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NOTICE OF AMENDMENT  
TO THE  
2020 NACHA OPERATING RULES

January 14, 2020  
SUPPLEMENT #1-2020

1. ACH Contact Registry  
*Effective Date: July 1, 2020*

2. New Same Day ACH Window  
*Effective Date: March 19, 2021*

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# Supplement #1-2020 to the Nacha Operating Rules

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On November 19, 2019, the Nacha Voting Membership approved an amendment to the Nacha Operating Rules for an ACH Contact Registry. The rule will become effective on July 1, 2020.

This supplement provides ACH Network participants with a summary of the key components of the change, along with details regarding the technical changes to Rules language.

Supplement #1-2020 also contains information on the Effective Date of the New Same Day ACH Window, which was approved on September 13, 2018.

To ensure compliance with the most current rules, this Supplement should be used in conjunction with the 2020 edition of the Rules.

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## ACH Contact Registry

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### SUMMARY

In today's environment, financial institutions seek ways to contact and communicate quickly with other financial institutions about specific ACH payments and exceptions; error, fraud and risk events; and the recovery of funds, among other issues. A common concern for ODFIs and RDFIs is the difficulty in determining who to contact at other financial institutions and the best method for making that contact. In many instances time is of the essence, leading financial institutions to reach out to their Payments Association, ACH Operator, Nacha or others for help in locating a contact. A comprehensive ACH contact registry addresses many of the issues related to locating and communicating with the proper contact and the best contact method at a counterparty financial institution.

Under the ACH Contact Registry Rule (the Rule), all ACH financial institutions will be required to register contact information for their ACH operations and fraud and/or risk management areas. Financial institutions may voluntarily register contacts for additional personnel or departments at their discretion. The contact information will be available for other registered ACH participating financial institutions, Payments Associations, the ACH Operators and Nacha to use with ACH-related system outages, erroneous payments, duplicates, reversals, fraudulent payments and any other use within scope, such as identifying the proper contact for letters of indemnity. Use of the contact information is limited to these internal purposes only. The Rule requires financial institutions to update their registry information within 45 days of any change and to verify it on an annual basis. Registration will be done via Nacha's Risk Management Portal.

### IMPACT TO PARTICIPANTS

*ODFIs and RDFIs:* ODFIs and RDFIs will be required to register contact information with Nacha, and keep that information up to date. ODFIs and RDFIs will have to establish procedures to ensure that their contact registry information stays current. Financial institutions will need to determine contact information for the purpose of registration and how to route inquiries internally. All ODFIs and RDFIs will need to consider and address the circumstances under which they will use the registry, as well as how to handle and respond to any inquiries they receive.

### EFFECTIVE DATE

The Rule will become effective in two phases:

- July 1, 2020 - the date on which the registration portal will be available for Participating DFIs to begin to submit and query contact information. All Participating DFIs must complete their registration by October 30, 2020.
- August 1, 2021 - the date on which Nacha's enforcement authority for this Rule becomes effective.

### TECHNICAL SUMMARY

Below is a summary of the impact of the ACH Contact Registry rule on the Nacha Operating Rules. Sections of the Rules that are affected by this amendment are also included and reflect rule language as it will read upon implementation in highlighted, italicized text.

- *Article One, Section 1.14 (Participating DFI Contact Registration)* – New section establishes the requirement for Participating DFIs to provide contact information to Nacha
- *Appendix Nine, Part 9.3 (Participating DFI Registration Requirements)* – Renames this part to apply to all Participating DFIs

- *Appendix Nine, Subpart 9.3.3 (Participating DFI Contact Registration (new subsection))* – New subsection establishes Nacha’s enforcement authority with respect to the Rule
- *Appendix Nine, Subpart 9.4.7.4 (Fines and Penalties)* – Includes the failure of a Participating DFI to provide registration information within the definition of a Class 2 rules violation

*As approved November 19, 2019, effective July 1, 2020, the Rules will be amended as follows for changes related to ACH Contact Registry:*

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ARTICLE ONE

General Rules

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**SECTION 1.14 Participating DFI Contact Registration (new section)**

*A Participating DFI must register with the National Association specific contact information for personnel or departments responsible for: (a) ACH operations; and (b) fraud and/or risk management. A Participating DFI may register contacts for additional personnel or departments, at its discretion.*

*For each of the areas listed above, a Participating DFI must provide the National Association with either: (a) the name, title, email address, and phone number for at least one primary and one secondary contact person; or (b) general department contact information that includes an email address and a working telephone number. Registered phone numbers and email addresses must be those that are monitored and answered during normal business hours for financial institution inquiries.*

*A Participating DFI must update the registration information within 45 days following any change to the information previously provided, and must verify all registration information at least annually.*

*The National Association will make registered contact information available, via secure means, only to (a) registered Participating DFIs; (b) ACH Operators; and (c) Associations, for purposes of addressing ACH operational, fraud, and risk management issues within the ACH Network. The National Association will use registered contact information only for purposes of ACH Network operational, risk and fraud management.*

*Participating DFIs, ACH Operators, and Associations accessing registered contact information agree that they will use such information solely for their own, internal use for the purposes permitted in this Subsection.*

*As approved November 19, 2019, effective August 1, 2021, the Rules will be amended as follows for changes related to ACH Contact Registry:*

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## APPENDIX NINE

### Rules Enforcement

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#### **PART 9.3 ODFI Registration Requirements**

#### **PART 9.3 Participating DFI Registration Requirements**

##### **SUBPART 9.3.1 Direct Access Registration**

If, in its sole discretion, the National Association believes that an ODFI has failed to register its Direct Access Debit Participant status, or to provide data reporting regarding a Direct Access Debit Participant, the National Association may initiate a rules enforcement proceeding. Such proceeding will be according to Part 9.4 (National System of Fines) of this Appendix Nine for a Class 2 Rules Violation, as defined within Subpart 9.4.7.4 (Class 2 Rules Violation).

