

APRIL 2023

2023/24 Regulatory Roadmap

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INTRODUCTION

The Regulatory Roadmap (the “Roadmap”) lays out BCFSAs anticipated regulatory priorities for the next three fiscal years. It is intended to increase transparency of BCFSAs regulatory priorities and enable regulated entities to prepare for consultations and implementation of upcoming regulatory initiatives. It should be read in the context of commitments outlined in [BCFSAs Service Plan](#).

BCFSAs mission is to promote confidence in British Columbias financial services sector by providing risk-based and proportional regulation and protecting the public.

BCFSA is dedicated to protecting the public and ensuring fair treatment for consumers of financial services in B.C. and remains focused on ensuring British Columbians receive the information and advice they need to make informed decisions.

BCFSA uses a risk-based prudential supervisory framework to identify imprudent or unsafe business practices and intervenes on a timely basis, as required. The rationale, principles, concepts, and core processes in BCFSAs supervisory framework apply to all BCFSAs regulated financial institutions.

Regulatory Priorities Tied to Areas of Risk

As B.C.s financial services regulator, BCFSAs continuously monitors risks to regulated entities and the broader financial system in the province. The regulatory priorities outlined in this Roadmap are in direct response to identified risks, which are complex and dynamic in their scope and impact. BCFSAs is currently tracking several key risks:

Macroeconomic Environment

Rising interest rates and a persistent inflationary environment are creating challenges and impacts across the economy and BCFSAs regulated segments. The potential for a recession and increased unemployment adds further uncertainty to the economic outlook in the province. Credit unions, mortgage services, and real estate services and development marketing have all been impacted by the considerable slow down in commercial and residential real estate markets. The rising interest rate environment and inflationary pressures have also created challenges for the insurance and reinsurance markets. Volatility in the stock, bond, and real estate markets are impacting pension returns. All these challenges have the potential to directly affect consumers in significant and varied ways. BCFSAs is actively monitoring the macroeconomic environment and impacts to consumers and liaising with government as a trusted partner and source of market intelligence.

Regulatory Framework Modernization

BCFSA continues to look for ways to modernize and enhance the efficiency and effectiveness of the regulatory framework for the financial services sector. BCFSA's Capital Modernization Framework project will ensure credit unions maintain capital levels commensurate with international standards and best practices established through the Basel regulatory framework. A revised supervisory framework for pension plans will enhance oversight of this important segment, further safeguarding the retirement savings of British Columbians. BCFSA's work on an Insurer Code of Market Conduct will strengthen requirements for how insurance companies conduct business in the province. As further referenced below, a new legislative framework for the regulation of mortgage brokers, administrators, and lenders as outlined in the *Mortgage Services Act* will modernize the oversight of mortgage services in the province. Enhancements to the administrative penalty framework for real estate services will ensure BCFSA's compliance and enforcement activities are more effective and efficient, particularly in dealing with unlicensed individuals. With respect to the important priority of combatting money laundering, BCFSA will continue to work closely with the Government of British Columbia and will continue to identify and implement initiatives to strengthen B.C.'s anti-money laundering regime, where and when appropriate.

Enhanced Professionalism to Support Consumer Protection

BCFSA will continue to focus on enhancing protections for real estate consumers while working with industry to enhance expertise. BCFSA will actively support the provincial government in implementing the new *Mortgage Services Act*, which replaces a regulatory framework that has been in place for the last 50 years. The new regulatory framework will clarify and enhance the duties of mortgage service providers to borrowers and investors while modernizing BCFSA's compliance and enforcement tools. Similarly, BCFSA will begin work with industry on reforms to the real estate services regulatory framework to enhance governance and internal oversight of real estate brokerages. Building on previous initiatives which involved reviewing the role and responsibilities of managing brokers, this work will borrow learnings from regulated financial institutions to ensure brokerage's have internal policies and procedures in place to ensure a clear focus on professionalism and compliance within the brokerage.

Natural Catastrophe and Climate Risk

The financial services sector in British Columbia faces increasing physical and transition risks as a result of climate change and increased damage from natural catastrophes. The extreme weather events of 2021 (heat dome, wildfires, and flooding) have demonstrated the impact that a changing climate can have on British Columbia. And while earthquakes are not a result of climate change, an earthquake could cause damages and disruption at a scale much larger than any weather-related climate events. In short, a changing climate poses a significant risk to British Columbians, businesses, and the economy. In 2023/24, BCFSA will start a dialogue with the broader financial services sector on a plan for addressing the risks posed

by natural catastrophes and climate change and how these risks can and should be managed by financial service providers to the benefit of British Columbians.

Crisis Preparedness

A financial stress event can emerge quickly and spread rapidly, impacting not only an individual financial institution and its consumers, but also the broader financial system and the economy within which it operates. While failure of an individual financial institution is possible, BCFSA seeks to ensure that the failure of a single institution does not threaten the stability of the system as a whole. Key to minimizing and preventing financial crises is proactively engaging in crisis preparedness planning and implementing a broad and comprehensive crisis preparedness framework covering BCFSA's regulated financial institutions. BCFSA will continue to work with regulated entities to enhance their operational resiliency and readiness should a financial stress event arise. At the same time, BCFSA will ensure it is prepared to deal with the potential for a financial stress event at a provincially regulated financial institution through strengthening of internal programs and controls designed to enhance BCFSA's readiness.

Digitalization Risk

Transformative technology and the increased digitalization of financial products and services have the potential to bring significant benefits to British Columbians through the development of new and efficient services but also come with great risks. These risks include the increasing threat of cyber attacks on participants in the financial services sector and disruption to traditional business and regulatory models. BCFSA is actively monitoring and working with regulatory partners and government to address a changing digital environment. From open banking and the regulation of digital currencies and crypto assets to payments modernization and artificial intelligence, BCFSA is actively working to understand how these technological innovations will impact consumers and what safeguards might be needed to ensure consumers are protected.

