

The OSFI PILLAR

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From the Office of the Superintendent
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In this issue

OSFI Strategic Plan 2019-2022
Executive changes
Liquidity Adequacy Requirements



OSFI Strategic Plan 2019-2022

All successful organizations – big and small, public and private, for profit and not-for-profit -- share at least one common activity: they must plan for both the short- and long-term.

At OSFI, planning is doubly important because of our mandate and the critical role we play in the stability of the Canadian financial system. Strategic planning allows us to prepare, to be proactive and anticipate risks and avoid unfavourable scenarios before they happen. It creates a sense of direction, keeps us focused on the bigger picture, and it makes us more efficient in our operations through better use of our financial and human resources.

Recently, OSFI released its strategic plan for the 2019-2022 period. The [OSFI Strategic Plan 2019-2022](#) is a framework for our work; it sets a vision for the future; confirms our purpose and values and sets clear objectives. Moreover, it emphasizes the importance of not only *what* we do but also *how* we do it.

At its centre is our vision: *building OSFI for today and tomorrow: preserving confidence, ever vigilant, always improving*. It focuses us on a core strategic agenda and lays out criteria for current and future success.

The plan's key components are its four key goals: improve regulated entities' preparedness and resilience to financial risk; improve their preparedness to identify and develop resilience to non-financial risks; improve our agility and operational effectiveness through responsible stewardship of our resources; and preserve support from Canadians and cooperation from the financial services industry by being transparent and accountable. The objectives describe what success in achieving these goals will look like.

Transparency is important to us. Which is why we hope that by inviting Canadians to look at our strategic plan, they will see our vision and how we are preparing for the future by establishing goals, priorities and examples of what success will look like.

This plan will not sit on a bookcase; it will be an active management tool. We will monitor and update it to reflect progress and changes to the risk environment. The *OSFI Strategic Plan 2019-2022* provides definitive goals, objectives and measures which will allow all OSFI employees to contribute towards a stable Canadian financial system, one in which all Canadians can continue to place their trust.

Executive Changes



Ben Gully

Superintendent Jeremy Rudin announced that Ben Gully will become Assistant Superintendent, Regulation Sector this fall. He is replacing Carolyn Rogers who becomes [Secretary General of the Basel Committee on Banking Supervision](#) (BCBS) for a three-year period.

Mr. Gully is currently Assistant Superintendent, Risk Support Sector. He will also become OSFI's representative on the Basel Committee on Banking Supervision upon Ms. Rogers' departure in June.

Since returning to OSFI in 2017, Mr. Gully has led the reshaping of the nature of risk advice for supervision and regulation and introduced new areas of expertise designed to address non-financial risks related to people, technology, and digitization. He has also played a key role in establishing the foundation for building out OSFI's data and risk analytics capabilities.

Ben rejoined OSFI in 2017 from the Australian Prudential Regulation Authority (APRA) where he served as their first Chief Risk Officer, a position he held since 2015. Prior to joining APRA, he had worked at OSFI in a number of specialist, regulation, and supervision roles. In 2014, while at OSFI, he won *Out on Bay Street* (now *Start Proud*) *Leaders to be Proud of Award*. Ben began his career at the Bank of England.

Mortgage Underwriting



Remarks by Superintendent Jeremy Rudin

Superintendent Jeremy Rudin participated in a fireside chat at the Northwind Housing Finance Forum, in Cambridge, ON in February where he discussed how OSFI's mortgage stress test has improved lending standards and better prepared financial institutions for the unexpected.

"OSFI oversight of mortgage underwriting standards gives us a tool that we need to ensure the safety and stability of Canadian banks and the Canadian financial system. What it doesn't give us is a dial we can turn up and down to try to get particular outcomes in the housing market."

View a summary of the remarks: [Guideline B-20: Preparing for the Unexpected](#). 

