FSRA
Financial Services Regulatory Authority of Ontario

Ontario

ARSF
Autorité ontarienne de réglementation des services financiers

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July 23, 2021

Hon. Peter Bethlenfalvy
Minister of Finance | Minister's Office
7 Queens Park Cres
Toronto, ON
M7A 1Y7

Dear Minister:

On behalf of the Board of the Financial Services Regulatory Authority of Ontario (FSRA), I am submitting for your approval FSRA's 2020-2021 Annual Report. The Report describes the organization's activities and accomplishments over its twelve months of operations, from April 2020 to March 2021.

I would like to express my thanks to you, and the Ministry of Finance staff, for your support during FSRA's first full year of operations.

Sincerely,

Joanne De Laurentiis
Chair of the Board

Enclosure

c: Mark White, Chief Executive Officer, Financial Services Regulatory Authority of Ontario

FSRA Financial Services Regulatory Authority of Ontario

2020-2021 ANNUAL REPORT

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Executive Summary

This year marks the end of the Financial Services Regulatory Authority's (FSRA or "the Authority") first full year of operations. FSRA once again had an ambitious agenda. We continued to advance the objectives we identified as a new organization – regulatory efficiency and effectiveness – as well as implement forward-looking, transformative priorities.

The arrival of COVID-19 at the end of last fiscal disrupted our operations and those of FSRA's regulated sectors. It also affected the public, credit union members, pension plan beneficiaries, investors, consumers, and other stakeholders. Our employees have continued to work from home and provide support and stability to our regulated sectors. In addition, we continued to adjust regulatory measures enacted at the outset of the pandemic. This included: extending and/or waiving deadlines for certain regulatory filings and licence renewals; issuing guidance to protect and enhance the fair treatment of consumers; and deferring non-critical reviews and consultations.

The 2020-2023 Annual Business Plan (ABP) formed the basis of this year's "business-as-usual" objectives and activities. The ABP included 7 cross-sectoral and 15 sector-specific priorities. These focused on improving safety, fairness and choice for consumers through principles-based and outcomes-focused regulation. The priorities were aligned with FSRA's mandate, mission and strategic directions.

Despite the challenges posed by the pandemic, FSRA achieved significant success in the year. The Authority delivered against all its planned priorities. Notable achievements for the year included:

- Convening our first Residents' Reference Panel on Automotive Insurance in Ontario. It aimed to provide advice on how to make the Ontario auto insurance system clearer, easier to understand and more transparent for consumers.
- Developing the Financial Professionals Title Protection Rule (FPTP Rule) and supporting guidance. The proposed rule outlines the parameters for implementing the financial planners and financial advisors (FP/FA) title protection framework.
- Issuing several pieces of pension guidance in response to key issues identified by the sector.
- Publishing a new set of service standard principles and accompanying standards. These support FSRA's commitment to transparency and efficiency.
- Reviewing 30% of remaining guidance inherited from legacy regulators. This supports FSRA's burden reduction objectives.

To achieve its objectives, FSRA continued to consult publicly and engage the Stakeholder Advisory Committees (SACs), Technical Advisory Committees (TACs) and Consumer Advisory Panel (CAP). This included discussions around priorities and emerging issues of importance, such as FSRA's COVID-19 response plans.

Message from the Chair

It is my pleasure to present the 2020-2021 Annual Report for the Financial Services Regulatory Authority of Ontario. The report provides an overview of the organization's activities and accomplishments in its first full year of operations.

FSRA continued to transition operations from its legacy regulators. We initiated new policies and processes required to transform FSRA into a more efficient and effective regulator, all amidst a global pandemic.

Over the past year, the Board worked closely with the FSRA management team to maintain our focus on the 22 priorities set out in the 2020-2023 Annual Business Plan. At the same time, we had to ensure we responded to the challenges presented by the pandemic. In addition to achieving success against all priorities, FSRA implemented over a dozen regulatory measures in response to COVID-19. These efforts were designed to continue to protect consumers while supporting the regulated sectors.

The Board remains committed to openness, transparency and collaboration with FSRA's stakeholders. Stakeholder engagement through public consultation is an essential part of this commitment. In October 2020, the Board conducted targeted consultations with the Stakeholder Advisory Committees and the Consumer Advisory Panel on the proposed Statement of Priorities and the Budget for 2021-2022. These efforts will ensure that FSRA's activities continue to reflect the needs of our stakeholders and our mandate – to improve financial safety, fairness and choice for consumers and other users of financial services in Ontario.

I would also like to recognize the Ministry of Finance for collaborating with FSRA in advancing several important regulatory and public policy objectives this year. On behalf of the Board, I thank the Ministry and of course our Minister and the Government for the continued confidence they have placed in the Authority.

During the course of the year, we were pleased to welcome to the Board Stewart Lyons and Dexter John. They were both appointed to three-year terms. Together, they bring to FSRA's governance deep experience in innovative technologies and transformation, leadership, and risk management. We also said farewell to our colleague Brigid Murphy, who served with distinction for over three years.

I too am retiring from the Board at the end of June, having served as FSRA's founding Chair for the past four years. I am delighted that the Government has appointed Joanne De Laurentiis, one of our colleagues, to assume the Chair role. Joanne brings a wealth of experience to the position and, as an active Board member for the past two years, assumes the role with great knowledge of the important work underway at the Authority. I would like to thank Mark White, our CEO and all the management and FSRA staff for pursuing that important work with such enthusiasm and dedication, and would like to thank my colleagues on the Board for their commitment to overseeing the continued evolution of financial services regulation in Ontario.

Bryan Davies
Chair
Financial Services Regulatory Authority of Ontario Board of Directors

Message from the CEO

I am pleased to share a summary of the Financial Services Regulatory Authority of Ontario's accomplishments for the fiscal year 2020-2021. In our first full year of operations, we continued to focus on the broader objectives of regulatory efficiency and effectiveness. We also turned our attention to those priorities that further our forward-looking vision – a regulator that supports financial safety, fairness and choice for Ontarians.

The continuation of COVID-19 presented challenges for FSRA and its regulated entities. Despite disruptions to our operations, FSRA continued to work collaboratively with our stakeholders and deliver on our priorities. I thank all FSRA employees for their significant efforts towards achieving our objectives. You demonstrated a continued commitment to our FSRA values during a challenging period.

As indicated in our 2020-2023 Annual Business Plan, FSRA had a comprehensive list of priorities for the year. We delivered against all and completed 93% of planned activities. These efforts were in addition to several regulatory measures that FSRA implemented in response to COVID-19. These provided relief to our regulated sectors and additional protections for consumers.

It remained our stated objective to transform FSRA into a principles-based and outcomes-focused regulator. In alignment with that, we developed principles-based rules and guidance and a set of foundational principles. Once implemented, they will guide our regulatory activities.

We have also continued to drive our agenda to enhance innovation within the sectors we regulate. This year represented a period of building FSRA's foundational, innovation-enabling capabilities. Led by the Office of Innovation, FSRA worked with internal and external stakeholders, co-creating an Innovation Framework. This will enable novel and alternative products and processes that benefit consumers in our regulated sectors.

A continuing factor in our success has been our commitment to stakeholder engagement. In addition to public consultations regarding guidance and rulemaking, we continued to leverage the Stakeholder Advisory Committees, Technical Advisory Committees and the Consumer Advisory Panel. These bodies, together with the leadership of the Consumer Office, ensured the consumer voice was represented across FSRA's priorities. This further strengthened FSRA's policy and regulatory initiatives.

While the COVID-19 pandemic is not yet behind us, FSRA is focused on forward-looking objectives to establish the Authority as an efficient and effective financial services regulator.

The achievements outlined in this report reflect our strong commitment to our mission, vision and values. Both position us well to deliver on our future agenda.

I would like to personally thank our founding Chair, Bryan Davies, for his leadership of FSRA from its earliest days to the organization we have become. Without Bryan's insight and dedication to public service, we would not have been able to come so far, so fast.

Many thanks to our dedicated team, the FSRA Board, Ministry of Finance and our many stakeholders and partners for their hard work and dedication.

Mark E. White
Chief Executive Officer
Financial Services Regulatory Authority of Ontario

About the Financial Services Regulatory Authority of Ontario

FSRA is an independent regulatory agency. It was established in June 2019 to enhance public confidence in non-securities financial services and pensions in Ontario.

Vision
Financial safety, fairness and choice for Ontarians

Mission
Public service through dynamic, principles-based and outcomes-focused regulation

Values
Honest, Impactful, Credible, Empathetic, Collaborative, Empowered

Governing legislation and mandate

The *Financial Services Regulatory Authority of Ontario Act, 2016 (FSRA Act)* establishes FSRA's role in regulating non-securities financial services and pensions in Ontario. It sets out powers to administer and enforce the *FSRA Act* and sector statutes, and outlines FSRA's basic governance and accountability structure.

FSRA's objects, as defined in the *FSRA Act*, are:

- To regulate and generally supervise the regulated sectors;
- To contribute to public confidence in the regulated sectors;
- To monitor and evaluate developments and trends in the regulated sectors;
- To cooperate and collaborate with other regulators, where appropriate;
- To promote public education and knowledge about the regulated sectors;
- To promote transparency and disclosure of information by the regulated sectors;
- To deter deceptive or fraudulent conduct, practices and activities by the regulated sectors; and
- To carry out such other objects as may be prescribed.

FSRA's objects with respect to financial services sectors (e.g., auto insurance, insurance conduct, credit union, mortgage brokering) are:

- To promote high standards of business conduct;
- To protect the rights and interests of consumers; and
- To foster strong, sustainable, competitive and innovative financial services.

In addition to the objects of general application, FSRA has other objects. With respect to pension plans, they are:

- To promote good administration of pension plans; and
- To protect and safeguard the pension benefits and rights of pension plan beneficiaries.

With respect to credit unions/caisses populaires, the objects are:

- To provide insurance against the loss of part or all of deposits with credit unions/caisses populaires;
- To promote and otherwise contribute to the stability of the credit union/caisses populaires sector in Ontario, with due regard to the need to allow credit unions/caisses populaires to compete effectively while taking reasonable risks; and
- To pursue the above two objects for the benefit of persons having deposits with credit unions/caisses populaires, and in such a manner as will minimize the exposure of the Deposit Insurance Reserve Fund to loss.

As a result of changes to the Co-operative Corporations Act, which took effect on April 1, 2020, FSRA now has direct powers or duties with respect to offering statements. FSRA also has an additional object to meet, set out in a regulation under the *FSRA Act*:

- It is an object of the Authority to carry out any functions with respect to offering statements under the *Co-operative Corporations Act* in relation to the powers and duties of the Chief Executive Officer, with respect to offering statements, that are referred to in that Act or delegated or designated under section 1.1 or 1.2 of that Act.

In addition, FSRA will have regulatory oversight and enforcement objects with respect to financial planners and advisors when the *Financial Professionals Title Protection Act, 2019* is proclaimed.