As an integrated regulator with responsibility across B.C.'s financial services sector, the Regulatory Roadmap that follows outlines planned initiatives for the next three fiscal years in the following segments regulated by BCFSA:

- Credit Unions
- Real Estate Services and Real Estate Development Marketing
- Mortgage Brokers
- Insurance Companies
- Pension Plans
- Trust Companies

As risks evolve, BCFSA may change its approach or priorities to remain effective and efficient. BCFSA will also continue to evolve in how it communicates its regulatory priorities through the Roadmap.

Year in Review

2022/23 Regulatory Roadmap Activities

BCFSA embarked on a wide range of initiatives during the 2022/23 fiscal year, pursuing the regulatory priorities outlined in the [2022/23 Regulatory Roadmap](#). Overall, it has been a productive year, with significant progress made towards achieving our mission to promote confidence in B.C.'s financial services sector through risk-based and proportional regulation and public protection.

BCSFA prioritized its planned regulatory initiatives during the fiscal year through a focus on key risk drivers in each regulated segment. For credit unions, these focus areas included Capital and Liquidity Modernization, Crisis Preparedness, and Emerging Risks. In the real estate services and development marketing segments, BCFSA focused on Enhanced Consumer Protection, Improved Real Estate Development Marketing Disclosures and Requirements, Effective Cross-Sector Education, and Emerging Risks. For mortgage brokers, BCFSA's priorities included Effective Cross-Sector Education and Emerging Risks. For insurance, trusts and pensions, BCFSA prioritized initiatives in the areas of Consumer Protection, Enhanced Oversight, and Emerging Risks.

Proactive engagement with our regulated entities and individuals, along with open and transparent communications, has been a hallmark of BCFSA's approach to planning and implementing its regulatory priorities. In 2022/23, we initiated 10 consultations, engaging with stakeholders in credit unions, insurance, trusts, pensions, and in the real estate and mortgage brokerage segments.

Over the course of the past year, BCFSa conducted 30 information sessions and webinars, providing information, answering questions, and listening to the perspectives and feedback of over 800 participants. BCFSa also worked with local real estate boards, and real estate and mortgage broker industry associations, to facilitate webinars on the Home Buyer Rescission Period, reaching thousands of real estate licensees and mortgage brokers.

BCFSa published and circulated for comment seven discussion papers, analyzing and considering the feedback from our stakeholders and implementing changes where appropriate. The [Consultations and Engagement webpage](#) provides details about all the consultations initiated by BCFSa, including how stakeholders were invited to participate.

Some initiatives identified for launch in the 2022/23 Regulatory Roadmap have been deferred due to re-prioritization or to allow sufficient time for BCFSa's regulated segments to prepare for anticipated impacts of regulatory changes. However, the majority of BCFSa's planned regulatory initiatives have been launched within two fiscal quarters of the anticipated timelines outlined in the Regulatory Roadmap.

In the past year, BCFSA has conducted consultations on the following regulatory initiatives and published the following regulatory instruments:

Credit Unions

- Launched a multi-year consultation process to develop a Capital Modernization Framework for B.C. credit unions. This included holding an information session followed by a public call for members to join a technical working group to provide feedback on the development of a public consultation document to be released in the first half of fiscal 2023/24.
- Implemented a Credit Union Code of Market Conduct (Q1 2022/23).
- Published a Recovery Plan Guideline on March 31, 2022.
- Brought an Information Security Guideline into force on September 30, 2022.
- Brought an Outsourcing Guideline into force on September 30, 2022.
- Completed the CUDIC Target Fund Size Review and published an advisory to inform credit unions of the CUDIC Fund Size Target Range on June 29, 2022.
- Conducted a 30-day consultation, including working group sessions, on the CUDIC Differential Premium System.
- Conducted a 30-day consultation on CUDIC Deposit Insurance Data Requirements, holding an information session and working group sessions.
- Launched a consultation on CUDIC's transfer of registered deposits, inviting feedback on a proposed approach for the transfer of insured deposits in registered plan accounts in the event of a B.C. credit union failure.
- Published a consultation summary report including proposed next steps for the development of an Information Security Reporting Incident Rule and analyzing feedback received on specific policy issues related to the reporting of information security incidents to the regulator.

Insurance, Trusts and Pensions

- Published and implemented a Recovery Plan Guideline.
- Brought an Outsourcing Guideline and an Information Security Guideline into force on September 30, 2022.
- Conducted a consultation on the proposed Insurer Code of Market Conduct, inviting feedback from insurers and stakeholders. BCFSa is reviewing the feedback received during the consultation and from follow-up discussions with industry stakeholders. A consultation summary report, including planned next steps for the proposed code, will be published in 2023/24.
- Published a Guideline following extensive consultation with industry, for developing and documenting the provision for adverse deviation for pension plans with target benefit provisions.
- Published disclosure requirements for pensions plans.
- Held a Pensions Stakeholder Engagement Forum, which was attended by over 120 trustees, administrators, and consultants.

