

Federal Continuance

Questions and Answers

1. What is the difference between provincial and federal regulation?

Under provincial regulation, a credit union is subject to provincial legislation and regulation by the Financial Institutions Commission (FICOM). This places limits on its ability to operate in other Canadian jurisdictions. Under recent changes, a provincial credit union may apply to continue (or move) to federal regulation under the federal *Bank Act* and the federal regulator (Office of the Superintendent of Financial Institutions or OSFI). Once consent has been granted at both the provincial and federal level, the former provincial credit union becomes a federal or national financial institution. This change will allow it to operate across Canada.

2. How does a BC credit union apply for federal regulation?

The technical term to describe transferring a credit union's incorporation from one jurisdiction to another is "continuance". When a BC credit union transfers to the federal jurisdiction, that credit union is no longer a BC credit union and becomes a federal credit union incorporated under the *Bank Act*, and thereafter is subject to all applicable federal laws.

Before a BC credit union can transfer into the federal jurisdiction, the credit union must first:

- Obtain approval of its members through a formal vote;
- Provide a complete application to the provincial regulator for consent;
- Receive consent from the Credit Union Deposit Insurance Corporation (CUDIC) and FICOM; and
- Receive federal approval to continue to the federal jurisdiction.

This process can take an extended period of time to complete, depending on the size of the credit union and the complexity of its operations. See information bulletin at: http://www.ficombc.ca/pdf/info_bulletins/CU-2017-01.pdf

3. What is FICOM's role in this process?

A BC credit union requires the consent of FICOM and CUDIC before it can apply to the federal regulator to become a federal credit union.

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4. How long does it take for FICOM to process an application and make a decision?

FICOM anticipates that a review of an application for consent can take up to six months once a formal application has been received. However, the process could take longer depending on the size of the credit union and the complexity of its operations.

5. Can a decision of FICOM and CUDIC be reversed once consent is given?

No. However, an approval allowing a provincial credit union to transfer into the federal jurisdictional could be subject to conditions set by the provincial regulator.

6. What has Coast Capital Savings Credit Union done so far to get approval for its application?

A membership vote was held in late 2016 and the membership voted to make an application to provincial and federal regulators. In January, Coast Capital Savings Credit Union submitted an application to FICOM and CUDIC for consent. FICOM has acknowledged receipt of the application and has started the process of reviewing the application.

7. Once members have voted, do they have any other role to play in the decision?

Members may seek to comment directly to the management and board of their credit union through the usual channels of corporate governance. Furthermore, members of the applying credit union may wish to submit comments to FICOM as part of the application consultation process.

8. Why is FICOM seeking public comment?

The exit of Coast Capital Savings Credit Union from provincial regulation to federal regulation may impact the credit union system, the general public and other businesses. FICOM seeks public comment to identify issues that may be of concern before making its decision.

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9. How can other members of the public have input on the process?

Members of the public may submit comments by e-mail or regular mail from March 1 to March 30, 2017. You can find out more about the proposed change here:

<http://www.fic.gov.bc.ca>

Please send your comments and concerns to:

commission.consultation@ficombc.ca

Or write to FICOM and CUDIC at:

Commission Consultation

Financial Institutions Commission

2800 - 555 West Hastings Street Vancouver, BC V6B 4N6

10. How will FICOM be reaching out to get comments?

FICOM has posted a notice regarding the consent process on its website and will be providing FAQ sheets, a news release and regulatory public notice in province-wide print media.

Please note that comments submitted will be subject to the rights and protections under the *Freedom of Information and Protection of Privacy Act*.

11. Is there any deadline for their submissions?

Submissions should reach FICOM by March 30, 2017.

12. Are discussions of the Commission and CUDIC Boards open to the public?

Discussions of the Commission Members and CUDIC Board are confidential and are not open to the public other than by invitation.

13. How will their decision be released?

Once FICOM and CUDIC have completed the consent review process, there will be a public notice of their decisions posted on the FICOM website.

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14. What happens next?

If consent is granted, the applying credit union will be able to formally apply to the federal regulator to become a federal credit union.