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# Letter

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Title	Public disclosure of crypto-asset exposures
Date	August 22, 2024
Sector	Banks Foreign Bank Branches Life Insurance and Fraternal Companies Property and Casualty Companies Trust and Loan Companies

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[Federal Budget 2023](#) announced we would consult on guidelines for federally regulated financial institutions to publicly disclose their exposures to crypto-assets to protect Canadians' savings and the security of our financial system. Public disclosures provide transparency and promote market discipline, thereby enhancing sound risk management.

In November 2023, we engaged in a [public consultation](#) in parallel with the Basel Committee on Banking Supervision's (BCBS). The feedback received helped inform disclosure expectations appropriate for banks and insurers in Canada. The summary table below reports on 'What we heard' from the consultation.

Today, we publish draft amendments to the Pillar 3 Disclosure Guidelines for [domestic systemically important banks](#) (D-SIBs) and [small and medium-sized deposit-taking institutions](#) (SMSBs) for public consultation to incorporate the new [BCBS disclosures standard](#). These table and templates would be added to the existing guidelines and become effective for in-scope institutions for the fiscal Q1 2026 reporting period.

We are seeking your views on the following key questions:

1. What are your views on applying the Pillar 3 principle of materiality versus the introduction of quantitative thresholds? Please elaborate on how the principle of materiality would be applied in practice for disclosure of crypto-asset exposures.

2. Would the disclosure of daily average aggregate Group 2a and Group 2b exposures, in addition to period end values, provide meaningful information? Please elaborate.
3. What are your views on the relevance of liquidity disclosures for crypto-assets and the level of granularity proposed for D-SIBs?
4. What are your views on the proposal to ensure the proportionality of disclosures by SMSBs?

In addition, we expect to publish relevant crypto-asset regulatory data of all institutions beginning as early as 2026.

Please share your comments by October 22, 2024. You can send them and any questions you may have to [Pillar3-Pilier3@osfi-bsif.gc.ca](mailto:Pillar3-Pilier3@osfi-bsif.gc.ca).

Sincerely,

Tolga Yalkin

Assistant Superintendent

Regulatory Response Sector



## Summary Table – What we heard: November 2023 consultation

Industry Feedback	OSFI Response
<p><b>Materiality and proportionality:</b>                      Respondents commented on materiality and proportionality in developing disclosure expectations where there may not be material crypto-asset exposures and activities.</p>	<p>Disclosures should be meaningful. Disclosures that do not add value to the users' understanding or do not communicate useful information should be avoided.</p> <p>Our consultation poses questions on the use of materiality thresholds and proportionality.</p>
<p><b>Consistency:</b>                      Respondents commented on the need for consistency, such as on the level of granularity, between crypto-asset exposures and other disclosure expectations in force.</p>	<p>Our consultation incorporates the BCBS disclosures, and poses questions to address consistency, such as on materiality, disclosure of daily averages and liquidity.</p>
<p><b>Effective date:</b>                      Respondents commented on the need for sufficient time for implementation and requested the effective date is delayed to 2026.</p>	<p>Our consultation proposes an effective date in Q1 2026, in alignment with the BCBS disclosures standard.</p>
<p><b>Comments on capital and liquidity treatment:</b>                      Respondents commented on the potential impacts of the capital and liquidity treatment on the crypto-asset activities of institutions.</p>	<p>The scope of this work is focused on disclosure expectations. Other comments raised on the treatment of crypto-assets are considered as part of the finalization of the capital and liquidity guidelines.</p>