



ONTARIO  
SECURITIES  
COMMISSION

# Responding to change Preparing for the future

Annual  
Report  
**2021–  
2022**

Ontario Securities Commission

# Annual Report 2021–2022

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## ABOUT THE OSC

The Ontario Securities Commission is a self-funded Crown agency responsible for overseeing Ontario’s capital markets.

We contribute to the health and performance of Ontario’s economy by using our rule-making and enforcement powers to help safeguard investors, deter financial misconduct, and direct participants involved in capital markets in Ontario. We regulate market participants, including firms and individuals who sell securities and derivatives, firms that provide investment advice in Ontario, and public companies. We also regulate marketplaces and exchanges.

The Ontario Securities Commission administers and enforces the Securities Act and the Commodity Futures Act and carries out the powers, duties, and functions given to it under the Securities Commission Act, 2021 and any other act, including the Business Corporations Act.

This report covers the period from April 1, 2021, to March 31, 2022 (the fiscal year).

## OSC MANDATE

The mandate of the OSC is to provide protection to investors from unfair, improper or fraudulent practices, to foster fair, efficient and competitive capital markets and confidence in the capital markets, to foster capital formation, and to contribute to the stability of the financial system and the reduction of systemic risk.

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# OSC At a Glance in 2021–2022

## Regulating a growing market

- Reviewed **702** public company prospectuses, up 22% from last year's record numbers, as well as a further **302** prospectuses from investment funds and structured products.
- Registration numbers in Ontario continued to rise, with 43,815 individual applications processed during the year, **up 14%** from last year.
- Approved a record number of exemptive relief requests across OSC branches, including **285** requests primarily from public companies, **265** requests from investment and registrant firms, and **22** from market entities.
- Received more than **10,300** inquiries and complaints through our Inquiries and Contact Centre.

# 14%

increase in registration numbers in Ontario, with 43,815 individual applications processed during the year.

## Protecting investors and market integrity

- Assessed a record 984 cases in the Enforcement Branch, **up 22%** from last year, including 228 transferred for alternative disruptions, 76 referred to other branches or external agencies, and 24 transferred for further investigation.
- Issued **35** administrative sanctions, imposing **\$17.9** million in monetary penalties.
- Our Whistleblower Program received 187 tips, **up 14%** from last year.
- Discontinued **deferred sales charges** (DSCs) for mutual funds, published new rules expanding **investor protection for seniors**, and brought the **Client Focused Reforms** for the investment industry into force.

# 35

## administrative sanctions

handing down **\$17.9 million** in monetary sanctions.

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## Responding to emerging trends

- Launched OSC TestLab, a new testing environment for innovative solutions in capital markets regulation
- Approved **83 ESG funds**, representing 24% of all new funds created this year.
- Conducted a behavioural science project on **gamification and digital engagement practices** following increased retail interest in trading.
- Launched **new social media channels** to engage with innovative companies, provide investor education, and reach new demographics.
- Registered **four new crypto asset trading platforms** to operate in Ontario, with another 20 applications under review.

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### Registered **four new crypto asset trading platforms**

to operate in Ontario, with another 20 applications under review.

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## Transforming our organization

- Prepared for implementation of a new governance structure, **establishing an independent tribunal** and separating the Chair and CEO roles, among other changes.
- Supported the Ontario government with work related to preparing a draft Capital Markets Act, incorporating proposals to implement **selected recommendations** by the Capital Markets Modernization Taskforce.
- Continued a multi-year plan to update the OSC's **data strategy and digital platforms**.
- Launched a formal inclusion and diversity plan, established an **employee-led inclusion and diversity council**, and brought on a full-time manager focused on inclusion, equity, and diversity programs across the organization.

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### Established an **employee- led inclusion and diversity council**

# Message from the Chair and CEO

It has been a year of transformation for the OSC and Ontario's capital markets. Amid a slow and uneven emergence from the COVID-19 pandemic, we saw the continuing evolution of financial markets through disruptive technology, shifting investor interests, and the development of novel products and services. These innovations are often geared toward the growing cohort of retail investors, who receive information from many sources of varying reliability.

Our work is focused on strengthening investor protections and building a dynamic regulatory environment that can adapt to the evolving landscape. Market innovations must be encouraged to flourish to promote competition and investor choice while maintaining the integrity of our markets.

This year, our staff responded to extremely high levels of capital raising in Ontario, along with unprecedented operational volumes for filings, reviews, and applications. We also devoted significant attention to the growing crypto sector. At the same time, we were highly engaged in the Auditor General of Ontario's value-for-money audit of the OSC, a process that is crucial to public sector accountability. We are working with the Ministry of Finance and our regulatory partners to address the auditors' recommendations, which will make us a stronger organization.

## **An updated regulatory structure**

Throughout the year, the OSC worked to integrate the changes outlined in our government's 2021 spring budget, including our expanded mandate to foster capital formation and competition in our markets. We also supported the Ministry of Finance in preparing a draft Capital Markets Act for stakeholder consultation.

We laid the groundwork for the proclamation of the *Securities Commission Act, 2021* which enacts some of the most significant structural and governance

modernizations in the OSC's 90-year history. It includes the separation of our regulatory and adjudicative functions through the creation of a new Capital Markets Tribunal, as well as the separation of the Chair and Chief Executive Officer position. I was honoured to be appointed as the OSC's first dedicated CEO and I am thrilled to continue working with my talented colleagues in fulfilling our critical role in the economic health and prosperity of our province.

These changes allow for an even stronger focus on our policy and regulatory work to ensure Ontario's capital markets are modern, competitive, and deliver strong investor protection. I look forward to working with the OSC's new Chair of the Board, Heather Zordel, and the rest of the board of directors as we undertake our activities under our new governance model.

The OSC is co-leading the Canadian Securities Administrators' (CSA) work to create a new self-regulatory organization that combines the functions of the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA), working closely with the two self-regulatory organizations on this extensive project. The new regulatory framework will provide enhanced regulation of the investment industry based on a clear public interest mandate. I am confident that these changes will offer strong protection for Canadian investors and help ensure fair and efficient market operations as industry conditions evolve. Our goal is to have the new organization launched by the end of 2022.

## Strong protections for changing capital markets

I am pleased that the CSA's Client Focused Reforms (CFRs) came into force during the year, marking a major step forward in investor protection and the further professionalization of Canada's investment industry. These reforms were introduced to give investors confidence that they are receiving products that are right for them, enhanced disclosure about what to expect from their advisor, and advice that puts their interests first. Trust in the investment industry is vital for the financial security of Canadians. We will review how firms have implemented the CFRs and assess whether they have resulted in our intended improved outcomes for investors, and we will consider other actions if needed.

The OSC also banned deferred sales charges (DSCs) for mutual funds in Ontario, harmonizing the DSC ban across Canada, effective on June 1, 2022. The ban prohibits the payment of upfront sales commissions by fund companies to dealers on new investments and better aligns dealer incentives to the interests of investors.

We know that changing demographics and investor behaviour require us to enhance our role as financial educators and ensure that we focus on protection for the most vulnerable groups. In collaboration with IIROC and the MFDA, the CSA published final amendments that will improve the protection of older and vulnerable clients by providing registrants with tools to address situations involving diminished mental capacity or financial exploitation of their clients. We were also pleased to announce multi-year funding for Prosper Canada to support the delivery of financial literacy, counselling, and investor protection resources to financially vulnerable Canadians, many of whom were hit especially hard by the pandemic. The OSC is also co-leading CSA policy work to improve investor access to redress for losses by strengthening the Ombudsman for Banking Services and Investments (OBSI) to permit binding decisions.

Our Investor Office published two research studies this year that explored the impact of the COVID-19 pandemic on the behaviours and attitudes of retail investors. These studies have been important resources in shaping our approach to emerging trends and educating investors about their risks. In response to social media's growing

role as a source of investment advice, we became the first securities regulator to conduct a series of paid public service campaigns on Reddit message boards directly reaching retail investors and warning of the high risk of investing in so-called meme stocks.

Canada is a leader in providing clarity on the regulation of crypto assets in our market. Along with our CSA partners and IIROC, we announced steps that crypto asset trading platforms must take to comply with securities legislation or face potential enforcement action. The OSC has followed through with actions against four non-compliant international firms and we will continue to uphold high standards for firms doing business in Ontario.

We also published guidance to help crypto asset trading platforms understand and comply with requirements under securities law and IIROC rules for advertising, marketing, and social media use. We are monitoring these platforms for potentially misleading claims, high-pressure sales tactics, and the use of gambling-style promotions that may encourage excessive risk-taking by retail investors.

We continue to employ innovative and increasingly data-driven tools to maximize our enforcement resources in a fast-changing market. We marked the fifth year of our Whistleblower Program, which has helped to identify misconduct and advance our enforcement investigations. Each year we have received more tips than the year before. In total, the program has led to enforcement actions resulting in the imposition of approximately \$44 million of monetary sanctions and voluntary payments, and the award of nearly \$9 million to whistleblowers.

## Anticipating the markets of tomorrow

We are looking ahead with a focus on modernizing our operations, reducing burden for those we regulate, while maintaining robust investor protection and responding to the changing attitudes of investors.

With the CSA, our staff has played a leading role in reducing burden for market participants. We published final amendments to establish a more efficient registration and oversight process for firms and individuals, which will also better support our regulatory activities. The changes clarify requirements in the registration process and will

improve the timeliness and accuracy of the information regulators receive. We also proposed changes to the continuous disclosure requirements for public companies to streamline their filings and provide investors with more useful information. On the investment funds side, we published amendments that implement eight wide-ranging initiatives to save time and costs to funds and their managers by reducing duplication, streamlining approvals, and codifying frequently granted exemptions.

We are working on ways to reduce burden further, including through technology solutions that make data collection easier and make better use of the data we collect. Burden reduction is now fully integrated into the OSC's policy work, allowing for better management and tracking of projects as well as simplified internal reporting. We continue to modernize our technology platforms across the organization, including upgrading our financial reporting systems and improving cyber security.

The Innovation Office became fully operational this year, ramping up support for innovative businesses with flexible approaches to meeting regulatory requirements. We received an excellent response to the inaugural request for proposals for OSC TestLab, our new Ontario sandbox environment. TestLab is the first of its kind in Canada, where technology providers engage with registrants to test innovative solutions to specific issues in Ontario's capital markets. The Innovation Office is also engaged with the Global Financial Innovation Network (GFIN) to help create cross-border testing opportunities for Ontario firms.

We have made important progress on issues of increasing importance to investors. The CSA published proposed climate-related financial disclosure requirements for public companies that address the need for more consistent, comparable, and decision-useful information on climate-related risks and opportunities. OSC staff led this important policy work with the support of the Ontario government.

The OSC hosted the CSA's virtual roundtable on ESG-related regulatory issues in asset management. We are also leading work on ESG-related disclosure guidance for investment funds, which will help prevent greenwashing and ensure that fund marketing materials are fair and balanced. We opened a dialogue on the consideration of broader diversity on boards and in executive officer positions by hosting an OSC

roundtable with a specific focus on targets, term limits, and diversity data. These remain important considerations for Ontario's economic performance and the competitiveness of our capital markets.

I could cite many more initiatives that are helping us fulfill our mandates for the benefit of Ontario investors and participants, and ultimately the Canadian regulatory system as a whole. We are very intentional in balancing our mandates to carry out this work as required by the *Securities Act*, including our new mandates to foster competitive markets and capital formation.

I am grateful to our staff and Commission for their tremendous work throughout the year to navigate the waves of change at the OSC and continue to deliver on our multi-pronged mandate. I would like to thank our outgoing commissioners, including our former Lead Director Lawrence Haber, as well as Garnet Fenn and Craig Hayman, for their dedicated service to the OSC. I would also like to thank Wendy Berman for her many contributions as Vice-Chair, in particular for her leadership in discussions of ESG and broader diversity.

I also extend my thanks to Tim Moseley, formerly our Vice-Chair, who has been selected as the first Chief Adjudicator of the Capital Markets Tribunal, and Cecilia Williams and Cathy Singer, part-time commissioners who have moved to the Tribunal as adjudicators.

With the support of the Ontario government, we have made important progress to modernize our regulatory framework and strengthen our organization for the challenges to come. This work positions us well to anticipate and respond to global trends, manage emerging risks, continue to provide robust protection to investors and reduce pain points for those we regulate.

Ontario's capital markets will be important drivers of economic growth and stability as we emerge from the global pandemic and navigate the evolving economic, environmental, and geopolitical landscape. I look forward to working with all our stakeholders in the coming year to ensure our capital markets are modern, globally attractive, and continue to support investor needs.

**Grant Vingoe**  
Chair and Chief Executive Officer



# Our Executive Team

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**D. Grant Vingoe**

Chair and Chief Executive Officer

**Leslie Byberg**

Executive Director

**Timothy Moseley**

Vice-Chair

**Sonny Randhawa**

Executive Director (Acting)

**Deana Djurdjevic**

Chief Administrative Officer

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**Manjish Abraham**

Chief Digital Officer, Digital Solutions

**Mary Campione**

Chief Financial Officer and Director,  
Financial Management and  
Reporting

**Raymond Chan**

Director, Investment Funds &  
Structured Products

**Pat Chaukos**

Director, Office of Economic Growth  
and Innovation

**Cezar Drugescu**

Chief Information Security Officer

**Kevin Fine**

Director, Derivatives

**Tyler Fleming**

Director, Investor Office

**Debra Foubert**

Director, Compliance & Registrant  
Regulation

**Susan Greenglass**

Director, Market Regulation

**Naizam Kanji**

General Counsel, General  
Counsel's Office

**Jeff Kehoe**

Director, Enforcement

**Grace Knakowski**

Secretary to the Commission,  
Office of the Secretary

**Jason Koskela**

Director, Office of Mergers  
and Acquisitions

**Cameron McInnis**

Chief Accountant, Office of the  
Chief Accountant

**Paul Redman**

Chief Economist and Director,  
Regulatory Strategy and Research

**Stephen Rotstein**

Director, Global and Domestic  
Affairs

**Winnie Sanjoto**

Director, Corporate Finance (Acting)

**Carolyn Shaw-Rimmington**

Director, Communications and  
Public Affairs

**Doug Steiner**

Executive Advisor, Innovation

**Russell White**

Chief Information Officer

**Lisa Wilkins**

Chief Human Resources Officer and  
Director, Corporate Services

# Governance

## Structural Changes

In the 2021–2022 fiscal year, the Ontario Securities Commission operated under the direction of commissioners. These commissioners performed three distinct functions in support of the organization’s mandate: serving as the board of directors of the Commission, reviewing and approving policies and rules, and adjudicating administrative proceedings. The chair of the board also served as the CEO of the Commission.

Following the proclamation of the *Securities Commission Act, 2021* in April 2022, the OSC underwent [structural and governance changes](#) including splitting the chair and CEO role into two distinct positions, the separation of the regulatory and adjudicative functions at the OSC, and the appointment of a chief adjudicator to oversee the new Capital Markets Tribunal.

The reporting in this Annual Report reflects the state of the OSC board as of March 31, 2022, before the governance changes related to the *Securities Commission Act, 2021*.

## Members of the Commission

(as of March 31, 2022)

**D. Grant Vingoe**, Chair & CEO

**Tim Moseley**, Vice-Chair

**Kevan Cowan**

**Mary Anne De Monte-Whelan**

**Jennifer Fang**

**Dieter Jentsch**

**Frances Kordyback**

**David R. Lewis**

**Hari Panday**

**Cathy Singer**

**Cindy Tripp**

**M. Cecilia Williams**

## OSC Values

### Professional

- Protecting the public interest is our purpose and our passion.
- We value dialogue with the marketplace.
- We are professional, fair-minded, and act without bias.

### People

- To get respect, we give it.
- Diversity and inclusion bring out our best.
- Teamwork makes us strong.

### Ethical

- We are trustworthy and act with integrity.
- We strive to do the right thing.
- We take accountability for what we say and do.

## Gender Disclosure

(as of March 31, 2022)

We follow the best practices of corporate governance for public companies, where appropriate for a regulatory body. This includes the policies outlined in [National Instrument 58-101 Disclosure of Corporate Governance Practices](#) relating to women on boards and in executive officer positions, which were implemented in December 2014 by the OSC and other CSA members.

	2021-2022				2020-21			
	Women		Men		Women		Men	
	(#)	(%)	(#)	(%)	(#)	(%)	(#)	(%)
Board of Directors	6	50%	6	50%	6	50%	6	50%
Executive Committee (Chair, Vice-Chair, Executive Directors, Chief Administrative Officer)	2	40%	3	60%	3	60%	2	40%
Executive management team (including executives, directors, and other senior leaders)	10	38%	16	62%	11	41%	16	59%

## Diversity Disclosure

(as of March 31, 2022)

This year's Annual Report highlights the diversity disclosure recommended by the Canada Business Corporations Act (CBCA) concerning women, Indigenous peoples (First Nations, Inuit and Métis), persons with disabilities, and members of visible minorities of our board of directors, executive committee and senior management.

	Indigenous Peoples		Persons with Disabilities		Members of Visible Minorities	
	(#)	(%)	(#)	(%)	(#)	(%)
Board of Directors	1	10%	0	0%	2	20%
Executive Committee (Chair, Vice-Chair, Executive Directors, Chief Administrative Officer)	0	0%	0	0%	1	20%
Executive management team (including executives, directors, and other senior leaders)	0	0%	2	8%	5	21%

As survey participation is voluntary, the data may not be representative of the diversity of OSC leadership. Calculations are based on the total number of respondents.

## Board and Commission Committees

(as of March 31, 2022)

### Audit and Finance Committee

Frances Kordyback,  
Committee Chair

Jennifer Fang

Dieter Jentsch

Hari Panday

M. Cecilia Williams

### Governance and Nominating Committee

Cindy Tripp, Committee Chair

Dieter Jentsch

Hari Panday

Cathy Singer

D. Grant Vingoe (non-voting  
member)

### Human Resources and Compensation Committee

Kevan Cowan, Committee Chair

Mary Anne De Monte-Whelan

Jennifer Fang

David Lewis

Cathy Singer

M. Cecilia Williams

### Risk Committee

Mary Anne De Monte-Whelan,  
Committee Chair

Kevan Cowan

Frances Kordyback

David Lewis

Tim Moseley

Cindy Tripp

### Adjudicative Committee<sup>1</sup>

Tim Moseley, Committee Chair

Grace Knakowski (non-voting  
member)

Frances Kordyback

M. Cecilia Williams

The responsibilities of the Chair & CEO, vice-chairs, lead director, and committees are found in the [OSC Charter of Governance](#).

<sup>1</sup> The Adjudicative Committee was dissolved upon proclamation of the Securities Commission Act, 2021 on April 29, 2022.

## Meeting Attendance

(April 1, 2021, to March 31, 2022)

Member	Type of meeting (including regular and special meetings)						
	Commission Policy	Board	Audit and Finance Committee	Governance and Nominating Committee	Human Resources and Compensation Committee	Risk Committee	Adjudicative Committee <sup>2</sup>
Wendy Berman (Vice-Chair) <sup>3</sup>	11/14	10/10					2/3
Kevan Cowan <sup>4</sup>	4/5	4/4					
Mary Anne De Monte-Whelan	19/19	16/16			9/9	4/4	
Jennifer Fang <sup>4</sup>	5/5	4/4					
Garnet W. Fenn <sup>5</sup>	7/7	3/3	2/2		2/2	1/1	
Lawrence P. Haber (Lead Director) <sup>6</sup>	17/17	14/14	2/2 <sup>7</sup> 6/6 <sup>8</sup>	16/16 <sup>8</sup>	8/8 <sup>7</sup>	4/4 <sup>7</sup>	4/4 <sup>7</sup>
Craig Hayman <sup>9</sup>	17/18	15/15	8/8	16/16		4/4	
Dieter Jentsch <sup>4</sup>	5/5	4/4					
Raymond Kindiak <sup>10</sup>	1/1	1/1					
Frances Kordyback	19/19	16/16	8/8			3/3	4/4
David R. Lewis <sup>4</sup>	5/5	4/4					
Timothy Moseley (Vice-Chair)	18/19	16/16				4/4	4/4
Hari Panday <sup>4</sup>	5/5	4/4					
C. Singer	19/19	16/16		16/16	9/9		
Elizabeth Cynthia Tripp <sup>4</sup>	5/5	4/4					
D. Grant Vingoe (Chair & CEO)	19/19	16/16	7/8 <sup>11</sup>	16/16 <sup>12</sup>	9/9 <sup>11</sup>	4/4 <sup>11</sup>	
M. Cecilia Williams	19/19	15/16	8/8		9/9	4/4	
<b>Total Attendance</b>	<b>97%</b>	<b>99%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>95%</b> <sup>13</sup>

<sup>2</sup> Committee dissolved on April 29, 2022.

<sup>3</sup> Term of appointment expired on December 19, 2021.

<sup>4</sup> Term of appointment commenced on January 13, 2022.

<sup>5</sup> Term of appointment expired on July 22, 2021.

<sup>6</sup> Member resigned on March 10, 2022.

<sup>7</sup> The Lead Director was entitled to attend any meetings of the Board committees as a non-voting member, and the Lead Director's participation is not reflected in a committee's total attendance.

<sup>8</sup> Attendance as a member of the committee.

<sup>9</sup> Member resigned on March 15, 2022.

<sup>10</sup> Term of appointment expired on April 18, 2021.

<sup>11</sup> The Chair & CEO was entitled to attend the meetings of all committees and, unless the Chair was a member, their participation is not reflected in a committee's total attendance.

<sup>12</sup> The Chair & CEO was a non-voting member of the Governance and Nominating Committee.

<sup>13</sup> Includes attendance by the Secretary to the Commission, a non-voting member of the Adjudicative Committee.

# Member Remuneration

April 1, 2021 to March 31, 2022

	Term of Appointment		Total Member Remuneration for Fiscal 2021-22 <sup>14</sup>	Remuneration Categorized by Activity				
	First Appointed	Term Expiry <sup>15</sup>		Policy <sup>16</sup>	Tribunal <sup>17</sup>	Governance <sup>18</sup>	Orientation and Approved Events <sup>19</sup>	Retainers <sup>20</sup>
<b>Full-time Members<sup>21</sup></b>								
D. Grant Vingoe (Chair & CEO)	August 2015	April 2022	\$ 703,220	Included	Not applicable	Included	Included	Not applicable
Wendy Berman (Vice-Chair) <sup>22</sup>	June 2020	December 2021	\$ 384,301	Included	Included	Included	Included	Not applicable
Timothy Moseley (Vice-Chair)	November 2017	November 2022	\$ 486,190	Included	Included	Included	Included	Not applicable
<b>Part-time Members<sup>23,24</sup></b>								
Kevan Cowan	January 2022	January 2024	\$ 14,333	\$ 1,619	\$ 0	\$ 5,048	\$ 6,583	\$ 1,083
Mary Anne De Monte-Whelan	February 2019	February 2023	\$ 133,500	\$ 40,446	\$ 38,586	\$ 35,225	\$ 8,243	\$ 11,000
Jennifer Fang	January 2022	January 2024	\$ 30,833	\$ 7,150	\$ 0	\$ 8,856	\$ 13,744	\$ 1,083
Garnet W. Fenn <sup>25</sup>	July 2015	July 2021	\$ 35,242	\$ 8,833	\$ 14,920	\$ 6,640	\$ 857	\$ 3,992
Lawrence P. Haber (Lead Director) <sup>26</sup>	January 2018	March 2022	\$ 129,761	\$ 20,171	\$ 48,699	\$ 33,000	\$ 14,380	\$ 13,511
Craig Hayman <sup>27</sup>	April 2019	March 2022	\$ 105,500	\$ 19,012	\$ 38,372	\$ 33,551	\$ 1,565	\$ 13,000
Dieter Jentsch	January 2022	January 2024	\$ 11,333	\$ 2,591	\$ 0	\$ 3,564	\$ 4,095	\$ 1,083
Raymond Kindiak <sup>28</sup>	April 2019	April 2021	\$ 6,670	\$ 1,205	\$ 5,000	\$ 45	\$ 0	\$ 420
Frances Kordyback	February 2020	February 2025	\$ 118,522	\$ 25,857	\$ 43,530	\$ 25,923	\$ 11,440	\$ 11,772
David Lewis	January 2022	January 2024	\$ 15,583	\$ 4,338	\$ 0	\$ 6,412	\$ 3,750	\$ 1,083
Hari Panday	January 2022	January 2024	\$ 17,083	\$ 3,936	\$ 0	\$ 5,343	\$ 6,721	\$ 1,083
Cathy Singer	June 2020	June 2022	\$ 79,750	\$ 21,193	\$ 23,839	\$ 25,718	\$ 0	\$ 9,000
Elizabeth Cynthia Tripp	January 2022	January 2024	\$ 15,833	\$ 3,798	\$ 0	\$ 3,095	\$ 7,857	\$ 1,083
M. Cecilia Williams	November 2017	January 2024	\$ 126,500	\$ 17,935	\$ 72,920	\$ 18,328	\$ 4,317	\$ 13,000
Heather Zordel <sup>29</sup>	February 2019	February 2021	\$ 242,750	\$ 0	\$ 241,678	\$ 0	\$ 1,072	\$ 0
<b>Subtotal – Part-time Members<sup>30</sup></b>			<b>\$ 1,083,193</b>	<b>\$ 178,084</b>	<b>\$ 527,544</b>	<b>\$ 210,748</b>	<b>\$ 84,624</b>	<b>\$ 82,193</b>
<b>Total Remuneration –All Members</b>			<b>\$ 2,656,904</b>					

<sup>14</sup> These amounts reflect total remuneration accrued to Members for fiscal year 2021-2022.

<sup>15</sup> Term expiry dates are shown as at March 31, 2022, except where a term of appointment ended earlier as explained in the footnotes.

<sup>16</sup> Includes preparation for and attendance at Commission policy meetings, exemptive relief applications and other policy-related matters.

<sup>17</sup> Includes remuneration for preparation and attendance at OSC Tribunal hearings, as well as panel deliberations, decision writing, adjudicative roundtables and Adjudicative Committee meetings.

<sup>18</sup> Includes preparation for and attendance at Board and Board committee meetings and governance roundtables.

<sup>19</sup> Includes pre-approved participation in such events as new part-time Member orientation, Society of Ontario Adjudicators and Regulators / Osgoode Professional Development Certificate in Adjudication for Administrative Agencies, Boards & Tribunals, regulatory roundtables, OSC Dialogue, and Biennial Canadian Securities Administrators Commissioners Conference.

<sup>20</sup> In fiscal year 2021-2022, annual retainer amounts were paid to a part-time Member for serving as a member of the Commission, a member or chair of a committee, and Lead Director.

<sup>21</sup> In fiscal year 2021-2022, the Chair & CEO and each Vice-Chair were compensated under their respective employment agreements with the Commission.

<sup>22</sup> Term of appointment expired on December 19, 2021 with continued participation in Tribunal decisions as required by section 4.3 of the *Statutory Powers Procedure Act*.

<sup>23</sup> These part-time Members' terms commenced on January 13, 2022: Kevan Cowan, Jennifer Fang, Dieter Jentsch, David Lewis, Hari Panday, and Elizabeth Cynthia Tripp.

<sup>24</sup> In fiscal year 2021-2022, part-time Members were compensated in accordance with the *Remuneration Schedule for Part-Time Commissioners*.

<sup>25</sup> Term of appointment expired on July 22, 2021, with continued participation in Tribunal decisions as required by section 4.3 of the *Statutory Powers Procedure Act*.

<sup>26</sup> Member resigned on March 10, 2022, with continued participation in Tribunal decisions as required by section 4.3 of the *Statutory Powers Procedure Act*.

<sup>27</sup> Member resigned on March 15, 2022, with continued participation in Tribunal decisions as required by section 4.3 of the *Statutory Powers Procedure Act*.

<sup>28</sup> Term of appointment expired on April 18, 2021, with continued participation in Tribunal decisions as required by section 4.3 of the *Statutory Powers Procedure Act*.

<sup>29</sup> Term of appointment expired on February 14, 2021, with continued participation in Tribunal decisions as required by section 4.3 of the *Statutory Powers Procedure Act*.

<sup>30</sup> Due to a calculation error, past total part-time Member remuneration as reported in the OSC Annual Reports of 2019, 2020 and 2021 is estimated to be overstated by 3%, 18% and 15%, respectively. Amounts reflected on the Ontario Public Sector Salary Disclosure are accurate. Actual payments made to Members are unaffected by the calculation error related to reporting.

# Advisory Committees

## OSC Committees

As part of policy and rule development, the OSC has established several advisory committees to gather input on securities regulation issues and industry trends. Community and industry representatives advise on the development of new or amended securities regulations. Below is a complete list of OSC Advisory Committees and their members as of March 31, 2022.

The **Continuous Disclosure Advisory Committee** advises OSC staff on the development, implementation, and review of continuous disclosure policies and practices.

<b>Tracie Allan</b>	Sun Life Financial
<b>Michael Balter (Chair)</b>	Ontario Securities Commission
<b>Josie Caldas</b>	Royal Bank of Canada
<b>Valerie Douville</b>	TMX Group Ltd.
<b>Lucy Durocher</b>	PricewaterhouseCoopers LLP
<b>Wendi Locke</b>	McCarthy Tétrault LLP
<b>Vaughn MacLellan</b>	DLA Piper (Canada) LLP
<b>Catherine McCall</b>	Canadian Coalition for Good Governance
<b>Matthew Merkley</b>	Blake, Cassels & Graydon LLP
<b>Martha Moen</b>	Broadridge Financial Solutions, Inc.
<b>Sean Musselman</b>	Ernst & Young LLP
<b>Philip Panet</b>	West Face Capital Inc.
<b>Anthony Scilipoti</b>	Veritas Investment Research Corporation
<b>Alyson Slater</b>	Global Risk Institute in Financial Services
<b>Julia Suk</b>	KPMG
<b>Kevin Thomas</b>	Shareholder Association for Research & Education
<b>Robin Upshall</b>	Davies Ward Phillips & Vineberg LLP

The **Investment Funds Technical Advisory Committee** advises OSC staff on technical compliance challenges in the investment funds product regulatory regime, and opportunities for improving alignment between investor, industry, and regulatory goals.

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<b>Shalomi Abraham</b>	Invesco Canada Ltd.
<b>Steve Banquier</b>	TD Securities Inc.
<b>Carlos Cardone</b>	Investor Economics at ISS Market Intelligence
<b>Mario Cianfarani</b>	Vanguard Investments Canada Inc.
<b>Aidan Coulter</b>	Fundserv Inc.
<b>Thomas Di Stefano</b>	Fiera Capital Corporation
<b>Brad Gerster</b>	Franklin Templeton Investments Corp.
<b>Alan Goldhar</b>	Durham College
<b>Matthew Graham</b>	RBC Global Asset Management
<b>Elsa Li</b>	CI Global Asset Management
<b>Robert Lemon</b>	CIBC World Markets Inc.
<b>David M. Morrison</b>	Morrison Financial
<b>Florence S. Narine</b>	AGF Investments Inc.
<b>Anne Ramsay</b>	Ledn Inc.
<b>Melissa Schofield (Chair)</b>	Ontario Securities Commission
<b>Gillian Seidler</b>	Mackenzie Financial Corporation
<b>Michael Thom</b>	CFA Societies Canada



The **Investor Advisory Panel** is an independent advisory panel advising the Commission and staff that solicits and represents the views of investors on the OSC's policies and rule-making initiatives, responding to public consultations on proposed rules, policies, concept papers, and discussion drafts. The IAP issues annual reports, research reports, news releases, investor notices, initiatives, and information packets regarding their operations and issues of importance to investors.

