

The Good, the Bad and the Unnecessary: A Scorecard for Financial Regulations in Canada

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APPENDIX A: TIME SERIES ANALYSIS

The graphs below show the evolution of the length of the acts under which the main Canadian regulators operate throughout the last couple of decades. The length is measured using an index based on the total number of words in each document. For simplicity, the graphs report both the actual values (blue dots), and the implied trend (red line).

Figure 1: Insurance

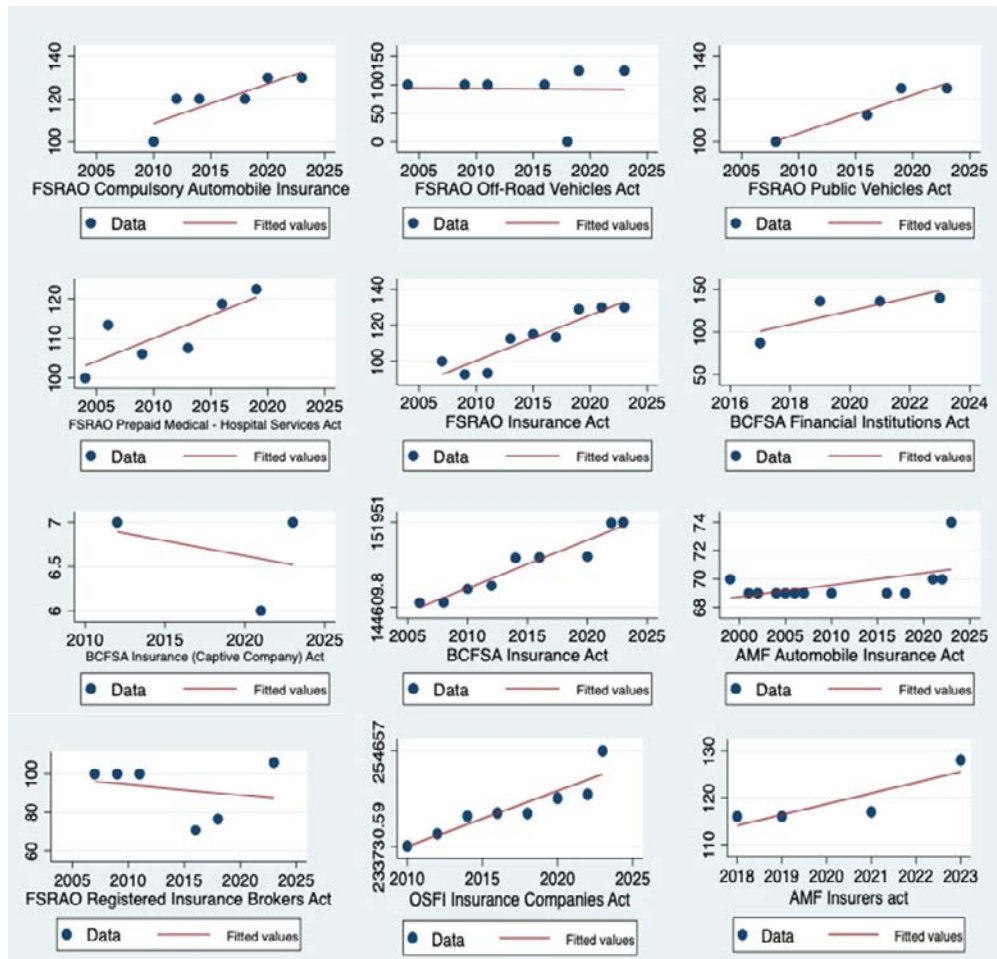


Figure 2: Banks, Credit Unions, Loan and Trust

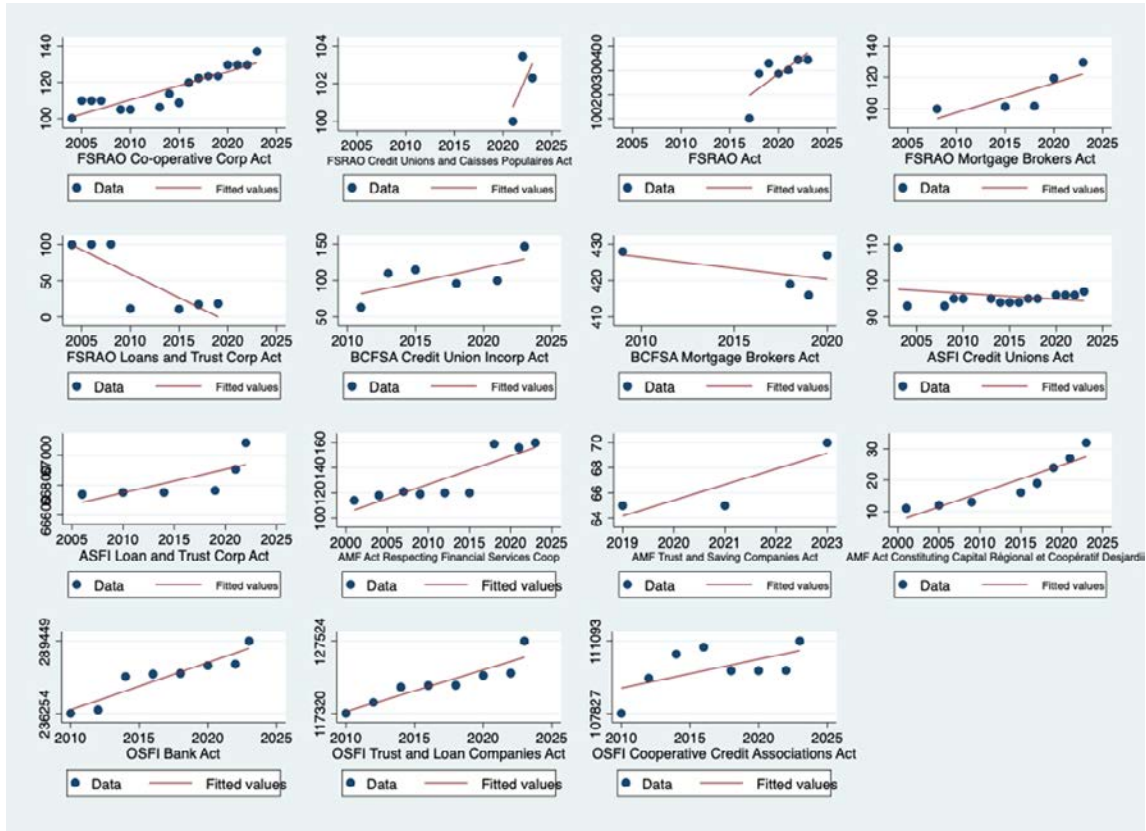


Figure 3: Securities

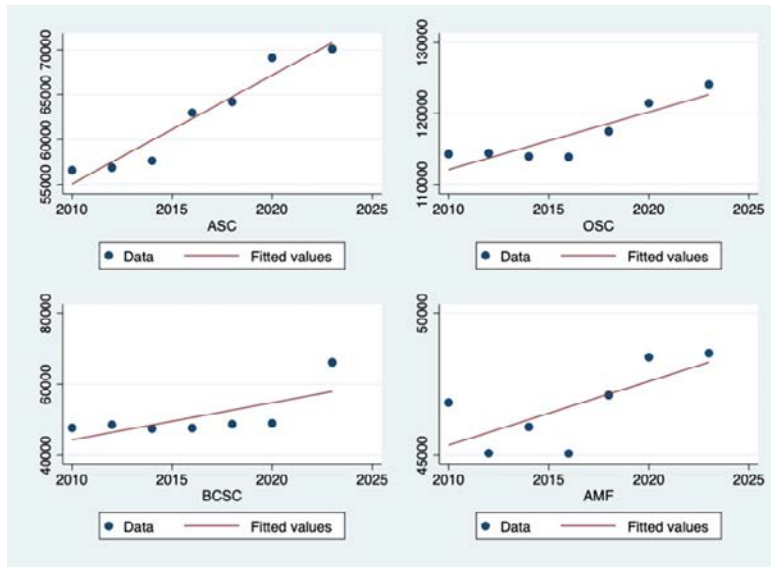


Figure 4: Pensions

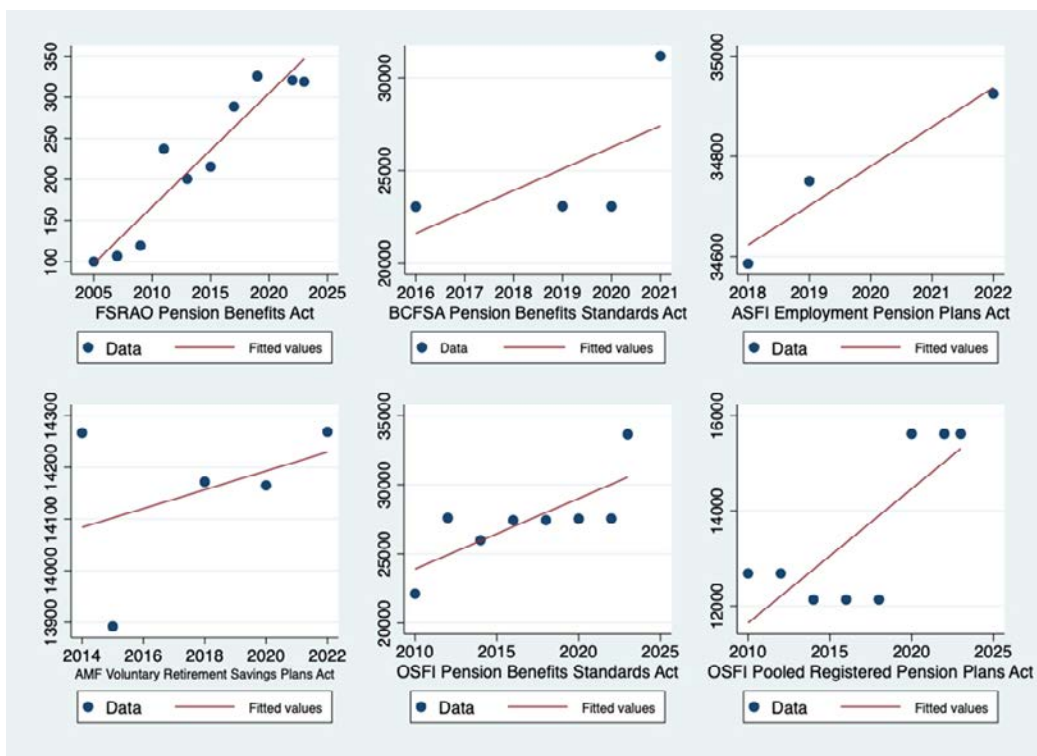
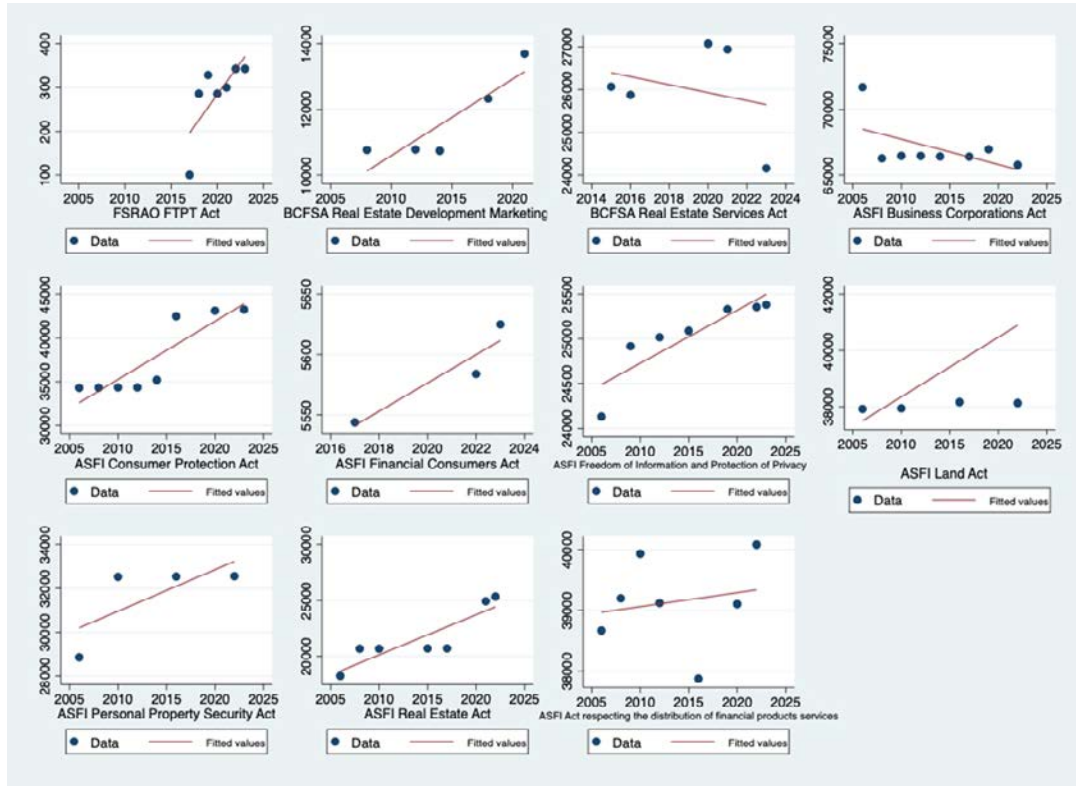


