



## CANADIAN REGULATORY CALENDAR UPDATE

### Q1 2020

Jurisdiction	Name of Law/Regulation	Brief Summary of Changes
<b>Commercial Lending</b>		
Federal	<i>Bank Act</i>	<p><b>Federal Consumer Protection Framework for Banks</b></p> <p>Bill C-86, <i>Budget Implementation Act, 2018, No. 2</i>, the second omnibus budget bill of 2018 received Royal Assent on December 13, 2018. Among other things, Bill C-86 amends the <i>Bank Act</i> to provide for a financial consumer protection framework for banks and authorized foreign banks. While the bulk of the changes relate to retail products and services, some changes will affect commercial lines of business as well. Please see <a href="#">A New Federal Financial Consumer Protection Framework</a> for more details. The in-force date for the changes to the <i>Bank Act</i> is not yet known and regulations will be required to implement many of the changes.</p>
<b>Consumer Lending</b>		
Federal	<i>Bank Act</i>	<p><b>Federal Consumer Protection Framework for Banks</b></p> <p>Bill C-86, <i>Budget Implementation Act, 2018, No. 2</i>, the second omnibus budget bill of 2018 received Royal Assent on December 13, 2018. Among other things, Bill C-86 amends the <i>Bank Act</i> to provide for a financial consumer protection framework for banks and authorized foreign banks. Please see <a href="#">A New Federal Financial Consumer Protection Framework</a> for more details. The in-force date for the changes to the <i>Bank Act</i> is not yet known and regulations will be required to implement many of the changes.</p>
British Columbia	<i>Business Practices and Consumer Protection Act</i>	<p><b>High Cost Credit</b></p> <p>On February 26, 2019, Bill 7 – Business Practices and Consumer Protection Amendment Act, 2019 (Bill) was introduced as part of British Columbia’s Consumer Financial Protection Action Plan. The Bill will amend the <i>Business Practices and Consumer Protection Act</i> to provide for a new high-cost credit regime. For more details, see <a href="#">And Then There Were Four: New High-Cost Credit Legislation Proposed in British Columbia</a>. The Bill has received Royal Assent but the sections on high-cost credit have not yet come into force.</p>
Quebec	<i>Consumer Protection Act, Act respecting the protection of personal information in the private sector</i>	<p><b>Credit Reporting</b></p> <p>Bill 53, <i>Credit Assessment Agents Act</i>, received first reading on December 5, 2019. Bill 53 proposes new credit reporting legislation in Quebec. In addition, Bill 53 proposes to amend section 19 of the <i>Act respecting the protection of personal information in the private sector</i>, which currently applies to every person carrying on the business of lending money when they consult credit reports or recommendations as to the solvency of individuals. Under the proposed amendments, such persons will also be required to inform an individual, upon request, that the refusal to grant a loan is based on the consultation of such a report or recommendation. In addition, the proposed amendments will require a person who consults</p>

