

# ONTARIO SECURITIES COMMISSION

## OSC Notice 11-791 – Statement of Priorities

### Request for Comments Regarding Statement of Priorities for Financial Year to End March 31, 2022

The *Securities Act* (Act) requires the Ontario Securities Commission (OSC or Commission) to deliver to the Minister of Finance and publish in its Bulletin each year a statement of the Chair setting out the proposed priorities of the Commission for its current fiscal year in connection with the administration of the Act, the regulations and rules, together with a summary of the reasons for the adoption of the priorities.

The Statement of Priorities (SoP) is a subset of the overall OSC Business Plan which is aligned with the OSC Strategic Plan. The document reflects the OSC's current views on the priority actions that the OSC will take in 2021-2022 to address each of the goals and its related priorities.

This edition of the 2021-2022 SoP outlines the items we believe will continue to be important considering the uncertainties created by the coronavirus pandemic, as well as the pending recommendations from the Capital Markets Modernization Taskforce (Taskforce) and their consideration by the Government of Ontario.

The OSC recognizes that it will need to update its priorities to reflect the impacts and lessons learned from the coronavirus pandemic. The OSC will review and consider the recommendations of the Taskforce and will adjust its priorities to accommodate any changes recommended by the Taskforce as adopted by the Government of Ontario.

The 2021-2022 SoP has a 30-day comment period. The Commission will consider stakeholder comments and make any necessary revisions prior to finalizing and publishing its 2021-2022 Statement of Priorities.

#### **Comments**

Any comments should be made in writing by December 16th, 2020 and sent to:

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OSC

2021-2022

Statement of Priorities

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**DRAFT FOR COMMENT**

# INTRODUCTION

## OSC Statement of Priorities

We are pleased to present the OSC Chair's Statement of Priorities for the Ontario Securities Commission for the year commencing April 1, 2021. The *Securities Act* requires the OSC to publish the Statement of Priorities (SoP) in its Bulletin and to deliver it to the Minister by June 30 of each year. This Statement of Priorities also supports the OSC's commitment to be both effective and accountable in delivering its regulatory services.

The OSC regulates the largest capital market in Canada and our actions have impacts for Ontario and the rest of Canada. The OSC is committed to promoting fair and efficient markets in Ontario and has identified a broad range of initiatives to improve the existing regulatory framework. We strive to anticipate problems in the market and act decisively to promote public confidence in our capital markets, protect investors, and support market integrity. We will continue to proactively identify emerging issues, trends, and risks in our capital markets.

Confidence in fair and efficient markets is a prerequisite for economic growth. Investor protection is always a top priority for the OSC.

The OSC continues to move the regulatory agenda forward, improving the way we approach our work and engage with industry participants and other regulators to understand the issues and their concerns. The OSC interacts extensively with stakeholders through various

advisory committees, roundtables and other means of consultation, to inform operational approaches and policy development. The OSC engages with investor advocacy groups and investors directly to gain insights to better understand investor needs and interests.

Our significant work in the international regulatory environment, taking into consideration the constraints imposed by the COVID-19 pandemic, will continue as another key means to gain insights into emerging issues and standards that can be integrated into our policy development and oversight activities. These actions are essential to reach solutions that balance the inclusion of innovation and competition in the marketplace with the maintenance of appropriate investor safeguards.

The OSC works as part of the Canadian Securities Administrators (CSA) to harmonize rules and their application across the country. The OSC is also a member of the Heads of Regulatory Agencies (HoA), an important federal-provincial forum for cooperation on financial sector issues. Chaired by the Bank of Canada, the HoA brings together the Department of Finance Canada, the Office of the Superintendent of Financial Institutions (OSFI) as well as the Autorité des marchés financiers, the Ontario Securities Commission, the British Columbia Securities Commission and the Alberta Securities Commission.

# INTRODUCTION

## Vision, Mandate and Goals

### Our Vision

To be an effective and responsive securities regulator – fostering a culture of integrity and compliance and instilling investor confidence in the capital markets.

### Our Mandate

To provide protection to investors from unfair, improper or fraudulent practices, to foster fair and efficient capital markets and confidence in capital markets and to contribute to the stability of the financial system and the reduction of systemic risk.

