

1
2 ONTARIO SECURITIES COMMISSION

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4
5 ROUNDTABLE ON REDUCING REGULATORY BURDEN
6 RELATED TO TRADING, MARKETPLACES, ISSUER
7 REQUIREMENTS, AND DERIVATIVES
8
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11
12 HELD ON: Monday, May 27, 2019

13 HELD AT: Design Exchange

14 234 Bay Street, 2nd Floor

15 Toronto, Ontario
16

17 MODERATORS:

18 Grant Vingoe Vice-Chair, OSC
19

20 OPENING REMARKS:

21 Naizam Kanji Special Advisor to the Chair,
22 Regulatory Burden Reduction, OSC
23

24 CLOSING REMARKS:

25 Maureen Jensen Chair & CEO, Ontario Securities
26 Commission
27
28

1 ROUNDTABLE PARTICIPANTS:

2 Naizam Kanji Special Advisor to the Chair, Regulatory

3 Burden Reduction, OSC

4 Pat Chaukos Deputy Director, OSC LaunchPad|Policy, OSC

5 Kevin Fine Director, Derivatives, OSC

6 Susan Greenglass Director, Market Regulation, OSC

7 Sonny Randhawa Director, Corporate Finance, OSC

8 Srijan Agrawal Director, RBC Capital Markets

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10 Jamie Anderson General Counsel & Corporate Secretary,

11 Canadian Securities Exchange

12 Nancy Anderson VP Financial Reporting & CFO, REALPAC

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14 Denis Frawley Member, PDAC Securities Committee

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16 Harvey Naglie Member, OSC Investor Advisory Panel

17 Alex Perel Head of ETF Services, Scotiabank

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22 Tim Reibetanz Senior Counsel, Bank of Montreal

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1 --- Upon commencing at 1:00 p.m.

2 OPENING REMARKS:

3 MR. KANJI: Hello, everyone. I'm Naizam Kanji,
4 Director of the Office of Mergers and Acquisitions at the OSC,
5 and Special Advisor to the Chair on Regulatory Burden Reduction.

6 I would like to extend a warm welcome and thank you
7 for attending today's roundtable on reducing regulatory burden
8 related to trading, marketplaces, issuer requirements and
9 derivatives. I'd also like to welcome those who have joined us
10 via teleconference.

11 Today's discussion is the third roundtable in the
12 OSC's ongoing consultation with Ontario market participants on
13 ways to further reduce regulatory burden on capital market
14 participants, while continuing to maintain important investor
15 protections.

16 Everyone at the OSC recognizes that this initiative is
17 an unprecedented opportunity to make our processes, requirements
18 and interactions with stakeholders more streamlined and
19 efficient. It is also an opportunity to reduce duplicative,
20 outdated and unnecessary regulations. We are here to listen, to
21 hear your suggestions, and to work with you to make securities
22 regulation work better for everyone.

23 I would like to acknowledge the extensive and
24 excellent comments we received in response to our Staff Notice,
25 and the feedback we received during our first two roundtables on
26 March 27 and May 6th.

27 I would also like to thank the speakers who have
28 joined us and will be participating at our roundtable today. We

1 are looking forward to some interesting discussions and great
2 ideas.

3 As you can imagine, organizing these three roundtables
4 has been a significant undertaking, especially considering the
5 limited time period in which this has occurred. I want to thank
6 my colleagues in the OSC's Communications Branch for the
7 excellent work they have done in planning these roundtables.

8 Before I turn things over to Grant, I'd like to take a
9 moment to take care of some housekeeping items. Coffee is
10 available at the back of the room. Restrooms are located
11 downstairs in the main lobby. We are broadcasting today's
12 discussion via teleconference and transcribing the roundtable.
13 We will make the transcript available on the OSC Web site.
14 Please note that we are also taking photos today which may be
15 posted on our Web site.

16 Today, we will cover several topics that emerged in
17 the consultation process. For those in the room, please refer
18 to the printed agenda. For those on the teleconference, the
19 full agenda, including a list of roundtable speakers, is posted
20 on the OSC Web site.

21 We will provide time for questions from the audience
22 in the room. If you have a question, please raise your hand and
23 a microphone will be brought to you. This is important so that
24 people on the teleconference can follow the conversation.

25 There are a lot of people participating today and we
26 want to get the most out of the discussion. So please bear with
27 us as we have a full agenda and will be moving strictly between
28 topic areas. We will get to as many of your questions as we

1 can.

2 And now, I'd like to turn things over to our
3 moderator, OSC Vice-Chair Grant Vingoe, who will provide brief
4 opening remarks. Grant.

5 OPENING REMARKS BY MODERATOR:

6 MR. VINGOE: Good afternoon. Is my mic working?

7 Okay. Thanks to everyone for coming this afternoon.

8 We're covering quite a few different areas of OSC activities and
9 jurisdiction, and roundtables like this are incredibly important
10 to us as opportunities to hear from our stakeholders on, again,
11 a variety of issues associated with burden and cost of
12 compliance with our regime and regulations.

13 We are pleased that the Ontario Government has made
14 burden reduction a priority. It allows us to pursue this
15 important work in addition to our other mandates, and it only
16 makes sense to have regulations that are attuned to the costs
17 and burdens associated with them that require that type of
18 measuring. So we need to have your input from outside the OSC
19 in order to get that balance right.

20 We understand the frustration and cost of duplicative,
21 unclear and inconsistent requirements when that arises. We know
22 the importance of ensuring that compliance with regulation is
23 not unduly burdensome and does not stand in the way of economic
24 opportunity. You know, after all, we are regulating industries
25 that are for the benefit of all Canadians and facilitate capital
26 formation and investment opportunities, retirement savings, and
27 so many other public goods that we have to seek to pursue.

28 Not surprisingly, the input we've received to-date

1 through our consultation covers a wide range of topics. We've
2 drawn from that input to assemble today's agenda and we've put
3 together a diverse group of stakeholders around this table.

4 For today's discussion, I'll start off by asking
5 various senior OSC Staff to provide a very brief introduction,
6 brief in the sense of probably three or four minutes, just to
7 provide some context for how they are assimilating the comments
8 we've received to-date. After that point, I will open the floor
9 to our speakers around the table, following the order of topics
10 on the agenda.

11 During the discussion, if you'd like to speak, please
12 just put your name card like this, and also speak directly into
13 the mic. You'll have to turn on your mic. It's on when it's
14 glowing red, and then when you're finished speaking, press it
15 again to turn it off so that you're not speaking over each
16 other, I suppose. For the benefit of those on the
17 teleconference, please mention your name and organization at the
18 start of your comments. I think we have a lot of people on the
19 phone.

20 I apologize in advance if I have to cut off some of
21 the discussions. We're going to cover a lot of material this
22 afternoon. I want to make sure we touch on all the topics on
23 our agenda. We have received a lot of very thoughtful comments
24 over the course of our consultations, and I know that all of our
25 roundtable participants are passionate about how we can
26 effectively reduce burden.

27 So with that, I'd like to again turn the floor over to
28 senior OSC Staff, and I'll start with Susan Greenglass, our

1 Director of Market Regulation, for some initial comments.

2 OPENING COMMENTS FROM OSC STAFF:

3 MS. GREENGLASS: Great. Thanks, Grant.

4 So I'll provide some of our current thoughts on areas
5 under review and what we've heard through the comment process on
6 burden reduction, and we're happy to receive feedback on these
7 or other areas.

8 So the burden reduction initiatives that we've been
9 considering generally cover two themes: First, simplifying
10 oversight processes, and second, modernizing regulation.

11 So on simplifying oversight processes, we have been
12 and we continue to review existing recognition and exemption
13 orders to eliminate and streamline obligations and remove
14 duplicative reporting. An example of this is on the marketplace
15 side where we made initial amendments to exchange recognition
16 orders at the end of last year and we followed up recently with
17 proposed amendments to National Instrument 21-101 to further
18 streamline.

19 This work was underway and we've received some very
20 helpful comments in response to the burden reduction notice
21 about other areas to further streamline. So that will be part
22 of our consideration going forward.

23 Regarding modernizing regulation, there are a few
24 rules that we are in the process of reviewing. One example
25 where we received a number of comments was the reporting
26 requirement for dealers and advisors in National Instrument
27 24-101 and whether it could be eliminated, and that is on our
28 list of requirements that we're currently assessing.

1 And on themes, we received a number of thoughtful
2 comments in response to the burden reduction notice and I
3 thought I would just highlight a few of the themes.

4 One area of feedback focused on streamlining
5 regulatory requirements for recognized entities, so eliminating
6 duplication in National Instruments and recognition or exemption
7 orders, and focusing on some specific terms and conditions, and
8 as I mentioned, this is already an area that is under review.

9 And another area focused on our approach to foreign
10 entity regulation. So our current approach for infrastructure
11 entities is to rely on home regulators in appropriate
12 circumstances and impose limited requirements in exemptive
13 relief. We received a number of comments about this approach,
14 about the extent of reporting. Some comments focused on areas
15 that we should increase deference on home regulators, and we
16 also received comments that this approach creates an unlevel
17 playing field as there are additional requirements on domestic
18 entities.

19 So we are reviewing our approach in this area and
20 applicable requirements. So those are just some of the main
21 themes. I'll turn it back to Grant.

22 MR. VINGOE: Thanks very much. Now I'll turn the
23 discussion over to Sonny Randhawa, our Director of Corporation
24 Finance.

25 MR. RANDHAWA: Thank you, Grant. Good afternoon,
26 everyone.

27 Our consultations on reducing unnecessary regulatory
28 burden have identified several potential initiatives related to

1 corporate finance issuer requirements. We've heard from a wide
2 range of stakeholders on a variety of topics which are reflected
3 in today's agenda.

4 One of the key objectives of the consultation was to
5 obtain feedback on our internal processes and the way we
6 interact with stakeholders because we expect that there are
7 changes we can make quickly to reduce regulatory burden without
8 any reduction in investor protection or market confidence.

9 A key theme underlying these suggestions in this area
10 was that we should take steps to increase the certainty for
11 market participants, so that issuers can access market windows,
12 obtain exemptive relief in a timely way, and have more efficient
13 means to raise capital.

14 To this end, we are very pleased to announce that with
15 the support of our government, for our largest population of
16 Ontario head office issuers, we will now allow resource issuers
17 to request a review of their mining technical disclosure prior
18 to conducting a short form prospectus offering. This will allow
19 all material comments to be resolved before announcing an
20 offering to the market. We expect to publish an OSC Staff
21 Notice outlining the details of this program shortly.

22 Longer term, we are also internally considering
23 expanding the prefile process to having Staff confidentially
24 review an entire prospectus prior to the announcement of an
25 offering. We welcome hearing feedback from speakers on this
26 idea during item 4 of today's agenda.

27 We're working to streamline the review and comment
28 process for both prospectuses and applications for exemptive

1 relief. We know that our OSC comment letters are often the
2 final hurdle to important transactions, so we're challenging
3 ourselves to raise our internal threshold of materiality.

4 We're also acting on several suggestions regarding
5 rule changes and to the extent possible, we are seeking to
6 address these comments through seven CSA burden reduction
7 projects that are currently underway. Some examples include
8 recently publishing for comment amendments to the
9 "at-the-market" offering regime, to codify exemptions, and
10 expand the use of this structure.

11 We're making progress on proposals to reduce the
12 regulatory burden associated with business acquisition reports
13 and expect that we will be in a position to publish proposed
14 amendments to these requirements this year.

15 We're also working with the CSA to reduce overlapping
16 requirements in continuous disclosure filings and potentially
17 consolidate the required documents. This project will also
18 consider and monitor international developments on the request
19 to permit semi-annual filings in place of quarterly reporting
20 for some reporting issuers. We expect that this project will be
21 published for comment early next year.

22 In other areas, we received several comments regarding
23 the reports of exempt distribution. Two key areas that we're
24 focusing on is to reconsider how often these reports are filed
25 and we'll be discussing potential changes with our CSA
26 colleagues. Secondly, we are considering reducing the \$500
27 filing fee for these reports as part of our upcoming review of
28 the OSC fee rule.

1 Finally, we know and heard that outdated technology
2 can impose a burden, and we recognize the need to improve our
3 national systems as they relate to issuers, insiders and
4 registrants. As outlined in a recent Staff Notice, this is a
5 high priority for the CSA and we agree that these are legacy
6 systems that need an upgrade, but recognizing that this will
7 necessarily take time.

8 The recent publication from the CSA outlined the
9 timing for the various phases of this project and we are pleased
10 to see tangible milestones that will be seen on SEDAR and the
11 CTO database in the coming years, with SEDI to follow at a later
12 phase.