		such credit reports or recommendations (or certain other documents sent by a credit assessment agent) to take reasonable measures to ensure that the person from whom consent was obtained to obtain the recommendation, report, document, or personal information is actually the person who is the subject of that recommendation, report, document, or personal information.
Ontario	<i>Consumer Protection Act, 2002, Consumer Reporting Act, Payday Loans Act</i>	<p><b>Administrative Penalties</b></p> <p>Bill 159, <i>Rebuilding Consumer Confidence Act, 2019</i>, received First Reading on December 5, 2019. Among other things, Bill 159 proposes to add Part X.1 to the <i>Consumer Protection Act, 2002</i>. Proposed Part X.1, if passed, will allow the Director to impose an administrative penalty against a person that has contravened or is contravening a provision of the <i>Consumer Protection Act, 2002</i> or the regulations. The amount of the proposed administrative penalty may not exceed \$50,000. Under the proposed amendments, the Minister of Consumer and Business Services may make regulations prescribing, among other things, different administrative penalties for the contravention of different prescribed provisions.</p> <p><b>Search Warrants &amp; Investigations</b></p> <p>Bill 132, <i>Better for People, Smarter for Business Act, 2019</i> (now SO 2019, c14) amended the <i>Consumer Protection Act, 2002</i>, the <i>Consumer Reporting Act</i> and the <i>Payday Loans Act</i> in the same manner to modernize regulatory requirements relating to search warrants, among other things. The amendments make several legislative changes relating to the powers of an investigator during a search warrant, compliance with the search warrant and seized items relating to a contravention of any of these Acts. Among other things, the amendments (1) authorize an investigator to make reasonable inquiries of any person, orally or in writing, with respect to anything relevant to the investigation, (2) authorize an investigator to make a copy of anything seized under a search warrant or otherwise seized without a warrant but based on reasonable grounds and (3) require an investigator to report to a justice of the peace of the seizure of any thing during the execution of a search warrant. Bill 132 received Third Reading and Royal Assent on December 10, 2019.</p>
<b>Mortgage Lending</b>		
British Columbia		On January 17, 2020, the B.C. Department of Finance launched <a href="#">consultations on preventing money laundering in mortgages, corporations</a> . British Columbians are invited to take part in public engagements on creating a central registry of company beneficial ownership, as well as modernizing mortgage broker regulation to guard against money laundering. To participate in the public consultation on mortgage broker regulation, go to: <a href="https://www2.gov.bc.ca/gov/content?id=ACF4488B55894B8F9DDE09EB74456BBF">https://www2.gov.bc.ca/gov/content?id=ACF4488B55894B8F9DDE09EB74456BBF</a>
Ontario	<i>Mortgage Brokerages, Lenders and Administrators Act, 2006</i>	<p>On September 30, 2019, the Ministry of Finance released <a href="#">Protecting and Modernizing Ontario's Mortgage Broker Industry</a>, a report on the legislated five-year review of the <i>Mortgage Brokerages, Lenders and Administrators Act, 2006</i> led by Attorney General of Ontario Doug Downey and Parliamentary Assistant to the Minister of Finance Stan Cho. Please see our <a href="#">bulletin</a> on topic for more details.</p> <p>On November 6, 2019, <a href="#">The 2019 Ontario Economic Outlook and Fiscal Review: A Plan to Build Ontario Together</a> was released, and discusses <a href="#">Updating the Credit Unions and Mortgage Brokers Regulatory Framework</a>. The Ontario government is considering the recommendations from the <a href="#">Protecting and Modernizing Ontario's Mortgage Broker Industry</a> report, and will continue to consult with industry and the Financial Services Regulatory Authority of Ontario to determine how to make it easier for brokers and agents to support their clients.</p>