Figure 5: Other Financial Services



APPENDIX B: THE SCORECARD

For each document analysed, the first column indicates whether a failure/ risk is identified and specifies its category (labeled with an 'X'). The second column reports the goals of the regulatory instrument, and the third one whether cost-benefit considerations are taken into account.

| Table AB1: The Scorecard | | | |
|---|--|---|--|
| Document | Failure/ Risk | Goals | Mention of Cost-Benefit Analysis/ Consideration of Costs |
| FSRAO: AU0136APP "Reporting and resolution of rating and underwriting errors" | X Asymmetric Information | X Transparency/ Consumer Protection/ Compliance | NO |
| FSRAO: AU0131INT "Consumer Relief During A Declared Emergency under the <i>Emergency Management and Civil Protection Act</i> " | X Asymmetric Information | X Transparency/ Consumer Protection | NO |
| FSRAO: AU0128APP "Modernizing Automobile Insurance - Approval of Electronic Insurance Card" | X Asymmetric Information | X Consumer Protection | NO |
| FSRAO: AU0126APP "Standard Filing" | X Regulatory Burden | X Efficiency/ Competition | NO |
| FSRAO: AU0138APP "Automobile insurance non standard forms, endorsements and certificates of insurance approval filing process" | X Regulatory Burden | X Market Health/ Efficiency | NO |
| FSRAO: AU0130APP "Innovative Auto Insurance Products-Subscriptions ("IAIP-S")" | X Regulatory Burden | X Consumer protection/ Innovation | NO |
| FSRAO: GR0010APP "Test and Learn Environments (TLEs) for Financial Services Innovation" | X Stability | X Innovation/ Consumer protection/ Transparency | NO |
| FSRAO: AU0132APP "Ontario private passenger automobile annual review based on industry data" | X Asymmetric Information/ Market Abuse | X Confidence/ Transparency | NO |
| FSRAO: GR0016INT "Information Technology ("IT") risk management" | X Instability/ Loss of Reputation | X Consumer protection/ competition/ transparency/ confidence | NO |

