Building on Strong Foundations
The CPA is accountable for the operations of the national clearing and settlement systems.

We’re transparent about what we do, and we’re proud of our results.

This year, we are introducing changes to our corporate reporting through the publication of our first Annual Report, one that closely follows industry best practices.
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2013: Key Achievements at a Glance
In 2013 the CPA:

Cleared and settled 6.8 billion transactions totaling $43.7 trillion equal to $173.4 billion (on average) each business day.

Maintained an outstanding level of service to Canadians and their Financial Institutions by achieving high availability rates for our core systems:

- ACSS Availability Rate: 99.90%
- LVTS Availability Rate: 99.76%
Key Achievements at a Glance

- Actively contributed to the government’s review of Canada’s payment system governance
- Completed the Image Rule Project and helped bring Remote Deposit Capture to Canada
- Introduced a new rule to facilitate bill payment error corrections
- Began developing new payment messages using the new ISO 20022 standard in order to support enhanced remittance data and payments interoperability
- Launched a new online payments education resource for Canadians
- Prepared and submitted a comprehensive proposal and action plan, including legislative changes, to lay the foundation for a renewed CPA
- Made significant progress in meeting new international risk management standards
- Completed a major technology upgrade of the LVTS
- Began developing new payment messages using the new ISO 20022 standard in order to support enhanced remittance data and payments interoperability

Completed a major technology upgrade of the LVTS
Letter from the Chair and President & CEO
The change occurring in the Canadian and world payment landscape has been an item of focus and discussion at the Canadian Payments Association (CPA) for a while now. Client expectations, technology and regulations are all evolving.

And just as the CPA is taking several strategic steps to stay ahead of the pace of change and innovation, my colleagues and I on the CPA’s Board are taking a comprehensive approach to revising the organization’s corporate governance.
Indeed, governance is no exception to the evolution taking place all around us. And the CPA is making the necessary changes—and transforming itself—to better serve the needs of payment system users and fulfill its public policy mandate in this changing environment.

This process started a few years ago and we have modernized the CPA's corporate governance practices to bring them on par with today's industry best practices.

We have also been working diligently with the Department of Finance and the Bank of Canada to prepare a new foundation for the CPA, taking part in the longer and deeper process of preparing for changes to the governance framework of Canada's payment system, including changes to the Canadian Payments Association's enabling legislation.

We submitted a proposal to the federal government late last year that recommends a smaller board and a balanced representation of independent directors, with no affiliation to either the CPA or its members, and member representatives.

We based our proposal on our firm belief that there are at least four key ingredients for successful Board reform.

In our view, the Board should have meaningful independence to ensure that decisions are made in keeping with best governance practices and the CPA's public interest duty. As well, the Board's structure should promote fair and diverse representation, while the Board's size should be based on the needs of the CPA itself. Lastly, the Board should seek relevant skills and expertise that help the CPA fulfill its legislative mandate.

We believe that this proposal is the correct and necessary next step in the evolution of payments system governance in Canada. If this proposal is adopted, the CPA will be in a solid position to deliver on its mandate, giving the federal government confidence that broader user interests and public policy objectives are being taken into account.

That is why our plan for the future also includes measures for increased transparency and accountability, a broader interpretation of our mandate in support of the overall Canadian payment system, planning for the next generation core national clearing and settlement system and enhancing the CPA's organizational capacity. Our plan also seeks a modernized funding and rules approval processes that support the CPA's renewal.

The CPA's ability to work with and reach out to stakeholders is truly unique and will continue to distinguish the CPA in the future. The Stakeholder Advisory Council (SAC) continues to enhance its role as a valued resource to inform the CPA's strategic direction. The Council's annual exercise to identify its priority issues in payments has developed to become a trusted vehicle for insightful advice, counsel and engagement with the CPA Board of Directors. SAC has also demonstrated tremendous ability to adapt to emerging payments trends through strong agenda management and a willingness to offer the right subject matter experts at the right time.

I would like to thank my fellow Board members for their hard work and commitment throughout this governance review process. Their attention to the various questions relating to policy and strategy inherent in the design of a new governance framework made for fascinating discussions and spirited debate – key elements necessary to good decision-making.

We have been supported in our work by the CPA's diligent and professional staff. On behalf of the Board of Directors, I would like to thank CPA employees and their Executive Leadership Team for their public service to Canadians and for the CPA's shared accomplishments in 2013.

I would also like to recognize Ken Casey's contribution to the CPA and his efforts last year in guiding the organization through a CEO transition prior to the appointment of Gerry Gaetz. Ken's leadership during that period was greatly appreciated.
The Canadian Payments Association’s (CPA) national clearing and settlement systems underpin Canada’s financial system. We are stewards of a common public good and as such we shape the payment system for the benefit of all Canadians.

We pursue this critical mandate with a collective passion and deep expertise in securing the safety and soundness of Canada’s payments clearing and settlement systems. Along with our stakeholders, and in a time of profound and rapid technological and regulatory changes in the payment and settlement landscape, we are undertaking a series of important initiatives that will create an even stronger and more efficient payment and settlement system in Canada. Our governance and underlying legislation are also changing to help us meet and exceed the challenges of the future.
Transparency and accountability are key elements of the public policy mandate given to us by Parliament through the Canadian Payments Act. And we’re proud of our results. A snapshot of the last year — one that highlights many achievements vis-à-vis our long-term payments strategy — illustrates the depth and breadth of the work in which we are engaged.

In 2013, we modernized Canada’s most critical payment system infrastructure through significant technology upgrades. We also completed our Image Rule Project in 2013 — which allows many of our member Financial Institutions to offer their customers the flexibility of depositing cheques via smartphones. Both these initiatives are prime examples of our approach to ensure continued innovation and efficiency that serves the needs of Canadians and their Financial Institutions.

Likewise, we are modernizing Canada’s payments message standards by adopting the international payment messaging standard known as ISO 20022. This standard allows participants and systems in different financial markets around the world (e.g. payments, securities, and foreign exchange) to “talk” to each other using a common payments language.

There is more to this initiative than simply introducing a new standard. It is about making Canada’s payment system more efficient — and making the payment experience better for everyone. Through the ISO 20022 initiative, the CPA is helping to bring straight through processing and electronic invoicing to Canada. We are also promoting international interoperability through this initiative as it will make it easier for Canadian businesses to transact globally in a competitive world economy.

Managing risk and ensuring the safety and soundness of our national payment system is as important a function as our work to ensure the continued modernization of Canada’s national payment system. And in 2013 we have taken deliberate measures to enhance our approach in this regard.

We have strengthened our risk management by developing a new Enterprise Risk Management framework and created a Chief Risk Officer function. We have also made changes to align our practices with new global risk management standards and enhanced our capacity to respond and manage risks relating to cyber threats.

