

Memorandum of Understanding
Between
Minister of Finance
and
Financial Services Regulatory Authority of Ontario

July 2023

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1. Purpose

- a. The purpose of this memorandum of understanding (MOU) is to:
 - Establish the accountability relationships between the Minister of Finance and the Financial Services Regulatory Authority of Ontario (the “Authority”), through its Board of Directors and Chair;
 - Clarify the roles and responsibilities of the Minister of Finance, the Chair of the Authority, the Board of Directors of the Authority, the Deputy Minister of Finance, and the Chief Executive Officer of the Authority;
 - Clarify the operational, administrative, financial, staffing, auditing and reporting arrangements between the Authority and the Ministry of Finance that support the accountability requirements within a framework which recognizes that the Authority or the Chief Executive Officer of the Authority as applicable makes independent regulatory decisions; and
 - Recognize that the Authority, as a Board-governed agency, has the authority to make independent operating decisions (including investigations, prosecutions, licensing, rate-approval etc.) and that its Board is a governing board.
- b. This MOU should be read together with the *Financial Services Regulatory Authority of Ontario Act, 2016* (the “Act”) and the Related Statues. This MOU does not affect, modify or limit the powers of the authority as set out under the any act, or interfere with the responsibilities of any of its parties as established by law. In case of a conflict between this MOU and any act or regulation, the act or regulation prevails.
- c. This MOU replaces the memorandum of understanding between the parties dated December 16, 2021.

2. Definitions

In this MOU:

- a. “AAD” means the Treasury Board/Management Board of Cabinet Agencies & Appointments Directive;
- b. “Act” means *Financial Services Regulatory Authority of Ontario Act, 2016, S.O. 2016, c. 37, Sched. 8*, as amended, and the regulations thereunder, that governs the Authority;
- c. “Annual Business Plan” means the annual business plan described under article 10.1 of this MOU.
- d. “Annual Report” means the annual report referred to in article 10.2 of this MOU. “Authority” or “provincial Authority” means Financial Services Regulatory Authority of Ontario (FSRA) as defined in the Act.
- e. “Applicable Government Directives” means the government directives, policies, standards and guidelines that apply to the Authority, as may be amended or replaced from time to time, which are listed in Appendix 3 to this MOU.

- f. "Appointee" means a member appointed to the Authority by the Lieutenant Governor in Council, but does not mean an individual employed or appointed by the Authority as staff;
- g. "Authority" means the Financial Services Regulatory Authority of Ontario as defined in the Act;
- h. "Board" means the Board of directors of the Authority
- i. "CEO" means the chief executive officer of the Authority as defined in the Act;
- j. "Chair" means the Director designated as Chair of the Authority by the Lieutenant Governor in Council;
- k. "CRF" means the Consolidated Revenue Fund;
- l. "Director" means a member of the Board;
- m. "Deputy Minister" means the Deputy Minister of the Ministry of Finance;
- n. "DIRF" means the Deposit Insurance Reserve Fund;
- o. "Executive Council Act" means the *Executive Council Act*, R.S.O. 1990, c. E. 25, as amended;
- p. "Fees" means fees, levies, sector assessments and other charges as may be established by a rule of the Authority;
- q. "FIPPA" means the *Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c.F.31, as amended.
- r. "Fiscal Year" means the 12 months' financial reporting period beginning April 1 and ending March 31 of the following year;
- s. "Government" means the Government of Ontario;
- t. "MBC" means the Management Board of Cabinet;
- u. "Minister" means the Minister of Finance or such other person who may be designated from time to time as the responsible Minister in relation to this MOU in accordance with the *Executive Council Act*, R.S.O. 1990, c.E.25, as amended;
- v. "Minister of Finance" means the Minister of Finance or such other person who may be designated from time to time under the Executive Council Act;
- w. "Ministry" means the Ministry of Finance or any successor to the Ministry;
- x. "MOU" means this memorandum of understanding signed by the Minister and the Chair;
- y. "MVACF" means the Motor Vehicle Accident Claims Fund;
- z. "Parties" means the parties to this MOU;
- aa. "PBGF" means the Pension Benefits Guarantee Fund;
- bb. "President of the Treasury Board" means this President of the Treasury Board of such other person who may be designated from time to time under the Executive Council Act;

- cc. "Province" means the Province of Ontario;
- dd. "PSC" means the Public Service Commission;
- ee. "PSOA" means the *Public Service of Ontario Act, 2006*, S.O. 2006, c. 35, Sched. A, as amended;
- ff. "Regulated Sectors" means the regulated sectors defined in the Act;
- gg. "Related Statutes" means the statutes, and the regulations thereunder, that confer powers and duties on the Authority or the CEO, including the *Credit Unions and Caisses Populaires Act, 1994*, the *Insurance Act*, the *Loan and Trust Corporations Act*, the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, the *Pension Benefits Act*, the *Pooled Registered Pension Plans Act, 2015*, any legislation that may be prescribed under section 1 of the Act and any additional statutes that may be listed in Appendix 2 to this MOU;
- hh. "TBS" means the Treasury Board Secretariat;
- ii. "TB/MBC" means the Treasury Board/Management Board of Cabinet;
- jj. "Tribunal" means the Financial Services Tribunal as defined in the Act.

3. Authority's Legal Authority and Mandate

- a. The legal authority of the Authority is set out in the Act.
- b. The Authority exercises powers and authority under the Act, the Related Statutes and any applicable regulations.
- c. The objects of the Authority as set out in section 3 of the Act establish the Authority's statutory mandate.

4. Authority Type and Public Body Status

- a. The Authority is designated as a Board governed provincial Authority under the Agencies and Appointments Directive.
- b. The Authority is prescribed as a public body in accordance with Ontario Regulation 146/10 under the *Public Service of Ontario Act, 2006*.

5. Corporate Status and Crown Authority Status

- a. The Authority is a statutory corporation without share capital governed by a Board of directors whose members are appointed by the Lieutenant Governor in Council.

- b. The Authority has the capacity, rights, power and privileges of a natural person for carrying out its objects, subject to the limitations placed upon it under the Act.
- c. The Authority is an agency of the Crown in right of Ontario as specified in the Act and is a Crown agency within the meaning of the *Crown Agency Act*.
- d. The Authority is not subject to the *Business Corporations Act*, the *Corporations Act*, or the *Corporations Information Act*, except as otherwise provided in the Act.

6. Guiding Principles

The parties agree to the follow principles:

- a. The Minister recognizes that the Authority exercises powers and performs duties in accordance with its legal mandate under the Act and the Related Statutes.
- b. The regulatory decision-making and decisions of the Authority and the CEO must be made and be seen by the public and by the Regulated Sectors to be made in an independent and impartial manner.
- c. The Authority shall operate as an arm's-length agency of the Government.
- d. The Parties acknowledge and agree:
 - i. The Government, through the Ministry, is responsible for setting the policy direction for the regulation of the Regulated Sectors in Ontario and for the legislative framework implementing such policy;
 - ii. The Authority plays a meaningful role in informing the Government and contributing to policy and programs development for the regulation of the Regulated Sectors in Ontario, as well as in the implementation of those policies; and
 - iii. Ministry and Authority staff will participate in working groups as appropriate and will schedule work in progress meetings on a regular basis.
- e. The Board acknowledge that it is accountable, through the Minister, to the Legislative Assembly in exercising its mandate. Accountability is a fundamental principle to be observed in the management, administration and operations of the Authority.
- f. As an agency of the Government, the Authority conducts itself according to the management principles of the Government. These principles include ethical behaviour; prudent, effective and lawful use of public resources; fairness; high quality service to the public; and openness and transparency to the extent allowed under the law.
- g. The Minister, the Chair, the CEO and the Board are committed to a strong Authority that is empowered to fulfill its statutory mandate efficiently and effectively. They share the goal of establishing and maintaining a co-operative relationship that facilitates the efficient administration of the Authority and fulfillment of its statutory mandate.

- h. The Authority and the Ministry agree to avoid duplication of services wherever possible.
- i. The Authority and the Ministry recognize that the timely exchange of information and effective consultation are essential to discharging their respective responsibilities.
- j. The Authority and the Ministry will work together in a mutually respectful manner.

