



Unclassified

Our File: P1000-30

June 15, 2005

To: Federally Regulated Financial Institutions

Subject: OSFI Service Standards

In order to enhance its accountability and transparency, OSFI is in the process of developing performance measures. As part of this process, service standards have been developed for services provided by OSFI for which a fee is charged. OSFI's initiative is part of the Government of Canada's commitment toward enhancing the fundamental principles of parliamentary oversight, strengthened accountability, and including stakeholders in consultations for the development and management of user fees.

These service standards also comply with the Government of Canada's "*Policy on Service Standards for External Fees*" (the Policy)¹. This Policy requires all federal departments and agencies to develop service standards for all external fees that are measurable and relevant for paying stakeholders and requires that the standards and a summary of stakeholder feedback from the consultation be published in the annual Departmental Performance Report (DPR) within two years – i.e., no later than the 2005/06 DPR². It is OSFI's intention to meet this reporting requirement within one year.

These service standards apply to the service fees as per the *Charges for Services Provided by the Office of the Superintendent of Financial Institutions Regulations 2002*. These requirements do not apply where OSFI and the paying stakeholder have negotiated a contract or formal agreement stipulating the service standard (or some equivalent provision) nor do they apply to OSFI's annual assessments.

OSFI has developed seven service standards for application to the 51 service fees³ currently being charged. These standards, which were developed in consultation with key stakeholders, are summarized below, and described in more detail in the attachment.



OSFI
BSIF

255 Albert Street
Ottawa, Canada
K1A 0H2

www.osfi-bsif.gc.ca

	Service	Proposed Service Standard
1	Superintendent Deemed Approvals	90% will be processed in less than 30 calendar days of receipt
2	Superintendent Non-deemed Approvals except those in Category 3	90% will be processed in less than 60 calendar days of receipt
3	Superintendent Non-deemed Approvals of Deposit and Trust Agreements and Letters of Credit	90% will be processed in less than 15 business days of receipt
4	Ministerial Approvals	80% will be processed and forwarded to the Minister in less than 90 calendar days of receipt
5	Precedents/Rulings/Interpretations	80% will be processed in less than 180 calendar days of receipt
6	Non-precedential Confirmations of Quality of Capital	90% will be processed in less than 60 calendar days of receipt
7	Copies of Corporate Documents and Certificates of Confirmation	90% will be processed within 2 business days of receipt

In developing the service standards, OSFI analyzed service performance standards established by other relevant prudential supervisors in foreign jurisdictions and developed comparable standards. Further, OSFI was sensitive to the fact that, in processing applications, situations sometimes occur that require OSFI to take additional time to assess the application. For example, where a prudential concern is identified or where precedential issues or additional information requirements are identified that need to be resolved, it may not be possible to meet the service standard. As such, in order to accommodate the nature of the services provided by OSFI, the service standards have been designed to allow for a small percentage to take longer than the service standard. Also, in developing the service standards, as a general principle, delays in providing services that are beyond OSFI's control – for example caused by the applicant requesting a change – will not negatively impact OSFI's performance with regard to service standards. However, where delays are attributed to OSFI, they will count towards the total number of days taken to process the application and will therefore impact OSFI's performance in regard to the service standard.

These service standards became effective April 1, 2005. OSFI will be reviewing these standards on a regular basis with the benefit of experience and stakeholder feedback to ensure that they remain relevant and to allow for adjustments. Questions with respect to the service standards should be addressed to Laural Ross at (613) 990-6972, by facsimile (613) 998-6716 or by email at laural.ross@osfi-bsif.gc.ca.

Julie Dickson
Assistant Superintendent
Regulation Sector

Attach.

