PAYMENTS CANADA

RULE K1

BULK EXCHANGE AND SETTLEMENT OF U.S. DOLLAR PAPER ITEMS

2026 CANADIAN PAYMENTS ASSOCIATION

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TABLE OF CONTENTS

IMPLEMENTED 4

AMENDMENTS PRE-NOVEMBER 2003 4

AMENDMENTS POST-NOVEMBER 2003 4

INTRODUCTION 7
SCOPE 7
REFERENCES 7
DEFINITIONS 7

PART I – BULK EXCHANGE POINTS – COMPOSITION AND REPRESENTATION 8

PARTICIPATION 8
EXCHANGE AGENT AND LIABILITY OF AN EXCHANGE AGENT 9
BULK EXCHANGE FACILITIES FOR ITEMS DRAWN ON NON-PARTICIPANTS AND WAIVER 9
NOTICE OF AGENCY ARRANGEMENT AND CHANGE IN AGENCY ARRANGEMENT 9

PART II – ITEMS ACCEPTABLE FOR BULK EXCHANGE 10

ITEMS ACCEPTABLE FOR BULK EXCHANGE 10

PART III – DISQUALIFYING CONDITIONS 10

CANADIAN DOLLAR ITEMS 10
ITEMS IN DISPUTE 10
POST-DATED ITEMS 10
MONTH-DATED ITEMS 10
PROTEST OF NOTICE OF DISHONOUR 11

PART IV – PROCEDURES FOR PAPER ITEMS ACCEPTABLE FOR BULK EXCHANGE 11

ENCODING 11
TRANSACTION CODE 11
RESPONSIBILITY FOR AMOUNT-ENCODING ERRORS 12
EXTRANEOUS ITEMS 12
CORRECTION OF ENCODING ERRORS 12
SEGREGATION INTO STREAMS 12
EXCHANGE OF PAPER ITEMS 13

MICROFILMING/IMAGING....13
LOCATION AND TIME....13
NEW YORK SETTLEMENT....14
METHOD AND TIMING OF SETTLEMENT....14
FAILURE TO SETTLE, RECALCULATION AND DEFAULT....14
ERRORS IN BALANCE....15
ADJUSTMENTS....15
FAILURE TO MEET DEADLINES....15
FAILURE TO APPEAR....15
RETURNED ITEMS AND RESPONSIBILITY FOR ITEMS....15
POINT-OF-ENTRY OFFICE STAMP, COMPOSITION OF THE STAMP AND POSITION OF THE STAMP....16
ITEMS IN DISPUTE....16
ENDORSEMENTS....16
USBE SYSTEM CONTINGENCY....16
CONTINGENCY SITUATION....17
RECORD RETENTION....17
TRACING CLEARING ERRORS AND USE OF PHOTOCOPIES....17

APPENDIX I - BULK EXCHANGE POINTS FOR DIRECT CLEARERS....18

APPENDIX II - PARTICIPATING DIRECT CLEARERS SETTLEMENT AND ACCOUNT CODES....20

APPENDIX III - ABA ROUTING NUMBERS OF ITEMS WHICH ARE DRAWN ON U.S. OFFICES OF CANADIAN DIRECT AND INDIRECT CLEARERS AND ARE ELIGIBLE FOR BULK EXCHANGE....22

APPENDIX IV - EXAMPLE OF A FAILURE TO SETTLE....23

IMPLEMENTED

February 1983

AMENDMENTS PRE-NOVEMBER 2003

August 1983, January 1984, May 1984, October 1984, March 1985, May 1985, September 1985, November 1985, January 1986, April 1986, May 1986, September 18, 1986, November 19, 1986, January 28, 1987, October 14, 1987, April 1988, June 1988, September 21, 1988, September 20, 1989, November 22, 1989, May 28 1990, September 19, 1990, January 23, 1991, February 1991, May 1991, February 7, 1992, March 25, 1992, June 25, 1992, September 23, 1992, May 20, 1993, April 14, 1994, May 19, 1994, September 29,1994, March 23, 1995, May 18, 1995, November 27, 1995, January 22, 1996, April 7, 1997, December 9, 1997, April 9, 1998, October 7, 1999, February 3, 2000, May 25, 2000, May 28, 2001, July 26, 2001, June 28, 2001, November 29, 2001, January 28, 2002 and February 14, 2002.