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<b>Daniel Brunet</b>	National Director, Board of the National Association of the Federal Retirees
<b>Brigitte Catellier</b>	Director of the Investor Protection Clinic, Osgoode Hall Law School
<b>Neil Gross (Chair)</b>	Former executive director of the Canadian Foundation for Advancement of Investor Rights (FAIR Canada).
<b>Supriya Kapoor</b>	Founder and principal of Aurelius GRP
<b>Ivy Lam</b>	Inaugural Director, University of Toronto Investor Protection Clinic
<b>Cary List</b>	Former President & CEO, FP Canada
<b>James (Jim) Sinclair</b>	Former General Counsel, Common Wealth
<b>Leslie Wood</b>	Former Senior Executive in the Investment Fund Industry

The **Market Structure Advisory Committee** serves as a forum to discuss issues and policy- and rule-making initiatives associated with market structure and marketplace operations in the Canadian and global capital markets.

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<b>Rizwan Awan</b>	TMX Group
<b>Stephen Bain</b>	London Stock Exchange Group
<b>Mike Barclay</b>	Morgan Stanley Canada
<b>Bryan Blake</b>	MATCHNow
<b>Richard Carleton</b>	Canadian Securities Exchange
<b>John Christofilos</b>	AGF Investments
<b>Robert Gouley</b>	OMERS Capital Markets
<b>Susan Greenglass (Chair)</b>	Ontario Securities Commission
<b>David Hecht</b>	TD Securities
<b>Irina Issakova</b>	TD Asset Management
<b>Dan Kessous</b>	Nasdaq Canada
<b>Katya Malinova</b>	McMaster University
<b>Alex Perel</b>	Scotia Capital
<b>Cindy Petlock</b>	Tradelogiq
<b>Kelly Reynolds</b>	Hillsdale Investment Management
<b>Daniel Schlaepfer</b>	Select Vantage Canada
<b>Jeff Varey</b>	RBC Capital Markets

The **Registrant Advisory Committee** serves as a forum to discuss issues and challenges faced by registrants in interpreting and complying with Ontario securities law, including registration and compliance-related matters.

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<b>Brad Beuttenmiller</b>	Franklin Templeton Investments Corp.
<b>Kevin Brown</b>	MD Financial Management Inc.
<b>Debra Foubert (Chair)</b>	Ontario Securities Commission
<b>Melissa Ghislanzoni</b>	Portfolio Management Association of Canada
<b>Christopher Kozub</b>	Private Capital Markets Association of Canada
<b>Julie Cordeiro</b>	Burgundy Asset Management Ltd.
<b>Robyn Mendelson</b>	Fidelity Investments Canada ULC
<b>Liis Palmer</b>	Cassels Investment Management Inc.
<b>Paul Spagnolo</b>	Sionna Investment Managers Inc.
<b>Rob Wortzman</b>	Wildeboer Dellelce LLP

The **Securities Advisory Committee** provides advice to the OSC on legislative and policy initiatives and capital markets trends.

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<b>Chris Birkett</b>	Toronto Stock Exchange
<b>Margaret Chow</b>	TD Bank Group
<b>Kathryn J. Daniels</b>	Canada Pension Plan Investment Board
<b>Bradley Freelan</b>	Fasken Martineau DuMoulin LLP
<b>Jeff Hershenfield</b>	Stikeman Elliott LLP
<b>Naizam Kanji (Chair)</b>	Ontario Securities Commission
<b>Desmond Lee</b>	Osler, Hoskin & Harcourt LLP
<b>Nancy Mehrad</b>	Registrant Law Professional Corporation
<b>Manoj Pundit</b>	Borden Ladner Gervais LLP
<b>Rima Ramchandani</b>	Torys LLP
<b>Heidi Reinhart</b>	Norton Rose Fulbright LLP
<b>Chris Sunstrum</b>	Goodmans LLP
<b>Ora Wexler</b>	Dentons Canada LLP

The **Securities Proceedings Advisory Committee** provides comments and advice to the OSC Office of the Secretary on policy and procedural initiatives relating to the Commission's administrative tribunal proceedings.

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<b>Robert Blair</b>	Manager, Adjudication Legal Services, Office of the Secretary, OSC
<b>Sarah A. Bowden</b>	Foreman & Company
<b>James Camp</b>	Camp Advocacy
<b>Adam Chisholm</b>	McMillan LLP
<b>Derek Ferris</b>	Senior Litigation Counsel & Case Lead, Enforcement Branch, OSC
<b>Grace Knakowski (Chair)</b>	Secretary to the Commission, Office of the Secretary, OSC
<b>Craig Lockwood</b>	Osler, Hoskin & Harcourt LLP
<b>Karen Manarin</b>	RCMP, Toronto Integrated Market Enforcement Team
<b>Doug McLeod</b>	Blake, Cassels & Graydon LLP
<b>John Picone</b>	Cassels Brock & Blackwell LLP
<b>David Sischy</b>	Groia & Company Professional Corporation
<b>Carolyn Slon</b>	Senior Legal Counsel, Office of the Secretary, OSC
<b>Johanna Superina</b>	Deputy Director, Enforcement Branch, OSC
<b>Natalia Vandervoort</b>	TD Bank Group
<b>Jonathan Wansbrough</b>	Fasken Martineau DuMoulin LLP

The **Seniors Expert Advisory Committee** serves as a forum to discuss issues and challenges faced by seniors. It provides OSC staff with expert opinions on securities-related policy, operational, education, and outreach activities that are designed to meet the needs of Ontario's older investors.

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<b>Dr. Joe Bornstein</b>	Health Innovations Group
<b>Arthur Fish</b>	BLG LLP – Retired
<b>Tyler Fleming (Chair)</b>	Investor Office, Ontario Securities Commission
<b>Harold Geller</b>	MBC Law Professional Corporation
<b>Marta C. Hajek</b>	Elder Abuse Prevention Ontario
<b>Ken Kivenko</b>	Kenmar Associates
<b>Jennifer Moir</b>	Age Well Solutions
<b>Kavina Nagrani</b>	Nika Law LLP
<b>Lindsay Rogan</b>	Rogan Investment Management Limited, representative of the Portfolio Management Association of Canada
<b>Angela Salmon</b>	RBC Phillips, Hager & North Investment Counsel Inc.
<b>Keith Sjogren</b>	Investor Economics – Retired
<b>Laura Tamblyn Watts</b>	CanAge
<b>Danielle Tetrault</b>	IG Wealth Management
<b>James (Jim) Turner</b>	Former OSC Vice Chair
<b>Alexis Wenzowski</b>	Hamilton Jewish Family Services
<b>Kimberly Whaley</b>	Founder and Principal, Whaley Estate Litigation Partners
<b>Terri Williams, CFP</b>	Former VP, Corporate Social Responsibility, Scotiabank

The **Small Business Advisory Committee** advises OSC staff on current business practices and emerging trends affecting small businesses in both the public and private markets. The committee also provides feedback on the effectiveness of corporate finance policies and initiatives related to small business.

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<b>Tim P. Babcock</b>	TSX Venture Exchange
<b>Chad Bayne</b>	Osler, Hoskin & Harcourt LLP
<b>Melanie Cole</b>	Aird & Berlis LLP
<b>Siri C. Genik</b>	BRIDGE
<b>John A. Fabello</b>	Tory's LLP
<b>Peter Irwin</b>	Retired (formerly Managing Director, CIBC World Markets)
<b>Matthew Ivis</b>	Amazon Web Services, Inc.
<b>Jo-Anne Matear (Chair)</b>	Ontario Securities Commission
<b>Liis Palmer</b>	Cassels Investment Management Inc.
<b>Grant Redpath</b>	PwC LLP
<b>Kay Schonberger</b>	TD Securities
<b>Pierre Soulard</b>	CoinSmart Financial Inc.
<b>Rob Theriault</b>	Canadian Securities Exchange
<b>Jonathan Tong</b>	Miller Thomson LLP

## CSA Committees

The OSC also participates on advisory committees of the Canadian Securities Administrators.

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The **Financial Reporting Advisory Committee** provides advice to the CSA Chief Accountants Committee on relevant policy initiatives and technical accounting and auditing issues, specifically those issues related to financial reporting requirements and guidance in securities legislation in Canada. The committee also serves as a forum to discuss financial reporting practices and trends in the Canadian and global capital markets.

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<b>Carolyn Anthony</b>	PwC LLP
<b>Richard Cracknell</b>	BDO LLP
<b>Craig Cross</b>	RSM Canada
<b>Laney Doyle</b>	EY Canada
<b>Carla-Marie Hait</b>	British Columbia Securities Commission
<b>Deanne Kennedy</b>	Deloitte LLP
<b>Katharine Christopoulos</b>	Canadian Accounting Standards Board
<b>Cheryl McGillivray</b>	Alberta Securities Commission
<b>Cameron McInnis (Chair)</b>	Ontario Securities Commission
<b>Brad Owen</b>	KPMG LLP
<b>Will Pullenayegum</b>	MNP LLP
<b>Rinna Sak</b>	Grant Thornton LLP
<b>Karen DeGiobbi</b>	Auditing and Assurance Standards Board

The **Mining Technical Advisory and Monitoring Committee** provides advice to the CSA on technical issues relating to disclosure requirements for the mining industry. The committee also serves as a forum for continuing communication between the CSA and the mining industry.

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<b>Brian Abraham</b>	Dentons Canada LLP
<b>Luc Arsenault (TSX Observer)</b>	Toronto Stock Exchange
<b>Sébastien Bernier</b>	Yamana Gold Inc.
<b>James Brown</b>	Osler Hoskin & Harcourt LLP
<b>Natalie Caciagli</b>	BHP
<b>Chris Collins (Co-Chair)</b>	British Columbia Securities Commission
<b>Guy Desharnais</b>	Osisko Gold Royalty Ltd.
<b>Daniella Dimitrov</b>	IAMGOLD Corporation
<b>Jason Dunning</b>	Adventus Mining Corporation
<b>Greg Gosson</b>	Wood PLC
<b>Thomas Hasek (IIROC Observer)</b>	IIROC
<b>Tania Ilevia</b>	Micon International Ltd.
<b>Garth Kirkham (CIM Observer)</b>	Kirkham Geosystems Ltd.
<b>Darcy Krohman (CSE Observer)</b>	Canadian Securities Exchange
<b>Stefan Lopatka (TSXV Observer)</b>	TSX Venture Exchange
<b>Deb McCombe (CIM Observer)</b>	SLR Consulting Canada Ltd.
<b>Ross Pritchard</b>	Teck Resources Limited
<b>Rolf Schmitt</b>	ERM Consultants Canada Ltd.
<b>Shervin Teymouri</b>	Mineit Consulting Inc.
<b>Craig Waldie (Co-Chair)</b>	Ontario Securities Commission





ONTARIO  
SECURITIES  
COMMISSION

# Report on the Statement of Priorities

2021–2022  
OSC Statement  
of Priorities

# 2021–2022 Report on the Statement of Priorities

Each year, the OSC publishes a Statement of Priorities that sets out the organization’s strategic goals, priorities, and specific initiatives for the year. Our priorities are aligned with our statutory mandate and the annual mandate letter from the Minister of Finance.

The Report on the Statement of Priorities contains performance highlights and success measures against the 2021–2022 OSC Statement of Priorities, demonstrating how we have fulfilled the obligations set out in our mandate letter.

As business needs evolve, the OSC may take on additional priorities or reprioritize initiatives during the year in response to emerging issues and changing market conditions. In the 2021–2022 Report on the Statement of Priorities, additions include the development of total cost reporting disclosure for investors, harmonization of primary business requirements, and amendments to registration information requirements and fee rules.

## Our 2021–2022 OSC Goals are:

### GOAL 1

Promote  
confidence in  
Ontario’s capital  
markets

### GOAL 2

Reduce  
regulatory  
burden

### GOAL 3

Facilitate  
financial  
innovation

### GOAL 4

Strengthen our  
organizational  
foundation

## GOAL 1

# Promote confidence in Ontario's capital markets

### Priority 1.1

## Support Implementation of Client Focused Reforms

### Why it's important

We work to make Ontario an attractive place for investors. When rules are clear, fair, and align the interests of registrants with the interests of their clients, investor outcomes improve. The Client Focused Reforms establish a higher level of protection for investors and a higher standard of care for the investment industry.

### Success measures

- Investors will benefit from registrants addressing material conflicts of interest in their best interest
- Registrants have considered specific factors when deciding whether an investment product is suitable and whether their recommendations "put the client's interest first"
- Investors will receive greater clarity about the products and services they can expect from their registrants. Registrants will need to:
  - explain the potential impact on a client's investment returns from management expense fees or other ongoing fees connected with the investment product (and the effect of compounding fees over time)
  - provide investors with more information about any restrictions on their ability to liquidate or resell an investment product
- Increased investor confidence in the industry by better aligning industry conduct with investors' expectations, as reflected by fewer compliance review recommendations relating to inadequate know-your-client and know-your-product due diligence and unsuitable investments

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
<p>The OSC, with other CSA jurisdictions, will establish an implementation committee to provide guidance, respond to questions and otherwise assist registrants to operationalize the amendments</p>	<p><b>Completed:</b> The new CFR requirements came into effect on June 30, 2021 (Conflicts of Interest) and December 31, 2021 (Know-Your-Client, Know-Your-Product, Suitability, Relationship Disclosure Information, and all other reforms). Accordingly, the CFR Implementation Committee has concluded its work and no longer holds regular meetings.</p> <p>Ongoing compliance and oversight related to the implementation of the CFR requirements remain a priority for the OSC.</p>
<p>Publish Frequently Asked Questions (FAQ) guidance to assist registrants with implementing the Client Focused Reforms</p>	<p><b>Completed:</b> Responses to additional questions submitted to the CFR Implementation Committee were published periodically during the year on the <a href="#">CSA website</a>. A final FAQ document was published in April 2022.</p>

## Priority 1.2

Implement Mutual Fund Embedded Commissions Rules and Discontinuance of the Mutual Fund Deferred Sales Charges Payment Option in Coordination with the CSA Harmonized Rule

## Why it's important

When investors understand the costs of their investments, they are better positioned to make decisions that support their overall financial goals. A more transparent fee model for mutual funds better balances the interests of investors with those of advisors and mitigates any potential conflicts of interest. Rule amendments to ban DSC and order-execution-only (OEO) trailing commissions represent a significant change to the asset management industry, and as such a smooth, investor-focused, and timely transition to comply with the two bans is critical.

## Success measures

- Harmful DSC sales practices are removed in Ontario
- Instead of embedded fees, investors are charged applicable direct fees for mutual fund trades on OEO platforms
- Improved transparency and experience for investors with their dealers and advisors when investing in mutual funds

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
<p>Provide appropriate accommodation allowing flexibility for investors to be switched to different fee options when implementing the OEO ban</p>	<p><b>In Progress:</b> On March 18, 2022, the OSC issued a local blanket order, <a href="#">Ontario Instrument 81-508 Temporary Exemptions from the OEO Trailer Ban to Facilitate Dealer Rebates of Trailing Commissions and Client Transfers</a>, which came into force on June 1, 2022, the effective date of the OEO trailing commission ban, and expires on November 30, 2023. The blanket order outlines solutions from industry on how switches and transfers to non-trailer paying funds will be conducted and our expectations of how information is being communicated to investors. To facilitate the OEO trailing commission ban, narrow relief was provided to allow certain dealer rebates to ensure investors were not forced to redeem any remaining mutual funds that could not otherwise be switched or transferred.</p>
<p>Foster the launch of new products and services that facilitate the implementation of the OEO ban and DSC ban</p>	<p><b>In Progress:</b> The OSC made assessments and inquiries to ensure that fund managers are taking steps to implement the DSC and OEO bans, including exploration of new investment options and the necessary infrastructure to support these changes.</p> <p>Staff will continue to monitor compliance with the blanket order described above to ensure switches and transfers are executed in the best way possible for investors.</p>

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
<p>Obtain mutual fund sales, new products, and new services data for trend analysis, and follow up if the trends raise any concerns</p>	<p><b>In Progress:</b> The OSC continues to monitor key industry statistics for notable trends.</p>
<p>Publish the final amendments in spring 2021 relating to the DSC ban</p>	<p><b>Completed:</b> On June 3, 2021, the OSC published final amendments that will prohibit the payment by fund organizations of upfront sales commissions to dealers, which will result in the discontinuation of all forms of the deferred sales charge option. The DSC ban will take effect on June 1, 2022 in Ontario, which coincides with the effective date of the DSC ban in the other CSA jurisdictions.</p>

## Priority 1.3

### Improve the Retail Investor Experience and Protection

## Why it's important

Financial markets are evolving and becoming increasingly complex, with new investment opportunities and products continually being introduced. Investors are the lifeblood of our capital markets, and their interests must be top of mind to ensure that appropriate protections are in place and they have the information needed to make informed financial decisions.

## Success measures

- Financial education resources and channels, such as GetSmarterAboutMoney.ca, continue to be used by more investors, and the OSC is seen as a leader in Canada and internationally
- Enhanced protection of seniors and vulnerable investors
- More informed investment decisions through continued investor education
- Effectiveness of OSC policies and programs improved through integration of behavioural insights

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
<p>Stakeholder consultations on ways to improve the investor experience</p>	<p><b>Completed:</b> The OSC consulted with the Investor Advisory Panel and other advisory committees, including the Seniors Expert Advisory Committee, on many regulatory matters during the year. Further stakeholder consultations were integrated into broader work related to the Capital Markets Modernization Taskforce recommendations.</p>

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
Investor education and financial literacy activities	<p><b>Completed:</b></p> <ul style="list-style-type: none"> <li>■ Continued to develop innovative outreach initiatives, including social media campaigns, to educate investors—particularly about fraud. These included a continued “Check Before You Invest” campaign on Reddit and two Twitter chats, resulting in 8 million and 10 million impressions, respectively.</li> <li>■ Expanded social media presence by launching a new investor-focused Instagram account <a href="#">@GetSmarterAboutMoney</a>.</li> <li>■ Redesigned the popular Investor News newsletter, which reaches over 17,000 subscribers, and began offering it in French in August 2021.</li> <li>■ Published new resources on <a href="#">GetSmarterAboutMoney.ca</a>, including: <ul style="list-style-type: none"> <li>– A new resource hub for small businesses to help investors manage the unique challenges of operating a small business and investing, and</li> <li>– New calculators and tools, including a Debt Consolidation Calculator and a Behavioural Bias Checker.</li> </ul> </li> <li>■ Delivered 110 virtual and telephone-based investor outreach events, including 60 events for seniors and 44 events for multicultural communities, reaching 6,463 Ontarians.</li> <li>■ Allocated approximately \$2.7 million in funding over three years to Prosper Canada for the development of educational resources on safe investing and fraud protection for low-income Ontarians.</li> </ul> <p><b>In Progress:</b> Continuing the refresh of <a href="#">GetSmarterAboutMoney.ca</a></p>



PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
<p>Finalize amendments to implement a regulatory framework to address issues of financial exploitation and diminished mental capacity among older and vulnerable investors</p>	<p><b>Completed:</b> With our CSA partners, published amendments to <a href="#">NI 31-103 Registration Requirements, Exemptions, and Ongoing Registrant Obligations and Related Instruments</a> and its companion policy to address financial exploitation and diminished mental capacity among older and vulnerable investors, which took effect on December 31, 2021.</p> <p>Delivered outreach to registrants, providing an overview of the amendments and highlighting related findings from <a href="#">OSC Staff Notice 11-790 Protecting Aging Investors through Behavioural Insights</a> and other resources that support implementation.</p> <p>With our CSA partners, notified the Office of the Privacy Commissioner of Canada and the federal Office of the Minister of Seniors of stakeholder comments and questions relevant to their respective mandates that were raised during the public consultation.</p> <p><b>In Progress:</b> As we continue to support stakeholders through the implementation of the amendments, we will continue our efforts to address issues of financial exploitation and cognitive impairment among older and vulnerable investors through ongoing stakeholder engagement and keeping abreast of relevant policy developments.</p> <p>As indicated when the amendments were published, the OSC is also considering conducting a retrospective review to assess the efficacy and engagement of the amendments, which could lead to future modification.</p>
<p>Continued implementation of the OSC Seniors Strategy</p>	<p><b>Completed:</b> The amendments to NI 31-103 strengthen the protection of older and vulnerable clients through a flexible and responsive framework to address issues of financial exploitation and cognitive impairment among older investors, which includes steps required to place a temporary hold on transactions in certain circumstances and a requirement that registrants take reasonable steps to obtain the name and contact information for a client’s Trusted Contact Person.</p> <p>To assist in the implementation of the amendments, the OSC:</p> <ul style="list-style-type: none"> <li>■ Developed and published white label resources to support registrants in implementing the regulatory framework and in their interactions with older investors, covering topics such as identifying and responding to signs of financial exploitation and diminished mental capacity.</li> <li>■ Created downloadable resources and videos for investors, to provide information and tools about who a Trusted Contact Person is and why investors should appoint one. Additionally, we created a social media campaign to inform Ontario investors about this new option.</li> <li>■ Reconstituted the Seniors Expert Advisory Committee, with a focus this term on publication and implementation of the regulatory framework, and on developing additional strategies and resources to support older investors and individuals that interact with them.</li> </ul>

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
Continued implementation of the OSC Seniors Strategy	<p><b>In Progress:</b> Continue implementation of the OSC Seniors Strategy and ongoing stakeholder consultation on additional tools, resources, and strategies to support older investors.</p>
Continued expansion of the use of behavioural insights in policy work	<p><b>Completed:</b> Conducted a behavioural analysis of <a href="#">Form 33-109F4 Registration of Individuals and Review of Permitted Individuals</a>, as part of the modernization of <a href="#">NI 33-109 Registration Information</a>, to make the form more intuitive, easier to complete, and to eliminate questions that are not contributing to the evaluation process of registrants.</p> <p><b>In Progress:</b> The Investor Office Research and Behavioural Insights Team (IORBIT) worked with staff on the total cost reporting (TCR) policy project drawing from earlier research commissioned by the Mutual Fund Dealers Association of Canada, to design prototype disclosure documents for the securities sector and the insurance sector. IORBIT tested the prototypes to determine which ones would be most effective in maximizing investor or policyholder’s comprehension of cost information.</p>
Timely and responsive investor research conducted and published	<p><b>Completed:</b> Published the <a href="#">Investing and the COVID-19 Pandemic Study</a> that provided a comprehensive understanding of the experiences and behaviours of retail investors during the COVID-19 pandemic including financial preparedness, savings behaviour, financial situations, changing preferences, and trading activity.</p> <p>Also published the <a href="#">Self-Directed Investors: Insights and Experiences</a> research study that explored several topics relevant to the self-directed retail investing experience in Canada including account openings, information sources used to make investment decisions, trading behaviour, and knowledge of market structure.</p> <p><b>In Progress:</b> In fall 2022, the OSC expects to publish results from a research study on Canadian investor knowledge. The aim is to provide a comprehensive assessment of Canadians’ knowledge relevant to making informed investment decisions, including determining how perceptions of financial knowledge compare to actual performance, and whether investors can be debiased.</p>
Collaboration on financial literacy initiatives with the Government of Ontario, including the Ministry of Finance, Ministry of Education, and Ministry of Seniors and Accessibility	<p><b>Completed:</b> Collaborated on financial literacy initiatives, including:</p> <ul style="list-style-type: none"> <li>■ participating as members of the Ministry for Seniors and Accessibility Seniors Liaison Committee,</li> <li>■ sharing OSC educational resources and registration information for outreach events through MSAA stakeholder networks,</li> <li>■ linking educational articles to government resources as appropriate (e.g. COVID financial supports),</li> <li>■ introducing a French-language version of the investor newsletter, and</li> <li>■ providing input into the Cabinet Office Policy Innovation Hub on the OSC’s work to support seniors.</li> </ul>

## Priority 1.4

Strengthen Investor Redress through the Ombudsman for Banking Services and Investments through Policy and Oversight Activities

## Why it's important

Investors can be at risk for potential losses in cases where an act or omission of a registered firm or individual has caused them harm. The OSC strives to improve investor access to avenues of redress, including an effective and fair dispute resolution system, which is now regarded as an essential element of investor protection frameworks. To achieve better results for investors and strengthen investor redress, the OSC will continue its efforts to establish a binding authority framework for a dispute resolution service such as OBSI that is fair, efficient and accessible.

## Success measures

- Better results for investors regarding redress and dispute resolution, which will also foster investor confidence

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
Provide analysis of the proposal for OBSI binding decisions in Ontario within increased claim limits	<b>In Progress:</b> The OSC is co-leading dispute resolution policy work at the CSA level. Our work is informed by fairness, efficiency, accessibility, and international best practices.
Engage with our CSA partners on strengthening OBSI.	<b>In Progress:</b> Work is underway with our CSA partners to improve investor access to redress for losses, where warranted, by supporting and strengthening OBSI as an independent dispute resolution service, and continuing our efforts to establish a fair, efficient and accessible framework for binding decisions of a dispute resolution service.

## Priority 1.5

### Bring Timely and Impactful Enforcement Actions

## Why it's important

Securities fraud and other misconduct in violation of Ontario securities law harm investors and market participants while threatening the trust they have in our capital markets. To prevent and deter fraud and other misconduct, the OSC will take the necessary enforcement actions against individuals or organizations that contravene the rules.

## Success measures

- Implementation of new tools that increase use of data to support case selection and investigations
- Enhanced profile for the OSC Whistleblower Program increases the number of credible tips
- Continued number of visible, effective disruption actions completed
- Continued visibility of priority case outcomes with strong regulatory messages aligned with OSC strategic priorities
- Greater use of data analytics in market conduct cases to strengthen the detection of harmful conduct
- In conjunction with our CSA partners, successful roll-out of the next phases of the MAP initiative to further enhance enforcement effectiveness in identifying and pursuing insider trading and market manipulation cases.

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
<p>Focus investigative and litigation resources on cases expected to have a strong regulatory impact and that are aligned with our strategic priorities</p>	<p><b>Completed:</b> Given the rise of fraudulent activity in the crypto asset sector, the OSC has taken steps to monitor and bring crypto platforms operating in Ontario or servicing Ontario investors into compliance. See more details under Priority 1.8.</p> <p>In April 2021, receivership and temporary order measures were taken to disrupt alleged fraud at Bridging Finance, followed by the commencement of enforcement proceedings in March 2022.</p> <p>Enforcement work continued despite the ongoing effects of the pandemic, as staff:</p> <ul style="list-style-type: none"> <li>■ assessed a record volume of incoming matters and complaints to Enforcement,</li> <li>■ saw an increase in the number of litigation activities compared to last year,</li> <li>■ held numerous virtual hearings and examinations; and</li> <li>■ developed protocols to resume the use of search warrants.</li> </ul> <p><b>In Progress:</b> As of March 31, 2022, there are 32 active and impactful investigations ongoing. Furthermore, there are currently 38 proceedings before the Tribunal and the courts and five appeals.</p>

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
<p>Continue to identify and develop enhanced analytical tools, including working with the CSA to implement the next phases of the market analysis platform (MAP)</p>	<p><b>Completed:</b> Developed new tools and capabilities to help insider trading assessments connected to news events.</p> <p><b>Ongoing/Delayed:</b> Enforcement continues to support next-phase developments of MAP, including investing in market tools and engaging vendors to increase monitoring and analysis capabilities within crypto asset markets.</p> <p>Development continues towards full functionality of MAP.</p>
<p>The quasi-criminal team will work in cooperation with policing partners and continue to focus on fraudulent behaviour and recidivism</p>	<p><b>Completed:</b> This fiscal year, the quasi-criminal team:</p> <ul style="list-style-type: none"> <li>■ Conducted collaborative investigations with municipal and federal policing partners on four different cases.</li> <li>■ Quasi-criminal charges were laid in three matters and another criminal case is ongoing.</li> <li>■ Onboarded an OPP officer on a three-year secondment in September 2021.</li> <li>■ Engaged domestic and international law enforcement partners to facilitate the extradition of an accused person from the United Kingdom.</li> <li>■ Initiated fraud charges in seven different cases.</li> <li>■ Initiated charges in two recidivist matters.</li> </ul> <p><b>In Progress:</b> The quasi-criminal team continues to build constructive relationships with police partners and remains focused on fraudulent behavior and recidivism.</p>
<p>Take proactive and timely disruption steps to mitigate or stop investor harms</p>	<p><b>Completed:</b> There were 228 cases identified and transferred for disruption or alternative enforcement action following assessment, which is a record number again this fiscal year. These cases represented 23% of the overall number of completed assessments, primarily related to international internet and/or social media scams.</p> <p>Completed 158 disruption activities, including issuing warning letters cautioning against potential misconduct, alerting the public through increased press releases and warnings on the OSC website, and actively engaging with regulatory and law enforcement partners.</p>
<p>The Whistleblower group will triage tips to focus action on impactful enforcement proceedings with effective regulatory messages</p>	<p><b>Completed:</b> The number of total tips submitted rose by 14% from the previous fiscal year, highlighting continued growth in awareness of the <a href="#">OSC Whistleblower Program</a>. The quality of tips varies, but the continued growth demonstrates the willingness of whistleblowers to actively contribute to the program.</p> <p>In July 2021, the OSC marked the <a href="#">five-year anniversary</a> of the OSC Whistleblower Program. Within these five years, the program received approximately 650 tips and provided more than \$8.6 million in whistleblower awards. Enforcement actions involving whistleblower tips during this period resulted in monetary sanctions and voluntary payments of approximately \$44 million.</p> <p>In addition, on March 1, 2022, the <a href="#">OSC announced</a> an award payment of \$240,000 to joint whistleblowers who provided critical information leading to a new investigation that resulted in a successful OSC enforcement action.</p>

## OSC Enforcement Activity, 2021–2022

### OSC Enforcement Branch: Intake

Number of cases assessed	984
Number transferred for disruption	228
Number transferred for investigation	24

### OSC Enforcement Branch: Investigations

Number of completed investigations	46
Number transferred for litigation	22

### OSC Enforcement Branch: Litigation

<b>Proceedings commenced before the Commission</b>	<b>14</b> <sup>31</sup>
Number of respondents	36
<b>Quasi-criminal proceedings</b>	<b>7</b>
Number of accused	12
<b>Criminal Code proceedings</b>	<b>1</b>
Number of accused	1
<b>Search warrants executed</b>	<b>130</b>
<b>ENFORCEMENT TIMELINES:</b>	
Average number of months from intake to commencement of a proceeding	19.6

### Concluded matters before the Commission

Number of proceedings concluded	8 <sup>32</sup>
Number of respondents	16

#### SANCTIONS INCLUDE:

Cease trade orders	11
Exemptions removed	10
Director and Officer bans	6
Registration restrictions	8
Administrative penalties, disgorgement orders, settlement amounts	\$ 17,889,330.32
Costs ordered	\$ 827,122.58
Amounts agreed to be returned to investors under the terms of settlements (includes no-contest settlements)	\$ 0
Number of no enforcement action agreements concluded (Details are not public)	2

<sup>31</sup> Excludes three reciprocal orders.

<sup>32</sup> Includes two individual settlements and excludes one reciprocal order.

## Collections

The Commission's annual collections rate is calculated based on the amounts ordered during that year and the amounts collected from those orders. The rate may later be adjusted upward if amounts are recovered on an unpaid order in a future year.

Collections actions can generally be commenced only after all appeals have been concluded, and they often take time to produce results.

The Commission's collections rate concerning orders in both contested proceedings and settlements is **35.5%** for the 2021–2022 fiscal year. For more details, see the Management's Discussion and Analysis section.

