



Reference: Implementation Note for
Banks/BHCs/T&Ls

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

Subject: Operational Risk Implementation Notes for TSA & AMA Institutions

Under the new Basel Framework¹, institutions applying to use either the Standardized Approach (TSA) or Advancement Measurement Approach (AMA) must follow the minimum operational risk requirements set out in Chapter 6 of the Draft Capital Adequacy Requirements (CAR) Guideline A and Chapter 7 of the Draft Capital Adequacy Requirements (CAR) Guidelines A-1.

On February 2, 2006 and February 28, 2006, OSFI released for industry consultation the draft implementation notes “Corporate Governance at TSA & AMA Institutions” and “Data Maintenance at TSA & AMA Institutions”, respectively. Based on comments received and subsequent discussions held with the industry, OSFI has made a number of revisions to clarify its expectations, particularly in the areas of the Board, the operational risk management function and internal audit in the case of the corporate governance note, and other operational risk data in the case of the data maintenance note.

Questions or comments may be addressed to Abhilash Bhachech via email at abhilash.bhachech@osfi-bsif.gc.ca or by telephone at (416) 973-6654.

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¹ International Convergence of Capital Measurement and Capital Standards: a Revised Framework published by the Basel Committee on Banking Supervision in June 2004.



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