

March 31<sup>st</sup>, 2023

Financial Services Regulatory Authority of Ontario ("FSRA")  
25 Sheppard Avenue West, Suite 100  
Toronto, ON M2N 6S6

**Attention: Sreejith Lal, Relationship Manager**

Dear Sreejith,

Re: Operational Risk and Resilience – guidance for consultation

DUCA Financial Services Credit Union Ltd ("DUCA" or "we") appreciates the opportunity to comment and respond to the public consultation surrounding FSRA's draft Operational Risk & Resilience Guidance ("the Guidance"). FSRA's willingness to have a conversation around our concerns is helpful and we appreciate openness for dialogue.

We support the intent and principles behind the Guidance and understand the opportunity at hand for the Guidance to further strengthen our sector. As such we are providing this feedback with the desire to assist in arriving at a final version of the Guidance that achieves the outcomes intended.

Below is a summary of key issues that DUCA has determined to be of particular importance.

From a broad perspective, we have concern that the proposed Guidance is drawing the Board into operational activities involving policies and framework. This should be done at the management level by the CEO and senior management groups. The Guidance requires the Board to:

- Periodically review and approve CUs' Operational Risk Management Framework ("ORMF") and supporting frameworks (e.g., third-party risk management framework, information technology framework, incident management framework) or similar construct according to their size, complexity, and risk profile. While we agree that the Board should approve the ORMF, the responsibility to approve the supporting frameworks (e.g., third-party risk management framework, information technology framework, incident management framework) should reside with senior management.
- Review the business continuity plan ("BCP") and disaster recovery plan ("DRP"). While the Board should be provided comprehensive reporting on the BCP and DRP, such as key risk indicators and results of tests, requiring the Board to review the BCP and the DRP will amount to bringing the Board into the day-to-day operational activities of the CU. It is our view that policies that cover BCP and DRP should reside with senior management and not require Board review.

The Guidance requires significant changes in the broader risk management practices and in some cases may require development of new frameworks. As such we trust that the CU's will be given appropriate time to implement the changes necessary for compliance with the new regulations.

We look forward to further discussion and would be pleased to follow up with FSRA on consultation for the Guidance in this letter.

Sincerely,

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Riz Ahmad, Chief Risk Officer

cc: Michael Hatch, CCUA

DUCA Executive Leadership Team