

# TD eTreasury<sup>®</sup> Reference Guide

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## International ACH Transactions (IATs) to Canada



America's Most Convenient Bank<sup>®</sup>

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## **1 Introduction**

### **1.1 Important**

This guide is intended to assist TD eTreasury® users with creating and sending IAT entries to Canada. It is not intended to be a source for processing rules or regulatory requirements. All references to processing rules or regulatory requirements are purely for reference purposes and should not be considered all-encompassing or as a substitute for processing rules documented by various governing authorities.

If there is a discrepancy between information in this guide and rules or regulations issued by a governing authority, the rules or regulations issued by the governing authority supersede all information in this guide. Please refer to your Cash Management Master Agreement for more information on IAT originator responsibilities and other terms governing your initiation of IAT entries to Canada.

### **1.2 General Information**

International ACH Transaction (IAT) entries may be originated through TD eTreasury® by approved Treasury Management customers. Below are the options available for IATs to Canada:

- Origination of debit or credit entries
- US or Canadian Dollars
- Settlement of two days or more
- May be imported or manually entered to TD eTreasury
- May initiate either business or consumer transactions as IATs

### **1.3 Originator Responsibilities**

As outlined in your Cash Management Master Agreement, originators acknowledge that they may not initiate ACH entries that violate the laws of the United States. Originators acknowledge that they are obligated to originate only lawful ACH transactions under their agreement with TD Bank as the Originating Depository Financial Institution (ODFI), the NACHA Rules, and all Canadian payment rules pertaining to ACH entries.

### **1.4 Office of Foreign Assets Control (OFAC)**

IATs to Canada are subject to screening against the sanctions imposed by the US Office of Foreign Assets Control (OFAC) and applicable governing laws at the receiving Canadian bank. IATs to Canada may be delayed temporarily by TD Bank if the standard OFAC screening process indicates that additional review is required. In most instances, additional review completed by TD Bank should not delay the settlement of the transaction.

For more information, please visit the OFAC website at the address provided below.

<https://www.treasury.gov/about/organizational-structure/offices/Pages/Office-of-Foreign-Assets-Control.aspx>

## **1.5 Canadian Dollar Entries**

The Federal Reserve Bank will convert US dollars to Canadian dollars when IAT entries indicate that the recipient should receive Canadian funds. The Federal Reserve posts current and historic exchange rates on their website listed below and provides a currency conversion calculator. However, in many cases, transactions are converted next day, meaning the rate should be used to estimate the final settlement amount.

<http://www.frbervices.org/app/fedachfx/>

**Important:** Canadian dollar IATs returned by the receiving bank are subject to conversion back to US dollars by the Federal Reserve Bank before delivery to TD Bank for posting to your account. Fluctuations in the Fed's exchange rate could result in losses when returned entries are converted.

## **1.6 IAT and Wire Comparison**

Please refer to Appendix A.1 for a chart that compares key characteristics of IAT payments to international wires.

## **1.7 IAT Resources**

### **1.7.1 Organizations**

The organizations below provide additional information concerning IATs to Canada.

- NACHA: <http://www.nacha.org/IAT>
- Federal Reserve Bank:  
[https://www.frbervices.org/eventseducation/education/fedach\\_iat\\_resource\\_center.html](https://www.frbervices.org/eventseducation/education/fedach_iat_resource_center.html)
- Canadian Payments Association (CPA): <http://www.cdnpay.ca>
- Canadian Payment Association Pre Authorized Debit (PAD) Rules (also known as the H1 Rule): [https://www.cdnpay.ca/imis15/pdf/pdfs\\_rules/rule\\_h1.pdf](https://www.cdnpay.ca/imis15/pdf/pdfs_rules/rule_h1.pdf)

### **1.7.2 TD Bank Resources**

Please contact Treasury Management Services Support (TMSS) at 866-475-7262 for questions about the origination of IATs to Canada.

## **2 Before You Begin**

### **2.1 Prepare in Advance**

IATs to Canada are more complex than standard ACH entries. The Canadian banking system differs from the US in the terminology used, required information, and processing rules. The option to conduct transactions in Canadian dollars introduces the added complexity of foreign exchange.

