The COVID-19 pandemic has created unprecedented challenges for compliance professionals around the world, including those 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 corona-virus.

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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

Department of Finance

Government of Canada announces plan to help support Canadians through the next phase of the recovery (August 20, 2020)

Deputy Prime Minister and Minister of Finance, Chrystia Freeland, and the Minister of Employment, Workforce Development and Disability Inclusion, Carla Qualtrough, have announced changes to the Employment Insurance (EI) program and new income support benefits that will better support all Canadians. They also announced that in preparation for this transition and to ensure support continues for Canadians whose employment has been impacted by the pandemic, the Canada Emergency Response Benefit (CERB) will be extended by an additional four weeks to a maximum of 28 weeks. For more information see the link here.

SROs, EXCHANGES AND SECURITIES REGULATORS

Alberta Securities Commission (ASC)


The ASC has issued a Notice of Hearing alleging that Roadman Investments Corp. (Roadman) and its CEO, Luke Montaine (Montaine) made misleading statements that would reasonably be expected to have a significant effect on the market price or value of Roadman's securities. The alleged misleading statements were made in news releases issued by Roadman in February and March 2020, advising that Roadman and CLOV BioPharma Corp. (CBP) were involved in research and development in preventing the spread of coronaviruses, including COVID-19. CBP became a wholly owned subsidiary of Roadman within days of being incorporated in February 2020. It is also alleged that Roadman and Montaine engaged in conduct contrary to the public interest by issuing the news releases in February and March 2020. An appearance to set a date for a hearing will be held on Monday, September 28, 2020 at 9:00 a.m. For more information see the link here.

Investment Industry Association of Canada (IIAC)

Industry Proves Resilient Through the Early COVID Period (August 21, 2020)

The IIAC has issued industry data covering the early COVID period of March through May, which provides further insight of the pandemic's impact on industry performance. The data reveals that, despite setback in some areas, the industry overall appears to have weathered the early days of the pandemic well. This can partly be attributed to the massive industry restructuring stemming from the financial crisis but is also a testament to
the dedicated professionals who comprise the industry today. For more information see the link here.

**IIAC Comments on Amendments to the Rules and Operations Manual of the Canadian Derivatives Clearing Corporation regarding the requirement of the Authorization Stamp by Clearing Members** (August 27, 2020)

The IIAC has responded to the proposed amendments to the Rules and Operations Manual of the Canadian Derivatives Clearing Corporation (CDCC) regarding the requirement of the Authorization Stamp by Clearing Members. The IIAC and its members support the Proposal and agree that the COVID-19 outbreak has made it such that the CDCC requirement "of affixing a stamp in addition to having authorized representatives signing documents may create operational inefficiencies to both Clearing Members and CDCC." For more information see the link here.

**New Brunswick Financial and Consumer Services Commission (FCSC)**

**COVID-19 Update** (August 25, 2020)

The FCSC has updated the information under the Licensing and Registration heading and the Scheduled Compliance Reviews heading on its COVID-19 page. For more information see the link here.

**Ontario Securities Commission (OSC)**

**OSC Dialogue goes virtual in 2020 with Ontario Minister of Finance, industry leaders and former OSC Chairs** (August 26, 2020)

The OSC has announced the list of speakers for 'Dialogue 2020: What Comes Next?', to be held virtually on November 4, 2020. OSC Dialogue 2020 will bring together financial industry leaders, senior regulators and investors to discuss what lies ahead and how they are working together to emerge stronger from the global Covid-19 pandemic. The event will feature opening remarks by the Honourable Rod Phillips, Minister of Finance, Ontario, and a keynote panel discussion by five esteemed former OSC Chairs. Attendees will also receive an update on the Capital Markets Modernization Taskforce. Registration for OSC Dialogue 2020 will open in September 2020. For more information see the link here.

**Saskatchewan Financial and Consumer Affairs Authority (FCAA)**

**Guidelines for Managing Hearings during a Pandemic** (August 18, 2020)

The FCAA has issued guidelines for hearings pursuant to The Securities Act, 1988 during periods of pandemic, including the current COVID-19 pandemic. These guidelines include provisions for virtual hearings pertaining to preparations for the hearing, communications prior to the hearing, technology and technical assistance, virtual hearing protocols and procedures, and objections to a virtual hearing. The guidelines also provide for in-person hearings during a pandemic in relation to safety protocols, remote attendance, attendance by the public and media, communications prior to the hearing, and in-person hearing procedures. For more information see the link here.
OTHER NEWS AND SUMMARIES

CANADA FX DEBT-C$ rises for 3rd straight week as investors cheer economic recovery
(Reuters) - The Canadian dollar was little changed against a broadly stronger greenback on
Friday as investors rewarded the currency for ongoing signs of economic recovery from the
 coronavirus crisis, with the loonie advancing for the third straight week.  

Canadian retail sales rose by a record 23.7% in June, rising above February levels for the
first time since shutdowns tied to the virus, Statistics Canada said.

