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Kansas Corporate Credit Union  
8615 W. Frazier  
Wichita, KS 67212  
Toll Free 800.721.2677  
Local 316.721.2600  
Fax 316.722.2025

## International ACH Transactions

### What you need to know...

The biggest change revolutionizing the ACH Industry - International ACH Transactions (IAT) – is coming. Are you ready? Even if you don't currently think you're receiving any International ACH items, there are several new rule changes that you need to be aware of.

### IAT Processing

Currently, many payments initiated internationally are introduced into the U.S. ACH network through domestic correspondent banking relationships. As a result, international payments are being transmitted as domestic transactions using domestic standard entry class (SEC) codes such as PPD or CCD, making it difficult for depository financial institutions to identify these transactions as international items and perform adequate OFAC review.

### The Purpose Behind the Change

The Office of Foreign Assets Control (OFAC) has requested a change in order to align ACH Rules with OFAC compliance obligations. The new rule will classify IATs by focusing on where the financial agency that handles the payment transaction is located and not where any other party to the transaction is located. The new IAT code and Travel Rule data requirements will ensure all parties have the information necessary to comply with U.S. law, making it easier for RDFIs to comply with OFAC obligations. ALL financial institutions are responsible for ensuring their own OFAC compliance. (Refer to information box for Travel Rule and OFAC specifics.)

### NEW IAT REQUIREMENTS

#### Required Travel Rule Information

- Name and physical address of Originator
- Name and physical address of Receiver
- Account number of Receiver
- Identity of Receiver's FI
- Correspondent Bank(s) name, Bank ID and Bank Branch Country Code
- Reason for the payment

#### OFAC Compliance for IAT

- Must have a written OFAC compliance policy
- Review *inbound* entries, checking *all* parties to the transaction, remittance data, and correspondent banks
- Review *outbound* entries, checking *all* parties to the transaction, remittance data, and correspondent banks

### New Regulatory Requirements for ACH

Effective September 18, 2009, all ODFIs and Gateway Operators will be required to identify all international ACH payments as such by using the new SEC code of IAT and including BSA "Travel Rule" data elements in 7 mandatory Addenda Records. This change will effectively eliminate the CBR and PBR SEC codes, which are not sufficient to allow an RDFI to readily identify all parties to an international transaction.

### RDFI Requirements

- Be able to identify IAT entries and appropriately screen for OFAC compliance
- Ensure OFAC screening of all Travel Rule information
- Be aware - returns are processed using domestic ACH timeframes

(See *International ACH Transactions*, page 4)

## Upcoming Events

### **KCCU ANPR Workshops**

Join Kansas Corporate for one of the following informative sessions regarding NCUA's Advance Notice of Public Rulemaking...

**Thursday, March 19, 2009 | 1:00 - 3:00pm**

Courtyard by Marriott - Old Town, Wichita, KS

**Tuesday, March 24, 2009 | 2:00 - 4:00pm**

Kansas Super Chief Credit Union, Topeka, KS

**Wednesday, March 25, 2009 | 1:00 - 3:00pm**

WEBINAR – Connectivity will be forwarded the day before the meeting

To register for one of these sessions, please contact Tonya Johnston at 800.721.2677 | Ext. 113 or email [tonyaj@kansascorporate.org](mailto:tonyaj@kansascorporate.org).

### **IAT and the RDFI Webinar**

**Tuesday, March 24, 2009**

Join us for this 90-minute webinar, designed to aid credit unions in preparing for International ACH Transactions (IATs) rule changes, which implement **September 18, 2009**. The webinar will outline how the IAT process will affect Receiving Depository Financial Institutions (RDFIs) and discuss the necessary preparations for IAT acceptance.

