

November 13, 2023

Financial Services Regulatory Authority of Ontario
25 Sheppard Avenue West, Suite 100
Toronto, ON
M2N 6S6

RE: Proposed 2024-2025 Statement of Priorities

The CAAT Pension Plan (“CAAT”) would like to thank the Financial Services Regulatory Authority of Ontario (“FSRA”) for the opportunity to comment on the proposed 2024-2025 Statement of Priorities (the “Statement”). CAAT applauds FSRA’s ongoing commitment to protecting the interests of the Ontario public. CAAT looks forward to continuing our positive working relationship with FSRA as it seeks to move forward its strategic and pension-specific priorities and have included initial comments for consideration below.

Advancing the Consumer Interest

The CAAT Plan supports FSRA’s goal of enhancing consumer rights and protections alongside balanced enforcement. However, as CAAT has raised in previous submissions, the Statement as written does not differentiate between the pension sector and other regulated sectors, referring only to consumer interest objectives in general. CAAT believes strongly that there should be greater recognition that pension plans do not have consumers in the traditional sense, rather members and beneficiaries, and therefore a fiduciary duty that differs from other regulated sectors. Many of the increased risks and proposed increased oversight addressed in the Statement does not apply to pension plans and therefore FSRA should target their increased oversight accordingly.

Access to a workplace pension plan is contingent on the participation of an employer, providing a benefit to its employees. Large Public Sector Pension Plans (“LPSPPs”) do not seek to profit from participation by members. As such, members and beneficiaries of LPSPPs are not traditional consumers like those who elect to purchase products from insurance companies, mortgage brokers, or credit unions. Pension plans are unique in this sense and contribute significantly to the public good by helping Ontarians with long-term financial security in retirement, benefiting families, communities, the government and the economy in general.

Enabling innovation

CAAT is supportive of FSRA’s emphasis on enabling innovation. Innovation and collaboration are highly valued at CAAT, as we are continuously exploring new ways to provide long-term financial security for Ontarians. We look forward to engaging with FSRA to identify opportunities for collaboration.

Modernizing systems and processes

CAAT is also supportive of FSRA's continued focus on modernizing systems and processes. We hope that the implementation of advanced online information sharing on FSRA portals will assist in improving turnaround times for approvals. In addition, the extension of FSRA's digital signature capabilities is in-line with CAAT's own e-communications direction, so we are encouraged by these proposed changes.

Pension specific priorities

One of FSRA's two pension specific priorities is to assess systematic and high priority risks in Ontario's pension sector, including releasing an adapted supervisory framework to strengthen LPSPPs. As an LPSPP, CAAT recommends that FSRA maintain a principles-based and not overly prescriptive approach when determining how to strengthen and implement their framework on supervising LPSPPs, to ensure that plans can continue innovating in the pension space and expanding pension access for more Ontarians. CAAT would also highlight the uniqueness of Plans like ours, both from a governance and investment strategy perspective and recommend that FSRA avoid a one-size-fits-all approach. CAAT is looking forward to continuing this important work alongside FSRA and reviewing the LPSPP guidance once released.

Conclusion

CAAT values its collaborative relationship with FSRA, and we support the strategic priorities laid out in the Statement as well as the purpose of protecting the interests of the Ontario public. We recommend FSRA consider differentiating between the pension sector and other sectors when discussing consumers, in recognition that pension plans have a fiduciary duty that differs from other sectors regulated by FSRA. In addition, we recommend FSRA maintain a principles-based and not overly prescriptive approach when determining how to strengthen and implement their framework on supervising LPSPPs. CAAT greatly appreciates the opportunity to provide comments on this Statement. Please feel free to reach out with any questions regarding this submission.

All the best,

A handwritten signature in blue ink, appearing to read "David Gordon".

David Gordon
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