



Royal Bank of Canada

Current Account Client Verification Service Materials
Rules and Manual of Operation

PART I – AGREEMENT

These are legal terms and conditions for Royal Bank's Current Account Client Verification Service. The definitions for capitalized terms are in Part III – Glossary below. The rules of interpretation in Part III – Glossary also apply.

PART II – TERMS AND CONDITIONS

1. Description of Service

1.1 Description of Service. On each Business Day, Royal Bank will provide the Customer with information (the "**Report**") about Items presented for payment and debited on the previous Business Day from each account enrolled in the Service. The Customer will promptly review each Report on receipt to verify the authenticity and validity of all Items and ensure Items are not post-dated or stale-dated. If an Item should not be paid or if an Item is post-dated or stale-dated, the Customer will provide Royal Bank with instructions to return the Item in accordance with these terms and conditions.

1.2 Scope. This Service is governed by the Master Client Agreement for Business Clients, including these terms and conditions, and other applicable Service Materials (collectively, the "Agreement"). This document also replaces prior versions of the rules and manual of operation for this Service.

2. Reporting

2.1 Delivery. On each Business Day, Royal Bank will make available the Report to the Customer by 9 a.m. (local time). The Report will be produced and delivered in the manner agreed by Royal Bank. If the Customer does not receive a Report on a Business Day, the Customer will contact Royal Bank about the delay by 10 a.m. (local time) the same day. The Customer is responsible for arranging for an alternative method of receiving Reports in the event of contingencies.

2.2 Separating Functions. The Customer should ensure the Customer's Representatives who are authorized to review the Report and deny payment of Items are not the same Representatives authorized to issue or approve the issuance of Items.

3. Items and Returns

3.1 Specifications. The Customer will ensure Items comply with the MICR-specifications provided by Royal Bank. For cheques, the Customer will arrange to provide a cheque sample for Royal Bank's approval prior to a full Item order print run.

3.2 Deny Payment. If an Item should not be paid or if an Item is post-dated or stale-dated, the Customer will instruct Royal Bank by email to return the Item within the cut-off times below. The Customer will use the email address and Deny Payment Instruction form provided by Royal Bank for this purpose. The Customer will ensure the Deny Payment Instruction form is accurate and complete in all respects, and sent to Royal Bank by a Person properly authorized to use this Service and return Items on its behalf. Each Deny Payment Instruction form received by Royal Bank will be considered authorized by and binding on the Customer. In order for a Deny Payment Instruction form to be effective Royal Bank must acknowledge receipt of the form within the applicable cut-off time and the form must be in form and substance satisfactory to Royal Bank. The Customer will contact Royal Bank if confirmation of receipt is not received by the Customer from Royal Bank within two (2) hours after sending a Deny Payment Instruction form.

3.3 Cut-off Times. In order to return Items drawn on Canadian financial institutions, Royal Bank must receive the Customer's Deny Payment Instruction form no later than 2:00 p.m. (local time) on the same day the Item first appears in a Report. For Items drawn on US financial institutions, Royal Bank must receive the Customer's Deny Payment Instruction form no later than 11:00 a.m. (Eastern Time) on the same day the Item first appears in a Report. If a Report is made available late to the Customer after 12:00 p.m. (local time), Royal Bank must receive the Customer's Deny Payment Instruction form within two (2) hours after the Customer receives information about the Item.

3.4 Extended Timeframes. CPA Rule A4 provides for extended timeframes to return Items for certain reasons. Royal Bank may, in its discretion, accept instructions to return an Item for one of these reasons beyond the cut-off times above, provided Royal Bank receives the Customer's Deny Payment Instruction form for the Item no later than five (5) Business Days prior to the expiry of the applicable extended timeframe prescribed by CPA Rule A4.

3.5 Returns. When a Deny Payment Instruction form is received by Royal Bank in accordance with these terms and conditions, Royal Bank will reverse the debit entry to the applicable account and return the Item to the negotiating institution. If the return of an Item is unsuccessful for any reason, the Customer will indemnify and hold harmless Royal Bank for the amount of the Item and any related Losses, and Royal Bank may debit any of the Customer's accounts for such amount.

3.6 Confirmation. The Customer will review its account records each day to confirm any reversing entries have been processed correctly. If there is a discrepancy or the Customer is unable to locate or identify any reversing entries, the Customer will immediately notify Royal Bank on the same day.

