Reversing a Transaction

Nacha rules allow an originator, or ODFI, to reverse entries to correct "erroneous errors" within five banking days of settlement of the original entry. Prior to reversing the entry, the originator must make a reasonable attempt to notify the receiver of reversing entry and the reason for reversing entry no later than the entry's settlement date. Nacha defines an erroneous entry as:

- A duplicate of an entry previously initiated by the originator or ODFI.
- An entry that orders payment to or from a receiver different than the receiver intended to be credited or debited by the originator.
- An entry that orders payment in a dollar amount different than was intended by the originator.
- An entry that orders payment of a debit entry on a date earlier than the receiver was intended to be debited by the originator or payment of a credit entry on a date later than the receiver was intended to be credited by the originator.
- A credit PPD entry satisfying each of the following criteria:
  1. The credit PPD entry is for funds related to a receiver's employment.
  2. The value of the credit PPD entry is fully included in the amount of a check delivered to the same receiver at or prior to the receiver's separation from employment.
  3. The credit PPD entry was transmitted by the originator prior to the delivery of the check to the receiver.

Nacha rules explicitly define the following examples of circumstance in which the origination of reversals is improper.

- The initiation of reversing entries or files because an originator or third-party sender failed to provide funding for the original entry or file.
- The initiation of a reversing entry or file beyond the time period permitted by the rules.

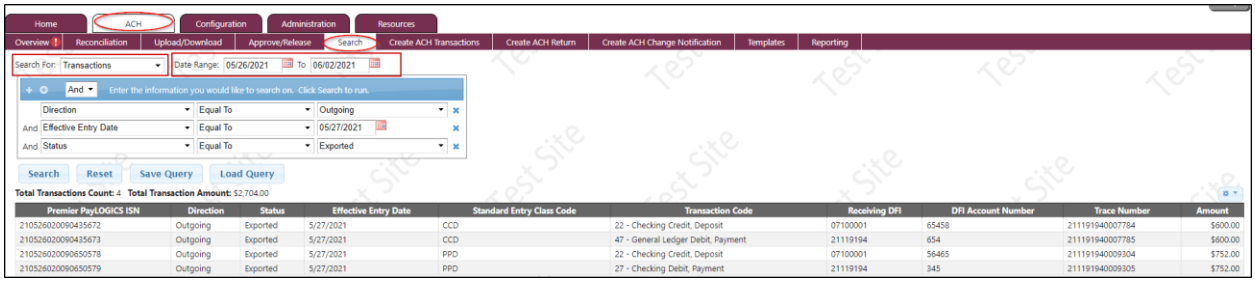
Please see Article Two, Rights and Responsibilities of ODFIs, Their Originators and Third-Party Senders, Section 2.9 Reversing Entries of the Nacha Operating Rules and Guidelines for further information.

This document will provide detailed instructions on how to reverse a transaction if the above criteria is met.

Reverse a Transaction

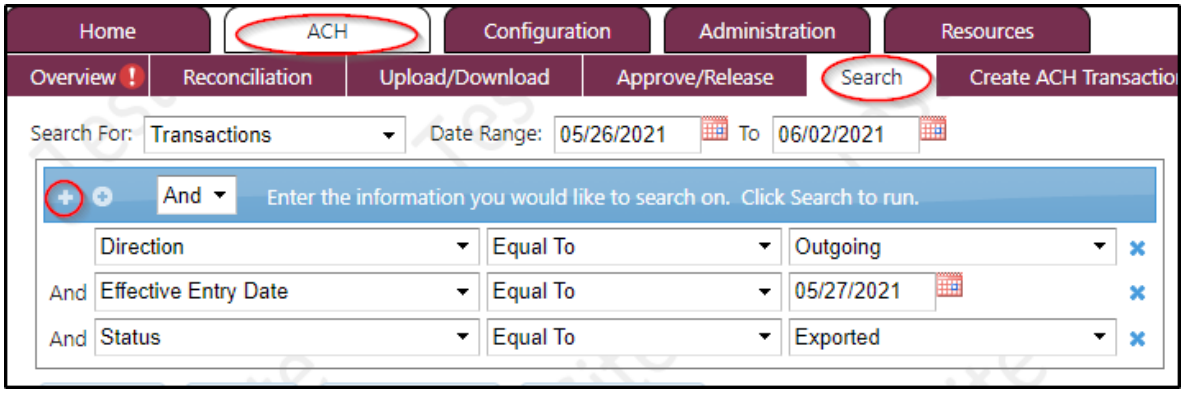
To reverse a transaction, you must first locate the transaction.

- Select the *ACH* tab.
- Select the *Search* tab.
- Search for *Transactions*.
- Date Range: Use the calendar icons to select a date or date range. Choose most recent five banking days.

