

CANADIAN PAYMENTS ASSOCIATION
ASSOCIATION CANADIENNE DES PAIEMENTS

Procedural Reference Document PRD-002

**PROCEDURES FOR U.S. DOLLAR AND FOREIGN CURRENCY
TRANSFERS WITHIN CANADA**

November 2009

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INTRODUCTION

1. Members within Canada, shall provide S.W.I.F.T. transfer of U.S. funds and foreign currencies to other Members within Canada in accordance with the procedures detailed in the following sections if the account of the beneficiary is domiciled in Canada. "Members" refers to both Canadian Banks and Non-bank financial institutions acting on their own behalf or on behalf of their foreign branches, affiliates and/or subsidiaries. A current list of Members can be found in Appendix I.

Members may request that all USD or foreign currency items be settled via S.W.I.F.T.

CUT-OFF TIMES

2. The following cutoff times apply:
 - a. When executing a USD transfers, for same day value within Canada, requests sent by S.W.I.F.T. must be received at the offices identified in Appendix II by 17:00 Hours Eastern Time. Requests received after 17:00 hours Eastern Time will be processed on a best efforts basis.
 - b. For foreign currency exchanges, requests sent by S.W.I.F.T. must be received by 17:00 hours Eastern Time one business day prior to value date. Requests received after 17:00 hours Eastern Time will be processed on a best efforts basis.

FORMAT OF REQUEST

3. Requests to Members designated in Appendix II and Appendix III, shall be made by:
 - a. S.W.I.F.T. MT103 (Customer Transfer) - where one of the parties is not a financial institution defined by S.W.I.F.T. Refer to Appendix IV for examples and format; or
 - b. S.W.I.F.T. MT202 (FI Transfer). Refer to Appendix IV for examples and format.

FOREIGN CURRENCY COVER

4. When executing a transfer on behalf of a customer, Members may choose to execute a serial MT103 or an MT103 with cover. For those that choose to execute a cover payment it should be provided by S.W.I.F.T. MT 202 COV in the formats illustrated in Appendix IV in favour of the receiving Member based on the standard settlement instructions contained in Appendices II and III.

NON-ACCEPTANCE

5. Where a receiving Member does not accept a payment instruction it shall:
 - a. immediately advise the sending Member that it is not accepting the payment instruction and advise the sending Member of the S.W.I.F.T. message type it shall use to confirm the non-acceptance in accordance with one of the options described in paragraph 5 b) below; and
 - b. confirm the same day the non-acceptance of the payment instruction by sending a message via S.W.I.F.T. using one of

the two following options:

- i. S.W.I.F.T. MT 202 The beneficiary in field 58 shall be the Member which sent the original payment instruction. The non-accepting Member shall include the following information in field 72:

"this message is in cancellation of your MTXXX dated YYYYMMDD" followed by a brief explanation; or

- ii. S.W.I.F.T. MT 199 or MT 299 - For foreign currency transfers, the MT 199/299 shall be sent the same day. For USD transfers, the MT199/299 shall be sent the same day if possible but not later than 1200 Hours Eastern Time the following business day.

The receiving Member must also send a message (MT202) to pay the foreign correspondent of the original sending Member, to return funds for value as per original instructions.

CANCELLATIONS SAME DAY

6. Where the sending Member wishes to cancel a USD or foreign currency payment instruction, the following procedures shall apply:
 - a. the sending Member shall by telephone immediately request the receiving Member to cancel the payment instruction and send a S.W.I.F.T. MT 192/292 or 199/299 to confirm the request to cancel.
 - b. the receiving Member shall confirm the cancellation of the USD or foreign currency payment instruction by sending a message via S.W.I.F.T., to the original sending Member using one of the two following options:
 - i. S.W.I.F.T. MT 202- For USD and foreign currency payments, the confirmation must be made the same day. The beneficiary in field 58 shall be the Member which sent the original payment instruction. The Member confirming the cancellation shall include the following information in field 72:

"this message confirms your cancellation of your MTXXX dated YYYYMMDD" followed by a brief explanation; or
 - ii. S.W.I.F.T. MT 199 or MT 299 - For USD and foreign currency payments, the MT 199/299 must be made the same day.