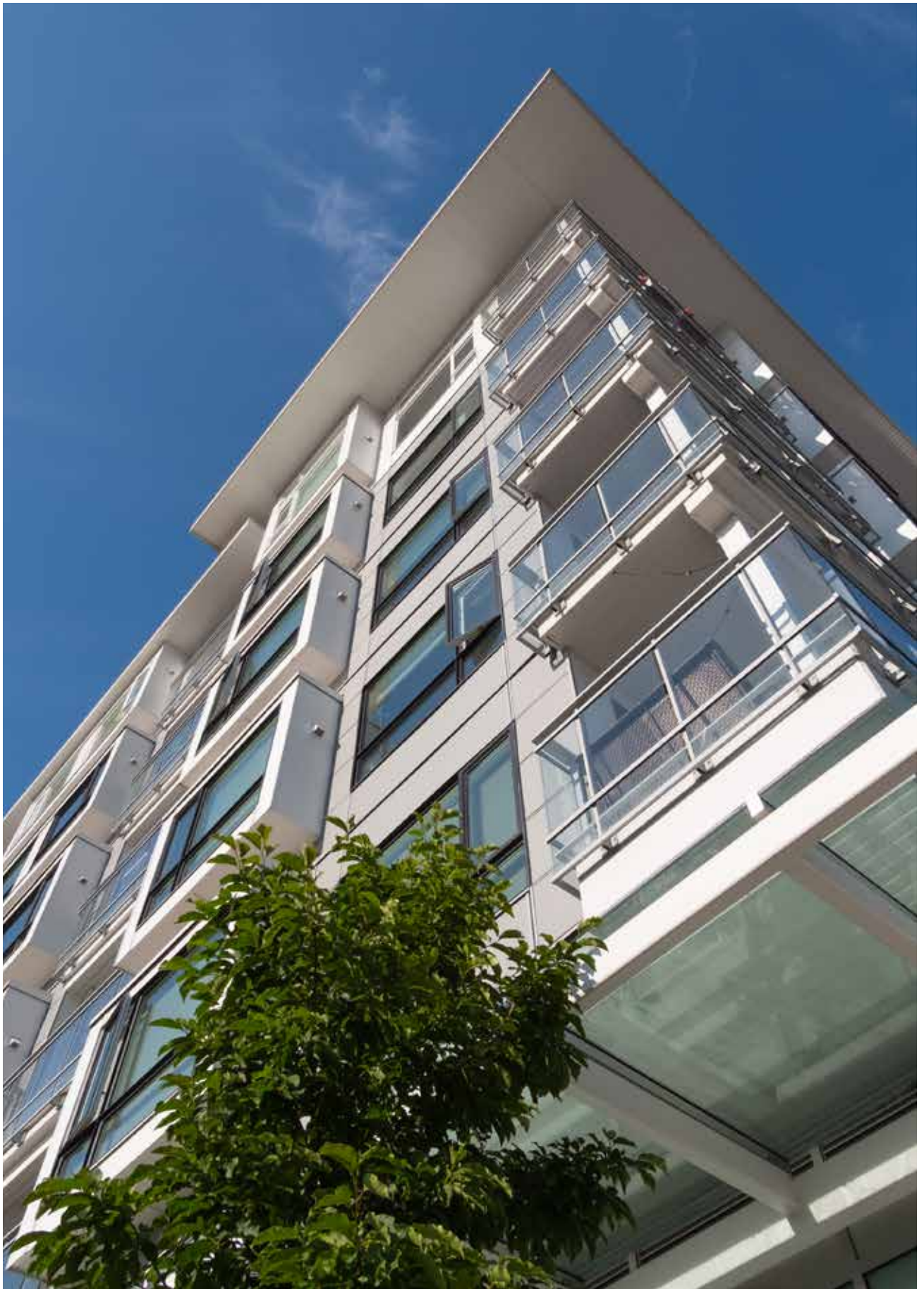
Real Estate

- On May 26, 2022, BCFSA delivered its report on the government's decision to implement a cooling-off period for buyers of residential real estate, *Enhancing Consumer Protection in B.C.'s Real Estate Market*, to the Government of British Columbia.
- Implemented the provincial government's Home Buyer Rescission Period, including providing extensive information and guidance to licensees in advance of the January 3, 2023 implementation date.
- Conducted a 60-day public consultation on proposed amendments to the Real Estate Services Rules. On October 1, 2022, BCFSA brought into force an amendment to the Rules that repeals the requirement to notify savings institutions of pooled trust accounts. On April 1, 2023, amended Rules for real estate teams came into force.
- Conducted two concurrent 30-day public consultations on proposed amendments to Real Estate Development Marketing Act Policy Statements 5 & 6 (Early Marketing Requirements) and Policy Statement 13 (Real Estate Securities Disclosure Requirements). These amended policy statements were published in March 2023.
- Initiated a multi-year consultation on the development of Applied Practice Courses for managing brokers, strata property managers, and rental property managers.

Mortgage Brokers

- Supported the provincial government in the development of the new *Mortgage Services Act*, the first major update to the regulatory framework for mortgage brokers in 50 years. Passed by the provincial legislature in Fall of 2022, this legislation will modernize the regulatory framework for the provision of mortgage services in the province. BCFSA will continue to support the provincial government as it seeks to implement the provisions of the new legislation through the development of accompanying Regulations and will work with industry to ensure an effective transition process to the new regulatory framework.
- Implemented enhanced continuing education, by developing and launching Legal Update for Mortgage Brokers, a new required course for registration renewal or reinstatement, effective April 1, 2023.

BCFSA thanks all those who participated in consultations over the past year by sharing perspectives and offering feedback on proposed regulatory measures. Your contributions have strengthened BCFSA's regulatory responses to key risk drivers in the financial services sector, helping us to continue to build a regulatory framework that protects British Columbians. We look forward to your participation in the regulatory initiatives before us in the year ahead.



Credit Unions

BCFSA's regulatory priorities for provincially regulated credit unions are categorized into four main areas: (1) Regulatory Framework Modernization, (2) Crisis Preparedness, (3) Natural Catastrophe & Climate Risk, and (4) Digitalization Risk. The graphic below outlines BCFSA's anticipated regulatory priorities over the next three fiscal years and identifies priorities from the previous year for which work is ongoing. Items in Year One identify the quarter in which a consultation, publication, or implementation is expected to occur. For Years Two and Three, the graphic notes that BCFSA anticipates doing work on the priority during the year with the specific quarter to be named later.

