

Private Transportation Company (PTC) Business Licence

This cover page contains information about the contents of the PDF document that follows.

Name of document

Private Transportation Company (PTC) Business Licence Information and Application

Overview

This document contains information for a sole-proprietor, partnership, or corporation to apply for a Private Transportation Company (PTC) Business Licence in the City of Toronto.

A private transportation company (PTC) connects passengers with drivers of private vehicles through an "app". All trips must be booked through the PTC's app (cabstand pick-up and street hails are not permitted).

Municipal Code Chapter 546, Licensing of Vehicles-For-Hire, regulates taxicabs, limousines, and private transportation companies in Toronto. As per this bylaw, private transportation companies are required to be licensed to operate in Toronto. For more information, www.toronto.ca/vehicleforhire. Chapter 546 is available online: www.toronto.ca/legdocs/bylaws/2016/law0575.pdf

Contact

If you require this document in a more accessible format or would like more information about this application, please contact:

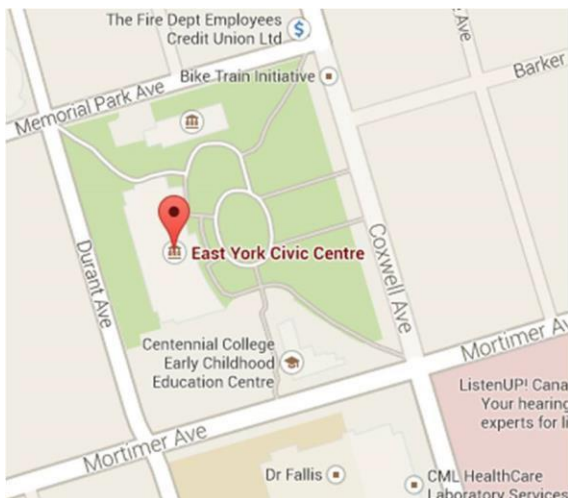
The Licence & Permit Issuing Office, Municipal Licensing & Standards

East York Civic Centre, 850 Coxwell Avenue, 3rd Floor, Toronto, ON M4C 5R1

Email: ptcbusinesslicence@toronto.ca

Website: www.toronto.ca/vehicleforhire

Hours: Monday to Friday, 8:30 a.m. to 4:00 p.m., except Statutory Holidays





Private Transportation Company (PTC) Business Licence

311

You may also contact 311, available 24/7, 365 days per year.

E-mail: 311@toronto.ca

Phone within Toronto: 311

Phone outside Toronto: 416-392-CITY (2489)

TTY customers: 416-338-0TTY (0889)

Website: www.toronto.ca/311

Private Transportation Company (PTC) Business Licence

Application Instructions

Sole-proprietors, Partnerships or Corporations can apply for a PTC Business Licence. If you are interested in driving for a PTC, you must contact a PTC directly.

To apply, please provide this completed form and application submission checklist, and the following required documents.

Completed applications are submitted electronically. Please email PTCBusinesslicence@toronto.ca for instructions to your submit application and fees.

Step 1a: Prepare Documents

Prepare an application by obtaining required documents and completing required forms.

All Applicants

The following documents and completed forms must be provided:

- PTC Application Form 1
 - Indemnification Agreement. Download at: www.toronto.ca/vehicleforhire
 - Certificate of Insurance Form completed by the insurance company providing Commercial General Liability Business Insurance for \$5,000,000.
 - A sample or copy of the PTC identifier that will be used to identify PTC vehicles.
 - Documentation confirming how criminal background checks for PTC drivers shall be conducted for the PTC, such as a copy of a contract with a third party or police service.
 - A signed Vehicle for Hire Data Sharing Agreement. This document can be downloaded from www.toronto.ca/vehicleforhire; it provides data sharing instructions and clarifies the role of the PTC and the City in collecting, maintaining and sharing data as required.
 - A certified cheque made payable to the "City of Toronto Treasurer" of the applicable fee of \$21,713.15 CAD.
 - Two pieces of government issued Identification (ID). At least one must be a valid photo ID and one must provide Proof of Work Status. Acceptable ID include:
 - Canadian Birth Certificate
 - Passport or Citizenship Card
 - Permanent Resident Card
 - Work Permit
 - Driver's Licence
 - Photo Identification Card
- Note:** Health Cards are not acceptable ID for this purpose
- [Criminal and Judicial Matter Check\(s\)](#)

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Step 1b: Prepare Additional Document Requirements

Sole-Proprietor or Partnership

- Form 2 listing all officers, directors and partners of the applicant and a description of the legal relationship between multiple partners or companies if they act together to operate as a PTC.
- Criminal Background Check and two pieces of government issued ID must be provided for each person listed on the PTC Form 2
- A copy of the provincial business name registration
- Ontario business location / address

For Partnerships only:

- A copy of the Partnership Agreement.

Corporation

- Form 2 listing all officers and directors of the applicant and a description of the legal relationship between multiple companies if they act together as a PTC. Criminal Background Check and two pieces of government issued ID must be provided for each person listed on the PTC Form 2
- A copy of Articles of Incorporation and, if there has been a change to the list of officers and directors, a current Corporate Profile Report.
- A copy of the provincial business name registration or signed franchise agreement
- Ontario business location / address

If no president, director or officer of the corporation is able to apply in person at the Licence & Permit Issuing Office, a designate may apply on its behalf. In addition to the items identified above, the delegate must also provide:

- An original letter advising of their signing authority on the corporation letterhead
- Two pieces of their own government issued ID

If the delegate cannot provide original government issued ID for each person listed on the PTC Form 2, then the delegate may submit notarized photocopies.

Step 1c: Submit Application

Please note that incomplete applications will not be processed.

Once your application submission is ready, Please email PTCBusinesslicence@toronto.ca for instructions to submit your application and fees.

Fees can be paid by certified cheque, addressed to the "City of Toronto Treasurer". All 2016 Municipal Licensing and Standards' (ML&S) fees are listed on www.toronto.ca/mlsfees.

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At the end of Step 1, the applicant will receive:

- A receipt for application fee payment
- A copy of your application
- An application number and client number
- Additional information for the PTC data sharing test phase

Step 2: Participate in PTC Data Sharing Test Phase

Once your application and payment have been accepted, the Licence & Permit Issuing Office will coordinate a test phase with the PTC, where the PTC must demonstrate its technological ability to maintain and produce records required by the City.

PTC's are required to record and share specific data with the City of Toronto. This includes, but is not limited to: criminal reference checks and driving records of PTC drivers; trip information e.g. approximate pick up location and destination for each trip, date, time, number of passengers, etc.; and driver related information including total time available/active on the platform. All data will be exchanged electronically and must satisfy the City's technological specifications, records criteria and security encryption requirements.

For more information please review the [Data Sharing Agreement](#). The [Data Sharing Agreement](#) provides information on data sharing with the City; file content and electronic formats for exchange; and clarifies the role of the PTC and the City in collecting, maintaining and sharing data as required.

