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

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).*

FedLine Notices
All of your ACH Approvers were added 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 the Federal Reserve Bank on City Bank's behalf.
- Notification of Change (NOCs) indicate items that need to be corrected by the originator but still received by the intended recipient. Examples are incorrect account or routing numbers. Emails with NOCs will come from notification@achedi.com the day the entry is received.
- Notification of Return (NORs) indicate items that were not received by the intended recipient. Examples are closed account or invalid routing number. Please contact your recipient to update this information.
- Return Ratios are monitored by NACHA and City Bank on a monthly basis. Failure to comply with NACHA's threshold for returns could result in losing ACH Origination privileges.

The domain names for FedLine Notices are:
@encryptedmail.achedi.com
@achedi.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 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

ACH Notification of Change and Return codes

Transaction Codes
Codes To Be Used by the Originating Depository Financial Institution (ODFI) for Origination Entries

Demand Credit		**Demand Debit**	
21	Notification of Change	26	Notification of Change
22	Deposit	27	Payment
23	Prenotification	28	Prenotification
Savings Credit		**Savings Debit**	
31	Notification of Change	36	Notification of Change
32	Deposit	37	Payment
33	Prenotification	38	Prenotification

Notification of Change Codes
Codes To Be Used by the RDFI for Notification of Change Entries
C01 Incorrect Account Number
C02 Incorrect Routing Number
C03 Incorrect Routing & Account Number
C04 Invalid Account Name
C05 Invalid Transaction Code
C06 Invalid Account Number & Transaction Code
C07 Invalid Routing & Account Number & Transaction Code
C09 Invalid Individual ID Number
C13 Addenda format Error

Table of Return Reason Codes
Codes To Be Used by the RDFI for Return Entries
R01 Insufficient Funds
R02 Account Closed
R03 No Account/Unable to Locate Account
R04 Invalid Account Number
R05 Unauthorized Debit to Consumer Account Using Corporate SEC Code (adjustment entries)
R06 Returned per ODFI's Request
R07 Authorization Revoked by Customer (adjustment entries)
R08 Payment Stopped
R09 Uncollected Funds
R10 Customer Advises Not Authorized, Notice Not Provided, Improper Source Document, or Amount of Entry Not Accurately Obtained from Source Document (adjustment entries)
R11 Entry not in Accordance with Terms
R12 Account Sold to Another DFI
R13 Invalid Routing Number
R14 Representative Payee Deceased or Unable to Continue in that Capacity
R15 Beneficiary or Account Holder (Other Than a Representative Payee) Deceased
R16 Account Frozen
R20 Non-Transaction Account
R23 Credit Entry Refused by Receiver
R24 Duplicate Entry
R29 Corporate Customer Advises Not Authorized

Standard Federal Reserve Bank Holidays

	2024	2025	2026	2027
New Year's Day	January 1	January 1	January 1	January 1
Birthday of Martin Luther King, Jr.	January 15	January 20***	January 19	January 18
Washington's Birthday	February 19	February 17	February 16	February 15
Memorial Day	May 27	May 26	May 25	May 31
Juneteenth National Independence Day	June 19	June 19	June 19	June 19*
Independence Day	July 4	July 4	July 4*	July 4**
Labor Day	September 2	September 1	September 7	September 6
Columbus Day	October 14	October 13	October 12	October 11
Veterans Day	November 11	November 11	November 11	November 11
Thanksgiving Day	November 28	November 27	November 26	November 25
Christmas Day	December 25	December 25	December 25	December 25*

* Saturday - the Federal Reserve Banks are open, but the Board of Governors is closed on July 3, 2026, June 18, 2027, December 24, 2027, and November 10, 2028

** Sunday - the Federal Reserve Banks and the Board of Governors are closed on July 5, 2027.

*** On January 20, 2025, the Federal Reserve Banks are closed in observance of the Birthday of Martin Luther King, Jr. On January 20, 2025, the Board of Governors is closed in observance of Inauguration Day and the Birthday of Martin Luther King, Jr.

Last Update: January 2, 2024

Source: https://www.federalreserve.gov/aboutthefed/k8.htm

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.
- **Prenotifications (Prenotes):** are non-dollar entries used by your company to verify that the account number on the entry is for a valid account at a Receiving Depository Financial Institution (RDFI). Prenotes are optional. However, if your company chooses to send prenotes, you are required to do so at least 3 business days before sending the first live dollar entry.
- **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