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# FSRA Guidance Framework

## Purpose

The purpose of FSRA's Guidance Framework is to describe our principles, processes and practices for the use of guidance in carrying out our legislative mandate.

## Scope

FSRA's Guidance Framework will affect all entities regulated by FSRA.

## Rationale and context

FSRA is responsible for supervising and regulating a number of different sectors. Standardizing our approach to guidance will make it easier to do business in those sectors, and will make us a more effective regulator. It will be easier for the public, new entrants and incumbents to understand what is legally binding, what is FSRA's interpretation or application of law and what information is designed to be helpful.

## Principles

We will use the following principles as the foundation for our approach to using guidance:

- **Accountable (Internal).** FSRA is accountable for guidance that supports delivery on its legislative mandate and its vision for financial safety, fairness and choice in Ontario.
- **Accountable (External).** Regulated persons must put in place processes, controls and procedures to appropriately meet the expectations expressed in FSRA's guidance.
- **Effective.** FSRA takes a principles-based approach to developing guidance that is supported by good governance practices, sectoral expertise and high professional standards.
- **Efficient.** FSRA seeks to develop and maintain guidance that is relevant, proportionate to risks being addressed and minimizes regulatory burden.





- **Adaptable.** FSRA responds to the dynamic nature of the regulated sectors by providing guidance that proactively identifies market trends requiring new or revised guidance.
- **Collaborative.** FSRA consults stakeholders regarding guidance that creates compliance obligations and cooperates with other regulators to identify opportunities for improvement and harmonization.
- **Transparent.** FSRA sets well-understood expectations for regulated persons through clear and organized guidance.

## Processes and practices

### Types of guidance

FSRA will use four distinct types of guidance to support requirements set out in legislation, regulations and rules:

- **Interpretation:** Sets out FSRA's view of requirements under its legislative mandate (i.e. legislation, regulations and rules) so that non-compliance can lead to enforcement or supervisory action.
- **Information:** Indicative of FSRA views on certain topics without creating new compliance obligations for regulated persons.
- **Approach:** Describes FSRA's internal principles, processes and practices for supervisory action and application of CEO discretion.
- **Decision:** Sets out FSRA's determination and underlying reasons for regulatory decisions of precedential value for other parties not involved in the specific matter.

FSRA will use different types of guidance depending on specific circumstances in the regulated sectors and will establish standard structures and styles to help stakeholders easily understand and differentiate between the categories.

Appendix 1 provides further details regarding the four types of guidance and the relationship between FSRA guidance and legal requirements.

### Governance

All FSRA guidance will be approved and issued by the CEO unless specifically delegated to another FSRA employee.

Prior to approval, and consistent with the Transparent principle, we will consult publicly on Interpretation and Approach guidance unless immediate action is required. We will consult





Information guidance as needed.

After approval, and consistent with the Efficient principle, we will regularly review our guidance to promote burden reduction and effective regulation by updating or removing outdated or spent items. The following review timelines will apply to the different types of guidance:

Guidance	Review Timeline
Interpretation	At least every 3 - 5 years
Information	At least every 3 - 5 years
Approach	At least every 3 - 5 years
Decision	No defined review timeline

## Transition

Guidance issued by the Financial Services Commission of Ontario and the Deposit Insurance Corporation of Ontario continues to apply after the launch of FSRA unless otherwise noted. We will use the FSRA Guidance Approach to inform both our review of the existing guidance and our development of revised or new guidance.

## Effective date and future review





FSRA's Guidance Framework is effective as of October 17, 2019. We are making the framework effective on a pilot basis to:

- facilitate the development of new and revised sector-specific guidance that conforms with FSRA's overall principles; and
- consult with stakeholders to identify further opportunities for improvement.

FSRA will initiate and complete a review of the guidance based on lessons learned through the pilot before the end of March 2020.

## About FSRA

The Financial Services Regulatory Authority of Ontario (FSRA) is an independent regulatory agency created to provide more effective financial services regulation in Ontario for consumers and pension plan beneficiaries.

FSRA was established to replace the Financial Services Commission of Ontario (FSCO) and the Deposit Insurance Corporation of Ontario (DICO). FSRA's vision is to provide financial safety, fairness and choice for Ontarians.

## Appendices and references

### Appendix 1: Description of Types of Guidance





Name	Description
<b>Legislation / Regulation</b>	<ul style="list-style-type: none"><li>• Legally binding.</li></ul>
<b>Rules</b>	<ul style="list-style-type: none"><li>• Legally binding.</li><li>• Developed through process defined in the FSRA Act with final decision from Minister.</li></ul>
<b>Guidance: Interpretation</b>	<ul style="list-style-type: none"><li>• Part of FSRA's Guidance Framework.</li><li>• Sets out FSRA's view of requirements under its legislative mandate (i.e. legislation, regulation and rules). Non-compliance can lead to enforcement or supervisory action.</li><li>• Consistent with Efficient principle, where an Interpretation creates compliance obligations it will be consistent with a risk- based approach to regulation.</li></ul>
<b>Guidance: Information</b>	<ul style="list-style-type: none"><li>• Part of FSRA's Guidance Framework.</li><li>• Provides information from FSRA on certain topics, such as best or good practices, without creating compliance obligations for regulated persons.</li><li>• Can take many different forms (e.g. FAQs supporting filing or form requirements; adopting code or standard that is not a mandatory requirement; explanatory note regarding an emerging issue).</li></ul>



### **Guidance: Approach**

- Part of FSRA's Guidance Framework.
- Describes FSRA's internal principles, processes and practices for supervisory action and application of CEO discretion (e.g. Guidance Approach or Pensions Supervision Approach).
- Does not create compliance obligations for regulated parties but can be considered indicative of FSRA's position.
- Does not alter requirement to comply with existing legal and regulatory framework.

### **Guidance: Decision**

- Part of FSRA's Guidance Framework.
- Sets out FSRA's determination and underlying reasoning for specific regulatory issues. This also will serve as precedential value for others not involved as parties to the specific matter under consideration.
- Some of FSRA's Decisions may be the subject of review by the Financial Services Tribunal and others reflect the exercise of FSRA's regulatory discretion or authority.