



Reference: Guideline for Banks/BHC/
FBB/T&L/Co-op/Life/P&C/
Frats/IHC

May 30, 2007

To: Federally Regulated Financial Institutions
Bank holding companies
Insurance holding companies

Subject: Draft Guideline E-17 - Assessments of Responsible Persons by FREs

Draft Guideline E-17 - *Assessments of Responsible Persons by FREs* sets out principles to assist federally regulated entities (FREs) in the establishment of policies and procedures to conduct assessments of the suitability and integrity of their directors and senior officers, such as security background checks. While FREs already have varying policies and procedures to assess the suitability and integrity of their Responsible Persons, this Guideline seeks to ensure that such practices are sufficiently robust across FREs. OSFI expects that FREs would implement the policies and procedures described in the Guideline before January 1, 2008.

The proposed framework will help ensure that OSFI guidance remains consistent with international developments. Several international organizations, including the Basel Committee on Banking Supervision, the International Association of Insurance Supervisors and the Financial Action Task Force on Money Laundering have issued core principles and recommendations that require directors and senior officers of financial institutions to be regularly evaluated with respect to suitability and integrity. Regulators in other comparable jurisdictions have either issued guidance on, or have procedures in place relating to, the assessment of the suitability and integrity of directors and senior officers of regulated entities.

This Guideline is consistent with OSFI's [Corporate Governance Guideline](#), which is aimed at overall effectiveness of boards and quality of governance. Guideline E-17 elaborates on one aspect of board effectiveness and quality governance: the processes used to ensure that directors and other Responsible Persons meet certain requirements upon appointment and thereafter.

You are invited to provide comments regarding the draft guideline by July 6, 2007. Questions concerning the guideline should be addressed to Laural Ross by telephone at (613) 990-6972, by email at laural.ross@osfi-bsif.gc.ca, or by facsimile at (613) 998-6716.

Yours truly

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