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Board appointments and remuneration

Name	Date First Appointed	Most Recent Appointment Term	Remuneration (as of April 1, 2021)
Bryan Davies, Chair	June 28, 2017	June 28, 2020 – June 27, 2021	$72,912
Kathryn Bouey	June 28, 2017	June 29, 2019 – June 28, 2021**	$24,308
Blair Cowper-Smith	February 28, 2018	February 28, 2020 – February 27, 2023	$39,648
Joanne De Laurentiis	July 26, 2019	July 26, 2019 – July 25, 2021**	$29,736
Joseph Iannicelli	April 9, 2020	April 9, 2020 – April 8, 2023	$30,680
Brigid Murphy	February 28, 2018	February 28, 2020 – February 27, 2023	$29,264
Dexter John	January 7, 2021	January 7, 2021 – January 6, 2024	$9,204
Lawrence Ritchie	March 12, 2018	March 12, 2020 – March 11, 2022	$32,568
Stewart Lyons	October 22, 2020	October 22, 2020 – October 21, 2023	$13,452
Brent Zorgdrager	July 26, 2019	July 26, 2019 – July 25, 2021**	$36,344
Total			**$318,116**

Committees of the Board - Members as of April 1, 2021

*Committees where FSRA Chair is *ex-officio* member
**Appointment renewed to 2024

Technology Transformation Committee
Kathryn Bouey – Chair
Brigid Murphy
Bryan Davies*
Joseph Iannicelli
Stewart Lyons

Human Resources Committee

Brigid Murphy - Chair
Bryan Davies*
Dexter John
Joanne De Laurentiis
Joseph Iannicelli
Kathryn Bouey

Audit and Finance Committee
Brent Zorgdrager – Chair
Brigid Murphy
Bryan Davies*

Governance Committee
Blair Cowper-Smith – Chair
Brent Zorgdrager
Bryan Davies*

Joseph Iannicelli
Kathryn Bouey
Stewart Lyons
Dexter John
Joanne De Laurentiis
Lawrence Ritchie

Rules and Policy Committee
Lawrence Ritchie – Chair
Blair Cowper-Smith
Bryan Davies
Joanne De Laurentiis

PBGF Committee
Blair Cowper-Smith – Chair
Bryan Davies*
Dexter John
Joanne De Laurentiis
Lawrence Ritchie

DIRF Committee
Brent Zorgdrager - Chair
Brigid Murphy
Bryan Davies*
Kathryn Bouey
Stewart Lyons

FSRA's Response to the COVID-19 Pandemic

As an essential workplace, FSRA continued to carry out its regulatory duties as the COVID-19 pandemic persisted throughout 2020-2021. To protect the health and safety of its employees and the public, FSRA's workforce worked remotely wherever practical.

FSRA continued to monitor the effects of the pandemic on its regulated sectors. In response, FSRA implemented several regulatory measures to assist the non-securities financial sector and pension plans. Efforts included: extending and/or waiving deadlines for certain regulatory filings and licence renewals; issuing guidance to protect and enhance the fair treatment of consumers; and deferring non-critical reviews and postponing non-priority consultations.

Specific examples of measures introduced early in 2020-2021 in response to COVID-19 include:

- releasing guidance supporting insurers in providing emergency relief to auto insurance consumers
- releasing guidance protecting auto insurance claimants while physical distance restrictions are in place
- continuing to monitor auto insurance rates and changes in driving behaviour during the pandemic. In March 2021, the largest auto insurers, comprising 90% of the Ontario market, voluntarily committed to additional rate reductions after having already provided consumers relief in 2020. As a result, auto insurers have reported more than $1B in consumer relief in Ontario.
- extending the deadline for filing the Health Service Provider 2020 Annual Information Return (AIR)
- eliminating the expiry of Health Service Provider licences as long as they are kept in good standing.
- releasing guidance regarding holding annual meetings of credit unions and Ontario-incorporated insurance companies virtually
- releasing regulatory measures for Ontario credit unions. This included deferring 2020-2021 fee assessments and deposit insurance premiums; deferring non-critical components of credit union examinations; waiving certain reporting requirements; offering flexibility on other reporting requirements (case by case); clarifying that prudent loan payment deferrals would not automatically result in loan impairments; and postponing new consultations that are not COVID-19-related
- extending the deadline for licence renewals of corporate adjusting firms and individual insurance adjusters
- approving online delivery of licensing exams for life agents

- extending the validity period of Life Licence Qualification Program exam results for certain candidates
- releasing interpretation guidance to inform mortgage brokering industry participants of their continued obligations during periods of market volatility and disruptions, including protecting the rights and interests of consumers
- updating pension guidance as the government provided relief from certain filings and funding requirements and to address emerging issues
- operationalizing the government’s regulatory changes, which provided extensions to pension plans on certain filings and funding requirements

Overview of Key Activities in 2020-2021

FSRA's 2020-2023 ABP was approved by the Minister of Finance in June 2020. The ABP identified 22 priorities, which formed the basis of our key activities in 2020-2021. This section highlights them by sector.

Cross-sectoral

Burden Reduction & Regulatory Effectiveness

FSRA's cross-sector priorities continued to enhance regulatory efficiency and effectiveness, further FSRA's innovation objectives, and improve financial safety, fairness and choice for consumers.

2020-2021 Highlights

- In March 2021, FSRA issued the first quarterly report on the status of the inherited guidance project. FSRA reviewed and transitioned nearly 30% of remaining inherited guidance in the reporting period.
- In March 2021, FSRA published its first quarterly scorecard on its service standards performance. FSRA met or exceeded service targets for 80% of its standards and put in place mitigating activities to bring remaining standards in line with targets.
- Enabled meaningful consumer participation in the policy process through the leadership of the Consumer Office and CAP
    - During its 2020 term, the CAP participated in four official meetings as well as targeted ad hoc meetings.
    - The Consumer Office and CAP co-hosted a consumer engagement series on the FPTP Rule and Guidance. This resulted in the Panel's independent submission to FSRA's public consultation.
    - In 2020-21, the Consumer Office undertook targeted consumer research in four sectors (i.e., automotive, FP/FA, mortgage brokering and life & health).
- Conducted an organization-wide review of information sharing arrangements, sector needs and priority-sharing partners, to enhance FSRA's information-sharing infrastructure. Developed an internal process for negotiating and operationalizing Memorandums of Understanding (MOUs) with other regulatory agencies. Executed 5 priority MOUs, with negotiations underway with 10 priority-sharing partners.
- Implemented collaboration and productivity technologies (including M365, Contact Centre and Telephony); digitized or archived all the paper-based documents; and initiated activities to modernize core regulatory processes and systems.

- Developed a draft Innovation Framework that sets the groundwork for how FSRA will identify, manage, and deliver opportunities to enable innovation in the regulated sectors.

Property and Casualty/Auto Insurance

The P&C/auto insurance sector provides financial products designed to protect consumers and businesses against financial loss related to many different risks. That includes owning a home, vehicle or business, and associated liabilities. Ontario's P&C insurance sector represents over $29 billion in direct written premiums, nearly 53% of which are derived from auto insurance.

FSRA's role in the sector includes:

- licensing P&C insurance companies, independent adjusters and agents that sell P&C insurance in Ontario, to ensure they comply with the law
- regulating the conduct of business of insurance companies, agents and adjusters to ensure the fair treatment of consumers throughout the entire product lifecycle
- conducting prudential regulation of Ontario-incorporated insurance companies
- examining the affairs of the Registered Insurance Brokers of Ontario (RIBO) and Facility Association, and reporting results to the Minister

FSRA also carries out additional functions specific to Ontario's auto insurance system. This includes regulating auto insurance products and their underwriting, distribution and pricing, and determining whether auto insurance rates are just and reasonable.

2020-2021 Highlights

FSRA has continued to advance work on transformational priorities in the P&C/auto Insurance sector while supporting the public interest in relation to the COVID-19 pandemic.

- In February 2021, FSRA reported on the results of the public consultation related to "Take-All-Comers" requirements. FSRA announced that it will examine a representative sample of insurers in Ontario's auto insurance market as part of the ongoing review.
- In July 2020, FSRA created a TAC for Auto Insurance Data and Analytics. It has provided expert insight to FSRA on enhancing regulatory efficiency and effectiveness by using data, analytics and technology. The new TAC also advised on the development and implementation of FSRA's Auto Insurance Data and Analytics Strategy.

- In November 2020, FSRA removed legacy guidance regarding usage-based insurance, which will now allow more competition and innovation in the Auto Insurance market. This includes enabling pay-as-you-go and pay-per-mile (km) options.
- In December 2020, FSRA launched a public consultation seeking feedback from insurance consumers, industry and other interested stakeholders for its first proposed insurance rule – the Unfair or Deceptive Acts or Practices (UDAP) rule. It aims to make the supervision of insurance more transparent, dynamic and flexible.
- FSRA convened its first Residents' Reference Panel on Automotive Insurance in Ontario. Its mandate was to provide a consumer perspective on how to make the Ontario auto insurance system clearer, easier to understand and more transparent. FSRA posted the panel's final report on our website in March 2021.
- FSRA developed the first Test and Learn Environment (TLE) focusing on auto insurance, to launch in 2021. The TLE will be based on the proposed exemptive authority in the *Insurance Act* and will allow testing and validation of specific areas of innovative or modernized practices.

Health Service Providers

More than 5,000 licensed health service providers invoice auto insurance companies for statutory accident benefits claims through the Health Claims for Auto Insurance (HCAI) system. FSRA's role in the sector includes:

- licensing health service providers who elect to use this centralized billing system;
- overseeing the business and billing practices of such licensed service providers when they use HCAI; and
- collecting information about such licensed health service providers' business systems and practices through an AIR.

2020-2021 Highlights

With health service providers and their use of HCAI, FSRA has two priorities. One, respond rapidly to changes in an evolving auto insurance billing landscape. Two, ensure the HCAI billing system supports just and reasonable auto insurance rates. Our activities in this sector this past year, which included a risk-based approach to reviews and examinations, addressed both priorities.

Credit Unions and Caisses Populaires[1]

Credit unions are co-operative, deposit-taking institutions. They are owned by their members, who are also their customers. Ontario's credit union sector has over 1.7 million members, over 7,400 staff and over $78 billion in assets. Individual credit unions are diverse in size, ranging from $8 million to $22 billion in total assets. FSRA's role in the sector includes:

- incorporating credit unions and reviewing the related documentation.
- reviewing and approving proposed transactions involving credit unions, such as amalgamations and the purchase or sale of material assets (which may include the assumption of obligations).
- prudential oversight of credit unions to ensure they comply with solvency and liquidity requirements in the *Credit Unions and Caisses Populaires Act, 1994* and to minimize risk of loss to depositors.
- regulating the conduct of credit unions (e.g., by ensuring they comply with the principles of sound business and financial practice, treat members fairly, and handle complaints in an appropriate manner).

2020-2021 Highlights

FSRA continued to contribute to the stability and modernization of the credit union sector. Through our prudential regulation oversight function, we ensured that credit unions can manage risks effectively. Some key accomplishments included:

- Supporting the Ministry of Finance in developing the *Credit Unions and Caisses Populaires Act, 2020* (CUCPA 2020), which received Royal Assent on December 8, 2020. Once proclaimed into force, the CUCPA 2020 will replace the existing *Credit Unions and Caisses Populaires Act, 1994* (CUCPA, 1994) and modernize Ontario's legislative framework for credit unions.
- Issuing new principles-based guidance for credit unions on residential mortgage lending, which took effect on February 1, 2021. The guidance sets out FSRA's interpretation of legislative requirements and supervisory approach to assess the effectiveness of credit union residential mortgage underwriting practices.
- Updating and reissuing liquidity guidance documents inherited from the Deposit Insurance Corporation of Ontario.
- Issuing guidance clarifying the capital treatment for loans provided by credit unions, under new federal credit availability programs, including the Business Credit Availability Program and the Highly Affected Sectors Credit Availability Program.

[1] For the purposes of this document, the term "credit union" will be used to refer to both credit unions and caisses populaires.

