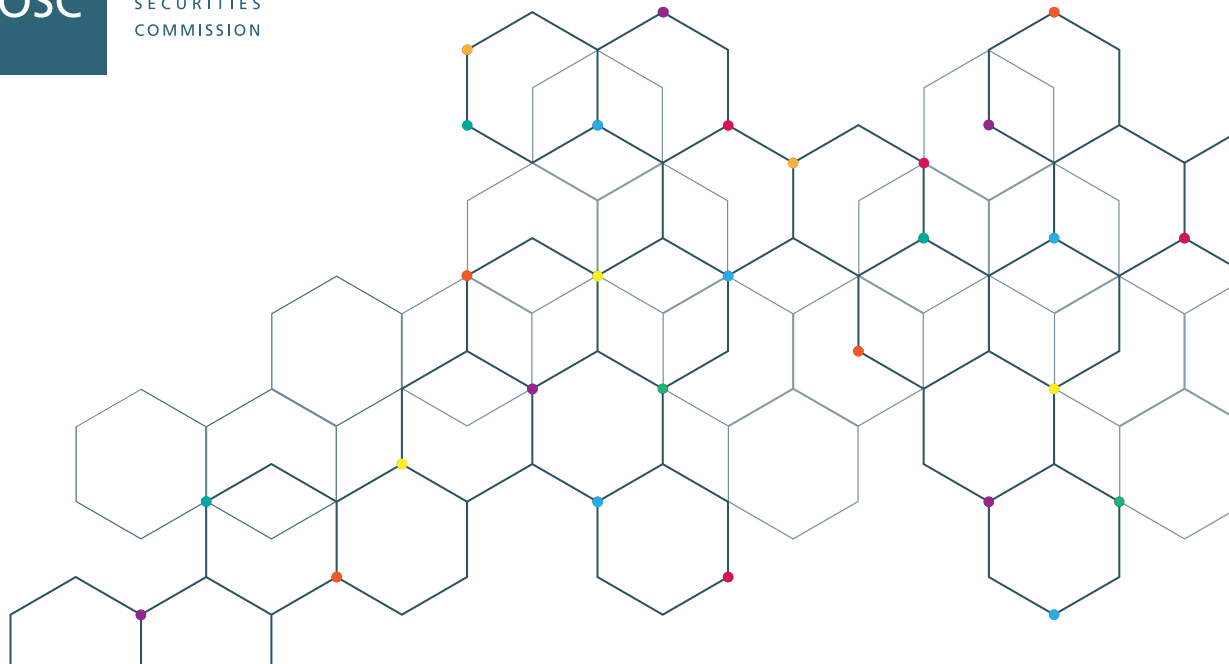


A Strong Foundation for Responsive Regulation

Annual Report
2022–2023

OSC

ONTARIO
SECURITIES
COMMISSION



Ontario Securities Commission

Annual Report 2022–2023

ABOUT THE OSC

The Ontario Securities Commission (OSC) 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, 2022, to March 31, 2023 (the fiscal year).

OSC MANDATE

The mandate of the OSC is to protect 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 2022–2023

Building for the future

- Implemented structural and governance changes enacted in the *Securities Commission Act, 2021*, including:
 - the separation of **the Chair and CEO role** into two distinct positions,
 - and the creation of the Capital Markets Tribunal as **an independent capital markets adjudicator** overseen by the new role of Chief Adjudicator.
- Conducted **an enhanced demographic census** to gain valuable insights about the organization and empower our inclusion and diversity strategy.
- Implemented **new data analysis and case management platforms** as part of a multi-year technology modernization and data enablement strategy.

Implemented significant structural & governance changes

enacted in the SCA:

- separate Chair and CEO role.
- independent Capital Markets Tribunal

Regulating Ontario's capital markets

- **Oversaw 3,056 public companies**, 4,580 investment fund issuers, 1,369 registered firms, and 70,077 registered individuals across Ontario.
- Reviewed **406 public company prospectuses** and 284 prospectuses from investment funds and structured products.
- Launched **a pilot project to expand investment opportunities** for Ontario investors with sophisticated financial knowledge.
- Processed **a record 77,858 individual registration applications** and information filings, up 77% from last year.
- Responded to more than **9,300 inquiries and complaints** through our Inquiries and Contact Centre.

Responded to more than

9,300

inquiries

Responding to an evolving industry

- Registered **six crypto asset trading platforms** (CTPs) and introduced new requirements to protect investors.
- Opened **seven crypto-related investigations** and helped protect investors and market integrity by adding 217 unregistered CTPs and related parties to investor warning lists.
- Completed the **first round of OSC TestLab**, the OSC's new testing environment for innovative solutions in capital markets regulation, with seven firms participating.
- Published a **study on gamification and other digital engagement practices** in retail investing that showed their significant influence on investor behaviour.

Registered
**six crypto
asset
trading platforms**

Protecting investors and market integrity

- Fully implemented **bans on deferred sales charges** and certain trailing commissions.
- Assessed **880 cases** in the Enforcement Branch, with 331 transferred for disruption (including warnings and public alerts), 46 referred to other branches or external agencies, and 21 transferred for further investigation.
- Reached 7,799 Ontario residents through **151 investor outreach events**, including 81 events for seniors and 55 events for multicultural communities.
- Brought forward enforcement proceedings that led to 89 administrative sanctions, more than double last year, and **\$23.6 million in monetary penalties**.
- Conducted **178 reviews of investment fund disclosure**, up 22% from last year.

Reached 7,799 Ontario
residents through
**151 investor
outreach
events**

Message from the CEO

Stability in the face of change

A year of shifting macroeconomic conditions and continuing uncertainty in financial markets has underscored the importance of sound regulation to promote stability and resilience in our capital markets.

Early in the fiscal year, the OSC's extensive structural and governance changes came into effect, which have strengthened our organizational foundation and positioned us well to undertake the challenges ahead. We are a stronger organization because of these changes, which included separating the Chair and Chief Executive Officer role into two distinct positions and separating our regulatory and adjudicative functions.

Under the capable leadership of Kevan Cowan, Board Chair, the OSC's Board of Directors has been instrumental in supporting this evolution and our work throughout the year. The depth of skill and varied experience around the boardroom table facilitates effective debate. It has helped us navigate challenges and continue to make progress on important policy initiatives. I would also like to acknowledge the Capital Markets Tribunal, the OSC's new independent adjudicative division led by Chief Adjudicator Tim Moseley, for their work to strengthen this critical function of securities regulation. Their activities are documented in this report.

Throughout this period of change, the OSC has benefitted from the leadership of Minister Bethlenfalvy and the team at Ontario's Ministry of Finance, who have provided tremendous support for the transition to our new structure, as well as in numerous policy areas. With the support of our government, we continued to balance the elements of our expanded mandate, including the need to foster competitive markets and capital formation.

These new elements factor prominently in our work to streamline regulation for market participants and provide new avenues for raising capital. For example, the CSA's adoption of the Listed Issuer Financing Exemption reduces costs for issuers raising smaller amounts of capital through the public markets and provides retail investors with broader investment choices. The OSC also announced a prospectus exemption pilot that provides a new source of capital for businesses and gives Ontario investors with sophisticated financial knowledge and experience access to increased investment opportunities.

This year also marked a new beginning for our industry's self-regulatory organizations with the creation of a single entity recently named the Canadian Investment Regulatory Organization (CIRO). I am grateful for the work of the OSC, our CSA partners, CIRO staff, and industry and investor advisors in driving this change that provides enhanced regulation of the investment industry based on a clear public interest mandate. Under the experienced leadership of Andrew Kriegler, CIRO will reduce regulatory complexity for dealers and advisors while improving investors' access to new products and services.

Staying focused on investors

While our organization and industry continue to undergo significant change, the OSC's commitment to protecting investors is unwavering and remains foremost in all our policy work.

We continue to monitor the implementation and outcomes of major investor protection initiatives that came into force in the previous fiscal year (including the Client Focused Reforms). We have worked closely with our regulatory partners to improve the transparency of investment fees and costs through the Total Cost Reporting project for investment funds and segregated funds. These enhanced requirements will give investors a clearer picture of the full cost of their investments.

We benefitted tremendously from effective consultations with the investment industry on this project and many others throughout the year and will continue to engage throughout the implementation process. This dialogue is essential to ensure that new reporting requirements are viable and work as intended.

We continue to put extensive time and resources into the regulatory oversight of crypto assets. This volatile market segment continues to attract retail investors into speculative investments despite cases of fraud and insolvencies. Our approach is to set clear expectations for participants in our market and to work closely with legitimate players seeking to innovate and harness the potential of blockchain technology. We have also completed successful enforcement actions to hold accountable international crypto asset trading platforms that ignore the rules.

The CSA outlined our expectation that platforms taking steps to become registered provide a pre-registration undertaking addressing investor protection concerns in order to operate while their application is reviewed. We then strengthened the undertakings in response to key market failures. The undertakings include enhanced commitments related to custody, segregation of assets and leverage. Strong investor protection in this emerging

area is necessary for maintaining confidence in our markets and supporting the long-term success of the crypto industry.

With many retail investors receiving information from a wide array of sources including social media, the OSC continually works to strengthen our outreach and help investors understand risks and protect against fraud. We launched [Getsmarteraboutcrypto.ca](https://www.getsmarteraboutcrypto.ca), which has been an important addition to our online resources. The website offers targeted information on crypto asset investing, including key terms, explanations of how entities are regulated, and fraud prevention tips. We also continued our targeted outreach with a focus on seniors and others commonly targeted in frauds.

Informed by the success of the OSC's Investor Advisory Panel (IAP), formed in 2010, I am pleased that the CSA established a national IAP to provide meaningful insight into retail investors' interests and support policy development. This work ensures that the investor's voice remains front and centre across the country. The OSC's own IAP will continue to play a vital advisory role for us.

We are also moving forward to address issues driven by investor demand. Specifically, enhanced disclosure requirements for public companies on key environmental, social and governance (ESG) considerations. While some of these issues are becoming increasingly politicized, we focus on what is material to investors and of long-term importance for financial markets and our economy.

Following the release of the CSA's proposals on climate change-related disclosure, we are analyzing recommendations from key international jurisdictions and standard-setting bodies. In international forums, we advocate for implementation of standards that work across different markets, industries, and company sizes. This is especially important for Canada's many smaller issuers and significant energy and commodity sectors. Our goal is to develop a CSA rule that serves the needs of Canadian capital markets and aligns with international consensus.

The OSC is engaging with a wide range of stakeholders to explore issues related to broader diversity on boards and in executive officer positions. Many investors view a lack of diversity at the leadership level to be a risk, reflecting considerable evidence that more diverse teams produce better outcomes. We are working with the CSA to consult on two proposed approaches that build on current disclosure requirements regarding the representation of women, the director nomination process, and board renewal. At the OSC, we continue to strengthen our inclusion and diversity strategy internally so that we draw from the deepest possible talent pool and our team reflects the public we serve.

Moving forward with a strong foundation

Underpinned by the strength of our updated structure and governance model, we are embracing novel technology tools and engaging with our stakeholders in new ways.

The OSC's Innovation Office continues to work with businesses to provide exemptive relief to test innovative ideas in a controlled environment. I was pleased to see the great response to the inaugural cohort of our capital markets testing environment, OSC Testlab. Seven businesses were selected to test solutions employing technology such as artificial intelligence and machine learning that would help regulated businesses comply more efficiently with securities laws.

Behind the scenes, the OSC is investing in technology, infrastructure and cybersecurity as we continue our digital transformation. This will improve access to data and information, allow for better identification of trends and risks, and support analysis and decision-making. We are also identifying and building the skills that our future leaders require for the OSC to thrive in our data-driven environment.

With borderless technologies and global issues such as climate change challenging regulators around the world, regulatory collaboration with our international counterparts will only grow in importance. The OSC's leadership roles in the International Organization of Securities Commissions, deep engagement in the Global Financial Innovation Network and strong bilateral relationships with other regulators are instrumental in

identifying and responding to emerging issues. We will continue to leverage these platforms for the benefit of Ontario investors.

It is equally important that we continue to hear from those we regulate, and the public we serve, on key policy issues that affect Ontario's capital markets and economy. Our door is open, so please engage with us; your input is essential to our work and helps make the OSC a more agile and effective organization.

Lastly, I would like to express my appreciation for the tremendous work of our team across the OSC, who continually rise to the exciting challenge of regulating our evolving markets. They have embraced the many changes we have faced with characteristic professionalism, and they continue to deliver on our mandate with the best interests of Ontario investors in mind. Their dedication and commitment to public service inspires my work every day and gives me great confidence in the future of the OSC.

Grant Vingoe
Chief Executive Officer

Our Executive Team

D. Grant Vingoe
Chief Executive Officer

Leslie Byberg
Executive Director

Deana Djurdjevic
Chief Administrative Officer

Sonny Randhawa
Executive Director

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
Corporate Secretary & Director,
Governance & Tribunal Secretariat

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

Winnie Sanjoto
Director, Corporate Finance

Carolyn Shaw-Rimmington
Director, Communications and
Public Affairs and Director, Global
and Domestic Affairs (Acting)

Russell White
Chief Information Officer

Lisa Wilkins
Chief Human Resources Officer and
Director, Corporate Services

Gender Disclosure

(as of March 31, 2023)

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.

	2022-2023				2021-2022			
	Women		Men		Women		Men	
	(#)	(%)	(#)	(%)	(#)	(%)	(#)	(%)
Board of Directors	4	44%	5	56%	6	50%	6	50%
Senior Executives (CEO, Executive Directors, Chief Administrative Officer) ¹	2	50%	2	50%	2	40%	3	60%
Executive Management Team (including executives, directors, and other senior leaders)	10	43%	13	57%	10	38%	16	62%
Adjudicators (New role following the creation of the Capital Markets Tribunal)	5	50%	5	50%	N/A	N/A	N/A	N/A

Diversity Disclosure

(as of March 31, 2023)

Our diversity disclosure follows the *Canada Business Corporations Act* recommendations concerning women, Indigenous peoples (First Nations, Inuit and Métis), persons with disabilities, and members of visible minorities.

	Indigenous Peoples		Persons with Disabilities		Members of Visible Minorities	
	(#)	(%)	(#)	(%)	(#)	(%)
Board of Directors	1	13%	0	0%	2	25%
Senior Executives (CEO, Executive Directors, Chief Administrative Officer)	0	0%	0	0%	1	25%
Executive Management Team (including executives, directors, and other senior leaders)	0	0%	1	5%	5	23%
Adjudicators	0	0%	0	0%	1	14%

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.

¹ The 2021-2022 Senior Executives includes the Chair, Executive Directors, Vice Chairs, and the Chief Administrative Officer.

OSC Governance



Message from the Board Chair

I am honoured to serve as Chair of the Board for the Ontario Securities Commission, an organization I have long respected and with which I have worked closely throughout my career in capital markets.

The OSC has undergone an extraordinary amount of change over the past year, including the expansion of its mandate, the creation of the independent Capital Markets Tribunal, and the separation of the Chair and CEO roles. I commend Minister Bethlenfalvy and the Ministry of Finance for spearheading these important reforms that strengthen the OSC's foundation for years to come. The Minister's support for the OSC has been steadfast as we have worked through these enhancements together.

Sound governance brings tremendous benefits to an organization by creating the conditions for effective decision-making. As the OSC embarks upon the next chapter of its storied history, the Board understands the critical role that effective governance will play in navigating a rapidly evolving financial industry, shifting investor preferences, and new technology advancements.

Entering this new era of governance, my vision for the Board is to work collaboratively with the OSC's management team and its stakeholders, maintaining a sharp focus on our mandate within the context of our dynamic capital markets and economic landscape. The important recent additions to the OSC's mandate, to foster competitive markets and capital formation, are important lenses through which the Board views our work and responsibilities.

Achieving the right balance between the various aspects of a complex mandate requires a deep understanding of the issues, the capacity for healthy debate, and the willingness to ask tough questions. I am grateful to

work with my fellow Board Members, all of whom excel in these important areas, and whose wide-ranging perspectives and varied backgrounds enrich our boardroom discussions. With deep industry experience and a clear focus on protecting investors, the Board is committed to strengthening capital markets regulation in Ontario.

