



**PAYMENTS
CANADA**

RULE F1

RULES APPLICABLE TO AUTOMATED FUNDS TRANSFER (AFT) TRANSACTIONS

2023 CANADIAN PAYMENTS ASSOCIATION

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IMPLEMENTED

August 17, 2015

AMENDMENTS

1. Amendments to consolidate Rules F1, F2, F3, F4, F5, F6, F11, & F12 and changes to reflect current business practices.
2. Amendments to accommodate the ISO 20022 AFT Message Formats, approved by the Board February 18, 2016, effective April 18, 2016.
3. Amendments to appendix IV, section 3 to replace operational committee names ('AFT Sub Committee' to 'E-Payments Working Group') to reflect the restructuring of operational committees. Approved by the Board December 1, 2016, effective January 3, 2017.
4. Amendments to replace references to Standard 017 with the Canadian ISO 20022 Usage Guidelines, approved by the Board December 1, 2016, effective January 30, 2017.
5. Amendments to add reasons for error corrections and to reference Standard 018, approved by the Board February 23, 2017, effective April 24, 2017.
6. Administrative revisions made under the authority of the CPA President, effective August 21, 2017.
7. Amendments to remove the note from section 6b) that permits delivery of some Debit Transactions to a Processing Direct Clearer prior to the due date, approved by the Board February 22, 2018, effective April 23, 2018.
8. Amendments to accommodate Phase 1 of the AFT Enhancements including an additional daily exchange and changes to the funds availability requirements; approved by the Board June 22, 2017, section 13 effective October 15, 2018, and all other sections effective September 17, 2018.
9. Amendments to section 11(b) and 12(a) to clarify the requirements of notification of a missing or rejected AFT file. Approved by the Board February 27, 2020 effective April 27, 2020.
10. Amendments to update the definitions of "Severity 1 Contingency Situations" (now "Direct Clearer Incidents"), "Severity 2 Contingency Situations" (now "CSN Incident") and notification requirements for those incidents to reflect operational practices. Approved by the Board September 21, 2020, effective November 23, 2020.
11. Amendments to add clarity regarding time frames for Error Corrections. Approved by the Board September 21, effective November 23, 2020.
12. Consequential amendments to reflect changes to Rules G2 and G3. Approved by the Board December 3, 2020, effective January 2, 2021.

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13. Amendments to provide a notification period where Direct Clearers will receive requests made for changes to the List of Account Formats and Validation Criteria document. Approved by the Board December 2, 2021, effective January 31, 2022.
14. Amendments to update the Part IV heading to reflect the accurate order of procedures. Approved by the Board March 2, 2023, effective May 3, 2023.
15. Amendments to section 37 to require the retention of File Creation Numbers for Canadian dollar AFT Files. Approved by the Board March 2, 2023, effective May 3, 2023.
16. Amendments to Appendix IV to introduce new lead time requirements for new AFT Transaction Codes or Return Reason Codes. Approved by the Board, March 2, 2023, effective May 3, 2023.
17. Administrative amendment to remove an outdated section reference, approved by President, effective June 23, 2023.

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Introduction

This Rule governs the Exchange of Automated Funds Transfer (AFT) Transactions through the use of Standard 005 between Canadian financial institutions, for the purposes of Clearing and Settlement. It includes general rules relating to the Exchange of AFT Files, procedures applicable to the processing of AFT transactions, as well as the Settlement of obligations arising from the Exchange and Clearing of AFT debits and credits between Direct Clearers. It also contains procedures applicable to exception processing, problem resolution, incidents, and escalation procedures in the AFT environment.

References to Eastern Time (ET) in this Rule are to be understood as either Eastern Standard Time or Eastern Daylight Time, depending on the time in Ottawa.

Scope

This Rule applies to all Canadian dollar and US dollar AFT Transactions, subject to the exceptions outlined in Rule K8.

For rules and procedures applicable to ISO AFT Transactions created in accordance with the ISO AFT Usage Guidelines, refer to Rule F4.

General - Reference

This Rule shall be read in conjunction with the following Rules, Standards and guidelines:

- a. Introduction to the Rules Manual;
- b. Rule A4;
- c. Rule F7;
- d. Rule F8;
- e. Rule H1;
- f. Rule H3;
- g. Rule G12;
- h. Rule K5;
- i. Rule K8;
- j. CPA Standard 005;
- k. CPA Standard 007;
- l. CPA Standard 018; and
- m. The ISO AFT Usage Guidelines.

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Definitions

In this Rule,

“AFT” means Automated Funds Transfer by electronic media and in accordance with CPA Standard 005 and the ISO AFT Usage Guidelines;

“AFT Exchange Point” means the electronic site from which a Direct Clearer delivers and receives AFT Files;

“AFT File” means a file containing one or more AFT Transactions as outlined in CPA Standards;

“AFT Initial File Edit” means the process of validating an exchanged AFT File;

“AFT Logical Record Type” means a logical record type as defined in CPA Standard 005;

“AFT Transaction” means a Payment Item exchanged in an AFT File as defined in Standard 005 or the ISO AFT Usage Guidelines;

“CPA Services Network (CSN)” means the CPA managed network that is used by Direct Participants to transmit certain electronic Payment Items, and which may be used to transmit proprietary files on a bilateral basis, as agreed to by the parties and with the consent of the CPA;

“Credit Transaction” means a credit Payment Item exchanged in an AFT File as defined in CPA Standard 005;

“Debit Transaction” means a Pre-authorized Debit Payment Item within the meaning of Rule H1 exchanged in an AFT File as defined in CPA Standard 005.