AMENDMENTS POST-NOVEMBER 2003

1. Section 22, approved by the Board February 26, 2004, effective April 26, 2004.
2. Section 4(a), addition of new transaction code for US Dollar Paper Items, approved by the Board June 15, 2005, effective August 15, 2005.
3. Amendments to align Rule K1 with corresponding Rules for Canadian Dollar paper Items, approved by the Board June 15, 2006, effective August 14, 2006.
4. Amendment to delete Section 14 “Conditional Statements” and consequential amendments to remove references to US Dollar EDI, resulting from the removal Rule K7, approved by the Board November 27, 2008, effective January 26, 2009.
5. Amendments to Section 18 to accommodate the change to the return timeframe for amount encoding errors from 12 months to 90 Days; and to delete subsection 17(b)(ii) to accommodate the elimination of Returned Item Vouchers. Approved by the Board October 15, 2009, effective November 15, 2009.
6. Amendments to Appendix IV to remove US Dollar Accounts for BMO, approved by the Board October 15, 2009, effective December 14, 2009.
7. Amendment to section 17 to accommodate the use of Return Replacement Documents (Rule A10). Approved by the Board December 2, 2010, effective June 1, 2011.
8. Amendments to Appendices I and III to replace references to “Credit Union Central of Canada” with “Central 1 Credit Union”, approved by the Board May 26, 2011, effective July 6, 2011.
9. Amendments to Appendix I to reflect changes in USBE Participation for Central 1 Credit Union in Toronto and Montreal, approved by the Board March 29, 2012, effective May 28, 2012.

10. Amendments to Appendix III to change the Canadian Imperial Bank of Commerce's (#010) U.S. dollar agent to Wells Fargo Bank, N.A. Revisions made under the authority of the CPA President, effective May 28, 2012.
11. Amendment to sections 17 and 32 to accommodate for the use of Clearing Replacement Documents. Approved by the Board March 29, 2012, effective October 1, 2012.
12. Consequential amendments to section 18 to accommodate changes to Rule A4 regarding the return process for Items with processing errors, approved by the Board October 11, 2012, effective February 4, 2013.
13. Amendments to accommodate changes to Rule A10 to support the electronic Exchange of Image Captured Payments. Approved by the Board June 13, 2013, effective August 12, 2013.
14. Amendments to accommodate the removal of "L" stream. Approved by the Board October 3, 2013, effective January 2, 2014.
15. Amendments to Appendix I to change HSBC's participation status to direct participant in all Bulk Exchange Points. Approved by the Board October 3, 2013, effective December 13, 2013.
16. Amendments to refer to Rule K4 for the procedures for the correction of errors in USBE entries. Approved by the Board February 13, 2014, effective April 7, 2014.
17. Amendments to Appendix III to reflect changes in settlement of USBE items for Central 1 Credit Union and HSBC Bank Canada. Approved by the Board February 13, 2014, effective April 7, 2014.
18. Amendments to Appendix III to reflect changes in settlement of USBE items for HSBC Canada. Approved by the Board December 3, 2015, effect February 2, 2016.
19. Amendments to replace references to "La caisse Centrale Desjardins du Québec" and/or "La Fédération des caisses Desjardins du Québec" with "Fédération des caisses Desjardins du Québec". Revisions made under the authority of the CPA President, effective January 1, 2017.
20. Amendments to add Stream O and S, approved by the Board September 28, 2018, effective November 27, 2018.
21. Amendments to Appendix IV to remove inactive ABA Routing Numbers for the Bank of Nova Scotia. Revisions made under the authority of the CPA President, effective February 13, 2019.
22. Amendments to alter the requirement for items received outside Canada to be enfaced with a Point-of-Entry Stamp. Approved by the Board February 27, 2020, effective April 27, 2020.
23. Amendments to reflect the addition of Peoples Trust Company as a new ACSS Direct Clearer, made under the authority of the CPA President, effective June 13, 2022.

24. Amendments to update the definition of Settlement Agent and change the name to “USBE Settlement Agent”, approved by the Board May 13, 2022, effective June 13, 2022.
25. Amendments to remove streams “I” and “R”, approved by the Board March 2, 2023, effective May 3, 2023.
26. Amendments to remove references to HSBC in Appendix I, II and III, made under the authority of the CPA President, effective March 29, 2024.
27. Amendments resulting from ACSS/USBE Contingency Measures Review. Approved by the Board March 7, 2024, effective May 6, 2024.
28. Amendments to accommodate the ACSS clean-up exercise and removal of Appendix II - Point-of-entry Offices in the Rule, approved by the Board December 11, 2025, effective February 9, 2026.

Introduction

1. This Rule outlines the procedures for the Exchange and Settlement, in Canada, of United States (U.S.) dollar paper Items.

   (Note: For Association rules applicable to U.S. dollar AFT Items, refer to Rule K8.)

