

*Credit Unions and Caisses Populaires Act  
and  
Ontario Regulation 237/09*

**Frequently Asked Questions & Answers**

Topic/Question/Answer	Section
<b>MEMBERSHIP</b>	
<p><b>Bond of Association – Definition of a Bond</b></p> <p><b>Q: Are there any restrictions on a credit union’s bond of association”?</b></p> <p><b>A:</b> “The by-laws of every credit union shall provide that the membership of the credit union is limited to persons, related persons and entities who come within a bond of association and shall specify the nature of the bond of association.” For example a credit union’s bond of association can be between persons who are employed in a particular industry or individual or entities that live or operate within a particular community. A credit union’s bond of association can even be defined as between persons or entities who reside in Ontario.</p>	<p><b>30 (1) (Act)</b></p>
<b>CAPITAL STRUCTURE</b>	
<p><b>Capital – Additional Membership Shares</b></p> <p><b>Q: Can a member purchase any amount of additional membership shares up to \$1,000?</b></p> <p><b>A: Yes.</b> A member may purchase any number of additional membership shares as allowed in the by-laws of the credit union up to a maximum of \$1,000.</p> <p><b>Q: Do we need any special documentation for issuing these shares?</b></p> <p><b>A:</b> No. Special documentation is required although the authority to issue these shares must be authorized in the by-laws of the credit union.</p> <p><b>Q: Can we issue a new class of share with different rights?</b></p> <p><b>A:</b> No. These are membership shares and cannot be issued as another class of share with any different rights than those of other membership shares. Holders of these additional membership shares do not have any additional rights including special dividends above those provided on all other member shares. Before issuing any membership share, credit unions must disclose to the member that the shares are not insured by DICO.</p>	<p><b>52 (2) (Act)</b></p> <p><b>8b &amp; 9 (Regs)</b></p>

<p><b>Q: When can additional membership shares be redeemed?</b></p> <p><b>A:</b> Any conditions on the redemption of these additional membership shares should be addressed in the by-laws. However, membership shares may not be redeemed when a credit union is not in compliance with prescribed capital levels.</p> <p><b>Q: Do we need to inform the DICO or FSCO?</b></p> <p><b>A:</b> No. These are membership shares and no special reporting is required. The amount of membership shares will be reported in your monthly filings to DICO. The issue, purpose and use of these shares should be addressed in your Capital Management policy which will be reviewed by DICO as part of the regular examination program.</p> <p><b>Q: Are these additional membership shares insured by DICO?</b></p> <p><b>A:</b> No. DICO only insures eligible deposits. No shares issued by a credit union are insured. Before issuing any membership share, credit unions must disclose to the member that the shares are not insured by DICO.</p>	
<p><b>Capital - Patronage Shares</b></p> <p><b>Q: Can you provide clarification around the use of patronage shares for dividends and patronage returns?</b></p> <p><b>A:</b> Patronage shares can be issued as an alternative to paying or partially paying patronage returns and dividends in cash. Patronage shares are included as part of regulatory capital while cash dividends are immediately deducted from capital. Typically, patronage shares include features that often restrict redemption for a number of years and limit the amount that may be redeemed in any subsequent years. The articles of incorporation of the credit union must authorize the issue of these shares. Changes to the articles of incorporation require the approval of FSCO.</p>	<p><b>53 (Act)</b></p>
<p><b>Capital - Total Assets - Investment in a subsidiary – Accounting</b></p> <p><b>Q: What method of accounting is used to calculate an investment in a subsidiary?</b></p> <p><b>A:</b> An investment in the shares of a subsidiary must be calculated using the equity method of accounting. Details of the requirements are described in the <i>Capital Adequacy Guideline</i> which is available on DICO’s web site.</p>	<p><b>16 (2)(3) (Regs)</b></p>
<p><b>Capital – Changes to the Regulations</b></p> <p><b>Q: Have the Regulations with respect to capital substantially changed since they were first revised in the fall of 2007?</b></p>	<p><b>17 (Regs)</b></p>

