

2021 2025

Strategic Plan

A value-added regulator for consumers
and the financial sector



AUTORITÉ
DES MARCHÉS
FINANCIERS



Original version in French

English translation provided by certified translators who are members of
the *Ordre des traducteurs, terminologues et interprètes agréés du Québec*.

Legal Deposit – Bibliothèque et Archives nationales du Québec, 2021

ISBN 978-2-550-89037-9 (PDF)

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The 2021-2025 Strategic Plan serves as a 2021-2025 activity plan in accordance with section 46 of the *Act respecting the regulation of the financial sector*.



Message from the President and CEO

Louis Morisset

We are proud to unveil the 2021-2025 Strategic Plan of the Autorité des marchés financiers (the “AMF”), which presents the main orientations that will guide our choices, decisions and actions for the next four years.

The 2021-2025 Strategic Plan is the product of extensive work carried out with our interested stakeholders, including the members of our Conseil consultatif de régie administrative (“Advisory Board”) and our organization’s managers, who underscored their teams’ specific areas of expertise. The plan was developed taking into consideration a precise diagnosis of the AMF’s internal and external environments, based on interactions with consumers and an array of industry stakeholders, and recent years’ survey results.

Our 2021-2025 Strategic Plan, which is being released one year later than originally scheduled due to the COVID-19 pandemic, which led us to reassess certain aspects of the plan, is informed by the new context we are operating in.

The plan takes into account major issues such as the slowdown affecting large swaths of the economy, an outlook of very low interest rates for the long term, societal changes in the organization of work, increased financial consumer connectivity and the sustained acceleration in technological progress. It also draws on lessons learned from implementing the 2017-2020 Strategic Plan—a plan that helped our organization make significant performance gains and allowed it to further assert its role as a local regulator close to its markets.

Accordingly, the AMF, while responding to new needs, will continue to build on its strengths, including its thought leadership and influence on the national and international stage, and will maintain its efforts to increase its agility and ability to innovate.

We will also work collectively to enhance the delivery of our services to consumers and align our framework with the evolving financial sector environment, including responding in an even more timely manner to market trends and the risks confronting both consumers and industry stakeholders.

Finally, we will continue to improve our organizational performance, including nurturing a culture focused on enhancing the value and optimizing the use of data to improve our operational and decision-making processes, and will pay closer attention to the development and well-being of the bone and sinew of our organization, our people.

I am confident that this strategic plan will enable the AMF, as an integrated financial market regulator, to achieve its vision of being *A value-added regulator for consumers and the financial sector* and will ensure that the financial ecosystem in Québec remains healthy and dynamic.

In closing, I would like to thank the Minister of Finance of Québec for supporting our organization in its mission. I would also like to thank our Advisory Board for its ongoing input and my colleagues across the AMF, whose efforts will ensure the successful implementation of this strategic plan, for their continued commitment.

A handwritten signature in black ink, appearing to read 'Louis Morisset'.

Louis Morisset



Message from the Chair of the Advisory Board

Robert Panet-Raymond

As Chair of the Advisory Board, I proudly note the ambition of the AMF's 2021-2025 Strategic Plan. For the Advisory Board, the plan is a powerful guide for employees across the organization.

From the outset of the strategic planning and thinking process, the members of the Advisory Board were consulted and given the opportunity to provide their input on the proposed approach, the AMF's internal and external environments, and current and emerging issues in Québec's financial sector. The members of the Advisory Board then closely followed the work carried out to identify the orientations of the strategic plan as well as the plan objectives and means of achieving them.

The 2021-2025 plan, which has the wholehearted support of the Advisory Board, not only establishes ambitious and engaging orientations and objectives but will help further a number of major initiatives implemented under the 2017-2020 Strategic Plan while taking into account issues raised in connection with recent changes in Québec's financial services industry, including those resulting from the COVID-19 pandemic.

Considering the critical role the AMF plays in Québec's financial ecosystem, we are confident the actions taken under this plan will help maintain consumer confidence in the financial sector and ensure a well-functioning industry. Moreover, the Advisory Board is committed to supporting management over the next four years in implementing the plan and, if necessary, to challenging its preferred strategic choices.

The Advisory Board applauds the quality of the work carried out by the President and CEO and his team to successfully fulfill the AMF's mission and the commitment of the organization's employees to helping make the 2021-2025 Strategic Plan a success.

A handwritten signature in black ink that reads "Robert Panet-Raymond". The signature is fluid and cursive.

Robert Panet-Raymond

Overview of the AMF

The AMF is the body mandated by the Québec government to regulate Québec's financial sector and assist consumers of financial products and services.

Established under the *Act respecting the Autorité des marchés financiers*, now entitled the *Act respecting the regulation of the financial sector*, the AMF is unique in that it oversees, in an integrated manner, the areas of insurance, securities, derivatives, deposit institutions—other than banks—the distribution of financial products and services, mortgage brokerage (since May 1, 2020), and credit assessment (since February 1, 2021).

In addition to the powers and duties conferred on it by its constituting act, the AMF also administers the statutes governing each of the areas it oversees.