I would like to thank the talented and dedicated team at the OSC, led by Grant Vingoe and the OSC's excellent management team, for their efforts over the past year. They have navigated a huge amount of change while continuing to effectively regulate our evolving markets and drive critical policy work forward. Their efforts have made Ontario a leader within Canada — and beyond — in responding to emerging risks and supporting market innovation. I have tremendous confidence in the OSC's executive leadership to capably navigate the path ahead, with the Board's continued support.

Each of us involved with this great institution shares a passion for public service, and for making things better for Ontario businesses, investors, and our economy. I look forward to working with the OSC, those it regulates, and the investors in our market, for another productive year ahead.

Kevan Cowan
Chair of the Board

Governance

Structural Changes

Following the proclamation of the *Securities Commission Act, 2021* in April 2022, the OSC underwent significant [structural and governance changes](#). These included splitting the Chair and Chief Executive Officer role into two distinct positions, the separation of the regulatory and adjudicative functions of the OSC, and the appointment of a Chief Adjudicator to oversee the new Capital Markets Tribunal.

Board of Directors

The Board of Directors is responsible for the overall stewardship of the OSC, including strategic planning and annual budgets, financial review, reporting and disclosure, risk assessment and internal controls and board governance. The Board manages or supervises the management of the Ontario Securities Commission's affairs, other than matters relating to the Capital Markets Tribunal's adjudicative functions.

The OSC Board includes a maximum of eleven directors appointed by the Lieutenant Governor in Council on

the recommendation of the Minister of Finance, plus the CEO. The Board Directors other than the CEO are independent of management. The Chair of the Board is designated by the Lieutenant Governor in Council from among the independent Board Directors.

Board of Directors

(as of March 31, 2023)

Kevan Cowan, Chair

D. Grant Vingoe, Chief Executive Officer

Mary Anne De Monte-Whelan

Jennifer Fang

Dieter Jentsch

Frances Kordyback

David R. Lewis

Hari Panday

Elizabeth Cynthia (Cindy) Tripp

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.

Board and Commission Committees

(as of March 31, 2023)

Audit and Finance Committee

Frances Kordyback, Committee Chair

Jennifer Fang

Dieter Jentsch

Hari Panday

Human Resources and Compensation Committee

David Lewis, Committee Chair

Kevan Cowan

Mary Anne De Monte-Whelan

Jennifer Fang

Governance and Nominating Committee

Cindy Tripp, Committee Chair

Kevan Cowan

Dieter Jentsch

Hari Panday

Risk Committee

Mary Anne De Monte-Whelan, Committee Chair

Frances Kordyback

David Lewis

Cindy Tripp

Meeting Attendance

(April 1, 2022, to March 31, 2023)

Member	Type of Meeting ²					
	Regulatory	Governance	Audit and Finance Committee	Governance and Nominating Committee	Human Resources and Compensation Committee	Risk Committee
Kevan Cowan (Chair) ³	17/17	13/13		2/2	6/6	6/8
Mary Anne De Monte-Whelan	17/17	13/13			6/6	10/10
Jennifer Fang	16/17	12/13	7/7		5/6	
Dieter Jentsch	15/17	12/13	7/7	10/10		
Frances Kordyback	17/17	13/13	7/7			10/10
David Lewis	17/17	13/13			6/6	10/10
Timothy Moseley ⁴	2/2	1/1				
Hari Panday	17/17	12/13	6/7	8/10		
Cathy Singer ⁴	2/2	1/1				
Elizabeth Cynthia Tripp	16/17	13/13		10/10		9/10
D. Grant Vingoe (CEO) ⁵	17/17	13/13				
M. Cecilia Williams ⁴	2/2	1/1				
Heather Zordel (former Chair) ^{3, 6}	6/6	5/5		6/6		
Total Attendance	98%	98%	96%	95%	96%	94%

² Includes regular and special meetings of the Board and its standing committees.

³ The Chair is entitled to attend all meetings of the Board's standing committees, but attendance is reported only where the Chair is a member of a committee.

⁴ Term of appointment to the Board ended on April 29, 2022.

⁵ The CEO is not a member of the Board's standing committees but is entitled to attend committee meetings, subject to conflict-of-interest considerations.

⁶ Term of appointment commenced on April 29, 2022 until resignation effective October 21, 2022.

Appointee Remuneration

April 1, 2022 to March 31, 2023

	Term of Appointment		Total Member Remuneration Accrued In Fiscal 2022-23 ⁷
	First Appointed	Term Expiry	
Board Directors			
Appointees (Full-time)			
D. Grant Vingoe (Chair & CEO)	August 2015	April 2022	\$ 699,998
D. Grant Vingoe (CEO)	April 2022	April 2024	
Timothy Moseley (Vice-Chair)	November 2017	April 2022	\$ 30,154
Appointees (Part-time)			
Kevan Cowan (Chair) ⁸	January 2022	April 2024	\$ 42,540
Kevan Cowan (Board Director) ⁹	January 2022	April 2024	
Mary Anne De Monte-Whelan ⁹	February 2019	April 2024	\$ 60,100
Jennifer Fang ⁹	January 2022	April 2024	\$ 52,408
Garnet W. Fenn ¹⁰	July 2015	July 2021	\$ 2,250
Dieter Jentsch ⁹	January 2022	April 2024	\$ 19,642
Frances Kordyback ⁹	February 2020	April 2024	\$ 52,564
David Lewis ⁹	January 2022	April 2024	\$ 42,730
Hari Panday ⁹	January 2022	April 2024	\$ 34,692
Cathy Singer ¹¹	June 2020	April 2022	\$ 4,692
Elizabeth Cynthia Tripp ⁹	January 2022	April 2024	\$ 39,884
M. Cecilia Williams ¹¹	November 2017	April 2022	\$ 7,596
Heather Zordel (former Chair) ²	April 2022	October 2022	\$ 90,842
Heather Zordel (former Part-time Member) ¹³	February 2019	February 2021	
Total Board Director Remuneration			\$ 1,180,052

⁷ Prior to April 29, 2022, Chair & CEO and Vice-Chair remuneration was set by contract and Appointee (Part-time) remuneration was based on the rate and retainer fees in the [Remuneration Schedule for Part-time Commissioners](#). After April 29, 2022, Board Director Appointee (Part-time) remuneration is based on the rates in [Order in Council 550/2022](#) and Adjudicator Appointee (Part-time) remuneration is based on the rate in [Order in Council 548/2022](#). Chief Executive Officer remuneration is set in [Order in Council 812/2022](#) and Chief Adjudicator remuneration is set in [Order in Council 810/2022](#).

⁸ Designated Chair by Order in Council on December 15, 2022.

⁹ By Order in Council effective April 29, 2022, appointment as a Part-time Member of the Commission revoked and appointment as an independent Board Director commenced.

¹⁰ 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*.

¹¹ By Order in Council effective April 29, 2022, appointment as a Part-time Member of the Commission revoked and appointment as an Adjudicator commenced.

¹² Resigned effective October 21, 2022.

¹³ 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*.

Appointee Remuneration

April 1, 2022 to March 31, 2023

	Term of Appointment		Total Member Remuneration Accrued In Fiscal 2022-23 ⁶
	First Appointed	Term Expiry	
Capital Markets Tribunal Adjudicators¹⁴			
Appointee (Full-time)			
Timothy Moseley (Chief Adjudicator)	April 2022	April 2025	\$ 439,567
Appointees (Part-time)			
Sandra Blake	April 2022	April 2024	\$ 90,226
Andrea Burke	April 2022	April 2024	\$ 100,864
Geoffrey (Geoff) D. Creighton	April 2022	April 2024	\$ 75,254
James (Jim) D. G. Douglas	April 2022	April 2024	\$ 33,884
William (Bill) Furlong	April 2022	April 2024	\$ 60,282
Russell G. Juriansz	April 2022	April 2024	\$ 76,042
Dale R. Ponder	April 2022	April 2024	\$ 78,800
Cathy Singer	April 2022	April 2025	\$ 48,856
M. Cecilia Williams	April 2022	April 2025	\$ 78,406
Total Adjudicator Remuneration			\$ 1,082,181

¹⁴ Established on April 29, 2022, as an independent division of the Ontario Securities Commission.

Advisory Committees

OSC Committees

The executives and staff of the Ontario Securities Commission operating branches are supported by various third-party advisory committees that have been established for one or more of the following purposes:

- to provide a broad range of ideas and expertise as new policy initiatives are developed,
- to help the OSC understand how a specific, recently implemented policy is affecting capital market participants, and
- to improve the OSC's understanding of the concerns and issues faced by a stakeholder group on an ongoing basis.

Below is a complete list of OSC Advisory Committees and their members as of March 31, 2023.

The **Advisory Council to the CEO** provides advice to Grant Vingoe, CEO of the OSC, on emerging issues impacting the industry, investors and Ontario's capital markets.

Riaz Ahmed	President and CEO, TD Securities and Group Head, Wholesale Banking, TD Bank Group
Wendy Berman	Partner, McCarthy Tétrault LLP
Mary Condon	Dean, Osgoode Hall Law School
Daniel Daviau	President and CEO, Canaccord Genuity Group Inc.
Neil Gross	Chair of the OSC's Investor Advisory Panel
Michael Katchen	CEO, Wealthsimple
Michelle Khalili	Managing Director and Head, Global Equity Capital Markets, Scotiabank
Bruce Macdonald	Financial services professional
Patricia Olasker	Partner, Davies Ward Phillips & Vineberg LLP
Gerry Rocchi	Vice-Chair, Healthcare of Ontario Pension Plan
Doug Steiner	Financial services professional
Rob Strickland	President, Fidelity Investments Canada

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

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

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

The **Investor Advisory Panel** is an independent advisory panel to the OSC. The IAP makes submissions in response to public requests for comment by the Commission on proposed rules, policies, concept papers, and discussion drafts.

The IAP also provides comments on the OSC's proposed annual Statement of Priorities, brings forward policy issues for consideration, and advises on the effectiveness of the OSC's investor protection initiatives.

Brigitte Catellier	Associate Director and Adjunct Professor of the Investor Protection Clinic, Osgoode Hall Law School and VP, Corporate Governance and Compliance at Meridian Credit Union
Supriya Kapoor	Founder and Principal of Aurelius GRP
Deborah Leckman	Former OSC Commissioner and Member of the Board of Trustees of OPTrust
Cary List	Former President & CEO, FP Canada
Parham Nasser	Vice-President, Product & Regulatory Strategy at InvestorCOM
James (Jim) Sinclair	Former General Counsel, Common Wealth
Ilana Singer (Chair)	Vice-President and Corporate Secretary of the Canadian Investor Protection Fund (CIPF)
Leslie Wood	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.

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

David P. Baskin	Baskin Financial Services Inc.
Bill Chinkiwsky	CI Investments Inc.
Joe DaSilva	Sprucegrove Investment Management Ltd.
Mary Joyce Empensando	Questrade Wealth Management Inc.
Daniela Follegot	RBC Global Asset Management Inc.
Debra Foubert (Chair)	Ontario Securities Commission
Melissa Ghislanzoni	Portfolio Management Association of Canada
Christopher D. Keeley	Inukshuk Capital Management Inc.
Christopher Kozub	Private Capital Markets Association of Canada
Robyn Mendelson	Fidelity Investments Canada ULC
Liis Palmer	Cassels Investment Management Inc.
Richard Roskies	AUM Law Professional Corporation
Dave Santiago	Trinity Compliance Partners Inc.
Minal Upadhyaya	Capital International Asset Management (Canada), Inc.
Colette Ward	Connor, Clark & Lunn Funds, Inc., Crestpoint Asset Management Ltd.

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

Chris Birkett	Toronto Stock Exchange
Margaret Chow	TD Bank Group
Bradley Freelan	Fasken Martineau DuMoulin LLP
Jeff Hershenfield	Stikeman Elliott LLP
Rosalind Hunter	Osler, Hoskin & Harcourt LLP
Naizam Kanji (Chair)	Ontario Securities Commission
Nancy Mehrad	Registrant Law Professional Corporation
Manoj Pundit	Borden Ladner Gervais LLP
Heidi Reinhart	Norton Rose Fulbright LLP
Robert Seager	Voorheis & Co. LLP
David A. Seville	Torys LLP
Chris Sunstrum	Goodmans LLP
Sandra Zhao	McMillan LLP

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

Dr. Joe Bornstein	Managing Director and Founder of Health Innovations Group
Arthur Fish	Borden, Ladner Gervais LLP (Retired Partner), Manager Toronto Regional Family Wealth Counsel Practice (Retired)
Tyler Fleming (Chair)	Ontario Securities Commission
Marta C. Hajek	Executive Director, Elder Abuse Prevention Ontario
Ken Kivenko	President, Kenmar Associates
Jennifer Moir	Founder, Age Well Solutions
Lindsay Rogan	Managing Director and Chief Compliance Officer, Rogan Investment Management Limited, Member of the Portfolio Management Association of Canada
Angela Salmon	CCO, RBC Phillips, Hager & North Investment Counsel Inc. Director, RBC Wealth Management Canada Compliance
Keith Sjogren	Investor Economics (Retired Managing Director)
Laura Tamblyn Watts	CEO CanAge, Professor, University of Toronto, Board Member IIROC, Board Member, The National Initiative for the Care of the Elderly, Board Member, Elder Abuse Prevention Ontario, Board Member, PACE Independent Living
Danielle Tetrault	Vice President, Compliance and Chief Compliance Officer IG Wealth Management
Kimberly Whaley	Founder, Whaley Estate Litigation Partners, Civilian Co-chair, Toronto Police Services Consultative Committee, Co-chair Canadian Center for Elder Law
Terri Williams, CFP	CFP Former VP, Corporate Social Responsibility, Scotiabank

The **Small Business Advisory Committee** advises the 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 as they relate to small business.

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

Capital Markets Tribunal Committee

The **Securities Proceedings Advisory Committee** provides comments and advice on policy and procedural initiatives relating to proceedings before the Capital Markets Tribunal.

Simon Bieber	Adair Goldblatt Bieber LLP
Robert Blair	Governance & Tribunal Secretariat, Ontario Securities Commission
Sarah A. Bowden	Foreman & Company
Raphael T. Eghan	Dentons Canada LLP
Derek Ferris	Enforcement, Ontario Securities Commission
Samantha Gordon	McMillan LLP
Grace Knakowski (Chair)	Ontario Securities Commission
Karen Manarin	RCMP, Toronto Integrated Market Enforcement Team
Anna K. Markiewicz	Crawley MacKewn Brush LLP
Doug McLeod	Blake, Cassels & Graydon LLP
John Picone	Cassels Brock & Blackwell LLP
Cullen Price	General Counsel's Office, Ontario Securities Commission
Carolyn Slon	Secretary to the Committee, Governance & Tribunal Secretariat, Ontario Securities Commission
Johanna Superina	Enforcement, Ontario Securities Commission
Lauren Tomasich	Osler, Hoskin & Harcourt LLP
Natalia Vandervoort	Borden Ladner Gervais LLP
Jonathan Wansbrough	Fasken Martineau DuMoulin LLP

CSA Committees

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

The **Financial Reporting Advisory Committee** provides advice to the CSA's Chief Accountants Committee on relevant policy initiatives and various technical accounting and auditing issues, that relate 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.

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

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.

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

Capital Markets Tribunal



Message from the Chief Adjudicator

In late April 2023, the Capital Markets Tribunal successfully completed its first year under the new structure implemented by the *Securities Commission Act, 2021*.

The Tribunal's adjudicative functions are now completely independent from the rest of the OSC, with no overlap between those adjudicative functions and the OSC's regulatory operations. In addition, the Tribunal's adjudicators and the OSC's board of directors are two separate groups, with no members in common.

The transition to the new structure was smooth, thanks to much hard work by the OSC's Governance & Tribunal Secretariat, General Counsel's Office, and others. Proceedings continued without disruption, and the Tribunal has continued to deliver high-quality adjudicative services to the parties that come before it.

The transition was not without its challenges. Of the Tribunal's ten adjudicators, six were new to the organization, and two others had limited adjudicative experience. The Tribunal's early days featured significant commitments of time and effort by all involved, to ensure smooth onboarding, orientation and training.

