

July 26, 2016

To: All FedACH[®] Services customers

ACH Network Quality Fee

As part of NACHA’s ongoing efforts to improve ACH Network quality, you may recall that, in August 2014, a rule change referred to as “Improving ACH Network Quality – Unauthorized Entry Fee” was approved with an implementation date of October 3, 2016. The new rule is expected to improve ACH quality by reducing the incidence of ACH debits that are returned as unauthorized.

Under the new rule, an ODFI will be assessed a fee for each ACH debit that is returned as unauthorized (return reason codes R05, R07, R10, R29, and R51). As a means of compensating the RDFI for a portion of the costs associated with handling unauthorized transactions, the fee collected from the ODFI will be credited to the RDFI. Over time, it is expected that RDFIs will experience reduced costs as a direct result of a reduction in unauthorized ACH transactions. The assessment, collection and disbursement of the unauthorized entry fees will be facilitated by the two ACH Operators.

Recognizing the potential significant impact of this rule change on ODFIs, in particular, FedACH Services will do a “soft implementation” of the associated software changes on August 1, 2016, so that FedACH Services customers will receive item counts of unauthorized return items originated and received, but with no accompanying fee assessment. Billing statements for August and September 2016, received in September and October respectively, will provide FedACH Services customers with an early glimpse at their unauthorized return item volumes. While the “soft implementation” period is intended to give FedACH Services customers an opportunity to familiarize themselves with the functioning of the new fees, it is also an opportunity for ODFIs to identify those originators generating unauthorized returns.

With the October 3, 2016, effective date for the rule, the unauthorized entry fee of \$4.50 per item will be set, and customers will see the ACH quality fees on their November 2016 billing statements for October data. The billing codes defined for the fee to be collected from the ODFI and for the credit to be passed on to the RDFI are provided below:

NACHA Unauthorized Entry Fee	57996	\$ 4.50/item
NACHA Unauthorized Entry Credit	57997	\$ 4.50/item (credit)

If you have any questions about either the August 2016 “soft implementation” or the October 3, 2016, implementation of the network quality fee, please contact FedACH and Check Services Customer Support at (877) 372-2457.