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 coronavirus.

IN THIS OVERVIEW

FEDERAL AND PROVINCIAL COVID-19 LEGISLATION AND REGULATIONS

Federal Regulations
- Regulations Amending the Income Tax Regulations (COVID-19 – Wage Subsidy for Furloughed Employees), SOR/2020-207

FEDERAL AND PROVINCIAL REGULATORS - COVID-19 UPDATES

Provincial Regulators
- Financial Services Regulatory Authority of Ontario (FSRA)

SROs, EXCHANGES AND SECURITIES REGULATORS
- Investment Industry Regulatory Organization of Canada (IIROC)
- Saskatchewan Financial and Consumer Affairs Authority (FCAA)

OTHER NEWS AND SUMMARIES
- Pandemic accelerates need to consider digital currency – Bank of Canada
- Canada launches new business rent aid program, expands other coronavirus support
- Canadian companies face cuts, compliance fatigue as COVID-19 cyber threats mount
- C$ slides to 1-week low, tracking downward shift in risk appetite

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

FEDERAL AND PROVINCIAL COVID-19 LEGISLATION AND REGULATIONS

FEDERAL REGULATIONS

Regulations Amending the Income Tax Regulations (COVID-19 – Wage Subsidy for Furloughed Employees), SOR/2020-207

The amendments to the Income Tax Regulations (the Regulations) provide that, for the period from August 30 to September 26, 2020, the amount determined for a furloughed employee in respect of a week is the same as the amount determined for a furloughed employee in respect of a week in the prior qualifying periods. This provides a maximum subsidy of $847 per week in respect of remuneration paid to a furloughed employee.

This extension of the CEWS treatment for furloughed employees is intended to provide certainty to employers regarding the wage subsidy for which they are eligible. These amendments are intended to maximize employment during the post-pandemic economic recovery. In particular, they continue to ensure that employees that are furloughed as a result of the COVID-19 pandemic have timely and efficient support. The treatment for furloughed employees, through the amendments to the Regulations, will limit situations where the Employment Insurance (EI) system would otherwise be relied upon. It will also continue to promote the maintenance of the relationship between employers and employees, especially where businesses are partly shutdown or facing decreased demands for their goods or services.

The regulations are deemed to have come into force August 30, 2020.

FEDERAL AND PROVINCIAL REGULATORS – COVID-19 UPDATES

Provincial Regulators

Financial Services Regulatory Authority of Ontario (FSRA)

2020-014 – FSRA Proposed 2021-22 Statement of Priorities (October 13, 2020)

The FSRA has published its proposed 2021-22 Statement of Priorities and Budget for public consultation. The Statement of Priorities and Budget will form the core of FSRA's Annual Business Plan to be submitted to the Minister of Finance for approval. The Statement of Priorities includes an assessment of the COVID-19 impact, noting that following a considerable decrease in traditional distribution channels, COVID-19 has accelerated industry progress in digitizing the distribution of insurance products.

In addition to targeted consultations with FSRA’s Stakeholder Advisory Committees and Consumer Advisory Panel, FSRA is inviting the general public and all stakeholders to review and provide feedback on the proposed 2021-22 Statement of Priorities and Budget. The consultation period will close on November 3, 2020.
For more information see the link here. For the full text of the proposed 2021-22 Statement of Priorities and Budget see the link here.

**SROs, Exchanges and Securities Regulators**

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

**IIROC Notice 20-0213 – Extension of Covid-19 Related Exemptive Relief Process and Applications Received and Exemptions Granted to September 30, 2020** (October 9, 2020)

IIROC approved on March 26, 2020, the offering of exemptive relief in a number of areas relating to hardships Dealer Members are experiencing in complying with related IIROC Dealer Member Rules as a result of the their preparation for, or in response to, the effects of the COVID-19 pandemic. To facilitate timely consideration of each exemption application, the Board of Directors (the Board) also approved the delegation of limited discretion to certain IIROC senior staff to assess and decide upon each firm exemption application.

The Board has approved an extension of staff's authority to provide relief until March 31, 2021. The Board has also authorized staff to extend existing exemptions until June 30, 2021. For more information see the link here.

