



# FINANCIAL SERVICES REGULATORY AUTHORITY

Reference No: 01/2021

**Date:** January 15, 2021

**To:** All Credit Unions

**Re:** Requirement for Credit Unions

## 1. Disclosures in the Audited Accounts

In accordance with Section 15 of the Financial Services Regulatory Act, Chapter 12.23, please be advised that the following disclosures must be made in the Notes of the audited financial statements in all future submissions:

- Provisioning:

Regulation 30 (1) of the Cooperative Societies Act, Chapter 12.06 (Schedule 3)

| Duration of Period of Overdue Loans | Delinquent Loans | Collateral | Net Delinquent Loans | Percentage of Outstanding Loans Balance That is Deemed Loss Exposure | Provisions |
|-------------------------------------|------------------|------------|----------------------|--|------------|
| Less than 3 months                  |                  |            |                      | 0%   |            |
| 3 months but less than 6 months     |                  |            |                      | 25%  |            |
| 6 months but less than 9 months     |                  |            |                      | 50%  |            |
| 9 months but less than 1 year       |                  |            |                      | 75%  |            |
| 1 year or more                      |                  |            |                      | 100%   |            |

The auditor should indicate whether the credit union has satisfied the following requirements of the Cooperative Societies Act, Chapter 12.06:

- **Statutory Reserve:**

In keeping with Section 119 (2) of the Cooperative Societies Act, Chapter 12.06, at least 20% of surplus shall be credited to the statutory reserve fund.

In keeping with Section 119 (3) (b) of the Cooperative Societies Act, Chapter 12.06 statutory and other reserves are, at no stage, less than 10% of its total liabilities.

- **Liquidity Reserve**

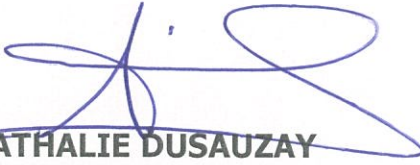
In keeping with Section 119 (3) (a) of the Cooperative Societies Act, Chapter 12.06 every society shall ensure that not less than 15% of its members' shares and deposits are kept in a liquidity reserve.

## **2. Monthly and Quarterly Returns**

- Commencing January 7, 2021, the monthly returns are **only** required to be submitted by credit unions which are under enhanced monitoring. Credit unions that are classified as being under enhanced monitoring will be notified under separate cover.
- The quarterly returns are required to be submitted within one month (1) of the end of each quarter and must be completed in its entirety.

Please be guided accordingly.

Yours sincerely



**NATHALIE DUSAUZAY**  
Executive Director