

TABLE OF CONTENTS

Introduction by Blair W. Keefe — Torys LLP	xlvi
Contact Information — OSFI and FCAC	xlix
Table of Concordance	li

BANK ACT

SHORT TITLE

1	Short title	2
---	-----------------------	---

PART I — INTERPRETATION AND APPLICATION

Definitions

2	Definitions	2
---	-----------------------	---

Interpretation

2.1	References to “authorized foreign bank”	11
2.2	Major shareholder	11
2.3	Widely held	11
2.4	Regulations — distributing bank or bank holding company	11
3	Control	12
4	Holding body corporate	13
5	Subsidiary	13
6	Affiliated entities	13
7	Shareholder	13
7.1	Holder of membership share	13
8	Significant interest	13
9	Acting in concert	14
9.1	Acting in concert — members’ rights to vote	15
9.2	Acting in concert — shareholders and members’ right to vote	15
10	Substantial investment in body corporate	16
11	[Repealed 2005, c. 54, s. 3.]	18
11.1	WTO Member resident	18
12	Exemption from foreign bank status	19
12.1	Cooperative basis	20
12.2	Member who is shareholder	20

Application

13	Application of Act	20
14	Schedule I and Schedule II banks	20
14.1	Schedule III authorized foreign banks	21
14.1.1	Schedule IV	22
14.2	Exemption of foreign banks	22

PART II — STATUS AND POWERS

15	Corporate powers	22
----	----------------------------	----

Table of Contents

15.1	[Proposed] Policies and procedures — integrity or security	22
16	No invalidity	22
17	By-law not necessary	22
18	No personal liability	22
19	No constructive notice	23
20	Authority of directors and officers	23
21	Sunset provision	23
PART III — INCORPORATION AND CONTINUANCE		
<i>Formalities of Incorporation</i>		
22	Incorporation of bank	24
23	Restrictions on incorporation	24
24	Subsidiary of foreign bank	24
25	Application for incorporation	24
26	Objections to incorporation	25
27	Matters for consideration	25
28	Contents of letters patent	26
29	Letters patent of incorporation on application of certain companies	26
30	Notice of issue of letters patent	27
31	First directors	27
31.1	First members of federal credit union	27
32	Effect of letters patent	27
<i>Continuance</i>		
33	Federal corporations	27
34	Application for continuance	28
35	Power to issue letters patent	28
35.1	Power to issue letters patent	28
36	Effect of letters patent	29
37	Copy of letters patent	29
38	Effects of continuance	29
39	Transitional	30
39.01	Transitional — federal credit unions	31
39.02	Transitional — loan guarantee	32
<i>Discontinuance</i>		
39.1	Transferring to other federal Acts — banks	32
39.2	Transferring to other federal Acts — federal credit union	33
39.3	Act ceases to apply	33
<i>Corporate Name</i>		
40	Prohibited names	33
40.1	Name of federal credit union	34
41	Affiliated bank	34
42	French or English form of name	34
43	Reserved name	34
44	Directing change of name	35

Table of Contents

PART IV — ORGANIZATION AND COMMENCEMENT

Organization Meetings

Banks Other Than Federal Credit Unions

45	First directors' meeting	35
46	Calling shareholders' meeting	35
47	Term of first directors	36

Federal Credit Unions

Meeting of First Directors

47.01	Organizational meeting	36
-------	----------------------------------	----

First Meeting of Members

47.02	Calling members' meeting	36
-------	------------------------------------	----

Membership in a Federal Credit Union

Conditions of Membership

47.03	Membership governed by by-laws	37
47.04	Subscription deemed application	37

Withdrawal and Termination

47.05	Withdrawal of membership	37
47.06	Expulsion	38
47.07	Inactivity	38
47.08	Redemption	38
47.09	Termination by members	38
47.1	Winding-up proceedings in respect of member	39

General Provisions — Federal Credit Unions

47.11	Prohibition	39
47.12	Provision of services	39
47.13	Right to vote	39
47.14	Members under 18	39
47.15	Membership not transferable	39
47.16	Reinstatement — section 47.06	39
47.17	Transfer of membership shares	39
47.18	Obligation to have at least five members	39
47.19	Exemption	40

Commencement and Carrying on of Business

48	Order to commence and carry on business	40
49	Authority to make order	40
50	No payments before order	40
51	Deposits and investments before order	41
52	Conditions for order	41
53	Conditions of order	41
54	Variations	41
54.1	Limit on assets	42
55	Permission to subsidiary of foreign bank	42
56	Public notice	42
57	Cessation of existence	43
58	Allowed disbursements	43

Table of Contents

PART V — CAPITAL STRUCTURE

Share Capital

59	Power to issue shares	44
60	Common shares	44
60.1	Shares of federal credit union	44
60.2	Designation of shares	45
61	Classes of shares	45
62	Shares issued in series	45
63	One share, one vote	46
64	Shares non-assessable	46
65	Consideration for share	46
66	Stated capital account	46
67	Stated capital of continued bank	48
68	Pre-emptive right	48
69	Conversion privileges	49
70	Holding of own shares	49
71	Purchase and redemption of shares and membership shares	49
72	Holding as personal representative	50
72.1	Exception — conditions before acquisition	50
73	Cancellation of shares and membership shares	50
74	Subsidiary holding shares	50
75	Reduction of capital	51
76	Recovery by action	51
77	Adjustment of stated capital account	52
78	Addition to stated capital account	53
79	Declaration of dividend or patronage allocation	53

Membership Capital

79.1	Membership shares	53
79.2	Membership shares	54
79.3	Issue of certificates	54
79.4	Authorized capital	54
79.5	Membership shares non-assessable	54
79.6	Continued body corporate	54

Subordinated Indebtedness

80	Restriction on subordinated indebtedness	55
----	--	----

Security Certificates and Transfers

81	Definitions	55
82	Provisions governing transfers of securities	56
83	Security a negotiable instrument	56
84	Status of guarantor	56
85	Rights of holder	57
86	Signatures	57
87	Contents of share certificate	57
88	Restrictions and charges	57
89	Particulars of class	58
90	Fractional share	58
91	Scrip certificates	58
92	Holders of fractional shares	58
93	Dealings with registered owner	58

Table of Contents

94	Minors	59
95	Joint shareholders	59
96	Transmission of securities	59
97	Over-issue	60
98	Burden of proof	61
99	Securities fungible	61
100	Notice of defect	61
101	Unauthorized signature	62
102	Completion or alteration	62
103	Warranties of agents	62
104	Title of purchaser	62
105	Deemed notice of adverse claim	62
106	Notice of fiduciary duty	63
107	Staleness as notice	63
108	Warranties to issuer	63
109	Right to compel endorsement	64
110	Definition of “appropriate person”	64
111	Endorsement	64
112	Immunity of endorser	64
113	Partial endorsement	65
114	Effect of failure by fiduciary to comply	65
115	Effect of endorsement without delivery	65
116	Endorsement in bearer form	65
117	Effect of unauthorized endorsement	65
118	Warranties of guarantor of signature	65
119	Constructive delivery of a security	66
120	Constructive ownership of security	66
121	Delivery of security	66
122	Right to reclaim possession	67
123	Right to requisites for registration	68
124	Seizure of security	68
125	No conversion if good faith delivery	68
126	Duty to register transfer	68
127	Assurance of endorsements	68
128	Notice from additional documentation	69
129	Limited duty of inquiry	69
130	Inquiry into adverse claims	69
131	Duration of notice of adverse claim	70
132	Limitation on issuer’s liability	70
133	Lost or stolen security	70
134	Authenticating agent’s duty	71
135	Notice to agent	71
 PART VI — CORPORATE GOVERNANCE		
<i>Shareholders and Members</i>		
136	Place of meetings	71
137	Calling meetings	71
138	Notice of meeting	72
139	Notice not required	73
140	Notice of adjourned meeting	73

Table of Contents

141	Special business	73
141.1	Nominations for directors	74
142	Waiver of notice	74
143	Proposals	74
144	Notice of refusal	76
144.1	Proposals — members of federal credit union	76
144.2	Refusal to include proposal	77
145	List of shareholders entitled to notice	78
146	Quorum	79
147	One shareholder meeting	79
148	One share — one vote	79
149	Representative of shareholder or member	79
150	Joint shareholders	79
151	Voting by hands or ballot	80
152	Resolution in lieu of meeting	80
153	Requisitioned meeting	80
154	Court may order meeting to be called	81
155	Court review of election	82
156	Notice to Superintendent	82
	<i>Proxies</i>	
156.01	Definitions	82
156.02	Appointing proxyholder	84
156.03	Deposit of proxies	85
156.04	Mandatory solicitation	85
156.05	Soliciting proxies	85
156.06	Attendance at meeting	86
156.07	Duty of intermediary	86
156.071	Regulations	87
156.08	Restraining order	87
	<i>Restrictions on Voting</i>	
156.09	Meaning of “eligible votes”	88
	<i>Directors and Officers</i>	
	<i>Duties</i>	
157	Duty to manage	89
158	Duty of care	89
	<i>Qualification and Number — Directors</i>	
159	Minimum number of directors	90
159.1	Directors as members	90
160	Disqualified persons	90
160.1	[Repealed 2013, c. 40, s. 162.]	91
161	No shareholder requirement	91
162	Affiliated person	91
162.1	Affiliated director determination	91
163	Unaffiliated directors	91
164	Limit on directors	92
	<i>Election and Tenure — Directors</i>	
165	Number of directors	92
165.1	Election or appointment as director	92
166	Term of directors	92

