

# Regulatory Statement

## Code of Market Conduct Reporting Requirements for B.C. Credit Unions

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<b>Regulatory Statement Number</b>	22-003
<b>Legislation:</b>	<i>Financial Institutions Act</i>
<b>Date:</b>	May 31, 2022
<b>Distribution:</b>	B.C. Credit Unions

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### PURPOSE

This Regulatory Statement establishes reporting requirements under section 127 of the *Financial Institutions Act* (“FIA”) relating to a code of market conduct (“Code”) made under section 94.2 of the FIA.

All B.C. credit unions are required to attest to compliance with the Code annually and file that attestation with the Superintendent of Financial institutions (“Superintendent”) at BC Financial Services Authority (“BCFSA”).

### REGULATORY REQUIREMENTS

To demonstrate a credit union’s compliance with its Code under section 94.2(5) of the FIA, credit unions must follow the requirements established below by the Superintendent under section 127(3) of the FIA.

- All credit unions (except central credit unions) must annually attest to compliance with its Code by completing and filing the form established by BCFSA titled “B.C. Credit Unions Market Conduct Annual Report”, and
- A central credit union must annually attest to compliance with its Code by completing and filing the form established by BCFSA titled “B.C. Central Credit Unions Market Conduct Annual Report”.

The two forms are enclosed with this Regulatory Statement and uploaded on the BCFSA website. The forms are collectively referred to as “Market Conduct Annual Report”.

All credit unions must file a Market Conduct Annual Report each year on January 31 for the review period ending December 31. The first Market Conduct Annual Report for credit unions is due on January 31, 2023 while the first Market Conduct Annual Report for central credit unions is due on January 31, 2024.

Please see Filing Requirements and Timeline below for a complete list of filing requirements relating to section 94.2 of the FIA.

## FILING INSTRUCTIONS

Credit unions must file their Market Conduct Annual Report through BCFSA's [Integrated Regulatory Information System](#) ("IRIS"). A credit union's IRIS account administrator needs to log in to IRIS to select and complete a submission titled "Market Conduct Annual Report." BCFSA's website page [IRIS Resources](#) has additional information on how to access and submit filings through IRIS.

## FILING REQUIREMENTS AND TIMELINE

Filing Requirements	Legislative Reference	Due Dates	Format Required
<b>One Time</b>			
Code of Market Conduct	FIA section 94.2 (1) ( <a href="#">Bill 37</a> )	June 30, 2022	PDF
<b>As Needed</b>			
Subsequent Amendments to Code of Market Conduct	FIA section 94.2 (2) ( <a href="#">Bill 37</a> )	Immediately after the board of directors' approval	PDF
<b>Annually</b>			
B.C. Credit Unions Market Conduct Annual Report	FIA sections 94.2(5) and 127(3)	<ul style="list-style-type: none"><li>• First filing due on January 31, 2023</li><li>• January 31 of each year thereafter</li></ul>	PDF <a href="#">Credit Unions Market Conduct Annual Report</a>
B.C. Central Credit Unions Market Conduct Annual Report	FIA sections 94.2(5) and 127(3)	<ul style="list-style-type: none"><li>• First filing due on January 31, 2024</li><li>• January 31 of each year thereafter</li></ul>	PDF <a href="#">Central Credit Unions Market Conduct Annual Report</a>

## MARKET CONDUCT ANNUAL FILING

1. [Appendix A](#): B.C. Credit Unions Market Conduct Annual Report
2. [Appendix B](#): B.C. Central Credit Unions Market Conduct Annual Report

For inquires on this Regulatory Statement, please email [cuandtrusts@bcfsa.ca](mailto:cuandtrusts@bcfsa.ca).

As the BC Financial Services Authority, we issue Regulatory Statements outlining how entities must operate, or the form and content required by the Regulator for mandatory regulatory filings identified in the Financial Institutions Act and Credit Union Incorporation Act, Regulations, and other pertinent legislation. While the comments in a particular part of a Regulatory Statements may relate to provisions of the law in force at the time they were made, these comments are not a substitute for the law. The reader should consider the comments in light of the relevant provisions of the law in force at the time, taking into account the effect of any relevant amendments to those provisions or relevant court decisions occurring after the date on which the comments were made. Subject to the above, instructions, definitions, and positions contained in a Regulatory Statements generally apply as of the date on which it was published, unless otherwise specified.

