

# Federal Financial Institutions Legislative and Regulatory Reporter - July

August 10, 2021

The Reporter provides a monthly summary of Canadian federal legislative and regulatory developments of relevance to federally regulated financial institutions. It does not address Canadian provincial financial services legislative and regulatory developments, although this information is tracked by BLG and can be provided on request. In addition, purely technical and administrative changes (such as changes to reporting forms) are not covered.

## July 2021

Institution	Published	Title and Brief Summary	Status
OSFI	July 30, 2021	<p><a href="#"><u>Updated Indicators: Laundering of Proceeds from Human Trafficking for Sexual Exploitation</u></a></p> <p>This Operational Alert (Reference: FINTRAC-2021-OA001) updates the Financial Transactions and Reports Analysis Centre of Canada's (FINTRAC's) 2016 Operational Alert "<a href="#"><u>Indicators: The laundering of illicit proceeds from human trafficking for sexual exploitation</u></a>" with additional indicators in</p>	

		<p>support of Project Protect to assist reporting entities in recognizing financial transactions suspected of being related to the laundering of proceeds associated to human trafficking for sexual exploitation. Through financial transaction reports, FINTRAC is able to facilitate the detection, prevention and deterrence of all stages of money laundering (placement, layering and integration) and the financing of terrorist activities by providing actionable financial intelligence disclosures to law enforcement and national security agencies.</p>	
<p>OSFI</p>	<p>July 26, 2021</p>	<p><a href="#"><u>OSFI Guideline Consequential Changes as a Result of IFRS 17</u></a></p> <p>The Office of the Superintendent of Financial Institutions (OSFI) remains committed to working with the industry and key stakeholders to support a robust implementation of International Financial Reporting Standard 17 - <i>Insurance Contracts</i> (IFRS 17).</p> <p>OSFI is seeking feedback on the proposed consequential changes to existing guidance as</p>	<p>Comments by September 15, 2021</p>

		<p>a result of IFRS 17.</p> <p>Provide feedback/comments on the proposals in <a href="#">this letter</a> by no later than September 15, 2021. In particular, feedback is requested on:</p> <ol style="list-style-type: none"> <li>1. Potential risks with the proposed deletions and amendments.</li> <li>2. The appropriateness of the text of proposed changes.</li> <li>3. Other suggestions for guideline amendments not already in progress that may require further refinement to reflect IFRS 17 or IFRS 9.</li> </ol> <p>Questions and comments about the letter can be sent by email to <a href="mailto:IFRS17rev@osfi-bsif.gc.ca">IFRS17rev@osfi-bsif.gc.ca</a>.</p>	
OSFI	July 6, 2021	<p><a href="#">Operational Risk and Resilience</a></p> <p>On December 15, 2020, OSFI concluded a consultation process on its discussion paper, <a href="#">Developing Financial Sector Resilience in a Digital World</a> that highlighted certain aspects of</p>	Comments by September 10, 2021

		<p>operational resilience. On May 10, 2021, OSFI subsequently published a summary of next steps in areas related to non-financial risk more broadly. OSFI views <a href="#">operational resilience</a> as an important objective of operational risk management and, as a result, critical for the overall safety and soundness of a financial institution.</p> <p>OSFI is now seeking FRFIs' views on:</p> <ul style="list-style-type: none"> <li>• How to position OSFI's perspective on operational risk and resilience within its principles-based guidance framework (including Guideline E-21); and</li> <li>• How to address connections to related risks—including , but not limited to, technology and cyber risks, third-party risk, model risk, culture, compliance and reputation risk—within OSFI's approach to operational risk management and operational</li> </ul>	
--	--	---	--

		<p>resilience.</p> <p>Submit comments by September 10, 2021 to <a href="mailto:Resilience@osfi-bsif.gc.ca">Resilience@osfi-bsif.gc.ca</a>.</p>	
OSFI	July 5, 2021	<p><a href="#">Consultation on the Prudential Treatment of Crypto Asset Exposures</a></p> <p>OSFI aims to raise awareness of <a href="#">international consultations</a> on the prudential treatment of crypto assets, and seeks views from all federally regulated financial institutions.</p> <p>Feedback from domestic institutions should be sent <a href="#">to OSFI via email</a> by September 30, 2021. Comments to the Basel Committee on Banking Supervision on its consultant paper may be submitted <a href="#">here by September 10, 2021</a>.</p>	Comments by September 10, 2021
IAIS	July 9, 2021	<p><a href="#">IAIS Announces the Climate Training Alliance, a Joint Initiative to Enhance the Availability of Training Resources for Authorities Responding to Climate Risks</a></p> <p>The International Association of Insurance Supervisors (IAIS) announced the Climate Training Alliance (CTA), a joint initiative to enhance the availability of</p>	

