

Federal Financial Institutions Legislative and Regulatory Reporter — August 2018

September 26, 2018

The Reporter provides a monthly summary of Canadian federal legislative and regulatory developments of relevance to federally regulated financial institutions.

The Reporter provides a monthly summary of Canadian federal legislative and regulatory developments of relevance to federally regulated financial institutions. It does not address Canadian provincial financial services legislative and regulatory developments, although this information is tracked by BLG and can be provided on request. In addition, purely technical and administrative changes (such as changes to reporting forms) are not covered.

August 2018

Institution	Published	Title and Brief Summary	Status
FINTRAC	August 21, 2018	Beneficial ownership requirements This guidance has been updated to reflect FINTRAC's amended position that, once the beneficial ownership information is obtained, various reasonable measures may now be used to confirm the accuracy of beneficial ownership information.	Effective since May 1, 2018
OSFI [Federally Regulated Mortgage Insurers]	August 9, 2018	Guideline - Mortgage Insurer Capital Adequacy Test <i>The Mortgage Insurer Capital Adequacy</i>	Effective January 1, 2019

		<i>Test</i> (MICAT) guideline combines the January 1, 2017 advisory <i>Capital Requirements for Federally Regulated Mortgage Insurers</i> (Advisory) and the relevant portions of the guideline <i>Minimum Capital Test for Federally Regulated Property and Casualty Insurance Companies</i> (MCT Guideline) into a single document. In addition, the guideline introduces credit risk capital charges resulting from the implementation of IFRS 16 in 2019 and includes updated credit risk factors for securitized assets that were previously part of Guideline B-5 —<i>Asset Securitization</i>. When it comes into effect, the MICAT will replace the Advisory and the MCT Guideline as the framework for assessing the capital adequacy of mortgage insurance companies. Property and Casualty insurance companies that are not mortgage insurers will continue to determine their regulatory capital requirements using the MCT Guideline.	
The Financial Conduct Authority (FCA)	August 7, 2018	Global Financial Innovation Network The Financial Conduct Authority (FCA) has, in collaboration with 11	Comments should be provided by October 14, 2018.

		financial regulators and related organisations, announced the creation of the Global Financial Innovation Network (GFIN). The consultation sets out the three main functions of the GFIN: • act as a network of regulators to collaborate and share experience of innovation in respective markets, including emerging technologies and business models; • provide a forum for joint policy work and discussions; and • provide firms with an environment in which to trial cross-border solutions. The FCA is also seeking views on the mission statement for the GFIN, its proposed functions, and where it should prioritise activity.	
Financial Stability Board (FSB)	August 7, 2018	Incentives to centrally clear over-the-counter (OTC) derivatives This consultative document from the FSB, the Basel Committee on Banking Supervision (BCBS), the Committee on Payments and Market Infrastructures (CPMI) and the International	Comments should be provided by September 7, 2018.

		Organization of Securities Commissions (IOSCO) examines the effects of G20 financial regulatory reforms on the incentives to centrally clear over-the-counter (OTC) derivatives. The central clearing of standardised OTC derivatives is a pillar of the G20 Leaders' commitments to reform OTC derivatives markets in response to the financial crisis.	
OSFI [Banks, Bank Holding Companies, Federally Regulated Trust and Loan Companies, Cooperative Retail Associations]	August 1, 2018	Proposed changes to the Leverage Requirements (LR) Guideline The revisions will align the LR guideline with the upcoming modifications to Chapter 4 (Settlement and Counterparty Risk) and Chapter 7 (Securitization) of the <i>Capital Adequacy Requirements</i>(CAR) guideline. The revisions incorporate the Standardized Approach to Counterparty Credit Risk (SA-CCR) for calculating derivatives exposures. The Standardized Approach will replace the Current Exposure Method for computing counterparty credit risk exposure amounts for derivatives. The new method will align with the planned implementation of SA-CCR under Chapter 4 of the CAR guideline in Q1 2019. The revisions also include changes to the treatment of securitized	Comments should be provided by September 21, 2018.

		assets that meet the operational requirements for recognition of significant risk transfer (SRT) that align with the proposed revisions in Chapter 7 of the CAR guideline. OSFI has also aligned treatment of the credit conversion factors for off-balance sheet securitization exposures with those under the proposed revisions to Chapter 7 of the CAR guideline.	
--	--	---	--

Disclaimer

This Reporter is prepared as a service for our clients. It is not intended to be a complete statement of the law or an opinion on any subject. Although we endeavour to ensure its accuracy, no one should act upon it without a thorough examination of the law after the facts of a specific situation are considered.

To view the Reporter for previous months, please visit our [Banking and Financial Services publications page](#).

By

[Jeffrey S. Graham](#)

Expertise

[Banking & Financial Services](#), [Financial Services](#), [Banking](#)

BLG | Canada's Law Firm

As the largest, truly full-service Canadian law firm, Borden Ladner Gervais LLP (BLG) delivers practical legal advice for domestic and international clients across more practices and industries than any Canadian firm. With over 800 lawyers, intellectual property agents and other professionals, BLG serves the legal needs of businesses and institutions across Canada and beyond – from M&A and capital markets, to disputes, financing, and trademark & patent registration.

blg.com

BLG Offices

Calgary

Centennial Place, East Tower
520 3rd Avenue S.W.
Calgary, AB, Canada
T2P 0R3

T 403.232.9500
F 403.266.1395

Ottawa

World Exchange Plaza
100 Queen Street
Ottawa, ON, Canada
K1P 1J9

T 613.237.5160
F 613.230.8842

Vancouver

1200 Waterfront Centre
200 Burrard Street
Vancouver, BC, Canada
V7X 1T2

T 604.687.5744
F 604.687.1415

Montréal

1000 De La Gauchetière Street West
Suite 900
Montréal, QC, Canada
H3B 5H4

T 514.954.2555
F 514.879.9015

Toronto

Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, ON, Canada
M5H 4E3

T 416.367.6000
F 416.367.6749

The information contained herein is of a general nature and is not intended to constitute legal advice, a complete statement of the law, or an opinion on any subject. No one should act upon it or refrain from acting without a thorough examination of the law after the facts of a specific situation are considered. You are urged to consult your legal adviser in cases of specific questions or concerns. BLG does not warrant or guarantee the accuracy, currency or completeness of this publication. No part of this publication may be reproduced without prior written permission of Borden Ladner Gervais LLP. If this publication was sent to you by BLG and you do not wish to receive further publications from BLG, you may ask to remove your contact information from our mailing lists by emailing unsubscribe@blg.com or manage your subscription preferences at blg.com/MyPreferences. If you feel you have received this message in error please contact communications@blg.com. BLG's privacy policy for publications may be found at blg.com/en/privacy.

© 2026 Borden Ladner Gervais LLP. Borden Ladner Gervais LLP is an Ontario Limited Liability Partnership.