Federal Financial Institutions Legislative And Regulatory Reporter - October 2017

November 27, 2017

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.

October

Institution	Published	Title and Brief Summary	Status
Finance	Introduced October 27, 2017	Bill C-63, *A second Act to implement certain provisions of the budget tabled in Parliament on March 22, 2017 and other measures* Division 4 of Part 5 It amends the *Canada Deposit Insurance Corporation Act* to clarify the treatment of, and protections for, eligible financial contracts in a bank resolution process. Division 5 of Part 5 It amends the *Bank of Canada Act* to specify that the Bank of Canada may make loans or advances	Second Reading and Referral to Committee in the House of Commons

		to members of the Canadian Payments Association. It also amends the *Canada Deposit Insurance Corporation Act* to specify that the Bank of Canada and the Canada Deposit Insurance Corporation are exempt from stays even where obligations are secured by real property or immovables. Division 6 of Part 5 It amends the *Payment Clearing and Settlement Act* in order to expand and enhance the oversight powers of the Bank of Canada by further strengthening the Bank's ability to identify and respond to risks to financial market infrastructures in a proactive and timely manner.	
Bank for International Settlements	Published October 25, 2017	Identification and management of step-in risk The guidelines aim to mitigate the systemic risks stemming from potential financial distress in shadow banking entities spilling over to banks.	Effective by 2020
OSFI [Federally regulated property and casualty insurance companies]	Published October 19, 2017	Minimum Capital Test for Federally Regulated Property and Casualty Insurance Companies The revisions to the guideline are intended to ensure OSFI's capital guidance for P&C companies:	Effective January 1, 2018

		• incorporates the clarifications provided in respect of inquiries received, • includes revised terminology to allow for improved consistency with the quarterly statutory returns, • is more consistent with capital requirements in other financial services sectors, where appropriate, and • no longer contains provisions for transitional arrangements that have expired.	
Finance	Published (Gazette) October 18, 2017	By-law Amending the Canada Deposit Insurance Corporation Deposit Insurance Information By-law Substantive amendments to the By-law are necessary to reflect the importance of electronic means of transacting with financial institutions, and the resultant impact on how depositors receive information about deposit insurance protection. In addition, amendments are required to ensure the By-law continues to contribute to consumer awareness about deposit	Effective September 29, 2018 with exceptions

		insurance protection.	
OSFI [Bank, Trust and Loan Companies, Life Insurers and Cooperative Credit Associations]	Published October 17, 2017	Final Revised Guideline B-20: Residential Mortgage Underwriting Practices and Procedures • OSFI is setting a new minimum qualifying rate, or "stress test," for uninsured mortgages. • OSFI is requiring lenders to enhance their loan-to-value (LTV) measurement and limits so they will be dynamic and responsive to risk. • OSFI is placing restrictions on certain lending arrangements that are designed, or appear designed to circumvent LTV limits.	Effective January 1, 2018
OSFI [Bank, Trust and Loan Companies, Federally Regulated Insurers and Federally regulated Cooperative Credit Associations]	Published October 5, 2017	Issuance of Shares or Membership Shares in Consideration of Property In these Transactions Instructions, the applicant is generally expected to provide: • a description of the transaction or series of transactions • a confirmation from a senior officer • a description of the basis on	Effective

		which the assessment of each of the elements was made • details regarding the level of internal approval required with regard to the transaction, based on the applicant's policies, as well as evidence that the transaction was approved at the appropriate level, • an analysis of the effect of the transaction on the financial position and risk profile of the applicant	
OSFI [Federally regulated financial institutions]	Published October 5, 2017	Ruling — Acting Jointly or in Concert OSFI published a ruling on whether two shareholders (A and B), who are parties to a shareholders' agreement, are "acting jointly or in concert" in respect of the related shares. They do not negate the need to obtain any necessary approval of the transaction under the relevant federal financial institutions legislation. Rulings are not necessarily binding on OSFI's consideration of subsequent transactions as these transactions may raise additional or	Effective

		different considerations.	
OSFI [Federally regulated financial entities]	Published September 29, 2017	Revised transaction instructions for applicants seeking letters patent of amalgamation There are two types of amalgamations: short-form and long-form. Both types require the amalgamating entities (*i.e.*, the applicants) to jointly apply to the Minister for letters patent of amalgamation ("Letters Patent") continuing them as one federally regulated entity ("FRE"). Certain conditions, however, must be met before being eligible to apply for Letters Patent.	Effective

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By

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