

ONTARIO SECURITIES COMMISSION (“OSC” or “Commission”)

Statement of Priorities for Financial Year to end March 31, 2024 and Response to Stakeholder Comments

The Statement of Priorities (SOP) sets out the annual priorities of the Commission in connection with its responsibilities under the Acts and related legislation, and related rules and regulations. The Statement of Priorities forms the core of the OSC’s Business Plan which is submitted annually to the Minister of Finance for approval.

The final Statement of Priorities for Financial Year ending on March 31, 2024 can be found within the [Business Plan for the Fiscal Years Ending 2024-2026](#), available on our website.

As part of the OSC’s commitment to transparency and accountability, the OSC solicited stakeholder feedback on the priorities outlined in its 2023-2024 Statement of Priorities – Draft for Comment on November 22, 2022. The OSC would like to thank stakeholders for their time and effort to provide comment on the draft SoP. [20 comment letters](#) responding to the Statement of Priorities, were received and are available on our website.

The comments were generally supportive of the overall direction of the OSC goals and proposed priorities, including an emphasis by respondents on the importance of:

- Advancing work on environmental, social, and governance disclosures
- Finalizing and implementing total cost reporting amendments
- Considering broader diversity disclosure requirements
- Incorporating Indigenous Peoples’ issues and perspectives into securities regulation
- Implementing the New Single Enhanced Self-Regulatory Organization (New SRO)
- Continuing to expand investor focused education, policy, and research activities
- Strengthening the Ombudsman for Banking Services and Investments (OBSI) as an independent dispute resolution service
- Strengthening oversight and enforcement in the Crypto Asset sector

The SoP has been updated to provide clarifications for certain items raised by commenters, as well as to reflect the finalization of the OSC’s business planning process or provide updates to initiatives since publication of the draft SoP. Key changes made to the draft SoP and incorporated into the final SoP for the upcoming fiscal year include:

- Revising the actions and planned outcomes for incorporating Indigenous Peoples’ issues and perspectives into policy work
- Clarifying the OSC’s role in overseeing the implementation of the office of the investor and the investor advisory panel of the New SRO and the Canadian Investor Protection Fund (CIPF).
- New action to support broader diversity on OSC advisory committees.
- Highlighting actions the OSC is taking to pursue policy and regulatory initiatives that are responsive to investor research findings.

A high-level summary of key comment areas and the OSC’s responses are set out below:

1. *Feedback received included valuable input to address the lack of Indigenous representation in securities regulation and highlighted that diversity initiatives must not combine Indigenous people into a ‘catch-all’ ethnic diversity category.*

The OSC is committed to engaging with Indigenous Peoples and organizations who are advocating for greater inclusion of Indigenous perspectives in securities regulation. We will continue to broaden our engagement as we advance our understanding of how to best approach this work.

As part of the OSC's initiative on diversity on corporate boards and in executive officer positions, the OSC plans to take steps to develop a better understanding of the needs of, and the regulatory impacts on, Indigenous Peoples through further engagement with Indigenous organizations.

2. *Commenters highlighted the importance of the OSC's role in ensuring a successful implementation of the New SRO and the need to clearly communicate its public interest mandate.*

The OSC is committed to overseeing the implementation of the positions set out in Canadian Securities Administrators (CSA) Position Paper 25-404 *New Self-Regulatory Organization Framework* following the launch of the New SRO effective January 2023. This includes formal investor input mechanisms such as the office of the investor and investor advisory panel, mechanisms to formally engage with investor groups to obtain broader input on the design and implementation of applicable policy proposals and rulemaking, the implementation of the new Canadian Investor Protection Fund (CIPF) and coordinating new oversight programs with the CSA.

3. *Commenters suggested the actions related to investor education and research should be more specific and often align more to core operational work than a priority initiative.*

Ongoing investor engagement, education, outreach, and research continues to be an important focus of our core day-to-day work through the Investor Office. In addition, the SoP aims to highlight high-level actions planned to respond to emerging trends. This ensures we have the flexibility to respond throughout the year by engaging in timely research and providing investors with educational tools and resources they need.

4. *Commenters highlighted the importance of moving forward with climate-related disclosures, while continuing to address international developments and standards was noted by many of the respondents. Comments received also encouraged the OSC to continue to prioritize compliance action.*

In October 2022, the CSA announced that they are actively considering international developments and how they may impact or further inform the proposed climate-related disclosure rule published in [October 2021](#). The ongoing assessment of key international climate-related rule proposals is intended to inform a CSA rule that serves the needs of Canadian capital markets, has considered international consensus, responds to Canadian investor needs, and reflects the realities of Canadian issuers. This work remains a priority for the OSC and updates will be provided as work progresses.

CSA Staff Notice 51-364 *Continuous Disclosure Review Program Activities for the fiscal years ended March 31, 2022 and March 31, 2021* noted that CSA staff have observed an increase in issuers making potentially misleading, unsubstantiated or otherwise incomplete claims about business operations or the sustainability of a product or service being offered, conveying a false impression commonly referred to as "greenwashing". OSC staff continue

to review climate-related disclosures as part of the OSC's continuous disclosure review program.

CSA Staff Notice 81-334 *ESG Related Investment Fund Disclosure* provided guidance on the disclosure practices of investment funds as they relate to environmental, social and governance considerations to help tackle "greenwashing". OSC staff continue to review prospectus and continuous disclosure in accordance with this notice.