The receiving Member must also send a message (MT202) to pay the foreign correspondent of the original sending Member to return funds for value as per original instructions, if possible.

If the payment has already been effected, the receiving Member will advise the sending Member and will take the necessary steps to recall the funds and refund the sending Member the recovered funds less any out of pocket expenses, if any.

CONTINGENCY

7. Members should have contingency plans in place for payment systems and S.W.I.F.T. lines.

APPENDIX I**LIST OF MEMBERS FOR
FOREIGN CURRENCY TRANSFERS**

Alberta Treasury Branches

Bank of America N.A.

Bank of Montreal

The Bank of Nova Scotia

BNP Paribas (Canada)

La Caisse centrale Desjardins du Québec

Canadian Imperial Bank of Commerce

Citibank Canada

HSBC Bank Canada

Laurentian Bank of Canada

National Bank of Canada

Royal Bank of Canada

The Toronto-Dominion Bank

**LIST OF MEMBERS FOR
USD TRANSFERS**

ABN AMRO Bank Canada N.V.

Alberta Treasury Branches

Bank of America N.A.

Bank of Montreal

The Bank of Nova Scotia

BNP Paribas (Canada)

La Caisse centrale Desjardins du Québec

Canadian Imperial Bank of Commerce

Citibank Canada

Deutsche Bank Canada A.G.

HSBC Bank Canada

Laurentian Bank of Canada

Mellon Bank Canada

National Bank of Canada

Royal Bank of Canada

The Sumitomo Bank of Canada

The Toronto-Dominion Bank

APPENDIX II

**LIST OF DESIGNATED OFFICES FOR THE RECEIPT AND SETTLEMENT
OF U.S. DOLLAR TRANSFERS WITHIN CANADA**

(Note: This appendix is published separately by the CPA)

APPENDIX III

**STANDARD SETTLEMENT INSTRUCTIONS FOR PARTICIPATING MEMBERS
FOR FOREIGN CURRENCY TRANSFERS**

(Note: this appendix is published separately by the CPA)

APPENDIX IV

EXAMPLE 1 - U.S. DOLLAR TRANSFER WITHIN CANADA *

The example provided below illustrates the information and message flows along with the message format and content for a client initiated USD transfer in Canada between two members. The scenario is based on the use of the MT 103 with cover (MT 202 COV) being provided to U.S. correspondents for settlement via either Fedwire or CHIPS. The same example could be used to depict a foreign currency transfer in Canada by modifying the currency and content of the message accordingly to reflect correspondent relationships. The same message types and formatting would be used in a foreign currency example.

MT 103 Customer Transfer (with cover)

