



December 21, 2006

**TO:** All Banks, Federally regulated Trust and Loan Companies, Life Insurance Companies, Fraternal Benefit Societies, Property & Casualty Insurance Companies, Cooperative Credit Associations, Cooperative Retail Associations, Bank Holding Companies and Insurance Holding Companies  
**Attention: Chief Compliance Officer**

All Authorized Foreign Banks, Foreign Life Insurance Companies, Foreign Fraternal Benefit Societies, Foreign Property & Casualty Insurance Companies  
**Attention: Principal Officer / Chief Agent**

**SUBJECT: Late and Erroneous Filing Penalty (LEFP) Framework:  
2007 Update of Instruction Guide: Administrative Procedures**

OSFI is issuing herewith an update of the above Guide for 2007.

**Changes have been made to the Guide as a result of OSFI's decision to discontinue the concept of "freebies" and the practice of issuing Annual Report Cards.**

### **1. "Freebies"**

The concept of "freebies" has been removed from the LEFP Framework effective January 1, 2007. Freebies were only available for financial returns, and only for revisions to those returns. OSFI's experience with the LEFP Framework over the past five years indicates that revisions are seldom made, so very few freebies were used. Continuing this incentive is therefore considered unnecessary.

Revisions to financial returns will continue to not be subject to a penalty; OSFI will monitor the use of revisions going forward, with the expectation that the excellent experience of the past five years will continue.

### **2. Annual Report Card**

The practice of issuing an Annual Report Card to institutions that did not incur a penalty in the preceding calendar year, will be discontinued, effective January 2007 (when the reports for calendar year 2006 would have otherwise been sent). As with the discontinuation of "freebies", OSFI considers the LEFP Framework to have been in effect long enough to make this extra administrative process unnecessary.



## Reminders about overdue returns

OSFI does not guarantee that a reminder will be issued for all or for any particular return or filing. A decision to impose a penalty will be unrelated to whether OSFI issued a reminder, as it is the institution's responsibility to file on time and error free. **Note that Notices of Violation do not list returns that were due and not received during the applicable quarter.**

As in prior years, **all returns and filings must be sent to the Regulatory Information Division, OSFI, 255 Albert Street, Ottawa ON K1A 0H2.**

If you have any questions about the LEFP Framework, please contact the Compliance Division at [extcomm@osfi-bsif.gc.ca](mailto:extcomm@osfi-bsif.gc.ca).

The updated Guide is available on our website at <http://www.osfi-bsif.gc.ca/>. **All returns and filings subject to the LEFP Framework are identified in the Guide.** Reference should be made to the specific filing instructions for more detailed information about individual returns and filings.



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