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OSFI
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The OSFI *Pillar*

FROM THE OFFICE OF THE SUPERINTENDENT OF
FINANCIAL INSTITUTIONS CANADA (OSFI)

Executive Appointment of Andrew Kriegler

On January 29, 2013, Superintendent Julie Dickson announced the appointment of Andrew Kriegler as Assistant Superintendent, Supervision Sector, effective February 18, 2013, in preparation for the retirement of incumbent, Ted Price.

Mr. Kriegler brings to OSFI more than 25 years of varied experience in the financial services industry, most recently as Senior Vice-President and Treasurer of CIBC, a position that he held from 2008 to 2012. Previously, he spent eight years with Moody's, where he was Managing Director, Canada for six years and Senior Vice-President and Chief Human Resources Officer at Moody's head office in New York. His complete bio is [here](#).

He will assume his duties on completion of language training.



Canadian Domestic Systemically Important Banks

On March 26, 2013, OSFI released the names of Canada's six largest banks that have been identified as being of domestic systemic importance, and that will be subject to continued supervisory intensity, enhanced disclosure, and a one per cent risk weighted capital surcharge by January 1, 2016.



The banks are: Bank of Montreal, Bank of Nova Scotia, Canadian Imperial Bank of Commerce, National Bank of Canada, Royal Bank of Canada, and Toronto Dominion Bank.

The criteria used to determine systemic importance include size, interconnectedness, substitutability and complexity. The Basel principles allow regulators some flexibility in determining systemic importance. Further details can be found in the letter, advisory and news release [here](#).

"The measures we are announcing today are designed to address the potential impact that the distress or failure of a large bank could have on the Canadian financial system and broader economy," said Julie Dickson, Superintendent of Financial Institutions.

OSFI Plan and Priorities 2013

On April 2, 2013, OSFI posted its Plan and Priorities for 2013-2016. The document describes OSFI's priorities for the planning period and outlines key challenges and risks. Click [here](#) to see the full document.

OSFI's priorities for 2013-2016 are:

- ⇒ Anticipating and responding to risks emanating from the economy and financial system;
- ⇒ Anticipating and responding to risks emanating from regulatory reform;
- ⇒ A high-performing and effective workforce;
- ⇒ An enhanced corporate infrastructure.

Earthquake Exposure Guideline

On February 28, 2013, OSFI issued a revised version of Guideline B-9, Earthquake Exposure Sound Practices, for property and casualty insurance companies. As a result of a number of comments on the proposed formula to measure financial resource requirements, OSFI agreed to continue discussions with the industry to finalize the methodology. The revised proposal regarding financial resources requirements will be incorporated in the Minimal Capital Test (MCT) Guideline, expected for release later this year. Click [here](#) to see the Guideline.

The revised Guideline:

- ⇒ *Emphasizes and strengthens the principles-based approach to managing earthquake exposure;*
- ⇒ *Removes references to outdated Default Loss Estimates;*
- ⇒ *Updates the description of best practices in earthquake exposure management;*
- ⇒ *Increases OSFI's flexibility in the collection of relevant data;*
- ⇒ *Removes the details of the capital formula from Guideline B-9.*

Capital Disclosure Requirements

On February 28, 2013, OSFI issued for comment a draft advisory to provide clarification on the implementation of the Basel Committee on Banking Supervision (BCBS) Disclosure Rules for all institutions subject to Pillar 3 Disclosure Requirements. This advisory builds on OSFI's November [2007 Advisory](#) on Pillar 3 Disclosure Requirements and provides clarification on the implementation of the BCBS Disclosure Rules.

Comments on the draft advisory should be provided to OSFI by April 30, 2013.

Click [here](#) to view the Required Public Capital Disclosure Requirements related to the Basel III Pillar 3 draft advisory.

International Social Security Association Technical Seminar

On February 24, 2013, Chief Actuary Jean-Claude Ménard delivered a presentation to the International Social Security Association Technical Seminar on "Proactive and Preventive Approaches in Social Security - Supporting Sustainability" in Muscat, Oman. The topic was the "Intergenerational Balance of the Canadian Retirement Income System".