During Step 2, the applicant will receive:

- Detailed information for driver and vehicle file transfers
- Data file security specifications
- Financial transaction specifications
- Coordination of data sharing tests
- Final notification of successful data sharing

Step 3: Issue PTC Licence

Once the PTC successfully passes the data sharing test phase, the City will issue a PTC Business Licence. A 6 month probation period starts on the day the PTC Business Licence is issued.

When it begins operating, the PTC will be required to share individual driver and vehicle data files with the Licence & Permit Issuing Office for review before individuals can provide services as PTC drivers. Where approved, the Licence & Permit Issuing Office will electronically issue PTC Driver Licences to be distributed by the PTC to its drivers.

At the end of Step 3, the applicant will receive:

- A hard copy of your PTC Business Licence
- Where approved, ML&S will issue PTC Driver Licenses electronically to the PTC

Private Transportation Company (PTC) Business Licence

PTC Application Form 1

PTC business applications will be reviewed and electronically only. Please email ptcbusinesslicence@toronto.ca when you are ready to submit your PTC application for instructions.

All required documents and information to complete the PTC application is stated in the cover page or on the application submission checklist on page 8. Incomplete applications will not be processed until all required documents have been submitted. Please be advised that all information collected in these forms is business information and will be maintained as public record.

1. PTC Business Information

First Name		Last Name	
Operating Business Name		Business Type: <input type="checkbox"/> Sole Proprietor <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation If a partnership, corporation and/or joint venture of any kind, please complete and submit PTC Form 2 on page 10, listing the details for each person. On a separate page, please describe the legal relationship between multiple partners or companies that act together to carry on the business of a PTC.	
Ontario Business Address			
Street Number	Street Name		Suite/Unit Number
City/Town		Province	Postal Code
Completed by Municipal Licensing & Standards Application Number: _____ Client Number: _____ Once the application has been accepted, Application Number and Client Number will be provided to the PTC client. The client number will be used by the PTC for inclusion in the data file.			

2. PTC Designate Contact Information

<input type="checkbox"/> Check if mailing address is same as Business Address identified in 1. PTC Business Information		
Street Number	Street Name	Suite/Unit Number
City/Town	Province	Postal Code
Business Telephone Number		Mobile Number
Business Email		Website
Primary Contact First Name		Primary Contact Last Name
Primary Contact Phone Number		Primary Contact Business Email

**Private Transportation Company (PTC) Business Licence****PTC Application Form 1: Continued****3. PTC Application Submission and Authorized Signature**

I _____ (First, Last Name), as the authorized representative of _____ (Business Name) affirm and acknowledge on behalf of the applicant that:

- ☐ 1. The applicant is aware of the requirement to comply with the City of Toronto, Municipal Code Chapter 546, Vehicle-for-Hire Bylaw. The bylaw is available at: www.toronto.ca/vehicleforhire
- ☐ 2. The PTC application includes all information requested. Applications will be processed when the application submission checklist (page 8) is complete.
- ☐ 3. The PTC application fee is not refundable and payment with the submission of the PTC application does not guarantee the issuance of a PTC Business Licence.
- ☐ 4. The PTC has appropriate agreements and processes in place to screen criminal and driving histories of individuals providing transportation to passengers through its PTC platform.
- ☐ 5. Prior to the collection of any personal information, the PTC will have obtained consent from each PTC driver for the disclosure to ML&S and/or law enforcement agencies of personal information provided to the PTC, and an acknowledgement from each PTC driver that ML&S may disclose personal driver information to the PTC, and the applicant shall advise drivers that the personal information exchanged may include information relating to current or pending offences or their driving record.
- ☐ 6. The PTC has assigned a designated contact whose name and contact information is provided in Part 2 (PTC Designate Contact Information – Page 6) of this application form. The designated PTC contact will coordinate requests for data/ information from ML&S for compliance, enforcement, and audit purposes and is the individual to whom ML&S shall direct all correspondence.
- ☐ 7. The PTC shall ensure that each PTC vehicle on its platform is insured under a policy of automobile insurance of \$2,000,000 exclusive of interests and costs.
- ☐ 8. The PTC has data security measures in place to protect the personal data collected by the PTC relating to passengers and drivers under Personal Information Protection and Electronic Documents Act (PIPEDA).

I _____ (First, Last Name), as ☐ Sole-proprietor, ☐ Partner ☐, or ☐ Officer of _____ (Business Name) affirm and acknowledge that all the information provided is true, and I understand and accept all conditions. I have the authority to bind the corporate applicant.

Applicant Signature	Date (yyyy-mm-dd)

NOTICE OF COLLECTION STATEMENT: Information collected on this form is under the authority of the *City of Toronto Act 2006*, Section 6 and 7 and the City of Toronto Municipal Code, Chapter 546. The information will be used to process, issue, monitor and regulate licences issued by the City of Toronto, Municipal Licensing and Standards Division. Any questions regarding the collection of the information may be directed to Manager of Licensing Services, at 850 Coxwell Avenue, 3rd Floor, Toronto, ON M4C 5R1 or by email mlsbusinesslicence@toronto.ca

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4. Application submission checklist. Check the boxes when tasks are complete. All relevant boxes must be checked in order for your application to be processed.

<input type="checkbox"/>	<p>1. Are all sections of the PTC Application Form 1 complete?</p> <p>NOTE: 2 pieces of government issued ID, and a criminal background check for the applicant (sole proprietor, officers, directors or partners of companies) will be reviewed by staff.</p>
PTC Application Form 2 (For Partnerships and Corporations Only)	
<input type="checkbox"/>	<p>2. If the PTC is a Corporation or a Partnership, is PTC Form 2 complete? Have you provided a description of the legal relationship of multiple companies that act together to carry on the business of a PTC?</p> <p>NOTE: PTC Form 2 lists the officers of the company and can be found on page 10 of this document. Please attach a separate page to this application describing the legal relationship of the partners or companies.</p>
Indemnity Form	
<input type="checkbox"/>	<p>3. Have you completed the Indemnification Agreement? Please hand it in with your application.</p> <p>NOTE: The Indemnification Agreement is available at www.toronto.ca/vehicleforhire.</p>
PTC's Identifier Sample (ML&S Approval Required)	
<input type="checkbox"/>	<p>4. ML&S must approve the PTC identifier that will be used to distinguish your PTC vehicle. Please prepare a sample for review and hand it in with your application.</p> <p>NOTE: ML&S will retain this sample. The sign cannot be larger than 20.32cm by 20.32cm (8 inches by 8 inches).</p>
PTC Application Fee	
<input type="checkbox"/>	<p>5. Have you prepared a certified cheque in the amount of \$20,000 CAD made payable to "City of Toronto Treasurer"?</p> <p>NOTE: Once your application is reviewed and accepted, a payment of the applicable fee of \$20,000 CAD is due. The application fee is not refundable.</p>
Provincial Business Name Registration	
<input type="checkbox"/>	<p>6. Do you have a copy of your Business Name Registration issued by the Province of Ontario? Please hand it in with your application.</p> <p>NOTE: The copy will be retained by ML&S.</p>
Articles of Incorporation (For Corporations Only)	
<input type="checkbox"/>	<p>7. Do you have a copy of your Articles of Incorporation issued by the Province of Ontario? Please hand it in with your application.</p> <p>NOTE: The copy will be retained by ML&S.</p>