13 Thank you. Those are my introductory comments.

14 MR. VINGOE: Thank you, Sonny. Next I'll turn it over
15 to Kevin Fine, our Director of Derivatives.

16 MR. FINE: Thanks, Grant. I'm also going to speak
17 briefly to the main themes relating to the regulation of the
18 derivatives market that came from the comments provided during
19 the recent burden reduction consultation process. These themes
20 serve as the basic questions for us to ask ourselves regarding
21 our regulatory touch in the derivatives market. There's already
22 a fair bit of consistency with the summaries that Susan and
23 Sonny gave, so you'll hear that as well.

24 So in no particular order, considering the costs and
25 benefits, what is the appropriate regulatory parameter for the
26 OSC in this area? Do we still need to regulate the entities
27 that we currently regulate or to newly regulate another type of
28 entity?

1 If the answer to that is yes, do we still need all the
2 reports, forms and filings that we currently receive? Are there
3 parts of those reports, forms and filings that are no longer
4 necessary that could be removed? Can we receive the reports
5 less often? If monthly, quarterly; if quarterly, annually, et
6 cetera. Can we increase our reliance on foreign authorities for
7 oversight and reporting for foreign dealers, advisors and
8 financial market infrastructures? In those situations, can we
9 reduce the requirements in Ontario?

10 Can we ensure that we have no overlapping requirements
11 with other authorities in Canada? Can we harmonize our
12 requirements and rules with the CSA and with international
13 authorities? Can we ensure that our rules will not affect the
14 liquidity supplied by foreign dealers in our markets? In other
15 words, will Canadian requirements cause foreign participants to
16 either leave the market or not enter it at all, as Canada is a
17 small market jurisdiction internationally.

18 These themes are all relevant and important and we are
19 currently examining the derivatives regime, both in existence
20 and the new proposed rules, to determine if they properly
21 address these concerns. And thanks again for your important
22 contributions.

23 MR. VINGOE: Thank you, Kevin. Next, Pat Chaukos,
24 who's really been at the center of much of our kind of tailored
25 relief through her leadership of our LaunchPad initiative, will
26 make some initial remarks. Pat.

27 MS. CHAUKOS: Thank you, Grant.

28 Good afternoon, everyone. My name is Pat Chaukos and

1 I lead the OSC's innovation initiative, OSC LaunchPad.

2 Over the last couple of years, OSC LaunchPad has been
3 working with innovative businesses that are wanting to operate
4 in Canada. We've heard directly from over 250 businesses in
5 Ontario and in Canada, and their advisors, about the challenges
6 and opportunities that Canada has to offer.

7 And what we've heard varies widely. Many businesses
8 do not want any regulation, or at least until they've scaled
9 significantly, and on the other hand, existing firms will say
10 that this is not fair and we need to apply regulatory
11 requirements equally to all market participants. Our challenge
12 is to find the right balance of regulation and yet allow
13 innovation to thrive in Canada.

14 What we've learned is innovation is fast-paced, that
15 how Canadians access financial services is changing and that we
16 as regulators need to change how we regulate. We agree.

17 In the spirit of reducing regulatory burden, what
18 we've learned through OSC LaunchPad is that we need to allow
19 more flexibility for innovative businesses to test and to
20 experiment. We need to be open to new businesses and their
21 ideas that will make financial services more efficient for
22 consumers and be more receptive to new technologies that can
23 make financial services and products more accessible to
24 Canadians.

25 One of the comments we've heard time and time again is
26 that we should consider proportionate regulation to allow
27 FinTech innovation to test their business and help them get off
28 the ground here in Ontario, Toronto, Waterloo, and across

1 Canada. Specifically, do we need to apply all the traditional
2 requirements if there are better alternatives or better ways to
3 regulate?

4 Let's turn to a real-life example: Digital assets
5 have been an area of heightened investor interest over the last
6 few years, and new businesses are evolving such as digital asset
7 trading platforms and investment funds. As an innovative
8 business, many elements are still developing and market
9 infrastructure is not yet developed. Yet we've seen firsthand
10 that these new trading platforms raise new challenges and can
11 have significant risks to investors when there's no regulation.

12 In Canada, we have a well-established regulatory
13 framework for financial services and products, but the bigger
14 question for us is, are there better alternatives or better ways
15 to regulate in the digital asset space?

16 We've asked many of these questions in our joint
17 CSA/IIROC consultation paper 21-402, "Proposed framework for
18 crypto asset trading platforms." We've received your comments
19 with varying perspectives. We are reviewing those comments and
20 we are listening to your feedback today.

21 At the OSC, we are embracing these new business models
22 and the new technologies that can make your businesses more
23 efficient and more responsive to consumer needs. That work will
24 continue, but we would really like to hear from you today how
25 the OSC can help reduce burden for novel businesses in Ontario,
26 and at the same time, fulfill our mandate and support innovation
27 in Canada. I look forward to the discussion today. Thank you.

28 MR. VINGOE: Okay. Thank you, Pat.

1 And with that, that concludes the opening remarks from
2 Staff and we're going to dive right into the questions on the
3 agenda.

4 Again, I'll urge everyone to speak, as I should urge
5 myself, directly into the microphone, and for the benefit of
6 those on the teleconference, if you could give your name and
7 organization when you speak.

8 Topic 1:

9 MR. VINGOE: So our first topic for discussion is
10 about interacting with multiple regulators and the ways the OSC
11 can streamline reviews and reduce duplication with other
12 securities regulators.

13 And we often think of that in a Canadian context with
14 provincial and territorial regulators and the division of
15 regulation at the federal and provincial level, but it also,
16 obviously, has a global perspective as well that I think some of
17 you will want to address.

18 So who would like to start us off? Manoj, please.

19 MR. PUNDIT: So one of the submissions we made on this
20 point, and it's not going to be a surprise to you, is the
21 question of why the OSC is not a passport regulator, or if there
22 is a plan to do so, can you shed some light on that?

23 I think that that may not be as relevant to
24 Ontario-based issuers because it's all about non-Ontario, but,
25 you know, let's say other Canadian issuers, domiciled in other
26 jurisdictions, looking to raise capital amongst other
27 jurisdictions including Ontario, and it would certainly be
28 beneficial to avoid having the dual review process for a

1 prospectus that needs to be filed outside of Ontario and as well
2 as in Ontario.

3 So I don't know if there's a plan to consider that,
4 and if so, is there anything that you can shed some light on
5 there?

6 MR. VINGOE: Sonny, do you want to address that?

7 MR. RANDHAWA: I mean, right now I would just say
8 that's the current environment that we're in. I mean, we do our
9 best to coordinate our reviews with any of our CSA
10 jurisdictions. We do have working committees that will talk
11 about novel prospectuses that come in to make sure that we're
12 not duplicative in terms of our comments.

13 I would say on the passport jurisdiction point, I
14 mean, it is on the table in terms of just discussing it
15 internally, but right now, there is no fixed timeline to move
16 there right now.

17 MR. VINGOE: I would also say that it has a
18 relationship in part to ongoing discussions about CMRA and that
19 probably in that context, it would be addressed in some
20 connection, but that's still in the background influencing all
21 of the relationships between the various jurisdictions.

22 Denis.

23 MR. FRAWLEY: So I'm here -- my name is Denis Frawley.
24 I'm here as a member of the securities committee of the PDAC,
25 the Prospectors and Developers Association of Canada.

26 And our perspective or my perspective here is in
27 speaking for a lot of smaller issuers who don't have a lot of --
28 they don't have a lot of staff. They are frequently raising

1 financings, primarily in the exempt market through private
2 placements, and over the course of the last couple of years, the
3 process of complying with the regulations for filing and
4 reporting private placements has become, for a lot of our
5 members, very burdensome, not that there are necessarily a lot
6 of new forms. There are some additional forms that have been
7 created, but the way in which those forms are reported now has
8 kind of splintered.

9 Whereas it used to be that you could do it with one
10 form in Canada and then you were done, you would prepare the
11 form once and file it, now you have to sort of file through
12 three different platforms. You have to -- one of the platforms
13 involves using, and this is not for Ontario, but you have to do
14 it through SEDAR which means you have to go through, for a lot
15 of our issuers, an intermediary because most of our issuers
16 don't have their own SEDAR access. It's too expensive, and they
17 don't -- so they have to go through, you know, a lawyer or a
18 SEDAR filer to get their filings done.

19 The filings have become very granular, and on top of
20 that, they're already filing with, in many cases, one of the
21 exchanges, so similar reporting with an exchange that is
22 regulated, and I would say for most of our members and for most
23 of my clients when they're doing private placements, they're
24 also raising capital from the U.S., from overseas, in many cases
25 from Hong Kong, from Europe.

26 So they have, you know, compliance all over the place,
27 and it's sort of an explosion of filings that's very difficult
28 for them to manage, and so it's not the actual compliance. It's

1 the reporting of the compliance that has gone -- has become a
2 little bit -- very much burdensome and time-consuming and
3 expensive for them.

4 MR. VINGOE: Thank you. I can imagine the
5 requirements would differ in detail from like Form D's in the
6 United States versus our requirements. In a global context, it
7 must be demanding.

8 MR. FRAWLEY: Yes, it's demanding, and it's -- there
9 are a lot of people who -- a lot of our members have been in the
10 industry a long time. They know the rules on private
11 placements. They know -- you know, they used to be able to kind
12 of do 75 percent of the compliance themselves and feel
13 confident, and now, because of what's required, and also because
14 they're dealing with jurisdictions they weren't drawing on
15 internationally, they weren't raising as much capital in Asia as
16 they are now, so it's kind of made them -- now, that's not
17 something that the OSC can fix, but it does mean that there's,
18 you know, there's additional layers of compliance and they --
19 it's just a lot for them to manage and it consumes large amounts
20 of -- more of the proceeds of a private placement and, you know,
21 markets are always difficult for them.

22 MR. VINGOE: Thank you. Other comments on the effect
23 of duplicative regulation? Beginning with Tim, please.

24 MR. REIBETANZ: Thank you. It's Tim Reibetanz from
25 Bank of Montreal.

26 Since we're talking about duplication in a global
27 environment, I wanted to raise a few concerns about how rules
28 apply to foreign branches of Canadian banks, and this is in the

1 context of both the derivatives branch and the market regulation
2 branch, and first, I wanted to make it clear that these are my
3 own opinions and not necessarily those of BMO.

4 So just by way of some background, foreign branches of
5 Canadian banks are not separate legal entities, so when we do a
6 trade through booking at a branch or using personnel at a
7 branch, it's -- the legal entity that's doing the trade is Bank
8 of Montreal, the parent bank, and however, the activities of
9 branches are highly regulated by local regulators and branches
10 are licensed, licensed in foreign jurisdictions, and they're
11 also prudentially regulated by OSFI. So our activities in
12 foreign branches are not operating in a vacuum.

13 So first on the derivatives points, I think it's
14 important to look at the purpose of a regulation in order to
15 determine whether rules should apply to foreign branches, so
16 there are some areas where I believe that it's appropriate to
17 extend Ontario regulation to foreign branch activities.

18 So, for example, if you look at prudential regulation,
19 it's necessary for OSFI to have effective prudential regulation
20 over FRFI's. It's important for margin and clearing
21 requirements because those are designed to protect systemic
22 risks which could find their way back into Canada through
23 foreign branches.

24 And then also trade reporting. It's important for
25 regulators to have transparency and oversight into these types
26 of risks which would come back into Canada, but in my view, this
27 is where it should stop.

28 So the CSA have proposed derivatives business conduct

1 and registration rules which are aimed at regulating market
2 activity and ensuring the integrity of the market. The
3 proposals would apply not only to foreign branches of Canadian
4 banks, but also to foreign market participants who are trading
5 with our foreign branches.

6 And this is market activity which occurs outside of
7 Canada. It's already regulated by foreign market conduct
8 regulators outside of Canada and I think that it may not be the
9 most efficient use of our regulatory resources in Ontario to be
10 regulating this. Regulators in foreign markets are perhaps in
11 the best position to determine what kind of conduct and
12 gatekeeper requirements are appropriate in their jurisdictions.

13 So, and just to provide perhaps a quick example,
14 because I think that it's important to put this into context, if
15 BMO London branch is trading with an English bank, trading
16 derivatives, the BMO London branch, the trading activity there
17 would be required to comply with market conduct regulation in
18 Ontario here, the proposed rules, as well as the proposed
19 registration rules in Quebec, and then the English bank would
20 also have to comply with, because they're seen to be doing
21 business in Ontario and Quebec, both the business conduct and
22 the registration rules in Ontario and Quebec.

23 So it's very difficult to see why an English bank
24 would trade with us in those circumstances when it could just
25 trade with another English bank instead. So this is market
26 liquidity and fragmentation issues which are some of the issues
27 that Kevin mentioned earlier.

28 And then on the market regulation side, I think my

1 concerns are more with the current requirements relating to
2 clearing agencies and derivatives trading facilities. So my
3 concern is that many of these organizations seem to be unaware
4 that OSC Staff take the position that when they on-board traders
5 located in our foreign branch, they're required to submit
6 applications to be exempt from recognition in Ontario and
7 Quebec.

