

Outside Directors

100. That all members of board committees established to monitor, review and approve non-arm's-length transactions be independent members of the board with the criteria for independence to be established along the lines provided for the appointment of auditors in the *Canada Business Corporations Act* and the *Bank Act*.

Interlocking directors

101. That no restrictions be imposed on financial directorships with other non-bank financial institutions nor on the percentage of directors serving on one or more boards within a holding company group.

PRUDENTIAL STANDARDS AND CORPORATE POWERS

Initial Capitalization

102. That the Minister of Finance or the Minister of State (Finance) have the discretionary power to review and revise the minimum initial capitalization requirement, as deemed appropriate;
103. That life and trust companies be allowed a 5-year transition period to comply with the new initial capitalization requirements, and that existing property and casualty insurance companies, which do not meet such requirements be "grandfathered".

Capital

104. That NFAA be encouraged to adopt a two-tier structure for the definition of capital in respect of trust and insurance companies similar to that for the chartered banks;
105. That both stock and mutual insurance companies as well as their subsidiaries be allowed to issue preferred stock and subordinated debentures.

Leverage

106. That the range of permissible leverage for all deposit-taking institutions be reduced over some period to between 10 and 20 times and that NFAA be encouraged to establish comparable standards and criteria for granting any increase in leverage to all such institutions;
107. That institutions be allowed to operate with a leverage above the permissible limit only when solvency and market conditions are deemed to be appropriate by NFAA.