

CANADIAN PAYMENTS ASSOCIATION
ASSOCIATION CANADIENNE DES PAIEMENTS

RULE A10
IMAGE RULE

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Rule A10 – Image Rule

Implemented

June 1, 2010

Amendments

1. Images of Cheques Rule approved by the Board December 2, 2009, effective June 1, 2010. Subsequent amendments to section 13 to introduce the use of the Item Dishonoured Stamp for the return of Items that are post-dated, approved by the Board March 25, 2010, effective June 1, 2010.
2. Consequential amendments and addition of Part III, section B to accommodate the use of Return Replacement Documents for the purpose of return, approved by the Board December 2, 2010, effective June 1, 2011.
3. Consequential amendments to accommodate the use of Clearing Replacement Documents and addition of Part IV to accommodate the Exchange of Images pursuant to bilateral agreements. Approved by the Board March 29, 2012, effective October 1, 2012.
4. Amendments to accommodate the electronic Exchange of Image Captured Payments. Approved by the Board June 13, 2013, effective August 12, 2013.
5. Amendments to section 30, End of Day Transmission notice to align with changes proposed to Standard 015 to require one notice per currency type; and to add procedures for ICP Items cleared in the wrong currency. Approved by the Board February 13, 2014, effective April 7, 2014.
6. Amendments to section 28 to elaborate on exchange time and settlement process for National ICP Files, approved by the Board February 18, 2015, effective April 20, 2015.
7. Amendments to section 45 to include Record Type 28 in the return hierarchy. Approved by the Board December 3, 2015, effective February 2, 2016.
8. Amendments to sections 54 and 60 to replace operational committee names ('National Clearings Committee' to 'Senior Operational Committee') to reflect the restructuring of operational committees. Approved by the Board December 1, 2016, effective January 3, 2017.
8. Amendments to replace references to Standard 012 with Standard 018, approved by the Board February 23, 2017, effective April 24, 2017.

PART I - INTRODUCTION 1

 Scope 1

 Image Creation and the *Bills of Exchange Act* 1

 References 1

 Definitions 2

PART II – GENERAL REQUIREMENTS 3

 Image Creation 4

 Image Storage and Security Requirements 4

 Clearing Replacement Documents 5

 Source Document Destruction - Drawee 5

 Source Document Destruction – Capturing Member 5

PART III – IMAGE CAPTURED PAYMENT EXCHANGE 5

 Notice of Participation 5

 Participation Requirements 5

 Disaster Recovery Site 6

 ICP File Creation 6

 ICP File Transmission 6

 Exchange Times 7

 Late Files 7

 ICP File Acknowledgement 7

 Settlement Date 7

 Settlement 8

 Rejected ICP Files 8

 End-of-Day Transmission Notice 9

 Electronic Presentment 9

PART IV – RETURN PROCEDURES 9

 A – Return Using an Image Printout 9

 Method of Return Using an Image Printout 10

 Image Printout Requiring Dishonoured Stamp 10

 Intended Payee(s) Not Paid 11

 Forged Endorsement or Material Alteration 11

 Items Clearing in Wrong Currency 11

 Item Incorrectly Amount-Encoded 11

 Items with Incomplete/Missing Endorsements 12

 B – Return Using a Return Replacement Document 12

 Method of Return Using a Return Replacement Document 12

 Intended Payee(s) Not Paid 13

 Forged Endorsement or Material Alteration 13

 C – Return Using an ICP File 13

 Item Dishonoured Stamp 13

 Paper Correspondence 14

 Misdirected ICP Items 14

 Misdirected Returned ICP Items 14

 ICP Item Clearing in the Wrong Amount 14

 ICP Item Cleared in the Wrong Currency 14

 Words and Figure Differ 14

PART V – ICP EXCHANGE CONTINGENCY SITUATIONS..... 15

 Declaration of Severity 1 ICP Exchange Contingency Situation 15

 Severity 1 ICP Exchange Contingency Situation Emergency Conference Call Meeting(s) 15

 Responsibilities during a Severity 1 ICP Exchange Contingency Situation..... 15

 Declaration of Severity 2 ICP Exchange Contingency Situation 15

 Severity 2 ICP Exchange Contingency Situation Emergency Conference Call Meeting(s) 16

 Responsibilities during a Severity 2 ICP Exchange Contingency Situation..... 16

 Incident Reports 16

APPENDICES

- APPENDIX I** PARTICIPANT NETWORK REQUIREMENTS
- APPENDIX II** PARTICIPANT ICP EXCHANGE NOTIFICATION FORM
- APPENDIX III** CPA SERVICE DESK CONTACT INFORMATION

Rule A10 – Image Rule

PART I - INTRODUCTION

Scope

1. (a) This Rule outlines the requirements applicable to the creation and storage of Images, the use of Clearing Replacement Documents (CRDs) for the purpose of presentment to a Drawee, the use of Image Printouts or Return Replacement Documents for the purpose of return, the electronic Exchange and return of Images, and related matters.
- (b) For further certainty, the timeframes and procedures for return provided for in Rule A4 apply to original Items, CRDs or ICP Items returned using Image Printouts, RRDs, or ICP Files subject to the exceptions identified in this Rule.
- (c) This Rule does not preclude the establishment of agency relationships for the performance of particular functions, provided such agents are required to comply with the applicable provisions of this Rule by agreement.

