

If your business uses custom printed cheques or third-party software to create cheques, there are some steps that you can take now to ensure that the transition is trouble-free:

- If you use 3rd party software to create business cheques, contact your software supplier and make sure they are aware of the CPA's revised Standard 006 for cheques and other MICR-encoded items.
- You should assess any back office procedures you use to see if the data format changes will cause any process modifications (For example, if cheque dates are key items in your accounting data, determine whether the new date format will affect record keeping.)
- Once you have a sample of your new cheque template, contact your financial institution and they will help you verify that your new cheque stock complies with the new CPA imaging standard.

What are the benefits of using the new system?

- Online access to cheque images will permit quick and easy reconciliation of bank accounts
- Easier notification of returned cheques
- Less physical space needed to store cheques images

We'll work with you to help implement these new standards. Feel free to contact us if you have any questions.



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New CPA Cheque Specifications

... Everything you need to know



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**Deadline to Comply
June 30, 2007**



NEW CPA CHEQUE SPECIFICATIONS

After making its debut about 200 years ago - at about the same time as Canada's first bank - the Canadian cheque is being dragged into the electronic age.

The new cheque specifications are a key part of an industry-wide plan to modernize Canada's cheque clearing system through image technology. The new specifications are designed to ensure that high-quality images can be captured from the cheques for use by financial institutions and their customers, and to make cheque processing more efficient.

WHAT IS CHEQUE IMAGING?

Cheque imaging is a process that allows banks to capture high-resolution digital images of cheques. Instead of physically transporting cheques between financial institutions, images of cheques can be cleared electronically. The images will carry the same legal status as the original canceled cheque and can be reproduced at any time.

WHAT'S CHANGING?

1. Adoption of a numeric date filed in three specified formats (MMDDYYYY, DDMMYYYY or YYYYMMDD) (in French MMJJAAAA, JJMMAAAA or AAAAMMJJ)
2. Mandatory MICR consecutive numbering
3. No printing allowed in 5/8 MICR band
4. Standardized positions for key fields on the cheques, including the date field and the amount figures
5. Standardized print on the reverse side of the cheque
6. Elements that may hinder the capture of key information on the cheques are disallowed. Complex or colourful backgrounds may interfere with image quality. Additionally, security features must not interfere with key data, either prior to imaging or post imaging.

All cheques will require some changes.

- Companies that have custom cheques printed by a supplier will need to ensure that formats are modified to comply with the new standard. Key changes include adoption of the new numeric date field and printing of the date field indicators below, the printing requirements on the reverse of the cheque, and the mandatory serial number in the MICR line.
- Companies that use an internal system to generate cheques will likely need to make some system modifications - for example, to reflect the new date format, the standard positions of certain fields, and possibly changes to printing fonts. They will also need to update their cheque stock to reflect the new printing requirements on the reverse of cheques.
- Companies that use a financial software package to produce cheques will need to modify it or obtain a new version once the supplier has updated the package to reflect the new cheque specifications, as well as updating their cheque stock to reflect the new printing requirements on the reverse of cheques.

Cheque Front

The diagram shows the front of a cheque with the following fields and callouts:

- 1**: Date field (DATE MMDDYYYY)
- 2**: MICR line (⑈0001⑈ 12345⑈00012 1234567890⑈)
- 3**: Authorized signature line (PER _____ AUTHORIZED SIGNATURE)
- 4**: MICR band (5/8)
- 5**: MICR band (5/8)
- 6**: MICR band (5/8)

Cheque Back

The diagram shows the back of a cheque with the following fields and callouts:

- 5**: Endorsement - Signature or Stamp area
- BACK/ENDOS

