

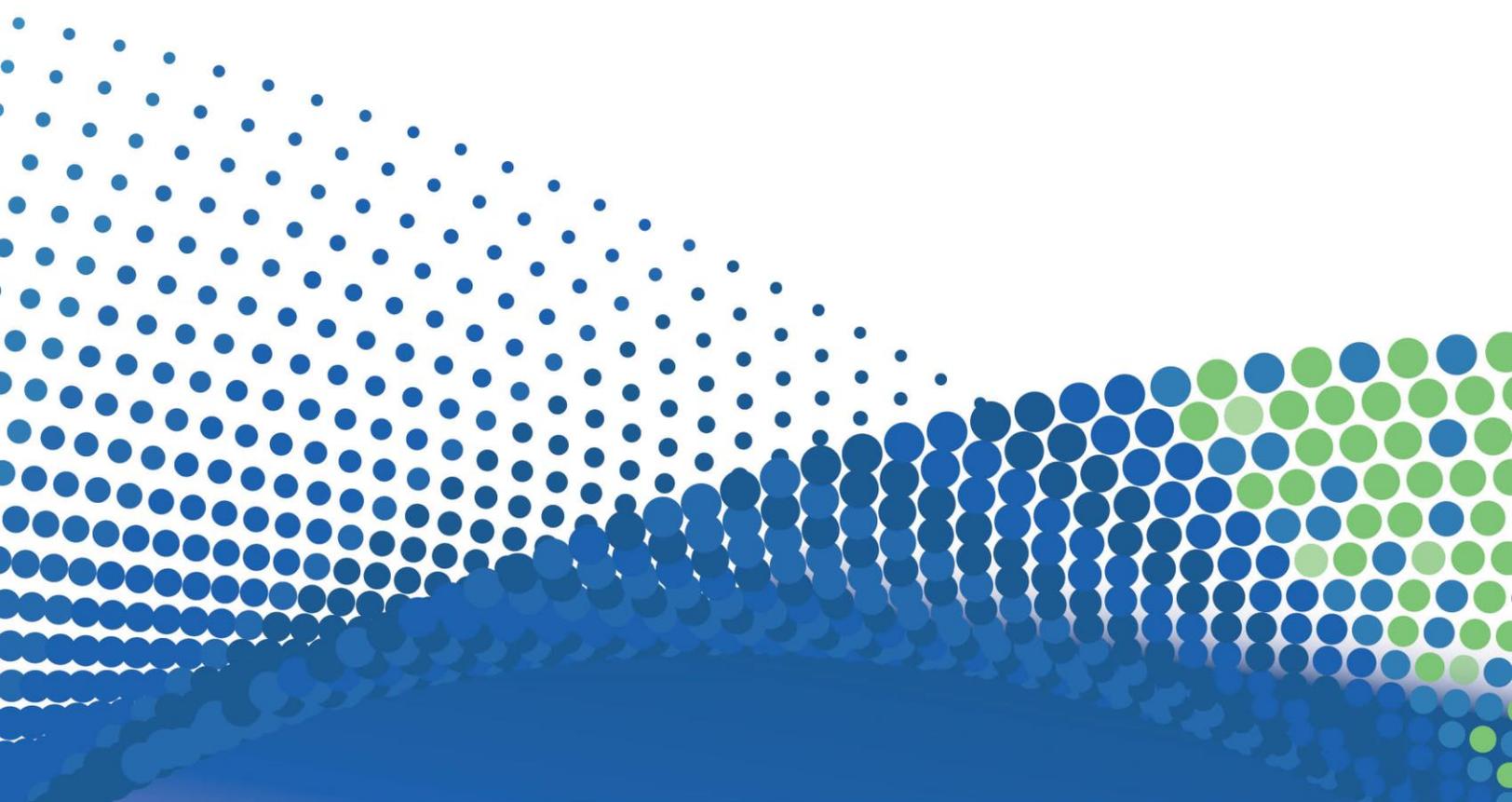


Financial Consumer  
Agency of Canada

Agence de la consommation  
en matière financière du Canada

# MANDATORY REPORTING GUIDE

FOR FEDERALLY REGULATED FINANCIAL INSTITUTIONS



# Contents

- 1. Introduction ..... 3
- 2. Purpose ..... 3
- 3. FCAC’s use of mandatory reporting information ..... 3
- 4. Complaint handling procedures ..... 4
- 5. Public complaints information ..... 5
- 6. Public accountability statements ..... 6
- 7. Notice of branch closure ..... 7
- 8. Aggregate complaints report ..... 8
- 9. Reportable compliance issues ..... 9
- 10. Voluntary codes of conduct and public commitments ..... 10
- 11. Contact FCAC ..... 10
- Annex A: Reportable complaints summary report for consumer provisions (PDF, 827 KB) ..... 11
- Annex B: Reportable complaints aggregate report (PDF, 244 KB) ..... 11
- Annex C: Reportable complaints aggregate report guide for consumer provisions (PDF, 320 KB) ..... 11
- Annex D: Reportable complaints aggregate report guide for voluntary codes of conduct and public commitments (PDF, 181 KB) ..... 11
- Annex E: Reportable compliance issues template (PDF, 827 KB) ..... 11

## 1. Introduction

The Financial Consumer Agency of Canada (FCAC) supervises federally regulated financial institutions to ensure they comply with their legislative obligations, voluntary codes of conduct and public commitments (collectively, “market conduct obligations”) that are overseen by FCAC.

As stipulated in section 5.3 of FCAC’s [Supervision Framework](#), institutions must file specific information with FCAC within timeframes and formats prescribed by statute. This information includes complaint handling procedures, public accountability statements and notices of branch closure, all of which are reviewed to ensure compliance. Failure to meet statutory filing requirements may lead to enforcement action.

FCAC expects institutions to designate a compliance liaison to interact with the Agency and ensure filing requirements are met. The compliance liaison is a senior official serving as the regulated entity’s main point of contact responsible for communicating and liaising with FCAC on the regulated entity’s market conduct obligations.

FCAC also requires institutions to submit aggregate complaints reports and reportable compliance issues. As required to fulfill its supervisory activities, FCAC will request from institutions other information not addressed in this guide.

## 2. Purpose

This mandatory reporting guide provides details about specific information institutions must file with FCAC. This guide complements FCAC’s [Supervision Framework](#), published in April 2017 and in effect as of October 1<sup>st</sup>, 2018. However, it does not substitute the laws and regulations monitored by FCAC. When in doubt, please refer to the laws and regulations applicable to your type of institution.

- [Learn more about the laws that govern your organization](#)
- [Learn more about the regulations that govern your organization](#)
- [Learn more about the voluntary codes of conduct that govern your organization](#)
- [Learn more about the public commitments that govern your organization](#)

