



policy

Personal and commercial
deposits (SMEs)

hold
funds

hold
cheques
policy



Our hold funds policy
on cheques

To help you manage your day-to-day banking more effectively, this leaflet contains all the information you need to know about our hold funds policy on cheques deposited to personal deposit accounts or commercial accounts of small and medium-size enterprises (SMEs).*

How does this policy work?

When you deposit a cheque to a personal deposit account or a commercial account held by an SME at the National Bank, whether at a branch counter or via one of our banking machines, the amount of the cheque may be frozen for a given period to allow for its payment before you can access the funds.

How long are the funds held?

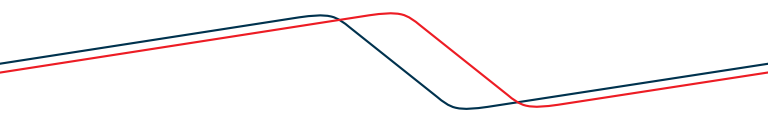
The length of the hold funds period varies depending on the type and location of the financial institution on which the cheque is drawn as well as the currency.

Paper cheques with proper MICR encoding readable by processing systems and issued in Canadian dollars and drawn on a financial institution in Canada

- The funds are normally held for a period of 4 business days. However, in some cases they may be held for up to 7 business days as of the first business day when the cheque goes into the clearing system operated by the Canadian Payments Association.

Cheques drawn on a financial institution outside Canada or not in Canadian dollars

- The funds are normally held for a period of 15 business days. However, the funds may be held for up to 90 business days.



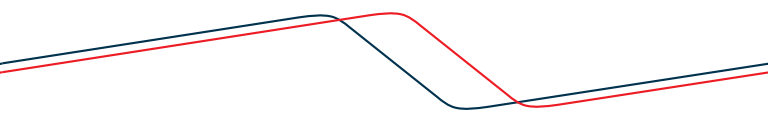
Important

All or some of the above hold periods may be extended in the following cases:

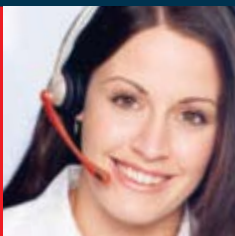
- If a cheque is not MICR encoded or if the encoding is mutilated or damaged to the point where processing systems cannot read it
- For SME commercial accounts, the hold period may be extended if the Bank has reasonable grounds to believe that there is a significantly increased credit risk; during the normal course of business with SMEs, the Bank may contact an accountholder to discuss such an event and inform the accountholder that the hold funds period may be longer than usual
- If the Bank has reasonable grounds to believe that the account may be involved in illegal or fraudulent activities or shows other indications of doubtful transactions such as those which the Bank must report under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*
- In the event of unusual circumstances beyond the Bank's control

Please note that certain cheques can be presented for payment through collection, and in such cases, the funds will only be credited to your account after the cheque is deemed to have been paid.

* For the purposes of this policy, an SME is a business with approved credit of less than \$1 million, fewer than 500 employees and annual revenues below \$5 million.



WE CAN HELP



For more information, do not
hesitate to contact us.

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