

Bond Case Briefs

Municipal Finance Law Since 1971

Nacha Takes Position of “No Enforcement” With Respect to Government Entities on “Supplementing Data Security Requirements”

NASACT, in conjunction with the Government Finance Officers Association and the National Association of State Treasurers, recently responded to Nacha’s upcoming rule, *Supplementing Data Security Requirements*.

Although NASACT, NAST and GFOA are supportive of the enhanced security provisions outlined in the rule, state and local governments expressed concerns about the implementation deadline of June 30, 2020, for account information used in states’ Origination of ACH entries to be rendered unreadable when it is stored electronically. The government groups requested a one-year extension to the implementation date. [Read the full letter.](#)

On January 21, [Nachas responded](#) and will be taking a position of “no enforcement” of the new data security rule through June 30, 2021, with respect to government entities that are working in good faith toward implementation and compliance, but that require additional time. With this position of no enforcement, Nacha thinks that government entities can continue to work towards compliance without interruption to their existing ACH payment processes.