As the CPA develops its strategies in a rapidly changing landscape it is also changing as an organization. We are developing a new governance model in discussion with the Department of Finance as part of its review of payment system governance. Our proposals will strengthen the CPA as an organization.

Inside the CPA we are building our organizational capacity through an extensive workplace renewal that is positioning our team for the future. Having joined the CPA myself last year, I know first-hand how committed my colleagues are to the organization and to the work they do. I cannot thank them and the Board of Directors enough for supporting me in my new role, and for helping to take our organization to new levels.

Together, with our Board and in close collaboration with the Department of Finance and the Bank of Canada, we are taking advantage of a convergence of collaboration, ideas and capacity enhancements to build even stronger national payment and settlement systems — and a more robust CPA — for generations to come.
CPA Mandate

Canadian Payments Association (CPA) is mandated by Parliament to provide a leadership role in ensuring the safety and soundness of Canada’s national clearing and settlement systems for payments. These systems enable CPA member financial institutions to meet the payment needs of Canadians. This, in turn, allows millions of Canadian individuals and businesses to transact with each other — at home and abroad — through safe, sound and efficient clearing and settlement systems.

The CPA establishes and operates national clearing and settlement systems within a clear framework of by–laws, rules and standards. We facilitate the interaction of these systems with a variety of stakeholders involved in the exchange, clearing and settlement of payments. We also facilitate the development of new payment methods and technologies. As such, the CPA’s mandate means that we are actively involved in many aspects of the payments industry. Dialogue, consultation and outreach are essential to our work.

All chartered banks operating in Canada, as well as the Bank of Canada, are required by law to be members of the CPA. Trust and loan companies, credit union centrals, and other deposit-taking institutions have been eligible for membership since the CPA’s inception in 1980. Life insurance companies, securities dealers, and qualified corporations on behalf of money market mutual funds have been eligible since 2001.
CPA Strategy

The payments landscape is rapidly changing in Canada and around the world. We must anticipate and help to influence those changes to ensure that Canada remains a leader in payments clearing and settlement.

The CPA’s long-term strategy for payments in Canada, Vision 2020, developed after extensive consultation, has done exactly that. It has guided the evolution of our national clearing and settlement framework and systems. And it has set a clear path for the continued modernization of Canada’s payments system based on the following strategic pillars:

• support the growth of electronic payments in Canada;
• drive efficiencies in payments;
• modernize CPA’s legal framework;
• enhance CPA’s exchange, trade and settlement technology; and
• expand CPA’s value-added services to its members and stakeholders.

By design, Vision 2020 has maintained safety and soundness, risk management and public confidence in our systems and in the CPA itself. Our strategy has placed a premium on updating our technological infrastructures, facilitating the introduction of innovation and increasing efficiencies.

We continue to implement the remainder of our Vision 2020 initiatives and are preparing a new strategic plan informed by research and analysis of our current operational environment and aligned with changes to our governance framework and our plan for renewal.
Management Discussion and Analysis
Throughout 2013, CPA management worked closely with the Board of Directors in areas of policy and strategy in order to effectively contribute and support the federal government’s review of payment system governance.

Although the governance review was a major area of focus for management, 2013 also saw the implementation of key elements of the CPA’s long-term payments strategy. Significant progress was made in many areas to advance the CPA’s strategy of payment system modernization. Collectively, these and other achievements during the year highlight the CPA’s stewardship of Canada’s core payments clearing and settlement systems.
Payments System Governance Review
The CPA developed and is moving forward with five key strategic elements aligned with the government’s priorities for the payment system while continuing to make significant progress on the CPA’s long term payments strategy. Our strategic direction includes:
1. a smaller and more independent Board;
2. increased transparency and public accountability;
3. a broader interpretation of our mandate in support of the overall payment system;
4. planning for the next generation core national clearing and settlement system; and
5. enhancing the CPA’s organizational capacity.

The CPA submitted a comprehensive package of proposals to the federal government related to governance at the end of 2013. These proposals lay the foundation for a new smaller and independent Board of Directors for the CPA.

We believe this proposal more closely aligns the CPA with other public organizations and best governance practices today, while fully supporting the CPA’s legislated mandate and its characteristics as a member association. The CPA welcomes the government’s response to our proposal, notably in regards to changes to our governance and accountability model as announced in the last federal budget on February 11, 2014.

This new Annual Report demonstrates the CPA’s commitment to enhanced transparency and accountability. Going forward, the CPA will adopt a higher level of reporting on performance and outcomes vis-à-vis strategy and goals, including financial results.

• The CPA is also engaging staff and members in a broader discussion in relation to maximizing the CPA’s role within its existing mandate and enhancing member services. CPA management and the Board of Directors have agreed on a number of dimensions related to a broader interpretation of the organization’s mandate. Key aspects are:
  • to be guided by the long-term effectiveness of the Canadian payments industry;
  • to consider member, stakeholder and public policy interests in the broader interest of the Canadian financial system and economy;
  • to conduct research and analysis for a comprehensive understanding of the payments industry and promulgate principles to guide schemes that could interact with CPA systems;
  • to plan for the next generation of national clearing and settlement framework(s) and infrastructure; and
  • to lead/facilitate industry collaborative initiatives, consistent with the CPA’s mandate.

The CPA, with the help of its Board and stakeholders, is carefully examining the evolution of a next generation clearing and settlement system for Canada. Taking this approach aligns with the proposed public policy objectives for the payment system, the targeted outcomes, and the direction of other leading countries. The CPA has retained external expertise to assist in preparing a policy paper on the modernization of Canada’s national systems for clearing and settlement of payments, including a view on how and when to move forward.

Finally, responding strategically to the future evolution of both the payments system and the CPA’s governance framework provides an opportune time to renew our organization.

We started down this path of renewal late at the end of 2013 in order to better position the CPA to successfully deliver on all of its strategic priorities. Management identified key areas of focus for organizational renewal. These include:
• establishing annual goals linked to long-term desired outcomes;
• strengthening our capacity in areas including enterprise risk management, research, payments experience, human resources and other corporate services;
• enhancing leadership accountability, talent management and succession planning;
• establishing CPA staff as payments clearing and settlement experts; and
• developing a culture of excellence.

Improvements to Canada’s Large Value Transfer System
In 2013, the CPA completed a major technology enhancement to the Large Value Transfer System (LVTS) with the conclusion of the LVTS web enablement project. The LVTS is Canada’s real-time, electronic wire transfer system that processes large-value, time-critical payments quickly and
continuously throughout the day. With over $37 trillion worth of payments cleared and settled through the LVTS last year, it is clearly at the apex of Canada’s national payments system. It also plays a particularly important role in the settlement of Canadian-dollar payment obligations arising from securities and foreign exchange transactions.