Mission

The AMF's mission inspires and engages its employees and may be summarized as follows:

Regulate Québec's financial sector to promote its efficiency and protect consumers of financial products and services

Under the *Act respecting the regulation of the financial sector*, the AMF's mission is to:

- provide assistance to consumers of financial products and services, in particular by setting up consumer-oriented educational programs on financial products and services, processing complaints filed by consumers and giving consumers access to dispute resolution services
- ensure that the financial institutions and other regulated entities of the financial sector comply with the solvency standards applicable to them as well as with the obligations imposed on them by law with a view to protecting the interests of consumers of financial products and services, and take any measure provided by law for those purposes
- supervise the activities connected with the distribution of financial products and services, administer the rules governing eligibility for and the carrying on of those activities, and take any measure provided by law for those purposes
- supervise stock market and clearing house activities and monitor the securities market, in particular, by administering the controls provided by law as regards access to the public capital market, ensuring that the issuers and other practitioners involved in the financial sector comply with the obligations imposed on them by law and taking any measure provided by law for those purposes
- supervise derivatives markets, including derivatives exchanges and clearing houses and ensure that regulated entities and other derivatives market practitioners comply with the obligations imposed by law
- see to the implementation of protection and compensation programs for consumers of financial products and services and administer the compensation funds set up by law

The AMF performs its functions and exercises its powers in such a way as to:

- foster the confidence of the public and of the business community as regards financial institutions and practitioners in the financial sector as regards solvency and the competence of agents, advisers, brokers, representatives and other practitioners in the financial sector
- promote the availability of high-quality, competitively priced financial products and services for individuals and enterprises in all regions of Québec
- see to the establishment of an effective and efficient regulatory framework that promotes the development of the financial sector and facilitates innovative management and commercial practices
- grant the public and the business community access to reliable, accurate and complete information on the financial institutions and practitioners in the financial sector and on the financial products and services offered
- protect consumers against unethical, abusive or fraudulent practices and give individuals and enterprises access to various dispute resolution mechanisms

Our vision

In a constantly changing financial ecosystem, the AMF aspires to further increase its value to consumers and to all financial industry participants. Some of the ways the AMF will ensure that it responds even more effectively to the issues of the day will be by enhancing the experience of users of the AMF's assistance services, providing strong thought and action leadership on matters of particular concern to Québec's financial sector, and continually improving its organizational performance.

A value-added regulator for consumers and the financial sector

Our values

INTEGRITY

At the very core of our mission, it guides our decisions and actions.

EXCELLENCE

Aiming for high standards, constantly improving our expertise, and combining quality with efficiency.

OPENNESS

Being accessible and receptive, transparent and open to change and new ideas.

ENGAGEMENT

Fully subscribing to our mission and carrying it out with pride, in a proactive, collaborative and responsible manner.

Issues

The AMF continuously monitors the economic environment and major trends in the financial sector in order to fully understand the challenges that will be faced by consumers, financial institutions and the various participants in the market it oversees. The current environment—the one in which the 2021-2025 Strategic Plan was developed—is marked by heightened uncertainty caused by the COVID-19 pandemic and the deep recession that hit the world in 2020. In addition to the issues described in this section, contextual elements specific to the orientations in this plan have been added in the following pages by way of an introduction to each orientation.

Macroeconomic environment

The pandemic has had a profound impact on the global economy, and the reverberations from it will be felt for years to come. The forced shutdown of the economy in the spring of 2020 resulted in millions of job losses and a wave of bankruptcies, despite large-scale interventions by governments and central banks. The recovery, which is starting in a context of very high uncertainty, will likely be slow and uneven. It will depend on such factors as the containment of future waves of infections, the vaccine rollouts, and the economic policies that are put in place to support the recovery. In the meantime, difficult economic conditions will be conducive to an unstable and volatile environment, including for the financial markets regulated by the AMF.

The consequences of the pandemic, including high unemployment, higher household, corporate and government debt, supply chain relocation and securement, remote work and an accelerated digital shift, are causing significant economic and market upheaval. These changes are in addition to other basic trends that have become well established in the last few years, such as financial and technological innovations, increased public awareness of the impact of climate change, and evolving financial consumer needs.

Interest rates

To support the economy and limit the damage caused by the pandemic, central banks lowered their policy interest rates to close to zero and plan to hold them at the effective lower bound for some years to come.

Low rates, however, are not without consequence. They encourage risk-taking in investing and debt accumulation. They also undermine the profitability of lending institutions and insurers regulated by the AMF.

Debt

The past decade has seen a steep increase in household and corporate debt in Canada and across the globe. The pandemic is deepening these trends, which are being somewhat attenuated temporarily by government support measures.

The financial position of many companies could deteriorate significantly as a result of the fragile state of the economy and sporadic lockdown measures imposed to curb new waves of community transmission. This is raising some major issues for financial institutions and investors, particularly with regard to credit risk, refinancing risk and default risk. Meanwhile, persistently high unemployment due to the pandemic could significantly impact the economic situation of households, which could be forced to take on more debt or have a more difficult time meeting their obligations. The situation is compounded by record levels of government debt related to the various economic support programs put in place to help offset the devastating effects of lockdown measures.

