

Do your cheques comply with the new CPA standards?

There are new cheque standards being implemented in Canada, so we would like to take this opportunity to inform you of the changes that will affect your business. By December 31, 2006, all financial institutions and Canada Payment Association (CPA) members will cease returning your cashed cheques. Instead, you will either receive images of scanned cheques, or a readout of the pertinent information which will be automatically scanned from your cashed cheques. By this date all client cheques, both commercial and personal, must adhere to the new standards being implemented by the CPA. Heartland Printing & Graphics can help you make the transition.

Why are new cheques standards being implemented?

Every day, millions of paper cheques are transported across Canada from one financial institution's cheque handling centre to another's. By December 31, 2006, financial institutions will instead create high-resolution digital copies of cheques that will be transmitted across highly secure digital networks, eliminating the need for the daily transportation of thousands of pounds of paper cheques.

How will these changes benefit your business?

These changes will benefit your business by giving you quick and easy access to processed cheques through your financial institutions's website, allowing you to quickly and easily reconcile your accounts. Key benefits include:

- No longer having to wait for bank statements to reconcile your accounts
- Being instantly aware of any unpaid cheques, allowing you to take prompt actions.
- Less physical space will be required to store original returned cheques. You can download the images to your computer and make digital backups.

How will these changes affect your cheque orders?

A number of changes of standards are being introduced to ensure the image-ability of commercial and personal cheques. These changes include:

- A mandatory serial number (e.g.: consecutive cheque numbering) in the MICR numbering line on all cheques. This field was traditionally optional.
- A mandatory date field with standardized design, dimensions and positioning. This field must be in the format of DDMMYYYY or MMDDYYYY, allowing for English or French language variations.
- A mandatory numeric amount box and worded amount line with standardized dimensions and positioning.
- Printing requirements on the backside of a cheque to ensure correct location of imaged objects.
- Minimum type sizes and legibility for each imaged element.
- Limitations on printing elements that may hinder image-ability, including security features and inks.
- Inverse printing, italics and slanted text are disallowed, as are pantographs/backgrounds/screens that will interfere with the scanned image. No borders or pantographs are allowed below the bottom 5/8" of the cheque. Carbon will no longer be allowed on the cheque backside.
- A requirement that all perforations are on the top and/or left of the cheque. Stubs will thus be required to be above the cheque, not below.

For more detailed information, please contact us:



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- 1 **The minimum length for cheque is increased to 6-1/4"**. The current minimum length of 6: does not provide enough space to print a serial number (minimum 3 digits) in the MICR line, which is now a required element.
- 2 **The maximum depth of a cheque is increased to 3-3/4" (optional)**. The current maximum depth is 3-2/3". This change will give cheque issuers the option of increasing the available space on their cheques slightly, without having an impact on envelope manufacturers.
- 3 **There are new specifications for cheque backgrounds (as per ANSI x9.7)**. New requirements are defined for Reflectance, Print Contrast Signal (PCS) and Pixel Count so that high-quality images can be captured consistently and the information is readable. In addition to the ANSI specifications, a maximum PCS has been defined for the back of the cheque. Void pantographs cannot be used.
- 4 **The Serial Number Field (formerly called the Auxiliary On-Ups Field) is now a mandatory field that must be MICR encoded on all cheques**. This field will allow for a unique identifier for each cheque to facilitate tracing and image retrieval. The field length will be variable, with a maximum of 14 characters – 12 digits and 2 On-Ups symbols. Normally a sequential cheque number will appear in this field; however, the specific format of the data in this field will be proprietary to each financial institution.
- 5 **A Standardized location will apply to the Date Field**. For the ICR engine to recognize the date, it must have a standardized location, i.e. upper right end of the cheque, above the convenience amount rectangle (CAR). Financial institutions in the U.S. do not use ICR to read this field, so ANSI X9.7 does not contain specifications in this regard.
- 6 **The format of the Date Field must be MMDDYYYY, DMMMYYYY or the international version of YYYYMMDD. In French, MMJJAAAA, JJMMAAAA or international AAAAMMJJ. The Bilingual version will be Y/A M/M D/J centered below their applicable boxes**. Guidance boxes and guidance characters should be printed on all cheques. Field indicators must appear below the Date Field (minimum of 6pt. font to a max. of 8pt font.) on all cheques in order to indicate which numeric date format is used. The word 'DATE' must precede the date field in a minimum of

