



October 29, 2021

Mark White
Chief Executive Officer
Financial Services Regulatory Authority
5160 Yonge Street, 16th Floor
Toronto, Ontario
M2N 6L9

Re: Proposed 2022-23 Statement of Priorities

Dear Mark,

Thank you for the opportunity to comment on the FY2022-2023 Proposed Statement of Priorities. As a member of the credit union sector Stakeholder Advisory Committee, I appreciate the open dialogue that you and the FSRA management team have engaged in with the Committee regarding next year's budget and priorities. Alterna Savings is supportive of FSRA's priorities for 2022-2023, in particular the efforts to implement the new credit union legislative framework and risk-based supervision. However, we remain concerned with the escalating costs associated with regulation given the proposed 10.6% increase in assessment fees for our sector.

As noted in our commentary regarding the 2021-2022 Statement of Priorities, the cost of regulation for Ontario credit unions is already very high. We can appreciate that, compared to some other jurisdictions, there are less assets over which to distribute fixed costs for necessary supervisory activities. However, we are concerned that the cumulative assessment fee increase (30% over 2021-2023) will add much strain to credit unions, particularly when coupled with any increase to deposit insurance costs that may be forthcoming. Revenues are simply not growing at this pace and many credit unions are anticipating a difficult year ahead. In the spirit of FSRA's objective of fostering a sustainable, competitive financial services sector, we would ask that FSRA look at all possible avenues to reduce or delay its expenses in order to avoid credit unions having to make even harder choices in their own operations to offset the cost of regulation.

With respect to the implementation of the new credit union legislative framework and risk-based supervisory framework, we look forward to participating in the consultation process. We are also pleased that FSRA will be working with the sector to prioritize the many Rules that are required to support the new CUCPA. Our ask in this regard is that FSRA provide sufficient time for meaningful consultation on these Rules and other matters, and to approach them with an innovation mindset (in alignment with FSRA's cross-sectoral priority) in order to help the sector grow and thrive.

Mark, thank you once again for the opportunity to share our thoughts, and please feel free to reach out to us if you would like to discuss these in greater detail.

Best regards,

José Gallant
SVP & Chief Administrative Officer

cc. Rob Paterson, President & CEO