**Financial Security:**

Financial security is a key area of change impacted by the implementation of the CBSA Assessment and

Revenue Management **(CARM) 2021 project**.

The changes to financial security for Release Prior to Payment (RPP) privileges will come into effect with **CARM Release 2 (~ Oct. 2023)**, at which time the CBSA will require all importers who want to participate in the RPP program to enroll and post security with the CBSA.

***Importers who pre-register in CARM prior to the implementation of CARM Release 2 go-live date qualify for a 180 day “Grace” transition period. Importers will have 180 days from the date of CARM Release 2 implementation to obtain Financial Security without impacting importer release.***

***All other importers will require RPP Security on Day 1 of Release 2 if not already registered in CARM. Without RPP security, an importer will be required to file a C-type CASH entry with the CBSA and pay in advance at a CBSA office at the Port of Entry (Sublocation) to obtain release.***

Security may be posted in the below forms.

 **Posting Cash Security:**

The amount of security must be equal to or greater than 100% of your highest monthly CBSA accounts receivable within a 12-month **period (calculated from the date of enrollment).** For importers without 12 months of history, an estimation will be used. The cash bond can be posted to the account by making a deposit through the CARM Client Portal, no minimum amount required. For example, if an importer’s highest monthly AR is $5,000 or $30,000, they will be required to post a cash bond for $5,000 or $30,000, respectively.

 **Posting a Continual Surety Bond:**

The amount of the security required for non-cash bonds must be equal to or greater than 50% of

your highest monthly CBSA accounts receivable within a 12-month period **(calculated from the date of enrollment).** For importers without 12 months of history, an estimation will be used. The bond amount is also subject to a new $25K minimum, but the $10M maximum remains as it is today. **The CBSA will inform importers their highest monthly A/R amount upon enrollment.**

The amount of bond required by the CBSA represents the minimum (and therefore mandated) amount of security required. The CBSA will display the bond amount on the CCP as of CARM Release 2.

 **Posting Set Duration Security:** Details still to be determined by CBSA.

 **Zero ($0) Accounts Payable**

If an importer’s highest monthly accounts payable is zero ($0) within the most recent 12-month period, no bond will be required. If you start to import goods which result in a payable, or if you are issued an AMP or adjustment, the CARM system will monitor and measure your security utilization and nudge you to provide increased security. It is incumbent on the importer to maintain adequate security to cover their accounts payable per the requirement.

**Obtaining a Surety Bond:**

Surety bonds must be obtained from an acceptable surety company as outlined in D-Memo D-17-1-8, either directly from a surety company, an Insurance Broker or through **ITN Logistics (restrictions may apply).**

Surety companies will be registered on the CARM Client Portal (CCP) and can choose to establish an API

connection with the CBSA or not.

 **The CBSA has requested that importers do not secure Surety Bonds until they open their RPP Program for enrollment at CARM Release 2 currently scheduled (~ Oct. 2023).**

***In the meantime, Importers need to ensure they are registered in the CARM Client Portal prior to the implementation of CARM Release 2 to qualify for the 180 day “Grace” transition period for RPP Security Free clearances. The Grace period will allow time to obtain & post RPP Security in the CCP.***

**Monitoring Account Security:**

The CARM Client Portal (CCP) will provide each importer the ability to view the amount of security posted to their account, including RPP surety bonds, and when needed, the CBSA will send proactive notifications through the CCP advising to review and possibly increase the amount of security if the importers account balance approaches the limit of existing security on their account.

The posted financial security will secure all account receivables, including duties and taxes (GST), as well as interest, adjustments, ascertained forfeitures, and SIMA fees. The bond will secure any penalty fees, however, penalties are not used in the calculation of the amount of the bond.

***Post Release 2 (~ Oct. 2023), if an importer is not registered in the CARM Client Portal, shipments WILL NOT be released without full payment in advance. Importers with 0$ monthly accounts payable, are not required to have a bond, but must indicate as such in the Portal.***

**What you, the importer, can do to be ready for CARM:**

 Register your business in the CARM Client Portal to qualify for the 180-day “Grace” period.

 Familiarize yourself with the new CBSA financial security regulations on the [**CBSA website**](https://www.cbsa-asfc.gc.ca/prog/carm-gcra/menu-eng.html)**.**

 Watch for information from the CBSA on the RPP Security Program enrollment date

through the CARM Client Portal prior to **CARM Release 2 (~ Oct. 2023)**.

 Register for the RPP Security Program once it becomes available in the CARM Client Portal.

 The CBSA will inform each importer their highest monthly A/R amount upon enrollment.

 If you already have a bond, you will need to make sure that the bond level amount is adequate

in accordance with the CBSA’s requirements as per new bond calculation rules detailed above.

 [**CLICK HERE**](http://eepurl.com/gXuehv) **to leave your contact details for further information as CARM evolves!**