Q. **What is an International ACH transaction (IAT)?**
   A. An IAT is a debit or credit entry that is part of a payment transaction involving a financial agency located outside of the U.S.

Q. **Is IAT a new type of ACH payment?**
   A. Yes, IAT is a new type of ACH transaction and it replaces the current personal and corporate cross-border payment types, PBR and CBR.

Q. **Are there new rules for IAT entries?**
   A. Yes, the new rules go into effect on September 18, 2009.

Q. **Why were the IAT rules and transactions created?**
   A. The rules were created at the request of the Office of Foreign Assets Control (OFAC) in order to improve anti-money laundering compliance in the U.S. ACH network. The rules make it easier for ACH participants to comply with OFAC requirements.

Q. **What is OFAC?**
   A. OFAC is a part of the U.S. Treasury Department. The acronym OFAC stands for Office of Foreign Asset Control. It administers and enforces economic and trade sanctions according to U.S. foreign policy and national security goals. Targets of these sanctions are certain foreign countries, terrorists, international narcotics traffickers, and those engaged in activities related to the proliferation of weapons of mass destruction.

Q. **Who is subject to OFAC requirements?**
   A. All U.S. persons and businesses must comply with OFAC requirements. This includes all U.S. citizens and permanent resident aliens regardless of where they are located, all persons and entities within the U.S., and all U.S. incorporated entities and their foreign branches.

Q. **If I receive ACH entries to my Sandy Spring Bank account, such as direct deposit of payroll, will the new IAT rules affect me?**
   A. In most cases the implementation of the new IAT transaction and rules will have no affect on ACH entries you receive to your account. If, however, the settlement of your ACH transaction involves a foreign organization, you may experience a delay in the posting of the entry to your account.
Q. Are there consumer protections for IAT like there are for other ACH transactions?
A. Yes, all consumer protections available for other ACH transactions apply to the new IAT payments. Parties outside of the U.S. are bound by the laws of their country.

Q. If my business makes ACH payments through Sandy Spring am I affected by the IAT rules?
A. In most cases, you are probably not going to be affected by the IAT rules. You do, however, have the obligation as an ACH originator to determine whether your payment qualifies to be an IAT under the new rules. During the month of August 2009 you will receive information from Sandy Spring to help you make that determination. This information will also provide instructions on what you need to do if it is decided you are using the ACH to send payments that do qualify to be International ACH transactions. If you have further questions on this point, please contact your Treasury Management representative or call 1-800-399-5919, option 2.