## Concluded matters before the courts

Total number of proceedings	4
Total number of accused	6

### SANCTIONS INCLUDE:

Jail sentences	159 months
Conditional sentences/House arrest	0
Fines	\$ 0
Restitution	\$ 99,840

## Adjudicative activities of the Commission

Proceeding type Sections cited relate to the <i>Securities Act</i> (Ontario).	2021–2022			2020–2021		
	Applications commenced <sup>33</sup>	Applications closed <sup>34</sup>	Oral hearing days scheduled <sup>35</sup>	Applications commenced <sup>33</sup>	Applications closed <sup>34</sup>	Oral hearing days scheduled <sup>35</sup>
<b>Enforcement proceeding</b> <sup>36</sup> (an application for an order requested in a statement of allegations – s. 127)	17 <sup>37</sup>	7 <sup>38</sup>	85	16	14	158
<b>Authorization to disclose</b> (an application to authorize disclosure of information – s. 17)	6	7	0	13	13	1
<b>Temporary order</b> (an application for a temporary order – s. 127)	3	1	14	1	1	4
<b>Hearing and review</b> (an application for a review of a Director's or a self-regulatory organization's decision – s. 8 or s. 21.7)	2	5	12	6	1	14
<b>Further decision/revocation or variation of a decision</b> (an application for a further decision or a revocation or variation of a decision – s. 9(6) or s. 144)	1	2	2	3	1	8
<b>Transactional proceeding</b> (an application relating to a take-over bid, issuer bid, amalgamation, statutory arrangement, merger or acquisition, related party transaction or meeting of security holders – s. 104 or s. 127(1))	1	0	2	2	2	5
<b>Other</b> (an application for an order not specified above)	3	1	6	1	1	0
<b>Total</b>	<b>33</b>	<b>23</b>	<b>121</b>	<b>42</b>	<b>33</b>	<b>190</b>

<sup>33</sup> An application is commenced when it is filed with the Registrar.

<sup>34</sup> An application is closed when a final order or reasons, if any, are issued, or an application is withdrawn.

<sup>35</sup> The number of oral hearing days scheduled that proceeded. Excludes written hearings.

<sup>36</sup> Includes enforcement proceedings, inter-jurisdictional proceedings and settled enforcement proceedings.

<sup>37</sup> Includes 3 reciprocal orders.

<sup>38</sup> Includes one reciprocal order and excludes two individual settlements.



## Priority 1.6

### Publish Position Paper Regarding the Framework for Self-Regulatory Organizations

## Why it's important

The Self-Regulatory Organizations (SROs) have critical public interest responsibilities and their structure should reflect best practices in today's financial services industry, which has evolved significantly since the current model was established. Modernizing the SRO model will better protect investors, streamline regulation, and ultimately better serve the public interest.

## Success measures

- Recommended SRO framework that is informed by stakeholder feedback on the initial consultation paper and reflects the objectives articulated in the consultation paper and the evolution of the market

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
Publish recommended SRO framework	<p><b>Completed:</b> Published <a href="#">CSA Position Paper 25-404 New Self-Regulatory Organization Framework</a> for comment on August 3, 2021, outlining the position to establish a new single enhanced SRO and consolidate the two current investor protection funds into a single fund that will be independent of the new SRO. CSA staff reviewed and considered stakeholder comments.</p> <p><b>In Progress:</b> CSA staff continue to implement the solutions for the new SRO and investor protection fund that will deliver the objectives outlined in CSA Position Paper 25-404. Closing the legal transactions through amalgamation is on track for completion by December 31, 2022.</p>

## Priority 1.7

### Continue to Expand Systemic Risk Oversight

## Why it's important

Appropriate safeguards are necessary for investors and other market participants to confidently participate in Ontario's capital markets and to allow the market to flourish. Enhanced data and analytical tools are important for the OSC to be able to identify and monitor systemic risks, as well as facilitate the OSC's contribution to fostering financial stability.

## Success measures

- Finalized amendments to the Business Conduct Rule for derivatives dealers
- Established operational procedures for new compliance and oversight processes
- Increased use of data and enhanced data analysis for systemic risk monitoring, research, inter-agency information sharing and policy development
- Effective systemic risk oversight supported by timely access and analysis of integrated derivatives over-the-counter (OTC) trade data
- New templates for systemic risk analysis operationalized
- Improved and more effective coordination and cooperation with regulatory partners

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
<p>Subject to Ministerial approval, finalize amendments to the Derivatives Dealer Business Conduct Rule, limiting the scope of the rule and specifying which jurisdictions will be granted equivalency</p>	<p><b>Completed:</b> Published for comment proposed <a href="#">National Instrument 93-101 Derivatives: Business Conduct</a> and its companion policy on January 20, 2022, addressing comments about the benefits and drawbacks of a business conduct regime tailored for OTC derivatives, including the regulatory experience of derivatives dealers and advisors in other jurisdictions.</p> <p><b>Ongoing/Delayed:</b> The comment period ended on March 21, 2022. The OSC will review and consider the comments received before a final publication of the rule, expected by December 2022. The effective date of the rule will be one year after the final publication date.</p>
<p>Work with the CSA on the next version of the proposed Derivatives Dealer Registration Rule</p>	<p><b>On Hold:</b> Publishing of updated proposed National Instrument 93-102 <i>Derivatives: Registration</i> and its companion policy is on hold at this time.</p>
<p>Finalize notice on the status of the Margin Rule for uncleared derivatives involving Ontario entities</p>	<p><b>Completed:</b> Published <a href="#">CSA Staff Notice 95-302 Margin and Collateral Requirements for Non-Centrally Cleared Derivatives</a> on April 8, 2021. This provided an update on CSA work regarding harmonized monitoring and review of data from derivatives trade repositories and global developments relating to margin and collateral requirements for OTC derivatives that are not centrally cleared.</p>

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
Finalize amendments to the Derivatives Trade Reporting Rule with respect to internationally adopted data standards	<p><b>Ongoing/Delayed:</b> Amendments to <a href="#">OSC Rule 91-507 Trade Repositories and Derivatives Data Reporting</a> are expected to be published for comment in June 2022.</p>
Conduct risk-based compliance reviews of OTC Derivatives Rules (Trade Reporting, Clearing, Segregation and Portability)	<p><b>Completed:</b> The OSC conducted five ad hoc compliance reviews of derivatives market participants during the year, noting that incomplete and incorrect data was submitted in some cases. The OSC also completed a compliance review of a derivatives clearinghouse.</p> <p><b>In Progress:</b> We will continue to perform scheduled and ad hoc reviews of derivative market participants to improve the quality of the data we receive.</p>
Design and implement a framework for analyzing OTC derivatives data for systemic risk oversight and market conduct purposes, including the development of enhanced derivatives data mart, analytical tools, and the creation of snapshot descriptions of the Canadian OTC derivatives market	<p><b>In Progress:</b> Several milestones have been reached in this multi-year project. The enhanced data mart continues to be built with automated data ingestion complete and data aggregation for certain asset classes finalized. Analytical tools are in place and snapshot descriptions of the Canadian OTC derivatives market are produced monthly. Work continues to build data aggregation capabilities for the remaining asset classes.</p>
Implement annual surveys, in a scalable manner, of private and public investment funds about their portfolio exposure to assess relevant systemic risks, with a focus on aggregated asset classes and leverage information	<p><b>Completed:</b> Completed the first annual data collection from investment fund managers registered in Ontario. The approach was refined based on industry feedback and a subsequent survey was distributed in April 2022.</p> <p><b>In Progress:</b> The information collected through the survey is being used to inform the OSC’s supervisory approach and discussions with other provincial and federal agencies. The second iteration of the survey has been sent to investment fund managers with results expected in the second quarter of fiscal 2023.</p>

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
<p>Work with other provincial and federal agencies, including through the HoA, to enhance the identification of financial system vulnerabilities and promote financial system resilience</p>	<p><b>In Progress:</b> The OSC continues to share information with other provincial and federal agencies through the Heads of Regulatory Agencies (HoA), a forum for members to share information on emerging regulatory issues, financial system trends, and market developments that cut across the areas of responsibility of its members. The HoA membership consists of the Bank of Canada (Chair of the HoA), Department of Finance Canada, Office of the Superintendent of Financial Institutions, Alberta Securities Commission, Autorité des marchés financiers, British Columbia Securities Commission, and the OSC.</p> <p>OSC staff are members of the Systemic Risk Surveillance Committee (SRSC), which reports to the HoA and facilitates information sharing and collaboration to monitor and assess current and emerging vulnerabilities and risks to the financial system. This committee also incorporates views from the Canada Mortgage and Housing Corporation, Canada Deposit Insurance Corporation, BC Financial Services Authority, and the Financial Services Regulatory Authority of Ontario.</p>

## Priority 1.8

### Strengthen Oversight of Crypto Asset Trading Platforms and Other Dealers

#### Why it's important

There has been a proliferation of crypto asset trading platforms with different business models that offer innovative products to their clients in Ontario, including retail investors. Given the considerable risks of investing in this market segment, it is important to continue efforts to bring crypto asset trading platforms into compliance with securities laws. Appropriate regulatory oversight is critical for building investor confidence in this nascent industry and ultimately for building a strong innovation ecosystem over the long term.

#### Success measures

- Crypto asset trading platforms operate with appropriate regulatory oversight
- An appropriate balance is achieved in fostering innovation in Canadian capital markets and promoting investor protection and fair and efficient capital markets

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
<p>Engage with crypto firms to assess if their activities require dealer registration or approval as a marketplace and if so, have them complete the registration or approval process</p>	<p><b>Completed:</b> As of March 31, 2022, the OSC has registered four crypto asset trading platforms as dealers and provided exemptive relief from certain requirements for these businesses. In addition, one company that was already registered as an investment dealer received exemptive relief to offer crypto products to institutional clients.</p> <p>On September 23, 2021, the CSA and IIROC jointly published <a href="#">Staff Notice 21-330 Guidance for Crypto Trading Platforms: Requirements relating to Advertising, Marketing, and Social Media Use</a> to guide crypto asset trading platforms on how requirements under securities legislation and IIROC rules apply to their marketing and advertising.</p> <p><b>In Progress:</b> As of March 31, 2022, the CSA, including the OSC, is currently in the process of reviewing 20 additional applications received for dealer registration and relief. In addition to those applicants, as of March 31, 2022, OSC staff are in various stages of discussion with a number of other crypto asset trading platforms.</p>

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
<p>Use appropriate tools to address non-compliance.</p>	<p><b>Completed:</b> On March 29, 2021, the OSC issued a press release notifying crypto asset trading platforms operating in Ontario that they must contact OSC staff by April 19, 2021, or face potential regulatory action. Following this announcement, the OSC acted swiftly to bring the crypto asset trading sector into compliance by targeting platforms that failed to contact the OSC by the stated deadline.</p> <p>As a result, the OSC commenced proceedings against four crypto asset trading platforms, while an additional two platforms have entered into a no-enforcement action agreement with the Commission. Furthermore, one of the larger platforms provided a public <a href="#">undertaking</a> to the OSC which represents a legally enforceable commitment by the platform to block new Ontario investors and wind down aspects of its Ontario business.</p> <p>The OSC has also added 68 crypto-related companies to the <a href="#">OSC investor warning and alerts list</a> and continues to monitor this area, making additions to the list as needed. To amplify these warnings, the OSC has also begun to issue regular press releases every three weeks to highlight new additions to the investor warning list. These press releases are highlighted through OSC social media platforms, RSS feeds, and email distribution lists.</p> <p><b>In Progress:</b> The OSC continues to be vigilant and take proactive measures at evaluating crypto asset concerns and, where warranted, takes necessary enforcement action including but not limited to updating the investor warning and alerts list, initiating investigations, and, if applicable, commencing litigation activities.</p>

## Priority 1.9

Advance Work on the Capital Markets Modernization Taskforce Policy Recommendations Identified in the Ontario Government's 2021 Budget

## Why it's important

The Taskforce recommended more than 70 measures to modernize the capital markets regulatory framework in Ontario. The OSC supports the advancement of the recommendations of the Taskforce as adopted by the government, including by seeking stakeholder input through the government's publication of a Capital Markets Act consultation draft.

## Success measures

- Securities regulation in Ontario is governed by a modern legislative platform, informed by stakeholder consultations
- Improved confidence in Ontario's capital markets leads to increased capital investment in Ontario

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
Support Ministry of Finance in preparing a draft Capital Markets Act, including incorporating selected Taskforce recommendations	<b>Completed:</b> Supported the government with ongoing work related to the drafting of the <i>Capital Markets Act</i> , incorporating proposals to implement more than 25 Taskforce recommendations.
Publication by the government of a consultation draft Capital Markets Act	<b>Completed:</b> The Ontario government published the <a href="#">draft Capital Markets Act</a> for stakeholder consultation in October 2021. The consultation remained open until February 2021. <b>In Progress:</b> OSC staff will continue to support the government with the ongoing work related to the CMA consultation, including supporting the government's review of the comments received and considering next steps.
Advance policy work on other prioritized Taskforce recommendations	<b>In Progress:</b> The OSC initiated work on various Taskforce recommendations as adopted by the government. The action plans to implement recommendations are included in the detailed business plans of relevant branches and continue to be supported by our ongoing strategic goals and priority initiatives.

## Priority 1.10

### Improve Climate-Related Financial Disclosures

## Why it's important

Domestic and international investors have expressed a growing need for consistent and comparable information about climate-related risks, including material risks, opportunities, and financial impacts of climate change. A disclosure regime aligned with international frameworks will help the market price climate-related risks. And for public companies, there is an opportunity to attract more capital from investors that increasingly expect action and clear disclosure on climate-related issues.

## Success measures

- Investors have access to the climate-related information needed to inform their investment and voting decisions
- Public companies have clarity on their climate-related disclosure requirements

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
Publish for comment a proposed rule setting out disclosure requirements regarding climate-related matters for public companies	<b>Completed:</b> On October 18, 2021, the CSA published for comment <a href="#">National Instrument 51-107 Disclosure of Climate-related Matters</a> to address the need for more consistent and comparable information to help inform investment decisions. The proposed requirements contemplate disclosure largely consistent with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).



## Priority 1.11

Integrate New Mandates for Fostering Capital Formation and Competition in our Activities

## Why it's important

Supporting vibrant capital markets in Ontario has always been at the core of the OSC's mission, and the expanded mandate allows for a renewed focus on competition and capital formation. This means providing the conditions that enable Ontario businesses to contribute to growth and prosperity and facilitate wealth creation for Ontario investors. The OSC's new responsibilities support the flow of capital to growing Canadian businesses and a flourishing innovation ecosystem that benefits consumers through a broad range of financial services from a variety of firms.

## Success measures

- OSC policy-making and regulatory operations visibly demonstrate a commitment to all the components of the OSC's mandate
- Positive feedback from stakeholders

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
<p>Conduct research to assess the implication of fostering competitive markets and capital formation on securities regulation, including conducting fact-gathering from peer regulators with similar mandates</p>	<p><b>Completed:</b> OSC staff undertook focused research on peer regulators to identify practices that could be adopted to enhance our focus on competitive capital markets and capital formation in a manner that fits in with the other components of the OSC's mandate.</p>
<p>Engage with OSC advisory committees and other stakeholder groups on the consideration of these mandates in OSC work</p>	<p><b>Ongoing/Delayed:</b> The OSC has initiated some limited engagement with our advisory committees regarding the OSC's enhanced mandate. Further engagement was delayed pending the outcomes of the research and development of proposed internal process changes detailed below. Outreach to advisory committees will continue during fiscal 2022-2023.</p>
<p>Develop and implement internal processes to promote consideration of the impact on policy and ongoing regulatory operations of fostering competitive markets and capital formation, including developing a shared understanding of what these terms mean in the context of the OSC's work</p>	<p><b>In Progress:</b> OSC staff are developing internal guidance and identifying process changes that will help promote consideration of competitive capital markets and capital formation, while maintaining an appropriate focus on and balance with the other components of the Commission's mandate.</p>

## Priority 1.12

### Amendments to Registration Information Requirements

#### Why it's important

Accurate and timely information is vital for the OSC to assess whether an individual or firm is or remains suitable for registration, including information about their proficiency, integrity, and solvency. We amended the registration information requirements to reduce burden and help firms and individuals provide complete and accurate registration information. There are over 1,300 firms and 69,000 individuals who submit registration information to the OSC every year.

The amendments are not intended to change the nature of the registration process, the requirement to register, or the assessment of suitability for registration.

#### Success measures

- Modernized registration requirements that clarify the required information, particularly on outside activity reporting, to help individuals and firms provide complete and accurate registration information
- Improved efficiency in the registration process and reduced regulatory burden of registration for individuals and firms, while still allowing the regulator to receive the information necessary to carry out its regulatory role

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
<p>Collect and consider stakeholder feedback and insights through</p> <ul style="list-style-type: none"> <li>■ review of stakeholder comments on proposed amendments</li> <li>■ behavioural insights analysis</li> </ul>	<p><b>Completed:</b> Staff reviewed and considered stakeholder comments on proposed amendments to NI 31-109 <i>Registration Information</i> published for comment on February 4, 2021.</p> <p>Conducted a behavioural analysis of Form 33-109F4 <i>Registration of Individuals and Review of Permitted Individuals</i> as noted under Priority 1.3.</p>
<p>Finalize amendments to reassess outside business activity conflicts of interest and reporting obligations, and modernize the registration information required</p>	<p><b>Completed:</b> Published final amendments to <a href="#">NI 33-109</a> and its companion policy on December 16, 2021.</p> <p>Amendments came into force on June 6, 2022, with a transition period for registrants to provide information updates.</p>

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
<p>Support implementation of amendments by</p> <ul style="list-style-type: none"> <li>■ overseeing systems and operational changes required for implementation</li> <li>■ providing guidance to registered firms and other stakeholders</li> </ul>	<p><b>Completed:</b> Supported the implementation of the amendments to NI 33-109, which included:</p> <ul style="list-style-type: none"> <li>■ providing guidance within the final amendments regarding the transition period and requirements to update information in the National Registration Database (NRD).</li> <li>■ a registrant outreach <a href="#">webinar held on March 1, 2022</a>, relating to the implementation of the amendments with 423 attendees.</li> </ul> <p><b>In Progress:</b> The OSC continues to implement the amendments on NRD, with the CSA, and to harmonize with CSA and SRO colleagues. In addition, an implementation guide will be shared on the OSC website and via email with further NRD-related implementation details.</p>
<p>Collect data from individual registrants on their titles to facilitate regulatory oversight of new prohibition in Client Focused Reforms on using misleading titles</p>	<p><b>In Progress:</b> Title information will be required for all new applicants on and after the June 6, 2022, effective date of the amendments and this information will be collected from existing registrants during the transition period.</p>

## Priority 1.13

### Develop Total Cost Reporting Disclosure for Investors

#### Why it's important

When investors understand the total costs associated with their investments, they are better positioned to make decisions that support their overall financial goals. More transparent fee reporting to holders of investment funds and segregated funds will correct an information asymmetry between clients and their registered dealers and advisors. Increased awareness of these costs should lead to better investment results over time and confidence in Ontario's capital markets is promoted when the costs of investing are clearly and consistently reported.

#### Success measures

- Clients receive reports that include the embedded fees associated with their investment funds
- The information about embedded fees that is included in reports to holders of investment funds and segregated funds is as harmonized as much as possible
- Final rule amendments to implement Total Cost Reporting address the project's investor protection mandate without imposing disproportionate costs on the industry

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
<p>Develop a form of total cost reporting disclosure for securities registrants that will build on existing disclosure documents rather than adding net new requirements</p>	<p><b>Completed:</b> Developed proposals for total cost reporting disclosures, which included:</p> <ul style="list-style-type: none"> <li>■ conducting a series of advance consultations with industry representatives and investor advocates,</li> <li>■ undertaking a review of relevant behavioural insights research and working with IORBIT to test alternative forms of TCR-enhanced account statements and cost reports, as well as comparable documents for segregated funds; and</li> <li>■ an assessment of the similarities and differences among investment funds and segregated funds sectors and their regulatory regimes to ensure that proposals for the two sectors are as harmonized as possible.</li> </ul>

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
<p>Recommend disclosure solutions that:</p> <ul style="list-style-type: none"> <li>■ draw upon behavioural insights and the results of testing sample documents with investors</li> <li>■ reflect an understanding of costs and practical considerations based on advance consultations with industry associations and back-office service providers</li> <li>■ adopt an approach as consistent as possible under both securities and insurance regimes</li> </ul>	<p><b>Completed:</b> With input from the Canadian Council of Insurance Regulators (CCIR), the CSA developed proposals to amend <a href="#">NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations</a>. The CCIR proposals take the form of guidance for a new and enhanced disclosure framework.</p> <p>Total cost reporting proposals were published separately for comment by the CSA and CCIR in late April 2022, using a joint notice of publication for comment.</p> <p>Consultations with stakeholders will continue during the comment period. This input and the public comments will be reviewed and carefully considered in the development of final amendments to implement total cost reporting disclosures.</p>

## Priority 1.14

### Develop Fee Rule Amendments

### Why it's important

The fee structure is designed to recover the OSC's costs. With the increase in funding required to expand the OTC derivatives oversight program, the OSC's expanded mandate and structure, and the growth and complexity of capital market activities, it is important to ensure that our fee structure can recover additional expenses while considering burden reduction and fair allocation of costs across market segments.

### Success measures

- Fee structure which recovers costs from market sectors in a fair and equitable process that permits the achievement of our mandates
- Propose fee rule amendments that reduce burden for market participants while maintaining investor protection

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
Develop cost projections by market segment to determine appropriate fee targets, including the assessment of new fees for growing sectors	<b>Completed:</b> Completed cost projections by market segment, determined appropriate fee targets, and proposed new fees for OTC derivatives entities.
Develop and publish amendments to Fee Rules, where appropriate, without compromising investor protection	<b>Completed:</b> Published for comment on January 21, 2022, a comprehensive list of proposed amendments to <a href="#">OSC Rules 13-502 Fees and 13-503 (Commodity Futures Act) Fees</a> to reduce various participation, activity, and late fees, simplify filing requirements for certain activities, and introduce a new fee for entities that enter into OTC derivatives. Proposed amendments are anticipated to become effective on April 3, 2023, subject to Minister's approval.

## Priority 1.15

### Harmonize interpretation of Primary Business Financial Statement Requirements in IPOs

#### Why it's important

Companies that file an IPO want market certainty and require clear and consistent rules on which financial statements to include in a prospectus. At the same time, investors need proper financial information about a new public company to make an informed investment decision. The purpose of the primary business requirements is to provide investors with financial history of the business of the issuer, even if this financial history spanned multiple legal entities over the relevant time period. Harmonizing the primary business requirements will reduce time, cost, and uncertainty for new issuers.

#### Success measures

- Harmonized interpretation of primary business requirements reduces burden on new issuers by giving them additional clarity on the historical financial information required in an IPO without compromising investor protection

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
<p>Harmonize the interpretation of the financial statement requirements for a long form prospectus, such as in an issuer's initial public offering</p>	<p><b>Completed:</b> In August 2021, the CSA published for comment proposed changes to <a href="#">Companion Policy 41-101CP</a> related to primary business requirements. The intent was to harmonize the interpretation of the financial statement requirements for a long form prospectus in situations where an issuer has acquired a business, or proposes to acquire a business, that a reasonable investor would regard as being the primary business of the issuer. The proposed changes provide additional guidance on the interpretation of primary business rules including in what situations, and for which time periods, financial statements would be required. The changes came into effect in April 2022.</p>

## GOAL 2

# Reduce regulatory burden

### Priority 2.1

Develop an Enhanced Framework for Reducing Burden and Modernizing Regulation

### Why it's important

Developing and implementing an enhanced internal framework that applies to all rule and policy projects will build a culture of continuous improvement to modernize the OSC and its regulatory regime. A centralized and streamlined process that carefully considers all aspects of our mandate can contribute to expedited rule creation and policymaking and help create harmonized outcomes that meet the needs of Ontario investors and market participants.

### Success measures

- Implementation of enhanced continuous improvement framework with systematic focus on reducing undue regulatory burden

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
Develop a continuous improvement framework with a systematic focus on reducing undue regulatory burden	<p><b>In Progress:</b> Design and implement an enhanced organization-wide framework that will improve our systematic and streamlined approach to all rule and policy projects. This will support the transition to the new goal, "Modernizing the Regulatory Environment," in our <a href="#">2022-2023 Statement of Priorities</a>, as the OSC continues to adapt and evolve the regulatory framework to respond to the changing market environment and investor needs.</p> <p>Once implemented, all rule and policy projects will be coordinated within the new framework to streamline the process and achieve desired policy outcomes on high-priority issues.</p>
Identify and consider leading global practices undertaken by similar organizations to reduce regulatory costs	<p><b>Completed:</b> Conducted research into leading practices concerning regulatory efficiency and shared knowledge with other regulators through memorandums of understanding and international bodies on reducing regulatory burden/costs.</p> <p><b>In Progress:</b> Continue to monitor and review leading global practices undertaken by similar organizations to reduce regulatory burden/costs to learn and understand how this could inform how we modernize regulation in Ontario.</p>



## Priority 2.2

### Continue to Implement Burden Reduction Initiatives

## Why it's important

Reducing regulatory burden and enhancing competitiveness in Ontario markets can save time and money for issuers, registrants, investors, and other market participants. The OSC has committed to an ongoing program to modernize regulation and reduce burden aimed at eliminating unnecessary rules and processes to foster fair, efficient and competitive capital markets, as well as to foster capital formation while focusing on protecting investors and the integrity of our markets.

## Success measures

■ Ongoing reduction of undue regulatory burden aims at:

- Greater transparency around our processes and flexibility on what is required to fulfill regulatory requirements
- Less duplication of requirements and form filings
- A more tailored regulatory approach that considers the size and type of businesses
- Improved coordination between the OSC and our regulatory partners
- Rules and guidance that are easier to read and understand and clearer communication from staff

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
Continue implementing identified and prioritized burden reduction initiatives	<p><b>Completed:</b> Conducted strategic reassessment of burden reduction initiatives set out in the 2019 report <a href="#">Reducing Regulatory Burden in Ontario's Capital Markets</a> and consolidated and prioritized ongoing initiatives into projects based on their strategic or operational nature.</p> <p><b>In Progress:</b> We will continue to implement burden reduction projects, including joint CSA projects. Many of these initiatives have been integrated into our core operational work and policymaking activities. The OSC continues to strive to streamline regulation without compromising investor protection.</p>

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
<p>Focus initiatives include closely working with our CSA partners on Rationalization of Investment Fund Disclosure (RID) project and, for non-investment fund issuers, streamlining continuous disclosure requirements</p>	<p><b>Completed:</b> The OSC worked closely with the CSA to reduce the regulatory burden on investment fund issuers, publishing amendments on October 7, 2021, that implemented eight burden reduction initiatives. The changes eliminate duplicative requirements, streamline regulatory approvals and processes, and codify frequently granted exemptions from certain requirements.</p> <p>Published for comment on May 20, 2021, proposed <a href="#">Amendments to National Instrument 51-102 Continuous Disclosure Obligations and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers</a> to streamline and clarify annual and interim filings, and a proposed Framework to allow semi-annual reporting on a limited basis for venture issuers.</p> <p><b>In Progress:</b> The OSC continues to work with the CSA to identify opportunities in streamlining investment funds' continuous disclosure requirements.</p> <p>Stakeholder comments received on NI 51-102 are being reviewed with the view to publishing the final amendments in early 2023, subject to all necessary approvals.</p>

## GOAL 3

# Facilitate financial innovation

### Priority 3.1

## Implement Multi-Year Plan for Innovation Office

### Why it's important

Innovation offers economic opportunities and choice for investors. We support the creation of a globally competitive and efficient capital markets regulatory system that helps innovative businesses succeed and attracts investments from around the world. The OSC has established a dedicated office to lead our efforts in modernizing regulation, supporting innovation, and facilitating capital formation to drive competitiveness in our markets.

### Success measures

- The Innovation Office is fully operational and delivering on its mandate
- Provide enhanced support to innovative businesses, entrepreneurs, and start-ups to help foster economic growth, strengthen the innovation ecosystem, and improve access for investors in Ontario
- Insights gained by testing innovative ideas with market participants and investors
- Increased OSC profile as an innovative and agile regulator through effective engagement with innovation hubs and similar groups within domestic and global regulatory organizations

#### PLANNED ACTIONS

Foster, promote, and where possible model and test innovative business models and methods in capital formation, transaction and service efficiency, and fairness

#### PROGRESS/OUTCOMES/MEASURES OF SUCCESS

**Completed:** The Innovation Office launched [OSC TestLab](#) in November 2021, a dedicated environment to test innovative solutions and new approaches to regulation aimed at reducing burden, promoting economic growth, and fostering capital formation in Ontario's capital markets.

**In Progress:** Applications for the first TestLab cohort were accepted from November 2021 to January 2022, with the successful applicants announced in April 2022.

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
<p>Obtain stakeholder feedback to ensure initiative objectives are being met</p>	<p><b>Completed:</b> To ensure that OSC TestLab is aligned with stakeholder needs and priorities, the Innovation Office gathered feedback and surveyed stakeholders for their input to help identify challenges and opportunities faced by solution providers, registrants, and investors around know-your-client, know-your-product, and suitability obligations that could be addressed through testing. There were 128 businesses (registrant and technology companies) and 256 investor responses to the survey. The insights from the survey helped develop the problem statements for the first TestLab testing theme.</p> <p><b>In Progress:</b> The Innovation Office will continue to seek stakeholder input on future TestLab testing themes and problem statements.</p>
<p>Increase the OSC's visibility and credibility as an innovative and agile regulator</p>	<p><b>Completed:</b> The Innovation Office introduced a dedicated website and social media channels (<a href="#">Twitter</a> and <a href="#">LinkedIn</a>) to increase its direct engagement with the innovation community. The new website includes interactive digital applications for the Innovation Office's business support programs: <a href="#">OSC LaunchPad</a> and OSC TestLab.</p>
<p>Demonstrate clear, visible connections to the innovation ecosystem, including innovation hubs, stakeholders, market participants, investors, and other regulators</p>	<p><b>Completed:</b> The Innovation Office launched TestLab to create an environment for solution providers, investors, and capital market participants to collaborate on solution-focused testing.</p> <p>The OSC received strong interest from solution providers for TestLab's first testing theme with applications from businesses based in Ontario and beyond. These solution providers will test their solutions with interested Ontario registrants and investors.</p>

**PLANNED ACTIONS****PROGRESS/OUTCOMES/MEASURES OF SUCCESS**

Monitor innovation and economic growth initiatives and engage actively with innovation hubs and similar groups within domestic and global regulatory organizations

**Completed:** The OSC is actively engaged with the Global Financial Innovation Network (GFIN) to help create cross-border testing opportunities for Ontario companies. In summer 2021, an Ontario company was selected to test and further develop its solutions through the GFIN cross-border testing initiative, which allowed it to simultaneously test its innovative solution in multiple jurisdictions. The work also generated important insights for the OSC to enhance regulatory effectiveness, reduce costs, and increase oversight capabilities.

In addition, the OSC worked within the GFIN to connect with other jurisdictions and help define the OSC's approach to regulatory technology (RegTech) and supervisory technology (SupTech).

**In Progress:** The Innovation Office works closely with other stakeholders and regulators to strengthen partnerships and monitor innovation and economic growth initiatives on a domestic and international level, including:

- Canadian Securities Administrators Regulatory Sandbox
- Global Financial Innovation Network
- International Organization of Securities Commissions (IOSCO), including the fintech taskforce; and
- Outreach to innovation hubs and academic programs focused on innovation-related themes.

## Priority 3.2

### Engage with Innovative Businesses and Support Innovation in Capital Markets

## Why it's important

By working with innovative businesses, the OSC has an opportunity to directly identify opportunities for modernizing regulation and reducing burden for participants in Ontario's capital markets. Supporting innovation in capital markets, while balancing the need for investor protection and market stability, can help improve efficiency and reduce costs for investors.

