

ONTARIO  
SECURITIES  
COMMISSION

# Annual Report **2023-2024**

## About the OSC

The Ontario Securities Commission (OSC) is a self-funded Crown agency responsible for overseeing Ontario's capital markets.

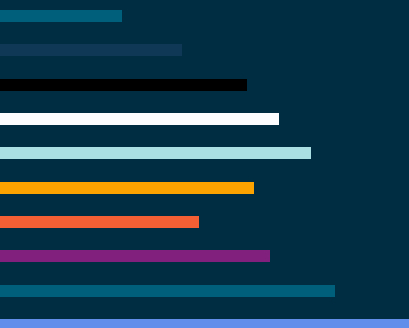
We contribute to the health and performance of Ontario's economy by using our rule-making and enforcement powers to help safeguard investors, deter financial misconduct, and direct participants involved in capital markets in Ontario. We regulate market participants, including firms and individuals who sell securities and derivatives, firms that provide investment advice in Ontario, and public companies. We also regulate marketplaces and exchanges.

The Ontario Securities Commission administers and enforces the Securities Act and the Commodity Futures Act and carries out the powers, duties, and functions given to it under the Securities Commission Act, 2021 and any other act, including the Business Corporations Act.

This report covers the fiscal year from April 1, 2023, to March 31, 2024.

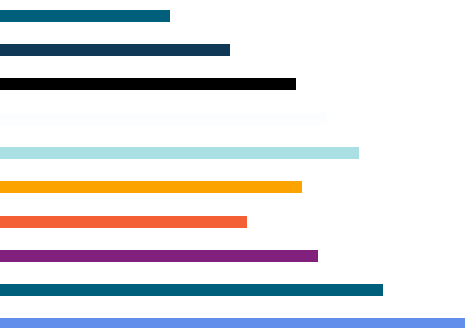
## OSC Mandate

The mandate of the OSC is to protect investors from unfair, improper or fraudulent practices, to foster fair, efficient and competitive capital markets and confidence in the capital markets, to foster capital formation, and to contribute to the stability of the financial system and the reduction of systemic risk.



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# OSC At a Glance in 2023–2024

## Preparing for a dynamic future

- Developed a new **six-year strategic plan** that sets out how the OSC will approach its work to become a more agile, responsive and proactive regulator and achieve the best outcomes for Ontario investors and capital markets participants.
- Supported **capital formation while maintaining strong investor protection** by:
  - extending the pilot project that **expands investment opportunities** for sophisticated Ontario investors,
  - removing outdated dealer proficiency requirements for alternative mutual funds, and
  - permanently accelerating market access and flexibility for well-known seasoned issuers.
- Launched **SEDAR+**, a new national filing and disclosure system that consolidates multiple systems and databases into one publicly searchable site.
- Redesigned our key investor resource [GetSmarterAboutMoney.ca](https://www.getsmarteraboutmoney.ca) with artificial intelligence tools, enhanced accessibility, and design features informed by behavioural science.

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## Maintaining a stable regulatory foundation

- **Oversaw 2,954 public companies**, 4,517 investment funds, 1,348 registered firms, and 70,272 registered individuals across Ontario.
- Approved **five dual-registered firms**, enabling mutual fund and investment dealers to operate within one legal entity under the newly formed Canadian Investment Regulatory Organization (CIRO).
- Processed a **record 114,954 individual registration applications** and information filings, up 48% from last year.
- Reviewed **262 public company prospectuses and 319 prospectuses** from investment funds and structured products.

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## Responding to an evolving industry

- Highlighted the **potential impacts** of [digital engagement practices for retail investors](#) and [new artificial intelligence \(AI\) applications](#) in research reports.
- Proposed amendments to provide greater regulatory clarity for public crypto asset funds, introduced rules for holding and trading VRCAs (also known as stablecoins), and **worked with international partners to develop a consistent regulatory framework for the crypto industry**.
- Concluded two enforcement matters related to crypto companies, resulting in a **\$1.5-million settlement** in one case and **over \$190,000 in investor restitution** and a prison sentence in the other.
- Published **updated guidance for ESG-related investment funds** as part of ongoing efforts to combat greenwashing, including 128 fund reviews between January 2022 and March 2024.
- Held **27 stakeholder consultations**, six targeted sessions with Indigenous groups, and a public roundtable to gain feedback on expanded disclosure rules for diversity on boards and in executive officer positions.

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## Protecting investors and market integrity

- Proposed a **new regulatory framework** for an independent dispute resolution service with the power to make binding compensation decisions to secure redress for harmed investors.
- **Updated the total cost reporting rules** for investment funds to provide investors with more information about the fees and costs they pay.
- Assessed **858 cases** in the Enforcement division, with 321 files transferred for disruption (including warnings and public alerts), 44 files referred to other OSC areas or external agencies/organizations, and 18 transferred for further investigation.
- Pursued Enforcement actions that resulted in the Capital Markets Tribunal issuing **96 administrative sanctions** and \$81.6 million in monetary penalties, more than triple the level of the previous year.
- Reached more than 30,000 Ontario residents through **124 investor education outreach events**, including 54 events for seniors and 57 events for multicultural communities.

# Message from the CEO

This was a consequential year for the OSC as we charted a new course for the organization and produced strong results in our ongoing efforts to deliver on our mandate.

As the evolving capital markets landscape challenges traditional models of regulation, the OSC is taking important steps to become a more agile, responsive, and proactive regulator. During the year we developed a comprehensive strategic plan that will position our organization to be effective long into the future, while maintaining our strong oversight of Ontario's capital markets and our focus on protecting investors.

## A clear plan for the future

The OSC's new six-year strategic plan, released in May 2024, sets out a robust response to the changes we have seen in today's capital markets including rapid technological innovation, changing investor demographics, and shifting preferences in how investors interact with our market. While this report covers OSC activity up to March 31, 2024, the strategic plan became effective April 1 and is an important document in laying out our work for the coming years.

At the centre of our plan is a clear vision statement — working together to make Ontario's capital markets inviting, thriving and secure. Our aspirational vision is underpinned by six strategic goals that address key focus areas aimed at achieving the best outcomes for Ontario investors and businesses over the long term.

Our strategic plan builds upon several years of transformation and modernization at the OSC, including key changes to our structure and governance model that will help facilitate the achievement of the goals we have laid out. This overarching strategic plan will inform business planning and the annual Statement of Priorities that guides us year to year.

I congratulate our exceptional team of professionals at the OSC on their work throughout the year to contribute to the strategic planning process in addition to managing

high volumes in their day-to-day regulatory activities. For example, the OSC processed nearly 50 percent more individual registration applications and information filings than last year. We met or exceeded 99 percent of our service standards overall, as detailed in this report.

## Enhancing safety and security

Investor protection is essential for public confidence in our capital markets and remains at the heart of what we do at the OSC.

In April 2023, the Canadian Securities Administrators (CSA) published new rules to improve the transparency of fees and costs to holders of investment funds. We are closely monitoring implementation of this total cost reporting disclosure; investors deserve to have a complete picture of what they are paying for their investments, including management fees and trading expenses.

We also continue to review the implementation of the Client Focused Reforms (CFR) by investment firms and advisors, insisting that clients' interests come first. In August, we shared our findings from our review of firms' conflict of interest practices and provided supportive guidance to aid compliance. Together with our regulatory partners at the Canadian Investment Regulatory Organization (CIRO), we are reviewing firms' compliance with all CFR obligations to ensure those who offer investment advice and other investment services meet these critical standards of conduct.

Another important advancement was the CSA's publication of a proposed regulatory framework that would give binding authority to an independent dispute resolution service. Canadian investors deserve a fair, efficient, and meaningful system of redress that aligns Canada with international best practices for dispute resolution and investor protection. We have heard from industry and investors about our proposal, and we continue to refine our approach.

While we work to improve fairness and transparency, we remain committed to pursuing misconduct in our markets through innovative enforcement tools and programs. Our Whistleblower Program continued to deliver results this year, including a \$1.5 million award in February to a whistleblower for information that was crucial to a successful enforcement action. We are working to implement a tougher and more visible response to capital markets misconduct through a range of enhancements to our enforcement capabilities as one of our strategic goals.

## Keeping up with a changing market

Ontario's dynamic capital markets demand thoughtful oversight with the right balance to foster capital formation and promote innovation while protecting investors and market integrity.

In September, we took actions that made it easier for well-known seasoned issuers to raise capital by selling shares to the public on an accelerated basis. These issuers are widely followed and have extensive disclosure records supporting faster access to the market.

This year we also published a report on the first cohort of OSC TestLab, a program in which the OSC works with businesses to test novel solutions to capital markets challenges in a controlled environment. Seven participating businesses experimented with ways to make product information more accessible, improve information sharing with clients, and enhance registrant-client relationships. TestLab offers the OSC insights into the opportunities and obstacles for regulatory technology (RegTech) innovation in Ontario. The report details steps that the OSC will take to support RegTech, including promoting greater collaboration among innovators, regulators, and market participants. We look forward to the next cohort, which focuses on enhancing capital formation for early-stage businesses.

As we work to keep pace with innovation, we produced a report on the use of artificial intelligence (AI) in Ontario's capital markets. The report outlines the transformative potential of AI across a broad range of use cases in the financial sector, including trade processing, forecasting, and risk management. It also highlights the need for responsible governance, risk management and regulatory collaboration to manage this fast-evolving area and mitigate the potential for unintended consequences or malicious use.

With ongoing volatility in the crypto asset space, the OSC with the CSA issued important guidance in respect of value-referenced crypto assets (VRCAs), commonly called "stablecoins." This guidance aims to create a safer environment for trading VRCAs, to help ensure these assets are backed by real value, and to mitigate risks to investors.

We also took important steps in our ongoing efforts to regulate the growing derivatives market in Canada. This included a business conduct rule, adopted in September, which sets out expectations and best practices for the trading of derivatives. This rule is meant to ensure that companies trading derivatives do so fairly and responsibly, avoiding conflicts of interest and ensuring they give suitable advice to clients. We also published for comment proposed changes to our derivatives fee rules, to ensure that all market participants contribute fairly to the regulatory costs associated with maintaining market integrity. We will continue to focus on this area as we align Canada's regulations with global standards.

The OSC continues to look at broader questions of market structure and solicit feedback from stakeholders on key issues. The CSA's consultation on short-selling practices and impacts on the Canadian market, undertaken jointly with CIRO, has yielded valuable insights. We are conducting further review of short selling issues to determine whether any changes may be appropriate in the Canadian context.

## Giving investors the information they need

Ensuring that investors have access to accurate, timely and comparable information to inform their investment choices is a key priority for the OSC.

We are actively participating in the global dialogue to establish baseline standards for climate-related disclosures that investors are demanding. With the CSA, we are considering the feedback received from the Canadian Sustainability Standards Board consultation as well as international developments, such as the Securities and Exchange Commission's (SEC) climate-related disclosures rule to inform our work. We aim to develop a robust and effective climate disclosure framework that considers the unique characteristics of the Canadian market.

During the year we also issued guidance for investment funds on disclosure practices that relate to environmental, social, and governance (ESG) factors. With sustained public interest in ESG investing, we want to avoid the potential for misleading disclosure about the environmental impact of a company's products or operations – so-called greenwashing – and bring greater clarity and consistency to ESG-related fund disclosure and sales communications.

We also held the latest in a series of roundtables on diversity beyond gender for board and executive officer positions of public companies. The event in September brought together more than 400 virtual and in-person stakeholders to discuss an approach to broader diversity reporting and how to align with local and international market developments. This roundtable is part of our ongoing work on the CSA's diversity reporting proposal, and we continue to incorporate feedback from stakeholders to refine our approach. We seek to adopt diversity disclosures that are agreed upon by all CSA jurisdictions.

Our February report on digital engagement practices, specifically focusing on dark patterns in retail investing, raises awareness of how certain design features on investing platforms may not align with investors' best interests. These insights are crucial for both investors and regulators to understand how platforms can induce investors to act against their own interest in the decisions they are induced to make.

The launch of SEDAR+ represents a significant milestone in modernizing our key technology platforms, intended to offer a more secure system for filing and accessing disclosure documents. We continue to work on improving the user experience and efficiency of the system to enable a more streamlined process for regulatory compliance, acknowledging, however, that implementation has been challenging for many users. We are working continually to improve this experience.

## Looking ahead with confidence

Our new strategic plan sets the stage for the OSC to respond faster and more effectively to developments in today's capital markets by focusing our attention and resources on key priority areas. The organizational structure we put in place will allow us to be more forward-looking, agile, and able to work across disciplines to address emerging issues and support the successful achievement of our six-year strategic plan.

This plan is not just a roadmap for the next six years; it is a commitment to continuous improvement and excellence in our regulatory practices. I would like to thank the OSC's exceptionally talented and dedicated staff and executive team for their commitment to public service, and to enhancing the long-term effectiveness of the OSC and Ontario's capital markets. I would also like to thank the Chair of the Board, Kevan Cowan, and the entire Board of Directors for their ongoing support and guidance that has been instrumental in our accomplishments this year, and in shaping our strategic direction.

I also extend my gratitude to Minister Bethlenfalvy and Ministry of Finance staff for their expertise, confidence in the OSC and ongoing support for our work. Together, we are setting the foundation for continued success and working to ensure that Ontario's robust and diverse capital markets remain an important competitive advantage.

As always, our progress this year could not have happened without the energy and engagement of our many valued stakeholders who took the time to provide input on important issues and policy areas. As we move forward, we will continue to engage with them to shape our priorities, ensuring our actions are aligned with the needs of Ontario's investors and businesses.

**D. Grant Vingoe**  
Chief Executive Officer



# Leadership

## Executive Team

(as of April 1, 2024)

### **D. Grant Vingoe**

Chief Executive Officer

### **Leslie Byberg**

Executive Vice President, Strategic  
Regulation

### **Deana Djurdjevic**

Chief Operations Officer

### **Sonny Randhawa**

Executive Vice President, Regulatory  
Operations

### **Naizam Kanji**

General Counsel and Executive Vice  
President, Legal

# Inclusion and Diversity

Inclusion and diversity are fundamental values at the OSC, and we continue to build on our vision of creating an environment where all employees feel safe, valued, respected, and empowered by ensuring a culture of equity, inclusivity, and diversity.

Understanding the diverse backgrounds and perspectives of our colleagues enables us to harness the full spectrum of talents and experiences, driving innovation and creativity.

Collecting demographic and inclusion data informs our metrics and guides evidence-based strategies for strengthening our workforce, ensuring our programs are designed in ways that are equitable and inclusive to meet our colleagues' different needs. Publishing our diversity metrics is an important part of our commitment to transparency.

A diverse workforce is critical to ensuring we are agile and innovative while continuing to achieve our mandate, supporting and protecting participants in Ontario's capital markets.

## Partnerships

As part of its commitment to diversity, the OSC partners with external organizations to provide access to programming and opportunities including training, educational speakers, mentorship, and networking. Partnerships are critical to the OSC to attract and retain diverse talent as well as connect with the communities in which we work.

Our current partners include Pride at Work, the Canadian Center for Diversity and Inclusion (CCDI), Ascend Canada, and the BlackNorth Initiative.

In July 2020, the OSC joined over 200 corporations in signing the BlackNorth CEO Pledge to commit to ending anti-Black systemic racism in Canada and supporting other organizations in achieving the same objectives. In 2024, we expanded our partnership with BlackNorth to become a Signature Membership Partner.

## Gender Disclosure

(as of March 31, 2024)

We follow the best practices of corporate governance for public companies, where appropriate for a regulatory body. This includes the policies outlined in [National Instrument 58-101 Disclosure of Corporate Governance Practices](#) relating to women on boards and in executive officer positions, which were implemented in December 2014 by the OSC and other CSA members.

	2023-2024				2022-2023			
	Women		Men		Women		Men	
	(#)	(%)	(#)	(%)	(#)	(%)	(#)	(%)
Board of Directors <sup>1</sup>	4	44%	5	56%	4	44%	5	56%
Senior Executives (CEO, EVPs, COO)	2	50%	2	50%	2	50%	2	50%
Executive Management Team <sup>2</sup>	10	50%	10	50%	10	43%	13	57%
Adjudicators	5	42%	7	58%	5	50%	5	50%

## Diversity Disclosure

(as of March 31, 2024)

We follow the diversity disclosure recommended by the *Canada Business Corporations Act* (CBCA) concerning women, Indigenous peoples (First Nations, Inuit and Métis), persons with disabilities, and members of visible minorities on our board of directors, executive committee, senior management and Adjudicators.

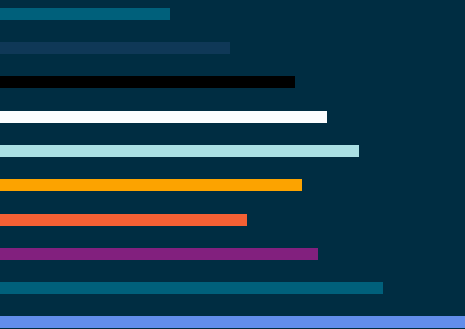
	Indigenous Peoples		Persons with Disabilities		Members of Visible Minorities		Members of Visible 2SLGBTQI+	
	(#)	(%)	(#)	(%)	(#)	(%)	(#)	(%)
Board of Directors <sup>1</sup>	1	11%	0	0%	2	22%	1	11%
Senior Executives (CEO, EVPs, COO)	0	0%	0	0%	1	25%	0	0%
Executive Management Team (including executives, directors, and other senior leaders)	0	0%	1	5%	5	26%	0	0%
Adjudicators	0	0%	0	0%	1	13%	1	13%

Data is collected from a voluntary survey and may not be representative of the diversity of OSC leadership.

<sup>1</sup> Not including directors appointed after March 1, 2024.

<sup>2</sup> Includes executives and other senior leaders.

# OSC Governance



# Message from the Board Chair

This is an exciting time at the OSC, following a productive year with progress on a wide range of regulatory work and the planning of a bold new vision and strategy that signals the beginning of the next chapter of the organization's storied history.

The Board was highly engaged in the development of the new strategic plan as part of its key accountabilities. Financial markets and financial market innovation and disruption continue to change at an accelerating pace. The time is right for a bold plan to help us move from reacting to change in our capital markets, to more consistently getting ahead of it. We employed a rigorous process in developing the strategy over the course of several months. Informed by the invaluable input from a wide range of stakeholders, we conducted extensive research and market analysis to land on the right priorities and areas of focus.

This productive and collaborative process reflects the close connection between the OSC's Board, leadership, and staff, all of whom were instrumental in developing the strategy and will be critical to its successful execution. The process was an opportunity to enhance those already strong relationships as we prepare to meet the needs of Ontario's dynamic capital markets.

Throughout the strategy development process, we had an excellent dialogue with Minister Bethlenfalvy and his team at the Ministry of Finance. We are grateful for their support and engagement in our shared vision for strong and effective capital markets that help facilitate Ontario's economic success. We continue to collaborate closely as the OSC moves from planning to implementation over the coming years.

The Board has tremendous confidence in the OSC's executive team and staff under the leadership of CEO Grant Vingoe at this important time for the organization. I congratulate Grant on his five-year extension in the role and look forward to working with the dedicated team at the OSC with a shared sense of purpose.

This year also saw some significant changes to our roster of directors. On behalf of the Board, I would like to extend my deepest gratitude to outgoing members Dieter Jentsch, Frances Kordyback, and Cindy Tripp, for the dedication and commitment they showed during their tenure. They have each been instrumental in shaping the OSC's new strategic direction, and their contributions will have a lasting impact on Ontario's capital markets.

I am pleased to welcome Kelley McKinnon, Patricia Olasker and Steven Wolff to the OSC Board of Directors. Their collective expertise and deep understanding of many aspects of the capital markets will be invaluable as the OSC embarks on this journey.

With new perspectives on our Board of Directors, an updated strategic plan, and an excellent leadership team in place, the OSC is well positioned to adapt to developments in our capital markets and respond quickly to changing conditions. I look forward to the work ahead.

**Kevan Cowan**  
Chair of the Board

# OSC Governance

## Governance

The Ontario Securities Commission is committed to excellence in our governance practices. That commitment is supported by clear roles and responsibilities, effective processes and reporting, and extensive strategic planning and stakeholder engagement.

The OSC follows the best practices of corporate governance for public companies, where appropriate for a regulator. We aim to continuously advance and innovate our governance framework.

The [OSC Charter of Governance](#) details the organizational structure and governing authority of the organization, including Board appointments and committees.

## The Board of Directors

The Board of Directors is responsible for the overall stewardship of the OSC, including strategic planning and annual budgets, financial review, reporting and disclosure, risk assessment and internal controls and board governance. The Board manages or supervises the management of the Ontario Securities Commission's affairs, other than matters relating to the Capital Markets Tribunal's adjudicative functions.

The OSC Board includes a maximum of eleven directors appointed by the Lieutenant Governor in Council on the recommendation of the Minister of Finance, plus the CEO. The Board Directors other than the CEO are independent of management. The Chair of the Board is designated by the Lieutenant Governor in Council from among the independent Board Directors.

## Board Directors

(as of March 31, 2024)

**Kevan Cowan**, Chair

**D. Grant Vingoe**, Chief Executive Officer

**Mary Anne De Monte-Whelan**

**Jennifer Fang**

**Dieter Jentsch**

**David R. Lewis**

**Kelley McKinnon**

**Patricia Olasker**

**Hari Panday**

**Elizabeth Cynthia (Cindy) Tripp**

**Steven R. Wolff**

## Board Committees

(as of April 3, 2024)

### Audit and Finance Committee

Hari Panday, Committee Chair

Jennifer Fang

Dieter Jentsch

### Governance and Nominating Committee

Cindy Tripp, Committee Chair

Kevan Cowan

Dieter Jentsch

Hari Panday

### Human Resources and Compensation Committee

David Lewis, Committee Chair

Kevan Cowan

Mary Anne De Monte-Whelan

Jennifer Fang

### Risk Committee

Mary Anne De Monte-Whelan, Committee Chair

David Lewis

Cindy Tripp

## Board Director Meeting Attendance

(April 1, 2023, to March 31, 2024)

Member	Type of Meeting (including regular and special meetings)					
	Regulatory	Governance	Audit and Finance Committee	Governance and Nominating Committee	Human Resources and Compensation Committee	Risk Committee
Kevan Cowan (Chair) <sup>3</sup>	15/15	14/15		9/9	7/7	
Mary Anne De Monte-Whelan	15/15	15/15			7/7	9/9
Jennifer Fang	15/15	15/15	8/8		7/7	
Dieter Jentsch	15/15	12/15	8/8	8/9		
Frances Kordyback	15/15	15/15	8/8			8/9
David R. Lewis	15/15	15/15			7/7	9/9
Kelley McKinnon <sup>4</sup>	1/1	1/1				
Patricia Olasker <sup>5</sup>						
Hari Panday	14/15	14/15	8/8	9/9		
Elizabeth Cynthia Tripp	15/15	15/15		9/9		9/9
D. Grant Vingoe (CEO) <sup>6</sup>	14/15	15/15				
Steven R. Wolff <sup>4</sup>	1/1	1/1				
<b>Total Attendance</b>	<b>99%</b>	<b>96%</b>	<b>100%</b>	<b>97%</b>	<b>100%</b>	<b>97%</b>

<sup>3</sup> The Chair is entitled to attend all meetings of the Board's standing committees, but attendance is reported only where the Chair is a member of a committee.

<sup>4</sup> Appointed by Order in Council effective March 7, 2024.

<sup>5</sup> Appointed by Order in Council effective March 21, 2024.

<sup>6</sup> The CEO is not a member of the Board's standing committees but is entitled to attend committee meetings, subject to conflict-of-interest considerations.



## Appointee Remuneration

April 1, 2023 to March 31, 2024

	Term of Appointment		Total Remuneration Accrued in Fiscal Year 2023–24
	First Appointed	Term Expiry	
<b>Board Directors</b>			
<b>Appointees (Full-time)</b>			
D. Grant Vingoe (CEO) <sup>7</sup>	April 2022	December 2029	\$ 697,970
<b>Appointees (Part-time)</b>			
Kevan Cowan (Chair)	January 2022	April 2027	\$ 80,420
Mary Anne De Monte-Whelan	February 2019	April 2025	\$ 58,764
Jennifer Fang	January 2022	April 2027	\$ 34,692
Dieter Jentsch	January 2022	April 2024	\$ 21,712
Frances Kordyback <sup>8</sup>	February 2020	March 2024	\$ 42,716
David Lewis	January 2022	April 2027	\$ 39,702
Kelley McKinnon	March 2024	March 2026	\$ 1,416
Patricia Olasker	March 2024	March 2026	\$ 0
Hari Panday	January 2022	April 2027	\$ 34,456
Elizabeth Cynthia Tripp	January 2022	April 2024	\$ 30,719
Steven R. Wolff	March 2024	March 2026	\$ 1,888
<b>Total Board Director Remuneration</b>			<b>\$ 1,044,455</b>

Board Director Appointee (Part-time) remuneration is based on the rates in [Order in Council 550/2022](#) and CEO remuneration is set in [Order in Council 812/2022](#).

<sup>7</sup> D. Grant Vingoe's appointment as CEO by the Lieutenant Governor in Council expired on April 29, 2024. Under the *Securities Commission Act, 2021*, the Board reappointed D. Grant Vingoe as CEO for a term beginning April 29, 2024 and ending December 31, 2029.

<sup>8</sup> Resigned March 25, 2024, with continued participation in a section 144 application pursuant to section 4.3 of the *Statutory Powers Procedure Act*.

## Appointee Remuneration

April 1, 2023 to March 31, 2024

	Term of Appointment		Total Member Remuneration for Fiscal 2022-23 <sup>9</sup>
	First Appointed	Term Expiry	
<b>Capital Markets Tribunal Adjudicators</b>			
<b>Appointee (Full-time)</b>			
Timothy Moseley (Chief Adjudicator)	April 2022	April 2025	\$ 478,338
<b>Appointees (Part-time)</b>			
Sandra Blake	April 2022	April 2027	\$ 130,020
Andrea Burke	April 2022	April 2027	\$ 159,964
Mary Condon	September 2023	September 2025	\$ 26,398
Geoffrey (Geoff) D. Creighton	April 2022	April 2027	\$ 85,892
James (Jim) D. G. Douglas	April 2022	April 2026	\$ 109,926
William (Bill) Furlong	April 2022	April 2026	\$ 67,768
Russell G. Juriansz	April 2022	April 2027	\$ 115,442
Dale R. Ponder	April 2022	April 2026	\$ 110,320
Cathy Singer	April 2022	April 2025	\$ 76,830
Jane Waechter	September 2023	September 2025	\$ 46,492
M. Cecilia Williams	April 2022	April 2025	\$ 120,564
<b>Total Adjudicator Remuneration</b>			<b>\$ 1,527,954</b>

Adjudicator Appointee (Part-time) remuneration is based on the rate in [Order in Council 542/2022](#) and Chief Adjudicator remuneration is set in [Order in Council 810/2022](#).

# Advisory Committees

## OSC Committees

The executives and staff of the Ontario Securities Commission operating branches are supported by various third-party advisory committees that have been established for one or more of the following purposes:

- to provide a broad range of ideas and expertise as new policy initiatives are developed,
- to help the OSC understand how a specific, recently implemented policy is affecting capital market participants, and
- to improve the OSC's understanding of the concerns and issues faced by a stakeholder group on an ongoing basis.

Below is a complete list of OSC Advisory Committees and their members as of March 31, 2024.

The **Advisory Council to the CEO** provides advice to Grant Vingoe, CEO of the OSC, on emerging issues impacting the industry, investors and Ontario's capital markets.

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<b>Wendy Berman</b>	Partner, McCarthy Tétrault LLP
<b>Paul Clark</b>	EVP, Head of Private Wealth Management & Financial Planning, TD Bank Group
<b>Daniel Daviau</b>	President and CEO, Canaccord Genuity Group Inc.
<b>Neil Gross</b>	Financial services professional
<b>Michelle Khalili</b>	Managing Director and Head, Global Equity Capital Markets, Scotiabank
<b>Bruce Macdonald</b>	Financial services professional
<b>Gerry Rocchi</b>	Financial services professional
<b>Doug Steiner</b>	Financial services professional
<b>Rob Strickland</b>	President, Fidelity Investments Canada

The **Continuous Disclosure Advisory Committee** advises OSC staff on the development, implementation, and review of continuous disclosure policies and practices.

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<b>Tracie Allan</b>	Sun Life Financial
<b>Michael Balter (Chair)</b>	Ontario Securities Commission
<b>Josie Caldas</b>	Royal Bank of Canada
<b>Valerie Douville</b>	TMX Group Ltd.
<b>Lucy Durocher</b>	PricewaterhouseCoopers LLP
<b>Wendi Locke</b>	McCarthy Tétrault LLP
<b>Vaughn MacLellan</b>	DLA Piper (Canada) LLP
<b>Catherine McCall</b>	Canadian Coalition for Good Governance
<b>Matthew Merkley</b>	Blake, Cassels & Graydon LLP
<b>Martha Moen</b>	Broadridge Financial Solutions, Inc.
<b>Sean Musselman</b>	Ernst & Young LLP
<b>Philip Panet</b>	Waratah Capital Advisors Ltd.
<b>Anthony Scilipoti</b>	Veritas Investment Research Corporation
<b>Alyson Slater</b>	Global Risk Institute in Financial Services
<b>Julia Suk</b>	KPMG
<b>Kevin Thomas</b>	Shareholder Association for Research & Education
<b>Robin Upshall</b>	Davies Ward Phillips & Vineberg LLP

The **Investment Funds Technical Advisory Committee** advises OSC staff on technical compliance challenges in the investment funds product regulatory regime, and opportunities for improving alignment between investor, industry, and regulatory goals.

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<b>Shalomi Abraham</b>	Invesco Canada Ltd.
<b>Gavin Brancato</b>	National Bank Financial Markets
<b>Johnathon Brent</b>	TD Securities Inc.
<b>Carlos Cardone</b>	Investor Economics - ISS Market Intelligence
<b>Raymond Chan (Chair)</b>	Ontario Securities Commission
<b>Mario Cianfarani</b>	Vanguard Investments Canada Inc.
<b>Matthew Graham</b>	RBC Global Asset Management
<b>Elsa Li</b>	CI Global Asset Management
<b>Dara (Scepanovic) Moore</b>	Sun Life Assurance Company of Canada
<b>Alex Perel</b>	Scotiabank Global Banking & Markets
<b>Anne Ramsay</b>	Ramsay Advisors
<b>Kevin Rusli</b>	Blake, Cassels & Graydon LLP
<b>Gillian Seidler</b>	Mackenzie Financial Corporation
<b>Robert Sklar</b>	Fidelity Investments Canada ULC
<b>Michael Thom</b>	CFA Societies Canada
<b>Hail Yang</b>	BlackRock, Inc.

The **Investor Advisory Panel** is an independent advisory panel to the OSC. The IAP makes submissions in response to public requests for comment by the Commission on proposed rules, policies, concept papers, and discussion drafts.

The IAP also provides comments on the OSC's proposed annual Statement of Priorities, brings forward policy issues for consideration, and advises on the effectiveness of the OSC's investor protection initiatives.

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<b>Daniel Bach</b>	Partner, Siskinds LLP
<b>Brigitte Catellier</b>	Associate Director of the Investor Protection Clinic, Osgoode Hall Law School, adjunct professor, Osgoode Hall Law School, and Chief Governance Officer & Corporate Secretary at The Co-operators Group Limited
<b>Supriya Kapoor</b>	Founder and Principal of Aurelius GRP
<b>Deborah Leckman</b>	Member of the Board of Trustees of OPTrust and former OSC Commissioner
<b>Parham Nasser</b>	President, InvestorCOM
<b>James (Jim) Sinclair</b>	Former General Counsel, Common Wealth, and former General Counsel of OSC
<b>Ilana Singer (Chair)</b>	Senior Vice-President, Legal, Policy and Corporate Secretary of the Canadian Investor Protection Fund (CIPF)
<b>Ian Tam</b>	Director, Investment Research at Morningstar Canada

The **Market Structure Advisory Committee** serves as a forum to discuss issues and policy- and rule-making initiatives associated with market structure and marketplace operations in the Canadian and global capital markets.

