PAYMENTS CANADA

RULE D2

CLEARING AGENT REQUIREMENTS

2025 CANADIAN PAYMENTS ASSOCIATION

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IMPLEMENTED

January 27, 2004

AMENDMENTS PRE-NOVEMBER 2003

Not applicable

AMENDMENTS POST-NOVEMBER 2003

1. New rule, approved by the Board November 27, 2003, effective January 27, 2004.
2. Amendment to subsection 5(a). Addition of information to be contained in notice, addition of annual attestation requirements and form, approved by the Board February 23, 2006, effective April 24, 2006.
3. Amendments to subsection 5(a) to reflect Rule E4; and to appendix II to implement an expanded clearing framework. Approved by the Board March 26, 2009, effective May 25, 2009.
4. Amendment to replace references to "General Manager" with "President", consequential to amendments to the *Canadian Payments Act* (Bill C-37) that came into effect on March 1, 2010.
5. Amendments to Appendix I to simplify completion of the annual attestation forms that Clearing Agents must submit to the CPA. Approved by the Board December 2, 2010, effective January 1, 2011.
6. Housekeeping amendment and amendments to accommodate the removal of the Endorsement guarantee consequential to amendments to By-law No.3 – Payment Items and ACSS, which came into effect August 17, 2012. Approved by the Board October 3, 2013, effective December 2, 2013.
7. Amendment to section 10 to indicate that the Annual Attestation Form will now be provided by the Association, rather than attached as an appendix to this rule. Approved by the Board September 28, 2017, effective November 27, 2017.
8. Amendment to section 10 to revise the submission due date of the Form D2 – Annual Attestation Form. Approved by the Board November 29, 2018, effective January 2, 2019.
9. Amendment to subsection 5(a) to reflect Rule E5. Approved by the Board November 28, 2019, effective January 27, 2020.
10. Amendments to add Clearing Agent Notification Form and require notice for changes to clearing arrangements. Approved by the Board September 21, 2020, effective November 23, 2020.
11. Amendments to clarify a Clearing Agent's obligations related to ceasing to act immediately for an Indirect Clearer and to accommodate the ACSS cleanup exercise. Approved by the Board December 12, 2024, effective February 10, 2025.

Introduction

1. This Rule outlines the application procedures for a Direct Clearer or Group Clearer to be appointed by the Board to act as a Clearing Agent, and sets out the requirements and obligations applicable to Clearing Agents.

PART I – APPLICATION PROCEDURES AND CLEARING AGENT STATUS

Clearing Agent Application and Required Documentation

2. A Direct Clearer or Group Clearer may apply to the Board to become a Clearing Agent by completing and submitting the application form attached as Appendix I and providing the following documentation:
    a. a list of Indirect Clearers for whom the applicant intends to act as Clearing Agent;
    b. written confirmation from an authorized representative of each Indirect Clearer listed, appointing the applicant as its Clearing Agent; and
    c. any other documentation that may be required by the Association in connection with the application for Clearing Agent status.

Automatic Revocation

3. If a Member's status as Direct Clearer or Group Clearer is revoked, its status as a Clearing Agent is also revoked.

Revocation of Clearing Agent Status and Notification by President

4. a. The Board may revoke the Clearing Agent status of a Direct Clearer or Group Clearer that no longer complies with the requirements set out in this Rule.

    b. If the Clearing Agent status of a Direct Clearer or Group Clearer is revoked in accordance with subsection (a), the President will, as soon as practicable, notify all Members in writing stating the date upon which the revocation will take effect.

PART II – NOTICE REQUIREMENTS

Prior to Acting as Clearing Agent and Notification by President

5. a. Each Clearing Agent, other than a Clearing Agent designated in accordance with section 41 of *By-law No. 3 – Payment Items and ACSS*, must give at least 30 calendar days written notice to the President prior to acting for an Indirect Clearer. This notice must contain the following information where applicable substantially in the form of Appendix II:

i. the effective date the Clearing Agent intends to begin acting for the Indirect Clearer;

ii. the type of Items the Clearing Agent will Exchange on behalf of the Indirect Clearer; and

iii. in the case of Point-of-Service, PIN-less Point-of Service, On-line Items, and Delayed Authorization Point-of-Service, the network and On-line Payment Service from which these Items arise in accordance with Rules E1, E4, E2 and E5, respectively.

c. Despite subsection (a), in the case of an Indirect Clearer changing its Clearing arrangements, the new Clearing Agent acting on behalf of the Indirect Clearer must provide at least 40 calendar days written notice to the President, prior to acting for the Indirect Clearer. The notice must contain the information set out in subsection (a) and must provide information related to the Financial Institution File substantially in the form of Appendix II.

d. The President will, as soon as practicable, inform the Direct Clearers and Group Clearers of the notice provided pursuant to subsection (a).

Ceasing to Act as Clearing Agent and Notification by President

6. a. A Clearing Agent must give at least 30 calendar days written notice to the President and to the Indirect Clearer for which it is ceasing to act, of its decision to cease acting as Clearing Agent for that Indirect Clearer.

b. The President will, as soon as practicable, inform the Direct Clearers and Group Clearers of the notice provided pursuant to subsection (a).

c. Despite subsection (a), the Clearing Agent must not cease acting for an Indirect Clearer if another Clearing Agent is designated to act for the Indirect Clearer, until the other Clearing Agent has started acting for the Indirect Clearer.

