

GIVING UP CONTROL OF AN ENTITY WHILE RETAINING A SUBSTANTIAL INVESTMENT**Legislative Authorities**

- Subsections 468(11) and 930(11) of the *Bank Act (BA)*
- Subsection 453(10) of the *Trust and Loan Companies Act (TLCA)*
- Subsections 495(12) and 971(10) of *Insurance Companies Act (ICA)*
- Subsection 390(10) of the *Cooperative Credit Associations Act (CCAA)*

Information Requirements

The applicant is generally expected to provide:

1. a description of the transaction, including:
 - a) the name of the entity for which approval for giving up control is requested;
 - b) a detailed description of the activities of the entity and the legislative provision under which the applicant is permitted to hold control of the entity or a substantial investment in the entity;
 - c) the rationale for giving up control of the entity while retaining a substantial investment; and
 - d) details of the applicant's relationship to the entity before and after giving up of control, including:
 - i) the number, value and percentage of each class of share or ownership interest held, or to be held, by the applicant and its subsidiaries; and
 - ii) the aggregate value of loans¹ that the applicant and its subsidiaries, whether individually or jointly, have made to the entity.
2. Confirmation that upon giving up control of the entity:
 - a) the applicant would meet the requirements of the *Minority Investment Regulations*; or
 - b) the entity would meet the conditions referred to in subparagraph 468(4)(d)(iii) or 930(4)(c)(iii) of the *BA*, 390(4)(c)(iii) of the *CCAA*, 495(c)(iii) of the *ICA*, or 453(4)(c)(iii) of the *TLCA*.
3. Where the entity currently uses the name of the applicant in its corporate name, carries on business or identifies itself by a name that is substantially the same as the applicant, or uses any identifying mark, logogram or insignia of the applicant to indicate or describe its business, and:
 - a) where the entity will continue to use the applicant's name after the applicant has given up control of the entity, a detailed description of any agreement permitting the continued use of the name as well as a rationale for permitting the continued use; or
 - b) where the entity will cease to use the applicant's name after the applicant has given up control, a description of the measures that the applicant will take to ensure that the entity ceases to use its name, identifying mark, logogram or insignia.

¹ See definition in subsection 464(1) of the *BA*, 386(1) of the *CCAA*, 490(1) of the *ICA* or 449(1) of the *TLCA*.

Appendix A

Administrative Guidance

1. A key feature of the control requirement is to address concerns over the risks to reputation to which a FRE is exposed when it has a substantial investment in an entity whose activities are closely related to the business of banking, insurance, financial intervention or investment. When reviewing an application for giving up control, OSFI will assess the impact of giving up control on these risks. If applicable, OSFI will also take into account the sufficiency of the FRE's measures to ensure that the entity will cease to use the applicant's name, identifying mark, logogram or insignia.
2. When an entity ceases to be a subsidiary of a bank or bank holding company, the entity may be required to take action to comply with section 983 of the *BA*, which sets out rules for the use of the name, identifying mark, logogram or insignia of a bank or bank holding company.
3. When an entity incorporated under the laws of Canada ceases to be a subsidiary of an insurance company, insurance holding company, trust company or loan company, the entity may be required to take action in respect of its name to comply with section 47 of the *Insurance Companies Act* or section 47 of the *Trust and Loan Companies Act*.
4. This approval is subject to a [user pay fee](#).

The information requirements and administrative guidance are intended to satisfy typical applications. They have been derived from OSFI's experience in assessing applications. Applicants who provide all information and material requested can generally expect a more timely assessment of their applications. As appropriate to the circumstances, OSFI may request additional information, take into account other matters, impose terms and conditions, or require undertakings.