

2026 Nacha Operating Rule Changes





OBJECTIVE

All ACH Originators are solely responsible for compliance with the Nacha Rules and are strongly encouraged to obtain a current copy of the Nacha Rules that are published annually. The Nacha Rules book and other material may be purchased at www.nacha.org or through the Southern Financial Exchange at sfe.org, a payments association that First Horizon Bank is a member of.

The objective of this document is to provide a summary-level description of Revisions to Nacha Operating Rules and Guidelines which go into effect in 2026 or later. We encourage you to review your existing processes and procedures to determine whether these changes will impact your organization. Some changes are only intended for financial institutions that participate in the ACH Network. You may need to consult with your software provider to ensure that changes to Company Entry Descriptions and Phase II of fraud monitoring are implemented in a timely manner.

This is NOT intended to be an inclusive summary of the amendments to the Nacha Rules. The effective dates for these amendments range from March 20, 2026, through September 18, 2026. Please refer to the 2026 version of Nacha Operating Rules and Guidelines for additional detail. You can also find them going to Nacha.org: [Nacha Operating Rules - New Rules | Nacha](http://Nacha.org). All parties are encouraged to become compliant with these rules as soon as possible regardless of the effective date.

Effective March 20, 2026:

STANDARD COMPANY ENTRY DESCRIPTIONS – PAYROLL AND PURCHASE

These changes to the Nacha Rules are intended to provide additional risk mitigation tools to be used. Requiring the use of PAYROLL and PURCHASE to identify the transaction contained will provide better information to the RDFI when monitoring transactions.

Key Components:

- This change establishes two new Company Entry Descriptions, PAYROLL and PURCHASE.
- “PAYROLL” must be used as the Company Entry Description for ACH credits with the PPD Standard Entry Class Code that are for the payment of wages, salaries and other similar types of compensation.
- “PURCHASE” must be used for all e-commerce purchases. An e-commerce purchase will be defined as a debit entry authorized by a consumer Receiver for the online purchase of goods.

Impact to Participants:

- Originators, Third-Party Service Providers, Third-Party Senders and ODFIs that handle payroll and e-commerce purchase transactions will need to update their systems to utilize the required Company Entry Descriptions.

FRAUD MONITORING BY ORIGINATORS, THIRD-PARTY SERVICE PROVIDERS/THIRD-PARTY SENDERS AND ODFIs – PHASE I

These changes will require additional fraud monitoring by non-consumer Originators, Third-Party Service Providers, Third-Party Senders and ODFIs. The objective is to reduce the incidences of successful fraud attempts by expanding fraud detection responsibilities within the ACH Network.

Key Components:

- This change will require non-consumer Originators, ODFIs, Third-Party Service Providers, and Third-Party Senders to establish and implement risk-based monitoring processes and procedures to identify ACH entries initiated due to “False Pretenses.”



- All parties will be required at least annually to review their processes and procedures and make any appropriate updates to address evolving risks.
- This rule change also defines a new term “False Pretenses.” This term covers fraud scenarios such as Business Email Compromise, vendor impersonation, payroll impersonation and other payee impersonation.

Impact to Participants:

- This rule will apply to all ODFIs and those non-consumer Originators, Third-Party Service Providers, and Third-Party Senders with an annual ACH origination volume that exceeds 6 million entries in 2023.

RDFI ACH CREDIT MONITORING – PHASE I

This change is intended to reduce the incidence of successful fraud and better enable the recovery of funds when fraud has occurred.

Key Components:

- This change will require RDFIs to establish and implement risk-based processes and procedures reasonably intended to identify credit ACH entries initiated due to fraud.
- RDFIs will be required at least annually to review their processes and procedures and make any appropriate updates to address evolving risks.

Impact to Participants:

- RDFIs with annual receipt volume exceeding 10 million entries in 2023 will need to establish processes and procedures reasonably intended to identify credit entries that are suspected of being unauthorized or authorized under False Pretenses.

Effective June 19, 2026:

FRAUD MONITORING BY ORIGINATORS, THIRD-PARTY SERVICE PROVIDERS/THIRD-PARTY SENDERS AND ODFIs – PHASE II

The obligations and responsibilities established in Phase I to reduce incidences of fraud attempts will apply to all Originators, Third-Party Service Providers, Third-Party Senders and ODFIs regardless of volume.

Key Components:

- This change will require non-consumer Originators, ODFIs, Third-Party Service Providers, and Third-Party Senders to establish and implement risk-based monitoring processes and procedures to identify ACH entries initiated due to “False Pretenses.”
- All parties will be required at least annually to review their processes and procedures and make any appropriate updates to address evolving risks.

Impact to Participants:

- This rule will apply to all other ODFIs, non-consumer Originators, Third-Party Service Providers, and Third-Party Senders that were not affected in Phase I.

RDFI ACH CREDIT MONITORING – PHASE II

All RDFIs not impacted in Phase I will need to establish processes and procedures reasonably intended to identify credit entries that are suspected of being unauthorized or authorized under False Pretenses.



Effective September 18, 2026:

Updated Definition of International ACH Transaction (IAT) Entries

This rule provides clarity to industry participants and users to understand the definition of IAT when making IAT determinations.

Key Components:

- New language for the International ACH Transaction (IAT) / IAT Entry definition is found in Article Eight Section 8.55 of the Nacha Operating Rules and Guidelines:

“An Entry that is the U.S. ACH network component of an international payment transaction. For purposes of this definition, an international payment transaction is a transfer of funds or monetary value that (a) originates with, transits through, or is delivered to an account at an office of a financial agency located outside of the U.S., or (b) otherwise is received from a sender or delivered to a receiver, in each case, via a facility of a financial agency located outside of the U.S. For purposes of this definition, financial agency means an entity that is authorized by applicable Legal Requirements to provide financial asset accounts, including deposits, or to conduct the business of issuing general purpose payment instruments or transferring funds or other monetary value for third parties. An IAT Entry cannot be a Same Day Entry.”

Impact to Participants:

- Originators, Third-Party Service Providers, Third-Party Senders and ODFIs to have an improved understanding of what makes an ACH transaction an International ACH Transaction (IAT) and the potential for alterations of IAT volume.