

The Auxiliary On-U's Field: Why It Is Important To You

THE AUXILIARY ON-US FIELD: WHY IT IS IMPORTANT TO YOU

You may have heard of the amendment to the *NACHA Operating Rules*, which clarifies the check conversion process for business checks and also allows businesses to take steps to prevent their checks from being converted. The new rule – Identification of Business Checks Ineligible for Conversion - makes it easier for financial institutions to identify checks not eligible for conversion to ACH debits, while giving businesses a way to opt out of check conversion. According to the new rule, in effect as of September 15, 2006, there are several conditions under which a business check is ineligible for conversion.

The most surefire way for financial institutions to spot checks that cannot be converted, and the easiest way for businesses to opt out of check conversion, is by looking for the presence of the Auxiliary On-U's field in the MICR line. This article will help you understand the purpose and use of the Auxiliary On-U's field and answer some of the most common questions.

The Auxiliary On-U's field? What is that?

The Auxiliary On-U's field is an optional field on a business size check's MICR line (the line of numbers at the bottom of all checks). If a check includes an Auxiliary On-U's field, this information will appear in the leftmost position of the MICR line, before the routing number field.

If an External Processing Code (EPC) is included in the MICR line, the Auxiliary On-U's field will appear to the left of it.

Does my check have an Auxiliary On-U's field?

The first step in identifying whether your check has an Auxiliary On-U's field is to look at its size. Standard 6" checks do not include an Auxiliary On-U's field. Six-inch checks are often referred to as "personal checks," although many businesses also use them.

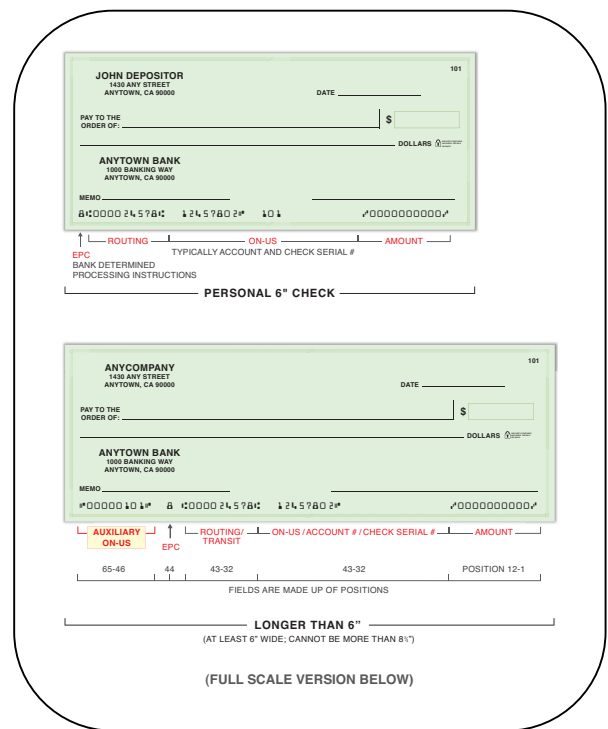
Longer checks may contain the Auxiliary On-U's field, but they don't have to. Look to the left of the routing number, using the comparison to the right as a guide. In general, the longer checks – which may include the Auxiliary On-U's field – are used by corporate treasury, purchasing, and accounts payable departments.

What is the Auxiliary On-U's field used for?

Industry standards do not specify what the field can be used for and the financial institution determines what information is included in that field. Sometimes, the check serial number is included here, or a code to indicate that the check's account holder uses treasury or risk management services.

Who can change the data in the Auxiliary On-U's field?

As with the other information in the MICR line of a check – the routing, account and payment numbers – only the financial institution issuing the check determines the content data.



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Is the Auxiliary On-Us field new?

No, it has been in use since the 1950s, when the MICR line was initially defined and placed on checks to help streamline check processing. Before that, almost all check processing was done by hand.

My check has an Auxiliary On-Us field. Can it be converted?

No. If this field is present the check is ineligible for conversion. If you want to have your checks converted, request check stock from your financial institution that does not include this field.

