

Office of the Superintendent of Financial Institutions Canada

Performance Report

**for the
period ending
March 31, 2003**

The Secretary of State
(International Financial Institutions)

TABLE OF CONTENTS

	<u>Page</u>
SECTION 1. MESSAGE FROM THE SUPERINTENDENT	5
SECTION 2. CONTEXT	7
2.1 Who We Are	7
2.2 What We Do	7
2.3 Our People and Our Workplace	9
2.4 Who We Regulate and Supervise	12
2.5 How We Support Government Priorities	13
2.6 Our Current Environment	14
2.7 Our Threats and Risks	16
SECTION 3. DISCUSSION OF PERFORMANCE	17
3.1 Strategic Outcomes	17
3.2 Key Partners	21
3.3 Key Targets and Overall Results	22
3.4 Program, Resources and Results Linkages	30
3.5 Management Practices	38
ANNEX A – FINANCIAL AND OTHER TABLES	39
Financial Tables	39
Other Tables	44
ANNEX B – OTHER INFORMATION	53
Listing of Statutes and Regulations	53
Reference	58

SECTION 1. MESSAGE FROM THE SUPERINTENDENT

I am pleased to present the Departmental Performance Report (DPR) for the Office of the Superintendent of Financial Institutions (OSFI) for the period ending March 31, 2003.

More so than its annual report, which provides the public with a broad range of financial and institutional detail, this performance report focuses on the benefits of OSFI's overall contribution to Canadians and to Canada's financial and economic strength. In so doing, it concentrates primarily on OSFI's two strategic outcomes: contributing to public confidence in Canada's financial system and safeguarding Canadians from undue financial loss. Both outcomes contribute in turn to sound economic performance, a key government priority given the importance of the financial system to an advanced economy such as Canada's. This benefits all aspects of Canadian society.



Nick Le Pan, Superintendent, OSFI

These strategic outcomes are of particular importance in today's financial environment. Public confidence in corporate-sector financial reporting has been undermined in the past few years, largely because of high-profile scandals occurring in the United States. Canadian legislation pertaining to federal financial institutions contains significant safeguards against such developments, but Canada's corporate world has not been entirely immune from them. As a consequence, it has become an important public policy objective to enhance the integrity of Canada's financial marketplace. Accordingly, during the past year OSFI was extensively involved with securities regulators and other policy makers in the development of enhanced measures to promote improved transparency and more effective governance within Canada's business and financial sectors.

It was anticipated, given the continuing state of uncertainty within international markets and other economies, that 2002-2003 would pose challenges for OSFI with a possible increase in the number of problem financial institutions and private pension plans. Consequently, during the year OSFI focused internal resources on areas of supervision while temporarily reducing some activities relating to guidance and rule-making. While this adjusted focus reflected short-term requirements, it did not significantly disrupt longer-term initiatives to which OSFI has committed itself. In 2002-03, OSFI completed, or substantially advanced, several key initiatives. Among these were:

- the introduction of *Composite Risk Ratings* to provide individual institutions with an overall evaluation of their safety and soundness as determined by OSFI;
- the issuance of OSFI's *Corporate Governance Guideline* for financial institutions, which outlined OSFI's views and expectations concerning the

- effectiveness of corporate governance practices, which is an essential element to safe and sound functioning of financial institutions; and
- the continuation of efforts to make OSFI's Approval Process for transactions requiring ministerial or superintendent consent more efficient and transparent to the industry

As it turned out, during the past year Canadian financial institutions performed better than most in other countries. Although profitability for banks and insurers was affected by unfavourable conditions in financial markets, and by deterioration in corporate credit, continued strength in Canadian employment and personal incomes were important sustaining influences. Improved diversification and risk management practices enabled institutions to weather successfully the recent downswing in the credit cycle. Their balance sheets on the whole remained sound and their capital positions solid. Conditions in the Property and Casualty (P&C) insurance industry were complicated by factors such as rapidly rising claims costs, particularly in auto insurance, and lower returns on investments.

Private pension plans also faced considerable challenges during the year. This was the case in particular with plans experiencing a decline in investment returns combined with weaknesses in the sponsor's business conditions.

The past year was also eventful for the Office of the Chief Actuary (OCA), which completed actuarial reports on a number of government-sponsored pension plans. OCA provides actuarial advice to the Government of Canada regarding various pension plans and social programs to ensure that these plans and programs are sound. It also advised the Public Sector Pension Investment Board and the Pension Advisory Committees of the Public Service, the Canadian Forces and the RCMP, each of which provided advice to their Ministers on the design, administration and funding of their respective plans. OCA's input and involvement provide a level of assurance to Canadians that these plans and programs are being managed prudently.

It is generally the case that problems in the financial services industry lag behind economic and financial cycles. It is also the case that material economic and financial market uncertainties remain in the current environment. As a result, OSFI must and will remain vigilant in advancing its strategic outcomes: – contributing to public confidence in Canada's financial system and in safeguarding Canadians from undue loss.

SECTION 2. CONTEXT

2.1 Who We Are

The Office of the Superintendent of Financial Institutions (OSFI) is the primary regulator of federally chartered financial institutions and federally administered private pension plans in Canada.

Mission

Its mission is to safeguard Canadian policyholders, depositors and private pension plan members from undue loss. OSFI advances and administers a regulatory framework that contributes to public confidence in the Canadian financial system without unduly restricting the competitiveness of the regulated entities involved. It supervises and regulates all banks and all federally incorporated or registered trust and loan companies, insurance companies, cooperative credit associations, fraternal benefit societies and private pension plans.

Mandate

Under legislation passed in 1996, OSFI was given a mandate that focuses on contributing to public confidence in Canada's financial system and undertaking supervisory intervention in a timely manner in order to minimize losses to policyholders, depositors and creditors of financial institutions. OSFI engages in a range of activities and outcomes that are essential to fulfilling this mandate.

OSFI also provides actuarial and other services to the Government of Canada. To carry out these responsibilities effectively, a separate unit, the Office of the Chief Actuary (OCA), was created within the organization.

2.2 What We Do

Primary to OSFI's mission and mandate – and central to its contribution to Canadians and Canada's financial system – are two strategic outcomes:

Contribute to Public Confidence – Contribute to public confidence by enhancing the safety and soundness of the Canadian financial system, including the evaluation of system-wide risks and the promotion of sound business and financial practices.

Safeguard from Undue Loss – Identify institution-specific risks and trends, and intervene in a timely manner to minimize losses to policyholders, depositors and private pension plan members.

These outcomes are cited in the legislation that was passed by Parliament to create OSFI. There are other agencies and departments whose activities also promote confidence in the Canadian financial system (see Section 3.2 below). OSFI plays its part – primarily by being an effective regulator and supervisor, and where appropriate, by participating in

various forums to communicate with the industry and the public on its expectations and its regulatory and supervisory activities.

OSFI achieves its mandate through two key business lines:

1. Regulation and Supervision of Financial Institutions and Private Pension Plans

OSFI works to achieve its mission related to financial institutions and private pension plans through a regulatory and supervisory regime that promotes safety and soundness, and which results in early intervention when problems are identified. This regime respects the need for financial institutions to take reasonable risks in order to compete and prosper. One element of this aspect of OSFI's operations is its supervisory function, which assesses risks in financial institutions and private pension plans, leading to intervention in a timely manner if necessary. Another is OSFI's contribution to rules and guidance that are issued either domestically or internationally (either set by OSFI or by others) which promotes safety and soundness of institutions and plans.

OSFI's legislated mandate requires OSFI to recognize the need for institutions to compete effectively. Assessing OSFI's performance in this area requires a balanced consideration of what may be competing objectives.

When problems are identified in individual institutions or plans, OSFI's first approach is to work with institutions to remedy problems in a timely manner, using its formal powers and authorities when recourse to corporate governance or risk management and control approaches are ineffective. Achieving this balance of action governs all aspects of OSFI's work, as well as the design of OSFI's accountability framework.

In addition, as a result of OSFI's responsibility for the administration of various financial institution statutes, a number of transactions require OSFI's approval. These approvals must balance the need for appropriate assessment from a prudential perspective with the need for timeliness, consistency and quality of service to those seeking approval.

2. Actuarial and Other Services to the Government of Canada

The Office of the Chief Actuary (OCA) has a slightly different responsibility to Canadians. OCA has to ensure public confidence in the Canadian retirement income system through a financially sound Canada Pension Plan (CPP) and public sector employee pension plans and other programs.

OCA estimates long-term expenditures, revenues and current liabilities of the CPP and of federal public sector pension and insurance plans. It also estimates long-term future expenditures for Old Age Security programs. Pursuant to the *Canada Pension Plan* and the *Public Pensions Reporting Act*, OCA prepares statutory triennial actuarial reports on the financial status of these programs as required by legislation.

In addition, whenever a Bill is introduced before Parliament that has significant impact on the financial status of a public pension plan falling under the statutory responsibilities of the Chief Actuary, OCA must submit an actuarial report to the appropriate Minister.

2.3 Our People and Our Workplace

OSFI employs 460 people in offices located in Ottawa, Montreal, Toronto and Vancouver.

Our work requires the effort and attention of multidisciplinary teams engaged in research and analysis, legal activities and communications initiatives. It demands an equal combination of broad perspective and in-depth expertise. We've built excellence into our culture, encouraging continuous learning: through teamwork, professional-development and training opportunities, and through the provision and support of advanced technologies.

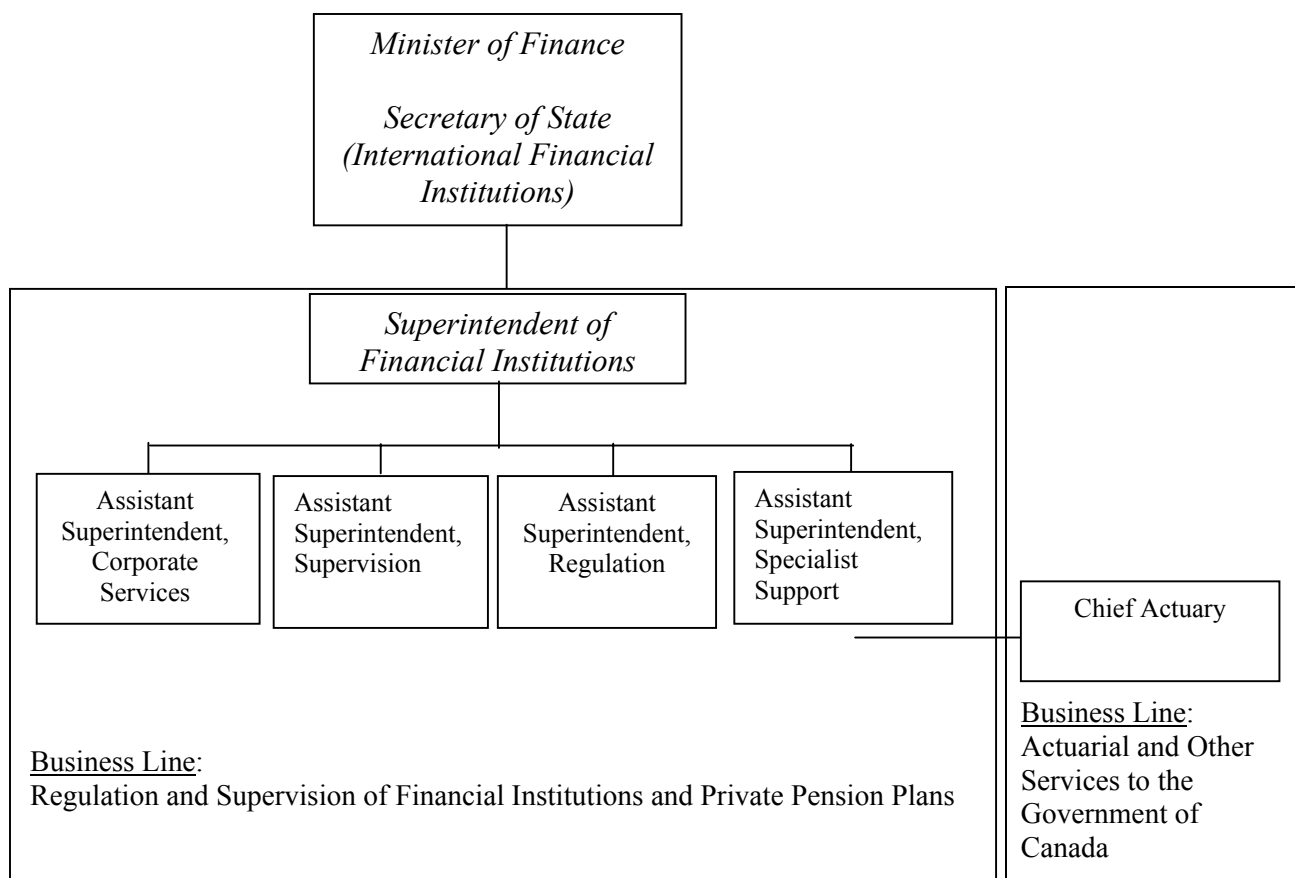
Ours is a unique work environment which, while focused primarily on financial matters, benefits from a full spectrum of professional experience and expertise, drawing on the talents of recent graduates as well as seasoned industry experts.

In our most recent employee survey, 93 per cent of respondents indicated that they are proud to work for OSFI, while 86 per cent would recommend OSFI to others as a good place to work. Employees feel that they have interesting and challenging work. Survey respondents indicated that their supervisors demonstrate commitment and integrity, and that they support a balanced work and family lifestyle. OSFI is proud of these organizational achievements and is committed to keeping its workforce challenged and motivated.

