

Notification of Change (also known as a Correction)

The best way to ensure accurate payments to, and from, your organization is to have full and accurate information for each ACH entry you initiate. After getting information from your Receiver, the NOC represents the timeliest and accurate information with which to maintain your ACH files. The NOC tells you that your information is either inaccurate or that something has changed requiring your files to be updated; and it tells you which information to change. You must take these changes so subsequent entries will process properly.

NOC entries are created by the Receiver's financial institution and sent back via your financial institution to your company. It allows the Receiver's financial institution to send correcting information to you without having to return the value of the payment.

Understanding how to handle the NOC properly is paramount to improving the ACH Network's quality, and to reducing operational and customer service problems.

Why Use a NOC?

To avoid the delays involved in **returning** an ACH entry (Direct Deposit/Direct Payment) when there is a correctable error. Financial institutions **accept and post** the entry as an **exception item** instead of returning the entry. The Receiver's financial institution then sends the NOC, with the correct information needed for automated processing, back to the originating company so that its file can be changed/corrected prior to the next payment.

Why Make the Change?

The company's ACH records are the **ONLY** place where information to create ACH entries is resident. Only the company can create accurate and complete ACH entries. The NOC received from the Receiver's financial institution represents the most timely and accurate information with which to maintain the company's ACH file.

Why We All Benefit from the NOC

Companies and individuals that receive ACH transactions benefit from accurate, on-time automated posting that makes credits/debits available immediately. Originating companies benefit by having a constant source timely, correct data that reduces exception processing and consumer service problems. Receiver's financial institutions have an ACH file that posts with a minimum of rejects and return entries.

A mishandled NOC represents one of the ACH Network's most significant operational and customer service burdens. It leaves financial institutions open to increased processing costs, and organizations like yours open to customer service issues and possible fines.

NOC Responsibilities

Definition: A NOC is created by the Receiver's financial institution to notify the originating company (via its financial institution) that: 1) previously valid information contained in an ACH entry (Direct Deposit/Direct Payment) is now outdated, and needs to be **changed**; or 2) information contained in an ACH entry (Direct Deposit/Direct Payment) is erroneous, and needs to be **corrected**.

Specifications: A NOC must comply with the following:

- Be a zero (0) dollar amount entry
- Contain a "Revision Code" identifying the information to be changed
- Include the changed/corrected information corresponding to the code
- Contain the transaction code 21, 26, 31 or 36 indicating "COR"

Responsibilities:

Receiver's Financial Institution – The Receiver's financial institution must create the NOC as per the specifications above, and:

- Transmit the NOC to the originating financial institution **within 2 banking days** of the settlement date of the entry that the NOC relates to, for ACH entries requiring corrections; **or**
- Transmit the NOC to the originating financial institution at any time for changes required by mergers, acquisitions and similar events; **and**
- Indemnify all parties to the NOC entry, under the ACH Rules, that the NOC they sent is correct, necessary and/or authorized.

Originating Financial Institution – The originating financial institution must accept any NOC that meets the above requirements and is received within the time limits. They, in turn, must then provide the NOC information to the company **within 2 banking days**. This information must include the following **minimum descriptive standards**:

1. Company Name
2. Company Identification
3. Company Entry Description
4. Effective Entry Date
5. DFI Account Number
6. Individual Name
7. Individual ID Number
8. Change Code
9. Original Entry Trace Number
10. Original RDFI Identification
11. Corrected Data

Companies – The company **must** make the change(s) specified in the NOC **within 6 banking days of its receipt**, or prior to the initiation of the next ACH entry to that receiver, whichever is later.

Change Reason Codes

C01 – Account Number

The account number is incorrect or is formatted incorrectly.

Action: Change the customer's account number record.

C02 – Transit/Routing Number

A once valid transit/routing number must be changed.

Action: Change the customer's financial institution routing number record.

C03 – Transit/Routing Number & Account Number

The transit/routing number **and** the account number are not correct.

Action: Change the customer's financial institution transit/routing number and account number records.

C04 – Account Name

The customer has changed the name on the account or the Company has submitted the name incorrectly.