Image Creation and the Bills of Exchange Act (BEA)

2. Where the original Payment Item is a Cheque within the meaning of the *Bills of Exchange Act* (BEA), the Image and Image Printout of that Cheque (including an Image Printout in the form of a Clearing Replacement Document or a Return Replacement Document) created by or on behalf of a Member in accordance with this Rule, may be treated as an official image within the meaning of the BEA and used for all purposes as though it were the eligible bill:

“official image”, in respect of an eligible bill, means an image of that eligible bill created by or on behalf of a bank in accordance with by-laws, rules or standards made under the *Canadian Payments Act*, together with any data in relation to the eligible bill prepared in accordance with those by-laws, rules and standards, and includes a display, a printout, a copy or any other output of that image and that data created by or on behalf of a bank in accordance with those by-laws, rules and standards. (BEA s. 163.1)

“eligible bill” means a bill that is of a class specified by a by-law, a rule or a standard made under the *Canadian Payments Act*. (BEA s.163.1)

An official image of an eligible bill may be dealt with and used for all purposes as though it were the eligible bill. (BEA s. 163.2)

Each Cheque that is acceptable for Exchange in accordance with Rule A1 or Rule K1 is an eligible bill as defined in the BEA.

References

3. This Rule shall be read in conjunction with the following:
 - (a) Introduction to CPA Rules Manual,
 - (b) Rule A1,
 - (c) Rule A3,
 - (d) Rule A4,
 - (e) Rule A6,
 - (f) Rule B1,
 - (g) Rule B2,
 - (h) Rule B10,
 - (i) Rule G3,
 - (j) Rule K1,

Rule A10 – Image Rule

- (k) Rule L1,
- (l) Rule L2,
- (m) CPA Standard 013, Return Replacement Document Design Standard,
- (n) CPA Standard 014, Clearing Replacement Document Design Standard,
- (o) CPA Standard 015, Companion Document to the ANSI X9.100-187-2008, “Specifications for Electronic Exchange of Check and Image Data – Domestic”, and
- (p) CPA Standard 018, Payment Item Information Security Standard.

Additional guidelines relevant to the creation and storage of Images are contained in the following:

ANSI X9. 100-187-2008 – Specifications for Electronic Exchange of Check and Image Data-Domestic
CAN/CGSB 72.34-2005 - Electronic Records as Documentary Evidence
CAN/CGSB 72.11-93 - Microfilm and Electronic Images as Documentary Evidence
Copies of the Canadian General Standards Board standards are available for purchase at www.ongc-cgsb.gc.ca. Copies of the ANSI Specifications are available for purchase at <http://webstore.ansi.org>

Definitions

4. In this Rule,

- (a) “ACSS Cycle Date” means the Business Day on which any given ACSS Cycle begins.
- (b) “Archive” means an authoritative (reference or prime) repository used to store and index Images and associated information for the purpose of preserving the long term integrity, confidentiality, and accessibility of such information.
- (c) “Bitonal” means a view in two intensity values (black and white). A Bitonal Image will therefore represent a colour as either black or white.
- (d) “CRD or Image MICR Mismatch” means either an occurrence of the MICR encoding (excluding amount and CRD Identification Code) contained on a Clearing Replacement Document not matching the MICR encoding represented in the Image on the Clearing Replacement Document, or an occurrence of the amount indicated in an ICP File not matching the MICR encoding represented on the associated Image of the payment Item.
- (e) “Capturing Member” means a Member, or its Clearing Agent on behalf of that Member, that creates or purports to create an Image in accordance with this Rule.
- (f) “Clearing Replacement Document” or “CRD” means a printed form of an Image created by a Member that meets the specifications in Standard 014 - Clearing Replacement Document Design Standard, and which may be used in place of an original paper Payment Item for presentment and return purposes in accordance with this Rule.
- (g) “Dots Per Inch (DPI)” means the unit of measure of spatial density of image data.
- (h) “Greyscale” means a measure of the number of levels of light intensity captured from each pixel within an Image. The greater the number of grey levels captured and retained the more data that has to be stored and/or communicated.
- (i) “ICP Exchange (Image Captured Payment Exchange)” means the process by which eligible Items, including Returned Items, are exchanged through the transmission and receipt of the electronic information representing an Item, as contained in an ICP File, where the corresponding Image for such information either accompanies the information within the ICP File or is otherwise made available to both the sending and receiving parties.

Rule A10 – Image Rule

- (j) “ICP Item” means an eligible Item exchanged electronically in an ICP File.
- (k) “ICP File” means an electronic file that is created in accordance with this Rule for the purpose of electronic Image exchange between a Sending and a Receiving Direct Clearer, which contains electronic information representing eligible Items and which may include the corresponding Images.
- (l) “Image” means a digital representation of the front and back of a Payment Item.
- (m) “Image Missing or Not Usable” means an occurrence of all or part of the Image (front portion, back portion or both), on a Clearing Replacement Document or as presented electronically, being missing, or where the Image is not Usable in accordance with Rule A10.
- (n) “Image Printout” means any paper output of an Image, created by a Member.
- (o) “Legible” means able to be read or deciphered by a human viewer.
- (p) “Return Replacement Document” or “RRD” means a printed form of an Image created by a Member that meets the specifications in CPA Standard 013 - Return Replacement Document Design Standard, and which may be used for the purpose of return in accordance with this Rule.
- (q) “Usable” means clearly represented, Legible or Viewable, as applicable. A Usable Image is a digital representation of the front and back of a Payment Item where any field or portion that would be required to be present and Legible on the original Payment Item (e.g. MICR line) is present and Legible in the Image, and any field or portion that would be required to be present and Viewable on the original Payment Item (e.g. signature) is present and Viewable in the Image.
- (r) “Viewable” means able to be seen without obstruction.

