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**FSRA is actively reviewing all FSCO regulatory direction, including but not limited to forms, guidelines and FAQs.**

**Until FSRA issues new regulatory direction, all existing regulatory direction remains in force.**

## Mortgage Brokering Sector Compliance Reviews

The Financial Services Commission of Ontario (FSCO) uses a risk-based approach to regulation, which focuses on allocating valuable regulatory resources to those areas that are deemed to have the greatest risk. Under this regulatory approach, FSCO goes beyond just enforcing requirements that are set out in legislation. Instead of examining all risks, FSCO focuses its attention on those risks that have the potential to cause the greatest degree of harm. The benefit of this approach is that regulatory resources are maximized and compliance costs are minimized.

During the spring and summer of 2009, FSCO conducted a review of the mortgage brokering industry as part of its compliance review initiative. This review focused on how the overall industry – particularly at the individual brokerage level – had prepared itself to meet the compliance requirements under the Mortgage Brokerages, Lenders and Administrators Act, 2006 (MBLAA); with specific focus on sections 40 to 48 of Ontario Regulation 188/08 – Mortgage Brokerages: Standards of Practice.

Through this process it was determined that the reviews would focus on specific standards under the MBLAA and regulations, particularly standards relating to policies and procedures, oversight and corporate governance. Although policies and procedures do not guarantee compliance with legislation, mortgage brokerages are expected to establish and implement policies and procedures that are reasonably designed to ensure compliance with the requirements under the MBLAA.

Following the compliance review of mortgage brokerages in 2009, FSCO conducted a review of mortgage administrators during the summer and fall of 2010. The focus of the 2010 compliance review was on Regulation 189/08, Mortgage Administrators: Standards of Practice. The approach FSCO employed for these on-site reviews was consistent with the 2009 review.

The overall focus of examinations in 2010-2014 was to determine how well mortgage brokerages have implemented the requirements set out by MBLAA and its related regulations, including in the areas of supervision (policies & procedures), principal broker responsibilities, public relations materials, and disclosure requirements to borrowers and investors/lenders. In this period FSCO has examined almost half of licensed mortgage brokerages in Ontario.

The results of the reviews provide support for FSCO's risk-based approach to regulation and its positive impact on the mortgage brokering industry in promoting higher standards of practice for consumer protection in Ontario.

View the complete [Report on FSCO's Compliance Reviews of Mortgage Brokerages, 2010-2014](#)

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2018

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(December 2015)

Previous Reports

- [Report on FSCO's Compliance Reviews of Mortgage Administrators](#)  (June 2011)
- [Report on FSCO's Compliance Reviews of Mortgage Brokerages](#)  (May 2010)