### Our Organizational Goals

#### PROMOTE

Confidence in Ontario's Capital Markets

*Promote confidence in Ontario's capital markets among market participants and investors*

#### REDUCE

Regulatory Burden

*Enhance access for businesses and financial services providers to Ontario's capital markets*

#### FACILITATE

Financial Innovation

*Cultivate an environment that supports development of innovative financial business models*

### Strengthen Our Organizational Foundation

**People**

**Technology**

**Information**

# INTRODUCTION

## Key Priorities

Our 2021-2022 SoP sets out the four strategic goals on which the OSC intends to focus its resources and actions in 2021-2022. It also lays out the priority initiatives that the OSC will pursue in support of each of these strategic goals.

We are publishing this edition of the SoP for 2021-2022 to outline the items we believe will continue to be important considering the uncertainties created by the COVID-19 pandemic, as well as the pending recommendations from the Capital Markets Modernization Taskforce

(Taskforce) and their consideration by the Government of Ontario.

The OSC recognizes that it will need to update its priorities to reflect the impacts and lessons learned from COVID-19 pandemic. Also, we anticipate adjusting our priorities to accommodate any changes due to the recommendations from the Taskforce following their consideration by the Government of Ontario.

We will review our plans as matters become clearer and ensure that we keep stakeholders updated.

### GOAL 1 – Promote Confidence in Ontario’s Capital Markets

Promote confidence in Ontario’s capital markets among market participants and investors

- Continue Implementation of Client Focused Reforms (CFR)
- Continue Consultation on the Current Self-Regulatory Organization (SRO) Framework
- Bring Timely and Impactful Enforcement Actions
- Implement Mutual Fund Embedded Commissions Policies and Ontario Regulatory Response to Deferred Sales Charges (DSC)
- Improve the Retail Investor Experience and Protection
- Continue to Expand Systemic Risk Oversight
- Strengthen Investor Redress through the Ombudsman for Banking Services and Investments (OBSI), through Policy and Oversight Activities

### GOAL 2 – Reduce Regulatory Burden

Enhance access for businesses and financial services providers to Ontario’s capital markets

- Complete Actions Identified in the OSC Burden Reduction Plan

### GOAL 3 – Facilitate Financial Innovation

Cultivate an environment that supports development of innovative financial business models

- Implement Multi-Year Plan for the Office of Economic Growth and Innovation
- Engage with Fintech and Support Innovation in Capital Markets

### GOAL 4 – Strengthen Our Organizational Foundation

People, Technology and Information

- Continue Redevelopment of CSA National Systems
- Modernize OSC Technology Platform
- Foster Inclusion and Diversity
- Continue to Monitor and Adapt to the Impacts of the COVID-19 Pandemic

# THE ENVIRONMENT

## Impacts

Environmental factors influence securities regulators in their operations and regulatory oversight. There are key challenges that may influence the OSC's policy agenda, its operations, and the way it uses its resources.

### Effects of COVID-19

Since the outbreak of the COVID-19 pandemic in early 2020, the world's economies and financial markets have experienced unprecedented conditions. The economic consequences of putting large parts of the economy into lockdown are apparent. With the supply and demand for goods and services severely restricted, economic growth has fallen substantially. Millions of Canadians have found themselves without employment and businesses have struggled to make payments to suppliers and for rent.

Governments have provided large-scale fiscal and monetary support for the economy and financial markets. At the same time, we have seen unprecedented levels of Central Bank intervention in markets to support liquidity. These supports are providing the foundation of the recovery as it is unfolding to date.

Financial markets have so far proven themselves to be largely resilient to the conditions experienced. Markets have recovered from the initial stresses experienced in March and April 2020; however, there remains a long and challenging path to recovery. The OSC, along with our CSA colleagues, has taken a variety of steps to support industry participants and investors during these extraordinary times. Regulators will continue their efforts to identify and implement support measures where appropriate.

Despite the start of a recovery, considerable uncertainty remains about the success of efforts to contain the virus, risks of future waves of infections, and a timeline for a widely available effective vaccine. As such, there is little clarity about the speed of the economic recovery and longer-term impact on capital markets.

Households with constrained income are likely to prioritize non-discretionary spending and reduce their investing. The experience of the economic shutdown may encourage other households to pay down their debt

and build up contingency savings in case of future waves of the virus and associated lockdowns. This too may impact investing behaviour.

At the time of writing, forecasters anticipate that interest rates will be maintained at very low levels until at least 2022. Continued low interest rates will impact capital markets activity including capital raising and investment portfolio decisions.

