Ready, Set, Register:
Preparing for Third-Party Sender Registration

April 24, 2017
Third-Party Senders and the ACH Network
Third-Party Senders and the ACH Network

Dollar Payments for Better Business

Third-Party Senders play an important and valuable role in helping businesses and other organizations benefit from using the ACH network for services such as paying taxes, refunds, insurance, utility bills, and other ACH-eligible payments. By collecting tax, insurance, or utility payments and depositing them into the account of the true payee, Third-Party Senders enhance the efficiency of the payments process.

Always Third-Party Senders

A Third-Party Sender serves as an intermediary between the company originating the ACH payment and the true payee. The Third-Party Sender identifies the true payee, sets up the payment, and forwards the transaction to the ACH network, where it is processed and paid.

Third-Party Senders provide an important service by helping businesses manage their payments more efficiently. They can offer valuable features such as automation, increased security, and improved accuracy. By working with Third-Party Senders, businesses can streamline their payment processes and reduce the risk of errors or fraud.

Reminders

- Third-Party Senders should always verify the legitimacy of the payee's account information to ensure the integrity of the transaction.
- Third-Party Senders should provide clear and concise instructions to the payee to avoid confusion and ensure the payment is processed correctly.

Risk Management

Third-Party Senders play a crucial role in risk management, particularly in identifying and mitigating potential fraud. By securely routing payments and verifying account information, Third-Party Senders help reduce the risk of fraudulent transactions and protect businesses from financial losses.

NACHA

For more information about Third-Party Senders and their role in the ACH network, visit NACHA's website or contact your financial institution directly.
Third-Party Senders and the ACH Network
Purpose of the TPS Registration Rule

- Promote appropriate customer due diligence among all ODFIs to understand whether they have Third-Party Sender customers
- Level the playing field among all ODFIs with Third-Party Sender customers by standardizing a minimum set of customer due diligence information that must be available for registration
- Create a tool to assist NACHA in monitoring ACH Network quality and quickly respond to ACH Network risk situations
The Rule Applies to All ODFIs

- Every ODFI will be required to either:
  - Register its Third-Party Senders, or
  - State that it has no Third-Party Senders
- This registration model is the same that is already used with Direct Access Registration
- In order to register accurately, every ODFI will need to know whether it has Third-Party Sender customers
What Will NACHA Do With the Information

• A registry is a foundational tool for ACH Network risk management
  – Provides baseline information on Third-Party Senders in the ACH Network
  – Identifies instances in which a Third-Party Sender uses multiple ODFIs
  – Identifies instances in which a Third-Party Sender is terminated by one ODFI but is registered by one or more other ODFIs
  – Facilitates risk investigations when necessary
Initial Registration

- ODFI name
- ODFI contact information (name, title, phone, email and street address)
- TPS name, city, state, company ID
- ODFI ABA used in transmitting entries for the TPS
Supplemental Registration

- TPS DBA names, tax ID, street address, website
- TPS contact information (name, title, phone, and email)
- TPS principal names and titles
- approximate number of originators
- statement as to whether the TPS transmits debits, credits, or both
Timeline

- ODFIs must register the TPS within the later of:
  - 30 days of transmitting the first entry
  - 10 days of becoming aware of a TPS relationship
- The ODFI has 45 days to update the registration for any changes including termination
ODFIs - Get Ready to Register

- The Rule becomes effective on September 29, 2017
- Initial registrations must be completed by March 1, 2018
- All ODFIs should be preparing now
J.P. Morgan’s Preparation

• Implemented Third-Party Screening Unit (TPSU) in 2014
  – Third-Parties systemically, or through a portal, enter new clients
  – Included in the annual TP exam
  – Inbound files are validated against known Third-Parties

• Reviewed TPSU information and sourced for additional information needed

• Evaluated data and simplified NACHA reporting to reduce the volume of records uploaded
J.P. Morgan’s Preparation

• Develop internal training
• Develop procedures for monitoring and exceptions
• Ensure Product Due Diligence documents are updated
• Establish parameters for escalation
  – Meet with clients to ensure they are prepared to respond to escalations
• Implement system changes to support TPS registration
ODFIs – Implementation Checklist

• Review current clients for TPSs
  – If none, submit statement indicating no TPS clients

• For ODFIs with Third-Party Sender clients
  – Collect or ensure all information for initial registration is available for all identified TPSs
  – Develop procedures for submitting initial registrations, both for current TPS customers and new TPS customers after Sept. 2017
  – Develop procedures for submitting updates to registered TPS
  – Develop procedures to be able to respond to requests for supplemental registration information
    • Be able to collect/have access to required information
ODFI Management Screen

<table>
<thead>
<tr>
<th>ODFI Name</th>
<th>ODFI RTNs</th>
<th>Address</th>
<th>State</th>
<th>City</th>
<th>Telephone</th>
<th>ODFI Contact Email</th>
<th>ODFI Admin Email</th>
<th>TPS Relationship</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>JPMorgan Chase Bank, National Association</td>
<td>0216000021</td>
<td>10450 Highland Manor Drive</td>
<td>FL</td>
<td>Tampa</td>
<td>1112244444</td>
<td><a href="mailto:mjherd@nacha.org">mjherd@nacha.org</a></td>
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<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>
TPS Relationship Management Screen

Third-Party Sender Management

<table>
<thead>
<tr>
<th>TPS Company Id</th>
<th>TPS Name</th>
<th>ODFI RTN</th>
<th>ODFI Name</th>
<th>TPS Registered</th>
<th>TPS Terminated</th>
<th>TPS Suite</th>
<th>TPS State</th>
<th>TPS City</th>
<th>TPS Country</th>
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<tbody>
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<td>GA</td>
<td>Atlanta</td>
<td>USA</td>
</tr>
</tbody>
</table>

- Terminated TPS
Bulk Upload TPS Files

Bulk Upload File

Download sample Template Files for Bulk Upload
- Pipe Delimiter File Template
- Excel Template
- XML Template
Education

• NACHA Website
    • Additional information an explanation of the Rule
  – [www.nacha.org/thirdpartysenders](http://www.nacha.org/thirdpartysenders)
    • Third-Party Sender educational materials
    • Material specific to the TPS Registration Database

• RPAs
  – Provide ongoing education and tools and education
Upcoming NACHA Events

• NACHA Webinars are ongoing throughout 2017. Visit https://www.nacha.org/content/webinars to see a list of offerings

• Enroll in the Payments Institute! July 16-19, 2017 at Emory University in Atlanta. Visit https://www.nacha.org/content/payments-institute for more information or to register today

• Check out our Publications! Visit https://www.nacha.org/content/featured-publications