## Success measures

- Costs and "time to market" for innovative businesses are reduced
- Implemented tools support new businesses seeking to raise capital
- Enhanced OSC LaunchPad offerings and Ontario regulatory sandbox assist start-ups and provide an environment for businesses to test their solutions in Ontario
- Positive feedback from stakeholders regarding guidance issued, surveys conducted, and support provided to innovative businesses
- Newly launched interactive website for the Innovation Office

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
<p>Research, identify, and test new innovative methods, services, and products specific to the OSC's mandate to enhance capital markets efficiency</p>	<p><b>Completed:</b> The first test of TestLab is aimed at, among other things, enhancing capital markets efficiency through innovative solutions to help registrants meet their know-your-client, know-your-product, and suitability obligations.</p> <p><b>In Progress:</b> We will continue to research, identify and test new innovative methods, services, and products specific to the OSC's mandate to enhance capital markets efficiency.</p>
<p>Identify, understand, and promote emerging business models, services, and products in finance that benefit investors and our capital markets</p>	<p><b>Completed:</b> OSC LaunchPad and TestLab provide ongoing opportunities for the OSC to identify and understand emerging business models, services, and products in finance that benefit investors and our capital markets.</p> <p><b>In Progress:</b> In addition to these initiatives, the Innovation Office has created a research function and, in collaboration with the Regulatory Strategy and Research Branch, is testing and developing a framework for identifying and monitoring emerging capital market trends.</p>
<p>Provide additional tools to assist firms that want to test novel products and services</p>	<p><b>Completed:</b> The TestLab, the Innovation Office's new user-friendly website, and the Beta Directory, as described below, provided companies with additional tools and resources.</p>

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
<p>Develop and implement an Ontario regulatory sandbox that promotes financial innovation and fosters capital formation</p>	<p><b>In Progress:</b> In addition to OSC TestLab, the Innovation Office will continue to collaborate with the Financial Services Regulatory Authority of Ontario to identify opportunities to develop and implement an Ontario regulatory sandbox.</p>
<p>Work with external stakeholders, such as law firms, advisors, incubators and accelerators, venture capital, and angel investor organizations to consider potential tools to give the innovation community important insights and information into securities law requirements, including information for start-ups on whether and how securities regulations may apply to their business</p>	<p><b>Completed:</b> Created the Beta Directory to connect eligible businesses who apply for LaunchPad support with access to external firms for critical legal, financial and other business advice. Currently, 44 organizations have signed up to offer their services to novel businesses. The Beta Directory will support early-stage companies by connecting them with critical business advisory supports so that they can scale up, grow their business and eventually play a vital role in Ontario’s capital markets. The Innovation Office also continued to provide direct support and received 42 requests for support from novel businesses as part of its OSC LaunchPad program.</p>
<p>Work with the CSA Sandbox to issue timely approvals and/or exemptive relief for Ontario businesses offering novel products or services to operate in Canada as registered firms or marketplaces</p>	<p><b>In Progress:</b> We continue to actively engage on the CSA Sandbox Committee, including participation on the CSA Sandbox Steering Committee and sub-working groups to evaluate novel businesses and trends.</p>

## GOAL 4

# Strengthen our organizational foundation

### Priority 4.1

## Redevelopment of CSA National Systems

### Why it's important

The CSA is modernizing the electronic filing and data access systems that underpin Canadian securities regulation. SEDAR+ will be easier to use and more intuitive than the legacy systems it is replacing, which can no longer respond to the modern needs of market participants. The implementation of SEDAR+ is the next step in a comprehensive project to reduce the time and cost of regulatory compliance.

### Success measures

- SEDAR+ is launched as a modern, easy-to-use, online national system that is more responsive to current and future needs of market participants
- Regulatory processes are more efficient and service delivery to market participants is improved, reducing overall regulatory burden
- MAP supports increased ability to analyze complex market abuse cases, across markets and related parties

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
Actively participate with the CSA to develop SEDAR+ and MAP systems that meet the needs of internal and external stakeholders	<p><b>Ongoing/Delayed:</b> Development of SEDAR+ is an ongoing and important CSA project and remains a top priority for the OSC. The OSC continues to actively participate with the CSA in SEDAR+ development.</p> <p>Phase one of SEDAR+ is focused on issuer filings and will replace the cease trade order database, the disciplined list, SEDAR, and local exempt distribution reporting and issuer exempt relief systems. It will be launched by November 2022.</p> <p><b>In Progress:</b> Following the initial rollout of MAP, the OSC continues to engage with the CSA as an end user of the platform, providing user feedback, enhancement requests, and suggestions. The OSC is also an active participant in CSA's advanced analytics working group.</p>



PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
<p>Work with other CSA jurisdictions to complete a controlled transition to the new system for market participants and internal users</p>	<p><b>Ongoing/Delayed:</b> The OSC continues to work with the CSA and other participating jurisdictions to prepare for the SEDAR+ phase one implementation.</p> <p>A SEDAR+ pilot will be conducted in summer 2022 to allow for user feedback and to further inform transition plans ahead of the launch in February 2023.</p>
<p>Complete development of CSA Systems Fee Rule in time for Phase 1 launch of SEDAR+</p>	<p><b>In Progress:</b> Comments received on <a href="#">Proposed Repeal and Replacement of Multilateral Instrument 13-102 System Fees for SEDAR and NRD</a> have been reviewed and incorporated into the replacement rule. Draft of the replacement rule has been finalized.</p> <p>Subject to Commission and Ministerial approval, the repeal and replacement of MI 13-102 will coincide with the launch of SEDAR+.</p>

## Priority 4.2

# Modernize OSC Technology Platform

## Why it's important

Ever-increasing market complexity is accelerating our reliance on technology and data. The OSC is investing in technology, infrastructure, and cybersecurity to support a digital transformation program that will improve our efficiency and streamline our operations. We are modernizing our OSC technology platform to enhance our internal operations and better serve those we regulate. The program will also improve access to data and information, allowing for better identification of trends and risks and support for analysis and decision-making.

## Success measures

- Digital-first culture, supported by integrated data and modern tools, technologies, and processes
- Increased efficiency of internal regulatory operations and corporate services through optimization and automation of business processes
- Accelerated transition from stand-alone, legacy systems to integrated enterprise platforms, processes, and data flows

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
Fully operationalize the new Digital Solutions Branch	<b>Completed:</b> Established and operationalized the new Digital Solutions Branch.
Complete work on OSC local systems and related processes, workflows, and policies to ensure they are aligned with phase 1 of SEDAR+ when it is launched	<p><b>In Progress:</b> System and process updates of the eight impacted OSC local systems are ongoing to integrate with SEDAR+ functionality. Operational readiness work is in progress.</p> <p><b>Ongoing/Delayed:</b> The scheduled deployment of the impacted OSC applications remains aligned with the SEDAR+ program.</p>
Develop digital transformation roadmap including Enterprise Resource Planning (ERP) implementation, optimization of regulatory operations through an integrated digital platform, automation of manual tasks using robotic process automation technology, as well as provision of enterprise data and analytics platform	<p><b>Completed:</b> Defined the OSC's Digital and Data Platform Strategy. This included:</p> <ul style="list-style-type: none"> <li>■ identifying key platforms required to enable OSC's digital transformation, including the implementation of an ERP solution;</li> <li>■ expansion of a cloud-based, integrated regulatory case management and workflows platform;</li> <li>■ automation of manual tasks using robotic process automation; and</li> <li>■ employee enablement through various modern tools and technologies.</li> </ul>

**PLANNED ACTIONS****PROGRESS/OUTCOMES/MEASURES OF SUCCESS**

Deliver frequent, incremental business value through analytics and automation while gradually replacing legacy systems with new modern cloud-based platforms

**Completed:** As part of OSC’s implementation of the Digital and Data Platform Strategy described above, automation of certain manual tasks using robotic process automation was implemented and digital platforms pilots were initiated during the year.

**In Progress:** The OSC continues to implement the Digital and Data Platforms Strategy. Existing legacy systems will be ported to the new platforms as part of the multi-year initiative.

### Priority 4.3

## Foster Inclusion, Equity, and Diversity

### Why it's important

Creating an employee experience that is diverse, equitable, and inclusive will improve recruitment, retention, and wellbeing at the OSC. By celebrating and recognizing our employees' uniqueness and individuality, we foster an inclusive and accountable culture where everyone can contribute while feeling safe. Employees want to engage with organizations that are reflective of themselves, and an inclusive workplace will help us attract new talent to the organization.

### Success measures

- Updated and new policies and practices that are equitable and inclusive for all employees, including in the areas of recruitment, talent development, secondment, promotion, code of conduct, and respectful workplace
- Increased understanding leads to individual and organizational change in practices and behaviours to support equity and inclusion
- A workplace where employees experience psychological safety and inclusion
- Achieve the goals and targets set out in the BNI CEO pledge

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
<p>Implement an Inclusion and Diversity Strategy to remove barriers to inclusion at the OSC, and to achieve equitable opportunities and a consistent employee experience for all</p>	<p><b>Completed:</b> Developed an internal Inclusion and Diversity Plan informed through consultations with employees through surveys and focus groups. The plan outlines five overarching goals to enable the OSC to further our efforts to build a truly inclusive and diverse workplace.</p> <p>Established an employee-led Inclusion and Diversity Council with a mandate to provide employee voices and perspectives to the OSC's leadership regarding diversity, equity, and inclusion. Also established voluntary resource groups that offer employees a safe space to share their experiences as well as provide cross-cultural learning and other opportunities for connection and professional development.</p> <p>Issued an organization-wide performance goal "to foster and be accountable for an anti-racist and inclusive workplace" to be integrated into each employee's annual performance plan to reinforce accountability. This goal will continue to be included in upcoming years' plans.</p> <p><b>In Progress:</b> Initiatives currently underway include:</p> <ul style="list-style-type: none"> <li>■ engaging with Indigenous partners to work on our reconciliation action plans and other reconciliation initiatives; and</li> <li>■ design and implementation of prayer rooms and wellness rooms.</li> </ul> <p><b>Ongoing/Delayed:</b> Ongoing measurement of organization-wide performance goals and data collection of demographic and other inclusion and diversity data metrics to guide the OSC with evidence-based strategies are underway. Leveraging the upcoming ERP will allow for future integration of all inclusion and diversity data points in a single repository.</p>

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
<p>Provide and promote opportunities for learning and dialogue to develop a better understanding of bias, racism, and barriers to inclusion</p>	<p><b>Completed:</b> Developed employee partnerships to provide employees and leaders with training on key inclusion and diversity topics.</p> <p>Undertook several initiatives designed to better understand barriers to inclusion within OSC and to identify what we can do differently to achieve equitable opportunities and a consistent employee experience for all, including:</p> <ul style="list-style-type: none"> <li>■ Enhancing our outreach and engagement through participation in forums, including external speakers and staff panel discussions</li> <li>■ Release of weekly inclusion and diversity learning and engagement content; and</li> <li>■ Releasing a calendar of diversity and inclusion events created to identify and promote dates of significance for celebration or commemoration.</li> </ul> <p><b>In Progress:</b> Embedding inclusion and diversity education by continuing to provide education and develop toolkits, such as inclusive language, webinars, and videos around inclusion, diversity, equity, and accessibility.</p>
<p>Take actions outlined in the BlackNorth Initiative (BNI) CEO pledge to end anti-Black systemic racism</p>	<p><b>Completed:</b> Actions taken during the year in support of the BlackNorth CEO pledge include:</p> <ul style="list-style-type: none"> <li>■ Creation of the Inclusion and Diversity Plan,</li> <li>■ Launch of the Black Employee Network Resource Group with defined short and long-term objectives that will support the OSC’s goal to attract, retain and advance Black employees at the OSC. This will continue to strengthen collaboration and dialogue across the organization to build relations to end anti-Black systemic racism; and</li> <li>■ Training for all employees on key inclusion and diversity topics, including unconscious bias and anti-racism.</li> </ul> <p><b>In Progress:</b> The OSC continues to expand and engage in targeted outreach services to source diverse candidates. The current focus is on increasing OSC exposure as a potential employer amongst students by posting to more diverse sites and by piloting student sessions. For the recent recruitment drives for summer law and accounting students, OSC postings included a link to register for a live session to learn more about the OSC and the opportunity.</p> <p>The OSC will continue to undertake a review of the existing data and multi-year talent pipeline strategy to measure the outcomes of the OSC’s goal of a five per cent student workforce from the Black community, including a review of the hiring outcomes. Detailed performance measures will be delayed until the implementation of an ERP.</p>

## Priority 4.4

### Continue to Monitor and Adapt to the Impacts of the COVID-19 Pandemic

## Why it's important

Adapting work practices and the workplace for effective regulatory and business operations while maintaining the health and wellbeing of employees during the COVID-19 pandemic has been critical to fulfilling our mandate and achieving our goals.

## Success measures

- Updated and new policies and practices that address employment practices in a hybrid workplace and flexible work arrangements
- Increased awareness and utilization of health and well-being benefits and programs
- Redefined and redesigned office space

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
<p>Adjust work policies and practices to accommodate remote work, and support collaboration and organizational culture in a fully remote workplace model during the COVID-19 pandemic and a hybrid workplace model post-pandemic</p>	<p><b>Completed:</b> Health and safety protocols were put in place to protect employees during the pandemic, including limited access to the office at various phases of the pandemic, a vaccine policy, masking, and physical distancing. In addition, work policies included additional paid sick time for COVID-19 illness, home office allowance, and flexible work arrangements. Specific health &amp; safety protocols were developed for essential staff required to work on-site to support fully remote colleagues. These are assessed regularly in parallel with monitoring pandemic conditions.</p> <p>We developed a hybrid work model, establishing work policies and practices to support a workforce where employees have the flexibility to work both on-site and remotely.</p> <p><b>In Progress:</b> Began implementation of the hybrid work model, which will continue to be implemented throughout the next fiscal year.</p>
<p>Provide resources, benefits, and flexible work practices to support employees' physical and mental health and well-being</p>	<p><b>Completed:</b> The OSC continued to offer employees robust health and wellness programs, including access to counselling and mental health support resources.</p> <p><b>In Progress:</b> The OSC continues to implement internal communication campaigns and program enhancements to showcase the OSC's robust health and wellness programs and resources and to increase overall employee usage and participation.</p>
<p>Implement physical space design features to ensure employee health and safety, and to support a hybrid workplace</p>	<p><b>Completed:</b> Implemented health and safety features into redesigned workspaces, including enhancements to air filtration, reduced touchpoints, and finishes that can be safely sanitized.</p>

## Priority 4.5

### Implement the OSC Structural Changes as Set Out in the Securities Commission Act

## Why it's important

The separation of the regulatory and adjudicative functions of the OSC and the separation of the Chair & CEO role allow for an even stronger focus on our policy and regulatory work to ensure Ontario's capital markets are modern, competitive, and deliver strong investor protection. These modernizations and the creation of the new Capital Markets Tribunal align the OSC with corporate governance best practices and strengthen our role as an innovative and globally competitive markets regulator.

## Success measures

- An improved OSC governance framework that aligns with corporate governance best practices
- Separation of the regulatory and adjudicative functions to support more effective delivery of the OSC mandate
- A new Capital Markets Tribunal enhancing tribunal independence while preserving accessibility and transparency

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
<p>Defining new roles of key senior leaders, recruitment and orientation – CEO, Chair, Board Directors, Chief Adjudicator, and Adjudicators</p>	<p><b>Completed:</b> Role descriptions were finalized for the positions of CEO, Chair, board directors, Chief Adjudicator, and adjudicators.</p> <p><b>In Progress:</b> Development of resources and implementation of processes to support a successful transition to the new governance structure continues.</p> <p><b>Subsequent Activity:</b> The <i>Securities Commission Act, 2021</i> was proclaimed on April 29, 2022.</p> <p>All positions were filled, with appointments effective as of April 29, 2022.</p>
<p>Revising OSC Charter of Governance, By-laws, policies, delegation orders, Rules of Procedure and Forms, Practice Guideline and other governance and tribunal resources</p>	<p><b>Completed:</b> The Rules of Procedure and Forms, Practice Guideline, and other tribunal resources have been updated to reflect the establishment of the Capital Markets Tribunal.</p> <p>Finalized board-approved governance documents that will take effect on the proclamation of the <i>Securities Commission Act, 2021</i>.</p> <p><b>In Progress:</b> Following the proclamation of the Securities Commission Act, 2021, in April 2022, the following will be finalized:</p> <ul style="list-style-type: none"> <li>■ Memorandum of Understanding between the Minister of Finance and the Ontario Securities Commission,</li> <li>■ Memorandum of Understanding between the Chair of the board of directors of the Commission and the Chief Adjudicator of the Capital Markets Tribunal,</li> <li>■ Tribunal operations protocol between the Chief Adjudicator and the CEO.</li> </ul>

PLANNED ACTIONS	PROGRESS/OUTCOMES/MEASURES OF SUCCESS
Establishing a new tribunal identity and funding allocation	<p><b>Completed:</b> New tribunal identity established, including a standalone Capital Markets Tribunal website which launched upon proclamation of the <i>Securities Commission Act, 2021</i>.</p> <p>Funding allocation to the Capital Markets Tribunal was approved as part of the <a href="#">2023–2025 OSC Business Plan</a>.</p>



# 2021–2022 Service Standard Results

## Performance Measures against the OSC Service Commitment

### Background

The [OSC Service Commitment](#) was established to provide investors, registrants, and market participants with transparency on the standards and timelines they can expect when interacting with the OSC. As part of our ongoing commitment to accountability and transparency, this quarterly report has been created to provide timely updates to stakeholders on our performance against these targets.

### Performance Measurement

Each service standard has a corresponding performance target; this represents our commitment to the service level that stakeholders can expect when interacting with the OSC. The performance target generally applies to routine matters and assumes that applications and filings are received in an acceptable form. For more information on what this means, refer to the full OSC Service Commitment document on the OSC website.

Performance results against each standard are collected and presented quarterly for greater transparency.

### Important Note

On December 7, 2021, in response to a significant and persistent increase in the volume and complexity of certain applications and filings, the OSC announced temporary changes to its service commitments effective until June 30, 2022. Performance results are measured against these temporary changes beginning on December 7, 2021.

Where there is a temporary change to a service standard timeline or target, the Q3 results are presented on a consolidated basis, measuring results based on the previous service standard for the period October 1, 2021, to December 6, 2021, and the temporary service standard for the period of December 7, 2021, to December 31, 2021. These standards have been identified in the results section below.

The OSC also introduced new service standards during the year. The data is presented here based on when it was possible to implement tracking. Quarters where tracking was not available have been denoted with N/A.

## 2021–2022 Summary

The OSC staff continued to deliver at a high level to our stakeholders, during the COVID-19 pandemic and an increase in volumes related to our core regulatory operations. For the 2021–2022 fiscal year, the OSC met 89% of its quarterly performance targets.<sup>39</sup>

### 1.0 General Questions and Complaints

Service	Target	Q1	Q2	Q3	Q4
<b>1.1</b> Answer telephone calls received at the OSC Inquiries and Contact Centre <i>(Note: This target accounts for a 5% call abandonment rate which may include spam, robocalls, misdials, and signal issues among other uncontrollable variables.)</i>	<b>95%</b>	98%	98%	98%	97%
<b>1.2</b> Answer telephone calls received at the OSC Inquiries and Contact Centre <i>within 60 seconds</i>	<b>80%</b>	92%	86%	92%	82%
<b>1.3</b> Respond to written inquires or complaints about routine matters received by e-mail, mail, fax, or online form <i>within 3 working days or less</i>	<b>95%</b>	98%	99%	91% <sup>40</sup>	94% <sup>40</sup>

### 2.0 Investing and Personal Finance Questions

Service	Target	Q1	Q2	Q3	Q4
<b>2.1</b> Respond to questions received through <i>InvestingQuestions.ca</i> <i>within 10 working days</i> of receiving the question	<b>80%</b>	100%	100%	100%	100%

<sup>39</sup> This includes 142 out of 159 quarterly results where the performance result was met in comparison to the performance target.

<sup>40</sup> The OSC Inquiries and Contact Centre experienced increased volumes during Q3 and Q4 and faced staffing challenges, which impacted the ability to meet this service standard.

### 3.0 Prospectus Filings with the OSC <sup>41</sup>

Service	Target	Q1	Q2	Q3	Q4
<b>Prospectus Filings</b>					
For preliminary or pro forma prospectuses					
<p><b>3.1</b> Provide a first comment letter for long form prospectus or simplified prospectus <i>within 10 working days</i> of the date of the preliminary receipt (for preliminary filings) and related materials in acceptable form</p> <p><i>Temporary standard effective December 7, 2021, to June 30, 2022: Provide a first comment letter for long form prospectus or simplified prospectus within 15 working days of the date of the preliminary receipt (for preliminary filings) and related materials in acceptable form</i></p>	<b>80%</b>	100%	100%	100%	100%
<p><b>3.2</b> Provide a first comment letter for short form prospectus or shelf prospectus within 3 working days of the date of the preliminary receipt and related materials in acceptable form</p> <p><i>Temporary standard effective December 7, 2021 to June 30, 2022: Except for bought deals, provide a first comment letter for short form prospectus or shelf prospectus within 5 working days of the date of the preliminary receipt and related materials in acceptable form</i></p> <p><i>For bought deals, provide a first comment letter within 3 working days of the date of the preliminary receipt and related materials in acceptable form</i></p>	<b>80%</b>	97%	100%	100%	100%
<p><b>3.3</b> Complete our review for routine offerings <i>within 40 working days</i> of the issuance of a receipt (for preliminary filings) and receipt of related materials in acceptable form</p>	<b>80%</b>	85%	92%	88%	90%
<p><b>3.4</b> Issue receipt by <i>end of the same working day</i> for final prospectus materials filed in acceptable form by noon EST</p>	<b>100%</b>	100%	100%	98% <sup>42</sup>	100%
<b>Prospectus Amendments</b>					
Filing a preliminary prospectus amendment <i>before</i> the OSC issues a comment letter					
<p><b>3.5</b> Issue a comment letter for long form prospectus or simplified prospectus on the later of the date that is <i>5 working days</i> after the date of the receipt for the preliminary prospectus amendment and the original due date for the comment letter</p>	<b>80%</b>	100%	100%	100%	100%

<sup>41</sup> Prospectus filing results typically include those reviewed by Corporate Finance and Investment Funds and Structured Products.

<sup>42</sup> Staffing constraints during the quarter impacted the ability to meet this service standard.

Service	Target	Q1	Q2	Q3	Q4
<p><b>3.6</b> Issue a comment letter for short form prospectus or shelf prospectus <i>within 3 working days</i> after the date of the receipt for the preliminary prospectus amendment and the original due date for the comment letter</p> <p><i>Temporary standard effective December 7, 2021, to June 30, 2022: Except for bought deals, issue a comment letter for short form prospectus or shelf prospectus within 5 working days after the date of the receipt for the preliminary prospectus amendment and the original due date for the comment letter</i></p> <p><i>For bought deals, issue a comment letter within 3 working days after the date of the receipt for the preliminary prospectus amendment and the original due date for the comment letter</i></p>	80%	80%	100%	100%	100%
<p><b>Prospectus Amendments</b> Filing an amendment to a prospectus after a final receipt has been issued by the OSC</p>					
<p><b>3.7</b> Issue a comment letter for long form prospectus or simplified prospectus <i>within 3 working days</i> after the date that related materials are received in acceptable form</p>	80%	98%	100%	100%	79% <sup>43</sup>
<p><b>3.8</b> Issue a comment letter for short form prospectus or shelf prospectus <i>within 2 working days</i> after the date that related materials are received in acceptable form</p>	80%	100%	100%	100%	Nil Applicable Filings
<p><b>Prospectus Amendments</b> Providing our decision on amendment filings</p>					
<p><b>3.9</b> Complete our review for routine offerings <i>within 40 working days</i> of the issuance of a receipt (for preliminary filings) and receipt of related materials in acceptable form</p> <p><i>Temporary standard effective December 7, 2021, to June 30, 2022: Complete our review for routine offerings within 45 working days of the issuance of a receipt (for preliminary filings) and receipt of related materials in acceptable form</i></p>	80%	100%	100%	100%	100%

<sup>43</sup> The team experienced increased volumes during Q4 and faced staffing challenges, which impacted the ability to meet this service standard.

## 4.0 Exemption Applications, Recognition/Designation, and Exemption from Recognition Applications with the OSC

Service	Target	Q1	Q2	Q3	Q4
<b>Exemption Applications</b>					
<p><b>4.1</b> Issue first comment letters <i>within 10 working days</i> of receiving a complete and adequate application in acceptable form<sup>44</sup></p> <p><i>Temporary standard effective December 7, 2021, to June 30, 2022: Issue a first comment letter within <b>15</b> working days of receiving a complete and adequate application in acceptable form</i></p>	<b>80%</b>	89%	89%	94%	90%
<p><b>4.2</b> Provide a decision on requests for routine exemptive relief <i>within 40 working days</i> of receiving a complete and adequate application<sup>45</sup></p> <p><i>Temporary standard effective December 7, 2021, to June 30, 2022: Provide a decision on requests for routine exemptive relief within <b>45</b> working days of receiving a complete and adequate application</i></p>	<b>80%</b>	88%	87%	74% <sup>46</sup>	96%
<b>Application for recognition/designation, and exemption from recognition<sup>47</sup></b>					
<p><b>4.3</b> Issue first comment letters for routine items <i>within 20 working days</i> of receiving a complete and adequate application in acceptable form</p>	<b>80%</b>	Nil Applications	100%	Nil Applications	100%
<p><b>4.4</b> Complete our review for routine items <i>within 6-9 months</i> from receipt of a final application</p>	<b>80%</b>	Nil Applicable Reviews	Nil Applicable Reviews	Nil Applicable Reviews	Nil Applicable Reviews

<sup>44</sup> Results include those reviewed by a number of OSC branches including Corporate Finance (CF), Office of Mergers & Acquisitions (OMA), Market Regulation (MR), Derivatives (DER), Compliance & Registrant Regulation (CRR), and Investment Funds and Structured Products (IFSP). This process is currently not applicable for non-routine exemption applications for OTC derivatives-related rules

<sup>45</sup> Results include those reviewed by a number of OSC branches including CF, OMA, MR, Derivatives (DER), CRR, and IFSP.

<sup>46</sup> For the period of October 1, 2021 to December 6, 2021 72% of routine applications met the service standard. For the period of December 7, 2021 to December 31, 2021 85% of routine applications met the temporary service standard. An increase in novel and complex issues in filings during the quarter and filer delays resulted in service standard not being met.

<sup>47</sup> Recognition/designation and exemption from recognition application results include those reviewed by Corporate Finance and Market Regulation.

## 5.0 Circular Filings with the OSC

Service	Target	Q1	Q2	Q3	Q4
<b>Management Information Circulars (Conflict of Interest Transactions)</b>					
5.1 Provide comments, if applicable, <i>within 5 working days</i> from the date of filing of the circular	<b>90%/80%</b> <sup>48</sup>	100%	100%	100%	86%
5.2 Complete our review <i>within 14 working days</i> from the date of filing of the circular	<b>80%</b>	95%	94%	96%	86%
<b>Take-over/Issuer Bid Circulars</b>					
5.3 Provide comments, if applicable, <i>within 7 working days</i> from the date of filing of the circular	<b>90%/80%</b> <sup>49</sup>	Nil Applicable Filings	100%	100%	100%
5.4 Complete our review <i>within 21 working days</i> from the date of filing of the circular	<b>80%</b>	Nil Applicable Filings	100%	100%	100%
<b>Dissident Proxy Circulars</b>					
5.5 Provide comments, if applicable, <i>within 5 working days</i> from the date of filing of the circular	<b>90%/80%</b> <sup>50</sup>	100%	Nil Circulars Filed	Nil Circulars Filed	Nil Circulars Filed
5.6 Complete our review <i>within 14 working days</i> from the date of filing of the circular	<b>80%</b>	100%	Nil Circulars Filed	Nil Circulars Filed	Nil Circulars Filed

<sup>48</sup> Effective December 7, 2021 to June 30, 2022 the target changed from 90% to 80% as a result of the implementation of the temporary service standards.

<sup>49</sup> Effective December 7, 2021 to June 30, 2022 the target changed from 90% to 80% as a result of the implementation of the temporary service standards.

<sup>50</sup> Effective December 7, 2021 to June 30, 2022 the target changed from 90% to 80% as a result of the implementation of the temporary service standards

## 6.0 Registration Material Filings with the OSC

Service	Target	Q1	Q2	Q3	Q4
<b>New Business Submissions</b>					
<b>6.1</b> Acknowledge applications <i>within 5 working days</i> after receipt	<b>95%</b>	100%	100%	100%	100%
<b>6.2</b> Provide initial comments on firm registration applications <i>within 30 working days</i> of receiving a complete and adequate application in acceptable form <i>Temporary standard effective December 7, 2021, to June 30, 2022: Provide initial comments on firm registration applications within 45 working days of receiving a complete and adequate application in acceptable form</i>	<b>80%</b>	100%	95%	90%	93%
<b>6.3</b> Provide a decision on routine applications and notify you <i>within 90 working days</i> of receiving a complete and adequate application in acceptable form <i>Temporary standard effective December 7, 2021, to June 30, 2022: Provide a decision on routine applications and notify you within 120 working days of receiving a complete and adequate application in acceptable form</i>	<b>80%</b>	100%	100%	100%	100%
<b>Dealing Representatives</b>					
<b>6.4</b> Provide a decision on routine applications <i>within 5 workings days</i> of receiving a complete and adequate application in acceptable form <i>Temporary standard effective December 7, 2021, to June 30, 2022: Provide a decision on routine applications within 10 workings days of receiving a complete and adequate application in acceptable form</i>	<b>80%</b>	78% <sup>51</sup>	88%	94%	96%
<b>Advising Representatives, Associate Advising Representatives, and CCOs</b>					
<b>6.5</b> Provide a decision on routine applications <i>within 20 working days</i> of receiving a complete and adequate application in acceptable form <i>Temporary standard effective December 7, 2021, to June 30, 2022: Provide a decision on routine applications within 30 working days of receiving a complete and adequate application in acceptable form</i>	<b>80%</b>	70% <sup>51</sup>	65% <sup>51</sup>	68% <sup>52</sup>	86%

<sup>51</sup> Onboarded and trained new staff during the quarter, which impacted service standards.

<sup>52</sup> For the period of October 1, 2021 to December 6, 2021 66% of routine applications met the service standard. For the period of December 7, 2021 to December 31, 2021 100% of routine applications met the temporary service standard. We continued to experience high volumes and faced staffing challenges, impacting our ability to meet our service standards. Various mitigation measures have been, or will be, implemented with the aim of meeting our service standard target.

Service	Target	Q1	Q2	Q3	Q4
<b>Notice of Termination</b>					
<b>6.6</b> Complete our acknowledgement of a notice of termination <i>within 24 hours</i> of receipt	<b>100%</b>	100%	100%	100%	100%

## 7.0 OSC Reviews

Service	Target	Q1	Q2	Q3	Q4
<b>Continuous Disclosure Reviews (Full Reviews)</b>					
<b>7.1</b> Respond to issuer's correspondence <i>within 10 working days</i> of receipt <sup>53</sup>	<b>80%</b>	Nil	100%	100%	100%
<b>7.2</b> Complete our review <i>within 120 days</i> from the issuance of our first comment letter	<b>80%</b>	100%	100%	100%	100%
<b>Insider Reporting Reviews</b>					
<b>7.3</b> Respond to the issuer's correspondence <i>within 10 working days</i> of receipt	<b>80%</b>	100%	86%	86%	100%
<b>7.4</b> Complete our review <i>within 120 days</i> from the issuance of our first comment letter	<b>80%</b>	100%	100%	86%	100%
<b>Compliance Reviews – Registrants</b>					
Risk-based assessment of the registrant's compliance with Ontario securities laws and commodity futures laws					
<b>7.5</b> Complete our review and communicate our findings <i>within 10 weeks</i> of the initial meeting with the registrant (this excludes sweeps)  <i>Temporary standard effective December 7, 2021, to June 30, 2022: Complete our review and communicate our findings within 12 weeks of the initial meeting with the registrant (this excludes sweeps)</i>	<b>80%</b>	100%	83%	100%	100%

<sup>53</sup> Continuous disclosure reviews typically include those reviewed by Corporate Finance and Investment Funds and Structured Products (IFSP). Due to building tracking capabilities, the Q1 result for service standard 7.1 reflects only the result for IFSP. Results for Q2 onwards include both branches.



