



**PAYMENTS
CANADA**

LYNX RULE 12

EMERGENCIES

2025 CANADIAN PAYMENTS ASSOCIATION

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IMPLEMENTED

August 29, 2021

AMENDMENTS

1. Updates to accommodate the introduction of Payment Messages in the Lynx MX Format. Approved by the Board June 23, 2022, effective November 20, 2022.
2. Amendments to align terminology throughout Rule. Approved by the Board June 23, 2022, effective November 20, 2022.
3. Amendments throughout rule to accommodate Swift name rebranding. Approved by the Board May 12, 2023, effective July 11, 2023.
4. Amendments throughout rule to accommodate additional information related to procedures for the use of settling payments using Lynx Web Client. Approved by the Board May 12, 2023, effective July 11, 2023.
5. Amendments to sections 4 and 19 to remove SBE Full Day contingency layer as a result of the Third Site implementation. Approved by the Board September 14, 2023, effective October 16, 2023.
6. Amendments to align Lynx Web Client payment processing procedures with current industry practices as well as to correct section references within the rule. Approved by the Board May 23, 2024, effective July 22, 2024.
7. Amendments to require Participants to provide regular updates during a Participant incident. Approved by the Board September 26, 2024, effective on November 25, 2024.
8. Amendments to update information on the access to digitized forms for Incident Reports and amendments throughout the rule to accommodate the CPA Service Desk name change. Approved by Board December 12, 2024, effective February 10, 2025.
9. Amendments to accommodate the decommission of the Lynx MT Format and the Lynx clean-up exercise. Approved by the Board September 18, 2025, effective November 24, 2025.

PART 1 - INTRODUCTION

General

1. The procedures and requirements in this Rule form part of the Lynx Emergency Procedures and, along with the details and requirements related to contingency options and emergency procedures contained in TSP-002 and the Lynx Contingency Playbook, support the continued use of Lynx and reliance on the Lynx legal framework for the clearing and Settlement of payments on a final and irrevocable basis between Participants.

Lynx Disruption

2. In accordance with the *Lynx By-law*, in the event that communications between the Lynx Data Centre and one or more Participants are interrupted; the ability of the Lynx Data Centre to receive, transmit, send, approve or otherwise process Payment Messages, including Settlement Instructions or administrative messages, or to Settle Lynx Payment Obligations is impaired; the safe and efficient operation of Lynx is placed into question or any other emergency (such as a cyber event) affects its operations, the President may, in consultation with the Lynx Emergency Committee and with the prior agreement of the Bank,
 - a. change the hours of operation of Lynx;
 - b. change the time for completing the Payments Processing Cycle;
 - c. direct any, several, or all of the Participants to not send Payment Messages for a specified period of time;
 - d. change the Participant status of one or more Participants to “Stop Send”, “Stop Receive” or “Stop All”;
 - e. order the immediate system pause or termination of the then current Payments Processing Cycle;
 - f. refuse to permit the commencement of a Lynx Operating Schedule or Payments Processing Cycle;
 - g. direct that any day not to be a Business Day;
 - h. invoke any of the contingency options outlined in the Lynx Emergency Procedures;
or
 - i. direct such other action by the Association or a Participant necessary to ensure the safe and efficient operation of Lynx, or the continued processing of the Payment Messages or Settlement of Lynx Payment Obligations.

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Any decisions made or actions taken by the President will be communicated to Participants via email using established distribution lists.

Swift Disruption

3. In the event that access to the Swift network in Canada, the SwiftNet Copy service is interrupted, the procedures for executing Settlement Instructions using the Lynx Web Client, outlined in section 2 of the Lynx Contingency Playbook, may be used in order to continue exchanging time sensitive payments only.

Definitions

4. In the Lynx Emergency Procedures, the following definitions apply. In the case of conflict with the definitions in Rule 1, the definitions set forth below take precedence.

- a. “Contingency Lynx Payment Obligation” means the obligation of a Participant to pay to another Participant the net amount of payment obligation(s) contained in Contingency Payment Message(s) between the two Participants;

Note: In the case of a Contingency Lynx Payment Obligation corresponding to Contingency Payment Message(s) either (i) sent to the Bank, or (ii) received by the Bank, the amount is based on the total value of payment obligation(s) contained in those Contingency Payment Messages.

