BANK OF CANADA
BANQUE DU CANADA

Third-party service provider accreditation application requirements under the *Consumer-Driven Banking Act*

Disclaimer

This guideline is a draft for industry and public consultation only. Revisions to the proposed regulations may inform the final version of this guideline.

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Introduction

This supervisory guideline sets out the Bank of Canada's expectations regarding accreditation application requirements and the process to become an accredited third-party service provider (ATPSP) under the *Consumer-Driven Banking Act* (CDBA) and *Consumer-Driven Banking Regulations* (CDBR). This guideline does not constitute part of the CDBA or CDBR. The CDBA and CDBR take precedence in the event of any inconsistency or conflict with this guideline.

General application information

This section provides a general overview of the application process for accreditation. For more details, refer to the Application and accreditation requirements section of this guideline.

Who can apply for accreditation

A third-party service provider (TPSP) that intends to perform any of the following activities on behalf of a participating entity must be accredited under the CDBA as an ATPSP:

a) obtaining or managing consumers' consent on behalf of the participating entity
b) confirming consumers' authentication information or managing the authentication of consumers on behalf of the participating entity
c) providing or receiving consumer data on behalf of the participating entity

A TPSP is defined in the CDBA as an individual or entity that is not an employee or an agent or mandatary of a participating entity and that, under a contract, provides the participating entity with a service that is related to the activities that the participating entity performs under this Act.

Where to apply

TPSPs seeking accreditation under the CDBA must apply through the web application for consumer-driven banking and pay the accreditation fee. Further information on accreditation fees and the accreditation application process is forthcoming.

What to expect after submitting an application

Once it receives an application for accreditation, the Bank will determine whether all necessary information has been submitted.

If the application is complete, the Bank will:

- provide a copy to the Minister of Finance (the Minister) and
- begin its review of the application

As part of its review, the Bank will assess whether the applicant meets the requirements for accreditation under the CDBA and CDBR. The Bank will then make a decision on the application in accordance with the CDBA.

Request for additional information

The Bank may request additional information at any stage of the review process under subsection 32(3) of the CDBA. The applicant must provide any requested information within the time frame specified by the Bank.

National security review

After receiving a copy of an accreditation application, the Minister of Finance has 60 days to decide whether a national security review is necessary. The Minister may extend this period by one or more 60-day periods if necessary.

The Bank cannot accredit an applicant while the Minister is deciding whether to conduct a national security review. If the Minister decides to conduct a national security review, the Bank cannot accredit the applicant until the review has been completed and the Minister has notified the Bank of the outcome.

If the Minister decides to conduct a review, the Minister will inform the Bank, and the Bank will notify the applicant.

After deciding to conduct a review, the Minister must complete the review within **180 days** but may extend that time by one or more 180-day periods if necessary.

Request for additional information

As part of the national security review, the Minister may request additional information about the applicant or its planned activities under the CDBA. The applicant must provide any requested information to the Bank within **30 days beginning on the day after the applicant receives the request.** The Bank will then provide the information to the Minister as soon as feasible.

After the review

Following the review, the Minister will either:

- issue a directive to refuse accreditation or
- notify the Bank of their decision to not issue such a directive

If the Minister decides not to issue a directive, the Bank will notify the applicant. This notification does not mean the entity has been accredited. The Bank must still complete its review of the application before making a decision about accreditation.

If the Minister issues a directive to refuse accreditation for any reason set out in section 51 of the CDBA, the Bank must refuse accreditation and notify the applicant in writing as soon as feasible. The applicant may request a review of the directive in accordance with section 53 of the CDBA.

Accreditation application review

Submitting an application does not guarantee accreditation. Under the CDBA, the Bank may accredit an applicant if the Bank is satisfied that the applicant meets the applicable requirements of the CDBA and CDBR. The Bank will review each accreditation application to determine whether these requirements are met and whether any other grounds for refusal exist.

The Bank's expectations for these requirements are outlined in the Application and accreditation requirements section of this guideline.

If a TPSP does not meet the requirements in subsection 14(1) of the CDBR, the Bank will refuse accreditation.

The Bank may also refuse accreditation in other circumstances, including where:

- the Bank has received information indicating the applicant would be unable to meet the requirements of the CDBA or CDBR
- information submitted by the applicant indicates that, if accredited, the applicant would not be able to comply with an ongoing requirement under the CDBA or CDBR

In considering these and other circumstances, the Bank will assess whether granting accreditation would be inconsistent with the objects and purpose of the CDBA.

The Bank's decision

If accreditation is approved

Subject to the Minister's national security review process, the Bank will notify the applicant in writing of its decision to accredit as soon as feasible.

The applicant's name and the date of accreditation will be added to the registry, as well as other information prescribed in the CDBA and CDBR.

Once accredited, the ATPSP is required to comply with all applicable requirements under the CDBA and CDBR.

If accreditation is refused

As soon as feasible after deciding to refuse an application, the Bank will notify the applicant in writing of the decision and the reasons for it.

Review and appeal

An applicant may request a review of a refused application. The request and written submissions must be made within **30 days beginning on the day after the applicant is notified** of the decision to refuse.

The authority to issue a ruling on a review has been delegated by the Governor of the Bank of Canada to the Executive Director of Payments and Regulatory Oversight. The Governor's delegate will consider the request and either accredit the applicant or confirm the refusal within 120 days beginning on the day after the applicant was given the opportunity to make representations. The delegate will then notify the applicant in writing of the decision and the reasons for it as soon as feasible.

