

**1.1.3 OSC Staff Notice 11-752 - Limited Market Dealer Initiative – Compliance Team**

**OSC STAFF NOTICE 11-752  
LIMITED MARKET DEALER INITIATIVE – COMPLIANCE  
TEAM**

The Compliance team of the Ontario Securities Commission (OSC) has commenced a new initiative regarding limited market dealers (LMD). This initiative developed from our efforts to evolve our Compliance mandate in 2004. In the past, we have monitored LMDs as part of our reviews of those investment counsel/portfolio managers (ICPM) who are also registered as LMDs. This initiative is the first step in our plan to enhance our oversight of LMDs.

Currently there are approximately 550 LMDs registered with the OSC. The spectrum of LMDs is very broad and includes LMDs registered as mutual fund dealers, as investment dealers, as ICPMs or solely as LMDs. These differences give rise to various business models and potentially different risks facing these firms.

Our initiative will have three phases: information gathering, program development and finally, on-site focussed reviews of a sample of LMDs. We are currently at the information gathering stage and anticipate performing on-site reviews in the fall. An industry report will be issued in 2006, documenting the results of our reviews and recommending changes (if any) to the existing legislation which applies to LMDs.

In an effort to broaden our understanding of this registration category, including the various business models and risks facing these firms, we will be sending a survey to all LMDs in Phase 1. The survey will consist of a series of questions which will require written responses. All LMDs will be asked to complete the survey. We also intend to hold several focus groups in Phase 1. Each focus group will include 15 – 20 LMDs, representing a cross section of the population. Meetings will be 2 hours in length to ensure adequate coverage of the issues. We view this as a very important step in our initiative and would encourage firms to participate. If you are interested in attending one of our focus groups, please send an email to [compliance@osc.gov.on.ca](mailto:compliance@osc.gov.on.ca). Once meeting dates and times have been determined, those individuals expressing interest will be contacted.

We expect that this initiative will assist LMDs in enhancing their compliance structure and will result in a more effective regulatory regime.

For more information, please contact:

Marrianne Bridge  
Manager, Compliance  
(416) 595-8907  
[mbridge@osc.gov.on.ca](mailto:mbridge@osc.gov.on.ca)

Christina Forster Pazienza  
Assistant Manager, Compliance  
(416) 593-8061  
cpazienza@osc.gov.on.ca

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