



Effective September 17, 2021, the Meaningful Modernization Rule has five amendments to improve and simplify the ACH user experience for authorization and initiation of ACH payments; reduce barriers to the ACH network; provide clarity and consistency in ACH processes; and reduce administrative burdens to ACH authorizations. The five Rules will allow for:

1. **Standing Authorizations** - This is an advance authorization (oral or in writing) by a consumer of future debits at various intervals. This is a hybrid to fill the gap between single and recurring payments. The Rule also introduces Subsequent Entries which are individual payments initiated based on a Standing Authorization.
2. **Oral Authorizations** – Currently NACHA Operating Rules do not allow oral authorizations of ACH payments other than by a telephone call. The Rule will allow Oral Authorization as a valid method for consumer debits distinct from a telephone call.
3. **Other Authorization Issues** – This will re-organize the general authorization rules to allow for Standing Authorizations and Oral Authorizations and will provide for more clarity, flexibility, and consistency in the Rules.
4. **Alternative to Proof of Authorization** – This Rule will reduce the administrative burden on ODFIs and their Originators by allowing them to accept a return of the debit rather than provide proof of authorization in every instance. However, if the RDFI still needs proof of authorization, the ODFI and Originator must provide the proof of authorization within ten days of the RDFI's subsequent request.
5. **Written Statement of Unauthorized Debit (WSUD) via Electronic or Oral Methods** – This Rule emphasizes that a WSUD may be obtained and signed electronically, which could include the same methods permissible for obtaining a consumer debit authorization.

The implementation of the new Rule may impact Originators, ODFIs, and RDFIs differently under each amendment. For a detailed description of these changes and a listing of the NACHA Operating Rules impacted, see the Revisions section of the 2021 NACHA Operating Rules under Meaningful Modernization. If your bank has any questions regarding these changes, please reach out to CCI.