International ACH Transactions (IAT)
Frequently Asked Questions on Formatting

Company/Batch Header

1. **Which party handles the foreign exchange on an IAT transaction?** That decision will be made by the parties to the transaction and is not within the scope of the IAT changes or the NACHA Operating Rules.

2. **How should the Foreign Exchange fields of the Batch Header be populated on an outbound IAT?** For FV (fixed-to-variable) transactions the ODFI will not have the FX rate information necessary to complete Batch Header fields 5 & 6. The rate information will be added to the file downstream. Those fields should be populated as:
   Foreign Exchange Indicator = FV
   Foreign Exchange Reference Indicator = 3
   Foreign Exchange Reference = (null/spaces)

3. **Will the Operators edit for valid ISO codes? Where can I get the codes?** The Operators will not edit for valid ISO codes. ISO Codes can be obtained from www.iso.org.

4. **Is there a different SEC Code for consumer and corporate IAT transactions?** There is only one SEC code for International ACH Transactions (IAT) and it is to be used for consumer and corporate transactions.

5. **Will the Originator Status Code, which is used in domestic payments to differentiate Federal government payments from other payments, be used in the same manner for IAT?** Yes, if the ODFI of a batch is a Government Institution, the Originator Status Code (position 79 on the '5' record) would be a '2' on the batch. For all other IAT entries, the Originator Status Code would be a '1'.

6. **Can an IAT be reversed?** Yes, but the reversal would be handled on a best effort basis. The receiving country may not support reversals.

Entry Detail

7. **Can an IAT pre-note be initiated?** Yes. An IAT pre-notification entry must include the seven mandatory addenda records and be screened for OFAC compliance.

8. **Are there any Transaction Codes that IAT should not be used for?** IAT entries may be sent to demand, savings, general ledger, and loan accounts for live entries, pre-notes and returns. Zero dollar IAT entries may be sent to demand and savings accounts, but should not be sent to general ledger or loan accounts.

9. **How are the OFAC Screening Indicators populated?** There are 2 optional OFAC Screening Indicator Fields that can be populated for inbound IAT transactions. Field 10 is for use by the Gateway Operator and Field 11 is populated by the Third-Party Service Provider. Field 10, Gateway Operator OFAC Screening Indicator, will be populated by the Federal Reserve for inbound IAT transactions that are processed through their FedACH International Service. This field is optional for other Gateway Operators. Field 11, Secondary OFAC Screening Indicator is used by Third-Party Service Providers. If these fields are used, they will be populated with a "0" if the item is a clean transaction and a "1" if the item is suspect.

   Outbound IAT transactions – no suspect IAT transactions should be originated into the U.S. ACH by the ODFI. Under the NACHA Operating Rules the ODFI warrants to the ACH Network participants that all transactions are in compliance with NACHA Operating Rules and U.S. Law. Any suspect transaction should be investigated and cleared before it is released to the ACH Operator.

   If either of the OFAC Screening Indicators has been previously populated, the information should not be changed or written over by the RDFI. If a suspect transaction has been cleared the information should be documented and retained.

Addenda

10. **How are the 12 addenda of the IAT allocated?** The first 7 addenda are mandatory and include information about the parties to the transaction. The other 5 addenda are optional and may be used in a combination of Foreign Correspondent Addenda and Remittance Information Addenda but may not exceed 5 total. In addition, the number of Remittance Addenda may not exceed two. The IAT may include 5 or less Foreign Correspondent Addenda and zero Remittance Addenda, 4 or less Foreign Correspondent Addenda and one Remittance Addenda, or 3 or less Foreign Correspondent Addenda and two Remittance Addenda.

11. **How can I differentiate which addenda is which in an IAT?** Each of the 7 mandatory addenda are differentiated by an Addenda Type Code of 10-16. Addenda Type Code 17 is used for Remittance Information Addenda and Addenda Type Code 18 is used for Foreign Correspondent Addenda.

12. **What happens if the total number of Addenda Records exceeds the maximum allowable (12) per Entry Detail Record (IAT)?** The Operator will reject the entry.

13. **Do Addenda Type Codes 10-16 need to be in appropriate sequential order?** Yes, if not, the Operator will reject the entry. Addenda Type Codes 17 and 18 may be out of sequential order.