8 So, again, it's that view that by doing business with
9 our foreign branches, they are doing business in Ontario and
10 Quebec and they need an exemption from recognition in Ontario
11 and Quebec, and that is leading to some market confusion and
12 disruptions and represents, in my view, an opportunity to reduce
13 the regulatory burden while also still ensuring that market
14 participants are appropriately regulated.

15 So one solution that the Canadian Bankers Association
16 has proposed in that area is a cooperative approach among
17 regulators, so this is similar to what the CFTC and the EU
18 regulators have done where they recognize certain named trading
19 facilities, and those facilities are exempted from registration
20 requirements on the basis of representations that regulators
21 make to each other, and it's a way to, I feel, reduce the burden
22 on market participants.

23 MR. VINGOE: Thank you very much for those comments.
24 So I'm going to turn next to Harvey, then Nick, and then Loui.

25 MR. NAGLIE: Thank you, Grant.

26 I'd like to respond to two of the comments that have
27 been made already this afternoon, initially with respect to
28 market conduct and derivatives.

1 I think that my reading of the proposed regulations is
2 that there is a lot of latitude to ensure that through a
3 combination of exemptions and/or specific areas that are
4 excluded from the regulations, that the banks have a lot of
5 latitude to do the sorts of activities you alluded to.

6 I think the issue here is, to the extent that Canadian
7 banks are contemplating doing any sort of derivatives
8 transactions with the retail public, while it is true that there
9 are extensive regulations that the banks currently face, they do
10 not have much of a market conduct regulation. There's a lot of
11 prudential regulation, but not a whole heck of a lot of market
12 conduct.

13 And I think that the OSC has to run that fine line and
14 institutions will make the decision as to whether the economics
15 of ensuring the degree of protection necessary to offer
16 derivative products to the Canadian public is justified and will
17 make a business decision to enter that business, and to the
18 extent that their view is that the economics don't work, they
19 can make the decision not to enter that business.

20 I think that in light of the fact that there really
21 isn't a market conduct regulation for the banks currently in the
22 Canadian market, and given the nature of the risks associated
23 with derivatives transactions, we all went through ABCP, we
24 certainly don't want to have another reprise of that sort of
25 experience. So I would say that this is an area where investor
26 protection and market efficiency have to be appropriately
27 balanced.

28 The second comment I want to make is with respect to

1 passport, and particularly the comment with regard to CCMR. I
2 think in the context of the burden reduction that is now
3 province-wide under the current government, I think it is
4 appropriate for all those involved in this grand project to
5 acknowledge the fact that while the main advantage of a common
6 system like the CCMR could be the potential for increased
7 efficiency and consistency, decreased duplication and cost, the
8 greater capacity to deal with issues of a nationwide import and
9 impact, unfortunately, in its current configuration and with the
10 likelihood that it launches initially absent the two
11 jurisdictional capital markets next biggest after Ontario,
12 namely Quebec and Alberta, there could be potentially harmful
13 consequences for the Canadian market. Particularly given that
14 this new system will not include major regulators, Canada's
15 regulatory regime could end up more cumbersome, less transparent
16 and less effective than a high-functioning, decentralized
17 regime, and from my perspective, I believe that by joining
18 passport, Ontario could open the door to really energizing that
19 initiative or re-energizing that initiative and could achieve
20 many of the cost savings and benefits that were held out
21 initially for the CCMR that, unfortunately, in its current
22 configuration, don't exist.

23 MR. VINGOE: Okay. Thank you, Harvey. So I think
24 we're going to have to move along fairly rapidly to get our
25 other topics, but turn first to Nick. Sorry to --

26 MR. SAVONA: I promise I'll be brief.

27 MR. VINGOE: Go ahead.

28 MR. SAVONA: Thank you, Grant. Thank you to the OSC

1 for hosting this roundtable. These are important events, and
2 for allowing me to participate.

3 I'm -- at Independent Trading Group, and I just want
4 to give you just a brief background, we're dedicated
5 specifically to professional trading, market-making, and
6 providing liquidity to public issuers.

7 So there's just two, brief, specific items, and these
8 are actually the views of my firm, that we believe add
9 unnecessary cost, time and burden, and they may seem trivial, I
10 guess, from a high-level perspective, but they do pose
11 significant challenges to the daily operation of financial
12 firms, especially particular small dealers.

13 So when a dealer member registers a new trader,
14 submission is put in through NRD, whether it's a reactivation or
15 reinstatement, et cetera, and it's sent to IIROC through the NRD
16 system.

17 In addition to that, there's an application and
18 agreement for equities attorneys or an application for transfer
19 of attorney that is also required to be filed and approved by
20 the TSX. Now, this process, it predates NRD, and has been in
21 place since the TSX was the only senior marketplace in Canada,
22 and at the time, they had full control of approving equity
23 traders through a proficiency process and that was all
24 administered when they were an SRO.

25 Now, the information that's required on the TSX apps
26 is an exact duplication of what IIROC requires to be submitted
27 through NRD. IIROC will only give final approval to a trader
28 once the TSX has subsequently done the same. So we feel this is

1 an added burden on dealer members, unnecessary duplication of
2 paperwork, given that in Ontario right now, there are only two
3 recognized SROs, and once approval is granted by IIROC, we see
4 no point in having the TSX, now one of many exchanges in
5 marketplaces in Canada, follow the same process.

6 One other brief item I'd like to bring up is regarding
7 personal information forms. The PIFs are required by the TSX
8 and the Venture Exchange. Obviously, were not limited to
9 officers, directors, insiders of issuers, and as well as
10 promoters providing investor relations, promotional and market
11 maintenance services for listed issuers on the Venture.

12 What we feel is, since a registered trader that's
13 already been vetted by IIROC and, for that matter, by the OSC,
14 there's -- the need to fill out the same exact information and
15 to have background checks conducted is totally unnecessary, and
16 it's just an added burden, like I said, especially on smaller
17 dealers. Larger ones may have more resources to draw on, but
18 it's just an unnecessary task.

19 MR. VINGOE: Thank you, Nick. You know, we're very
20 oriented to trying to reduce burdens in areas where there's
21 duplication like that. There are longer-term projects and there
22 are shorter-term ones, so inventorying those instances is very
23 helpful for us.

24 So Loui, the TMX perspective.

25 MR. ANASTASOPOULOS: Grant, thank you. I'll be very,
26 very quick in the interest of time.

27 I just wanted to make a follow-on comment to a comment
28 Manoj made and a comment Harvey made on the passport system.

1 Something that we see a fair bit related to our
2 venture market, what we think would be very helpful would be the
3 elimination or eliminating the duplication in the review of
4 prospectuses related to capital pool programs. TSXV rules
5 require CPC issuers to undergo a qualifying transaction to
6 prepare a prospectus as the applicable disclosure document for
7 the transaction.

8 In the case of Ontario reporting issuers only, the
9 prospectus is reviewed by the TSX Venture and the OSC, rather
10 than just the TSXV which is the case in other jurisdictions.
11 This dual review process subjects our Ontario-based CPCs to
12 greater regulatory burden than CPCs that are not reporting
13 issuers in Canada.

14 So we do believe that with the OSC potentially joining
15 the passport program, that that would go a long way in helping
16 with this issue, and as many know, the CPC program is our
17 largest source of listings on our venture market. Our venture
18 market is very important to us. It is unique to Canada and is
19 something that we sell globally everyday, so changes like this
20 will go a long way in supporting that program going forward.
21 Thank you.

22 MR. VINGOE: Finally, I'd like to turn it over to
23 Srijan to follow-up, I think, on some of the earlier discussion
24 to wrap up this topic.

25 MR. AGRAWAL: Thank you, Grant. Thank you to the OSC.
26 So I'll also be very quick.

27 I'm just going to focus really on the proposed dealer
28 registration business conduct rules which I think could have a

1 tremendous impact, adverse impact on the liquidity in the
2 derivatives market, particularly as it relates to foreign
3 dealers entering the Canadian market.

4 And the issue that I want to really focus on is the
5 interdealer market, which is by far the largest OTC derivatives
6 market, so I'm not talking about the retail market here, only
7 the interdealer market. In our view, and this is a view by the
8 largest market participants in Canada, all Canadian banks, is
9 that the interdealer market should be entirely exempt from the
10 regulation of the business conduct and the registration rules.

11 Canada is a very small market. How small is it? It's
12 actually 1 percent of the global market when it comes to
13 interest rates and FX derivatives. So the Canadian market is
14 heavily, heavily dependent on foreign dealers to enter for
15 trading, for hedging, and for other needs.

16 Our view is that banks are sophisticated
17 counterparties. We do not need the protections provided in the
18 proposed derivatives registration and the business conduct
19 rules, and these rules, without the interdealer exemption, would
20 be a signal to the rest of the world that Ontario is not open
21 for business.

22 There will be unnecessary compliance costs placed on
23 foreign derivatives dealers when trading with Canadian banks and
24 they may simply choose to exit the Canadian market instead of
25 spending the time and resources necessary to comply.

26 This is something actually we got in feedback. The
27 Japanese Bankers Association provided comments to the
28 registration and business conduct rules. They've already

1 indicated that they're thinking of exiting the Canadian
2 marketplace because of the burdensome requirements. This is a
3 \$208-billion market as it relates to Canadian banks trading with
4 Japanese banks. That's at risk.

5 Globally, the global regulators are moving towards
6 cutting red tape and making derivatives regulation more
7 efficient and effective. Key regulators have already
8 acknowledged that some aspects of the G20 derivatives reform had
9 overreached and led to market fragmentation, and has caused
10 pooling of liquidity and regional liquidity, so you have a
11 European liquidity pool, you have a North American liquidity
12 pool, and this is problematic from a systematic perspective when
13 you're talking about global marketplace.

14 Finally, if the foreign dealers do exit the Ontario
15 market, there will be a real impact to the Canadian economy.
16 There's some analysis that's been done by the Canadian Bankers
17 Association that estimates, on a conservative basis, that
18 hedging costs in Ontario would increase by 5 to 15 basis points,
19 which would mean an additional \$20 million in funding costs for
20 the province of Ontario annually, and about \$114 million
21 annually for Canadian corporate issuers. These include banks,
22 pension plans, et cetera.

23 So that's -- from that basis, we continue to reiterate
24 the importance of getting the interdealer exemption from those
25 rules.

26 MR. VINGOE: Okay. Thank you very much. So that will
27 finish our first topic. It gives us a lot to think about in
28 terms of duplication.

1 Topic 2:

2 MR. VINGOE: Next, I'm going to turn to the second
3 topic which is working with the OSC. A lot of our initiatives,
4 obviously, require collaboration with our CSA colleagues in the
5 interests of harmonization, but we're aware that we, too, can
6 improve the way that we interact with the street, with issuers,
7 with our stakeholders.

8 So I'd like to open up the discussion of our
9 performance, including service standards, processes, points of
10 contact and outreach in the areas under discussion. So if
11 anyone wants to kick that off, I'd be grateful. Denis.

12 MR. FRAWLEY: One of the areas that I think would be
13 useful for, again, speaking for our members, would be if they
14 sort of had known points of contact, if there were sort of staff
15 that they should call in particular when they had questions,
16 rather than having to go through sort of the general inquiries
17 line and then find someone, which can take sometimes -- I mean,
18 Staff is very good at replying, but it can still take, you know,
19 a day or two to get routed to the right person sometimes, and
20 there are sometimes some immediate questions that they have, and
21 it would be useful if they knew someone, that they could contact
22 X or Y and get an answer, or at least start a conversation.

23 And also facilitating those, more of those discussions
24 and open inquiries to allow our members to sort of ask their
25 questions without being terrified of the answer that might come
26 back or that it's going to, you know, that they're going to
27 create problems for themselves when they just want to know, you
28 know, what they should be doing or what's permitted, and there

1 are a lot of policies, staff policies, internal guidelines that
2 are not published and that are not known to the public.

3 MR. VINGOE: Cindy Petlock, please.

4 MS. PETLOCK: Hi there. I'm from NEO Exchange, and
5 I'm going to try to speak slowly. It's not my natural state,
6 but I've seen the agitation of the person taking the minutes.

7 This doesn't fit particularly well with any of the
8 items and it probably fits here the best, but one of the
9 observations we made was that one of the things that would be
10 great if we could get to was not just the what, but the how.

11 There's been some discussion about principle-based
12 regulation versus rules-based and I would only say this: There
13 are both currently, and I would think that a good place to start
14 would be to ensure that any principles-based regulation was
15 actually monitored and enforced as principles-based regulation.

16 There is a drift that things come out. It comes to
17 the point of guidance becoming rule-like. One of the examples I
18 always use is OPR, which is a policies and procedures-based
19 requirement. It is intended to be principles-based, but the way
20 it's approached and has been approached since the beginning is
21 really more like an absolute requirement.

