

**Royal Bank of Canada**  
**MASTER CLIENT AGREEMENT FOR BUSINESS CLIENTS**  
**CHEQUE-PRO SERVICE MATERIALS**

These are Service Materials for Royal Bank's Cheque-Pro™ Service, and form part of the Master Client Agreement for Business Clients between Royal Bank and the Customer.

**1. Definitions and Interpretation**

- 1.1. Definitions and Interpretation. All capitalized terms have the meanings given in Part C – Glossary of the Legal Terms and Conditions of the Master Client Agreement for Business Clients, and the rules of interpretation prescribed by the Legal Terms and Conditions also apply. In addition, for purposes of this Service, the following defined terms will be used:

“BEA” means the *Bills of Exchange Act* (Canada);

“Business Day” means each day other than Saturday, Sunday, and applicable bank holidays;

“Image” means a digital representation of the front and back of an original paper Instrument. For greater certainty, an Image is an Instrument under the Agreement;

“Image Capture Equipment” has the meaning given in Section 4.1; and

“Prohibited Instruments” has the meaning given in Section 7.2.

**2. Description of Service**

- 2.1. Description of Service. This Service can be used by the Customer to create Images and deliver the Images to Royal Bank for deposit to eligible accounts.
- 2.2. Creation of Images. The Customer is authorized to use this Service to create Images on behalf of Royal Bank and deliver the Images to Royal Bank for deposit to eligible accounts. This authorization is strictly limited and only for purposes to ensure each Image qualifies as an official image within the meaning of the *BEA*, and for no other purpose. Each Image created using this Service is considered to be created by or on behalf of Royal Bank in accordance with Applicable Laws, and the Image is an official image within the meaning of the *BEA* and will be used for all purposes as an eligible bill under the *BEA*. The Image of any US Instrument is deemed an “item” within the meaning of the Uniform Commercial Code (US), as if the original paper Instrument had been presented.
- 2.3. Endorsement. The actions of the Customer in creating and delivering an Image to Royal Bank for deposit using this Service have the same effect as endorsement of the original paper Instrument by the Customer and original payee.
- 2.4. Access to Funds. Images will be processed as if they are the original paper Instrument and subject to the same terms and conditions of the Agreement, including Royal Bank's hold policy and limits.

- 2.5. Fees and Charges. The Customer will pay Royal Bank's fees and charges for credits/deposits and items deposited for each Image, in addition to Royal Bank's fees and charges for this Service, and any fees, charges, taxes, or other amounts payable to other Persons.

### **3. Technology and Specifications**

- 3.1. Technology Requirements. To use this Service, other than as specified herein, the Customer must obtain and maintain, at the Customer's own expense, compatible Electronic Channels, hardware, operating systems, and software approved for such use by Royal Bank, and which are up-to-date and unaltered from manufacturer specifications. Royal Bank is not responsible for, and makes no representations or warranties of any nature, with respect to any such Electronic Channels, hardware, operating systems, and software. Royal Bank has the right, in its sole discretion, without notice, to make changes to this Service from time to time which may result in the Customer's Electronic Channels, hardware, operating systems, and software no longer being compatible with this Service, and in such event, Royal Bank will have no responsibility or liability to the Customer or any other Person.
- 3.2. Image Specifications. The Customer will ensure all Images comply with Applicable Laws and Royal Bank's specifications and quality standards. Images must be usable, which means clearly represented, be able to be read or deciphered by a human viewer, and must be able to be seen without obstruction. The Image must accurately represent all relevant information on the front and back of the original paper Instrument. All information in each field or portion that is required to be present and read or deciphered by a human viewer on the Instrument must be present and be able to be read and deciphered by a human viewer on the Image. Any field or portion that is required to be present and seen without obstruction on the Instrument must be present and seen without obstruction on the Image. In the event an Image cannot be processed due to poor quality or otherwise, Royal Bank is not responsible or liable for any failure or delay in the processing or presentment of the Image.
- 3.3. Safe Storage and Destruction; Image Retention. The Customer will ensure the original paper Instrument for each Image is in the Customer's physical possession or control and securely stored for five (5) days after the date of Image creation. The Customer will destroy the original paper Instrument using secure methods immediately on the fifth (5<sup>th</sup>) day after the date of Image creation. The Customer is solely responsible and liable for any Losses suffered or incurred by the Customer or any other Person as a result of a lack of adequate security or controls over Instruments or a failure to destroy the original paper Instrument as required under these Service Materials. Royal Bank is not responsible or liable if an original paper Instrument is needed after it has been destroyed. The Customer may request copies of any Images retained by Royal Bank, for which there may be an additional fee. Upon request by Royal Bank for any purpose, including for collection, audit, or investigation purposes, the Customer will promptly provide Royal Bank an original paper Instrument if it is still in the Customer's possession or the Customer's own copies or image of the Instrument.

