Prenotes

What is a pre-note transaction?

Nacha rules for prenotes, or pre-notifications specifies how to send a zero-dollar transaction to verify a bank account and routing number. Prenotes are used before making ACH payments or direct deposits.

Rules and Regulations

When to send
It's recommended to send a prenote at least three business days before making an ACH payment. You can also send a prenote when you change account number or financial institution.

How to send
Send a prenote by making a $0 ACH credit to the recipient's bank account.

How to check if successful
A prenote is successful if you don't receive a notification from the recipient's bank.

What to do if not successful
If the prenote is not successful, use the information in the return code to update the bank account details.

What happens if debit before authorization date
Debiting a recipient before the authorization date is a violation of Nacha rules

There are two ways to do a prenote transaction:

1. Importing a Nacha file
2. Performing a manual transaction on the Funds Manager platform

1. Importing a Nacha file

a. Creating a Nacha File

Please refer to this section of the actual ACH manager guide
https://www.nbc.ca/content/dam/bnc/outils-apps/entreprises/guides/ach-manager-guide-utilisateur-en.pdf

Recipient account validation

There are several ways to validate the bank account of your beneficiary or payer. We suggest two:

Prenotification or Prenote: This method is a zero-dollar payment to validate the account number and routing details of a bank account before debiting or crediting it. Prenotes must be issued at least three business days before the effective date.

Micro-Entry Transactions: A micro-entry is a credit or debit transaction used for the purpose of verifying a recipient's account or an individual's access to an account.
How it works:

- A Micro-Entrance credit must be in an amount between $0.01 and $1.00
- One or more Micro-Debit Entries must not exceed, in total, the amount of the corresponding Micro-Credit Entries.
- Your company name should be easily recognizable to the recipient and be the same or similar to the company name that will be used in future transactions.
- You must enter “ACCTVERIFY” in the Company Description field.

Important!
You are required to use commercially reasonable fraud detection in your business, including monitoring of forward and return volumes of Micro-Entries to your account.

For more information, consult the Nacha website at www.nacha.org/micro-entries

Deadlines

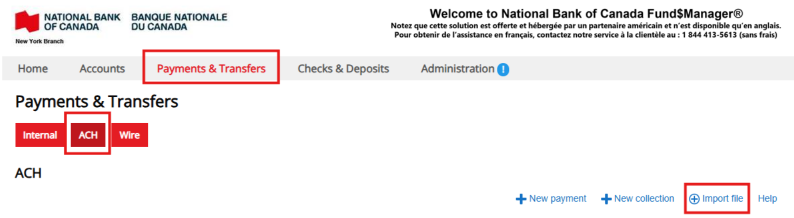
To ensure transactions are processed on time, information must be sent within a given timeframe. Transactions must be sent by 5:00 p.m. (ET), one (1) business day before the effective date of the transaction.

Customer Service

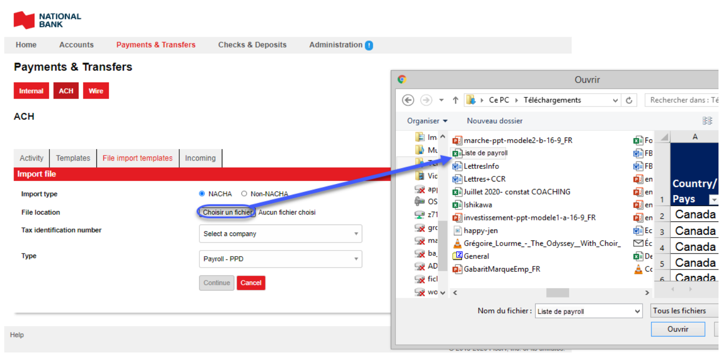
Our Customer Service Representatives are available Monday to Friday from 8:00 a.m. to 5:00 p.m. (ET) at:

b. How to import

1. On the home page click on Payments & Transfers, then ACH and File import

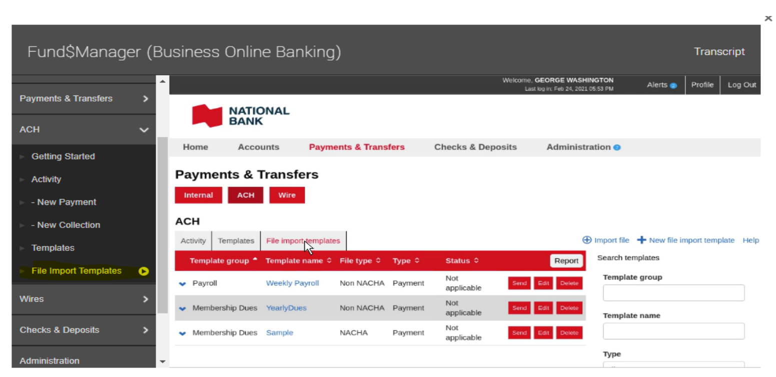


2. Import File



3. Define each field to specify the data to be extracted. Once the file is imported, click 'Validate' to check for any errors. If errors are found, refer to the **NACHA ACH MANAGER** guide (1A) to resolve them.
4. Once completed, all users with a release role in Funds Manager will receive an email or notification indicating that a transaction is pending approval.