Table of Contents

167	Determining election of directors	93
168	Cumulative voting	93
168.1	No cumulative voting	94
169	Re-election of directors	94
	Incomplete Elections and Director Vacancies	
170	Void election or appointment	94
171	Directors where elections or appointments incomplete or void	95
172	Ceasing to hold office	95
173	Removal of director	96
174	Statement of director	96
175	Circulation of statement	96
176	Shareholders filling vacancy	97
177	Directors filling vacancy	97
178	Class vacancy	97
179	Unexpired term	98
179.1	Additional directors	98
	Meetings of the Board	
180	Meetings required	98
181	Notice of meeting	98
182	Quorum	98
183	Resident Canadian majority	99
183.01	Directors of federal credit union	99
183.1	Presence of unaffiliated director	99
184	Electronic meeting	100
184.1	Resolution outside board meeting	100
185	Dissent of director	100
186	Record of attendance	100
187	Meeting required by Superintendent	101
	By-laws	
188	By-laws	101
189	Shareholder proposal of by-law	101
190	By-laws of existing bank	101
191	By-laws re remuneration	102
192	Deemed by-laws	102
192.01	By-laws — mandatory provisions	102
192.02	Copies	103
192.03	Making or amendment of by-law by members	103
192.04	Proposal of by-law	104
192.05	Effective date of by-law	104
192.06	By-laws of continued body corporate	104
192.07	Existing resolutions	105
192.08	Deemed by-laws	105
192.09	Rights preserved	105
192.1	By-laws binding	105
	Committees of the Board	
193	Committees	105
194	Audit committee	105
195	Conduct review committee	106
195.1	Committee	107

Table of Contents

	Directors and Officers — Authority	
196	Chief executive officer	107
197	Appointment of officers	108
198	Limits on power to delegate	108
198.1	Limits on power to delegate	108
199	Remuneration of directors, officers and employees	109
200	Validity of acts	109
201	Right to attend meetings	109
	Conflicts of Interest	
202	Disclosure of interest	109
203	Director to abstain	110
204	General notice	110
205	Avoidance standards	111
206	Court may set aside or require accounting	111
	Liability, Exculpation and Indemnification	
207	Director's liability	112
208	Contribution	112
209	Limitation	112
210	Directors liable for wages	113
211	Defence — due diligence	113
212	Indemnification	114
213	Directors' and officers' insurance	114
214	Application to court for indemnification	115
	Fundamental Changes	
	Amendments — Letters Patent	
215	Incorporating instrument	115
216	Letters patent to amend	115
	Conversion into Federal Credit Union	
216.01	Conversion into federal credit union	115
216.02	Shareholder approval of conversion proposal	115
216.03	Right to vote	116
216.04	Time of application	116
216.05	Criteria for issuance of letters patent	116
216.06	Effect of letters patent	116
216.07	Regulations	117
	Conversion into Bank with Common Shares	
216.08	Conversion into bank with common shares	117
216.09	Approval of conversion proposal	117
216.1	Right to vote	118
216.11	Time of application	118
216.12	Criteria for issuance of letters patent	118
216.13	Effect of letters patent	118
216.14	Regulations	119
	Amendments — By-laws	
217	By-laws	120
218	Class vote	121
219	Separate resolutions	121
220	Revoking resolution	122

Table of Contents

221	Proposal to amend	122
222	Rights preserved	122
	Amalgamation	
223	Application to amalgamate	122
224	Amalgamation agreement	123
225	Approval of agreement by Superintendent	124
226	Approval	124
226.1	Members of amalgamated federal credit union	124
227	Vertical short-form amalgamation	125
228	Joint application to Minister	125
229	Issue of letters patent	126
229.1	Court enforcement	127
230	Effect of letters patent	127
231	Transitional	127
	Transfer of Business	
232	Sale by bank	128
233	Agreement to Superintendent	129
234	Shareholder approval	129
235	Abandoning sale	129
236	Application to Minister	129
	Corporate Records	
	Head Office and Corporate Records	
237	Head office	130
238	Bank records	130
239	Place of records	131
240	Lists	131
241	Option holders	132
242	Use of list	132
243	Form of records	133
244	Protection of records	133
245	Requirement to maintain copies and process information in Canada	133
246	Retention of records	134
247	Regulations	134
	Securities Registers	
248	Central securities register	134
249	Branch registers	135
250	Agents	135
251	Location of central securities register	135
252	Effect of registration	135
253	Particulars in branch register	136
254	Destruction of certificates	136
	Members Register	
254.1	Members Register	136
254.2	Branch members registers	137
254.3	Agents	137
254.4	Location of members register	137
254.5	Particulars in branch members register	137
254.6	Cancelled membership share certificates	137

Table of Contents

	Corporate Name and Seal	
255	Publication of name	138
256	Corporate seal	138
257–264	[Repealed 1997, c. 15, s. 30.]	138
	Insiders	
265	Definitions	138
	Insider Reporting	
266	Insider report	139
267	Exemption by Superintendent	139
267.1	[Repealed 2005, c. 54, s. 56.]	139
268	Regulations	139
269	[Repealed 2005, c. 54, s. 56.]	139
	Insider Trading	
270	Meaning of “insider”	139
	Civil remedies	
271	Extended meaning of “insider”	140
271.1	Tipping — compensation to sellers and purchasers	141
272	Measure of damages	142
	Prospectus	
273	Distribution	142
273.1	Distribution — federal credit union	143
274	Order of exemption	143
	Going-private Transactions and Squeeze-out Transactions	
275	Going-private transactions	143
276	Squeeze-out transactions	143
277	Right to dissent	144
278–282	[Repealed 2005, c. 54, s. 57.]	146
	Compulsory Acquisitions	
283	Definitions	146
284	Right to acquire shares	147
285	Offeror’s notice to dissenters	148
286	Share certificates and election	148
286.1	Deemed election	148
287	Payment to offeree bank	149
287.1	Fiduciary capacity of bank	149
288	Duty of offeree bank	149
289	Court may fix fair value	150
290	Parties and notice	150
291	Powers of court	150
292	Status of dissenter	151
292.1	Obligation to acquire shares	151
293	Payment of unclaimed money	151
	Trust Indentures	
294	Definitions	151
295	Application	151
296	Exemption	152
297	Conflict of interest	152
298	Validity despite conflict	152

Table of Contents

299	Removal of trustee	152
300	Trustee qualifications	152
301	List of security holders	152
302	Compliance with trust indentures	153
303	Trustee may require evidence	154
304	Notice of default	154
305	Duty of care	154
306	No exculpation	154
	<i>Financial Statements and Auditors</i>	
	Annual Financial Statement	
307	Financial year	154
308	Annual financial statement	155
309	Annual statement — approval	156
310	Statements — subsidiaries	156
311	Distribution of annual statement	157
312	Copy to Superintendent	157
	Auditors	
313	Definitions	157
314	Appointment of auditors	157
315	Qualification of auditors	158
316	Duty to resign	159
317	Revocation of appointment	159
318	Ceasing to hold office	159
319	Filling vacancy	159
320	Right to attend meetings	160
321	Statement of auditor	160
322	Duty of replacement auditor	161
323	Auditors' examination	161
324	Right to information	161
325	Auditors' report and extended examination	161
326	Auditors' report	162
327	Report on directors' statement	162
328	Report to officers	163
329	Auditors of subsidiaries	163
330	Auditors' attendance	163
331	Calling meeting	164
332	Notice of errors	164
333	Qualified privilege for statements	164
	Remedial Actions	
334	Derivative action	164
335	Powers of court	165
336	Status of approval	165
337	No security for costs	166
338	Application to rectify records	166
	Liquidation and Dissolution	
339	Definition of "court"	166
340	Application of subsection (2) and sections 341 to 368	166
341	Returns to Superintendent	167

Table of Contents

Simple Liquidation	
342	No property and no liabilities 167
343	Proposing liquidation 167
344	Resolutions 167
345	Approval of Minister required 167
346	Dissolution instrument 168
Court-supervised Liquidation	
347	Application for court supervision 168
348	Court supervision thereafter 169
349	Powers of court 169
350	Cessation of business and powers 170
351	Appointment of liquidator 170
352	Vacancy in liquidator's office 170
353	Duties of liquidator 170
354	Due diligence 171
355	Examination of others 171
356	Costs of liquidation 172
357	Final accounts 172
358	Final order 172
359	Right to distribution of money 172
360	Dissolution by letters patent 173
General	
361	Definition of "shareholder", "member" and "incorporator" 173
362	Continuation of actions 173
363	Limitations on liability 174
364	Persons who cannot be found 174
365	Vesting in Crown 174
366	Unclaimed money on winding-up 174
367	Liability of Bank of Canada 175
368	Custody of records after dissolution 175
369	Insolvency 175
PART VII — OWNERSHIP	
DIVISION I — DEFINITIONS AND INTERPRETATION	
370	Definitions 176
371	Associates 177
371.1	Associates 178
DIVISION II — OWNERSHIP OF BANKS	
Constraints on Ownership	
372	Significant interest 178
372.1	[Repealed 2001, c. 9, s. 98.] 179
373	Acquisition of significant interest 179
373.1	[Repealed 1999, c. 28, s. 18.] 179
374	Limitations on share holdings 179
374.1	Exception 180
375	Limitation on share holdings 181
376	Obligation of widely held bank 181
376.01	Obligation of widely held bank 182
376.1	Prohibition against significant interest 182