My check does not have an Auxiliary On-Us field. Can I still opt out of check conversion?

Yes. If you are writing a check to a business that will be converting at the point-of-sale you will need to pay with a different form of payment. If you are writing a check to a business that will be converting the check under the ARC rule you will need to contact that business to opt out. Also, be aware that checks in an amount greater than \$25,000 cannot be converted, even if you do not specifically opt out.

For a more permanent – and easier – solution, work with your financial institution to acquire checks with the Auxiliary On-Us field on them.

Are there standards for the Auxiliary On-Us field?

The Accredited Standards Committee X9, Inc. (ASC X9) is responsible for developing, maintaining, and promoting standards for the financial services industry. This organization, comprised of financial industry leaders, is made of five Subcommittees, one of which (X9B) is responsible for standards related to checks.

Among the standards the X9B develops are those for the MICR line, which includes the Auxiliary On-Us field. In industry shorthand, this standard is referred to as ANS X9.13, or “the MICR standard.” Its full name is *American National Standard for Financial Services ANS X9.100-160-1-2004. Part 1: Placement and Location of Magnetic Ink Printing (MICR)*.

Can I get a copy of this standard?

As with all other X9 standards, technical reports or draft standards for trial use, it can be purchased from www.x9.org. (Click on X9 Standards Information, then on Standards Store.)

I still have questions!

We hope this answers your questions about the Auxiliary On-Us field and the MICR line, but if you have any additional questions, please contact your financial institution or visit businesscheck.electronicpayments.org for more information.

The New Rule:

Identification of Business Checks Ineligible for Conversion

The amendment to the *NACHA Operating Rules* adds additional clarification around what business checks can and cannot be converted. This amendment also provides businesses with an additional opt-out option – the Auxiliary On-Us field.

To learn more about the new Rule, visit businesscheck.electronicpayments.org

Auxiliary On-Ups Field: Why It Is Important To You

Comparison of 6" Check and Business Check with Auxiliary On-Ups Field

JOHN DEPOSITOR
1430 ANY STREET
ANYTOWN, CA 90000

101

DATE _____

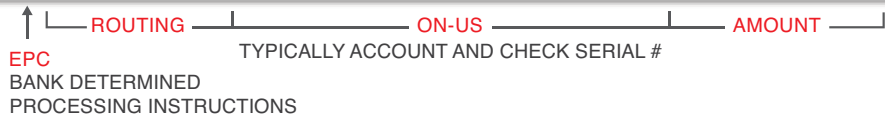
PAY TO THE ORDER OF: _____ \$

_____ DOLLARS SECURITY FEATURES

ANYTOWN BANK
1000 BANKING WAY
ANYTOWN, CA 90000

MEMO _____

⑈0000 24578⑈ 12457802⑈ 101 ⑈0000000000⑈



PERSONAL 6" CHECK

ANYCOMPANY
1430 ANY STREET
ANYTOWN, CA 90000

101

DATE _____

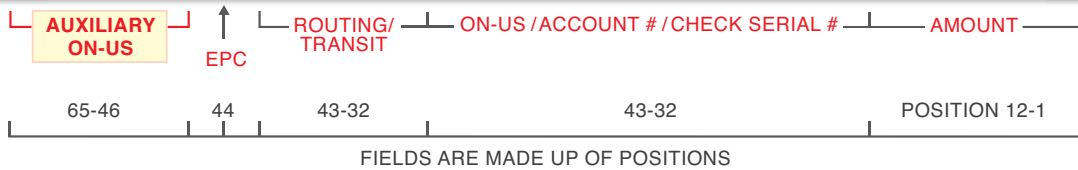
PAY TO THE ORDER OF: _____ \$

_____ DOLLARS SECURITY FEATURES

ANYTOWN BANK
1000 BANKING WAY
ANYTOWN, CA 90000

MEMO _____

⑈0000 101⑈ ⑈0000 24578⑈ 12457802⑈ ⑈0000000000⑈



LONGER THAN 6"

(AT LEAST 6" WIDE; CANNOT BE MORE THAN 8 3/4")