[Note: This is equivalent to a Payment Reversal Transaction as defined in Rule F4];

“Due Date” means the date indicated by the Payment Originator of the transaction on which AFT Transaction funds are to be credited to a Payee’s account, in the case of a Credit Transaction, or debited from a Payor’s account, in the case of a Debit Transaction. [Note: “Due Date” is also referred to as “Date Funds To Be Available” for Logical Record Types “C”, “E”, and “I” in CPA Standard 005];

“Error Correction Transaction” means an AFT Transaction used to correct an error made by the Payment Originator or the Originating Direct Clearer;

“Exchange Deadline” means the point in time at the end of an Exchange Period. For example, where the Exchange Period is between 09:30:01 ET and 16:30:00 ET, the Exchange Deadline is 16:30:00 ET;

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“Exchange Period” means a period of time defined in this Rule in which an AFT File may be Exchanged between an Originating and a Processing Direct Clearer.

“IC Cut-off” means, in relation to a Credit Transaction, the point in time 2 hours following the end of the Exchange Period in which the AFT File containing the transaction was Exchanged. For example, where the Exchange Period is between 09:30:01 ET and 16:30:00 ET, the IC Cut-off is 18:30:00 ET.

“Notice of Change (NOC)” means a non-financial transaction created by a Processing Direct Clearer which allows the Originating Direct Clearer to inform Payment Originators of changes to payment routing information.

[Note: This is equivalent to an Identification Modification Advice (IMA) message as defined in Rule F4];

“NOC File” means a file containing one or more NOCs as outlined in CPA Standard 005;

“NOC Originating Direct Clearer” means the issuer of an NOC;

“NOC Processing Direct Clearer” means the recipient of an NOC;

“Originating Direct Clearer” means the Direct Clearer that delivers AFT Files to another Direct Clearer;

“Payment Originator” means a business, association, government or other entity which, upon authorization from its Payee or Payor, initiates an AFT Transaction;

“Processing Direct Clearer” means the Direct Clearer that receives AFT Transactions from an Originating Direct Clearer;

“Rejected Transaction” means an AFT Transaction which has not passed the Transaction Edit by the Processing Direct Clearer, and is delivered back to the Originating Direct Clearer in an AFT File;

“Return Reason Code” means a three (3) digit code, as assigned by the CPA and defined in CPA Standard 007, which is used by the Processing Direct Clearer or Indirect Clearer to identify the reason for the return of the payment to the Payee/Payor;

“Returned Transaction” means an AFT Transaction which is unpostable, dishonoured, or refused by the Payor/Payee at the Branch of account, and is delivered back to the Originating Direct Clearer in an AFT File;

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“Serviceability Code” means a code representing the number of Business Days required to credit a Payee’s account with an AFT Credit Transaction on the date those funds are to be made available;

“Summary of Data Delivered Report” means a report of the total number and dollar amount of the AFT Transactions contained on an AFT File;

“Trace Request” means a request by the Originating Direct Clearer for the trace of an AFT Transaction which has been delivered to a Processing Direct Clearer;

“Transaction Code” means a three (3) digit code, as assigned by the CPA and defined in CPA Standard 007, used by the Payment Originator to identify the type of payment, and by the Processing Direct Clearer or Indirect Clearer to further identify the payment to the Payee/Payor.

“Transaction Edit” means the process of validating individual AFT Transactions contained on an exchanged AFT File in accordance with CPA Standards, the ISO AFT Usage Guidelines and the Financial Institution File (FIF).

“Warehoused AFT Transactions” means those AFT Transactions held by a Direct Clearer for future processing.

PART I – GENERAL REQUIREMENTS

Participation

1. Each Direct Clearer shall participate in the Exchange of AFT Files via the CSN.

Registration

2. a. At least 90 days prior to participating in AFT Exchange, each Direct Clearer shall register with the CPA and provide notification regarding which AFT Exchange Point(s) (i.e., 10 – Montreal, 20 – Toronto, 90 – Calgary and 00 – Vancouver) the Direct Clearer will use.
 - b. Registration with the CPA constitutes notice that the Direct Clearer is prepared to:
 - i. receive all AFT Logical Record Types at a minimum of one AFT Exchange Point;
 - ii. deliver, at a minimum, Rejected Transactions and AFT Logical Record Types “I” and “J”;
 - iii. provide the Association with its Account Number Formats and Validation Criteria (for all Canadian and U.S. dollar accounts domiciled in Canada) for reproduction in the CPA’s “List of Account Number Formats and Validation Criteria”; and

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- iv. Employ security controls to protect the integrity, privacy and confidentiality of AFT Transaction content, in accordance with Standard 018 – Payment Item Information Security Standard.
- c. Prior to the Exchange of AFT Files, the Direct Clearer shall mutually Exchange test files with all other Direct Clearers and shall provide confirmation of successful testing to the CPA prior to the effective date.
- d. Each Processing Direct Clearer shall receive all AFT Logical Record Types destined for an AFT Exchange Point for all its Branches and any Financial Institution for which it acts as a Clearing Agent.
- e. Notwithstanding anything else in this Rule, each Direct Clearer shall be responsible and liable for every Credit Transaction, and every Payment Item purporting to be a Credit Transaction, that it delivers for the purpose of Clearing and Settlement. Each Direct Clearer shall indemnify the CPA and its Members for any direct loss, costs or damages caused by the Direct Clearer's failure to comply with CPA Rules.