22 I've always, and my friends in market reg. know, I've
23 always objected to the 2 percent threshold as I felt it would be
24 appropriate for somebody to have policies and procedures that
25 said, "On day one, I will not be connecting to all marketplaces
26 because it doesn't make any sense and it's reasonable, but after
27 I tracked the volumes and I see there are some, then it's
28 reasonable."

1 It should be what's reasonable, but, unfortunately,
2 when OPR started, RS took an action that said, originally said,
3 "Failure to connect," which sort of shook the whole industry.
4 It was corrected as it wasn't a failure to connect, but it sort
5 of has stayed, and one of the things that I've seen lately is
6 you can't have a policies and procedures-based obligation where
7 that market regulator calls firms on a trade-by-trade basis when
8 there's been a trade through.

9 So this is what I mean. It's all good intentions, but
10 if you want to have something that's principles-based, you have
11 to really think hard how to regulate it and enforce it, and
12 that's the other part of it is, don't be afraid to take
13 enforcement action on principles.

14 And I think right now, we're just not really used to
15 that in Canada, so people want guidance, and that just leads
16 to -- and I'll just mention it because I think we'll get back to
17 it, is we do get guidance sometimes in our world and it quickly
18 calcifies into a requirement, and that's the kind of thing I
19 think you always have to go back to the principles and not allow
20 something just to become a de facto standard.

21 MR. VINGOE: That's very helpful. It is hard to get
22 it right between the policies and procedures-based rules not
23 becoming too directive, so I appreciate that comment. Manoj.

24 MR. PUNDIT: Thanks. Just a quick point. One of the
25 greatest touch points that people or participants in the capital
26 markets have with the regulatory system is something that I
27 know, it's not proprietary to the OSC, but it's part of our
28 national system of filing which is called SEDAR.

1 When SEDAR was first implemented, it was a great idea
2 and worked well by the standards of those times, but in the
3 last, I don't know how many years it's been, maybe 20 years or
4 more, SEDAR has proven to be outmoded and archaic and, to use a
5 technical term, "clunky".

6 And I think that, you know, there are services out
7 there. You pay as you play, and they're not inexpensive. We
8 should probably, or I would encourage the regulators to take a
9 look at that system and see if it could be more advanced in
10 terms of the searchability, in terms of the information that can
11 be gleaned from it, and just the overall manoeuvrability of that
12 system. I think it has a long way to go.

13 MR. VINGOE: And we are working on SEDAR as part of
14 the national systems upgrade and to do away with that clunkiness
15 that you've identified. It's a very involved process, but we're
16 committed to it.

17 Other comments on interaction with the OSC? Alex.

18 MR. PEREL: Thank you, Grant. Alex Perel from
19 Scotiabank.

20 I just wanted to -- first of all, this topic is about
21 interacting with the OSC and before getting into any sort of
22 criticism, I want to say that my experience as a practitioner of
23 interacting with regulators in Ontario has been actually very
24 good and there's been a lot of openness and dialogue and good
25 communication back and forth and I do feel that that part is
26 working well, so before this turns into a beat-up session on
27 regulators, I thought somebody should at least be nice once in a
28 while.

1 What I do want to mention is that I want to actually
2 echo Cindy's comments around this -- I think you called it
3 calcification of guidance, and that feels pretty good. We have
4 this world where we have rules and we have guidance that goes
5 out, and the guidance clarifies the rules in some way and my
6 experience is that in compliance departments, typically people
7 look at guidance and call it a rule, and there's very, very
8 little leeway to what is written in guidance, but in reality,
9 you might run into a situation where a particular piece of
10 guidance doesn't apply.

11 What would be helpful in my mind is finding some way
12 for there to be an avenue to clarify some of these topics and to
13 have that done in a way that then disseminates updates that are,
14 again, seen as guidance, and we have a -- you know, when we're
15 dealing with -- edge [ph] cases have a way of having
16 industry-wide practices and don't run into situations where a
17 particular dealer got a particular interpretation from a
18 particular person and they take it that way and for the next
19 decade, that's how they do it, and you end up with inconsistent
20 practices. That's just a suggestion for something that I think
21 would be helpful.

22 MR. VINGOE: Thank you. I appreciate that. Other
23 comments on this subject before we move on? Oh, sorry. Denis.

24 MR. FRAWLEY: Sorry, me again. Just picking up on
25 Manoj's comment about SEDAR, the other thing that I've noticed
26 over the past couple of years is that it's kind of turned into a
27 default e-mail service for communicating with the regulator,
28 with the OSC, and it's an awfully expensive e-mail service.

1 It's not -- you know, there are -- I think it was designed as a
2 service, clearly was designed as a platform for making public
3 filings available, but to be using it for private filings just,
4 again, makes it more difficult for smaller issuers to
5 communicate directly and to sometimes make submissions or send
6 material that needs to be sent to the OSC because the OSC wants
7 to receive it through SEDAR.

8 And if it's just with one regulator, I can even
9 understand if it's used as a national platform, but if it's just
10 a communication with one regulator, you know, it might be
11 interesting to, while you're thinking about revamping the whole
12 system potentially, an easier or a more immediate correction or
13 adjustment might be to think about all the instances where
14 filings on SEDAR are required, and is it necessary to be done
15 that way.

16 MR. VINGOE: Okay. Thank you. So I'd urge everyone
17 to speak as directly into the microphone as possible, and just
18 identify yourselves if the course of the conversation doesn't
19 make it clear, and it will also help our court reporter.

20 Topic 3:

21 MR. VINGOE: So now let's move on to our third topic,
22 which is about streamlining regulatory filing requirements, and
23 we've touched on some of this already, so it's probably peeling
24 the onion to some extent, but we'll talk about streamlining
25 these requirements, including in trade reporting, RED, Reports
26 of Exempt Distribution, continuous disclosure and other filings.

27 So who would -- oh. Let's start with Jamie, Jamie
28 Anderson.

1 MR. ANDERSON: Hello. It's Jamie Anderson from the
2 Canadian Securities Exchange. I had my card up for the previous
3 question, but I left it up anyway.

4 So there's a lot of common threads that are going
5 through these topics, and in terms of the regulatory filing
6 obligations, I could just speak to one specific item that may
7 spark some interest amongst the speakers and audience.

8 And if I refer to the National Instrument 21-101F1
9 filing for exchanges, on an annual basis, the exchanges are
10 required to do a complete F1 filing that includes all of the
11 amendments that were made during the year. The CEO is also
12 required to do a certification of that filing.

13 So it's the position of the CSE that the CEO's
14 certification saying that all the amendments were indeed made
15 and submitted to the regulators should be sufficient evidence
16 and not require a full, complete set of filings again at
17 year-end, and that is sort of a duplicative effort.

18 I do applaud the OSC, the government, and the CSA in
19 undertaking the regulatory burden reduction initiatives, and in
20 terms of the duplication of requirements, Susan had mentioned
21 pulling duplicative items out of recognition orders.

22 I also encourage the regulators to think about that in
23 the context of rules and policies that are in regulated
24 entities, so if there's guidance, for instance, Staff Notice
25 51-720, issuer guidance for companies operating in emerging
26 markets, there's no real need to put that again into listing
27 rules of an exchange when it's already present somewhere else.
28 Thank you.

1 MR. VINGOE: Thank you, Jamie. I'll, I guess, move
2 down the table in succession and turn it over to Matt Thompson
3 from NASDAQ.

4 MR. THOMPSON: I'm Matt Thompson from NASDAQ Canada.

5 I just wanted to comment and applaud, I guess, the
6 monitoring tools the regulators have now for marketplace
7 regulation and the access to information they also have. I
8 think that that's worth in reviewing what filings we make and
9 the reports, especially with regard to oversight that they rely
10 on.

11 So the one I want to refer to -- I don't want to be
12 too specific. That being the case, there's a Form F3
13 requirement. It's quarterly. All marketplaces have to file it.
14 Its original purpose was actually only for ATSS to monitor their
15 trading activity and if they hit a certain threshold, it would
16 be considered that maybe they should become an exchange.

17 It's become a tool and it's been a good tool that OSC
18 Staff has used to look at other information, but looking at
19 2019, I look at the information asked of us and really, they
20 already have access to that information.

21 So the market trading activity, IIROC has a wonderful
22 comprehensive data warehouse they can rely on. We're asked for
23 information on filing, as Jamie alluded to, the F1 filing, F2
24 filings. We're asked to tell Staff the status of those filings.
25 Again, they already know the status of those filings today.
26 Systems issues under OPR, we have to report any material systems
27 outages as marketplaces. Again, that's information they have.

28 So, really, my comment is to applaud them for putting

1 in monitoring tools and information requests we have to meet.
2 That being the case, it's worth reviewing and possibly
3 streamlining at least the F3 process.

4 MR. VINGOE: Okay. Thank you. Now I'll turn it over
5 to Nancy Anderson from REALPAC.

6 MS. ANDERSON: Thank you. Nancy Anderson for REALPAC.
7 We represent the commercial real estate industry in Canada.

8 And we want to say we very much support the initiative
9 to reduce regulatory burden initiative and appreciate the
10 conversations that we continue to be able to have with the
11 members of the OSC whenever we reach out and sometimes they even
12 reach out to us, so I appreciate that.

13 I think that many argue that companies, there are
14 companies, particularly I know in my industry, that are choosing
15 to go private instead of public because of the existing --
16 sorry? Speak up? I've never heard that before. Thank you.

17 So we particularly -- I was just saying that we --
18 many argue that companies are choosing the private versus the
19 public market because of the existing regulatory burdens, and I
20 see that definitely very much happening in my industry which is
21 actually sort of a small industry number-wise, but dollar-wise,
22 it's very large.

23 And at the same time, when we see -- and which results
24 in less liquid trading, too, as the market shrinks, which is not
25 a good thing, and at the same time, we see this initiative to
26 reduce regulatory burden which we, of course, applaud.

27 Same time, we see some new initiatives coming out.
28 For example, the National Instrument 52-112, proposed, regarding

1 non-GAAP and other financial measures and it's quite an
2 extensive, very granular area, and I actually sent it to my
3 colleagues around the globe to get feedback on what they thought
4 it -- how it compared with other jurisdictions, and the feedback
5 I received back was quite interesting even, from across Europe
6 and Australia, Japan, and even particularly in the U.S., that
7 the proposed regulations were very, very granular. They were
8 much more prescriptive than any other regulations they had seen
9 anywhere around the globe.

10 And I guess I just wonder how you can reconcile,
11 looking to reduce regulatory burden at the same time having
12 another initiative that is very, very, very prescriptive, and
13 like I said, given feedback that I reached out to other parties
14 and just said, "Hey, what do you think of this? You know, how
15 does this compare with your jurisdictions?" So I think that
16 that's important feedback.

17 Also, I wanted to mention, too, that in that sense, my
18 thinking would be that the OSC is looking at leading or all of
19 the securities administrators is willing to lead around the
20 globe in creating rules around non-GAAP reporting, but I get the
21 feeling that we hesitate with the idea of moving to semi-annual
22 reporting, which works in most other jurisdictions or many
23 jurisdictions around the world, and the U.S. has not necessarily
24 gone there, and I guess I'm just wondering if we're just going
25 to wait on that if -- for the U.S. to make that move.

26 And I guess I'm just trying to reconcile the two
27 things that I see, is the need to reduce regulatory burden while
28 writing very granular, prescriptive rules at the same time, and

1 also the idea that we're trying to reduce and make our markets
2 more attractive, but still continue to make quarterly reporting
3 very onerous, where we've seen it tested in the U.K. for seven
4 years and they went back and they said, "You know what? We
5 didn't lose anything by going back to semi-annual reporting."

6 So those are my two points.

7 MR. VINGOE: Thank you. Cindy.

8 MS. PETLOCK: Just as a follow-up to a couple of
9 things that Jamie and Matt said.

10 On the F2, the fascinating part is there -- as they
11 both said in different ways, there are a number of things that
12 we report on that have already been filed, and what we -- we
13 mustn't forget there are a few things that haven't been
14 conveyed.

15 So as an example to all the reporting, alongside
16 having to report on a rule change that hasn't been approved yet
17 and why it hasn't been approved is because it hasn't been
18 approved, you also get the fact that something's been approved
19 and OSC Staff need to track when it's implemented.

20 That is the one piece of descriptive information in
21 the F3 that seems like a valid thing for marketplaces to report
22 on. You have your approval. What's happening with it? I'm
23 sure there's another way of doing it.

24 And just so other people can get the feel for this,
25 part of the F3 would be a ton of data that's collected. Of
26 course, it's not going to be the legal or regulatory department
27 that collects it, so one group does that, and then they get to
28 the section with a bunch of, you know, what -- track the rules,

1 track the incidents, like report on everything that's happened
2 in the previous quarter, and that's what gets onerous because,
3 of course, almost all of that has been previously filed.

