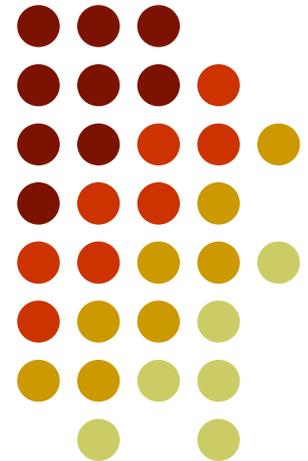


# Understanding New Requirements in the ACH Network: International ACH Transaction (IAT)



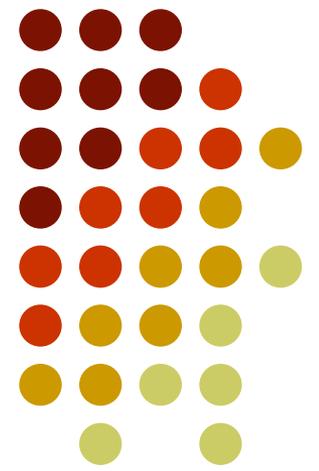
## Part 3 of 3



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**.



# Format Changes and Implementation



# Agenda

- Who Needs to Make Changes?
- Key Format Features of IAT
- Returns and NOCs
- Federal Reserve Implementation
- IAT Information Resources and Educational Initiatives



# **All ACH participants must apply changes associated with IAT...**

- Originators
- ODFIs
- Correspondents
- ACH operators
- Gateway operators
- RDFIs
- Receivers
- Related software vendors



# Who will need to make changes?



- Front Lobby
  - More data required for originators and receivers
  - Update transaction forms
  - Educate staff and customers
- Operations
  - ACH software
  - Backroom processing and screening
  - Data archive
- Compliance
  - Reporting
  - Update policies, practices, and procedures



# RDFIs must remember...

- IAT is a valid SEC code that must be processed according to NACHA Rules
- All RDFIs in the ACH network are required to receive IAT entries and post the entries to receivers' accounts
- Any RDFI is a potential receiver of an IAT



# Entry Detail Record Changes

- Three new fields added
  - Number of addenda records (Field 5)
  - Gateway operator OFAC screening indicator (Field 10)
    - “0” no match for blocked party
    - “1” match for blocked party
  - Secondary OFAC screening indicator (Field 11)
    - May be used by correspondents or ACH service providers
- Individual name / Receiving company name moved to first IAT addenda record



# Addenda Record Changes

- Addenda records identified by addenda type code (Max of 12)
- Use of seven mandatory records to identify transaction parties and financial institutions
  - Coincides with “Travel Rule” data requirements



# Addenda Record Changes

- Up to five optional addenda records can be included
  - Optional remittance information record (Maximum of two)
  - Foreign correspondent bank information record
    - Foreign correspondent
    - Receipt entries only
  - Company name moved to second IAT addenda record from batch header record

# Transaction Type Codes

- The use of the transaction type code field for inbound IAT transactions is expanded to carry a secondary SEC code for WEB, TEL, ARC, POP, BOC, RCK, POS, SHR, and MTE
- Supports the RDFI's need to provide descriptive information for consumer statements as required by Reg E, located in the remittance addenda record
  - If ARC, BOC, POP or RCK codes are listed, a NACHA banking convention has been developed to carry the check serial number
  - For POP, the check serial number, terminal city and terminal state/ foreign country are required
  - For POS, SHR and MTE, the terminal location, terminal city, and terminal state/foreign country are required





# Returns

- All seven mandatory forward addenda records must be included with returns
- Must also contain Addenda type code 99 – Eighth addenda record to provide return reason code and original tracing information
- Dishonored / Contested dishonored returns not supported
- Inbound entries can be returned as unauthorized for up to 60 calendar days

# Notifications of Change (NOC)

- IAT indicator field (Field 3 – Batch header record) must contain “IATCOR”
- Only one addenda record used
- Refused NOCs no longer supported.

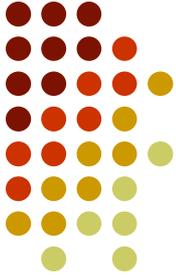




# Federal Reserve Implementation

- IAT SEC code implementation
  - Edit FedACH application
  - Bi-directional payments\*
    - Implementation for outbound and inbound FedACH International items – September 18, 2009
    - Conduct OFAC screening for FedACH International Services inbound IATs
- Planning for new country and service expansion under way

# 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 DFIs
  - 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



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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:

DAYS	301	HRS.	07	MIN.	04
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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 2 3 4 11



# 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](http://www.frb services.org/eventseducation/education/fedach_iat_resource_center.html)

- NACHA

- IAT Industry Information -

- [www.nacha.org/IAT\\_Industry\\_Information/](http://www.nacha.org/IAT_Industry_Information/)

- IAT scenarios document -

- [http://gpf.nacha.org/docs/IAT\\_Scenarios\\_-\\_Domestic\\_or\\_International.pdf](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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