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Summary of Consultation Feedback

Information Security Guideline for B.C. Pension Plan Administrators



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1. Introduction

On July 8, 2024, BC Financial Services Authority (“BCFSA”) undertook a 60-day public consultation on a draft revised Information Security Guideline (“the Guideline”) for B.C. registered pension plan administrators.

The consultation was intended to gather feedback from affected stakeholders on proposed changes to the Guideline. Interested parties were welcome to submit their feedback using an online consultation feedback form, although email submissions were also accepted.

BCFSA guidelines establish principles that regulated entities are expected to implement and follow. This Guideline sets out BCFSA’s expectations related to information security for administrators of provincially regulated pension plans. Revisions in this draft Guideline include:

- Streamlined expectations;
- Updated incident reporting requirements (see Appendix A); and
- A clarified definition of what constitutes a “material” incident to better reflect the pension plan segment.

Harmonizing the revised guideline, as much as possible, with those of other regulators was an important objective during the development process. BCFSA has worked to ensure the Guideline minimizes the administrative burden for regulated entities while mitigating information security risks and providing the information BCFSA needs to fulfill its mandate.

This report provides a summary of the feedback received during the public consultation and outlines next steps.

For further information on the proposed amendments see the [Consultation on Draft Information Security Guideline for B.C. Pension Plan Administrators page](#) on BCFSA’s website.

2. Background

In October 2021, BCFSA issued its Information Security Guideline for B.C. Credit Unions, Insurance and Trust Companies, and Pension Plan Administrators. The Guideline, which applied to multiple segments of the financial services sector regulated by BCFSA, came into effect in September 2022. In 2024, to better reflect the specific regulatory requirements for pension plan administrators, BCFSA introduced for consultation this standalone Guideline for pension plan administrators.

This separate Information Security Guideline for B.C. registered pension plan administrators enables greater harmonization with other pension regulators, streamlines expectations, updates incident reporting processes, and clarifies the definition of a material incident. When it comes into effect, the revised Guideline will replace the guideline issued in 2021.

3. Consultation Process Overview

The consultation was open for public comment from July 8 to September 6, 2024. Participants were invited to share their opinions on the draft Guideline.

In June 2024, prior to the public consultation, BCFSA established a B.C. Pension Plan Administrators Technical Working Group (“TWG”) comprised of a diverse group of pension plan administrators, actuaries and lawyers to provide initial feedback on the revised Guideline. TWG members were from the following organizations:

- Aon Solutions Canada Inc.
- Bilsland Griffith Benefits Administration
- Municipal Pension Plan
- BC Pension Corporation
- Eckler Ltd.
- George and Bell Consulting
- IWA-Forest Industry Pension Plan
- PBI Actuarial Consultants Ltd.
- Sun Life Assurance Company of Canada
- TELUS Health
- UBC Faculty and Staff Pension Plans

More information on the TWG is available on [BCFSA's website](#), including the terms of reference. BCFSA met with the TWG to discuss the draft Guideline and the impacts it may have on B.C. pension plan administrators.

Feedback for the public consultation mainly came from BCFSA's online feedback form, although email submissions were also accepted.

To support informed participation and raise awareness of the public consultation, BCFSA shared information and resources with interested parties in advance and throughout the consultation period. Some of the engagement activities BCFSA undertook included:

- Notifying B.C. pension plan administrators of the opening of the consultation period via an email advisory;
- Publishing a news release on BCFSA's homepage inviting interested parties to participate in the consultation;

- Publishing a consultation webpage with a variety of resources explaining the changes; and
- Sending regular participation reminders to B.C. pension plan administrators via email, newsletter articles, and social media.

4. Summary of Feedback

In addition to the feedback received as part of the TWG, BCFSA received seven consultation feedback forms from stakeholders.

Overall, there was a high level of support for the draft Guideline. There were, however, some clarifying questions, comments, and concerns. The feedback table below summarizes five key themes from the feedback received during the consultation.

