



Office of the Superintendent of Financial Institutions



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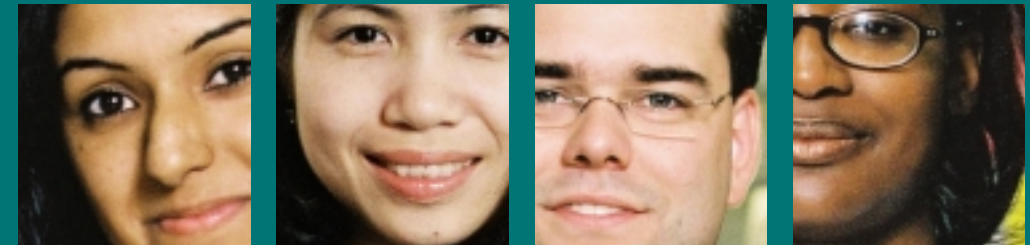


Office of the Superintendent  
of Financial Institutions

Bureau du surintendant  
des institutions financières

Canada

# FORWARD THINKING



Contributing to a sound financial industry in Canada



Office of the Superintendent of Financial Institutions



We are a team of forward-thinking professionals, passionate about contributing to the soundness of the financial industry in Canada, and committed to continuous learning and sharing knowledge.

# MINDS OVER MONEY

Since 1987, the privilege—and the challenge—of overseeing Canada’s federally regulated financial institutions and pension plans has belonged to OSFI:

**The Office of the Superintendent of Financial Institutions.**

**YEAR ESTABLISHED:** 1987

**ACTS THAT GOVERN US:**

Financial Institutions and Deposit Insurance Amendment Act; and Office of the Superintendent of Financial Institutions Act.

**WHO WE REPORT TO:**

Minister of Finance

**OUR MANDATE:**

The Office of the Superintendent of Financial Institutions (OSFI) is the primary regulator of federally chartered financial institutions and federally administered pension plans. OSFI’s mission is to safeguard policy holders, depositors and pension plan members from undue loss. OSFI supervises and regulates all banks in Canada, and all federally incorporated or registered trust and loan companies, insurance companies, cooperative credit associations, fraternal benefit societies and pension plans.

**OFFICE OF THE CHIEF ACTUARY:**

Another important OSFI role—carried out by our Office of the Chief Actuary—is to provide actuarial information that contributes to the design, funding and administration of the Canada Pension Plan, Old Age Security programs, and the Canada Student Loan Program, among others.

Part of what makes the financial world exciting is the fact that it never stands still. Change is constant. From globalization to electronic commerce, that nonstop change has a profound effect on the ways countries regulate and supervise their financial sectors.

At OSFI, our responsibility is to understand and respond to evolving realities both at home and abroad, and to maintain leading expertise in a wide range of disciplines, from finance to technology to law.

Our regulatory framework promotes confidence in the nation’s financial system. It protects depositors, policy holders and pension-plan members from loss, and at the same time gives financial institutions the freedom to respond to new opportunities in a timely, competitive way.

# FROM THE INSIDE OUT

In its regulatory role, OSFI implements national-level policies shaped in close consultation with financial institutions, industry associations, and other government departments and agencies.

Well-informed, well-considered regulation of the financial sector is an absolute necessity—for the simple reason that financial services play a pivotal role in the nation's economy. Within the financial system, rights, responsibilities and entitlements must be understood clearly to ensure that stakeholders' interests are protected and that all institutions play by the same rules.

To regulate effectively, we must constantly interpret the legislation and regulations that govern us in the light of new circumstances and new dynamics. We must look beyond our national borders and participate in an ongoing dialogue with international supervisory and standard-setting organizations.

Our work requires the effort and attention of multidisciplinary teams engaged in research and analysis, legal activities and communications initiatives. It demands an equal combination of broad perspective and in-depth expertise.

We've built excellence into our culture, encouraging continuous learning—through teamwork; through professional-development and training opportunities; through the provision and support of advanced technologies.

