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## CHEQUE PRINTER SELF ACCREDITATION PROGRAM

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The self-accreditation program is being offered to eligible cheque printers beginning on June 1, 2010, and may be terminated at any time by participating financial institutions without notice or liability (except for reimbursement of fees paid to the Canadian Payments Association (operating as Payments Canada), as set out in Appendix A).

### INTRODUCTION

The Canadian Payments Association (operating as Payments Canada), together with the support of its Direct Clearer/Group Clearer members and the Canadian Cheque Manufacturers Industry Group has established a Cheque Printer Self Accreditation Program to facilitate the acceptance of cheques produced by self-accredited printers and processed by financial institutions with minimal reject rates.

Payments Canada strongly recommends that organizations that print their own cheques or contract custom cheque orders through a printing company submit samples to a financial institution for testing to ensure that they meet the specifications outlined in Standard 006<sup>1</sup>. In agreeing to meet the pre-requisites outlined below and by attesting to compliance with Payments Canada Standard 006, a printing company's cheques that are imprinted with a valid Printer ID# will be exempt from any requirement for routine Standard 006 testing by a Financial Institution or its designate.

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<sup>1</sup> CPA Standard 006 - Specifications for MICR-Encoded Payment Items available at [https://www.payments.ca/sites/default/files/standard\\_006\\_complete.pdf](https://www.payments.ca/sites/default/files/standard_006_complete.pdf)



## ELIGIBILITY FOR SELF-ACCREDITATION

This Self Accreditation Program is available to all Canadian cheque printing companies that: (1) produce business or retail cheques for sale in Canada; and (2) are able to attest to meeting the requirements set out in this document.

## ROLES AND RESPONSIBILITIES

**Direct Clearers and Group Clearers:** Direct Clearers and Group Clearers agree to exempt any cheques drawn on accounts held with them that have been produced by a self-accredited printer from routine Standard 006 testing. They will also agree to abide by the Dispute Resolution Process, as set out in section 3.0, below. Direct and Group Clearers reserve the right to conduct non-routine testing on any cheques produced by a self-accredited cheque printer (e.g., for reasons of suspect quality or in relation to a specific marketing product such as positive pay or payee name matching.)

**Canadian Cheque Printers:** Cheque printers which elect to self-certify under the terms of this program agree to pay an enrolment fee (and renewal fee) to Payments Canada, comply with the terms of this program and abide by the Dispute Resolution Process as set out in section 3.0, below.

**Payments Canada:** Payments Canada will administer the Cheque Printer Self Accreditation Program.

**Cheque Printer Self Accreditation Group:** The Cheque Printer Self Accreditation Group (CPSAG), comprised of two members representing financial institutions, two members representing the Canadian Cheque Manufacturers Industry Group, and Payments Canada representative will be established with the mandate to provide support to Payments Canada in its administration of the Self Accreditation Program and to carry out the Dispute Resolution Process as described in section 3.0, below.



Under no circumstances will Payments Canada be liable for any loss or damage suffered by a member or a cheque printer or any other person for any error or omission pertaining to the self-accreditation process or the administration of the self-accreditation program.

## 1.0 SELF ACCREDITATION PROCEDURES

- 1.1. Subject to section 1.2 below, Payments Canada, on behalf of the CPSAG, will provide a Printer Identification Number to any eligible cheque printer who attests to compliance with CPA Standard 006 within acceptable tolerances and deviations as per that Standard, and attests to meeting the additional requirements set out in this document.
- 1.2. The Printer shall pay an enrolment fee to Payments Canada, due within 30 days of receiving its Printer Identification Number. Refer to Appendix A, "Schedule of Fees".
- 1.3. Self accredited printers will be allocated a four digit Printer Identification Number by Payments Canada. This number must be printed on the reverse (back) of all cheques in the upper right hand corner, for identification purposes, in a minimum 10 point font size and a minimum Print Contrast Signal of 0.60 and shall be prefaced by the words, "Printer ID#" (example: "Printer ID# 1234").
- 1.4. A Printer may optionally use the letter "B" at the end of the Printer Identification Number, separated by a dash, to identify cheques for which they are only responsible for the base paper stock (example: "Printer ID# 1234-B").
- 1.5. A Printer is also permitted an additional one character alphabetic suffix immediately following the Printer Identification Number for internal tracking purposes. This optional one character suffix may not be a "B" to avoid confusion with a "B" used in accordance with section 1.4, above. (examples: "Printer ID# 1234X"; or "Printer ID# 1234X-B").
- 1.6. Payments Canada, on behalf of the CPSAG, will maintain and publish on its website (<https://www.payments.ca/our-directories/self-accredited-cheque-printers>) an alphabetical list of the names and Printer Identification Numbers of all self accredited printers.
- 1.7. Printers will be required to re-attest to self accreditation annually and pay a renewal fee. Refer to Appendix A, "Schedule of Fees". Payments Canada will issue an invoice for the renewal fee no later than 30 days prior to the expiry of the self accreditation. Failure to pay the renewal fee prior to the date of expiry of the self accreditation will result in the automatic revocation of the Printer Identification Number.



