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The Secretary

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto Ontario M5H 3S8
E-mail: comments@osc.gov.on.ca

Re: Submission on the OSC Statement of Priorities for Fiscal Year 2025-2026

The Federation of Independent Dealers (FID) appreciates the opportunity to provide feedback on the Ontario Securities Commission's (OSC) proposed Statement of Priorities (SoP) for the fiscal year 2025-2026. As an organization representing both Investment Dealer (ID) and Mutual Fund Dealer (MFD) firms, we are committed to contributing to a regulatory environment that is as cost efficient as possible for our member dealers and the investors that rely upon them for the provision of professional financial advice. We believe that a balanced regulatory approach that includes performing consistent and fulsome cost/benefit analysis will best enhance investor protection without imposing undue strain on the operational and financial resources of our members.

Key Priorities and Strategic Goals

1. Quickly Deliver Effective Regulatory Actions in Anticipation of Emerging Trends

We support the OSC's focus on enhancing horizon-scanning and research capabilities to identify and respond to emerging trends. We recommend that the OSC consider focusing on dealers as a key stakeholder and obtain 'front line' input from businesses who work directly with investors, and the OSC in addition to other regulators and entities in the ecosystem.

2. Enhance the Experience of Individual Investors

We look forward to the opportunity to take in new information from OSCs research projects to enhance our collective offerings. We suggest that the OSC also explore opportunities to harmonize investor protection measures across different distribution channels to ensure a consistent and high standard of investor protection and experiences. Ideally this can be done via streamlining and adjusting rather than an imposition of entire additional rulesets to avoid raising the compliance burden on dealers. As our membership provides services to a cross-section of investor segments and communities, dealers can contribute timely and relevant operational and investor protective ideas and insights to discussions on this goal.

3. Dynamically Right-Size Regulation Informed by Changing Needs, Risks, and Practices in Ontario and Globally

We support the OSC's goal to dynamically right-size regulation to ensure it remains relevant and proportionate. We encourage the OSC to proceed with an additional round of the Burden Reduction Initiative to obtain industry input from registrant firms in its regulatory review and modernization efforts. Regulations matched between 'priority' investor segments and the unique characteristics of servicing firms could help prevent unnecessary compliance burden. We applaud the OSC effort to realign functions with CIRO to promote streamlined regulation and hope to see this continued and expanded.

We are less enthusiastic about the OSC's ideas of extending its reach further into corporations to determine the hiring practices and board selections that they may or may not engage in.

4. Implement a Tougher and More Visible Response to Capital Markets Misconduct

We endorse the OSC's focus on strengthening enforcement efforts to safeguard investor confidence. We agree that the OSC should explore opportunities to improve the detection and deterrence of misconduct. However, we urge the OSC to ensure that enhanced enforcement measures do not impose undue regulatory burdens on the most longstanding compliant ID and MFD firms.

We suggest resource allocation in this area be shifted to maintain the current high level of firm compliance, while emphasizing detection in existing problematic areas where investor harm has been caused and/or new areas of potential investor risk may arise. Significant resources are spent annually by many regulators reviewing and re-reviewing the same set of highly compliant firms.

5. Foster Conditions for Capital Formation and Innovation in Both Public and Private Markets

We support the OSC's efforts to foster conditions for capital formation and innovation. We recommend that the OSC continue to consider the regulatory hurdles and technology roadblocks limiting product access for certain categories of dealers and investors, and work to enable the most harmonized and broadest suite of investment selections for investors across all distribution channels while maintaining a consistent and strong oversight regime that continues to reduce regulatory arbitrage at every opportunity.

6. Strengthen OSC's Position as a Trusted and Influential Voice in Canadian Capital Markets

We commend the OSC's commitment to enhancing its thought leadership and influence in Canadian capital markets. We suggest that the OSC leverage its unique regulatory perspective to advocate for a balanced regulatory approach that protects investors while ensuring that dealers are not unduly burdened by new cost increases.

We note that to obtain the most fulsome and well considered input from the OSC's constituents, comment periods should be set to a minimum of 90 days depending on the complexity of the subject as the reduced 60 day consultation periods are a challenge to industry. Consultations should also be timed to ensure maximum availability of participants, and be reduced in RSP season, the summer, and over Christmas and holiday seasons generally.

Thank you for considering our feedback. Please reach out to us for engagement with specific working groups, projects, or initiatives, we will be pleased provide participation and input.

Sincerely,

Matthew T. Latimer
Executive Director
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