4. Application submission checklist continued.

Certificate of Insurance

<input type="checkbox"/>	8. Proof of \$5,000,000 in Commercial General Liability insurance must be provided with your PTC Business Licence Application. Has your insurance company prepared a Certificate of Insurance form that is signed and stamped by the insurer and emailed to ptcbusinesslicence@toronto.ca NOTE: This form is located on page 13 and 14 of this document.
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Evidence of 3rd parties conducting criminal background checks on behalf of the PTC for the PTC drivers

<input type="checkbox"/>	9. Proof of contract and contact information of any 3 rd party conducting criminal background checks for PTC drivers on behalf of the PTC company. Please hand this with your application.
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Evidence of the police services providing the background checks for the PTC

<input type="checkbox"/>	10. Proof of contract and contact information of the Police Service contracted to provide the criminal background checks for the PTC drivers. Please hand this in with your application.
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Data Security Questionnaire

<input type="checkbox"/>	11. Have you completed the Data Security Questionnaire?
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Data Sharing Agreement

<input type="checkbox"/>	12. Have you reviewed and confirmed that the applicant has the ability to comply with the requirements of the Vehicle for Hire Data Sharing Agreement ? NOTE: The Data Sharing Agreement provides information on data sharing with the City and clarifies the role of the PTC and the City in collecting, maintaining and sharing data as required.
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Private Transportation Company (PTC) Business Licence**5. PTC Form 2: Listing of Owners, Partners and Officers**

Please list all officers, directors and partners of the applicant partnership or company, and all companies who will act together to carry on business as a PTC. A criminal background check and two government issued IDs must be submitted for each person listed in PTC Form 2. You may copy this form if more space is required.

First Name		Last Name	
Address (Street Number, Street Name, Suite/Unit Number)			
City	Province	Postal Code	
Business Telephone Number		Mobile Number	
Business Email		Title	

First Name		Last Name	
Address (Street Number, Street Name, Suite/Unit Number)			
City	Province	Postal Code	
Business Telephone Number		Mobile Number	
Business Email		Title	

First Name		Last Name	
Address (Street Number, Street Name, Suite/Unit Number)			
City	Province	Postal Code	
Business Telephone Number		Mobile Number	
Business Email		Title	

Private Transportation Company (PTC) Business Licence**5. PTC Form 2: Continued**

First Name	Last Name	
Address (Street Number, Street Name, Suite/Unit Number)		
City/Town	Province	Postal Code
Business Telephone Number		Mobile Number
Business Email		Title

First Name	Last Name	
Address (Street Number, Street Name, Suite/Unit Number)		
City/Town	Province	Postal Code
Business Telephone Number		Mobile Number
Business Email		Title

First Name	Last Name	
Address (Street Number, Street Name, Suite/Unit Number)		
City/Town	Province	Postal Code
Business Telephone Number		Mobile Number
Business Email		Title



Certificate of CGL Insurance

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(1 of 2 to be completed by insurance broker)

6. Certificate of Commercial General Liability Insurance

As part of your PTC Business Licence Application, proof of \$5,000,000 in Commercial General Liability insurance must be provided by a certificate of insurance, that is signed and stamped, and received directly from the insurer OR the licensed agent/broker.

Have your insurer or licenced agent/broker send the certificate of insurance to

First Name		Last Name	
Organization Name (if applicable)			
Address (Street Number, Street Name, Suite/Unit Number)			
City/Town	Province	Postal Code	
Operating Name of Insured			
Telephone Number	Mobile Number	Email	

6a. Insurance Information

Note that a minimum limit of \$5,000,000 Commercial General Liability Insurance is required.

Insurance Company Name	Policy Number	Coverage (\$)
Policy Effective Date (yyyy-mm-dd)	Policy Expiry Date (yyyy-mm-dd)	
Operations of the named insured for which this certificate is issued Private Transportation Company (PTC)		

6b. Insurance Broker Information

First Name		Last Name	
Address (Street Number, Street Name, Suite/Unit Number)			
City/Town	Province	Postal Code	
Telephone Number	Mobile Number	Email	

**Private Transportation Company (PTC) Business Licence**
(2 of 2 to be completed by insurance broker)**6c. Provisions of Amendments or Endorsements**

- The acceptance of this certificate by the City of Toronto does not certify that the limits of liability and terms and conditions of the policy referred to above meet the specified requirements of the Commissioner of Finance nor will the acceptance of this certificate by the City waive the City's rights of action against the application and/or insurer for failure to comply with provisions governing the use of permits and licences granted herein.
 - Commercial General Liability is extended to include Personal Injury Liability, Contractual Liability, Owner's and Contractor's Protective Coverage, Products-Completed Operations, Contingent Employers Liability and Non-owned Automobile Liability.
 - The City of Toronto has been named as an Additional Insured, but only with respect to liability arising out of the operations of the Insured for which a permit, license or agreement has been issued by the City of Toronto.
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- The Commercial General Liability policy or policies identified above shall protect each insured in the same manner and to the same extent as though a separate policy has been issued to each but nothing shall operate to increase the limits of liability as identified above beyond the amount or amounts for which the Company would be liable if there had been only one Insured.
 - If insurance is placed in primary and excess layers, file Separate certificates for each. If a facsimile has been transmitted, the original certificate must follow. The Commercial General Liability policy(ies) identified above shall apply as the primary insurance and not excess to any other insurance available to any of the Additional Insured as set out in Paragraph 2.
 - Any certificate that is altered will be considered invalid, such as if a provision is crossed out.
 - If the policy is canceled or changed in any manner, for any reason, during the period of coverage as stated herein so as to affect this certificate, thirty (30) days prior written notice (10) days if cancellation is due to non-payment of premium) by registered mail will be given by the insurer to:

Licence & Permit Issuing Office, Municipal Licensing & Standards
East York Civic Centre, 850 Coxwell Avenue, 3rd Floor, Toronto, ON M4C 5R1
Email: ptcbusinesslicence@toronto.ca | Fax: 416-392-4515

6d. Insurance Broker Certifications

I certify that the insurance is in effect as stated in this certificate and that I have authorization to issue this certificate for and on behalf of the insurer(s). This certificate is valid until the expiration date(s) shown unless notice is given in writing.

Signature and Stamp of Authorized Representative

Date (yyyy-mm-dd)

7. Data Security - Technical and Organizational Measures

1. DEFINITIONS

"Company" means the person that has submitted an application for a business license under Toronto Municipal Code, Chapter 546 or Chapter 547.

"Data Breach" means any unauthorized access, acquisition, or disclosure, destruction, alteration, accidental loss, misuse, or damage of Personal Information.

"Personal Information" means any information which meets the definition of Personal Information contained in MFIPPA, regardless of whether MFIPPA applies to this information; or any information which is required to be protected pursuant to MFIPPA, PHIPA, PIPEDA, or any other Canadian laws (including regulations and common law) pertaining to the protection of personal information

2. APPLICATION

2.1 Application. The Company shall ensure that the Company, and all agents, subcontractors, and third parties involved in the delivery of the services that are to be provided under this proposed license meet or exceed the measures described in this document.