This guide covers the following topics:

- complaint handling procedures
- public complaints information
- public accountability statements
- notice of branch closure
- aggregate complaints report
- reportable compliance issues
- voluntary codes of conduct and public commitments

## 3. FCAC’s use of mandatory reporting information

FCAC uses the information provided to monitor institutions’ compliance with their market conduct obligations and determine appropriate promotion, supervision and/or enforcement actions.

The data received serves additional functions, including but not limited to:

- promoting the adoption by institutions of policies and procedures in line with their market conduct obligations
- enhancing FCAC's ability to supervise institutions, assess market conduct risk and manage relationships
- prompting institutions to gather key details that will aid in their own internal investigations and in analyzing the root causes of potential breaches
- triggering improvements to institutions' control frameworks, which can lead to stronger compliance programs and reduce the likelihood of recurring breaches
- assisting FCAC in monitoring and evaluating trends and emerging issues that may have an impact on financial consumers
- identifying issues that are common to the industry and require further guidance for institutions, in the form of FCAC Guidelines and compliance bulletins<sup>1</sup>
- identifying opportunities for policy discussions and collaboration with other government agencies, regulators and stakeholders to foster a better understanding of financial services and related issues

#### 4. Complaint handling procedures

All institutions must have procedures in place to handle complaints from their consumers about their products and services. These procedures must:

- designate an officer or employee in charge of implementing the procedures
- designate at least one officer or employee in charge of receiving and dealing with those complaints
- be written in language that is clear, simple and not misleading

#### Banks, trust and loan companies, and cooperative credit associations

As per relevant legislation<sup>2</sup> and related complaints regulations, banks, trust and loan companies, and cooperative credit associations must file with FCAC a copy of their complaint handling procedure and make the procedure available as a brochure, in their branches where products or services are offered in Canada. Institutions must also:

- include information on how consumers may contact FCAC
- include access to an external complaints body responsible for dealing with customer complaints that haven't been resolved to their satisfaction through the institution's complaint handling procedure
- post the procedure on their websites offering products or services in Canada
- send it in writing to anyone who requests it

---

<sup>1</sup> "Compliance bulletins" are terms related to the older Compliance Framework that pre-dates the Supervision Framework. Under phase 2 of implementing the Supervision Framework, FCAC will replace this supervisory tool with FCAC Rulings and this guide will be updated accordingly.

