

CANADIAN PAYMENTS ASSOCIATION

LVTS RULE 13

DEFAULT AND NOTICE OF SUSPENSION

LVTS Rule 13, December 1998: as amended October 2000, March 1, 2010, November 22, 2016 and August 5, 2020.

DEFAULT AND NOTICE OF SUSPENSION

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DEFAULT AND NOTICE OF SUSPENSION

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| GENERAL | 13.1 | This Rule outlines the requirements for notification with respect to implementing sections 56 to 63 of the LVTS By-law. |
| NOTICE OF DEFAULT | 13.2 | Notification of a default of a Participant shall be given by telephone confirmation by the Bank of Canada to the President immediately upon the Bank of Canada becoming aware of the default. The President shall, immediately upon receipt of such notification from the Bank of Canada, notify all Participants of any such default. |
| NOTICE OF SUSPENSION DURING CYCLE | 13.3 | <p>If, pursuant to subsection 62(1) of the LVTS By-law, a decision is made to suspend a Participant's participation, the President shall:</p> <ul style="list-style-type: none">(a) suspend the Participant's participation as soon as feasible during the LVTS cycle in which the decision to suspend is made; and(b) notify all the Participants of the suspension. |
| NOTICE OF SUSPENSION OUTSIDE CYCLE | 13.4 | <p>If, pursuant to subsection 63(1) of the LVTS By-law, a decision is made to suspend a Participant's status, the President shall:</p> <ul style="list-style-type: none">(a) suspend the Participant's status as soon as feasible before the beginning of the next LVTS cycle; and(b) notify all the Participants of the suspension. |
| PARTICIPANT OBLIGATIONS | 13.5 | Upon receipt of the notice in section 13.2, 13.3 or 13.4 above, each Participant shall be responsible for notifying each person within its organization which requires notification. |
| PAYMENT MESSAGES | 13.6 | Following a Participant's participation being suspended in accordance with section 13.3 above, any payment sent from/to that Participant, which had not already passed the required Risk Control Tests, will have its status changed to Expected Debit or Expected Credit and will be rejected at the end of the current cycle. |