		<p>On February 3, 2020, Ontario Regulation 409/7, <i>Mortgage Brokers and Agents: Licensing</i>, made under the <i>Mortgage Brokerages, Lenders and Administrators Act, 2006</i>, was amended to introduce an annual licensing cycle, as opposed to a two-year licensing cycle, for mortgage brokers and agents.</p> <p>On February 7, 2020, the Ontario government revoked Ontario Regulation 7/18, <i>Application, Renewal and Regulatory Fees – Mortgage Brokerages, Mortgage Brokers, Mortgage Agents and Mortgage Administrators</i>, made under the <i>Mortgage Brokerages, Lenders and Administrators Act, 2006</i>.</p>
Quebec	<i>Consumer Protection Act</i>	<p>Bill 134 (now Statute 24) includes new requirements for mortgage lenders who lend to Quebec consumers. Please see <a href="#">Quebec Unveils Draft Regulations, Proposes Changes to Further Strengthen Consumer Protections</a> for more details. Note that this Bulletin deals with the draft regulations. Final regulations implementing these changes were published on July 18, 2018.</p> <p>Many of the relevant sections of Bill 134 and the related regulations came into force on <b>August 1, 2019</b> (other provisions came into force on August 1, 2018 and February 1, 2019).</p>
<b>Other</b>		
Federal	<i>Bank Act</i>	<p><b>Use of the Words “Bank”, “Banker” and “Banking” by Non-Banks</b></p> <p>The Office of the Superintendent of Financial Institutions released the timelines for non-banks to comply with the updated restrictions on the use of “bank” words by non-banks. Compliance with these restrictions is expected by <b>August 31, 2019</b> for domain names and information contained on website, other electronic media and in print materials, and by <b>August 31, 2020</b> for information contained on physical signage. Please see our <a href="#">bulletin</a> on topic for more details.</p>
Federal	<i>Canadian Payments Act</i>	<p>On December 18, 2019, Payments Canada published the Modernization Delivery Roadmap 2019 Update (2019 Update) as a follow-up to its first Modernization Delivery Roadmap 2018 Update. The 2019 Update notes that in 2019, Payments Canada selected its lead technology partner, IBM. IBM and SIA, Payments Canada’s application provider, will work with Payments Canada to deliver secure and resilient operating standards for Lynx. The 2019 Update also notes that the retail batch payments system has been improved and revisions have been made to the delivery plan for Canada’s new real-time rail payments system.</p>
Federal	<i>Personal Information Protection and Electronic Documents Act</i>	<p>On December 9, 2019, the OPC tabled its latest <a href="#">annual report</a>, which outlines how Canada’s privacy laws should be updated. The report also discusses the findings of two privacy invasive data collection projects at Statistics Canada.</p> <p>On December 19, 2019, the OPC posted new <a href="#">summaries</a> about cases examined by the OPC to ensure compliance with the <i>Personal Information Protection and Electronic Documents Act</i>.</p>
Federal	<i>Proceeds of Crime (Money Laundering) and Terrorist Financing Act</i>	<p><b>Anti-Money Laundering (AML)</b></p> <p>Revised regulations to the AML laws were released in June 2019, however, the changes primarily relate to entities that are already regulated. New additions include expressly regulating prepaid cards issued by financial entities and the regulation of dealers in virtual currency as money services businesses. For more information, please see <a href="#">Revamping Canada’s Anti-Money Laundering Rules: What’s New, What’s Changed and What it Means for Business</a>. Most amendments will come into force on either <b>June 1, 2020</b> or <b>June 1, 2021</b>. On February 15, 2020, the Department of Finance proposed amendments to the revised regulations introduced in June 2019. There is a 30-day comment period. For more information, please see <a href="#">Yet More Amendments to the PCMLTFA Regulations</a>.</p>

		<p>On November 14, 2019, the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) updated its guidance on <a href="#">Methods to verify the identity of an individual and confirm the existence of a corporation or an entity other than a corporation</a>. The updated guidance reflects amendments to the <i>Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations</i> (PCMLTFR) that came into force on June 25, 2019, and the feedback FINTRAC received from Canadian businesses. Specifically, government-issued photo identification documents used to verify the identity of an individual must be ‘authentic, valid and current’ instead of ‘original, valid and current’. Also, the prohibition on the use of electronic images as sources of information has been lifted.</p>
Federal	<i>Special Economic Measures Act</i>	<p><b>Sanctions in Crimea</b></p> <p>In January 2020, the Minister of Foreign Affairs announced that Canada was imposing sanctions under the <i>Special Economic Measures Act</i> on six individuals involved in the illegitimate elections held in Crimea on September 8, 2019. The <i>Special Economic Measures (Ukraine) Regulations</i> were amended accordingly.</p>
Federal	N/A	<p><b>Seniors Banking</b></p> <p>On July 25, 2019, the Canadian Bankers Association released its voluntary Code of Conduct for the Delivery of Banking Services to Seniors (Seniors Code), which was adopted by its member banks upon publication. This Code comes into effect on January 1, 2021 but member banks will have to adhere to Principles 5 (Banks will endeavor to mitigate potential financial harm to senior) and 6 (Banks will take into account market demographics and the needs of seniors when proceeding with branch closures) effective immediately. Among other things, the Code is intended to respond to potential challenges facing the ability of seniors to bank. Compliance with the Code is overseen by the Financial Consumer Agency of Canada. While the Code remains voluntary, the Financial Consumer Agency of Canada may ask a member bank to enter into a voluntary compliance agreement pursuant to the <i>Bank Act</i>. Please see our <a href="#">bulletin</a> on topic for more details.</p> <p><b>Consultation on Artificial Intelligence</b></p> <p>On January 29, 2020, the Office of the Privacy Commissioner (OPC) launched a <a href="#">consultation process</a> on regulating privacy around the use of artificial intelligence (AI). The consultation’s outcome will form the basis of recommendations that the OPC will make to government regarding privacy frameworks, such as the <i>Personal Information Protection and Electronic Documents Act</i> (PIPEDA), which could be strengthened to address risks related to the use of artificial intelligence. Written feedback will be accepted by the OPC until March 13.</p> <p><b>Open Banking</b></p> <p>On January 31, 2020, Finance Minister Bill Morneau released the <a href="#">report</a> of the Advisory Committee on Open Banking. The Committee has encouraged Finance Canada to set a timeline for delivering a consumer-directed finance framework, recommending 1-2 years as a guideline. Moving forward, the Committee and Finance Canada will prepare a white paper that will examine some of the more complex issues raised by stakeholders during the first round of consultations so that these are appropriately considered in an eventual framework. The issues include: liability, accreditation, governance, the question of how screen-scraping should be dealt with and how to build an ecosystem that is accessible to all participants.</p> <p><b>Financial Consumer Agency of Canada Complaints Handling Review</b></p>