Scope

2. For the purpose of this Rule:
   a. an Item payable in U.S. dollars but drawn on a Financial Institution (FI) located within Canada, is subject to the Bills of Exchange Act; and
   b. the provisions herein will not limit the right of a Member to present an Item at the Branch upon which it is drawn.

References

3. Except as otherwise provided, this Rule must be read in conjunction with the following Association rules and standards:
   a. Rule A1;
   b. Rule A3;
   c. Rule A4;
   d. Rule A10;
   e. Standard 006;
   f. Standard 010;
   g. Standard 013;
   h. Standard 014; and
   i. Standard 015.

Definitions

4. In this Rule,
   a. "ABA Routing Number" means the nine-digit numeric Identifier of a Financial Institution (FI) as assigned by the American Bankers Association or its agent;
   b. "Bulk Exchange" means the delivery and receipt between Direct Clearers, at established Bulk Exchange points, of Items acceptable for Bulk Exchange as set out in section 9 of this Rule;

c. "Bulk Exchange Point" means either a Regional Exchange Point at which all Direct Clearers have agreed to receive U.S. dollar paper Items; or the national electronic Bulk Exchange Point;

d. "Bulk Settlement" means the electronic transfer of funds in U.S. dollars at New York, by each Direct Clearer, to each other Direct Clearer to whom Settlement for U.S. Dollar Items are due, as set out in section 25 of this Rule;

e. "Exchange Agent" means a participating Direct Clearer which acts on behalf of a non-participating Direct Clearer, in the Exchange of that non-participating Direct Clearer's U.S. Dollar Items;

f. "Point-of-Entry Office" means a Branch, Data Centre, international centre or division of a Direct Clearer, which receives cheques on deposit in U.S. or Canadian funds from foreign correspondents;

g. "Qualified Item" means a U.S. Dollar Item which conforms with Standard 006 and is MICR Encoded at least as to Transit Number and amount;

h. "Unqualified Item" means a US Dollar Item which does not meet the Association's standards and specifications for a Qualified Item;

i. "USBE" means United States Bulk Exchange;

j. "USBE Settlement Agent" means a participating Direct Clearer that is responsible for providing Settlement for a non-participating Direct Clearer's U.S. Dollar Items. (Refer to Appendix I of this Rule to identify those institutions which are acting as USBE Settlement Agents); and

k. "U.S. Dollar Item" means an Item payable on demand in U.S. dollars drawn on a Member or on a U.S. office of a Member.

PART I – BULK EXCHANGE POINTS – COMPOSITION AND REPRESENTATION

Participation

5. With respect to participation in the Bulk Exchange of U.S. Dollar Items at the Bulk Exchange Points:

   a. each Direct Clearer must elect to be either a participating or non-participating Direct Clearer at each Bulk Exchange Point;

   b. each non-participating Direct Clearer at a Bulk Exchange point must arrange for a participating Direct Clearer to act as its Exchange Agent at that Bulk Exchange Point, in accordance with section 6 of this Rule; and

   c. each Direct Clearer must give notice to the Association of its participation status in respect of each location. (A list of Bulk Exchange Points outlining the status of each Direct Clearer appears in Appendix I of this Rule.)

Exchange Agent and Liability of an Exchange Agent

6. With respect to Exchange Agent arrangements in the Bulk Exchange of U.S. Dollar Items at the Bulk Exchange Points:
    a. each Direct Clearer that has elected to be represented by an Exchange Agent
        i. must appoint the same Exchange Agent at each Bulk Exchange Point where it does not represent itself; and
        ii. if it has elected to use a USBE Settlement Agent, must appoint the same Exchange Agent as its USBE Settlement Agent;
    b. each FI that has elected to be represented by an Exchange Agent must appoint the same institution as its Exchange Agent, that is acting as its Clearing Agent in the Canadian dollar Exchanges;
    c. where an error or omission occurs in the Clearing Lists of a Direct Clearer, the Exchange Agent that is acting for that Direct Clearer must not be held liable by the other participants.

Bulk Exchange Facilities for Items Drawn on Non-Participants and Waiver

7. a. Each non-participating Direct Clearer must be entitled to an Outsort of its Items at each Bulk Exchange Point.
    b. Despite subsection (a), a participating and a non-participating Direct Clearer may jointly waive the Outsort of its Items. (Refer to Appendix I of this Rule for a list of arrangements.)

