



August 12, 2021

FSRA Policy Division  
25 Sheppard Ave W. Suite 100  
Toronto, ON  
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Delivered by e-mail

Dear FSRA Policy Team,

**RE: Response to FSRA's Proposed Credit Union Market Conduct Framework Approach and Interpretation Guidance**

Thank you for the opportunity to provide our thoughts on the Proposed Credit Union Market Conduct Framework Approach and Interpretation Guidance ("Draft Guidance"). We support FSRA's efforts to enhance consumer protection by implementing a framework to promote fair outcomes for credit union members. We would kindly ask that you consider our comments which relate to avoiding regulatory duplication, ensuring balance in approach, as well as timing of implementation.

**Avoidance of Regulatory Conflict and Duplication**

Page 10 of the Draft Guidance states that FSRA would assess the effectiveness of a credit union's Market Conduct Framework ("MCF") by determining, in part, "whether the established standards are effectively implemented, governed and controlled throughout a credit union's operations (*including those of its subsidiaries*) and among different levels of management and staff to achieve the outcomes intended, including the fair treatments for members/customers".

Alterna Savings has a wholly owned subsidiary bank. As you are aware, the federal government brought forward the Financial Consumer Protection Framework ("FCPF") in its *Budget Implementation Act, 2018, No. 2*. Although there are many similarities between the CCUA's Market Conduct Code, the Market Conduct Code for Ontario Credit Unions and the FCPF, with a focus on consumer outcomes, there are also differences. The FCPF provides for a comprehensive consumer protection regime for bank customers. As a result, it is entirely unnecessary for a credit union's MCF to overlay this regime and would only result in duplication and possible conflict. Therefore, we request that the Draft Guidance be revised to state that the MCF does not apply to the subsidiaries of a credit union where that subsidiary is already subject to a similar consumer protection regime.

**Balance**

We believe in the importance of delivering fair outcomes to our members. Servicing our members' needs is central to our core values and what helps to differentiate us from other financial institution models. At the same time, we must ensure that our organization remains stable and strong and generates enough revenue to support the growth and innovation that is required to stay competitive in the dynamic and ever-changing financial services sector. That is



why we would suggest a minor adjustment to the wording of the following bullet point on page 3 of the Draft Guidance:

Detailing how the credit union should behave to ensure fair outcomes for its members and customers by prioritizing treatment of members and customers across the entire organization.

We suggest that language be added that recognizes the balance between the interests of the consumer and the realities of a credit union's business operations, knowing that these are often one and the same. In this regard we note that the *Financial Consumer Protection Agency Act* ("Act") was recently amended to reflect this balance. Paragraph 3(1)(b) was added to the Act and provides that one of the objects of the Financial Consumer Agency of Canada is to "strive to protect the rights and interests of consumers of financial products and services and the public, **taking into account the need of financial institutions to efficiently manage their business operations**". We would suggest similar language be added to the above.

### Timing

It would be helpful if there was some clarification regarding timing. The Draft Guidance provides that the interpretation applies to By-law No. 5 until section 102 of the *Credit Unions and Caisses Populaires Act, 2020* ("New Act"), comes into place and that the effective date of the guidance would be 90 days after issuance of the final guidance. It would be helpful for the Draft Guidance to be amended to confirm the information that was previously relayed to the industry regarding the timing for implementation of the Market Code of Conduct being that the implementation was to be complete by the end of 2021 with board and FSRA reporting beginning in 2022.

### Conclusion

We trust that our comments are constructive and helpful. 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