- Receiving ministerial approval of the Credit Union Deposit Insurance Advertising Rule on April 8, 2020. It became effective on April 23, 2020 and governs how credit unions and caisses populaires advertise deposit insurance coverage.
- Launching a consumer awareness campaign in support of the Deposit Insurance Reserve Fund (DIRF), promoting consumer confidence in Ontario credit unions.
- Preserving strong governance of the DIRF through:
  - Commissioning the development of a stress-testing model to assess DIRF's adequacy. Moving forward, FSRA will work with the credit union sector to refine the DIRF assessment model and consult on the overall framework and data requirements.
  - Working to ensure better structural liquidity tools and reporting. FSRA performed internal stress testing, mainly from a liquidity standpoint. We are also using this to explore and improve structural liquidity options for the Credit Union system. As part of this, the Government of Ontario provided an enhanced line of credit to FSRA with a limit of $2 billion. Should extraordinary stress arise (not currently expected), the new credit facility provides supplementary financing to FSRA to support viable credit unions experiencing liquidity issues.

Life and Health Insurance

Ontario's life and health (L&H) insurance industry represents over $24.7 billion in direct premiums annually. The sector provides comprehensive insurance, and related investment products, to help individuals protect key aspects of their lives against risk of loss. L&H includes over 100 insurers, 48,000 agents and 5,600 corporate agencies.

FSRA's role in the L&H sector includes:

- licensing life insurance companies and agents that sell life and health insurance in Ontario, to ensure they comply with the law.
- regulating the conduct of business of insurance companies and agents, to ensure the fair treatment of consumers throughout the entire product lifecycle.

2020-2021 Highlights

Ensuring consumer protection and public confidence in the L&H insurance industry is critical. FSRA took the following steps to enhance the oversight of market conduct in 2020-2021:

- In July 2020, FSRA published a Life Agent Reporting Forms (LARFs) Summary Report. It summarizes complaints and enforcement activity on 75 cases of life insurance agent misconduct and unsuitability derived from LARFs submitted by insurers to FSRA from June 2019 to March 2020.

- In fall 2020, FSRA released the L&H Sector Key Areas of Assessment for 2020-2021, which identified two focus areas for its review activities:
  - the adoption of principles by insurance companies that guide the fair treatment of consumers; and
  - how managing general agencies contracted by insurers uphold fair treatment standards for consumers.
- In November 2020, FSRA warned the public about offers for employment linked to the purchase of life insurance policies. FSRA cautioned that life insurance agents may be targeting international students and newcomers to Ontario, offering false job opportunities conditional on the purchase of life insurance.
- In November 2020, FSRA established two industry TACs:
  - The TAC on Distribution Channels that Rely on Managing General Agencies (MGAs) is providing advice on trends and issues related to MGAs and emerging topics in insurance distribution. To date, the TAC has reviewed FSRA's observations arising from its review of distribution channels and provided commentary on the findings.
  - The TAC on Segregated Funds is providing advice on the distribution and administration of segregated funds. At its first meeting in January 2021, the members discussed key consumer issues and risks related to segregated funds, as well as elements of the Canadian Securities Administrators (CSA)/Canadian Council of Insurance Regulators (CCIR) Total Cost Reporting project. FSRA will consider their comments as it continues work on segregated funds.
- In December 2020, FSRA released its Fair Treatment of Customers (FTC) guidance. It harmonizes FSRA's FTC practices with the guidelines created by Canada's insurance regulatory bodies, CCIR and the Canadian Insurance Services Regulatory Organizations (CISRO). The guidance promotes fair customer treatment throughout the lifecycle of an insurance contract.
- In December 2020, the CCIR, of which FSRA is a member, released the 2019 Annual Statement on Market Conduct Public Report. This is its first report on insurer policies and practices as they relate to the fair treatment of customers. Insurers can use the report to compare their overall policies, procedures and performance against industry averages and key benchmarks on fair treatment principles. The report reflects data collected through an annual questionnaire that FSRA administers to all Ontario-licensed insurance companies.
- In February 2021, FSRA issued a notice to insurers about their role in ensuring agents meet business conduct standards. FSRA had learned that some agents were altering information about customer employment and study visas in life insurance applications. FSRA reminded insurers they must take appropriate action when an agent fails to meet FSRA's conduct and suitability requirements; and complete due diligence when delegating functions to MGAs, such as agent screening and oversight.

- FSRA continues to work with the CCIR and the CSA on a project to improve cost and performance disclosure provided by investment funds (e.g., mutual funds and exchange-traded funds) and segregated funds.

Mortgage Brokering

The mortgage brokering sector enables the financing of a home purchase for many Ontario homebuyers. In 2020, mortgage brokers arranged over 346,000 mortgages, valued at approximately $148 billion[2]. The sector represents 218 mortgage administrators and 1,282 mortgage brokerages (employing 11,826 mortgage agents and 2,592 mortgage brokers).

FSRA's role in the mortgage brokering industry includes:

- licensing mortgage brokerages, agents, brokers and administrators.
- regulating the conduct of licensees through monitoring and enforcing compliance with the *Mortgage Brokerages, Lenders and Administrators Act, 2006* (MBLAA).

2020-2021 Highlights

In 2020-2021, FSRA continued to enhance market conduct oversight in the mortgage brokering sector to protect consumers and investors.

- In August 2020, FSRA released its Approach for Promoting High Standards of Business Conduct. It identified four areas where consumer harm is most susceptible, including inappropriate alternative lending practices, and indicated to industry of how it will enhance supervision in these four areas.
- In November 2020, FSRA launched a consultation on guidance regarding its approach to help Ontario mortgage professionals comply with the Mortgage Brokers Regulators' Council of Canada's (MBRCC) proposed Code of Conduct. MBRCC had worked with FSRA and the Canadian mortgage brokering industry to develop the proposed Code and released it in March 2021. It provides guidance on how mortgage professionals should conduct mortgage brokering activities that protect consumers' interests. The Code also outlines behaviour that consumers should expect from licensees. FSRA has worked with the MBRCC to adopt this code nationally and FSRA has finalized its approach for supervising against the Code in Ontario, for release in summer 2021.

[2] Business volume reported is for the calendar year.

- In November 2020, an industry TAC was established to advise FSRA on enhancing its policy and supervisory approaches for the sector. This will support consumer protection, drive innovation and increase regulatory efficiency. The Committee held its first meeting on January 25, 2021. In the next fiscal year, the Committee will provide advice on FSRA's policy development initiatives and supervisory focus for 2021-2022.

FSRA supported Ministry of Finance initiatives by:

- Working with the MOF and the Ontario Securities Commission (OSC) on the transfer of regulatory oversight of non-qualified SMIs to the OSC. Effective July 1, 2021, the OSC will regulate the oversight of the sale of non-qualifying SMIs to less sophisticated (e.g., retail) investors.
- Consulting on the proposed approach for supervising mortgage brokerages and administrators that are engaged in SMIs after the transfer. FSRA released the final guidance in March 2021.
- In the 2020 Ontario Budget, the government announced its endorsement of the recommendations put forward as part of the legislative review of the MBLAA. To support the implementation of recommendations, roundtable consultations with stakeholders were held on the proposed approach to:
    - reduce red tape for commercial mortgage transactions; and
    - raise and streamline education and professional standards for agents and brokers.

Pensions

Pensions represent a significant financial asset for many Ontarians. There are 2.2 million active and 1.8 million retired members in plans that vary by size and type. While defined contribution plans have increased in popularity, the majority of members and assets remain in defined benefit plans (with assets of approximately $618B in Defined Benefit (DB) plans and $22B in Defined Contribution (DC) plans). FSRA works with the Ministry of Finance to ensure appropriate oversight of the pension sector that balances protecting members' rights with ensuring the viability, growth and sustainability of pension plans in Ontario.

2020-2021 Highlights

Throughout 2020-2021, FSRA made significant progress on its priorities of supporting pension plan evolution, developing and consulting on a prudential supervision framework, and refocusing pension regulation on regulatory effectiveness and efficiency.

FSRA has continued to engage with a variety of stakeholders. Through the work of special purpose and standing technical advisory committees, FSRA:

- Issued new guidance in December 2020 around missing members.
- Launched a data collection exercise to, among other things, identify the numbers of missing beneficiaries and value of their pensions.
- Established a committee in December 2020, jointly with the Office of the Superintendent for Financial Institutions (OSFI), to focus on defined contribution pension plans.
- Issued guidance in January 2021 on a new asset transfer application process, with a more efficient and effective review and a new process for FSRA's consent to certain transactions.
- Issued technical guidance in March 2021 for consultation around marriage breakdown and a new member-focused easy-to-read guide to help spouses navigating these issues.
- Issued guidance in March 2021 on leading practices for trustees and advisors of Defined Benefit Multi-Employer Pension Plans, to consider as they evaluate their current practices.
- Established a committee in March 2021 to identify ways, within the regulatory framework, to foster a vibrant employment-based pension pillar in Ontario.

Prudential Supervision

The Pension Benefits Guarantee Fund (PBGF) investment portfolio was adjusted at the onset of the pandemic to raise credit quality and reduce concentration risk for the investments during uncertain times. In the new year, we will implement a long-term strategy to seek higher returns. FSRA will also be enhancing its predictive and analytical capacity to improve risk scenario modeling of the PBGF.

FSRA is working with the largest pension plans in Ontario to review systemic risk, liquidity risk and other investment risk and governance elements including alternative asset classes.

Co-operative Corporations

Ontario has just under 1,800 co-operative corporations (co-ops), which operate in a variety of industries (e.g., housing, agriculture, daycare, etc.). FSRA aims to better protect co-op members and investors who purchase shares in co-ops. FSRA's role in the sector is limited to carrying out powers and duties under the *Co-operative Corporations Act* related to offering statements prepared by co-ops when raising capital from investors.

2020-21 Highlights

- In December 2020, FSRA issued Interpretation and Approach Guidance for High-Risk Co-op Offerings, after consultations with stakeholders. The guidance is intended to assist investor decision-making, promote high standards of business conduct for co-ops, and improve the transparency of FSRA's decision-making.
- FSRA reviewed 17 offering statements in the 2020-2021 financial year, 13 of which were receipted by FSRA's CEO.

Financial Planners/Financial Advisors

The Ontario government has tasked FSRA with implementing the title protection framework under the *Financial Professionals Title Protection Act, 2019* (FPTPA). This legislation, once proclaimed, will limit the use of the FP/FA titles in Ontario. Only individuals who have obtained a credential from a FSRA-approved body would be able to use the FP/FA titles. The goal is to ensure that individuals using these titles are appropriately qualified and supervised in accordance with minimum standards. This will promote confidence and professionalism in the sector and avoid confusion for investors/consumers.

2020-2021 Highlights

In August 2020, FSRA posted the draft FPTP Rule, and associated guidance for a 90-day public comment period. The proposed rule outlines the parameters for the implementation of the FP/FA title protection framework, and establishes:

- approval criteria for credentialing bodies, to ensure the effective administration of a credentialing program;
- approval criteria for a credentialing body to issue FP/FA credentials, to establish a consistent minimum standard for title users;
- the application process; and
- a transition period for individuals already using the FP/FA titles.

During the consultation period, FSRA met with various stakeholders, including consumer advocates, industry participants, and other regulatory bodies. After evaluating stakeholder feedback, including 43 written comments, FSRA plans to repost the amended rule for further public consultation in the coming year and to issue fee rule and other supporting guidance for comments.

Industry and Consumer Dialogue, and Public Consultation

FSRA takes a transparent and collaborative approach to engagement. By regularly consulting with industry experts and consumers, we are better equipped to identify emerging issues and obtain feedback on regulatory approaches proposed by FSRA.