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<b>Mike Barclay</b>	Morgan Stanley Canada
<b>Bryan Blake</b>	Cboe Canada Inc.
<b>John Christofilos</b>	AGF Investments Inc.
<b>Doug Clark</b>	TMX Group
<b>Susan Greenglass (Chair)</b>	Ontario Securities Commission
<b>Craig Hurl</b>	Independent
<b>Irina Issakova</b>	TD Asset Management
<b>David Lauer</b>	Urvin Finance
<b>Patrick McEntyre</b>	National Bank Financial Inc.
<b>Lafèche Monteuil</b>	Desjardins Securities
<b>Andreas Park</b>	Rotman School of Management, University of Toronto
<b>Randee Pavalow</b>	Independent
<b>Cindy Petlock</b>	Tradelogiq Markets Inc.

The **Registrant Advisory Committee** serves as a forum to discuss issues and challenges faced by registrants in interpreting and complying with Ontario securities law, including registration and compliance-related matters.

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<b>David P. Baskin</b>	Baskin Financial Services Inc.
<b>Bill Chinkiwsky</b>	CI Investments Inc.
<b>Joe DaSilva</b>	Sprucegrove Investment Management Ltd.
<b>Mary Joyce Empensando</b>	Questrade Wealth Management Inc.
<b>Daniela Follegot</b>	RBC Global Asset Management Inc.
<b>Debra Foubert (Chair)</b>	Ontario Securities Commission
<b>Christopher D. Keeley</b>	Inukshuk Capital Management Inc.
<b>Christopher Kozub</b>	Private Capital Markets Association of Canada
<b>Robyn Mendelson</b>	Fidelity Investments Canada ULC
<b>Liis Palmer</b>	Cassels Investment Management Inc.
<b>Victoria Paris</b>	Portfolio Management Association of Canada
<b>Andrew Rhee</b>	Trinity Compliance Partners Inc.
<b>Richard Roskies</b>	AUM Law Professional Corporation
<b>Minal Upadhyaya</b>	Capital International Asset Management (Canada), Inc.
<b>Colette Ward</b>	Connor, Clark & Lunn Funds, Inc., Crestpoint Asset Management Ltd.



The **Securities Advisory Committee** provides advice to the OSC on legislative and policy initiatives and capital markets trends.

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<b>Gesta Abols</b>	Fasken Martineau DuMoulin LLP
<b>Steve J. Cutler</b>	Davies Ward Philips and Vineberg LLP
<b>Jeff Hershenfield</b>	Stikeman Elliott LLP
<b>Rosalind Hunter</b>	Osler, Hoskin & Harcourt LLP
<b>Naizam Kanji (Chair)</b>	Ontario Securities Commission
<b>Nancy Mehrad</b>	Registrant Law Professional Corporation
<b>Matthew Merkley</b>	Blake, Cassels & Graydon LLP
<b>Manoj Pundit</b>	Borden Ladner Gervais LLP
<b>Heidi Reinhart</b>	Norton Rose Fulbright LLP
<b>Howard Rusak</b>	Canada Pension Plan Investment Board
<b>Robert Seager</b>	Voorheis & Co. LLP
<b>David A. Seville</b>	Torys LLP
<b>Selma Thaver</b>	Toronto Stock Exchange
<b>Sandra Zhao</b>	McMillan LLP

The **Seniors Expert Advisory Committee** serves as a forum to discuss issues and challenges faced by seniors. The committee provides OSC staff with expert opinions and input on securities-related policy, operational, educational and outreach activities that are designed to meet the needs of older investors.

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<b>Jennifer Aronson</b>	Registered Social Worker and clinical practitioner with Aronson Eldercare Consulting
<b>Ellen Bessner</b>	Partner with Babin Bessner Spry LLP
<b>Dr. Joe Bornstein</b>	Managing Director and Founder of Health Innovations Group
<b>Paola Cifelli (Acting Chair)</b>	Ontario Securities Commission
<b>Arthur Fish</b>	Borden, Ladner Gervais LLP (Retired Partner), Manager Toronto Regional Family Wealth Counsel Practice (Retired)
<b>Kyle Fitzgerald</b>	Director of Government Relations and Public Policy with the Alzheimer Society of Ontario
<b>Marta C. Hajek</b>	Chief Executive Officer of Elder Abuse Prevention Ontario (EAPO)
<b>Ken Kivenko</b>	President of Kenmar Associates, an investor advocacy organization
<b>Jennifer Moir</b>	Founder, Age Well Solutions
<b>Michael Payne</b>	Detective Constable in Waterloo Region, Chair of the Waterloo-Wellington Elder Abuse Prevention Council and the Vice-Chairperson of Law Enforcement Agencies and Partners Protecting Seniors
<b>Lindsay Rogan</b>	Managing Director and Chief Compliance Officer at Rogan Investment Management Limited
<b>Angela Salmon</b>	Senior Director, Business Risk, Personal Financing Products with RBC
<b>Dr. Julia Spaniol</b>	Professor in the Psychology Department and Director of the Memory & Decision Processes Lab at Toronto Metropolitan University (TMU), Canada Research Chair (Tier 2) in Cognitive Aging
<b>Laura Tamblyn Watts</b>	CEO of CanAge, national seniors advocacy organization, Assistant Professor in the Factor-Inwentash Faculty of Social Work, University of Toronto, Member of the Board of Directors for Canadian Investment Regulatory Organization, Elder Abuse Prevention Ontario, PACE Independent Living, and the Bereavement Authority of Ontario, Chair of the Consumer Advisory Panel with the Financial Services Regulatory Authority of Ontario
<b>Danielle Tetrault</b>	Vice President, Compliance and Chief Compliance Officer IG Wealth Management
<b>Kimberly Whaley</b>	Founding & Managing Partner of Whaley Estate Litigation Partners, Civilian Co-chair of the Toronto Police Services, Seniors' Consultative Committee, Co-chair and Fellow with the Canadian Center for Elder Law, Honorary Member of the CBA Elder Law Executive and Co-founder, as well as Past Chair of the OBA Elder Law Section
<b>Terri Williams</b>	Financial literacy specialist and Former VP, Corporate Social Responsibility, Scotiabank (retired)

## Capital Markets Tribunal Committee

The **Securities Proceedings Advisory Committee** provides comments and advice on policy and procedural initiatives relating to proceedings before the Capital Markets Tribunal.

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<b>Simon Bieber</b>	Adair Goldblatt Bieber LLP
<b>Robert Blair</b>	Governance & Tribunal Secretariat, Ontario Securities Commission
<b>Sarah A. Bowden</b>	Foreman & Company
<b>Raphael T. Eghan</b>	Dentons Canada LLP
<b>Derek Ferris</b>	Enforcement, Ontario Securities Commission
<b>Samantha Gordon</b>	McMillan LLP
<b>Grace Knakowski (Chair)</b>	Governance & Tribunal Secretariat, Ontario Securities Commission
<b>Brian Kolenda</b>	Lenczner Slaght LLP
<b>Karen Manarin</b>	RCMP, Toronto Integrated Market Enforcement Team
<b>Anna K. Markiewicz</b>	Crawley MacKewn Brush LLP
<b>John Picone</b>	Cassels Brock & Blackwell LLP
<b>Cullen Price</b>	General Counsel's Office, Ontario Securities Commission
<b>Carolyn Slon (Secretary)</b>	Governance & Tribunal Secretariat, Ontario Securities Commission
<b>Johanna Superina</b>	Enforcement, Ontario Securities Commission
<b>Lauren Tomasich</b>	Osler, Hoskin & Harcourt LLP
<b>Natalia Vandervoort</b>	Borden Ladner Gervais LLP
<b>Jonathan Wansbrough</b>	Fasken Martineau DuMoulin LLP

## CSA Committees

The OSC also participates on advisory committees of the Canadian Securities Administrators.

The **Financial Reporting Advisory Committee** provides advice to the CSA's Chief Accountants Committee on relevant policy initiatives and various technical accounting and auditing issues, that relate to financial reporting requirements and guidance in securities legislation in Canada. The committee also serves as a forum to discuss financial reporting practices and trends in the Canadian and global capital markets.

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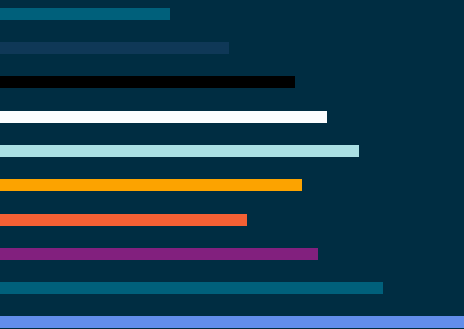
<b>Carolyn Anthony</b>	PwC LLP
<b>Brian Banderk</b>	Alberta Securities Commission
<b>Katharine Christopoulos</b>	Canadian Accounting Standards Board
<b>Richard Cracknell</b>	BDO LLP
<b>Anita Cyr</b>	British Columbia Securities Commission
<b>Karen DeGiobbi</b>	Auditing and Assurance Standards Board
<b>Alexia Donoghue</b>	Deloitte
<b>Mark Jakovic</b>	RSM Canada
<b>Gale Kelly</b>	KPMG LLP
<b>Cameron McInnis (Chair)</b>	Ontario Securities Commission
<b>Will Pullenayegum</b>	MNP LLP
<b>Janice Rath</b>	EY Canada
<b>Rinna Sak</b>	Grant Thornton LLP
<b>Sophie Yelle</b>	Autorité des marchés financiers

The **Mining Technical Advisory and Monitoring Committee** provides advice to the CSA on technical issues relating to disclosure requirements for the mining industry. The committee also serves as a forum for continuing communication between the CSA and the mining industry.

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<b>Brian Abraham</b>	Dentons Canada LLP
<b>Luc Arsenault (TSX Observer)</b>	Toronto Stock Exchange
<b>Sébastien Bernier</b>	Allied Gold Corp.
<b>Simon Bottoms</b>	Barrick Gold Corporation
<b>Joanna Cameron</b>	Osler Hoskin & Harcourt LLP
<b>Guy Desharnais</b>	Osisko Gold Royalty Ltd.
<b>Jason Dunning</b>	Evolution Mining Limited
<b>Nils Engelstad</b>	Alamos Gold Inc.
<b>Andrea FitzGerald</b>	Cassels Brock & Blackwell LLP
<b>Rajbir Gill</b>	Wesdome Gold Mines Ltd.
<b>Sally Gillies</b>	Ausenco Engineering Canada Inc.
<b>Thomas Hasek (CIRO Observer)</b>	Canadian Investment Regulatory Organization
<b>James Hershaw</b>	WATT Capital
<b>Garth Kirkham (CIM Observer)</b>	Kirkham Geosystems Ltd.
<b>Darcy Krohman (CSE Observer)</b>	Canadian Securities Exchange
<b>Deborah McCombe (CIM Observer)</b>	SLR Consulting Canada Ltd.
<b>William McGuinty</b>	OTD Exploration Services Inc.
<b>Rolf Schmitt</b>	ERM Consultants Canada Ltd.
<b>Marilyn Spink</b>	GS Group
<b>Kristan Straub</b>	Wyloo Canada
<b>Craig Waldie (Co-Chair)</b>	Ontario Securities Commission
<b>Yi Wang</b>	Cameco Corporation
<b>Ryan Weymark</b>	Weymark Consulting Ltd.
<b>Victoria Yehl (Co-Chair)</b>	British Columbia Securities Commission
<b>Rod Young (TSXV Observer)</b>	TSX Venture Exchange

# Capital Markets Tribunal



# Message from the Chief Adjudicator

The Capital Markets Tribunal has successfully completed two years under the structure implemented by the *Securities Commission Act, 2021*. The Tribunal functions independently from the rest of the OSC, with no overlap between the Tribunal's adjudicative functions and the OSC's regulatory functions.

The Tribunal continues to deliver high-quality adjudication services to the parties that come before it. In late 2023, we were fortunate to add two experienced and expert individuals to the original ten adjudicators. The current group of 12 adjudicators is highly skilled and well balanced. Having a complement of 12 adjudicators enhances the Tribunal's ability to schedule hearings on the dates that parties request, and to deliver timely reasons for decision.

In our second year, the Tribunal successfully implemented or substantially completed various initiatives, including:

- implementing a major revision of the Tribunal's *Rules of Procedure*, which combined the previous version with the former *Practice Guideline* and effected various improvements,
- holding the first annual, open-to-the-public, policy forum aimed at maintaining and enhancing the expertise of the Tribunal's adjudicators,
- post-pandemic, returning to the hearing rooms for in-person hearings, and allowing: (1) those hearings to be viewed online by members of the public; and (2) some participants to be in the hearing room while others participate remotely,

- exceeding our published standards for the timely delivery of reasons for decision,
- distributing an excellence survey to many stakeholders, and reflecting the feedback in an action plan for further improvements to the Tribunal,
- implementing a Case Management Adjudicator policy to foster more efficient conduct of proceedings, and
- effecting changes to physical premises and to staff members' email addresses to reinforce the Tribunal's independence.

I am grateful for, and proud of, the dedication, professionalism, and outstanding work of my fellow adjudicators and of all members of the Governance & Tribunal Secretariat. I also appreciate the essential operational support that the Tribunal receives from various OSC departments.

**Tim Moseley**  
Chief Adjudicator

# Capital Markets Tribunal

## The Capital Markets Tribunal

The Capital Markets Tribunal, responsible for the adjudicative function of the OSC, is an independent division of the OSC and is overseen by a Chief Adjudicator. The Tribunal is assigned the power to conduct hearings and make decisions under Ontario securities law.

The Chief Adjudicator is appointed on a full-time basis by the Lieutenant Governor in Council, on the recommendation of the Minister of Finance, to supervise and direct the operations of the Tribunal. All other adjudicators are part-time appointees and devote as much time as is required to perform their duties.

## Adjudicators

(as of March 31, 2024)

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**Timothy (Tim) Moseley, Chief Adjudicator**

**Sandra Blake**

**Andrea Burke**

**Mary Condon**

**Geoffrey (Geoff) D. Creighton**

**James (Jim) D. G. Douglas**

**William (Bill) Furlong**

**Russell G. Juriansz**

**Dale R. Ponder**

**Cathy Singer**

**Jane Waechter**

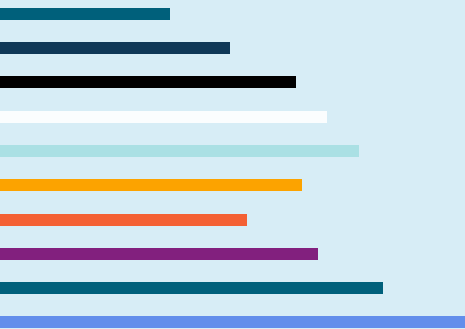
**M. Cecilia Williams**



## Adjudicative activities of the Capital Markets Tribunal

Proceeding type and section(s) of the <i>Securities Act</i>	Number of Proceedings Active at Some Point					Oral Hearings	
	Active all year	Commenced and still active at year end	Active at beginning of year and closed during year	Both commenced and closed during the year	Total	Number	Full hearing day equivalents
<b>Enforcement</b> (initiated by a Statement of Allegations – s. 127)	10	7	5	10	32	89	53
<b>Temporary order</b> (s. 127)	4	2	2		8	2	0.5
<b>Authorization to disclose information</b> (s. 17)			1	7	8	5	1
<b>Review of self-regulatory organization's or Director's decision</b> (s. 8 or s. 21.7)		1	3	1	5	6	3
<b>Further decision, or revocation or variation of a decision</b> (s. 9(6) or s. 144)			2		2	2	0.5
<b>Transactional proceeding</b> (relating to a take-over bid, issuer bid, amalgamation, statutory arrangement, merger or acquisition, related party transaction or meeting of security holders – s. 104 or s. 127(1))		1	1	2	4	5	3
<b>Other</b> (application for an order not specified above)			2		2	0	0
<b>Total</b>	<b>14</b>	<b>11</b>	<b>16</b>	<b>20</b>	<b>61</b>	<b>109</b>	<b>61</b>

# Report on the Statement of Priorities



# Report on the Statement of Priorities





Each year, the OSC publishes a Statement of Priorities that sets out the organization’s strategic goals, priorities, and specific initiatives for the year. Our priorities are aligned with our statutory mandate and the annual mandate letter from the Minister of Finance.

The Report on the Statement of Priorities contains performance highlights and success measures against the 2023–2024 OSC Statement of Priorities, demonstrating how we have fulfilled the obligations set out in our mandate letter. Going forward, the OSC’s 2024-2030 Strategic Plan will inform our business planning and our annual Statement of Priorities to guide our decisions as to where to focus our resources.

## Our 2023–2024 OSC Goals:

<b>1</b> Building Trust and Fairness in Ontario’s Capital Markets	<b>2</b> Strengthening Investor Safeguards	<b>3</b> Adapting Regulation to Align with Innovation and Evolving Markets	<b>4</b> Enabling the Organization to Deliver Effective Regulation
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## Legend

Indicator Legend	
	<b>Completed or progressing as per plan</b>
	<b>Delayed or deprioritized but still continuing</b>
	<b>On hold</b>
	<b>Cancelled</b>

The Report on the Statement of Priorities has four possible categories showing the OSC’s progress on its planned actions.

For the 2023-2024 fiscal year, there were no initiatives that were Cancelled.

# 1

## Building Trust and Fairness in Ontario's Capital Markets

### 1.1





#### Advance Work on Environmental, Social, and Governance Disclosures for Reporting Issuers



##### Why it's important

Market participants in Canada and abroad are demanding relevant, clear, and comparable information on an evolving list of risks and opportunities for public companies, grouped under the heading of environmental, social and governance concerns (ESG). Considerable work continues at the OSC and with our CSA partners to enhance the existing regime, including around climate-related disclosure, diversity disclosure, and other governance reporting. The OSC is working on solutions that consider international and domestic consensus and serve the needs of the Canadian capital markets.

##### Success measures

- Investors have access to the ESG information needed to inform their investment and voting decisions.
- Reporting issuers have clarity on their ESG disclosure requirements.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Lead the consideration of international developments and how they may impact or further inform the proposed NI 51-107 <i>Disclosure of Climate-related Matters</i></p>		<p><b>Ongoing/Delayed:</b> The OSC continues to work alongside the CSA on developing a climate-related disclosure regime. On July 5, 2023, the CSA issued a <a href="#">statement</a> welcoming the publication of the first two sustainability disclosure standards from the International Sustainability Standards Board (ISSB) and the operationalization of the Canadian Sustainability Standards Board (CSSB). On March 13, 2024, the CSA issued a <a href="#">statement</a> welcoming the CSSB’s consultation on sustainability disclosure standards in Canada.</p> <p>The CSA anticipates seeking comment on a revised rule setting out climate-related disclosure requirements and expects that the proposal will be based on the final CSSB standards, with modifications as necessary. The CSA will continue to monitor and assess further international developments in this area.</p>
<p>Develop a better understanding of the needs of, and the regulatory impacts on, Indigenous Peoples through further engagement with Indigenous organizations</p>		<p><b>Ongoing/Delayed:</b> The OSC is committed to engaging with Indigenous Peoples and organizations as part of its work on this initiative. We will continue to broaden engagement once there is a better understanding of how to best approach this work.</p>
<p>Conduct further targeted consultations with stakeholders to support this work</p>		<p><b>Ongoing/Delayed:</b> The OSC, alongside the CSA, intends to conduct further targeted consultations with stakeholders once there is a better understanding of how to best approach this work.</p>
<p>Continue leadership role on IOSCO’s Sustainable Finance Taskforce’s steering group, including co-leading the workstream on promoting good practices in the asset management industry and for ESG ratings and data providers</p>		<p><b>Completed:</b> As part of The International Organization of Securities Commissions (IOSCO) Sustainable Finance Taskforce, the OSC co-led the Promoting Good Practices workstream. On December 4, 2023, the workstream published a report on <a href="#">Supervisory Practices to Address Greenwashing</a>. The report provides an overview of the initiatives undertaken by regulators in various jurisdictions to address greenwashing in line with the 2021 IOSCO recommendations and the subsequent Call for Action.</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Participate in the federal government's Official Sector Coordinating Group in connection with the Sustainable Finance Action Council		<p><b>Completed:</b> Participated in the Sustainable Finance Action Council (SFAC) to help lead the Canadian financial sector towards integrating sustainable finance into standard industry practice. The SFAC's mandate ended on March 31, 2024.</p>
Complete a focused review of ESG disclosures by investment funds in accordance with CSA Staff Notice 81-334 and publish summary of findings and any guidance updates by March 2024 <sup>9</sup>		<p><b>Completed:</b> Following publication of the <a href="#">CSA Staff Notice 81-334 ESG-Related Investment Fund Disclosure</a> on January 19, 2022, the OSC conducted ESG-focused reviews of investment funds. These reviews included examining prospectuses, continuous disclosure documents, portfolio holdings, past ESG-related proxy votes, and sales communications. As of March 31, 2024, 128 reviews have been completed across 41 investment fund managers that offer ESG-related funds in Ontario. In cases where issues were identified, the OSC worked with investment fund managers to address potential greenwashing concerns and, where appropriate, pursued further regulatory actions.</p> <p>On March 7, 2024, the CSA published an updated <a href="#">CSA Staff Notice 81-334 (Revised) ESG-Related Investment Fund Disclosure</a>, which replaces the 2022 version. This revised notice summarizes findings from the ESG-focused reviews, addresses developments and issues that have arisen since the 2022 notice, and provides guidance for specific types of ESG-related funds.</p> <p><b>In Progress:</b> The OSC continues to monitor ESG-related investment funds to ensure clarity and consistency within disclosures and sales communications.</p>

<sup>9</sup> This action has been corrected to reflect publication by March 2024. The 2024-2026 Business Plan had originally included an incorrect date.

## 1.2



### Enhance Fee Transparency Through Total Cost Reporting

#### Why it's important

When investors understand the total costs associated with their investments, they are better positioned to make decisions that support their overall financial goals. Clear, transparent, and consistent fee reporting for investment and segregated funds can lead investors to pursue better investment results and help promote overall confidence in Ontario's capital markets.

#### Success measures

- Investors benefit from enhanced regular reporting on the ongoing costs of investments.
- Address information asymmetry between dealers/advisers and their clients.
- Address potential for regulatory arbitrage where key reporting requirements for similar products are not harmonized.
- Increase investor confidence in the industry and lead to better investment outcomes.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Publish final amendments to implement total cost reporting disclosures in April 2023</p>		<p><b>Completed:</b> On April 20, 2023, the CSA and the Canadian Council of Insurance Regulators (CCIR) jointly <a href="#">published amendments</a> to enhance total cost reporting for investment funds and segregated funds. The amendments for the securities sector pertain to <a href="#">NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations</a> and its related companion policy and expand the reporting of investment and segregated funds to include embedded fees tied to fund ownership. Following ministerial <a href="#">approval</a>, the total cost reporting amendments will become effective on January 1, 2026. Clients will receive the first enhanced annual reports for the year ending December 31, 2026.</p>
<p>Support stakeholder implementation of final amendments through the transition period</p>		<p><b>Completed:</b> On June 13, 2023, the CSA and the CCIR <a href="#">announced</a> the establishment of a total cost reporting implementation committee made up of securities and insurance industry representatives, as well as regulatory representatives from the CSA, CCIR and the Canadian Investment Regulatory Organization (CIRO). The committee supports industry stakeholders in their implementation of the total cost reporting enhancements within the transition period, which ends December 31, 2025, by providing guidance and responding to questions. Since its inception, the committee has held four formal meetings.</p> <p><b>In Progress:</b> Any further meetings of the total cost reporting implementation committee will be scheduled as necessary.</p>




## 1.3 Consider Broader Diversity on Boards and in Executive Roles at Reporting Issuers



### Why it's important

In 2014, the OSC and other participating CSA jurisdictions responded to market demands for expanded reporting by adopting disclosure requirements for the representation of women on boards and in executive officer positions. In the ten years since, disclosure expectations have broadened the focus beyond women to other under-represented groups. The aim of the OSC, working with its CSA partners, is to determine whether and how the disclosure needs of Canadian investors and corporate governance practices among public companies have evolved, and what changes are warranted to the securities regulatory regime.

### Success measures

- Investors have access to the diversity and board renewal information needed to inform their investment and voting decisions.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Publish for comment proposed changes to the disclosure requirements on diversity, board renewal and the director nomination process and related corporate governance guidelines and consider the feedback received</p>		<p><b>Completed:</b> On April 13, 2023, the <a href="#">CSA published CSA Notice and Request for Comment – Proposed Amendments to Form 58-101F1 Corporate Governance Disclosure of National Instrument 58-101 Disclosure of Corporate Governance Practices and proposed changes to National Policy 58-201 Corporate Governance Guidelines</a> pertaining to the director nomination process, board renewal, and diversity. The proposal consulted on two approaches relating to expanded diversity disclosure on boards and in executive officer positions beyond the representation of women.</p> <p><b>In Progress:</b> In consideration of the mixed feedback received through the consultation, the CSA is contemplating options to find a harmonized path forward.</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Develop a better understanding of the needs of, and the regulatory impacts on, Indigenous Peoples through further engagement with Indigenous organizations</p>		<p><b>Completed:</b> Held six sessions with various Indigenous Peoples and organizations to seek their feedback on the disclosure of diversity, and more specifically Indigenous representation, on boards and in executive officer positions.</p>
<p>Conduct further targeted consultations with stakeholders to support this work</p>		<p><b>Completed:</b> Held 27 targeted consultations with various stakeholders and one public roundtable to gain further feedback.</p>

## 1.4

### Advance Cooperation with Indigenous Peoples and Work to Integrate their Perspectives and Interests

#### Why it's important

Cooperating with Indigenous Peoples to enhance their participation in capital markets and integrate their perspectives will help address systemic barriers. Supported by the Government of Ontario, the OSC is engaging Indigenous partners to identify opportunities for increased participation of Indigenous businesses and communities in capital markets.

#### Success measures

- Mutually beneficial relationships established and maintained with Indigenous communities and organizations.
- OSC better understands the way its regulatory activities impact Indigenous Peoples.
- Truth and reconciliation are promoted by the OSC by developing an action plan for truth and reconciliation.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Contribute to the CSA Taskforce on Indigenous Peoples in the Capital Markets		<b>In Progress:</b> The OSC continues to contribute to the CSA Taskforce on Indigenous Peoples in the Capital Markets and consider ways to approach engagement with Indigenous peoples and organizations.
Examine ways the OSC could better engage with Indigenous Peoples, including as part of its work on the climate-related disclosures and corporate diversity initiatives and through developing an action plan for truth and reconciliation		<b>In Progress:</b> The OSC, in cooperation with the Ministry of Finance and the Ministry of Indigenous Affairs, continues to engage with Indigenous partners in Ontario to obtain feedback on the OSC's capital markets priorities and preliminary approach to truth and reconciliation.

## 1.5



### Complete the Development of the Over-the-Counter Derivatives Regulatory Framework



#### Why it's important

Securities regulators, both in Canada and internationally, are adopting reforms that provide a more transparent framework for regulating over-the-counter (OTC) derivatives markets. An OTC derivatives regulatory framework that provides safeguards to participants, allows regulatory visibility into trading activity, and reduces systemic risk will help fulfill the OSC's mandate to ensure market efficiency and contribute to the overall stability of the financial system.

#### Success measures

- The Derivatives Fee Rule provides the necessary funding for the ongoing oversight of the derivatives regulatory framework from the entities most active in the derivatives market.
- The implemented Business Conduct Rule helps protect investors and derivatives market participants by improving transparency, increasing accountability, and promoting responsible business conduct by dealers and advisers in the OTC derivatives market.
- The amended Derivatives Trade Reporting rule reduces the complexity of market participants' reporting systems and decreases ongoing operational and compliance costs while improving the consistency and quality of the data available to regulators and the public.
- The amended Clearing Rule clarifies the scope of products subject to the rule.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Finalize and implement the Derivatives Fee Rule amendments by the first quarter of fiscal 2023-2024, subject to Minister's approval		<b>Completed:</b> Following ministerial approval, the repeal and replacement of <a href="#">OSC Rule 13-502 Fees</a> came into force on April 3, 2023 including amendments to the Derivatives Fee Rule. This annual fee for derivatives participants will support the OSC's oversight of the OTC derivatives regulatory framework.
Finalize and implement the derivatives dealer Business Conduct Rule, subject to ministerial approval, by the third quarter of fiscal 2023-2024		<b>Completed:</b> Following ministerial approval, <a href="#">CSA Multilateral Instrument 93-101 Derivatives: Business Conduct</a> (the Business Conduct Rule) was published on September 28, 2023 in all jurisdictions except British Columbia. The instrument will become effective on September 28, 2024, and will establish a robust market conduct regime that is tailored for OTC derivatives markets. The British Columbia Securities Commission (BCSC) intends to adopt substantially similar rules at a later date, at which time the CSA intends to convert the multilateral instrument into a national instrument.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Consider stakeholder feedback received and publish final amendments to the Derivatives Trade Reporting Rule, subject to ministerial approval, to reflect changes to internationally adopted data standards for derivatives trade reporting by the third quarter of fiscal 2023-2024</p>		<p><b>Ongoing/Delayed:</b> Following publication of the <a href="#">Proposed Amendments to OSC Rule 91-507 Trade Repositories and Derivatives Data Reporting</a> (the Derivatives Trade Reporting Rule) and its companion policy on June 9, 2022, the CSA has prepared amendments to the proposed rule based on stakeholder feedback. Final publication is anticipated to occur in the first quarter of fiscal year 2024–2025.</p>
<p>Propose amendments to the Clearing Rule to clarify which products are subject to the rule by the fourth quarter of fiscal 2023-2024</p>		<p><b>Ongoing/Delayed:</b> The CSA is finalizing proposed amendments to <a href="#">NI 94-101 Mandatory Central Counterparty Clearing of Derivatives</a> (the Clearing Rule) to update the list of derivatives that must be cleared with a regulated clearing agency, in part to reflect changes to interest rate benchmarks. Publication of the proposal is anticipated to occur in the second quarter of fiscal year 2024–2025.</p>

## 1.6


### Implement the New Single Enhanced Self-Regulatory Organization and Investor Protection Fund





#### Why it's important

A self-regulatory organization (SRO) has critical public interest responsibilities, and its structure should reflect best practices in today's financial services industry. Since the launch of the new SRO, the Canadian Investment Regulatory Organization (CIRO), and the new Canadian Investor Protection Fund (CIPF), there has been considerable work on post-implementation initiatives. Modernizing the SRO model will better protect investors, streamline regulation, and ultimately better serve the public interest.

#### Success measures

- CIRO fosters an innovative and competitive industry and delivers value for investors.
- CIRO has a clear public interest mandate, increases efficiencies, and advances the fostering of fair and efficient capital markets.
- Investors have easier access to different products and will not have to change firms or advisors as their investing needs evolve.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Continue to oversee post-close initiatives such as overseeing the harmonized rulebook, implementation of the office of the investor and the investor advisory panel</p>		<p><b>Completed:</b> Following the creation of the new SRO and the new CIPF, the OSC, in conjunction with the CSA, advanced various post-close initiatives as noted in <a href="#">CSA Position Paper 25-404 New Self-Regulatory Organization Framework</a>. During the fiscal year, the CSA provided oversight in the following high priority areas:</p> <ul style="list-style-type: none"> <li>• Establishing dual registration policy matters and applications, allowing mutual fund and investment dealer businesses to operate within one legal entity (see below for more details).</li> <li>• Publishing Phase 1 and Phase 2 of the CIRO rule consolidation project. Once completed, the project will combine the member regulation rules for mutual fund and investment dealers into one harmonized rulebook.</li> <li>• Publishing CIRO position paper aimed at leveling the playing field for advisor compensation.</li> </ul> <p><b>In Progress:</b> The CSA continues to move forward with post-close initiatives including implementing issue-specific solutions as detailed in the CSA Position Paper 25-404.</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Operationalize the new oversight model coordinating with the CSA to ensure a smooth transition to CIRO and the new CIPF		<p><b>Completed:</b> The CSA has operationalized a new oversight model for CIRO and CIPF. As part of this model, two provincial regulators will act as coordinators of the oversight program, serving for four years in a staggered rotation. The OSC and BCSC were designated as the inaugural coordinators. On March 28, 2024, the CSA published <a href="#">CSA Staff Notice 25-311 2023 Annual Activities Report on the Oversight of Canadian Investment Regulatory Organization and Canadian Investment Protection Fund</a> which, among other things, outlines components of the oversight program and activities completed during the 2023 calendar year.</p> <p><b>In Progress:</b> The oversight of CIRO and CIPF remains an ongoing function of the CSA.</p>
Initiate work to assess incorporating other registration categories into CIRO which are currently overseen by the CSA, including Portfolio Managers, Exempt Market Dealers and Scholarship Plan Dealers		<p><b>Ongoing/Delayed:</b> This fiscal year, the CSA focused on the oversight and implementation of high priority post-close initiatives as detailed in the CSA Position Paper 25-404. Consideration of incorporating other registration categories into CIRO will take place in a second phase, which is expected to begin later in the next fiscal year.</p>
Implement a new registration process and seek National Registration Database (NRD) enhancements to enable mutual fund and investment dealer businesses to operate within one legal entity as a Dual Registration Dealer Platform (DRDP)		<p><b>Completed:</b> During the fiscal year, the OSC, together with the CSA, implemented a new process for dual registration, enabling mutual fund and investment dealers to operate within one legal entity. Implementation activities have included:</p> <ul style="list-style-type: none"> <li>• rectifying previous limitations in the National Registration Database,</li> <li>• publishing <a href="#">a Registration Guide for New SRO Dual Registered Firms</a> on August 17, 2023, to assist with the application process, and</li> <li>• creating an internal guide for the dual registration process together with CIRO and the CSA to support effective and efficient regulatory coordination.</li> </ul>
Continue to operationalize novel dual registration matters for CIRO member firms, including new applicants, and facilitate business combinations (mutual fund dealer and investment dealer in one legal entity) <sup>10</sup>		<p><b>Completed:</b> During the fiscal year, five dual-registered firms were approved by the OSC.</p> <p><b>In Progress:</b> The OSC will continue to operationalize and address novel dual registration matters for current CIRO members and new applicants.</p>

<sup>10</sup> This action has been added to reflect the OSC's ongoing efforts to operationalize novel dual registration matters for CIRO member firms including new applicants and facilitate business combinations (mutual fund dealer and investment dealer in one legal entity).