Table of Contents

376.2	Prohibition against significant interest	182
377	Prohibition against control	182
377.1	Restriction on control	183
377.2	Prohibition against control — federal credit union	183
378	Former Schedule I banks with equity of less than five billion dollars	183
378.1	Prohibition	184
378.2	Prohibition	184
379	Constraint on registration	184
380	Exemption	184
380.1	Exemption — federal credit unions	184
381	Exception — small holdings	184
382	When approval not required	185
382.1	When approval not required — federal credit union	186
383	When approval not required	188
384	Pre-approval	188
385	Public holding requirement	188
385.1	Public holding requirement	189
386	Limit on assets	189
387	Increase of capital	189
388	Exemption by order of the Minister	189
389	Exception	190
390	Acquisition of control permitted	190
391	Application of section 385	190
392	Restriction on voting rights	190
393	Loss of control — banks and bank holding companies	191
393.1	Loss of control — other entities	191
394	Change in status	192
	Approval Process	
395	Application for approval	192
396	Matters for consideration	192
396.1	[Repealed 1994, c. 47, s. 19.]	193
397	Terms and conditions	193
398	Certifying receipt of application	193
399	Notice of decision	194
400	Reasonable opportunity to make representations	194
401	Notice of decision	195
401.1	Deemed approval	195
401.11	Federal credit union constraints	195
401.2	Constraining registration: Crown and foreign governments	195
401.3	Suspension of voting rights held by governments	196
	DIVISION V — DIRECTIONS	
402	Disposition	197
402.1	Permission to become another body corporate	197
402.2	Disposition — threat to integrity or security	198
403	Application to court	198
	General Provisions	
404	Interest of securities underwriter	199
405	Arrangements to effect compliance	199

Table of Contents

406	Reliance on information	200
407	[Repealed 1994, c. 47, s. 23.]	200
408	Competition Act	200

PART VIII — BUSINESS AND POWERS

General Business

409	Main business	200
410	Additional activities	200
411	Networking	202
411.1	[Proposed] Regulations	203
412	Restriction on fiduciary activities	203
413	Restriction on deposit taking	203
413.1	[Repealed 2018, c. 27, s. 319.]	204
413.2	Deposits less than \$150,000	204
413.3	Shared premises	204
414	Restriction on guarantees	205
415	Restriction on securities activities	205
415.1	Prohibition	205
415.2	Derivatives and eligible financial contracts — regulations	206
415.3	Benchmarks — regulations	206
416	Restriction on insurance business	206
417	Restriction on leasing	207
418	Restriction on residential mortgages	207
418.1	Restriction on charges to borrowers	207
419	Policies re security interests	208
419.1	Regulations and guidelines	208
419.2	Exception	208
420	Restriction on receivers	208
421	Restriction on partnerships	208
422	[Repealed 2001, c. 9, s. 109.]	209
422.1	Definition of “non-WTO Member bank subsidiary”	209
422.2	Limitation on branches in Canada of non-WTO Member bank subsidiaries	209
422.3–424	[Repealed 1994, c. 47, s. 25.]	209

Special Security

425	Definitions	209
426	Loans on hydrocarbons and minerals	213
427	Loans to certain borrowers and security	215
428	Priority of bank’s rights	221
429	Conditions under which bank may take security	224
430	Loans to receiver, liquidator, etc.	224
431	Securities may be sold	224
432	Rights in respect of personal property	225
433	Purchase of realty	225
434	Bank may acquire absolute title	225
435	Warehouse receipts and bills of lading	225
436	When previous holder is agent	226
436.1	Regulations — aircraft objects	226

Deposit Acceptance

437	Deposit acceptance	227
-----	------------------------------	-----

Table of Contents

	Unclaimed Balances	
438	Unclaimed balances	227
439	Notice of unpaid amount	229
	Miscellaneous	
439.1–443	[Repealed 2018, c. 27, s. 321.]	229
444	[Repealed 2001, c. 9, s. 115.]	230
445–459.5	[Repealed 2018, c. 27, s. 321.]	230
460	Transmission in case of death	230
461	Branch of account with respect to deposits	230
462	Effect of writ, etc.	231
463	Deemed loan	232
	PART IX — INVESTMENTS	
	Definitions and Application	
464	Definitions	232
	General Constraints on Investments	
465	Investment standards	235
465.1	Limit — business growth fund	235
466	Restriction on control and substantial investments	235
467	Regulations re limits	237
	Subsidiaries and Equity Investments	
468	Permitted investments	238
468.1	[Proposed] Regulations	244
469	Approval for indirect investments	245
470	Undertakings	245
	Exceptions and Exclusions	
471	Temporary investments in entity	245
472	Loan workouts	246
473	Realizations	247
474	Regulations restricting ownership	248
	Portfolio Limits	
475	Exclusion from portfolio limits	248
	Real Property	
476	Limit on total property interest	249
	Equities	
477	Limits on equity acquisitions	249
	Aggregate Limit	
478	Aggregate limit	250
	Miscellaneous	
479	Regulations	250
480	Divestment order	251
481	Deemed temporary investment	251
482	Asset transactions	252
483	Transitional	253
484	Saving	254
	PART X — CAPITAL, LIQUIDITY AND CAPACITY TO ABSORB LOSSES	
484.1	Domestic systemically important bank	254

Table of Contents

485	Adequacy of capital and liquidity	254
485.01	Prescribed conditions	256
485.02	Regulations and guidelines — disclosure of information	256
PART XI — SELF-DEALING		
<i>Interpretation and Application</i>		
485.1	Definition of “senior officer”	256
486	Related party of bank	256
487	Non-application of Part	257
488	Meaning of “transaction”	258
<i>Prohibited Related Party Transactions</i>		
489	Prohibited transactions	259
<i>Permitted Related Party Transactions</i>		
490	Nominal value transactions	259
491	Secured loans	259
492	Deposits	260
493	Borrowing, etc., from related party	260
494	Acquisition of assets	260
495	Services	260
495.1	Transactions with holding companies	261
495.2	Restriction	261
495.3	Assets transactions	262
496	Directors and officers and their interests	263
497	Board approval required	264
498	Margin loans	265
499	Exemption by order	265
500	Prescribed transactions	265
<i>Restrictions on Permitted Transactions</i>		
501	Market terms and conditions	265
502, 503	[Repealed 1997, c. 15, s. 74.]	266
<i>Disclosure</i>		
504	Bank obligation	266
505	Notice to Superintendent	266
<i>Remedial Actions</i>		
506	Order to void contract or to grant other remedy	266
PART XII — FOREIGN BANKS		
DIVISION 1 — INTERPRETATION AND APPLICATION		
507	Definitions	267
508	Application	273
509, 509.1	[Repealed 2007, c. 6, s. 49.]	276
DIVISION 2 — GENERAL PROHIBITIONS AND EXCEPTIONS		
510	Prohibited activities	276
510.01	Limit — business growth fund	276
510.02	Business growth fund	277
510.1	Exception re real property holding and management	277
511	Exception re accessing accounts	278
512	Exception re quotations	278
513	Exception re automated services	278

Table of Contents

514, 515	[Repealed 2007, c. 6, s. 53.]	278
516	Change of status	278
517	Change of status	279
517.1	Restriction	279
518	Prohibition re guarantee and acceptance of securities and bills . . .	279
519	Prohibited activities — non-bank affiliates	280
519.1	Borrowing from the public — non-bank affiliates	281
520	Prohibition re deposits	281
520.1	Borrowing from the public	282
521	Regulations	283
522	Permitted Canadian offices	283
522.01	Examination of representative offices	283
522.011	Name of representative office	283
522.02	Cancellation of registration	284
522.03	Business conducted from head office in Canada	284
	DIVISION 3 — NO FINANCIAL ESTABLISHMENT IN CANADA	
522.04	Permitted investment — foreign bank	284
522.05	Permitted Canadian commercial branch	285
522.06	Permitted branches re leasing	285
	DIVISION 4 — FINANCIAL ESTABLISHMENT IN CANADA	
	<i>Investments</i>	
522.07	Investment in a financial institution	285
522.08	Permitted investments	285
522.081	[Proposed] Regulations	288
522.09	Investment in a limited commercial entity — foreign bank	288
522.1	Acquisition of other investments	289
522.11	Indirect investments through federal institutions	289
522.12	Investments through provincial institutions	290
522.13	Indirect investments through provincial institutions	290
522.14	Temporary investments	290
522.15	Acquisition by loan workout or realization of security	291
	<i>Branches</i>	
522.16	Bank branches	292
522.17	Insurance branches	292
522.18	Business of a cooperative credit society and dealing in securities	292
		292
522.19	Limited commercial branches	292
	DIVISION 5 — APPROVALS	
	<i>Application</i>	
522.2	Non-application	293
	<i>Approval to Have a Financial Establishment in Canada</i>	
522.21	No financial establishment without approval — foreign bank	293
522.211	No financial establishment without approval — associated entity	294
		294
	<i>Approvals in Respect of Investments and Activities</i>	
522.22	Minister's approval	295
	DIVISION 6 — ADMINISTRATION	
522.23	Regulations	296

