

# Proof of Authorization for Non-Consumer Entries

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Under the current *Rules*, Receiving Depository Financial Institutions (RDFIs) are not permitted to request proof of authorization for Corporate Credit or Debit (CCD), Corporate Trade Exchange (CTX) and International ACH Transaction (IAT) entries to Non-Consumer Accounts, even in cases in which their Receivers, such as small businesses, have unauthorized debit entries to their accounts from Originators with which they have no existing relationships. This Rule amends the *Rules* to require that if an RDFI requests proof, from an Originating Depository Financial Institution (ODFI), of a Non-Consumer Receiver's authorization for a CCD, a CTX or an inbound IAT Entry, the ODFI must provide that information.

This Rule will be particularly helpful when the Receiver states that the Entry is unauthorized and that they have no relationship with the Originator.

Increased Transparency for Receivers and RDFIs

ODFI, RDFI, Originator, Receiver

## Impact for ODFIs

- If requested in writing by an RDFI, provide proof of a Non-Consumer Receiver's authorization for a CCD, CTX or Inbound IAT Entry. This must be done within 10 banking days of the request and may be completed in one of two ways:
  - Provide an accurate record showing the Receiver's authorization.
  - Provide the Originator's contact information that, at a minimum, includes that Originator's name and either phone number or email address.
- Consider providing proof of authorization to RDFIs that request that information, in relation to a Non-Consumer account, prior to the Rule's implementation.

## Impact for RDFIs

- Send requests to ODFIs, in writing, if proof of authorization is needed for an entry to a Non-Consumer account.

## Impact for Originators

- Be prepared to provide proof of authorization to RDFIs that contact the Originator about an unauthorized Non-Consumer account entry.

## Impact for Receivers

- Be aware of the ability to work with an RDFI to resolve unauthorized entries to a Non-Consumer account.
- The Rule does not change the return time frame for Non-Consumer debits and does not require ODFIs to accept late returns.
- If an ODFI does agree to accept a late return, the RDFI should return the entry using R31 (Permissible Return Entry).
- If the ODFI does not provide proof of authorization, the RDFI can report a rules violation at <https://www.nacha.org/rules/report-rules-violation>.

Friday, September 19, 2014

- The Rule does not change the return time frame for unauthorized Non-Consumer debits.

[Recently implemented](#)

### **Proof of Authorization for Non-Consumer Entries**

This rule amends the *NACHA Operating Rules* to permit an RDFI to request, and require an ODFI to provide, proof of a non-consumer Receiver's authorization for a CCD, CTX, or an Inbound IAT entry.

#### **When is this Rule change effective?**

- The change to the *NACHA Operating Rules* will be effective September 19, 2014.

#### **Can I, as an ODFI, provide an RDFI with proof of authorization before the Rule becomes effective?**

- Yes. If an RDFI requests a proof of authorization for an entry to a non-consumer account prior to the rule implementing, the ODFI may provide either proof of authorization or Originator contact information at its discretion.

#### **What does my FI need to do to prepare for implementation?**

- ODFIs should be prepared to provide either proof of authorization or Originator contact information within ten banking days when requested by an RDFI.
- RDFIs should be aware that they will be able to send the ODFI a written request for proof of authorization for entries to non-consumer accounts.

#### **Is it possible that my FI already meets the requirements for this Rule?**

- If an ODFI currently responds to RDFI requests for proof of authorization for entries to non-consumer accounts, the ODFI may already meet these requirements.

#### **In what time frame does my ODFI have to respond to an RDFI's request for proof of authorization for a non-consumer account?**

- An ODFI must provide either the proof of authorization or Originator contact information within ten banking days of the request.

#### **What if my Originator can't provide proof of authorization?**

- If the Originator can not provide proof of authorization, the ODFI should provide the RDFI with Originator contact information.

#### **What information must be provided for Originator contact information?**

- At a minimum, the ODFI must provide the RDFI with the Originator's name and either a phone number or email address for inquiries regarding authorization of entries.

#### **If my Originator can't provide proof of authorization, do I have to accept a return even if it is untimely?**

- No, this rule change does not alter the return time frame for unauthorized non-consumer debits nor does it require ODFIs to accept late returns.

#### **If the ODFI agrees to accept a late return, what return reason code does the RDFI use?**

- If the RDFI contacts the ODFI and the ODFI agrees to accept a late return, the RDFI should return the entry using R31 (Permissible Return Entry).

**How is this rule change helpful if it does not extend the return time frame?**

- The rule change will be particularly helpful when the Receiver states the entry is unauthorized and they have no relationship with the Originator. The ODFI will have to provide proof of authorization or Originator contact information, either of which should identify the Originator for the Receiver, who then may be able to resolve the issue directly with the Originator.

**Does this rule modify any of the rules related to unauthorized entries that are transmitted to non-consumer accounts using consumer SEC Codes?**

- This rule will not alter the rules governing the return of unauthorized entries transmitted to non-consumer accounts using consumer SEC Codes.