8pt type. Adopting a numeric format for the Date Field will enable this information to be read by ICR engine so the information can be used in processing (e.g. to identify post-dated items) and potentially in retrieving images. The two options identified will accommodate the formats most commonly used in English and French Canada. The field indicators and the guidance characters will avoid potential ambiguity around the date.

- 7 **The preprinted dollar symbol (\$) may be placed either to the left or the right of the Convenience Amount Rectangle (i.e. the amount in figures)**. The placement of the dollar symbol generally varies between English and French Canada. ICR engines can be programmed to recognize either one.
- 8 **The front & back of an imageable MICR encoded document must not interfere with the 5/8" clear band or any other areas of interest**. The Standard will accommodate the use of a range of security features, as long as they do not interfere, either before or after imaging, with the MICR band or other key data on the cheque.
- 9 **(BACK) The line for the payee endorsement on the back of the cheque shall have a standardized location, and the phrase "Endorsement - Signature or Stamp" (in French: Endossement - Signature ou Timbre) shall be printed below it (font, ink and print contrast signal (PCS) as specified)**. A maximum PCS has been defined to ensure printing or backgrounds do not interfere with image capture.
- 10 **(BACK) The phrase "Back/Endos" will be printed 3 1/2" from the Leading Edge and 1" from the Aligning edge**. This phrase will be used as a reference point for verifying usability of the image of the back of the cheque.
- 11 **(BACK) The "Teller Stamp Here" box shall be located in the upper left hand corner on the reverse side of the cheque**. It should be situated 1/8" in from the top of the cheque and 1/8" in from the left side. It shall contain the phrase "Teller Stamp Here" in a font size no larger than 6 point. The box shall be a maximum of 3 1/2" high by 2 3/8" wide and a minimum of 1 3/8" high by 1 5/8" wide. The teller stamp box with the phrase "Teller Stamp Here" must be printed in a maximum PCS of .25. This ensures that the box and phrase will fade during image capture.

OCTOBER, 2005

THIS CHEQUE CONTAINS A MICRLINE BORDER AND SECURITY FEATURES

YOUR COMPANY NAME
YOUR STREET ADDRESS
YOUR CITY, PROV & PC
YOUR PHONE NO. & FAX NO.

8pt. min { **YOUR BANK NAME**
YOUR BRANCH
STREET ADDRESS
CITY, PROV. PC
TELEPHONE NUMBER

3/4" min. clearance
between address
and word "DATE"

1

XXXXXX
1/4" min. clearance
of gothic numbering

2

PAY TO THE
ORDER OF

3

5 DATE M M D D Y Y Y Y 6

7 \$

1/4" minimum clearance
between date field (above) and
the IMAGINERY amount box

PER _____

PER _____

5/8" clearance area for
MICR band

||000000||
consecutive MICR number

1 2 3 4 5 6 7 8

4

1 2 3 4 5 6 7

8

Alignment Edge →



Teller Stamp Here

11

Endorsement - Signature or Stamp

9

SECURITY FEATURES

This cheque contains the following security features

WARNING BAND - Notifies document handlers that security features are present.

WATERMARK - Distinctive pattern in the paper. Hold up to a light source to view.

INVISIBLE FIBRES - Coloured fibres in the paper only visible under a black light.

MICRLINE PRINTING - Tiny type in a border or line that can't be read if scanned or copied.

CHEMICAL REACTANTS - An attempt to chemically alter this document will activate a chemical reaction that appears as a stain in the paper.

TONERFUSE® - A coating that bonds dry toner image to the paper fibres, making alteration by scraping or tape very difficult without showing fibre tear of the paper.

BACK/ENDOS

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