PART II – GENERAL REQUIREMENTS

- 5. An Image, Image Printout, CRD or RRD created by a Member may be dealt with and treated as though it were the original Payment Item for the purposes of, and subject to the requirements of, this Rule.
- 6. Upon request by its customer for an official image, or similar request, a Member that has created Images (or has had a Clearing Agent create Images on its behalf) pursuant to this Rule, shall provide the customer with an Image Printout along with a statement certifying that the Image and the Image Printout were created by or on behalf of the Member in accordance with CPA By-laws, Rules and Standards.
- 7. Where a Member uses an agent or contractor to perform a particular function, the Member shall ensure that the agent or contractor will comply with the requirements applicable to that Member as set out in this Rule. Each Member shall remain responsible and liable for the functions performed by its agent or contractor.
- 8. The following are not eligible Items for the purpose of CRD or RRD creation, or for ICP Exchange:
 - (a) Canadian dollar bonds, debentures or Coupons as addressed in Rule H5;

Rule A10 – Image Rule

- (b) paper-based Remittances;
- (c) Government of Canada Treasury bills, Old Style Canada Savings Bonds and Coupons, Government of Canada Marketable Bonds or Compound Interest “Blocks” as specified in section 16(a)(iii) of Rule G3;
- (d) Returned Item Carrier Envelopes as addressed in Rule A4.

Note: Further information on the use of CRDs and ICP Exchange for Government Instruments may be found in Rule G3.

Image Creation

- 9. Each Member that creates, captures or purports to create or capture an Image, Image Printout, CRD or RRD is responsible for creating the Image, Image Printout, CRD or RRD such that the Image or the Image portion of the Image Printout, CRD or RRD is Usable.
 - 10. Subject to section 11 below, each Capturing Member shall create an Image in accordance with the following formats:
 - (a) Front of Item:
 - (i) Bitonal at a minimum of 200 DPI; or
 - (ii) Greyscale at a minimum of 120 DPI.
- AND
- (b) Back of Item:
 - (i) Bitonal at a minimum of 200 DPI; or
 - (ii) Greyscale at a minimum of 120 DPI.
- 11. Where an Item is exchanged electronically, one Image of the Item shall be Bitonal and created at a minimum of 200 DPI and a maximum of 240 DPI.

Image Storage and Security Requirements

- 12. (a) Subject to subsection (b), each Capturing Member shall maintain an Archive in which each Image it creates shall be stored in accordance with this section and in accordance with the requirements set out in CPA Standard 018, Payment Item Information Security Standard.
- (b) The requirement to maintain an Archive in subsection (a) may be satisfied where:
 - (i) the Member maintains its own Archive;
 - (ii) a Direct Clearer maintains an Archive on behalf of the Indirect Clearer Member for which it acts as Clearing Agent; or
 - (iii) a third party service provider or another Member maintains an Archive on behalf of the Member.

Rule A10 – Image Rule

- (c) Where a Member that is not a Capturing Member chooses to maintain an Archive, either on its own or through a third party service provider or another Member, that Member shall maintain its Archive in accordance with the requirements set out in CPA Standard 018, Payment Item Information Security Standard.

Clearing Replacement Documents

- 13. Each CRD shall be created in the following manner:
 - (a) in accordance with the requirements in Standard 014; and
 - (b) Subject to Rule A4, only one CRD shall be used for each Payment Item intended for exchange.

Source Document Destruction – Drawee

- 14. Where a Drawee, or its Clearing Agent on behalf of the Drawee, creates an Image and chooses to destroy the original paper Item (“Source Document”), the Drawee shall ensure that the Source Document is destroyed within 120 calendar days after the date of Image creation.

Source Document Destruction – Capturing Member

- 15. Each Capturing Member that creates an Image for the purpose of exchange shall destroy the Source Document within 120 calendar days after the date of Image creation.

Note: For additional requirements regarding the destruction of Receiver General Warrants by a Capturing Member, refer to Rule G3.

PART III – IMAGE CAPTURED PAYMENT EXCHANGE

- 16. Use of the word “participant” or “participating Direct Clearer” in this Rule means a Direct Clearer that participates in the Exchange of ICP Items for the purpose of Clearing and Settlement, and has provided notice of this participation to the CPA in accordance with this Rule.

Notice of Participation

- 17. Subject to section 18, where a Direct Clearer elects to Exchange ICP Files, a notice of participation in the form of Appendix II shall be delivered by the Direct Clearer to the CPA within 30 days of the first intended Exchange.
- 18. Where a Direct Clearer intends to use the CSN for Exchange, the Direct Clearer shall submit a request for change to the CPA in accordance with the procedures outlined in the CSN Service Level Description (SLD).

Participation Requirements

- 19. Prior to participating in ICP Exchange, each Direct Clearer shall ensure that the following requirements are met:
 - (a) consent to Exchange has been obtained from the other Direct Clearer with whom the Direct Clearer intends to Exchange ICP Files; and
 - (b) bilateral testing has been successfully completed with the other Direct Clearer with whom the Direct Clearer intends to Exchange ICP Files. At a minimum, such testing shall

Rule A10 – Image Rule

include the following: file creation, file acknowledgement, file transmission, and end of day reporting.

Note: For additional requirements regarding participation for Government of Canada Instruments, refer to G3.