### **4. Image Capture Equipment**

- 4.1. Image Capture Equipment. As part of the Service, Royal Bank may supply the Customer with the hardware necessary to scan original paper Instruments for deposit with Royal Bank (the "Image

**Capture Equipment**”). The Customer understands and acknowledges that in order for Royal Bank to supply the Customer with Image Capture Equipment, Royal Bank will provide the Customer’s name, address, contact name, telephone number, email address, and any other required contact information to the vendor of the Image Capture Equipment, and the Customer consents to the disclosure of such information to the vendor. If supplied with Image Capture Equipment by Royal Bank, the Customer understands and acknowledges that the Service will only be available and the Customer may only access the Service by using the Image Capture Equipment supplied by Royal Bank. Royal Bank, and/or its licensors, vendors, or suppliers, shall retain and own all right, title, and interest and all intellectual property rights (including, without limitation, copyrights, trade secrets, trademarks, and patent rights) in and to the Image Capture Equipment supplied by Royal Bank, and nothing herein transfers or conveys to the Customer any ownership or proprietary rights in or to the Image Capture Equipment supplied by Royal Bank or any license right with respect thereto not expressly granted herein.

- 4.2. Customer’s Responsibility. The Customer will be solely responsible for the availability and integrity of the power, environmental and connectivity requirements of the Image Capture Equipment, including any other equipment, software, consumables, or other items necessary to operate the Image Capture Equipment in connection with the Service.
- 4.3. Support and Replacement. Royal Bank will provide the Customer with support services for the Image Capture Equipment supplied by Royal Bank. If the Image Capture Equipment supplied by Royal Bank does not function substantially in accordance with the specifications herein, Royal Bank’s sole liability will be to provide and the Customer’s exclusive remedy for such malfunction will be to receive a replacement of the Image Capture Equipment. In accordance with Section 4.7 below, the Customer agrees to return to Royal Bank any Image Capture Equipment supplied by Royal Bank that does not function substantially in accordance with the specifications herein.
- 4.4. Responsibility for Lost, Stolen, Damaged, etc. Equipment. If at any time, any Image Capture Equipment supplied by Royal Bank is lost, stolen, or damaged, or sold, leased, mortgaged, transferred, assigned, encumbered, or not returned as required in Section 4.7 below, the Customer will pay to Royal Bank the undiscounted retail value of such Image Capture Equipment plus applicable taxes, together with any costs incurred by Royal Bank in seeking possession of such Image Capture Equipment or its replacement.
- 4.5. Limitations of Liability; Exclusions. Royal Bank will not have any liability, in tort, contract, or otherwise, for any Losses that the Customer sustains from use of the Image Capture Equipment, except to the extent caused directly by Royal Bank’s negligence or wilful misconduct and subject to other limitations hereunder.
- 4.6. Additional Limitations. Even where Royal Bank is negligent, and regardless of the cause of action, Royal Bank is not responsible for any Losses that are indirect, consequential, special, aggravated, punitive, or exemplary damages, including lost profits. Even where Royal Bank is negligent, and regardless of the cause of action, in addition to the additional limitations set out in Section 13.2 of the Legal Terms and Conditions, Royal Bank is also not responsible for any Losses resulting from any of the following:

- 4.6.1. anything beyond Royal Bank's control including, without limitation, accident, disaster, electrical fault, power surges, lightning, Internet connection fault, vandalism, or burglary;
  - 4.6.2. the Customer's use, storage, or handling of the Image Capture Equipment, other than in accordance with these Service Materials;
  - 4.6.3. unauthorized repairs or repair of damage caused by personnel (other than personnel authorized by Royal Bank) installing, repairing, or modifying the Image Capture Equipment;
  - 4.6.4. the availability and integrity of the power, environmental and connectivity requirements of the Image Capture Equipment, and any other equipment, software, consumables, or other items necessary to operate the Image Capture Equipment in connection with the Service; or
  - 4.6.5. the Customer's inability to produce an Image or transmit an Image or Document whether due to the failure of any part of the Image Capture Equipment or the Customer's inability to use the Service over the Internet or otherwise.
- 4.7. Return of Image Capture Equipment. Upon termination of the Service or the Agreement, or if the Image Capture Equipment supplied by Royal Bank does not function substantially in accordance with the specifications herein, all licenses granted herein shall be immediately terminated, and the Customer agrees to return the Image Capture Equipment supplied by Royal Bank as directed by Royal Bank within 30 days of termination.