## 1.7



### Enhance Information Sharing with the Canadian Public Accountability Board

#### Why it's important



The Canadian Public Accountability Board (CPAB) is Canada's independent, public accounting regulator that oversees audits performed by registered public accounting firms. The OSC works closely with CPAB to ensure audit quality for public companies. Expanding the information sharing between the two organizations will promote confidence in the integrity of financial reporting and help protect investors by providing them with the information they need to make informed decisions.

#### Success measures

- Information sharing practices that improve the quality and timeliness of information sharing between CPAB and the OSC.
- Protect investors from the risk of improper financial reporting practices by public companies.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Implement improvements in information sharing protocols and if required, propose amendments to the Ontario CPAB Act to address information sharing restrictions		<p><b>Completed</b> The OSC and CPAB have developed enhanced protocols to support information sharing of CPAB investigations and any situations CPAB has identified or becomes aware of that may pose a heightened risk to the investing public. There are no information sharing restrictions identified at this time that would require amendments to the Ontario CPAB Act.</p> <p><b>Ongoing/Delayed:</b> Development of an enhanced protocol to share information on CPAB's inspection findings is currently underway. As next steps, the OSC and CPAB will work on implementing the improvements required to support these three enhanced protocols. These activities are anticipated to be complete in the first half of fiscal year 2024–25.</p>
Continue consultations with CPAB and CSA staff to finalize enhanced protocols for information sharing		<p><b>Ongoing/Delayed:</b> The OSC continues to finalize enhanced protocols for information sharing with CPAB. See above for further details.</p>



PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Amend MOU on consultation, cooperation, and exchange of information between the OSC and CPAB		<p><b>Completed:</b> During the year, the OSC and CPAB worked on finalizing an updated Memorandum of Understanding (MOU) to facilitate the information sharing enhancements noted above.</p> <p><b>Subsequent Event:</b> An updated MOU was finalized and <a href="#">published</a> to the OSC website on May 1, 2024.</p>
Develop systems and processes for receiving information from CPAB as part of the enhanced protocols for information sharing		<p><b>Ongoing/Delayed:</b> Development of the systems and processes required to support the information sharing enhancements noted above are anticipated to be complete in the first half of fiscal year 2024–25.</p>

## OSC Enforcement Activity, 2023–2024

Fraud, misconduct, and other violations of Ontario’s securities laws harm investors and market participants and threaten their trust in our capital markets. To build trust and fairness in Ontario’s capital markets, the OSC will pursue necessary enforcement actions against individuals or organizations that contravene the rules set out in

the *Ontario Securities Act* and the *Commodity Futures Act*.

The OSC can take informal steps to interrupt ongoing harm to investors, such as warnings and investor alerts, along with formal disruption proceedings. Many enforcement cases that advance to proceedings are adjudicated by the Capital

Markets Tribunal, which has the power to make orders that are in the public interest and aligned with the OSC’s mandate. Proceedings involving potential jail time for *Securities Act* violations or that include Criminal Code violations are heard in the Ontario courts. Appeals of all these proceedings are heard in the courts.

### OSC Enforcement Branch: Intake

	2023–2024	2022–2023
Cases assessed	858	880
Cases transferred for disruption	321	331
Cases transferred for investigation	18	26

### OSC Enforcement Branch: Investigations

Number of completed investigations	63	42
Number transferred for litigation	11	12

### OSC Enforcement Branch: Litigation

<b>Proceedings commenced before the Tribunal<sup>11</sup></b>	11	8
Number of respondents (individual and corporate)	17	12
<b>Quasi-criminal proceedings</b>	0	2
Number of accused	0	4
<b>Criminal Code proceedings</b>	0	2
Number of accused	0	2
<b>Search warrants executed</b>	68	44
<b>ENFORCEMENT TIMELINES:</b>		
Average number of months from intake to commencement of a proceeding	17.6	26.2

<sup>11</sup> Excludes reciprocal orders.

## Concluded matters before the Tribunal

Number of proceedings concluded	9	18
Number of respondents (individual and corporate)	35	26
<b>SANCTIONS INCLUDE:</b>		
Cease trade orders	28	22
Exemptions removed	27	17
Director and Officer bans	15	25
Registration restrictions	26	25
Administrative penalties, disgorgement orders, settlement amounts	\$ 81,597,645.39	23,609,716.76
Costs ordered	\$ 2,253,054.34	2,686,796.85
Amounts agreed to be returned to investors under the terms of settlements (includes no-contest settlements)	\$ 0	0

## Collections

The Commission's annual collections rate is calculated based on the amounts ordered during that year and the amounts collected from those orders. The rate may later be adjusted upward if amounts are recovered on an unpaid order in a future year. Collections actions can generally be commenced only after all appeals

have been concluded, and they often take time to produce results.

The Commission's collections rate concerning orders in both contested proceedings and settlements is **4.5%** for the 2023–2024 fiscal year. Collections are challenging when respondents have dissipated,

hidden their assets or are otherwise insolvent. Collections are more readily accomplished in the case of settlements or respondents that are regulated entities or have accessible assets in our jurisdiction. For more details, see the Management's Discussion and Analysis section.

## Concluded matters before the Courts

Fiscal Year	2023–2024	2022–2023
Total number of proceedings	5	1
Total number of accused	6	1
<b>SANCTIONS INCLUDE:</b>		
Jail sentences	57 months	42 months
Conditional sentences/House arrest	0	0
Fines	\$ 5000	0
Restitution	\$ 706,707.75	4,859,552.58

# 2

## Strengthening Investor Safeguards

### 2.1


#### Expand the Focus on Retail Investors Through Specific Education, Policy, Research and Behavioural Science Activities


##### Why it's important



Financial markets are evolving and becoming increasingly complex, with new investment opportunities and products continually being introduced. The OSC continues to identify ways to improve investor education, resources, and protections by responding to changing investor demographics and shifts in investing behaviour, and to improve regulatory effectiveness by expanding the use of behavioural science in policymaking and operations. These efforts are intended to lead to greater investor protection and confidence in capital markets.

##### Success measures

- Investors continue to make more informed decisions through the use of the OSC's financial education resources and channels such as [GetSmarterAboutMoney.ca](https://www.getsmarteraboutmoney.ca).
- Enhance protection of seniors and vulnerable investors.
- Improve effectiveness of OSC policies and programs through the application of behavioural science.
- More policy projects incorporate behavioural science, improving policy effectiveness and resulting in better investor outcomes and registrant conduct.
- Policy initiatives are evidence-based and reflect thoughtful consideration of research findings and investor perspectives.
- More informed investment decisions through continued investor education.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Expand programs targeted at enhancing investor education and financial literacy, including:</p> <ul style="list-style-type: none"> <li>▪ expanded use of investor social media channels</li> <li>▪ the redevelopment of the OSC’s investor website, GetSmarterAboutMoney.ca</li> <li>▪ continued outreach focused on multicultural and diverse communities</li> </ul>		<p><b>Completed:</b></p> <ul style="list-style-type: none"> <li>• Launched the newly designed <a href="#">GetSmarterAboutMoney.ca</a> website with artificial intelligence tools, enhanced accessibility, and design features informed by behavioural science.</li> <li>• Created <a href="#">Investing Academy by GetSmarterAboutMoney.ca</a>, which provides free courses to help investors learn the basics about investing, managing money, and planning for the future.</li> <li>• Delivered 124 virtual and telephone-based investor outreach events, including 54 events for seniors and 57 events for multicultural communities, reaching over 30,000 Ontarians.</li> <li>• Conducted interviews with local community media channels to discuss investor protection and resources, reaching audiences in Hindi, Mandarin, Cantonese, Urdu and Punjabi.</li> <li>• Hosted three X, formerly Twitter, chats with law enforcement and regulatory and community partners to share fraud prevention resources for Seniors Month, Financial Literacy Month and Investor Education Month.</li> <li>• Published a dedicated <a href="#">Fraud Prevention Month</a> page on <a href="#">GetSmarterAboutMoney.ca</a> to highlight the signs of investment fraud, resources to protect investors’ money, and the importance of always working with a registered crypto asset trading platform</li> </ul> <p><b>In Progress:</b> The OSC is working to expand its investor education resources and innovative technology on <a href="#">GetSmartAboutMoney.ca</a> and expand its multilingual educational resources to reach investors across Ontario in their language of choice.</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Continue implementation and evolution of the OSC Seniors Strategy and analysis of completed regulatory initiatives focused on protecting older and vulnerable investors</p>		<p><b>Completed:</b> Continued education and outreach activities to provide tools and resources for older investors, their families and caregivers who support them by:</p> <ul style="list-style-type: none"> <li>• Highlighting the OSC’s educational video on Trusted Contact Persons in promotional campaigns and outreach events to help increase awareness and enhance dialogue with financial representatives.</li> <li>• Holding 54 outreach events for seniors to highlight resources for fraud prevention, working with financial representatives, and checking registration.</li> <li>• Publishing <a href="#">Profiles of Retirement</a>, a study that examined the financial lives of retired Canadians and those approaching retirement.</li> <li>• Reconstituting the Seniors Expert Advisory Committee for another one-year term to provide ongoing support and advice on the regulatory framework, strategies, and resources to support older investors and individuals interacting with them.</li> </ul> <p><b>In Progress:</b> The OSC, along with the CSA and CIRO, are in the process of assessing the effectiveness of the December 31, 2021, amendments to <a href="#">NI 31-103 Registration Requirements, Exemptions, and Ongoing Registrant Obligations and Related Instruments</a> and its companion policy to address financial exploitation and diminished mental capacity among older and vulnerable investors.</p> <p>The OSC continues to engage with the CSA, CIRO, and various other groups, including through participation in provincial and international-level committees, to discuss and address challenges and emerging issues faced by seniors and to consider possible tools, resources, and strategies to support them.</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Conduct and publish timely and responsive investor research</p>		<p><b>Completed:</b> Conducted and published the following investor research:</p> <ul style="list-style-type: none"> <li>• A follow-up <a href="#">Crypto Asset Survey 2023</a> was published in November 2023. This survey explores the knowledge, attitudes, and behaviours of investors and non-investors in crypto assets and crypto investment funds, and how these have changed since the OSC’s first <a href="#">Crypto Asset Survey</a> published in 2022.</li> <li>• The <a href="#">Profiles of Retirement</a> study was published on January 2024. See above for more details.</li> <li>• A behavioural science report on <a href="#">Digital Engagement Practices: Dark Patterns in Retail Investing</a> was published in February 2024. This report examines the use of dark patterns, or deceptive techniques, in mobile retail investment platforms.</li> </ul> <p><b>In Progress:</b> A number of behavioural science and research activities are underway to examine investor behaviour and risks to investor protection in emerging domains. Upcoming studies will examine:</p> <ul style="list-style-type: none"> <li>• The influence of artificial intelligence and social media on retail investors;</li> <li>• Investor knowledge, attitudes, and behaviours related to ESG; and</li> <li>• Whether additional gamification techniques have developed since the OSC’s 2022 report on <a href="#">Digital Engagement Practices in Retail Investing: Gamification and Other Behavioural Techniques</a>.</li> </ul>
<p>Pursue policy and regulatory initiatives that are responsive to investor research findings, such as with respect to the influence of gamification and other behavioural techniques on retail investor behaviour</p>		<p><b>In Progress:</b> The OSC is partnering with regulators internationally to examine the risks retail investors face because of digital engagement practices in financial services. The OSC is also considering findings from the <a href="#">Profiles of Retirement</a> research study, specifically around trusted contact persons, to inform ongoing policy and regulatory initiatives to enhance protection of older and vulnerable investors.</p>

## 2.2



### Strengthen Investor Redress and the Ombudsman for Banking Services and Investments

#### Why it's important

Investors can be at risk for potential loss, damage or harm because of an act or omission by a registered firm or individual. The OSC strives to improve investor access to redress in these types of situations, including by strengthening dispute resolution services. A fair, efficient and accessible dispute resolution service is an essential element of an investor protection framework. To achieve better results for investors and strengthen investor redress, the OSC is continuing its efforts to strengthen the Ombudsman for Banking Services and Investments (OBSI) as an independent dispute resolution service.

#### Success measures

- Better results for investors in obtaining redress and dispute resolution, and enhanced oversight of OBSI, which will foster investor confidence.
- Investors do not experience undue pressure to accept offers to settle claims for less than they are entitled to receive.
- Fair, efficient and accessible dispute resolution services available to Ontario investors.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Develop and publish for comment a proposal to provide OBSI with the authority to make binding compensation decisions, with our CSA colleagues		<b>Completed:</b> On November 30, 2023, published <a href="#">CSA Notice and Request for Comment – Registered Firm Requirements Pertaining to an Independent Dispute Resolution Service</a> , which contemplates providing an independent dispute resolution service, anticipated to be OBSI, with the authority to make binding compensation decisions.
Determine next steps in response to the independent evaluation of OBSI’s investment mandate, with our CSA colleagues, other members of the Joint Regulators Committee, and OBSI		<b>In Progress:</b> Through the OBSI Joint Regulators Committee, the OSC continues to review OBSI’s responses to the 2021 independent evaluation of its investment mandate and support progress of related action plans.



### 2.3




## Monitor and Respond to the Impacts of the Deferred Sales Charges Ban and Order-Execution-Only Ban

### Why it's important

When investors understand the costs of their investments, they are better positioned to make decisions that support their overall financial goals. A more transparent fee model for mutual funds better balances the interests of investors with those of advisors and mitigates any potential conflicts of interest. The OSC recently adopted rule amendments to ban deferred sales charges (DSC) and order-execution-only (OEO) trailing commissions, and it is critical for investors that the transition to compliance is smooth, investor-focused, and timely.

### Success measures

- Improve transparency and alignment of interests of investors and their dealers and advisors when investing in mutual funds.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Continue to monitor for compliance with Blanket Order		<b>In Progress:</b> On December 1, 2023, <a href="#">OSC Rule 81-509 Extension to Ontario Instrument 81-508 Temporary Exemptions from the OEO Trailer Ban to Facilitate Dealer Rebates of Trailing Commissions and Client Transfers</a> came into force. This rule provides a further eighteen-month extension to the exemptions provided in Ontario Instrument 81-508, allowing relief until May 31, 2025. The OSC is working with investment fund issuers to address the small number of accounts which may continue to require relief and bring them into compliance.
Review industry practices involving the use of the Principal Distributor Model and/or the use of dealer chargebacks that raise conflict of interest concerns		<b>In Progress:</b> On June 1, 2023, the CSA <a href="#">announced</a> that it is launching a review on the use of chargebacks in the mutual fund industry. The review will help assess whether additional rule modernization is needed to improve investor protections in this area.
Develop regulatory responses as required		<b>In Progress:</b> The CSA is assessing whether regulatory amendments to <a href="#">NI 81-105 Mutual Fund Sales Practices</a> or other instruments are needed in light of the CSA's recent work in developing its Client Focused Reforms.

# 3

## Adapting Regulation to Align with Innovation and Evolving Markets

### 3.1




#### Strengthen Oversight and Enforcement in the Crypto Asset Sector




##### Why it's important



The OSC has been at the forefront of providing regulatory clarity for crypto market participants, giving genuine innovators room to develop their ideas while taking steps to protect investors from fraud, mismanagement, extreme volatility and other risks. Regulatory activities are focused on educating investors, laying clear ground rules for firms operating in this space, and taking enforcement actions against non-compliant crypto firms. Appropriate regulatory oversight is critical for building investor confidence in this new industry and for building a strong innovation ecosystem over the long term. Crypto asset firms that perform investment dealer activities are expected to migrate to CIRO membership



##### Success measures

- Crypto asset trading platforms operate with appropriate regulatory oversight and enforcement action is taken in appropriate cases.
- Reduce misleading information in crypto asset trading platform advertising, marketing and social media.
- Achieve an appropriate balance in supporting novel businesses and fostering innovation and competitive capital markets while promoting investor protection.
- Increase public awareness of these complex products, platforms, and potential frauds/scams.
- Provide a balanced and transparent framework for public investment funds to offer crypto asset exposure.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Continue to apply regulatory obligations to crypto firms while completing the registration or approval process, including obtaining pre-registration undertakings from firms pending completion of the registration or approval process</p>		<p><b>Completed:</b> During the fiscal year, two crypto asset trading platforms (CTPs) were registered by the OSC, and four CTPs had their exemptive relief decisions renewed while they pursued membership with CIRO. As of March 31, 2024, a total of 12 CTPs were registered with the CSA and another nine CTPs signed a pre-registration undertaking (PRU).</p> <p><b>Subsequent Event:</b> The first internationally domiciled CTP was registered across all CSA jurisdictions on April 3, 2024.</p> <p><b>In Progress:</b> The OSC continues to apply regulatory obligations to crypto firms while completing the registration process. As of March 31, 2024, the CSA, including the OSC, is in the process of reviewing nine applications received for dealer registration and relief.</p>
<p>Coordinate with CIRO in facilitating crypto firms becoming members</p>		<p><b>In Progress:</b> The CSA and CIRO have regular touchpoints in relation to transitioning crypto firms from a restricted dealer with the CSA to an investment dealer with CIRO. The first firm was transitioned in January 2024. We expect this transition to accelerate.</p>
<p>Identify and address non-compliance with securities laws, including bringing enforcement actions in appropriate cases</p>		<p><b>Completed:</b> Approximately 500 crypto asset complaints were referred to the OSC this fiscal year, with most of them involving global crypto scams. Upon assessment, 25% of these matters were identified as non-compliant with securities laws. Many of these files were referred to or required collaboration with other securities regulators. For matters within Ontario’s jurisdiction, the OSC considered these files for possible investigation, disruption, or alternative enforcement action.</p> <p>Two enforcement matters relating to crypto were concluded this year. One resulted in a settlement agreement with over \$1.5M issued in monetary sanctions, the other resulted in a prison sentence and over \$190K ordered as restitution to investors.</p> <p><b>In Progress:</b> As of March 31, 2024, there are 11 ongoing crypto-related investigations that could lead to further enforcement action, and seven ongoing crypto-related litigations before the OSC Tribunal and the provincial court.</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Further develop internal capabilities, including technology tools, and specialized skills in crypto asset trading platform oversight		<p><b>Completed:</b> The OSC implemented digital tools to trace crypto transactions and developed existing internal knowledge and skills in crypto oversight by attending conferences, completing additional certifications, and training, and collaborating with CSA colleagues.</p> <p><b>In Progress:</b> As crypto-related misconduct becomes more complex, the OSC is committed to staying updated on market developments and seeking additional tools and expertise to support our crypto regulation efforts.</p>
When warranted, continue to add crypto firms to investor warning lists		<p><b>Completed:</b> To caution Ontario investors about the risks associated with unregistered crypto asset trading platforms and related parties, 268 of such entities were added to the OSC, CSA and IOSCO Investor Warning Lists during the fiscal year. The OSC also issued 17 press releases to amplify the messaging of the Investor Warning List.</p> <p><b>In Progress:</b> Updating the Investor Warning List serves as an important way the OSC can alert investors about bad players in the market.</p>
Continue implementing and refining the program for ongoing oversight of crypto asset trading platforms		<p><b>Completed:</b> In addition to the enforcement activities noted above, the OSC completed a review of the registered CTPs for which it is a principal regulator. The results of these reviews were communicated to the firms and any deficiencies were promptly resolved. On June 27, 2023, guidance for all CTPs was issued through <a href="#">OSC Staff Notice 33-755 Compliance and Registrant Regulation Branch Summary Report for Dealers, Advisers and Investment Fund Managers</a>.</p> <p><b>In Progress:</b> Registered CTPs, and unregistered CTPs through their pre-registration undertakings, are required to provide data reporting to the OSC on a quarterly basis. During the fiscal year, the reporting requirements were enhanced to improve the consistency and quality of data. This reporting is one of the ways the OSC maintains ongoing oversight of CTPs.</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Develop a regulatory framework with appropriate safeguards for how investment funds invest in crypto assets</p>		<p><b>Completed:</b> To enhance the regulatory framework for public crypto asset funds (investment funds seeking to invest in crypto assets, either directly or indirectly), the <a href="#">CSA published CSA Staff Notice 81-336 Guidance on Crypto Asset Investment Funds that are Reporting Issuers</a> on July 6, 2023, to provide guidance to stakeholders and outline the CSA’s expectations on the operations of these funds.</p> <p>Subsequently, on January 18, 2024, the CSA published <a href="#">CSA Notice and Request for Comment – Proposed Amendments to National Instrument 81-102 Investment Funds Pertaining to Crypto Assets</a> to provide further clarity on certain key operational matters including investment restrictions and custodial obligations for public crypto asset funds.</p> <p><b>In Progress:</b> In the next phase of this project, the CSA intends to consult publicly on a broader regulatory framework.</p>
<p>Help investors make informed decisions about investing in crypto assets by continuing to provide educational resources across all digital and social media channels, including GetSmarterAboutCrypto.ca</p>		<p><b>Completed:</b> To help investors make informed decisions about crypto and raise awareness of crypto-related scams, the OSC created two new educational videos discussing <a href="#">Red flags of crypto fraud</a> and <a href="#">How to spot and avoid crypto scams</a>. These resources were highlighted across the OSC’s digital and social media channels. The OSC also ran promotional campaigns highlighting the OSC’s investor alerts and warnings in real-time on <a href="#">GetSmarterAboutMoney.ca</a>.</p> <p><b>In Progress:</b> The OSC continues to develop educational resources and spread messaging across its media channels to help investors understand the nature of crypto assets and the associated risks.</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Explore regulatory implications of value-referenced crypto assets (VRCAs) in the capital markets, including their use in connection with crypto asset trading <sup>12</sup>		<p><b>In Progress:</b> On October 5, 2023, the CSA published <a href="#">CSA Staff Notice 21-333 Crypto Asset Trading Platforms: Terms and Conditions for Trading Value-Referenced Crypto Assets with Clients</a>, which introduced an interim framework to permit registered CTPs and CTPs that provided a pre-registration undertaking to continue trading VRCAs that satisfy certain terms and conditions. The CSA is considering the appropriate long-term regulatory approach for VRCAs and monitoring ongoing developments in this area.</p>
Engage with national and international partners to further explore crypto, digital assets and decentralized finance <sup>13</sup>		<p><b>Completed:</b> As part of IOSCO, the OSC contributed to developing policy recommendations for crypto and digital asset markets and decentralized finance (DeFi). The final reports were published by IOSCO in November and December 2023, respectively, and support greater consistency with respect to the regulatory framework and oversight within IOSCO member jurisdictions.</p> <p><b>In Progress:</b> Implementation of the policy recommendations is currently in progress across all IOSCO member jurisdictions..</p>

<sup>12</sup> This action has been updated to explore the regulatory implications of value-referenced crypto assets (VRCAs), encompassing all crypto assets designed to maintain a stable value over time by referencing any value or right or combination thereof. This broad definition encompasses not only crypto assets commonly referred to as stablecoins, but also other types of crypto assets such as wrapped tokens.

<sup>13</sup> This action has been added to the report to encompass national and international engagement activities by the OSC to further explore crypto, digital assets and decentralized finance.

## 3.2


### Streamline Periodic Disclosure Requirements for Corporate Finance and Investment Fund Reporting Issuers



#### Why it's important

The OSC, along with its CSA partners, is reviewing the disclosure requirements of reporting issuers and investment funds. Streamlining these disclosure requirements is expected to reduce the regulatory burden for reporting issuers and make investment fund disclosure more useful for investors.

#### Success measures

- Modernize disclosure requirements to reduce regulatory burden, simplify and streamline reporting, and increase reporting efficiency for reporting issuers.
- Increase the quality and usability of the disclosures provided to investors.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Review feedback and consider next steps for amendments to NI 51-102		<p><b>On Hold:</b> On May 20, 2021, the CSA published <a href="#">Proposed Amendments to National Instrument 51-102 Continuous Disclosure Obligations and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers</a> to streamline and clarify annual and interim filings.</p> <p>On October 3, 2023, the CSA <a href="#">published</a> a news release noting that until work advances on creating an access model for certain continuous disclosure documents for non-investment fund reporting issuers, the CSA does not anticipate implementing the amendments that would introduce the annual and interim disclosure statements.</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Review continuous disclosure requirements set out in NI 81-106 Investment Fund Continuous Disclosure and other disclosure requirements for investment fund reporting issuers with the view to modernize and publish rule amendments on disclosure requirements in December 2023 with a focus on Management Report of Fund Performance and non-IFRS content in investment fund issuers' financial statements</p>		<p><b>Completed:</b> Conducted investor testing to inform the redevelopment of the Management Report of Fund Performance (MRFP) and held meetings with various internal and external stakeholders to support this work.</p> <p><b>Ongoing/Delayed:</b> The CSA is finalizing proposed amendments to reduce the regulatory burden associated with certain investment fund continuous disclosure requirements and enhance their utility to investors. It is expected that the amendments will simplify disclosure requirements for the MRFP, certain conflict of interest disclosures, and certain elements of financial statement disclosures that are not required under International Financial Reporting Standards.</p>
<p>Review feedback and consider next steps on CSA regulatory proposal to reduce the frequency of mutual fund prospectus renewal from 12 months to 24 months</p>		<p><b>In Progress:</b> Reducing the frequency of mutual fund prospectus renewals from 12 to 24 months will require changes to the SEDAR+ filing categories as well as the local fee rules of CSA jurisdictions. The CSA expects to publish final amendments in the third quarter of fiscal 2024–2025.</p>



## 3.3


### Modernize Delivery Options of Regulatory and Continuous Disclosure Filings for Issuers

#### Why it's important



Securities laws require reporting issuers to disclose relevant and timely information that investors may use to inform their investment decisions. Generally, this disclosure is included in paper copies of documents that are delivered to securityholders. Implementing an access model, under which documents can be made available electronically and paper copies can be made available upon request, may provide a more cost-efficient, timely and environmentally friendly way of communicating information to investors.

#### Success measures

- Develop alternate delivery models for corporate finance reporting issuers and investment fund issuers that modernize the way certain documents are made available to investors, reduce undue regulatory burden and related costs for issuers, and promote a more environmentally friendly manner of communicating information, with paper delivery remaining optional.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Publish final amendments to implement an access model for prospectuses, generally, of non-investment fund reporting issuers. <sup>14</sup>		<p><b>Completed:</b> On January 11, 2024, <a href="#">CSA Notice of Publication – Amendments and Changes to Implement an Access Model for Prospectuses of Non-Investment Fund Reporting Issuers</a> was published to implement an access model for non-investment fund reporting issuers in connection with certain prospectuses.</p> <p><b>Subsequent Event:</b> The final rule amendments came into force on April 16, 2024.</p>

<sup>14</sup> In response to stakeholder feedback, the project to implement an access model for certain documents of non-investment fund reporting issuers has been bifurcated into two workstreams: one relating to prospectuses, generally and another relating to annual financial statements, interim financial reports and related MD&A.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Publish for a second comment period proposed amendments to implement an access model for annual financial statements, interim financial reports and related MD&amp;A (collectively, the “continuous disclosure documents”) of non-investment fund reporting issuers</p>		<p><b>Ongoing/Delayed:</b> In response to stakeholder feedback on <a href="#">CSA Notice and Request for Comment – Proposed Amendments and Proposed Changes to Implement an Access Equals Delivery Model for Non-Investment Fund Reporting Issuers</a>, the CSA is considering ways to enhance the access model for continuous disclosure documents of non-investment fund reporting issuers to address investor protection concerns, including potential negative effects on retail investors. The CSA anticipates publishing a revised access model for continuous disclosure documents for comment in the second quarter of fiscal 2024–2025.</p>
<p>Consider stakeholder feedback in the development of the final amendments to remove certain delivery obligations for investment funds continuous disclosure filings with goal of publishing a revised proposal or final amendments by fiscal 2024-2025<sup>15</sup></p>		<p><b>In Progress:</b> On September 27, 2022, the <a href="#">CSA published CSA Notice and Request for Comment – Proposed Amendments and Proposed Changes to Implement an Access-Based Model for Investment Fund Reporting Issuers</a>. The proposed amendments will modernize existing delivery practices for investment fund continuous disclosure documents by increasing online availability and accessibility. The CSA is currently reviewing the comment letters received and considering next steps.</p>

<sup>15</sup> The project to remove certain delivery obligations for investment fund continuous disclosure filings has been broadened to incorporate additional research and considerations. To accommodate this broadened scope, the CSA has approved an extended timeline for this project – publication of a final proposal has been extended into fiscal 2024–2025.

## 3.4


### Complete Transition to SEDAR+


#### Why it's important

The CSA is modernizing the electronic filing and data access systems that underpin Canadian securities regulation. The System for Electronic Data Analysis and Retrieval + (SEDAR+) is the new, web-based technology platform that will provide one central hub for market participants to file, disclose and search for issuer information in Canada's capital markets. This new system is more modern, intuitive, and better able to adapt to changing market needs over time.

#### Success measures

- SEDAR+ is launched as an online national system that is more responsive to current and future needs of market participants.
- Regulatory processes are more efficient and service delivery to market participants is improved, reducing overall regulatory burden.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Launch Phase 1 of SEDAR+ modernizing access to issuer information		<b>Completed:</b> The first phase of SEDAR+ was successfully launched on July 25, 2023, replacing Canada's longest running filing and disclosure national system, SEDAR, and consolidating multiple systems and databases, including the Cease Trade Order (CTO) Database and Disciplined List (DL), into one, publicly searchable site. <b>In Progress:</b> Efforts to mitigate challenges for users are continuing.
Modify and enhance the OSC's internal systems to integrate with the new SEDAR+ system		<b>Completed:</b> Eight of the OSC's internal systems for market participants' filings and disclosures were successfully integrated with SEDAR+, coinciding with the launch of the first phase on July 25, 2023.
Work, together with other CSA jurisdictions, on a controlled transition to the new system for market participants and internal users		<b>Completed:</b> To support operational readiness for the new SEDAR+, the OSC, alongside the CSA, developed change management materials including instructions, guides, and courses to support market participants and internal users, and conducted tabletop exercises to ensure minimal user impact.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Participate with the CSA on planning for and development of subsequent phases of the SEDAR+ system</p>		<p><b>Completed:</b> The first quarterly update to SEDAR+ was completed on December 3, 2023, and included improvements such as search enhancements and new email alerts for financial disclosure documents.</p> <p><b>Subsequent Event:</b> A second quarterly update was completed on April 7, 2024, to further improve the platform experience.</p> <p><b>In Progress:</b> The OSC continues to work with the CSA on prioritizing subsequent enhancements to SEDAR+.</p>

## 3.5


### Facilitate Financial Innovation



#### Why it's important


Innovation presents opportunities for both businesses and investors in Ontario's capital markets. Through its support for innovation, the OSC seeks to position Ontario as a globally competitive and efficient capital market that attracts investments from around the world. The OSC engages with novel and innovative businesses to provide direct support and obtain input that informs the OSC's efforts to modernize regulation, reduce burden, and foster capital formation in Ontario's capital markets.