Changes to an AFT Exchange Point.

- 3. a. A Direct Clearer may cease to accept AFT Files at any AFT Exchange Point by providing 180 days' written notice to the CPA, provided they continue to Exchange through a minimum of one AFT Exchange Point. The CPA shall give notice to all other Direct Clearers. Withdrawal from an AFT Exchange Point with less than 180 days' notice requires the unanimous consent of all Direct Clearers.
- b. Where a Direct Clearer wishes to add an additional Exchange Point, it shall provide the CPA with at least 90 days' notice in advance of the effective date of the addition.

PART II – EXCHANGE & PROCESSING PROCEDURES

AFT File Layout

- 4. The content and structure of an AFT File shall be in accordance with Standard 005.

Exchange Deadlines and Periods

- 5. An AFT File may be Exchanged within the following Exchange Periods, as organized by the applicable Exchange Deadline (in ET):

	Exchange Deadline (for receipt of file) (Business Days only)	Exchange Period
1	09:30:00 hours	21:00:01 – 09:30:00 hours (this period begins on one Business Day and ends on the next Business Day)
2	16:30:00 hours	09:30:01 – 16:30:00 hours
3	21:00:00 hours	16:30:01 – 21:00:00 hours

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Serviceability Code Assignment

6. Each Direct Clearer shall designate on the Financial Institutions File a Serviceability Code of:
 - a. “0” for each of its destination Branches; and
 - b. Either “0”, “1”, or “2” for each destination Branch of a Financial Institution for which it acts as a Clearing Agent.

Credit Transaction Lead Times and Exchange

7. Each Originating Direct Clearer shall Exchange AFT Credit Transactions, where available, on or before the Due Date, in accordance with the lead time requirement and Serviceability Code of the destination Branch. Serviceability Codes and associated lead times are as follows:
 - a. Serviceability Code “0” – Credit Transactions shall be Exchanged on the earlier of (i) the Business Day prior to the Due Date, where the Credit Transactions are available for Exchange; or (ii) the Due Date;
 - b. Serviceability Code “1” – Credit Transactions shall be Exchanged one Business Day before the Due Date; and
 - c. Serviceability Code “2” – Credit Transactions shall be Exchanged two Business Days before the Due Date.

Credit Transaction Funds Availability

8. Where a Credit Transaction Logical Record Type “C” is received by a Payee’s Financial Institution in accordance with section 7 and 13, that Processing Direct Clearer or Indirect Clearer shall, unless precluded by a prior restriction placed on the Payee’s account, be responsible for ensuring the funds are available for withdrawal or other use in accordance with the terms of agreement (for example, an account agreement) between the Payee’s Financial Institution and the Payee within the following timeframes:
 - a. Subject to subsections (c) and (d), below, where the destination branch is a Serviceability Code “0”, funds shall be made available within 2 hours of the Exchange Deadline by which the transaction was received;
 - b. Where the destination branch is a Serviceability Code “1” or “2”, funds shall be made available by the opening of business on the Due Date of the transaction;
 - c. Subject to subsection (d), below, where the destination branch is an Indirect Clearer with a Serviceability Code “0”, funds shall be made available within 2 hours of the IC Cut-off by which the transaction was received by the Indirect Clearer.
 - d.
 - i. Where a Credit Transaction is received the Business Day prior to the Due Date, funds shall be made available by the opening of business on the Due Date.

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- ii. Where a Credit Transaction is destined to an account other than a demand deposit account, the transaction may be treated as though destined to a Serviceability Code “1” branch.

Debit Transaction Exchange Dates

9. No Originating Direct Clearer shall deliver a Debit Transaction to a Processing Direct Clearer prior to the Due Date.

Transmission Requirements

10.
 - a. An Originating Direct Clearer shall make reasonable efforts to transmit AFT Files with sufficient time to allow the Processing Direct Clearer to receive the file prior to the applicable Exchange Deadline.
 - b. A Summary of Data Delivered Form shall be sent to the Processing Direct Clearer concurrent with the exchange of the associated AFT File.

AFT File Receipt

11.
 - a. An AFT File is considered delivered in the Exchange Period in which the Processing Direct Clearer received the file, regardless of whether the transmission was initiated in a previous Exchange Period.
 - b. With respect to the first and second Exchange Period, where a Processing Direct Clearer does not receive an AFT File from an Originating Direct Clearer within the applicable Exchange Period, the Processing Direct Clearer shall, give notice to the Originating Direct Clearer of non-receipt or late receipt as soon as possible and no later than one hour after the applicable Exchange Deadline.
 - c. With respect to the third Exchange Period, where a Processing Direct Clearer does not receive an AFT File from an Originating Direct Clearer, the processing Direct Clearer shall give notice to the Originating Direct Clearer of non-receipt or late receipt as soon as possible and prior to the first Exchange Deadline.