- 1.8. Customers of self accredited Printers will not be required to submit sample cheques to their Financial Institution for testing provided that a valid Printer Identification Number has been printed on the back of the cheque.
- 1.9. Printers are prohibited from printing an invalid, expired or revoked Printer Identification Number on the back of any cheques.
- 1.10. In order to have their cheques exempt from a Financial Institution's cheque testing requirements, a Printer must submit an attestation (in the form of the sample provided in Appendix B) that they have performed a self assessment and meet the pre-requisites and agree to the requirements outlined in this document.
- 1.11. The Printer agrees to put adequate cheque testing processes in place, following industry best practices, in order to ensure that all cheques imprinted with their Printer Identification Number are in compliance Payments Canada Standard 006 within acceptable tolerances and deviations as per that Standard. Industry best practices are outlined in Appendix C.
- 1.12. All testing equipment used by printers must be properly maintained and calibrated as per the manufacturer's instructions. Industry best practices are outlined in Appendix C.
- 1.13. Upon request, the Printer agrees to provide a report(s) to their customers verifying that a sample of cheques from each print order/run has been tested and that the cheques are in compliance with Payments Canada Standard 006.
- 1.14. The Printer agrees to maintain records of cheque testing reports and equipment maintenance and calibration reports for a minimum period of two years.
- 1.15. Printers are prohibited from representing in any way that Payments Canada has endorsed or accredited the printer or any of its products.

## **2.0 REVOCATION OF PRINTER IDENTIFICATION NUMBERS**

- 2.1. Production problems identified by Financial Institutions resulting from reader/sorter rejection rates exceeding 1% (per Payor) or from poor image quality and traced back to a specific Printer (using the Printer Identification Number) will result in a review by the CPSAG of the Printer's compliance with the self accreditation requirements.
- 2.2. Problems identified by Financial Institutions relating to a printer's failure to meet any of the requirements set out in this document, will result in a review by the CPSAG of the Printer's compliance with the self accreditation requirements [following the Dispute Resolution Process in Section 3.0 below].



- 2.3. Within 5 business days of becoming aware of a potential compliance issue, Payments Canada on behalf of the CPSAG will issue a letter advising the Printer that an issue has been raised.
- 2.4. The Printer must respond to Payments Canada within 10 business days of receiving a letter confirming receipt of the letter and advising of any corrective action to be taken to resolve the issue.
- 2.5. If the Printer is found by the CPSAG to be in non-compliance with the self accreditation requirements their self accreditation will be revoked.
- 2.6. Printers who have had their self accreditation revoked for reasons other than non payment of renewal fees will be permitted to re-apply for self accreditation following a period of one year from the date that the self accreditation was revoked and will be required to pay the application fee and attest to any corrective action taken in relation to the problem which lead to the revocation of their Printer Identification Number.
- 2.7. Printers who have had their self accreditation revoked for failure to pay the renewal fee will be permitted to re-apply for self accreditation at any time and will be required to pay the enrolment fee.

### **3.0 DISPUTE RESOLUTION**

- 3.1. Any disagreement, dispute, question or issue (a “dispute”) arising out of or relating to the self accreditation program will be referred in writing to the CPSAG c/o Payments Canada for resolution.
- 3.2. The CPSAG may retain the services of third party experts in support of the dispute resolution process.
- 3.3. Any costs incurred by the CPSAG or Payments Canada in connection with the resolution of dispute will be reimbursed by one or both of the parties involved in the dispute, as determined by the CPSAG.
- 3.4. The CPSAG will determine an efficient method(s) by which it will attempt to resolve the dispute (e.g., by telephone, email communications or face to face meetings), which will provide each party a reasonable opportunity to present its position. Resolution of the dispute will be by a majority decision of the members of the CPSAG.



## APPENDIX A

### SCHEDULE OF FEES

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All fees are payable to Payments Canada, and are intended to cover the costs of the administration of the Self Accreditation Program. No fees will be collected for participation in the trial period. The fee structure will be reviewed annually by Payments Canada, in consultation with the CPSAG, to ensure full recovery of all costs.

#### ENROLMENT FEE:

An enrolment fee of \$1000.00 (plus applicable taxes) is payable upon initial enrolment in the Cheque Printer Self Accreditation Program.

