



# Corporate User ACH Origination Basics Electronic Guide

## Purpose

The purpose of this guide is to give a high-level, easy to comprehend understanding of the *NACHA Operating Rules and Guidelines* for companies Originating ACH transactions. Understanding the Rules is important, because violations can incur hefty fines. A strong understanding of the basics can also help streamline your ACH Origination processes and procedures. A free version of the Rules can be found on the National Automated Clearing House (NACHA) website [www.nachaoperatingrulesonline.org](http://www.nachaoperatingrulesonline.org). You may also purchase a hard copy of the Rules through UMACHA's website [www.UMACHA.org](http://www.UMACHA.org).

For more information on becoming a member of UMACHA or to learn more about educational training and services offered by UMACHA call 1-800-348-3692 or visit [www.UMACHA.org](http://www.UMACHA.org).

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# ACH Network Basics

## Key Terms

### **ACH**

The Automated Clearing House. A funds transfer system that provides for the processing and settling of electronic Entries for financial institutions.

### **ACH Operator**

There are two ACH Operators within the United States. The first is the Federal Reserve, and the second is The Clearing House which is privately owned. The originating ACH Operator accepts input from qualified Originating Depository Financial Institutions (ODFIs), sorts the input by routing number, and delivers it to the appropriate receiving ACH Operator or Receiving Depository Financial Institution (RDFI) within specific time frames.

### **NACHA**

The National Automated Clearing House Association creates and manages the Rules and Guidelines of the ACH Network.

### **NACHA Operating Rules and Guidelines**

The rules and guidelines that govern the ACH Network. All Originators must comply with the *NACHA Operating Rules and Guidelines*. Rules violations could incur fines.

### **Originator**

An Originator is typically a business that creates transactions (Entries) within the ACH Network. These could include transactions such as payroll, rent, or dues, etc.

### **Third-Party Sender (TPS)**

A type of Third-Party Service Provider that acts as an intermediary in transmitting Entries between an Originator and an ODFI. A Third-Party Sender acts on behalf of an Originator or another Third-Party Sender. A Third-Party Sender is never the Originator for Entries it transmits on behalf of another Organization, however, it may be an Originator of other Entries initiated on its own behalf.

### **Originating Depository Financial Institution (ODFI)**

A Financial Institution with whom the Originator has an agreement to submit ACH transactions to an ACH Operator on their behalf (your bank or credit union).

