



PROGRAM MATERIALS

Program #35102

August 14, 2025

Overview of ACH Rules and Regulations: Understand the NACHA Operating Rules, Federal Regulations, and Other Key Guidelines Governing ACH Transactions

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- **Justin Muscolino - JTM Compliance Training**
- **Michael J DeBlis III, Esq. - DeBlis & DeBlis Law Firm**

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5301 North Federal Highway, Suite 150, Boca Raton, FL 33487
Phone 561-241-1919



Nacha Overview & Rule Update 2025/26

Speaker: Justin Muscolino,
JTM Compliance Training



Justin Muscolino

Justin brings over 20 years of wide-ranging experience in compliance training and regulations. He previously led the compliance training function for JPMorgan Chase Macquarie Group, UBS, Bank of China, and GRC Solutions. Justin also runs his own compliance training company focusing on US & International regulations providing real-life training.

Justin also worked for FINRA, a US regulator, where he created Examiner University to train examiners on how to perform their function. He also serves as an advisor for the Global Compliance Institute (GCI) and instructs at the Barret School of Business and various compliance training providers.

Agenda

- Overview of ACH & Nacha Operating Rules
- What does Nacha offer members?
- Current Fraud Threats & updates
- Recent regulations
- Proposals and future regulations
- Takeaways



Overview of ACH

- The Automated Clearing House (ACH) Network is an electronic funds-transfer system run by NACHA, formerly called the National Automated Clearing House Association, since 1974.
- ACH makes payments easier, by depositing your paycheck to making credit card payments.
- The ACH Network essentially acts as a financial hub and helps people and organizations move money from one bank account to another.
- ACH transactions consist of direct deposits and direct payments, including business-to-business (B2B) transactions, government transactions, and consumer transactions.



Nacha Overview

- NACHA provides the legal foundation for the ACH Network through the development and maintenance of the NACHA Operating Rules.
- NACHA provides enforcement of the NACHA Operating Rules, and they do this through the National System of Fines.
- Under the NACHA Operating Rules, depository financial institutions participating in the ACH Network pay a fee on all inter-bank ACH transactions.
- NACHA uses these fees to cover costs incurred in six major program areas as an Administrator of the ACH Network.



Nacha Member Perks

- Risk Management Portal
- ACH Contact Registry
- Third-Party Sender Registration
- Direct Access Status Registration
- Nacha Certified
- Third-Party Sender Identification Tool
- Payments Enablement



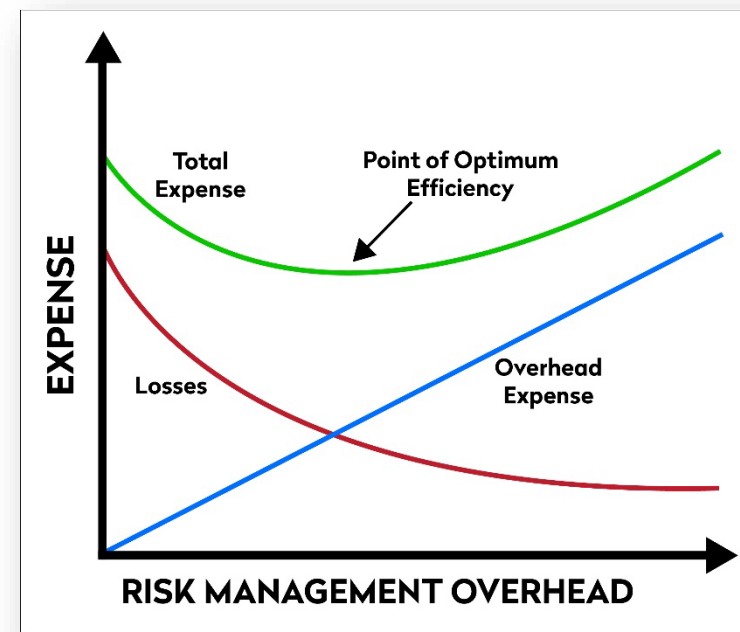
Risk Management Advisory Group (RMQG)

- Recent updates
 - Risk Management Resources
 - Guiding Principles to Help Achieve Optimum Efficiency in Risk Management
 - New Nacha/GRF White Paper Outlines Measures Significant to Operational Resilience of ACH Processing
 - FinTech's, Third-Parties, and ACH Risk Management



