

Federal Financial Institutions Legislative And Regulatory Reporter

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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.

March 2017

| Institution | Published | Title and Brief Summary | Status |
|------------------------------------|---|---|--|
| Bank for International Settlements | <u>Published</u> <u>March 30, 2017</u> | <u>Global systemically important banks — revised assessment framework — consultative document</u> The Committee has completed its review and is consulting on the following modifications to the framework: <ul style="list-style-type: none"> • Removal of the cap on the substitutability category; • Expansion of the scope of consolidation to include insurance | Comments should be provided by June 30, 2017 |

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| | | <p>subsidiaries;</p> <ul style="list-style-type: none"> • Amendments to the definition of cross-jurisdictional activity; • Modification of the weights in the substitutability category and introduction of a trading volume indicator; • Revisions to the disclosure requirements; • Further guidance on bucket migration and the associated surcharge; and • A proposed transition schedule. | |
| Bank for International Settlements | <u>Published March 29, 2017</u> | <p><u>Regulatory treatment of accounting provisions- interim approach and transitional arrangements</u></p> <p>The Basel Committee on Banking Supervision released details of the interim regulatory treatment of accounting provisions and standards for transitional arrangements.</p> | Final version |
| Bank for International Settlements | <u>Published March 29, 2017</u> | <p><u>Pillar 3 disclosure requirements — consolidated and enhanced framework</u></p> <p>The Pillar 3 disclosure framework seeks to promote market discipline through regulatory disclosure requirements. The enhancements in the standard contain three</p> | Final version |

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| | | <p>main elements:</p> <ul style="list-style-type: none"> • Consolidation of all existing Basel Committee disclosure requirements into the Pillar 3 framework. • Introduction of a "dashboard" of banks' key prudential metrics • Updates to reflect ongoing reforms to the regulatory framework. | |
| FINTRAC | Published March 23, 2017 | <p>Guidance on Amendments to regulations under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)</p> <p>This guidance provides information about changes related to:</p> <ul style="list-style-type: none"> • signature • signature card • definitions • elements that must be considered in your risk assessment: • records you must keep of "reasonable measures" that you have taken (in force June 2017) | |
| OSFI [Applicable to Life Insurance Companies] | Published <u>March 20, 2017</u> | Deferral of IFRS 9 Application for Federally Regulated Life Insurers | Until January 1st, 2021 |

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| | | This allows life insurers to adopt both IFRS 9 and the new <i>IFRS 4 — Insurance Contracts Standard</i> simultaneously. | |
| Bank for International Settlements | <u>Published March 15, 2017</u> | <u>Identification and management of step-in risk — second consultative document</u> The proposed guidelines define the step-in risk that is potentially embedded in banks' relationships with unconsolidated entities. The framework leverages existing prudential tools by informing or supplementing them. | Comments should be provided by May 15, 2017 |
| Financial Stability Board (FSB) | <u>Published March 13, 2017</u> | <u>Proposed governance arrangements for the unique transaction identifier (UTI)</u> The consultation document identifies key criteria for the UTI governance arrangements and the rationale for a number of those criteria; identifies UTI governance functions to be performed, including a mapping of those functions into three broad areas of governance; proposes the allocation of some functions to specific bodies; and identifies options for the allocation of some other functions. | Comments should be provided by May 5, 2017 |
| Finance | Published (Gazette) — March 8, 2017 | <u>By-law Amending the Canada Deposit Insurance Corporation Differential Premiums By-law, SOR/2017-22</u> <ul style="list-style-type: none"> Target Tier 1 capital ratio to be | Effective |

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| | | <p>reported by CDIC member institutions</p> <ul style="list-style-type: none"> • Updates to the Three-Year Moving Average Asset Growth Ratio | |
| <p>OSFI</p> <p>[Applicable to Banks, Bank Holding Companies, Trust and Loan Companies, Co-operative Retail Association]</p> | <p>Published March 6, 2017</p> | <p>OSFI's Implementation timeline for the Net Stable Funding Ratio (NSFR)</p> <p>The Committee's proposed NSFR standard requires banks to maintain a stable funding profile relative to the composition of their assets and off-balance sheet activities.</p> | <p>To extend the domestic implementation timeline of the NSFR to January 2019</p> |

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By

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