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Dear Ms. Leung and Team,

Libro Credit Union (Libro) is pleased to provide our response for FSRA's proposed Credit Union Market Conduct Framework (Policy 2021-007). We are happy to see this consultation moving forward as we believe that a flexible market conduct code will help generate continued positive outcomes for our Owners and across the Ontario sector. We believe the code and self assessment both sit in a strong place. They are flexible and principles based ensuring our sector remains focused on delivering the best outcomes for our members in critical areas of market conduct.

Credit unions continue to win national annual customer service awards, while also receiving local business awards across Ontario for overall satisfaction and customer focus. This framework will help to codify and highlight our Owner first commitment and approach, while highlighting the credit union difference within the marketplace.

Timeline for First Board Attestation and Assessment

As we work towards full internal adoption of the market conduct code, framework, and self assessment **we seek comment from FSRA around when first attestations will be required for submission to FSRA.** Clarity around attestations and first assessments would be helpful in terms of our operational preparedness. We recognize that the guidance will come into force 90 days after the final version is released to the public however, there is no mention from the Market Conduct Team of when first assessments and attestations may take place or are expected. We trust that FSRA will be flexible as we work collaboratively to implement this important framework and guidance, with appropriate lead way given the changes occurring within the sector.

Governance Expectations

Libro will be utilizing the self-assessment tool built through CCUA, as well as an internal inventory for ongoing review and improvement to "objectively assess adherence with the code". We will provide updates to our Board and have them attest annually moving forward. Our understanding based on this section is that this will suffice as appropriate oversight. **We are seeking confirmation from FSRA that this approach meets adherence to the guidance note.** We recognized the importance of principles-

based guidance and note that we are asking for specifics however, ensuring adequacy of the operational tools used early on will support a stronger launch and first exam.

In relation to Board Committee responsibility we are considering a different committee that is not Audit and Risk to be responsible for the code and its framework at Libro. **Can FSRA confirm that a deviation from the Audit Committee (outlined in Section 2) would be acceptable?**

Lastly, we note that within “Section 2 – Interpretation” the rule refers to “standards of business practices and ethical behavior” whereas in Section 1 it refers to “standards of business conduct and ethical behavior”. **Can FSRA confirm if these intend to refer to the requirements under By-Law No. 5 and whether language should be consistent throughout? Additionally, at the time the New Act and related Sound Business Practice Rule come into force will this Rule be simplified to refer only to the New Act and rules in force?**

Ongoing Discussions Needed

We are comfortable with the supervisory approach presented within the policy and trust that FSRA will be open to ongoing proactive discussions around sector improvements, peer to peer learning, and data sharing. **For this framework to be an effective tool these elements must be consistent in FSRA’s approach.** Success stories should be shared by FSRA, along with challenges that FSRA is seeing within the marketplace and sector. Credit unions are constantly seeking new approaches to better serving our members, its in our nature, and market conduct can help create another innovative and iterative tool to achieve this goal.

Timeline to Implementation

One of the main benefits of a market conduct code is the ability to adapt quickly and make necessary changes as consumer behaviour, economies, marketplaces, or expectations shift. The document currently notes a three-year window for review. We cannot become complacent with the code over time. We recommend at minimum annual conversations as a sector through the SAC, TAC and with CCUA to prepare for future changes and improvements to the code and methods of assessment. Ensuring ongoing discussion will help meet the needs of our members and strengthen our consumer approach and outlook. We do not recommend changes necessarily in the first review (first 3 years) as credit unions seek to adopt the new guidance, this will take time, effort, and resources. Once in a mature state we should look to begin efforts of improvement where possible in a more rapid pace.

It is our understanding that FSRA’s market conduct supervision will focus on each credit union’s adoption and implementation of a market code of conduct acceptable to FSRA and that firms will have sufficient time to address questions or gaps. **Allowing more time for review and corrective action on initial gaps would be beneficial, as 2022 will provide a significant period of change within our sector (new CUCPA, regulations, rules, and guidance).** From an operational standpoint additional runway for change and discussion would be helpful due to the rate and speed of change and expectations and the adjustment necessary for this new framework and policy approach.

Conclusion

Libro remains excited by the opportunities presented through this framework and our market conduct code. We believe this is only the beginning for codes and how we can move forward with principles-based guidance in new and iterative ways. We look forward to FSRA's response on:

- First assessment and attestations expectations and timeline.
- Governance expectations and clarity questions.
- Openness and ongoing dialogue with the sector and how we can facilitate this.
- Timing and expectations around implementing changes based on initial assessments in 2022.

If Libro can be of further assistance in our response or answer any questions we are certainly open to discussion.

Regards.



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