Our Organization Structure

As of March 31st, 2003, OSFI's Regulation and Supervision business line was comprised of four sectors (see organization chart below). An Assistant Superintendent heads each of these, with the functions of each working interdependently to achieve OSFI's targeted outcomes.

OSFI Organization Chart, as at March 31st, 2003



Our Teams

Responding to demands in a more uncertain economy to focus resources on monitoring and supervision, OSFI added resources to the Specialist Support and Supervision sectors. These sectors are on the frontline, examining institutions and monitoring industry conditions. OSFI also utilizes technology resources to improve our systems to support the response to the demands. OSFI has been successful in attracting skilled employees, many of whom are professionally accredited or hold postgraduate degrees.

Chart of Full time Equivalent Year End Headcount (2002 vs 2003)

	As at March 31, 2002	% of total
Corporate Services	93	22%
Supervision	169	39%
Regulation	67	16%
Specialist Support	79	18%
OCA	24	5%
TOTAL	432	100%

	As at March 31, 2003	% of total
	105	23%
	170	37%
	72	16%
	85	19%
	25	5%
	457	100%

Our 2002-03 Financial Highlights

Our organization is funded mainly by the financial services industry through asset-based assessments and a modified user-pay program for selected services. A small portion of OSFI's revenue is derived from the Government of Canada for actuarial services relating to the Canada Pension Plan.

Total expenses for the year ended March 31, 2003 were \$70.2M, representing an increase of \$2.9M from the \$67.3M outlined in OSFI's 2002-03 *Report on Plans and Priorities* (RPP). This increase is attributed to the projects that were initiated after the RPP was submitted. One project, Internal Ratings Based approach (IRB), was cost recovered through a separate Memorandum of Understanding (MOU) with the institutions involved.

2002-03 Actual Gross Expenditures vs RPP (thousands of dollars)

Line of Business	Planned Gross Spending (per 2002-03 RPP)	Gross Spending 2002-03 (per Approved Budget)	Total Gross Spending 2002-03	Variance
Regulation and Supervision of Financial Institutions and Private Pension Plans	62,457	62,457	68,192	(5,735)
Actuarial and Other Services to the Government of Canada	4,852	4,852	2,051	2,801
TOTAL Spending	67,309	67,309	70,243	(2,934)

Total revenue for the year was \$63.4M including \$ 0.7M of non-respendable filing penalties revenue (LEFP¹). Respendable revenue was \$62.7M, and is lower than plan primarily due to uncollected receivables. The receivables were collected in the following year.

¹ On April 1, 2002 OSFI's filing penalty regulations came into force in accordance with the OSFI Act. Penalties are levied quarterly to financial institutions when they submit late and/or erroneous financial and non-financial returns due to OSFI during the preceding calendar quarter. Penalties levied by OSFI are non-respendable and are to be remitted to the Consolidated Revenue Fund. The funds are not available to OSFI and are not included in the balance of the Cash Entitlement. As a result, the penalties do not reduce the amount that OSFI assesses the industry in respect of its operating costs.

2002-03 Actual Revenues vs RPP (thousands of dollars)

Line of Business	Planned Revenue (per 2002-03 RPP)	Total Revenue 2002-03 (per Approved Budget)	Total Revenue 2002-03	Variance
Responsible Revenue				
Regulation and Supervision of Financial Institutions and Private Pension Plans	62,457	62,457	59,826	(2,631)
Actuarial and Other Services to the Government of Canada	3,174	3,174	2,908	(266)
TOTAL Responsible	65,631	65,631	62,734	(2,897)
Non-Responsible				
Regulation and Supervision of Financial Institutions and Private Pension Plans			710	710
TOTAL Non-Responsible	65,631	65,631	710	710
TOTAL Revenue	65,631	65,631	63,444	(2,187)

Financial results are discussed in more detail in Annex A. Additional finance-related information, including Audited Financial Statements (based on GAAP- full accrual accounting), is available from OSFI's Annual Report.

<http://www.osfi-bsif.gc.ca/eng/about/reports/index.asp>

2.4 Who We Regulate and Supervise

The Office supervises and regulates all federally incorporated or registered deposit-taking institutions (e.g. banks), life insurance companies, property and casualty companies, and federally regulated pension plans. These 1,656 organizations manage a total of \$2,497 billion of assets.

Federally Regulated Financial Institutions and Private Pension Plans & Related Assets

	Deposit Taking Institutions	Life Insurance Companies	Property & Casualty Companies	Federal Pensions Plans	Total
Number of organizations	140	120	191	1205	1656
Assets \$B	1,977	360	69	91	2,497

The following website provides additional details:

<http://www.osfi-bsif.gc.ca/eng/whoweregulate.asp>

The Office of the Chief Actuary (OCA) provides statutory actuarial reports to the appropriate government Ministers in respect of several insurance and public pension programs. OCA also provides other non-statutory actuarial services and advice associated with the funding and the administration of these programs. OCA clients include Human Resources Development Canada, Department of Finance, Treasury Board Secretariat, Public Works and Government Services, Department of National Defence, the RCMP and Justice Canada. OCA indirectly serves the Canadian public by way of the actuarial reports tabled in Parliament by Ministers.

A Memorandum of Understanding (MOU) defines the role of OCA with each client. The MOU specifies that costs for all other services charged should be reduced by any amounts recovered from third parties.

2.5 How We Support Government Priorities

OSFI ensures that its strategic outcomes – and its key activities and outputs in support of them – are aligned with current government priorities and contribute positively to economic indicators of Canada’s performance.

Generally speaking, financial consumers who are safeguarded from loss and who have confidence in Canada’s financial system are an enormously positive and powerful force within the Canadian economy and the financial system at large. The achievement of OSFI’s strategic outcomes, which is an objective shared by other institutional partners within government and in the private sector, provides an essential foundation for a productive and competitive economy that attracts dollars and invests further in innovation.

The 2003 Federal Budget recognized that a “key element in raising productivity will be to make Canada a magnet for talent and investment.” Under the category of “Strengthening Investor Confidence”, the Budget advanced “the Speech from the Throne commitment to improve regulations and to help foster a healthy marketplace and inspire confidence among investors by strengthening enforcement against securities and corporate fraud offences.” One of the key drivers contributing to public confidence is “effective government regulation”. OSFI has taken specific actions during the year in support of this objective. OSFI continues to score high marks in this regard, as evidenced by recent public surveys (see Section 3.3 below).

Corporate Governance

In the 2002 Speech from the Throne, the Government spoke of its commitment to “adjust its policies to enhance the climate for investment and talent.” In this regard, and “to regulate in a way that enhances the climate for investment and trust in the markets”, the Government indicated its intention to “review and, where necessary, change its laws and strengthen enforcement to ensure that governance standards for federally incorporated companies and financial institutions remain of the highest order.” Over the past year, OSFI has been centrally involved in this initiative, by continuing to monitor the financial institutions over which it has jurisdiction, and by introducing key regulations and

guidelines, including its “*Corporate Governance Guideline*”, discussed in more detail in Section 3.4.

Terrorism

The 2002 Speech from the Throne also addressed the need to continue to fight terrorism. “The government will continue to work with its allies to ensure the safety and security of Canadians. Canada will continue to work through organizations such as the United Nations to ensure that the rule of international law is respected and enforced. At the same time, the government will remain vigilant and ready to ensure the protection of Canadians from emerging threats, and will work with the United States to address our shared security needs.”

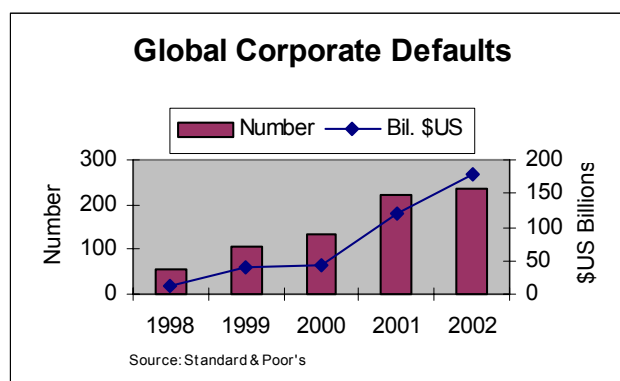
In the aftermath of 9/11, Canada stepped up efforts to combat financial crime and prevent the use of financial institutions to launder money or finance illegal activities, including terrorism. As part of these efforts, in 2002–2003 OSFI initiated a program of more focused reviews of anti-money laundering and anti-terrorism policies and procedures of banks and life insurance companies. OSFI has, and continues to play, a key role in this initiative, working with federal and provincial government agencies and departments (Finance Canada, Foreign Affairs and International Trade, Solicitor General, RCMP, CSIS and the Privy Council Office) in the fight against terrorist financing and money laundering. As part of its regulatory framework, OSFI is developing industry guidance on Customer Due Diligence (CDD) and anti-money laundering and anti-terrorism standards, including compliance assessment programs in support of the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) and other stakeholders.

OSFI is also involved in other government-wide initiatives such as Modern Comptrollership, and Government On-line. These are discussed in more detail in Section 3.5.

2.6 Our Current Environment

Overall business and financial market conditions within Canada and internationally have a significant impact on the performance of financial institutions and private pension plans, and therefore on their safety and soundness. They also strongly affect the environment in which OSFI operates and influences its decision-making.

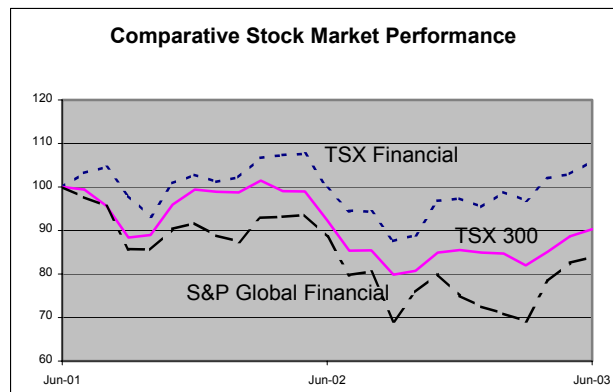
Against a background of global economic weakness and heightened financial market uncertainty, the Canadian economy exhibited considerable strength in 2002. This constituted important support to the operations of a wide range of financial institutions during the year. Job creation was outstanding, household incomes and corporate profits experienced solid growth, and domestic demand conditions remained robust.



But these strengths at the macroeconomic level masked significant weaknesses in some areas, which contributed to a challenging environment for Canada's financial sector. A weak and unsettled global economic environment affected institutions with international exposures. Capital market activity remained weak, and returns to financial institutions from their wealth management businesses suffered.

In light of these conditions, credit risk was an important area of focus during the year. Overall credit quality among corporate bonds declined in 2002, on the heels of significant deterioration in the previous year. Corporate defaults globally set new records, both in number and value. Risk premiums rose for much of the year as a result, though they began narrowing towards year-end and into 2003.

In spite of these challenges, Canadian financial institutions performed comparatively well. Improved diversification and risk management practices enabled them to weather successfully the recent downswing in the credit cycle. Though their profitability eroded, in some cases significantly, their balance sheets on the whole remained sound and their capital positions solid. Indeed, judging by their stock market performance for the two-year period to June 30, 2002, they have fared better than the rest of the business sector domestically and their counterparts abroad.



Given this complex picture, it was anticipated that 2002-2003 could pose challenges for OSFI, with possible increases in the number of problem financial institutions and private pension plans.

Consequently, during the year OSFI focused internal resources on areas of supervision while temporarily reducing some activities relating to guidance and rule-making. As an example, OSFI had planned, over a multi-year period, to review existing Guidelines and similar documents to ensure they are still required and up-to-date. The resources dedicated to this project were reduced so that OSFI could shift resources to supervisory activities.

2.7 Our Threats and Risks

At the beginning of the year, OSFI prioritized the threats and risks facing the organization. The most important threats and risks that were identified are as follows:

THREAT/RISK	IMPACT	STRATEGY
More complex, problem financial institution situations or private pension plans. The economic slowdown is not mild and further financial market weaknesses occur leading to multiple problems.	OSFI may not have the full capacity to respond.	<ul style="list-style-type: none">• Implement the new Composite Risk Ratings process and enhance OSFI's supervision process.• Shift focus to Supervision with more attention on high-risk areas.
OSFI's focus is not on what matters.	OSFI will not remain up-to-date in its knowledge of the financial sector and institutions, so that it may fail to identify a material problem that exists early enough.	<ul style="list-style-type: none">• Review existing guidelines and similar documents to ensure they are still required and up-to-date.• Play a meaningful and effective role in contributing to important domestic and international rules-setting activities.
OSFI does not have the resources or internal processes necessary to do its job.	OSFI will not be successful in its efforts to recruit highly skilled staff, and as a result its effectiveness suffers. OSFI 's information systems will not be adequate to support the regulation and supervision of institutions and private pension plans or the management of the organization.	<ul style="list-style-type: none">• Offer fair compensation and provide timely and effective career management and training programs to ensure the recruitment, retention and development of individuals.• OSFI embarked on a multi-year plan to enhance its information systems.

As these threats/risks continue to exist, OSFI will monitor and develop its strategic planning process as required to ensure that impacts are minimized.

SECTION 3. DISCUSSION OF PERFORMANCE

This section assesses OSFI's performance relative to the strategic outcomes outlined in its 2002-2003 *Report on Plans and Priorities* (RPP).