Consultation	Publication	Implementation
	●	◆

Topic	YEAR ONE FY 2023/24				YEAR TWO FY 2024/25	YEAR THREE FY 2025/26
	Q1 Apr 1-Jun 30	Q2 Jul 1-Sept 30	Q3 Oct 1-Dec 31	Q4 Jan 1-Mar 31	Q1-Q4 Apr 1-Mar 31	Q1-Q4 Apr 1-Mar 31
Previous Year's Items in Progress						
Recovery Plan Guideline	◆	◆				
CUDIC Differential Premium System (DPS)	◆	◆				
Deposit Insurance Data Requirements				◆		
Regulatory Framework Modernization						
Capital Modernization Framework					●	◆
Enhanced Loan Data Reporting Requirements					●	
Commercial Lending Guideline				●		
Revised Residential Mortgage Underwriting Guideline				●		
Liquidity Modernization						
Capital Management Guideline						
Crisis Preparedness						
Deposit Insurance Awareness Survey					●	◆
Operational Risk and Resiliency Guideline					●	
Resolution Plan Guideline						
Natural Catastrophe & Climate Risk						
Natural Catastrophe and Climate Risk Discussion Paper	●					
Natural Catastrophe and Climate Risk Guideline						●
Digitalization Risk						
Information Security Incident Reporting – Updated Guideline for PRFIs					●	

DETAILED SUMMARY OF REGULATORY PRIORITIES

Regulatory Framework Modernization

As part of its ongoing work, BCFSA looks to continually enhance and modernize all aspects of its regulatory framework, including its supervisory approach and guidance to regulated entities and regulatory requirements. In FY 2023/24, BCFSA will continue to work on modernization of B.C.'s capital framework as well as update regulatory guidance related to commercial lending and residential mortgage underwriting.

Additional details on BCFSA's modernization efforts are outlined below:

Capital Modernization Framework. The Capital Modernization Framework is a multi-year initiative to modernize B.C.'s capital framework. These updates will ensure that capital adequacy requirements continue to reflect underlying risks, clarify BCFSA's expectations, and reflect, as appropriate, developments in international standards and best practices. The ultimate outcome of this initiative is expected to be new Rules which will replace the existing Capital Requirements Regulation. During the 2022/23 fiscal year, BCFSA assembled a working group and initiated a consultation process, which will inform a public discussion paper to be published for consultation in the first half of fiscal year 2023/24. Credit union consultations will continue throughout the Capital Modernization Framework process.

Enhanced Loan Data Reporting Requirements. BCFSA plans to implement new loan data reporting requirements in fiscal year 2023/24 to enhance credit union regulatory reporting to allow for better monitoring and assessment of risk in credit union loan portfolios. Analysis of collected data is a crucial component of BCFSA's risk-based supervision. The proposed loan data reporting will allow for in-depth assessments of current or emerging risks, enhance credit union regulatory reporting, and provide valuable reports. BCFSA will engage in consultation with credit unions to finalize the requirements and determine the implementation timeline.

Commercial Lending Underwriting Guideline. This new Guideline will codify BCFSA's expectations for credit unions to manage associated risks, harmonize risk rating categories for commercial loans, and clarify expectations for participation in syndicated lending. In 2021/22 and 2022/23, BCFSA issued two information requests on commercial lending, which in part, support the development of this Guideline.

Residential Mortgage Underwriting Guideline. BCFSA will update its existing Guideline to reflect changes from capital modernization and the evolving macro-economic environment.

Liquidity Modernization. The Liquidity Modernization project, already underway, aims to align BC credit unions with Basel III liquidity standards through implementation of Liquidity Adequacy Requirements in line with global best practices. BCFSA published its [Liquidity Management Guideline](#) in 2020 and has subsequently updated its reporting templates to include modern liquidity ratios. Further engagement with industry is anticipated to begin in fiscal year 2024/25.

Capital Management Guideline (including revised ICAAP & ICT). BCFSA plans to develop a Guideline that includes updates to existing Internal Capital Adequacy Assessment Process (“ICAAP”) Guide & Internal Capital Target (“ICT”). Failure to update capital management policies may increase the risk of inadequate capital levels commensurate to a financial institutions’ risk profile. Consultation on the Capital Management Guideline will begin in fiscal year 2024/25.

Crisis Preparedness Framework Initiatives

Effective crisis preparedness can minimize the effects of events that threaten the ongoing viability of a financial institution. BCFSA issues Guidelines, such as the recently published Recovery Plan Guideline, to communicate its expectations for effective risk management and crisis preparedness, based on international and national standards. These expectations are meant to increase the resilience, relevance, and sustainability of credit unions in financial stress events. In the unlikely event of a credit union failure, BCFSA is responsible for ensuring a sustainable and effective deposit insurance program is in place. As part of maintaining the deposit insurance fund and guarantee, the Credit Union Deposit Insurance Corporation of British Columbia (“CUDIC”) proactively plans for unlikely credit union failures, which require depositors to be paid out from the deposit insurance fund. BCFSA and CUDIC are committed to working collaboratively with stakeholders to maintain preparedness and confidence in the credit union system in the face of changes such as consolidations and federal continuances, innovative technologies, natural catastrophe and climate impacts, and economic disruption.

Deposit Insurance Awareness Survey. Working with credit unions, CUDIC will conduct a deposit insurance awareness survey to assess members’ understanding of the deposit insurance guarantee. This survey is targeted for Q3 2023/24.

Operational Risk and Resiliency Guideline. BCFSA does not currently have a Guideline that codifies expectations for the management of operational risks. BCFSA will use the OSFI E-21 Guideline as a reference point. The OSFI E-21 Guideline is currently being updated to include operational resiliency which is seen as an outcome of effective operational risk management. This guideline is targeted for development in FY 2024/25.

