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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FEDERAL AND PROVINCIAL REGULATORS – COVID-19 UPDATES

Federal Regulators

Office of the Superintendent of Financial Institutions (OSFI)


OSFI has prepared an FAQ for federally regulated deposit-taking institutions about measures it has taken to address issues stemming from COVID-19. New or updated topics include:
- Market Risk

For the full FAQ document see the link here.

Provincial Regulators

Autorité des Marchés Financiers (AMF)

The AMF releases its 2021-2025 Strategic Plan (May 4, 2021)

The AMF has published its 2021-2025 Strategic Plan. The Plan has been released one year later than originally scheduled due to the COVID-19, however maintains the same aim of outlining the main orientations that will guide the AMF's choices, decisions and actions for the next four years. For the full text of the Plan see the link here.

Ministry of Finance (British Columbia)

Budget and Fiscal Plan 2021 2021/22 - 2023/24 (May 10, 2021)

The Ministry of Finance (British Columbia) has published its Budget and Fiscal Plan for 2021/22 and 2023/24. Budget 2021 continues to prioritize investments that help B.C. respond to the pandemic. This includes significant new investments in health and safety, supports to people and businesses, and preparing B.C. for recovery.

This document is dated April 20, 2021 but was published on the Ministry of Finance (British Columbia) website on May 10, 2021. For the full text of the Plan see the link here.
SROs, Exchanges and Securities Regulators

Investment Industry Regulatory Organization of Canada (IIROC)

IIROC Notice #21-0092 - Covid-19 Related Exemptive Relief Applications Received and Exemptions Granted to April 30, 2021 (May 6, 2021)

IIROC is continuing to receive applications for exemptive relief in a number of areas relating to hardships Dealer Members are experiencing in complying with related IIROC Dealer Member Rules (DMRs) as a result of the their preparation for, or in response to, the effects of the COVID-19 pandemic. The IIROC Board of Directors has approved an extension of staff’s authority to provide relief until September 30, 2021. The Board has also authorized staff to extend existing exemptions until September 30, 2021. The terms of the Board’s approval, and the areas for which relief are available, are set out in this notice. For more information see the link here.

Other News and Summaries

Canada Posts Hefty Job Losses in April as Third Wave Bites

(Reuters) - Canada lost more jobs than expected in April as fresh restrictions to contain a variant-driven third wave of COVID-19 weighed on employers, Statistics Canada data showed on Friday.²

Some 207,100 jobs were lost in April, more than the average analyst prediction for a loss of 175,000. The unemployment rate climbed to 8.1%, missing analyst expectations of 7.8%. Employment is now 2.6% below pre-pandemic levels.

"This episode seemed to be a little more impactful in that it led to a big decline in full-time jobs and specifically in private-sector employment," said Doug Porter, chief economist at BMO Capital Markets.

"There were some heavy hits in education and culture and recreation. So it seems like the third wave bit into other sectors a little bit more deeply than the second wave."

Full-time employment was down by 129,400 while part-time employment fell by 77,800 positions.

With many retailers shuttered in April and the restrictions also hitting hotels, food services and entertainment, service sector employment plunged by 195,400 jobs. Employment in the goods sector fell by 11,800.

As COVID-19 infections surged in April, a number of Canadian provinces imposed fresh restrictions, including shuttering or limiting non-essential businesses and closing schools. Cases are beginning to decline, but reopening is still weeks away and economists expect further job losses in May.

Canada has so far fully vaccinated just over 3% of its nearly 38 million residents, while more than 36% have received a first dose. By the end of June, Canada expects to have received 40 million doses.

Long-term unemployment increased by 4.6% to 486,000 people, which suggests some labor market scarring is beginning to show, said Leah Nord, a senior director at the Canadian Chamber of Commerce.

"The job prospects for displaced workers grow slimmer with every month in lockdown as more businesses throw in the towel," she said in a statement.

Total hours worked fell 2.7% in April, while the number of people working less than half their usual hours jumped 27.2% to 288,000.

"The hours worked numbers were I think weaker than had been expected," said Andrew Kelvin, chief Canada strategists at TD Securities. "I think it suggests a weaker April than the Bank of Canada would have had penciled in."