Notice of Agency Arrangement and Change in Agency Arrangement

8. With respect to an agency arrangement:
    a. each non-participating Direct Clearer must give written notice to the Association of the Direct Clearer who is acting as its Exchange Agent and, where applicable, its USBE Settlement Agent, and the locations involved, at least 30 calendar days prior to the effective date; and
    b. where a Direct Clearer wishes to change its Exchange Agent or USBE Settlement Agent that Direct Clearer must give written notice to the Association and all other Direct Clearers in respect of this change, at least 30 calendar days prior to the change.
    c. each Exchange Agent and USBE Settlement Agent must give written notice to the Association in respect of those institutions for which it is acting for, in addition to

the locations involved, at least 30 calendar days prior to the effective date (refer to Appendix I).

PART II – ITEMS ACCEPTABLE FOR BULK EXCHANGE

Items Acceptable for Bulk Exchange

9. Items acceptable for Bulk Exchange must be those listed in Rule A1, section 3 and subsection 4 (g) provided that those Items are payable on demand in U.S. funds, and that the Items are:
    a. drawn on a domestic office of a Direct Clearer or Indirect Clearer, or drawn on the Canada Post Corporation, and enfaced with "U.S. Currency", "U.S. dollars", "$U.S." or "USD";
    b. drawn on a domestic office of a Direct Clearer or Indirect Clearer that are enfaced "PAYABLE THROUGH" or "PAYABLE AT" a U.S. office of a Direct Clearer or Indirect Clearer;

       Note: For purposes of the USBE, Items that are enfaced "PAYABLE THROUGH" or "PAYABLE AT" receive identical treatment.
    c. drawn on a U.S. office of a Direct Clearer or Indirect Clearer (refer Appendix IV for a comprehensive list of applicable ABA Routing Numbers); or
    d. that are Bank Drafts or Money Orders drawn by a Direct Clearer or Indirect Clearer, payable at a U.S. FI and Exchanged pursuant to bi-lateral or multi-lateral agreements.

PART III – DISQUALIFYING CONDITIONS

Canadian Dollar Items

10. An Item payable in Canadian dollars and converted to the U.S. equivalent may not be introduced into the Bulk Exchange.

Items in Dispute

11. An Item in Dispute as described in Rule A6 may not be introduced into the Bulk Exchange.

Post-Dated Items

12. An Item that is post-dated may not be introduced into the Bulk Exchange.

Month-Dated Items

13. An Item not bearing the day of the month may not be introduced into the Bulk Exchange prior to the first Business Day of the month indicated on the Item.

Protest of Notice of Dishonour

14. An Item which bears a direction requiring protest or notice of dishonour may not be introduced into the Bulk Exchange.

PART IV – PROCEDURES FOR PAPER ITEMS ACCEPTABLE FOR BULK EXCHANGE

Encoding

15. Each Member must exercise reasonable effort to reduce to a minimum the number of Unqualified Items.

Transaction Code

16. a. Subject to subsection (b), all Items drawn on a U.S. dollar account held with a Member or U.S. Dollar Items drawn on the Canada Post Corporation must be encoded with a Transaction Code 45 as per Standard 006[1].

    b. Subsection (a) does not include:

        i. Items encoded with an ABA Routing Number;

        ii. Items pre-encoded with a Transaction Code; or

        iii. paper PADs.

17. a. All machine-processable Items must be MICR Encoded as to amount prior to Exchange at Bulk Exchange Points.

    b. Delivering Direct Clearers must also MICR Encode other fields on Items as appropriate:

        i. Returned Item Carrier Envelopes (RICEs) (refer to Rule A4);

        ii. Return Replacement Documents (RRDs) (refer to Rule A10);

        iii. PADs (refer to Rule H1); and

        iv. Clearing Replacement Documents (CRDs) (refer to Rule A10).

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[1] The following Financial Institutions are temporarily exempt from the requirement to encode Transaction Code 45 on U.S. Dollar Items: Fédération des caisses Desjardins du Québec (currently using Transaction Code 11) and its members, the Credit Union Central of Nova Scotia (currently using Transaction Code 90) and its members and the Central 1 Credit Union (currently using Transaction Codes 644 and 6404) and its members. These institutions will work towards migrating to the new Transaction Code on a best efforts basis as soon as possible. This Transaction Code is included as a result of an amendment to Standard 006 published January 6, 2005. Cheques are required to meet all the document design specifications outlined in Standard 006, including the inclusion of Transaction Code 45 on U.S. dollar paper Items, no later than June 30, 2007.

c. Where outgoing Items are all-field rejected (exclusive of the amount field) by automated processing equipment, delivering Direct Clearers must not repair the Item.

d. Where any field on the outgoing original Payment Item (exclusive of the amount field) is rejected, and where a CRD is being created, the delivering Direct Clearer must follow the procedures set out in Standard 014.

