

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

September 2025

Signatures

I have read, understood and concur with this MOU dated September 2025 and will abide by the requirements for this MOU and the AAD.

A handwritten signature in black ink, appearing to read "Peter Bortoluzzi", is written over a horizontal line.

Minister
Ministry of Finance

December 22, 2025

Date

I have read, understood and concur with this MOU dated September 2025 and will abide by the requirements for this MOU and the AAD.



Chair
Financial Services Regulatory Authority of Ontario

March 6, 2026

Date

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The parties to this memorandum of understanding agree to the following:

1. Preamble

- a. Provincial agencies deliver important and valued services to the people of Ontario. In delivering these public services, provincial agencies are accountable to the government through the responsible minister.
- b. Provincial agencies must use public resources efficiently and effectively to carry out their mandates, as established by their respective constituting instruments and in alignment with the key priorities of the provincial government. Their operations are guided by the key principles of the Agencies and Appointments Directive (AAD).
- c. The parties to this MOU acknowledge that the agency is part of government and is required to comply with legislation, government directives, policies and guidelines applicable to them. Further, the agency may be required to ensure that their directives and policies adhere to certain government directives, policies and guidelines, including those for human resources, while being mindful of collective agreement and bargaining obligations.

2. Purpose

- a. The purpose of this memorandum of understanding (MOU) is to:
 - Establish the accountability relationships between the Minister of Finance and the Chair of the Financial Services Regulatory Authority of Ontario (the Authority);
 - Clarify the roles and responsibilities of the minister, the chair, the deputy minister, the chief executive officer, and board of directors;
 - 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
- b. This MOU should be read together with the *Financial Services Regulatory Authority of Ontario Act, 2016*, S.O. 2016, c. 37, Sched. 8, (the “Act”). This MOU does not affect, modify or limit the powers of the Authority as set out under the 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 August 2023.

3. Definitions

In this MOU:

- a. "AAD" means the Agencies and Appointments Directive, issued by Management Board of Cabinet;
- b. "Agency" or "provincial agency" means the Financial Services Regulatory Authority of Ontario (the Authority);
- c. "Annual Report" means the annual report referred to in article 10.2 of this MOU;
- d. "Applicable Government Directives" means the government directives, policies, standards and guidelines that apply to the Authority;
- e. "Artificial intelligence system" means a machine-based system that, for explicit or implicit objectives, makes inferences, from the input it receives, in order to generate outputs such as predictions, content, recommendations, or decisions that can influence physical or virtual environments.
- f. "Board" means the board of directors of the Authority;
- g. "Business Plan" means the annual business plan described under article 10.1 of this MOU;
- h. "CEO" means the chief executive officer of the Authority;
- i. "Chair" means the chair of the Authority;
- j. "Constituting instrument" means the *Financial Services Regulatory Authority of Ontario Act, 2016*, S.O. 2016, c. 37, Sched. 8 that established the Authority;
- k. "Consultant" means a person or entity that under an agreement, other than an employment agreement, provides expert or strategic advice and related services for consideration and decision-making;
- l. "Deputy Minister" means the Deputy Minister of the Ministry of Finance;
- m. "Designated Executive" means designated executive defined in the *Broader Public Sector Executive Compensation Act, 2014*, S.O. 2014;
- n. "Executive Council Act" means the *Executive Council Act*, R.S.O. 1990, c. E. 25, as amended;
- o. "Fees" means fees, levies, sector assessments, and other charges as may be established by a rule of the Authority.
- p. "FIPPA" means the *Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c.F.31, as amended;

- q. "Fiscal Year" means the period April 1 to March 31;
- r. "Government" means the Government of Ontario;
- s. "MBC" means the Management Board of Cabinet;
- t. "Member" means an individual appointed to the Authority by the Lieutenant Governor in Council, but does not mean an individual employed or appointed by the Authority as staff;
- 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. "OPS" means the Ontario Public Service;
- z. "Other acts" mean the statutes and the regulations that confer powers and duties on the Authority or the CEO, as listed in the Agency's Legal Authority and Mandate section of this MOU.
- aa. "President of the Treasury Board" means this President of the Treasury Board or such other person who may be designated from time to time under the *Executive Council Act*;
- bb. "PSC" means the Public Service Commission;
- cc. "PSOA" means the *Public Service of Ontario Act, 2006*, S.O. 2006, c. 35, Sched. A, as amended;
- dd. "Regulated Sectors" means the regulated sectors defined in the Act.
- ee. "Statement of Priorities" means the document which sets out the Authority's priorities in connection with the administration of the Acts;
- ff. "TBS" means the Treasury Board Secretariat.
- gg. "TB/MBC" means the Treasury Board/Management Board of Cabinet;

Agency's Legal Authority and Mandate

- a. The legal authority of the Authority is set out in the Act and its regulations.
- b. The Authority or the CEO also exercises powers and authority under:
 - *Financial Professionals Title Protection Act, 2019*
 - *Insurance Act, 1990*
 - *Compulsory Automobile Insurance Act, 1990*
 - *Prepaid Hospital and Medical Services Act, 1990*
 - *Motor Vehicle Accident Claims Act, 1990*
 - *Co-operative Corporations Act, 1990*
 - *Credit Unions and Caisses Populaires Act, 2020*
 - *Loan and Trust Corporations Act, 1990*
 - *Mortgage Brokerages, Lenders and Administrators Act, 2006*
 - *Pension Benefits Act, 1990*
 - *Auto Insurance Rate Stabilization Act, 2003*
 - *Pooled Registered Pension Plans Act, 2015*
 - *Registered Insurance Brokers Act, 1990*
 - *Corporations Act, 1990*
- c. The Authority's mandate is set out in section 3 of the Act, which states that the Authority's objects are to:
 - (a) Regulate and generally supervise the regulated sectors;
 - (b) Contribute to public confidence in the regulated sectors;
 - (c) Monitor and evaluate developments and trends in the regulated sectors;
 - (d) Cooperate and collaborate with other regulators where appropriate;
 - (e) Promote public education and knowledge about the regulated sectors;
 - (f) Promote transparency and disclosure of information by the regulated sectors;
 - (g) Deter deceptive or fraudulent conduct, practices and activities by the regulated sectors; and
 - (h) Carry out such other objects as may be prescribed.

The objects of the Authority in respect of the financial services sectors are to,

- (a) Promote high standards of business conduct;
- (b) Protect the rights and interests of consumers; and
- (c) Foster strong, sustainable, competitive and innovative financial services sectors.

The objects of the Authority in respect of pension plans are to,

- (a) Promote good administration of pension plans; and
- (b) Protect and safeguard the pension benefits and rights of pension plan beneficiaries.

The objects of the Authority in respect of credit unions are to,

- (a) Provide insurance against the loss of part or all of deposits with credit unions;

- (b) Promote and otherwise contribute to the stability of the credit union sector in Ontario with due regard to the need to allow credit unions to compete effectively while taking reasonable risks; and
- (c) Pursue the objects set out in clauses (a) and (b) for the benefit of persons having deposits with credit unions and in such manner as will minimize the exposure of the Deposit Insurance Reserve Fund to loss.

In addition, the objects of the Authority with respect to the *Financial Professionals Title Protection Act, 2019* are to administer and enforce that Act.