<p><b>A:</b> The rules with respect to capital are substantially similar to the regulations released in 2007. There are some changes relating to qualifying shares that may be included as part of regulatory capital and clarification of Tier 1 and Tier 2 items. For the most part, the revised regulations now incorporate and simplify many of the capital components in the previous <i>Capital Adequacy Guideline</i>. The revised Capital Adequacy Guideline which is available on DICO’s web site provides additional information for a limited number of areas as referenced in the regulations.</p>	
<p><b>Capital - Regulatory Capital</b></p> <p><b>Q: Are derivatives excluded in the calculations of the accumulated net after tax unrealized loss on available-for-sale equity securities reported in Other Comprehensive Income?</b></p> <p><b>A:</b> Yes. This exclusion applies only to unrealized losses on equity securities and not derivatives.</p>	<p><b>17 (2) 5 (Regs)</b></p>
<p><b>Capital – BIS Calculation Tool</b></p> <p><b>Q: Will DICO provide a new BIS calculation tool?</b></p> <p><b>A:</b> Yes. A revised BIS calculation tool is available on DICO’s web site which reflects all changes to the risk weighted capital calculations.</p>	<p><b>18 (Regs)</b></p>
<p><b>Capital - Risk weighting of residential mortgages</b></p> <p><b>Q: Could you clarify the risk weighting of insured residential mortgages?</b></p> <p><b>A:</b> If the mortgage is insured under the <i>National Housing Act</i> (Canada), or guaranteed or insured by a government agency, the full amount is risk-weighted at zero percent.</p> <p>Residential mortgages that are insured by a licensed insurer (e.g. Genworth, AIG) are risk weighted at zero percent, but only for the amount of the “backstop guarantee” from the Government of Canada. For example, Genworth and AIG have a Government of Canada backstop guarantee of their mortgage insurance of 90 %. In these cases, the <u>portion of the exposure that is covered</u> by the Government of Canada backstop (i.e. 90 %) is risk-weighted at 0 %. The remaining 10% is either risk-weighted based on the private insurer’s credit rating set out in the Capital Adequacy Guideline or 100%, if the private insurer does not have a credit rating.</p>	<p><b>18 (1) 6 (Regs)</b></p>
<p><b>Capital - Risk weighted assets, School Boards</b></p> <p><b>Q: For the purpose of subsection 18(3)3 and subsection 53(e), is the term “school board” meant to include all publicly-funded school systems, including independent schools?</b></p>	<p><b>18 (3) 3 (Regs)</b></p>

<p><b>A:</b> No. Independent schools are not governed by school boards as they are not publicly funded.</p>	
<p><b>Capital – Risk Weighted Assets, Mortgages</b></p> <p><b>Q: Why has the risk weight for past due residential mortgages changed from 75% to 100% for the full amount?</b></p> <p><b>A:</b> This change was made to be consistent with OSFI’s approach for risk weighted capital under BASEL II. This only applies to residential mortgages that are not insured.</p>	<p><b>18 (6) (Regs)</b></p>
<p><b>Capital – Risk weighting DBRS weightings</b></p> <p><b>Q: Where do I find the table that lists the DBR ratings with risk weighting percentages?</b></p> <p><b>A:</b> The chart can be found in the “Capital Adequacy Guideline” which is available on DICO’s website.</p>	<p><b>18 (8) (Regs)</b></p>
<b>CAPITAL AND LIQUIDITY</b>	
<p><b>Liquidity – Class 1</b></p> <p><b>Q: Have the Regulations with respect to liquidity for Class 1 institutions substantially changed since they were first revised in the fall of 2007?</b></p> <p><b>A:</b> No. The rules with respect to capital and liquidity are substantially similar to the regulations released in 2007 although they have been significantly simplified. The net liquidity measure has been dropped and the minimum regulatory requirement has been reduced.</p> <p><b>Q: Can a deposit or debt that is “callable” be utilized to satisfy adequate liquidity requirements?</b></p> <p><b>A:</b> A deposit or debt is an eligible asset for determining adequate liquidity under this section as long as it matures or is “callable” in 100 days or less. An eligible deposit must meet the conditions outlined in subsection 20(4) paragraph 2, and eligible debt must meet the conditions outlined in subsection 20(4) paragraph 5.</p>	<p><b>20 (Regs)</b></p>
<p><b>Liquidity – Class 2</b></p> <p><b>Q: Have the Regulations with respect to liquidity for Class 2 institutions substantially changed since they were first revised in the fall of 2007?</b></p> <p><b>A:</b> Yes. Liquidity rules for Class 2 institutions have been replaced by a “prudent person” regime whereby institutions are required to address liquidity requirements in their liquidity policy. This includes determining the type and amount of eligible assets that may be held for liquidity purposes. Institutions are required to disclose the assets</p>	<p><b>21 (Regs)</b></p>

