

FEDERAL
RESERVE



FINANCIAL
SERVICES

Understanding the Roles of the Federal Reserve Banks Under the New IAT SEC Code



Federal Reserve Banks

ACH OPERATOR

- FedACH[®] Services
 - ▣ Processes inbound and outbound debits and credits in domestic payments stream
 - ▣ Does not conduct OFAC screening on inbound IATs coming from other gateway operators (that are ODFIs)
 - ▣ Provides tools to assist RDFIs in identifying IAT transactions

Federal Reserve Banks

GATEWAY OPERATOR

- FedACH International[®] Services
 - Allows outbound IAT credits for all international service countries
 - Outbound debits are allowed to Canada only
 - Allows inbound IAT credits from international service countries
 - Inbound debits are not permitted
 - Conducts OFAC screening on FedACH International inbound IAT items
 - Places indicator in appropriate field
 - Reports suspect transactions to OFAC
 - Does not block or freeze transactions



Federal Reserve Banks – A Dual Role

ACH OPERATOR vs. GATEWAY OPERATOR

	ACH Operator <i>FedACH[®] Services</i>	Gateway Operator <i>FedACH International[®] Services</i>
Processes outbound credits	✓	✓
Processes outbound debits	✓	✓ [Canada only]
Processes inbound credits	✓	✓
Processes inbound debits	✓	
Performs OFAC screening		✓
Places screening indicator in appropriate field		✓
Reports suspect transactions to OFAC		✓
Blocks or freezes transactions		
Provides IAT tools for RDFIs	✓	

Overview: ACH Operator vs. Gateway Operator

ACH Operator

FedACH[®] Services

- * Allows *outbound* and *inbound* IAT credits and debits in domestic payments stream.
- * Does not conduct OFAC screening on inbound IATs coming from other gateway operators (that are ODFIs).
- * Provides IAT-specific tools for RDFIs

Gateway Operator

FedACH International[®] Services

- * Allows *outbound* IAT credits for all international service countries. *Debits* are allowed to Canada only.
- * Allows *inbound* IAT credits from international service countries. No *inbound debits* are allowed.
- * Conducts OFAC screening on FedACH International Services *inbound* IAT items. Places indicator in appropriate field; does not block or freeze transactions.

Remember...

ACH operator – Processes entries and manages risk according to NACHA Rules

Gateway operator – Makes business decisions regarding international services such as countries, currencies and products offered