4. Agency Type, Function and Public Body Status

- a. The Authority is designated as a board-governed provincial agency with a regulatory function under the AAD.
- b. The Authority is prescribed as a public body in accordance with Ontario Regulation 146/10 under the PSOA.

5. Corporate Status and Crown Agency Status

- a. The Authority is an agency of the Crown in right of Ontario under the Act.
- 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 and/or limitations imposed by Treasury Board/Management Board of Cabinet.
- c. The Authority is a statutory, non-share capital corporation governed by a board of directors appointed by the Lieutenant Governor in Council (LGIC) and is not subject to the *Business Corporations Act*, the *Corporations Act*, and the *Corporations Information Act*, except as specified in its governing Act.

6. Guiding Principles

The parties agree to the following principles:

- a. **Accountability:** Provincial agencies deliver public services and are accountable to the government through the responsible minister. In delivering on their mandate, provincial agencies balance operational flexibility with the minister's accountability for the provincial agency to Cabinet, the Legislative Assembly and the people of Ontario. Accountability of the minister for each provincial agency cannot be delegated.

Every provincial agency complies with all applicable legislation and Ontario Public Service (OPS) directives and policies. Further, agencies ensure that their directives and policies adhere to certain government directives, policies and guidelines, including those for human resources, while being mindful of collective agreement and bargaining obligations. This includes applicable legislation and directives related to procurement.

- b. **Responsiveness:** Provincial agencies align their mandate and operations with government priorities and direction. Open and consistent communication between provincial agencies and their responsible ministry, subject to the limits set out in article 12 of this MOU, helps ensure that government priorities and direction are clearly understood and helps to manage risks or issues as they arise. Provincial agencies deliver a high standard of public service that meets the needs of the population that they serve.
- c. **Efficiency:** Provincial agencies use public resources efficiently and effectively to carry out their mandates, as established by their respective constituting instruments. They operate in a cost-effective manner and pursue efficiencies throughout the Authority's service delivery and administration.
- d. **Sustainability:** Provincial agencies operate in a way so that their current form is sustainable over the long-term while delivering a high standard of service to the public.
- e. **Transparency:** Good governance and accountability practices for provincial agencies are complemented by transparency in the form of public posting of governance and accountability documents including the business plan, annual report, MOU and expenses information.
- f. **Impartial decision-making** is the paramount requirement. Accordingly:
 - i. The regulatory decisions of the Authority and the CEO must be made and seen by the public and by the regulated sectors to be made in an independent and impartial manner.

7. Accountability Relationships

7.1 Minister

The minister is accountable:

- a. To Cabinet 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 direction, including directives and operational policies.
- c. To the Cabinet for the performance of the Authority and its compliance with the government's operational policies and broad policy directions.

7.2 Chair

The chair, acting on behalf of the board of directors, is accountable:

- a. To the minister for the Authority's performance in fulfilling its mandate, and for

carrying out the roles and responsibilities assigned to the chair by the Act and other relevant legislation, the Authority's by-laws, this MOU, and applicable government directives and policies.

- b. For reporting to the minister, as requested, on the Authority's activities.
- c. For ensuring timely communications with the minister regarding any issue that affects, or can reasonably be expected to affect, the minister's responsibilities for the Authority.
- d. To the minister to confirm the Authority's compliance with legislation, government directives, and applicable accounting, financial, and I&IT policies.

7.3 Board of Directors

The board of directors is accountable, through the chair, to the minister for the oversight and governance of the Authority; setting goals, objectives and strategic direction for the Authority, as outlined in the annual letter of direction; and for carrying out the roles and responsibilities assigned to it by the Act, the Authority's by-laws, this MOU, and applicable other government directives and policies.

7.4 Deputy Minister

The deputy minister reports to the Secretary of the Cabinet and is responsible for supporting the minister in the effective oversight of provincial agencies. The deputy minister is accountable for the performance of the ministry in providing administrative and organizational support to the Authority and for carrying out the roles and responsibilities assigned by the minister, the Act, this MOU, and applicable government directives and policies.

The deputy minister is also accountable for attesting to TB/MBC on the Authority's compliance with applicable directives to the best of their knowledge and ability.

7.5 Chief Executive Officer (CEO)

Where the CEO is employed under the Authority's authority and not under Part III of the *Public Service of Ontario Act, 2006*, the CEO is accountable to the board for the management and administration of the Authority, the supervision of Authority staff, and carrying out the roles and responsibilities assigned by the board, the Authority's constituting instrument, this MOU and government directives. The CEO works under the direction of the board to implement policy and operational decisions. The CEO reports the Authority's performance results to the board, through the chair. The board and chair are accountable to the minister.

8. Roles and Responsibilities

8.1 Minister

The minister is responsible for:

- a. Reporting and responding to 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 directives, the government's operational policies and policy directions.
- c. Meeting with the chair at least quarterly on: government and ministry priorities for the Authority; agency, board, chair and CEO performance; emerging issues and opportunities; agency high risks and action plans including direction on corrective action, as required; and agency business plan and capital priorities.
 - i. As a best practice, meetings are to be quarterly. The minister may delegate some of the meetings to an associate minister or parliamentary assistant. The minister should meet with the chair at least twice per year, with one meeting focused on agency, board, chair and CEO performance.
 - ii. If the minister deems the Authority to be low-risk, the minister may reduce the number of meetings to twice a year, instead of quarterly, with one meeting focused on agency, board, chair and CEO performance.
- d. Informing the chair of the government's priorities and broad policy directions for the Authority, and setting expectations for the Authority in the annual letter of direction.
- e. Working with the chair to develop appropriate measures and mechanisms related to the performance of the Authority.
- f. Reviewing the advice or recommendation of the chair on candidates for appointment or re-appointment to the board.
- g. Making recommendations to Cabinet and the LGIC for appointments and reappointments to the board, pursuant to the process for agency appointments established by legislation and/or by MBC through the AAD.
- h. Determining at any time the need for a review or audit of the Authority, directing the chair to undertake reviews or audits 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.
- i. Signing the MOU into effect after it has been signed by the chair.
- j. 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.

- k. Receiving the Authority's annual business plan, including the annual statement of priorities, and approving or providing suggested changes to the plan no later than 30 calendar days from receiving it.
- l. Ensuring that the Authority's business plan is made available to the public no later than 30 calendar days from approving it.
- m. Receiving the Authority's annual report and approving the report no later than 60 calendar days of the ministry's receipt of the report from the Authority.
- n. Ensuring the annual report is tabled no later than 30 calendar days from approval and then made available to the public.
- o. When appropriate or necessary, taking action or directing that the board take corrective action with respect to the Authority's administration or operations.
- p. Consulting, as appropriate, with the chair (and others) on significant new directions or when the government is considering regulatory or legislative changes for the Authority.
- q. Recommending to TB/MBC the application of the OPS Procurement Directive.
- r. Recommending to TB/MBC any provincial funding to be allocated to the Authority
- s. Recommending to TB/MBC, where required, the merger, any change to the mandate, or dissolution of the Authority.
- t. 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.

