



FEDERAL RESERVE BANK
OF DALLAS

WILLIAM H. WALLACE
FIRST VICE PRESIDENT
AND CHIEF OPERATING OFFICER

April 3, 1989

DALLAS, TEXAS 75222

Circular 89-21

TO: All financial institutions in the
Eleventh Federal Reserve District
that receive ACH transactions

SUBJECT

Instructions for proper completion of paper government NOC forms

DETAILS

On December 23, 1988, we issued Federal Reserve Bank of Dallas circular 88-93, Instructions for proper completion of paper government NOC forms. Since that time we have been asked by the Treasury to revise some of the documentation they provided for that circular. We have agreed to make those revisions, correcting some errors and oversights in that circular. Therefore, please discard all copies of circular 88-93 and use this circular so that employees preparing paper government NOC forms will have the most complete and correct guide.

The Treasury has chosen to use the commercial NOC process for submitting government payment data changes to agencies originating those payments. Effective January 1989 Eleventh District financial institutions that do not automate government NOCs may submit government payment data changes to their local Federal Reserve Office using the commercial NOC form.

However, there are a number of critical differences in data requirements for government NOCs than have been required in the past for completing commercial NOCs. Failure to fully and properly meet government agency requirements for data when preparing an NOC will cause the NOC to be rejected. This will result in a delay in applying the requested changes and may cause a significant delay in availability of funds to your customer. The following is designed to help you avoid such a delay.

We will first provide a general overview of agency requirements and then discuss each requirement in detail. Frequent reference, for clarification, will be made to the attached examples.

GENERAL OVERVIEW

- 1) All information referenced in the attachments must be entered on the NOC form. Data elements considered discretionary for inclusion on commercial NOCs are not discretionary for government NOCs.
- 2) Government agencies use the claim number (Individual ID) as one of the keys to identifying a payment recipient on their files. Each agency has one or more specific structures for claim numbers. All claim numbers are 15 characters including required blanks. A failure to exactly follow a correct claim number structure will cause the NOC to reject.
- 3) To identify a specific payment for an individual who may receive multiple payments, government agencies use the type of account (demand or savings) to which the payment is sent. This type of account must be indicated on the NOC.
- 4) Government agencies require that depositor account numbers (termed "DFI Account Number" on the NOC form) contain no embedded blanks.
- 5) Government agencies only accept four change codes and the changes associated with those codes. This is discussed later (see page 5 & 6). Changes other than these types cannot be handled with the paper NOC form.
- 6) Because the Federal Reserve will apply editing and processing steps to a government NOC different from those required for a commercial NOC, a notation must be made on the NOC form to indicate the NOC is for a GOVERNMENT payment.

DETAILED INFORMATION

The following information references numbered items on the attached sample entry register and sample completed NOC forms.

You must enter all information referenced on the sample Entry Register on the NOC form.

Items 1-8, 10-13 and 15 should be entered on the NOC form exactly as presented on the Entry Register. Please note that data fields may be located in different positions on the entry register provided by your software or service bureau. Institutions should determine if their software or service bureau changes the data in any field from the way the data are sent by the originating agency; if any such changes are made, the data must be restored to the original form so the NOC can be properly completed. Please review with your data processing staff or service bureau the possibility that payment data may have been changed in sequence or form from that in which the government agency sent the data and request changes if necessary. All data entered should be complete and left-justified when entered on the NOC form, but care must be taken to not miss leading blanks when copying Individual ID numbers. Several other fields also require special attention; a detailed discussion follows.

Item 3--Company Discretionary Data. Government agencies that send this element require that it be returned on the NOC form. This

20-position data field must be entered in the Company Discretionary Data field on the NOC form exactly as it was sent out by the originating agency.

Item 5--Company Descriptive Date. This date must be returned. It must also be in the same order/format in which it was sent by the originating agency.

Item 6--Receiving Depository Financial Institution Transit/Routing Number. The transit/routing number addressed in the payment must be placed in this field. This is true even if the institution has been merged, assumed by new owners or closed.

Item 9--Change Fields. See the Table of Change Codes later in this circular (page 6). Note that only in case of Change Code C03 are both fields used. In the case of Change Code C05, note that you will need to enter the correct two-digit Transaction Code in Change Field 1; see the Transaction Codes section of the NACHA Operating Rules (pages OR 78-79 in the 1989 Rules) for information on these codes. (If you do not have a recent copy of the NACHA Rules, contact SWACHA or your Federal Reserve office to secure a copy.) Please see page 4 for a matrix of transaction codes.

Item 10--Individual ID Number (Claim Number). This alphanumeric data element must be returned in the proper format. The structure of the Individual ID number is so important to the originating agencies that it will be the subject of a special discussion later in this circular (see page 5). Please give this discussion your special attention.