Responsibility for Amount-Encoding Errors

18. The Member that initially MICR Encodes the amount on an Item or that Exchanges an Item encoded by any third party will be responsible for the difference provided the Item is returned within 90 calendar days of receipt by the Drawee.

Extraneous Items

19. Prior to amount-encoding an Item, each Extraneous Item must be removed, but where an Extraneous Item cannot be removed, the Item may not be amount encoded and must be deemed to be an Unqualified Item.

Correction of Encoding Errors

20. a. All MICR errors identified during processing must be corrected before the Items are Exchanged.

b. An incorrect bundle Listing must be adjusted in such a way that the corrected Item and the adjustment are clearly identified prior to the Exchange.

Segregation into Streams

21. U.S. Dollar Items must be prepared and segregated for each Direct Clearer according to the following streams (refer to Rule B2 for further information on the contents of each classification):

a. Encoded (Qualified Items). (Refer to Rule A1). This stream may include Unqualified Items $50,000 and over.

b. Unqualified. This stream includes paper Items which are not suitable for processing on a MICR reader/sorter, particularly,

i. Items without Institution Number MICR Encoding or with obvious changes to the domicile;

ii. mutilated Items, particularly where the bottom or right-hand edges are torn;

iii. unqualified returned and redirected Items;

iv. Items with attachments; and

v. adjusting entries.

c. Computer Rejects.

d. "O" – Images of paper-based Items Exchanged electronically using an ICP File as described in Rule A10.

e. "S" – Image of Returned Items Exchanged electronically using an ICP File as described in Rule A10.

Exchange of Paper Items

22. With respect to the Exchange of U.S. dollar paper Items:

a. all Items must be Exchanged by stream in separate bundles of not more than 300 Items, securely packaged to preserve the order of the Items;

b. a totaled list of Items in the order of the contents, indicating the processing date and the delivering Direct Clearer, must accompany each bundle;

c. the original of a Cheque Clearing Log prepared in accordance with the ACSS/USBE User Guide or Rule B2 must accompany each Exchange of bundles;

d. a Direct Clearer receiving Items in the "large" stream, must immediately verify the contents and total of the delivery and promptly advise the delivering Direct Clearer of any discrepancy; and

e. a receiving Direct Clearer must advise the delivering Direct Clearer of any discrepancy between the bundles received and relevant Cheque Clearing Logs or supporting lists.

Microfilming/Imaging

23. Prior to the Exchange of Items, each delivering Direct Clearer must:

a. microfilm or Image all Items, and ensure that necessary controls are in place to maintain the quality and integrity of all microfilmed and Imaged Items; or

b. when it has an equipment malfunction, make alternative arrangements with the receiving Direct Clearer.

Location and Time

24. At each Bulk Exchange Point, for the Exchange of U.S. Dollar Items:

a. each participating Direct Clearer, together with every other participating Direct Clearer, must agree upon a central location and subject to subsection (b), agree upon a time; and

b. the time must be no later than 12:30 hours local time.

New York Settlement

25. With respect to the Settlement of U.S. Dollar Items:

a. subject to subsection (b) and (c), each Direct Clearer must determine the net amount due to or from each other Direct Clearer, for its own Items and for Items of any non-participating Direct Clearer for which it is acting as USBE Settlement Agent;

b. each Direct Clearer must use either the information provided by the USBE system or by preparing the National Summary USBE Report (refer to Rule K5);

c. each Direct Clearer with amounts owing to other Direct Clearers must provide Settlement in New York (refer to Appendix III of this Rule); and

d. this section will apply to each non-participating Direct Clearer which has elected to appoint an Exchange Agent.

Method and Timing of Settlement

26. With respect to the method and the time of Settlement:

a. Settlement must be for value on the day of Exchange and provided for each Exchange date; and

b. each Exchange that takes place within Canada on New York bank holidays, Christmas Eve and New Year's Eve, must have their Settlement Value Dated for the next Business Day in New York.

Failure to Settle, Recalculation and Default

27. a. Where it has been determined by a participating Direct Clearer(s) that Settlement has not occurred and will not occur in New York, the Direct Clearer failing to provide Settlement must return to the participating Direct Clearer(s) from which they were received all Items for which Settlement will not occur. These Items must be returned free of entry.

b. Each of the affected Direct Clearers must then recalculate the net amount due to or from the Direct Clearer failing to provide Settlement, taking into consideration the Items returned by that Direct Clearer pursuant to subsection (a). Each affected Direct Clearer owing funds must provide Settlement as stipulated in section 26. Direct Clearers to which Settlement is due must have whatever means are at their disposal to recover the funds involved. Appendix V of this Rule illustrates the process just described.

c. Should the account in New York of the Direct Clearer failing to provide Settlement be frozen as a result of the fact that this Direct Clearer is in Default in Canada (refer to Rule L1), any net amount due to the defaulting Direct Clearer pursuant to subsection (b) must be forwarded to the liquidator or trustee.

