

Advisory

Supervisory Framework

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Distribution: All Financial Institutions (Credit Unions, BC Insurance Companies, and BC Incorporated Trust Companies)

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PURPOSE

The purpose of this Advisory is to inform all provincially regulated financial institutions that the current Supervisory Framework has been updated and is now posted on BC Financial Services Authority's ("BCFSA") website. The Supervisory Framework was first introduced in 2005 and last revised in 2012.

ADDITIONAL INFORMATION

The [Supervisory Framework](#) sets out the rationale, principles, concepts, and core processes that BCFSA uses to guide its supervision of provincially regulated financial institutions. Developing and maintaining a risk-based supervisory methodology is a dynamic process that requires periodic review to ensure that supervision practices remain relevant and effective.

Recently, BCFSA updated its Supervisory Framework to reflect changes in the financial marketplace over the past decade as well as the evolution in future financial products and services.

This update has resulted in some important enhancements to the Supervisory Framework in the following areas:

- A focus on proportionality that is commensurate with the organization's risk profile and reflects the relative differences between institutions in how they identify, measure, monitor, and mitigate risk;
- Recognition of the cooperative nature of B.C.'s credit union system and mutual insurers;
- An emphasis on macro regional/local drivers to inherent risk;
- Identification of unique risks caused by catastrophic events, anti-money laundering, and financial markets volatility;
- Highlights of the impact of increased use of technology and online services; and
- Reference to the evolution in international standards for the supervision of financial institutions.

These enhancements continue to make BCFSA's risk-based supervision as dynamic and forward looking as possible. They also help ensure that BCFSA can respond effectively to changes in British Columbia's financial sector, now and in the future.

If you have any questions or concerns about this Advisory, please contact your BCFSA Relationship Manager or Chris Elgar at Chris.Elgar@bcfsa.ca.