Revisions to the Nacha Operating Rules

The 2023 edition of the Nacha Operating Rules & Guidelines contains changes related to the following amendment:

• Micro-Entries, Phase 2 (effective March 17, 2023)

This Revisions section provides a summary of the key components and technical changes to Rules language of this change.

This section also includes a technical summary of the changes to the Rules that were implemented in 2022. The text changes were officially communicated via Supplements, but they are summarized here for reference. Please note that since these changes are already effective, they are not marked within the text of the Rules.

Micro-Entries, Phase 2

Summary

The objective of the Micro-Entries rule is to improve the effectiveness of Micro-Entries as a method of account validation; to better enable ODFIs and RDFIs to identify Micro-Entries so they can apply any desired processing routines or other controls; and to improve the quality of Micro-Entries in the ACH Network. Phase 2 of the Micro-Entries rule builds upon its initial implementation by requiring Originators of Micro-Entries to use commercially reasonable fraud detection practices, including the monitoring of forward and return Micro-Entry volumes.

Impact to Participants

Originators: Originators that do not already have in place commercially reasonable fraud detection for their Micro-Entry origination will have to begin monitoring their forward and return volumes. They may also consider practicing other velocity checks or anomaly detection.

ODFIs: ODFIs will need to make sure that their Originators that use Micro-entries are aware of the Rule and its requirements.

RDFIs: RDFIs should consider incorporating Micro-Entry activity into existing fraud detection, AML and money mule detection processes. To advance the effectiveness of Micro-Entries as a fraud mitigation tool, RDFIs should consider treating corresponding credit and debit Micro-Entries the same when

making post/no post decisions, i.e., they should either post both or return both. RDFIs that have not automated their return processing are encouraged to do so to minimize the impact that additional administrative returns may have on their operations.

Effective Date

Phase 2 of the Rule will be effective on March 17, 2023.

Technical Summary

Below is a summary of the impact of the Micro-Entries rule on the Nacha Operating Rules. The Rules contain the impacted rule language as it will read upon implementation in highlighted, italicized text.

• Article Two, Subsection 2.7.5 (Commercially Reasonable Fraud Detection for Micro-Entries) – New subsection to require Originators to conduct commercially reasonable fraud detection when using Micro-Entries.

Technical Summary of 2022 Changes to the Rules

The following is a technical summary of the changes to the Nacha Operating Rules implemented during 2022. The text changes were officially communicated via Supplements to the Rules, but they are summarized here for reference. Please note that since these changes are already effective, they are not marked within the text of the 2023 Rules.

March 18, 2022

Increasing the Same Day ACH Limit to $1 Million

Approved March 31, 2021

The Increasing the Same Day ACH Dollar Limit to $1 Million rule increased the per-transaction dollar limit from $100,000 to $1,000,000. Both Same Day ACH credits and Same Day ACH debits became eligible for same day processing up to $1,000,000 per transaction.

• Article Eight, Section 8.103 (Same Day Entry) – Updated definition to reflect higher per-transaction dollar limit.

• Appendix Three, Subpart 3.2.2 (Glossary of Data Elements): Settlement Date – Updated description to reflect higher per-transaction dollar limit.

• Appendix Nice, Subpart 9.4.6.2 (Responsibilities of Enforcement Panel) – Updated Rules Enforcement Panel responsibilities to reflect higher per-transaction dollar limit.

September 16, 2022 Effective Date

Micro-Entries, Phase 1

Approved January 31, 2022

Phase 1 of the Micro-Entries rule defined "Micro-Entries" as a term and type of payment within the Rules. Upon implementation, Originators of Micro-Entries were required to use "ACCTVERIFY" as a standard Company Entry Description and populate the Company Entry Name field with the same or similar name to be used in future entries. Originators using debit entry offsets must send the debit and corresponding credit Micro-Entries simultaneously for settlement at the same time. The rule also requires that the total amount of the credit Micro-Entry (ies) must be equal or greater than the value of the debit Micro-Entry(ies) and that the aggregate total of debits and credits cannot result in a net debit to the Receiver. The use of Micro-Entries requires the Receiver to complete a verification process with the Originator prior to the transmission of live entries.

• Article Two, Section 2.7 (Micro-Entries) – Added a new section to establish rules surrounding Micro-Entries.

• Article Two, Subsection 2.7.1 (General Rule for Micro-Entries) – Added a new subsection to describe Micro-Entries.

• Article Two, Subsection 2.7.2 (Formating Requirements for Micro-Entries) – Added a new subsection to establish Micro-Entry formatting.

• Article Two, Subsection 2.7.3 (Restrictions on Transmission of Debit Micro-Entries) – Added a new subsection to state the timing and aggregate value requirements for Micro-Entries.

• Article Two, Subsection 2.7.4 (Waiting Period Following Origination of Micro-Entries) – Added a new subsection requiring the Originator to wait until the Receiver has completed the Originator's Micro-Entry validation process.

• Article Eight, Section 8.59 ("Micro-Entry") – Added a new section to define Micro-Entry.

