

BY EMAIL: tbaikie@osc.gov.on.ca

September 10, 2025

Timothy Baikie
Senior Legal Counsel, Trading and Markets
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
tbaikie@osc.gov.on.ca

Re: OSC Notice of Request for Comment - Proposed Amendments to Ontario Securities Commission Rule 48-501 *Trading During Distributions, Formal Bids and Share Exchange Transactions* and Proposed Changes to Companion Policy 48-501 *Trading During Distributions, Formal Bids and Share Exchange Transactions* (the “Proposed Amendments”)

We are writing to provide our comments to the Ontario Securities Commission (the “OSC”) with respect to the Proposed Amendments concerning short selling regulations.

Fidelity Investments Canada ULC (“**Fidelity**”, “**we**”, “**us**”, “**our**”) is the second largest mutual fund company in Canada. As at August 29, 2025, Fidelity managed over \$319 billion (CAD) in retail mutual funds, exchange traded funds and institutional assets for its clients. For over 38 years in Canada, Fidelity has put investors first by working hard to help them achieve their financial goals.

While we are supportive of the OSC addressing potential market abuse and manipulation, we also recognize that short selling plays a significant role in market efficiency and enabling legitimate investment strategies. If the scope of the proposed restrictions is not clearly defined, it could inadvertently be detrimental to investors and impose undue regulatory burden on market participants.

Below we have set out our general comments on the Proposed Amendments.

Rule 48-501 Exceptions

In the Proposed Amendments, it is unclear whether investment funds (including private funds) or multiple strategies managed by the same investment fund manager or portfolio manager are entitled to an exception to the rule as set out in section 4.1.2.

We believe that imposing the trading restrictions from the Proposed Amendments on affiliated investment funds would adversely affect investors. If a fund or portfolio within an investment fund manager’s complex has made a short sale in securities within five business days of the offering, no other fund or strategy managed by the same investment fund manager could participate in the offering. Investment funds under management of the same investment fund manager may have different investment objectives and strategies where differing investment decisions are warranted. For example, it might be appropriate for one fund to short sell a security while another fund opts to purchase that same security. The outcome of prohibiting these transactions would not be in the best

interests of investors of these funds, as there would be fewer options available to fulfill the investment mandate of the fund or portfolio.

Investment Fund Controls

If the primary concern for the OSC is market abuse and manipulation around short selling, investment funds should already have robust controls in place to meet the existing regulatory requirements. For instance, where there is knowledge of non-public information relevant to an equity offering, under the current securities legislation, investment fund managers are required to maintain appropriate controls, including information barriers, trade supervision and conflict of interest policies to avoid improper influence on a market or transaction. We believe the Proposed Amendments would be adding unnecessary complexity to that control framework.

Complex Monitoring

The Proposed Amendments would create a very burdensome requirement to monitor any short trade for five days afterwards to prevent purchasing the same security as part of a prospectus offering or private placement. Monitoring the proposed restrictions would be considerably challenging for investment fund managers to create systems to track whether securities have been sold short in one fund or strategy, which could prevent investment fund managers from participating in an offering through another fund or strategy, especially if there is a large complex with hundreds of investment funds.

Public Information

We respectfully submit that there should be no trading restrictions imposed once information concerning an offering has been made publicly available. Material information is usually shared after the markets have closed for the day, allowing participants time to understand and consider the new information, which helps to prevent sudden fluctuations in market prices that might occur if the information was released during trading hours. Once information is made public, the market should then reflect its importance in the price of securities. Potentially restricting transactions where the short seller's "knowledge of an offering" is based on publicly available information undermines the principle of open markets and would limit the ability of participants to effectively respond to market conditions.

Harmonization

Lastly, while we do not believe changes to the regulatory framework concerning short selling are necessary, we urge the OSC to collaborate with other members of the Canadian Securities Administrators to develop a harmonized approach across Canada if it chooses to move forward with the Proposed Amendments. Introducing a compliance monitoring system for short selling activity distinct from other provinces imposes a significant regulatory burden on firms operating in Ontario. This approach is neither practical nor beneficial.

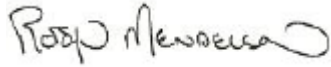
The absence of harmonization creates an uneven playing field, subjecting firms in Ontario to restrictions that may disadvantage them compared to their counterparts in other provinces. Such a fragmented regulatory landscape fosters uncertainty in the market and could potentially reduce competition and discourage capital flows into Ontario.

A unified regulatory framework would promote regulatory consistency and strengthen investor confidence across all Canadian capital markets.

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We would like to thank the OSC for the opportunity to comment on the Proposed Amendments and we would be pleased to discuss any of our comments with you in more detail.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "Robyn Mendelson", with a stylized flourish at the end.

Robyn Mendelson
Vice President, Legal and Procurement

c.c. Rob Strickland, *President*
W. Sian Burgess, *Senior Vice President, Fund Oversight*