Climate change, sustainable finance and environmental, social and governance (ESG) factors

The pandemic has revealed the vulnerability of an interdependent global economy in the face of biological and environmental risks. On the climate front, the increase in atmospheric pollution from greenhouse gas emissions and the reduction in forest coverage are contributing significantly to the rise in global temperatures, which is affecting the climate, causing an increase in the frequency of natural disasters (floods, violent storms, fires, drought, loss of biodiversity, disease transmission). Such disasters are resulting in increasingly heavy financial losses for governments, people, insurers and certain industries and could have other, as-of-yet unknown impacts.

Amid this climate emergency, various governments, acting on the Paris Agreement, are adopting or promoting the implementation of policies to tax carbon, channel investments to less-polluting industries, better integrate climate change-related risks into the industrial and financial sectors, and provide an appropriate framework for climate and sustainable investments. As a result, new “green” or “sustainable” financial asset classes are emerging for which the regulatory framework at the international level is also rapidly evolving.

Accordingly, a growing number of financial products incorporating sustainability criteria are being offered to consumers. These products, labelled as “green,” “ESG” or “sustainable” investments, invest in the transition to a more environmentally friendly, lower-carbon global economy aligned with specific social and governance standards. The regulatory framework for this new asset class at the international level is still in its early stages, which could result in consumers misunderstanding how certain investment criteria are applied and limit financial performance comparability among products. In this context, the risk of greenwashing from the potential disconnect between an investment product’s stated sustainability attributes and its actual sustainability performance will be an issue to keep an eye on.

Geopolitical risks

Geopolitical risks have increased significantly in recent years. The pandemic has accelerated the deterioration in U.S.-China relations and could lead to a decoupling of China and the West and even to deglobalization. More broadly, rising nationalism and protectionism are undermining multilateral cooperation in favour of power relationships. These tensions are disrupting global trade, supply chains and investments. In an open, interconnected economy like ours, any slide elsewhere in the world could have consequences for our own financial markets, reinforcing the importance of the AMF’s monitoring activities. The change in the U.S. administration should, however, help ease global tensions while restoring the dynamics of multilateralism.

Technological innovations

Beyond the macroeconomic environment, technological innovations continue to disrupt Quebecers’ habits, including when purchasing and using financial products and services, and the pandemic has only accelerated this trend. Fintech firms are implementing business models that provide clients with a high level of customization and, in many cases, with access facilitated by mobile applications. The Web titans are gradually increasing their presence in this niche as a result of their size and exceptional capacity for innovation. These changes in the financial services offering are likely to affect customers differently depending on their age. Consequently, the issue of technological literacy is now being considered alongside the issue of financial literacy. Aligning the regulatory framework with these new business models is posing significant and ongoing challenges for the AMF.

Protection of personal information

The rapid pace of technological innovation is helping to transform the processes and business models of financial institutions but is also increasing the risk of loss, theft or unauthorized access to personal data collected for the purposes of their activities. Privacy-related risks can have serious consequences for customers and financial institutions alike. The incidents of personal information theft reported by certain large financial institutions in recent years are indicative of the challenges faced by those institutions and a reminder that information privacy is a complex issue of critical importance to financial consumers in Québec and other jurisdictions.

National and international cooperation among regulators

The pandemic has shown the extent to which close cooperation among regulators in Canada and internationally is essential to ensure market stability and efficiency and protect investors and other financial consumers. By cooperating, regulators are able to fight unethical, abusive or fraudulent practices more effectively, better share expertise, and facilitate the adoption of harmonized regulatory principles.

For the AMF, cooperation takes many forms, including actively participating in the various domestic and international regulators' forums, sharing information or providing mutual assistance in response to violations, and ensuring the supervision and oversight of regulated entities that are active in more than one jurisdiction. Even when faced with differing points of view, regulators are expected to work toward a consensus for the benefit of financial stability and the protection of investors and other financial consumers.

With the federal government and some provinces unfortunately still pursuing and working actively toward the goal of a "cooperative capital markets regulatory system", the AMF may have to review the ways it interacts with certain regulators. If necessary, the AMF would ensure that highly harmonized regulation is maintained across Canada, while continuing to promote its perspective on regulatory policy issues and the establishment of structures that take into account the specific market characteristics of each province and territory.

Review of the 2017-2020 Strategic Plan

When it launched its 2017-2020 Strategic Plan, the AMF prioritized a series of initiatives linked to three main strategic orientations. These orientations were put forward with the aim of enhancing the AMF's performance in fulfilling its mission, including ensuring greater protection for financial consumers, while fostering market efficiency and strengthening the key role played by the AMF in Québec's financial ecosystem. The achievements stemming from the strategic plan reflect the ongoing development, at all levels of the organization, of a corporate culture focused on agility and innovation.

Orientation 1 Demonstrate our leadership, added value and ability to innovate

Throughout the period covered by the strategic plan, the AMF succeeded in making its mark as a thought and influence leader at the local, national and international levels, in both the securities and derivatives sectors and the areas of insurance, deposit insurance and financial products and services distribution. The term of the AMF representative chairing the Canadian Securities Administrators ("CSA") was renewed three times and that of the AMF representative chairing the Canadian Council of Insurance Regulators ("CCIR") was renewed twice. Many other colleagues also played significant roles within these and other national and international forums. This collective commitment enabled the AMF to exert significant influence on major public policy and regulatory issues affecting the financial sector.