5. *Commenters expressed disappointment with the lack of progress to strengthen the Ombudsman for Banking Services and Investments (OBSI) as an independent dispute resolution service and urged the OSC to address the recommendations made in the independent evaluation of OBSI's investment mandate.*

The OSC is focused on improving investor access to redress for losses, including by working with our CSA colleagues to establish a binding authority framework that is fair, efficient, and accessible. The CSA is developing a proposal for comment that contemplates providing OBSI with the authority to make binding awards and anticipates issuing the proposal for public comment later this year.

The OSC strongly supports the work of the independent evaluators, which found that OBSI meets and exceeds its obligations under the Memorandum of Understanding among the CSA and OBSI. Along with other members of the Joint Regulators Committee, the OSC is analyzing the recommendations made in the independent evaluation and OBSI's action plans in considering next steps.

6. *Commenters requested additional transparency and the highlighted a need for public consultation in the development of regulatory requirements for the Crypto Asset sector.*

The OSC, together with the CSA, is closely monitoring this industry. There are CSA publications on the [OSC website](#) outlining the application of securities laws to the issuance and trading of various crypto assets. In addition, there has been consultation with individual crypto trading platforms (CTPs) by the CSA as platforms bring their operations into compliance.

The existing regulatory framework is robust enough to be applied to the crypto asset industry. Requirements laid out in the current terms and conditions are existing regulatory requirements that are being applied in a tailored approach to address the specific risks raised by the CTPs' activities, until such time as the CTPs become members of the New SRO. However, recent insolvencies involving CTPs have raised serious investor protection concerns. Therefore, the CSA has taken an enhanced approach to oversight, including requiring the signing of pre-registration undertakings (PRU) by each unregistered CTP while they pursue their application for registration with Canadian securities regulators.

In addition, the OSC, together with the CSA, is developing a regulatory framework with appropriate safeguards for how investment funds invest in crypto assets. As part of this development, public consultation will be an important element.

7. *There was concern expressed that the OSC is not properly considering stakeholder feedback from consultations on alternate delivery models for issuer regulatory and continuous disclosure filings and that proposed amendments are at the expense of investor protection.*

The proposed alternate delivery models for corporate finance reporting issuers and investment fund issuers are intended to benefit investors and issuers by modernizing the way certain

documents are made available to investors. Working with our CSA colleagues, we have engaged in extensive consultation on these proposals and, as indicated in our related key priority, we will continue to consider stakeholder feedback. Consistent with our policy project framework, where revisions or delays to original proposals are needed to address reasonable stakeholder concerns, we will take appropriate action. As a key reminder, under the proposed models, investors will retain the ability to receive paper copies of these documents on request or pursuant to standing instructions.

In addition to feedback on the specific priorities identified above, respondents also highlighted a range of other items and issues including:

8. *Concern that the OSC's expanded mandate, to foster competitive capital markets and capital formation, conflicts with its mandate for investor protection and that the SoP does not reflect enough priorities focused on investor protection.*

Investor protection remains a top priority in all initiatives and actions we undertake, including within our day-to-day core regulatory and operational work.

Consistent with the *Ontario Securities Act*, all components of the OSC's mandate are assessed on a holistic basis. This ensures that the significance of the mandate components in any decision or recommendation is balanced. This balancing exercise is tailored to the facts and circumstances of each initiative under consideration.

9. *The need to monitor and enforce the implementation of Client Focused Reforms (CFRs) to ensure that firms are complying with and properly interpreting the rules. In particular, several respondents highlighted the need to consider whether firms are addressing the conflicts of interest associated with proprietary product shelves in the best interest of clients and to report on the findings and issue guidance if necessary.*

The OSC continues to prioritize its core regulatory operations, which includes ongoing compliance and oversight related to the implementation of the CFRs. We continue to work with our CSA and New SRO colleagues to ensure that the implementation of the CFRs, as well as the compliance and enforcement of the new rules, are harmonized across all jurisdictions and type of registrant. In particular, our compliance focus, along with the CSA and New SRO has been examining certain registrants' implementation of the conflicts of interest requirements in the CFRs, including examining how registrants have addressed the conflicts of interest associated with offering proprietary products in the best interest of clients. As the OSC, CSA and New SRO continue to conduct compliance sweeps and reviews, we will publish best practices and further guidance to assist registrants with meeting the requirements under the CFRs and address any concerning practices or findings that we may see in these reviews, as appropriate.

10. *Questions as to why there was no specific reference in the SOP as to the results and recommendations of the 2021 Value-for-Money (VFM) Audit by the Office of the Auditor General of Ontario.*

As previously noted in our [2023-2025 Business Plan](#), the action plan to implement VFM recommendations was included in the detailed business plans of relevant branches. The implementation of VFM recommendations continues to be an input into the detailed business plans of relevant branches and is supported by our strategic goals and priority initiatives.

While the 2023-2024 SoP includes our highest priority areas, we will continue to consider other important initiatives and issues identified by various respondents. Many suggestions are already addressed within our branch business plans or will be considered for future work.

The OSC remains committed to policy development that balances the desire to be timely with the need to achieve harmonized outcomes that best meet the needs of Ontario investors and market participants. The OSC remains focused on its core regulatory work, but as business needs evolve, the OSC may take on additional priorities or reprioritize initiatives during the year in response to emerging issues and changing market conditions.