

# CONVERSION AND TRUNCATION COMPARISON CHART

Following 9/15/06 NACHA Rule Change (Identification of Business Checks Ineligible for Conversion)

	Eligible Items*	Notification and Authorization Requirements	What Happens to the Check?	Standard Statement Information (format will vary by FI)	Opt-Out Options	Legal Framework
<b>ACH Check Conversion</b>						
<b>ARC: Check Conversion Accounts Receivable Entry</b>	Checks mailed or placed in a drop box to pay a bill.  Checks equal to or less than \$25,000 without an Auxiliary On-Us field	<b>Notification:</b> Language printed on a bill or statement received prior to every payment.  Clear and conspicuous signage applicable to dropbox locations  <b>Authorization:</b> Completed and signed check with a pre-printed serial number.	The biller copies/images the front of the check and then destroys it within 14 days.  A copy/image of the check is archived for 2 years and is available upon request.	Company Name Entry Description Check Number Dollar Amount  The check writer does not get a copy/image of the check in his or her monthly statement.	1) Check writer can notify biller directly and all future checks will not be converted.  2) Large size "business" checks with an Auxiliary On-Us field.	NACHA Rules, EFTA/Regulation E
<b>POP: Check Conversion at the Point of Purchase</b>	Checks taken at a business to pay for goods and services.  Checks equal to or less than \$25K without an Auxiliary On-Us field.	<b>Notification:</b> A copy of the language must be provided to the check writer.  <b>Authorization:</b> Receipt signed at time of purchase.	Check is stamped VOID and returned to check writer after account information is captured at point of purchase.  Business has no copy/image of the check but needs to keep copy of authorization.	Company Name Entry Description Check Number Terminal City/State Dollar Amount  The check writer does not get a copy/image of the check in his or her monthly statement.	Single opt-out option at the point of purchase – must use alternative form of payment.	NACHA Rules, EFTA/Regulation E
<b>Check 21</b>						
<b>IRD: Image Replacement Document  Legal Equivalent of the Check</b>	Domestic checks drawn on a US bank.	No notification or authorization requirements.	Check is truncated or destroyed after the front and back of the check are scanned.  A copy/image of the IRD available from truncating FI for 7 years.	Check Number Dollar Amount  The check writer may receive a copy/image of the IRD in his or her monthly statement.	No opt-out available.	Check 21, Regulation CC, U.C.C., NACHA Rules, Fed Operating Circular

\* Ineligible items also include counter checks, cashier's checks, credit card checks, third-party checks, checks in a non-U.S. currency, and checks drawn on home equity lines of credit, investment companies, the US Treasury, a Federal Reserve Bank, etc. Please see resources at [www.electronicpayments.org](http://www.electronicpayments.org) for a complete list of ineligible check types.