2.2 Compliance - Compliance with the requirements of this document is a condition on which the license is issued. Company is required to maintain compliance with the requirements of this document throughout the licensing period, and shall be required to re-attest to compliance with these requirements as a condition of renewal of license.

3. POLICIES

3.1. Company's Policies - Company shall maintain a set of policies (the "Policies"). At a minimum, these Policies shall include:

- privacy
- cybersecurity
- information technology
- cloud
- access control
- business continuity
- acceptable use
- remote access
- vulnerability management
- network architecture
- user access control management
- Wi-Fi security
- physical security

Company will comply with the Policies as amended from time to time. Company will not amend the Policies in a manner that decreases the protection that they afford to Personal Information collected by the Company, or in the Company's custody or control.

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3.2. Training - Company will train its personnel with respect to the Policies on an annual basis, or as additionally required based on industry best practice. Company shall ensure that personnel received cybersecurity training on an annual basis.

4. ADDITIONAL REQUIREMENTS FOR PERSONAL INFORMATION

4.1. Compliance with Privacy Laws - Company will:

- (i) Handle all Personal Information in accordance with applicable Canadian privacy laws; and
- (ii) meet the requirements of this document in a manner that complies with Canadian privacy laws.

5. BREACH MEASURES

5.1. Monitoring - Company shall maintain policies, procedures, and governance/technological measures to allow for the prompt detection of Data Breaches, including but not limited to access reviews, audit logging, intrusion prevention/detection, and other measures as required by industry best practice.

5.2. Notice of Data Breach - In the event of a Data Breach, Company shall comply with the notification requirements of PIPEDA, and any other applicable Canadian legislation to which it is subject. This notification may include promptly reporting the Data Breach to the appropriate regulatory body, i.e. the Information and Privacy Commissioner of Ontario and/or the Office of the Privacy Commissioner of Canada. Company shall also take all necessary measures to provide notification to victims of the Data Breach in accordance with the requirements of applicable Canadian law.

5.3. Resolving the Breach - In the event of a Breach, Company will use all commercially reasonable measures to promptly:

- i. investigate, contain, mitigate, and remedy the Data Breach; and
- ii. prevent any recurrence of the Data Breach.

5.4. Records Relating to a Breach - Company shall maintain and preserve all business records related to any Data Breach until all claims relating to the Breach that arise in the 7 year period following the Data Breach are resolved, and in accordance with applicable Canadian Law

6. DATA SECURITY

6.1. Safeguards - Company is responsible for implementing physical, administrative and technical safeguards in alignment with cybersecurity industry best practices. Taking into account the sensitivity of the data, the safeguards will meet or exceed industry standards as they evolve over time, including but not limited to the requirements in this document.

6.2. Encryption - Company will encrypt all Personal Information, both in flight and at rest, using a strong cryptographic protocol that is consistent with cybersecurity industry standards as updated from time to time, such as FIPS 140-2, FIPS 140-3, ISO27001 or NIST SP 800-175B. Under no circumstances shall data be encrypted using a standard weaker than 256-bit. All encryption keys must be unique to the Personal Information. Company will secure and protect all encryption keys using secure methods per cybersecurity industry standards.

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6.3. Malware - Company shall maintain processes in line with industry best practice to detect, prevent, and recover from malware, viruses, and spyware. Company shall ensure that anti-virus, anti-malware, and anti-spyware software is regularly updated in accordance with industry best practice.

6.4. Data Residency - Personal Information shall not be stored outside Canada.

6.5. Data Centres. Company's data centres used to provide the Services will meet the following or more stringent requirements of:

- a) a Tier III certification by the Uptime Institute (or its industry equivalent); and
- b) SSAE No. 18 SOC 2 Type II

6.6. Multi-Factor Authentication - Company shall offer users the opportunity to implement Multi-Factor Authentication in accordance with current cybersecurity industry best practices.

7. COMPLIANCE

7.1. Compliance - The Company shall be certified under the following cybersecurity standards:

- a) ISO 27001/27018, ISA/IEC 62443 or SSAE 18/ISAE 3402 SOC 2 Type II; and
- b) Current version of Payment Card Industry – Data Security Standard (PCI-DSS)

7.2. Audit - At least once every 12 months, Company shall engage an accredited auditor to conduct an audit of: (i) the security the Services; (ii) Company's compliance with ISO 27001/27018; (iii) Company's compliance with SSAE 18/ISAE 3402 SOC-1, SOC 2 and SOC 3; and (iv) Company's compliance with any other security standard with which Company claims compliance in any of its published materials.

7.3. Assessments - To the extent not otherwise required under the Company's compliance certifications in this section, Company shall conduct annual security assessments on their infrastructure including but not limited to conducting a Privacy Impact Assessment (PIA) and Threat Risk Assessment (TRA).

7.4. Penetration Testing - Once per year, or following a significant change, Company shall secure a penetration test performed by a recognized third-party firm, performed pursuant to recognized industry best practices. Company shall promptly remediate any medium-risk or higher findings in accordance with industry best practice.

7.5. Vulnerability Scanning - On a quarterly basis, or following a significant change, Company shall conduct both internal and external network scans using recognized industry tools. Company shall promptly remediate any medium-risk or higher findings in accordance with industry best practice.

Operational Security Requirements Checklist**Physical Security Requirement (ISO 27001 Reference: A.11)**

- Maintain the physical security of the operating environment
- Put in place appropriate procedures to ensure that the responsibilities for the maintenance of a secure operating environment are properly allocated and discharged
- Ensure that adequate procedures are in place for the physical protection of the service equipment. This must as a minimum cover:
 - Intruders
 - Fire
 - Water
 - Environmental (such as: storms)
 - Physical damage (accident)
 - Physical damage (deliberate)
- Implement physical and environmental controls to protect the service commensurate with the level of risk.

The following minimum standards are to be implemented in any accommodation of the service equipment:

- Equipment to be housed in unoccupied areas
- Equipment area to be physically secured with controlled access
- handheld fire extinguishers easily accessible
- Automatic fire suppression equipment in place
- Appropriate fire detection equipment installed
- Smoke detection equipment installed
- Water detection equipment as appropriate
- Appropriate power supply cleanliness and contingency
- Appropriate environmental controls
- Appropriate regular cleaning regime
- Cables properly managed
- Cables properly labelled
- Telephone with emergency numbers prominently displayed
- Contingency plan initiation sequence prominently displayed
- Location of backup media prominently displayed close to associated equipment

Destruction of time expired, faulty or failed media (ISO 27001 Reference: A.8.3)

- The Company must ensure that its staff understand the sensitivity associated with all media within the service and put in place appropriate procedures for its secure destruction in case of a fault, failure or life expiry

Secure system and network configurations (ISO 27001 Reference: A.13.1)

- The Company must ensure that all systems that make up the service are configured in accordance with a recognized standard for operating system security

Control of access to the systems and networks to limit the incidence of: (ISO 27001 Reference: A.9.2, A.13.1)

The Company must have control in place to limit, as a minimum, the following incidences:

- Unauthorized access to organization systems
- Interference with network components
- Performance degradation across the network
- Interference with network traffic

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Logging and monitoring of events (ISO 27001 Reference: A.12.4)

