

Treasury Management

International ACH Transaction (IAT) Scenarios

To help ensure that you are informed of and comply with the National Automated Clearing House Association (NACHA) rules regarding International ACH Transactions (IATs), we are providing you with select scenarios (A, B, C, D and F) from the IAT Corporate Tool Kit published by NACHA. For additional scenarios and access to the IAT Corporate Tool Kit, please visit the NACHA website at http://www.nacha.org/IAT_Industry_Information/.

Scenario A – U.S. Domiciled Company/Direct Deposit

- U.S. domiciled company.
- No direct funding for the payroll from outside the territorial jurisdiction of the United States.
- ACH file information created by or for the U.S. company and sent to their U.S. bank.
- All employees' ACH deposits are being sent to banks within the territorial jurisdiction of the United States. Domestic transactions, formatted as regular ACH entries.

Scenario B – U.S. Subsidiary of an Offshore Multinational Corporation/Direct Deposit

- U.S. domiciled company.
No direct funding for the payroll from parent company. The funding is for general operating activities of the company and not for a specific ACH file. (Funding can be from U.S. company activities or received as part of a regular funding of the company activities by the parent on a daily, weekly, monthly basis for all check, wire transfer, card or ACH activity.)
 - ACH file – may or may not have been originated by parent company.
- All employees' ACH deposits are being sent to banks within the territorial jurisdiction of the United States. Domestic transactions, formatted as regular entries.

Scenario C – U.S. Subsidiary of an Offshore Multinational Corporation/Direct Deposit

- U.S. domiciled company.
 - Direct funding for the payroll file from the parent company through a foreign financial agency outside the territorial jurisdiction of the United States.
 - Payroll information, whether in SWIFT message, ACH file format, or proprietary format tied to the specific funding is sent to the company's U.S. bank.
- All employees' ACH deposits are being sent to banks within the territorial jurisdiction of the United States through the ACH Network. International transactions, formatted as IAT entries.

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NACHA Clarification for Scenario C

- It is not necessary for Originators and Third Party Senders to code payroll withholding payments (i.e., child support payments sent from the employer to the State Disbursement Units [SDUs]) remitted to federal, state, and local taxing and other collecting agencies as IATs even when the direct deposit portion of the financial transactions were coded and originated as IAT credit entries.

Scenario D – Vendor Payments

- Vendor payments would follow the logic associated with Scenarios A, B and C listed above.

Scenario F – Pension Payments

- A U.S. domiciled company makes pension payments to retirees residing outside the territorial jurisdiction of the United States (expatriates) using Direct Deposit.
- For some of the expatriates, the company has instructions to send the funds through the ACH Network to a Gateway Operator, with further instructions to send to a financial agency in a foreign country. (Should be IAT entries)
- For the balance of the expatriates, when the Direct Deposit is being sent to domestic U.S. financial institutions consider the following questions:

Are the funds staying in the U.S. financial institution?	Should be PPD entry
Or are there standing instructions to send the pension payment through various means to a foreign financial agency?	Should be IAT entry
Are the funds comingled with other funds, like Social Security, and then sent to another country?	Should be PPD entry

ACH Debits

- ACH debits would follow the logic associated with Scenario F listed above.

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