Low rates will encourage firms to maintain current levels of debt or increase their borrowing if they are creditworthy. This would result in stable or even increased volumes of prospectus filings from corporate issuers and growing levels of corporate debt.

Low interest rates will challenge investors to find returns that match their needs and plans. Increased efforts by investors to search for yield could increase their exposure to risk. This may take the form of leveraged investing or moves into more risky asset classes and individual investments.

Regulators will need to remain vigilant about products promising higher returns and that investors have the necessary tools to make informed decisions. Other risks to investors could include issues around the quality of financial information, forward-looking information and debt servicing costs as well as concerns about further growth in the level of corporate debt.

### Capital Markets Modernization Taskforce

The Ontario government announced the formation of the Taskforce, which began work in February 2020. After consulting with various stakeholders, the Taskforce published a consultation report in July 2020 outlining its findings and its proposals to modernize securities regulation in Ontario. The final Taskforce report, expected by the end of 2020, could result in significant changes to the *Securities Act*.

The OSC will review and consider the recommendations of the Taskforce and will adjust its priorities to accommodate any changes recommended by the Taskforce as adopted by the Government of Ontario.

# OUR GOALS

## GOAL 1 – Promote Confidence in Ontario’s Capital Markets

The OSC shares the Ontario government’s commitment to making Ontario’s capital markets globally competitive and an attractive place in North America in which to invest, grow businesses and create jobs. We will promote confidence in Ontario’s capital markets among market participants and investors by engaging and educating investors, exercising effective compliance oversight, and pursuing timely and vigorous enforcement.

To achieve globally competitive, efficient and strong capital markets and a regulatory system that attracts investment from around the world will require the OSC to effectively balance the need to streamline capital-raising for businesses, while seeking to protect investors from financial systemic risk and misconduct. Every year we design and carry out routine and targeted reviews of market participants with the objective of upholding the highest standards of disclosure and compliance through our various compliance oversight programs.

### OUR KEY PRIORITIES

#### 1.1 Continue Implementation of Client Focused Reforms

To improve the client/registrator relationship, regulatory reforms to NI 31-103 *Registration Requirements, Exemptions and Ongoing Registrator Obligations* were published in final form in 2019. There will be a phased transition period. Amendments relating to conflicts of interest will take effect on June 30, 2021, and the remaining changes will take effect on December 31, 2021.

Under the amendments, registrants will be required to:

- Address material conflicts of interest in the best interest of the client
- Put the client’s interest first when making a suitability determination
- Do more to clarify for clients what they should expect from registrants.

Actions will include:

- The OSC, with other CSA jurisdictions and the SROs, will work with the implementation committee to

provide guidance, respond to questions and otherwise assist registrants to operationalize the amendments

- Publish Frequently Asked Question guidance to assist registrants with implementing the CFRs.

#### Planned Outcomes:

- Investors will benefit from registrants addressing material conflicts of interest in their best interest
- Registrants must consider specific factors when deciding whether an investment product is suitable and whether their recommendations “put the client’s interest first”
- Investors will receive greater clarity around the products and services they can expect from their registrants. Registrants will need to:
  - explain the potential impact on a client’s investment returns from management expense fees or other ongoing fees connected with the investment product (and the effect of compounding fees over time)
  - provide investors with more information about any restrictions on their ability to liquidate or resell an investment product
- Increased investor confidence in the industry by better aligning industry conduct with investors’ expectations, as reflected by fewer compliance review recommendations relating to information collection, inadequate know-your-product due diligence and unsuitable investments.

#### 1.2 Implement Mutual Fund Embedded Commissions Policies and Ontario Regulatory Response to Deferred Sales Charges (DSC)

The OSC will work with fund managers and dealers to streamline implementation issues to promote positive investor experiences as rule changes take effect. The OSC will also monitor mutual fund sales trends, new products and services to assess whether activities are in line with the policy objectives of the mutual fund embedded commissions policies.

The OSC will work to finalize the Ontario regulatory response to the use of the DSC option in the sale of mutual funds to address certain negative investor outcomes.

Actions will include:

- Provide appropriate additional accommodation allowing flexibility for investors to be switched to different fee options
- Foster the launch of new products and services that facilitate the implementation of the policies
- Obtain mutual fund sales, new products and new services data for trend analysis, and follow up if the trends raise any concerns
- Following the review of the comment letters on the OSC proposed DSC rule, formulate next steps, including publication of the final rule.

