

Mega International Commercial Bank (Canada)

Voluntary Public Commitment – Uniform Treatment of On-Us Wire Payments

Inter-financial institution wire payments in Canada are generally processed through the Canadian Payments Association's electronic wire transfer system (the Large Value Transfer System). The Large Value Transfer System (LVTS) is supported by a legal framework which enables the sending of real-time irrevocable payments across Canada.

However, the benefits of the legal framework applicable to LVTS payments do not apply to all wire payments. Specifically, payments between customers of the same financial institution (known as on-us payments) are not transferred using the LVTS. A customer making or receiving the payment may not realize that it is not a wire payment made through the LVTS and not subject to the same rules that apply to LVTS payments. As a result, there is some uncertainty about on-us wire payments in terms of applicable value-dating, irrevocability, payment finality and error correction practices, which has been the subject of considerable discussion and debate among users of the Canadian payments system.

Voluntary Public Commitment – Uniform Treatment of Wire Payments

To provide clarity around the treatment of on-us wire payments and address customer expectations, endorsing financial institutions voluntarily **agree to treat on-us wire payments in the same manner as LVTS payments**. Specifically, the assurances outlined in Canadian Payments Association (CPA) By-law No. 7 – Respecting the Large Value Transfer System regarding timing, finality and errors (subject to anti-money laundering and fraud policies) will be similarly applied by endorsing financial institutions to on-us wire payments. In this regard, similar to LVTS payments, endorsing financial institutions will treat on-us wire transactions as having the following characteristics:

- **Payment irrevocability and finality** (once funds have been posted to the payee's account);
- **Same day credit** (on value date indicated and in accordance with the endorsing financial institution's daily cut-off schedules); and
- **Notice to the beneficiary** by its financial institution about funds availability (this could be accomplished by posting to the beneficiary's account).

In addition, endorsing financial institutions commit to working towards including provisions in their client agreements that are created following this commitment confirming the institution's assurance to treat on-us wire payments in the same manner as LVTS payments, for the elements outlined above.

Scope of Commitment

The commitment applies to all **domestic, Canadian dollar business and consumer on-us wire payments**.

¹ An On-US wire payment is a payment that, had it been an LVTS payment between two financial institutions, would normally be processed through the originating financial institution's wire processing system. It is not intended to include payments that would have normally been cleared through the Canadian Payments Association's Automated Clearing Settlement System, e.g. cheques, electronic data interchange and other electronic funds transfers.