During that time, the AMF also implemented a number of high-impact initiatives to protect the public and develop Québec's financial sector, including establishing a new framework for the sale of insurance products over the Internet and their distribution without a representative and taking numerous enforcement actions in relation to cryptocurrencies and other crypto-assets.

The AMF also used the period to demonstrate its proactive approach to new technologies and the transformation of the industry. As early as 2017, the AMF had identified the intensification of technological innovation as an issue that required the development of an overall strategy so that the impacts of the issue could be better understood and measured actions could be taken. The AMF, by undertaking a series of innovative initiatives, including setting up its fintech lab, launching the pan-Canadian regulatory sandbox (chaired by the AMF) and participating in the creation of an international network of securities regulators committed to working together to support financial innovation in their respective markets, was able to develop a clear understanding of this new reality and position itself as an active and influential player within Québec's financial ecosystem.

Orientation 2

Strengthen our role as a local regulator close to its markets

From 2017 to 2020, the AMF focused on its role as a local regulator close to its markets by developing closer relationships with its clienteles and partners and improving the delivery of services to consumers and industry stakeholders. The initiatives undertaken during that time enabled the AMF to make significant progress in these areas.

In light of how quickly the financial products and services landscape is changing, the AMF added to its consultation approaches, using, in particular, interactive information sessions with interested stakeholders: professionals, firms, businesses, financial institutions, self-regulatory organizations, depositors and investors. Today's more effective dialogue between the AMF and all financial sector participants is essential in order to accurately measure the impacts of the AMF's oversight and deepen its understanding of the issues raised by the accelerated pace of change in the industry.

To address a broader spectrum of issues directly related to the sectors it regulates, the AMF also created new advisory committees, including the Distribution Practices Advisory Committee, formed in July 2018, and the Financial Products and Services Consumer Advisory Committee, established in January 2019.

Our aspiration to further assert our role as a local regulator close to our markets was also reflected in our financial education activities, an essential complement to our efforts to protect financial consumers. Examples include the development of a new Québec Financial Education Strategy, the establishment of a Strategic Financial Education, Outreach and Research Partnerships Program that supported various projects with university institutions, the rollout of the AMF's major financial education campaign *Mes finances en tête!*, and the privacy protection campaigns conducted in the wake of the personal data leak at Desjardins Group. Other significant AMF achievements stemming from this orientation included the development of tools, guides and workshops for consumers and the industry.

Orientation 3

Invest in our performance

To realize its vision and more effectively fulfill its mission, the AMF took a number of strategic actions. For example, the AMF merged its Corporate Secretariat with its Legal Affairs branch to optimize practices and approaches and enhance the effectiveness and efficiency of its services across the organization. The AMF also created a new Office of the Vice-President, Strategy, Risks and Performance to better support the development of an overall vision that maximizes the intersectoral synergies achieved from its contributions to domestic and international forums, its integrated market monitoring, regulatory development at the national and international levels, and its integrated organizational risk management approach.

Major projects carried out during the period also included updating the AMF's technological systems and applications. Significant strides were made in deploying electronic evidence management and marketplace surveillance and analysis tools, including with respect to crypto-assets.

Underpinned by the culture of cooperation and performance put forward under its previous strategic plan, the AMF initiated a significant shift focused on agility and innovation while striving toward the continuous improvement of practices and approaches across the organization. The AMF fostered the development of a culture of innovation through such means as offering employees opportunities to collectively participate in projects within the context of an "innovation incubator" with a view to enhancing the performance of certain internal processes for the benefit of its clienteles.

2020-2021 priorities against the backdrop of the COVID-19 pandemic

The 2020-2021 fiscal year, marked by the crisis caused by the pandemic, saw significant changes to the organization's strategic planning process. The AMF decided to postpone the release of its new strategic plan until April 1, 2021 in order to properly assess the situation, confirm the merits of the proposed strategic orientations and make any necessary adjustments. In 2020-2021, the AMF therefore continued to implement its 2017-2020 Strategic Plan, the main orientations of which continued to be highly relevant in guiding the organization through these tumultuous times.

During this fiscal year, the AMF faced unprecedented challenges. It immediately turned its focus to limiting the impact of the crisis on Québec's financial sector and strengthening the sector's resilience. The AMF implemented a number of regulatory and administrative relief measures and stepped up monitoring and oversight of the financial sector and the economic environment. The AMF also worked jointly with industry members to identify solutions to mitigate the most significant risks in terms of business continuity, financial resilience, and operational incident management, particularly with respect to cybersecurity.

To better protect financial consumers against increased risks caused by the pandemic, the AMF undertook a series of initiatives. For example, it conducted a large-scale fraud awareness campaign on television and the Web and increased its financial support for front-line organizations, including consumer and seniors' associations, so they could meet the increased demand for assistance during this period.

The AMF also worked closely with other regulators in several international forums to address the global crisis in a coordinated and coherent manner. It also stepped up its contribution at the national level, including within the Heads of Regulatory Agencies, a forum chaired by the governor of the Bank of Canada and tasked with assessing vulnerabilities and risks to Canada's financial system, and the Canadian Financial Sector Resiliency Group, which is mandated with coordinating a sector-wide response to systemic-level operational incidents. Moreover, the AMF leveraged its new affiliation with the Mortgage Broker Regulators' Council of Canada following the transfer of mortgage brokerage supervision to the AMF on May 1, 2020.

