

Sample Guidelines Material: Clarification of Third-Parties in the ACH Network – Appendix Chart 2
Rule Compliance Audit Requirements
Applicability of Appendix Eight Provisions to Third-Parties

8.2 Audit Requirements for All Participating DFIs
All Participating DFIs must audit on all of the requirements below.

Rules Summary		Rule is Applicable to:		
		Third-Party Service Provider to RDFI*	Third-Party Service Provider to ODFI*	Third-Party Sender**
<i>Brief description of each Rule is shown below.</i>				
8.2.a	Retains record of Entry for six years; can provide information relating to the Entry upon request	Yes	Yes	Yes
8.2.b	Verifies that record required by Rules in electronic form accurately reflects the record and can be accurately reproduced	Yes	Yes	Yes
8.2.c	Conducts audit	Yes	Yes	Yes
8.2.d	Encrypts banking data and secures sessions	Yes	Yes	Yes
8.2.e	Pays assessed fees	—	—	—
8.2.f	Conducts ACH risk assessment and has risk management program	—	—	—

* Applicable to the extent to which the Third-Party Service Provider performs obligations on behalf of the ODFI or RDFI.

** Applicable to the extent to which the Third-Party Sender performs an obligation of the ODFI.

8.3 Audit Requirements for RDFIs
All RDFIs must audit on the requirements below.

Rules Summary		Rule is Applicable to:		
		Third-Party Service Provider to RDFI*	Third-Party Service Provider to ODFI*	Third-Party Sender**
<i>Brief description of each Rule is shown below.</i>				
8.3.a	Verifies prenote account number; responds with Return or Notification of Change when appropriate	Yes	—	—
8.3.b	Meets NOC timeframes	Yes	—	—
8.3.c	Accepts all entries; handles XCK entries and entries to non-transaction accounts appropriately	Yes	—	—
8.3.d	Makes credits available on timely basis; posts debits on timely basis	Yes	—	—
8.3.e	Provides or makes available required Entry information to consumer account holders; for non-consumer accounts, provides or makes available contents of Check Serial Number Field for certain SEC Codes	Yes	—	—
8.3.f	Transmits returns (including late returns of unauthorized CCD or CTX entries, dishonored return entries, and contested dishonored returns) on a timely basis	Yes	—	—
8.3.g	Returns RCK entries on a timely basis	Yes	—	—
8.3.h	Returns credits on a timely basis	Yes	—	—
8.3.i	Honors stop payments and uses appropriate Return Reason Codes for stop payments	Yes	—	—
8.3.j	Obtains Written Statements of Unauthorized Debit for certain returns; transmits Extended Return Entry by deadline; provides copies of Written Statement of Unauthorized Debits on a timely basis	Yes	—	—
8.3.k	Provides proper UCC4A notice to Receiver	Yes	—	—
8.3.l	Provides information from Addenda Records accompanying a CCD, CTX, CIE or IAT Entry upon request	Yes	—	—

* Applicable to the extent to which the Third-Party Service Provider performs obligations on behalf of the ODFI or RDFI.

** Applicable to the extent to which the Third-Party Sender performs an obligation of the ODFI.

8.4 Audit Requirements for ODFIs
All ODFIs must audit on the requirements below.

Rules Summary		Rule is Applicable to:		
		Third-Parties		
		Third-Party Service Provider to RDFI*	Third-Party Service Provider to ODFI*	Third-Party Sender**
<i>Brief description of each Rule is shown below.</i>				
8.4.a	Has proper origination agreements with Originators/TPSs	—	Yes	Yes
8.4.b	Has proper Sending Point agreements	—	Yes	Yes
8.4.c	Assesses risk; establishes, implements and enforces exposure limits; monitors Originator/TPS origination and return activity	—	—	Yes
8.4.d	Accepts Return Entries and extended Return Entries; transmits dishonored Return Entries on a timely basis. Uses appropriate return reason codes.	—	Yes	Yes
8.4.e	Provides information around NOCs to Originator or TPS; transmits refused NOCs on a timely basis	—	Yes	Yes
8.4.f	Provides proof of authorization upon request on a timely basis	—	—	Yes
8.4.g	Accepts late returns when agreed	—	Yes	Yes
8.4.h	Provides proper UCC4A notice to Originator	—	Yes	Yes
8.4.i	Establishes Identity of Originators/TPSs that use unsecured electronic network to enter into origination agreement with ODFI; establishes that Third-Party Sender utilizes commercially reasonable method to establish identify of an Originator that uses an Unsecured Electronic Network to enter into an origination agreement with the Third-Party Sender	—	Yes	Yes
8.4.j	Initiates Reversing Entries and Reversing Files in accordance with the <i>Rules</i>	—	Yes	Yes
8.4.k	Establishes and implements commercially reasonable procedures to verify the identity of each Originator Third-Party Sender of BOC entries; documents specific information with respect to each Originator and provides information to RDFI on a timely basis	—	—	Yes
8.4.l	Provides return rate information to NACHA upon request	—	Yes	No
8.4.m	Registers Direct Access status with NACHA; obtains appropriate internal approval for each Direct Access Debit Participant; provides required reporting; notifies NACHA of changes to information previously provided	—	Yes	No
8.4.n	Informs Originators/TPSs of responsibilities	—	—	Yes

* Applicable to the extent to which the Third-Party Service Provider performs obligations on behalf of the ODFI or RDFI.

** Applicable to the extent to which the Third-Party Sender performs an obligation of the ODFI.