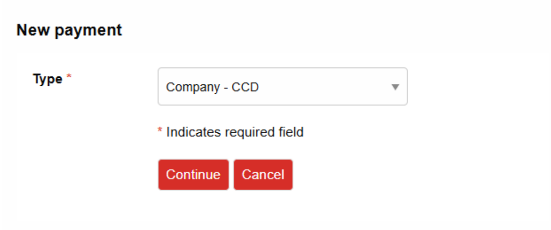
Finally, on the Funds Manager platform, helpful video guides are available. You can find them at the bottom right corner of the home page.



You may also refer to the following video link on the Funds Manager platform: [*https://web13.secureinternetbank.com/EBC_EBC1151/Login/026005487*](https://web13.secureinternetbank.com/EBC_EBC1151/Login/026005487)

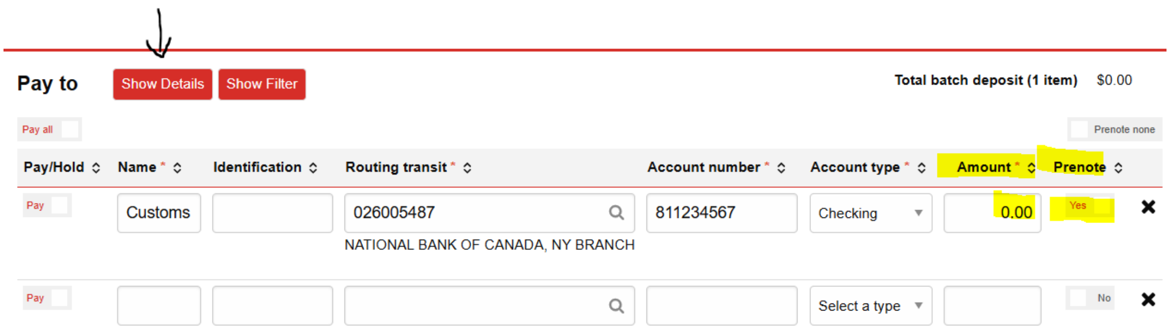
2. Creating a transaction in Funds Manager:

Client must select Company -CCD in Payment Type

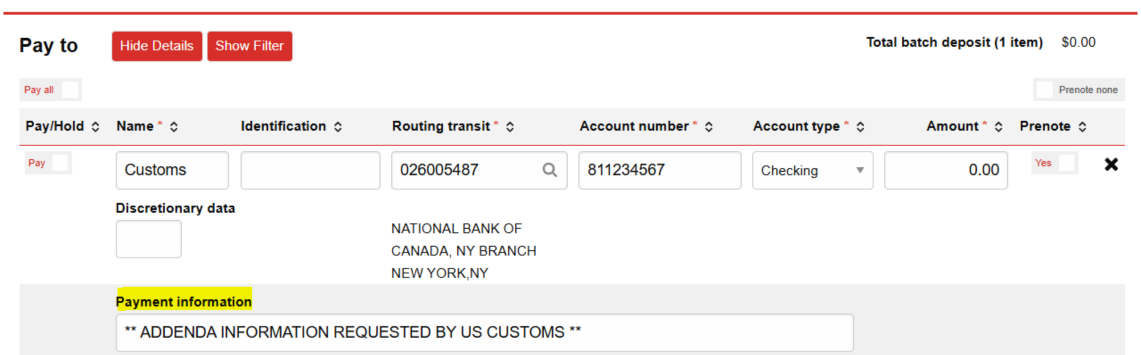


In the Pay to Section on the transaction, the client must select:

- PRENOTE next to the line of the receiver's information.
- put 0.00$ for transaction amount
- Click on Show Details in order to put the addenda information sent by the supplier



Once opened, the client can enter the addenda information under the payment information line.



It is important not to enter any dollar amount, as this will prevent the transaction from being processed as a PRENOTE.

Clients must follow the full approval sequence, just as they would for a regular transaction.

Once processed, the client should receive a confirmation that the prenote was successful.