



Dear ACH Originator:

Every year the National Automated Clearinghouse Association (Nacha) publishes new rules that expand upon ACH services and/or requirements related to ACH entries. As your business partner, First Financial Bank wants to ensure your continued compliance with Nacha's Operating Rules and Originator Responsibilities that cover the transactions you make when you originate electronic payments through the Automated Clearing House (ACH) Network.

The Nacha Rules updates, processing deadlines, and retention periods are available on Nacha's website at www.nacha.org. Links are available on their website for the specific information you need.

Federal holiday schedules are published and available on the following web site: <https://www.frbervices.org/about/holiday-schedules/>. By navigating to the URL, you will find the holiday schedule for the Federal Reserve Bank through 2026. Keep in mind that a payment cannot have an effective date on a Federal holiday because the Federal Reserve is not open for processing. Therefore, it is important you take note of the holiday schedule to make sure the transactions you initiate process on time.

Here are a few of the new Rules that may affect you:

Effective June 21, 2024

General Rule Definitions for Web Entries: Re-words the WEB general rule and definition in Article Eight to make is clearer that the WEB SEC Code must be used for all consumer-to-consumer credits regardless of how the consumer communicates the payment instructions to the Originating Depository Financial Institution (ODFI) or P2P service provider.

Definition of Originator: Clarifies changes and alignments to the definitions of Originator to include a reference to the Originator's authority to credit or debit the Receiver's account and that the Rules do not always require a receiver's authorization (Reversals, Reclamations, Person-to-Person Entries).

Originator Action on Notification of Change (NOC): Provides Originators discretion to make NOC changes for a Single Entry, regardless of the SEC Code.

Use of Prenotification Entries: Aligns the prenote rules with industry practice by removing language that limits prenote use to only prior to the first credit or debit entry. Originators may need to re-validate that accounts are open and can accept ACH entries even after live entries have previously processed.

Effective October 1, 2024

Timing of Written Statement of Unauthorized Debit (WSUD): Allow a WSUD to be signed and dated by the Receiver on or after the date on which the Entry is presented to the Receiver (either by posting to the account or by notice of a pending transaction), even if the debit has not yet been posted to the account. Allowing such a debit to post after being reported may cause harm to the receiver.

Additional Funds Availability Exceptions: Provide RDFIs with an additional exemption from the funds availability requirements to include credit ACH entries that the RDFI suspects are fraudulent.

The following rule changes take effect March 20, 2026, however, may be adopted earlier:

Company Entry Description – Payroll: Establish a new standard description of "PAYROLL" for PPD Credits for payment of wages, salaries, and other similar types of compensation. New Language indicates "The use of the term PAYROLL" in this field is descriptive and by use of the word, neither the Originator, nor the ODFI (or any Third-Party Service Provider acting on behalf of an Originator or ODFIO), makes any representation or warranty to the RDFI or the Receiver regarding the Receiver's employment status.

Company Entry Description – Purchase: Establish a new standard description of "PURCHASE" for e-commerce purchases. New Language indicates "For this purpose, an e-commerce purchase is a debit Entry authorized by a consumer Receiver for the online

purchase of goods, including recurring purchases first authorized online. An e-commerce purchase uses the WEB debit SEC Code, except as permitted by the rule on Standing Authorization to use the PPD or TEL debit SEC Code.”

Fraud Monitoring by Originators, TPSPs, and ODFIs: Requires each non-Consumer Originator, ODFI, TPSP, and TPS to establish and implement risk-based processes and procedures reasonably intended to identify ACH Entries initiated due to fraud.

Fraud Mitigation – How to prevent fraudulent originated transactions

It is a role that you and your company play in maintaining the proper security over Protected Information obtained as an ACH payment originator. In the context of payment originations, Protected Information may be referred to as non-public information and is defined as the non-public personal information, including financial information of a natural person used to create an entry, or contained within an entry, and any related addenda record.

Originators must be vigilant in their effort to protect the security of Protected Information due to the increased focus on privacy of data, threats from data breaches, and other unscrupulous activity, such as:

- corporate account takeovers
- viruses
- network intrusions
- employee/email fraud
- hacking

Your company is required to establish, implement, and update policies, procedures, and systems (including controls) with respect to the initiation, processing, and storage of Protected Information that are designed to:

- (a) protect the confidentiality and integrity of Protected Information until its destruction
- (b) protect against anticipated threats or hazards to the security or integrity of Protected Information until its destruction
- (c) protect against unauthorized use of Protected Information that could result in substantial harm to a natural person.

Furthermore, it is a requirement of First Financial Bank that all Protected Information is to be protected by its ACH originators/third parties. **Your company is responsible for following up with any ACH Receiver email request to change their account information with a phone call to a phone number per your records on file, not included in the email request.**

Anytime you have questions about ACH or any of our Treasury Management Products, please call Treasury Management Client Support at 1-877-627-7201.

Most of all, thank you for banking with us at First Financial!

Sincerely,

Treasury Management