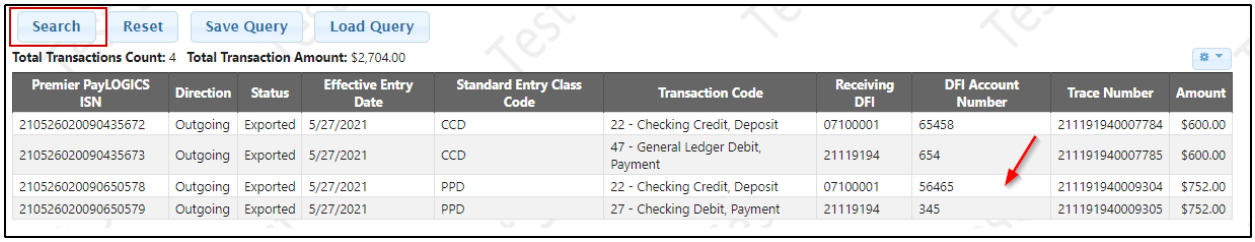


Tip: Adding additional search criteria will help narrow the search response. Click the + sign multiple times to narrow the search. There are many search options available.

- Odd amounts can usually be searched by just the amount, especially if you select a small date range.
- Results will show incoming and outgoing items. To only display outgoing items, click the + sign and select *Direction Equal To Outgoing*.
- Transactions can only be reversed after they are exported to the Federal Reserve Bank (FRB) for settlement at the receiving institution, or RDFI. Changing the status to *Exported* will ensure compliance with this rule.



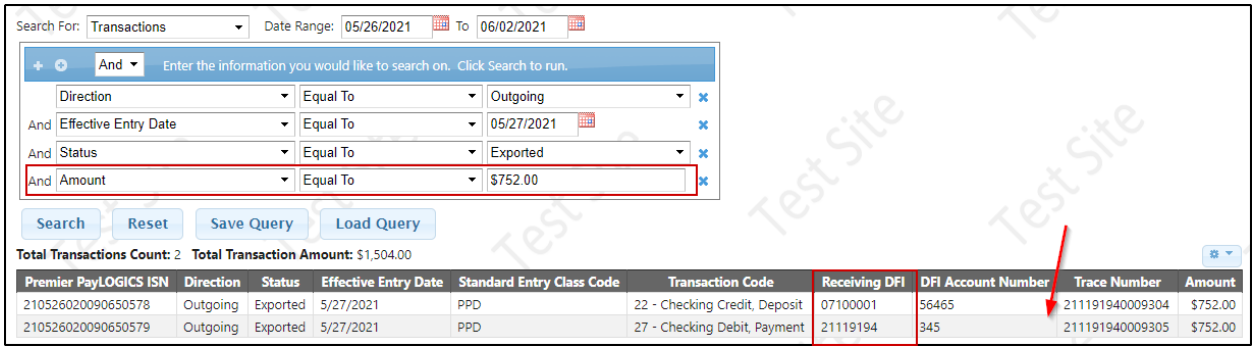
- Once you have input the criteria, select the *Search* button or press *Enter*.



The results of the search will appear below the *Search* box.

In some cases, you will get multiple items in the search results. Depending on the number of results, you can either add additional search criteria to narrow the results or identify and select the correct transaction to reverse.

Many times, transactions have individual offsets. You can choose to only reverse the transaction sent to the other institution or you can elect to reverse both the outgoing transaction and the offset. If both are to be reversed, each transaction will need to be reversed independently.

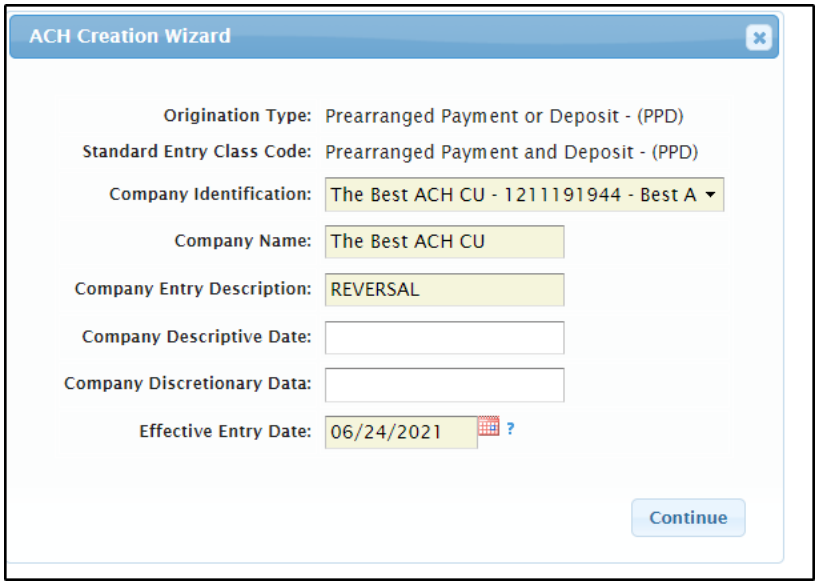


- Open and review the transaction to ensure it is the correct transaction to be reversed.
- If correct, select *Reverse the Entry*.

