

Supplementing Data Security Requirements

EFFECTIVE DATE

June 30, 2022

RULE STATUS

Recently Implemented Rule

This rule supplements previous ACH Security Framework data protection requirements by explicitly requiring large, non-FI Originators, Third-Party Service Providers (TPSPs) and Third-Party Senders (TPSs) to protect deposit account information by rendering it unreadable when it is stored electronically.

Beginning June 30, 2022, this rule applies to those with ACH volume of 2 million transactions or greater annually.

Details

In response to requests from some covered parties in 2020 for additional time to come into compliance with the Rule requirements, Nacha extended each of the two effective dates by one year; Phase 1 of the Rule, which applies to ACH Originators and Third-Parties with more than 6 million ACH payments annually, became effective on June 30, 2021, and Phase 2 of the Rule, which applies to ACH Originators and Third-Parties with more than 2 million ACH payments annually, became effective on June 30, 2022.

This effective date was affirmed in [ACH Operations Bulletin #7-2020](#). Nacha will not enforce this rule for an additional period of one year from the effective date with respect to covered entities that are working in good faith toward compliance, but that require additional time to implement solutions. This

applies to both phases of this rule. Nacha strongly encourages all such covered entities to work towards compliance as soon as possible.

Technical

This Rule modifies the following areas of the *Nacha Operating Rules*:

Article One, Section 1.6 (Security Requirements) to require each Non-Consumer Originator that is not a Participating DFI, each Third-Party Service Provider, and each Third-Party Sender, whose ACH Origination or Transmission volume exceeds 2 million Entries annually to protect DFI Account Numbers used in the initiation of Entries by rendering them unreadable when stored electronically.

The Rules are neutral as to the methods/technologies that may be used to render data unreadable while stored at rest electronically. Encryption, truncation, tokenization, destruction, or having the financial institution store, host, or tokenize the account numbers, are among options for Originators and Third-Parties to consider.

Impact

Effective Date: Phase 2 – June 30, 2022 for Originators and Third-Parties with ACH volume greater than 2 million in 2020.

Parties that reach 2 million or more ACH payments beginning 2022 ad any year thereafter have until June 30 of the following year to come into compliance with the Rule.

Potential Impacts:

- Implementation for those Originators and Third-Parties that currently would not be compliant
- For ODFIs, informing Originators of their direct compliance obligations