



2023 NACHA Rules Update

2023 NACHA RULES UPDATE FOR ACH

ALSO KNOWN AS COMPLIANCE UPDATE FOR ACH ORIGINATORS

The purpose of this 2023 NACHA Rules Update for ACH (“NACHA Update”) is to provide a summary description of changes to the NACHA Operating Rules & Guidelines (“NACHA Rules”). NACHA’s Micro-Entry Rule was intended to become effective in two phases. Phase 1, which set forth a definition for “Micro-Entries,” provided formatting for various fields and implemented requirements around Company name, became effective on September 16, 2022. This NACHA Update will provide information regarding Phase 2 of the Micro-Entry Rule. Please see the summary description as to each amendment noted below. For further information we recommend you obtain a copy of the 2023 NACHA Operating Rules and Guidelines. The NACHA Rules are published annually and may be referenced or ordered at www.nacha.org. The 2023 edition of the NACHA Operating Rules & Guidelines contains changes related to these amendments. More detailed information regarding these changes may also be found at www.nacha.org. If you have any questions, please feel free to contact your Treasury Services Representative.

Micro-Entries Rule, Phase 2 – Effective March 17, 2023

Details:

Phase 2 of the Micro-Entries Rule builds upon the initial implementation of Phase 1 of the Rule. As of the effective date, Originators of Micro-Entries are required to employ commercially reasonable fraud detection practices, including the monitoring of forward and return Micro-Entry volumes.

Technical Summary:

This Rule modifies the following area of the NACHA Operating Rules:

- 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.

Impact to Participants:

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