



Reference: Guideline for Banks (D-SIBs)

December 10, 2019

To: Domestic Systemically Important Banks (D-SIBs)

Subject: OSFI sets Domestic Stability Buffer level at 2.25%

The purpose of this letter is to inform you that, following its semi-annual review, OSFI has decided to set the level of the Domestic Stability Buffer at 2.25% of total risk-weighted assets, as calculated under the *Capital Adequacy Requirements (CAR) Guideline*.

This reflects OSFI's assessment that, on balance, the identified systemic vulnerabilities remain elevated and in some cases increasing, while economic conditions continue to be accommodative. Specific vulnerabilities covered by the buffer continue to include:

- Canadian consumer indebtedness
- asset imbalances in the Canadian market
- Canadian institutional indebtedness

In addition, global vulnerabilities related to ongoing trade tensions and rising leverage are growing, which could increase the chance of a spillover of external risks into the Canadian financial system.

The Domestic Stability Buffer applies only to those federally regulated financial institutions designated as Domestic Systemically Important Banks (D-SIBs)¹.

The new Domestic Stability Buffer level of 2.25% of risk-weighted assets is effective as of April 30, 2020.

Related materials:

[News Release](#)

[Domestic Stability Buffer Information Sheet](#)

¹ As of December 2019, the following federally regulated financial institutions are designated as Domestic Systemically Important Banks: Bank of Montreal, Bank of Nova Scotia, Canadian Imperial Bank of Commerce, National Bank of Canada, Royal Bank of Canada, and Toronto-Dominion Bank.