



Letter

Title	Update to Instructions for Operational Risk Self-Assessment for TSA and AMA Institutions
Category	Sound Business and Financial Practices
Date	April 12, 2017
Sector	Banks
Reference	CAR for TSA and AMA DTIs

To: TSA and AMA Deposit-taking Institutions

As part of OSFI's approval processes for applicants and users of the Standardized Approach (TSA) and the Advanced Measurement Approach (AMA) for operational risk capital modeling, institutions are required to populate and submit a standard self-assessment based on the minimum criteria defined in OSFI's Capital Adequacy Requirements (CAR) guideline and the Basel Committee on Banking Supervision (BCBS) 2011 document *Principles for the Sound Management of Operational Risk*.

On June 29, 2016, the Office of the Superintendent of Financial Institutions (OSFI) issued Guideline E-21 Operational Risk Management which provides OSFI's expectations regarding the management of operational risk. In support of the guideline, OSFI has created an Operational Risk Self-Assessment template. To avoid duplication, OSFI has revised the TSA & AMA Self-Assessment template to remove criteria already included in the Operational Risk Self-Assessment template. Applicants and users of TSA and AMA are now required to complete the Operational Risk Self-Assessment template and the revised 2017 TSA & AMA Self-Assessment on an ongoing basis as required by OSFI.

Further questions may be directed to Denise.Price-Hoo@osfi-bsif.gc.ca.

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Annex – Revised 2017 TSA & AMA Self-Assessment Template

The self-assessment template sets out the expectations of the requirements for TSA & AMA applicants and users in terms of the minimum criteria as defined in OSFI's Capital Adequacy Requirements (CAR) guideline as well as BCBS *Principles for the Sound Management of Operational Risk*. The Template is divided into two worksheets: ORM Practices and AMA Methodology. Details on each of the worksheets are as follows:

Column Heading	Definition	Drop Down Options
ID	Reference number	
Criteria	Articulation of the requirement	
Reference	Regulatory guidance reference	
Previous SAP Reference	Numbering from 2012 AMA & TSA Operational Risk Self-Assessment Template	
Compliance Rating	Rating refers to the Federally Regulated Financial Institutions (FRFIs) compliance with OSFI criteria.	<ul style="list-style-type: none"> • N/A • Full Compliance • Substantial Compliance • Partial Compliance • Non-Compliance
Target Compliance Date	Expected date to achieve full compliance status or date full compliance was attained	
Internal Audit (Audit Status)	Internal Audit (Audit Status) refers to the independent audit assessment of the FRFIs responses to OSFI criteria.	<ul style="list-style-type: none"> • N/A • Audit Work Completed • Audit Work in Progress • No Audit Work Planned

Column Heading	Definition	Drop Down Options
Validation	The validation responses reflect the status of work done by the institution's independent validation function to establish whether the AMA model is sound or whether improvements are required. Validation should encompass both quantitative and qualitative elements, and assess the appropriateness of the risk management processes to ensure that the framework remains 'fit for purpose'.	<ul style="list-style-type: none"> • N/A • Validation Work Completed • Validation Work in Progress • No Validation Work Planned
Comments including Names of Supporting Documents	Commentary regarding evidence and supporting documentation.	

A mapping of the 2012 TSA & AMA Self-Assessment Template to the E-21 Self-Assessment template is available on request.