Disaster Recovery Site

20. Each participating Direct Clearer shall have, and maintain, two separate and distinct sites (primary site and disaster recovery site), for the transmission of ICP Files.
21. Each participating Direct Clearer shall test its disaster recovery site at least once per calendar year.

ICP File Creation

22. Each ICP File shall be created in accordance with ANS X9.100-187-2008, “Specifications for Electronic Exchange of Check and Image Data”, Standard 015, “Companion Document to the ANSI X9.100-187-2008” and the following:
 - (a) For forward presentment (collection type “FWD”), where an Image of an ICP Item is included within an ICP File, it shall be Usable and meet the requirements set out in section 11.
 - (b) Each ICP Returned Item (collection type “RTN”), shall include
 - (i) a Usable Image that meets the requirements set out in section 11; or
 - (ii) the Image receive, where it did not meet those requirements.
 - (c) The number of Items in an ICP File shall not exceed 40,000.
 - (d) Subject to subsection (e), each ICP File shall be unique per:
 - (i) receiving Direct Clearer;
 - (ii) Regional Exchange Point or Bulk Exchange Point, as applicable;
 - (iii) processing site;
 - (iv) currency indicator (USD or CAD); and,
 - (v) collection type (FWD or RTN).
 - (e) Where agreed to by a Delivering Direct Clearer and a Receiving Direct Clearer, an ICP File may contain Items belonging to more than one Regional Exchange Point or Bulk Exchange Point.
 - (f) Each ICP File may contain both Items drawn on the receiving Direct Clearer and Items drawn on Indirect Clearers for which the receiving Direct Clearer acts as Clearing Agent.
 - (g) ICP Files shall be named in accordance with the naming convention specified in Standard 015.

ICP File Transmission

23. Each Direct Clearer that participates in the Exchange of ICP Files shall do so via data transmission using either:

Rule A10 – Image Rule

- (a) the CPA Services Network (“CSN”), and shall adhere to the requirements set out in the CPA Services Network (CSN) Service Level Description and the Certificate Policy and Practices for the CPA Public Key Infrastructure, as these may be amended by the CPA from time to time; or
- (b) a proprietary network that meets the minimum requirements outlined in Appendix I.

Exchange Times

24. (a) A Delivering Direct Clearer shall Exchange ICP Files in accordance with the following exchange times:
- (i) where the currency indicator is CAD, the ICP File shall be exchanged no later than the Final Exchange Time in each Regional Exchange Point (refer to Rule B1);
 - (ii) where the currency indicator is USD, the ICP File shall be exchange no later than the exchange time in each Bulk Exchange Point (refer to Rule K1).
- (b) Subject to subsection (c), for the purpose of establishing Exchange times, the region of deposit of an ICP Item shall be the exchange point in which the ICP Item is Exchanged.
- (c) Where an ICP File contains Items belonging to more than one Regional Exchange Point or Bulk Exchange Point in accordance with subsection 21(e), the Exchange time of the file shall be either that of the earliest exchange point represented in the file, or as agreed to by the sending Direct Clearer and the receiving Direct Clearer.

Late Files

25. In the event that an ICP File is received from a Delivering Direct Clearer after the applicable deadline set out in section 23, the Receiving Direct Clearer may:
- (a) reject the file;
 - (b) accept the late file for Settlement during that ACSS or USBE Cycle; or
 - (c) accept and hold the file for Settlement during the next ACSS or USBE Cycle and contest the ACSS or USBE entry that was made in accordance with the procedures outlined in Rule B1.

Note: For procedures related to late files for Government of Canada Instruments, refer to G3.

ICP File Acknowledgement

26. Each Receiving Direct Clearer shall provide an acknowledgement of receipt as soon as practical and no later than 5 minutes following the receipt of each ICP File.

Settlement Date

27. (a) Subject to subsection (b), the Settlement Date, in respect of all Items in an ICP File, is the business day following the ACSS Cycle Date of the ACSS Cycle in which the ICP File is received by the Receiving Direct Clearer.

Rule A10 – Image Rule

- (b) Where an ICP File is not received by the Receiving Direct Clearer prior to the Exchange deadline during any given ACSS cycle, the Settlement Date may be delayed by one business day.

Settlement

28. (a) Subject to subsection (c), below, in each region, for ICP Files with currency indicator “CAD”, the Delivering Direct Clearer shall initiate into the ACSS using stream identifier “I” or “R”, as appropriate, a debit entry against each other participating Direct Clearer from whom it has received a file acknowledgement in accordance with section 25 above. Each Debit entry shall specify the total number and value of ICP Items delivered and shall be made as soon as possible after file acknowledgement on the Settlement Date as defined in section 27.
- (b) Subject to subsection (c), below, in each region, for ICP File with currency indicator “USD”, the Delivering Direct Clearer shall initiate into the USBE using stream identifier “I” or “R”, as appropriate, a debit entry against each other participating Direct Clearer from whom it has received a file acknowledgement in accordance with section 25 above. Each Debit entry shall specify the total number and value of ICP Items delivered and shall be made as soon as possible after file acknowledgement on the Settlement Date.
- (c) Where the sending Direct Clearer and the receiving Direct Clearer explicitly agree, the delivering Direct Clearer shall initiate in the National Electronic Settlement Region for an ICP File that contains Items belonging to one or more than one Regional Exchange Point or Bulk Exchange Point in accordance with subsection 21(e), the Delivering Direct Clearer shall initiate in the National Electronic Settlement Region of the ACSS for ICP Files with the currency indicator “CAD” or the USBE for ICP Files with the currency indicator “USD”, using stream identifier “S” or “O”, as appropriate, a debit entry against each other participating Direct Clearer from whom it has received a file acknowledgement in accordance with section 25 above. Each Debit entry shall specify the total number and value of ICP Items delivered and shall be made as soon as possible after file acknowledgement on the Settlement Date as defined in section 27.
- (d) Errors in entries may be contested in the manner provided for within Rule B1.

