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Ms. Joanne De Laurentiis
Chair
Financial Services Regulatory Authority of Ontario
25 Sheppard Avenue West,
North York, ON
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Dear Ms. De Laurentiis:

As you begin planning for 2022-23, I am pleased to write to you in your capacity as Chair of the Financial Services Regulatory Authority of Ontario (FSRA). Pursuant to the requirements of the *Agencies and Appointments Directive*, this letter sets out my expectations for FSRA for the 2022-23-fiscal year.

Ontario's board-governed agencies are vital partners in ensuring the delivery of high-quality services to the people of Ontario. FSRA plays a vital function regulating Ontario's non-securities financial services and pension sectors. The work that you and your fellow board members undertake to establish the goals, objectives, and strategic direction for FSRA ensures that FSRA is able to carry out its objects as set out in the *Financial Services Regulatory Authority of Ontario Act, 2016*, which includes to foster strong, sustainable, competitive, and innovative financial services sectors and promote good administration of pension plans. It is important that this direction is carried out in a manner that is consistent with your agency's governing legislation and other legislations that confers powers and duties on your agency, government priorities, key policies and directives and my directions, where appropriate. I thank you for your willingness to serve.

As part of the Government of Ontario, I expect all agencies to act in the best interest of the people by being efficient, effective, and providing fiscally responsible value for taxpayers. Demonstrating respect for public dollars is more important than ever as families, workers, and employers have faced immense challenges due to COVID-19 and continue to make sacrifices to bring an end to the pandemic. Therefore, my expectation is that every action, decision, and expenditure made by your agency will be respectful of the interests of the taxpayer and the people we serve.

This includes:

1. Competitiveness, Sustainability and Expenditure Management

- Operating within your agency's approved budget;
- Identifying and pursuing opportunities for innovative practices and/or improved sustainability;

- Complying with applicable direction related to supply chain centralization and Realty Interim Measures for agency office space;
- Adhering to directives and policies regarding expenditure management and executive compensation; and
- Working with the ministry, where appropriate, to advance the *Ontario Onwards Action Plan*.

2. Transparency and Accountability

- Abiding by applicable government directives and policies and ensuring transparency and accountability in reporting;
- Adhering to requirements of the *Agencies and Appointments Directive*, accounting standards and practices and the *Public Service of Ontario Act* ethical framework, and responding to audit findings, where applicable; and
- Identifying appropriate skills, knowledge and experience needed to effectively support the board's role in agency governance and accountability.

3. Risk Management

- Developing and implementing an effective process for the identification, assessment, and mitigation of risks, including planning for and responding to health and other emergency situations, including but not limited to COVID-19; and
- Developing a continuity of operations plan that identifies time critical/essential services and personnel.

4. Workforce Management

- Optimizing FSRA's organizational capacity to support the best possible public service delivery; and
- Modernizing and redeploying resources to priority areas when or where they are needed.

5. Data Collection

- Improving how FSRA uses data in decision-making, information-sharing and reporting, including by leveraging available or new data solutions to inform outcome-based reporting and improve service delivery; and
- Supporting transparency and privacy requirements of data work and data sharing with the ministry, as appropriate.

6. Digital Delivery and Customer Service

- Exploring and implementing digitization or digital modernization strategies for online service delivery and continuing to meet and exceed customer service standards through transition; and
- Adopting digital approaches, such as user research and agile development.

7. Diversity and Inclusion

- Developing and encouraging diversity and inclusion initiatives that promote an equitable, inclusive, accessible, anti-racist and diverse workplace;
- Demonstrating leadership of an inclusive environment free of harassment; and
- Adopting an inclusion engagement process to ensure all voices are heard to inform policies and decision-making.

8. COVID-19 Recovery

- Identifying and pursuing service delivery methods (digital or other) that have evolved since the start of COVID-19; and
- Supporting the recovery efforts from COVID-19.

In addition to these government-wide priorities, I expect FSRA to focus on:

- **Contributing to cross-sectoral burden reduction goals by continuing to:**
 - a. Review guidance and data filing requirements on an ongoing basis based on stakeholder consultations and FSRA's guidance framework; and
 - b. Implement meaningful service standards and performance measures that support responsive processing of regulatory matters and facilitate cost-effective regulatory oversight.
- **Improving regulatory efficiency and effectiveness across sectors by continuing to:**
 - a. Protect the public interest by enhancing FSRA's regulatory expertise, stakeholder collaboration (including collaboration with other regulators), and transparency;
 - b. Identify and support opportunities to enable innovation and business transformation across sectors, including consultation with stakeholders;
 - c. Support effective and flexible regulation by modernizing systems and processes to enhance core regulatory operations; and
 - d. Understand and consider consumers' perspectives in FSRA's work through ongoing consumer research and engagement.
- **Supporting government reform initiatives for Ontario's financial services and pension sectors, including but not limited to:**
 - a. Ongoing modernization of the insurance framework, including reducing burden and supporting government policy priorities;
 - b. Supporting the next phase of the Blueprint strategy for Ontario's auto insurance system, with a focus on reducing costs, tackling fraud and abuse, and driving innovation, competition and choice in the marketplace;
 - c. Working to develop and implement a framework as part of the *Financial Professionals Title Protection Act, 2019*;
 - d. Supporting the implementation of the *Credit Union and Caisse Populaires Act, 2020*, a new, principles-based legislative framework for the credit union sector;
 - e. Supporting the implementation of recommendations stemming from the legislative review of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*; and
 - f. Continuing to engage the pension sector through the technical advisory committees and the Retiree Advisory Panel to support the development of better processes, guidance and approaches to regulatory oversight.

- **Explore options to support the government's efforts to ensure customers and potential customers seeking commercial insurance are treated fairly and reasonably, including but not limited to:**
 - a. Collecting data and analyzing trends to inform government decision making;
 - b. Collaborating with government, the federal government and its related entities (i.e. OSFI, CMHC, FCAC), industry, and stakeholders on non-legislative or regulatory solutions for businesses struggling as a result of COVID-19 seeking commercial insurance;
 - c. Supporting the Ministry of Finance in exploring policy options to address commercial insurance issues arising amidst the ongoing global pandemic

As FSRA focuses on delivering the above priorities, it should aim to limit cost increases for regulated sectors, keeping sector assessments stable in the medium-term. Through these measures, FSRA can build on its ongoing work to support and implement government priorities.

I thank you and your fellow board members for your continued support, and for your valuable contributions. Should you have any questions/concerns, please feel free to contact Francisco Chinchon, Assistant Deputy Minister, Financial Services Policy Division at (647) 284-6374 or francisco.chinchon@ontario.ca.

Sincerely,



Peter Bethlenfalvy
Minister of Finance

- c. Mark White, Chief Executive Officer, Financial Services Regulatory Authority of Ontario
Richard Clark, Chief of Staff, Minister's Office, Ministry of Finance
Greg Orencsak, Deputy Minister, Ministry of Finance
Nancy Mudrinic, Associate Deputy Minister, Office of Regulatory Policy and Agency Relations, Ministry of Finance
Francisco Chinchon, Assistant Deputy Minister, Ministry of Finance
Nicole Stewart, Assistant Deputy Minister, Ministry of Finance
Michael Waterston, Director (A), Legal Services Branch, Ministry of Finance