3.1 Strategic Outcomes

As discussed in Section 2.2 above, primary to OSFI's mission and mandate, and central to its contribution to Canadians and Canada's financial system and retirement income systems, are two strategic outcomes:

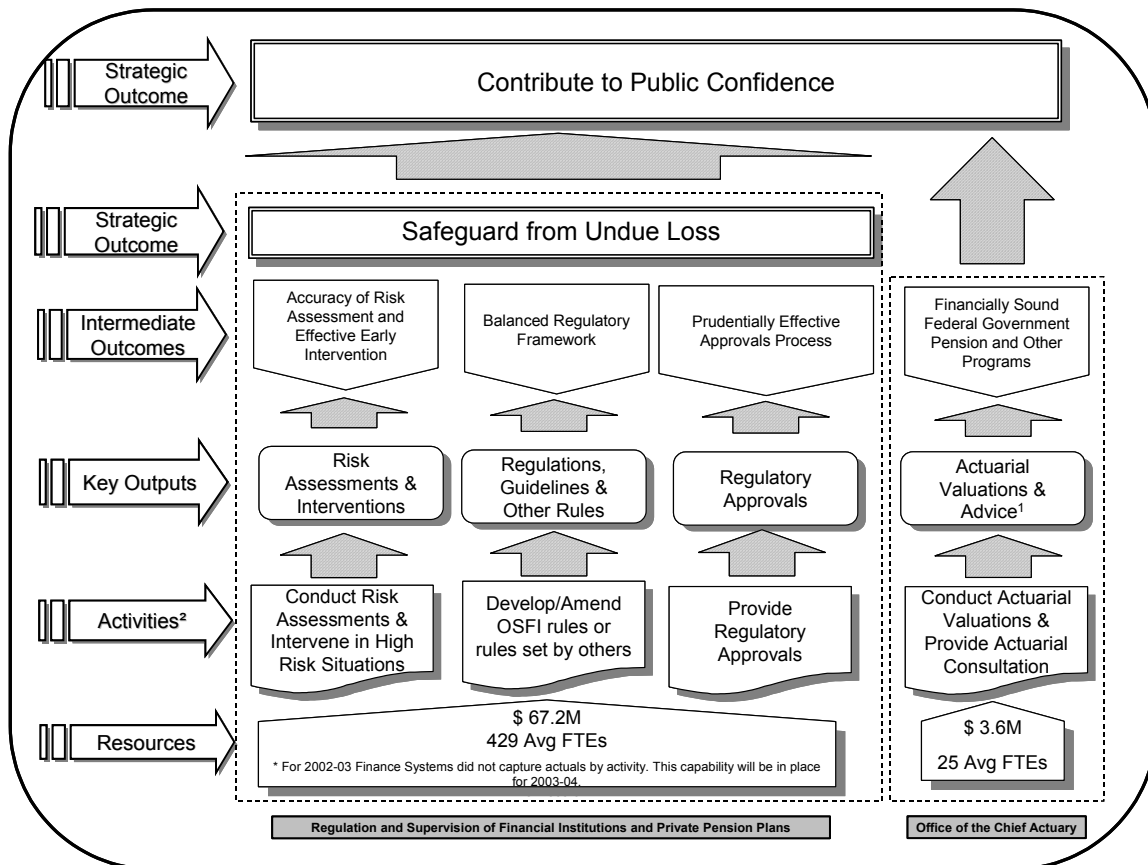
Contribute to Public Confidence – Contribute to public confidence by enhancing the safety and soundness of the Canadian financial system and retirement income systems, including the evaluation of system-wide risks and the promotion of sound business and financial practices.

Safeguard from Undue Loss – Identify institution-specific risks and trends, and intervene in a timely manner to minimize losses to policyholders, depositors and private pension plan members.

The second outcome is key to the first and specifically related to the regulation and supervision of financial institutions and private pension plans. OSFI's legislated mandate explicitly recognizes that in a competitive risk-taking financial system, institutions can fail or private pension plans can experience losses that require reduction of benefits. But actions by OSFI to reduce the chance of these losses occurring or to reduce the size of them when they do occur are key to public confidence in the financial system. Several intermediate outcomes such as accurate risk assessments, timely and effective intervention and a balanced framework of rules support the second strategic outcome. It should be recognized that it is not easy to distinguish the efforts required to achieve OSFI's first strategic outcome from those directed to the achievement of its second. Put another way, confidence in the Canadian financial system will not be maintained if financial institutions and private pension plans experience undue losses, while undue losses may be triggered by a loss of confidence in the Canadian financial system.

OSFI's key activities in support of its strategic outcomes recognize that effective supervision and regulation also benefits financial institutions, both in their domestic operations and internationally, and that the success of regulated institutions is important for the long-term safety and soundness of the financial system as a whole.

The following diagram demonstrates how OSFI's resources are allocated to its primary activities, the outputs generated by each activity and their link to strategic outcomes.



1 Canada Pension Plan, Old Age Security Program, Canada Student Loan Program, and various public-sector pension and benefit plans.

2 These Activities are supported by Organization-Wide Activities.

Utilizing this structure, OSFI continues to develop and compile relevant performance measures as it strives to enhance transparency and effective governance within Canada's business and financial sectors. Many of the measures cited below (and discussed in Sections 3.3 and 3.4) are derived from various public and industry-related surveys that OSFI conducts, from internal information on OSFI operations, from peer assessments, and from other sources. Information gathered from these surveys and other sources are incorporated into OSFI's strategic planning process, with the goal of developing and refining measures to ensure that OSFI's resources are focussed on efforts that contribute to the betterment of Canadians.

In a number of cases it is not possible to directly obtain evidence on OSFI's contribution to a particular objective. In this regard, OSFI periodically and directly monitors the outcome involved and uses several indirect approaches to assess OSFI's contribution.

The following highlights some of the key performance measures relevant to OSFI's strategic and intermediate outcomes:

Strategic Outcomes

Public Confidence in the Financial System	
Performance Measures	Link to Outcome
Level of Public Confidence in funds placed with financial institutions	Overall level of Canadians' confidence in Canada's financial systems.
OSFI's contribution to Canadians' confidence in the financial sector	
OSFI's contribution to improving the strength of financial institutions	Stronger institutions will contribute to increasing public confidence in the financial system.
Overall soundness of banks	Independent assessment of confidence in Canadian Institutions.
Results of independent peer assessments of the Chief Actuary's review of the Canada pension plan and other plans including reports tabled on time, access to the information, reasonableness of assumptions and methods, communication, compliance, and accuracy	Contributes substantially to increase Canadian public confidence in the Canadian retirement income system by preparing statutory triennial actuarial reports on the CPP, public sector employees pension plans and other programs. These reports estimate the financial status of these programs as required by legislation. Reports are generally an integral part of a larger decision-making process and timely submission of high quality reports help ensure that decision-makers are adequately informed.

The strategic outcome in support of public confidence is safeguarding depositors, policyholders and private pension plan members against undue loss. This outcome is key to the first and specifically related to the regulation and supervision of financial institutions and private pension plans and is supported by several intermediate outcomes. A natural performance indicator here is the frequency and severity of losses compared to previous experience and experience elsewhere. However, since such events are not frequent it is essential to look on a more regular basis to other related measures of accuracy of OSFI risk assessments and appropriateness of interventions. In addition, use of regulatory powers to set guidelines and rules contributes to an environment that reduces the potential for problems to arise.

Safeguard from Undue Loss	
Performance Measurement	Link to Outcome
Number of involuntary closures of financial institutions initiated by OSFI, and losses associated with these closures	Measurement of frequency and severity of actual losses incurred is directly related to OSFI's mandate.
Number of involuntary terminations of private pension plans with loss of benefits	

OSFI's treatment of companies in difficulty	Willingness to act, and effective supervision will lead to earlier identification of problem institutions, resolution of the problem, therefore reducing the risk and cost of failures.
---	---

Intermediate outcomes

Accuracy of Risk Assessment and Effective Early Intervention	
Performance Measurement	Link to Outcome
OSFI's effectiveness in performing supervisory reviews (credit, capital, etc.)	Indicates effectiveness of reviews, which is the basis for the determination of requirement for intervention. We do a number of reviews on a rotating basis. The recommendations from the review are tracked and followed up. From time to time, OSFI will undertake assessments (in the form of surveys, etc.) to compile feedback on various aspects of OSFI's business.
OSFI's decisiveness in its interventions	
OSFI's focus on material issues	
OSFI's feedback to institutions to improve safety and soundness	
OSFI's ability to balance prudent lending practices with appropriate risk taking	

In addition, OSFI uses and is further developing a number of internal measures to assess accuracy of risk assessment and intervention. These include monitoring trends in the number of institutions on our watch lists relative to developments in the economic and financial environment and internal peer reviews of OSFI staff's risk assessments. Monitoring follow up on recommendations to institutions to ensure they are carried out is also key to OSFI's performance. From time to time OSFI has had external groups assess its Risk Assessment and Intervention processes. In 2000, the IMF conducted a peer review of several regulators. The results for OSFI were favourable. The IMF commented that the "regulatory and supervisory structure in Canada is well developed, complies with the major international principles and standards, and is a source of international best practice in a number of areas."

Balanced Regulatory Framework: strong rules without impeding competition	
Performance Measurement	Link to Outcome
OSFI's ability to balance prudential supervision and allowing fair competition	Provides industry expert view of whether or not correct balance is being maintained.
OSFI's ability to ensure Canadian financial institutions are not at a disadvantage vs foreign competitors	

Prudentially Effective Approval Process: efficient while meeting identified service standards.	
Performance Measurement	Link to Outcome
Permissiveness of OSFI's Approval process	Many institution transactions require Ministerial or Superintendent Approval. These measures monitor the Approval Process to ensure completeness and effectiveness, while regarding impact on competition.
Approval process satisfaction level	
Approval process efficiency	
% of approvals within 30 days	
An approval process that is more receptive to new entrants	A key focus over the past two years has been monitoring the performance in handling new entrants following the change in policy approved by Parliament in 2001.

Financially Sound Federal Government Pension and Other Programs	
Performance Measurement	Link to Outcome
Number of statutory actuarial reports tabled on time	Actuarial reports are generally an integral part of a larger decision-making process and timely submission of high quality reports help ensure that decision-makers are adequately informed. Knowing decision-makers are informed leads to greater public confidence in the management of the plans and programs that are impacted.
Access to required information	
Reasonableness of assumptions	
Reasonableness of methods	
Communication of the results of the work performed by the Chief Actuary and his staff	
Compliance with the relevant professional standards of practice	
Publish interevaluation studies	
Accuracy of pension liability estimates and sensitivity test using the management's economic assumptions prepared by OCA	

3.2 Key Partners

OSFI works with a number of key partners in advancing its strategic and intermediate outcomes. Together, these departments and agencies constitute Canada's network of financial regulation and supervision and provide a system of deposit insurance. On a federal level, partnering organizations include the Department of Finance (<http://www.fin.gc.ca>), the Bank of Canada (<http://www.bank-banque-canada.ca>), the Canada Deposit Insurance Corporation (<http://www.cdic.ca>) the Financial Consumer Agency of Canada (<http://www.fcac-acfc.gc.ca>), and the Financial Transactions and Reports Analysis Centre of Canada (<http://www.fintrac.gc.ca>) among others. In addition, OSFI collaborates with provincial and territorial supervisory and regulatory agencies, with private sector organizations and associations, and participates in a number of international organizations such as the Basel Committee on Banking Supervision (<http://www.osfi-bsif.gc.ca/eng/issues/basel>).

OSFI engages several partners at various stages of its processes. As an example, within the regulatory framework, other government organizations play prominent roles.




Regulatory Framework Roles	
Department/Agency	Role
Dept of Finance	<ul style="list-style-type: none"> Facilitates co-ordination with federal regulatory agencies through mechanisms such as the Senior Advisory Committee (SAC)².
CDIC	<ul style="list-style-type: none"> Promotes standards of sound business and financial practices. Takes appropriate action, in consultation with participants in the regulatory system, against institutions that are operating outside the established risk and business conduct parameters.
Bank of Canada	<ul style="list-style-type: none"> Provides advice from its perspective in the area of financial institutions legislation and regulation from its membership on the CDIC Board, SAC, and the Financial Institutions Supervisory Committee (FISC)³.

Maintaining relationships with these partners is critical to OSFI's success and to maximizing resources. Building on the knowledge and experiences of these organizations enhances OSFI's ability to efficiently supply institutions with guidance and direction that ultimately leads to reducing the risk of losses and higher public confidence.

3.3 Key Targets and Overall Results

This section presents OSFI's performance measures. It is organized in conjunction with the model laid out in Section 3.1 and focuses on Strategic and Intermediate outcomes. Generally, the approach taken is to provide current year performance measures compared to previous year's results (where available) and incorporates the following rating scale:

Rating Scale

Improvement over past years' results	
Consistent with past years' results	
Decline from past years' results	

In instances where past years' data is not available, a rating of  has been assigned.

² SAC is an inter-agency committee which is chaired by the Deputy Minister of Finance: other members include the Superintendent of OSFI, the Governor of the Bank of Canada, and the Chairman of the CDIC. Its chief function is to provide a forum for inter-agency policy discussions, the outcomes of which are incorporated in advice provided to the Minister.

³ FISC is a committee created by statute whose mandate is to exchange information related to supervisory issues concerning individual financial institutions. The Superintendent of OSFI chairs this committee.



As indicated in Section 3.1, OSFI continues to develop and compile relevant performance measures. One of its main sources of data are surveys (e.g. the Elite Stakeholders Consultations, the Credit Review Process Stakeholder Consultation, the Regulatory Approvals Consultation, etc.) that poll industry executives on various aspects of OSFI's performance. These surveys are conducted through a neutral third party to ensure objectivity and trustworthiness of data. Other sources of data are information on OSFI operations in comparison to other indicators, or in comparison to previous experience and external reviews of OSFI operations.

