



News Release

For Immediate Release

Building resilience: OSFI sets Domestic Stability Buffer level at 2.25%

OTTAWA – December 10, 2019 – Office of the Superintendent of Financial Institutions

Today the Office of the Superintendent of Financial Institutions (OSFI) set the [Domestic Stability Buffer](#) (DSB) at 2.25% of total risk-weighted assets, effective April 30, 2020.

This reflects OSFI's view that key vulnerabilities to Canada's Domestic Systemically Important Banks (D-SIBs) remain elevated, and in some cases show signs of increasing. The key vulnerabilities include Canadian household indebtedness, asset imbalances and 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.

Against a backdrop of accommodative low interest rates and stable economic conditions, it is prudent to build additional resilience against potential shocks to the financial system.

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 recent statements from the [Financial Stability Board](#), which caution that "given rising global vulnerabilities, authorities should continue to assess whether existing buffers are adequate to support resilience, taking into account their domestic conditions and cyclical position."

OSFI remains committed to increasing the understanding of the purpose of the DSB to support banks' use of this capital buffer in times of stress.

Associated Links

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



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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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