Errors in Balance

28. Each participating Direct Clearer must balance the Items it receives and, where possible, give notice to the presenting Direct Clearer of any errors in time for the re-opening entries to be completed prior to final closing time of 14:45 hours ET, or the extended final closing time (refer to Rule K4).

Adjustments

29. Errors that are identified subsequent to the final closing time must be adjusted following the procedures in Rule K4 and errors in value may be subject to interest claims in accordance with Rule K6.

Failure to Meet Deadlines

30. With respect to the Exchange and Settlement of U.S. Dollar Items at each Bulk Exchange Point:

    a. where a Direct Clearer has failed to give notice of its deliveries to any participant prior to the initial closing time, that Direct Clearer will not be permitted to make deliveries on that day to any participating Direct Clearer that did not receive such notice.

    b. subject to subsection (c), where a Direct Clearer has failed to provide notice in respect of deliveries, it must retain those deliveries until the next Exchange; and

    c. despite subsection (b), each participating Direct Clearer must be present or be represented at the Bulk Exchange Point in order to receive deliveries from the other participating Direct Clearers, and must provide Settlement therefore.

Failure to Appear

31. With respect to a Direct Clearer that has failed to appear at any Bulk Exchange Point:

    a. at the Exchange location within 15 minutes of the Exchange time prescribed by the local Regional Clearing Association, that Direct Clearer will not be provided with Settlement for late deliveries for that day;

    b. subject to subsection (c), the deliveries must be held by the Direct Clearer that has failed to appear until the following Business Day; and

    c. despite subsection (b), the Direct Clearer must take delivery from and provide Settlement to the other Direct Clearers.

Returned Items and Responsibility for Items

32. With respect to the return of U.S. Dollar Items that are dishonoured:

a. where the Item is received by way of the USBE system, it must only be returned through that system in accordance with this Rule and in accordance with the timeframes and procedures specified in Rule A4. For procedures for returning an Item using an Image Printout, a CRD, a RRD, or an ICP File, refer to Rule A10; and

b. an Item that is received in U.S. dollars must be returned in U.S. dollars.

Point-of-Entry Office Stamp, Composition of the Stamp and Position of the Stamp

33. With respect to a Point-of-Entry Office:

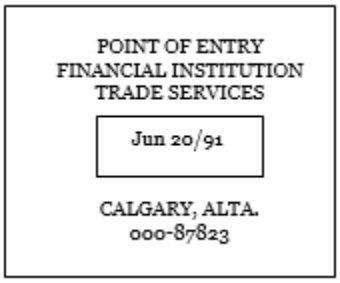
a. each Item that is received from outside Canada may be enfaced with a Point-of-Entry Office stamp;

b. where present, a Point-of-Entry Office stamp must:

i. be identified as a "point-of-entry" stamp, the 8 digit Transit Number and the date;

ii. be legible; and

iii. appear anywhere on the face of the Item except in the areas of the MICR band, the signature or the amount (refer to the example below).



c. for the purposes of this Rule, a Point-of-Entry Office stamp must not be deemed an Endorsement and the fact that it is absent, is not in itself a valid reason to return an Item.

Items in Dispute

34. Where a U.S. Dollar Item has been presented to and returned by the Drawee Member, that Item may be declared to be an Item in Dispute, in accordance with Rule A6.

Endorsements

35. For the purposes of Bulk Exchange, U.S. Dollar Items must be subject to Rule A3.

USBE System Contingency

36. a. Where a regional or local USBE system is subject to a system failure whereby a

Direct Clearer is unable to transmit its delivery data from its usual location or region prior to the initial closing time, that Direct Clearer must migrate to an alternative location or region.

b. Where the Association has declared a National Failure of the USBE system, each Direct Clearer must proceed in accordance with Rule K5.

c. When the final closing time has been extended due to a National Failure of the USBE system, each participant must remain on the USBE system and acknowledge re-openings without the usual notice by way of telephone communication.

Contingency Situation

37. Where a Direct Clearer is unable to make deliveries during a Contingency Situation, that Direct Clearer must nevertheless continue to accept deliveries and make Settlement in accordance with section 26 of this Rule and Rules K4 and K5. Procedures for ICP Exchange Contingency Situations are outlined in Rule A10.

