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Mr. Bryan P. Davies  
Chair  
Financial Services Regulatory Authority of Ontario  
5160 Yonge Street, 14th floor  
Toronto, ON M2N 6L9

Dear Mr. Davies:

As you begin planning for 2021–22, I am pleased to write to you in your capacity as Chair of the Financial Services Regulatory Authority of Ontario (FSRA) to provide you with a letter setting out expectations and direction for FSRA in the year ahead. Pursuant to the requirements of the Agencies and Appointments Directive, this letter sets out my expectations for FSRA for the 2021–22 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 foster strong, sustainable, competitive, and innovative financial services sectors. This work also promotes stability, high standards of business conduct, and protects the rights and interests of consumers and pension plan beneficiaries. It is important that this direction is consistent with government priorities, your agency mandate, 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 of Ontario by being efficient, effective, and providing value for money. As people and employers face immense challenges due to COVID-19, this expectation is more important than ever. In every action, decision, and expenditure, I expect you to consider the interests of the taxpayer and the people we serve. This includes:

1. **Competitiveness, Sustainability and Expenditure Management**
  - Identifying and pursuing opportunities for improved program sustainability;
  - Identifying and pursuing efficiencies and savings; and
  - Complying with applicable direction related to Supply Chain Centralization, Realty Interim Measures and Agency Office Location Criteria.
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 Appointment Directive, 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 emergency situations such as COVID-19.
4. **Workforce Management**
- Optimizing FSRA's workforce to enable efficient and effective fulfilment of government priorities, while enhancing customer service standards.
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 data sharing with the ministry, as appropriate.
6. **Digital Delivery and Customer Service**
- Exploring and implementing digitization or digital modernization strategies for the provision of services online and continuing to meet and exceed customer service standards through transition; and
  - Using a variety of approaches or tools to ensure service delivery in all situations, including 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:**

- Review inherited guidance and data filing requirements on an ongoing basis based on stakeholder consultations and FSRA's guidance framework; and
- Implement meaningful service standards and performance measures and complete the development of tools to support cost-benefit analysis and cost-savings quantification.

**Improving regulatory efficiency and effectiveness across sectors by continuing to:**

- Protect the public interest by enhancing FSRA's regulatory expertise, stakeholder collaboration (including collaboration with other regulators), and transparency;
- Identify and support opportunities to enable innovation and business transformation across sectors, including consultation with stakeholders; and
- Support effective and flexible regulation by modernizing systems and processes to enhance core regulatory operations.

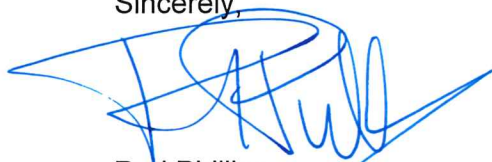
**Supporting government reform initiatives for Ontario's financial services and pension sectors, including but not limited to:**

- Ongoing modernization of the insurance framework, including reducing burden and supporting government policy priorities;
- Supporting the next phase of the Blueprint strategy for Ontario's auto insurance system, with a focus on reducing costs and driving innovation and competition in the marketplace;
- Working to develop and implement a framework as part of the Financial Professionals Title Protection Act, 2019;
- Supporting the implementation of a new, principles-based legislative framework for the credit union sector;
- Supporting next steps with respect to the legislative review of the Mortgage Brokerages, Lenders and Administrators Act, 2006;
- 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 regulation; and
- Adhering to directives and policies regarding expenditure management and executive compensation.

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. In this way, we can continue to ensure that FSRA is continuing to foster strong, sustainable, competitive and innovative financial services sectors.

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 David Wai, Assistant Deputy Minister, Financial Services Policy Division at (416) 459-3719 or david.wai@ontario.ca.

Sincerely,



Rod Phillips  
Minister of Finance

- c: Greg Orencsak, Deputy Minister, Ministry of Finance  
Nancy Mudrinic, Associate Deputy Minister, Ministry of Finance  
David Wai, Assistant Deputy Minister, Ministry of Finance  
Nicole Stewart, Assistant Deputy Minister, Ministry of Finance  
Michael Waterston, Director (A), Legal Services Branch, Ministry of Finance