**Receiving Depository Financial Institution (RDFI)**

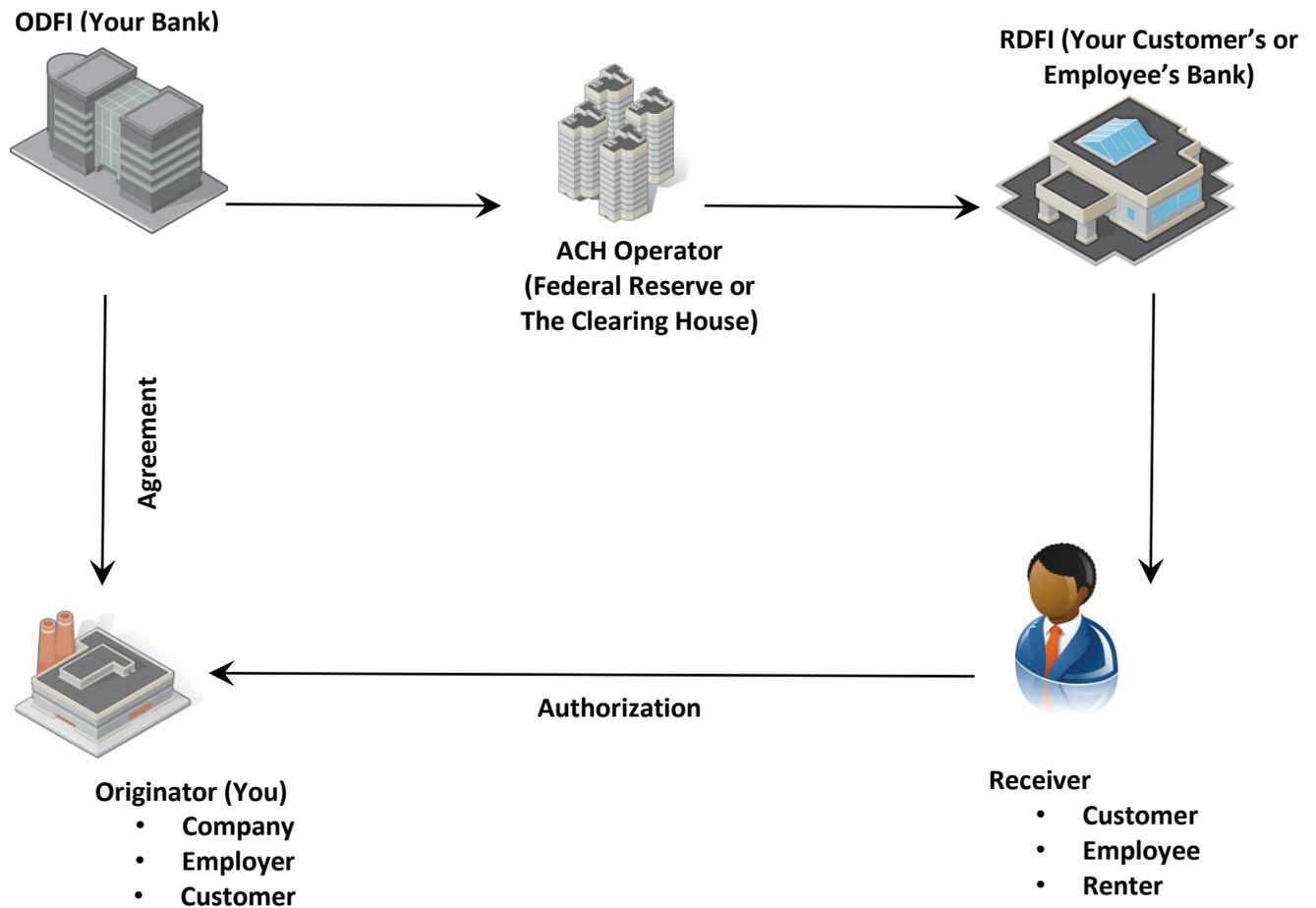
The Receiving Financial Institution of an ACH transaction (your customer's, employee's, or vendors bank or credit union).

**Receiver**

The party that ultimately receives an ACH transaction. This could be an employee, customer, renter, etc.

## ACH Flow

An Originator sends an ACH file to their Financial Institution, the Originating Depository Financial Institution (ODFI). The ODFI then transmits ACH files on behalf of its Originators to the Operator (Federal Reserve or The Clearing House). Each transaction is then parsed out to the appropriate Receiving Depository Financial Institution (RDFI), who then posts the transaction to the appropriate account.



\*There can be other participants within the ACH Network, but those noted above are necessary. Third parties often play a role helping the Originating Company, their bank or credit union, or the receiving company (by co-managing the transaction).

## ACH Products

There are several different ACH products a company can use when transmitting transactions within the ACH Network. Each product type is assigned a Standard Entry Class Code (SEC Code) to denote what type of product is being used. The three most commonly used products are:

### Prearranged Payment and Deposit

This is a consumer transaction. It is used to credit or debit consumer accounts, and should not be used for corporate to corporate transactions. If a company uses PPD for a transaction going to another corporate account, they are extending consumer protection rights to a corporation. This gives them a 60 day right to return the transaction versus a 2 day right of return for unauthorized transactions.

#### SEC Code PPD

##### Types of uses

- Payroll
- Payroll Reimbursements
- Pension Dividends
- Insurance Payments
- Rent Payments
- Utility Payments

### Corporate Credit or Debit Entry

This is a corporate transaction. It is used to credit or debit corporate accounts and should not be used for consumer transactions.

#### SEC Code CCD

##### Types of Uses

- Vendor Payments
- Trading Partner money movement
- Cash concentration within a corporation
- Healthcare Payments
- Can carry up to 80 characters of payment information

\*Refer to your Financial Institution in order to understand the importance of using the correct SEC Code in order to mitigate risk

\*For a full listing of SEC Codes refer to the *NACHA Operating Rules and Guidelines* Section V Standard Entry Class Codes

## Corporate Trade Exchange

This is a corporate transaction. It is used to credit or debit corporate accounts and should not be used for consumer transactions. Unlike a CCD payment, there is additional room to include up to 9,999 characters in the transaction addendum. This could be used to provide such things as invoice or health insurance information.