Table AB1: The Scorecard

| Document | Failure/ Risk | Goals | Mention of Cost-Benefit Analysis/ Consideration of Costs |
|--|--|--|--|
| FSRAO: AU0137INF “Operational risk management framework in rating and underwriting of automobile insurance” | X Stability | X Consumer protection/ competition/ transparency | NO |
| FSRAO: AU0133INT “Statutory Accident Benefits Claims during the COVID-19 Outbreak” | X Market Abuse | X Consumer protection/ transparency/ confidence | NO |
| FSRAO: AU0135INT “Interpretation of Sections 237 & 238 of the Insurance Act and Sections 1(1) and 2(1)(5) to 2(1)(8) of Regulation 7/00 Unfair or Deceptive Acts or Practices and Approach to Supervision” | X Market Abuse/ Power | X Consumer protection/ competition/ confidence | NO |
| FSRAO: AU0139DEC “Acquisitions Warranting Relief from Lowest Available Rate Requirement” | X Market Abuse/ Power | X Competition/ consumer protection | NO |
| FSRAO: PC0047INT “Updated Minimum Capital Test Guideline for P&C Insurance Companies and Reciprocal” | X Stability | X Consumer Protection | NO |
| FSRAO: PC0045APP “Risk Based Supervisory Framework for Ontario-incorporated Insurance Companies and Reciprocal” | X Stability/ Externalities/ Contagion | X Market conduct/ confidence/ protection | NO |
| FSRAO: PC0043INT “Life Agent Reporting Requirements and Related Insurer Obligations” | X Burden | X Efficiency/ Confidence/ Consumer Protection | NO |
| FSRAO: CU0085APP “Approval or Authorization of Business and Investment Activities under the <i>Credit Unions and Caisses Populaires Act, 2020</i> ” | X Members and depositors’ protection/ stability | X Stability/ confidence/ transparency/ consumer protection/ innovation/ competition | NO |
| FSRAO: CU0070INT “Market Conduct Framework Guidance “ | X Asymmetric Information | X Consumer protection/ transparency | NO |
| FSRAO: CU0062INT “Capital Treatment of Loans under the Federal Government Business Credit Availability Program and Highly Affected Sectors Credit Availability Program Guarantee” | X Liquidity | X Stability/ consumer protection/ Market health | NO |

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| Document | Failure/ Risk | Goals | Mention of Cost-Benefit Analysis/ Consideration of Costs |
|---|-------------------------------|--|--|
| FSRAO: CU0063INT “Residential Mortgage Lending” | X Externalities/ Contagion | X Stability/ consumer protection | NO |
| FSRAO: CU0064INT “Liquidity” | X Externalities/ Contagion | X Stability/ consumer protection | NO |
| FSRAO: CU0069INT “Recovery Planning” | X Liquidity/ Contagion | X Stability/cons protection/ confidence/ Transparency | NO |
| FSRAO: CU0082INT “Resolution Planning” | X Externalities/ Contagion | X Stability/ protection/ confidence/ | NO |
| FSRAO: CU0088APP “Operational Risk and Resilience” | X Externalities/Contagion | X Confidence/ stability/ integrity/ Consumer protection | NO |
| FSRAO: CU0065INT “Stress Testing” | X Externalities/ Contagion | X Stability/ confidence/ Consumer protection | NO |
| FSRAO: CU0083APP “Risk Based Supervisory Framework” | X Externalities/ Contagion | X Stability/ confidence/ protection/ efficiency/ Innovation | NO |
| FSRAO: CC0001INT “High-Risk Offerings issued under the <i>Co-operative Corporations Act</i> ” | X Asymmetric Information | X Consumer protection/ Confidence | NO |
| FSRAO: PE0224INF ¹ “Defined Benefit Multi-Employer Pension Plans – Leading Practices” | X Asymmetric Information | X Consumer protection/ transparency/ confidence | NO |
| FSRAO: PE0205APP ² “Supervisory Approach to Defined Benefit Asset Transfers under the PBA” | X Asymmetric Information | X Protection/ transparency/ confidence | NO |
| OSFI: Pillar 3 Disclosure Guideline for Domestic Systemically Important Banks (D-SIBs) – Guideline impact analysis statement (2022) | X Externalities/ Contagion | X Resilience/ Confidence/ Reputation/ Protection | NO |

