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OSFI Releases Details on New Supervisory Framework

Date: October 23, 2023

The Office of the Superintendent of Financial Institutions (OSFI) has released information on the renewal of its supervisory framework (Framework) for federally regulated financial institutions and pension plans. The new Framework is part of OSFI's blueprint for transformation and is the first complete review of the Framework in almost 25 years.

Purpose

The Framework guides OSFI's oversight of financial institutions and pension plans. OSFI states that the intended goals for the Framework are to protect "depositors, policyholders, and pension plan members" from loss, and to support the identification of risks as well as OSFI's risk response.

Risk Identification and Response

OSFI notes that changes to the risk environment require updates to:

- better capture the impact of macro-centric risks on the risk profile of regulated financial institutions and pension plans
- build flexibility to accommodate new business models and new risks, including non-financial risks
- further leverage data and advanced analytics to promote more risk-based supervision

In addition, the new supervisory framework will allow for earlier identification and response to risks and greater transparency to financial institutions.

OSFI intends to publish further information on the new Framework early in 2024, and will hold information sessions, including sessions specifically for pension plan stakeholders, in spring 2024.

The new Framework will not be subject to public consultation. The new supervisory framework is intended to come into effect in April 2024. We will continue to monitor for updates and report on any new developments.

Should you have any questions or require further information, please contact any member of Hicks Morley's Pension, Benefits and Executive Compensation Group.