

ADVISORY NUMBER: RE-20-002

TITLE: 2020/2021 Regulatory Roadmap

DATE: November 5, 2020

DISTRIBUTION: All Regulated Entities and Individuals

To deliver on its objective of becoming a modern, effective and efficient financial services regulator, the BC Financial Services Authority (“BCFSA”) is committed to providing greater clarity and transparency to sector participants regarding the development of its forward-looking agenda.

To this end, BCFSA is releasing its 2020/2021 Regulatory Roadmap (“Regulatory Roadmap”) which outlines planned regulatory guidance that will be issued in the current fiscal year. Moving forward, the Regulatory Roadmap will be delivered on an annual basis to provide the public and regulated entities with advance notice of upcoming regulatory changes and signalling planned opportunities to provide feedback.

Ongoing dialogue with sector participants and the public will help develop the specific content of each year’s Regulatory Roadmap and BCFSA’s intention will be to issue it at the outset of a new fiscal year.

The 2020/2021 Regulatory Roadmap follows BCFSA’s new terminology framework that includes;

- **Guidelines:** to establish principles that regulated entities and individuals are expected to implement or follow;
- **Rules:** to create legal requirements with which regulated entities and individuals must comply;
- **Regulatory Statements:** to provide details on how regulated entities and individuals must comply with legislation; and
- **Advisories:** to communicate BCFSA news, updates and matters of information to sector participants.

For a more detailed description of the forms of guidance, please click [here](#).

We value your input as we move BCFSa forward with a more modern and transparent approach. Please submit questions or comments about the Regulatory Roadmap process or its contents to regulation@bcfsa.ca. We welcome input on future releases, including elements such as the time horizon, the inclusion of broader service plan priorities and the consultation processes and opportunities.

The 2020/2021 Regulatory Roadmap is attached as Appendix 1.

Appendix 1 – BCFSAs 2020/2021 REGULATORY ROADMAP

| Timeline | Format | Entities Affected | Topic | Description |
|--------------------------------|-----------------------|--|--|---|
| Fall 2020 <i>(released)</i> | Advisory | Credit Unions | Revised Credit Union Reporting Templates | BCFSA issued an Advisory requesting feedback by December 14, 2020, on revised credit union regulatory reporting templates and reporting instructions. BCFSAs objectives for updating the templates are to improve the quality of information collected, to ease reporting through standardized templates and instructions, and to reduce the number of ad hoc data calls. |
| Spring 2021 | Regulatory Statements | Credit Unions | Revised Credit Union Reporting Templates | Following the integration of feedback from credit unions, the final product will be a Regulatory Statement for each reporting template. BCFSAs intends to issue the final Regulatory Statements and reporting templates and instructions in spring 2021, with implementation in fall 2021. |
| Fall 2020 | Regulatory Statement | Pension Plans | Registration of Pension Plan Amendments (the <i>Pension Benefits Standards Act</i>) | This Regulatory Statement is an update to Bulletin 10-006 . It sets out requirements for filing an amendment to a pension plan that is registered under the <i>Pension Benefits Standards Act</i> . |
| Fall 2020 | Advisory | Pension Plans | Plan Termination Requirements and Checklist | This Advisory will assist plan administrators with the termination and winding up of a pension plan registered in British Columbia. |
| Fall 2020 – Winter 2020/21 | Advisory | B.C. Incorporated Financial Institutions | Outsourcing | BCFSA will issue an Advisory in the fall/wintertime period, requesting feedback on a draft guideline that leverages existing and comparable best practices related to outsourcing. |
| Spring 2021 | Guideline | | Outsourcing | The final product will be a Guideline that will set out BCFSAs expectations for B.C. incorporated financial institutions that |

| Timeline | Format | Entities Affected | Topic | Description |
|----------------------------|-----------|---|----------------------|---|
| | | B.C. Incorporated Financial Institutions | | outsource, or contemplate outsourcing, one or more of their business activities to a service provider. |
| Fall 2020 – Winter 2020/21 | Advisory | B.C. Incorporated Financial Institutions, Pension Plans | Information Security | BCFSA will issue an advisory in the fall/wintertime period that seeks feedback on a set of draft principles to address key risks to data and information systems from unauthorized/illegal access or impaired network systems. BCFSA will hold a series of small group meetings on these principles in order to develop its guideline. Given the relevance of outsourcing to information security, consultations will be held at the same time as the proposed Outsourcing Guideline (see above). |
| Spring 2021 | Guideline | B.C. Incorporated Financial Institutions, Pension Plans | Information Security | The final product will be a Guideline that outlines BCFSA's expectations for applicable regulated entities to mitigate information security risks. The final Guideline is expected to be completed in Spring 2021. |

| Release Date | Format | Entities affected | Topic | Description |
|--|----------|-------------------|-----------------------------------|--|
| Winter 2020-21, Spring 2021, (completion) 2023 (proposed implementation) | Advisory | Credit Unions | CUDIC Differential Premium System | CUDIC, in cooperation with the BC credit union system and other stakeholders, has developed a risk-based premium assessment methodology called the Differential Premium System (DPS) to enhance its premium assessment capabilities. |

| Release Date | Format | Entities affected | Topic | Description |
|--|------------|--------------------|--|--|
| | | | | BCFSA will issue an Advisory in Winter 2020-21. This will outline the DPS methodology and allow for feedback prior to seeking approval from the CUDIC Board. The final DPS methodology is scheduled to be completed in Spring 2021 with a proposed implementation in 2023. |
| Winter 2020-21 | Guideline | Pension Plans | Transfer of Commuted Value from a Defined Benefit Plan (Update) | This Guideline is an update to Bulletin 09-005 . It outlines expectations for the transfer of the commuted value of benefits out of a defined benefit pension plan. |
| Winter 2020-21 | Advisory | Pension Plans | Guide for the Registration of a Pension Plan in BC (Update) | This Advisory is an update to Bulletin 09-009 . It will provide information to assist plan administrators in completing the pension plan registration process. |
| Winter 2020-21 | Guideline | Pension Plans | Letter of Credit to Fund Solvency Deficiencies (Update) | This Guideline is an update to Bulletin 10-003 . It will outline BCFSA's expectations regarding the use of a Letter of Credit for solvency deficiency funding. |
| Winter 2020-21 | Guideline | Pension Plans | Restrictions to Commuted Value Transfer (Update) | This Guideline is an update to Bulletin 10-004 . It will update plan administrators on BCFSA's position on restricting commuted value transfers when the plan's solvency ratio is less than one (1), |
| Winter 2020-21 | Advisory | Pensions Plans | Target Benefit Plans Q&A | This Advisory will reflect most commonly asked questions to clarify expectations regarding target benefit plans |
| Determined by publication of OSFI guidance | Guidelines | Insurance & Trusts | Applicability of OSFI Guidelines for BC Authorized Insurance & Trust companies | This Guideline will set out BCFSA's view on the applicability for BC incorporated insurance and trust companies of OSFI guidelines that apply to federally regulated insurance and trust companies. |