

B.6.2 OSC Notice and Request for Comment – Proposed Amendments to OSC Rule 25-501 (Commodity Futures Act) Designated Benchmarks and Benchmark Administrators and Proposed Changes to Companion Policy 25-501 (Commodity Futures Act) Designated Benchmarks and Benchmark Administrators

OSC NOTICE AND REQUEST FOR COMMENT

**PROPOSED AMENDMENTS TO
ONTARIO SECURITIES COMMISSION RULE 25-501 (COMMODITY FUTURES ACT)
DESIGNATED BENCHMARKS AND BENCHMARK ADMINISTRATORS
AND
PROPOSED CHANGES TO
COMPANION POLICY 25-501 (COMMODITY FUTURES ACT)
DESIGNATED BENCHMARKS AND BENCHMARK ADMINISTRATORS**

May 30, 2024

Introduction

Today, the Ontario Securities Commission (the **OSC** or **we**) is publishing for a 90-day comment period:

- proposed amendments to Ontario Securities Commission Rule 25-501 (Commodity Futures Act) *Designated Benchmarks and Benchmark Administrators* (**OSC Rule 25-501**), and
- proposed changes to Companion Policy 25-501 (Commodity Futures Act) *Designated Benchmarks and Benchmark Administrators* (the **CP**).

The text of the proposed amendments to OSC Rule 25-501 (the **Proposed Amendments**) and the proposed changes to the CP (the **Proposed Changes**) is contained in Annex A and Annex B, respectively, of this Notice.

We are issuing this Notice to solicit comments on the Proposed Amendments and the Proposed Changes. We welcome all comments on the Proposed Amendments and the Proposed Changes and also invite comments on the specific questions set out in Annex C of this Notice.

The Proposed Amendments and the Proposed Changes are based on, and consistent with, proposed amendments and changes to Multilateral Instrument 25-102 *Designated Benchmarks and Benchmark Administrators* (**MI 25-102**) and Companion Policy 25-102 *Designated Benchmarks and Benchmark Administrators* that were published today by certain members of the Canadian Securities Administrators (the **CSA**) in a CSA Notice and Request for Comment (the **CSA Notice**). OSC Rule 25-501 and the Proposed Amendments are required in Ontario because MI 25-102, and the proposed amendments to MI 25-102, would not apply to Ontario commodity futures law.

Background

Currently, MI 25-102 and OSC Rule 25-501 provide a comprehensive regime for the designation and regulation of benchmarks and their administrators, and the regulation of benchmark contributors and of certain benchmark users of designated benchmarks.

The members of the CSA that adopted MI 25-102 also entered into a memorandum of understanding (the **MOU**)¹ respecting the oversight of designated benchmarks and designated benchmark administrators, including the processing of applications for designation. The MOU outlines the manner in which the jurisdictions will cooperate and coordinate their efforts to oversee designated benchmarks and designated benchmark administrators in order to achieve consistency, efficiency and effectiveness in the overall oversight approach, as well as the efficient and effective processing of applications for designation.

To date, the OSC and the Autorité des marchés financiers (**AMF**) have designated:

- the Canadian Dollar Offered Rate (**CDOR**)² as a designated critical benchmark and a designated interest rate benchmark and Refinitiv Benchmark Services (UK) Limited (**RBSL**) as its designated benchmark administrator for purposes of MI 25-102 and OSC Rule 25-501, and

¹ A copy of the MOU is at https://www.osc.ca/sites/default/files/2021-05/mou_20210527_designated-benchmarks.pdf

² CDOR will cease to be published after June 28, 2024. It is expected that market participants will use the Canadian Overnight Repo Rate Average (**CORRA**) as the alternative reference rate for most instruments that currently reference CDOR. CORRA is an interest rate benchmark administered by the Bank of Canada. Term CORRA is only intended to replace CDOR for certain instruments (Term CORRA's use will be limited through its licensing agreements to trade finance, loans and derivatives associated with loans).

