

Financial Institutions Commission

2009/2010 – 2011/2012 Service Plan

February 2009



BRITISH
COLUMBIA

The Best Place on Earth

Financial Institutions Commission

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Responsibilities

The Financial Institutions Commission (FICOM) is a provincial regulatory agency, part of the Ministry of Finance. FICOM is responsible for administering 10 statutes that regulate the financial services sector¹ in British Columbia. The primary focus of this regulation is to help ensure that:

- Regulated entities remain solvent;
- Market conduct requirements for these sectors are respected;
- Unsuitable individuals do not participate in financial service markets.

Key statutes administered by FICOM are:

1. The *Financial Institutions Act*;
2. The *Credit Union Incorporation Act*;
3. The *Insurance Act*;
4. The *Insurance (Captive Company Act)*;
5. The *Insurance (Marine Act)*;
6. The *Mortgage Brokers Act*;
7. The *Pension Benefits Standards Act*;
8. The *Real Estate Development Marketing Act*;
9. The *Real Estate Services Act*; and
10. The *Strata Property Act*.

In addition to providing for the regulation of financial institutions, the *Financial Institutions Act* establishes that the Credit Union Deposit Insurance Corporation (CUDIC) continues as a corporation, which has a mandate of insuring B.C. credit union member deposits.

FICOM and CUDIC publications including annual reports, service plans as well as enforcement activities and consumer alerts can be viewed at <http://www.fic.gov.bc.ca>.

¹ With the exception of securities, which are regulated by the BC Securities Commission, and chartered banks which are regulated by the federal government.

Vision, Mission and Values

Vision

To be the most progressive and cost-effective regulator of financial services, pensions and real estate services in Canada.

Mission

To maintain confidence in British Columbia's financial services sector by effective regulation.

Values

In pursuit of our vision and mission, our actions will be guided by the following values:

Effectiveness — We focus on obtaining results, anticipate problems before they arise and address issues in a timely manner. We constantly seek ways to better achieve our goals.

Integrity — We value honesty, cooperation, transparency, reliability, fairness and respect within the workplace, in our dealings with stakeholders and in exercising our regulatory function.

Professionalism — We take pride in the quality of our work and continually strive to improve ourselves by empowering others to take the initiative and providing innovative solutions to achieve our vision for the future.

Accountability — We take responsibility for the decisions we make.

Core Business Areas as defined by Regulatory Responsibility

FICOM has four core business areas and two support groups that are organized around its areas of regulatory responsibility.

Credit Unions and Trusts

- Regulates credit unions and trust companies under the *Financial Institutions Act* and the *Credit Union Incorporation Act*.

Insurance

- Responsible for the regulation of insurers under the *Financial Institutions Act*, *Insurance Act*, *Insurance (Captive Company) Act*, and *Insurance (Marine) Act*.
- The Insurance Council of B.C. is responsible for licensing insurance sales agents and adjusters.
- The Superintendent may appeal disciplinary decisions of the Insurance Council, and is responsible for investigating unlicensed insurance activities.

Pensions

- Regulates pension plans registered in British Columbia under the *Pension Benefits Standards Act*.

Real Estate and Mortgage Brokers

- Regulates mortgage brokers under the *Mortgage Brokers Act*.
- Regulates the marketing of multi-unit real estate developments under the *Real Estate Development Marketing Act*.
- Approves forms as required under the *Strata Property Act*.
- Under the *Real Estate Services Act*, the Real Estate Council of British Columbia is a self-regulatory organization (SRO) that regulates real estate brokerages and representatives, property managers and strata managers.
- The Superintendent of Real Estate has powers to intervene in the regulation of real estate professionals if an urgent concern for the public interest arises, and is responsible for investigating unlicensed real estate activities.
- The Superintendent may appeal disciplinary decisions of the Real Estate Council.

Support Functions

Investigative Services

The Investigative Services Department investigates significant statutory breaches of all acts administered by FICOM. It also investigates related criminal issues, such as fraud, that may be uncovered in the course of these investigations.