3.3.1 Performance Against Strategic Outcomes




Contribute to Public Confidence

Strategic outcome: Contribute to public confidence by enhancing the safety and soundness of the Canadian financial system, including the evaluation of system-wide risks and the promotion of sound business and financial practices.

Overall Performance: Public confidence in Canada's financial systems remains high, although, it has softened relative to previous years. The view of OSFI's contribution to public confidence, as indicated by its stakeholders, continues to strengthen.

Performance Measures	Results	Rating/Trend
<i>Level of public confidence in funds placed with financial institutions</i> (as determined through an annual public survey performed on behalf of OSFI by Decima Research)	85% of respondents said they were "very confident" or "somewhat confident" in Canada's financial system. The Canadian public continues to express high levels of confidence in their financial institutions. While there has been a softening of confidence in recent years, due in part to economic conditions and U.S. corporate scandals, confidence levels remain consistent with those observed for the past several years.	 2002 – 85% 2001 – 84% 1997 – 88%
<i>OSFI's contribution to Canadians' confidence in the financial sector</i> (as determined through the Elite Consultation Survey and Decima Research ⁴)	86% of the financial sector executives who participated in the Elite Consultation indicated that OSFI did a very good or good job in "contributing to Canadians' confidence" in the financial sector. The Decima survey correlated high levels of confidence with confidence drivers and found that this year, the highest correlation is with Government Regulation. Prior to this year, the highest correlation occurred with Insurance Schemes.	 2002 – 86% 2000 – 76% 1998 – 81%




⁴ The Elite Consultation is a comprehensive consultation with financial institution senior executives and professionals serving the industry (lawyers, accountants and actuaries). It is performed on behalf of OSFI approximately every two years by an international research firm, is strictly confidential (OSFI does not know who was interviewed), utilizes a detailed interview guide, and is conducted on a one-to-one basis.

Performance Measures	Results	Rating/Trend
<p><i>OSFI's contribution to improving the strength of financial institutions</i></p> <p>(as determined through the Elite Consultation Survey)</p>	<p>95% of the financial sector executives who participated in the Elite Consultation indicated that OSFI's activities have "contributed to making Canada's financial institutions stronger than they were in the past".</p>	 <p>2002 – 95% 2000 – 92% 1998 – 85%</p>
<p>Overall soundness of banks</p> <p>(as determined by the World Economic Forum's Global Competitiveness Report for 2002-03)</p>	<p>When asked to rate the soundness of Canadian banks, Canadian participants in the Executive Opinion Survey rated them at 6.7 on a 7-point scale. This rating remains at a high level and compares favourably with ratings given to U.K., Swiss, Dutch, U.S., and Australian banks.</p>	 <p>2002 – 6.7 2001 – 6.9</p>
<p>Results of independent peer assessments of the Chief Actuary's review of the Canada pension plan and other plans including reports tabled on time, access to the information, reasonableness of assumptions and methods, communication, compliance, and accuracy</p>	<p>The opinion of the Independent Panel of Actuaries is summarized as follows:</p> <ul style="list-style-type: none"> - all reports were tabled on time - Chief Actuary had access to data required - Assumptions and methodology elements were appropriate and reasonable - Reports fairly communicate results of work performed - Chief Actuary and staff were in compliance with relevant professional standards <p>These characteristics lead to greater public confidence in plans and programs impacted.</p>	 <p>2002 – met requirements 2001 – N/A 2000 – N/A</p>

Safeguard from Undue Loss

Strategic outcome: Identify institution-specific risks and trends, and intervene in a timely manner to minimize losses to policyholders, depositors and private pension plan members.

Overall Performance: In 2002-03, no institutions or private pension plans had to be closed or terminated involuntarily. Therefore, associated losses were zero as well. Industry executives have indicated that OSFI's performance related to "safeguarding from undue loss" continues to improve. Decisiveness and effectiveness are key drivers of this improvement.

Performance Measures	Results	Rating/Trend
<i>Number of involuntary closures of financial institutions initiated by OSFI, and losses associated with these closures</i>	During the year, there were zero involuntary closures. This is despite the fact that the financial and economic environment has been challenging due to such factors as an economic slowdown, significant reduction in asset prices in financial markets, specific events such as September 11 and problems more specific to particular areas such as the P&C industry. The financial industry is widely recognized as having been very robust in the face of these challenges. The condition of key parts of the industry in Canada is widely recognized as comparing favourably to that in a number of industrialised countries.	 2002 – 0 2001 – 2 1998 – 0
<i>Number of involuntary terminations of private pension plans with loss of benefits</i>	In 2002-03, as through the last several years, the number of plans where OSFI took action to terminate was zero .	 2002 – 0 2001 – 0 1998 – 0
OSFI's treatment of companies in difficulty (as determined through the Elite Consultation Survey)	85% of the financial sector executives who participated in the Elite Consultation indicated that OSFI was not "too complacent" in its treatment of companies in difficulty.	 2002 – 85% 2000 – 71% 1998 – 65%

3.3.2 Performance Against Intermediate Outcomes






This section assesses performance of the intermediate outcomes that support the achievement of OSFI's strategic outcomes.

Accuracy of Risk Assessment and Effective Early Intervention

Intermediate outcome: Effective intervention based on timely and accurate risk assessment, consistent with the Supervisory Framework.

Overall Performance: OSFI is in the early stages of adopting performance measures in this area. As Credit Risk is key to safety and soundness, OSFI has focused its measures in this area first. The current measurement tool for this outcome is the Credit Consultation Survey⁵. The results indicate continued improvement in OSFI's Supervisory processes as well as its ability to balance prudent lending practices with appropriate risk taking.



⁵ The Credit Consultation is a comprehensive consultation with financial institution executives who were involved in OSFI credit reviews within their institution. It is performed on behalf of OSFI approximately every two years by an international research firm, is strictly confidential (OSFI does not know who was interviewed), utilizes a detailed interview guide, and is conducted on a one-to-one basis.

Performance Measures	Results	Rating/Trend
<p><i>OSFI's effectiveness in performing supervisory reviews (credit, capital, etc.)</i></p> <p>(as determined through the Credit Consultation)</p>	<p>OSFI's overall effectiveness in performing credit reviews in institutions was rated between good and very good by the financial sector executives who participated in the Credit Consultation.</p>	<p></p> <p>2002 – good to very good 2000 – NA 1998 – NA</p>
<p><i>OSFI's decisiveness in its interventions</i></p> <p>(as determined through the Elite Consultation Survey)</p>	<p>71% of the financial sector executives who participated in the Elite Consultation indicated that OSFI has become more decisive in its interventions since it was given its early intervention mandate.</p>	<p></p> <p>2002 – 71% 2000 – 42% 1998 – N/A</p>
<p><i>OSFI's focus on material issues</i></p> <p>(as determined through the Credit Consultation)</p>	<p>OSFI was rated between good and very good with respect to focusing on material issues by the financial sector executives who participated in the Credit Consultation.</p>	<p></p> <p>2002 – good to very good 2000 – NA 1998 – NA</p>
<p><i>OSFI's feedback to institutions to improve safety and soundness</i></p> <p>(as determined through the Credit Consultation)</p>	<p>Feedback provided by OSFI to institutions to improve the quality of credit risk management processes was well rated.</p>	<p></p> <p>2002 – well rated 2000 – NA 1998 – NA</p>
<p><i>OSFI's ability to balance prudent lending practices with appropriate risk taking</i></p> <p>(as determined through the Credit Consultation)</p>	<p>On the question of balancing prudent lending practices with appropriate risk taking, OSFI was provided with a good rating.</p>	<p></p> <p>2002 – good rating 2000 – NA 1998 – NA</p>

Balanced Regulatory Framework

Intermediate outcome: OSFI strives to ensure a balanced and effective regulatory framework that provides strong prudential rules without unduly impeding competition.


Overall Performance: With respect to a balanced regulatory framework, industry executives have indicated that OSFI's performance rated well and that OSFI recognizes the importance of maintaining that balance.

Performance Measures	Results	Rating/Trend
<i>OSFI's ability to balance prudential supervision and allowing fair competition</i> (as determined through the Elite Consultation Survey)	OSFI was well rated by the financial sector executives who participated in the Elite Consultation when asked whether OSFI struck an appropriate balance between effective prudential supervision, and allowing institutions to compete.	 2002 – well rated 2000 – NA 1998 – NA
<i>OSFI's ability to ensure Canadian financial institutions are not at a disadvantage vs foreign competitors</i> (as determined through the Elite Consultation Survey)	72 % of the financial sector executives who participated in the Elite Consultation said they believe OSFI acts to ensure that Canadian financial institutions are not put at a disadvantage internationally vis-à-vis foreign competitors.	 2002 – 72% 2000 – 41% 1998 – 50%





Prudentially Effective Approval Process

Intermediate outcome: OSFI's regulatory approval process provides OSFI with reasonable assurance that institutions are not engaging in activities that will put depositors, policyholders or creditor funds at undue risk, but is managed appropriately such that the competitiveness of institutions is not negatively affected.

Overall Performance: OSFI's scores with respect to its approval process are high. However, since this was the first year this survey was conducted, there is no baseline to which comparisons can be made. Future reports will provide a better indication of OSFI's performance in this area.

Performance Measures	Results	Rating/Trend
<i>Permissiveness of OSFI's approval process</i>	There is no evidence that OSFI's regulatory approval process is unduly permissive such that it might put depositor, policyholder or creditor funds at undue risk ⁶ .	 2002 – no evidence 2000 – NA 1998 – NA

⁶The basis for this conclusion is (a) informal self-assessment, which takes into consideration the extensive controls that are in place to ensure that requests for regulatory approvals are thoroughly vetted, and (b) the non-existence of material situations where approvals may have led to imprudent practices. OSFI is considering more formal approaches to assessing how well it performs against this desired outcome.

Performance Measures	Results	Rating/Trend
<i>Approval process satisfaction level</i> (as determined through the Regulatory Approvals Consultation ⁷)	93% of the financial sector executives who participated in the Approvals Consultation indicated that they were satisfied with OSFI's approval process.	 2002 – 93% 2000 – NA 1998 – NA
<i>Approval process efficiency</i> (as determined through the Regulatory Approvals Consultation)	85% of the financial sector executives who participated in the Approvals Consultation said they were able to obtain regulatory consent within the time period that enabled them to complete or close their transaction or to advance their project within their timeframe.	 2002 – 85% 2000 – NA 1998 – NA
<i>% of approvals approved within 30 days</i>	54% of all approvals were approved within 30 days. The predominant delays arose due to information delays from the applicants or the fact that these types of approvals were part of a larger application or transaction, often also requiring a Ministerial approval or significant review and consultation within OSFI.	 2002 – 54% 2000 – NA 1998 – NA
<i>An approval process that is more receptive to new entrants</i>	During the year, 13 new institutions became federally regulated institutions (7 were foreign). The slight drop off in the number of new entrants can be attributed to the economic slowdown and corporate emphasis on internal issues versus expansion.	 2002 – 13 (7) 2001 – 17 (10) 1998 – NA







Financially Sound Federal Government Pension and Other Programs



Intermediate outcome: The Office of the Chief Actuary contributes substantially to parliamentary committee proceedings by means of its actuarial reports. It submits an actuarial report to the appropriate Minister if and when a Bill introduced before Parliament has a significant impact on the financial status of a pension plan falling under the statutory responsibilities of the Chief Actuary. As well, OCA contributes substantially to client departments by providing actuarial advice to assist in the design of the funding and administration of social programs and public sector pension plans.

Overall Performance: During 2002-03, OCA completed actuarial reports on a number of government-sponsored pension plans. It also provided ongoing advice and support to the Public Sector Pension Investment Board and the Pension Advisory Committees of the

⁷ *The Regulatory Approvals Consultation is a comprehensive consultation with financial institution executives, and lawyers hired by these institutions, pursuant to applications submitted to OSFI requiring regulatory consent. This consultation is performed on behalf of OSFI approximately every two to three years by an international research firm, is strictly confidential (OSFI does not know who was interviewed), utilizes a detailed interview guide, and is conducted on a one-to-one basis.*

Public Service, the Canadian Forces and the RCMP, each of which provided advice to their Ministers on the design, administration and funding of their respective plans.

Performance Measures	Results	Rating/Trend
Number of statutory actuarial reports tabled on time	All statutory actuarial reports were tabled on time by the appropriate Minister.	 2002 – all tabled on time 2001 – N/A 2000 – N/A
Access to required information <i>(As stated through the review conducted by the CPP Actuarial Review Panel)</i>	The opinion of the Independent Panel of Actuaries stated that the Chief Actuary had access to the data required. OCA has expanded the sources of information for the valuation and arranged improvements in specific data inputs.	 2002 – expanded sources of information 2001 – N/A 2000 – N/A
Reasonableness of assumptions <i>(As stated through the review conducted by the CPP Actuarial Review Panel)</i>	The opinion of the Independent Panel of Actuaries stated that the major actuarial assumptions used in completing the CPP Actuarial Report are in aggregate reasonable. OCA has broadened, and will continue to broaden, the source of information available and to consult with experts through a program of seminars before setting the assumptions to be used in the actuarial reports.	 2002 – assumptions are reasonable 2001 – N/A 2000 – N/A
Reasonable of methods <i>(As stated through the review conducted by the CPP Actuarial Review Panel)</i>	The opinion of the Independent Panel of Actuaries stated that the methodology elements used in the CPP Actuarial Report are appropriate and reasonable. OCA introduced two major methodological changes, related to the projection of labour force participation rates and asset projections.	 2002 – methods are reasonable 2001 – N/A 2000 – N/A.
Communication of the results of the work performed by the Chief Actuary and his staff <i>(As stated through the review conducted by the CPP Actuarial Review Panel)</i>	The opinion of the Independent Panel of Actuaries stated that the report fairly communicates the results of the work performed. The actuarial report presents the results in a readable and straightforward manner. It is considerably shorter than previous reports and includes a three-page executive summary.	 2002 – fairly communicated 2001 – N/A 2000 – N/A.
Compliance with the relevant professional standards of practice <i>(As stated through the review conducted by the CPP Actuarial Review Panel)</i>	The opinion of the Independent Panel of Actuaries stated that the Office of the Chief Actuary and its staff was adequate for carrying out the work required and is in compliance with the relevant professional standards. The work of OCA not only met Canadian actuarial standards, but also satisfied various existing and proposed international standards specifically related to social security programs.	 2002 – met Cdn and Int'l standards 2001 – N/A 2000 – N/A.

