The COVID-19 pandemic has created unprecedented challenges for compliance professionals in Canada. The following is a selection of federal and provincial legislative and regulatory actions as well as news and analysis articles compiled by the Thomson Reuters Regulatory Intelligence editorial staff. The selection includes Regulatory Intelligence and Reuters news coverage. More COVID-19 news and information can be found via the TRRI platform's search facility.

Additional COVID-19 resources are also available on the Thomson Reuters COVID-19 Resource Center. For a regularly updated list of U.S. federal regulations related to the COVID-19/novel coronavirus update, please visit the Skopos Labs Coronavirus Policy Tracker.

You can create your own custom My Updates through the Create a Custom My Updates link on the Regulatory Intelligence homepage. Select your geography and/or content types you would like resources from and include the following keyword search: covid! or coronavirus.

As countries, markets and individuals recover from the last year of a global pandemic, regulatory responses are tapering off. As a result, our Regulatory Intelligence COVID-19 Report for Canada will transition as well. Going forward, the Canada COVID-19 report will be published on a bi-weekly basis.

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1 This COVID-19 Coverage was compiled by Thomson Reuters Regulatory Intelligence editorial staff and other contributors.
COVID-19 COVERAGE – CANADA

FEDERAL AND PROVINCIAL REGULATORS – COVID-19 UPDATES

Federal Regulators

Bank of Canada

**Staff Working Paper 2021-13 - Debt-Relief Programs and Money Left on the Table: Evidence from Canada’s Response to COVID-19** (March 15, 2021)

The Bank of Canada has published a paper which analyzes the effectiveness of debt-relief programs targeting short-run household liquidity constraints implemented in Canada in response to the COVID-19 pandemic. These programs allowed individuals to push off mortgage and credit card payments and cut in half interest rates on credit card debt. Using credit bureau data, the Bank of Canada document that, despite potential savings above $4 billion, enrollment was limited: 24% for mortgages and 7% for credit cards. By exploiting the richness of its data set, the Bank of Canada provide evidence that close to 80% of individuals were unaware of the credit card relief program while others faced important fixed non-monetary costs preventing uptake. For more information see the link here.

Office of the Superintendent of Financial Institutions (OSFI)

**OSFI unwinds regulatory adjustments for banks subject to market risk capital adequacy rules** (March 15, 2021)

OSFI has concluded that financial market conditions have stabilized and the heightened volatility present in historical minimum observation periods used for calculating regulatory VaR will have subsided by end-April 2021. As such, the adjustment related to SVaR multipliers will no longer be necessary and can be unwound. Specifically, as of May 1, 2021, federally regulated DTIs that are subject to market risk requirements should restore their SVaR multipliers to the levels that were in place prior to OSFI affording them this regulatory flexibility. For more information see the link here. For the Industry Notice see the link here.

Provincial Regulators

Autorité des Marchés Financiers (Québec) (AMF)

**Notice relating to the revision of certain measures pertaining to market risk requirements for deposit and trust institutions – COVID-19** (March 17, 2021)

The AMF, since March 19, 2020, has allowed certain financial institutions concerned to temporarily lower the stress Value at Risk (sVAR) multiplier from 3 to 1 in order to minimize the impact of the COVID-19 pandemic. However, as a result of developments in the pandemic and the economy, the AMF has subsequently announced that, effective May 1, 2021, the financial institutions concerned must cease to use this treatment and return to using a multiplier of 3 as they did pre-pandemic. For more information see the link here.
OTHER NEWS AND SUMMARIES

**Canadian Bank Regulator to Unwind Market Risk Capital Relief**
(Regulatory Intelligence) - Canada's banking regulator has announced the unwinding of temporary relief measures affecting market risk capital requirements for banks.²

Specifically, the Stressed Value-at-Risk (SVaR) multiplier, which helps banks set capital buffers for weathering financial stress, will revert back to pre-pandemic levels, effective May 1, 2021, the Office of the Superintendent of Financial Institutions (OSFI) said in a statement on Tuesday.

The Stressed Value at Risk (SVaR) multiplier is a component of OSFI's Capital Adequacy Requirements Guideline. OSFI temporarily reduced the multiplier by two "notches" – from a multiplier of at least three to a multiplier of at least one – to give institutions flexibility in addressing stressed conditions triggered by the COVID-19 pandemic.

"While appropriate when instituted, such accommodation was always intended to be temporary in nature and to eventually be unwound," regulators said.

Special measures introduced by OSFI in late-March 2020 provided capital, liquidity, and reporting relief to banks, while delaying some implementation deadlines for several planned regulatory changes, including the final tranche of Basel III reforms.

"At the beginning of the pandemic, the volatility in capital markets increased such that the level of additional conservatism achieved through the [Stressed Value at Risk] SVaR multiplier was temporarily not needed and banks were permitted to reduce the level of the multipliers used," OSFI said. Lowering the multiplier was intended to support banks' financial and operational resilience in response to the first wave of the COVID-19 pandemic, regulators said.

With financial markets having largely stabilised, OSFI stressed it was time for the SVaR multiplier to return to pre-pandemic levels.

"Now that financial markets have stabilized, the level of the SVaR multipliers applied by banks will also be returned to what they were pre-pandemic," it said.