In addition to the demands of the transition, our team has successfully implemented, or substantially completed, various initiatives in our first year, including:

- launching a new website dedicated to the Tribunal,
- developing a comprehensive continuing education program, including regular roundtables and periodic internal bulletins, with a planned open-to-the-public policy forum scheduled for the fall of 2023, all aimed at maintaining and enhancing the Tribunal's expertise,
- working with Information Services to equip the main hearing room with technology that allows for a hybrid hearing (i.e., some participants in the hearing room and others participating remotely),

- establishing standards for the timely delivery of reasons for decision,
- rolling out a new web-based case and document management system, which is now being used internally and which will soon be made available externally, to parties before the Tribunal,
- adding to our website "decisions in brief" (plain language summaries of Tribunal decisions), thereby improving transparency and accessibility,
- establishing a performance management and assessment policy and process for part time adjudicators, thereby improving accountability,
- and developing an upcoming revision of the Tribunal's Rules of Procedure, to combine the existing version with the existing Practice Guideline, and to effect various improvements.

I am grateful for, and proud of, the dedication, professionalism, and outstanding work of my fellow adjudicators and of all members of the Governance & Tribunal Secretariat. I also want to thank the members of the OSC's General Counsel's office, as well as the following teams: Information Services, Communications, Human Resources, Financial Management & Reporting, and the executive team. All these people contributed significantly to a successful first year for the Tribunal.

Tim Moseley
Chief Adjudicator

Capital Markets Tribunal

The Capital Markets Tribunal

The Capital Markets Tribunal, responsible for the adjudicative function of the OSC, is an independent division of the OSC and is overseen by a Chief Adjudicator. The Tribunal is assigned the power to conduct hearings and make decisions under Ontario securities law.

The Chief Adjudicator is appointed on a full-time basis by the Lieutenant Governor in Council, on the recommendation of the Minister of Finance, to supervise and direct the operations of the Tribunal. All other adjudicators are part-time appointees and devote as much time as required to perform their duties.

The **Tribunal Adjudicators** as of March 31, 2023.

Timothy Moseley, Chair¹⁵

Sandra Blake¹⁶

Andrea Burke¹⁶

Geoffrey Creighton¹⁶

James Douglas¹⁶

William Furlong¹⁶

Russell Juriansz¹⁶

Dale Ponder¹⁶

Cathy Singer¹⁵

(Mary) Cecilia Williams¹⁵

¹⁵ Term of appointment April 29, 2022 – April 28, 2025

¹⁶ Term of appointment April 29, 2022 – April 28, 2024

Adjudicative activities of the Capital Markets Tribunal

Proceeding type And section(s) of the <i>Securities Act</i> (Ontario).	2022–2023			2021–2022		
	Proceedings commenced	Proceedings concluded	Days of oral hearings	Proceedings commenced	Proceedings concluded	Days of oral hearings
Enforcement (initiated by a Statement of Allegations – s. 127)	10	20	108	17	7	85
Authorization to disclose information (s. 17)	4	3	4	6	7	0
Temporary order (s. 127)	1	1	5	3	1	14
Review of self-regulatory organization’s or Director’s decision (s. 8 or s. 21.7)	1	1	9	2	5	12
Further decision, or revocation or variation of a decision (s. 9(6) or s. 144)	0	1	0	1	2	2
Transactional proceeding (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	1	0	1	0	2
Other (application for an order not specified above)	1	1	0	3	1	6
Total	18	28	126	33	23	121

Report on the Statement of Priorities



2022–2023 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 2022–2023 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 2022–2023 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 2022–2023 OSC Goals are:

<p>GOAL 1</p> <p>Promote confidence in Ontario’s capital markets</p>	<p>GOAL 2</p> <p>Modernizing the Regulatory Environment</p>	<p>GOAL 3</p> <p>Facilitate financial innovation</p>	<p>GOAL 4</p> <p>Strengthen our organizational foundation</p>
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Board Report Priority Legend

Indicator Legend	
	Completed or progressing as per plan
	Delayed or deprioritized but still continuing
	On hold
	Cancelled

The Indicator Legend has four possible categories showing the OSC’s progress on its planned actions.

For the 2022-2023 fiscal year, there were no initiatives categorized as On Hold or Cancelled.

GOAL 1

Promote confidence in Ontario's capital markets

Priority 1.1

Sustain Strong Core Regulatory Operations



Why it's important


The core regulatory operations of the OSC provide a strong foundation for Ontario's capital markets and contribute directly to the health and performance of the province's economy. In addition to its core authorization, compliance and enforcement activities, OSC staff undertake a wide range of policy work to address issues of importance to investors, improve the efficiency and effectiveness of regulation for all capital markets stakeholders, and respond to key emerging risks.

Success measures

The OSC measures its operations and activities through regular internal and external reporting. Operational accomplishments are reflected in various public reporting:

- The OSC's regulatory operations and performance are measured against its Service Commitment, through quarterly service standards reporting. If a target is not met, we provide an explanation.
- The OSC Annual Report is published annually, including the Report on the Statement of Priorities that highlights key accomplishments and statistics related to our core regulatory work.
- Various branches within the OSC produce summary or activity reports, which are published on the OSC website.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Authorizations (receipting, registration, and recognition)</p>		<p>Completed: Most authorization activities were delivered in the ordinary course and consistent with the OSC Service Commitment. See this report’s 2022–2023 Service Standard Results section for further information on performance results and explanations for any service standards not met throughout the year.</p> <p>Published various branch summary or activity reports throughout the year including the Summary Report for Investment Fund and Structured Product Issuers, and the 2022 Corporate Finance Branch Report. These reports provide an overview of branch operations and policy work.</p> <p>In Progress: The OSC works to sustain an appropriate level of core regulatory operations within applicable service standards and guidelines.</p>
<p>Compliance/ Oversight/ Supervision</p>		<p>Completed: Compliance and oversight programs generally operated in the ordinary course and consistent with the OSC Service Commitment. See the 2022-2023 Service Standard Results section of this report for further information on performance and explanations for any service standards not met throughout the year.</p> <p>Published the Compliance and Registration Branch Summary Report for Dealers, Advisers and Investment Fund Managers. The report summarizes findings from registrant compliance reviews and outlines best practices that registrants have found useful in enhancing their compliance processes.</p> <p>In Progress: The OSC works to sustain an appropriate level of core regulatory operations within applicable service standards and guidelines.</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Enforcement		<p>Completed: During the year, the OSC assessed 880 enforcement matters that may constitute a breach of Ontario’s securities law.</p> <p>Almost half of all matters assessed were transferred for disruption or alternative enforcement action, including 331 cases transferred for disruption, 46 referred to other branches or external agencies, and 26 selected for further investigation. Disruption activities included issuing warning letters cautioning against potential misconduct, alerting the public through press releases and warnings on the OSC website, and actively engaging with regulatory and law enforcement partners.</p> <p>The OSC brought forward enforcement proceedings that led to 89 administrative sanctions, more than double last year, and \$23.6 million in monetary penalties</p> <p>In March 2023, the Office of the Whistleblower (OWB) provided an update on the first five years of the OSC Whistleblower Program, highlighting successes, areas for growth, and ongoing work to strengthen the program. The update aimed to encourage whistleblowers to submit tips and market participants to strengthen internal whistleblowing channels. The OWB will use the findings of this update to support and guide improvements to the program.</p> <p>In Progress: As of March 31, 2023, there were 41 ongoing investigations, 24 proceedings before the Tribunal and the courts, and 7 appeals.</p>

OSC Enforcement Activity, 2022–2023

OSC Enforcement Branch: Intake

	2022-2023	2021-2022
Number of cases assessed	880	984
Number transferred for disruption	331	228
Number transferred for investigation	26	24

OSC Enforcement Branch: Investigations

Number of completed investigations	42	46
Number transferred for litigation	12	22

OSC Enforcement Branch: Litigation

Proceedings commenced before the Commission¹⁷	8	14
Number of respondents ¹⁸	12	36
Quasi-criminal proceedings	2	7
Number of accused	4	12
Criminal Code proceedings	2	1
Number of accused	2	1
Search warrants executed¹⁹	44	130

ENFORCEMENT TIMELINES:

Average number of months from intake to commencement of a proceeding	26.2	19.6
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Concluded matters before the Commission

Number of proceedings concluded ¹⁷	18	8
Number of respondents ¹⁸	26	16

SANCTIONS INCLUDE:

Cease trade orders	22	11
Exemptions removed	17	10
Director and Officer bans	25	6
Registration restrictions	25	8
Administrative penalties, disgorgement orders, settlement amounts	\$ 23,609,716.76	17,889,330.32
Costs ordered	\$ 2,686,796.85	827,122.58
Amounts agreed to be returned to investors under the terms of settlements (includes no-contest settlements)	\$ 0	0

¹⁷ Excludes reciprocal orders.

¹⁸ Includes individual and corporate respondents.

¹⁹ For fiscal 2022-2023, this includes search warrants only.

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 **30.3%** for the 2022–2023 fiscal year. For more details, see the Management's Discussion and Analysis section.

Concluded matters before the courts

Fiscal Year	2022-2023	2021-2022
Total number of proceedings	1	4
Total number of accused	1	6

SANCTIONS INCLUDE:

Jail sentences	42 months	159 months
Conditional sentences/House arrest	0	0
Fines	\$ 0	0
Restitution	\$ 4,859,552.58	99,840.00

Priority 1.2


Improve the Retail Investor Experience and Protection



Why it's important


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

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.
- Policy initiatives reflect thoughtful consideration of research findings and investor perspectives.
- More informed investment decisions through continued investor education.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Expanded focus on investor education and financial literacy activities, including:</p> <ul style="list-style-type: none"> ■ expanded use of investor social media channels ■ the redevelopment of the OSC’s investor website, GetSmarterAboutMoney.ca 		<p>Completed:</p> <ul style="list-style-type: none"> ■ Published a dedicated fraud prevention page on GetSmarterAboutMoney.ca to increase investor education regarding financial fraud and its warning signs. ■ Delivered 151 virtual and telephone-based investor outreach events, including 81 events for seniors and 55 events for multicultural communities, reaching 7,799 Ontarians. ■ Launched InvestorOffice.ca microsite to provide information on the regulatory operations of the Investor Office branch including updates on investor education efforts and materials. ■ Launched a number of crypto-related resources to educate investors, including: <ul style="list-style-type: none"> › A dedicated website, GetSmarterAboutCrypto.ca, covering important crypto-related topics such as breaking down industry jargon, rules and regulations, and crypto fraud scenarios. › A Crypto Quiz on GetSmarterAboutMoney.ca to help investors recognize red flags of crypto fraud and reinforce working with registered crypto platforms. › A digital billboard campaign at Yonge–Dundas Square (coinciding with Fraud Prevention Month in March 2023) to reinforce working with registered crypto platforms. › Included a listing of registered crypto trading platforms on the CheckBeforeYouInvest page on OSC.ca. ■ Expanded the multicultural outreach and education program by meeting investors where they are: <ul style="list-style-type: none"> › Conducted interviews with local community media channels to discuss investor protection and resources, reaching audiences in Hindi, Mandarin, Cantonese, Urdu, and Punjabi. › Updated InvestingIntroduction.ca based on feedback from community groups to include a key words section with investing topics that are top-of-mind. The website provides financial education to newcomers and is available in 22 languages. <p>In Progress: The multi-year GetSmarterAboutMoney.ca redevelopment project is on track to be completed in fiscal 2024. The revamped website will provide a better and faster user-experience, allowing investors to more easily access the information they seek.</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Continued implementation of the OSC Seniors Strategy and ongoing stakeholder consultation on, and proactive exploration of, additional tools, resources, and strategies to support older investors</p>		<p>Completed: Following the December 31, 2021 publication of amendments to NI 31-103 Registration Requirements, Exemptions, and Ongoing Registrant Obligations and Related Instruments and its companion policy to address financial exploitation and diminished mental capacity among older and vulnerable investors, the OSC continued activities to support stakeholders including:</p> <ul style="list-style-type: none"> ■ furthered awareness on this topic through 151 outreach events held throughout the fiscal year; ■ published an educational video on Trusted Contact Persons and promoted the content through organic and paid social media channels <p>The OSC also continued to engage with our CSA partners and various other groups to discuss and address challenges and emerging issues related to seniors and consider possible tools, resources, and strategies to support them.</p> <p>In Progress: With our CSA partners, the OSC keeps abreast of policy developments related to older and vulnerable investors and explores ongoing work on completed regulatory initiatives to assess their effectiveness, which could lead to future modification.</p> <p>Planning is underway to reconstitute the Seniors Expert Advisory Committee for another one-year term to provide ongoing support and advice on the regulatory framework, strategies, and resources to support older investors and individuals interacting with them.</p> <p>During the fiscal year, the OSC conducted a survey to explore the attitudes, behaviours, and knowledge of those 50+ towards retirement, including saving and planning behaviours, financial preparedness, and other concerns. A report with survey results and observations will be published in early fiscal 2024.</p>
<p>Broadened consideration of investor perspectives early in the policy-making process</p>		<p>In Progress: The OSC continues to support the ongoing operation and engagement of the OSC and CSA Investor Advisory Panels, including cross appointing a member of the OSC panel to the CSA panel to ensure appropriate interconnection.</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Timely and responsive investor research conducted and published		<p>Completed: Conducted and published the following investor research:</p> <ul style="list-style-type: none"> ■ The Investor Knowledge Study, which assesses Canadians’ knowledge relevant to making informed investment decisions, including examining how perceptions of financial knowledge compare to actual performance, and whether investors can be debiased, was published in September 2022. ■ The Crypto Assets 2022 Research Study, which explores the knowledge, attitudes, and behaviours of investors and non-investors in crypto assets and crypto investment funds, was published in October 2022. <p>In Progress: Given developments in the crypto asset landscape, another crypto asset survey will be run next fiscal year to understand how investor knowledge, attitudes, and behaviours towards crypto have changed since the previous study published in October 2022. To obtain comparable data points, many of the questions will remain the same.</p> <p>As mentioned above, the OSC surveyed seniors over 50 on various financial topics and concerns. A report with survey results and observations will be published next fiscal year.</p>

Priority 1.3



Support Behavioural Insights and Policy Testing Capabilities



Why it's important

Researching, measuring and understanding how people make decisions provides essential data that supports evidence-based policymaking. These insights allow the OSC to examine key behaviours, attitudes, and beliefs to inform and improve policies and programs, helping to strengthen investor protection.

Success measures

- Improved effectiveness of OSC policies and programs through the application of behavioural insights
- Enhanced protection of seniors and vulnerable investors

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Support efforts to highlight the importance for a modern securities regulator to apply behavioural insights through policy making and operational programs		<p>Completed: The Investor Office continues to highlight the importance of applying behavioural insights through policy-making and operational programs by sharing results and best practices with other regulatory bodies. Activities throughout the fiscal year include presentations on behavioural insights at the Investment Industry Association of Canada (IIAC), Financial Industry Regulatory Authority (FINRA), International Organization of Securities Commissions (IOSCO) Committee 8, and the Commissione Nazionale per le Società e la Borsa (CONSOB), Italy's national securities regulator.</p> <p>In Progress: Further presentations are scheduled to highlight the importance of behavioural science for a modern securities regulator, including at Investor Economics in April 2023 and North American Securities Administrators Association in May 2023.</p>
Utilize behavioural science research methods to test the effectiveness of policy interventions		<p>In Progress: Behavioural science research methods are being applied to the ongoing CSA Continuous Disclosure Modernization Project that consists of a literature scan to understand the behavioural barriers retail investors face when trying to comprehend continuous disclosures; a survey of Canadian retail investors to better understand their behaviours, understanding, and preferences concerning investment fund continuous disclosure; and an experiment to test the usability and comprehension of a new management report of fund performance (MRFP) design with retail investors.</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Conduct experiments to study how emerging trends in capital markets are affecting retail investor behaviour</p>		<p>Completed: Published a study on digital engagement practices (Gamification and Other Behavioural Techniques) in November 2022. This report discusses an online experiment examining the effects of gamification and other behavioural techniques on investor behaviour. Among other findings, it showed that non-economic rewards such as points increased trading frequency and showing top-traded lists led to herd behaviour.</p> <p>In Progress: A behavioural science project relating to ESG factors, marketing and investor behaviours is currently in development and includes a literature scan and a behavioural science experiment. Publication of a final report is expected in early fiscal 2024.</p>
<p>Enhance OSC staff understanding of behavioural science to aid in the identification of investor protection risks and the development of effective solutions</p>		<p>Completed: Hosted organization-wide sessions to enhance OSC staff understanding of behavioural science and investor protection; topics covered include findings from the gamification and digital engagement practices study, as well as behavioural science and its relation to compliance.</p> <p>In Progress: The OSC continues to expand and enhance staff understanding of behavioural science through ongoing learning opportunities scheduled throughout the upcoming year.</p>

Priority 1.4



Strengthen Dispute Resolution Services for Investors, such as the Ombudsman for Banking Services and Investments (OBSI), through Policy and Oversight Activities

Why it's important

Investors can be at risk for potential loss, damage or harm because of an act or omission of a registered firm or individual. The OSC strives to improve investor access to avenues of redress in these situations, including by strengthening dispute resolution services. A fair, efficient and accessible dispute resolution system is essential to investor protection. To achieve better results for investors and strengthen investor redress, the OSC will continue its efforts to strengthen OBSI as an independent dispute resolution service.

