



**Remarks by Julie Dickson, Acting Superintendent  
Office of the Superintendent of Financial Institutions Canada (OSFI)  
to the  
House of Commons Standing Committee on Finance**

**Ottawa, Ontario  
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## **Opening**

Good afternoon, Mr. Chairman, members of the Committee.

Thank you for inviting the Office of the Superintendent of Financial Institutions (OSFI) to appear before you today to discuss Bill C-37.

## **Mandate**

OSFI is the prudential regulator of federal financial institutions. Prudential means we are concerned with the safety and soundness of financial institutions, which contributes to the overall stability of the financial system. Our mandate does not extend to market conduct or consumer-related issues, which are the responsibility of other organizations both at the federal and provincial levels.

In short, OSFI supervises federal financial institutions to determine whether they are in sound financial condition and complying with legislation. We are required to promptly advise institutions when there are material deficiencies affecting safety and soundness and take, or require management and boards of directors to take, necessary corrective measures in an expeditious fashion. We also promote the adoption of policies and procedures to control and manage risk with financial institutions, and monitor and evaluate system-wide or sectoral issues that may impact institutions negatively.

## **Bill C-37**

Regular legislative reviews provide an opportunity to ensure that Canadian legislation promotes an efficient, competitive and safe financial services sector. In any legislative review, OSFI is interested in the following:

- whether proposed legislative changes increase risk to financial institutions, thus creating major prudential concerns;
- whether the legislation is clear (because we administer compliance with most provisions of the Act);

- whether OSFI has the authority it needs to act when necessary (i.e. whether the prudential toolkit needs to be enhanced); and
- whether regulatory burden can be eliminated in cases where it is clear that legislative requirements that may have been necessary at one point in time are no longer necessary from a prudential perspective.

In our judgment, Bill C-37 does not increase risk to financial institutions that we regulate. Further, Canada already has a framework with prudential tools that are consistent with international norms for strong regulatory regimes, thanks to changes introduced in previous legislative reviews. As a result, OSFI did not seek significant new prudential measures as part of this review.

However, there are several elements in Bill C-37 that would help us to be more effective because they would bring clarity to certain areas of the various Acts we administer, and would eliminate some legislative requirements that were no longer considered useful, thus cutting red-tape and regulatory burden. I will briefly touch on a few of these areas.

### **Increasing Regulatory Efficiency**

#### Streamlined approval process for financial institutions

Currently, there are a number of transactions that financial institutions can only pursue with the prior approval of the Minister or the Superintendent. In previous legislative reviews, efforts to streamline the process focussed on shifting Ministerial approvals that did not have public policy implications to the Superintendent. In addition, some Superintendent approvals were shifted to an expedited or “deemed” approval regime, and some were eliminated altogether.

Bill C-37 continues this effort. It further reduces the administrative requirements for institutions, and eliminates some requirements altogether. For example, a financial institution that wants to sell blocks of loans over a period of time could obtain the approval of OSFI to do a series of transactions, versus having to make an application for each individual sale.

#### Streamlined Approval Process for Foreign Entities

The Bill also includes a number of proposals to streamline the foreign bank entry regime. Simplifying and clarifying the entry process would remove a great deal of the legislative complexity and associated time involved in processing regulatory approvals. This would allow OSFI to better focus its resources on regulating domestic and foreign banks and insurance companies that hold the savings of Canadians.

## **Conclusion**

A strong and efficient regulatory framework, one in which Canadians and those outside Canada can have a high degree of confidence, is critical to Canada's economic performance. In the opinion of OSFI, passage of Bill C-37 would help contribute to that confidence.

I would be pleased to answer any questions the Committee may have.