

Federal financial institutions legislative and regulatory reporter – September 2021

October 18, 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.

September 2021

Institution	Published	Title and Brief Summary	Status
IAIS			
	September 30, 2021	IAIS Global Insurance Market Report Provides First Quantitative Study on the Impact of Climate Change on Insurers' Investments The International Association of Insurance Supervisors (IAIS) has published the 2021 Global Insurance Market Report (GIMAR) special topic edition on the impact of climate change on the financial stability of the insurance sector	

		<p>addressing specifically how insurance sector investments are exposed to climate change. Drawing on unique quantitative and qualitative data gathered from the wide IAIS membership, analysis was carried out to better understand insurers' asset-side exposures to, as well as supervisors' views on, climate-related risks. In addition, scenarios were developed to assess climate change impact on a forward-looking basis.</p> <p>Read the press release here or click here to access the report directly.</p>	
Payments Canada			
	September 23, 2021	<p>Upcoming Changes to Rules, Procedures & Standards</p> <p>The following amendments are currently under review by the Minister of Finance and are projected to come into effect on November 22, 2021:</p> <p>Rule A10: Amendments to update the Incident management provisions for cheque images.</p> <p>Rule G3 and G8: Amendments related to</p>	Effective November 22, 2021

		<p>the review of government warrants. Target rule effective date:</p> <p>Rule B2 and B9: Amendments to add a new identifier for Regional and National SETs Collection.</p>	
	September 1, 2021	<p>Payments Canada Launches Lynx, Canada's New High-Value Payment System</p> <p>Payments Canada announces the launch of the first release of Lynx, Canada's new high-value payment system. Lynx is replacing the Large Value Transfer System (LVTS), which has served as Canada's high-value payment system for over 20 years.</p> <p>Designated by the Bank of Canada as a systemically important payment system under the Payment Clearing and Settlement Act, Lynx will process large value, time-critical payments (<i>i.e.</i>, wire payments) with real-time settlement finality and will provide enhanced cyber security and resiliency capabilities. Lynx will be owned and operated by Payments Canada, and overseen by the Bank of Canada. Lynx has been designed with</p>	

		<p>flexibility to support future technologies, including interfaces and APIs.</p> <p>A second release, planned for late 2022, will introduce the ISO 20022 message standard. ISO 20022 allows for data-rich payments, which will support the introduction of new products and services, and the digitization of manual and paper-based processes related to invoicing and payment reconciliation. The introduction of the ISO 20022 message standard will assist Canadian financial institutions in meeting SWIFT's ISO 20022 global requirements.</p>	
BIS			
	September 20, 2021	<p>Basel III Monitoring Results Based on End-December 2020 Data</p> <p>The Basel Committee published the results of its latest Basel III monitoring exercise, based on 31 December 2020 data. The report sets out the impact of the Basel III framework including the December 2017 finalization of the Basel III reforms and the January 2019 finalization of the market risk framework. It includes a special feature on exemptions</p>	

		<p>from the leverage ratio exposure measure due to Covid-19, and covers both Group 1 and 2 banks (see note to editors for definitions).</p> <p>The <i>final</i> Basel III minimum requirements will be implemented by January 1, 2023 and fully phased in by January 1, 2028. The average impact of the fully phased-in final Basel III framework on the Tier 1 minimum required capital (MRC) of Group 1 banks is +2.9%, compared to a 1.8% increase at end-December 2019. This higher impact for Group 1 banks and G-SIBs may be partially driven by the different treatment of some outlier banks.</p> <p>Furthermore, measures taken by some jurisdictions during the Covid-19 pandemic that reduce current capital requirements but leave capital requirements under the fully phased-in final Basel III standard unaffected could explain parts of the observed increase of the impact. The capital shortfalls at the end-December 2020 reporting date are €6.1 billion for Group 1 banks at the target level, in comparison with €10.7 billion at</p>	
--	--	--	--