## 8.0 Requesting OSC Records (Calling or Emailing Records and Information Management)<sup>54</sup>

Service	Target	Q1	Q2	Q3	Q4
<b>Requesting copies of company filings or Commission hearing materials</b>					
<i>(Note: This pertains to records available to the public through Records and Information Management only. This does not include records related to current proceedings before the Commission, as they are separately handled through the OSC Registrar.)</i>					
<b>8.1</b> Acknowledge receipt of your request <i>by the end of the next working day</i>	<b>100%</b>	99% <sup>55</sup>	100%	100%	100%
<b>8.2</b> Complete requests <i>within 5 working days</i>	<b>100%</b>	94%	95%	91%	97%
<b>Registrants requesting copies of their registration records and related forms</b>					
<b>8.3</b> Acknowledge receipt of your request <i>by the end of the next working day</i>	<b>100%</b>	100%	100%	100%	100%
<b>8.4</b> Complete requests <i>within 5 working days</i>	<b>100%</b>	94% <sup>56</sup>	100%	86% <sup>56</sup>	97% <sup>56</sup>

## 9.0 Requesting Support from OSC LaunchPad

Service	Target	Q1	Q2	Q3	Q4
<b>9.1</b> Acknowledge your Request for Support (RFS) form <i>within 2 working days</i> of receipt	<b>100%</b>	100%	100%	100%	100%
<b>9.2</b> Conduct our eligibility review and contact you <i>within 10 working days</i> of receipt of your RFS form	<b>80%</b>	100%	100%	100%	100%
<b>9.3</b> For eligible businesses, a telephone call or in-person meeting will be held to provide direct support <i>within 20 working days</i> of receipt of your RFS Form	<b>80%</b>	100%	100%	100%	88%
<b>9.4</b> If you are eligible to receive continued support from OSC LaunchPad, <i>within 20 working days</i> of your direct support meeting, we may ask you to provide us with additional materials or a filing	<b>80%</b>	100%	100%	100%	Nil Requests

<sup>54</sup> Includes calling or emailing OSC Records and Information Management.

<sup>55</sup> The standard in Q1 was not met due to a process error.

<sup>56</sup> Delays in completing record requests resulted from a number of factors including: COVID-19 restrictions limiting staff from accessing the office to review and process the physical records, errors in fulfilling shipping records from offsite storage to the office, quantity of records to be scanned, time needed for the business area and/or the General Counsel's Office to review, time needed to address confidentiality concerns and delays by the requestor.



ONTARIO  
SECURITIES  
COMMISSION

# MD&A

Management's Discussion  
and Analysis

For the Fiscal Year  
ended March 31,  
2022

# Management's Discussion and Analysis

This Management's Discussion and Analysis (MD&A) contains management's interpretation of the Ontario Securities Commission's financial performance for the fiscal year that ended March 31, 2022. While the financial statements reflect actual financial results, the MD&A explains these results from management's perspective and sets out the OSC's plans and budget for the year ahead.

This MD&A should be read in conjunction with the OSC's 2022 Financial Statements and related notes. Together, the MD&A and financial statements provide key information about the OSC's performance.

## Important information about this MD&A

- The information in this MD&A is prepared as of June 16, 2022.
- The terms "we", "us", "our" and "OSC" all refer to the Ontario Securities Commission.
- This MD&A contains forward-looking information and statements regarding strategies, objectives, expected operations, and financial results, which are based on the OSC's current views of future events and financial performance. We discuss key risks and uncertainties later in this MD&A. Some risks and uncertainties beyond the control of the OSC are difficult to predict, so actual future outcomes may substantially differ from the expectations stated or implied in this MD&A.
- The words "believe", "plan", "intend", "estimate", "expect", "anticipate," and similar expressions, as well as future conditional verbs (such as "will", "should", "would," and "could") often identify forward-looking statements.
- Unless otherwise specified, references to "a year" indicate the past fiscal year (ending March 31).
- Notes to "the financial statements" refer to the OSC's 2022 Notes to the Financial Statements.
- All financial information related to the current and preceding fiscal years has been prepared in accordance with International Financial Reporting Standards (IFRS). For more information, see the notes to the financial statements, in particular, Note 2 *Basis of presentation*, Note 3 *Significant accounting policies* and Note 21 *Accounting pronouncements*.
- Amounts shown in this MD&A are expressed in Canadian dollars, unless otherwise specified.
- Due to rounding, some variances may not reconcile, and analysis of components may not sum to the analysis for the grouped components.

# About the OSC

## A summary of our role, mandate, and goals

The Ontario Securities Commission is responsible for regulating the capital markets of Ontario. We are an independent, self-funded Crown corporation of the Province of Ontario. Our powers are given to us under the *Securities Act (Ontario)*, the *Commodity Futures Act (Ontario)* and certain provisions of *Business Corporations Act (Ontario)*. We operate independently from the government and are funded by fees charged to market participants.

We are accountable to the Ontario Legislature through the Minister of Finance. As noted in the Organizational Developments section, structural changes announced by the Ontario government became effective on April 29, 2022, coinciding with the proclamation of the new *Securities Commission Act, 2021 (SCA)*.

The OSC oversees the operation of marketplaces, self-regulatory organizations (SROs), clearing agencies, and investor protection funds in Ontario. We work to regulate market participants including firms and individuals who sell securities and derivatives, firms who provide investment advice in Ontario, and companies raising capital in Ontario. We use our rule making and enforcement powers to help safeguard investors, deter misconduct and regulate market participants in Ontario.

We are an active member of the Canadian Securities Administrators (CSA), the forum for the 13 securities regulators of Canada's provinces and territories. The CSA works to foster a nationally coordinated and modernized securities regulatory framework.

The OSC also contributes to the international securities regulatory agenda by actively participating in the International Organization of Securities Commissions (IOSCO) and other international organizations.

### **Mandate**

To provide protection to investors from unfair, improper, or fraudulent practices; to foster fair, efficient and competitive capital markets and confidence in capital markets; to foster capital formation; and to contribute to the stability of the financial system and the reduction of systemic risk.

### **Vision**

To be an effective and responsive securities regulator – fostering a culture of integrity and compliance and instilling investor confidence in the capital markets.

### **Goals for Fiscal 2022**

1. Promote confidence in Ontario's capital markets
2. Reduce regulatory burden
3. Facilitate financial innovation
4. Strengthen our organizational foundation

For more information about our goals, see our Statement of Priorities.

## Fees Charged to Market Participants

The OSC is funded by fees from market participants and our fees are structured to recover the costs of our operations.

Fee rates are typically re-evaluated every three years, taking into account the OSC's existing surplus, our projected level of revenue and expenses, our capital spending, and the level of cash resources required to fund our operations through capital market downturns. During the fee evaluation cycle, we also consider funding requirements for cyclical

investments beyond the three-year period. Our fee structure is set out OSC Rules 13-502 *Fees* and 13-503 *Commodity Futures Act Fees* (under "Fee Rules").

On January 21<sup>st</sup>, 2022, the OSC proposed amendments to its Fee Rules. As we continue to strengthen and enhance regulatory oversight of the over-the-counter (OTC) derivatives sector, our proposal included a new fee for entities that enter into OTC derivatives transactions. We also proposed reducing fees for certain

existing fee payers to ensure that fees collected are proportionate to fast-growing sectors and that fees reflect the cost of regulation across market segments. Furthermore, these amendments are expected to generate efficiencies for most market participants by eliminating a number of activity and late fees without compromising investor protection. These amendments are expected to come into force on April 3, 2023.

**Participation fees** are charged for a participant's use of Ontario's capital markets. They cover the cost of a broad range of regulatory services that cannot be practically or easily attributed to the individual activities of market participants. Fees are calculated using an increasing tiered structure, based on average market capitalization for issuers and Ontario-specified revenues for registrants and unregistered capital market participants. Other market participants are charged participation fees based on their market share or at a fixed rate.

**Activity fees** are charged when market participants file documents such as prospectuses and other disclosure documents, registration applications, and applications for discretionary relief. Activity fees are also charged for requests like making changes to a registration or searching for records. Activity fees are all flat-rate, and are based on the estimated direct cost for the OSC to review documents and respond to requests.

**Late fees** are charged when market participants submit filings after applicable filing deadlines or when participants are late paying other filing-related fees.

# Fiscal 2022 Organizational Developments

## Structural Changes to the OSC

In fiscal 2022, the OSC continued its efforts and commitment to modernizing. On April 29, 2022, with the proclamation of the SCA, the role of the chair and chief executive officer was split into two distinct and separate positions. The Ontario government nominated Heather Zordel as the OSC's non-executive chair and announced nominees for the board of directors, as well as adjudicators for the new and separate Capital Markets Tribunal.

Grant Vingoe was selected by the Ontario government as its first dedicated CEO. Under this new structure, the CEO has greater strategic focus on OSC policy and regulatory work. Mr. Vingoe continues to serve on the OSC's board of directors in his new role. The Ontario government selected the OSC's Vice-Chair Tim Moseley as its chief adjudicator, leading the newly created Capital Markets Tribunal.

Organizational support roles have been added to operationalize our new structure and to take tangible steps toward on an initial series of recommendations from the Capital Markets Modernization Taskforce report.

## The COVID-19 Pandemic and Capital Markets Outreach

The COVID-19 pandemic has had a significant impact on Ontario market participants and investor behaviours, and its effects continue to impact capital markets around the world. As the shift toward remote work in much of the financial sector matures to more permanent hybrid arrangements, the OSC is continuing to assess how it interacts with those businesses that it regulates through improved digital channels such as integrated virtual and on-site compliance reviews.

The Investor Office developed new materials, new research, and new avenues to reach investors during the pandemic. These included:

- expanding its hub of resources on [GetSmarterAboutMoney.ca](https://www.getsmarteraboutmoney.ca), including a section called "COVID and Your Money"
- considering the implications of our research on the impact of the pandemic on investors, especially the lack of Canadians' financial emergency preparedness and the rise in self-directed investing

- making presentations to community groups about COVID-related scams and frauds
- launching our new Instagram account @ [GetSmarterAboutMoney](https://www.instagram.com/GetSmarterAboutMoney)
- expanding public service campaigns on Reddit to reach younger investors

## Workforce Challenges

The OSC's ability to meet our goals and strategic objectives depends on our having sufficient and appropriate resources. The COVID-19 pandemic has changed the way we work. We continue to adapt our work practices and our workplace to support an effective and efficient delivery of regulation and business operations in a hybrid work model, where employees are both on-site and remotely.

During the fiscal year, the OSC continued to experience record-breaking volumes and increased

complexity within its regulatory operations. The OSC reviewed 702 public company prospectuses, up 22% from last year's record numbers. In addition, as the OSC continues to see growth in emerging sectors (such as trading in cryptocurrency assets), devoting resources towards the regulation of these emerging sectors remains a priority. In response to these growing regulatory trends and work associated with taskforce recommendations, additional positions have been added to the OSC workforce.

While attracting, motivating, and retaining top talent in an increasingly competitive market is challenging, the OSC continues to build its capabilities and skills by recruiting staff across a range of disciplines and by developing the skills and experience of our internal talent.

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## Digital Transformation

Ever-increasing market complexity is accelerating our reliance on technology and data. The OSC is investing in technology, infrastructure, and cyber-security to support a digital transformation program that will give us the capability to improve our efficiency and streamline our operations. The program will also improve forecasting and identification of

trends and risks, providing support for analysis and decision-making.

We are investing in best-in-class technology to optimize and streamline regulatory operations, to replace siloed back-office systems and tools, and to provision a unified, scalable, secure, and governed platform that will offer enterprise data, analytics, and reporting capabilities across the

OSC. Accomplishments this year included reaching the final stages of implementing a new contact center platform, a new electronic hearings platform, and a new enterprise data analytics and reporting platform. Additionally, the OSC has implemented a robotic process automation platform aimed at improving efficiencies by automating manual tasks.

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## Value for Money Audit

The OSC was selected for a value-for-money audit by the Office of the Auditor General of Ontario (OAGO), which took place in fiscal 2022. The [results and recommendations](#) were released on December 1, 2021.

The action plan to implement the Auditor General's recommendations is included in the detailed business plans of relevant branches and supported by our strategic goals and priority initiatives.

# Financial Highlights

## A summary of our financial results and a discussion of our revenue and expenses

Total excess of revenue over expenses in fiscal 2022 amounted to \$24.1 million as evidenced in the table below. Revenue totalled \$160.7 million, reflecting an increase of \$22.2 million (16.0%) compared to the previous year.

Capital markets have experienced significant growth in recent years, following the initial decline at the onset of the pandemic. This growth translated to higher OSC revenues, as participation fees, representing approximately 83.4% of the OSC's revenues, are based on a tiered structure whereby fee movements between tiers are typically impacted by fluctuations in capital markets. To a lesser extent, a higher number of capital raising filings also contributed to higher revenue recognized in fiscal 2022.

Expenses totalled \$136.6 million, reflecting an increase of \$8.6 million (6.7%) compared to the previous year primarily due to higher professional services and salaries and benefits. We leveraged both additional external support and staff resources to deliver technology

modernization initiatives and meet growing regulatory oversight needs.

The general surplus on March 31, 2022 was \$113.4 million, which increased by \$24.4 million from the previous year inclusive of other comprehensive income adjustments for pension liabilities. The main driver of the increase is due to significant growth in capital markets over the past year. In adjusting to this growth, we will be adding capacity to ensure appropriate oversight requirements are maintained to respond to higher volumes and rapidly growing sectors with more complex arrangements, further detailed in the Fiscal 2023 Financial Outlook section. The OSC's ability to grow and adapt to significant developments in our capital markets is critical in meeting our mandate. Accordingly, we continue to monitor surplus levels,

ensuring the OSC is keeping pace with oversight needs, and can continue to effectively operate during market downturns when revenues decline. Any surpluses in excess of our oversight requirements are considered in accordance with our three-year fee review cycle.

Total assets increased by \$16.4 million while liabilities decreased by \$8.0 million. The growth in assets during the year was primarily driven by higher cash balances as a result of excess of revenue over expenses, higher capital asset additions, partially offset by a decline in funds restricted for CSA Systems operations and redevelopment. The decrease in liabilities during the year was primarily attributed to a decrease in the funds restricted for CSA Systems operations and redevelopment.

## Selected Annual Information

(Thousands of dollars)	2022 Actual	2021 Actual	2020 Actual
Revenue	\$ 160,652	\$ 138,434	\$ 134,396
Expenses	136,556	127,972	123,087
<b>Excess of revenue over expenses</b>	<b>\$ 24,096</b>	<b>\$ 10,462</b>	<b>\$ 11,309</b>
Property, plant, equipment and intangibles (additions)	\$ 9,989	\$ 3,810	\$ 3,839
<b>Total assets*</b>	<b>\$ 476,689</b>	<b>\$ 460,293</b>	<b>\$ 446,915</b>
<b>Total liabilities*</b>	<b>\$ 343,310</b>	<b>\$ 351,312</b>	<b>\$ 347,835</b>
<b>General surplus</b>	<b>\$ 113,380</b>	<b>\$ 88,982</b>	<b>\$ 79,080</b>

\*Totals in 2022 includes \$261.3 million of restricted funds from designated orders and settlements as well as funds collected by the CSA to operate and redevelop national systems (2021- \$267.6 million, 2020- \$267.1 million)

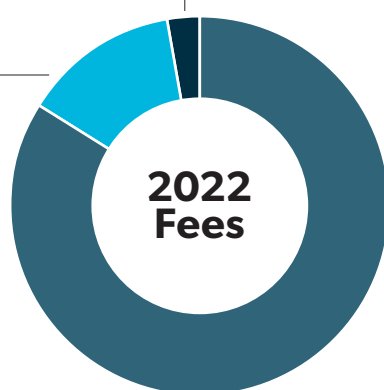


## Revenue Analysis

2.6% Late Filing Fees

13.3% Activity Fees

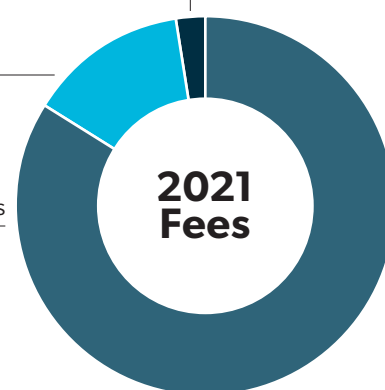
84.1% Participation Fees



2.3% Late Filing Fees

13.7% Activity Fees

84.0% Participation Fees



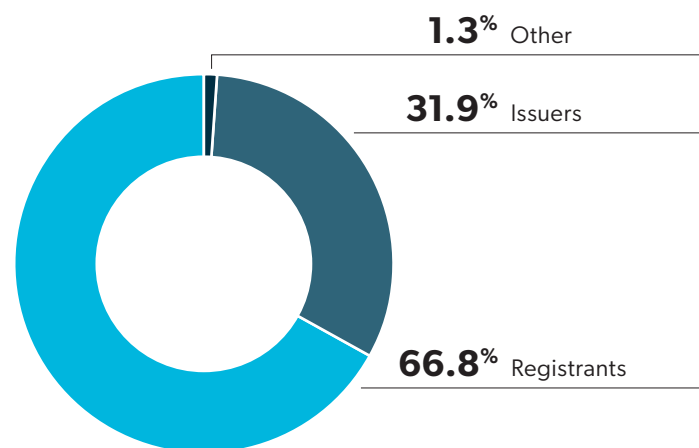
(Thousands of dollars)	2022 Actual	2022 Budget	2021 Actual	Variance Favourable/(Unfavourable)			
				Budget	Prior Year		
				\$	%	\$	%
<b>REVENUE</b>							
Participation fees	\$ 133,953	\$ 109,083	\$ 115,272	\$ 24,870	22.8%	\$ 18,681	16.2%
Activity fees	21,205	15,312	18,816	5,893	38.5%	2,389	12.7%
Late filing fees	4,195	2,502	3,165	1,693	67.7%	1,030	32.5%
<b>Total fees</b>	<b>\$ 159,353</b>	<b>\$ 126,897</b>	<b>\$ 137,253</b>	<b>\$32,456</b>	<b>25.6%</b>	<b>\$ 22,100</b>	<b>16.1%</b>
Miscellaneous	\$ 662	\$ 651	\$ 689	\$ 11	1.7%	\$ (27)	-3.9%
Interest income	637	394	492	243	61.7%	145	29.5%
<b>Total revenues</b>	<b>\$ 160,652</b>	<b>\$ 127,942</b>	<b>\$ 138,434</b>	<b>\$ 32,710</b>	<b>25.6%</b>	<b>\$ 22,218</b>	<b>16.0%</b>

The following is a discussion of the most significant changes in our revenue components for the past fiscal year.

## Participation Fees

2022 Actual	\$134.0M
2022 Budget	\$109.1M
2021 Actual	\$115.3M

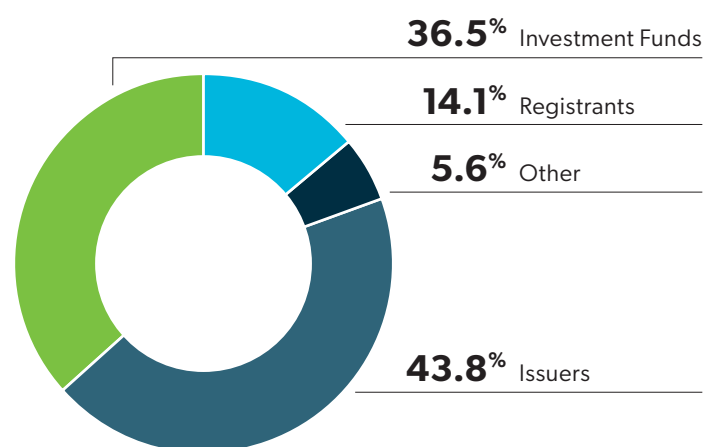
In 2022, participation fee revenues were \$18.7 million (16.2%) higher compared to 2021 and \$24.9 million (22.8%) higher compared to budget. The increase is largely owing to strong growth in Ontario specified revenues from registrant firms and unregistered capital market participants as well as higher market capitalization for reporting issuers. As a result, market participants transitioned to a higher participation fee tier. In addition, we experienced a growth in new issuers which also increased issuer participation fees in fiscal 2022.



## Activity Fees

2022 Actual	\$21.2M
2022 Budget	\$15.3M
2021 Actual	\$18.8M

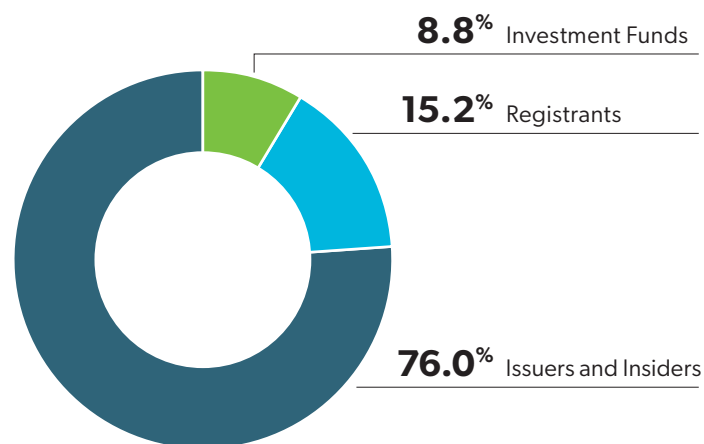
The majority of issuer activity fees are charged for services relating to securities offerings and applications, such as prospectus filings or exemptive relief applications from Ontario's Securities Act requirements. The majority of registrant activity fees are charged for services relating to registrations for a new firm or individual, and from applications.



Activity fee revenues were \$2.4 million (12.7%) higher in 2022 compared to 2021, and \$5.9 million (38.5%) higher compared to budget, mostly as a result of an increase in capital raising activities for issuers, and investment funds.

## Late Fees

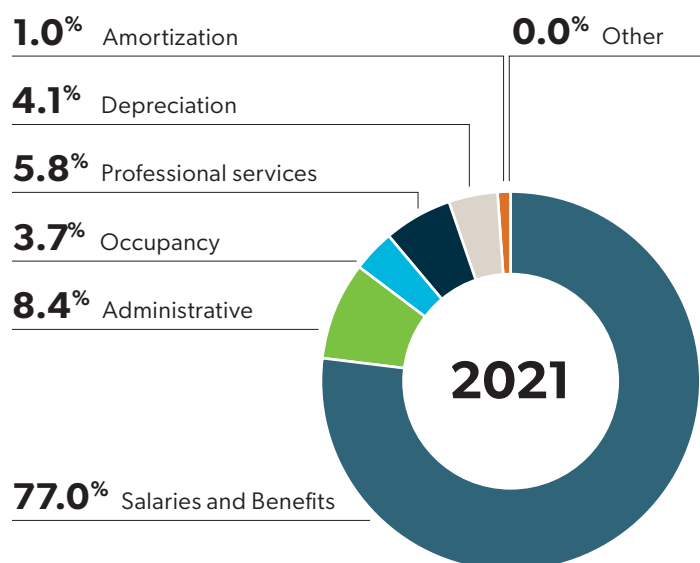
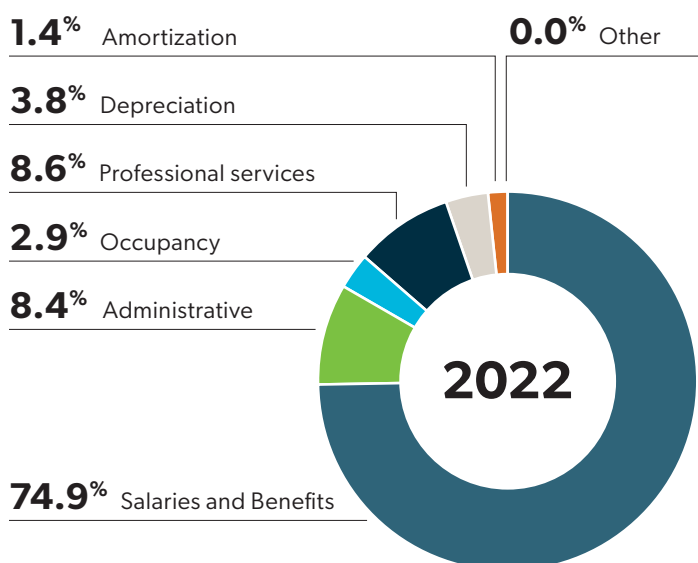
2022 Actual	\$4.2M
2022 Budget	\$2.5M
2021 Actual	\$3.2M



Late fees are triggered when market participants do not pay or do not file regulatory forms by established due dates as required by securities legislation. Late fees are intended to promote compliance with securities legislation to allow for filings to be made publicly available on a timely basis and to ensure the OSC can carry out our required regulatory tasks.

Late fee revenues were \$1.0 million (32.5%) higher in 2022 compared to 2021, and \$1.7 million (67.7%) higher compared to budget mainly due to more late filings of reports of exempt distribution and insider securities reports.

## Expenses Analysis



(Thousands of dollars)	2022 Actual	2022 Budget	2021 Actual	Variance Favourable/(Unfavourable)			
				Budget		Prior Year	
				\$	%	\$	%
<b>EXPENSES</b>							
Salaries and benefits	\$ 103,682	\$ 102,740	\$ 99,330	\$ (942)	-0.9%	\$ (4,352)	-4.4%
Administrative	11,644	14,016	10,808	2,372	16.9%	(836)	-7.7%
Occupancy	3,978	5,562	4,779	1,584	28.5%	801	16.8%
Professional services	11,825	13,601	7,538	1,776	13.1%	(4,287)	-56.9%
Depreciation	5,277	6,188	5,268	911	14.7%	(9)	-0.2%
Amortization	1,985	1,324	1,309	(661)	-49.9%	(676)	-51.6%
Other	28	714	47	686	96.1%	19	40.4%
<b>Total expenses (before recoveries and finance costs)</b>	<b>\$ 138,419</b>	<b>\$ 144,145</b>	<b>\$ 129,079</b>	<b>\$ 5,726</b>	<b>4.0%</b>	<b>\$(9,340)</b>	<b>-7.2%</b>
Finance costs	\$ 1,826	\$ 1,848	\$ 1,900	\$ 22	1.2%	\$ 74	3.9%
Recoveries of enforcement costs	(341)	(1,000)	(528)	(659)	-65.9%	(187)	-35.4%
Recoveries of investor education and knowledge enhancement costs	(3,348)	(4,164)	(2,479)	(816)	-19.6%	869	35.1%
<b>Total expenses</b>	<b>\$ 136,556</b>	<b>\$ 140,829</b>	<b>\$ 127,972</b>	<b>\$ 4,273</b>	<b>3.0%</b>	<b>\$(8,584)</b>	<b>-6.7%</b>

The following is a discussion of the most significant changes in our expense components for the OSC in the past fiscal year.

## Salaries and Benefits

2022 Actual	\$103.7M
2022 Budget	\$102.7M
2021 Actual	\$99.3M

The OSC's largest cost is salaries and benefits, representing 74.9% of total expenses (before recoveries and finance costs). In 2022, salaries and benefits were \$4.4 million (4.4%) higher compared to 2021, primarily as a result of providing salary increases in accordance with Bill 124, *Protecting a Sustainable Public Sector for Future Generations Act, 2019*, lower vacancies, and hiring staff resources mid-year to operationalize our new structure and address an increase in the volume of regulatory activities. The OSC's average active headcount increased year over year by 5.6% or 32 positions from 575 to 607.

Salaries and benefits expenses were \$0.9 million (0.9%) higher compared to budget, primarily due to hiring resources towards establishing the new structure in accordance with the Securities Commission Act, 2021 and accommodating regulatory needs.

For details on the composition of the expenses from salaries and benefits, see Note 16 of the financial statements.

## Professional Services

2022 Actual	\$11.8M
2022 Budget	\$13.6M
2021 Actual	\$7.5M

Professional services include consultants who provide specialized services to meet corporate and regulatory needs and CSA shared costs.

Professional services expenses were \$4.3 million (56.9%) higher compared to 2021 mainly as a result of spend on digital transformation projects, including costs towards a new customer relationship management tool, customer contact center system, and the development of a robotic process automation platform. To a lesser extent, higher costs were incurred towards recruitment for new positions added during the fiscal year.

Professional services expenses were \$1.8 million (13.1%) lower compared to budget primarily as a result of lower external engagement services required by the Office of Economic Growth and Innovation and the Investor Office.

As a member of the CSA, the OSC paid 38.5% (38.8% in 2021) of the costs to operate the CSA's office and joint CSA projects based on the population of its jurisdiction as a percentage of all participating jurisdictions. In 2022, total CSA spending on shared projects was \$3.1 million (\$2.5 million in 2021). The OSC contributed \$1.2 million (\$1.0 million in 2021).

## Administrative

2022 Actual	\$11.6M
2022 Budget	\$14.0M
2021 Actual	\$10.8M

Administrative expenses primarily consist of ongoing information technology (IT) maintenance and support charges, Board and other governance expenses, research, and stakeholder outreach costs. Administrative expenses were \$0.8 million (7.7%) higher compared to 2021, primarily due to higher IT maintenance costs as we continue to invest in cloud hosted software as part of our digital transformation roadmap.

Administrative expenses were \$2.4 million (16.9%) lower compared to budget, primarily due to the timing of certain IT maintenance contracts, lower usage based costs and rate savings. Board and other governance expenses were lower as a result of fewer hearings and members compared to budget.

For details on the composition of administrative expenses incurred, see Note 17 of the financial statements.

## Occupancy

2022 Actual	\$4.0M
2022 Budget	\$5.6M
2021 Actual	\$4.8M

Occupancy consists of rent costs for non-lease component payments (i.e. common area maintenance). Occupancy expenses were \$0.8 million (16.8%) lower compared to 2021, primarily as a result of refunds from the landlord for common area billing charges. Occupancy expenses were \$1.6 million (28.5%) lower compared to budget due to refunds from our landlord and lower office maintenance spend.

## Recovery of Enforcement Costs

Recoveries of enforcement costs are recorded as offsets to total expenses on the date that a monetary sanction is issued, unless management determines that collecting the monetary sanction is significantly doubtful, in which

case, recovery is recognized when payment is received. In 2022, \$0.3 million in enforcement costs were recorded (\$0.5 million in 2021).

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## Recovery of Investor Education and Knowledge Enhancement Costs

Subparagraph 3.4(2)(b)(ii) of the Ontario's Securities Act states that enforcement monies may be designated "for use by the Commission for the purpose of educating investors or promoting or otherwise enhancing knowledge and information of persons regarding the operation of the securities and financial markets."

During the year, the OSC recorded \$3.3 million in recoveries of investor education and knowledge enhancement costs from funds held pursuant to designated

settlements and orders (\$2.5 million in 2021). The increase is primarily due to expanded outreach and financial literacy initiatives that meet the definition of eligible recoverable activities as defined in Ontario's Securities Act and approved by the OSC Board. The recoveries are reviewed and approved by the Audit and Finance Committee on a quarterly basis. For details on the recovery of investor education and knowledge enhancement costs, see Note 20 of the financial statements.

