



**Topic List**

**Terms of Agreement**

- [1. Definitions and Interpretation](#)
- [2. Dual Administration \(internet access – RBC Express\)](#)
- [3. Passwords \(internet access – RBC Express\)](#)
- [4. Issuing Items](#)
- [5. Advising Issued Cheques](#)
- [6. Stop Payments](#)
- [7. Void Cheques](#)
- [8. Input Verification](#)
- [9. Matching Cheques](#)
- [10. Cheque Imaging](#)
- [11. Decisioning Exception Cheques \(if the Customer is on file transmission\)](#)
- [12. Decisioning Exception Cheques \(if the Customer is on internet access – RBC Express Positive Pay\)](#)
- [13. Decision Deadlines](#)
- [14. Verification of Return Decisions](#)
- [15. US Dollar Cheques](#)
- [16. Account Withdrawal](#)

These are Service Materials for RBC Express Positive Pay and Disbursement Auditor, and form part of the Master Client Agreement for Business Clients between Royal Bank and the Customer.

**Terms of Agreement**

**1. Definitions and Interpretation**

All capitalized terms not defined have the meanings given in the Legal Terms and Conditions of the Master Client Agreement for Business Clients, and the rules of interpretation prescribed by the Legal Terms and Condition also apply.

In addition, for the purpose of these Services, the following defined terms will be used:

<b>Account</b>	An Account enrolled in this Service.
<b>Business Day</b>	Each day other than Saturday, Sunday, or statutory federal holidays in Canada.
<b>Exception Cheque</b>	A cheque presented for payment from an Account, which has a serial number that does not match the corresponding details provided by the Customer to Royal Bank and compared by Royal Bank in accordance with these Service Materials.
<b>MICR</b>	Magnetic Ink Character Recognition.
<b>Rejected Paid Item</b>	A cheque that has been paid in which the serial number matches the issued cheque details provided by the Customer to Royal Bank, but the amount does not match the same record.

**2. Dual**

The Customer should periodically review internal security requirements to consider

**Administration  
(internet  
access – RBC  
Express)**

whether to enable a dual administration facility that requires two Service Administrators to establish Service access entitlements and authorization levels for users

**3. Passwords  
(internet  
access – RBC  
Express)**

All passwords must be kept private and not shared with any unauthorized Person.

Passwords should not contain birthdays or names of those selecting them or their family members.

Passwords should not be written down.

The login process allows each user authorized by the Customer to select their own password based on pre-defined rules (e.g., minimum 10 characters, at least one uppercase character, at least one number, etc.).

If a password may be known to an unauthorized Person, the Customer must immediately require the password to be changed and will immediately report the security breach to the Customer's RBC Express Security Coordinator or Identity Manager, who, in turn, is to advise Royal Bank.

The Customer acknowledges that ensuring the security of its information requires that it exercises safe computing practices, including having each user sign out, disconnect, and close their internet browser window before leaving their workstation to prevent unauthorized access or tampering in their absence.

No Royal Bank Representative will ever request a password.

**4. Issuing  
Items**

Royal Bank will provide a MICR-specifications form and cheque printing and issuance requirements when an Account is opened for the Customer, to ensure cheques can be processed correctly.

Each Account is restricted to allow only cheques with transaction code 43 to be processed.

The Customer will use only cheques meeting the MICR specifications and cheque printing and issuance requirements provided by Royal Bank, to draw against the Account.

The Customer will ensure each cheque is encoded with transaction code 43.

The Customer will not use a format that is different than the sample cheque provided to, and pre-approved, by Royal Bank, unless the Customer has provided to Royal Bank, and Royal Bank has approved in writing, a new cheque sample with the new format at least thirty (30) days in advance of the date the Customer expects to put such new format into production.

Cheques are not to be future-dated.

If the Customer has internet access, the input of future-dated cheques cannot be released until the issue date of the item.

