

PAYOR PRE-AUTHORIZED DEBIT AGREEMENT

MANDATORY REQUIREMENTS AS PER PAYMENTS CANADA

- 1 The **date of the agreement**, and the customer's signature (on paper agreements).
- 2 The **payor's authorization to withdraw funds** from a specific account (a "void" cheque can be requested to confirm the account information, but this isn't mandatory)
- 3 The **PAD category**
 - Business (e.g. for a business' commercial activities like supplies, lease, etc.)
 - Personal (e.g. utility, mortgage, etc.)
 - Cash Management (e.g. for a parent company to take funds from the subsidiary) funds transfer (e.g. for contributions to a registered savings plan)
- 4 The **amount**
 - if the payments are for a fixed amount, that amount must be specified
 - if the payments are for a variable amount (like a utility bill that varies based on usage), the agreement must specify that
 - Note: if the amount varies, the biller must give at least 10 days' notice of the amount before the payment, unless the biller and the payor mutually agree to waive or shorten this period, or if the payor asks to change the amount. If period is waived, the waiver must appear in bold on the PAD agreement.
- 5 The **timing**
 - set intervals (i.e. weekly, monthly, annually, on set dates, etc.)
 - triggered by a specified event (i.e. funds will be withdrawn from the account each time the payor contacts the investment broker to purchase an investment)
 - sporadic (i.e. debits that occur occasionally, irregularly, intermittently, infrequently, etc.)
 - Note: The payor's authorization is required before each sporadic PAD. This can be done through a password or secret code, for example.
- 6 Instructions on **how to cancel the agreement**.
- 7 **Contact information** so that the payor can contact the payee for e.g Telephone and Email address.
- 8 A mandatory recourse/reimbursement statement, which must read: "**You [or I/We, depending on the context] have certain recourse rights if any debit does not comply with this agreement.** For example, you [I/we] have the right to receive reimbursement for any debit that is not authorized or is not consistent with this PAD Agreement. To obtain more information on your [my/our] recourse rights, [I/we may] contact your [my/our] financial institution or visit payments.ca."

ADDITIONAL REQUIREMENTS FOR ELECTRONIC AGREEMENTS

If an organization's customers sign up electronically, they're responsible for verifying that the personal and/or banking information given actually belongs to them. For examples on how this can be done, consult section 5 (e) of Rule H1.

The organization must also send the customer a written confirmation of the terms of the agreement at least 3 days before the first payment (email is acceptable). The confirmation must include all of the mandatory elements found in Appendix IV of Rule H1