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## **2.2 Avoid Exceptions**

Canadian banks define and handle exceptions differently than US banks due to regulatory differences and a greater emphasis on straight through processing. Incorrect entries that lead to exceptions may take up to 90 days to resolve.

With this in mind, we urge you to take time in advance to gather all the proper information from your receiver to ensure your IATs to Canada process without exception.

## **2.3 Consider US and Canadian Holidays**

To determine the impact of holiday closings on the delivery of IATs to Canada, be sure to consider:

1. US holidays
2. National Canadian holidays
3. Provincial Canadian holidays

Please refer to the website of the receiving bank in Canada to determine whether National or Provincial holiday closures will affect when they receive and settle your IAT entry.

## **2.4 Information You'll Need**

Below is a summary of the information you'll need to originate an IAT entry to Canada.

- Amount of the transaction(s)
- Determination of payment (IAT Credit) or collection (IAT Debit)
- Reason for Payment (pension, payroll, loan payment, etc.)
- Determination of a one time or recurring payment (if recurring "number of payments" or "continue until further notice")
- Recipient's Name
- Recipient's Street Address(not PO Box)
- Recipient's City, Province and Postal Code
- Recipient's Account Number
- Recipient's Account Type (checking or savings)
- Currency Denomination of Recipient's Canadian Account – USD or CAD
- Recipient's Depository Financial Institution (DFI) Identification Number (this is a combination of a 3 digit Institution Number (adding a leading 0) plus the Branch Transit Number)
- Recipient's DFI Name
- Originator's Name
- Originator's TD Account Number Offset (options pre-established in TD eTreasury)
- Originator's Street Address (not a P.O. Box)
- Originator's City, State, Zip

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## **2.5 Canadian Bank IDs**

Please refer to Appendix A.2 for help identifying the Bank ID from a Canadian check MICR line. You may also refer to the Financial Institutions Branch Directory on the Canadian Payments Association (CPA) website, listed below.

[https://www.cdnpay.ca/imis15/eng/Clearing\\_Settlement/Financial\\_Institutions\\_Branch\\_Directory/eng/sys/Financial\\_Institutions\\_Branch\\_Directory.aspx?hkey=0a94cc30-117c-4691-8530-46d827da2bce](https://www.cdnpay.ca/imis15/eng/Clearing_Settlement/Financial_Institutions_Branch_Directory/eng/sys/Financial_Institutions_Branch_Directory.aspx?hkey=0a94cc30-117c-4691-8530-46d827da2bce)

## **2.6 IAT to Canada Worksheet**

Please refer to Appendix A.3 for an IAT to Canada worksheet, a tool designed to help you gather information needed to initiate an IAT prior to logging in to TD eTreasury.

# **3 General Canadian Processing Rules**

## **3.1 Overview**

The processing rules for electronic funds transfers (EFTs) in Canada differ from those in the US. This section highlights some of the major differences that you should be aware of prior to initiating IATs to Canada.

## **3.2 Settlement of Transactions**

The Canadian banking system settles IATs in a different manner than the US. In order to ensure IATs to Canada are posted timely, transactions must be submitted to TD Bank via TD eTreasury by 8 p.m. ET. Settlement at the receiving bank will generally occur in two business days, but could be delayed as a result of exceptions during OFAC screening, receiver bank posting timeframe, or due to holidays in the US or Canada.

## **3.3 Funds Availability**

Unlike the US, Canadian banks may not make IAT funds available on an intra-day basis on the settlement date (i.e., "memo post"). Generally, entries are posted in overnight processing on the settlement date, meaning that receivers see funds in their accounts the morning of the business day after settlement date.

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### 3.4 Prohibited Entries

Canadian processing rules prohibit the following types of entries. A suggested alternative is included for each type for your reference.

Entry Type	Alternative
Reversal	Handle outside the payment system through direct negotiations with the receiver.
Dispute	Handle outside the payment system through direct negotiations with the receiver.
Pre-note	Send a test transaction for a small dollar amount (i.e., \$1.00) to confirm the validity of receiver information, account information, and account currency.

