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**To: CEOs / General Managers, BC Credit Unions**

**Re: BC Credit Union ICAAP Reporting**

The Financial Institutions Commission (FICOM) is issuing for consultation a draft Internal Capital Adequacy Assessment Process (ICAAP) guide and submission instructions.

Capital requirements are set out in the *Financial Institutions Act* and its regulations as regulatory minimums. FICOM expects credit unions to establish their own internal capital targets (ICT) and develop and follow capital management policies.

A comprehensive ICAAP is a vital component of a strong risk management program. Once ICAAP reporting requirements are finalized, credit unions will be responsible for developing and implementing their own ICAAP for the purpose of setting ICTs and for achieving those internal targets in a manner consistent with business plans, risk profiles and specific operating environments.

FICOM is proposing an annual ICAAP reporting requirement for Asset Groups 1, 2, and 3. Credit unions in Asset Groups 4 and 5 may adopt the standard on a voluntary basis.

FICOM is seeking your feedback and suggestions on the following:

- The timing, frequency, and introduction of an ICAAP submission reporting requirement;
- Approaches to risk measurement;
- Categories of risk to be include in the ICAAP;
- Stress testing scenarios; and
- Any other issues.

FICOM will host a series of question and answer sessions during the consultation period to address any concerns. These sessions will be provided according to Asset Group. FICOM relationship managers will be in attendance to support the consultation process.

The consultation period for the draft ICAAP Guide and submission instructions will close on January 19, 2018.

Stakeholder input is received on a confidential basis in order to obtain valuable and forthright input to assist us in our policy decision making process. Please note that all submissions received are subject to the *Freedom of Information and Protection of Personal Privacy Act*.

Please direct any questions or comments to Ashley Kearns, Senior Analyst, Financial and Regulatory Reporting at [Ashley.Kearns@ficombc.ca](mailto:Ashley.Kearns@ficombc.ca).

Sincerely,



Mehrdad Rastan  
A/Deputy Superintendent of Regulation  
FICOM

Enclosure

cc: CFOs, BC Credit Unions

AK/db