8.2 Chair

The chair is responsible to support the board of directors by:

- a. Providing leadership to the Authority's board of directors and ensuring that the board carries out its fiduciary responsibilities for decisions regarding the Authority.
- b. Providing strategic leadership to the Authority by working with the board of directors to set the goals, objectives and strategic directions including as outlined in the annual letter of direction.
- c. Ensuring compliance with legislative and TB/MBC policy obligations.
- d. Reporting to the minister as requested on the Authority's activities within agreed upon timelines, including an annual letter confirming the Authority's compliance with all applicable legislation, directives, and accounting, financial and I&IT policies.

- e. Providing orientation to the board with regard to the mandate of the Authority, as well as the Government's priorities and policy directions for the Authority.
- f. Ensuring that the board is advised and informed, as appropriate, about any consultations or communications with the minister or the ministry.
- g. Meeting with the minister at least quarterly on: government and ministry priorities for the Authority; agency, board and CEO performance; emerging issues and opportunities; agency high risks and action plans including direction on corrective action, as required; and agency business plan and capital priorities.
 - i. As a best practice, meetings are to be quarterly. The minister may delegate some of the meetings to an associate minister or parliamentary assistant. The minister should meet with the chair at least twice per year, with one meeting focused on agency, board and CEO performance.
 - ii. If the minister deems the Authority to be low-risk, the minister may reduce the number of meetings to twice a year, instead of quarterly, with one meeting focused on agency, board, chair and CEO performance.
- h. Ensuring timely communications with the minister regarding any issues or events that may concern or can reasonably be expected to concern the minister in the exercise of their responsibilities relating to the Authority.
- i. Ensuring the Authority is fulfilling the government's priorities and expectations from the annual letter of direction, and achieving its key performance measures.
- j. Informing the minister on progress on achieving the government's priorities and broad policy directions for the Authority as outlined in the annual letter of direction.
- k. Working with the minister to develop appropriate measures and mechanisms related to the performance of the Authority.
- l. Utilizing the Authority's skills matrix to advise the minister of any competency skills gaps on the board and provide recommendations for recruitment strategies, appointments, or re-appointments as needed, including advising the minister on appointee attendance and performance.
- m. Cooperating with any review or audit of the Authority.
- n. Requesting an external audit of the financial transactions or management controls of the Authority, at the Authority's expense, if required.
- o. Advising the minister and deputy minister, annually at minimum, on any outstanding audit recommendations/issues.

- p. Sharing all audit engagement reports (including those prepared by their own internal audit function and/or those reported to the Authority's chair) with their respective minister and deputy minister (and when requested, with the President of the Treasury Board).
- q. Seeking strategic policy direction for the Authority from the minister.
- r. Signing the Authority's MOU on behalf of the board, along with the CEO or equivalent.
- s. Submitting the Authority's business plan/attestation memo, budget, annual report/attestation memo and financial reports, on behalf of the board, to the minister in accordance with the timelines specified in the applicable government directives and this MOU.
- t. Ensuring that the Authority operates within its approved budget allocation in fulfilling its mandate, and that public funds are used for the purpose intended with integrity and honesty.
- u. Consulting with the minister in advance regarding any activity which may 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.
- v. Chairing board meetings, including the management of the board's agenda.
- w. Reviewing the performance of the CEO annually in consultation with the board of directors and deputy minister.
- x. Reviewing and approving claims for per diems and travel expenses for board members.
- y. Ensuring appropriate management systems are in place (financial, information technology (including cyber security), human resources, procurement) for the effective administration of the Authority.
- z. Establishing and implementing artificial intelligence (AI) risk management in alignment with the principles of the Responsible Use of AI Directive and requirements in section 6.3, ensuring that they fulfill the role outlined for "Provincial Agency Heads or Equivalent" in the Responsible Use of AI Directive.
- aa. Overseeing effective public communications and relations for the Authority as required by the Communications Protocol.
- bb. Acknowledging the importance of promoting an equitable, inclusive, accessible, anti-racist and diverse workplace within the Authority, and supporting a diverse and inclusive workplace within the Authority.
- cc. Ensuring that board members are informed of their responsibilities under the

PSOA with regard to the rules of ethical conduct, including the political activity rules.

- dd. Fulfilling the role of ethics executive for public servants who are government appointees to the Authority, promoting ethical conduct and ensuring that all members of the Authority are familiar with the ethical requirements of the PSOA, and the regulations and the directives made under that Act, including in respect of conflict of interest, political activity and the protected disclosure of wrongdoing.
- ee. Submitting to the minister a copy of every by-law for approval. A financial by-law (those relating to borrowing, investing or managing financial risks) does not take effect until it is approved by the minister and, if the minister is not the Minister of Finance, by the Minister of Finance

8.3 Board of Directors

The board of directors is responsible for:

- a. Supervising the management of the affairs of the Authority.
- b. Ensuring the Authority is governed in an effective and efficient manner and the Authority uses public 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 and policies.
- c. Ensuring the Authority is fulfilling the government's priorities and expectations from the annual letter of direction in the establishment of goals, objectives, and strategic directions for the Authority.
- d. Establishing robust performance measures, targets and management systems, and monitoring and assessing the Authority's performance measures, targets and management systems.
- e. Governing the affairs of the Authority in fulfilling the government's priorities and expectations from the annual letter of direction as set out in 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.
- f. Directing the development of, and approving the Authority's business plans for submission to the minister within the timelines established by the AAD.
- 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 or the Authority's constituting instrument as applicable.
- h. 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.
- i. Making decisions consistent with the business plan approved for the Authority and

ensuring that the Authority operates within its budget allocation.

- j. Ensuring the CEO, or equivalent, is fulfilling their responsibilities as outlined in this MOU and the AAD.
- k. Reviewing the performance of the CEO annually in consultation with the chair and deputy minister.
- l. Ensuring that the Authority is governed in an effective and efficient manner according to accepted business and financial practices, and in accordance with applicable directives and policies.
- m. 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.
- n. Establishing a board committee to advise the CEO on matters related to the administration Pension Benefits Guarantee Fund (PBGF).
- o. Establishing a board committee to provide governance over matters related to the Deposit Insurance Reserve Fund (DIRF).
- p. Approving the Authority's MOU, and any amendments to the MOU, subject to TB/MBC approval, in a timely manner and authorizing the chair to sign the MOU, or any amendments to the MOU, on behalf of the Authority.
- 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. Where applicable, ensuring that conflict of interest rules that the Authority is required to follow, as set out in Ontario Regulation 381/07 under PSOA (or as have been approved and published by the Integrity Commissioner on the Commissioner's website), are in place for the members of the board and employees of the Authority.
- s. Approving and overseeing the implementation of the Authority's regulatory initiatives and priorities, making rules that have the force of law and adopting policies that influence the regulated sectors.
- t. Ensuring that stakeholders are consulted, as appropriate, on the Authority's goals, objectives and strategic directions, and on any potential rulemaking or policy initiative by the Authority that will have an impact on the regulated sectors.
- u. Overseeing the development of rules in accordance with the process and requirements set out in the Act and the scope of rule-making authority in the Act and other Acts.
- v. 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.

