

SUBMISSION TO THE FSRA'S 2026–2027 STATEMENT OF PRIORITIES AND FIVE-YEAR STRATEGIC FRAMEWORK

Golfdale Consulting welcomes the opportunity to comment on the Financial Services Regulatory Authority of Ontario's proposed Statement of Priorities for fiscal year 2026–2027 and the accompanying five-year Strategic Framework.

Golfdale Consulting is an evidence-based policy research and executive advisory firm that supports organizations navigating complex public policy, governance, and regulatory challenges. Our work focuses on translating policy objectives into practical, proportionate regulatory approaches, and on the use of data and technology to support sound decision-making and public interest outcomes. It is this perspective that informs our comments on FSRA's proposed priorities and longer-term strategic direction. This perspective informs our comments on FSRA's proposed priorities and longer-term strategic direction.

This consultation comes at a consequential moment. Regulatory choices made now will shape not only how financial markets function, but who can participate in them, who can access regulated advice, and how confidence in the system is sustained over time. Decisions taken at this stage will have effects that extend well beyond a single planning cycle.

We support FSRA's ambition to operate as a modern, agile regulator that applies principles-based and outcomes-focused oversight while fostering confidence in Ontario's financial services sector. We also support the emphasis on strengthening internal capabilities, modernizing data and technology, and deepening collaboration with government and stakeholders. These are necessary foundations for effective regulation in a financial system that is increasingly complex, data-intensive, and technology-enabled.

At the same time, ambition must be matched by execution discipline. Principles-based regulation without consistent application risks becoming unpredictable. Modernization without explicit public interest metrics risks improving internal efficiency without materially improving consumer outcomes. Collaboration without clearly articulated problems and objectives risks becoming a process rather than serving a clear goal. Our comments focus on how FSRA can translate its stated direction into measurable and trusted regulatory practice.

1. Operationalizing principles-based regulation through decision discipline

FSRA has indicated its intent to develop and implement a decision-making framework to guide proportional, risk-based, and outcomes-focused regulation. This commitment is foundational. In a principles-based system, credibility depends less on the articulation of principles and more on how regulatory judgment is exercised in practice.

We recommend that FSRA publish and consistently apply a concise principles-based oversight decision framework. This framework should clearly articulate:

- The outcomes FSRA seeks to protect or advance in different regulatory contexts
- How materiality of risk is assessed
- How proportionality is applied across firm size, business models, and oversight structures
- The evidentiary standards that guide intervention
- What, if any, alternative regulatory tools were evaluated
- How FSRA assesses whether interventions achieve intended outcomes at an acceptable cost over time

This recommendation is not about constraining regulatory judgment. It is about making discretion explainable to the public and to stakeholders. Predictability and transparency are essential to trust. When regulated entities and the public can see how decisions are made, compliance improves, innovation flourishes, and supervisory credibility is strengthened.

2. Embedding data, analytics, and technology as regulatory infrastructure

We strongly support FSRA's stated focus on improving data, analytics, and technology capabilities. In practice, these capabilities are no longer supporting functions. They are core to regulatory infrastructure.

As financial services become increasingly digital, platform-based, and algorithmically mediated, FSRA's ability to supervise effectively will depend on its capacity to:

- Integrate supervisory data across sectors and entities
- Use analytics to identify emerging risks earlier
- Distinguish between high-risk outliers and compliant actors at scale
- Evaluate whether regulatory interventions are working in practice

We encourage FSRA to explicitly position data and technology not only as tools for internal efficiency, but as instruments for improving regulatory outcomes. This includes using data to test assumptions, monitor impacts, and refine supervisory approaches based on evidence rather than static rules or assumptions.

3. Establishing a Technology and Artificial Intelligence Advisory Committee

Given the pace and complexity of technological change, we recommend that FSRA establish a standing Technology and Artificial Intelligence Advisory Committee, composed of external experts in data science, artificial intelligence, digital risk, consumer protection, and regulatory technology.

This committee could be modelled on FSRA's existing Stakeholder Advisory Committee and Technical Advisory Committees, with a mandate to:

- Provide independent advice on the use of advanced analytics and AI in supervision and enforcement
- Advise on risks related to algorithmic decision-making, model bias, explainability, and governance in regulated entities
- Support FSRA in developing expectations for the responsible use of AI by market participants
- Help ensure that technology-enabled regulation enhances fairness, transparency, and consumer protection

Formalizing this advisory capacity would strengthen FSRA's ability to remain forward-looking, reduce the risk of regulatory lag, and reinforce public confidence that innovation is being matched with appropriate safeguards.

4. Measuring success through public interest outcomes

Finally, we encourage FSRA to continue evolving how it measures success. Operational metrics are important, but they should be complemented by clear indicators tied to public interest outcomes, including access to advice, market participation, consumer understanding, and trust.

In practice, this may require combining administrative and supervisory data with periodic, methodologically sound consumer, industry, and market surveys to assess how regulatory interventions are experienced on the ground and whether they are achieving their intended effects.

Embedding outcome measurement into FSRA's strategic framework would help ensure that modernization efforts translate into tangible benefits for Ontarians and provide a meaningful feedback loop for continuous regulatory improvement.

Conclusion

Golfdale Consulting supports FSRA's strategic direction and its commitment to being a modern, risk-based, and outcomes-focused regulator. We recommend that the next phase of this work focus on operational clarity, data-driven processes, and governance structures that enable informed judgment in a rapidly changing environment.

Done well, this approach will strengthen consumer protection, support responsible innovation, and reinforce confidence in Ontario's financial services regulatory system.

Please do not hesitate to contact us to discuss any of our recommendations. We would be pleased to offer our support.

Best regards,

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