Annual Pension Industry Forum

On February 12, 2013, OSFI hosted its fourth annual Pension Industry Forum in Toronto. The Forum focused on such topics as the Pooled Registered Pension Plans legislation and regulation, recent policy developments, OSFI's actuarial approach, an update on recent defined contribution-focused initiatives, and OSFI's supervisory approach to defined contribution plans.



OSFI Audit Committee Changes

On January 30, 2013, the Treasury Board Secretariat announced the appointment of Gordon Cummings to OSFI's Audit Committee under the auspices of the federal government's Policy on Internal Audit. Mr. Cummings retired as a full-time executive in 2005, after serving for 20 years as CEO of various organizations, including the Canadian Executive Service Organization, Agricore, Alberta Wheat Pool, United Cooperatives of Ontario and National Sea Products. Currently he is an active corporate director. His complete biography is [here](#).

With the appointment of Mr. Cummings, OSFI said goodbye to Bernard Bougie, whose term came to an end on February 12, 2013. Mr. Bougie had served on OSFI's Audit Committee since January 2006.

On February 12, 2013, the Treasury Board Secretariat announced that vice-chairperson Michael Hasley's term would be extended by one year.

OTC Derivative Market Reform

On January 24, 2013, OSFI issued a letter to advise federally regulated financial institutions of OSFI's progress and contributions in implementing G-20 reforms for the over-the-counter (OTC) derivatives markets and to outline ongoing and future initiatives in this area.

OSFI will be outlining central clearing principles and other planned reforms of bilateral counterparty risk management in an updated Derivatives Best Practices Guideline (B-7), to be updated in 2013, as more international convergence is achieved.

The letter is available [here](#).

Corporate Governance Guideline

On January 28, 2013, OSFI published a revised Corporate Governance Guideline and Annex. The latter provided a summary of the key comments received from the public and an explanation of how these issues were dealt with in the final Guideline. OSFI received over 30 submissions from various stakeholders following the release of the draft.

OSFI expects federally regulated financial institutions (FRFIs) to conduct a self-assessment of compliance with the Corporate Governance Guideline and to establish a plan to address any deficiencies by May 1, 2013.



Full implementation of the Corporate Governance Guideline by FRFIs is expected no later than January 31, 2014. The documents are available [here](#).

What's New Online (www.osfi-bsif.gc.ca)

On March 26, OSFI issued an addendum updating the Actuarial Report on the Pension Plan for the Public Service of Canada as at 31 March 2011. It was tabled before Parliament on March 25, 2013. The Report is available [here](#).

On February 27, 2013, the Administrative Procedures for the Late and Erroneous Filing Penalties ([LEFP Framework](#)) for 2013 was posted on OSFI's website. Prior to the implementation of the Framework in 2002, many federally regulated financial institutions were not filing returns within the required timeframes and a large number of returns were erroneous. To address this situation, the LEFP Framework was developed to encourage accurate and on-time filing of regulatory returns.

On February 25, 2013, OSFI issued the results of the recent revisions to the [Capital Adequacy Requirements \(CAR\) Guideline](#). As a result of the revisions, a number of other guidance documents will no longer be applicable and have been removed from OSFI's web site. A list of affected guidance was included in [Annex 3](#) to the cover letter accompanying the 2013 CAR guideline released on December 10, 2012.

On February 6, 2013, OSFI posted online the letter and documents that were sent to life insurance entities asking them to participate in the [fourth quantitative impact study \(QIS#4\)](#). The results of the study will provide OSFI with information related to all potential methods developed to date for determining capital requirements.

In January 2013, OSFI issued a [revised Instruction Guide](#) to inform the pension industry of OSFI's current filing and reporting requirements for actuarial reports for defined benefit plans filed pursuant to subsection 12(2) of the Pension Benefits Standards Act, 1985 (PBSA).

More information is available on our website at www.osfi-bsif.gc.ca.

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The OSFI Pillar

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255 Albert Street
Ottawa, Ontario K1A 0H2