

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Notice of Letter of Arrangement between the Office of the Superintendent of Financial Institutions and the Ontario Securities Commission

NOTICE OF LETTER OF ARRANGMENT BETWEEN THE OFFICE OF THE SUPERINTENDENT OF FINANCIAL INSTITUTIONS (OSFI) AND THE ONTARIO SECURITIES COMMISSION (OSC)

The Ontario Securities Commission recently entered into a Letter of Arrangement with the Office of the Superintendent of Financial Institutions (OSFI), for purposes of facilitating the OSC receiving from OSFI the derivatives data reports required under the exemptive relief granted by the OSC to certain Canadian Banks, under decisions dated December 17, 2014. Under the Letter of Arrangement, the authorities have agreed that, for administrative purposes, the Canadian Banks will submit the reports to OSFI and that, upon receipt, OSFI will send the reports to the OSC.

The Letter of Arrangement is subject to the approval of the Minister of Finance. The Letter of Arrangement was delivered to the Minister of Finance on May 27, 2015.

Questions may be referred to:

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Letter of Arrangement Between the Office of Superintendent of Financial Institutions (OSFI) and the Ontario Securities Commission (OSC)

The reporting obligation for reporting counterparties pursuant to Part 3 of the OSC Rule 91-507 – *Trade Repositories and Derivatives Data Reporting* (the “**Local Reporting Provisions**”) came into force on October 31, 2014.

OSFI Guideline B-7 *Derivatives Sound Practices* requires federally regulated financial institutions (FRFIs) to report derivatives transactions to a recognized trade repository following provincial derivatives data reporting requirements.

The OSC received applications from each of Canadian Imperial Bank of Commerce (CIBC), Royal Bank of Canada (RBC), Bank of Montreal (BMO), National Bank of Canada (NBC), The Toronto-Dominion Bank (TD) and The Bank of Nova Scotia (BNS) (collectively, the “**Canadian Banks**”) requesting relief from certain derivatives data reporting requirements arising in relation to new and existing transactions under the Local Reporting Provisions.

OSFI and the OSC intend to work cooperatively to monitor compliance by the Canadian Banks with the Local Reporting Provisions.

In exemptive relief decisions dated December 17, 2014, as may be revised, renewed or replaced from time to time (the “**Decisions**”), the OSC granted exemptions to Canadian Banks from the Local Reporting Provisions provided that certain conditions therein are met, including that each Canadian Bank prepare and make available in a timely manner to OSFI, and in turn to the OSC¹, depending on the location of the Canadian Bank’s head office and/or principal place of business, the following information:

- A list of all jurisdictions that it reasonably determines are subject to an applicable Blocking Law and a list of jurisdictions in respect of which the Canadian Bank has yet to determine, or using reasonable efforts has been unable to determine, if an applicable Blocking Law exists;
- A list of all jurisdictions that it reasonably determines are jurisdictions in which an applicable Consent Requirement exists and a list of jurisdictions in respect of which the Canadian Bank has yet to determine, or using reasonable efforts has been unable to determine, if an applicable Consent Requirement exists;
- A quarterly compliance report regarding its efforts to obtain Required Counterparty Feedback; and
- Where applicable², a quarterly compliance report regarding its efforts to establish such systems and infrastructure as may be required to enable the Canadian Bank to report broker legal entity identifiers (LEIs).

For administrative purposes, OSFI and the OSC have agreed that the Canadian Banks will provide OSFI the above information in writing (which may be transmitted electronically), and OSFI shall send it electronically to the OSC where appropriate, upon receipt.

The OSC will treat the information transmitted by OSFI as confidential in accordance with applicable legislation, including, respectively, section 153 of the *Securities Act*, R.S.O. 1990, c. S.5 (Ontario) and section 15(b) of *Freedom of Information and Protection of Privacy Act* (Ontario), R.S.O. 1990, c. F.31 (Ontario).

(Capitalized terms that are not otherwise defined in this letter have the meaning ascribed to them in the Decisions, as referred to in the attached annex.)

“*Howard Wetston*”

Howard I. Wetston, Q.C.

Chair

For the Ontario Securities Commission

Date:

“*Jeremy Rudin*”

Jeremy Rudin

superintendent

For the Office of the Superintendent of Financial Institutions

date:

¹ For CIBC, RBC, BMO, TD and BNS such information will be made available to the OSC.

² This condition is only applicable to the CIBC, RBC, and BNS.

Annex

The Decisions issued by the OSC were published in the OSC Bulletin of December 18, 2014 available at: http://www.osc.gov.on.ca/documents/en/Securities-OSCB/oscb_20141218_3751.pdf