



Guideline impact analysis statement

Title	Leverage Requirements Guideline – Guideline impact analysis statement (2023)
Category	Capital Adequacy Requirements
Date	January 31, 2022
Sector	Banks Trust and Loan Companies

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I. Background

OSFI's Leverage Requirements (LR) Guideline sets out the framework for the leverage ratio, which provides an overall measure of the adequacy of a deposit-taking institution's (DTI) capital and serves as a supplementary measure to the risk-based capital requirements specified in the [Capital Adequacy Requirements \(CAR\) Guideline](#).

II. Problem Identification

The LR Guideline should be updated periodically to ensure that leverage requirements continue to align to OSFI's other guidance as well as reflect developments in the financial industry and evolving international standards.



III. Objectives

OSFI's objective is to ensure that the LR Guideline remains current, fit-for-purpose, and comprehensive. Specifically, the latest revisions:

- reflect OSFI's domestic implementation of the final Basel III reforms as set out in the consolidated Basel Framework [Basel Framework](https://www.bis.org/basel_framework/) published by the Basel Committee on Banking Supervision (BCBS) with modifications to take into account the unique characteristics of the Canadian market; and
- incorporate changes to the specific leverage requirements applicable to small and medium-sized institutions which are more tailored to reflect the size and complexity of those institutions. These requirements are encompassed within OSFI's new [SMSB Capital and Liquidity Requirements Guideline](#).

IV. Consultations

OSFI issued the draft LR Guideline for public consultation in March 2021. A summary of the material comments received from industry stakeholders and an explanation of how they have been addressed has been published along with the final Guideline.

V. Recommendations

It is recommended that the LR Guideline be updated to ensure leverage requirements continue to align to amendments to OSFI's CAR Guideline as well as market developments and evolving international standards.

VI. Implementation & Evaluation

The final version of the Guideline will be effective February 1, 2023/April 1, 2023 for institutions with a fiscal year ending October 31 or December 31, respectively. OSFI will monitor adherence to the Guideline through its ongoing supervision of institutions.