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NACHA requires the use of **Standard Entry Class Codes** ("SEC Codes") for each transaction settled through the ACH. Each code identifies what type of transaction occurred to create the item.

Please read the following SEC Code definitions (as quoted from NACHA's ACH RULES) and determine what SEC your transactions will include.

ARC - Accounts Receivable Truncated Check Debit

Non-Retail Check Conversion. An ACH debit of a check received in the U.S. Mail and converted to an electronic item. The definition of U.S. Mail includes mail delivered by the United States Postal Service as well as mail delivered via courier service, including but limited to, federal Express, United Parcel Service, or other local courier service and does not include items personally delivered or deposited in a merchants night drop. These checks are not considered to have been delivered by U.S. Mail and are not eligible for truncation. Corporate checks are not eligible for truncation.

BOC – Back Office Conversion

Back Office Conversion is the standard entry class code for checks that are written at a payment location for goods or services, and converted from paper to electronic debit later at a centralized location. Checks converted under BOC are securely stored by the merchant until destroyed.

CCD - Cash Concentration or Disbursement

Business to Business. An ACH debit or credit from or to a Business Account. Under the rules PPD transactions to a business account are not a proper SEC Code and may be returned. Like PPD, proper authorization from the owner of the target account is required.

POP - Point-Of-Purchase

Point of Sale. Used as an ACH debit application as a method of payment for the in-person purchase of goods or services by consumers. These non-recurring debit entries are initiated by the Originator based on a written authorization and account information drawn from the source document (a check) obtained from the consumer at the point of purchase. - *Also known as ECC (Electronic Check Conversion)*

PPD - Prearranged Payment and Deposit

Direct Deposit

Business to Consumer. A Credit application that transfers funds into a consumer account at the Receiving Depository Financial Institution. The funds being deposited can represent a variety of products, such as payroll, interest, pension, dividends, etc.

Preauthorized Bill Payment

Business to Consumer. A Debit application. Companies with billing operations may participate in the ACH through the electronic transfer (direct debit) of bill payment entries. Through standing authorizations, the consumer grants the authority to initiate one time or periodic charges to his or her account as bills become due.

RCK - Re-presented Check

NSF Check Recovery. A re-presented check is an ACH debit application used by originators to re-present a check that has been processed through the check collection system and returned because of insufficient or uncollected funds.

TEL - Telephone-Initiated Entry

Check by Phone. For single entry debit transactions to a consumer's account pursuant to an oral authorization obtained from the consumer via telephone. This type of transaction may only be used when there is no standing authorization for the origination of ACH entries to the receivers account and may only be originated when there is either (1) an existing relationship between the Originator and the Receiver, or (2) no existing relationship between the Originator and the Receiver, but the Receiver has initiated the telephone call.

WEB - Internet-Initiated Entry

Internet Check from a Website. A debit entry to a Consumer Account initiated by an Originator pursuant to an authorization that is obtained from the receiver via the Internet. There are two components of the definition that are important to address:

- the WEB SECC is only appropriate to use when initiating debit entries that have been authorized by the receiver via the Internet. An authorization that was obtained from the receiver in person, through the mail, or over the telephone in order to effectuate an Internet payment is not to be initiated as a WEB transaction.
- credit entries cannot be initiated except for reversals of WEB debit entries.

The above SEC Codes are the most commonly used. If your business has other needs, please contact us and we will help you with the proper agreements and documentation to accomplish your objectives.