		<p>On February 19, 2020, the Financial Consumer Agency of Canada released the results of its <a href="#">review on banks' complaint handling procedures</a> and its <a href="#">review of the operations of external complaints bodies</a>. The Financial Consumer Agency of Canada generally found that banks' complaints handling processes are effective, accessible and timely for simple complaints that can be resolved at the first level. However, banks' procedures are much less effective, accessible and timely when consumers escalate more complex complaints to higher levels. To address these deficiencies, the Financial Consumer Agency of Canada is directing banks to design better policies and procedures that are easier to navigate and provide more timely resolution, ensure there are adequate resources to handle complaints, and monitor and review the effectiveness of their complaint handling procedures. With respect to external complaints bodies, the Financial Consumer Agency of Canada found that, while the external complaints bodies meet most of the requirements, there are deficiencies. Among other things, the multiple-external complaints body model is inconsistent with international standards and may introduce inefficiencies and complexities. The model may also have a negative impact on consumers' perceptions of fairness and impartiality. The Financial Consumer Agency of Canada will also oversee a third-party evaluation of the external complaints bodies' operations in 2020.</p> <p><b>Financial Consumer Agency of Canada Guidelines for Adjudicative Process</b></p> <p>In February 2020, the Financial Consumer Agency of Canada published its <a href="#">Guidelines for Adjudicate Process</a>, which set out procedural guidelines that are applicable to proceedings commenced following the service of a notice of violation under subsection 22(2) of the <i>Financial Consumer Agency of Canada Act</i>. Among other things, the Guidelines for Adjudicative Process note that the Financial Consumer Agency of Canada Secretariat will administer proceedings, which will be conducted through written submissions that are not made public. Regulated entities have 30 days to either pay the proposed penalty or make representations on the violation or the proposed penalty. Regulated entities will also be permitted to make representations with respect to whether to make public the nature of the violation, the name of the regulated entity, and the amount of the penalty proposed. The Financial Consumer Agency of Canada Commissioner will then decide whether (1) on a balance of probabilities, the violation has been committed, (2) to impose the penalty proposed in the notice of violation, a lesser penalty or no penalty, and (3) to make public the nature of the violation, the name of the regulated entity, and the amount of the penalty. The Financial Consumer Agency of Canada Commissioner may make redactions to protect identifying information, confidential business information, or personal information.</p> <p><b>Financial Consumer Agency of Canada Supervision Framework</b></p> <p>Also in February 2020, the Financial Consumer Agency of Canada updated its <a href="#">Supervision Framework</a> to reflect the new Guidelines for Adjudicative Process. The updated Supervision Framework also notes that, while the Guidelines for Adjudicative Process do not apply to Notices of Non-Compliance, a similar process will be applied.</p>
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