## 5. Security and Service Materials

- 5.1. Security. The Customer will ensure compliance with all security procedures, standards, and other requirements prescribed by Royal Bank. The Customer will implement all features available to enhance the security of this Service, including password and pass phrase reset, dual administration, and multiple approval rules. **THE WAIVER AND RELEASE IN SECTION 13.3 OF THE LEGAL TERMS AND CONDITIONS WILL APPLY TO THE EXTENT THESE FEATURES ARE NOT IMPLEMENTED.**
- 5.2. Service Materials. The Customer will ensure the confidentiality, security, and proper use of all Service Materials, including tokens, login IDs, passkeys, passwords, pass phrases, personal verification questions, and other Security Devices, and Electronic Channels used in connection with this Service. The Customer will immediately notify Royal Bank, verbally and in writing, if any Service Materials or Electronic Channels are lost or stolen or if there is any unusual, suspicious, actual or suspected fraudulent, or other unauthorized use in relation to this Service.
- 5.3. Information Icons, Help Content, and Links. There may be important terms and conditions displayed on Royal Bank's website or when information icons or links are clicked using this Service, and they form part of the Agreement. The Customer will ensure the terms and conditions are accessed and reviewed accordingly.

## 6. Image Processing

- 6.1. Cut-off Times. Subject to Section 6.3, any Image received before the applicable cut-off time on a Business Day will be processed on the same Business Day. Any Image received after the cut-off time will be processed on the following Business Day. Images will be considered deposited at

such times and locations as Royal Bank may determine in its sole discretion, regardless of where the Customer or its accounts are located. Royal Bank may, but has no obligation to, confirm receipt of Images, provided, however, this confirmation does not mean the submission was error-free or complete or that Royal Bank has accepted or deposited any of the Images.

- 6.2. Currency Conversion. Subject to Section 7.2, if an Instrument requires conversion of funds from one currency to another currency, Royal Bank may convert the Instrument or funds to the applicable currency at the currency conversion rate established for such purpose by Royal Bank in its sole discretion. If the Customer has arrangements in place with Royal Bank applicable to the conversion of Instruments, including special or negotiated currency conversion rates, these arrangements will not apply to Instruments deposited using this Service unless the Bank has agreed expressly in writing to give effect to the arrangements for purposes of this Service. Royal Bank may debit any of the Customer's Accounts for the funds required for the currency conversion, and for any related fees and charges. Royal Bank will not be responsible for any Losses relating to currency conversions, including those resulting from a change to Royal Bank's currency conversion rates between the date an Instrument is converted by Royal Bank and the date the Instrument is delivered, received, processed, or returned. The Customer is solely responsible for any Losses relating to currency conversions, including those resulting from a change to Royal Bank's currency conversion rates and any loss in the value or amount of an Instrument due to an adverse change to such rates. The Customer is responsible for verifying that Images are being converted in accordance with these terms. Any provisional credit to an account will be changed, and Royal Bank may debit or credit the account, to the extent necessary to reflect the amount of funds converted and to deduct any conversion fees.
- 6.3. Images Not Accepted or Received. Royal Bank may for any reason, in its sole discretion, refuse to accept for deposit any Image and may return any Image, including due to the failure to conform to Royal Bank's specifications or quality standards or the failure to provide proper endorsements. An Image is not considered accepted for deposit by Royal Bank until Royal Bank has determined that it meets the requirements for continued processing. Royal Bank is not responsible or liable to the Customer or any other Person relating to any Image or portion of any Image that is lost or otherwise not received or accepted by Royal Bank or which is returned. The Customer will accept returns in any format received from Royal Bank, and the Customer may be charged additional fees for returns. Royal Bank may immediately, in whole or in part, without prior notice, restrict, suspend, or terminate the use of this Service if Royal Bank considers the rate of returned items to be excessive.
- 6.4. Finality. All Documents accessed, sent, received, accepted, or processed using this Service are considered binding on the Customer in accordance with Section 6 of the Legal Terms and Conditions.
- 6.5. Provisional Credit. Images will be credited to enrolled accounts on a provisional basis only, and provisional credits are subject to change and chargeback in accordance with the Agreement. Royal Bank may debit or credit the account of deposit, or any of the Customer's Accounts, to the extent Royal Bank determines necessary for this purpose. Images that are charged-back will be repaid in accordance with the Agreement, including if the Image is a duplicate, if payment for the Image is not received, or if the Image is returned after initial payment for any reason.

- 6.6. Limitations of Service. If the Service is unavailable to the Customer at any time and for any reason, the Customer is solely responsible, at its own expense, in those circumstances for finding an alternate method to deposit Instruments, such as by using a Royal Bank ATM or branch.