Action: Change the customer's (Individual or Company) Name record.

C05 – Transaction Code

The incorrect transaction type code (a 2-digit number meaning checking or savings account) is wrong.

Action: Change the type of transaction code (from checking account to savings, or vice versa) record. Contact the ODI if clarification is needed.

Please see ACH Transaction Codes on Page 3 for an understanding of what the transaction code means.

C06 – Account Number and Transaction Code

The account number is incorrect **and** the type of transaction code is wrong.

Action: Change the customer's account number and the type of transaction code records.

C07 – Transit/Routing Number, Account Number & Transaction Code

The transit/routing number **and** the account number **and** the transaction type code are all incorrect. (Three corrections.)

Action: Change the customer's account number **and** financial institution transit/routing number **and** the type of transaction code records.

C09 – Individual ID Number

Individual ID Number is incorrect (applies only to consumer initiated transactions).

Action: Change the Individual ID Number record.

C10 – Company Name

Due to merger or consolidation, the Company name is no longer valid (applies to consumer initiated transactions).

Action: Change the Company Name record.

C11 – Company Identification

Due to merger or consolidation, the Company ID is no longer valid.

Action: Change the Company ID record.

C12 – Company Name & Company Identification

Due to merger or consolidation, the Company name **and** the Company ID number are no longer valid (applies only to consumer initiated transactions).

Action: Change the Company Name **and** the Company ID records.

C13 – Addenda Format Error

The Entry Detail Record is correct, but information in its Addenda Record is unclear or formatted incorrectly, i.e. not formatted in ANSI or NACHA endorsed banking conventions.

Action: Review the formatting in the Addenda Record that accompanied the original Entry Detail Record to determine errors, and make corrections using only ANSI standards or NACHA endorsed banking conventions.

Refused Notifications of Change

Notifications of Change containing incorrect or incomplete information may prevent the Originating Company from making the requested change. In that case, the Originating Company may submit a **Refused Notification of Change** to advise the receiver's financial institution of the reason for not making the requested NOC change(s).

A Refused NOC may appear on the receiver's financial institution's Detail Entry Register or other exception report. The reason(s) for refusal is/are defined by the codes listed below. A receiver's financial institution may (within five (5) banking days from the settlement date of the Refused NOC) submit a new, corrected NOC using the normal Notification of Change procedures.

Refused NOC Reason Codes

- C61 – Misrouted Notification of Change**
- C62 – Incorrect Trace Number**
- C63 – Incorrect Company Identification Number**
- C64 – Incorrect Individual Identification Number**
- C65 – Incorrectly formatted Addenda Information**
- C66 – Incorrect Discretionary Data**
- C67 – Transit Routing Number Not From Original Entry Detail Record**
- C68 – DFI Account Number Not From Original Entry Detail Record**
- C69 – Incorrect Transaction Code**

NOTE: *It is important to realize that NOC formats/reports can be different, depending on the ACH software being used. If you have problems understanding the NOC as provided, contact your financial institution for assistance.*

ACH Transaction Codes Associated to NOC

Demand Credit records

- 21 Return or NOC for a Demand Credit
- 22 Demand Credit
- 23 Prenote for a Demand Credit
- 24 Zero Dollar Entries w/Remittance Data*

Demand Debit Records

- 26 Return or NOC for a Demand Debit**
- 27 Demand Debit
- 28 Prenote for a Demand Debit
- 29 Zero Dollar Entries w/Remittance Data*

Savings Account Credit Records

- 31 Return or NOC for a Savings Credit
- 32 Savings Credit
- 33 Prenote for a Savings Credit
- 34 Zero Dollar Entries w/Remittance Data*

Savings Account Debit Records

- 36 Return or NOC for a Savings Debit
- 37 Savings Debit**
- 38 Prenote for a Savings Debit
- 39 Zero Dollar Entries w/Remittance Data*

This information was adapted from a free downloadable brochure which can found at www.nacha.org. For more detailed information regarding the NOC process, please refer to the ACH Rules, Appendix Six; or contact your regional payments association.