

New Cheque Features and Specifications

In January 2005, the Canadian Payments Association (CPA) published new specifications for Canadian cheques as a key element of a plan to modernize the cheque clearing system. The new standards are intended to increase efficiency in cheque handling and to facilitate migration of cheque processing information from current methods to a graphic image acquisition, storage and distribution system. These new specifications are necessary to ensure that high-quality images can be captured - both for clearing purposes and for delivery of returned cheques - and to enhance processing efficiencies.

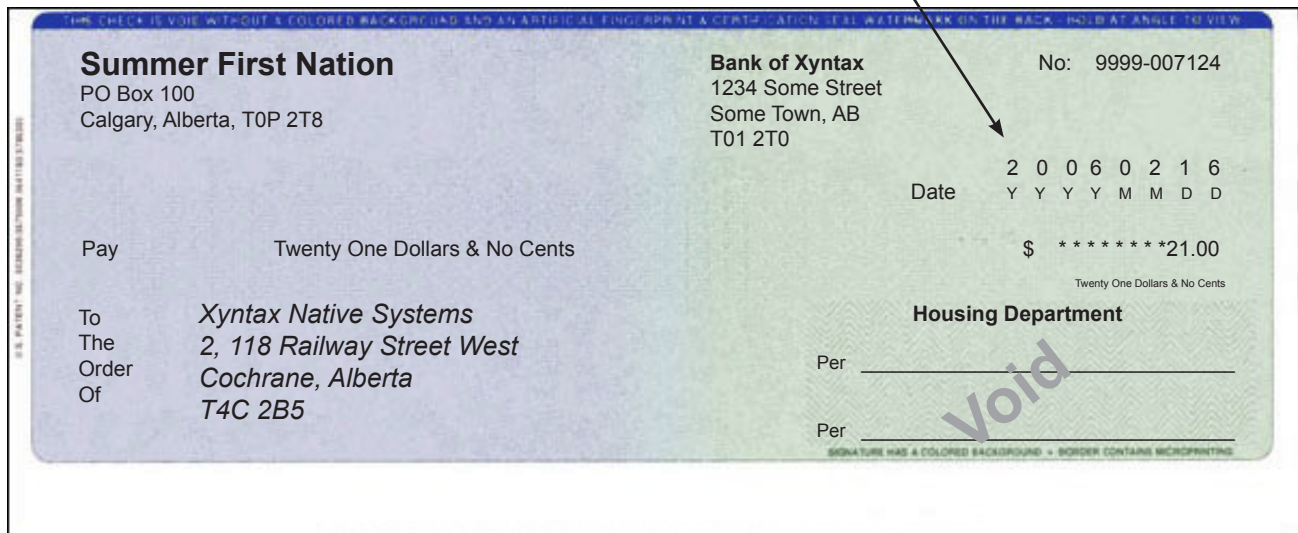
Implementation of this new clearing process is targeted to begin in December 2006. In preparation, changes have been made to the physical appearance of cheques in order to ensure that all cheques in circulation by the target start date are fully imageable.

Customer benefits of using the new system will include:

- More timely reconciliation as a result of being able to view cleared cheques more quickly
- Faster research and tracing in response to customer inquiries
- Easier notification of returned cheques
- Potential new services to combat fraud such as enhanced positive pay using encrypted bar codes or seals, and automated signature verification
- Reduced cost and space requirements for physical storage of cancelled cheques.

The most noticeable changes include:

- Adoption of the numeric date field format and printing of the date field indicators below. In order to accommodate both languages, Xyntax will produce English language cheques in the format set within your software (ie: DDMMYYYY or YYYYMMDD).



- Revised specifications that define and address matters such as cheque background colours, patterns, screening, and choice of ink colour. Cheque backgrounds must also be image-friendly, as well as making sure the 5/8" MICR area is clear of any background or colour. This ensures that the highest quality images are captured.

- Mandatory serial number in the MICR line.

- Printing requirements on the reverse of the cheque (layout for endorsement and teller stamps on the back)

- Standardized positions for key fields on the cheque such as the date field and amount in figures on the front