**Planned Outcomes:**

- Support for innovation results in wider product choices for investors
- Unintended capital market activities are identified and examined
- Implementation issues identified and addressed.

### **1.3 Improve the Retail Investor Experience and Protection**

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The OSC will identify ways to improve the investor experience and investor protection. Efforts will focus on engaging stakeholders, identifying appropriate areas for improvement, and making changes that will help investors have positive experiences and be better informed when making investment decisions.

Collectively, these efforts are intended to lead to greater investor protection and help reduce the impact of fraud. A range of initiatives will be completed in support of this priority.

Actions will include:

- Stakeholder consultations on ways to improve the investor experience
- Investor education and financial literacy activities
- Continued implementation of the OSC Seniors Strategy
- Consideration of comments received to finalize amendments to implement a regulatory framework to address issues of financial exploitation and diminished mental capacity among older and vulnerable investors
- Continued expansion of the use of behavioural insights in OSC policy work
- Timely and responsive investor research conducted and published
- Collaboration on financial literacy initiatives with the Government of Ontario, including the Ministry of Finance, Ministry of Education, and Ministry of Seniors and Accessibility

**Planned Outcomes:**

- Financial education resources and channels such as GetSmarterAboutMoney.ca continue to be used by large numbers of investors and seen as a leader in Canada and internationally
- Protection of senior and vulnerable investors enhanced
- Educated investors make more informed decisions
- Effectiveness of OSC policies and programs improved through integration of behavioural insights.

### **1.4 Continue to Expand Systemic Risk Oversight**

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The OSC works with many domestic and international regulators to monitor financial stability risks, improve market resilience, and reduce the potential risks arising from global systemic events. The OSC is continuing to build a domestic derivatives framework and to operationalize the necessary compliance and oversight tools required to achieve a practical and effective regime.

The OSC will also continue to respond to potential risks associated with investment management activities through its work on investment funds liquidity risk management and enhanced risk monitoring.

#### **1.4.1 Enhanced Systemic Risk Oversight**

The OSC will continue to enhance systemic risk oversight capabilities through a combination of continued policy work and operational initiatives.

Actions will include:

- Subject to Ministerial approval, finalize amendments to the derivatives dealer Business Conduct Rule, limiting the scope of the rule and specifying which jurisdictions will be granted equivalency
- Work with CSA on the next version of the proposed Derivatives Dealer Registration Rule
- Finalize Notice on status of Margin Rule for uncleared derivatives involving Ontario entities
- Finalize amendments to the Trade Reporting Rule with respect to internationally adopted data standards
- In coordination with other IOSCO members, design and implement enhanced data collection to monitor vulnerabilities associated with the use of leverage in the asset management industry
- Work with other provincial and federal agencies, including through the HoA, to enhance the identification of financial system vulnerabilities and promote financial system resilience.

### **1.4.2 Conduct Compliance Reviews of Over-the-Counter (OTC) Derivatives Rules (Trade Reporting, Clearing, Segregation & Portability)**

Improve quality of trade reports to enhance ability to meet systemic risk monitoring and market abuse detection objectives.

Actions will include:

- Create data quality reports to inform decisions as to which reporting counterparties should be reviewed
- Conduct ad hoc compliance reviews on issues as they become present in the data.

### **1.4.3 Enhanced Data Analytics to Support Systemic Risk Oversight**

Design and implement a framework for analyzing OTC derivatives data for systemic risk oversight and market conduct purposes including development of analytical tools and the creation of snapshot descriptions of the Canadian OTC derivatives market.

Actions will include:

- Design and build an enhanced derivatives data mart that uses and relates data from multiple reporting entities
- Provide inter-provincial data support and analytics.

### **1.4.4 Continue to Expand Systemic Risk Oversight in Asset Management**

Implement annual surveys, in a scalable manner, of private and public investment funds about their portfolio exposure in order to assess relevant systemic risks, with a focus on aggregated asset classes and leverage information.

Actions will include:

- Review existing and readily available information
- Collect required additional information
- Continue to improve the collection, processing and analysis of information.