- w. Directing corrective action on the functioning or operations of the Authority, if needed.
- x. Cooperating with and sharing any relevant information on any risk-based or periodic review directed by the minister or TB/MBC.
- y. Consulting, as appropriate, with stakeholders on the Authority's goals, objectives and strategic directions.
- z. Providing advice to the government, through the minister, on issues within or affecting the Authority's mandate and operations.
- aa. 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.
- bb. Ensuring that the responsibilities for the institution head are carried out as set out in Regulation 460 for the purposes of the Freedom of Information and Protection of Privacy Act.

8.4 Deputy Minister

Deputy minister responsibilities may be fulfilled by a delegate approved by the Secretary of Cabinet.

The deputy minister is responsible for:

- a. Advising and assisting the minister regarding the minister's oversight responsibilities for the Authority, including informing the minister of policy direction, policies and priorities of relevance to the Authority's mandate.
- b. Advising the minister on the requirements of the AAD, ensuring governance and accountability documents accurately adhere to the requirements of the AAD, and other directives that apply to the Authority.
- c. Attesting to TB/MBC the Authority's compliance with the mandatory accountability requirements set out in the AAD and other applicable directives, the government's operational policies and policy directions based on the annual letter of compliance from the Authority chair to the minister to the best of their knowledge and ability.
- d. Ensuring that the Authority receives such information and assistance as required to meet its responsibilities under the Acts, other relevant legislation, regulations and rules, Applicable Government Directives, and this MOU.
- e. Ensuring that, when the ministry is notified of changes to TB/MBC directives that may apply to the Authority, or of changes to Applicable Government Directives and policy directions, the Authority is made aware of these changes.
- f. Reporting/responding, within prescribed timelines, to TBS on compliance tracking.

- g. Informing the CEO or equivalent, in writing, of new government directives and any exceptions to, or exemptions in whole or in part from directives, government policies, or ministry administrative policies.
- h. Ensuring regular briefings and consultations between the chair and the minister at least quarterly, and between the ministry staff and the Authority staff as needed.
- i. Meeting with the Authority's CEO or equivalent at least quarterly on matters of mutual importance, including emerging issues and opportunities, government priorities and progress on annual letter of direction, agency business plans and results and agency high risks and action plans.
- j. Meeting with the Authority's CEO or equivalent regularly and as required to discuss CoA exceptions and fraud instances and their related action plans.
- k. Supporting the minister in reviewing the performance targets, measures and results of the Authority.
- l. Signing the Authority's MOU, acknowledging their responsibilities.
- m. Undertaking reviews of the Authority as may be directed by the minister.
- n. Cooperating with any review of the Authority as directed by the minister or TB/MBC.
- o. Ensuring the review of and assessing the Authority's business plan and other reports.
- p. Requesting information and data as needed to fulfill obligations under the AAD.
- q. 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.
- r. Providing regular feedback to the minister on the performance of the Authority.
- s. Providing annual feedback on the performance of the Authority and CEO to the chair.
- t. Supporting ministers and minister's offices in monitoring and tracking upcoming and existing vacancies on boards, particularly where there is a legislated minimum number of members and to maintain quorum.
- u. 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.
- v. 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.

- w. 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.
 - x. Undertaking timely risk-based reviews of the Authority, its management or operations, as may be directed by the minister or TB/MBC.
 - y. Submitting to the minister, as part of the annual planning process, a risk assessment and management plan for each risk category, and for each business line (as applicable).
 - z. Consulting with the Authority's CEO or equivalent, as needed, on matters of mutual importance including services provided by the ministry and compliance with directives and ministry policies.
- aa. Working with the CEO to address any issue that may arise.
 - bb. Arranging for administrative, financial and other support to the Authority, as specified in this MOU.

8.5 Chief Executive Officer (CEO)

The text in the section below includes the CEO's responsibilities under the AAD.

The CEO is responsible for:

- a. Being accountable to the board, including where the CEO is appointed by the LGIC.
- b. Serving as the regulatory decision-maker on behalf of the Authority, if delegated as such by the board.
- c. Managing the day-to-day operational, financial, analytical, and administrative affairs of the Authority in accordance with the mandate of the Authority, the Acts and regulations, government directives and policies, accepted business and financial practices, and this MOU.
- d. Supporting the chair and board in meeting their responsibilities, including compliance with all applicable legislation, directives, policies, procedures and guidelines.
- e. Advising the chair on the requirements of and the Authority's compliance with the AAD, as well as other government directives and policies, and the Authority's by-laws and policies, including annually attesting to the chair on the Authority's compliance with mandatory requirements.

- f. Attesting to the compliance of the Authority to applicable directives and policies and supporting the board of directors to provide the statement of compliance of the Authority.
- g. Ensuring that the Authority meets the requirements of the AAD.
- h. Meeting with the deputy minister at least quarterly on matters of mutual importance, including: emerging issues and opportunities; government priorities and progress on annual letter of direction; agency business plans and results; and, agency high risks, the action plan and advice on corrective action as required.
- i. Meeting with the deputy minister or an approved delegate regularly and as required to discuss CoA exceptions and fraud instances and their related action plans.
- j. Keeping the chair and board informed of operational matters and the implementation of policy and the operations of the Authority.
- k. Keeping the ministry and the chair advised on issues or events that may concern the minister, the deputy minister and the chair in the exercise of their responsibilities.
- l. Translating the goals, objectives and strategic directions of the board, as set out in the annual letter of direction, into operational plans and activities in accordance with the Authority's approved business plan.
- m. Carrying out in-year monitoring of the Authority's performance and reporting on results to the chair and board.
- n. Undertaking timely risk-based reviews of the Authority's management and operations.
- o. Cooperating with a periodic review directed by the minister or TB/MBC.
- p. Signing the Authority's MOU, along with the chair, on behalf of the board.
- q. Preparing the Authority's annual report, statement of priorities, budget and annual business plan as directed by the board.
- r. Establishing and applying systems to ensure that the Authority operates within its approved business plan.
- s. Providing leadership and management to the Authority staff, including human and financial resources management, in accordance with the approved business plan, accepted business and financial practices and standards, the Authority's constituting instrument, and government directives.
- t. Establishing and applying a financial management framework for the Authority in accordance with applicable Minister of Finance/Treasury Board controllership directives, policies and guidelines.

- u. Applying policies and procedures so that public funds are used with integrity and honesty.
- v. Ensuring that the Authority has the oversight capacity and an effective oversight framework in place for monitoring its management and operations.
- w. Providing information and reporting as requested by the minister, deputy minister, ministry and/or TBS, and within timelines set out by the minister, deputy minister, ministry and/or TBS.
- x. Establishing and applying the Authority's risk management framework and risk management plan in place as directed by the chair and board.
- y. Seeking support and advice from the ministry, as appropriate, on agency management issues.
- z. In consultation with and as requested by the ministry, provide advice to the minister and deputy minister, and on behalf of the board or the Authority, on policy matters related to the regulated sectors.
- 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.
- bb. Establishing and applying a system for the retention of the Authority's documents and for making such documents publicly available when appropriate, for complying with the *Freedom of Information and Protection of Privacy Act* and the *Archives and Recordkeeping Act* where applicable.
- cc. Carrying out effective public communications and relations for the Authority as required by the Communications Protocol.
- dd. Fulfilling the role of ethics executive for employees of the Authority.
- ee. Promoting ethical conduct and ensuring that all members of the Authority are familiar with the ethical requirements of the PSOA and the regulations and directives made under that Act, including in respect of conflict of interest, political activity, and the protected disclosure of wrongdoing.
- ff. Preparing financial reports for approval by the board.
- gg. Preparing, for approval by the board, a performance review system for staff and implementing the system.

