

**Category:**

- ACH Quality and Risk

**Attention Required:**

- Technology/Systems
- Administrative

**Nacha**<sup>TM</sup>**Date Effective: June 30, 2021**

Date Approved: November 19, 2018

*End-user Briefing*

Issue Date: July 10, 2020

## Supplementing Data Security Requirements

### Does this rule impact me?

This rule applies to all merchants, billers, businesses, governments and third parties that send two million or more ACH (electronic) payments per year, debits or credits, regardless of financial institution(s) used for sending.

- Tier 1 – effective June 30, 2021
  - Parties sending six million or more ACH payments per year
- Tier 2 – effective June 30, 2022
  - Parties sending two million or more ACH payments per year



For more detailed information, including FAQs, see [nacha.org/rules/supplementing-data-security-requirements](https://nacha.org/rules/supplementing-data-security-requirements)

### What is the purpose of this rule?

The existing security framework for the ACH Network is being supplemented to require parties with large volumes to protect an account number that is used in an ACH payment. The account number must be rendered unreadable anywhere the sender has stored it electronically while not in use.

### What is the rule?

The rule expands the existing ACH Security Framework rules to explicitly require large senders of payments to protect account numbers by rendering them unreadable when stored electronically.

- Aligns with existing language in the Payment Card Industry Data Security Standard (PCI DSS).

### What does the rule NOT cover:

- Data beyond the account number
- Payment methods other than ACH

**The rule does not prescribe a specific method of protection**, but requires that a commercially reasonable method be used; options include but are not limited to:

- Encryption
- Truncation/Masking
- Tokenization
- Financial Institution-hosted storage solutions

## How and when do I prepare for this change?

### *Immediately*

Determine:

- ACH payment volume in 2019 (by number of payments; not by dollars processed)
  - Total volume, regardless of number of financial institutions used for sending
- All systems that store account numbers used in an ACH payment
- Current account number protection status/IT capabilities

Contact your financial institution(s) and/or payments and technology vendors

- Do they offer or recommend any protection method?

Begin consulting with IT staff or partners on any suggested upgrades/implementations

### *The remainder of 2020 through 2021*

- Prepare an implementation plan that starts with technology selection
- Review implementation and testing timelines if using a customized solution
- Update policies, procedures, and documentation

### *June 30, 2021*

Parties with Tier 1 volume (six million or more in 2019) must be live with data protection.

### *June 30, 2022*

Parties with Tier 2 volume (two million or more in 2019) must be live with data protection.



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