



## Conducting ACH Business with the Federal Reserve Banks

### Introduction

The Federal Reserve Banks are pleased to be selected as your institution's ACH Operator. This document presents information covering some of the unique aspects of doing business with FedACH® Services.

There are a number of well-established resources available for training on ACH origination and getting started with an origination program. The Federal Reserve Banks do not intend to duplicate resources and have chosen instead to include an Additional Resources section at the end of this document to identify some of those resources.

### Customer Support

As always, the Federal Reserve Banks stand ready to support your successful business operations. Please do not hesitate to contact any Federal Reserve Financial Services (FRFS) resource with questions.

The quickest way to find Federal Reserve Bank Financial Services contacts is by using one of the following two resources available on FRBservices.org.

- The **Contact Us** section contains a complete listing of all contacts for all FRFS product areas.
- The **My FedDirectory® Service** generates a custom listing for the ABA number entered.

Both are available at the following URL:

<http://www.frbervices.org/contacts/index.jsp>

- Avail yourself of the knowledge of our regional **FedACH Sales Specialists**, all of whom are ACH Accredited Professionals (AAP). Their contact information is available on FRBservices.org, in the Contact Us section.
- The **FedACH Central Operations Support (COS) sites** specialize in the processing of ACH transactions and in assisting customers with related questions.
- The **Customer Contact Center (CCC)** specializes in assisting with FedLine® Access Solution connection questions.

### **FedACH Operating Circular 4**

Operating Circular 4 provides the legal terms and conditions under which the Reserve Banks provide ACH services. All financial institutions that utilize FedACH should be familiar with its content.

The Federal Reserve Bank's financial services operating circulars are posted on FRBservices.org, under Rules and Regulations, Operating Circulars or accessed via the following URL:

[http://www.frbservices.org/regulations/operating\\_circulars.html](http://www.frbservices.org/regulations/operating_circulars.html)

### **FedACH Participation Agreement**

Financial institutions sign up for various FedACH services, make service set up selections, and designate processing agents by completing the applicable parts of the Participation Agreement. Before a financial institution begins to originate or receive FedACH items through the Federal Reserve Banks, this agreement must be completed and signed by an individual on the institution's Official Authorization List (OAL).

All sections of the FedACH Participation Agreement, completion instructions and a quick reference guide to the sections used to activate the various FedACH services are available at FRBservices.org, Forms, FedACH Services or via the following URL:

[http://www.frbservices.org/forms/fedach\\_services.html](http://www.frbservices.org/forms/fedach_services.html)

### **Deadlines and Time Schedules**

FedACH Transmission Deadlines and Distribution and Settlement Schedules are posted on FRBservices.org, under Operations Resources, FedACH at the following URL:

[http://www.frbservices.org/files/operations/pdf/fedach\\_deadlines.pdf](http://www.frbservices.org/files/operations/pdf/fedach_deadlines.pdf)

### **Electronic Connections – FedLine Access Solutions**

ACH items must be delivered to and received from the Reserve Banks via an electronic connection. A financial institution may secure a connection capable of transmitting and receiving items or may choose to use the connection of a third party service provider for the transmission and receipt of items. Even if an institution itself does not maintain a connection capable of transmission and receipt, it can still monitor its FedACH activity and provide information services to its customers by securing an information only connection.

The Federal Reserve Banks' FedLine Access Solutions provide a variety of capabilities. Please do not hesitate to contact the Federal Reserve Bank Customer Contact Center (CCC) for assistance with understanding options or with service activation. You can find the CCC contact information by using the My FedDirectory Service found on FRBservices.org in the Contact Us section or via the following URL:

<http://www.frbservices.org/contacts/index.jsp>

The connection options available are discussed in detail on FRBservices.org, under Access Solutions - FedLine or at the following URL:

<http://www.frbservices.org/accesssolutions/index.html>

### **ACH Software Vendors**

ACH software vendors can be helpful if an institution plans to do FedACH origination for multiple customers. Beyond facilitating ACH origination and receipt, the software often includes additional beneficial capabilities such as item warehousing and prenote tracking.

When choosing ACH software vendors, an institution should focus on its long-term ACH operating needs. Because ACH processing and regulatory environments change, it is best to choose software that can easily adapt to regulatory changes. It also is important to make sure the software vendor has a track record of promptly providing software updates when necessary due to processing or regulatory changes.

The ACH Software Vendor Considerations document is designed to assist an institution in the selection process. The document is located on FRBservices.org, under Operations Resources, FedACH Services Resources, Related Content or via the following URL:

[http://www.frbservices.org/files/operations/pdf/ach\\_software\\_vendor\\_considerations.pdf](http://www.frbservices.org/files/operations/pdf/ach_software_vendor_considerations.pdf)

### **Testing Resources**

Prior to sending the first FedACH file, an institution typically has a corporate customer send in a test file. This provides an opportunity to verify technical connectivity, format and processing procedures.

The institution should also plan to test with the Federal Reserve Bank to check file format and connectivity and to get a feel for how the process with the Federal Reserve would work. An institution can schedule to send/receive a data test file. Instructions for scheduling and setting up a test are provided on FRBservices.org, Operations Resources, FedACH Service Resources, Related Content, FedACH Testing or via the following URL:

[http://www.frbservices.org/operations/fedach/testing\\_opportunities.html](http://www.frbservices.org/operations/fedach/testing_opportunities.html)

### **FedACH Fees**

The FedACH Service fees provide an institution with the information needed to price FedACH services or reconcile a billing statement. Fees are posted on FRBservices.org under Service Fees, FedACH Service or at the following URL:

<http://www.frbservices.org/servicefees/index.html>

### **FedACH Value-added Services**

To help your institution manage and make the most of its ACH activity, the FedACH Service offers transmission services along with a variety of action-oriented information services.

- The FedACH SameDay Service is a proprietary service that provides same day settlement for certain ACH items.
- The suite of FedACH Risk<sup>®</sup> Management Services, serving both originating depository financial Institutions (ODFI) and receiving depository financial institutions (RDFI), are designed to provide your institution with the information it needs to monitor against ACH risk.
- The FedEDI<sup>®</sup> Plus Service searches ACH transactions to find more than just the traditional payment-related financial EDI information. The service turns data from ACH items into actionable reports for use by internal operations and by your key business clients. Reports can be delivered automatically through an encrypted email channel.

Detailed information on all FedACH services can be found in the FedACH section of FRBservices.org at the following URL:

<http://www.frbservices.org/fedach/index.html>

## Additional Resources

The resources below are just a few of those available to institutions beginning or expanding an ACH origination program.

- NACHA - the Electronic Payments Association
  - NACHA sets technical standards and provides the common rule set for ACH transactions. It supports the growth of the ACH Network by assisting in its development, administration and governance.
  - Educational publications for purchase, including the *Guide to ACH Origination*, a comprehensive guide to establishing and maintaining successful ACH operations, are available on its website.
  - <http://www.nacha.org>
  
- Regional Payments Associations (RPA)
  - Regional Payments Associations provide ACH information and resources to financial institutions. There are 18 separate RPAs, and all serve the common cause of providing essential benefits to their members. These benefits include NACHA Operating Rules guidance and operational support, ongoing education and training, audit services, marketing tools and guidance, publication sales, and more.
  - <http://www.nacha.org/c/RegPayAssoc.cfm>

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