##### **SUBPART 9.3.2 Third-Party Sender Registration**

If, in its sole discretion, the National Association believes that an ODFI has failed to register or provide other required information for a Third-Party Sender, the National Association may initiate a rules enforcement proceeding. Such proceeding will be according to Part 9.4 (National System of Fines) of this Appendix Ten for a Class 2 Rules Violation, as defined within Subpart 9.4.7.4 (Class 2 Rules Violation).

##### **SUBPART 9.3.3 Participating DFI Contact Registration (new subsection)**

*If, in its sole discretion, the National Association believes that a Participating DFI has failed to register its contact information as required by Subsection 1.14 (Participating DFI Contact Registration), the National Association may initiate a rules enforcement proceeding. Such proceeding will be according to Part 9.4 (National System of Fines) of this Appendix Nine for a Class 2 Rules Violation, as defined within Subpart 9.4.7.4 (Class 2 Rules Violation).*

##### **SUBPART 9.4.7 Fines and Penalties**

##### **SUBPART 9.4.7.4 Class 2 Rules Violation**

A Class 2 Rules Violation is one in which:

- (1) the Participating DFI has not responded to either the Notice of Possible ACH Rules Violation or the Notice of Possible Fine;
- (2) the Participating DFI responds to either notice that it does not intend to correct the rules violation;
- (3) the Participating DFI
  - (i) fails to respond completely and accurately, within the proper time frame, to the National Association's request for information in accordance with the requirements of Article Two, Subsection 2.17.2 (ODFI Return Rate Reporting);
  - (ii) fails to reduce the Originator's or Third-Party Sender's Unauthorized Entry Return Rate below the Unauthorized Entry Return Rate Threshold within 30 days of receipt of the National Association's written request;

- (iii) successfully reduces the Unauthorized Entry Return Rate below the Unauthorized Entry Return Rate Threshold within the 30-day time period, but fails to maintain the Unauthorized Entry Return Rate below the Unauthorized Entry Return Rate Threshold for 180 additional days. The Panel may consider the Originator's or Third-Party Sender's volume of debit Entries as an extenuating circumstance in determining whether a violation under this provision constitutes a Class 2 Rules Violation;
- (iv) fails to reduce the Administrative Return Rate or Overall Return Rate of an Originator or Third-Party Sender below the applicable Return Rate Level within 30 days after receipt of the written directive; or
- (v) successfully reduces the Administrative Return Rate or Overall Return Rate of an Originator or Third-Party Sender below the applicable Return Rate Level within 30 days after receipt of a written directive, but fails to maintain the rate below the applicable Return Rate Level for 180 additional days;
- (4) the Participating DFI fails to register its Direct Access Debit Participant status or provide data reporting on a Direct Access Debit Participant, as required by Article Two, Subsection 2.17.1 (Direct Access Registration);
- (5) the Participating DFI fails to register a Third-Party Sender(s) with the National Association, or provide other required information, as required by Article Two, Subsection 2.17.3 (Third-Party Sender Registration);
- (6) *the Participating DFI fails to register its contact information, as required by Subsection 1.14 (Participating DFI Contact Information);*
- (7) the Participating DFI fails to provide the National Association with proof of completion of its own, its Third-Party Service Provider's, or its Third-Party Sender's rules compliance audit, as required by Appendix One, Subsection 1.2.2.2 (Proof of Completion of Audit);
- (8) the ACH Rules Enforcement Panel determines the time frame and resolution date asserted by a Participating DFI as necessary to resolve the problem causing the rules violation are excessive;
- (9) the National Association believes that the violation causes excessive harm to one or more Participating DFIs or the ACH Network; or
- (10) it is the fourth or subsequent recurrence of the same rules violation in which the most recent recurrence occurs within one year of the resolution date of the immediately preceding recurrence.

In situations involving a Class 2 Rules Violation, the ACH Rules Enforcement Panel may levy a fine against the respondent Participating DFI in an amount up to \$100,000 per month until the problem is resolved. Where the violation relates to a specific Originator or Third-Party Service Provider at the DFI, a separate monthly fine may be assessed to the DFI with respect to each such Originator or Third-Party Service Provider.

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## **Effective Date of New Same Day ACH Window**

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### **SUMMARY**

The March 19, 2021 effective date of the new Same Day ACH processing window is confirmed.

### **DISCUSSION**

Nacha Rules Ballot #1-2018, Expanding Access to Same Day ACH, provided for the creation of a third, daily Same Day ACH processing window to be established by the ACH Operators. The rule was approved on September 13, 2018.

The rule provided that the effective date was contingent on receiving notification from the Federal Reserve Board of Governors (“Fed Board”) of changes to Federal Reserve services necessary to support the new Same Day ACH processing window. On December 23, 2019, the Fed Board issued a public notice that provides for these services, also to become effective on March 19, 2021<sup>1</sup>.

Please refer to the 2020 Nacha Operating Rules for detailed information on this rule.

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<sup>1</sup>See <https://www.federalreserve.gov/newsevents/pressreleases/other20191223a.htm>