<p>Publish interevaluation studies</p> <p><i>(As stated through the review conducted by the CPP Actuarial Review Panel)</i></p>	<p>The first three actuarial studies were released in 2002-03 on different aspects of the Canada Pension Plan. While similar work was done in the past, it was never publicly released.</p>	 <p>2002 – study completed and published 2001 – not published 2000 – not published.</p>
<p>Accuracy of pension liability estimates and sensitivity test using the management's economic assumptions prepared by OCA</p> <p><i>(As stated in the Report of the Verification of the Government's Pension Expenditure for a fiscal year conducted by Morneau Sobeco)</i></p>	<p>The audit was requested by the Office of the Auditor General concerning the Government's Pension Expenditure. The opinion of the actuarial consultants stated that the determination by OCA of the estimated liabilities under the <i>Public Sector Superannuation Act</i>, the <i>Canadian Forces Superannuation Act</i> and the <i>Royal Canadian Mounted Police Superannuation Act</i> is reasonable. The results for the sensitivity tests conducted by the consultants are similar to those obtained by OCA.</p>	 <p>2002 – reasonably accurate 2001 – N/A 2000 – N/A.</p>

3.4 Program, Resources and Results Linkages

OSFI organizes its activities under four broad activities:

- Conduct Risk Assessments and Intervene in High Risk Situations (Risk Assessment & Interventions)
- Develop/Amend OSFI rules or rules set by others (Regulations, Guidelines & Other Rules)
- Provide Regulatory Approvals (Regulatory Approvals) and,
- Conduct Actuarial Valuations and Provide Actuarial Consultation (Actuarial Valuations and Advice).

These are supported by Organization-Wide Initiatives led by the Corporate Services function. An additional activity was initiated in 2002-03, International Assistance, and for this year is reported under Organization-Wide Initiatives. In each of these areas, initiatives are undertaken to support the achievement of OSFI's strategic and intermediate outcomes. A total of 25 initiatives were outlined in OSFI's 2002-03 Report on Plans and Priorities (RPP). In some cases, specific performance measures are still being developed and therefore will not be reported on in this section. As well, there were new initiatives that were not captured in the RPP that are included below. The following table summarizes the key initiatives for each area.

BUSINESS AREA/ACTIVITY	PLANNED INITIATIVES
Conduct Risk Assessments and Intervene in High Risk Situations	Finalize and implement new ratings process.
	Enhance monitoring to recognize deterioration in financial and economic conditions.
	Focus project resources more selectively on new/evolving risk areas.
Develop/Amend OSFI rules or rules set by others	Contribute to important domestic and international rule setting activities.
	Identify framework compatibility with domestic and international direction.
	Review existing Guidelines and similar documents to ensure they are still required and up-to-date.
Provide Regulatory Approvals	Adapt approval process for new applicants with the goal of enhancing competition.
	Improve effectiveness of processes for dealing with requests/interpretations.
Conduct Actuarial Valuations and Provide Actuarial Consultation	Estimate long-term expenditures, revenues and current liabilities of the CPP and of federal public sector pension and insurance plans.
	Provide actuarial reports to the appropriate Minister whenever a Bill is introduced that has significant impact on the financial status of a pension plan.
	Provide actuarial advice to client departments for the design of the funding and administration of social programs and public sector pension plans.
Organization-Wide Initiatives	Provide assistance to emerging market economies to improve their financial institutions' supervisory systems.
	Implement effective information systems that promote client self-service.
	Provide effective career management programs to ensure recruitment, retention and development of individuals.

The remainder of this section describes the results achieved with these initiatives and how these initiatives contribute to OSFI's strategic/intermediate outcomes to provide benefits to Canadians. At present, OSFI's financial systems are not structured to provide costs and headcount at the initiative level and, accordingly, this level of detail is not included in this analysis. This capability is currently under development and will be utilized for 2003-04 reporting.

Risk Assessment & Interventions – Conduct Risk Assessments and Intervene in High Risk Situations

1. Finalize and implement new ratings process.

Results Achieved	Benefits to Canadians
<ul style="list-style-type: none">Over the past year, OSFI's detailed criteria that guide supervisors in applying its supervisory framework were made public.OSFI introduced Composite Risk (CR) ratings for financial institutions. These ratings were shared, on a confidential basis, with institutions. The CR rating represents OSFI's overall evaluation of the safety and soundness of an institution.CR ratings covering 204 institutions were provided to those institutions during 2002–2003. Full implementation will occur over the next 2 years.	A more rigorous overall assessment of the safety and soundness of financial institutions leads to earlier intervention where problems are identified. This in turn contributes to the safeguarding from undue loss.

2. Enhance monitoring to recognize deterioration in financial and economic conditions.

Results Achieved	Benefits to Canadians
<ul style="list-style-type: none">As a result of OSFI's improved supervisory framework and the challenging financial environment, the number of institutions at stage 1 or above (and therefore subject to increased monitoring) increased in 2002–2003. For similar reasons the number of private pension plans on OSFI's watch list grew from 50 to approximately 80.Nine institutions were upgraded during the year due to OSFI intervention.Several private pension plans were upgraded and the number of plans with late remittance of contributions declined.	Where concerns exist, institutions are assigned ratings from stage 1 (early warning) to stage 4 (problems so serious that the institution is not viable). Again, increased and more detailed monitoring led to earlier interventions, which will assist institutions in adjusting their positions to avoid potential failure. This is part of safeguarding from undue loss.

3. Focus project resources more selectively on new/evolving risk areas.

Results Achieved	Benefits to Canadians
<ul style="list-style-type: none">Focus was on most problematic sectors – property and casualty insurance, private pension plans, and on selected financial institutions where their specific risk profile dictated.Stress testing on private pension plans revealed approximately half of all defined-benefit plans were under-funded. Some plan sponsors are taking steps to deal with deficits.	Demonstrates how OSFI adapts to focus on areas of higher risk, therefore reducing the likelihood of failures. This is part of safeguarding from undue loss.

Regulations, Guidelines & Other Rules – Develop/Amend OSFI rules or rules set by others

1. Contribute to important domestic and international rule setting activities.

Results Achieved	Benefits to Canadians
<ul style="list-style-type: none"> In cooperation with the Canadian Institute of Chartered Accountants and the Ontario, Quebec and British Columbia securities commissions, OSFI contributed to the creation of a national Canadian Public Accountability Board (CPAB) to oversee the quality of auditing of public companies. 	OSFI's domestic rule-making initiatives focussed on strengthening the governance of financial institutions and enhancing public trust in the operation of Canada's financial markets.
<ul style="list-style-type: none"> OSFI's Corporate Governance Guideline (www.osfi-bsif.gc.ca/eng/documents/guidance/docs/CGG_Guideline_e.pdf) for financial institutions was released in January 2003. This Guideline was developed in coordination with similar initiatives undertaken by institutional partners, such as the Standards of Sound Business and Financial Practices (http://www.cdic.ca/?id=21) issued by the Canada Deposit Insurance Corp. 	OSFI strengthened its focus on corporate governance, which has become increasingly important to its strategic outcome of strengthening public confidence.

2. Identify framework compatibility with domestic and international direction.

Results Achieved	Benefits to Canadians
<ul style="list-style-type: none"> During the year, the capital rules for the Property and Casualty (P&C) industry were replaced by a new standard that provides a harmonized, risk-based capital adequacy test for P&C companies across Canada, reducing the burden of multiple jurisdictional requirements. 	Standardized tests will contribute to eliminating perceived competitive advantages between institutions.

3. Review existing Guidelines and similar documents to ensure they are still required and up-to-date.

Results Achieved	Benefits to Canadians
<ul style="list-style-type: none"> Canada's financial sector faced a challenging environment during 2002-03. As a result, OSFI focussed internal resources on areas of supervision while temporarily reducing some activities relating to guidance and rule-making. During the year, selective reviews of rules were done including an assessment of P&C and Life capital rules, and adequacy of OSFI guidelines regarding outsourcing. As well, significant progress was achieved in updating accounting rules and rules for international banks capital, with considerable OSFI input. 	More up to date rules are more likely to be effective and take into consideration and support the current competitive environment.

Regulatory Approvals – Provide Regulatory Approvals

1. Adapt approval process for new applicants with the goal of enhancing competition.

Results Achieved	Benefits to Canadians
<ul style="list-style-type: none">• Concurrent with the passage of Bill C-8 in 2001, OSFI posted on its web site new incorporation guidelines for federally regulated financial institutions. These guidelines provide comprehensive criteria and instructions to assist potential applicants interested in establishing new federal financial institutions.• OSFI published an additional 21 instruction guides, setting out key information requirements for applications for regulatory consent. Failure by institutions to provide the required information remains the most common reason for delays in approvals.• In October 2002, OSFI hosted a seminar on the regulatory approval process for regulated institutions and their advisors to reduce or eliminate impediments to an effective and efficient approval process.• OSFI approved two applications during the year to establish new domestic banks in Canada. By year-end, a third application was close to receiving approval while a number of other parties were discussing with OSFI the possibility of establishing a bank.	A more effective and efficient approval process will enhance the competitiveness of Canadian institutions, while ensuring that transactions do not put the depositors, policyholders and/or creditors at undue risk.

2. Improve effectiveness of processes for dealing with requests/interpretations

Results Achieved	Benefits to Canadians
<ul style="list-style-type: none">• In 2001-02, OSFI began to publish selected rulings and advisories that could be of interest to federal financial institutions.• Efforts to improve transparency continued during the year under review. Eight rulings and advisories posted to the web site, up from three the preceding year.	Greater transparency leads to a reduction of inefficiencies, from which all financial institutions seeking approval benefit.

Actuarial Valuations and Advice – Conduct Actuarial Valuations and Provide Actuarial Consultation

1. Estimate long-term expenditures, revenues and current liabilities of the CPP and of federal public sector pension and insurance plans

Results Achieved	Benefits to Canadians
<ul style="list-style-type: none"> • All statutory actuarial reports were tabled on time by the appropriate Minister. 	Actuarial reports are generally an integral part of a larger decision-making process and timely submission of these reports help ensure that decision-makers are adequately informed.
<ul style="list-style-type: none"> • As requested by the Office of the Auditor General, the statutory actuarial valuation report for PSSA and RCMPSPA was recently reviewed. The verification report found that: <ul style="list-style-type: none"> - the actuarial methods were appropriate, - the demographic and economic assumptions were appropriate for the valuation, - all benefits materially affecting the cost were valued, - the valuation results were verified both on a cell-by-cell and aggregate basis, and - the valuation results were reasonable using available membership data. 	

2. Provide actuarial reports to the appropriate Minister whenever a Bill is introduced that has significant impact on the financial status of a pension plan

Results Achieved	Benefits to Canadians
<ul style="list-style-type: none"> • Actuarial reports on Bill C-3 (An Act to amend the Canada Pension Plan and the Canada Pension Plan Investment Board Act) and C-12 (An Act to amend the Judges Act and to amend another Act in consequence) submitted on time to the appropriate Minister. 	Actuarial reports are generally an integral part of a larger decision-making process and timely submission of these reports help ensure that decision-makers are adequately informed.

3. Provide actuarial advice to client departments for the design of the funding and administration of social programs and public sector pension plans

Results Achieved	Benefits to Canadians
<ul style="list-style-type: none"> All requests made by the Canada Pension Plan Review Committee were provided on time to federal and provincial officials. 	Actuarial reports are generally an integral part of a larger decision-making process and timely submission of these reports help ensure that decision-makers are adequately informed.
<ul style="list-style-type: none"> All expert witness reports on Minister of HRDC and Attorney General of Canada court cases were submitted on time. The increased knowledge provided through expert witness reports resulted in better decision-making and better judgments by the court. 	

Organization-Wide Initiatives –

1. Provide assistance to emerging market economies to improve their financial institutions' supervisory systems

Results Achieved	Benefits to Canadians
<ul style="list-style-type: none"> Developed and began offering "in-house" programs that allow foreign bank and insurance company supervisors the opportunity to visit and learn at OSFI. 	Practical and more effective means of contributing to international stability and is consistent with Government of Canada priorities.
<ul style="list-style-type: none"> Contributed to the IMF/World Bank Financial Sector Assistance Program as expert assessors. 	
<ul style="list-style-type: none"> Delivered regional training seminars and assisted various offshore finance centers. 	

2. Implement effective information systems that promote client self-service

Results Achieved	Benefits to Canadians
<ul style="list-style-type: none"> OSFI embarked on a multi-year plan to enhance its information systems. OSFI created an information portal for employees, to facilitate on-line access to information materials and save search time. Completed implementation of a case management system to handle approvals more effectively. Began work on a multi-year business systems integrations initiative (BSII) to streamline core supervisory processes and enable them with workflow tools. Began to implement an office-wide electronic document management capability, with a view to moving to a fully electronic corporate record system over the next five years. 	Enables business areas/activities to effectively do their job, therefore contributing to the same benefits; Public Confidence and Safeguarding from Undue Loss.

