

# INVESTOR ADVISORY PANEL

July 24, 2023

The Secretary  
Ontario Securities Commission  
20 Queen Street West  
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Toronto, Ontario M5H 3S8  
Email: [comments@osc.gov.on.ca](mailto:comments@osc.gov.on.ca)

## **Re: CSA Notice and Request for Comment - Proposed Amendments and Proposed Changes to Implement an Access-Based Model for Investment Fund Reporting Issuers**

On behalf of the Ontario Securities Commission's Investor Advisory Panel ("IAP"), I am pleased to provide this submission regarding *CSA Notice and Request for Comment – Proposed Amendments and Proposed Changes to Implement an Access-Based Model for Investment Fund Reporting Issuers* ("the proposed AED concept"). We recognize that the comment period closed on December 22, 2022, but we wish to bring forward for consideration policy issues, comments and perspectives that have emerged from our investor consultation activities and the potential implications for investors. The themes are consistent with those that we articulated in our July 2022 [letter](#) to the Commission.

### **Overview**

We strongly support the goal of delivering information to investors in a manner that is efficient, effective and environmentally responsible. We also support the goal of reducing costs and unnecessary burdens for reporting issuers. However, these goals are not mutually exclusive. Reduced costs and burdens on reporting issuers remain possible while simultaneously ensuring investor protection is not diminished. The proposed AED concept must be elevated beyond its current design to accomplish these goals. It should be brought entirely up to date by integrating push notification tools that better accord with the way information is conveyed and consumed today.

Furthermore, technological skills and access to data networks must remain top of mind when implementing an AED model – an *access-based model* requires investors to actually be able to *access* the information. Based on these considerations, we recommend the following:

1. An electronic delivery system should provide a push notification to investors;
2. Push notification systems should provide hyperlinks for directly downloading the disclosure document as a PDF;
3. There should be instructions in plain language explaining how to access a reporting issuer's materials; and
4. The regulations should standardize how websites display information for investors, to simplify access for investors.

### **Recommendation 1: Push notification system**

Electronic delivery should require the implementation of a push notification system. As we indicated previously, electronic delivery requirements must ensure investors are aware that there is disclosure available to review. While access may equal delivery in a purely technical sense, with the proposed AED concept, the burden of document delivery falls unfairly on investors, as they will need to find information that may be critical to their investments. Unfortunately, many investors are not well-equipped to access the necessary information, and it is often the most financially vulnerable individuals who are least likely to be able to find the information.

Providing email push notifications to investors would ensure they are properly notified of disclosure documents, which would in turn reduce the burden on investors. A push notification remains a cost-effective means for implementing an AED model without placing undue hardship on the investing public.

### **Recommendation 2: Direct access**

As we articulated in February 2020, in our response to CSA Consultation Paper 51-405:

[D]elivery of these documents in electronic format should not ... simply [be a] directive, leaving investors to search out the document on SEDAR or on the website of the issuer. Rather, delivery should mean that the investor is provided with an electronic link directly to the document together with the ability to download the document in PDF format.

While our recommendation for push notifications allows investors to be notified of disclosure, providing an easy means for investors to access this information is an important element. Investors should not be burdened with searching for disclosure. Instead, this information should be easily accessible by an investor through a link to a PDF.

### **Recommendation 3: Plain language instructions for accessing disclosure**

While some investors can understand complex instructions for accessing information, many cannot. In line with existing securities legislation, information which describes where to find disclosure should be true, plain and complete. This should be mandated both for instructions on downloading electronic PDFs and for requesting hard copies of disclosure documentation. Doing so ensures that more vulnerable investors and those with less technical knowledge can access the information necessary for making sound investment decisions.

### **Recommendation 4: Standardization of websites**

As we suggested in July 2022, in our response to CSA's request for comment regarding *Access Equals Delivery Model for Non-Investment Fund Reporting Issuers*, we remain steadfast in recommending the following feature:

[S]ome standardization be mandated for the location and presentation of these documents on issuers' websites, so investors are not forced to hunt through an idiosyncratic labyrinth of web pages to find documents on each issuer's site.

Ensuring websites are easily navigable and similar to those of other issuers ensures that investors with fewer technological skills can find important information. Websites can be complex and difficult to navigate. Standardizing modes for accessing information on websites ensures investors can access the information disclosed. It also allows investor-focused groups to be able to create standardized guides for accessing disclosure information to assist the most vulnerable investors.

## **Conclusion**

An AED disclosure model reduces costs and environmental impacts. However, the model is only effective if investors can access the information. Therefore, (a) a push notification system, (b) direct access to PDFs, (c) true, plain and complete instructions for downloading and requesting disclosure documents, and (d) the standardization of websites are necessary components for providing access to investors.

As we stated in our July 2022 comment letter to the CSA:

While we understand the challenges for reporting issuers to communicate effectively with beneficial owners, we believe that AED is an opportunity to advance the electronic delivery of disclosure documents across the board for the benefit of issuers and investors alike. The regulatory endorsement of a transition to [push notification systems] would recognize how investors are "increasingly accessing and consuming information electronically" and would be "consistent with the general evolution of our capital markets". This would also help regulators further facilitate innovation in the capital markets.

We thank you for providing this critical opportunity to comment on the transition to AED models. We are happy to provide further clarification of anything discussed in our comment letter should the need arise.

Regards,

A handwritten signature in black ink, appearing to read 'Ilana Singer', with a stylized, cursive script.

Ilana Singer  
Chair, Investor Advisory Panel