



BY EMAIL: comments@osc.gov.on.ca

December 19, 2023

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor
Toronto, Ontario M5H 3S8
Email: comments@osc.gov.on.ca

Re: OSC Notice 11-798 – Statement of Priorities – Request for Comments Regarding Statement of Priorities for Fiscal Year 2024-2025

Dear Sirs/Mesdames,

We are writing to provide our comments to the Ontario Securities Commission (the “**OSC**”) with respect to its draft Statement of Priorities for Fiscal Year 2024-2025 (the “**Statement**”).

Fidelity Investments Canada ULC (“**Fidelity**”, “**we**”, “**us**”, “**our**”) is the second largest mutual fund company in Canada. As at December 15 2023, Fidelity managed over \$214 billion (CAD) in retail mutual funds, exchange traded funds and institutional assets. For over 75 years, including 36 years in Canada, Fidelity has put investors first by working hard to help them achieve their financial goals.

We are supportive of many of the Statement’s key priorities and recognize that the OSC is also committed to improving outcomes for investors. We welcome the opportunity to provide our feedback on certain of these priorities and to work collaboratively with the OSC toward our shared commitment.

Dispute Resolution Framework

We are pleased that the OSC, together with other Canadian Securities Administrators (“**CSA**”), aim to strengthen the dispute resolution services available to investors and look forward to participating in the CSA’s consultation on the proposed regulatory framework for independent, binding dispute resolution. The interest of investors is of the utmost importance to Fidelity and we believe that investors will be better served by the Ombudsman for Banking Services and Investments if it is granted authority to make decisions that are binding on firms that have caused harm to investors.

Impact of Limited Product Shelves

We commend the OSC, along with the Canadian Investment Regulatory Organization and CSA, for making it a priority to investigate the impact predominantly proprietary product shelves may have on investors. We share the same concern for possible negative investor outcomes, including inferior performance, as a result of closing shelves to third party investment products. We believe that all investors should have access to a choice of appropriate investments that best serve their needs, as intended by the Client Focused Reforms.

Delivery Options

We continue to support the OSC and CSA in taking action to modernize the way regulatory and continuous disclosure documents are made available for the benefit of both investors and issuers, and we look forward to continued engagement on development of digitalization initiatives for continuous disclosure documents. However, we suggest that the OSC and other CSA members consider taking this opportunity to advocate for extending these proposals beyond financial statements and management reports of fund performance. In our view, time should be taken to develop a robust, longer-term solution for digitalization rather than taking this change as a quick win. In our experience, once a priority has been completed, it is difficult to reopen an issue for some time. The broader digitalization of our industry is already long overdue. We urge the OSC to consider where the industry should be 5 years from now and 10 years from now, consistent with the rest of the world which is rapidly digitalizing. We are heartened by the priority the Ministry of Finance has put on the digital economy and the stated goal of becoming the most digital jurisdiction in the world.

As we stated in our comments provided in the previous CSA consultation¹, the collection and provision of investor e-mail addresses must be mandated as part of the client onboarding process at the dealers. We consider this a crucial first step towards modernizing the regulatory delivery regime. For market participants that do not have direct client access to this information, it should also be a requirement that such information be passed on to those who have delivery obligations under securities laws, e.g. mutual fund manufacturers. To aid in this process, making a universal consent form as part of account opening documents would be beneficial for dealers and investment fund manufacturers to rely upon to create a reliable and comprehensive database of client electronic information.

It is also our view that the default method of delivery should be electronic for investment fund disclosure documents, so long as investors have the ability to opt to receive paper documents if that is their preferred method. In the United States, the legislative process is already underway to move to implementing electronic delivery as the default means for delivering investor communications. The *Improving Disclosure for Investors Act of 2023* bipartisan bill was introduced to direct the Securities and Exchange Commission to engage in rulemaking to permit investment fund companies to deliver regulatory documents to investors using electronic means as the default option. A mechanism would be available for investors to opt out of electronic delivery and receive paper documents instead.² We also note that pension documents in Ontario are defaulted to electronic delivery in Ontario up to age 65 and the Financial Services Regulatory Authority of Ontario is soon to roll this out to pensioners above age 65.

Ultimately, our view is that the default electronic delivery regime would establish three methods of delivery for regulatory documents:

- (i) access-based delivery;
- (ii) electronic delivery; and
- (iii) paper delivery (opt-out).

We believe that documents containing publicly available information are best suited to the access-based regime to effect delivery. We would not object to a notice to investors to indicate that the documents are available on

¹Fidelity submitted a comment letter in response to the CSA's Notice and Request for Comment on Proposed Amendments and Proposed Changes to Implement an Access-Based Model for Investment Fund Reporting Issuers https://www.osc.ca/sites/default/files/2022-12/com_20221223_81-106_fidelity.pdf

²H.R.1807 - 118th Congress (2023-2024) Improving Disclosure for Investors Act of 2023, H.R.1807, 118th Cong. (2023), <https://www.congress.gov/bill/118th-congress/house-bill/1807/text>



the website, perhaps also with a link to the website/document. For documents containing any personalized investor information, the electronic delivery regime is suitable, whereby an email is sent to investors to notify them to log in to a secure portal with the full text of the document. This is already a well used mechanism in our industry by dealers.

We wish to also encourage the regulators to form an industry working group in order to collaborate together on a solution to modernize the regulatory document delivery regime. We would be pleased to participate in this group.

We would like to thank the OSC for the opportunity to comment on the Statement and we would be pleased to discuss any of our comments with you.

Yours sincerely,

A handwritten signature in cursive script that reads "W. Sian Burgess".

W. Sian Burgess
Senior Vice President, Fund Oversight

c.c. Rob Strickland, *President*
 Robyn Mendelson, *Vice President, Legal and Procurement*
 Robert Sklar, *Director, Legal Services*
 Marissa Mymko, *Legal Counsel*