

**Undertaking # 36**

MPI to advise why the DCAT's forecasted MCT ratios do not include any assets with a capital requirement of 100 percent.

**RESPONSE:**

The reason why the DCAT forecast MCT does not contain "assets with a capital requirement of 100%" is due to the difference in interpretation of capital required on deferred development coupled with the fact we did not forecast for DPAC.

Historically, deferred development and DPAC related costs were considered to require 100% capital. However, according to an OSFI guideline, computer software and other intangibles have a 35% capital factor. For forecasting purposes deferred development was interpreted as such and was classified in this category. Due to this classification and the fact there is no forecasted DPAC, this line item is nil for forecasting.