

**State Street Trust Company Canada (“SSTCC”) responses to Assurance on
Capital, Leverage and Liquidity Returns**

ANNEX: Targeted Questions

As at June 18, 2021

Guideline Question	Question	State Street Response
1.	EXTERNAL AUDITORS; FRFIs What are the existing external audit scope limitations under current audit requirements, if any, and how should such scope limitations be addressed?	Not applicable to State Street Trust Company Canada. Please refer to the submission by the external auditors.
2.	EXTERNAL AUDITORS Are the proposed audit requirements for the material risk components in both the ratio’s numerator and denominator feasible? If not, please provide supporting rationale.	Not applicable to State Street Trust Company Canada. Please refer to the submission by the external auditors.
3.	ALL STAKEHOLDERS How can greater assurance over regulatory returns be promoted going forward?	With regard to assurance over regulatory returns, we feel it is important for OSFI to continue to consider the size and complexity, nature of the business, products and services offered of the federally regulated financial institution (“FRFI”) and to not make the requirements too burdensome.
4.	ALL STAKEHOLDERS How should potential audit scope limitations be addressed going forward?	The OSFI Guidelines should indicate that management should provide clarity and transparency related to audit scope and related limitations that is sufficient for both the internal audit and external audit functions.
5.	ALL STAKEHOLDERS Should i) any regulatory ratios other than those listed in Tables 1 and 2, and/or ii) controls testing be added or excluded from the external audit requirements? If so, please provide supporting rationale.	In reference to i) No additional regulatory ratios to add from those listed in the Tables. ii) With regard to controls testing this may provide a degree of oversight but the testing should take into consideration the size and complexity and, nature of the business, products and services of the FRFI.
6.	ALL STAKEHOLDERS Should external audits be obtained on non-public prudential measures (e.g. NCCF/OCFS) for D-SIBs and SMSBs, respectively? Please provide supporting rationale.	Regarding external audits, this suggestion is not within the scope of SMSB’s and not within the scope of State Street Trust Company Canada. This is further supported by the size and complexity and nature of business, products and services of State Street Trust Company Canada.
7.	ALL STAKEHOLDERS Are the proposed filing requirements/frequency for external audits adequate? If not, please provide supporting rationale.	The annual review by the external audit function for capital and liquidity within 90 days after year end is challenging given competing activities. The timing should allow sufficient time for both the internal and external audit tasks and avoid duplication of effort where appropriate. OSFI should also consider the size and complexity, nature of the business, products and services of the FRFI.
8.	EXTERNAL AUDITORS What factors are currently considered when determining matters that are material to users of the LICAT, MCT and	Not applicable to State Street Trust Company Canada. Please refer to the submission by the external auditors.

Guideline Question	Question	State Street Response
	MICAT, and DTI capital and leverage ratio financial statement note disclosures?	
9.	ALL STAKEHOLDERS What factors should be considered when determining matters that are material to users of key regulatory ratios?	The State Street Trust Company Canada capital ratio and leverage ratio are published quarterly and available on the State Street Canada internet site which can be accessed publicly. We feel this disclosure is sufficient and do not feel additional material information is necessary.
10.	EXTERNAL AUDITORS What issues exist, if any, with submitting a summary of unadjusted errors to OSFI following the external audit of regulatory ratios?	Not applicable to State Street Trust Company Canada. Please refer to the submission by the external auditors.
11.	ALL STAKEHOLDERS Should any regulatory returns be added or excluded from the senior management attestation requirements? If so, please provide supporting rationale.	Based on the size and complexity, nature of the business, products and services of State Street Trust Company Canada, we do not feel additional regulatory returns be added or excluded from the senior management attestation.
12.	ALL STAKEHOLDERS Are the proposed filing requirements/frequency for senior management attestations adequate? If not, please provide supporting rationale.	<p>For a SMSB Category III, the reporting requirements are quarterly for capital (BCAR, capital ratio) and monthly for the liquidity Operational Cashflow Statement (OSFS). Regarding attestation frequency, consideration should be given to the size and complexity, nature of the business, products and services of the FRFI.</p> <p>Suggest change to annual attestation for capital (BCAR, capital ratio) and quarterly for liquidity OSFS requirements. Given the size and complexity and nature of the business, products and services of State Street Trust Company Canada, we feel this recommendation would not negatively impact the integrity of the requirements.</p>
13.	ALL STAKEHOLDERS Should any regulatory returns be added or excluded from the internal audit requirements? If so, please provide supporting rationale.	For State Street Trust Company Canada, we feel the internal audit requirements related to regulatory returns are sufficient given the size and complexity and nature of the business, products and services offered. Further, please refer to the response under Question 14.
14.	ALL STAKEHOLDERS Are the proposed filing requirements/frequency for internal audits adequate? If not, please provide supporting rationale.	Currently the frequency for internal audits is annual for capital and liquidity. Suggest every two years as the changes are limited year over year. Also given the size and complexity, nature of the business, products and services of State Street Trust Company Canada, we feel this recommendation would not negatively impact the integrity of the requirements.
Process and Next Steps 15.	ALL STAKEHOLDERS Are the proposed effective dates adequate? If not, please provide supporting rationale.	We have no concerns with timing of the 2023 effective date.
16.	ALL STAKEHOLDERS Are there any recommendations to the proposals which would address existing challenges, or	FRFI's should have the flexibility to access either their internal audit function or their external auditor as it relates to addressing existing challenges or better reflect the size and complexity, nature of the business, products and services they offer.

Guideline Question	Question	State Street Response
	better reflect the size, nature and complexity of FRFIs?	
17.	ALL STAKEHOLDERS What other views/options should be considered by OSFI?	Consideration should be given to the governance structure of the FRFI and that the internal audit and external audit functions should not duplicate efforts related to their respective scope and activities conducted. Furthermore, the controls opinion should consider the size and complexity, nature of business, products and services of the FRFI. For example, SMSB are not required to comply with the SOX requirements.