- b. “Contingency Payment Message” means an electronic message in the format specified in TSP-002, that contains:
 - i. a payment obligation for a gross amount between a Sending Participant and a Receiving Participant, which is included in the calculation of the net amount of a Contingency Lynx Payment Obligation; and
 - ii. the information necessary for the Receiving Participant to make the amount of the payment finally and irrevocably available to the Payee;
- c. “Contingency Settlement Instructions” means the information that the Sending Participant sets out in a Contingency Lynx Payment Obligation, containing the details necessary for it to be settled during a Lynx emergency situation;
- d. “Entry” means an entry on the books of the Bank to a Participant’s account at the Bank;
- e. “Payee” means the person, including a Receiving Participant, to whom the amount specified in a Payment Message or Contingency Payment Message is to be paid or credited, whether or not that person is the ultimate beneficiary of the amount;

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- f. “Receiving Participant” means a Participant who receives a Payment Message or a Contingency Payment Message from another Participant;
- g. “Sending Participant” means a Participant who sends a Payment Message or a Contingency Payment Message to another Participant; and
- h. “Settlement Before Exchange” or “SBE” means a process by which, where Lynx is unavailable to settle Lynx Payment Obligations, the continued processing and settlement of Payment Messages (in the form of Contingency Payment Messages) and settlement of Lynx Payment Obligations (as Contingency Lynx Payment Obligations) will be conducted. SBE is further described in the Lynx Emergency Procedures and specifically the procedures for the contingency options referred to as “Layer 2C: Settlement Before Exchange – pacs.008/009/004”, and “Layer 2D: Settlement Before Exchange - EOD”.

Lynx Emergency Committee

- 5. Each Participant is required to have a representative (Cash Management Committee representative for each Participant) and alternate representative on the Lynx Emergency Committee. Such alternate representative should also be charged with the authority to make decisions (same as the primary representative) in the event that the primary representative is not available or cannot be reached at the time of an emergency.

All representatives, or their alternates, should be present at Lynx Emergency Committee meetings. Depending on the nature of the incident, each Lynx Emergency Committee representative may invite a limited number of individuals from their institution to a Lynx Emergency Committee meeting, however only one representative from each Participant may vote on any actions or decisions (typically the Lynx Emergency Committee representative).

Participant Incident Reporting

- 6. In the event that a Participant experiences a Severity 1 or Severity 2 Incident, the Participant that experiences the incident must complete an incident report form providing as much detail as possible, including a description of the problem encountered, impact of the problem, steps taken to resolve the problem, and if possible, details on root cause of the incident. A Participant must submit the completed form to the Association within 10 Business Days of the date of the incident.

Recurring Participant Emergencies

- 7. The occurrence of any of the following conditions may warrant a review by the Association, at the Association’s discretion, of the Participant’s compliance with the requirements of participation in Lynx:
 - a. a Participant has one Severity 1 Incident of significant impact or duration at any

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time;

- b. a Participant has more than one Severity 1 or Severity 2 Incidents in any 22 Business Day period; or
- c. a Participant has more than six Severity 1 or Severity 2 Incidents in a 12 month period.

PART 2 - PARTICIPANT EMERGENCIES

Emergencies Occurring During the Payments Processing Cycle

- 8. In the event that a Participant experiences a Severity 1 or Severity 2 Incident during the Payment Processing Cycle, the procedures in the Lynx Emergency Procedures must be followed.

Granting an Extension with Limited Notification

- 9. As a result of its inability to complete certain payments for reasons beyond its control or due to unexpected circumstances, a Participant may request an extension of either Settlement Window 1 or Settlement Window 2. The President may grant an extension to either Settlement Window 1 or Settlement Window 2, as the case may be, either:
 - a. immediately if, when the request is made, there is less than 15 minutes to convene a Lynx Emergency Committee meeting to discuss the extension; or
 - b. following consultation with the Lynx Emergency Committee where time permits. A meeting of the Lynx Emergency Committee must be convened immediately following the granting of an extension granted under (a) above. The President will consult with the Lynx Emergency Committee meeting prior to making a determination to end an extension.

Extensions - Administrative Charge

- 10. Any extension granted to a Participant in Settlement Window 1 or in Settlement Window 2 must be subject to the payment by such Participant of an administrative fee of \$10,000. Such fee must be payable to the Association within 30 calendar days of the date the extension occurred. In exceptional circumstances the President may waive the fee.

Initial Communication with Lynx

- 11. Where a Participant cannot change its operational status to “online”, the Participant must notify the Payment Operations Centre by telephone by 00:30 hours if processing Payment Messages at 00:30 hours, but in no event any later than 08:00 hours, identifying itself, the nature of the problem, the main point of contact, and if possible, the expected time of recovery.