Ours is a unique work environment, benefiting from a full spectrum of professional experience and expertise, and drawing on the talents of recent grads and industry experts alike.

In our most recent employee survey 93% of respondents indicated that they were proud to work for OSFI and 86% would recommend OSFI to others as a good place to work.



"I'm proud to be a part of the team. Our work is challenging and interesting. It's a great environment to learn and grow."



“You can’t go to school to become a financial-sector regulator—that’s why we’ve developed a career-management program at OSFI.”

# RISKS AND REWARDS

Canada is home to some 500 financial institutions and 1,200 pension plans that fall under the supervision of OSFI.

Through industry monitoring and on-site reviews, we work to identify and assess the risks associated with financial-service organizations, and to respond when needed with meaningful, manageable solutions.

The financial-services sector has grown increasingly complex and sophisticated in recent years—and so have its attendant risks.

By constantly re-examining our approaches to dealing with the issues at the heart of the financial sector, we ensure our ability to make decisions and set directions that support Canada’s institutions, compete effectively and act upon emerging opportunities.

In the face of such changes, OSFI approaches its supervisory role with agility and flexibility, refining established techniques to achieve the greatest insight. For example, we’ve developed an innovative new methodology for assessing the safety and soundness of financial institutions.

Truly world class, OSFI’s approach provides superior results by making separate assessments of an institution’s inherent risks and risk-management processes.

Technology is—and will continue to be—a key tool for OSFI, providing timely information that enables the early identification of emerging risks and system-wide issues.

# A CLOSER LOOK

OSFI's contribution to the Basel Capital Accord provides an up-close glimpse of the organization in action—and a preview of the kind of work it will carry out in the future.

In 2000, the banks of the G10 nations began negotiating a treaty to free up significant amounts of capital held in reserve against outstanding loans. For many years, they'd argued that the current application of a simple formula doesn't accurately reflect true levels of risk—and consequently ties up more capital than necessary. Under the Basel Capital Accord, banks will soon be able to adopt a new internal ratings-based approach and make their own risk calculations. OSFI represented Canada during negotiations and contributed to the design of the internal ratings-based system.

Our next step will be to keep pace with the industry as it employs that system—and to continue validating banks' risk calculations, however sophisticated and complex they become. We'll draw on our experience, our talent, and on advanced technologies such as computer-based modelling.

By demanding new applications of our skills—and new approaches to our work—the Basel Accord opens a door for OSFI and its people to grow and develop in exciting ways.

In an increasingly global environment, regulatory and supervisory activities must be leading edge. Our specialists provide expertise in the areas of capital, capital markets, credit risk, compliance, accounting, actuarial and financial services technology.

"Our people are seconded to work on international teams on major projects, such as IMF audits of national financial systems. It's testament to the fact that the expertise we have at OSFI is recognized and valued around the world."



# A UNIQUE ADVANTAGE

Message from OSFI's Superintendent—Nicholas Le Pan

As the primary prudential regulator of federal financial institutions, OSFI advances and administers a regulatory framework that contributes to public confidence in Canada's financial system.

In carrying out our mandate, we must balance safety and soundness issues with the need for intelligent risk-taking in a very competitive environment. Regardless of whether you are a seasoned professional or a recent graduate, this mandate translates into interesting work that has placed OSFI at the forefront of financial-sector regulation worldwide.

OSFI recruits and retains qualified people to keep pace with the rapid changes occurring within the financial services sector. Finding people with current and expert knowledge of the various businesses, products, risks and risk-management techniques, and integrating them with people experienced in supervision and regulation, is essential to achieving OSFI's objectives.

We offer career advantages not readily found elsewhere. Among these is our unique perspective as a regulator on the whole range of issues driving today's financial industry, both in Canada and abroad. In addition, OSFI fosters an open, collegial work environment that looks beyond existing skills and knowledge to ensure employees have access to timely and effective training and career development.

If you want an interesting job in the financial sector or are seeking to enhance an already established career, I encourage you to consider OSFI. It might just be the right place for you.

