

SPOTLIGHT ON OPERATIONAL RISK MANAGEMENT AND INCIDENT RESPONSE

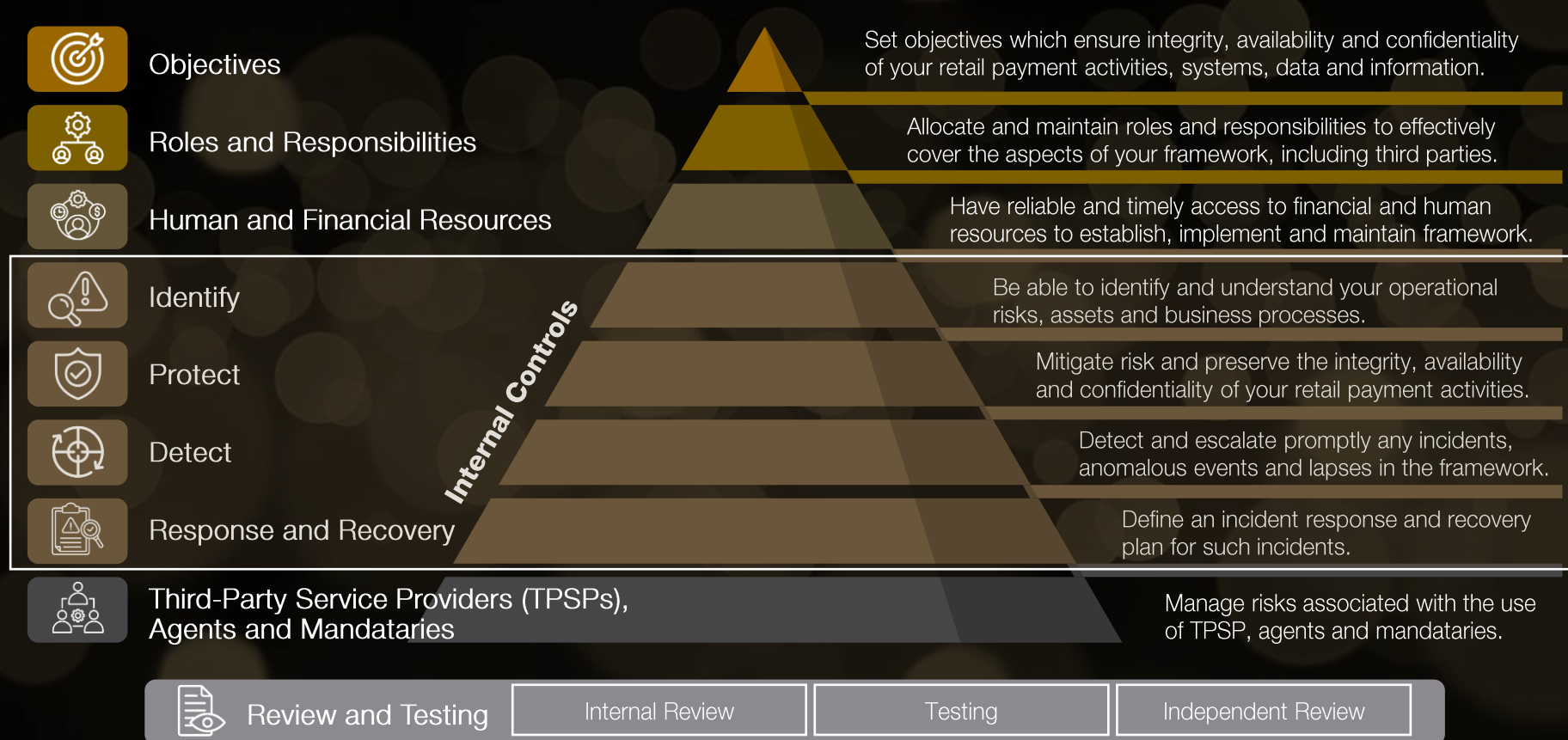
Establishing an Operational Risk and Incident Response under the Canada RPAA

A Spotlight on Bank of Canada's guidelines on managing and mitigating operational risks and responding to incidents under the Retail Payment Activities Act (RPAA)



Operational Risk Management and Incident Response Framework Requirements

A key requirement under the RPAA is for a payment service provider (PSP) to establish, implement and maintain a **written operational risk management and incident response framework** (framework) to ensure the identification and mitigation of operational risks, and timely response to incidents. With this, a PSP must:

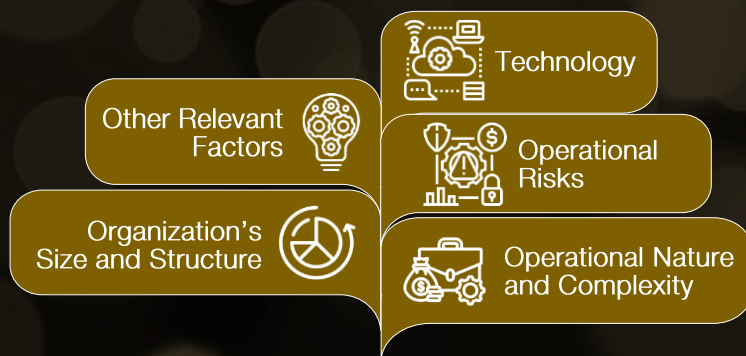


The Risk-Based Approach and Objectives of the Operational Risk Management and Incident Response Framework

PSPs should establish, implement and maintain their risk management and incident response framework in alignment with their risk appetite and risk profile, as well as with their objectives and reliability targets.

PROPORTIONALITY AND RISK-BASED APPROACH

The Bank of Canada (Bank) recognizes the diversity of PSPs, and as such, recommends a risk-based approach in the establishment, implementation and maintenance of their operational risk management and incident response framework. PSPs must tailor their framework in the context of their:



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FRAMEWORK OBJECTIVES AND RELIABILITY TARGETS

The Bank also expects the framework to be designed to preserve and protect the integrity, availability and confidentiality of a PSP's retail payment activities. To accomplish this, PSPs must operate under the following objectives:



That it can continuously perform retail payment activities, without any disruption or degradation;



That systems, data and information are always available to be able to perform retail payment activities; and



That confidentiality and integrity of retail payment activities, including systems, data and information involved, are preserved.



NOTE: For more information on the requirements and definitions under the Canada RPAA, you can go to our Canada RPAA Spotlight.



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FINTRAC MSB Registration

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Operational Risk Management and Incident Response Framework Independent Review

An independent review at least every three (3) years, to ensure effectiveness and to identify gaps and weaknesses in your operational risk management and incident response framework, forms part of the compliance requirements of the RPAA. With our regulatory insights and experience in Canada, Stratis can assess your framework, evaluate your compliance with the RPAA, and to advise and support you with the enhancement or continuous improvement of your retail payment risk management practices.



Retail Payments Ongoing Compliance

When offering retail payment services in Canada, you may fall under the scope of the RPAA, Canada's federal retail payment framework. Apart from a sound compliance framework, the RPAA includes other requirements such as safeguarding end-user funds, registration, recordkeeping and Bank reporting, among others. Stratis can help you develop, execute, monitor and maintain compliance to regulatory requirements in Canada, commensurate to your risk tolerance and business goals.