7. Accountability Relationships

7.1 MINISTER

The Minister is accountable:

- a. To Cabinet, its committees and the Legislative Assembly for the Authority's fulfilment of its mandate and its compliance with government policies, and for reporting to the Legislative Assembly on the Authority's affairs;
- b. For reporting and responding to Treasury Board/Management Board of Cabinet on the Authority's performance and compliance with government's applicable directives and operational policies; and
- c. To the Cabinet for the performance of the Authority and its compliance with the applicable directives, government's operational policies and broad policy directions.

7.2 CHAIR

The Chair is accountable to the Minister:

- a. For reporting to the Minister, as requested, on the Authority's activities;
- b. For the Authority's performance in fulfilling its mandate, and for carrying out the roles and responsibilities assigned to the Chair by the Act, this MOU, and applicable TB/MBC, PSC and government directives;
- c. For ensuring timely communications with the Minister regarding any issue that can reasonably be expected to affect the Minister's responsibilities for the Authority;
- d. Confirming the Authority's compliance with legislation, directives, and accounting and financial policies.

7.3 BOARD OF DIRECTORS / COMMISSION

The Board is accountable, through the Chair, to the Minister:

- a. For the oversight and governance of the Authority;
- b. For oversight of the goals, objectives and strategic directions for the Authority to achieve its mandate;

- c. For the oversight of the Authority's performance in fulfilling its mandate and adhering to its statutory mandate; and
- d. For carrying out the roles and responsibilities assigned to the Board by the Act and the Related Statutes, the Authority's by-laws, this MOU and Applicable Directives.

7.4 DEPUTY MINISTER

The Deputy Minister is accountable:

- a. To the Secretary of the Cabinet and the Minister for the performance of the Ministry in providing administrative and organizational support to the Authority, if any, and for carrying out the roles and responsibilities assigned by the Minister, the Act, this MOU, and applicable TB/MBC, PSC and government directives; and
- b. For attesting to TB/MBC on the Authority's compliance with applicable TB/MBC directives.

7.5 CHIEF EXECUTIVE OFFICER

The CEO is accountable to the Board:

- a. For the management and administration of the Authority, the supervision of Authority employees, and carrying out the roles and responsibilities assigned to the CEO or the Authority by the Board, the Act and the Related Statutes, regulations and rules thereunder, this MOU and Applicable Directives;
- b. For working under the supervision of the Board when managing the Authority's affairs; and
- c. For reporting the Authority's performance results to the Board.

8. Roles and Responsibilities

8.1 MINISTER

The Minister is responsible for:

- a. Reporting and responding to Cabinet, its committees and the Legislative Assembly on the affairs of the Authority;
- b. Reporting and responding to TB/MBC on the Authority's performance and compliance with applicable TB/MBC directives, the government's operational policies and policy directions;
- c. Reviewing the advice or recommendation of the Chair on candidates for appointment or re-appointment to the Board;

- d. Making recommendations to Cabinet and the Lieutenant Governor in Council for appointments and reappointments to the Authority, pursuant to the process for Authority appointments established by legislation and/or by MBC through the AAD;
- e. When appropriate or necessary, taking action or directing that the Authority take corrective action with respect to the Authority's administration or operations;
- f. Determining at any time the need for a review or audit of the Authority, directing the Chair to undertake reviews of the Authority on a periodic basis, and recommending to TB/MBC any change(s) to the governance or administration of the Authority resulting from any such review or audit;
- g. Recommending to TB/MBC, where required, the merger, any change to the mandate, or dissolution of the Authority;
- h. Recommending to TB/MBC the powers to be given to, or revoked from, the Authority when a change to the Authority's mandate is being proposed;
- i. Reviewing a by-law or rule proposed by the Authority and approving the by-law or rule, rejecting it or returning it to the Authority for further consideration;
- j. For receiving and reviewing the Authority's annual report and approving the report within 60 calendar days of receiving it;
- k. For tabling the annual report within 30 calendar days of approving it;
- l. For ensuring that the Authority's annual report is made available to the public after it is tabled and within 30 calendar days of approving it.
- m. Receiving, reviewing and approving the Authority's annual business plan.
- n. Receiving, reviewing and approving the Authority's annual statement of priorities;
- o. Outlines the high-level expectations, key commitments and performance priorities for the Authority at the beginning of the annual business planning cycle through the Authority mandate letter;
- p. Requiring the Authority, in writing, to study and make recommendations in respect of any matter of a general nature under or affecting a statute, regulation or rule that governs a Regulated Sector and to consider making a rule in respect of a matter specified by the Minister, pursuant to section 27 of the Act, if and when applicable;
- q. Meeting with the Chair to discuss issues relating to the fulfilment of the Authority's mandate;
- r. Informing the Chair of the government's priorities and broad policy directions for the Authority.
- s. Consulting, as appropriate, with the Chair and CEO on significant new directions or when the government is considering regulatory or legislative changes for the Act and Related Statutes;
- t. Developing the MOU with the Authority, as well as any amendments to it, and

signing the MOU into effect after it has been signed by the Chair and the CEO; and

- u. Working with the Chair to ensure the Authority has appropriate measures and mechanisms related to the performance of the Authority in place.

8.2 CHAIR

The Chair is responsible for:

- a. Providing leadership to the Authority by working with the Board of directors to set the goals, objectives and strategic directions within its mandate;
- b. Providing leadership to the Authority's Board of directors and ensuring that the Board carries out its responsibilities for decisions regarding the Authority;
- c. Chairing Board meetings and the management of the agenda for Board meetings, by working with the Board and the CEO;
- d. Subject to the oversight and recommendations of the Board, monitoring the activities and performance of the Authority and reporting to the Minister as requested, within agreed upon timelines, including an annual letter confirming the Authority's compliance with all applicable legislation, directives, and accounting and financial policies;
- e. Informing the Minister, in a timely manner, of significant or contentious matters regarding the Authority that are likely to be of interest to the Minister in the exercise of his or her responsibilities, or that are likely to be raised in the legislature or the media. Such communications shall not include discussion or exchanging of confidential information about current, past or future cases or proceedings before the Authority, the CEO, the Tribunal or the courts;
- f. Providing orientation to Directors with regard to the statutory objects of the Authority, as well as Government public policy objectives and priorities;
- g. Ensuring that the Board is advised and informed, as appropriate, about any consultations or communications with the Minister or the Ministry;
- h. Keeping the Minister informed of upcoming appointment vacancies and communicating the recommendations of the Board on candidates for appointment or re-appointment to the Board;
- i. Complying with information requests made by the Minister or the Deputy Minister in a timely manner;
- j. Working with the CEO and the Board, developing the MOU with the Minister and with Board approval, signing the MOU on behalf of the Board;
- k. Submitting the Authority's business plan, budget, annual report and financial reports, on behalf of the Board, to the Minister in accordance with the timelines specified in the Act, Applicable Directives, and Appendix 1 of this MOU;

- l. Cooperating with any review or audit of the Authority directed by the Minister or TB/MBC; providing both the Minister and the President of Treasury Board with a copy of every audit report, a copy of the Authority's response to each report, and any recommendation in the report; and advising the Minister annually on any outstanding audit recommendations per direction of the Board;
- m. Reviewing and approving claims for per diems and travel expenses for Directors;
- n. Ensuring that conflict of interest rules that the Authority is required to follow, as set out in Ontario Regulation 381/07 under the PSOA, are in place for Appointees and employees of the Authority;
- o. Fulfilling the role of ethics executive for Appointees other than the Chair, promoting ethical conduct and ensuring that all Appointees are informed of their responsibilities under the PSOA and familiar with the ethical rules to which they are subject, including the rules on conflict of interest, political activity and protected disclosure of wrongdoing that apply to the Authority;
- p. Ensuring an appropriate framework for compliance with legislative and TB/MBC policy obligations is in place;
- q. Ensuring timely communications with the Minister regarding any issues or events that may reasonably be expected to concern the Minister in the exercise of the Minister's responsibilities relating to the Authority; and
- r. Consulting with the Minister in advance regarding any activity which may reasonably have an impact on the government and Ministry's policies, directives or procedures, or on the Authority's mandate, powers or responsibilities as set out in the Authority's constituting instrument.

