



Important Customer Notice Regarding ACH Transactions

On September 18, 2009, an amendment to the rules of the National Automated Clearing House Association (NACHA) will become effective that has the potential to impact all U.S. businesses that send or receive ACH payments. This amendment will require all payments that are sent to or from another country to be identified as an International ACH Transaction (IAT) if any part of the transaction is processed through the ACH network.

As First Citizens does not offer the capability to originate international transactions, your company will need to take steps to identify your ACH transactions that should be classified as an IAT. If you identify an ACH transaction that would qualify as an IAT, it will be important for you to discuss alternative payment options with your Cash Management Sales Representative.

We have included some information that may help you identify typical transactions that could be classified as an IAT. We have also included some steps your business may wish to take to prepare for this change. Additional information is also available at www.nacha.org/IAT_Industry_Information.

Please note that as an ACH Originator with First Citizens, you are bound by the Service Agreement for Electronic Funds Transfer (ACH Agreement) to comply with all U.S. laws. Originators could have their ACH Origination capabilities suspended and/or removed for non-compliance.

If you are a recipient of ACH payments, please be aware that you may experience a delay in the posting of some IAT credits to your account. This may be necessary so that the bank can review certain transactions.

Thank you in advance for your cooperation and understanding as we comply with this new rule. If you have questions, or if we can assist you with this transition in any way, please call 803-931-8581 or contact your Cash Management Sales Representative.

Additional Information Regarding International ACH Transactions

How to Identify an IAT Transaction

The following examples are provided to help you identify transactions that should be classified as an International ACH Transaction (IAT).

Scenario 1:

An ACH Originator submits a direct deposit to an employee at a U.S. Financial Institution. The employee has a standing order with the U.S. Financial Institution to wire the funds received via the direct deposit to a foreign bank. After September 18, 2009 the direct deposit from the ACH originator to their employee would need to be coded as an IAT because one of the financial agency's (the foreign bank) involved in the "payment transaction" is not located in the territorial jurisdiction of the United States.

Scenario 2:

An ACH Originator submits an ACH credit to a vendor's account at a U.S. Financial Institution. The vendor's Corporate Headquarters is located in a foreign country and the vendor has a standing order with the U.S. Financial Institution to wire the funds received via the ach credit to their Corporate Headquarters account at a foreign bank. After September 18, 2009 the ACH credit from the ACH Originator to the vendor would need to be coded as an IAT because one of the financial agency's (the foreign bank) involved in the "payment transaction" is not located in the territorial jurisdiction of the United States.

Also, to assist in your evaluation, please review the following questions. If you answer "yes" to any of the questions, you may be more likely to be impacted by the new IAT rule:

1. Does your company send payroll, pension or benefit payments via the ACH network to individuals that have permanent resident addresses outside the territorial jurisdiction of the United States?
2. Does your company buy or sell to organizations or individuals outside the territorial jurisdiction of the United States?
3. Is your company a subsidiary of a multi-national company?
4. Does your company have foreign subsidiaries?

What should our organization do to prepare for the IAT rule change?

- Familiarize yourself with the new ACH Rules related to IAT. Information is available at www.nacha.org/IAT_Industry_Information
- Contact employees and vendors to identify possible IAT transactions. We have enclosed a sample communication developed by NACHA for your convenience.
- Contact your First Citizens Cash Management Sales Representative if you identify a transaction that would qualify as an IAT to discuss alternative payment options.

For further assistance, call First Citizens at 803-931-8581 or contact your Cash Management Sales Representative.

SAMPLE IAT CORPORATE COMMUNICATION TO EMPLOYEES AND VENDORS

NOTE: This document is provided for sample purposes only. It should be reviewed by legal counsel before using.

This information could be posted on your company's Intranet or employee portal page, or it could be mailed or provided to all current and new vendors and employees.

Employee Communication

There have been recent changes to the payment system rules for direct deposit of payroll. If you receive your payroll via direct deposit at a U.S. bank and then have the entire payroll amount forwarded to a bank in another country, please advise the payroll department (or specific individual within your company). There are new requirements for these transactions that the company needs to follow.

Vendor Communication

There are new processing requirements for electronic vendor payments that are sent to a financial institution outside of the United States. If our payments to you are being forwarded from a U.S. financial institution to a financial institution in another country, please advise (*identify the person within your company*).