

August 11, 2020

Ref. No.: 0435

To: Pension Plan Administrators

RE: New Regulatory Guidance Terminology

As part of its commitment to clear and consistent communications, BCFSA is standardizing regulatory guidance terminology across all of the entities and individuals it regulates. Effective August 15, 2020, the BCFSA will use the following terminology:

- *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;
- *Guidelines* to establish practices/principles that regulated entities and individuals are **expected** to implement or follow; and
- *Advisories* to communicate BCFSA news/updates and other relevant **information** to sector participants.

BCFSA is undertaking a project, expected to be completed by April 1, 2021, to clarify where prior regulatory communications fall within the new terminology. Also, by September, 2020, BCFSA will release a Regulatory Roadmap that sets out its regulatory priorities and timelines for specific initiatives for the fiscal year ending March 31, 2021. The Roadmap will help regulated entities and individuals to understand the expected timing for the development and release of new Rules, Regulatory Statements and Guidelines and allow them to time to plan and respond as appropriate.

Please see the attached table for details. If you have questions regarding BCFSA's new regulatory guidance terminology, please contact Rob O'Brien Manager, Policy at (604) 505-5896 or by email at Rob.O'Brien@bcfsa.ca.

Regards,

Michael J. Peters
VP and Deputy Superintendent, Pensions

Regulatory Guidance

Type	Definition/Example of Use	What is the impact of the Guidance on regulated entities and individuals?
Rule	<p>The <i>Financial Institutions Act</i> (FIA) provides BCFSAs with the authority to make Rules with which regulated entities must comply. Rules have the same legal weight as requirements contained in the FIA or a Regulation enacted by the Government.</p> <p>As BCFSAs do not have Rule making authority under <i>The Pensions Benefits Standards Act</i> (PBSA) at this time, there are no Rules that apply to Pension Administrators.</p>	<ul style="list-style-type: none"> Regulated entities and individuals are legally obligated to comply with Rules. In the case of the non-compliance with a Rule, BCFSAs can apply regulatory sanctions (escalating upwards from administrative penalties to more serious outcomes).
Regulatory Statement	<p>Regulatory Statements provide instructions on how regulated entities and individuals must comply with legislation. While both Rules and Regulatory Statements legally require compliance, Regulatory Statements are used by BCFSAs to provide further details/direction related to a Government established requirement.</p> <p>For example, Section 38 of the <i>Pension Benefits Standards Act</i> requires that pension plan administrators file reports and returns in the form and manner required by the superintendent. A Regulatory Statement would specify the form and manner of filings required by the Superintendent. Prior to the new terminology being introduced, BCFSAs would have provided this direction in an "Information Bulletin".</p>	<ul style="list-style-type: none"> Regulated Entities and individual must follow the instructions/directions, including using the prescribed templates/forms, that are set out in a Regulatory Statement. In the case of non-compliance with a Regulatory Statement, BCFSAs can apply regulatory sanctions (escalating upwards from directions or orders to more serious outcomes such as administrative penalties or other sanctions).
Guidelines for Pension Plans	<p>Guidelines establish principles/practices that regulated entities and individual are expected to implement or follow. Guidelines address potential risks such as governance and market conduct.</p> <p>For example, BCFSAs encourages pension administrators to follow CAPSA's Electronic Communication in the Pension Industry Guideline, which outlines expectations regarding pensions related electronic communications.</p>	<ul style="list-style-type: none"> Regulated entities and individuals are expected to follow Guidelines. While not legally binding, when Guidelines are not followed, BCFSAs can increase the risk-rating for the pension plan and possibly enhance its monitoring intensity, depending on the specific case.
Advisory	<p>Advisories communicate general information/topics of interest to regulated entities and individuals. Advisories do not, as a general matter, mandate action by a regulated entities and individuals.</p> <p>For example, a notice of an upcoming consultation would be included in an Advisory.</p>	<ul style="list-style-type: none"> Regulated entities and individuals should monitor Advisories for topics of interest including news related to consultations.