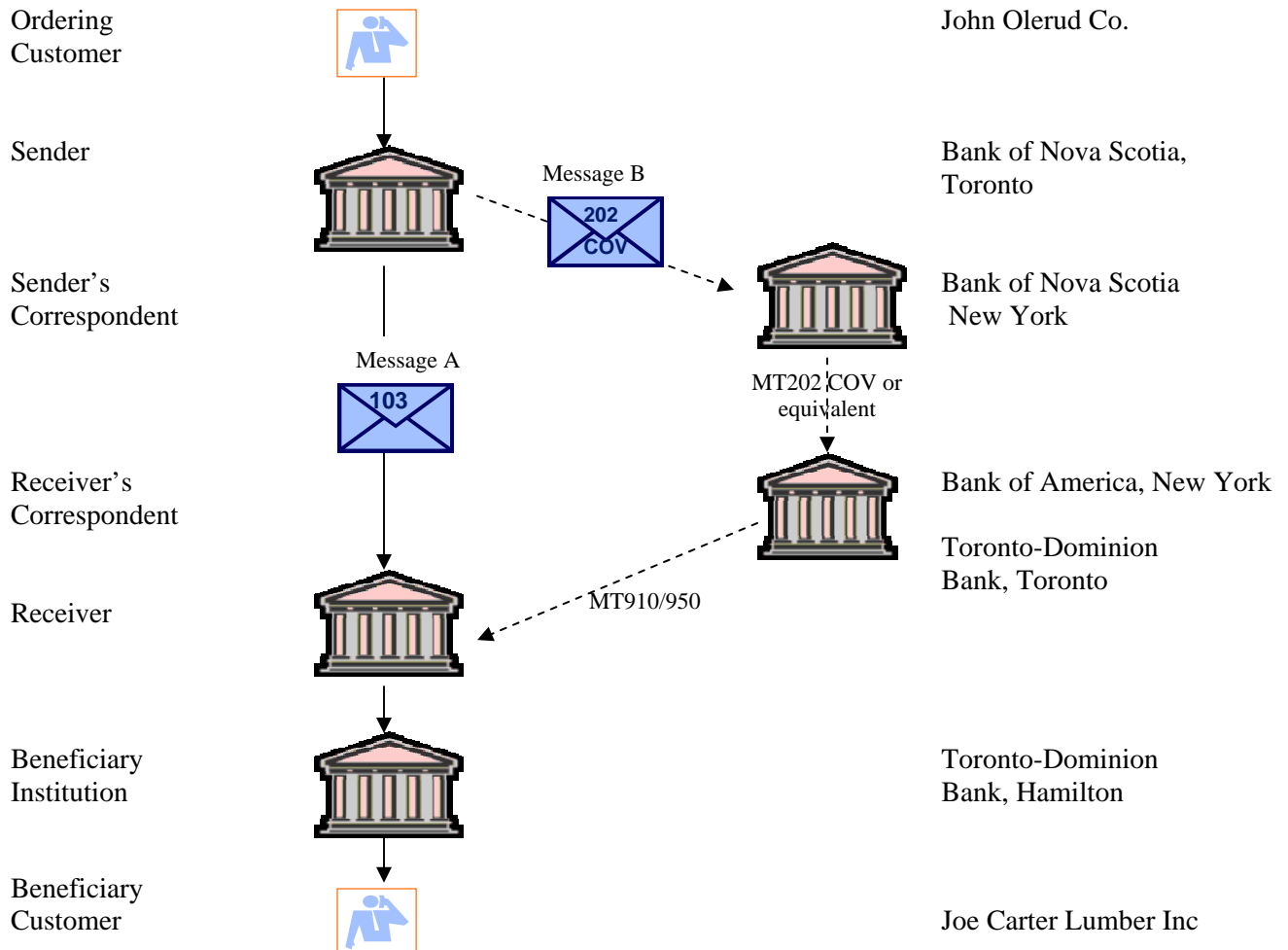
Value September 9, 1999, John Olerud Co. provides instructions to Bank of Nova Scotia, Toronto to pay USD\$ 12,000.00 into Joe Carter Lumber Inc.'s account (number 6709876) with Toronto-Dominion Bank, 234 Main St., Hamilton.

Bank of Nova Scotia sends two S.W.I.F.T. messages:

- A. A customer transfer request to Toronto-Dominion Bank, Toronto using reference 01234567890123456.
- B. A cover message (MT202 COV) to Bank of Nova Scotia, New York for the USD payment, using reference 56789/COV, which is provided through Toronto-Dominion, Toronto's account number 5551212 at the Bank of America, New York. Note that should a serial MT103 customer transfer request be sent to Toronto-Dominion Bank, a cover message to Bank of Nova Scotia, New York, United States for the USD payment is not required.

