Letter

Title	Covered Bond Limit Guideline – Letter
Date	November 19, 2026
Sector	Banks Trust and Loan Companies
Effective date	May 1, 2027

Today, we are launching a 60-day public consultation on proposed revisions to the covered bond limit as specified in the Covered Bond Limit Guideline.

The revisions aim to better balance prudential safeguards against asset encumbrance with the evolving funding needs of Canadian deposit-taking institutions. The comments we receive will inform final changes to the guideline, which we expect to publish in May 2027 for immediate implementation.

The draft guideline introduces a differentiated framework for domestic systemically important banks and small and medium-sized banks.

The proposed revisions have the following three objectives:

- supporting competition by providing issuers with meaningful additional covered bond issuance capacity
- preserving sufficient unencumbered assets to support funding resilience and protect unsecured creditors during periods of stress
- aligning the limit with the assets that support covered bond issuance and the associated asset encumbrance risks, particularly for SMSBs

Stakeholders who wish to submit comments should send them to Consultations@osfi-bsif.gc.ca by January 18, 2027. We will post a non-attributed summary of the comments we receive, together with our responses, on our website alongside the final version of the guideline in May 2027.