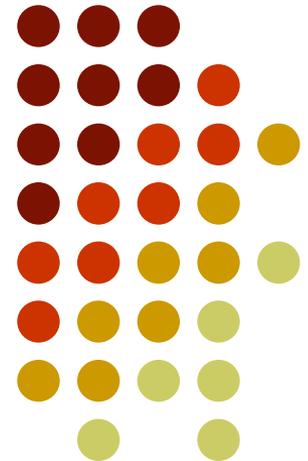


Understanding New Requirements in the ACH Network: International ACH Transaction (IAT)



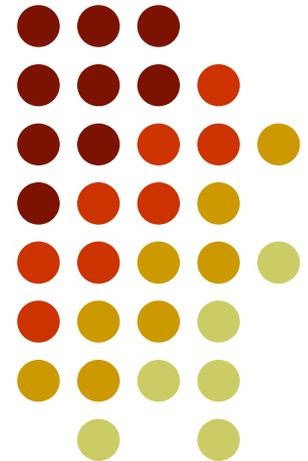
Part 1 of 3



Note: Due to NACHA's extension of the IAT implementation date, some differences exist between the information in this presentation and that of the accompanying audio recording. These known differences are identified as such using **red, bold, underlined text**.

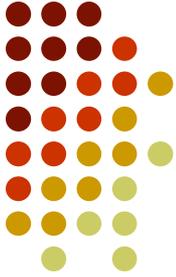


IAT Overview



Agenda

- Purpose of New Requirements
- Definitions
- Summary of Changes and Key Dates
- IAT Information Resources and Educational Initiatives



Purpose of New Requirements

Primary purpose:

- To respond to the Office of Foreign Assets Control's (OFAC) request to align the NACHA Rules with OFAC compliance
 - Makes it easier for RDFIs to comply with those obligations



Definition of International ACH Transaction (IAT)



- *International ACH Transaction* is an ACH entry that is part of a payment transaction involving a financial agency's office that is not located in the territorial jurisdiction of the United States
 - An office of a financial agency is involved in the payment transaction if it:
 1. Holds an account that is credited or debited as part of the payment transaction, or
 2. Receives funds directly from a Person or makes payment directly to a Person as part of the payment transaction, or
 3. Serves as an intermediary in the settlement of the payment transaction
 - “Financial agency” means an entity that is authorized by applicable law to accept deposits or is in the business of issuing money orders or transferring funds

Definition of Payment Transaction



Payment transaction:

- 1) An instruction of a sender to a FI to pay, or to obtain payment of, or to cause another FI to pay or to obtain payment of, a fixed or determinate amount of money that is to be paid to, or obtained from, a receiver, and
- 2) Any and all settlements, accounting entries or disbursements that are necessary or appropriate to carry out the instruction

Summary of Changes and Key Dates



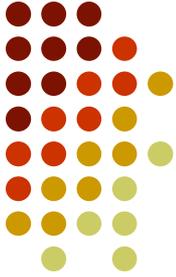
- Completely new format
 - New SEC code for international ACH transactions will be IAT for both consumer and corporate transactions
 - Use of multiple addenda records
- IAT implementation – **September 18, 2009**
 - Forward CBR/PBR transactions discontinued
 - CBR/ PBR returns permitted until **December 31, 2009**

Cross-border Survey

- Fall '07 Federal Reserve Financial Services cross-border ACH survey results
 - 69% of 554 respondents saw need in own organization for cross-border payments
 - 41% expect 15-25% annual growth in cross-border ACH market
 - *Adoption of new NACHA cross-border rules and format seen as major driver of growth*
 - 81% believe that account-to-account, cross-border ACH consumer products are important
 - Certainty of payment delivery most important attribute for cross-border payments product



Joint Educational Program Underway



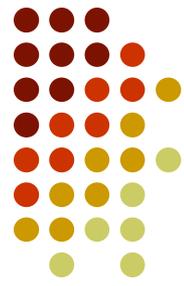
- NACHA and ACH operators coordinated campaign to increase awareness of changes and readiness for IAT implementation
 - March 2008 letter to CEOs of DIs
 - IAT teleseminars and webinars
 - RPA training on IAT
 - Special sessions at PAYMENTS, The Payments Institute, RPA conferences, Institute of International Payments
 - Educational on-line resource centers



Federal Reserve Activities

- January 2008 - Held webinar for software vendors
- March 2008 - Launched Federal Reserve IAT Resource Center
 - Review of IAT
 - Specific information for ODFIs, RDFIs, software suppliers and service providers
 - IAT readiness checklists
 - FAQs
 - Links to additional resources
- May 2008 - IAT survey in Federal Reserve Financial Services booth at NACHA Payments
 - Results available on the IAT Resource Center

IAT Resource Center



ACCESS FEDLINE
ACCESS TREASURY
ABOUT US
CONTACT US
SERVICE STATUS

Federal Reserve Financial Services

Creating Nationwide Solutions for Your Payment Needs

GO

BROWSE BY PRODUCT >
Access Solutions
Account Services
Check
FedACH®
FedCash
Fedwire
National Settlement
Treasury

BROWSE BY TOPIC

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FedACH® International ACH Transaction (IAT) Resource Center

Latest News

05/19/2008

[IAT Survey - We want to know! Take a couple minutes to share your thoughts about IAT and the future of cross-border payments.](#) (Off-Site Link)

IAT Available in:

301
DAYS
07
HRS
04
MIN

05/09/2008

[May 2008 FedFocus](#)

04/15/2008

[FedFlash](#) | [Operational News](#)

03/20/2008

- [New NACHA Rule for International ACH Payments Takes Effect in One Year](#) (PDF)

MORE NEWS

This resource center will help your institution and its customers learn more about International ACH Transaction (IAT). The following information is designed for general use in navigating the IAT standard entry class (SEC) code in relation to your financial institution's ACH processing activity.

IAT Resource Center Now Available

All institution's processing ACH need to prepare for the implementation of the new IAT SEC code in March 2009. [Learn more here.](#)

1
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Federal Reserve Activities

- May 2008 – **September 2009**
 - Seven teleseminars scheduled on IAT
- **September 18, 2009**
 - Begin processing IAT entries as ACH operator
 - Begin originating outbound IAT entries as gateway operator
 - **Open Fed Gateway to inbound IAT items**
 - **Implement inbound OFAC screen**



IAT Information Resources

- FedACH IAT Resource Center

www.frb services.org/eventseducation/education/fedach_iat_resource_center.html

- NACHA

- IAT Industry Information -

- www.nacha.org/IAT_Industry_Information/

- IAT scenarios document -

- http://gpf.nacha.org/docs/IAT_Scenarios_-_Domestic_or_International.pdf

- *2009 Rules Changes and New Formats for International ACH Transaction (IAT) Entries sections in 2008 ACH Rules Book*

Contact Information



IAT-related questions
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