FSRA

Financial Services Regulatory
Authority of Ontario

Ontario

Annual Business Plan

2026-29

Table of contents

Executive summary

The Financial Services Regulatory Authority of Ontario (“FSRA”) is pleased to present its 2026-29 Annual Business Plan (“ABP”).

This forward-looking document provides an overview of FSRA’s priorities, planned activities, and key commitments over the next three years. Specifically, the ABP provides:

- A detailed budget for FY2026-27, along with financial outlooks for FY2027-28 and FY2028-29;
- FSRA’s new 2026-2031 Strategic Framework, which sets out a five-year vision to guide the organization’s direction and work;
- Strategic priorities and key initiatives for FY2026-27 that align with and advance the Strategic Framework;
- Additional planned activities that support FSRA’s statutory mandate, strategic goals, and organizational operations.

The ABP serves as a clear roadmap for how FSRA will continue to protect the public interest, enhance regulatory effectiveness, and deliver value to the sectors it oversees.

FSRA has identified five strategic priorities for FY2026-27, all of which are cross-sectoral and aligned with the new Strategic Framework:

- Enhance FSRA’s internal systems;
- Strengthen technology and data capabilities in supervision;
- Advance FSRA’s regulatory approach and strengthen supervisory effectiveness;
- Support government priorities and objectives; and

- Achieve meaningful impact through engagement and collaboration.

FSRA proposes a budget of $130.8 million for FY2026-27 to deliver on its mandate and advance its priorities. This represents an increase of $8.6 million or 7.1% compared to the FY2025-26 budget. FSRA anticipates total sector revenues of $121.5 million, which is $6.8 million or 5.9% higher than the FY2025-26 budget. Within these total sector revenues, the activity and licensing fee component of the total revenue is expected to increase by 2.6% compared to the FY2025-26 budget while the variable sectors fee assessment component is expected to increase by 7.1% from the FY2025-26 budget. The difference of the expenses over total sector revenue for FY2026-27 is covered by the release of $5.0 million of cumulative surplus from prior years' operations. This does not include future recovery of the costs related to the launch of Life and Health Managing General Agents (MGA) sector.

Mandate

Purpose	Financial safety, fairness and choice for Ontarians.
Ambition	To be a modern, agile regulator applying principles-based, outcomes-focused oversight, that fosters stakeholder and public confidence.
FSRA Values	Honest, Impactful, Credible, Empathetic, Collaborative, Empowered.

FSRA is an independent, arm's length provincial regulatory agency created to protect consumers, pension plan beneficiaries and credit union members[1] in Ontario. It delivers prudential and/or market conduct regulation and supervision[2].

[1] For the purposes of this document, the term 'consumers' includes the public, credit union members, pension plan beneficiaries and other stakeholders.
[2] A full list of FSRA's regulated sectors can be found at https://www.fsrao.ca/about-fsra.

Legislative authority and regulatory approach

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 the statutes governing FSRA’s regulated sectors, and it outlines FSRA’s governance and accountability structure (see Governance section). The *FSRA Act* also contains statutory objects[3], which define FSRA’s overarching mandate.

As part of its regulatory and supervisory role, FSRA administers a number of sector-specific statutes and regulations.[4] The legislative framework in the *FSRA Act* provides FSRA with specific rule-making authorities under both the regulated sector statutes and the *FSRA Act* itself, including the authority to make rules governing fees and other charges.[5] Once approved by the Minister of Finance, these rules have the force of law.

In addition to making rules, FSRA develops guidance that sets out FSRA’s views on requirements and provides information to regulated entities, consumers, and other stakeholders.[6]

Governance

FSRA was established under the *FSRA Act* as a self-funded Crown corporation with a Board of Directors (the “Board”) appointed by the Lieutenant Governor in Council on the recommendation of the Minister of Finance. The Board is accountable to the Minister and to the Ontario Legislature.

In addition to the duties and responsibilities set out in the *FSRA Act*, the Memorandum of Understanding (“MOU”) between FSRA’s Chair and the Minister of Finance, which is subject to periodic review, defines the accountability relationship between the Minister and

[3] FSRA’s statutory objects can be found in section 3 of the *Financial Services Regulatory Authority of Ontario Act, 2016*. FSRA’s website contains a complete list of the statutes, regulations, and rules which FSRA administers.
[4] See here for full list of statutes and regulations administered by FSRA
[5] See here for full list of rules
[6] See here for full list of guidance

FSRA, as exercised through the Board and its Chair.[7] The MOU outlines the roles and responsibilities of the Minister of Finance, the Board Chair, all Board directors, the Deputy Minister of Finance, and FSRA's Chief Executive Officer ("CEO"), in areas such as administration, communications, and operations. The MOU is intended to be read in conjunction with the *FSRA Act* and the statutes governing FSRA's regulated sectors.

Board of Directors

The *FSRA Act* provides that the Board must consist of at least three and not more than 11 directors. One director is designated as the Chair of the Board by the Lieutenant Governor in Council on the recommendation of the Minister.

The Board has a dual role. It is responsible for the high-level stewardship of the organization, including oversight of FSRA management, and it may also propose rules to the Minister for approval in any area where a sector statute grants FSRA rule-making authority.

The Board approves FSRA's ABP, including its strategic priorities, and oversees its implementation by FSRA management.

Under the *FSRA Act*, the Board appoints a CEO. The CEO, subject to the Board's supervision and direction, is responsible for the management and administration of FSRA and exercises the powers and duties assigned to them (directly or through delegates) under the *FSRA Act* and the sector statutes FSRA administers as part of its mandate (see Appendix G for the organizational chart).

[7] Governance | Financial Services Regulatory Authority of Ontario (fsrao.ca)

FSRA Board of Directors[8]

- Doug Turnbull (Chair)
- Joseph Iannicelli
- Stewart Lyons
- Peggy McCallum
- Ali Salahuddin
- Lucie Tedesco
- Steve Geist
- Rob Wellstood
- Lawrence E. Ritchie

Standing committees of the FSRA Board of Directors[9]

- Audit, Finance and Risk Management Committee
- Business Transformation Committee
- Human Resources and Governance Committee
- Rules and Policy Committee
- Statutory Funds Advisory Committee

[8] List of FSRA directors as at January 1, 2026.
[9] List of Committees as at December 1, 2025.

Response to expectations in Agency Letter of Direction

As required under the Agencies and Appointments Directive ("AAD"), this section sets out FSRA's response to the Minister's Letter of Direction for FY2026-27. FSRA will continue to work closely and collaboratively with the Ministry of Finance on the priorities identified in the letter, as well as on significant emerging events and issues.

FSRA is committed to aligning its strategic direction with government priorities and to delivering outcomes consistent with its statutory objects and the statutes, regulations and rules that it administers. The ABP, and particularly FSRA's strategic priorities, is the primary mechanism through which FSRA demonstrates how it is addressing expectations in the Letter of Direction. For FY2026-27 these include:

- Continue development of FSRAForward solutions (Priority 1);
- Support the implementation and operationalization of the government's target benefit pension plan framework (Priority 4);
- Support the government with its statutory review of the Pension Benefits Guarantee Fund ("PBGF") (Priority 4);
- Support the sustainable growth of credit unions (Priority 3);
- Implement the licensing regime for life and health managing general agents ("MGAs") (Priority 3);
- Continue to support the government's statutory review of the Mortgage Brokerages, Lenders and Administrators Act, 2006 (Priority 3); and
- Launch the Auto Insurance Point of Sale Test and Learn Environment pilot (Priority 5).

Other expectations in the Letter of Direction that are not captured within FSRA's strategic priorities remain integral to FSRA's ongoing activities and operations. Progress on these items will be reported through FSRA's FY2026-27 Annual Report.

Environmental scan

FSRA operates in a dynamic and increasingly complex financial services landscape. To navigate this environment, FSRA continually gathers market intelligence about its regulated sectors and monitors leading practices in other jurisdictions to inform planning and decision-making.

Legislative, regulatory or policy changes

FSRA's regulatory and supervisory approach is grounded in its Statutory Objects set out in the *FSRA Act* and in the specific powers and authority under the statutes, regulations and rules it administers.

Recent legislative changes include:

- Amendments to the *Credit Unions and Caisses Populaires Act, 2020* to permit the sale of credit union securities to non-members in certain circumstances.

- Amendments to the *Insurance Act* to require that if an insurer reimburses or makes another payment in respect of a drug dispensed by a pharmacy operator, the insurer must provide the same reimbursement or payment for that drug for all pharmacy operators, subject to certain limits.

- Amendments to the *Insurance Act* to enable the Lieutenant Governor in Council to designate a reciprocal insurance exchange as a public sector reciprocal insurance exchange in certain circumstances.

- Amendments to the *Pension Benefits Act* to set out rules that apply when an employer of a single-employer pension plan that provides only defined contribution benefits proposes to convert the plan into a jointly sponsored pension plan.

Technological advancements and innovation

Technology is rapidly reshaping the financial services landscape. The accelerated adoption of artificial intelligence, telematics, embedded technologies, chatbots, advanced analytics and digital platforms is transforming business models across sectors.

Regulators worldwide are also modernizing their supervisory approaches and enhancing data collection to support more proactive, risk-based oversight. FSRA is similarly strengthening its internal processes and controls to safeguard confidential and sensitive information, ensuring compliance with privacy standards while enabling secure data-driven supervision.

The Federal Government introduced the *Consumer-Driven Banking Act*[10]. This legislation established a framework enabling consumers to securely direct the sharing of their banking data among authorized banks, credit unions, fintechs, and other financial service providers. The Act aims to foster innovation, competition, and interoperability across the financial sector while protecting consumer rights.

While these technologies increase productivity, efficiency and personalization, they introduce new risks, including data privacy concerns, algorithmic bias, fraud and reduced interaction with licensed professionals. These shifts can enhance and disrupt the services that FSRA's regulated sectors provide to consumers[11].

FSRA must understand these developments — their implications for consumer protection, their potential to improve efficiency and reduce regulatory burden, and how they can be integrated into FSRA's own operations.

[10] Government Bill (House of Commons) C-15 (45-1) (Division 9) - Budget 2025 Implementation Act, No. 1
[11] For the purposes of this document, the term 'consumers' includes the public, credit union members, pension plan beneficiaries and other stakeholders.

Prolonged period of economic uncertainty

The global financial services sector has entered a period of sustained uncertainty.

