



21 December 2018

Mark White
Financial Services Regulatory Authority
130 Adelaide Street West, Suite 800
Toronto ON
M5H 3P5

RE: Proposed FSRA Fee Rule 2019 – 001B (Interim) and Proposed FSRA Fee Rule 2019 – 001

Dear Mr. White,

Allow me to add my voice and YNCU's support to the efforts of the CCUA and the Ontario government relations working group to engage with the Financial Service Regulatory Authority (FSRA) during this important planning and transition period. Thank you for your work to date and the open collaboration with the Ontario credit union industry.

We support CCUA's position and comment on Proposed FSRA Fee Rule 2019 – 001B (Interim) and Proposed FSRA Fee Rule 2019 – 001.

As one of Ontario's largest credit unions, with assets of approximately \$2 billion, and 52,000 members in communities from Sault Ste. Marie and Timmins, and Windsor/Lasalle to Kitchener/Waterloo and Guelph, we serve a spectrum of members and communities, including one where we are the only remaining financial institution.

Since the 1940s, we have provided community-focused financial services as a community small business, but have evolved over time, demonstrating the innovation that members demand. As YNCU and credit unions continue to become more complex financial institutions, we require a regulator that exercises a culture of innovation and commitment to enhancing the strength of credit unions. A well-regulated and prosperous credit union system benefits the future of Ontario.

The establishment of a fee structure is an integral part of developing any regulatory structure. Ontario credit unions welcome FSRA's collaborative approach to consultation with respect to the transition process from FSCO and DICO regulation, into a single entity. Credit unions view the creation of a new interim fee rule as an unnecessary change for the system.

We support CCUA's recommendation that funding for the credit union sector within FSRA for 2019 remain frozen with the existing 2018 regulatory funding models serving as the de facto interim fee rule until the creation of a new permanent fee rule, after FSRA's budget and operations are finalized. This proposed approach allows for the greatest simplicity and ease of transition for credit unions into FSRA. Moreover, it ensures that FSRA will have the adequate funding, as credit union fees would remain constant to 2018 levels.

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Furthermore, the call for postponing the fee rule change has been a consistent response from the credit union system since the summer of 2018, when FSRA first engaged the Credit Union Industry Advisory Group on this matter. **Credit unions cannot lend their support to any immediate fee change, given the combination of unknowns and uncertainty regarding our legislative and regulatory environment, and FSRA's overall budget opacity.**

Ontario credit unions strain to understand the immediate urgency to adopt a new fee model. Rather than having to comply with successive fee changes, maintaining the current fee structure for FSRA's first year helps ease uncertainty around the transition and creates fiscal clarity for credit unions. The transition to FSRA is a major restructuring, with multiple areas of operational uncertainties for credit unions. Our recommendation is a simpler, more transparent, and fairer approach, which better serves both FSRA and Ontario credit unions. It allows credit unions to have a full understanding of all the fees they will be paying into FSRA and the total amount.

In conclusion, Your Neighbourhood Credit Union, as part of the Credit Unions of Ontario, looks forward to working with FSRA to achieve your vision of simplicity, consistency, transparency, future focus, as well as efficiency and effectiveness. Our recommendation to use the current structure as an interim fee rule for FSRA's first year represents the best path forward for all concerned credit unions. Given the level of uncertainty around FSRA's timeline and budget, credit unions cannot support the immediate implementation of any temporary fee structure. Adopting a new funding model to be used in the interim would create an unnecessary regulatory burden for all parties involved.

Thank you for the opportunity to participate in FSRA's consultation process related to the interim fee rules, and to continue providing additional guidance on the FSRA's ongoing work towards your future structure, governance, and budget. YNCU, CCUA and credit unions of Ontario look forward to working with FSRA on building an effective regulatory relationship for credit unions for tomorrow, and the day after tomorrow.

Kind Regards,

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