

Federal Financial Institutions Legislative and Regulatory Reporter - July 2016

August 25, 2016

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.

July 2016

Institution	Published	Title and Brief Summary	Status
IAIS [Applicable to insurance companies]	Published July 19, 2016	IAIS Releases 2016 Insurance Capital Standard: Public Consultation Document The purpose of this 2016 ICS Public Consultation Document is to solicit stakeholder feedback on three key components of ICS Version 1.0 for confidential reporting purposes: valuation methodologies, qualifying capital resources and the implementation of risk based approaches to determine regulatory capital requirements. The focus of ICS Version 1.0 is on a standard method, with consideration of other methods of calculation of	Comments due by October 19, 2016

		the ICS capital requirement to be addressed in Version 2.0.	
BIS/Basel [Applicable to banks]	Published July 11, 2016	Revised securitisation framework with capital treatment for "simple, transparent and comparable" securitisations The Basel Committee on Banking Supervision published an updated standard for the regulatory capital treatment of securitisation exposures. By including the regulatory capital treatment for "simple, transparent and comparable" (STC) securitisations, this standard amends the Committee's 2014 capital standards for securitisations.	Effective
OSFI [Applicable to Banks, Trust and Loans companies, Cooperative Credit and Retail Associations, Life Insurance Companies, Fraternal Benefit Societies and Property & Casualty Insurance Companies]	Issued July 7, 2016	OSFI Tightens Supervisory Expectations for Mortgage Underwriting The OSFI released a letter to advise federally regulated financial institutions (FRFIs) that it is tightening its supervisory expectations for mortgage underwriting in light of the evolving housing market. The letter identifies a number of areas that warrant close attention by mortgage lenders and insurers. OSFI's supervisory scrutiny for residential mortgage underwriting will place an even greater emphasis on confirming that the internal controls and risk management	Effective

		practices of mortgage lenders and insurers are sound and take into account market developments. The letter also provides an update to industry on initiatives announced by OSFI in a December 2015 letter aimed at strengthening the measurement of capital held by the major banks and mortgage insurers.	
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