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.
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**COVID-19 Coverage – Canada**

**Federal and Provincial COVID-19 Legislation and Regulations**

**Federal Regulations**

*Regulations Amending the Income Tax Regulations (COVID-19 - Wage and Rent Subsidies Periods 14 to 16)*

The Income Tax Regulations (the Regulations) are amended to prescribe three additional four-week periods under which eligible organizations can receive continued support through the Canada Emergency Wage Subsidy (CEWS) and the Canada Emergency Rent Subsidy (CERS): from March 14, 2021, to April 10, 2021 (Period 14); from April 11, 2021, to May 8, 2021 (Period 15); and from May 9, 2021, to June 5, 2021 (Period 16).

These Regulations came into force on March 14, 2021.

**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](#).
**OSFI update to COVID-19-related regulatory flexibility for the covered bond limit** (April 6, 2021)

OSFI has notified all Federally Regulated Deposit-Taking Institutions (DTIs) that the temporary relief that allowed the increase of covered bond limits to 10% is to end effective immediately. Going forward it will revert to 5.5% of the issuer's on-balance sheet assets, as specified in OSFI's May 23, 2019 letter on the revised covered bond limit calculation. For more information see the [link here](#).

**Provincial Regulators**

**Autorité des Marchés Financiers (AMF)**

**Notice relating to the revision of the covered bond issue limit for deposit and trust institutions - COVID-19** (April 6, 2021)

The AMF has announced the unwinding of the temporary increase in the covered bond issue limit requirements to 10% from the normal 5.5%, effective immediately, and a return to the 5.5% covered bond issue limit. For more information see the [link here](#).

**Ministry of Finance (British Columbia)**

**PST rebate for capital investments opens to support business recovery** (April 8, 2021)

The Ministry of Finance (British Columbia) has announced that online applications are open for the provincial sales tax (PST) rebate for capital investments. Businesses can grow back bigger and stronger following the pandemic, with up to half-billion dollars in expected rebates available for purchases or leases of select machinery and equipment, including tools, furniture, computers, software and zero-emission vehicles. The rebate, announced in September 2020 as part of StrongerBC: BC's Economic Recovery Plan, allows incorporated businesses to recover 100% of the PST on most machinery and equipment purchased between Sept. 17, 2020 and Sept. 30, 2021. The first window for applications is open until Sept. 20, 2021, followed by a second window after the eligible rebate period (Oct. 1, 2021, to March 31, 2022). Rebate eligibility is based on the Canada Revenue Agency’s Capital Cost Allowance classes. For more information see the [link here](#).

**SROs, EXCHANGES AND SECURITIES REGULATORS**

**Investment Industry Regulatory Organization of Canada (IIROC)**

**IIROC Notice # 21-0069 - Covid-19 Related Exemptive Relief Applications Received and Exemptions Granted to March 31, 2021** (April 6, 2021)

IIROC has approved an extension of staff's authority to provide relief in a number of areas relating to hardships Dealer Members until September 30, 2021. IIROC has also authorized staff to extend existing exemptions until September 30, 2021. For more information see the [link here](#).
Canada suspends national securities regulator initiative

(Regulatory Intelligence) - Canadian efforts to launch a national securities regulator have been suspended indefinitely, with the Capital Markets Authority Implementation Organisation announcing it has "paused" operations and laid off staff.²

The implementation organisation began work in July 2015 to guide the launch of an independent regulator that would unify participating provincial securities commissions and give the federal government a role in systemic stability oversight. But the effort has stumbled over resistance from some provinces and competing priorities, including the COVID-19 pandemic.

"The development of legislation to create the Cooperative Capital Markets Regulatory System has been delayed, as the participating governments take action to respond to the Covid-19 pandemic, prepare for economic recovery, and implement reforms to provincial securities legislation," the Capital Markets Authority Implementation Organisation (CMAIO) said in a statement last week.

The organisation has "completed all possible integration" and cannot proceed until federal and provincial governments enact legislation to enable the co-operative regulatory model to function in Canada's federal system, the statement added.

"CMAIO is implementing an orderly pause of its operations and has taken steps to preserve knowledge, assets and work product," it said. "CMAIO's work can be resumed at a future time when there is greater certainty around Cooperative System launch timelines."

Canada is the only G-20 country without a centralised capital markets regulator. The country's 13 provincial and territorial governments have exclusive jurisdiction over capital market oversight, each with its own securities regulator. Even with provincial authorities harmonising most regulations via the joint Canadian Securities Administrators (CSA) council, the fragmented system still results in duplicative and overlapping registration and prospectus requirements, as well as potentially inconsistent enforcement activity.