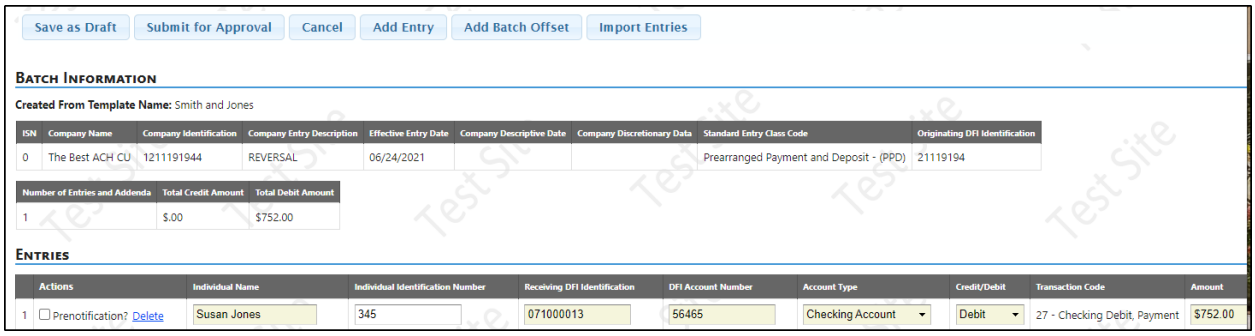


The ACH Creation Wizard will step you through the reversal process.

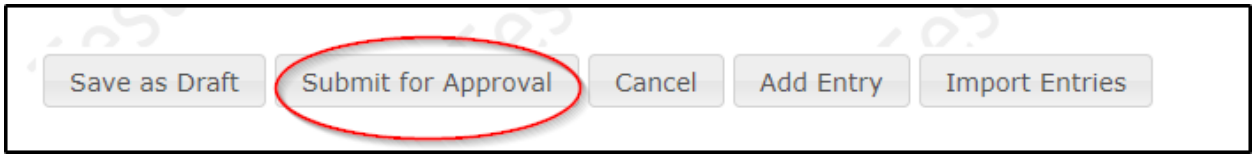
- *Company Identification* – Prefilled from original batch
- *Company Name* – Prefilled from original batch
- *Company Entry Description* – Will default to REVERSAL
- *Company Descriptive Date* – Optional
- *Company Discretionary Data* – Optional
- *Effective Entry Date* – Select appropriate effective date, current or next day
- Same day transactions need to be created and approved before cutoff
- Select the *Continue* button



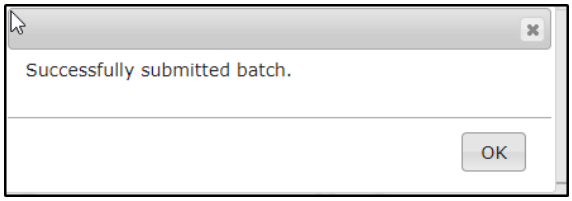
Transaction details from the original transaction will be listed.



Validate that the correct transaction is displayed and then select *Submit for Approval*.



An information box will display.

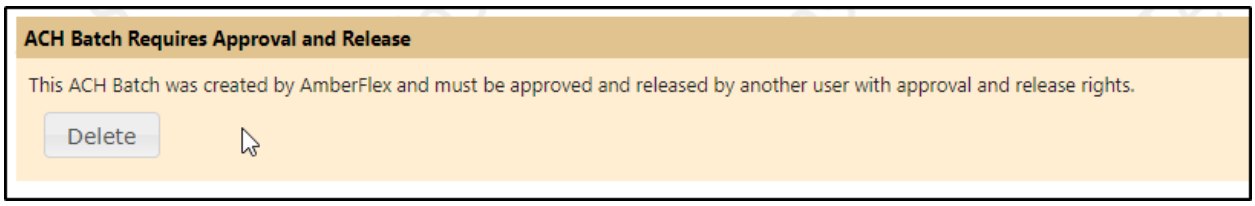


Save as Draft – If at any time you would like to save your work before completion, select *Save as Draft*. This option will allow the creator of the batch to locate the batch later. Please note that no other user will be able to see this batch when in a draft state.

Cancel – Cancels the transaction completely.

Add Entry and Import Entries – Should not be used on a reversal batch.

Once submitted for approval, the system will respond with a message to *Approve and Release ACH Batch*.



If the batch was submitted for approval in error, the user can select *Delete* to delete the batch and start over.

A second user will need to approve and release the batch. All ACH origination requires dual approval.

The batch will not be processed until it is approved and released. Refer to the *Approve, Release and Unrelease procedures* for instructions.