



Same Day ACH: Moving Payments Faster Effective Entry Date and Return Processing Scenarios

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Currently, the NACHA Rules provide that if the Effective Entry Date field contains invalid information, such as a “stale date,” the batch of entries will be settled on the next Banking Day. Note that currently, this means that use of a “today’s date” in the Effective Entry Date field is treated as invalid and therefore is settled tomorrow; whereas under the Same Day ACH rule, a “today’s date” in the Effective Entry Date field will be treated as valid and therefore settled on that day (assuming it is submitted timely into an ACH Operator’s same-day processing window).

Under the Same Day ACH rule, batches of Entries with invalid content or stale dates in the Effective Entry Date field would be settled at the next available settlement opportunity, which could be on the same day. This is important in handling ACH files that are late or that missed deadlines, such as payroll files, and for handling returns quickly. Same-day returns would not be limited to the \$25,000 per-transaction limit or the IAT exclusion that applies to forward transactions, nor would they be assessed the Same Day Entry fee.

Some examples of Effective Entry Date processing under the current Rules:

- A batch of Entries is submitted on Tuesday, April 28, 2015 with an Effective Entry Date of Wednesday, April 29 (i.e., with content “150429” in the Effective Entry Date field). This is valid information in the Effective Entry Date field, and the batch is settled at 8:30 a.m. on Wednesday, April 29.
- A batch of Entries is submitted on Tuesday, April 28, 2015 with an Effective Entry Date of Tuesday, April 28 (i.e., with content “150428” in the Effective Entry Date field). Under the current Rules, this is invalid information in the Effective Entry Date field; therefore the batch is settled on the next Banking Day, which is 8:30 a.m. on Wednesday, April 29. Note that under the current Rules and this processing method, there is no difference in the outcome of settlement time due to the use of an invalid or stale Effective Entry Date.
- A batch of Entries is submitted on Tuesday, April 28, 2015 with an Effective Entry Date of Monday, April 27 (i.e., with content “150427” in the Effective Entry Date field). Unfortunately, this is a late payroll file that was not submitted timely. The Effective Entry Date is invalid; therefore the batch will be settled on the next Banking Day, which is 8:30 a.m. on Wednesday, April 29.
- A return is sent on Tuesday, April 28, 2015. The original forward entry had an Effective Entry Date of Monday, April 27 (i.e., with content “150427” in the Effective Entry Date

field), which by rule is required to be the Effective Entry Date of the return. The return is settled on the next Banking Day, which is Wednesday, April 29, at 8:30 a.m. (Note: Alternatively, the RDFI could send the return through an ACH Operator's afternoon "immediate return service," which would result in the return settling at 5:00 p.m. on Tuesday, April 28.)

- A return is sent on Tuesday, April 28, 2015. The original forward entry had an Effective Entry Date of Tuesday, April 28 (i.e., with content "150428" in the Effective Entry Date field), and settled at 8:30 a.m. By rule, the Effective Entry Date of the return is required to be April 28. The return is settled on the next Banking Day, which is Wednesday, April 29, at 8:30 a.m. (Note: Alternatively, the RDFI could send the return through an ACH Operator's afternoon "immediate return service," which would result in the return settling at 5:00 p.m. on Tuesday, April 28.)

Some examples of Effective Entry Date processing under the Same Day ACH rule:

- A batch of Entries is submitted on Tuesday, April 28, 2015 with an Effective Entry Date of Wednesday, April 29 (i.e., with content "150429" in the Effective Entry Date field). This is valid information in the Effective Entry Date field, and the batch is settled at 8:30 a.m. on Wednesday, April 29. This represents no change from existing next-day ACH processing, and there are no Same Day Entry fees.
- A batch of Entries is submitted on Tuesday, April 28, 2015 before 10:30 a.m. Eastern Time with an Effective Entry Date of Tuesday, April 28 (i.e., with content "150428" in the Effective Entry Date field). Under the Same Day ACH rule, this is now valid information in the Effective Entry Date field, and the batch is settled on Tuesday, April 28 at 1:00 p.m. ET (which is the settlement time that corresponds to the file submission time). These are Same Day Entries, and Same Day Entry fees apply.
- A batch of Entries is submitted on Tuesday, April 28, 2015 between 10:30 a.m. and 3:00 p.m. ET with an Effective Entry Date of Tuesday, April 28 (i.e., with content "150428" in the Effective Entry Date field). Under the Same Day ACH rule, this is now valid information in the Effective Entry Date field, and the batch is settled on Tuesday, April 28 at 5:00 p.m. ET (which is the settlement time that corresponds to the file submission time). These are Same Day Entries, and Same Day Entry fees apply.
- A batch of Entries is submitted on Tuesday, April 28, 2015 after 3:00 p.m. ET with an Effective Entry Date of Tuesday, April 28 (i.e., with content "150428" in the Effective Entry Date field). Because the submission time is after the ACH Operator's last deadline for same-day processing, this is invalid information in the Effective Entry Date field. Therefore the batch is settled at the next available settlement opportunity, which is Wednesday, April 29 at 8:30 a.m. ET. These are next-day entries, and there are no Same Day Entry fees. (Note: Under this processing method, an ODFI could "hold" a file until after the ACH Operator's last deadline for same-day processing and ensure that the entries are not processed as Same Day Entries. This might be desirable in a situation in which the ODFI has not approved an Originator for same-day processing, but the Originator uses the current date as the Effective