Resistance among key provinces, particularly Alberta and Quebec, contributed to the initiative's demise. Both provinces, along with Manitoba, rejected the cooperative model, citing concerns that a unified regulator would ignore unique local circumstances and dilute their constitutional authority.

Despite the pause, stakeholders and proponents of the national securities regulator said they remained committed to the goal.

"The federal government remains committed to working with the provinces and territories to establish a national securities regulator in Canada," the office of Deputy Prime Minister and Minister of Finance Chrystia Freeland said in an email. "We are disappointed by the [CMAIO] board of directors' decision to temporarily pause the operations of the CMAIO."

² Daniel Seleanu, Canada suspends national securities regulator initiative, Thomson Reuters Regulatory Intelligence (April 7, 2021) at http://go-ri.tr.com/UfusyL.
We look forward to the resumption of this important work once participating jurisdictions implement the necessary reforms to their securities legislation."

Additionally, the Portfolio Management Association of Canada (PMAC) said it was "extremely disappointed" by the suspension of the national regulatory project.

"We are extremely disappointed that this important initiative has been paused," PMAC President Katie Walmsley said in a press release. "We remain hopeful that as part of a post-pandemic, pan-Canadian economic recovery plan, the provinces, territories, and the federal government will see fit to relaunch this important initiative."

The industry association called on governments to "make the necessary compromises to relaunch this critical initiative" as part of their post-pandemic economic planning.

"PMAC has long believed that a national securities regulatory system that harmonizes regulation from coast-to-coast, maintains regional centers of excellence, and preserves many effective components of the current regulatory system is necessary to sustain and grow Canada's position in the global capital markets," it said.

**Canada proposes tighter mortgage stress test as home prices surge**

(Reuters) - Canada's financial regulator, which has been planning changes in its four-year-old mortgage stress test, on Thursday proposed making it tighter, following concerns that the initial measures could further stimulate the red-hot housing market.3

The Office of the Superintendent of Financial Institutions (OSFI) is proposing that the new benchmark to determine the minimum qualifying rate for uninsured borrowers would be either the greater of a range of rates submitted by lenders plus 200 basis points or 5.25%, according to a letter to lenders.

It is broadly an increase from the initial plan announced in February 2020, which was shelved a month later as the coronavirus pandemic took front seat. That proposed the weekly median five-year fixed insured rate, calculated from mortgage insurance applications, as the benchmark, which stakeholders said would be "highly volatile."

The new measures are expected to come into force on June 1, with the fixed 5.25% rate replacing a benchmark made up of banks' advertised rates - currently 4.79% - which tend to be higher than actual market rates, to determine the minimum qualifying rate.

This will reduce purchasing power by about 5%, and raise the gross debt service ratio - the proportion of household income that covers housing costs - by about 1.6 percentage points, National Bank Financial analysts said in a note, adding they nevertheless do not expect a significant impact on lenders' underwriting decisions.

"The main reason we're setting a 5.25% rate is because we feel a responsibility to make sure the financial system is ready in case we have to return to pre-pandemic conditions," Superintendent of Financial Institutions Jeremy Rudin told reporters. "We want to make sure that when the mortgages being taken today renew in three, four, five years, that lenders are protected."

3 Nichola Saminather, Canada proposes tighter mortgage stress test as home prices surge, Reuters (April 9, 2021) at http://go-ri.tr.com/t13rH.
The lower rates proposed earlier risked lighting a fire under housing markets, market watchers said.

The change to the 5.25% rate "means a higher benchmark rate than what would have occurred under the system already proposed," said Stephen Brown, senior Canada economist at Capital Economics.

"This will be particularly important in reducing the recent momentum in the prices for single-family homes" and instill confidence in the Bank of Canada that new loans can withstand higher interest rates, he added.

The benchmark would apply to borrowers with at least a 20% downpayment. OSFI will take feedback until May 7 and will reveal final changes by May 24, it said.

The Department of Finance, which makes rules affecting insured mortgages, those with less than 20% downpayment, said in a statement it will continue to monitor housing market conditions and "closely examine" the results of the consultation.

Canada: OSFI tightens mortgage rules, urges 'heightened vigilance' amid overheating
(Regulatory Intelligence) - Canada's banking regulator has moved to set stricter stress-testing requirements for uninsured mortgages, citing a recent spike in housing demand and prices across the country. Regulators said the tighter requirements would also address a return to pre-pandemic financial conditions and an expectation for higher interest rates.4

The Office of the Superintendent of Financial Institutions (OSFI) proposal would set a qualifying rate for uninsured mortgages to the higher of:

- Contract rate plus 200 basis points, or
- 5.25 percent as a minimum floor.