Note: For procedures related to the settlement of Government of Canada Instruments, refer to Rule G3.

Rejected ICP Files

29. (a) Where an ICP File is rejected, the Receiving Direct Clearer shall provide a notice of the file rejection to the Delivering Direct Clearer in the form provided for in Standard 015 and shall contest the ACSS entry in the manner provide for in Rule B1. There shall be no minimum dollar value required in order to contest an entry made using streams “I” or “R”.
- (b) Where a file has been rejected and the Final Exchange Time has passed, the Delivering Direct Clearer may be allocated additional time to transmit a new ICP File at the discretion of the Receiving Direct Clearer or as otherwise agreed to by the parties.

Note: For procedures related to the rejection of Government of Canada Instruments, refer to Rule G3.

Rule A10 – Image Rule

End-of-Day Transmission Notice

30. (a) Concurrent to or immediately following the last ICP File Exchange, each Delivering Direct Clearer shall send to each participating Receiving Direct Clearer for each currency (CAD and USD) an electronic end-of-day transmission notice, in the form provided for in Standard 015.
- (b) Where no ICP files were transmitted for settlement that day, a nil report shall be provided.

Electronic Presentment

31. (a) An ICP Item is presented to the Drawee when an Image of the ICP Item is accessible by the Drawee.
- (b) An Image of the ICP Item is accessible by the Drawee when the Drawee, or its representative, is able to make use of an Archive in which the Image of the ICP Item is stored.
- (c) Subsections (a) and (b) do not apply where a Drawee is an Indirect Clearer that requires, as part of the usual course of business, receipt of ICP Items in the form of a CRD, RRD or Image Printout.

PART IV– RETURN PROCEDURES

32. (a) A Drawee may return an original Item or CRD using any of the following:
- (i) a RICE, in accordance with Rule A4;
 - (ii) subject to Part A, below, an Image Printout inserted in a RICE;
 - (iii) subject to Part B, below, an RRD; or
 - (iv) subject to Part C, below, an ICP File
- (b) A Drawee may return an Item that has been presented electronically in accordance with Part III, using any of the following:
- (i) a CRD inserted in a RICE, in accordance with Rule A4;
 - (ii) subject to Part A, below, an Image Printout inserted in a RICE;
 - (iii) subject to Part B, below, an RRD; or
 - (iv) subject to Part C, below, an ICP File.
- (c) For procedures related to the return of Government of Canada paper instruments, refer to Rule G3.

A – RETURN USING AN IMAGE PRINTOUT

33. Subject to the exceptions and timeframes contained in Rule A4, where one of the following reasons for return applies, the Drawee may use an Image Printout for the purpose of return in accordance with the procedures in this Rule:

Rule A10 – Image Rule

- (a) Forged Endorsement,
- (b) Post-dated,
- (c) Duplicate Payment,
- (d) Cleared in wrong currency,
- (e) Incorrectly amount-encoded,
- (f) Material Alteration,
- (g) Intended Payee(s) Not Paid,
- (h) Telecheque - Not Eligible for Clearing,
- (i) CRD MICR Mismatch, or
- (j) Image Missing or Not Usable.

Method of Return Using an Image Printout

34. Where a Drawee elects to use an Image Printout for the purpose of return, the Image Printout shall be inserted in a Returned Item Carrier Envelope that conforms to Appendix I of Rule A4 and returned in the following manner:
- (a) Only one Image Printout shall be enclosed in the Returned Item Carrier Envelope.
 - (b) The Image Printout shall be enclosed so that the face of the Image will show and be captured during microfilming or imaging operations.
 - (c) The following information shall be indicated on a Returned Item Carrier Envelope:
 - (i) returning institution's name and address;
 - (ii) the date;
 - (iii) drawer's account number;
 - (iv) complete name and address of the Negotiating Institution; and
 - (v) reason for return.
 - (d) The Returned Item Carrier Envelope shall be encoded as to Transit Number, amount and the transaction code applicable for returns (in accordance with Standard 006).
 - (e) Where an Image Printout is being returned for the reason "Material Alteration", where available, details regarding the alteration (i.e., date, amount, Payee name) shall be recorded on the face of the Returned Item Carrier Envelope.
 - (f) Where an Image Printout is being returned for the reason "Item Cleared in the Wrong Currency" or "Item Incorrectly Amount-Encoded", details regarding the error (i.e. the erroneous currency or amount, and the correct currency or amount) shall be recorded on the face of the Returned Item Carrier Envelope.

Image Printout Requiring "Item Dishonoured" Stamp

35. (a) Subject to the special circumstances outlined in sections 37 and 38, each Image Printout that is used for the purpose of return in accordance with section 32 shall be enfaced by the Drawee with the Item Dishonoured Stamp¹.

¹ Item Dishonoured Stamp means a stamp reading "Item Dishonoured" that is applied on a Payment Item or an Image Printout for the purpose of return.

