



Royal Bank of Canada

MASTER CLIENT AGREEMENT FOR BUSINESS CLIENTS

RBC® Payee Match

Service Materials

These are Service Materials for RBC Payee Match, 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 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 this Document, the following defined terms will be used:

“**Account**” means an Account enrolled in this Service.

“**Administrator**” means a User designated by the Customer to perform certain responsibilities and administrative functions relating to this Service, including the creation and management of User profiles and/or controlling User Permissions.

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

“**Exception Cheque**” means a cheque presented for payment from an Account, which has a serial number, amount, or payee name or payee address (if applicable) 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, including a cheque with no serial number, a duplicate cheque of one already processed, or if the cheque image is not available.

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

“**User**” means a Person using the Service, including each Administrator.

“**User Permissions**” means the roles, responsibilities, access, and entitlements given to a User in connection with this Service.

2. Services

2.1 Description of the Service. The Service can be used by the Customer to automate the daily verification of cheques presented for payment to mitigate cheque fraud.

2.2 Access to Online Services. The Customer’s RBC Express administrator(s) will act as Administrator(s) for this Service. Each Administrator may appoint Users to make payment decisions on Exception Cheques or view notices or other information.

The Customer will perform regular reviews of the lists of Users for the Service, to ensure conformity with the Customer’s internal policies and guidelines and lists of Users. Administrators can access the lists of Users for the Service in RBC Express.

3. Users and User Permissions

3.1 Authority. The Customer will ensure each User is properly authorized to use this Service on its behalf, and that the User Permissions given to the User correspond to the User's authority to act on the Customer's behalf. Royal Bank may, in its discretion, with or without prior notice, accept, reject, change, or terminate the User Permissions given to each User.

3.2 Responsibility for Users. The Customer will ensure each User complies with the terms and conditions of the Agreement, including these terms and conditions and other applicable Service Materials. The Customer is responsible for all actions and omissions of Users, and all actions and omissions of Users are binding on the Customer.

3.3 Information. The Customer will ensure all information provided to Royal Bank about each User, including the name, mailing address, email address, telephone and mobile numbers, and other contact information for each User, is the correct and current information for the User acting in a business capacity on the Customer's behalf.

3.4 Changes. The Customer will ensure all necessary changes are made in the event of a change to a User's authority or information. The Customer is bound by any change made by a User. Changes made to this Service, including any change to the authority and information of each User, may not result in corresponding changes to any other Services or Documents. The Customer will ensure its other Services and Documents are changed to the extent necessary, in accordance with the Agreement.

3.5 Disclaimer. Royal Bank is not responsible for verifying or changing the authority or information of any User in connection with this Service. This disclaimer applies notwithstanding anything contained in an Authorization Form or other Document provided to Royal Bank.

4. Guides

4.1 Customer Guides. Royal Bank provides comprehensive Customer Guides for using the Service, including: (i) Standard Input File Format; (ii) Cheque Printing and Issuance, and (iii) Client Manual. The Customer will ensure the Customer Guides are available to Administrators and other Users for review and reference.

5. Security

5.1 Password security. All passwords must be confidential, unique, and not shared or easily guessed by others, and follow the guidelines in the Customer Guides. Passwords should not contain birthdays or names of those selecting them or their family members. Passwords should not be written down. Each Administrator and User must select their own password based on pre-defined rules, as described in the Customer Guides. If the Customer, or any Administrator or User, suspect 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 Administrator, 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 Administrator and 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.

5.2 Information Icons, Help Content, and Links. There may be important terms and conditions displayed when information icons or links are clicked using this Service, and these terms and conditions form part of the Agreement. The Customer will ensure these terms and conditions are accessed and reviewed accordingly.

6. Issuing Items

6.1 Specifications. 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. 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 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.

6.2 Advising Issued Cheque Information. Prior to issuance, the Customer will advise Royal Bank by file transmission of details of issued cheques as follows: (i) branch transit number; (ii) account number; (iii) cheque serial number; (iv) issue date on cheque; (v) payee name (if applicable); (vi) address (if applicable), and (vii) amount. The full payee name and address printed on the cheque must be included in the details. 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 8:00 p.m. E.T. 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.

6.3 Matching Cheques. On each Business Day, Royal Bank will use the serial number on each cheque that is presented to Royal Bank for payment from the applicable Account to reference the corresponding issued cheque details provided by the Customer for comparison of the amount. Royal Bank will also compare the payee name and address information, if agreed in writing by Royal Bank when the Customer enrolled in the Service. 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 a presented cheque or a paper Clearing Replacement Document (as such term is defined in Payments Canada's CPA Rule O14) or the serial number and amount fields indicated in an ICP File (as such term is defined in Payments Canada's CPA Rule A10). Royal Bank's comparison of the payee name and address information is limited to the number, length, and location of lines of the payee name and address information on the presented cheque, as agreed by Royal Bank in accordance with the Section on Issuing Items above, and one line above. Blank lines will not be considered in counting the lines on the presented cheque. Royal Bank will only compare the serial number, amount (if agreed by Royal Bank), and payee name information on presented cheques as set forth above. Royal Bank is not liable for any missing or other information on any cheque, including for the account number, signatures, or any information on any other lines above or below the payee name. Royal Bank will notify the Customer through internet access at the Service website of all Exception Cheques as set out below.

6.4 Stop Payments / Void Cheques. As part of the RBC Payee Match Basic service, Royal Bank does not action stop payments or store or action "Void" cheques.

