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To: All CEOs / General Managers of British Columbia Credit Unions

Re: B.C. Liquidity Coverage Ratio (LCR) Reporting Guide and Template Finalized

On January 16, 2017, the Financial Institutions Commission (FICOM) issued for comment a draft B.C. credit union version of the Liquidity Coverage Ratio (LCR) and launched a formal consultation ending on April 14, 2017.

On May 17, 2017, FICOM hosted a post consultation discussion with credit unions to review key issues, specific line items, and assumptions in the B.C. LCR.

FICOM has now finalized the B.C. LCR, and has posted the B.C. LCR Reporting Guide and B.C. LCR Reporting Template to the FICOM [website](#). The attached summary table outlines substantive changes derived from the consultation period.

Credit unions are expected to begin reporting on the LCR as of March 31, 2018, with the first LCR return due April 30, 2018. Credit unions with more than \$1 billion in assets are required to report on the LCR monthly, while all other credit unions are required to report quarterly. The first year of reporting is considered to be a pilot reporting phase, and will not be subject to supervisory review.

Please direct any questions or comments to Ashley Kearns, Senior Analyst, Financial and Regulatory Reporting at Ashley.Kearns@ficombc.ca.

Sincerely,

Mehrdad Rastan
Executive Director
Risk, Analytics, and Reporting
Regulation

Enclosure

cc: All CFOs/Finance Managers of B.C. Credit Unions

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B.C. Liquidity Coverage Ratio (LCR): Summary of Substantive Changes Following Consultation

Return Reference	Description of Change	Rationale for Change
LCR Template	Reporting requirements – year end considerations	Clarified that credit unions may ask for addition time should LCR reporting coincide with yearend reporting
Para. 3	Clarification – all BC credit unions	Clarified that each credit union must submit the LCR
Para. 10	Clarification – usually downward	Clarified that the LCR supervisory target may be adjusted during period of stress, and that the adjustment will usually be downward
Para. 11	Establish reporting frequency	Credit unions with more than \$1 billion in assets will be required to report on the LCR monthly, while all other credit unions will report quarterly
Para. 14	Establish pilot reporting period	The first year of LCR reporting will be considered a pilot phase, in order to provide adequate time for credit unions to work with the new return prior to being subject to supervisory review
Para. 15	Clarification – stress scenario	Clarified that the stress scenario is idiosyncratic
Para. 21 & 23	Assumption change – Central 1 deposits	Revised assumptions on Central 1 deposits - Liquidity statutory deposits remain as Level 1 while non-mandatory deposits held at Central 1 are moved to Level 2A, to reflect asset quality
Para. 24	Clarification – equity	Clarified description of qualifying corporate (non-financial) common equity shares to those meeting the requirements for primary capital
Para. 32	Assumption change – foreign currency	Revised assumptions and categorization of foreign currency deposits – foreign currency deposits are now included with CAD deposits in various categories as all deposits are insured by CUDIC
Para. 33	Assumption change – registered retail deposits, and hardship considerations for retail deposits > 30 days	Revised language to clarify that registered retail deposits with > 30 days to maturity are considered stable, and that allowing for withdrawals under special hardship considerations does not require re-classification and increased run-off rates
Para. 34	Clarification – within 30 days	Clarified the time parameter to be ≤ 30 days
Para. 35+	Removal of category – High value deposits or deposits from sophisticated or high net worth depositors	Removal of certain categorizations for ease and consistency of reporting
Para. 36	Clarification – other retail deposits	Clarified that all other retail deposits maturing within 30 days may be reported here
Para. 42	Assumption change – subsidiaries	Revised assumption that deposits held at fully controlled financial institution subsidiaries such as fiduciaries, beneficiaries, special purpose vehicles, and affiliated entities do not receive 100% run-off
Para. 42	Clarification – investment firms	Clarified that investment firms are considered financial institutions
Para. 63	Removal of category – committed Lines of credit and deposits at other financial institutions	Removal of committed lines of credit category for consistency with other assumptions and Basel text