Mega International Commercial bank (Canada)
Policy and Procedures for Clear Language and Presentation

Est. Sep. 12, 2013

I. Purposes:

The Mega ICB (C) distributes a limited range of retail banking services, including deposits, mortgage, commercial lending as well as import-export finance, to its customers. The Bank's target market is mainly overseas Chinese community. To communicate the bank's messages clearly and effectively, the bank should use clear language for all documents, presentations, and electronic messages.

The purpose of this policy is to ensure the bank's written communication is in an easy and unambiguous style. By choosing straightforward vocabulary and sentence structures and by organizing and presenting material clearly and logically, the bank can present its policies, programs, publications, and services in a matter that is readily understandable to save the reader time and effort, and ensure that the information will be clearly understood by the readers.

II. What is Clear Language and Presentation?

Clear and simple writing starts by focusing on the needs of the reader and presents information in a logical order using familiar, everyday words and expressions. It is language stripped of unnecessary complexity, but not stripped of style. It is reader -focused language. It avoids jargon and uses a minimum of technical language in a manner that is not misleading, but that an audience can understand quickly and easily.

III. The Benefits of Clear Language and Presentation:

Consumers	The Bank
will understand the message easily	will save time and money
will make sound and informed financial decisions	will improve communication between employees and customers
will be satisfied	will reduce employee errors
will save time	will be able to train employees in clear communications correctly and quickly

IV. The Principles of Clear Language and Presentation

The Bank must effectively demonstrate that it has applied the following five principles of clear language outlined in FCAC Guideline CG-3 "Clear Language and Presentation Principles and Guidelines for the Industry".

Principles	Guidance	Operational Guidelines
Know your audience	In all communications directed at consumers, the bank needs to: ● be able to explain why the reader needs the information in the document. ● ensure the document is easy to understand, inviting and useful. ● find the right balance between its marketing, compliance and legal objectives and requirements in order to describe its products accurately but also in a clearly understandable way.	● Determine the needs of the reader the document is written for. ● Think from your reader's point of view. ● Put yourself in that reader's shoes: what questions would he or she ask? ● Keep in mind that reader's average level of knowledge about the document's subject. ● Do not underestimate the reader's intelligence, but do not assume the reader understands the subject of the document. ● Consider the reader's familiarity with procedures and terms.
Make your material understandable by planning your text	Let consumers know what they're looking at and provide them the information they need. Avoid ambiguities: be direct, concise and to the point. Use a logical pattern and make the links between your ideas obvious. Remove any information	● Replace technical terms with equivalent everyday words wherever possible. ● Use concrete rather than abstract words as much as possible. ● Be precise when describing ideas and products. ● Be consistent by using the same terminology.

	that is not essential to your purpose. Will the consumers understand the document the first time they read it?	● Minimize your use of acronyms; define them the first time you use them, and be consistent. ● Use examples and tables to present comparisons or to explain a calculation. ● Keep most sentences short. ● Use the active voice ("The customer invests in certificates," not "Certificates are invested in by customers.")
Write clearly	Organize your ideas and structure your writing.	● Weigh the importance of every idea. Which is the most important? What content is necessary? ● Put the main message — the most important idea — first. ● Group related ideas together. ● Present the information in a logical order. ● Use lots of headings and subheadings. Descriptive headers will help your reader scan and absorb the information more easily and quickly. ● Use short and simple sentences and paragraphs. Avoid the "wall of words." ● Use footnotes for explanatory information or examples. ● In larger documents, include a table of contents for easier reference.
Use the visual presentation to enhance your text	Create a reader-friendly format. The way the information is presented on	● Use a readable and appropriate typeface and font size. The most common are Times New

