



Financial Institutions Act

LIQUIDITY REQUIREMENT REGULATION

B.C. Reg. 332/90

Deposited September 7, 1990 and effective September 15, 1990

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Consolidated Regulations of British Columbia

This is an unofficial consolidation.

B.C. Reg. 332/90 (O.C. 1356/90), deposited September 7, 1990 and effective September 15, 1990, is made under the *Financial Institutions Act*, R.S.B.C. 1996, c. 141, ss. 67 and 289.

This is an unofficial consolidation provided for convenience only. This is not a copy prepared for the purposes of the *Evidence Act*.

This consolidation includes any amendments deposited and in force as of the currency date at the bottom of each page. See the end of this regulation for any amendments deposited but not in force as of the currency date. Any amendments deposited after the currency date are listed in the B.C. Regulations Bulletins. All amendments to this regulation are listed in the *Index of B.C. Regulations*. Regulations Bulletins and the Index are available online at www.bclaws.ca.

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Prepared by:
Office of Legislative Counsel
Ministry of Attorney General
Victoria, B.C.

Financial Institutions Act

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Interpretation

- 1** In this regulation:

“**Act**” means the *Financial Institutions Act*;

“**credit union**” does not include a central credit union;

“**debt liabilities**” means bonds, debentures, notes, certificates of deposit and other similar instruments, but does not include mortgages;

“**unencumbered asset**”, in respect of a credit union, means an asset of the credit union

- (a) that is free of legal, regulatory, contractual or other restrictions on the credit union’s ability to liquidate, sell, transfer or assign the asset,
- (b) that is not pledged, explicitly or implicitly, to secure, collateralize or enhance credit for any transaction, and
- (c) that is not designated to cover the credit union’s operational costs.

[am. B.C. Regs. 102/92, s. 1; 572/2004, s. 1; 279/2020, s. 1.]

Application

- 2** This regulation does not apply to a trust company or extraprovincial trust corporation authorized to carry on trust business only.

[en. B.C. Reg. 572/2004, s. 2.]

- 3** Repealed. [B.C. Reg. 279/2020, s. 2.]

- 4** Repealed. [B.C. Reg. 572/2004, s. 4.]

Adequate liquid assets – credit unions

- 5** (1) In this section, “**deposit and other debt liabilities**” includes accrued interest on them, but does not include liabilities of the types specified as capital items under section 3 of the Capital Requirements Regulation or accrued interest on those liabilities.

- (2) to (4.2) Repealed. [B.C. Reg. 279/2020, s. 3 (a).]

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- (5) For the purposes of section 67 (1) of the Act, a credit union has adequate liquid assets in relation to the business carried on by it if the credit union holds unencumbered assets placed in trust with Central 1 Credit Union that are at least equal to 8% of the holding credit union's aggregate deposit and other debt liabilities.
- (6) Subsections (7) to (12) apply for the purposes of subsection (5).
- (7) The unencumbered assets placed in trust must be held by a custodian that is a securities firm as defined in section 253 of the *Bankruptcy and Insolvency Act* (Canada).
- (8) The unencumbered assets placed in trust must consist of any or all of the following:
- (a) subject to subsection (9), high-quality liquid assets within the meaning of Chapter 2 of the Liquidity Adequacy Requirements Guideline issued by the Office of the Superintendent of Financial Institutions (Canada), as amended from time to time;
 - (b) subject to subsection (11), bankers' acceptances that have
 - (i) a term to maturity of 30 days or less, and
 - (ii) a counterparty that has been designated as a domestic systemically important bank by order of the Superintendent of Financial Institutions (Canada);
 - (c) subject to subsection (11), cash deposits;
 - (d) assets prescribed by the rules made by the Authority, if any.
- (9) The high-quality liquid assets within the meaning of the Liquidity Adequacy Requirements Guideline referred to in subsection (8) (a) are not subject to any haircuts or caps set out in that Guideline.
- (10) Subject to subsection (11), a credit union's cash on hand may be counted as part of its unencumbered assets placed in trust.
- (11) The sum of the following amounts must not exceed 2% of a credit union's aggregate deposit and other debt liabilities:
- (a) the book value of the bankers' acceptances referred to in subsection (8) (b) that are part of the credit union's unencumbered assets placed in trust;
 - (b) the amount of the cash deposits referred to in subsection (8) (c) that are part of the credit union's unencumbered assets placed in trust;
 - (c) the amount of cash on hand counted under subsection (10) as part of the credit union's unencumbered assets placed in trust.
- (12) The following security interests in a credit union's unencumbered assets placed in trust are permitted:

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- (a) a lien, charge or other interest granted in favour of The Canadian Depository for Securities Limited or other depository or securities clearing organizations;
- (b) a lien, charge or other interest granted in favour of the custodian referred to in subsection (7), in respect of
 - (i) fees and expenses payable to the custodian for custodial services, or
 - (ii) amounts payable to the custodian for securities purchased by the custodian on behalf of the credit union.

[am. B.C. Regs. 102/92, s. 4; 572/2004, s. 5; 279/2020, s. 3.]

5.01 Repealed. [B.C. Reg. 332/90, s. 5.01 (2).]

Liquidity requirement – extraprovincial corporations

5.1 For the purposes of section 67 (1) of the Act, an extraprovincial trust corporation authorized to carry on deposit business, an extraprovincial credit union and an extraprovincial insurance corporation have the minimum adequate liquid assets if the amount of each one's liquid assets constitutes adequate liquid assets for that trust corporation, credit union or insurance corporation under the laws of its primary jurisdiction as defined in section 157 of the Act.

[en. B.C. Reg. 572/2004, s. 6.]

Liquid assets report – credit unions

6 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.

[en. B.C. Reg. 572/2004, s. 7.]