As a result of this complex 3-year initiative, financial institutions participating in the LVTS no longer need to establish costly dedicated workstations to send LVTS payments or generate reports. In turn, the CPA no longer needs to replace or upgrade these workstations every four years, and a centralized architecture makes support and application upgrades more efficient.

This particular project was a major milestone for the CPA and is part of a six-year technology strategy to upgrade the entire national payment system infrastructure by 2016.

International Payment Messaging Standard (ISO 20022)
Adopting the international payment messaging standard ISO 20022 is a key element in our drive to modernize Canada’s payments system.

ISO 20022 allows participants and systems in different financial markets (e.g. payments, securities, foreign exchange) to “talk” to each other using consistent terminology or syntax. This, in turn, supports domestic and global interoperability along with more remittance information. Over time, adopting ISO 20022 will enable straight through processing and electronic invoicing, thereby enhancing the competitiveness of Canadian businesses and driving efficiencies.

In 2013, the CPA began developing current payment messages under the new standard following the CPA Board of Director’s decision to adopt ISO 20022 for electronic payments in Canada. This work aligns with, and is in fact ahead of what is happening in many other countries with respect to this standard. The CPA is defining a framework for structured remittance data to accompany the standard message types that will position Canada as a leader in this regard.

Cheque Images and Remote Deposit
Completing the fourth and final phase of CPA’s Image Rule Project last summer was another major milestone for the CPA and its continued modernization of Canada’s payment system. CPA members can now exchange image-based payments among themselves for the purpose of clearing.

In fact, the conclusion of the Image Project has ushered the most significant changes to cheque processing since the advent of Magnetic Ink Character Recognition (MICR) enabled bulk cheque processing over 50 years ago. The benefits of the Image Rule will be shared between Financial Institutions and their customers alike.

Financial Institutions that participate in the national cheque clearings now have the option of centralizing cheque processing operations on a national basis rather than being dependent on 6 regional cheque exchange points. In time, the need for six regional exchange points will be greatly reduced. Dishonoured items can now be returned electronically next day and even same day, thus eliminating the need for the paper cheque to be physically transported to the region of the drawee branch.

Corporates that handle a large volume of cheques now have the opportunity to deploy Remote Deposit Processing (RDP). Having on site scanning capabilities will open the time frame window for “capturing” items for deposit (to well after their branch of account closes) and eliminate the physical delivery (and risk) in transporting deposits to the branch.

The CPA will continue its communications and outreach activities on the new Image Rule framework well into 2014 as more and more CPA members, Canadians and businesses take advantage of the possibilities it presents.

Bill Payment Error Correction
The CPA and its members recognize that despite the convenience and efficiency of some new payment options, mistakes do occasionally happen. That’s why in 2013 the CPA, working with its member financial institutions, billers and consumers, created a framework that financial institutions can use to correct bill payment errors more quickly and easily. The voluntary framework became effective on January 2, 2014.

For consumers, this means that billers and financial institutions can now correct bill payment errors and return funds back into the customer’s account, rather than having to seek reimbursement directly from the
biller. Most reversals may now take only a few days, whereas before they may have taken several weeks. Meanwhile, the framework provides billers the assurance that industry best practices and standards are being applied by financial institutions when making bill payment error correction debits through the clearings, including proper authorization and recourse. As well, this framework provides financial institutions with an additional customer service tool they can use to assist their clients in correcting bill payment errors quickly and easily.

Communications and Engagement
The CPA undertakes audits in many areas of the organization's activities in order to identify strengths and areas for improvement. We applied this discipline to our communications activities in 2012, the results of which informed the creation of a new communications strategy in 2013.

This new strategy had multiple objectives. For example, position the CPA as a leader in clearing and settlement and as a valuable resource to members and stakeholders through clear, concise and targeted communications. At the same time, enhance our web presence, develop a content strategy to focus our messaging and engage our stakeholders, and effectively engage our employees.

We had significant success in implementing major elements of this communications strategy in 2013. Launching our Learning Exchange — a series of online videos explaining payments clearing and settlement — was a highlight of those activities. These video modules fill an information void by providing viewers with comprehensive yet easily digestible education materials. Financial institution personnel and other key CPA stakeholders in particular find these videos useful, as do many members of the public. We designed The Learning Exchange platform to significantly enhance the CPA's web and social media presence.

These videos illustrate the success of our new approach to telling our story through a deliberate content strategy. We increasingly focus our messaging on key themes and story lines, then disseminate those messages and stories through multiple communications tactics such as speeches, research papers, conference presentations, website content, The Learning Exchange videos, and social media platforms such as Twitter.

Supporting the Image Rule Project through a content strategy is an excellent example of our approach in action. The CPA strategy supported the project through presentations by CPA subject matter experts at numerous conferences, media relations activities, video and website content. We also held a one-day plenary session for members and stakeholders, among other activities.

The content strategy — which ensures that we are attentive to the needs of various audiences — brings greater focus to the CPA's communications processes. Streamlining the organization's internal and external publications delivers sharper content with engaging interviews and submissions from member and stakeholder payments experts.

Consistent with our communications and content strategies, the CPA strengthened existing relationships and forged new connections to better engage with members, regulators, service providers and users of the payment system. As noted above, the CPA was an active participant at meetings of Finance Canada's FinPAY committee, providing advice to the federal government on public policy aspects, challenges and opportunities in the payments system.

In addition to identifying new and unique speaking opportunities and industry events at which to engage with members and stakeholders, the CPA sought to collaborate with trusted partners on consumer and business outreach initiatives related to payments, including the Financial Consumer Agency of Canada (FCAC) and Public Works and Government Services Canada's Banking and Cash Management Directorate.

Research: Timeliness of Payments
There is an international trend toward offering “faster payments” in many countries. In 2013 the CPA took a closer look at the issue of fast or timely payments. We did this in part to make sure our payments strategy Vision 2020 did not contain any gaps, but also to contribute to the discussion on the issue of faster payments by Finance Canada's Payments Consultative Committee (FinPay).

CPA research indicates that timeliness is only one aspect of an efficient payment system that serves the changing needs of participants and users. The research also indicates that while Canada is not falling behind other countries with respect to timely payments, significant opportunities for improvements exist. Enhancements to national clearing and settlement systems should accommodate, over time, the capability for faster payments clearing and settlement among other changing needs. Therefore, these findings will be considered carefully as we move forward with a review of the next generation payments system.
Risk — the element of uncertainty that surrounds future events and outcomes—is inherent in the CPA’s activities and operations. The CPA is committed to managing risk in a proactive and effective manner. Effective risk management underpins the CPA’s ability to achieve its strategic objectives: safety and soundness, advancing our payments strategy, and organizational renewal.