### **SEC Code CTX**

#### **Types of Uses**

- Vendor Payments
- Trading Partner money movement
- Cash concentration within a corporation
- Healthcare Payments

\*For a full listing of SEC Codes refer to the *NACHA Operating Rules and Guidelines* Section V Standard Entry Class Codes

## Authorizations

An authorization between the originating company and receiver (customer or employee) is required prior to initiating the transaction. However, not all authorization requirements are the same. Confirm with your Financial Institution (Bank or Credit Union) or RPA (Regional Payments Association) what is needed for a proper authorization for each SEC code your company originates.

### Authorization, Retention, and Change in Term Requirements

#### PPD Credits (Consumer Transaction)

##### **Authorization Requirement**

Consumers may provide authorization for credits (payroll, expense reimbursement, etc.) either verbally or in writing. However, it is considered best practice to obtain written authorization.

##### **Retention Period**

Two years past cancellation or termination.

##### **Change in Term Requirement**

No notice required.

#### PPD Debits (Consumer Transaction)

##### **Authorization Requirement**

Consumers **must** provide authorization in writing that is a signed or similarly authenticated method. The authorization must be readily identifiable as an ACH debit authorization and contain clear and readily understandable terms. This includes the method in which a consumer can cancel or terminate the authorization.

##### **Retention Period**

Two years past cancellation or termination.

##### **Change in Term Requirement**

If there is a change in the amount, the business must send a written notice to the consumer that contains the new amount and the date on which it will be debited at least ten calendar days prior to the transaction posting. If there is a change in the date of the transaction, the business must send a written notice to the consumer that contains the new date and the next date on which it will be debited at least seven calendar days prior to the transaction posting. This does not include holidays or weekends.

\*For a full listing of authorization requirements per SEC Code refer to the *NACHA Operating Rules and Guidelines* Section V Standard Entry Class Codes

## CCD and CTX Credits or Debits (Corporate Transactions)

### **Authorization Requirement**

Normally a signed agreement between corporations or similar trading partner agreement. This agreement should include language that states the corporation (receiver) is bound by the *NACHA Operating Rules and Guidelines*.

### **Retention Period**

No retention requirement.

### **Change in Term Requirement**

No notice required.

**\*\*\*Sample Authorization forms are located on pages 18-21 in the Appendix.\*\*\***

\*For a full listing of authorization requirements per SEC Code refer to the *NACHA Operating Rules and Guidelines* Section V Standard Entry Class Codes

## Sending Files

### Next Day ACH vs. Same Day ACH

Next day ACH is the traditional form of ACH. Next day transactions settle on the next business day. Same Day ACH was introduced to the network in 2016, and continues to grow. Same Day ACH transactions settle on the same business day.

#### Why is this important?

The transactions that you submit to your Financial Institution should include an Effective Entry Date. This is the date that you intend the transaction to post to the receivers account. If you send a file with a stale date (date in the past) or today's date to your Financial Institution, it could post "today" unintentionally. This could cause your organization and/or your customers to become overdrawn at their respective financial institution, among other implications.

### Prenotifications

#### What is a Prenotification?

Also known as a Prenote. It is a non-value transaction used to verify an account prior to sending a live transaction.

#### Why should Prenotes be used?

A Prenote is a great tool to use. You can send a Prenote prior to sending the first transaction to your employee's/customer's/vendor's account. This will verify that the information that was provided to you was correct.

#### When should a Prenote be sent?

A Prenote must be sent at least three business days before sending the first live transaction. This will give the receiving Financial Institution enough time to respond in case the information is incorrect.

#### What happens if the Prenote Information is incorrect?

In the event that the information in the Prenote is incorrect one of two things will happen. The Prenote will be returned, or you will receive a Notification of Change (NOC).

- **If the payment is returned**, you cannot send a live transaction. You will need to obtain the correct information from your employee/customer/vendor prior to sending a live transaction.
- **If you receive a Notification of Change** you must make the requested change prior to sending a live transaction.

\*Contact your Financial Institution for Same Day ACH and Next Day ACH cutoff times

\*For more information on Prenotifications, refer to the *NACHA Operating Rules and Guidelines* Section II; Chapter 19 Originators and Prenotifications and Notifications of Change

## Notification of Change

### What is a Notification of Change?

A Notification of Change (NOC) is sent by the Receiving Financial Institution to notify you that something was incorrect with either a Prenote or live transaction that you originated. A notice of Notification of Change should be given to you by your Financial Institution. This could be done verbally or in writing. It should give you information on the original Prenote or transaction, and also the information that needs to be corrected.

