

Navigating the next turn: The RIE Division of the OSC sets out its 2026-2027 examination priorities

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The Registration, Inspections and Examinations Division (RIE) of the Ontario Securities Commission (OSC) has published its examination priorities for fiscal 2026-2027 in OSC Staff [Notice 33-761 – 2026 Examination Priorities for the Registration, Inspections and Examinations Division](#), enforcing its focus on a risk-based supervisory framework that is responsive to evolving market conditions and emerging risks. These priorities are informed by findings from ongoing regulatory oversight, in collaboration with other OSC divisions and regulatory partners, developments in capital markets and engagement with registrants and other stakeholders. RIE has emphasized that it will focus on areas presenting increased risk of investor harm or market disruption. Speaking of which, RIE is itself exploring the use of artificial intelligence (AI) to enhance its examination processes while maintaining effective regulatory oversight.

For registered advisers, dealers and investment fund managers, RIE's continued emphasis on proportionate and agile oversight has important implications. RIE will maintain a risk-based examination approach, placing emphasis on firms identified as high-risk or high-impact through the Risk Assessment Questionnaire (RAQ) (which was due for completion by June 17). High-impact firms are those with considerable assets under management or where a material operational issue could create systemic risk to the Canadian capital markets. High-risk firms identified through the data collected from the RAQ are risk ranked based on multiple factors.

RIE will also continue to assess compliance with both new and existing regulatory requirements. In particular, derivatives dealers will be examined for compliance with National Instrument 93-101 *Derivatives: Business Conduct*, which came into force in September 2024. Examinations will focus on how firms have organized and overseen their derivatives business, including supervision structures, over-the-counter (OTC) derivatives trading, communications monitoring and interactions with counterparties to support fair dealing outcomes. RIE will also examine registrants' capital market participation fees and excess working capital filings to ensure that firms are meeting applicable capital obligations and paying required fees.

RIE is expanding its examination activities to address emerging areas of risk and evolving market practices, including working with the Canadian Investment Regulatory

Organization (CIRO) to review separately managed accounts of dealer member firms to identify risks, emerging trends and areas for improvement. Of note, RIE will conduct a national sweep of marketing practices, assessing both traditional and digital marketing activities for compliance with Ontario securities law. The findings of the sweep will help determine whether any updated regulatory guidance is warranted. Registrants will want to ensure that their policies and procedures, oversight, performance advertising and disclosure practices are up to date. For some practical tips see our reminder elsewhere in this newsletter “Buckle up for marketing scrutiny”.

RIE has initiated a compliance initiative focused on registrants’ use and implementation of AI systems (the AI Initiative). The first part of the initiative included a survey of registrants, with certain firms undergoing a further review to assess whether they are complying with securities legislation. Consider including time in your next road trip to catalogue the ways in which your firm and employees use AI and ensure you have an AI use policy, including if your firm does not yet permit the use of AI.

RIE will also publish the results of a focused examination of registrants’ cybersecurity practices conducted in collaboration with the CSA in the second quarter of this fiscal year, summarizing key observations, identified findings, and examples of effective practices.

RIE continues to monitor “ramp-and-dump” stock manipulation schemes and account intrusions and will assess the adequacy of registrants’ controls in addressing these risks.

Finally, RIE has underscored its intention to take swift and decisive regulatory action in response to compliance concerns. RIE has emphasized that the use of “for cause” examinations are critical to deterring misconduct and that it will use all available regulatory tools to address non-compliance, including referrals to its Registrant Conduct team.

The authors would like to thank [Ray Zhao](#), student-at-law, for his contributions to this insight.

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