8.3 BOARD OF DIRECTORS

The Board of directors is responsible for:

- a. Establishing the goals, objectives, and strategic directions for the Authority, in accordance with the Board's mandate as set out in the Act, this MOU, the Minister's agency mandate letter, and Government policies as appropriate;
- b. Overseeing the management of the affairs of the Authority so as to fulfil its mandate;
- c. Subject to the approval of the Minister and pursuant to the Act, making by-laws governing a variety of corporate matters;
- d. Supervising the affairs of the Authority within its mandate as set out in legislation, its approved business plan as described in section 10.1 of this MOU, and the policy parameters established and communicated in writing by the Minister.
- e. Overseeing the implementation of actions that support the goals, objectives and

strategic directions of the Authority;

- f. Directing the development of and approving the Authority's annual business plans for submission to the Minister within the timelines agreed upon with the Ministry or this MOU.
- g. Directing the preparation of, and approving, the Authority's Annual Reports for submission to the Minister for approval within the timelines established by the AAD;
- h. Monitoring the Authority's activities to ensure they are consistent with the Authority's Annual Business Plan and Board-approved budget;
- i. Supervising the CEO and Management to ensure that decisions are consistent with the business plan approved for the Authority and ensuring that the Authority operates within its approved budget and within all applicable legislation.
- j. Ensuring that the Authority has controls and processes in place to ensure the Authority uses funds with integrity and honesty, and only for the business of the Authority, based on the principle of value for money, and in compliance with applicable legislation and directives;
- k. Overseeing the development and implementation of a compliance framework to ensure that the Authority manages its affairs in an effective and efficient manner according to accepted business and financial practices, and in compliance with applicable Board by-laws and policies, Applicable Directives and this MOU;
- l. Establishing such Board committees or oversight mechanisms as may be required to advise the Board on effective management, governance or accountability procedures for the Authority or as may be required by statute;
- m. Establishing a Board committee to advise the CEO on matters related to the PBGF;
- n. Establishing a Board committee to provide governance over matters related to the DIRF;
- o. Approving the Authority's MOU, and any amendments to the MOU, in a timely manner and authorizing the Chair and the CEO to sign the MOU, or any amendments to the MOU, on behalf of the Authority;
- p. Approving the Authority's reports and reviews that may be requested by the Minister from time to time for submissions to the Minister within agreed upon timelines;
- q. Directing the development of an appropriate risk management framework and a risk management plan and arranging for risk-based reviews and audits of the Authority as needed;
- r. Establishing and overseeing performance measures, targets and management systems for monitoring and assessing the Authority's performance;
- s. Directing corrective action on the functioning or operations of the Authority, if needed;
- t. Cooperating with and sharing any relevant information on any risk-based or periodic review directed by the Minister or TB/MBC;

- u. Participate in consultation, as appropriate, with stakeholders on the Authority's goals, objectives and strategic directions;
- v. Providing proactive advice to the Minister, through the Chair, on issues within or affecting the Authority's mandate and operations;
- w. Appointing a CEO and setting performance objectives and remuneration terms linked to these objectives for the CEO which give due weight to the proper management and use of public resources;
- x. Overseeing the proper exercise of any powers and duties delegated by the Board to the CEO;
- y. Evaluating the performance of the CEO pursuant to performance criteria established by the Board;
- z. Overseeing the development of rules in accordance with the process and the requirements set out in the Act and the scope of rule-making authority set out in the Act and Related Statutes;
- aa. Ensuring that regular updates on rule-making activity are provided to the Ministry, including proposed rules in development but not yet posted for public consultation; and
- bb. Where applicable, ensuring that conflict of interest rules that the Authority is required to follow, as set out in Ontario Regulation 381/07 (or as have been approved and published by the Conflict of Interest Commissioner on the Commissioner's website), are in place for the members of the Board and employees of the Authority.

8.4 DEPUTY MINISTER

The Deputy Minister is responsible for:

- a. Advising and assisting the Minister in fulfilling ministerial responsibilities for the Authority, including informing the Minister of policy direction, policies and priorities of relevance to the Authority's mandate;
- b. Providing advice and assistance to the Minister on the direction and development of Government policy for the regulation of pensions and financial services in Ontario and on the legislative framework implementing such policy;
- c. Monitoring the activities of the Authority on behalf of the Minister to ensure that its mandate is being fulfilled, its performance is satisfactory, and it is acting in accordance with all applicable legislation and all Applicable Directives;
- d. Undertaking, on behalf of the Minister, assessments of the operation of the Authority and whether or not it is fulfilling its legislative mandate, including mandate reviews

required under the AAD, and identifying any need for corrective action and recommending to the Minister ways to resolve any issues that have been identified;

- e. Supporting the Minister in reviewing the performance targets, measures and results of the Authority;
- f. Advising the Minister on the requirements of the AAD, and other directives that apply to the Authority;
- g. Ensuring adequate, ongoing oversight of the Authority, including appropriate reporting and coordination;
- h. Attesting to TB/MBC on the provincial Authority's compliance with the mandatory accountability requirements set out in the legislation, the AAD, other applicable TB/MBC directives, the government's operational policies and policy directions based on the annual letter of compliance from the Authority Chair to the Minister;
- i. Ensuring that the Ministry and the Authority have the capacity and systems in place for on-going risk-based management, including appropriate oversight of the Authority;
- j. Reviewing and assessing the Authority's Annual Business Plan and other reports, and advising the Minister on matters submitted to the Minister for review or approval;
- k. Recommending to the Minister, as may be necessary, the evaluation or review, including a risk-based review, of the Authority or any of its programs, or changes to the management framework or operations of the Authority and undertaking or cooperating with such reviews as may be directed by the Minister or TB/MBC;
- l. Ensuring that the Authority receives such information and assistance as required or requested to meet its responsibilities under the Act and Related Statutes, other relevant legislation, regulations and rules, Applicable Directives, and this MOU;
- m. Meeting with the Chair or CEO as often as needed or as directed by the Minister to discuss matters of mutual importance and issues relating to the effective discharge of the Authority's mandate and the efficient operation of the Authority;
- n. Consulting with the Chair and/or CEO on policy development as appropriate;
- o. Ensuring that, when the Ministry is notified of changes to TB/MBC directives that may apply to the Authority, or of changes to Applicable Directives and policy directions, the Authority is made aware of these changes;
- p. Ensuring that the Authority has an appropriate risk management framework and a risk management plan in place for managing risks that the Authority may encounter in meeting its program or service delivery objectives;
- q. Undertaking timely risk-based reviews of the Authority, its management or operations, as may be directed by the Minister or TB/MBC;
- r. Submitting to the Minister, as part of the annual planning process, a risk assessment and management plan for each risk category;
- s. Undertaking reviews of the Authority as may be directed by the Minister;

- t. Cooperating with any review of the Authority as directed by the Minister or TB/MBC;
- u. Monitoring the Authority on behalf of the Minister while respecting the Authority's authority, identifying needs for corrective action where warranted, and recommending to the Minister ways of resolving any issues that might arise from time to time;
- v. Informing the Chair and the CEO, in writing, of new government directives and any exceptions to, or exemptions in whole or in part from TB/MBC directives, government policies, or Ministry administrative policies; and
- w. When required, submitting a report to the Secretary of TB/MB on the wind-up of the Authority, following the disposition of any assets, completion of any outstanding responsibilities by the Authority, and the termination of any appointments.