Resolution Plan Guideline. Building on the work undertaken with credit unions on the Recovery Plan Guideline, BCFSA will develop and consult on resolution plans, which are implemented when a credit union is insolvent or approaching insolvency. Resolution plans are an important stabilizer for the entire credit union segment. The development of this Guideline is targeted for fiscal year 2024/25.

Natural Catastrophe & Climate Risk

BCFSA closely monitors current and emerging risks that have the potential for a material impact on financial institutions and its members or customers. Based on continuous risk monitoring, BCFSA considers how to respond to such risks. Natural catastrophes and climate change is a critical risk that BCFSA is actively monitoring across the financial services sector.

Natural Catastrophe and Climate Risk. Natural catastrophes, including earthquakes, floods, and wildfires, pose a significant risk to British Columbians and the financial services sector in B.C. In many cases, consumers lack information to make informed decisions to mitigate financial loss. BCFSA will outline its proposed approach to managing natural catastrophe and climate risk for the financial services sector in a discussion paper expected to be issued in Q1 2023/24, followed by consideration of necessary regulatory instruments. The discussion paper is intended to start a dialogue with industry about how best to address and mitigate the risks posed by natural catastrophes and a changing climate.

Digitalization Risk

Information Security Incident Reporting. Reporting of material information security incidents in a timely manner is of critical importance to BCFSA. As part of its consultation on an information security incident reporting rule, BCFSA received feedback that before proceeding to a rule, there should be sufficient time for all financial institutions to implement and demonstrate compliance with existing expectations contained in BCFSA's [Information Security Guideline](#). In recognition of this and other feedback, BCFSA plans to revisit its guidance and expectations for the reporting of information security incidents beginning in Q3 2023/24.



Real Estate Services and Real Estate Development Marketing

BCFSA's regulatory priorities for the real estate segment are categorized into three main areas: (1) Proactive Oversight of the Real Estate Industry; (2) An Efficient and Effective Regulatory Enforcement Program; and (3) Natural Catastrophe and Climate Risk. The graphic below outlines BCFSA's anticipated work on these priorities over the next three fiscal years. Items in Year One identify the quarter in which consultation, publication, or implementation is expected to occur. For Years Two and Three, the graphic notes that BCFSA anticipates doing work on the priority during the year with the specific quarter to be named later. BCFSA's regulatory priorities will continue to focus on ensuring consumers are informed and protected throughout the real estate transaction process, including monitoring areas of emerging risk (e.g., age demographics of managing brokers, labour force issues in the rental property and strata management areas).

Consultation	Publication	Implementation
	●	◆

Topic	YEAR ONE FY 2023/24				YEAR TWO FY 2024/25	YEAR THREE FY 2025/26
	Q1 Apr 1-Jun 30	Q2 Jul 1-Sept 30	Q3 Oct 1-Dec 31	Q4 Jan 1-Mar 31	Q1-Q4 Apr 1-Mar 31	Q1-Q4 Apr 1-Mar 31
Previous Year's Items in Progress						
Real Estate Services Rules – Teams	◆					
REDMA Policy Statements 5, 6, & 13	◆					
Proactive Oversight of the Real Estate Industry						
Real Estate Data Collection – Annual Data Call	●				●	●
Real Estate Data Collection – Information Sharing					◆	
REDMA Consumer Disclosure Enhancements					◆	
Brokerage Governance and Accountability Plans (GAPs)					●	
Education Enhancements – Applied Practice Course (APC) for Managing Brokers					◆	
Education Enhancements – APC for Strata and Rental Property Management					◆	
An Efficient & Effective Regulatory Enforcement Program						
Administrative Penalties Update – Rules					●	
Natural Catastrophe & Climate Risk						
Natural Catastrophe and Climate Risk Discussion Paper	●					

DETAILED SUMMARY OF REGULATORY PRIORITIES

Proactive Oversight of the Real Estate Industry

In the coming years, BCFSA will continue to take steps to strengthen consumer protection in the real estate market, working with government and industry.

Real Estate Data Collection – Annual Data Call. Building on the results of BCFSA’s 2022 and 2023 brokerage data calls, BCFSA will conduct a data call in Q4 to continue to monitor how market conditions affect certain consumer risk factors (e.g., unconditional offers, multiple offers, above-asking offers). Additional data fields may be requested, depending on policy needs.

Real Estate Data Collection – Information Sharing. BCFSA will engage the British Columbia Real Estate Association (“BCREA”) and local real estate boards to explore opportunities for more formal information sharing to support regulatory needs. Regulator access to real estate transaction information, among other data sources, will help enhance the evidence base for BCFSA’s policy and market conduct work.

REDMA Consumer Disclosure Enhancements. BCFSA will engage the real estate development community in fiscal year 2023/24 on ways to enhance consumer disclosure materials to the benefit of presale purchasers. This measure is intended to make consumer disclosure statements, which are often lengthy and complex, more accessible and meaningful for purchasers, with key information more readily available.

Brokerage Governance and Accountability Plans (GAPs). In the second half of fiscal year 2023/24, BCFSA will undertake policy consultations on the introduction of potential new requirements for brokerages to develop governance and accountability plans to help strengthen regulatory compliance and support risk-based decision making and oversight across all operations of a brokerage. This work builds on one of the main recommendations that came out of past work by the regulator to review the role of managing brokers in a changing regulatory environment.

Education Enhancements – Applied Practice Course (APC) for Real Estate Licensees. In Q1 and Q2, BCFSA will undertake further consultations on the development of an Applied Practice Course for managing brokers. Further, beginning in the first half of fiscal year 2023/24, BCFSA will engage with strata management and rental property management licensees on education enhancements for these segments of the industry.

An Efficient & Effective Regulatory Enforcement Program

Building on internal work done throughout fiscal year 2022/23 to enhance its regulatory enforcement program, BCFSA will continue to look for ways to improve the efficiency and effectiveness of its complaint handling and discipline processes.

