



2023

ACH Rules Update

for Corporate

Originators and

Third-Party Senders



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There are a couple changes to the *ACH Rules* which take effect in 2023. Here is a breakdown of the changes that apply to corporate users.

Micro-Entries

Phase 1 - Effective September 16, 2022

Phase 2 - Effective March 17, 2023

If your company uses small value (under \$1) ACH transactions to validate an account a client is using to send or receive payments, then you're initiating Micro-Entries. While not a new concept, the *ACH Rules* were amended on September 16, 2022, to define and standardize sending practices and formatting of Micro-Entries.

Phase 1 of this Rule:

- Defined Micro-Entries as ACH credits of less than \$1, and any offsetting ACH debits, used to verify a recipient's (e.g., client's or employee's) account.
- Mandated the use of "ACCTVERIFY" in the payment/entry description.
- Required the sender's name to be readily recognized by the receiver as a company he or she is doing business with.
- Called for companies using Micro-Entry debits to offset Micro-Entry credits to:
 - ◆ Send the debits and corresponding credits at the same time using the same Effective Entry Date (i.e., requested posting/processing date to the receiver's account).
 - ◆ Ensure the total dollar amount of the Micro-Entry credit(s) is equal to or greater than the value of the Micro-Entry debit(s).

Future transactions may be sent to the recipient's account as soon as the process for validating the Micro-Entries has been completed.

Phase 2 of this Rule:

Requires a company to use reasonable methods to recognize and prevent suspicious activity.

For additional information, download Nacha's [end-user briefing PDF](#) or visit the [Micro-Entries Rule page](#).

Corporate ACH Originators: For Phase 2, businesses should ensure commercially reasonable fraud detection is in place. At a minimum, businesses should monitor volumes sent and returned to recognize and address unusual or suspicious activity. This may include identifying if the same or similar account number (e.g., padded with zeros) is being used multiple times or for multiple receivers. Additionally, policies and procedures should be updated for identifying and handling red flags/suspicious activity, and appropriate staff training should be completed.

Third-Party Sender Roles and Responsibilities

Completion of ACH Risk Assessment by March 31, 2023

While risk assessments are required in the *ACH Rules* for financial institutions and, by extension, for Third-Party Senders (TPS) under their obligation to perform as an ODFI, the *ACH Rules* were updated on September 30, 2022, to clarify this requirement.

Each TPS must complete a risk assessment of its ACH activities, and based on the assessment, must also implement a risk management program. TPSs have been given a six-month grace period ending March 31, 2023, to conduct, or have conducted, a risk assessment and implement a risk management program.

Corporate ACH Originators: This Rule will not impact traditional ACH Originators. Only ACH participants denoted as TPSs will be impacted.

Third-Party Senders: The *ACH Rules* do not prescribe a specific format for the risk assessment. Risk assessments should be risk-based and cover the ACH activities the TPS is involved in. Third-Party Senders should review the ODFI risk management requirements within Articles One and Two of the *ACH Rules* and may want to evaluate risk assessment expectations and guidance issued by bank regulators (e.g., OCC, FDIC) for ODFIs.