The proposal would establish a new "fixed floor," replacing the rate benchmark introduced in OSFI's Residential Mortgage Underwriting Guideline (B-20) in 2017, the regulator said in a letter to lenders. OSFI had already expressed concern in January 2020 that the current benchmark – based on the mode of rates posted by large Canadian banks – was neither dynamic nor sufficiently representative of the market. Having observed a widening gap between average contract rates and the benchmark during the pandemic, OSFI determined the current approach was less responsive to market changes than when it was first adopted.

Additionally, OSFI said it would review its qualifying rate calibration at least annually, to ensure it remains in line with risk.

"Current Canadian housing market conditions have the potential to put lenders at increased financial risk," the regulator said in a statement last week. "OSFI is taking proactive action at this time so that banks will continue to be resilient."

The minimum qualifying rate – or borrower stress test – offers a "margin of safety that ensures borrowers will have the ability to make mortgage payments" in the event of

4 Daniel Seleanu, Canada: OSFI tightens mortgage rules, urges 'heightened vigilance' amid overheating, Thomson Reuters Regulatory Intelligence (April 15, 2021) at http://go-ri.tr.com/Kltk1u.
changes in financial circumstances, including income disruption and higher interest rates, OSFI said.

"Additionally, we are proactively reminding institutions and reinforcing our expectations for sound mortgage underwriting practices," OSFI Superintendent Jeremy Rudin said during an address announcing the proposal. "In particular, we are looking for heightened vigilance from lenders on collateral management, income verification, and debt servicing," Rudin said. "We will also be monitoring for institutions extending amortization periods and increasing debt service limits."

Comments on the proposal are open until May 7. OSFI regulator will issue final revisions on May 24, with the new stress test coming into force on June 1, 2021, it added.

Housing bubble fears renewed

"It's overheating," RBC Economist Robert Hogue said in a recent research note on Canada's residential housing market. "Demand is exceedingly strong, inventories are generally low, and property values have soared to levels far outside historical norms."

Canadian housing concerns over the past decade had focused on unprecedented inflation in Toronto and Vancouver, but a nationwide buying spree during the pandemic has rapidly raised prices across the country, Hogue said.

"In fact, prices are rising fastest in smaller markets like Mission, BC, Tillsonburg, ON, Sainte-Adèle, QC, and Moncton, NB," he said. "These factors have pumped up mortgage borrowing – which is rising at the strongest rate in nearly a decade (7.2 percent year-on-year in January) – and the size of new mortgages. These conditions will only add to Canadian households' heavy debt load."

Overheated real estate markets can threaten future economic and financial stability if a correction occurs, with potentially heavy bail-out costs for governments, Hogue said.

"The threat is particularly potent because excessively high price expectations are widespread," he added. "Canada hasn't had a market overheating of this scope since the late 1980s."

**COVID-19 Surge Complicates Busy Maintenance Season for Canada's Oil Sands**

(Reuters) - Canada's oil sands are entering their busiest season for annual maintenance, bringing thousands of extra workers onto sites, but union officials say many members are reluctant to travel as a third wave of COVID-19 surges across the country.5

"It's absolutely crazy in the oil sands right now trying to get workers," said Ian Robb, Canadian director for Unite Here! labor union "People don't want to travel, especially not by plane or by bus. But these east coasters need the work, they are used to the work and we need them here."

Oil sands companies are introducing rapid COVID-19 screening tests and offering to help workers pay for travel. Still, it may be hard to get skilled workers and keep them safe due


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to the variant-driven spike in cases, with nine oil sands sites fighting outbreaks, including Canadian Natural Resources Ltd's (CNQ.TO) Horizon, Suncor Energy's (SU.TO) base plant and its Syncrude project.

About once a year, tradespeople from as far away as Canada's east coast move into workcamps in the Fort McMurray region for weeks. Last spring, maintenance turnarounds were scaled back as the first wave of COVID-19 hit. This season will be busy, since oil sands operators cannot meet regulatory and safety requirements if they put the work off again.

CNRL's Horizon and the Syncrude project started turnarounds last week. Suncor's base plant will begin in early May. Altogether the sites produce around 1 million barrels a day, or nearly a fifth, of crude output from Canada, the world's fourth-largest producer.

LONGER SHIFTS

The Canadian crude market has priced in the turnarounds, which will take at least 210,000 bpd of oil offline during the second quarter, not including the impact of the Horizon turnaround, which CNRL has not disclosed.

