NACHA Rulemaking Process in both the development and implementation stages;
2. Provide the corporate community more advanced information and the opportunity for discussion on proposed NACHA rule changes;
3. Facilitate understanding of rules changes to enable better acceptance of new applications;
4. Provide a network for information-sharing among community participants to ensure broad and comprehensive understanding and implementation of ACH rules; and;
5. Communicate more effectively within the NACHA Rulemaking Process to ensure that end-users issues are understood within the context of other ACH participant categories.

The CII includes representative from the Payments Innovation Alliance, Afnis Interoperability Standards, and Affiliate programs. These members should be corporate end-users in the ACH Network. There are no limit to the number of qualified participants. Unlimited term, as long as the NACHA Membership remains valid.

Software Information Exchange (SIX)

The purpose of SIX is to provide a formal mechanism through which the ACH processing software and solution provider community can provide input on the development and implementation of NACHA Operating Rules changes and other initiatives in the Rule Making Process. The input from SIX will be focused on ACH processing and software impacts to the participants in the Network, such as amount of modifications needed, time needed to implement a change, etc.

The objectives for SIX include:

- Increase the software community's involvement in the NACHA Rulemaking Process in both the development and implementation stages;
- Provide the software community more advanced information and the opportunity to discuss proposed NACHA rule changes;
- Facilitate understanding of technical aspects of rules changes to enable efficient software modification;
- Provide a network for information-sharing among community participants to ensure broad and

- comprehensive understanding and implementation of rules-related software modifications; and,
- Communicate more effectively within the NACHA Rulemaking Process to ensure that software provider issues are understood within the context of other ACH participant categories.

The Rules & Operations Committee has oversight for SIX. SIX includes representatives from the NACHA Payments Innovation Alliance, Afinis Interoperability Standards, and Affiliate members who are software vendors, third party service providers, and solution providers that offer ACH processing and software solutions. An organization may only have one representative to SIX. In addition, each ACH Operator provides a representative to SIX.

Members are expected to lend expertise related to ACH processing software for the ACH Network. Members must remain NACHA members and in compliance with NACHA's Code of Conduct.