



Reference: Implementation Notes &
Self-Assessment for
Banks/BHCs/T&Ls

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To: Banks
Bank Holding Companies
Federally Regulated Trust and Loan Companies

**Subject: Implementation Notes for IRB Institutions¹
Domestic & Foreign DTI Self-Assessment Instructions and Schedules**

As outlined under Chapter 5 of OSFI's Capital Adequacy Requirements (CAR) Guideline A-1, institutions wishing to use the internal ratings-based (IRB) approach are required to demonstrate their level of adherence to the minimum requirements.

OSFI is issuing a number of Implementation Notes as well as Self-Assessment Instructions and related Schedules, including:

- Implementation Notes:
 - *2007/2008 Approval of IRB Approaches for Institutions*
 - *Collateral Management Principles for IRB Institutions*
 - *Corporate Governance Oversight at IRB Institutions*
 - *Data Maintenance at IRB Institutions*
 - *Risk Quantification at IRB Institutions*
 - *The Use of Ratings and Estimates of Default and Loss at IRB Institutions*
 - *Validating Risk Rating Systems at IRB Institutions*
- AIRB Self-Assessment Instructions
- AIRB Self-Assessment Schedules (templates)
- Foreign DTI Subsidiary IRB Self-Assessment Instructions
- Foreign DTI Subsidiary Self-Assessment Schedules (templates)

¹ Banks and bank holding companies to which the *Bank Act* applies and federally regulated trust or loan companies to which the *Trust and Loan Companies Act* applies are collectively referred to as "institutions".



The Implementation Notes describe principles that will guide implementation of specific Sections of Chapters 4 and 5 of OSFI's Capital Adequacy Requirements (CAR) Guideline A-1. These principles should be used in assessing, both initially and on an ongoing basis, an institution's degree of adherence to CAR Guideline A-1. They will be a key consideration in OSFI's decision whether to approve the institution's use of the internal ratings-based (IRB) methodology to establish minimum regulatory capital under CAR. The principles apply to all rating systems under the IRB method.

The Self-Assessment Instructions and Schedules support the approval framework described in the Implementation Note, *2007/2008 Approval of IRB Approaches for Institutions*. Institutions applying for IRB approval are required to submit a self-assessment to OSFI by completing the Self-Assessment Schedules within a specified time period. Please note that Self-Assessment Instructions and Schedules have been developed for both domestic institutions and subsidiaries of foreign deposit taking institutions.

The Implementation Notes may be found on OSFI's Web site under the Guidelines and Related Advisories subsection within the Guidance section, while the Self Assessment Instructions and Schedules can be found in the Approvals Related to OSFI Guidelines subsection below the Banks - Application and Approval Guides section.

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