4 So, but in addition to both, what's under 21-101, some
5 information that's kind of repetitive, we -- exchanges have
6 recognition orders and there's a lot of reporting, ad hoc
7 reporting under the recognition orders. Some of that's been
8 fixed in the recent changes to the recognition orders, but I
9 would say that, really, it is a good time to look at why certain
10 things are in recognition orders, reporting and otherwise, and
11 trying to take a step back and say, "Is this information
12 available in another way?"

13 We're postings things on Web sites. Shouldn't we be
14 asked, you know, to make sure that it's updated on the Web site.
15 You don't have to do a separate filing for things.

16 So I think there's a lot of room there to take a step
17 back and look at what's really needed and whether there's
18 another way to get it.

19 MR. VINGOE: Thank you. Bassem, please.

20 MR. SHAKEEL: Thank you. It's Bassem Shakeel from
21 Magna International.

22 So just to give, I guess, an issuer perspective that
23 is a non-financial institution perspective on some things, I
24 just wanted to raise I guess two points.

25 One is that there's an increasing disclosure
26 expectation around ESG factors and, you know, we ourselves are
27 constantly trying to enhance that disclosure.

28 Over the last few years, there's been a number of

1 topics that have come up, and at some points, there was even a
2 little bit of regulatory overlap between the Toronto Stock
3 Exchange and the OSC on some of these issues.

4 My only comment on this is just to remind the
5 Commission that it is, in fact, a securities regulator and while
6 it is important to regulate the basic disclosure expectations
7 that are imposed on issuers, I would just, you know, caution, as
8 maybe some of these topics heat up, caution the OSC from going
9 too far, just reminding it always of what is its remit or its
10 mandate.

11 The second thing is just a more general comment and
12 it's -- we've been talking here, you know, as you'd expect, when
13 it comes to reducing regulatory burden, about the direct burden
14 which is, obviously, the OSC's direct actions. There's a huge
15 cost, and it's been touched on by a number of the roundtable
16 participants. There's a huge cost and indirect cost that comes
17 from all the third parties, typically accountants, lawyers, and
18 others, you know, that we in the issuer community rely upon, we
19 get good service from, but it's very expensive, and quite often,
20 that indirect burden comes from a lack of clarity in the
21 regulations, the lack of plain English drafting in some of the
22 rules. You know, the very fact that some of the rules
23 themselves require or need the Staff guidance instruments is an
24 indication to me that the rule itself is insufficiently clear.

25 And so I would simply, again, just throw it out there
26 that in drafting any regulatory instrument, I would say, just as
27 we on the issuer side are constantly striving for plain English,
28 clear and concise disclosure, I would always encourage the

1 Commission Staff to do the same.

2 MR. VINGOE: Okay. Thank you. Kuno Tucker, please.

3 MR. TUCKER: Thank you. Kuno Tucker from Virtu [ph].

4 Two quick points: One, I think everyone in the room
5 can agree that the electronic clay tablets that are NRD, SETI,
6 and SEDAR need to be replaced. No one in this room is
7 responsible for it, but we are all responsible for making the
8 change.

9 So I guess an open question to the Ontario Securities
10 Commission, and I appreciate you have to work with the various
11 commissions on this, you're not alone and you have to work with
12 vendors, but what is the timing, because as a compliance
13 officer, this has been a thorn in our sides for decades and
14 we've talked about it, but there's been no action taken, and we
15 certainly applaud that we're moving forward, but I'd like to
16 know what kind of timing we're talking about in terms of
17 implementing those things. I'll leave that there as an open
18 question, not to be answered right now.

19 The second thing is on the client identifiers. We
20 made our views known on this, also known as the legal entity
21 identifiers, LEIs. The current proposal, which has been
22 approved by IIROC and the CSA, quite frankly has a lot of issues
23 in terms of encryption and deployment.

24 And I just want to reiterate the fact that this is
25 going to increase the regulatory burden on marketplaces and
26 dealers, as well as all participants, and I still espouse the
27 idea of having end-of-day reporting instead of real-time
28 reporting. We'll still get the commissions and the IIROC to

1 where they want without having all those issues. Thank you.

2 MR. VINGOE: Yes, that's helpful. And the final
3 comment on this section, before I open it up to questions for
4 the audience, Alex.

5 MR. PEREL: Thank you, Grant. Are you sure you want
6 me to have the final word?

7 MR. VINGOE: Yes.

8 MR. PEREL: I just want to go back a little bit to
9 what Matt and Jamie were saying around duplicative filings, and
10 I will preface this: I am not an expert in any way about what
11 F1, F2, F3, and F4 are, other than keys on my keyboard.

12 But the overarching point that I would make as a
13 practitioner is that we often don't have good visibility into
14 what happened in a technical outage and why there were problems,
15 and I actually think that it's completely appropriate for
16 marketplaces to have a higher standard for reporting these
17 things, even though that information might become available or
18 might be available through some other means.

19 It bears reminding that marketplaces here do not take
20 financial liability for their outages. They make us as dealers
21 sign off on it, and in the meanwhile, we're required to connect
22 to them, trade on them as OPR. There's market data costs.
23 There's all sorts of stuff.

24 So I actually think that, if anything, that is one of
25 the cornerstone pieces of keeping the marketplace operations
26 robust because they're required to, you know, fess up to all
27 their issues, and I just wanted to highlight this from a
28 practitioner's point of view.

1 MR. VINGOE: Okay. Thank you.

2 So may I open it up for questions from the audience,
3 and if you raise your hand, someone will come by with a
4 microphone.

5 You know, it's interesting to reflect on the comments
6 about semi-annual reporting and also ESG issues because when we
7 consider burden reduction and our other mandates, we have to
8 think both from a buy side and sell side point of view and, you
9 know, for example, on semi-annual reporting, a lot of the
10 commentary has been quite mixed. So from the buy side, you
11 know, less willing to entertain that unless the U.S. goes in
12 that direction, and on ESG issues, demands for more and more
13 information. It's clearly a balancing act, but I would be very
14 interested in hearing people from the audience on that as well.

15 So please raise your hands if you have any questions
16 or want to enter into the discussion.

17 Questions from the Audience:

18 AUDIENCE MEMBER: This is just a comment and it really
19 is -- furthers a lot of the comments that are already made, but
20 just has a kind of a general aspect to it, which is a lot of
21 times we hear that investor protection justifies the cost, and
22 so if you want to do business, you have to be willing to pay the
23 cost, but I think we need to think about the fact that investor
24 protection should not mean denying access to products.

25 So if those costs mean we're not going to have
26 participants, and I look to the derivatives example, where we
27 may be losing participation in that market, maybe there is
28 another approach. Maybe it's a proportional approach like

1 caring about retail market versus institutional market, but to
2 say that the cost of doing business justifies something because
3 of investor protection I think is too general an approach, too
4 high level an approach. We have to also think about the impact
5 on access to those products and intermediaries.

6 MR. VINGOE: Thank you, Randy. Anyone else?

7 AUDIENCE MEMBER: Thank you. Two points. One general
8 point: One gentleman touched on the emerging issuer issue, and
9 I think that, you know, over the time I've been involved in
10 securities regulation and this market, what I've seen over the
11 last few years is, unfortunately, there has been a tendency by
12 regulators to impose a rules-based response where probably an
13 enforcement response would have been more appropriate, and
14 that's something that I think that would go a long way in terms
15 of lessening the burden. That's an overarching comment.

16 So I think that, you know, there should be a
17 discussion, there should be a consideration about, you know,
18 what the enforcement and results of the enforcement are.

19 And to that, I'll come to a point with respect to
20 exempt market reports and especially for smaller issuers or
21 reports of exempt distributions. Right now, the rule, and let's
22 not talk about the content of everything, that you have to
23 certify that you can lose all your money a few times and that if
24 you lose all your money, you can contact this guy who may or may
25 not be there and all of those things.

26 I think that a lot of smaller issuers will do
27 financings. Currently, they have to file those reports within
28 10 days of closing financing. For smaller issuers, a lot of

1 these financings are closing in tranches, unfortunately. Would
2 be nice if they would close all at the same time and they would
3 raise all of their money, but they will close over two, three or
4 four tranches over time, which means if the issuer wants to
5 access the capital, they need to file those reports.

6 Maybe an idea would be to go to, I don't know,
7 something along the reporting on a quarterly basis so you could
8 close as many financings as you want on a quarterly basis, then
9 file one report and pay one fee. If you don't do any financings
10 during that period, you don't pay any fees. I think that, you
11 know, that could go a long way to reduce burden and also
12 financial strains on some of the smallest issuers. Thank you.

13 MR. VINGOE: Thank you very much. That is something
14 that we are looking at.

15 Other comments? Alex, do you have a -- no? Okay.
16 Anything else from the audience? Last call from the audience,
17 and otherwise, we'll have just a -- I think we're just about on
18 time, a little bit early for our break, but we could have a
19 break until let's say 2:30, and you can continue the discussions
20 in groups over our break and then we'll resume. So thank you.

21 --- Recess at 2:16 p.m.

22 --- Upon resuming at 2:35 p.m.

23 MR. VINGOE: Okay. Again, just a reminder to speak
24 directly into your microphones. We are preparing a transcript
25 of the proceedings, so it would be very helpful if you could be
26 as clearly, speak as clearly and perhaps loudly even as
27 possible. The acoustics in this room are interesting.

28 Topic 4:

1 MR. VINGOE: So at this point, we're going to move
2 into a pretty pure corporate finance subject. Our fourth topic:
3 Prospectus reviews and opportunity to increase certainty for
4 issuers. So I'd invite some initial comments from anyone around
5 the table. I'll start with Manoj.

6 MR. PUNDIT: Thank you. Just before I get into three
7 sort of discrete topics, I just want to say that I think we're
8 at a crossroad in Ontario. We're all aware of the tremendous
9 upsurge in the innovation sectors in Ontario producing some
10 amazing issuers, issuers that are funded through various means.
11 Some are funded through angel investments, some through venture
12 capital, and some through the public capital markets.

13 I just want to observe that our pedigree as a capital
14 market in Canada goes back to the mining days and other
15 extractive sectors such as oil and gas, and it was interesting
16 because back in the day, it used to be that, you know, early
17 stage companies could go public, raise some capital and sustain
18 their businesses or, more importantly, launch and grow their
19 businesses, and investors were quite tolerant and accepted the
20 risk that was associated with these types of issuers.

21 Increasingly, we've seen that market expand. We've
22 seen capital markets being tapped into by technology issuers,
23 high-tech companies, software companies, life sciences
24 companies, and most recently, by cannabis issuers.

25 And I think, you know, I call this a crossroads
26 because I think there's an opportunity for Ontario to grow
27 beyond its boundaries, to grow beyond the Canadian, Canada as a
28 nation and to go international, and by that I mean that there

1 are companies in other jurisdictions around the world that might
2 benefit from capital formation in our market.

3 Having said all of that, I would encourage all of us
4 to, including the regulators, to consider that rules that may be
5 appropriate for large cap issuers may just simply not be
6 workable for mid cap and small cap issuers.

7 And so there's three points I just want to make. One
8 is, I think Sonny Randhawa addressed it, but I do want to
9 emphasize the importance of confidential filings of
10 prospectuses, both on IPOs and follow-on offerings for existing
11 reporting issuers. I think the confidentiality election, if you
12 want to call it that, is critical. Companies should be allowed
13 to file and hear or receive the comments of the Securities
14 Commission before making their prospectus public. This is
15 important for an IPO, but it's also important for listed
16 companies that may, you know, based on the comments, wish to
17 withdraw their prospectus before it's made public.

18 And we all or many of us know that the filing of a
19 prospectus is almost invariably a material change and we do see
20 market reactions that can cause stock fluctuations when it may
21 not be possible for the issuer to actually go through and
22 complete the offering, let alone complete the prospectus filing
23 process, and so I think it's a good idea to allow confidential
24 filings. I hope that it will be available for both IPOs and
25 secondary offerings.

26 The second point is "testing the waters" exemption.
27 Currently, the rules do allow for companies to file or, pardon
28 me, rather, to engage in some degree of marketing on certain

1 terms of their upcoming IPO, provided that those, that conduct
2 of marketing is aimed at accredited investors and there's some
3 other conditions that must be done pursuant to discussions that
4 are the subject of written confidentiality, and so on and so
5 forth, and the discussions must cease at least 15, or yes, at
6 least 15 days prior to filing the preliminary prospectus. All
7 good.

8 That should be, in my opinion, my submission
9 respectfully, should be, you know, made available to existing
10 reporting issuers and listed companies. I don't know of any
11 specific reason as to why testing the waters would not be
12 available to listed companies. My understanding is that you can
13 do this in the United States. In particular, under the JOBS Act
14 of the U.S., existing reporting companies are able to test the
15 waters.