The International Monetary Fund's 2024-25 Financial Sector Assessment Program[12] found Canada's financial system is sound but cautioned that intensifying geoeconomic fragmentation and mounting trade risks could dampen growth, raise unemployment and affect real estate valuations. The World Economic Forum's 2026 *Global Risks Report*[13] similarly points to declining trust, deepening geopolitical confrontation and rising exposure to natural disasters and economic shocks. The Government of Ontario has identified tariffs imposed by the United States as a significant external risk to the province's economic outlook, contributing to a projected slowdown in economic growth alongside rising unemployment and inflation[14].

Canada's economic environment is defined by moderating inflation, declining interest rates and ongoing household financial vulnerability. The Bank of Canada has reduced its policy interest rate to 2.25 per cent as at December 2025[15] amid slowing growth and a softening labour market. Inflation eased to 2.2 per cent year-over-year[16], though prices remain elevated compared to pre-pandemic levels. The national unemployment rate fell to 6.5 per cent in November 2025 after reaching 7.1 per cent in August and September, the highest level since 2016 outside of the pandemic[17].

Rising trends such as cyber attacks and natural catastrophes are exacerbating uncertainty, complicating growth planning and creating new risks for consumers.

The Global Risk Institute's 2026 *Risk Outlook Survey* identifies geopolitical and policy risk as the most pressing concern for Canadian financial institutions,[18] with surveyed professionals almost unanimously citing trade tensions as a primary focus of concern.

12 IMF 2025 FSAP Canada Staff Report
13 WEF 2026 Global Risks Report
14 2025 Fall Economic Statement | Chapter 2
15 Policy interest rate – Bank of Canada
16 Consumer Price Index Portal
17 The Daily — Labour Force Survey, November 2025
18 Canadian Financial Services Risk Outlook Survey 2026 – Global Risk Institute

In 2024, Canada recorded a record $8.5 billion in insured losses from weather-related events including wildfires, hailstorms and floods[19].

FSRA must serve as a stabilizing presence that builds trust in the regulatory system. Its approach must remain clear, predictable and understandable, while strengthening its understanding of the perspectives and challenges facing its regulated sectors and the public.

Internal factors

Additional information on internal factors that influence FSRA's operating environment can be found in other sections of the ABP, including:

- Strategic Framework (see page 13)
- Enterprise Risk Management Framework (see page 22)
- Human Resources Plan (see page 24)
- Information Technology Plan (see page 28)
- Communications Plan (see page 30)

[19] Insurance Bureau of Canada

Strategic Framework

FSRA requires new strategic direction that reflects the rapidly changing financial services landscape and supports the organization's transition toward a more mature operating model.

FSRA's new Strategic Framework responds to this need by strengthening regulatory capabilities, deepening engagement with stakeholders and enhancing responsiveness to a fast-evolving external environment. The framework reaffirms FSRA's commitment to excellence, transparency and continuous improvement, enabling the organization to navigate the complexities of its mandate with greater confidence and clarity.

Development of the Strategic Framework was informed by a comprehensive assessment of FSRA's mandate, operating environment and government direction. This included an analysis of key risks and emerging trends, a review of actions undertaken by peer regulators and an assessment of relevant macroeconomic factors.

Proposed five-year Strategic Framework

Purpose – Why we exist	**Ambition – What we strive to be**
Financial safety, fairness, and choice for Ontarians.	A modern, agile regulator applying principles-based, outcomes-focused oversight that fosters stakeholder and public confidence.

Transform our capabilities	**Embrace and embed principles-based oversight**	**Promote proactive and collaborative partnerships**
FSRA recognizes the need to continuously innovate and enhance organizational capabilities – people, processes, and technology – to efficiently and effectively deliver on its mandate.	FSRA's supervision and regulation focus on providing intended outcomes for stakeholders and the public.	FSRA works collaboratively with the government, stakeholders and the public to strengthen trust and reinforce its reputation as a credible, insightful and forward-looking regulator.

1.1 **Build resilient, modern processes and internal systems (tools and technology)** to enable data driven decisions and seamless interactions

1.2 **Drive a more connected culture** that fosters an enterprise mindset while orienting staff around accountability and execution

1.3 **Develop purposeful cross-sector integration** with approaches that leverage FSRA's collective expertise

1.4 **Evolve FSRA's operations** to support the strategic direction with an emphasis on cost-efficiency and long-term sustainability

2.1 Develop and implement a **decision-making framework** that consistently defines how FSRA will apply **principles-based, proportional**, **risk-based, and outcomes-focused regulation**

2.2 **Effectively exercise judgement**, including in the application of supervisory tools

2.3 **Educate and engage stakeholders** to motivate achievement of intended outcomes

3.1 **Ensure effective alignment with government** priorities and objectives

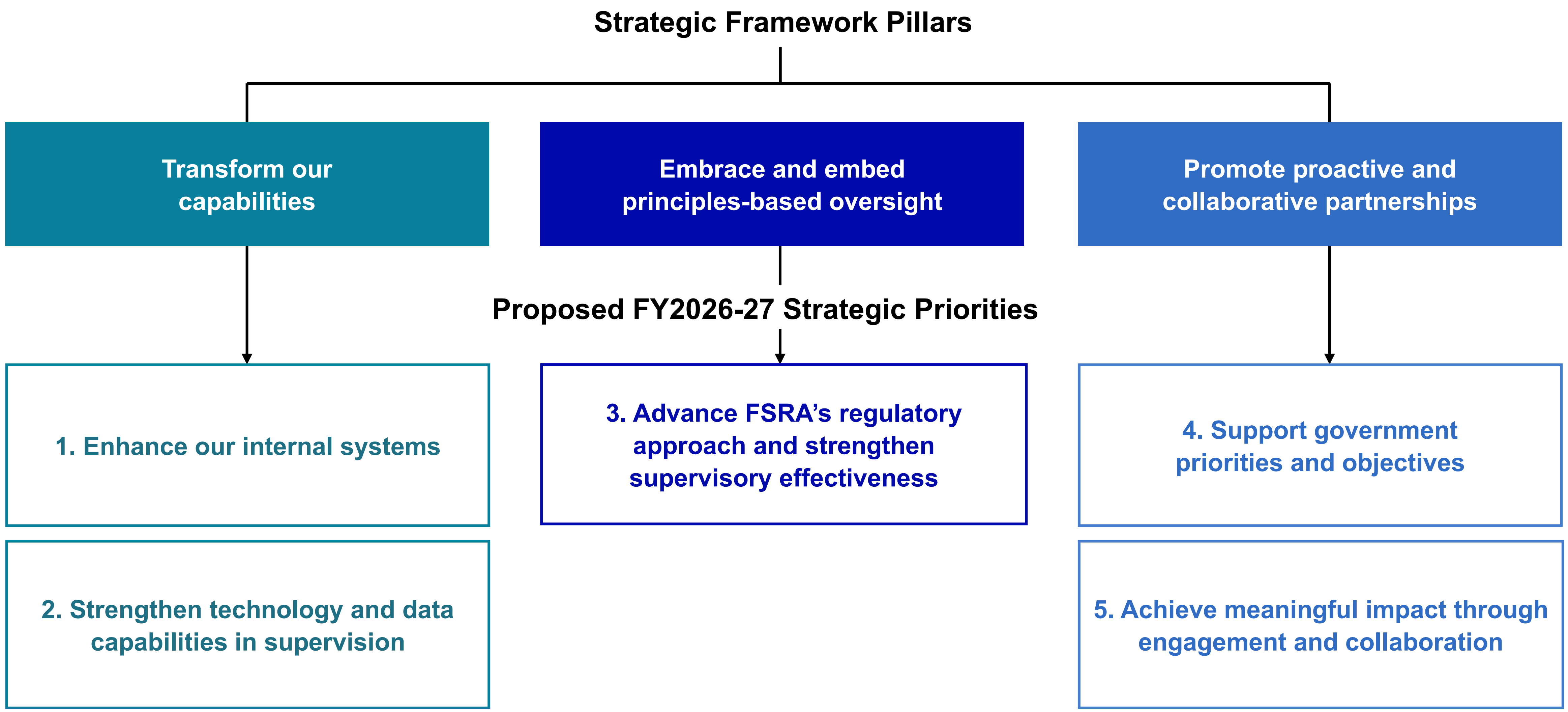
3.2 **Develop and implement a FSRA-wide stakeholder engagement strategy** to cultivate relationships with key stakeholders and allow for collaborative problem-solving

3.3 **Refine and strengthen FSRA's** external perception by communicating the organization's impact and regulatory approaches with stakeholders and the public

Statement of Priorities

FSRA's strategic priorities communicate the organization's key areas of focus for FY2026-27. They are not an exhaustive list of all activities and operations FSRA will undertake.

FSRA has refined how it identifies and frames strategic priorities to align with the proposed five-year Strategic Framework. As longer-term work to develop a comprehensive implementation plan progresses, FSRA is committed to a set of targeted initiatives in the upcoming fiscal year. These initiatives will begin advancing FSRA's new strategic direction and will lay the foundation for the longer-term success of the Strategic Framework.



Pillar 1 – Transform our capabilities

Priority 1: Enhance our internal systems

By modernizing systems and integrating data, FSRA aims to improve efficiency, decision-making, and collaboration across the organization. This will foster a more connected, data-driven culture that enables FSRA to deliver on its mandate with greater impact and transparency.

In FY2026-27, FSRA will:

- Continue development of FSRA*Forward* solutions, including the Market Conduct Business Solution and the enhancement of FSRA's e-discovery solutions.
- Develop an enterprise data strategy for FSRA.
- Implement improvements to stakeholder and consumer experiences, such as enhancements to accessibility and digital-first communications.

Priority 2: Strengthen technology and data capabilities in supervision

FSRA is committed to leveraging technology to strengthen the supervision of its regulated sectors. By integrating innovative tools, data analytics and digital processes, FSRA aims to improve the effectiveness and timeliness of its oversight, and boost overall productivity.

In FY2026-27, FSRA will:

- Enhance supervision of credit unions, promote resilience, inform outcomes-based reporting, and improve analytical capabilities through the Enhanced Data Collection ("EDC") initiative.
- Begin implementing the Fraud Reporting Service for auto insurance.

Pillar 2 – Embrace and embed principles-based oversight

Priority 3: Advance FSRA's regulatory approach and strengthen supervisory effectiveness

FSRA will continue to evolve its principles-based approach to regulation by developing and refining regulatory frameworks, rules and guidance across sectors.

