Commonly Asked Questions on the Credit Risk Quantitative Impact Study

We have received a number of questions from preparers regarding the credit Risk Quantitative Impact Study. We provide answers to some of the most commonly asked questions below:

1. For Securities Lent (90.500 Page), you are asking for Column 10 Line 099, but this is the Grand Total of ALL Asset Default Risks. You need to ask for the sum of the sub-total lines on 31.030 and 32.030.

   Yes. Users should total lines 09, 29, 39, 40 & 45 of Column 10 Page 31.030 and 32.030 respectively, since you the total on this page includes not only the line items for this page.

2. Please confirm that we should be using the 2009 MCCSR Guidelines to determine the "Government" Bonds to be excluded. We are assuming that the new definition for assets that qualify for the 0% risk factor will be used going forward.

   Yes, but you need to be consistent for comparison purpose with the current MCCSR (2008 y-e) that will be used.

3. We are wondering if we should still be reclassifying Tier 1 financial instruments (Trust Securities eligible for Innovative Tier 1 Capital status in the company that issued the instrument) from bonds to preferred shares (equity) for the QIS as we do in the regular MCCSR Asset Default Risk? The QIS mentions that we should tie back to Life-1 Preferred Share numbers so that would imply that OSFI does not want this reclassification done.

   Treat them as preferred shares to be consistent with MCCSR for comparison purpose.

4. On several pages of the QIS there is a reference to Column 60 of Life 1/2 Page 21.012 which does not seem to be complete.

   Please ignore the reference to the Column and tie the total amount on the QIS to the applicable lines and columns of Page 21.012.
5. We noticed that in determining the “Reduction of Solvency Buffers for Participating Products” that the amount “C” carried forward from the Market Risk QIS is net of the existing MCCSR reduction for credit risk related to participating products and therefore the amount remaining for the credit risk solvency buffer on the new basis is too low.

We have now recognized that this problem exists for the Credit Risk calculation. We have decided not to adjust the worksheet since the information for us to correct this deficiency when analyzing the results, is already available on the worksheet. No additional changes are needed to either the Credit Risk or Market Risk QIS forms or Instructions for this item.