# B.C. Credit Unions

## Market Conduct Annual Report

### INSTRUCTIONS TO COMPLETE THE MARKET CONDUCT ANNUAL REPORT:

Credit unions need to complete a self-assessment process to demonstrate compliance with their adopted Code under section 94.2(5) of the FIA. That process is intended to be an objective assessment of a credit union's implementation of its Code. Each credit union is expected to determine how it complies with its Code and regulatory requirements in relation to the credit union's operations, size, and complexity. A credit union's board of directors is expected to provide effective oversight of the credit union's compliance with its Code. A credit union's senior management is expected to ensure the credit union's compliance with its Code.

### SELF-ASSESSMENT STEPS:

For each section of the self-assessment, a credit union is expected to rate their compliance, identify gaps, and develop an action plan. Outlined below are the self-assessment steps.

- **Rating and Rationale:** a credit union should rate its current degree of compliance with the Code using the rating scale enclosed and provide a rationale for the rating;
- **Implementation Gaps:** a credit union should identify and describe any gaps in compliance with the Code; and
- **Action Plan:** a credit union should identify steps to address any compliance deficiencies as well as their action plan and target date(s) for full compliance.

### RATING SCALE:

Rating	Definition
<b>6 – Fully Implemented</b>	A credit union has fully implemented the requirement or recommendation across its enterprise: (i) it has put written policies in place to support the relevant principle and section of the Code; (ii) it has implemented procedures to ensure operationalization of such policies; (iii) it provides training to its employees on those procedures; (iv) it tests compliance with the procedures as part of its compliance program; and (v) it has identified no outstanding issues (e.g., issues raised through self-assessment or by others).
<b>5 – Largely Implemented</b>	A credit union has largely implemented the requirement or recommendation across its enterprise: (i) it has put written policies in place to support the relevant principle and section of the Code; (ii) it has implemented procedures to ensure operationalization of such policies; (iii) it provides training to its employees on those procedures; and (iv) it tests compliance with the procedures as part of its compliance program. However, minor outstanding issues have been identified through self-assessment or by others.

<p><b>4 – Moderately Implemented</b></p>	<p>A credit union has moderately implemented the requirement or recommendation across its enterprise: (i) it has put written policies in place to support the relevant principle and section of its Code; (ii) it has implemented procedures to ensure operationalization of such policies; (iii) it provides training to its employees on those procedures; and (iv) it tests compliance with the procedures as part of its compliance program. However, significant outstanding issues have been identified through self-assessment or by others.</p>
<p><b>3 – Partially Implemented</b></p>	<p>A credit union has partially implemented the requirement or recommendation across its enterprise: (i) it has put written policies in place to support the relevant principle and section of its Code and has implemented procedures to ensure operationalization of such policies; and (ii) it provides relevant training to its employees on those procedures. However, it has not yet tested compliance with the procedures.</p> <p><u>OR</u></p> <p>A credit union has partially implemented the requirement or recommendation across its enterprise: (i) it has put written policies in place to support the relevant principle and section of its Code and has implemented procedures to ensure operationalization of such policies; and (ii) it tests compliance with the procedures, but it does not provide relevant training to its employees on the procedures.</p>
<p><b>2 – Nominally Implemented</b></p>	<p>A credit union has nominally implemented the requirement or recommendation across its enterprise: (i) it has put written policies in place to support the relevant principle and section of the Code; and (ii) it has implemented procedures to ensure operationalization of such policies. However, it has not yet provided relevant training to its employees or tested compliance and/or major aspects of the implementation remain incomplete.</p>
<p><b>1 - Not Implemented</b></p>	<p>A credit union has not yet implemented the requirement or recommendation: (i) it has not yet put written policies in place to support the principle; and (ii) it has not implemented operational procedures, provided relevant training to its employees, or taken action to ensure compliance.</p>

## Attestation of Compliance

To: BC Financial Services Authority ("BCFSA")

From: \_\_\_\_\_ Credit Union ("Credit Union")

**Reporting Period:** calendar year ending \_\_\_\_\_.

I am accountable for the completion of B.C. Credit Union Market Conduct Annual Report. I confirm that I have reviewed the self-assessment responses and confirm their accuracy for the above reporting period. I also confirm that the board of directors has reviewed the self-assessment responses.

For the reporting period identified above, I hereby confirm that, except as outlined below, the Credit Union is fully compliant with each of the requirements set out in its code of market conduct.

