

# **How to complete a notice of significant change or new activity: A step-by-step guide**

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## Introduction

In accordance with the [Retail Payment Activities Act](#) (RPAA) and the [Retail Payment Activities Regulations](#) (RPAR), payment service providers (PSPs) must notify the Bank of Canada before they perform a new retail payment activity or before they make a significant change in the way they perform a retail payment activity. Significant change and new activity requirements for PSPs are described in section 22 of the RPAA and section 20 of the RPAR. For more information about the Bank's supervisory expectations regarding the significant change and new activity notice requirements under the RPAA, please refer to the [Notice of significant change or new activity](#) guideline.

This guide explains the questions you will need to answer in PSP Connect and helps identify the documents and information you will need to complete and submit a notice of significant change or new activity to the Bank. You are required to notify the Bank at least five business days before the significant change is made or the new retail payment activity is performed.

## Using PSP Connect for notices

You must have an account in PSP Connect to fill out and submit a significant change or new activity notice to the Bank.

You can access the Significant Change Notice page on PSP Connect by going to the main menu and selecting "Reporting" and then "Significant Change." To create a new significant change or new activity notice, click the "New Significant Change/New Activity Notice" button on the Significant Change Report page.

We recommend that you complete the significant change or new activity notice on a laptop or desktop computer rather than a mobile device, and that you use Google Chrome, Microsoft Edge or Mozilla Firefox to submit your notification.

## Disclaimer

This is not a legal document: The explanations and definitions included here are not legal definitions. If the language in this document differs from the relevant legislation or regulations, the legal text in the legislation and regulations prevails. For legal information, see the [RPAA](#).

## Notes

- In the PSP Connect form, fields marked with an asterisk (\*) are mandatory.
- Gathering and preparing materials relating to the significant change or new activity before completing the notice may help speed up the process.
- In this guide, steps 1-8 are aligned with the steps you will need to complete in PSP Connect as you report a significant change/new activity.
- You can save the notice by clicking “Save and Continue” on each page, if you prefer to complete it later.
- Once you submit your notice, the Bank will send you a confirmation of receipt through PSP Connect.

## Section 1: Change or new activity

Use this section to specify the change(s) or new activity(ies).

Is the change or new activity that you are notifying the Bank about related to any of the following? Select all that apply.\*

Select from the list to indicate the change(s) or new activity(ies) that you are notifying the Bank about. Multiple items may be selected if applicable:

### Significant changes:

- a change to the means of safeguarding end-user funds, for example, transitioning from safeguarding end-user funds in trust to safeguarding by insurance or guarantee
- a change to the safeguarding account provider where the account provider is outside Canada
- a change to the insurance or guarantee provider where the provider is outside Canada
- substantive changes to the terms of the trust account
- substantive changes to the terms of the insurance or guarantee agreement
- moving or expanding operations of a retail payment activity to a geographic location outside Canada
- ceasing to perform a retail payment activity, including: when a PSP previously performed one retail payment activity and no longer performs that retail payment activity, or, when a PSP previously performed more than one retail payment activity and ceases to perform one retail payment activity while continuing to perform other retail payment activities
- starting to participate or ceasing to participate in a payment system
- starting to outsource or ceasing to outsource an activity related to the provision of a retail payment activity
- entering, amending or terminating an agreement with a third-party service provider for the provision of services related to retail payment activities
- starting to use any or ceasing to use all agents or mandataries for the provision of retail payment activities
- changing a technology or adopting a new technology, including switching or adopting cloud service providers, for the provision of retail payment activities
- expanding retail payment activities to new customer segments that the PSP has not previously served, or offering a new product
- changing the degree of participation in a payment system (for example, from only exchanging payments to exchanging and settling)
- changing the organizational structure or the level of staffing of those parts of the PSP relevant to operational risk or end-user fund safeguarding
- other

### New activities

- new activity related to providing or maintaining an account that, in relation to an electronic funds transfer, is held on behalf of one or more end users

- new activity related to the holding of funds on behalf of an end user until they are withdrawn by the end user or transferred to another individual or entity
- new activity related to the initiation of an electronic funds transfer at the request of an end user
- new activity related to authorizing an electronic funds transfer or transmitting, receiving or facilitating an instruction in relation to an electronic funds transfer
- new activity related to providing clearing or settlement services

## Section 2: Significant change/new activity notice

For each significant change and/or new activity selected in the previous question, provide a response to each of the questions below.

