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TITLE: SUPERVISORY FRAMEWORK
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PURPOSE

The purpose of this bulletin is to introduce the Financial Institution Commission's (FICOM) Supervisory Framework.

BACKGROUND INFORMATION

The Supervisory Framework outlines the principles, concepts, and core processes that FICOM uses to guide its supervision of Provincially Regulated Financial Institutions (PRFIs).

These principles, concepts, and core processes apply to all PRFIs in British Columbia, irrespective of their size, and accommodate the unique aspects of all industry sectors (i.e. credit union, trust company, life insurance, and property and casualty insurance).

The primary focus of FICOM's supervisory work is to determine the impact of current and potential future events, in both the internal and external environment, on the risk profile of the PRFI.

Since FICOM's Supervisory Framework was first introduced in 2003, significant developments in the financial services industry have changed the nature of the risks and risk management of financial institutions. For example, product sophistication has increased, globalization has caused risks to become more systemic, and financial institutions have experienced multiple and severe stresses to their solvency and liquidity. Meanwhile, national and international standards and requirements for supervising financial institutions have also been strengthened.

The updated Supervisory Framework reflects the enhancements FICOM has made to address these changes, and the experience gained, from applying the 2003 framework over the past nine years.

In summary, these enhancements continue to make FICOM's risk-based supervision as dynamic and forward looking as possible, and help ensure that FICOM can respond effectively to changes in the British Columbian and Canadian financial sectors, now and in the future.

OTHER INFORMATION

An electronic copy of the Supervisory Framework can be found on the FICOM website:
www.fic.gov.bc.ca.