The Company must consider having a process in place to, as a minimum, monitor and log the following:

- Legitimate access
- Authentication exceptions
- Authority exceptions
- Privilege changes
- Data object owner changes
- Export of information
- Out of hours access

Adequate documentation (ISO 27001 Reference: A.12.1.1)

- To enable proper delivery of the service, the provider must maintain, as the minimum, the following documentation:
- CSOD Technology Overview

Appropriate management of personnel (ISO 27001 Reference: A.7)

The Company must have procedure in place to manage the following personnel issues relating to information risk management:

- dismissal
- resignation
- termination
- transfer
- Ensure staff and subcontractor have an understanding of information risk management threats and concerns relating to the outsourced arrangement and of relevant information risk management policies
- The Company's Staff assigned to the outsourced arrangement must be made aware of the City's requirements, expectations related to the security and privacy of the data
- The Company's Staff assigned to the outsourced arrangement must receive training and regular updates on relevant information risk management policies and procedures

Appropriate procedures for dealing with malicious software (ISO 27001 Reference: A.12.2)

- The Company must put in place appropriate checking and elimination procedures to ensure that the service is not affected by viruses during development, maintenance and operation

Notification and management of changes (ISO 27001 Reference: A.12.1.2)

- The Company must have procedure to notify the City of any changes that may affect the environment of the outsourcing arrangement
- The Company must have process for managing changes to the outsourcing arrangement
- The Company must have process for testing changes
- The Company must successfully test all changes before implementation

Management of test data (ISO 27001 Reference: A.14.3)

- The Company must demonstrate that its testing regime is able to adequately manage test data
- The Company shall not use City production data for testing purposes.
- If the use of production information is essential to the successful implementation of the service, the Company must have process to seek City's approval and implement adequate procedures to manage the data appropriately. Notwithstanding to the approval from the City, the Company must manage the data in compliant with the regulatory / legislative requirements.

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Technical Vulnerability Management (ISO 27001 Reference: A.12.6)

- The Company must put in place appropriate checking and remediation procedures to prevent exploitation of technical vulnerabilities. The Company must ensure that information about technical vulnerabilities shall be obtained in a timely fashion and the City's exposure to such vulnerabilities evaluated and appropriate measures taken to address the associated risk.

Key Management (ISO 27001 Reference: A.10.1.2)

- The Company must have policy and procedures on the use of cryptographic controls for protection of information, and also for the protection and lifetime (lifecycle management) of cryptographic keys.

Capacity Management (ISO 27001 Reference: A.12.1.3)

- The Company must ensure that the use of resources shall be monitored, tuned and projections made of future capacity requirements to ensure the required system performance.

Information Security Continuity (ISO 27001 Reference: A.17.1)

- The Company must demonstrate that they maintain processes, procedures and controls to ensure the required level of continuity for information security during an adverse situation and shall verify the established and implemented information security continuity controls at regular intervals in order to ensure that they are valid and effective during adverse situations.

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Security Requirement Check List

Confidentiality Requirements

City of Toronto(COT) is bound to comply with the Privacy and Security Requirements to protect confidential data including but not limited to Personally Identifiable Information. As such, Company shall work with COT to ensure ongoing confidentiality, integrity, and availability of COT Data in the Company's care, and agrees to:

- a) Provide COT Data to COT as requested within a predefined period of time mutually agreed upon between COT and Company.
- b) Encrypt confidential records (as required by Privacy and Security Requirements) at rest and in transit.
- c) Not to access or allow third parties to access, Personally Identifiable Information unless expressly permitted by COT, or COT determines, in its sole discretion, that access is permitted under the Privacy and Security Requirements.
- d) Not to directly or indirectly use, collect, disclose, or destroy any Personally Identifiable Information for any purposes that are not required to provide the services or materials or are not authorized by COT.
- e) Cooperate with and assist COT to comply with COT's obligations under the Privacy and Security Requirements.
- f) Meet prescribed requirements for security testing (see Operations Security Section).
- g) Return to COT any Personally Identifiable Information and Confidential Information in Company's care upon termination of the Agreement.
- h) Provide a certificate of destruction to COT where services or components in Company's care are decommissioned within a predefined period of time agreed upon between COT and Company, and within 30 days of termination or expiration of the Agreement; for greater clarity, the certificate of destruction is a written statement issued and signed by a person authorized to legally bind the Company stating that Personally Identifiable Information/Confidential Information and all COT related data in Company's possession has been destroyed;
- i) Ensure sufficient protection of credit card or branded debit card information as part of the Deliverables in accordance with relevant Privacy and Security Requirements. e.g., PCI DSS (Payment Card Industry Data Security Standard).

Information Security Requirements for Procurement, Contracts, Solution Design.

The Company shall ensure its Deliverables, whether destined for installation on COT premises or externally hosted/in the cloud, has security controls implemented at the network, application and endpoint layers, including at a minimum, but not limited to: network and host-based firewalls providing Layer 7 (of the Open Systems Interconnection model) application threat detection and mitigation (e.g. Web Application Firewall, Intrusion Detection & Prevention System, antimalware/antivirus, operating system hardening and locking down, patching and vulnerability management, and access controls). In general, the overall security architecture shall be based on Defense in Depth architectural model, using a layered approach as defined in IEC-62443 1-1

Verification of security controls must be in writing to COT through a SOC 2 (Systems and Organizations Controls) Type II report, ISO 27K certification report, or other document attesting to the industry standard security controls in the hosted provider environment, with respect to all Deliverables components including COT data in the Company's care.

Protection of the Perimeter:

- a) Communications from lower Security Zones to higher Security Zones shall be done using a properly configured (iDMZ) Industrial DMZ and firewall using best practices as outlined by NIST SP 800-82 and IEC-62443. No external access shall be allowed within the critical networks. Firewall rules will permit only connections between the critical network and iDMZ that are initiated by critical network

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- b) As outlined in IEC-62443 connectivity between zones is subject to principles of adjacency (no zone hopping) i.e., only Security Zones adjacent to one another may initiate or service communication requests. E.g., desktops in the Trusted Client Zone cannot directly initiate a session with the application data stored in a server in the Restricted High Security Zone as they are not adjacent
- c) Where inter-zone communications are required, communications shall be initiated from higher Security Zones to lower Security Zones. Zone separation will be achieved through adequate means such as a properly configured stateful inspection firewall, and appropriately placed and configured intrusion detection devices and use of proxies where appropriate. Traffic should originate from critical networks outbound in uni-directional manner to external networks.
- d) Ensure that Intrusion Prevention Systems are implemented on networks with connectivity to the Internet and networks with sensitivity zones and/or trust boundaries.
- e) Within a given Security Zone, there are additional segments or partitions. The segmentation of networks within a zone will be accomplished through the use of VLANs. These segments are used to isolate different classes of hosts that have no requirement to interact with each other or instead of VLANs, host-based firewalls may be used to protect hosts within a common Zone (Intra-Zone). This principle of least privilege helps to contain the damage in the event that any given system is compromised.
- f) Implement appropriate security controls to ensure the integrity and confidentiality of data flowing across the network and between the zones.

