OSC releases hot strategic plan for 2024-2030

May 30, 2024

Earlier this month, the Ontario Securities Commission (OSC) released its 6-year strategic plan. The plan sets out the OSC's new mandate, vision, and goals. The release begins by reminding us how much the financial markets that we live and work in have changed since the global financial crisis in 2007-2008 and explains how the OSC has evolved, and how it will need to continue to evolve. The strategic plan is a good, short, read that is concise and to the point, and explained below.

Why develop a new strategic plan now?

The OSC released its last strategic plan in 2012. Since then, a lot has changed with respect to the OSC's mandate, governance, and organization.

Mandate - The OSC's statutory mandate, which had been static since 1978, was expanded twice in the last 15 years.

- Financial stability and reduction of systemic risk was added to its mandate in response to the financial crisis.
- Fostering competitive markets and capital formation were added in response to the recommendations of the Ontario Government's Capital Markets Modernization Taskforce.

The new mandate can well be described as a multi-pronged mandate, to:

- Provide protection to investors from unfair, improper or fraudulent practices;
- Foster fair, efficient and competitive capital markets and confidence in the capital markets;
- Foster capital formation; and
- Contribute to the stability of the financial system and the reduction of systemic risk.

Vision - The lengthy mandate has been reflected in a pithier vision – "Working together to make Ontario's capital markets inviting, thriving and secure".

Governance - The OSC's very structure was changed to separate the adjudicative and regulatory functions and the roles of Board Chair and CEO. These structural changes

led to the creation of the tribunal (the adjudicative function) and the board (the regulatory function).

Organization - More recently, the OSC streamlined its organization "to reflect fewer business units with broader accountability for regulation across the financial landscape". Given how recently this change was made, the impact is still not clear.

What are the OSC's goals for 2024-2030?

Each of the six goals and their intended outcomes – which will guide the OSC's efforts - are summarized below.

1. Quickly deliver effective regulatory actions in anticipation of emerging trends

Outcomes:

- Regularly identify and analyze emerging trends in capital markets;
- Make timely decisions on appropriate regulatory responses to new market developments;
- Create regulatory certainty to foster prudent innovation; and
- Minimize investor losses related to underappreciated risks from new trends.

2. Enhance the experience of individual investors.

Outcomes:

- Position investors to make better life-cycle investment decisions;
- Establish a robust system for investor redress;
- Create better understanding for investors and advisors of financial and securities markets;
- Minimize regulatory and structural barriers to efficient investing; and
- Reduce investor harm.

3. Dynamically right-size regulation informed by changing needs, risks, and practices in Ontario and globally.

Outcomes:

- Give Ontario markets a glow-up for diverse groups of businesses and investors;
- Effectively assess regulatory actions for appropriateness and effectiveness;
- Reduce undue burden for market participants;
- Have the OSC play a leading international role influencing the global regulatory agenda and outcomes to align with our capital market's needs;
- Respond more effectively to cross-border and international developments of impact; and
- Optimally align regulatory responsibilities between the OSC and other regulators, including CIRO.

4. Implement a tougher and more visible response to capital markets misconduct.

Outcomes:

- Prosecute serious financial crimes vigorously;
- Increase the number of impactful administrative proceedings;
- Enhance the OSC's reputation as an effective enforcer, particularly on novel or sophisticated files;
- Deter misconduct and improve regulatory compliance in both the private and public markets; and
- Increase the OSC's collection rate.

5. Foster conditions for capital formation and innovation in both private and public markets.

Outcomes:

- Enable Ontario businesses to raise more capital to meet their needs for growth;
- Make Ontario's business environment more attractive for firms and investors;
- Improve financing availability at all stages of business growth across public and private markets;
- Expand investment opportunities for a wide range of investors;
- Develop a strong finance ecosystem for select growth industry sectors (for example, green industry); and
- Acknowledge confidence in the Canadian market ecosystems as a global competitive advantage.

6. Strengthen the OSC's position as a trusted and influential voice in Canadian capital markets.

Outcomes:

- View the OSC as an authoritative source of information on risks and best practices;
- Influence opinions, behaviours and policies within the OSC's regulatory purview and the financial regulatory spectrum;
- Increase compliance through enhanced awareness of regulatory requirements; and
- Demonstrate knowledge and awareness by investors, advisors and market participants of risks and opportunities in capital markets.

Postscript

It is an ambitious plan, with ambitious goals. Stay tuned for the practical implications of this plan on the day-to-day operations of the OSC and market participants. We are particularly interested in following the stated intended outcomes that will directly impact registrants, such as optimizing regulatory responsibilities between the OSC and other regulators. We will also review with interest any further statements such as the one

made under the second goal of enhancing the experience of individual investors, to the effect that staff will “call out” sales activities driven by broker compensation, where registrants do not provide the breadth of advice and products their clients would expect from an advisor.

By

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