The CPA has a formal risk management program based on an internationally recognized standard (ISO Standard 31000 Risk Management—Principles and Guidelines.) The CPA has a Board-approved risk policy that sets the overall context, as well as established processes to undertake risk identification, analysis, evaluation, treatment, monitoring, and review of risks. The Board, management and CPA committees all play roles in this process such that risk management informs decisions taken at all levels in the organization.
Significant progress in meeting new international risk management standards
Financial Market Infrastructures (FMIs) are central to every financial system. In Canada, the lynchpin of our financial system is the CPA’s Large Value Transfer System through which flowed $37.6 trillion or 72% of the value of all non-cash payments made in Canada in 2013. If there is a shock in the system, risk can propagate and amplify unless appropriately controlled. That is why the Bank of Canada has designated the LVTS as a systemically important system.

Given its importance to the financial stability and well-being of Canada, the CPA holds the LVTS to the highest international standards: the 2012 Committee on Payment and Settlement Systems - International Organization of Securities Commissions (CPSS-IOSCO) Principles for Financial Market Infrastructures. These principles provide a clear framework to address potential risks in Financial Market Infrastructures (FMIs). Adopted in the wake of the global financial crisis, these new principles are more stringent than their predecessors. The CPA, like other FMIs around the world, is working towards meeting this higher bar. Approved by the CPA Board of Directors in February 2013, our high-level work plan addresses the following priority areas:

• The governance of the LVTS and risk management
• LVTS participant default rules and procedures
• Business risk, operational risk and liquidity risk management
• Access and tiered participation arrangements.

Significant progress was made in 2013 to address each of the high priority gaps.

a) Governance and Risk Management
New governance policies and risk management practices were developed and implemented in 2013: (i) the implementation of a Governance Disclosure Policy and Board Assessment policy; (ii) the establishment of a permanent Board-level risk management committee; and (iii) the establishment of an internal audit function.

b) Participant Default Rules and Procedures
The CPA undertook, with the Bank of Canada, a table-top exercise simulating the default of an LVTS participant. As an annual exercise it will evolve to include additional complexity and stakeholders over time.

c) Business Risk, Operational Risk, and Liquidity Risk Management
Pursuant to the requirements of the Principles for Financial Market Infrastructures, in 2013 the CPA also adopted a policy to build a reserve fund over time to address general business risk. The funding of this reserve fund has started and will be completed by 2017. The fund is supported by a revised investment policy. In order to align the LVTS rules with the requirement that collateral be sufficient to cover the default of the largest participant and its affiliates, the LVTS rules were amended to prevent LVTS participants from being affiliates of each other. Finally, with respect to operational risk, the CPA undertook a review of participant outages and will be making improvements to the change management process between participants and the CPA.

The CPA will continue to address outstanding issues in 2014.

An enhanced security management program was implemented
Keeping the CPA’s technological infrastructures current and secure from cyber and other threats is a top priority. Significant progress was made in 2013 as part of a security enhancement plan that began in 2011, specifically:

• A vulnerability management program was developed and fully implemented. This involved developing procedures and standards, as well as the implementation of monitoring tools, to help prevent or quickly detect and effectively respond to cyber incidents;

• Comprehensive corporate security policies and standards were developed and implemented along with relevant evaluation and verification metrics. A security awareness training program — which includes ongoing meetings with an internal risk and security advisory group — was also fully implemented.

The CPA is developing a security roadmap that, with input from members, will include a timeline for planned security upgrades to guide the evolution of the program over time to meet the needs of a rapidly changing operating environment. The security roadmap will enable members to plan and prepare their systems in anticipation.
Risk Management Activities
The CPA undertakes a range of activities on an ongoing basis. A summary of these and outcomes for 2013 are summarized below in Table 1.

<table>
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<th>ACTIVITY</th>
<th>FREQUENCY</th>
<th>MANAGEMENT COMMENTS</th>
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<tbody>
<tr>
<td>Test of the Business Continuity Plan</td>
<td>Annual</td>
<td>Risks are either adequately mitigated or have appropriate plans in place to ensure mitigation within a timeframe appropriate to the risk.</td>
</tr>
<tr>
<td>Review of the Business Continuity and Disaster Recovery plans</td>
<td>Annual</td>
<td></td>
</tr>
<tr>
<td>Simulation of a member default in LVTS</td>
<td>Annual</td>
<td>2013 was the inaugural exercise. CPA and Bank of Canada processes were tested; minor improvements were identified, primarily around communication.</td>
</tr>
<tr>
<td>External audit of the LVTS</td>
<td>Annual</td>
<td>An unqualified opinion was provided by Deloitte on the Section 5025 audit. Minor suggestions for improvements to a few controls were made, but no areas of concern were identified.</td>
</tr>
<tr>
<td>Audits provided to the CPA by critical service providers</td>
<td>Annual</td>
<td>All critical service providers provide the CPA with external CSAE 3416 audits. In 2013, some areas of improvements were identified and addressed.</td>
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<tr>
<td>Engagement in cyber intelligence</td>
<td>Ongoing</td>
<td>The CPA actively participates in:</td>
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<td></td>
<td></td>
<td>• Joint Operational Resilience Management (JORM).1</td>
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<td></td>
<td></td>
<td>• Public Safety Canada’s National Cross Sector Forum (NCSF) and Multi Sector Network. 2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Several Canadian and international cyber threat information sharing networks.</td>
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1 JORM is chaired by the Bank of Canada and includes the operators of domestic infrastructures designated as systemically important by the Bank of Canada (including the LVTS), and nine financial institutions. JORM participants contribute to joint threat risk assessments and collaborate on steps to improve resiliency.

2 The NCSF is working to advance more coherent and complementary actions among federal, provincial and territorial initiatives and among critical infrastructure sectors.
The CPA is Canada’s main Financial Market Infrastructure. It operates two national systems for the clearing and settlement of payments: the Automated Clearing Settlement System (ACSS) and the Large Value Transfer System (LVTS).

In 2013, CPA systems handled a volume of 6.8 billion transactions (26.8 million per business day) worth $43.7 trillion ($173.4 billion per business day).

Throughout 2013, electronic payments moving across CPA systems continued to increase in volume and value.

**CHART 1 — ELECTRONIC VS. PAPER PAYMENT ITEMS**
[including ACSS and LVTS (customer-initiated payments only)]

<table>
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<tr>
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<th>Volume</th>
<th>Value</th>
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<tr>
<td>2010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paper</td>
<td>85%</td>
<td>77%</td>
</tr>
<tr>
<td>Electronic</td>
<td>15%</td>
<td>23%</td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paper</td>
<td>88%</td>
<td>78%</td>
</tr>
<tr>
<td>Electronic</td>
<td>14%</td>
<td>22%</td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paper</td>
<td>86%</td>
<td>78%</td>
</tr>
<tr>
<td>Electronic</td>
<td>12%</td>
<td>22%</td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paper</td>
<td>89%</td>
<td>78%</td>
</tr>
<tr>
<td>Electronic</td>
<td>11%</td>
<td>21%</td>
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</table>
The ACSS is the system through which the vast majority of CPA payment items (both paper-based and electronic) are cleared, through various payment “streams.” These are mainly low-value, high-volume retail payments. The ACSS uses aggregate volume and value data from payment exchanges to calculate amounts owing between pairs of financial institutions as well as the net position of each financial institution overall.
Point of Service (POS) debit transactions account for the majority of payments in the ACSS (57%), followed by Automated Funds Transfers (AFT) credits (also known as direct deposits), which represent 12% of system volume.

