



DEFINITIONS AND TERMS

The following terms and definitions are used throughout the Rules and Manual of Operation (**RMO**):

Client, you and your	Client, you and your have equal meaning and refer to the Client or the Client's employees, representatives or agents using or operating the Service.
Invalid Transactions	Invalid transactions are those that fail to pass RBC Royal Bank's data validation process.
Originator	As the party that initiates transactions, the Client is the Originator.
Receiver	The party receiving the proceeds of the direct deposit, or the party who will be debited with the direct payment, as ordered by the Client, is the Receiver.
Service	Service consists of the transfer of funds to specified payees (direct deposits) or consists of the processing of pre-authorized debits by RBC on behalf of the Client, drawn on specified payors (direct payments).
Transaction	A transaction is an order from you to the Bank to issue either a direct deposit or a direct payment.
Valid Transactions	Valid transactions are those that successfully pass RBC Royal Bank's data validation process.
We, Bank, Royal Bank, Royal Bank of Canada, RBC and RBC Royal Bank	We, Bank, Royal Bank, Royal Bank of Canada, RBC and RBC Royal Bank have equal meaning and refer to Royal Bank of Canada.



CLIENT RESPONSIBILITIES

The Client is responsible for:

- Using and operating the Service according to all technical requirements and operating instructions, guidelines and procedures described in the ACH Resource Centre.
- Ensuring that all direct deposits or direct payments originated, and all dealings related to those direct deposits or direct payments, are in compliance with the rules of the
 - Canadian Payments Association (**CPA** or **CPA Rules**) for direct deposits or direct payments destined to financial institutions in Canada; or the rules of the
 - National Automated Clearing House Association (**NACHA** or **NACHA Rules**) for direct deposits or direct payments destined to financial institutions in the United States.
- Obtaining from the Receivers authorizations, payor agreements or similar agreements, and keeping copies in suitable media of such authorizations, payor agreements or similar agreements for the terms, and substantially in the form, required by CPA Rules or NACHA Rules, consenting you to make direct deposits or issue direct payments to their accounts at financial institutions in Canada or in the United States.
- Obtaining from the Receivers their correct account numbers, as well as their financial institution and branch numbers, or routing numbers for financial institutions in the United States; keeping such information current; and for not originating further payments for any Receiver for whom the Receiver's financial institution has issued a Notice of Change unless the Client has changed the transaction data to reflect the information provided in the Notice of Change.
- Ensuring that the dollar value of direct deposits does not exceed your Daily Limit as confirmed by the Bank.
- Requesting temporary or permanent adjustments to your Daily Limit no later than the lead-time for such requests, as advised in the most recent written confirmation of your Daily Limit.
- Delivering to RBC Royal Bank transaction instructions, whether in files or singly through RBC Express ACH Direct Payments & Deposits Payment Manager, before the deadlines that RBC Royal Bank has established for the acceptance of valid transactions. Current information regarding cut-off times/input deadlines can be found in the ACH Resource Centre. For future dated direct deposits, funds will be debited from the applicable account on the date the transaction instructions are received by RBC Royal Bank or on the value date if you have a Daily Limit.
- Advising RBC Cash Management Client Support Centre in advance of any changes to your input file schedule, i.e., advising of late or unscheduled input files, if you have elected to provide a file schedule to RBC Royal Bank.



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- Formatting your input files according to one or more of the formats and conditions for such formats described in the ACH Resource Centre or as agreed in advance with RBC Royal Bank.
 - Originating only those transactions bearing the CPA's transaction codes or NACHA's Standard Entry Classes that RBC Royal Bank has identified as authorized for you to use.
 - Timely collection of all reports or data files that the Service produces and promptly advising your RBC Cash Management Client Support Centre if the reports or data files are missing.
 - Promptly verifying the results of RBC Royal Bank's validation of payment instructions received in input files (See "Input Verification & Edit Report" and "File Input Payment Confirmation Report") and correcting all invalid transactions before the deadlines that RBC Royal Bank has established for the acceptance of valid transactions.
 - Timely verifying the "Daily Limit – Payment Details Report" to identify direct deposits that have been rejected because of insufficient Daily Limit or transactions previously rejected because of insufficient Daily Limit that have been accepted after a positive change in the available Daily Limit.
 - The financial impact of the foreign currency exchange, whether a loss or a gain, when transactions previously converted to another currency have been returned by the receiving financial institution or are reversed or corrected, or for whatever reason require conversion to their original currency.
 - Ensuring that all passwords and identification numbers used in the operation of the Service are kept secret at all times and are used exclusively for the purpose for which they were issued.
 - Ensuring that, where passphrases are required, each person using the Service establishes a passphrase according to the rules for establishing passphrases and maintains his or her passphrases secret to him or her at all times. Further, when it is suspected that others know a passphrase, ensuring that the passphrase is changed immediately and the situation reported to RBC Royal Bank.
 - Keeping security devices related to the operation of the Service, including RSA SecurID® Tokens, always in the possession of the persons for whom the security devices were issued or assigned.
 - Ensuring that when using RBC Express ACH Direct Payments & Deposits or any software provided by RBC Royal Bank for the operation of the Service, the system or software is not operational without the presence of the person authorized to use the system or the software.
 - Prudently establishing the rules and protocols for the approval of transactions processed through RBC Express ACH Direct Payments & Deposits, following your organization's resolutions and policies for the approval of payments, as well as for prudently defining and assigning roles, responsibilities and rights (entitlements) of each person using RBC Express ACH Direct Payments & Deposits.



RBC ROYAL BANK RESPONSIBILITIES

RBC Royal Bank is responsible for:

- Providing the Service as agreed with the Client and as described in the ACH Resource Centre.
- Providing ongoing support in the operation and use of the Service.
- Timely processing of single transactions or files of transactions received from the Client, and validating the transaction data for their presence, structure and content to the extent described in the ACH Resource Centre.
- Timely reporting to the Client the results of the transaction data validation process.
- Storing (warehousing) **valid** transactions for periods appropriate for the circumstances of each transaction as described in the ACH Resource Centre, including, pending further disposition, direct deposits that would have caused the Client to exceed the Daily Limit.
- To the extent that the Client has requested, storing (warehousing) **invalid** transactions pending further disposal by the Client, or until they expire.
- Notifying you through electronic mail when we produce service reports because of the rejection or acceptance of direct deposits resulting from the unavailability or availability of sufficient Daily Limit.
- Delivering transactions, and corrections of transactions as permitted by CPA Rules or NACHA Rules, to the Receivers' financial institutions according to the industry's schedules and the schedules that RBC Royal Bank establishes.
- Timely crediting your deposit account with the proceeds of valid and delivered direct payments.
- Rejecting all transaction input files exceeding the file limit if the Client has elected to define the maximum dollar value of any file that the Client sends or transmits to RBC Royal Bank.
- Rejecting all single transactions exceeding the Transaction limit if the Client has elected to define the maximum dollar value of any transaction that the Client sends or transmits to RBC Royal Bank.
- Making available service reports or data files according to the schedules included in the ACH Resource Centre or as advised by the Bank from time to time.