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

**General Order 51-503 - Temporary Exemption from Certain Corporate Finance Requirements with Deadlines during the period from June 2, 2020 to August 31, 2020** (May 19, 2020)

The FCAA previously issued a temporary exemption from certain filings and delivery requirements with deadlines during the period from June 2 to August 31, 2020, such that those deadlines are extended an additional 45 days. The temporary exemption related to annual and interim filings or delivery requirements, other continuous disclosure filings, filings related to exempt distributions and lapse dates for a base shelf prospectus.

The temporary exemption expired October 15, 2020. For more information see the link here.

**Other News and Summaries**

**Pandemic accelerates need to consider digital currency - Bank of Canada** (Reuters) - The COVID-19 pandemic is accelerating the public's use of online services and that means the Bank of Canada must move more quickly to research how a central bank digital product would work, a top official said on Wednesday.²

² Julie Gordon, Pandemic accelerates need to consider digital currency – Bank of Canada, Reuters (October 15, 2020) at: http://go-ri.tr.com/ptWLBU.
The Bank of Canada has been exploring and building capacity for products like a central bank digital currency (CBDC), but there has been no specific time frame for launching one, Deputy Governor Tim Lane said during a panel discussion on the future of money.

"The main point, I think, is this is all looking a lot more urgent because of the speed with which technology is evolving," said Lane.

"With COVID, we’ve seen an acceleration of the shift of activities online and that suggests if we want to be ready to develop any kind of digital central bank product, we need to move faster than we thought was going to be necessary," he said.

A digital currency would act like cash and streamline transactions by avoiding a need to use a payment card for online purchases.

Lane has previously said that the Bank of Canada could launch a CBDC if a private cryptocurrency were to make serious inroads, creating privacy concerns.

Global central banks are putting together rules and working on their own digital currencies to address the prospect of private cryptocurrencies, like Facebook Inc’s planned Libra stablecoin.

Lane told the panel that a number of stakeholders need to be consulted on issuing a CBDC, including banks and financial institutions, along with technology companies.

"Certainly we’re talking to a number of companies that have products that they are developing or also are advising in these things," he said.

On Tuesday, financial leaders of the world’s seven biggest economies said no stablecoin operation should start until it is properly regulated.

Canada launches new business rent aid program, expands other coronavirus support

(Reuters) - Canada on Friday announced a round of new and enhanced support for businesses impacted by the coronavirus pandemic, including a new rent subsidy program to replace its previous, and much criticized, rent-relief program.3

The Canada Emergency Rent Subsidy program will provide direct support to businesses and other organizations that are facing revenue losses, Finance Minister Chrystia Freeland said in a news conference. The program will run through June 2021.

The government will also provide “additional, targeted” supports to businesses that are forced by public health order to temporarily close to help curb coronavirus infections, Freeland said.

"As we fight the second wave of COVID-19, public health officials have been imposing new restrictions. That is the right thing to do, but it imposes costs," Freeland said. "This new targeted support will help businesses get through the lockdowns.”

3 Julie Gordon, Canada launches new business rent aid program, expands other coronavirus support, Reuters (October 9, 2020) at: https://www.reuters.com/article/health-coronavirus-canada-rent/update-1-canada-launches-new-business-rent-aid-program-expands-other-coronavirus-support-idUSL1N2H01BI.
Prime Minister Justin Trudeau, speaking at the same news conference, said Canada is at a tipping point in the fight against a second wave of the novel coronavirus.

Freeland said the Canada Emergency Wage Subsidy program had been extended to June 2021 and that the Canada Emergency Business Account would be expanded to allow for larger, partially-forgivable loans.

Together, the three programs are expected to cost an additional C$19.6 billion ($14.9 billion) through to December 19, 2020.

Trudeau’s Liberal government said in July that the fiscal 2020-2021 deficit would likely hit C$343.2 billion, mostly due to COVID-19 aid, the largest shortfall since World War Two.

Under the previous rent-relief program, which expired at the end of September, landlords had to apply for a forgivable loan that would cover half of a tenant’s rent. The tenant had to pay a quarter of it and the landlord had to absorb the remainder.