In FY2026-27, FSRA will:

- Continue development of a regulatory approach to individual segregated funds, in alignment with other Canadian jurisdictions.
- Implement the licensing regime for life and health managing general agents ("MGAs").
- Develop a consistent quasi-criminal enforcement approach to more effectively utilize FSRA's existing legislative authority.
- Undertake a review of FSRA's supervisory activities and regulatory approach for Ontario-incorporated insurance companies and reciprocals to identify any potential areas for further improvement.
- Support the sustainable growth of credit unions through the enhancement of the capital regime, including development of, and consultation on, updates to FSRA's Capital Rule.
- Implement a new supervisory model for auto insurance rates and underwriting.

Pillar 3 – Promote proactive and collaborative partnerships

Priority 4: Support government priorities and objectives

FSRA will provide expert advice to support government-led initiatives. Through this work, FSRA will help ensure that regulatory frameworks remain responsive, robust, and aligned with evolving market needs.

In FY2026-27, FSRA will:

- Support the implementation and operationalization of the government's target benefit pension plan framework.
- Support the government with its statutory review of the Pension Benefits Guarantee Fund ("PBGF").
- Support the government in its efforts to remove trade barriers within Canada.
- Support the government in the implementation of an any willing provider framework for pharmacy preferred provider networks ("PPNs") for group drug insurance plans.
- Monitor the adequacy and progress in meeting the new Deposit Insurance Reserve Fund ("DIRF") target and ensuring that appropriate sources of emergency liquidity are in place.
- Continue to support the government's statutory review of the *Mortgage Brokerages, Lenders and Administrators Act, 2006.*
- Support implementation of auto insurance reform initiatives.

- Support the implementation of new resolution powers introduced in the *Credit Unions and Caisses Populaires Act, 2020,* subject to those powers being proclaimed into force.

Priority 5: Achieve meaningful impact through engagement and collaboration

FSRA will strengthen its regulatory effectiveness by fostering productive engagement and collaboration with stakeholders. Through these initiatives, FSRA will enhance trust, improve transparency, and drive better outcomes across its regulated sectors.

In FY2026-27, FSRA will:

- Strengthen the perception of FSRA through a redesign of FSRA’s website and external communications.
- Develop a comprehensive framework for engaging stakeholders.
- Diversify and enhance how FSRA supports innovation by leveraging insights from various stakeholder engagement activities, leading practices from peer regulators, and findings from a review of FSRA’s approach to using Test and Learn Environments.
- Launch the Auto Insurance Point of Sale Test and Learn Environment pilot.

Performance measurement

FSRA uses a structured approach to performance measurement that focuses on three key elements: goal tracking, service standards and key performance indicators (“KPIs”). Together, these components guide how FSRA monitors organizational effectiveness, tracks progress toward its objectives and maintains transparency. The following sections describe each element and how they collectively support FSRA’s mandate and commitment to continuous improvement.

Goal tracking

Goal tracking provides a disciplined method for assessing organizational performance against FSRA’s strategic priorities and the objectives set out in the Strategic Framework. Using scorecards, FSRA demonstrates accountability for achieving these goals and provides clear details on the deliverables and actions undertaken. These scorecards are published annually in FSRA’s Annual Report and present results for the previous fiscal year.

Service standards

Service standards establish clear operational benchmarks for service quality and responsiveness. By setting measurable targets, FSRA supports accountability, strengthens client relationships and ensures consistent, reliable service. Performance against these standards is reported on FSRA’s website, reinforcing transparency and public confidence in FSRA’s commitment to excellence.

FSRA’s service standards focus on the delivery of its core business functions. FSRA will continue to monitor and measure the standards (see Appendix A) and refine them as needed.

Key Performance Indicators

FSRA developed Key Performance Indicators (“KPIs”) to measure progress toward the strategic objectives in the new Strategic Framework. Each KPI provides a specific, measurable indicator of whether FSRA is achieving its intended outcomes over the FY2026-2031 period. By tracking these measures, FSRA provides a clear, high-level view of organizational performance and reinforces accountability and continuous improvement across its mandate.

Detailed KPIs can be found in Appendix B. In FY2026-27, FSRA will focus on establishing a baseline for these measures. In the next planning cycle, FSRA will introduce details on the metrics, as well as specific annual targets informed by these baselines. The KPIs form part of a five-year process that tracks progress from the starting point in FY2026-27 to FSRA’s goals for FY2030-2031. FSRA will reassess its KPIs as needed to ensure they remain relevant and effective, and will report progress annually in FSRA’s Annual Report.

Risk identification, assessments and mitigation strategies

FSRA employs a comprehensive approach to risk management, using a range of strategies to identify, assess and mitigate risks that could affect its ability to deliver on its mandate and strategic objectives. These strategies ensure FSRA remains proactive, resilient and responsive to emerging challenges across its regulatory activities.

FSRA's Risk Management function is overseen at both the Executive and Board levels through the Risk Management Committee ("RMC"), and the Audit, Finance and Risk Committee ("AFRC") respectively.

Enterprise Risk Management Framework

FSRA's Enterprise Risk Management ("ERM") Framework is grounded in the Three Lines Model: business units own and manage risks; FSRA's Risk Management function provides oversight, monitoring and reporting; and internal audit delivers independent assurance. The ERM policy guides this process and is supported by executive- and board-level committees, ensuring the framework remains flexible and responsive to a changing risk landscape.

FSRA recognizes the interdependence between enterprise risk management and the Strategic Framework. In a complex and rapidly evolving environment, FSRA's risk registers play a central role in shaping the statement of priorities. Similarly, the organization's strategic priorities reinforce risk management by ensuring FSRA identifies potential threats, vulnerabilities and opportunities that could influence long-term success.

- **Risk Appetite Statement** – FSRA's Board-approved Risk Appetite Statement ("RAS") guides risk-based decision-making, helping the organization achieve its strategic goals while maintaining appropriate levels of risk. Risk profiles are monitored against the risk appetite and reported to oversight committees. The RAS is reviewed regularly to ensure ongoing relevance.

- **Enterprise Compliance Program** – FSRA's Enterprise Compliance Program supports adherence to legislation, regulations, directives and policies. The program includes compliance policies, training, attestations, environmental scanning and ongoing collaboration among functional areas.

- **Privacy Risk Management** – FSRA continues to strengthen its privacy risk management practices through policies such as the Protection of Personal Information Policy and the Privacy Breach Reporting Policy. Ongoing training and project reviews help ensure compliance with the *Freedom of Information and Protection of Privacy Act*.

As part of FSRA's continuous effort to modernize its processes, Risk Management adopts technology solution that seamlessly manages its Risk Management, Compliance and Internal Policies.

FSRA closely monitors its major identified risks and implements mitigation plans to ensure they are effectively managed (see Appendix E).

Human Resources plan

Key Human Resource priorities and proposed actions

Human Resources ("HR") and talent management are critical enablers of FSRA's new Strategic Framework, supporting major initiatives over the next five years. HR plays a central role in advancing FSRA's goal to "drive a more connected culture that fosters an enterprise mindset while orienting staff around accountability and execution."

Key initiatives include:

- Defining and articulate a "One FSRA" ethos that encompasses culture, behaviours, diversity equity and inclusion (DEI), and execution.

- Increasing organization-wide connectivity through cross-functional initiatives, forums and communities of practice.

- Supporting an enterprise mindset and disciplined execution through training and change management support.

- Reinforcing accountability and collaboration by aligning recognition and performance management systems.

Trends

FSRA monitors several external and internal trends that influence its approach to human resources and talent management. These trends are essential to operationalizing the Strategic Framework and ensuring FSRA can attract, retain and develop the talent required to deliver on its mandate and cultural goals.

- **Regulatory and business evolution** – The modernization of financial services regulation requires adaptable talent strategies and specialized expertise.

- **Digital transformation and technology** – Rapid adoption of digital tools and cybersecurity demands tech-savvy talent and continuous upskilling.

- **Return to office** – In line with government direction, FSRA is transitioning from a hybrid model to an in-office workplace while balancing engagement and operational needs.

- **Talent attraction, retention and succession** – Competitive labour markets and specialized skill shortages require strong recruitment strategies, leadership continuity and inclusive culture initiatives.

- **Workforce planning** – Aligning staffing levels, skills and organizational structure with FSRA's Strategic Framework and long-term priorities, while adhering to government hiring and growth guidelines.

Compensation strategy

FSRA's approach to remuneration is grounded in public sector comparators and legislative requirements. Executive compensation is determined in accordance with the *Broader Public Sector Executive Compensation Act, 2014* ("*BPSECA"*) and FSRA's board-approved Executive Compensation Framework, ensuring that pay levels are benchmarked against similar roles in the broader public sector and remain within mandated parameters.

Compensation for bargaining unit employees is governed by collective agreements inherited through successor rights and negotiated within the broader public-sector labour relations environment. For non-union and management employees, FSRA's compensation approach emphasizes fiscal responsibility, alignment with organizational mandate and values, pay-for-performance principles and a total compensation framework that balances salary, benefits and pension with external competitiveness and internal equity. Transparency, strong governance, and adherence to public sector norms underpin all aspects of FSRA's compensation design and administration.

Staffing information

As of December 31, 2025, FSRA has an active full-time equivalent (FTE) count of 588.6. Of the 588.6 FTEs, FSRA has 555.3 permanent employees and 33.3 fixed-term, full-time and part-time employees. The approved FTE ceiling is 621.6 permanent staff, with a temporary FTE ceiling of 633.6 staff for the FY2026-27 and FY 2027-28.

The FTE count excludes 21 employees on approved leaves of absence, 11 students and co-op placements, and 36 consultants. There are 407.4 unionized employees, representing almost 70 per cent of the total active FTE complement.

As a result of the transfer of the former Financial Services Commission of Ontario from the Ministry of Finance, FSRA inherited Ontario Public Service collective agreements due to successor rights. With consolidation, FSRA now administers two collective agreements: one with the Ontario Public Service Employees Union and one with the Association of Management, Administration and Professional Crown Employees of Ontario.

Table 1: Active FSRA headcount by employee type as at December 31, 2025

Employee type	Count
Non-union	181.2
AMAPCEO	255
OPSEU	152.4
Total	588.6

Table 2: Active FSRA headcount staff by employee type as at December 31, 2025

Employee type	# of employees
Executive	10
Management	131
Non-Union	40.2
Union	407.4
Total	**588.6**

Table 3: Anticipated staffing

FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
612	633.6	633.6	621.6

Information Technology plan

Information technology ("IT") is a critical enabler of FSRA's new Strategic Framework, supporting every major initiative over the next five years. Central to this work is the successful delivery of FSRA*Forward*. Despite previous setbacks and cost overruns, FSRA*Forward* is now positioned to deliver its core objectives and deliver modernized systems and processes.

