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March 4, 2019

The Secretary
Ontario Securities Commission
20 Queen Street East
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Toronto, Ontario
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comments@osc.gov.on.ca

Dear Secretary,

Re: OSC Staff Notice 11-784 – Regulatory Burden

I am writing in response to the OSC Staff Notice 11-784 - *Regulatory Burden* (the "**Notice**") published on January 14, 2019 which sought suggestions on ways to further reduce unnecessary regulatory burden.

Wildeboer Dellelce LLP practices exclusively in the area of business law, advising all manner of stakeholders participating in the Canadian capital markets. I am delighted to have the opportunity to comment upon the questions posed by OSC staff ("**Staff**") in the Notice following informal consultations with clients, other capital markets participants and members of Wildeboer Dellelce LLP. However, the views expressed below should not be taken as the views of any of our clients or of Wildeboer Dellelce LLP and are mine alone.

I applaud the Ontario Securities Commission (the "**Commission**") for continuing to explore ways that the costs of regulatory compliance can be kept proportionate to the significance of the regulatory objective sought to be realized. Over the last number of years, the Commission has returned to this issue repeatedly recognizing that this forms part of its public interest mandate. The creation of a Burden Reduction Task Force to implement certain of such recommendations is also to be applauded as recognizing that often the most impactful and valuable changes are those to the interpretation and enforcement of existing rules.

I believe there are many operational changes that could be made by Staff with respect to the application of regulation in Ontario that would have a dramatic effect on easing reporting requirements on reporting issuers and registrants while improving the quality of reporting to both investors and the Commission. I believe that making changes to the regulatory burden of reporting issuers is important, but cannot be implemented as easily as changes to the regime for regulating registrants. One implication of a co-ordinated provincial regulation of the disclosures made by reporting issuers is that several of the changes to reporting issuer disclosure recommended in this comment letter cannot be made unilaterally by the Commission without lengthy discussions with the other members of the Canadian Securities Administrators (the "**CSA**").

I set out below my thoughts to the items outlined in the request for comment by the Commission with emphasis on the regulation of registrants and investment funds.

Operational Changes for Regulatory Branches and Offices

As suggested above, I believe that short-term significant change can be undertaken through operational enhancements as these can be often undertaken unilaterally by the Commission.

Risk Assessment Questionnaire

Several of our clients noted that it is an extremely time-consuming process to complete the Risk Assessment Questionnaire ("**RAQ**") and there is significant overlap with other disclosures made by registrants to the Commission. I believe that an investment in technology would ensure more timely and specific information to be collected from registrants. This would in turn permit more focused-based review to be undertaken by Staff and permit RAQs to be required less frequently. A more continuous, technology-driven focused review of registrants would permit better reporting to the Commission with lessened effort required of industry participants. The use of Summaries by Staff of common deficiencies is very helpful to the industry in identifying and re-working procedures thereby avoiding later work to respond to Staff deficiency notices and changes to policies.

Modernization of NRD, SEDI and OSC Portals

It is extremely difficult to navigate these electronic interfaces with the Commission necessitating that all communication is made by a relatively small number of individuals within law firms and registrants with intimate knowledge of the systems. Furthermore, there remain various kinds of filings that must still be made in paper format. An investment in technology would improve access for more personnel of reporting issuers, registrants and their advisors to the system improving quality and speed of regulatory compliance. Such an investment would also provide a more robust searchable system for securities filings, further reducing the cost of compliance.

Registration Officer

The Commission should return to a model where each registrant has a senior registration officer who has authority and responsibility to manage Staff's interaction with such registrant. This will improve the speed and consistency of decision-making by providing experienced Staff members with the authority and accountability for the continued oversight of certain registrants.

Audits and Exemptive Relief Applications

Greater transparency around audits or exemptive relief applications—their status, information required, internal approvals required, and the expected time to completion—would be valuable. In certain cases, such as the 40-business day "best efforts" period to approve certain applications, prescribed time periods are out of step with other regulatory time periods prescribed by securities legislation.

Rule changes

Annual Prospectus Renewals

The entire regime for the regulation and offering of investment funds has been revised repeatedly without reviewing the need for section 62 of the *Securities Act* (Ontario) which requires that to remain in distribution an issuer must renew its prospectus annually. With the movement to a simple form of Fund Facts document which contains a great deal of "evergreen" information, it would seem appropriate to eliminate the Staff and industry resources necessary to review and approve changes annually. At a minimum, i would seem appropriate to move to an annual filing of updated materials which does not undergo Commission review.

Single Fund Facts per Fund

Many investment funds offer a number of classes or series to reflect varied costs in accessing different distribution channels. Currently, National Instrument 81-101 requires a separate English and French Fund Facts to be developed for each such class or series. There is very little informational overlap between the Fund Facts of different classes or series, so moving to a single Fund Facts for all classes or series should be able to be accomplished without any risk of confusion to investors. Indeed, it could assist in reducing the cost of acquiring and holding investment fund securities if investors are informed of all possible purchase options within a single disclosure document.

Single Disclosure Document instead of SP/AIF

With the Fund Facts becoming the key disclosure document to investors, it no longer makes sense to have both a simplified prospectus and annual information form. Instead, an annual statement setting forth all required information relating to the investment fund, perhaps including the annual financial statements, management report of fund performance and IRC report, could be filed within 90 days of the financial year end of the investment fund.

Personal Information Forms

A single database of personal information forms as between the CSA and Canadian marketplaces should exist and a registrant and/or listed issuer should be required to provide information every two or three years so that background checks can be updated for such individuals.

*Outside Business Activities ("**OBA**")*

The financial services industry has changed dramatically since the OBA requirements were first established. The current regime for reporting and the Staff review of such filings does not operate very well. The Commission needs to better communicate its expectations in this area and process OBA filings more rapidly.

Modernize National Policy 15

The regulation of most forms of investment products regulated by the Commission have been overhauled with one notable exception—National Policy Statement No. 15. The rule-making surrounding scholarship plans is antiquated and requiring updating. Tens of billions of investors' money that will support the next generation of university and college students in Canada is being regulated pursuant to rules last updated in the 1980s.

Enhancing Investor Experience and Outcomes

All of the suggestions made in this comment letter would enhance investor experience and outcomes by improving the speed, quality and resolution of compliance and reporting as between the registrant/issuer and the Commission. The resulting reduction in the cost of that compliance would favour those market participants who passed along to investors some or all such savings.

Ontario-specific Improvements

Many of the above recommendations can be undertaken by the Commission unilaterally. Others will by necessity require working collectively with the Province of Ontario and other members of the CSA to be realized.

Existing Policy Initiatives

The Commission has already brought forward a process to consider regulatory burden for non-investment funds and investment funds in CSA Consultation Paper 51-404 and CSA Staff Notice 81-329, respectively. Both consultations elicited extensive industry comment and valuable guidance on areas where practices should be updated. As noted at the outset of this comment letter, however, most of these matters require a coordinated CSA response which is perhaps why many of these recommendations have not yet been carried forward into policy changes. Review of the responses submitted in those consultations shows wide-spread support for changes to be made to areas such as: business acquisition reports; frequency of interim financial statements; the need for a single annual information document; use of electronic delivery of documents such that access means delivery; elimination of unnecessary information in prospectus forms; and, enhancement to the short form prospectus system.

Considering the importance of regulatory burden reduction initiatives for the Canadian capital markets and our clients, Wildeboer Dellelce LLP would welcome the opportunity to be present at the OSC Roundtable scheduled for March 27, 2019.

Yours truly,

Ronald Schwass