held for liquidity purposes in the audited financial statements. DICO has published a Guidance Note on Liquidity for Class 2 institutions, which is available on DICO’s web site.	
<p><b>Liquidity – Appropriate Levels</b></p> <p><b>Q: Does DICO have any recommendations regarding an appropriate level of liquidity that should be maintained for Class 2 credit unions?</b></p> <p><b>A:</b> Under the revised rules, each credit union is required to address liquidity requirements in policy. DICO has published a Guidance Note which is available on DICO’s web site which identifies a number of areas that credit unions are expected to consider when establishing liquidity requirements. Various organizations such as Central 1 Credit Union, L’Alliance des caisses populaires and La Fédération des caisses populaires have developed sample policies to provide their members with guidance in this area.</p>	<b>85 (Act)</b>
<b>GOVERNING THE CREDIT UNION</b>	
<p><b>Governing the Credit Union – Frequency of board meetings</b></p> <p><b>Q: How often the board does have to meet?</b></p> <p><b>A:</b> The board of a credit union shall meet at least once a quarter during each financial year of the credit union.</p>	<b>26 (Regs)</b>
<p><b>Governing the Credit Union: Directors – Disqualified individuals – Professional Advisors</b></p> <p><b>Q: If a director elected prior to October 1, 2009, had acted as a professional advisor to the credit union in his professional capacity in the 3 years prior to being elected as a director, does the director have to resign?</b></p> <p><b>A:</b> Yes. The individual is disqualified from acting as a director until the 3 year period from the date the director last advised the credit union in his or her professional capacity.</p>	<b>92(1)10 (Act)</b>
<p><b>Governing the Credit Union: Directors – Disqualified individuals and bonding</b></p> <p><b>Q: How can a credit union determine if directors are “bondable”?</b></p> <p><b>A:</b> To fulfill this requirement, an individual does not need to purchase a bond but to “pass the test” to acquire a bond. Credit unions should ensure that all potential directors meet the test to acquire a bond. Information is usually required by most insurers includes details of the director’s current and previous employment, a statement of his or her financial position and answers to the following questions:</p>	<b>92 (1) 4 (Act)</b>

