# Federal Financial Institutions Legislative and Regulatory Reporter - November 2016

**May 18, 2016**

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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.

## November 2016

| Institution | Published | Title and Brief Summary | Status |
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| Finance | Published<br><br>November 30, 2016 | Assessment of Financial Institutions Regulations, 2017<br><br>The *Assessment of Financial Institutions Regulations, 2017*(the amended Regulations) replaces the *Assessment of Financial Institutions Regulations, 2001*.<br><br>The amended Regulations will achieve the following results:<br><br>• The capital adequacy and capital equivalency requirements are risk-sensitive | Comes into force on April 1, 2017 |

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| | | measures that are aligned with OSFI's risk-based approach to supervision and, therefore, serve as a better proxy for the time and resources OSFI dedicates to supervising individual institutions.<br>• Compared to the current assessment measures of assets, premiums, and revenue, OSFI's risk-based capital adequacy and capital equivalency frameworks are largely unaffected by adverse developments in international standards. Any future adjustments to these frameworks would only serve to better refine the allocation of OSFI's expenses.<br>• The minimum amounts assessed have been updated to reflect current market rates, will remain up-to-date through indexing, and have been simplified by reducing the number of minimum | |

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| | | assessment categories. | |
| IAIS<br><br>[Applicable to insurance companies] | Published<br><br>November 24, 2016 | Draft Stakeholder Engagement Plan<br><br>In January 2016, the Executive Committee created the Stakeholder Engagement Task Force (SETF) to develop the Stakeholder Engagement Plan. This draft plan is the product of the work of this Task Force. It includes new commitments, policies and strategies for enhancing stakeholder engagement, including a set of recommendations specific to consumers and the academic community and professional organisations. | Comments should be provided by December 31, 2016. |
| BIS/ Basel<br><br>[Applicable to banks] | Published<br><br>November 23, 2016 | Proposed Revisions to the annex on correspondent banking<br><br>The proposed revisions guide the banks in the application of the risk-based approach for correspondent banking relationships, recognizing that not all correspondent banking relationships bear the same level of risk. The proposed revisions also clarify supervisors' expectations regarding the quality of payment messages as well as conditions for using Know Your Customer (KYC) utilities. | Comments should be provided by February 22, 2017. |
| Finance | Published<br><br>(Gazette) November 16, 2016 | *Canadian Payments Association By-law No. 2 — Finance*, SOR/2016-283 | Comes into force on January 1, 2017. |

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| | | The new By-law is designed to generate sufficient funds to cover the fully allocated costs to operate the CPA, enabling the CPA to fund large one-time investments and recover costs in ways that align with the value delivered. Specifically, increased and adjustable annual dues would be established for all members, and the revised funding model would consist of the following key components:<br>• common services dues, replacing the indirect dues threshold;<br>• transaction fees, aimed at recouping the costs of operating the particular systems (e.g. LVTS, ACSS); and<br>• other services fees (similar to those in the current model). | |
| Finance | Published<br>(Gazette) November 16, 2016 | *By-law Amending the Canadian Payments Association By-law No. 3 — Payment Items and Automated Clearing Settlement System*, SOR/2016-284<br>The objective of the amendment is to address concerns raised by the Standing Joint Committee for the Scrutiny of Regulations. The amendment clarifies the | Comes into force on November 2, 2016 |

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| | | meaning of "regulator" in section 59 by replacing the term with a more functional description. | |
| IAIS<br><br>[Applicable to insurance companies] | Published<br><br>November 15, 2016 | Publication of Application Paper on Approaches to Supervising the Conduct of Intermediaries<br><br>This paper supplements the IAIS's *Application Paper on Approaches to Conduct of Business Supervision*. It addresses conduct of business by intermediaries, reflecting the fact that customers should be protected equally regardless of whether they obtain cover directly from an insurer or through an insurance intermediary. The supervisory framework should take account of all relevant industry participants, to ensure fair treatment of customers. The paper supports the implementation of ICP 18 (Intermediaries) and relevant aspects of ICP 19 (Conduct of Business). | Effective |
| FINTRAC | Published<br><br>November 14, 2016 | Operational brief: Indicators of money laundering in financial transactions related to real estate<br><br>This Operational Brief provides indicators that are intended to assist reporting entities involved in real estate transactions to meet their obligations to report suspicious transactions or attempted suspicious transactions that are related to the commission or attempted commission of a money | Effective |

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| | | laundering or terrorist activity financing offence. | |
| Financial Agency Consumer of Canada (FCAC) | Published<br><br>November 13, 2016 | Commissioner guidance on the Code of Conduct for the Credit and Debit Card Industry in Canada<br><br>In April 2015, the Government announced amendments to the Code which require that all disclosure documents provided under the Code be presented in a manner that is clear, simple and not misleading. It also amended Element 1 of the Code to require that all merchant-acquirer agreements include a cover page containing an information summary box that provides key elements of the agreement in a single location. The cover page must also contain a fee disclosure box which provides merchants with clear pricing information on credit and debit card acceptance. | Effective November 13, 2016 |

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By

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Expertise

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