

CANADIAN PAYMENTS ASSOCIATION
ASSOCIATION CANADIENNE DES PAIEMENTS

RULE B4
FORMATION, MEMBERSHIP
AND MANAGEMENT OF
REGIONAL CLEARING ASSOCIATIONS

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Rule B4 – Formation, Membership and Management of Regional Clearing Associations (RCAs)

Implementation and Revisions

Implemented

January 27, 2004

Amendments Pre-November 2003

N/A

Amendments Post-November 2003

1. Amendment to clarify that a participant at a given REP is only entitled to vote if said participant has a Branch in that given Region. Approved by the Board June 15, 2006, effective August 14, 2006.
2. Amendments to section 3 to clarify the voting rights of a Direct Clearer at an RCA, approved by the Board October 15, 2009, effective December 14, 2009.
3. Amendment to replace references to “General Manager” with “President”, consequential to amendments to the *Canadian Payments Act* (Bill C-37) that came into effect on March 1, 2010.
4. Amendments to sections 2 and 10 replace operational committee names (‘National Clearings Committee’ to ‘Senior Operational Committee’; ‘Rules Review Sub Committee’ to ‘Image and Paper Task Force’) to reflect the restructuring of operational committees. Approved by the Board December 1, 2016, effective January 3, 2017.

Rule B4 – Formation, Membership and Management of Regional Clearing Associations (RCAs)

Introduction

1. This Rule sets out the procedures to be followed with respect to the formation, membership and management of Regional Clearing Associations.

Formation

2. A RCA shall be established by the Senior Operational Committee at each Regional Exchange Point to administer the Exchange of Payment Items and to facilitate the Clearing and Settlement resulting from the Exchange of such Items, in accordance with the By-laws and the Rules. RCAs shall report to the Image and Paper Task Force.

Membership, Voting and Non-Voting Members, and Observers

3. Only the following Direct Clearers shall be voting members of a RCA:
 - (a) Direct Clearers who participate indirectly through a non-Member service provider with which they have an agency relationship;
 - (b) Direct Clearers who are Direct Participants with a Branch at the REP; and
 - (c) Direct Clearers who do not have a Branch at the REP but who represent a Member that does have a Branch at the REP.

All other Direct Clearers are non-voting.

Representatives

4. Each participant shall appoint an individual, and an alternate, as its representative on the RCA, and provide notice in writing of this appointment to the CPA. As used in this Rule, representative includes the alternate in the absence of the representative.

Rotation schedule – Chair and Vice-Chair

5. Participants of each RCA shall appoint a Chair, Vice-Chair and Secretary among the representatives at each RCA. Each RCA shall determine whether the term will be for one or two years. Appointments shall be made during the month of January and shall follow a pre-determined rotation schedule, where the Vice-Chair shall assume the role of Chair and a new Vice-Chair shall be appointed based on the rotation schedule. Members may also choose to elect a Secretary based on the rotation schedule. The names, addresses, telephone numbers, facsimile numbers and email addresses of the representatives so appointed shall be communicated to the CPA in writing immediately following the appointments.

Officers of RCA

6. In the event of a vacancy occurring in the office of the Chairperson, Vice-Chairperson or Secretary, a meeting of the RCA shall be convened for the election of a successor to serve the unexpired term.

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Meetings of RCA

7. Meetings of the RCA may be held at such times and location as the representatives may determine.

Special Meeting of RCA

8. A special meeting may be called by the Chairperson or in the absence of the Chairperson by the Vice-Chairperson, and shall be called if requested in writing by at least three voting members of the RCA for the consideration of any matter submitted by them. Not less than 24 hours notice shall be given of the special meeting unless the purpose of the meeting relates to a suspension of Exchanges in accordance with By-law No.3 – Payment Items and ACSS, or a Force Majeure situation as described in the Rules.

Voting and Quorum

9. (a) A simple majority of voting members shall constitute a quorum at any meeting of a RCA. The Chairperson, or in the absence of the Chairperson, the Vice-Chairperson, or in the absence of both the Chairperson and Vice-Chairperson, another representative on the RCA voted to the chair, shall preside over all meetings of the RCA. In the event of a tie vote, the Chairperson of the meeting shall have a second vote.
- (b) For voting procedures relating to joint air/ground courier arrangements, refer to Rule B13.

Duties of RCA

10. The RCA shall:
- (a) document the method by which Items are Exchanged among Members at a REP;
 - (b) establish the pick-up and delivery times for Exchanges;
 - (c) arrange, as local conditions may dictate, the efficient Exchange and facilitate the Clearing and Settlement that result from the Exchange of Payment Items as required on Regional or Civic Holidays;
 - (d) advise the President of the local Exchange times and of any changes to such times;
 - (e) make alternate arrangement for Exchanges when circumstances require and immediately notify the President of such instances, who in turn will notify the Senior Operational Committee;
 - (f) conduct quarterly ACSS and USBE manual balancing simulations in accordance with Rules B9 and K5;
 - (g) define discretionary limits as provided for in paragraph 8(a)(ii) of Rule B1 and sub-section 13(a) of Rule B10, for various inter-Member Clearing processes;
 - (h) review the operations of the RCA on a regular basis and report to the Image and Paper Task Force on them;

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- (i) review irregularities that are brought to its attention and report to the Image and Paper Task Force on them;
- (j) provide the Image and Paper Task Force with recommendations on matters to be addressed in the Rules;
- (k) create working groups, as necessary, to address specific issues, review the performance of such working groups on a regular basis, and disband any working groups upon completion of their assigned task;
- (l) maintain the minutes of all meetings of the RCA and, within ten days of a meeting being held, cause a copy of such minutes to be sent to the CPA; and
- (m) perform such other duties as may be specified in the Rules, or by the Board, the President or the Senior Operational Committee.

Conflict of Interest

11. If the Chairperson of a RCA is an officer of a Member that is an interested party in any matter before that RCA, the Chairperson shall forfeit the rights outlined in Section 9(a) above. These rights shall be exercised by the Vice-Chairperson or, if the Vice-Chairperson is absent or is also an officer of an interested party in the matter, by another representative voted to the Chair for that purpose.