Cheques were the largest value stream in the ACSS in 2013 (49%), with AFT payments (pre-authorized debits and direct deposits) accounting for 42%.

**Chart 3 — 2013 ACSS Stream Breakdowns**
(Streams under .5% of total are not shown)
While cheques and paper payment items decreased in both volume and value in 2013, they still accounted for 49% of the value in the ACSS (11% of its volume).

Very few cheques in Canada are written as payments between individuals. In fact, the vast majority of cheques in Canada are issued or received by businesses – small-to-medium enterprises in particular. A key barrier to the adoption of electronic payments by these businesses is a lack of sufficient remittance data. Increasing the capacity for richer remittance data to travel with a payment, by methods such as the implementation of ISO 20022-compliant payment messaging, is key to encouraging business migration to e-payments.
The LVTS is an electronic wire system, introduced in February 1999 to facilitate the transfer of irrevocable payments in Canadian dollars across the country. It plays a critical role in the Canadian financial system, and has been designated as systemically important under the Payments Clearing and Settlement Act.

Through LVTS, funds can be transferred between participating financial institutions virtually instantaneously in a fully collateralized environment. In addition to providing wire payment services that support critical and time-sensitive payments for Canadian financial institutions and their customers, its primary function is to transfer the very large payments required to settle ACSS clearing balances – the amounts owing between Canadian financial institutions as a result of daily financial activity.
The value of payments in LVTS declined by over $561 billion in 2013. This can be attributed to a decline in the value of settlement transactions (MT205s), which shrank by about $1.2 trillion. The value of customer-initiated wire payments (MT103s) rose by $633 billion in 2013, off-setting about half of the MT205 value decline.

LVTS contributes to the growth and stability of the Canadian and international financial sectors in many ways. Due to strong, built-in risk controls, other payment systems operating in Canada also rely on LVTS payments to effect settlement amongst their participants. In addition to credit card networks, these include other important Canadian Financial Market Infrastructures: those that clear securities (CDS), foreign exchange (CLS), exchange-traded derivatives and over the counter markets (CDCC) and interest rate swaps and derivatives (Swap Clear). In fact, 10% of the value of LVTS payments in 2013 can be attributed to CDS, CLS and CDCC settlement alone.
In addition to the ACSS and LVTS, the CPA operates the CPA Services Network (CSN), which manages the exchange of electronic retail payment files between Financial Institutions as well as handling LVTS Direct Network traffic (queries and commands from financial institutions to the LVTS central system).

The CPA also operates the US Dollar Bulk Exchange (USBE), a parallel system to the ACSS used for payment items in US dollars, drawn on a U.S. dollar account at financial institutions in Canada, but settled in the U.S.

In managing these systems and related operations, the Association establishes a common framework of policies, rules and standards that govern the daily exchange of payment items between Canadian financial institutions and outline operational procedures and technical requirements that promote safety, soundness and efficiency in the Canadian payments system.
Summary of Financial Operations

The majority of the Association’s funding comes from membership dues. In 2013 membership dues were $26.9 million for the year, an increase of 12.0% over 2012 dues. This increase reflected additional resources (permanent and consulting), as well as project costs required to support expanded priorities such as closing the high priority gaps identified with respect to the FMI principles, advancing the security program and technology upgrades. Operating expenses were $25.4 million, an increase of 4.5% over 2012.

TABLE 2 — SUMMARY OF FINANCIAL OPERATIONS

<table>
<thead>
<tr>
<th>$ MILLIONS</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Investments</td>
<td>7.8</td>
<td>7.4</td>
<td>11.4</td>
</tr>
<tr>
<td>Net Assets</td>
<td>6.1</td>
<td>8.6</td>
<td>12.5</td>
</tr>
<tr>
<td>Membership Dues and Other Revenues</td>
<td>22.9</td>
<td>26.9</td>
<td>29.2</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>20.8</td>
<td>24.3</td>
<td>25.4</td>
</tr>
<tr>
<td>Excess of Revenue over Expense</td>
<td>2.1</td>
<td>2.6</td>
<td>3.8</td>
</tr>
<tr>
<td>Capital Outlays</td>
<td>1.3</td>
<td>2.3</td>
<td>1.6</td>
</tr>
</tbody>
</table>

No. active members  
121 121 120

No. permanent employees  
80 82 84
Capital outlays of $1.6 million reflected the completion of year 3 of the technology strategy that was developed in 2010. This strategy will see the enhancement of the Association’s technology systems over a six-year period at an estimated total cost of $14.5 million. The first component of this strategy—the web enablement of the Large Value Transfer System—was successfully completed in 2013. This initiative required an investment of $4.2 million over a 2.5-year period.

Other significant multi-year initiatives include the development and implementation of the FMI principles, the completion of the compliance program, the development and implementation of our strategy to adopt the ISO 20022 payments standard in Canada, and the review and implementation of changes to the CPA’s governance structure.

The CPA’s Financial Statements are audited by KPMG LLP. The audit opinion for 2013 is unqualified and no areas of concern were identified during the audit.

Chart 8 below summarizes key costs incurred in 2013 by Expenditure Category (Continuing Operations, Capital Investments, FMI Assessment, Strategic Projects).
The CPA has three overall strategic goals for 2014:

- manage safe and efficient payments clearing and settlement systems;
- complete key elements of its long term payments strategy; and
- renew the organization to position the CPA for the long term.

A clearly articulated strategy has been developed to achieve each goal and to meet the longer term needs of the Association.

Strategic Goal #1 — Safe and Efficient Systems
Creating and maintaining safe and efficient systems is at the core of the CPA’s mandate, and thus our operations. Safe payment systems measure, manage and control risk appropriately and take into account legal risk, credit risk, liquidity risk, operational risk and business risk. Efficient payment systems ensure payments clearing and settlement processes are carried out to meet end-users’ needs, and ensure the efficient allocation of resources to deliver the service.

In 2014 the CPA will undertake a number of initiatives in support of the safety and efficiency of our clearing and settlement systems.

An outsourcing contract for payment systems is being renewed after extensive negotiations last fall. As well, the CPA is beginning Phase 3 of its plan to meet the new principles for Financial Market Infrastructures.

Enterprise Risk Management
The Enterprise Risk Management program will be formally implemented in 2014. As part of this work a policy paper on liquidity risk management will be developed, and more robust default testing will be undertaken.