- Term CORRA as a designated interest rate benchmark and CanDeal Benchmark Administration Services Inc. as its designated benchmark administrator for purposes of MI 25-102 and OSC Rule 25-501.

Under the MOU, the OSC and the AMF are co-lead authorities of these designated benchmarks and designated benchmark administrators. No other members of the CSA have designated any benchmarks or benchmark administrators at this time.

Substance and Purpose

The Proposed Amendments will revise the requirements in OSC Rule 25-501 for assurance reports (the **Revised Assurance Report Requirements**).

The Revised Assurance Report Requirements are intended to address technical issues encountered by accounting firms that were engaged to prepare assurance reports in 2022 for RBSL as the designated benchmark administrator of CDOR and the six Canadian banks that are benchmark contributors to CDOR.

- These technical issues related to the manner in which MI 25-102 and OSC Rule 25-501 defined limited assurance reports and referenced the Canadian Standards on Assurance Engagements 3000, 3001, 3530 and 3531.
- While CSA staff provided guidance in 2022 on how the accounting firms could address the technical issues for purposes of preparing that year's assurance reports, we are now proposing the Revised Assurance Report Requirements to provide greater certainty to the parties that are required to prepare these reports.
- We sought to ensure that the Revised Assurance Report Requirements will also work for accounting firms that apply International Standard on Assurance Engagements 3000.

In addition, the Revised Assurance Report Requirements would apply to any designated benchmark that is not a designated commodity benchmark, a designated critical benchmark or a designated interest rate benchmark (e.g., if a securities regulatory authority were to designate a crypto asset benchmark that is not a commodity benchmark or a term rate benchmark that is not an interest rate benchmark).

Summary of the Proposed Amendments and the Proposed Changes

The Proposed Amendments are set out in Annex A and the Proposed Changes are set out in Annex B.

Revised Assurance Report Requirements

We have proposed to amend the assurance report provisions in OSC Rule 25-501 that apply in respect of designated commodity benchmarks, designated critical benchmarks and designated interest rate benchmarks. For this purpose, we have proposed to repeal or replace certain definitions in OSC Rule 25-501 and add new definitions to OSC Rule 25-501.

Furthermore, we have proposed an additional assurance report provision (new section 13.1 of OSC Rule 25-501) that would apply to any designated benchmark that is not a designated commodity benchmark, a designated critical benchmark or a designated interest rate benchmark (e.g., if the OSC were to designate a crypto asset benchmark that is not a commodity benchmark or a term rate benchmark that is not an interest rate benchmark).

We have also proposed changes to the CP to reflect the Revised Assurance Report Requirements.

Other

The Proposed Amendments and the Proposed Changes also include certain clarifications to other language in OSC Rule 25-501 and CP, respectively.

Since the Proposed Amendments are based on, and consistent with, proposed amendments to MI 25-102, for additional information, see the CSA Notice.

Anticipated Costs and Benefits of the Proposed Amendments and the Proposed Changes

In Ontario, a designated benchmark or designated benchmark administrator would be designated under both the *Securities Act* (Ontario) and the *Commodity Futures Act* (Ontario) (the **CFA**) and would be subject to the requirements of both MI 25-102 and OSC Rule 25-501. This is necessary to ensure benchmark regulation is comprehensive and addresses both Ontario securities laws and Ontario commodity futures laws.

OSC Rule 25-501 and the Proposed Amendments are based on, and consistent with, MI 25-102 and the proposed amendments to MI 25-102 in the CSA Notice. Therefore, the Proposed Amendments are not expected to create any incremental costs because

B.6: Request for Comments

a designated benchmark administrator or a benchmark contributor to a designated benchmark would be subject to substantively similar requirements under the proposed amendments to MI 25-102 set out in the CSA Notice.

For additional information, see Annex F of the CSA Notice in Ontario, which sets out the OSC's detailed description of the anticipated costs and benefits of the proposed amendments to MI 25-102.

