

The Secretary Ontario Securities Commission

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OSC 2024-2025 Priorities Comments

Priorities **MUST** reflect the goals of an organization. My comments herein will be focused on Investor Protections as many priorities are set to address other goals that the OSC has but I am interested in focusing on enhancing Investor Protections.

When I compare the 2023-2024 OSC Statement of Priorities ("OSC2023") to the 2024-2025 OSC Statement of Priorities ("OSC2024") I identified that priorities were linked to the organization's goals in 2023-2024 but not in 2024-2025 so it is impossible to see where the priorities align in meeting the organizations goals as it is up to the readers to slot in the priorities to the goals that are not disclosed.

Please refer to the accompanying Excel model that compares the OSC2023 versus OSC2024 wherein I have tried to link the priorities identified between the two plans.

Consequently, the outset the OSC is making it more difficult for readers to compare year over year SOPs.

Worth initially noting is that nothing at all about GAG ORDERS (NDA) even though they are getting a lot of media attention.

2024-2025 OSC Priorities

1. Develop and publish OSC Strategic Plan

How is this really a priority as every organization MUST have a strategic plan. Interesting that they pointed to their expanded statutory mandate in an ecosystem. Interesting choice of the word "ecosystem" which implies a complex network or interconnected system. One would like to think that a "regulator" by virtue of regulating activities should not be interconnected to the bodies that they are regulating. The word does although suggest importance in the biological setting.

2. Advance Work on Environmental, Social, and Governance Disclosures for Reporting Issuers

Same priority as identified last SOP cycle. A review of the planned outcomes is the same in OSC2023 and OSC2024 however more participations are identified in OSC2024. How will this enhance Investor Protections escapes me as it appears to be an advancement of a societal agenda, albeit very slowly.

Maybe the OSC might want to consider revising their planned outcomes section unless it is part of the boilerplate template.

3. Consider Broader Diversity on Boards and in Executive Roles at Reporting Issuers

Same priority as identified last SOP cycle. A review of the planned outcomes is the same in OSC2023 and OSC2024 however more participations are identified in OSC2024. How will this enhance Investor

Protections escapes me as it appears to be an advancement of a societal agenda in response to significant events in the U.S., Canada and around the world that have intensified the focus on racism, and that includes a heightened focus on the issue of racial diversity on boards and in executive roles.

Same planned outcomes in OSC2023 and OSC2024.

4. Assess implementation of Client Focused Reforms and consider impact of limited product shelves.

If the OSC does something it may add to investor protection as the OSC is concerned about what impact predominantly proprietary products shelves may have on client outcomes (e.g., higher fees and inferior performance) and other possible negative outcomes may result if financial institutions offer predominantly proprietary products and independent products are not readily available for investors and their advisors to consider.

From a review of actions in OSC2024 and planned outcomes in OSC2024 my assessment is that the OSC is going to study this area for years and ask Bay Street for more information and provide more drivel as to their obligations. I really see nothing meaningful that will enhance investor protection.

5. Advance Initiatives to Strengthen the Short Selling Framework

Unspecified initiatives and deliverables in OSC2024 to strengthen the regulation of short selling including the introduction of a mandatory buy-in requirement and enhanced fail to deliver reporting in Canada. Support CISO, with the CSA, in clarifying and strengthening the obligation to have a reasonable expectation to settle a short sale on the settlement date.

I see no additional investor protections coming in OSC2024. Planned outcomes are the motherhood statements, investor confidence and fair and efficient markets without enforcement teeth.

6. Study the Limitation of Advice in the Order-Execution Only Channel

My understanding that OEO firms do not provide advice as that is what the name implies. For advice you go to an Investment Advisor at a full-service brokerage and hope and pray that they know what they are doing as the qualifications and designations keep changing which keeps retail investors confused so who really knows their respective financial expertise.

The planned outcome identifies quality information from verified sources. Good luck to the OSC as to be able to ever enforce that unless of course they are planning a massive staffing increase. I would think that full-service brokerages are going to provide push back in this area as how good can any advice be at \$9.95 a trade and less.

