



Empowering our members.™

## VOLUNTEER CORPORATE CREDIT UNION

January 15, 2009

Dear President/CEO:

To help your credit union prepare for the largest ACH rule change in twenty years, VolCorp would like to provide additional information regarding the new ACH rule associated with International ACH Transactions, commonly referred to as IAT's. This new ACH rule will become effective on September 18, 2009.

**What is an International ACH Transaction (IAT)?** International payments are credit and debit payment instructions that are exchanged across national borders to transfer value between an Originator (sender) and a Receiver (beneficiary). NACHA Rules will require every ACH payment entering or exiting the United States to be identified and formatted as an IAT.

The primary purpose of the new IAT rule is to align the NACHA (ACH) operating rules with OFAC compliance, and to make it easier for the receiving depository financial institutions (RDFI) to comply with these obligations.

### **Did you know.....?**

- All receiving depository financial institutions (RDFIs) will be affected by this rule.
- RDFIs will be required to accept IATs.
- Every IAT and all parties associated with these transactions must comply with BSA travel rules and OFAC screening requirements PRIOR to posting to your member's account.
- Credit unions can contract with other parties for ACH processing services, but cannot contract away their liabilities related to OFAC compliance.
- Data Processing systems will have to pull periodic statement information for a new position within the ACH detail file.

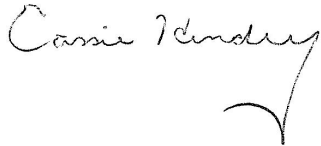
VolCorp wants to assist you with preparing for implementation of this new ACH rule. All areas of your credit union including operations, compliance, member services, marketing/sales, and your data processing system will be impacted by this important change.

### **Start preparing today.....**

- Confirm that your data processing system will have the ability to accept and identify IATs and the data related information necessary to complete OFAC screening.
- When will your ACH provider be ready to test?
- Review and develop ACH and OFAC compliance policy and ensure it covers origination and receipt of ACH payments.
- Educate and train staff.

Enclosed is a Readiness Checklist to assist you with implementation by September 18, 2009. If you have questions about IAT, or resources available to you, please contact Susan Wilkerson, extension 229 or Michelle Palmer, extension 277.

Sincerely,

A handwritten signature in cursive script that reads "Cassie Hendry". The signature is written in black ink and is positioned above the printed name.

Cassie Hendry  
Chair, VolCorp's IAT Committee

A handwritten signature in cursive script that reads "Karla Knisley". The signature is written in black ink and is positioned above the printed name.

Karla Knisley  
SVP, COO

Enclosure

# IAT Readiness Checklist

## Effective September 18, 2009

### Now...become familiar with the new IAT ACH rules

- ❖ 2009 ACH Rule Book IAT section
- ❖ IAT Survival Guide – order from NACHA or TACHA
- ❖ Customize and send the IAT memo located under VolCorp's home page to your vendors
- ❖ Ensure your data processor is familiar with rule changes; obtain testing time frames
- ❖ Verify your data processor will be able to accommodate the IAT standard entry class (SEC) code
- ❖ Educate your staff (operations, member services, compliance, marketing, etc.)
- ❖ Educate your originators (employee groups), if applicable.
- ❖ Take advantage of available IAT resources:
  - VolCorp – [www.volcorp.org](http://www.volcorp.org)
  - NACHA – [www.nacha.org](http://www.nacha.org)
  - TACHA – [www.tacha.org](http://www.tacha.org) (regional payment association)
  - FRB – [www.frbservices.org](http://www.frbservices.org)

### Second Quarter 2009 – ensure internal readiness

- ❖ Review applications (reporting systems, automated OFAC screening, statements, online banking platforms, etc.)
- ❖ Determine how OFAC checks will be performed on received and originated IAT transactions
- ❖ Confirm that data processor will be prepared by September 18, 2009
- ❖ Test readiness with your ACH provider
- ❖ Develop and implement an ACH OFAC compliance policy that addresses both origination (if applicable) and receipt of IATs, and identifies your OFAC verification method; revise and remove references to CBR and PBR SEC codes
- ❖ Review all policies (ACH operations policy, OFAC policy, business recovery plan, audit policy, risk policy, etc.) for IAT compliance
- ❖ Review existing agreements with data processors, vendors, originators, etc., to ensure compliance with IAT
- ❖ Review additional processing costs for IAT transactions and potential impact to ACH pricing, if applicable
- ❖ Verify that your billing system will accommodate IAT SEC code if you decide to charge your members for receiving these transactions
- ❖ Continue to educate your staff (operations, member services, compliance, marketing, etc.)
- ❖ Participate in VolCorp's IAT training for members who receive their ACH file through APEX
- ❖ Participate in TACHA (regional payment association) IAT training

### By September 18, 2009 - prepare for implementation

- ❖ Update all ACH forms, training manuals, and reference guides with the IAT SEC code
- ❖ If applicable, provide training to your originators
- ❖ Check with vendors for readiness
- ❖ Update all internal procedures and provide review training for staff
- ❖ RDFI's should test transactions with VolCorp, if applicable