

## IAT Questions

1. What are the funds availability requirements for IAT credits that are received by an RDFI and when screened are found to be clean transactions?
  - a. If made available to the RDFI by its ACH Operator by 5:00 p.m. on the banking day prior to the Settlement Date IAT credits must be made available to the Receiver for withdrawal or cash withdrawal at the opening of business on the Settlement Date of the entry.
  - b. IAT credit entries that are screened and identified as clean transactions must be made available for withdrawal or cash withdrawal by the customer on the Settlement Date. The entry must be available at the RDFI's teller facilities by the close of business on Settlement Date or at the ATM by midnight on Settlement Date.
  - c. IAT credit entries that are screened and identified as clean transactions must be made available for cash withdrawal by the customer on the Effective Entry Date.
  - d. IAT credit entries that are screened and identified as clean transactions must be made available for withdrawal or cash withdrawal by the customer on the Settlement Date. The entry must be available at the RDFI's teller facilities by the close of business on the Effective Entry Date or at the ATM by midnight on Settlement Date.
  
2. International payments are
  - a. Debit transactions that are exchanged across national borders.
  - b. IAT debit or credit transactions that are exchanged across national borders to transfer value between an Originator and a Receiver.
  - c. Debit and credit instructions that are exchanged across national borders to transfer value between an Originator and a Receiver.
  - d. None of the above.
  
3. The primary purpose of the IAT rules
  - a. Respond to the request from the Office of Foreign Assets Control (OFAC) to align the NACHA Rules with OFAC compliance obligations.
  - b. Make it easier for RDFIs to comply with OFAC obligations.
  - c. Provide the ability to identify all international
  - d. All of the above
  
4. The IAT rules classify IATs by focusing on
  - a. Where the Receiver is located
  - b. Where the Receiver and Originator is located
  - c. Where the financial agency that handles the payment transaction (movement of funds) is located – not where any other party is located.
  - d. Where the ODFI is located.

5. An IAT is defined as
  - a. An ACH entry that that crosses national borders.
  - b. An ACH entry that is part of a payment transaction involving a financial agency's office that is not located in the territorial jurisdiction of the United States.
  - c. An ACH debit that crosses national borders.
  - d. All of the above.
  
6. When determining if a transaction should be coded as an IAT you should consider
  - a. Receipt of the payment instruction to create the ACH transaction plus explicit funding for the file.
  - b. Funding for the transaction is transmitted to or received from a financial agency located outside of the territorial jurisdiction of the United States.
  - c. Any part of the transaction is processed through the U.S. ACH Network
  - d. All of the above must.
  
7. In regard to an Outbound IAT entry
  - a. ACH Operator or DFI acting as a Gateway may process both outbound debits and credits.
  - b. ACH Operator acting as a Gateway may not process outbound debits.
  - c. DFI acting as Gateway may process outbound credits only.
  - d. DFI acting as a Gateway may not process outbound debits.
  
8. The US Gateway of an Outbound IAT will be the
  - a. ODFI of the IAT entry
  - b. RDFI of the IAT entry
  - c. ODFI and RDFI of the IAT entry
  - d. None of the above
  
9. In regard to an Inbound IAT entry
  - a. ACH Operator and DFI acting as Gateways may process both inbound debits and credits.
  - b. ACH Operator acting as a Gateway may only process inbound credits. A DFI acting as a Gateway may process both inbound debits and credits. When the ACH Operator is only acting as an operator and not a Gateway they can process inbound debits and credits.
  - c. A DFI acting as a Gateway may only process inbound credits.
  - d. ACH Operator will not process inbound credits.
  
10. The US Gateway of an Inbound IAT will be the
  - a. ODFI of the IAT entry
  - b. RDFI of the IAT entry
  - c. ODFI and RDFI of the IAT entry
  - d. None of the above

11. If a corporation has an established cash management service that funds the company's daily presentments (all items cleared including ACH, check, cards, and wires) at their financial institution and the funding is received from a financial agency outside the territorial jurisdiction of the U.S. or if funding of a corporations business activities on a recurring basis by a parent company outside the territorial jurisdiction of the United States – do these type of activities trigger an IAT.
  - a. No
  - b. Yes
  
12. In order for a financial institution to demonstrate compliance with OFAC obligations they must
  - a. Have a clear and thorough written ACH OFAC policy and procedures manual. That specifies how IATs will be identified, reviewed and investigated
  - b. Educate and train their employees on new policies
  - c. Have a compliance system or procedure that allows for proper handling of transactions and customers
  - d. All of the above.
  
13. Within the IAT Entry Detail Record there are two fields that are identified as OFAC Screening Indicators these fields are
  - a. Populated by the RDFI
  - b. Mandatory
  - c. Optional
  - d. Populated by the Originator
  
14. The Gateway acts as the
  - a. Entry point to the U.S.
  - b. Entry point to the Foreign Country
  - c. Exit point to the Foreign Country
  - d. Entry or exit point to or from the United States
  
15. When the Federal Reserve Bank acts as a Gateway
  - a. They intend on screening incoming IAT transactions for OFAC compliance.
  - b. They do not intend on screening incoming IAT transactions for OFAC compliance.
  