My assessment is that this will further confuse investors especially vulnerable investors as most investors are already confused as financial products are becoming more complex.

I recommend keeping OEO firms from providing any advice unless an accountability structure is built around the provision of advice such as KYI and KYC information.

7. Advance Cooperation with Indigenous Peoples and Work to Understand and Integrate their Perspectives and Interests

Identified in OSC2023 and OSC2024 with OSC2024 having far more planned outcomes some even tied to Indigenous Peoples Truth and Reconciliation. This is a societal goal that I fail to understand how that

will enhance the OSC's regulatory role and investor protection role with initiatives directed to a very small population subset. My only thoughts are that the OSC could envision itself as blocking companies from developing disputed lands or providing additional financial disclosures which I thought was the role of government.

The OSC getting into this area will, in my opinion, not benefit main stream investors at all and only serves as a resource distraction by catering to a boutique group. What about commencing incorporating different religions in the OSC mandate as my understanding is that Muslims for example have specific religious rules with respect to not earning interest that has to be treated differently. Maybe other religions have other rules that the OSC may wish to incorporate.

8. Enhance Information Sharing with the Canadian Public Accountability Board

Same deliverables in OSC2023 and OSC2024 as this SOP is what the public expects to see, I presume. Almost the same actions in OSC2023 and OSC2024. Same discussion about proposals that would need to be supported by amendments to the Ontario CPAB Act and/or amendments to CPAB's rules.

With all the years of discussions around whether amendments to the Ontario CPAB Act are needed how would that protect investors from the risk of improper financial reporting practices by public companies, especially when no decisions have been made. What is needed is **ACTION** not endless bureaucratic discussions.

9. Conduct Initiatives for Retail Investors Through Specific Education, Policy, Research and Behavioural Science Activities

If you read OSC2023 no need to read this section in OSC2024 as it is almost a carbon copy of OSC2023. This section is all about the OSC educating investors so that they can state that they are providing investor protection. New word for OSC2024 is [gamification](#).

Retail investors look to the OSC to drive investor protections from financial institutions / dealers that sell investments to ensure that their financial interests are protected. The OSC is of the opinion that they are in the investor education business as opposed to regulating the former.

Once again, no new investor protections here, just a rehash of OSC2023.

10. Strengthen the Dispute Resolution Framework of the Ombudsman for Banking Services and Investments and Modernize OSC's Disgorgement Framework

This is the only one where investor protections appear front and center. In OSC2024 the OSC may get the ability to disgorge funds eligible investors who have suffered direct financial losses in prescribed circumstances. The legislation remains subject to approval of the Ontario Legislature. If approved, it will come into force after the OSC develops and makes rules setting out conditions of eligibility and the details of the distribution process.

The OSC plans to publish a proposed rule for public comment governing the distribution of disgorged amounts collected by the OSC and consider the feedback received on the proposed rule. The feedback will be from the industry stakeholders that the OSC will listen to and the rules and eligibility will be some tough that my assessment is that funds disgorgement will be minimal.

Consistent with OSC2023 and OSC2024 same comment regarding OBSI binding decisions that we all know will be a political direction.

11. Strengthen Oversight and Enforcement in the Crypto Asset Sector

The opening statement from the OSC it is important to continue efforts to bring crypto asset trading platforms into compliance with securities laws which is a significant investor risk if they are not even in compliance with securities laws. How can you have protection when crypto is trading with what I read within weak oversight structures.

Given the serious risks of crypto I am concerned that the OSC2024 time frame is far too long for crypto firms to get their respective acts together as huge losses could be sustained if crypto firms are not actively regulated. Once again OSC school is taking the forefront in investor education for the handful of retail investors that ever go to the OSC website on a proactive basis as they usually go after they have difficulties (lost substantial sums) with their investments.

