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Financial Services Regulatory Authority of Ontario
25 Sheppard Avenue West, Suite 100
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Attention: Catherine Tam

February 18th, 2022

RE: Libro Credit Union Responds to the Resolution Planning Guidance Consultation

Dear Ms. Tam and Team,

Libro Credit Union (Libro) is pleased to respond to FSRA's proposed Resolution Planning Guidance Consultation. We respect the need for resolution planning and the underlying objectives of the proposed guidance however, we have some concerns with the proposed guidance as it currently stands and seek further clarity on a few items.

Further Role Clarity Needed

We believe that enhancement related to role clarity between the individual credit union and FSRA needs to be re-examined across the guidance note. Currently, we are unsure who is directly responsible for the resolution strategy and operational plan, as wording remains vague and ambiguous. We believe that it is very difficult, if not impossible, for a credit union to determine a resolution strategy and related course of action in advance. The use of time and resources to plan and operationalize for numerous eventualities is difficult to justify given the extensive demands on limited human resources. We have significant concern that within the credit union sector, we do not have enough technical understanding of FSRA's powers, legal implications of various resolution strategies, to determine strategy and develop plans for how they would be operationalized.

We are supportive if resolution planning is limited to being prepared and providing factual information to FSRA in the event it is needed, to allow FSRA to determine the appropriate resolution strategy in the unlikely event a credit union reaches a point on non-viability. We would also be open to removing impediments that would negatively impact a broad range of resolution strategies.

Seeking Efficiencies Within Various Plans

There is a potential to roll both the Recovery and Resolution planning activities and strategies into a unified plan. Additionally, we note that business continuity planning may also serve as an opportunity to strengthen both elements. We believe that we should seek efficiencies in bringing these three items together as one, to create a more simplified and robust plan, that isn't siloed in its approach. We urge FSRA to consider how this could be done to ensure that items are not missed should the need arise for such operational activities.

Phased Approach

A phased approach towards adoption should be considered in the case of resolution planning. Undertaking a full resolution planning exercise early without potential clarity and discussion could invoke more frustration, operational challenges, resource constraints and general confusion. We believe that testing and discussions will be critical and that a phased approach to the journey would be helpful for both parties. We believe this phased in approach should consist of:

- Identification of critical functions for each individual credit union. More detailed guidance around what is considered a critical function is required as it is fundamental to the rest of the process. FSRA should provide agreement on this assessment before the plan moves further for each individual credit union.
- Development of an individual credit union profile to be leveraged for multiple plans.
- Review of data capabilities and operational dependences.
- Review of funding sources and exposures as a continuation of the recovery plan exercise.
- Resolution strategy. As per previous comments, FSRA is likely better positioned to determine this based on the facts and circumstances at the point of non-viability. Alternatively, this will need to be co-developed with FSRA as credit unions do not have the information, resources, or expertise to plan and remove impediments for many potential strategies.
- Ongoing testing and dialogue to enhance the plan and to adjust

As FSRA noted within their recent town hall meeting “we are on a journey” towards principle-based regulation, and we could not agree more when it comes to new requirements such as resolution planning and strategy. We believe that there is an education element to resolution planning, we will be learning with FSRA, and as such dialogue and understanding will be key to ensuring successful plans that prepare both the sector and regulator should the need arise.

Understanding FSRA’s Communication Strategy

In the event FSRA needs to invoke a resolution plan will the sector have a prior understanding as to how FSRA will communicate plans to ensure contagion and run offs do not occur within the sector. Prior knowledge around communication strategies and materials would be helpful in preparation for internal planning and business continuity, as the sector can expect severe ramifications should a larger credit union falter. Stronger preparation and open sharing can benefit both FSRA and the sector, in turn helping our Owners remain confident in Libro and their deposits.

Critical Shared Services Need Proactive Discussions

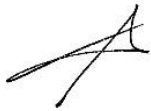
The sector relies on critical shared services to deliver items across platforms, investments, payment services, card, technology, and other various infrastructure. There is value in FSRA having proactive discussions with the sector to identify and ensure collaborative understanding of what would take place in the event of a resolution plan being enacted. Various committee’s and groups oversee much of these services and ensuring that the sector has had the ability to discuss would be beneficial. Additionally, is FSRA having discussions with regulators across the country on this topic, as several services and platforms are shared by the sector across provinces. Proactive thinking will be critical given the environment credit unions operate in.

Governance Expectations

Board expectations and resources continue to grow through guidance of this nature. While we are not opposed to the importance of Board discussions around resolution planning, we are worried about navigating increasing FSRA compliance items, meeting minutes, and increased legal, financial, and operational elements within meetings. We ask FSRA to consider how we focus Board's time and attention on the areas of highest priority. While oversight of regulation compliance is without question a top priority, it is important that they also have sufficient time to consider critical strategic and innovation considerations in an ever-changing world.

We look forward to continued dialogue on this important issue and enhancing clarity within the guidance before moving forward. We would be happy to discuss our feedback further should FSRA have questions or thoughts.

Sincerely,



Stephen Bolton
Head Coach, CEO and President
Libro Credit Union



Janet Johnson
CFO and EVP Finance
Libro Credit Union