<ol style="list-style-type: none"> <li>1) Has any application for a bond been declined by a surety company?</li> <li>2) Has any person or surety company been compelled to pay a loss on your account?</li> <li>3) Have you ever failed in your own business?</li> <li>4) Have you ever voluntarily declared or been petitioned into personal bankruptcy?</li> <li>5) Has any part of your salary ever been garnisheed?</li> <li>6) Have you been found guilty of an offence for which you have not received an unrevoked pardon under the Criminal Code, the Food and Drug Act, or the Narcotic Control Act?</li> <li>7) Are you presently the subject of any civil action, or have you had a civil judgment rendered against you?</li> <li>8) Have you been discharged or asked to resign from any position of employment?</li> <li>9) Has it been determined by a court of law, quasi-judicial tribunal, or board of arbitration that you have committed a dishonest or fraudulent act of any kind?</li> </ol>	
<p><b>Governing the Credit Union - Board Tenure</b></p> <p><b>Q: What was the rationale for the requirement to establish maximum consecutive terms for directors and the chair?</b></p> <p><b>A:</b> The purpose of this requirement is to help foster change and bring new ideas and approaches to the board. It is still up to the credit union’s membership to set terms as they deem appropriate in its by-laws. There is no specified maximum number of terms for either directors or the chair in the Act.</p> <p><b>Q: We could be losing a valued member of the Board owing to this new regulation. How can we prevent that?</b></p> <p><b>A:</b> There is no specified “maximum” number of terms for directors or the chair. Credit unions are required to establish these as appropriate. When setting the maximum consecutive terms for directors and the chair in the by-laws, credit unions should consider the complexity of the organization and the availability of suitably qualified individuals.</p> <p><b>Q: Are there any suggestions or recommendations as to length and number of terms?</b></p> <p><b>A:</b> This should be based on the complexity of the organization and the availability of suitably qualified individuals. For example, it might be a maximum of 5 consecutive 3 year terms for directors and 3 consecutive terms for the Chair.</p>	<p><b>95 (4) (Act)</b></p>
<p><b>Governing the Credit Union – Disclosure of Remuneration</b></p>	<p><b>108 (Act)</b></p>

<p><b>Q: What is to be included in “benefits” to be disclosed.</b></p> <p><b>A:</b> At a minimum, credit unions should disclose the amount of benefits paid in the year as reported in either a T4 or T4A, such as car allowances low interest rate loans and retiring allowances etc. For additional transparency, credit unions may include the monetary value of other non-taxable benefits where material and deemed appropriate.</p> <p><b>Q: Is the reporting based on the salary, bonuses and benefits which might be earned at year end but not yet paid or simply on what has been already paid to the officer or employee?</b></p> <p><b>A:</b> Remuneration reported represents the “total remuneration” made to the officer or employee during the year and includes all taxable benefits that are generally indicated on the T4 and T4A. Bonuses that are paid in the following year are not included as these would be included in the T4 and T4A of that year.</p> <p><b>Q: Does this requirement cover severance packages that have been paid?</b></p> <p><b>A:</b> Yes. This requirement covers salary paid throughout the year to all officers and employees including payments made under a severance package. However, it does not include the amount of payment to be made in a future year that is not included in the T4 or T4A of the year.</p> <p><b>Q: If an employee’s severance package was more than the \$150,000 reporting limit (but a portion of it is attributable to the following year), does the amount have to be disclosed in the financial statements?</b></p> <p><b>A:</b> The calculation of total remuneration includes all amounts paid in the year and included in the T4 and T4A for that year, regardless of the nature of the payment. It does not include the amount of any salary continuance for a subsequent year that has not been paid and included in the T4 or T4A in the current year.</p>	<p><b>28 (Regs)</b></p>
<p><b>Powers &amp; Duties of the Board – Credit Committee</b></p> <p><b>Q: Can we continue to have a credit committee even though this is not required under the revised Act?</b></p> <p><b>A:</b> Yes. Although not a requirement under the revised Act, credit unions may continue to maintain a credit committee to review and approve loans in accordance with established board approved policies and the credit union’s by-laws.</p> <p><b>Q: Can the credit committee review the lending policy?</b></p>	<p><b>109 (Act)</b></p>