Endnotes:

- ¹ This Policy was effective November 29, 2004. The link to Government's policy on the Treasury Board Secretariat (TBS) Web site is: http://www.tbs-sct.gc.ca/Pubs_pol/oepubs/TB_H/CRP_e.asp.
- ² DPRs are typically tabled in the fall by the Treasury Board President for the fiscal year ending the previous March. For further background and information, OSFI's last DPR was tabled on October 28, 2004 for fiscal year 2003/04 and is available on the TBS Web site: http://www.tbs-sct.gc.ca/rma/dpr/03-04/OSFI-BSIF/OSFI-BSIFd34_e.asp.
- ³ While the *Charges for Services Provided by the Office of the Superintendent of Financial Institutions Regulations 2002* list 52 fees, Attachment I lists 54. The discrepancy is caused by two factors. First, the approval for which User Pay Code S1-19 applied was legislatively repealed, effective January 1, 2004. Second, three user pay codes, S1-09, S1-20 and S1-36 are listed two times; as Superintendent Deemed Approval and as Ministerial Approvals where the type of approval is dependent on the circumstances of the particular case.

SERVICE STANDARD 1
Superintendent Deemed Approvals
90% will be processed in less than 30 calendar days of receipt

For the purpose of measuring performance against the service standard, the first day of the process will be the day that OSFI receives all material information relevant to the approval requirements. (Note, information requirements for Superintendent Deemed Approvals are described in the OSFI *Transaction instructions for applications subject to the deemed approval process* available on OSFI's Web site at:

http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/guides/transaction/transop_e.html.)

Regardless of the number of days it takes OSFI to complete its initial review, OSFI will issue an "application receipt" to the applicant effective on the date of actual receipt of all material information. If information is incomplete, OSFI will issue a "deficiency letter" to the applicant. For Deemed Approvals only, OSFI will issue a "notice of extension" if it is going to take more than 30 days (from the date of the "application receipt") to complete the approval. (This is necessary because, as per the legislation, otherwise, the application would be "deemed" approved after 30 days.) For the purposes of measuring performance against the service standard, the final day of the process is the day that the decision is made by the Superintendent to approve or deny the request for approval or the day that the applicant decides to withdraw the application or request an extension.

This service standard will apply to the following user pay codes:

User Pay Code	Description of Document or Service	Bank Act	T&LC	ICA	CCAA	Service Fee
S1-09	Approval of the acquisition of control of, or the acquisition or increase of a substantial investment in, an entity (Superintendent Approval)	468(6) 930(6)	453(6)	495(8) 971(6)	390(6)	8,000
S1-11	Permission to retain control of, or to hold a substantial investment in, an entity for an indeterminate period	471(5) 933(4)	456(5)	498(5) 974(4)	393(5)	8,000
S1-18	Exemption from requirement to maintain and process information or data in Canada	245 822	250	268 876	242	4,800
S1-20	Approval of a time period to do all things necessary to relinquish control of, or a substantial investment in, an entity or to relinquish an increase to a substantial investment in an entity (Superintendent Approval)	471(1) 471(2) 933(1)	456(1) 456(2)	498(1) 498(2) 557(1) 557(2) 974(1)	393(1) 393(2)	4,800
S1-22	Approval of a declaration of dividend in excess of net income	79(5)	82(5)	83(5)	86(5)	4,000
S1-24	Approval to return amounts transferred from segregated fund account	N/A	N/A	453 542.03	N/A	4,000
S1-26	Approval of asset transactions with a related party or of arrangements applying to such transactions	494(3) 494(4)	482(3) 482(4)	527(3) 527(4)	418(3) 418(3.1)	4,000
S1-29	Consent for purchase or redemption of shares or membership shares	71 715	74	75 754	79	3,200
S1-30	Approval of special resolution for reduction of stated capital	75 718	78	79 757	82	3,200
S1-32	Approval of amendment to by-laws to change name	217(3)	222(3)	238(3) 544.1 851(3)	221(2)	3,200
S1-34	Approval for the issuance of shares or other securities in consideration for property	65 80 709 723	68 83	69 84 748 762	74 87	3,200

