

# OSFI'S FIRST INDUSTRY DAY: KEY HIGHLIGHTS AND TAKEAWAYS

**Categories:** [Insights](#), [Publications](#)

On September 5, 2024, the Office of the Superintendent of Financial Institutions ("**OSFI**") hosted its inaugural virtual [Industry Day](#). This event follows OSFI's first quarterly release of guidance and offered a high-level briefing for stakeholders on OSFI's initiatives for this quarter (see our bulletin summarizing the release [here](#)). Together, OSFI's quarterly releases and industry days aim to offer predictability and transparency to federally regulated financial institutions ("**FRFIs**").

## Industry Day Sessions

OSFI hosted four sessions during the industry day event, followed by question-and-answer periods covering the following topics:

- **OSFI Policy Review**

In the wake of the 2008 financial crisis and the COVID-19 pandemic, OSFI is adapting its policies to be more responsive to risks. Quarterly releases will align with current prominent risks to ensure OSFI's guidance is relevant and timely.

- **Public Disclosure of Crypto-Asset Exposures**

OSFI reminded stakeholders that [public consultation](#) is open regarding its Pillar 3 Disclosure Guidelines for domestic systemically important banks ("**D-SIBs**") and small and medium-sized deposit-taking institutions ("**SMSBs**"). OSFI assured stakeholders that proportionality is central to these guidelines, and that disclosure expectations are proportionate to the size of the institution. The underlying principle of disclosing crypto-asset exposure is market discipline.

Disclosure requirements for tokenized loans and bonds will mirror OSFI's credential guidelines on capital liquidity.

- **Final Guideline E-21 on Operational Risk and Resilience**

This session provided an overview of the final [Guideline E-21](#) and how it has changed since its draft form. OSFI also provided the timeline for its phased implementation (see our summary bulletin [here](#)).

Guideline E-21 sets out OSFI's expectations for FRFIs to prepare for and mitigate severe disruptive events. Operational resilience programs should focus on the detection and prevention of risks across the organization. In order to monitor institutional progress in implementing operational resilience programs, OSFI may ask institutions to prepare and provide roadmaps identifying risks, conducting a gap analysis, and monitoring progress towards resilience.

- **LICAT Guideline Consultations**

OSFI is seeking stakeholder feedback regarding its draft LICAT 2025 guideline, and [public consultation](#) is open until October 22, 2024. The key revisions apply to life insurers running a segregated fund guarantee business. For more information on LICAT 2025, see our bulletin summarizing the key changes to 2025 LICAT [here](#).

OSFI confirmed that the 1.1 scalar applies only to segregated fund guarantee businesses, and not to the whole LICAT 2025 framework.

## **The Past and Future of OSFI Guidance**

Stakeholders were highly engaged during the question-and-answer periods that followed each session, taking OSFI to task about the future of its guidance. OSFI noted that it aims to be more mindful when releasing new and amended guidelines. With that in mind, some of its timelines set out in the [Annual Risk Outlook](#) have been changed or postponed. OSFI intends to include guidelines in its quarterly releases that best address current and active risks, and will stagger the release of new and amended guidelines to avoid overwhelming the industry.

OSFI provided an update on its five-year plan to reduce the volume of its regulatory guidelines. OSFI still aims to reduce the number of guidelines in the future, however, due to emerging technological, cyber, and third-party risks over the last five years, OSFI found it necessary to release additional guidance to address these risks. OSFI noted that it will be rescinding guidance that is no longer relevant and does not plan to consult the industry before doing so (as such rescission is expected to result in minimal disruption and risk). Stakeholders can contact OSFI if they require a copy of a rescinded guideline that is no longer available on OSFI's website.

With respect to working with the provinces, OSFI intends to release a guideline rescindment list in November 2024 which will include a transition period to allow the provinces time to amend their aligned guidelines, as needed. The list will be shared with the provinces in advance of it becoming more publicly available.

The next quarterly guidance release is slated for November 21, followed by a second virtual Industry Day, scheduled for December 5, 2024.

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## **A Cautionary Note**

The foregoing provides only an overview and does not constitute legal advice. Readers are cautioned against making any decisions based on this material alone. Rather, specific legal advice should be obtained.

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