

# Approach



**Effective Date:** March 31, 2026

**Identifier:** GR0010APP

## Test and Learn Environments for Financial Services Innovation

### Purpose

This Test and Learn Environments (“TLEs”) for Financial Services Innovation Guidance (the “Guidance”) sets out the Financial Services Regulatory Authority of Ontario’s (“FSRA”) approach through TLEs to test innovative financial services products, services, and/or business models.

### Scope

This Guidance applies to anyone who is subject<sup>[1]</sup> to:

- the *Credit Unions and Caisses Populaires Act, 2020*;
- the *Financial Professionals Title Protection Act, 2019*;
- the *Insurance Act*;
- the *Loan and Trust Corporations Act*; or
- the *Mortgage Brokerages, Lenders and Administrators Act, 2006*.

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<sup>[1]</sup> Please note that this Guidance does not apply to pension plans.

## Rationale and background

### FSRA's statutory objects

This Guidance aligns with the following statutory objects under the *Financial Services Regulatory Authority of Ontario Act, 2016*:

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

### Testing innovative ideas responsibly

FSRA seeks to facilitate 'responsible innovation'—supporting new ideas while limiting risk to consumers. TLEs provide pathways for these ideas to be tested while safeguarding against adverse consumer impacts.

## Processes and practices

### How it works

1. An interested individual or business proposes an eligible idea (see 'Eligibility' below) and works collaboratively with FSRA to develop mutually agreed upon testing parameters,
2. If approved, the individual or business proceeds to test the idea within the agreed upon testing parameters,
3. Testing proceeds, which includes regular reporting to FSRA, and
4. Results of testing inform potential next steps.

### Eligibility

FSRA will consider proposals from individuals or businesses, including:

- Regulated entities – individuals or businesses registered within FSRA-regulated financial services sectors
- New market entrants – individuals or businesses that plan to conduct FSRA-regulated financial services activities

- Non-regulated entities partnered with a regulated entity – individuals or businesses partnering or selling to a regulated entity (e.g. a technology company selling a service to a regulated entity)

Individuals or businesses that are interested in participating in a TLE are expected to demonstrate how they meet a number of criteria, including:

- Market Readiness – the proposal is ready to test with real customers and is feasible to test,
- Regulatory Support – the proposal faces regulatory uncertainty or a barrier and FSRA, using one or more of the tools described in the “TLE Tools” section, could facilitate a test,
- Innovation – the proposal is new or improves on existing products, services, or business models in Ontario, and
- Consumer Impact – the proposal provides a benefit to Ontario consumers.

## TLE Tools

FSRA may use different tools to enable testing through a TLE and will work with individuals or businesses to determine the appropriate tool to facilitate the proposal.

Examples of potential tools include:

- Exemption order under s. 15.1(1) of the *Insurance Act* or s. 208(1) of the *Credit Unions and Caisses Populaires Act, 2020* – Under these statutes, FSRA<sup>[2]</sup> can grant exemption orders over provisions prescribed by regulation. FSRA can make the order subject to certain conditions.
- Statutory interpretation – FSRA may, in accordance with applicable statutory interpretation rules, facilitate an innovation idea through statutory interpretation.

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<sup>[2]</sup> Both the CEO of FSRA and FSRA may exercise regulatory authority under these pieces of legislation. However, for the purposes of this Guidance, reference will only be made to FSRA as the CEO may delegate his/her regulatory authority to FSRA staff, as permitted by s. 10(2.3) of the *Financial Services Regulatory Authority of Ontario Act*.

- Regulatory discretion – FSRA may facilitate an innovative idea by exercising regulatory discretion.
- Orders under the *Insurance Act* – s. 15(1) of the *Insurance Act* allows FSRA to determine matters by order and permits FSRA to make the order with conditions. FSRA may use this authority to issue an order with specific and tailored terms to facilitate an innovative idea.
- Licence conditions under the *Mortgage Brokerages, Lenders and Administrators Act, 2006* and *Insurance Act* – FSRA can facilitate an innovative idea through licence conditions or by granting a time-limited and scope-restricted conditional licence.<sup>[3]</sup>

## Confidentiality

FSRA recognizes the sensitive nature of information that may be shared when proposing an idea and participating in a TLE. FSRA will protect this information to the extent it can under applicable law but cannot guarantee that it will not be required disclose certain information under the *Freedom of Information and Protection of Privacy Act* (“FIPPA”).