8.5 CHIEF EXECUTIVE OFFICER (CEO)

The Chief Executive Officer (CEO) is responsible for:

- a. Managing the day-to-day operational, financial, analytical, and administrative affairs of the Authority in accordance with the mandate of the Authority, the Act and Related Status, regulations and rules there under, TB/MBC and government directives, accepted business and financial practices, and this MOU;
- b. Advising the Chair on the requirements of and the Authority's compliance with the AAD, as well as other TB/MBC and government directives and policies, and Authority by-laws and rules and policies, including annually attesting to the Chair on the Authority's compliance with mandatory requirements;
- c. Establishing policies and procedures so that the Authority's funds, and any funds administered by the Authority or the CEO, are used with integrity and honesty;
- d. Providing leadership and management to the Authority staff, including human and financial resources management, in accordance with the Minister-approved annual business plan, accepted business and financial practices and standards, the Act, legislative requirements and applicable directives;
- e. Establishing and applying a financial management framework for the Authority in accordance with applicable Minister of Finance/Treasury Board controllership directives, policies and guidelines;
- f. Translating the goals, objectives and strategic directions of the Board into operational plans and activities in accordance with the Minister-approved annual business plan;
- g. Keeping the Board and the Chair informed of the implementation of policy and the operations of the Authority;
- h. Exercising any powers and duties delegated to the CEO by the Board or assigned to the CEO by the Act, Related Statutes or regulations thereunder;

- i. Establishing and applying the Authority's risk management framework and risk management plan, as directed by the Board;
- j. Establishing a governance and risk oversight framework for the Authority to support the Board in fulfilling its responsibilities, including compliance with all applicable legislation, directives, policies, procedures and guidelines;
- k. Carrying out in-year monitoring of the Authority's performance and reporting on results to the Board;
- l. On behalf of the Board, or in his/her capacity as statutory decision-maker, where appropriate, informing the Minister and Deputy Minister, in a timely manner, of significant or contentious matters regarding the Authority that are likely to be of interest to the Minister and Deputy Minister in the exercise of their responsibilities, or that are likely to be raised in the Legislature or media. Such communications shall not include discussion or exchanging of confidential information about current, past or future cases or proceedings before the Authority, the CEO, the Tribunal or the courts;
- m. Providing advice to the Deputy Minister, and on behalf of the Board or the Authority, on policy matters related to the Regulated Sectors;
- n. Seeking support and advice from the Ministry, as appropriate, on Authority management issues;
- o. Overseeing the establishment and execution of a system for the retention and disposition of Authority records and for making such records publicly available when appropriate, in accordance with the requirements of FIPPA and the *Archives and Recordkeeping Act, 2006*;
- p. Consulting with the Deputy Minister as needed, on matters of mutual importance, including services provided by the Ministry, and on TB/MBC and government directives and Ministry policies.
- q. Cooperating with a periodic review directed by the Minister or TB/MBC.
- r. Fulfilling the role of ethics executive for public servants, other than Government Appointees, who work for the Authority; promoting ethical conduct; and ensuring that all employees of the Authority are familiar with the ethical rules to which they are subject, including the rules on conflict of interest, political activity and protected disclosure of wrongdoing that apply to the Authority;
- s. Preparing the Authority's Annual Report, statement of priorities, budget and Annual Business Plan for review by the Board;
- t. Preparing financial statements and reports for approval by the Board;
- u. Ensuring appropriate management systems are in place (financial, information technology, human resources) for the effective administration of the Authority;
- v. Attesting to the compliance of the Authority to applicable directives and policies and supporting the Chair in providing the statement of compliance of the Authority.

- w. Establishing and applying control processes and systems to ensure that the Authority operates within its approved business plan.
- x. Supporting the Chair in meeting their responsibilities, including compliance with all applicable legislation, directives, policies, procedures and guidelines.
- y. Keeping the Ministry and the Chair advised on issues or events that may reasonably concern the Minister, the Deputy Minister and the Chair in the exercise of their responsibilities.
- z. Undertaking timely risk-based reviews of the Authority's management and operations.

9. Ethical Framework

- a. The Board, the CEO and Authority employees shall follow the conflict of interest rules established under the PSOA, which are set out in Ontario Regulation 381/07 (Conflict of Interest Rules for Public Servants (Ministry) and Former Public Servants (Ministry)), made under the PSOA. All Directors and employees of the Authority are subject to the conflict of interest rules set out under the PSOA and the AAD;
- b. Directors shall not use any information gained as a result of their appointment to or membership of the Board for personal gain or benefit;
- c. The Chair, as the Ethics Executive for Appointees, is responsible for ensuring that Appointees are informed of the ethical rules to which they are subject, including the rules on conflict of interest, political activity and protected disclosure of wrongdoing that apply to the Authority; and
- d. The CEO, as the Ethics Executive for public servants of the Authority, other than Appointees, is responsible for ensuring that employees of the Authority are informed of the ethical rules to which they are subject, including the rules on conflict of interest, political activity and protected disclosure of wrongdoing that apply to the Authority.

10. Reporting Requirements

10.1 BUSINESS PLAN

- a. Each year, the Chair shall provide the Minister with the Authority's Annual Business Plan for approval at least one month before the start of the Authority's fiscal year. The Annual Business Plan shall cover, at a minimum, the Authority's next three fiscal years.
- b. The Board shall ensure that the Authority's Annual Business Plan:
 - a. Includes a system of performance measures for the Authority and a system of reporting on the achievement of objectives set out in the Annual Business Plan;
 - b. Includes a risk assessment and risk management plan to assist the

Ministry in developing its risk assessment and risk management plan information in accordance with the requirements of the AAD;

- c. Sets out projected revenues of the Authority and their sources;
 - d. Sets out capital and operating expenditures of the Authority; and
 - e. Sets out how the Authority's activities are aligned with any Government and Ministry policy objectives provided to the Authority.
- c. The Board shall ensure that the Authority's Annual Business Plan meets the requirements of the AAD and any other requirements set out in this MOU.
 - d. Prior to submitting the Annual Business Plan to the Minister, the Authority shall first submit its Annual Business Plan to the Ministry's Chief Administrative Officer or designated equivalent at least three months before the start of the Authority's fiscal year. Senior Authority employees and senior Ministry staff shall discuss the contents of the Annual Business Plan in respect of the alignment of the Authority's key initiatives, as identified in the Annual Business Plan, with the Government's policy directions, performance standards, and the plan's compliance with the AAD.
 - e. Ministry staff shall exercise due diligence in their review of the Authority's Annual Business Plan prior to making any recommendation for approval by the Minister. Ministry staff may request additional information and analysis from the Authority, as necessary, for the purpose of this review.
 - f. The Minister will review the Authority's Annual Business Plan and will promptly advise the Board whether or not he/she concurs with the directions proposed by the Authority. The Board will reconsider the Annual Business Plan accordingly if required based on the Minister's comments and direction. An Annual Business Plan is only to be considered valid once the Minister has approved the plan and the approval has been expressed in writing.
 - g. In addition, the Minister or TB/MBC may require the Board to submit the Authority's Annual Business Plan to TB/MBC for review at any time.
 - h. The Chair, through the CEO, will ensure that the Authority's Minister-approved Annual Business Plan is made available to the public in an accessible format, in both official languages, on the Authority website in compliance with AAD requirements.
 - i. The Authority shall include a statement of priorities in its Annual Business Plan. The statement of priorities shall set out the proposed priorities of the Authority in connection with its responsibilities under the Act and Related Statutes, and the rules and regulations thereunder, together with a summary of the reasons for the adoption of the priorities. The Authority shall consult with the Ministry and with participants in the Regulated Sectors on its proposed statement of priorities.

10.2 ANNUAL REPORTS

- a. The Chair, on behalf of the Board, through the CEO, is responsible for ensuring that the Authority's Annual Report, including its audited financial statements, is prepared and submitted to the Minister for approval, and following approval is publicly posted, in accordance with the requirements set out in the AAD.
- b. The Chair, through the CEO, shall ensure that the Annual Report fulfils any requirements set out in Applicable Directives and this MOU.
- c. Ministry staff shall exercise due diligence in their review of the Annual Report prior to making any recommendation for approval by the Minister. Ministry staff may request reasonable additional information and analysis from the Authority, as necessary, for the purpose of this review.
- d. The Minister will receive and review the provincial Authority's annual report to confirm adherence with AAD requirements and will approve the report within 60 calendar days after the day of receipt.
- e. The Minister will, within 30 calendar days of approval, table the report in the Legislative Assembly.
- f. The Chair, through the CEO, will ensure that its annual report is publicly posted in an accessible format, in both official languages, on the Authority's website after the report has been tabled in the Legislature and within 30 calendar days of Minister approval.
- g. When distributing annual reports, digital formats and channels for distribution must be used unless otherwise required (e.g. by directive, legislation).

