
FSRA Support to Credit Unions and Caisses Populaires

The Financial Services Regulatory Authority of Ontario (FSRA) continues to protect the deposits of Ontario credit union members and ensure that the system remains strong, while working in partnership with credit unions as they consider alternate ways to serve their members' needs in the current environment.

Ontario's credit union sector is well-capitalized, has strong liquidity coverage and is subject to prudential standards set out under the *Credit Unions and Caisses Populaires Act, 1994* (CUCPA), as well as FSRA guidance and ongoing prudential supervision.

We commend the sector for continuing to serve its members during this time of disruption. In order to support these efforts, we will consider the current extraordinary circumstances as we exercise discretion in areas where we have the authority to do so, while helping to ensuring the safety of member deposits and the stability of the credit union sector. In addition to the [Information Guidance issued on March 16, 2020](#) FSRA will provide the following regulatory easing measures:

1. Defer the issuance of the following invoices for F2020-21:
 - Fee assessments payable under FSRA's Fee Rule 2019-01
 - Deposit Insurance Reserve Fund (DIRF) premiums payable under the CUCPACredit unions will be advised 15 days prior to F2020-21 invoices being issued. Until such invoices are issued, FSRA will be deferring collection of any F2020-21 fee assessments and DIRF premiums.
2. Defer non-critical components of credit union examinations, including the on-site portion, except in exceptional or disruption-related circumstances. If necessary, we will be developing supplemental procedures to compensate for the loss of the on-site component.
3. Waive the Q1 2020 Level II and Level III reporting requirements under the existing *Guidance Note: Securitization*, normally due 45 days after quarter end, as such reporting is not critical at this time to informing our understanding of the soundness of individual





credit unions under the current circumstances. All credit unions would only be expected to report on Level I requirements for Q1 2020.

4. Provide flexibility on deadlines for other required report filings, to the extent that discretionary authority exists to do so and considering whether such filings are important to understanding current and evolving capital and liquidity situations of individual credit unions. Such flexibility will be determined on a case-by-case basis. Please contact your Relationship Manager in advance if you require such flexibility.
5. FSRA supports credit unions working constructively with borrowers affected by COVID-19 disruption and, where appropriate, providing documented loan payment deferrals. We note that loss provisioning is primarily determined by accounting standards such as IFRS9. We confirm that prudent and appropriately documented loan payment deferral arrangements between credit unions and borrowers adversely impacted by COVID-19 and otherwise in good standing, do not result in impairment under clauses B.b) and B.e) of *By-law No. 6 – Reserves and Monthly Provisions for Doubtful Loans*, regardless of whether the loan modification extends payments for more than 90 days or results in deferral for more than 6 months beyond the loan's original term. We also confirm that during a rapidly evolving crisis like COVID-19, it is a prudent business practice to agree to loan modifications as circumstances develop, even if that results in multiple loan modifications.
6. FSRA's liquidity guidance establishes ratios and other thresholds to assist credit unions and FSRA in the early identification of potential liquidity issues, as opposed to minimum standards. If a credit union anticipates non-compliance with such guidance, please contact your Relationship Manager.
7. Unless related to the current disruptions caused by COVID-19, FSRA will postpone new consultations on draft guidance until conditions stabilize.

FSRA's Relationship Managers are in active contact with credit unions and are responding to their inquiries. We will continue to remain in close contact and be responsive to any questions you may have, as well as share any additional information.

We commit to keeping you informed and we will continue to provide you with updates via email and on our website. Information related to FSRA's COVID-19 updates, including Guidance, are available in [FSRA Statement of Business Continuity](#).

