

Financial Services Flash

AIRD & BERLIS LLP
Barristers and Solicitors

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Are You Ready? Trust and Loan Companies Now Required to Report New Lending

By Brett Kenworthy

Effective this January 2014, trust and loan companies subject to the federal *Trust and Loan Companies Act* (Canada) (“**Trust and Loan Companies**”) and retail associations subject to the federal *Cooperative Credit Associations Act* (Canada) (together with Trust and Loan Companies, the “**Filing Entities**”), will be required to submit a *Report on New Lending (A4)* (a “**Report**”) to the Bank of Canada on a monthly basis. Prior to January 2014, only banks listed in Schedule I and II of the *Bank Act* (Canada) and authorized foreign banks (those which are the subject of an order under subsection 524(1) of the *Bank Act* (Canada)) (collectively, “**Banks**”) were required to complete a Report.

In its Report, each of the Filing Entities must disclose new lending booked in Canada on selected asset categories to: (i) Canadian businesses and (ii) Canadians for non-business purposes. Filing Entities must disclose the value of the interest rates charged and funds advanced, as well as provide a weighted average of interest rates on funds advanced. If an institution has no new lending to report, it is necessary that it submit a nil return as its Report. All Reports are required to be submitted within 30 days of month end. Of note, Trust and Loan Companies that are subsidiaries of Banks or other Trust and Loan Companies will continue to be excepted from this filing requirement.

The selected asset categories to be disclosed in the Report with respect to Canadian individuals (for non-business purposes) include new funds advanced to:

- a. Personal loan plans;
- b. Secured personal lines of credit;
- c. Unsecured personal lines of credit;

- d. Other personal;
- e. Insured residential mortgages; and
- f. Uninsured residential mortgages.

In addition, the selected asset categories to be disclosed in the Report with respect to Canadian businesses include new funds advanced to:

- a. Regulated non-bank financial institutions;
- b. Lease receivables;
- c. Loans to individuals and others for business purposes; and
- d. Non-residential mortgages.

The underlying policy intention of extending reporting requirements to the Filing Entities is to provide a more comprehensive view of the lending activities by federally-regulated institutions. The information contained in Reports will be used by the Bank of Canada to monitor and analyze the cost of borrowing as a result of adjustments in monetary policy on the cost of borrowing. The information submitted in a Report will not be made publicly available.

The members of the Financial Services Group at Aird & Berlis LLP have a wide array of knowledge and expertise to advise Trust and Loan Companies. For more information, please contact any member of the Financial Services Group. Details can be found on our [Financial Services, Insolvency and Restructuring web page](#), by clicking on [members](#).

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