### What steps need to be taken after receiving a Notification of Change?

After receiving an NOC you will need to investigate and correct the transaction. For corrections on live transactions you will need to make the change within six banking days, or prior to the next transaction, whichever is later. If the NOC is in response to a Prenotification you need to make the change prior to sending a live transaction, unless the Receiving Financial Institution sends the NOC untimely. An untimely NOC is made available after the second business day on which the Prenote settled. In the case of an untimely NOC in response to a Prenote, you have six banking days to make the change.

### Is it ok to make the requested change? What is the risk of making the change?

Yes, it is ok to make the requested change. When the Receiving Financial Institution sends an NOC they make a warranty that the information provided in the NOC is correct. In addition, you are indemnified against all claims, demands, losses, or expenses that result from a breach of said warranty.

### What happens if a Notification of Change is ignored?

Ignoring a Notification of Change could lead to a rules violation complaint against your company, and Rules Enforcement proceedings. If found in violation of the Rules, fines may be assessed.

Common Notification of Change Codes	
Code	Meaning
C01	Incorrect Account Number
C02	Incorrect Routing Number
C03	Incorrect Routing and Account Number
C05	Incorrect Transaction Code
C06	Incorrect Account Number and Transaction Code
C07	Incorrect Routing Number, Account Number, and Transaction Code

\*A complete list of change codes for Notifications of Change can be found in the *NACHA Operating Rules and Guidelines* Appendix Five

\*Warranties made by a Receiving Depository Financial Institution can be found in the *NACHA Operating Rules and Guidelines* Article Three – Rights and Responsibilities of RDFIs and Their Receivers

\*Information on Rules Enforcement and fines can be found in the *NACHA Operating Rules and Guidelines* Appendix Ten – Rules Enforcement

## Returned and Rejected Transactions

### Rejected Transactions

Entire files or individual transactions may be rejected by the Federal Reserve or the Clearing House for not meeting formatting criteria, or if the routing number used does not exist. You should receive notification from your financial institution should a transaction(s) be rejected by the Federal Reserve or the Clearing House.

### Returned Transactions

Sometimes originated transactions are returned for various reasons. You should receive notification from your financial institution when a transaction is returned. It is important to track returns and make changes to the transaction if necessary, or cease generating the transaction completely.

Common Return Reason Codes	
Code	Meaning
R01/R09	Insufficient Funds/Uncollected Funds
R02	Account Closed
R03	No Account/Unable to Locate Account
R04	Invalid Account Number Structure
R05	Unauthorized Debit to Consumer Account Using Corporate SEC Code (CCD or CTX)
R07	Authorization Revoked by Customer
R08	Payment Stopped
R10	Customer Advises Unauthorized, Improper, Ineligible, or Incomplete
R23	Credit Refused by Receiver
R29	Corporate Customer Advises Not Authorized

\*Information on rejected transactions and files can be found in the *NACHA Operating Rules and Guidelines* Appendix Two Specifications for Data Acceptance by ACH Operators

\*A complete list of Return Reason Codes can be found in the *NACHA Operating Rules and Guidelines* Appendix Four

## Unauthorized and Authorization Revoked Returns

### **What should you do when a debit transaction is returned as Unauthorized or Authorization Revoked (Return Reason Codes R10, R07, R29)?**

You should immediately remove the transaction from future files. A new authorization is required in order to send the transaction again.

#### **Are there additional steps or other options?**

Contact your financial institution. They can contact the ACH Department of your customer, renter, etc. and request a copy of a signed Written Statement of Unauthorized Debit Form (WSUD). This form is required to be signed by the customer, renter, etc. (does not apply to business accounts) before returning a transaction as unauthorized or authorization revoked. Once requested, the receiving financial institution has 10 calendar days to provide a copy of the form. If the receiving financial institution is unable to do so, you can have your financial institution dishonor the return. If a signed copy of the form was completed, you will need to work with your customer, renter, etc. to resolve the transaction.

There are also specific timeframes in which a transaction can be returned as unauthorized or authorization revoked. You can work with your financial institution to determine whether the transaction was returned timely or not. If it was returned untimely, your financial institution can dishonor the return.

