

Advisory

Consultation on Proposed Capital Rule

Date: October 16, 2025
Distribution: All Credit Union CEOs, CFOs, CROs
Advisory Number: 25-038

PURPOSE

BC Financial Services Authority (BCFSA) is seeking feedback on its [proposed Capital Rule](#) (the Rule), which is currently open for consultation and public comment as part of the Capital Modernization Project. The consultation will close on **December 15, 2025**.

BACKGROUND

BCFSA's Capital Modernization Project (Project) is a multi-year initiative to modernize the capital framework of B.C.'s credit unions. The goals of the Project are to ensure that capital adequacy requirements for credit unions continue to reflect the underlying risks, raise the quality and quantity of regulatory capital, and enhance risk coverage by adopting some elements of the Basel III framework¹, international standards, and best practices. BCFSA anticipates that the new Rule will come into effect on January 1, 2027, with the full implementation of the new regime set for January 1, 2029.

RULE DRAFTING INFORMATION

The proposed Rule has been drafted in accordance with the same drafting standards that apply to the existing statutes applicable to credit unions, such as the *Financial Institutions Act* and *Credit Union Incorporation Act* and related regulations. Unlike earlier consultation documents, which were presented in narrative format, the Rule has the force of law and must be drafted consistent with requirements under the *Regulations Act*. The Rule was drafted by legislative counsel from the Ministry of Attorney General based on drafting instructions provided by BCFSA and will ultimately require consent from the Minister of Finance.

The content of the Rule is consistent with the previously proposed framework as set out in the [Capital Modernization Project Consultation Paper](#) and the [Consultation Summary Report](#). Going forward, BCFSA's approach will be to update the framework on a more continuous basis. As such, BCFSA will continue to review and update the Rule to reflect emerging risks and developments in the B.C. credit union system.

FEEDBACK

Throughout the project, BCFSA has received wide-ranging and extensive feedback from a diverse representation of credit unions and other participants. Further, during our information sessions, working group, and public consultation, we heard feedback that helped ensure the unique characteristics of the B.C. credit union segment were considered. Given the extent of the previous response on the proposed framework, BCFSA primarily seeks feedback on aspects of the Rule, as drafted, that may affect how it is

¹ Basel III is an internationally agreed set of measures developed by the Basel Committee on Banking Supervision in response to the financial crisis of 2007-09.

Classification: **Public**

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intended to operate, or where additional clarity may be needed. However, as noted above, the structure and format of the Rule must remain consistent with legislative drafting standards.

Note that some topics are addressed across multiple sections of the Rule and we encourage you to review the Rule thoroughly and in its entirety. To support review and feedback, BCFSa has provided a Consultation Package (see below).

Comments can be submitted through the [Consultation Feedback Form](#). BCFSa values all the feedback it receives during consultations and will consider all input as we move forward with this important initiative.

Please submit feedback on the Rule prior to the close of the consultation on December 15, 2025.

CONSULTATION PACKAGE

To facilitate responses, BCFSa has prepared a Consultation Package:

- [\(Proposed\) Capital Requirements Rules](#)
- [Section Notes – A short summary for each section of the Rule](#)
- [Rule References for Selected Topics – Provides references in the Rule for selected topics](#)
- [Consultation Feedback Form](#)

REGISTER FOR THE INFORMATION SESSION

Join us for an introduction to the Rule at an information session. We request that you submit your questions in advance using this [Ask Us Form](#). This allows us to tailor the session and prepare thorough and fulsome responses.

Capital Rule Consultation Information Session

Time: October 22, 2025, 10 a.m.–11 a.m. PST

[REGISTER HERE](#)

BCFSa intends to host an additional information session during the consultation period. Please email CUCapital@bcfsa.ca if you have any questions or concerns.

ADDITIONAL INFORMATION

- [Capital Modernization Project](#)