Company must provide a response to this document to the COT,

- a) As part of its RFP response during the procurement process; and
- b) Annually (at minimum), throughout the term of the Agreement.

Information Security Policies

- a) The Company's information security policies, practices and Deliverables design must be in accordance with information security industry standards and frameworks, including but not limited to the latest versions of: ISO 27000 family of standards and the ISO 27002 Code of Practice, the National Institute of Standards and Technology (NIST), ISA IEC 62443, SOC 2 Type II Critical Controls Matrix.
- b) The Company and the COT shall work together to ensure that any on premise Deliverable is implemented in accordance with all COT guidelines, work instructions, standards and/or policies including change and configuration policies and standards.

Information Security Organization

- a) The Company shall ensure segregation of duties and areas of responsibility in any hosted environment between COT and the Company, as well as internal to the Company, to reduce exposure of COT data to unauthorized users.
- b) The Company shall ensure that only Authorized Parties have access to Personally Identifiable Information and Confidential Information.
- c) The Company shall provide specialized training for Authorized Parties with significant security duties, including but not limited to human resources or information technology functions, and any technology administrator function. At a minimum, specialized training shall include, as applicable to the role, information security procedures, acceptable use of information security resources, current threats to information systems, security features of specific systems, and secure access procedures.
- d) The Company shall take reasonable steps to prevent unauthorized access to or loss of Personally Identifiable Information and Confidential Information and the services, systems, devices or media containing this information.
- e) The Company shall employ risk assessment processes and procedures to regularly assess systems used to provide services or products to COT. Company shall remediate such risks as soon as reasonably possible and commensurate with the level of risk to Personally Identifiable Information and Confidential Information, given threats known at the time of identification. Operate a process to report risks or suspected incidents to the Company security team.

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- f) If Company performs services COT facilities or using services, systems, devices, or media owned, operated, or managed by COT, Company shall cause all Authorized Parties to comply with all COT policies made available to Company, upon its request, that are applicable to such access. Company shall promptly notify COT in writing when an Authorized Party no longer needs access to the Personally Identifiable Information or Confidential Information in order for Company to provide products or services to COT, including without limitation, when an Authorized Party is terminated or is otherwise no longer performing services under the Agreement.
- g) The Company shall require non-disclosure or confidentiality contractual commitments from Authorized Parties before providing them with access to Personally Identifiable Information and Confidential Information.

Human Resource Security

- a) The Company shall ensure there are sufficient controls on Company's personnel with access to COT data in the hiring lifecycle including:
- b) Screening/onboarding staff.
- c) Terms of employment (during employment and upon termination) to ensure protection of Personally Identifiable Information and Confidential Information.
- d) A pre-established asset return policy upon termination of personnel and /or expiration of business relationship.

Physical and Environmental Security

- a) Physical access to Company and subcontracted third party hosted facilities must be secured from unauthorized users.
- b) Physical access to Company and subcontractor facilities must be monitored; access must be logged and auditable in both human readable and machine readable (e.g., System Logs/Syslog) formats, covering the following as minimum:
 - I. Ingress and egress to secure areas shall be constrained and monitored by physical access control mechanisms
 - II. Ingress and egress points such as service areas and other points where unauthorized personnel may enter the premises shall be monitored, controlled and, if possible, isolated from data storage and processing facilities to prevent unauthorized data corruption, compromise, and loss.
- c) The Company shall ensure physical environmental controls are in place to protect its hosted environment and Deliverable's components housing or processing COT Data. These include but are not limited to Heating Ventilation & Air Conditioning systems (HVAC), fire suppression, equipment rack fans and power system protection.

Access Control

- a) The Company shall provide an access control methodology that supports secured remote connections to the system. Remote connections shall be made available exclusively for maintenance & system support.
- b) Deliverables must employ strong, industry standard authentication methods and schemes including multi-factor authentication where applicable. Access must be granted only to employees and authorized parties who require such access to perform their job functions / roles (i.e., role-based access).
- c) Deliverables must have configurable layers of authorization, authentication, and permissions to ensure adherence to the Principle of Least Privilege to restrict data disclosure. They must also include authorization, authentication, and permissions detailed logging with log retention timelines acceptable to COT.
- d) Deliverables including software and hardware must be able to support Single Sign On (SSO) for authentication based on industry standards and best practices, as applicable to the Deliverables.

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- e) Remote access and virtual private networks (VPNs) established between Company and COT, and connecting any external parties used by Company to host COT data must be implemented with a secure industry standard protocol (e.g., IP Security/IPsec, Secure Sockets Layer/SSL), using the strongest industry standard encryption reasonable and as applicable to implement in the Deliverables. The Company will work the COT to ensure that the VPN setup and configuration is acceptable to the COT.
- f) All remote and local users must use strong credentials for authentication with clear text/weak cipher protocols are disabled and not used for any data transfer.
- g) Company to ensure with Remote access that split tunnelling is not enabled while connected to the COT network.
- h) Two or Multi factor authentication must be used as applicable to the Deliverables.
- i) The Company shall document the levels, methods, and capabilities for authentication and authorization. The Company shall deliver a product that adheres to standard authentication protocols. Additionally, the Company provided product shall include audit logging capabilities for all authorization and authentication methods.
- j) Unless specifically requested by the COT, the Company shall not allow multiple concurrent logins using the same authentication credentials, allow applications to retain login information between sessions, provide any auto-fill functionality during login, or allow anonymous logins.
- k) The Company shall prevent critical Operations Technology (OT) components in the OT environment from direct communications to and from the internal COT or external environments by using proxy servers, intermediary services or equivalent ideally in the Industrial Demilitarized Zone (iDMZ). Administrative access to System devices in this infrastructure needs to have their administrative functions limited to minimize risk of unauthorized users accessing these systems. Connections shall be limited to Local and remote access to the devices should be limited to only authorized COT personnel with role-based user privilege levels defined exclusively in line with requirements of job.
- l) Access credentials provided by the COT to any individual must not be shared without express permission from the COT. The COT reserves the right to disable the use of any account found to be in use by someone other than the authorized user.
- m) Application access provided by a Company intended for authorized COT users must use the most secure industry standard with respect to session protocols and credentials where applicable. The Company must provide details for approval by the COT.
- n) Logical access to systems, web portals, software/applications, other points of user manipulation/interaction in the Deliverables must be logged and auditable in both human readable and machine readable (e.g., *System Logs/Syslog*) formats.

Identification and Authentication

- a) The Company shall assign unique user IDs to individual users and assign authentication mechanisms to each individual account.
- b) The Company shall use a documented user ID lifecycle management process including, but not limited to, procedures for approved account creation, timely account removal, and account modification (e.g., changes to privileges, span of access, functions/roles) for all access to Personally Identifiable Information and Confidential Information and across all environments (e.g., production, test, development, etc.).
- c) The Company shall restrict all access to Personally Identifiable Information and Confidential Information to those using a valid user ID and password and require unique user IDs to employ one of the following: password or passphrase, two-factor authentication, or a biometric value.
- d) Each of the solution's "layers" must implement a strong password policy. The policy will be applied for all users and Company staff accounts and will include the following:
 - I. A minimum password length
 - II. Complexity enforcement
- e) Prohibit the use of previous passwords.
- f) A password minimum and maximum age (expiry) for, at least, administrative roles.
- g) The Company shall verify user's identity and set one-time use and reset passwords to a unique value for each user. Systematically prompt change after first use.