- 1 Although we acknowledge that this guideline does not impose additional obligations, we include it in the analysis as it is revealing in terms of understanding the regulator’s approach.
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| Document | Failure/ Risk | Goals | Mention of Cost-Benefit Analysis/ Consideration of Costs |
|--|--|--|--|
| OSFI: Liquidity Adequacy Requirements (LAR) Guideline – Guideline impact analysis statement (2022) | X Externalities/ Contagion | X Stability/ Resilience/ Confidence/ Protection | NO |
| OSFI: Leverage Requirements Guideline – Guideline impact analysis statement (2023) | X Externality/ Contagion | X Stability/ Resilience/ Confidence/ Protection | NO |
| OSFI: Small and Medium-Sized Deposit-Taking Institutions (SMSBs) Capital and Liquidity Requirements Guideline – Guideline impact analysis statement (2023) | X Externality/ Contagion | X Stability/ Resilience/ Confidence/ Reputation/ Protection | NO |
| OSFI: Pillar 3 Disclosure Guideline for small and medium sized deposit-taking institutions (SMSBs) – Guideline impact analysis statement (2022) | X Asymmetric Information/ Complexity | X Confidence/ Transparency/ Efficiency | NO |
| OSFI: Foreign Bank Branch Deposit Requirement Guideline | X Liquidity Risk | X Stability/ Protection | NO |
| OSFI: Liquidity Principles Guideline (B-6) – Guideline impact analysis statement | X Liquidity Risk | X Consumer protection/ Confidence/ Stability | NO |
| OSFI: MICAT Total Requirements for FTHBI mortgages – Guideline impact analysis statement | X Stability/ Contagion | X Consumer protection/ Stability | NO |
| OSFI: Internal Model Oversight Framework – Guideline impact analysis statement | X Uncertainty | X Transparency | NO |
| OSFI: B-12 Interest Rate Risk Management – Guideline impact analysis statement | X Liquidity/ Contagion | X Stability/ Protection | NO |
| OSFI: B-2 Large Exposure Limits (D-SIBs) – Guideline impact analysis statement | X Liquidity/ Contagion | X Stability/ Protection | NO |
| OSFI: Liquidity Adequacy Requirements (LAR) Guideline – Guideline impact analysis statement | X Liquidity/ Contagion | X Stability/ Resilience/ Confidence/ Protection | NO |
| OSFI: Net Stable Funding Ratio Disclosure Requirements – Guideline impact analysis statement | X Asymmetric Information | X Transparency/ Confidence | NO |
| OSFI: Asset Securitization – Guideline impact analysis statement | X Liquidity/ Contagion | X Stability/ Protection | NO |
| OSFI: Total Loss Absorbing Capacity (TLAC) Disclosure Requirements Guideline and Capital Disclosure Requirements Guideline – Guideline impact analysis statement | X Asymmetric Information | X Transparency/ Confidence/ Protection | NO |

