STIFEL | STIFEL BANK TREASURY

ACH ORIGINATOR **RESPONSIBILITIES AND BEST PRACTICES**

A practical, plain-language guide for originating accurate, secure, and compliant ACH payments.
The ACH Network provides an efficient way to send and collect payments, but each transaction carries important responsibilities. Understanding authorization, fraud monitoring, account-information verification, return activity, and exception handling can help your organization reduce processing errors, protect payment information, and maintain reliable ACH origination practices. This guide applies only to entries originated through Stifel Bank.

Your Responsibility

As an ACH Originator, your organization must comply with the Nacha Operating Rules, applicable law, and your ACH Origination Agreement with Stifel Bank. Additional requirements may apply based on the SEC Code, account type, transaction purpose, or service used. This guide is a summary and does not replace those governing requirements.

Before You Originate

Obtain Proper Authorization

- Obtain authorization before transmitting an entry
- Use authorization appropriate to the transaction and SEC Code
- Retain the authorization or a reproducible record for the current Nacha rule of two years past final termination or revocation of the authorization
- Provide a copy of forms or other permissible evidence of authorization upon request
- Stop future debits when authorization is revoked

Validate Account Information

- Verify routing and account information using a risk-based method before originating new recipient payments and change requests
- Verification methods may include an ACH prenotification, independent confirmation using trusted contact information, or another commercially reasonable method appropriate to the risk

Choose the Correct SEC Code

SEC Code	Typical Use
PPD	Consumer credits and preauthorized consumer debits
CCD	Corporate credits or debits
CTX	Corporate payments with expanded remittance information

Select the SEC Code based on the Receiver, account type, authorization method, and transaction purpose. Do not assume an account is non-consumer solely because it is used for business purposes.

Review Returns and Return Rates

Stifel Bank is responsible under the Nacha Operating Rules for the quality of the ACH activity it originates, and monitors Originator return activity accordingly. Elevated returns may indicate authorization issues, inaccurate account information, or fraud, and may result in inquiries, required corrective action, or service restrictions. Investigate every return, correct the underlying cause, and stop future entries when valid authorization cannot be confirmed.

Category	60-Day Threshold/Monitoring Level	Key Codes/Scope
Unauthorized debit returns	**0.5% rules violation threshold**	R05, R07, R10, R11, R29, R51
Administrative debit returns	**3.0% monitoring/inquiry level**	R02, R03, R04
Overall debit returns	**15.0% monitoring/inquiry level**	All return reason codes

IMPORTANT: These thresholds represent maximum allowable return rates, not performance targets. Monitor and manage ACH activity to remain below these limits.

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MANAGE **RISK, RETURNS, AND EXCEPTIONS**

Monitor for Fraud and Protect Payment Data

Establish, implement, and periodically review risk-based processes and procedures reasonably intended to identify ACH entries initiated due to fraud. Controls should be appropriate for your organization's ACH activity, payment types, dollar amounts, recipients, and risk profile.

Transaction Monitoring

- Review unusual amounts, volumes, recipients, destinations, and changes in payment behavior
- Independently verify new recipients and payment instruction changes
- Use approval limits, separation of duties, and dual control where available
- Investigate suspicious activity and notify Stifel Bank promptly

Data & Access Security

- Restrict access to personnel with a business need
- Use unique credentials and multifactor authentication where supported
- Do not share credentials
- Protect ACH files, account information, and authorization records in storage and transmission
- Review access periodically and remove access promptly when personnel leave or responsibilities change

Act on Prenotes, NOCs, Reinitiations and Reversals

Prenote	Prenotes are optional zero-dollar entries used to verify if a recipient's routing and account number information is valid (does not validate payee). If a prenote is sent, you must wait at least three banking days following the settlement date before initiating a live entry. No response means the account is valid. If returned, correct or re-verify account information before originating a live entry.
Notification of Change (NOC)	Review each NOC promptly and unless otherwise instructed by Stifel Bank, complete the correction within six banking days after receiving the NOC information or before initiating another entry to that Receiver, as applicable.
Reinitiated Entries	Reinitiate a returned entry only when permitted by the Nacha Rules. Review the return reason, correct the underlying issue, retain supporting documentation, and use the required Company Entry Description when applicable.
Reversals	A reversal corrects a limited set of origination errors: a duplicate, a wrong amount, a wrong Receiver, or an entry or file sent in error. It is not a funds-recovery tool and you must notify the Receiver of the reversal and the reason. Contact Stifel Bank immediately, as reversals must be transmitted within the applicable Rules timeframe, generally five banking days following settlement of the erroneous entry.

Funding, Settlement, and Bank Oversight

- Maintain sufficient available funds and submit files before Stifel Bank cutoff times
- Settlement timing depends on file timing, effective-entry date, processing requirements, and the service selected
- Stifel Bank may request records, monitor activity and returns, require corrective action, adjust limits or funding requirements, reject entries, or restrict services as permitted by your agreement

IMPORTANT: This guide is a general overview. It does not replace the Nacha Operating Rules, applicable law, or your ACH Origination Agreement with Stifel Bank.

CONTACT STIFEL BANK PROMPTLY

Repeated returns | Unauthorized activity | Suspected fraud or compromised credentials | Authorization-process changes | Questions about SEC Codes, NOCs, reinitiations, or reversals

Treasury Management Hotline: (314) 556-6666 | **bank**with**stifel**.com