

ACH PROCESSING INFORMATION

PRE-NOTIFICATIONS

Prior to the initiation of the first ACH entry to a receiver's (employee or vendor) account, you may choose to send a *pre-notification* entry. The *pre-notification* entry provides notice to the receiving bank that you intend to initiate one or more entries to the receiver's account and confirms the routing information details are correct. Although *pre-notification* entries are not required, Johnson Financial Group strongly encourages that this process be practiced.

The receiving bank will verify the ACH entry details by one of the following methods:

- If *pre-notification* was sent with the correct routing information, the receiving bank may post a zero-dollar entry to the receiver's account.
- If *pre-notification* was sent to the wrong account and the receiving bank can determine the correct account, post the zero-dollar entry to the correct account and submit a *notification of change* (NOC) entry back to Johnson Financial Group. The NOC is then forwarded to you via Business Gateway ERD Reporting.
- If the receiving bank cannot determine the correct posting account, they may return the zero-dollar entry to Johnson Financial Group, which will generate a Return Notice. The Return Notice is then forwarded to you via Business Gateway ERD Reporting.

NOTIFICATION OF CHANGE (NOC)

A *notification of change* is created by the receiving bank to notify Johnson Financial Group that previously valid information contained in a posted ACH entry has become outdated or that information contained in a *pre-notification* entry is erroneous and should be changed. Johnson Financial Group requires a contact name at your company so we may notify you in the event that an entry is sent incorrectly. The detailed NOC report will be delivered via Business Gateway ERD Reporting, providing you with the details needed to allow correction to your ACH participant prior to the next entry submission.

REJECTS / RETURNS

A *reject* entry is an ACH entry that has been transmitted for posting, but due to incorrect information, could not be forwarded to the receiving bank for posting. Files that contain dollar amounts will be posted back to the originating account as the company will be

required to correct the file and resubmit. Johnson Financial Group will notify the contacts on the ACH Schedule via Secure email.

A *return* entry is an ACH entry that has been transmitted to the receiving bank, but was unable to be posted to the intended account for various reasons (i.e. insufficient funds, closed account, invalid account number, etc.) The receiving bank returns the transaction to Johnson Financial Group within two business days. Johnson Financial Group then posts an entry back to your account which can be viewed on AccessJFG. In addition, a notice is forwarded to you via Business Gateway ERD Reporting.

DELETION / REVERSAL OF FILE / ENTRIES

As soon as an erroneous or duplicate ACH file/entry has been discovered, you must notify Johnson Financial Group. Johnson Financial Group has only five business days from the settlement date to transmit the reversing entries. While Johnson Financial Group will try to accommodate all requests, timing may be an issue. You must notify all receivers that a reversing entry will be posted to their account.

PROCESSING TIME SCHEDULE

ACH files should be submitted at least two business days prior to the effective date of the transactions (one day for cash concentration). For non-same day transactions, ACH files submitted to the bank by 4:00 p.m. CT will be confirmed for credit limit and file validation. Files can be submitted after 4:00 p.m. CT; however, the file(s) will not be confirmed for credit limit amount or validation until the following business day. If either of these items cause the file to reject, the effective date for the file will be delayed by one business day. Files sent after 8:30 p.m. CT will be processed the next business day.

Same Day ACH files must be submitted by 11:30 a.m. CT for non-Pass-Thru ACH transactions. Same Day Pass-Thru ACH files must be submitted by 12:00 p.m. (noon) CT.

AUTHORIZATION

Your company warrants that it has obtained the authorization of each third party before initiating any ACH entry to a party's account and has provided a copy of such authorization to the party. Your company will retain authorizations for two years after they are terminated and retain any other documents related to ACH entries for a period of thirty days. Your company will immediately furnish such authorizations and documents to Johnson Financial Group upon request.

BACK-UP

It is recommended that you back-up your ACH files on a regular basis to assure the retrieval of recent activity in the event of a system failure or other emergency. For your reference, Johnson Financial Group has provided several online help guides for your reference in the Client Resource Center including a SEC, Return and NOC Code Definition Chart, a Key Information Reference to help you understand the action required for ACH NOC and Return Notices, and the ACH Processing Calendar.