

## Expert panel proposes “radical change” after mandate reviews of Ontario financial regulators

JULY 12, 2016 3 MIN READ

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Ontario's Minister of Finance has released the [Final Report \[PDF\]](#) regarding the mandate reviews of the Financial Services Commission of Ontario (FSCO), the Financial Services Tribunal (FST), and the Deposit Insurance Corporation of Ontario (DICO) – three agencies important to the financial well-being of Ontarians. The report was co-authored by Osler litigation partner Lawrence Ritchie along with two other panelists, George Cooke and James Daw, who were appointed by Finance Minister Charles Sousa in early 2015 to conduct the review.

Their findings include recommendations for “substantive change.” After an extensive consultation process involving numerous stakeholder meetings and reviewing responses to its [Preliminary Position Paper published in November 2015](#), the expert advisory panel recommended the agencies' mandates under review be modernized and acknowledged major changes in governance structure and associated accountability mechanisms are essential for improving mandate alignment.

According to the report, “[w]ith financial services and pensions sectors changing at a rapid pace, we need a regulator that is sufficiently independent, flexible, innovative, and expert.” As such, the panelists proposed a world-class regulatory system open to innovation that includes the formation of a new independent and integrated regulator called the Financial Services Regulatory Authority (FSRA), which is outlined among their 44 recommendations. The FSRA would maintain a flexible structure and governance to be able to address regional and global industry trends, meet the requirements of the rapidly evolving financial services landscape, and provide better consumer protection. Accountable to the Ontario Minister of Finance, the agency would also have its own corporate identity, be self-funded and operate independent from government.

Other recommendations in the report include the following:

- the proposed Financial Services Regulatory Authority should replace FSCO, with responsibility for regulation of market conduct, pension plans and prudential matters, and incorporate the regulatory functions of DICO
- FST to receive more resources and be reconstructed as a tribunal separate from FSRA
- DICO to continue as an insurer, overseeing Ontario's credit unions and caisses populaires  
[Read the full Final Report \[PDF\] – Review of the Mandates of the Financial Services Commission of Ontario, Financial Services Tribunal, and the Deposit Insurance Corporation of Ontario.](#)

## Background on the review

The panelists were asked to review the mandates of FSCO, FST and DICO, three organizations that oversee the following industry sectors:

- insurance companies and intermediaries
- pension plans
- loan and trust companies
- credit unions and caisses populaires
- mortgage brokering
- co-operative corporations
- service providers who invoice auto insurers for listed expenses in relation to statutory accident benefits

The assessment was based on four key questions posed by TBS and the Minister of Finance "regarding the relevance, responsibilities, powers and governance of the three agencies."

Panelists examined the relevance of the agencies' mandates in relation to Ontario's goals and priorities and whether each agency is carrying out the activities and operations as required in its mandate. Agency functions were analyzed as well as current governance structure/associated accountability mechanisms regarding mandate alignment and/or accountability.