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- h) The Company shall use a secure method for the conveyance of authentication credentials (e.g., passwords) and authentication mechanisms (e.g., tokens or smart cards).
- i) The Company shall use an authentication method based on the sensitivity of Personally Identifiable Information and Confidential Information. Whenever authentication credentials are stored, must protect all authentication credentials using a strong encryption/hashing algorithm.

Information Systems Acquisition, Development and Maintenance

- a) The Company shall follow industry-standard development procedures, including separation of access and code between non-production and production environments and associated segregation of duties between such environments.
- b) The Company shall ensure internal information security controls for software development are assessed regularly and reflect industry best practices, and revise and implement these controls in a timely manner.
- c) The Company shall manage security of the development process and ensure secure coding practices are implemented and followed, including appropriate cryptographic controls, protections against malicious code, and a peer review process.
- d) All software, GUIs and web sites/portals provided for COT use by the Company are expected to have been developed to the most current Open Web Application Security Project (OWASP) secure coding and design.
- e) The Company shall disclose features (including administrative backdoors etc.) in software and hardware delivered by the Company for use by the COT.
- f) Malware and virus protections must be undertaken (system hardening, patching, scanning) prior to being delivered to the COT.
- g) Company shall work with COT to define roles and responsibilities between the parties in the contract to ensure that ongoing patching, upgrade paths and vulnerability management is defined and assured for the Company provided hardware and software during the contract lifecycle and/or post warranty as negotiated.

Data Governance

- a) Data must not be extracted or used outside the solutions' production environment (e.g., QA, Development) without applying proper techniques first to de-personalize the information (e.g., scrubbing, masking).
- b) The Company shall separate non-production information and resources from production information and resources.
- c) The Company shall build and maintain a PCI zone if Company processes or stores card holder data.
- d) For applications that utilize a database that allows modifications to Personally Identifiable Information and Confidential Information, have and maintain a database transaction audit logging features enabled and retain database transaction audit logs for a minimum of one (1) year.

Cryptography and Encryption

- a) In cases where COT requires Company to provide a cryptographic system for key management, policies and procedures shall be established for the management of cryptographic keys in the cryptosystem, which covers following as minimum:
 - I. Cryptographic keys management lifecycle from revocation and replacement
 - II. Cryptographic protocol and algorithms used
 - III. Access controls for key generation
- b) Encryption keys and salt values for hashing (e.g., protect passwords and other sensitive information) must be stored and managed securely.
- c) Upon request from COT, Company shall inform COT of changes within the cryptosystem, especially if the COT's data is used as part of the service, and/or the COT has some shared responsibility over implementation of such controls.

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- d) All encrypted tunnels in the Deliverables, between the Company, COT and users must use industry standard, latest version of Federal Information Processing Standards (FIPS) 140-x encryption schemes. Use of proprietary encryption protocols must be disclosed and approved by COT.
- e) Wireless network and other related components in the Deliverables must adhere to industry wireless standards. Use of proprietary or consumer grade equipment and configuration must be disclosed and approved by COT.
- f) The Company shall use a strong encryption/hashing algorithm (with no known vulnerabilities/weaknesses) to protect Personally Identifiable Information and Confidential Information when stored.
- g) The Company shall use a strong encryption/hashing algorithm (with no known vulnerabilities/weaknesses) for the transfer of Personally Identifiable Information and Confidential Information outside of COT-controlled or Company-controlled networks or when transmitting Personally Identifiable Information and Confidential Information over any untrusted network.

Monitoring

- a) The Company shall retain log data for Personally Identifiable Information and Confidential Information for at least 12 months from the date the log data was created and make the log and such data available to COT within a reasonable timeframe and upon request, unless specified elsewhere in the Agreement.
- b) Logs shall be designed to detect and respond to incidents and include, but not be limited to:
 - i. All individual user access to Personally Identifiable Information and Confidential Information
 - ii. All actions taken by those with administrative or root privileges
 - iii. All user access to audit trails
 - iv. Invalid logical access attempts
 - v. Use of and changes to identification and authentication mechanisms
- c) The logs must be monitored and have the capability of alerting the Company and/or the City of Toronto of any suspicious account activity, unauthorized access or suspicious operations (e.g., unauthorized access attempts, violation of usage, general control failures, anomalies in normal operations).
- d) Restrict access for security logs to authorized individuals and protect security logs from unauthorized modification.
- e) Implement a change detection mechanism (e.g., file integrity monitoring) to alert personnel to unauthorized modification of critical system files, configuration files, or content files; configure software to perform critical file comparisons weekly.
- f) Daily review all security events, logs of system components storing, processing, or transmitting card holder data, logs of critical system components, and logs of servers and system components performing security functions.

Communications Security

- a) Unless otherwise required by COT, keep COT Data in a physically secure and separate location (logically or physically) safe from loss, alteration, destruction and to implement, use and maintain appropriate policies, standards, products, tools, measures, and procedures to do so in accordance with Privacy and Security Requirements.
- b) All Personally Identifiable Information and Confidential Information exchanged between the Company and COT must be encrypted, as applicable. This must use the strongest viable industry standard encrypted session protocol e.g., Transport Layer Security v1.2+.
- c) The Company shall work with the COT to facilitate network connectivity to the hosted infrastructure and/or COT resources via secure protocols following industry standards.

Operations Security

- a) The Company must perform, upon COT request, vulnerability assessments/security assessments of the hosted infrastructure and provide COT evidence of such tests. The assessments shall comply with all applicable industry standards for security (e.g., Open Web Application Security Project/OWASP, Center for Internet Security/CIS, International Organization for Standardization/ISO 27002, etc.). Regardless of the frequency of COT requests, such assessments must be performed annually at a minimum. The Company

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may employ a third party to perform such testing at the Company's expense. Findings are to be sent to COT in accordance with COT direction.

b) The testing shall include, but not be limited to:

- I. Communication Robustness Testing – This shall include, at a minimum, communication protocol fuzz testing to determine the ability to properly handle malformed and invalid messages for all identified communication protocols in the Deliverables, as well as data resource exhaustion tests (aka “load testing” and “DoS testing”). Communication robustness testing shall be performed using tools that are approved by COT, and that produce machine-readable data.
- II. Software Composition Analysis – This shall include, at a minimum, an analysis of all compiled code found in the Company product and shall identify all third-party open-source components, and shall, at a minimum, identify all known vulnerabilities found in the Common Vulnerabilities and Exposures (CVE) in publicly available databases. Software composition analysis shall be performed using tools that are approved by COT, and that produce machine-readable data.
- III. Dynamic Runtime Analysis – This shall include, at a minimum, an analysis of how the Company provided software behaves during operations and whether such behaviour introduces potential security vulnerabilities that could negatively impact confidentiality, integrity, and availability.
- IV. Known Malware Analysis – This shall include, at a minimum, a scan of Company provided software to determine if any known malware exists in the Company provided software and a risk assessment on mitigation controls or value of risk.
- V. Bill of Materials – The Company shall provide COT a bill of materials that clearly identifies all known third-party software components contained in the Deliverables. This shall be provided in a machine-readable format.
- VI. Validation of Security Measures – All security measures described in the product's design documentation are properly implemented and mitigate the risks associated with use of the component or device.

