



December 19, 2013

File No.: 78000-03

Ref. No.: 0753

**To: All CEOs / General Managers / Chief Agents
of British Columbia Authorized Financial Institutions (Credit Unions, Trust
Companies, P&C and Life Insurers)**

Re: Administrative Penalties

On January 30, 2013, the Administrative Penalties Regulation (APR) came into force. This regulation sets out which provisions of the *Financial Institutions Act* (FIA) are subject to an administrative penalty if contravened, and the maximum amount of penalty that can be levied for each contravention. Further, sections 253.1, 253.2, 253.3 and 253.4 of the FIA were also amended, setting out the appeal and payment processes for administrative penalties. A copy of the APR and the revised sections 253.1, 253.2, 253.3 and 253.4 of the FIA are enclosed. They can also be viewed on the Queen's Printer website, BC Laws at <http://www.bclaws.ca/default.html>.

With these amendments, the Financial Institutions Commission can now levy an administrative penalty for a contravention of any of the specified provisions, as well as for contraventions of orders issued or undertakings given under the FIA. The penalties can be up to a maximum of \$50,000 in the case of a corporation, or \$25,000 in the case of an individual. The APR sets out specific maximums for each provision of the FIA that it designates as being subject to a penalty.

If an administrative penalty is to be levied, notice will be given to the affected party setting out the contravention, the amount of penalty, the payment due date and the appeal process. Any funds collected from penalties will go to the British Columbia government consolidated revenue fund. Funds are not retained by FICOM.

Currently this office is working on a framework for levying penalties for late or erroneous filings. This will apply to any prescribed filing that is required to be made to FICOM including financial filings, information forms, and other returns within a set period of time. We anticipate that we will be consulting with stakeholders on this framework early next year, and expect to have the framework in place for the 2014 year end annual financial returns. However, in the interim, filings are still subject to an administrative penalty if they are filed late, incomplete or with errors.

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

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It is important to note that administrative penalties apply, as permitted under section 253.1 and the APR, to regulated entities such as credit unions, trust companies and insurance companies as well as to their officers and directors. There are also penalties for persons or entities found to be conducting unlicensed or unauthorized activity in the province. The coming into force of the APR provides this office with another regulatory option when a contravention of a prescribed provision of the FIA occurs.

If there are any questions regarding the administrative penalty framework, please do not hesitate to contact Harry James, Director, Policy Initiatives at harry.james@ficombc.ca.

Yours truly,

A handwritten signature in black ink that reads "Frank Chong". The signature is written in a cursive, flowing style.

Frank Chong
Executive Director, Supervisory Support
and Policy

Enclosures

HJ/ac