

# Regulatory Statement

## Related Parties

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<b>Regulatory Statement Number</b>	25-004
<b>Legislation:</b>	<i>Financial Institutions Act</i>
<b>Date:</b>	April 3, 2025
<b>Distribution:</b>	Credit Unions, Insurance Companies, and Trust Companies Authorized in B.C.

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### PURPOSE

This Regulatory Statement ("Statement") sets out the position of BC Financial Services Authority ("BCFSA") with respect to related party transactions under Part 5 'Related Parties' of the *Financial Institutions Act* ("FIA") and repeals any Order issued by the Superintendent of Financial Institutions ("Superintendent") designating additional persons as related parties of a credit union under section 144(3) of the FIA.

This Statement repeals and replaces Information Bulletin CU-2008-001 "Related Parties."

### BACKGROUND INFORMATION

Transactions with related parties pose a risk of self-dealing or conflict of interest. To mitigate these risks, the FIA contains restrictions and requirements that apply to related party transactions, together with a definition of "related party."

Section 144 of the FIA provides a list of persons<sup>1</sup> who are considered related parties of a financial institution. An individual who was a related party of a financial institution continues to maintain their status as a related party for 12 months, commencing on the date that they cease to be a related party under the definition in section 144(1) of the FIA.

Sections 145 through 147 of the FIA include the circumstances under which related party transactions are permitted. These permissions are arranged in three categories:

- Transactions that a financial institution's management may approve;
- Transactions that require approval from the Conduct Review Committee ("CRC"); and
- Transactions that require consent from the Superintendent.

### REQUIREMENTS

Financial institutions are required to ensure that they remain in compliance with the FIA, the *Credit Union Incorporation Act* ("CUIA") where applicable, and the *Related Party Transactions Regulation*. BCFSA interprets the terms "specific transaction" and "class of transaction" included in Sections 146 and 147 of the FIA as follows:

**"Specific transaction"** – BCFSA considers a specific transaction to include transactions that are made with specific related parties on a one-time-only or case-by-case basis.

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<sup>1</sup> A "person" may include a corporation in which an individual is a related party of the financial institution under s.144(1)(a), (b), (c), (d), or (j).

**“Class of transaction”** – BCFSa considers a class of transaction to include transactions that are:

- recurring in nature;
- made with a specific type of related party (i.e., director, senior officer, etc.); and
- made within specific limits and/or conditions.

## **SUPERINTENDENT’S ORDER**

Section 144(3) of the FIA allows the Superintendent to issue an Order designating a person (or persons) as a related party of a financial institution. Pursuant to section 144(3) of the FIA, the Superintendent had issued a Superintendent’s Order (“Order”), as set out in information Bulletin CU-1990-03, designating certain classes of person as related parties of credit unions. Given the age of the Order and changes to legislation since its issuance, the Superintendent has repealed the Order.

No implication may be drawn about the previous Order respecting related parties from this repeal. In particular, the repeal does not imply that parties specified in the Order are no longer considered related parties. They may still be considered related parties per the legislation; however, it is the responsibility of each credit union to identify persons in related party-like relationships and to avoid or manage potential conflicts of interest and potential self-dealing.

## **INSTRUCTIONS**

Financial institutions may apply for consent from the Superintendent to enter into transactions with related parties under section 147 of the FIA via the Integrated Regulatory Information System (“IRIS”), a secure portal through which regulated entities may provide information to BCFSa. IRIS, as well as instructions on how to set up an account and apply through IRIS, may be accessed on BCFSa’s website. For any questions related to this Statement, please contact [policy@bcfsa.ca](mailto:policy@bcfsa.ca).

## **LEGISLATION**

FIA ss. 1, 111(1), 112(2)(b), 115, 135, and Part 5, including ss. 144-147, 149  
CUIA s. 39.56

*Related Parties Transactions Regulation*

*Interpretation Act*, ss. 27(2), 28(3)

Copies of the legislation are available from [www.bclaws.gov.bc.ca](http://www.bclaws.gov.bc.ca).

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