

REVIEW OF CANADIAN FEDERAL FINANCIAL INSTITUTIONS LEGISLATION

Canada's Minister of Finance has announced that the scheduled 5-year review of federal financial institutions legislation has commenced and has called for comments from interested parties to be submitted by Friday, November 19, 2010. The Minister has signalled that "some fine-tuning to the system may be required, but wholesale change is not necessary."

Given the current spotlight on the global financial regulatory system, including recent headlines regarding capital requirements and the implementation of new accounting rules, we expect that federally regulated financial institutions carrying on business in Canada will be interested in participating in the "fine-tuning" of the legislation governing Canadian financial services.

The Department of Finance has not yet published specific topics for comment and, unlike federal financial institution reform processes in the recent past, there is no expectation that initial consultations will result in a "green" or "white" paper from the Department of Finance or that individual submissions will be available for inspection by the public.

The last legislative review was completed in the Spring of 2007. At that time, several key areas of reform were identified. We expect that certain of these areas might merit further consideration in this round of reforms. For example:

- Enhancing Consumer Protection

Regulations have been promulgated in an effort to enhance consumer protection. Changes included widening the scope of the disclosure regime for financial products and enhancing requirements around the cost of borrowing, capitalization and credit business practices. *What are your views on the scope of financial products affected by the regulations and the manner in which disclosure must be provided?*

- Increasing Legislative and Regulatory Efficiency

Changes have been made to the approval regime in order to streamline regulatory approvals affecting Canadian and foreign financial institutions. *Should the government be considering any additional refinements to ease the regulatory burden associated with carrying on business as a financial institution in Canada?*

Future federal credit unions will be regulated under the Bank Act. *Do you have any comments regarding the application of the Bank Act to federal credit unions?*

Insurance legislation was updated to clarify the application of Part XIII of the *Insurance Companies Act* (foreign insurance companies insuring in Canada risks). *Do you have any comments in connection with the implementation of these changes?*

- Adapting the Framework to New Developments

The last review of federal financial institutions legislation took place in an economic context that is different from the context we face today – access to credit is an obvious example. *Are there any policy initiatives that you think should be undertaken based on the current economic context? For example, do you have any views on the potential merits of allowing banks and other federally regulated financial institutions to offer financial leasing for vehicles and household property?*¹

¹ See our May 2009 client update "[Minister of Finance Announces Consultation to Permit Banks to Lease Cars](#)"

WE CAN HELP YOU PARTICIPATE EFFECTIVELY IN THE CONSULTATION PROCESS

BLG has considerable experience in assisting clients to make submissions to governments in respect of financial services legislation and regulations, including helping clients to develop and implement strategies to advance their public policy issues with governments. To that end, we would be pleased to assist clients in the upcoming federal reform process.

CONTACT US

If you would like to know more about legislative reform process or would like to discuss the prospects for reform with respect of any particular issue, call or write one of the following members of the BLG Financial Services Regulatory Group.

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