



ONTARIO
SECURITIES
COMMISSION

Report on Statement of
Priorities



For fiscal 2013-2014

Introduction

The 2013-2014 Statement of Priorities set out a series of specific priorities and projects that the OSC would undertake to progress against the OSC's five strategic goals. For each of these goals the OSC identified a series of initiatives, some multiyear, in support of achieving each particular goal. This document reports on the OSC's performance against the priorities set out in the 2013-2014 Statement of Priorities.

Highlights and accomplishments for each of the 2013-2014 priorities are presented in table format. Positive feedback from stakeholders and investors determine the relative success of several priorities. Summarized survey results from the various outreach and consultation sessions held over the year are presented in Annex A.

A broader discussion of OSC accomplishments during the year will be available in the 2013-14 OSC Annual Report, to be published on the OSC website (www.osc.gov.on.ca).

Goal 1: Deliver Strong Investor Protection

The OSC increased its visibility and awareness amongst key stakeholders across Ontario through the outreach program *OSC in the Community*. Events were held in ten cities across the province, featuring educational seminars and meetings with local officials, law enforcement, and community organizations. Roundtables were held on topics of interest to investors, such as mutual fund fees, statutory best interest standard, and investing in start-ups.

Actions were taken to help investors make informed investment decisions. We published proposed amendments for comment on March 26, 2014, requiring a Fund Facts document to be delivered to investors prior to investing in a mutual fund. We also introduced an alternative ETF prospectus delivery regime and investors began receiving a summary disclosure document for ETFs, similar to Fund Facts. The OSC improved shareholder democracy through amendments to the TSX Manual mandating majority voting for TSX issuers. The amendments become effective for listed issuers on June 30, 2014.

<p>Priority 1: Investor confidence has been shaken resulting in reduced market participation. The OSC must reach out to investors to determine the steps needed to protect their interests</p>	
<p>Success Measures :</p> <ol style="list-style-type: none"> 1. Surveys and direct stakeholder feedback will confirm: <ol style="list-style-type: none"> a. The OSC is focused on the right issues to protect investor interests b. Support for the consultation approach 2. OSC policy and regulatory proposals will reflect a better understanding of investor issues 	
Action Plan	Progress against Action Plan/Target Outcomes
<ol style="list-style-type: none"> 1. Engage investors and investor advocacy groups, including the Investor Advisory Panel, through community meetings and outreach, such as the “OSC in the Community”, and focus groups to better understand investors’ key concerns 	<p><i>OSC in the Community</i></p> <p>The OSC increased its visibility and awareness amongst key stakeholders across Ontario through <i>OSC in the Community</i>. Events were held in ten cities, featuring educational seminars with staff speakers, as well as meetings with local officials, law enforcement and community organizations such as chambers of commerce.</p> <p><u><i>Accomplishments</i></u></p> <p>Feedback from attendees indicated that most respondents thought the sessions were informative and useful. All events received significant media coverage.</p> <p><i>Registrant Outreach</i></p> <p>A program of outreach seminars for registrants was launched to promote compliance of registered firms. Online and in-person educational seminars were offered on topics such as Client Relationship Model Phase 2 (CRM2) implementation as well as Know-Your-Client (KYC) and suitability obligations.</p> <p><u><i>Accomplishments</i></u></p> <p>The seminars and webinar were well attended and survey results showed that attendees were highly satisfied with them.</p>