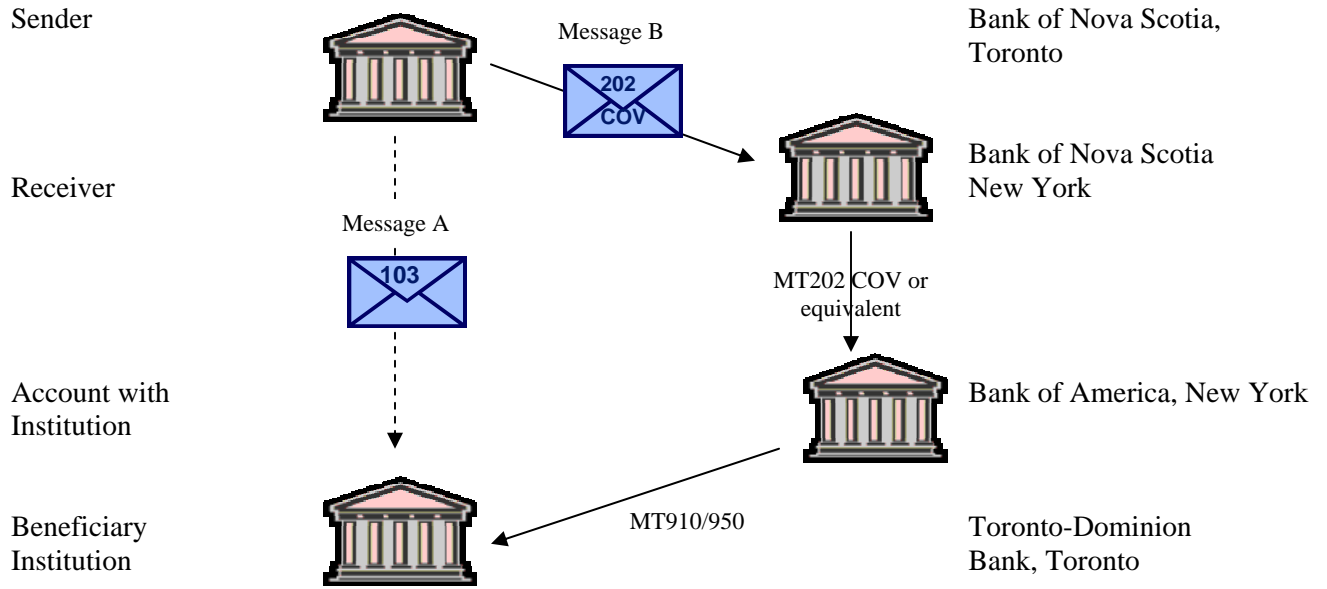
Message A -- S.W.I.F.T. MT 103

INFORMATION FLOW



Message B -- S.W.I.F.T. MT202 COV

INFORMATION FLOW



* The institution names used in these examples are for illustration purposes only. Refer to Appendix II for international correspondent banking relationships.

MESSAGE FORMAT

NOSCCATT
103
TDOMCATTOR

:20:01234567890123456
:23B:CRED
:32A:990909USD12000,
:50K:/12345678
JOHN OLERUD CO.
123 YONGE STREET
TORONTO ONTARIO
A1B 2C3
:53A:NOSCUS33
:54A:BOFAUS3N
:57D://CC000412345
TORONTO DOMINION BANK
234 MAIN ST.
HAMILTON ONTARIO
:59:/6709876
JOE CARTER LUMBER INC.
457 STELCO ROAD
HAMILTON, ONTARIO
:70:/INV/56-88-57-88
:71A:BEN

NOSCCATT
202 COV
NOSCUS33

:20:56789/COV
:21:01234567890123456
:13C:(time indication)
:32:A:990909USD12000,
:57A:BOFAUS3N
:58A:TDOMCATTOR

:50K:/12345678
JOHN OLERUD CO.
123 YONGE STREET
TORONTO ONTARIO
A1B 2C3
:59:/6709876
JOE CARTER LUMBER INC.
457 STELCO ROAD

Fields 53A & 54A

Use S.W.I.F.T. code of the Sender and Receiver reimbursement institutions

Enter the ordering customer's account number on the first line of :50K, preceded by a "/". Field 50K must also include the name and address of ordering customer.¹

Enter the nine-digit Canadian Sort Code on the first line of :57D, preceded by "//"cc.

Enter the beneficiary's account number on the account number line preceded by a "/".

Note: *No non-numeric characters or spaces.*

Mandatory Sequence A General Information

Mandatory Sequence B underlying customer credit transfer details

¹ Effective June 23, 2008, Canadian anti-money laundering regulations require this information to be included only if the original payment message was sent at the request of a client by a means which allows for this information to be included in the transfer. Effective June 23, 2009, this caveat will be removed and all electronic funds (i.e. MT103) transfers must include this information.

HAMILTON, ONTARIO :70: INVOICE REF. 56-88-57-88 :33B:USD12000

X Usage of appropriate prefixes/code words in field 72 must be in accordance with S.W.I.F.T. guidelines

- For more structured information on the ordering client, Field 50F may also be used.