14. **What happens if one or more mandatory Addenda Records for IAT forward entries, Automated Returns, and Automated Notifications of Change is missing?** The Operator will reject the entry.

15. **What happens if for IAT forward entries and IAT Automated Returns, the entry contains more than one of the Addenda Types 10-16?** The Operator will reject the entry.

16. **What happens if the IAT entry contains more than two Addenda Records for Remittance Information (Addenda Type Code 17)?** The Operator will reject the entry.

17. **Where do I indicate the reason for the payment in the IAT entry?** The reason for payment is included in first addenda record in the Transaction Type Code field. There are three character codes defined to describe the reason for payment.

18. **How do I indicate the IAT is actually an ARC (or other application)?** A secondary SEC code must be included in the Transaction Type Code field of the first addenda record to indicate that the IAT is an international variation of a domestic ACH application. If it is, the Payment-Related Information Field of the addenda record for remittance information must contain a banking convention for required information and the contents must be provided to the consumer customer.

19. **What are the banking conventions for secondary SEC Codes?**
    - If secondary SEC Code is ARC, BOC, RCK: Check Serial Number\
    - If secondary SEC Code is POP: Check Serial Number (max 9)*Terminal City (4 characters)*Terminal State/Foreign Country (2 characters)\
    - If secondary SEC Code is MTE, POS, SHR: Terminal Identification Code (max 6)*Terminal Location (max 27)*Terminal City (max 15 characters)*Terminal State/Foreign Country (2 characters)\

20. **What if a portion of the content of a field is not available (for example, either the Country or postal code is not available for the Originator Country and Postal Code field)?** If you have all the data, the field is formatted: Country*postalcode\
    If the missing segment is not the last segment, use * so in the example if missing Country, the format would be: *postalcode\
    If the missing segment is the last element, do not include the *. In the example if missing Postal Code, the format would be: Country\

21. **How should the Branch Country Code fields be formatted?** While the length of the field is three positions, the Code is a two digit code and should occupy the two leftmost positions with a space filling the third position.

22. **How does the FI know which code value to use for the Originating and Receiving DFI Identification Number Qualifier (the two digit code that identifies the numbering scheme used in the Originating or Receiving DFI Identification Number Field)?**

23. **Are there any formatting specifications for the optional remittance?** There are no formatting requirements for the remittance information. Any NACHA endorsed-banking convention may be used. In addition, the two available remittance addenda will provide enough characters to fit a SWIFT 4x35 message.

24. **Could the addenda information in an IAT be in a foreign language?** Yes but it may only include allowable characters as defined in Appendix One, Section 1.3 of the NACHA Operating Rules.

25. **Who populates the Foreign Correspondent addenda?** For an inbound IAT this field is populated by the party formatting the IAT entry which could be either the U.S. Gateway Operator or the foreign Gateway Operator. This would be determined by agreement between the two Gateway Operators.

Exceptions

26. **How long will returns and NOCs for CBR/PBR entries be supported?** Until March 19, 2010.

27. **Do any of the addenda records need to be sent back with an IAT return?** The mandatory addenda for IAT entries (Addenda Types 10-16) must be transmitted with IAT returns. Addenda types 17 and 18 will not be transmitted with IAT return entries.

28. **Do any of the addenda records need to be sent back with an IAT NOC?** Addenda types 10-18 are not transmitted with IAT Notifications of Change.

29. **Are there specific Return Reason Codes for IAT?** The Return Reason Codes in the R80 series are for use only by Gateway Operators.

30. **Are there any Return Reason Codes you can't use for IAT?** There are no return reason codes that are blocked from use with IAT, but the Dishonored Return and Contested Dishonored Return codes are not allowed for use with IAT entries.

31. **Can I do an IAT Notification of Change?** This function is supported with the *NACHA Operating Rules*, but check with your Gateway Operator to see if they support the process.

32. **Is the IATCOR code mandatory for IAT NOCs?** Yes, this code is necessary to identify IAT Notifications of Change.

33. **Are there any NOC Codes you can't use for IAT?** C03 (Incorrect Routing Number and Incorrect DFI Account Number), C06 (Incorrect DFI Account Number and Incorrect Transaction Code), and C07 (Incorrect Routing Number, Incorrect DFI Account Number and Incorrect Transaction Code) are not available for use with IAT due to field length limitations for correcting information.