The Bank of Canada in April sharply boosted its outlook for the Canadian economy and signaled interest rates could start to rise in 2022.

The Canadian dollar was trading 0.3% lower at 1.2187 to the greenback, or 82.05 U.S. cents, after touching on Thursday its strongest level in 3-1/2 years at 1.2141.

**Canadian Banking Regulator to Issue Technology Risk Guidance**

(Regulatory Intelligence) - Canadian banking regulators will issue new technology risk guidelines in the fourth quarter of 2021, the Office of the Superintendent of Financial Institutions (OSFI) said Friday.

The move forms part of OSFI’s effort to improve firms’ operational resilience, defined by regulators as a firm’s ability to identify and address non-financial risks before they negatively affect financial conditions.

"OSFI recognizes the imperative for innovation in the Canadian financial sector while protecting the interests of depositors, policyholders, creditors, and pension plan members," the regulator said in a consultation paper. "Meanwhile, the COVID-19 pandemic has highlighted the need for resilient technology infrastructures and will provide important lessons for industry and regulators alike."

Cybersecurity, advanced analytics (e.g. artificial intelligence), and third-party services are areas where "OSFI has observed an increasing number of incidents," shifts in risk severity, and emerging risk, OSFI said. Across all technology risks, OSFI has identified sound data management and data governance as critical considerations in addressing technology risk, it added.

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Technology risk framework

"The growing importance of technology and other non-financial risks requires an overarching policy framework that clarifies OSFI's expectations across a number of related risk areas," OSFI said.

OSFI defines technology risk as the inadequacy, misuse, disruption, or failure of information technology systems, infrastructure, or data to meet business needs.

"The dependence on technology throughout financial institutions' business lines means that technology risk can trigger or amplify other operational and financial risks," the consultation paper said. "For example, a major data breach exposing millions of financial consumer records has the potential to damage a [financial institution's] reputation and cause financial loss from lost business. Similarly, poorly executed [informational and communications technology] transformation projects can result in significant financial loss."

Stressing its preference for "principles over rules," OSFI said its technology risk framework would focus on the "inherent and residual risks ... posed by a technology," rather than addressing on specific technologies.

Part of resilience push

OSFI said it was reassessing its operational risk framework, because the established approach to business continuity "does not sufficiently capture the breadth of dependencies across the business" and does not encourage corporate cultures that prepare for inevitable disruptions.

"A healthy organizational culture is a precondition for developing operational resilience," the regulator said. "A resilience perspective draws upon capabilities across [operational risk management], including technology risk management, as well as organizational culture to ensure institutions are able to withstand significant operational disruption."

Global standard-setters, such as the Basel Committee on Banking Supervision (BCBS), have identified operational resilience as a supervisory priority related to, but distinct from, established operational risk management frameworks, OSFI said.

"Whereas [operational risk management] tends to be process-oriented, operational resilience takes a more outcomes-based approach to a given adverse event," it added. "It assumes that operational disruptions will occur and encourages financial institutions to consider ways in which the impact of these events might be reduced."

Bank of Canada Says QE Can Widen Wealth Inequality, Is Probing Its Effects

(Reuters) - The Bank of Canada said on Thursday that some of the monetary policy tools it is using to address the COVID-19 pandemic, such as quantitative easing (QE), could widen wealth inequality and that it was looking closely at the issue.4

Governor Tiff Macklem, speaking to university students in Atlantic Canada by videoconference, said that while the QE program stimulated demand and helped create jobs, it was also boosting wealth by inflating the value of assets.

"But of course, these assets aren't distributed evenly across society. As a result, QE can widen wealth inequality," he said. "We will look closely at the outcomes of QE here and elsewhere and will work to more fully understand its impact on both income and wealth inequality."

As part of its QE program the bank had been buying C$4 billion ($3.3 billion) of government bonds a week but last month cut that to C$3 billion, becoming the first major central bank to taper bond purchases.

It also signaled that it could start hiking interest rates in late 2022, as it sharply boosted its outlook for the Canadian economy.