IT directly supports the Strategic Framework pillar to "Transform Our Capabilities" and the initiative to "Build resilient, modern processes and internal systems (tools and technology) to enable data-driven decisions and seamless interactions."

For FY2026-27, IT activities will focus on advancing this year's strategic priorities, including "Enhance our internal systems" and "Strengthen technology and data capabilities in supervision." These efforts include modernizing core systems, integrating data to support better decision-making, and deploying innovative tools to strengthen regulatory oversight and improve operational efficiency. Beyond these priorities, IT provides essential support for FSRA's other strategic initiatives and day-to-day operations enabling the organization to fulfill its mandate.

Looking ahead, FSRA will develop a three-year IT strategy to align technology investments and capabilities with the Strategic Framework and long-term organizational objectives. This strategy will ensure FSRA has modern, resilient and scalable systems that reduce legacy technology debt, strengthen operational reliability and enable continuous improvement across the enterprise.

List of FSRA's Artificial Intelligence (AI) use cases

Title of AI tool	Division	Description of project	Date of implementation
Decision Support Portal (DSP)	Market Conduct	DSP is an AI research tool used by FSRA staff to search external websites and internal FSRA systems for information about an applicant or licensee. The DSP only presents information. Staff use this information, along with other considerations, to validate and assess the suitability of applicants or licensees. FSRA staff are responsible for deciding the outcome of an application.	February 2023

Communications plan

FY2026-27 communications strategy

Effective communications are essential to achieving FSRA's five-year Strategic Framework. Communications strengthen transparency, trust and engagement, ensuring alignment with FSRA's long-term vision.

While communications support all initiatives within the Strategic Framework, two initiatives are specifically focused on this area:

- "Develop and implement a FSRA-wide stakeholder engagement strategy to cultivate relationships with key stakeholders and allow for collaborative problem-solving" and

- "Refine and amplify FSRA's external perception by communicating the organization's impact and regulatory approaches with stakeholders and the public."

These initiatives are foundational to building strong connections and reinforcing FSRA's role as an effective, outcomes-focused regulator.

FSRA's strategic priorities for FY2026–27 will drive progress toward its long-term goals. To support this, FSRA will undertake dedicated communications activities, including:

- "Strengthen the perception of FSRA through a redesign of FSRA's website and external communications," which will enhance accessibility and user experience, and

- "Develop a comprehensive framework for engaging stakeholders," ensuring consistent and coordinated outreach across all sectors.

These priorities will be informed by insights from FSRA's biennial Stakeholder Engagement Survey, helping ensure communications remain evidence-based and responsive to stakeholder needs.

FSRA's communications approach

FSRA's communications approach for FY2026-27 combines its principles-based regulation with a modern, more accessible communication style. Communications will remain clear, credible, consistent, audience-focused and aligned with FSRA's consumer protection mandate.

- **Principles-based, outcomes-focused messaging:** Communications will articulate FSRA's intended outcomes clearly, emphasizing consumer protection and regulatory effectiveness.
- **One FSRA, One Voice:** Unified messaging across all channels will reduce fragmentation and ensure stakeholders receive clear, predictable and timely information.
- **Coordinated stakeholder engagement:** A standardized, enterprise-wide engagement framework will deliver consistent, and well-planned outreach across sectors.
- **Digital-first and accessible:** FSRA will modernize its digital presence through a redesigned website, multimedia assets and accessible formats to improve reach and comprehension.
- **Proactive media engagement:** FSRA will strengthen transparency and thought leadership through research-driven storytelling and engagement with mainstream, trade, and multicultural media.
- **Improved consumer experience:** Communications will use plain language to help consumers navigate financial services more easily.

Transformation rollout

Building on the FY2025-26 roadmap, FY2026-27 will focus on embedding, scaling and optimizing the communications transformation. Key actions include:

- Developing and fully integrating the Stakeholder Engagement Framework across FSRA
- Launching and maintaining the redesigned external website with distinct consumer and industry experiences
- Expanding analytics dashboards to support insight-driven decision-making
- Operationalizing unified editorial calendars to improve coordination
- Scaling the thought leadership program
- Using real-time insights to drive continuous improvement.

Communications products

FSRA delivers a broad range of communications activities throughout the year to support transparency, engagement and regulatory effectiveness.

Annual communications cycle

- Mandatory notices, rule and guidance releases, and consultation documents
- Annual Business Plan and Annual Report communications
- Sector-specific supervisory updates and enforcement announcements
- Consumer and stakeholder education materials
- Public consultations and major regulatory milestones

Communications products and channels

- Media relations, op-eds, and commentary
- Consumer-facing content, sector bulletins and regulatory updates
- Social media, videos, infographics and website publications
- Integrated and sector-specific events, including FSRA Exchange and industry conferences

See Appendix F for list of FSRA's public marketing campaigns.

Initiatives involving third parties

In accordance with its statutory objects and strategic priorities, FSRA cooperates and collaborates with other regulators where appropriate. These efforts enhance regulatory coordination, harmonization and convergence. 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 Deposit Insurers ("IADI");
- International Credit Union Regulators' Network ("ICURN");
- Joint Forum of Financial Market Regulators; and
- Mortgage Broker Regulators' Council of Canada ("MBRCC").

Through these bodies, FSRA participates in several initiatives involving third parties, including but not limited to:

- CCIR Annual Statement on Market Conduct ("ASMC") Database: The ASMC collects information from insurers across Canada regarding their governance, practices, policies and treatment of customers. Under a service agreement with CCIR members, including FSRA, Québec's Autorité des marchés financiers ("AMF") acts as service provider for receiving, storing, aggregating and reporting market conduct data submitted through the ASMC.

- CCIR/CISRO Canadian Insurance Regulators Disciplinary Actions ("CIRDA") Database: 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, including FSRA.

- MBRCC Disciplinary Actions Database: The MBRCC database is a searchable repository of published mortgage broker disciplinary decisions across Canada. A public website enables consumers and regulators to search individuals and firms that have been subject to enforcement action by mortgage broker regulators including FSRA.

- FSRA / Canada Revenue Agency ("CRA") Pension Plan Joint Filing Agreement: This agreement between FSRA and CRA reduces regulatory burden on pension plan administrators by supporting a single annual pension plan filing that satisfies the information needs of both regulators. The information is captured in the Annual Information Return (AIR), most notably Schedule A. Data files compatible with both FSRA and CRA systems are exchanged daily or whenever an AIR is submitted to FSRA.

FSRA's National Regulatory Coordination Branch provides secretariat services to CAPSA, CCIR, CISRO, GISA and MBRCC, and works collaboratively with the secretariat of the Canadian Securities Administrators on the activities of the Joint Forum of Financial Market Regulators.

Financial outlook

The FY2026-27 (April 1, 2026, to March 31, 2027) budget facilitates FSRA's ability to meet its regulatory obligations. FSRA uses a cost recovery model to recover its costs by means of activity and licensing fees and variable fee assessment from the sectors it regulates: Property and Casualty Insurance (P&C) - Auto, P&C Conduct, P&C Prudential, Health Service Providers (HSP), Life and Health Insurance (L&H) Conduct, Credit Unions, Mortgage Brokering, Pensions, Loan and Trust, Financial Planners and Financial Advisors (FP&FA). The table below outlines FSRA's Board-approved budget for the FY2026-27. It includes a comparison with the previous year budget (FY2025-26) and outlines plans for the subsequent two years (FY2027-28 and FY2028-29). For the purposes of this ABP, all revenue pertaining to MGA are removed from the view as the MGA Fee Rule framework is still under development and remains subject to approval.

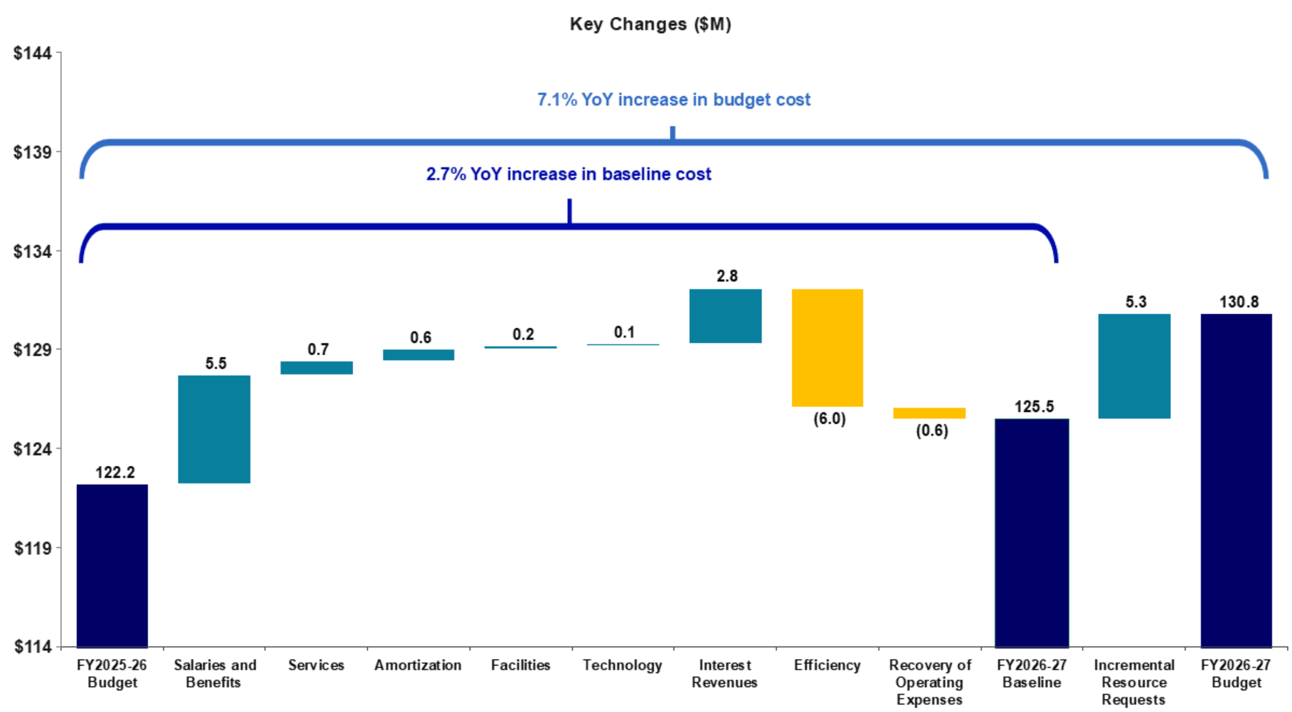
($M)	FY2025-26 budget	FY2026-27 proposed budget	FY2027-28 preliminary plan	FY2028-29 preliminary plan
Activity and licensing fees	30.0	30.8	31.1	31.4
Variable fee assessment	84.7	90.7	103.7	114.5
Total revenue	**116.2**	**121.5**	**134.8**	**145.9**
YoY total revenue change		*5.9%*	*11.0%*	*8.2%*
YoY fee assessment change		*7.1%*	*14.3%*	*10.4%*
Direct costs	82.9	84.9	91.8	96.7
Common costs	39.3	45.9	48.6	52.3
Total costs	**122.2**	**130.8**	**141.4**	**149.0**
YoY change		*7.1%*	*8.1%*	*5.4%*
Utilization of cumulative surplus	6.0	5.0	3.0	-