16 And finally, one issue that is near and dear to my
17 heart is the limitation on the use of base shelf prospectuses
18 for companies that are either negative cash flow or that are
19 pre-revenue. In the Securities Act, there are, of course,
20 provisions that require the Director to refuse a receipt for a
21 prospectus where there are certain grounds for refusing the
22 receipt. Liquidity of the issuer is certainly a valid concern,
23 but there is a practice that all of the regulators I think
24 across Canada including, of course, the OSC, that a base shelf
25 prospectus will not be permitted for an issuer that doesn't have
26 at least 12 months of working capital before filing the base
27 shelf prospectus.

28 Now, the base shelf prospectus system, for those of

1 you who are not familiar with it, is a means for a company to
2 file a non-offering prospectus, which is the base shelf
3 prospectus, and then to continue into the system and to file
4 prospectus supplements which -- over a period of 25 months,
5 allowing as many discrete offerings as the issuer needs to do,
6 each pursuant to a supplement, which when combined with the base
7 shelf prospectus, forms the entire prospectus for each discrete
8 offering.

9 Now, I appreciate that in this practice that's being
10 followed, there's a concern for investor protection, of course,
11 but it seems to me that investor protection in this case is best
12 had by risk disclosure, by very robust disclosure of risk
13 factors. Certainly, locking out small cap issuers that, you
14 know, don't have 12 months of working capital before using the
15 system forces them to effectively use a short form or long form
16 prospectus, which may not be suitable for those particular
17 circumstances.

18 So I would like this to be considered, as well as the
19 fact that the practice of disallowing these small cap issuers
20 from using the base shelf system, it's not adequately, in my
21 respectful submission, it is not adequately published anywhere.
22 There is guidance. There's a Staff Notice that's been in place
23 since 2012 generally on this, on this topic, but it doesn't
24 actually go so far as to provide prescription as to when the
25 base shelf system will be allowed or, more importantly, when it
26 will be allowed for small cap issuers only when they have 12
27 months of working capital before filing the shelf prospectus.
28 Thank you.

1 MR. VINGOE: Those are helpful comments and things for
2 us to look at. Actually, I was just sort of wondering on the
3 confidential filings part, would you -- if we were going to roll
4 it out, it might be hard to do it all at once. How would you
5 suggest staging it if we were going to do it for particular
6 issuers?

7 MR. PUNDIT: Well, I would hope that the confidential
8 filing of a prospectus would be available to all issuers. If,
9 Grant, what you're getting at is whether it should be on an IPO
10 as compared to an existing reporting issuer, I would be
11 delighted to have that discussion with you. I haven't really
12 thought that through as to how you'd roll that out, but I do
13 know that, you know, they have this in the United States.

14 And I might add, further to my earlier comments, that
15 it's in our interest as a capital market to be in consonance
16 with what's going on in the United States. Under their JOBS Act
17 and other related regulations, they are making it easier for
18 small, what they define as small cap, which is under a billion
19 dollars in market cap, to raise money publicly.

20 And so we should be paying attention to that and,
21 hopefully, making cross-border offerings for Canadian issuers
22 that are much more fluid and efficient, so that we don't have
23 Canadian issuers seeking or electing to simply raise money in
24 the U.S. which I am experiencing personally with my client base
25 nowadays.

26 MR. VINGOE: Thank you. Other comments around the
27 table? Denis.

28 MR. FRAWLEY: So following up on Manoj's comments, and

1 I don't think this is limited -- well, this one is, the first
2 comment is a little limited to the mineral resource exploration
3 sector. It's very difficult. You know, our members would
4 probably love to be able to do more public offerings or have
5 access to the public markets and not just -- they're not
6 restricted to the exempt market, but they in practice raise most
7 of their capital in the exempt market because it's quite -- it's
8 so difficult, it's so expensive and time-consuming to do a
9 prospectus.

10 And the short form prospectus is often not available.
11 They're not practically available for our members because they
12 might -- by filing a short -- if they wanted to use a short form
13 prospectus, they probably, or they feel they would have to do a
14 new technical report because they would be exposed to higher
15 technical -- they'd have to get a whole new report done on their
16 projects. So the time to do a new technical report, to get a
17 geologist to go in and re-evaluate their projects takes a long
18 time. It's expensive and so it makes it difficult for them to
19 access the markets.

20 But I think any one of the successes of the Canadian
21 markets and Ontario's markets, as we've seen even from the
22 cannabis space recently, historically from the mining space, was
23 we are able to attract outside capital and really grow robust
24 industries that grow from this base in Ontario, but historic --
25 it's to everyone's I think advantage if we can make -- find ways
26 to allow the public investors and not just the exempt accredited
27 investors to participate in those financings because the
28 appetite I think has historically been there to do it.

1 You know, right now, we can see with everything that's
2 happened in cannabis how much capital can be raised and how an
3 industry can be grown and grow internationally very quickly, and
4 in the past, and every day it's happening with the mineral
5 resource sector, and we want that to continue.

6 MR. VINGOE: Thank you. How significant is Sonny's
7 announcement about the pre-filing or confidential filings of
8 technical reports? Would that be a fairly impactful move?

9 MR. FRAWLEY: Yes, I think that will be a very
10 impactful move. It particularly -- generally, because it would
11 allow -- it allows our issuers, our members to get that feedback
12 before and have a better idea on a confidential basis whether
13 their -- how their reports are because the level of comments
14 that come back once they're filed are a bit unpredictable, and
15 if it could be tied together, I don't know what the thinking is,
16 but if it was possible to do, you know, a confidential short
17 form prospectus filing and in tandem with a confidential
18 technical report, that might really sort of make our members --
19 give them access to a way of raising capital that's very much
20 shut down to them right now or limited.

21 MR. VINGOE: Okay. Other comments around the table?
22 Sonny, do you want to comment on what the prospects are for
23 confidential filings?

24 MR. RANDHAWA: So, I mean, definitely, we have heard
25 this theme before and we understand the importance of issuers
26 and their advisors having some certainty.

27 I think from our perspective right now, it is more of
28 an internal process, that we've got to determine staff resources

1 and the logistics of how that would work, but generally, there
2 is a lot of support internally for going down that direction.

3 I think for us, the first step was technical reports.
4 We had heard that loud and clear, that for mining issuers, there
5 were generally small market windows when they could access the
6 market, and getting comments on a technical report effectively
7 may end up killing some of those deals, but I would say it's on
8 our table and we do want to move forward on it.

9 MR. VINGOE: Okay. Denis, do you have another comment
10 or --

11 MR. FRAWLEY: Well, just tying into that and, you
12 know, because our -- the investors care more about the technical
13 reports on the projects and how the -- and they do care about,
14 you know, a lot of the other disclosure that companies put out,
15 you know, their MD&A quarterly and everything else. It's not as
16 interesting and it's not nearly as much of a driver and as a
17 significant motivator for investment than the technical reports.

18 MR. VINGOE: Okay. Any other comments on that? If
19 not, we'll move on to -- oh, Sonny.

20 MR. RANDHAWA: I didn't know if I had to put my name
21 tag up.

22 MR. VINGOE: No, that's okay. Go ahead.

23 MR. RANDHAWA: I just did want to ask a question on
24 Manoj's point about risk factor disclosure and at what point
25 does disclosure cure any type of investor protection risk,
26 because I do think on base shelves, as an example, on base shelf
27 prospectuses as an example, I mean, we do have sometimes smaller
28 issuers that have loads and loads of risks and we could

1 definitely point to more that they could add, and at some point,
2 it just becomes does disclosure cure all investor protection
3 concerns such that it should be a bit of buyer beware.

4 MR. VINGOE: Manoj, do you want to...

5 MR. PUNDIT: Yes. You wouldn't get any pushback from
6 me on having the most robust sort of disclosure around risk
7 factors. I guess what I'm getting at is the availability of the
8 base shelf prospectus system, if you want to call it that, for
9 small cap issuers. It really creates efficiencies for issuers
10 tapping into the markets, and in a way that they really can't
11 achieve that level of efficiency in a short form prospectus.

12 And again, in -- you know, sort of further to my
13 earlier comment about sort of being consistent or in consonance
14 with the U.S. market, the U.S. SEC does not impose this
15 threshold requirement of 12 months of working capital, but we do
16 in Ontario, and I have real life examples of where the issuer
17 has said, "We just won't raise any money in Canada. We're going
18 to go to the U.S." And so that's really a loss for us and our
19 investors in Ontario.

20 MR. VINGOE: Okay. Thank you.

21 Topic 5:

22 MR. VINGOE: So let's move on to another topic which
23 is e-delivery of documents. I guess the point is that there's
24 so much paper in our system, both in the prospectus area, also
25 in the area of registrant interactions with customers, but
26 certainly in corporate finance. It's also our proxy system,
27 even though we have various features to make e-delivery possible
28 and notice and access rules. There's a lot more that could be

1 done about e-delivery, and wanted to open that up for discussion
2 about where the frictions are in our regulatory system to better
3 facilitating electronic communications. Kuno.

4 MR. TUCKER: Thank you. You see inklings of that, the
5 OSC, with certain filings where you have portals opened up where
6 you can populate information, et cetera.

7 And it goes back to my earlier comment which is, I
8 think the OSC is going in the right direction. I think you just
9 need to move faster for all the filings, and from a marketplace
10 perspective, certainly there's a lot of F1 for exchanges, F2 for
11 ATS filings, which really could be expedited, be more
12 comprehensive, and be more accessible for investors if we had
13 some kind of portal system, input this, as opposed to these huge
14 bulk filings.

15 MR. VINGOE: Other comments on electronic access and
16 delivery? I guess I'd just make, you know, the interesting
17 comment that the SEC moved to electronic communications as --
18 you know, nuanced, consent mechanism in the mutual fund area,
19 and they were sued by the paper industry, and actually, the
20 decision is pending. They were granted intervenor status in a
21 Federal Court case based on the methodology of rule-making and
22 so it was an unusual feature of the excesses perhaps south of
23 the border.

24 Anything else on e-delivery? Alex.

25 MR. PEREL: I guess it's more of a question. In light
26 of your comment that the SEC was sued, do you think that
27 anywhere on the horizon, we can make electronic delivery the
28 default here? I think that every time I get more paper in the

1 mail, I feel like I'm supporting the wrong industry and I'm also
2 adding to landfills.

3 MR. VINGOE: I think there's a lot of friction in the
4 system to actually get client consent and there's probably
5 efforts that can be made to streamline the way consent is
6 obtained. Does it have to be in -- you know, if you actually
7 look at the account opening documents that deal with electronic
8 communications, it's pretty easy to forget to check the box and
9 it's probably not the thing that the advisor, for example, is
10 really emphasizing. So maybe there are some easier ways to
11 facilitate that and have it as a point of contact with a
12 registrant.

13 You know, you still hear that a lot of people prefer,
14 and it may be different demographics, but we still hear the
15 point of view that many people don't want to give up paper and
16 there's still an education component associated with it, but the
17 costs of paper are so great that I personally think of it as a
18 largely unnecessary friction if we can move that way.

19 MR. PEREL: And just on a related note to this, going
20 back to something ETF-related from a few years ago, there was a
21 discussion around whether, in some circumstances, access to a
22 document would be equivalent to delivery. Is that an area where
23 we can reduce burden as well?

24 MR. VINGOE: Some people -- that exists in the proxy
25 area today. Some people have actually advocated that for even
26 prospectus delivery, but I don't have enough -- I haven't really
27 assessed that, but I think it's -- for example, I noticed that
28 IIAC published a letter from the president just this morning

1 that advocated looking at a notice and access model for
2 prospectus delivery to a broader degree. Sure. Pat Chaukos.

3 MS. CHAUKOS: So it's interesting that you raise that
4 because a lot of what we've heard is that many in the
5 institutions are requiring paper delivery or wet signature, like
6 an ink signature.

7 So one of the things we've tried to make sure that
8 we're messaging is that e-delivery to clients is legal and I
9 think many institutions are not necessarily messaging that to
10 their clients, so I'd be interested to hear kind of why we
11 have -- we're hearing different things, and we can take that
12 separately, but that's what we've heard, certainly. As we talk
13 to many of the innovations, they're trying to automate a lot of
14 those things that are manual in today's processes. So I do
15 think there's an opportunity there.

16 MR. VINGOE: Okay. Any final comments on the
17 opportunities for e-delivery?

18 Topic 6:

19 MR. VINGOE: And if not, I'm going to turn to Topic 6,
20 which are -- and we've heard some of this already and it's
21 probably a little unsatisfactory that I can't give you specific
22 dates for rolling out improvements to the national systems which
23 is a work in progress, although, obviously, SEDAR is the first
24 order of business and isn't too far off, but the topic is
25 technological improvements to national systems and the OSC Web
26 site.