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Internal Payment System Check

12. Prior to changing its operational status to “online”, each Participant must perform a system check to ensure its internal payment system is operational. Should the Participant’s internal payment system be inoperative, the Participant must not change its operational status to “online” and must contact the Payment Operations Centre by 00:30 hours if processing Payment Messages at 00:30 hours, but in no event any later than 08:00 hours.

Lynx Connectivity

13. Where a Participant cannot connect to Lynx using the Lynx Web Client, the Participant must contact the Payment Operations Centre for immediate assistance. The Participant must attempt to access Lynx using an alternate Participant Workstation or through another CSN connection point within the same financial institution. If there is no alternative access at that site, the Participant must invoke its procedures for using a Participant Workstation at another site within the same financial institution.

Participant Workstation

14. If a Participant Workstation is not functioning properly, the Participant must engage its internal technical support for immediate assistance. If there is another Participant Workstation at the Participant’s site, the Lynx Authorized Personnel should attempt to move to that Participant Workstation. If there is no alternative access at that site, the Participant should invoke its procedures for using a Participant Workstation at another site within the same financial institution.

Personnel Problem

15.
 - a. If the Participant cannot complete all the steps outlined in Rule 4, because of the absence of a person with the proper authority, the Participant must notify the Payment Operations Centre by 00:30 hours if processing Payment Messages at 00:30 hours, but in no event any later than 08:00 hours.
 - b. If the Participant cannot connect to Lynx using the Lynx Web Client at any time during the Payments Processing Cycle because of the absence of a person with the proper authority, the Participant must notify the Payment Operations Centre within 15 minutes of becoming aware of the problem.

Incident Impacting Payment Processing

16. If a Participant encounters a technical, site or external problem (e.g. Swift connection problem, payments environment problem, site problem, or weather or civil problem) that may impact its ability to send or receive Payment Messages, the Participant must notify the Payment Operations Centre within 15 minutes of becoming aware of the problem identifying

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itself, the nature of the problem, and, if possible, the expected time by which the situation will be resolved.

Regular Updates during Incidents

17. Throughout the duration of the Participant incident, the Participant encountering the problem must provide updates to the Payment Operations Centre on a regular cadence or as otherwise requested by the Association, on the following information:
 - a. the nature of the problem, anticipated recovery time (to the best of their ability, with the information known at the time of the Participant problem), and what systems or processes are affected, and suggested schedule of update for communication; and
 - b. if possible, specific details on the cause of the problem (e.g., hardware, software, procedural or personnel), what message types are affected, the customer impact (if any), and a summary of the procedures that are being conducted to resolve the problem.

Lynx Web Client Settlement Instructions

18.
 - a. If a Participant is experiencing a Severity 1 Incident and cannot send Payment Messages because of a technical, site or external problem (e.g. Swift connection problem, payments environment problem, site problem, weather or civil problem) that results in the inability of that Participant to meet critical time-sensitive obligations (e.g. CLS pay-ins, funding for ACSS Settlement, and CDSX Settlement), the Participant may use the Lynx Web Client to send Settlement Instructions to Lynx. The unaffected Participants may choose to send Settlement Instructions using the Lynx Web Client to the affected Participant. All requirements related to sending Settlement Instructions using the Lynx Web Client must be followed.

Only time sensitive payments may be sent using the Lynx Web Client and only in the circumstances described above, unless otherwise agreed upon by the Sending Participant and Receiving Participant as described below.

- b. The Sending Participant must not send any Settlement Instructions using the Lynx Web Client to a Receiving Participant without first receiving the agreement (oral or written – including email or fax) of the Receiving Participant. It is the responsibility of the Sending Participant to obtain the agreement of the Receiving Participant prior to sending Settlement Instructions using the Lynx Web Client and the onus of proving the existence of such agreement rests with the Sending Participant.
 - c. In a situation where prior agreement was not given by the Receiving Participant, the Receiving Participant may contact the Sending Participant using the points of contact in the Lynx Summary Contact List with the intent of reaching consensus for the treatment of the Web Client Settlement Instructions. Where no agreement can be reached, the Receiving Participant may return the disputed amount by

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sending new Settlement Instructions via the Web Client in order to offset the original Settlement Instructions sent by the Sending Participant without agreement.

