

Posted: September 4, 2009

IMPORTANT NOTICE ABOUT ACH/DIRECT DEPOSIT**Overview**

Due to new banking regulations, effective September 18, 2009, funds electronically deposited through the Automated Clearing House (ACH), also known as “direct deposit”, into a U.S. bank, and either forwarded to a non-U.S. bank or funded by a non-U.S. bank, dollar-for-dollar, require the University to submit supplemental information with the ACH transaction that is not currently being collected by the University. Until this supplemental information is obtained by the University from employees, donors, retirees, and vendors, as appropriate, payments of this nature must be made by paper check or by wire transfer. In circumstances whereby the supplemental information is unavailable or not provided, the ACH network will reject the transaction and funds will not be deposited into your bank account. The requirement applies to all ACH payments made by Wake Forest University for payroll direct deposits, Accounts Payable vendor payments, and any ACH debit authorization for payments, supplier payments or donor contributions. When the University is notified that an ACH transaction requires the supplemental information and the supplemental information is not provided, Wake Forest will not be able to process any ACH debits on behalf of direct deposit payments, supplier payments, or donor contributions.

Employee Responsibility (ACH/Direct Deposit)

If you bank only within the U.S. and currently do not or will not, at some point in the future, forward your direct deposit (ACH payments) to non-U.S. banks, then no action is required on your part.

If you currently forward, or in the future plan to forward, all (100%) of your direct deposit (ACH payment(s)) to a non-U.S. bank; steps must be taken immediately to inactivate or change the deposit information that is currently on file in the Payroll Office. Contact the Payroll Office immediately by e-mail at payroll@wfu.edu. **Failure to take action**, and provide information about the foreign account, will result in your bank rejecting your payroll deposit, returning the funds to Wake Forest University, and the Securities and Exchange Commission potentially assessing a penalty. Wake Forest University is not responsible for any international ACH transactions that are rejected or delayed due to missing information.

Donor, Renter, and Retiree Responsibility (ACH Debit Authorization)

There are limited and defined types of payment transactions that are initiated by Wake Forest University when the payee has given the University explicit and written authorization to process an ACH debit. Examples include charitable contributions by donors, rental payments, and retiree benefit payments. ACH transactions that are initiated by Wake Forest University, even when authorized by the payee, are also subject to the new banking regulation.

For example, when donors authorize University Advancement to debit their bank accounts to make charitable contributions to the University, ACH transactions that involve U.S. bank accounts that have funding from foreign sources are considered International ACH transactions and supplemental information must be collected before the transactions can be processed. The form “Authorization Agreement for Direct Donations (ACH Debits)” has been amended to ask the donor to contact the appropriate University office when the funds are sourced from off shore resources. When applicable, the University must collect the additional information before the direct debit for the donation can be activated.

Frequently Asked Questions

What does “off shore” or non-U.S. mean?

Off shore or non-U.S. refers to entities that are not part of the fifty (50) states of the U.S., U.S. territories, U.S. military bases, or U.S. embassies. For the purposes of the new banking regulation, these terms are describing financial agencies outside the territorial jurisdiction of the U.S. ACH transactions that are only funded by or between U.S. financial institutions are not affected by the new banking regulation.

