

Regulatory Statement

Liquidity Adequacy Return (“LAR”)

Regulatory Statement Number	21-004
Legislation:	<i>Financial Institutions Act</i>
Related Forms:	LAR Template and Reporting Instructions
Date:	June 3, 2021
Distribution:	B.C. Credit Unions

PURPOSE

This Regulatory Statement informs B.C. credit unions¹ of the requirement to complete and file the Liquidity Adequacy Return (“LAR”) with the Superintendent of Financial Institutions at BC Financial Services Authority (“BCFSA”), as required by the *Financial Institutions Act* (“FIA”) and its regulations.

Effective October 2021, this Regulatory Statement (including the LAR template and reporting instructions) replaces the current Interim LAR reporting requirements. B.C. credit unions are required to complete and file the LAR (using the attached LAR template and reporting instructions) beginning with the October 2021 reporting period.

LEGISLATION

FIA Section 67(1) states, “A financial institution must ensure that it has adequate liquid assets and an adequate capital base in relation to the business carried on by it, in accordance with the regulations and the rules made by the Authority.”

The Liquidity Requirement Regulation (“LRR”) of the FIA Section 6 states, “Within 90 days after the end of its financial year in each year, a credit union must file with the superintendent a report in the form established by the superintendent, made up to the financial year end, on the liquid assets of the credit union.”

FIA Section 127(3) states, “At intervals specified by the superintendent, a financial institution must file with the superintendent one or more of the following reports as specified, and in the form established, by the superintendent:

- (a) a financial affairs report;
- (b) a market conduct practices report;
- (c) a risk management practices report;
- (d) a corporate governance report.”

¹ Excluding central credit unions

REQUIREMENTS

Credit unions are required to file the annual LAR pursuant to LRR Section 6. In addition to the requirements set out in the LRR, credit unions are required to file the LAR on a monthly basis pursuant to FIA Section 127(3)(a).

Due Dates and Frequency

All credit unions are required to submit the LAR monthly within 20 days of each month end and annually within 90 days of the credit union's fiscal year end.

Two LARs must be submitted for the credit union's fiscal year end: the monthly and the annual. The annual LAR is based on the final non-consolidated financial statements of the credit union at year end.

Completion of the LAR

The LAR must be prepared for the credit union on a non-consolidated basis using the LAR reporting template provided by BCFSA. Line numbers, fields, descriptions, or any other aspects of the template must not be altered, and they have been locked accordingly.

The LAR should closely reconcile to the Financial and Statistical Return ("FSR") and any discrepancies should be explainable. Credit unions should refer to the FSR Reporting Instructions for further definitions and descriptions of financial statement items.

Dollar amounts must be reported in Canadian and rounded to the nearest dollar. Foreign currency amounts must be converted to the Canadian dollar equivalent at the reporting date. Percentages must be rounded to two decimal places (or four decimal places if in decimal format).

Filing of the LAR

The completed LAR must be submitted electronically in Excel format through BCFSA's Integrated Regulatory Information System ("IRIS") portal. Link: [Login | BCFSA](#).

Late Filing

Late submissions of the LAR may result in a penalty under the FIA's Administrative Penalties Regulation, as described in BCFSA's Non-Compliant Filings Administrative Penalty ("NFAP") Guideline. The NFAP Guideline is available [here](#) on BCFSA's website. Credit unions should notify BCFSA as soon as possible of expected delays in the LAR submissions.

ATTACHMENTS

1. [LAR Template](#)
2. [LAR Reporting Instructions](#)

OTHER INFORMATION

For questions on completion and submission of the LAR, please contact your BCFSA Relationship Manager or email filings@bcfsa.ca.

As the BC Financial Services Authority, we issue Regulatory Statements outlining how entities must operate, or the form and content required by the Regulator for mandatory regulatory filings identified in the *Financial Institutions Act* and *Credit Union Incorporation Act*, Regulations, and other pertinent legislation. While the comments in a particular part of a Regulatory Statements may relate to provisions of the law in force at the time they were made, these comments are not a substitute for the law. The reader should consider the comments in light of the relevant provisions of the law in force at the time, taking into account the effect of any relevant amendments to those provisions or relevant court decisions occurring after the date on which the comments were made. Subject to the above, instructions, definitions, and positions contained in a Regulatory Statements generally apply as of the date on which it was published, unless otherwise specified.