

CANADIAN PAYMENTS ASSOCIATION
ASSOCIATION CANADIENNE DES PAIEMENTS

DIRECT CLEARER PROCEDURES
AUTOMATED CLEARING AND SETTLEMENT SYSTEM
CONTINGENCY SITUATION
MANUAL BALANCING AND SETTLEMENT
OF CLEARING

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Direct Clearer Procedures
**Automated Clearing and Settlement System
Contingency Situation**
**Manual Balancing and Settlement
of Clearing**
Implementation and Revisions

Implemented

May 25, 2000

Amendments Pre-November 2003

May 25, 2000 and July 24, 2000.

Amendments Post-November 2003



Direct Clearer Procedures

Automated Clearing and Settlement System Contingency Situation

Manual Balancing and Settlement of Clearing

In the event of an ACSS National Failure necessitating the manual balancing and Settlement of Clearing for a region, each participating Direct Clearer shall:¹

1. As a control, ensure a Cheque Clearing Log is prepared for each delivery.
 - A. ACSS terminal “locally” operative: - create and print each “offline” Cheque Clearing Log via the ACSS terminal.
[refer to **ACSS/USBE User’s Guide, Section 3.8**]
 - B. ACSS terminal “locally” inoperative: - manually prepare Cheque Clearing Logs.
[refer to **Rule B2, sections 4 and 5 of the CPA Rules Manual**]
2. Prepare a “recap” Cheque Clearing Log for each Direct Clearer. This recap will represent the grand total of all deliveries (as derived throughout step 1) being charged to each of the respective Direct Clearers for the exchange period. Retain these Logs in case of non-concurrence of totals by the receiving Direct Clearer.
[refer to **Rule B2, section 4 of the CPA Rules Manual**]
3. Complete the form entitled *Clearing Exchange Statement*.
[refer to **Rule B9, section 10 of the CPA Rules Manual**]
 - A. From your own institution’s “recap” Cheque Clearing Logs, record the total amount delivered to each Direct Clearer in the appropriate box of the “**AMOUNT DELIVERED**” column of the *Clearing Exchange Statement*. After entering all the Direct Clearers’ totals, calculate the grand total of deliveries and enter the sum into box A of the *Clearing Exchange Statement*.
 - B. Based on the delivery Logs which accompany deliveries received by your institution from other Direct Clearers, record the amount of Clearing received from each Direct Clearer in the appropriate box of the “**AMOUNT RECEIVED**” column. Upon entering all the Direct Clearers’ totals, calculate the grand total of deliveries received and enter the sum into box B of the *Clearing Exchange Statement*.
 - C. Subtract total “B” (Total Received) from total “A” (Total Delivered) and enter the sum into the “**NET RESULT**” box. Signify a positive sum with a “+” or a negative sum with a “-.”
 - D. Photocopy the completed *Clearing Exchange Statement*.
4. Complete copies of the form entitled *Clearing Exchange Report*.
[refer to **Rule B9, section 12 of the CPA Rules Manual**]
 - A. Prepare two separate reports, one for items delivered and one for items received.

¹ RCA Toronto shall perform the manual balancing and Settlement functions for both Toronto Region and the National Electronic Settlement Region. The process outlined in this document shall be followed for each of these Regions, separately.



DIRECT CLEARER PROCEDURES (continued)

- B. Transcribe information from the relevant Cheque Clearing Logs. Amounts are rounded to the nearest thousand.
 - C. Internally cross check the total of amounts recorded to Settlement figures. (This is an internal balancing routine which is not referred to on the Clearing Exchange Report).
5. Prepare for the mutual balancing and Settlement function at the site chosen by the Presiding Officer of the Regional Clearing Association. The following forms should accompany your representative to the site:
- 1. *Cheque Clearing Logs.*
 - 2. *The completed Clearing Exchange Statement.*
 - 3. *Confirmation of Clearing Balances (2 copies).*
 - 4. *Clearing Exchange Reports.*
- [refer to Rule B9, section 9 of the CPA Rules Manual]**

AT THE SITE OF THE MANUAL BALNCING AND SETTLEMENT FUNCTION:

6. Compare the “**AMOUNT RECEIVED**” totals of your *Clearing Exchange Statement* to the “**AMOUNT DELIVERED**” totals on the *Clearing Exchange Statement* of each other Direct Clearer.

NB: If you received totals do not match the delivered totals of another Direct Clearer, immediate arrangements should be made by both parties to review the appropriate delivery Logs in order to determine the cause of error.

To signify agreement with the amount delivered, initial beside the appropriate “amount delivered” total on the photocopy of the *Clearing Exchange Statement* of each Direct Clearer.

7. Complete 2 copies of the form *Confirmation of Clearing Balances*, showing a positive net result from the *Clearing Exchange Statement* as a “credit” or a negative net result as a “debit.” This form is to be signed by a Direct Clearer authorized signatory(s) on file with the Bank of Canada.
- [refer to Rule B9, section 11 of the CPA Rules Manual]**
8. Sign the original copy of the *Clearing Exchange Statement*, and forward, along with both copies of the *Confirmation of Clearing Balances*, to the Presiding Officer.
- [refer duties of Presiding Officer, Regional Clearing Association Procedures - Manual Balancing and Settlement of Clearing]**
9. At the conclusion of the balancing process, one copy of the *Confirmation of Clearing Balances* and the original copy of the *Clearing Exchange Statement* will be returned to the representative of each Direct Clearer, duly signed by the Presiding Officer of the Regional Clearing Association.
- [refer to Rule B9, section 13 of the CPA Rules Manual]**

NB: If the Confirmation of Clearing Balances form has not been signed by your institution’s authorized signatory(s), both copies of the form shall be returned by the Presiding Officer to the Direct Clearer representative. The Direct Clearer will be responsible for obtaining an authorized signature; and subsequently, delivering one copy to the Bank of Canada. As this form is the authorization for the Bank of Canada to effect the Settlement for Clearing exchange on its books to the account of the Direct Clearer, it is imperative that the form be duly signed and delivered without delay.

10. Provide the Presiding Officer with copies of the Clearing Exchange Reports and corresponding Cheque Clearing Logs. The Presiding Officer shall in turn provide a copy of the Clearing Exchange Reports to the Information Systems Division of the CPA.