	<p><i>Investor Engagement and Feedback</i></p> <p>We conducted an internet survey to assess interest in SMEs, crowdfunding and what matters to investors. We also consulted in person with investor advocates to discuss issues related to OBSI. Fraud Prevention Month was launched with the Financial Services Commission of Ontario and the Toronto Police.</p> <p><u><i>Accomplishments</i></u></p> <p>Several editions of <i>Investor Voice</i> were published, highlighting what we heard at the <i>OSC in the Community</i> sessions, feedback from the Investor Advisory Panel, and topics related to Best Interest Duty and Mutual Fund Fees.</p>
<p>2. Publish a list of key findings from consultations</p>	<p><i>Consultation on key policy initiatives</i></p> <p>The OSC held numerous roundtables to hear feedback from market participants on subjects such as mutual fund fees, a statutory best interest standard, capital formation, women on boards and proxy voting infrastructure.</p> <p><u><i>Accomplishments</i></u></p> <p>The OSC published a number of consultation papers and/or accompanying notices reflecting feedback from the policy consultations. The publications described key themes, views expressed by commenters, and next steps to be taken.</p>
<p>Priority 2: Investors are at risk and may not make informed decisions because they often do not understand or use the information provided to them, in particular because the information may be unclear, complex or not consistent across different product types</p>	
<p>Success Measures :</p> <ol style="list-style-type: none"> 1. Disclosure improvements (Fund Facts, ETF summary disclosure) are advanced 2. Feedback received on approaches assists in moving these improvements forward 3. Cost disclosure and performance reporting rule will be in effect and implementation will begin 	
<p>Action Plan</p>	<p>Progress against Action Plan/Target Outcomes</p>
<ol style="list-style-type: none"> 1. Provide investors with more effective and meaningful disclosure: <ol style="list-style-type: none"> a. Publish a rule requiring advisors and dealers to provide cost disclosure and performance reporting in client statements to investors and communicate progress on implementation b. Publish final proposals for delivery of Fund Facts instead 	<p><i>Cost and Performance Disclosure (CRM2)</i></p> <p>New investor reporting requirements were published in amendments to <i>NI 31-103</i> introducing improved cost and performance disclosure for investors.</p> <p><u><i>Accomplishments</i></u></p> <p>The new requirements came into effect July 2013 with phased implementation scheduled through July 2016.</p> <p>Information sessions were held with stakeholders on KYC, and suitability requirements. Feedback was largely positive.</p>

<p>of a mutual fund prospectus</p> <p>c. Develop a summary document for ETFs and consider mechanisms for delivery</p>	<p><i>Fund Facts</i></p> <p><u><i>Accomplishments</i></u></p> <p>The CSA published for comment a proposed risk classification methodology for use by mutual fund managers in the Fund Facts documents, and FAQs were published in response to questions related to implementation of the rule.</p> <p>Proposed amendments to <i>NI 81-101</i> were published for comment that will require a Fund Facts document to be delivered to investors prior to investing in a mutual fund.</p> <p><i>ETF Facts</i></p> <p><u><i>Accomplishments</i></u></p> <p>The alternative ETF prospectus delivery regime was launched successfully on September 1, 2013. Retail investors began receiving a summary disclosure document for ETFs, similar to Fund Facts, along with their trade confirmations.</p> <p>Rules for mandating the use of ETF Facts are being drafted. An RFP for document testing was posted and testing will occur Spring/Summer 2014.</p>
<p>Priority 3: An expectation gap exists if investors incorrectly assume that their advisor/dealer must always give advice that is in their best interests. As a result the current standard of conduct applicable to advisors and dealers may not adequately protect retail investors</p>	
<p>Success Measures :</p> <ol style="list-style-type: none"> 1. Positive stakeholder feedback on engagement in the consultation process and the quality and balance of the OSC’s policy and impact analysis 2. Research sweeps completed and summary report presented to the Commission 	
<p>Action Plan</p>	<p>Progress against Action Plan/Target Outcomes</p>
<ol style="list-style-type: none"> 1. Work with investors and SROs to examine and better understand the impact of imposing a best interest duty on dealers and advisors <ol style="list-style-type: none"> a. Conduct a “mystery shop” research sweep of advisors to gauge the suitability of advice currently being provided, identify areas of concern and assist in targeting future OSC suitability sweeps b. Publish an update of consultation findings by Fall 2013. Identify options to move 	<p><i>Mystery Shop</i></p> <p>A research firm was retained to assist with the mystery shop. Both IIROC and the MFDA agreed to participate in the shops as partners with the OSC.</p> <p><u><i>Accomplishments</i></u></p> <p>The shopping exercise began in the fiscal year and we aim to issue a report of the results by the end of December 2014.</p> <p><i>Best Interest Duty</i></p> <p>Research was completed on proficiency standards in Canada, the US, the UK and Australia to inform our thinking on potential changes to our standards.</p> <p>A CSA committee on which the OSC participates also launched a pilot research project focused on examining advisor compensation.</p>