FSRA has defined and implemented mechanisms for engagement at different levels of the organization. We set clear objectives and principles for direct consultation with key stakeholders, including the following groups:

- Six SACs to serve as consultation bodies to the Board on FSRA's priorities, budget and other matters.
- Four Standing Technical Advisory Committees (STACs) for the Pensions sector, to advance FSRA's cross-sectoral priorities of improving regulatory effectiveness and burden reduction.
- TACs to tackle ad hoc matters affecting the pensions, mortgage brokering, life and health insurance and auto insurance sectors.
- A Retiree Advisory Panel as part of a commitment to engage all perspectives, including those of pension plan beneficiaries
- Credit union working groups
- A CAP to provide consumer perspectives on proposed FSRA policy changes; help inform FSRA's strategic approach to consumer-focused research and engagement; and advise on emerging consumer issues and trends.

FSRA held 11 consultations to leverage the SACs, special-purpose and ad hoc committees and panels. Summaries of the committee meetings were posted for transparency. In addition to numerous bilateral and small group consultations, FSRA launched the following 15 public consultations during the fiscal year.

As part of this process, FSRA posted the consultation feedback, and summarized the outcomes of our consultations. This open approach brought a broad range of experience, expertise and enthusiasm to the consultation process and revealed a diversity of views for FSRA to consider.

FSRA will continue to consult specialized and ad hoc groups to build our engagement with consumers. That will help to shape our regulatory framework, enhance service standards, and modernize our systems and processes.

Consultations held in fiscal year 2020-2021

Sector	Consultation Title	Type	Consultation Date
Auto Insurance	Loss Trend Benchmarks for Private Passenger Automobile Major Rate Filings Consultation	Policy	July 6–27, 2020
Auto Insurance	Unfair or Deceptive Acts or Practices Consultation	Rule	December 18, 2020 – March 18, 2021
Credit Union and Caisses Populaires	Residential Mortgage Lending Consultation	Policy	September 9 – November 11, 2020
Credit Union and Caisses Populaires	Ontario's Liquidity Guidance for Credit Unions Consultation	Policy	November 2 – December 2, 2020
Credit Union and Caisses Populaires	Credit Union Recovery Planning Consultation	Policy	January 27 – March 19, 2021
Co-operative Corporations	High-risk Offerings issued under the *Co-operative Corporations Act* Consultation	Policy	October 5 – November 18, 2020
Financial Planners and Advisors	Financial Professionals Title Protection Consultation	Rule	August 13 – November 12, 2020
General Regulatory	FSRA Service Standards Consultation	Policy	September 24 – October 23, 2020
General Regulatory	FSRA Proposed 2021-22 Statement of Priorities Consultation	Priorities/ Budget	October 13 – November 3, 2020
Home, Life and Health Insurance	Fair Treatment of Consumers in Insurance Consultation	Policy	September 23 – October 22, 2020
Mortgage Brokering	Non-Qualified Syndicated Mortgage Investments with Permitted Clients and Legacy Non-Qualified Syndicated Mortgage Investments Consultation	Supervision	August 6 – September 21, 2020
Mortgage Brokering	Mortgage Broker Regulators' Council of Canada (MBRCC) National Code of Conduct Consultation	Supervision	November 27– January 15, 2021
Pension	Missing Pension Plan Members – Principles and Practices Consultation	Policy	June 23 – September 20, 2020

Pension	Supervisory Approach to Defined Benefit Pension Asset Transfers under the PBA Consultation	Policy	September 11 – November 30, 2020
Pension	Administration of Pension Benefits Upon Marriage Breakdown Consultation	Policy	March 18 – May 3, 2021

Strategic Priorities

FSRA Priorities 2020-2021 – Year-End Assessment Scorecard

FSRA has developed a scorecard, which contains the results of our performance against the 22 ABP priorities. Three categories have been used to measure completeness:

- Complete (Green) – priority is complete compared to target
- Substantially Complete (Yellow) – minor activities remain to complete the priority compared to target and is considered a passing assessment
- Incomplete (Red) – priority was not complete compared to target

The scorecard also summarizes the objectives to be achieved by FSRA in 2020-2021 for each of the ABP priorities.

2020-21+ Priorities

Cross-Sectoral Priorities

Burden Reduction

1.1 Review inherited guidance
1.2 Establish meaningful service standards

Regulatory Effectiveness

2.1 Protect the public interest
2.2 Enable innovation
2.3 Modernize systems and processes

Burden Reduction and Regulatory Effectiveness

3.1 Transition to Principle Based Regulation (PBR)
3.2 Improve information sharing with regulators

Sector-Specific: Targeted High-Impact Priorities

Property & Casualty (Auto) Insurance

4.1 Empower and protect auto insurance consumers

4.2 Support and implement transformative auto insurance reforms

4.3 Develop a comprehensive auto insurance data and analytics strategy

Credit Unions

5.1 Support modernization of credit union framework

5.2 Ensure appropriate resolution and Deposit Insurance Reserve Fund (DIRF) framework

5.3 Enhance credit union market conduct supervision

5.4 Update supervisory and risk assessment approach

Life & Health Insurance

6.1 Enhance market conduct oversight to protect consumers

6.2 Improve licensing effectiveness and efficiency

Mortgage Brokering

7.1 Support government policy direction on the Mortgage Brokerages, Lenders and Administrators Act (MBLAA)

7.2 Enhance market conduct oversight to protect consumers

Pensions

8.1 Support plan evolution

8.2 Develop and consult on prudential supervision framework

8.3 Refocus pension regulation on burden reduction

Financial Planners & Advisors

9.1 Implement the title protection framework for Financial Planners/Financial Advisor

Priority (Status as at Mar. 31, 2021)		Objectives
	1.1 Review inherited guidance	Multi-year priority, key activities planned and completed in 2020-2021 include: • Complete review of and develop a plan for posting all guidance for each sector
	1.2 Establish meaningful service standards	• Reflect service standards in employee/function performance targets • Reflect standards across FSRA
	2.1 Protect the public interest	Multi-year priority, key activities planned and completed in 2020-2021 include: • Research/compile current consumer issues • Launch new website with clear/easily accessible consumer information • Develop and publish consumer profiles on sector-specific issues • Conduct consumer research (as identified by panel, e.g. consumer disclosures)
	2.2 Enable innovation	Multi-year priority, key activities planned for this year completed, completion of objectives on track: • Analyze regulatory changes required to support innovation • Develop and execute outreach plan to identify new product/services • Participate in Global Innovation Pilot(s) • Implement new product/service delivery (by sector)
	2.3 Modernize systems and processes	Multi-year priority, key activities planned and completed in 2020-2021 include: • Procure enabling technology platform including CRM, case management system, enterprise content management system and data analytics tools • Continue roll out of user-centric website • Digitize or archive existing paper-based documents • Hire vendors to provide system integration and change management services • Develop foundational, enterprise-wide components and capabilities in preparation for sector-specific implementations • Enable data analytics for each regulated sector, to empower FSRA policy and supervisory activities
	3.1 Transition to Principles Based Regulation (PBR)	Multi-year priority, key activities planned and substantially completed in 2020-2021 include: • Develop principles • Consult stakeholders on proposed principles • Issue guidance • Consult with sectors • Develop supervision approach

FSRA Financial Services Regulatory Authority of Ontario | Ontario | ARSF Autorité ontarienne de réglementation des services financiers

Priority (Status as at Mar. 31, 2021)	**Objectives**
3.2 Improve information-sharing with regulators	• Conduct consultations with sharing partners • Develop & implement strategy/approach • Established reciprocal MOU's with Bank of Canada, Ontario Security Commission and Financial Services Authority (B.C)
4.1 Empower and protect auto insurance consumers	Multi-year priority, key activities planned and substantially completed in 2020-2021 include: • Transform auto insurance rate and policy form/endorsement regulation to support innovative and consumer-focused business models, pricing structures and technologies • Improve auto insurance rating and underwriting accuracy by developing and implementing new supervisory processes, focused on advanced risk management and compliance systems within regulated entities • Enhance market conduct oversight, emphasizing the fair treatment of customers and focused monitoring activities in areas that may pose significant consumer harm (such as the circumvention of "Take-all-Comers" auto insurance requirements), and considering a review of existing conduct standards • Enhance auto insurance transparency, disclosure of information and consumer choice, by: studying consumer behaviour and expectations; assessing relevant consumer education (sources, strengths/weaknesses); improving FSRA's public reporting; identifying opportunities for products that increase consumer understanding and assist in making informed choices; and exploring opportunities for FSRA rule-making regarding unfair or deceptive acts or practices • Improve licensing effectiveness and efficiency by streamlining licensing approvals for agents, adjusters and companies • Implement the process proposed in 2019-2020 (in consultation with stakeholders and regulators), and use it to seek consistent application of Fair Treatment of Customers guidance across Canada, including examples of fair and unfair treatment
4.2 Support and implement transformative auto insurance reforms	Multi-year priority, key activities planned and completed in 2020-2021 include: • Support reforms to create a sustainable auto insurance system that delivers value and choice for consumers • Support and implement any recommended changes required to overhaul health service provider licensing (subject to government direction in response to FSRA's recommendations in 2019-2020)
4.3 Develop a comprehensive auto insurance data and analytics strategy	Multi-year priority, key activities planned and completed in 2020-2021 include: • Improve auto insurance data collection and management processes, including timeliness, quality, availability and data sharing

	Priority (Status as at Mar. 31, 2021)	Objectives
		• Develop new reporting and analytical tools to enable proactive regulatory monitoring and evidence-based policy decisions • Assess the alignment of the GISA with FSRA's new data collection and analytics framework, by reviewing key processes, roles and responsibilities and governance • Propose and consult with stakeholders on an implementation plan

	5.1 Support modernization of credit union framework	Multi-year priority, key activities planned and completed in 2020-2021 include:
		• Continue to support MOF in developing new credit union legislation and modernizing the framework
		    ○ Provided support to MoF in developing regulations under the new CUCPA 2020 before proclamation in 2022
		• Develop, propose, consult on and (where practical) start implementation of FSRA rules on topics where legislative authority may be provided
		    ○ Consultation draft of Capital and Liquidity drafted
		    ○ Capital and Liquidity Rules to be issued subject to Minister's approval in 2021-22
		    ○ Consultation draft of Sound Business and Financial Practices Rule approved by the Board
		• Implement the Credit Union Deposit Insurance Advertising Rule that will replace the DICO bylaw #3 if approved
		• Identify and review guidance and other documents in order to implement the new rule(s)
		• Propose, consult on and issue interpretation guidance and a supervisory approach for FSRA's new residential mortgage lending guidance
		    ○ Residential Mortgage Lending Approach Guidance and Interpretation Guidance issued
		• Identify, consult on and re-issue other existing high-priority guidance
		• Three-year plan for Guidance development approved by CCUA

	5.2 Ensure appropriate resolution and Deposit Insurance Reserve Fund (DIRF) framework	Multi-year priority, key activities planned and substantially completed in 2020-2021 include: • Consult on and implement guidance for an enhanced resolution strategy and recovery plan framework • Review the DIRF's adequacy, considering liquidity and solvency/capital perspectives (e.g. stress scenarios) • Assess and report to the Minister of Finance on DIRF adequacy