9. Ethical Framework

The members of the board who are appointed by the LGIC are subject to the conflict of interest provisions of the AAD and the conflict of interest provisions of the PSOA and its regulations.

Board members shall not use any information gained as a result of their appointment to or membership on the board for personal gain or benefit. A member who has reasonable grounds to believe that they have a conflict of interest in a matter before the board, or a committee of the board, shall disclose the nature of the conflict to the chair at the first opportunity and shall refrain from further participation in the consideration of the matter. The chair shall cause to be recorded in the minutes of the meeting of the board any declared conflicts of interest.

The chair (as the ethics executive for the Authority's appointed board members) and the CEO (as the ethics executive for Authority staff) are responsible for ensuring that their respective groups 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. The chair will ensure that the minister is provided annually with the Authority's business plan covering a minimum of three (3) years from the upcoming fiscal year, unless otherwise specified by TB/MBC, for approval by the minister. The annual business plan shall be in accordance with the requirements set out in the AAD.
- b. The draft annual business plan is to be submitted to the ministry's chief administrative officer or designated equivalent no later than 90 calendar days prior to the beginning of the Authority's fiscal year start, and the board-approved business plan is to be submitted to the minister for approval no later than 30 calendar days prior to the beginning of the Authority's fiscal year.
- c. The chair will ensure that the business plan demonstrates the Authority's plans in fulfilling the government priorities set out in the annual letter of direction. When the business plan is submitted to the minister for approval, an attestation memo from the Authority chair must also be submitted that details how the Authority plans to achieve each government priority.
- d. The chair is responsible for ensuring that the Authority's business plan includes a system of performance measures and reporting on the achievement of the objectives set out in the business plan. The system must include performance goals, how they will be achieved, and targeted results and timeframes.
- e. The chair will ensure that the business plan includes a summary of HR impacts, including: current number of employees expressed as full-time equivalents and current number of executives.
- f. The chair will ensure that the business plan includes a risk assessment and risk management plan. This will assist the ministry in developing its risk assessment and risk management plan information in accordance with the requirements of the AAD to assess risks, develop and maintain necessary records, and report to

TB/MBC.

- g. The chair will ensure that the business plan includes an inventory of the Authority's artificial intelligence (AI) use cases in accordance with requirements of the Responsible Use of AI Directive.
- h. The chair will ensure that publicly posted business plans do not disclose: personal information, sensitive employment and labour relations information, solicitor-client privileged information, Cabinet confidential information, trade secrets, information that would prejudice the financial or commercial interests of the Authority in the marketplace, and information that would otherwise pose a risk to the security of the facilities and/or operations of the Authority. If necessary, this confidential information, included in the minister-approved business plan, may be redacted in the publicly posted version.
- i. The minister will review the Authority's annual business plan and will promptly advise the chair whether or not they concur with the directions proposed by the Authority. The minister may advise the chair where and in what manner the Authority's plan varies from government or ministry policy or priorities as may be required, and the chair, on behalf of the board of directors, will revise the Authority's plan accordingly. Business plans are only to be considered valid once the responsible minister has approved the plan and the approval has been expressed in writing.
- j. The minister will approve or provide suggested changes to the business plan no later than 30 calendar days from the minister's receipt of the report. In certain circumstances, minister approval may be given to only certain portions of a business plan as submitted by the Authority.
- k. The parties acknowledge that TB/MBC may require the minister to submit the Authority's business plan to TB/MBC for review at any time.
- l. The chair, through the CEO, will ensure that the minister approved business plan is made available to the public in an accessible format (to comply with the *Accessibility for Ontarians with Disabilities Act, 2005*), in both official languages (to comply with the *French Language Services Act*), on the Authority website no later than 30 calendar days from minister's approval of the plan.
- m. 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 other Acts, and the rules and regulations thereunder, together with a summary of the reasons for the adoption of the priorities. The Authority shall consult first with the ministry and then with participants in the regulated sectors on its proposed statement of priorities.

10.2 Annual Reports

- a. The chair will ensure that the ministry is provided annually with the Authority's annual report. The annual report shall be in accordance with the requirements set

out in the AAD.

- b. The annual report is to be submitted to the ministry no later than 120 calendar days after the Authority's fiscal year-end.
- c. The chair will ensure that the annual report includes a summary of HR impacts, including: number of employees expressed as full-time equivalents, and number of executives.
- d. The chair will ensure that publicly posted annual reports do not disclose: personal information, sensitive employment and labour relations information, solicitor-client privileged information, Cabinet confidential information, trade secrets, information that would prejudice the financial or commercial interests of the Authority in the marketplace, and information that would otherwise pose a risk to the security of the facilities and/or operations of the Authority.
- e. The chair will ensure that the annual report demonstrates how the Authority has fulfilled the expectations and government priorities set out in the annual letter of direction. When the annual report is submitted to the minister for approval, an attestation memo from the Authority chair must also be submitted that details how the Authority has achieved each government priority.
- f. The minister will approve the annual report no later than 60 calendar days from the ministry's receipt of the report, and will table the report in the Legislative Assembly no later than 30 calendar days from approval.
- g. The chair, through the CEO, will ensure that the minister approved annual report is publicly posted in an accessible format (to comply with the *Accessibility for Ontarians with Disabilities Act, 2005*), in both official languages (to comply with the *French Language Services Act*), on the Authority website after the report has been tabled in the Legislature and no later than 30 calendar days from minister's approval of the report.
- h. When distributing annual reports, digital formats and channels for distribution must be used unless otherwise required (e.g., by directive, legislation).

10.3 Human resources and compensation

- a. The CEO will ensure that the Authority provides workforce, compensation and operational data as set out in the AAD Operational Policy.
- b. The CEO will also ensure that the Authority reports on HR and compensation policies in its business plans and annual reports, in accordance with the requirements of the AAD, AAD Operational Policy, and articles 10.1 and 10.2 of this MOU.
- c. The CEO will also ensure that the Authority provides any other additional workforce, compensation and operational data as requested by TBS.

10.4 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 or delegate 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 public comment 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 Authority shall, 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 of the 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, acknowledge that the minister's statutory period for review and approval of the rule is 60 days or, if the rule 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., 22 an urgent rule), the preceding provisions of article 10.3 do not apply.

10.5 Other Reports

The chair is responsible on behalf of the board of directors for:

- a. Ensuring that all required reports and documents, including those set out are submitted for review and approval by the minister in accordance with the prescribed timelines.
- 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.