Administrative Penalties Update – Rules. In Q3, BCFSA plans to undertake a formal consultation on proposed amendments to the Real Estate Services Rules. These proposed amendments will update BCFSA's existing administrative penalties ("AP") framework, including enabling APs to address instances of unlicensed activity, encouraging prompt compliance with BCFSA investigations, and making minor adjustments to eligible contraventions and categories.

Natural Catastrophe & Climate Risk

BCFSA closely monitors current and emerging risks that have the potential to have a material impact on regulated entities and financial services consumers. Based on continuous risk monitoring, BCFSA considers how to respond to such risks. Natural catastrophes and climate change are a critical risk that BCFSA is actively monitoring across the financial services sector.

Natural Catastrophe and Climate Risk. Natural catastrophes, including earthquakes, floods, and wildfires, pose a significant risk to British Columbians and the financial services sector in B.C. In many cases, consumers lack information to make informed decisions to mitigate financial loss. BCFSA will outline its proposed approach to managing natural catastrophe and climate risk for the financial services sector in a discussion paper expected to be issued in Q1 2023/24, followed by consideration of necessary regulatory instruments. The discussion paper is intended to start a dialogue with industry about how best to address and mitigate the risks posed by natural catastrophes and a changing climate.

Mortgage Brokers

BCFSA's regulatory priorities for mortgage brokers are categorized into three main areas: (1) Implementation of the *Mortgage Services Act* ("MSA"); (2) Enhanced Continuing Education; and (3) Natural Catastrophe & Climate Risk. The graphic below outlines BCFSA's anticipated regulatory priorities for mortgage brokers over the next three fiscal years and identifies a priority from the previous year for which work is ongoing. Items in Year One identify the quarter in which a consultation, publication or implementation is expected to occur. For Years Two and Three, the graphic notes that BCFSA anticipates doing work on the priority during the year with the specific quarter to be named later.

The priority objective for the 2023/24 fiscal year is providing continued support to the Government of British Columbia in their development of Regulations and Rules under the MSA, which will enable implementation of that Act, and will accordingly modernize the regulation of the mortgage broker industry in B.C. This will also enable BCFSA to provide greater public protection as a modern, efficient, and effective financial services regulator.

Consultation	Publication	Implementation
	●	◆

Topic	YEAR ONE FY 2023/24				YEAR TWO FY 2024/25	YEAR THREE FY 2025/26
	Q1 Apr 1-Jun 30	Q2 Jul 1-Sept 30	Q3 Oct 1-Dec 31	Q4 Jan 1-Mar 31	Q1-Q4 Apr 1-Mar 31	Q1-Q4 Apr 1-Mar 31
Previous Year's Items in Progress						
Legal Update Course Implementation	◆	◆	◆	◆		
Implementation of Mortgage Services Act (MSA) Framework						
Support Government to develop Regulations, Rules and other regulatory requirements to enable MSA implementation					◆	
Develop and communicate a clear transition plan for existing registrants				●	◆	
Enhanced Continuing Education						
Development of New Ethics Course					◆	
Natural Catastrophe & Climate Risk						
Natural Catastrophe and Climate Risk Discussion Paper	●					

DETAILED SUMMARY OF REGULATORY PRIORITIES

Implementation of *Mortgage Services Act*

In the 2022/23 fiscal year, the B.C. legislature passed the *MSA*, which will modernize the mortgage broker segment in the province. The *MSA* will replace the outdated *Mortgage Brokers Act* and greatly expand BCFSA's tools to regulate the mortgage broker segment. More closely aligning with other financial services legislation in B.C., the *MSA* allows for more efficient regulation and helps to encourage responsible business conduct. BCFSA anticipates that full implementation of the *MSA* will occur over several years.

Support Government to develop Regulations, Rules and other regulatory requirements to enable *MSA* implementation. In the 2023/24 fiscal year, BCFSA will continue to support the Province of British Columbia in their development of Regulations and Rules under the *MSA*. In addition, BCFSA will develop related regulatory instruments, such as Regulatory Statements and Guidelines, to help bring the regulatory framework into force. Together, these requirements will enable the implementation of the *MSA* in a phased approach.

Develop and Communicate a Clear Transition Plan for Existing Registrants. BCFSA recognizes that the regulatory framework under the *MSA* will be a significant change for existing registrants, and that a clear and well-communicated transition plan is critical for proper implementation of the new legislation. Over fiscal year 2023/24, BCFSA will develop a transition plan for existing registrants to bring them into this new regulatory framework in an effective manner. BCFSA estimates communicating this transition plan in Q4 2023/24 with implementation of the *MSA* beginning in fiscal year 2024/25.

Enhanced Continuing Education

BCFSA's continuing education program promotes confidence in licensing requirements and the professionalism of the mortgage broker industry. Over the next three fiscal years, BCFSA will continue its work on this important priority area by requiring a new course on legal and regulatory issues and through the development of a new ethics course. BCFSA will continue to leverage the existing education program and resources for real estate licensees in developing a more robust education program for the mortgage broker segment.

Legal Update Course Implementation. In the 2022/23 fiscal year, BCFSA began offering mandatory continuing education to mortgage brokers, aligning requirements with those for real estate licensees. Launched in Q4 2022/23, the first course was "Legal Update" which provides legal and regulatory updates for mortgage brokers. "Legal Update" will become a required course for registration renewal or reinstatement, effective April 1, 2023.

Development of new Ethics Course. Following "Legal Update", a second course on ethical decision-making in the context of the financial services sector will be implemented in fiscal year 2024/25 following developmental work in fiscal year 2023/24.

