PAYMENTS CANADA

RULE H2

CLAIM DRAFTS OR REIMBURSEMENT DRAFTS

2025 CANADIAN PAYMENTS ASSOCIATION

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IMPLEMENTED

February 1983

AMENDMENTS PRE-NOVEMBER 2003

May 1985, May 10, 1989, March 23, 1995, December 1, 1997.

AMENDMENTS POST-NOVEMBER 2003

1. Amendments to reflect consistency with the new CPA Payment Items and ACSS By-law, approved by the Board November 27, 2003, effective January 27, 2004.
2. Amendments to sections 1, 2, 4, 6 and Appendix I; and addition of sections 5 and 7. Approved by the Board October 11, 2007, effective December 10, 2007.
3. Amendment to delete Section 7 and paragraph 5 of Appendix I to reflect consistency with removal of “conditional statements” section in Rule A1, approved by the Board November 27, 2008, effective January 26, 2009.
4. Amendments to accommodate the ACSS clean-up exercise, approved by the Board February 27, 2025, effective April 28, 2025.

Introduction

1. This Rule outlines the procedures applicable to the Exchange of Claim Drafts or Reimbursement Drafts, including Store Coupons and Gift Certificates.

Definitions

2. In this Rule,

   a. "Claim Drafts" or "Reimbursement Drafts" means a Payment Item payable through a Member where the drawer (including its agents) and the Drawee are one and the same.

   b. "Gift Certificates" means a paper instrument of a stated cash value for use at a commercial establishment which, if in compliance with the requirements outlined in this Rule, may be Exchanged as a Claim Draft or Reimbursement Draft.

   c. "Store Coupons" means a paper instrument used to obtain a discount on merchandise or services which, if in compliance with the requirements outlined in this Rule, may be Exchanged as a Claim Draft or Reimbursement Draft.

Agreement

3. Members will be required to complete an agreement, substantially in the form of Appendix I, with any Person wishing to take advantage of the Claim Draft or Reimbursement Draft type of payment, including Store Coupons and Gift Certificates.

Purposes

4. Claim Drafts or Reimbursement Drafts are used in part for the purposes outlined below:
   a. for settling insurance claims promptly with policy holders;
   b. for reimbursing the value of unused public carrier tickets;
   c. for reimbursing travel expenses; and
   d. for marketing incentive payments by agents of the Drawee.
5. Claim Drafts or Reimbursement Drafts must conform to the specifications outlined in Standard 006.

Transaction Code

6. a. Each Member must have an automated means of uniquely identifying Store Coupons and Gift Certificates.
   b. For the purpose of subsection (a), Transaction Code 81 must be MICR Encoded on the face of the Item where a Member does not have any other means of uniquely identifying the Store Coupon or Gift Certificate.

Returned Items

7. The return of a Claim Draft or Reimbursement Draft, including Store Coupons and Gift Certificates, must be initiated no later than the Business Day following receipt by:

    a. the organizational unit of the Member at which such Item is payable through; or

    b. the designated unit of the Member at which delivery to the Drawee or pick-up by the Drawee of the Item is made,

    whichever occurs first

APPENDIX I – FORM OF AGREEMENT

To: The (Member of the Association),

In consideration of your undertaking to Exchange Claim Drafts or Reimbursement Drafts (including Store Coupons and Gift Certificates, if applicable) purporting to be drawn on us, we agree that the provisions that apply to such Items and the manner in which they must be dealt with are as follows:

1. Items must conform to Standard 006. There must be no fold-over portion or attachment of any kind to the Items.
2. We must have all Items MICR Encoded as to:
    a. Institution Number;
    b. Transaction Code, if applicable; and,
    c. if requested by you, as to account number.
3. . Each Business Day our representative must take delivery at your office of Items Exchanged with you
4. Items which we will not pay will be returned by us to your office on the next Business Day following their delivery to our representative.

This agreement may be terminated by us or by you by 90 calendar days written notice to the other without, however, affecting its operation in respect of Items Exchanged with you before the effective date of the termination.