

Appendix A

ASSET TRANSACTIONS GREATER THAN 10% OF ASSETS

Legislative Authorities

- Sections 482 and 944 of the [Bank Act](#)
- Section 470 of the [Trust and Loan Companies Act](#)
- Sections 512, 569 and 987 of the [Insurance Companies Act](#)
- Section 406 of the [Cooperative Credit Associations Act](#)

Information Requirements

The applicant is generally expected to provide:

1. a description of the transaction or series of transactions (the transaction), including:
 - a) the rationale for the transaction (e.g., in the normal course of business or in a restructuring),
 - b) the type of asset involved,
 - c) the name of the other party to the transaction and, if applicable, a description of the nature of the applicant's affiliation with that person,
 - d) in the case of an acquisition, a description of the consideration to be paid by the applicant or its subsidiary, including the terms of payment and the source of funds supporting the transaction, and
 - e) in the case of a transfer, a description of the consideration to be received by the applicant or its subsidiary, including the terms of payment and the use of the proceeds;
2. a breakdown of each element of the formula set out in the applicable legislative authority, demonstrating that the value of the transaction exceeds the 10 per cent threshold set out in the formula;
3. a description of the impact the transaction will have on the applicant's current business strategy and, if the transaction will result in a material impact, a revised business strategy;
4. an analysis of the effect the transaction will have on the financial position and risk profile of the applicant, including:
 - a) a comparative pro forma balance sheet (pre- and post-transaction) including relevant assumptions,
 - b) a comparative pro forma capital position (pre- and post-transaction) confirming compliance with OSFI's requirements, as applicable to the applicant, together with relevant assumptions and, in the case of:
 - i) a deposit-taking institution, a breakdown of all elements used to calculate the Capital Adequacy Requirements, including the risk-based Tier 1 capital ratio, the risk-based total capital ratio and the assets to capital multiple,
 - ii) a life insurance company or fraternal benefit society, a breakdown of all elements used to calculate the Minimum Continuing Capital and Surplus Requirements, including the Tier 1 capital and total capital required, or
 - iii) a property and casualty insurance company, details of the Minimum Capital Test, and

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- c) a confirmation that, following the transaction, the applicant will be in compliance with its liquidity policy.

Administrative Guidance

1. Certain asset transactions would not be subject to the legislative authorities. For guidance on these transactions please refer to [Regulatory & Legislative Advisory, Investments – large asset transactions, No. 2003-02](#).
2. When assessing an application pursuant to the legislative authorities, OSFI will generally:
 - a) take into account the impact of the transaction on the applicant's asset mix, capital, income, liquidity position, and risk profile:
 - i) in the case of a federally regulated financial institution, to ensure that the overall solvency of the applicant will not be unduly threatened, or
 - ii) in the case of a bank or insurance holding company, to ensure that the applicant will continue to be able to provide adequate financial support to its federally regulated financial institution subsidiary, and
 - b) ascertain the soundness and feasibility of the applicant's revised business strategy if the transaction will result in a material change in the applicant's business strategy.
3. If the counterparty is a related party, the applicant may also require an approval under the applicable provisions of the legislation pertaining to self-dealing.
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.