		<p>training resources for authorities responding to climate risks. The CTA is a collaboration between the Bank for International Settlements, the IAIS, the Central Banks and Supervisors Network for Greening the Financial System, and the UN-convened Sustainable Insurance Forum.</p> <p>For more information, <a href="#">read the full release here</a>.</p>	
<p>Bank of Canada</p>	<p>July 20, 2021</p>	<p><a href="#">Bank of Canada Announces Changes to its Standing Liquidity Facility Collateral Policy</a></p> <p>To provide support for the upcoming introduction of the Lynx payment system, the Bank of Canada (Bank) is announcing changes to the Standing Liquidity Facility (SLF) Collateral Policy that will be effective July 26, 2021. These changes will ensure Lynx participants have access to a broad set of collateral that will help them appropriately manage their liquidity requirements under Lynx and facilitate a smooth transition to this new payment system.</p>	<p>Effective July 26, 2021</p>

		<p>The changes to the policy are as follows:</p> <ul style="list-style-type: none"> <li>• certain USD-denominated securities are being added to the list of eligible collateral, including securities issued or guaranteed by Canadian and provincial governments, eligible Other Public Sector securities, and covered bonds registered with the Covered Bond Registrar;</li> <li>• participants are now permitted to request a same-day non-mortgage loan portfolio concentration limit increase to accommodate their liquidity needs for extremely large and/or critical payment flows; and</li> <li>• as part of the ongoing review of the SLF Collateral Policy, the Bank has revised the margin requirements and some maturity buckets applied</li> </ul>	
--	--	---	--

		<p>to securities accepted as SLF collateral.</p> <p>The updated list of <a href="#">Assets Eligible as Collateral under the Bank of Canada's Standing Liquidity Facility</a>, including the updated margin requirements, is available on the Bank of Canada website.</p>	
Bank of Canada	July 14, 2021	<p><a href="#">Monetary Policy Report – July 2021</a></p> <p>As the economy reopens after the third wave of COVID-19, growth is expected to rebound strongly. The Bank is forecasting growth of about six per cent this year, slowing to about 4.5 per cent in 2022 and 3.25 per cent in 2023.</p>	
Bank of Canada	July 6, 2021	<p><a href="#">CARR Publishes Results of Consultation. Recommended CDOR FRN Fallback Language</a></p> <p>The Canadian Alternative Reference Rate working group (CARR) <a href="#">published the results</a> of its <a href="#">consultation on its proposed methodology</a> for calculating CORRA-in-arrears as well as draft fallback language for floating rate notes (FRNs) that reference CDOR. At the same time, CARR published</p>	



		<p>its <a href="#">final recommended CDOR FRN fallback language</a>.</p> <p>CARR thanks all those who provided feedback on the consultation. All comments received were carefully reviewed by CARR members. Reflecting feedback from the consultation, the Bank of Canada <a href="#">began publishing a CORRA Compounded Index</a> in April 2021. The CDOR FRN fallbacks were also redrafted to closely align them with ISDA’s fallback language for derivatives, reflecting consultation feedback, including from a number of large CDOR FRN issuers.</p>	
<p>CDIC</p>	<p>July 9, 2021</p>	<p><a href="#">New Research Sheds Light on Contingency Planning Preparedness</a></p> <p>The Canada Deposit Insurance Corporation (CDIC) recently spearheaded a research project on contingency plan testing, revealing common challenges faced by regulatory authorities and the measures they’ve taken to bolster resilience.</p> <p>Conducted on behalf of the North American arm of the International Association of Deposit Insurers (IADI), the</p>	

		<p>research analyses the contingency plan testing programs of deposit insurers and resolution authorities in Canada, the United States and Mexico. The research paper explores the development of contingency plan testing programs and identifies best practices and lessons learned from CDIC and the other contributors to the research project including: the <i>Autorité des marchés financiers</i> (AMF), the Federal Deposit Insurance Corporation (FDIC), and the Instituto para la Protección al Ahorro Bancario (IPAB).</p> <p>For the full research paper, see the <a href="#">Contingency Plan Testing in North America (PDF, 539 KB)</a>.</p>	
FSB	July 13, 2021	<p><a href="#">Lessons Learnt from the COVID-19 Pandemic from a Financial Stability Perspective: Interim Report</a></p> <p>The Financial Stability Board (FSB) published its <a href="#">Interim Report on the Lessons Learnt from the COVID-19 Pandemic from a Financial Stability Perspective</a>. The report identifies preliminary lessons for financial</p>	