"OSFI's regulatory and supervisory adjustments will continue to be credible, consistent, necessary, and fit-for-purpose in the Canadian context," the regulator said. "OSFI will closely monitor conditions and remains ready to take any further action, including unwinding temporary measures, as required."

**Lagging Vaccination Rate Puts Canadian Factories at Competitive Disadvantage**
(Reuters) - Canadian automation company Promation had been banking on a weaker currency to help it win a new U.S. contract, but a slower pace of vaccinations in Canada could erase that competitive edge, President Darryl Spector said.³

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Pandemic travel restrictions make it harder for Promation’s technicians to travel across the border to service and repair plant equipment, a drawback when competing against an increasingly vaccinated U.S. workforce.

“With a fully vaccinated U.S. supply base, why buy from Canada if you can’t access the labor to support it?,” said Spector.

To prevent spread of the coronavirus, the U.S.-Canadian border has been closed for nearly a year to crossings by all but essential workers and a handful of other exceptions. In Canada, manufacturers fear the slower vaccination rollout could delay an easing of those restrictions.

U.S. President Joe Biden told states on Thursday to make all adults eligible for a coronavirus vaccine by May 1. Canadian Prime Minister Justin Trudeau has set a September target for having all Canadian adults vaccinated.

In the United States, some manufacturing workers are already receiving inoculations, such as in Detroit-area auto plants. By contrast, general manufacturing workers like those at Spector’s Ontario-based firm, are not eligible in Canada yet.

The lag handicaps Canadian firms, they said, and may threaten Canada’s economic rebound in coming months.

While the recovery has picked up pace, the Bank of Canada warned on Wednesday the virus will continue posing a risk to the economy until the population is widely vaccinated.

U.S. health authorities have issued guidelines exempting asymptomatic vaccinated workers from strict COVID-19 protocols in case of exposure, but Canada has not yet considered similar action.

That leaves Canadian firms at greater risk of lost working hours or shutdown for COVID-19 tests and contact tracing if an employee tests positive.

“People can’t work as easily together if they are looking over their shoulder in case someone has COVID,” said Spector, who recently sent eight workers home and covered the costs of their test results when an employee’s wife tested positive.

Matt Poirier, director of trade policy for Canadian Manufacturers & Exporters, said his association has asked provincial governments to prioritize factory workers for vaccination to curb the impact of outbreaks on plants.

As of March 10, Canada had administered 7.20 COVID-19 vaccine doses per 100 people, compared with 29.67 in United States, according to University of Oxford data.

Canada’s vaccination campaign has been hampered by its dependence on imports, but deliveries are expected to rise in the second quarter.

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INVESTMENTS SUFFER
The uncertainty is holding back investment by Canadian companies, with 2021 capital intentions still 12% below pre-pandemic levels, according to Statistics Canada.

By comparison, capital expenditures for S&P 500 companies are forecast to rise by 11.8% in 2021 after dropping 13.7% in 2020, according to IBES data from Refinitiv.

"Businesses ... might choose to put their capital where they'll have faster return on investment,” said Trevin Stratton, chief economist at the Canada Chamber of Commerce. “The vaccination timeline certainly impacts that.”

In Quebec and Ontario, the provinces hardest hit by COVID-19 and home to much of Canada’s manufacturing sector, days of work lost jumped 13.9% and 12.0% respectively in 2020. Businesses there are hoping that higher vaccination rates could help reverse that trend.

**Canadian Dollar Retreats from 3-year High as Bond Yields Climb**
(Reuters) - The Canadian dollar edged lower against its U.S. counterpart on Thursday, pulling back from an earlier three-year high as oil prices dropped and a jump in bond yields weighed on risk appetite.4

The U.S. dollar rebounded against a basket of major currencies after it was pressured on Wednesday by the Federal Reserve's pledge to look past inflation for a while and keep monetary policy loose through 2023, while U.S. stock index futures fell, including declines for yield-sensitive technology stocks.

The price of oil, one of Canada's major exports, lost ground for a fifth day running after official data showed a further increase in U.S. crude and fuel inventories while the ever-present COVID-19 pandemic clouded the prospects for demand recovery. U.S. crude prices were down 0.9% at $64.02 a barrel.

"Softer crude and the uncertain risk mood are clear headwinds for the CAD intraday," strategists at Scotiabank, including Shaun Osborne, said in a note.

Still, the modest pullback for the loonie shows "an awful lot of resilience in the CAD as investors continue to anticipate the BoC tapering asset purchases in April,” the strategists said.

The Canadian dollar dipped 0.1% to 1.2417 per greenback, or 80.53 U.S. cents, having touched its strongest intraday level since February 2018 at 1.2365.

A reduction of bond purchases by the Bank of Canada would provide the clearest signal yet that Canada’s economy requires less help to emerge from the coronavirus crisis.

Canadian new home prices rose 1.9% in February from January, which was their fastest pace in more than three decades, Statistics Canada said.

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Canadian government bond yields were higher across a steeper curve in sympathy with U.S. Treasuries. The 10-year rose to its highest since January last year at 1.677% before dipping to 1.659%, up 6.5 basis points on the day.