3. Provide effective career management programs to ensure recruitment, retention and development of individuals

Results Achieved	Benefits to Canadians
<ul style="list-style-type: none">OSFI adopted a formal competency model in its human resource management. A competency model outlines the full range of skills, knowledge and behaviours required for success in a given position or in groups of comparable positions. Given the unique skill sets required in many OSFI positions, the competency model will strengthen the organization's ability to improve organizational performance by identifying appropriate candidates when recruiting, identifying training and development needs of current staff, and differentiating individual performance and rewards.	Supports the initiatives listed in the other business areas/activities, therefore contributing to the same benefits; Public Confidence and Safeguarding from Undue Loss.

During this period, OSFI initiated enterprise-wide risk management (ERM). ERM is a contemporary management tool that provides organizations with a comprehensive and integrated approach to identifying risks in their operations and assessing the quality of risk mitigants. This initiative was not identified in OSFI's 2002-03 RPP and was undertaken to provide a proactive approach that helps organizations anticipate changes to their operating environment and respond to them effectively.

3.5 Management Practices

This section summarizes OSFI's involvement in a number of Government-wide initiatives.

Modern Comptrollership

As part of its on-going management strategy, OSFI already has in place several key processes that are aligned with the Modern Comptrollership initiative. Examples of some of these are found in the table below. A formal capacity check and the preparation of the resulting action plan will commence in 2003-04.

Modern Comptrollership Category	Process	How it Supports Achievement of Strategic Outcomes
Strategic Leadership	Improved Planning Process	Enhanced planning process to identify and prioritize risks earlier and map all projects and resources to risks. Ensures resources are effectively used and projects are aligned with risk of meeting our mandate.
Integrated Performance Informatics	Online monthly Management reporting for time and financial resources	Provides management with the necessary information to ensure resources are being used effectively.
Motivated People	Conduct Employee Survey and produce action plan based on results	Human resources are motivated to do what is required in order to meet outcomes.
Mature Risk Management	Enterprise Risk Management plan is currently being developed	Understanding enterprise risk is important to being an efficient regulator.
Clear Accountability	Redesign the "Goal Commitment Document" to ensure employee goals are clear and measurable	Employees have a clearer understanding of what is required of them, how it links to OSFI's goals, so that as a whole OSFI achieves its goals.
Shared Values and Ethics	Update the "code of conduct" for employees	Public confidence that OSFI employees have a high level of integrity.
Rigorous Stewardship	Annual Statements audited by the Office of the Auditor General	Public Confidence that OSFI is responsible with its financial resources.

Government On-line (GOL)

As part of its multi-year IM/IT plan, OSFI has a program that supports the GOL initiative. OSFI continues to make minor enhancements to its web site, with a full re-design to meet GOL standards planned for the coming year.

ANNEX A – FINANCIAL AND OTHER TABLES

Financial Tables

This section presents a number of financial tables that detail OSFI's Expenditures and Revenues for 2002-03. Tables 1-3 are provided in accordance with Treasury Board requirements. The remaining tables offer additional information on Revenues and Statutory Payments.

Table 1, below, summarizes Parliament's voted appropriations, or resources, to OSFI. These resources pertain strictly to services provided by the Office of the Chief Actuary (OCA) to the government of Canada, as the remainder of OSFI's operating expenditures are recovered through industry assessments and a modified user-pay program for specific services.

During the 2002-03 fiscal year, Treasury Board Secretariat passed an allotment reduction of \$1M for costs related to the provision of actuarial services, thereby reducing OSFI's voted appropriations from \$1.7M to \$0.7M. The costs of the OCA were not reduced and were recovered through fees collected for the provision of actuarial services. For consistency to the RPP, we have compared our actuals to the original Authorities of \$1.7M.

Table 1: Summary of Voted Appropriations

Financial Requirements by Authority (\$ Thousands)				
Vote		2002-2003		
		Total Planned Spending (per 2002-03 RPP)	Total Authorities	Total Actual Spending
	Office of the Superintendent of Financial Institutions			
35	Operating Expenditures	1,678	1,722	707
	Total Department	1,678	1,722	707

Table 2, below, outlines how OSFI utilized its 2002-03 resources. This view captures the entire OSFI organization and is broken down into its two main business lines: Regulation and Supervision of Financial Institutions and Private Pension Plans, and Actuarial and Other Services to the Government of Canada.

The total actual spending of \$7.5M was \$5.8M more than planned in the RPP. This is attributed to two factors: (1) additional projects, principally in information technology and business systems, were initiated after the RPP was submitted; and (2) outstanding receivables at year end were higher than anticipated, thereby resulting in OSFI's greater utilization of available authorities. The accounts were collected in the following fiscal year.

Table 2: Comparison of Total Planned to Actual Spending

Departmental Planned Versus Actual Spending by Business Line (Thousands of Dollars)							
Business Lines	Average FTEs	Operating	Capital	Grants & Contributions	Total Gross Expenditures	Less: Respendable Revenues	Total Net Expenditures
Regulation and Supervision of Financial Institutions and Private Pension Plans							
Planned Spending	451	61,662	795		62,457	62,457	
<i>Authorities</i>		61,662	795	-	62,457	62,457	0
Actual Spending	429	65,953	2,239	-	68,192	59,826	8,366
Actuarial and Other Services to the Government of Canada							
Planned Spending	26	4,852			4,852	3,174	1,678
<i>Authorities</i>		4,896	-	-	4,896	3,174	1,722
Actual Spending	25	2,016	35	-	2,051	2,908	(857)
Total Planned Spending	477	66,514	35	-	2,051	2,908	(857)
Total Authorities		66,558	795	-	67,353	65,631	1,722
Total Actual Spending	454	67,969	2,274	-	70,243	62,734	7,509
Other Revenues and Expenditures							
Non-respendable Revenues							(710)
<i>(Total Authorities)</i>							(0)
(Actuals Revenues)							(710)
Cost of Services Provided by Other Departments							80
<i>(Total Authorities)</i>							0
(Actual Costs)							80
Net Cost of the Program							6,879
<i>(Total Authorities)</i>							1,722
(Actuals)							6,879

Table 3, below, provides an historical comparison of OSFI's spending. As revenue is recorded based on the amounts of money received from bills paid, rather than the amount that was actually billed, every year our actual spending will be higher than planned mainly due to the amounts owing for uncollected receivables. The \$9.9M credit, or *source* of authorities, in 2000-01 pertained to the collection of some revenues that had been billed in the previous fiscal year.

Table 3: Historical Comparison of Total Planned Spending to Actual Spending

Historical Comparison of Departmental Planned Versus Actual Spending by Business Line (\$Thousands)					
			2002-2003		
Business Lines	Actual 2000-2001	Actual 2001-2002	Total Planned Spending	Total Authorities	Total Actual Spending
Regulation and Supervision of Financial Institutions and Private Pension Plans	(11,734)	1,704	0	0	8,366
Actuarial and Other Services to the Government of Canada	1,793	917	1,678	1,722	(857)
Total	(9,941)	2,621	1,678	1,722	7,509

Table 4, below, identifies revenues received by OSFI from sources both internal and external to the government.

For 2002-03, OSFI's total revenues were \$63.4M, including non-respensible revenue of \$0.7M for the collection of Late and Erroneous Filing Penalties (see footnote on page 11). The respensible revenue is comprised of asset-based industry assessments and User Pay revenue for specific services related to Regulatory Approvals. For more details on External charging see Section 4.2.2.

Table 4: Revenues: Respensible and Non-respensible

Revenues by Business Lines (\$Thousands)					
			2002-2003		
	Actual 2000-2001	Actual 2001-2002	Planned Revenues	Total Authorities	Actual
Respensible Revenues					
Regulation and Supervision of Financial Institutions and Private Pension Plans	62,668	60,621	62,457	62,457	59,826
Actuarial and Other Services to the Government of Canada	1,146	2,805	3,174	3,174	2,908
Subtotal	63,814	63,426	65,631	65,631	62,734
Unplanned	0	0	0	0	0
Total Respensible Revenues	63,814	63,426	65,631	65,631	62,734
Non-Respensible Revenues					
Regulation and Supervision of Financial Institutions and Private Pension Plans	0	0	0	0	710
Actuarial and Other Services to the Government of Canada	0	0	0	0	0
Subtotal	0	0	0	0	710
Unplanned	0	0	0	0	0
Total Non-Respensible Revenues	0	0	0	0	710
Total Revenues	63,814	63,426	65,631	65,631	63,444

Table 5, below, outlines the statutory payments made by OSFI. Employee benefit contributions are the only such payments that OSFI incurs.

The upward trend over the past three years is in line with the growth in OSFI's employee base and reflects the increased cost of benefit plans, including pension.

Table 5: Statutory Payments (Employee Benefit Contributions)

Statutory Payments by Business Lines (\$ Thousands)					
			2002-2003		
	Actual 2000-2001	Actual 2001-2002	Planned Spending	Total Authorities	Actual
Business Lines					
Regulation and Supervision of Financial Institutions and Private Pension Plans	6,519	8,423	9,853	9,853	9,900
Actuarial and Other Services to the Government of Canada	371	454	549	549	523
Total Statutory Payments	6,890	8,877	10,402	10,402	10,423

Additional finance-related information, including Audited Financial Statements (based on GAAP-full accrual accounting), is available from OSFI's Annual Report.

<http://www.osfi-bsif.gc.ca/eng/about/reports/index.asp>

Other Tables

Regulatory Initiatives

The following table provides a summary of the performance of OSFI's Regulatory Initiatives as outlined in the 2002-03 RPP.

PERFORMANCE OF REGULATORY INITIATIVES			
Department/Agency: Office of the Superintendent of Financial Institutions			
Legislative Acts and/or Regulations	Purpose of Regulatory Initiative	Expected Results	Results Achieved
<i>Administrative Monetary Penalties (OSFI) Regulations</i>	The regulations will implement an administrative monetary penalties regime pursuant to which the Superintendent could impose a penalty in respect of specific violations of the federal financial institutions statutes. In addition, to consolidate OSFI's penalties regime, the <i>Filing Penalties (OSFI) Regulations</i> will be subsumed into these regulations and will be repealed concurrently with the coming into force of these regulations.	The administrative monetary penalties regime is not designed to be punitive but is intended to encourage federally regulated financial institutions (FRFIs) to comply with their governing statute. By encouraging compliance, the regime will assist OSFI in pursuing its mandate of protecting the rights and interests of depositors, policyholders and creditors of FRFIs.	Implementation delayed due to the time required to determine violations to be included in Schedule and to set appropriate classifications, following consultations with concerned federal departments and agencies and drafters. OSFI completed its industry consultation in July 2003. OSFI is currently reviewing these comments with a view to preparing a regulatory package for submission for pre-publication.
<i>Pension Benefit Standards Regulations, 1985</i>	OSFI is proposing amendments to the Pension Benefits Standards Regulations, 1985 to improve pension plan funding for federally regulated private pension plans.	The regulations will ensure that pension funds are fully funded and all liabilities are fully satisfied if an employer is required to terminate its pension plan. Treatment of actuarial gains (not surplus) could result in a re-amortization of deficit payments, as opposed to the current regime that permits a reduction of the year's payment and the maintenance of the established amortization scheme.	Implementation delayed due to recent events in financial markets, which have required more extensive review than originally anticipated for the preparation of these regulations. Although the regulations have been submitted to the Department of Justice drafters at the Privy Council Office, further delays in their implementation may be expected given ongoing events in financial markets.

PERFORMANCE OF REGULATORY INITIATIVES

Department/Agency: Office of the Superintendent of Financial Institutions

Legislative Acts and/or Regulations	Purpose of Regulatory Initiative	Expected Results	Results Achieved
<i>Assessment of Financial Institutions Regulations, 2001</i>	The regulations are to replace the existing <i>Assessment of Financial Institutions Regulations, 2001</i> and introduce a revised regime to allocate OSFI's annual operating costs to institutions within each sector by regulation rather than by legislation. The regulations also introduce assessment surcharges for "problem institutions" and their FRFI affiliates.	The regulations alter the assessments payable by individual institutions within each industry sector in order to more accurately reflect the actual cost of supervision and to distribute those costs in a more equitable manner. For "problem companies", the assessment surcharges is intended to recognize the additional resources required to supervise and monitor such institutions, thus reallocating supervisory costs on a more equitable basis.	The regulations came into force on June 1, 2001. The implementation of these regulations has resulted in increased assessments for some institutions and decreased assessments for others, depending on the actual cost of supervising such institutions. The money collected from assessment surcharges for "problem institutions" in a particular sector is deducted from OSFI's annual operating costs for that sector and has resulted in reduced assessments for the other institutions in that sector.
<i>Classes of Insurance – Schedule</i>	The schedule to the Insurance Companies Act is being revised to reduce the current number of insurance classes and to form the basis for federal class definitions to be harmonized with most provincial and territorial definitions.	The number of insurance classes will be reduced from over 50 classes used by federal, provincial and territorial jurisdictions to 17 harmonized classes. Also, class definitions will be harmonized. Harmonized classes will reduce the administrative burden and cost to insurers.	Implementation delayed due to ongoing consultations on a draft Schedule. Further progress is dependent upon negotiation of bi-jural issues with the Province of Quebec.
<i>Filing Penalties (OSFI) Regulations</i>	Filing Penalties regulations will enable OSFI to impose penalties on institutions for late and erroneous filings.	By creating meaningful consequences for a federally regulated financial institution that fails to comply with filing requirements, OSFI anticipates that the industry's overall filing behaviour will improve.	Regulations came into force on April 1, 2002 following a full-year 'trial run'. Based on OSFI's findings to date, the implementation of the filing penalties framework appears to have had the intended deterrence effect as it has resulted in a significant improvement in the number of late and erroneous filings by federally regulated financial institutions.