During this time, the AMF made significant progress in developing its data value creation strategy, forming a new branch to take charge of its implementation. Substantial investments were made in technology, including a large-scale project to migrate computer servers to a new state-of-the-art processing centre in order to optimize the availability and integrity of the AMF's systems and provide the organization with increased digital resilience. Lastly, the AMF adapted effectively and efficiently to the remote work environment and demonstrated both agility and innovation during the pandemic, adopting a number of operational initiatives enabling it to continue to fulfill its mission while staying close to its clientele remotely.

Our strategic orientations for 2021-2025

01

A proactive regulator that is relevant to consumers in an ever-changing environment

The ongoing and accelerating digital transformation in the financial services industry is resulting in major changes in the processes and business models of many companies. This transformation is also changing the way Quebeckers acquire and use financial products and services.

New technological innovations, such as advanced analytics and artificial intelligence, are proceeding rapidly and boosting the number of products and services offered to consumers. Moreover, access to big data on consumer profiles and habits means that a larger number of new and traditional players are able to target consumers' needs with greater precision and offer them easily accessible, customized financial products and services.

Although this profound transformation is yielding tangible benefits, it is also bringing to the surface significant issues that have been exacerbated by the pandemic. Consumers, a growing number of whom consider themselves independent in making investment decisions, are being offered new, often more complex, products or services, such as crypto-assets, whose risks are, in many cases, poorly assessed. Consumers are also more active on social media and more exposed to false or misleading information. Lastly, today's very low interest rates may prompt them to take greater risks when investing or taking on debt.

Ongoing monitoring and surveillance of current developments will therefore continue to be critical in this context in optimizing the AMF's ability to respond rapidly to emerging illegal practices.

Objective 1.1

Enhance the delivery of our services and improve consumers' experience

The AMF assists financial consumers in many ways. Although users of its assistance services generally appreciate them, the AMF intends to promote them more, enhance service delivery and ensure an improved client experience. This will be achieved by doing such things as optimizing internal processes, improving the tools made available to consumers and better aligning services with consumers' needs.

With consumers becoming increasingly more independent in making financial decisions, the AMF will work to make access to information that could help them make informed choices more efficient and intuitive. Moreover, the AMF will continue to play the role of a catalyst in financial education and will devote considerable efforts to heightening the vigilance of the most vulnerable consumers. Other priorities will include rolling out initiatives and new tools and maintaining effective communications with seniors, young millennials and others.

Objective 1.2

Better anticipate, understand and respond to the challenges and risks facing consumers

The AMF intends to further develop its knowledge in the field of behavioural finance, a growing area of research that uses concepts of cognitive psychology to better anticipate consumer behaviour. By better understanding the issues identified using this approach, the AMF will be able to engage even more effectively with consumers and gain deeper insight into their reactions and perceptions regarding certain financial products or services. This insight will also be useful in developing a regulatory framework more aligned with the needs identified with this approach.

The ongoing dialogue the AMF maintains with consumers is already enabling it to better prioritize its actions. We intend to continue on this trajectory using a variety of communication channels that will be developed or optimized with a view to deepening our understanding of the challenges and risks facing consumers.

One of the channels that will be leveraged will be the Financial Products and Services Consumer Advisory Committee, which is tasked with presenting the views of consumers to the AMF.

Objective 1.3

Step up oversight and supervision and the fight against emerging illegal practices

The AMF plans to step up strategic monitoring and focus on identifying emerging illegal practices. It will continue to conduct cross-sectional analyses on targeted issues in order to develop a comprehensive picture of current industry practices. Broadly, monitoring will be extended to include analyzing new financial products or business models and understanding how they work and any potential issues with them.

New oversight and supervisory approaches will also be leveraged to identify emerging trends and better regulate the use of new technologies by representatives, firms and institutions subject to the AMF's framework.

We will also continue working to raise public awareness, particularly through wider dissemination of investor warnings, in order to better equip consumers with timely information about the potential risks posed to them by emerging illegal practices.

Principal means

- Optimize our tools and processes for the benefit of consumers
- Refine our knowledge of consumers' needs regarding financial products and services
- Increase our efforts to detect and take action in respect of products and commercial practices that pose a risk for consumers
- Share timely information about new risks facing consumers

02

An influential regulator supporting Québec's financial sector

The AMF must fully understand the impacts and implications of the digital transformation of the industry, particularly at the regulatory level, while continuing to address the other challenges of our times.

Climate change and the increased frequency of natural disasters have become growing sources of concern. Such events can affect financial institution stability and generate new disclosure expectations among investors and other financial consumers. The growing trend toward the adoption of ESG criteria by portfolio managers and other institutional investors is another illustration of the financial community's interest in climate change and natural disasters.

Faced with these new issues, the AMF, in tandem with other regulators on the national and international scene, will adapt and revise its practices and approaches, particularly by amending certain obligations or adopting new ones.