EXAMPLE 2 – FOREIGN CURRENCY TRANSFER WITHIN CANADA*

The example provided below illustrates the information and message flows along with the message format and content for a financial institution (FI) initiated foreign currency transfer between two members. The scenario is based on the use of the MT 202 between the two members located in Canada and an MT 202 between their respective correspondents for the currency of the transfer. The same example could be used to depict a USD transfer in Canada by modifying the currency and content of the message accordingly to reflect correspondent relationships. Note: when the payment instructions are provided by an FI for the benefit of another FI there is no need to make use of the MT 202 COV.

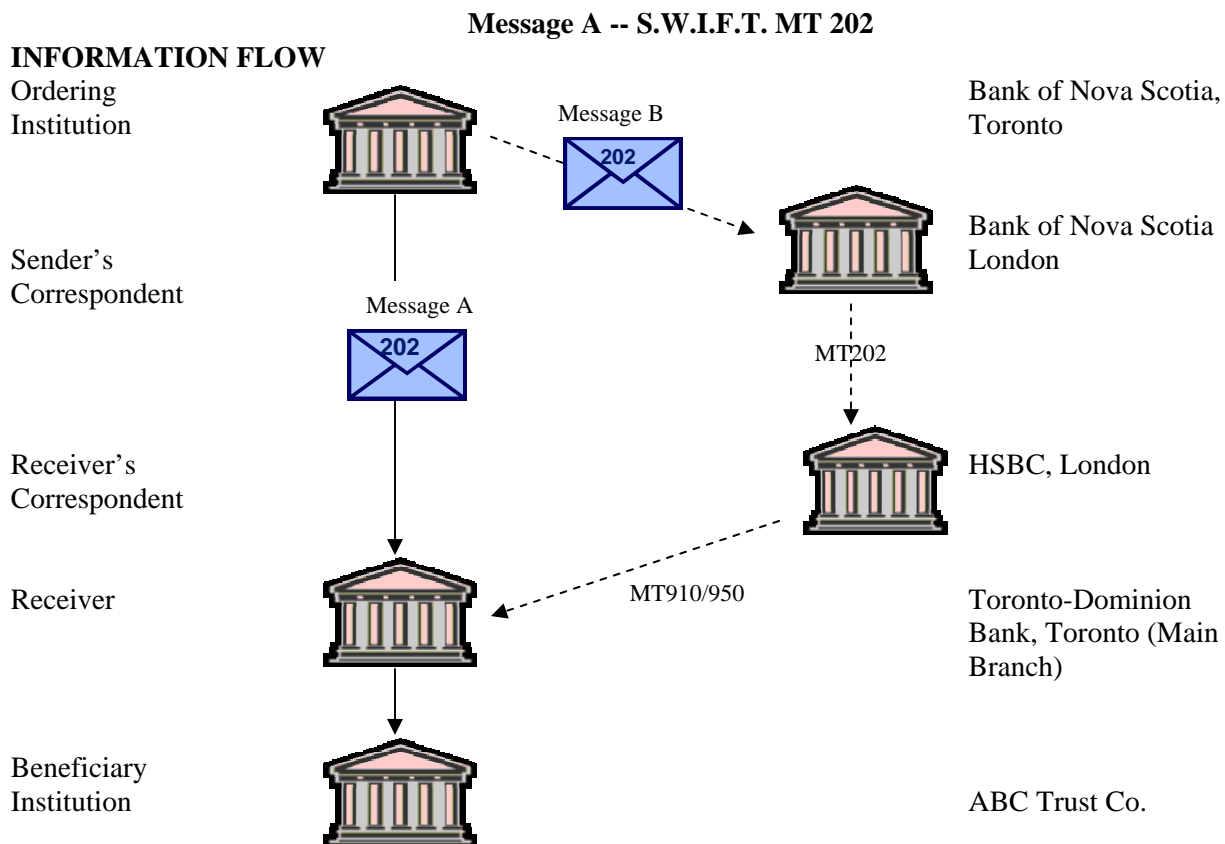
MT 202 FI to FI Transfer

Value September 9, 1999, Bank of Nova Scotia, Toronto sends instructions to Toronto-Dominion Bank, Toronto to pay GBP 12,000.00 to Toronto-Dominion Bank, Main Branch, Toronto, favour of ABC Trust Co. Toronto.

