



**PAYMENTS
CANADA**

LYNX RULE 4

COMMENCEMENT

2021 CANADIAN PAYMENTS ASSOCIATION

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IMPLEMENTED

August 29, 2021

AMENDMENTS

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Participant Start-Up

1. For each Lynx Operating Schedule, the following actions must be taken:
 - a. Prior to 23:45 hours on the day before the Business Day, each Participant, other than the Bank, must, if it has not already done so, Pledge Collateral to the Bank and must indicate in HABS the value of Collateral to be allocated to Lynx;
 - b. Prior to 00:00, the Bank must inform the Association of the Credit Limit for each Participant. Communication of a Participant's Credit Limit by the Bank by 00:00 hours will be dependent on that Participant's ability to Pledge the Collateral to the Bank prior to 23:45 hours on the day before the Business Day;
 - c. Prior to 00:30 if processing Settlement Instructions at 00:30, but no later than 8:00 hours, each Participant, other than the Bank must manually change their operational status in Lynx from "offline" to "online" The Association will change the Bank's operation status to "online" at the time the RTM opens;
 - d. Upon the opening of the LSM, each Participant other than the Bank must Apportion an amount of funds to the LSM in the amount needed to satisfy the Minimum Liquidity Requirement described in section 2, and the Association must make the associated account Entries in accordance with the procedures in Rule 8. A Participant may make the Apportionment to the LSM manually or via standing liquidity transfers established prior to the current Lynx Operating Schedule; and
 - e. Subject to section 2, upon the opening of each LOM, the Association will automatically change each Participant's LOM status to "active".

Note: For further clarity, the maximum amount that may be Apportioned to all Settlement Mechanisms cannot exceed the amount of that Participant's Credit Limit, as outlined in Lynx Rule 8, section 1.

Minimum Liquidity Requirement

2. Each Participant, other than the Bank, must Apportion from its Credit Limit to the LSM the amount of funds needed to satisfy the Minimum Liquidity Requirement as established and calculated by the Association for the LSM. The Association will verify that the amount within the LSM for each Participant is greater than or equal to that Participant's LSM Minimum Liquidity Requirement. Only once a Participant's LSM Minimum Liquidity Requirement is met will the Association change the Participant's LSM LOM status to "active". The Association will change the Bank's LSM LOM to "active" at the time the LOM opens.

Details regarding the Minimum Liquidity Requirement are included in *TSP-003 – Lynx System Parameters*.

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Insufficient Minimum Liquidity

3. Each Participant, other than the Bank, that does not meet Minimum Liquidity Requirements will remain in a LOM status of “inactive” in the LSM and will be prevented by the Association from Settling Lynx Payment Obligations within the LSM. To resolve the situation, the Participant must make additional Apportionment(s) to the LSM (which could require additional Collateral to be Pledged and allocated to Lynx in HABS, thereby increasing its Credit Limit).

Delay in Participant Start-Up

4. Notwithstanding the requirements in section 1, if a Participant is unable to complete the necessary steps within the aforementioned timelines, it is not precluded from completing such steps later in the Payment Processing Cycle.