<p>forward and complete a preliminary regulatory impact analysis of the application of a best interest duty for advisors and dealers by March 2014.</p>	<p>Based on the results, we will determine whether a full-scale research project on this topic is warranted.</p> <p><u>Accomplishments</u></p> <p>A CSA Staff Notice was published identifying the work completed so far on a potential best interest duty, and the key themes that emerged through the consultation process.</p>
<p>Priority 4: Many investors do not understand the actual costs of investing in mutual funds and other investment products. The fee structure used by mutual funds in Canada may raise investor protection and fairness issues</p>	
<p>Success Measures :</p> <ol style="list-style-type: none"> 1. Positive feedback from stakeholders on engagement in the consultation process (e.g. roundtables, IAP) and the quality of OSC’s policy and impact analysis process 2. Analysis of comments will be completed and options for next steps identified 	
<p>Action Plan</p>	<p>Progress against Action Plan/Target Outcomes</p>
<ol style="list-style-type: none"> 1. Advance the discussion of mutual fund fees and fees for other investment products: <ol style="list-style-type: none"> a. Consider comments on the discussion paper published by the OSC on the regulatory options available to address embedded commissions and existing inequities in the way mutual fund fees are charged b. Host a stakeholder roundtable and develop recommendations for next steps c. Publish an update with consultation findings and a proposed strategy for next steps by Fall 2013. 	<p>Staff held a roundtable in June and met with various senior industry participants and investor advocates to explore the major themes emerging from over 95 comment letters received in response to CSA discussion paper on mutual fund fees.</p> <p><u>Accomplishments</u></p> <p>A CSA Staff Notice was published providing a summary of the key comments received on the consultation paper through the comment process.</p> <p>After considering the comments on the consultation paper, we decided to retain independent research firms to conduct research in 2014-2015 on the influence of embedded advisor compensation and other compensation structures on fund flows, and its long-term impact on the investment outcomes of Canadian retail investors.</p> <p>The research will inform our decision on whether or not to cap or ban embedded commissions and other types of compensation arrangements.</p>

Priority 5: Shareholder democracy	
Success Measures :	
<ol style="list-style-type: none"> 3. 1. Positive feedback from investors and other stakeholders on the impact and effectiveness of this initiatives 2. Positive stakeholder feedback on engagement in the consultation process and quality of OSC’s policy and impact analysis 	
<ol style="list-style-type: none"> 1. Improve shareholder democracy and protection by: <ol style="list-style-type: none"> a. Facilitating the adoption of majority voting for elections of directors by issuers listed on the Toronto Stock Exchange b. Identifying the key proxy voting infra-structure issues and c. publishing a consultation paper 	<p><i>Majority Voting</i></p> <p><u><i>Accomplishments</i></u></p> <p>The OSC approved amendments to the TSX Manual mandating majority voting for TSX issuers, effective on June 30, 2014.</p> <p><i>Proxy Voting</i></p> <p><u><i>Accomplishments</i></u></p> <p>We published a consultation paper for comment in August 2013. The comment period ended in November and a roundtable was held in January to further explore the issues identified in the consultation paper. Following consultations with stakeholders, staff will focus on obtaining empirical data about the proxy voting infrastructure to support any potential future proposals to improve it.</p>

Goal 2: Deliver Responsive Regulation

Facilitating capital formation is integral to promoting the attractiveness of Ontario’s capital markets. In March, the OSC published four proposed prospectus exemptions for existing shareholders, friends and family, offering memorandum, and crowdfunding. Improving the resilience of marketplace systems is key to retaining and enhancing investor confidence. We made a number of recommendations and proposed rule amendments to address issues associated with electronic trading, market data fees, and implementation of the order protection rule.

Priority 6: Businesses and investors may not have adequate access to capital or investment opportunities in the exempt market	
Success Measures :	
<ol style="list-style-type: none"> 1. The OSC will better understand the risks and opportunities associated with expanding access to capital in the exempt market 2. Analysis of feedback will be completed 3. Proposals will clearly reflect the balance between promoting access to capital and efficient capital formation with investor protection 	
Action Plan	Progress against Action Plan/Target Outcomes
1. Complete stakeholder consultations and assessment of feedback on exempt market consultation paper published in December 2012	<p>We received over 100 comments on the consultation paper, following which four industry focused town halls were held, attracting 165 attendees.</p> <p>Investor feedback was solicited at a fifth town hall drawing 100 people and through an internet survey that reached over 1,500 respondents.</p> <p><u>Accomplishments</u></p> <p>We published a report on the progress of our work on prospectus exemptions, summarizing some of the key themes that emerged from reviewing the consultation feedback.</p>
2. Engage businesses and business associations on access to capital, through outreach such as OSC in the Community	<p><u>Accomplishments</u></p> <p>Staff held several one-on-one meetings with stakeholders including industry associations and crowdfunding associations. In addition, staff participated in a town hall meeting at the MaRS Discovery District and at the Prospectors and Developers Association of Canada’s annual conference.</p>
3. Determine options to move forward on expanding ways to access capital for issuers in Ontario and publish progress update	<p>Discussions were held within the OSC and with other regulators (SEC, AMF, BCSC, and ASC) regarding matters related to four new prospectus exemptions:</p> <ul style="list-style-type: none"> • Existing shareholder • Friends and family • Offering memorandum • Crowdfunding

