



August 29, 2025

VIA ONLINE SUBMISSION

Financial Institutions Policy Branch
Ministry of Finance, Financial Services Policy Division
95 Grosvenor Street, 4th Floor
Toronto, ON
M7A 1Z1

Re: Ministry of Finance - Enabling Credit Unions to Raise Alternative Capital (the “Consultation”)

The Canadian Advocacy Council of CFA Societies Canada (the “CAC”)¹ appreciates the opportunity to comment on the proposed amendments permitting Ontario credit unions to issue investment shares to non-members. As a general comment, the CAC supports efforts to strengthen access to capital for these financial institutions while emphasizing the need for appropriate investor protections, prudential oversight monitoring for systemic risk contributions, coordination with existing securities regulation, and as public issuance potentially evolves, consistency with the governance and disclosure expectations incumbent upon other public issuers of equity securities in Ontario and in the Canadian capital markets.

The Council recognizes that the proposed amendments would broaden access to capital for Ontario credit unions, providing opportunities to diversify funding sources for credit unions and support the long-term sustainability of their business models. However, opening capital raising to non-member investors introduces new risks and regulatory considerations.

Credit unions are distinct from publicly traded companies and other federally regulated financial institutions in their governance structure, disclosure practices, and member-centric business models. As such, we believe that permitting investment by non-members should be accompanied by appropriate robust safeguards to protect investors, promote governance and transparency, and in doing those, to maintain market confidence in this sector’s ability to raise non-member capital.

¹ The CAC is an advocacy council for CFA Societies Canada, representing the 12 CFA Institute Member Societies across Canada and over 21,000 Canadian CFA charterholders. The council includes investment professionals across Canada who review regulatory, legislative, and standard setting developments affecting investors, investment professionals, and the capital markets in Canada. Visit www.cfacanada.org to access the advocacy work of the CAC.

As the global association of investment professionals, CFA Institute sets the standard for professional excellence and credentials. The organization is a champion of ethical behaviour in investment markets and serves as the leading source of learning and research for the investment industry. CFA Institute believes in fostering an environment where investors’ interests come first, markets function at their best, and economies grow. With more than 200,000 charterholders worldwide across 160 markets, CFA Institute has ten offices and 160 local societies. Find us at www.cfainstitute.org or follow us on LinkedIn and X at @CFAInstitute.



The Council notes and lauds the proposal's reliance on and equivalence with existing securities law frameworks for equivalent public issuers, including appropriate prospectus requirements and exemptions. We recommend extending this equivalence to require:

- Plain-language risk disclosure for all investment share offerings, regardless of whether a prospectus exemption is used. This should clearly explain the credit union model, governance structure, capital structure, and the non-deposit, non-insured nature of investment shares.
- Ongoing disclosure obligations for credit unions with non-member shareholders, including regular updates on financial performance, capital adequacy, and material governance and corporate changes.
- Alignment with best practices in continuous disclosure where feasible, to promote transparency and informed decision-making by investors.

The proposed amendments allow credit union boards to determine whether, and to what extent, investment shares carry voting rights, subject to certain statutory limits. The Council is concerned that without minimum statutory standards, governance rights for non-member shareholders could vary significantly between credit unions issuing non-member shares, leading to inconsistent protections and potentially investor confusion. To proactively prevent this undesirable outcome, we recommend further policy consideration of:

- Additional minimum statutory governance rights for non-member shareholders, including rights to receive timely notice of meetings, access to relevant financial and governance information, and the ability to requisition meetings (as reflected in proposed section 180.1).
- Reinforcing the statutory duties of credit union boards to balance the interests of members and non-member shareholders fairly.

To support an orderly and well-regulated transition to the new capital-issuance regime for credit unions, the Council recommends:

- Requiring FSRA as the responsible regulator to review and approve a credit union's investment share issuance framework before offerings of shares to non-members commence, with a coordination framework and agreement in-place to support this review with the Ontario Securities Commission.
- Establishing clear timelines for implementation to allow credit unions to enhance governance, compliance, and disclosure practices.
- Providing guidance on the valuation, redemption, and potential for secondary trading of non-member investment shares to support market integrity and protect investor interests.

Concluding Remarks

The Council supports the premise of enhancing capital-raising flexibility for Ontario credit unions through allowing for the issuance of investment shares to non-members, provided that such authority is well-coordinated (as is contemplated in the proposal) with securities regulation, and balanced with strong investor safeguards, governance standards, disclosure and transparency, and appropriate regulatory oversight. We commend the Ministry for well-crafted proposed amendments, and suggest further examination of the proposals with these recommendations in mind. We would be willing



to offer targeted technical input during subsequent drafting phases to the extent it would be useful.

We thank you for the opportunity to provide these comments and would be happy to address any questions you may have. Please feel free to contact us at cac@cfacanada.org on this or any other issue in the future.

(Signed) *The Canadian Advocacy Council of
CFA Societies Canada*

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