Federal Financial Institutions Legislative and Regulatory Reporter — March 2019

May 03, 2019

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

Institution	Published	Title and Brief Summary	Status
Bank for International Settlements	March 20, 2019	Basel III Monitoring Report This report presents the results of the Basel Committee's latest Basel III monitoring exercise, based on data as of 30 June 2018. Through a rigorous reporting process, the Committee regularly reviews the implications of the Basel III standards for banks, and has been publishing the results of such exercises since 2012. The report sets out the impact of the Basel III framework that was initially agreed in 2010 as well as the effects of the Committee's	

		December 2017 finalization of the Basel III reforms. However, it does not yet reflect the finalization of the market risk framework published in January 2019.	
OSFI (*Bank Act*)	March 2019	Guide to Foreign Bank Branching This Guide outlines the process to establish a foreign bank branch under the *Bank Act* along with the information that a foreign bank applicant is expected to submit in support of the application to: 1. the Minister seeking an order permitting the foreign bank to establish a branch in Canada to carry on business in Canada; and 2. the Superintendent of Financial Institutions (Superintendent) for the making of an order approving the commencement and carrying on of business in Canada by the Authorized Foreign Bank. This Guide also sets out the various prudential, regulatory and legislative criteria and information	Effective.

		requirements relative to applications for the establishment, and commencement of business, of a foreign bank branch. The primary objective of this Guide is to promote awareness and enhance the transparency of the assessment criteria and processes for the establishment of a foreign bank branch.	
OSFI [Federally Regulated Mortgage Insurers]	March 2019	Revised Guideline B-21 — Residential Mortgage Insurance Underwriting Practices and Procedures OSFI is issuing a revised version of Guideline B-21 —*Residential Mortgage Insurance Underwriting Practices and Procedures*. The guideline sets out OSFI's expectations for prudent residential mortgage insurance underwriting and related activities.	Effective.
Canada Deposit Insurance Corporation	Canada Gazette Part I (March 16, 2019)	Proposed *By-law Amending the Canada Deposit Insurance Corporation Data and System Requirements By-law* The proposed *By-law Amending the Canada Deposit Insurance Corporation Data and System Requirements By-law* (Amending By-law) will facilitate the update and implementation of technical specifications	Effective 30 days after the publication of the final regulation.

		that reflect the enhanced coverage framework by delinking the technical specifications from the By-law. Proposed *By-law amending the Canada Deposit Insurance Corporation Deposit Insurance Information By-law and the Exemption from Deposit Insurance By-law (Notice to Depositors)* Amendments need to be made to the *Canada Deposit Insurance Corporation Deposit Insurance Information By-law* following the implementation of deposit insur-ance coverage changes introduced in Bill C-74, *Budget Implementation Act, 2018, No. 1*, as well as certain tech-nical changes to provide clarity to the By-law. Consequential amendments are also required to the *Exemption from Deposit Insurance By-law (Notice to Depositors)* to reflect the eligibility of foreign currency deposits for coverage, resulting from Bill C-74 when pro-claimed into force.	Effective 30 days after the publication of the final regulation.
Department of Finance	Canada Gazette Part I (March 9, 2019)	Proposed *Payment Clearing and Settlement Regulations* Financial market infrastructures (FMIs)	Sections 1 to 18 of the final regulations to be effective no earlier than the day section 237 of the *Budget Implementation Act,*

		contribute to financial stability by supporting the continuous functioning of payment systems and financial markets, which is especially important in times of severe financial system stress. FMIs also reduce uncertainty in times of financial system stress by having robust and transparent default management mechanisms in place. However, in the unlikely event that a systemically important FMI should fail, a disruption in its critical economic functions could lead to significant adverse effects on the functioning of the financial system and economic activity in Canada These FMIs are typically large, lack substitutes in the markets they serve, and have strong links to banks and other financial institutions, including other FMIs. The *Budget Implementation Act, 2018, No. 1*(assented to June 21, 2018) amends the *Payment Clearing and Settlement Act* (PCSA) to implement an FMI resolution framework so that the appropriate tool kit is in place to intervene in the unlikely event that a systemically important FMI fails. It is intended that these amendments would be brought into	*2018, No. 1*comes into force. Sections 19 to 21 of the final regulations to be effective no earlier than the day section 242 of the *Budget Implementation Act, 2018, No. 1*comes into force.

		force concurrently with the *Payment Clearing and Settlement Regulations*(the Proposed Regulations). The main policy objectives of the FMI resolution regime are to maintain the critical services of an FMI, to promote financial stability and to minimize the potential exposure of public funds to loss. Although the regime shares common elements with Canada's resolution regime for systemically important Canadian banks, it is tailored with specific features to reflect the unique role, structure and business model of FMIs. The Proposed Regulations provide further details of the FMI resolution regime implemented in the PCSA, in the areas of limited clearing members, conflict of interest, resolution plans, cost recovery, compensation, and oversight information.	
OSFI	Canada Gazette Part II (March 6, 2019)	Regulations Amending the Assessment of Pension Plans Regulations The amendments enable the Superintendent to determine a pension plan's assessment after the plan has filed its	Effective April 1, 2019.

		Application for Registration or its Annual Information Return. The amendments also specify that there is not assessment to be paid in the following two scenarios: • The plan has been terminated for five or more pension plan years • The pension plan is underfunded on the termination date and either the pension plan is a negotiated contribution plan or the employer for the plan is bankrupt or insolvent, or undergoing proceedings under the *Companies' Creditors Arrangements Act*. The amendments also clarify that members, survivors or any other persons who chose to transfer their pension benefit credit out of the plan before or after plan termination are not included as beneficiaries (which means that they are not considered for purposes of the assessment calculation). The amendments also clarify that any person	

		for whom the administrator has purchased an annuity as part of the wind-up of a terminated plan is not considered a beneficiary for purposes of the assessment calculation.	
Financial Action Task Force	*February 22, 2019*	Public Statement — Mitigating Risks from Virtual Assets Recognizing the need to adequately mitigate the ML/TF risks associated with virtual asset activities, the FATF is setting out more detailed implementation requirements for effective regulation and supervision/monitoring of virtual asset services providers. FATF has therefore been working on an Interpretive Note to Recommendation 15. FATF had amended Recommendation 15 in October 2018 to clarify how the FATF standards apply to activities or operations involving virtual assets. The text of the new Interpretive Note has been finalised, and will be formally adopted as part of the FATF Standards in June 2019. Paragraph 7(b) of the Interpretive Note has not yet been finalised because it will benefit from private sector consultations to be conducted in May, it may be considered further to reflect technical	Comments were due by April 8, 2019.

		implementation considerations, for final adoption in June 2019. The FATF invites private sector entities and other experts to provide written comments on paragraph 7(b).	

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

Robert Dawkins, Donna Spagnolo

Expertise

Banking & Financial Services, Financial Services, Energy - Oil & Gas Regulatory, Insurance

---

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.