

CANADIAN PAYMENTS ASSOCIATION
ASSOCIATION CANADIENNE DES PAIEMENTS

RULE B3

**REGIONAL EXCHANGE POINTS –
COMPOSITION AND REPRESENTATION**

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Rule B3 – Regional Exchange Points (REP's) – Composition and Representation

Implementation and Revisions

Implemented

January 27, 2004

Amendments Pre-November 2003

N/A

Amendments Post-November 2003

1. Amendments to clarify that participation at a Regional Exchange Point (REP) equates to directly receiving Items at a given REP and that an agency relationship with a service provider qualifies as participation. Approved by the Board June 15, 2006, effective August 14, 2006.
2. 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.
3. Amendment consequential to amendments to By-law No. 3 – Payment Items and ACSS, which came into effect August 17, 2012. Approved by the Board October 3, 2013, effective December 2, 2013.



Rule B3 – Regional Exchange Points (REP) – Composition and Representation

Introduction

1. This Rule sets out the procedures to be followed with respect to representation and changes in representation at Regional Exchange Points (REP's).

Designation of Regional Exchange Points

2. (a) The Board shall designate the Regional Exchange Points where the Exchange of Items shall take place. The Board may also authorize a review of a REP's designation when:
 - (i) the annual volume of paper Items Exchanged at the REP is below 10% of the total national volume of paper Items for two consecutive years; or
 - (ii) the number of Direct Clearers that deliver paper Items at an REP is one-third or less of all Direct Clearers.
- (b) Where the criterion in (a)(i) or (ii) above is attained, one of the following actions may be taken:
 - (i) the REP may be de-registered. Any de-registration would, at the latest, be effective 18 months from the date of the Board's approval to de-register; or
 - (ii) the REP's status may be maintained.

Obligation to Receive

3. A Direct Clearer shall receive Items at every REP.

Participating and Non-Participating Direct Clearers

4. (a) The Board shall designate the Direct Clearers who shall participate at any given REP. A Direct Clearer may be designated to participate only if it receives Items directly or through a non-Member service provider with which it has an agency relationship. The Bank of Canada may participate at any REP.
- (b) A Direct Clearer that does not receive Items directly or through a non-Member service provider shall ensure that it is represented by another Direct Clearer appointed by it to receive Items on its behalf at that REP. A Direct Clearer that is represented at any REP by another Direct Clearer is deemed to be a non-Participating Direct Clearer at that REP.

Outsort

5. Every Direct Clearer is entitled to receive an Outsort of its Payment Items at every REP.

Change of Clearing Agent

6. In the event that a Clearing Agent provides notice to the President to begin or cease to act as Clearing Agent for an Indirect Clearer pursuant to the Payment Items and ACSS By-law, such notice shall be in writing and shall specify the effective date of the change and the REPs affected. The President shall attempt to inform the Direct Clearers that participate at each relevant REP within one Business Day of receiving such notice.



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Change in Composition of a Group

7. In the event that a Group Clearer provides notice to the President of any change in the composition of the Group pursuant to By-law No.3 – Payment Items and ACSS, section 43.1, such notice shall be provided no less than one month prior to the effective date of the change, shall be in writing and shall specify the effective date of the change and the REPs affected. The President shall attempt to inform the Direct Clearers that participate at each relevant REP within one Business Day of receiving such notice.

Notice by Clearing Agents and Group Clearers

8. A Direct Clearer or Group Clearer that receives a notice pursuant to section 6 or 7 of this Rule shall provide notice to all Indirect Clearers for which it acts as Clearing Agent, or all entities belonging to the group, as the case may be. Such notice shall be provided in writing immediately upon receipt of the original notice and shall specify the information contained in the original notice.