AFT Initial File Edit and Rejected Files

12.
 - a. With respect to the first and second Exchange Period, the Processing Direct Clearer shall perform an initial edit check in accordance with Standard 005 on each AFT File received and if unable to process the AFT File, shall give notice to the Originating Direct Clearer as soon as possible and no later than one hour after the applicable Exchange Deadline, and indicate the File Creation Number, File Creation Date, and a reason for rejecting the AFT File.
 - b. With respect to the third Exchange Period, a Processing Direct Clearer shall perform an initial edit check in accordance with Standard 005 on each AFT File received and if unable to process the AFT File, shall give notice to the Originating Direct Clearer as soon as possible and prior to the first Exchange Deadline, and indicate the File Creation Number, File Creation Date and a reason for rejecting the AFT File.

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- c. If the Originating Direct Clearer is unable to resend an AFT File rejected under subsection (a) in the same Exchange Period, the Originating Direct Clearer may resend the file in a subsequent Exchange Period.

Delivery of AFT Files to Indirect Clearers

- 13.** A Processing Direct Clearer acting for an Indirect Clearer with branch(es) bearing Serviceability Code “0” shall deliver, at a minimum, all Logical Record Type “C” Credit Transactions destined for that Indirect Clearer’s Serviceability Code “0” branch(es) no later than the IC Cut-off applicable to the Credit Transactions.

Notes: For further certainty, nothing in this rule prevents a Processing Direct Clearer and an Indirect Clearer from establishing a mutually agreed upon time for the delivery of transactions that is earlier than the IC Cut-off. This section 13 shall enter into effect on October 15, 2018.

Transaction Edit, Account Validation and Rejected Transactions

- 14.**
- a. AFT Transactions failing to pass the Transaction Edit shall be rejected and delivered back to the Originating Direct Clearer on an AFT File no later than the Business Day following editing of the original AFT File. The total number of Rejected Transactions due on each Settlement date shall be included with the appropriate totals in the Summary of Data Delivered Report (refer to CPA Standard 005, Section C, Appendix 1).
 - b.
 - i. Each Direct Clearer shall notify the CPA of additions or revisions to validation routines and account number formats by submitting an Account Validation Input Sheet. Direct Clearers will have the greater of 180 days or the stated effectiveness date to implement the change upon circulation of the Account Validation Input Sheet by the CPA.
 - ii. A Processing Direct Clearer may not reject AFT Transactions destined to an Indirect Clearer for which it acts as Clearing Agent for reason of invalid account number, where the Clearing Agent has not made available the Indirect Clearer’s account number formats and validation routines for publication in the CPA’s “List of Account Number Formats and Validation Criteria” in accordance with subsection (i), above.
 - c.
 - i. Rejected Transactions shall bear a 900 transaction type and the appropriate invalid data element as specified in Section D, of CPA Standard 005.
 - ii. Should an AFT File contain 50 or more Rejected Transactions, the Processing Direct Clearer shall immediately notify the Originating Direct Clearer.
 - d.
 - i. Credit Transactions with a Due Date more than 30 calendar days prior to the file creation date shall be rejected.
 - ii. Debit Transactions with a Due Date more than 173 calendar days prior to the file creation date may be rejected.

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Resubmission of Rejected Transactions

15. If an AFT Transaction has been rejected by a Processing Direct Clearer, it may only be resubmitted by the Originating Direct Clearer as a new Transaction.

Prohibition against Amalgamation

16. Each AFT Transaction received by a Processing Direct Clearer shall be handled individually and shall not be amalgamated with any other AFT Transaction.

PART III – RETURNS & EXCEPTION PROCESSING

Time Limitation for Return

17. Subject to sections 18 and 19, where a Financial Institution is returning a Debit or Credit Transaction, it shall return the transaction no later than the Business Day following receipt by the first organizational unit that is able to make or act upon a decision to dishonor or refuse an Item.

Exceptions to Time Limitation: Payor/Payee Initiated Returns

18. Each Debit Transaction being returned due to a Payor's claim for reimbursement shall be returned in accordance with the time limitation set out in Rule H1.
19. A Credit Transaction may be refused by a Payee up to and including 90 calendar days after the date on which the transaction was processed to the Payee's account. Credit Transactions being refused after this time shall be addressed outside of the Clearing.

Unposted/Dishonoured Transactions/Transactions Refused by Payor/Payee

20. AFT Transactions (Logical Record Types "C", "D", "E" and "F") that are accepted in the AFT Initial File Edit by the Processing Direct Clearer and subsequently unposted, dishonoured or refused by a Payor/Payee shall be returned using the applicable Return Reason Code indicated in Standard 007, section E, Appendix II.
21. A Returned Transaction (Logical Record Type "I" and "J") accepted in the AFT Initial File Edit shall not be returned for the purpose of Clearing and Settlement. It shall be treated as an Item in Dispute. (Refer to Rule A6.)

Re-presentment and Rejected Returned Transactions

22. A Debit Transaction which has been returned for the reason "Non-Sufficient Funds" (Return Reason Code 901), or "Funds Not Cleared" (Return Reason Code 908), may be re-presented on a one-time only basis provided that re-presentment occurs within 30 days following the return of the original Debit Transaction. In addition, a Pre-Authorized Debit shall only be re-presented for the same amount as the original Pre-Authorized Debit (i.e. shall not include

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additional charges). If the Debit Transaction is dishonoured a second time, it shall not be re-presented by the Originating Direct Clearer.

23. Notwithstanding section 18, a Processing Direct Clearer shall not resubmit a Returned Transaction (Logical Record Type “I” or “J”) that has been rejected by the Originating Direct Clearer.