Success measures

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

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Provide analysis of a framework for binding decisions of a dispute resolution service, such as OBSI, in Ontario within increased claim limits		In Progress: The OSC is engaged with our CSA partners, to develop a proposed framework for OBSI to make binding decisions which aims to balance investors' need for an accessible procedure with the need for fairness, proportionality and efficiency for all parties.
Engage with our CSA partners on strengthening, and enhancing oversight of, OBSI.		<p>Completed: On October 7, 2022, the CSA published a communication confirming that the CSA is developing a proposal for comment that contemplates providing OBSI with authority to make binding awards.</p> <p>In Progress: The OSC, together with our CSA partners, is developing a proposed framework for OBSI to make binding decisions which the CSA anticipates issuing for public comment later in 2023.</p> <p>The OSC is working alongside our CSA colleagues, members of the Joint Regulators Committee, and OBSI to develop enhanced oversight of OBSI to complement the binding authority framework and to determine next steps in response to the independent evaluation of OBSI's investment mandate.</p>

Priority 1.5




Support Implementation of the Mutual Fund Embedded Commissions Rules Banning the use of Deferred Sales Charges and Trailing Commission Where No Suitability Determination is Required

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 deferred sales charges (DSC) and order-execution-only (OEO) trailing commissions represent a significant change to the asset management industry. It is critical for investors that the transition to compliance is smooth, investor-focused, and timely.

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 order-execution-only platforms.
- Improved transparency and experience for investors with their dealers and advisors when investing in mutual funds.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Provide appropriate accommodation allowing flexibility for investors to be switched to different fee options when implementing the bans		Completed: On March 18, 2022, the OSC issued a local blanket order, Ontario Instrument 81-508 Temporary Exemptions from the OEO Trailer Ban to Facilitate Dealer Rebates of Trailing Commissions and Client Transfers , which came into force on June 1, 2022, the effective date of the OEO trailer ban, and expires on November 30, 2023.
Obtain mutual fund sales, new products, and new services data for trend analysis, and follow up if the trends raise any concerns		Completed: The OSC concluded the monitoring of industry statistics to support the implementation of the DSC Ban and OEO Ban which came into force on June 1, 2022. Based on the statistics, there are no trends or areas of concern at this time.
Inquire into fund managers' implementation plans and readiness		Completed: Further to discussions with industry associations and the publication of the local blanket order, Ontario Instrument 81-508, the DSC and OEO bans were successfully implemented by industry on the effective date. As part of the normal course of operations, the OSC will continue to be vigilant to look out for practices or models that concern us post-DSC and OEO trailer ban.

Priority 1.6



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

Why it's important

The Self-Regulatory Organizations have critical public interest responsibilities. 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 serve the public interest

Success measures

- Establish a new SRO by executing an approved implementation strategy to integrate the existing SROs, and separately, consolidating the current two investor protection funds.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Implement the integration of the existing SROs, and separately, the current two investor protection funds under the new framework		<p>Completed: On November 24, 2022, the CSA published two notices recognizing the New Self-Regulatory Organization of Canada (New SRO) and approving the new Canadian Investor Protection Fund (CIPF), both effective January 1, 2023. In December 2022, members of the New SRO, the new CIPF executive teams, and the new SRO Investor Advisory Panel were announced.</p> <p>Effective January 1, 2023, the amalgamation of IIROC and MFDA to create the New SRO and the amalgamation of CIPF and MFDA IPFs to create the new CIPF were completed.</p> <p>Subsequent Event: The New SRO changed its name to the Canadian Investment Regulatory Organization (CIRO) on June 1, 2023.</p>
Adopt and move forward to implement issue specific solutions detailed in the CSA Position Paper 25-404		<p>Completed: The OSC registered the first firm as an investment and mutual fund dealer. Previously, dual-registered dealer firms (conducting investment dealer and mutual fund dealer activity in one legal entity) were not permitted. Collaborating with the New SRO and the CSA, the OSC removed previous limitations within the National Registration Database (NRD) and established the option for this more streamlined and cost-effective registration process.</p> <p>In Progress: The OSC, in conjunction with other CSA regulators, is moving forward with the post-close work including implementing issue-specific solutions as detailed in CSA Position Paper 25-404 New Self-Regulatory Organization Framework with Appendices.</p> <p>It is anticipated that New SRO dealer firms will increasingly seek dual registration status.</p>

Priority 1.7


Strengthen Oversight of Crypto Asset Trading Platforms and Other Dealers



Why it's important

The OSC has been at the forefront of providing regulatory clarity for crypto market participants, giving genuine innovators room to develop their ideas while taking steps to protect investors from fraud, mismanagement, extreme volatility and other risks. Regulatory activities are focused on educating investors, laying clear ground rules for firms operating in this space, and taking enforcement actions against non-compliant crypto firms. Appropriate regulatory oversight is critical for building investor confidence in this emerging industry and for building a strong innovation ecosystem over the long term.

Success measures

- Crypto asset trading platforms operate with appropriate regulatory oversight.
- Reduction of misleading information in crypto asset trading platform advertising, marketing and social media.
- An appropriate balance is achieved in supporting novel businesses and fostering innovation and competitive capital markets while promoting investor protection.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Engage with crypto firms to complete the registration or approval process		<p>In Progress: This fiscal year, the OSC registered six crypto asset trading platforms as dealers and provided exemptive relief from certain requirements for these businesses. As of March 31, 2023, a total of ten CTPs have been registered by the OSC, in addition to one investment dealer that received exemptive relief to offer crypto products to institutional clients.</p> <p>On February 22, 2023, the CSA published CSA Staff Notice 21-332 Crypto Asset Trading Platforms: Pre-Registration Undertakings – Changes to Enhance Canadian Investor Protection to introduce important new investor protection provisions in the form of a pre-registration undertaking (the Enhanced PRU). The Enhanced PRU is a precondition that must be met by firms that wish to continue operating in CSA member provinces while seeking registration and related relief.</p> <p>All registered crypto platforms and entities for which an Enhanced PRU has been approved are listed on the OSC website.</p> <p>As of March 31, 2023, the CSA, including the OSC, is in the process of reviewing 21 additional applications received for dealer registration and relief.</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Identify and address non-compliance with securities laws		<p>Completed: The OSC opened seven crypto-related investigations this year and continued its crypto platform sweep reiterating the ongoing message that platforms must be registered. As a result of the sweep, two CTPs entered into Non-Enforcement Action Agreements, one CTP entered into a public undertaking, and four enforcement proceedings were successfully concluded with settlements or contested hearings.</p> <p>To caution Ontario investors about the risks associated with unregistered CTPs and related parties, 217 of such entities were added to the OSC, CSA and IOSCO Investor Warning Lists this year, along with 17 press releases issued to amplify the messaging. Specific alerts were also issued via OSC Twitter feed, RSS feed and email distributions describing misconduct and specific bad actors claiming fraudulent connection to Ontario.</p> <p>In Progress: As part of its CSA Staff Notice 21-332, the CSA has made it clear that if a CTP is unable or unwilling to provide an enhanced pre-registration undertaking, member provinces will consider all applicable regulatory options to bring platforms into compliance with securities law, including enforcement action.</p> <p>In January 2023, the OSC initiated a desk review of registered CTPs for which it is the principal regulator. The review’s scope is risk-based and focuses on the custody of investors’ crypto assets held by CTPs. Registered CTPs and unregistered CTPs, through the Enhanced PRU, are required to provide data reporting, which the OSC reviews quarterly.</p>
Develop capabilities in crypto asset trading platform oversights		<p>In Progress: The OSC is leading a CSA Crypto Investigation Project, working alongside other Canadian securities regulators (British Columbia, Alberta, and Quebec). As part of this project, regulators selected unregistered platforms to investigate, allowing the jurisdictions to share lessons and jointly deal with challenges.</p> <p>The OSC has acquired new digital tools to assist in identifying which of the global crypto platforms are frequented the most by Ontarians. These tools will be implemented by early fiscal 2024 and help advance oversight.</p>

Priority 1.8


Develop a Rule Setting Out Climate Change-Related Disclosures for Reporting Issuers

Why it's important

Investors in Canada and abroad are demanding relevant, clear, and comparable information on climate-related risks and opportunities for public companies. Considerable work continues at the OSC and with our CSA partners to develop a climate-related disclosure regime that serves the needs of the Canadian capital markets, has considered international consensus, responds to Canadian investor expectations, and reflects the realities of Canadian issuers.

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	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Consider comments received on the proposed National Instrument 51-107 and finalize instrument		<p>Ongoing/Delayed: The OSC, alongside the CSA, continues to consider stakeholder feedback to National Instrument 51-107 Disclosure of Climate-related Matters published on October 18, 2021.</p> <p>On October 12, 2022, the CSA issued a news release noting that it is actively considering international developments, including proposals published by the International Sustainability Standards Board (ISSB) and proposed rule amendments for climate-related information published by the United States Securities and Exchange Commission (SEC), and how they may impact or further inform the proposed climate-related disclosure rule, NI 51-107.</p>
Engage in further targeted consultations, including with Indigenous organizations, as the instrument is finalized		<p>Ongoing/Delayed: The OSC is committed to engaging with Indigenous peoples and organizations as part of its work on this initiative and will continue to broaden engagement as the OSC advances its understanding of how to best approach this work.</p>

Priority 1.9



Continue Consideration of Diversity on Boards and in Executive Roles at Reporting Issuers


Why it's important

The OSC and other participating CSA jurisdictions adopted disclosure requirements in 2014 related to the representation of women on boards and in executive officer positions at TSX-listed companies. Since that time, significant events have broadened the focus of this work beyond women to other under-represented groups. The aim is to determine whether and how the disclosure needs of Canadian investors and corporate governance practices among public companies have evolved, and what changes are warranted to the securities regulatory regime.

Success measures

- Transparency regarding feedback from consultations and research conducted.
- Proposals developed to address the information needs of investors, while taking into account the business needs of public companies (as appropriate).

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Consider and publish the feedback from the consultations regarding the current diversity regime under securities legislation		<p>Completed: On October 27, 2022, findings from the eighth annual review of disclosure related to women on boards and in executive officer positions were published in the CSA Multilateral Staff Notice 58-314 Review of Disclosure Regarding Women on Boards and in Executive Officer Positions (Year 8 Report). On March 23, 2023, the underlying data used to prepare the eighth annual review was published.</p> <p>Feedback from consultations regarding the current diversity regime was considered in developing the proposal published on April 13, 2023. See below</p>
Develop proposals for enhancing that regime, as appropriate		<p>Completed: On April 13, 2023, published CSA Notice and Request for Comment – Proposed Amendments to Form 58-101F1 Corporate Governance Disclosure of National Instrument 58-101 Disclosure of Corporate Governance Practices and proposed changes to National Policy 58-201 Corporate Governance Guidelines pertaining to the director nomination process, board renewal, and diversity. The proposed requirements contemplate disclosure on aspects of diversity beyond the representation of women while retaining the current disclosure requirements with respect to women</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Engage in further targeted consultations, including with Indigenous organizations, to support this work		<p>On Track: The OSC is committed to engaging with Indigenous peoples and organizations as part of its work on this initiative and will continue to broaden engagement as the OSC advances its understanding of how best to approach this work.</p>

Priority 1.10


Monitor the Listing Function of Recognized Exchanges and Identify Areas for Improvement






Why it's important

Exchanges play a central role in Ontario's capital markets, with responsibilities that include establishing what kinds of securities are listed and traded and maintaining compliance by issuers and other market participants to those requirements. The OSC sets the guidelines and expectations for each exchange through a recognition order as the proper operation of the exchanges is essential to investor protection and maintaining fair, efficient and competitive capital markets. The OSC will continue to assess whether these recognized exchanges are conducting the listing process following the terms of the exchanges' policies and in a manner consistent with the terms of their recognition order and securities law.

Success measures

- › requiring amendment to, or adoption of, new exchange listing policies, and
 - › preparation of reports evaluating the adequacy of listing standards and related oversight programs executed by the exchanges.
- › timely basis, raising material issues consistent with the OSC's oversight role and protocols.
- › Responding to proposed new or amended listing standards on a
- › Proactive identification and response to emerging listing issues and industries.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Review and comment on proposals for new or amended policies relating to the exchanges listings business</p>		<p>Completed: On May 19, 2022, the OSC published a notice of approval for public interest rule amendments to the NEO Exchange Listing Manual. Amendments include streamlining the minimum listing standards for corporate issuers and making a consequential change to the listing manual.</p> <p>On March 30, 2023, the OSC issued a notice of approval for amendments to Canadian Securities Exchange (CSE) listing policies creating a new senior tier with requirements and financial reporting obligations that reflect requirements for non-venture issuers. The amendments also introduce SPAC and ETF programs for the senior tier, as well as additional corporate governance requirements for all CSE listed issuers. On April 3, 2023 the proposed amendments came into effect.</p> <p>In Progress: Exchange oversight remains an ongoing function of the OSC. On December 1, 2022, the TSX published proposed amendments to reduce the burden that issuers and their agents face when raising capital via a prospectus offering by providing clarity, predictability, and greater transparency of TSX policies. The proposed changes were approved on April 20, 2023.</p> <p>On March 2, 2023, following a recommendation by the OSC, the CSE published proposed amendments to its Form 2A Listing Statement that would better align listed issuers' required disclosure with CSA NI-41-101 General Prospectus Requirements. The amendments are expected to take effect in May 2023.</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Perform on-site or other compliance reviews relating to the practices of the exchanges in carrying out their listing functions, as necessary and appropriate, and liaise with other provincial securities regulators conducting oversight of exchanges</p>		<p>In Progress: This year, the OSC focused on a related recommendation from the 2021 Value-for-Money (VFM) audit which noted reviews of companies seeking to enter Ontario’s capital markets through alternative methods, specifically Special Purpose Acquisition Companies (SPACs), Capital Pool Companies (CPCs) or reverse takeovers, versus through traditional Initial Public Offerings (IPOs).</p>
<p>Monitor domestic and international developments relating to blind-pool vehicles, such as SPACs</p>		<p>In Progress: The OSC, along with certain members of the IOSCO SPAC Network, was tasked with studying issues relating to retail investor participation, dilution, and the relationship between SPACs and IPOs. The findings of this study are currently under review.</p>
<p>Oversee the implementation of new or pilot listing programs being offered by exchanges on a temporary or “sandbox” basis</p>		<p>Completed: On December 29, 2022, following engagement with OSC staff, Neo Exchange Inc. announced that the Growth Acquisition Corporation (G-Corp) pilot program will be extended until November 1, 2023.</p> <p>In Progress: Exchange oversight remains an ongoing function of the OSC.</p>
<p>Continue to assess whether there are opportunities for regulatory arbitrage as a result of differing listing rules, with a particular focus on reverse takeover transactions</p>		<p>In Progress: This year, the OSC focused on a related recommendation from the 2021 Value-for-Money audit as noted above, which includes expanding oversight of reverse takeovers.</p>
<p>Engage in dialogue with the recognized exchanges on listing issues relating to emerging industries and new public entrants that may raise public interest concerns</p>		<p>In Progress: The OSC continues to engage in dialogue with recognized exchanges as needed.</p>

Priority 1.11



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. Investors' increased awareness of these costs should lead to better results over time and increased confidence in Ontario's capital markets.