Administrative Services

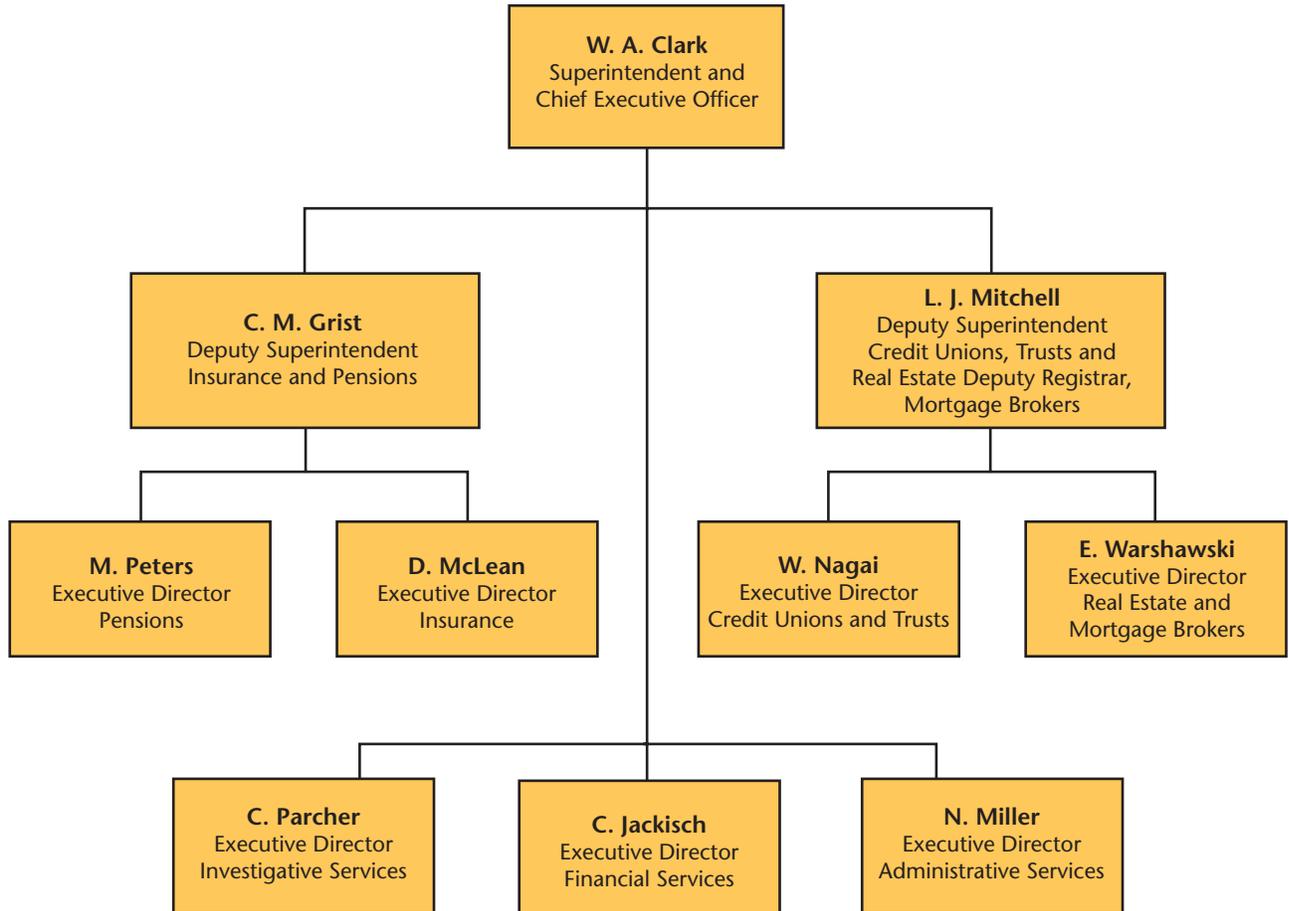
FICOM's core business areas are supported by the following departments: Records, Systems, Accounting, the Contact Centre and the CEO's office. These departments provide a wide variety of services including records management, reception, communications, systems support, accounting, budgeting, purchasing, freedom of information requests, policy research, legislative reviews, performance planning and reporting, strategic human resources management, and secretarial support.

Credit Union Deposit Insurance Corporation (CUDIC)

CUDIC is a government corporation, administered by FICOM, which provides deposit insurance for members' deposits with B.C. credit unions.

CUDIC, by statute, is not required to produce a service plan. As a result, this plan does not contain further references to CUDIC.

