2018 Statement of Priorities

Message from the Chair and Chief Executive Officer

Every day, people and companies that provide financial services make a meaningful impact on the lives of Ontarians.

Financial services consumers – including retirees receiving a pension, new parents buying life insurance, first-time homebuyers shopping for a mortgage, and drivers looking to renew their vehicle insurance – all want to feel their interests are being protected as they make important decisions.

For the past two decades, the Financial Services Commission of Ontario (FSCO) has provided regulatory oversight of financial services and pension plans – working to ensure the nearly 94,000 entities we regulate are following the law. We undertake our activities with consumers and pension plan beneficiaries in mind, because we know Ontarians count on our regulated sectors to help protect their assets, manage risk, and enhance their financial security.

As we look ahead, we recognize the need not only to protect the public, but also to empower them. We see the growing need to nurture healthy innovation in the marketplace, and the ongoing importance of promoting consistent approaches to regulation on both a provincial and national level.

At the same time, we have identified goals and activities that align with the vision for the new regulator being created – the Financial Services Regulatory Authority (FSRA). The Ontario government has made significant progress towards implementing FSRA, and FSCO will continue to support those efforts. Until FSRA is operational, FSCO remains the financial services regulator in Ontario, and we will continue to deliver on our mandate to protect consumers and pension plan beneficiaries and enhance public confidence in the sectors we regulate.

None of this would be possible without the commitment and efforts of our talented staff. Their creativity and drive have helped us achieve positive results that make a difference for all Ontario stakeholders. We are proud of the accomplishments of this organization and look forward to the year ahead.

Ian McSweeney
Chair, Financial Services Commission of Ontario
Chair, Financial Services Tribunal

Brian Mills
Chief Executive Officer and Superintendent of Financial Services,
Financial Services Commission of Ontario

About FSCO

FSCO's legislative mandate is to provide regulatory services that protect the public interest and enhance public confidence in the sectors it regulates.

Using a risk-based approach to enforce legislation, FSCO regulates the insurance sector (including service providers who invoice auto insurers for statutory accident benefit claims); pension plans; credit unions and caisses populaires; the mortgage brokering sector; co-operative corporations; and loan and trust companies in Ontario.

FSCO's approach to fulfilling its legislated regulatory responsibilities is outlined in greater detail in its **Regulatory Framework**. Accountable to the Minister of Finance, FSCO also seeks approval for its projects and direction through the **Agency Business Plan** and reports back on its core activities through its **Annual Report**.

FSCO Priorities

Section 11 of the Financial Services Commission of Ontario Act, 1997 (FSCO Act), requires that FSCO publish a statement each year setting out its proposed priorities and the reasons for adopting these priorities.

FSCO's mission is to continue to be an effective regulator that protects the public interest while supporting a dynamic financial services marketplace.

The 2018 Statement of Priorities provides a brief overview of FSCO's areas of focus in the coming year. While supporting the transition to the new regulatory authority will be much of FSCO's focus, where resources allow, FSCO will also build on last year's efforts and successes in three key priority areas, aimed at empowering consumers, fostering innovation and providing leadership on the national stage. FSCO is also committed to working with the new government and recognizes the need to be flexible to address any new or changing priorities that may arise over the coming year.

1. Support the implementation of the Financial Services Regulatory Authority of Ontario

In the fall of 2016, the provincial government passed legislation to create and establish the initial parameters of the Financial Services Regulatory Authority (FSRA) – a new, independent and flexible regulator with a stronger focus on protecting consumers, investors and pension plan beneficiaries.

FSCO's chosen priorities for 2018-19 are consistent with the vision for the new organization, and all operational decisions made this year will consider the potential impact on the implementation of FSRA. As it progresses, FSCO will continue to work with the Ministry of Finance and the FSRA board to support a seamless experience for our regulated sectors, while maintaining a focus on consumer protection.

2. Create greater consumer awareness and understanding of their rights and responsibilities and how to protect themselves

FSCO is committed to protecting consumers in the sectors it regulates. We recognize one of the most effective ways to do this is to equip consumers with the tools they need to protect themselves. In 2018-19, FSCO will continue to invest in public education initiatives, such as national Fraud Prevention Month and Financial Literacy Month, to help empower consumers and pension plan beneficiaries to make informed financial decisions. These efforts will include actively seeking relevant partnerships to broaden our reach, as well as improving consumer-facing tools and information.

In addition, FSCO will continue to work with industry stakeholders to strengthen their understanding of FSCO's expectations regarding statutory compliance and the fair treatment of consumers. For example, FSCO held public consultations in April – May 2018 in advance of the release of a new Superintendent's guideline establishing a common understanding of what it means to treat financial services consumers fairly. The guideline will align with national and international best practices, including guidance from the Canadian Council of Insurance Regulators, and strengthen confidence in the sectors through measurable and demonstrable outcomes for the consumer.