Success measures

- Investors will benefit from enhanced regular reporting on the ongoing costs of investments.
- Address information asymmetry between dealers/advisers and their clients.
- Increase investor confidence in the industry and lead to better investment outcomes.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Develop a form of total cost reporting disclosure for securities registrants that will build on existing disclosure documents rather than adding net new requirements		Completed: On April 20, 2023, the CSA and the Canadian Council of Insurance Regulators (CCIR) jointly published amendments to enhance total cost reporting for investment funds and segregated funds. The amendments for the securities sector pertain to NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations and its related companion policy, and expand the reporting of investment and segregated funds to include embedded fees tied to fund ownership.
Recommend disclosure solutions that: <ul style="list-style-type: none"> draw upon behavioural insights and the results of testing sample documents with investors reflect an understanding of costs and practical considerations based on advance consultations with industry associations and back-office service providers adopt an approach as consistent as possible under both securities and insurance regimes 		Completed: With input from the CCIR, industry representatives, investor advocates, and other stakeholders, published amendments to enhance total cost reporting on April 20, 2023. The enhancements will take effect on January 1, 2026, provided all ministerial approvals are obtained. Clients will receive the first enhanced annual reports for the year ending December 31, 2026

GOAL 2

Modernizing the Regulatory Environment

Priority 2.1




Implement an Enhanced Framework for Modernizing Regulation

Why it's important

The OSC has committed to an ongoing regulatory modernization and burden reduction program to eliminate unnecessary rules and processes and save time and money for issuers, registrants, investors, and other market participants. Implementing an enhanced internal framework that applies this commitment to all rule and policy projects will build and expand on 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 will contribute to expedited rule creation and policymaking and help create harmonized outcomes that meet the needs of Ontario investors and market participants.

Success measures

- Enhanced, centralized, and streamlined process for all policy projects that reflect careful consideration of all aspects of our mandate and stakeholder input.
- Contribute to expedited rule and policymaking, balancing the need to achieve harmonized outcomes that meet the needs of Ontario investors and market participants.
- Improved rule and policymaking process that supports achieving better policy outcomes to benefit our stakeholders and capital markets.
- Strengthen regulatory processes by enhancing consideration of stakeholder views and impacts in:
 - › the implementation of the OSC's investor protection, capital formation and competition mandates, and
 - › the OSC's efforts to facilitate financial innovation.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Implement the enhanced OSC-wide framework for all policy projects, which will consider stakeholder inputs, data, and alternatives in decision-making</p>		<p>Completed: Furthered development of an enhanced internal OSC rule/policymaking framework by collecting internal stakeholder feedback and identifying areas of improvement in the current rule/policymaking process. The OSC continues to prioritize and advance rulemaking consistent with the various aspects of our mandate.</p> <p>Ongoing/Delayed: The OSC continues to develop an organization-wide OSC rule/policymaking framework to further streamline work on rule and policy projects. Once developed, it is anticipated that the enhanced framework will be implemented across the organization in fiscal 2024.</p>
<p>Coordinate all rule and policy projects within the new framework going forward to ensure a streamlined process to achieve desired policy outcomes on high priority issues</p>		<p>Ongoing/Delayed: Once implemented, rule and policy projects will be coordinated within the enhanced rule/policymaking framework to streamline the process and achieve desired policy outcomes on high-priority issues.</p>
<p>Identify opportunities where improved accessibility to data can be beneficial to research and policy making, and help market participants to reduce cost</p>		<p>In Progress: The OSC, through the Innovation Office, continues to identify new opportunities to improve accessibility to data. The OSC joined the Global Financial Innovation Network (GFIN) Regulatory Technology Ecosystem Special Unit and Supervisory Technology Special Unit, which are focused on sharing insights on RegTech and SupTech ecosystems to inform regulatory knowledge and identify industry use cases and future areas of collaboration. Based on a voluntary survey of regulators, GFIN published a report highlighting insights into the ecosystem, including RegTech certification.</p> <p>The OSC also joined the newly created GFIN Artificial Intelligence and Machine Learning Working Group. The working group is exploring the use of AI/ML solutions by financial service providers and regulators, including foundational datasets to train algorithms.</p>

Priority 2.2


Continue Work on Streamlining Periodic Disclosure Requirements for Reporting Issuers


Why it's important

The OSC, along with its CSA partners, is reviewing the disclosure requirements of reporting issuers and investment fund issuers. Streamlining these public disclosure requirements is expected to reduce regulatory burden for issuers and make disclosure more useful for investors.

Success measures

- The modernized disclosure requirements will reduce regulatory burden, simplifying and streamlining reporting and increasing reporting efficiency for reporting issuers.
- The quality and usability of the disclosures provided to investors will be increased.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Review of stakeholder feedback on the proposed changes and finalization of the continuous disclosure requirements</p>		<p>Completed: On a limited basis, the CSA sought public comment on a proposed framework for semi-annual reporting (without publishing a rule for comment). The framework would allow venture issuers that are not Securities and Exchange Commission issuers the choice of reporting on a semi-annual rather than a quarterly basis. Also, alternative disclosure would be required for interim periods where financial statements and management discussion and analysis were not filed. Stakeholder feedback in response to this framework was mixed and will be considered for any future CSA proposals in relation to semi-annual reporting.</p> <p>Ongoing/delayed: On May 20, 2021, published for comment proposed 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 to streamline and clarify annual and interim filings. The CSA is making some non-material revisions in response to the feedback received, including around the delivery requirements for the annual and interim filings.</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Propose amendments and changes to modernize the investment fund continuous disclosure regime ²⁰		<p>Completed: An external vendor was procured to carry out investor testing to aid in deliberations on revising the Management Report of Fund Performance, a key investor-facing continuous disclosure document for investment funds. The investor testing work was completed in early 2023, and a final report outlining the results is currently under review.</p> <p>In Progress: Draft revisions to the MRFP and supporting materials are underway, but in March 2023, the project scope was expanded, and the timeline was extended. The project is progressing as planned under the revised timeline.</p>

²⁰ This initiative has been expanded to include a review of investment fund financial statements, with a focus on non-IFRS requirements set out in Part 3 (Financial Disclosure Requirements) of NI 81-106 *Investment Fund Continuous Disclosure*.

Priority 2.3



Work to Modernize Delivery Options of Regulatory and Continuous Disclosure Filings for Issuers



Why it's important

Securities laws require reporting issuers to disclose relevant and timely information upon which securityholders may base their investment decisions. Generally, this disclosure is included in paper copies of documents that are delivered to securityholders. Implementing an access model will provide a more cost-efficient, timely and environmentally friendly way of communicating information to investors than paper delivery.

Success measures

- Develop an access model that will modernize the way documents are made available to investors, reduce undue regulatory burden and related costs for issuers, and promote a more environmentally friendly manner of communicating information, with paper delivery remaining optional.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Publish proposed amendments to implement an access model for prospectuses, generally, and annual financial statements, interim financial reports and related MD&A of non-investment fund reporting issuers		<p>Ongoing/delayed: On April 7, 2022, published CSA Notice and Request for Comment – Proposed Amendments and Proposed Changes to Implement an Access Equals Delivery Model for Non-Investment Fund Reporting Issuers for prospectuses, generally, annual financial statements, interim financial reports and related MD&A of non-investment fund reporting issuers.</p> <p>In 2023, the Ministry of Finance included legislative amendments in Bill 36, Chapter 23 of the Statutes of Ontario, 2022 to permit the rules to alter the manner of delivery of documents under the <i>Securities Act (Ontario)</i> and allow for the implementation of an access model in Ontario</p>
Consider next steps and potential changes to the scope and/or mechanics of an access model for prospectuses, generally, and certain continuous disclosure documents		<p>Ongoing/delayed: The Access Equals Delivery CSA working group continues to consider the comments received on the proposal</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Publish proposed amendments to remove certain delivery obligations for investment funds related to annual financial statements, interim financial reports, and annual and interim management reports of fund performance</p>		<p>Completed: On September 27, 2022, the CSA published CSA Notice and Request for Comment – Proposed Amendments and Proposed Changes to Implement an Access-Based Model for Investment Fund Reporting Issuers. Amendments propose an alternative to delivering financial statements, which include interim financial reports, and interim and annual management reports of fund performance for investment fund reporting issuers.</p>
<p>Publish a consultation paper seeking stakeholder feedback on modernizing and exploring alternative delivery requirements, including an access model, for investment funds in connection with other disclosure documents such as Fund Facts, ETF Facts, and long form prospectuses</p>		<p>Completed: Consultation requesting stakeholder feedback was included with the Notice and Request for Comment on the proposed amendments published on September 27, 2022. See above.</p>

Priority 2.4


Strengthen the Framework and Capability to Identify, Assess and Respond to Emerging Regulatory Issues

Why it's important

The OSC oversees and regulates Ontario's dynamic and evolving capital markets, which are impacted by changing investor behaviour and demographics, technological innovation, and international issues such as climate change. As these markets are part of the interconnected global financial system, the OSC must remain informed about trends and emerging issues that could impact the markets or the OSC's regulatory approach, priorities, and resources.

Success measures

- Publish a horizon scan report that will support OSC priority setting

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Strengthen the framework for identifying and monitoring trends and emerging regulatory issues that may impact future OSC priorities</p>		<p>In Progress: Staff are continuing to investigate tools and processes that can facilitate the ongoing identification and monitoring of market developments.</p> <p>On hold: Staff are refining their approach to monitoring emerging regulatory issues. Publication of a horizon scan report has been deferred while work continues to examine the drivers of change in capital markets and the potential associated implications for the OSC.</p>

Priority 2.5


Continue to Enhance Systemic Risk Oversight




Why it's important


Appropriate safeguards are necessary for investors and other market participants to participate confidently in Ontario's capital markets and to allow the market to flourish. Enhanced data and analytical tools are essential for the OSC to identify and monitor systemic risks and foster financial stability.

Success measures

- Business Conduct Rule in place establishing fundamental obligations for OTC derivatives dealers and advisers.
- Successful completion of Phase 1 of the Derivatives Data Warehouse Project, i.e., creation of a system that ingests and amalgamates credit derivatives data for each trade repository, so that the data can be easily used for analysis and to generate reports, to support risk identification and risk-based compliance programs.
- Publish summary statistics and research using data collected via the investment funds survey.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Subject to Ministerial approval, finalize the proposed Derivatives Dealer Business Conduct Rule, including amendments to the proposed rule that, limit the scope of the rule to where the impact is greatest and specify which jurisdictions will be granted equivalency		<p>Ongoing/delayed: On January 20, 2022, published CSA Notice and Third Request for Comment – Proposed National Instrument 93-101 Derivatives: Business Conduct, Proposed Companion Policy 93-101CP Derivatives: Business Conduct which proposes a business conduct regime for regulating dealers and advisers in the over-the-counter (OTC) derivatives market in Canada. The CSA has completed its review of the comments received and is finalizing amendments to the rule. Final publication is expected to occur in the first quarter of fiscal 2024.</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Finalize amendments to the Clearing Rule to further clarify which entities and products are subject to the rule		Completed: Following the publication of the final amendments by the CSA on January 27, 2022, all amendments became effective on September 1, 2022
Finalize amendments to the Derivatives Trade Reporting Rule to reflect changes to internationally adopted data standards for derivatives trade reporting		<p>Completed: On June 9, 2022, published for comment Proposed Amendments to OSC Rule 91-507 Trade Repositories and Derivatives Data Reporting and Proposed Changes to OSC Companion Policy 91-507CP and Proposed Changes to OSC Companion Policy 91-506CP to streamline and harmonize derivatives data reporting standards internationally.</p> <p>On November 10, 2022, published CSA Staff Notice 96-303 Derivatives Data Reporting Transition Guidance to provide guidance to derivatives market participants in light of changes to swap data reporting rules that the Commodity Futures Trading Commission implemented on December 2, 2022</p> <p>In Progress: The CSA is reviewing comments received on the proposed amendments to the Derivatives Trade Reporting Rule published on June 9, 2022. Final publication is expected to occur in the third quarter of fiscal 2024.</p>
Design a framework for collecting and analyzing data relating to OTC derivatives, the ultimate goal of which is a data warehouse that fully integrates data for all derivative products traded in Ontario		<p>Completed: The database for storing and organizing credit derivative data was completed, allowing the OSC to view this information in near real-time. This data helps support the OSC's efforts toward systemic risk monitoring, compliance reviews and market surveillance activities.</p> <p>In Progress: The OSC is continuing to work on building databases to store and organize other types of OTC derivative transactions including interest rates, foreign currency, equity and commodities</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<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>		<p>Completed: The annual investment fund survey was sent out in January 2022 to more than 400 investment fund managers registered in Ontario, collecting data from approximately 5,700 prospectus-qualified and exempt investment funds for the period ending December 31, 2021. The results of the 2022 survey were published on the OSC website as aggregated data and summary charts.</p> <p>The survey results provide important input to OSC oversight activities and contribute to cross-agency financial stability analysis and information sharing, such as with the IOSCO and the Financial Stability Board (FSB).</p> <p>In Progress: The next iteration of the investment fund survey was sent to investment fund managers in January 2023 and seeks to collect information for the period ending December 31, 2022</p>

Priority 2.6



Clarify the Importance to be Given to Each of our Mandates, Including Fostering Capital Formation and Competitive Markets, in Regulatory Actions

Why it's important

In 2022, the OSC adopted an expanded mandate to reflect the importance of regulation that promotes competitive markets and capital formation as well as protecting investors, fostering fair and efficient markets, and contributing to the stability of the financial system. Supporting vibrant capital markets that contribute to the growth and prosperity of Ontario businesses and facilitate wealth creation for the people of Ontario has always been at the core of the OSC's mission.

Success measures

- Rigorous staff approach to balancing the importance to be given to each statutory mandate, including our new mandates, in its work.
- Enhanced understanding among stakeholders about how the OSC balances each of the mandates in its work.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Identify areas of the OSC's work that may be impacted by the new elements of our mandate		In Progress: OSC staff continually assess how policy and operational activities are linked to and informed by the organization's mandate as laid out in the <i>Securities Act</i> , including the newer elements of fostering competitive markets and capital formation.
Being open and transparent regarding how we balance the importance to be given to each of our mandates, including our new mandates, in our work and regulatory decision-making		In Progress: There are ongoing internal efforts to ensure staff members are familiar with integrating the newer mandate elements into the OSC's policy and operational work. The outcomes of this will continue to be reflected in the OSC's publications and activities.

GOAL 3

Facilitate financial innovation

Priority 3.1



Engage with Novel Businesses and Support Innovation in our Capital Markets



Why it's important



Innovation presents opportunities for both businesses and investors in Ontario's capital markets. Through its support for innovation, the OSC seeks to position Ontario as a globally competitive and efficient capital markets regulatory system that helps innovative businesses succeed and attracts investments from around the world. The OSC engages with novel and innovative businesses to provide direct support and obtain input that informs the OSC's efforts to modernize regulation, reduce burden, and foster capital formation and economic growth in Ontario's capital markets.

