Frequently Asked Questions
Direct Access Registration

Who is NACHA?

NACHA—The Electronic Payments Association is a not-for-profit association that oversees the Automated Clearing House (ACH) Network, one of the largest electronic payments networks in the world. More than 18 billion ACH payments were exchanged in 2007. NACHA is responsible for the administration, development, and enforcement of the NACHA Operating Rules and sound risk management practices for the ACH Network. Through its industry councils and forums, NACHA brings together hundreds of diverse payments system stakeholder organizations to enable the development of new network services and applications. NACHA represents more than 11,000 financial institutions through direct membership and 19 regional payments associations. NACHA and its members provide education, tools, and resources to increase the adoption of ACH payments to benefit businesses, consumers, and governments.

NACHA develops and implements a comprehensive risk management framework for the Network that covers requirements prior to origination, ongoing origination requirements, and enforcement, and ACH Operator risk mitigation services. NACHA also works to create and implement a robust set of risk management tools to reduce risk and improve ACH quality that are consistent with the risk management framework.

Why is NACHA asking ODFIs to register direct access relationships?

The impact of direct access transactions on payments system risk has long been the subject of discussion by participants of the ACH Network. Direct access generates conversation among Network stakeholders for a number of reasons, most significantly because it is very difficult to collect relevant information on direct access relationships. Reliable numbers on the dollars, transaction amounts, the type and number of direct access participants are currently lacking, as is consistent information regarding the number and size of financial institutions behind direct access transactions.

NACHA’s Risk Management Advisory Group (RMAG) established a project team to evaluate and measure the impact of direct access transactions on payments risk within the ACH Network. The NACHA Board of Directors approved a Policy Statement on Direct Access in July 2008 that includes requiring registration for direct access participants that transmit ACH debit transactions. The Board of Directors and RMAG agree that registration of direct access relationships is the first step to better gauge the risk profile for direct access relationships in the ACH Network.

What is direct access for purposes of this registration process?

Direct Access is a situation in which an Originator or a Third Party (either a financial institution’s Third Party Service Provider or an Originator’s Third Party Sender)
transmits ACH files [transactions] directly to an ACH Operator using a financial institution’s routing and transit number and settlement account.

For purposes of NACHA’s registration process, this definition excludes: (1) financial institutions that transmit files using another financial institution’s routing number or settlement account (correspondent/respondent relationships) and (2) Third Parties that transmit files solely on behalf of the financial institutions and do not have direct agreements with Originators (and are not themselves Originators).

_Do I have to register if my institution does not have any direct access relationships for ACH debit transactions?_

Yes. NACHA’s Board of Directors approved a Policy Statement on Direct Access on July 30, 2008 requiring registration from ODFIs that have direct access relationships and also requiring acknowledgement from ODFIs that do not maintain any direct access relationships for ACH debit transactions. Your institution should visit the direct access website during the six-week initial registration period, September 22, 2008 through November 3, 2008 and complete the form to acknowledge that you do not maintain any direct access relationships.

_Are we required to register direct access credit relationships?_

No. While ODFIs maintain direct access relationships for ACH credit transactions, they are not required to register those relationships with NACHA at this time. The registration requirement is only applicable, at this time, to ODFIs with direct access relationships that originate ACH debit transactions.

_Where do I register my direct access relationships or acknowledge that I do not have any of these relationships?_

NACHA has established a secure website for ODFIs that includes the forms necessary to register direct access relationships.

The secure site for direct access registration will be available beginning September 22, 2008. Please go to [http://www.nacha.org/OtherResources/riskmgmt/DirectAccess](http://www.nacha.org/OtherResources/riskmgmt/DirectAccess) to register.

_What information does NACHA require during registration?_

In completing the registration process for direct access participants, financial institutions would submit the following information:

- financial institution’s name and contact information
- Third Party’s or Originator’s name, contact information, and TIN
- number of Originators transmitting through a Third Party that is a direct access participant
• financial institution routing numbers provided for use by a direct access participant
• indication of which ACH Operator is used to introduce these transactions to the Network
• statement of whether the financial institution’s Board or Board-level committee has approved the direct access relationship

What information is required if I do not have any of these relationships?

• financial institution’s name and contact information
• financial institution’s routing and transit number
• acknowledgement from the financial institution that they do not maintain any direct access relationships for ACH debit transactions

How will NACHA use this information?

All information provided by financial institutions will be kept confidential. Statistical data may be reported further, but will be done in an aggregate level with no individual financial institution information. NACHA will work with the ACH Operators to validate that financial institutions have registered all direct access relationships.

How often do I update NACHA about my direct access relationship information?

The following information is also requested from the financial institution quarterly for their direct access relationships to assist with designing an appropriate rule amendment and determining the risk profile of direct access relationships:

• origination (dollars and volume of transactions by Standard Entry Class (SEC) code)
• entries returned (dollars and volume by return reason code and SEC Code)
• rates of return by origination volume, SEC, and return reason code

In addition, if the ODFI begins a new relationship with a direct access participant, or there is a significant change, such as new contact information or the termination of a relationship, then the ODFI should fill out the appropriate form on the direct access site.

When is registration effective?

Registration will officially begin on September 22, 2008. ODFIs are being asked to complete their initial registration or acknowledgement of not maintaining a direct access relationship during the six-week period, September 22, 2008 – November 3, 2008.

Will there be repercussions if my institution does not register a direct access participant?

NACHA’s Board of Directors approved a Policy Statement requiring that ODFIs register their direct access relationships for ACH debit transactions. Compliance with this Policy will not be enforced as a rule until NACHA has adopted a rule amendment regarding
registration of direct access relationships. However, NACHA will work with the ACH Operators to validate that financial institutions have registered all direct access relationships.

**What are the best practices if my institution has a direct access relationship?**

Direct access may not increase payments system risk if all financial institutions employ best practices. Recognizing that direct access involves a separation of control and responsibility, which by definition is an opportunity for risk, the NACHA Board of Director’s Policy Statement recommends a series of best practices. Please go to the direct access website link to see the best practices included in the Board’s Policy Statement at [http://www.nacha.org/OtherResources/riskmgmt/DirectAccess](http://www.nacha.org/OtherResources/riskmgmt/DirectAccess).

**Who do I contact at NACHA about direct access registration?**

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