Overall, the OSC is of the view that the regulatory costs of the Proposed Amendments and the Proposed Changes are proportionate to the benefits that would be realized by impacted market participants and the broader Canadian market.

Unpublished Materials

In developing the Proposed Amendments and the Proposed Changes, we have not relied on any significant unpublished study, report or other written materials.

Impact on Investors

As a designated benchmark administrator or a benchmark contributor to a designated benchmark would be subject to substantively similar requirements under the proposed amendments to MI 25-102 set out in the CSA Notice, the Proposed Amendments are not expected to have any additional impact on investors. The impact on investors (*i.e.*, a subset of benchmark users) of the proposed amendments to MI 25-102 is included in Annex F of the CSA Notice in Ontario.

Alternatives Considered

Other than the status quo, no alternatives to the Proposed Amendments were considered. The status quo was not considered an appropriate alternative for the reasons set out under the heading "Alternatives Considered" in Annex F of the CSA Notice in Ontario.

Authority for the Proposed Amendments

The rule making authority for the Proposed Amendments is provided in paragraph 34 to 39 of subsection 65(1) of the CFA.

Request for Comments

We welcome your comments on the Proposed Amendments and the Proposed Changes and also invite comments on the specific questions set out in Annex C of this Notice. Please submit your comments in writing on or before August 28, 2024. Please send your comments by email. Your submissions should be provided in Microsoft Word format.

We cannot keep submissions confidential because applicable legislation requires publication of the written comments received during the comment period. All comments received will be posted on the OSC website at osc.ca. Therefore, you should not include personal information directly in comments to be published. It is important that you state on whose behalf you are making the submission.

Deliver your comments **only** to the address below.

The Secretary
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
comment@osc.gov.on.ca

Contents of Annexes:

This Notice includes the following Annexes:

- Annex A: Proposed Amendments to OSC Rule 25-501 (Commodity Futures Act) *Designated Benchmarks and Benchmark Administrators*
- Annex B: Proposed Changes to Companion Policy 25-501 (Commodity Futures Act) *Designated Benchmarks and Benchmark Administrators*
- Annex C: Specific questions relating to the Proposed Amendments

Questions

Please refer your questions to any of the following:

Michael Bennett
Senior Legal Counsel, Corporate Finance
Ontario Securities Commission
mbennett@osc.gov.on.ca

Melissa Taylor
Senior Legal Counsel, Corporate Finance
Ontario Securities Commission
mtaylor@osc.gov.on.ca

Darren Sutherland
Senior Accountant, Corporate Finance
Ontario Securities Commission
dsutherland@osc.gov.on.ca

ANNEX A

PROPOSED AMENDMENTS TO
ONTARIO SECURITIES COMMISSION RULE 25-501 (COMMODITY FUTURES ACT)
DESIGNATED BENCHMARKS AND BENCHMARK ADMINISTRATORS

1. ***Ontario Securities Commission Rule 25-501 (Commodity Futures Act) Designated Benchmarks and Benchmark Administrators is amended by this Instrument.***
2. ***Subsection 1(1) is amended by repealing the definitions of “CSAE 3000”, “CSAE 3001”, “CSAE 3530”, “CSAE 3531”, “ISAE 3000”, “limited assurance report on compliance”, and “reasonable assurance report on compliance”.***
3. ***Subsection 1(1) is amended by adding the following definition before the definition of “subject requirements”:***

“reasonable assurance report on controls” means a report prepared on a reasonable assurance basis

 - (a) by a public accountant on the statement of an individual or management of a person or company, as applicable, that
 - (i) relates to the description, design and implementation of policies, procedures and controls by the individual or management with respect to applicable subject requirements, and
 - (ii) states whether those policies, procedures and controls operated effectively over the applicable period, and
 - (b) in accordance with
 - (i) the Handbook, or
 - (ii) International Standards on Assurance Engagements set by the International Auditing and Assurance Standards Board, as amended from time to time;.
4. ***Subsection 1(1) is amended in the definition of “subject requirements” by adding the following paragraph:***