Success measures

- Positive feedback from stakeholders regarding Innovation Office Beta Directory, guidance issued, surveys conducted, and support provided to innovative businesses.
- Explore the adoption of new technologies that facilitate innovation and support better investor outcomes.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Identify, understand, and facilitate emerging business models, services and products that benefit investors and our capital markets and help modernize regulation and foster innovation in Ontario's capital markets</p>		<p>Completed: The OSC received requests for support and provided direct support to novel businesses as part of the OSC LaunchPad program. Examples of support provided this year include granting exemptive relief, offering informal guidance on regulatory requirements, and providing access to the Innovation Office Directory, which connects businesses with external firms for various consulting services and advice. Refer to priority 3.2 for more information on OSC TestLab, the OSC's new capital markets testing program.</p> <p>In Progress: OSC LaunchPad and OSC TestLab continue to 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>In addition, the OSC Innovation Office is a member of the IOSCO FinTech Task Force developing and implementing IOSCO's regulatory agenda for broader Fintech-related trends and innovations. The Innovation Office actively contributes to responsible innovation through international standard setting in the Crypto and Digital Assets and Decentralised Finance working groups. Both working groups aim to publish consultation reports as well as final recommendations and guidance in fiscal 2024.</p>
<p>Assess the effectiveness of the Innovation Office Beta Directory in meeting the needs of eligible firms in the LaunchPad program and consider further enhancements to this resource</p>		<p>Ongoing/delayed: The OSC continues to provide eligible OSC LaunchPad applicants access to the Innovation Office Directory, which connects businesses with external firms that have agreed to provide two hours of pro bono consultation for legal, financial, and other business advice. A formal assessment of the Directory has been delayed to fiscal 2024 to align resources to support the assessment.</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Leverage research and increase engagement with stakeholders in the innovation ecosystem to help promote innovation and capital formation in our markets</p>		<p>Completed: The OSC engages with stakeholders through both general and targeted outreach to build relationships within Canada’s innovation community and establish strategic partnerships to help us deliver on our mandate. During the fiscal year, this included: attending and speaking at conferences, delivering informational presentations on the Innovation office, and hosting our first in-person event, TestLab Talks, which brought together representatives from the firms participating in OSC TestLab and staff from the OSC to discuss RegTech innovation and solutions.</p> <p>In addition to ongoing outreach within Ontario’s innovation ecosystem, the OSC continued to build strategic relationships with regulatory partners within and outside Canada including through the IOSCO Fintech Task Force, the Global Financial Innovation Network, and the Financial Industry Forum on Artificial Intelligence (FIFAI).</p> <p>In Progress: The OSC is engaging in research related to our mandate to promote innovation and modernize regulation in Ontario’s capital markets. This fiscal year, the Innovation Office initiated formal research projects on capital formation for start-ups and small and medium-sized enterprises in Ontario and the use of artificial intelligence by capital market participants. It is anticipated that insights from this research will be ready to share with stakeholders in fiscal 2024.</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>In Progress: The OSC continues to actively engage within the CSA Sandbox Steering Committee, including participating in groups to evaluate opportunities for novel businesses and trends.</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Identify opportunities and new ways to share data (e.g., through APIs or sharing of data sets)		<p>In Progress: The Innovation Office is exploring opportunities to make Ontario securities regulation machine-readable and increase its accessibility to market participants. Stakeholders will be engaged for their input in fiscal 2024.</p>
Consider how an open data framework could be applied to Ontario’s capital markets		<p>In Progress: The OSC continues to monitor initiatives both within Canada and internationally around open data, open banking and open finance; this includes Canada’s Open Banking initiative and Ontario’s Digital Identity initiative. In particular, the Innovation Office is considering the intersection between Open Finance (a system where individuals and companies can freely share their personal information between financial institutions and third-party service providers) and artificial intelligence.</p> <p>Among other activities, the Innovation Office participates in FIFAI, an interdisciplinary working group to discuss current and forward-looking risks, challenges, and opportunities arising from the use of AI in the financial industry throughout Canada, including on the availability of data to train algorithms.</p>

Priority 3.2


Continue Building OSC TestLab




Why it's important

OSC TestLab is a group testing environment for capital market innovations, enabling market participants and the OSC to experiment, learn, and improve, together. Embodying our proactive approach to regulation, TestLab is a forum for market participants and the OSC to explore new and better ways of doing things by enabling solutions that drive efficiency, quality, and opportunity in our capital markets to benefit Ontario's businesses and investors.

Success measures

- Increase awareness of OSC TestLab.
- Conduct research and obtain stakeholder feedback to inform future TestLab test themes.
- Design and implement new tools to support emerging trends and benefit capital market participants

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Promoting and continuing to develop OSC TestLab, sharing insights gained from the first testing cohort</p>		<p>Completed: This fiscal year, the OSC Innovation Office completed TestLab 2022, the first cohort of the OSC's new capital markets testing environment. TestLab 2022 explored the potential of RegTech to make product information more accessible, improve information sharing and enhance registrant-client interactions. The OSC worked closely with the seven selected firms including offering detailed feedback on testing plans, providing guidance on regulatory requirements and sharing input on the solutions that were tested.</p> <p>The OSC also hosted 'TestLab Talks,' a pilot event intended as a dialogue between the OSC and TestLab participating firms to discuss ways that the OSC and RegTech providers can better collaborate to support RegTech innovation and the adoption of beneficial RegTech solutions in capital markets. The event brought together over fifty regulatory experts, solution providers, and Innovation Office stakeholders and received overwhelmingly positive feedback.</p> <p>Subsequent Event: On May 16, 2023, the OSC published a report on TestLab 2022.</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Conducting research and consulting stakeholders to gather data, insights, and other potential areas of improvement in Ontario's capital markets to inform future testing cohort theme</p>		<p>In Progress: Refer to priority 3.1. Insights from the Innovation Office's upcoming research projects on artificial intelligence and capital formation for startups and small and medium-sized enterprises will inform future testing themes.</p>
<p>Seeking stakeholder feedback from target audience groups to more deeply understand the nature of existing challenges in capital markets which may inform direction of future testing themes</p>		<p>Completed: Engaged this year's TestLab participants to more deeply understand RegTech innovation and adoption challenges in Ontario's capital markets. The Innovation Office continued its targeted outreach within Ontario's innovation ecosystem, meeting with Innovation Hubs, accelerators, incubators, and academic institutions to better understand the unique perspectives of these organizations and their stakeholders and to explore opportunities for collaboration.</p> <p>In Progress: The TestLab report set for publication in the first quarter of fiscal 2024, will outline some of the RegTech challenges identified during TestLab 2022 and highlight steps that the Innovation Office will be taking as a result. As part of ongoing research into capital formation for startups and small and medium-sized enterprises, the Innovation Office procured a third-party vendor to directly engage Ontario startups and their investors to better understand early-stage capital raising in Ontario. Results from this research is anticipated to be shared in fiscal 2024</p>
<p>Designing and potentially implementing a new testing theme that is informed by the results of the research and stakeholder feedback received</p>		<p>In Progress: Refer to priority 3.1. Insights from the Innovation Office's upcoming research projects on artificial intelligence and capital formation for startups and small and medium-sized enterprises will inform future testing themes.</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. Implementing SEDAR+ is the next step in a comprehensive project to reduce the time and cost of regulatory compliance.

Success measures

- SEDAR+ is launched as an 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 and provides a platform for conducting research into Canadian markets

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Continue to participate with the CSA to develop SEDAR+ and MAP systems that meet the needs of internal and external stakeholders		<p>In Progress: The OSC continues to participate with the CSA in developing SEDAR+ and market analysis platform (MAP) systems.</p> <p>Subsequent Event: The planned launch of the first phase of SEDAR+ has been delayed from June to July 2023.</p>
Work with other CSA jurisdictions to complete a controlled transition to the new system for market participants and internal users		<p>In Progress: Comprehensive onboarding and communication plans and strategies were developed by the CSA with input from the OSC. Change management programs are being developed to help OSC staff transition to the updated internal systems and processes.</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Work with the CSA to complete development of CSA Systems Fee Rule in time for Phase 1 launch of SEDAR+</p>		<p>Completed: The amended National Instrument 13-102 System Fees was drafted and delivered for Ministerial approval on March 22, 2023.</p> <p>Subsequent Event: Having received ministerial approval, the rule will come into force on June 9, 2023.</p>

Priority 4.2


Continue Technology Modernization, Digital Transformation and Data and Analytics Enablement at the OSC




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 improves efficiency and streamlines operations. Modernizing the OSC technology platform will enhance our internal operations and better serve those who are subject to regulation. The program will also improve access to data and information, allowing for better identification of trends and risks to support analysis and decision-making.

Success measures

- Increased efficiency of internal regulatory operations and corporate services supported by interoperable modern platforms, tools, technologies and streamlined processes.
- Accelerated transition from stand-alone, legacy systems to modern integrated enterprise platforms.
- Improved insights, efficient information sharing and increased collaboration between branches and with industry stakeholders, enabling data driven policy development and decision making.
- Digital-first culture leading to modern workplace and future proofing.

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Continue implementing OSC's platforms strategy, including rollout of an Enterprise Resource Planning (ERP) solution, expansion of cloud-based, integrated regulatory case management and workflows platform, automation of manual tasks using robotic process automation technology and employee enablement through various modern tools and technologies</p>		<p>Completed: This year, the OSC advanced on several key milestones related to its Digital and Data Platforms Strategy, including:</p> <ul style="list-style-type: none"> ■ Implementing a cloud-based, integrated regulatory case management and workflows platform across various branches of the OSC. ■ Expanding robotic process automation to assist in a number of manual tasks. As of year-end, the platform has successfully completed over 3,000 transactions, saving staff over 2,100 hours of time. ■ Initiating a project to replace OSC's legacy electronic forms with a modern portal that integrates with the new case management platform and is compliant with the Accessibility for Ontarians with Disabilities Act. ■ Selecting a technology platform and vendor for the new ERP solution. <p>In Progress: As part of this multi-year initiative, the OSC continues to advance digital transformation in line with its Digital and Data Platforms strategy.</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Implement the Enterprise Data Analytics & Reporting Platform – a unified, scalable, secure, and governed platform offering enterprise data, analytics and reporting capabilities across the OSC</p>		<p>Completed: Rolled out the Enterprise Data Analytics & Reporting platform (eDARP) where datasets (internal and external) can be ingested, cleansed, and enriched; advanced analytics can be performed; and reports can be built and shared across authorized parties. A number of branch datasets were incorporated within eDARP and a data visualization/reporting software was rolled out organization-wide.</p> <p>In Progress: Efforts are ongoing to further integrate and expand eDARP across the OSC.</p>
<p>Build skill sets and facilitate the cultural changes required for the organization to adapt and transformation for the digital age</p>		<p>Completed: Provided targeted staff training aligned with the rollout of new capabilities and features on digital and data platforms, such as the new regulatory case management platform and the eDARP platform. Also provided widespread staff training on the data visualization/reporting software rolled out across the OSC.</p> <p>In Progress: Staff training, demos, and discussion forums are ongoing to facilitate the cultural changes required to fully realize digital transformation.</p>
<p>Continue to support legacy applications and implement modifications and enhancements required on the OSC local systems and related processes, workflows, and policies to ensure they are aligned with Phase 1 of SEDAR+ when it is launched</p>		<p>Completed: A first dry run of SEDAR+ was completed successfully at the beginning of this calendar year.</p> <p>In Progress: The OSC is working on completing the remaining system integration testing, user acceptance testing, and operational readiness milestones for the eight impacted OSC local systems. Efforts are on track and aligned with the Phase 1 launch of SEDAR+ in June 2023.</p> <p>Subsequent Event: The planned launch of the first phase of SEDAR+ has been delayed from June to July 2023.</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Continue to execute on the IT resiliency, IT lifecycle management platform currency and Information Security programs</p>		<p>Completed: Rolled.</p> <ul style="list-style-type: none"> ■ Updated technology and equipment across the organization including new OSC laptops, phones, and tablets for all staff, and enabled office meeting rooms with videoconferencing capabilities. ■ Implemented a unified system for managing the lifecycle of IT assets. ■ Migrated to a new cloud computing platform for data storage and transformation. ■ Introduced a monthly vulnerability assessment process, reducing the number of vulnerabilities over thirty days old. <p>In Progress: The OSC is procuring a new IT backup solution to consolidate on-premise and cloud technologies onto one platform</p>

Priority 4.3


Foster/Improve Inclusion, Equity and Diversity




Why it's important


Creating an employee experience that is diverse, equitable, and inclusive through cultural awareness, understanding and empathy will improve recruitment and retention at the OSC and continue our progress towards becoming an organization where all employees feel safe, respected, and connected. Employees are stronger together, and when they see themselves reflected in an organization, everyone can contribute. We continue to strengthen the OSC's inclusive and accountable culture by celebrating and recognizing our employees' uniqueness and individuality.

Success measures

- Updated and introduced new policies and practices that are equitable and inclusive for all employees, including regarding recruitment, talent development, secondment, promotion, code of conduct, and respectful workplace.
- Increased understanding leading to individual and organizational change in practices and behaviours to support equity and inclusion.
- A workplace where employees experience inclusion and psychological safety.
- Achieve the goals and targets set out in the BNI CEO pledge.
- Inclusion and Diversity policies and an OSC culture that reflect the spirit of reconciliation, and greater engagement with and integration of ideas from Indigenous communities

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Continue to implement the OSC Inclusion and Diversity Strategy to remove barriers to inclusion at the OSC, and to achieve equitable opportunities and a consistent employee experience for all, including women, Indigenous peoples, Black, Asian, and other racialized communities, members of the LGBTQ2+ community and persons with disabilities		<p>Completed: Conducted an organization-wide demographic census to gain valuable insights in creating authentic spaces and programs that support the well-being and success of all employees. The statistics gathered from this year's census were used to update the inclusion and diversity action plan for 2023 and onwards and develop an inclusion and diversity dashboard.</p> <p>In Progress: The insights of the above-mentioned dashboard and census will help in guiding evidenced-based strategies for improving inclusion and diversity and strengthening programs to ensure they are designed in a way that is equitable and inclusive to meet each employee's needs, such as disabilities, and religious and cultural differences.</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
<p>Provide and promote opportunities for learning and dialogue to develop a better understanding of bias, racism, and barriers to inclusion</p>		<p>Completed: : Introduced a dates of significance program to celebrate and create awareness around different cultures, religious holidays, and other observances. These dates were added to all employee calendars for consideration when scheduling meetings and events.</p> <p>Released several internal guides and training modules throughout the year, with topics including enabling inclusivity in meetings and other workplace situations, supporting employees during times of tragedy and addressing unconscious bias.</p> <p>In Progress: A multi-year learning strategy is in progress that includes creating awareness around inclusion, diversity, equity, and accessibility on topics such as unconscious bias, microaggressions, how to be an ally, and neurodiversity.</p>
<p>Take actions outlined in the BlackNorth Initiative (BNI) CEO pledge</p>		<p>Completed: The OSC hired 9.4% of this year’s student employees from the Black community, successfully surpassing its target of 5% committed through the BNI CEO Pledge.</p> <p>In Progress: The multi-year talent acquisition and retention strategy is ongoing and includes engaging with external partners to source diverse talent and engage in targeted outreach..</p>
<p>Continue with steps towards Truth and Reconciliation Call to Action 57 (Professional Development and Training for Public Servants) and Call to Action 92 (Business and Reconciliation)</p>		<p>In Progress: The OSC is continuing with steps towards Truth and Reconciliation Call to Action 57 and Call to Action 92.</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Work with Indigenous communities on reconciliation		<p>Completed: Participation in the OSC Indigenous Workstream doubled this year and now includes some Indigenous-identifying employees. The following key activities were supported by the Workstream throughout the year:</p> <ul style="list-style-type: none"> ■ Hosted two OSC-wide learning sessions with representatives of leading Indigenous groups, including a session related to the National Day for Truth and Reconciliation on September 30, 2022. ■ Hired an Indigenous engagement consulting expert, Creative Fire, to assist with developing an Action Plan for Truth and Reconciliation. The action plan was drafted in April 2023. ■ Facilitated Indigenous cultural awareness training for members of the executive management team and the Board. ■ Hosted one external and several internal focus groups, including with senior executives and the Board, to explore potential commitments in line with the Action Plan for Truth and Reconciliation. <p>In Progress: The OSC continues to engage with Indigenous partners to advance the work outlined in our Action Plan for Truth and Reconciliation.</p>

Priority 4.4




Implement Hybrid Work Model


Why it's important

As the world adapts to living with COVID-19, businesses are adjusting to a new work reality and moving away from predominantly remote work. Building a hybrid workplace that balances providing flexible work arrangements for employees with maintaining alignment with the industries in which we operate is essential for maintaining effective regulatory and business operations.

Success measures

- Updated policies, practices, and tools address employment practices in a hybrid workplace and flexible work arrangements.
- Alignment of office space design with effective hybrid work practices

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Establish and adjust work policies and practices to support a hybrid workforce, contributing to collaboration and organizational culture in a hybrid workplace model		<p>Completed: To support the transition to a hybrid workforce, the organization delivered targeted support to managers and employees throughout the year via information sessions, online resources, and regular updates via internal newsletter and intranet pages.</p> <p>OSC employees were surveyed on how to achieve successful hybrid work. Findings were used to develop hybrid work requirements.</p> <p>In Progress: The OSC continues to provide information and support to managers and employees to facilitate implementation of the new hybrid work framework.</p>
Develop policies and practices that support flexibility in hours and place of work		<p>Completed: An updated framework outlining requirements and practices to support hybrid work for fiscal 2024 was developed with an implementation date of May 1, 2023.</p>
Implement physical space design features to ensure employee health and safety, and to support a hybrid workplace		<p>Completed: The OSC introduced various workspace changes to facilitate and reflect the usage needs of the hybrid work environment.</p>

PLANNED ACTIONS	INDICATOR	PROGRESS/OUTCOMES/ACCOMPLISHMENTS
Implement a digital solution to support the hybrid workplace plan		<p>Completed: Implemented an office management software solution that supports the organization’s ability to quickly identify staff onsite in an emergency and provides data for planning the future hybrid workplace.</p>

2022–2023 Service Standard Results

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. The OSC publishes a [quarterly report](#) to provide timely updates to stakeholders on our performance against these targets.