A staggered reopening from lockdowns, supported by fiscal stimulus, is likely paying off for
Canada's economy, with activity forecast to rebound in the current quarter twice as fast as
in the United States, its biggest trading partner by far.

"Canada is doing really well on the COVID-19 compared to the U.S. and Europe," said Greg
Anderson, global head of foreign exchange strategy at BMO Capital Markets in New York. "It
makes sense you'd see the currency start to rally on both fronts as a result of that."

The euro fell as an August batch of business surveys pointed to a stuttering economic
recovery, while the U.S. dollar climbed, notching its first weekly rise since mid-June, and
the price of oil settled 1.1% lower at $42.34 a barrel. Oil is one of Canada's major exports.

The Canadian dollar was trading nearly unchanged at 1.3188 to the greenback, or 75.83
U.S. cents. The currency, which on Wednesday posted its strongest intraday level in nearly
seven months at 1.3131, traded in a range of 1.3159 to 1.3234.

For the week, the loonie was up 0.6% despite the replacement of Canada's finance minister
amid friction over spending policies. On Thursday, Ottawa announced measures that will
add billions of dollars to spending, including the extension of an emergency income-support
program.

Canada's 10-year yield eased more than 2 basis points on Friday, touching its lowest
intraday level since Aug. 11 at 0.540%.

Bank of Montreal sees initial economic recovery, but cautions on COVID-19 second wave
(Regulatory Intelligence) - Canada's Bank of Montreal (BMO) sees early signs of economic
recovery following relaxation of COVID-19 mitigation measures, but warned that a winter
resurgence of the virus could reverse recent gains, the bank said Tuesday in its third-
quarter financial report. The bank continued aggressive credit loss provisioning in the third
quarter, but stressed that many borrowers were so far able to resume deferred loan payments.  

2 Fergal Smith, CANADA FX DEBT-C$ rises for 3rd straight week as investors cheer economic recovery, Reuters
(August 21, 2020) at: https://www.reuters.com/article/canada-forex/canada-fx-debt-c-rises-for-3rd-straight-
week-as-investors-cheer-economic-recovery-idUSL1N2FN1NM.

3 Daniel Seleanu, Bank of Montreal sees initial economic recovery, but cautions on COVID-19 second wave,
"Like most countries, Canada's economy contracted sharply in the first half of 2020, due to business closures and containment measures required to suppress the spread of COVID-19," BMO said. "However, the subsequent decline in virus cases and reopening of non-essential businesses, as well as a partial rebound in oil prices, have led to the early stages of a recovery in activity and employment in recent months."

BMO warned, however, that the downturn's severity, "permanent" job losses, business closures, and consumer caution "in the absence of a vaccine" suggest a full return to pre-virus economic activity was unlikely until the end of 2021.

Second wave threat

Despite marginally improved employment data in Canada and United States, BMO stressed that COVID-19's "unknown path" would cast a "high degree of uncertainty and risk" on economic outlook, until a vaccine or effective treatment becomes widely available.

"Specifically, the possibility of a second wave of the pandemic in the winter could lead to renewed widespread shutdowns of nonessential business activity, potentially leading to another economic contraction," BMO said.

Noting that some governments were relaxing pandemic mitigation measures to spur economic recovery, BMO noted that some jurisdictions had to reinstate closures due to rebounding infection rates.

Aggressive loss provisioning

BMO's provisions for credit losses totaled $1.05 billion in the third quarter, a decrease of $64 million from last quarter, but $748 million higher than the same period last year, due to the impact of COVID-19.

Third quarter provisions included $608 million for potential losses on performing loans, compared with $63 million provisioned during the same quarter last year, and $705 million provisioned last quarter. Performing loan provisions reflected "extraordinary and highly uncertain" credit conditions, economic outlook, and risk scenarios, the bank said.

BMO noted, however, that a "large majority" of the borrowers to whom it granted deferrals were able to resume payments, with "only a small percentage" requiring relief extensions. The majority of BMO's consumer and business payment deferrals will expire next quarter, however, with the bank stressing close monitoring and active management of maturities.

Prolonged pandemic potential

Addressing the potential for a prolonged pandemic, BMO warned of exacerbated economic and operational consequences, including from disrupted global supply chains, lower equity market valuations, lower interest rates, significant financial market disruptions, even higher unemployment rates, and more business bankruptcies.

"In the event the COVID-19 pandemic is prolonged, the bank would expect to continue to recognize elevated credit losses in our loan portfolios, including in those industries directly impacted by the pandemic and in our retail portfolios given higher unemployment," BMO said. "We could also experience mark-to-market losses in our trading business for several
reasons, including heightened market volatility and a deterioration in the financial condition of counterparties, and other parties relevant to our business."

Changing economic and market conditions may require BMO to "recognize impairments in future periods" on the securities and other assets it holds, as well as reductions in other comprehensive income, the bank noted.

