



October 17, 2016

Open Letter RE: Federal Continuance

This letter is to clarify the roles of the Financial Institutions Commission (FICOM) and the Credit Union Deposit Insurance Corporation (CUDIC) in the event a British Columbia (BC) credit union places a Special Resolution before its membership seeking approval for the credit union to apply to the federal Office of the Superintendent of Financial Institutions (OSFI) for continuance into the federal jurisdiction.

Section 15.2 of the *Credit Union Incorporation Act* (CUIA) provides that a credit union may apply to another jurisdiction for an instrument of continuation continuing the credit union as if it had been incorporated under the laws of that jurisdiction if authorized by the following:

- a Special Resolution;
- the consent given by the Commission and CUDIC; and
- the laws of that jurisdiction.

It is a decision of the credit union's Board of Directors on when to put forward a Special Resolution to its membership seeking approval for the credit union to apply for continuance into the federal jurisdiction. The CUIA does not confer any approval or consent requirement from FICOM or CUDIC on the wording or accompanying disclosure of the Special Resolution. However, the vote is governed by member notice provisions in the CUIA and the federal *Bank Act*.

Section 78 of the CUIA provides reference to notice period provisions and the common law applicable guides the determination of what is effective notice. An effective notice ensures members are making an informed decision, which includes full and fair disclosure of material information, when casting their votes.

Yours truly,

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