11. Public Posting Requirements

- a. The Authority, through the chair on behalf of the board of directors, will ensure that the following approved governance documents are posted in an accessible format (to comply with the *Accessibility for Ontarians with Disabilities Act, 2005*), in both official languages (to comply with to the *French Language Services Act*), on the Authority website no later than the specified timelines:
 - Memorandum of understanding – 30 calendar days of signing by all parties
 - Annual letter of direction – 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 Authority in the marketplace, and information that would otherwise pose a risk to the security of the facilities and/or operations of the Authority.
 - c. The Authority, through the chair on behalf of the board of directors, will ensure that the expense information for appointees and senior management staff are posted on the Authority or ministry website, in accordance with the requirements of the Travel, Meal and Hospitality Expenses Directive.
 - d. The Authority, through the chair on behalf of the board of directors, 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 plans, strategies, operations and administration of the Authority is essential for the minister to meet their 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 of directors to be kept informed of government initiatives and broad policy directions that may affect the Authority’s mandate and functions.

The minister and the chair on behalf of the board of directors, therefore, agree that:

- a. Despite any other provision of this MOU, communications shall not include discussion or exchanging of confidential information between Authority personnel and the minister, deputy minister or ministry staff about current, past or future investigations, cases or proceedings initiated by the Authority or the CEO.
- b. The ministry and the Authority have established an information sharing protocol under which the Authority does not share information relating to regulatory investigations or proceedings except in accordance with the protocol and applicable legislation. In addition to the protocol, inquiries received by the minister's office regarding investigations, cases or proceedings initiated by the Authority or the CEO are re-directed to the Authority. Any response made by the minister's office to the inquiring party will indicate that the inquiry has been forwarded to the Authority and that the minister cannot interfere with an enforcement investigation or proceeding.
- c. The chair, and the CEO as necessary, will consult with the minister, in a timely manner, of all planned announcements, events or issues, including contentious

matters, that concern or can be reasonably expected to concern the minister in the exercise of their responsibilities.

- d. The minister will advise the chair, and the CEO as necessary, 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 will advise the chair, and the CEO as necessary, and the chair will consult with the minister on public communication strategies and publications. They will keep each other informed of the results of stakeholder and other public consultations and discussions as they relate to the Authority's mandate and functions.
- f. The minister and the chair will meet at least quarterly on: government and ministry priorities for the Authority; agency, board, chair and CEO performance; emerging issues and opportunities; agency high risks and action plans including direction on corrective action, as required; and agency business plan and capital priorities.
 - i. As a best practice, meetings are to be quarterly. The minister may delegate some of the meetings to an associate minister or parliamentary assistant. The minister should meet with the chair at least twice per year, with one meeting focused on agency, board, chair and CEO performance.
 - ii. If the minister deems the Authority to be low-risk, the minister may reduce the number of meetings to twice a year, instead of quarterly, with one meeting focused on agency, board, chair and CEO performance.
- g. The deputy minister and the CEO or equivalent will meet at least quarterly to discuss matters of mutual importance including: emerging issues and opportunities; government priorities and progress on annual letter of direction; agency business plan and results; and agency high risks, the action plan and advice on corrective action as required.
 - i. The deputy minister and the CEO or equivalent shall provide timely information and advice to each other concerning significant matters affecting the Authority's management or operations.
- h. The Authority and ministry will comply with the Public Communications Protocol set out in Appendix 1 to this MOU for ongoing issues management, public communications and paid advertising.

13. Administrative Arrangements

13.1 Applicable Government Directives

- a. The chair, on behalf of the board of directors, is responsible for ensuring that the Authority operates in accordance with all applicable government directives and policies. This includes, but is not limited to, the list of directives and policies found on the InsideOPS Directives and Policies page.
- b. The ministry will inform the Authority of amendments or additions to legislation, government directives, policies and guidelines that apply to the Authority; however, the Authority is responsible for complying with all legislation, government directives, policies and guidelines to which it is subject. Information on corporate direction is available on the InsideOPS Directives and Policies page.
- c. All agencies are part of government and are required to comply with legislation, government directives, policies and guidelines applicable to them. Further, agencies may be required to ensure that their directives and policies adhere to certain government directives, policies and guidelines, including those for human resources, while being mindful of collective agreement and bargaining obligations.
- d. The Authority is considered an Other Included Entity under the OPS Procurement Directive and the Directive applies in part. The Authority must establish their own procurement policy as set out in the OPS Procurement Directive.
- i. The provision of hospitality that includes alcohol is integral to the business of the Authority 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 Authority'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 Authority would, where appropriate, provide alcohol for those events. The inclusion of alcohol on a reciprocal basis would enable the Authority 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 Authority at their own expense; and
- align with the customs and expectations of national and international guests that the Authority 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. All agencies are part of government and are required to comply with legislation, government directives, policies and guidelines applicable to them. Further, agencies may be required to ensure that their directives and policies adhere to certain government directives, policies and guidelines, including those for human resources, while being mindful of collective agreement and bargaining obligations.
- b. Subject to statutory requirements and applicable government directives, the Authority may establish its own administrative, financial, procurement, human resources and operational policies and guidelines, exercising sound business acumen and operational flexibility.

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 Legal Services

- a. The Authority is responsible for the provision of its own legal services and may retain outside legal services. The Authority 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.

13.5 Creation, Collection, Maintenance and Disposition of Records

- a. The chair, on behalf of the board of directors, is responsible for ensuring that a system is in place for the creation, collection, maintenance and disposal of records.
- b. The board, through the chair, is responsible for ensuring that the Authority complies with all government legislation, 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 chair, on behalf of the board of directors, 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 board of directors, through the chair, is responsible for ensuring that the Authority complies with the *Archives and Recordkeeping Act, 2006*, S.O. 2006, Chapter 34, Schedule A.

13.6 Cyber Security

- a. The Authority is responsible and accountable for the ownership and management of cyber security risks and related impacts within their organization.
- b. The Authority must ensure adequate systems, protocols and procedures are established and maintained to ensure cyber resilience, recovery and maturity.
- c. The Authority's cyber security practices and protocols should be regularly reviewed and updated to address new and emerging cyber security threats.
- d. The Authority should align with any applicable policies and standards issued by the OPS, such as the Government of Ontario Information Technology Standards (GO-ITS) 25.0 and any other relevant GO-ITS standards, Corporate Policy on Information Sensitivity Classification, Corporate Policy on Cyber Security and Cyber Risk Management, Governance and Management of Information and Data Assets Directive, Governance and Management of Information Technology Directive.

13.7 Intellectual Property

- a. The chair, on behalf of the board of directors, 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.

13.8 Freedom of Information and Protection of Privacy

- a. The CEO and the minister acknowledge that the Authority is 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, distribution, disclosure, access and correction and disposal of records.
- b. The CEO is the institution head for the purposes of the FIPPA.

13.9 Service Standards

- a. The Authority shall establish customer service and quality standards that are consistent with the appropriate standards of the government, the ministry and the Ontario Public Service.

- b. The chair will ensure that the Authority delivers its services at a quality standard that reflects the principles and requirements of the OPS Service Directive.
- c. The chair will ensure that the Authority designs, delivers and implements its digital services, whether internally built or procured, to reflect the principles and requirements outlined in the Digital and Data Directive, including Ontario's Digital Service Standard.
- d. The Authority has in place a formal process for responding to complaints about the quality of services received from members of the public and stakeholders of the Authority that is consistent, with the government's service quality standards.
- e. 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 regulatory decisions.
- f. The Authority's annual business plan will include performance measures and targets for client service and the Authority's response to complaints received from members of the public and stakeholders about the quality of services received from the Authority.