		<p>stability and aspects of the functioning of the G20 financial reforms that may warrant attention at the international level.</p> <p>The COVID-19 pandemic is the first major test of the global financial system since the G20 reforms were put in place following the financial crisis of 2008. Thus far, the financial system has weathered the pandemic thanks to greater resilience, supported by the G20 reforms, and the swift, determined and bold international policy response. Authorities broadly used the flexibility within international standards to support financing to the real economy. Monitoring and coordination, guided by the <a href="#">FSB COVID-19 Principles</a>, has discouraged actions that could distort the level playing field and lead to harmful market fragmentation.</p> <p>The <a href="#">report identifies preliminary lessons</a> for financial stability from the COVID-19 experience and aspects of the functioning of the G20 financial reforms that may warrant attention at the international level.</p>	
--	--	---	--

		<p>The FSB will engage with external stakeholders on preliminary findings and issues raised in this report. The final report, which will incorporate this feedback and set out tentative lessons and next steps to address the identified issues, will be delivered to the G20 Summit in October.</p>	
<p>FSB</p>	<p>July 7, 2021</p>	<p><a href="#"><u>Report on Promoting Climate-Related Disclosures</u></a></p> <p>Globally consistent and comparable disclosures by firms of their climate-related financial risks are increasingly important to market participants and financial authorities.</p> <p>The implementation of climate-related disclosures, using a framework based on the TCFD Recommendations, would be an important step forward on the path towards convergence with anticipated international reporting standards on climate. Global alignment of practices would help deliver consistent and comparable disclosures and foster convergence.</p>	

		<p>The FSB surveyed its members in H1 2021 to explore national/regional practices of financial authorities on promoting climate related disclosures. The survey identified gaps and challenges in the implementation of requirements or guidance based on the TCFD Recommendations.</p> <p>The report also sets high-level guidance, in the form of recommendations, to support financial authorities in their development of frameworks, as they consider appropriate to their wider public policy objectives, regulatory and legal frameworks. Continued coordination among financial authorities at the jurisdiction level and global coordination across jurisdictions and with relevant organisations is paramount to support the call for an acceleration in progress.</p>	
FSB	July 7, 2021	<p><a href="#"><u>The Availability of Data With Which to Monitor and Assess Climate-Related Risks to Financial Stability</u></a></p> <p>This <a href="#"><u>report examines the availability</u></a> of data with which to monitor and assess climate-</p>	

		<p>related risks to financial stability. It is the latest in a series of FSB reports concerning climate change. Previous reports were the FSB's <a href="#"><u>Stocktake of financial authorities' experience in including climate risks as part of their financial stability monitoring</u></a>, and <a href="#"><u>The Implications of Climate Change for Financial Stability</u></a>.</p> <p>This report was prepared in close coordination with other international bodies and draws on a number of inputs. In particular, it has benefited from contributions from the BCBS, IAIS, IMF, IOSCO, OECD and the World Bank. It has also been informed by the work of the Task Force on Climate-related Financial Disclosures (TCFD).</p> <p>The report complements the NGFS's Workstream on Bridging Data Gaps. This NGFS workstream is undertaking a more comprehensive assessment of the availability of data, including to facilitate the scaling up of green finance.</p>	
--	--	--	--

<p>FSB</p>	<p>July 7, 2021</p>	<p><a href="#"><u>FSB Roadmap for Addressing Climate-Related Financial Risks</u></a></p> <p>There is a growing focus on potential risks to financial stability from climate change. A large, and growing, number of international initiatives are underway on addressing financial risks from climate change. Ongoing work by official sector bodies, including the FSB, NGFS, BCBS, IAIS, IOSCO, OECD, IMF and World Bank, and a variety of private sector bodies on climate issues have been added to recently by the IFRS Foundation proposal to establish an International Sustainability Standards Board, initially focused on climate-related reporting. More generally, climate topics are being given an important place in both the G20 and G7 agendas for 2021, and preparations are underway for COP26.</p> <p>This <a href="#"><u>roadmap for addressing climate-related financial risks</u></a>, which has been prepared in consultation with standard-setting bodies and other relevant international bodies,</p>	
------------	---------------------	---	--