Table of Contents

522.24	Application of regulations	297
522.25	Divestiture	297
522.26	Publication	297
522.27	Obligation to provide information	298
	DIVISION 7	
522.28	[Repealed 2007, c. 6, s. 72.]	298
	DIVISION 8 — TRANSITIONAL	
522.29	Definitions	298
522.3	Former s. 507(4)	298
522.31	Former par. 518(3)(b) or s. 521(1)	299
522.32	Former s. 521(1)	299
522.33	Investments	300
	PART XII.01 — NON-APPLICATION OF THE INVESTMENT CANADA ACT	
522.34	Investment Canada Act	301
	PART XII.1 — AUTHORIZED FOREIGN BANKS	
	<i>Application</i>	
523	Application to authorized foreign banks	301
	<i>Formalities of Authorization</i>	
524	Order permitting carrying on of business in Canada, etc.	302
524.1	Prohibition	302
524.2	Prohibition	302
524.3	[Proposed] Policies and procedures — integrity or security	303
525	Application procedure	303
526	Factors to be considered by Minister	303
527	Contents of order	304
528	Amended order	304
529	Transitional	305
530	Prohibited names	306
531	Publication of name	306
532	Directing change of name	307
532.1–532.4	[Repealed 1999, c. 28, s. 35.]	307
533	Other name	307
	<i>Commencement and Carrying on of Business in Canada</i>	
534	Order approving commencement and carrying on of business in Canada	307
	<i>Principal Office and Principal Officer</i>	
535	Principal office	308
536	Principal officer	308
	<i>Transfer of Liabilities</i>	
537	Transfer of liabilities not permitted	309
537.1	[Repealed 1999, c. 28, s. 35.]	309
	<i>Business and Powers</i>	
538	Main business	309
539	Additional activities	310
539.1	Regulations apply	311
540	Restrictions	311
541	Application of certain provisions	312

Table of Contents

541.1	Guarantees and acceptances	313
542	Payment clearing and settlement	313
543	Networking	313
543.1	[Repealed 1999, c. 28, s. 35.]	314
544	Restriction on fiduciary activities	314
545	Deposits that fall below \$150,000	314
546	Deposits less than \$150,000	315
547	Shared premises	315
548	Restriction on securities activities	316
549	Restriction on insurance business	316
550	Restriction on leasing	316
551	Restriction on residential mortgages	316
552	Restriction on charges to borrowers	317
553	Restriction on receivers	318
553.1	Restriction on partnerships	318
554	Definition of “non-WTO Member authorized foreign bank”	318
555	Special security	318
555.1	[Repealed 1999, c. 28, s. 35.]	318
	<i>Deposit Acceptance</i>	
556	Deposit acceptance	318
	<i>Unclaimed Balances</i>	
557	Unclaimed balances	319
558	Notice of unpaid amount	320
	<i>Miscellaneous</i>	
559–576.3	[Repealed 2018, c. 27, s. 327.]	321
577	Transmission in case of death	321
578	Branch of account with respect to deposits	322
579	Effect of writ, etc.	323
580	Deemed loan	324
581	Investment standards	324
	<i>Deposit Requirements</i>	
582	Requirement to maintain assets on deposit	324
	<i>Financial Year</i>	
583	Financial year	325
	<i>Auditors</i>	
	<i>Interpretation</i>	
584	Definitions	325
	<i>Appointment</i>	
585	Appointment of auditor	325
586	Disqualification of auditor	326
587	Revocation of appointment	326
588	Ceasing to hold office	327
589	Filling vacancy	327
590	Statement of auditor	327
591	Duty of replacement auditor	327
	<i>Examinations and Reports</i>	
592	Examination of annual return	328
593	Right to information	328

Table of Contents

594	Auditor's report to principal officer	329
595	Additional reports to principal officer	329
596	Qualified privilege for statements	329
	Records	
597	Records	330
598	Application of sections 244 to 247	331
	Termination of Business in Canada	
599	Release of assets in Canada	331
	Supervision	
	Returns	
600	Required information	332
601	Annual return	332
602–604	[Repealed 2007, c. 6, s. 98.]	332
605	Production of information and documents	332
606	Confidential information	332
607	Regulations	333
608	Evidentiary privilege	333
608.1	No waiver	334
609	Disclosure by Superintendent	334
610	Disclosure by an authorized foreign bank	334
611	Exceptions to disclosure	335
612	Report respecting disclosure	335
	Inspection of Authorized Foreign Banks	
613	Examination of authorized foreign banks	335
614	Power of Superintendent on inquiry	336
	Remedial Powers	
	Prudential Agreements	
614.1	Prudential agreement	336
	Directions of Compliance	
615	Superintendent's directions to authorized foreign bank	336
616	Court enforcement	337
	Asset Maintenance	
617	Order re: asset maintenance	337
	Disqualification and Removal of Principal Officers	
617.1	Application	338
617.2	Removal	338
	Supervisory Intervention	
618	Meaning of "assets"	339
619	Superintendent may take control	340
620	Expiration of control	341
621	Superintendent may request winding-up	342
622	Requirement to relinquish control	342
623	Advisory committee	342
624	Expenses payable by authorized foreign bank	342
625	Priority of claim in liquidation	343
626	Application of assessment	343
627	Order of priority for payment of claims	343

Table of Contents

PART XII.2 — DEALINGS WITH CUSTOMERS AND THE PUBLIC

	DIVISION 1 — INTERPRETATION	
627.01	Definitions	344
	DIVISION 2 — FAIR AND EQUITABLE DEALINGS	
	<i>Responsible Business Conduct</i>	
	General Requirements	
627.02	Training	346
627.03	False or misleading information	346
627.04	Prohibited conduct	346
627.05	For greater certainty	346
627.06	Policies and procedures — appropriate products or services	347
627.07	Remuneration, payment or benefit	347
627.08	No provision without express consent and agreement	347
627.09	Obtaining express consent	347
627.1	Cancellation periods — products or services	347
627.11	Cancellation — certain products or services	348
627.12	Imposition of charges or penalties	348
627.13	Alert	349
627.14	Advertisements	349
627.15	Arrangements with affiliates, etc.	349
627.16	Intermediary for another entity	350
	Access to Basic Banking Services	
	<i>Retail Deposit Accounts</i>	
627.17	Opening	350
627.18	Non-application	351
627.19	Refusal to open	351
	<i>Funds</i>	
627.2	Application	352
627.21	Availability	352
627.22	First amount available	352
627.23	Non-application	352
627.24	Non-application	353
	<i>Cashing Government Cheques or Other Instruments</i>	
627.25	Cashing	353
627.26	No charges	354
	<i>Documents</i>	
627.27	General	355
	Credit	
627.28	Prepayment	355
627.29	No minimum credit balance without express consent	355
627.3	Default charges	356
627.31	Renewal of mortgages	356
627.32	No increase or provision without express consent	356
627.33	Liability for unauthorized use	356
627.34	Credit card statement	357
627.35	Different interest rates — allocation of payment	357
627.36	No charge — holds	358

Table of Contents

627.37	Debt recovery	358
	Prepaid Payment Products	
627.38	No expiry unless promotional product	358
627.39	Maintenance charges	358
627.4	No overdraft charges without express consent	358
	Optional Products or Services	
627.41	Independent agreement	359
627.42	Express consent — temporary offer	359
	Complaints Process	
627.43	Procedures for dealing with complaints	359
627.44	Record of complaint	360
627.45	Access to Commissioner	360
627.46	Report to Commissioner	360
627.47	Annual information	361
	External Complaints Body	
627.471	Purpose	361
627.48	Designation of body corporate	361
627.49	Requirements	362
627.5, 627.51	[Repealed 2023, c. 26, s. 131.]	364
627.52	Provision of information — external complaints body	364
627.53	Provision of information	364
627.54	Content of Commissioner's report	364
	DIVISION 3 — DISCLOSURE AND TRANSPARENCY FOR INFORMED DECISIONS	
	Key Product Information	
	General Requirements	
627.55	Disclosure of information	364
627.56	Disclosure — customers and the public	365
627.57	Information box	365
627.58	Resource person	365
627.59	Other products or services	365
627.6	Renewal or rollover	366
627.61	Promotional and other offers	366
627.62	Prescribed amendments to agreements	367
627.63	Advertisements	367
627.64	Prohibited conduct	367
627.65	Complaints procedures	367
627.66	Voluntary codes of conduct and public commitments	367
	Deposit Accounts, Financial Instruments and Notes	
	Deposit Accounts	
627.67	Member banks — customers and the public	368
627.68	Institutions — customers and the public	368
627.69	Opening of deposit account	368
627.7	Changes to holding periods	369
627.71	Change in rate of interest or manner of calculation	369
627.72	Increase or new charge	369
	Deposit Insurance	
627.73	Authorized foreign banks — customers and the public	370

Table of Contents

627.74	Authorized foreign banks — customers and the public	370
627.75	Authorized foreign banks — deposit accounts and agreements for prescribed products	370
627.76	Certain banks — deposit accounts and agreements for prescribed products	370
	<i>Financial Instruments and Notes</i>	
627.77	Availability of information	371
627.78	Issuance	371
627.79	Principal-protected note — no interest	372
627.8	Current value	372
627.81	Amendments — deposit-type instruments or prescribed products	372
627.82	Amendments — principal-protected notes	372
627.83	Redemption or purchase before maturity	373
627.84	Manner	373
	<i>Advertisements</i>	
627.85	Rate of interest	373
627.86	Uninsured deposits	373
627.87	Financial instruments and notes	374
	Credit	
627.88	Availability of information	374
627.89	Agreement — natural persons	374
627.9	Calculating borrowing costs	375
627.91	Advertisements	375
	Prepaid Payment Products	
627.92	Issuance	375
627.93	Increase or new charge	376
	Optional Products or Services	
627.94	Agreement — natural persons	377
627.95	Promotional and other offers	377
627.96	Amendments	377
627.97	Cancellation	377
	Registered Products	
627.98	Availability of list of charges	378
627.99	Agreement — persons	378
627.991	Amendments	378
	Mortgage Insurance	
627.992	Availability of information	378
	<i>Public Notices</i>	
	Notice of Branch Closure	
627.993	Written notice	379
627.994	Exemptions	379
627.995	Meeting	379
	Public Accountability Statements	
627.996	Content	380
	DIVISION 4 — REDRESS	
627.997	Credit or refund of charge or penalty	381