13.10 Diversity and Inclusion

- a. The Authority, through the chair on behalf of the board of directors, acknowledges the importance of promoting an equitable, inclusive, accessible, anti-racist and diverse workplace within the Authority.
- b. The chair, on behalf of the board of directors, will support a diverse and inclusive workplace within the Authority by:
 - i. Developing and encouraging diversity and inclusion initiatives to promote an inclusive environment free of workplace discrimination and harassment; and
 - ii. Adopting an inclusive process to ensure all voices are heard.
- c. The chair, on behalf of the board of directors, is responsible for ensuring that the Authority operates in accordance with the *Human Rights Code*, *Accessibility for Ontarians with Disabilities Act, 2005*, *French Language Services Act*, and *Pay Equity Act*.

14. Financial Arrangements

14.1 General

All financial procedures for the Authority shall be in accordance with applicable government directives, ministry and corporate financial and administrative policies and procedures and any applicable legislation.

- a. When ordered to do so by the Minister of Finance and/or the President of the Treasury Board, pursuant to Section 16.4 of the *Financial Administration Act*, the Authority shall pay into the Consolidated Revenue Fund any money that the Minister of Finance and/or the President of the Treasury Board determines is surplus to its requirements.
- b. 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 of Ontario without the approval of the Minister of Finance and/or their delegate or as otherwise permitted under the *Financial Administration Act*.
- c. The Authority will report to TBS when it has sought external advice on matters where: (i) the effectiveness of the advice depends on a particular accounting treatment or presentation in the financial statements; (ii) the outcome or consequences of the advice has or will have a material effect on the financial statements; and (iii) where there could be reasonable doubt as to the appropriateness of the related accounting treatment or presentation under the relevant financial reporting framework.
- d. 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.
- e. 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 Consolidated Revenue Fund (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.
- f. The Authority will maintain, on behalf of the CEO, 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.
- g. The CEO shall be responsible for providing the ministry with the necessary documentation to support the Authority's expenditures.

14.2 Funding

- a. The Authority shall maintain a bank account in its own name and manage its financial activities, investment and management of cash in accordance with the Ontario Financing Authority's policy directions.
- b. 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.

- c. The Authority may budget over a multi-year cycle.
- d. The Authority shall consult with the regulated sectors on its proposed budget and shall submit the budget to the minister for review.
- e. The ministry acknowledges that the Authority will use various Fees to fund its oversight of the regulated sectors.
- f. 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.
- g. 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.

14.3 Financial Reports

- a. The chair, on behalf of the board of directors, 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 accordance with instructions issued by the 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 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 complying with its obligations as a supplier under the federal *Excise Tax Act* to collect and remit HST in respect of any taxable supplies made by it.

Payment of HST

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

HST Recovery

- c. The Authority is listed on Schedule A of the Canada-Ontario Reciprocal Taxation

Agreement and may claim HST Government Rebates in respect of any HST paid or payable by the Authority, subject to any restrictions specified by Finance Canada.

- d. The Authority will not claim an HST Government Rebate in respect of HST paid or payable by it for which it has claimed a refund, input tax credit or other rebate under the *Excise Tax Act* (Canada).
- e. The Authority is responsible for providing the Ministry of Finance and/or the Canada Revenue Agency, upon request, with any information necessary to determine the amount of an HST Government Rebate.
- f. The Authority is responsible for informing the Ministry of Finance within 30 days if its name is changed, it merges with another agency, its mandate or major activities are significantly changed, it undergoes a significant reorganization or change to its legal structure, and if it ceases operations or is dissolved.

14.5 Realty

- a. The chair, on behalf of the board of directors, on behalf of the Board, is responsible for ensuring that the Authority operates in accordance with the MBC Realty Directive.
- b. Appendix B of the Realty Directive sets out the Mandatory Office Space Standards and Office Space Planning Practices that must be complied with when acquiring space for accommodation and program purposes.
- c. The chair recognizes that all lease agreements for the Authority without realty authority are under the administration and control of the Minister of Infrastructure.
- d. The Authority will align hybrid work policies with the OPS and identify and assess office optimization opportunities to reduce office realty footprint and find cost reductions.

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 Authority can request and/or must accept the provision of internal audit services by the Ontario Internal Audit Division in accordance with the Internal Audit Directive.
- c. Regardless of any previous or annual external audit, the minister or the chair (on behalf of the board of directors) may direct that the Authority be audited at any time. The results of such audit should be shared by the chair to the minister in accordance with article 8.2.

- d. The Authority will share all engagement reports (including those prepared by their own internal audit function and/or those reported to the Authority's chair) with their respective minister and deputy minister (and when requested, with the President of the Treasury Board). The Authority will advise the respective minister and deputy minister annually, at a minimum, on any outstanding recommendations/issues.
- e. The Authority will share its approved audit plan with their respective minister and deputy minister, (and when requested, with the President of the Treasury Board) to support understanding of agency risks.
- f. The chair, on behalf of the board of directors, may request an external audit of the financial transactions or management controls of the Authority, at the Authority's expense.
- g. The accounts of the Authority shall be audited annually by an auditor (or auditors) appointed by the board. Audited financial statements will be included in the Authority's annual report.

15.2 Other Reviews

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, including finance, human resources/labour relations and agency processes.

- a. 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.
- b. A mandate review of the Authority will be conducted at least once every six years. The date of the next review will be fiscal year 2024-25.
- c. The minister will consult the chair, on behalf of the board of directors, as appropriate during any such review.
- d. The chair, CEO, and board will cooperate in any review.
- e. 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 Staffing Requirements

- a. Authority employees are employed under section 10 (1) of the Act.

- b. The Authority will provide to TBS workforce, compensation and operational data as set out in the AAD Operational Policy.
- c. Authority employees are accountable to the CEO and delegates of the CEO. Employees of the Authority are public servants under the PSOA.
- d. 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.

16.2 Designated Executives

The Authority shall provide total compensation to its designated executives, including the CEO, in accordance with the legislation, directives, policies and guidelines applicable to them.

16.3 Appointments

- a. The chair is appointed by the LGIC on the recommendation of the minister pursuant to the section 8(6) of the Act, with a fixed appointment term that may vary in length.
- b. The members of the Authority are appointed by the LGIC on the recommendation of the minister pursuant to section 8(3) the Act, with a fixed appointment term that may vary in length.
- c. The maximum number of members is 11, as set out in section 8(2) of the Act.
- d. The chair must utilize the Authority's skills matrix and recruitment strategy in advising the minister of any competency skills gaps on the board and providing any recommendations for appointments or re-appointments, including advising the minister on appointee attendance and performance.

16.4 Remuneration

- a. Remuneration for board members is set by the LGIC.
- b. As set out in the constituting instrument, the chair is remunerated at a per diem rate of \$744 and the members are each remunerated at a per diem rate of \$472.
- c. Provincial agencies, including board members, must comply with the Travel, Meal and Hospitality Expenses Directive issued by MBC. Legitimate authorized expenses incurred during the course of government business shall be reimbursed. Expenses for board members under the Directive are subject to requirements for public disclosure of expense information.