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| Document | Failure/ Risk | Goals | Mention of Cost-Benefit Analysis/ Consideration of Costs |
|--|--------------------------------------|---|--|
| OSFI: Total Loss Absorbing Capacity (TLAC) Guideline – Guideline impact analysis statement | X Liquidity/ Externalities/Contagion | X Stability/ Protection | NO |
| OSFI: LICAT Public Disclosure Requirements – Guideline impact analysis statement | X Asymmetric Information/ Liquidity | X Transparency/ Stability/ Protection | NO |
| Enterprise-Wide Model Risk Management Guideline – Guideline impact analysis statement | X Asymmetric Information | X Stability/ Transparency | NO |
| Operational Risk Management – Guideline impact analysis statement | X Operational Risk | X Stability/ Transparency | NO |
| Regulatory Compliance Management – Guideline impact analysis statement | X Systemic Risk | X Stability/ Safety | NO |
| Public Disclosure Requirements for Domestic Systemically Important Banks on Liquidity Coverage Ratio | X Asymmetric Information | X Transparency/ Confidence | NO |
| Earthquake Exposure Sound Practices – Guideline impact analysis statement | X Systemic Risk | X Stability | NO |
| ICAAP – Guideline impact analysis statement | X Liquidity/ Contagion | X Stability/ Protection | NO |
| Stress Testing – Guideline impact analysis statement | X Liquidity/ Contagion | X Stability/ Protection | NO |
| AMF: Gvt Guideline | X Asymmetric Information | X Stability/ Confidence/ Protection/ Transparency/ efficiency | NO |
| AMF: Integrated Risk Management | X Solvency/ Contagion | X Stability/ Confidence/ Protection/Dynamism | NO |
| AMF: Compliance | X Solvency | X Confidence/ Consumer Protection/ Reputation | NO |
| AMF: Capital Management | X Solvency/ Contagion | X Confidence/ stability/ dynamism | NO |

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|---|--|--|--|
| AMF: Liquidity 1 | X Solvency/ Liquidity | X Stability/ Confidence/ Reputation/ Growth | NO |
| AMF: Liquidity 2 | X Solvency/ Liquidity/ Contagion | X Confidence/ Stability/ Protection | NO |
| AMF: Pillars | X Asymmetric Information | X Confidence/ Transparency | NO |
| AMF: Total Loss Absorbing Capacity | X Solvency/ Contagion | X Stability | NO |
| AMF: Sound Commercial Practices | X Market Abuse | X Consumer protection/ Transparency | NO |
| AMF: Fair Consumer Practices | X Market Abuse/ Asymmetric Information | X Consumer protection/ Transparency | NO |
| AMF: Principal Protected Notes | X Asymmetric Information | X Consumer protection/ Transparency | NO |
| AMF: Incentive Management Guideline | X Market Abuse | X Consumer protection | NO |
| AMF: Securitization Risk Management Guideline | X Liquidity/ Contagion | X Resilience/ Stability/ Consumer protection/ transparency | NO |
| AMF: Residential hypothecary | X Contagion/ solvency | X Stability/ consumer protection/ transparency | NO |
| AMF: Margin for over the counter derivatives | X Contagion | X Stability/ consumer protection/ transparency | NO |
| AMF: IR risk | X Solvency | X Stability | NO |
| AMF: OR Management | X Liquidity | X Stability | NO |
| AMF: Business Continuity | X Contagion/ Solvency | X Stability | NO |
| AMF: Crime | X Market Abuse | X Reputation/ Transparency/ Confidence | NO |

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| Document | Failure/ Risk | Goals | Mention of Cost-Benefit Analysis/ Consideration of Costs |
|---------------------------------|---|---|--|
| AMF: Outsourcing | X Stability/ Technological Risk | X Confidence/ Stability | NO |
| AMF: Info and Comm | X Stability/ Contagion/ Technological Risk | X Consumer Protection/ stability/ Innovation | NO |
| AMF: Stress Testing | X Solvency/ Contagion | X Stability/ Protection/ Resilience | NO |
| AMF: Info disclosure | X Asymmetric Information/ Contagion | X Stability | NO |
| CSA: Companion Policy 21-101CP | X Market Abuse/ Asymmetric Information | X Transparency/ Fairness of the market/ Confidence | NO |
| CSA: Companion Policy 25-102 | X Market Integrity/ Contagion | X Stability | NO |
| CSA: Companion Policy 23-101 CP | X Market Integrity/ Market Abuse | X Protection/ Stability/ Transparency | NO |
| CSA: Companion Policy 23-102CP | X Market Abuse/ Asymmetric Info | X Protection/ Transparency | NO |
| CSA: Companion Policy 24-102CP | X Liquidity/ contagion | X Transparency/ Confidence/ Protection | NO |
| CSA: Companion Policy 25-501 | X Market Integrity | X Protection/ Transparency | NO |
| CSA: Companion Policy 35-101CP | X Regulatory Burden | X Facilitate/ simplify | NO |
| CSA: Companion Policy 32-102CP | X Market abuse | X Consumer protection | NO |
| CSA: Companion Policy 33-105CP | X Market Abuse/ Asymmetric Information | X Protection/ Transparency | NO |
| CSA: Companion Policy 31-103CP | X Market Abuse/ Asymmetric Information/ Market Integrity | X Protection/ Transparency/ Efficiency/ Stability | NO |
| CSA: Companion Policy 33-109CP | X Market Abuse/ Market Integrity | X Protection/ Efficiency | NO |