<sup>2</sup> See sections 455, 455.1, 456, 573, 573.1 and 574 of the Bank Act, sections 441, 441.1 and 442 of the Trust and Loan Companies Act and sections 385.22, 385.23 and 385.24 of the Cooperative Credit Association Act.

Should a bank change its external complaints body, section 10 of Complaints (Banks, Authorized Foreign Banks and External Complaints Bodies) Regulations states banks and authorized foreign banks must give the Commissioner written notice at least 90 days in advance.

In addition to the requirements listed above, FCAC expects institutions to refile a copy of their complaint handling procedure when a significant change to its procedure has been made.

### Insurance companies

According to sections 486, 486.1 and 487 of the Insurance Companies Act and related complaint information regulations, insurance companies must:

- file their complaint handling procedure with FCAC's Commissioner
- include information on how consumers may contact FCAC
- include access to an external complaints body responsible for dealing with customer complaints that haven't been resolved to their satisfaction through the institution's complaint handling procedure
- post the procedure on their websites offering products or services in Canada
- send it in writing to anyone who requests it

In addition to the requirements listed above, FCAC expects insurance companies to refile a copy of their complaint handling procedure with FCAC when a significant change to its procedure has been made.

## 5. Public complaints information

According to the Complaints (Banks, Authorized Foreign Banks and External Complaints Bodies) Regulations, banks operating in Canada must make the following information available to the public on an annual basis:

- the number of complaints addressed by the officer or employee designated by the bank or authorized foreign bank to deal with complaints who holds the most senior position identified for that purpose in the procedures established by the bank or authorized foreign bank
- the average length of time taken by that officer or employee to deal with the complaints
- the number of complaints that, in the opinion of the bank or authorized foreign bank, were resolved by that officer or employee in accordance with those procedures to the satisfaction of the persons who made the complaints

In addition, as per section 659 of the Bank Act, and subsections 5(1), 5(3) and 5(5) of the FCAC Act, FCAC expects institutions to report this information to the Commissioner on April 1 each year. This submission must also include the link to where this data appears on their institution's website.

## 6. Public accountability statements

According to relevant legislation and related regulations<sup>3</sup>, all banks, trust and loan companies and insurance companies with equity of \$1 billion or more must publish an annual statement describing their respective contribution, and that of their prescribed affiliates, to the Canadian economy and society.

Affiliates are either:

- financial entities engaged in the business of:
  - issuing payment, credit or charge cards and, in cooperation with others including financial institutions, operating a payment, credit or charge card plan, or
  - making or refinancing loans or entering into any other similar arrangements for advancing funds or credit
- financial institutions with equity of less than \$1 billion, other than foreign institutions that carry on business exclusively outside of Canada

### Content of public accountability statements

The public accountability statements of banks, trust and loan companies and insurance companies must include the specific details for the period covered by the statement. For more information on the public accountability statement, please refer to the Public Accountability Statement (Banks, Insurance Companies, Trust and Loan Companies) Regulations.

### Exceptions

According to the Public Accountability Statement (Banks, Insurance Companies, Trust and Loan Companies) Regulations, insurance companies may not be required to provide all prescribed information.

An institution may refuse to report the information required under paragraph 3(1)(e) of the Public Accountability Statement (Banks, Insurance Companies, Trust and Loan Companies) Regulations, for amounts of \$1 million and greater if, by providing that information, the firm could be identified.

If reporting provincial data required under paragraph 3(1)(e) could identify an institution's client, the institution may combine the information with that reported for another province, provided the institution indicates that fact in the report and identifies the provinces concerned.

### Disclosure of public accountability statements

Institutions must disclose their public accountability statement by:

- informing their customers and the public within 135 days after the end of each period, through advertising, making public announcements, posting notices, mailing information or otherwise, about any means by which the statement is available to the customers and the public
- making copies of their statement available on request to customers and the public at no charge, and
- posting their statement on their websites through which products or services are offered in Canada

---

<sup>3</sup> Sections 459.3 of the Bank Act, 444.2 of the Trust and Loan Companies Act and 489.1 of the Insurance Companies Act, and the related public accountability statements regulations.