Table of Contents

	DIVISION 5 — REGULATIONS	
627.998	Regulations	381
	PART XIII — REGULATION OF BANKS — SUPERINTENDENT	
	<i>Supervision</i>	
	Returns	
628	Required information	383
629–631	[Repealed 2007, c. 6, s. 102.]	383
632	Names of directors and auditors	383
633	Copy of by-laws	384
634	Register of banks	384
634.1	Certificate	384
635	Production of information and documents	384
636	Confidential information	385
637	Regulations	385
638	Evidentiary privilege	385
638.1	No waiver	386
639	Disclosure by Superintendent	386
640	Disclosure by a bank	387
641	Exceptions to disclosure	387
642	Report respecting disclosure	387
	Inspection of Banks	
643	Examination of banks	387
644	Power of Superintendent on inquiry	388
	<i>Remedial Powers</i>	
	Prudential Agreements	
644.1	Prudential agreement	388
	Directions of Compliance	
645	Superintendent’s directions to bank	388
646	Court enforcement	389
	Disqualification and Removal of Directors or Senior Officers	
646.1	Meaning of “senior officer”	389
647	Application	389
647.1	Removal of directors or senior officers	391
	Supervisory Intervention	
648	Superintendent may take control	392
649	Powers suspended	394
650	Expiration of control	394
651	Superintendent may request winding-up	394
652	Requirement to relinquish control	395
653	Advisory committee	395
654	Expenses payable by bank	395
655	Priority of claim in liquidation	395
656	Application of assessment	395
	PART XIV — REGULATION OF BANKS AND EXTERNAL COMPLAINTS BODIES — COMMISSIONER	
657	Required information	396
658	Confidential information	396

Table of Contents

659	Examination of banks	396
660	Power of Commissioner on inquiry	397
661	Compliance agreement	397
661.1	Commissioner's directions	397
661.2	Court enforcement	398
PART XV — BANK HOLDING COMPANIES		
<i>Purpose</i>		
662	Purpose	398
DIVISION 1 — INTERPRETATION		
663	Definitions	399
DIVISION 2 — STATUS AND POWERS		
664	Corporate powers	399
664.1	[Proposed] Policies and procedures — integrity or security	400
665	No invalidity	400
666	By-law not necessary	400
667	No personal liability	400
668	No constructive notice	400
669	Authority of directors, officers and representatives	400
670	Sunset provision	401
DIVISION 3 — INCORPORATION AND CONTINUANCE		
<i>Formalities of Incorporation</i>		
671	Incorporation of bank holding company	401
672	Restrictions on incorporation	401
673	National treatment	402
674	Application for incorporation	402
675	Matters for consideration	402
676	Contents of letters patent	402
677	Letters patent of incorporation on application of banks	403
678	Proposal involving fundamental change	404
679	Notice of issue of letters patent	404
680	First directors	404
681	Effect of letters patent	404
<i>Continuance</i>		
682	Federal corporations	404
683	Application for continuance	405
684	Power to issue letters patent	405
685	Effect of letters patent	405
686	Copy of letters patent	405
687	Effects of continuance	406
688	Transitional	406
<i>Discontinuance</i>		
689	Transferring to other Acts	407
690	Meaning of “bank holding company without a bank subsidiary”	407
691	Act ceases to apply	407
692	Withdrawing application	408

Table of Contents

	<i>Corporate Name</i>	
693	Prohibited names	408
694	Affiliated bank holding company	408
695	Restriction	408
696	French or English form of name	409
697	Reserved name	409
698	Directing change of name	409
	<i>Publication of Information</i>	
699	Publication of information	410
	DIVISION 4 — ORGANIZATION AND COMMENCEMENT	
700	First directors' meeting	410
701	Calling shareholders' meeting	410
702	Term of first directors	411
	DIVISION 5 — CAPITAL STRUCTURE	
	<i>Share Capital</i>	
703	Power to issue shares	411
704	Common shares	411
705	Classes of shares	412
706	Shares issued in series	412
707	One share, one vote	412
708	Shares non-assessable	412
709	Consideration for share	413
710	Stated capital account	413
711	Stated capital of continued bank holding company	413
712	Pre-emptive right	414
713	Conversion privileges	414
714	Holding of own shares	415
715	Purchase and redemption of shares	415
716	Holding as personal representative	415
716.1	Exception — conditions before acquisition	416
717	Cancellation of shares	416
718	Reduction of capital	416
719	Recovery by action	417
720	Adjustment of stated capital account	417
721	Addition to stated capital account	418
722	Declaration of dividend	418
	<i>Subordinated Indebtedness</i>	
723	Restriction on subordinated indebtedness	419
	<i>Security Certificates and Transfers</i>	
724	Sections 81 to 135 apply	419
	DIVISION 6 — CORPORATE GOVERNANCE	
	<i>Shareholders</i>	
725	Place of meetings	420
726	Calling meetings	420
727	Notice of meeting	421
728	Notice not required	422
729	Notice of adjourned meeting	422
730	Special business	422

Table of Contents

731	Waiver of notice	422
732	Proposals	423
733	Notice of refusal	424
734	List of shareholders entitled to notice	425
735	Quorum	425
736	One shareholder meeting	425
737	One share — one vote	425
738	Representative shareholder	426
739	Joint shareholders	426
740	Voting by hands or ballot	426
741	Resolution in lieu of meeting	426
742	Requisitioned meeting	427
743	Court may order meeting to be called	427
744	Court review of election	428
745	Notice to Superintendent	428
	<i>Proxies and Voting Restrictions</i>	
746	Sections 156.01 to 156.09 apply	428
	<i>Directors and Officers</i>	
	<i>Duties</i>	
747	Duty to manage	429
748	Duty of care	430
	<i>Qualification and Number — Directors</i>	
749	Minimum number of directors	430
750	Disqualified persons	430
751	No shareholder requirement	431
752	Limit on directors	431
	<i>Election and Tenure — Directors</i>	
753	Number of directors	431
753.1	Election or appointment as director	431
754	Term of directors	431
755	Determining election of directors	432
756	Cumulative voting	432
757	Re-election of directors	433
	<i>Incomplete Elections and Director Vacancies</i>	
758	Void election or appointment	433
759	Directors where elections incomplete or void	434
760	Ceasing to hold office	434
761	Removal of director	435
762	Statement of director	435
763	Circulation of statement	435
764	Shareholders filling vacancy	435
765	Directors filling vacancy	436
766	Class vacancy	436
767	Unexpired term	436
768	Additional directors	436
	<i>Meetings of the Board</i>	
769	Meetings required	437
770	Notice of meeting	437

Table of Contents

771	Quorum	437
772	Resident Canadian majority	437
773	Electronic meeting	438
774	Resolution outside board meeting	438
775	Dissent of director	438
776	Record of attendance	439
777	Meeting required by Superintendent	439
	By-laws	
778	By-laws	439
779	Shareholder proposal of by-law	440
780	Deemed by-laws	440
	Committees of the Board	
781	Committees	440
782	Audit committee	440
	Directors and Officers — Authority	
783	Chief executive officer	441
784	Appointment of officers	441
785	Limits on power to delegate	441
786	Remuneration of directors, officers and employees	442
787	Validity of acts	442
788	Right to attend meetings	442
	Conflicts of Interest	
789	Disclosure of interest	442
790	Director to abstain	443
791	General notice	444
792	Avoidance standards	444
793	Court may set aside or require accounting	444
	Liability, Exculpation and Indemnification	
794	Director liability	445
795	Contribution	445
796	Limitation	445
797	Directors liable for wages	445
798	Defence — due diligence	446
799	Indemnification	447
800	Directors' and officers' insurance	448
801	Application to court for indemnification	448
	Fundamental Changes	
	Amendments	
802	Sections 215 to 222 apply	448
	Amalgamation	
803	Application to amalgamate	448
804	Amalgamation agreement	449
805	Approval of agreement by Superintendent	450
806	Shareholder approval	450
807	Vertical short-form amalgamation	451
808	Joint application to Minister	451
809	Issue of letters patent	452
810	Court enforcement	453