	<p><u>Accomplishments</u></p> <p>Three publications are out for comment:</p> <ul style="list-style-type: none"> • Amendments to the short term debt exemption • Amendments to the accredited investor and minimum amount investment exemptions • The four new proposed prospectus exemptions listed above
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Priority 7: The continued rapid evolution of market structures and trading strategies is a potential source of risk

Success Measures :

1. Results of the issues examined will be published
2. Positive external feedback on the consultation process and quality of OSC’s policy and impact analysis

Action Plan	Progress against Action Plan/Target Outcomes
1. Examine the evolution of the Canadian capital market structure and the impact of the order protection rule (OPR), algorithmic and other electronic trading, and market data fees	<p>We obtained feedback from IIROC, CSA, and the OSC's Market Structure Advisory Committee; conducted in-depth consultations with 25 market participants; and analyzed IIROC's regulatory data with the assistance of an external consultant.</p> <p><u>Accomplishments</u></p> <p>Proposed rule amendments were drafted to address issues identified with the implementation of OPR, including recommendations to deal with issues associated with market data fees, and descriptions of market quality principles.</p> <p>Proposed amendments to NI 23-101 related to Direct Electronic Access were published in July 2013.</p> <p>Final amendments to NI 23-103 related to direct electronic access were published in July 2013.</p> <p>OSC Staff Notice 23-702 <i>Electronic Trading Risk Analysis Update</i> was published in December 2013.</p> <p>Recommendations on the risks of electronic trading were published along with proposed amendments to NI 21-101 <i>Marketplace Operation</i>, including other changes to improve the resilience of marketplace systems.</p>
2. Solicit stakeholder feedback on these issues and, where appropriate, develop options for possible regulatory changes and an articulation of market principles	

<p>Priority 8: The OSC needs to review its oversight of fixed income markets to determine if changes in regulatory approach are required</p>	
<p>Success Measures :</p> <ol style="list-style-type: none"> 1. Review completed, results published and recommendations provided to the Commission 2. Positive external feedback on the consultation process and quality of OSC’s policy and impact analysis 	
<p>Action Plan</p>	<p>Progress against Action Plan/Target Outcomes</p>
<ol style="list-style-type: none"> 1. Review the OSC’s regulation of the fixed income market and obtain feedback from key stakeholders 	<p><u>Accomplishments</u></p> <p>We reviewed a significant amount of data about the broader fixed income market and examined the regulatory framework applicable to fixed income. The review included informal consultations with several stakeholders in the fixed income market, including buy-side and sell-side participants, institutional investors, and market structure entities. We expect to publish a report in August 2014.</p>
<ol style="list-style-type: none"> 2. Develop an action plan to address specific key gaps or risks 	<p>This initiative is ongoing and will continue into the 2014-15 fiscal year. The timeline for completion will be longer than originally estimated. In 2014-15, we have committed to better understand the significant issues affecting these securities and those who invest in them, and to identify opportunities where changes to regulatory approaches could improve market transparency and better protect investor interests.</p> <p>In particular, we will focus on improving transparency in the corporate bond market.</p>

Goal 3: Deliver Effective Enforcement and Compliance

The Enforcement Branch established the new Joint Serious Offences Team (JSOT) to specifically target fraudulent and/or recidivist behaviour that harms retail investors. Several members of JSOT have been designated as special constables by the OPP which allows them to pursue offences and tools in the Criminal Code when working in conjunction with the police. The OSC is leveraging its enforcement resources through arrangements with the RCMP, OPP, the Ministry of the Attorney General (“MAG”) and the Ministry of Finance’s Forensic Data Recovery Unit.

During the year, Enforcement commenced 24 proceedings (seven were JSOT), compared to a total of 26 proceedings last fiscal year. Timelines from file opening to the commencement of both Commission and court proceedings improved to an average of 15.9 months versus 20.3 months in 2012-2013.

The OSC continued efforts to support and work with market participants to improve compliance. Staff issued a comprehensive report to help registrants understand and comply with regulatory obligations, noting trends in deficiencies from compliance reviews and suggesting practices to address these deficiencies. Frequently Asked Questions (FAQ) and responses relating to the introduction of the cost and performance reporting requirements under CRM2 were published in a CSA staff notice in February 2014 and guidance for market participants on planning for these new disclosures was issued in March 2014.