# Liquidity and Financial Position

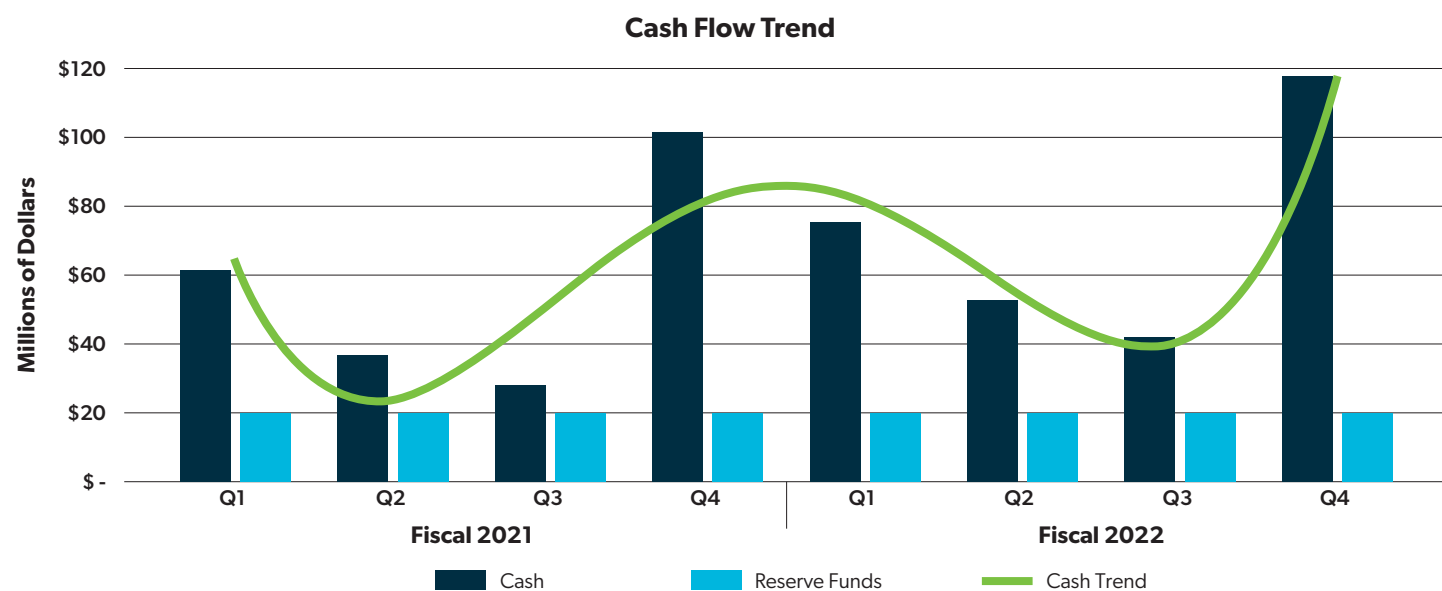
A discussion of our liquidity, cash flows, financing activities and changes in our financial position

## Liquidity

As of March 31, 2022, the OSC held \$117.9 million in cash (\$101.7 million in 2021) and \$20.0 million in reserve fund assets (\$20.0 million in 2021),

for a combined total of \$137.9 million (\$121.7 million in 2021). The OSC also has access to a \$52.0 million revolving line of credit. We hold a sufficient

level of cash, reserve fund assets, and credit access to ensure liquidity for our forecasted cash requirements.



Historically, approximately 71% of our revenues are received in the last quarter, between January 1 and March 31 of each fiscal year, while expenses are incurred relatively evenly over the year. Funds received in the last quarter primarily represent annual participation fees that are used to fund most of our operating expenses during the following year. The OSC prudently manages liquidity risk from

seasonal cash deficits and capital market downturns by utilizing three critical levers (in the following order): cash, a \$20.0 million reserve fund and a \$52.0 million revolving line of credit. Since 2001, the OSC has held \$20.0 million in reserve fund, as approved by Ontario's Minister of Finance, to guard against revenue shortfalls or unexpected expenses, or to cover discrepancies between timing of

revenue and expenses. The primary investment consideration is protection of capital and liquidity. The OSC records interest income generated by the reserve fund with general operations. Reserve fund assets are segregated on the Statement of Financial Position to reflect their restricted use. For more information on reserve fund assets, see Note 8 of the financial statements.



The line of credit is a critical tool to fund seasonal deficits during periods of projected deficiency of revenues over expenses. There are no financial covenant requirements on the line of credit. The agreement for the current line of credit expires on June 30, 2022, as approved by the Minister of Finance, and the OSC has received approval to renew for another two year period.

As approved by our Board, we aim to maintain combined cash and reserve funds of approximately six months of operating expenditures. These financial management strategies are necessary to minimize the disruption during downturns so that the OSC can continue carrying out its mandate effectively. This strategy also benefits market participants by reducing the need to raise fees during capital market downturns. The OSC uses

multi-year forecasts to project and maintain cash to ensure that we can meet ongoing operational needs and significant capital expenditure requirements.

As of March 31, 2022, the OSC had current assets of \$127.8 million (\$107.6 million in 2021) and current liabilities of \$27.8 million (\$26.7 million in 2021) for a current ratio of 4.6:1 (4.0:1 in 2021).

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## Cash Flows

In 2022, no reserve fund assets were used, and neither was the revolving line of credit. This was true in 2021 as well, for both the reserve funds and the line of credit. Cash flows from operating activities produced an inflow of \$26.4 million (\$21.8 million

in 2021). Cash flows used in investing activities amounted to \$7.9 million (\$2.2 million in 2021). Cash flows used in financing activities amounted to \$2.2 million (\$2.1 million in 2021).

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## Financial Instruments

The OSC uses cash and reserve fund assets to manage its operations. Both are recorded at fair value. See Note 3(a) of the financial statements for the OSC's accounting policies related to financial instruments.

The OSC acts as a custodian of funds held pursuant to designated settlements and orders, and funds restricted for CSA Systems operations and redevelopment. Both are recorded at fair value. Funds restricted for CSA Systems

operations and redevelopment includes cash and investments of \$142.0 million (\$150.6 million in 2021).

The OSC is not exposed to significant interest rate, currency, or liquidity risks from these investments because they are short-term, redeemable, and all balances are denominated in Canadian dollars. For a complete analysis of the risks relating to these financial instruments, see Note 4 of the financial statements.

Trade and other receivables and trade and other payables (including accrued liabilities) are recorded at amortized cost, which approximates fair value given their short-term maturities. For more information on trade and other receivables, see Note 5 of the financial statements. For more information on trade and other payables (including accrued liabilities), see Note 11 of the financial statements.

**The OSC is not exposed to significant interest rate, currency, or liquidity risks.**

## Financial Position

(Thousands of dollars)	2022 Actual	2021 Actual	Variance	
			\$	%
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash	\$ 117,947	\$ 101,683	\$ 16,264	16.0%
Trade and other receivables	5,753	3,414	2,339	68.5%
Prepayments	4,085	2,493	1,592	63.9%
<b>NON-CURRENT</b>				
Funds held pursuant to designated settlements and orders *	\$ 119,296	\$ 117,001	\$ 2,295	2.0%
Funds restricted for CSA Systems operations and redevelopment **	141,961	150,623	(8,662)	-5.8%
Reserve funds	20,000	20,000	-	0.0%
Lease receivable	3,117	3,270	(153)	-4.7%
Right of use assets	45,547	48,584	(3,037)	-6.3%
Property, plant & equipment	7,815	5,224	2,591	49.6%
Intangible assets	11,170	8,002	3,168	39.6%
<b>LIABILITIES</b>				
<b>CURRENT</b>				
Trade and other payables	\$ 25,238	\$ 24,464	\$ 774	3.2%
Lease liabilities	2,525	2,212	313	14.2%
<b>NON-CURRENT</b>				
Lease liabilities	\$ 49,375	\$ 51,900	\$ (2,525)	-4.9%
Pension liabilities	4,915	5,112	(197)	-3.9%
Funds held pursuant to designated settlements and orders *	119,296	117,001	2,295	2.0%
Funds restricted for CSA Systems operations and redevelopment **	141,961	150,623	(8,662)	-5.8%

\* Represents funds recognized from designated orders and settlements restricted for use in accordance with section 3.4(2)(b) of the Securities Act.

\*\* Represents funds collected and managed by the CSA to operate and redevelop national systems.

The following is a discussion of the significant changes in our financial position.

## Cash

2022	\$117.9M
2021	\$101.7M

Cash increased by \$16.3 million (16.0%) in 2022, primarily as a result of an excess of revenues over expenses.

## Trade and Other Receivables

2022	\$5.8M
2021	\$3.4M

Trade and other receivables increased by \$2.3 million (68.5%) in 2022 due to accrued refunds for health benefits and common area occupancy charges. For more information on trade and other receivables, see Note 5 of the financial statements.

## Prepayments

2022	\$4.1M
2021	\$2.5M

Prepayments increased by \$1.6 million (63.9%), primarily as a result of longer renewal terms for various technology contracts in the last quarter of 2022 compared to 2021.

## Funds held pursuant to designated settlements and orders

2022	\$119.3M
2021	\$117.0M

### (i) Background on monetary sanctions

If someone contravenes Ontario securities law or commodity futures law, the OSC can bring an enforcement proceeding against them. Some of these cases are heard by a panel of independent adjudicators, who have the power to impose monetary sanctions. Panels may also approve voluntary payments to the OSC under settlement agreements. Monetary sanctions reflect what the panel believes is appropriate in the circumstances, regardless of a respondent's ability to pay. Monetary sanctions are also intended to deter others from contravening securities laws. Monetary sanctions assessed are inherently uncertain and not susceptible to a trend.

### (ii) Designated funds

The Commission's use of funds paid to it under these sanctions and settlements is restricted by law. These funds may only be allocated by the Commission to or for the benefit of third parties or used by the Commission for the purpose of educating investors or promoting or otherwise enhancing knowledge and information of persons regarding the operation of the securities and financial markets. Third party recipients of these funds have included harmed investors, whistleblowers, and organizations dedicated to advancing the interests of investors.

(Thousands of dollars)	2022	2021
Total monetary sanctions assessed during the year	\$ 17,889	\$ 11,123
Total amount paid or payable to investors	728	4,030
Total amount recovered by the OSC for investor education and knowledge enhancement activities	2,859	2,483
Total amount paid to whistleblowers	240	585

In general, we include payments made directly by respondents to harmed investors pursuant to the terms of a settlement agreement in our reporting of total monetary sanctions assessed during the year. There were no such payments in both 2022 and 2021. While this amount is considered for our enforcement sanctions statistics, as part of the total monetary sanctions assessed during the year, it is not payable to the OSC and does not form part of the funds held pursuant to designated settlements and orders balance.

Total amounts paid or payable to harmed investors by the OSC amounted to \$0.7 million (\$4.0 million in 2021). In 2022, total amounts for the recovery of OSC investor education and knowledge enhancement costs approved by the Board amounted to \$2.9 million (\$2.5 million in 2021). In 2022, the OSC paid \$0.2 million to whistleblowers (\$0.6 million in 2021).

As at March 31, 2022, the accumulated balance of designated funds was \$119.3 million (\$117.0 million in 2021). Of this amount, \$119.2 million was held in cash (\$116.6 million in 2021) and \$0.1 million in receivables (\$0.4 million in 2021). After considering funds set aside for possible allocation to harmed investors, \$116.6 million (\$110.1 million in 2021) of the funds on hand are available for allocation to third parties or use by the Commission for educational and knowledge enhancement purposes. The increase in funds in 2022 is mainly due the collections and allocations of orders

in the fiscal year. Of the \$116.6 million, a total of \$43.4 million has been earmarked for possible whistleblower payments, recoveries of investor education costs, knowledge enhancements, and other investor-related activities (\$43.7 million in 2021).

For more information on funds held pursuant to designated settlements and orders, see Note 6 of the financial statements.

### Collecting monetary sanctions

While the OSC actively works to collect unpaid monetary sanctions, material differences between sanction assessments and collections have persisted since we began imposing sanctions. Historically, collection rates from market participants have been much higher than from respondents sanctioned on matters related to fraud – where assets are typically non-existent or inaccessible. The collections rate decreased in 2022 to 35.5% from 53.0% in 2021 as a result of higher assessments from contested hearings compared to settlements. The collection rate will vary each year, depending on the nature of the cases brought by the Enforcement Branch.

A list of respondents who are delinquent in paying monetary sanctions to the Commission is available on the OSC website at [www.osc.ca](http://www.osc.ca).

The table below shows the collection rates on sanction amounts for the last two years.

(Thousands of dollars) 2022	Assessed*	Collected**	% Collected
Settlements	\$ 6,408	\$ 6,354	99.2%
Contested hearings	11,482	—	0.0%
<b>Total</b>	<b>\$ 17,889</b>	<b>\$ 6,354</b>	<b>35.5%</b>
2021	Assessed*	Collected**	% Collected
Settlements	\$ 5,958	\$ 5,899	99.0%
Contested hearings	5,165	—	0.0%
<b>Total</b>	<b>\$ 11,123</b>	<b>\$ 5,899</b>	<b>53.0%</b>

\*Does not reflect amounts paid directly by respondents to investors.

\*\*Prior year amounts collected in the current year are reflected in the year the sanction was issued.

## Funds Restricted for CSA Systems Operations and Redevelopment

2022	\$142.0M
2021	\$150.6M

The core CSA Systems consist of the System for Electronic Document Analysis and Retrieval (SEDAR), the National Registration Database (NRD), and the System for Electronic Disclosure by Insiders (SEDI) and marketplace surveillance and analytics system.

The OSC has been appointed the Designated Principal Administrator – Operations (DPA) to collect, hold, and administer the surplus funds accumulated from system fees charged to market participants that use the CSA Systems. This is essentially a custodial role. The funds restricted for CSA Systems operations and redevelopment include surplus funds accumulated from operation of the CSA Systems, which are received, held, and managed by the DPA on behalf of the Principal Administrators (PAs). The use of these surplus funds is restricted by various agreements between the PAs.

In June 2016, the PAs signed an agreement with CGI Information Systems and Management Consultants Inc. to replace the core CSA National Systems with one system to support existing and future requirements for the benefit of market participants. Redevelopment began in a multi-year phased approach beginning in 2018. The PAs have certain rights to terminate the agreement, with and without cause, as set out in the agreement. For more information on CSA National Systems contractual arrangements and financial results, see Note 7 and Note 18(a) of the financial statements.

For more information on the judgement exercised with respect to the appropriate accounting treatment of these surplus funds, see Note 2(d) of the financial statements.

## Right of Use Assets

2022	\$45.5M
2021	\$48.6M

Right of use assets decreased by \$3.0 million (6.3%) due to the amortization of the lease agreements for rent of office space and printer equipment. For more information on right of use assets, see Note 12 of the financial statements.

## Property, Plant, and Equipment

2022	\$7.8M
2021	\$5.2M

Property, plant, and equipment increased by \$2.6 million (49.6%) in 2022 due to the cyclical refresh of IT hardware and the renovation of a floor within the office. For more information on property, plant and equipment, see Note 9 of the financial statements.

## Intangible Assets

2022	\$11.2M
2021	\$8.0M

Intangible assets increased by \$3.2 million (39.6%) in 2022 primarily due to spending on the development of the SEDAR+ integration initiative and a new contact center system. For more information on intangible assets, see Note 10 of the financial statements.

## Non-Current Lease Liabilities

2022	\$49.4M
2021	\$51.9M

Non-current lease liabilities decreased by \$2.5 million (4.9%) due to payments made on the lease contracts. For more information on lease liabilities, see Note 12 of the financial statements.

# 2023 Strategy

## Our plans and outlook for fiscal year 2023

Every year, the OSC publishes a *Statement of Priorities* outlining our specific areas of focus. We publish this *Statement of Priorities* and give the public opportunities to comment on the draft document before it is finalized and incorporated into our business plan.

In the fall of 2021, we received feedback on our *Statement of Priorities* for fiscal year 2023. The priorities in our finalized *Statement of Priorities* for fiscal 2023 reflect unprecedented levels of innovation and disruption in financial markets

and changes in investor preferences, while also supporting the ongoing transformation of the OSC and prioritization of excellence in our core regulatory and business operations. The most recent *Statement of Priorities* is included

in the OSC's Business Plan, which can be found on our [website](#). What follows is an overview of our priorities for the next fiscal year.

## Statement of Priorities

### GOAL 1: Promote Confidence in Ontario's Capital Markets

*We aim to promote confidence in Ontario's capital markets among market participants and investors. We will:*

- Sustain strong core regulatory operations
- Improve the retail investor experience and protection
- Support behavioural insights and policy testing capabilities
- Strengthen dispute resolution services for investors, such as the Ombudsman for Banking Services and Investments (OBSI), through policy and oversight activities
- Support implementation of the mutual fund embedded commissions rules banning the use of deferred sales charges (DSC Ban) and trailing commission where no suitability determination is required (OEO Ban)
- Continue efforts to implement a new single enhanced self-regulatory organization (SRO), and consolidate the current two investor protection funds (IPF) independent from the new SRO
- Strengthen oversight of crypto asset trading platforms and other dealers
- Develop a rule setting out climate change-related disclosures for certain reporting issuers
- Continue consideration of diversity on boards and in executive roles at certain reporting issuers\*
- Monitor the listing function of recognized exchanges and identify areas for improvement
- Develop total cost reporting disclosure for investors

\* For Corporate Finance / Business Issuers Only

## GOAL 2: Modernizing the Regulatory Environment

*We continue to evolve the regulatory environment in line with Ontario's changing capital markets and investor needs. In particular, we aim to:*

- Implement an enhanced framework for modernizing regulation
  - Continue work on streamlining periodic disclosure requirements for reporting issuers
  - Work to modernize delivery options of regulatory and continuous disclosure filings for issuers
  - Strengthen the framework and our capability to identify, assess, and respond to emerging regulatory issues
  - Continue to expand systemic risk oversight
  - Clarify the importance to be given to each of our mandates, including fostering capital formation and competitive markets, in regulatory actions.
- 

## GOAL 3: Facilitate Financial Innovation

*We want to cultivate an environment that supports the development of innovative financial business models that benefit investors and capital market participants.*

- Engage with and support novel and innovative businesses in our capital markets
  - Continue building the OSC TestLab
- 

## GOAL 4: Strengthen Our Organizational Foundation

*We will continue to invest in people and technology, and to strengthen the OSC's culture. We plan to:*

- Redevelop CSA national systems
- Continue technology modernization, digital transformation, and data and analytics enablement at the OSC
- Foster and improve inclusion, equity, and diversity
- Implement a hybrid work model



## Fiscal 2023 Financial Outlook

The OSC is budgeting a deficiency of revenue over expenses of \$11.5 million in fiscal 2023. The deficiency is in accordance with our multi-year plan to draw down accumulated surplus to fund significant multi-year technology and workplace modernization initiatives. In response to the growth and changes in capital markets experienced over the past few years, the 2023 budget includes the costs of hiring additional staff to accommodate the increase in both the volume and the complexity of various regulatory activities, the implementation of Taskforce recommendations, and accelerated technology modernization.

The budget continues supporting the four key multi-year growth areas identified in the prior year's business plan:

- Technology modernization
- Strengthening investor education and outreach
- Facilitating financial innovation and modernizing regulation
- Enhancing derivatives compliance oversight

Budgeted revenues in fiscal 2023 of \$144.4 million are \$16.3 million (10.1%) lower compared to fiscal 2022 actual results, primarily due to a decrease in participation fees. While the OSC has experienced significant revenue growth following the initial decline at the beginning of the pandemic, a more conservative approach has been taken when setting the 2023 revenue budget.

The budget was reduced to exclude extraordinary growth experienced by a few market participants in 2022 that were not representative of the overall average growth over the past few years. We continue to monitor the influence of various macroeconomic factors, including international developments on Ontario's capital markets, and in turn, the OSC's overall revenues.

Budgeted expenses in fiscal 2023 of \$155.9 million are \$19.3 million (14.2%) higher compared to fiscal 2022 actual results. The increase in budgeted expenses is primarily attributed to an increase in staff resources and to a lesser extent professional services to address the following:

- capacity constraints from a significant and persistent increase in the volume and complexity of core operational activities, placing increased demands on the OSC's resources
- continuation of multi-year investments in the aforementioned four growth areas
- implementation of various Taskforce recommendations, including the establishment of the new Tribunal, adoption of various policy recommendations and expansion of the mandate to include capital formation and competition
- complexity and growth of emerging regulatory issues arising from the evolution of the investing landscape

Capital expenditures in fiscal 2023 are budgeted at \$12.4 million, primarily comprised of costs towards new regulatory platforms and tools, workplace modernization spending to rehabilitate space and accommodate a hybrid working environment, and resources to integrate the new SEDAR+ system with OSC local systems.



# Critical Accounting Estimates

## Judgements, estimates, and assumptions related to preparing IFRS financial statements

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In preparing financial statements consistent with International Financial Reporting Standards, the OSC's management must make judgements, estimates, and assumptions that affect our reported amounts of assets and liabilities for the date of the financial statements, as well as reported amounts of the revenues and expenses for the periods.

These judgements, estimates, and assumptions are considered "critical" if any of the following conditions are met:

- they require assumptions about highly uncertain matters when made
- we could reasonably have used different judgements, estimates, or assumptions in the period
- and changes are likely to occur between periods that would materially affect our financial condition or the results of our operations

Judgement was used to determine the appropriate accounting treatment for leases, revenue, recoveries of investor education and knowledge enhancement costs, and funds restricted for CSA Systems operations and redevelopment.

There are also sources of estimation uncertainty in accounting estimates. For the OSC, these primarily consisted of leases, the supplemental pension plan benefit obligation liabilities, funds held pursuant to designated settlements and orders, recoveries of enforcement costs and allowance for credit losses.

For more information on judgements and sources of estimation uncertainty that impact the OSC, see Note 2(d) of the financial statements.

### **Accounting pronouncements**

Refer to Note 21 of the audited financial statements for pronouncements that are new or have been revised, but that are not yet in effect.

# Key Risks and Mitigation Strategies

How we manage risks threatening our ability to achieve our strategic objectives

## Key Components of the OSC Risk Management Framework

The OSC has implemented a risk management framework to foster an enterprise-wide acceptance and integration of risk management. The main components include:

- a risk management policy that supports the achievement of our objectives, defines risk management roles and responsibilities within the organization, and promotes a strong culture of understanding and mitigating risk
- a risk management process to identify, assess, manage, monitor, and report risks
- and common tools to enable risk-informed decision making, such as “risk registers” at the enterprise and branch level

The OSC employs a three-lines-of-defense model consisting of the following:

- Branch specific risk management processes utilizing a bottom-up process to identify, assess and manage branch specific risks
- Centralized risk management function to facilitate activities related to enterprise risks and maintenance of an enterprise risk inventory. This function includes a top-down and bottom-up view of the risks and controls in place within the OSC
- Internal audit function helping the OSC develop, evaluate, and improve risk-management practices, risk-based internal controls, good governance and sound business practices. Internal audits at the OSC are governed by a charter and an annual internal audit plan approved by the OSC’s Board of Directors

The risk steering committee, made up of OSC senior and executive management, reviews the risk profile quarterly, paying close attention to key, new, or emerging risks. This information is reported to the board risk committee and escalated to the board of directors, as appropriate.

## Key Risks

The table below highlights various key enterprise risks that the OSC is exposed to, along with the mitigating controls. The OSC continues to monitor the risk environment and to respond appropriately to ensure that risks are properly addressed.

Risk	Risk description	Mitigating controls
<b>Digital transformation</b>	Outdated technology, data, and processes increase regulatory burden for market participants and impede effectiveness and efficiency	<ul style="list-style-type: none"> <li>■ The Digital Solutions Branch has established a multi-year strategy, articulated the data and digital capability needs across the OSC, and developed the first executable roadmap</li> <li>■ An agile implementation and dedicated team model have been established to support various initiatives</li> </ul>
<b>Regulatory burden</b>	OSC regulations, processes, and operational systems impede fair and efficient markets and inhibit capital formation	<ul style="list-style-type: none"> <li>■ Burden reduction initiatives were identified in the 2019 report <i>Reducing Regulatory Burden in Ontario's Capital Markets</i> and are part of business plans for each relevant branch</li> <li>■ Regulatory impact analyses, including cost-benefit analyses, are completed for all new policy projects</li> <li>■ The Office of Economic Growth and Innovation is developing and will implement an enhanced organization-wide framework that will ensure a systematic and streamlined approach to projects aimed at modernizing our regulatory environment</li> </ul>
<b>Enforcement effectiveness</b>	The OSC fails to identify, investigate, and prosecute administrative, quasi-criminal, or criminal misconduct involving securities law violations that could cause significant harm to investors or the integrity of the markets	<ul style="list-style-type: none"> <li>■ Using a centralized intake process to identify matters that reflect OSC strategic priorities and factors relating to public harm</li> <li>■ Standardizing and making visible our planning and reporting process (from investigation to litigation) to identify key violations and use appropriate enforcement tools</li> <li>■ Partnering with other regulators and encouraged active advocacy in IOSCO, CSA, and North American Securities Administrators Association committees to monitor and identify cross-border issues</li> </ul>
<b>Systemic risk in capital markets</b>	The OSC fails to identify an increase in systemic risk related to activity in capital markets in a timely manner	<ul style="list-style-type: none"> <li>■ Increasing oversight of systemically important market infrastructure</li> <li>■ Monitoring compliance with rules designed to minimize systemic risks</li> <li>■ Working groups and committees including the OSC systemic risk working group, CSA working groups, and IOSCO working groups increase collaboration efforts</li> </ul>

Risk	Risk description	Mitigating controls
<b>Business continuity</b>	A significant disruption of business operation occurs	<ul style="list-style-type: none"> <li>■ Updating the formal business continuity plan (BCP) and pandemic plan including an annual BCP systems recovery plan, scenario testing, and emergency staff communications tests</li> <li>■ Forming reciprocal arrangements with other securities regulators to create continuity of regulatory services (e.g. prospectus and application reviews)</li> </ul>
<b>Information technology</b>	Risks that a significant disruption of OSC information technology systems and/or services occurs or that critical IT system changes and implementation do not meet desired business outcomes	<ul style="list-style-type: none"> <li>■ Regularly reviewing established IT policy, procedures, and controls</li> <li>■ Annual audits include testing of IT key controls</li> <li>■ Ongoing monitoring of OSC systems and establishing support agreements and service-level agreements with key vendors</li> <li>■ Creating fall-back plans and system back-ups as required</li> </ul>
<b>Information security</b>	Risks arising from breaches of or attacks on OSC information systems that result in loss of information or the compromise of confidential information that would impact OSC's reputation and/or operations	<ul style="list-style-type: none"> <li>■ A multi-year information security operations roadmap has been formulated that adheres to the National Institute of Standards and Technology (NIST) cybersecurity framework</li> <li>■ Key information security program controls are already in place, including formal security risk assessment process, access control, data protection, regular vulnerability scans and patch management, incident response and simulation, security awareness and testing, and cyber insurance protection</li> </ul>
<b>Workforce management</b>	Misalignment and gaps between the OSC's existing workforce and the workforce required to deliver on its objectives	<ul style="list-style-type: none"> <li>■ Developed a strategic workforce plan detailing actions to retain, develop, motivate, and deploy human resources, including flexible work arrangements, training and development opportunities, and ongoing communications on workplace guidance and wellness programs to engage staff</li> <li>■ Reprioritizing various projects, deadlines, and deliverables to balance work demands across the organization, when needed</li> <li>■ Administering compensation and benefits to remain an attractive and competitive employer</li> </ul>
<b>Project delivery</b>	The OSC is unsuccessful in delivering on major projects regarding objective, scope, budget and schedule	<ul style="list-style-type: none"> <li>■ Introducing robust project management processes and methodologies including regular status reporting such as reviewing project portfolio status and proactively identifying, communicating, mitigating, and escalating in a timely manner issues/trends that could impact scope, schedule, budget and/or change management</li> <li>■ The OSC technology enablement framework is in place to govern initiation, prioritization, and execution of OSC-led technology related initiatives</li> </ul>

Risk	Risk description	Mitigating controls
<b>Confidence in OSC's ability to deliver on its mandate</b>	Loss of confidence by stakeholders in the OSC's ability to execute its mandate	<ul style="list-style-type: none"> <li>▪ Executive-level messaging and regular public appearances that clearly communicate the OSC's mandate and authority</li> <li>▪ Consulting with stakeholders on various policy matters to obtain feedback</li> <li>▪ Publishing rules and national instruments for comment</li> <li>▪ Impact on reputation is incorporated into the risk management process for all key risks at the branch and enterprise levels.</li> </ul>

# Internal Control Over Financial Reporting (ICFR)

## A summary of our ICFR program results

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During the year, the OSC's ICFR processes were reviewed and documentation updated where necessary. Design and operating effectiveness were tested, using the framework and criteria established in "Internal Control – Integrated Framework (2013 version)" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Staff performed an evaluation,

under supervision and with the participation of management, of the effectiveness of the OSC's ICFR processes as at March 31, 2022. Based on this evaluation, the OSC has concluded that the ICFR processes were designed and operating effectively, to reduce the risk of material misstatement to an acceptably low level, and that there are no material weaknesses.



ONTARIO  
SECURITIES  
COMMISSION

# Financial Statements

For the  
year ended  
March 31, 2022

## Management's Responsibility and Certification

Management is responsible for the integrity, consistency and reliability of the financial statements and other information presented in the annual report. The financial statements have been prepared by Management in accordance with International Financial Reporting Standards.

We certify that we have reviewed the financial statements and other information contained in the annual report, and, based on our knowledge, they do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the statements and the annual report.

Based on our knowledge, the financial statements together with other financial information included in the annual report fairly present in all material respects the financial condition, results of operations and cash flows of the Ontario Securities Commission (the "OSC") as of the dates and for the periods presented. The preparation of financial statements involves transactions affecting the current period which cannot be finalized with certainty until future periods. Estimates and assumptions are based on historical experience and current conditions, and are believed to be reasonable.

We are responsible for establishing and maintaining internal control over financial reporting for the OSC. We have designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

We evaluated, or caused to be evaluated under our supervision, the effectiveness of the OSC's internal control over financial reporting at the financial year-end, and the OSC has disclosed in its annual MD&A our conclusion about the effectiveness of internal control over financial reporting at the financial year-end based on that evaluation.

We have also disclosed in the MD&A any change in our internal control over financial reporting that occurred during the year that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

The Board of Directors ensures that management fulfills its responsibility for financial reporting and internal control. The financial statements have been reviewed by the Audit and Finance Committee and approved by the Board of Directors. The Auditor General's Report, which follows, outlines the scope of the Auditor's examination and opinion on the financial statements.

**Grant Vingoe**  
Chief Executive Officer

**Mary Campione**  
Chief Financial Officer, and Director,  
Financial Management & Reporting

June 16, 2022





## Independent Auditor's Report

To the Ontario Securities Commission

### Opinion

I have audited the financial statements of the Ontario Securities Commission (OSC), which comprise the statement of financial position as at March 31, 2022, and the statements of comprehensive income, changes in surplus and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the OSC as at March 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the OSC in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the OSC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the OSC either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing OSC's financial reporting process.

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## Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of OSC's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the OSC's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the OSC to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.


I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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Toronto, Ontario  
June 16, 2022



**Bonnie Lysyk**, MBA, FCPA, FCA, LPA  
Auditor General

# Statement of Financial Position

(in Canadian dollars)

As at March 31, 2022	Note(s)	2022	2021
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 117,946,691	\$ 101,682,897
Trade and other receivables	4, 5	5,752,708	3,414,406
Prepayments		4,084,678	2,492,750
<b>Total current</b>		<b>\$ 127,784,077</b>	<b>\$ 107,590,053</b>
<b>Non-current</b>			
Funds held pursuant to designated settlements and orders	3(e), 6	\$ 119,295,539	\$ 117,001,434
Funds restricted for CSA Systems operations and redevelopment	2, 7, 18	141,960,636	150,622,699
Reserve funds	8	20,000,000	20,000,000
Lease receivable	12	3,116,596	3,270,120
Right of use assets	12	45,546,808	48,583,552
Property, plant & equipment	9	7,815,101	5,223,955
Intangible assets	10	11,170,385	8,001,587
<b>Total non-current</b>		<b>\$ 348,905,065</b>	<b>\$ 352,703,347</b>
<b>Total assets</b>		<b>\$ 476,689,142</b>	<b>\$ 460,293,400</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables	11	\$ 25,237,772	\$ 24,463,855
Lease liabilities	12	2,524,821	2,211,636
<b>Total current</b>		<b>\$ 27,762,593</b>	<b>\$ 26,675,491</b>
<b>Non-current</b>			
Lease liabilities	12	\$ 49,375,458	\$ 51,900,279
Pension liabilities	13(b)	4,915,315	5,111,690
Funds held pursuant to designated settlements and orders	3(e), 6	119,295,539	117,001,434
Funds restricted for CSA Systems operations and redevelopment	2, 7, 18	141,960,636	150,622,699
<b>Total non-current</b>		<b>\$ 315,546,948</b>	<b>\$ 324,636,102</b>
<b>Total liabilities</b>		<b>\$ 343,309,541</b>	<b>\$ 351,311,593</b>
<b>SURPLUS</b>			
General		\$ 113,379,601	\$ 88,981,807
Reserve	8, 14	20,000,000	20,000,000
<b>Operating surplus</b>		<b>\$ 133,379,601</b>	<b>\$ 108,981,807</b>
<b>Total liabilities and surplus</b>		<b>\$ 476,689,142</b>	<b>\$ 460,293,400</b>

The related notes are an integral part of these financial statements.