Rule A10 – Image Rule

- (b) The Item Dishonoured Stamp (refer to Rule A4, Appendix VI for dimensions) shall be impressed across the front view of the Payment Item on the Image Printout. Care should be taken not to obliterate any essential information.
- (c) No Image Printout bearing the Item Dishonoured Stamp shall be Exchanged again.

Intended Payee(s) Not Paid

36. Where an Image Printout is used for the purpose of returning an Item for the reason “Intended Payee(s) Not Paid”, the Drawee shall:
- (a) obtain a declaration substantially in the form of Rule A4, Appendix IV and retain the declaration and a copy of the Item in accordance with Rule A4, section 16; and
 - (b) enface the Image Printout with the Item Dishonoured Stamp in accordance with section 34.

Forged Endorsement or Material Alteration

37. Where an Image Printout is used for the purpose of returning an Item for the reason “Forged Endorsement” or “Material Alteration”, the Drawee shall:
- (a) obtain a declaration substantially in the form of Rule A4, Appendix III or V, as appropriate, and retain the declaration and a copy of the Item in accordance with Rule A4, section 16,
 - (b) enface the Image Printout with the Item Dishonoured Stamp in accordance with section 24, and
 - (c) return in accordance with paragraph (i) or (ii) below:
 - (i) insert the Image Printout into a Returned Item Carrier Envelope; or
 - (ii) the Drawee may debit the Negotiating Institution using an Inter-Member Debit and simultaneously forward the Image Printout by registered or certified mail with the reason for return and the following statement identified on the Inter-Member Debit, “supporting documentation sent by certified or registered mail”

Items Cleared in Wrong Currency

38. (a) An Item cleared in the wrong currency may be returned to the Negotiating Institution using an Image Printout for the reason “Item Cleared in the Wrong Currency”, provided the Image Printout is returned within 90 calendar days of receipt by the Drawee. The Drawee shall not certify the Image Printout nor enface the Image Printout with the Item Dishonoured Stamp.
- (b) An Item that has been returned using an Image Printout for the reason “Item Cleared in the Wrong Currency” and Exchanged by the Negotiating Institution a second time in the correct currency may be subsequently returned by the Drawee for any other applicable reason (e.g., NSF, account closed) in accordance with CPA Rules.

Item Incorrectly Amount-Encoded

39. (a) An Item is deemed to be incorrectly amount-encoded when the MICR encoded amount differs from the amount written in figures on the face of the Item.

Rule A10 – Image Rule

- (b) No Item incorrectly amount-encoded for a difference of \$20.00 or less shall be returned for the reason “Item incorrectly amount-encoded”.
- (c) Each Item incorrectly amount-encoded for a difference of over \$20.00 may be returned to the Negotiating Institution for the reason “Item incorrectly amount-encoded” using an Image Printout, provided the item is returned within 90 calendar days of receipt by the Drawee. The Drawee shall not certify the Image Printout nor enface the Image Printout with the Item Dishonoured Stamp.
- (d) An Item that has been returned using an Image Printout for the reason “Item incorrectly amount-encoded” and Exchanged by the Negotiating Institution a second time in the correct amount may be subsequently returned by the Drawee for any other applicable reason (e.g. NSF, account closed) in accordance with CPA Rules.

Items with Incomplete/Missing Endorsements

40. Subject to the following requirements and procedures, an Image Printout may be used in place of an original paper Item for the purpose of obtaining a missing/incomplete Endorsement:
- (a) An Item shall not be returned through the Exchange process solely for the reason “Missing/incomplete Payee Endorsement”. Subject to subsection 3(b) of Rule A3, where a Payee’s Endorsement is either missing or incomplete and the Drawee elects to obtain the missing/incomplete Endorsement, the matter shall be resolved by correspondence only. To obtain a missing or incomplete Payee Endorsement, the Drawee shall send the Image Printout and its request, via registered or certified mail to the Negotiating Institution.
 - (b) The Negotiating Institution shall:
 - (i) within thirty (30) calendar days of the date of the Drawee’s request, provide the missing/incomplete Payee’s Endorsement on the Image Printout via registered or certified mail or if not possible, give notice in the same manner, setting out when it will do so;
 - (ii) reimburse the Drawee in the event the missing or incomplete Payee’s Endorsement is not provided within ninety (90) calendar days of the request.
 - (iii) Where the requested Payee’s Endorsement is provided, the Image Printout may only be subsequently returned by the Drawee for the reason “Forged Endorsement”.

B – RETURN USING A RETURN REPLACEMENT DOCUMENT

41. Subject to the exceptions and timeframes contained in Rule A4, where a Payment Item is being returned for any reason other than “Cleared in Wrong Currency” or “Incorrectly Amount Encoded”, the Drawee may use an RRD for the purpose of return in accordance with the procedures outlined in this Rule and shall create an RRD in accordance with the requirements set out in CPA Standard 013.

Method of Return Using a Return Replacement Document

42. Each RRD that is used for the purpose of return shall be returned in the following manner:
- (a) only one RRD shall be used for each Payment Item that is being returned;

Rule A10 – Image Rule

- (b) the RRD shall be encoded in accordance with the requirements in CPA Standard 013; and
- (d) the RRD shall be routed in accordance with Rule A4, section 11.

Intended Payee(s) Not Paid

43. Where an RRD is used for the purpose of returning an Item for the reason “Intended Payee(s) Not Paid”, the Drawee shall obtain a declaration substantially in the form of Rule A4, Appendix IV and retain the declaration and a copy of the Item in accordance with Rule A4, section 16.