6.5 Input Verification. Royal Bank will contact the Customer if the issued cheque details sent by Customer fails Royal Bank's edits, being the testing performed by Royal Bank on the files. The Customer will correct any rejected issued cheque details, by re-submitting the data. As part of this Service, Royal Bank does not check the issued cheque details for duplicate information on individual issued cheques.

7. Exception Cheques

7.1 Notice Times. On each Business Day, Royal Bank will provide the Customer with notice of Exception Cheques through internet access at the Service website by 10:00 a.m. E.T. If on any particular day, the notice of Exception Cheques is not made available to Customer by 10:00 a.m. E.T., the Customer shall notify Royal Bank of non-receipt by 11:00 a.m. E.T. on that day. For US dollar cheques, the Customer shall notify Royal Bank by 10:30 a.m. E.T. if the notice of Exception Cheques cannot be accessed, to ensure cheques can be reviewed and instruction sent to meet the earlier decision deadline that applies to US dollar cheques.

7.2 RBC Communication. Royal Bank will use its reasonable efforts to send a courtesy email by 10:00 a.m. E.T. on each Business Day to the Customer's designated email address as instructed by the Customer at the time of enrolment or as amended from time to time, advising that a notice requires attention or that there are no Exception Cheques that day. Royal Bank does not guarantee receipt of this courtesy email due to constantly changing email environments to defend against network intrusion, and the Customer understands that email communication is not secure or reliable and that email notification may not be received by Customer in a timely manner or at all. The Customer must notify Royal Bank in advance of any changes to its email address. As part of this Service, Royal Bank will not send an email asking the recipient to "click" on an included URL. Any such URLs will be provided through separate communications such as the Customer Guides.

7.3 Decisioning Exception Cheques. On each Business Day, Royal Bank will make available by 10:00 a.m. E.T. notice of any Exception Cheques through the Service website. Royal Bank will consider all Exception Cheques as paid, unless Royal Bank receives the Customer's instructions to deny payment on Exception Cheques by the decision deadlines below or Royal Bank previously agreed in writing to return all Exception Cheques not decisioned. The Customer acknowledges it is responsible to access the Service website on a daily basis to check for notice of Exception Cheques, and the Customer will pay or deny payment of Exception Cheques by on-screen input. The Customer's input and submission must be complete by the decision deadlines below.

7.4 Default Decision. At the time of enrolment in the Service, the Service will be set-up to automatically pay all Exception Cheques which are not decisioned by the decision deadlines below. If the Customer wishes to have all Exception Cheques not decisioned returned, this must be pre-agreed in writing by Royal Bank.

7.5 Decision Deadlines. Deadlines by which time daily decisions must be inputted and submitted on Exception Cheques are:

- (i) with respect to any RBC processing centre other than the Halifax processing centre, for Canadian dollar cheques and for US dollar cheques drawn on accounts without a US Par Crossed service agreement, 2:00 p.m. local time based on the location of the RBC processing centre associated

- with the account on the day Royal Bank provides the notice of the Exception Cheque, or
- (ii) with respect to the Halifax processing centre, for Canadian dollar cheques and for US dollar cheques drawn on accounts without a US Par Crossed service agreement, 1:00 p.m. local time on the day Royal Bank provides the notice of the Exception Cheque, or
 - (iii) for US dollar cheques drawn on accounts with a US Par Crossed service agreement, 1:00 p.m. E.T. on the day Royal Bank provides the notice of the Exception Cheque.

These deadlines apply on all Business Days. The earlier deadline for US dollar cheques drawn on accounts with a US Par Crossed service agreement is to enable Royal Bank to comply with the deadlines for returning cheques in the US.

7.6 Illegible or Unavailable Exception Cheque Images. The Customer will contact the Customer's Royal Bank Service Representative to obtain a legible copy of the Exception Cheque should the cheque image be unavailable or illegible, as displayed on the Service website. Royal Bank will provide a legible copy of an Exception Cheque within one hour of Royal Bank confirming to the Customer that it has received notice that the image on the Service website is unavailable or illegible.

7.7 Late Notice. In the event Royal Bank's notice of an Exception Cheque or a legible copy thereof is made available to Customer after 10:30 a.m. E.T., the Customer shall provide its instruction within one hour of the time the notice or cheque image is made available by Royal Bank, or the decision deadline above, whichever is later. If the decision deadline has passed, the Customer will fax their decision to the Customer's Royal Bank Service Representative and confirm by telephone. Royal Bank will act on the Customer's instruction on receipt of same. If the instruction is to deny payment and returning the Exception Cheque is unsuccessful because the Customer's instruction was received by Royal Bank after the decision deadline, as extended by this section, the applicable Account will be charged.

7.8 Verification of Return Decisions. The Customer must review the Accounts the day following delivery of a return decision to confirm that 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. Royal Bank will act in a timely manner on the Customer's decision to return Exception Cheques by returning the Exception Cheques to the negotiating financial institution, and reversing the charge, if any, made to applicable Account for the cheques. Cheques negotiated out-of-province will be returned on the day the physical cheque is received by the branch of the applicable Account. For US dollar cheques, refer to the note below regarding delays in Royal Bank's receipt of the cheques in Canada.

8. US Dollar Cheques drawn on accounts with a US Par Crossed service agreement. 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.

9. Account Withdrawal. The Customer may withdraw an Account from the Service by providing Royal Bank written notice thirty (30) 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.