### EXCEPTIONS:

NIL or describe exceptions

### ACTION PLAN:

Describe action plan to achieve full compliance

Dated at \_\_\_\_\_, British Columbia, this \_\_\_\_ day of \_\_\_\_\_,  
20\_\_\_\_\_.

\_\_\_\_\_ [signature]

\_\_\_\_\_ [print name]

\_\_\_\_\_ [insert title]

## Self-Assessment of \_\_\_\_\_ Credit Union

[insert name of credit union]

Reporting Period: \_\_\_\_\_

Principles and Practices	Description	Assessment			
		Rating	Rating Rationale (Provide rationale for rating and brief description of compliance)	Implementation Gaps (Identify any gaps in implementation)	Action Plan (Identify the steps in place to address deficiencies and target date(s) for full implementation)
<b>Business Practices</b>					
<b>1.1 Business Culture</b>	The credit union promotes an ethical, “fair treatment” business culture in which it: <ul style="list-style-type: none"> <li>• Makes strategic decisions;</li> <li>• Conducts its daily activities;</li> <li>• Communicates with employees; and</li> <li>• Demonstrates corporate commitment to the financial wellbeing and fair treatment of all members, account holders, and consumers.</li> </ul>	Choose an item.	Click here to enter text.	Click here to enter text.	Click here to enter text.
<b>1.2 Governance and Accountability</b>	The credit union’s board of directors (the “board”) has implemented a policy and/or procedure that sets out: <ul style="list-style-type: none"> <li>• The credit union’s requirement to promote a “fair treatment” corporate culture;</li> <li>• Who, at the board level, is responsible for ensuring adherence to its Code; and</li> <li>• That the board reviews the report and takes necessary action to ensure deficiencies noted in the report are resolved in a manner that best suits the credit union.</li> </ul>	Choose an item.	Click here to enter text.	Click here to enter text.	Click here to enter text.
<b>1.3 Reporting to the Board</b>	At least annually, the senior management reports to the board on the credit union’s adherence to the principles in its Code, including the results of the credit union’s annual self-assessment.	Choose an item.	Click here to enter text.	Click here to enter text.	Click here to enter text.
<b>1.4 Protection of Personal Information</b>	The credit union safeguards, collects, uses, and discloses personal information in accordance with the federal <i>Personal Information Protection and Electronic Documents Act</i> (“PIPEDA”)the B.C. <i>Personal Information Protection Act</i> (“PIPA”).	Choose an item.	Click here to enter text.	Click here to enter text.	Click here to enter text.

<p><b>1.5 Financial Wellbeing and Financial Literacy</b></p>	<p>The credit union values and supports the financial wellbeing and financial literacy of members, account holders, and consumers.</p> <p>The credit union engages in efforts to support financial literacy in its community as well as includes the development and execution of initiatives that support its values in its business planning cycle.</p>	<p>Choose an item.</p>	<p>Click here to enter text.</p>		<p>Click here to enter text.</p>
<p><b>1.6 Whistle-blowing</b></p>	<p>The credit union has provided a channel through which whistleblowers can anonymously report suspected unethical conduct while respecting the rights of those about whom concerns are raised. The purpose of the channel is to address or answer such concerns.</p> <p>The credit union has a policy and/or procedure in place for employees to report incidents of actual or potentially improper or unethical conduct without fear of reprisal or unwarranted negative consequences. Whistleblowers are protected, to the extent possible under the circumstances, as described in the credit union's procedures.</p> <p>The board periodically reviews, approves, and maintains the whistleblowing policy and/or procedure. Senior management of the credit union oversees, monitors, and controls credit union operations, in accordance with the whistleblowing policy and/or procedure.</p>	<p>Choose an item.</p>	<p>Click here to enter text.</p>	<p>Click here to enter text.</p>	<p>Click here to enter text.</p>
<p><b>1.7 Lobbying Activities</b></p>	<p>If, when interacting with the Government and commenting on B.C. policy, legislation, regulation, or other government actions, the credit union employs a lobbyist, either on staff or as a consultant, it ensures that each lobbyist acts in accordance with the laws and regulations that apply to them, including registration with the B.C. Lobbyist Registry, as required.</p>	<p>Choose an item.</p>	<p>Click here to enter text.</p>	<p>Click here to enter text.</p>	<p>Click here to enter text.</p>