Forged Endorsement or Material Alteration

44. Where an RRD is used for the purpose of returning an Item for the reason “Forged Endorsement” or “Material Alteration”, the Drawee shall:
- (a) obtain a declaration substantially in the form of Rule A4, Appendix III or V, as appropriate, and retain the declaration and a copy of the Item in accordance with Rule A4, section 16; and
 - (b) return in accordance with paragraph (i) or (ii) below:
 - (i) return the RRD in accordance with section 40; or
 - (ii) the Drawee may debit the Negotiating Institution using an Inter-Member Debit and simultaneously forward the RRD by registered or certified mail with the reason for return and the following statement identified on the Inter-Member Debit, “supporting documentation sent by certified or registered mail”.

C – RETURN USING AN ICP FILE

45. (a) Subject to the extended time frames and requirements set out Rule A4, each ICP Item shall be returned to the Negotiating Institution as soon as possible and no later than the Business Day following receipt by the first organizational unit of the Drawee that is able to make or act upon a decision to dishonor the ICP Item.
- (b) Each ICP Item shall be returned using the applicable return reason code as outlined in Standard 015.
- (c) The ICP Item shall be routed as follows:
- (i) Where Record Type 26 is present and valid, the return shall be routed to the Transit Number indicated in that record;
 - (ii) Where Record Type 26 is not present or not valid, the return shall be routed to the Financial Institution indicated in the Record Type 28. ;
 - (iii) Where the Item being returned was originally exchanged as paper and the location for return cannot be properly identified in accordance with paragraphs (i) or (ii), above, the return shall be routed in accordance with Rule A4, section 11.

Item Dishonoured Stamp

46. Despite any requirement in Rule A4, no items returned in an ICP File require an Item Dishonoured Stamp.

Rule A10 – Image Rule

Paper Correspondence

47. Any provision in Rule A4 that requires an original Item to be sent by correspondence to another Member shall be deemed to be complied with where the ICP Item is printed as an Image Printout or CRD and sent in the manner described to the other Member. **Misdirected ICP Items**
48. Where an ICP Item is transmitted for payment to a Member that is not the Drawee, the ICP Item shall be redirected by the recipient to the Negotiating Institution using:
- (a) a CRD or an Image Printout and following the procedures in Rule A4, section 17; or
 - (b) an ICP File using return reason code “V - Not for Us”.

Misdirected Returned ICP Items

49. Where an ICP Returned Item is transmitted to a Member other than the Negotiating Institution, the Misdirected Returned Item shall be redirected by the participant to the Drawee by creating an Image Printout or a CRD and inserting it in a Return Item Carrier Envelope indicating “Not a (name of Member) Item”.

ICP Item Cleared in the Wrong Amount

50. The return procedures for incorrectly-amount encoded Items in Rule A4 apply to ICP Items cleared in the wrong amount, subject to the following:
- (a) an ICP Item has been cleared in the wrong amount when the amount written in figures on the front portion of the Image differs from the amount indicated in the corresponding ICPFile; and
 - (b) no ICP Item cleared in the wrong amount for a difference of \$20.00 or less shall be returned for the reason “M – Wrong Amount”.

ICP Item Cleared in the Wrong Currency

51. The return procedures for Items cleared in the wrong currency in Rule A4 apply to ICP Items cleared in the wrong currency, subject to the following:
- (a) an ICP Item has been cleared in the wrong currency when the Item was included in an ICP file where the currency indicated in the file header record does not match the currency of the Item; and
 - (b) an ICP Item cleared in the wrong currency may be returned for the reason “M – Wrong Currency” in an ICP File with the same currency indicator as was originally used to clear the Item.

Words and Figure Differ

52. An ICP Item may be returned to the Negotiating Institution for the reason “O – Words and Figure Differ” where the amount indicated in the ICP File differs from the amount expressed in words on the front portion of the corresponding Image, but is identical to the amount written in figures, provided the Item is returned in accordance with the timeframes stipulated in section 44.

Rule A10 – Image Rule

PART V – ICP EXCHANGE CONTINGENCY SITUATIONS

Declaration of Severity 1 ICP Exchange Contingency Situation

53. A Direct Clearer shall declare a Severity 1 ICP Exchange Contingency Situation when it cannot process, send or receive ICP Files as a result an interruption in service affects the ability of a Direct Clearer to meet the requirements related to the Exchange of ICP Items. In the event of a Severity 1 ICP Exchange Contingency Situation, the Direct Clearer declaring the Contingency Situation shall immediately give notice to the CPA by contacting the Service Desk (see Appendix III of this Rule).

Severity 1 ICP Exchange Contingency Situation Emergency Conference Call Meeting(s)

54. Upon the CPA receiving notice of the Severity 1 ICP Exchange Contingency Situation, it shall advise the Senior Operational Committee representatives of each Direct Clearer and other such persons or entities considered appropriate. Emergency conference call meetings shall be arranged as deemed necessary by the CPA in consultation with the Senior Operational Committee representatives.