Priority 9: The OSC will vigorously pursue serious securities-related misconduct by bringing an increased number of criminal and quasi-criminal proceedings	
Success Measures :	
<ol style="list-style-type: none"> 1. More proceedings being commenced in provincial court 2. Feedback confirms public support for this approach 	
Action Plan	Progress against Action Plan/Target Outcomes
1. Identify the cases that should be investigated as quasi-criminal or <i>Criminal Code</i> offences, and use the appropriate tools available (e.g. temporary cease trade orders and freeze orders) in order to reduce financial crime	Special constables within the JSOT allow the team to pursue offences and use tools in the Criminal Code when working in conjunction with the police. <u>Accomplishments</u> JSOT initiated four quasi-criminal proceedings and three criminal proceedings during the fiscal year.
2. Align staff in specialized teams to build core expertise in criminal and quasi-criminal offences and make better use of technology to detect and halt unlawful activity	The Enforcement case referral process was refined to ensure that criminal and quasi-criminal cases are referred to JSOT, and are compliant with Charter concerns. JSOT was established to specifically target fraudulent and/or recidivist behaviour that may harm retail investors. <u>Accomplishments</u> An MOU has been signed with the Forensic Data Recovery Unit at the Ministry of Finance in order to assist with the search, seizure and analysis of digital evidence. The Evidence Management Tracking System is now in use.

<p>3. Reinforce key strategic alliances with appropriate policing agencies to strengthen and improve investigative tools applied to these cases</p>	<p><u>Accomplishments</u> A JSOT secondment agreement was established with MAG. A MAG crown counsel is currently working as part of JSOT, providing ongoing legal advice on a number of investigations. Secondment agreements with both the RCMP and the OPP were completed; currently two RCMP investigators and one OPP investigator are working in conjunction with JSOT.</p>
<p>Priority 10: Investors are at risk if advisors fail to provide suitable investment advice</p>	
<p>Success Measures :</p> <ol style="list-style-type: none"> 1. Reviews identify issues and result in improved compliance by registrants; highest risk areas with greatest harms are addressed 2. Positive feedback from stakeholders on the effectiveness of the compliance review program 	
<p>Action Plan</p>	<p>Progress against Action Plan/Target Outcomes</p>
<ol style="list-style-type: none"> 1. Complete focused compliance reviews on high risk areas/registrants <ol style="list-style-type: none"> a. Complete next steps in 2012-2013 compliance suitability sweep and publish results b. Publish guidance for registrants c. Make efficient and timely referrals of serious cases of unsuitable advice to Enforcement 	<p><u>Suitability Sweep</u> <u>Accomplishments</u> We conducted a targeted review of 42 portfolio managers (PMs) and 45 exempt market dealers (EMDs) to assess their compliance with suitability obligations (the “sweep”). Results of the sweep were published in an OSC staff notice and sent to registrants by email. The sweep results indicated that most firms were generally complying with their obligations, but additional work is required to increase the adequacy of suitability assessments.</p> <p>Guidance An educational seminar and two webinars on the “Overview of the Registration Process” were held, attracting approximately 210 attendees. Survey feedback was largely positive.</p> <p><u>Accomplishments</u> Based on the findings from the sweep, we issued a comprehensive report to help registrants understand and comply with their KYC, KYP and suitability obligations to investors. The report includes trends in deficiencies from compliance reviews and suggested practices to address these deficiencies. The FAQ for CRM2 relating to cost and performance disclosure was released in February 2014.</p> <p>Referrals <u>Accomplishments</u> Seven matters concerning significant compliance deficiencies and unregistered activities were referred to Enforcement. Two of these referrals were a direct result of findings from the suitability sweep. Based on findings in a prior sweep of all five registered scholarship plan dealers (SPDs), we referred four firms to Enforcement for non-compliance.</p>

Goal 4: Support and Promote Financial Stability

In collaboration with the CSA and other domestic and international regulators, the OSC made significant progress in advancing policy initiatives for the regulation of OTC derivatives which, until recently, have had relatively little oversight. A number of consultation papers, proposed rules, and amendments have been published this year, with more under development. Notably, we published the OSC Rule on Trade Repositories and Derivatives Data Reporting and received Ministerial approval.

