Community Bank

2026 NACHA Rule Changes

New Company Entry Descriptions – March 20, 2026
ACH Origination Fraud Monitoring – June 22, 2026

As part of our commitment to keeping our ACH Origination Clients informed of ACH rule changes, we are providing you with the following summary of two upcoming changes to the NACHA Operating Rules ("Rules") that may require a change to your ACH origination processing. The rules below are intended to improve Risk Management throughout the ACH Network for all parties. As an ACH Originator, you are obligated to comply with the NACHA Operating rules.

<u>New Company Entry Description Rules</u>

This rule change requires specific company entry descriptions for payroll entries and the online purchase of goods. These standardized descriptions will help improve processes to monitor entries for potential fraud.

1. As an ACH Originator, if you are initiating PPD credits to pay wages, salaries, and other compensation, you will be required to use the description "PAYROLL" (all uppercase) as the Standard Entry Description.
2. As an ACH Originator, if you are initiating WEB debits for online, e-commerce purchases made by consumers for the purchase of goods, including recurring purchases first authorized by the consumer online, you will be required to use the description "PURCHASE" (all uppercase) as the Standard Entry Description.

You may begin using these descriptions at any time. However, as of March 20, 2026, all Originators using PPDs for payroll-related transactions and all Originators using WEB for consumer e-commerce purchases must use the respective Standard Entry Description.

<u>Origination Fraud Monitoring</u>

This new rule requires Originators to establish and implement risk-based fraud monitoring processes and procedures reasonably intended to identify ACH Entries initiated due to fraud. Processes and procedures must be designed to identify entries suspected of being unauthorized or made under false pretenses and updated annually to address evolving risks.

You may want to consider focusing your processes and procedures on brand-new Receivers and existing Receivers who suddenly change bank account information as follows:

1. Focus on new Receivers, for example new employees receiving their pay electronically or new vendors who request payment via ACH.

    a. When setting up a payment record for a new employee or vendor, ensure that you receive the payment routing number, account number, and bank name from a trusted source at the company.

2. Verify changes to existing Receivers with your trusted source.
    a. All employee email or phone requests to change the bank account information for their payroll deposit should be verbally confirmed with the employee at the phone number you have on file.
    b. All email or phone requests by a vendor to change their bank account information for receipt of electronic payment should be verified verbally with your trusted company contact using the phone number you have on file.

3. Originators may also utilize software to detect transaction anomalies and possible fraudulent entries.

<u>Why These Changes Matters</u>

These 2026 NACHA Rule changes are designed to:

1. Reduce fraud and unauthorized activity
2. Improve clarity for payment recipients
3. Ensure consistent compliance across ACH Originators
4. Strengthen the integrity and security of the ACH Network

This update is provided for informational purposes only and does not replace the full NACHA Operating Rules. We encourage you to review the complete rule updates which are available on the NACHA website at www.nacha.org. If you have additional questions or would like assistance evaluating your ACH origination obligations, you may contact our Treasury Management Department at cbtreasurymanagement@cb.bank with any questions or to learn more about our products and services.

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