10.3 RULE-MAKING

- a. The Authority shall provide the Ministry with regular and timely overviews of the Authority's rule-making activity, specifying:
 - i. Rules with the Minister for review and decision, pursuant to section 23 of the Act;
 - ii. Rules that have completed their public consultation period and are expected to be delivered for the Minister's review and decision;
 - iii. Rules published for public comment, pursuant to section 22 of the Act; and
 - iv. Rules expected to be published for public comment within the next 180 days.
- b. The Authority shall, in deciding upon the need for a proposed rule, consider both the objects and purposes of the Act under which the rule would be made, along with the qualitative and quantitative analysis of the anticipated costs and benefits for each alternative of the proposed rule that is considered.
- c. At least 30 days prior to the proposed date of publication of a proposed rule for public comment, unless the rule is urgent, the Authority shall provide the Ministry

with a draft of the proposed rule and supporting information including: a summary of the reasons for making the rule, a summary of consultation, if any, undertaken during the development of the rule prior to its publication for comment, and a summary of the impact of the expected rule.

- i. If any amendment is made to the proposed rule, the Authority shall as soon as practicable provide the Ministry with a copy of the amended rule and a reason for the amendment, including any stakeholder feedback that led to the amendment.
 - ii. At the request of the Minister and/or the Deputy Minister, the Chair and/or the CEO shall make a presentation on the proposed rule.
- d. The Ministry may provide the Authority with written questions, comments and suggested revisions in respect of a proposed rule. The Ministry shall provide its questions, comments and suggested changes within 30 days of receiving a copy of the proposed rule and supporting information, unless the Ministry requires additional time to review the proposed rule, in which case the Ministry shall inform the Authority of when the Ministry will be able to provide the Authority with its questions, comments and suggested revisions. The Authority shall respond to the Ministry's questions and comments and consider the Ministry's suggested revisions to the proposed rule.
- e. Subject to article 10.3.d., in the case of a rule other than a Fee rule or an urgent rule, the Authority may publish the proposed rule for public comment if, after 30 days have elapsed from the delivery to the Ministry of the draft proposed rule and supporting information, the Minister or the Deputy Minister has not objected to the draft of the proposed rule or the Ministry has not requested additional time to review the proposed rule.
- f. In the case of a Fee rule, the Authority shall not publish the proposed rule for publiccomment without consulting with the Deputy Minister or the Minister.
- g. If the Authority makes any changes to the rule after the public comment period, the Authorityshall, at least two weeks prior to the proposed date of publication of the revised rule for public comment, notify the Ministry of the proposed date of publication for comment and provide the Ministry with a copy of the draft changes to the rule and the notice.
- h. The Authority shall, when delivering a rule to the Minister in accordance with section 23 ofthe Act, provide the Minister with details of the Authority's response to the issues and concerns brought to the attention of the Authority during the comment periods.
- i. The Authority shall, in its Notice of consultations concerning a proposed rule, acknowledgethat the Minister's statutory period for review and approval of the rule is 60 days or, if the rule if is a Fee rule, 90 days.
- j. In the case of a rule to which subsection 22 (5), clause (d) of the Act applies (i.e.,

an urgent rule), the preceding provisions of article 10.3 do not apply.

10.4 OTHER REPORTS

The Chair is responsible, through the CEO, on behalf of the Board for:

- a. Ensuring that the reports and documents set out in Appendix 1 to this MOU are submitted for review and approval by the Minister and, where applicable, subsequently published in a timely manner, in accordance with any timelines prescribed by an act, a regulation, the AAD or otherwise set out in Appendix 1; and
- b. Supplying specific data and other information, at the request of the Minister or the Deputy Minister, that may be required from time-to-time for the purpose of the Ministry's administration.

11. Public Posting Requirements

- a. The Authority, through the CEO acting on behalf of the Board, will ensure that the following approved governance documents are posted in an accessible format, in both official languages, on the Authority's website within the specified timelines:
 - Memorandum of understanding and any letter of affirmation – 30 calendar days of signing by both parties
 - Authority mandate letter – no later than the corresponding annual business plan
 - Annual business plan – 30 calendar days of Minister's approval
 - Annual report – 30 calendar days of Minister's approval (the report must first be tabled in the Legislature).
- b. Posted governance documents should not disclose: personal information, sensitive employment and labour relations information, solicitor-client privileged information, Cabinet confidential information, trade secrets or scientific information, information that would prejudice the financial or commercial interests of the provincial Authority in the marketplace, and information that would otherwise pose a risk to the security of the facilities and/or operations of the provincial Authority.
- c. The Authority, through the CEO acting on behalf of the Board, will ensure that the expense information for the Appointees and senior management staff are posted on the Authority website, in accordance with the requirements of the MBC Travel, Meal and Hospitality Expenses Directive.
- d. The Authority, through the Chair on behalf of the Board, will ensure that rules and proposed rules are posted in accordance with the Act.
- e. The Authority, through the CEO acting on behalf of the Board, will ensure that any other applicable public posting requirements are met.

12. Communications and Issues Management

The parties to this MOU recognize that the timely exchange of information on the operations and administration of the Authority is essential for the Minister to meet his responsibilities for reporting and responding to the Legislative Assembly on the affairs of the Authority. The parties also recognize that it is essential for the Chair on behalf of the Board, and the CEO to be kept informed of the Government initiatives and policy directions that may affect the Authority's mandate and functions. The parties therefore agree that:

- a. "Communications" shall not include discussion or exchanging of confidential information between the Authority personnel and the Minister, Deputy Minister or Ministry staff about current, past or future cases or proceedings before the Authority, the CEO, the Tribunal or the courts;
- b. Inquiries received by the Ministry or the Minister's office regarding an active matter or proceeding in progress before the Authority, the Tribunal or the CEO will be re-directed to the Authority without comment. Any response made by the Ministry or the Minister's office to the inquiring party will indicate that the inquiry has been forwarded to the Authority or the Tribunal as appropriate and that the Minister cannot interfere with a regulatory or adjudicative proceeding, decision or matter;
- c. The Chair, or the CEO on the Chair's behalf, will keep the Minister advised, in a timely manner, of all planned events, issues, significant developments or issues in the Regulated Sectors and any contentious matters, that may concern or could be reasonably expected to concern the Minister in the exercise of his/her responsibilities;
- d. The Minister will consult with the Chair and the CEO in a timely manner, as appropriate, on broad government policy initiatives or legislation being considered by the government that may impact on the Authority's mandate or functions, or which otherwise will have a significant impact on the Authority;
- e. The Minister, the Chair and the CEO will consult with each other on public communication strategies and publications. They will keep each other informed, as appropriate of the results of stakeholder and other public consultations and discussions;
- f. The Minister and the Chair will meet at least annually, or as requested by either party, to discuss issues relating to the fulfillment of the Authority's mandate, management and operations;
- g. The Deputy Minister, or the Deputy Minister's representative, and the CEO will meet at least monthly, or as requested by either party, to discuss issues of mutual interest to the Ministry and the Authority, and issues relating to the delivery of the Authority's mandate and the efficient operation of the Authority. The Deputy Minister and the CEO shall provide timely information and advice to each other concerning significant matters affecting the Authority's management or operations;
- h. Senior Ministry staff and senior Authority employees shall meet at least monthly to exchange information and collaborate on policy development and

implementation; and

- i. The Authority and Ministry will adhere to the Public Communications Protocol set out in Appendix 4 to this MOU for ongoing issues management.