27 The other matter I'd like to mention is that -- just
28 let the feedback end -- we are committed to a revamp of the OSC

1 Web site. A lot of people find that quite, you know,
2 independent of the CSA systems, but just as a resource to find
3 out our thinking, to actually look at the rules on a
4 consolidated basis, to know the status of a rule, to use the
5 word that was used earlier, it's pretty clunky.

6 So, you know, our goal is to make it easier to find
7 information on our Web site and that's going to be a major
8 initiative within our own control to fix the OSC Web site over
9 the next period of time. So I hope that will be helpful for
10 everyone. It's a large project, but we are putting the
11 resources into that.

12 So now I'll open it up for comments on the systems.
13 Jamie.

14 MR. ANDERSON: Jamie Anderson, Canadian Securities
15 Exchange.

16 This is an easy one, but maybe -- I don't know who
17 knows the answer. The OSC's Web site for the National
18 Instruments, is there a reason why they're not consolidated to
19 the in-force version? I know there's another jurisdiction in
20 Canada that has that, and I'm sure a lot of Ontarians would like
21 to see the consolidated version.

22 MR. VINGOE: I actually don't know why that is, and
23 I -- you know, many of us around the table have similar
24 frustrations, and that's -- hence we recognize the need and want
25 to, you know, consolidate them rather than have this kind of
26 awkward way of finding the latest and truest version. Cindy,
27 maybe you know the answer.

28 MS. PETLOCK: No, I wouldn't say I know the answer. I

1 remember years ago, there were -- it was hard to keep them
2 updated and nobody wanted to take the liability for putting
3 together the consolidated one, but I actually don't really know
4 why now.

5 I did have a different point, though. As opposed to
6 my earlier comments that were very general, this is a more
7 specific one. Can't overemphasize the value there will be in
8 revamping the Web site and, especially for us, SEDAR, but one of
9 the things that keeps coming up for us, obviously new exchange,
10 the whole PIF regime in Canada, there are so many different
11 people, entities receiving PIFs. There are so many, especially
12 in the funds world, so many people have to keep providing the
13 same information.

14 And even though exchanges -- like we try to just not
15 reinvent the wheel and we try and allow reliance on others.
16 There still means -- for an insider, it's not an easy thing to
17 remember always, you know, five years, where you, you know,
18 where you've lived and everything, like the details in these
19 documents, that if in part of the national systems we could get
20 to a place where there's a centralized database for PIFs, I
21 think it just would be so much remarkably better for issuers,
22 insiders.

23 And we recognize this is a major project. It includes
24 protection of personal information, the whole thing, but it
25 would be better to have one place where an insider could
26 permission the entity that is going to see its PIF, and have
27 that one location that's really secure as opposed to people
28 having to provide their personal information to multiple sources

1 generally in, you know, hard copy forms or now a lot more in,
2 that sort of ties the other one in, in electronic forms. So
3 it's a big project, but I think in the end, it would be a very
4 worthwhile project for the CSA.

5 MR. VINGOE: Thank you. Kuno.

6 MR. TUCKER: Just to add on to that, my understanding
7 is FINTRAC is looking at approving digital identities which
8 should go a long way to helping to move towards that, and I know
9 it's a little strange comment for me to make, but I think it
10 would actually be helpful for OSC enforcement because sometimes
11 you do need to know pretty quickly about, you know, who is
12 inter-connected with what issuer, et cetera, if there's fraud
13 going on, et cetera, and the manual process right now sort of
14 lends itself to some shenanigans, to be truthful.

15 MR. VINGOE: Thank you. Other comments on this
16 subject?

17 Just, you know, actually going back to one of your
18 comments about LEIs, I wasn't quite clear on how you would
19 improve the system to meet the sort of global commitment to
20 having identifiers and do it in a way that's secure and
21 appropriate, which would play into this, obviously, the value of
22 systems.

23 MR. TUCKER: Right. And full disclosure: I work for
24 a technology company, but I'm not a technology person, per se,
25 but my understanding, speaking to my peers in that field, doing
26 an end-of-day batch file with all that information fully
27 encrypted, directly from the dealer to IIROC, let's say, would
28 be a very efficient way to do it, would be a very secure way to

1 do it.

2 The current proposal, as I understand it, I know it's
3 not fully baked, and there's an implementation committee that's
4 being struck by IIROC to work through these details, but my
5 understanding is that the encryption will be, and Kevin McCoy is
6 going to shoot me for saying this, but won't be necessarily
7 mandatory for everybody.

8 You also have to consider the factor that life cycle
9 of a trade doesn't go directly, you know, from the portfolio
10 manager in the buy side to the sell side to the marketplace.
11 There's a lot of intermediaries in between, vendors who are not
12 regulated. So you'll have to trust that.

13 You also have to take into account the fact that most
14 institutional trades are global, so now we've got LEIs flying
15 all over the universe, so to speak, some encrypted, some not,
16 some through regulated entities, some not. There's a huge risk
17 here. An end-of-day process would solve for a lot of those
18 things, and I think still get to IIROC what they need in a
19 timely fashion.

20 MR. VINGOE: Thank you. That gives us really valuable
21 colour. Any other comments? Oh, sorry. Victoria.

22 MS. PINNINGTON: I think whenever we talk about
23 technological improvements, reporting, e-reporting, you know,
24 there are a lot of factors that we have to balance.

25 I think your point earlier, Grant, that, you know,
26 clients don't necessarily want to get electronic copies, I think
27 also dealers don't necessarily interpret the current rules in
28 the way that they were intended which is, again, part of a

1 broader theme that we talked about earlier today.

2 You know, I feel I must respond to Kuno on this one
3 issue, and that is that we actually originally proposed an
4 end-of-day reporting and were told by the dealer community that
5 that was not tenable because it would create a whole new
6 reporting system.

7 So, I mean, we're -- I think that as a regulator, we
8 struggle with, and this is the heart of what we're talking about
9 today, struggle with sometimes what we perceive as the necessity
10 to keep up with global initiatives, but also not increase the
11 burden on the dealers.

12 So I welcome Kuno's participation on the
13 implementation committee, so I think that's how we solve some of
14 these burden questions as well. Thank you.

15 MR. VINGOE: Thank you. I think that's also a
16 valuable purpose of these roundtables is to get this discussion,
17 bilateral discussions going where, if there's a misunderstanding
18 or something that could be done, they could be pursued. So
19 thank you. Cole, turn it over to you.

20 MR. DIAMOND: So I'm the CEO of Coinsquare, which is a
21 digital asset trading platform, and as CEO, unlike many of you
22 chief compliance officers and legal people, I'm not involved too
23 much in the process which is the focus of a lot of the topics
24 today, but since we are on the topic of technology, I guess I
25 can speak to that for a minute.

26 Coinsquare on the surface seems to be just about
27 buying and selling Bitcoin and a select set of other digital
28 currencies, but we're building, what we're really building right

1 now is far more robust, and we expect that if we can get
2 regulator support, our platform will provide significant value
3 to the financial services space, not just in Canada, but perhaps
4 globally.

5 Coinsquare's building what we call a 21st Century
6 financial institution. We're building a platform to unlock
7 investment opportunities for consumers, and to give them more
8 control over their finances. In our view, we believe we're
9 building sort of the mother of all FinTechs.

10 We expect to offer a complete solution across the
11 financial services space from equities trading to banking and
12 even lending. Our short-term focus is on regulating Coinsquare
13 as an ATS and broker/dealer here in Canada to ensure we can
14 present a wider offering to our users and to begin to unlock
15 those opportunities that exist within the security token space.

16 OSC and IIROC Staff have what seems to be attributed a
17 huge amount of resources to our space, particularly recently,
18 after the collapse of our main competitor, QuadrigaCX, and I
19 commend them on the speed in which they're working towards
20 regulating our space.

21 Both sides have been putting in, meaning our side and
22 the regulator side, have been putting in a tremendous amount of
23 work in order to get Coinsquare and any other platform that
24 steps up to do so we believe regulated, and neither OSC and
25 IIROC nor Coinsquare is moving any faster or slower than one
26 another which I think is very important to note.

27 There is, and I've been preaching this for a long time
28 to those that are listening, and OSC and IIROC seem to be

1 listening, that there is a huge, and I need to underline and
2 italicize and bold the word "huge" opportunity for Canada in the
3 digital asset space. Much, much bigger than cannabis if you can
4 believe it.

5 If we can get the right process in place, we can bring
6 the issuers here to Canada globally, for those that want to
7 issue tokens, security tokens if we can be first out to market,
8 so long as we continue to work well together to build a process
9 that is not burdensome, and there are a few processes that we
10 need to make sure that they're not burdensome, and one of which
11 is the IPO process. It is far too burdensome, and the
12 opportunity for that market is too big to ignore. We're talking
13 specifically to smaller issuers.

14 And we need to make sure that global investors can
15 access the market here which, as you've heard today, needs more
16 work, perhaps a lot more work, but it's a huge piece of the
17 puzzle that can't be ignored.

18 If we can get it right in this market at this time,
19 our 1.4 percent of global GDP in Canada can attract a huge
20 percentage, multiple double-digit percentage of the global
21 digital asset trading volume, perhaps all of the volume from
22 valid issuers while the rest of the market is forced to catch
23 up, and I do believe that OSC Staff are leading globally, at
24 least from those nations that you would want to do business with
25 or trust to do business with in terms of getting those
26 regulations in place, but we can't afford to slow down.

27 We at Coinsquare believe in regulation. Unlike our
28 competitors, at least most of them, we actually believe that

1 current market rules should apply to Coinsquare for the most
2 case. We provided a substantial response to Staff's request for
3 comment, agreeing that we should be regulated and made several
4 suggestions on exemptions.

5 We respect that there needs to be regulation where
6 other industry participants do not. We applaud the topic of
7 conversation today, and we applaud the exemptions OSC and CSA
8 have seemed to be willing to make to ensure FinTech companies
9 can thrive. I only say "seem to" because we haven't crossed the
10 line in the areas we need to yet, but even though nobody is
11 going to commit to dates, what we have to do is we have to
12 commit to winning together, at whatever cost it takes.

13 MR. VINGOE: Thank you. Other comments? Or Pat, do
14 you want to make a comment?

15 MS. CHAUKOS: Did I hear yes?

16 MR. VINGOE: Oh, sorry.

17 MS. CHAUKOS: I think -- I mean, I do think that it's
18 important that we move quickly. I think I said that in my
19 introductory remarks, and I think it's important that we're all
20 open to innovation.

21 This is not just the OSC. It's the CSA, it's IIROC,
22 and that's why I thought, as a great first step, we did the
23 joint consultation paper. We have to be in it together and, in
24 fact, I think one of the things I keep hearing from FinTech
25 firms is, "You, the OSC, is responsible for securities
26 derivatives and in some cases, the commodities when it comes to
27 fraud and market manipulation, but we are offering so many other
28 services. How do we get some of the other regulators at the

1 table?"

2 So I think that, from my perspective, that's going
3 to be, you know, a challenge, but it's also an opportunity for
4 Canada to help some of these businesses kind of get off the
5 ground and be, you know, a proud Canadian company.

6 MR. VINGOE: Denis.

7 MR. FRAWLEY: So this one's -- it's kind of stepping
8 back a bit, just on the prospect of a SEDAR revamp and it's not
9 something I think that can be done quickly, but to, when that
10 revamp is being planned, to, and I'm sure it was done last when
11 the SEDAR system was created in the first place, but to look
12 ahead, and right now it's a repository for public companies, but
13 it's not a very useful repository for their own uses. It's
14 clunky, as we know, but you can't -- you know, it's not
15 searchable. You have to -- it's not a great tool.

16 And so not just on the infrastructure of how you make
17 the filings, but if we're looking at -- if, you know, if
18 nationally, we're going to be rethinking about redoing the
19 system, looking ahead to make it into a system that the
20 companies will want to continue to use as their own repository,
21 because they're -- if they're already using it anyway, then at
22 least they will see, because they're making filings there, they
23 will see more value in making those filings, and it will be, you
24 know, in terms of less just something they have to do, but
25 something that brings them some long-term benefit by giving them
26 their own repository that they can use.

27 I'm not suggesting that they should be able to go in
28 and modify things, but I think that there are, you know, as --

1 there's enough -- there have been so many developments in
2 technology that we can, when that system is redone, take it to
3 the next level, so that it's a really useful tool, not just for
4 the regulators, but also for the issuers.

5 MR. VINGOE: Thank you. Any other comments on this
6 subject?

7 Okay. So I think, you know, we're a little bit early,
8 but I'm going to open it up to the audience again for questions,
9 and again, I'd say at this point, don't feel constrained by the
10 particular questions that we, and topics that we posed. If you
11 want to ask anything that relates to the subject areas,
12 corporate finance, derivatives, and market reg. and innovation,
13 please feel free to ask your questions. This is our third
14 roundtable and we're hearing a lot of consistent themes, but I
15 don't want anything not to be aired. So please, pose your
16 questions or comments. Harvey.

