March 25, 1991

TO: All Depository Institutions Receiving Government ACH
     Entries, in the Second Federal Reserve District:

Attached is a letter from the Department of Treasury, Financial
Management Service (FMS) announcing the expansion of Phase II of the Government
Notification of Change (NOC) Program to all depository institutions, effective
April 5, 1991. This means that as of this date, the Federal Reserve Bank of
New York will accept paper Government NOC items for conversion to automated
form. The Treasury will continue to accept paper NOCs directly from
depository institutions at no charge.

The Federal Reserve Bank of New York will utilize a history database
of ACH items to convert paper notification of change items received from finan-
cial institutions to automated form to insure accuracy. Only 10 days will be
maintained on our database. Therefore, to ensure that the information for NOCs
submitted by your institution can be derived from our database, it is important
that you send us these items on a timely basis.

Government agencies require the account type (demand or savings) to be
indicated on an NOC. The paper NOC form, which must be used to submit such
items at this Bank, has a demand/savings indicator on the upper left. Please
ensure that the account type is indicated by checking the appropriate box. If
this box is not checked, the NOC can not be processed and will be returned.

The fee for converting a paper Government NOC to automated form is
$1.00 per item. Financial institutions are encouraged to automate NOCs by
obtaining on-line origination capability using a Fedline or by having a
correspondent or service bureau originate these items for them.

If you have questions about how to submit paper Government NOCs to
the Federal Reserve Bank of New York, please call Gladys Santana at (212)
720-5200, or Richard Latish at (212) 720-5641. To receive forms to submit
paper NOCs, fill in the request form attached and return it to the Automated
Payments Division at this Bank.

Andrew Heikaus, Manager
Funds Transfer Department

Attachments

DEPARTMENT OF THE TREASURY
FINANCIAL MANAGEMENT SERVICE
WASHINGTON, D.C. 20227

To: All Depository Institutions Receiving Government ACH
         Entries

Subject: Government Notification of Change

On April 5, 1991, the Financial Management Service will expand
Phase II of the Notification of Change (NOC) Program to all
depository financial institutions. Phase II allows financial
institutions that are not automated to submit NOCs on paper forms
to their servicing Federal Reserve Bank, local ACH association,
or data processor for conversion to automated form and subsequent
processing via the ACH system.

To ensure that your NOCs are processed by Government agencies,
financial institutions should make sure they have received the
original payment information. Government agencies match the
information on the NOC to the original payment information on
their files. Financial institutions using data processors should
make sure they are receiving the original payment information
that was submitted by Government agencies. If your payment
information has been truncated or changed by the data processor,
you cannot create a correct NOC.

Procedures for processing Government NOCs are contained in the
Green Book (Payments Section, Chapter 7) and in the NOC
Operational Guide, a copy of which is attached. If you need
additional copies of the Guide or a copy of the Green Book,
please contact your local Customer Assistance Staff (CAS) office.

For further assistance, contact our NOC staff on (202) 287-0467
or the CAS in your region.

Austin, TX   (512) 482-7240 Birmingham, AL (205) 731-0642
Chicago, IL   (312) 353-5622 Kansas City, KS (913) 236-3470
Philadelphia, PA (215) 951-5398 San Francisco,CA (415) 974-7228
Washington,DC   (202) 786-8000

                          Sincerely,

                          Susan Veintemillas

                          Susan Veintemillas, Manager
                          Product Implementation Branch
                          Product Integrity Division

Attachment

NOTIFICATION OF CHANGE

A Notification of Change (NOC) is used by a financial institution to notify a Federal Government agency to correct or change account information in an entry the agency processed through the Automated Clearing House (ACH) network.

TYPES OF NOTIFICATIONS OF CHANGE

Automated NOC

Automated NOCs are computer-generated by a financial institution (FI) or its service bureau and delivered to Government agencies via the ACH network. **Automated NOCs are the preferred method to notify Government agencies of change information.** When high-volume changes (100 or more) are necessary, automated NOC procedures should be used.

Procedures for preparing automated NOCs can be found in documentation provided with your software and in Financial Management Service and Federal Reserve System publications. Procedures can also be found in non-government publications such as the ACH Rules published by the National Automated Clearing House Association.

Paper NOC

Financial institutions that do not have the capability to automate NOCs can prepare and submit NOCs on paper forms. These forms are subsequently automated and delivered to Government agencies via the ACH. Obtain NOC forms from your servicing Federal Reserve Bank (FRB) or your local ACH Association.

For each ACH entry requiring a change, complete one NOC form per applicable Change Reason Code. **Copy all information exactly as it appears on your Entry Register, otherwise, agencies may not be able to process your NOCs.** Enter the correct information in the appropriate Change Field(s). See the sample NOC form on the reverse side of this guide.

NOTE: The information on your Entry Register may have been reformatted by your data processor. Consult with your processor to ensure that your Entry Register contains all the information precisely as it was originated by the Government.

Contact your servicing FRB, local ACH Association, or data processor for specific instructions on where to send NOC forms. **DO NOT SEND** completed NOC forms to Government agencies.

The number of paper NOCs for high-volume changes could become overwhelming. Paper NOC filers should determine if automated NOC procedures or other automated options are available through their data processor. See the Green Book for additional options.