User Pay Code	Description of Document or Service	Bank Act	T&LC	ICA	CCAA	Service Fee
S1-36	Extension of the deadline to do all things necessary to relinquish control of, or a substantial investment in, an entity or to relinquish an increase to a substantial investment in an entity (Superintendent Approval)	471(3) 472(4) 473(4) 934(3) 935(3)	456(3) 457(4) 458(4)	498(3) 499(4) 500(4) 557(3) 558(4) 559(4) 974(2) 975(3) 976(3)	393(3) 394(4) 395(4)	3,200
S1-37	Approval of an acquisition or a transfer of assets in excess of 10% of the total value of assets	482 944	470	512 569 987	406	3,200
S1-39	Approval of an acquisition or a transfer of assets in excess of 5% of the total value of assets from a related party that is not a federal financial institution	495.3	483.3	528.3	N/A	3,200
S1-41	Approval to be reinsured by a related party that is not a company or foreign company	N/A	N/A	523 597(1)	N/A	800

SERVICE STANDARD 2
Superintendent Non-deemed Approvals except those in Category 3
90% will be processed in less than 60 calendar days of receipt

For the purpose of measuring performance against the service standard, the first day of the process will be the day that OSFI receives all material information relevant to the approval requirements. Regardless of the number of days it takes OSFI to complete this review, OSFI will issue an “application receipt” to the applicant effective on the date of actual receipt. If information is incomplete, OSFI will issue a “deficiency letter” to the applicant. For the purposes of measuring performance against the service standard, the final day of the process is the day that the decision is made by the Superintendent to approve or deny the request for approval or the day that the applicant decides to withdraw the application or place it on hold.

This service standard will apply to the following user pay codes:

User Pay Code	Description of Document or Service	Bank Act	T&LC	ICA	CCAA	Service Fee
S1-13	Order increasing the aggregate financial exposure limit	495.2(3)	483.2(3)	528.2(3)	N/A	8,000
S1-17	Authorization for the release of assets in Canada	599	N/A	650	N/A	5,600
S1-21	Approval to maintain a representative office of a foreign bank	522	N/A	N/A	N/A	4,800
S1-25	Approval of transactions that are part of the restructuring of a bank holding company or of an insurance holding company or any entity controlled by such a company and to which self-dealing provisions will not apply	487(2)(e)	N/A	519(2)(f)	N/A	4,000
S1-31	Approval of the making or acquisition of commercial loans, or the acquisition of control of an entity that holds commercial loans, if the total value of commercial loans held exceeds the specified limit	N/A	462	504	N/A	3,200
S1-33	Variation of an order approving the commencement and carrying on of business of a body corporate or approving the insuring in Canada of risks by a foreign body corporate	54 534(6)	58	59 586(1) 657(4)	62	3,200
S1-38	Exemption from requirement to provide financial statements for non-bank affiliates	522.27	N/A	N/A	N/A	3,200
S1-40	Reservation of a name	43 697	45	45 734	39	800
S2-02	Accreditation of a provincial reinsurer	N/A	N/A	N/A	N/A	4,000
S2-05	Approval of an amendment to an approved asset-to-capital multiple or borrowing multiple	N/A	N/A	N/A	N/A	3,200 + GST
S2-06	Approval of the issuance of subordinated debt to a parent	N/A	N/A	N/A	N/A	3,200 + GST
S2-07	Consent for purchase or redemption of securities other than shares	N/A	N/A	N/A	N/A	3,200 + GST

SERVICE STANDARD 3
Superintendent Non-deemed Approvals of Deposit and Trust Agreements and Letters of Credit
(Processed by the Securities Administration Unit)
90% will be processed in less than 15 business days of receipt

For the purpose of measuring performance against the service standard, the first day of the process will be the day that OSFI receives all material information relevant to the approval requirements. For the purposes of measuring performance against the service standard for user pay codes S1-42 and S2-08, the final day of the process is the day that the decision is made by the Superintendent to approve or deny the request for approval or the day that the applicant decides to withdraw the application or request an extension. For the purpose of User Pay Code S2-09, the final day of the process is the day that OSFI advises the applicant that the LOC meets OSFI's requirements.