### 3.5 Entries with Errors

Entries with outdated or erroneous information are handled differently in Canada than they are in the US. The table below highlights the primary differences.

Incorrect Information	What the Canadian Bank Will Do
Account Number	Return the entry.
Currency Type	Return the entry.
Bank Routing Number	Post the item and issue a Notification of Change (NOC) entry.

### 3.6 Return Rules and Timelines

Return times are longer in Canada than in the US.

- Consumers can return debits up to 90 days after the debit date.
- Businesses can return debits up to 10 days.
- The same return timeframes apply to both credit and debits, though credits are seldom returned.

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### 3.7 Return Reason Codes

The table below outlines the return reason codes for IATs to Canada.

Code	Reason
R01	Insufficient Funds
R02	Account Closed
R03	No Account/Unable to Locate Account
R04	Invalid Account Number
R06	Returned per ODFI's Request
R07	Receiver Dispute
R08	Payment Stopped
R09	Uncollected Funds
R10	Customer Advises Not Authorized
R12	Branch Sold to Another Depository Financial Institution (DFI)
R14	Representative Payee Deceased
R15	Beneficiary or Account Holder Deceased
R16	Account Frozen
R17	File Record Edit Criteria
R20	Non-Transaction Account
R24	Duplicate Entry
R80	Cross-Border Payment Coding Error
R81	Non-Participant in Cross-Border Program
R82	Invalid Foreign Receiving DFI Identification
R83	Foreign Receiving DFI Unable to Settle
R84	Entry Not Processed By Outbound Gateway Operator (OGO)

## 4 Special Rules for Debit Entries

### 4.1 Introduction

The Canadian Payments Association (CPA) is the rulemaking authority for electronic funds transfers in Canada. As with NACHA Rule violations in the US, the CPA may impose financial penalties for rule violations.

CPA rules may be accessed at the following website: <http://www.cdnpay.ca>

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## 4.2 Required Documentation

In Canada, an ACH debit originated against a consumer or business account is called a Pre-authorized Debit (PAD) entry. Specific rules govern the initiation of PAD entries against consumer accounts, business accounts, and affiliated business accounts. The rules outline whether a written agreement is required, notification and timeframes prior to originating entries, etc. Please refer to the following websites for information about the rules for PAD entries when originating IAT debits to Canada.

Account Ownership	Web Address
Consumer	<a href="https://www.cdnpay.ca/imis15/pdf/pdfs_publications/consumer_guide_pads_print.pdf">https://www.cdnpay.ca/imis15/pdf/pdfs_publications/consumer_guide_pads_print.pdf</a>
Business or affiliated business	<a href="https://www.cdnpay.ca/imis15/pdf/pdfs_publications/business_guide_pads.pdf">https://www.cdnpay.ca/imis15/pdf/pdfs_publications/business_guide_pads.pdf</a>

## 4.3 Pre-authorized Debit (PAD) Processing Rules

Below are selected rules about PAD entry processing.

- You are permitted to mask your customer's bank account information in correspondence for privacy and security.
- Your customer's account information may be changed by updating the existing agreement or creating a new one.
- If you receive a Notice of Change (NOC), you can update your customer's information without the customer's authorization to make the change.
- You can change the amount of a PAD agreement by informing your customer ahead of time, in accordance with the timing in the PAD rules.
- Keep a copy of the changes with the original agreement for a minimum of one year following the last debit to the account.
- You may charge your customer a fee for paying by PAD.
- Disputes as to whether an agreement exists must be addressed outside of CPA rules.
- For account ownership changes, the new owner will need a Letter of Undertaking and a new payor PAD Agreement if the existing Agreement does not include an assignment clause. If a new Agreement is needed, a written notice of the full details of the assignment must be provided at least 10 days before withdrawing the funds from their accounts.
- Businesses outside of Canada need to follow Rule H1 (also known as PAD Rules), if you are withdrawing funds from bank accounts held at CPA member FIs in Canada. Agreements and related processes must comply with the mandatory requirements of CPA Rule H1.
- Bill C-25 was introduced in June 2009 to update existing procedures and laws of money laundering and terrorist financial reporting. Due to the nature of this bill, Fed Global's correspondent Bank in Canada will be reviewing all payments for proper compliance, including the quality of the data that is being passed from the U.S. to Canada. If for some reason, there are pertinent fields such as the receiver information, that is not properly formatted according to the NACHA formats and/or the quality of the data within the fields is not reasonable, Fed Global's correspondent bank will return the item back to the originating depository financial institution. For more information on Bill C-25, please refer directly to: <http://www.fintrac.gc.ca/publications/nr/Bg2007-10-25-eng.asp>.