Natural Catastrophe & Climate Risk

BCFSA closely monitors current and emerging risks that have the potential to have a material impact on regulated entities and financial services consumers. Based on continuous risk monitoring, BCFSA considers how to respond to such risks. Natural catastrophes and climate change is a critical risk that BCFSA is actively monitoring across the financial services sector.

Natural Catastrophe and Climate Risk. Natural catastrophes, including earthquakes, floods, and wildfires, pose a significant risk to British Columbians and the financial services sector in B.C. In many cases, consumers lack information to make informed decisions to mitigate financial loss. BCFSA will outline its proposed approach to managing natural catastrophe and climate risk for the financial services sector in a discussion paper expected to be issued in Q1 2023/24, followed by consideration of necessary regulatory instruments. The discussion paper is intended to start a dialogue with industry about how best to address and mitigate the risks posed by natural catastrophes and a changing climate.

Insurance Companies

BCFSA's regulatory priorities for provincially regulated insurance companies are categorized into three main areas: (1) Fair Treatment of Customers; (2) Natural Catastrophe & Climate Risk; and (3) Digitalization Risk. The graphic below outlines BCFSA's anticipated regulatory priorities over the next three fiscal years. Items in Year One identify the quarter in which a consultation, publication or implementation is expected to occur. For Years Two and Three, the graphic notes that BCFSA anticipates doing work on the priority during the year with the specific quarter to be named later.

BCFSA is an active participant in the Canadian Council of Insurance Regulators ("CCIR"), an association of Canadian insurance regulators. The mandate of CCIR is to facilitate and promote an efficient and effective insurance regulatory system in Canada to serve the public interest. CCIR members work together to develop solutions to regulatory issues and emerging risks identified by its members and industry. CCIR members strive to harmonize approaches to regulatory issues. As well, where appropriate, BCFSA [adopts](#) regulatory guidance issued by the Office of the Superintendent of Financial Institutions ("OSFI").

Consultation	Publication	Implementation
	●	◆

Topic	YEAR ONE FY 2023/24				YEAR TWO FY 2024/25	YEAR THREE FY 2025/26
	Q1 Apr 1-Jun 30	Q2 Jul 1-Sept 30	Q3 Oct 1-Dec 31	Q4 Jan 1-Mar 31	Q1-Q4 Apr 1-Mar 31	Q1-Q4 Apr 1-Mar 31
Previous Year's Items in Progress						
Recovery Plan Guideline	◆	◆				
Fair Treatment of Customers						
BCFSA Insurer Code of Conduct	●	◆	◆	◆		
CCIR Work on Segregated Funds	●		●	●		
CCIR Work on Incentives Management Guidance	●					
Natural Catastrophe & Climate Risk						
Natural Catastrophe and Climate Risk Discussion Paper	●					
Natural Catastrophe and Climate Risk Guideline						●
Digitalization Risk						
Information Security Incident Reporting – New Guidance for Extraprovincial Financial Institutions					●	
Information Security Incident Reporting – Updated Guideline for PRFIs					●	

DETAILED SUMMARY OF REGULATORY PRIORITIES

Fair Treatment of Customers

Through proactive market conduct supervision, including data collection and reporting requirements, thematic reviews of products or business practices, and targeted monitoring of specific regulated entities and individuals, BCFSA identifies and intervenes to address harmful business practices. BCFSA promotes high standards of market conduct within the financial services sector by providing the information and guidance necessary to enable regulated entities to comply with legislative requirements and best practices.

Insurer Code of Market Conduct. Changes to the *Financial Institutions Act* require insurance companies to adopt a code of market conduct (the “Code”) as established by BCFSA. In the 2022/23 fiscal year, BCFSA engaged in a public consultation on a proposed Insurer Code of Market Conduct, leveraging the principles included in CCIR’s Guidance on the “Conduct of Insurance Business and Fair Treatment of Customers”. BCFSA is reviewing feedback received as part of the consultation and will issue a go forward plan in the first half of fiscal year 2023/24.

CCIR Work on Segregated Funds. Working with the Canadian Securities Administrators (“CSA”), CCIR has engaged in a multi-year project aimed at harmonizing practices and disclosures related to segregated funds. BCFSA will look at industry practices related to deferred sales charges, total cost reporting, and chargebacks, as appropriate, in fiscal year 2023/24.

CCIR Work on Incentives Management Guidance. CCIR has engaged in a multi-year project, including consultation with industry, developing guidance on incentives management. A joint project with the Canadian Insurance Services Regulatory Organizations (“CISRO”), the guidance aims to ensure that Insurers and Intermediaries develop incentive arrangements that achieve fair treatment of consumer outcomes. Insurers and Intermediaries are expected to put in place policies, procedures and controls in order to meet their obligations in this regard. In fiscal year 2023/24, BCFSA will communicate with insurance companies how it intends to implement this guidance in B.C.

Natural Catastrophe & Climate Risk

BCFSA closely monitors current and emerging risks that have the potential to have a material impact on regulated entities and consumers. Based on continuous risk monitoring, BCFSA considers how to respond to such risks. Natural catastrophes and climate change are critical risks that BCFSA is actively monitoring across the financial services sector.

Natural Catastrophe and Climate Risk. Natural catastrophes, including earthquakes, floods, and wildfires, pose a significant risk to British Columbians and the financial services sector in B.C. In many cases, consumers lack information to make informed decisions to mitigate financial loss. BCFSA will outline its proposed approach to managing natural catastrophe and climate risk for the financial services sector in a discussion paper expected to be issued in Q1 2023/24, followed by consideration of necessary regulatory instruments. The discussion paper is intended to start a dialogue with industry about how best to address and mitigate the risks posed by natural catastrophes and a changing climate.

