



**PAYMENTS
CANADA**

RULE K8

U.S. DOLLAR AUTOMATED FUNDS TRANSFER SYSTEM

2023 CANADIAN PAYMENTS ASSOCIATION

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IMPLEMENTED

April 9, 1998

AMENDMENTS PRE-NOVEMBER 2003

May 11, 1998, July 19, 1998, December 7, 1998, February 1, 1999, May 7, 1999, October 7, 1999, November 18, 1999, January 17, 2000, June 5, 2000, October 5, 2000, June 4, 2001, November 29, 2001, April 15, 2002, July 15, 2002, November 25, 2002, January 27, 2003, and March 31, 2003.

AMENDMENTS POST-NOVEMBER 2003

1. Section 10(d), approved by the Board June 29, 2004, effective January 5, 2005.
2. Removal of Appendices II and IV, approved by the Board October 6, 2005, effective December 5, 2005.
3. Amendments to accommodate the elimination of Returned Item Vouchers, approved by Board October 11, 2007, effective October 20, 2008.
4. General review of Rule, approved by the Board June 18, 2015, effective August 17, 2015.
5. Amendments to update the rule to accommodate the adoption of ISO 20022 AFT message formats, approved by the Board February 18, 2016, effective April 18, 2016.
6. 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.
7. Amendments to accommodate changes to serviceability codes and exchange timeframes, approved by the Board June 22, 2017, effective September 17, 2018.
8. Amendments to change the name to USBE Settlement Agent and update language to align with AFT rules. Approved by the Board May 13, 2022, effective June 13, 2022.
9. Amendments to add the requirement for the retention of File Creation Numbers for USD AFT Files. Approved by the Board March 2, effective May 3, 2023.

Introduction

1. This Rule outlines the procedures applicable to the exchange and settlement of USD AFT Files between Direct Clearers, which differ from those applicable to the Canadian dollar AFT environment. USD AFT Files shall be delivered on a separate file from CAD AFT Files.

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

2. The procedures outlined in this Rule are applicable to all AFT Logical Record Types as defined in CPA Standard 005 and all ISO AFT Message Formats as defined in the ISO AFT Usage Guidelines.

References

3. This Rule shall be read in conjunction with the following Rules and Standards:
 - a. Section "F" of the ACSS Rules;
 - b. Rules L1 and L2;
 - c. Standards 005, 007, and 018;
 - d. The ISO AFT Usage Guidelines; and
 - e. The List of Account Number Formats and Validation Criteria.

Participation

4.
 - a. A Direct Clearer shall receive USD AFT Files (either on its own or through another Direct Clearer).
 - b. In the event that a Direct Clearer participates in the clearing, either to receive or to receive and deliver USD AFT Transactions, through another Direct Clearer, it shall, by separate agreement, require the Direct Clearer performing the clearing services to comply with this Rule on its behalf. Pursuant to section 7, Settlement shall be performed by each Direct Clearer on its own behalf.
 - c. A list of Direct Clearers registered in accordance with section 5 is maintained by the CPA.
 - d. The registration form for USD AFT participants is attached as Appendix II.

Registration of Direct Clearers

5.
 - a. Direct Clearers shall register with the CPA either to receive or to receive and deliver USD AFT Transactions and to effect settlement. If a Direct Clearer chooses only to receive USD AFT Transactions, and at a later date wishes also to deliver

- such items, it shall undertake another registration and process test files in accordance with subsection 4(c) below. New registrations to participate in USD AFT exchange shall be made at least 180 days prior to implementation date.
- b. Registration shall constitute notice to other participants of each Direct Clearer's election to receive or to receive and deliver USD AFT Transactions and to effect settlement for them (subject to subsection 4(c)). The CPA shall notify Direct Clearers of all new registrations, including implementation dates, within two (2) business days of registration.
 - c. Each Direct Clearer that receives or receives and delivers USD AFT files for itself or another Direct Clearer shall exchange and successfully process test files with each of the other Direct Clearers performing such function(s) prior to exchanging production files.

Retention of File Creation Numbers

6. Each Processing Direct Clearer shall maintain a record of the last 10 File Creation Numbers processed for USD AFT Files. If the number does not conform to CPA Standard 005 it is cause for rejection.