Organizational Chart



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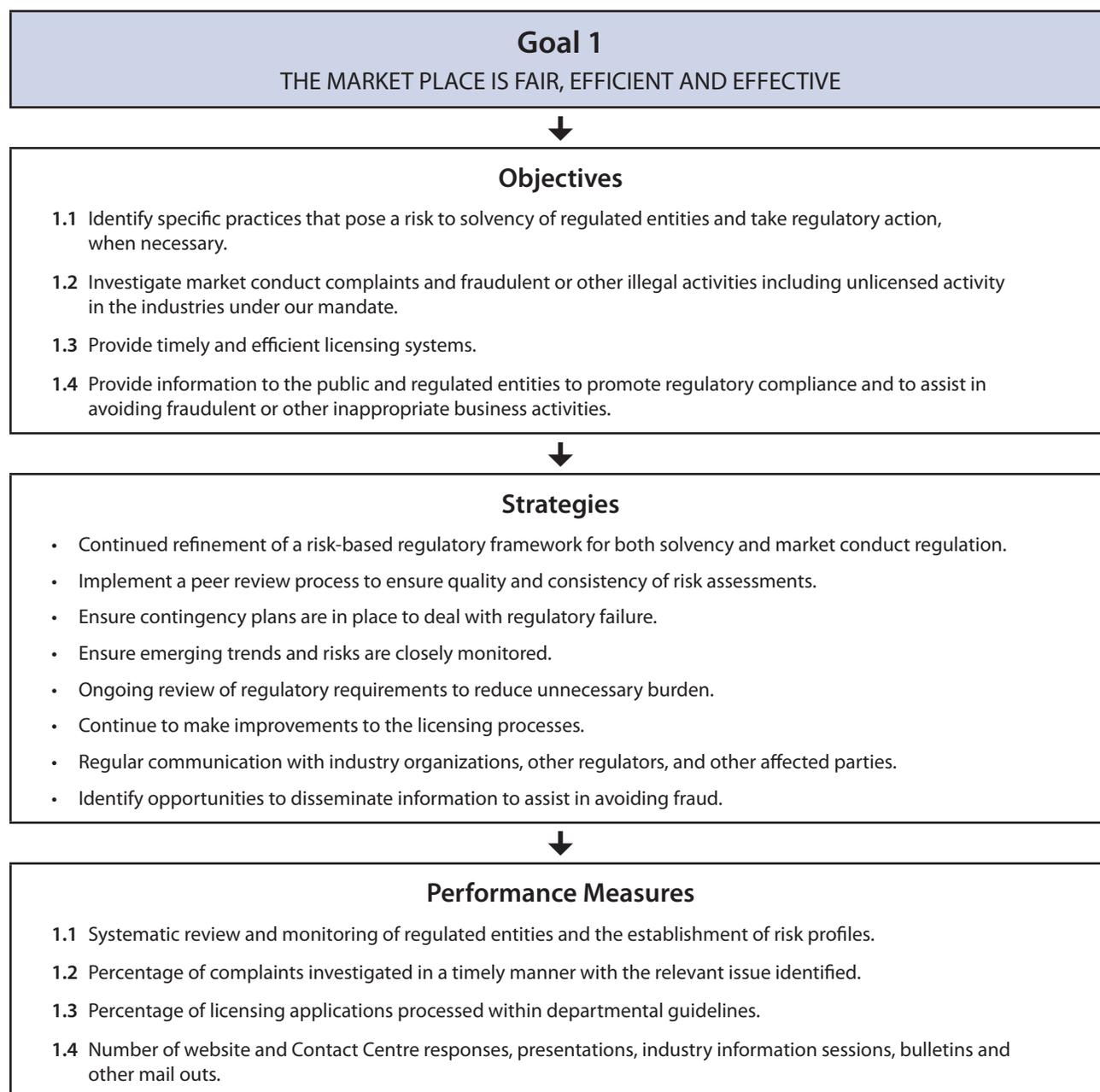
Financial Institutions Commission Mission Statement

Maintain Confidence in British Columbia's financial services sector by effective regulation.