#### Success measures

- Responsive and timely support is provided to novel and innovative businesses.
- Business support and modernizing regulation initiatives are aligned with stakeholder priorities.
- Build and strengthen relationships with key stakeholders in Ontario's innovation ecosystem.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Publish insights gained from OSC TestLab's first testing cohort focused on testing innovative solutions that can help registrants better understand their clients and products and contribute to better investor outcomes</p>		<p><b>Completed:</b> On May 16, 2023, the OSC published its <a href="#">first report</a> on OSC TestLab, a testing environment designed to promote innovation and modernize regulation in Ontario's capital markets. The report includes a discussion of the testing process, key learnings, and sets out additional steps the OSC is taking to support regulatory technology (RegTech) innovation and adoption in Ontario's capital markets.</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Conduct research and engage with stakeholders for input into how we can better support innovation and modernize our regulations</p>		<p><b>Completed:</b> On October 10, 2023, the OSC published a report on <a href="#">Artificial Intelligence in Capital Markets</a>. The report explores current and future applications of artificial intelligence (AI), examines the challenges and benefits of AI deployment, and raises awareness on the way AI is transforming capital markets. This research engaged the perspectives of various stakeholders including investment dealers, fund managers, financial institutions, alternative trading systems and exchanges in Ontario.</p> <p>During the year, the OSC also conducted research on early-stage capital formation in Ontario’s private markets for small and medium enterprises. This research engaged perspectives from stakeholders in Ontario’s private markets including founders, investors, innovation hubs, incubators, and accelerators..</p> <p><b>In Progress:</b> The OSC has also launched OSC IdeaHub, a new public participation platform for capital market participants to share ideas that contribute to the OSC’s efforts to foster innovation and economic growth. This platform is currently in the beta stage and will continue to be developed in the future.</p>
<p>Develop testing theme(s) for our next OSC TestLab cohort(s)</p>		<p><b>In Progress:</b> The OSC is developing a TestLab theme focused on capital formation for startups and small and medium enterprises in Ontario. This theme builds on the OSC’s expanded capital formation mandate, recommendations from the 2021 <i>Capital Markets Modernization Task Force Report</i>, and the above-mentioned research.</p> <p><b>Subsequent Event:</b> The second OSC TestLab was <a href="#">announced</a> on May 9, 2024, and includes initiatives to enhance access to capital for early-stage businesses in Ontario.</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Proactive outreach with stakeholders, including entities that can support Ontario’s innovation ecosystem such as innovation hubs and accelerators, academic institutions, and other regulators</p>		<p><b>Completed:</b> As set out above, the OSC engaged with various market participants and stakeholders as part of its research into artificial intelligence and early-stage capital formation. In addition, the OSC connected with angel investor groups and non-profit organizations that provide support to entrepreneurs from underrepresented groups within Ontario’s capital markets.</p> <p>As part of its proactive outreach and collaboration efforts, the OSC presented on the AI report to its advisory committees and other regulators. On February 28, 2024, the OSC held a RegTech Talks event to bring together technology firms, registrants, and other industry stakeholders to discuss trends and opportunities in RegTech.</p> <p><b>In Progress:</b> The OSC continues to actively engage with stakeholders in its efforts to provide appropriate support to facilitate financial innovation.</p>

## 3.6


### Further Initiatives that Promote Capital Formation and Foster Competition

#### Why it's important





In 2022, the OSC adopted an expanded mandate to reflect the importance of regulation that promotes competition and capital formation as well as protecting investors, fostering fair and efficient markets, and contributing to the stability of the financial system. Supporting vibrant capital markets that contribute to the growth and prosperity of Ontario businesses and facilitate wealth creation for the people of Ontario has always been at the core of the OSC's mission.


#### Success measures

- Enhance access for businesses and financial services providers to Ontario's capital markets.
- Enhance access for qualified investors to an enhanced range of investment opportunities.
- Streamline regulatory requirements and processes to make it easier to participate in Ontario's capital markets.
- Growth in Ontario's capital markets through increased capital formation and competition, which is carried out in a manner that is consistent with all components of our mandate.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Monitor and assess compliance of new prospectus offerings (e.g., WKSIs) and new prospectus exemptions (e.g., LIFE)</p>		<p><b>Completed:</b> The listed issuer financing exemption (LIFE) <a href="#">came into effect</a> in 2022, providing a more efficient method of capital raising for reporting issuers that have securities listed on a Canadian stock exchange and have filed all timely and periodic disclosure documents. On June 1, 2023, the <a href="#">CSA published CSA Staff Notice 45-330: Frequently Asked Questions about the Listed Issuer Financing Exemption</a> to provide additional guidance on this exemption. As of March 31, 2024, 39 reporting issuers for which Ontario is the principal regulator have completed distributions under the LIFE exemption, totalling approximately \$122 million.</p> <p>The Well-Known Seasoned Issuer (WKSI) exemption was <a href="#">introduced</a> in 2021, via temporary blanket order relief, allowing issuers that meet certain qualifications to file a final base shelf prospectus with its principal regulator and obtain a receipt for that prospectus on an accelerated basis without first filing a preliminary base shelf prospectus. On September 21, 2023, the CSA published <a href="#">CSA Notice and Request for Comment – Proposed Amendments to National Instrument 44-102 Shelf Distributions Relating to Well-known Seasoned Issuers</a> to establish a permanent WKSI regime. As of March 31, 2024, 59 reporting issuers for which Ontario is the principal regulator have used the WKSI exemption.</p> <p><b>In Progress:</b> The OSC continues to monitor and assess compliance of the LIFE and WKSI exemptions. The CSA is currently reviewing the stakeholder feedback received as part of its published proposal to establish a permanent WKSI regime.</p>



PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Following issuance of the blanket order, collect data and consider whether rule amendments are needed that expand the existing categories of the accredited investor exemption		<b>In Progress:</b> In 2022, the OSC launched a <a href="#">self-certified investor prospectus exemption</a> for 18 months. Subsequently, pursuant to <a href="#">OSC Rule 45-508 Extension to Ontario Instrument 45-507 Self-Certified Investor Prospectus Exemption</a> , published on January 30, 2024, the class order was extended to October 25, 2025.
Consider feedback obtained in response to consultation paper on access to real-time market data (RTMD) and make recommendations for policy changes		<b>In Progress:</b> On April 18, 2024, the CSA published <a href="#">CSA Staff Notice 21-334 Next Steps to Facilitate Access to Real-Time Market Data</a> summarizing comments received on the related <a href="#">2022 consultation paper</a> and advising stakeholders on the CSA's next steps to address the access to and use of real-time market data.
Continue to focus and raise inquiries, and take further regulatory action where needed, on the review of initial public offerings (IPOs) and follow-on offerings for potential tied selling concerns		<b>Completed:</b> The OSC has updated its internal procedures to include risk-based inquiries as part of its review of initial public offerings and follow-on prospectus offerings for potential tied selling concerns. Where tied selling or other anti-competitive activities are established, the OSC will take further regulatory action as required.
Continue to support new entrants, innovation and novel business models within the Innovation Office		<b>Completed:</b> The OSC Innovation Office received 20 requests for support this fiscal year as part of its LaunchPad program, which helps businesses with innovative products, services, or applications that benefit investors. Examples of support provided include granting exemptive relief, offering informal guidance on regulatory requirements, and providing access to the Innovation Office Directory which connects businesses with external firms to obtain legal, financial, and business advice.  <b>In Progress:</b> Supporting new entrants, innovation, and novel business models remains an ongoing endeavor of the OSC.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Update or remove outdated dealer proficiency requirements for the sale of alternative mutual funds</p>		<p><b>Completed:</b> Following ministerial approval of the <a href="#">Multilateral CSA Notice – Repeal of National Instrument 81-104 Alternative Mutual Funds</a>, the repeal of NI 81-104 came into force on January 29, 2024, in all CSA jurisdictions except Quebec. This notice removes outdated dealer proficiency requirements for the sale of alternative mutual funds. Quebec will continue to rely on its local blanket order until mutual fund dealers registered in Quebec are transitioned to the equivalent requirements under CRO.</p>

# 4

## Enabling the Organization to Deliver Effective Regulation

### 4.1


#### Attract, Develop and Retain Talent




##### Why it's important

The OSC's ability to deliver on the identified strategic goals and initiatives is dependent on having sufficient staff expertise. Talent attraction and retention in a highly competitive market environment poses significant challenges, and the OSC is responding by recruiting staff across a range of disciplines and developing the skills and experience of our internal talent.

##### Success measures

- Employment relationships are aligned with organizational and employee needs.
- Turnover of staff with sought-after skillsets and critical roles are mitigated and managed in a manner that meets business needs.
- Gaps between existing workforce and the required skills to deliver on OSC objectives are reduced.
- A workplace culture where employees have a sense of purpose and pride in their work, are productive, and enjoy being part of the OSC community.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Re-imagine and develop the employee experience in a hybrid work environment, to reinforce a work culture and professional environment that is productive and engaging		<p><b>Completed:</b> Conducted a staff engagement survey and leveraged the results to identify trends in employee engagement, inform program offerings, and drive targeted action planning to reinforce a positive employee experience in a hybrid work environment. .</p> <p><b>In Progress:</b> The OSC continues to implement regular surveys to gauge employees' workplace experiences and prioritize actions and programs to enhance its work culture.</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Modernize talent acquisition strategies, practices and experiences to showcase OSC value proposition and position OSC as an attractive employer</p>		<p><b>In Progress:</b> The OSC is continuing to integrate its new enterprise planning system, including features that will allow the organization to effectively create and manage talent pipelines. The organization is also exploring new tools in outreach and candidate sourcing and is working on a multi-year talent acquisition strategy supporting inclusion and diversity.</p>
<p>Develop a long-term total rewards strategy to reflect the needs of the organization and address market gaps, including a benefits package that provides best value for all employees, meeting needs of employees at different life stages</p>		<p><b>Completed:</b> Initiated a multi-year project to refine the OSC’s compensation and rewards programs. The first phase of this project was completed during the fiscal year and included updating the employee value proposition and compensation philosophy and conducting a market review to facilitate a new compensation structure and address salary gaps. The new compensation structure took effect starting April 1, 2024.</p> <p><b>In Progress:</b> In the following years, the OSC will focus on reviewing other compensation and rewards programs such as health benefits, performance awards, and career development.</p>
<p>Deliver an educational program that enhances employee knowledge and builds expertise, by exploring trends in securities regulations through the eyes of world experts and academics</p>		<p><b>Completed:</b> Delivered educational programs to enhance employee knowledge and foster a better understanding of trends in securities regulation. Learning modules from this year covered various topics including the use of social media in regulation, crypto assets, short selling, active/passive investing, and artificial intelligence.</p> <p><b>In Progress:</b> The OSC continues to prioritize employee learning to ensure staff expand their knowledge and expertise and keep informed of emerging trends.</p>

## 4.2


### Execute OSC’s Inclusion and Diversity Strategy





#### Why it’s important


Creating an employee experience that is diverse, equitable, and inclusive through cultural awareness, understanding, and empathy will improve recruitment and retention at the OSC and continue our progress towards becoming an organization where all employees feel safe, respected, and connected. A diversity of backgrounds and experiences is a benefit for our productivity and performance. When employees see themselves reflected in an organization, everyone can contribute. We continue to strengthen the OSC’s inclusive culture by celebrating and recognizing our employees’ uniqueness and individuality.

#### Success measures

- Policies and practices that are equitable and inclusive for all employees, including in the areas of recruitment, talent development, secondment, promotion, code of conduct, and workplace respect.
- A workplace where employees experience inclusion, equality and engagement.
- Achieve, measure and expand upon the goals and targets set out in the BlackNorth Initiative CEO pledge.
- Inclusion and Diversity policies and an OSC culture that reflect the spirit of truth and reconciliation, and greater engagement with and integration of ideas from Indigenous Peoples.
- Enhanced approach to recruitment of advisory committee members, with a view to having greater diversity reflected on the committees.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
End-to-end review of talent acquisition process to identify opportunities and relevant areas for Inclusion and Diversity (I&D) process and policy enhancement to create a bias-free selection process to ensure equal opportunity, both in the intermediate term and longer term		<p><b>Completed:</b> Launched a new inclusion and diversity learning suite and training program. This yearly mandatory training is an integral part of the OSC’s commitment to fostering an inclusive and accountable culture where all employees feel safe, valued, respected, and empowered. The first module rolled out across the organization covered the topic of unconscious bias.</p> <p><b>In Progress:</b> The OSC is working on a multi-year talent acquisition strategy supporting inclusion and diversity.</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Take actions outlined in the BlackNorth Initiative (BNI) CEO pledge, including developing an I&amp;D dashboard for data collection and measurement for all stages of the employee lifecycle, and expanding external partnerships for attracting diverse candidates</p>		<p><b>In Progress:</b> In July 2020, the OSC joined over 200 corporations in signing the BNI CEO Pledge. Since then, the OSC has been committed to its internal inclusion and diversity plan and achieving its public commitments to end anti-Black systemic racism in Canada and support other organizations in achieving the same objectives. In March 2024, the OSC extended its partnership with BlackNorth, gaining access to additional platforms, workshops, and resources.</p> <p>The OSC has administered its second annual demographic census to better understand diversity within the organization. The data collected will help inform future inclusion and diversity initiatives and evaluate how the OSC approaches diversity.</p>
<p>Respond to Truth and Reconciliation Call to Action 57 (Professional Development and Training for Public Servants) by implementing Indigenous cultural awareness training and Call to Action 92 (Business and Reconciliation) by supporting capital market participants' reconciliation efforts</p>		<p><b>In Progress:</b> The OSC continues to contribute to the CSA Taskforce on Indigenous Peoples in the Capital Markets and consider ways to approach engagement with Indigenous Peoples and organizations.</p>
<p>Develop OSC's action plan for truth and reconciliation through engagement with Ontario Indigenous groups and communities</p>		<p><b>In Progress:</b> The OSC, in cooperation with the Ministry of Finance and the Ministry of Indigenous Affairs, continues to engage with Indigenous partners in Ontario to obtain feedback on the OSC's capital markets priorities and preliminary approach to truth and reconciliation.</p>
<p>Undertake training to better understand how to work effectively with Indigenous Peoples</p>		<p><b>In Progress:</b> The identification and creation of Indigenous training is anticipated to begin in the first quarter of fiscal 2024–2025.</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Review OSC advisory committee composition, size, structure and approaches to diversity to inform the development of a strategy for having greater diversity on OSC advisory committees, consistent with the OSC's I&amp;D Plan</p>		<p><b>Completed:</b> The OSC's advisory committees were reviewed during the year and new guidelines were created setting out terms of reference, the general features of the committees, the recruitment process for selecting committee members, and descriptions of committee operations.</p>

## 4.3


### Integrate Data and Processes to Support Effective Decision Making and Risk Monitoring

#### Why it's important




Ever-increasing market complexity means effective regulation has a greater reliance on data and analytics. In response, the OSC is investing in modern tools, technologies, and a robust data and analytics framework that will allow for innovative regulatory practices, better identification of trends and risks, and enhanced analysis and decision-making in compliance and enforcement activities, systemic risk oversight, and policy development.

#### Success measures

- Access to data that can be easily used for analysis and identification of emerging risks for improved insights and decision making, efficient information sharing and increased collaboration between divisions of the OSC and with industry stakeholders, and enabling data driven policy development and regulatory responses.
- Effective systemic risk oversight supported by timely access and analysis of integrated derivatives OTC trade data to support risk identification and risk-based compliance programs.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Evolve OSC's data analytics to support core regulatory operations and policy work, with a focus on registrant, issuer, exempt market and investment funds data, and emerging areas such as crypto assets and social media		<p><b>Completed:</b> Evolved the OSC's data analytics and reporting capabilities to support core regulatory operations such as derivatives, registrant, exempt market, and investment funds data. Notably, this year, data from the OSC's annual <a href="#">Investment Fund Survey</a> was shared publicly through the OSC website.</p> <p><b>In Progress:</b> The OSC continues to roll out data, analytics, and reporting capabilities across the organization including data ingestion from crypto trading platforms, the OSC's Risk Assessment Questionnaire, and other prioritized data sets to support the OSC's mandate.</p>



PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Enhance OTC Derivatives Datamart and analytics in support of systemic risk monitoring and various policy objectives</p>		<p><b>Completed:</b> Migrated the database for OTC derivatives into a new cloud-based environment to support enhanced security, improved platform functionality and advanced data analytics. During the year, the OSC developed its ability to collect raw derivatives position and activity data for various asset classes including interest rate, credit, foreign exchange, equity, and commodities. The OSC also developed the ability to read and incorporate Unique Product Identifiers, a new taxonomy to identify financial instruments involved in OTC derivative transactions. These data capabilities support the OSC’s efforts toward systemic risk monitoring and compliance reviews.</p> <p><b>In Progress:</b> The OSC is continuing to work on extracting, integrating, and organizing derivatives position data for the remaining asset classes including foreign exchange, equity, and commodities.</p>
<p>Roll out the platform supporting streamlined end-to-end regulatory activities and integrated case management</p>		<p><b>Completed:</b> The OSC has rolled out its cloud-based, integrated regulatory case management and workflows platform across various divisions of the organization, including several areas within Enforcement.</p> <p><b>In Progress:</b> Further roll-out of the platform is ongoing to support the remaining Enforcement teams.</p>
<p>Roll out OSC’s external portal, to streamline participant’s interaction with the OSC</p>		<p><b>Completed:</b> Replaced the OSC’s legacy electronic forms portal with a new, modernized portal that integrates with the OSC’s case management platform and is compliant with the Accessibility for Ontarians with Disabilities Act. The new portal allows market participants and other filers to submit online forms and other filings, including the OSC’s Risk Assessment Questionnaire and the Investment Fund Survey, to the OSC.</p> <p><b>In Progress:</b> The OSC is continuing further roll out of its external portal to integrate additional processes and interactions with market participants and other filers, including submissions related to early-stage capital raising.</p>

# 2023–2024 Service Standards Results

## Background

The [OSC Service Commitment](#) was established to provide investors, registrants, and market participants with transparency on the standards and timelines they can expect when interacting with the OSC. Service standards are based on routine requests, filings, and applications, and in some cases relate to regulatory engagements initiated by the OSC such as compliance or continuous disclosure reviews. The results presented below are obtained through internal OSC tracking. The OSC also publishes a [quarterly report](#) to provide timely updates to stakeholders on our performance against these targets.

## Performance Measurement

Each service standard has a corresponding **performance target** that represents our commitment to the service level that stakeholders can expect when interacting with the OSC. The performance target generally applies for routine matters and assumes that applications and filings are received in an acceptable form. For more information on what this means, refer to the full OSC Service Commitment document on the OSC website.

**Performance results** against each standard are collected and presented on a quarterly basis for greater transparency.

## Important Note

This report covers the service standards results for Fiscal 2023–2024. The standards in this report are inclusive of the OSC's [2023 annual service commitment review](#), which took effect April 1, 2023, and the OSC's [mid-year review](#) of certain registration standards, where it was determined that the timelines for these standards would remain extended to accommodate for an increase in registration filings. These service extensions have been flagged within this report.

## 2023–2024 Summary

The OSC staff continued to deliver a high level of service to our stakeholders. For the 2023–2024 fiscal year, the OSC met 99%<sup>16</sup> of its quarterly performance targets for services requested.

### 1.0 General Questions and Complaints

Service	Target	Q1	Q2	Q3	Q4
<b>1.1</b> Answer telephone calls received at the OSC Inquiries and Contact Centre <i>Note: This target accounts for a 5% call abandonment rate which may include spam, robocalls, misdials, and signal issues among other uncontrollable variables.</i>	<b>95%</b>	95%	96%	96%	95%
<b>1.2</b> Answer telephone calls received at the OSC Inquiries and Contact Centre <i>within 60 seconds</i>	<b>80%</b>	89%	93%	90%	90%
<b>1.3</b> Respond to written inquires or complaints about routine matters received by e-mail, mail, fax, or online form <i>within 5 working days or less</i>	<b>95%</b>	96%	98%	97%	96%

### 2.0 Investing and Personal Finance Questions

Service	Target	Q1	Q2	Q3	Q4
<b>2.1</b> Respond to questions received through <a href="https://investingquestions.ca">InvestingQuestions.ca</a> <i>within 10 working days of receiving the question</i>	<b>80%</b>	100%	100%	100%	100%

<sup>16</sup> This includes 142 out of 144 quarterly results where the performance result was met in comparison to the performance target.

### 3.0 Prospectus Filings with the OSC

Service	Target	Q1	Q2	Q3	Q4
<b>Prospectus Filings</b>					
For preliminary or pro forma prospectuses					
<b>3.1</b> Provide a first comment letter for confidential prospectus pre-file, long form prospectus or simplified prospectus <i>within 10 working days</i> or acknowledgement of receipt (confidential prospectus pre-file) and related materials in acceptable form	<b>80%</b>	98%	100%	100%	100%
<b>3.2</b> Provide a first comment letter for short form prospectus or shelf prospectus <i>within 3 working days</i> of the date of the preliminary receipt and related materials in acceptable form <sup>17</sup>	<b>80%</b>	100%	85%	100%	90%
<b>3.3</b> Complete our review for routine offerings <i>within 40 working days</i> of the issuance of a receipt (for preliminary filings) and receipt of related materials in acceptable form	<b>80%</b>	99%	96%	95%	99%
<b>3.4</b> Issue receipt for final prospectus by <i>end of the same working day</i> given that materials are in acceptable form and filed by noon EST	<b>100%</b>	98% <sup>18</sup>	100%	100%	100%
<b>Prospectus Amendments</b>					
Filing a preliminary prospectus amendment <i>before</i> the OSC issues a comment letter					
<b>3.5</b> Issue a comment letter for long form prospectus or simplified prospectus on the later of the date that is <i>5 working days</i> after the date of the receipt for the preliminary prospectus amendment and the original due date for the comment letter	<b>90%</b>	100%	Nil applicable filings	100%	100%
<b>3.6</b> Issue a comment letter for short form prospectus or shelf prospectus on the later of the date that is <i>3 working days</i> after the date of the receipt for the preliminary prospectus amendment and the original due date for the comment letter <sup>17</sup>	<b>80%</b>	100%	100%	100%	100%

<sup>17</sup> The results for this standard include bought deals and all other short form or shelf prospectuses.

<sup>18</sup> This service standard was missed due to one filing requiring more time to review. The prospectus receipt was issued the following working day.

Service	Target	Q1	Q2	Q3	Q4
<b>Prospectus Amendments</b>					
Filing an amendment to a prospectus <i>after</i> a final receipt has been issued by the OSC					
<b>3.7</b> Issue a comment letter for long form prospectus or simplified prospectus <i>within 5 working days</i> after the date that related materials are received in acceptable form	<b>85%</b>	100%	97%	100%	100%
<b>3.8</b> Issue a comment letter for short form prospectus or shelf prospectus <i>within 5 working days</i> after the date that related materials are received in acceptable form	<b>85%</b>	Nil applicable filings	Nil applicable filings	Nil applicable filings	Nil applicable filings
<b>Prospectus Amendments</b>					
Providing our decision on amendment filings					
<b>3.9</b> Complete our review for routine offerings <i>within 40 working days</i> from the issuance of a receipt (for preliminary filings) and receipt of related materials in acceptable form	<b>85%</b>	100%	98%	100%	100%

#### 4.0 Exemptive Relief Applications with the OSC<sup>19</sup>

Service	Target	Q1	Q2	Q3	Q4
<b>Exemption Applications</b>					
<b>4.1</b> Issue first comment letters <i>within 10 working days</i> of receiving a complete and adequate application in acceptable form	<b>80%</b>	96%	92%	96%	93%
<b>4.2</b> Provide a decision on requests for routine exemptive relief <i>within 40 working days</i> of receiving a complete and adequate application	<b>80%</b>	88%	91%	88%	93%

<sup>19</sup> This group of standards excludes exemption from recognition applications for market infrastructure entities. This process is currently not applicable for non-routine exemption applications for OTC derivatives-related rules.

## 5.0 Circular Filings with the OSC

Service	Target	Q1	Q2	Q3	Q4
<b>Management Information Circulars (Conflict of Interest Transactions)</b>					
<b>5.1</b> Provide comments, if applicable, <i>within 5 working days</i> from the date of filing of the circular	<b>80%</b>	91%	94%	100%	92%
<b>5.2</b> Complete our review <i>within 14 working days</i> from the date of filing of the circular	<b>80%</b>	96%	94%	92%	92%
<b>Take-over/Issuer Bid Circulars</b>					
<b>5.3</b> Provide comments, if applicable, <i>within 7 working days</i> from the date of filing of the circular	<b>80%</b>	100%	100%	100%	100%
<b>5.4</b> Complete our review <i>within 21 working days</i> from the date of filing of the circular	<b>80%</b>	100%	100%	100%	100%
<b>Dissident Proxy Circulars</b>					
<b>5.5</b> Provide comments, if applicable, <i>within 5 working days</i> from the date of filing of the circular	<b>80%</b>	Nil applicable filings	Nil applicable filings	Nil applicable filings	Nil applicable filings
<b>5.6</b> Complete our review <i>within 14 working days</i> from the date of filing of the circular	<b>80%</b>	Nil applicable filings	Nil applicable filings	Nil applicable filings	Nil applicable filings

## 6.0 Registration Material Filings with the OSC

Service	Target	Q1	Q2	Q3	Q4
<b>New Business Submissions</b>					
<b>6.1</b> Acknowledge applications <i>within 5 working days</i> after receipt	<b>95%</b>	100%	100%	100%	100%
<b>6.2</b> Provide initial comments on firm registration applications <i>within 45 working days</i> of receiving a complete and adequate application in acceptable form <sup>19</sup>	<b>80%</b>	80%	100%	100%	100%
<b>6.3</b> Provide a decision and notification on routine applications <i>within 120 working days</i> of receiving a complete and adequate application in acceptable form <sup>19</sup>	<b>80%</b>	100%	Nil applicable filings	Nil applicable filings	100%
<b>Dealing Representatives</b>					
<b>6.4</b> Provide a decision on routine applications <i>within 10 working days</i> of receiving a complete and adequate application in acceptable form <sup>20</sup>	<b>80%</b>	88%	98%	100%	100%
<b>Advising Representatives, Associate Advising Representatives, and CCOs</b>					
<b>6.5</b> Provide a decision on routine applications <i>within 30 working days</i> of receiving a complete and adequate application in acceptable form <sup>20</sup>	<b>80%</b>	92%	86%	98%	100%
<b>Notices of End of Individual Registration or Permitted Individual Status</b>					
<b>6.6</b> Complete our acknowledgement of a Notice of End of Individual Registration or Permitted Individual Status <i>within 24 hours</i> of receipt for routine filings	<b>100%</b>	100%	100%	100%	100%

<sup>20</sup> This service standard timeline is extended from its original turnaround time. As background, this standard was extended as part of the [December 2021 adjustments](#) to accommodate a significant increase in application volumes. Following a [mid-year review](#), the OSC determined that overall registration volumes continued to remain high, and that a further extension was required for the remainder of the 2023-2024 fiscal year.

## 7.0 OSC Reviews

Service	Target	Q1	Q2	Q3	Q4
<b>Continuous Disclosure Reviews (Full Reviews)<sup>21</sup></b>					
<b>7.1</b> Respond to issuer's correspondence <i>within 10 working days</i> of receipt	<b>80%</b>	100%	100%	100%	80%
<b>7.2</b> Complete our review <i>within 120 days</i> from the issuance of our first comment letter	<b>80%</b>	100%	100%	100%	100%
<b>Insider Reporting Reviews</b>					
<b>7.3</b> Respond to the issuer's correspondence <i>within 10 working days</i> of receipt	<b>80%</b>	100%	100%	100%	100%
<b>7.4</b> Complete our review <i>within 120 days</i> from the issuance of our first comment letter	<b>80%</b>	80%	100%	100%	100%
<b>Compliance Reviews – Registrants</b>					
Risk-based assessment of the registrant's compliance with Ontario securities laws and commodity futures laws					
<b>7.5</b> Complete our review and communicate our findings for ordinary course compliance reviews <i>within 14 weeks</i> of the initial meeting with the registrant (this excludes sweeps)	<b>80%</b>	100%	100%	67% <sup>22</sup>	Nil compliance reviews <sup>23</sup>

<sup>21</sup> Service standards for full continuous disclosure reviews include those reviewed by Corporate Finance only.

<sup>22</sup> This service standard was not met in Q3 2023–24 as one of the three reviews conducted during the quarter was delayed to accommodate the registrant's schedule.

<sup>23</sup> The compliance reviews done in Q4 2023–24 included sweeps in relation to the Client Focused Reforms and reviews that were complex in nature. These reviews are not within the scope of this standard and as such, the Q4 result is nil.



## 8.0 Requesting OSC Records (Calling or Emailing Records and Information Management)

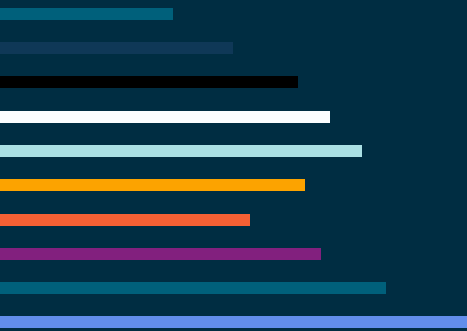
Service	Target	Q1	Q2	Q3	Q4
<b>Requesting copies of company filings or Commission hearing materials<sup>24</sup></b>					
<b>8.1</b> Acknowledge receipt of your request <i>by the end of the next working day</i>	<b>100%</b>	100%	100%	100%	100%
<b>8.2</b> Complete requests <i>within 5 working days</i>	<b>90%</b>	100%	100%	100%	96%
<b>Registrants requesting copies of their registration records and related forms</b>					
<b>8.3</b> Acknowledge receipt of your request <i>by the end of the next working day</i>	<b>100%</b>	100%	100%	100%	100%
<b>8.4</b> Complete requests <i>within 5 working days</i>	<b>90%</b>	91%	100%	100%	100%

<sup>24</sup> This pertains to records available to the public through Records and Information Management only. This does not include records related to current proceedings before the Tribunal, as they are separately handled through the OSC Registrar.

## 9.0 Requesting Support from OSC LaunchPad

Service	Target	Q1	Q2	Q3	Q4
<b>9.1</b> Acknowledge your Request for Support (RFS) form <i>within 2 working days</i> of receipt	<b>100%</b>	100%	100%	100%	100%
<b>9.2</b> Conduct our eligibility review and contact you <i>within 10 working days</i> of receipt of your RFS form	<b>80%</b>	100%	100%	100%	100%
<b>9.3</b> For eligible businesses, a telephone call or in-person meeting will be held to provide direct support <i>within 20 working days</i> of receipt of your RFS Form	<b>80%</b>	100%	100%	100%	100%
<b>9.4</b> If you are eligible to receive continued support from OSC LaunchPad, <i>within 20 working days</i> of your direct support meeting, we may ask you to provide us with additional materials or a filing	<b>80%</b>	100%	100%	100%	Nil applicable filings

# Management's Discussion & Analysis



# Management's Discussion and Analysis

This Management's Discussion and Analysis (MD&A) contains management's interpretation of the Ontario Securities Commission's (OSC) financial performance for the fiscal year that ended March 31, 2024. While the financial statements reflect actual financial results, the MD&A explains these results from management's perspective and sets out the OSC's plans and budget for the year ahead.

This MD&A should be read in conjunction with the OSC's 2024 Financial Statements and related notes. Together, the MD&A and financial statements provide key information about the OSC's performance.

## Important information about this MD&A

- the information in this MD&A is prepared as of June 27, 2024
- the terms "we", "us", "our", and "OSC" all refer to the Ontario Securities Commission
- this MD&A contains forward-looking information and statements regarding strategies, objectives, expected operations, and financial results, which are based on the OSC's current views of future events and financial performance. We discuss key risks and uncertainties later in this MD&A. Some risks and uncertainties beyond the control of the OSC are difficult to predict, so actual future outcomes may substantially differ from the expectations stated or implied in this MD&A
- the words "believe", "plan", "intend", "estimate", "expect", "anticipate", and similar expressions, as well as future conditional verbs, such as "will", "should", "would", and "could", often identify forward-looking statements
- unless otherwise specified, references to "a year", "the year", or to a specific year refer to the past fiscal year (ending March 31)
- notes to "the financial statements" refer to the OSC's 2024 Notes to the Financial Statements
- all financial information related to the current and preceding fiscal years has been prepared in accordance with International Financial Reporting Standards (IFRS). For more information, refer to the notes to the financial statements, in particular Note 2 *Basis of presentation*, Note 3 *Material accounting policies*, and Note 21 *Accounting pronouncements*
- amounts shown in this MD&A are expressed in Canadian dollars, unless otherwise specified
- due to rounding, some variances may not reconcile, and analysis of components may not sum to the analysis for the grouped components

# Financial Highlights

Total excess of revenue over expenses in fiscal 2024 amounted to \$3.0 million as evidenced in the table below. Revenue totalled \$166.1 million, reflecting an increase of \$7.9 million (5.0%) compared to the previous year. The increase in revenue resulted primarily from \$13.1 million in new participation fees recognized from over-the-counter (OTC) derivatives market participants. These fees provide the necessary funding to strengthen the OTC derivatives regulatory framework and better align fees with oversight costs within this sector. The increase in fees was partially offset by lower participation and activity fees totalling \$4.7 million due to fee rate reductions and the elimination of some activity and late fees. Interest income was higher in fiscal 2024 primarily due to higher interest rates on deposits held with financial institutions, however, this was partially offset by lower revenues driven by market declines.