A stopgap measure to protect investors initially would be for the OSC to mandate that all firm's investor clients contact email and details be either provided to the OSC if they discuss any crypto investments with their clients and the OSC could direct investors to OSC educational resources or alternately the firms MUST provide the OSC educational resources to their clients before they invest in crypto assets and retain the appropriate audit trail of proof. Failure for firms / dealers / investment advisors to comply with the above should be associated with huge fines and dealers should be required to post up front LoC to ensure that the funds are available.

The OSC by attempting to achieve an appropriate balance in supporting novel businesses and fostering innovation and competitive capital markets while promoting investor protection seems to be a dichotomy as the balance always seems to favour the industry.

THIS AREA REPRESENTS A HUGE RISK FOR ALL INVESTORS

12. Modernize Delivery Options of Regulatory and Continuous Disclosure Filings for Issuers

Same planned outcomes for OSC2023 and OSC2024. Access=delivery does not assist with investor protection. The stakeholder feedback being considered in the development is predominantly industry feedback.

13. Facilitate Financial Innovation

Same planned outcomes in OSC2023 and OSC2024. This is an OSC initiative geared to business to support capital formation and does not appear to add to investor protection.

14. Further Initiatives that Promote Capital Formation and Foster Competition

Same planned outcomes in OSC2023 and OSC2024. This is an OSC initiative geared to business to support capital formation and does not appear to add to investor protection.

15. Execute OSC's Inclusion and Diversity Strategy

Although the OSC stated that this initiative will build investor confidence I fail to see how that will happen. For OSC2024 the OSC is adding the BlackNorth Initiative (BNI) CEO pledge to Indigenous Peoples Truth and Reconciliation and is beefing up Inclusion and Diversity (I&D) process and policy

enhancement to create a bias-free selection process. Whereas this may make the OSC a better and more equitable place to work for some targeted groups how will that translate into better investor protections for all Ontarians is difficult to comprehend.

16. Integrate Digital and Data Capabilities and Processes to Support Effective Decision Making, Risk Monitoring and Streamlined Operations

Focusing on data and digital capabilities with industry stakeholders which are not retail investors. What may benefit investors, yet to be proved of course, is timely access and analysis of integrated derivatives OTC trade data to support risk identification and compliance. The OSC makes no comments on how innovative regulatory practices will be developed or implemented.

I think that this is just the OSC stating that they are able to adapt to using data and data analytics which quite frankly I rely doubt.

2023-2024 OSC Priorities

1. Advance Work on Environmental, Social, and Governance (ESG) Disclosures for Reporting Issuers
2. Enhance Fee Transparency Through Total Cost Reporting
3. Consider Broader Diversity on Boards and in Executive Roles at Reporting Issuers
4. Incorporate Indigenous Peoples' Issues and Perspectives in CSA Policy Work
5. Complete the Development of the Over-the-Counter (OTC) Derivatives Regulatory Framework
6. Implement the New Single Enhanced Self-Regulatory Organization (SRO)
7. Enhance Information Sharing with the Canadian Public Accountability Board (CPAB)
8. Expand the Focus on Retail Investors Through Specific Education, Policy, Research and Behavioural Science Activities
9. Strengthen Investor Redress and the Ombudsman for Banking Services and Investments (OBSI)
10. Monitor and Respond to the Impacts of the Deferred Sales Charges Ban (DSC ban) and Order-Execution-Only Ban (OEO ban)
11. Strengthen Oversight and Enforcement in the Crypto Asset Sector
12. Streamline Periodic Disclosure Requirements for Corporate Finance and Investment Fund Reporting Issuers
13. Modernize Delivery Options of Regulatory and Continuous Disclosure Filings for Issuers
14. Complete Transition to SEDAR+
15. Facilitate Financial Innovation
16. Further Initiatives that Promote Capital Formation and Foster Competition
17. Attract, Develop and Retain Talent
18. Execute OSC's Inclusion and Diversity (I&D) Strategy
19. Integrate Data and Processes to Support Effective Decision Making and Risk Monitoring