(a.0) paragraphs 13.1(1)(a) and (b),.
5. ***Paragraph 5(2)(b) is amended by replacing “a public accountant’s limited assurance report on compliance or a reasonable assurance report on compliance” with “or a reasonable assurance report on controls”.***
6. ***Paragraphs 7(8)(f) and 7(8)(g) are amended by replacing “public accountant’s limited assurance report on compliance or reasonable assurance report on compliance” with “reasonable assurance report on controls”.***
7. ***The following section is added:***

Assurance report on designated benchmark administrator

13.1(1) A designated benchmark administrator must engage a public accountant to provide a reasonable assurance report on controls, in respect of each designated benchmark it administers that is not a designated critical benchmark, a designated interest rate benchmark or a designated commodity benchmark, relating to the designated benchmark administrator’s

 - (a) compliance with sections 5, 8 to 16, and 26, and
 - (b) following the methodology of the designated benchmark.

(2) A designated benchmark administrator must ensure that an engagement referred to in subsection (1) occurs

 - (a) in the case of the first engagement, within 12 months of the designation of the benchmark, and
 - (b) in the case of any subsequent engagement, once every 24 months.

(3) A designated benchmark administrator must require the public accountant to provide the reasonable assurance report on controls to the designated benchmark administrator within 90 days of the end of the 12 months or 24 months referred to in subsection (2).

- (4) For purposes of subsection (1), the applicable period for the report is
 - (a) in the case of the first report for a designated benchmark, the period commencing 3 months before the end of the 12 months referred to in paragraph (2)(a) and ending on the last day of that 12 months, and
 - (b) in the case of any subsequent report for a designated benchmark, the period commencing 12 months before the end of the 24 months referred to in paragraph (2)(b) and ending on the last day of those 24 months.
- (5) A designated benchmark administrator must, within 100 days of the end of the 12 months or 24 months referred to in subsection (2), publish the report and deliver a copy of the report to the Director..

8. Paragraphs 24(4)(f), 24(5)(a) and (b) and 26(3)(b) are amended by replacing “limited assurance report on compliance or reasonable assurance report on compliance” with “reasonable assurance report on controls”.

9. Section 32 is repealed and the following substituted:

Assurance report on designated benchmark administrator

- 32.(1)** A designated benchmark administrator must engage a public accountant to provide a reasonable assurance report on controls, in respect of each designated critical benchmark it administers, relating to the designated benchmark administrator’s
 - (a) compliance with sections 5, 8 to 16 and 26, and
 - (b) following the methodology of the designated critical benchmark.
- (2) A designated benchmark administrator must ensure that an engagement referred to in subsection (1) occurs once every 12 months.
- (3) A designated benchmark administrator must require the public accountant to provide the reasonable assurance report on controls to the designated benchmark administrator within 90 days of the end of the 12 months referred to in subsection (2).
- (4) For purposes of subsection (1), the applicable period for the report is
 - (a) in the case of the first report for a designated critical benchmark, the period commencing 3 months before the end of the 12 months referred to in subsection (2) and ending on the last day of those 12 months, and
 - (b) in the case of any subsequent report for a designated critical benchmark, the period commencing on the first day of the 12 months referred to in subsection (2) and ending on the last day of those 12 months.
- (5) A designated benchmark administrator must, within 100 days of the end of the 12 months referred to in subsection (2), publish the report and deliver a copy of the report to the Director..

10. Section 33 is repealed and the following substituted:

Assurance report on benchmark contributor requested by oversight committee

- 33.(1)** If requested by the oversight committee referred to in section 7 as a result of a concern relating to a benchmark contributor to a designated critical benchmark, the benchmark contributor must engage a public accountant to provide a reasonable assurance report on controls relating to the benchmark contributor’s
 - (a) compliance with section 24, and
 - (b) following the methodology of the designated critical benchmark.
- (2) A benchmark contributor must require the public accountant to provide the reasonable assurance report on controls to the benchmark contributor within 90 days of the request of the oversight committee referred to in subsection (1).
- (3) For purposes of subsection (1), the applicable period for the report is 3 months, 6 months, 9 months or 12 months as specified in the request of the oversight committee.

