



NorthstarDAO

December 18, 2023

The Secretary
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, ON
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comments@osc.gov.on.ca

Dear Madam Secretary,

Re: Ontario Securities Commission (“OSC”) Notice 11-798–Statement of Priorities: Request for Comments Regarding Statement of Priorities for Financial Year 2024 –2025

We appreciate the opportunity to provide feedback on the OSC’s 2024-2025 Statement of Priorities (the “SOP”) and to propose suggestions and points of emphasis for priority areas of consideration for the fiscal year 2024- 2025.

NorthstarDAO is a federally-incorporated non-profit organization whose mission is to mobilize technology entrepreneurs, investors, and community to build the bridge between emerging technologies, Web3, and the mainstream through research, education, and advocacy. A significant proportion of our grassroots constituency are the startups pioneering emerging technologies, but are disadvantaged by resource constraints to stay on top of regulation and be engaged in policy development at the individual level. Our organization aims to be a coordination, communication, and engagement vehicle for industry with key stakeholders, including regulators such as the OSC so that innovation can happen responsibly, and that its promise can be fully realized here in Canada and abroad.

We wholeheartedly share the Commission's commitment to investor protection and believe a robust regulatory framework is crucial for fostering responsible innovation and building trust in this nascent market. Our comments will focus on priority #11, “Strengthen Oversight and Enforcement in the Crypto Asset Sector”, given its relevance to our constituency.

We understand the context and motivation behind the listed actions under SOP #11, however, we feel that its emphasis on oversight and enforcement in the crypto asset sector should be balanced by an equal emphasis and prioritization on engagement of the industry to foster better relationships, clarity, compliance, and trust.

We have therefore proposed the following actions to be included as part of SOP #11:

1. *Proactively engage industry to develop enhanced channels for dialogue, information-sharing, and two-way education:* we believe that open communication creates empathy - meaning that regulators can understand the mindsets and objectives of innovators, while those builders can better understand the rationale and first-principles thinking behind their decisions. This can be manifested through the following means:

- Open channels of dialogue: meet the community where they reside - by participating in Web3 community events, hosting open roundtables, Ask Me Anything (AMA) sessions on Reddit, and X Spaces events to actively engage with the crypto community. Given the rapid, exponential pace of innovation with emerging technologies compared to the deliberate and thoughtful processes of regulation, more communication and open dialogue; supports better, faster, and more responsive regulation-building.
- Collaborative policy development: Encourage co-creation through multidisciplinary workshops (NorthstarDAO has been developing an approach to “policy hackathons”), and pilot programs, allowing the industry to contribute to shaping effective regulatory solutions. This collaborative approach can enhance compliance and drive responsible innovation.

2. *Monitoring and alignment, where appropriate, with international bodies on crypto regulation:* with a view that the promise and prosperity of crypto and other Web3-based technologies can benefit the livelihoods, economy, and society of everyday Canadians, we believe that Canada must balance its protections of consumers and investors with its ability to remain competitive on a global stage. Regulation is necessary - it helps provide certainty and clarity, however, overly burdensome regulation may come at the price of the flight of companies and capital as other jurisdictions create more friendly conditions for growth of these technologies.

- Prioritize alignment with IOSCO and other international regulatory bodies: this approach can reduce compliance costs, lessen regulatory fragmentation, and provide much-needed certainty for both investors and businesses.
- Clear and timely communication of regulatory expectations: communicate regulatory clarity, to avoid inadvertent non-compliance by startups and investors. This includes ongoing education, not just for investors but also for the industry itself, preventing unnecessary legal costs and fostering self-reliance.

3. *Targeted Education and Outreach to the innovator ecosystem*: we laud the efforts of the OSC in educating crypto investors with initiatives such as getsmarteraboutcrypto.ca, which helps retail investor-level individuals make better informed decisions about participating in crypto investment. We feel that a comparable approach to providing regulatory clarity could be provided to the builders in the ecosystem – many of whom do not have full-time in-house counsel to keep them abreast of developments. Dedicated content to providing clarity to help keep the entrepreneurs in the ecosystem stay onside can pay dividends through reductions in enforcement to the OSC and improve compliance by the grassroots builders and innovators. This can be considered in conjunction with SOP #9 “Conduct Initiatives for Retail Investors Through Specific Education, Policy, Research and Behavioural Science Activities”.

- Develop targeted educational resources for different investor segments on appropriate social media platforms: tailor educational materials to the specific needs and risk tolerance of various investor groups, ensuring they understand the complexities of crypto assets and potential risks.
- Partner with industry players and educational institutions: collaborate with established crypto businesses and educational institutions to develop and disseminate accurate and unbiased information about crypto assets.
- Modernized social outreach channels: many innovators, builders, and budding investors belong to the demographics known as “Millennials” and “Gen Zs” – in fact, according to the [OSC’s Crypto Asset Survey 2023](#), 53% of crypto owners are aged 25-44, 21% are aged 18-24. Community engagement campaigns can be further

amplified through short-form content published on platforms like TikTok, X, YouTube, and other mainstream platforms. Leading law enforcement agencies in the Province of Ontario, including the Ontario Provincial Police, are cited for the successful community engagement campaigns they have conducted on those platforms.

NorthstarDAO believes that collaborative engagement, alignment, and education will be key to achieving the OSC's goals of building investor confidence and fostering responsible innovation in the crypto asset sector as a complement to its priorities around enforcement and oversight. We stand ready to contribute to this important endeavor and look forward to continued dialogue with the OSC in the upcoming year.

Sincerely,

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