

Consultation on Revised Credit Union Reporting Templates and Instructions

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As we move towards becoming a modern, effective and efficient financial services regulator, BC Financial Services Authority (“BCFSA”) is proposing revisions to the regulatory reporting templates and instructions for BC credit unions. BCFSA is seeking feedback on the proposed changes by **December 14, 2020**.

These revisions aim to: (i) streamline reporting through standardized templates and consistent instructions; (ii) improve data quality; and (iii) reduce the number of ad hoc data calls. Following the integration of feedback from credit unions, BCFSA intends to issue the final revised reporting templates in spring 2021, with implementation in fall 2021. BCFSA will provide support and training to assist credit unions with the transition to the revised templates.

Our consultation will focus on proposed changes to the following revised reporting templates and instructions:

- Financial and Statistical Return (“FSR”);
- Capital Adequacy Return (“CA Return”);
- Liquidity Adequacy Return (“LA Return”) *New Publication*;
- Liquidity Coverage Ratio (“LCR”);
- Net Cumulative Cash Flow (“NCCF”); and
- Residential Mortgage Loans Report (“RMLR”).

The Appendix to this Advisory outlines the significant changes in the revised reporting templates. The revised reporting templates and instructions can be found [here](#) on BCFSA’s website. For ease of reference, all changes are highlighted in yellow and summaries of changes are included.

Consultative feedback can be sent directly to filings@bcfsa.ca. After receiving all comments, BCFSA will meet with credit union representatives to discuss any issues or challenges with the transition to the

proposed reporting requirements. In your response, please indicate if you or any other individual wishes to attend a follow-up meeting with BCFSA regarding this consultation.

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

If you have any questions, please contact Tunde Szinku, Senior Analyst, Reporting and Standards at Tunde.Szinku@bcfsa.ca or 604 398-5118.

Appendix – Summary of Significant Changes

Adopted consistent format and re-numbered the data points in all reporting templates while also adopting clear and concise language in the reporting instructions.

FSR Template

- Created new core return and supporting schedules from the existing FSR template. The core return includes a balance sheet and an income statement template. The supporting schedules are separate templates to capture additional financial details and statistics;
- Removed data points to eliminate redundancies with the CA Return, and added new data points to capture additional details (such as credit losses on loans, derivatives, and commercial lending policy caps); and
- Introduced new definitions and reporting of retail, brokered, small business, and wholesale depositor types to clarify reporting requirements, and added new data points to capture deposits by residual maturity to eliminate deposit composition data calls.

CA Return Template

- Increased reporting frequency from annual to monthly to emphasize the importance of adequate capital monitoring and reporting, and to eliminate redundancies with the FSR; and
- Added new datapoints to assist with off-balance sheet reporting.

LA Return Template (new publication)

- Added new template with monthly reporting frequency, applicable to all credit unions, to support adequate liquidity reporting in accordance with the Liquidity Requirement Regulation (“LRR”) of the *Financial Institutions Act*. The new LA Return includes proposed amendments to the LRR due to the Central 1 Credit Union (“Central 1”) Mandatory Liquidity Pool (“MLP”) Segregation¹.

LCR Template

- Added changes prompted by the LCR pilot year review and the recently issued Liquidity Management Guideline (“LMG”), and changes required by the Central 1 MLP Segregation;

¹ Central 1, as statutory liquidity manager, holds the credit unions’ statutory liquidity, as prescribed in the LRR. Central 1 is working with BCFSA and member credit unions to segregate the credit unions’ statutory liquidity currently held in the MLP and instead hold adequate liquid assets in trust arrangement with Central 1. The Central 1 MLP Segregation and related LRR changes are planned to take effect on January 1, 2021.

- Increased reporting frequency from quarterly to monthly, applicable to credit unions with total assets up to \$1 billion, to emphasize the importance of liquidity monitoring and reporting;
- Added new High-Quality Liquid Assets (“HQLA”) definition to align with the LMG and international standards and removed Central 1 deposits that will no longer qualify under this definition; and
- Added more granularity to brokered and wholesale deposits run-off assumptions.