Current Fraud Threats

- Recent threats and updates
 - Fed: Synthetic Identity Fraud Mitigation Toolkit - FedPayments Improvement
 - Business Email Compromise (FBI: Cyber Crime)
 - Ransomware
 - Vendor Impersonation Fraud
 - Updated: Protecting Against Fraud: How to Spot and Prevent Cyber Fraud Schemes
 - Money Mule Scams
 - Account Takeover





Nacha Updates

Nacha continuously updates and creates new programs for members. Recently, Nacha updated the following:

- Accredited Payments Risk Professional (APRP) program.
 - Updates help ensure an APRP possesses a comprehensive knowledge of risk management strategies, concepts and mitigation techniques within the payments ecosystem, including checks, wires, ACH, emerging and alternative payments systems, and cards.
- Risk Retreat to supplement the Payments Institute. The retreat was a great success. Watch for registration information for the 2025 program. Attending TPI and the Risk Retreat are great ways to prepare for earning the APRP credential.
- 2025 Nacha Operating Rules & Guidelines were released



Nacha Risk Management Framework

Nacha Risk Management Framework

- Nacha is working on a new risk management framework to aid in the era of credit-push fraud.
- This could include business email compromise, vendor and payroll impersonation fraud and account takeover fraud.
- As such, the new framework has three main objectives and three areas of focus:
 - Increase awareness of fraud schemes that utilize credit-push payments
 - Reduce the incidence of successful fraud attempts
 - Improve the recovery of funds after fraud has occurred



Electronic Funds Transfer News

Electronic funds transfer (EFT) updates:

- Regulation J – this regulation provides the legal framework for depository institutions to collect checks and other items and to settle balances through the Federal Reserve System.
- Operating Circular 8 – FedNow Service, Operating Circular 8 outlines the terms and conditions for funds transfers made through the service.



ACH Risk Management proposals

- ACH Risk Management proposals
 - Expand the existing requirement for commercially reasonable fraud detection to other parties in the ACH Network.
 - For RDFIs, establish commercially reasonable fraud detection of received ACH credits.
 - Allow an RDFI to use Return Reason Code R17 to return an ACH payment it identifies as fraudulent.
 - Allow ODFIs and Originators to use Reversals in cases in which an ACH credit was sent due to a fraud event or scheme.



ACH Risk Management proposals

- In addition to the Nacha Rules proposals, Nacha also requests the industry to provide information and perspectives on four additional risk management topics. While these topics are not being put forth currently as proposals to amend the Nacha Rules, Nacha wants to hear feedback from industry stakeholders to inform the rulemaking process.
 - Should the Nacha Rules implement a new return threshold for ACH credit returns?
 - Should the Nacha Rules identify and define “Third-Party Receivers” as a type of participant in the ACH Network, and apply Rules accordingly?
 - Should the Nacha Rules require that when an RDFI provides early funds availability, it must employ a risk-based approach to determining eligibility?
 - Would a new Notification of Change (NOC) be useful to identify when there is a mismatch between the SEC Code and the account type (e.g., a CCD payment to a consumer account)?

Recent Rules

- Nacha Operating rule changes, June 21, 2024:
 - General Rule for WEB Entries
 - Definitions of Originator
 - Originator Action on Notification of Change
 - Data Security Requirements
 - Use of Prenotification Entries
 - Clarification of Terminology – Subsequent Entries



Recent Rules

- Risk Management Topics, October 1, 2024
 - Codifying Expanded Use of Return Reason Code R17
 - Expanded Use of ODFI Request for Return/R06
 - Additional Funds Availability Exceptions
 - Timing of Written Statement of Unauthorized Debit
 - RDFI Must Promptly Return Unauthorized Debit



Recent Rules

- April 1, 2025: Expanded Use of ODFI Request for Return/R06 rule
 - The ODFI would indemnify the RDFI for compliance with the request.
 - Compliance by the RDFI would remain optional.
 - This rule is intended to improve the recovery of funds when fraud has occurred.



Request for Information

- Request for Information - International ACH Transactions (IAT) and Related Topics.
- Request For Comment - International ACH Transactions (IAT) and Related Topics





Future Changes

- Risk Management Topics:
 - Fraud Monitoring Phase 1: March 20, 2026
 - Company Entry Descriptions: March 20, 2026
 - Fraud Monitoring Phase 2: June 19, 2026

THANK YOU!

Contact Information:
HubCompliance or
JTM Compliance Training
Justinmuscolino@gmail.com

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