## 7. Restrictions on Use

- 7.1. Limits. Royal Bank may establish and change certain restrictions on the Customer's use of this Service, including restrictions on the types of Images and limits on the size, number, and dollar amounts of Images and files that may be submitted or accepted through this Service.
- 7.2. Prohibited Instruments. The Customer is prohibited from using this Service to create or deliver to Royal Bank for deposit Images of Instruments that are: (i) not original paper Instruments in the Customer's physical possession or control; (ii) not eligible under CPA Rule A10 for the creation of Images or Clearing Replacement Documents or Return Replacement Documents, as such terms are defined in CPA Rule A10; (iii) payable in a currency other than Canadian or US dollars; (iv) drawn on or payable through a financial institution located outside of Canada or the US, or which bear a non-Canadian or non-US routing/transit number; (v) dated more than six (6) months before the date of deposit or that are postdated (dated for a future date); (vi) duplicates or Images or Instruments which otherwise have already been submitted for deposit or accepted for value by Royal Bank or any other Person; (vii) previously converted to Images or Clearing Replacement Documents or Return Replacement Documents, as such terms are defined in CPA Rule A10, substitute checks or remotely created checks, as such terms are defined in Federal Reserve Board Regulation CC, or otherwise that are not original Instruments; (viii) originally payable to any Person other than the owner of the account to which the Instrument is deposited, except to the extent otherwise permitted in writing by Royal Bank; (ix) drawn or otherwise issued by the Customer or any other Person on any of the Customer's accounts, or any account on which the Customer is a Representative or which is provided to the Customer jointly with another Person; (x) altered in any way or which the Customer knows or suspects, or should know or suspect, are fraudulent or otherwise not authorized by the owner of the account on which the Instrument is drawn; (xi) not acceptable under Royal Bank's policies and procedures, do not meet Royal Bank's specifications or quality standards, or are otherwise not acceptable under the Agreement; or (xii) otherwise determined by Royal Bank as not eligible for deposit using this Service, including at the time of delivery to Royal Bank for deposit by rejecting it and returning it to the Customer, which, for greater certainty, Royal Bank may do for any reason in its sole discretion (collectively, the foregoing are "**Prohibited Instruments**"). The Customer will ensure this Service is not used to deposit any Prohibited Instruments. Royal Bank may, in its sole discretion, accept for deposit any Prohibited Instruments, provided that in no event does Royal Bank have any obligation to do so, nor will Royal Bank have any responsibility or liability to the Customer or any other Person for accepting or rejecting any such Prohibited Instruments. For greater certainty, if Royal Bank exercises its discretion and accepts for deposit a Prohibited Instrument, this will not constitute a waiver of any term of the Agreement or preclude enforcement of the terms of the Agreement and restrictions on Prohibited Instruments in accordance with these Service Materials.

7.3. Jurisdiction. This Service is only intended for use in Canada, and must not be accessed or used to create, deliver, or deposit Images from jurisdictions outside Canada, except to the extent otherwise permitted in writing by Royal Bank.

## **8. Additional Representations, Warranties, and Covenants; Indemnity**

8.1. Ongoing Representations, etc. Each time the Customer uses this Service, the Customer represents, warrants, covenants, and agrees that: (i) each Image is the only Image that exists of the original paper Instrument, and has been created by the Customer; (ii) the original paper Instrument of each Image is in the Customer's physical possession or control and will be securely stored and destroyed in accordance with Section 3.3; (iii) each Image complies with Royal Bank's specifications and quality standards and any applicable industry standards, and does not contain any viruses; (iv) there are no Prohibited Instruments, including no duplicate Images or Instruments; (v) the Customer has in place prudent measures to securely store and destroy original paper Instruments in accordance with these terms, and otherwise to detect and prevent duplicates and other Prohibited Instruments from being submitted; (vi) payment has not been made or sought on an Instrument more than once, including by depositing the original paper Instrument with Royal Bank or any other financial institution, at any time either before or after submission of the Instrument through this Service; (vii) all information submitted is true and accurate, including that each Image accurately and completely represents all information on the front and back of the original paper Instrument; (viii) each Instrument is authentic and valid and originally payable to the account holder, and has been properly endorsed; (ix) no Instrument has been altered and all signatures on all Instruments are authentic and authorized; and (x) the Customer, its use of this Service, and each Image and Instrument, complies with the Agreement, including these Service Materials, Applicable Laws, its constating documents, and other obligations applicable to the Customer and its use of this Service.

8.2. Indemnity. The Customer will indemnify and hold harmless Royal Bank and any other Person who suffers a Loss in connection with this Service, including if the Customer does not securely store or destroy original paper Instruments in accordance with Section 3.3 or otherwise if the Customer breaches the Agreement. For greater certainty, the scope of the Customer's indemnity includes Losses incurred by the intended payee, drawers of the original paper Instruments, and Persons whose accounts may be wrongly charged or charged more than once for Images deposited using this Service. Royal Bank is not responsible or liable for any Losses incurred by the Customer or any other Person as a result of the Customer's use of this Service.