Responsibilities during a Severity 1 ICP Exchange Contingency Situation

55. During each emergency conference call meeting, or as otherwise requested by the CPA, the Direct Clearer declaring the Severity 1 ICP Exchange Contingency Situation shall report on the Contingency Situation. This report shall include, at a minimum, the following information:
- (a) the nature of the Contingency Situation, anticipated recovery time, what systems or processes are affected, and suggested schedule of update for communication; and
 - (b) if possible, specific details of the cause of the Contingency Situation (e.g., hardware, software, procedural or personnel), what additional Payment Items (if any) are affected, the customer impact (if any), and a summary of the procedures that are being conducted to resolve the Contingency Situation.
56. (a) In the event of any contingency situation, as described in this Rule, each affected Direct Clearer shall immediately give notice to the CPA by contacting the CPA Service Desk (see Appendix III).
- (b) Throughout the contingency situation, the affected Direct Clearer shall provide status reports as requested by the CPA. The status report shall include at a minimum, the following information: date, name of affected institution, anticipated recovery time, what region(s) are impacted, what systems or processes are affected, and a summary of the procedures that are being conducted to resolve the contingency situation.
57. Where a Receiving Direct Clearer is unable to process an ICP File due to a contingency situation, the Receiving Direct Clearer shall continue to accept ACSS entries and make settlement in accordance with this Rule.
58. Where a Receiving Direct Clearer is unable to receive an ICP File due to a contingency situation, the ACSS entry shall be made as arranged by the sending Direct Clearer and the Receiving Direct Clearer.

Declaration of Severity 2 ICP Exchange Contingency Situation

59. “Severity 2 ICP Exchange Contingency Situation” shall be declared if the CPA services network is not operational for all Direct Clearers (in any situation other than a Force Majeure Situation).

Rule A10 – Image Rule

Severity 2 ICP Exchange Contingency Situation Emergency Conference Call Meeting(s)

60. Upon the CPA discovering or receiving notice of a potential Severity 2 ICP Exchange Contingency Situation, it shall advise the Senior Operational Committee representatives of each Direct Clearer and such other persons or entities considered appropriate. The CPA, in consultation with the Senior Operational Committee representatives of each Direct Clearer, shall determine the nature and extent of the Contingency Situation and arrange conference call meetings as deemed necessary.

Responsibilities During a Severity 2 ICP Exchange Contingency Situation

61. In the event the CPA services network is not operational for Direct Clearers, Direct Clearers shall immediately give notice to the CPA of the Severity 2 ICP Exchange Contingency Situation unless the CPA originally identified the Contingency Situation.
62. In the event of a Severity 2 ICP Exchange Contingency Situation, the CPA shall report on the Contingency Situation during each emergency conference call meeting. This report shall include, at a minimum, the following information:
- (a) the nature of the Contingency Situation, anticipated recovery time, what systems or processes are affected, likely time for resolution of the CPA services network problem and suggested schedule of update for communication; and
 - (b) if possible, specific details of the cause of the Contingency Situation (e.g., hardware, software, procedural or personnel), what additional Payment Items (if any) are affected, and a summary of the procedures that are being conducted to resolve the Contingency Situation.
63. In the event of a Severity 2 ICP Exchange Contingency Situation, Direct Clearers shall delay transmissions of ICP Files to each Direct Clearer experiencing problems with the network until such time as the network is operational.

Incident Reports

64. Each Direct Clearer that is required to report on an ICP Exchange contingency situation shall complete and forward a Contingency Situation Incident Report Form to the CPA as soon as possible and no later than ten (10) Business Days after encountering a the situation (contact the CPA Service Desk to obtain form).

Rule A10 – Image Rule

Participant Network Requirements

The following minimum requirements apply to participating Direct Clearers which use a propriety network to transmit ICP files:

1. Network Redundancy
 - (a) Ensure the network is fully redundant (minimum 2 sites, and primary and recovery network).
2. Access Connection
 - (a) Ensure access connection is at a minimum speed of 1 Mbps (megabyte per second, unit of data transfer).
 - (b) The network must be scalable.
3. Access Network Monthly Availability
 - (a) Ensure network access points should be available per Participant is at minimum of 99.5% during planned ICP File transmission times.
4. Core Network Monthly Availability
 - (a) Ensure that the core network is available at minimum 99.95% of the time within a monthly basis for the participant to transfer of receive files.
5. Operational Times
 - (a) Ensure the network is available during planned ICP File transmission times, and that scheduled maintenance takes place outside the transmission windows.

Rule A10 – Image Rule

ICP Exchange Participation Notification Form

Name of Financial Institution: <input type="text"/>	Institution Number: <input type="text"/>
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Notice of ICP Participation with:

Name of Exchange Partner(s): <input type="text"/>	Institution Number: <input type="text"/>
Implementation Date: Click to enter a date.	

Transmission of ICP Files:

(a) Participant plans to: <input type="checkbox"/> Deliver OR <input type="checkbox"/> Receive OR <input type="checkbox"/> Deliver & Receive items via Image Captured Payment Exchange.
(b) Participant plans to transmit ICP files via: <input type="checkbox"/> CPA Services Network (CSN) OR <input type="checkbox"/> Proprietary Network
(c) Participant plans to exchange ICP items at: <input type="checkbox"/> Central Site OR <input type="checkbox"/> Multiple Sites Please List: <input type="text"/>

Registration Form Completed by:

Name: Phone: Email:

Date: [Click to enter a date.](#)

Please return to:

Canadian Payments Association

Suite 800, 350 Albert Street, Ottawa, K1R 1A4 – Fax: (613) 233-3385, Tel: (613) 238-4173

Email: opshd@cdnpay.ca

Rule A10 – Image Rule

CPA Service Desk Contact Information

Hours of Availability

Twenty Four (24) hours per day, Seven (7) days per week

Telephone Number *

1-800-263-8863

Fax Number

1-613-907-1335

Email Address

opshd@cdnpay.ca

* The telephone number is automatically re-routed to the alternate service desk in the event of a problem at the primary service desk.