#### **Planned Outcomes:**

- Finalized amendments to the Business Conduct Rule for derivatives dealers
- Expanded derivatives database development
- Operational procedures for new compliance and oversight processes documented
- New templates for systemic risk analysis operationalized
- Increased use of data and enhanced data analysis for systemic risk monitoring, research, inter-agency information sharing and policy development
- Improved and more effective coordination and cooperation with regulatory partners.

## **1.5 Bring Timely and Impactful Enforcement Actions**

Effective compliance and enforcement are essential to maintaining the integrity and attractiveness of our capital markets. Disruption of illegal activity and deterrence are key strategies to prevent or limit harm to investors. Our actions against firms and individuals who do not comply with the rules need to be timely and visible to achieve the desired deterrent effect and enhance public confidence in our markets.

As securities fraud and misconduct become increasingly complex, regulators must evolve their compliance and enforcement approaches and expand their tools.

Growth in cross-border activity, which is accelerated by technology, benefits investors by reducing friction and cost, but can also harm investors by enabling cross-border fraud and misconduct that can be very difficult to address.

This creates challenges in supervision, surveillance and enforcement. If regulatory approaches are not aligned, cross-border supervision and enforcement efforts may be impeded. Regulators will need greater access to data and more sophisticated surveillance and analysis tools to more effectively evaluate compliance with regulatory requirements and identify misconduct.

Actions will include:

- Focus investigative and litigation resources on cases expected to have a strong regulatory impact and that are aligned with our strategic priorities
- Continue to identify and develop surveillance and analytical tools, including by working with the CSA to implement the next phases of the Market Analysis Platform (MAP)
- The quasi-criminal team will work in cooperation with policing partners and continue to focus on fraudulent behaviour and recidivism
- Take proactive and timely disruption steps to mitigate or stop investor harms
- The Whistleblower group will triage tips to focus action on impactful enforcement proceedings with effective regulatory messages.

#### **Planned Outcomes:**

- Implementation of new tools that increase use of data to support case selection and investigations
- Enhanced profile for the OSC Whistleblower Program increases the number of credible tips
- Continued number of visible, effective disruption actions completed

- Continued visibility of priority case outcomes with strong regulatory messages aligned with OSC strategic priorities
- Greater use of data analytics in market conduct cases to strengthen the detection of harmful conduct
- In conjunction with our CSA partners, successful roll-out of the next phases of the Market Analysis Platform, initiative to further enhance enforcement effectiveness in identifying and pursuing insider trading and market manipulation cases.

### **1.6 Continue Consultation on the Current Self-Regulatory Organization (SRO) Framework**

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Consider ongoing SRO developments and feedback on initial consultation paper and develop responses as required regarding the evolution of the SRO framework.

Actions will include:

- Publish recommended SRO framework for comment.

#### **Planned Outcomes:**

- Consideration of public feedback on a recommended SRO framework reflecting the evolution of the market.

### **1.7 Strengthen Investor Redress through the Ombudsman for Banking Services and Investments (OBSI), through Policy and Oversight Activities**

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Investors can be at risk for potential losses in cases where registered firms or advisors have acted unfairly, made an error or given bad advice. The OSC strives to improve investor access to redress in these types of situations. Avenues to obtain investor redress, including an effective and fair dispute resolution system, are now regarded as an essential element of investor protection frameworks. To achieve better results for investors, the OSC will continue its efforts to strengthen OBSI in its role as the independent dispute resolution service.

Actions will include:

- Provide analysis of the proposal for OBSI binding decisions in Ontario within increased claim limits
- Engage with our CSA partners on strengthening OBSI.

#### **Planned Outcomes:**

- Better results for investors regarding redress and dispute resolution, which will also foster deserved investor confidence.

# OUR GOALS

## GOAL 2 – Reduce Regulatory Burden

Delivering responsive regulatory oversight includes being mindful of the impact of regulatory burden on market participants. The OSC, with its CSA partners, has identified and is pursuing opportunities to reduce undue burden and to make its interface with market participants easier and less costly. The OSC will continue to fulfill its responsibility to protect investors.

We will seek to reduce burden while improving the investor experience, by seeking to modernize the information provided to investors, or other interactions that investors have with issuers and registrants.

### OUR KEY PRIORITIES

#### 2.1 Complete Actions Identified in the OSC Burden Reduction Plan

In November 2019, the OSC published the report: *“Reducing Regulatory Burden in Ontario’s Capital Market”*. In that report, the OSC set out concerns raised by stakeholders, and it identified actions to address those concerns, as well as items for further study.