17 MR. NAGLIE: Thank you, Grant. I sincerely hope that
18 in this very, very important burden reduction process, that the
19 topic of policy making is not out of scope. A slow-moving
20 policy process is burdensome for both investor advocates and the
21 industry. The former lack the resources to wage protracted
22 campaigns while the latter must bear the opportunity costs
23 associated with uncertainty, as well as the operational
24 distractions that come from prolonging debate or deferring
25 regulatory decisions.

26 Good regulatory proposals begin with good planning.
27 The consultation plan should frame the boundaries of the
28 consultation process. It should precisely state the objectives

1 of the process and include the issues under review, a public
2 environmental analysis, key participants, timelines, and a
3 mechanism for reporting consultation results. It should clearly
4 describe the proposed consultative approach and rules of
5 engagement, so that the interested parties can decide whether or
6 not to participate, and if so, how.

7 Fortunately, I think that we have a brilliant
8 template. I think that this regulatory burden reduction
9 initiative has been done in a manner that I encourage the OSC to
10 embrace with respect to all major policy initiatives. I think
11 that the idea of engaging people before the fast-setting cement
12 has formed and we get a major instrument and are asked to
13 respond to it in 90 days, and then have it -- debate it for
14 many, many years is not the way to go.

15 So I really, really do encourage, in this process, for
16 the OSC to give careful thought to how the consultation process
17 could be more effective and certainly less time-consuming.

18 MR. VINGOE: Thank you, Harvey. There's a question at
19 the front of the audience in the back or a comment.

20 Questions from the audience:

21 AUDIENCE MEMBER: Hi. I'm a mutual fund dealer, kind
22 of on the small side, and the only issue that -- well, not the
23 only issue, but the one that concerns me is scalability, and as
24 a relatively small dealer, to be regulated at the same level as
25 the National Bank seems to be a bit unfair and oppressive, and
26 certainly very costly when it comes to trying to keep up to all
27 the regulations.

28 So I would encourage that we look at some form of

1 scaleability where dealers under a certain size, you know, 20
2 advisors, 50 advisors, two advisors in my case, are not put to
3 the same regulatory burden as a bank or an insurance company
4 with 4- or 5,000 advisors. It's just not -- it doesn't seem to
5 be a fair way to deal with things.

6 MR. VINGOE: Thank you. Other comments from anyone?
7 Over on the side here.

8 AUDIENCE MEMBER: My comments are regarding small
9 issuers in the mining sector. Essentially, wanted to reiterate
10 what Denis has been talking about, but specifically, about 95
11 percent of all mining, small mining issuers use private
12 placements. They don't use short form prospectus because it's
13 costly and because it triggers a technical report, for example.

14 So my view, personally, is that we should forget about
15 the short form prospectuses and rely on continuous disclosure.
16 Most speculators don't even look at prospectuses. You know,
17 they're thick and it takes a long time to look at them, and
18 they're unappetizing as well.

19 So my feeling is to rely on continuous disclosure, get
20 rid of the short form prospectuses because all of the
21 information are in press releases.

22 And the other thing is that we should also think about
23 expanding the accredited investor exemption to include a portion
24 of people of lower incomes, for example, such that more retail
25 investors could actually invest in the small mining sector.

26 MR. VINGOE: Thank you. Other comments?

27 I would say there is a project, a CSA project underway
28 to look at a continuous offering regime, based largely on

1 continuous disclosure, but it's a pretty fundamental change, and
2 is a longer, probably a somewhat longer-term project.

3 It's difficult to, you know, change the system,
4 offering system all at once, but it is something being examined
5 and perhaps if, based on that work, at some point, it could be
6 accelerated, but it's a long-term debate about can you have a
7 system that has prospectus liability that then is based on our
8 continuous disclosure regime, but it has a lot of attractions.

9 Other comments? Oh, you know, I missed Denis earlier.
10 I noticed that you had a question first, and then Manoj, and
11 then Kuno.

12 MR. FRAWLEY: Just I guess a suggestion as part of
13 this process and, again, I suspect it's done internally at the
14 OSC routinely, but there are a lot of exceptions. If you look
15 at all the national regulations on whatever area you're working
16 in, there are a lot of Ontario-only exceptions, and so just
17 if -- to ask: It might be worth the effort to go through and
18 look at them again. Are those Ontario-only exceptions in every
19 case necessary? Are we really that different from the other
20 parts of Canada that we need an Ontario-only exception that
21 things have to be done differently?

22 And also, in terms of the reporting, and I've harped
23 on this too much already, is the information that we're asking
24 issuers or registrants or whoever, the information that's being
25 collected, is there -- what use is being made? Are we
26 collecting information for the sake of -- is information being
27 collected for the sake of having the information, or is there a
28 real use beyond that, and if it's just information that people

1 have to collect and spend the time putting together, but it
2 doesn't serve any purpose, then, you know, it's a cost that --
3 it's a cost to the system. It's a cost to the market for no
4 benefit or little benefit anyway.

5 MR. VINGOE: Thank you. Manoj.

6 MR. PUNDIT: Sure. One sort of discrete point which I
7 forgot to make earlier is that regarding discretionary orders
8 on, or with regard to ATMs or at-the-market offerings. These
9 are discretionary orders that exempt the issuer from prospectus
10 delivery requirements and certain other requirements simply
11 because the nature of the ATM is to issue securities essentially
12 directly into the market.

13 And so these discretionary orders have to be obtained
14 before proceeding with an ATM and it just seems to me that these
15 discretionary orders have become very routine. I think they're
16 almost identical, if not absolutely identical. I could be wrong
17 on that, I could be corrected on that perhaps, but it seems to
18 me that they could be enshrined in some kind of an instrument or
19 rule or just a blanket ruling of some kind and make things a
20 little bit more efficient that way.

21 MR. VINGOE: And we are trying to move forward with
22 that. We're quite sensitive to the fact that ATMs operate more
23 efficiently without exemptive orders in the U.S. and, you know,
24 we have a proposal, a CSA proposal that would make the
25 requirements for at-the-market offerings uniform and dispense
26 with the need for discretionary orders except in, you know, kind
27 of some unique situations.

28 We hope that that's going to be, you know, codified in

1 reasonably short order, so that's a very concrete burden
2 reduction effort that we have underway at the moment, and it
3 will -- it is a very efficient way of perhaps more senior
4 issuers across the board to facilitate a mechanism that brings
5 those securities to investors rapidly with appropriate
6 disclosure. So we are moving that way.

7 Kuno.

8 MR. TUCKER: So two quick points: Both address I
9 would call the unnecessary complexity of trading in the Canadian
10 marketplaces, and I know these are niche topics, but it comes
11 from some traders I've talked to at other firms as well as here
12 too, and one is, it's a simple thing, but on interlisted
13 securities when there's significant news, sometimes the halt
14 doesn't come as quickly as we'd all like, and if it's
15 interlisted, the U.S. doesn't pay attention and they allow for
16 trading. So there is an unlevel playing field.

17 And I know from my experience that sometimes the New
18 York Stock Exchange and NASDAQ doesn't want to listen to us, but
19 perhaps this is something the OSC can take to the SEC and say,
20 "Listen, this is really not fair globally," to take a look at
21 that.

22 So the second topic is, again, this comes from other
23 people, and I was at a conference where so many people mentioned
24 it, I decided to coin the term "pilot fatigue", and I know it's
25 a U.S.-driven phenomenon, but it's a thirst for testing things
26 out in a live environment, and I don't think there's been a lot
27 of success around it, but there's still some talk about doing
28 some pilot studies in the live marketplace, and a lot of the

1 traders I've talked to here are experiencing what, again, I'd
2 call "pilot fatigue".

3 And, you know, someone said, does the OSC and IIROC
4 not have enough data now to run models in simulation without --
5 and do backtesting? You know, when we build algorithms, we do
6 that. When a portfolio manager is considering a strategy, they
7 do backtesting based on the data they have. No one has a pilot
8 luxury, and the pilots increase a level of complexity into the
9 marketplace, and the marketplace is already starved for natural
10 liquidity, and it's already increasingly complex. So I think
11 the urging is to not do any pilots and to use the existing data.

12 MR. VINGOE: Are you speaking specifically about, by
13 way of pilots, the fee pilot that's been proposed?

14 MR. TUCKER: Correct. That's the latest one, yes.

15 MR. VINGOE: Alex.

16 MR. PEREL: And I think it's incumbent on me as a
17 participant and specifically part of markets to disagree with
18 Kuno and suggest that we actually do need to try some things
19 once in a while, and in an industry that's based around judgment
20 and taking risk, we are incredibly risk adverse to trying new
21 things.

22 MR. VINGOE: Susan.

23 MS. GREENGLASS: So I was just going to add to that.

24 So the comment process on the pilot that we're
25 proposing on fees just ended. We got a number of comments and,
26 really, we heard exactly that. I mean, we heard diverse views
27 in the area, but I will say before it was proposed, we were
28 hearing from a lot of participants that said, "You should be

1 doing pilots," because as you know, we haven't done pilots here
2 and people said, "You should really be taking a look and seeing
3 what the outcomes may be and try the use of more pilots here."
4 So we're hearing a lot of that.

5 We thought the opportunity was there with the SEC
6 proposing a pilot that we would do something to coordinate with
7 them, but as I said, we got a number of comments that we're
8 taking back and we're considering now that were wide views on
9 that.

10 MR. VINGOE: Okay. Other comments from either people
11 around the table or the audience?

12 Okay. So hearing none further, I'm going to change
13 places with our Chair. No?

14 MS. JENSEN: I'll just sit beside you.

15 MR. VINGOE: Okay. So Maureen Jensen.

16 CLOSING REMARKS:

17 MS. JENSEN: So hello, everyone. I've really enjoyed
18 listening to this: Part of my old world, the mining world, I
19 hear issues there, my slightly younger world which was the
20 trading side, and, of course, derivatives and LaunchPad. So
21 these are very interesting comments that I've heard today, and
22 my first order of business is actually to thank all of you for
23 being here and for putting up your hand, either to sit at the
24 table or to ask questions from the audience.

25 So I would certainly want to thank all the roundtable
26 participants for joining in. Kuno, you didn't disappoint. You
27 definitely were going to talk about maker-taker and you did.
28 Good for you. And I also want to acknowledge that staff of the

1 Ministry of Finance are here. They're taking a really very
2 strong and positive note of what we're doing here today and
3 they've been very supportive to us.

4 So, you know, I listened to some really interesting
5 comments, and I just wanted to say that, you know, I've heard
6 about eliminating various types of duplications, especially
7 examples: Duplication between the provincial regulators and the
8 SROs, between SROs, exchanges and the provincial regulators.
9 Certainly around background checks, PIFs, all of that. It is
10 really -- that was the way that we used to, and that we still
11 do, unfortunately, gather our data and so we have to look at
12 gathering it in different ways.

13 We heard about the issue that the banks have on both
14 the conduct rule and the registration rule, and it's something
15 that we have been discussing for quite a substantial amount of
16 time. It is an area that is a global trend, and so it's where
17 we have to have a Canadian-made solution that still works
18 globally. So we will work on that.

19 And so also we heard of the challenges, not only from
20 smaller issuers, but also from smaller dealers, and this is a
21 theme that keeps coming back and that's proportionate
22 regulation. How can we do what we need to do in a way that we
23 can identify risks for investor protection and get enough
24 information out in the marketplace without having a "one size
25 fits all" data collection strategy?

26 So I want to really thank you all for your input, and
27 so this roundtable now concludes our formal roundtables to start
28 this project, and so we've received extensive comments.

1 I just wanted to go over the next steps with you.
2 Really, in essence, what we're going to be doing is taking what
3 we've heard away, we're going to be, and we will continue
4 because we've already started to implement some things that were
5 low-hanging fruit that we could start right away, but we're
6 going to prioritize these between the initiatives that we can do
7 and that we should do, and then we'll break that down into
8 initiatives that we can deliver in the short, medium, and long
9 term.

10 We will be publishing a report, so all of this will be
11 available publicly, and we will also, in that report, talk about
12 what we're going to do and why, and what we're not going to do
13 and why, so that we can have a full consultation on that as
14 well.

15 So I just want to thank you all for being here. One
16 of the first things that you'll see is that we've been asked to
17 set up an Office of Economic Growth and Innovation, and so that
18 is in the works right now, and so you will be seeing over the
19 next few months announcements about that.

20 So with that, I just want to thank you again for your
21 efforts here today, and you will certainly see that down in a
22 report with our decisions on where we go next.

23 Thank you very much.

24 --- Applause.

25 MS. JENSEN: Thank you. We're adjourned.

26 --- Whereupon the roundtable adjourned at 3:33 p.m.

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