Horizon, Syncrude and the Suncor base plant are fighting outbreaks that include 115 cases of newer, more dangerous strains of COVID-19, an Alberta government spokesman said.

Chris Flett, business manager for the International Union of Operating Engineers Local 955, cited a shortage of high-skilled workers like welders, and said CNRL had struggled to secure some tradespeople. Companies have boosted offers of travel assistance, he added.

CNRL declined to comment on the difficulty of securing contractors. Company spokeswoman Julie Woo said Alberta Health officials have told CNRL its COVID-19 protocols are sufficient.

CNRL is implementing longer shifts, up to 24 days working and four days off, while allowing workers to commute in personal vehicles to limit close contact, according to a company document seen by Reuters. Another company document specified how much workers can recover in flight costs.

Unite's Robb said he was seeing more cars than ever before on Highway 63 running north from Edmonton through hundreds of kilometres of remote boreal forest to Fort McMurray.

Suncor and Syncrude said they have not had any issues yet in securing tradespeople. Syncrude is extending the duration of its maintenance to reduce numbers of workers on site. Two industry sources said it would last around 75 days instead of the usual 45.

"Having spent a year working with our COVID-19 protocols, we are comfortable in proceeding with this event," said Syncrude spokesman Will Gibson.

In COVID-19 Vaccination Pivot, Canada Targets Frontline Workers

(Reuters) - Canada is shifting its vaccination campaign to target frontline workers, moving away from a largely age-based rollout as the country tries to get a handle on the raging third wave of the pandemic.⁶

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Canada's approach thus far has left unvaccinated many so-called "essential workers," like daycare providers, bus drivers and meatpackers, all of whom are among those at higher risk of COVID-19 transmission. Provinces are now trying to adjust their strategy to tackle the surge driven by new variants.

Targeting frontline workers and addressing occupation risk is vital if Canada wants to get its third wave under control, says Simon Fraser University mathematician and epidemiologist Caroline Colijn, who has modelled Canadian immunization strategies and found "the sooner you put essential workers [in the vaccine rollout plan], the better."

Initially, Canada prioritized long-term care residents and staff for the vaccines, as well as the very elderly, health workers, residents of remote communities and Indigenous people.

Targeting vaccinations by age made sense early on in a pandemic that ravaged Canada's long-term care homes, Colijn said. But now, immunizing those at highest risk of transmission brings the greatest benefit.

"If you protect these individuals you also protect someone in their 60s whose only risk is when they go to the store. ... The variants are here now. So if we pivot now, but it takes us two months to do it, then we will lose that race."

Data released on Tuesday from the Institute of Clinical and Evaluative Sciences showed that Toronto's neighbourhoods with the highest rates of COVID-19 infections had the lowest vaccination rates, underscoring the disparities in vaccination.

'It'S A JUGGERNAUT'

On Wednesday, Ontario Premier Doug Ford announced a plan to have mobile vaccine clinics target COVID-19 "hotspots" and high-risk worksites, although he stopped short of giving people paid time off to get the shot.

Karim Kurji, medical officer of health in York Region north of Toronto, characterizes the shift in vaccination priority from age to transmission risk as moving from defence to offence.

"It's a juggernaut in terms of the immunization machinery, and turning it around takes a lot of effort," Kurji said.

Meanwhile, officials in the western province of Alberta say they are offering vaccines to more than 2,000 workers at Cargill's meatpacking plant in High River, site of one of Canada's largest workplace COVID-19 outbreaks. Provincial officials said in a statement they are looking to expand the pilot to other plants.

Quebec will start vaccinating essential workers such as those in education, childcare and public safety in Montreal, where neighbourhoods with the highest vaccination rates have been among those with the lowest recorded infection rates.

The people doing the highest-risk jobs, from an infectious disease perspective, are more likely to be poor, non-white and new Canadians, health experts say. They are less likely to have paid leave to get tested or vaccinated or stay home when sick and are more likely to live in crowded or multi-unit housing. They need to be prioritized for vaccination and their vaccination barriers addressed, experts say.
Naheed Dosani, a Toronto palliative care physician and health justice activist, said making vaccines available to high-risk communities is not enough without addressing barriers to access.

"The face of COVID-19 and who was being impacted changed dramatically. The variants seemed to take hold in communities where essential workers live. ... This [pivot] is a step in the right direction and will hopefully save lives."