- (4) A benchmark contributor must, within 100 days of the request of the oversight committee referred to in subsection (1), deliver a copy of the report to
 - (a) the oversight committee,
 - (b) the board of directors of the designated benchmark administrator, and
 - (c) the Director..

11. Section 36 is repealed and the following substituted:

Assurance report on designated benchmark administrator

- 36.(1)** A designated benchmark administrator must engage a public accountant to provide a reasonable assurance report on controls, in respect of each designated interest rate benchmark it administers, relating to the designated benchmark administrator's
 - (a) compliance with sections 5, 8 to 16, 26 and 34, and
 - (b) following the methodology of the designated interest rate benchmark.
- (2)** A designated benchmark administrator must ensure that an engagement referred to in subsection (1) occurs
 - (a) in the case of the first engagement
 - (i) in the case of a designated interest rate benchmark with a benchmark contributor, within 6 months after the later of
 - (A) the introduction of a code of conduct for a benchmark contributor referred to in section 23, and
 - (B) the designation of the benchmark, or
 - (ii) in the case of a designated interest rate benchmark without a benchmark contributor, within 12 months of the designation of the benchmark, and
 - (b) in the case of any subsequent engagement, once every 24 months.
- (3)** A designated benchmark administrator must require the public accountant to provide the reasonable assurance report on controls to the designated benchmark administrator within 90 days of the end of the 6 months, 12 months or 24 months referred to in subsection (2).
- (4)** For purposes of subsection (1), the applicable period for the report is
 - (a) in the case of the first report for a designated interest rate benchmark, the period commencing 3 months before the end of the 6 months or 12 months referred to in paragraph (2)(a) and ending on the last day of those 6 months or 12 months, and
 - (b) in the case of any subsequent report for a designated interest rate benchmark, the period commencing 12 months before the end of the 24 months referred to in paragraph (2)(b) and ending on the last day of those 24 months.
- (5)** A designated benchmark administrator must, within 100 days of the end of the 6 months, 12 months or 24 months referred to in subsection (2), publish the report and deliver a copy of the report to the Director..

12. Subsection 37 is repealed and the following substituted:

Assurance report on benchmark contributor requested by oversight committee

- 37.(1)** If requested by the oversight committee referred to in section 7 as a result of a concern relating to a benchmark contributor to a designated interest rate benchmark, the benchmark contributor must engage a public accountant to provide a reasonable assurance report on controls relating to the benchmark contributor's
 - (a) compliance with sections 24 and 39, and
 - (b) following the methodology of the designated interest rate benchmark.

- (2) A benchmark contributor must require the public accountant to provide the reasonable assurance report on controls to the benchmark contributor within 90 days of the request of the oversight committee referred to in subsection (1).
- (3) For purposes of subsection (1), the applicable period for the report is 3 months, 6 months, 9 months or 12 months as specified in the request of the oversight committee.
- (4) A benchmark contributor must, within 100 days of the request of the oversight committee referred to in subsection (1), deliver a copy of the report to
 - (a) the oversight committee,
 - (b) the board of directors of the designated benchmark administrator, and
 - (c) the Director..