Re-Routing of Transactions

24. Where a Financial Institution undertakes the re-routing of a Debit or Credit Transaction, any liability resulting directly from the re-routing shall be borne by that Financial Institution.
25. Where a Financial Institution has elected to re-route a Debit or Credit Transaction and wishes to advise the Payment Originator of corrections to Branch account information, the re-routing Financial Institution shall deliver a NOC.

Reimbursement Claim

26. Where a Reimbursement Claim is required for the return of an AFT Debit Transaction (refer to Rule H1), the Payor’s FI shall retain the Reimbursement Claim for a minimum period of twelve (12) months from the date the Item was returned.
27. In the event that a copy of the Reimbursement Claim is required, the following procedures shall apply:
- a. The Originating Direct Clearer shall submit a Reimbursement Claim Request Form (sample provided in Appendix II) to the Processing Direct Clearer (refer to the AFT Master Contact List) prior to the expiration of the twelve (12) month retention timeframe.
 - b. Where the Payor’s FI is an Indirect Clearer, the Processing Direct Clearer shall forward the completed Reimbursement Claim Request Form to that Indirect Clearer as soon as possible but no later than the next Business Day.
 - c. The Payor’s FI shall fulfill the request within 30 calendar days of receipt by:
 - i. providing a copy of the Reimbursement Claim to the requestor, or
 - ii. if unable to do so, by reimbursing the amount of the claim, according to the instructions provided in the Reimbursement Claim Request Form.

Accuracy and Delivery of Returned Transactions

28. A Direct Clearer initiating a Returned Transaction is responsible for ensuring the accuracy of every Returned Transaction it delivers to another Direct Clearer. Where an incorrect debit Returned Transaction is delivered, the Direct Clearer that initiated the Transaction shall reimburse the receiving Direct Clearer for the value equal to the inaccurate Returned Transaction and any service or interest charges incurred.

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Error Correction Transactions

29. An Error Correction Transaction may only be initiated to correct to the following types of errors:
- Duplicate payment
 - Incorrect amount in original payment;
 - Incorrect account number;
 - Canceled PAD agreement; and
 - Transaction not in accordance with PAD agreement.
30. Returned Transactions (i.e. "I" and "J" records) are not eligible for Error Correction.
31. Error Correction Transactions shall not be originated to protect a Member from an insolvent Payment Originator.
32. An Error Correction Transaction shall not be rejected for the reason that the original transaction, where received in the same Exchange Period, has not yet been processed.

Time Frames for Error Correction

33. a. Delivery of Error Correction Transactions shall be made as soon as possible following the exchange of the original Debit or Credit Transaction, and no later than three (3) Business Days following the Settlement date.

Accuracy of Error Correction Transactions

34. An Originating Direct Clearer shall ensure the accuracy of every Error Correction Transaction it delivers to a Processing Direct Clearer. Where an incorrect Error Correction Transaction is delivered to and received by the Processing Direct Clearer, the Originating Direct Clearer that delivered it shall reimburse the Processing Direct Clearer for the value equal to the inaccurate Error Correction Transaction and any service or interest charges incurred.

Time Limit for Error Correction Refusal

35. A customer may refuse an AFT Error Correction Transaction (Logical Record Type "E" and "F") provided that it does so within 90 calendar days subsequent to the posting date. In this case, the AFT Error Correction Transaction shall be returned using Return Reason Code 915 (to return a Logical Record Type "E") or 922 (to return a Logical Record Type "F") in accordance with CPA Standards 005 and 007.

Rejected Error Correction Transactions

36. An Originating Direct Clearer shall not resubmit an Error Correction Transactions (Logical Record Type "E" or "F") that has been rejected by the Processing Direct Clearer.

PART IV – CONTROLS & TRACING

Retention of File Creation Numbers

37. Each Processing Direct Clearer shall maintain a record of the last 30 Canadian dollar AFT File Creation Numbers processed. If the number does not conform to CPA Standard 005 it is cause for rejection.

Tracing Facilities

38. All Direct Clearers shall maintain adequate tracing facilities in accordance with Rule B10.

Trace Requests, Tracing Limits and Tracing Procedures

39. a. A Trace Request (refer to Appendix I) shall be initiated by the Originating Direct Clearer to the Processing Direct Clearer at the AFT Exchange Point subject to Regional Clearing Association arrangements. The Originating Direct Clearer shall not be obliged to respond to an enquiry from a customer of a Processing Direct Clearer.
- b. A Processing Direct Clearer shall not be obliged to respond to any Trace Requests received more than 12 months after the AFT Transaction Settlement date.
- c. A Processing Direct Clearer shall not be obliged to respond to any Trace Requests regarding an AFT Transaction of less than \$20.00
- d. At the option of the Processing Direct Clearer, a Trace Request may be accepted by telephone. Adequate records of telephone requests shall be kept by the Processing Direct Clearer.
- e. The Processing Direct Clearer shall determine the disposition of the AFT Transaction and shall advise the Originating Direct Clearer of the status and of any action taken, as follows:
- i. within two (2) Business Days of the date of receipt of the request, for Trace Requests with Settlement dates of up to 30 calendar days; or
 - ii. within five (5) Business Days of the date of the receipt of the request, for Trace Requests with Settlement dates of greater than 30 calendar days.

PART V – SETTLEMENT PROCEDURES

Settlement

40. a. Each Direct Clearer shall maintain a summary of Debit and Credit Transactions, by AFT File, and by Due Date for all AFT Transactions Exchanged for a period of one year.