This service standard will apply to the following user pay codes:

User Pay Code	Description of Document or Service	Bank Act	T&LC	ICA	CCAA	Service Fee
S1-42	Approval of a deposit agreement or of a trust deed to maintain assets in Canada	582	N/A	611	N/A	800
S2-08	Approval of a reinsurance trust agreement or of an amendment to a reinsurance trust agreement	N/A	N/A	N/A	N/A	800
S2-09	Approval of a letter of credit in lieu of assets	N/A	N/A	N/A	N/A	800

SERVICE STANDARD 4

Ministerial Approvals

80% will be processed in less than 90 calendar days of receipt

This service standard is more lenient than the Superintendent Approvals (Categories 1 to 3) because Ministerial Approvals typically involve more complex cases that demand additional time. For the purpose of measuring performance against the service standard, the first day of the process will be the day that OSFI receives all material information relevant to the approval requirements. Regardless of the number of days it takes OSFI to complete this review, OSFI will issue an “application receipt” to the applicant effective on the date of actual receipt. If information is incomplete, OSFI will issue a “deficiency letter” to the applicant. For the purposes of measuring performance against the service standard, the final day of the process is the day that a *Recommendation Memorandum* has been sent to the Minister to approve or deny the application or the day that the applicant decides to withdraw the application or place it on hold.

This service standard will apply to the following user pay codes:

User Pay Code	Description of Document or Service	Bank Act	T&LC	ICA	CCAA	Service Fee
S1-01	Letters patent of incorporation	22 671	21	22 708	23	32,000
S1-02	Letters patent of continuance	33 682	31	32 719	N/A	32,000
S1-03	Order permitting a foreign bank to carry on business in Canada	524(1)	N/A	N/A	N/A	32,000
S1-04	Order approving the insuring in Canada of risks by a foreign body corporate	N/A	N/A	574	N/A	32,000
S1-05	Letters patent of amalgamation	228 808	233	251 862	231	16,000
S1-06	Approval of an agreement respecting the sale of all or substantially all assets	236	241	N/A	N/A	16,000
S1-07	Approval of the acquisition or increase of a significant interest	373 875	375	407 927	354	16,000
S1-08	Approval of a purchase, reinsurance or transfer of policies, a reinsurance against risks undertaken by the company, or a sale of assets	N/A	N/A	254 587.1	N/A	8,000
S1-09	Approval of the acquisition of control of, or the acquisition or increase of a substantial investment in, an entity (Ministerial Approval)	468(5) 930(5)	453(5)	495(7) 554(5) 971(5)	390(5)	8,000
S1-10	Approval to retain control of, or to continue to hold a substantial investment in, an entity for longer than 90 days	471(4) 522.14(4) 933(3)	456(4)	498(4) 557(4) 974(3)	393(4)	8,000
S1-12	Approval, for an indeterminate period, to retain control of, or to hold a substantial investment in, an entity that was acquired by way of a loan workout or realization of a security interest	472(7) 473(5) 522.15(3) 934(6) 935(4)	457(7) 458(5)	499(7) 500(5) 558(7) 559(5) 975(6) 976(4)	394(7) 395(5)	8,000
S1-14	Order exempting a foreign bank from certain provisions of Part XII of the <i>Bank Act</i>	509(1)	N/A	N/A	N/A	8,000