#### **What happens if the transaction is not fixed?**

Ignoring a transaction that is returned as unauthorized or authorization revoked, and either reinitiating the current transaction, or sending a new transaction without an updated authorization could lead to a rules violation complaint against your company, and Rules Enforcement proceedings. If found in violation of the Rules, fines may be assessed.

## Administrative Returns

### **What is an administrative return?**

An administrative return is a transaction that has been returned due to the account being closed, no account/unable to locate account, or an invalid account number structure.

#### **What should you do when a transaction is returned due to an administrative issue or error?**

You should immediately remove the transaction from future files, and obtain a new authorization with the correct account information for your employee, customer, renter, etc.

#### **What happens if not fixed – Rules Violation/Fees**

Ignoring a transaction that is returned due to an administrative issue or error, and either reinitiating the current transaction or sending a new transaction without an updated authorization could lead to a rules violation complaint against your company, and Rules Enforcement proceedings.

\*Information on Rules Enforcement and fines can be found in the *NACHA Operating Rules and Guidelines* Appendix Ten – Rules Enforcement

## Return Rate Thresholds

### Unauthorized, Administrative, and Overall Return Thresholds

Return Rates are tracked and should not exceed the following thresholds:

- Unauthorized or Authorization Revoked Return Rate – 0.5%
- Administrative Return Rate – 3.0%
- Overall Return Rate – 15%

### Who tracks the return rates?

Your financial institution is responsible for monitoring the return rates for each company that originates ACH transactions. Information on Return Rate Reporting can be found in the *NACHA Operating Rules and Guidelines* Article II Rights and Responsibilities of ODFI's, Their Originators, and Third-Party Senders. You can also contact your financial institution or UMACHA with questions.

### What happens if you exceed a return rate?

NACHA may contact your financial institution. The financial institution is then required to give a statement either refuting NACHA's claim or giving a reason why the return rate threshold was exceeded. Some of the information that will need to be provided to NACHA includes: the complete legal name and DBA's of the business, Tax-Payer Identification Number, originated transaction volume for a time period specified by NACHA.

If after investigation, it is determined the threshold was exceeded your financial institution is also required to provide the following:

- A detailed plan and timeline to reduce your return rate within 30 days of the notice sent by NACHA.
- The address, telephone number, and a point of contact at the company.
- If privately held, the principal owners and officers
- A description of the business
- The length of the relationship between the company and financial institution

### What should you do if you exceed a return rate?

You will need to cooperate with your financial institution by following a detailed plan and timeline to reduce your return rate within 30 days. You will then need to keep the return rate below the threshold for 180 days.

### What happens if you don't lower your return rate?

NACHA may initiate a rules enforcement proceeding for a Class 2 Rules Violation. A Class 2 Rules Violation could result in a fine of up to a \$100,000 per month until the issue is resolved plus additional fines as it relates to a specific Originator. Your company may also have their ACH Origination Services terminated, and could possibly be added to the Terminated Originator Database. The database is used as a tool for financial institutions to determine whether or not they want to offer ACH Origination

Services to a company. This means it may be difficult to sign up for ACH Origination Services at another financial institution.

## Reinitiating Transactions

### **Can a transaction be reinitiated?**

Yes, a returned transaction may be reinitiated if:

- It was returned for insufficient or uncollected funds (can only be reinitiated twice)
- The transaction was returned as a stop payment, and you have received authorization from the receiver after the transaction was returned
- You have taken corrective action to fix the reason for the return
- It is within 180 days of the settlement of the original transaction

### **What are the requirements for reinitiating a payment?**

- Reinitiated transactions must be processed in a separate batch and contain the words “RETRY PYMT” in the Company Entry Description field of the batch header. The Company Entry Description field cannot contain any other additional information.
- The Company Name, Company ID, and amount fields must be identical to the original transaction. You should only make changes to additional fields if it is to correct an error.

\*Information on Reinitiation of Returned Entries can be found in the *NACHA Operating Rules and Guidelines* Article Two Rights and Responsibilities of ODFI's, Their Originators, and Third-Party Senders

## Reversals

### Can a file or batch be reversed?

A file (or batches within a file) may be reversed if it is a duplicate or erroneous file. A duplicate file is a file that was sent twice in error. A duplicate file is exactly the same as the original and contains the same effective entry dates, trace numbers, dollar amounts etc. An erroneous file is one that contains a substantial amount of incorrect information such as account numbers or amounts.