On behalf of the board of the Commission.



**Heather Zordel**  
Chair



**Frances Kordyback**  
Chair, Audit and Finance Committee

## Statement of Comprehensive Income

(in Canadian dollars)

For the year ended March 31, 2022	Note(s)	2022	2021
<b>REVENUE</b>			
Fees	3(d), 15	\$ 159,352,952	\$ 137,253,164
Miscellaneous		662,360	688,721
Interest income		636,980	491,643
		<b>\$ 160,652,292</b>	<b>\$ 138,433,528</b>
<b>EXPENSES</b>			
Salaries and benefits	16	\$ 103,682,457	\$ 99,330,299
Administrative	17	11,644,550	10,808,309
Occupancy		3,978,351	4,779,314
Professional services		11,824,522	7,537,405
Depreciation	9, 12	5,277,097	5,267,750
Amortization	10	1,985,051	1,308,392
Other		27,610	47,061
		<b>\$ 138,419,638</b>	<b>\$ 129,078,530</b>
Finance costs	12	1,826,712	1,900,142
Recoveries of enforcement costs	3(h)	(341,365)	(527,897)
Recoveries of investor education and knowledge enhancement costs	3(h), 20	(3,348,372)	(2,478,763)
		<b>\$ 136,556,613</b>	<b>\$ 127,972,012</b>
<b>Excess of revenue over expenses</b>		<b>\$ 24,095,679</b>	<b>\$ 10,461,516</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Remeasurements of defined benefit pension plans	13(b)	\$ 302,115	\$ (560,086)
<b>Other comprehensive gain/(loss)</b>		<b>\$ 302,115</b>	<b>\$ (560,086)</b>
<b>Total comprehensive income</b>		<b>\$ 24,397,794</b>	<b>\$ 9,901,430</b>

The related notes are an integral part of these financial statements.

## Statement of Changes in Surplus

(in Canadian dollars)

For the year ended March 31, 2022	Note(s)	2022	2021
Operating surplus, beginning of year		\$ 108,981,807	\$ 99,080,377
Total comprehensive income		24,397,794	9,901,430
<b>Operating surplus, end of year</b>		<b>\$ 133,379,601</b>	<b>\$ 108,981,807</b>
<b>Represented by:</b>			
General		\$ 113,379,601	\$ 88,981,807
Reserve	8, 14	20,000,000	20,000,000
		<b>\$ 133,379,601</b>	<b>\$ 108,981,807</b>

The related notes are an integral part of these financial statements.

# Statement of Cash Flows

(in Canadian dollars)

For the year ended March 31, 2022	Note(s)	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Excess of revenue over expenses		\$ 24,095,679	\$ 10,461,516
Adjusted for:			
Interest received		594,739	558,420
Interest income		(636,980)	(491,643)
Pension liabilities		105,740	112,625
Loss on disposal of property, plant & equipment	9	3,324	—
Depreciation - right of use asset	12	3,036,744	3,036,745
Depreciation	9	2,240,353	2,231,005
Amortization	10	1,985,051	1,308,392
		<b>\$ 31,424,650</b>	<b>\$ 17,217,060</b>
<b>Changes in non-cash working capital:</b>			
Trade and other receivables		\$ (2,276,336)	\$ 147,025
Prepayments		(1,591,928)	1,475,022
Trade and other payables		(1,162,614)	2,944,251
		<b>\$ (5,030,878)</b>	<b>\$ 4,566,298</b>
<b>Net cash flows from operating activities</b>		<b>\$ 26,393,772</b>	<b>\$ 21,783,358</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>			
Principal payments on lease receivable	12	\$ 133,799	\$ 129,269
Purchase of intangible assets	10	(4,044,276)	(2,051,607)
Purchase of property, plant & equipment	9	(4,007,865)	(260,336)
<b>Net cash used in investing activities</b>		<b>\$ (7,918,342)</b>	<b>\$ (2,182,674)</b>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>			
Principal payments on lease liabilities	12	\$ (2,211,636)	\$ (2,138,206)
<b>Net cash used in financing activities</b>		<b>\$ (2,211,636)</b>	<b>\$ (2,138,206)</b>
Net increase in cash position		\$ 16,263,794	\$ 17,462,478
Cash, beginning of year		101,682,897	84,220,419
<b>Cash, end of year</b>		<b>\$ 117,946,691</b>	<b>\$ 101,682,897</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>			
Finance costs paid		\$ 1,826,712	\$ 1,900,142
Finance income received		115,333	119,863
Property, plant & equipment and intangible assets funded by trade and other payables		1,936,531	1,497,879

The related notes are an integral part of these financial statements.

# Notes to the Financial Statements

## 1. Reporting Entity

The Ontario Securities Commission (OSC) is a corporation domiciled in Ontario. The address of the OSC's registered office is 20 Queen Street West, Toronto, Ontario, M5H 3S8. The OSC is a corporation without share capital incorporated under the Securities Act, R.S.O. 1990, c. S.5. The OSC is the regulatory body responsible for regulating the

province's capital markets. As a Crown corporation, the OSC is exempt from income taxes.

On April 29, 2022, following the proclamation of the *Securities Commission Act, 2021*, the OSC continues as a corporation without share capital.

## 2. Basis of Presentation

### (a) Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements are as at March 31, 2022 for the year then ended and includes comparatives. These financial statements were authorized for issue by the Board of Directors on June 16, 2022.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain pension liabilities that are measured net of actuarial gains and losses, as explained in Note 3(f). Historical cost is generally based on the fair value of the consideration given in exchange for assets.

### (c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the OSC's functional currency. Amounts have been rounded to the nearest dollar.

### (d) Use of judgements and sources of estimation uncertainty

#### (i) Judgements

The preparation of financial statements in accordance with IFRS requires that management make judgements in applying accounting policies that can affect the reported

amounts of assets and liabilities as at the date of the financial statements, as well as the reported amounts of revenue and expenditures for the period.

The following are the judgements in applying accounting policies, apart from those involving estimates, that have the most significant effect on the amounts recognized in the financial statements.

#### Lease accounting

In determining the lease liabilities and corresponding right of use assets, significant judgement is required in determining the lease term.

The lease term is defined as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

The OSC exercised significant judgement in determining the lease term, particularly the premise lease, by considering all facts and circumstances that create an economic incentive to exercise a renewal option or to not exercise a termination option including investments in major leaseholds, past practice and the length of time remaining before the option is exercisable.

## Revenue recognition

The OSC exercised significant judgement in determining whether participation fees and other certain fees are within the scope of IFRS 15. Since these fees do not arise from contracts with customers as envisioned in IFRS 15, the OSC has exercised judgement in deciding to apply IFRS 15, by analogy, to such fees.

Significant judgement is required to determine the nature and extent of the OSC's performance obligations arising from participation fees and determining the timing of the transfer of control – at a point in time or over time. OSC recognizes revenue when (or as) the organization satisfies a performance obligation by transferring the promised service to the market participant. This transfer happens when the market participant obtains control of the service.

## Recoveries of investor education and knowledge enhancement costs

Beginning April 1, 2015, the OSC began recovering costs that are in accordance with subparagraph 3.4(2)(b)(ii) of the *Securities Act* (Ontario) which was amended on June 20, 2012 to expand the purposes for which enforcement monies may be designated to include "for use by the Commission for the purpose of educating investors or promoting or otherwise enhancing knowledge and information of persons regarding the operation of the securities and financial markets" ("investor education and knowledge enhancement costs"). The OSC developed guidelines to assist in determining which costs would be in accordance with subparagraph 3.4(2)(b)(ii). The OSC exercised judgement in evaluating the types of costs incurred which would be in accordance with these guidelines. See Note 20 for a summary of costs recovered.

## Funds restricted for Canadian Securities Administrators Systems operations and redevelopment (Funds Restricted for CSA Systems)

The OSC was appointed the Designated Principal Administrator – Operations (DPA) to administer the financial management processes of the CSA Systems net assets and act as custodian over any surplus funds. The use of the CSA Systems surplus funds is governed by the four Principal Administrators (PAs), each having one vote on the CSA Systems matters. The four PAs are the OSC, British Columbia Securities Commission (BCSC), Alberta Securities Commission (ASC) and l'Autorité des marchés financiers (AMF).

Based on an evaluation of the contractual terms and conditions related to the arrangement, OSC management has exercised significant judgement to determine that participants in the capital markets, rather than the OSC (or other CSA members), obtain the benefit or rewards from the restricted funds or any future development of the CSA Systems. The OSC does not control or have significant influence over how the restricted funds are managed in performing its custodial role for the CSA Systems.

See Note 7 for more information, including summary financial information related to CSA Systems operations and redevelopment.

## (ii) Sources of estimation uncertainty

The preparation of financial statements in accordance with IFRS requires management to make assumptions about the future and other sources of estimation uncertainty that have a significant risk of affecting the carrying amounts of assets and liabilities within the next fiscal year.

Determining the carrying amounts of some assets and liabilities requires management to estimate the effects of uncertain future events on those assets and liabilities at the end of the reporting period. Actual amounts can differ from these estimates to the extent future outcomes differ significantly from management's estimations. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The following are the key assumptions and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year.

## Leases

In determining the carrying amount of right of use assets and lease liabilities, the OSC is required to estimate the incremental borrowing rate specific to each leased asset if the interest rate implicit in the lease is not readily determined. The OSC determines the incremental borrowing rate using a prime rate with an adjustment that reflects, among other things, the OSC's credit rating, lease term, value of the underlying leased asset, and the economic environment in Ontario.



### **Supplemental pension plan**

Supplemental pension plan liabilities represent the estimated present value of the OSC's obligation for future payments as at the fiscal year end. The OSC utilizes an independent actuarial expert to determine the present value of the defined benefit obligation of the supplemental pension plan and related impact to the Statement of Comprehensive Income and Other comprehensive income (OCI).

In some cases, this determination will involve management's best estimates and information from other accredited sources. A change in one or more of these assumptions could have a material impact on the OSC's financial statements.

The significant actuarial assumptions used to determine the present values of the defined benefit obligations and sensitivity analysis of changes in the actuarial assumptions used are outlined in Note 13(b).

### **Designated settlements and orders and recoveries of enforcement costs**

Funds held pursuant to designated settlements and orders and recoveries of enforcement costs are recorded when settlements are approved or orders are made by the Commission, unless management determines that collecting the settlement and order is significantly doubtful, in which case it is recognized when payment is received. Estimation is required to determine the collectible amount of monetary sanctions and recoveries of enforcement costs.

Management considers the ability of the respondent to pay the sanction amount, the ability to locate the respondent and whether the respondent owns any

assets. A change in any of these factors could have a material impact on the OSC's financial statements. Assets and liabilities will change based on estimated designated settlements and order amounts deemed to be collectible. Expenses may change based on recoveries of enforcement costs. For more information on designated settlements and orders, see Note 6.

### **Allowance for credit losses**

The determination of the OSC's expected credit losses for trade receivables depends on several highly related variables and is subject to estimation uncertainty. In determining expected credit losses, the OSC considers historical data, existing market conditions, and forward-looking information to determine, among other things, expected loss rates. The OSC must rely on estimates and exercise judgement regarding circumstances that may cause future assessments of expected credit losses to be materially different from current assessments, which could require an increase or decrease in the allowance for credit losses.

Trade and other receivables, and funds held pursuant to designated settlements and orders are subject to measurement uncertainty due to the credit risk of debtors. Due to the COVID-19 pandemic, measurement uncertainty continues to exist around the collectability of certain amounts. The uncertainty is caused by collection delays experienced and an increase in the rate of doubtful accounts from these parties. See Note 5 and Note 6 for further detail on the trade and other receivables, and funds held pursuant to designated settlements and orders.

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## **3. Significant Accounting Policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. See Note 21 for discussion related to accounting standards, interpretations and amendments that became effective in the year.

### **(a) Financial instruments**

Trade receivables and borrowings issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized

when the OSC becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value, plus or minus transaction costs that are directly attributable to their acquisition. The measurement of financial instruments in subsequent periods and the recognition of changes in the fair value depend on the category in which they are classified. All financial assets and financial liabilities are categorized and subsequently measured at amortized cost.



Classification of financial assets depends on the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. A financial asset is subsequently measured at amortized cost if both of the following conditions are met.

- a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Currently, OSC's financial assets meet the conditions for subsequent measurement at amortized cost. Gains or losses on disposal and impairment losses are recorded in the Statement of Comprehensive Income. Premiums, discounts and transaction costs are amortized over the term of the instrument on an effective yield basis as an adjustment to interest income. Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or when the contractual rights to receive the cash flows of the financial asset are transferred. A financial liability is derecognized when it is extinguished; that is, when the contractual obligation is discharged, cancelled or expires.

The OSC recognizes an allowance for expected credit losses for all financial assets not held at fair value through profit and loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the OSC expects to receive, discounted at an approximation of the original effective interest rate.

In relation to trade receivables, the OSC measures expected credit losses for trade receivables by establishing a provision based on aging at year end through the application of a provision matrix. The provision matrix is based on historically observed default rates over the expected life of the trade receivables, adjusted for forward looking estimates.

The carrying amount of trade receivables is reduced through the use of an allowance account and the expected credit loss is recognized in the Statement of Comprehensive Income.

The gross carrying amount of a trade receivable is written off to the extent there is no reasonable

prospect of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, insolvency of the debtor and the exhaustion of reasonable collection efforts.

## **(b) Property, plant & equipment**

Items of property, plant & equipment are recorded at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

The cost of property, plant & equipment, less any residual value, is depreciated and recognized in excess of revenues over expenses on a straight-line basis over the estimated useful life of the asset, as follows:

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Computer hardware and related applications	3 years
Network servers and cabling	5 years
Office furniture and equipment	5 to 10 years
Leasehold improvements	Lesser of lease term and useful life of asset

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The estimated useful lives, residual values and depreciation method are reviewed at the end of each fiscal year. Any changes in estimates are accounted for on a prospective basis.

An item of property, plant & equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the disposal or retirement of an item of property, plant & equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in excess of revenue over expenses.

Items of property, plant & equipment are reviewed for impairment at each reporting date. If any impairment is indicated, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

## (c) Intangible assets

Intangible assets represent identifiable non-monetary assets and are acquired either separately or internally generated. The OSC's intangible assets consist primarily of software enhancement and development and purchased software.

Development costs that are directly attributable to internally developed software are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use it;
- there is an ability to use the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use the software are available; and
- the expenditures attributable to the software during its development can be reliably measured.

For internally generated intangible assets, cost includes all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Subsequent expenditures on a specific intangible asset is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including maintenance, are recognized in profit or loss as incurred. Research expenditures and certain development expenditures that do not meet the criteria for capitalization above are recognized as an expense as incurred.

For purchased software, the cost of separately acquired intangible assets include its purchase price and directly attributable costs of preparing the asset for its intended use.

For software enhancement and development, amortization of an intangible asset begins when development is complete, and the asset is available for use. After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and accumulated impairment losses. Amortization expense

is included in the Statement of Comprehensive Income. Intangible assets are amortized using the straight-line method over the following periods:

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Software enhancement and development	1 to 10 years
Purchased software	3 years

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Amortization methods, useful lives and residual values are reviewed at the end of each fiscal year and adjusted if appropriate, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. If any impairment is indicated, the intangible asset's recoverable amount is estimated. The recoverable amount is the higher of an intangible asset's fair value less costs to sell and value in use. An impairment loss is recognized for the amount by which the intangible asset's carrying amount exceeds its recoverable amount. An impairment loss is recognized on the Statement of Comprehensive Income in the period in which the impairment is identified.

Impairment losses previously recognized are assessed and reversed if the circumstances leading to the impairment are no longer present. Reversal of any impairment loss will not exceed the carrying amount of the intangible asset that would have been determined had no impairment loss been recognized for the asset in prior periods.

## (d) Revenue recognition

IFRS 15 sets out the principles for when revenue should be recognized and how it should be measured, together with related disclosures.

### Participation fees

Participation fees are recognized when the OSC has permitted (or not restricted) market participant access to the Ontario capital markets. Typically, this occurs at a point-in-time when both the access is granted (or not restricted) and the associated fees are received.

These fees represent the payment for the right to participate in the Ontario capital markets. The OSC has no specific obligations throughout the year to any individual market participant. As such, the OSC's performance consists of a single act, which is provision of access. Once the access is provided (or not restricted), the OSC has the right to the stipulated participation fees, there is no obligation to refund the fees, the market participant has the legal right to access and participate in the capital market including the risks and rewards associated with such participation and there are no unfulfilled conditions on behalf of the OSC to the market participant.

### **Activity fees**

Activity fees represent the direct cost of OSC staff resources expended in undertaking certain activities requested of staff by market participants. Activity fees are recognized when the filing is received, as the activities undertaken are normally completed in a relatively short period of time.

### **Late filing fees**

Late fees may apply if certain documents that are required to be filed under Ontario Securities law are not filed on time. Additional fees may be charged for payments made past the required due date. Revenue from late fees is recognized when the respective document is filed or the corresponding outstanding fee is paid. In addition, the transaction price is measured as the amount of the fee.

## **(e) Funds held pursuant to designated settlements and orders**

Funds held pursuant to designated settlements and orders are recorded when settlements are approved or orders are made by the Commission, unless management determines that collecting the settlement amount is significantly doubtful, in which case they are recognized when payment is received. Due to the restricted use of funds held pursuant to designated settlements and orders, a corresponding non-current liability that equals the related non-current asset is reflected in the Statement of Financial Position.

## **(f) Employee benefits**

### **Ontario Public Service Pension Plan (OPSPP)**

The OSC provides pension benefits to its full-time employees through participation in the OPSPP. The

Province of Ontario is the sole sponsor of the OPSPP. This plan is accounted for as a defined contribution plan because sufficient information is not provided to the OSC or otherwise available for the OSC to apply defined benefit plan accounting to this pension plan.

The plan sponsor is responsible for ensuring that the pension funds are financially viable. Any surpluses or unfunded liabilities arising from statutory actuarial funding valuations are not assets or obligations of the OSC. The OSC is not exposed to any liability to the plan for other entities' obligations under the terms and conditions of the plan.

In addition, there is no agreed allocation of a deficit or surplus on wind-up or withdrawal by the OSC from the plan. Payments made to the plan are recognized as an expense when employees have rendered the service entitling them to the benefit. For more information on the OPSPP, see Note 13(a).

### **Supplemental pension plan**

The OSC also maintains unfunded supplemental pension plans for its current and former Chairs and Vice-Chairs as described in Note 13(b). These plans are final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of the target benefits provided depends on the member's length of service and their salary in the final years prior to retirement. In some plans, the target benefits are indexed with inflation. The target benefits are then offset by the benefits payable from the OPSPP (registered and supplemental plans), which are linked to inflation.

The defined benefit liability recognized in the Statement of Financial Position for the supplemental pension plans is the present value of the defined benefit obligation at the reporting date.

Actuarial gains and actuarial losses resulting from remeasurements of the net defined benefit liability arising from the supplemental pension plans are recognized immediately in the Statement of Financial Position with a corresponding debit or credit through OCI in the period in which they occur. Remeasurements are not reclassified to excess of revenues over expenses in subsequent periods.

## Other post-employment obligations

The costs of non-pension benefits for eligible pensioners are paid by the Government of Ontario and are not included in the Statement of Comprehensive Income, as described in Note 19(b).

## Termination benefits

Termination benefits are generally payable when employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits. The OSC recognizes a liability and an expense for termination benefits at the earlier of the date the OSC has demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without a realistic possibility of withdrawal or when the OSC has recognized costs for providing termination benefits as a result of a restructuring involving a fundamental reorganization that has a material effect on the nature and focus of OSC operations.

## Short-term benefits

Short-term employee benefits, such as salaries, pension contributions, paid annual leaves and bonuses, are measured on an undiscounted basis and are expensed as the related service is provided to the OSC.

## (g) Leases

A contract is or contains a lease if it conveys the right to control the use of an identified asset for a specified period in exchange for consideration. When the OSC leases assets from other parties, the OSC is the lessee. When the OSC leases or subleases assets to other parties, the OSC is the lessor.

### Lessee accounting

At the lease commencement date, a lease liability and right of use asset are recognized on the Statement of Financial Position for the leased asset. These two amounts are determined as follows:

- a) Lease liability – the present value of fixed payments from commencement date, variable payments that depend on an index or a rate, exercise price of a purchase option (if the lessee is reasonably certain to exercise that purchase option), payments for penalties for terminating a lease (if the lease term

reflects the lessee exercising an option to terminate the lease), and amounts expected to be payable by the lessee under residual value guarantees.

- b) Right of use asset – the sum of the initial lease liability, initial indirect costs and expected restoration costs, and lease payments made at or prior to commencement, less any lease incentives received.

In determining the carrying amount of lease liabilities and right of use assets, the lessee is required to use the incremental borrowing rate specific to each leased asset, if the interest rate implicit in the lease is not readily determined.

Most of the OSC's leases are comprised of premise leases, for which fixed payments covering lease components are included in the value of the right of use assets and lease liabilities. As lease payments are made and the leases elapse, lease liabilities are reduced by the principal portion of payments, finance costs are recognized for the interest portion of payments, and the right of use assets are depreciated. Depreciation and finance costs are recognized in the Statement of Comprehensive Income.

For non-lease components payments (i.e. common area maintenance), amounts are recognized within occupancy costs in the Statement of Comprehensive Income and are not recognized in the Statement of Financial Position.

Payments for short-term leases (12 months or less and do not have a purchase option) and low-value leases are recognized on a straight-line basis within occupancy costs in the Statement of Comprehensive Income and are not recognized in the Statement of Financial Position.

### Lessor accounting

The OSC engages in subleasing arrangements for premise leases on a full cost recovery basis. When the OSC makes the underlying leased asset available for use to the lessee, the OSC classifies each lease as either an operating lease or a finance lease. A lease is a finance lease if it transfers substantially all the risks and rewards of the underlying asset to the lessee; otherwise, the lease is an operating lease.

For leases classified as finance leases, the underlying assets are derecognized, lease receivables are recognized on the Statement of Financial Position and finance income is recognized.

The OSC assesses the sublease classification by reference to the right of use assets. Among other things, the OSC considers factors such as whether the sublease term covers a major portion of the head lease term. For those subleases classified as finance leases, a lease receivable is recognized within the trade and other receivables, with an offsetting reduction in the right of use assets, on the Statement of Financial Position, and finance income is recognized. For those classified as operating leases, there is no impact on the right of use assets and lease income is recognized. Refer to Note 12 for details on subleasing activities.

## (h) Recoveries

### Recoveries of enforcement costs

Recoveries of enforcement costs are recorded as offsets to total expenses on the date a settlement is approved or an order is issued by the OSC, unless management determines that collecting the settlement amount is significantly doubtful, in which case, recovery is recognized when payment is received.

### Recoveries of investor education and knowledge enhancement costs

Recoveries of investor education and knowledge enhancement costs are recorded as offsets to total expenses on a quarterly basis based on eligible expenses recorded in the quarter.

## (i) Provisions

A provision is recognized when a present legal or constructive obligation results from past events, it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

## 4. Financial Instruments Risks

The OSC is exposed to various risks in relation to financial instruments. The OSC's objective is to manage risks to acceptably low levels. The OSC's financial assets and liabilities by category are summarized in Note 3(a). The main types of risks related to the OSC's financial instruments are currency risk, interest rate risk, credit risk and liquidity risk. This note provides information about the OSC's exposure to these risks and the OSC's objectives, policies and processes for measuring and managing these risks.

### Currency risk

The OSC's exposure to currency risk is minimal due to the low number of transactions denominated in currencies other than Canadian dollars.

### Interest rate risk

The OSC's financial assets and liabilities are not exposed to significant interest rate risk due to their short-term nature. The OSC's cash, funds held pursuant to

designated settlements and orders, funds restricted for CSA Systems operations and redevelopment and reserve funds are held by Schedule I financial institutions (and credit unions in British Columbia with respect to funds restricted for CSA Systems operations and redevelopment). The bank balances earn interest at a rate of 1.90% below the prime rate. The average rate of interest earned on bank balances for the year was 0.65% (2021 – 0.63%).

A 25 basis points change in the interest rate would impact the OSC's operating surplus as follows:

	Impact on operating surplus	
	25 basis points increase in rates	25 basis points decrease in rates
Reserve funds	\$ 50,201	\$ (50,201)
Cash balance	191,722	(191,722)
	<b>\$ 241,923</b>	<b>\$ (241,923)</b>



## Credit risk

The OSC is exposed to credit risk related to cash, funds held pursuant to designated settlements and orders, funds restricted for CSA Systems operations and redevelopment, reserve funds and trade and other receivables.

Schedule I financial institutions hold approximately 85.0% of the OSC's financial assets including those held for funds restricted for CSA Systems operations and redevelopment and another 15.0% are held in one credit union in British Columbia (for cash components of funds restricted for CSA Systems operations and redevelopment exclusively). The remaining balance of financial assets are accounts receivable. The Credit Union Deposit Insurance Corporation (CUDIC), a statutory corporation, guarantees the deposits of the British Columbia credit union, as set out in the *Financial Institutions Act* of British Columbia. All other deposits are guaranteed to a maximum of \$0.1 million by Canada Deposit Insurance Corporation. Given the nature of these counterparties, it is management's opinion that the credit risk exposure due to concentration is low.

Trade receivables balances consist of a large number of debtors owing individually immaterial balances.

Other receivables in aggregate are material, with most debtors owing individually and in aggregate immaterial amounts, and a small number of debtors owing larger

amounts, which are material in aggregate or individually, and are receivable from:

- Funds restricted for CSA Systems operations and redevelopment, to recover staff and occupancy costs and other charges incurred,
- Funds held pursuant to designated settlements and orders, to recover investor education and knowledge enhancement costs,
- Government of Canada for recovering Harmonized Sales Tax paid during the year, and
- Government of Canada to recover costs for OSC leasing activity under a sublease.

Therefore, the OSC's exposure to credit risk is considered low.

The OSC maintains an allowance for credit losses. Therefore, the carrying amount of trade and other receivables generally represents the maximum credit exposure. The expected credit loss is not expected to have a significant impact on trade and other receivables and the lease receivable as a significant component of these balances are owing from the Government of Canada, the CSA and the designated funds. Collection efforts continue for trade and other receivables balances, including those that are captured in the allowance for credit loss.

The aging of trade and other receivables is as follows:

2022	Note	Current	Past due 31 to 60 days	Past due 61 to 90 days	Past due greater than 90 days	Total
Trade and other receivables		\$ 4,342,193	\$ 184,578	\$ 761,701	\$ 1,372,303	\$ 6,660,775
Allowance for credit losses		(26,118)	(11,983)	(8,352)	(861,614)	(908,067)
<b>Total Trade and other receivables</b>	<b>5</b>	<b>\$ 4,316,075</b>	<b>\$ 172,595</b>	<b>\$ 753,349</b>	<b>\$ 510,689</b>	<b>\$ 5,752,708</b>

2021	Note	Current	Past due 31 to 60 days	Past due 61 to 90 days	Past due greater than 90 days	Total
Trade and other receivables		\$ 2,526,658	\$ 732,710	\$ 177,642	\$ 505,957	\$ 3,942,967
Allowance for credit losses		(58,749)	—	—	(469,812)	(528,561)
<b>Total Trade and other receivables</b>	<b>5</b>	<b>\$ 2,467,909</b>	<b>\$ 732,710</b>	<b>\$ 177,642</b>	<b>\$ 36,145</b>	<b>\$ 3,414,406</b>

Reconciliation of allowance for credit losses is as follows:

	Note	March 31, 2022	March 31, 2021
Opening balance		\$ 528,561	\$ 231,735
Current year provision		596,406	550,303
Written-off during the year		(216,900)	(253,477)
<b>Closing balance</b>	<b>5</b>	<b>\$ 908,067</b>	<b>\$ 528,561</b>

In 2022, after reviewing the collectability of trade and other receivables, \$0.2 million of balances were deemed uncollectable and were written off, resulting in a reduction to the allowance for credit losses and a corresponding reduction of trade and other receivables for the same amount. The amount written off was charged to bad debt expense in prior years. The current year provision of \$0.6 million was charged to bad debt expense in 2022. Credit losses are calculated at an amount equal to the lifetime expected credit losses.

#### Liquidity risk

The OSC's exposure to liquidity risk is low as the OSC has sufficient cash, reserve fund assets, and access to a credit facility to settle all current liabilities. As at March 31, 2022, the OSC had a cash balance of \$117.9 million

and reserve fund assets of \$20.0 million to settle current liabilities of \$27.8 million.

The OSC has a \$52.0 million credit facility to address any short-term cash deficiencies. Interest on the credit facility is charged at a rate of 0.5% below the prime rate. During the year, the OSC did not utilize the credit facility (2021 - \$0).

The overall assessment of the OSC's exposure to liquidity risk is low and remains unchanged from 2021.

#### Supplemental pension plan risks

The OSC's overall exposure to supplemental pension plan risks is low due to the plan being a supplemental plan and the limited number of plan members entitled to plan benefits. For more information, see Note 13(b).

## 5. Trade and Other Receivables

	Note(s)	March 31, 2022	March 31, 2021
Trade receivables		\$ 1,352,028	\$ 1,338,947
Other receivables		2,745,204	1,277,679
Allowance for credit losses	4	(908,067)	(528,561)
		<b>\$ 3,189,165</b>	<b>\$ 2,088,065</b>
Interest receivable		104,164	61,924
Amount recoverable from investor education and knowledge enhancement costs	20	1,277,961	762,938
Sales taxes recoverable		1,027,894	367,680
Lease receivable	12	153,524	133,799
<b>Total Trade and other receivables</b>	<b>4</b>	<b>\$ 5,752,708</b>	<b>\$ 3,414,406</b>

The lease receivable represents the current portion of the receivable due from the Government of Canada as part of the subleasing arrangement. The OSC is an

intermediate lessor in the arrangement to sublease office space to the Government of Canada. For more information, see Note 12.

## 6. Funds Held Pursuant to Designated Settlements and Orders

The OSC has a number of settlement agreements and orders arising from enforcement proceedings where monies from these settlements and orders are to be set aside and allocated to such third parties in accordance with section 3.4(2)(b) of the *Securities Act* (Ontario). These funds are eligible to be allocated to the OSC for the purpose of educating investors, or promoting or otherwise enhancing knowledge and information of persons regarding the operation of the securities and financial markets, including such designated internal costs as approved by the Board.

On July 14, 2016, the OSC established the Whistleblower Program (the "Program"). Under the Program, whistleblowers may be eligible for awards of between 5% to 15% of total monetary sanctions imposed and/or voluntary payments made if their information leads to an

administrative proceeding where these amounts total \$1.0 million or more. The maximum amount of the award has been set at \$1.5 million where monetary sanctions and/or voluntary payments are not collected and \$5.0 million where these amounts have been collected. Whistleblowers will be paid out of funds held pursuant to designated settlements and orders.

The accumulated funds are held in a segregated bank account and earn interest at the monthly average bank prime rate less 1.90%. The Board allocates these funds as it determines appropriate at its discretion. This includes allocations to harmed investors, where appropriate and where an allocation can be reasonably determined.