**What: *International ACH Transactions: IAT and the RDFI Webinar***

Sponsored by Kansas Corporate Credit Union and the Kansas Credit Union Association

**When: Tuesday, March 24, 2009 | 10:00 – 11:30 AM**

**Registration: Deadline – March 20, 2009**

Online – [www.kansascorporate.org](http://www.kansascorporate.org) | Upcoming Events Page

Email – [marketing@kansascorporate.org](mailto:marketing@kansascorporate.org) | Provide name, credit union, and contact information

Phone – 800.721.2677 | Ext. 106 or 122

**Payment Information:**

\$39.95/Credit Union\*

Kansas Corporate Account will be debited March 24, 2009

\*KCCU and KCUA are able to offer this program for only \$39.95/Credit Union based upon our relationship with MPX, whereas similar sessions available through other vendors are much more costly.

### **KOMA CUES 2009 Conference - *Managing Risk In Uncertain Times***

**April 29 – May 1, 2009 | Chateau on the Lake Resort Hotel & Convention Center | Branson, MO**

The Kansas, Oklahoma, Missouri and Arkansas (KOMA) CUES Council invites you to attend their 2009 Conference, offering the opportunity to interact with peers, share “war stories” and brainstorm on issues that every credit union executive faces. Presenters at this year’s conference will tackle credit union concerns regarding risk in these current uncertain times and how to deal with them most effectively.

**Registration: Deadline - April 10, 2009**

Download registration form at [www.cues.org/repository/komaspring09.pdf](http://www.cues.org/repository/komaspring09.pdf)

Mail to: KOMA CUES | Attn: Margaret McClintock, WEOKIE Credit Union

P.O. Box 26090 | Oklahoma City, OK 73126-0090

**Cost: \$299/attendee**

Check out all KCCU upcoming events by visiting the Upcoming Events page of our website – [www.kansascorporate.org](http://www.kansascorporate.org). For questions regarding Kansas Corporate Upcoming Events or registration assistance, contact Sarah Holt or Circe Gleeson, 800.721.2677 | Ext. 122 or 106, respectively, or email [marketing@kansascorporate.org](mailto:marketing@kansascorporate.org).

## 2009 Kansas Corporate Annual Meeting

It's that time of year again – Annual Meeting is just around the corner. The 2009 Kansas Corporate Annual Membership Meeting is held in conjunction with KCUA's Annual Meeting and Convention, April 24-25, 2009, at the Topeka Capitol Plaza Hotel, Topeka, Kansas. Here's a list of events you won't want to miss...

### Friday, April 24, 2009

#### *KCCU Annual Membership Meeting | 9:00 - 10:30am*

Join credit union representatives from across the state as Kansas Corporate staff, board and committee members relate highlights and general information of interest from the past year.

#### *Annual Meeting Golf Classic | 11:30am - 6:30pm*

We've been working hard to provide an enjoyable afternoon on one of Topeka's premier golf courses – Shawnee Country Club. You won't want to miss this opportunity to network and socialize with credit union professionals and vendors from across the state. Be sure to register your team today! Registration is available online by clicking on the Annual Meeting Golf Classic banner ad on our home page – [www.kansascorporate.org](http://www.kansascorporate.org). Sponsorship opportunities are going fast, but there are still a few available. Check them out online and help support this annual event! For questions contact Sarah Holt or Circe Gleeson at 800.721.2677 | Ext. 122 or 106, respectively, or email [marketing@kansascorporate.org](mailto:marketing@kansascorporate.org).

#### *Exhibitor's Showcase | 7:00 - 10:00pm*

Be sure to stop by our booth to meet and mingle with KCCU staff and learn about all our products and services!

### Saturday, April 25, 2009

#### *Exhibitor's Showcase Breakfast | 7:30 - 9:00am*

Just in case you weren't able to make it for Friday night's showcase, come see us bright and early Saturday morning! We'll be at our booth again, looking forward to seeing you!

#### *Education Breakout: CUs and the Economy | 8:45 - 10:00am*

Join KCCU President, Larry Eisenhauer, as he evaluates the financial woes seen throughout the past few years, the impact thus far, and what can be expected this year.