Fair Treatment and Fair Sales Practices					
<b>2.1 Fair Treatment</b>	The credit union treats members, account holders, and consumers fairly in accordance with its Code.	Choose an item.	Click here to enter text.	Click here to enter text.	Click here to enter text.
<b>2.2 Fair Sales</b>	The credit union provides accurate product and service information to assist members, account holders, and consumers in making appropriate product and service choices in accordance its Code.	Choose an item.	Click here to enter text.	Click here to enter text.	Click here to enter text.
<b>2.3 Vulnerable Members</b>	The credit union has implemented policies and procedures to identify and support vulnerable members. Additionally, the credit union takes actions to support those members and engage in effective communication with them. It provides appropriate training and resources to employees, supports awareness of potential financial exploitation and abuse, and endeavors to mitigate potential financial harm of which it becomes aware. The credit union takes into account the needs of vulnerable members when providing notice of changes to products and services, fee structures, or the terms and conditions of the Financial Service Agreement. It ensures complaint-handling procedures provide fair access and appropriate assistance to vulnerable members.	Choose an item.	Click here to enter text.	Click here to enter text.	Click here to enter text.
Access to Banking Services					
<b>3.1 Opening of Deposit Accounts</b>	<p>The credit union only opens deposit accounts for individuals whose identity it can verify in accordance with the credit union's deposit account opening process. At a minimum, the identification requirements in the <i>Proceeds of Crime (Money Laundering) and Terrorist Financing Act</i> are used to verify individuals' identities.</p> <p>The credit union never refuses to open a deposit account for a reason that is prohibited grounds of discrimination, solely because an applicant does not have a job or has been bankrupt or if reasonable restrictions can be imposed to manage risk to the credit union.</p>	Choose an item.	Click here to enter text.	Click here to enter text.	Click here to enter text.



<b>3.2 Refusal to Open Deposit Account</b>	The credit union only refuses to open a deposit account if it has a sound business reason for doing so. This includes if the applicant represents an unacceptable risk to the credit union.	Choose an item.	Click here to enter text.	Click here to enter text.	Click here to enter text.
<b>3.3 Restrictions on Deposit Accounts</b>	The credit union only imposes restrictions on deposit accounts for reasonable risk management purposes.	Choose an item.	Click here to enter text.	Click here to enter text.	Click here to enter text.
<b>3.4 Low-Fee and No-Fee Deposit Account</b>	The credit union offers low-fee and/or no-fee deposit accounts to provide access to basic banking services to members who would not otherwise be able to open or manage other types of accounts because of higher costs.	Choose an item.	Click here to enter text.	Click here to enter text.	Click here to enter text.
<b>3.5 Access to Funds</b>	The credit union offers immediate access to the first \$100 of all funds deposited by cheque (on any one day) into a deposit account, or on the next day, if the cheque is deposited through an ATM.  The credit union only restricts access to funds or refuses access to funds due to a sound business reason.	Choose an item.	Click here to enter text.	Click here to enter text.	Click here to enter text.
<b>3.6 Cashing of Government of Canada Cheques</b>	The credit union follows the <i>Access to Basic Banking Services Regulations</i> for cashing Government of Canada cheques for members, account holders, and consumers.  The credit union does not charge a fee for cashing a Government of Canada cheque per the <i>Financial Administration Act</i> .	Choose an item.	Click here to enter text.	Click here to enter text.	Click here to enter text.

Transparency and Disclosure					
<b>4.1 Properly Informed Decisions</b>	<p>The credit union helps members, account holders, and consumers make properly informed decisions about a product or service by:</p> <ul style="list-style-type: none"> <li>• Providing information that is written in user-friendly language (wherever possible), clear about risks/exclusions/limitations, up to date, and is based on B.C. disclosed personal circumstances and financial needs;</li> <li>• Prominently displaying important information;</li> <li>• Answering any questions about a product or service;</li> <li>• Having employees identify the types of products or services they are licensed or registered to sell or offer (if applicable); and</li> <li>• Disclosing any conflicts of interest (if applicable).</li> </ul>	Choose an item.	Click here to enter text.	Click here to enter text.	Click here to enter text.
<b>4.2 Reviewing Information for Plain Language</b>	The credit union reviews product and service information periodically and as needed. It makes changes as necessary to ensure information is written in user-friendly language and easily accessible.	Choose an item.	Click here to enter text.	Click here to enter text.	Click here to enter text.
<b>4.3 Legally Required Disclosure</b>	As a minimum standard, the credit union discloses all legally required information.	Choose an item.	Click here to enter text.	Click here to enter text.	Click here to enter text.
<b>4.4 Disclosure Before/at the Time a Product or Service Is Acquired</b>	The credit union helps members, account holders, or consumers make informed decisions about a product or service.	Choose an item.	Click here to enter text.	Click here to enter text.	Click here to enter text.
<b>4.5 Disclosure After Product or Service Is Acquired</b>	The credit union helps members and account holders use their products and services and keeps them informed by providing regular statements (where legally required), providing notice of changes to interest rate and service charges, and advising members when terms and conditions change.	Choose an item.	Click here to enter text.	Click here to enter text.	Click here to enter text.