PERFORMANCE OF REGULATORY INITIATIVES

Department/Agency: Office of the Superintendent of Financial Institutions

Legislative Acts and/or Regulations	Purpose of Regulatory Initiative	Expected Results	Results Achieved
<i>Service Charges (OSFI) Regulations</i>	The regulations are being amended to make the user pay scheme applicable to bank holding companies and insurance holding companies, to capture various other new approvals and services, and to reformat the regulations to clarify the service charges applicable to relevant sections of the legislation. In addition, OSFI is undertaking a full review of the fees charged for each approval.	The user pay scheme is intended to result in a more equitable method of recovering OSFI's costs by charging specific users for services rendered and result in a corresponding decrease in base annual assessment revenues. The extension of service charges to new approvals and to holding companies is intended to permit OSFI to recover a portion of its costs in providing services to those that request those services.	<p>The regulations came into force on September 24, 2002. There are not yet any bank holding companies or insurance holding companies incorporated in Canada against which to evaluate the impact of the regulations. However, funds from new approvals and services have reduced annual assessments by approximately \$1.14 million for the remainder of the fiscal year following the coming into force of the regulations. There has been a perceived decline in inquiries about applicable service charges, in part due to the clearer formatting of the Regulation.</p> <p>During 2002-2003, OSFI conducted a full review of the fees charged for all of its approvals and introduced regulations amending the Service Charges Regulations, which came into force on August 13, 2003. The regulations increase the service charges over two years: by 30% in year one and 30% in year two, not compounded, in order to permit OSFI to better account for the actual cost of providing its services and to apply a more equitable method of recovering its costs.</p>

External Charging

Name of Fee Activity: Service Charges for Approvals and Rulings Made Pursuant to Financial Institutions Legislation

The specific legislation governing these approvals or rulings is the *Bank Act*, *Insurance Companies Act*, *Trust and Loan Companies Act* and the *Cooperative Credit Associations Act*, along with relevant Regulations.

There are 52 types of activities that require Superintendent, Ministerial or other level of approval and also have a specific service charge. These activities/approval types are listed below with their estimated full cost of providing the service. Each of these activities can be classified as a Regulatory Service, and fall under the fee setting authority of either:

- *Office of the Superintendent of Financial Institutions Act – Subsection 23.1(2),*
- or
- *Charges for Services Provided by the Office of the Superintendent of Financial Institutions Regulations 2002.*

Not all of the approvals listed below are applicable to all types of financial institutions. For example, Item 3 is only applicable to institutions whose activities are governed by the *Bank Act*. In addition, the Superintendent has authority to enter into contracts with financial institutions for specific negotiated amounts or usage based fees for non-standard approval activities.

In 2002-03, total actual revenues generated from these activities was \$2.0M. In contrast, the estimated cost to provide these services was \$2.5M. The original service fees were determined in 1998, based on \$90 per hour (including overhead and benefits) as the average hourly rates of the staff involved in the review process. Since then, OSFI's costs have risen, and following extensive review, it was determined that the fee structure needed to be updated. In 2002, cost data was compiled from OSFI time reporting and finance systems and a new hourly rate was calculated to be \$144 per hour (including overhead and benefits). As a result, the Regulations that govern these charges are being amended and will be increased 30 per cent per annum in each of the next two years, effective August 2003.

Current and Proposed Fee Structure for Approvals and Rulings

Item	Activities Requiring Statutory Approval	2002-03 Fee (\$)	Proposed Amended Fee (\$) Aug 2003	Proposed Amended Fee (\$) Aug 2004
1.	Letters patent of incorporation	20,000	26,000	32,000
2.	Letters patent of continuance	20,000	26,000	32,000
3.	Order permitting a foreign bank to carry on business in Canada	20,000	26,000	32,000
4.	Order approving the insuring in Canada of risks by a foreign body corporate	20,000	26,000	32,000
5.	Letters patent of amalgamation	10,000	13,000	16,000
6.	Approval of an agreement respecting the sale of all or substantially all assets	10,000	13,000	16,000
7.	Approval of the acquisition or increase of a significant interest	10,000	13,000	16,000
8.	Approval of a purchase, reinsurance or transfer of policies, a reinsurance against risks undertaken by the company, or a sale of assets	5,000	6,500	8,000
9.	Approval of the acquisition of control of, or the acquisition or increase of a substantial investment in, an entity	5,000	6,500	8,000
10.	Approval to retain control of, or to continue to hold a substantial investment in, an entity for longer than 90 days	5,000	6,500	8,000
11.	Permission to retain control of, or to hold a substantial investment in, an entity for an indeterminate period	5,000	6,500	8,000
12.	Approval, for an indeterminate period, to retain control of, or to hold a substantial investment in, an entity that was acquired by way of a loan workout or realization of a security interest	5,000	6,500	8,000
13.	Order increasing the aggregate financial exposure limit	5,000	6,500	8,000
14.	Order exempting a foreign bank from certain provisions of Part XII of the <i>Bank Act</i>	5,000	6,500	8,000
15.	Order approving a foreign bank or an entity associated with a foreign bank to carry out any activity described in section 522.22 of the <i>Bank Act</i>	5,000	6,500	8,000
16.	Designation Order	5,000	6,500	8,000
17.	Authorization for the release of assets in Canada	3,500	4,550	5,600
18.	Exemption from the requirement to maintain and process information or data in Canada	3,000	3,900	4,800
19.	Approval of the creation of a security interest	3,000	3,900	4,800
20.	Approval of a time period to do all things necessary to relinquish control of, or a substantial investment in, an entity or to relinquish an increase to a substantial investment in an entity	3,000	3,900	4,800
21.	Approval to maintain a representative office of a foreign bank	3,000	3,900	4,800
22.	Approval of a declaration of dividend in excess of net income	2,500	3,250	4,000
23.	Letters patent of dissolution	2,500	3,250	4,000
24.	Approval to return amounts transferred from segregated fund account	2,500	3,250	4,000

Item	Activities Requiring Statutory Approval	2002-03 Fee (\$)	Proposed Amended Fee (\$) Aug 2003	Proposed Amended Fee (\$) Aug 2004
25	Approval of transactions that are part of the restructuring of a bank holding company or of an insurance holding company or any entity controlled by such a company and to which self-dealing provisions will not apply	2,500	3,250	4,000
26.	Approval of asset transactions with a related party or of arrangements applying to such transactions	2,500	3,250	4,000
27	Short-term exemption order	2,500	3,250	4,000
28.	Letters patent of, or approval of, continuance or amalgamation under any other Act of Parliament or any Act of the legislature of a province	2,500	3,250	4,000
29	Consent for purchase or redemption of shares or other securities	2,000	2,600	3,200
30.	Approval of special resolution for reduction of stated capital	2,000	2,600	3,200
31.	Approval of the making or acquisition of commercial loans or the acquisition of control of an entity that holds commercial loans	2,000	2,600	3,200
32.	Approval of amendment to by-laws to change name	2,000	2,600	3,200
33.	Variation of an order approving the commencement and carrying on of business of a body corporate or approving the insuring in Canada of risks by a foreign body corporate.	2,000	2,600	3,200
34.	Approval for the issuance of shares or other securities in consideration for property	2,000	2,600	3,200
35.	Approval to amend an incorporating instrument	2,000	2,600	3,200
36.	Extension of the deadline to do all things necessary to relinquish control of, or a substantial investment in, an entity or to relinquish an increase to a substantial investment in an entity	2,000	2,600	3,200
37.	Approval of an acquisition or a transfer of assets in excess of 10% of the total value of assets	2,000	2,600	3,200
38.	Exemption from requirement to provide financial statements for non-bank affiliates	2,000	2,600	3,200
39.	Approval of an acquisition or a transfer of assets in excess of 5% of the total value of assets from a related party that is not a federal financial institution	2,000	2,600	3,200
40.	Reservation of a name	500	650	800
41.	Approval to be reinsured by a related party that is not a company or foreign company	500	650	800
42.	Approval of a deposit agreement or of a trust deed to maintain assets in Canada	500	650	800
Other Activities Requiring Approval or Provision of a Service				
1.	Written interpretation or precedent-setting ruling relating to the quality of capital	4,000	5,200	6,400
2.	Accreditation of a provincial reinsurer	2,500	3,250	4,000
3.	Written interpretation of Acts, regulations, guidelines or rulings	2,500	3,250	4,000
4.	Written, non-precedent-setting confirmation of quality of capital	2,500	3,250	4,000

Item	Activities Requiring Statutory Approval	2002-03 Fee (\$)	Proposed Amended Fee (\$) Aug 2003	Proposed Amended Fee (\$) Aug 2004
5.	Approval of an amendment to an approved asset-to-capital multiple or borrowing multiple	2,000	2,600	3,200
6.	Approval of the issuance of subordinated debt to a parent	2,000	2,600	3,200
7.	Consent for purchase or redemption of securities other than shares	2,000	2,600	3,200
8.	Approval of a reinsurance trust agreement or of an amendment to a reinsurance trust agreement	500	650	800
9.	Approval of a letter of credit in lieu of assets	500	650	800
10.	Copies of any one of the following corporate documents (per request and per body corporate): (a) a certificate of confirmation, (b) a certified copy of letters patent or of incorporation or amalgamation documents, and (c) the corporate history of a body corporate	100 for up to 20 copies plus 3 for each additional copy	130 for up to 20 copies plus 4 for each additional copy	160 for up to 20 copies plus 5 for each additional copy

Consultation and Analysis

A User Pay Committee comprised of OSFI employees was established prior to the implementation of service charges in 1999. The User Pay Committee determined the activities that should incur a service charge and the formula for developing the amount of the charge. In addition, the Committee was responsible for consulting with industry associations and obtaining feedback on the findings of the Committee. This Committee is still in existence and meets as necessary to discuss issues related to the service charges.

The amount of the service charge for each activity is based on the average number of hours spent reviewing that activity, be it an approval or ruling, and the average salary (including overhead and benefits) of OSFI employees involved in reviewing each application for an approval or ruling.

Industry associations were consulted prior to the initial implementation of service charges and are consulted any time amendments to the list of activities are considered or the amount of any of the charges are being adjusted. Any feedback received from industry associations or individual financial institutions regarding the service charge amendments is responded to by OSFI.

The list of service charges is published in the *Canada Gazette* prior to any amendments being made to solicit comments and also published in final form upon final approval of the amended Regulations governing the service charges. The OSFI website contains a link to the particular *Canada Gazette* edition that contains the final version of the Regulations.

At the time of implementation of service charges and periodically since, OSFI reviews the user fees charged by regulatory bodies in other countries for similar types of

approvals, particularly the Office of the Comptroller of the Currency and the Federal Reserve Board in the United States and the Financial Services Authority in the United Kingdom, to ensure the fees charged in Canada are reasonable compared to other countries. In addition, OSFI has reviewed fees charged by other federal government departments such as Industry Canada, Canada Deposit Insurance Corporation and Canada Customs and Revenue Agency to ensure fees and/or rates are reasonable.

Service Standard

Of the activities listed above, 25 types of these activities (called deemed approvals), have a standard in which the financial institution or client receives the required approval within 30 days of OSFI's receipt of the application, assuming the application is complete and user fees included. These 25 types of activities are generally considered to be less complex.

The balance of activities is of a more complex or unusual nature involving a less rigid service standard. Approvals or transactions requiring Superintendent or other level of approval, but which are not included in the 25 referred to above, have a completion standard of 30 days. These are often of the type requiring more in-depth review and the 30 days represents a target only.

Performance Results

Approximately 400 deemed approval applications were reviewed during 2002. Performance analysis indicates that 71 per cent were completed within 30 days.

In addition, there were approximately 320 applications for approvals and rulings that did not fit within the deemed approval type. Of these, there were approximately 130 applications requiring Ministerial approval. There were 190 other types of approvals or rulings that were not of the deemed or Ministerial type. For these applications, approximately 40 per cent were reviewed and completed in 30 days.

A review of the reasons that either the 30 day deemed standard or the 30 day target for other Superintendent approvals was not met indicated that the predominant delays arose due to information delays from the applicants or the fact that these types of approvals were part of a larger application or transaction, often also requiring a Ministerial approval or significant review and consultation within OSFI.

Travel Policies

TRAVEL POLICIES		
a) Travel Directive, Rates and Allowances		
b) Special Travel Authorities		
Department / Agency: The Office of the Superintendent of Financial Institutions		
Policy that Differs from TBS Policy	What is/are the principle difference(s)?	What are the financial implications of the difference(s)?
1. Business Class airfare for specific situations (i)	TBS Guidelines allow for Business Class travel for trips exceeding 9 hours. OSFI's threshold is 5 hours.	For 2002-03, the estimated net cost of this policy is approximately \$50K, based on 33 trips at an average additional cost of \$1,500/trip.

- (i) Executive Committee may use business class at any time. Other Executives may use Business Class if the flight is over 3 hours. For other employees when they so request, upgrading to Business/Executive Class air travel may be authorized in accordance with the following principles:
- (a) when the employer requires the employee to travel on a continuous flight of five or more hours,
 - (b) when the employee has a physical disability that cannot be accommodated in regular economy class,
 - (c) when this is the lowest available fare.
 - (d) in exceptional cases such as security or where the OSFI employee is travelling with an external business client who was already booked on the higher class flight.