A Printer who has had its self accreditation revoked is required to pay the enrolment fee when having its self accreditation re-instated.

#### RENEWAL FEE:

A renewal fee of \$350.00 (plus applicable taxes) is payable each year by all Printers who remain in good standing in order to maintain its self accreditation.

#### REIMBURSEMENT OF FEES:

An accredited Printer that withdraws from participation in the Program will not be reimbursed for any paid enrolment or renewal fees.

If the Program is terminated by participating financial institutions, Payments Canada will reimburse each accredited Printer as follows:

- (a) If the Program is terminated in the first year of a Printer's enrolment, the enrolment fee will be reimbursed on a pro-rated basis for the remainder of that year.



(b) If the Program is terminated in the second or subsequent year of a Printer's enrolment, the renewal fee paid for that year will be reimbursed on a pro-rated basis for the remainder of the year. No amount will be reimbursed for the enrolment fee or renewal fee(s) paid in a previous year.



## APPENDIX B

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### *CHEQUE PRINTER SELF ACCREDITATION APPLICATION*

On behalf of, [insert company name], we confirm that a self-assessment has been completed and attest that [insert company name] meets the pre-requisites and requirements outlined in the *Cheque Printer Self Accreditation Program* (version 1.1, dated 26-01-2017) and that our documents are compliant with Standard 006 within acceptable tolerances and deviations as per the standard. Further, we agree to abide by the terms of the Self Accreditation Program including the Dispute Resolution Process.

Dated: \_\_\_\_\_

Signature of Signing Authority: \_\_\_\_\_

Title of Signing Authority: \_\_\_\_\_

### **Contact Information**

Company Name: \_\_\_\_\_

Contact Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Email Address: \_\_\_\_\_





Please submit documentation to:

[info@payments.ca](mailto:info@payments.ca)



## APPENDIX C

### Best Practices for Cheque Testing

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Under the terms of the Self Accreditation Program, printers attest to the capability to produce Standard 006 compliant cheques. The following guidelines are based on industry best practices and are provided to assist Printers in this regard.

#### 1.0 CHEQUE TESTING EQUIPMENT

1.1. Equipment used by Self Accredited Printers must meet industry best practices. Currently all equipment used in Canada for qualifying and testing MICR Signal Strength<sup>2</sup> and image readiness is manufactured by RDM Corp ([www.rdmcorp.com](http://www.rdmcorp.com)). The list of equipment contained in sections 1.2 and 1.3, below, constitutes equipment recommended by RDM in 2008 for performing tests to comply with CPA Standard 006.<sup>3</sup> New equipment developed by RDM or another cheque test equipment manufacturer may be added to this list of recommended test equipment, at the recommendation of the CPSAG.

1.2. To test for compliance with CPA Standard 006, self accredited printers are required to have equipment produced no earlier than 1995 that will test for: image readiness and MICR (including at a minimum signal level, character dimension, character spacing, country format and extraneous ink/toner).

1.2.1. Required Image Testing Equipment

(A) Image Qualifier IQX97 - OCR

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<sup>2</sup> RDM MICR Testing Equipment tests for magnetic signal level, character dimension (magnetically and must be confirmed optically), character spacing, country format (not account numbers) and extraneous ink. It does not test for embossment and / or debossment. For other testing options and equipment see [www.clearwave.net](http://www.clearwave.net).

<sup>3</sup> Any test device manufactured by RDM prior to 1995 does not conform to Payments Canada standards and the signal level can be out by as much as 30+% depending on the printing technology used.



The Image Qualifier tests for Image Readiness.

1.2.2. Required MICR Testing Equipment (at least one of the following):

(A) MICR Qualifier (GTX)



The most accurate MICR testing device and is used by financial institutions around the world to analyze MICR documents. The GTX reader attaches to a Windows based PC where software offers extensive analysis and reporting capability. New releases of software offer added functionality without affecting the accuracy of the test.

(B) MICR Verifier



The MICR Verifier was designed as a less expensive standalone MICR tester. The test is the same test that the GTX offers (signal level, character dimensions, format, spacing & extraneous ink/toner, but the Verifier does NOT meet all required specifications). The discrepancy in signal level is up to 10%.



### (C) MH(x) Verifier



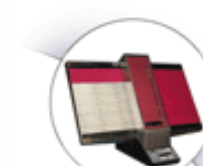
The MH(x) Verifier incorporates all the features of the MICR Verifier and in addition will analyze three-up cheques.

### (D) In-Line Verifier



The In-Line Verifier is designed for use when printing continuous cheques allowing brief pauses in print without disruption to web.

### (E) Check Sheet



The Check Sheet is used for testing the MICR of an entire sheet for large-scale operations.

