May 8, 2017

RE: Upcoming Amendments to ACH Operating Rules May Impact Your Company

Dear Customer:

Effective September 15, 2017, and September 29, 2017, there will be several amendments to the ACH Operating Rules which may impact your company. The purpose of this letter is to make you aware of these modifications and allow you time to make any necessary changes to your banking processes.

Amendment effective September 15, 2017:

**Same Day ACH Debits (Phase II)**

*Summary:* This amendment to the ACH Operating Rules establishes the ability for Originators to originate domestic ACH debits up to, and including, amounts for $25,000 that will be able to be received by Receivers on the same banking day. This rule change mandates that all financial institutions must accept Same Day ACH Debits which is the same requirement as for Same Day ACH credits which was implemented on September 23, 2016.

<table>
<thead>
<tr>
<th>Phase</th>
<th>Effective Date</th>
<th>Rule Change</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase I</td>
<td>09/15/17</td>
<td>Allows for origination of credits only. Funds must be made available to the Receiver by the RDFI’s end of banking day.</td>
<td>Completed 09/15/17</td>
</tr>
<tr>
<td>Phase II</td>
<td>09/15/17</td>
<td>Adds the origination of debits. Funds must be made available to the Receiver by the RDFI’s end of banking day.</td>
<td>Completed 09/15/17</td>
</tr>
<tr>
<td>Phase III</td>
<td>03/16/18</td>
<td>Funds must be made available by 5:00 p.m. local time of the RDFI.</td>
<td>Completed at Commerce</td>
</tr>
</tbody>
</table>

The most common anticipated uses of Same Day ACH during Phase II are for same day payments such as mortgage payments, insurance premium payments, business to business payments, and account to account transfers.

*Impact:*

- **Receivers:** During Phase II, which introduces Same Day ACH debits, Receivers may see these items memo posted and the subsequent available balance decreased periodically throughout the day based upon the receipt and posting of these items at your bank.

- **Originators:** During Phase II, if you are entitled to originate Same Day ACH debits, you will be able to originate them for settlement on the same day that they are submitted to the ACH Network, provided that the Same Day ACH origination deadlines are met. As with Same Day ACH credits, Same Day ACH debits are positioned as a premium service and there is an additional fee to originate these items.

Remember according to the ACH Operating Rules, you may NOT debit any Receiver’s account any earlier than the date the Receiver authorized in his/her ACH authorization. If you do, the Receiver is within his/her rights to ask their financial institution to return the debit as an unauthorized transaction. In October 2016, an ACH Network Unauthorized Return Fee was implemented and charged to the ODFI for any debit that is subsequently returned as unauthorized. Commerce Bank passes this $4.50 network fee back to the Originator.

*Please see reverse side for additional information.*
Amendment effective September 29, 2017:

Third-Party Sender Registration

Summary: This amendment to the ACH Operating Rules requires every ODFI to register its Third-Party Senders with NACHA. This amendment is intended to mitigate risk within the ACH Network. A Third-Party Sender is defined as an organization which has an origination agreement with Commerce Bank, as well as an origination agreement with the Originator or other Third-Party Senders for which the Third-Party Sender initiates entries on the Originator’s behalf.

Impact:

• Third-Party Senders: Any Third-Party Sender will be expected to provide the information listed below to Commerce Bank:
  1.) Name and principal business location of the Third-Party Sender
  2.) Company Identification(s) of the Third-Party Sender

A fee will be assessed to the Third-Party Sender during the initial registration process. Additional fees may be assessed when any modifications are performed on the information on file. A new Third-Party Sender must be registered by Commerce Bank with NACHA within 30 days of originating the first ACH. Should the Third-Party Sender’s information change, the Third-Party Sender will be expected to notify Commerce Bank within 15 days of any changes of the required information.

• ODFIs: Commerce Bank will perform additional due diligence on its Originators, both during the initial onboarding process as well as ongoing. If an inquiry from NACHA is received, Commerce Bank may need to contact you to request additional information. As defined in Commerce Bank’s Third-Party Sender Agreement, the Third-Party Sender must reply with the requested information within two banking days. NACHA may need additional information if it has determined that a “risk event” has occurred, which is defined within the ACH Operating Rules, of a Third-Party Sender posing an escalated risk of any one or more of the following:
  ▪ Financial loss to one or more Participating DFIs, Receivers or Originators
  ▪ Violation of the ACH Operating Rules or applicable Legal Requirements
  ▪ Excessive Returns

For more information regarding these ACH Operating Rules changes, please contact your Treasury Management Services Sales officer or Commerce Commercial Customer Support at (800) 207-0886. You may also visit www.nacha.org/rules.

Thank you for being a valued Commerce Bank ACH client.

Sincerely,

Brian W. Weide, CTP, AAP
Vice President/ACH Product Manager
Commerce Bank