Priority (Status as at Mar. 31, 2021)		Objectives
	5.3 Enhance credit union market conduct supervision	Multi-year priority, key activities planned and substantially completed in 2020-2021 include: • Implement new enhanced market conduct supervisory activities for credit unions by proposing, consulting on, issuing and implementing a supervisory approach to support the Market Conduct Code (MCC) • Further implement a plan for market conduct examinations on the MCC or any similar code used by the supervisory framework • Continue to work with credit union regulators across Canada towards national harmonization of market conduct supervisory practices
	5.4 Update supervisory and risk assessment approach	Multi-year priority, key activities planned and completed in 2020-2021 include: Board approved objectives restated for the year: • Conduct research and analysis for the design of the revised Risk-based Supervisory Framework (the Framework) for the Credit Union sector • Develop draft Risk-based Supervisory Framework documents • Begin targeted stakeholder consultation • Begin development of new internal business practices, processes, procedures and operational tools • Implementation of the Credit Union Risk Based Supervisory Framework will be after 2021-22

	6.1 Enhance market conduct oversight to protect consumers	Multi-year priority, key activities planned and substantially completed in 2020-2021 include:
		• Lead the exploration and potential implementation of a CISRO-harmonized industry Code of Conduct for intermediaries
		• Support the Fair Treatment of Customers (FTC) principles in the Life & Health by:
		    ○ Conducting policy research and undertaking targeted supervisory reviews
		    ○ Considering different distribution channels when assessing market conduct
		    ○ Developing a proposed regulatory framework and supervisory approach for distribution channels that rely on MGAs (including assessing the MGA distribution channel to understand how insurers, agents and MGAs interact with the public during the sales process)
		    ○ Building an agent conduct team and developing a supervisory framework
		    ○ Considering solutions for improving advisor oversight proposed by the industry-regulatory G4 task force (Canadian Life and Health Insurance Association, Canadian Association of Independent Life Brokerage Agencies, Independent Financial Brokers and Financial Advisors Association of Canada)

Priority (Status as at Mar. 31, 2021)		Objectives
	6.2 Improve licensing effectiveness and efficiency	Multi-year priority, key activities planned and substantially completed in 2020-2021 include: • Develop a common process for capturing and consolidating licensing statistics from the date of assignment to approval for all products • Create meaningful reporting and key metrics, to help ensure FSRA can deliver on service level standards, absorb future growth, and inform licensees by way of meaningful, real-time approval timelines • Perform a gap analysis on FSRA's current due diligence processes, legislative requirements and IM/IT systems to build efficient and effective licensing and renewal processes • Increase information-sharing with other regulators where possible • Develop criteria to publish service expectations for licence applications and implement service standards
	7.1 Support Government policy direction on the *Mortgage Brokerages, Lenders and Administrators Act, 2006*	Multi-year priority, a number of key activities related to these objectives were completed in 2020-2021: Reduce red tape for commercial mortgage transactions exemptions • Establish new classes of licensing • Incentivize registration for private lenders • Raise educational standards for agents and brokers
	7.2 Enhance market conduct oversight to protect consumers	Multi-year priority, key activities planned and completed in 2020-2021 include: Non-qualified SMIs Supervisory Approach • Support the implementation of effective oversight of the regulation of non-qualified SMIs transactions with the OSC • Continue to refine and enhance the supervisory approach for high-risk non-qualified SMIs • Continued supervisory oversight of legacy non-qualified SMI transactions and any SMI activities that are not transferred to the OSC Mortgage Brokering Sector Supervisory Approach • Develop, document, consult and implement a robust supervisory approach for high-risk activities and products (non-SMI) that could cause consumer harm (specific activities/products may include reviews of brokerages focused on product suitability) • Continue to work closely with the Mortgage Broker Regulators Council of Canada (MBRCC) and MOF to support increased regulatory harmonization across Canada

Priority (Status as at Mar. 31, 2021)		Objectives
	8.1 Support plan evolution	• Continue to build relationship management as a foundational skill for plan consolidation activity and complex transactions • Establish an advisory committee to identify ways to foster a vibrant employment-based pension pillar in Ontario • Examine why employers are moving away from providing registered pension plans • Promote good administration of pension plans that is facilitative for employers, cost efficient and can leverage innovative practices • Ensure that Ontario workers are well informed regarding their retirement benefits and how those benefits are protected
	8.2 Develop and consult on prudential supervision framework	• Continue to work on the PBGF's long-term financial sustainability and assist the MOF in its legislated review of the PBGF, including a financial risk assessment using stress-testing. • Develop and implement a more appropriate return-seeking investment strategy for the PBGF, which balances benefit security, expected return and anticipated liquidity needs • Work collaboratively with jointly-sponsored pension plans to understand, improve and document industry-wide standards and best practices with respect to systemic and liquidity risks, use and appropriate disclosures for leverage and illiquid assets • Implement learnings from a targeted review of multi-employer pension plans (MEPPs) by developing, documenting, consulting on, and supervising against best practices (funding, governance and investments) • Support MOF with its implementation of a target benefit framework by conducting research, consultation and making recommendations through the standing TAC for MEPPs • Begin development and documentation of risk-based supervisory approach for defined contribution plans (e.g., member behaviour and engagement, decumulation options, investments, fees, etc.) • Continue to include retirees' perspectives in consultation, and establish a retiree stakeholder committee
	8.3 Refocus pension regulation on burden reduction	• Continue to focus resources on high-value regulatory activity and reducing unnecessary regulatory burden. • Update the guidance framework, describing approaches, improving processes, and modernizing information management and information technology • Continue the work of ad hoc technical advisory committees (TACs) established in the fall of 2019: ○ Missing members

Priority (Status as at Mar. 31, 2021)		Objectives
		○ Asset transfer ○ Family law • Identify opportunities to reduce regulatory burden and improve regulatory effectiveness for DC plans • Continue to assess the effectiveness and efficiency of FSRA's regulatory framework and other practices for all plan types and collaborate with MOF on regulatory improvements • Publish the findings of the ad hoc TACs and, where applicable, initiate public consultations on new guidance. Commence implementing such guidance and approaches and other key changes • Establish a new TAC by the end of 2020 to initiate this work
	9.1 Implement the title protection framework for Financial Planners/Financial Advisors	• Post rules for public consultation re. the title protection framework • Establish processes and criteria for approving credentialing bodies • Develop and document a supervisory approach for credentialing bodies approved under the title protection framework • Develop and document a supervising approach for action against non-credentialed FP/FA title users

Performance Measures and Targets

Service Standards

In 2020-2021, FSRA completed a review of existing performance and service standards, inherited from its legacy regulators (the Deposit Insurance Corporation of Ontario and the Financial Services Commission of Ontario). As a result, FSRA developed a new set of service standard guiding principles and accompanying service standards. The new standards will help FSRA address the perceived lack of accountability and responsiveness in the current regulatory framework.

FSRA initially planned to launch its new service standards in April 2020, on a trial basis and with an associated public consultation. Due to the COVID-19 pandemic, the launch and planned consultation were delayed. The service standards and consultation were launched October 1, 2020. FSRA's first scorecard was published in March 2021. It documents the results of FSRA's Q3 2020 performance against target. FSRA met or exceeded service targets for 80% of its standards over the reporting period. FSRA put mitigating activities in place to address standards with below target performance. FSRA will continue to report quarterly on its performance and will also re-assess the appropriateness of the current targets in 2021.

Outcome-based measures

FSRA is continuing its work to develop outcome-based, quantitative measures that are linked to our priorities and legislative objects. FSRA will continue to work with its stakeholders to develop metrics that will be supported by data.

Description of Activities	Timeline	Status
Develop preliminary outcome-based performance measures and targets	2020-2021	Completed
Identify baseline data for outcome-based measures	2021-2022	In development
Report ongoing trend data for all outcome-based measures	2022-2023	Not yet started
Establish targets for all outcome-based measures	2022-2023	Not yet started

Output-based performance measures

FSRA continues to build output-based business measures and metrics for all sectors, some of which were inherited from our legacy regulators (see Appendices B–E). As we continue to develop our outcome-based measures, FSRA will seek to align our output-based measures with those outcomes.

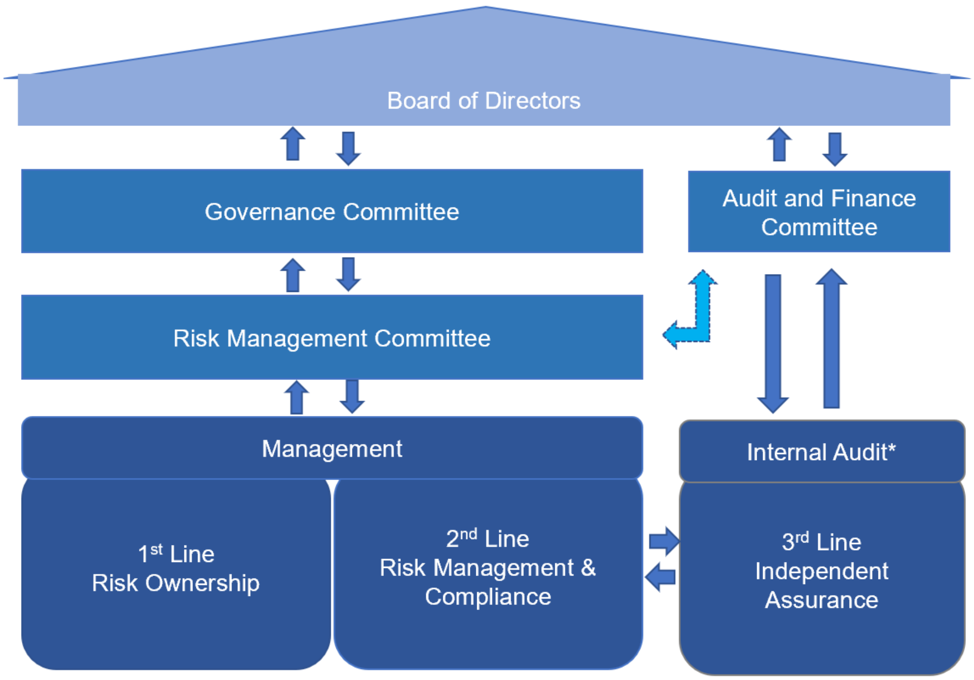
Risk Identification, Assessments and Mitigation Strategies

Risk Management plays an integral part in FSRA's decision-making and strategy development. This supports the achievement of our objectives and priorities, and promotes a strong risk culture. FSRA has worked to strengthen risk governance and awareness among business units and promote a strong risk culture through various enhancements to FSRA's Enterprise Risk Management (ERM) Framework.

FSRA's ERM Framework was initially approved by the Board of Directors in October 2019 and has been continuously enhanced. FSRA has adopted the Three Lines of Defense Model in its operations. Risk owners are the first line, performing risk identification, assessment and mitigation. The second line has responsibility for risk management and compliance. It performs oversight, monitoring and risk profile reporting. The third line of defense is the Internal Audit function, which is outsourced and provides independent assurance.

The executive-level Risk Management Committee (RMC) provides risk management oversight to assist FRSA's, Chief Risk Officer (CRO) who regularly reports to the Governance Committee of the Board. The RMC held 9 meetings in 2020-2021. It provided a robust supervisory strategy in monitoring corporate-wide risk profiles and risk mitigation strategies. The Governance Committee oversees risks at the broader enterprise level, under a delegated authority.