Performance Measurement

Each service standard has a corresponding **performance target** that represents our commitment to the service level that stakeholders can expect when interacting with the OSC. The performance target generally applies for 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 on a quarterly basis for greater transparency.

Important Note

This report covers the service standard results for Fiscal 2022-2023. Q1 results onwards are reflective of extensions to some standards [announced](#) by the OSC on December 7, 2021. These service extensions were introduced in response to a significant and persistent increase in the volume and complexity of certain applications and filings. As of Q2, beginning July 1, 2022, the results reflect updates from the OSC's [annual service commitment review](#).

During the fiscal year, some service standards, including the service extensions introduced on December 7, 2021, were updated mid-year in response to changing market conditions.²¹ Concurrently, some service extensions remained effective for the entirety of the year.²² In this year-end reporting, we have marked any instances where service standards were changed during the fiscal year. For standards that experienced changes, we have differentiated the service timelines and targets applicable for each quarter. Performance results are measured quarterly and against the timelines and targets applicable at the time.

²¹ Service extensions from December 7, 2021, were updated mid-year for prospectus standards 3.1, 3.2, 3.6, and 3.9. Specifically, standard 3.9 was updated effective July 1, 2022, and standards 3.1, 3.2 and 3.6 were updated effective January 9, 2023. See the associated [press release](#) for more information.

²² Service extensions from December 7, 2021, remained effective throughout the year for the following service standards: exemption applications (4.1 and 4.2), circulars filings (5.1, 5.3 and 5.5), registrations filings (6.2, 6.3, 6.4 and 6.5) and registrant compliance reviews (7.5).

2022–2023 Summary

The OSC staff continued to deliver a high level of service to our stakeholders. For the 2022–2023 fiscal year, the OSC met 93%²³ of its quarterly performance targets for services requested.

1.0 General Questions and Complaints

Service	Target	Q1	Q2	Q3	Q4
1.1 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>	95%	98%	96%	96%	95%
1.2 Answer telephone calls received at the OSC Inquiries and Contact Centre <i>within 60 seconds</i>	80%	86%	88%	81%	80%
1.3 Respond to written inquires or complaints about routine matters received by e-mail, mail, fax, or online form <i>within applicable service timelines</i> <i>Note: this standard was changed during the fiscal year. Applicable service timelines and targets are shown by quarter. Performance results are measured against the timelines and targets applicable at the time.</i>	Result	90% ²⁴	97%	98%	97%
	Service Timeline	3 working days	5 working days	5 working days	5 working days
	Target	95%	95%	95%	95%

2.0 Investing and Personal Finance Questions

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

²³ This includes 149 out of 161 quarterly results where the performance result was met in comparison to the performance target.

²⁴ The OSC Inquiries and Contact Centre continued to receive a high volume of written inquiries and complaints in Q1 2022-23 that along with ongoing staffing challenges and the integration of a new tracking system, impacted the ability to meet the service standard during this quarter.

3.0 Prospectus Filings with the OSC ²⁵

Service	Target	Q1	Q2	Q3	Q4
Prospectus Filings					
For preliminary or pro forma prospectuses					
<p>3.1 Provide a first comment letter for long form prospectus or simplified prospectus <i>within applicable service timelines</i> from the date of the preliminary receipt (for preliminary filings) or acknowledgement of receipt (confidential prospectus pre-file) and related materials in acceptable form</p> <p><i>Note: this standard was changed during the fiscal year. Applicable service timelines and targets are shown by quarter. Performance results are measured against the timelines and targets applicable at the time</i></p>	Result	100%	100%	100%	100%
	Service Timeline	15 working days	15 working days	15 working days	10 working days
	Target	80%	85%	85%	80%
<p>3.2 Reporting for this service standard is considered in two parts: bought deals, and all other short form or shelf prospectus.</p>					
<p>Part 1: Except for bought deals, provide a first comment letter for short form prospectus or shelf prospectus <i>within applicable service timelines</i> from the date of the preliminary receipt and related materials in acceptable form</p> <p><i>Note: this standard was changed during the fiscal year. Applicable service timelines and targets are shown by quarter. Performance results are measured against the timelines and targets applicable at the time</i></p>	Result	100%	100%	100%	100%
	Service Timeline	5 working days	5 working days	5 working days	3 working days
	Target	80%	90%	90%	80%
<p>Part 2: 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</p>	80%	100%	100%	100%	100%
<p>3.3 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>	80%	100%	93%	95%	96%
<p>3.4 Issue receipt by <i>end of the same working day</i> for final prospectus materials filed in acceptable form by noon EST</p>	100%	100%	100%	100%	100%

²⁵ Prospectus filing results typically include those reviewed by Corporate Finance and Investment Funds and Structured Products.

Service	Target	Q1	Q2	Q3	Q4
Prospectus Amendments					
Filing a preliminary prospectus amendment <i>before</i> the OSC issues a comment letter					
<p>3.5 Issue a comment letter for long form prospectus or simplified prospectus on the later of the date that is 5 working days after the date of the receipt for the preliminary prospectus amendment and the original due date for the comment letter</p> <p><i>Note: this standard was changed during the fiscal year. Applicable service timelines and targets are shown by quarter. Performance results are measured against the timelines and targets applicable at the time.</i></p>	Result	100%	100%	100%	100%
	Service Timeline	5 working days	5 working days	5 working days	5 working days
	Target	80%	90%	90%	90%
<p>3.6 Reporting for this service standard is considered in two parts: bought deals, and all other short form or shelf prospectus.</p>					
<p>Part 1: Except for bought deals, issue a comment letter for short form prospectus or shelf prospectus <i>within applicable service timelines</i> from the date of the receipt for the preliminary prospectus amendment and the original due date for the comment letter</p> <p><i>Note: this standard was changed during the fiscal year. Applicable service timelines and targets are shown by quarter. Performance results are measured against the timelines and targets applicable at the time.</i></p>	Result	100%	100%	100%	100%
	Service Timeline	5 working days	5 working days	5 working days	3 working days
	Target	80%	80%	80%	80%
<p>Part 2: 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</p>	80%	Nil applicable filings	Nil applicable filings	Nil applicable filings	Nil applicable filings

Service	Target	Q1	Q2	Q3	Q4
Prospectus Amendments					
Filing an amendment to a prospectus after a final receipt has been issued by the OSC					
3.7 Issue a comment letter for long form prospectus or simplified prospectus <i>within applicable service timelines</i> after the date that related materials are received in acceptable form <i>Note: this standard was changed during the fiscal year. Applicable service timelines and targets are shown by quarter. Performance results are measured against the timelines and targets applicable at the time.</i>	Result	100%	100%	100%	100%
	Service Timeline	3 working days	5 working days	5 working days	5 working days
	Target	80%	85%	85%	85%
3.8 Issue a comment letter for short form prospectus or shelf prospectus <i>within applicable service timelines</i> after the date that related materials are received in acceptable form <i>Note: this standard was changed during the fiscal year. Applicable service timelines and targets are shown by quarter. Performance results are measured against the timelines and targets applicable at the time.</i>	Result	100%	100%	100%	Nil Applicable Filings
	Service Timeline	2 working days	5 working days	5 working days	5 working days
	Target	80%	85%	85%	85%
Prospectus Amendments					
Providing our decision on amendment filings					
3.9 Complete our review for routine offerings <i>within applicable service timelines</i> from the issuance of a receipt (for preliminary filings) and receipt of related materials in acceptable form <i>Note: this standard was changed during the fiscal year. Applicable service timelines and targets are shown by quarter. Performance results are measured against the timelines and targets applicable at the time.</i>	Result	100%	100%	100%	100%
	Service Timeline	45 working days	40 working days	40 working days	40 working days
	Target	80%	85%	85%	85%

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

Service	Target	Q1	Q2	Q3	Q4
Exemption Applications					
4.1 Issue first comment letters <i>within 15 working days</i> of receiving a complete and adequate application in acceptable form ²⁶ <i>Note: this standard was changed during the fiscal year. Applicable service timelines and targets are shown by quarter. Performance results are measured against the timelines and targets applicable at the time.</i>	Result	100%	94%	95%	97%
	Service Timeline	15 working days	15 working days	15 working days	15 working days
	Target	80%	85%	85%	85%
4.2 Provide a decision on requests for routine exemptive relief <i>within 45 working days</i> of receiving a complete and adequate application ²⁷	80%	95%	88%	85%	98%
Application for recognition/designation, and exemption from recognition²⁸					
4.3 Issue first comment letters for routine items <i>within 20 working days</i> of receiving a complete and adequate application in acceptable form	80%	100%	Nil Applicable Reviews	100%	100%
4.4 Complete our review for routine items <i>within 6-9 months</i> from receipt of a final application	80%	100%	Nil Applicable Reviews	0% ²⁹	100%

²⁶ Results include those reviewed by 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.

²⁷ Results include those reviewed by OSC branches including CF, OMA, MR, DER, CRR, and IFSP.

²⁸ Recognition/designation and exemption from recognition application results include those reviewed by the Market Regulation branch only.

²⁹ Typically, only a small number of applications are applicable to this service standard. In Q3 2022-2023, the target was not met due to delays in the filing process.

5.0 Circular Filings with the OSC

Service	Target	Q1	Q2	Q3	Q4
Management Information Circulars (Conflict of Interest Transactions)					
5.1 Provide comments, if applicable, <i>within 5 working days</i> from the date of filing of the circular	80%	100%	100%	100%	95%
5.2 Complete our review <i>within 14 working days</i> from the date of filing of the circular	80%	93%	92%	90%	95%
Take-over/Issuer Bid Circulars					
5.3 Provide comments, if applicable, <i>within 7 working days</i> from the date of filing of the circular	80%	100%	100%	86%	Nil Circulars Filed
5.4 Complete our review <i>within 21 working days</i> from the date of filing of the circular	80%	100%	100%	100%	Nil Circulars Filed
Dissident Proxy Circulars					
5.5 Provide comments, if applicable, <i>within 5 working days</i> from the date of filing of the circular	80%	Nil Circulars Filed	100%	Nil Circulars Filed	100%
5.6 Complete our review <i>within 14 working days</i> from the date of filing of the circular	80%	Nil Circulars Filed	100%	Nil Circulars Filed	100%

6.0 Registration Material Filings with the OSC

Service	Target	Q1	Q2	Q3	Q4
New Business Submissions					
6.1 Acknowledge applications <i>within 5 working days</i> after receipt	95%	100%	100%	100%	100%
6.2 Provide initial comments on firm registration applications <i>within 45 working days</i> of receiving a complete and adequate application in acceptable form	80%	100%	80%	100%	100%
6.3 Provide a decision on routine applications and notify you <i>within 120 working days</i> of receiving a complete and adequate application in acceptable form	80%	60% ³⁰	100%	80%	100%
Dealing Representatives					
6.4 Provide a decision on routine applications <i>within 10 working days</i> of receiving a complete and adequate application in acceptable form	80%	85%	60% ³¹	87%	26% ³²
Advising Representatives, Associate Advising Representatives, and CCOs					
6.5 Provide a decision on routine applications <i>within 30 working days</i> of receiving a complete and adequate application in acceptable form	80%	74% ³⁰	82%	77% ³¹	67% ³²
Notice of Termination					
6.6 Complete our acknowledgement of a notice of termination <i>within 24 hours</i> of receipt	100%	100%	100%	100%	100%

³⁰ Service standards 6.3 and 6.5 were not met in Q1 2022-2023 due to a combination of staffing challenges and a high volume of non-routine complex matters requiring staff time impacted the ability to meet this service standard in Q1 2022-2023.

³¹ This standard was not met due to a number of technical/system issues, ongoing staffing vacancies, and a significant increase in information updates from registrants as a result of the [amendments](#) to NI 33-109 – Registration Information, which came into force on June 6, 2022.

³² Service standards 6.4 and 6.5 were not met in Q4 2022-2023 due to ongoing staffing constraints, diverting resources to support post-implementation work for the New SRO, and high operational volumes. Volumes continue to be high as a result of an influx of individual applications and a sustained large number of registration information filings following [amendments](#) to NI 33-109 – Registration Information. The team is taking measures to mitigate these issues including recruiting new staff and exploring technology solutions to assist the review of routine information filings.

7.0 OSC Reviews

Service	Target	Q1	Q2	Q3	Q4
Continuous Disclosure Reviews (Full Reviews)³³					
7.1 Respond to issuer's correspondence <i>within 10 working days</i> of receipt	80%	80%	100%	100%	100%
7.2 Complete our review <i>within 120 days</i> from the issuance of our first comment letter	80%	100%	83%	100%	100%
Insider Reporting Reviews					
7.3 Respond to the issuer's correspondence <i>within 10 working days</i> of receipt	80%	100%	100%	100%	90%
7.4 Complete our review <i>within 120 days</i> from the issuance of our first comment letter	80%	100%	100%	100%	100%
Compliance Reviews – Registrants Risk-based assessment of the registrant's compliance with Ontario securities laws and commodity futures laws					
7.5 Complete our review and communicate our findings <i>within 12 weeks</i> of the initial meeting with the registrant (this excludes sweeps)	80%	71% ³⁴	67% ³⁵	100%	100%

³³ Service standards for full continuous disclosure reviews include those reviewed by Corporate Finance only.

³⁴ In Q1 2022-2023, staff efforts were refocused on addressing a priority request from the Minister of Finance and the completion of a compliance sweep. The reallocation of workloads and ongoing staffing vacancies created delays in registrant compliance reviews and resulted in this standard not being met.

³⁵ In Q2 2022-2023, a number of staff were deployed to address technical issues relating to the 2022 Risk Assessment Questionnaire which was sent to all registrants. The reallocation of workloads and ongoing staffing vacancies created delays in registrant compliance reviews and resulted in this standard not being met in Q2 2022-23.

8.0 Requesting OSC Records (Calling or Emailing Records and Information Management)³⁶

Service	Target	Q1	Q2	Q3	Q4
Requesting copies of company filings or Commission hearing materials³⁷					
8.1 Acknowledge receipt of your request <i>by the end of the next working day</i>	100%	100%	96% ³⁸	100%	100%
8.2 Complete requests <i>within 5 working days</i> <i>Note: this standard was changed during the fiscal year. Applicable service timelines and targets are shown by quarter. Performance results are measured against the timelines and targets applicable at the time.</i>	Result	100%	100%	94%	98%
	Service Timeline	5 working days	5 working days	5 working days	5 working days
	Target	100%	90%	90%	90%
Registrants requesting copies of their registration records and related forms					
8.3 Acknowledge receipt of your request <i>by the end of the next working day</i>	100%	100%	100%	100%	100%
8.4 Complete requests <i>within 5 working days</i> <i>Note: this standard was changed during the fiscal year. Applicable service timelines and targets are shown by quarter. Performance results are measured against the timelines and targets applicable at the time.</i>	Result	97% ³⁹	96%	100%	100%
	Service Timeline	5 working days	5 working days	5 working days	5 working days
	Target	100%	90%	90%	90%

³⁶ Includes calling or emailing OSC Records and Information Management.

³⁷ 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.

³⁸ The service standard was not met in Q2 2022-2023 due to receiving one email request with a misleading subject line; this resulted in an OSC acknowledgement being provided after the next working day from the time of receipt. The related request was serviced within the standard timeframe of five working days.

³⁹ In Q1 2022-2023 the service standard was not met due to one requestor broadening their search criteria after initial submission. This resulted in delays in receiving records from the off-site storage.

9.0 Requesting Support from OSC LaunchPad

Service	Target	Q1	Q2	Q3	Q4
9.1 Acknowledge your Request for Support (RFS) form <i>within 2 working days</i> of receipt	100%	100%	100%	100%	100%
9.2 Conduct our eligibility review and contact you <i>within 10 working days</i> of receipt of your RFS form	80%	100%	100%	100%	100%
9.3 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	80%	100%	100%	100%	100%
9.4 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	80%	100%	Nil applicable filings	100%	100%

Management's Discussion & Analysis



Management's Discussion and Analysis

This Management's Discussion and Analysis (MD&A) contains management's interpretation of the Ontario Securities Commission's (OSC) financial performance for the fiscal year that ended March 31, 2023. 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 2023 Financial Statements and related notes. Together, the MD&A and financial statements provide key information about the OSC's performance.