Table of Contents

811	Effect of letters patent	453
812	Transitional	453
	Transfer of Business	
813	Shareholder approval	454
	Corporate Records	
	Head Office and Corporate Records	
814	Head office	455
815	Bank holding company records	455
816	Place of records	456
817	Shareholder lists	457
818	Option holders	457
819	Use of shareholder list	458
820	Form of records	458
821	Protection of records	458
822	Requirement to maintain copies and process information in Canada	458
823	Retention of records	459
824	Regulations	459
	Securities Registers	
825	Central securities register	459
826	Branch registers	460
827	Agents	460
828	Location of central securities register	460
829	Effect of registration	461
830	Particulars in branch register	461
831	Destruction of certificates	461
	Corporate Name and Seal	
832	Publication of name	461
833	Corporate seal	461
	Insiders	
834	Ss. 265 to 272 apply	461
	Prospectus	
835	Ss. 273 and 274 apply	462
	Going-private Transactions and Squeeze-out Transactions	
835.1	Ss. 275 to 277 apply	462
	Compulsory Acquisitions	
836	Ss. 283 to 292.1 apply	462
837	Recovery	462
	Trust Indentures	
838	Sections 294 to 306 apply	463
	Financial Statements and Auditor	
	Annual Financial Statement	
839	Financial year of bank holding company	463
840	Annual financial statement	463
841	Annual statement — approval	464
842	Statements — subsidiaries	465
843	Annual statement — distribution	465

Table of Contents

844	Copy to Superintendent	465
	Auditors	
845	Definitions	466
846	Appointment of auditor	466
847	Qualification of auditor	466
848	Duty to resign	467
849	Revocation of appointment	467
850	Ceasing to hold office	468
851	Filling vacancy	468
852	Right to attend meetings	468
853	Statement of auditor	469
854	Duty of replacement auditor	469
855	Auditors' examination	469
856	Right to information	470
857	Auditor's report and extended examination	470
858	Auditor's report	471
859	Report on directors' statement	471
860	Auditor of subsidiaries	471
861	Auditor's attendance	472
862	Calling meeting	472
863	Notice of errors	472
864	Qualified privilege for statements	472
	Remedial Actions	
865	Sections 334 to 338 apply	472
	Liquidation and Dissolution	
866	Definition of "court"	473
867	Non-application of certain provisions	473
868	Returns to Superintendent	473
	Simple Liquidation	
869	Sections 342 to 346 apply	473
	Court-supervised Liquidation	
870	Sections 347 to 360 apply	473
	General	
871	Sections 361 to 365 and 368 apply	474
872	Unknown claimants	474
	DIVISION 7 — OWNERSHIP	
	Constraints on Ownership	
873	Sections 370 to 371.1 apply	474
874	Significant interest	474
875	Acquisition of significant interest	474
876	Limitations on share holdings	475
877	Exception	476
878	Limitation on share holdings	477
879	Obligation of widely held bank holding company	477
879.1	Obligation of widely held bank holding company	477
880	Prohibition against significant interest	478
881	Prohibition against significant interest	478
882	Prohibition against control	478

Table of Contents

883	Restriction on control	478
884	Deeming	478
885	Prohibition	479
886	Prohibition	479
887	Constraint on registration	479
888	Exemption	479
889	Exception — small holdings	479
890	When approval not required	479
891	When approval not required	481
892	Pre-approval	481
893	Public holding requirement	481
894	Public holding requirement	482
895	Limit on assets	482
896	Increase of capital	482
897	Exemption by order of the Minister	483
898	Exception	483
899	Acquisition of control permitted	483
900	Application of section 893	484
901	Restriction on voting rights	484
902	Loss of control — bank and bank holding company	484
903	Loss of control — other entities	485
904	Change in status	485
	Approval Process	
905	Application for approval	485
906	Matters for consideration	486
907	Terms and conditions	486
908	Certifying receipt of application	486
909	Notice of decision	487
910	Reasonable opportunity to make representations	487
911	Notice of decision	488
912	Deemed approval	488
913	Constraining registration: Crown and foreign governments	488
914	Suspension of voting rights held by governments	489
915	Disposition of shareholdings	489
916	Appeal	490
917	Application to court	490
918	Interest of securities underwriter	490
919	Arrangements to effect compliance	490
920	Reliance on information	491
921	Competition Act	491
	DIVISION 8 — BUSINESS AND POWERS	
922	Main business	491
923	Restriction on guarantees	492
924	Restriction on partnerships	492
	DIVISION 9 — INVESTMENTS	
	Interpretation	
925	Definitions	492
	Investments	
926	Investments	493

Table of Contents

	<i>General Constraints on Investments</i>	
927	Investment standards	493
927.1	Limit — business growth fund	493
928	Restriction on control and substantial investments	493
929	Regulations re limits	495
	<i>Subsidiaries and Equity Investments</i>	
930	Permitted investments	495
930.1	[Proposed] Regulations	502
931	Approval for indirect investments	502
932	Undertakings	503
	<i>Exceptions and Exclusions</i>	
933	Temporary investments in entity	503
934	Loan workouts	504
935	Realizations	505
936	Regulations restricting ownership	505
	<i>Portfolio Limits</i>	
937	Exclusion from portfolio limits	506
	<i>Real Property</i>	
938	Limit on total property interest	506
	<i>Equities</i>	
939	Limits on equity acquisitions	507
	<i>Aggregate Limit</i>	
940	Aggregate limit	507
	<i>Miscellaneous</i>	
941	Regulations	508
942	Divestment order	508
943	Deemed temporary investment	509
944	Asset transactions	509
945	Transitional	511
946	Saving	511
947	Meaning of “non-bank entity”	511
948	Prohibited activities	511
	DIVISION 10 — ADEQUACY OF CAPITAL AND LIQUIDITY	
949	Adequacy of capital and liquidity	512
	DIVISION 11 — REGULATION OF BANK HOLDING COMPANIES	
	<i>Supervision</i>	
	<i>Returns</i>	
950	Required information	513
951	Names of directors and auditor	513
952	Copy of by-laws	514
953	Register of bank holding companies	514
954	Production of information and documents	514
955	Confidential information	515
956	Regulations	515
956.1	Evidentiary privilege	515
956.2	No waiver	516

Table of Contents

	<i>Inspection of Bank Holding Companies</i>	
957	Examination of bank holding companies	516
958	Power of Superintendent on inquiry	517
	<i>Remedial Powers</i>	
	<i>Prudential Agreements</i>	
959	Prudential agreement	517
	<i>Directions of Compliance</i>	
960	Superintendent's directions to bank holding company	517
961	Court enforcement	518
	<i>Disqualification and Removal of Directors or Senior Officers</i>	
962	Meaning of "senior officer"	518
963	Application	518
964	Removal of directors or senior officers	520
	PART XVI — ADMINISTRATION	
	<i>Notices and Other Documents</i>	
964.1	Execution of documents	521
965	Notice to directors, shareholders and members	521
966	Presumption from return	521
967	Presumption of receipt	521
968	Service on a bank, bank holding company or authorized foreign bank	521
969	Certificate	522
970	Entry in securities register	522
971	Verification of documents or fact	522
972	Alternative means of publication	522
	<i>Approvals</i>	
973	Definition of "approval"	523
973.01	Matters to take into account — Minister	523
973.02	Minister — terms, conditions and undertakings	523
973.03	Revocation, suspension or amendment of approval — Minister	524
973.031	Confidential undertaking	524
973.04	Effect of non-compliance on approval	525
973.05	Multiple approval — other approvals	525
973.06	Exemption in relation to notices of intention	525
	<i>Exceptions to Generally Accepted Accounting Principles</i>	
973.07	Calculations — generally accepted accounting principles	526
	<i>Short-term Exemption Order</i>	
973.1	Short-term exemption order	526
	<i>Orders to Exempt or Adapt</i>	
973.2	Order	526
	<i>Orders and Directives</i>	
974	Not statutory instruments	528
975	Form	529
	<i>Applications to Superintendent</i>	
976	Content of applications	529

Table of Contents

	<i>Applications for Certain Approvals</i>	
976.1	Application for certain approvals	529
	<i>Appeals</i>	
977	Appeal to Federal Court	530
	<i>Regulations</i>	
978	Power to make regulations	531
	<i>Delegation</i>	
979	Delegation	532
	PART XVI.1 — WHISTLEBLOWING	
979.1	Definition of “wrongdoing”	532
979.2	Whistleblowing	532
979.3	Procedures — wrongdoing	533
979.4	Prohibition	533
	PART XVII — SANCTIONS	
980	Offence	533
980.1	False or misleading information	533
981	Undue preference to creditor	533
982	Failure to provide information	533
983	Use of name	534
984	Making false statements	539
985	Punishment	540
986	Liability of officers, directors, etc.	540
987	Limitation period	541
988	Effect of offence on contracts	541
989	Compliance or restraining order — bank	541
989.1	Production of information and documents	542
989.2	Superintendent’s directions	542
989.3	Court enforcement	542
990	Appeal of final order	542
991	Recovery and application of fines	542
	PART XVIII — DOCUMENTS IN ELECTRONIC OR OTHER FORM	
992	Definitions	543
993	Application	543
994	Use not mandatory	543
995	Consent and other requirements	543
996	Creation or provision of information	543
997	Creation of information in writing	544
998	Provision of information in writing	544
999	Multiple copies	544
1000	Registered mail	544
1001	Statutory declarations and affidavits	544
1002	Signatures	544
1003	Regulations — provision and receipt of documents	545
1004	Content and form of notices and documents	545
1005	Exemption	545
Schedule I		545
Schedule II		547
Schedule III		548