PART III – GLOSSARY

4. Definitions and Interpretation

4.1 Definitions. The following defined terms are used:

“**Bill of Exchange**” means an unconditional order in writing, addressed by one person to another, signed by the person giving it, requiring the Person to whom it is addressed to pay, on demand or at a fixed or determinable future time, a sum certain in money to or to the order of a specified Person or to bearer;

“**Business Day**” means each day other than Saturday, Sunday, or statutory federal holidays in Canada;

“**CPA**” means the Canadian Payments Association;

“**CPA Rules**” means the rules, standards, guidelines, and directives of the CPA;

“**Customer**” means the Person who is enrolled in, authorized for, or uses this Service, including the Person’s Representatives;

“**Item**” means a Bill of Exchange drawn on a CPA member and eligible for return under CPA Rule A4;

“**Losses**” means all losses, claims, damages, costs, fees and charges, expenses, and other liabilities, including reasonable legal and professional fees and disbursements and costs of investigation, litigation, settlement, judgment, interest, penalties, and sanctions;

“**MICR**” means Magnetic Ink Character Recognition;

“**Person**” means an individual or natural person, partnership, limited partnership, limited liability partnership, corporation, limited liability corporation, unlimited liability company, joint stock company, trust, unincorporated association, joint venture, or other entity or Regulatory Authority, and pronouns have a similar extended meaning;

“**Regulatory Authority**” means any Person having regulatory or supervisory authority over Royal Bank, the Customer, or the Services, including any administrative, judicial, governmental, regulatory, or self-regulatory, taxation, financial, monetary, or investigative authority, agency, or body, including the CPA, National Automated Clearing House Association, and the SWIFT;

“**Report**” has the meaning given in Section 1.1;

“**Representatives**” mean directors, officers, employees, signing authorities, agents, contractors, subcontractors, service providers, consultants, internal or external auditors, legal or other professional advisors, or other Persons acting on a party’s behalf, including a Person specified in an authorization form and the Person’s delegates;

“**Royal Bank**” means Royal Bank of Canada;

“**Security Devices**” means a security device, including a card, token, code, pass key, password, pass phrase, identification number, certificate, test key, and other security codes and devices;

“**Service**” means each of Royal Bank’s business products or services provided to or used by the Customer, including any account, credit, cash management, investment, or payment products or services. For greater certainty, Royal Bank’s Current Account Client Verification Service is a Service;

“**Service Materials**” means all hardware, software, equipment, information, or other documents provided by Royal Bank for the Services, including all Security Devices, rules and manuals of operation, guides, training materials, reference materials, or other documents applicable to this Service;

“**SWIFT**” means the Society for Worldwide Interbank Financial Telecommunication SCRL; and

“**US**” means the United States of America.

4.2 Interpretation. Each document forming part of the Agreement is deemed incorporated in the Agreement and each other part of the Agreement immediately when given effect by Royal Bank without any other action required by Royal Bank, the Customer, or any other Person. All references to the Agreement, including these terms and conditions and other applicable Service Materials, or to any document, product, or service, including this Service, or to any law, statute, regulation, guideline, policy, procedure, rule, standard, or directive, including CPA Rules and any other applicable laws, or otherwise, include same as may be amended, restated, supplemented, or otherwise modified from time to time. All references to any Person, including any Regulatory Authority, includes its successors and assigns. The division of the Agreement into Parts, Articles, Sections, subsections, and other subdivisions, and the insertion of headings, are for convenience of reference only and should not affect construction or interpretation. Words denoting the singular number will include the plural, and vice versa. Words denoting the masculine gender include the feminine and neutral genders, and vice versa, as the context otherwise permits. The word “including” means “including without limitation”, and the word “includes” means “includes without limitation”. All provisions, including all rights and obligations of the parties, are cumulative, and should not be interpreted as limiting any provision unless this intent is expressly indicated. The words “hereto”, “herein”, “hereof”, “hereunder”, “the Agreement”, and similar expressions mean the Agreement as a whole, and not any particular Part, Article, Section, subsection, or other subdivision, unless the context otherwise requires. Unless otherwise specified, all dollar amounts referred to in the Agreement are in lawful money of Canada. Unless otherwise indicated, all times are local times in the Province where the applicable branch of account is located.