Entry Date. In such a situation, the ODFI does not need to modify or edit the content of the Originator's file.)

- A batch of Entries is submitted on Tuesday, April 28, 2015 before 10:30 a.m. ET with an Effective Entry Date of Monday, April 27 (i.e., with content "150427" in the Effective Entry Date field). Unfortunately, this is a late payroll file that was not submitted timely. The Effective Entry Date is invalid; therefore the batch will be settled at the next available settlement opportunity, which is at 1:00 p.m. ET on Tuesday, April 28. In this scenario, this late payroll file is settled 19.5 hours sooner than the similar situation above under the current Rules. (Note: Under this handling method, the ODFI does not need to change the content of the Effective Entry Date field in order for this sooner settlement to occur. If the rule had alternatively required the use of separate and distinct same-day indicator, the ODFI would have to modify or edit the Originator's file to insert the indicator in order to achieve this faster settlement.)
- A return is sent on Tuesday, April 28, 2015. The original forward entry had an Effective Entry Date of Monday, April 27 (i.e., with content "150427" in the Effective Entry Date field), which by rule is required to be the Effective Entry Date of the return. The return is settled at the next available settlement opportunity, which depends on the time it is submitted to the ACH Operator. Therefore the return could be settled either at 1:00 p.m. on April 28, at 5:00 p.m. on April 28, or at 8:30 a.m. on April 29. Any of these times would meet the required return timeframe, which in this example is the opening of business on April 29. The return is not restricted to the \$25,000 transaction limit or the IAT restriction that applies to forward entries, and Same Day Entry fees do not apply to the return.
- A return is sent on Tuesday, April 28, 2015. The original forward entry had an Effective Entry Date of Tuesday, April 28 (i.e., with content "150428" in the Effective Entry Date field) and settled at 8:30 a.m. (it was not a same-day forward entry; it was a next-day entry). By rule the return is required to have the same Effective Entry Date of Tuesday, April 28. The return is settled at the next available settlement opportunity, which depends on the time it was submitted to the ACH Operator. Therefore the return could be settled either at 1:00 p.m. on April 28, at 5:00 p.m. on April 28, or at 8:30 a.m. on April 29. Any of these times would meet the required return timeframe, which in this example is the opening of business on April 30 (Note: in this example, the RDFI has three additional opportunities to meet the return deadline, by sending the return on April 29 so the it would be settled either at 1:00 p.m. on April 29; at 5:00 p.m. on April 29; or at 8:30 a.m. on April 30). The return is not restricted to the \$25,000 transaction limit or the IAT restriction that applies to forward entries, and Same Day Entry fees do not apply to the return.
- A return is sent on Tuesday, April 28, 2015. The original forward entry had an Effective Entry Date of Tuesday, April 28 (i.e., with content "150428" in the Effective Entry Date field) and settled at 5:00 p.m. (it was a same-day forward entry). By rule the return is required to have the same Effective Entry Date of Tuesday, April 28. The return is sent prior to 2:15 a.m. on Wednesday, April 29, which is the ACH Operator's next submission deadline. The return is settled at the next available settlement opportunity, which is at 8:30 a.m. on Wednesday, April 29 (Note: in this example, the RDFI has three additional

opportunities to meet the return deadline, by sending the return later on April 29 so the it would be settled either at 1:00 p.m. on April 29; at 5:00 p.m. on April 29; or at 8:30 a.m. on April 30). In this example, because the original forward entry was a same-day entry, by definition it is not an IAT and is not for an amount greater than \$25,000; therefore the same-day eligibility limitations are not relevant. Same Day Entry fees do not apply to the return.