Item 11--Discretionary Data. Use of this one- or two-character field is discretionary only to the originating agency. If the discretionary data field in the original item contains data, then that one- or two-character field must be returned. Fill in the field on the NOC with the one or two characters sent. It must be left-justified.

*Item 15--Type of Account. The type of account (DEMAND or SAVINGS) to which the original payment was sent must be reported to the originating agency when submitting the NOC. Since there is no place on the current NOC form for indicating the type of account, it must be written on the form in the open space next to the Company Descriptive Date field. (See Item 15 on attached figures 1 through 3.)

*Item 16--Government/Commercial Indicator. Since editing and processing are different for government NOCs than for commercial NOCs, it is necessary that the notation "GOVERNMENT" be made on government NOCs in the open space next to the Debit/Credit indicator boxes. (See Item 16 on attached figures 2 and 3.)

*Revised NOC forms will be issued by the Southwestern Automated Clearinghouse Association and the Federal Reserve Bank of Dallas as financial institutions exhaust current supplies and order more. The new forms will contain boxes to indicate "Type of Account" and "GOVERNMENT". (Please see the attached Figure 4.)

Transaction Code Matrix

Payment Type	Transaction Account Type	Transaction Code
Credit	Demand	22
	Saving	32
Debit	Demand	27
	Saving	37

Please note that changing the type of account to which a payment is directed (Change Code C05) must be indicated on the NOC as follows.

Payment Type is:	Current account receiving the payment is:	NOC Change Field 1 must be:
Credit	Demand (Tran Code 22)	32
	Saving (Tran Code 32)	22
Debit	Demand (Tran Code 27)	37
	Saving (Tran Code 37)	27

Claim Number Structures

Government Agencies' use of the claim number (Individual ID number). Since government agencies send out millions of payments each month, the claim number (Individual ID number) is critical to identifying the payment recipient whose payment information needs changing. Several originating agencies have special structures for the claim number and have no tolerance for a claim number returned in a format that is not consistent with their structure. For your use and information, the Treasury has provided all known claim number "structures" and has advised the Federal Reserve that these structures are always used by the agencies listed below. In any case, the claim number included in payment information must be returned on an NOC referencing that payment in exactly the format used by the originating agency. (Note that, if you receive government payments from any of the agencies listed below with claim number structures different from those indicated, this could be evidence that some payment data are being changed by your software or your service bureau.)

Sample Claim Number Structures

Agency	Claim Number Structures	Example
Social Security Administration	999999999XbSSA 999999999XbbSSA 999999999bbbSSI 999999999XbMBb	123456789C1 SSA 123456789A SSA 123456789 SSI 234567890LW MB
Office of Personnel Management	Xb9999999bXbXXX Xb9999999b9bXXX	F 1234567 W CSF A 1234567 O CSA
Veteran's Administration	999999999b99b99 b99999999b99b99	162306890 10 01 12345678 00 06
Railroad Retirement Board	XXX99999999b9b Xbb999999bbbb9b	WCA123456789 7 A 123456 1

Key: X = alphanumeric, 9 = numeric, b = blank

(Please note that at least one Veterans Administration structure begins with a blank. Include this blank when left-justifying this structure in the Individual ID field of the NOC.)

Embedded Blanks

Embedded blanks in Depositor Account Number. For years government agencies have refused to accept depositor account numbers with embedded blanks. Most financial institutions are aware of this, but some institutions fail to note this requirement to personnel completing change documents. Please reiterate this requirement to your ACH personnel, since in many institutions these personnel do not handle the 1199 form used to sign up payment recipients for direct deposit and may not be aware of this requirement.

Change Reason Codes

Government agencies only accept four change reason codes. Government agencies will only accept the four codes listed in the table on the next page and, of course, data changes associated with those four codes. Agencies will also edit data associated with the four codes in order to ensure the changed data 1) differs from the original data and 2) corresponds to the code used. Example 1: An NOC with a change reason code of C01 with the same number in both the DFI Account Number field (old account number) and Change Field 1 (new account number) will be rejected. Example 2: An NOC with a change reason code of C05 containing a depositor account number in Change Field 1 will be rejected. Particular attention should also be paid to the Change Field used. Data in Change Field 2 of any NOC with a change reason code other than C03 may be rejected. (See the following page for the table of change codes.)

TABLE OF CHANGE CODES FOR FEDERAL PAYMENTS

CHANGE REASON CODE *	CHANGE REASON	ENTER CORRECT DATA IN CHANGE FIELD	EXAMPLES
C01	Incorrect Depositor Account Number	1	To correct a data entry error or to modify the account numbering structure (e.g., to drop a branch code; or to issue a new number to an account)
C02	Incorrect Transit/Routing Number (TRN)	1	To accommodate a merger or system consolidation; to change the TRN to the correct TRN for the FI.
C03	Incorrect Transit/Routing Number and Incorrect Depositor Account Number	1 & 2	To accommodate a merger or system consolidation. This code requires that both Change Fields 1 and 2 be used: the new TRN goes in Change Field 1 and the new account number goes in Change Field 2
C05	Incorrect Transaction Code	1	To change the depositors account from savings to demand or demand to savings.

