

# Advisory

## Advisory – Consultation on Capital Modernization for B.C. Credit Unions

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**Date:** July 25, 2023  
**Distribution:** All B.C. Credit Unions  
**Advisory Number:** 23-033

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### PURPOSE

BCFSA has released a consultation paper proposing changes to modernize the capital framework for B.C.'s credit unions and is seeking feedback from B.C. incorporated credit unions and the public during a 90-day consultation period.

Interested parties are encouraged to review the [Capital Modernization: Consultation Paper for B.C. Credit Unions](#) ("Consultation Paper"). The Consultation Paper includes a number of discussion questions, and responses can be submitted through an online [Consultation Feedback Form](#). **The consultation period will close on October 23, 2023.**

Through this consultation, BCFSA aims to enhance transparency by seeking input at an early stage of the rule-making process and improving stakeholder understanding of the objectives.

### UPCOMING INFORMATION SESSIONS

We invite credit unions to register for the following series of information sessions to learn more about the changes proposed in the Consultation Paper. At each session, participants will have the opportunity to take part in a moderated question and answer period following the presentation. Please submit questions in advance, through our [Ask Us form](#).

#### **SESSION 1: Capital Modernization Consultation Launch** **Thursday, August 3, 2023, 1 – 2:30 p.m. PST**

Join us for an overview of the Consultation Paper and learn more about the consultation process, timelines, and activities.

#### **SESSION 2: Capital Overview** **Thursday, September 7, 2023, 1 – 3 p.m. PST**

This session will focus on the regulatory capital components as laid out in Section 1 of the Consultation Paper. BCFSA's goal is to raise the quality and consistency of regulatory capital with an approach tailored to address the cooperative nature of the B.C. credit union system.

#### **SESSION 3: Capital Buffers, Operational Risk, Leverage Ratio, and Market Risk Overview** **Thursday, September 14, 2023, 1 – 3 p.m. PST**

Join us for an introduction to the capital buffers, operational risk, internationally harmonized leverage ratio, and an overview of market risk. Please refer to Sections 2.2, 2.3, 3, and 4 of the Consultation Paper.

#### **SESSION 4: Credit Risk Overview** **Thursday, September 21, 2023, 1 – 3 p.m. PST**

Join us for an overview of the credit risk approach proposed in the Consultation Paper to achieve sound, risk-sensitive capital requirements that address the features of the economic landscape for B.C.'s credit unions. Please refer to Section 2.1 of the Consultation Paper.

### [REGISTER FOR THE INFORMATION SESSIONS](#)

Classification: **Public**

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## ADDITIONAL INFORMATION

This consultation is part of Phase 2 of BCFSa's multi-year Capital Modernization Project. This initiative will ensure that capital adequacy requirements continue to reflect underlying risks, clarify BCFSa's expectations, and, as appropriate, reflect developments in international standards and best practices. The ultimate outcome of this initiative is expected to be a new Capital Rule, that will replace portions of the existing [Capital Requirements Regulation](#) respecting credit unions. Phase 1, the Planning and Development phase of this project, was completed in June 2022.

For more details please see:

- [Capital Modernization: Consultation Paper for B.C. Credit Unions](#)
- [Consultation on Capital Modernization](#)

BCFSa will treat submissions of feedback as confidential records and will not publish individual submissions or attribute content. However, please note that all submissions are subject to the *Freedom of Information and Protection of Privacy Act*.

Please contact [CUCapital@bcfsa.ca](mailto:CUCapital@bcfsa.ca) for more information.