

## Revisions to Operating Circular 4

### Summary of Key Changes

Effective Sept. 23, 2016, the Federal Reserve Banks are amending Operating Circular 4, *Automated Clearing House Items* in conjunction with the Phase 1 implementation of Same Day ACH in the *ACH Rules*. In addition, effective October 3, 2016, the Federal Reserve Banks will begin to collect and disburse the fees provided for in the *ACH Rules* as a means of improving ACH Network quality.

Appendix G to Operating Circular 4 has been amended to reflect planned enhancements to the FedGlobal® ACH Payments compliance program.

For Same Day ACH, the following amendments are reflected in the updated Operating Circular 4:

- Revisions were made to further explain or qualify the collection of fees
  - Paragraph 1.4, section (b)(iv): specific language around fees collected on behalf of NACHA eliminated and a reference to new paragraph 1.6 added
  - Paragraph 1.6: added to clarify Board staff position on collection of fees on behalf of NACHA
  - Section 18.0: modified existing paragraphs and added new paragraphs to more accurately address the collection of ACH Quality Fees and Same Day Entry Fees on behalf of NACHA
  - Paragraph 20.1, section (d): additional language to preclude claims against the Reserve Banks for collection or distribution of any fee
  - Paragraph 20.2, section (c): new language limiting Reserve Bank damages related to any fee collected or distributed
  - Paragraph 22.1: added language to address collection or payment of fees
- All references to the opt-in requirements for the FedACH® SameDay Service were removed. Specifically,
  - Paragraph 2.1: removed sections (r) and (s)
  - Paragraph 6.4: eliminated
  - Paragraph 7.5: eliminated
  - Paragraph 14.3: eliminated
  - Appendix B, Section 5.0: eliminated
- Paragraph 3.4, section (b): removed reference to SEC codes TRX and TRC
- Paragraph 3.5: added language to address same day processing and release of files for processing
- Paragraph 5.3, footnote 1: added language to address same day processing and prefunding
- Added reference to Appendix B for details surrounding settlement
  - Paragraph 7.2
  - Paragraph 10.2

- Paragraph 10.4: modified language to correctly refer to batch and file as well as to item
- Revisions were made to Appendix B as follows:
  - Paragraph 1.3: completely rewritten to reflect new transmission deadlines and settlement schedules
  - Paragraph 1.5: deleted as content was redundant to content of paragraph 1.3
  - Paragraph 2.1: removed references to same day items and NACs items
  - Paragraphs 3.1 and 3.2: clarified language pertaining to Same Day ACH
- Appendix E, Paragraph 4.4: new language to address same day settlement of pended batches

The following amendment to Operating Circular 4 reflects the Federal Reserve Banks' role in the collection and disbursement of NACHA's Unauthorized Entry Fee:

- Added section 18.3 stating that the Federal Reserve Banks will collect the ACH quality fee from the sending bank and will credit the receiving bank

Appendix G amendments in support of compliance efforts for FedGlobal ACH Payments are as follows:

- Paragraph 5, section (h): new requirement that each bank will provide the Reserve Bank with information to assist in assessing, monitoring and managing its compliance risk.
- Paragraph 5, section (i): new statement that the Reserve Bank may restrict or terminate a bank's access to FedGlobal ACH Payments if that bank's participation poses an unacceptable compliance risk
- Paragraph 5, section (j): new requirement that a bank provide the Reserve Bank with notification of any public enforcement action related to cross-border payments within 30 days of the action

Your continued use of Reserve Bank services on or after September 23, 2016, constitutes agreement to the new terms of the operating circular.

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