

February 24th, 2023

Financial Services Regulatory Authority
25 Sheppard Avenue West, Suite 100
Toronto, ON M2N 6S6

Dear FSRA,

RE: FSRA 2022 Fee Rule Consultation Submission

The Canadian Credit Union Association (CCUA) welcomes the opportunity to comment on the proposed changes to the rule that governs the way FSRA assesses and collects fees from the sector. CCUA is the trade association for Ontario's credit unions and caisses populaires.

Overall, we are supportive of the 2022 Fee Rule, however there are some parts of the proposed changes that we'd like to comment on and discuss further with FSRA.

Part 2 – Sectoral Assessment Process

The sector has concerns regarding the removal of the requirement to post a draft budget on the FSRA website which has been replaced with a requirement to consult with the regulated sectors as part of the FSRA's annual business plan process. The removal of the draft budget from the public creates less transparency directly contrasting with a principle within the consultation. Furthermore, we believe there would be decreased ability to access the overall landscape if it's limited to just a requirement to consult.

In addition, clarity from FSRA is needed in the instance the operating reserve goes above the maximum 5%. The rule does not specifically indicate where those additional funds will go or how they will be treated.

Part 3 – Credit Unions Sector Assessments and Fees

New activity fees, increase to existing activity fees and expectation of higher DIRF premiums will continue to result in higher regulatory costs each year and an increasing regulatory burden requiring more investment in administrative resources from the sector.

The sector would be happy to work with FSRA on a balanced approach which respects the need for increasing sector fees, alongside a workplan that does not add unnecessary financial burden on both the sector and the regulator.

Part 10 – Innovation Office Fees

We have been impressed with the proactive approach FSRA has taken to seek out opportunities for the innovation office. It can be a useful tool as the sector looks forward to taking advantage of open banking and new business powers. However, we question the high fees related to "meeting with or requests for



written feedback from the Authority initiated by the inquiring party for all matters relating to an intake form". It is our understanding that FSRA wants to encourage engagement, both from large and small credit unions seeking to do innovative things that benefit consumers. The cost of \$500 - \$1,000 does not seem to be consistent with this ambition. We encourage FSRA not to build additional barriers to innovation.

Concluding Remarks

While there are a couple of points of clarification that are needed, we are supportive of the changes that have been proposed. We would be happy to further discuss. Please don't hesitate to reach out should there be any questions.

Sincerely,

Andrei Belik
Regional Director, Ontario Government Relations
Canadian Credit Union Association

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