**5. Advising  
Issued**

Prior to issuance, the Customer will advise Royal Bank by file transmission, or input through RBC Express Positive Pay, of details of issued cheques as follows:

**Cheques**

- branch transit number
- account number
- cheque serial number
- issue date on cheque, **and**
- amount.

Issued cheque details received from the Customer will be stored by Royal Bank, and will be used to compare to cheques presented for payment from the applicable Account on each Business Day.

Issued cheque details received by Royal Bank after 10:00 p.m. local time on any Business Day, will be processed the next Business Day.

Issued cheque details will be held on file for six (6) months from the date of issue.

**6. Stop Payments**

The Customer will notify details of cheques on which payment should be stopped, by daily file transmission or input through RBC Express Positive Pay.

Stop payment instructions will be held on file by Royal Bank for only six months or as otherwise mutually agreed.

The serial number and issue date of each cheque must **exactly** match the details provided at the time of issuance.

Royal Bank will stop payment on a cheque presented for payment from an Account, if the cheque matches the details in the corresponding stop payment instructions provided by the Customer.

If the stop payment is successful, the cheque will be returned unpaid by Royal Bank.

The Customer will immediately provide stop payment instructions if a payee reports a cheque lost.

If the cheque has been paid, the Customer will immediately open an investigation with the Customer's Royal Bank Service Representative, to try to protect any available recourse to the negotiation institution.

**7. Void Cheques**

The Customer will notify details of cheques it has voided (i.e., cancelled without delivery), by daily file transmission or input through RBC Express Positive Pay.

Cheques can only be voided from the Business Day following file transmission or input.

The details provided by the Customer for voided cheques must **exactly** match the details provided at the time of cheque issuance.

Royal Bank will act on void instructions, if the cheque matches the corresponding void cheque details.

**8. Input Verification**

Royal Bank will provide a report to the Customer advising of issued cheque details received from the Customer.

The report will identify any details of issued cheques, stop payment, or void cheques instructions that cannot be acted on by Royal Bank.

The report will be available in paper form or by file transmission, or, if the Customer has RBC Express Positive Pay, the report will be available using that service.

The Customer will correct any rejected input, by re-submission or re-input of the data.

Stop payment instructions rejected because of input error **cannot** be acted on until after they have been re-submitted correctly.

Once the rejected input has been re-submitted, the Customer should verify the Input Verification Report the next day to ensure that the corrected input was accepted.

**9. Matching Cheques**

On each Business Day, Royal Bank will compare the issued cheque details provided by the Customer against the account number, serial number, and amount on each cheque that is presented to Royal Bank for payment from the applicable Account.

Royal Bank's comparison of the serial number and amount information is limited to referencing the serial number and amount information stated on the MICR line on the presented cheque.

Royal Bank will only compare the serial number and amount information on presented cheques as set forth above.

Royal Bank is not liable for any missing or other information on any cheque, including for any signatures, payee names, or any information on any other lines above or below.

Royal Bank will notify the Customer of all Exception Cheques as set out below.

**10. Cheque Imaging**

Images of cheques drawn on the Accounts enrolled in the Services will not be provided with the Accounts' statements.

Royal Bank will image paid cheques and store the images for seven years after the date of payment.

The Customer may obtain an image of a paid cheque using a Royal Bank Account Image Service, or by contacting the Customer's Royal Bank Service Representative.

**11. Decisioning Exception Cheques (if the Customer is on file transmission)**

Royal Bank will advise the Customer of Exception Cheques and Rejected Paid Items by file transmission of the Cheque Reconciliation Report, which lists all Exception Cheques and Rejected Paid Items presented for payment on the previous Business Day.

Royal Bank will send a fax of Exception Cheques by 10:00 a.m. local time on each Business Day, if there are any Exception Cheques to be decisioned.

The Customer will advise Royal Bank by fax on the same day by the decision deadlines below, if the Customer does not want an Exception Cheque paid.