Bank of Nova Scotia sends two S.W.I.F.T. messages²:

- A. An FI to FI transfer request (MT202) to Toronto-Dominion Bank, Toronto using ref. 01234567890123456.
- B. A message (MT202) to Bank of Nova Scotia, London, England for the GBP payment, using reference 56789, which is provided to Toronto-Dominion Bank, Toronto's account number 5551212 at HSBC, London, England.

Note: These procedures only apply when the beneficiary account is domiciled in Canada.

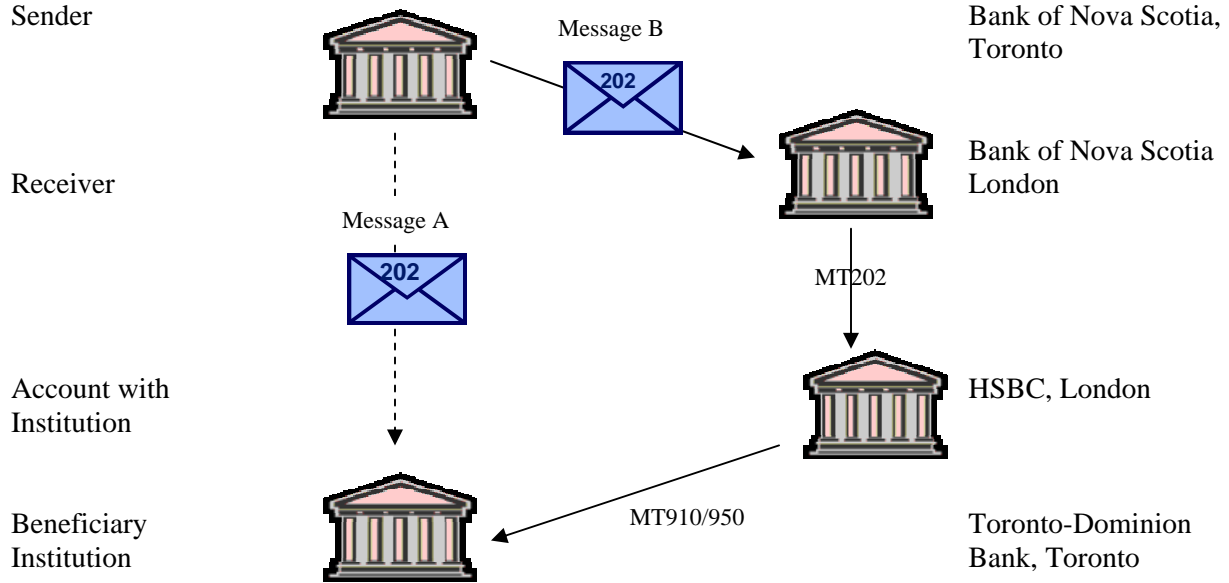


* The institution names used in these examples are for illustration purposes only. Refer to Appendix II for international correspondent banking relationships.

² FIs may choose to execute this payment using a serial MT 202 rather than two separate MT 202s.

Message B -- S.W.I.F.T. MT202

INFORMATION FLOW



* The institution names used in these examples are for illustration purposes only. Refer to Appendix II for international correspondent banking relationships.

MESSAGE FORMAT

NOSCCATT
202
TDOMCATTOR

:20:(senders reference)
:21:(related reference)
:32A:990909GBP12000,
:52A:NOSCCATT
:53A:NOSCGB22
:54A:MIDLGB22
:57D://CC000412345
TORONTO DOMINION BANK
234 MAIN ST.
HAMILTON, ONTARIO
:58A: TDOMCATTOR

Fields 53A & 54A

Use S.W.I.F.T. code of the Sender and Receiver
reimbursement institutions

Enter the nine-digit Canadian Sort Code on the first line of
:57D, preceded by "//"cc.

Enter the beneficiary's account number on the account
number line preceded by a "/".

Note: *No non-numeric characters or spaces.*

NOSCCATT
202
NOSCGB22

:20:(sender's reference)
:21:(related refence)
:32A:990909GBP12000
:52A:NOSCCATT
:53A:NOSCGB22
:57A:MIDLGB22
:58A:TDOMCATTOR

- Usage of appropriate prefixes/code words in field 72 must be in accordance with S.W.I.F.T. guidelines
- Do not indicate receiver's BIC code in field 56/57