## Deadline for filing public accountability statements with the Commissioner

The deadline is 135 days after the end of each institution's financial year.

## 7. Notice of branch closure

According to relevant legislation and related regulations<sup>4</sup>, before closing a branch at which a natural person opens retail deposit accounts and disburses cash to customers, banks, trust and loan companies and cooperative credit associations must notify FCAC, their customers and the public.

### Deadline for providing a notice of branch closure

The timeframe to provide this notice varies according to:

- the location (urban or rural) of the branch in question. According to the branch closure regulations
  - an urban area is a geographic area in Canada<sup>5</sup> with a minimum population of 10,000 persons
  - a rural area is a location in Canada outside of an urban area
- the distance to the closest deposit-taking branch in rural areas

The Commissioner must receive notices of branch closure at least:

- four months before the proposed closing date, if the branch is located in:
  - an urban area, or
  - a rural area where another retail-deposit branch is located within 10 km of the branch to be closed
- six months before the proposed closing date, if the branch to be closed is in a rural area and there is no other retail-deposit branch with 10 km

### Content of the notice to FCAC's Commissioner

The notice sent to FCAC's Commissioner must include the following information:

- the location of the branch
- the date proposed for the closure of the branch or the cessation of the activity
- alternative sites where, after that date, customers of the branch may obtain services similar to the financial services that are provided at the branch, or a telephone number that customers may call to be informed of those sites
- the measures, if any, the institution is taking to maintain any financial services available in the area served by the branch, to the extent that that information is available, and
- how the institution may be contacted in respect of the proposed closure of the branch or cessation of the activity
- how the institution has consulted the community, as per [FCAC's Guideline 14](#)

---

<sup>4</sup> This is in accordance with sections 459.2 of the Bank Act, 444.1 of the Trust and Loan Companies Act, 385.27 of the Cooperative Credit Association Act and related regulations regarding notices of branch closure.

<sup>5</sup> The term "population centre" has now replaced the term "urban area". For more information, visit [Statistics Canada's website](#). As the branch closure regulations still reflect the definition above, the latter will be used in this guide until such time an amendment is made.

## Exceptions

Under certain circumstances, the notice of branch closure is not required. Please refer to the relevant legislation and related regulations<sup>6</sup>.

### 8. Aggregate complaints report

A reportable complaint is a complaint involving a market conduct obligation (i.e. a [legislative provision](#), a [voluntary code of conduct](#) or a [public commitment](#)), that has been received by, or forwarded to the reportable level, or higher, designated by the financial institution's [complaint handling procedure](#). The "reportable level" is one level higher than the one that routinely handles and makes operational decisions about the subject matter. The reportable level may vary, based on an institution's operational profile.

FCAC reviews aggregate complaints from financial institutions. That said, each institution must record the findings of its investigation of every consumer complaint related to a market conduct obligation, and do so using the template in [Annex A: Reportable complaints summary report for consumer provisions](#). Relevant legislation<sup>7</sup> does permit FCAC to request detailed information on individual complaints.

#### Required use of aggregate complaints report template

Institutions must report complaints received by or forwarded to their "reportable level", and do so using the template in [Annex B: Reportable complaints aggregate report](#), subject to the market conduct obligation tied to the complaint.

The reportable complaints aggregate report contains a section for "nil" reporting, to be used as applicable.

A reportable complaint must be forwarded to FCAC even though:

- the consumer has also contacted FCAC
- the consumer is satisfied with the outcome of the complaint
- the complaint was received internally at the reportable level or higher but then sent to a lower level of the complaint handling process for response or resolution
- the complaint was received at the reportable level of the complaint handling process and was resolved directly
- the institution concluded it had complied with its obligations to consumers

For more information on the issues that must be reported to FCAC, please refer to the following:

- [Annex C: Reportable complaints aggregate report guide for consumer provisions](#)
- [Annex D: Reportable complaints aggregate report guide for voluntary codes of conduct and public commitments](#)

#### Exception:

---

<sup>6</sup> This is in accordance with sections 459.2 of the Bank Act, 444.1 of the Trust and Loan Companies Act, 385.27 of the Cooperative Credit Association Act and related regulations regarding notices of branch closure.

