

May 18, 2017

BY EMAIL

Robert Day
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Ontario Securities Commission
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Dear Sirs/Mesdames:

Re: Ontario Securities Commission Notice 11-777 – Statement of Priorities (the “Draft Statement of Priorities”)

The Canadian Advocacy Council¹ for Canadian CFA Institute² Societies (the CAC) appreciates the opportunity to comment on the Draft Statement of Priorities.

As a general comment, given the breadth of regulatory reforms that the OSC has undertaken and continues to be engaged in, it would be helpful to readers to have a specific timeline of milestones next to the major goals indicating, for example, when a new instrument or order was first published for comment and, to the extent possible, the timeline during which the next version will be published for comment or in final form. Further, while the OSC has not identified its work in the international regulatory environment as a priority, we believe that reporting on the work in the international context, alongside a domestic priority, where applicable, would be valuable given the interconnectedness and global nature of our capital markets.

We support a number of initiatives included in OSC’s list of priorities for the upcoming fiscal year, particularly the ones focused on delivering responsive regulation by, among other things, reducing regulatory burden.

On this point, we commend the OSC’s efforts in identifying opportunities to reduce the regulatory burden in areas such as streamlining rules for smaller reporting issuers, simplifying prospectus rules, removing redundant disclosure and reporting requirements for investment funds, and eliminating overlap in duplicative regulatory requirements. Consistent with this priority, we

¹ The CAC represents more than 15,000 Canadian members of the CFA Institute and its 12 Member Societies across Canada. The CAC membership includes portfolio managers, analysts and other investment professionals in Canada who review regulatory, legislative, and standard setting developments affecting investors, investment professionals, and the capital markets in Canada. See the CAC’s website at <http://www.cfasociety.org/cac>. Our Code of Ethics and Standards of Professional Conduct can be found at <http://www.cfainstitute.org/ethics/codes/ethics/Pages/index.aspx>.

² CFA Institute is the global association of investment professionals that sets the standard for professional excellence and credentials. The organization is a champion for ethical behavior in investment markets and a respected source of knowledge in the global financial community. The end goal: to create an environment where investors’ interests come first, markets function at their best, and economies grow. CFA Institute has more than 135,000 members in 151 countries and territories, including 128,000 CFA charterholders, and 145 member societies. For more information, visit www.cfainstitute.org.

appreciate the OSC's work with the CSA in publishing a consultation paper³ aimed at reducing the regulatory burden for non-investment fund reporting issuers. We look forward to the recommendations that may surface as a result of these initiatives, as well as the consultation paper regarding reducing the regulatory burden for investment fund issuers.

With respect to the OSC's goal of delivering effective compliance, supervision and enforcement, the specific measures and timeframes with respect to how the OSC will increase the deterrent impact of enforcement actions and sanctions are unclear. The Draft Statement of Priorities indicates that the OSC needs to vigorously pursue the collection of penalties and fines, and that it will assess and publish results of a new collection process, but it is unclear what this approach is, recognizing that collectability of sanctions has been a long-standing challenge.

Another stated goal of the OSC relates to promoting cybersecurity resilience. We agree with the statement made that successful cyber-attacks can undermine investor confidence. In addition to continuing to assess levels of resilience of market participants and improving cybersecurity awareness, we would urge the OSC to provide additional guidance on specific measures that should be taken by all market participants and those that monitor them to train or acquire staff with the necessary experience to support cybersecurity measures. We note that this effort would also be required by market participants other than registrants, such as custodians and others hosting investor data.

As the OSC moves forward in publishing regulatory reforms in the context of a best interest standard, and in the context of the advisor and client relationship, we believe that it would assist market participants if there were clear, published criteria for measuring the success of any regulatory reform in these areas. If the success of a new rule is measurable and monitored, consideration of any necessary amendments can take place in a timely manner. We observe that the OSC has been proactive in organizing roundtables as a practical and efficient method of collecting information and views of market participants and stakeholders. We would be pleased to continue to participate on an ongoing basis in these roundtables.

Concluding Remarks

We thank you for the opportunity to provide these comments. We would be happy to address any questions you may have and appreciate the time you are taking to consider our points of view. Please feel free to contact us at chair@cfaadvocacy.ca on this or any other issue in future.

(Signed) *Michael Thom*

Michael Thom, CFA
Chair, Canadian Advocacy Council

³ See *CSA Consultation Paper 51-404: Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers* dated April 6, 2017.