



## Revisions to the Nacha Operating Rules

Several revisions to the Nacha Operating Rules, including some that may impact your obligations when it comes to ACH processing, were recently approved. Below is a high-level summary of the changes:

Description of the Change	Date Rule Becomes Effective
<p>Each Originator, including Third-Party Senders and Third-Party Service Providers, must:</p> <ul style="list-style-type: none"> <li>a) Establish and implement risk-based processes and procedures that are reasonably intended to identify transactions that are suspected of being unauthorized or authorized under False Pretenses*; and</li> <li>b) At least annually, review these processes and procedures and make appropriate updates to address evolving risks.</li> </ul> <p>* The term 'False Pretenses' is being formally defined to refer to "the inducement of a payment by a Person misrepresenting (a) that Person's identity, (b) that Person's association with or authority to act on behalf of another Person, or (c) the ownership of an account to be credited."</p> <p>False Pretenses may include certain fraud situations such as Business Email Compromise and Vendor Impersonation schemes.</p>	<p>Phase 1 – March 20, 2026 *</p> <p>Phase 2 – June 19, 2026 **</p> <p>* Phase 1 applies to companies that originated or transmitted 6+ million ACH Entries in calendar year 2023</p> <p>** Phase 2 removes any volume threshold, meaning the requirement will apply to all companies</p>
<p>The permissible reasons for which a Receiving Depository Financial Institution ("RDFI") may use return reason code R17 are being expanded to allow for the return of ACH Entries when the transaction is suspected to have been initiated under questionable circumstances, even if the transaction was received to a valid account number.</p> <p>As a company processing ACH transactions, you should be aware that you may receive ACH returns for this reason.</p>	<p>October 1, 2024</p>
<p>Companies processing Direct Deposit for the purpose of payment of wages, salaries, or similar types of compensation must ensure "PAYROLL" is listed in the Company Entry Description within the Company/Batch Header Record.</p> <p>The Company Entry Description field is populated on the Receiver's statement and helps the Receiver understand the purpose of the transaction.</p>	<p>March 20, 2026</p>
<p>Companies processing ACH debits for the purpose of e-commerce transactions, which refer to debits authorized by a consumer for the online purchase of goods, including recurring purchases first authorized online, must ensure "PURCHASE" is listed in the Company Entry Description within the Company/Batch Header Record.</p> <p>The Company Entry Description field is populated on the Receiver's statement and helps the Receiver understand the purpose of the transaction.</p>	<p>March 20, 2026</p>
<p>As a point of clarification, the Nacha Operating Rules are being revised to clearly indicate that if a Notification of Change is received by a company in response to a Single Entry, the Originator may choose at its discretion to make the changes specified.</p> <p>If a transaction was a Single Entry, it means only one transaction was authorized, therefore no change may be needed.</p>	<p>June 21, 2024</p>



# CORNERSTONE BANK

As a point of clarification, the Nacha Operating Rules are being revised to clearly indicate that companies subject to the data security requirement to protect account numbers used in the initiation of transactions by rendering the account number unreadable when stored electronically will continue to remain subject to this requirement, even if their ACH origination or transmission volume falls below 2 million transactions per year.	June 21, 2024
As a point of clarification, the Nacha Operating Rules are being revised to reflect that a Prenotification (“prenote”) may be sent prior to the initiation of any future transaction to a Receiver’s account, not only prior to the <i>first</i> transaction to the Receiver’s account.	June 21, 2024