Ceasing to Act Immediately

7. a. Despite section 6 and pursuant to subsection 39(1) of *By-law No. 3 - Payment Items and ACSS*, the Clearing Agent may immediately cease to act for an Indirect Clearer for the following reasons:

i. the Clearing Agent reasonably believes that the Indirect Clearer poses a legal, financial or operational risk to the Clearing Agent; or

ii. the Indirect Clearer has breached a substantial term of an agreement entered into with the Clearing Agent for the purposes of Clearing and Settlement.

b. A Clearing Agent must give notice of its decision to immediately cease to act for an Indirect Clearer to the other Clearing Agents acting for the same Indirect

Clearer, at least one hour before the notice provided in accordance with section 8.

c. The notice required under subsection (b) must be by telephone, to a designated contact person of the other Clearing Agents, and must be followed by a written confirmation.

d. The other Clearing Agents may unanimously waive the notice or abridge the time for the notice referred to in subsection (b).

Notification to President and to Indirect Clearer and Timing of Short Notice

8. a. Where a Clearing Agent immediately ceases to act for an Indirect Clearer, the Clearing Agent must give written notice of its decision to the Indirect Clearer concerned and to the President.

b. A notice provided in accordance with subsection (a) must be provided by 12:00 hours ET on the Business Day prior to the Business Day on which the Clearing Agent ceases to act.

Obligation to Accept Payment Items

9. A Clearing Agent that is ceasing to act pursuant to section 7 is required to continue to accept Payment Items that are drawn on or payable by the Indirect Clearer and make entries into the ACSS until the Final Exchange on the Business Day on which the Clearing Agent ceases to act.

For greater clarity, the ACSS Cycle to which such Final Exchange applies must be the ACSS Cycle that begins on the Business Day in which the Clearing Agent provides notice in accordance with subsection 8(b) and ends on the Business Day the Clearing Agent ceases to act.

PART III – GENERAL REQUIREMENTS AND OBLIGATIONS

Notification to Other Indirect Clearers, Direct Clearers and Group Clearers

10. a. A Clearing Agent ceasing to act immediately for an Indirect Clearer must, immediately on ceasing to act, give notice of its decision to its other Indirect Clearers, and attempt to give notice to the other Direct Clearers and Group Clearers.

b. The President will give notice to every other Direct Clearer and Group Clearer of the Clearing Agent's decision to immediately cease to act for the Indirect Clearer.

c. Every other Direct Clearer or Group Clearer must immediately notify every Indirect Clearer for which it acts as Clearing Agent or every entity belonging to the Group for which it acts as Group Clearer, as the case may be, of the Clearing Agent's decision to immediately cease to act for the Indirect Clearer.

Annual Attestation Requirements

11. Every Clearing Agent must attest that it is in compliance with the requirements outlined in this Rule, relating to the establishment of Settlement Accounts and disclosure of Clearing Agent arrangements by April 15th of every year by completing and submitting to the Association, Form D2 – Annual Attestation Form. The attestation form will be provided by the Association.

Direct Clearer and Group Clearer Requirements

12. For added emphasis, every Clearing Agent must continue to meet all other requirements and obligations applicable to Direct Clearers and Group Clearers, as the case may be, to maintain its Clearing Agent status.

Settlement Accounts of Indirect Clearers

13. Every Clearing Agent must hold and operate a Settlement Account for each Indirect Clearer for which it acts as Clearing Agent.

Duty to Cooperate

14. If a new Clearing Agent has been designated by an Indirect Clearer in accordance with subsection 41(1) of *By-law No. 3 – Payment Items and ACSS*, the former and new Clearing Agent must cooperate to ensure an orderly change in representation.

APPENDIX I – APPLICATION FOR CLEARING AGENT STATUS

1. *Name of institution:* _____

2. *Institution Number:* _____

3. *Name, title, address (including e-mail), telephone and facsimile numbers of a contact person for matters relating to the application:*

Name: _____

Address: _____

_____

Tel: _____ *Fax:* _____

E-mail: _____

4. *Expected effective date of appointment:*

_____

5. *Indirect clearer(s) for whom applicant intends to act as Clearing Agent and type of Payment Item(s):*

_____

_____

_____

We/I agree to provide any other information that may be required by the Association in connection with the application for Clearing Agent status.

Signature of authorized representative:

_____

Name: _____

Title: _____

Date: _____

Please return to the Association (c/o Legal Department)

APPENDIX II – SAMPLE CLEARING ARRANGEMENT NOTIFICATION FORM

EFFECTIVE DATE: Must carry a Friday effective date: _____ MM/DD/YYYY		SUBMITTER NAME:	
		SUBMITTER TITLE:	
		SUBMITTER CONTACT DETAIL:	
INDIRECT CLEARER NAME:		FI#:	
NEW CLEARING AGENT NAME:		FI #	
PREVIOUS CLEARING AGENT NAME, IF APPLICABLE:		FI#	
IMPACTED TRANSIT #, IF APPLICABLE: (ATTACH IF INSUFFICIENT SPACE)			
APPLICABLE PAYMENT TYPE:	☐ PAPER ☐ AFT ☐ EDI ☐ POS (INTERAC/ EXCHANGE) ☐ ONLINE		
NEW AFT EXCHANGE POINT:	___ ___ ___ ___ ___		
PREVIOUS AFT EXCHANGE POINT, IF APPLICABLE:	___ ___ ___ ___ ___		
ADDITIONAL INFORMATION:			