## 5 Entry to TD eTreasury

### 5.1 TD eTreasury Options

You may originate IATs to Canada with TD eTreasury by manual entry, from a template, or with a file import. Appendix A.4 contains screen samples illustrating the instructions provided in this section. Please keep in mind that all TD eTreasury fields followed by an asterisk are required to have information entered.

### 5.2 Batch Requirements

Each batch of IAT transactions must contain the same type of payments in the same currency (credit/debit and USD/CAD).

### 5.3 Eight Primary Parts

There are eight parts to manually initiating an IAT entry in TD eTreasury, as listed below. Detailed steps for completing each part are outlined afterward.

- Part 1 – Navigate to IAT Payment Screen
- Part 2 – Enter Payment Information
- Part 3 – Enter Payment Schedule
- Part 4 – Enter Originator Information
- Part 5 – Enter Recipient Information
- Part 6 – Enter Account and Bank Information
- Part 7 – Enter Transaction Information
- Part 8 – Preview and Submit Payment

#### 5.3.1 Part 1 – Navigate to IAT Payment Screen

Follow the steps below to navigate to the IAT payment screen.

Step	Action
1	Log in to TD eTreasury and from the Treasury Dashboard, navigate to the main menu bar and click on <b>Payments, Create ACH Payments,</b> and then <b>IAT International.</b>
2	For <b>Destination Country,</b> select <b>Canada</b> from the drop-down menu.
3	For <b>Destination Currency,</b> choose <b>CAD</b> or <b>USD</b> depending on whether the account is held in Canadian dollars or US dollars. (This information should have been obtained from the recipient.)
4	Click Select. The Create IAT International Payment screen will appear.

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### 5.3.2 Part 2 – Enter Payment Information

Refer to the table below for assistance with entering payment information.

Field Name	Entry or Selection
Destination Country	Canada has been selected from prior menu.
Destination Currency	CAD or USD has been selected from prior menu.
Company Entry Description	Enter the type or purpose of the payment – payroll, pension, loan payment, etc.
Originating Account	Choose the settlement account from the drop-down menu (account to be debited or credited).
Originating ACH Company ID	Choose the ID associated with the originating account from the drop-down menu.

### 5.3.3 Part 3 – Enter Payment Schedule

Refer to the table below for assistance with creating the payment schedule.

Field Name	Entry or Selection
Effective Date	Choose an effective date at least two business days from the date the entry will be sent.
Frequency	Select One Time Only or recurring from the available options and the number of payments. If recurring, enter additional details on frequency.

### 5.3.4 Part 4 – Enter Originator Information

Refer to the table below for assistance with entering the originator information.

Field Name	Entry or Selection
Company Name	Name of originating company.
Company Tax ID	Tax ID of originating company.
Country	Must be United States.
Address Information	Enter your US address including City, State and Zip. Foreign addresses may not be used.

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### 5.3.5 Part 5 – Enter Recipient Information

Recipients can be added by selecting from a saved list, importing or creating a new recipient. Refer to the table below for assistance with creating a new recipient.

Field Name	Entry or Selection
Recipient Name	Full name of recipient or company.
Receipt ID	ID associated with recipient, if applicable. Otherwise, re-enter the recipient's name.
Country	Must be Canada.
Address Information	Recipient's street address in Canada. (No P.O Box)
Phone Number and E-mail	Optional fields to provide recipient's contact information.

### 5.3.6 Part 6 – Enter Account and Bank Information

Refer to the table below for assistance with entering the recipient's account and bank information. When complete, click Preview Recipient.