Table 1. Change Reason Codes for Government ACH Entries

Change Code *	Change Reason	Use Change Field **	Examples
CO1	Incorrect Account Number	1	To correct a data entry error, to issue a new number to an account or to modify the account numbering structure, e.g., to drop a branch code.
CO2	Incorrect Routing Transit Number (RTN)	1	To accommodate a merger or system consolidation; to change the RTN to the preferred RTN for the FI.
CO3	Incorrect RTN and Incorrect Account Number	1 & 2	To accommodate a merger or system consolidation. NOTE: Use this code when both the RTN and the Account Number should be changed. Both Change Fields must be used. Enter the correct RTN in Change Field 1 and the correct Account Number in Change Field 2.
CO5	Incorrect Transaction Code	1	To change an account from demand (checking) to savings, or savings to demand. NOTE: The only Transaction Codes recognized by the Government are 22 or 27 for demand accounts and 32 or 37 for savings accounts. Enter only the new 2-digit Transaction Code in Change Field 1.

NOC may not be used to change the ownership or title of the account; for example, a change of name requires the recipient to contact his/her Government agency, and a change from one FI to another by the recipient requires a new enrollment. Regulations covering the use of NOCs are found in Title 31, U.S. Code of Federal Regulations, Part 210 (see the Green Book).

* The use of any other Change Reason Code is not authorized. Unauthorized change codes cannot be processed by Government agencies.

** Change Field refers to the data element name on the NOC form (see the sample NOC form and Table 2 on the reverse side for more information).

HOW TO COMPLETE THE NOC FORM

Below are samples of a paper NOC form and an Entry Register. **Using the corresponding reference number for each data element, match the information requested on the NOC form to the data found on the Entry Register.** The location of the data on your Entry Register may be different from the sample. All information must be copied left justified on the NOC form, precisely as it was originated by the Government. Data elements 1-5 and 7-13 on the NOC form must be copied literally from the Entry Register; data elements 6 and 14 on the NOC form are where the new change information must be entered.

Sample NOC form (Notification of Change Form) with callouts 1–14, and Sample Entry Register.
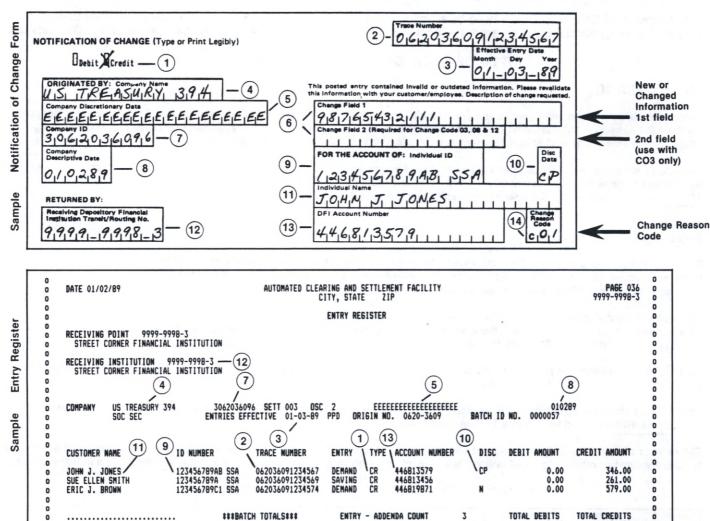
Table 2. Other specific Data Element requirements for completing the NOC form. Government agencies cannot process NOCs that do not meet these requirements.

Reference Number	Data Element Name	Remarks
2	Trace Number	Copy the complete trace number exactly as it appears on your Entry Register
5	Company Discretionary Data	Copy this essential information if it appears on your Entry Register.
6	Change Fields 1 and 2 *	Enter the correct information in Change Field 1. Use Change Field 2 only when entering information for Change Reason Code CO3. See Table 1 on the reverse side for more information on Code CO3. **Do not enter text or messages** in either Change Field, e.g., "should be..." or "s/b..." Enter only the information as it should appear in future ACH entries.
9	Individual ID (Claim Number)	Copy all blanks, suffixes, prefixes, alphanumeric characters and trailing/leading zeros exactly as shown on your Entry Register.
10	Discretionary Data	Copy this essential information if it appears on your Entry Register. Information in this field is used to route the NOC to the correct processing point.
12	Receiving Depository Financial Institution Routing Transit Number	Copy only the Routing Transit Number to which the Government sent the ACH entry. If the RDFI RTN is incorrect, prepare a separate NOC (CO2) to correct future entries.
13	DFI Account Number	Copy the account number exactly as it appears on your Entry Register. Include hyphens and omit blanks and special characters.
14	Change Reason Code *	Financial institutions must enter the appropriate code for the change being requested. See Table 1 on the reverse side for the only Change Codes authorized for Government NOCs.

* The Change Field(s) information must agree with the Change Reason Code used.

(7/89)

ACH FORMS REQUEST

Return Item Transmittal Letters   _____

Preauthorized Return Item   _____

Government ACH Instruction Sheet _____

Notification of Change (NOCs)   _____

       Bank Name _____

        Address _____

              _____

     Attention _____

 Telephone No. _____

        ABA # _____

Return Request To: Automated Payments Division
                   Federal Reserve Bank of New York
                   33 Liberty Street
                   New York, NY 10045