Expenses totalled \$163.2 million, reflecting an increase of \$14.1 million (9.4%) compared to the previous year primarily due to higher salaries and benefits, administrative expenses, professional services, and amortization. We invested additional staff resources to enhance

OTC derivatives oversight, including resources to support systemic risk monitoring. Staff resources were also added to fulfill a growing volume of work in targeted areas – including cryptocurrency oversight, behavioural insights, investor dispute resolution, OSC inquiries and contact centre services, and digital and information services. Higher administrative expenses are primarily due to the OSC continuing to roll-out its cloud-based computing solutions and inflationary pressures on existing cloud hosted platforms. Higher professional services are primarily due to vendor price increases, non-routine expenditures to develop the OSC's multi-year strategic plan, expenditures to support the OSC's digital transformation program, and fees for external legal counsel. Higher amortization is primarily due to the completion of three major system implementations, the integrations of the System for Electronic Data Analysis and Retrieval+ (SEDAR+) to local OSC systems; the implementation of the OSC's new platform supporting streamlined end-to-end regulatory activities for enforcement case assessment; and the implementation of the new external facing portal used for online regulatory form submissions.

The general surplus on March 31, 2024 was \$126.3 million, which increased by \$3.2 million from the previous year inclusive of other comprehensive income adjustments for pension liabilities. Surplus levels are continuously monitored to ensure the OSC is keeping pace with growing and complex oversight needs, addressing inflationary pressures, and operating effectively during market downturns when revenues decline.

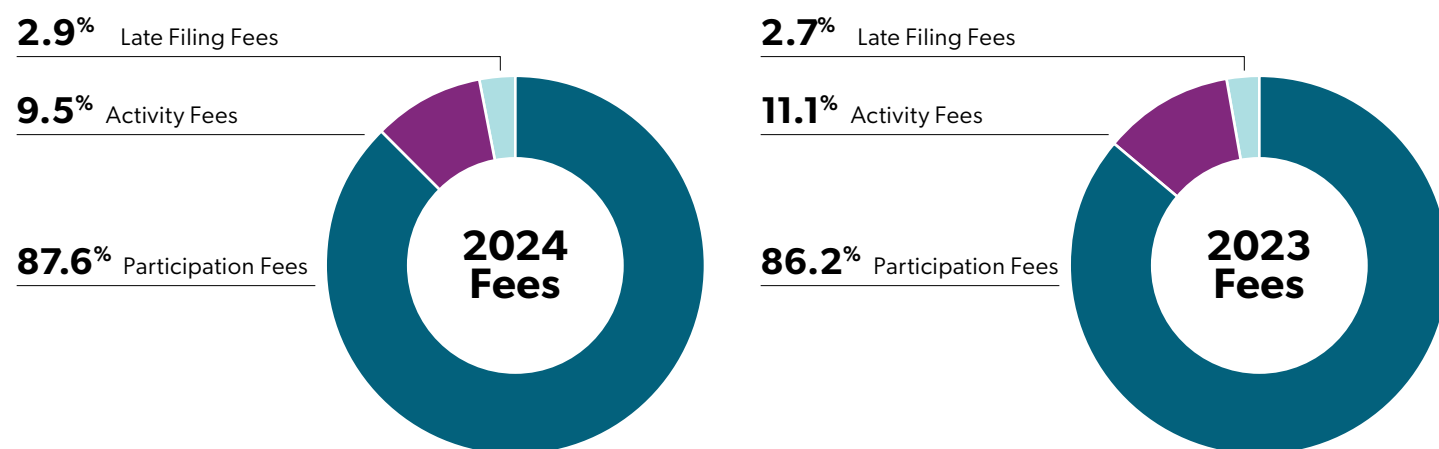
Total assets decreased by \$63.9 million while liabilities decreased by \$67.1 million. The decline in both assets and liabilities is primarily attributable to a decline in funds restricted for CSA systems operations and redevelopment due to costs associated with the implementation of SEDAR+ and, to a lesser extent, lower right-of-use assets and lease liabilities. The decrease in assets was partially offset by an increase in net capital additions from the building of integrated regulatory management and workflow platforms.

## Selected Annual Information

(Thousands of dollars)	2024 Actual	2023 Actual	2022 Actual
Revenue	\$ 166,119	\$ 158,197	\$ 160,652
Expenses	163,165	149,105	136,556
<b>Excess of revenue over expenses</b>	<b>\$ 2,954</b>	<b>\$ 9,092</b>	<b>\$ 24,096</b>
Property, plant, equipment and intangibles (additions)	\$ 8,598	\$ 10,825	\$ 9,989
<b>Total assets*</b>	<b>\$ 392,117</b>	<b>\$ 456,051</b>	<b>\$ 476,689</b>
<b>Total liabilities*</b>	<b>\$ 245,836</b>	<b>\$ 312,963</b>	<b>\$ 343,310</b>
<b>General surplus</b>	<b>\$ 126,281</b>	<b>\$ 123,089</b>	<b>\$ 113,380</b>

\*Totals in 2024 include \$170.7 million of restricted funds from settlements and sanction orders, as well as funds collected by the CSA to operate and redevelop national systems (2023 – \$235.7 million, 2022 – \$261.3 million)

## Revenue Analysis

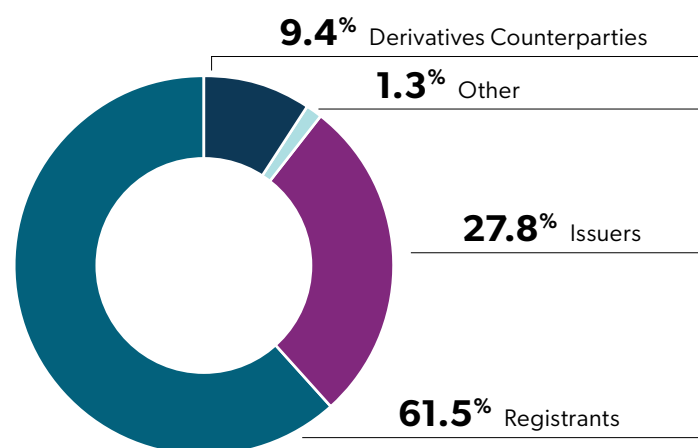


(Thousands of dollars)	2024 Actual	2024 Budget	2023 Actual	Variance Favourable/(Unfavourable)		Prior Year	
				Budget		\$	%
<b>REVENUE</b>				<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>
Participation fees	\$ 139,956	\$ 146,835	\$ 132,802	\$ (6,879)	-4.7%	\$ 7,154	5.4%
Activity fees	15,133	14,146	17,149	987	7.0%	(2,016)	-11.8%
Late filing fees	4,591	3,368	4,124	1,223	36.3%	467	11.3%
<b>Total fees</b>	<b>\$ 159,680</b>	<b>\$ 164,349</b>	<b>\$ 154,075</b>	<b>\$ (4,669)</b>	<b>-2.8%</b>	<b>\$ 5,605</b>	<b>3.6%</b>
Interest income	\$ 5,642	\$ 3,356	\$ 3,484	\$ 2,286	68.1%	\$ 2,158	61.9%
Miscellaneous	797	793	638	4	0.5%	159	24.9%
<b>Total revenues</b>	<b>\$ 166,119</b>	<b>\$ 168,498</b>	<b>\$ 158,197</b>	<b>\$ (2,379)</b>	<b>-1.4%</b>	<b>\$ 7,922</b>	<b>5.0%</b>

The following is a discussion of the most significant changes in our revenue components for the past fiscal year.

## Participation Fees

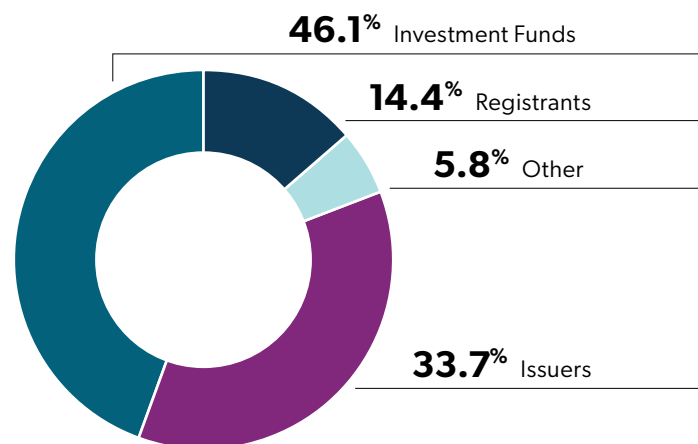
2024 Actual	\$140.0M
2024 Budget	\$146.9M
2023 Actual	\$132.8M



In 2024, participation fee revenues were \$7.2 million (5.4%) higher compared to the previous year. The increase is mainly from amendments to the OSC Fee Rules. The first amendment introduced a new participation fee for derivatives reporting counterparties to support the OSC's oversight of the OTC derivatives regulatory framework, which generated approximately \$13.1 million in new revenues. Further amendments consisted of participation fee rate reductions benefiting most market participants with a total fee reduction of \$3.0 million. Furthermore, declines in the number of market participants (primarily reporting issuers) amounted to a further reduction of \$2.0 million, and issuer filings worth \$0.9 million not completed in the fiscal year, and subsequently filed in the following fiscal period. In addition, amendments were made to change the definition of the designated financial year to reflect the most recently completed audited financial year for registrants and unregistered capital market participants. The impact of this change for many of these filers is that their Ontario specified revenues remained consistent with the prior year, as the revenue base did not change from which fees are calculated on. Consequently, revenues earned from these filers also remained fairly consistent with the prior year.

Participation fee revenues were \$6.9 million (4.7%) lower in 2024 compared to budget, primarily from issuer filings not completed in the year, net decline in market capitalization, and a lower reporting issuer population. Furthermore, the budget assumed \$0.4 million in higher derivatives participation fees than was experienced.

## Activity Fees

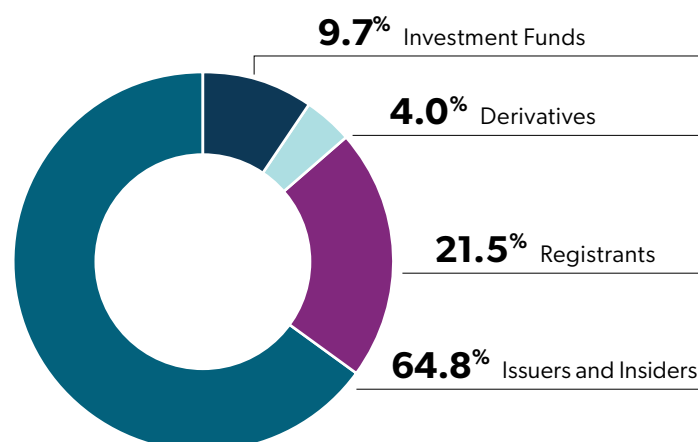
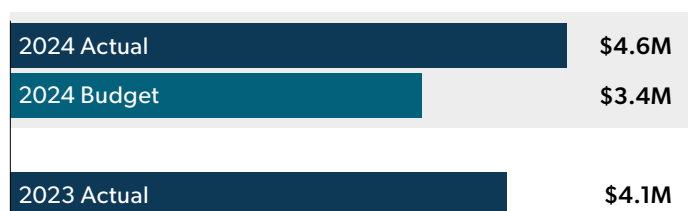


The majority of issuer activity fees are charged for services relating to securities offerings and applications, such as prospectus filings or exemptive relief applications from Ontario's *Securities Act* requirements. The majority of registrant activity fees are charged for services relating to registrations for a new firm or individual, and from applications.

Activity fee revenues were \$2.0 million (11.8%) lower in 2024 compared to the previous year. The decrease is mainly as a result of a \$1.7 million decline due to lower rates for exempt distribution filings and the elimination of select activity fees. Additionally, a decline in capital raising activities for issuers and investment funds contributed to lower activity fees compared to the previous year.

Activity fees were \$1.0 million (7.0%) higher compared to budget as a result of a conservative budget assumption for capital raising activities relating to investment funds.

## Late Fees



Late fees are triggered when market participants do not pay or do not file regulatory forms by established due dates as required by securities legislation. Late fees are intended to promote compliance with securities legislation to allow for filings to be made available publicly on a timely basis and to ensure the OSC can carry out our required regulatory tasks.

Late fee revenues were \$0.5 million (11.3%) higher in 2024 compared to the previous year and \$1.2 million (36.3%) higher compared to budget. The increase is mainly as a result of higher volumes of late filing of annual financial statements, exempt distribution and insider securities reports. Based on amendments to the OSC Fee Rules, some late fees were eliminated to simplify and harmonize with other Canadian securities regulators without compromising investor protection.



## Fees Charged to Market Participants

The OSC is funded by fees from market participants and our fees are structured to recover the costs of our operations.

Fee rates are typically re-evaluated every three years, considering the OSC's existing surplus, our projected revenue and expenses, our capital spending, and the level of cash resources required to fund our operations through capital market downturns. During the fee evaluation cycle, we also consider funding requirements for cyclical investments

beyond the three-year period. Our fee structure is set out in OSC Rules 13-502 *Fees* and 13-503 *Commodity Futures Act Fees* (under "Fee Rules").

Amendments to the Fee Rules came into effect April 3, 2023. The amendments included new fees for over-the-counter (OTC) derivatives market participants to fund the expansion of OTC derivatives regulatory oversight capabilities while reducing fees for other payers to re-calibrate fees to reflect a proportionate allocation of costs

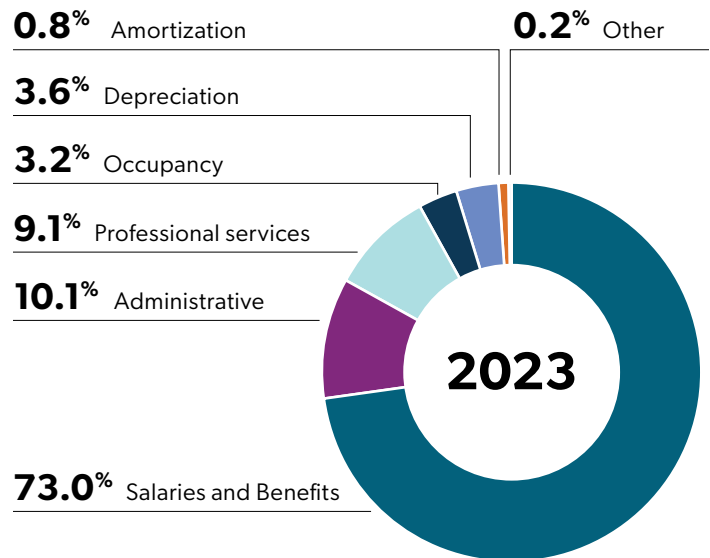
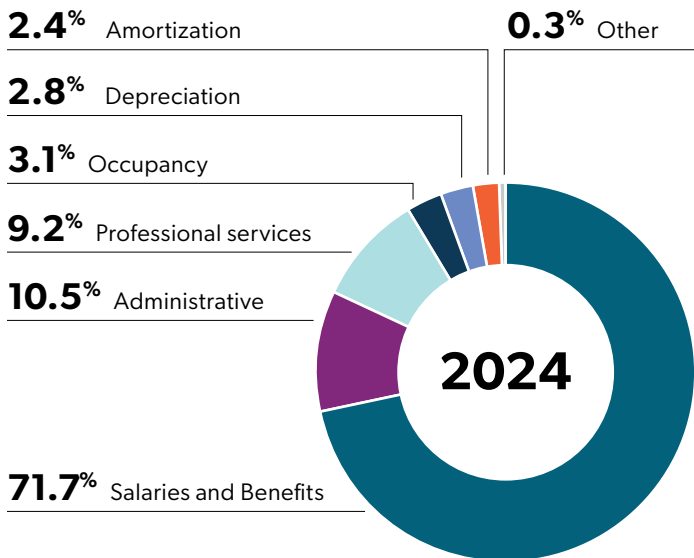
against the sectors we regulate. The amendments additionally generated efficiencies for most market participants by eliminating a number of activity and late fees without compromising investor protection.

**Participation fees** are charged for a participant's use of Ontario's capital markets. They cover the cost of a broad range of regulatory services that cannot be practically or easily attributed to the individual activities of market participants. Fees are calculated using an increasing tiered structure, based on average market capitalization for issuers, Ontario-specified revenues for registrants and unregistered capital market participants, and average outstanding quarterly notional value of all OTC derivatives transactions for OTC derivatives market participants. Other market participants are charged participation fees based on their market share or at a fixed rate.

**Activity fees** are charged when market participants file documents such as prospectuses and other disclosure documents, registration applications, and applications for discretionary relief. Activity fees are also charged for requests such as making changes to a registration or searching for records. Activity fees are all flat-rate, and are based on the estimated direct cost for the OSC to review documents and respond to requests. In support of strengthening oversight and enforcement in the cryptocurrency asset sector, we plan to implement fees towards Restricted Dealers for initial registration and exemptive relief applications for Restricted Dealers operating as a marketplace to enable the OSC to further support these activities.

**Late fees** are charged when market participants submit filings after applicable filing deadlines or when participants are late paying other filing-related fees.

## Expenses Analysis



(Thousands of dollars)	2024 Actual	2024 Budget	2023 Actual	Variance Favourable/(Unfavourable)			
				Budget		Prior Year	
				\$	%	\$	%
<b>EXPENSES</b>							
Salaries and benefits	\$ 120,071	\$ 119,700	\$ 111,768	\$ (371)	-0.3%	\$ (8,303)	-7.4%
Administrative	17,537	19,354	15,444	1,817	9.4%	(2,093)	-13.6%
Professional services	15,321	14,694	13,859	(627)	-4.3%	(1,462)	-10.5%
Occupancy	5,247	5,396	4,924	149	2.8%	(323)	-6.6%
Depreciation	4,684	4,838	5,446	154	3.2%	762	14.0%
Amortization	3,991	3,936	1,218	(55)	-1.4%	(2,773)	-227.7%
Other	581	819	374	238	29.1%	(207)	-55.3%
<b>Total expenses (before recoveries and finance costs)</b>	<b>\$ 167,432</b>	<b>\$ 168,737</b>	<b>\$ 153,033</b>	<b>\$ 1,305</b>	<b>0.8%</b>	<b>\$ (14,399)</b>	<b>-9.4%</b>
Finance costs	\$ 1,524	\$ 1,524	\$ 1,672	\$ -	0.0%	\$ 148	8.9%
Recoveries of enforcement costs	(267)	(1,000)	(451)	(733)	-73.3%	(184)	-40.8%
Recoveries of investor education and knowledge enhancement costs	(5,149)	(5,524)	(5,149)	(375)	-6.8%	-	0.0%
Recoveries of Office of Economic Growth and Innovation costs	(375)	(2,450)	-	(2,075)	-84.7%	375	-
<b>Total expenses</b>	<b>\$ 163,165</b>	<b>\$ 161,287</b>	<b>\$ 149,105</b>	<b>\$ (1,878)</b>	<b>-1.2%</b>	<b>\$ (14,060)</b>	<b>-9.4%</b>

The following is a discussion of the most significant changes in our expense components for the OSC in the past fiscal year.

## Salaries and Benefits

2024 Actual	\$120.1M
2024 Budget	\$119.7M
2023 Actual	\$111.8M

The OSC's largest cost is salaries and benefits, representing 71.7% of total expenses (before recoveries and finance costs). In 2024, salaries and benefits were \$8.3 million (7.4%) higher compared to the previous year, primarily as a result of adding staff resources to deliver digital transformation initiatives, further strengthen derivatives and cryptocurrency asset sector oversight, strengthen behavioural insights, and support systemic risk monitoring. The OSC's average active headcount increased year over year by 5.6% or 36 positions from 647 to 683. These additions are necessary to effectively respond to emerging developments in light of the growing speed and complexity in our markets. A new organization structure came into effect in April 2024, in alignment with the OSC's strategic evolution. The transition into this new structure did result in workforce adjustments that also contributed to an increase in termination expenditures within salaries and benefits.

Salaries and benefits expenses were \$0.4 million (0.3%) higher compared to budget primarily due to higher termination expenditures which were partially offset by savings from higher vacancies.

For details on the composition of the expenses from salaries and benefits, refer to Note 16 of the financial statements.

## Administrative

2024 Actual	\$17.5M
2024 Budget	\$19.3M
2023 Actual	\$15.4M

Administrative expenses primarily consist of ongoing information technology (IT) maintenance and support charges, Board regulatory and governance expenses, Capital Markets Tribunal expenses, research, and stakeholder outreach costs.

Administrative expenses were \$2.1 million (13.6%) higher compared to the previous year, primarily due to higher IT maintenance costs as we continue modernizing our technology platforms using cloud computing solutions. In addition, inflationary pressures resulted in higher vendor costs.

Administrative expenses were \$1.8 million (9.4%) lower compared to budget, primarily due to lower Board regulatory and governance expenses, Capital Markets Tribunal expenses, and office supplies expenses.

For details on the composition of administrative expenses incurred, refer to Note 17 of the financial statements.

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## Professional Services

2024 Actual	\$15.3M
2024 Budget	\$14.7M
2023 Actual	\$13.9M

Professional services include external contractors, consultants and CSA shared costs.

Professional services expenses were \$1.5 million (10.5%) higher compared to the previous year, mainly as a result of spend for the strategic plan and branding development, and spend on the implementation of a new enterprise resource planning system. In addition, funds were spent to redesign the OSC's investor website, GetSmarterAboutMoney.ca.

Professional services expenses were \$0.6 million (4.3%) higher compared to budget primarily as a result of the development of the OSC's six-year strategy, higher spend to implement digital transformation solutions, and legal support for higher-than-expected litigation claims.

As a member of the CSA, the OSC paid 38.5% (37.9% in 2023) of the costs to operate the CSA's office and joint CSA projects based on the population of its jurisdiction as a percentage of all participating jurisdictions. In 2024, total CSA spending on shared projects was \$3.6 million (\$3.8 million in 2023), of which the OSC contributed \$1.3 million (\$1.4 million in 2023).

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## Amortization

2024 Actual	\$4.0M
2024 Budget	\$3.9M
2023 Actual	\$1.2M

Amortization consists of the expense charged to the Statement of Comprehensive Income to write down capital expenditures for intangible assets over time. Amortization begins when development of the intangible asset is complete, and the asset is available for use.

Amortization was \$2.8 million (227.7%) higher compared to the previous year, primarily as a result of the launch of SEDAR+, the implementation of the end-to-end regulatory platform for Enforcement case assessment and the implementation of the new external facing portal used by market participants to file regulatory forms. Amortization was comparable to the budget.

## Recovery of Enforcement Costs

Recoveries of enforcement costs are recorded as offsets to total expenses on the date that a monetary sanction is issued, unless management determines that collecting the monetary sanction is significantly doubtful, in which

case, recovery is recognized when payment is received. In 2024, \$0.3 million in recovery of enforcement costs were recorded (\$0.5 million in 2023).

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## Recovery of Investor Education and Knowledge Enhancement Costs, Recovery of Office of Economic Growth and Innovation Costs, and Recovery of Technology and Data Capability Costs

With the proclamation of the *Securities Commission Act* (SCA), effective April 29, 2022, section 3.4 of the *Securities Act* (Ontario) was repealed and replaced by section 19(2) (b) of the SCA which continues to allow the Commission to fund investor education and for promoting or otherwise enhancing knowledge and information of persons regarding the operation of the securities and financial markets. Under subclause 19(2)(b)(iii) of the SCA, funds received by the Commission can be allocated by the Board for authorized purposes specified in the regulations. As of February 5, 2024, two new authorized purposes came into force through new regulation:

- use by the Commission to fund activities of the Office of Economic Growth and Innovation that are aimed at fostering innovation, capital formation and competition in Ontario's capital markets ("Office of Economic Growth and Innovation" expenditures)
- use by the Commission to enhance its capabilities in information technology, data acquisition, and data analytics to address regulatory matters relating to investor protection and the reduction of systemic risk or the integrity of the capital markets ("technology and data capability expenditures"), other than ongoing operating costs of the Commission

To evaluate the types of costs permissible for recovery, the OSC has in place Board approved guidelines relating to the two new authorized purposes.

In 2024, the OSC recorded \$5.1 million in recoveries of investor education and knowledge enhancement costs from funds held pursuant to settlements and sanction orders (\$5.1 million in 2023). During the same period, the OSC recorded \$0.4 million in recoveries of Office of Economic Growth and Innovation costs (nil in 2023).

For details on the recoveries of costs from funds held pursuant to settlements and sanction orders, refer to Note 20 of the financial statements.

# Liquidity and Financial Position

A discussion of our liquidity, cash flows, financing activities and changes in our financial position

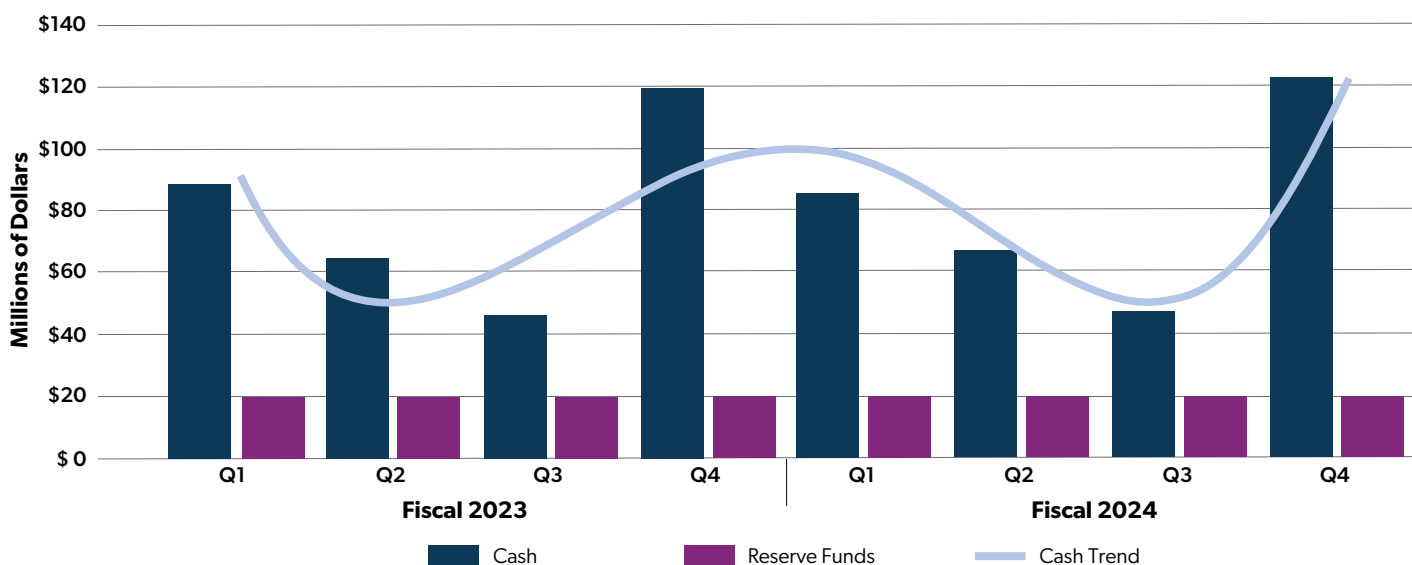
## Liquidity

As of March 31, 2024, the OSC held \$122.5 million in cash (\$119.5 million in 2023) and \$20.0 million in reserve fund assets (\$20.0 million in 2023),

for a combined total of \$142.5 million (\$139.5 million in 2023). The OSC also has access to a \$52.0 million revolving line of credit. We hold a sufficient

level of cash, reserve fund assets, and credit access to ensure liquidity for our forecasted cash requirements.

**Cash Flow Trend**



Historically, approximately 69% of our revenues are received in the last quarter of each fiscal year, between January 1 and March 31, while expenses are incurred relatively evenly over the year. Funds received in the last quarter primarily represent annual participation fees that are used to fund most of our operating expenses during the following year. The OSC prudently manages liquidity risk from seasonal cash deficits and

capital market downturns by utilizing three critical levers (in the following order): cash, a \$20.0 million reserve fund and a \$52.0 million revolving line of credit.

Since 2001, the OSC has held \$20.0 million in reserve funds, as approved by Ontario's Minister of Finance, to guard against revenue shortfalls or unexpected expenses, or to cover discrepancies between timing of

revenue and expenses. The primary investment consideration is protection of capital and liquidity. The OSC records interest income generated by the reserve funds within general operations. Reserve fund assets are segregated on the Statement of Financial Position to reflect their restricted use. For more information on reserve fund assets, refer to Note 8 of the financial statements.

The line of credit is a critical tool to fund seasonal deficits during periods of projected deficiency of revenues over expenses. There are no financial covenant requirements on the line of credit. The agreement for the current line of credit expires on June 30, 2024, as approved by the Minister of Finance. On June 18, 2024, a new credit facility was approved by the Minister of Finance.

As approved by our Board, we aim to maintain combined cash and reserve funds of approximately six months of operating expenditures. These financial management strategies are necessary to minimize the disruption during downturns so that the OSC can continue carrying out its mandate effectively. This strategy also benefits market participants by reducing the need to raise fees during capital market downturns. The OSC uses

multi-year forecasts to project and maintain cash to ensure that we can meet ongoing operational needs and significant capital expenditure requirements.

As of March 31, 2024, the OSC had current assets of \$134.0 million (\$132.7 million in 2023) and current liabilities of \$30.8 million (\$30.2 million in 2023) for a current ratio of 4.3:1 (4.4:1 in 2023).

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## Cash Flows

In 2024, neither reserve fund assets nor the revolving line of credit were used. This was true in 2023 as well. Cash flows from operating activities produced an inflow of \$12.4 million (\$12.7 million in 2023). Cash flows used in investing activities amounted

to \$6.4 million (\$8.6 million in 2023). Cash flows used in financing activities amounted to \$2.9 million (\$2.6 million in 2023).

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## Financial Instruments

The OSC uses cash and reserve fund assets to manage its operations. Both are recorded at fair value. Refer to Note 3(a) of the financial statements for the OSC's accounting policies related to financial instruments.

The OSC acts as a custodian of funds held pursuant to settlements and sanction orders, and funds restricted for CSA Systems operations and redevelopment. Both are recorded at fair value. Funds restricted for CSA Systems operations and

redevelopment includes cash and investments of \$45.7 million (\$112.0 million in 2023).

The OSC is not exposed to significant interest rate, currency, or liquidity risks from these investments because they are short-term, redeemable, and all balances are denominated in Canadian dollars. For a complete analysis of the risks relating to these financial instruments, refer to Note 4 of the financial statements.

Trade and other receivables and trade and other payables (including accrued liabilities) are recorded at amortized cost, which approximates fair value given their short-term maturities. For more information on trade and other receivables, refer to Note 5 of the financial statements. For more information on trade and other payables (including accrued liabilities), refer to Note 11 of the financial statements.