• Appendix One, Part 1.2 (Data Specifications for ACH Records) – Updated to include new Company Entry Description for Micro-Entries.

• Appendix Three, Subpart 3.2.2 (Glossary of Data Elements – Company Entry Description) – Updated to include new Company Entry Description for Micro-Entries.

• Appendix Three, Subpart 3.2.2 (Glossary of Data Elements – Company Name) – Updated to include new Company Name requirement for Micro-Entries.

September 30, 2022 Effective Date

Nested Third-Party Senders

Approved September 16, 2021

The Nested Third-Party Sender rule change established "Nested Third-Party Sender" as a defined term within the Rules. The rule requires that Nested Third-Party Senders be addressed in the Origination Agreement between the ODFI and Third-Party Sender. If Nested Third-Party Senders are allowed under the agreement, then the Third-Party Sender must have an Origination Agreement with its Nested Third-Party Sender. The rule provides that an ODFI must identify all Third-Party Senders that have Nested Third-Party Relationships in Nacha's Risk Management Portal and must provide Nacha with information on Nested Third-Party Senders upon request. The rule also updated other Third-Party Sender obligations and warranties to identify and cover Nested Third-Party Senders.

• Article One, Subsection 1.2.2.1 (General Audit Requirements) – Updated audit requirements to address Nested Third-Party Senders.

• Article Two, Subsection 2.2.2.1 (ODFI Must Enter Origination Agreement with Originator) – Updated to exclude ODFIs from having an Origination Agreement with an Originator when the Originator uses a Third-Party Sender to originate entries.

• Article Two, Subsection 2.2.2.2 (ODFI Must Enter Origination Agreement with Third-Party Sender) – Updated to address Nested Third-Party Senders.

• Article Two, Subsection 2.2.3 (ODFI Risk Management) – Updated ODFI risk management requirements regarding Third-Party Senders.

• Article Two, Subsection 2.16.1 (Third-Party Sender Agreements) – Added a new subsection to address Third-Party Senders' agreements with their customers.

• Article Two, Subsection 2.16.1.1 (Third-Party Sender Origination Agreement with an Originator or a Nested Third-Party Sender) – Added a new subsection to require Origination Agreements between an Originator and a Third-Party Sender; a Third-Party Sender and a Nested Third-Party Sender; and between Nested Third-Party Senders.

• Article Two, Subsection 2.16.1.2 (Chain of Nested Third-Party Senders) – Added a new subsection to address responsibilities of ODFIs and Third-Party Senders in the case of Nested Third-Party Sender.

• Article Two, Subsection 2.16.2 (Third-Party Senders' Provision of Information to ODFIs) – Updated to include Nested Third-Party Senders.

• Article Two, Subsection 2.16.3 (Warranty of and Indemnification by Third-Party Senders) – Updated to include Nested Third-Party Senders.

• Article Two, Subsection 2.16.4 (Performance and Warranty of ODFI Obligations by Third-Party Senders) – Updated to include Nested Third-Party Senders.

• Article Two, Subsection 2.16.5 (Payment to ODFI by Third-Party Senders or Originators) – Minor change to clarify discussion of returned debit entries.

• Article Two, Subsection 2.16.6 (Performance of Originator Responsibilities by Third-Party Senders) – Updated to include Nested Third-Party Senders.

• Article Two, Subsection 2.16.7 (Performance of Third-Party Sender Responsibilities by Nested Third-Party Senders) – Added a new subsection to state that a Third-Party Sender is jointly and severally liable with each of its Nested Third-Party Senders for the performance of Third-Party Sender obligations.

• Article Two, Subsection 2.18.3.1 (ODFIs with Third-Party Senders) – Updated to include Nested Third-Party Senders.

• Article Eight, Section 8.61 (Nested Third-Party Sender) – Added a new section to define Nested Third Party-Sender.

• Article Eight, Section 8.112 (Third-Party Sender) – Revised definition to specifically include Third-Party Senders that act as intermediaries for other Third-Party Senders.

Third-Party Senders and Risk Assessments

Approved September 16, 2021

The Third-Party Senders and Risk Assessments rule (the Rule) requires that a Third-Party Sender, whether or not it is Nested, conduct a Risk Assessment. Under the Rule, a Third-Party Sender must implement, or have implemented, a risk management program based on its Risk Assessment. The Rule clearly states that the obligation for the Third-Party Sender to perform a Risk Assessment, as with the required Rules Compliance audit, cannot be passed on to another party. Each Third-Party Sender must conduct or have conducted its own Risk Assessment.

• Article One, Subsection 1.2.4 (Risk Assessments) – Updated to include Third-Party Senders in the Risk Assessment requirements.

• Article Two, Subsection 2.16.4 (Performance and Warranty of ODFI Obligations by Third-Party Senders) – Expanded to include requirement for Third Party Senders to conduct a Risk Assessment and a Rules Compliance Audit and explicitly state that the Third-Party Sender cannot rely upon the Risk Assessment or Rules Compliance Audit of another Third-Party Sender.