13. Administrative Arrangements

13.1 APPLICABLE GOVERNMENT DIRECTIVES

- a. The CEO, on behalf of the Board, is responsible for ensuring that the Authority operates in accordance with all applicable TB/MBC, PSC and government directives, as well as applicable Ministry financial and administrative policies and procedures. Appendix 3 to this MOU provides a list of applicable directives and policies.
- b. When the Ministry is notified of amendments or additions to directives, policies and guidelines that apply to the Authority, the Ministry will inform the Authority in a timely manner.
- c. In addition to complying with the MBC Realty Directive, the Authority shall comply with the Ministry of Government Services' Realty Policy including any appendices to this policy when acquiring space for accommodation and program purposes. The Ministry will ensure that the Authority is provided with any updates to this policy.
- d. The agency's mandate may require the inclusion of alcohol in providing hospitality as part of its business practices due to the importance of consultation and collaboration with national and international regulatory partners. Such hospitality is commonly offered by domestic and international regulatory partners, and it is integral to the agency's business as it is required, from time to time, to host those partners at meetings and events in Ontario. It is expected that the agency would, where appropriate, provide alcohol for those events. The inclusion of alcohol on a reciprocal basis would enable the agency to:
 - cultivate an environment that fosters relationship building and consultation at these events with other leading regulators;
 - for the purpose of retention and continued participation, recognize the contributions of individuals who provide advice on committees or speak at conferences hosted by the agency at their own expense; and
 - align with the customs and expectations of national and international guests that the agency hosts.

Any such expenses shall be in compliance with and receive prior approval from the appropriate authority according to the Travel, Meal and Hospitality Expenses Directive.

13.2 ADMINISTRATIVE AND ORGANIZATIONAL SUPPORT SERVICES

- a. The Authority will be responsible for all administrative services including human resource support services, financial, administration and payroll processing, training, staff development and information technology development and operations support.

- b. The Authority may participate in Government-wide shared services or administrative arrangements, where appropriate.
- c. The Authority is responsible for the provision of its own legal services but may, where mutually agreed upon in accordance with a memorandum of understanding established between the Authority and the Ministry of the Attorney General ("MAG"), use legal services provided by MAG.

13.3 AGREEMENTS WITH THIRD-PARTIES

- a. The Authority shall promptly provide the Ministry with a copy of every agreement, memorandum of understanding or arrangement between the Authority and,
 - i. Another financial regulatory authority;
 - ii. Any self-regulatory body or organization; or
 - iii. Any jurisdiction.

13.4 CREATION, COLLECTION, MAINTENANCE AND DISPOSITION OF RECORDS

- a. The Board is responsible for ensuring that a system is in place for the creation, collection, maintenance and disposal of records.
- b. The Board, through the CEO, is responsible for ensuring that the appropriate oversight framework is in place in order to ensure that the Authority complies with all Government legislation, regulations, directives and policies related to information and records management.
- c. The CEO, the Chair and the Board shall protect the legal, fiscal and other interests of the Authority by implementing reasonable measures to ensure the ongoing viability, integrity, preservation and security of all official records created, commissioned or acquired by the Authority. This includes, but is not limited to, all electronic records, such as emails, information posted on the Authority's website(s), database data sets, and all records stored on personal computers and shared drives.
- d. The CEO is responsible for ensuring measures are implemented requiring the Authority's employees to create full, accurate and reliable records that document and support significant business transactions, decisions, events, policies and programs.
- e. The Chair, through the CEO, is responsible for ensuring that the Authority complies with the *Archives and Recordkeeping Act, 2006*, S.O. 2006, Chapter 34, Schedule A.

13.5 INTELLECTUAL PROPERTY

- a. The CEO is responsible for ensuring that the legal, financial and other interests of the government related to intellectual property are protected in any contract that the Authority may enter with a third party that involves the creation of intellectual property.

13.6 FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY

- a. The CEO and the Minister acknowledge that the Authority is a designated institution bound to follow the requirements set out in the *Freedom of Information and Protection of Privacy Act* (FIPPA) in relation to the collection, retention, security, use, access, disclosure, distribution and disposal of records.
- b. The CEO is the institution head for the purposes of the FIPPA.

13.7 SERVICE STANDARDS

- a. The CEO shall ensure that the Authority delivers its services at a quality standard that adheres to the principles of the OPS Service Directive.
- b. The Authority shall establish a formal process for responding to complaints about the quality of services received from members of the public and stakeholders that is consistent, as appropriate, with the Government's service quality standards.
- c. The Authority's process for responding to complaints about the quality of services is separate from any statutory provisions about re-consideration or appeals of the Authority's or CEO's regulatory decisions.
- d. The Authority's Annual Business Plan will include performance standards and measures for client service and for responding to complaints received from members of the public and stakeholders about the quality of services received from the Authority.
- e. The Authority shall comply with the *French Language Services Act* and the *Accessibility for Ontarians with Disabilities Act, 2005*.

13.8 PROCUREMENT ARRANGEMENTS

- a. The Authority is considered an "Other Included Entity" under the Procurement Directive.
- b. The Authority shall comply with its obligations as an Other Included Entity under the Procurement Directive.
- c. Any relevant by-laws made by the Board shall be in accordance with the Authority's status as an "Other Included Entity" under the Procurement Directive.
- d. Any procurement policy established by the Authority shall be in compliance with the principles and applicable requirements of the Procurement Directive.

- e. As a Provincially Funded Organization, the Authority may participate in the Government's enterprise-wide Vendor of Record arrangements.

13.9 ADMINISTRATIVE ARRANGEMENTS WITH OTHER GOVERNMENT ENTITIES

- a. FSRA shall provide assistance to the Ministry in invoicing insurance companies for Ontario Health Insurance Plan subrogation by providing quarterly estimates of each insurer's share of the assessment, as determined under section 3 of O. Reg. 401/96 or any successor Order in Council and assisting in the review of insurance company information for quality control purposes.

13.10 INFORMATION AND INFORMATION TECHNOLOGY (I&IT)

- a. The Authority is responsible for establishing internal I&IT policies and standards that align with OPS I&IT directives, policies and standards, and reflect the Authority's governance structure.
- b. The Authority is responsible for the provision of its own information technology (IT) services. The Authority is responsible for telephony services, hardware, software, IT business continuity and disaster recovery planning, cybersecurity, and IT-related staff training.
- c. The Authority does not use the OPS IT infrastructure, telephony or IT services, with the exception of data centre facilities and services as may be agreed with the Ministry of Government and Consumer Services or an OPS I&IT cluster.
- d. The Authority effectively governs technical architecture, applies corporate risk oversight to its IT services and adheres to OPS project management frameworks and methodologies as appropriate. Standing and steering committees are established for all projects, as appropriate, in the opinion of the CEO or his delegate.

14. Financial Arrangements

14.1 GENERAL

- a. All financial procedures for the Authority shall be in accordance with approved financial management by-laws of the Authority and applicable TB/MBC, Government and Ministry directives and policies.
- b. The Authority shall not borrow, invest funds or manage financial risks unless the activity is authorized by a by-law of the Authority and the by-law is approved by the Minister in accordance with the Act; this provision does not apply with respect to the PBGF or DIRF.
- c. Pursuant to Section 28 of the *Financial Administration Act*, the Authority shall not enter into any financial arrangement or commitment, guarantee, indemnity or similar transaction that may increase, directly or indirectly, the indebtedness or contingent

liabilities of the Government without the written approval of the Minister or delegate.

- d. Any money received by the Authority from administrative penalties or pursuant to the terms of an order or settlement in respect of enforcement proceedings commenced by the Authority, in accordance with a regulation made under section 11(3) of the Act that permits money to not be paid into the CRF, shall be retained in a reserve account separate from the Authority's general bank account and all trust accounts, and shall be used only for the purposes set out in any such regulation.
- e. The Authority will maintain, in a manner consistent with generally accepted accounting principles, proper and complete financial records related to both the PBGF and the DIRF as separate funds.
- f. The PBGF and DIRF shall be maintained outside the CRF and do not form part of the Authority's revenues or assets that can be used for other than their anticipated purposes set forth in the Act or Related Statutes.

