

OSC STAFF NOTICE 11-784

BURDEN REDUCTION

January 14, 2019

Purpose

- Seek suggestions on ways to further reduce unnecessary regulatory burden.
- Announce a March 27, 2019, roundtable discussion on reducing regulatory burden.

Introduction

The Ontario Securities Commission (the **OSC**) has a statutory mandate under the *Securities Act* (the **Act**) to provide protection to investors from unfair, improper or fraudulent practices; to foster fair and efficient capital markets and confidence in capital markets; and to contribute to the stability of the financial system and the reduction of systemic risk.

Under the Act, one of the fundamental principles guiding our work is that business and regulatory costs and other restrictions on the business and investment activities of market participants should be proportionate to the significance of the regulatory objective sought to be realized.

The OSC has several ongoing projects to reduce regulatory burden. For example, the OSC and the other members of the Canadian Securities Administrators (the **CSA**) are currently proceeding with the burden reduction initiatives described in CSA Staff Notice 81-329 *Reducing Regulatory Burden for Investment Fund Issuers* and CSA Staff Notice 51-353 *Update on CSA Consultation Paper 51-404 Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers*.

Burden reduction task force

The OSC, in coordination with the Ministry of Finance, has established a Burden Reduction Task Force (the **Task Force**) to focus our efforts and to identify steps, in addition to those listed above, that can be taken to enhance competitiveness for Ontario businesses by saving time and money for issuers, registrants, investors and other market participants.

The Task Force has a mandate to consider and act on any suggestions to eliminate unnecessary rules and processes while protecting investors and the integrity of our markets.

The Task Force will support the Government of Ontario's Open for Business Action Plan.

Stakeholder consultation

We invite comments from interested stakeholders on additional ways that we can reduce unnecessary burden. Areas of focus include:

Operational changes for regulatory branches and offices

The primary regulatory branches and offices of the OSC include:

- Compliance & Registrant Regulation,
- Corporate Finance,
- Derivatives,
- Investment Funds & Structured Products,

- Market Regulation, and
- the Office of Mergers & Acquisitions.

Staff in these branches and offices interact daily with market participants, such as issuers, registrants, marketplaces, and their advisors. We recognize the need to continually improve our processes and procedures to keep pace with the changing needs of industry.

1. Are there operational or procedural changes that would make market participants' day-to-day interaction with the OSC easier or less costly?
2. Are there ways in which we can provide greater certainty regarding regulatory requirements or outcomes to market participants?
3. Are there forms and filings that issuers, registrants or other market participants are required to submit that should be streamlined or required less frequently?
4. Are there particular filings with the OSC that are unnecessary or unduly burdensome?
5. Is there information that the OSC provides to market participants that could be provided more efficiently?

Rule changes

The regulatory landscape in Canada is complex. Given the proliferation of new products and more modern processes, the requirements of specific rules may become outdated and unnecessary over time.

6. Are there requirements under OSC rules that are inconsistent with the rules of other jurisdictions and that could be harmonized?
7. Are there specific requirements that no longer serve a valid purpose?

Enhancing investor experience and outcomes

Strong investor protections are the underpinnings of fair and efficient capital markets. Reducing unnecessary regulatory burden for issuers, registrants and other market participants will benefit investors, because investors ultimately bear the costs of unnecessary or outdated regulations.

The Task Force will review the interface between our regulatory requirements and investors to see if there are ways to enhance and improve how investors experience disclosure provided: (i) before they invest; (ii) as part of ongoing public disclosure; and (iii) by registrants as required.

We are also interested in any suggestions for improving the investor experience by modernizing the information provided to investors or other interactions that investors have with issuers or registrants because of regulatory requirements, which could include further efforts to promote the use of plain language in regulatory disclosure.

Ontario-specific improvements

Complying with different rules across the country creates unnecessary regulatory burden. We are committed to harmonization through collaborative efforts with the CSA. However, we acknowledge that coordinated initiatives require more time.

We are interested in any changes that the OSC could make on an interim basis in Ontario only that would assist market participants while we continue to pursue coordinated national changes.

Existing policy initiatives

The purpose of this notice is to seek input on new initiatives the OSC could consider.

We are currently reviewing comments submitted on several significant CSA initiatives¹, such as the proposed Client Focused Reforms, amendments regarding embedded commissions for investment funds and new derivatives rules. We intend to consider these submissions as part of our review of regulatory burden. As such, there is no need to repeat comments provided in response to these projects.

Submissions

Please provide your comments using this [Burden Reduction Survey](#)² or send your comments to the address below by March 1, 2019.

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor
comments@osc.gov.on.ca

All comments received will be posted on the OSC's website at www.osc.gov.on.ca. Therefore, you should not include personal information directly in comments to be published. It is important that you state on whose behalf you are making the submission.

Burden reduction roundtable

We will consider all comments and suggestions received, together with input from ongoing external consultations and from our ten OSC advisory committees, to identify a series of short, medium and long-term actions to reduce unnecessary burden.

We will hold an initial roundtable on March 27, 2019. The roundtable will provide an opportunity to discuss submissions made to the OSC during the comment period and to engage in an open discussion about the proposals being considered and any issues identified.

Anyone wishing to participate in the discussion at the roundtable should submit a comment letter in response to this notice and expressly indicate a desire to participate.

Additional details regarding the roundtable will be published on the OSC's website when available, including the list of participants.

¹ For a complete list, please refer to: http://www.osc.gov.on.ca/en/SecuritiesLaw_proposed_index.htm.

² <https://forms.office.com/Pages/ResponsePage.aspx?id=gLGWT5HnU0qu6YdvdcWOfdYt5j7cbTJEuU7Fg8Txd7hUMFRON0JPTVFZR0k3WFIFOURKVEIGTFJKRS4u>. A word version of the Burden Reduction Survey is available at the following link for your information: <http://www.osc.gov.on.ca/en/regulatory-burden-survey.htm>.

Questions:

Please refer your questions to any of:

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