



September 14, 2018
File No.: 71000-10
Ref. No.: 17-0089

To: Board Chairs and CEOs / General Managers, BC Credit Unions

Re: Draft Liquidity Management Guideline for Comment

The Financial Institutions Commission (FICOM) is issuing for comment a draft Liquidity Management Guideline (Guideline) for BC credit unions. The draft Guideline outlines FICOM's expectations for sound liquidity risk management practices at BC credit unions.

Liquidity risk management is critical to the overall safety and soundness of a credit union. While BC credit unions are required by legislation to hold a prescribed amount of statutory liquidity in accordance with the *Liquidity Requirement Regulation*, FICOM does not view sole reliance on statutory liquidity as adequate liquidity risk management. Credit unions are expected to employ a range of metrics and liquidity risk management practices, tailored to their unique circumstances, to ensure they have adequate and appropriate forms of liquidity for current and future needs.

The draft Guideline was written in consideration of supervisory observations, *Liquidity Risk Management Guiding Principles* issued by the Credit Union Prudential Supervisors Association and national and international best practice guidance on liquidity management.

The consultation period for this draft Guideline is 90 days during which FICOM is seeking feedback from credit unions and other interested stakeholders. FICOM will review all comments prior to issuing a final guideline and will communicate an appropriate transition period for implementation at that time.

Comments should be addressed to the undersigned at feedback@ficombc.ca by December 13, 2018.

Sincerely,

A handwritten signature in black ink, appearing to read "Vincent Chow".

Vincent Chow
Acting Executive Director
Policy and Approvals

Enclosure

- Superintendent of Financial Institutions
- Superintendent of Pensions
- Registrar of Mortgage Brokers

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