



News Release

For Immediate Release

Building resilience: OSFI sets Domestic Stability Buffer level at 2.00%

OTTAWA — June 4, 2019 — Office of the Superintendent of Financial Institutions

Today the Office of the Superintendent of Financial Institutions (OSFI) set the [Domestic Stability Buffer](#) at 2.00% of total risk-weighted assets, effective October 31, 2019.

This reflects OSFI's view that key vulnerabilities to Canada's Domestic Systemically Important Banks (D-SIBs) remain elevated. The key vulnerabilities include Canadian household indebtedness, asset imbalances and institutional indebtedness. Against this backdrop, a favourable credit environment and stable economic conditions continue to provide a window of opportunity for D-SIBs to increase their capital holdings.

An effective capital regime ensures that banks are holding adequate capital to protect against risks to the financial system, while also encouraging them to use their buffers during times of stress to avoid asset-sales or drastic reductions in lending.

This announcement is consistent with the [Financial Stability Board remarks](#) that financial supervisors like OSFI should "*consider using the current window of opportunity to build resilience, particularly macroprudential buffers where appropriate.*"

Announcing the buffer demonstrates OSFI's view that increased transparency will support banks' ability to use this capital buffer in times of stress by increasing understanding of the purpose of the buffer and how it should be used.

Associated Links

- [Domestic Stability Buffer announcements](#)
- [Domestic Stability Buffer Information sheet](#)
- [June 2019 Letter to Industry](#)

About OSFI

The [Office of the Superintendent of Financial Institutions](#) (OSFI) is an independent agency of the Government of Canada, established in 1987, to protect depositors, policyholders, financial institution creditors and pension plan members, while allowing financial institutions to compete and take reasonable risks.



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