ANNEX B – OTHER INFORMATION

Listing of Statutes and Regulations

Acts

<i>Bank Act</i>	S.C. 1991, c. 46
<i>Cooperative Credit Associations Act</i>	S.C. 1991, c. 48
<i>Green Shield Canada Act</i>	S.C. 1992, c. 56
<i>Insurance Companies Act</i>	S.C. 1991, c. 47
<i>Office of the Superintendent of</i>	
<i>Financial Institutions Act</i>	R.S. c. 18 (2nd Supp.), Part I
<i>Pension Benefits Standards Act, 1985</i>	R.S. c. 32 (2nd Supp.)
<i>Trust and Loan Companies Act</i>	S.C. 1991, c. 45

Orders and Rules

Public Inquiry (Authorized Foreign Banks) Rules
Public Inquiry (Banks) Rules
Public Inquiry (Cooperative Credit Associations) Rules
Public Inquiry (Insurance Companies) Rules
Public Inquiry (Trust and Loan Companies) Rules

Regulations

Bank Act:

Access to basic Banking Services Regulations
Affiliated Persons (Banks) Regulations
Aggregate Financial Exposure (Banks) Regulations
Cheque Holding Policy Disclosure (Banks) Regulations
Complaint Information (Authorized Foreign Banks) Regulations
Complaint Information (Banks) Regulations
Cost of Borrowing (Authorized Foreign Banks) Regulations
Cost of Borrowing (Banks) Regulations
Disclosure of Charges (Authorized Foreign Banks) Regulations
Disclosure of Charges (Banks) Regulations
Disclosure of Interest (Authorized Foreign Banks) Regulations
Disclosure of Interest (Banks) Regulations
Disclosure of Account Opening by Telephone Request (Authorized Foreign Banks) Regulations
Disclosure of Account Opening by Telephone Request (Banks) Regulations
Entity Associated with a Foreign Bank Regulations
Entity Member of Group Regulations
Equity of a Bank or a Bank Holding Company Regulations
Exchange Rate (Authorized Foreign Banks) Regulations

Exempt Classes of Foreign Banks Regulations
Exempt Debt Obligations Transactions (Banks and Bank Holding Companies) Regulations
Exemption from Approval for Certain Investments in Intragroup Service Entities (BA) Regulations
Exemptions from Restrictions on Investments (Banks, Bank Holding Companies and Foreign Banks) Regulations
Factoring Entity Regulations
Finance Entity Regulations
Financial Leasing Entity Regulations
Foreign Bank Representative Offices Regulations
Form of Proxy (Banks and Bank Holding Companies) Regulations
Index-linked Deposits Interest Disclosure Regulations
Information Processing Activities (Banks and Authorized Foreign Banks) Regulations
Information Technology Activities (AFBs) Regulations
Information Technology Activities (Banks) Regulations
Information Technology Activities (BHC) Regulations
Information Technology Activities (Foreign Banks) Regulations
Insider Reports Exemption (Banks) Regulations
Insider Reports Regulations
Insurance Business (Authorized Foreign Banks) Regulations
Insurance Business (Banks) Regulations
Investment Limits (Bank Holding Companies) Regulations
Investment Limits (Banks) Regulations
Manner of Calculation (Foreign Banks) Regulations
Material Percentage Regulations
Minority Investment (Bank Holding Companies) Regulations
Minority Investment (Banks) Regulations
Name Use (Foreign Banks) Regulations
Name Use (Affiliates of Banks, or BHCs, that are Not Widely Held) Regulations
Name Use by Non-Financial Businesses (Excluded Entities) Regulations
Name Use in Securities-Related Transactions (Banks and Bank Holding Companies) Regulations
Notice of Branch Closure (Banks) Regulations
Notice of Deposit Restrictions (Authorized Foreign Banks) Regulations
Notice of Uninsured Deposits Regulations
Prescribed Deposits (Authorized Foreign Banks) Regulations
Prescribed Deposits (Banks without Deposit Insurance) Regulations
Prohibited Activities Respecting Real Property (Foreign Banks) Regulations
Prospectus (Banks and Bank Holding Companies) Regulations
Prospectus Exemptions (Bank Holding Companies) Regulations
Prospectus Exemptions (Banks) Regulations
Protection of Assets (Banks) Regulations
Public Accountability Statements (Banks, Insurance Companies, T&Ls) Regulations
Registration of Bank Special Security Regulations
Regulatory Capital (Bank Holding Companies) Regulations

Regulatory Capital (Banks) Regulations
 Related Party Transactions (Banks) Regulations
 Resident Canadian (Banks) Regulations
 Sales or Trades (Authorized Foreign Banks) Regulations
 Securities Dealing Restrictions (Authorized Foreign Banks) Regulations
 Securities Dealing Restrictions (Banks) Regulations
 Security Certificate Transfer Fee (Banks, Bank Holding Companies,
 Insurance Companies and Insurance Holding Companies) Regulations
 Shared Premises (Banks) Regulations
 Specialized Financing (Banks) Regulations
 Specialized Financing (Foreign Banks) Regulations
 Specialized Financing (Bank Holding Companies) Regulations
 Subsidiaries Holding Bank Shares (Banks) Regulations
 Subsidiaries that Hold Bank Holding Company Shares Regulations
 Supervisory Information (Authorized Foreign Banks) Regulations
 Supervisory Information (Bank Holding Companies) Regulations
 Supervisory Information (Banks) Regulations
 Support Orders and Support Provisions (Banks and AFB) Regulations
 Total Assets for Supervisability and Public Holding Requirements (Banks and Bank
 Holding Companies) Regulations

Cooperative Credit Associations Act:

Commercial Loan (Cooperative Credit Associations) Regulations
 Complaint Information (Retail Associations) Regulations
 Cost of Borrowing (Retail Associations) Regulations
 Equity of a Cooperative Credit Association Regulations
 Exemption from Restrictions on Investments (Cooperative Credit Associations)
 Regulations
 Exemption from Approval for Certain Investments in Intragroup Service Entities
 (CCAA) Regulations
 Factoring Entity Regulations
 Finance Entity Regulations
 Financial Leasing Entity Regulations
 Information Technology Activities (Coops) Regulations
 Investment Limits (Cooperative Credit Associations) Regulations
 Minority Investment (Cooperative Credit Associations) Regulations
 Name Use (Cooperative Credit Associations) Regulations
 Notice of Branch Closure (Coops) Regulations
 Prospectus (Cooperative Credit Associations) Regulations
 Prospectus Exemptions (Cooperative Credit Associations) Regulations
 Protection of Assets (Cooperative Credit Associations) Regulations
 Regulatory Capital (Cooperative Credit Associations) Regulations
 Related Party Transactions (Cooperative Credit Associations) Regulations
 Resident Canadian (Cooperative Credit Associations) Regulations
 Retail Association Regulations

Securities Dealing Restrictions (Cooperative Credit Associations) Regulations
Security Certificate Transfer Fee (Cooperative Credit Associations) Regulations
Specialized Financing (Cooperative Credit Associations) Regulations
Specialized Financing (Retail Associations) Regulations
Subsidiaries Holding Association Shares (Cooperative Credit Associations) Regulations
Supervisory Information (Cooperative Credit Associations) Regulations
Support Orders and Support Provisions (Retail Associations) Regulations

Insurance Companies Act:

Affiliated Persons (Insurance Companies) Regulations
Aggregate Financial Exposure (Insurance Companies) Regulations
Alternate Means of Publication Regulations
Ancillary Activities (Insurance Companies, Canadian Societies and Insurance Holding Companies) Regulations
Assets (Foreign Companies) Regulations
Assets (Property and Casualty) Regulations
Commercial Loan (Insurance Companies, Societies and Insurance Holding Companies) Regulations
Complaint Information (Canadian Insurance Companies) Regulations
Complaint Information (Foreign Insurance Companies) Regulations
Converted Company Ownership Regulations
Cost of Borrowing (Canadian Insurance Companies) Regulations
Cost of Borrowing (Foreign Insurance Companies) Regulations
Credit Information (Insurance Companies) Regulations
Entity Member of Group Regulations
Equity of Insurance Company or Insurance Holding Company Regulations
Exemption from Approval for Certain Investments in Intragroup Service Entities (ICA) Regulations
Exemption from Restrictions on Investments (Insurance Companies, Insurance Holding Companies and Societies) Regulations
Factoring Entity Regulations
Finance Entity Regulations
Financial Leasing Entity Regulations
Foreign Companies Prescribed Transactions Regulations
Foreign Institutions Subject to Canadian Residency Requirements Regulations
Information Technology Activities (Canadian Societies) Regulations
Information Technology Activities (IHCs) Regulations
Information Technology Activities (Life Cos) Regulations
Information Technology Activities (P&Cs) Regulations
Index-linked Deposits Interest Disclosure Regulations
Insurance Companies Assessed Expenses Recovery Regulations
Investments (Foreign Companies) Regulations
Investment Limits (Canadian Societies) Regulations
Investment Limits (Insurance Companies) Regulations
Investment Limits (Insurance Holding Companies) Regulations
Life Companies Borrowing Regulations

Minority Investment (Insurance Companies) Regulations
Minority Investment (Insurance Holding Companies) Regulations
Mutual Company (Life Insurance) Conversion Regulations
Name Use in Securities-related Transactions (Insurance Companies and Insurance Holding Companies) Regulations
Property and Casualty Companies Borrowing Regulations
Prospectus (Insurance Companies and Insurance Holding Companies) Regulations
Prospectus Exemptions (Insurance Companies) Regulations
Prospectus Exemptions (Insurance Holding Companies) Regulations
Protection of Assets (Fraternal Benefit Societies) Regulations
Protection of Assets (Insurance Companies) Regulations
Public Accountability Statements (Banks, Insurance Companies, T&Ls) Regulations
Regulatory Capital (Insurance Companies) Regulations
Regulatory Capital (Insurance Holding Companies) Regulations
Reinsurance (Canadian Companies) Regulations
Reinsurance (Foreign Companies) Regulations
Related Party Transactions (Insurance Companies) Regulations
Resident Canadian (Insurance Companies) Regulations
Security Certificate Transfer Fee (Insurance Companies) Regulations
Securities Dealing Restrictions (Insurance Companies) Regulations
Specialized Financing (Life Companies) Regulations
Specialized Financing (Insurance Holding Companies) Regulations
Subsidiaries Holding Company Shares (Insurance Companies) Regulations
Subsidiaries that Hold Insurance Holding Company Shares Regulations
Supervisory Information (Insurance Companies) Regulations
Supervisory Information (Insurance Holding Companies) Regulations
Total Assets for Supervisability and Public Holding Requirements (Insurance Companies and Insurance Holding Companies) Regulations
Vested Assets (Foreign Companies) Regulations

Office of the Superintendent of Financial Institutions Act:

Assessment of Financial Institutions Regulations, 2001
Filing Penalties Regulations
Service Charges (OSFI) Regulations

Pension Benefits Standards Act, 1985:

Pension Benefits Standards Regulations, 1985

Trust and Loan Companies Act:

Affiliated Persons (Trust and Loan Companies) Regulations
Aggregate Financial Exposure (Trust and Loan Companies) Regulations
Commercial Loan (Trust and Loan Companies) Regulations
Complaint Information (Trust and Loan Companies) Regulations
Cost of Borrowing (Trust and Loan Companies) Regulations
Disclosure of Charges (Trust and Loan Companies) Regulations
Disclosure of Interest (Trust and Loan Companies) Regulations

Disclosure of Account Opening by Telephone Request (Trust and Loan Companies) Regulations
Entity Member of Group Regulations
Equity of a Trust and Loan Company Regulations
Exemption from Approval for Certain Investments in Intragroup Service Entities (TLCA)
Exemption from Restrictions on Investments (Trust and Loan Companies) Regulations
Factoring Entity Regulations
Finance Entity Regulations
Financial Leasing Entity Regulations
Foreign Institutions Subject to Canadian Residency Requirements Regulations
Information Technology Activities (T&Ls) Regulations
Insurance Business (Trust and Loan Companies) Regulations
Investment Limits (Trust and Loan Companies) Regulations
Minority Investment (Trust and Loan Companies) Regulations
Name Use (Trust and Loan Companies) Regulations
Notice of Branch Closure (T&Ls) Regulations
Prospectus (Trust and Loan Companies) Regulations
Prospectus Exemptions (Trust and Loan Companies) Regulations
Protection of Assets (Trust and Loan Companies) Regulations
Public Accountability Statements (Banks, Insurance Companies, T&Ls) Regulations
Regulatory Capital (Trust and Loan Companies) Regulations
Related Party Transactions (Trust and Loan Companies) Regulations
Resident Canadian (Trust and Loan Companies) Regulations
Securities Dealing Restrictions (Trust and Loan Companies) Regulations
Security Certificate Transfer Fee (Trust and Loan Companies) Regulations
Specialized Financing (Trust and Loan Companies) Regulations
Subsidiaries Holding Company Shares (Trust and Loan Companies) Regulations
Supervisory Information (Trust and Loan Companies) Regulations
Support Orders and Support Provisions (T&Ls) Regulations
Total Assets for Public Holding Requirements (Trust and Loan Companies) Regulations

Reference

Office of the Superintendent of Financial Institutions Canada
255 Albert Street
16th Floor
Ottawa, Ontario
K1A 0H2
Telephone: (613) 990-7788
Fax: (613) 993-6782
Web Site: www.osfi-bsif.gc.ca

Publications available:

Please see OSFI Web Site www.osfi-bsif.gc.ca for details