Digitalization Risk

Information Security Incident Reporting. Reporting of material information security incidents in a timely manner is of critical importance to BCFSA. As part of its consultation on an information security incident reporting rule, BCFSA received feedback that before proceeding to a rule, there should be sufficient time for all financial institutions to implement and demonstrate compliance with existing expectations contained in BCFSA's recently released [Information Security Guideline](#). In recognition of this and other feedback, BCFSA plans to revisit its guidance and expectations for the reporting of information security incidents beginning in Q3 2023/24, including codifying expectations for extra-provincial insurers.

Pension Plans

BCFSA's regulatory priorities for B.C. pension plans are categorized into three main areas: (1) Pension Plan Governance; (2) Natural Catastrophe & Climate Risk; and (3) Digitalization Risk. The graphic below outlines BCFSA's anticipated regulatory priorities over the next three fiscal years and identifies priorities from the previous year for which work is ongoing. Items in Year One identify the quarter in which a consultation, publication or implementation is expected to occur. For Years Two and Three, the graphic notes that BCFSA anticipates doing work on the priority during the year with the specific quarter to be named later. Among several updates planned to ensure effective oversight of B.C. pension plans, BCFSA will also update its Risk-Based Supervision Framework for Pension Plans.

BCFSA is an active participant in the Canadian Association of Pension Supervisory Authorities ("CAPSA"), an association of Canadian pension regulators. The mandate of CAPSA is to facilitate an efficient and effective pension regulatory system in Canada.

Consultation	Publication	Implementation
	●	◆

Topic	YEAR ONE FY 2023/24				YEAR TWO FY 2024/25	YEAR THREE FY 2025/26
	Q1 Apr 1-Jun 30	Q2 Jul 1-Sept 30	Q3 Oct 1-Dec 31	Q4 Jan 1-Mar 31	Q1-Q4 Apr 1-Mar 31	Q1-Q4 Apr 1-Mar 31
Previous Year's Items in Progress						
Disclosure Requirement						
Pension Plan Governance						
Multi Employer Pension Plan – Best Practices	●					
Revision to Pensions Regulatory Statements	●					
Changes to Actuarial Information Summary (AIS) e-filing system	●					
Revision to Pension Plan Membership Data			●			
Update Risk-Based Supervision Framework for Pension Plans				●	◆	
Natural Catastrophe & Climate Risk						
Natural Catastrophe and Climate Risk Discussion Paper	●					
Digitalization Risk						
Information Security Incident Reporting – Updated Guideline for PRFIs					●	

DETAILED SUMMARY OF REGULATORY PRIORITIES

Pension Plan Governance

BCFSA oversees the administration and enforcement of the *Pension Benefits Standards Act* (“PBSA”) and the Pension Benefits Standards Regulation (“PBSR”). As part of its oversight responsibilities, BCFSA ensures that there is an appropriate regulatory framework in place to oversee pension plan members and beneficiaries in a comprehensive and forward-looking way.

Multi Employer Pension Plan - Best Practices. BCFSA will outline best practices for multi-employer pension plans (“MEPPs”) in B.C. This information is targeted for release in Q1 2023/24.

Revision to Pensions Regulatory Statements. BCFSA will update Regulatory Statements 2020-001 and 2021-013 to provide clarification on certain items from [Order in Council \(OIC\) 505](#).

Changes to Actuarial Information Summary (AIS) e-filing System. BCFSA will provide information on updates made to the AIS e-filing system to reflect changes introduced by [OIC 505](#).

Revision to Pension Plan Membership Data. BCFSA will provide information regarding upcoming changes to the information requirements for membership data that must be submitted when filing the pension plan Annual Information Report (“AIR”). This information is targeted for release in Q3 2023/24.

Update Risk-Based Supervision Framework for Pension Plans. BCFSA will update the Risk-based Supervision Framework document published in 2014. The document describes the principles, concepts, and core processes that make up our Risk-Based Regulatory Framework. Ongoing updates to the supervision framework for pension plans help to maintain public confidence in the regulatory oversight of plans in B.C. This work is targeted for release in Q4 2023/24.

Natural Catastrophe & Climate Risk

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Trust Companies

BCFSA's regulatory priorities for the Trust segment are categorized into two main areas: (1) Natural Catastrophe & Climate Risk and (2) Digitalization Risk. Where appropriate, BCFSA adopts regulatory guidance issued by the Office of the Superintendent of Financial Institutions ("OSFI").

The graphic below outlines BCFSA's anticipated regulatory priorities for trust companies over the next three fiscal years and identifies priorities from the previous year for which work is ongoing. Items in Year One identify the quarter in which a consultation, publication or implementation is expected to occur. For Years Two and Three, the graphic notes that BCFSA anticipates doing work on the priority during the year with the specific quarter to be named later.

Consultation	Publication	Implementation
	●	◆

Topic	YEAR ONE FY 2023/24				YEAR TWO FY 2024/25	YEAR THREE FY 2025/26
	Q1 Apr 1-Jun 30	Q2 Jul 1-Sept 30	Q3 Oct 1-Dec 31	Q4 Jan 1-Mar 31	Q1-Q4 Apr 1-Mar 31	Q1-Q4 Apr 1-Mar 31
Previous Year's Items in Progress						
Recovery Plan Guideline	◆	◆				
Natural Catastrophe & Climate Risk						
Natural Catastrophe and Climate Risk Discussion Paper	●					
Natural Catastrophe and Climate Risk Guideline						●
Digitalization Risk						
Information Security Incident Reporting – New Guideline for Extraprovincial Financial Institutions					●	
Information Security Incident Reporting – Updated Guideline for PRFIs					●	

DETAILED SUMMARY OF REGULATORY PRIORITIES

Natural Catastrophe & Climate Risk

BCFSA closely monitors current and emerging risks that have the potential to have a material impact on regulated entities and consumers. Based on continuous risk monitoring, BCFSA considers how to respond to such risks. Natural catastrophes and climate change are critical risks that BCFSA is actively monitoring across the financial services sector.

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Digitalization Risk

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