Letter

Title	Settlement Risk in Foreign Exchange Transactions – Letter (2013)
Category	Sound Business and Financial Practices
Date	June 6, 2013
Sector	Banks Trust and Loan Companies
No	E-24

Note :

The June 2013 advisory on Settlement Risk in Foreign Exchange Transactions was reclassified as Guideline E-24 in September 2018. The content of the guideline is identical to that of the original advisory.

OSFI is issuing this advisory to establish expectations with respect to the management of foreign exchange settlement risk (FXSR) by banks, bank holding companies and trust and loan companies (institutions). The basis for this advisory comes from the Basel Committee on Banking Supervision's (BCBS) paper entitled *Supervisory guidance for managing risks associated with the settlement of foreign exchange transactions* (PDF). Institutions are expected to take account of the nature, size, complexity and risk profile of their foreign exchange transactions when assessing their practices against the principles in the OSFI advisory in the course of normal compliance reviews. Institutions should develop a plan to remedy any deficiencies that come to light during their assessments. This will enable them to respond to questions that may arise when OSFI supervisors review their foreign exchange settlement risk management practices. Reviews of institutions' practices surrounding the FXSR principles will be considered in line with the annual supervisory planning process.

Questions concerning the advisory should be addressed to Patrick Tobin, Capital Division, at (613) 990-1258, or by email at Patrick.Tobin@osfi-bsif.gc.ca.

Sincerely,

Mark Zelmer

Assistant Superintendent

Regulation Sector