FSRA's Internal Audit conducted a review of the non-Public Service Accounting Standard (PSAS) Surplus in September 2025 and concluded that the surplus balance at year-end FY2024-25 may have been understated. Internal Audit recommends a revised non-PSAS surplus balance of $24.2 million as of year-end FY2024-25. The cumulative non-PSAS surplus is projected to decline to $13.5 million by the end of FY2025-26 as per December 2025 forecast. For FY2026-27, FSRA proposes using $5.0 million of this surplus to partially offset the variable fee assessment for that year.

FY2026-27 Board-approved budget – Costs

FSRA proposed a budget of $130.8 million in total costs for FY2026-27, representing a net increase of $8.6 million or 7.1% compared to the FY2025-26 budget. This budget reflects the estimated resources required to fulfill FSRA's regulatory mandate while continuing the transformation into a principles-based, independent, and transparent regulator, aligned with its strategic priorities and operating activities.

The chart below outlines the key factors contributing to the changes in the budgeted costs, in comparison to the FY2025-26 budget.



Baseline costs in FY2026-27 are projected to be $125.5 million, which represents a 2.7% increase over the FY2025-26 Budget.

Salaries and benefits are projected to increase by $5.5 million, driven by a $4.0 million increase related to the mandatory collective agreement[20], $1.3 million in unrealized S&B savings identified in FY2025-26, and a $0.2 million increase related to the conversion of contractors to regular FTEs.

Services category is expected to increase by $0.7 million mainly due to a three-year consulting contract to support auto insurance reform, which began in Q4 of FY2025-26 (approved in the FY2025-26 budget).

Amortization is expected to increase by $0.6 million compared to the FY2025-26 budget due to the FSRA*Forward* recovery timeline.

The $0.2 million or 4.7% increase in Facilities over FY2025-26 reflects the annual update to lease agreements.

The $0.1 million increase in Technology over FY2025-26 is driven by the reclassification of Other Direct Operating Expenses (ODOE).

Interest revenue is expected to decrease by $2.8 million from FY2025-26, driven by lower anticipated interest rates and reduced cash balances in the FY2026-27 Budget.

FSRA will focus on achieving $6.0 million in efficiency savings in FY2026-27 through a combination of reorganization, resource reallocation to optimize utilization, cost reduction, and enhanced operational effectiveness, without compromising core business functions. These savings include:

- $3.7 million in S&B efficiency savings from 30 position reductions across FSRA
- $2.3 million in projected savings in Services and ODOE

[20] Across-the-Board assumption is based on the existing Ontario Public Service (“OPS”) Collective Agreement

FSRA plans to invest $5.3 million for initiatives and projects in FY2026-27. This brings the total budget to $130.8 million, an increase of 7.1% over the FY2025-26 budget. This includes resource requests from Market Conduct, P&C - Auto, IT, and the Corporate Secretary’s Office.

FY2026-27 Board-approved Budget - Revenue

FSRA will release $5.0 million of cumulative surplus from prior years operations. After applying the surplus funding, the total revenue requirement is $121.5M, representing an increase of $6.8M or 5.9% YoY versus the FY2025-26 budget. The activity and licensing fee component of the total revenue is expected to increase by 2.6% and the variable fee assessment component is expected to increase by 7.1% compared to the FY2025-26 budget.

Sector ($M)	P&C Auto	Health Service Providers	P&C Conduct	P&C Prudential	Life & Health Conduct	Life & Health (MGA)	Pensions	Credit Unions	Mortgage Brokers	Loans & Trusts	FP&FA	Total
FY2026-27 budget revenue												
Activity and licensing fees	-	3.7	1.4	-	7.0		-	-	18.7	-	0.1	30.8
Variable fee assessment	17.4	-	10.6	3.7	11.7		25.1	20.6	-	0.9	0.8	90.7
FY2026-27 revenue	**17.4**	**3.7**	**11.9**	**3.7**	**18.7**		**25.1**	**20.6**	**18.7**	**0.9**	**0.9**	**121.5**
Direct cost	12.0	2.4	8.0	2.5	12.4	2.8	16.9	13.9	12.8	0.6	0.6	84.9
Common cost	6.2	1.3	4.4	1.4	6.8	1.5	9.3	7.5	7.0	0.3	0.3	45.9
FY2026-27 cost	**18.1**	**3.7**	**12.4**	**3.9**	**19.1**	**4.3**	**26.2**	**21.4**	**19.8**	**0.9**	**1.0**	**130.8**
Fixed fee sector under contribution to common costs	0.2	-	0.1	0.0	0.1		0.3	0.2	(1.1)	0.0	0.0	-
Cumulative surplus	1.0	-	0.6	0.2	0.6		1.4	1.1	-	-	0.1	5.0

Sector ($M)	P&C Auto	Health Service Providers	P&C Conduct	P&C Prudential	Life & Health Conduct	Life & Health (MGA)	Pensions	Credit Unions	Mortgage Brokers	Loans & Trusts	FP&FA	Total
FY2025-26												
Activity and licensing fees	-	3.5	1.2	-	6.9		-	-	18.2	-	0.1	30.0
Variable fee assessment	16.1	-	9.8	3.7	9.5		24.9	19.3	-	0.8	0.7	84.7
FY2026-27 revenue	**16.1**	**3.5**	**11.0**	**3.7**	**16.4**		**24.9**	**19.3**	**18.2**	**0.8**	**0.9**	**114.8**
Fee assessment variance	1.3	-	0.8	0.0	2.2		0.3	1.3	-	0.1	0.1	6.0
Increase/(Decrease)	8.3%		8.0%	1.2%	23.2%		1.0%	6.6%		8.9%	9.0%	7.1%
Total revenue variance	1.3	0.1	0.9	0.0	2.2		0.3	1.3	0.5	0.1	0.1	6.8
Increase/(Decrease)	8.3%	3.5%	8.0%	1.2%	13.6%		1.0%	6.6%	2.7%	8.9%	7.7%	5.9%
FY2025-26 cost	**17.0**	**3.5**	**11.7**	**3.9**	**17.0**	**1.4**	**26.3**	**20.4**	**19.2**	**0.8**	**0.9**	**122.2**
Cost variance	1.2	0.1	0.7	(0.0)	2.2	2.8	(0.1)	1.0	0.6	0.1	0.1	8.6
Increase/(Decrease)	6.9%	3.5%	6.3%	-0.4%	12.8%	195.9%	-0.5%	5.0%	3.1%	7.3%	6.1%	7.1%

MGA is considered part of the Life & Health Insurance sector, but its costs are reported separately to ensure transparency, as these expenses will ultimately be recovered from this sector once regulation commences and an appropriate fee rule is established. Costs are currently being accrued and deferred until the launch to ensure that other sectors do not bear the financial burden of the MGA during the establishment of the regime.

The Board-approved Budget Plan is prepared on a non-PSAS reporting basis to illustrate how costs will be allocated across sectors for recovery purposes. In this view, net interest income is applied as a reduction to the common cost. It will be presented as a revenue item in FSRA's annual financial statement. Amounts are rounded to the nearest $0.1 million, as a result, certain variances and totals may not align precisely. The amounts for P&C – Auto sector include the Health Service Providers sector under/(over) recovery.

All projects will proceed as currently planned; however, FSRA acknowledges that associated expenses and budget allocations may change as estimates are refined or new information becomes available.

FY2027-28 plan overview

The projected costs for the FY2027-28 plan are $141.4 million, representing a $10.6 million or 8.1% increase compared to the FY2026-27 plan. This growth is attributed to the following key factors:

- A $3.5 million increase in Salaries and Benefits due to financial obligations under collective agreements.
- The Market Conduct Business Solution (MCBS) project is expected to transition from development to operations in FY2027-28. This transition will introduce a recurring annual operating cost, starting with $1.5 million in FY2027-28. FSRA will also begin recovering from the benefiting sectors the MCBS project investment through a 15-year recovery schedule beginning in FY2027-28 with approximately $0.2 million.
- Similar to MCBS, the P&C – Auto Transformation project is expected to transition to operations in FY2027-28, with recurring operating costs of approximately $0.8 million in the first year. The total project cost is estimated to be $13.2 million, of which $5.9 million is funded from FSRA*Forward*. The remaining $7.3 million will be recovered specifically from the P&C Auto sector over a 15-year recovery period starting in FY2026-27. For FY2027-28, the annual recovery amount is approximately $0.4 million for the P&C Auto sector.
- $1.5 million cost of remediation of Compliance and Enforcement Tracking System (CETS) and Market Conduct Complaints Information System (MCCIMMS) will be proportionally distributed across the impacted sectors based on complaint volume. These costs will be recovered in FY2027-28 through the operating budget.
- The Fraud Reporting Service project will transition to operations with an additional ongoing annual cost of $0.6 million planned.
- FSRA is planning for a $1.8 million reduction in interest revenue. This adjustment reflects the impact of declining cash balances and the inherent volatility of interest rates.

To alleviate the fee assessment impact on variable sectors, $3.0 million from the cumulative surplus is expected to be utilized during FY2027-28.

FY2028-29 plan overview

The FY2028-29 plan projects total costs of $149.0 million, an increase of $7.6 million or 5.4% compared to the FY2027-28 plan.

