



Thank you for being a valued City Bank customer. By enrolling in City Bank's ACH services, you are now an ACH Originator. The ACH Network, which provides for the interbank clearing of electronic payments, is governed by The NACHA Operating Rules and Guidelines (Rules). The Rules apply to all entries and entry data transmitted through the ACH Network. **As an ACH Originator, you must comply with and are bound by the Rules.**

This guide provides a brief summary of ACH facts and ACH Originator responsibilities. It is not intended to be a replacement or substitution for NACHA Rules and Guidelines. NACHA Rules are subject to change. If you would like a copy of the NACHA Rules and Guidelines, you may purchase these through the links below.

NACHA Handbook

Each year NACHA will update and release a new Originator's Handbook for that current year. A copy of the Originator's Handbook for CCD & CTX and PPD Standard Entry Class Codes can be obtained for a small fee by contacting the National Automated Clearing House Association (NACHA) at the following location:

NACHA
2550 Wasser Terrace, Suite 400
Herndon, Virginia 20171
Phone: (703) 561-1100

If you would prefer, you may purchase the book online by visiting NACHA's website at: www.nacha.org or the direct links below.

<https://www.nacha.org/products/originators-handbook-ccd-ctx-edition>

<https://www.nacha.org/products/originators-handbook-ppd-edition>

If there are changes to the rules that impact you as a corporate originator a summary of those rules changes is enclosed. *(If there is no enclosure, no changes to the rules will impact your processing).*

Return Notices

We have added each of your ACH Approvers to the FedLine website to receive ACH Return Notices, Notices of Change and Return Ratio reports via email. These reports will come in an encrypted email from ediach.com

Office of Foreign Assets Control Requirements

The Office of Foreign Assets Control (OFAC) administers economic sanctions and embargo programs that require that assets and transactions involving the interest of target countries, nationals, and other specifically identified companies and individuals (blocked parties) be frozen. All of the programs administered by OFAC involve declarations of national emergency by the President of the United States. Originators of ACH entries must be aware that they are subject to applicable U.S. law when initiating these entries. This includes that the Originator is not violating OFAC-enforced sanctions and that it is not acting on behalf of, or transmitting funds to or from, any party subject to such sanctions. Originators should be aware that they will



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be held to an obligation to originating only lawful ACH entries under this agreement. Originators are strongly encouraged to obtain Specially Designated National (SDN) and other compliance information directly from OFAC: <https://ofac.treasury.gov/>

Verification Callbacks

City Bank is entitled to call and verify the Date of Birth or Full Legal Name for any ACH Recipient that is a potential OFAC match. Verifying this information will clear any potential matches your recipient may have. If this information is not verified the bank reserves the right to cancel the ACH for the recipient.

Security Resources

We also want to take this opportunity to remind you about important security practices that can help you protect your accounts. Please review this website for best practices and let us know if you have any questions.

<https://www.city.bank/fraud-and-security>

<https://www.fcc.gov/general/cybersecurity-small-business>

We appreciate your business, and look forward to continuing to serve your financial needs in the future. If you have any questions regarding this letter or the NACHA Rules, please do not hesitate to contact us.

Treasury Solutions Client Support Information:

Direct Phone Number: 806-771-3233

Email Address: tmsupport@city.bank

Hours of Operation: Monday-Friday 8:00 AM CT- 5:00 PM CT

Federal Holidays are observed by Treasury Solutions Client Support



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Defined Terms

- **ACH Network:** The Automated Clearing House (ACH) is an Electronic funds transfer system governed by the NACHA Operating Rules
- **ACH Originator:** A person that has authorized an ODFI to transmit, for the account of that person, a credit Entry, debit entry, or non-monetary entry to the receiver's account at the RDFI.
- **Addenda Record:** A record that contains supplemental data related to an entry
- **Administrative Return Rate:** The rate at which an Originator's debit Entries are returned for administrative reasons (Return Reason Codes R02, R03, or R04)
- **Administrative Return Rate Level:** An Administrative Return Rate of 3% or lower must be maintained
- **All Return Rate:** The rate at which an Originator's debit Entries are returned for all reasons
- **All Return Rate Level:** An All Return Rate of 15% or lower must be maintained
- **Business Day:** A calendar day other than a Saturday, Sunday, or a federal holiday in the U.S.
- **Corporate Credit or Debit (CCD) Entry:** A credit, debit or non-monetary Entry originated by an Organization to or from the account of that Organization or another Organization
- **Corporate Trade Exchanged (CTX) Entry:** A credit, debit or non-monetary Entry originated by an Organization to or from the account of that Organization or another Organization and accompanied by one or more Addenda Records, up to a maximum of 9,999
- **Effective Entry Date:** The banking day specified by the Originator on which it intends a batch of Entries to be settled
- **NACHA:** National Automated Clearing House
- **ODFI:** Originating Depository Financial Institution
- **Prearranged Payment and Deposit (PPD) Entry:** A credit, debit or non-monetary Entry originated by an Organization to or from the account of a Consumer.
- **RDFI:** Receiving Depository Financial Institution
- **Unauthorized Return Rate:** The rate at which an Originator's debit Entries are returned for administrative reasons (Return Reason Codes R05, R07, R10, R11, R29, R51)
- **Unauthorized Return Rate Level:** An Unauthorized Return Rate of 0.5% or lower must be maintained