	the page is almost as important as the words used to describe it. Your document needs to be visually inviting.	Roman or Arial at 10 to 12 point size. ● Use layout and spacing that separate sections. ● Leave plenty of white space between lines of text and paragraphs. ● Avoid a dense, block-like appearance. ● Leave the right margin ragged. ● Make key information easier to find. ● Use a text box or other graphical treatment to emphasize a particularly important idea. ● Highlight important information in boxes or bulleted lists. ● Use **bold** type and/or <u>underlining</u> to emphasize important information — for example: **<u>19.9%</u>**
Test your material	A financial institution needs to test its documents in order to determine whether they are user-friendly. It is especially important to test application forms and agreements that will be used by the average reader. If the average consumer can read the entire document without feeling confused and without having to go back and read it again, you've passed the test.	● Test your documents on a variety of readers. ● Monitor how customers complete application forms and identify areas that cause confusion or misunderstanding. ● Seek feedback through focus groups and surveys. ● Add a statement to each document inviting readers to comment on its clarity and to suggest how to make it easier to understand. ● Use a checklist to ensure

		that clear language and presentation principles were followed.
		● Ask yourself:
		✧ Does the document speak clearly to the intended reader?
		✧ Is the information organized and presented in a logical sequence?
		✧ Is the most important information summarized in a box at the beginning of the document?
		✧ Is the document written in the active voice?
		✧ Is the document organized in short sections?
		✧ Are there more short sentences than long sentences?
		✧ Does the document contain useful headings, sub-headings, tables and bulleted lists?
		✧ Does it use short, familiar words instead of jargon?
		✧ Is the text arranged neatly on the page with readable typefaces, appropriate use of boldface and italics and good use of white space?

V. Tips for Using Clear Language

Certain qualities characterize plain language. These include common, everyday words, except for necessary technical terms. Other qualities include the use of personal pronouns; the active voice; logical organization; and easy-to-read and understand design features, such as bullets and tables.

1. **Engage the reader.**

Consider who the reader is. Often, there is more than one reader.

Consider what the reader needs to know. Organize content to answer the reader's questions. Write for the appropriate reading level.

2. **Write Clearly.** Use common, everyday words whenever possible.

Word Choices:
- Use common, everyday words
- Use other personal pronouns such as "you"
- Use "must" instead of "shall"
- Avoid using undefined technical terms
- Use positive rather than negative words
- Avoid using gender-specific terminology
- Avoid long strings of nouns

Verb Forms:
- Use active voice
- Use action verbs
- Use the present tense

Structure:
- Use parallel construction
- Be direct
- Avoid using unnecessary exceptions

3. **Display Material Correctly**

Appearance is an important aspect of clear communication. If a document is pleasing to the eye, it will be more likely to attract your reader's attention. Appearance can also be an aid to the reader, improving comprehension and retention. There are four main aspects of appearance:

- **Organization:** Strong, logical organization includes an introduction followed by short sentences and paragraphs. Organize messages to respond to reader interests and concerns.
- **Introduction:** In lengthier documents, use an introduction and a table of contents to help the reader understand how a document is organized.
- **Short sentences and paragraphs:** Sentence length should average 15-20 words. Sentences that are simple, active, affirmative, and declarative hold the reader's interest. Generally, each paragraph should contain only one topic. A series of paragraphs may be used to express complex or highly technical information.

The more writing deviates from a clear and to-the-point structure, the harder it will be for the reader to understand what is being conveyed.

- **Layout:** Layout includes margins, headings, and white space. Provide white space between sections to break up text and to make it easier for readers to understand. Use headings to guide the reader; the question-and-answer format is especially helpful. Try to anticipate the reader's questions and pose them as the reader would. Use adequate margins.
- **Tables:** Tables make complex information readily understandable. Tables can help the reader see relationships more easily. They may require fewer words than straight text.
- **Typography:** Typography relates to fonts and typographical elements used for emphasis, such as bullets or italics.

4. Evaluate Your Document

To ensure that you are communicating clearly, evaluate the document or have another person read it and offer suggestions for clarification.

- Look over the document for: Correct spelling, grammar, and punctuation;
- Inclusion of appropriate devices, such as dating, page numbering, and consistency;
- Visual appeal;
- Consistency and effectiveness of layout and typographical devices (avoid overuse); and
- Line breaks that inadvertently separate part of a name or date in a way that reduces clarity.

VI. Procedures:

1. Applicability:
This policy shall be applied to all internal communications to the employees and external publication to the customers of the Bank.