Record Retention

38. Where a Direct Clearer is deemed to be "down", all records in respect of a period during which that Direct Clearer has suffered a Contingency Situation must be retained until that Direct Clearer has given notice that the records may be destroyed.

Tracing Clearing Errors and Use of Photocopies

39. Where applicable, Rule B10 will apply to the Bulk Exchange procedures.

APPENDIX I - BULK EXCHANGE POINTS FOR DIRECT CLEARERS

Location	Participating Direct Clearers	Non-Participating Direct Clearers	Exchange Agent
Montreal	Bank of Montreal Bank of Nova Scotia Royal Bank of Canada Toronto Dominion National Bank of Canada CIBC Laurentian Bank of Canada Alberta Treasury Branches Fédération des caisses Desjardins du Québec Central 1 Credit Union	Peoples Trust Company	Bank of Montreal
Toronto	Bank of Montreal Bank of Nova Scotia Royal Bank of Canada Toronto Dominion National Bank of Canada CIBC Laurentian Bank of Canada Alberta Treasury Branches Central 1 Credit Union	Fédération des caisses Desjardins du Québec Peoples Trust Company	National Bank Bank of Montreal
Winnipeg	Bank of Montreal Bank of Nova Scotia Royal Bank of Canada National Bank of Canada CIBC Toronto Dominion Laurentian Bank of Canada Alberta Treasury Branches Central 1 Credit Union	Fédération des caisses Desjardins du Québec Peoples Trust Company	National Bank Bank of Montreal

Location	Participating Direct Clearers	Non-Participating Direct Clearers	Exchange Agent
Vancouver	Bank of Montreal Bank of Nova Scotia Royal Bank of Canada National Bank of Canada CIBC Toronto Dominion Laurentian Bank of Canada Alberta Treasury Branches Central 1 Credit Union	Fédération des caisses Desjardins du Québec Peoples Trust Company	National Bank Bank of Montreal
Calgary	Bank of Montreal Bank of Nova Scotia CIBC National Bank of Canada Royal Bank of Canada Toronto Dominion Alberta Treasury Branches Laurentian Bank of Canada Central 1 Credit Union	Fédération des caisses Desjardins du Québec Peoples Trust Company	National Bank Bank of Montreal

APPENDIX II - PARTICIPATING DIRECT CLEARERS SETTLEMENT AND ACCOUNT CODES

Institution	ABA	UID	For the Account of	Payments Contact
Bank of Montreal	026007760 (Harris Bank, NY)	046440	Bank of Montreal (A/C 00002-1027937) (Reference: US Bulk Exchange, in field 59 Specify A/C 0098 4990-068)	(514) 877-7440
The Toronto-Dominion Bank	026009593 (Bank of America, NY)	026336	TD International Centre, Toronto (Acc 6550-8-26336)	(416) 982-2441
The Bank of Nova Scotia	026002532 (BNS, NY)	014628	The Bank of Nova Scotia, IBD, Toronto	(416) 866-6288
Canadian Imperial Bank of Commerce	026005092 (Wells Fargo Bank N.A., NY)	015035	Canadian Imperial Bank of Commerce, Head Office, Toronto, (Acc. # 2000193542208)	(416) 217-8531
Fédération des caisses Desjardins du Québec, Montréal	021000018 (Bank of New York)	238324	Fédération des caisses Desjardins du Québec (#890-0300-272)	1(855) 688-2433 Options 1-4-2
Banque Nationale du Canada	026009797 (First Chicago International, NY)	014897	National Bank of Canada, Montreal (Acc. #1001669)	(514) 394-6099
Royal Bank of Canada	021000021 (Chase Manhattan Bank N.A., NY)	144293	Royal Bank of Canada Investment Banking & Treasury Toronto, Ontario (A/C No. 001-1-153004)	(416) 842-4657

Institution	ABA	UID	For the Account of	Payments Contact
Banque Laurentienne du Canada	026005092 (Wachovia Bank N.A.)	027433	Laurentian Bank of Canada (Acc. # 20001935 43197) Attn: International Proof Department NJ 1848 420 Commerce Blvd Caristadt, NJ 07072 USA	(514) 284-4500 ext. 7924
Alberta Treasury Branches	026009593 (Bank of America N.A., NY)		ATB Financial (Acc.#1233235276)	corporatesettlements-ii-tmc@atb.com (844) 992-2894
Central 1 Credit Union	021001033 (Deutsche Bank Trust Company, NY)	055253	Central 1 Credit Union (Acc. #04459716)	(604) 737-5962
Peoples Trust Company	071000288 (BMO Harris Bank NA, NY)		Peoples Trust Company (Acc.#3750924) (Reference: USBE Settlement)	PTCDC_ACSS-USBE@peoplestrust.com (416)904-6481

