

Minister of Finance



Ministre des Finances

Ottawa, Canada K1A 0G5

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Ms. Nancy Hughes Anthony
President & C.E.O.
Canadian Bankers Association
Box 348
Commerce Court West
199 Bay Street, 30th Floor
Toronto, ON M5L 1G2

Dear Ms. Hughes Anthony:

Last fall, I wrote to key industry stakeholders to communicate the Government of Canada's intent to adopt specific policy measures to ensure that banks not do indirectly what they are not allowed to do directly with respect to their insurance business activities. These measures were made necessary by evolving use of technology by banks.

I have conducted broad consultations on this matter. I will now recommend amendments to the regulatory regime to include insurance business activities on bank web pages – prohibiting banks from providing information on insurance, other than authorized types of insurance (i.e., those generally related to credit and travel), on any bank web page. The application of this prohibition will include the display of web links to web pages that promote non-authorized insurance. Thus, a corporate web page of a bank, where no financial products are promoted, will be allowed to display links to an insurance subsidiary dealing in non-authorized insurance. The practical effects of these principles are described in the attachment to this letter.

As part of the normal regulatory process, stakeholders will have an opportunity to provide comments on the draft regulations after publication in Part I of the *Canada Gazette*.

Sincerely,

A handwritten signature in black ink, appearing to read "James M. Flaherty".

James M. Flaherty

Enclosure

Canada

Key Elements of the Proposed Regulatory Regime Applying to the Promotion of Insurance on Bank¹ Web Pages

The new regulatory regime will:

- Prohibit the promotion of, or web links to, non-authorized insurance from all banking web pages; and
- Allow a “corporate web page” of a bank, where no financial products are promoted, to display links to insurance subsidiaries dealing in non-authorized insurance.

The practical implications on the content of bank web pages are as follows.

1. Bank Web Page Directed to Canadians

Permitted Content

- Promotion of authorized insurance.
- Links to web pages that only promote authorized insurance (e.g., web pages of an insurance subsidiary of the bank or of a third-party). Links to other web pages are permitted if these pages promote, or provide links to, only authorized insurance (e.g., no links to pages promoting non-authorized insurance).

Prohibited Content

- Information on non-authorized insurance.
- Links to web pages where non-authorized insurance is promoted, or “automatic redirection” to a corporate web page.

2. Corporate Web Page

A Corporate Web Page is a page describing a bank’s corporate structure and business lines, and which does not promote any financial products.

Permitted Content

- Links to subsidiaries, including an insurance subsidiary dealing in authorized and non-authorized insurance.

Prohibited Content

- Any sign in/login to secure online banking.

¹ In this document, the term “bank” includes federally regulated trust and loan companies.