Priority 11: Increasingly interconnected global financial markets present systemic risk to financial market stability	
Success Measures :	
1. Rules establishing an appropriate regulatory regime are published and progress on regime implementation is underway	
Action Plan	Progress against Action Plan/Target Outcomes
1. Develop rules for an OTC derivatives regulatory framework, including for clearing and trade reporting	<p>A CSA Consultation Paper on the regulation of key derivatives market participants was published for comment.</p> <p><u>Accomplishments</u></p> <p>Derivatives related rules published this year include:</p> <ul style="list-style-type: none"> • OSC Rule: 24-503 Clearing Agency Requirements and its Companion Policy • OSC Rule: 91-506 Derivatives: Product Determination and its Companion Policy • OSC Rule: 91-507 Trade Repositories and Derivatives Data Reporting and its Companion Policy • Proposed Model Provincial Rule: 91-304 Derivatives: Customer Clearing and Protection of Customer Collateral and Positions • Proposed Model Provincial Rule: 91-303 Mandatory Central Counterparty Clearing of Derivatives
2. Work with CSA colleagues to begin implementation of OTC derivatives regime	<p><u>Accomplishments</u></p> <p>OSC staff continued to work with our CSA colleagues on the implementation of the OTC derivatives regime notably the trade repositories and reporting rule.</p>

Goal 5: Run a Modern, Accountable and Efficient Organization

The OSC made progress on several automation initiatives such as e-Filing, e-Reporting, and e-Hearing. We conducted successful tests of our new e-Hearing system during an administrative hearing. Our focus on accountability for meeting service timelines was refreshed, and we published the “*OSC Service Commitment - Our Service Standards and Timelines*” early in 2014-2015.

OSC policy development processes underwent further change, as we focused on improving the data we use to support our policy decisions. We created a Regulatory Impact Analysis guide to assist staff in identifying and assessing potential impacts of policy initiatives at the early stages of policy development. We continued to apply a more rigorous assessment of proposed policy initiatives through an executive management level policy review committee.

Late in the year, we determined that it would be appropriate to offer limited, one-time relief to reduce participation fees for smaller registered firms and reporting issuers. We received applications from 10 reporting issuers and 15 registered firms with a total revenue impact to the OSC of approximately \$391,000.

The transition of services from CDS INC. to CGI Group Inc. for management of the national systems (SEDAR, SEDI and NRD) was delayed slightly but ultimately proceeded smoothly and with success.

Priority 12: Continued growth in the complexity of products, trading approaches and the interconnectedness of markets requires greater reliance on data and analysis to support OSC work	
Success Measures :	
<ol style="list-style-type: none"> 1. Improved impact analysis content in consultation documents and notices of rules 2. Visible use of data to support regulatory changes to the exempt market 3. Positive stakeholder feedback on the approach and quality of OSC’s policy and impact analysis 	
Action Plan	Progress against Action Plan/Target Outcomes
<ol style="list-style-type: none"> 1. Demonstrate the OSC's effective use of research, data and analysis through: <ol style="list-style-type: none"> a. Improved cost-benefit analysis in OSC rule proposals b. Clear examples of use of data and analytical approaches c. Identified market trends and risks d. Evidence of greater use of investor research in OSC policy development and decision-making 	<p>We progressed with initiatives to enhance automation, including e-Filing, e-Reporting, and e-Hearings. We conducted successful tests of the e-Hearing system during an administrative hearing. Areas for improvement were identified and are currently being addressed.</p> <p><i>Cost-benefit analysis in projects and policy-making</i></p> <p><u>Accomplishments</u></p> <p>A Regulatory Impact Analysis guide was developed to consistently identify and assess potential impacts of policy initiatives.</p> <p><i>Use of data and analysis</i></p> <p>Data analysis was done to identify and evaluate the relative pros and cons of time-weighted and dollar-weighted returns as part of the CRM2 initiative on cost and performance reporting.</p> <p><u>Accomplishments</u></p> <p>A compilation of data on capital-raising in Canada was published as an appendix to the capital raising proposals which contained updated statistics on the size of Ontario’s exempt market.</p> <p><i>Use of Investor Research in Decision-making</i></p> <p>Feedback obtained from stakeholders and investors contributed to</p>