The excellent level of cooperation among regulators, central banks and governments throughout 2020 definitely helped cushion the shocks caused by the COVID-19 pandemic. The relationships and dialogue that the AMF maintains with its counterparts and with industry stakeholders are proving to be more important than ever in confronting the effects of the pandemic and its potential repercussions on the financial sector in the years ahead, whether in the form of heightened market volatility, increased credit and bankruptcy risk, or a potential financial crisis. Collaboration and cooperation will help to facilitate the identification of common issues and the implementation of innovative solutions with the potential to improve our prevention, detection and market intervention capabilities.

Lastly, considering the increase over the past few years in the compliance burden related to the various regulatory and administrative requirements imposed on regulated entities, it will be important for the AMF to increase its efforts to ensure that this burden continues to be necessary in order to protect depositors, investors and other financial consumers and fulfill its mission.

Objective 2.1

Provide strong thought and action leadership on current and emerging issues

Through its leadership and active participation in multiple domestic and international regulators' forums, the AMF will continue to contribute to the development of standards tailored to the characteristics of the markets it regulates while taking into account regulatory developments in international markets. The AMF accordingly intends to propose solutions to common issues and help build the consensus necessary to develop standards that promote both market efficiency and consumer protection.

The AMF will also articulate clear, timely positions on issues that could significantly impact Québec's financial sector and will continue to take a proactive stance on matters related to the regulation and disclosure of ESG factors, as it has for the past few years on climate change and modern slavery disclosure requirements.

Objective 2.2

Adapt our regulatory approaches to the transformation of the industry

In line with the 2017-2020 Strategic Plan, the AMF will remain proactive with respect to new technologies and the transformation of the industry while reassessing its regulatory approach and adapting it as necessary in order to continue to respond in a relevant manner.

The AMF will further its understanding of the digital transformation and emerging business models and their impacts on the financial sector by leveraging its strategic alliances with the academic world and its close collaborative relationships with other key industry stakeholders. It will encourage the pooling of knowledge, including through information and data sharing, in order to benefit from high-level expertise available in Québec.

Specifically, the AMF intends to intensify its efforts with respect to fintechs, including in supporting and assisting innovative firms. As an active and influential player in Québec's fintech ecosystem, the AMF will continue to keep a close watch on developments in the sector in order to identify and help implement innovative approaches to address potential issues relating to the existing regulatory framework.

Objective 2.3

Optimize the compliance burden

Applying a "smart" regulatory approach, the AMF will strive to adjust current regulatory requirements with a view to minimizing regulated entities' compliance burden by considering circumstances, areas of activity and potential risks for depositors, investors, and other financial consumers.

To determine which requirements warrant reassessment, the AMF will put forward various initiatives to effectively identify irritants that could be placing an undue burden on regulated entities.

The AMF will also seek to optimize its own tools and processes in order to facilitate its interactions with industry stakeholders. For example, it will promote the use of informational and educational initiatives, including the publication of guides explaining regulatory requirements and the potential consequences of non-compliance. It will also review various administrative formalities relating to distribution practice oversight and its inspection processes with a view to streamlining and improving the effectiveness of its interactions with regulated entities.

The solutions offered by regulatory technology (RegTech) companies are adding to the range of options being offered to businesses to automate and streamline certain compliance activities. Considering the opportunities these solutions provide for Québec's financial sector, the AMF intends to encourage their development.

Principal means

- Help maintain a framework for effective action with its provincial and territorial counterparts and federal regulators in Canada in order to promote cooperation and enhanced information sharing
- Deepen our understanding of emerging business models and their impacts on the financial markets
- Take a timely position on emerging issues for Québec's financial sector and adjust the regulatory framework, if necessary
- Enhance our compliance tools and processes and work together with stakeholders to identify opportunities to optimize the compliance burden
- Eliminate regulatory requirements that place an undue burden on regulated entities

03

A high-performing regulator in the pursuit of its mission

Certain trends have continued and even accelerated in the wake of the measures implemented to address the COVID-19 pandemic. For example, technological innovations, automation and the digital transformation of business processes are boosting regulated entities' performance, but are also making market oversight more complex. In this context, the AMF has to ensure its monitoring and supervisory tools and activities are properly adapted and evolve in sync with developments.

In the course of its day-to-day operations, the AMF is collecting an ever-growing volume of data that are essential to its mission. Given the new challenges in the financial sector, the AMF plans to enhance its business intelligence and maximize the use of its data to carry out its oversight, supervision, enforcement, registration and regulatory development activities. To properly compile, structure, manage and ensure the security of data, a robust governance framework needs to be in place and reliable and efficient tools and processes need to be developed. These tools and processes will allow the AMF to extract greater value from data by, among other things, turning it into relevant information that can be used to more effectively identify emerging risks and enhance the AMF's response.

Our continually evolving integrated risk management framework, as a tool for more accurately targeting priorities, will be another lever the AMF can use to better fulfill its mission amid an ever-increasing number of issues.

In order to create more value in a changing financial sector, the AMF must also make effective and efficient use of its human, financial and information resources. Being able to maximize the allocation of its resources and deploy them with greater flexibility is crucial to addressing new risks and seizing new opportunities. The AMF therefore intends to continue developing the culture of agility and innovation put forward in its 2017-2020 Strategic Plan in order to overcome the coming years' regulatory challenges.