14.2 FUNDING

- a. The Authority is a self-funded regulator that will be funded by Fees collected from Regulated Sector participants; any authorized borrowing by the Authority to offset an unfunded or unexpected expense will eventually be recovered by the Authority through Fees collected from Regulated Sector participants as set forth in the Authority's budget.
- b. The Authority may budget over a multi-year cycle.
- c. The Authority shall consult with the Regulated Sectors on its proposed budget and shall submit the budget to the Minister for review.
- d. The Ministry acknowledges that the Authority will use various Fees to fund its oversight of the Regulated Sectors.
- e. Rules governing Fees should reflect the budgeted expenses and expenditures of regulation and the reasonable cost of the Authority's operations, should be fair to different classes of entities, and shall comply with applicable law. The Authority shall seek to avoid cross- subsidization.
- f. Fees shall be examined regularly and should be adjusted as appropriate based on any unanticipated surplus or deficit during the Authority's budget cycle and subject to funding of any contingency reserve amount provided for in the Authority's budget.
- g. The Authority shall maintain bank accounts in its own name and manage its financial activities, including leasing, investment and management of cash in accordance with the Ontario Financing Authority's policy directions and its by-laws.

14.3 FINANCIAL REPORTS

- a. The Chair, on behalf of the Board, will provide to the Minister audited annual financial statements for the Authority, the PBGF and the DIRF, and will include

them as part of the Authority's annual report. The statements will be provided in a format that is in accordance with the accounting policies issued by the Province's Office of the Provincial Controller Division.

- b. The Chair, on behalf of the Board, will provide the Minister with quarterly financial reports for the Authority.
- c. The Authority will submit its salary information to the Minister of Finance and/or the President of the Treasury Board, through the Ministry, in accordance with the *Public Sector Salary Disclosure Act, 1996*.

14.4 TAXATION STATUS: HARMONIZED SALES TAX (HST)

Collection/Remittance of HST

- a. The Authority is responsible for paying HST where applicable, in accordance with the *Excise Tax Act* (Canada).

Payment/Recovery of HST

- b. The Ministry of Finance, on behalf of the Authority, has made an application to have the Authority added to Schedule "A" of the Canada-Ontario *Reciprocal Taxation Agreement*.

If the Authority's application is accepted, then:

- i) the Authority will be entitled to claim HST rebates in respect of any HST paid by it, subject to any restrictions specified by Finance Canada.
 - ii) the Authority will not claim an HST government rebate in respect of tax for which it has claimed a refund, input tax credit or other rebate under the *Excise Tax Act* (Canada).
- c. The Authority is responsible for providing the Ministry of Finance or the Canada Revenue Authority, upon request, with any information necessary to determine the amount of an HST government rebate.

15. Audit and Review Arrangements

15.1 AUDITS

- a. The Authority is subject to periodic review and value-for-money audit by the Auditor General of Ontario under the *Auditor General Act* or by the Ontario Internal Audit Division of Treasury Board Secretariat.
- b. The Ontario Internal Audit Division may also carry out an internal audit, if approved to do so by the Ministry's Audit Committee or by the Corporate Audit Committee.
- c. The Chair, on behalf of the Board, or the CEO may request an external audit of the financial transactions or management controls of the Authority, at the Authority's expense.
- d. Regardless of any previous or annual external audit, the Minister may direct that the Authority be audited at any time.

- e. The Chair, the Board and the CEO shall cooperate in any audit of the Authority.
- f. The Authority will promptly provide a copy of every report from an audit to the Minister. The Authority will also provide a copy of its response to the audit report and any recommendations therein.
- g. The Authority will advise the Minister annually on any outstanding audit recommendations.

15.2 OTHER REVIEWS

- a. The Authority is subject to periodic review initiated at the discretion and direction of TB/MBC or the Minister. The review may cover such matters relating to the Authority that are determined by TB/MBC or the Minister, and may include the mandate, powers, governance structure and/or operations of the Authority.
- b. In requiring a periodic review, the Minister or TB/MBC shall determine the timing and responsibility for conducting the review, the roles of the Chair, the Board of directors, and the Minister, and how any other parties are involved.
- c. A mandate review of the provincial Authority will be conducted at least once every seven years, by the Minister.
- d. The Minister will consult the Chair, on behalf of the Board, and the CEO, as appropriate during any such review.
- e. The Chair, the Board and the CEO will cooperate in any review.
- f. In the event of a review initiated at the direction of the Minister, the Minister shall submit any recommendations for change that are developed from the results of the review regarding the Authority to TB/MBC for consideration.

16. Staffing and Appointments

16.1 DELEGATION OF HUMAN RESOURCES MANAGEMENT AUTHORITY

- a. Where the PSC has delegated its powers, duties and functions in relation to human resources management to the Deputy Minister, Chair or prescribed individual under Ontario Regulation 148/10, that person is accountable for exercising that authority in compliance with any relevant legislation, directives or policies in accordance with the mandate of the Authority, and within the parameters of the delegated authority.

16.2 APPOINTMENTS

- a. The Chair is designated by the Lieutenant Governor in Council on the recommendation of the Minister for the term specified by the Lieutenant Governor in Council, which must not exceed his or her term as Director.
- b. Directors are appointed by the Lieutenant Governor in Council on the recommendation of the Minister.

- c. The maximum number of Directors as set out in the Act is 11.

16.3 REMUNERATION

- a. Remuneration for Directors, including the Chair, is set by the Lieutenant Governor in Council.
- b. Directors, including the Chair, shall be reimbursed for reasonable expenses incurred in carrying out their duties in accordance with the *Travel, Meal and Hospitality Expenses Directive*.
- c. Travel expenses of Directors must comply with the *Travel, Meal and Hospitality Expenses Directive*.

16.4 AUTHORITY EMPLOYEES

- a. Authority employees are employed under section 10 (1) of the Act.
- b. Authority employees are accountable to the CEO and delegates of the CEO. Employees of the Authority are public servants under the PSOA.
- c. The Authority is a public body for the purposes of the PSOA and public servants who work in the Authority are subject to those parts of the PSOA that establish a conflict of interest framework, provisions relating to political activity, and the mechanisms for wrongdoing in the public service.

17. Risk Management, Liability Protection and Insurance

17.1 RISK MANAGEMENT

- a. The Authority is to evaluate and manage risk in accordance with the requirements of the AAD.
- b. The Authority shall ensure that the risks it faces are addressed in an appropriate manner.

17.2 IMMUNITY

- a. Pursuant to the Act, no action or other civil proceeding shall be commenced against a Director, employee or agent of the Authority for an act done in good faith in the exercise or performance or intended exercise or performance of a power or duty under this Act or the regulations made under this Act or under the by-laws of the Authority or for neglect or default in the exercise or performance in good faith of the power or duty.

17.3 INSURANCE

- a. The Authority is not covered under the Province's Protection Program and will purchase appropriate insurance including but not limited to Commercial General Liability insurance and Directors' and Officers' Errors and Omissions insurance, in

order to protect itself against claims that might arise from anything done or omitted to be done by the Authority or its Directors, officers, employees or agents, and from anything done or omitted to be done where bodily or personal injury, death or property damage, including loss of use thereof, is caused. The Authority will, upon request, provide the Ministry with proof of such insurance.

18. Effective Date, Duration and Periodic Review of the MOU

- a. This MOU becomes effective on the date it is signed by the Minister as the last party to execute it (“Original Effective Date”) and continues in effect until it is revoked or replaced by a subsequent MOU signed by the parties.
- b. Upon a change in the Minister or Chair, both parties must affirm by letter that this MOU will continue in force without a review (and attach the signed letter to the MOU); or alternatively, they may agree to revise it and sign a new MOU within six (6) months of the change.
- c. Either the Minister or the Chair, on behalf of the Board of directors, may initiate a review of this MOU by written request to the other.
- d. If either of the parties deems it expedient to amend this MOU, they may do so only in writing. Any amendment shall only be effective after approval by the parties.
- e. A full review and replacement of this MOU will be conducted immediately in the event of a significant change to the Authority’s mandate, powers or governance structure as a result of an amendment to the Act or any other applicable legislation.
- f. The Ministry and the Authority shall review this MOU within a year after the Authority has assumed regulatory responsibility for the Regulated Sectors.
- g. At a minimum, this MOU will be reviewed at least once every 5 years, or upon change in Chair or Minister, to ensure it is current and consistent with government expectations.