	<p>policy formation. Roundtables were held to hear investor views and investor surveys were used to support investor views and policy rationales.</p> <p><u>Accomplishments</u></p> <p>Surveys and interviews were conducted to test investors' understanding of the proposed changes to Fund Facts, risk disclosure and performance reporting. This research resulted in changes to the final version of Fund Facts.</p> <p>Identification of Market Trends and Risks</p> <p>Staff prepared briefing notes covering topics such as Bank of Canada announcements and releases, relevant market research, and risk-focused reports issued by other regulators.</p> <p><u>Accomplishments</u></p> <p>An intranet site containing research and briefing materials was launched, including links to commonly used data sources.</p>
<p>Priority 13: The OSC needs to better demonstrate accountability for its operational performance</p>	
<p>Success Measures :</p> <ol style="list-style-type: none"> 1. Positive feedback from stakeholders on the impact and effectiveness of these initiatives 2. Improved performance measures reflected in 2014/2015 Statement of Priorities 	
<p>Action Plan</p>	<p>Progress against Action Plan/Target Outcomes</p>
<ol style="list-style-type: none"> 1. Commit to better reporting on performance: <ol style="list-style-type: none"> a. Publish a renewed service and accountability document b. Develop and implement clear performance measures for OSC activities c. Publish year end performance report using new measures 	<p>Fee Relief</p> <p>Staff determined that participation fee relief would be appropriate in certain circumstances for smaller registered firms and reporting issuers. The revenue impact of relief applications received from 110 reporting issuers and 15 registered firms totaled approximately \$391,000.</p> <p>Service and accountability document</p> <p><u>Accomplishments</u></p> <p>We published a revised document setting out our service standards and timelines as part of our commitment to be transparent and accountable for our work. The “<i>OSC Service Commitment - our service standards and timelines</i>” was published May 2014.</p> <p>Performance measures</p> <p>The 2013-2014 Annual Report will contain more detailed information about the work we do, including various measures relating to our core work activity. This report card also includes overall results of feedback we have received through various informal surveys conducted throughout the year.</p>

<p>Priority 14: The core CSA national systems need to be updated and a new service provider needs to be established</p>	
<p>Success Measures :</p> <ol style="list-style-type: none"> 1. Operation of current systems - seamless transition of the operation of the core CSA national systems to the new service provider with minimal disruption to stakeholders 2. Update systems - a vendor has been retained and the design of the replacement system is underway. At completion (post 2013-2014), improved functionality and user access at lower cost to market participants will be confirmed through positive stakeholder feedback 	
<p>Action Plan</p>	<p>Progress against Action Plan/Target Outcomes</p>
<ol style="list-style-type: none"> 1. Transition the operation of the core CSA national systems to the new service provider 	<p>As part of CSA systems governance, transition of services from CDS INC. to CGI Group Inc. for management of the CSA national systems (SEDAR, SEDI and NRD) was originally targeted to take place on October 12, 2013.</p> <p><u>Accomplishments</u></p> <p>Due to delays the date was extended to January 10, 2014. The transition was successful and systems were operational January 13, 2014.</p>
<ol style="list-style-type: none"> 2. Issue an RFP to design and build a new technology solution(s) to replace the core CSA national systems 	<p>CSA staff have begun working on the RFP for the redevelopment initiative.</p>

Annex A: Summary Survey Results from Consultation Sessions and Outreach Events

Policy Related Consultation Sessions, Guidance and Outreach Events

The OSC organized a number of panel discussions, roundtables, and seminars throughout the year. Some sessions were policy related consultations with stakeholders, and others were educational outreach events.