### What are the requirements for processing a file reversal?

- The file must be reversed so that it is available to the receiving financial institution no later than 5 business days from the original transaction's settlement date.
- The word "REVERSAL" must be in the Company Entry Description field of the batch header.
- The reversal file must be sent within 24 hours of the discovery of the error.
- If the file is erroneous the correcting file must be processed at the same time

### Can a single transaction be reversed?

A transaction can be reversed if it is a duplicate of a previous transaction, the payment to or from the receiver is different than the receiver intended, the amount is different than intended, or it is a PPD Credit that meets the following criteria:

- o Related to the receiver's employment (payroll, expense check, etc.)
- o The amount has been provided to the employee in check form at or prior to their termination or withdrawal of employment
- o The ACH was transmitted prior to the delivery of the check to the employee

In addition, you must:

- Make a reasonable attempt to notify the receiver of the transaction that a reversal is being sent prior to the settlement of the reversal
- Send the transaction to the receiving financial institution by midnight of the fifth banking day following settlement of the original transaction

### Is there any risk in processing a reversal?

If you are reversing a credit (deposit) transaction, there may be some risk involved. The receiver of the deposit may have already spent the funds that were erroneously sent. In the event that this happens the receiving financial institution may return the reversal for insufficient funds. In the event this happens you would need to resolve the issue with the receiver.

### What can you do if you need to reverse a transaction outside of the 5 banking day timeframe?

You will need to work with your financial institution. They can request that the receiving bank return a transaction, however the receiving bank is not required to comply. Your financial institution may also ask that the company indemnify them against any losses before attempting to contact the receiving bank.

\*Information on Reversals can be found in the *NACHA Operating Rules and Guideline* Section II Chapter 20 Originators and Reversals and Reclamations

## ACH Security Framework

### **What is the ACH Security Framework Amendment, and how does it affect our company?**

The *NACHA Operating Rules and Guidelines* “ACH Security Framework” amendment requires Participants in the ACH Network to establish a data security framework which meets certain minimum data security obligations. It requires Non-Consumer Originators (companies), to establish, implement and as appropriate; update security policies, procedures, and systems related to the initiation, processing and storage of ACH Entries and resulting Protected Information.

This amendment requires your financial institution to perform a level of due diligence to form a reasonable belief that each of their Originators have the capacity to comply with the ACH Security Framework amendment.

### **Why does my financial institution require an onsite visit or security checklist as part of our agreement?**

In order to comply with the “ACH Security Framework” amendment, your financial institution may require an onsite visit or that you fill out a security checklist/questionnaire. This helps to determine whether or not your company is using commercially reasonable security measures to protect sensitive information.

### **What are some security measures the company could implement?**

- Store physical copies of sensitive information in a locked and secure location
- Maintain a clean desk policy
- For digital security of data consider implementing the following:
  - o Password controls:
    - i. Strong password requirements (minimum length, character requirements, etc.)
    - ii. Secure storage of passwords, including ensuring they are not posted at workstation
    - iii. Required changes of passwords after a certain period of time
    - iv. Lockout of user account after a certain number of invalid attempts
    - v. Timeout or automatic locking of workstation after so many minutes
  - o Restricted access to files on network by job responsibilities
  - o Designated PC for any internet banking or funds transfer services, such as ACH
  - o Updated anti-virus and anti-malware programs
  - o Automatic software patches or upgrades, including operating system updates
  - o Restrictions on types of internet sites that can be used or usage of company e-mail
  - o Firewall for office network
  - o Secure e-mail for communications with customers/employees when sensitive information is being transmitted
  - o Encrypted or secured customer websites if used for accepting payment requests
  - o Encryption for laptops or other mobile devices
  - o “Self-destruct” or “remote clean” ability for lost or stolen mobile devices

- Controls for remote connections to and from the company (e.g. Virtual Private Network [VPN] connection)
- Provide employee training on the following topics:
  - Password Security
  - Social Engineering
  - Acceptable internet and email usage
  - Security of mobile devices/laptops when travelling
- Implementing a document retention schedule or procedure
- Secure destruction of physical and digital data
- Creating an Incident Response Plan



## Consumer Authorization for Direct Deposit Via ACH with Split Deposits

Direct Deposit via ACH is the deposit of funds to a consumer's account such as: payroll, employee expense reimbursement, government benefits, tax and other refunds, annuities, and interest payments.

