



# Guideline impact analysis statement

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Title	Foreign Bank Branch Deposit Requirement Guideline (Guideline A-10)
Category	Capital Adequacy Requirements
Date	December 31, 2019
Sector	Foreign Bank Branches
No	A-10

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## Table of Contents

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Note:

I. Background

II. Problem Identification

III. Objectives

IV. Consultations

V. Recommendation

VI. Implementation

### Note:

The title of Guideline A-10 is being changed to *Foreign Bank Branch Deposit Requirement* from *Capital Equivalency Deposit*.

## I. Background

The Foreign Bank Branch Deposit Requirement guideline (Guideline A-10) sets out OSFI's expectations regarding the minimum deposit, to be held in trust, which authorized foreign banks must maintain in respect of their business in

Canada.

## II. Problem Identification

The current version of the guideline dates back to 2002. Since then, OSFI's expectations and processes with respect to Foreign Bank Branches have evolved and the guideline, therefore, requires updating.

## III. Objectives

OSFI's objective is to update and better align the guideline with the *Bank Act*. Guideline revisions include:

- Updating and simplifying the guideline to reflect current practices.
- Changing the foreign bank branch deposit ratio calculation to exclude off-balance sheet liabilities and include accrued expenses.

## IV. Consultations

OSFI issued the proposed revisions to the guideline for consultation in June 2019. A summary of material comments along with OSFI's responses has been posted with the final version.

## V. Recommendation

OSFI recommends that Guideline A-10 be updated to reflect current practices and better align with the Bank Act.

## VI. Implementation

The final version of the guideline will be effective January 1, 2020.