16. When the Federal Reserve Bank acts an ACH Operator only
  - a. They will be screening the IAT transactions for OFAC compliance.
  - b. They will not be screening the IAT transactions for OFAC compliance.

17. When a financial institution acts as a Gateway they must screen IAT transactions, however, populating the OFAC Screening Indicator Field is
  - a. Optional, but considered to be a good business practice
  - b. Mandatory
  - c. Required
  - d. None of the above.
  
18. A Gateway that identifies the presence of a blocked party in an inbound IAT debit should
  - a. Continue processing
  - b. Cease processing and report to the RDFI
  - c. Cease processing and report the hit to OFAC, the Foreign Gateway, and the RDFI.
  - d. Cease processing and report only to OFAC.
  
19. A Gateway warrants that all transactions originated are in compliance with U.S. law. A financial institution acting as a Gateway should
  - a. Rely on the RDFI to perform OFAC screening
  - b. Rely on the ACH Operator to perform OFAC screening
  - c. Rely on the ODFI to perform OFAC screening
  - d. Screen and clear any suspect IAT transactions before they are originated.
  
20. Are corporate Originators subject to applicable U.S. law including OFAC enforced sanctions?
  - a. Yes
  - b. No
  
21. The ODFI should
  - a. Include a statement in the ODFI/Originator Agreement that the Originator may not initiate entries that violate U.S. law
  - b. Train and Educate their Originators
  - c. Should inform Originators that the ODFI may need to temporarily suspend processing of a transaction for greater scrutiny or verification against the SDN list and that this may affect settlement and/or availability.
  - d. All of the above.
  
22. An ODFI must
  - a. Rely on the RDFI to perform OFAC screening
  - b. Rely on the ACH Operator to perform OFAC screening
  - c. Rely on the ODFI to perform OFAC screening
  - d. Screen and clear any suspect IAT transactions before they are originated.

23. RDFIs must
- a. Screen all parties to incoming IAT transactions prior to processing
  - b. Rescreen all 60 day returns and depending on bank policy some items with the 2 day return timeframe.
  - c. Rescreen items
  - d. All of the Above
24. RDFIs must comply with OFAC enforcement policies. In the event the RDFI receives an ACH transaction being made to, from, or on behalf of any party subject to OFAC Sanctions the RDFI
- a. Is responsible for contacting OFAC immediately for further directions regarding inbound debits.
  - b. For inbound credits if the blocked party is the Originator the fund should not be posted but frozen and the OFAC should be contacted.
  - c. For inbound credits if the blocked party is the Receiver the RDFI should post and freeze the account. If account is already frozen the RDFI may return R16.
  - d. All of the above.
25. Receivers can dispute funds frozen in a blocking action with OFAC by
- a. Requesting that the RDFI return the item as R10
  - b. Completing Form TD-F90-22.54 – Application for the Release of Blocked Funds
  - c. Have the RDFI contact OFAC
  - d. None of the above.
26. In a Third-Party Sender Situation in which field of the Batch Header Record is the Third Party Sender Identified in
- a. Originator Identification Field
  - b. Originator Name Field
  - c. Company Entry Description
  - d. Originator Status Code
27. In what record of the IAT File Format is the Originator Name Field
- a. Company/Batch Header Record
  - b. First Addenda Record
  - c. Third Addenda Record
  - d. Second Addenda Record

28. A customer advises the financial institution that an ACH transaction appearing on their DDA (or savings) statement is unauthorized. The customer provides the financial institution with the appropriate Written Statement. The financial institution realizes the transaction is an IAT transaction and 55 days have passed since the settlement date of the entry. The transaction must be rescanned against the SDN list before it can be returned to the ODFI. During the scan, the transaction is now flagged as a hit. What action must the RDFI take?
- Contact OFAC but go ahead and credit your customers account.
  - If the transaction is investigated and found to be an actual hit from the SDN list you would need to contact OFAC for directions on the processing of this transaction.
  - Contact the ODFI
  - Send the return because it was a clean transaction when it originally hit your customer's account.
29. A financial institution receives incoming IAT credits in their morning file; some of these are IAT payrolls. What must the financial institution do to meet the funds availability requirements?
- Funds from payroll files must be available at the opening of business on settlement date if the file was made available to the RDFI by 5:00 p.m. (RDFI time).
  - Funds must be available at 9:00 a.m. (local time).
  - In regard to funds from IAT payroll files, you have until the branch closes or at the ATM by midnight on Settlement Date.
  - Funds from payroll files must be available at the opening of business on the effective entry date if the file was made available to the RDFI by 5:00 p.m. (RDFI time)
30. Who adds the IAT addenda record for foreign correspondent bank information to the IAT transaction?
- Originator
  - ODFI
  - Third Party Sender
  - U.S. Gateway