<p><b>A:</b> Yes. A credit committee can review the credit risk management policy of the credit union and make recommendations to the board. However, it is the responsibility of the Board to approve the credit risk management policy.</p> <p><b>Q: Sections of the Act regarding the credit committee have been repealed. What has it been replaced with and what is the new procedure for credit unions to approve loans?</b></p> <p><b>A:</b> Instead of having specific requirement for a credit committee, the board of directors is now granted a broad power to establish committees and delegate powers to those committees. If your credit union wishes to have a credit committee approve loans, it can still decide to do so provided it is authorized in the by-laws.</p>	
<p><b>Governing the Credit Union – Audit Committee</b></p> <p><b>Q: Do we need to appoint Directors from the Board to the Audit Committee effective October 1?</b></p> <p><b>A:</b> Yes. As of October 1, 2009, all non-director audit committee members must be replaced by directors.</p> <p><b>Q: What was the rationale for dispensing with the ability of members to elect an Audit Committee?</b></p> <p><b>A:</b> The Audit Committee undertakes critical responsibilities and duties for the board and the credit union. The board is responsible for prudent governance of the credit union and has a duty to ensure candidates for the Audit Committee have the appropriate level of experience and skills to be able to adequately fulfill these critical responsibilities.</p>	<p><b>125 (Act)</b></p>
<p><b>Governing the Credit Union - Duties of Audit Committee</b></p> <p><b>Q: Have the duties and responsibilities of the audit committee significantly changed?</b></p> <p><b>A:</b> There are some changes to the duties and responsibilities of the audit committee which should be reviewed in detail. Further guidance on these duties is outlined in the Audit Committee Handbook which was recently published and is available on DICO’s website. Copies were also distributed to all institutions.</p>	<p><b>27 (Regs)</b></p>

<p><b>Bonding - Director, officer or employee</b></p> <p><b>Q: Who is required to be bonded?</b></p> <p><b>A:</b> Every director, officer or employee of a credit union who receives or has charge of money is required to be bonded.</p>	<p><b>151(1) (Act)</b></p>
<p><b>BUSINESS POWERS</b></p>	
<p><b>Deposits - Unclaimed deposits</b></p> <p><b>Q: When do credit unions have to comply with the rules for unclaimed deposits?</b></p> <p><b>A:</b> The Ministry of Finance and FSCO are currently working on providing guidance on this issue. In the meantime, institutions are encouraged to monitor inactive individual accounts and make best efforts to comply with the legislation until such time as further information is available. Further information regarding all aspects of unclaimed deposits will be provided when available to assist credit unions in implementing these new rules.</p> <p><b>Q: When do we need to remit unclaimed balances and where do we send payment?</b></p> <p><b>A:</b> The Ministry of Finance and FSCO will provide guidance on this issue as well. In the meantime, there is no requirement to submit any payment.</p>	<p><b>182 (Act)</b></p>
<p><b>Debt Obligations – Policy Review</b></p> <p><b>Q: Can the Credit Committee also review the lending policy?</b></p> <p><b>A:</b> Yes. It is the responsibility of the Board to review and approve credit risk management policy. However, a credit committee may review the credit risk management policy and make recommendations to the board, but only in an advisory capacity.</p>	<p><b>189 (Act)</b></p>
<p><b>Lending – Unsecured Limits – Class 1 institutions</b></p> <p><b>Q: Can you clarify under-secured/unsecured lending limits?</b></p> <p><b>A:</b> The under-secured/unsecured lending limit is 6% of aggregate lending limits. For example, if the aggregate lending limit is \$100,000 (i.e. 25% of regulatory capita), the fully secured personal lending limit is \$20,000 (20%) and the under-secured/unsecured lending limit is \$6,000 (6%). A credit union could provide a member with a personal loan of \$26,000. Of this, \$20,000 has to be fully secured based on the lending value of the security.</p>	<p><b>191 (Act)</b> <b>58 (Regs)</b></p>