13. Subsection 38 is repealed and the following substituted:

Assurance report on benchmark contributor required at certain times

- 38.(1)** A benchmark contributor to a designated interest rate benchmark must engage a public accountant to provide a reasonable assurance report on controls relating to the benchmark contributor's
 - (a) compliance with sections 24 and 39,
 - (b) following the methodology of the designated interest rate benchmark, and
 - (c) following the code of conduct referred to in section 23.
- (2) A benchmark contributor must ensure that an engagement referred to in subsection (1) occurs
 - (a) in the case of the first engagement, 6 months after the later of
 - (i) the introduction of a code of conduct for benchmark contributors referred to in section 23, and
 - (ii) the designation of the benchmark, and
 - (b) in the case of any subsequent engagement, once every 24 months.
- (3) A benchmark contributor must require the public accountant to provide the reasonable assurance report on controls to the benchmark contributor within 90 days of the end of the 6 months or 24 months referred to in subsection (2).
- (4) For purposes of subsection (1), the applicable period for the report is
 - (a) in the case of the first report for a designated interest rate benchmark, the period commencing 3 months before the end of the 6 months referred to in paragraph (2)(a) and ending on the last day of those 6 months, and
 - (b) in the case of any subsequent report for a designated interest rate benchmark, the period commencing 12 months before the end of the 24 months referred to in paragraph (2)(b) and ending on the last day of those 24 months.
- (5) A benchmark contributor must, within 100 days of the end of the 6 months or 24 months referred to in subsection (2), deliver a copy of the report to
 - (a) the oversight committee referred to in section 7,
 - (b) the board of directors of the designated benchmark administrator, and
 - (c) the Director..

14. Paragraphs 39(8)(b) and 40.11(3)(b) are amended by replacing “limited assurance report on compliance or reasonable assurance report on compliance” with “reasonable assurance report on controls”.

15. Subsection 40.13 is repealed and the following substituted:

Assurance report on designated benchmark administrator

- 40.13.(1)** A designated benchmark administrator must engage a public accountant to provide a reasonable assurance report on controls, in respect of each designated commodity benchmark it administers, relating to the designated benchmark administrator's
- (a) compliance with subsection 5(1) and sections 11 to 13, 40.3, 40.4, 40.6, 40.7, and 40.9 to 40.12, and
 - (b) following the methodology applicable to the designated commodity benchmark.
- (2)** A designated benchmark administrator must ensure that an engagement referred to in subsection (1) occurs once every 12 months.
- (3)** A designated benchmark administrator must require the public accountant to provide the reasonable assurance report on controls to the designated benchmark administrator within 90 days of the end of the 12 months referred to in subsection (2).
- (4)** For purposes of subsection (1), the applicable period for the report is
- (a) in the case of the first report for a designated commodity benchmark, the period commencing 3 months before the end of the 12 months referred to in subsection (2) and ending on the last day of that 12 months, and
 - (b) in the case of any subsequent report for a designated commodity benchmark, the period commencing on the first day of the 12 months referred to in subsection (2) and ending on the last day of that 12 months.
- (5)** A designated benchmark administrator must, within 100 days of the end of the 12 months referred to in subsection (2), publish the report and deliver a copy of the report to the Director..

16. This Instrument comes into force on ●.

ANNEX B

PROPOSED CHANGES TO
COMPANION POLICY 25-501 (COMMODITY FUTURES ACT)
DESIGNATED BENCHMARKS AND BENCHMARK ADMINISTRATORS

1. ***Companion Policy 25-501 (Commodity Futures Act) Designated Benchmarks and Benchmark Administrators is changed by this Document.***
2. ***Subsection 1(1) with the heading of “Definition of input data” is changed by replacing “s. 1(3)” with “subsection 1(3)”.***
3. ***Subsection 1(1) with the heading of “Definitions of limited assurance report on compliance and reasonable assurance report on compliance” is replaced with the following:***

Subsection 1(1) – Definition of reasonable assurance report on controls

A “reasonable assurance report on controls” must be prepared in accordance with the applicable Canadian Standard on Assurance Engagements (CSAE) under the Handbook or the applicable International Standard on Assurance Engagements (ISAE). The applicable CSAE and ISAE require that any public accountant that prepares such a report be independent.

In the Rule, “Handbook” has the meaning set out in National Instrument 14-101 *Definitions*.

A reasonable assurance report on controls is required, as applicable, by sections 13.1, 32, 33, 36, 37, 38 and 40.13 of the Rule.