STAKEHOLDER FEEDBACK TABLE

Theme	What We Heard	BCFSA Response
Level of detail provided in incident reports	A suggestion was made that BCFSA ask only for relevant details and materials as there was concern that BCFSA would request information that isn't relevant to the incident and might be a liability to the pension plan administrator.	The Guideline outlines minimum incident reporting expectations. The specific information that will be requested in any follow-up reports will be determined through discussions with a BCFSA team member and the pension plan administrator. However, sufficient information must be provided for BCFSA to confirm that pension plan administrators are effectively responding to incidents in a manner that keeps plan assets safe and protect the rights and interests of plan beneficiaries.
Third party risks	Some pension plans outsource their pension plan administration, and the data is held by the third-party service providers. Clarification was requested on how pension plan administrators will be required to review or manage information security risks with third parties. Participants also questioned whether they had to review the third party's risk management policies. Another concern regarding an outsourced service provider was that the pension plan administrator "may not be their first call." The participant's concern was that there would be a tremendous financial incentive	BCFSA's expectations for outsourcing information system management services to third parties are addressed through BCFSA's Outsourcing Guideline. The pension plan administrator is ultimately responsible for all outsourced activities and is expected to support its monitoring, control, and management of outsourcing risks through a sound governance structure. Pension plan administrators should assure themselves that their outsourcing service providers comply with all applicable legislation, Rules, and BCFSA's Information Security Guideline in their treatment of information. Outsourcing contracts are expected to include procedures and requirements for the service provider to report events that may have the potential to materially affect the delivery of services. This is consistent with Canadian Association of Pension Supervisory Authorities ("CAPSA")'s

	to not disclose an incident until everything has settled and “has been wrapped up in a bow.”	Guideline for Risk Management for Plan Administrators which states that cyber risk should be an active consideration in the selection of a third-party service provider and suitable provisions should be included in contracts.
Informing Members	A recommendation was made that the Guideline limit or eliminate the call for disclosure of information security incidents to plan beneficiaries if there is a low probability of harm to the plan beneficiaries. Under the heading ‘Respond,’ clarification was needed about whether it applied to material incidents only. The concern was that too many details about a potential material incident may be construed as a liability to the pension plan.	It is difficult to determine the ultimate magnitude of a breach of a member's personal information. While the release of information from a pension plan, by itself, may not appear to be significant, there is concern that this information, when aggregated with information that a malicious actor may acquire from other sources could, collectively, cause serious problems for a plan member. However, the Guideline will be amended to clarify that members are expected to be informed in the event of material incidents. If the incident is material, BCFSa expects pension plan administrators to inform members if an incident has an impact on members' benefits, or financial or personal interests. Communications with members are also expected to contain information regarding how the pension plan administrator is proposing to mitigate any negative impacts. The approach proposed by BCFSa is consistent with guidance provided by CAPSA and the Financial Services Regulatory Authority of Ontario (“FSRA”).
Recovery	Clarification was needed regarding the section entitled, ‘Recover,’ and whether the intention is for pension plans to have the BCFSa information security principles embedded in their risk management plans.	BCFSa will not be prescriptive with respect to how the pension plan governance plans reflect BCFSa's information security principles. However, it would be good practice for administrators to adhere to the CAPSA Guideline for Risk Management for Plan Administrators, which indicates administrators should develop a resiliency plan that determines how a plan will recover from an incident and restore normal operations.
Minimum Standards	Clarification was needed regarding whether the Guideline outlined minimum standards/expectations, and if this is the case, a request was made that BCFSa clarify this in the Guideline.	The Guideline will be updated to clarify that, while the Guideline establishes minimum expectations, pension plan administrators should implement controls and safeguards commensurate with the nature, potential impact, and likelihood of the risk. The Guideline sets out both high level principles and specific BCFSa expectations. Principles form the foundation for good governance expected by BCFSa. Principles communicate the spirit of BCFSa's expectations without prescribing the form by which the principles are achieved. BCFSa expects principles to be implemented by all pension plan administrators. For each principle, specific BCFSa expectations are used for further illustration and clarity.

5. Consultation Outcomes and Next Steps

BCFSA extends its gratitude to all participants in the consultation process. The feedback received demonstrated a high level of engagement from stakeholders and a high level of support for the Guideline.

BCFSA considered all the responses it received during this consultation. This review will result in some adjustments to the Guideline.

In March 2025, BCFSA will distribute the final Guideline to pension plan administrators and other interested parties through an advisory and notify pension plan administrators when it will come into effect.



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