

SENT BY WEBSITE SUBMISSION

February 8, 2019

Financial Services Regulatory Authority of Ontario
130 Adelaide Street West, Suite 800
Toronto ON M5H 3P5

Dear Sir or Madam:

RE: Proposed Fiscal Year 2019-20 FSRA Priorities and Budget (the “Priorities”)

We are the Ontario Teachers’ Pension Plan Board (the Board). The Board is the administrator of the Ontario Teachers’ Pension Plan, an Ontario-registered, jointly-sponsored defined benefit pension plan (JSPP) with over 300,000 active, former and retired members and, as of June 30, 2018, approximately \$193.9 billion in assets. We are Canada’s largest single-occupation pension plan and a significant institutional investor at home and around the world.

We are pleased to provide our comments on the Priorities.

We also wish to take this opportunity to congratulate FSRA’s new leadership team and applaud FSRA for building out a senior team with industry and regulatory expertise.

1. 2019-20 Budget

We support equipping FSRA with the funding resources it needs to be an effective, self-funded, principles-based regulator. While FSRA’s proposed budget with respect to pension regulation will rely more heavily on assessments from pension plans, we believe there is value for all plans to “pay for” a well-staffed, expert, responsive and efficient regulator.

We also support FSRA’s proposed increase to staff costs to invest in “sectoral and functional expertise”. For the pension sector in particular, we are pleased to see the proposed addition of five senior staff positions. We look forward to a collaborative and productive relationship with FSRA’s leadership, pension and policy teams.

2. Cross-Sector Priorities

We support FSRA's prioritization of **burden reduction** and **regulatory effectiveness**. In particular, we applaud FSRA's proposal to undertake a review of existing regulatory policies of the Financial Services Commission of Ontario with a view to focusing on high-value regulation and removing unnecessary hurdles that complicate administration without necessarily better protecting plan members and beneficiaries.

In addition, we commend FSRA on its proactive approach to stakeholder engagement. We have been, and would like to continue to be, active participants in FSRA's ongoing consultations. We value FSRA's commitment to including stakeholders in its "thorough examination of existing guidance documents".

Separately, we are pleased to see FSRA framing "regulatory effectiveness" through references to expertise, collaboration, transparency, efficiency and technology. In this regard, we are encouraged by FSRA's commitment to establish meaningful service standards.

Finally, we support FSRA's facilitative approach to new ideas, technologies and change, including its proposal to create an Innovation Office.

3. Pension Sector-Specific Priorities

Support Plan Evolution

As a larger JSPP, the Board supports FSRA's proposal to institute a relationship model for JSPPs. We believe that such a model could foster better dialogue and transparency for both the regulator and the JSPPs while also helping regulatory staff understand and address the unique issues that JSPPs sometimes face.

We also recognize that FSRA's regulatory framework will be subject to the *Pension Benefits Act* and its regulations. As such, we welcome increased collaboration between FSRA and the Ministry of Finance (MOF), and we would encourage these discussions to involve pension plan administrators to ensure that both regulatory and statutory barriers are appropriately identified and addressed.

Review Prudential Supervision Framework

We are encouraged by FSRA's proposals. In particular, we support FSRA having the tools that it needs, including IT resources, to function as a modern and adaptive regulator. We look forward to participating in FSRA's consultations on a prudential framework.

Burden Reduction

We agree that FSRA should focus its resources on "high-value regulatory activity". As suggested above, we agree that a principles-based approach to regulation, including "principles-based discretion", will help FSRA to meet this goal in the context of the pension sector.

We also support ongoing discussions between FSRA and MOF (including with the involvement of other stakeholders where appropriate) to identify legislative changes that could reorient the *Pension Benefits Act* to better support a principles-based approach.

4. Next Steps

We welcome continued dialogue with FSRA as it develops, finalizes and begins to implement the Priorities. The Board welcomes additional stakeholder consultation and looks forward to ongoing participation in FSRA's launch and implementation.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Mock". The signature is fluid and cursive, with the first letter "R" being large and prominent.

Ron Mock
President & Chief Executive Officer