#### *Education Breakout: Trends in Business Services | 1:45 - 3:00pm*

This session, presented by Mike Smith, Business Services Officer with CU Business Group, will look at the current state of business lending in Kansas, both the good and the bad. Mike will review business products and discuss what the best mix is for credit unions, as well as outline some of the best practices and most common mistakes made by credit unions in this area.

## Holiday Closing Reminder

Kansas Corporate offices will be closed Monday, May 25, 2009, for the Memorial Day holiday. Currency ordering schedules will need to be adjusted accordingly.

## Staff Anniversaries

We have several staff members that recently celebrated another year of service at Kansas Corporate. The following staff had anniversaries during January and February...



**Circe Gleeson**  
Marketing Manager  
14 years



**Chris Olson**  
IT Support Specialist  
4 years



**Walter Thompson**  
Financial Analyst  
7 years



**Judy Kampsula**  
Card Services Manager  
18 years



**Brady McLeod**  
Senior Financial Analyst  
11 years

## International ACH Transactions *(continued from page 1)*

### ODFI Requirements

- Review all originators and agreements - review existing vendor, employee and pension payments for possible IAT scenarios
- Educate ACH originators on IAT requirements
- Test/Ensure systems are capable of creating IAT and that you have required information to populate the mandatory fields
- Develop and implement (or revise) OFAC compliance policy
- Be aware - returns use the timeframes of the receiving country

### More Information...

The new IAT rules and procedures will be discussed in depth during our upcoming webinar, *International ACH Transactions: IAT and the RDFI*. Please refer to the Upcoming Events article on Page 2 for webinar details. Additional information is also available by visiting the following websites:

- NACHA
- The Federal Reserve Bank's IAT Resource Center
- OFAC
- Kansas Corporate | News | includes an IAT Readiness Checklist to aid your preparations

### APEX-ACH Users...keep an eye on your inbox for more information regarding upcoming testing and training.

Please direct questions or comments to Circe Gleeson, Marketing Manager, or Sarah Holt, Business Development Representative, at 800.721.2677 | Ext. 106 or 122, respectively, or email [marketing@kansascorporate.org](mailto:marketing@kansascorporate.org)."

## Financial Snap Shot

*As of January 31, 2009*

Assets	\$	353,085,315
Loans	\$	54,053,874
Net Income (Year-to-date)	\$	33,197
Capital Ratio		11.95%

### Managed Liquidity Account\*

Balances < \$500,000	0.081%
Balances \$500,000 - \$9,999,999	0.181%
Balances >\$10,000,000	0.279%

Cash Management Account*	0.07%
Paid-in Capital Shares	0.90%
Membership Capital Shares	0.25%

\*These rates represent a monthly average.

**Figures are not audited.**

**Please visit [www.kansascorporate.org](http://www.kansascorporate.org) for current investment rates.**

## Contact Information

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 8615 W. Frazier  
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 Fax: 316.722.2025  
[www.kansascorporate.org](http://www.kansascorporate.org)

### Executive Team

Larry Eisenhower, President/CEO  
 (Ext. 108)

Kent Gleason, Executive Vice President  
 (Ext. 107)

Alan Weikal, Controller  
 (Ext. 110)

Kip Poe, VP – Information & Technology  
 (Ext. 104)

Please direct questions or comments to Circe Gleeson, Marketing Manager, at 800.721.2677 | Ext. 106 or email [circeg@kansascorporate.org](mailto:circeg@kansascorporate.org).

## NCUSIF Share Guarantee Program Extension

The NCUSIF guarantee of uninsured shares at corporate credit unions expired February 28, 2009. Kansas Corporate has extended its participation in the NCUSIF guarantee that provides Kansas Corporate members a full guarantee on all share accounts through December 31, 2010. U.S. Central also opted to participate in the extension, ensuring all of your deposits with us and all of our deposits at U.S. Central are safe, sound, and backed by the full faith and credit of the U.S. Government.

On behalf of all of us at Kansas Corporate, we appreciate your continued support and your support of the Corporate Credit Union Network. We sincerely thank you for your continued patronage.