### Step 1 of 8

Has the change been implemented/new activity begun? (Yes/No)\*

Select **Yes** or **No** to indicate whether the change has been implemented/new activity begun.

Provide the date and time the significant change/new activity will be implemented or was implemented in YYYY-MM-DD HH:mm (24-hour) format. If the exact time is not known, provide the best estimate of the date and hour of the day. If you do not know the time or if it is not relevant, select 00:00 as the time.

You may fill in the field directly using the prescribed format, or use the calendar button to select the date and time. To input previous months and years in the calendar field, select the displayed month and click on the arrows to adjust the timeframe. To select the time, click the clock button at the bottom of the calendar and use the arrows to adjust the time in 24-hour format.

If “no,” when will the change/new activity take effect?\*

If you responded **No**, provide the date and time on which the change/new activity will begin.

If “yes,” select the date when the change/new activity took effect.\*

If you responded **Yes**, provide the date and time on which the change/new activity began.

### Step 2 of 8

Provide a summary to describe the significant change/new activity.\*

Use the open-text field to describe each significant change/new activity that you plan to implement or have implemented already.

For example, if you are starting to outsource an activity related to providing a retail payment activity, provide a detailed summary that describes this change.

Provide a reason for the significant change/new activity.\*

For each significant change/new activity, describe your reason(s) for implementing the change.

For example, if you are starting to outsource an activity related to providing a retail payment activity, provide a summary of your reason(s) for implementing this change.

### Step 3 of 8

How does the change/new activity impact the PSP's operational risk exposure?\*

Select from the list to indicate how the change/new activity impacts your operational risk exposure. Multiple items may be selected if applicable.

- Exposes the PSP to a new category of operational risk
- Increases likelihood of existing operational risk exposure
- Decreases likelihood of existing operational risk exposure
- Increases severity of existing operational risk exposure
- Decreases severity of existing operational risk exposure
- No expected change to operational risk exposure to the PSP, its end users or its third parties

### Step 4 of 8

For this step, you should identify and describe the risks you are exposed to as a result of the change/new activity.

What are the operational risk exposures the PSP will be facing **during** implementation of the change/new activity?\*

During the implementation of the change/new activity, you may be exposed to operational risk. Use the open-text field to describe the operational risk you foresee you will be exposed to while implementing the change/new activity.

For example, starting to provide accounts to end users could expose you to change management risks during implementation, such as operational disruptions or misconfigurations, which could be mitigated through sound project planning and organizational change management. Describe the operational risk exposures you will face during implementation.

For example, transitioning to a new third-party service provider that monitors your cybersecurity could result in periods of downtime, compatibility issues and/or gaps in knowledge transfer. Describe the operational risk exposures you will face during implementation.

What are the operational risk exposures the PSP will face **following** implementation of the change/new activity?\*

Following the implementation of the change/new activity, you may be exposed to operational risk. Use the open-text field to describe the operational risk you foresee you will be exposed to after implementing the change/new activity.

For example, after implementing a new payment activity, such as providing or maintaining an account, you could be exposed to increased IT and cyber security risk due to internal and external threats seeking to benefit from the personal or financial information stored by your organization. Describe the operational risk exposures you will face following implementation.

For example, after the new third-party service provider has fully transitioned, you may face higher or lower third-party risk due to the different risk profile of the new provider. Describe the operational risk exposures you will face following implementation.

### How will the PSP manage, or how has the PSP managed, risk exposures during and following implementation of the change/new activity?\*

Use the open-text field to describe how you have managed, or will manage, risks you were exposed to during and following the implementation of the change/new activity.

