

1.1.4 OSC Staff Notice 33-737 – Enhanced Transparency of Communications with Registrants

OSC STAFF NOTICE 33-737: ENHANCED TRANSPARENCY OF COMMUNICATIONS WITH REGISTRANTS

Background

The mandate of the Ontario Securities Commission (the **OSC**) is to protect investors from unfair, improper and fraudulent practices, and to foster fair and efficient capital markets and confidence in capital markets. Staff of the OSC is committed to increasing the transparency with which it interacts with its stakeholders, including firms registered under the *Securities Act* (Ontario) (the **Act**), as part of an ongoing effort to further its mandate.

Under Part XI of the Act, the Director is responsible for making decisions concerning the registration status of individuals and firms who are required to be registered under the Act or who are seeking registration under the Act (**registrants**). The Director is an administrative official, and is defined in subsection 1(1) of the Act as the Executive Director of the Commission, a Director or Deputy Director of the Commission, or a person employed by the Commission in a position designated by the Executive Director as a Director.

When staff recommends that the Director refuse, amend, or suspend an individual's registration, or impose terms and conditions on an individual's registration, staff will send the registrant a letter providing written notice of its recommendation and brief reasons for it (the **Letter of Brief Reasons**). Section 31 of the Act then gives the registrant the right to be heard by the Director before a decision is made concerning staff's recommendation.

Historically, the OSC would send the Letter of Brief Reasons only to the individual registrant. The OSC would send a brief written notice to the registrant's sponsoring firm indicating staff's recommendation and advising the firm of the individual's right to be heard. In these notices, staff did not include any of the reasons underlying its recommendation, noting only that reasons had been communicated to the individual registrant.

What's New

Registrants are advised that, effective immediately, staff will now also be sending a copy of the Letter of Brief Reasons to the sponsoring firm. This copy will be sent to the sponsoring firm at the same time that the Letter of Brief Reasons is sent to the registrant.

Reason for Change in Process

In staff's view, providing registered firms with the Letter of Brief Reasons will promote the accuracy and completeness of information provided in respect of individuals they sponsor, thereby assisting firms in fulfilling their obligations under s. 5.1 of National Instrument 33-109 *Registration Information*.

Staff is of the view that investor protection will be enhanced by communicating important information about individual registrants and applicants to the registered firms responsible under Ontario securities law for supervising these individuals.

Questions

If you have any questions regarding the contents of this notice, please refer them to any of the following:

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