Table of Contents

Schedule IV	550
Related Provisions	550
Transitional Provisions	551

REGULATIONS

Affiliated Persons (Banks) Regulations	553
Aggregate Financial Exposure (Banks) Regulations	555
Agricultural Product Priority Claim (Banks) Regulations	556
Aircraft Objects Regulations	557
Annual Statement (Banks and Bank Holding Companies) Regulations	558
Bank Holding Company Proposal Regulations	559
Bank Recapitalization (Bail-In) Issuance Regulations	563
Civil Remedies (Banks and Bank Holding Companies) Regulations	565
Corporate Interrelationships (Banks and Holding Companies) Regulations	567
Disclosure on Continuance Regulations (Federal Credit Unions)	569
Distributing Bank and Distributing Bank Holding Company Regulations	571
Electronic Documents (Banks and Bank Holding Companies) Regulations	573
Entity Associated with a Foreign Bank Regulations	576
Entity Member of Group Regulations	578
Equity of a Bank or a Bank Holding Company Regulations	580
Exchange Rate (Authorized Foreign Banks) Regulations	582
Exempt Classes of Foreign Banks Regulations	583
Exempt Debt Obligation Transactions (Banks and Bank Holding Companies) Regulations	584
Exemption for Public Notices or Documents (Banks and Bank Holding Companies) Regulations	586
Exemption from Approval for Certain Investments in Intragroup Service Entities (Bank Act) Regulations	587
Exemption from Restrictions on Investments (Banks, Bank Holding Companies and Foreign Banks) Regulations	588
Factoring Entity Regulations	589
Federal Credit Union Conversion Regulations	590
Finance Entity Regulations	598
Financial Consumer Protection Framework Regulations	599
Financial Leasing Entity Regulations	638
Foreign Bank Representative Offices Regulations	641
Form of Proxy (Banks and Bank Holding Companies) Regulations	644
[Proposed] Form of Proxy (Banks and Bank Holding Companies) Regulations, 2023	647
Going-Private Transaction (Banks and Bank Holding Companies) Regulations	653
Guidelines Respecting Control in Fact for the Purpose of Subsection 377(1) of the Bank Act	654
Guidelines Respecting Control in Fact for the Purposes of Section 377.2 of the Bank Act	657
Information Processing Activities (Banks and Authorized Foreign Banks) Regulations	660
Information Technology Activities (Authorized Foreign Banks) Regulations	663
Information Technology Activities (Banks) Regulations	664
Information Technology Activities (Bank Holding Companies) Regulations	667

Table of Contents

Information Technology Activities (Foreign Banks) Regulations	669
Insider Reports (Banks and Bank Holding Companies) Regulations	673
Insurance Business (Authorized Foreign Banks) Regulations	675
Insurance Business (Banks and Bank Holding Companies) Regulations	682
Investment Limits (Bank Holding Companies) Regulations	690
Investment Limits (Banks) Regulations	698
Manner of Calculation (Foreign Banks) Regulations	705
Material Banking Group Percentage Regulations	709
Meetings and Proposals (Banks and Bank Holding Companies) Regulations	710
Minority Investment (Bank Holding Companies) Regulations	713
Minority Investment (Banks) Regulations	716
Mortgage Insurance Business (Banks, Authorized Foreign Banks, Trust and Loan Companies, Retail Associations, Canadian Insurance Companies and Canadian Societies) Regulations	719
Name Use (Affiliates of Banks or Bank Holding Companies) Regulations	722
Name Use (Foreign Banks) Regulations	724
Name Use in Securities-Related Transactions (Banks and Bank Holding Companies) Regulations	726
Prescribed Deposits (Authorized Foreign Banks) Regulations	727
Prescribed Deposits (Banks without Deposit Insurance) Regulations	729
Prohibited Activities Respecting Real Property (Foreign Banks) Regulations	731
Prospectus (Banks and Bank Holding Companies) Regulations	732
Prospectus (Federal Credit Unions) Regulations	734
Protection of Assets (Banks) Regulations	738
Public Inquiry (Authorized Foreign Banks) Rules	741
Registration of Bank Special Security Regulations	744
Regulatory Capital (Bank Holding Companies) Regulations	749
Regulatory Capital (Banks) Regulations	752
Related Party Transactions (Banks) Regulations	754
Resident Canadian (Banks) Regulations	756
Rules Governing Proceedings at Public Inquiries into Objections (Banks)	757
Sales or Trades (Authorized Foreign Banks) Regulations	760
Securities Dealing Restrictions (Authorized Foreign Banks) Regulations	761
Securities Dealing Restrictions (Banks) Regulations	763
Security Certificate Transfer Fee (Banks, Bank Holding Companies, Insurance Companies and Insurance Holding Companies) Regulations	765
Shared Premises Regulations (Banks)	766
Specialized Financing (Bank Holding Companies) Regulations	767
Specialized Financing (Banks) Regulations	770
Specialized Financing (Foreign Banks) Regulations	774
Subsidiaries Holding Bank Shares (Banks) Regulations	779
Subsidiaries that Hold Bank Holding Company Shares Regulations	780
Supervisory Information (Authorized Foreign Banks) Regulations	781
Supervisory Information (Bank Holding Companies) Regulations	783
Supervisory Information (Banks) Regulations	785
Support Orders and Support Provisions (Banks and Authorized Foreign Banks) Regulations	787
Total Assets for Supervisability and Public Holding Requirements (Banks and Bank Holding Companies) Regulations	789

Table of Contents

Use of the Word “Bank” by Non-Financial Businesses (Excluded Entities) Regulations	790
--	-----

OTHER PERTINENT LEGISLATION

Competition Act (Excerpts)	791
Financial Consumer Agency of Canada Act (Excerpts)	793
Office of the Superintendent of Financial Institutions Act (Excerpts)	809

GUIDELINES AND OTHER REGULATORY DOCUMENTS

GUIDELINES

Capital Adequacy Requirements	822
CAR Guideline	822
Chapter 1 — <i>Overview of Risk-Based Capital Requirements</i>	823
Scope of Application	823
Regulatory Capital	824
Total Risk-weighted Assets	824
Approval to use Internal Model Based Approaches	827
Capital Floor — Internal Model Based Approaches	828
Calculation of OSFI Minimum Capital Requirements	830
Mandated Capital Buffers	831
Domestic Systemically Important Bank (D-SIB) Surcharge	836
Domestic Stability Buffer	837
Capital Targets	838
Annex 1 — Domestic Systemic Importance and Capital Targets	839
Annex 2 — Supervisory Target Capital Requirements	843
Chapter 2 — <i>Definition of Capital</i>	844
Requirements for Inclusion in Regulatory Capital	844
Non-Viability Contingent Capital Requirements (NVCC)	862
Required Regulatory Adjustments to Capital	866
Transitional Arrangements for Federal Credit Unions	883
Appendix 2-1 — Illustrative example of the inclusion of capital issued by a subsidiary to third-parties in consolidated regulatory capital	885
Appendix 2-2 — Information Requirements to Confirm Quality of NVCC Instruments	887
Appendix 2-3 — Example of the 15% of common equity limit on specified items (threshold deductions)	889
LAR Liquidity Adequacy Requirements Guidelines	891
LR Leverage Requirements Guideline	899
SMSB Small and Medium-Sized Deposit-Taking Institutions (SMSBs) Capital and Liquidity Requirements	917
SOLO Parental Stand-Alone (Solo) TLAC Framework for Domestic Systemically Important Banks (D-SIBs)	941
07/2023 Draft — OSFI guideline on the regulatory capital and liquidity treatment of crypto-asset exposures (Banking)	947
TLAC Total Loss Absorbing Capacity (TLAC)	975
A-10 Foreign Bank Branch Deposit Requirement	980
Prudential Limits and Restrictions	

Table of Contents

B-1	Prudent Person Approach	997
B-2A	Large Exposure Limits for Domestic Systemically Important Banks	1007
B-2	Large Exposure Limits	1026
B-3	Classification of Loans Guaranteed by a Parent of the Bank	1031
B-4	Securities Lending	1033
B-5A	Asset Securitization by Foreign Bank Branches	1036
B-6	Liquidity Principles	1042
B-11	Pledging	1059
E-6	Materiality Criteria for Related Party Transactions	1063
E-6	Draft — Materiality Criteria for Related Party Transactions	1066
ACLL	Assurance on Capital, Leverage and Liquidity Returns	1070
IFRS 9	Financial Instruments and Disclosures	1081
D-11	Public Disclosure Requirements for Domestic Systemically Important Banks on Liquidity Coverage Ratios	1135
D-12	Leverage Ratio Disclosure Requirements	1145
NSFR	Net Stable Funding Ratio Disclosure Requirements	1152
PLR 3 SMSB	Pillar 3 Disclosure Guideline for Small and Medium-Sized Deposit-Taking Institutions (SMSBs) Capital and Liquidity Requirements	1154
PLR 3 DSIB	Pillar 3 Disclosure Guideline for Domestic Systemically Important Banks (D-SIBs)	1160
TLAC[DR]	Total Loss Absorbing Capacity (TLAC) Disclosure Requirements	1167
CAP	Capital Disclosure Requirements	1170
CGG	Corporate Governance	1174
B-7	Derivatives Sound Practices	1186
B-10	Third-Party Risk Management Guideline	1203
B-12	Interest Rate Risk Management	1222
B-13	Technology and Cyber Risk Management	1246
B-15	Climate Risk Management	1261
B-20	Residential Mortgage Underwriting Practices and Procedures	1271
CLTR	Draft — Culture and Behaviour Risk Guideline	1287
E-4	Foreign Entities Operating in Canada on a Branch Basis	1293
E-13	Regulatory Compliance Management (RCM) (formerly Legislative Compliance Management (LCM))	1297
E-17	Background Checks on Directors and Senior Management of FREs	1305
E-18	Stress Testing	1313
E-19	Internal Capital Adequacy Assessment Process (ICAAP) for Deposit-Taking Institutions	1322
E-20	CDOR Benchmark-Setting Submissions	1332
E-21	Operational Risk Management	1335
E-22	Margin Requirements for Non-Centrally Cleared Derivatives	1346
E-23	Enterprise-Wide Model Risk Management for Deposit-Taking Institutions	1362
E-24	Settlement Risk in Foreign Exchange Transactions	1374
GUIDANCE NOTES AND ADVISORIES		
	External Audit Quality Initiatives	1402
	Global Systemically Important Banks — Public Disclosure Requirements	1404