For example:

During the implementation of a change/new activity, you may:

- add temporary resources
- simultaneously operate existing and new or changed assets, business processes, systems, controls, etc.
- increase the frequency or depth of testing

After the implementation of a change/new activity, you may:

- add or reallocate resources, roles or responsibilities
- implement new or changing existing assets, business processes, systems, policies, controls, etc.
- add or amend response and recovery plans, testing methodologies or plans, and agreements with third-party service providers, agents or mandataries
- make arrangements with account or insurance or guarantee providers

### Step 5 of 8

For this step, you should provide a summary of how you will change your risk management practices to manage the newly identified risks once your change/new activity becomes operational.

### How will the change/new activity impact the PSP's operational risk management practices?\*

Use the open-text field to describe the impact the change/new activity will have on your operational risk management practices.

Please summarize any amendments that will need to be made to your operational risk management framework as a result of the change/new activity.

### Does the change/new activity impact the manner in which the PSP safeguards end-user funds?\*

Select **Yes** or **No** to indicate whether the change/new activity impacts the manner in which you safeguard end-user funds.

If you do not hold end-user funds, select **Not Applicable**.

If you selected **No** or **Not Applicable**, questions about how the change/new activity impacts the manner in which end-user funds are safeguarded during and following implementation will **not** be displayed.

For more information on safeguarding end-user funds refer to the [Safeguarding end-user funds](#) guideline.

How will the change/new activity impact the manner in which end-user funds are safeguarded **during** its implementation (e.g., during any transition)?\*

This question will be displayed if you selected **Yes** to the previous question.

Complete this section only if the change/new activity impacts the manner in which you safeguard end-user funds. Use the open-text field to describe the impact on the manner in which end-user funds are safeguarded while implementing the change/new activity.

For example, you will make a change to the insurance or guarantee provider where the provider is outside Canada. Describe how this change will impact the manner in which end-user funds are safeguarded during implementation.

How will the change/new activity impact the manner in which end-user funds are safeguarded **following** its implementation?\*

This question will be displayed if you selected **Yes** to the previous question.

Complete this section only if the change/new activity impacts the manner in which you safeguard end-user funds. Use the open-text field to describe the impact on the manner in which end-user funds are safeguarded after implementing the change/new activity.

For example, you will make a change to the insurance or guarantee provider where the provider is outside Canada. Describe how this change will impact the manner in which end-user funds are safeguarded following implementation.

## Step 6 of 8

Has a senior officer approved the significant change/new activity?\*

Select **Yes** or **No** to indicate if a senior officer has approved the change/new activity.

Prior to implementation, a change/new activity must be approved by a senior officer at the PSP (if the PSP has one). If you do not have a senior officer, select **No** in response to this question.

As defined in section 1 of the [Retail Payment Activities Regulations](#), a senior officer of an entity means:

- a) a member of the entity's board of directors who is also one of its full-time employees
- b) the entity's chief executive officer, chief operating officer, president, chief risk officer, secretary, treasurer, controller, chief financial officer, chief accountant, chief auditor or chief actuary, or any person who performs functions similar to those normally performed by someone occupying one of those positions, or
- c) any other officer who reports directly to the entity's board of directors, chief executive officer or chief operating officer

## Step 7 of 8

### Does the PSP want to provide any additional relevant information?

Use the open-text field to provide any other information or documents related to the change/new activity that would be relevant to the Bank.

Upload a list of the documents that have been amended or created to reflect the significant change/new activity, and a summary of the changes made to these documents. In the summary, include appropriate references indicating where changes have been made.

Upload documentation using the “Choose Files” function. Only PDF attachments are allowed.

For example, the documentation should include information such as:

- titles of the documents amended (e.g., Framework for Operational Risk)
- descriptions of the amendments that you have made to documents reflecting the significant change/new activity
- analyses of the risks associated with the change
- details of who within the organization approved the change

Additionally, you may provide a list of the changes in the open-text field where it asks: “Does the PSP want to provide any additional relevant information?”

## Step 8 of 8

Before you save your significant change/new activity notice, make sure it is complete and accurate.

After selecting “Save,” you will be taken to the home page of the significant change/new activity report where you can make changes or submit the significant change/new activity report. When you click “Submit Significant Change Report,” it will be sent to the Bank’s Retail Payment Supervision team.

### View the significant change/new activity notice

Once you have submitted the significant change/new activity report, you can view it in PSP Connect by going to the main menu and selecting “Reporting” and then “Significant Change.”