RULE F1 – RULES APPLICABLE TO AUTOMATED FUNDS TRANSFER (AFT) TRANSACTIONS

- b. No Settlement shall be made for obligations arising from any AFT Transactions contained in a rejected AFT File.
- c. Settlement must be effected for obligations arising from the Exchange and Clearing of Rejected Transactions.
- d. The Settlement date shall be the Business Day following the Due Date or the Business Day following the date of Exchange for AFT Transactions delivered after the Due Date.
- e. Where applicable, the rules and regulations of the Regional Clearing Association for the handling of Clearing Logs and settling of balances shall apply.

ACSS Entries

- 41.
 - a. Each Processing Direct Clearer shall initiate, in the National Electronic Settlement Region and using stream identifier “C”, a debit entry against each of the other Direct Clearers from which it has received Credit Transactions (i.e., “C”, “F” and “I” Logical Record Types) for Settlement in accordance with subsection 31(d). Each debit entry shall specify the total volume and value of AFT Transactions received from the Direct Clearer being debited. Such debit entry shall be made by 05:00 ET on the Settlement date, except where the Settlement date is a Business Day following a Regional or Civic Holiday, in which case entries may be made up to 09:30 ET on that day.
 - b. Each Originating Direct Clearer shall initiate, in the National Electronic Settlement Region and using stream identifier “D”, a debit entry against each of the other Direct Clearers from which it has delivered Debit Transactions (i.e., “D”, “E” and “J” Logical Record Types). Each debit entry shall specify the total volume and value of AFT Transactions delivered to each Direct Clearer being debited. Such debit entry shall be made by 05:00 ET on the Settlement date, except where the Settlement date is a Business Day following a Regional or Civic Holiday, in which case entries may be made up to 09:30 ET on that day.

Default

- 42. In the event of a Default, AFT Transactions shall be returned or rejected in accordance with the procedures outlined in Rules L1 (for Default of a Direct Clearer) or L2 (for Default of an Indirect Clearer).

PART VI – DIRECT CLEARER AND CSN INCIDENTS

Direct Clearer Incidents and Notification to the CPA

- 43. Each Direct Clearer encounters a “Direct Clearer Incident” if it:
 - a. cannot process AFT Files and an Exchange Deadline is missed;
 - b. cannot send or receive AFT Files and an Exchange Deadline is missed;

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- c. cannot make funds available, in accordance with section 8, to the Payee’s account for Credit Transactions; or
- d. has an internal incident that is likely to impact more than one other Direct Clearer.

Within 15 minutes of becoming aware of encountering a “Direct Clearer Incident”, the Direct Clearer shall give notice to the CPA by contacting the Service Desk (see Appendix III of this Rule).

Direct Clearer Incident Emergency Conference Call Meeting(s)

- 44. Upon the CPA receiving notice from a Direct Clearer encountering a Direct Clearer Incident, it shall advise the AFT representatives of each Direct Clearer and such other persons or entities considered appropriate. Emergency conference call meetings shall be arranged as deemed necessary by the CPA in consultation with the AFT representatives.
- 45. During each emergency conference call meeting or as otherwise requested by the CPA, the Direct Clearer encountering a Direct Clearer Incident shall report on the following information:
 - a. the nature of the Direct Clearer Incident, anticipated recovery time, what systems or processes are affected, and suggested schedule of update for communication; and
 - b. if possible, specific details on the cause of the Direct Clearer Incident (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 Direct Clearer Incident.

CSN Incident

- 46. A “CSN Incident” shall be declared if the CPA Services Network is not operational for all Direct Clearers (in any situation other than a Force Majeure Situation)

CSN Incident Emergency Conference Call Meeting(s)

- 47. Upon the CPA discovering or receiving notice of a potential CSN Incident, it shall advise the AFT representatives of each Direct Clearer and such other persons or entities considered appropriate. The CPA, in consultation with the AFT representatives of each Direct Clearer, shall determine the nature and extent of the incident and arrange conference call meetings as deemed necessary.

Responsibilities of Direct Clearers during a CSN Incident

- 48. In the event the CSN is not operational for Direct Clearers, Direct Clearers shall give notice to the CPA within 15 minutes of becoming aware, unless the CPA originally identified the CSN Incident.

Responsibilities of the CPA during a CSN Incident

49. In the event of a CSN Incident, the CPA shall report on the CSN Incident during each emergency conference call meeting. This report shall include, at a minimum, the following information:
- a. the nature of the CSN Incident, 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 CSN Incident (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 CSN Incident.

Responsibilities of Direct Clearers Relating to Exchange of AFT Files

50. In the event of a CSN Incident, Direct Clearers shall delay pre-scheduled transmissions of AFT Files to each Direct Clearer until such time that the network becomes operational.

Responsibilities of Indirect Clearers Relating to Exchange of AFT Files

51. Where an Indirect Clearer with one or more Serviceability Code “0” branches experiences an interruption in services and cannot make funds available to the Payee’s account in accordance with section 8, it shall immediately give notice to the CPA by contacting the Service Desk (see Appendix III of this Rule).