FSRA must refuse to disclose commercially sensitive information in accordance with s. 17(1) of FIPPA.

Aggregated information (e.g., regulated sector of applicant) may be collected and used for reporting purposes.

## Stages of a TLE project

### 1. Proposing a TLE project

FSRA’s Innovation Office believes in a collaborative approach to supporting innovation. Interested individuals or businesses are encouraged to contact the Innovation Office at [innovation@fsrao.ca](mailto:innovation@fsrao.ca). The Innovation Office will schedule an introductory meeting to better understand the proposal and how a TLE could help.

The Innovation Office will be seeking key information to determine if a proposal should proceed to the next stage of onboarding, including:

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<sup>[3]</sup> Note that a time-limited licence would not apply to mortgage agents, mortgage brokers and insurance adjusters.

- What are you proposing to test? What are the intended outcomes?
- How will success be defined and what measures will be established to make an evidence-based decision?
- What is the regulatory challenge, barrier or uncertainty?
- How will the proposal promote innovation or modernization?
- What are the anticipated consumer benefits and impacts?
- What are the potential risks, including consumer risks, involved with testing? How will these be mitigated?

## 2. Onboarding

Once a proposal is accepted, FSRA and the participating individual or business will work together to finalize the testing parameters. These may include details regarding:

- Test hypotheses and final success criteria
- Key milestones
- Data collection and reporting
- Consumer protection measures and risk mitigation measures
- Consumer disclosure

## 3. Testing

During this stage, the test proceeds according to the agreed-upon parameters. FSRA will regularly analyze reported information to monitor outcomes and ensure consumer safeguards are working. Any unanticipated issues will be worked through collaboratively with the participating individual or business.

Tests using exemption orders under s. 15.1(1) of the *Insurance Act* are limited to two years, with the possibility of extension for an additional two years.

For other tools, the testing duration will be determined by FSRA in collaboration with the participating individual or business and will include considerations such as the nature of the innovation and the time needed to effectively measure impacts.

Data collected by FSRA during a TLE will be stored in accordance with applicable law.

#### **4. Conclusion of the test**

At the end of the testing period, FSRA will work with the participating individual or business to assess whether the test achieved the intended test outcomes. This assessment will be used to determine the appropriate next steps. Some possible scenarios include:

- Successful test – FSRA and the participating individual or business are satisfied that the test achieved its intended outcomes with no observed adverse consumer impacts. FSRA works with the participant to allow the temporarily allowed activity to continue.
  - Activities enabled through an exemption order (see ‘TLE Tools’) require a legislative amendment to continue beyond the testing period.
- Unsuccessful test – FSRA and/or the participating individual or business are not satisfied with the outcomes of the test. The participating individual or business is no longer allowed to carry out the temporarily allowed activity.
- Unintended consequence – The test uncovers a negative, unintended impact of the innovation on consumers or the broader market. The participating individual or business is no longer allowed to carry out the temporarily allowed activity.

#### **Fees**

Part 10 of FSRA Rule 2022 – 001 Assessment and Fees sets out the fees to cover services provided by FSRA’s Innovation Office. Please note that FSRA may waive fees based on the applicant’s size, nature, or complexity and documented extenuating circumstances provided by the applicant.

#### **FSRA-led calls for submissions**

From time to time, FSRA may release a targeted call for TLE submissions on a specific topic based on proactive examinations of our regulatory framework. Specific details regarding any changes to the TLE process would accompany these callouts.

## Effective date and future review

This guidance became effective on **March 31, 2026** and will be reviewed no later than **March 31, 2029**.

## About this guidance

This Guidance is an Approach. Approach Guidance describes FSRA's internal principles, processes and practices for supervisory action and application of Chief Executive Officer discretion. Approach Guidance may refer to compliance obligations but does not in and of itself create a compliance obligation. Visit [FSRA's Guidance Framework](#) to learn more.