*Use of any other NACHA change codes for government agency payments is not authorized.

Correct Government NOC Identification

Government NOCs should be identified for correct processing. Since government NOCs are subject to different rules for processing than are commercial NOCs, it is important to identify a government NOC by writing "GOVERNMENT" at the top of the NOC form in the space next to the debit/credit boxes. (See Item 16 on figures 2-3 attached.) Failure to provide this indication may cause incorrect processing by the Fed and result in the requested changes being delayed or rejected. (A box will be provided for indicating the NOC is for a government payment when the NOC form is revised; see Figure 4.)

Data Requirement to be Left-justified

Finally, all data must be entered left-justified in each field. There should be no embedded spaces in any data except spaces placed in data fields by the originating government agency. (See details of the previous discussion on Government agencies' use of the claim number.) NOCs should contain only change data. They should not contain instructions or messages we have seen, such as "s/b" for "should be" in Change Field 1 or 2.

When Errors Occur

Paper government NOCs deposited with the Dallas Fed's four offices by Eleventh District financial institutions will be edited for all government agency requirements and will be rejected by the Fed if those requirements are not met. Whenever an NOC fails our edits, a letter will be sent to the submitting financial institution restating all data on the NOC. It will contain clear statements describing the error or errors found and instructions on what must be done to correct those errors. Since the NOC form will not be returned to the financial institution, corrections may be made by marking necessary changes to the data in the letter and returning the letter to the local Fed office or directly to the Houston Branch at the address stated in the letter.

Processing Time

We expect to process and deliver NOCs to the originating government agency within two business days of the deposit date of the NOC at any Eleventh District Fed Office. NOCs prepared within a few days of receipt of the payment or transaction requiring a change should be processed by the originating government agency prior to the next payment date, but we cannot guarantee the change will be reflected in the next payment in all cases, since the larger agencies usually prepare their payments up to one month ahead of the payment date.

ATTACHMENTS

See the attached examples of an entry register and completed NOC forms which have been referenced in this circular.

MORE INFORMATION

For more information on these instructions for proper completion of paper government NOCs, please contact:

SWACHA at (214) 954-0585

Tracy Whitten or B.B. Sessions at the Dallas Office
Local: (214) 698-4349 or (214) 651-6403
Toll Free: TX (800) 442-7140, LA (800) 527-9200

Eloise Guinn or Jane Pyke at the El Paso Office
Local: (915) 544-4730
Toll Free: TX (800) 592-1631, NM (800) 351-1012

Louis Moore or Lilia Hice at the Houston Office
Local: (713) 659-4433
Toll Free: (800) 392-4162

Carrie Perkins or Jennifer Pruitt at the San Antonio Office
Local: (512) 224-2141
Toll Free: (800) 292-5810

Sincerely yours,

A handwritten signature in cursive script, appearing to read "William H. Wallace". The signature is written in black ink and is positioned below the typed name "William H. Wallace".

Attachment

Figure 1.

Sample Entry Register.

