Federal Financial Institutions Legislative and Regulatory Reporter — December 2017

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December 2017

Institution	Published	Title and Brief Summary	Status
Financial Stability Board ("FSB")	Published December 29, 2017	Governance arrangements for the unique transaction identifier ("UTI"): Conclusions and implementation plan This FSB report sets out conclusions on the governance arrangements for UTI including: • a recommendation that jurisdictions implement the UTI no later than end-2020; • the designation of the International Organization for	Effective byend-2020.

		Standardization ("ISO") as the responsible body for publishing and maintaining the UTI data standard; and • the designation of CPMI and IOSCO as the appropriate bodies to undertake the governance functions allocated to an International Governance Body relating to the UTI on an interim basis.	
Finance	Published (Gazette) December 27, 2017	Regulations Amending Eligible Mortgage Loan Regulations, SOR/2017-270 and Regulations Amending Insurable Housing Loan Regulations, SOR/2017-271 These amendments, which apply to private mortgage insurers and the Canada Mortgage and Housing Corporation respectively: • Require all high ratio insured loans to qualify for mortgage insurance at the greater of the contract interest rate and the five-year conventional mortgage interest rate as determined by	Effective October 17, 2016 for all high ratio insured loans to qualify for mortgage insurance. Effective November 30, 2016 to apply relevant eligibility criteria for high ratio loan insurance to low ratio loan insurance.

		the Bank of Canada. • Apply relevant eligibility criteria for high ratio loan insurance to low ratio loan insurance. The later implementation date for the new low ratio criteria is to give lenders time to adjust their lending and funding models to the new rules. • Provide that, before October 17, 2016, certain high ratio and low ratio loans are grandfathered with respect to complying with the new rules to help ensure that existing or impending housing transactions are not disrupted. • Provide that, between October 17, 2016, and November 29, 2016, low ratio loans are also exempt from the new criteria, provided they are funded by a certain date. This transition period is meant to prevent lenders from issuing mortgage pre-approvals before November 30, 2016 that they do	

		not plan to fund in the near term.	
Financial Stability Board ("FSB")	Published December 21, 2017	Key Attributes Assessment Methodology for the Insurance Sector — Consultative Document This consultation sets out a proposed methodology for assessing the implementation of the *Key Attributes of Effective Resolution Regimes for Financial Institutions*("Key Attributes") in the insurance sector. The FSB decided to develop self-contained and free-standing methodologies tailored to the particular features of each sector in order to facilitate sector-specific assessments of the *Key Attributes.*	Comments should be provided by February 28, 2018.
OSFI [Federally Regulated Insurers]	Published December 20, 2017	Public Disclosure Requirements related to Basel III Leverage Ratio Since the phase-in of regulatory capital adjustments ends in Q1 2018 (*i.e.* transitional Tier 1 capital will be equal to all-in Tier 1 capital), transitional arrangements will no longer be relevant from that point onward. As a result, OSFI has removed from the guideline references to "transitional arrangements" and "all-in basis". The guideline is otherwise unchanged.	Effective January 2018.
BIS/ Basel [Applicable to banks]	Published December 20, 2017	Stress testing principles — Consultative Document	Comments should be provided by March 23, 2018.

		This document proposes to replace the existing set of principles with a new streamlined version that states the principles at a high enough level to be applicable across many banks and jurisdictions and remain relevant as stress testing practices continue to develop. National authorities may wish to use the principles in designing their own stress testing rules, guidance or frameworks.	
OSFI [Federally Regulated Insurers]	Published December 14, 2017	Guidelines E-19: Own Risk and Solvency Assessment ("ORSA") and A-4: Regulatory Capital and Internal Capital Targets, Key Metrics Report ("KMR") for life insurers and P&C insurers OSFI has updated these documents to reflect the introduction of Guideline A: *Life Insurance Capital Adequacy Test* ("LICAT") for life insurers, to reflect minor updates for property and casualty ("P&C") insurers, and to improve overall clarity.	Effective January 1, 2018.
FINTRAC	December1 2, 2017	Compliance program requirements under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act ("PCMLTFA") and associated Regulations FINTRAC's Guideline 4 *Implementation of a Compliance Regime* has been replaced by the *Compliance program*	Effective

		requirements. There are five required elements of a compliance program: 1. The appointment of a person who is responsible for the implementation of the compliance program —compliance officer; 2. The development and application of written compliance policies and procedures that are kept up-to-date, and include enhanced measures to mitigate high risks; 3. A risk assessment of business activities and relationships; 4. The development and maintenance of a written ongoing compliance training program for employees, agents, and others authorized to act on your behalf; and 5. The institution and documentation of an effectiveness review of the compliance program every two years	

		(minimum) for the purpose of testing its overall effectiveness.	
BIS/ Basel [Applicable to banks]	Published December7, 2017	The regulatory treatment of sovereign exposures — Discussion Paper The Basel Committee on Banking Supervision's view is that the issues raised by the Task Force on Sovereign Exposures and the ideas outlined in this discussion paper are important, and could benefit from a broader discussion. However, lacking a consensus to make any changes to the treatment of sovereign exposures, the Committee has therefore decided to consult only interested stakeholders on the ideas presented in this paper.	Comments should be provided by March 9, 2018.
IAIS [Applicable to insurance companies]	Published December 7, 2017	Activities-based approach to Systemic Risk This interim public consultation paper is intended to provide an opportunity for stakeholders to give input into the development of an activities-based approach and feedback on the proposed steps that the IAIS will follow in its work on deriving activities-based policy measures. The paper does not include conclusive proposals on policy measures, as this will be the subject of the next phase of work in 2018.	Comments should be provided by February 15, 2018.

BIS/ Basel [Applicable to banks]	Published December 7, 2017	Basel III: Finalising post-crisis reforms A key objective of the revisions incorporated into the framework is to reduce excessive variability of risk-weighted assets ("RWA"). The revisions will help restore credibility in the calculation of RWA by: • enhancing the robustness and risk sensitivity of the standardised approaches for credit risk and operational risk, which will facilitate the comparability of banks' capital ratios • constraining the use of internally modelled approaches • complementing the risk-weighted capital ratio with a finalised leverage ratio and a revised and robust capital floor	Final version.

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By

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