

1.1.5 OSC Staff Notice 34-701 – Publication of Decisions of the Director on Registration Matters under Part XI of the Securities Act (Ontario) (“Opportunities to be Heard”)

**OSC STAFF NOTICE 34-701:
PUBLICATION OF DECISIONS OF THE DIRECTOR
ON REGISTRATION MATTERS UNDER PART XI OF
THE SECURITIES ACT (ONTARIO) (“OPPORTUNITIES TO BE HEARD”)**

The mandate of the Ontario Securities Commission (the **OSC**) is to protect investors from unfair, improper and fraudulent practices, and to foster fair and efficient capital markets and confidence in capital markets. Staff of the OSC is committed to dealing with its stakeholders, including investors, issuers, and securities professionals, in a transparent manner as an effective means of furthering its mandate.

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

If staff has recommended to the Director that certain regulatory actions be taken with regards to the registration status of a registrant (for example, a suspension of their registration or the imposition of terms and conditions), staff will send the registrant written notice setting out its recommendation. Section 31 of the Act then gives the registrant the right to be heard by the Director before a decision is made concerning staff's recommendation. When a registrant exercises this right, the resulting administrative proceeding is referred to as an “opportunity to be heard”, or an “OTBH”.

An OTBH may take the form of an exchange of written submissions, or an in-person appearance before the Director. During the OTBH process, whether in writing or in person, staff makes submissions to the Director to support its recommendation, and the registrant has the opportunity to challenge that recommendation by making their own submissions.

The result of an OTBH is a written decision of the Director setting out the facts of the case, the applicable law, the Director's decision, and the reasons for the decision. Director's decisions are published on the OSC's website and in the OSC Bulletin.

The OSC historically only published Director decisions for contested OTBHs. Registrants should be advised that staff will now also publish the following types of Director decisions:

- decisions approving joint recommendations to settle an OTBH where the recommendation is that the registrant be suspended;
- decisions approving joint recommendations to settle an OTBH where the recommendation is that terms and conditions requiring strict supervision be imposed;
- decisions to suspend a registrant where an OTBH has not been requested; and
- decisions to impose terms and conditions requiring strict supervision where an OTBH has not been requested.

Strict supervision requires a registrant's sponsoring firm to pre-approve trades for suitability and to file monthly reports regarding the registrant's business activities with the OSC.

In staff's view, the increased transparency resulting from the publication of decisions of the Director as described above will provide enhanced investor protection since important information regarding registrant conduct will be communicated to the public in a timely manner.