



# 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. \*

Laura Hewitt

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

Sun Life Financial

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

Various roles, including investment fund manager, exempt market dealer, institutional investment management company

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)

n/a

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

We are pleased to see the action the OSC is taking in this area. As noted in our 31-103 submission, we support initiatives that aim to better align the interests of registrants and investors, improve investor outcomes and raise the bar for registrant conduct when dealing with providers of financial services and products. We view this initiative as an opportunity to remove barriers or eliminate unnecessary activities, which will allow our organization to focus our time and efforts on providing the best service for clients.

We support a principles-based regulation approach that protects clients and is also mindful of adding compliance costs that do not have tangible impacts for investors. We are also supportive of a framework that allows for flexibility and innovation, particularly in an era of rapidly changing technology and business models.

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.

n/a

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

An advisor may indefinitely be under close supervision when it is no longer required

- When the dealer has satisfied that there are no further concerns on an advisor who has been under close supervision, the dealer submits a request to the OSC to remove the advisor from close supervision. There are instances when the OSC does not respond and/or it is not clear what the remaining concerns are that are preventing the removal of the close supervision requirement on the advisor. This results in an advisor being on close supervision for an indefinite time. Where the dealer is satisfied that there are no concerns, we request a timely response from the OSC to confirm the removal or provide clarity on any outstanding concerns.

Duplication/overlap between MFDA and OSC

- Settlements on disciplinary matters are agreed upon between the dealer and MFDA. However, the OSC may subsequently impose additional terms and conditions, after the settlement agreement has been concluded. This creates undue stress on the advisor. We recommend that the MFDA consider coordination and alignment with the OSC on settlement agreements prior to it being finalized.

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.

n/a

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

Regulating by comment/feedback

- As part of the prospectus review process, CSA staff may provide feedback on the disclosure of the prospectus. In some cases, some of the feedback is beyond the scope of what is prescribed by securities legislation or require substantive operational changes to the mutual fund. The nature of additional changes are often unclear and creates a burden on the mutual fund and its manager. We recommend that CSA staff adopt an approach whereby it undertakes some form of consultation with the industry once it identifies a concern but before the comments are provided to the manager. Following the consultation, we recommend CSA publish their findings in some written form to inform other industry members of the expectations.
- Changes to the OSC's interpretation securities regulations should not first be disclosed to Investment Fund Managers (IFMs) during prospectus renewals. This creates unequal information between IFMs and places the regulatory burden only on those who are having their review. This inconsistent approach creates uncertainty and creates an unlevel playing field. New interpretations should be announced to the market, and the Prospectus renewal should be used to test that those new interpretations have been incorporated into the documents.
- When changing calculation of participation fees, it would be helpful to have more lead time (at least six months).
- The OSC website can be improved by providing consolidated versions of current Instruments, Rules and Notices.

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.

n/a

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

- Duplication of information across filings of simplified prospectus and Annual Information Forms (AIFs). Consider eliminating duplicative forms and/or information.
- Management Reports of Fund Performance (MRFPs) are intended to be supplemental information to the financial statements but there is some

duplication in the MRFP that may not be necessary, though it may be easier for the reader to review it in one document e.g. within MRFP: top 25 holdings, NAV, NAVPU, outstanding units.

- MRFP timing and frequency: The annual statements and MRFPs have to be filed 90 days after year-end, while semi-annual statements have only 60 days to file. This is a tight timeline for the semi-annual filing and we recommend that the semi-annual filing be extended to 90 days. Alternatively, we recommend reducing the amount of content requested in the semi-annual statement.
- Consider removing the requirement for the filing of the Report of Voting Results as a separate filing if an issuer is already filing a news release announcing the voting results.

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.

n/a

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

- When there are risk rating changes, we must file an amendment to its simplified prospectus. It would be more efficient to file an amended fund facts.
- An Investment Fund Manager is required to provide details of any NAV errors. The Risk Assessment Questionnaire also includes a section for NAV errors. Suggest that any missing details of NAV errors not covered in the RAQ (F19) be added so that the ad hoc reporting of NAV errors could be eliminated.

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

- Where applicable, we recommend that the OSC provide additional context for consultations, including transparency around the rationale or genesis of the consultation. This will allow respondents to be more direct in responses.
- We recommend that the OSC seek industry input on current practices and operations including views and implications (e.g. systems, challenges, processes) of any proposed regulations under consideration prior to publishing consultation papers. This informal engagement would provide for better outcomes in terms of consultation responses.

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.

NI 81-102; NI 81-14

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

Alternative Mutual Funds previously under NI 81-14 being consolidated with its own carve out in NI 81-102. Similarly, ETFs should have a carve out under NI 81-102.

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.

n/a

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

n/a

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?

- The requirement in NI51-102F2 to provide trading price and volume and prior sales information (Item 8) is not necessary given that this information is publicly available on the stock exchange websites.
- While not specific to OSC, remove the disclosure of management fee breakdown as CRM2 now provides more fulsome information at the client level.

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?

n/a

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

In response to the question regarding changes that the OSC could make on an interim basis in Ontario only:

Outside Business Activities – we note the differences between provinces on what is considered Outside Activities e.g. volunteer sports coaching activities;

scenarios considered to be a reportable debt obligation such as monthly support reduction notice. The OSC could make efforts to explore where gaps exist between provinces in this area and work towards harmonization.

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.

n/a