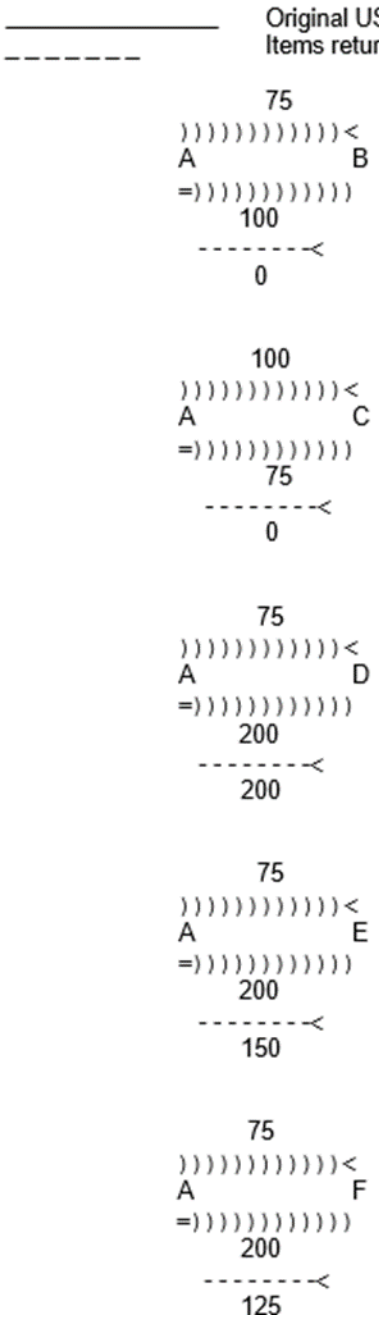
The participating Direct Clearers listed in this Appendix have undertaken to provide Settlement in New York directly between each other. The above information is the minimum information required to ensure the correct destination of funds wired in Settlement of U.S. Bulk Clearings.

APPENDIX III - ABA ROUTING NUMBERS OF ITEMS WHICH ARE DRAWN ON U.S. OFFICES OF CANADIAN DIRECT AND INDIRECT CLEARERS AND ARE ELIGIBLE FOR BULK EXCHANGE

Financial Institution	ABA Routing Number(s)	Institution which Owns the Routing Numbers
The Bank of Nova Scotia	026002532 123006130	The Bank of Nova Scotia The Bank of Nova Scotia
Royal Bank of Canada	026004093	Royal Bank of Canada
The Toronto-Dominion Bank	026003243	The Toronto-Dominion Bank
Canadian Imperial Bank of Commerce	026002558	Canadian Imperial Bank of Commerce

APPENDIX IV - EXAMPLE OF A FAILURE TO SETTLE

Note: The following scenario is based on a payments system in which there are seven USBE participants (A-G). Participant A fails to provide settlement due to other participants.



B receives settlement (of value 25) from A. Since settlement has occurred between A and B, A does not return items to B.

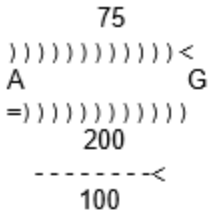
A receives settlement (of value 25) from C. Since settlement has occurred between A and C, A does not return items to C.

D does not receive settlement from A, and A returns all of the items it received from D (of value 200).

E does not receive settlement from A, and A returns items of value 150 to E (i.e., A is not able to return all of the items it received from E).

F does not receive settlement from A, and A returns items of value 125 to F.

EXAMPLE OF A FAILURE TO SETTLE (CONT'D)



G does not receive settlement from A, and A returns items of value 100 to G.

Results:

No action is taken with respect to the exchanges between A and B and between A and C, as the items involved have been settled.

D is required to provide settlement to A for value 75:

Original delivery from A to D	75
Less original delivery from D to A	(200)
Plus items returned from A to D	200
	75

E is required to provide settlement to A for value 25:

Original delivery from A to E	75
Less original delivery from E to A	(200)
Plus items returned from A to E	150
	25

No settlement is due to F from A, nor to A from F:

Original delivery from A to F	75
Less original delivery from F to A	(200)
Plus items returned from A to F	125
	0

G is owed settlement for value 25 from A, for which G has whatever means may be at its disposal to recover these funds:

Original delivery from A to G	75
Less original delivery from G to A	(200)
Plus items returned from A to G	100
	(25)