

Goodmans^{LLP} Update

OSC Continues Ongoing Efforts to Reduce Regulatory Burden

The Ontario Securities Commission (OSC) recently published [OSC Staff Notice 11-784 – Burden Reduction](#) (the “**Staff Notice**”) seeking input on ways to reduce unnecessary regulatory burden in Ontario’s capital markets, and announcing a related roundtable discussion to be held on March 27, 2019. The Staff Notice is the latest in a series of initiatives by Canadian securities regulators to reduce the burden of the Canadian securities regulatory regime on participants in Canada’s capital markets.

Background

Canadian Securities Administrators (CSA), including the OSC, have a statutory mandate to protect investors from unfair, improper and fraudulent practices while fostering fair and efficient capital markets. Since 2017, the CSA have been exploring ways to reduce the regulatory burden on market participants without compromising investor protection or the efficiency of Canada’s capital markets. The goal of this initiative is to ensure regulatory requirements and associated compliance are proportional to the regulatory objectives sought to be realized, and that they reflect current market conditions, investor demographics, and the state of technological innovation and globalization. For more information, see our April 20, 2017 Update, [Canadian Securities Regulators Considering How To Reduce Regulatory Burden on Canadian Public Companies](#).

Based on extensive feedback from stakeholders, the CSA initiated the following six policy projects focused on reducing the regulatory burden for reporting issuers (other than investment funds):

- developing an alternative prospectus offering model with more concise and focused disclosure than under the current short form prospectus regime;
- establishing a comprehensive framework for “at-the-market” offerings (thereby eliminating the need for exemptive relief in connection with such offerings);
- revisiting the scope of historical financial statements relating to an issuer’s “primary business” that must be included in an IPO prospectus;
- removing or modifying the requirement to file a business acquisition report in connection with “significant acquisitions”;
- attempting to streamline and/or consolidate various continuous disclosure requirements; and
- enhancing electronic delivery of documents.

For further details on these policy projects, see our March 29, 2018 Update, [Canadian Securities Regulators Announce Upcoming Policy Projects Aimed to Reduce Regulatory Burden on Canadian Public Companies](#).

In May 2018, CSA announced a companion initiative to reduce regulatory burden for investment fund issuers specifically. See [CSA Staff Notice 81-392](#).

Finally, in November 2018, the OSC, in collaboration with the Ontario Ministry of Finance, formed a “Burden Reduction Task Force” with a mandate to enhance competitiveness for Ontario businesses, including considering ways to reduce regulatory burdens while protecting investors and the integrity of Ontario’s markets.

OSC Public Consultation

Recognizing the challenges in implementing harmonized national regulatory changes, the OSC is inviting comments from interested stakeholders on changes that could be made more quickly in Ontario while the CSA continue to pursue coordinated national changes. The OSC's consultation focuses on a broader range of stakeholders (including all issuers, investors, registrants and other market participants) than the CSA's initiatives, which focus primarily on reporting issuers.

While the OSC invites comments on all potential initiatives to reduce regulatory burden, it highlighted the following specific areas of focus:

- potential operational or procedural changes in the OSC's branches and offices that could result in more efficient and cost-effective interactions between OSC staff and market participants, including by enhancing the certainty of regulatory outcomes and streamlining filings and other administrative procedures;
- eliminating unnecessary regulatory requirements and enhancing harmonization of Ontario's securities laws with those of other Canadian jurisdictions; and
- enhancing investors' experience participating in Ontario's capital markets, including by modernizing the information provided to investors (such as promoting the use of plain language in regulatory disclosure).

The OSC will hold a roundtable on March 27, 2019, to provide interested stakeholders with an opportunity to discuss submissions made to the OSC. Stakeholders wishing to participate are advised to submit a comment letter in response to the Staff Notice and expressly indicate a desire to participate in the roundtable. Additional details about the roundtable, including the list of participants, will be posted on the OSC's website in due course.

The OSC intends to use the feedback from this consultation process, together with input from other ongoing OSC initiatives in this area, to prepare a series of short, medium and long-term actions to reduce unnecessary regulatory burden.

For further information on these developments or to discuss potential submissions to the OSC that could impact your business, please contact any member of our [Corporate Securities Group](#).

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