



Credit Union National Association

cuna.org

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Submitted via email: mbondoc@nacha.org

April 5, 2013

Ms. Maribel Bondoc
Manager, Network Rules
NACHA - The Electronic Payments Association
13450 Sunrise Valley Drive, Suite 100
Herndon, VA 20171

Re: NACHA Proposal on Compliance and Operational Topics
(February 2013 Proposal)

Dear Ms. Bondoc:

This comment letter represents the views of the Credit Union National Association (CUNA) regarding NACHA - The Electronic Payments Association's latest proposal on compliance and operational topics on the Automated Clearing House (ACH) network. By way of background, CUNA is the largest credit union advocacy organization in this country, representing approximately 90% of our nation's 7,000 state and federal credit unions, which serve about 96 million members.

CUNA generally supports NACHA's latest proposal on compliance and operational topics to clarify the meaning or intent of provisions, improve processing efficiency, and eliminate requirements that no longer add value to the ACH network. While these are mostly technical changes, we ask NACHA to minimize implementation and compliance costs on Originating Depository Financial Institutions (ODFIs) and Receiving Depository Financial Institutions (RDFIs) affected by these changes.

We generally support the removal of the Notification of Change (NOC) Code C04 (Incorrect Individual Name/Receiving Company Name) to reduce compliance and liability challenges for ACH participants, because a number of RDFIs have transmitted NOCs with C04 to change the Receiver's name on future entries. The proposal would help lower risks for ODFIs and RDFIs because name changes should not be accomplished with a NOC and should involve additional communication between the Originator and Receiver. Also, RDFIs would have lower risks as they no longer have to warrant that information in a NOC with C04 is correct. An RDFI that identifies a name mismatch would be able to post the entry



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based on the account number, return the entry, or communicate with the ODFI or Originator regarding a name change.

Also, the proposal would reduce the mandatory six-day waiting period on prenotification (prenote) entries, which are non-dollar entries that provide a method to determine whether an account number is a valid, by permitting an Originator to initiate entries to a Receiver's account if a return of the prenote has not been received by the ODFI by opening of the second banking day following the prenote settlement. In NACHA's example, an Originator was able to send a live entry six calendar days (or four banking days) earlier than under existing rules. We believe this approach should help facilitate a more timely use of the prenote, and could also help reduce exceptions.

Finally, we generally support the proposed technical changes on authorization of reclamation entries. These proposed amendments would make the rules for reclamation entries consistent with the rules for reversing entries.

Thank you for the opportunity to comment on this proposal. If you have any questions concerning our letter, please feel free to contact CUNA SVP and Deputy General Counsel Mary Dunn or me at (202) 508-6733.

Sincerely,

A handwritten signature in blue ink that reads "Dennis Tsang". The signature is written in a cursive, flowing style.

Dennis Tsang
CUNA Assistant General Counsel