The OSC Office of Economic Growth and Innovation (Innovation Office) was created in 2020. Its mandate includes leading and facilitating the OSC’s continuing efforts to reduce regulatory burden, including completing the recommendations identified in the burden reduction report.

Actions will include:

- Complete the burden reduction items identified in the report by the planned dates
- Engage in further study on the items identified for follow-up
- Issue regular status updates on the progress against the actions identified in the report
- Identify and consider global best practices undertaken by similar organizations to reduce regulatory costs.

#### Planned Outcomes:

Visible and tangible results of burden reduction efforts will include:

- New tools and use of technology to assist with navigating the regulatory process
- Greater transparency around our processes and flexibility on what is required to fulfill regulatory requirements
- Less duplication of requirements and form filings
- Improved coordination of reviews
- A more tailored regulatory approach that considers the size and type of businesses
- Clearer communication from staff
- Improved coordination between the OSC and our regulatory partners
- Rules and guidance that are easier to read and understand
- Information that is easier to find and better organized on our website
- Improved investor experience.

# OUR GOALS

## Goal 3 – Facilitate Financial Innovation

The OSC will continue to develop flexible regulatory approaches and improved access to services and support for businesses looking to establish or expand in Ontario. These efforts will build on the progress to date with the creation of the Innovation Office. This includes creating an environment that supports emerging financial technology, while at the same time ensuring investor protection, through flexible and proportionate regulatory approaches.

### OUR KEY PRIORITIES

#### 3.1 Implement Multi-Year Plan for Office of Economic Growth and Innovation

The Innovation Office has developed a Charter that sets out its vision and priorities over the next few years. These initiatives, which include outreach to stakeholders, innovation hubs and others, will support innovation, facilitate capital formation and foster economic growth.

Actions will include:

- Foster, promote and, where possible, model and test innovative business models and methods in capital formation, transaction and service efficiency and fairness
- Monitor and report on the progress to implement the recommendations from the OSC Burden Reduction Taskforce Report
- Contribute to the OSC's efforts to modernize its regulatory programs and policy formulation
- Obtain stakeholder feedback
- Increase the OSC's visibility and credibility as an innovative and agile regulator
- Demonstrate clear, visible connections to innovation ecosystem including hubs, stakeholders, market participants, investors and other regulators
- Monitor innovation and economic growth initiatives and engage actively with innovation hubs and similar groups within domestic and global regulatory organizations.

#### Planned Outcomes:

- The Innovation Office is fully operational and delivering on its mandate

- Innovative novel businesses, entrepreneurs and start-ups develop in Ontario to help foster economic growth and improve access by investors
- Better understanding of opportunities to reduce regulatory burden by conducting outreach programs with market participants to solicit their input
- Gained insight by testing innovative ideas with market participants and investors
- Increased OSC's profile as an innovative and agile regulator by engaging with innovation hubs and similar groups within domestic and global regulatory organizations.

#### 3.2 Engage with Fintech and Support Innovation in Capital Markets

The Innovation Office will expand the work of OSC LaunchPad through deeper engagement with businesses and will provide support for a strong Ontario innovation ecosystem and improve access to services by investors. The OSC will help innovative Fintech businesses navigate the regulatory requirements and will be flexible with businesses as they meet their obligations (e.g. by granting conditional exemptive relief and providing guidance about how to comply within new business models).

Actions will include:

- Research, identify and test new innovative methods, services and products specific to the OSC's mandate to enhance capital markets efficiency
- Identify, understand and promote emerging business models, services and products in finance that benefit investors and our capital markets
- Provide additional tools to assist firms that want to test novel products and services
- Enhance OSC LaunchPad and potential tools to give the innovation community important insights and information into securities law requirements including information for start-ups on whether and how securities regulations may apply to their business
- Work with the CSA Sandbox to issue timely approvals for Ontario businesses to operate in Canada as registered firms (offering novel products and services to investors) or marketplaces.

**Planned Outcomes:**

- Costs and time to market for innovative businesses are reduced
- Implemented tools that support new businesses seeking to raise capital
- Learnings from working with innovative businesses are used to modernize regulation for the benefit of

Ontario businesses and reduce burden on market participants

- Positive feedback from stakeholders regarding guidance issued, surveys conducted, and support provided to innovative businesses
- OSC LaunchPad website reflects current novel issues and relevant notices, news releases or guidance.