<sup>7</sup> Sections 659 of the Bank Act, 520.3 of the Trust and Loan Companies Act, 696 of the Insurance Companies Act, 452.3 of the Cooperative Credit Association Act and subsections 5(1), 5(3) and 5(5) of the FCAC Act.

Insurance companies are not required to file “nil” reports. These are addressed in the annual examination by FCAC.

### Deadlines to report complaints

Below are the deadlines to file aggregate complaints reports that must be submitted to FCAC each quarter in an aggregated format (i.e. the number of reportable complaints received, classified in relation to each relevant market conduct obligation):

<b>For period</b>	<b>Deadline</b>
April 1 to June 30	August 31
July 1 to September 30	November 30
October 1 to December 31	March 2
January 1 to March 31	May 31

## 9. Reportable compliance issues

According to section 5 of FCAC’s Supervision Framework, institutions must submit reportable compliance issues to FCAC.

### Definition

Institutions must report compliance issues that meet the following three criteria:

Criterion 1: The issue must be a breach<sup>8</sup> of a market conduct obligation.

Criterion 2: The issue would normally be reported to the institution’s compliance division.

Criterion 3: The issue meets, at a minimum, one of the following:

- once detected by the institution, it took longer or will take longer than 120 calendar days to fix<sup>9</sup> and remediate<sup>10</sup> the issue; or
- the issue affected or affects more than 250 consumers<sup>11</sup>; or
- the issue was or is ongoing for more than 1 year before the institution detected it

The compliance issue may have been identified through various means including, but not limited to:

- internal audits
- compliance or control reviews
- process or product design review
- a system change/enhancement
- a consumer complaint

---

<sup>8</sup> A contravention of a market conduct obligation.

<sup>9</sup> Resolving the deficient control related to issue, stopping the breach from reoccurring.

<sup>10</sup> Making the consumer whole, by giving back the financial or non-financial harm done to consumers.

<sup>11</sup> It is FCAC’s expectation that if the number of consumers is unknown by the regulated entity that the compliance issue must still be reported to FCAC.

If a compliance issue has already been reported to FCAC through the normal reporting of a reportable complaint, it should still be reported as a reportable compliance issue and linked to the initial report.

A reportable compliance issue must be reported to FCAC even though:

- consumers were not affected financially
- the issue was caused by an individual employee

#### Required use of reportable compliance issues template

Each compliance issue must be reported to FCAC using [Annex E: Reportable compliance issues template](#).

#### Deadline to file reportable compliance issues

Institutions must submit any reportable compliance issue within 60 days of the compliance issue being reported to their compliance division.

### 10. Voluntary codes of conduct and public commitments

FCAC is responsible for promoting the adoption of policies and procedures designed to implement legislation, regulations, voluntary codes of conduct and public commitments by regulated entities for monitoring regulated entities' compliance with their obligations.

As per relevant legislation<sup>12</sup>, by April 1 each year, institutions must report to FCAC the list of voluntary codes of conduct and public commitments to which the institution adheres.

Additional rules apply to institutions that have committed to providing low-cost bank accounts and to offering no-cost accounts with the same features as low-cost accounts to a wider range of eligible consumers. These institutions must provide a copy of their low-cost and/or no-cost accounts features and their applicable dates.

### 11. Contact FCAC

If you have questions related to your institution's obligations, please contact FCAC at [compliance@fcac.gc.ca](mailto:compliance@fcac.gc.ca) or the lead FCAC supervisor assigned to your institution. All required reports should be sent to this email address in accordance with the deadlines stated above.

---

<sup>12</sup> Sections 659 of the Bank Act, 520.3 of the Trust and Loan Companies Act, 696 of the Insurance Companies Act, 452.3 of the Cooperative Credit Association Act and subsections 5(1), 5(3) and 5(5) of the FCAC Act.

[Annex A: Reportable complaints summary report for consumer provisions \(PDF, 827 KB\)](#)

[Annex B: Reportable complaints aggregate report \(PDF, 244 KB\)](#)

[Annex C: Reportable complaints aggregate report guide for consumer provisions \(PDF, 320 KB\)](#)

[Annex D: Reportable complaints aggregate report guide for voluntary codes of conduct and public commitments \(PDF, 181 KB\)](#)

[Annex E: Reportable compliance issues template \(PDF, 827 KB\)](#)