RULE D3 – INDIRECT CLEARER REQUIREMENTS

IMPLEMENTED

January 27, 2004

AMENDMENTS PRE-NOVEMBER 2003

Not applicable

AMENDMENTS POST-NOVEMBER 2003


2. Revision to section 5 allowing Indirect Clearer to designate more than one Clearing Agent for Online Payment Items and addition of annual attestation requirements and form, approved by the Board February 23, 2006, effective April 24, 2006.

3. Revisions to sections 6 and 12, appendix I, and the addition of sections 2, 7, 8 and 9 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. Revisions to Appendix I to simplify completion of the annual attestation forms that Indirect Clearers must submit to the CPA. Approved by the Board December 2, 2010, effective January 1, 2011.

6. Amendments to reflect the holistic credit union review. Approved by the Board May 26, 2011, effective July 25, 2011.

7. Consequential amendments to reflect 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.

8. Amendment to section 13 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.

RULE D3 – INDIRECT CLEARER REQUIREMENTS

Introduction

1. This Rule outlines the requirements and obligations applicable to Indirect Clearers.

General - References


PART I – GENERAL OBLIGATIONS

Compliance with By-laws and Rules

3. Every Indirect Clearer shall ensure that its Payment Items comply with the provisions of the By-laws and Rules.

Acceptance of Returned Items

4. Every Indirect Clearer shall accept Payment Items returned to it in accordance with the Rules.

PART II – CLEARING ARRANGEMENTS

Settlement Account, Loan Facility and Designation of Clearing Agents

5. Every Indirect Clearer shall:

   a. maintain a settlement account with each of its Clearing Agents, in accordance with subsection 16(1) or 16(3) of By-law No.3 – Payment Items and ACSS;

   b. establish a loan facility with each of its Clearing Agents, in accordance with subsection 16(2) or 16(3) of By-law No.3 – Payment Items and ACSS; and

   c. designate at least one Clearing Agent for the Exchange and Clearing of its Payment Items, in accordance with section 35 of By-law No.3 – Payment Items and ACSS, from among the Direct Clearers and Group Clearers appointed by the Board to act as Clearing Agent.

Multiple Clearing Agents

6. With the exception of Point-of-Service Payment Items and On-line Payment Items, for which an Indirect Clearer may designate multiple Clearing Agents, an Indirect Clearer may
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designate only one Clearing Agent for the Exchange of each class of other Payment Item, for the purpose of Clearing and Settlement as follows:

a. One Clearing Agent for Paper Payment Items.
b. One Clearing Agent for Automated Fund Transfer Payment Items.
c. One Clearing Agent for Electronic Data Interchange Payment Items.

For added emphasis, in addition to the Clearing Agent arrangements provided for in this section, for Automated Fund Transfer and Electronic Data Interchange Payment Items, an Indirect Clearer may also have other clearing arrangements pursuant to sections 8 and 9 below.

Exception – Entity Belonging to a Group

7. Where an entity belongs to a Group, it shall only designate the Group Clearer appointed for the Group to which it belongs for the purpose of Clearing and Settlement of all Payment Item.

Other Clearing Arrangements

8. In accordance with subsection 21(a) of Rule D1- Direct Clearer/Group Clearer Requirements, for Automated Funds Transfer and Electronic Data Interchange Payment Items, an Indirect Clearer may use a Direct Clearer or Group Clearer to exchange, clear and settle its customers’ payment transactions without establishing a Clearing Agent relationship with the Direct Clearer or Group Clearer.

9. For Automated Funds Transfer and Electronic Data Interchange Payment Items, an Indirect Clearer may use a non-Member payment service provider to process and exchange its customers’ payment transactions.

10. Further to sections 8 and 9, Indirect Clearers shall not be absolved from their obligations to comply with CPA By-Laws and Rules by virtue of using: (a) a non-member payment service provider; or, (b) a Direct Clearer or Group Clearer to exchange, clear and settle its customers’ transactions, where a Clearing Agent relationship has not been established.

Designation of New Clearing Agents

11. a. Where an Indirect Clearer receives notice that a Clearing Agent is ceasing to act as Clearing Agent for the Indirect Clearer, the Indirect Clearer may designate a new Clearing Agent.
b. The designation referred to in paragraph (a) takes effect at the time agreed on by the Indirect Clearer and the new Clearing Agent.
Notice of Clearing Arrangements

12. Every Indirect Clearer shall give at least 30 days written notice to the President and to its Clearing Agent(s) of all of its clearing arrangements and any change to its clearing arrangements.

Clearing Arrangements Attestation and Reporting Requirements

13. Every Indirect Clearer shall attest that it is in compliance with CPA requirements outlined in this Rule relating to:

   a. The establishment of Clearing Agent arrangements, for each class of Payment Item(s).

   b. The use of a Direct Clearer or Group Clearer to exchange, clear and settle its customers’ transactions, where a Clearing Agent relationship has not been established, for each class of Payment Item(s).

   c. The use of non-Member payment service providers used to process and exchange its customers’ Payment Items on the Indirect Clearer’s behalf, for class type of Payment Item(s).

14. Every Indirect Clearer shall collect and report, the volume and value Exchanged by a Clearing Agent on its behalf for the following class of Payment Items, as applicable.

   a. Paper Payment Items

   b. AFT Payment Items

   c. EDI Payment Items

   d. Point-of-Service Payment Items

   e. On-line Payment Items

   Every Indirect Clearer shall complete and submit the CPA Form D3 “Clearing Arrangements Attestation and Reporting Form” by January 31st of every year. The form will be provided by the Association.

   Note: In relation to sections 13 and 14 above, Indirect Clearers shall commence collecting value information as of January 1, 2019 and shall commence reporting those values to the association by January 31, 2020 (by submitting CPA Form D3 “Clearing Arrangements Attestation and Reporting Form).