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| Document | Failure/ Risk | Goals | Mention of Cost-Benefit Analysis/ Consideration of Costs |
|--------------------------------|--|--|--|
| CSA: Companion Policy 33-506CP | X Market Abuse/ Market Integrity | X Protection/ Efficiency | NO |
| CSA: Companion Policy 41-101CP | X Market Abuse/ Market Integrity | X Protection | NO |
| CSA: Companion Policy 43-101CP | X Asymmetric information | X Transparency | NO |
| CSA: Companion Policy 44-101CP | X Regulatory Burden | X Facilitate/ Simplify | N/A |
| CSA: Companion Policy 44-102CP | X Asymmetric Information | X Transparency/ Protection | NO |
| CSA: Companion Policy 45-102CP | X Asymmetric Information/ Market abuse | X Transparency/ Protection | NO |
| CSA: Companion Policy 45-106CP | X Regulatory Burden | X Facilitate/ Simplify | NO |
| CSA: Companion Policy 45-501CP | X Market Abuse/ Asymmetric Information/ Regulatory Burden | X Protection/ Transparency/ Facilitate/ Simplify | NO |
| CSA: Companion Policy 51-101CP | X Asymmetric Information/ Market abuse | X Transparency/ Protection | NO |
| CSA: Companion Policy 52-107CP | X Asymmetric Information/ Market abuse | X Transparency/ Protection | NO |
| CSA: Companion Policy 51-102CP | X Asymmetric Information | X Transparency/ Protection | NO |
| CSA: Companion Policy 52-110CP | X Market Abuse/ Asymmetric Information | X Transparency/ Confidence | NO |
| CSA: Companion Policy 52-112CP | X Asymmetric Information | X Transparency | NO |
| CSA: Companion Policy 61-101CP | X Market abuse/ Market Integrity/ Asymmetric Information | X Transparency/ Protection/ Fairness | NO |

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| Document | Failure/ Risk | Goals | Mention of Cost-Benefit Analysis/ Consideration of Costs |
|--------------------------------|--|-------------------------------|--|
| CSA: Companion Policy 71-101CP | X Regulatory Burden | X Facilitate/ Simplify | N/A |
| CSA: Companion Policy 71-102CP | X Regulatory Burden | X Facilitate/ Simplify | N/A |
| CSA: Companion Policy 72-503CP | X Regulatory Burden | X Facilitate/ Simplify | N/A |
| CSA: Companion Policy 81-102CP | X Asymmetric Information/ Market abuse/ Liquidity/ Market Integrity | X Protection/ Transparency | NO |
| CSA: Companion Policy 81-105CP | X Market abuse/ Market Integrity | X Protection | NO |
| CSA: Companion Policy 81-106CP | X Asymmetric Information | X Transparency | NO |
| CSA: Companion Policy 91-102CP | X Market Abuse | X Protection | NO |
| CSA: Companion Policy 91-501CP | X Asymmetric Information | X Transparency/ Protection | NO |
| CSA: Companion Policy 91-506CP | X Market Abuse | X Protection/ Efficiency | NO |
| CSA: Companion Policy 93-101CP | X Market Abuse/ Asymmetric Information/ Market Integrity | X Transparency/ Protection | NO |
| CSA: Companion Policy 94-101CP | X Market Abuse/ Contagion | X Protection/ Stability | NO |
| CSA: Companion Policy 94-102CP | X Market abuse | X Protection | NO |