Check all that apply:  Begin Deposit  Change Information  Split Among Multiple Accounts

I (we) hereby authorize \_\_\_\_\_ ("COMPANY") to electronically credit my (our) account (and, if necessary, to electronically debit my (our) account to correct erroneous credits). I (we) agree that ACH transactions I (we) authorize comply with all applicable laws.

### Account #1

Checking Account /  Savings Account (select one) at the depository financial institution named below ("DEPOSITORY").

Depository Name: \_\_\_\_\_

Routing Number: \_\_\_\_\_ Account Number: \_\_\_\_\_

Name(s) as it appears on the Account: \_\_\_\_\_

Amount of credit(s) or method of determining amount of credit(s): \_\_\_\_\_

Date(s) and/or frequency of credit(s): \_\_\_\_\_

### Account #2

Checking Account /  Savings Account (select one) at the depository financial institution named below ("DEPOSITORY").

Depository Name: \_\_\_\_\_

Routing Number: \_\_\_\_\_ Account Number: \_\_\_\_\_

Name(s) as it appears on the Account: \_\_\_\_\_

Amount of credit(s) or method of determining amount of credit(s): \_\_\_\_\_

Date(s) and/or frequency of credit(s): \_\_\_\_\_

### Account #3

Checking Account /  Savings Account (select one) at the depository financial institution named below ("DEPOSITORY").

Depository Name: \_\_\_\_\_

Routing Number: \_\_\_\_\_ Account Number: \_\_\_\_\_

Name(s) as it appears on the Account: \_\_\_\_\_

Amount of credit(s) or method of determining amount of credit(s): \_\_\_\_\_

Date(s) and/or frequency of credit(s): \_\_\_\_\_

I (we) understand that this authorization will remain in full force and effect until I (we) notify COMPANY **insert manner of revocation, i.e., in writing, by phone, location, address, etc.** that I (we) wish to revoke this authorization. I (we) understand that COMPANY requires at least **X days/weeks** prior notice in order to cancel this authorization.

Name(s): \_\_\_\_\_  
(Please Print)

Date: \_\_\_\_\_ Signature(s): \_\_\_\_\_

**NOTE: WRITTEN CREDIT AND DEBIT AUTHORIZATIONS MUST PROVIDE THAT THE RECEIVER MAY REVOKE THE AUTHORIZATION ONLY BY NOTIFYING THE ORIGINATOR IN THE MANNER SPECIFIED IN THE AUTHORIZATION.**

\* This sample is taken from the NACHA Operating Rules and Guidelines Appendix F Sample Authorization for Direct Deposit via ACH



Trading Partner Authorization for Direct Payment via ACH

Company sells goods and/or services to ABC Company and/or one or more of its wholly-owned subsidiaries.

ABC Company desires the flexibility to make payments for such goods and/or services electronically through the ACH Network. Company agrees to grant such flexibility.

Therefore, Company hereby (1) authorizes ABC Company to make payments for goods and/or services by ACH, (2) certifies that it has selected the following depository financial institution, and (3) directs that all such payments be made as provided below:

Financial Institution Name: \_\_\_\_\_

Address: \_\_\_\_\_

Routing Transit Number: \_\_\_\_\_

Account Name: \_\_\_\_\_

Account Number: \_\_\_\_\_

Payment Format (please circle selection)

CTX                      CCD                      CCD+

Company Contact: \_\_\_\_\_

Contact Telephone Number: \_\_\_\_\_

Company acknowledges and agrees to the terms and conditions of all agreements with ABC Company concerning the method and timing of payments for goods and/or services shall be amended as provided herein.

Company will give thirty (30) days advanced, written notice to ABC Company of any changes in depository financial institution or other payment instructions.

When properly executed, the authorization will become effective fifteen (15) days after its receipt by ABC Company. Both parties subject to this authorization agree to be bound by the NACHA Operating Rules and Guidelines.

I certify that I am an authorized signer, or otherwise have the authority to act, on the account identified in this statement.

Name of Company: \_\_\_\_\_

Signature of Authorized Representative \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_

\*This authorization is often part of a larger Trading Partner Agreement that may include trade terms, security requirements, etc.