

Direct Access Registration Rule

1. What is Direct Access?

Direct Access is defined as “a situation in which an Originator, Third-Party Sender, or a Third-Party Service Provider transmits credit or debit entries to an ACH Operator using the ODFI’s routing and transit number and settlement account.”

2. What is a Direct Access Debit Participant?

A Direct Access Debit Participant is defined as “an Originator, Third-Party Sender, or Third-Party Service Provider with Direct Access for the origination of entries except (i) a Third-Party Service Provider that transmits ACH files solely on behalf of an ODFI where that Third-Party Service Provider does not have a direct agreement with an Originator (and is not itself an Originator), or (ii) an ODFI that transmits files using another Participating DFI’s routing number and settlement account.”

3. Why is Direct Access Registration required?

Direct Access Registration promotes due diligence and adherence to risk management policies by ODFIs and allows for an accurate measurement of the number of Direct Access relationships in the ACH Network and the associated risk profile. When an ODFI allows its Originators and/or third parties Direct Access to the ACH Operators, ACH Network participants, including the ODFI, may be exposed to a variety of risks (including fraud) arising out of shortcomings in the Originator’s or third party’s policies and processes. Accordingly, it is essential that an ODFI that permits Direct Access effectively mitigates such risks by appropriately underwriting, managing, and monitoring its relationship with its customer. ACH Operator tools that allow tracking of volume and exceptions are available to assist ODFIs in these efforts. Regardless of the level of due diligence performed by the ODFI’s Direct Access customers, the ODFI remains responsible for those customers and for the entities those customers introduce to the Network.

4. Is registration required for all Direct Access relationships?

Registration is only required for Direct Access relationships involving the origination of ACH debit transactions. The definition of a Direct Access Debit Participant includes exclusions for two types of debit scenarios: registration is not required for a Third-Party Service Provider that transmits files using another Participating DFI’s routing number and settlement account (correspondent/respondent relationships); and third parties that transmit ACH files solely on behalf of an ODFI where the third party does not have an agreement with the Originator (and is not itself an Originator). Additionally, this Rule does not require registration of an ODFI’s Direct Access relationships for ACH credit transactions.

5. What is the requirement for an ODFI that had no Direct Access Debit Participants?

The Rule requires ODFIs with no Direct Access Debit Participants to complete Form A on NACHA’s Web site at <http://www.nacha.org/c/DirectAccessRegistration.cfm> no later than June 18, 2010. The ODFI will provide the following information:

- ODFI name
- ODFI routing number
- ODFI representative contact information
- Acknowledgement of a statement that the ODFI does not maintain any Direct Access Debit Participant relationships

6. What is the requirement for an ODFI with Direct Access Debit Participants?

This Rule requires ODFIs with Direct Access Debit Participants to complete Form B on NACHA's Web site at <http://www.nacha.org/c/DirectAccessRegistration.cfm> no later than June 18, 2010. The ODFI will provide the following information:

- ODFI name
- ODFI's routing number(s) used by Direct Access Debit Participant
- ODFI representative contact information
- Identification of whether the Direct Access Debit Participant is an Originator, Third-Party Service Provider, or Third-Party Sender
- Direct Access Debit Participant name, representative contact information, and TIN
- The number of Originators transmitting ACH debits through a Direct Access Debit Participant that is a Third-Party Sender or Third-Party Service Provider
- Identification of the ACH Operator through which the Direct Access Debit Participant transmits entries
- An indication of whether the ODFI's board, board-level committee, or its designee has approved the Direct Access Debit Participant
- Quarterly data reporting upon initial registration if the Direct Access Debit Relationship has been in place for at least one quarter of the year (Note: After initial registration, quarterly data reporting is reported on Form C.)

7. What is the requirement for statistical reporting?

An ODFI with a Direct Access Debit Participant is required to report transaction data on a quarterly basis using Form C, on NACHA's Web site at <http://www.nacha.org/c/DirectAccessRegistration.cfm>.

For each Direct Access Debit Participant, the ODFI provides the average daily data in total and by Standard Entry Class (SEC) Code for:

- Debit entry origination and return transaction volume
- Debit entry origination and return dollar value
- Rates of return for all Return Reason Codes in total and by NSF, administrative and unauthorized return reasons

Typical reporting periods are January-March, April-June, July-September, and October-December.

8. What is the ODFI's requirement if the Direct Access Debit Participant relationship changes or is terminated?

An ODFI with Direct Access Debit Participants must report any changes in their registration data using Form D on NACHA's Web site at <http://www.nacha.org/c/DirectAccessRegistration.cfm>. These changes could include contact changes at the ODFI, Originator or third party, or

termination of a Direct Access Debit Participant.

9. What will NACHA do with the information?

NACHA uses the information on Direct Access Debit Participants to better quantify the number of, and the risk profile for, these relationships in the ACH Network. NACHA works with the ACH Operators to validate that ODFIs have registered all Direct Access Debit Participant relationships. Registration information is retained confidentially by NACHA and only reported in aggregate form.