3. Be proactive with respect to industry transformation and new technologies

Technology continues to evolve and advance at a rapid pace. FSCO recognizes the need for regulators to be more adaptable and agile to foster innovation in the marketplace. Over the coming year, FSCO will work to re-assess and re-align our processes to find ways to be more responsive to innovation in our regulated sectors. We will also equip and empower staff to develop regulatory solutions and use innovative supervisory approaches to better support new technologies and business models while remaining focused on our consumer protection mandate.

As more financial technology (fintech) businesses seek to operate in Ontario, and as consumer demand for innovative financial services continues to rise, FSCO is responding to the need to support them as they navigate and comply with the Ontario's financial services legislation.

4. Achieve a higher degree of harmonization, supervisory cooperation, and jurisdictional participation

In today's global environment, financial services are interconnected, crossing jurisdictional and sectoral boundaries. It is critical that regulators throughout Canada work together and coordinate efforts. Greater cooperation leads to the identification of emerging risks, sharing of best practices, and a more consistent level of protection for consumers and pension plan beneficiaries across jurisdictions. In addition, greater regulatory harmonization can result in reduced regulatory burden, and supports market competition, new entrants and greater innovation, which ultimately benefits the consumer and the economy.

FSCO demonstrates its commitment to regulatory coordination and communication through its leadership engagement and active participation in the following inter-jurisdictional associations of financial services regulators:

- Canadian Council of Insurance Regulators (CCIR)
- Canadian Association of Pension Supervisory Authorities (CAPSA)
- Mortgage Broker Regulator's Council of Canada (MBRCC)
- Canadian Insurance Services Regulatory Organization (CISRO)
- Joint Forum of Financial Market Regulators
- Canadian Automobile Insurance Rate Regulators (CARR)
- General Insurance Statistical Agency (GISA)

FSCO will strengthen collaborative relationships with other regulators and provide leadership in the delivery of strategic national policy initiatives. For example, FSCO will work with other CCIR members to coordinate simultaneous thematic and insurer-specific reviews across jurisdictions, to ensure that insurance customers are being treated fairly throughout the country. These reviews will capitalize on information from the Annual Statement on Market Conduct introduced last year to identify areas of potential risk requiring attention.

About the Financial Services Tribunal

The Financial Services Tribunal (FST or Tribunal) is an independent, expert decision-making body that, at the request of affected persons, holds hearings and appeals from decisions and proposed decisions of the Ontario Superintendent of the Financial Services and of the Deposit Insurance Corporation of Ontario (DICO).

The FST has exclusive jurisdiction to exercise the powers conferred upon it under the FSCO Act and other Ontario statutes.

FST Priorities

Maintain a pool of qualified members to adjudicate hearings

The Tribunal will continue to work with the Ministry of Finance and the Public Appointments Secretariat to ensure the appointment of additional qualified members sufficient to meet the Tribunal's expected caseload. The FST will continue to provide adequate training (internal and external resources) to ensure Tribunal members have the appropriate education, experience and expertise to hear Tribunal matters to which they are assigned.

Dialogue with members of the legal profession

In the past, the FST has from time to time dialogued with members of the legal profession through its Legal Advisory Committee to address matters related to its hearing rules, practices and procedures. In conjunction with the Tribunal’s transition under the new FST Act, this approach will be reviewed.

Update Tribunal rules, practices and procedures

The Tribunal will review rules, practices and procedures as required to reflect changes to its mandate and other legislated change. The Tribunal will review and revise performance standards as needed to ensure available resources deliver adjudicative services effectively and efficiently. Of particular note, the Tribunal is reviewing its online resources available to the public to provide additional guidance for self represented parties.

Transition to the FST Act

In 2017, the government passed the Financial Services Tribunal Act, 2017 (the “FST Act”), which, upon proclamation, will remove the FST from the FSCO Act and continue it as an independent Tribunal with respect to proceedings arising out of Superintendent regulatory enforcement under the FSCO Act/FSRA Act.

In 2018-19, the Tribunal will continue to work with the Ministry of Finance to ensure a smooth and efficient transition of its mandate from the FSCO Act to the FST Act.

For more information about FSCO

For more information about FSCO, contact us at:

Telephone: (416) 250-7250

Toll-free: 1-800-668-0128

TTY toll-free: 1-800-387-0584

Email: contactcentre@fsco.gov.on.ca

Website: www.fsco.gov.on.ca

Twitter: @FSCOTweets

Ce document est aussi disponible en français.