**The OSC is not exposed to significant interest rate, currency, or liquidity risks.**

## Financial Position

(Thousands of dollars)	2024 Actual	2023 Actual	Variance	
			\$	%
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash	\$ 122,514	\$ 119,451	\$ 3,063	2.6%
Trade and other receivables	6,009	5,912	97	1.6%
Prepayments	5,486	7,302	(1,816)	-24.9%
<b>NON-CURRENT</b>				
Funds held pursuant to settlements and sanction orders *	\$ 124,969	\$ 123,667	\$ 1,302	1.1%
Funds restricted for CSA Systems operations and redevelopment **	45,722	112,027	(66,305)	-59.2%
Reserve funds	20,000	20,000	-	0.0%
Lease receivable	2,771	2,947	(176)	-6.0%
Right of use assets	36,109	38,895	(2,786)	-7.2%
Property, plant & equipment	5,823	6,973	(1,150)	-16.5%
Intangible assets	22,713	18,877	3,836	20.3%
<b>LIABILITIES</b>				
<b>CURRENT</b>				
Trade and other payables	\$ 28,202	\$ 27,320	\$ 882	3.2%
Lease liabilities	2,636	2,887	(251)	-8.7%
<b>NON-CURRENT</b>				
Lease liabilities	\$ 40,015	\$ 42,651	\$ (2,636)	-6.2%
Pension liabilities	4,291	4,411	(120)	-2.7%
Funds held pursuant to settlements and sanction orders *	124,969	123,667	1,302	1.1%
Funds restricted for CSA Systems operations and redevelopment **	45,722	112,027	(66,305)	-59.2%

\* Represents funds recognized from settlements and sanction orders restricted for use in accordance with section 3.4(2)(b) of the *Securities Act* (Ontario), superseded by section 19 of the *Securities Commission Act*.

\*\* Represents funds collected and managed by the CSA to operate and redevelop national systems.



The following is a discussion of the most significant changes in our Statement of Financial Position, and in some cases, material balances.

## Cash

2024	\$122.5M
2023	\$119.4M

Cash increased by \$3.1 million (2.6%) primarily as a result of an excess of revenues over expenses. Non-cash adjustments to cash flows from operating activities are partially offset by investments in property, plant and equipment and intangibles. Refer to Statement of Cash Flows for further details.

## Prepayments

2024	\$5.5M
2023	\$7.3M

Prepayments decreased by \$1.8 million (24.9%) primarily as a result of lower prepayment for software licenses and timing of when office rent was paid.

## Funds Held Pursuant to Settlements and Sanction Orders

2024	\$125.0M
2023	\$123.7M

### (i) Background on Monetary Sanctions

If an individual or organization contravenes Ontario securities law or commodity futures law, the OSC can bring an enforcement proceeding against them. Proceedings are heard by the Capital Markets Tribunal, an independent division of the OSC established by the *Securities Commission Act*, 2021. Some of these cases are heard by a panel of independent adjudicators, who have the power to impose monetary sanctions. The Capital Markets Tribunal may also approve voluntary payments to the OSC under settlement agreements. Monetary sanctions reflect what the panel believes is appropriate for the circumstances, regardless of a respondent's ability to pay. Monetary sanctions are also intended to

deter others from contravening securities laws. Monetary sanctions are assessed on a case-by-case basis and are not susceptible to a trend.

### (ii) Settlements and Sanction Orders Funds

The Commission's use of funds paid to it under these sanctions and settlements is restricted by law. These funds may only be:

- allocated by the Commission to or for the benefit of third parties
- used by the Commission for the purpose of educating investors or promoting or otherwise enhancing knowledge and information of persons regarding the operation of the securities and financial markets
- authorized for uses defined in section 19(2) of the *Securities Commission Act*

Third party recipients of these funds have included harmed investors, whistleblowers, and organizations dedicated to advancing the interests of investors.

(Thousands of dollars)	2024	2023
Total monetary sanctions assessed during the year	\$ 81,598	\$ 23,610
Total amount paid or payable to investors	—	143
Total amount recovered by the OSC for investor education and knowledge enhancement activities	5,321	4,638
Total amount paid to whistleblowers	1,800	481

There were nil amounts paid or payable to harmed investors by the OSC (\$0.1 million in 2023). In 2024, total amounts for the recovery of OSC investor education and knowledge enhancement costs approved by the Board amounted to \$5.3 million (\$4.6 million in 2023). In 2024, the OSC paid \$1.8 million to whistleblowers (\$0.5 million in 2023).

As of March 31, 2024, the accumulated balance of funds held pursuant to settlements and sanction orders was \$125.0 million (\$123.7 million in 2023). Of this amount, \$123.8 million was held in cash (\$122.9 million in 2023) and \$1.1 million in receivables (\$0.8 million in 2023). After considering funds set aside for possible allocation to harmed investors, \$119.9 million (\$120.6 million in 2023) of the funds on hand are available for use by the Commission in accordance with authorized uses defined in section 19(2) of the *Securities Commission Act*. The increase in funds in 2024 is mainly due to collections of orders assessed in the year and higher interest earned on balances held in bank accounts. Of the \$119.9 million, a total of \$119.4 million (\$119.1 million in 2023) has been earmarked for authorized uses defined in section 19(2) of the *Securities Commission Act*.

For more information on funds held pursuant to settlements and sanction orders, refer to Note 6 of the financial statements.

### Collecting Monetary Sanctions

While the OSC actively works to collect unpaid monetary sanctions, material differences between sanction assessments and collections have persisted since we began imposing monetary sanctions. Historically, collection rates from market participants, where settlements with up-front payments are common, have been much higher than from respondents sanctioned in contested matters involving non-market participants, including fraud matters – where assets are typically non-existent or inaccessible. The collections rate decreased in 2024 to 4.5% from 30.8% in 2023 as a

result of higher assessments from contested hearings compared to settlements. The collection rate will vary each year, depending on the nature of the cases. Large uncollected orders made during 2024 consisted primarily of the order made in Paramount Equity Financial Corporation matter for \$46.6 million, the second largest fraud brought before the Capital Markets Tribunal. In that matter, the OSC also brought receivership proceedings before the Ontario Superior Court of Justice pursuant to which a separate \$30 million was recovered and distributed to investors by the receiver not reflected as part of Capital Market Tribunal’s sanction orders. Other significant orders in 2024 include the proceedings related to Harry Stinson for \$14.3 million, CIM International Group Inc. for \$8.6 million and First Global Data Ltd. for \$8.1 million, the latter two of which are under appeal. The Capital Markets Tribunal’s sanction orders are filed with the Ontario Superior Court of Justice and become enforceable as orders of that court. The OSC becomes a regular unsecured judgment creditor of the debtor respondent. Collection activities on sanction orders may continue for multiple years. As part of OSC’s strategic plan we will be fostering innovative ways of strengthening our enforcement-related activities, from deterrence and detection through to sanctions and enforcing the monetary sanctions.

A list of respondents who are delinquent in paying monetary sanctions to the Commission is available on the OSC website at [www.osc.ca](http://www.osc.ca).

The table below shows the collection rates on Capital Market Tribunal sanction orders for the last two years.

(Thousands of dollars) 2024	Assessed*	Collected**	% Collected
Settlements	\$ 4,009	\$ 3,659	91.3%
Contested hearings	77,589	-	0.0%
<b>Total</b>	<b>\$ 81,598</b>	<b>\$ 3,659</b>	<b>4.5%</b>
2023	Assessed*	Collected**	% Collected
Settlements	\$ 8,392	\$ 7,242	86.3%
Contested hearings	15,218	35	0.2%
<b>Total</b>	<b>\$ 23,610</b>	<b>\$ 7,277</b>	<b>30.8%</b>

\*Does not reflect amounts paid directly by respondents to investors.

\*\*Prior year amounts collected in the current year are reflected in the year the sanction was issued.

## Funds Restricted for CSA Systems Operations and Redevelopment

2024	\$45.7M
2023	\$112.0M

The core CSA National Systems consist of the System for Electronic Document Analysis and Retrieval + (SEDAR+) (previously SEDAR until July 25, 2023), the National Registration Database (NRD), the System for Electronic Disclosure by Insiders (SEDI) and the marketplace surveillance and analytics system. SEDAR+ is the new, web-based technology platform providing one central hub for market participants to file, disclose and search for issuer information in Canada's capital markets. It consolidates multiple systems and databases, including the Cease Trade Order (CTO) Database and Disciplined List (DL), into one, publicly searchable site.

The OSC has been appointed the Designated Principal Administrator – Operations (DPA) to collect, hold, and administer the surplus funds accumulated from system fees charged to market participants that use the CSA Systems. This is essentially a custodial role. The funds restricted for CSA Systems operations and redevelopment include surplus funds accumulated from operation of the CSA Systems, which are received, held, and managed by the DPA on behalf of the Principal Administrators (PAs). The use of these surplus funds is restricted by various agreements between the PAs. For more information on CSA National Systems contractual arrangements and financial results, refer to Note 7 and Note 18 of the financial statements.

For more information on the judgement exercised with respect to the appropriate accounting treatment of these surplus funds, refer to Note 2(c) of the financial statements.

## Right of Use Assets

2024	\$36.1M
2023	\$38.9M

Right of use assets decreased by \$2.8 million (7.2%) due to the depreciation of the lease for office space and printer equipment. For more information on right of use assets, refer to Note 12 of the financial statements.

Legislative amendments as part of the Centralization of Broader Real Estate Authority (CBREA) will transition realty authority in fiscal 2025 to the Minister of Infrastructure to oversee interests in real property previously under the management of prescribed entities, including the OSC. This will involve the Ministry of Infrastructure and Government of Ontario to take a holistic approach while working with prescribed entities to plan, purchase, operate, maintain and dispose of government real estate.

The OSC is currently working with the Ministry of Infrastructure to assess the contractual requirements and implications to the OSC's financial statements relating to lease accounting.

## Intangible Assets

2024	\$22.7M
2023	\$18.9M

Intangible assets increased by \$3.8 million (20.3%) primarily due to spending on integrated regulatory platforms and the SEDAR+ integration work that became available for use this year. For more information on intangible assets, refer to Note 10 of the financial statements.

## Non-Current Lease Liabilities

2024	\$40.0M
2023	\$42.6M

Non-current lease liabilities decreased by \$2.6 million (6.2%) due to payments made on the lease contracts. For more information on lease liabilities, refer to Note 12 of the financial statements.

# 2025 Strategy

## Our plans and outlook for fiscal year ending 2025

Every year, the OSC publishes a Statement of Priorities (SoP) outlining our specific areas of focus. We publish a draft of the Statement of Priorities to give stakeholders the opportunity to comment on the draft document before it is finalized and incorporated into our business plan. In the fall of 2023, we received feedback on our draft Statement of Priorities for fiscal year ending 2025.

In addition to the Statement of Priorities, the OSC published a Strategic Plan in May 2024, which outlines our strategic direction and defines our priorities for the next six years, beginning in fiscal 2024-25.

The new Strategic Plan was prompted by the significant change the OSC has undergone over the last several years and is reflective of our

consideration of current and potential future trends in capital markets and securities regulation. In developing the strategic plan, we consulted with key external stakeholders, including representation from market participants, industry organizations, investor advocacy groups and government bodies.

## Our strategic plan includes the following strategic goals over the next six years:

### Goal 1

Quickly deliver effective regulatory actions in anticipation of emerging trends.

### Goal 2

Enhance the experience of individual investors.

### Goal 3

Dynamically right-size regulation informed by changing needs, risks and practices in Ontario and globally.

## Goal 4

Implement a tougher and more visible response to capital markets misconduct.

## Goal 5

Foster conditions for capital formation and innovation in both public and private markets.

## Goal 6

Strengthen OSC's position as a trusted and influential voice in Canadian capital markets.

While the strategic plan was not yet finalized at the time of the development of the OSC business plan, the analysis and critical thinking that was done throughout the strategic planning process enabled us to establish our priorities for the fiscal year ending 2025, including our Statement of Priorities (SoP), with a view to the future. Stakeholder comments provided on our SoP were also considered in finalizing our strategic plan. The most recent Statement of Priorities is included in the OSC's Business Plan.

Looking ahead at fiscal 2024-2025, the OSC will focus most of our resources on sustaining our core regulatory operations, while continuing to invest in, and advance key policy initiatives. In the next year, we will also focus our efforts on foundational and organizational enablers and early activities to begin implementation of our strategic plan.

We will continue to integrate strategic initiatives within our future SoPs and business plans, as appropriate, and report on progress in future annual reports.

## Fiscal 2025 Financial Outlook

The OSC is budgeting a deficiency of revenue over expenses of \$14.7 million in fiscal 2025. The deficiency is primarily attributed to higher expenses to execute the new six year strategic plan, resources to support growing complexity in regulatory operations, compensation increases, and third party costs towards digital transformation evolution. The deficiency is in accordance with our multi-year plan to draw down accumulated surplus. Any surpluses/deficiencies in comparison to our oversight requirements are considered in accordance with our fee review cycle. The OSC's ability to grow and adapt to significant developments in our capital markets and workforce challenges is critical in meeting our mandate. Accordingly, we continue to monitor surplus levels, ensuring the OSC is keeping pace with oversight needs.

Budgeted revenues in fiscal 2025 of \$166.9 million are \$0.8 million (0.5%) higher compared to fiscal 2024 actual results, primarily from estimated higher participation fees, partially offset by a decrease in interest income.

Budgeted expenses in fiscal 2025 of \$181.6 million are \$18.4 million (11.3%) higher compared to fiscal 2024 actuals. The increase is primarily driven from the following:

- \$9.5 million increase in salaries and benefits including compensation adjustments and 37 new permanent positions. The 37 new permanent positions are comprised of permanent technology positions as we gradually transition from third party providers, positions towards OTC derivatives oversight, positions to execute the six-year strategy and various roles in core regulatory and advisory activities where volumes have grown.
  - › Total compensation actions were limited during the *Protecting a Sustainable Public Sector for Future Generations Act, 2019* (or Bill 124) moderation period, which ended for the OSC in March 2024. While the OSC included a provision for salary adjustments in the budget, the OSC is continuing to assess compensation to ensure we are able to operate effectively and efficiently from a people perspective.
- \$3.0 million increase primarily towards the continuation of the digital transformation and workplace modernization programs and vendor inflationary adjustments.
- \$3.6 million increase in amortization due to the implementation of new systems.
- \$0.5 million additional costs to support the execution of the OSC's refreshed strategic plan, including support to advance enforcement capabilities.

Capital expenditures are budgeted at \$12.2 million, reflecting a \$3.6 million (42.4%) increase from the fiscal 2023-2024 budget. The budget is comprised of the following:

- \$7.5 million towards leasehold improvements aligned with the multi-year workplace modernization program to transform office space.
- \$1.9 million towards digital transformation projects.
- \$1.0 million towards enhancements to local OSC systems.
- \$0.9 million towards the next phase development of the OTC Derivatives Datamart.
- \$0.9 million towards technology infrastructure refresh projects.

# Critical Accounting Estimates

## Judgements, estimates, and assumptions related to preparing IFRS financial statements

In preparing financial statements consistent with International Financial Reporting Standards (IFRS), the OSC's management must make judgements, estimates, and assumptions that affect our reported amounts of assets and liabilities for the date of the financial statements, as well as reported amounts of the revenues and expenses for the periods.

These judgements, estimates, and assumptions are considered "critical" if any of the following conditions are met:

- they require assumptions about highly uncertain matters when made
- we could reasonably have used different judgements, estimates, or assumptions in the period
- and changes are likely to occur between periods that would materially affect our financial condition or the results of our operations.

Judgement was used to determine the appropriate accounting treatment for leases, revenue, recoveries of investor education and knowledge enhancement costs, and funds restricted for CSA systems operations and redevelopment.

There are also sources of estimation uncertainty in accounting estimates. For the OSC, these primarily consisted of leases, the supplemental pension plan benefit obligation liabilities, funds held pursuant to settlements and sanction orders, recoveries of enforcement costs and allowance for credit losses.

For more information on judgements and sources of estimation uncertainty that impact the OSC, see Note 2(c) of the financial statements.

### **Accounting Pronouncements**

Refer to Note 21 of the audited financial statements for pronouncements that are new or have been revised, but that are not yet in effect.



# Key Risks and Mitigation Strategies

## Key Components of the OSC Risk Management Framework

The OSC must manage a wide range of risks arising from the pace of change and the increase in complexity of financial markets in Canada and globally. The OSC has adopted a Risk Management Framework to support the achievement of the OSC's objectives through the enterprise-wide acceptance and integration of risk management into decision-making, strategy and policy development, operations and business processes and transformation activities. The main components of the framework include:

- a risk management policy that provides guidance regarding the OSC's approach to risk management in supporting the achievement of its objectives, defines risk management roles and responsibilities, and promotes a strong risk culture
- a risk management process to identify, assess, manage, monitor, and report risks
- common tools to enable risk informed decision-making such as risk registers maintained at the enterprise and branch levels, where both levels of risk inform the OSC's risk profile

## Three Lines of Defence

The OSC employs a three-lines-of-defense model where management is responsible for managing risks while the Enterprise Risk Management (ERM) Function provides advisory and oversight services on the risk framework and its implementation, including the maintenance of the associated policies and tools.

OSC Internal Audit is an assurance and advisory service to the Board of Directors and to management. The internal audit function is governed by an Internal Audit Charter approved by the OSC's Board of Directors and by an annual internal audit plan that is approved by the Board. Quarterly reports and updates are prepared for the Board Audit and Finance Committee and an annual report on the results of all internal audit engagements is prepared for the Board of Directors.

## Governance and Enterprise Risk Inventory

At the enterprise level, the OSC develops and maintains corporate governance structures such as the Board Risk Committee and Risk Steering Committee and organization-wide risk framework. The committees and management set the tone from the top. An Enterprise Risk Inventory is maintained by the ERM Function, in consultation with management, and includes key enterprise risks impacting the organization as a whole where risks are defined within the context of presenting uncertainty to the achievement of OSC objectives.

The Risk Steering Committee, comprised of OSC senior and executive management, reviews the risk profile quarterly including key, new or emerging risks. This information is reported to the Board Risk Committee and escalated to the Board of Directors, as appropriate.



## Key Risk Inventory – Key Risks and Mitigating Controls

The table below highlights key enterprise risks which the OSC is exposed to, along with the mitigating controls. The OSC continues to monitor the risk environment and to respond appropriately to ensure that risks are properly addressed.

Risk	Risk description	Mitigating controls
<b>Operational</b>	Risks associated with people, processes and systems.	<ul style="list-style-type: none"> <li>■ The OSC undertakes regular reviews of, and provides updates to, its business continuity plans, business impact analysis, dependency analysis, and key program documentation. The OSC has reciprocal arrangements with other securities regulators to provide continuity on a number of regulatory services. In the event of a significant business continuity event, there is also a crisis communication plan in place to allow for ongoing communication with stakeholders.</li> <li>■ In the event of a crisis that poses a reputational risk, both the OSC and CSA have crisis communications plans that outline the processes to follow. The impact on reputation is incorporated into the risk management process.</li> <li>■ The OSC’s workforce plans include detailed actions to retain, develop, motivate and deploy human resources, including diversified strategies for filling critical positions and building talent pipelines.</li> <li>■ The OSC has a dedicated information security office with policies, procedures and controls, including a multi-year information security roadmap. Our information security program aligns with the National Institute of Standards and Technology (NIST) Cybersecurity Framework.</li> <li>■ Regular reviews of established information technology (IT) policy, procedures and controls are conducted: including annual Internal Controls over Financial Reporting (ICFR) audits and testing of IT key controls. On-going monitoring of OSC systems and fall-back plans and system back-ups are in place as required. The OSC has established digital transformation and IT modernization plans.</li> </ul>
<b>Strategic</b>	Risks associated with strategy selection, adaptation, prioritization and execution	<ul style="list-style-type: none"> <li>■ In establishing our priorities and completing our business plans, we incorporate the Ministry of Finance’s expectations (as stated in an Annual Letter of Direction) and consider other factors such as various environmental factors, government expectations and resource needs.</li> <li>■ On annual basis, the OSC publishes the SoP for stakeholder comment. Those comments are reviewed and considered prior to finalizing the SoP. These priority initiatives are tracked and monitored for progress throughout the year. In addition, our service standards and associated results on core operational function are monitored on quarterly basis and formally reviewed annually and adjusted as needed.</li> <li>■ In addition, when policy proposals impact a large number of market participants, we develop a stakeholder engagement and outreach strategy.</li> <li>■ We also collaborate with our CSA partners and monitor international developments to assess whether they impact our regulatory agenda.</li> </ul>

Risk	Risk description	Mitigating controls
<b>Regulation &amp; Supervision</b>	Risks associated with the Commission's regulation and supervisory activities	<ul style="list-style-type: none"> <li>■ We use risk-based approaches to compliance oversight including registrant compliance programs, issuer and investment funds continuous disclosure and prospectus reviews and market infrastructure (exchanges, alternative trading systems, SROs, clearing agencies and trade repositories) oversight. We also have oversight of CRO through a joint coordinator model with the CSA.</li> <li>■ Our ongoing monitoring and oversight (as discussed above) together with a robust registration process for registrants with pre-registration reviews, our risk-based approach to review offering documents, along with escalation of novel issues and high-risk files and our extensive review process for infrastructure entities, allows us to mitigate risks associated with access to/ exit from the capital markets</li> <li>■ Our enforcement branch has a centralized intake process to identify and assess matters as well as a separate intake process for the whistleblower program. We have multi-level review and approval processes from intake to investigation to litigation to identify and assess serious violations and employ appropriate enforcement tools in a timely and effective manner. We also have established frameworks, partnerships, and committees with local, national and international regulatory authorities and law enforcement.</li> <li>■ When engaging in policy development, there is oversight by CSA Steering Committees, the OSC Board and the CSA Policy Coordination Committee (PCC) which enables early identification and mitigation of risks. There are several project management controls, including regular reporting of progress of projects to the CSA Steering Committee, OSC Board and PCC.</li> </ul>
<b>Financial</b>	Risks arising from mismanagement, misstatement of economic resources and/or from inability to meet overall financial budgets/ commitments	<ul style="list-style-type: none"> <li>■ OSC has established, mature processes for monthly reviews of financial results, quarterly reviews of forecast developments and annual budget setting to ensure that financial constraints are managed. We have a reserve policy with the reserve target maintained and monitored by management.</li> </ul>
<b>External</b>	Risks associated with failure to identify, assess or monitor risks arising from external environment and/or systemic risks	<ul style="list-style-type: none"> <li>■ We oversee systemically important market infrastructure and monitoring compliance with rules designed to minimize systemic risks. We hold regular meetings of the internal OSC Systemic Risk Working Group and contribute to meetings of the CSA Systemic Risk Committee, and Heads of Regulatory Agencies (HoA) Systemic Risk Surveillance Committee. We also participate in IOSCO working groups and committees to discuss domestic external and international developments.</li> <li>■ There is ongoing work to identify emerging regulatory issues related to the external environment including ad hoc meetings with other entities, and we perform ad hoc analysis of developing risks and vulnerabilities using internal and external resources.</li> </ul>

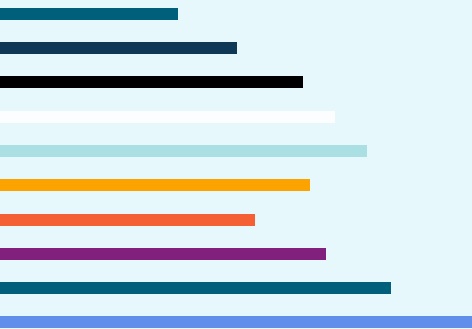
# Internal Control Over Financial Reporting (ICFR)

## A summary of our ICFR program results

During the year, the OSC's ICFR processes were reviewed and documentation updated where necessary. Design and operating effectiveness were tested, using the framework and criteria established in "Internal Control – Integrated Framework (2013 version)" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Staff performed an evaluation, under supervision and with the participation of management, of the effectiveness of the OSC's ICFR processes as at March 31, 2024. Based on this evaluation, the OSC has concluded that the ICFR processes were designed and operating effectively, to reduce the risk of material misstatement to an acceptably low level, and that there are no material weaknesses.

# Financial Statements

For the Fiscal Year  
ended March 31, 2024



## Management's Responsibility and Certification

Management is responsible for the integrity, consistency and reliability of the financial statements and other information presented in the annual report. The financial statements have been prepared by Management in accordance with International Financial Reporting Standards.

We certify that we have reviewed the financial statements and other information contained in the annual report, and, based on our knowledge, they do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the statements and the annual report.

Based on our knowledge, the financial statements together with other financial information included in the annual report fairly present in all material respects the financial condition, results of operations and cash flows of the Ontario Securities Commission (the "OSC") as of the dates and for the periods presented. The preparation of financial statements involves transactions affecting the current period which cannot be finalized with certainty until future periods. Estimates and assumptions are based on historical experience and current conditions, and are believed to be reasonable.

We are responsible for establishing and maintaining internal control over financial reporting for the OSC. We have designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

We evaluated, or caused to be evaluated under our supervision, the effectiveness of the OSC's internal control over financial reporting at the financial year-end, and the OSC has disclosed in its annual MD&A our conclusion about the effectiveness of internal control over financial reporting at the financial year-end based on that evaluation.

We have also disclosed in the MD&A any change in our internal control over financial reporting that occurred during the year that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

The Board of Directors ensures that management fulfills its responsibility for financial reporting and internal control. The financial statements have been reviewed by the Audit and Finance Committee and approved by the Board of Directors. The Auditor General's Report, which follows, outlines the scope of the Auditor's examination and opinion on the financial statements.

Original signed by

**Grant Vingoe**  
Chief Executive Officer

Original signed by

**Mary Campione**  
Chief Financial Officer and  
Senior Vice-President, Administration

June 27, 2024



## INDEPENDENT AUDITOR'S REPORT

To the Ontario Securities Commission

### Opinion

I have audited the financial statements of the Ontario Securities Commission (OSC), which comprise the statement of financial position as at March 31, 2024, and the statements of comprehensive income, changes in surplus and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the OSC as at March 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the OSC in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the OSC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the OSC either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the OSC's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of OSC's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the OSC's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the OSC to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Toronto, Ontario  
June 27, 2024



Shelley Spence, CPA, CA, LPA  
Auditor General

# Statement of Financial Position

(in Canadian dollars)

As at March 31, 2024	Note(s)	2024	2023
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 122,513,949	\$ 119,450,786
Trade and other receivables	4, 5	6,009,114	5,912,178
Prepayments		5,486,425	7,302,472
<b>Total current</b>		<b>\$ 134,009,488</b>	<b>\$ 132,665,436</b>
<b>Non-current</b>			
Funds held pursuant to settlements and sanction orders	3(e), 6	\$ 124,969,067	\$ 123,666,708
Funds restricted for CSA Systems operations and redevelopment	2, 7, 18	45,722,346	112,027,307
Reserve funds	8	20,000,000	20,000,000
Lease receivable	12	2,770,983	2,946,766
Right of use assets	12	36,109,281	38,895,290
Property, plant & equipment	9	5,823,475	6,972,704
Intangible assets	10	22,712,605	18,877,258
<b>Total non-current</b>		<b>\$ 258,107,757</b>	<b>\$ 323,386,033</b>
<b>Total assets</b>		<b>\$ 392,117,245</b>	<b>\$ 456,051,469</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables	11	\$ 28,202,345	\$ 27,319,652
Lease liabilities	12	2,636,107	2,886,746
<b>Total current</b>		<b>\$ 30,838,452</b>	<b>\$ 30,206,398</b>
<b>Non-current</b>			
Lease liabilities	12	\$ 40,015,290	\$ 42,651,397
Pension liabilities	13(b)	4,290,965	4,411,012
Funds held pursuant to settlements and sanction orders	3(e), 6	124,969,067	123,666,708
Funds restricted for CSA Systems operations and redevelopment	2, 7, 18	45,722,346	112,027,307
<b>Total non-current</b>		<b>\$ 214,997,668</b>	<b>\$ 282,756,424</b>
<b>Total liabilities</b>		<b>\$ 245,836,120</b>	<b>\$ 312,962,822</b>
<b>SURPLUS</b>			
General		\$ 126,281,125	\$ 123,088,647
Reserve	8, 14	20,000,000	20,000,000
<b>Operating surplus</b>		<b>\$ 146,281,125</b>	<b>\$ 143,088,647</b>
<b>Total liabilities and surplus</b>		<b>\$ 392,117,245</b>	<b>\$ 456,051,469</b>

The related notes are an integral part of these financial statements.

On behalf of the board of the Commission.



**Kevan Cowan**  
Chair



**Hari Panday**  
Chair, Audit and Finance Committee



# Statement of Comprehensive Income

(in Canadian dollars)

For the year ended March 31, 2024	Note(s)	2024	2023
<b>REVENUE</b>			
Fees	3(d), 15	\$ 159,680,338	\$ 154,075,169
Interest income		5,642,335	3,484,272
Miscellaneous		796,141	637,994
		<b>\$ 166,118,814</b>	<b>\$ 158,197,435</b>
<b>EXPENSES</b>			
Salaries and benefits	16	\$ 120,071,009	\$ 111,768,402
Administrative	17	17,536,738	15,444,332
Professional services		15,321,206	13,858,824
Occupancy		5,246,806	4,924,401
Depreciation	9, 12	4,683,544	5,446,211
Amortization	10	3,991,025	1,217,944
Other		580,942	373,872
		<b>\$ 167,431,270</b>	<b>\$ 153,033,986</b>
Finance costs	12	1,524,152	1,672,420
Recoveries of enforcement costs	3(h)	(266,768)	(451,358)
Recoveries of investor education and knowledge enhancement costs	3(h), 20	(5,149,228)	(5,149,407)
Recoveries of Office of Economic Growth and Innovation costs	3(h), 20	(374,865)	—
		<b>\$ 163,164,561</b>	<b>\$ 149,105,641</b>
<b>Excess of revenue over expenses</b>		<b>\$ 2,954,253</b>	<b>\$ 9,091,794</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Remeasurements of defined benefit pension plans	13(b)	\$ 238,225	\$ 617,252
<b>Other comprehensive gain</b>		<b>\$ 238,225</b>	<b>\$ 617,252</b>
<b>Total comprehensive income</b>		<b>\$ 3,192,478</b>	<b>\$ 9,709,046</b>

The related notes are an integral part of these financial statements.

# Statement of Changes in Surplus

(in Canadian dollars)

For the year ended March 31, 2024	Note(s)	2024	2023
Operating surplus, beginning of year		\$ 143,088,647	\$ 133,379,601
Total comprehensive income		3,192,478	9,709,046
<b>Operating surplus, end of year</b>		<b>\$ 146,281,125</b>	<b>\$ 143,088,647</b>
<b>Represented by:</b>			
General		\$ 126,281,125	\$ 123,088,647
Reserve	8, 14	20,000,000	20,000,000
		<b>\$ 146,281,125</b>	<b>\$ 143,088,647</b>

The related notes are an integral part of these financial statements.

# Statement of Cash Flows

(in Canadian dollars)

For the year ended March 31, 2024	Note(s)	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Excess of revenue over expenses		\$ 2,954,253	\$ 9,091,794
Adjusted for:			
Interest received		5,571,090	3,013,484
Interest income		(5,642,335)	(3,484,272)
Pension liabilities		118,178	112,949
Loss on disposal of property, plant & equipment	9	4,967	128,805
Depreciation - right of use asset	12	2,786,009	2,890,483
Depreciation	9	1,897,535	2,555,728
Amortization	10	3,991,025	1,217,944
		<b>\$ 11,680,722</b>	<b>\$ 15,526,915</b>
<b>Changes in non-cash working capital:</b>			
Trade and other receivables		\$ (19,738)	\$ 327,624
Prepayments		1,816,047	(3,217,794)
Trade and other payables		(1,077,546)	97,173
		<b>\$ 718,763</b>	<b>\$ (2,792,997)</b>
<b>Net cash flows from operating activities</b>		<b>\$ 12,399,485</b>	<b>\$ 12,733,918</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>			
Principal payments on lease receivable	12	\$ 169,830	\$ 153,524
Purchase of intangible assets	10	(5,970,065)	(6,758,756)
Purchase of property, plant & equipment	9	(649,341)	(2,023,490)
<b>Net cash used in investing activities</b>		<b>\$ (6,449,576)</b>	<b>\$ (8,628,722)</b>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>			
Principal payments on lease liabilities	12	\$ (2,886,746)	\$ (2,601,101)
<b>Net cash used in financing activities</b>		<b>\$ (2,886,746)</b>	<b>\$ (2,601,101)</b>
Net increase in cash position		\$ 3,063,163	\$ 1,504,095
Cash, beginning of year		119,450,786	117,946,691
<b>Cash, end of year</b>		<b>\$ 122,513,949</b>	<b>\$ 119,450,786</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>			
Finance costs paid		\$ 1,524,152	\$ 1,672,420
Finance income received		104,854	110,512
Property, plant & equipment and intangible assets funded by trade and other payables		1,979,429	2,042,291

The related notes are an integral part of these financial statements.

# Notes to the Financial Statements

## 1. Reporting Entity

The Ontario Securities Commission (OSC) is a corporation domiciled in Ontario. The address of the OSC's registered office is 20 Queen Street West, Toronto, Ontario, M5H 3S8. The OSC is a corporation without share capital incorporated under the *Securities Act*, R.S.O. 1990, c. S.5. The OSC is the regulatory body responsible for regulating the province's capital markets. As a Crown corporation, the OSC is exempt from income taxes.

