BY EMAIL

January 5, 2022

Kathryn Royal
Manager, Strategic Planning and Reporting
Ontario Securities Commission
kroyal@osc.gov.on.ca

Dear Kathryn Royal:

Re: Request for Comments Regarding Statement of Priorities for Financial Year to End March 31, 2023

We are writing to provide comments with respect to the draft of the Ontario Securities Commission's (the "**OSC**") Statement of Priorities (the "**Statement**") for its financial year ending March 31, 2023.

Introduction

Fidelity Investments Canada ULC ("**Fidelity**") is the third largest mutual fund company in Canada. Fidelity manages over $200 billion in retail mutual funds, exchange traded funds and institutional assets for Canadian investors. For over 70 years, including 34 years in Canada, Fidelity has put investors first by working hard to help them achieve their financial goals.

We are pleased to see that the OSC has included "Modernizing the Regulatory Environment" as a new goal reflecting its expanded mandate to promote competition and foster capital formation. As the OSC moves forward with embedding a culture of burden reduction, we look forward to seeing more initiatives to streamline regulation without compromising investor protection.

We hope that you will find our comments that follow constructive. We look forward seeing some of them reflected in the final statement of priorities for the ultimate benefit of investors.

Comments

We commend the OSC and Canadian Securities Administrators ("**CSA**") for the steps taken to reduce regulatory burden so far and we look forward to continuing to engage with the OSC on issues related to modernizing the regulatory environment. Below we have elaborated on some issues of importance relating to this priority.

Digitalization

We continue to believe that digitalization is critical to the future of the capital markets generally, and specifically, for retail investment funds and investors. We include in "digitalization" completely eliminating the use of paper for regulatory materials, electronic delivery as the default mechanism for delivery, access equals delivery, e-signatures, creating digital mailboxes and removing barriers to other electronic initiatives.

The pandemic has shown us not only that we can adapt very quickly to an electronic model that services the needs of the industry and investors in a practical way, but that an electronic model more affectively addresses the OSC's goals of reducing regulatory burden and improving the retail investor experience. We encourage the OSC to prioritize working with the other regulators to digitalize the investor experience.

Access equals delivery

Fidelity has consistently advocated for an access equals delivery model for investment fund issuers.[1] The access equals delivery model will undoubtedly enhance the investor experience by providing investors instant access to current information about their investments that is more navigable than paper disclosures. Moreover, it allows for innovative features, including hyperlinks and document search capabilities. The access equals delivery model will also achieve the dual goal of reducing printing costs and being environmentally conscious in a world where fewer and fewer investors read regulatory documents in paper copy. Accordingly, we believe that the access equals delivery model should be the default for offering and continuous disclosure documents, with paper mail available for investors that do not have Internet or email access or who prefer that form of delivery.

We look forward to the forthcoming consultation on modernizing and exploring alternative delivery for investment funds and strongly urge the OSC to take this opportunity to adopt an access equals delivery model for investment fund issuers. We hope that the OSC will prioritize working with the CSA towards a quick transition.

Interim MRFPs

We continue to encourage the OSC to work together with the CSA to remove the requirement for interim management reports of fund performance ("**MRFPs**") altogether in a 'time is of the essence' manner.[2] The Ontario Capital Markets Modernization Taskforce's final recommendations called for the elimination of the interim MRFPs in 2021. The economic benefit to fund companies required to prepare and file the interim MRFPs would be immediate and the savings across our industry could be used to benefit investors in other ways.

We have seen a very low percentage of investors opt-in to receive the interim MRFPs, which leads us to believe that these documents are not meaningful to investors. Yet the interim MRFPs are costly and labour intensive to prepare, review, file and deliver. For Fidelity, the elimination of interim MRFPs would result in annual savings of over $3 million. We expect that this would represent savings in the range of $50 million for the investment funds industry as a whole.

We believe this recommendation would not negatively impact investors. Investors would continue to receive the audited financial statements and MRFPs on an annual basis. Investors would also continue to receive meaningful financial information through other disclosure documents, which are updated more frequently.

[1] Comment Letter received from W. Sian Burgess (Fidelity Investments Canada ULC) on March 13, 2020: Re: CSA Consultation Paper 51-405 – Consideration of an Access Equals Delivery Model for Non-Investment Fund Reporting Issuers (osc.ca)

[2] Comment Letter received from Rob Sklar (Fidelity Investments Canada ULC) on September 17, 2021: Re: Proposed Amendments to NI 51-102 Continuous Disclosure Obligations and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers (osc.ca)

Comment periods

Fidelity is supportive of the OSC contributing to expedited rule and policy making, however public comment periods should continue to provide sufficient time to gather meaningful feedback from stakeholders. In the draft Capital Markets Act published by the government of Ontario, the public comment period for new rules is reduced to 60 days down from 90 days in the *Ontario Securities Act*. For many consultations a 60-day comment period is not enough time for thorough analysis of regulations, current practices, and potential impacts. We believe that a 90-day comment period for new rules is a more appropriate timeframe and will allow for more beneficial feedback.

Conclusion

The interest of investors is of the utmost importance to Fidelity. We are pleased that the OSC's Statement shares our commitment, and we support many of the OSC's priorities. We believe in working closely with regulators and policymakers to put investors first and strengthen protections.

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.

Yours sincerely,

"W. Sian Burgess"

W. Sian Burgess
Senior Vice President, Fund Oversight

c.c. Rob Strickland, President
Rob Sklar, Director Legal Services
Marissa Mymko, Legal Counsel