"We may also face increased risk of litigation and governmental and regulatory scrutiny, as a result of the effects of the COVID-19 pandemic on market and economic conditions and actions governmental authorities take in response to those conditions," BMO said.

Royal Bank of Canada sees heightened global uncertainty amid COVID resurgence
(Regulatory Intelligence) - The Royal Bank of Canada (RBC) sees continued uncertainty and risk for the global economy, despite early signs of recovery following relaxation of COVID-19 mitigation measures, the bank said Tuesday in its third-quarter financial report. RBC continued historically aggressive credit loss provisioning in the third quarter, but stepped back considerably from the levels it imposed last quarter.4

"While a number of containment measures have been gradually eased or lifted across most regions, additional safety precautions and operating protocols aimed at containing the spread of COVID-19 have been and continue to be instituted," RBC said. "Notwithstanding the gradual easing of containment measures, the remaining measures continue to impact global economic activity, including the pace and magnitude of recovery, as well as contributing to increased market volatility and changes to the macroeconomic environment."

A resurgence of COVID-19 in some countries, alongside tapering of fiscal support, has "raised uncertainty" about the sustainability of recent economic improvements, RBC noted. Labour market weakness will likely persist beyond the conclusion of fiscal and monetary support programmes, the bank said, adding that the trajectory of economic recovery remained "highly uncertain".

"The impacts of the pandemic in the first half of 2020 were larger than anticipated and the projected recovery period is expected to be more gradual than previously forecasted," the bank said.

Turning to the United States, RBC stressed the country's rapid reopening produced a "resurgence in the spread of COVID-19," resulting in some regions either pausing normalization plans or reintroducing containment measures. "As of July 2020, overall employment has retraced more than 40 percent of the jobs lost since the contraction in March and April 2020," RBC said. "However, the recent resurgence in confirmed COVID-19 cases has likely slowed the pace of recovery. We expect GDP [in the United States] will remain well below 2019 levels through the remainder of the calendar year, and the unemployment rate to remain elevated."

Elevated operational, financial risk from COVID-19

Information technology and cyber risk: Malicious actors are creating "more threats for cyberattacks," including COVID-19 phishing emails, malware-embedded mobile apps that purport to track infection rates, and targeting of vulnerabilities in remote access platforms used by companies for work-from-home arrangements, RBC said.

Privacy, data, and third party risk: With the majority of its employees continuing to work from home, RBC said it was continuously "monitoring and enforcing best practices" to maintain privacy and confidentiality of sensitive information. The bank was also monitoring its third party providers for "any impact on their ability to deliver services," including vendors to those third-party providers.

Canadian housing and indebtedness: Pandemic-related unemployment has increased the risks to Canada's over-heated and highly indebted residential property markets, RBC noted. Despite interest rate cuts, government support programs, and relief from financial institutions, concerns about housing affordability and already-high levels of household debt could grow if the pandemic worsens, resulting in higher credit losses, it added.

Global trade and geopolitical tensions

Significant uncertainty about the impacts of the COVID-19 pandemic, trade policy, and geopolitical tensions continue to pose risks to the global economic outlook, RBC reported. "The post-pandemic future of global trade remains uncertain, as countries may look to decrease reliance on the global supply chain," it said.

Regarding Brexit, RBC observed that "significant areas of negotiation" remained unresolved between the United Kingdom and European Union, despite the UK facing a hard deadline of December 31 for leaving the EU.

While noting that the Canada-United States-Mexico Agreement's activation in July had reduced some uncertainty about North American trade, RBC stressed the recent imposition of U.S. aluminum tariffs on Canada and Mexico and subsequent counter-tariffs against the United States. "These imposed tariffs could signal heightened tensions and may increase the level of uncertainty about trade relations and possible impacts to certain businesses," the bank said.

Additionally, RBC emphasized China's role in global geopolitical tensions – namely involving trade and technology conflicts with Canada, the United States, and the United Kingdom – as a significant source of continuing global financial market volatility.

Loss provisioning

RBC's total provision for credit loss was C$678 million in the third quarter, a decrease of C$2.06 billion from last quarter, but C$249 million higher than the same period last year, due to the impact of COVID-19.

Third quarter provisions included C$280 million for potential losses on performing loans, compared with C$30 million provisioned during the same quarter last year, and C$2.12 billion provisioned last quarter. Performing loan provisions reflected "unfavourable changes in our credit outlook as a result of the evolving impact of the COVID-19 pandemic," the bank reported.
COVID resurgence threat

"The easing of containment measures and reopening plans have been accompanied by a resurgence in the spread of COVID-19 in some regions, resulting in the re-imposition of restrictions in some cases and further uncertainty about the timing of a complete recovery," RBC said. "The pandemic, the containment measures, and the phased reopening approach in several regions could have longer-term effects on economic and commercial activity and consumer behaviour after the pandemic recedes and containment measures are fully lifted."

Unprecedented relief programs and temporary measures to facilitate continued global economic and financial system operations either remain in place or continue to expand, but the extent and duration of the pandemic’s impact continues to be uncertain.