Strategic Goal #2 — Long-Term Strategy
The CPA’s long-term strategy, developed after extensive industry consultation and first launched in 2010, guides the evolution of our national clearing and settlement framework and systems.

In 2014, the CPA continues to work on all areas of the strategy with a particular emphasis on modernizing our legal framework, supporting the growth of electronic payments and driving efficiencies in payments. In support of these objectives, the focus in 2014 will be on designing a renewed governance framework for the CPA, modernizing Canada’s payments message standards and the continued implementation of our 6-year technology plan.

a) Payments System Governance Review
The CPA’s focus on policy and strategy matters flowing from the review of its governance arrangements will continue throughout 2014. The CPA will work with the Department of Finance and Bank of Canada to implement the proposed governance and accountability changes to the Canadian Payments Act and accompanying regulations and by-laws. This will involve the development of a Board transition strategy, revision of key by-laws,
strengthening the Association’s accountability through enhancements to its reporting as well as research on the next generation clearing and settlement system.

The CPA will also continue to provide support and advice to the Department of Finance and the Bank of Canada as they coordinate a research agenda for the review of payments system governance.

b) International Payment Messaging Standard (ISO 20022)
In February 2013, the CPA Board of Directors approved a strategy and approach for the adoption of the ISO 20022 payment message standard for electronic payments cleared through CPA systems.

Work in 2014 will include several steps:

- Using the new standard, new payments messages for Automated Fund Transfers (AFT), Electronic Data Interchange (EDI) and Large Value Transfer System (LVTS) payments will be developed, and draft messages will be released for consultation with our members and stakeholders;
- An Adoption Strategy and Plan with defined timelines and milestone dates (including coexistence period between the “old” and “new” messages) will be defined;
- The implementation of a Standards Management & Support function within the CPA, and;
- A communications program focusing on ISO 20022 education will be launched.

c) Payment Systems and Technology
The relocation of the CPA’s corporate system back-up datacenter to an alternative site will be undertaken in 2014 and will enhance the resiliency of the corporate information technology.

The next phase of the technology strategy, enhancements to the Automated Clearing and Settlement System (ACSS) will also be initiated in 2014. The first component of this phase will be to undertake a broad review of the business requirements of this system, through which close to $6 trillion worth of retail payments were cleared last year. The output of this review will provide input to the scoping of the ACSS work planned for 2015.

Strategic Goal #3 — Organization Renewal
Launched in 2013, the organizational renewal initiative will continue throughout 2014. The aim of this initiative is to strengthen business processes, resource capacity and organizational culture in order for the CPA to successfully deliver on all of its strategic priorities.

Strengthening the collective leadership approach and establishing a talent development framework are two important elements of this renewal, in addition to assessing organizational capacity over the short and long term.

An important element contributing to the renewal of the CPA is the merger of the organization’s two Ottawa facilities into one location. While the actual move is planned for late 2014 work to properly plan and execute this initiative started in 2013 and will continue throughout 2014.

The CPA will continue to promote knowledge and information sharing among payment systems constituents as these and other strategic initiatives continue to advance through 2014. The biennial Payments Panorama conference will be a highlight of this engagement, with industry participants gathering in Charlottetown in June 2014.

Strategic Plan
The CPA will renew its strategic plan and long-term strategic priorities in 2014. This process will incorporate input from an environmental scan of international trends in payments, an assessment of the current environment, and discussions with members and stakeholders. An analysis of threats and opportunities will also provide context to the identification of strategic initiatives. The revised strategic plan will be supported by a financial and capacity plan.
Human Resources
The CPA recognizes the importance of recruiting and retaining top quality employees in order to provide the highest level of service to members and stakeholders and to achieve our strategic objectives. Employee commitment and loyalty are highly valued and the Association strives to be an employer of choice. In 2013 the CPA was recognized as a Top Employer in the National Capital Region, an award provided to 30 Ottawa-area employers based on the provision of exceptional workplace practices.

The Association employed 84 full time employees in 2013. Turnover was very low at just 1%, significantly lower than the Canadian average of 7.3%. The average tenure of a CPA employee is 8.14 years. The following chart provides a snapshot of how our employees are distributed across the Association.

A strong compensation program is a key element in attracting and retaining talented employees. In order to ensure that the compensation program is competitive, the CPA undertakes a compensation review (salaries, incentive and core benefits) on a triennial basis, or more frequently if necessary, with 2013 being such a year. The review found that overall the CPA provides a competitive compensation package.

Employee development is very important to the success of the organization. In addition to attending external courses or seminars, employees also benefit from in-house learning activities organized by the CPA.

In 2013 these included, among others, a security awareness session and a project management methodology program. New managers also attend Carleton University’s Sprott School of Business Professional Management Program.

In 2014, the CPA will review and update its performance management program to fully align with the corporate scorecard. A formal talent development plan will also be established and the existing succession plans will be revised to align with the long-term strategic plans.
Governance

9
The CPA has stewardship over the payment and clearing settlement systems in Canada through the mandate given to the organization by Parliament in the Canadian Payments Act.

Under the Act, the Minister of Finance appoints three individuals to the CPA’s Board of Directors, and the Bank of Canada appoints the Chair. CPA members elect the remaining 12 directors. A 20-person Stakeholder Advisory Council provides advice and counsel to the Board of Directors and represents the diverse interests of users of the payment system. The CPA is administered by a full-time staff of 84 and is headquartered in Ottawa.
Ricki Golick
CPA Board Member
Canadian Western Bank
Board Committees
The CPA’s Board is comprised of four committees: Finance and Audit Committee; Governance and Nominating Committee; Human Resources and Compensation Committee; and the Executive Committee. Individually and collectively, these committees support the overall Board and, by extension, the CPA in undertaking its mandate.

Finance and Audit Committee
The Finance and Audit Committee assists the Board in fulfilling its responsibilities in relation to several crucial functions. These include: financial monitoring (i.e., oversight of procedures and controls, income and expenses, preparation of financial statements and external audits); financial planning, including oversight of budget development; and premises, including physical plant and capital asset acquisition. This committee may also oversee projects as may be delegated by the Board.

In 2013 the Finance and Audit Committee focused on establishing an approach for building and maintaining the reserve fund required by the Principles for Financial Market Infrastructures (FMI), development of a corresponding investment policy and initial discussions on an approach for developing an Internal Audit function at the CPA. As well, the committee assisted in the review of the CPA’s IT sourcing strategy and evolving premises requirements.

Governance and Nominating Committee
The Governance and Nominating Committee assists the Board in fulfilling its responsibilities in relation to the following activities: risk management oversight; the Board’s approach to governance (i.e., oversight of Board performance effectiveness, governance policies and guidelines and statutory compliance); code of conduct and standards of behaviour for Board and management; director nomination and qualification; Board succession planning; Board orientation and continuing education; and evaluation of Board committees as a whole.

