

March 23, 2020

**VIA EMAIL**

**File No.:** 71000-01

**Ref. No.:** 0396

**To: CEOs/General Managers, BC Authorized Credit Unions**

**RE: Regulatory Easing Measures and Filing Extensions**

In response to the COVID-19 pandemic and market disruption, BC Financial Services Authority (BCFSA) has introduced three easing measures to provide financial support to BC credit unions and their members and extended the deadlines for certain regulatory filings.

The three easing measures, which are set out below and will remain in place until further notice, are intended to free up capital to enable credit unions to extend credit to members and communities during this extraordinary time. Although the easing measures have been extended to all BC credit unions at this time, BCFSA may limit applicability on a case by case basis in the future.

1. **Internal Capital Targets** – Subject to prior written communication to your BCFSA Relationship Manager, BCFSA will permit a BC credit union to operate with a capital position that is below its Internal Capital Target if the credit union’s capital ratio remains above the 10 per cent supervisory target.
2. **Commercial Lending Thresholds** – BCFSA will apply regulatory forbearance (i.e. discretion) to credit unions that exceed the current threshold for commercial loans of 30 per cent of assets. BCFSA is temporarily allowing a 100 per cent risk-weight to apply to commercial loans up to 40 per cent of assets. Commercial loans over 40 per cent will carry a risk-weighting of 200 per cent. This is temporary regulatory relief and does not require an amendment to the *Financial Institutions Act* or the *Capital Requirements Regulation*.
3. **Central 1 Credit Union Leverage** – BCFSA will permit Central 1 to increase its leverage ratio (borrowing multiple) from 15:1 to 18:1 for non-mandatory liquidity deposits (i.e., Wholesale Financial Services). The change to Central 1’s requirements as a Domestic Systemically Important Financial Institution will provide financial capacity to be redistributed back to credit unions.

Given the nature of challenges facing us, information sharing between BCFSa and BC credit unions is critical. If you have not already done so, you should establish regular check-ins with your BCFSa Relationship Manager to ensure a timely exchange of information. It is very important that you understand BCFSa's expectations during this challenging time regarding the use of your capital and liquidity and your behaviors as a member of BC's cooperative credit union system.

Lastly, BCFSa has extended the deadlines for several regulatory filing and returns until further notice. These extensions will apply automatically, and credit unions are not be required to make any additional request to BCFSa to take advantage of the extensions. BCFSa will not apply late filing penalties for submissions received in compliance with the extended deadlines. See Appendix A for details.

If you have any immediate questions or concerns, please contact Frank Chong, VP and Deputy Superintendent, Regulation at [frank.chong@bcfsa.ca](mailto:frank.chong@bcfsa.ca) or 604-653-7495, or your BCFSa Relationship Manager.

Regards,

A handwritten signature in black ink, appearing to read "Blair Morrison". The signature is fluid and cursive, with a long horizontal stroke at the end.

Blair Morrison  
CEO and Superintendent of Financial Institutions

Enclosure: Appendix A – Regulatory Filing Deadline Extensions

pc: Board Chairs, BC Authorized Credit Unions

## APPENDIX A – Regulatory Filing Deadline Extensions

BCFSA is extending the below noted **filing deadlines until further notice**. Credit unions are not required to request for these extensions as they apply automatically. BCFSA will not apply late filing penalties for submissions received within the extended deadlines.

You can contact your BCFSA Relationship Manager for questions and comments relating to operational matters, and email [filings@bcfsa.ca](mailto:filings@bcfsa.ca) for questions and comments related to filings.

### Maximum Extensions Allowed (until further notice):

Filing	Frequency	Maximum Extension from Currently Required Filing Date
Annual filings	Annually	30 days (for credit unions with a December 31, 2019 year end, the filing deadline is April 30, 2020)
Net Cumulative Cash Flow (NCCF) (for credit unions filers with more than \$1 billion in assets)	Quarterly	30 days
Residential Mortgage Loans Report (RMLR)	Quarterly	30 days
Internal Capital Adequacy Assessment Process (ICAAP)	Annually	153 days (for credit unions with a December 31, 2019 year end, the filing deadline is September 30, 2020)
Personal Information Returns (PIR)	Ad hoc	30 days
Investment and Lending Policy Amendments	Ad hoc	30 days
CUDIC - Deposit Extracts Files	One time	92 days (until July 31, 2020)

Given the importance of the Financial and Statistical Return (FSR) and the Liquidity Coverage Ratio (LCR) reports, the due dates for these reports have not been extended. If a credit union has any concerns regarding its ability to meet the filing deadlines for its FSR and/or LCR reports, it should reach out to its BCFSA Relationship Manager as soon as possible.

As previously notified, credit unions can apply to BCFSA to defer their Annual General Meetings by up to six months. [https://www.bcfsa.ca/pdf/fid/correspondence/AGM\\_COVID-19LTR.pdf](https://www.bcfsa.ca/pdf/fid/correspondence/AGM_COVID-19LTR.pdf)