- d. All Settlement Instructions sent using the Lynx Web Client must be:
 - i. same day value;
 - ii. Canadian dollar currency;
 - iii. time sensitive payments; and
 - iv. designated to a Settlement Mechanism (UPM, LSM, RCM or RTM)

For clarity, Settlement Instructions sent using the Lynx Web Client under the circumstances described in this Rule are Settlement Instructions as contemplated in the *Lynx By-law* and will be processed by Lynx in accordance with normal processes. Further details surrounding the sending of Lynx Web Client Settlement Instructions can be found in the Lynx Contingency Playbook.

Lynx Proxy Service

- 19. In the event that a Participant is unable to access Lynx, the Participant may instruct the Association to take certain actions on its behalf. To make use of this facility (known as the Lynx Proxy Service) a Participant must first complete the required authorization forms, and agree to follow the procedures established by the Association.

Note: This is an optional service. Participants choosing to use this service must subscribe in advance. Details of this service are included in the Lynx Proxy Service Description.

PART 3 - LYNX UNAVAILABLE

Lynx is Unavailable

- 20. If Lynx cannot process Settlement Instructions in the usual fashion for any reason including hardware, network or software problems, or a natural disaster
 - a. Settlement Instructions extracted from Payment Messages and sent to Lynx prior to the time Lynx was impacted or became inoperative remain subject to the provisions of the rules and TSPs that apply to Settlement Instructions that have been entered into Lynx but not yet Settled;
 - b. the Association will, where Lynx has become unavailable during the Payments Processing Cycle, coordinate reconciliation and confirmation of all Lynx Account and Intraday Loan Account balances in Lynx for each Participant. Once all such account balances for the Lynx disrupted cycle are confirmed by Participants, the

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Association will communicate all balances to the Bank. The Bank will make the necessary Entries to reflect all balances in HABS. The Participant Settlement balance will be automatically applied by the Bank to the Lynx Intraday Loan Account balance. Any remaining Lynx Intraday Loan Account balance must be immediately repaid by the Participant taking a non-discretionary advance from the Bank. The Bank will automatically record the advance on the books of the Bank and allocate an equal amount of Collateral. Once completed these Entries are final on the books of the Bank. The steps to be followed to determine account balances are outlined in the Lynx Contingency Playbook. Completion of the reconciliation process and Entries by the Bank are done for the purpose of closing the failed Payment Processing Cycle.

Note: If Entries for the manually reconciled Lynx cash and loan balance are different from the finalization Entries made by Lynx when it becomes available, then the Association will notify the Bank and the affected Participants of a discrepancy. The Association will work with Participants to resolve the discrepancy. The Association will confirm the results of the resolution process to the Bank and the Bank will make adjusting Entries to the Lynx HABS account as instructed by the Association and confirmed by the affected Participant.

- c. the processing and settlement of Payment Messages and Lynx Payment Obligations after Lynx becomes inoperative will be accommodated in a modified fashion through the procedures described in TSP-002 and the Lynx Contingency Playbook, and may include
 - i. the gross settlement of payments between a Participant and the Bank for the benefit of FMIs or other clients of the Bank directly on the books of the Bank (through the contingency option referred to as “Layer 2B: Manual Procedures for FMI/Bank of Canada Payments”); and
 - ii. the net settlement of the payment obligations contained in the Contingency Payment Messages, represented by Contingency Lynx Payment Obligations between pairs of Participants through SBE, directly on the books of the Bank (through the contingency options referred to as “Layer 2C: Settlement Before Exchange – pacs.008/009/004”, and “Layer 2D: Settlement Before Exchange - EOD”); and
- d. the procedures in TSP-002 and the Lynx Contingency Playbook, including the requirement to receive Contingency Payment Messages from all other Participants once SBE is invoked, must be followed unless otherwise specifically determined by the President in consultation with the Lynx Emergency Committee.

Settlement Finality - Manual Procedures for FMI/Bank of Canada Payments

21. Settlement of a payment obligation as described in the procedures for “Layer 2B: Manual Procedures for FMI/Bank of Canada Payments” is final and irrevocable when the

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corresponding Entries as described in TSP-002 and the Lynx Contingency Playbook are made by the Bank.