The Customer may provide advance telephone notification to the Customer's Royal Bank Service Representative.

Royal Bank will consider all Exception Cheques as paid, unless Royal Bank receives the Customer's instructions to deny payment by the decision deadlines below.

Royal Bank will review Rejected Paid Items and action those that relate to stop payment instructions on file or other reasons.

Royal Bank will notify the Customer by fax on each Business Day, if there are any Rejected Paid Items to be decided.

The Customer will respond to Royal Bank by fax on the same day within one hour or, if later, by the decision deadlines below.

No action is required by the Customer on Rejected Paid Items, unless Royal Bank advises the Customer of specific Rejected Paid Items requiring the Customer's decision.

Royal Bank will not pay any Rejected Paid Items which Royal Bank cannot resolve or correct, unless Royal Bank holds the Customer's instructions to pay.

**12. Decisioning  
Exception  
Cheques (if the  
Customer is on  
internet access  
– RBC Express  
Positive Pay)**

Royal Bank will send a courtesy email to the Customer's designated recipients advising that a report of Exception Cheques requires attention, but receipt to this email cannot be guaranteed.

The Customer will access reports of Exception Cheques through RBC Express daily to check for Exception Cheques.

The Customer will advise Royal Bank by on-screen input on the same day by the decision deadlines below, if the Customer does not want an Exception Cheque paid.

Royal Bank will consider all Exception Cheques as paid, unless Royal Bank receives the Customer's instructions to deny payment by the decision deadlines below.

Royal Bank will review Rejected Paid Items and action those that relate to stop payment instructions on file or other reasons.

Royal Bank will notify the Customer by fax on each Business Day, if there are any Rejected Paid Items to be decided.

The Customer will respond to Royal Bank by fax on the same day within one hour or, if later, by the decision deadlines below.

No action is required by the Customer on Rejected Paid Items, unless Royal Bank advises the Customer of specific Rejected Paid Items requiring the Customer's decision.

Royal Bank will not pay any Rejected Paid Items which Royal Bank cannot resolve or correct, unless Royal Bank holds the Customer's instructions to pay.

**13. Decision**

Deadlines by which time daily decisions must be inputted and submitted on

**Deadlines**

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Exception Cheques or Rejected Paid Items are:

- for Canadian dollar cheques, 2:00 p.m. local time on the day Royal Bank provides the notice of the Exception Cheque or Rejected Paid Item, **or**
- for US dollar cheques, 1:00 p.m. ET on the day Royal Bank provides the notice of the Exception Cheque or Rejected Paid Item.

These deadlines apply on all Business Days.

The earlier deadline for US dollar cheques is to enable Royal Bank to comply with the deadlines for returning cheques in the US.

**14. Verification of Return Decisions**

The Customer must review the Adjustments section of the Cheques Activity Report (Cheques Reconciliation Report if the Customer is on file transmission) provided by Royal Bank, to confirm reversing entries were processed.

If the Customer is unable to locate or identify the reversing entries, the Customer shall on that same day contact the Customer's Royal Bank Service Representative.

**15. US Dollar Cheques**

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For reasons beyond Royal Bank's control, notices or notification of return instructions may not take place in sufficient time to meet US return deadlines.

Examples include delays in Royal Bank's receipt of the cheque in Canada on a day other than a Business Day.

Royal Bank is not responsible for any Losses suffered or incurred by the Customer or any other Person as a result of Royal Bank providing late notice for cheques negotiated by an US financial institution and presented to Royal Bank by the Federal Reserve Bank of New York, or for any delay in advising any US financial institution of the Customer's decision to pay or return an Exception Cheque.

**16. Account Withdrawal**

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The Customer may withdraw an Account from the Service by providing Royal Bank written notice thirty days prior to the day such withdrawal or termination is to take effect.

Royal Bank may withdraw any Account from the Service immediately at any time on providing written notice to the Customer.

[Back to top of document](#)

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[Back to top of Terms of Agreement](#)