FICOM Goals	FICOM Objectives	Performance Measures
<p>1 The market place is fair, efficient and effective.</p>	<p>1.1 Identify specific practices that pose a risk to solvency of regulated entities and take regulatory action, when necessary.</p> <p>1.2 Investigate market conduct complaints and fraudulent or other illegal activities including unlicensed activity in the industries under our mandate.</p> <p>1.3 Provide timely and efficient licensing systems.</p> <p>1.4 Provide information to the public and regulated entities to promote regulatory compliance and to assist in avoiding fraudulent or other inappropriate business activities.</p>	<p>1.1 Systematic review and monitoring of regulated entities and the establishment of risk profiles.</p> <p>1.2 Percentage of complaints investigated in a timely manner with the relevant issue identified.</p> <p>1.3 Percentage of licensing applications processed within departmental guidelines.</p> <p>1.4 Number of website and Contact Centre responses, presentations, industry information sessions, bulletins and other mail outs.</p>
<p>2 FICOM is administratively effective and efficient.</p>	<p>2.1 Ensure organizational risks are adequately assessed and managed.</p> <p>2.2 Maintain effective relationships with regulated industries and other affected parties.</p> <p>2.3 Respond to inquiries in a timely manner.</p> <p>2.4 Enhance staff recruitment and retention by maintaining a quality work environment.</p>	<p>2.1.A Business plans are regularly updated.</p> <p>2.1.B Enterprise Risk Management profile is updated quarterly.</p> <p>2.1.C Business continuity plan is current and refreshed each year.</p> <p>2.1.D Develop an integrated systems plan.</p> <p>2.2 Participation in government, industry, and regulatory forums.</p> <p>2.3 Percentage of inquiries that are responded to within established timeframes.</p> <p>2.4.A Staff retention to remain at or above baseline.</p> <p>2.4.B Percentage of staff who have EPDP.</p>

GOAL 1: *The Market Place is Fair, Efficient and Effective*

Effective risk reduction, monitoring and enforcement programs are essential in ensuring the financial market place is fair, effective and efficient and contributes to consumer confidence in the financial services sector.



Goal 1: Objectives

Objective

FICOM is committed to identifying and intervening where regulated entities are engaged in practices that pose a risk to:

- Depositors;
- Trust clients;
- Policy holders;
- Pension plan members;
- Clients of mortgage brokers; and
- Purchasers of multi-unit real estate developments.

Regulatory intervention at an early stage is imperative to ensure public confidence in the financial services sector is maintained. In order to determine whether and when to intervene, establishment of composite risk rating and ongoing monitoring is critical and contributes to a fair and efficient market place.

Objective

The thorough investigation of criminal activity and other statutory and regulatory contraventions including market conduct complaints contributes to market efficiencies as all participants, both consumer and our regulated entities, can then take advantage of a stable market place.

Objective

A timely and efficient licensing system (which includes business authorizations under the *Financial Institutions Act*, registrations under the *Mortgage Brokers Act* and *Pension Benefits Standards Act*) involves processing applications in a timely manner. As well, ensuring only those companies and individuals who are suitable, are permitted to operate, is critical to a well-functioning financial market place.²

² Licensing includes business authorizations under the *Financial Institutions Act*, registrations under the *Mortgage Brokers Act* and *Pension Benefits Standards Act*.

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Objective

Providing timely information to the public of fraudulent or other inappropriate business practices will result in:

- Fewer members of the public becoming victimized; and
- Complaints received at an earlier stage so regulatory intervention can occur before members of the public suffer a catastrophic loss by being preyed upon by unscrupulous individuals.

In addition, it is important to communicate with regulated entities to promote less risky behaviour and to deal with emerging issues proactively. Industry also needs to be aware of unscrupulous individuals.

Goal 1: Strategic Activities

In 2009/10 FICOM will carry out the following activities to improve its regulation of the financial market place:

- Continued refinement of a risk-based regulatory framework for both solvency and market conduct regulation.
- Implement a peer review process to ensure quality and consistency of risk assessments.
- Ensure contingency plans are in place to deal with regulatory failure.
- Ensure emerging trends and risks are closely monitored.
- Ongoing review of regulatory requirements to reduce unnecessary burden.
- Continue to make improvements to the licensing processes.
- Regular communication with industry organizations, other regulators, and other affected parties.
- Identify opportunities to disseminate information to assist in avoiding fraud.

Goal 1: Performance Measures

1.1 Systematic review and monitoring of regulated entities and the establishment of risk profiles, where appropriate, helps assess risk and guide appropriate regulatory action.

1.2 Percentage of complaints investigated in a timely manner with the relevant issue identified is a measure of FICOM's complaint handling ability.