It was budgeted at C$2.97 billion. As of Oct. 7, it had helped some 130,000 small businesses at a cost of about C$1.8 billion, the government said. ($1 = 1.3129 Canadian dollars)

Canadian companies face cuts, compliance fatigue as COVID-19 cyber threats mount
(Regulatory Intelligence) - Canadian organizations are straining under growing volumes of cyber threats related to the coronavirus pandemic, as well as challenges in managing resources and regulatory compliance obligations for cybersecurity.4

Recent surveys and studies paint a treacherous cybersecurity landscape for Canadian businesses. Cyber threats using the pandemic as a lure for cyberespionage, data theft and other types of cybercrime have been occurring with frequency in recent months.

Emerging COVID-19 Cyber Threats

More than a quarter of 500 respondents recently surveyed by the Canadian Internet Registration Authority (CIRA) said that their organizations had suffered at least one COVID-19-related cyber-attack since the pandemic began earlier this year. Approximately three out of 10 organizations have seen an increase in the volume of cyber-attacks during this time.

Theft of customer and employee data held by Canadian businesses remains a significant risk. One quarter of respondents to the CIRA survey said that they had experienced a data breach last year while another 38 percent indicated that they did not know if they had experienced a data breach.

The pandemic has only increased the vulnerability of businesses to data breaches. U.S. telecommunications company Verizon conducted a study on 36 confirmed data breaches which were identified as related to the pandemic, along with 474 data breach incidents from March to June 2020.

---

4 Helen Chan, IMPACT ANALYSIS: Canadian companies face cuts, compliance fatigue as COVID-19 cyber threats mount, Thomson Reuters Regulatory Intelligence (October 14, 2020) at: http://go-ri.tr.com/dbktuS.
Verizon observed that methods used by attackers such as exploitation of human error through phishing have been even more effective during the pandemic. The study found that phishing emails with keywords related to the pandemic such as “masks”, “coronavirus” and “vaccine” had a higher click rate compared to phishing emails that were unrelated to the pandemic. Moreover, a phishing simulation performed on 16,000 individuals in the United States in March 2020 found that almost three times as many people, compared to the year before, clicked into the phishing link and provided their personal data to login to a simulated website.

Cyber criminals have looked to exploit intense public interest in pandemic-related topics. In a recent bulletin on the impact of COVID-19 on cyber threat activity, the Canadian Centre for Cyber Security (CCCS) found that since January 2020, cyber threat actors have developed COVID-19-related content such as epidemiological statistics on infection rates, access to medical supplies and knowledge of purported cures to lure victims into clicking on malicious links and disclosing their personal data. The CCCS has said that COVID-19-related responses from Canadian public health agencies are being repurposed by state-sponsored cyber attackers to target Canadian organizations and individuals.

In addition to phishing, the use of ransomware has been rising. Verizon reviewed several ransomware incidents where data from organizations was stolen and published publicly online to leverage ransom payments. Businesses and government agencies in industries that handle sensitive data, such as healthcare, have been especially vulnerable. Earlier this year, a provincial government health agency and individuals associated with a Canadian university engaged in COVID-19 research were targeted by phishing attacks attempting to deliver ransomware. Healthcare and medical research facilities around the world have been similarly targeted, and among them, some were compromised by ransomware.

Data breaches at these organizations, especially involving health data or legitimate initiatives, pose a risk of undermining public confidence in pandemic response measures, in addition to inflicting reputational and financial damage to organizations.

Cyber threats related to COVID-19 have become such a significant risk that legal experts are cautioning businesses to take special care in conducting due diligence on targets for mergers and acquisitions.

Canadian law firm Blakes LLP noted that the implementation of large-scale remote working arrangements at many Canadian businesses has created cybersecurity vulnerabilities at many organizations. Out-of-date or inadequate cybersecurity training to address emerging cyber threats during the pandemic is one compliance deficiency that cyber attackers have been exploiting.

