OSC's draft Statement of Priorities – Staying secure

November 29, 2024

The Ontario Securities Commission (OSC) has released OSC Notice 11-799 – Statement of Priorities: Request for Comments Regarding Statement of Priorities for Fiscal Year 2025-2026. The proposed Statement of Priorities is intended to reflect the OSC's key priorities beyond its core regulatory operations to advance the six strategic goals that were set out in its 2024-2030 Strategic Plan earlier this year.

For ease of reference, the six goals are set out below:

- Quickly deliver effective regulatory actions in anticipation of emerging trends;
- Enhance the experience of individual investors;
- Dynamically right-size regulation informed by changing needs, risks, and practices in Ontario and globally;
- Implement a tougher, and more visible response to capital markets misconduct;
- Foster conditions for capital formation and innovation in both public and private markets; and
- Strengthen the OSC's position as a trusted and influential voice in Canadian capital markets.

The OSC believes that influence, advocacy, collaboration, and education will complement its traditional policy-driven approach to regulation. It intends to enhance its horizon scanning and research capabilities to help monitor trends that are emerging in the securities industry and to respond more quickly to those trends. Research may include further study on the impacts of artificial intelligence, as well as research on capital raising including costs, access, and new financial instruments.

The OSC intends to focus on the specific needs of different types of investors, and engage in additional investor outreach, especially for underserved communities. The OSC will continue to support its policy making process with behavioural science research, which we have noticed some market participants have appreciated based on various comment letters. As part of advancing the goal of enhancing the investor experience, the OSC intends to implement a new statutory disgorgement framework, focus on the quality of services obtained by investors and the choices available to them, and consider the proficiency of advisors and conflicts of interest, including looking at product shelves. The OSC will also work with the Canadian Investment Regulatory

Organization (CIRO) to clarify the ability of order-execution-only firms to provide non-tailored advice to meet the needs of do-it-yourself investors.

In a related note, the CSA indicated in a press release earlier this month that it continues to work on the introduction of binding authority for an independent dispute resolution service, expected to be the Ombudsman for Banking Services and Investments (OBSI). The CSA intends to issue a further consultation paper in the second half of 2025 that includes its proposed approach to oversight over OBSI.

The OSC has committed to implement a systemic approach to reviewing its regulations for proportionality and relevancy. In connection with right-sizing regulation, the OSC will continue to consider feedback on an access model specific to investment fund issuers and republish for comment proposed amendments. There will also be a CSA policy consultation on exchange-traded funds, with respect to areas unique to their trading and unit creation process.

Enforcement efforts will be focused on high-impact cases, including regulatory misconduct, fraud, and misleading disclosures.

The OSC's fifth strategic goal relates to fostering capital formation and innovation. It intends to continue to encourage testing through OSC TestLab and consider rule amendments that introduce a prospectus exemption based on other means of determining investor knowledge and capacity. Of interest, as part of its forward-looking intentions, the OSC will look at financing gaps among priority growth sectors in the Ontario economy and study the capital flows in these sectors, with a view to opportunities for pilot programs to address any identified gaps.

Finally, the OSC intends to enhance its voice within IOSCO, the global standard setter in the securities sector, leverage its thought leadership division, and voice its regulatory perspective as an intervenor in appropriate securities law court proceedings.

Comments on the draft Statement of Priorities are due by **December 20, 2024**.

By

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