Field Name	Entry or Selection
Account Type	Select Checking or Savings.
Account Number	Enter the recipient's account number.
Account Currency	CAD or USD has been selected from prior menu.
Bank	Leave empty and complete Bank ID Type field (next).
Bank ID Type	Must select "NCSN."
Bank ID	Enter the recipient's bank ID. For help identifying the Bank ID from a check MICR line, refer to Appendix A.2.
Bank Name	Enter the recipient's bank name.
Bank Country	Enter Canada.

### 5.3.7 Part 7 – Enter Transaction Information

Refer to the table below for assistance with entering information about your transaction.

Step	Action
1	Enter a payment amount.
2	Select Debit or Credit for transaction.
3	Select Transaction Type.

### 5.3.8 Part 8 – Preview and Submit Payment

Refer to the table below for assistance with submitting your transaction.

Step	Action
1	Review all payment details for accuracy.
2	Select Continue.
3	Select Submit Payment.

## 6 Appendix

### 6.1 Comparison of Canadian IATs to International Wires

Feature	Canadian IAT	International Wire
<b>Method of Entry</b>	<ul style="list-style-type: none"> <li>Initiated via TD eTreasury with dual control</li> <li>Upload of NACHA IAT format unbalanced file into TD eT</li> </ul>	<ul style="list-style-type: none"> <li>Initiated via TD eTreasury</li> <li>Upload Wire files into TD eT</li> </ul>
<b>Credit Push/Debit Pull</b>	Both	Credit push only
<b>Currency Options</b>	USD to USD USD to CAD	USD to USD USD to CAD
<b>Settlement Timeframes</b>	<ul style="list-style-type: none"> <li>Two business days</li> <li>IATs are excluded from upcoming NACHA Same Day Rule</li> </ul>	Same Day
<b>Return Timeframes</b>	<ul style="list-style-type: none"> <li>Up to 90 days for consumer transactions</li> <li>Up to 10 days for business transactions</li> </ul>	Same Day for rejects
<b>Exception Handling</b>	<ul style="list-style-type: none"> <li>If wrong destination currency, IAT is returned</li> <li>Can have NOCs on account number changes</li> <li>Issues must be resolved outside the ACH/EFT network</li> </ul>	<ul style="list-style-type: none"> <li>In most cases, if a wire is sent in the wrong destination currency, Recipient Bank will convert and post wire</li> <li>Final settlement</li> </ul>
<b>Funding</b>	Can be Effective date settlement, delayed debit settlement, or prefund	Available funds must be in TD Bank account prior to wire initiation
<b>Dollar Limits</b>	Based on Account Balance or Exposure Limit	Based on Available Account Balance
<b>FX Currency</b>	<ul style="list-style-type: none"> <li>Rate determined by FedGlobal - no negotiation</li> <li>Rate posted on Federal Reserve website once/day (nothing provided on TD eTreasury)</li> <li>Difficult to deliver a specified Debit/Credit amount to Canadian Account</li> </ul>	<ul style="list-style-type: none"> <li>Currency/rate conversion feature on TD eTreasury</li> <li>FX rate guaranteed by real time rate quote on TD eTreasury</li> <li>Preferred rates for \$50k+ payments</li> </ul>
<b>FX Rate</b>	Competitive with International Wires, but not for larger payments	Competitive with IAT for low value payments
<b>Recipient Costs</b>	Minimal, delivered via Canadian EFT system	Expect moderate cost to Recipient
<b>Other</b>	Must abide by US Law, NACHA Rules and Canadian Payment Laws	Must abide by US Law, and Canadian Laws