In 2013 the Governance and Nominating Committee supported management in the review and development of a plan to address gaps identified with respect to the Principles for Financial Market Infrastructures, as well initial steps taken to begin closing the gaps. The committee also supported organizational risk oversight.

2013 Membership
Jean-Guy Lavoie
Desjardins—Chair
Ricki Golick
Canadian Western Bank—Vice-Chair
Ron Matthews,
Ministerial Appointee — member
Curtis Stange
Alberta Treasury Branches — member
Jennifer Stott
Royal Bank of Canada — member
Eric Wolfe
Bank of Canada — member

2013 Membership
Stewart MacKinnon
Ministerial Appointee — Chair
Brenda Clark
Canadian Imperial Bank of Commerce — member
Jason Conant
Peace Hills Trust — member
Kelly Scott
Bank of Nova Scotia — member
Jeff van Duynhoven
TD Canada Trust — member
Human Resources and Compensation Committee
The Human Resources and Compensation Committee assists the Board in fulfilling its responsibilities in a number of areas. These include: evaluation and compensation of the President and CEO; evaluation of officers; employee benefits and human resources policies; management succession planning; and pension and supplemental employee retirement plans.

In 2013 the Human Resources and Compensation Committee reviewed and supported the results of a comprehensive compensation review and assisted management in the development of a revised corporate scorecard.

Executive Committee
The Executive Committee assists the Board during intervals between Board meetings to address urgent matters when it is not possible to convene a special meeting of the Board. In addition, the Executive Committee assists the Board in recruiting and selecting the President and CEO, as well as any other matters the Board may delegate, except for the powers reserved to the Board in the Canadian Payments Act or By-laws.

In 2013 the Executive Committee assisted in the selection of the President and CEO and supported the ongoing ISO 20022 standards implementation project.

2013 Membership^6
David Heatherly
Bank of Montreal — Chair
Peter Burn
Ministerial Appointee — member
Natalie Généreux
Laurentian Bank — member
Charles Milne
Central 1 Credit Union — member
Stephanie Zee
Citibank — member

2013 Membership^7
Janet Cosier
Bank of Canada — Chair
Jason Conant
Peace Hills Trust — member
Ricki Golic
Canadian Western Bank — member
David Heatherly
Bank of Montreal — member
Jean-Guy Lavoie
Desjardins — member
Stewart MacKinnon
Ministerial Appointee — member
Curtis Stange
Alberta Treasury Branches — member
Jennifer Stott
Royal Bank of Canada — member

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^3 The Governance and Nominating Committee will become the Governance and Risk Committee in 2014.
^4 As at December 31, 2013.
^5 Ibid.
^6 Ibid.
^7 Ibid.
**TABLE 3 — BOARD AND COMMITTEE MEETINGS AND ATTENDANCE IN 2013**

<table>
<thead>
<tr>
<th>NUMBER OF MEETINGS</th>
<th>BOARD</th>
<th>EXECUTIVE COMMITTEE</th>
<th>FINANCE &amp; AUDIT COMMITTEE</th>
<th>GOVERNANCE &amp; NOMINATING COMMITTEE</th>
<th>HUMAN RESOURCES &amp; COMPENSATION COMMITTEE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5&lt;sup&gt;4&lt;/sup&gt;</td>
<td>2&lt;sup&gt;3&lt;/sup&gt;</td>
<td>6&lt;sup&gt;13&lt;/sup&gt;</td>
<td>5&lt;sup&gt;11&lt;/sup&gt;</td>
<td>6&lt;sup&gt;12&lt;/sup&gt;</td>
</tr>
<tr>
<td>DIRECTOR ATTENDANCE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>J. Cosier — Chair</td>
<td>5</td>
<td>2</td>
<td>-</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>P. Burn</td>
<td>5</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6</td>
</tr>
<tr>
<td>B. Clark</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>J. Conant</td>
<td>4</td>
<td>2</td>
<td>-</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>R. Golick</td>
<td>4</td>
<td>2</td>
<td>5</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>D. Heatherly</td>
<td>4</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>J.G. Lavoie</td>
<td>5</td>
<td>2</td>
<td>6</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>S. MacKinnon</td>
<td>5</td>
<td>2</td>
<td>-</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>C. Margie&lt;sup&gt;13&lt;/sup&gt;</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>R. Matthews</td>
<td>5</td>
<td>-</td>
<td>6</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>C. Milne</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3</td>
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<tr>
<td>C. Stange</td>
<td>5</td>
<td>0</td>
<td>5</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>J. Stott&lt;sup&gt;14&lt;/sup&gt;</td>
<td>5</td>
<td>2</td>
<td>4</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>J. van Duynhoven&lt;sup&gt;15&lt;/sup&gt;</td>
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<td>-</td>
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<tr>
<td>S. Zee&lt;sup&gt;16&lt;/sup&gt;</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4</td>
</tr>
</tbody>
</table>

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**Stakeholder Advisory Committee**

The CPA’s Stakeholder Advisory Council is a 20 person council, including 2 Board members, that is codified in the Canadian Payments Act. Council members are drawn from, and represent the views of, the CPA’s broad base of stakeholders, including consumer associations, businesses, retailers, and governments, as well as related service providers. Under the Act, the Council’s mandate is to “provide counsel and advice to the Board on payment and clearing and settlement matters and any other matter relating to the objects of the Association.” Eligibility requirements for Council membership and the yearly nomination process are set out in the Association’s General By-law.

The Council contributed in shaping a number of CPA initiatives and providing input to payments-related issues over the course of 2013. Among other topics, this included: the CPA’s Image Project; the CPA’s analysis of a modernized, international set of standards for the payments sector (ISO 20022), the CPA’s new Rule for Bill Payment Error Corrections, and an examination of the Timeliness of Payments. During 2013, SAC continued to reassess its priority listing to highlight to the CPA Board key issues that stakeholders in the payments system believe merit action, and reflect emerging payment issues.