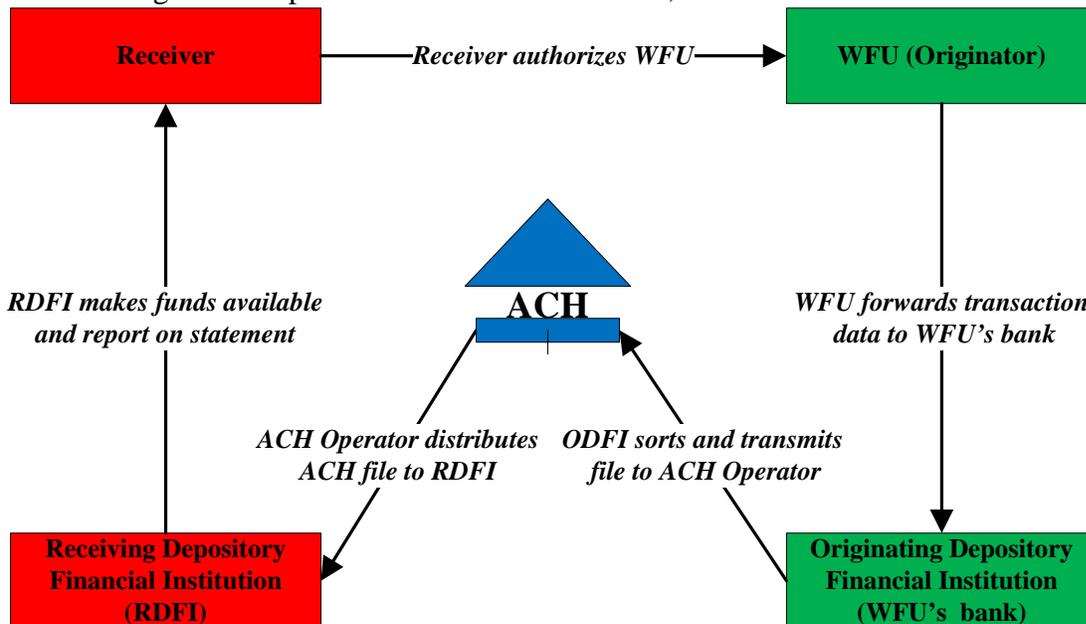
What is the supplemental information that needs to be collected?

- Name and physical address of the receiver (beneficiary)
- Account number of the receiver
- Identity of the receiver’s bank
- Correspondent Bank Name, Bank ID number and Bank Branch Country Code
- Payment Related Information – reason for the payment

****The same information is also needed for any supplemental intermediary financial institutions that are involved. ****

What do the terms “Originator,” “Receiver,” and “Correspondent” mean?

The following is an adaptation from the NACHA site,



Originator:

Any individual, corporation or other entity that initiates entries into the Automated Clearing House Network. (Wake Forest University)

Originating Depository Financial Institution (ODFI):

A participating financial institution that originates ACH entries at the request of and by (ODFI) agreement with its customers. ODFI's must abide by the provisions of the *NACHA Operating Rules and Guidelines*. (Financial institution that Wake Forest University uses for banking.)

Receiving Depository Financial Institution:

Any financial institution qualified to receive ACH entries that agrees to abide by the *NACHA Operating Rules and Guidelines*. (The financial institution of the beneficiary, e.g. the bank that receives the deposit transaction for the employee, customer, supplier, or donor.)

Receiver:

An individual, corporation or other entity who has authorized an Originator to initiate a credit or debit entry to a transaction account held at an RDFI. (The beneficiary of the ACH transaction, e.g. employee, customer, supplier, or donor.)

I work in a study abroad program, have my pay deposited in a U.S. financial institution with a forwarding order for the bank to transfer a portion of my pay to a non-U.S. financial institution (where I am/will be working). Am I affected by the new banking regulation for International ACH transactions?

No. Only ACH transfers that transfer dollar-for-dollar amounts are subject to the new bank regulation. If the order with your U.S. bank instructs the bank to transfer 100% of the payroll deposit into an off shore, or non-U.S. bank, account, then the payroll direct deposit is considered an international ACH transaction and requires the supplemental information.

Why is this new bank regulation necessary?

The international ACH transfer regulation aligns the *NACHA Operating Rules (Rules)* with OFAC (Office of Foreign Assets Control) compliance obligations and allows intermediaries, such as Wake Forest University, a means to be compliant by classifying payments involving financial agencies outside the territorial jurisdiction of the U.S. and include the Bank Secrecy Act's (BSA) "Travel Rule" information within the international payment format by identifying all parties to the transaction. The goal of the new bank regulation is to prevent U.S. organizations from doing business with blocked foreign entities. Before this regulation, when payments were between two or more U.S. banks, it was difficult to determine if the receiver of the funds was transferring the money to a blocked party. The new international ACH transfer bank regulation provides more visibility into the process.

Does this regulation change the wire payment process?

No.

Where can I learn more about this regulation?

The National Automated Clearing House (NACHA) website, http://www.nacha.org/IAT_Industry_Information/, provides a comprehensive resource page devoted to International ACH Transfers. ACH is governed by NACHA Operating Rules. Office of Foreign Assets Control (a division within the U.S. Department of the Treasury): <http://www.treas.gov/offices/enforcement/ofac/>