If the delegate decides to accredit, the applicant's name and date of accreditation will be added to the registry.

If the applicant does not agree with the delegate's decision, it may appeal the decision to the Federal Court.

Further information on the review process is forthcoming.

Application and accreditation requirements for prospective accredited third-party service providers

This section outlines the requirements for prospective TPSPs seeking accreditation.

1. Application information

TPSPs seeking accreditation as an ATPSP under the CDBA must submit a complete application that contains the information specified in subsection 13(1) of the CDBR. This includes:

- **applicant identification and contact information**, including:
  - legal identity
  - business location
  - key contacts
- **corporate, governance and organizational information**, including:

    - organizational structure
    - governance arrangements
    - individuals with significant responsibility for consumer-driven banking activities
- **regulatory status and oversight information**, including details about regulatory or supervisory oversight in Canada and participation in consumer-driven banking frameworks in other jurisdictions
- **operational information**, including anticipated consumer-driven banking activities, and arrangements with participating entities
- **national security information**, including details concerning the applicant's
    - ownership
    - governance
    - affiliations
    - creditors
    - the collection, storage, processing and disclosure of personal and financial information

2. Accreditation requirements

Under subsection 32(1) of the CDBA, the Bank may accredit a TPSP if the Bank is satisfied that the TPSP meets the requirements in subsection 14(1) of the CDBR.

2.1. Place of business in Canada

- The Bank must be satisfied that the applicant has a place of business in Canada.
- The applicant must provide a declaration that it has a place of business in Canada and the civic address of that place of business.
- The applicant may be considered to have a place of business in Canada if one or more of the following factors are present:
    - The applicant has a physical location in Canada—this includes home offices; the place of business does not have to be a storefront or brick-and-mortar location.
    - The applicant is incorporated in Canada under either federal or provincial legislation.
    - The applicant has employees, agents or mandataries in Canada.

2.2. Integrity and good character of individuals with significant responsibility for consumer-driven banking activities

2.2.1. If the applicant is an individual

- The Bank must be satisfied that the individual is of good character.
- The applicant must provide an attestation of good character and evidence that supports the attestation.

Further information on integrity and good character attestations is forthcoming.

2.2.2. If the applicant is an entity

- If the TPSP is an entity, the Bank must be satisfied that the applicant has implemented a policy to regularly assess the integrity and good character of all individuals who will have significant

responsibility for the applicant's consumer-driven banking activities (the Integrity and Good Character Policy).

- The Integrity and Good Character Policy must set out that individuals with significant responsibility for the applicant's consumer-driven banking activities must report to the applicant any change in circumstance that may affect an assessment of their integrity and good character.
- Applicants must provide:
    - a description of the Integrity and Good Character Policy
    - the name, title and brief job description of each individual who will have significant responsibility for the applicant's consumer-driven banking activities
    - an attestation that those individuals have been assessed in accordance with that policy
- The Bank expects the Integrity and Good Character Policy to:
    - establish a documented and verifiable process for assessing integrity and good character of individuals with significant responsibility for the applicant's consumer-driven banking activities
    - establish processes for regularly reassessing individuals who have previously been assessed
    - set out the frequency of reassessments and any events that would trigger a reassessment, such as a change in role or responsibilities
    - describe the steps involved in conducting reassessments and explain any material differences between the reassessment process and the initial assessment
    - require that records be maintained of assessments, reassessments and decisions made under the Policy
- The Bank also expects that the Integrity and Good Character Policy, and any material amendments to the policy, be approved by the applicant's senior management with decision-making or executive authority.

2.2.3. Individuals with significant responsibility for consumer-driven banking activities

Individuals with significant responsibility for consumer-driven banking activities will generally include:

- senior executives with significant responsibility for the applicant's consumer-driven banking activities, which may include the chief executive officer/executive director, chief financial officer, chief legal officer, chief technology officer, chief risk officer or equivalent positions
- members of the board of directors

It is understood that an individual may perform more than one listed function in an entity. When an individual performs more than one listed function, each function must be identified.

2.2.4. Indicators of integrity and good character

The Bank expects the Integrity and Character Policy to identify factors that will be considered when assessing the integrity and good character of individuals with significant responsibility for the applicant's consumer-driven banking activities.

At a minimum, the application should consider the following factors. Where these factors exist, the applicant should assess and document whether they affect the individual's suitability to hold significant responsibility for the applicant's consumer-driven banking activities.

Criminal history

Evidence, such as a criminal record check, indicating whether the individual:

- has a criminal record involving serious offenses in Canada or another jurisdiction or
- is subject to ongoing legal proceedings relating to serious offenses

Professional disciplinary history

Evidence, such as a certification or accreditation of good standing from a professional association or regulatory body based on that association's or body's bylaws or code of professional or personal conduct. If any disciplinary findings or sanctions have been issued by the association or body in respect of an individual, consideration may be given to steps taken, or lack thereof, to remedy the issue, and to the professional association's or regulatory body's response to those steps.

Regulatory or government investigations

Whether the individual is the subject of an investigation relating to alleged misconduct, wrongdoing or non-compliance by a government authority, law enforcement agency or regulatory body in Canada or another jurisdiction.

Insolvency and bankruptcy history

Any history of insolvency or bankruptcy involving the individual or an entity for which the individual had significant responsibility.