DATE 01/02/89

AUTOMATED CLEARING AND SETTLEMENT FACILITY
CITY, STATE ZIP

PAGE 01
9999-9998-3

ENTRY REGISTER

RECEIVING POINT 9999-9998-3
STREET CORNER FINANCIAL INSTITUTION

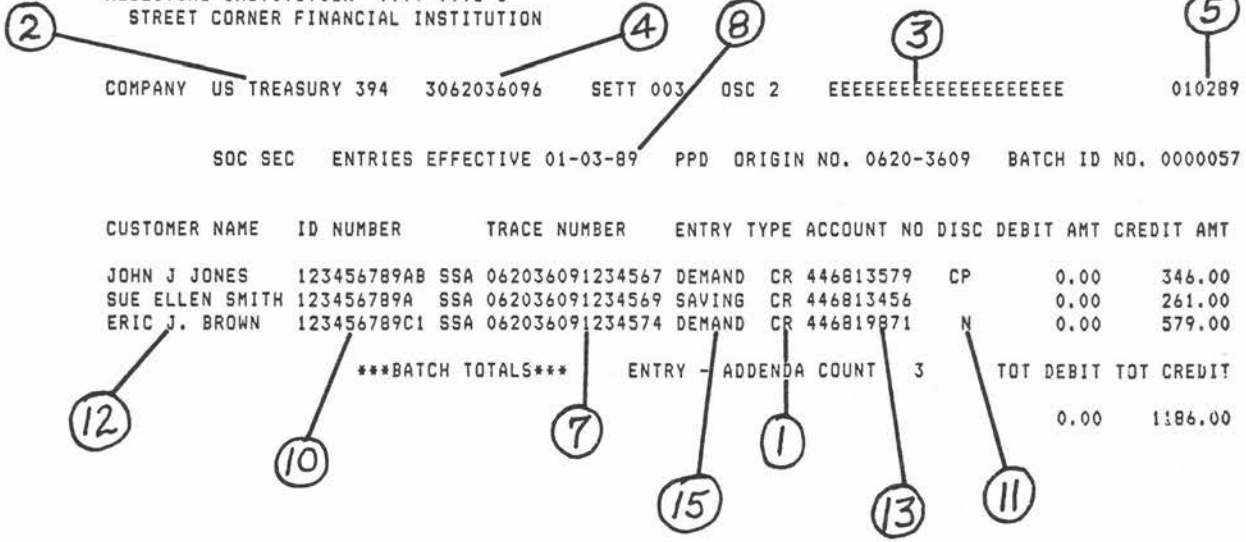
RECEIVING INSTITUTION 9999-9998-3
STREET CORNER FINANCIAL INSTITUTION

COMPANY US TREASURY 394 3062036096 SETT 003 OSC 2 EEEEEEEEEEEEEEEEEEE 010289

SOC SEC ENTRIES EFFECTIVE 01-03-89 PPD ORIGIN NO. 0620-3609 BATCH ID NO. 0000057

CUSTOMER NAME	ID NUMBER	TRACE NUMBER	ENTRY TYPE	ACCOUNT NO	DISC	DEBIT AMT	CREDIT AMT
JOHN J JONES	123456789AB	SSA 062036091234567	DEMAND	CR 446813579	CP	0.00	346.00
SUE ELLEN SMITH	123456789A	SSA 062036091234569	SAVING	CR 446813456		0.00	261.00
ERIC J. BROWN	123456789C1	SSA 062036091234574	DEMAND	CR 446819871	N	0.00	579.00

BATCH TOTALS ENTRY - ADDENDA COUNT 3 TOT DEBIT TOT CREDIT
0.00 1186.00



Attachment

Figure 3.

Examples of Completed Government
NOC forms for Change Reason
Codes C03 and C05.

1 NOTIFICATION OF CHANGE **16**

Debit Credit GOVERNMENT (Please Print Legibly)

Trace Number 062036091234567 **7**

Effective Entry Date 01-03-89 **8**
Month Day Year

2 ORIGINATED BY:
U S T R E A S U R Y 3 9 4 **16**
Company Name

3 E
Company Discretionary Data

4 3 0 6 2 0 3 6 0 9 6 **15**
Company ID

5 0 1 0 2 8 9
Company Descriptive Date DEMAND

6 9 9 9 9 - 9 9 9 8 - 3
Receiving Depository Financial Institution
Transit/Routing Number

This posted entry contained invalid or outdated information.
Please revalidate this information with your customer/employee.
Description of change requested.

9 9 9 9 9 9 9 9 8 2 **9**

Change Field 1
9 8 7 6 5 4 3 2 1 1 1

Change Field 2 (Required for Change Codes 03,
FOR THE ACCOUNT OF:
1 2 3 4 5 6 7 8 9 A B S S A C P **10**
Individual ID Disc. Data **11**

J O H N J O N E S **12**
Individual Name

4 4 6 8 1 3 5 7 9 **13**
DFI Account Number

C 0 3 **14**
Change Reason Code

1 NOTIFICATION OF CHANGE **16**

Debit Credit GOVERNMENT (Please Print Legibly)

Trace Number 062036091234569 **7**

Effective Entry Date 01-03-89 **8**
Month Day Year

2 ORIGINATED BY:
U S T R E A S U R Y 3 9 4 **16**
Company Name

3 E
Company Discretionary Data

4 3 0 6 2 0 3 6 0 9 6 **15**
Company ID

5 0 1 0 2 8 9
Company Descriptive Date SAVING

6 9 9 9 9 - 9 9 9 8 - 3
Receiving Depository Financial Institution
Transit/Routing Number

This posted entry contained invalid or outdated information.
Please revalidate this information with your customer/employee.
Description of change requested.

2 2 **9**

Change Field 1

Change Field 2 (Required for Change Codes 03,
FOR THE ACCOUNT OF:
1 2 3 4 5 6 7 8 9 A S S A Disc. Data **10**
Individual ID **11**

S U E E L L E N S M I T H **12**
Individual Name

4 4 6 8 1 3 4 5 6 **13**
DFI Account Number

C 0 5 **14**
Change Reason Code