17. Risk Management, Liability Protection and Insurance

17.1 Risk Management

Ministers and ministries are accountable for working with their provincial agencies to ensure effective management of risks. The ministry and the Authority will meet to discuss the Authority's high risks and action plans including direction on corrective action.

The chair, on behalf of the board of directors, is responsible for ensuring that a risk management strategy is developed and in place for the Authority, in accordance with the AAD and the OPS Enterprise Risk Management Directive and Risk Management process.

The Authority shall ensure that the risks it faces are addressed in an appropriate manner.

17.1.1 Artificial Intelligence Risk Management

The chair, on behalf of the board of directors, is responsible for ensuring that artificial intelligence (AI) risk management is undertaken in alignment with the principles and requirements of the Responsible Use of AI Directive.

- a. The Authority shall implement AI risk management in alignment with the requirements outlined in Section 6.3 of the Responsible Use of Artificial Intelligence Directive.
 - The Authority shall ensure the management of technology risks in a documented and appropriate manner.
 - The Authority will identify threats and risks, assess their potential impact, severity and likelihood, and document the risks and actions taken to address them.
- b. The Authority shall ensure that a business process exists for accountable executives to document their ongoing efforts to treat (resolve, mitigate, or accept) risks throughout the technology lifecycle.
- c. The Authority shall publish a list of AI use cases as part of the Business Plan.
- d. The Authority shall track and report quarterly on IT threats and technology risks and vulnerabilities, and associated risk treatment efforts. This includes reporting on AI use cases and associated risk management.
- e. The Authority shall ensure that IT systems can meet the confidentiality, integrity, and availability requirements of all information and that systems can adequately safeguard or dispose of information according to its sensitivity level.

17.2 Liability Protection and Insurance

- 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

- b. 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. Compliance and Corrective Actions

- a. Open and consistent communication between provincial agencies and their responsible ministry helps ensure that government priorities and direction are clearly understood and helps to manage risks or issues as they arise.
- b. Situations may arise through the course of monitoring where corrective action is required. Corrective action refers to the steps taken to remedy non-compliance with this directive. Corrective action supports agencies in delivering on desired outputs and/or outcomes, and meeting the terms and conditions established by this directive.
- c. If the ministry initiates corrective action, it must be progressive in nature and in proportion to the risk associated with the degree of non-compliance. The degree of corrective action should only be increased if the Authority's non-compliance continues. It is important that the ministry document all actions, and provide timely and clear communication to the Authority chair or senior executives relating to potential corrective actions. This may include letters of direction by the accountable minister and/or the President of the Treasury Board as required.
- d. Before engaging in more severe corrective actions, the ministry must consult with TBS and legal counsel.

19. Effective Date, Duration and 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. A copy of the signed MOU and any successor MOU must be provided to the Secretary, Treasury Board/Management Board of Cabinet, no later than seven calendar days from being signed.
- c. Upon a change in minister, deputy minister, chair or CEO (or equivalent) of a board-

governed provincial agency, the newly appointed individual must review and sign this MOU no later than four months from the new appointment.

Signatures

I acknowledge my role and the requirements as set out in this MOU and the AAD.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end, positioned above a horizontal line.

Deputy Minister
Ministry of Finance

November 14, 2025

Date

I acknowledge my role and the requirements as set out in this MOU and the AAD.



Chief Executive Officer
Financial Services Regulatory Authority of Ontario

October 9, 2025

Date

Appendix 1: Public Communications Protocol

1. Purpose

The communications protocol sets out a framework for the ministry and the Authority to collaborate on public communications opportunities led by the Authority.

The communications protocol applies to both the Authority's implementation of its legislated 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.

No information pertaining to the Authority's investigations or enforcement proceedings or other specific regulatory actions will be shared with the Ministry prior to it being disclosed to the public. Once information on these matters has been made public, where such matters may generate inquiries for the Minister or government, the public information will be shared with Ministry Communications officials.

2. Definitions

a. "Public communications" means any material that is communicated to the public, either directly or through the media in:

- Oral form, such as a speech or public presentation or interview to be broadcast
- Printed form, such as a hard copy report
- Electronic form, such as a posting to a website
- Paid advertising, such as digital or print campaign.

b. A "contentious issue" is a matter that is, or may reasonably be expected to be, of concern to the Legislative Assembly or the public, or is likely to result in inquiries being directed to the minister or government.

Contentious issues may be raised by:

- Members of the Legislative Assembly
- The public
- Media
- Stakeholders
- Service delivery partners.

3. The Authority will comply with the TB/MBC Visual Identity Directive.

4. The ministry and the Authority will appoint persons to serve as public communications "leads". The leads may, at any time and with proper communication

and documentation, appoint delegates to support communications planning with specific files and/or processes, i.e., information sharing related to non-contentious media calls).

- The ministry lead is the Director of Communications.
- The Authority lead is the Chief Public Affairs Officer.

5. For the purpose of this protocol, public communications subject to the protocol are divided into three categories – all are subject to the information-sharing restrictions outlined in 1. above:

a. **Media responses or communications products related to the routine business** of the Authority and its programs that **do not** have direct implications for either the ministry or the government, or could not be considered a government priority.

- Media responses, news releases or other communications products are to be shared with the ministry lead on an appropriate and timely cadence (i.e., weekly) who will circulate as appropriate to other individuals within the ministry.
- **Note:** Funding related announcement are not considered routine business and must be escalated to category B. Contentious issues must be escalated to category C.

b. **Communications products and/or plans where provincial or ministerial messaging on government priorities would enhance the Authority's or the government's profile.**

- **For all non-contentious items that might generate media interest**, the Authority lead will notify the ministry lead of upcoming communications plans and products a minimum of three (3) business weeks in advance.
- **For non-contentious items which provide government messaging opportunities** or involve funding announcements, the Authority must request approval of communications products seven (7) business days prior to the date required.
- **Final approval** is required from the minister's office and will be sought via the ministry lead. If the Authority were not to receive comments or approval from the minister's office or ministry lead within forty-eight (48) hours of the date on which the item is to be issued, the Authority should escalate a follow-up, noting that they will proceed accordingly.
- **Non-contentious media responses** are to be shared with the ministry lead on an appropriate and timely cadence (i.e., weekly) who will circulate as

appropriate to other individuals within the ministry. Contentious media responses follow the process below.

- c. **Contentious issues, media responses, and news releases** that may have direct implications for either the ministry or the government, or are likely to result in inquiries being directed to the minister or government.
- The Authority lead 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 contentious issues that require attention. The Authority will provide all required background information on the issue to the ministry lead, who will arrange to have a contentious issues note prepared.
 - The Authority must obtain ministry approval prior to issuing media responses or news releases in this category. The Authority lead will provide the media response or news releases to the ministry lead.

6. Advertising

- To deliver on the long-range demands of planning advertising, the Authority will provide the ministry with its annual marketing plan three (3) months in advance of its start date (on the Authority's fiscal year).
- The Authority is to share campaign briefs with the ministry a minimum of two (2) weeks in advance of briefing creative/media (agency) partners. Ministry to ensure alignment on campaign objectives and messaging.
- Advertising materials and campaigns can be reviewed by the ministry's MO.
- Final messaging and creative to be shared with the ministry at least two (2) weeks before going live.