

The Government of Canada introduced its new Bank Act legislation in Parliament yesterday, Monday, November 27th, 2006. The legislation follows the spirit of the White Paper from this past June, and therefore maintains the status quo with respect to the retailing of insurance in bank branches.

See further information below and at the link <http://www.fin.gc.ca/news06/06-074e.html>

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Canada's New Government Tables Legislation to Strengthen Canada's Financial System

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The Honourable Jim Flaherty, Minister of Finance, today tabled legislation to ensure Canada continues to be a world leader in financial services.

"This legislation will help modernize our regulations, cut red tape and advance the interests of consumers," said Minister Flaherty.

The Government of Canada regularly reviews the statutes that govern federally regulated financial institutions, including domestic and foreign banks, trust companies, insurance companies and cooperative credit associations. To give Parliament enough time to consider this legislation, the sunset date for the financial institutions statutes was extended by six months to April 24, 2007.

The proposed legislation is largely based on the June 14, 2006, policy paper entitled *2006 Financial Institutions Legislation Review: Proposals for an Effective and Efficient Financial Services Framework*.

The proposed changes introduced today include:

- Providing greater and more timely disclosure to consumers in areas such as deposit-type investment products and complaint-handling procedures.
- Streamlining ministerial transaction approvals to make the process more efficient.

- Creating a framework for the introduction of electronic cheque imaging—a new technology that would reduce the time consumers and small businesses must wait for their cheques to clear.
- Reducing the cost of mortgages for some borrowers by lowering the mortgage down payment consumers are required to make before the law requires the purchase of mortgage insurance.
- Making it easier for credit unions to establish cooperative credit associations as a means of expanding their business opportunities.
- Additionally, as mentioned in the Government’s new economic plan, *Advantage Canada: Building a Strong Economy for Canadians*, the Government proposes that Canadian financial institutions be allowed to add more foreign experts to their boards as long as the majority of directors remain Canadian residents.

Further information is contained in the attached backgrounder. A copy of the June 14 policy paper can be viewed on the Department of Finance website.