<b>4.6 Notices</b>	<p>The credit union notifies members and account holders of changes to: (i) terms and conditions, service fees or account structures, and interest rates; (ii) branch closures; and (iii) automated teller machines (“ATM”) closures in accordance with applicable disclosure legislation or as set out in the respective Product or Service Agreement.</p>	<p>Choose an item.</p>	<p>Click here to enter text.</p>	<p>Click here to enter text.</p>	<p>Click here to enter text.</p>
<b>4.7 Banking Terminology Disclosure Requirements</b>	<p>The credit union provides required disclosure when using the words “bank”, and/or “banking”, and/or “banker” in advertisements or marketing materials and when onboarding, including: (i) that the account being opened is a credit union account (during onboarding); (ii) the province the credit union is authorized to operate in; and (iii) the credit union’s deposit insurance system. Additionally, the credit union follows regulatory guidelines and advertising requirements.</p>	<p>Choose an item.</p>	<p>Click here to enter text.</p>	<p>Click here to enter text.</p>	<p>Click here to enter text.</p>

Complaint Handling					
<b>5.1 Complaint Handling Procedures and Processes</b>	<p>The credit union has established policies and/or procedures for fairly and transparently resolving – internally – complaints made by members, account holders, and consumers.</p> <p>The credit union has designated an individual to be responsible for handling complaints.</p>	Choose an item.	Click here to enter text.	Click here to enter text.	Click here to enter text.
<b>5.2 Making Complaint- Handling Information Available</b>	<p>The credit union makes its complaint-handling policies and/or procedures available to members, account holders, and consumers. Additionally, the credit union posts contact information needed to access the service on its website (if applicable), in its branches, and upon request.</p>	Choose an item.	Click here to enter text.	Click here to enter text.	Click here to enter text.
<b>5.3 Handling Complaints</b>	<p>The credit union handles complaints in a fair and transparent manner and ensures responses are timely.</p>	Choose an item.	Click here to enter text.	Click here to enter text.	Click here to enter text.
<b>5.4 Record Keeping</b>	<p>The credit union's complaint-handling policies outline record keeping, level of severity, and the appropriate action taken.</p>	Choose an item.	Click here to enter text.	Click here to enter text.	Click here to enter text.
<b>5.5 Reporting Complaints</b>	<p>The credit union reports to the board, at least annually, the number of complaints received, the general nature of those complaints, and how those complaints were dealt with.</p> <p>The types of complaints that require reporting to the board are set out in the credit union's complaint handling policies and procedures.</p>	Choose an item.	Click here to enter text.	Click here to enter text.	Click here to enter text.

# B.C. Central Credit Unions

## Market Conduct Annual Report

### Attestation of Compliance

To: BC Financial Services Authority ("BCFSA")

From: \_\_\_\_\_ Credit Union ("Central Credit Union")

**Reporting Period:** calendar year ending \_\_\_\_\_.

I am accountable for the completion of B.C. Central Credit Unions Market Conduct Annual Report. I confirm that I have reviewed the information and made inquiries relating to the status of the Central Credit Union's compliance with the code of market conduct. I also confirm that the board of directors has received and reviewed a report on the status of the Central Credit Union's compliance with the code of market conduct.

For the reporting period identified above, I hereby confirm that, except as outlined below, the Central Credit Union is fully compliant with each of the requirements set out in its code of market conduct.

#### EXCEPTIONS:

NIL or describe exceptions

#### ACTION PLAN:

Describe action plan to achieve full compliance

Dated at \_\_\_\_\_, British Columbia, this \_\_\_\_ day of \_\_\_\_\_,  
20\_\_\_\_\_.

\_\_\_\_\_ [signature]

\_\_\_\_\_ [print name]

\_\_\_\_\_ [insert title]