FSRA ERM Governance Structure



** Internal Audit reports functionally to the Board and administratively to the EVP, Corporate Services*

2020-2021 Highlights

- Strengthened ERM Framework operationalization through RMC reporting of Risk, Compliance, Control Deficiencies and Privacy Risk Management.
- Developed the Enterprise Compliance Framework to establish a process for ensuring adherence to applicable Legislations, Regulations and Directives.
- Strengthened Privacy Management Program to meet its legislative obligations under the *Freedom of Information and Protection of Privacy Act* (FIPPA).
- Established a Multi-Year Accessibility Plan (MYAP) for 2020-2025, in compliance with the requirements of the *Accessibility for Ontarians with Disabilities Act, 2005* (AODA).
- Established a third line Independent Assurance (Internal Audit). The Internal Audit function is conducted by a third-party, E&Y LLP.

FSRA continues to:

- Enhance the governance, risk, and control management by finalizing the Risk Appetite Statement (RAS).
- Strengthen its culture of risk, compliance and privacy management within the Agency.

Key Risks and Mitigations

FSRA proactively identifies, assesses, and monitors risks facing its operations. FSRA's key risks and mitigation plans are summarized below:

Risk Type	Mitigation Plan
Macroeconomic & systemic risk: The risk that an economic downturn, brought about by the pandemic, would threaten the financial soundness and stability of FSRA's regulated financial sectors.	FSRA focuses on promoting effective governance and risk management in the regulated sectors. In coordination with other regulators, FSRA is monitoring the financial soundness of the regulated sectors using available tools. The Agency issues regulatory relief or guidance to regulated sectors, as appropriate.
Operational resilience: The risk that business disruption would pose significant challenge to FSRA in delivering its regulatory services and mandates on a timely basis.	FSRA is developing a holistic Crisis Management Guideline to ensure business continuity. Due to our proactive and early measures, FSRA's operations have been running well during the pandemic.
Cybersecurity risk: The risk that FSRA's systems are breached or compromised, which may lead to the theft of its information and/or impairment of its ability to sustain IT operations.	FSRA has taken action to mitigate its significant cybersecurity exposures. It is also implementing a cybersecurity program, tools, and controls to set up an effective cybersecurity practice.
Sustainability of DIRF & PBGF funds: The risk of significant withdrawals – from the DIRF to pay insured depositors of insolvent credit unions, and from the PBGF to cover claims Single Employer Pension Plans (SEPPs) with solvency funding deficit.	FSRA secured an additional Line of Credit to back-stop the DIRF, and monitors liquidity and capital ratios at credit unions. FSRA is also enhancing the DIRF adequacy assessment methodology. To minimize the potential claims to PBGF, FSRA strengthened prudential supervision of SEPPs. Further, FSRA is working on a return-seeking investment strategy to support the prudent management of assets in the PBGF.
Challenges caused by legacy software & technology: The risk of service delivery delay due to a failure to resolve business application issues in a timely manner.	FSRA has developed a digital transformation blueprint to replace the legacy applications by 2025.

Our People

FSRA's Human Resources Strategic Framework focuses on four pillars that encourage individual, team and organizational excellence. Here's how each pillar supported FSRA's progress and activities.

1. Culture Advancement

FSRA's Vision, Mission, Values and Behaviours, completed early in 2019-2020, remain the foundation of our approaches, policies, process and norms. Additional culture advancement initiatives include developing a diversity, equity and inclusion framework. FSRA's performance management and pay-for-performance systems are also aligned.

2. Investment in Talent

With over 200 of FSRA's positions vacant at launch, recruitment of talent was a priority. Between June 8, 2019 and March 31, 2020, we hired 145 new external colleagues and moved 90 internal colleagues into new roles. A further 176 new hires and 45 internal job changes occurred between April 1, 2020 and March 31, 2021. A learning and development framework, and associated activities, supported the credibility of FSRA's teams with the regulated sector. This allowed FSRA to continue the journey to becoming a principles-based regulator.

3. Strong Foundations

The Human Resources Information System, called Workday, supports digital transformation. The HR, and Payroll and Recruitment modules were built and launched in 2019-2020. The additional modules of Advanced Compensation, Performance and Talent Management, and Learning were developed and implemented in early 2020-2021.

4. HR Excellence

FSRA established policies and processes to identify, manage and control HR risks, and ensure alignment with legislative and directive requirements. The HR Business Model gives leaders knowledge to effectively access HR business services and support.

As of March 31, 2021, FSRA has 542 employees: 492 permanent full-time and 50 fixed term. The budgeted FTE for 2021/22 is 558.

FSRA developed a detailed Business Continuity Plan (BCP) to ensure critical regulatory sector work would continue. The initial stages were successfully tested during COVID-19. We refined the BCP in 2020-2021.

Communication Plan

Internal communications

Throughout the pandemic, FSRA prioritized providing employees with a timely, consistent and transparent source of information and resources. We did so while reinforcing corporate values and celebrating organizational successes.

Internal communication was committed to continuing a dialogue with employees and supporting ongoing business continuity and service delivery. These efforts included:

- maintaining and growing the FSRA intranet, including a cross-sectoral intranet working group. Through this, we provided comprehensive information to employees, as well as opportunities for engagement while working remotely.
- holding departmental and all-employee town hall meetings.
- distributing a *FSRA Update* internal newsletter.
- organizing a virtual speaker series to educate staff on key trends in the regulated sectors.
- developing and launching employee engagement activities, based in our core values and principles.
- initiating large-scale change management activities related to technology.
- moving to FSRA's new office space.

External communications

FSRA marked its first anniversary in June 2020 during a time of economic uncertainty due to COVID-19. As an essential workplace, FSRA continued to carry out its regulatory duties, while activating our BCP.

Our communications focus was to provide robust, regular and clear updates on changes to any regulatory requirements related to COVID-19.

Our 2020-2021 achievements included:

- Releasing a scorecard, on our first anniversary date, which showed how we delivered against the first year of our Business Plan (2019-2022).
- Our contact centre went 100% remote and continues to operate at full capacity.
- Securing new technology to enhance the contact centre customer experience.
- Beginning user design work on an enhanced website, based on feedback from our stakeholders.
- Launching internal training on plain language to enhance the FSRA brand voice.

- Launching 15 consultations, making 99 announcements, and handling over 75 media calls.

Analysis of Financial Performance

The following is a comparison of FSRA's 2020-2021 actual results to the 2020-2021 budget and a discussion of our financial position at March 31, 2021 compared to March 31, 2020.

2020-2021 was FSRA's first full operational year as a regulator. Therefore, comparison to the prior year results is not meaningful and has not been presented.

This analysis is intended to provide an overview of our financial activities for the fiscal year and should be read in conjunction with the March 31, 2021 audited financial statements and related notes.

Financial Highlights

($ millions)	**2021 Actual**	**2021 Budget**	**Fav/(Unfav) Variance**	
			$	**%**
Revenue	$ 97.7	$ 99.4	$ (1.7)	-2%
Expenses, net of recoveries	(94.7)	(99.4)	4.7	5%
Surplus	**$ 3.0**	**$ -**	**$ 3.0**	**100%**

($ millions)	**March 31, 2021**	**March 31, 2020**	**Fav/(Unfav) Variance**	
			$	**%**
Total assets	**$ 123.5**	**$ 108.0**	**$ 15.5**	**14%**
Total liabilities	**$ 126.0**	**$ 113.5**	**$ 12.5**	**11%**
Total net deficit	**$ (2.5)**	**$ (5.5)**	**$ 3.0**	**55%**

- Total revenue for 2020-2021 was $97.7 million and total expenses (net of recoveries) were $94.7 million resulting in a surplus for the year of $3.0 million.
- Revenues were lower than budget as FSRA used its discretion to reduce the 2020-2021 assessments billed to our regulated sectors by $2.4 million in response to the COVID-19 pandemic. This unfavourable variance was partially offset by higher licensing fee revenue and higher interest income.
- Expenses were lower than budget primarily due to lower salary and benefit costs and lower technology costs. These favourable variances were partially offset by higher than expected costs for professional services and accommodations resulting in an overall favourable variance in expenses of $4.7 million.
- Total assets and total liabilities at March 31, 2021 were higher than the prior year. The increase in assets was primarily due to higher cash and capital asset balances and the increase in liabilities was primarily due to changes in working capital and an increase in borrowings.
- Total net deficit at March 31, 2021 was $2.5 million.

Revenue

($ millions)		2021 Actual		2021 Budget	Fav/(Unfav) Variance		
						$	%
Assessments	$	72.9	$	75.6	$	(2.7)	-4%
Fees		24.3		23.8		0.5	2%
Interest income		0.5		-		0.5	100%
Total revenue	**$**	**97.7**	**$**	**99.4**	**$**	**(1.7)**	**-2%**

FSRA recovers its costs from the sectors it regulates through a combination of variable assessments and fixed fees. In 2020-2021 total revenue was $1.7 million or 2% lower than the budget.

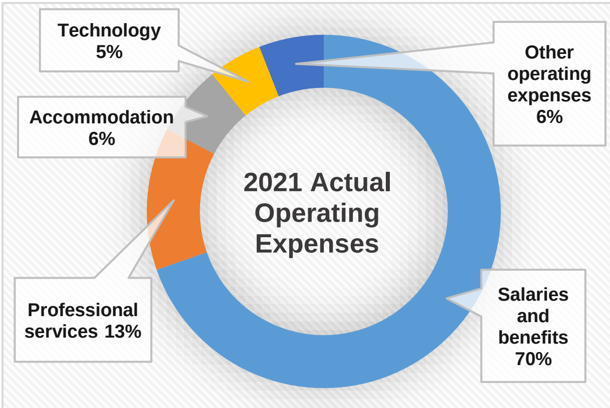
Assessment revenues were lower than budget due to a $2.4 million reduction in variable assessment billings to ease potential hardship in our regulated sectors caused by COVID-19 and to hold 2020-2021 revenues to the same level as 2019-2020.This variance was funded from the surplus generated in 2019-2020 (refer to the Post Launch Unrestricted Net Deficit discussion on page 46). The budget also includes assessment revenue from the Financial Advisor and Financial Planner sector. Fee rule consultations for this sector are ongoing and as a result no assessment was issued to this sector in 2020-2021.

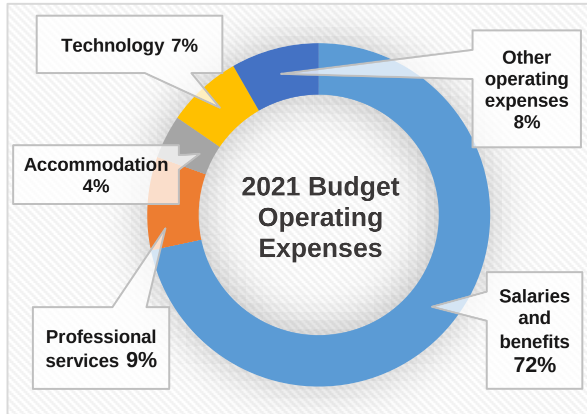
Fixed fee revenue for 2020-2021 was $0.5 million higher than budget. Fees from the mortgage broker sector exceeded budget by $0.9 million as the number of mortgage broker licenses issued in the latter part of the fiscal year were higher than expected. These higher fees were offset by lower fees in the Health Service Provider sector as a number of sector participants departed due to COVID-19.

Interest income represents interest earned on FSRA's cash balances.

Expenses

($ millions)		2021 Actual		2021 Budget	Fav/(Unfav) Variance		
						$	%
Salaries and benefits	$	69.3	$	73.4	$	4.1	6%
Professional services		13.0		9.0		(4.0)	-44%
Accommodation		6.4		4.2		(2.2)	-52%
Technology		4.9		7.3		2.4	33%
Other operating expenses		5.9		8.5		2.6	31%
Total expenses		99.5		102.4		2.9	3%
Less recoveries		(4.8)		(3.0)		1.8	60%
Expenses net of recoveries	**$**	**94.7**	**$**	**99.4**	**$**	**4.7**	**5%**





The following is a summary of the significant variances between actual and budgeted operating costs. Certain costs were incurred beyond the budget understanding that the 2019-2020 surplus would be available to fund them. Refer to the Post Launch Unrestricted Net Deficit discussion on page 46 for further details.