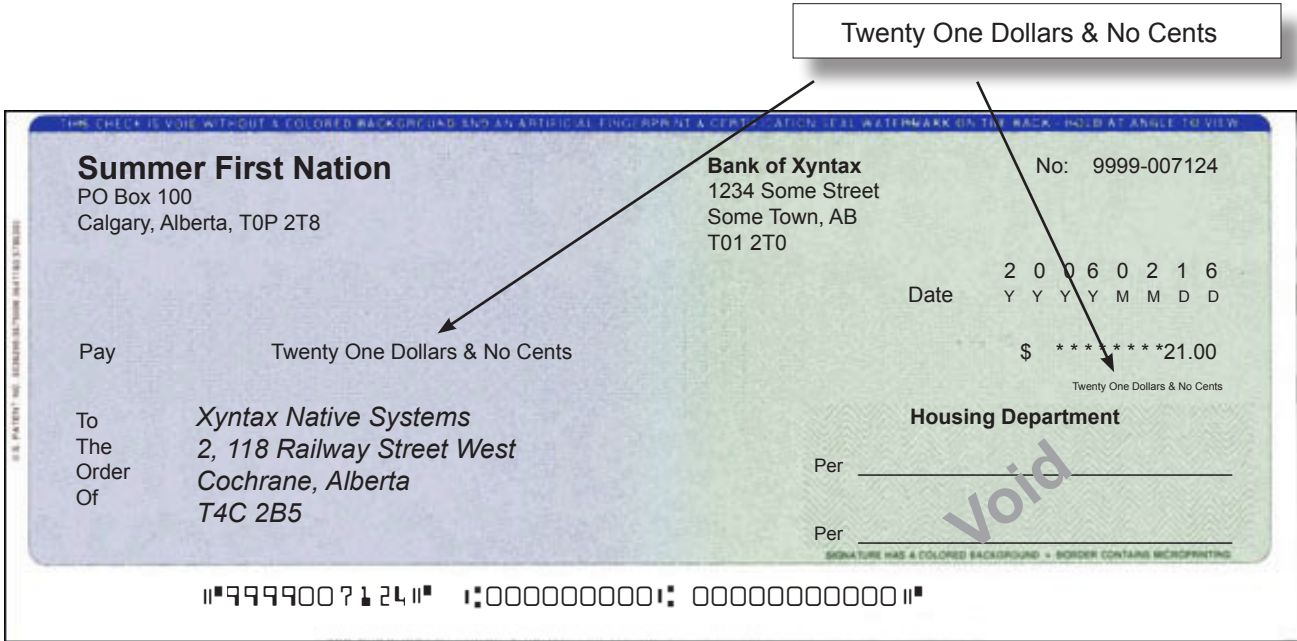
- The disallowance of elements that may hinder image capture, including:

- Inverse printing
- Italics or slanted fonts in key fields
- Use of black carbon on reverse of cheques
- Borders printed in the 5/8" MICR band
- Security features that may interfere with areas of interest

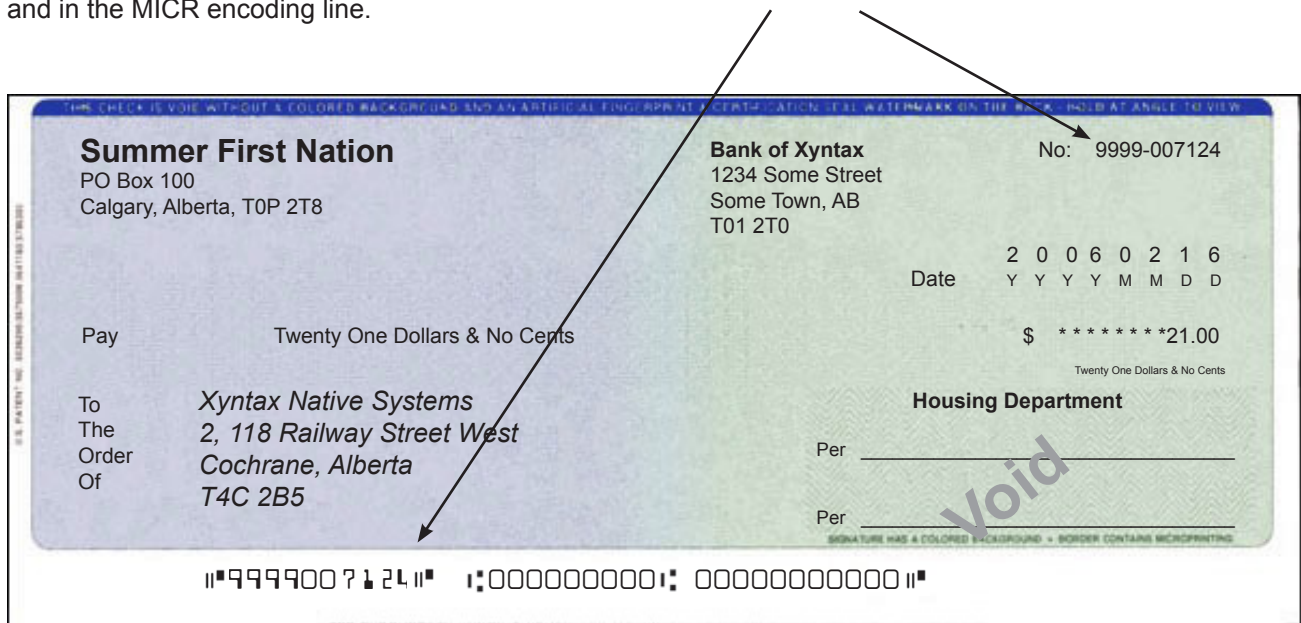
Cheque Format Security Features

Xyntax software provides additional security features to help reduce fraud and manual alteration of cheques.

Matching amounts in 3 areas on cheque. Additional **small text amount** under numeric amount.



All Xyntax cheques produce a matching 10 digit cheque number displayed in the top right corner of the cheque and in the MICR encoding line.



Cheque Format Security Features

The Xyntax software uses blank laser cheque stock for all cheques produced. There are several security features built into the cheque stock that is provided thru Xyntax, however since it is relatively simple to purchase cheque paper from other sources, the Xyntax cheque stock also comes with a XYNTAX logo watermark on the back side of the cheque.

If you are purchasing your cheque stock exclusively thru Xyntax, your financial institution should be notified to look for this feature to help reduce fraudulent cheques.



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