Contingency Settlement Instructions - Settlement Before Exchange

22. The Bank will process the Contingency Settlement Instructions according to Participant instruction. Where the Contingency Settlement Instruction is formatted according to Bank procedures and the Participant's general account is sufficiently funded the Contingency Settlement Instruction will be processed automatically. When a Contingency Settlement Instruction is received and there are insufficient funds in the Participant's general account to execute the instruction, it will remain outstanding until the account is sufficiently funded or the Participant requests the Bank to cancel the instruction using a Swift MT199/299 or a camt.110/111 (using CBPR+ specifications) with use case code OTHR message or another mechanism agreed to by the Bank. Contingency Settlement Instructions outstanding at the start of the finalization process will be deleted by the Bank.

Settlement Finality - Settlement Before Exchange

23. Settlement of a Contingency Lynx Payment Obligation, which by extension represents settlement of individual payment obligations contained in the Contingency Payment Message(s) corresponding to the Contingency Lynx Payment Obligation, is final and irrevocable when the Bank makes Entries in respect of the Contingency Lynx Payment Obligation to the accounts of the sender and receiver of the Contingency Lynx Payment Obligation amount as described in the procedures for SBE in TSP-002 and the Lynx Contingency Playbook.

Exchange of Contingency Payment Messages – Settlement Before Exchange

24. Following settlement of a Contingency Lynx Payment Obligation, the sender and receiver of the Contingency Lynx Payment Obligation must exchange, with each other, all Contingency Payment Message(s) corresponding to that Contingency Lynx Payment Obligation. In the event that a message is exchanged that does not correspond to the Contingency Lynx Payment Obligation, the two Participants will follow the procedures set out in TSP-002 and the Lynx Contingency Playbook to resolve the issue.

Bank of Canada Advances - Settlement Before Exchange

25. The Bank will automatically make Entries to the Participant's general account to apply available cash to any outstanding Other Advance taken to support contingency payment processes and at the end of the day transfer cash remaining in the Participant's general account to the Lynx-HABS account. If at the end of the day the Participant does not have sufficient cash available in its general account to fully repay any Other Advance, then the Participant must apply for an Overnight Advance.

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Payments to Payees – Settlement Before Exchange

26. Following the receipt of a Contingency Payment Message exchanged in accordance with section 25 and settled for in accordance with section 24, the Receiving Participant must make the amount of the Contingency Payment Message finally and irrevocably available to the Payee in accordance with the timeframes and procedures set out for normal Payment Messages in the *Lynx By-law*, sections 36 and 38, and Rule 10, except that appearance of the related Entries in Participants' general accounts at the Bank are each considered evidence that settlement has occurred in lieu of the PCRN. In addition to the appearance of Entries in Participant's general accounts at the Bank, the receipt of the Swift MT900/910 or camt.054 (using CBPR+ specifications) confirmations from the Bank may be considered evidence that settlement has occurred, if they are received by the Sending and Receiving Participants.

PART 4 - OTHER EMERGENCIES

CSN is Unavailable

27. If the CSN is unavailable, the procedures in TSP-002 must be followed unless otherwise specifically determined by the President in consultation with the Lynx Emergency Committee.

Swift is Unavailable

28. If the Swift Secure IP Network (SIPN) or point of presence (POP) being used is unavailable, the Swift network in Canada is unavailable, or the Swift network as a whole is unavailable the Lynx Emergency Procedures must be followed unless otherwise specifically determined by the President in consultation with the Lynx Emergency Committee.

SwiftNet Copy is Unavailable

29. If the SwiftNet Copy solution has a problem, the Lynx Emergency Procedures must be followed unless otherwise specifically determined by the President in consultation with the Lynx Emergency Committee.

HABS is Unavailable

30. In the event that HABS or one or more of its Participant interface(s) are/is unavailable, each Participant must proceed according to such alternative procedures as may be agreed on with the Bank.

CDSX Unavailable for Pledging

31. If CDSX is not available at any time during Settlement Window 1 or Settlement Window 2, each Participant may make alternative pledging arrangements with the Bank and CDS if it is required to Pledge additional Collateral.

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Unable to Settle CDSX

32. If one or more Participants are unable to settle their CDSX obligations or CDSX is unable to settle its obligations to the Participants before the end of Settlement Window 1 due to the inability of a Participant to settle its CDSX obligation or an emergency condition affecting CDSX, the Bank may request an extension of Settlement Window 1. Any extension requested must be handled in accordance with sections 9 and 10.

Geographic Problem

33. If a city or geographic area is affected adversely by a natural disaster, civil unrest or other event such that a Participant or the Association cannot properly carry out its responsibilities vis-à-vis Lynx, the procedures to be followed must be determined by the President in consultation with the Lynx Emergency Committee.