



**PAYMENTS
CANADA**

LYNX RULE 13

SUSPENSION, REVOCATION AND REINSTATEMENT

2021 CANADIAN PAYMENTS ASSOCIATION

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RULE 13 – SUSPENSION, REVOCATION AND REINSTATEMENT

IMPLEMENTED

August 29, 2021

AMENDMENTS

RULE 13 – SUSPENSION, REVOCATION AND REINSTATEMENT

Participant Suspension-Access to Accounts

1. Any Participant that no longer has access to its Lynx Accounts or Intraday Loan Account must, upon notice being given of that fact by the Bank to the President, have its permission to participate in Lynx suspended automatically.

Participant Suspension- Other

2. The President may, at any time upon giving reasonable notice to the Bank, suspend a Participant's permission to participate in Lynx if, in the President's opinion, the Participant:
 - a. no longer meets the technical or testing requirements set out in the Lynx Rules; or
 - b. fails to pay an applicable fee as set out in the Lynx Rules.

Participant Suspension-Exceptional Circumstances

3. Pursuant to subsection 10(1) of the Lynx By-law, the President may, with the concurrence of the Minister and the Governor of the Bank, suspend a Participant's permission to participate in Lynx if their further participation could adversely affect the efficiency, safety or soundness of Lynx.

Suspension Notice

4. Where a Participant's permission to participate is suspended pursuant to sections 1, 2 or 3, the President must:
 - a. without delay, notify the Participant that their permission to participate in Lynx is suspended;
 - b. convene a meeting of the Lynx Emergency Committee;
 - c. as soon as feasible, notify all Participants of the name of the Participant that has had its permission to participate suspended. This notification will be provided to each Participant's Official Contact. Additional notifications will be provided via the Lynx Web Client to those Lynx Authorized Personnel who are configured to receive such notices and to Payments Canada's established emergency email distribution lists.

Participant Obligations

5. Upon receipt of the notice in section 4 above, each Participant is responsible for notifying each person within its organization which requires notification.

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Settlement Instructions

6. Where a Participant's permission to participate in Lynx is "suspended", any Settlement Instructions from or for that Participant, including any Settlement Instructions that are queued in a Settlement Mechanism or diarized in the CRM, will be immediately rejected.

Reinstatement from Suspension

7. A Participant that has its permission to participate in Lynx suspended pursuant to section 1 or 2 must establish to the President's satisfaction that the problem leading to the suspension has been corrected prior to being reinstated. The Participant must provide all documentation, evidence and information as may reasonably be required by the Association to support reinstatement.

Decision to Reinstate and Notice

8. A decision to reinstate a Participant that has its permission to participate suspended pursuant to section 1 or 2 may be made by the President. The President must, after giving reasonable notice to the Bank, notify all other Participants of the effective date of reinstatement as soon as feasible after the decision is made and no later than the end of the Payment Processing Cycle prior to the cycle in which the Participant will be reinstated.

Decision to Reinstate Following Suspension for Exceptional Circumstances

9. Where a Participant's permission to participate has been suspended pursuant to section 3, the President may reinstate the Participant's permission to participate in Lynx if, with the concurrence of the Minister and the Governor of the Bank, the President determines that the Participant's further participation in Lynx will not adversely affect the efficiency, safety or soundness of Lynx. The President must notify all other Participants of the effective date of reinstatement as soon as feasible after the decision is made and no later than the end of the Payment Processing Cycle prior to the cycle in which the Participant will be reinstated.

Participation Revocation

10. Any Participant, which:
 - a. no longer has access to its Lynx accounts or Intraday Loan Account; or
 - b. no longer meets the technical or testing requirements set out in the Lynx Rulesmay have its approval to be a Participant revoked by the Board.

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Revocation-Prior Notice to Bank

11. Before making a revocation under section 10, the Board must provide the Bank with notice of the intention to make the revocation.

Revocation Notice

12. After the Board makes a revocation, the President must:
 - a. without delay, notify the Member of the revocation; and
 - b. as soon as feasible, notify all Participants of the revocation. This notification will be provided to each Participant's Official Contact. Additional notifications will be provided via the Lynx Web Client to those Lynx Authorized Personnel who are configured to receive such notices and to Payments Canada's established emergency email distribution lists.

Reinstatement from Revocation

13. Any Member (former Participant) may apply to the Association for reinstatement from revocation as a Participant by:
 - a. providing confirmation from the Bank that the Member has the accounts at the Bank needed for the purpose of Settlement of Lynx Payment Obligations and the making and repayment of Intraday Loans and Overnight Advances, and related requirements, as set out in the Lynx By-law;
 - b. submitting to the Association an application for reinstatement (form to be provided by the Association);
 - c. paying to the Association an admission fee calculated as if such Member were a new applicant;
 - d. permitting the completion of an external audit of the Member's (former Participant's) payments operations by such group or firm as may be specified by the Association, if requested by the Association. The cost of such external audit shall be borne by the Member (former Participant);
 - e. providing evidence satisfactory to the Association that the Member meets the technical, pledging and minimum requirements outlined in Lynx Rule 3, sections 8 and 9 and, if requested by the Association, completing the testing and training procedures in place for new applicants as described in Lynx Rule 3, section 7; and
 - f. providing all documentation, evidence and information as may reasonably be required by the Association to support reinstatement.

Decision to Reinstate and Notice

14. A decision to reinstate a Member that has had its approval to be a Participant revoked may be made by the President in accordance with the Lynx By-law. Upon the decision being made, to reinstate a Member from revocation, the President must notify the Member applying and all other Participants of the reinstatement at least 10 Business Days in advance of the effective date of reinstatement. The effective date of reinstatement shall be determined by the Association in consultation with the applicant.