

**MATERIALITY CRITERIA FOR AN RE OR ITS SUBSIDIARIES TO
HOLD SHARES OR OWNERSHIP INTERESTS IN AN RE OR AN RE'S
CONTROLLING ENTITY****Legislative Authorities**

- sections 72 and 716 of *Bank Act*
- section 75 of *Trust and Loan Companies Act*
- sections 76 and 755 of *Insurance Companies Act*
- section 80 of *Cooperative Credit Associations Act*

Information Requirements

- details of transaction(s) and a description of shares or ownership interest to be acquired*
- criteria proposed by RE for determining nominality or immateriality of shares to be held by way of security interest
- impact, if any, of holding shares on regulatory capital of RE

Administrative Guidance

An application under any of the legislative authorities:

- must, if involving related parties, conform to criteria established for REs for determining nominality or immateriality of transactions with related parties
- must be consistent with OSFI capital guidelines and policies where shares to be held by way of security interest are to be afforded capital treatment

* Please note that an RE that is either a bank holding company or an insurance holding company is not permitted, except for purposes of cancellation, to hold its own shares, or to hold an ownership interest in its controlling entity.