		<p>supports international coordination in several ways.</p> <p>The FSB roadmap sets out a comprehensive and coordinated plan for addressing climate-related financial risks, including steps and indicative timeframes needed to do so, and paves the way for implementation. It will be delivered to the G20 Finance Ministers and Central Bank Governors meeting in July 2021.</p>	
<p>FSB</p>	<p>July 6, 2021</p>	<p><a href="#"><u>FSB Urges Action to Complete the Transition Away From LIBOR by end-2021</u></a></p> <p>The Financial Stability Board (FSB) has published a <a href="#"><u>progress report to the G20 on LIBOR transition and remaining issues</u></a>. With the end of 2021 getting ever nearer, the transition away from LIBOR is a significant priority for the FSB. Continued engagement from the private sector, in conjunction with a significant commitment by the official sector, remains critical in order to support this transformational effort and to support financial stability on a sustainable basis.</p> <p>The report points to the FSB's recently updated <a href="#"><u>Global</u></a></p>	



		<p><a href="#">Transition Roadmap</a>, which, drawing on national working group recommendations, summarizes the high-level steps firms will need to take now and over the course of 2021 to complete the transition away from LIBOR. Given the limited available until end-2021, the FSB strongly urges market participants to act now to complete the steps set out in the roadmap.</p>	
--	--	--	--

## Disclaimer

This Reporter is prepared as a service for our clients. It is not intended to be a complete statement of the law or an opinion on any subject. Although we endeavour to ensure its accuracy, no one should act upon it without a thorough examination of the law after the facts of a specific situation are considered.

By

[Cindy Y. Zhang](#), [Donna Spagnolo](#)

Expertise

[Banking & Financial Services](#), [StartUp & Grow™](#), [Insurance](#), [Financial Services Regulatory](#), [Financial Services](#), [FinTech](#), [Driven By Women™](#)

---

## BLG | Canada's Law Firm

As the largest, truly full-service Canadian law firm, Borden Ladner Gervais LLP (BLG) delivers practical legal advice for domestic and international clients across more practices and industries than any Canadian firm. With over 725 lawyers, intellectual property agents and other professionals, BLG serves the legal needs of businesses and institutions across Canada and beyond – from M&A and capital markets, to disputes, financing, and trademark & patent registration.

[blg.com](http://blg.com)

### BLG Offices

#### Calgary

Centennial Place, East Tower  
520 3rd Avenue S.W.  
Calgary, AB, Canada  
T2P 0R3

T 403.232.9500  
F 403.266.1395

#### Ottawa

World Exchange Plaza  
100 Queen Street  
Ottawa, ON, Canada  
K1P 1J9

T 613.237.5160  
F 613.230.8842

#### Vancouver

1200 Waterfront Centre  
200 Burrard Street  
Vancouver, BC, Canada  
V7X 1T2

T 604.687.5744  
F 604.687.1415

#### Montréal

1000 De La Gauchetière Street West  
Suite 900  
Montréal, QC, Canada  
H3B 5H4

T 514.954.2555  
F 514.879.9015

#### Toronto

Bay Adelaide Centre, East Tower  
22 Adelaide Street West  
Toronto, ON, Canada  
M5H 4E3

T 416.367.6000  
F 416.367.6749

The information contained herein is of a general nature and is not intended to constitute legal advice, a complete statement of the law, or an opinion on any subject. No one should act upon it or refrain from acting without a thorough examination of the law after the facts of a specific situation are considered. You are urged to consult your legal adviser in cases of specific questions or concerns. BLG does not warrant or guarantee the accuracy, currency or completeness of this publication. No part of this publication may be reproduced without prior written permission of Borden Ladner Gervais LLP. If this publication was sent to you by BLG and you do not wish to receive further publications from BLG, you may ask to remove your contact information from our mailing lists by emailing [unsubscribe@blg.com](mailto:unsubscribe@blg.com) or manage your subscription preferences at [blg.com/MyPreferences](http://blg.com/MyPreferences). If you feel you have received this message in error please contact [communications@blg.com](mailto:communications@blg.com). BLG's privacy policy for publications may be found at [blg.com/en/privacy](http://blg.com/en/privacy).

© 2024 Borden Ladner Gervais LLP. Borden Ladner Gervais LLP is an Ontario Limited Liability Partnership.