On April 29, 2022, following the proclamation of the *Securities Commission Act, 2021*, the OSC continues as a corporation without share capital.

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## 2. Basis of Presentation

### (a) Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements are as at March 31, 2024 for the year then ended and includes comparatives. These financial statements were authorized for issue by the Board of Directors on June 27, 2024.

### (b) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the OSC's functional currency. Amounts have been rounded to the nearest dollar.

### (c) Use of judgements and sources of estimation uncertainty

#### (i) Judgements

The preparation of financial statements in accordance with IFRS requires that management make judgements in applying accounting policies that can affect the reported amounts of assets and liabilities as at the date of the financial statements, as well as the reported amounts of revenue and expenditures for the period.

The following are the judgements in applying accounting policies, apart from those involving estimates, that have the most significant effect on the amounts recognized in the financial statements.

#### Lease accounting

In determining the lease liabilities and corresponding right of use assets, significant judgement is required in determining the lease term.

The lease term is defined as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

The OSC exercised significant judgement in determining the lease term, particularly the premise lease, by considering all facts and circumstances that create an economic incentive to exercise a renewal option or to not exercise a termination option including investments in major leaseholds, past practice and the length of time remaining before the option is exercisable.

## Revenue recognition

The OSC exercised significant judgement in determining whether participation fees and other certain fees are within the scope of IFRS 15. Since these fees do not arise from contracts with customers as envisioned in IFRS 15, the OSC has exercised judgement in deciding to apply IFRS 15, by analogy, to such fees.

Significant judgement is required to determine the nature and extent of the OSC's performance obligations arising from participation fees and determining the timing of the transfer of control – at a point in time or over time. OSC recognizes revenue when (or as) the organization satisfies a performance obligation by transferring the promised service to the market participant. This transfer happens when the market participant obtains control of the service.

## Recoveries of investor education and knowledge enhancement, Office of Economic Growth and Innovation, and technology and data capability costs

Beginning April 1, 2015, the OSC began recovering costs in accordance with subparagraph 3.4(2)(b)(ii) of the *Securities Act* (Ontario) which permits enforcement monies to be designated “for use by the Commission for the purpose of educating investors or promoting or otherwise enhancing knowledge and information of persons regarding the operation of the securities and financial markets” (“investor education and knowledge enhancement costs”). The OSC has guidelines in place to determine which costs would be in accordance with subparagraph 3.4(2)(b)(ii). With the proclamation of the *Securities Commission Act* (SCA), effective April 29, 2022, section 3.4 of the *Securities Act* was repealed and replaced by section 19(2)(b) of the SCA which continues to allow the Commission to fund investor education and for promoting or otherwise enhancing knowledge and information of persons regarding the operation of the securities and financial markets. Under subclause 19(2)(b)(iii) of the SCA, funds received by the Commission can be allocated by the Board for authorized purposes specified in the regulations. As of February 5, 2024, two new authorized purposes came into force through new regulation. The first new purpose includes use by the Commission to fund activities of the Office of Economic Growth and Innovation that are aimed at fostering innovation, capital formation and competition in Ontario's capital markets (“Office of Economic Growth and Innovation expenditures”). The second new purpose includes use by the Commission to enhance its capabilities in information technology, data acquisition and data analytics to address regulatory matters relating to investor protection and the reduction of systemic risk or the integrity of the capital markets (“technology and data capability expenditures”) other than ongoing operating costs of the Commission. The OSC exercised judgement in evaluating the types of costs incurred which would be in accordance with Board approved guidelines relating to the two new authorized purposes. See Note 20 for a summary of costs recovered.

## Funds restricted for Canadian Securities Administrators (CSA) Systems operations and redevelopment (Funds Restricted for CSA Systems)

The OSC was appointed the Designated Principal Administrator – Operations (DPA) to administer the financial management processes of the CSA Systems net assets and act as custodian over any surplus funds. The use of the CSA Systems surplus funds is governed by the four Principal Administrators (PAs), each having one vote on the CSA Systems matters. The four PAs are the OSC, British Columbia Securities Commission (BCSC), Alberta Securities Commission (ASC) and l'Autorité des marchés financiers (AMF).

Based on an evaluation of the contractual terms and conditions related to the arrangement, OSC management has exercised significant judgement to determine that participants in the capital markets, rather than the OSC (or other CSA members), obtain the benefit or rewards from the restricted funds or any future development of the CSA Systems. The OSC does not control or have significant influence over how the restricted funds are managed in performing its custodial role for the CSA Systems.

See Note 7 for more information, including summary financial information related to CSA Systems operations and redevelopment.

## **(ii) Sources of estimation uncertainty**

The preparation of financial statements in accordance with IFRS requires management to make assumptions about the future and other sources of estimation uncertainty that have a significant risk of affecting the carrying amounts of assets and liabilities within the next fiscal year.

Determining the carrying amounts of some assets and liabilities requires management to estimate the effects of uncertain future events on those assets and liabilities at the end of the reporting period. Actual amounts can differ from these estimates to the extent future outcomes differ significantly from management's estimations. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The following are the key assumptions and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year.

### **Leases**

In determining the carrying amount of right of use assets and lease liabilities, the OSC is required to estimate the incremental borrowing rate specific to each leased asset if the interest rate implicit in the lease is not readily determined. The OSC determines the incremental borrowing rate using a prime rate with an adjustment that reflects, among other things, the OSC's credit rating, lease term, value of the underlying leased asset, and the economic environment in Ontario.

### **Supplemental pension plan**

Supplemental pension plan liabilities represent the estimated present value of the OSC's obligation for future payments as at the fiscal year end. The OSC utilizes an independent actuarial expert to determine the present value of the defined benefit obligation of the supplemental pension plan and related impact to the Statement of Comprehensive Income and Other comprehensive income (OCI).

In some cases, this determination will involve management's best estimates and information from other accredited sources. A change in one or more of these assumptions could have a material impact on the OSC's financial statements.

The significant actuarial assumptions used to determine the present values of the defined benefit obligations and sensitivity analysis of changes in the actuarial assumptions used are outlined in Note 13(b).

### **Settlements and sanction orders and recoveries of enforcement costs**

Funds held pursuant to settlements and sanction orders and recoveries of enforcement costs are recorded when settlements are approved or orders are made by the Commission, unless management determines that collecting the settlement and order is significantly doubtful, in which case it is recognized when payment is received. Estimation is required to determine the collectible amount of monetary sanctions and recoveries of enforcement costs.

Management considers the ability of the respondent to pay the sanction amount, the ability to locate the respondent and whether the respondent owns any assets. A change in any of these factors could have a material impact on the OSC's financial statements. Assets and liabilities will change based on estimated settlements and sanction order amounts deemed to be collectible. Expenses may change based on recoveries of enforcement costs. For more information on settlements and sanction orders, see Note 6.

### **Allowance for credit losses**

The determination of the OSC's expected credit losses for trade receivables depends on several highly related variables and is subject to estimation uncertainty. In determining expected credit losses, the OSC considers historical data, existing market conditions, and forward-looking information to determine, among other things, expected loss rates. The OSC must rely on estimates and exercise judgement regarding circumstances that may

cause future assessments of expected credit losses to be materially different from current assessments, which could require an increase or decrease in the allowance for credit losses.

Trade and other receivables, and funds held pursuant to settlements and sanction orders are subject to measurement uncertainty due to the credit risk of debtors. See Note 5 and Note 6 for further detail on the trade and other receivables, and funds held pursuant to settlements and sanction orders.

### 3. Material Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. See Note 21 for discussion related to accounting standards, interpretations and amendments that became effective in the year.

#### (a) Financial instruments

Trade receivables and borrowings issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the OSC becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value, plus or minus transaction costs that are directly attributable to their acquisition. The measurement of financial instruments in subsequent periods and the recognition of changes in the fair value depend on the category in which they are classified. All financial assets and financial liabilities are categorized and subsequently measured at amortized cost as noted in the table below.

<b>Financial Assets</b>	<b>Measurement category under IFRS 9</b>
Cash	Amortized Cost
Funds held pursuant to settlements and sanction orders - Cash	Amortized Cost
Funds held pursuant to settlements and sanction orders - Receivables	Amortized Cost
Funds restricted for CSA Systems operations and redevelopment	Amortized Cost
Reserve funds	Amortized Cost
Trade and other receivables	Amortized Cost
<b>Financial Liabilities</b>	
Funds held pursuant to settlements and sanction orders	Amortized Cost
Funds restricted for CSA Systems operations and redevelopment	Amortized Cost
Lease liabilities	Amortized Cost
Line of credit	Amortized Cost
Trade and other payables	Amortized Cost

Classification of financial assets depends on the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. A financial asset is subsequently measured at amortized cost if both of the following conditions are met.

- a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Currently, OSC's financial assets meet the conditions for subsequent measurement at amortized cost. Gains or losses on disposal and impairment losses are recorded in the Statement of Comprehensive Income. Premiums, discounts and transaction costs are amortized over the term of the instrument on an effective yield basis as an adjustment to interest income. Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or when the contractual rights to receive the cash flows of the financial asset are transferred. A financial liability is derecognized when it is extinguished; that is, when the contractual obligation is discharged, cancelled or expires.

The OSC recognizes an allowance for expected credit losses for all financial assets not held at fair value through profit and loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the OSC expects to receive, discounted at an approximation of the original effective interest rate.

In relation to trade receivables, the OSC measures expected credit losses for trade receivables by establishing a provision based on aging at year end through the application of a provision matrix. The provision matrix is based on historically observed default rates over the expected life of the trade receivables, adjusted for forward looking estimates.

The carrying amount of trade receivables is reduced through the use of an allowance account and the expected credit loss is recognized in the Statement of Comprehensive Income.

The gross carrying amount of a trade receivable is written off to the extent there is no reasonable prospect of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, insolvency of the debtor and the exhaustion of reasonable collection efforts.

## **(b) Property, plant & equipment**

Items of property, plant & equipment are recorded at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

The cost of property, plant & equipment, less any residual value, is depreciated and recognized in excess of revenues over expenses on a straight-line basis over the estimated useful life of the asset, as follows:

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Computer hardware and related applications	3 years
Network servers and cabling	5 years
Office furniture and equipment	5 to 10 years
Leasehold improvements	Lesser of lease term and useful life of asset

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The estimated useful lives, residual values and depreciation method are reviewed at the end of each fiscal year. Any changes in estimates are accounted for on a prospective basis.

An item of property, plant & equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the disposal or retirement of an item of property, plant & equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in excess of revenue over expenses.

Items of property, plant & equipment are reviewed for impairment at each reporting date. If any impairment is indicated, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.



## (c) Intangible assets

Intangible assets represent identifiable non-monetary assets and are acquired either separately or internally generated. The OSC's intangible assets consist primarily of software enhancement and development and purchased software.

Development costs that are directly attributable to internally developed software are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use it;
- there is an ability to use the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use the software are available; and
- the expenditures attributable to the software during its development can be reliably measured.

For internally generated intangible assets, cost includes all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Subsequent expenditures on a specific intangible asset is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including maintenance, are recognized in profit or loss as incurred. Research expenditures and certain development expenditures that do not meet the criteria for capitalization above are recognized as an expense as incurred.

For purchased software, the cost of separately acquired intangible assets include its purchase price and directly attributable costs of preparing the asset for its intended use.

For software enhancement and development, amortization of an intangible asset begins when development is complete, and the asset is available for use. After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and accumulated impairment losses. Amortization expense is included in the Statement of Comprehensive Income. Intangible assets are amortized using the straight-line method over the following periods:

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Software enhancement and development	1 to 10 years
Purchased software	3 years

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Amortization methods, useful lives and residual values are reviewed at the end of each fiscal year and adjusted if appropriate, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. If any impairment is indicated, the intangible asset's recoverable amount is estimated. The recoverable amount is the higher of an intangible asset's fair value less costs to sell and value in use. An impairment loss is recognized for the amount by which the intangible asset's carrying amount exceeds its recoverable amount. An impairment loss is recognized on the Statement of Comprehensive Income in the period in which the impairment is identified.



Impairment losses previously recognized are assessed and reversed if the circumstances leading to the impairment are no longer present. Reversal of any impairment loss will not exceed the carrying amount of the intangible asset that would have been determined had no impairment loss been recognized for the asset in prior periods.

## **(d) Revenue recognition**

IFRS 15 sets out the principles for when revenue should be recognized and how it should be measured, together with related disclosures.

### **Participation fees**

Participation fees are recognized when the OSC has permitted (or not restricted) market participant or derivatives reporting counterparty access to the Ontario capital markets. Typically, this occurs at a point-in-time when both the access is granted (or not restricted) and the associated fees are received.

These fees represent the payment for the right to participate in the Ontario capital markets. The OSC has no specific obligations throughout the year to any individual market participant or derivatives reporting counterparty. As such, the OSC's performance consists of a single act, which is provision of access. Once the access is provided (or not restricted), the OSC has the right to the stipulated participation fees, there is no obligation to refund the fees, the market participant or derivatives reporting counterparty has the legal right to access and participate in the capital market including the risks and rewards associated with such participation and there are no unfulfilled conditions on behalf of the OSC to the market participant or derivatives reporting counterparty.

### **Activity fees**

Activity fees represent the direct cost of OSC staff resources expended in undertaking certain activities requested of staff by market participants. Activity fees are recognized when the filing is received, as the activities undertaken are normally completed in a relatively short period of time.

### **Late filing fees**

Late fees may apply if certain documents that are required to be filed under Ontario Securities law are not filed on time. Additional fees may be charged for payments made past the required due date. Revenue from late fees is recognized when the respective document is filed or the corresponding outstanding fee is paid. In addition, the transaction price is measured as the amount of the fee.

## **(e) Funds held pursuant to settlements and sanction orders**

Funds held pursuant to settlements and sanction orders are recorded when settlements are approved or orders are made by the Commission, unless management determines that collecting the settlement amount is significantly doubtful, in which case they are recognized when payment is received. Due to the restricted use of funds held pursuant to settlements and sanction orders, a corresponding non-current liability that equals the related non-current asset is reflected in the Statement of Financial Position.

## **(f) Employee benefits**

### **Ontario Public Service Pension Plan (OPSPP)**

The OSC provides pension benefits to its full-time employees through participation in the OPSPP. The Province of Ontario is the sole sponsor of the OPSPP. This plan is accounted for as a defined contribution plan because sufficient information is not provided to the OSC or otherwise available for the OSC to apply defined benefit plan accounting to this pension plan.

The plan sponsor is responsible for ensuring that the pension funds are financially viable. Any surpluses or unfunded liabilities arising from statutory actuarial funding valuations are not assets or obligations of the OSC.

The OSC is not exposed to any liability to the plan for other entities' obligations under the terms and conditions of the plan.

In addition, there is no agreed allocation of a deficit or surplus on wind-up or withdrawal by the OSC from the plan. Payments made to the plan are recognized as an expense when employees have rendered the service entitling them to the benefit. For more information on the OPSPP, see Note 13(a).

### **Supplemental pension plan**

The OSC also maintains unfunded supplemental pension plans for full-time appointees comprised of its current Chief Executive Officer and Chief Adjudicator, and former Chairs, and Vice-Chairs as described in Note 13(b). These plans are final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of the target benefits provided depends on the member's length of service and their salary in the final years prior to retirement. In some plans, the target benefits are indexed with inflation. The target benefits are then offset by the benefits payable from the OPSPP (registered and supplemental plans), which are linked to inflation.

The defined benefit liability recognized in the Statement of Financial Position for the supplemental pension plans is the present value of the defined benefit obligation at the reporting date.

Actuarial gains and actuarial losses resulting from remeasurements of the net defined benefit liability arising from the supplemental pension plans are recognized immediately in the Statement of Financial Position with a corresponding increase or decrease through OCI in the period in which they occur. Remeasurements are not reclassified to excess of revenues over expenses in subsequent periods.

### **Other post-employment obligations**

The costs of non-pension benefits for eligible pensioners are paid by the Government of Ontario and are not included in the Statement of Comprehensive Income, as described in Note 19(b).

### **Termination benefits**

Termination benefits are generally payable when employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits. The OSC recognizes a liability and an expense for termination benefits at the earlier of the date the OSC has demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without a realistic possibility of withdrawal or when the OSC has recognized costs for providing termination benefits as a result of a restructuring involving a fundamental reorganization that has a material effect on the nature and focus of OSC operations.

### **Short-term benefits**

Short-term employee benefits, such as salaries, pension contributions, paid annual leaves and bonuses, are measured on an undiscounted basis and are expensed as the related service is provided to the OSC.

## **(g) Leases**

A contract is or contains a lease if it conveys the right to control the use of an identified asset for a specified period in exchange for consideration. When the OSC leases assets from other parties, the OSC is the lessee. When the OSC leases or subleases assets to other parties, the OSC is the lessor.

### **Lessee accounting**

At the lease commencement date, a lease liability and right of use asset are recognized on the Statement of Financial Position for the leased asset. These two amounts are determined as follows:

- a) Lease liability – the present value of fixed payments from commencement date, variable payments that depend on an index or a rate, exercise price of a purchase option (if the lessee is reasonably certain to

exercise that purchase option), payments for penalties for terminating a lease (if the lease term reflects the lessee exercising an option to terminate the lease), and amounts expected to be payable by the lessee under residual value guarantees.

- b) Right of use asset – the sum of the initial lease liability, initial indirect costs and expected restoration costs, and lease payments made at or prior to commencement, less any lease incentives received.

In determining the carrying amount of lease liabilities and right of use assets, the lessee is required to use the incremental borrowing rate specific to each leased asset, if the interest rate implicit in the lease is not readily determined.

Most of the OSC's leases are comprised of premise leases, for which fixed payments covering lease components are included in the value of the right of use assets and lease liabilities. As lease payments are made and the leases elapse, lease liabilities are reduced by the principal portion of payments, finance costs are recognized for the interest portion of payments, and the right of use assets are depreciated. Depreciation and finance costs are recognized in the Statement of Comprehensive Income.

For non-lease components payments (i.e. common area maintenance), amounts are recognized within occupancy costs in the Statement of Comprehensive Income and are not recognized in the Statement of Financial Position.

Payments for short-term leases (12 months or less and do not have a purchase option) and low-value leases are recognized on a straight-line basis within occupancy costs in the Statement of Comprehensive Income and are not recognized in the Statement of Financial Position.

### **Lessor accounting**

The OSC engages in subleasing arrangements for premise leases on a full cost recovery basis. When the OSC makes the underlying leased asset available for use to the lessee, the OSC classifies each lease as either an operating lease or a finance lease. A lease is a finance lease if it transfers substantially all the risks and rewards of the underlying asset to the lessee; otherwise, the lease is an operating lease.

For leases classified as finance leases, the underlying assets are derecognized, lease receivables are recognized on the Statement of Financial Position and finance income is recognized.

The OSC assesses the sublease classification by reference to the right of use assets. Among other things, the OSC considers factors such as whether the sublease term covers a major portion of the head lease term. For those subleases classified as finance leases, a lease receivable is recognized within the trade and other receivables, with an offsetting reduction in the right of use assets, on the Statement of Financial Position, and finance income is recognized. For those classified as operating leases, there is no impact on the right of use assets and lease income is recognized. Refer to Note 12 for details on subleasing activities.

## **(h) Recoveries**

### **Recoveries of enforcement costs**

Recoveries of enforcement costs are recorded as offsets to total expenses on the date a settlement is approved or an order is issued by the OSC, unless management determines that collecting the settlement amount is significantly doubtful, in which case, recovery is recognized when payment is received.

### **Recoveries of investor education and knowledge enhancement costs**

Recoveries of investor education and knowledge enhancement costs are recorded as offsets to total expenses on a quarterly basis based on eligible expenses recorded in the quarter.

### Recoveries of Office of Economic Growth and Innovation costs

Recoveries of Office of Economic Growth and Innovation costs are recorded as offsets to total expenses on a quarterly basis based on eligible expenses recorded in the quarter.

### Recoveries of technology and data capability costs

Recoveries of technology and data capability costs are recorded as offsets to total expenses on a quarterly basis based on eligible expenses recorded in the quarter.

### (i) Provisions

A provision is recognized when a present legal or constructive obligation results from past events, it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

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## 4. Financial Instruments Risks

The OSC is exposed to various risks in relation to financial instruments. The OSC's objective is to manage risks to acceptably low levels. The OSC's financial assets and liabilities by category are summarized in Note 3(a). The main types of risks related to the OSC's financial instruments are currency risk, interest rate risk, credit risk and liquidity risk. This note provides information about the OSC's exposure to these risks and the OSC's objectives, policies and processes for measuring and managing these risks.

### Currency risk

The OSC's exposure to currency risk is minimal due to the low number of transactions denominated in currencies other than Canadian dollars.

### Interest rate risk

The OSC's financial assets and liabilities are not exposed to significant interest rate risk due to their short-term nature. The OSC's cash, funds held pursuant to settlements and sanction orders, funds restricted for CSA Systems operations and redevelopment and reserve funds are held by Schedule I financial institutions. The bank balances earn interest at a rate of 1.90% below the prime rate. The average rate of interest earned on bank balances for the year was 5.27% (2023 – 3.33%).

A 25 basis points change in the interest rate would impact the OSC's operating surplus as follows:

Impact on operating surplus	25 basis points increase in rates	25 basis points decrease in rates
Reserve funds	\$ 50,552	\$ (50,552)
Cash balance	218,699	(218,699)
	<b>\$ 269,251</b>	<b>\$ (269,251)</b>

## Credit risk

The OSC is exposed to credit risk related to cash, funds held pursuant to settlements and sanction orders, funds restricted for CSA Systems operations and redevelopment, reserve funds and trade and other receivables.

Schedule I financial institutions hold approximately 93.1% of the OSC's financial assets including those held for funds restricted for CSA Systems operations and redevelopment and another 6.9% are held in one credit union in British Columbia (for cash components of funds restricted for CSA Systems operations and redevelopment exclusively). Deposits are guaranteed to a maximum of \$0.1 million by Canada Deposit Insurance Corporation. The remaining balance of financial assets are accounts receivable. Given the nature of these counterparties, it is management's opinion that the credit risk exposure due to concentration is low.

Trade receivables balances consist of a large number of debtors owing individually immaterial balances.

Other receivables in aggregate are material, with most debtors owing individually and in aggregate immaterial amounts, and a small number of debtors owing larger amounts, which are material in aggregate or individually, and are receivable from:

- Funds restricted for CSA Systems operations and redevelopment, to recover staff and occupancy costs and other charges incurred,
- Funds held pursuant to settlements and sanction orders, to recover eligible costs for activities supporting investor education and knowledge enhancement, the Office of Economic Growth and Innovation, and technology and data capabilities,
- Government of Canada for recovering Harmonized Sales Tax paid during the year, and
- Government of Canada to recover costs for OSC leasing activity under a sublease.

Therefore, the OSC's exposure to credit risk is considered low.

The OSC maintains an allowance for credit losses. Therefore, the carrying amount of trade and other receivables generally represents the maximum credit exposure. The expected credit loss is not expected to have a significant impact on trade and other receivables and the lease receivable as a significant component of these balances are owing from the Government of Canada, the CSA and settlements and sanction orders. Collection efforts continue for trade and other receivables balances, including those that are captured in the allowance for credit loss.

The aging of trade and other receivables is as follows:

2024	Note(s)	Current	Past due 31 to 60 days	Past due 61 to 90 days	Past due greater than 90 days	Total
Trade and other receivables		\$ 5,278,646	\$ 364,415	\$ 141,792	\$ 843,154	\$ 6,628,007
Allowance for credit losses		—	—	—	(618,893)	(618,893)
<b>Total Trade and other receivables</b>	<b>5</b>	<b>\$ 5,278,646</b>	<b>\$ 364,415</b>	<b>\$ 141,792</b>	<b>\$ 224,261</b>	<b>\$ 6,009,114</b>

2023	Note(s)	Current	Past due 31 to 60 days	Past due 61 to 90 days	Past due greater than 90 days	Total
Trade and other receivables		\$ 5,305,591	\$ 204,776	\$ 78,803	\$ 736,922	\$ 6,326,092
Allowance for credit losses		(8,288)	(3,806)	(3,578)	(398,242)	(413,914)
<b>Total Trade and other receivables</b>	<b>5</b>	<b>\$ 5,297,303</b>	<b>\$ 200,970</b>	<b>\$ 75,225</b>	<b>\$ 338,680</b>	<b>\$ 5,912,178</b>

Reconciliation of allowance for credit losses is as follows:

	Note(s)	March 31, 2024	March 31, 2023
Opening balance		\$ 413,914	\$ 908,067
Current year provision/(reversal)		364,244	(235,613)
Written-off during the year		(159,265)	(258,540)
<b>Closing balance</b>	<b>5</b>	<b>\$ 618,893</b>	<b>\$ 413,914</b>

In 2024, after reviewing the collectability of trade and other receivables, \$0.2 million of balances were deemed uncollectable and were written off, resulting in a reduction to the allowance for credit losses and a corresponding reduction of trade and other receivables for the same amount. The amount written off was charged to bad debt expense in prior years. The current year provision of \$0.4 million was charged to bad debt expense in 2024. Credit losses are calculated at an amount equal to the lifetime expected credit losses.

### Liquidity risk

The OSC's exposure to liquidity risk is low as the OSC has sufficient cash, reserve fund assets, and access to a credit facility to settle all current liabilities. As at March 31, 2024, the OSC had a cash balance of \$122.5 million and reserve fund assets of \$20.0 million to settle current liabilities of \$30.8 million.

The OSC has a \$52.0 million credit facility to address any short-term cash deficiencies. Interest on the credit facility is charged at a rate of 0.5% below the prime rate. During the year, the OSC did not utilize the credit facility (2023 - nil).

The overall assessment of the OSC's exposure to liquidity risk is low and remains unchanged from 2023.

### Supplemental pension plan risks

The OSC's overall exposure to supplemental pension plan risks is low due to the plan being a supplemental plan and the limited number of plan members entitled to plan benefits. For more information, see Note 13(b).

## 5. Trade and Other Receivables

	Note(s)	March 31, 2024	March 31, 2023
Trade receivables		\$ 1,813,075	\$ 625,452
Other receivables		1,604,783	2,502,238
Allowance for credit losses	4	(618,893)	(413,914)
		<b>\$ 2,798,965</b>	<b>\$ 2,713,776</b>
Interest receivable		646,197	574,952
Amount recoverable from investor education and knowledge enhancement costs	20	1,617,323	1,789,339
Amount recoverable from Office of Economic Growth and Innovation costs	20	374,865	—
Sales taxes recoverable		395,981	664,281
Lease receivable	12	175,783	169,830
<b>Total Trade and other receivables</b>	<b>4</b>	<b>\$ 6,009,114</b>	<b>\$ 5,912,178</b>

The lease receivable represents the current portion of the receivable due from the Government of Canada as part of the subleasing arrangement. The OSC is an intermediate lessor in the arrangement to sublease office space to the Government of Canada. For more information, see Note 12.

## 6. Funds Held Pursuant to Settlements and Sanction Orders

The OSC has a number of settlement agreements and sanction orders arising from enforcement proceedings where monies from these settlements and sanction orders are to be set aside and allocated to such third parties in accordance with section 3.4(2)(b) of the *Securities Act* (Ontario), repealed and replaced by section 19(2)(b) of the *Securities Commission Act* (SCA) effective April 29, 2022. These funds are eligible to be used by the OSC for the purpose of educating investors, or promoting or otherwise enhancing knowledge and information of persons regarding the operation of the securities and financial markets, and for authorized uses defined in section 19(2) of the *Securities Commission Act*, including such designated internal costs as approved by the Board.

On July 14, 2016, the OSC established the Whistleblower Program (the "Program"). Under the Program, whistleblowers may be eligible for awards of between 5% to 15% of total monetary sanctions imposed and/or voluntary payments made if their information leads to an administrative proceeding where these amounts total \$1.0 million or more. The maximum amount of the award has been set at \$1.5 million where monetary sanctions and/or voluntary payments are not collected and \$5.0 million where these amounts have been collected. Whistleblowers will be paid out of funds held pursuant to settlements and sanction orders.

The accumulated funds are held in a segregated bank account and earn interest at the monthly average bank prime rate less 1.90%. Funds are paid to harmed investors where practicable and possible to do so. The remaining funds, are allocated as determined by the Board in accordance with the authorized purposes as set out in subsection 19(2)(b) of the SCA.

As at March 31, 2024 the accumulated balance is determined as follows:

	March 31, 2024	March 31, 2023
Opening balance	\$ 123,666,708	\$ 119,295,539
Assessed during the year	\$ 81,597,645	\$ 23,609,717
Less: Orders deemed uncollectible	(77,588,959)	(16,250,501)
Amount recorded from assessments in year	\$ 4,008,686	\$ 7,359,216
Add: Amounts received from previously deemed uncollectible orders	610,286	339,992
Amounts collected in advance of enforcement hearing	—	(400,000)
Interest	6,477,896	4,022,255
Less: Payments to		
Whistleblowers	(1,800,000)	(481,092)
OSC for recovery of investor education and knowledge enhancement costs	(5,321,244)	(4,638,029)
External collections firm	(264,200)	(25,690)
Harmed investors	—	(142,796)
Investor education and advocacy organizations	(2,409,065)	(1,662,687)
<b>Closing balance</b>	<b>\$ 124,969,067</b>	<b>\$ 123,666,708</b>
Represented by:		
Cash	\$ 123,847,916	\$ 122,899,206
Receivable	1,121,151	767,502
	<b>\$ 124,969,067</b>	<b>\$ 123,666,708</b>



During the year, \$81.6 million (2023 – \$23.6 million) in settlements and sanction orders were assessed, of which \$4.0 million (2023 – \$7.4 million) was collected or deemed collectable and \$77.6 million (2023 – \$16.3 million) was deemed uncollectible. The OSC’s average collection rate of settlements and sanction orders assessed during the year was 4.5% (2023 – 30.3%). The collection rate will vary each year, depending on the types of settlements and sanction orders issued by the Capital Markets Tribunal.

The accumulated balance of settlements and sanction orders funds of \$125.0 million (2023 – \$123.7 million) is comprised of \$123.8 million in cash (2023 – \$122.9 million) and \$1.1 million in receivables (2023 – \$0.8 million). After considering funds set aside for possible allocation to harmed investors, \$119.9 million (2023 – \$120.6 million) of the funds on hand are available for use by the Commission for authorized uses defined in section 19(2) of the *Securities Commission Act*. Of the \$119.9 million, a total of \$119.4 million (2023 – \$119.1 million) has been earmarked for authorized uses defined in section 19(2) of the *Securities Commission Act*.

During the year, the Board authorized payments of \$9.8 million from funds held pursuant to settlements and sanction orders in accordance with section 19(2) of the SCA (2023 – \$7.0 million). Details on the categories of recipients of these payments are included in the table above.

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## 7. Funds Restricted for CSA Systems Operations and Redevelopment (Funds Restricted for CSA Systems)

The core CSA Systems consist of the System for Electronic Document Analysis and Retrieval + (SEDAR+), previously SEDAR until July 25, 2023, the National Registration Database (NRD) and the System for Electronic Disclosure by Insiders (SEDI).

The OSC, in its role as DPA, collects, holds and administers the CSA Systems surplus funds. User fees are charged to recover systems operations and redevelopment costs, which are used only for the benefit of CSA Systems users. A CSA Systems Governance Committee (SGC), consisting of members of the four PAs, was established through an agreement that sets out a governance framework for management and oversight of the CSA Systems and the external service provider who hosts and maintains the CSA Systems.

Use of the surplus funds within the terms of the various agreements requires the approval of members of the SGC. Majority approval is required for all permissible uses of the surplus funds as outlined within the various agreements, with the exception of the following, which all require unanimous approval of the PAs:

- any financial commitments in excess of the lesser of (i) \$5.0 million and (ii) 15% of the accumulated surplus at such date,
- significant changes to the design of the systems, and
- any changes to system fees.

The 2024 financial results of the CSA Systems operations and redevelopment are presented below. Assets include cash and investments of \$45.7 million (2023 - \$112.0 million) presented on the OSC’s Statement of Financial Position. Assets also include intangible assets of \$144.1 million (2023 - \$105.2 million) primarily consisting of costs towards the redevelopment of the CSA Systems.

