



ACH Operations Bulletin

IAT Effective Date Extended to September 18, 2009

Issued: July 31, 2008

Effective: September 18, 2009

EXECUTIVE SUMMARY

NACHA's Board of Directors has extended the effective date of the International ACH Transaction (IAT) rules and formats for six months, to September 18, 2009. NACHA and the two ACH Operators - the Electronic Payments Network and the Federal Reserve - strongly encourage financial institutions to have all production software implemented by March 20, 2009, the original effective date, and to use the six-month extension for additional process documentation, testing with the ACH Operators, and customer education, training and testing.

ALL U.S. DEPOSITORY FINANCIAL INSTITUTIONS MUST PREPARE

Receiving Depository Financial Institutions (RDFIs) may already be receiving international ACH payments formatted as domestic transactions (for example, as CCDs and PPDs), and so may currently be unaware that they are receiving them. The IAT rules and formats will enable RDFIs to identify international ACH payments, and perform due diligence as required by the U.S. Office of Foreign Assets Control (OFAC).

After the effective date, any financial institution that participates in the ACH Network may receive an IAT, and must handle it in accordance with written OFAC policies. All RDFIs must therefore be prepared for this rule, even those that do not currently receive ACH payments formatted as cross-border payments (the existing CBR and PBR formats).

OFAC COMPLIANCE

While a financial institution can rely on vendors for ACH software, transaction processing, and OFAC screening, it remains responsible for compliance with OFAC regulations. A financial institution should work proactively with its vendors on software, screening, testing, and other readiness issues.

EDUCATION, TRAINING, AND TECHNICAL RESOURCES

All financial institutions are also encouraged to take advantage of education, training and technical assistance from their Regional Payments Association, their ACH Operator, and NACHA. These programs will continue through the new effective date. Visit NACHA's IAT Industry Resources web page at http://www.nacha.org/IAT_Industry_Information for a listing of resources.

NACHA CONTACTS

Questions about this ACH Operations Bulletin should be directed to:

Priscilla C. Holland, AAP, CCM
Senior Director, International Programs
Ph: 703-561-3916
E-mail: pholland@nacha.org

Debbie Barr, AAP, CTP
Senior Director, ACH Network Rules
Ph: 703-561-3920
E-mail: dbarr@nacha.org

####