DEPARTMENT OF THE TREASURY
FINANCIAL MANAGEMENT SERVICE
P.O.BOX 12599-0599
KANSAS CITY, MISSOURI 64116-0599

May 25, 2011

TO: Agencies Serviced by the Kansas City Financial Center

SUBJECT: NACHA Requests for Comment

The National Automated Clearing House Association (NACHA) manages the development, administration, and governance of the ACH Network, which serves as a safe, secure, reliable network for direct consumer, business, and government payments. Utilized by all types of financial institutions, the ACH Network is governed by the *NACHA Operating Rules (Rules)*, a set of fair and equitable rules that guide risk management and create certainty for all participants.

NACHA requests comment on proposed amendments to the *Rules* to address six risk management-related topics and to provide additional flexibility for compliance with certain existing *Rules*. Of immediate concern is the proposed change that would revise the *Rules* to prohibit the inclusion of Social Security Numbers (SSNs) within ACH Entries unless such numbers are truncated.

Although the proposed rule is consistent with the Department of the Treasury, Financial Management Service (FMS) initiative to suppress SSNs in federal government ACH payments, an amendment of this magnitude would also include Automated Enrollments (ENRs), Death Notification Entrys (DNEs), and SSNs contained within an addendum record. FMS encourages our Federal Program Agencies to examine the implications such a proposal would have on your business and to utilize the comment period to voice any concerns.

NACHA requests feedback on whether any ACH participants have a legitimate need to transmit a full SSN within an ACH transaction without the suppression of the first five digits. If so, NACHA is interested in feedback on whether it is feasible to encrypt the SSN prior to incorporation into the Entry by the Originator with decryption only by the Receiver. NACHA has developed an ACH Participant Survey to petition feedback from users. The survey should be completed online at http://www.surveymonkey.com/s/YT657VT by Friday, June 24, 2011. Additional comments may be sent to Maribel Bondoc, Manager, Network Rules at mbondoc@nacha.org.

Please contact Sarah Recob if you have additional questions, she can be reached at (816) 414-2149 or sarah.recob@fms.treas.gov.

Sincerely,

Gary M. Beets
Regional Director