



OSC Staff Notice 11-784 Burden Reduction

The OSC is seeking suggestions on ways to further reduce unnecessary regulatory burden, as provided in OSC Staff Notice 11-784.

We invite your comments on the Staff Notice through the survey below. Please note that each question has a 4000 character response limit.

Closing date: March 1, 2019

Thank you for sharing your thoughts with the OSC Burden Reduction Task Force.

*** Required**

1. Please provide your name. *

FNT 104 Financial Services Regulatory Landscape and RegTech Class

2. What is the name of your firm or company, if applicable?

Seneca College School of Accounting and Financial Services

3. What is your role in the capital markets? *

Academia

4. Do you have any general comments on the topic of regulatory burden reduction related to securities regulation? If so, please enter only the legislative reference for your suggestions in the box below (for example 31-103 1.1)

31-103 Registration Requirements

5. Please use the space below to provide your general comments.

We found it difficult to find one overall page that listed and defined in plain language the registration requirements applicable for small start-up firms dealing and distributing securities. If there was a checklist of the key documents needed to meet the initial registration application requirements, without having to engage legal counsel (which can be costly), it would help start-ups determine whether it is feasible for us to apply for registration.

6. Are there operational or procedural changes that would make market participants' day-to-day interaction with the OSC easier or less costly? If so, please enter only the legislative reference for your suggestions in the box below.

33-109 Registration Information, Part 2 and 3

7. Please use the space below to provide your suggestions for operational or procedural changes.

For initial and ongoing submission of registration documents, would recommend moving towards the use of Sharepoint sites rather than the online general portal where we cannot obtain confirmation if documents have been successfully submitted or edit previously submitted files. Eliminate the use of fax and post mail as a way to submit registration information.

8. Are there ways in which we can provide greater certainty regarding regulatory requirements or outcomes to market participants? If so, please enter only the legislative reference for your suggestions in the box below.

31-103 Registration Requirements parts 7, 8, 12 and 33-109 Registration information parts 2, 3.

9. Please use the space below to provide your suggestions regarding how the OSC could provide greater certainty regarding regulatory requirements or outcomes.

While we agree that most FinTech companies cannot fit under the same regulatory approach/category, if the OSC can provide greater certainty through a one page high-level summary on which requirements and information apply to a FinTech start-up for consideration for registration and terms and conditions imposed.

10. Are there forms and filings that issuers, registrants or other market participants are required to submit that should be streamlined or required less frequently? If so, please enter only the legislative reference for your suggestions in the box below.

From the Terms and Conditions of registration placed on FinTech Firms (CSA)

11. Please use the space below to provide your suggestions regarding forms and filings.

"In addition to any other reporting required by securities laws, including Form 45-106F1, the Filer must provide to the OSC in a format reasonably acceptable to staff (i) details of investor complaints received by the Filer within 10 days of any such complaint..." It is unclear which types of complaints should be provided to the OSC and companies already have important reporting and filings to submit on an ongoing basis. Requiring all complaints may take away from more important reporting and other business requirements.

12. Are there particular filings with the OSC that are unnecessary or unduly burdensome? If so, please enter only the legislative reference for your suggestions in the box below.

NI 31-103 and 45-106

13. Please use the space below to provide your comments regarding burdensome filings.

"Within 30 days of the end of each calendar quarter, the firm must provide the following reporting to the principal regulator for each investment fund managed by the firm that invests in specified cryptocurrencies." New cryptocurrencies are surfacing rapidly, and in most cases, one must act fast in order to receive the most benefit. Requiring the firm to obtain approval every time they decide to invest in a new cryptocurrency sounds like it will use a lot of time and resources, and will ultimately lead to missed opportunities. The approval process is also not clearly defined, which would help us/the firm have a better understanding on the requirements. The defined process should include what information is needed from the firm regarding the new cryptocurrency, and the approval timeline from the regulating body (ex. 24 hours, a week, etc). Depending on the process, it may discourage a firm from wanting to apply for registration.

14. Is there information that the OSC provides to market participants that could be provided more efficiently?

General registration requirements and information that FinTechs should prepare to apply for registration in a summarized checklist. Navigating through the National instruments for small start-up firms is challenging and engaging external legal counsel or compliance consultants can be costly if the FinTech is in start-up phase and deciding whether to launch or not.

15. Are there requirements under the OSC rules that are inconsistent with the rules of other jurisdictions and that could be harmonized? If so, please enter only the legislative reference for your suggestions in the box below.

16. Please use the space below to provide your comments and suggestions around harmonization of rules.

We feel that with the CSA Decisions, there is a good level of harmonization on the registration and terms on registration for FinTech firms. And also with Staff Notice 46-307 Cryptocurrency offerings was also very helpful and harmonized in approach which was appreciated.

17. Are there specific requirements that no longer serve a valid purpose? If so, please enter only the legislative reference for your suggestions in the box below.

45-106 and 31-103

18. Please use the space below to provide your comments and suggestions around requirements that may no longer serve a valid purpose.

"Within thirty days of the end of each calendar quarter, the firm must provide the following reporting to the principal regulator for each investment fund managed by the firm that invests in specified cryptocurrencies."- for those cryptocurrency InvFunds, they are already passive investment strategy. We feel there will be little monitoring benefit by providing the report on every quarter because there should be very little changes. It would become a burden to produce similar report on a quarterly basis. We believe an annual report will allow the new fintech company more time and produce a more detail report.

Registration T&Cs of some Fintechs - we feel it is unnecessary to have to re-apply to remain as a registered company. Again, a lot of time and resources would be used and cause a burden to the firm. The one-year period is not a very long time, and only adds to the list of required paperwork at the end of the year. If the need to re-apply is not eliminated, extending the term to two years or more should be considered in order to reduce the year end regulatory work. The process should be made clear online, as well as a published expected timeline for processing the application (both initial and renewal).

19. Are there 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?

(i, ii) Electronic delivery should be the default mechanism for communication with investors with physical copies available on an opt in basis.

(iii) Registrants should be given the flexibility to innovate reporting and disclosures to maximize benefits to investors about their portfolio activities with minimal details on other areas like conflicts of interest, etc. Forms should better implement design principles that have been shown to facilitate visual appeal and comprehension.

20. Please use the space below to provide your suggestions for modernizing information provided to investors because of regulatory requirements. For example, specific areas where we could promote the use of plain language?

Registration requirements and information and ongoing reporting requirements.

21. Do you have any other comments for the OSC Burden Reduction Task Force?

22. If you don't have enough space for your response to any question above, please use the space below to continue your comments. Please indicate which question these comments relate to.