

Draft Outsourcing Guideline for Consultation

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BC Financial Services Authority (BCFSA) is issuing for comment a draft [Outsourcing Guideline](#) for all provincially regulated financial institutions incorporated in BC (“PRFIs”)¹. The draft Guideline outlines BCFSA’s expectations for sound outsourcing risk management practices. The expectation are principles-based and closely align with guideline [B-10 Outsourcing of Business Activities, Functions and Processes](#) released by the federal Office of the Superintendent of Financial Institutions (OSFI).

Outsourcing is one of the major risks facing PRFIs. Businesses often outsource business activities, functions and processes to meet the challenges of technological innovation, increased specialization, cost control, and heightened competition. However, outsourcing can increase an institution’s dependence on third parties, which may increase its risk profile. The draft Outsourcing Guideline takes a principles-based approach to assist PRFIs in managing this risk.

With the release of this draft Outsourcing Guideline, BCFSA has commenced a 60-day consultation process. BCFSA values the feedback it receives during consultations and, where appropriate, input will be used to amend and strengthen the Guideline. BCFSA is particularly interested to receive feedback if there are any concepts or language that requires further clarification.

Once the Guideline is finalized, BCFSA will communicate an appropriate transition period for implementation. BCFSA will review all comments prior to issuing a final Guideline and will allow for an appropriate transition period before implementation.

Please submit your feedback and any questions or concerns regarding the BCFSA’s draft [Outsourcing Guideline](#) to regulation@bcfsa.ca.

¹ A PRFI is a credit union, insurance company, or trust company that is regulated by BCFSA. Please note that pension plans are not included in this guideline, as pension outsourcing responsibilities are covered in the governance policy as set out in Section 42 of the [Pension Benefits Standards Act](#) and Section 50 of the [Pension Benefits Standards Regulation](#).