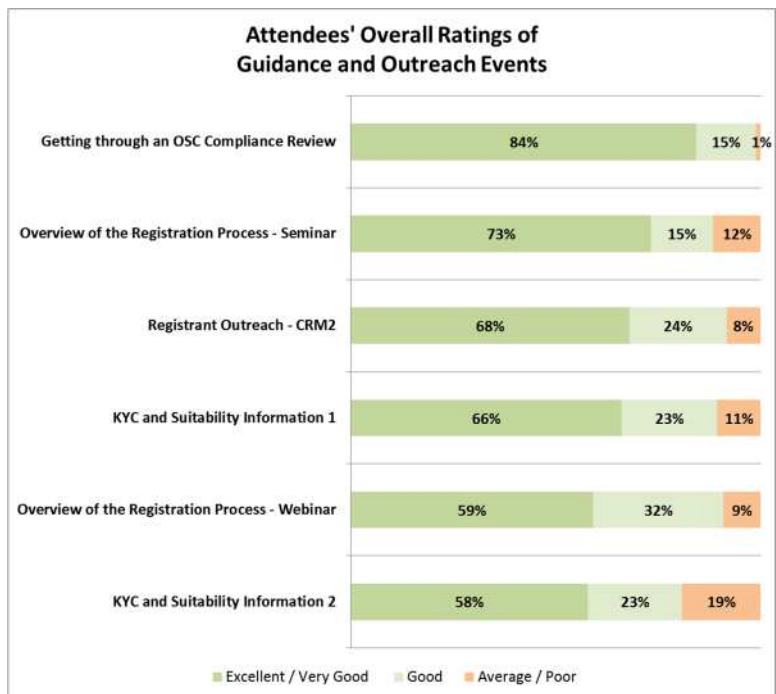
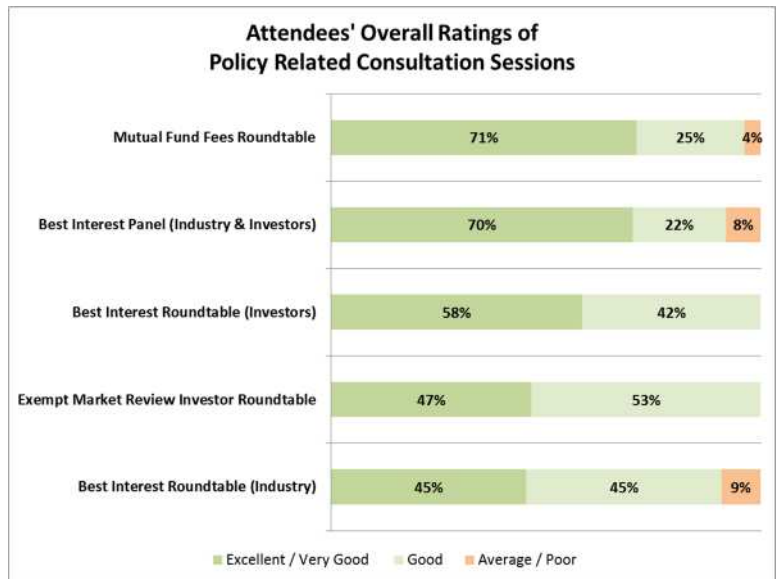
Consultation topics covered:

- Best Interest Roundtable (Industry)
- Best Interest Roundtable (Investors)
- Best Interest Panel (Industry & Investors)
- Exempt Market Investor Roundtable (on investing in SMEs, crowdfunding etc.)
- Mutual Fund Fees Roundtable

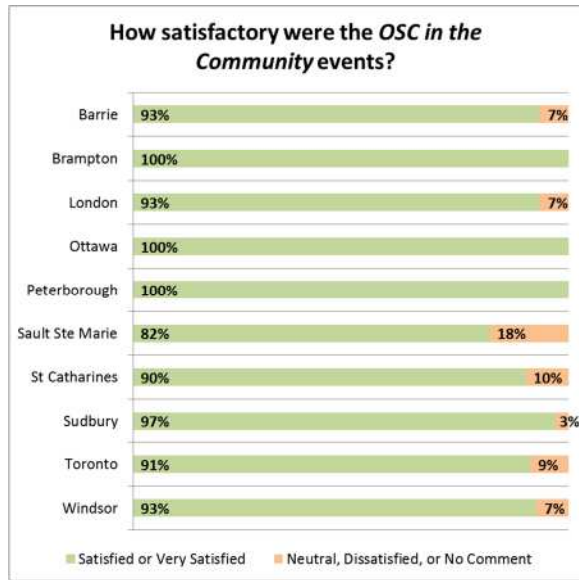
Guidance topics covered:

- Getting through an OSC Compliance Review
- Overview of the Registration Process – Seminar
- Overview of the Registration Process - Webinar
- Registrant Outreach - CRM2
- KYC and Suitability Information 1
- KYC and Suitability Information 2

Attendees were surveyed after each event to gauge the effectiveness of the sessions, and respondents provided feedback on content, delivery, and perceived usefulness of the discussions and information provided. The survey data provides us with insights into what areas to focus on for future events, to better tailor the sessions to stakeholder expectations. All the surveys requested general feedback and posed granular, content-specific questions. Respondents provided us with quantitative ratings as well as comments.



OSC in the Community Events



The OSC increased its visibility and awareness amongst key stakeholders across Ontario through the outreach program, OSC in the Community. Events were held in multiple cities including Barrie, Brampton, London, Ottawa, Peterborough, Sault Ste. Marie, St. Catharines, Sudbury, Toronto, and Windsor.

The events featured educational seminars with staff speakers from various Branches, as well as meetings with local officials, law enforcement and community organizations such as chambers of commerce.

Feedback from attendees indicated that most respondents thought the sessions were informative and useful. The overall ratings are derived from ratings based on perceived clarity and value of the presentations, as well as respondents' understanding of the OSC's role. The impact of these events on visibility and awareness can be most accessibly gauged by the proportion of attendees that had not known about the OSC, relative to those already previously aware.