Deposit-Taking Institutions

Liquidity Adequacy Requirements

In April, OSFI released the final version of its [Liquidity Adequacy Requirements](#) (LAR) guideline for implementation on January 1, 2020. Key changes include targeted revisions to the treatment of less stable retail deposits in the [Liquidity Coverage Ratio \(Chapter 2\)](#) and [Net Cumulative Cash Flow \(Chapter 4\)](#). In addition, the guideline now includes the [Net Stable Funding Ratio standard \(Chapter 3\)](#). These revisions will ensure the LAR Guideline remains comprehensive and current regarding the measurement and monitoring of institutions' liquidity risk.

Related to the LAR guideline is the final version of the [Net Stable Funding Ratio Disclosure Requirements](#) guideline, which sets out OSFI's expectations for disclosure of funding risk for D-SIBs.

Other new guidance affecting D-SIBs is the final version of Guideline B-2: [Large Exposure Limits for Domestic Systemically Important Banks](#). This guideline incorporates the Basel Committee on Banking Supervision's *Supervisory Framework for Measuring and Controlling Large Exposures* and provides additional guidance on methods OSFI expects institutions to use for identifying, measuring, managing and monitoring large exposures. It comes into force on November 1, 2019.

At the end of March, OSFI released a revised [Guide to Foreign Bank Branching](#).

Insurance

Mortgage Insurers

On March 1, OSFI issued a revised version of its [Residential Mortgage Insurance Underwriting Practices and Procedures](#) guideline (B-21) for mortgage insurance companies. The updates to the guideline align its language with that of [Residential Mortgage Underwriting Practices and Procedures](#) guideline (B-20) in the areas of income verification, property valuation, and fraud detection and prevention. 

Pensions

Assessment Amendments

On April 1, the [Regulations Amending the Assessment of Pension Plans Regulations](#) came into force after publication in *Part II of the Canada Gazette* on March 6, 2019. OSFI has issued a notice to all plan administrators describing the amendments and the changes they can expect to the process for paying assessments. 

Office of the Chief Actuary (OCA)



Assia Billig

In Early March, Superintendent Jeremy Rudin announced the appointment of [Assia Billig](#) as Chief Actuary and head of the Office of the Chief Actuary. Assia has worked in the Office of the Chief Actuary for more than a decade, specializing in actuarial analysis of social security issues. Most recently, she led the development of the innovative methodology that will be used to determine contribution rates for the enhanced portion of the Canada Pension Plan.

Former chief actuary Jean-Claude Ménard delivered a presentation on [Additional Canada Pension Plan Sustainability Regulations](#) on April 10 to the McGill Desautels Faculty of Management in Montréal. “The financial sustainability provisions help to ensure that the CPP continues to benefit current and future generations.”

He also spoke about the [sustainability of the Canada Pension Plan](#) on April 5 to the Institute for Governance of Private and Public organizations in Montréal.

In early February, Assia Billig participated in a panel discussion at the 20th Annual Defined Contribution Plan Summit in Banff, Alberta. “A successful multi-pillar pension system diversifies sources of income to retirees and mitigates pension risks by profiting from the pillars’ interaction. The expansion of the Canada Pension Plan applied this principle in practice.”

View the [Supporting material for the panel discussion](#).

Conflict of Interest Policy

OSFI has recently updated its [Conflict of Interest Policy](#), which provides guiding principles to help avoid situations that could give rise to a real or apparent conflict of interest or make decisions when faced with a situation that has the potential to create such a conflict. It is a key instrument to support maintaining OSFI’s integrity, objectivity and impartiality. Disclosing our Conflict of Interest Policy demonstrates transparency, which is part of our fourth strategic plan goal.

Peer Reviews

The OCA is commissioning external [peer reviews](#) of its next actuarial report on the Canada Pension Plan (CPP). The external peer review aims to ensure that actuarial reports meet high professional standards and are based on reasonable methods and assumptions. The review will be conducted by individuals who are Fellows of the Canadian Institute of Actuaries (FCIAs) as well as possibly one other fully qualified actuary who belongs to another actuarial association and complies with the professional standards of the CIA.

The OSFI Pillar is published by the Communications and Consultations Division of the Office of the Superintendent of Financial Institutions. For more information on the articles in this issue, or to provide feedback, please e-mail OSFI Communications at: communications@osfi-bsif.gc.ca.

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