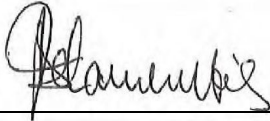
Signatures



CEO
Financial Services Regulatory Authority
of Ontario

July 24, 2023

Date



Chair
Financial Services Regulatory Authority
of Ontario

July 24, 2023

Date



Minister of Finance

August 22, 2023

Date

Appendix 1: Summary of Key Reporting Requirements

For greater certainty, CEO means the CEO or the CEO's Delegate.

DUE DATE	REPORT / DOCUMENT	RESPONSIBLE OFFICIALS
Submitted annually within three (3) months prior to the Authority's fiscal year end	Authority Business Plan a. Prepares b. Approves c. Provides to Minister	a. CEO (prepares) b. Board (approves) c. Chair (provides to Minister)
Submitted annually within 120 calendar days after the Authority's fiscal year end	Annual Report a. Prepares b. Approves c. Provides to Minister	a. CEO (prepares) b. Board (approves) c. Chair (provides to Minister)
Annually	Audited Financial Statements Annual Financial Reports	a. CEO (prepares) b. Board (approves financial reports)
Within 30 days after the end of each quarter	Quarterly Financial Reports	a. CEO (prepares) b. Board (approves) c. Chair (provides to Minister)
Reviewed at least once every 5 years or upon change in Chair or Minister	Memorandum of Understanding	a. Board (approves) b. Chair (signs)
Annually	Public Sector Salary Disclosure (PSSD)	CEO (provides to Minister)
Annually	Attestation of Compliance with Legislation and Applicable Directives	a. CEO (attests to Chair) b. Chair (provides letter to Minister)
Annually	Procurement Activity Report	CEO (provides to Deputy Minister)
Within 7 days of the release of the report	Audit Reports	Chair (provides to Minister)

Annually	Outstanding Audit Recommendations	Chair (provides to Minister)
Immediately after the by-laws passed by the Board	All By-Laws	Board (approves) Chair (provides to Minister)
Annually (to be published immediately after delivery to the Minister)	Annual Report on Insurance	CEO (prepares and provides to Minister)
Annually	Annual Report on the Facility Association	CEO (prepares and provides to Minister)
Annually	Annual Report on the Registered Insurance Brokers of Ontario	CEO (prepares and provides to Minister)
Every Three Years	Automobile Insurance Review	CEO (prepares and provides to Minister)
As required	Any other reports as required by legislation or Applicable Directives	Submit to the responsible Minister, with a copy to the Minister of Finance as appropriate

Appendix 2: Related Statutes

- *Automobile Insurance Rate Stabilization Act, 2003, S.O. 2003, c. 9*
- *Compulsory Automobile Insurance Act, R.S.O. 1990, c. C.25*
- *Co-operative Corporations Act, R.S.O. 1990, c. C.35*
- *Corporations Act, R.S.O. 1990, c. C.38*
- *Credit Unions and Caisses Populaires Act, 1994, S.O. 1994, c. 11*
- *Insurance Act, R.S.O. 1990, c. 1.8*
- *Loan and Trust Corporations Act, R.S.O. 1990, c. L.25*
- *Mortgage Brokerages, Lenders and Administrators Act, 2006, S.O. 2006, c. 29*
- *Motor Vehicle Accident Claims Act, R.S.O. 1990, c. M.41*
- *Pension Benefits Act, R.S.O. 1990, c. P.8*
- *Pooled Registered Pension Plans Act, 2015, S.O. 2015, c. 9*
- *Prepaid Hospital and Medical Services Act, R.S.O. 1990, c. P.21*
- *Registered Insurance Brokers Act, R.S.O. 1990, c. R.19*

Appendix 3: Applicable Government Directives

1. The following TB/MSC and Government Directives apply to the Authority:
 - *Accounting Advice Directive*
 - *Accountability Directive*
 - *Agencies and Appointments Directive*
 - *Advertising Content Directive*
 - *Business Planning and A/locations Directive*
 - *Capital Expenditure Evaluation Directive*
 - *Cash Management Directive*
 - *Communications in French Directive*
 - *Data Integrity Policy*
 - *Disclosure of Wrongdoing Directive (Employees/Appointees of Public Bodies)*
 - *Digital and Data Directive*
 - *Governance and Management of Information and Data Assets Directive*
 - *Enterprise Risk Management Directive*
 - *Financial Records Retention Policy*
 - *Indemnification Directive*
 - *Internal Audit Directive*
 - *Perquisites Directive*
 - *Procurement Directive*
 - Note: FSRA is considered an "Other Included Entity" under this directive.
 - *Procurement Directive on Advertising, Public and Media Relations and Creative Communications Services*
 - *Realty Directive*
 - *Travel, Meal and Hospitality Expenses Directive*
 - *Visual Identity Directive*
2. The Authority is responsible for complying with all directives to which it is subject, irrespective of whether it is included on the list above.

Appendix 4: Public Communications Protocol

1. Purpose

The purpose of this communications protocol is to set out a framework for the Ministry and the Authority to collaborate on public communications opportunities. Clear and direct lines of communication between the Ministry and the Authority are essential.

This communications protocol will support both the Authority's implementation of its legislative mandate and the promotion of the work it does. It will also support the Minister's accountability to the Legislative Assembly and to Cabinet for the same.

The regulatory decision-making and decisions of the Authority and the CEO must be made and be seen by the public and by the Regulated Sectors to be made in an independent and impartial manner.

Matters related to Government priorities and policy or where a Ministerial approval is required (e.g., fees) require that the Government has the lead on the communications. This excludes day-to-day FSRA regulatory communications.

2. Definitions

- a. "Public communications", means any material that is communicated to the public, either directly or indirectly through the media in:
 - Oral form, such as speech or public presentations
 - Printed form, such as hard copy report
 - Electronic form, such as posting to a website

- b. A "contentious issue", is a matter that is, or may reasonably be expected to be, of a concern to the Legislative Assembly or the public or is likely to result in inquiries being directed to the Minister of Government. Contentious issues may be raised by:
 - i. Members of the Legislative Assembly
 - ii. The public
 - iii. Media
 - iv. Stakeholders
 - v. Service delivery partners

3. Visual Identity

The Authority will comply with the TB.MBC Visual Identity Directive and identify itself in all media responses and news releases and on its website as an agency of the Government of Ontario.

4. Public Communications Leads

The Ministry and Authority will appoint persons to serve as public communications “leads”

- The Ministry lead is the Director of Communications Services Branch
- The Authority lead is the Chief Public Affairs Officers

5. Public Communications Procedures

For the purpose of this protocol public communications are divided into five categories:

- a. FSRA will provide the Ministry with a six-week rollout that identifies high profile communication opportunities and contentious and non-contentious items.
- b. The Authority lead will notify the Ministry of non-contentious items that might generate media interest as part of its six week rollout and provide communications plans as required thus enabling ministerial messaging on Government priorities that would enhance the Authority’s or the Government’s profile.
- c. The Authority lead will notify the Ministry of contentious items that might generate media interest as part of its six-week rollout and provide communications plans as required thus enabling ministerial messaging on Government priorities that would enhance the Authority’s or the Government’s profile.
- d. Contentious issues, media responses, and news releases that may have direct implications for either the Ministry of the Government, or are likely to result in inquiries being directed to the Minister or Government
 - For all contentious issues, the Authority will notify the Ministry lead immediately upon becoming aware of the issue and will notify the Minister’s office simultaneously. The Ministry lead may also advise the Authority of background information on the issue to the Ministry leads, who will arrange to have a contentious issue note prepared.
 - The Authority must obtain Ministry approval prior to issuing media response in this category as it related to Government priorities as opposed to regulatory decisions or actions. The Authority will provide the media response or news release to the Ministry lead who will initiate the approval process within the Ministry.
 - Final approval on media responses and news releases in this category is required from the Minister’s Office as it relates to Government priorities as opposed to regulatory decisions or actions.
- e. Public or media inquiries received by the ministry or the Minister’s office regarding an active matter or proceeding in progress before the Authority, the CEO, the Tribunal or the COUNS will be re-directed to the Authority without comments. Any response made by the Ministry of the Minister’s office to the inquiring party will indicate that the inquiry has been forwarded to the Authority or the Tribunal as appropriate and that the Minister cannot interfere with a regulatory or adjudicative proceeding, decision or matter.