		<p>end-December 2019.</p> <p>The report is accompanied by interactive Tableau dashboards that allow users to explore the results with greater ease and flexibility. In addition to the liquidity dashboards, an additional dashboard now covers the credit risk section of the report. Similar dashboards related to other sections of the report may be added at a later stage.</p>	
	September 2, 2021	<p>BIS Innovation Hub and Central Banks of Australia, Malaysia, Singapore and South Africa Will Test CBDCs for International Settlements</p> <p>The Bank for International Settlements (BIS) Innovation Hub, the Reserve Bank of Australia, Bank Negara Malaysia, Monetary Authority of Singapore, and South African Reserve Bank will join forces to test the use of central bank digital currencies (CBDCs) for international settlements.</p> <p>Led by the Innovation Hub's Singapore Centre, Project Dunbar aims to develop prototype shared platforms for cross-border transactions</p>	

		<p>using multiple CBDCs. These multi-CBDC platforms will allow financial institutions to transact directly with each other in the digital currencies issued by participating central banks, eliminating the need for intermediaries and cutting the time and cost of transactions.</p> <p>The project will work with multiple partners to develop technical prototypes on different distributed ledger technology platforms. It will also explore different governance and operating designs that would enable central banks to share CBDC infrastructures, benefitting from the collaboration between public and private sector experts in different jurisdictions and areas of operation.</p> <p>Project Dunbar's work will explore the international dimension of CBDC design and support the efforts of the G20 roadmap for enhancing cross-border payments. Its results, expected to be published in early 2022, will inform the development of future platforms for global and regional settlements.</p> <p>Technical prototypes of the shared platforms,</p>	
--	--	---	--

		<p>developed in collaboration with different technology partners, will be demonstrated at the Singapore FinTech Festival in November 2021.</p>	
FSB			
	<p>September 30, 2021</p>	<p><u>FSB Financial Stability Surveillance Framework</u></p> <p>The Financial Stability Board (FSB) published its new <u>Financial Stability Surveillance Framework</u>. The framework supports the comprehensive, methodical and disciplined review of vulnerabilities by the FSB, and thereby helps to identify and address new and emerging risks to financial stability. The framework embodies four key principles:</p> <ul style="list-style-type: none"> • focus on vulnerabilities that may have implications for global financial stability; • scan vulnerabilities systematically and with a forward-looking perspective, while preserving flexibility; • recognise differences 	

		<p>among countries; and</p> <ul style="list-style-type: none"> • leverage the comparative advantages of the FSB while avoiding duplication of work. <p>Once identified, material global vulnerabilities will be subject to more intensive monitoring and analysis, and, as appropriate, policy dialogue among FSB committees. In addition, the FSB will communicate its view on vulnerabilities through its Annual Reports and other formats.</p>	
	September 1, 2021	<p><u>Global Systemically Important Financial Institutions (G-SIFIs)</u></p> <p>The FSB, in consultation with the Basel Committee on Banking Supervision (BCBS) and national authorities, has identified global systemically important banks (G-SIBs) since 2011. The list of G-SIBs is divided into 'buckets' corresponding to required level of additional loss absorbency.</p> <p>BCBS publishes the <u>methodology for assessing and</u></p>	

		<p>identifying G-SIBs.</p> <p>The FSB, in consultation with the IAIS and national authorities, began identifying global systemically important insurers (G-SIIs) in 2013. In November 2019 in light of the finalized holistic framework, the FSB, in consultation with the IAIS and national authorities, suspended G-SII identification as from the beginning of 2020. In November 2022, the FSB will, based on the initial years of implementation of the holistic framework, review the need to either discontinue or re-establish an annual identification of G-SIIs by the FSB in consultation with the IAIS and national authorities.</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](#), [Financial Services](#), [Banking](#), [Financial Services Regulatory](#), [Insurance](#), [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

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 or manage your subscription preferences at blg.com/MyPreferences. If you feel you have received this message in error please contact communications@blg.com. BLG's privacy policy for publications may be found at blg.com/en/privacy.

© 2025 Borden Ladner Gervais LLP. Borden Ladner Gervais LLP is an Ontario Limited Liability Partnership.