



2026 ACH GUIDE & NACHA RULE REVISIONS

ORIGINATOR RESPONSIBILITIES

- It is my responsibility as an ACH Originator to comply with the National Automated Clearing House Association (NACHA) Operating Rules & Guidelines. For reference, a free version of the rules can be found at <https://www.nachaoperatingrulesonline.org/event-data>.
 - Note: Originator responsibilities are contained within Article Two-starting with Section 2.3. It is important that you and your team members who originate transactions understand and follow the requirements as an Originator of ACH transactions.

AUTHORIZATIONS

- Originators are required to obtain a debit and/or credit Authorization from each employee or recipient prior to submitting an ACH transaction. The Authorization must be easily understandable, contain verbiage to allow reversal transactions in the event of error and how the authorization can be revoked. Authorizations must be available upon request by Horizon Bank within 10 banking days and must be maintained for 2 years after cancellation. The type of Authorization depends upon the Standard Entry Class Code (SEC) & if the Receiver is a consumer or not a consumer.
- ACH rules require Originators to notify a Receiver of any changes in the amount or date of a debit entry:
 - If the **amount** of a debit entry changes, notification must be sent to the Receiver in writing, at least **ten (10) calendar days** prior to the date on which the entry is scheduled to be initiated. (consumer and corporate)
 - If a scheduled date changes, notification must be given to the Receiver in writing at least seven (7) calendar days before the first such entry is scheduled to be debited to the Receiver's account. (consumer only)

Sending the notice via U.S. Mail is acceptable

PRE-NOTIFICATIONS (PRENOTES)

- Pre-notes are zero-dollar entries that precede the first live entry. The purpose of a pre-note is to verify account information is correct.
- Pre-notes are optional. However, if sent, the pre-note must precede the first live entry by at least three banking days
- The Receiving Bank is not required to validate the name of the payee on the pre-note, although some do, they are only required to verify the account number is valid.

NOTIFICATION OF CHANGE

- When ACH information is incorrect, a Notification of Change (NOC) is sent by the Receiving Bank requesting that future entries contain correct information. The ACH Rules require an Originator to make the change within six (6) banking days of receiving the information from Horizon Bank or before another entry is sent.
- The Receiving Bank warrants that the information they provide to you is correct.
- Horizon Bank will notify you of any NOCs received on your behalf via secure email.

RETURNS

Corporate Headquarters:

515 Franklin Street, Michigan City, IN 46360 | 888-873-2640

Beyond ordinary banking

HorizonBank.com



- The ACH Rules require that Originators must cease the origination of any ACH debit transactions when a previous ACH debit is returned as unauthorized or authorization revoked by the Receiver. The Originator must obtain a new Authorization prior to re-originating any future transaction.
- An exception to the 24-hour rule is consumer unauthorized returns, which may be returned within 60 days of the settlement date.
- The use of consumer or corporate SEC codes determines the applicable ACH return rules.

REVERSALS

- You are responsible to notify a receiver that a reversing entry has been sent to the receiver's account, including the reason for the reversal, no later than the settlement date of the reversing entry.
- Originated entries can only be reversed if erroneous or duplicated.
 - Erroneous: 1) Wrong dollar amount, 2) Wrong Account, 3) Incorrect Date. If reversing an entry due to an incorrect amount or incorrect account or incorrect effective date, a correcting entry must also be sent
 - Duplicate transaction and/or file: If transaction and/or file was sent multiple times
 - The Receiving Bank is under no obligation to post the reversing debit if it overdraws the payee's account or if the account is closed.
 - Reversing entries must be originated within 5 business days of the original settlement date

DATA SECURITY

- Protected Information is defined as: the non-public personal information, including financial information, of a natural person used to create, or contained within, an Entry and any related Addenda Record. Your company must establish, implement, and update, as appropriate, policies, procedures, and systems (including controls) with respect to the initiation, processing and storage of Automated Clearing House (ACH) entries that are designed to: (a) protect the confidentiality and integrity of Protected Information until its destruction; and (c) protect against unauthorized use of Protected Information that could result in substantial harm to a natural person or organization.

NACHA RULE REVISIONS

Several upcoming amendments to the *ACH Rules* may impact how your company processes ACH payments and receive ACH returns. Listed below are changes effective in 2026 and 2028.

Standard Company Entry Description

Effective Date: March 20, 2026

Your company uses the contents of the Company Entry Description field to describe the purpose of the payment initiated. Currently, the *ACH Rules* dictate what goes in this field in certain circumstances (e.g., RETRY PYMT if you are reinitiating a payment returned for insufficient funds).

This amendment **requires** companies initiating (1) PPD credits to Consumers related to wages, salaries or similar types of compensation to input a description of "PAYROLL" in the Company Entry Description and (2) e-commerce/online retail purchases (WEB debits) to use "PURCHASE".

Preparations:

- Update systems to utilize required Company Entry Descriptions.

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- Update procedures for entering Company Entry Descriptions.
- Train staff on the new requirement.

Origination Fraud Monitoring – Originators, Third-Party Service Provider & Third-Party Senders

Phase 1 - Effective Date: March 20, 2026

Companies originating 6M+ transactions in 2023

Phase 2 - Effective Date: June 22, 2026

All companies regardless of annual origination activity

Currently, the *ACH Rules* require companies initiating WEB debit transactions and micro-entries to use commercially reasonable means to identify and detect potential fraud. Nacha's Board of Directors has issued a policy statement "urging all participants to implement adequate controls and/or systems to detect and prevent fraud." However, a policy statement is not an enforceable rule. Instead, it is a strongly recommended practice that ACH participants should follow.

With this amendment, your company is **required to establish and implement risk-based processes and procedures** to identify entries suspected of being unauthorized or authorized under "false pretenses" (e.g., business email compromise, vendor impersonation, payroll impersonation, account takeover). Fraud monitoring is required regardless of the Standard Entry Class (SEC) code, or payment type, initiated and is intended to reduce the incidence of successful fraud attempts.

Preparations:

- Your organization may require implementation of, or updates to, risk-based processes and procedures to identify and detect fraudulent transactions.

New Return Reason Code for Sanctions Compliance Obligations

Effective Date: March 17, 2028

This rule will create a new return reason code (R90) to support an RDFI's decision to return an entry in compliance with sanctions obligations.