Disaster Recovery Site

52. Each Direct Clearer shall have, and maintain, two separate and distinct sites (primary site and disaster recovery site) connected to the CPA Services Network at all times, for the transmission of AFT Files.
53. Each Direct Clearer shall test its disaster recovery site at least once per calendar year. The tests shall be coordinated by the CPA on pre-determined dates.
54. The Originating Direct Clearer is prepared to recreate and resubmit an AFT File upon request from a Processing Direct Clearer, provided that such a request is made within three business days of the AFT File exchange. The Processing Direct Clearer should have the facility to process the original Logical Record Type “A” and related control data.

Incident Reports

55. Each Direct Clearer that is required to report on a Direct Clearer Incident in accordance with this Rule shall complete and forward an AFT Incident Report Form to the CPA as soon as possible and no later than 10 Business Days of encountering a Direct Clearer Incident (contact the CPA Service Desk to obtain report).

PART VII – NOTICE OF CHANGE PROCEDURES

Notice of Change

56. This Part outlines procedures for a Processing Direct Clearer to give Notice of Change (NOC) to a Payment Originator via the Originating Direct Clearer, using an automated method.
- a. The procedures outlined below shall be applicable to all changes to payment routing information affecting Canadian and U.S. dollar accounts. NOC transactions are zero-dollar transactions.
 - b. The procedures outlined shall be applicable to Logical Record Types “S”, “U”, and “V” as defined in CPA Standard 005.

Participants

- 57.
- a. It shall be mandatory for Direct Clearers and Public Services and Procurement Canada (PSPC) to receive NOCs.
 - b. A Direct Clearer that elects to use a NOC to notify other Direct Clearers of changes to payment routing information shall provide notice to the CPA in accordance with section 58 below.

Notification of NOC Participation

- 58.
- a. Prior to delivering NOCs, a Direct Clearer shall advise the CPA at least 180 days in advance of the implementation date.
 - b. The CPA shall notify other participants that the Direct Clearer is prepared, as of its implementation date, to deliver NOC Files (subject to subsection (c)). The CPA shall notify Direct Clearers of all new registrations, including implementation dates, and the delivery frequency.
 - c. NOC participants shall exchange and successfully process test files with a minimum of two other participants prior to exchanging production files.

Obligation of the NOC Originating Direct Clearer and Inaccurate NOCs

- 59.
- a. The NOC Originating Direct Clearer shall be responsible for the accuracy of the NOC.
 - b. A Summary of NOC Transactions Delivered form shall be provided by the NOC Originating Direct Clearer.
 - c. The NOC Originating Direct Clearer shall be responsible for every NOC that it delivers and shall be liable for the indemnification of the Association and its Members for any direct loss, costs or damages, incurred by them as a result of an NOC that it has delivered, except where such loss, costs or damages resulted from an error by the NOC Processing Direct Clearer.

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- d. A Payment Item that is misdirected as a result of an inaccurate NOC, may be treated as an Item in Dispute and dealt with in accordance with Rule A6.
- e. The NOC Originating Direct Clearer shall ensure that NOCs for Canadian and US dollar accounts are delivered in separate NOC files.

Obligation of NOC Processing Direct Clearer and Rejected Files and Transactions

- 60. The NOC Processing Direct Clearer's Data Centre shall edit each NOC File received and, if unacceptable give notice to the NOC Originating Direct Clearer that the NOC File is unacceptable, within three (3) Business Days after receipt, along with the reason for rejection.
- 61. Where a NOC transaction is rejected, the NOC Processing Direct Clearer shall give notice of rejection to the NOC Originating Direct Clearer within five (5) Business Days after receipt of the original NOC File, along with the reason for rejection.
- 62. In the case of NOCs for Credit Transactions, where the NOC Processing Direct Clearer forwards an NOC to a Payment Originator, the NOC Processing Direct Clearer shall ensure the Payment Originator has been made aware of the importance of accepting and acting upon the NOC in relation to Credit Transactions similar to the importance of accepting and acting upon an NOC in relation to Debit Transactions as set out in Rule H1.

File Creation Numbers

- 63. Each Direct Clearer shall keep a record of the last 30 File Creation Numbers processed in order to ensure that adequate control of NOC File Creation Numbers is maintained. If the NOC File Creation Number does not conform to CPA Standard 005, the NOC File shall be rejected.

Forwarding of NOCs

- 64. The NOC Processing Direct Clearer shall forward the NOC to the Payment Originator within seven (7) Business days of receipt of the NOC from the NOC Originating Direct Clearer.

Record Retention

- 65. The NOC Originating Direct Clearer shall have the ability to recreate the NOC File, for a period of seven (7) Business days after delivery.

Tracing Facilities

- 66. Each Direct Clearer shall maintain adequate tracing facilities to ensure that all NOC Originating Direct Clearers and all NOC Processing Direct Clearers are able to trace NOCs for a period of two years. Traces of NOCs shall not be initiated to determine whether a NOC has been acted upon.