Objective 3.1

Maximize the use of our data to support our decisions and actions

The AMF plans to structure its governance and its data strategy across the organization to further boost the effectiveness of its activities. It will accordingly institute a governance framework, policies and procedures to ensure the integrity and ethical and secure use of collected and shared data. Stakeholders' roles and responsibilities will be clearly defined and a strategy will be implemented to develop data processing and analytics capabilities, based, in particular, on artificial intelligence. The AMF therefore wishes to establish a culture based on data value creation and the optimal use of data so as to enhance its operational and decision-making processes.

The AMF will also strive to align its tools and processes with those used in the industry in order to facilitate the disclosures of regulated entities, enhance its oversight activities and improve its interactions with its various clienteles. The AMF will also propose regulatory amendments, if necessary, to enhance its access to structured data relevant to its mission.

Objective 3.2

Deploy our resources based on risks and opportunities

The AMF will focus on deploying its resources in a way that prioritizes value-added activities that could have a tangible impact on identified risks and opportunities.

The AMF plans to rely on its integrated risk management approach as a tool for facilitating the identification of priority issues and improving its processes. The AMF will also roll out organizational capacity management tools to support the optimal allocation of available resources.

Market oversight and supervisory activities will be made more effective through increased data analytics capabilities, enhanced coordination across the AMF, and oversight and supervisory frameworks that are even better suited to registrants' specific characteristics, including their size and risk profile. Such an approach will help ensure that oversight and supervision are dynamic and relevant, in addition to reducing risks for financial consumers. Periodically publishing recommendations arising from oversight and supervisory activities is also being considered in order to enable as many regulated entities as possible to improve their practices.

Objective 3.3

Continue to build an efficiency-focused culture of agility and innovation

The culture of agility and innovation put forward in the 2017-2020 Strategic Plan will continue to be strengthened in the coming years as part the AMF's ongoing search to achieve efficiency gains in order to operate in a constantly changing environment with limited resources.

The AMF will continue to value and promote work process optimization initiatives suggested by its employees. The AMF will also maintain its efforts to automate certain tasks and modernize its information systems. It will continue to implement continuous improvement approaches and encourage the development of communities of practice to foster a cross-functional vision and the sharing of experiences and best practices.

Principal means

- Develop and implement a governance framework and a data management strategy across the organization
- Enhance integrated risk management to facilitate the identification of priority issues and improve processes
- Build on our market oversight and supervision approaches
- Increase organizational capacity management using enhanced tools
- Promote the cultural change with respect to agility and innovation
- Improve the effectiveness of our operational and governance tools

04

A regulator committed to its human capital

In the last few years, the strength of the Québec labour market, combined with the exodus of baby boomers from the workforce, has contributed to the creation of a labour shortage. Despite the one-time effects of the COVID-19 pandemic on the labour market, this basic trend is unchanged. While the pace of the digital transformation is accelerating, all indications are that the situation will become more pronounced in the years ahead. If that happens, the impact on Québec's labour market will likely be significant, particularly in certain leading areas of expertise, including information technology and data sciences.

These conditions are also affecting the engagement and retention of employees, who are expecting more from their employers and are on the lookout for new professional development opportunities. As a result of the labour shortage and changing employee behaviours—particularly among millennials—organizations, including the AMF, are renewing themselves in order to offer an increasingly stimulating work environment and an enhanced employee experience.

In this context, it is essential for the AMF to continue to evolve its work organization, tools and management methods to foster employee engagement and retention and support teleworking. It is also imperative for employees to be able to maintain and acquire the new knowledge and skills needed to allow the organization to continue to successfully fulfill its mission.

In a changing environment, thinking must be guided by a human-centred approach so that actions that are developed resonate with employees and enable them to achieve the set objectives.

Objective 4.1

Further develop our management approaches and methods

As indicated previously, the AMF intends to build on the cultural shift initiated under its 2017-2020 Strategic Plan with a view to becoming an even more agile and innovative organization. By adapting agile management and operating methods that have already proven to be highly effective, particularly within the information technology team, we will enable our other business sectors to benefit from a reference framework that will enable us to drive and increase the efficiency of our actions.

At the same time, the AMF will continue to advance the roles of managers by contributing to their professional development and then supporting their sustained involvement in managing their teams, including providing them with the necessary independence for that purpose.

Lastly, it is imperative that we determine, on a clear and shared basis, the form that our new work methods will take, to ensure that we preserve our gains in terms of collaboration, engagement and the ongoing strengthening of our organizational culture.

Objective 4.2

Improve our ability to attract, develop and retain talent

The AMF's ability to play a leading role in Québec's financial sector depends on the competences, expertise and commitment of its human capital. Today, the ability to retain talent and generate strong appeal among employees searching for professional challenges is more critical than ever. That is why the AMF plans to continue to set itself apart by promoting its employer brand, which will focus on the AMF's mission and the appeal and benefits of working for the organization.

Diversity generates innovative ideas, encourages the sharing of competencies and fosters synergies between teams. Recognizing and valuing individual differences enriches the entire organization. In the coming years, the AMF will embrace diversity and inclusion even more and place it at the centre of its actions. To this end, the organization will strive to implement best practices, particularly for enhancing diversity in staffing and workplace integration.

