

## Q&As Consultation on Revised Credit Union Reporting Templates and Instructions

### 1. Why is BCFSA changing the reporting templates?

As the financial sector is evolving, regulatory reporting requirements must change to stay current and forward-looking. Periodic revisions to regulatory reporting templates (and instructions) ensure that appropriate and necessary data is collected from credit unions for risk-based supervisory monitoring.

The proposed credit union reporting templates and instructions aim to streamline and improve reporting. They have been standardized for consistency and ease of use by credit unions. The proposed format also sets the foundation for future capital and liquidity reporting.

### 2. What is the process for this consultation?

BCFSA will hold its consultation in two parts to provide more opportunity for feedback and engagement with credit union representatives during the revision process. Discussions with the credit union sector will help BCFSA understand concerns, make required changes to the reporting templates and instructions as well as set an appropriate implementation timeline.

1. Initial feedback from the credit unions will be collected between October 14 and December 14, 2020. BCFSA will summarize and share the feedback before scheduling follow-up meetings.
2. Follow up meetings will be held to discuss feedback received with the aim of understanding the issues or challenges with the revised templates, the instructions, or the transition to the proposed reporting templates.

BCFSA will then move to finalize the revised reporting templates and instructions. The final revised templates and instructions will be issued together with a summary of consultation feedback. Credit unions will have six months to implement the revised templates. To support credit unions in the transition, BCFSA will offer virtual sessions to review the revised templates and provide opportunities for questions.

### 3. What will change for credit union reporting?

Standardized templates and consistent instructions will streamline reporting. The revised templates are consistent in format, include new datapoints to cover gaps in the current reporting

requirements and eliminate redundant datapoints.

New datapoints have been added for additional requirements as part of BCFSAs risk-based supervision and to reduce the need for future ad hoc data calls. BCFSAs recognizes that ad hoc data calls, with unscheduled timing and varying template formats, create uncertainty for credit unions.

Furthermore, statutory capital and liquidity reporting requirements have been separated from the core financial return to provide greater transparency and to emphasize the importance of timely capital and liquidity reporting. Refer to question 7 for more details.

**4. The most recent *Financial Institutions Act* (“FIA”) review recommends BCFSAs adopt Basel III-like capital and liquidity frameworks and rule-based approach for capital and liquidity standards. Do the proposed templates include any changes related to these recommendations?**

No, the proposed templates do not address the recommendations in the FIA review. The proposed changes focus on streamlining regulatory reporting with standardized templates and preparing for future changes in regulatory requirements, including those recommended in the FIA review.

**5. Do credit unions require additional time and resources to implement the proposed reporting changes?**

Yes, credit unions will be provided with at least six months after the issue date of the final revised templates to transition to the new format of the revised templates. To help with the transition, all changes are highlighted in yellow, and line references to the current templates are included. In addition, BCFSAs will offer training sessions to all credit unions as part of the transition to the revised templates.

**6. Do the proposed changes include reporting on a consolidated basis?**

No, the reporting remains on a non-consolidated basis. The FIA’s capital and liquidity regulations require non-consolidated reporting (and equity accounting for equity investments with 10% or greater ownership). Reporting on a consolidated basis will be considered when BCFSAs works to create modern capital and liquidity rules.

**7. Why is BCFSAs proposing monthly capital and liquidity reporting separate from the FSR?**

Currently, the Financial and Statistical Return (“FSR”) combines financial information with capital and liquidity information. To streamline the FSR, the proposed new core return includes simplified balance sheet, income statement templates and several supporting schedules. Separating the capital and liquidity reporting requirements from the FSR eliminates redundancies between the FSR and the capital and liquidity returns.

Reporting the Capital Adequacy Return (“CA Return”) and the new Liquidity Adequacy Return (“LA Return”) on a monthly basis emphasizes importance of adequate capital and liquidity monitoring

and reporting. The new LA Return shows how statutory liquidity is calculated, thereby facilitating management and supervisory oversight.

**8. Do the proposed reporting changes cover the MLP segregation?**

Yes, BCFSa is working with the credit union sector to transition the credit unions' statutory liquidity from the current deposit structure to a legally segregated bare trust structure (Mandatory Liquidity Pool ("MLP") segregation). The MLP segregation requires amendments to the FIA's Liquidity Requirement Regulation ("LRR") to reflect the new trust structure. The proposed reporting templates include changes for these expected LRR amendments. As noted in the revised reporting templates and instructions, once the LRR amendments are final, the templates and instructions will be changed to match the final LRR.