Global systemically important banks – public disclosure requirements

On August 13, 2021, OSFI issued revisions to its Advisory: "Global systemically important banks – Public disclosure requirements". These revisions address changes to the annual disclosure requirements included in the BCBS's updated global systemically important banks (G-SIB) assessment methodology, as well as providing further guidance on the availability of publicly disclosed G-SIB indicators, and the nature of qualitative information to accompany the disclosures. An additional thirteenth indicator, trading volume, that reflects banks' activities in the secondary market, was added to the assessment, and is now required to be disclosed. Federally regulated banks that have leverage ratio exposure measures greater than the equivalent of €200 billion at year-end are required to publicly disclose at a minimum the 13 indicators (in Canadian equivalent values) annually. CIBC is a federally regulated bank but has not been identified as a G-SIB. The indicators are calculated based on specific instructions issued by the BCBS, which are updated annually, and in accordance with regulatory scope of consolidation. As a result, values may not be directly comparable against other measures disclosed in the interim consolidated financial statements.

The following disclosures are required by OSFI pursuant to the Advisory: "Global systemically important banks – Public disclosure requirements".

The following table provides the 13 indicators used in the BCBS assessment methodology to identify G-SIBs:

$ millions, as at or for the year ended October 31			**2021**	**2020**
Section		**Indicators**		
A. Cross-jurisdictional activity	1.	Cross-jurisdictional claims	**$ 263,395**	$ 202,927
	2.	Cross-jurisdictional liabilities	**248,781**	192,443
B. Size	3.	Total exposures as defined for use in the leverage ratio (1)	**$ 924,453**	$ 847,138
C. Interconnectedness	4.	Intra-financial system assets	**$ 73,097**	$ 59,736
	5.	Intra-financial system liabilities	**48,607**	45,553
	6.	Securities outstanding	**205,704**	168,533
D. Substitutability/financial institution infrastructure	7.	Payments activity	**$ 20,926,369**	$ 17,709,722
	8.	Assets under custody	**2,124,555**	1,886,628
	9.	Underwritten transactions in debt and equity markets	**76,529** (2)	74,474
	10.	Trading volume		
		Trading volume fixed income	**3,224,047** (2)	n/a
		Trading volume equities and other securities	**2,609,803** (2)	n/a
E. Complexity	11.	Notional amount of over-the-counter derivatives	**$ 5,309,123**	$ 5,557,139
	12.	Trading and other securities	**32,245**	27,121
	13.	Level 3 assets	**1,588**	1,400

(1) The calculation of this measure for the purposes of the G-SIB indicator disclosures excludes regulatory adjustments related to capital deductions, as well as the temporary OSFI exemption for exposures arising from central bank reserves and sovereign-issued securities that qualify as high quality liquid assets.
(2) Restated from amounts previously presented.
n/a Not applicable. New indicator added for disclosure this year.

Changes in G-SIB measures

Changes in measures compared with 2020 primarily reflect normal changes in business activity and movement in foreign exchange rates.

A. Cross-jurisdictional activity

The objective of this section is to measure a bank's global footprint – i.e., the importance of a bank's activities outside its home jurisdiction. The concept underlying this section is that the global impact of a bank's distress or failure varies in line with its share of cross-jurisdictional assets and liabilities.

B. Size

Size is a key measure of a bank's systemic importance as a bank's distress or failure is more likely to damage the global economy or financial markets if its activities comprise a large share of global activity.

C. Interconnectedness

Financial distress at one institution can materially increase the likelihood of distress at other institutions given the network of contractual obligations in which these firms operate. A bank's systemic impact is likely to be positively related to its interconnectedness with other financial institutions.

D. Substitutability/financial institution infrastructure

The objective of this section is to measure the extent to which a bank provides financial institution infrastructure. The concept underlying this section is that the greater a bank's role in a particular business line, or as a service provider in underlying market infrastructure (e.g., payment systems), the larger the disruption will likely be in the event of its failure, in terms of both service gaps (including the cost to a failed bank's clients of having to seek the same service from another bank) and reduced flow of market and infrastructure liquidity.

E. Complexity

The systemic impact of a bank's distress or failure is expected to be positively related to its overall complexity – i.e., its business, structural and operational complexity. The more complex a bank is, the greater the costs and time needed to resolve the bank.