1.3 Percentage of licensing applications processed within departmental guidelines. Departments maintain guidelines for processing applications such as business authorizations, registrations, and licenses. These guidelines provide a measure of efficiency of licensing processes and the quality of applications. Timeframes typically begin once full and complete applications are received.

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1.4 An analysis of website statistics and Contact Centre responses provides a measure of information provided by FICOM to the public. Participation in industry information sessions, presentations, bulletins and other mail outs also is a measure of regulatory support activities provided.

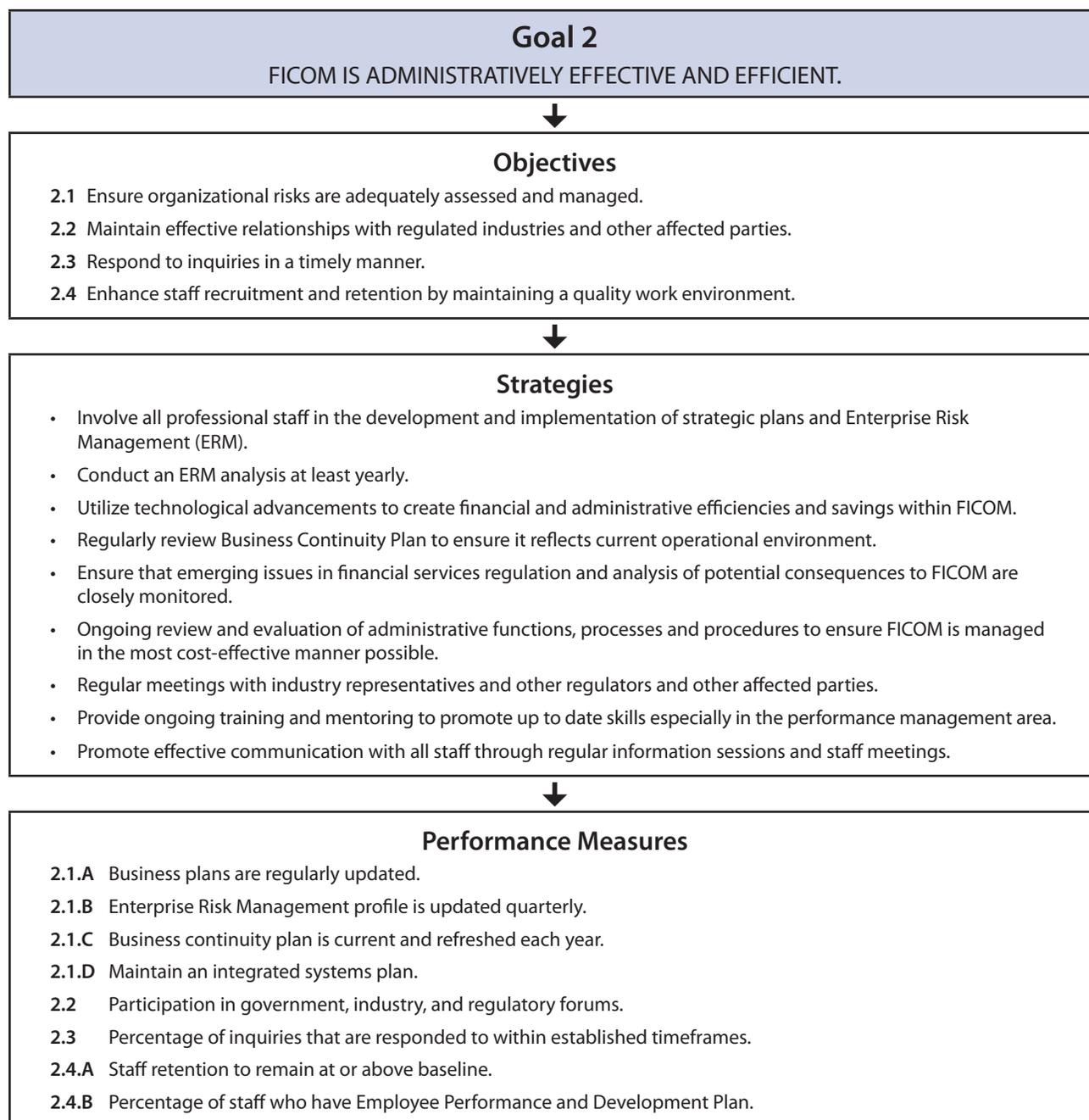
Summary Chart of Performance Measures

	Performance Measures	2008/2009	2009/2010	2010/2011	2011/2012
1.1	Systematic review and monitoring of regulated entities and the establishment of risk profiles.	Financial Institutions – 100% Real Estate – 100% Mortgage brokers – 50% Pension plans – 25%	Financial Institutions – 100% Real Estate – 100% Mortgage brokers – 100% Pension plans – 55%	Financial Institutions – 100% Real Estate – 100% Mortgage brokers – 100% Pension plans – 75%	Financial Institutions – 100% Real Estate – 100% Mortgage brokers – 100% Pension plans – 75%
1.2	Percentage of complaints investigated in a timely manner with the relevant issue identified.	100%	100%	100%	100%
1.3	Percentage of licensing applications processed within departmental guidelines.	90%	90%	90%	90%
1.4	Number of website and Contact Centre responses, presentations and industry information sessions, bulletins and other mail outs.	Website hits – Actual Contact Centre – Actual Others – Actual	Website hits – Actual Contact Centre – Actual Others – Actual	Website hits – Actual Contact Centre – Actual Others – Actual	Website hits – Actual Contact Centre – Actual Others – Actual

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GOAL 2: *FICOM is Administratively Effective and Efficient*

FICOM operates under a “\$1,000 vote” within the Ministry of Finance for budgeting purposes and is a self funded entity. As such, it is responsible for ensuring that it operates in an administratively effective and efficient manner.



Goal 2: Objectives

Objective

It is important for all organizations to adequately assess the risks they face and put in place strategies to mitigate those risks, where possible.

FICOM has business planning and ERM processes in place. We periodically review our regulatory frameworks to ensure they keep pace with changes in the financial services markets.

Objective

In order to regulate effectively, FICOM must coordinate its activities with those of industry and other regulators. Harmonization, coordination, and communication are increasingly important to achieve this objective.

Objective

FICOM tries to ensure all legitimate issues, complaints and inquiries are dealt with in a timely and effective manner.