User Pay Code	Description of Document or Service	Bank Act	T&LC	ICA	CCAA	Service Fee
S1-15	Order approving a foreign bank or an entity associated with a foreign bank to carry out any activity described in section 522.22 of the <i>Bank Act</i>	522.22	N/A	N/A	N/A	8,000
S1-16	Designation order	508	N/A	N/A	N/A	8,000
S1-20	Approval of a time period to do all things necessary to relinquish control of, or a substantial investment in, an entity or to relinquish an increase to a substantial investment in an entity (Ministerial Approval)	522.14(2)	N/A	N/A	N/A	4,800
S1-23	Letters patent of dissolution	342 344	347 349	380 382 570.04 570.06 920 922	326 328	4,000
S1-27	Short-term exemption order	973.1	N/A	N/A	N/A	4,000
S1-28	Letters patent of, or approval of, continuance or amalgamation under any other Act of Parliament or any Act of the legislature of a province	39.2 689	38(1)	39(1) 726	32(1)	4,000
S1-35	Approval to amend an incorporating instrument	215	220	224 849	219	3,200
S1-36	Extension of the deadline to do all things necessary to relinquish control of, or a substantial investment in, an entity or to relinquish an increase to a substantial investment in an entity (Ministerial Approval)	522.14(3) 522.15(2)	N/A	N/A	N/A	3,200

SERVICE STANDARD 5
Precedents/Rulings/Interpretations
80% will be processed in less than 180 calendar days of receipt

This service standard is the most lenient service standard because these requests typically take a considerable amount of time for analysis. For the purpose of measuring performance against the service standard, the first day of the process will be the day that OSFI receives all material information relevant to the request. Regardless of the number of days it takes OSFI to complete this review, OSFI will issue an “application receipt” to the applicant effective on the date of actual receipt. If information is incomplete, OSFI will issue a “deficiency letter” to the applicant. For the purposes of measuring performance against the service standard, the final day of the process is the day that a ruling or interpretation is issued to the applicant or the day the applicant decides to place the request on hold.

This service standard will apply to the following user pay codes:

User Pay Code	Description of Document or Service	Bank Act	T&LC	ICA	CCAA	Service Fee
S2-01	Written, precedent-setting ruling relating to the quality of capital	N/A	N/A	N/A	N/A	6,400 + GST
S2-03	Written interpretation of Acts, regulations, guidelines or rulings	N/A	N/A	N/A	N/A	4,000 + GST

SERVICE STANDARD 6
Non-precedential Confirmations of Quality of Capital
90% will be processed in less than 60 calendar days of receipt

For the purpose of measuring performance against the service standard, the first day of the process will be the day that OSFI receives all material information relevant to the approval requirements. Regardless of the number of days it takes OSFI to complete this review, OSFI will issue an “application receipt” to the applicant effective on the date of actual receipt. If information is incomplete, OSFI will issue a “deficiency letter” to the applicant. For the purposes of measuring performance against the service standard, the final day of the process is the day that a confirmation is issued to the applicant or the day the applicant requests to place the application on hold.

This service standard will apply to the following user pay code:

User Pay Code	Description of Document or Service	Bank Act	T&LC	ICA	CCAA	Service Fee
S2-04	Written, non-precedent-setting confirmation of quality of capital	N/A	N/A	N/A	N/A	4,000 + GST

SERVICE STANDARD 7
Copies of corporate documents and certificates of confirmation
90% will be processed in less than 2 business days of receipt

For the purpose of measuring performance against the service standard, the first day of the process will be the day that OSFI receives the request. If a request is made for delivery at a day longer than 2 business days after the request, for the purposes of measuring performance against the service standard, OSFI will be viewed as having met the service standard.

This service standard will apply to the following user pay code:

User Pay Code	Description of Document or Service	Bank Act	T&LC	ICA	CCAA	Service Fee
S2-10	Copies of any one of the following corporate documents (per request and per body corporate): (a) a certificate of confirmation; (b) a certified copy of letters patent or of incorporation or amalgamation documents; and (c) the corporate history of a body corporate	N/A	N/A	N/A	N/A	160 for up to 20 copies plus 5 for each additional copy