As at March 31, 2022 the accumulated balance is determined as follows:

	March 31, 2022	March 31, 2021
Opening balance	\$ 117,001,434	\$ 118,393,872
Assessed during the year	\$ 17,889,330	\$ 11,122,639
Less: Orders deemed uncollectible	(11,481,738)	(5,378,943)
Amount recorded from assessments in year	\$ 6,407,592	\$ 5,743,696
Add: Amounts received from previously deemed uncollectible orders	633,332	192,925
Amounts collected in advance of enforcement hearing	400,000	—
Interest	752,303	712,707
Less: Payments to		
Whistleblowers	(240,000)	(585,000)
OSC for recovery of investor education and knowledge enhancement costs	(2,858,748)	(2,483,493)
External collections firm	(324,732)	(118,416)
Harmed investors	(728,069)	(4,029,857)
Investor education and advocacy organizations	(1,747,573)	(825,000)
<b>Closing balance</b>	<b>\$ 119,295,539</b>	<b>\$ 117,001,434</b>
Represented by:		
Cash	\$ 119,166,859	\$ 116,609,817
Receivable	128,680	391,617
	<b>\$ 119,295,539</b>	<b>\$ 117,001,434</b>



During the year, \$17.9 million (2021 - \$11.1 million) in settlements and orders were assessed, of which \$6.4 million (2021 - \$5.7 million) was collected or deemed collectable and \$11.5 million (2021 - \$5.4 million) was deemed uncollectible. The OSC's average collection rate of designated settlements and orders assessed during the year was 35.5% (2021 - 51.6%).

As authorized by the Board, the OSC made payments from funds held pursuant to designated settlements and orders totalling \$5.9 million (2021 - \$8.0 million). Details on the recipients of these payments are included in the table above.

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## 7. Funds Restricted for CSA Systems Operations and Redevelopment

### (Funds restricted for CSA Systems)

The core CSA Systems consist of the System for Electronic Document Analysis and Retrieval (SEDAR), the National Registration Database (NRD) and the System for Electronic Disclosure by Insiders (SEDI).

The OSC, in its role as DPA, collects, holds and administers the CSA Systems surplus funds. User fees are charged to recover systems operations and redevelopment costs, which are used only for the benefit of CSA Systems users. A CSA Systems Governance Committee (SGC), consisting of members of the four PAs, was established through an agreement that sets out a governance framework for management and oversight of the CSA Systems and the external service provider who hosts and maintains the CSA Systems.

Use of the surplus funds within the terms of the various agreements requires the approval of members of the SGC. Majority approval is required for all permissible uses of the surplus funds as outlined within the various agreements, with the exception of the following, which all require unanimous approval of the PAs:

- any financial commitments in excess of the lesser of (i) \$5.0 million and (ii) 15% of the accumulated surplus at such date,
- significant changes to the design of the systems, and
- any changes to system fees.

The CSA is redeveloping the CSA Systems in a multi-year phased approach. Funding for the redevelopment is coming from the accumulated CSA surplus funds.

The 2022 financial results of the CSA Systems operations and redevelopment are presented in the table on the following page. Assets include cash and investments of \$142.0 million (2021 - \$150.6 million) presented on the OSC's Statement of Financial Position. Assets also include intangible assets of \$61.7 million (2021 - \$39.1 million) primarily consisting of costs towards the redevelopment of the CSA Systems.

## Summarized Statement of Financial Position

As at March 31	2022	2021
<b>Assets</b>	<b>\$ 212,055,633</b>	<b>\$ 195,936,866</b>
Liabilities	\$ 12,553,855	\$ 3,249,428
Surplus	199,501,778	192,687,438
<b>Liabilities and surplus</b>	<b>\$ 212,055,633</b>	<b>\$ 195,936,866</b>

## Summarized Statement of Comprehensive Income

For the year ended March 31	2022	2021
Revenue	\$ 30,913,552	\$ 29,532,418
Expenses	24,099,212	20,462,710
<b>Excess of revenues over expenses</b>	<b>\$ 6,814,340</b>	<b>\$ 9,069,708</b>

## Summarized Statement of Cash Flows

For the year ended March 31	2022	2021
Net cash flows from operating activities	\$ 6,115,024	\$ 7,331,399
Net cash flows used in investing activities	(17,869,074)	(7,152,492)
<b>Net (decrease)/increase in cash position</b>	<b>(11,754,050)</b>	<b>178,907</b>
<b>Cash, beginning of year</b>	<b>23,237,620</b>	<b>23,058,713</b>
<b>Cash, end of year</b>	<b>\$ 11,483,570</b>	<b>\$ 23,237,620</b>

For more information on the net assets held for CSA Systems operations and redevelopment, see Note 2(d) and Note 18.

## 8. Reserve Funds

As part of the approval of its self-funded status, the OSC was allowed to establish a \$20.0 million reserve to be used as an operating contingency against revenue shortfalls and unanticipated expenditures, or to cover the discrepancy between timing of revenue and expenses. The prime investment consideration for the reserve is

the protection of principal and appropriate liquidity to meet cash flow needs. Interest earned on investments is credited to the operations of the OSC. Reserve funds are held in a segregated bank account and earn interest at the monthly average bank prime rate less 1.90%.

## 9. Property, Plant & Equipment

The table below presents the property, plant & equipment continuity schedule.

2022	Office furniture	Office equipment	Computer hardware and related applications	Networks and servers	Leasehold improvements	Total
<b>COST</b>						
Balance as at April 1, 2021	\$ 5,206,801	\$ 178,801	\$ 6,661,379	\$ 3,183,679	\$ 11,531,761	\$ 26,762,421
Additions	553,101	47,500	2,498,169	520,297	1,215,756	4,834,823
Disposals	—	—	(171,355)	(63,240)	—	(234,595)
<b>Balance as at March 31, 2022</b>	<b>\$ 5,759,902</b>	<b>\$ 226,301</b>	<b>\$ 8,988,193</b>	<b>\$ 3,640,736</b>	<b>\$ 12,747,517</b>	<b>\$ 31,362,649</b>
<b>ACCUMULATED DEPRECIATION</b>						
Balance as at April 1, 2021	\$ (4,918,073)	\$ (74,132)	\$ (4,996,872)	\$ (2,142,325)	\$ (9,407,064)	\$ (21,538,466)
Depreciation for the year	(55,250)	(32,400)	(383,040)	(478,529)	(1,291,134)	(2,240,353)
Disposals	—	—	169,308	61,963	—	231,271
<b>Balance as at March 31, 2022</b>	<b>\$ (4,973,323)</b>	<b>\$ (106,532)</b>	<b>\$ (5,210,604)</b>	<b>\$ (2,558,891)</b>	<b>\$ (10,698,198)</b>	<b>\$ (23,547,548)</b>
<b>Carrying amount as at March 31, 2022</b>	<b>\$ 786,579</b>	<b>\$ 119,769</b>	<b>\$ 3,777,589</b>	<b>\$ 1,081,845</b>	<b>\$ 2,049,319</b>	<b>\$ 7,815,101</b>
<b>2021</b>						
<b>COST</b>						
Balance as at April 1, 2020	\$ 4,983,475	\$ 178,801	\$ 6,308,464	\$ 3,167,098	\$ 10,669,511	\$ 25,307,349
Additions	223,326	—	352,915	16,581	862,250	1,455,072
Disposals	—	—	—	—	—	—
<b>Balance as at March 31, 2021</b>	<b>\$ 5,206,801</b>	<b>\$ 178,801</b>	<b>\$ 6,661,379</b>	<b>\$ 3,183,679</b>	<b>\$ 11,531,761</b>	<b>\$ 26,762,421</b>
<b>ACCUMULATED DEPRECIATION</b>						
Balance as at April 1, 2020	\$ (4,863,598)	\$ (41,732)	\$ (4,563,772)	\$ (1,659,370)	\$ (8,178,989)	\$ (19,307,461)
Depreciation for the year	(54,475)	(32,400)	(433,100)	(482,955)	(1,228,075)	(2,231,005)
Disposals	—	—	—	—	—	—
<b>Balance as at March 31, 2021</b>	<b>\$ (4,918,073)</b>	<b>\$ (74,132)</b>	<b>\$ (4,996,872)</b>	<b>\$ (2,142,325)</b>	<b>\$ (9,407,064)</b>	<b>\$ (21,538,466)</b>
<b>Carrying amount as at March 31, 2021</b>	<b>\$ 288,728</b>	<b>\$ 104,669</b>	<b>\$ 1,664,507</b>	<b>\$ 1,041,354</b>	<b>\$ 2,124,697</b>	<b>\$ 5,223,955</b>

Work in progress as at March 31, 2022, totalled nil (2021 - \$0.2 million)

The OSC identified \$17.4 million of fully depreciated property, plant, equipment that was not in use, and had a net carrying value of zero from previous years. Opening balances as of April 1, 2020 have been adjusted to reflect

the disposal. Included in the disposal is \$16.3 million of computer hardware and related applications.

## 10. Intangible Assets

Intangible assets consist of assets with finite useful lives. Finite life intangible assets include assets such as purchased software and software enhancement and

development. Amortization of intangible assets only commences once the software is available for use.

2022	Purchased software	Software enhancement and development	Total
<b>COST</b>			
Balance as at April 1, 2021	\$ 5,995,760	\$ 7,669,121	\$ 13,664,881
Additions	73,994	5,079,855	5,153,849
Disposals	(46,934)	(318,630)	(365,564)
<b>Balance as at March 31, 2022</b>	<b>\$ 6,022,820</b>	<b>\$ 12,430,346</b>	<b>\$ 18,453,166</b>
<b>ACCUMULATED AMORTIZATION</b>			
Balance at beginning of year	\$ (5,283,764)	\$ (379,530)	\$ (5,663,294)
Amortization expense	(670,973)	(1,314,078)	(1,985,051)
Disposals	46,934	318,630	365,564
<b>Balance as at March 31, 2022</b>	<b>\$ (5,907,803)</b>	<b>\$ (1,374,978)</b>	<b>\$ (7,282,781)</b>
<b>Carrying amount as at March 31, 2022</b>	<b>\$ 115,017</b>	<b>\$ 11,055,368</b>	<b>\$ 11,170,385</b>

2021	Purchased software	Software enhancement and development	Total
<b>COST</b>			
Balance as at April 1, 2020	\$ 5,677,182	\$ 5,632,949	\$ 11,310,131
Additions	318,578	2,036,172	2,354,750
Disposals	—	—	—
<b>Balance as at March 31, 2021</b>	<b>\$ 5,995,760</b>	<b>\$ 7,669,121</b>	<b>\$ 13,664,881</b>
<b>ACCUMULATED AMORTIZATION</b>			
Balance as at April 1, 2020	\$ (4,173,771)	\$ (181,131)	\$ (4,354,902)
Amortization expense	(1,109,993)	(198,399)	(1,308,392)
Disposals	—	—	—
<b>Balance as at March 31, 2021</b>	<b>\$ (5,283,764)</b>	<b>\$ (379,530)</b>	<b>\$ (5,663,294)</b>
<b>Carrying amount as at March 31, 2021</b>	<b>\$ 711,996</b>	<b>\$ 7,289,591</b>	<b>\$ 8,001,587</b>

Work in progress as at March 31, 2022, totalled \$9.7 million (2021 - \$5.6 million) representing assets that are not available for use and therefore amortization has not been taken to date.

Impairment loss of \$0.3 million (2021-nil) to software enhancement and development is included in amortization in the Statement of Comprehensive Income.

The OSC identified \$0.3 million of fully amortized purchased software that was not in use, and had a net carrying value of zero from previous years. Opening balances as of April 1, 2020 have been adjusted to reflect the disposal.

## 11. Trade and Other Payables

	March 31, 2022	March 31, 2021
Payroll accruals	\$ 18,432,109	\$ 18,098,334
Other accrued expenses	6,405,255	5,147,994
Trade payables	400,408	1,217,527
<b>Total Trade and other payables</b>	<b>\$ 25,237,772</b>	<b>\$ 24,463,855</b>

## 12. Leases

### Lessee Accounting – Lease Liabilities and Right of Use Assets

The OSC's leasing activities, as a lessee, relate to a premise lease and office equipment leases.

The OSC entered into a new premise lease as of September 1, 2017 for a term of ten years, ending August 31, 2027. The lease contains two consecutive options to extend the term beyond August 31, 2027, each for a period of five years. The lease was approved by the

Minister of Finance under the *Financial Administration Act* section 28, which required review of contingent liabilities inherent in the lease.

Additionally, the OSC entered into a lease agreement for office equipment (printers) as of March 20, 2020 for a term of five years ending March 19, 2025. The tables below provide reconciliations of the right of use assets and lease liabilities for the year ended March 31, 2022:

Right of use assets	Premise Lease(s)	Office Equipment Lease(s)	Total
<b>COST</b>			
Balance as at April 1, 2021	\$ 57,712,103	\$ 511,279	\$ 58,223,382
Additions - new contracts	—	—	—
Sublease to Government of Canada	(3,668,596)	—	(3,668,596)
<b>Balance as at March 31, 2022</b>	<b>\$ 54,043,507</b>	<b>\$ 511,279</b>	<b>\$ 54,554,786</b>
<b>ACCUMULATED DEPRECIATION</b>			
Balance as at April 1, 2021	\$ (5,868,978)	\$ (102,256)	\$ (5,971,234)
Depreciation expense	(2,934,488)	(102,256)	(3,036,744)
<b>Balance as at March 31, 2022</b>	<b>\$ (8,803,466)</b>	<b>\$ (204,512)</b>	<b>\$ (9,007,978)</b>
<b>Carrying amount as at March 31, 2022</b>	<b>\$ 45,240,041</b>	<b>\$ 306,767</b>	<b>\$ 45,546,808</b>

Right of use assets	Premise Lease(s)	Office Equipment Lease(s)	Total
<b>COST</b>			
Balance as at April 1, 2020	\$ 57,712,103	\$ 511,279	\$ 58,223,382
Additions—new contracts	—	—	—
Sublease to Government of Canada	(3,668,596)	—	(3,668,596)
<b>Balance as at March 31, 2021</b>	<b>\$ 54,043,507</b>	<b>\$ 511,279</b>	<b>\$ 54,554,786</b>
<b>ACCUMULATED DEPRECIATION</b>			
Balance as at April 1, 2020	\$ (2,934,489)	\$ —	\$ (2,934,489)
Depreciation expense	(2,934,489)	(102,256)	(3,036,745)
<b>Balance as at March 31, 2021</b>	<b>\$ (5,868,978)</b>	<b>\$ (102,256)</b>	<b>\$ (5,971,234)</b>
<b>Carrying amount as at March 31, 2021</b>	<b>\$ 48,174,529</b>	<b>\$ 409,023</b>	<b>\$ 48,583,552</b>

<b>Lease liabilities</b>	<b>Premise Lease(s)</b>	<b>Office Equipment Lease(s)</b>	<b>Total</b>
Balance as at April 1, 2021	\$ 53,706,579	\$ 405,336	\$ 54,111,915
Additions - new contracts	—	—	—
<b>Balance as at March 31, 2022</b>	<b>\$ 53,706,579</b>	<b>\$ 405,336</b>	<b>\$ 54,111,915</b>
Increase(s) to Lease liabilities- finance costs	\$ 1,819,703	\$ 7,009	\$ 1,826,712
Decrease(s) to Lease liabilities- lease payments	(3,930,771)	(107,577)	(4,038,348)
<b>Lease liabilities balance as at March 31, 2022</b>	<b>\$ 51,595,511</b>	<b>\$ 304,768</b>	<b>\$ 51,900,279</b>
Non-current portion of Lease liabilities	\$ 49,173,236	\$ 202,222	\$ 49,375,458
Current portion of Lease liabilities	2,422,275	102,546	2,524,821
<b>Lease liabilities balance as at March 31, 2022</b>	<b>\$ 51,595,511</b>	<b>\$ 304,768</b>	<b>\$ 51,900,279</b>

<b>Lease liabilities</b>	<b>Premise Lease(s)</b>	<b>Office Equipment Lease(s)</b>	<b>Total</b>
Balance as at April 1, 2020	\$ 55,746,158	\$ 503,963	\$ 56,250,121
Additions - new contracts	—	—	—
<b>Balance as at March 31, 2021</b>	<b>\$ 55,746,158</b>	<b>\$ 503,963</b>	<b>\$ 56,250,121</b>
Increase(s) to Lease liabilities- finance costs	\$ 1,891,192	\$ 8,949	\$ 1,900,141
Decrease(s) to Lease liabilities- lease payments	(3,930,771)	(107,576)	(4,038,347)
<b>Lease liabilities balance as at March 31, 2021</b>	<b>\$ 53,706,579</b>	<b>\$ 405,336</b>	<b>\$ 54,111,915</b>
Non-current portion of Lease liabilities	\$ 51,595,511	\$ 304,768	\$ 51,900,279
Current portion of Lease liabilities	2,111,068	100,568	2,211,636
<b>Lease liabilities balance as at March 31, 2021</b>	<b>\$ 53,706,579</b>	<b>\$ 405,336</b>	<b>\$ 54,111,915</b>

### Lessee Accounting – Depreciation, Finance Costs, and Payments

The related right of use depreciation and interest charges are recorded on the Statement of Comprehensive Income under the depreciation and finance costs expense line items, respectively. For the year ended March 31, 2022, depreciation and finance costs were \$3.0 million (2021 – \$3.0 million) and \$1.8 million (2021 – \$1.9 million), respectively.

For the year ended March 31, 2022, payments of lease principal and interest on the leases recorded as lease liabilities were \$4.0 million (2021 – \$4.0 million). The following table sets forth the OSC's future aggregate undiscounted lease payments over the lease term:

	March 31, 2022	March 31, 2021
Less than one year	\$ 8,936,157	\$ 8,715,889
Between one and five years	36,149,853	36,100,094
More than five years	93,603,293	102,589,209
	<b>\$ 138,689,303</b>	<b>\$ 147,405,192</b>

The OSC had no office equipment leases that qualify as short-term leases in 2022 (2021 – \$0.03 million). The OSC would recognize the lease payments associated with such office equipment leases as an expense on a straight-line basis over the lease term.

The OSC has leases that qualify as low-value leases. The OSC recognized nominal lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The OSC makes non-lease payments (i.e. common area maintenance, property tax, and insurance) on leased properties. For the year ended March 31, 2022, \$3.7 million (2021 – \$4.6 million) was recognized within occupancy costs in the Statement of Comprehensive Income. As of March 31, 2022 the OSC has not committed to leases with future cash outflows beyond those recognized and presented above.

### Lessor Accounting

Lessor accounting is applicable in office space subleasing agreements where the OSC is the lessor. The two sublease arrangements, to the CSA IT Systems Project Office and the Government of Canada, are on a cost-recovery basis.

The OSC has classified the sublease with the CSA as an operating lease since the arrangement does not substantially transfer all the risks and rewards incidental to ownership of the underlying asset. Accordingly,

the OSC recognizes finance income from the sublease within miscellaneous revenue on the Statement of Comprehensive Income. For the year ended March 31, 2022, sublease payments totalling \$0.2 million (2021 – \$0.2 million) were recorded for the operating lease.

The OSC has classified the sublease with the Government of Canada as a finance lease since all of the risks and rewards incidental to ownership of the underlying asset have been substantially transferred to the lessee.



Accordingly, the OSC recognizes a lease receivable, with an offsetting reduction to the right of use asset, on the Statement of Financial Position and finance income on the Statement of Comprehensive Income. For the year ended March 31, 2022, sublease payments totalling \$0.2 million

(2021 – \$0.2 million) were recorded for the finance lease. The table below provides a reconciliation of the lease receivable and finance income for the year ended March 31, 2022:

<b>Lease receivable</b>	<b>Note(s)</b>	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Opening balance		\$ 3,403,919	\$ 3,533,188
Sublease payments		(249,132)	(249,132)
Finance income		115,333	119,863
<b>Closing balance</b>		<b>\$ 3,270,120</b>	<b>\$ 3,403,919</b>
Current portion of Lease receivable	5	\$ 153,524	\$ 133,799
Non-current portion of Lease receivable		3,116,596	3,270,120
<b>Total Lease receivable</b>		<b>\$ 3,270,120</b>	<b>\$ 3,403,919</b>

The current portion of the lease receivable is presented within trade and other receivables in the Statement of Financial Position. For more information, see Note 5. The non-current portion of the lease receivable is presented as a separate non-current asset in the Statement of Financial Position.

The following table presents the OSC's expected aggregate undiscounted sublease payment receipts for operating and finance leases:

	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Less than one year	\$ 476,760	\$ 461,855
Between one and five years	1,098,736	1,088,089
More than five years	2,861,292	3,135,976
	<b>\$ 4,436,788</b>	<b>\$ 4,685,920</b>

## 13. Pension Plans

### (a) Ontario Public Service Pension Plan (OPSPP)

All eligible OSC employees must, and members may, participate in the OPSPP. The OSC's contribution to the OPSPP for the year ended March 31, 2022 was \$7.0 million (2021 – \$6.6 million), which is included under salaries and benefits in the Statement of Comprehensive Income. The expected contributions for the plan for 2023 are \$7.8 million.

### (b) Supplemental pension plans

The OSC also has unfunded supplemental defined benefit pension plans for its current and former Chairs and Vice-Chairs. These supplemental pension plans have no plan assets. The actuarial liability and the current service cost are determined by independent actuaries using the projected benefit method prorated on services and management's best estimate assumptions. The supplemental defined benefit pension plans are non-registered plans. The benefit payments are made by the OSC as they become due.

The OSC is responsible for governance of these plans. The OSC Board's Audit and Finance Committee assists in the management of the plans. The OSC uses external actuarial experts to provide a valuation of the pension obligation for the supplemental plans in accordance with the standards of practice established by the Canadian Institute of Actuaries.

Under the projected benefit method, the pension liabilities are the present value of benefits accrued in respect of service prior to the valuation date, based on projected final average earnings. The current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period. The current service cost, expressed as a percentage of pensionable earnings, will be stable over time if the demographic characteristics of the active membership remain stable from valuation to valuation. However, all other things being equal, the current service cost of an active membership whose average age rises between actuarial valuations will result in an increasing current service cost.

The supplemental pension plans expose the OSC to the following risks:

- Changes in bond yields – a decrease in corporate bond yields will increase the plans' liabilities.
- Inflation risk – in plans where the target benefit is not indexed, given that the pension offset amounts are linked to inflation, higher inflation will lead to lower liabilities. Conversely, for plans where the target benefits are linked to inflation, the OSC's liability increases when inflation increases.
- Life expectancy – the majority of the obligations are to provide benefits for the life of the members. Therefore, increases in life expectancy will result in an increase in the plans' liabilities.

There were no plan amendments, curtailments or settlements during the period. The duration of all supplemental pension plans combined is approximately 11 years (2021 – 12 years).

	March 31, 2022	March 31, 2021
Defined benefit obligation, beginning of year	\$ 5,111,690	\$ 4,438,979
Current service cost	230,952	174,422
Interest cost	156,581	162,261
Benefit payments	(281,793)	(224,058)
Actuarial (gain)/loss on obligation	(302,115)	560,086
<b>Defined benefit obligation, end of year</b>	<b>\$ 4,915,315</b>	<b>\$ 5,111,690</b>

### Actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation were as follows:

	March 31, 2022	March 31, 2021
Discount rate(s)	3.95%	3.15%
Inflation	2.00%	2.00%
Expected rate(s) of salary increase	0%	0%
CPP YMPE increase	2.50%	2.50%
Increase in Canada Revenue Agency limit	\$ 3,420.00	\$ 3,245.56

The assumptions for mortality rates are based on the 2014 Public Sector Mortality Table (CPM2014Publ), with fully generational improvements using the CPM-B improvement scale with a size adjustment for monthly income of \$6,000 or more as at March 31, 2022.

### Sensitivity analysis

Changes in the actuarial assumptions used have a significant impact on the defined benefit obligation. The following is an estimate of the sensitivity of the defined benefit obligation to a change in the significant actuarial assumptions (the sensitivity assumes all other assumptions are held constant):

	March 31, 2022	March 31, 2021
Discount rate increased by 0.5% (obligation will decrease by)	5.3%	5.6%
Discount rate decreased by 0.5% (obligation will increase by)	5.9%	6.1%
Life expectancy increased by 1 year (obligation will increase by)	2.5%	2.7%
Life expectancy decreased by 1 year (obligation will decrease by)	2.6%	2.8%
Inflation rate increased by 0.5% (obligation will decrease by)	0.4%	0.4%
Inflation rate decreased by 0.5% (obligation will increase by)	0.9%	1.0%

The OSC's pension expense relating to the supplemental pension plans for the year ended March 31, 2022 was \$0.4 million (2021 – \$0.3 million). The OSC expects to

incur \$0.3 million in benefit payments relating to the supplemental pension plan during the next fiscal year.

## 14. Capital Management

Since 2001, the OSC has held a \$20.0 million reserve fund, as described in Note 8, which it considers as capital. The primary objective of maintaining this capital is to fund OSC's operations in the event of revenue shortfalls and unanticipated expenditures, or to cover the discrepancy between timing of revenue and expenses.

The OSC maintains an investment policy where reserve funds are restricted to direct and guaranteed obligations of the Government of Canada and its provinces, and to instruments issued by Canadian Schedule I financial institutions to protect the principal. The OSC has a

\$52.0 million credit facility with a Schedule I financial institution to provide additional support for short-term cash deficiencies. The Minister of Finance approved the renewal of the credit facility as of July 1, 2020 for two years expiring on June 30, 2022. On April 14, 2022 the Minister of Finance has subsequently approved a renewal of the credit facility for another two years expiring June 30, 2024.

The OSC is not subject to any externally imposed capital requirements.

## 15. Fees

The OSC's fee structure is designed to generate fees that recover the OSC's cost of providing services to market participants. The fee structure is based on the concept of participation fees, activity fees, and late filing fees.

Participation fees are based on the cost of a broad range of regulatory services that cannot be practically or easily attributed to individual activities or entities and are intended to serve as a proxy for the market participants' use of the Ontario capital markets. Activity fees represent

the direct cost of OSC staff resources expended in undertaking certain activities requested of staff by market participants.

Late fees represent fees applied to market participants for not filing required documents and/or paying their participation and activity fees on time.

Fees received are as follows:

	March 31, 2022	March 31, 2021
Participation fees	\$ 133,953,161	\$ 115,272,481
Activity fees	21,205,152	18,816,096
Late filing fees	4,194,639	3,164,587
	<b>\$ 159,352,952</b>	<b>\$ 137,253,164</b>

## 16. Salaries and Benefits

	March 31, 2022	March 31, 2021
Salaries	\$ 85,724,326	\$ 81,591,826
Benefits	10,404,635	10,000,903
Pension expense	7,384,079	6,903,748
Severance/termination payments	169,417	833,822
	<b>\$ 103,682,457</b>	<b>\$ 99,330,299</b>

## 17. Administrative

	March 31, 2022	March 31, 2021
Technology maintenance & support	\$ 6,508,254	\$ 5,831,462
Communications & publications	1,887,489	1,870,892
Commission expenses	1,087,105	1,368,962
Other expenses	807,227	655,910
Training	686,229	474,618
Bad debt	596,406	550,303
Supplies	71,840	56,162
	<b>\$ 11,644,550</b>	<b>\$ 10,808,309</b>

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## 18. Contingent Liabilities and Contractual Commitments

The OSC has committed to paying in full any liability with respect to CSA Systems operations and custody of the related surplus funds that arises as a result of wilful neglect or wilful misconduct on behalf of the OSC.

Under the agreements described in Note 7, the OSC, ASC, BCSC and AMF, as PAs, have committed to paying an equal share of any claim or expenses related to operation and redevelopment of the CSA Systems that exceed the surplus funds held.

In 2021 and 2022, there were no such claims or expenses. As described in Note 7, the OSC, in its capacity as DPA, is holding funds in segregated bank

and investment accounts that may be used to settle claims and expenses relating to the operation and redevelopment of the CSA Systems.

Occasionally, the OSC is involved in legal actions arising from the ordinary course of business. Settlements from these actions are accounted for when they occur. The outcome and ultimate disposition of these actions cannot currently be determined. However, management does not expect the outcome of any legal actions, individually or in aggregate, to have a material impact on the OSC's financial position.

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## 19. Related Party Transactions

### (a) Funds restricted for CSA Systems operations and redevelopment

In the course of normal operations, the OSC fulfills transactions for CSA Systems with the funds restricted for CSA Systems operations and redevelopment. During the year, total related party charges incurred and to be reimbursed were \$6.1 million (\$5.9 million in 2021). At March 31, 2022, \$0.6 million (2021 – \$0.5 million) was still owed to the OSC. For more information, see Note 7.

### (b) The Province of Ontario

In the course of normal operations, the OSC entered into the following transactions with the Province of Ontario:

The *Securities Act* (Ontario) states that when ordered to do so by the responsible Minister, the OSC shall remit to the Province of Ontario such surplus funds as determined by the Minister. In light of the fee model as described

in Note 15 and the OSC's practice of setting fees periodically, the OSC is not required to make remittances of its surplus to the Consolidated Revenue Fund. Surpluses retained by the OSC are subject to appropriate terms and conditions to be agreed with the Minister.

Costs of non-pension benefits for eligible pensioners are paid by the Government of Ontario and are not included in the Statement of Comprehensive Income.

Certain payments to harmed investors from the funds held pursuant to designated settlements and orders are made through the Ministry of the Attorney General (MAG) via the Crown Law Office – Civil (CLOC) and Victims and Vulnerable Persons Division (VVPD). Payments are made to MAG from the OSC pursuant to forfeiture orders obtained by CLOC under the *Civil Remedies Act*.

### (c) Compensation to key management personnel

The OSC's key management personnel are the members of the Board of Directors, Chair, Vice-Chairs, Chief Administrative Officer, and Executive Directors.

The remuneration of key management personnel includes the following expenses:

	March 31, 2022	March 31, 2021
Short-term employee benefits	\$ 3,653,600	\$ 3,577,209
Post-employment benefits	523,255	462,044
	<b>\$ 4,176,855</b>	<b>\$ 4,039,253</b>

## 20. Recoveries of Investor Education and Knowledge Enhancement Costs

During the year, as described in Note 3(h), the OSC recorded recoveries of investor education and knowledge

enhancement costs from the funds held pursuant to designated settlements and orders as follows:

	March 31, 2022	March 31, 2021
Salaries and benefits	\$ 1,890,555	\$ 1,285,177
Professional services	754,052	616,245
Media Campaign costs	407,789	280,460
Website and other IT costs	165,576	183,853
Investor Advisory Panel costs	130,399	113,028
	<b>\$ 3,348,371</b>	<b>\$ 2,478,763</b>

The amount recovered from expenses in the year was \$3.3 million (2021 – \$2.5 million). Eligible capital additions of \$0.03 million (2021 – \$0.2 million) towards the redevelopment of the OSC website were also recovered

from funds held pursuant to designated settlements and orders. Of the total amounts recovered, \$1.3 million (2021 – \$0.8 million) was owing to the OSC at March 31, 2022.

## 21. Accounting Pronouncements

### Current period changes

The OSC has not adopted any new accounting pronouncements or amendments in the current period. The OSC is assessing the potential impacts of pronouncements for future fiscal years. The International Accounting Standards Board issued amendments to IAS 1 Presentation of Financial Statements and IAS 8

Accounting Policies, Changes in Accounting Estimates and Errors to clarify certain aspects of definitions and concepts. The amendments are effective for annual periods on or after January 1, 2023 and will be applied prospectively.



ONTARIO  
SECURITIES  
COMMISSION

## Ontario Securities Commission

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Ontario

As the regulatory body responsible for overseeing the capital markets in Ontario, the Ontario Securities Commission administers and enforces the provincial Securities Act and the provincial *Commodity Futures Act*, and administers certain provisions of the provincial *Business Corporations Act*. The OSC is a self-funded Crown corporation accountable to the Ontario Legislature through the Minister of Finance.