

Rule-Making Overview

October 2018





Introduction to FSRA

The Financial Services Regulatory Authority of Ontario (FSRA) is a new, independent regulatory agency established by the *Financial Services Regulatory Authority of Ontario Act, 2016* (*FSRA Act*) to more effectively regulate non-securities financial services in Ontario.

When operational, FSRA will be an forward-looking, flexible, selffunded regulator capable of responding to the dynamic pace of change in marketplace, industry and consumer expectations.

FSRA is implementing a transition plan to assume regulatory functions currently under the auspices of the Financial Services Commission of Ontario (FSCO) and Deposit Insurance Corporation of Ontario (DICO).



FSRA's mission

When operational, FSRA will be a principles-based regulator to

- support business investment, competition and innovation;
- respond to changes in industry and consumer expectations;
- better protect Ontarians who: buy or receive benefits from insurance (e.g., property and casualty including auto; life; health; annuities and life-related investment products); are members of credit unions; do business with credit unions or loan and trust companies; use mortgage brokers; or rely on pension plans for income security;
- Improve market effectiveness and enhance market integrity in Ontario; and
- create effective and consistent regulation across Canada through leadership and advocacy.



What is rule-making?

- Rule-making is the process by which an independent agency, such as FSRA, develops rules which can, when authorized by legislation, do the work of regulations – e.g., rules that will have the force of law.
- Authority for FSRA to make rules is provided by the <u>FSRA Act</u>.
- The legislative process to create regulations is less flexible and more time consuming than rule-making, and does not benefit from the specialized expertise of an expert rule-making body
- By delegating rule-making authority to FSRA, the Legislature empowers FSRA to use its expertise to create and implement principles-based rules, giving FSRA additional flexibility to respond to market and/or product changes.



Rule-making process

FSRA management consults & develops proposed rule and notice for consideration by FSRA Board

FSRA Board reviews proposed rule and notice and approves publishing

1 FSRA publishes proposed rule, notice and other reference information on its website and invites written comments

FSRA considers all



comments

FSRA *does not* propose material changes to the rule

FSRA delivers proposed rule and reference information to the Minister and publishes it on its website

60 days (90 for a funding rule)

Minister rejects rule

Minister approves rule or takes no action

Minister returns rule to FSRA for further consideration

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15 days unless otherwise specified in the rule

FSRA proposes material

Publish proposed rule on

FSRA website and invite

changes to the rule

written comments



Questions?

For more information, visit www.fsrao.ca or email inquiries@fsrao.ca

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