November 2, 2026

Regulating Appearances, Not Realities

On October 31, 2026, The Canadian Forum for Financial Markets (CFFiM)/Forum Canadien des Marchés Financiers (FCMFi) recommended the Office of the Superintendent of Financial Institutions (OSFI) reconsider its proposed senior leader regime, warning that additional reporting and attestations will not improve how financial institutions are governed.

OSFI has extensive statutory powers and guidance to address suitability and accountability where warranted. The proposal would add formal responsibility maps, individual attestations and annual accountability filings. Institutions maintain the documentation the proposal seeks. In any event, there is no evidence that additional documentation would improve management, governance, or supervision.

Rather, governance failures can occur despite detailed organizational structures and extensive controls. The proposal does not address the causes of leadership and governance failures, which may lie in culture. Culture may include managing upward, fear of consequences, consensus over judgment, and advancement rewarding conformity, political skill, and avoidance of visible mistakes instead of competence or independent thinking.

According to law and commercial realities, primary responsibility for the suitability and accountability of senior leaders rests with the institution, who is better positioned to meet that responsibility.

Practices in other countries do not establish a Canadian need. Australia and the United Kingdom, among the countries considered, may be simplifying responsibility maps and reducing reporting to regulators. The United States was not included.

OSFI's stated goal of 'leaving no room for complacency' is understandable. It is encouraged to use its extensive current framework to address matters within its mandate, as distinguished from matters properly left to the professional judgment of senior management and boards of directors.