

REDUCTION OF STATED CAPITAL**Legislative Authorities**

- sections 75 and 718 of *Bank Act*
- section 78 of *Trust and Loan Companies Act*
- sections 79 and 757 of *Insurance Companies Act*
- section 82 of *Cooperative Credit Associations Act*

Information Requirements

- copy of special resolution authorizing the reduction in stated capital and specifying the stated capital account or accounts from which the reduction of stated capital will be deducted
- proof of publication in the *Canada Gazette* of a copy of the special resolution, together with a notice of intention to apply for approval of the Superintendent to reduce the stated capital
- statements showing the number of shares of the RE that are issued and outstanding, results of voting by class of shares of RE, and rationale for seeking the reduction in capital
- pro-forma balance sheets and pro-forma capital or solvency test calculations, for before and after the reduction of capital. For a deposit-taking institution, this would include such key ratios as Tier 1 and Total Capital Ratios and the Assets to Capital Multiple. For a property and casualty insurance company, this would include the Minimum Asset Test (MAT). For a life insurance company, this would include the Minimum Continuing Capital, Surplus and Reserves (MCCSR) calculations. For a bank holding company or an insurance holding company, please contact OSFI for information requirements.*

Administrative Guidance

An application under any of the legislative authorities:

- must be made within three months after the time of the passing of the special resolution, and the copy of the special resolution, together with a notice of intention to apply for approval of the Superintendent, must be published in the *Canada Gazette* prior to making the application
- must conform to capital adequacy and solvency requirements as applicable

* When this document was published there were no federally regulated bank holding companies or insurance holding companies in existence. This document will be revised to include information requirements relating to capital for the purchase and redemption of shares of these entities, upon OSFI's completion of their capital rules.