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8 February 21, March 21, June 13, October 3, December 5.
9 August 13, September 11.
10 February 11, March 28, May 16, June 12, October 2, December 4.
11 February 6, March 28, June 12, October 2, December 4.
12 February 28, March 28, April 25, June 12, October 2, December 4.
13 Departed the Board and HRCC prior to the March meetings.
14 Joined the FAC as of the May 16 meeting.
15 Joined the GNC as of the June 12 meeting, member of the FAC until March 21.
16 Joined the Board as of March 21, 2013, joined the HRCC as of the June 12 meeting.
### Table 4 — 2013 Membership

<table>
<thead>
<tr>
<th>Council Member Or Substitute</th>
<th>Organisation Represented</th>
<th>Meetings Attended (Or Substitute)</th>
</tr>
</thead>
<tbody>
<tr>
<td>William (Bill) Huzar (Chair)</td>
<td>Consumers Council of Canada</td>
<td>3/3</td>
</tr>
<tr>
<td>Brent Mizzen (Incoming Vice-Chair)</td>
<td>Canadian Life and Health Insurance Association</td>
<td>3/3</td>
</tr>
<tr>
<td>Jeff van Duynhoven (CPA Board)</td>
<td>TD Merchant Services</td>
<td>3/3</td>
</tr>
<tr>
<td>Jean-Guy Lavoie (CPA Board)</td>
<td>La Caisse centrale Desjardins du Québec</td>
<td>2/3</td>
</tr>
<tr>
<td>James Allhusen¹</td>
<td>Visa Canada</td>
<td>2/2</td>
</tr>
<tr>
<td>Pat Daley¹</td>
<td>Deloitte</td>
<td>2/2</td>
</tr>
<tr>
<td>Kurt Eby²</td>
<td>Canadian Wireless Telecommunications Association</td>
<td>2/1</td>
</tr>
<tr>
<td>Robert Hollis²</td>
<td>PRESTO/Metrolinx</td>
<td>1/1</td>
</tr>
<tr>
<td>Caroline Hubberstey</td>
<td>Interac Association</td>
<td>3/3</td>
</tr>
<tr>
<td>Luc Lalonde</td>
<td>Canada Post Corporation</td>
<td>2/3</td>
</tr>
<tr>
<td>Rock Lefebvre²</td>
<td>CGA Canada</td>
<td>1/3</td>
</tr>
<tr>
<td>Ron Matthews</td>
<td>Association for Financial Professionals of Canada</td>
<td>3/3</td>
</tr>
<tr>
<td>Steve Nogalo</td>
<td>NCR Corporation</td>
<td>2/3</td>
</tr>
<tr>
<td>Lynn Parrington</td>
<td>Canadian Gas Association (Enbridge)</td>
<td>3/3</td>
</tr>
<tr>
<td>Jacques St Amant</td>
<td>Public Interest Advocacy Centre</td>
<td>3/3</td>
</tr>
<tr>
<td>Peter Thom, Bell Canada</td>
<td>Treasury Management Association of Canada</td>
<td>3/3</td>
</tr>
<tr>
<td>David Wilkes¹</td>
<td>Retail Council of Canada</td>
<td>2/2</td>
</tr>
<tr>
<td>Ingrid Vincent</td>
<td>Ontario Financing Authority (Provincial Government)</td>
<td>3/3</td>
</tr>
<tr>
<td>Philippe Visintini (Outgoing Vice-Chair)</td>
<td>ADP Canada</td>
<td>3/3</td>
</tr>
<tr>
<td>Murielle Boucher²</td>
<td>PWGSC (Federal Government)</td>
<td>3/2</td>
</tr>
<tr>
<td>David Farnes⁴</td>
<td>Canadian Wireless Telecommunications Association</td>
<td>1/1</td>
</tr>
<tr>
<td>Ken Morrison⁵</td>
<td>Retail Council of Canada</td>
<td>1/1</td>
</tr>
<tr>
<td>Karen Redwood⁶</td>
<td>PayPal Inc.</td>
<td>1/1</td>
</tr>
<tr>
<td>Ian Shelley⁶</td>
<td>KPMG</td>
<td>1/1</td>
</tr>
<tr>
<td>Steve Zucker⁶</td>
<td>Independent Member</td>
<td>2/2</td>
</tr>
</tbody>
</table>

1  New Member Effective April 2013
2  New Member to Fill Mid-Term Vacancy (change in Stakeholder organization representative)
3  Retired from PWGSC October 2013 but attended November meeting
4  Left CWTA March 2013
5  Term Expired March 2013
6  Resigned from SAC July 2013
The payments landscape is rapidly changing in Canada and around the world.

We must anticipate and help to influence those changes to ensure that Canada remains a leader in payments clearing and settlement.
CPA Board Members (left to right):

Stephanie Zee
Citibank

Curtis Strange
Alberta Treasury Branches
CPA Executive Leadership Team
The CPA’s Executive Leadership Team, composed of the President & CEO supported by five Vice-Presidents, provides strategic direction, leadership and oversight to the organization.
Payment Operations and Technology
Providing timely, secure, reliable and cost effective business support and technology solutions in the delivery of payment exchange, clearing and settlement services is the core mandate of the division. It oversees and supports the CPA’s key operational committees (e.g. LVTS Management Committee and National Clearings Committee), identifies and recommends changes to operational procedures, as well as rules and standards.

This division also manages business requirements for CPA business systems enhancements, conducts quality assurance testing for system changes, co-ordinates end-user testing events, develops documentation and delivers end-user training. It manages the corporate and business systems technical infrastructure, including managing servers, storage, telecommunication networks, and voice services at three sites in Ottawa as well as managing outsourcings arrangements.

Policy and Public Affairs
In addition to research and analysis of payments related and public policy issues facing the Canadian payments system and their potential implications to Canada and the CPA, the policy group monitors developments in domestic and global payments trends, anticipating potential impacts and supports consultation of members, industry stakeholders, regulators and international counterparties.

The division also ensures the effective exchange of information between the CPA’s members and stakeholders on matters impacting the payment systems, supports effective consultations and is responsible for the CPA’s communications and content strategy. It also produces various internal and external publications, manages the content of the CPA’s website and leads the CPA’s education and outreach activities including the CPA’s biennial payments conference.

Legal
The legal division is the primary legal resource and advisor to the President & CEO, Chair, Board of Directors, and management. It provides client-focused legal services to support the Association’s day-to-day activities and strategic initiatives, to facilitate informed and legally sound decision-making. It also provides corporate secretariat services for effective Board and committee governance and operates programs to address member compliance and to fulfill CPA regulatory/corporate compliance obligations.

Corporate Risk and Security
The Corporate Risk and Security division was recently formed to enhance the oversight and leadership of the CPA’s enterprise risk management framework, security framework and business continuity programs. The division promotes risk and security awareness, develops, tests and implements business continuity plans, conducts risk assessments, develops security and risk policies as well as procedures and relevant metrics.

Corporate Services
This division provides client focused services, leadership and expertise in the areas of finance, human resources, corporate planning, project management and general administration. It supports the strategic planning process and development of corresponding financial plans, the development of the annual corporate scorecard to align with the strategic priorities, and the Association’s performance management program. It coordinates the development of annual budgets, prepares financial reports and analysis and invests funds in accordance with the CPA’s investment policy.

The Human Resources group ensures the recruitment, engagement, development and retention of high quality employees through the provision of a solid recruitment program, performance management aligned to priorities, and a competitive compensation program. The Project Management Office manages all key projects, ensuring appropriate allocation of resources, provision of relevant and timely information. The group also provides training on the CPA’s project management methodology.