2. Designate Senior Officer:
The Chief Compliance Officer of the bank will serve as the designated officer in implementing the Bank's clear language effort and his/her responsibilities are as follows:

- notifying and communicating with employees of the requirements of clear language;
- reviewing all consumer disclosure and client-directed documents prior to use by

the business line;

- developing and providing a comprehensive clear language training program; and
- confirming the compliance with FCAC Commissioner's Guidance CG-3 in CCO's Compliance Legislative Report to the Board annually;

3. **Communicate the Clear Language requirements to the employees:**

The Chief Compliance Officer will email to all employees the establishment of this policy and make it available on the bank's internal website. Also on the internal website, links of the related websites that provide information on various aspects of writing in clear language will be provided.

4. **Provide clear language training to employees :**

The Bank shall implement on-going training program to its employees so that the entire organization is on the same page. An effective Clear Language training program shall focus on:

- Learning how to identify and write for your audience;
- Learning how to use clear language techniques in any type of document;
- Learning how to use clear language to save time and resources;
- Learning how to become a more effective communicator;

The following websites offer free plain language internet-based training that introduces the basics of clear language. The goal of the training is to help learner to organize ideas, use a clear writing style, and become a more effective communicator. From those web-training, learner will have an opportunity to do the exercises in a manner that will logically build skills in writing in Clear Language.

http://plainlanguage.nih.gov/CBTs/PlainLanguage/login.asp

http://plainlanguagenetwork.org/

http://www.plainlanguage.gov/index.cfm

http://www.cms.gov/Outreach-and-Education/Outreach/WrittenMaterialsToolkit/index.html?redirect=/WrittenMaterialsToolkit/

5. **Procedures for drafting or amending a disclosure document:**
- The Bank will adopt bottom-up approach to prepare a disclosure document.
- The disclosure of a specific document will be initiated from the business unit in

charge. The drafted document will be tested by different people of the same unit, so as to make sure that its language is clear and understandable.

- The Chief Compliance Officer will then review the drafted document to assess its readability is in compliance with the principles of Clear Language and Presentation before finalizing the document.
- The authorized officers will sign off the document and then publish it to customers.
- The amendment will follow the same procedures.

6. **Overseeing Compliance and Sustaining Change:**

   The bank shall review, at least annually, its policies and procedures to ensure they are in adherence to CG-3 "Clear Language and Presentation". To ensure that the bank is complying with the guidance, senior management will:

- Provide on-going training to our employees
- Review existing documents to comply with CG-3.
- Develop new documents in compliance with CG-3.
- Review and update disclosure documents posted on our website
- Obtain feedback from employees, customers, and stakeholders on how to improve the implementation of this policy
- Evaluate our progress in meeting clear language requirements

7. **Timelines for Implementation:**

   The following timelines provide additional guidance with respect to the implementation of FCAC Commissioner's Guidance CG-3 "Clear Language and Presentation Principles and Guidelines for the Industry":

- By July 20, 2013, designate a senior officer for the implementation of clear language.
- By July 31, 2013, communicate the requirements of clear language with employees.
- On September 12, 2013, present the drafted Policy and Procedures to the Board meeting for approval.
- By September 20, 2013, publish the Policy and Procedures on the bank's website.
- By September 30, 2013, incorporate Clear Language in quarterly employee training program.
- By December 31, 2013, complete reviewing policies and procedures, programs, publications, and services related documents.

- By March 1, 2014, submit first compliance report in CCO's annual Legislative Compliance Report to the Board.

VII.   Other Considerations:

Writing in clear and simple language does not mean deleting complex information to make the document easier to understand. Do not oversimplify. If details are important, write them clearly. It is the bank's policy that the customers must have a clear understanding of the bank's products before entering into a business relationship with the Bank.

The Bank will get help with clear language and presentation by seeking services from an external expert or consultant on a needed basis. If an external expert or consultant is retained, the Bank shall designate a project manager who is responsible to coordinate with the outside expert to work through the process and the result is in compliance with respective Guidance.

The bank shall make sure that all top managers are clear language practitioners and encourage these managers to execute the CG-3 principals whenever it is needed. In any circumstance of non-compliance, the Chief Compliance Officer shall describe the reasons why the non-compliance exist and the steps that are being taken to remedy it.