**Business Sentiment Improves as Firms Look Past Pandemic, Bank of Canada Says**

(Reuters) - Business sentiment in Canada continues to improve and many firms consider the impacts of the COVID-19 pandemic behind them, though the outlook remains challenging for high-contact services, a Bank of Canada survey showed on Monday.⁷

The survey, conducted before new restrictions came into effect earlier this month to tackle a third coronavirus wave, found sales were at or above pre-pandemic levels for 64% of businesses.

"With uncertainty having receded and vaccination rollouts continuing, firms' indicators of future sales have strengthened again," the central bank said in its spring Business Outlook Survey. The BOS indicator hit its highest level since mid-2018.

"For many businesses, demand from domestic and foreign customers - particularly from the United States - has improved from a year ago," it added. The United States is Canada's largest trading partner.

That booming demand has businesses planning to increase investment spending to add capacity, often through digitization and automation, the Bank of Canada said.

Most companies have plans to hire, and many noted difficulties finding new workers. Staffing challenges are most severe in the skilled trades and information technology, as well as in rural areas.

Still, nearly 20% of firms - many in high-contact services like tourism and non-essential retail - are struggling and do not expect their sales to return to pre-pandemic levels in the next year.

The survey of 100 firms took place between February 16 to March 8, as COVID-19 cases fell and restrictions resulting from the second wave were being loosened.

In a separate study, the Bank of Canada found consumer expectations of home price growth rose again in the first quarter of 2021, hitting the highest point since 2016.

Canada's red-hot housing market has bolstered the country's economic recovery from the COVID-19 pandemic, but the market imbalances are escalating and driving up already-high household debt, the Bank of Canada said on Friday.

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Air Canada Signs $5.9 billion Government Aid Package, Agrees to Buy Airbus, Boeing Jets

(Reuters) - Air Canada, struggling with a collapse in traffic due to the COVID-19 pandemic, reached a deal on Monday on a long-awaited aid package with the federal government that would allow it to access up to $5.9 billion ($4.69 billion) in funds.\(^8\)

The agreement - the largest individual coronavirus-related loan that Ottawa has arranged with a company - was announced after the airline industry criticized Prime Minister Justin Trudeau's Liberal government for dawdling. The United States and France acted much more quickly to help major carriers.

Canada's largest carrier, which last year cut over half its workforce, or 20,000 jobs, and other airlines have been negotiating with the government for months on a coronavirus aid package.

In February, Air Canada reported a net loss for 2020 of $4.65 billion, compared with a 2019 profit of $1.48 billion.

As part of the deal, Air Canada agreed to ban share buybacks and dividends, cap annual compensation for senior executives at $1 million a year and preserve jobs at the current level, which is 14,859.

It will also proceed with planned purchases of 33 Airbus SE 220 airliners and 40 Boeing Co. 737 MAX airliners.

Chris Murray, managing director, equity research at ATB Capital Markets, said the deal took into account the "specific needs of Air Canada in the short and medium term without being overly onerous."

He added: "It gives them some flexibility in drawing down additional liquidity as needed."

Transport Minister Omar Alghabra said the government was still in negotiations with other airlines about possible aid.

Canada, the world's second-largest nation by area, depends heavily on civil aviation to keep remote communities connected.

Opposition politicians fretted that further delays in announcing aid could result in permanent damage to the country.

Air Canada said it would resume services on nearly all of the routes it had suspended because of COVID-19.

'SIGNIFICANT LAYER OF INSURANCE'

The deal removes a potential political challenge for the Liberals, who insiders say are set to trigger an election later this year.

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The government has agreed to buy C$500 million worth of shares in the airline, at C$23.1793 each, or a 14.2% discount to Monday's close, a roughly 6% stake.

"Maintaining a competitive airline sector and good jobs is crucially important," Finance Minister Chrystia Freeland told reporters, adding the equity stake would allow taxpayers to benefit when the airline's fortunes recovered.

The Canadian government previously approved similar loans for four other companies worth up to C$1 billion, including up to C$375 million to low-cost airline Sunwing Vacations Inc. The government has paid out C$73.47 billion under its wage subsidy program and C$46.11 billion in loans to hard-hit small businesses.

Michael Rousseau, Air Canada's president and chief executive officer, said the liquidity "provides a significant layer of insurance for Air Canada."

Jerry Dias, head of the Unifor private-sector union, described the announcement as "a good deal for everybody."

Unifor represents more than 16,000 members working in the air transportation sector.

But the Canadian Union of Public Employees, which represents roughly 10,000 Air Canada flight attendants, said the package protected the jobs of current workers rather than the 7,500 members of its union who had been let go by the carrier.