# OUR GOALS

## GOAL 4 – Strengthen Our Organizational Foundation

The OSC regulates and supports an ever-changing and highly competitive financial sector. The COVID-19 pandemic, global discussion about anti-black racism, ongoing review of our capital markets by the government-appointed Taskforce and resulting stakeholder commentary have increased the need and urgency for the OSC to have a strong organizational foundation of people, systems and data management and analytics.

### OUR KEY PRIORITIES

#### 4.1 Continue Redevelopment of CSA National Systems

The development of SEDAR+ (as a replacement for SEDAR), SEDI, NRD and other CSA national systems is a critical foundation for the OSC to become a more data analysis-focused and evidence-based regulator.

Actions will include:

- Support the CSA initiative to implement SEDAR+, a modern, accessible, integrated, searchable, secure, and robust database and system that can support existing regulatory requirements and that can be easily modified to support the future needs of market participants and regulators
- Complete work on OSC local systems and related processes, workflows and policies to ensure they are aligned with phase 1 of SEDAR+ when it is launched.

#### Planned Outcomes:

- Launch of SEDAR+ meets user needs and is aligned with OSC local systems
- Improved operational functions and more efficient service delivery to market participants
- CSA Systems Fee Rule is completed within defined timelines.

#### 4.2 Modernize OSC Technology Platform

The OSC continues with several strategic initiatives to modernize its technology platforms and further leverage data and analytics in delivering regulatory outcomes.

To reach the next level in digitalization of operations, the OSC has created the Digital Solutions Branch, which will

own and lead the implementation of the enterprise wide digital strategy.

Actions will include:

- Fully operationalize the new Digital Solutions Branch
- Revise digital transformation strategy and roadmap to align with business priorities and leverage best practices and latest technologies
- Continue development of OSC business workflow applications that are integrated with SEDAR+
- Replace select legacy systems with new modern cloud-based platforms
- Continue development of derivatives trades database, with expanded data sets and analytics
- Continue implementation of the Information Security Program that is aligned with the National Institute of Standards and Technology cybersecurity framework.

#### Planned Outcomes:

- Integrated digital strategy allows for improved data insights and efficient data sharing between branches and with industry stakeholders
- Increased efficiency of internal regulatory operations and corporate services through optimization and automaton of business processes
- Improved operational efficiency for workflows integrated with the new SEDAR + platform
- Accelerated transition from stand-alone, legacy systems to integrated enterprise platforms, processes and data flows
- Improved systemic risk oversight capabilities
- Improved cybersecurity posture.

#### 4.3 Foster Inclusion and Diversity

The OSC is focused on building and sustaining diversity in our OSC community and ensuring that the employee experience is equitable and inclusive for everyone.

Actions will include:

- Implement an Inclusion and Diversity Strategy to remove barriers to inclusion at the OSC; and to achieve equitable opportunities and a consistent employee experience for all

- Provide and promote opportunities for learning and dialogue to develop a better understanding of bias, racism, and barriers to inclusion
- Take actions outlined in the Black North Initiative (BNI) CEO pledge to end anti-black systemic racism.

**Planned Outcomes:**

- Updated / new policies and practices that are equitable and inclusive for all employees, including recruitment, talent development, secondment, promotion, code of conduct, respectful workplace
- Increased understanding leading to individual and organizational change in practices and behaviours to support equity and inclusion
- A workplace where employees experience psychological safety and inclusion
- Achieve the goals and targets set out in the BNI CEO pledge.

**4.4 Continue to Monitor and Adapt to the Impacts of the COVID-19 Pandemic**

The OSC will continue to adapt work practices and the workplace to support effective and efficient delivery of

regulation and business operations, during and after the COVID-19 pandemic.

Actions will include:

- Adjust work policies and practices to accommodate remote work, and support collaboration and organizational culture in a fully or partially remote work model
- Provide resources and benefits to support employee physical and mental health and well-being
- Implement physical design features to ensure employee health and safety, and to support flexible work.

**Planned Outcomes:**

- Updated / new policies and practices that address employment practices including flexible and alternative work, home office set-up, and benefits
- Increased awareness and utilization of health and well-being benefits and programs
- Redefined and redesigned office space.