<p>Further information is provided in the Lending Guidance Note including details on how unsecured/under-secured lending should be monitored and reported to the Board.</p>	
<p><b>Lending – Qualified Security</b></p> <p><b>Q: Can lodgment of title be used as security against a loan?</b></p> <p><b>A:</b> No. A lodgment of title does not have a value that can be considered as security against a loan.</p>	<p><b>58 (Regs)</b></p>
<p><b>Lending - Reporting Requirements</b></p> <p><b>Q: Are there any additional reporting requirements due to changes in the Act?</b></p> <p><b>A:</b> DICO has recently announced additional reporting requirements for capital and liquidity which became effective with all filings on and after October 31<sup>st</sup> 2009. Additional changes to reporting requirements are currently under development. Further information will be provided as soon as requirements have been finalized.</p>	<p><b>58 (Regs)</b></p>
<p><b>Lending - Financial Statements Disclosure</b></p> <p><b>Q: When do the requirements for additional disclosure come into effect? Our year end is September 30<sup>th</sup>.</b></p> <p><b>A:</b> The additional disclosure requirements outlined in the Regulations take effect for financial year ends on and after October 31, 2009.</p>	<p><b>58 (Regs)</b></p>
<p><b>Investments - Eligible investments for Class 2 credit unions</b></p> <p><b>Q: Will credit unions still be able to invest in foreign exchange derivatives for managing foreign exchange risk?</b></p> <p><b>A:</b> No, derivatives can only be used to manage interest rate risk.</p>	<p><b>61(2) (Regs)</b></p>
<p><b>Investments - Restriction regarding single investments</b></p> <p><b>Q: What are the restrictions on single investments?</b></p> <p><b>A:</b> The revised single investment limit is 25% of a credit union’s regulatory capital subject to the exclusions noted in section 199 of the Act. These include:</p> <ul style="list-style-type: none"> <li>• deposits in a financial institution, Central 1 Credit Union, La Fédération des caisses Desjardins du Québec or La Caisse centrale Desjardins du Québec, and</li> <li>• securities issued or guaranteed by the Government of Canada, including mortgages insured under the <i>National Housing Act</i> (Canada), by the government of any province of Canada or by any municipality in Canada.</li> </ul>	<p><b>199 (Act) 65 &amp; 66 (Regs)</b></p>

<p><b>Q: What qualifies as a “deposit in a financial institution” that is exempt from the single investment limit?</b></p> <p><b>A:</b> Deposits that qualify are current accounts, GICs and term deposits. Mutual funds, bonds, debentures or stocks do not qualify as deposits for this purpose.</p>	
<b>DEPOSIT INSURANCE</b>	
<p><b>Deposit Insurance - Registered Products</b></p> <p><b>Q: Will all registered deposit products now be insured regardless of the amount?</b></p> <p><b>A:</b> Yes. All deposits held in registered savings plans, including RRSPs, RRIFs, RDSPs and TFSA are fully insured with no limit on the amount. A revised Deposit Insurance Brochure and Quick Reference Guide have been distributed and are available on our web site DICO has also updating its web site and provided revised “Pre-Approved” advertising messages.</p> <p><b>Q: Do you no longer have to have a separate contract for registered plans?</b></p> <p><b>A:</b> It is no longer necessary to have separate contracts for registered plans as all eligible deposits made to registered plans, under the <i>Income Tax Act</i>, are covered by deposit insurance and coverage is no longer limited.</p>	<p><b>270 (Act)</b> <b>103 (Regs)</b></p>
<p><b>Consumer Protection - Consumer Complaints</b></p> <p><b>Q: As a credit union now needs to designate an officer or employee to receive and attempt to resolve complaints made by members and depositors, what title should be assigned to such officer or employee?</b></p> <p><b>A:</b> Under the new rules, there is no requirement for a specific title for the individual designated to handle any complaints. For example, complaints could be handled by a designated “Member Services Officer” or the “Compliance Officer”.</p>	<p><b>116 (Regs)</b></p>
<p><b>Consumer Protection - Definition of Complaint</b></p> <p><b>Q: How is the word “complaint” defined? What constitutes a “complaint” for the purposes of tracking and reporting annually to the Board?</b></p> <p><b>A:</b> FSCO is developing a definition and guidelines similar to what is in place for Ontario insurance companies, as set out in FSCO’s document entitled “<i>Company Complaint Collection and Reporting Requirements</i>”. This document provides for a reporting mechanism and it defines “complaint” as:  “The expression of at least one of the following elements that persists after being considered and examined at the operational level capable of making a decision on the matter:</p>	<p><b>117 (Regs)</b></p>