## Summarized Statement of Financial Position

As at March 31	2024	2023
<b>Assets</b>	<b>\$ 197,867,298</b>	<b>\$ 225,492,716</b>
Liabilities	\$ 13,831,439	\$ 22,582,551
Surplus	184,035,859	202,910,165
<b>Liabilities and surplus</b>	<b>\$ 197,867,298</b>	<b>\$ 225,492,716</b>

## Summarized Statement of Comprehensive Income

For the year ended March 31	2024	2023
Revenue	\$ 25,725,640	\$ 31,403,125
Expenses	44,599,945	27,958,199
<b>Excess/(Deficiency) of revenues over expenses</b>	<b>\$ (18,874,305)</b>	<b>\$ 3,444,926</b>

## Summarized Statement of Cash Flows

For the year ended March 31	2024	2023
Net cash flows used in operating activities	\$ (26,042,890)	\$ (1,766,056)
Net cash flows from investing activities	27,474,456	11,989,309
<b>Net increase in cash position</b>	<b>1,431,566</b>	<b>10,223,253</b>
<b>Cash, beginning of year</b>	<b>21,706,823</b>	<b>11,483,570</b>
<b>Cash, end of year</b>	<b>\$ 23,138,389</b>	<b>\$ 21,706,823</b>

For more information on the net assets held for CSA Systems operations and redevelopment, see Note 2(c) and Note 18.

## 8. Reserve Funds

As part of the approval of its self-funded status, the OSC was allowed to establish a \$20.0 million reserve to be used as an operating contingency against revenue shortfalls and unanticipated expenditures, or to cover the discrepancy between timing of revenue and expenses. The prime investment consideration for the reserve is the protection of principal and appropriate liquidity to meet cash flow needs. Interest earned on investments is credited to the operations of the OSC. Reserve funds are held in a segregated bank account and earn interest at the monthly average bank prime rate less 1.90%.

## 9. Property, Plant & Equipment

The table below presents the property, plant & equipment continuity schedule.

2024	Office furniture	Office equipment	Computer hardware and related applications	Networks and servers	Leasehold improvements	Total
<b>COST</b>						
Balance as at April 1, 2023	\$ 6,590,130	\$ 297,105	\$ 7,545,510	\$ 3,756,145	\$ 12,689,933	\$ 30,878,823
Additions	64,384	95,591	520,763	91,724	—	772,462
Disposals	(2,962,950)	(10,776)	(408,521)	(90,198)	(2,917,346)	(6,389,791)
Adjustments	—	—	—	—	(19,190)	(19,190)
<b>Balance as at March 31, 2024</b>	<b>\$ 3,691,564</b>	<b>\$ 381,920</b>	<b>\$ 7,657,752</b>	<b>\$ 3,757,671</b>	<b>\$ 9,753,397</b>	<b>\$ 25,242,304</b>
<b>ACCUMULATED DEPRECIATION</b>						
Balance as at April 1, 2023	\$ (4,982,570)	\$ (110,405)	\$ (3,957,227)	\$ (3,238,085)	\$ (11,617,832)	\$ (23,906,119)
Depreciation for the year	(196,129)	(37,612)	(1,172,665)	(238,690)	(252,439)	(1,897,535)
Disposals	2,962,951	10,776	403,554	90,198	2,917,346	6,384,825
<b>Balance as at March 31, 2024</b>	<b>\$ (2,215,748)</b>	<b>\$ (137,241)</b>	<b>\$ (4,726,338)</b>	<b>\$ (3,386,577)</b>	<b>\$ (8,952,925)</b>	<b>\$ (19,418,829)</b>
<b>Carrying amount as at March 31, 2024</b>	<b>\$ 1,475,816</b>	<b>\$ 244,679</b>	<b>\$ 2,931,414</b>	<b>\$ 371,094</b>	<b>\$ 800,472</b>	<b>\$ 5,823,475</b>
<b>2023</b>						
<b>COST</b>						
Balance as at April 1, 2022	\$ 5,759,902	\$ 226,301	\$ 8,988,193	\$ 3,640,736	\$ 12,747,517	\$ 31,362,649
Additions	930,327	118,761	765,392	244,525	—	2,059,005
Disposals	(100,099)	(47,957)	(2,208,075)	(129,116)	—	(2,485,247)
Adjustments	—	—	—	—	(57,584)	(57,584)
<b>Balance as at March 31, 2023</b>	<b>\$ 6,590,130</b>	<b>\$ 297,105</b>	<b>\$ 7,545,510</b>	<b>\$ 3,756,145</b>	<b>\$ 12,689,933</b>	<b>\$ 30,878,823</b>
<b>ACCUMULATED DEPRECIATION</b>						
Balance as at April 1, 2022	\$ (4,975,598)	\$ (110,692)	\$ (5,047,535)	\$ (2,872,338)	\$ (10,700,670)	\$ (23,706,833)
Depreciation for the year	(107,071)	(32,260)	(1,095,948)	(403,287)	(917,162)	(2,555,728)
Disposals	100,099	32,547	2,186,256	37,540	—	2,356,442
<b>Balance as at March 31, 2023</b>	<b>\$ (4,982,570)</b>	<b>\$ (110,405)</b>	<b>\$ (3,957,227)</b>	<b>\$ (3,238,085)</b>	<b>\$ (11,617,832)</b>	<b>\$ (23,906,119)</b>
<b>Carrying amount as at March 31, 2023</b>	<b>\$ 1,607,560</b>	<b>\$ 186,700</b>	<b>\$ 3,588,283</b>	<b>\$ 518,060</b>	<b>\$ 1,072,101</b>	<b>\$ 6,972,704</b>

Work in progress as at March 31, 2024, totalled \$0.1 million (2023 – nil).

For the year ended March 31, 2024 the OSC disposed of \$6.4 million (2023 – \$2.5 million) of property, plant & equipment and realized a nominal loss on disposal (2023 – \$0.1 million).

In 2024, the OSC identified adjustments to asset categorizations on opening accumulated depreciation and amortization. There was no impact to total comprehensive income but rather a reclassification between accumulated depreciation and amortization. The opening balances of accumulated depreciation, as of April 1, 2022, were increased by net \$0.2 million.

## 10. Intangible Assets

Intangible assets consist of assets with finite useful lives. Finite life intangible assets include assets such as purchased software and software enhancement and development. Amortization of intangible assets only commences once the software is available for use.

2024	Purchased software	Software enhancement and development	Total
<b>COST</b>			
Balance as at April 1, 2023	\$ 4,159,353	\$ 21,019,034	\$ 25,178,387
Additions	—	7,826,372	7,826,372
Disposals	(851,798)	—	(851,798)
<b>Balance as at March 31, 2024</b>	<b>\$ 3,307,555</b>	<b>\$ 28,845,406</b>	<b>\$ 32,152,961</b>
<b>ACCUMULATED AMORTIZATION</b>			
Balance as at April 1, 2023	\$ (3,945,282)	\$ (2,355,847)	\$ (6,301,129)
Amortization expense	(87,038)	(3,903,987)	(3,991,025)
Disposals	851,798	—	851,798
<b>Balance as at March 31, 2024</b>	<b>\$ (3,180,522)</b>	<b>\$ (6,259,834)</b>	<b>\$ (9,440,356)</b>
<b>Carrying amount as at March 31, 2024</b>	<b>\$ 127,033</b>	<b>\$ 22,585,572</b>	<b>\$ 22,712,605</b>

2023	Purchased software	Software enhancement and development	Total
<b>COST</b>			
Balance as at April 1, 2022	\$ 6,022,820	\$ 12,430,346	\$ 18,453,166
Additions	176,844	8,588,688	8,765,532
Disposals	(2,040,311)	—	(2,040,311)
<b>Balance as at March 31, 2023</b>	<b>\$ 4,159,353</b>	<b>\$ 21,019,034</b>	<b>\$ 25,178,387</b>
<b>ACCUMULATED AMORTIZATION</b>			
Balance as at April 1, 2022	\$ (5,748,518)	\$ (1,374,978)	\$ (7,123,496)
Amortization expense	(237,075)	(980,869)	(1,217,944)
Disposals	2,040,311	—	2,040,311
<b>Balance as at March 31, 2023</b>	<b>\$ (3,945,282)</b>	<b>\$ (2,355,847)</b>	<b>\$ (6,301,129)</b>
<b>Carrying amount as at March 31, 2023</b>	<b>\$ 214,071</b>	<b>\$ 18,663,187</b>	<b>\$ 18,877,258</b>

Intangible assets that are not yet available for use totalled \$4.2 million (2023 – \$16.0 million). No amortization has been taken on these assets.

There was no impairment loss to software enhancement and development (2023 – nil).

For the year ended March 31, 2024 the OSC disposed of \$0.9 million of fully amortized purchased software that is no longer in use (2023 – \$2.0 million).

In 2024, the OSC identified adjustments to asset categorizations on opening accumulated depreciation and amortization. There was no impact to total comprehensive income but rather a reclassification between accumulated depreciation and amortization. The opening balances of accumulated amortization, as of April 1, 2022, were reduced by net \$0.2 million.

## 11. Trade and Other Payables

	March 31, 2024	March 31, 2023
Payroll accruals	\$ 22,024,375	\$ 19,358,174
Other accrued expenses	5,791,008	7,400,982
Trade payables	310,237	270,432
Deferred revenue	76,725	126,800
Decommissioning provision	—	163,264
<b>Total Trade and other payables</b>	<b>\$ 28,202,345</b>	<b>\$ 27,319,652</b>

## 12. Leases

### Lessee Accounting – Lease Liabilities and Right of Use Assets

The OSC's leasing activities, as a lessee, relate to a premise lease and office equipment leases.

The OSC entered into a new premise lease as of September 1, 2017 for a term of ten years, ending August 31, 2027. The lease contains two consecutive options to extend the term beyond August 31, 2027, each for a period of five years. The lease was approved by the Minister of Finance under the *Financial Administration Act* section 28, which required review of contingent liabilities inherent in the lease. On August 30, 2022, the OSC exercised its existing right under the lease to surrender a floor. The OSC surrendered the floor on February 29, 2024. The terms and conditions for the remaining lease are unchanged as of March 31, 2024 and as a result, the lease liability for that specific floor was remeasured in the prior year at the time of exercising the right to surrender.

Additionally, the OSC entered into a lease agreement for office equipment (printers) as of March 20, 2020 for a term of five years ending March 19, 2025. The tables below provide reconciliations of the right of use assets and lease liabilities for the year ended March 31, 2024:

2024 - Right of use assets	Premise Lease(s)	Office Equipment Lease(s)	Total
<b>COST</b>			
Balance as at April 1, 2023	\$ 53,951,068	\$ 511,279	\$ 54,462,347
Lease reassessment	—	—	—
Sublease to Government of Canada	(3,668,596)	—	(3,668,596)
<b>Balance as at March 31, 2024</b>	<b>\$ 50,282,472</b>	<b>\$ 511,279</b>	<b>\$ 50,793,751</b>
<b>ACCUMULATED DEPRECIATION</b>			
Balance as at April 1, 2023	\$ (11,591,693)	\$ (306,768)	\$ (11,898,461)
Depreciation expense	(2,683,753)	(102,256)	(2,786,009)
<b>Balance as at March 31, 2024</b>	<b>\$ (14,275,446)</b>	<b>\$ (409,024)</b>	<b>\$ (14,684,470)</b>
<b>Carrying amount as at March 31, 2024</b>	<b>\$ 36,007,026</b>	<b>\$ 102,255</b>	<b>\$ 36,109,281</b>

2023 - Right of use assets	Premise Lease(s)	Office Equipment Lease(s)	Total
<b>COST</b>			
Balance as at April 1, 2022	\$ 57,712,103	\$ 511,279	\$ 58,223,382
Lease reassessment	(3,761,035)	—	(3,761,035)
Sublease to Government of Canada	(3,668,596)	—	(3,668,596)
<b>Balance as at March 31, 2023</b>	<b>\$ 50,282,472</b>	<b>\$ 511,279</b>	<b>\$ 50,793,751</b>
<b>ACCUMULATED DEPRECIATION</b>			
Balance as at April 1, 2022	\$ (8,803,466)	\$ (204,512)	\$ (9,007,978)
Depreciation expense	(2,788,227)	(102,256)	(2,890,483)
<b>Balance as at March 31, 2023</b>	<b>\$ (11,591,693)</b>	<b>\$ (306,768)</b>	<b>\$ (11,898,461)</b>
<b>Carrying amount as at March 31, 2023</b>	<b>\$ 38,690,779</b>	<b>\$ 204,511</b>	<b>\$ 38,895,290</b>

<b>2024 - Lease liabilities</b>	<b>Premise Lease(s)</b>	<b>Office Equipment Lease(s)</b>	<b>Total</b>
Balance as at April 1, 2023	\$ 45,335,922	\$ 202,221	\$ 45,538,143
Lease reassessment	—	—	—
<b>Balance as at March 31, 2024</b>	<b>\$ 45,335,922</b>	<b>\$ 202,221</b>	<b>\$ 45,538,143</b>
Increase(s) to Lease liabilities- finance costs	\$ 1,521,140	\$ 3,012	\$ 1,524,152
Decrease(s) to Lease liabilities- lease payments	(4,303,322)	(107,576)	(4,410,898)
<b>Lease liabilities balance as at March 31, 2024</b>	<b>\$ 42,553,740</b>	<b>\$ 97,657</b>	<b>\$ 42,651,397</b>
Non-current portion of Lease liabilities	\$ 40,015,290	\$ —	\$ 40,015,290
Current portion of Lease liabilities	2,538,450	97,657	2,636,107
<b>Lease liabilities balance as at March 31, 2024</b>	<b>\$ 42,553,740</b>	<b>\$ 97,657</b>	<b>\$ 42,651,397</b>

<b>2023 - Lease liabilities</b>	<b>Premise Lease(s)</b>	<b>Office Equipment Lease(s)</b>	<b>Total</b>
Balance as at April 1, 2022	\$ 51,595,511	\$ 304,768	\$ 51,900,279
Additions - new contracts	—	—	—
Lease reassessment	(3,761,035)	—	(3,761,035)
<b>Balance as at March 31, 2023</b>	<b>\$ 47,834,476</b>	<b>\$ 304,768</b>	<b>\$ 48,139,244</b>
Increase(s) to Lease liabilities- finance costs	\$ 1,667,391	\$ 5,029	\$ 1,672,420
Decrease(s) to Lease liabilities- lease payments	(4,165,945)	(107,576)	(4,273,521)
<b>Lease liabilities balance as at March 31, 2023</b>	<b>\$ 45,335,922</b>	<b>\$ 202,221</b>	<b>\$ 45,538,143</b>
Non-current portion of Lease liabilities	\$ 42,553,740	\$ 97,657	\$ 42,651,397
Current portion of Lease liabilities	2,782,182	104,564	2,886,746
<b>Lease liabilities balance as at March 31, 2023</b>	<b>\$ 45,335,922</b>	<b>\$ 202,221</b>	<b>\$ 45,538,143</b>

## Lessee Accounting – Depreciation, Finance Costs, and Payments

The related right of use depreciation and interest charges are recorded on the Statement of Comprehensive Income under the depreciation and finance costs expense line items, respectively. For the year ended March 31, 2024, depreciation and finance costs were \$2.8 million (2023 – \$2.9 million) and \$1.5 million (2023 – \$1.7 million), respectively.

In the prior year, the lease liability for the surrendered floor was remeasured, using a revised discount rate of 4.2%, resulting in a \$3.8 million decrease to both the lease liability and associated the right-of-use asset with no one-time impact to excess of revenues over expenses.

For the year ended March 31, 2024, payments of lease principal and interest on the leases recorded as lease liabilities were \$4.4 million (2023 – \$4.3 million). The following table sets forth the OSC's future aggregate undiscounted lease payments over the lease term:

	<b>March 31, 2024</b>	<b>March 31, 2023</b>
Less than one year	\$ 8,533,976	\$ 8,876,260
Between one and five years	33,741,456	32,356,170
More than five years	70,997,647	75,939,668
	<b>\$ 113,273,079</b>	<b>\$ 117,172,098</b>

The OSC had no office equipment leases that qualify as short-term leases in 2024 (2023 – nil). The OSC would recognize the lease payments associated with such office equipment leases as an expense on a straight-line basis over the lease term.

The OSC has leases that qualify as low-value leases. The OSC recognized nominal lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The OSC makes non-lease payments (i.e. common area maintenance, property tax, and insurance) on leased properties. For the year ended March 31, 2024, \$4.9 million (2023 – \$4.3 million) was recognized within occupancy costs in the Statement of Comprehensive Income. As of March 31, 2024 the OSC has not committed to leases with future cash outflows beyond those recognized and presented above.

## Lessor Accounting

Lessor accounting is applicable in office space subleasing agreements where the OSC is the lessor. The two sublease arrangements, to the CSA IT Systems Project Office and the Government of Canada, are on a cost-recovery basis.

The OSC has classified the sublease with the CSA as an operating lease since the arrangement does not substantially transfer all the risks and rewards incidental to ownership of the underlying asset. Accordingly, the OSC recognizes finance income from the sublease within miscellaneous revenue on the Statement of Comprehensive Income. For the year ended March 31, 2024, sublease payments totalling \$0.2 million (2023 – \$0.2 million) were recorded for the operating lease.

The OSC has classified the sublease with the Government of Canada as a finance lease since all of the risks and rewards incidental to ownership of the underlying asset have been substantially transferred to the lessee. Accordingly, the OSC recognizes a lease receivable, with an offsetting reduction to the right of use asset, on the Statement of Financial Position and finance income on the Statement of Comprehensive



Income. For the year ended March 31, 2024, sublease payments totalling \$0.3 million (2023 – \$0.3 million) were recorded for the finance lease. The table below provides a reconciliation of the lease receivable and finance income for the year ended March 31, 2024:

<b>Lease receivable</b>	<b>Note(s)</b>	<b>March 31, 2024</b>	<b>March 31, 2023</b>
Opening balance		\$ 3,116,596	\$ 3,270,120
Sublease payments		(274,684)	(264,036)
Finance income		104,854	110,512
<b>Closing balance</b>		<b>\$ 2,946,766</b>	<b>\$ 3,116,596</b>
Current portion of Lease receivable	5	\$ 175,783	\$ 169,830
Non-current portion of Lease receivable		2,770,983	2,946,766
<b>Total Lease receivable</b>		<b>\$ 2,946,766</b>	<b>\$ 3,116,596</b>

The current portion of the lease receivable is presented within trade and other receivables in the Statement of Financial Position. For more information, see Note 5. The non-current portion of the lease receivable is presented as a separate non-current asset in the Statement of Financial Position.

The table below presents the OSC's expected aggregate undiscounted sublease payment receipts for operating and finance leases:

	<b>March 31, 2024</b>	<b>March 31, 2023</b>
Less than one year	\$ 503,088	\$ 493,390
Between one and five years	1,098,736	1,098,736
More than five years	2,311,924	2,586,608
	<b>\$ 3,913,748</b>	<b>\$ 4,178,734</b>

## 13. Pension Plans

### (a) Ontario Public Service Pension Plan (OPSPP)

All eligible OSC employees must, and members may, participate in the OPSPP. The OSC's contribution to the OPSPP for the year ended March 31, 2024 was \$7.7 million (2023 – \$7.3 million), which is included under salaries and benefits in the Statement of Comprehensive Income. The expected contributions for the plan for 2025 are \$8.0 million.

### (b) Supplemental pension plans

The OSC also has unfunded supplemental defined benefit pension plans for full-time appointed current and former Chairs, Vice-Chairs, Chief Executive Officer, and Chief Adjudicator. These supplemental pension plans have no plan assets. The actuarial liability and the current service cost are determined by independent actuaries using the projected benefit method prorated on services and management's best estimate assumptions. The supplemental defined benefit pension plans are non-registered plans. The benefit payments are made by the OSC as they become due.

The OSC is responsible for governance of these plans. The OSC Board's Audit and Finance Committee assists in the management of the plans. The OSC uses external actuarial experts to provide a valuation of the pension obligation for the supplemental plans in accordance with the standards of practice established by the Canadian Institute of Actuaries.

Under the projected benefit method, the pension liabilities are the present value of benefits accrued in respect of service prior to the valuation date, based on projected final average earnings. The current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period. The current service cost, expressed as a percentage of pensionable earnings, will be stable over time if the demographic characteristics of the active membership remain stable from valuation to valuation. However, all other things being equal, the current service cost of an active membership whose average age rises between actuarial valuations will result in an increasing current service cost.

The supplemental pension plans expose the OSC to the following risks:

- Changes in bond yields – a decrease in corporate bond yields will increase the plans' liabilities.
- Inflation risk – in plans where the target benefit is not indexed, given that the pension offset amounts are linked to inflation, higher inflation will lead to lower liabilities. Conversely, for plans where the target benefits are linked to inflation, the OSC's liability increases when inflation increases.
- Life expectancy – the majority of the obligations are to provide benefits for the life of the members. Therefore, increases in life expectancy will result in an increase in the plans' liabilities.

There were no plan amendments, curtailments or settlements during the period. The duration of all supplemental pension plans combined is approximately 11 years (2023 – 10 years).

	March 31, 2024	March 31, 2023
Defined benefit obligation, beginning of year	\$ 4,411,012	\$ 4,915,315
Current service cost	173,490	203,819
Interest cost	215,776	188,634
Benefit payments	(271,088)	(279,504)
Actuarial (gain)/loss on obligation	(238,225)	(617,252)
<b>Defined benefit obligation, end of year</b>	<b>\$ 4,290,965</b>	<b>\$ 4,411,012</b>

### Actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation were as follows:

	March 31, 2024	March 31, 2023
Discount rate(s)	4.90%	4.85%
Inflation	2.00%	2.00%
Expected rate(s) of salary increase	0%	0%
CPP YMPE increase	2.50%	2.50%
Increase in Canada Revenue Agency limit	\$ 3,610.00	\$ 3,506.67

The assumptions for mortality rates are based on the 2014 Canadian Pensioners Mortality Public Sector Mortality Table (CPM2014-Public) and the CPM-B Improvement Scale with a size adjustment for monthly income of \$6,000 or more as at March 31, 2024.

### Sensitivity analysis

Changes in the actuarial assumptions used have a significant impact on the defined benefit obligation. The following is an estimate of the sensitivity of the defined benefit obligation to a change in the significant actuarial assumptions (the sensitivity assumes all other assumptions are held constant):

	March 31, 2024	March 31, 2023
Discount rate increased by 0.5% (obligation will decrease by)	5.0%	4.9%
Discount rate decreased by 0.5% (obligation will increase by)	5.4%	5.4%
Life expectancy increased by 1 year (obligation will increase by)	3.0%	2.4%
Life expectancy decreased by 1 year (obligation will decrease by)	2.9%	2.5%
Inflation rate increased by 0.5% (obligation will increase by)	0.6%	0.5%
Inflation rate decreased by 0.5% (obligation will decrease by)	0.0%	0.0%

The OSC's pension expense relating to the supplemental pension plans for the year ended March 31, 2024 was \$0.4 million (2023 – \$0.4 million). The OSC expects to incur \$0.4 million in benefit payments relating to the supplemental pension plan during the next fiscal year.

## 14. Capital Management

Since 2001, the OSC has held a \$20.0 million reserve fund, as described in Note 8, which it considers as capital. The primary objective of maintaining this capital is to fund OSC's operations in the event of revenue shortfalls and unanticipated expenditures, or to cover the discrepancy between timing of revenue and expenses.

The OSC maintains an investment policy where reserve funds are restricted to direct and guaranteed obligations of the Government of Canada and its provinces, and to instruments issued by Canadian Schedule I financial institutions to protect the principal. The OSC has a \$52.0 million credit facility with a Schedule I financial institution to provide additional support for short-term cash deficiencies. The Minister of Finance approved the renewal of the credit facility as of July 1, 2022 for two years expiring on June 30, 2024.

The OSC is not subject to any externally imposed capital requirements.

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## 15. Fees

The OSC's fee structure is designed to generate fees that recover the OSC's cost of providing services to market participants. The fee structure is based on the concept of participation fees, activity fees, and late filing fees.

Participation fees are based on the cost of a broad range of regulatory services that cannot be practically or easily attributed to individual activities or entities and are intended to serve as a proxy for the market participants' use of the Ontario capital markets.

Activity fees represent the direct cost of OSC staff resources expended in undertaking certain activities requested of staff by market participants.

Late fees represent fees applied to market participants for not filing required documents and/or paying their participation and activity fees on time.

Fees received are as follows:

	March 31, 2024	March 31, 2023
Participation fees	\$ 139,956,397	\$ 132,802,077
Activity fees	15,132,980	17,149,188
Late filing fees	4,590,961	4,123,904
	<b>\$ 159,680,338</b>	<b>\$ 154,075,169</b>

On April 3, 2023, OSC Rule 13-502 and OSC Rule 13-503 were repealed and replaced which included, among other changes, fee rule amendments to introduce a new derivatives participation fee. This new derivatives participation fee generated \$13.1 million of the total \$139.6 million in participation fees.

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## 16. Salaries and Benefits

	March 31, 2024	March 31, 2023
Salaries	\$ 96,688,451	\$ 91,115,675
Benefits	12,515,413	11,895,870
Pension expense	8,095,955	7,728,914
Termination benefits	2,771,190	1,027,943
	<b>\$ 120,071,009</b>	<b>\$ 111,768,402</b>

## 17. Administrative

	March 31, 2024	March 31, 2023
Capital Markets Tribunal expenses	\$ 1,024,149	\$ 724,287
Board regulatory and governance expenses	336,575	569,144
Commission expenses	—	63,032
	<b>\$ 1,360,724</b>	<b>\$ 1,356,463</b>
Technology maintenance & support	\$ 10,831,800	\$ 9,623,068
Communications & publications	2,858,893	2,648,360
Training	1,033,254	858,436
Miscellaneous expenses	937,180	1,102,665
Bad debt	364,244	(237,012)
Supplies	150,643	92,352
	<b>\$ 17,536,738</b>	<b>\$ 15,444,332</b>

Commission expenses are nil in 2024 as they have been separated between Capital Markets Tribunal expenses and Board regulatory and governance expenses following the proclamation of the SCA on April 29, 2022. Going forward, these expenses are presented separately.

## 18. Contingent Liabilities and Contractual Commitments

The OSC has committed to paying in full any liability with respect to CSA Systems operations and custody of the related surplus funds that arises as a result of wilful neglect or wilful misconduct on behalf of the OSC.

Under the agreements described in Note 7, the OSC, ASC, BCSC and AMF, as PAs, have committed to paying an equal share of any claim or expenses related to operation and redevelopment of the CSA Systems that exceed the surplus funds held.

In 2023 and 2024, there were no such claims or expenses. As described in Note 7, the OSC, in its capacity as DPA, is holding funds in segregated bank and investment accounts that may be used to settle claims and expenses relating to the operation and redevelopment of the CSA Systems.

Occasionally, the OSC is involved in legal actions arising from the ordinary course of business. Settlements from these actions are accounted for when they occur. The outcome and ultimate disposition of these actions cannot currently be determined. However, management does not expect the outcome of any legal actions, individually or in aggregate, to have a material impact on the OSC's financial position.

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## 19. Related Party Transactions

### (a) Funds restricted for CSA Systems operations and redevelopment

In the course of normal operations, the OSC fulfills transactions for CSA Systems with the funds restricted for CSA Systems operations and redevelopment. During the year, total related party charges incurred and to be reimbursed were \$7.3 million (2023 – \$6.7 million). At March 31, 2024, \$0.3 million (2023 – \$0.8 million) was still owed to the OSC. For more information, see Note 7.

### (b) The Province of Ontario

In the course of normal operations, the OSC entered into the following transactions with the Province of Ontario:

The *Securities Act* (Ontario) states that when ordered to do so by the responsible Minister, the OSC shall remit to the Province of Ontario such surplus funds as determined by the Minister. In light of the fee model as described in Note 15 and the OSC's practice of setting fees periodically, the OSC is not required to make remittances of its surplus to the Consolidated Revenue Fund. Surpluses retained by the OSC are subject to appropriate terms and conditions to be agreed with the Minister.

Costs of non-pension benefits for eligible pensioners are paid by the Government of Ontario and are not included in the Statement of Comprehensive Income.

Certain payments to harmed investors from funds held pursuant to settlements and sanction orders are made through the Ministry of the Attorney General (MAG) via the Crown Law Office – Civil (CLOC) and Victims and Vulnerable Persons Division (VVPD). Payments are made to MAG from the OSC pursuant to forfeiture orders obtained by CLOC under the the *Civil Remedies Act*.

### (c) Compensation to key management personnel

The OSC's key management personnel are the members of the Board of Directors, Capital Markets Tribunal, Chief Executive Officer, Chief Adjudicator, Chief Administrative Officer, and Executive Directors. The remuneration of key management personnel includes the following expenses:

	March 31, 2024	March 31, 2023
Short-term employee benefits	\$ 3,924,087	\$ 3,969,813
Post-employment benefits	547,431	541,269
	<b>\$ 4,471,518</b>	<b>\$ 4,511,082</b>

## 20. Recoveries of Investor Education and Knowledge Enhancement, Office of Economic Growth and Innovation, and Technology and Data Capability Costs

During the year, as described in Note 3(h), the OSC recorded recoveries of eligible investor education and knowledge enhancement, Office of Economic Growth and Innovation, and technology and data capability costs from funds held pursuant to settlements and sanction orders. Specifically, the latter two purposes were added in this fiscal year under the new regulation that came into force as of February 5, 2024, as permitted under subclause 19(2)(b)(iii) of the SCA.

The recoveries of eligible investor education and knowledge enhancement costs are presented as follows:

	March 31, 2024	March 31, 2023
Salaries and benefits	\$ 2,377,481	\$ 2,151,191
Professional services	1,351,281	1,360,985
Media Campaign costs	884,543	931,349
Website and other IT costs	433,241	567,728
Investor Advisory Panel costs	102,682	138,154
	<b>\$ 5,149,228</b>	<b>\$ 5,149,407</b>

The amounts recorded from eligible investor education and knowledge enhancement costs in the year were \$5.1 million (2023 – \$5.1 million). Of the total amounts recovered, \$1.6 million (2023 – \$1.8 million) was owing to the OSC at March 31, 2024.

The recoveries of Office of Economic Growth and Innovation costs are presented as follows:

	March 31, 2024	March 31, 2023
Salaries and benefits	\$ 374,865	\$ —
	<b>\$ 374,865</b>	<b>\$ —</b>

The amounts recorded for recoveries of Office of Economic Growth and Innovation costs in the year were \$0.4 million (2023 – nil). Of the total amounts recovered, \$0.4 million (2023 – nil) was owing to the OSC at March 31, 2024.

For fiscal year 2023-2024 there were no costs recovered from funds held pursuant to settlements and sanction orders for technology and data capability costs.

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## 21. Accounting Pronouncements

### Current period changes

The OSC has adopted two new IFRS amendments in the current period as follows.

#### ***Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements***

The amendments to IAS 1 and to IFRS Practice Statement 2, among other things, replace the requirement for entities to disclose their “significant accounting policies” with a requirement to disclose “material accounting policy information”. The OSC has reflected appropriate changes to its accounting policy disclosure in these financial statements with no material change on the nature, extent, or manner of information disclosed.

#### ***Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors***

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. The amendments had no impact on the OSC financial statements.

The OSC is assessing the potential impacts of pronouncements for future fiscal years. The IFRS amendments, which have been issued but are not yet effective for the year ended March 31, 2024, have not been applied in preparing these financial statements. These amendments are not expected to have a material impact on the financial statements of the OSC.

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## 22. Subsequent Events

The *Reducing Inefficiencies Act (Infrastructure Statute Law Amendments), 2023* received Royal Assent on May 18, 2023. The Centralization of Broader Real Estate Authority (CBREA) proposed legislative amendments that would transition realty oversight to the Minister of Infrastructure for interests in real property previously under the control of prescribed entities. The OSC is currently working with the Ministry of Infrastructure to assess the contractual requirements and implications to the OSC’s financial statements relating to lease accounting.

As discussed in Note 14, the OSC has a \$52.0 million credit facility to address short-term cash deficiencies. As at March 31, 2024, the renewal on the credit facility was set to expire on June 30, 2024. On June 18, 2024, the credit facility renewal was approved by the Minister of Finance with no expiry date as permitted by the SCA.





ONTARIO  
SECURITIES  
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As the regulatory body responsible for overseeing the capital markets in Ontario, the Ontario Securities Commission administers and enforces the provincial *Securities Act* and the provincial *Commodity Futures Act*, and administers certain provisions of the provincial *Business Corporations Act*. The OSC is a self-funded Crown corporation accountable to the Ontario Legislature through the Minister of Finance.