This growth is primarily driven by an anticipated $3.6 million increase related to collective agreement obligations, along with additional annual operating costs of $5.0 million for MCBS and $0.6 million for the P&C Auto Transformation project. These increases are partially offset by a $1.5 million reduction in costs for the CETS and MCCIMMS. FSRA will continue recovering from the benefiting sectors the MCBS project investment through a 15-year recovery schedule amounting to approximately $1.9 million in FY2028-29.

These financial overviews reflect the organization's strategic focus on managing expenses responsibly while meeting commitments under collective agreements and maintaining progress on key initiatives. Further details will be provided in subsequent updates as part of the budget year reporting cycles.

Capital asset investment

The FSRA capital program is aligned with the strategy of being more efficient, which thereby reduces regulatory burden, and improves the effectiveness of regulation.

In FY2026-27, FSRA anticipates requiring an additional $0.3 million in capital investment for hardware upgrades. The annual Capital Investments are expected to remain at $1.1 million afterwards. These investments will be amortized over a period of 5 years.

Project investment (deferred recovery)

Consistent with FSRA's priorities, significant investments in technology and process improvements are being made through the continued implementation of FSRA*Forward*.

FSRA*Forward*, which was originally launched as a major five-year investment in FY2020-21, is essential for achieving FSRA's long-term strategic objectives. The program's core focus is the modernization of inherited processes and technology by replacing legacy applications and outdated software stacks.

This initiative is specifically designed to deliver critical organizational capabilities:

- Enhancing data analytics capabilities for better regulatory oversight.
- Strengthening cybersecurity and IT infrastructure resilience.

The approved project investment for the FSRA*Forward* program is $42.4 million as of October 2024. The original timeline for the program has been extended, with the completion date now projected to the end of FY2027-28. The exact completion date and associated schedule remain under review to manage evolving project scope and resource allocation. In adherence to the cost-recovery principle, the recovery of this investment from regulated sectors is planned over a rolling five-year amortization schedule.

The estimate below outlines the original total FSRA*Forward* investments through FY2026-27 and provides a breakdown of how these costs are expected to be recovered from sectors through budget common allocations.

($M)	LTD actual (prior to FY2025-26)	Projection FY2025-26	Budget FY2026-27	Plan				Total
				FY2027-28	FY2028-29	FY2029-30	FY2030-31	
Project expenditure	30.6	3.4	8.4	-	-	-	-	42.4
Recovery from sector	18.1	5.3	6.0	5.2	3.7	2.4	1.7	42.4

In FY2026-27, FSRA will continue its multi-year initiative to modernize outdated software and systems, such as licensing renewal platforms, and develop new digital infrastructure. The objective is to create innovative tools and enhance data collection, enabling stakeholders to better meet their business needs while allowing FSRA staff to manage work more efficiently. These improvements will also make it easier for consumers to access information about financial services providers. As of January 1, 2026, the Board approved additional $50.0 million, bringing the total budget to $99.7 million.

The following projects are undertaken within FSRA*Forward* framework:

- MCBS - Total project cost: $48.5 million, to be recovered from impacted sectors, including Mortgage Brokering, L&H Conduct, HSP, P&C Conduct, Managing General Agents, Loans and Trusts, and FP&FA, over 15 years starting FY2027-28. Once fully implemented, this project will add approximately $1.5 million in FY2027-28 and $6.6 million annually from FY2028-29 onward to operating costs for these sectors.

- P&C - Auto Transformation - Total project cost: $13.2 million, $5.9 million of the total cost is attributed to the initial FSRA*Forward* project scope and will be recovered from all regulated sectors through the common budget allocation methodology. The remaining $7.3 million will be specifically recovered from the P&C - Auto sector over a 15-year cost recovery schedule, beginning in FY2026-27. Once the project is fully implemented, it will introduce additional recurring operating costs for the P&C - Auto sector of approximately $0.8 million in FY2027-28 and $1.3 million annually starting in FY2028-29.

- CETS / MCCIMMS - Total project cost: $1.5 million, to be fully recovered from Credit Unions, L&H Conduct, P&C - Auto, and P&C Conduct sectors in FY2027-28.

In addition to FSRA*Forward*, FSRA is launching the following projects, each with long-term financial impacts:

- MGA Sector Launch - Total start-up cost: $9.6 million, the final fee structure and recovery methodology for MGA have not yet been fully determined or approved. Once fully onboarded in FY2028-29, annual operating costs are expected to be approximately $3.1 million (including common costs). The MGA framework, including cost recovery schedule, remains subject to further consultation and approval.

- Fraud Reporting Service - Total project cost: $2.0 million, to be recovered from the P&C - Auto sector over 5 years starting FY2026-27. Once implemented, this service will add approximately $0.8 million annually starting FY2027-28 to operating costs for the sector.

Cash flow

The following chart illustrates FSRA's cash flow through FY2028-29.

($000's)	FY2026-27 proposed budget	FY2027-28 plan	FY2028-29 plan
Cash inflow from operations	$ 2,593	$ 6,023	$9,518
Operating investments	(35,945)	(26,899)	(593)
Capital investments	(1,400)	(1,130)	(1,130)
	(37,345)	(28,029)	(1,723)
Net increase / (decrease) in borrowing	(3,678)	(3,678)	(3,678)
Net redemption / (purchase) of investment	34,040	25,275	-
Net decrease in cash flows	**(4,390)**	**(409)**	**4,117**
Cash balance – beginning of year	14,390	10,000	9,591
Cash balance – end of year	**$ 10,000**	**$ 9,591**	**$ 13,708**

The ending cash balances above reflect the collection of fees in advance of the start of the next fiscal year (in some instances fees for a fiscal year are collected in February / March before the start of the fiscal year).

Operating reserve

FSRA maintains an operating reserve that may be used to respond to unforeseen events or circumstances. As per Fee Rule 2022-001, the amount is not to exceed 5% of the total budgeted costs for a given assessment period. For FY2026-27 the amount is maintained at $5 million or 3.8% of the total costs.

Appendix A: Service Standards

Sector	Service	Standard	Target %
Auto	Filing	Percentage of Private Passenger Auto (PPA) Standard filings reviewed, and decision made within 25 business days, while under FSRA review.	90%
	Filing	Percentage of non-PPA Minor filings reviewed and decision made within 25 business days, while under FSRA review.	85%
	Filing	Percentage of Major rate filings reviewed, and decision made within 45 business days, while under FSRA review.	90%
	Filing	Percentage of Underwriting Rules, Endorsement and Form Filings reviewed, and decision made within 30 business days, while under FSRA review.	80%
Credit Unions	Regulatory approvals	Requests for certificates processed within three days of receipt of all required information.	90%
	Regulatory approvals	All Credit Union regulatory applications processed within 30 days after all required information received.	90%
	Regulatory approvals	All complex credit union regulatory applications processed within 60 days after all required information received.	90%
	Regulatory approvals	All insurance prudential regulatory applications processed within 45 days after all required information received.	90%
	Member/ public inquiries	Telephone and email inquiries responded to or acknowledged within one business day.	90%
	Supervisory assessments	Supervisory letter (interim supervisory letter) issued to the Credit Union within 60 business days after completed assessment.	65%
	Supervisory assessments (Ontario incorporated insurance companies and reciprocals)	Supervisory letter (interim supervisory letter) issued to the insurer within 60 business days after completed assessment.	65%

Sector	Service	Standard	Target %
Pensions	Inquiries	Inquiries will be responded to within 45 business days.	90%
	Application	Defined Benefit Plan wind-up applications will be reviewed, and a decision will be made within 120 business days.	80%
	Application	Defined Contribution plan wind-up applications will be reviewed, and a decision will be made within 90 business days.	90%
	Application	Defined Benefit Asset Transfers applications will be reviewed, and a decision made within 120 business days.	80%
	Application	Defined Contribution Asset Transfers applications will be reviewed, and a decision made within 90 business days.	80%
Public Affairs	Inquiry (telephone)	We will respond to general questions when calls are received. Complex questions and complaints will be forwarded to the appropriate area to log, investigate, and respond.	90%
	Telephone inquiries (voicemail)	Calls that are received through voicemail will be acknowledged within one business day.	90%
	Inquiry (email)	Emails received through the Contact Centre will be acknowledged within one business day and a response sent within three business days. For complex matters, we may request additional information, and these requests may take longer for a formal response.	90%
FSRA total	Complaints	FSRA will acknowledge complaints in writing within three business days of receipt provided that the reply information is available.	90%
	Complaints	FSRA will acknowledge complaints made against FSRA in writing within three business days of receipt provided that the reply information is available.	90%
	Complaints	FSRA will resolve complaints made against FSRA within 30 business days.	80%

Sector	Service	Standard	Target %
Life Insurance, Auto, Health Service Provider (HSP), Mortgage Brokers, Credit Unions, Loan & Trust, Non-Auto Insurance, Title Protection	Complaints	Within 90 days, complaints received by FSRA will be assessed and actioned for a range of possible outcomes inclusive of escalation to other areas of FSRA, transfer to third party dispute organizations, warning letters and closed with no action.	80%
Insurance Agents, Corporate Life & Health Agents, Corporate P&C Insurance Agents, Mortgage Agents & Brokers, Health Service Providers	Licensing	Within 20 business days, applications for a new licence or renewal (or licence change request) will be reviewed and approved.	75%

Appendix B: Key Performance Indicators

Strategic Framework initiative	Indicator	What does this indicate?
1.1 – Build resilient, modern processes and internal systems (tools and technology) to enable data driven decisions and seamless interactions	a) New licensing applications approved without manual processing	Progress in leveraging automation to streamline licensing processes and reduce manual workload
	b) Total processing time for all licensing applications	Operational efficiency in delivering licensing decisions
	c) Targets met for Service Standards (see Appendix A)	The delivery of quality services that satisfy the expectations of stakeholders
1.2 – Drive a more connected culture that fosters an enterprise mindset while orienting staff around accountability and execution	a) Internal alignment towards enterprise-wide objectives	Employees are connected through a shared purpose and alignment of individual goals with organizational objectives
1.3 – Develop purposeful cross-sector integration with approaches that leverage FSRA's collective expertise	a) Information exchanged and used effectively across FSRA	Employees can access information from across the organization leading to better integration and shared expertise
	b) Centres of Excellence established	FSRA is committed to developing and promoting best practices, standards, and expertise across the organization
1.4 – Evolve FSRA's operations to support the strategic direction with an emphasis on cost-efficiency and long-term sustainability	a) Alignment between budgeted expenditures and actuals, with an emphasis on identifying and implementing cost-saving efficiencies	FSRA operates with fiscal discipline, in a cost-effective and sustainable manner
2.1 – Develop and implement a decision-making framework that consistently defines how FSRA will apply principles-based, proportional, risk-based, and outcomes-focused regulation	a) Successful development and implementation of the decision-making framework	Organization has a consistent approach to applying PBR
2.2 – Effectively exercise judgement, including in the application of supervisory tools	a) Proportion of staff with PBR training	Organization's capability to apply PBR
	b) Development of outcome metrics to assess success against FSRA's mandate and adoption into supervision of sectors	Progress in assessing supervisory effectiveness against outcomes tied to FSRA's mandate