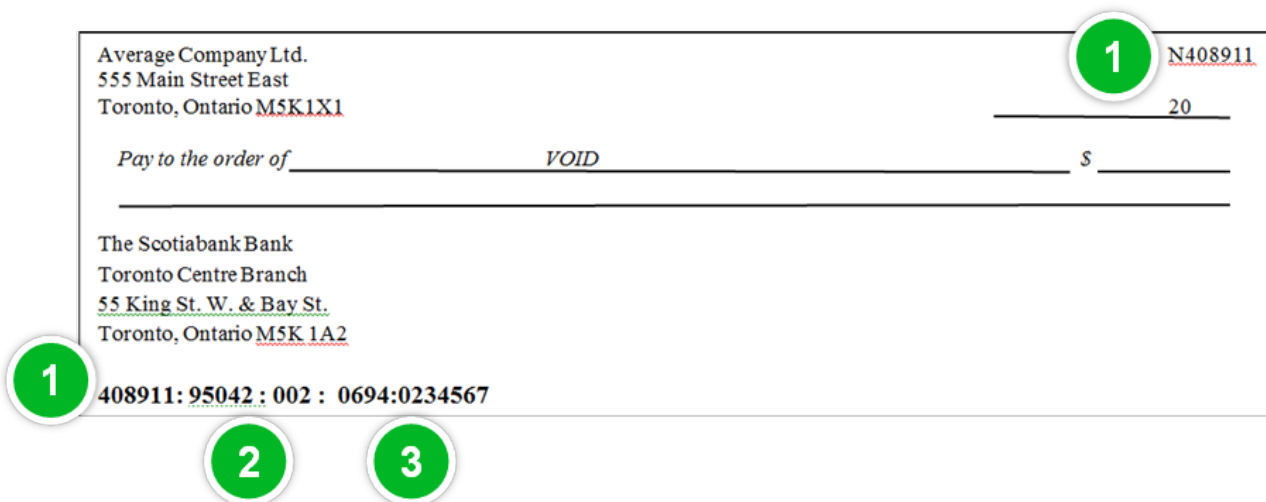
## 6.2 Canadian Bank IDs

The following table tells you how to read the MICR line on the sample Canadian check shown in Figure 1. You'll be able to identify the Foreign Receiving DFI Identification number and the receiver's account number. You may also refer to the Financial Institutions Branch Directory on the Canadian Payments Association (CPA) website, listed below.

[https://www.cdnpay.ca/imis15/eng/Clearing\\_Settlement/Financial\\_Institutions\\_Branch\\_Directory/eng/sys/Financial\\_Institutions\\_Branch\\_Directory.aspx?hkey=0a94cc30-117c-4691-8530-46d827da2bce](https://www.cdnpay.ca/imis15/eng/Clearing_Settlement/Financial_Institutions_Branch_Directory/eng/sys/Financial_Institutions_Branch_Directory.aspx?hkey=0a94cc30-117c-4691-8530-46d827da2bce)

Number	What you see below	What it is	How it's used
1	408911:	Check number	It's not part of the entry. MICR information does not always appear in the same order on the bottom of the check for every bank, so it's helpful to identify the check number and exclude it right away. Match it to the actual check number in the upper right corner and then exclude it as you focus on the remaining numbers.
2	95042: 002	Branch Transit Number Institution Number	<ol style="list-style-type: none"> <li>Put the <b>002</b> in front of the <b>95042</b> so you have <b>00295042</b></li> <li>Add a leading zero so the combined number has nine digits.</li> <li>The combined number, <b>000295042</b>, is the Foreign Receiving DFI Identification number (i.e., the bank routing number or ABA number).</li> </ol>
3	0694:0234567	Receiver's account number	Remove the : separator and enter the number as follows: <b>06940234567</b>

**Figure 1: Sample Canadian Check**



**6.3 IAT to Canada Worksheet**

**IAT to Canada Worksheet**

Date _____	Purpose of transaction	<input type="checkbox"/>	Pension	<input type="checkbox"/>	Loan Payment
		<input type="checkbox"/>	Payroll	<input type="checkbox"/>	_____

**PAYMENT DETAILS**

Payment Type	Recipient's Account Type	Amount
<input type="checkbox"/> Credit <input type="checkbox"/> Debit	<input type="checkbox"/> USD <input type="checkbox"/> CAD	_____
CAD Transactions Only	Settlement Date	<input type="checkbox"/> One Time
FX Rate _____	_____	<input type="checkbox"/> Recurring

**RECIPIENT INFORMATION**

Name _____	Account Number _____
Street Address (no PO boxes) _____	Account Type <input type="checkbox"/> Checking <input type="checkbox"/> Savings
City, Province, Postal Code _____	

**RECIPIENT BANK INFORMATION**

Depository Financial Institution (DFI) Name _____	DFI Identification Number _____
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Notes
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