



*Updated for 2022*

ECCHO®

## Canadian Image AT A Glance

### **ECCHO Canadian Subcommittee Develops Rules for Northbound Image Exchange of Canadian Cheques**

The ECCHO Canadian Subcommittee was established in August 2013 to discuss Canadian image cheque exchange and establish rules. Participants included US financial institutions, Canadian banks, processors, and Payments Canada (at that time the Canadian Payments Association). While existing ECCHO rules covered southbound items (typically through ICL products), they did not cover exchange of northbound items. The draft was discussed during the April 2015 Ops Meeting, approved at the June Board meeting, and effective August 2015. Rules commentary was approved effective December 2015. ECCHO Rules for Exchanges of Images of Canadian Items are located in Section XVIII of the ECCHO rules. The work of the Canadian Subcommittee is now complete until such time as rule changes are needed. Note that ECCHO rules extend as far as the border, after which Canadian law/correspondent agreements apply. (flow diagrams follow)

### **Background: Image Exchange Project and Canadian Clearing**

Canada's Image Rule Project began in 2009, and was comprised of four phases that culminated in 2013 with final rule amendments allowing direct clearers to exchange image captured payment files by agreement. At that time, Canadian clearers utilized return replacement documents (RRDs) and clearing replacement documents (CRDs)—similar to the use of substitute checks in the US—as a means of phasing into image exchange. The ultimate plans were for Canadian banks to plan to move from regional cheque clearings to a single electronic site.

The Canadian cheque system is a point to point exchange in which only direct clearers exchange items—other financial institutions (about 120) work through the direct clearers. US banks utilize correspondent relationships with direct clearers or with US “Gateway” banks that have relationships with direct clearers. Separate streams are required for Canadian dollar items, US ABA dollar items, and US dollar funded accounts (Canadian accounts). The Canadian system does not support adjustments but under certain conditions allows returns for up to 6 years.

### **Progression of Canadian Image Exchange Program**

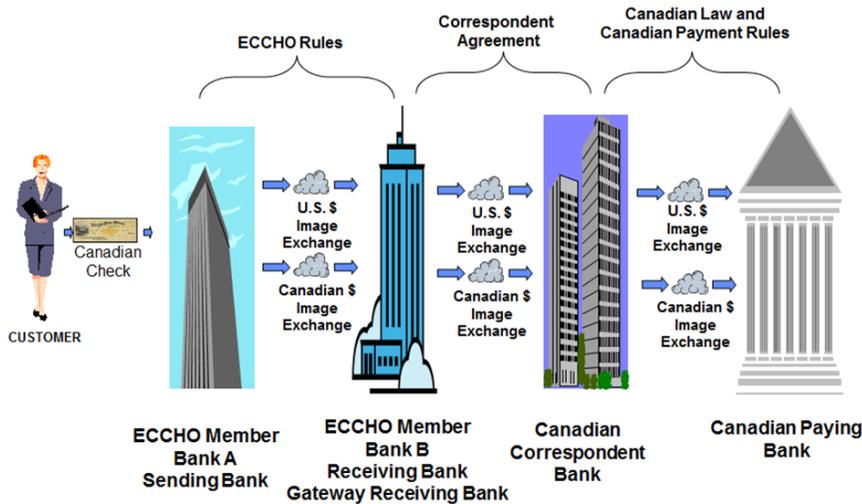
- First intra-bank exchange took place in October 2015.
- Ten direct clearers have implemented ICP (Image Captured Payment) Forward Presentment.
- Four direct clearers have implemented ICP Returns.
- Several banks are accepting X9 files from US financial institutions—some converting the images to CRDs.
- Several banks have implemented image ATMs.
- Most direct clearers have implemented commercial and mobile RDC products.
- Several direct clearers have implemented teller and/or back counter capture systems.

# CANADIAN AT A GLANCE (continued)

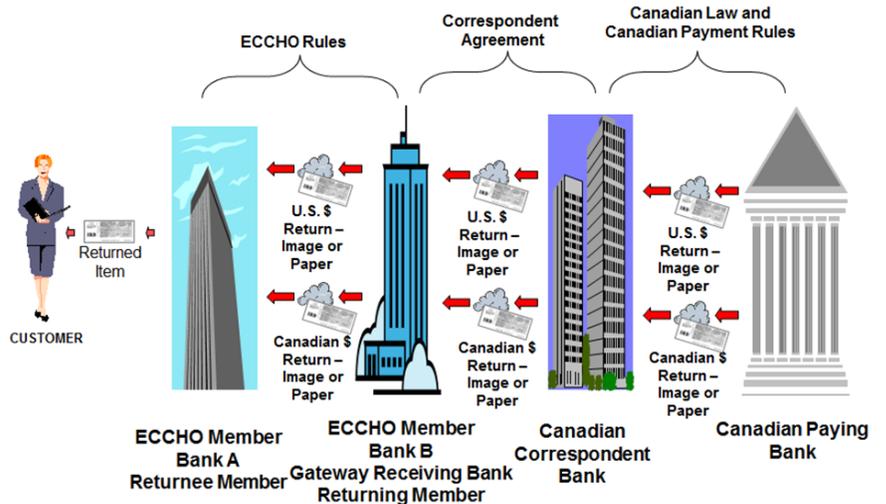
## ECCHO Northbound Electronic Check Forward and Return Exchange Flows

The diagrams depict flow for ECCHO rules exchanges prior to exchange with Canadian banks going north. The rules/law/agreement coverage is indicated across the top. ECCHO Rules apply to agreed ECCHO exchanges up until they cross the Canadian border--at which time Canadian law and correspondent agreements apply. Separate streams will be required for each currency.

### Forward Exchange (Northbound)



### Return Exchange



## References

**Canadian Image Rules:** CPA Rule A10 Image Rule at <https://www.payments.ca/sites/default/files/a10eng.pdf>

**Canadian Image Standards:** X9.100-187 plus *Canadian Companion Document ICP Standard 015*  
<https://www.payments.ca/sites/default/files/standard015eng.pdf>

**Canadian Return Reason Codes spreadsheet** courtesy of Saffici Payment Consulting:

<https://www.checkimagecentral.org/-/media/cic/documents/understanding-canadian-return-reason-codes-update-2021-01-23.pdf>

**Canadian Return Standard:** A4 Returned and Redirected Items

<https://www.payments.ca/sites/default/files/a4eng.pdf>