APPENDIX I: AFT SAMPLE TRACE REQUEST FORM

AFT Sample Trace Request Form

CAD USD

TO:
Name of Processing Direct Clearer

FROM:
Name of Originating Direct Clearer

FAX:

CONTACT:

TELEPHONE:

FAX:

THIS SECTION TO BE COMPLETED FROM INFORMATION SUPPLIED BY THE ORIGINATOR:

ORIGINATION USER NO. OR NAME:

AMOUNT:

ORIGINATOR FILE CREATION NO.:

DUE DATE:

CROSS-REFERENCE NO.:

TRANSIT NO. OF PAYOR BRANCH:

ITEM TRACE NUMBER:

ACCOUNT NO.:

NAME OF PAYOR/PAYEE:

THIS SECTION TO BE COMPLETED BY PROCESSING DIRECT CLEARER: POSTING DATE:

COMMENTS:

SIGNATURE:

DATE COMPLETED:

APPENDIX II: AFT SAMPLE REIMBURSEMENT CLAIM REQUEST FORM

AFT Sample Reimbursement Claim Request Form

CAD USD

TO:	FROM:
NAME OF PROCESSING DIRECT CLEARER OR PAYOR FI	
ADDRESS:	ADDRESS:
CITY: PROVINCE:	CITY: PROVINCE:
POSTAL CODE:	POSTAL CODE:
TEL. NO.:	TEL. NO.:
FAX. NO.:	FAX. NO.:
SIGNATURE:	SIGNATURE:

TRANSACTION DETAILS

PAYOR NAME:	ACCOUNT NO.:
RETURNED ITEM TRACE NO.:	ORIGINAL DUE DATE:
FILE CREATION NO.:	RETURN DATE:
CROSS-REFERENCE NO.:	RETURN TRANSACTION CODE:
ORIGINATION USER NO. OR NAME:	AMOUNT:
TRANSIT NO. OF PAYOR BRANCH:	
REQUEST FORM COMPLETED BY:	DATE COMPLETED:

PLEASE PROVIDE SIGNED CLAIM FORM OR, WHERE NOT AVAILABLE, REIMBURSE THE AMOUNT OF THE CLAIM TO:

ATTENTION:

ADDRESS:

CITY: PROVINCE: POSTAL CODE:

FAX. NO.:

APPENDIX III: PAYMENTS CANADA SERVICE DESK CONTACT INFORMATION

Direct Clearer Incident and CSN Incident

Hours of Availability

Payments Canada
Service Desk –
(On hours support)

By phone or email from Sunday at 21:30 hrs to Friday at 21:30 hrs ET.

Payments Canada
Service Desk –
(On hours support)

Monitored voicemail only from Friday at 21:30 hrs to Sunday at 21:30 hrs ET.

Telephone Number *

1-800-263-8863

Fax Number

1-613-688-1123

Email Address

opshd@payments.ca

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

APPENDIX IV: PROCEDURES FOR THE MAINTENANCE OF AFT TRANSACTION CODES

Introduction

1. This Appendix outlines procedures that are required to add and modify Transaction Codes and Return Reason Codes in CPA Standard 007.

Annual Process for Transaction Codes Updates

2. The addition of or modification to a Transaction Code or Return Reason Code by all Direct Clearers and Public Services and Procurement Canada (PSPC) shall occur once per calendar year as described in sections 3 and 4, subject to the evaluation of any ad-hoc requests as described in section 5.
3. Requests for adding or modifying a Transaction Code or Return Reason Code shall be submitted to the CPA by a Direct Clearer or PSPC no later than the first business day of January for implementation on the first business day of July of the same year, using the "AFT Transaction Code Application Form," below.
4. Where no requests for the addition or modification of a Transaction Code or Return Reason Code are made by any Direct Clearer or PSPC by the January deadline, a request may be submitted to the CPA no later than the first day of April for implementation on the first business day of October of the same year.
5. All requests received outside of the submissions deadline shall be evaluated by the E-Payments Working Group on the basis of potential volume of transactions, potential percentage of total transactions exchanged bearing the modified or additional Transaction Code, applicability of the modified or additional Transaction Code to a broad cross-section of Payees/Payers, and other issues related to the benefit of the modified or additional Transaction Code as may be identified by the applicant.

Requests for new Transaction Codes for financial transactions that are restricted to a limited range of Payees or Payers shall not be considered. Where a Transaction Code is deemed previously allocated at a generic level, the request for a new Transaction Code shall be denied with the recommendation that appropriate descriptive fields, such as originator long name and sundry information, be utilized instead.

Notification of Approved Transaction Codes

6. Upon approval by the Board, Direct Clearers shall be notified of the additions or modifications of AFT Transaction Codes and their effective dates.

APPENDIX V: PROCEDURES FOR THE MAINTENANCE OF AFT TRANSACTION CODES

AFT TRANSACTION CODE APPLICATION FORM <small>(français au verso)</small>		
Instructions: This application form shall be used by Direct Clearers to request new or modified transaction codes for the AFT system. A separate form shall be completed in full for each request and forwarded to the CPA.		
Direct Clearer Name:	Application Date: _____ DD MM YYYY	
Purpose: Check one (✓) <input type="checkbox"/> Application for a new code <input type="checkbox"/> Modification of an existing code		
Three (3) digit transaction code: _____	Category:	Range:
Full Description (Maximum 30 characters) _____ (ENGLISH) _____ (FRENCH)		
Abbreviation: _____ / _____ (English) (French)	Potential Volume of Transactions (e.g., 100,000/year):	Types of Transactions: <input type="checkbox"/> Commercial only <input type="checkbox"/> Consumer only
Criteria: (provide relevant information, including a requested implementation date, that will assist the AFT Sub-Committee in its evaluation of the application) _____ _____ _____ _____ _____		
Signature of AFT Sub-Committee Member:		Telephone Number:

Please return to: Canadian Payments Association
 Payment Operations
 Tel: 1-800-263-8863, Fax: (613) 233-3385
opshd@payments.ca