Objective

Staff recruitment and retention challenges are two of the biggest risks facing the organization. FICOM believes one of the ways to mitigate these risks is through the promotion of a quality work environment, and appropriate training.

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Goal 2: Strategic Activities

In 2009/10, FICOM will carry out the following activities to improve its administrative function:

- Involve all professional staff in the development and implementation of business plans and Enterprise Risk Management (ERM).
- Conduct an ERM analysis at least yearly.
- Utilize technological advancements to create financial and administrative efficiencies and savings within FICOM.
- Regularly review Business Continuity Plan to ensure it reflects current operational environment.
- Ensure that emerging issues in financial services regulation and analysis of potential consequences to FICOM are closely monitored.
- Ongoing review and evaluation of administrative functions, processes and procedures to ensure FICOM is managed in the most cost-effective manner possible.
- Regular meetings with industry representatives, other regulators and other affected parties.
- Provide ongoing training and mentoring to promote up to date skills especially in the performance management area.
- Promote effective communication with all staff through regular information sessions and staff meetings.

Goal 2: Performance Measures

2.1 Regular review of business plans and evaluation of organizational risks help ensure all staff are aware of issues facing FICOM and the regulated sectors.

2.2 In order to stay current on emerging issues, and to evaluate potential consequences for affected parties, FICOM must communicate with a number of parties affected by its activities. Participation in regulatory forums is a partial measure of stakeholder engagement.

2.3 FICOM's timeframes for response to inquiries are a partial measure of its ability to deal with issues effectively.

2.4 Staff retention and completion of EPDP's partially reflect FICOM's ability to meet its human resource needs.

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Summary Chart of Performance Measures

	Performance Measures	2008/2009	2009/2010	2010/2011	2011/2012
2.1.A	Business plans are regularly updated.	Yes	Yes	Yes	Yes
2.1.B	Enterprise Risk Management profile is updated quarterly.	Yes	Yes	Yes	Yes
2.1.C	Business continuity plan is current and refreshed each year.	New plan in place			
2.1.D	Maintain an integrated systems plan.	New plan in place			
2.2	Participation in government, industry, and regulatory forums.	Actual	Actual	Actual	Actual
2.3	Percentage of inquiries that are responded to within established departmental timeframes.	90%	90%	90%	90%
2.4.A	Staff retention to remain at or above baseline.	85%	85%	85%	85%
2.4.B	Percentage of staff who have EPDP.	95%	98%	98%	98%

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