Objective 4.3

Develop within all teams the expertise required to meet new challenges

As a qualified and experienced workforce is essential to addressing the organization's current and future needs, the AMF intends to develop its talent management strategy. It will provide targeted development opportunities for key positions and critical areas of expertise in order to ensure business continuity and to recognize talent by spotlighting their skills and strengths.

The AMF will enhance its succession planning measures, training paths for developing the full potential of its specialized resources, and development programs for certain leading areas of expertise. It will also continue to conduct monitoring to identify fields of expertise that might be required in the years to come. The AMF will consequently be better equipped to not only address new challenges but also seize any underlying opportunities.

Principal means

- Evaluate and implement new agile, innovative and employee-engaging management and organization practices in order to increase organizational performance
- Support managers in their talent management and development role
- Develop and promote a distinctive and inclusive employer brand
- Provide all employees with a stimulating and inclusive experience
- Identify the knowledge and skills required to meet the AMF's current and future needs to ensure the adaptability of its human capital
- Develop talent identification and development programs while taking into account changes in the organizational culture

2021-2025 Strategic Plan

quick reference

Orientation 01	A proactive regulator that is relevant to consumers in an ever-changing environment	Objectives				
		1.1 Enhance the delivery of our services and improve consumers' experience				
		1.2 Better anticipate, understand and respond to the challenges and risks facing consumers				
		1.3 Step up oversight and supervision and the fight against emerging illegal practices				

Objectives	Performance indicators		Target 2021-2022	Target 2022-2023	Target 2023-2024	Target 2024-2025
1.1	1	Consumer approval rating for the assistance services offered	80%	> 80%	82%	85%
1.2	2	Number of initiatives launched or implemented to better understand the challenges and risks faced by consumers (cumulative)	8 initiatives	9 initiatives	11 initiatives	13 initiatives
	3	Number of awareness activities targeting consumers	78 activities	83 activities	88 activities	93 activities
1.3	4	Number of initiatives launched or implemented regarding emerging illegal practices (cumulative)	8 initiatives	10 initiatives	12 initiatives	14 initiatives

Orientation 02	An influential regulator supporting Québec's financial sector	Objectives				
		2.1 Provide strong thought and action leadership on current and emerging issues				
		2.2 Adapt our regulatory approaches to the transformation of the industry				
		2.3 Optimize the compliance burden				

Objectives	Performance indicators		Target 2021-2022	Target 2022-2023	Target 2023-2024	Target 2024-2025
2.1	5	Clientele approval rating of the AMF's thought and action leadership on current and emerging issues	70%	> 70%	72%	75%
2.2	6	Number of initiatives completed to adapt our framework to the digital transformation of the industry (cumulative)	5 initiatives	10 initiatives	15 initiatives	20 initiatives
	7	Approval rating of the clienteles concerned for adaptation of the framework to technological innovation	70%	> 70%	72%	75%
2.3	8	Approval rating of the clienteles concerned for compliance burden optimization initiatives	70%	> 70%	72%	75%
	9	Rate of increase in initiatives launched or implemented to optimize the compliance burden*	5%	10%	15%	20%

*The rate of increase (indicator 9) is calculated against a baseline determined by using the year 2019-2020 as a benchmark in order to eliminate the impact of the pandemic from the reference volumes.

Orientation 03 A high-performing regulator in the pursuit of its mission		Objectives				
		3.1 Maximize the use of our data to support our decisions and actions				
		3.2 Deploy our resources based on risks and opportunities				
		3.3 Continue to build an efficiency-focused culture of agility and innovation				
Objectives	Performance indicators		Target 2021-2022	Target 2022-2023	Target 2023-2024	Target 2024-2025
3.1	10	Implementation of the data governance structure completed	20%	50%	75%	100%
	11	Rollout of data governance and analysis training plan	20%	50%	75%	100%
3.2	12	Number of hours redeployed due to process optimization and activity prioritization	Annual increase			4%
3.3						

Orientation 04 A regulator committed to its human capital		Objectives				
		4.1 Further develop our management approaches and practices				
		4.2 Improve our ability to attract, develop and retain talent				
		4.3 Develop within all teams the expertise required to meet new challenges				
Objectives	Performance indicators		Target 2021-2022	Target 2022-2023	Target 2023-2024	Target 2024-2025
4.1	13	Engagement rate - Innovation: The organization encourages employees to suggest new approaches and values innovation and creativity**	"Excellent" range (≥ 80%)			
	14	Engagement rate - Agility: The organization encourages employees to challenge its practices and is flexible in addressing changes in its sector of activity**	"Performing" range (between 75% and 79%)			
4.2	15	Adjusted turnover rate	≤ 6%			
	16	Overall engagement rate**	"Excellent" range (≥ 80%)			
4.3	17	Rollout of annual training program for targeted areas of expertise	Development of a three-year training strategy (2022-2025)	100% of the annual program	100% of the annual program	100% of the annual program

**The engagement rate (indicators 13, 14 and 16) will be measured every two years, i.e., at the end of Year 2 (fiscal 2022-2023) and at the end of Year 4 (fiscal 2024-2025).



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