<p>1) a reproach against an organization;  2) the identification of a real or potential harm that a consumer has or may experience; or  3) a request for a remedial action.”</p> <p>Further information will be provided by FSCO regarding compliance with this section.</p>	
<b>DICO POWERS</b>	
<p><b>DICO Powers – Approvals</b></p> <p><b>Q: Under the revised Act, we have to apply to DICO for approval for a number of transactions including establishing a subsidiary and an asset purchase and sale, etc. What do we need to do?</b></p> <p><b>A:</b> DICO has developed detailed requirements for each of these areas, including approval criteria and service standards which are available on DICO’s web site.</p>	
<p><b>DICO Powers – New Powers and Fairness</b></p> <p><b>Q: How will DICO ensure that our application is treated fairly?</b></p> <p><b>A:</b> DICO has established objective criteria for reviewing all applications. All decisions are reviewed independently by the Director, Regulatory Affairs to ensure that any approval or non-approval is appropriate and meets the established criteria. The status of all applications is reported to DICO’s Board. Also, full supporting rational must be provided to applicants where an application is not approved.</p> <p>With respect to issuing Orders, DICO intends to use these new powers fairly and only if there is clear evidence that a credit union is conducting its affairs in a way that is, or is likely to result in significant risk or harm to its members. The status of all Orders is reported to DICO’s Board and will be published on DICO’s web site.</p>	
<p><b>DICO Powers – Applications</b></p> <p><b>Q: How do I make an application for:</b></p> <ul style="list-style-type: none"> <li>• <b>Group Capital Agreement</b></li> <li>• <b>Borrow from Another Credit Union</b></li> <li>• <b>Acquire or Establish a Subsidiary</b></li> <li>• <b>Invest in another Credit Union</b></li> <li>• <b>Asset Purchase or Sale in Excess of 15% of Assets of the Credit Union</b></li> </ul> <p><b>A:</b> Full details are available on DICO’s web site. This includes information on the application and documentation requirements, service standards and approval criteria.</p>	

<p><b>DICO Powers – Variations &amp; Exemptions</b></p> <p><b>Q: How do I make an application for a variation or exemption to the Act &amp; Regulations for:</b></p> <ul style="list-style-type: none"> <li>• <b>Acceptance of Unauthorized Securities and Other Assets Obtained Upon Amalgamation</b></li> <li>• <b>Capital and Liquidity Requirements</b></li> <li>• <b>Deemed Prescribed Subsidiaries</b></li> <li>• <b>Extension to Divestment Period for Securities</b></li> <li>• <b>Guarantees and Exemptions to Aggregate Limits for Guarantees</b></li> <li>• <b>Increase in Lending Limits</b></li> <li>• <b>Investment Requirements</b></li> </ul> <p><b>A:</b> All variations and exemptions must be approved by DICO prior to the credit union conducting the transaction. The process and criteria for this activity is posted on the DICO web site.</p>	
<p><b>DICO Powers – Questions regarding the Regulations or Act</b></p> <p><b>Q: Where do I go to get an interpretation of the Act or Regulations or ask questions?</b></p> <p><b>A:</b> DICO now has established a separate function with responsibilities to provide clarification and interpretations of the Act and Regulations. Inquiries should be submitted to Richard Dale, Director, Regulatory Affairs at <a href="mailto:rdale@dico.com">rdale@dico.com</a></p>	
<p><b>DICO Powers – Fees</b></p> <p><b>Q: FSCO used to charge a fee to process applications and variations. Does DICO have the same fee structure?</b></p> <p><b>A:</b> DICO currently does not charge a fee for processing applications, variations and exemptions. The costs of processing these applications and variations are included in the annual premiums charged to insured institutions.</p>	