- The definition of “reasonable assurance report on controls” refers to “applicable subject requirements”. The term “subject requirements” is defined in subsection 1(1) of the Rule and refers to paragraphs 13.1(1)(a) and (b), 32(1)(a) and (b), 33(1)(a) and (b), 36(1)(a) and (b), 37(1)(a) and (b), 38(1)(a), (b) and (c) and 40.13(1)(a) and (b) of the Rule.
 - The reference to “12 months” in subsections 32(2) and 40.13(2) of the Rule refers to any period of 12 consecutive months and does not need to correspond to a calendar year or a financial year of a designated benchmark administrator.
 - The definition of “reasonable assurance report on controls” refers to “applicable period” (which is relevant for the reference to “the applicable period for the report” in subsections 13.1(4), 32(4), 33(3), 36(4), 37(3), 38(4) and 40.13(4) of the Rule).
 - In the case a reasonable assurance report on controls requested by an oversight committee under section 33 or 37 of the Rule, the oversight committee would specify the beginning and the end of the applicable period for the report, as contemplated by subsection 33(3) and 37(3) of the Rule, respectively..
4. ***Subsection 36(1) with the heading of “Assurance report for designated interest rate benchmark” is changed by replacing the first paragraph with the following:***

Subsection 36(1) of the Rule provides that a designated benchmark administrator must engage a public accountant to provide a reasonable assurance report on controls, relating to the designated benchmark administrator's compliance with certain sections of the Rule and following the methodology of each designated interest rate benchmark it administers..
 5. ***Part 8.1 is changed***
 - (a) ***in the sixth bullet of the first paragraph under the heading of “Publication of information” by replacing “limited assurance report or a reasonable assurance report” with “reasonable assurance report on controls”.***
 - (b) ***in the second paragraph under the heading “Subsections 40.1(3) and (4) – Dual designation as a commodity benchmark and a regulated-data benchmark” by replacing “an assurance report” with “a reasonable assurance report on controls”.***
 6. ***Section 40.13 with the heading of “Assurance report on designated benchmark administrator” is deleted.***
 7. These changes become effective on •.

ANNEX C

SPECIFIC QUESTIONS RELATING TO THE PROPOSED AMENDMENTS

Revised Assurance Report Requirements

1. The Proposed Amendments provide that a reasonable assurance report on controls must consider whether controls operated effectively over “the applicable period”. For the first reasonable assurance report on controls to be provided for a designated critical benchmark or a designated interest rate benchmark, the applicable period is specified to be a 3-month “look back” period. Is the proposed 3-month “look back” period an appropriate period for the first reasonable assurance report on controls to be so provided?
2. Proposed subsections 33(2) and 37(2) of OSC Rule 25-501 provide that a benchmark contributor must ensure that a reasonable assurance report on controls is provided by a public accountant to the benchmark contributor within 90 days of a request of the oversight committee. Is the proposed 90-day period a sufficient period of time? Should it be a shorter period?³

New assurance report provision

3. By way of background,
 - the assurance report provisions in the existing version of OSC Rule 25-501 only apply to designated commodity benchmarks, designated critical benchmarks and designated interest rate benchmarks, and
 - the Proposed Amendments include a new assurance report provision (proposed section 13.1 of OSC Rule 25-501) that would apply to any other benchmark that is designated by a decision of a securities regulatory authority (e.g., a crypto asset benchmark that is not a commodity benchmark or a term rate benchmark that is not an interest rate benchmark).

In this context, do you:

- (a) agree that proposed section 13.1 of OSC Rule 25-501 is appropriate, or
 - (b) have alternative proposals for a different type of assurance report that may be more appropriate for a crypto asset benchmark but still provide a sufficient level of assurance for a public accountant to conclude on the operating effectiveness of controls?
4. What issues would an accounting firm encounter in providing an assurance report on a crypto asset benchmark that it would not otherwise face when providing an assurance report on a commodity benchmark or an interest rate benchmark?

³ It has been suggested that a shorter period may be appropriate in certain situations where the oversight committee makes a request for a reasonable assurance report on controls following the emergence of a problem or material issue that the oversight committee has identified or become aware of.