- 1.3. To test for compliance with CPA Standard 006, self accredited printers may also use: printing and layout gauges; pocket comparators; SGM Vision System & SGM-1 Tester; and Easy Check (*For further information: [www.clearwave.net](http://www.clearwave.net) or [www.rdmcorp.com](http://www.rdmcorp.com)*)



- 1.4. Equipment is acceptable as long as it continues to function in compliance with the most current standards as determined by the Canadian Standards Association or until equipment is no longer functioning within the manufacturer's specifications.

## **2.0 MICR EQUIPMENT CALIBRATION**

- 2.1. All MICR Testing Equipment shall be calibrated at least weekly or if used less frequently, upon use. If equipment maintains calibration within + or – 2 points consistently, calibration is not required as often, conversely, if equipment goes out of calibration quickly, ensure more frequent calibration and consider a maintenance overhaul.<sup>4</sup> If equipment does not calibrate properly, it must be returned to the manufacturer or other approved service technician for repair and recalibration.
- 2.2. Calibration includes calibration for Transport Speed and Signal Strength. When calibrating, Transport Speed should be calibrated first, followed by calibration for Signal Strength.
- 2.3. For Dimension Measurements, Standard 006 requires compliance to a stroke width tolerance of + or – 0.003". Only the MICR Qualifier GTX is preset with a stroke width tolerance of + or – 0.003", other equipment is shipped with a preset width tolerance of + or – 0.004" and should be adjusted for compliance.<sup>5</sup> For detailed instructions on calibration, printers should contact the equipment manufacturer.

## **3.0 IMAGE QUALIFIER CALIBRATION**

- 3.1. The Image Qualifier shall be calibrated at least monthly as directed by the software program or more frequently as the user determines. The system logs calibration and logs can be printed for permanent record retention.

## **4.0 CALIBRATION DOCUMENTS**

- 4.1. MICR Testing Equipment: Calibration Documents are supplied with testers and have recommended expiry dates indicated on the document. However, depending on tester use, documents should be replaced every 12 – 18 months or when the calibration record provided with the Calibration Document is full. Signal Strength Documents are magnetic and should be stored away from electric or magnetic fields. If the documents become soiled or damaged, documents should be replaced more often.

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<sup>4</sup> Per RDM Corp

<sup>5</sup> Per RDM Corp



- 4.2. Image Qualifier Equipment: Calibration Documents are provided with each new Image Qualifier. Documents should be kept in a clean, dark environment to prevent damage from exposure to light. Calibration documents should be replaced if document is damaged. Calibration Documents are available from [www.rdmcorp.com](http://www.rdmcorp.com) or [www.clearwave.net](http://www.clearwave.net).

## 5.0 MAINTENANCE

- 5.1. MICR testing equipment is particularly sensitive to wet ink and toner build-up on the rollers and reading heads affecting the read speed and accuracy of measurement. The manufacturer recommends that MICR Testing Equipment be serviced every 12 – 18 months. Rollers and belts should be changed, ink and toner removed from read heads and equipment recalibrated by an approved service technician. (For equipment warranty service see manufacturers warranty agreement or check with your service provider.)
- 5.2. For the maintenance of image qualifier equipment, clean glass surface of scanner with soft lint free cloth to ensure clear readings.

## 6.0 TRAINING

- 6.1. Supervisors, Press Operators, Quality Control Staff and Management, as determined by Printer are trained on the proper use of The Image Qualifier and MICR testing equipment. Only trained staff shall perform quality testing.
- 6.2. Training Records shall be maintained for all staff who has received training for at least the length of Accreditation.

## 7.0 TESTING

- 7.1. MICR and image testing must be performed at print setup and prior to run approvals. Only staff that has been trained and accredited by the Printer to carry out MICR Readability and Image Qualification tests shall perform testing.
- 7.2. Best practices suggest that in a digital/toner environment testing is required every 3000–5000 cheques. Ribbons shall be checked every time they are replaced. Offset is generally tested about every 20 minutes of run time or when the printing is halted.
- 7.3. Tests will include at a minimum:

### MICR Testing

- i. Signal Level Averages
- ii. Character Dimension (magnetic and visual inspection)



- iii. Character Spacing
- iv. Country Format (MICR spec sheets shall be used)
- v. Extraneous Ink / Toner
- vi. Visual CheckOther Checks to ensure Standard 006 compliance

IMAGE Qualifier - Tests are performed for both *Front & Back* of Cheque

- i. Legibility
  - ii. Dynamic Contrast
  - iii. Reflectance
- 7.4. Where documents are found to be non-compliant, production will stop, produced & non-conforming materials destroyed and testing repeated until compliance is achieved. Non-conforming product must not be shipped