Strategic Framework initiative	Indicator	What does this indicate?
2.3 – Educate and engage stakeholders to motivate achievement of intended outcomes	a) Stakeholders’ understanding of principles-based regulation	Stakeholders understand how to demonstrate they have achieved intended outcomes
3.1 – Ensure effective alignment with government priorities and objectives	a) Alignment with government expectations and priorities	FSRA can demonstrate how deliverables link back to the Letter of Direction, as well as broader government expectations and priorities
3.2 – Develop and implement a FSRA-wide stakeholder engagement strategy to cultivate relationships with key stakeholders and allow for collaborative problem-solving	a) Stakeholders and the public trust FSRA	FSRA’s ability to maintain strong stakeholder relationships
3.3 – Refine and strengthen FSRA’s external perception by communicating the organization’s impact and regulatory approaches with stakeholders and the public	a) Stakeholders and the public have a positive perception of FSRA	FSRA is perceived as credible and effective by stakeholders and the public

Appendix C: FSRA Stakeholder Engagement Committees

In addition to sector based advisory committees, FSRA has a Consumer Advisory Panel to provide advice from a consumer perspective on policy and regulatory matters.

Sector	Stakeholder Advisory Committees ("SACs")	Technical Advisory Committees ("TACs")
Property and Casualty (P&C) / Auto Insurance	Property and Casualty (P&C) Insurance Auto Insurance and Health Service Providers	Technical Advisory Committee for Auto Rates and Underwriting Regulation Reform Technical Advisory Committee for Auto Insurance Fraud Non-Auto Property and Casualty Insurance Technical Advisory Committee
Credit Unions / Insurance Prudential	Credit Unions	Technical Advisory Committee for Credit Union Policy Initiatives Technical Advisory Committee for Deposit Insurance Reserve Fund (DIRF) Technical Advisory Committee for Insurance Prudential Regulation and Supervision
Life and Health Insurance	Life and Health Insurance	Technical Advisory Committee on Insurer Oversight of Managing General Agencies Technical Advisory Committee on Segregated Funds
Mortgage Brokering	Mortgage Brokering	Technical Advisory Committee for Mortgage Brokering
Pensions	Pensions	Technical Advisory Committee for Defined Benefit Single Employer Plans Technical Advisory Committee for Defined Contribution Plans Technical Advisory Committee for Multi-Employer Pension Plans Technical Advisory Committee for Public Sector Pension Plans
Financial Planners and Financial Advisors	Financial Planners and Financial Advisors	N/A

FSRA is also piloting leadership roundtables to enhance senior leadership sector input and decision making. This pilot will complement, not replace, FSRA's stakeholder advisory committees and will help strengthen FSRA's understanding of the sectors and its stakeholders.

Appendix D: Financial assumptions

- Comparable figures are based on the April 1, 2025 – March 31, 2026 budget approved by the FSRA Board and used to charge FY2025-26 fee assessments.

- FSRA regulates Health Service Providers as part of its Auto Insurance regulatory activities. Any revenue under recovery/overage from Health Service Providers is charged/credited to the variable fee assessment for Auto Insurance Product sector.

- Life & Health Conduct for Life and Health insurance agents is a fixed fee sub-sector. Any cost overage/underage will be charged to life insurers as a variable sub-sector.

- Managing General Agents ("MGA") is considered part of the Life & Health Insurance sector, but its costs are reported separately to ensure transparency, as these expenses will ultimately be recovered from this sector once regulation commences and an appropriate fee rule is established. Costs are currently being accrued and deferred until the launch to ensure that other sectors do not bear the financial burden of the MGA during the establishment of the regime.

- Any common cost over- or under-contribution in the Mortgage Brokers sector will be proportionately applied to other sectors.

- FSRA will recover expenses for its review of Co-op offering statements.

- FSRA and the Union are currently engaged in collective bargaining negotiations. The Across-the-Board ("ATB") assumption is based on the existing Ontario Public Service ("OPS") Collective Agreement.

- The budget plan is prepared on a non-PSAS reporting basis to show how costs will be allocated across sectors for recovery purposes. The objective is to provide stakeholders with clear visibility into costs and recovery timing, rather than to comply with external accounting standards. For example, FSRA*Forward* operating investments planned during the budget year are scheduled to be recovered over five years from the sectors, rather than being fully expensed in the year under PSAS to better align costs and benefits.

Appendix E: FSRA's major risks

Legend: ↑ Improving ↔ Stable ↓ Deteriorating

Risk title	Risk rating	YoY trend[21]	Mitigation
Business Technology Transformation Risk and Legacy Systems Risk: Risk associated with Business Technology Transformation and risk associated with the legacy system that we are modernizing	High	↔	FSRA has strengthened FSRA*Forward* governance and control by embedding risk management and audit in the governance framework. The program uses standardized risk assessments that are reviewed by management's Risk Management Committee and Business Transformation Committee of the board. FSRA's Internal Audit function conducts independent assessments of FSRA*Forward*. These assessments include program health checks; lessons learned from earlier procurement shortcomings; project management capabilities; reviews of financial controls; and examinations of overall program governance and control. Audit observations are tracked in FSRA's Governance, Risk and Compliance ("GRC") system. In response to one recommendation, FSRA has transitioned the technology transformation (previously led solely by IT) into a Business Technology Transformation program – a multi-departmental effort led by the relevant program area. FSRA applies the privacy-by-design and security-by-design principles across its business transformation activities. Privacy and security considerations are embedded early in the development process through active participation risk management, cybersecurity and privacy representatives. FSRA also has a series of controls in place to mitigate risks associated with its existing systems. These compensating controls include IT service management, a vulnerability management program, a disaster recovery plan and regular data backups.

[21] Year-over-year trend

Risk title	Risk rating	YoY trend[21]	Mitigation
Macroeconomic & Systemic • Risk in the regulated sectors arising from the dynamic geopolitical and macroeconomic conditions may threaten the financial soundness and stability of entities in FSRA's regulated sectors.	Medium-High	↓	FSRA continues to monitor the impact of the geopolitical environment, tariffs, trade tensions and broader economic uncertainties through internal management committees and the Statutory Fund Advisory Committee of the board. FSRA is also enhancing its stress-testing and scenario analysis capabilities to reflect evolving conditions. FSRA has intensified supervisory activities in sectors with significant exposure to industries affected by tariffs, ensuring supervision remains commensurate with elevated risks. In addition, FSRA is advancing risk-based supervision, and promoting effective governance and risk management within its regulated sectors. These efforts support sector resilience, helping entities navigate challenges and capitalize on emerging opportunities. FSRA will also continue its participation in the Systemic Risk Surveillance Committee ("SRSC") with the Bank of Canada, the federal Department of Finance, the Office of the Superintendent of Financial institutions ("OSFI") and other financial regulators.
Cybersecurity • Risk that FSRA's systems are breached or compromised, leading to the theft of information and/or impairing FSRA's ability to sustain its operations.	Medium-High	↔ [22]	FSRA has implemented a comprehensive cybersecurity program that is regularly assessed using the National Institute of Standards & Technology Cybersecurity Framework ("NIST CSF") and Security Scorecard regularly. FSRA maintains a broad suite of cybersecurity controls, including a Security Incident and Event Management solution, Data Loss Prevention solution, Endpoint Detection & Response, Privilege Access Management, Vulnerability Management, Identity Threat Prevention, a cyberthreat intelligence program and identity protection services. FSRA has developed a Cybersecurity Policy, an Acceptable Use of I&IT Resources Policy, an Information Sensitivity Classification Policy and a series of supporting standards, such as the Cloud Security Standard, to further strengthen its security posture. Although FSRA's internal controls remain resilient, public-sector organizations continue to face heightened external cybersecurity threats. FSRA remains committed to continuous improvement and adaptation to ensure the integrity of its infrastructure.

Risk title	Risk rating	YoY trend[21]	Mitigation
Financial stability structures for Credit Unions (emergency liquidity, financial assistance and payout) • Risk that financial stability structures in place will not be adequate or capable for credit unions in times of crisis.	Medium-High	↔	The $2 billion line of credit with the Ontario Financing Authority was renewed in November 2025 (expiring December 19, 2026) to provide emergency liquidity to viable credit unions under short-term liquidity stress. FSRA continues to reduce risk through assessments under the Risk-Based Supervisory Framework for Credit Unions (“RBSF-CU”) which help limit the likelihood and severity of draws on existing financial stability structures. FSRA’s in-house stress-testing capabilities are used to assess the adequacy of stability structures and the sector’s needs under varying conditions. A rule defining “eligible financial contracts” is under development to support enhanced resolution powers under the *Credit Unions and Caisses Populaires Act, 2020*. FSRA is also working with the Ministry of Finance to improve credit unions' access to Bank of Canada alternative emergency liquidity through the Emergency Lending Assistance and Short-Term Liquidity Facility during idiosyncratic and systemic stress to reduce the likelihood of disruptions in credit union operations and services to members.
MGA Regime Timeline Risk: • Risk that FSRA fails to launch the Life & Health Managing General Agent (MGA) regime by June 1st, 2026, as per the MOF’s direction	Medium-High	New	Launching the MGA Regime Requires: 1. Finalization of the MGA Policy Rule and the FSRA Fee Rule Amendment 2. Delivery of the MGA Licensing Solution FSRA launched intelligence questionnaire to understand MGA landscape in Ontario. FSRA maintains regular touchpoints with the Ministry of Finance and industry stakeholders to ensure comments and questions are addressed promptly before Rule finalization.