Salaries and benefit costs represent FSRA's largest expense and were $4.1 million lower than budget. The favourable variance was primarily due to a lag in recruitment caused by COVID-19 restrictions in the first half of the year and was partially offset by salary and benefit costs incurred in respect of our digital transformation initiative.

Professional services costs were 13% of total expenses in 2020-2021 and were $4.0 million higher than budget. Approximately $3.0 million of this unfavourable variance was due to professional services incurred to digitize our document management system in the year. The transition to digitized recordkeeping will lead to back-office efficiencies, enhanced security and will support the digital transformation of our core regulatory systems in the future. Professional service costs also include the service costs for our digital transformation initiative. Digital transformation costs are being spread over five years in the budget but are expensed as incurred in accordance with Public Sector Accounting Standards in our actual results. Budgeted 2020-2021 professional service costs for digital transformation were $0.9 million and actual costs were $1.8 million resulting in a $0.9 million unfavourable variance.

Accommodation costs were $2.2 million higher than budget as the build-out of our new office facilities at 25 Sheppard were delayed due to COVID-19 restrictions, causing temporary accommodation expenses.

Technology costs were $2.4 million lower than budget due to lower spending on software purchases and technology support services compared to budget.

Liquidity and Financial Position

($ millions)	2021 Actual	2021 Budget	Fav/(Unfav) Variance $	Fav/(Unfav) Variance %
Cash balance at March 31, 2021	$ 92.0	$ 21.8	$ 70.2	322%
Capital asset additions	$ 10.5	$ 16.8	$ (6.3)	-38%
Additional loan advances	$ 4.5	$ 4.5	$ -	0%

FSRA's cash balance at March 31, 2021 was $92.0 million which was higher than expected when compared to budget. The higher balance was primarily due to higher than expected deferred revenue balances as cash payments for 2021-2022 assessments and fees were received before the start of the next fiscal year. Cash also benefited from changes in other working capital balances and lower cash expenditures on capital investments.

Cash at March 31, 2021 also includes $2.1 million in funds held by FSRA in its role as a provider of administrative and support services for various organizations. These funds are held in separate bank accounts and are not available for general use (refer to Note 14 to the FSRA financial statements).

Capital asset additions in 2020-2021 were $6.3 million lower than budget primarily due to delays caused by COVID-19 restrictions in the build-out of the new office facilities. The 2020-2021 budget for the build-out of these facilities was $15.6 million but only $9.2 million was spent in the current fiscal year.

The increase in borrowings during the year was consistent with expectations as an additional $4.5 million was borrowed under FSRA's revolving credit facility (refer to Note 9 to the FSRA financial statements). Up to $3.0 million is available under this facility to finance operating and capital investments in 2021-2022.

FSRA's financial position continues to remain strong. FSRA ended 2020-2021 with $92.0 million in cash, against current liabilities of $68.1 million, and available loan facilities of $3.0 million to fund operations and expenditures for the next fiscal year. The organization will continue to monitor its financial situation closely and will adjust operations as needed to prudently manage costs and expenditures in the next fiscal period.

Post Launch Unrestricted Net Deficit

FRSA generated a $23.3 million deficit prior to its operational launch on June 8, 2019. From June 8, 2019 to March 31, 2020, a surplus (excess revenues over expenses) of $17.8 million was generated. $5.0 million of this surplus was set aside as an internally restricted operating reserve which may be used to fund FSRA's operations in the event of revenue shortfalls or for sector wide capital expenditures.

In 2020-2021, $6.2 million of the post launch surplus was approved to fund projects and initiatives carried over from 2019-2020 ($2.6 million), temporary office accommodations required because of the delay in completion of our new offices at 25 Sheppard ($1.2 million) and the reduction in the 2020-2021 sector assessment ($2.4 million).
A further $3.0 million surplus was generated in 2020-2021.

The unrestricted net deficit at March 31, 2021 is $7.5 million and is summarized in the following table.

($ millions)		
Unrestricted net deficit at June 7, 2019	**$**	**(23.3)**
Excess revenue over expenses - June 8, 2019 to March 31, 2020		17.8
Less: Internally restricted operating reserve		(5.0)
Unrestricted net deficit at March 31, 2020		**(10.5)**
2020-2021 Change:		
Excess revenue over expenses before surplus spending		9.2
Approved surplus spending		(6.2)
Excess revenue over expenses		**3.0**
Unrestricted net deficit at March 31, 2021	**$**	**(7.5)**

2021-2022 Budget

($ millions)		**2022 Budget**		**2021 Actual**		**Increase/(Decrease) $**	**%**
Revenue	$	100.1	$	97.7	$	2.4	2%
Expenses, net of recoveries		(104.0)		(94.7)		9.3	9%
Surplus / (Deficit)	**$**	**(3.9)**	**$**	**3.0**	**$**	**(6.9)**	**-177%**

Total sector revenues are budgeted to increase by $2.4 million or 2% over actual revenues from 2020-2021.

Proposed expenses, net of recoveries, for 2021-2022 are $104.0 million or $9.3 million higher than actual expenses in 2020-2021. This increase is primarily driven by anticipated additional investments in human capital and other resources which will support FSRA’s commitment to improve regulation across the sectors. 2021-2022 expenses also include additional costs for the digital transformation initiative and additional amortization costs due to the commencement of leasehold improvement amortization at the 25 Sheppard facility.

The 2021-2022 budgeted shortfall between revenue and expenses of $3.9 million will be funded from the post launch surplus (refer to Post Launch Unrestricted Net Deficit discussion on page 46).

Initiatives Involving Third Parties

As noted in FSRA's statutory objects and priorities, greater cooperation and collaboration with other regulators will lead to opportunities for regulatory coordination, harmonization and convergence. To promote a dialogue on harmonized approaches to regulatory issues in the areas it regulates, FSRA is a participating member of the following forums:

- Canadian Association of Pension Supervisory Authorities (CAPSA)
- Canadian Automobile Insurance Rate Regulators (CARR)
- Canadian Council of Insurance Regulators (CCIR)
- Canadian Insurance Services Regulatory Organizations (CISRO)
- Credit Union Prudential Supervisors Association (CUPSA)
- General Insurance Statistical Agency (GISA)
- Global Financial Innovation Network (GFIN)
- International Association of Insurance Supervisors (IAIS)
- International Financial Consumer Protection Organisation (FinCoNet)
- Joint Forum of Financial Market Regulators
- Mortgage Broker Regulators' Council of Canada (MBRCC)

2020-2021 Highlights

As participant of these forums, FSRA worked with other regulators on policies and rules that:

- Supported industry strength and stability across participating jurisdictions.
- Enhanced regulatory cooperation and reduced redundancies.
- Developed rules that are integrated and more effective in achieving consumer protection public policy outcomes.
- Promoted innovation and economic growth, by encouraging new business models that support changing consumer preferences, technology changes, and new entrants to the Ontario market.
- Enhanced the protection of consumers of financial products and services, and the effective implementation of financial consumer protection frameworks, by promoting robust and effective supervisory standards.

FSRA’s National Regulatory Coordination Branch supported these outcomes by:

- Providing secretariat services to CAPSA, CCIR, CISRO, GISA and MBRCC.
- Collaborating with the secretariat of the Canadian Securities Administrators on the activities of the Joint Forum of Financial Market Regulators.

CAPSA, CCIR, CISRO, CUPSA and MBRCC provided important forums for regulators to engage with each other and with industry to respond to the COVID-19 pandemic.

Through these bodies, FSRA engaged in several initiatives with third parties. That including the following three examples:

CCIR Annual Statement on Market Conduct (ASMC) Database

The CCIR introduced the ASMC in 2017 to collect information from insurers across Canada related to their governance, practices, policies and treatment of customers. The requirement to complete and file the ASMC is based on the authority of each provincial and territorial insurance regulator within their jurisdiction. The information collected has facilitated a better understanding of the market for regulators. It has also assisted in proactively identifying potential risks to ensure insurance customers are being treated fairly.

CCIR/CISRO Canadian Insurance Regulators Disciplinary Actions (CIRDA) Database

The CIRDA is a searchable database of published insurance disciplinary decisions in Canada. A public website enables consumers and regulators to search individuals and firms that have been subject to enforcement action by insurance regulators in Canada, including FSRA.

FSRA/Canada Revenue Agency (CRA) Pension Plan Joint Filing Agreement

This agreement between FSRA and the CRA reduces regulatory burden to pension plan administrators by supporting a single annual pension plan filing. The filing meets the information needs of both agencies. The information is captured in the AIR, most notably in Schedule A.

Response to Expectations Set Out in Agency Mandate

In 2020-2021, FSRA was committed to working closely with the Ministry of Finance on the planning and implementation of the transition of regulatory functions from current agencies, and to establishing and nurturing a high-performing, effective organization to deliver on its ambitious transformation plans.

FSRA's management and staff continued to focus on Board established goals, objectives, and a strategic direction consistent with FSRA's mandate, government priorities, and directions from the Minister of Finance made in accordance with the legislative framework. Pursuant to the *Financial Services Regulatory Authority of Ontario Act*, FSRA's mandate includes fostering strong, sustainable, competitive, and innovative financial services sectors, and protecting the rights and interests of consumers and pension plan beneficiaries, as well as promoting stability, high standards of business conduct. FSRA further understands, the government's commitment to finding more effective and efficient ways of delivering regulatory services to reduce red tape and regulatory burden.

In keeping with these commitments, FSRA continued to implement the priorities identified in its previous business plan by:

1. Contributing to government-wide burden reduction goals by:
   - Continuing to review inherited guidance and data filing requirements on an ongoing basis based on stakeholder consultations and FSRA's guidance framework;
   - Conducting a thorough cost-benefit analysis when developing rules, and/or other regulatory requirements; and
   - Working with stakeholders to identify innovative, principles-based approaches to regulation that will reduce regulatory burden while protecting consumers.

2. Improving regulatory effectiveness by:
   - Finding efficiencies and implementing modern processes and systems;
   - Enhancing FSRA's regulatory expertise, stakeholder collaboration (including collaboration with other regulators), and transparency; and
   - Implementing meaningful service standards and performance measures and adopting a culture of continuous improvement

3. Supporting current and future government reform initiatives for Ontario's financial services and pension sectors, including, but not limited to:
   - Implementing a blueprint for Ontario's auto insurance system, including by supporting innovative business models, pricing structures and technologies;
   - Continuing to develop and implement a framework as part of the Financial

Title Protections Act, 2019;

- Implementing recommendations stemming from legislative reviews of the Credit Unions and Caisses Populaires Act, 1994 (CUCPA), the Mortgage Brokerages, Lenders and Administrators Act, 2006 (MBLAA), and the Co-operative Corporations Act; and
- Facilitating the stakeholder engagement process through the creation of TACs intended to assist with the development of better processes, guidance and approaches to regulation, such as those created for the pension sector.

Information Technology and Electronic Service Delivery Plan

FSRA is continuing to strengthen its core information technology (IT) capabilities and build modern, secure and flexible technology platforms that will allow FSRA to be more responsive and more adaptable to changing regulatory needs. Building on the IT foundations established in 2019-2020 (e.g., secure and stable data centre; efficient and effective back-office systems; IT workforce made up of previous regulatory body's staff; cybersecurity roadmap; and core regulatory digital transformation blueprint), FSRA expanded on the foundations in 2020-2021.