Separately, software vulnerabilities in virtual private networks (VPNs) used by employees on personal devices and home Wi-Fi networks also pose cyber risks. The CCCS has observed multiple instances where cyber attackers leveraged vulnerabilities in VPNs to access corporate networks in Canada and other countries.

Firms that acquirers of companies with these cybersecurity vulnerabilities could potentially incur liability after an M&A transaction has closed.

Blakes cautioned that buyers and sellers should be aware that phishing attacks have become a common source of cyber threats. Information disclosed by employees to perpetrators of phishing can then be used to carry out data breaches and ransomware attacks.
Resources, Compliance Fatigue Challenge Canadian Companies

Canadian businesses can expect the cybersecurity landscape to become even more challenging. The CCCS assesses that COVID-19-related cyber threats will likely persist and even increase as the pandemic endures, capturing public interest along with it. Cyber attackers are likely to continue leveraging government-led pandemic responses and stimulus programs to target businesses and individuals in Canada.

Several challenges will likely affect the ability of organizations to respond and mitigate these cyber risks. Respondents to the CIRA survey expect that they will have fewer resources to deal with cyber risks over the next 12 months, as compared to 2019. Only one-third of respondents anticipate an increase in human resources for cybersecurity, as compared to 45 percent in 2019.

Compliance fatigue was also cited as a challenge by respondents. Recent amendments to personal data protection laws in Canada, on both federal and provincial levels, have introduced more compliance requirements for organizations, on top of obligations under the Global Data Protection Regulation (GDPR) for companies that serve customers in the European Union.

Despite the onslaught of additional reporting requirements, data collected by CIRA suggests that compliance with mandatory data breach reporting requirements is trending downwards this year, compared to 2019. Perceived limitations on the enforcement powers of the Office of the Privacy Commissioner (OPC), Canada’s federal privacy regulator, could be among the reasons why compliance appears to be sliding.

Employee training to mitigate cyber threats that exploit human error remains one of the more effective tactics to thwart phishing and ransomware attacks. In addition to providing mandatory staff training that address pandemic-related cybersecurity risks such as phishing and ransomware attacks, businesses should also provide guidance to staff on how they can work remotely more securely.

Given the increasing frequency of cyber attacks, businesses should consider conducting training on an ongoing basis, as opposed to only once annually or every quarter. Although mundane, repetitive training could help employees recognize suspicious emails and other cyber risks earlier on before a security breach occurs.

C$ slides to 1-week low, tracking downward shift in risk appetite
(Reuters) - The Canadian dollar fell to a one-week low against the greenback on Thursday, as investor worries about the outlook for the global economy overshadowed domestic data showing a buoyant housing market.⁵

The loonie CAD was trading 0.6% lower at 1.3220 to the greenback, or 75.64 U.S. cents. The currency touched its weakest intraday level since last Thursday at 1.3259.

“CAD is trading as a risk proxy within the G10 world,” said Christian Lawrence, a senior market strategist at Rabobank.

⁵ Fergal Smith, C$ slides to 1-week low, tracking downward shift in risk appetite, Reuters (October 15, 2020) at: https://www.reuters.com/article/us-canada-forex-idCAKBN27021M.
Canada runs a current account deficit and is a major producer of commodities, including oil, so the Canadian dollar tends to be sensitive to the global flow of trade and capital.

The two-week rolling correlation between the loonie and the S&P 500 has climbed since the start of the month to move above 0.9, Refinitiv Eikon data showed, indicating the currency and the stock market are moving largely in the same direction.

U.S. stocks fell, although clawing back some of their earlier decline, as an unexpected rise in weekly jobless claims compounded fears of a stalling economic recovery.

U.S. crude oil futures CLc1 settled 0.2% lower at $40.96 a barrel as new restrictions to stem a surge in COVID-19 infections dimmed prospects for fuel demand.

In domestic data, home sales climbed 0.9% in September from August, raising them to a monthly record for the third month in a row.

But the data had little impact on the currency. “Domestic releases aren’t moving the needle” in the current environment, Lawrence said.

Canadian government bond yields were mixed across the curve, with the 10-year CA10YT=RR down less than one basis point at 0.572%.