

## Frequently Asked Questions - ACH

### How can I tell the difference between PPD, CCD, and CTX SEC Codes?

- PPD (Prearranged Payment and Deposit Entry) should be used with consumer (personal) accounts. For Example, when you are sending payroll to “employees” you are sending ACH credit items to “consumer accounts” and should use PPD.
- CCD (Cash Concentration Disbursement) should be used with corporate credits and debits to commercial/business accounts. For example, when you are paying your vendors, you are sending ACH credit items to “commercial/business accounts” and should use CCD.
- CTX (Corporate Trade Exchange), like a CCD, should be used to make or collect payments to or from other corporate entities, but the difference is when you want to include more than one Addenda Record. An Addenda Record is used to supply payment-related information to the receiving company, i.e. invoice information. A CTX item can have up to 9,999 addenda records, whereas with CCD you will only have 1.

Using the correct SEC Code is important to ensure that you don’t get unnecessary chargebacks to your account or open yourself up to extended availability for chargebacks.

### Do I have to have an authorization form prior to initiating ACH transactions?

- For ACH Credits, authorization is not required to be in writing, but you may choose to get an authorization in writing. Veritex Community Bank recommends that you do obtain and retain an authorization.
  - For ACH Debits, yes. For Example, for PPD transactions, NACHA rules state that authorization must:
    - Be in writing and signed or similarly authenticated by the consumer
    - the consumer must be provided with an electronic or paper copy of the authorization
    - The authorization must be readily identifiable as an authorization and
    - must clearly and conspicuously state its terms, as well as, indicate that the Receiver may revoke the authorization by notifying the Originator in the manner specified in the authorization.The authorization process must evidence both the consumer’s identity and his or her assent to the transaction. Further, the Nacha Operating Rules require that the entry contain certain information, including, but not limited to, the Receiver’s bank routing number and account number. In addition, the consumer must be provided an electronic or paper copy of the authorization.
- NOTE- Different SEC Codes will have their own specifications for authorizations. Refer to the NACHA Operating Rules and Guidelines.

### How long should I retain ACH authorization forms?

- According to Subsection 2.3.2.5 of the Rules, "An Originator must retain the original or a copy of each written authorization of a Receiver, or a readily and accurately reproducible Record evidencing any other form of authorization, for two years from the termination or revocation of the authorization."
- The ACH Receiver’s bank may reach out to the Originator’s bank and request a copy of that Authorization, and the Originator is required by NACHA rules to produce a copy of the ACH Authorization to their bank within 10 banking days of the request. Proper record retention is important to ensure that you are staying compliant.

### How can I verify my ACH Receiver’s account number?

- For Payroll you may request a blank check in addition to a signed authorization form.
- You could utilize sending Pre-Notifications. Pre-Notifications are \$0.00 ACH items that are sent to the Receiver’s account. If the account number is incorrect, you will receive a Notification of Change from the Bank to let you know of the error and what changes need to be made.
- You could call the Receiving bank with the Receiver and confirm the account information.