FSRA has added collaboration and productivity technologies this year, including M365, Contact Centre and Telephony. FSRA digitized or archived all the paper-based documents from several storage rooms. The organization has made major progress towards paperless processing of licence applications. FSRA continues to develop foundational, enterprise-wide components and capabilities to upcoming support sector-specific implementations. FSRA launched data analytics activities in multiple regulated sectors to empower FSRA policy and supervisory activities.

In January 2020, FSRA launched activities to modernize core regulatory processes and systems. The digital transformation blueprint developed in 2019 guides the launch. The roadmap's focus includes:

- Procuring and onboarding key applications and technology platforms.
- Aligning the IT operation model.
- Building foundational technology and data components.

Achieving fully digital, integrated, and flexible technology and process is a multi-year journey. FSRA is following a detailed stakeholder engagement strategy. It includes consultation and collaborates with sectors on key decisions and priorities. The goal is to increase regulatory effectiveness and reduce regulatory burden for sectors.

FSRA implemented a cybersecurity program, which was driven, measured and based on the National Institute of Standards and Technology (NIST) Cybersecurity Framework. The goal is to strengthen FSRA's overall cybersecurity position. FSRA continues to deploy new cybersecurity capabilities and is modernizing existing ones using a risk-based approach. FSRA is evolving practices and functions in the areas of cybersecurity governance, risk management, vulnerability management, incident response, and operations. This supports business operations of all sectors. FSRA will manage cybersecurity risk according to the cybersecurity program's risk tolerances to maintain consumer confidence.

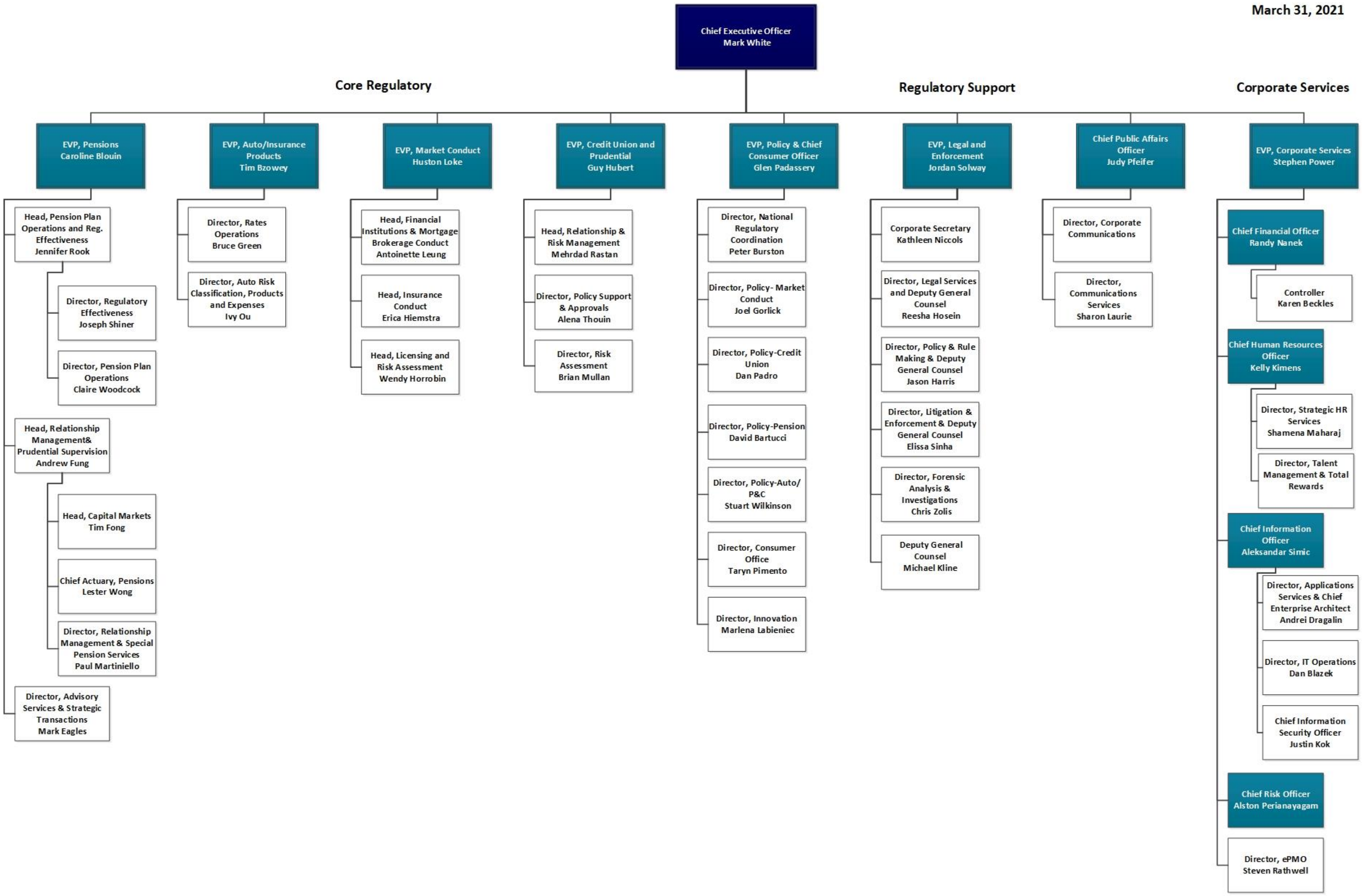
FSRA ARSF

Financial Services Regulatory Authority of Ontario

Autorité ontarienne de réglementation des services financiers

Appendix A: Organization Structure

March 31, 2021



Appendix B: Credit Union Regulatory Activities

Summary of Credit Union Regulatory Activities*						
Category	**2020-21**	**2019-20**	**2018**	**2017**	**2016**	**2015**
Applications	25	16	23	7	16	9
Variations, Exemptions & Extensions	15	11	3	0	1	0
Orders	0	0	2	3	3	0
Administrative Penalties	0	0	0	0	0	0
Certificates and other requests**	112	140	112	n/a	n/a	n/a
Total	152	167	140	10	20	9

Data for 2020-21 includes all transactions up until March 31, 2021

*****Includes certificates of status, mortgage discharges, acknowledgement of receipt of bylaws and revised certificates of amalgamation***

Appendix C: Market Conduct Statistics

Market Conduct Complaints Comparison of Fiscal 2019-2020 against Fiscal 2020-2021

Complaint Type	F19-20		F20-21		FY over FY Change	
	(N)	(%)*	(N)	(%)*	(N)	(%)
Insurance - Property and Casualty**	323	39.5%	467	41.4%	+144	+1.9%
Mortgage Brokers	295	36.1%	347	30.7%	+52	-5.4%
Insurance - Life and Health	147	18.0%	203	18.0%	+56	--
Insurance - Investments	12	1.5%	13	1.2%	+1	-0.3%
Credit Unions	22	2.7%	74	6.6%	+52	+3.9%
Other	11	1.3%	15	1.3%	+4	--
Co-operatives	1	0.1%	2	0.2%	+1	+0.1%
Loan & Trust	7	0.9%	8	0.7%	+1	-0.2%
Total	**817**	**100%**	**1129**	**100%**	**+312**	

*Percentages may not add to 100 due to rounding
** Includes health service provider and auto insurance complaints
Fiscal is April 1 to March 31

Enforcement actions FSRA took against non-compliant licensees from April 1, 2020 to March 31, 2021

	Warning Notices	Caution Letters	Warning Letters	Compliance Order Including Cease and Desist Orders	Licence Suspensions*	Licence revocations	Amending Licence	Conditions on Licence	Vary and Withdraw AMP	Licence refusal/denials	Administrative Monetary Penalties Orders
Service Providers	0	1	15	0	0	0	0	0	0	0	0
Mortgage Brokering	4	38	53	0	0	2	1	0	0	3	19
Insurance Sector (life insurance agents; property and casualty; life and health)	0	71	219	0	3	0	0	1	1	2	4
Credit Unions / Caisse Populaires	0	0	0	0	0	0	0	0	0	0	0
Pensions	0	0	0	0	0	0	0	0	0	0	0
Total	**4**	**110**	**287**	**1**	**3**	**2**	**1**	**1**	**1**	**5**	**23**

***Includes interim suspensions**

Administrative Monetary Penalties F2019-2020 and F2020-2021

	F19-20 Administrative Monetary Penalties ($)	F20-21 Administrative Monetary Penalties ($)	$ Change
Service Providers	$2,500	$0	-$2,500
Mortgage Brokering	$106,000	$448,500	+342,500
Insurance Sector (life insurance agents; property and casualty; life and health)	$9,000	$13,000	+4,000
Credit Unions / Caisse Populaires	$0	$0	0
Pensions	$0	$0	0
Total	**$117,500**	**$461,500**	**$344,000**

Appendix D: Pensions Statistics

Key Applications and Inquiries (totals as at March 1, 2021)

Transaction	Total Received in 2020-2021*
Applications	
Transfer of Commuted Value	270 (900%+)
DB Asset Transfer	14 (83%-)
DC Asset Transfer	46 (26%-)
DB Wind Up (Full)	106 (26%-)
DC Wind Up (Full)	88 (10%+)
Inquiries	
General Inquiries	1480 (57%-)
Plan Specific Inquiries - Industry	1608 (58%+)
Plan Specific Inquiries - Member	756 (56%+)
Member Complaints	
Non-Compliance with Legislation/Policy	43 (378%+)
Benefit Calculation/ Commuted Value	38 (65%+)
Non-Compliance with Plan Provisions	14 (56%+)
Reciprocal Transfer Agreement	5 (67%+)

(% +/-) comparative against F2019-2020

Statutory Filings (totals as at March 1, 2021)

Statutory Filing	2019-2020 %	2020-2021%
Annual Information Return (AIR): Defined Benefit Pension Plans	99.7%	98.3%
Annual Information Return (AIR): Defined Contribution Pension Plans	96.8%	92.5%
Pension Benefits Guarantee Fund (PBGF) Certificate: Defined Benefit Pension Plans	98.3%	98.8%
Financial Statements (FS): Defined Benefit Pension Plans	99.5%	98.5%
Investment Information Summary (IIS): Defined Benefit Pension Plans	99.2%	97.8%
Financial Statements (FS): Defined Contribution Pension Plans	95.1%	88.4%
Actuarial Reports (AR) accompanied by an Actuarial Information Summary (AIS): Defined Benefit Pension Plans	100%	98.8%
Statement of Investment Policies and Procedures (SIPP) accompanied by a SIPP Information Summary: Defined Benefit Pension Plans	96.8%	98.4%
Statement of Investment Policies and Procedures (SIPP) accompanied by a SIPP Information Summary: Defined Contribution Pension Plans	92.9%	90.6%

Appendix E: Contact Centre Statistics

FSRA Contact Centre Inquires 2020/2021

Inquiry Type	Number	% by Type
Licensing (Insurance, Mortgage Brokering, Service Provider)	25,326	63%
Pension	5,321	13%
Insurance (Auto Insurance and all Other)	2,771	7%
Compliance	3,481	9%
Other (Credit Unions/Caisse Populaires, Co-operatives, Loan and Trust, all Other)	3,188	8%
Total:	**40,087**	**100%**

Note: the FSRA Contact Centre was working remotely due to COVID with limited reporting capabilities which resulted in the change in reporting from previous years.