Lead Times & Funds Availability

7.
 - a. Each Processing Direct Clearer or Indirect Clearer shall, unless otherwise required by applicable legislation, be responsible for ensuring USD AFT or ISO AFT Credit Transaction funds are credited to the Payee's account and available for withdrawal or other use by the Payee by the opening of business on the Due Date of the transaction, provided that the transactions were exchanged within the Serviceability Code time frames outlined in Rule F1.
 - b. For the purposes of USD AFT or ISO AFT Credit Transactions, branches designated as Serviceability Code "0" will be treated as though they are Serviceability Code "1".

Settlement, Timing of Exchange and Settlement and Location of Settlement and U.S. Holidays

8. With respect to the settlement of USD AFT Transactions:
 - a. each Direct Clearer shall 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 acts as USBE Settlement Agent;
 - b. each Direct Clearer shall use either the information provided by the USBE system or by preparing the National Summary USBE Report (Refer to Rule K5, Appendix III);

- c. each Direct Clearer with amounts owing to other Direct Clearers shall provide settlement in New York;
- d. each Direct Clearer shall maintain for a period of one year, a summary of USD AFT and ISO AFT Debit and Credit Transactions by Exchange Point, by USD AFT File, and by due date for all USD AFT Transactions received and delivered;
- e. no Settlement shall be made for rejected USD AFT Files;
- f. subject to subsection 8(g), all USD AFT Transactions shall be settled for in New York on due date;
- g. USD AFT Files shall be exchanged only during the morning exchange prior to 9:30 a.m. Eastern Time with file rejection notification to occur no later than noon Eastern Time. Settlement shall be effected in New York on due date or on the date of exchange for transactions delivered after due date. The Summary of Data Delivered Report shall be sent to the Processing Direct Clearer at, or prior to, the time of transmission;
- h. each exchange that takes place within Canada on U.S. bank holidays shall have its settlement value dated for the next business day in New York.

USBE Entries

- 9.
 - a. On each Settlement day, each Processing Direct Clearer shall initiate, using stream identifier "C" or "AFTC", as applicable, in the National Electronic Bulk Exchange Point, a debit entry against each of the other Direct Clearers from which it has received USD Credit Transactions (i.e., Logical Record Types "C", "F" and "J" or ISO AFT Credit Transactions, ISO AFT Payment Return for a Credit and ISO FI to FI Payment Reversal for Credits) for Settlement that day. Each debit entry shall specify the total number and value of USD AFT Transactions received from the Direct Clearer being debited. Such debit entry shall be made no later than 14:30 hours ET.
 - b. On each Settlement day, each Originating Direct Clearer shall initiate, using stream identifier "D" or "AFTD", as applicable, in the National Electronic Bulk Exchange Point, a debit entry against each of the Direct Clearers to which it has delivered USD Debit Transactions (i.e., Logical Record Types "D" and "E" or ISO AFT Debits, ISO AFT Payment Return for Debits and ISO AFT Payment Reversals for Debits) for Settlement that day. Each debit entry shall specify the total number and value of USD AFT Transactions delivered to each Direct Clearer being debited. Such a debit entry shall be made no later than 14:30 hours ET.

APPENDIX I - REGISTRATION FORM FOR USD AFT

REGISTRATION FORM FOR USD AFT TRANSACTION DIRECT PARTICIPANTS

Registrant FI Name:	Institution Number:
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Registration to: [check (✓) box(es)]

USD AFT Transactions	Implementation Date: _____/_____/_____ Day Month Year
<input type="checkbox"/> Receive and deliver	
Registrant utilizes account validation routines? If yes, current routines are published in the CPA's <i>List of Account Number Formats and Validation Criteria</i> ?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No

NOTE: Direct Clearers must register prior to implementation date.
Date of receipt of the written registration at the CPA shall constitute date of registration.
All Direct Clearers must receive U.S. Dollar AFT payments as of June 5, 2000.

NATIONAL POINT OF CONTACT - USD AFT Transactions	
NAME: _____	_____
First	Initial Last
ADDRESS: _____	
Suite/Floor	Street
City	Prov./State Postal Code/Zip Code
Tel: _____	Fax: _____

USD AFT File Exchange Point(s):

Registration Form Completed By:

Name (Please Print)	_____/_____/_____ Phone Number
Signature	Date

Please return to:
 Canadian Payments Association
 Payment Operations
 Tel: 1-800-238-4173, Fax: (613) 233-3385
 opshd@payments.ca