Risk title	Risk rating	YoY trend[21]	Mitigation
Human Capital & Cultural Transformation • Risk: Cultural transformation may challenge FSRA's ability to maintain efficient day-to-day regulation with limited resources.	Medium	↔	FSRA's strategic priorities include three pillars related to technology transformation, embrace principles-based oversight and collaborative partnership. FSRA recognizes the importance of employee engagement in achieving cultural change. To support cultural transformation, a range of HR initiatives are being implemented to reinforce a culture of engagement and inclusiveness. FSRA continues to implement government-wide directives, including the Agency Hiring Freeze Framework and the Return-to-Office Directive. FSRA uses *FSRA Voices* as a key mechanism for monitoring engagement and organizational culture. The HR Strategic Plan outlines activities that support culture advancement, investment in talent, strong foundations and the implementation of the Human Capital Plan. FSRA also measures and publishes performance against service standards as part of its commitment to transparency and accountability.
Operational Resilience • Risk: Service disruption resulting from cybersecurity incidents, physical disasters or systemic events may impact FSRA's ability to deliver its mandate.	Medium	↔	FSRA continues to monitor potential service-disruption risk and applies lessons learned from previous audit findings and incidents. In 2023, FSRA established a deficiency management program that tracks all the deficiencies identified by the Office of Auditor General of Ontario, Internal Audit, Annual Certificate of Assurance ("COA") exceptions, Privacy Impact Assessments and operational incidents or near misses in a central repository. FSRA continues to strengthen its multi-departmental Security Incident Response Team and Privacy Breach Response Team processes. Root-cause analyses and management action plans are tracked in FSRA's system. Operational resilience is further supported by FSRA's Business Continuity Management Policy, Crisis Management Guideline and detailed playbooks. A BCM software tool has been implemented to manage business impact assessments, continuity plans and playbooks. FSRA also delivers regular training and awareness initiatives, including the Risk Management Education Hub and cybersecurity communications. FSRA complies with the Responsible Use of AI Directive, which includes AI risk management requirements and disclosure of use cases. (See page 29)

Risk title	Risk rating	YoY trend[21]	Mitigation
Privacy • Risk: Personal information may be improperly accessed, disclosed or handled, creating non-compliance with the Freedom of Information and Protection of Privacy Act ("FIPPA").	Medium	↔	FSRA's Corporate Policy on the Protection of Personal Information provides guidance on handling and protecting personal information within FSRA's custody. Privacy Impact Assessments are conducted for new or updated initiatives that involve personal information. Regular communications and resources on privacy best practices help strengthen staff awareness. FSRA's Privacy Breach Response Policy outlines the steps required to manage privacy breach incidents.
Insufficient Deposit Insurance Reserve Fund ("DIRF") • Risk: The Deposit Insurance Reserve Fund may be insufficient if one or more credit unions become insolvent.	Medium	↑	The DIRF is funded through premiums paid by credit unions based on their level of insured deposits, capital levels and corporate governance scores determined through the risk-based supervisory process. FSRA's Statutory Funds Advisory Committee, a sub-committee of the board, oversees the DIRF. FSRA has developed in-house modelling and conducts stress testing analysis with available data to assess DIRF adequacy. Annual DIRF adequacy assessment is completed to determine the appropriate size of the DIRF to support funding requirements under stressed conditions. The 2025 DIRF adequacy assessment results using stochastic modelling confirmed the results of the 2024 assessment to increase the DIRF target from 100 bps to 120 bps. The projected growth in the DIRF through the collection of deposit insurance premiums (under the current methodology) and investment income on the DIRF are expected to be sufficient to reach the 120 bps target during this timeframe. FSRA is enhancing data collection through the Enhanced Data Collection ("EDC") initiative, which provides more granular data to support, instrument-level data stress testing under diverse scenarios and applications, including Tariff Impact and DIRF adequacy assessments.

Risk title	Risk rating	YoY trend[21]	Mitigation
Insufficient Pension Benefits Guarantee Fund ("PBGF") • Risk: The PBGF may be insufficient to cover plan shortfalls in the event of plan sponsor insolvency.	Low	⟷	The PBGF is funded through premiums paid by pension plan sponsors based on plan membership and solvency funding requirements. The guarantee is limited to the assets of the fund. FSRA promotes good risk management and governance for the PBGF, including quarterly stochastic modelling and stress testing, conservative margins, an appropriate investment strategy, and ongoing assessment of the plans' ability to absorb fluctuations in funding costs. FSRA's PBGF Risk Appetite Statement is reviewed quarterly to ensure tolerance levels remain appropriate. The CEO of FSRA may manage large outflows from the PBGF by delaying annuity purchases for up to 10 years, mitigating financial risks arising from significant claims. To support transparency, FSRA publishes an annual PBGF's report and continues to advance its predictive analysis while monitoring the long-term sustainability of the fund on a quarterly basis.

Appendix F: Public marketing campaigns

Campaign	Objective	Audience	Anticipated outcomes	How FSRA will measure success
Pension Awareness Day	Increase awareness among Ontarians about retirement planning and the role of workplace pensions in financial security.	Ontarians (by age/geography), pension plan members, employers, plan administrators.	Improved public understanding of pensions; Increased engagement with FSRA pension resources; Strengthened FSRA visibility as a trusted pension regulator.	Website traffic to pension education pages; Social media engagement and reach; Survey-based comprehension indicators; Media coverage volume and sentiment.
Fraud Reporting Service (“FRS”) Launch	Increase public reporting of suspected auto insurance fraud and awareness of FSRA’s new Fraud Reporting Service.	Insurance industry, general public.	Increased submissions through FRS; Greater public awareness of fraud risks; Establish baseline fraud data for long-term reduction; Enhanced industry readiness and compliance.	Number of reports submitted; Public awareness metrics (surveys, engagement); Media coverage reach/sentiment; Sector adoption indicators; Quality/usability of fraud trend analysis.
New MGA Licensing Class	Support introduction of FSRA’s new MGA licensing class by educating the sector and enhancing consumer protection.	Agents, brokers, MGAs, insurers; consumers (indirectly).	Smooth transition to new licensing framework; Increased sector understanding of obligations; Consistent implementation across insurers/MGAs; Reduced consumer risk through improved oversight.	Attendance and engagement in MGA education sessions; Licensing transition completion rates; Sector readiness surveys; Reduced consumer complaints or process errors; Media sentiment analysis.
Helping Ontarians Understand FSRA	Increase public understanding of FSRA’s role as Ontario’s financial services regulator, emphasizing consumer protection and oversight.	Ontarians, vulnerable consumers, multicultural communities, community organizations, general public.	Improved consumer understanding of FSRA’s mandate; Increased public trust in FSRA; Greater use of FSRA’s educational resources; Increased engagement from previously unaware communities.	Traffic and engagement on consumer-facing pages; Reach and engagement across social/multimedia platforms; Awareness indicators from consumer research; Uptake of education materials/tools; Volume and quality of consumer inquiries.

FSRA Financial Services Regulatory Authority of Ontario

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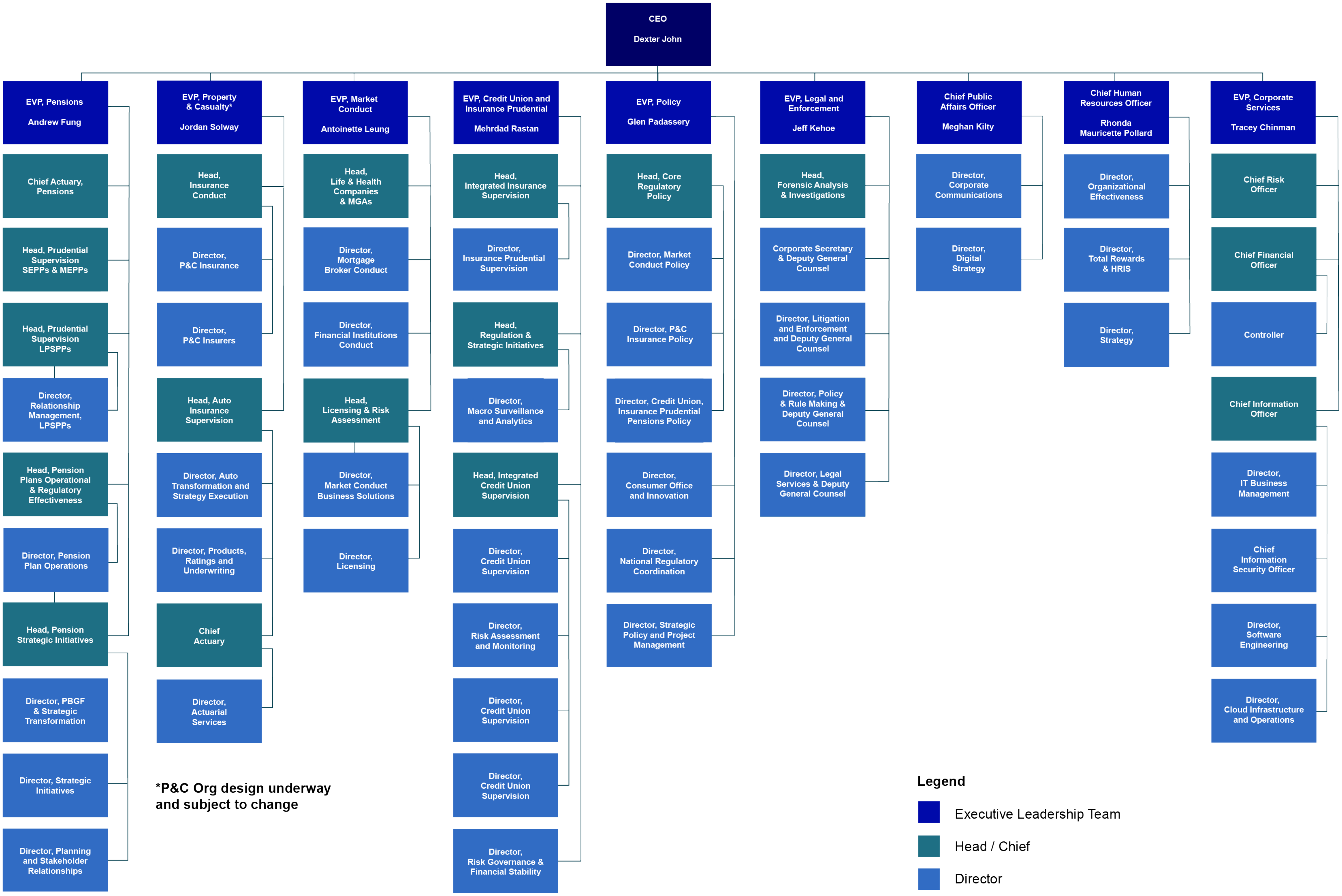
Appendix G: Organizational chart



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