Table of Contents

Capital Adequacy Requirements

Interim arrangements for the regulatory capital and liquidity treatment of crypto-asset exposures 1407

Value-at-Risk (VaR) Models Validation and Approval of Model Modifications Capital Adequacy Requirements, Guideline A, Part II 1413

Prudential Limits and Restrictions

Large Exposure Limits 1416

Securitization — Large Exposure Issues Pertaining to Liquidity Support Facilities 1418

Revised Covered Bond Limit Calculation 1419

Sound Business and Financial Practices

OSFI's Intelligence-led Cyber Resilience Testing (I-CRT) Framework 1421

Clarification on the Treatment of Innovative Real Estate Secured Lending Products under Guideline B-20 1442

Cyber Security Self-Assessment 1447

Technology and Cyber Security Incident Reporting 1461

Business and Powers — Information respecting a customer 1466

Business and Powers — Ownership Interests in Commodities 1468

Capital Structure — Declaration and payment of dividends 1473

Control in fact 1475

Corporate Names, Registered Names and Trade Names 1481

Legislative Framework for Foreign Banks 1485

Mergers Involving Foreign Entities 1519

Restrictions on the use of the words “bank”, “banker” and “banking” 1523

Substantial Investments 1527

Undertaking for the Sharing of Information with Insurers 1560

Implementation of Support Principle to Replace Requesting Letters of Comfort 1562

OSFI RULINGS

2016-01 Promotion of a “Comprehensive Credit Insurance” Policy by a Bank 1566

2004-05 Physically Settled Commodity Trading 1569

2003-01 Acting as a service provider 1573

2002-01 Acting as trustee for a trust 1575

Capital

2020-07 Limited Recourse Capital Notes 1577

Capital Structure

2005-01 Conversion of subordinated debt 1582

2001-02 Holding of Shares in the FRFI or its Controlling Body Corporate 1584

2001-01 Conversion of Shares 1586

Corporate Governance

2003-02 Voluntary Liquidation — Outstanding deposit liabilities 1588

Foreign Banks

2011-02 Business in Canada — Credit Card Activities 1590

2011-01 “Near” Foreign Banks — Securities dealer undertakings 1593

2008-04 Investments — Financial services entity 1595

2008-01 Business in Canada — Referral arrangement 1597

2007-01 Business in Canada — Access to the Canadian capital market . . . 1599

2004-07 Foreign Bank Representative Offices — Asset management services 1602

Table of Contents

2004-06	Business in Canada — Realization of security interests	1605
2004-04	Business in Canada — Financing program	1607
2004-03	Business in Canada — Mortgage loan administration services . . .	1610
2003-06	Foreign remittance activities through representative offices	1613
2003-05	Small denomination notes	1616
2017-01	Interpretation and Application — Acting jointly or in concert . . .	1618
2008-03	Control in Fact — Major shareholder and service provider	1621
2007-02	Control in Fact — Trustee or manager	1624
2008-05	Alternate Name — Use of a trade name	1626
2004-08	Unauthorized use of the word “bank”	1629
2001-03	Deeming a party to be a related party	1632

OTHER REGULATORY DOCUMENTS

Low-Cost Accounts Memoranda of Understanding	1635
Bank of Canada — Rules Governing Advances to Financial institutions	1637
Canada Deposit Insurance Corporation (Editorial Note)	1645
• Data and System Requirements By-Law	1646
• Deposit Insurance Information By-Law	1650
• Differential Premiums By-Law	1658
• Exemption from Deposit Insurance By-Law (Notice to Depositors)	1675
• Exemption from Deposit Insurance By-Law (Prescribed Deposits)	1677
• Co-Owned and Trust Deposit Disclosure By-Law	1679
• Bank Recapitalization (Bail-In) Conversion Regulations	1687
• Compensation Regulations	1691
Financial Consumer Agency of Canada Bank Branch Closure Meeting Rules	1697
Financial Consumer Agency of Canada Designated Violations Regulations	1700
Charges for Services Provided by the Office of the Superintendent of Financial Institutions Regulations, 2002	1701
Administrative Monetary Penalties (OSFI) Regulations	1704
Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism	1713
Personal Information Protection and Electronic Documents Act	1715
Securities-Related Activities Conducted in Bank Branches	1723
Transaction Instructions	1725
• Issuance of Shares or Membership Shares in Consideration of Property	1726
• Purchase or Redemption of Shares or Membership Shares	1730
• Materiality Criteria for an RE or its Subsidiaries to Hold Shares or Ownership Interests in a FRE or a FRE’s Controlling Entity	1733
• Reduction of Stated Capital	1734
• Issuance of Subordinated Debt in Consideration of Property	1737
• Exemption From Requirements for Solicitation of Proxies by Dissidents	1739
• Rectification of Non-Compliance Regarding Appointment of Board of Directors	1740
• Change of Name — By-Law	1741
• Exemption from Restriction on Being a Partner in a Partnership	1744

Table of Contents

• Substantial Investments Requiring Superintendent Approval — Permitted Entities	1745
• Giving Up Control of an Entity While Retaining a Substantial Investment	1749
• Extension of Holding Period for a Temporary Investment	1751
• Extension of Divestiture Period for the Control of or Holding of a Substantial Investment In, an Entity Obtained as a Result of a Loan Default	1753
• Extension of Divestiture Period for the Control of or Substantial Investment in an Entity Obtained Through Realization of a Security Interest	1754
• Asset Transaction Greater than 10% of Assets	1755
• Exemption from Self-Dealing Provisions Disallowing Issuance of Shares of a FRE in Exchange for Shares of Another Body Corporate	1759
• Related Party Transactions of Nominal Value	1760
• Related-Party Asset Transactions as Part of a Restructuring	1761
• Related-Party Asset Transactions with a FI	1765
• Acquisition or Disposal of Assets Exceeding 5% of a FI's Assets, To/From a Widely Held Bank or Insurance Holding Company or a Subsidiary of the Holding Company that is Related to FI	1769
<i>Transaction Instructions for Applications Not Subject to the Deemed Approval Process</i>	
• Part XII: Approval to Have a Financial Establishment in Canada	1771
• Change of Name — Letters Patent	1774
• Change of Name — Foreign Entity	1777
• Part XII: Acquisition of Control of a Provincially Regulated Financial Institution or Other Financial Intermediary	1779
• Part XII: Acquisition of Control of, or a Substantial Investment in, a Non-Financial Services Entity (other than a Limited Commercial Entity)	1782
• Part XII: Establishment of a branch of a Cooperative Credit Society, Securities Dealer or Investment Counselling and Portfolio Management Service Provider	1784
• Part XII: Acquisition of Control of, or a Substantial Investment in, a Limited Commercial Entity	1786
• Part XII: Establishment of a Limited Commercial Branch	1788
• Part XII: Establishment, maintenance or acquisition for use in Canada of Automated Banking Machines	1790
• Substantial Investments Requiring Ministerial Approval — Permitted Entities	1792
• Termination of Business in Canada of an Authorized Foreign Bank	1796
• Sale of all or Substantially all Assets by Deposit-Taking Institutions	1799
• Voluntary Liquidation and Dissolution	1806
• Amalgamations	1811
• Continuation of a Body Corporate	1820
• Discontinuance — Continuance under the <i>Canada Business Corporations Act</i> or the <i>Canada Not-for-Profit Corporations Act</i>	1822

Table of Contents

• Extension of Divestiture Period for Control or Holding a Substantial Investment by a Foreign Bank or Entity Associated with a Foreign Bank Obtained as a Result of Realization of a Security Interest or a Loan Default	1826
• Extension of Divestiture Period for Control or Holding of a Substantial Investment Obtained as a Result of a Loan Default — Minister’s Approval	1827
• Extension of Divestiture Period for Control or Holding of a Substantial Investment Obtained through the Realization of a Security Interest — Minister’s Approval	1828
• Extension of Holding Period of Temporary Investments — Minister’s Approval	1829
• Extension of Holding Period of a Temporary Investment of a Foreign Bank or an Entity Associated with a Foreign Bank	1830
• Name Reservation	1831
• Giving up Control in Fact of an Entity While Maintaining Another Type of Control	1833
• Acquisition or Increase of a Significant Interest in, and/or Acquisition of Control of, a Federally Regulated Entity	1835
Guide for Incorporating Banks and Federally Regulated Trust and Loan Companies	1843
Guide for Continuing a Body Corporate as a Bank or a Federally Regulated Trust or Loan Company	1863
Guide to Foreign Bank Branching	1883
Guide for Applications Under Section 2 of the <i>Information Technology Activities Regulations</i>	1899
OSFI Supervisory Framework	1907
Guide to Intervention for Federally Regulated Deposit-Taking Institutions	1927
Administrative Procedures for Late and Erroneous Filing Penalty (LEFP) Framework	1941
Reporting Requirements for Deposit-Taking Institutions	1951
 Index	 1955