- c) Policies and procedures shall be established for labeling, handling, and the security of data and objects, which contain data.
- d) Following security testing, the Company is obligated to create a remediation plan acceptable to COT and must implement the remediation plan forthwith at no cost to COT. The Company shall work with COT to minimize impact to COT business and clients e.g. where maintenance windows and Deliverables shall be affected.
- e) The Company shall disclose where COT Data will reside, be processed, or be accessed by COT and the Company, and this shall include all confidential data subject to any NDA between COT and Company. The Company will provide advance notification if those jurisdictions change during the life of the contract. Authorization must be obtained prior to relocation or transfer of hardware, software, or data to an offsite premise as required.
- f) The Company shall work with COT initially, and through the contract lifecycle, when required by law or in response to business changes, to update web portals, application splash screens, privacy policies, and End User License Agreements (EULA) applicable to the Deliverables to properly inform COT users of collection, use, storage, and disclosure of COT Data.
- g) Unless otherwise agreed upon between COT and the Company, no Personally Identifiable Information or Confidential Information shall be provided to the Company for use in a development or test environment
- h) The Company shall ensure components and data in the Deliverables are backed up regularly.
- i) The Company shall ensure adequate monitoring of the Deliverables to alert COT should an issue arise (see Incident Response & Management below).

Incident Response & Management

- a) In case of a security or privacy breach the Company shall immediately notify the COT. The Company must also keep the COT informed as they verify the breach and the impact.
- b) The Company shall, working within existing breach response plans, provide support during a security breach to help the COT identify, contain, remove, and recover threats during a security incident. COT will retain the right to aid in the investigation of these incidents.
- c) As part of Incident response and management, Company shall produce a framework covering the following

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based on industry standards of each item:

- I. Chain of custody document (based on admissible chain of custody management processes and control).
- II. Techniques of legally collecting forensic data and analysis procedures.
- III. Statistical information for security incident data with COT upon request.

Business Continuity Planning

- a) Company shall work with COT within the contract lifecycle to plan, document, execute and test business continuity planning and disaster recovery plans on an ongoing basis and shall produce a defined documented method of determining the impact of any possible disruption and shall work with COT to incorporate the following (but not limited to):
 - I. Identify critical products and services
 - II. Identify all dependencies, including processes, applications, business partners, and third-party service providers
 - III. Establish and document the maximum tolerable period for disruption
 - IV. Establish and document the priorities for recovery
 - V. Establish and document recovery time objectives (RTO) and recovery point objective (RPO) for resumption of critical products and services within their maximum tolerable period (MTP) of disruption
- b) Additionally, Company shall document all policies and procedures related to retention period of any critical assets which is part of the solution per established policies and procedures as well as applicable legal, statutory, or regulatory compliance obligations.
- c) Company shall produce a Backup and recovery measures deliverable as part of the complete package and shall be incorporated appropriately as part of business continuity planning which mirrors the evidence with tests accordingly for effectiveness.

Obsolescence Management

- a) The Company shall provide COT with all market-ready equipment hardware and software upgrades, patches, configuration files, and firmware updates at no additional cost.
- b) Any patches/upgrades to a Company system(s) would be first tested in the Company's facility prior to the implementation to ensure the expected functionality is achieved.
- c) Upon request by the COT, these upgrades shall be installed by the Company via a remote secure connection provided by COT. In the event the installation cannot be performed via remote connection, the Company shall supply the encrypted software on a non- returnable portable device.
- d) The Company shall provide an Obsolescence Management Program ("Program"), updated annually, and designed to minimize the effect of any obsolete components. The Program shall include an Annual Equipment Audit providing notice of any component approaching obsolescence within two years of the audit.
- e) For any component approaching obsolescence, the Company shall provide:
 - i. The nearest match available from a new OEM product family.
 - ii. A direct match from the Company's repaired inventory.
 - iii. The closest match from the superseded component's product familiar fit/form/function replacement shall include a write-up of the replacement component, including any modified functionality

Vulnerability and Risk Assessment

- a) The Company shall submit as part of the submittal defined in the contract a Threat, Vulnerability and Risk Assessment (TVRA)/Threat model report covering all critical and non-critical systems/sub-systems for:
 - i. Associated risks
 - ii. Countermeasures applied
 - iii. Risk mitigation results for all system levels

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- b) The report shall cover the following as appropriate but are not limited to:
- i. Physical access restrictions to OT including all control systems.
 - ii. Physical access restrictions to data in transit and at rest for all on-board and wayside systems.
 - iii. Restrictions applied to wired and/or wireless systems communication to and from wayside to on-board.
 - iv. Centralized system management details for the management of encryption and crypto systems.
 - v. IT/OT isolation plan for all the critical systems.
 - vi. All application details related to secure coding practices.

Asset Management

- a) All Company staff with access to COT assets may be required to sign a Non-Disclosure Agreement (NDA) or other formal written acknowledgment and acceptance of COT policies prior to being given access to COT.
- b) Use of Company assets on any COT network is subject to review by COT prior to connection. The Company shall work with COT to harden, lock down, and otherwise secure their assets to COT's satisfaction and, where this is not feasible for either party; the Company may be provided a COT asset for its use.
- c) The electronic transfer of Personally Identifiable Information and confidential information between the Company and COT shall be performed through secure COT approved mechanisms with appropriate access security controls. Additionally, physical media must be encrypted while in transit.
- d) The Company must be assessed to assure they meet or exceed all COT information security policies, standards, legal and regulatory requirements as part of the contract negotiation process. For new services proposed with currently Company, a security assessment should be performed where the new service differs in scope from other existing services.
- e) The Company must maintain and keep updated on a centralized asset inventory at least an annual basis.

Compliance and Accreditations

- a) The Company shall be responsible for activities and costs associated with maintaining ongoing Payment Card Industry Data Security Standard (PCI DSS) compliance for components in the Company's environment, products/services as applicable to the Deliverables.
- b) All hardware, software, and firmware included as part of the finished product(s) shall comply with cyber security practices current at the time of delivery and consistent with cyber security frameworks such as those defined by the International Standardization Organization (ISO), the National Institute of Standards and Technology (NIST), International Information Systems Security Certification (ISC2), or Information Technology Infrastructure Library (ITIL).
- c) The Company represents and warrants that it performs security testing and validation for all of its products, and that all security testing performed by the Company covers all issues noted in the "SANS/CWE Top 25" and "OWASP Top 10" publicly available lists.
- d) Upon COT's request, certify it is in compliance with this document along with supporting certifications for the most recent versions of PCI-DSS, ISO 27001/27002, SOC 2, or similar assessment for the Company and for any subcontractor or third-party processing, accessing, storing, or managing on behalf of the Company. If the Company is not able to certify compliance, it shall provide a written report detailing where it is out of compliance and its remediation plan to become compliant.