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Important information about this MD&A

- The information in this MD&A is prepared as of June 23, 2023.
- 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 2023 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.

Financial Highlights

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

Total excess of revenue over expenses in fiscal 2023 amounted to \$9.1 million as evidenced in the table below. Revenue totalled \$158.2 million, reflecting a decrease of \$2.5 million (1.5%) compared to the previous year.

The decline in revenue was driven primarily from reduced activity fees due to a decline in capital raising activities. The decline in activity fees were partially offset by an increase in interest income primarily due to higher interest rates on deposits held with financial institutions.

Expenses totalled \$149.1 million, reflecting an increase of \$12.5 million (9.2%) compared to the previous year primarily due to higher salaries and benefits and administrative expenses. We invested additional staff resources to support core

regulatory operations, adjust to structural changes following the *Securities Commission Act* proclamation, support emerging regulatory issues and derivatives oversight and deliver digital transformation initiatives. Higher administrative expenses are primarily due to cloud based technology solutions as part of our digital transformation journey.

The general surplus on March 31, 2023 was \$123.1 million, which increased by \$9.7 million from the previous year inclusive of other comprehensive income adjustments for pension liabilities. Surplus levels increased during the fiscal year as Ontario capital markets remained resilient and the OSC demonstrated a disciplined management of its budget. Surplus levels are continuously monitored

to ensure the OSC is keeping pace with growing and complex oversight needs, addressing inflationary pressures, and operating effectively during market downturns when revenues decline.

Total assets decreased by \$20.6 million while liabilities decreased by \$30.3 million. The decline in both assets and liabilities is primarily attributable to a decline in funds restricted for CSA systems operations and redevelopment and to a lesser extent, lower right of use assets and lease liabilities. The decrease in assets were partially offset by an increase in capital additions. The decrease in liabilities were partially offset by higher funds held pursuant to settlements and sanction orders.

Selected Annual Information

(Thousands of dollars)	2023 Actual	2022 Actual	2021 Actual
Revenue	\$ 158,197	\$ 160,652	\$ 138,434
Expenses	149,105	136,556	127,972
Excess of revenue over expenses	\$ 9,092	\$ 24,096	\$ 10,462
Property, plant, equipment and intangibles (additions)	\$ 10,825	\$ 9,989	\$ 3,810
Total assets*	\$ 456,051	\$ 476,689	\$ 460,293
Total liabilities*	\$ 312,963	\$ 343,310	\$ 351,312
General surplus	\$ 123,089	\$ 113,380	\$ 88,982

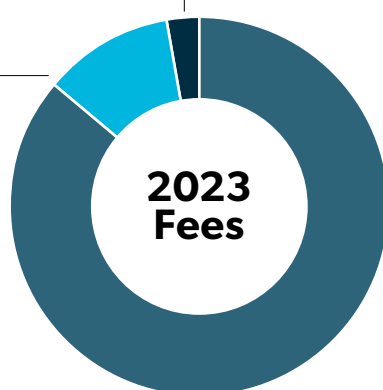
*Totals in 2023 includes \$235.7 million of restricted funds from settlements and sanction orders as well as funds collected by the CSA to operate and redevelop national systems (2022- \$261.3 million, 2021- \$267.6 million)

Revenue Analysis

2.7% Late Filing Fees

11.1% Activity Fees

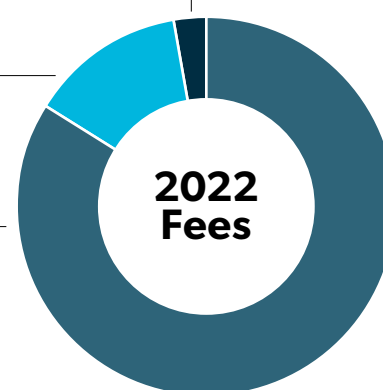
86.2% Participation Fees



2.6% Late Filing Fees

13.3% Activity Fees

84.1% Participation Fees

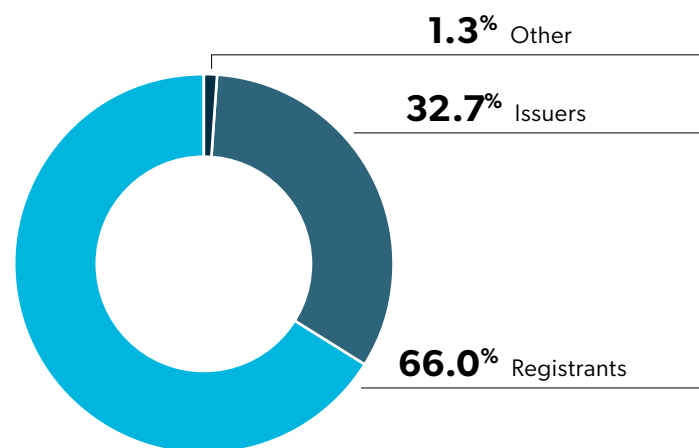


(Thousands of dollars)	2023 Actual	2023 Budget	2022 Actual	Variance Favourable/(Unfavourable)			
				Budget		Prior Year	
REVENUE				\$	%	\$	%
Participation fees	\$ 132,802	\$ 124,625	\$ 133,953	\$ 8,177	6.6%	\$ (1,151)	-0.9%
Activity fees	17,149	16,085	21,205	1,064	6.6%	(4,056)	-19.1%
Late filing fees	4,124	2,527	4,195	1,597	63.2%	(71)	-1.7%
Total fees	\$ 154,075	\$ 143,237	\$ 159,353	\$ 10,838	7.6%	\$(5,278)	-3.3%
Miscellaneous	\$ 638	\$ 809	\$ 662	\$ (171)	-21.1%	\$ (24)	-3.6%
Interest income	3,484	358	637	3,126	873.2%	2,847	446.9%
Total revenues	\$ 158,197	\$ 144,404	\$ 160,652	\$ 13,793	9.6%	\$(2,455)	-1.5%

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

Participation Fees

2023 Actual	\$132.8M
2023 Budget	\$124.6M
2022 Actual	\$134.0M

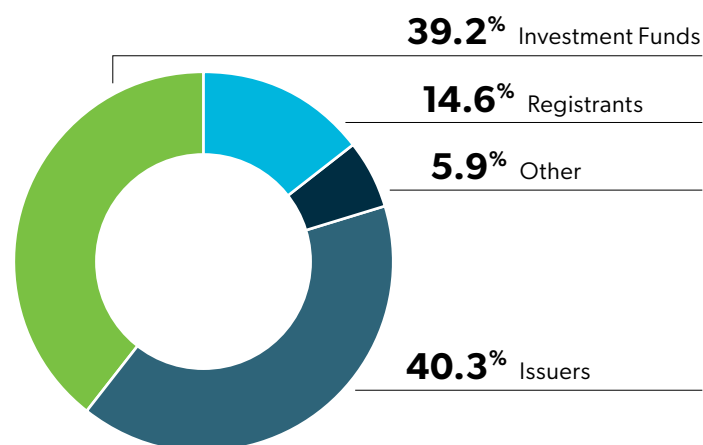


In 2023, participation fee revenues were \$1.2 million (0.9%) lower compared to 2022. The decrease is mainly from a decline in Ontario specified revenues from registrant firms and unregistered capital market participants as market participants transitioned to a lower participation fee tier.

Participation fee revenues were \$8.2 million (6.6%) higher in 2023 compared to budget, primarily from registrants and unregistered capital market participants, and issuer participation fees. The budget assumed a larger decline in participation fees than was experienced.

Activity Fees

2023 Actual	\$17.1M
2023 Budget	\$16.1M
2022 Actual	\$21.2M



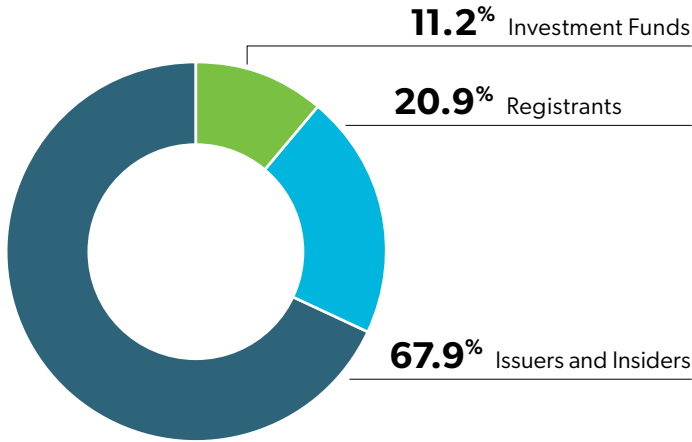
The majority of issuer activity fees are charged for services relating to securities offerings and applications, such as prospectus filings or exemptive relief applications from Ontario's *Securities Act* requirements. The majority of registrant activity fees are charged for services relating to registrations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

Activity fee revenues were \$4.1 million (19.1%) lower in 2023 compared to 2022 mainly as a result of a decrease in capital raising activities for issuers and investment funds.

Activity fees were \$1.1 million (6.6%) higher compared to budget as a result of a conservative budget assumption for capital raising activities by investment funds.

Late Fees

2023 Actual	\$4.1M
2023 Budget	\$2.5M
2022 Actual	\$4.2M



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 in 2023 were comparable to 2022, and \$1.6 million (63.2%) higher compared to budget mainly due to higher volumes of late filings of annual financial statements and insider securities reports.

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, considering 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 in OSC Rules 13-502 *Fees* and 13-503 *Commodity Futures Act Fees* (under "Fee Rules").

The Minister of Finance approved amendments to the Fee Rules effective April 3, 2023. The amendments include new fees for over-the-counter (OTC) derivatives market participants to fund the expansion of OTC derivatives regulatory oversight capabilities while reducing fees for other payers as we re-calibrate fees to reflect a

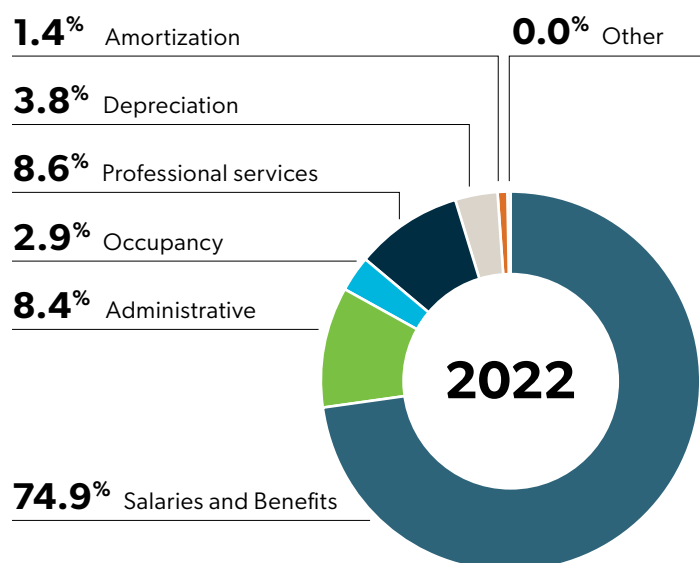
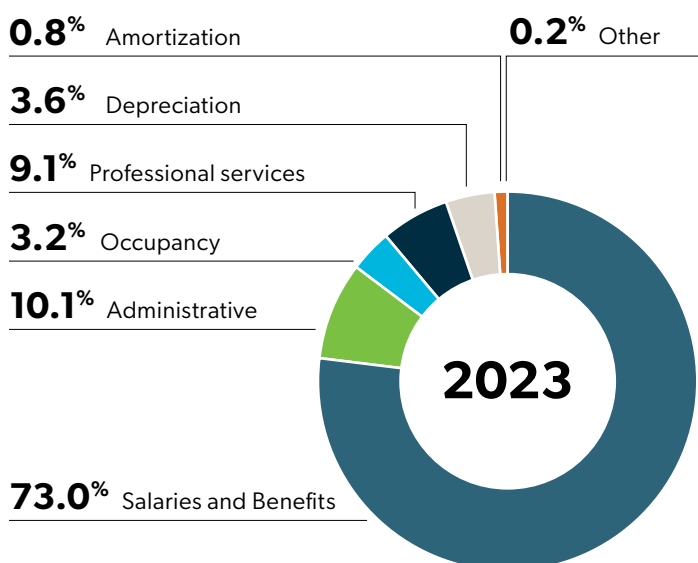
proportionate allocation of costs against the sectors we regulate. The amendments are expected to generate efficiencies for most market participants by eliminating a number of activity and late fees without compromising investor protection.

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, Ontario-specified revenues for registrants and unregistered capital market participants, and as of April 3, 2023 for OTC derivatives market participants, are based on the average outstanding quarterly notional value of all their transactions. 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 such as 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.

Expenses Analysis



(Thousands of dollars)	2023 Actual	2023 Budget	2022 Actual	Variance Favourable/(Unfavourable)			
				Budget		Prior Year	
				\$	%	\$	%
EXPENSES							
Salaries and benefits	\$ 111,768	\$ 113,925	\$ 103,682	\$ 2,157	1.9%	\$ (8,086)	-7.8%
Administrative	15,444	16,908	11,644	1,464	8.7%	(3,800)	-32.6%
Professional services	13,859	15,543	11,825	1,684	10.8%	(2,034)	-17.2%
Depreciation	5,446	6,193	5,277	747	12.1%	(169)	-3.2%
Occupancy	4,924	5,700	3,978	776	13.6%	(946)	-23.8%
Amortization	1,218	1,695	1,985	477	28.1%	767	38.6%
Other	374	678	28	304	44.8%	(346)	-1,235.7%
Total expenses (before recoveries and finance costs)	\$ 153,033	\$ 160,642	\$ 138,419	\$ 7,609	4.7%	\$ (14,614)	-10.6%
Finance costs	\$ 1,672	\$ 1,749	\$ 1,826	\$ 77	44%	\$ 154	8.4%
Recoveries of enforcement costs	(451)	(1,000)	(341)	(549)	-54.9%	110	32.3%
Recoveries of investor education and knowledge enhancement costs	(5,149)	(5,495)	(3,348)	(346)	-6.3%	1,801	53.8%
Total expenses	\$ 149,105	\$ 155,896	\$ 136,556	\$ 6,791	4.4%	\$ (12,549)	-9.2%

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

2023 Actual	\$111.8M
2023 Budget	\$113.9M
2022 Actual	\$103.7M

The OSC's largest cost is salaries and benefits, representing 73.0% of total expenses (before recoveries and finance costs). In 2023, salaries and benefits were \$8.1 million (7.8%) higher compared to 2022, primarily as a result of adding staff resources to address capacity constraints to support core regulatory operations, deliver digital transformation initiatives, grow derivatives oversight and address growing emerging regulatory issues. Salaries and benefits costs also increased as a result of providing salary increases in accordance with Bill 124, *Protecting a Sustainable Public Sector for Future Generations Act, 2019*. The OSC's average active headcount increased year over year by 6.6% or 40 positions from 607 to 647.

Salaries and benefits expenses were \$2.2 million (1.9%) lower compared to budget primarily due to higher vacancies than budgeted while still meeting statement of priority requirements.

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

Administrative

2023 Actual	\$15.4M
2023 Budget	\$16.9M
2022 Actual	\$11.6M

Administrative expenses primarily consist of ongoing information technology (IT) maintenance and support charges, Board regulatory and governance expenses, Capital Markets Tribunal expenses, research, and stakeholder outreach costs. Administrative expenses were \$3.8 million (32.6%) higher compared to 2022, primarily due to higher IT maintenance costs as we invest in new cloud hosted software, such as the enterprise resource planning system.

Administrative expenses were \$1.5 million (8.7%) lower compared to budget, primarily due to lower Capital Markets Tribunal expenses as a result of fewer hearings and court expenses, and a reversal in bad debt provision due to greater collection efforts during the fiscal year.

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

Professional Services

2023 Actual	\$13.9M
2023 Budget	\$15.5M
2022 Actual	\$11.8M

Professional services include external contractors, consultants and CSA shared costs.

Professional services expenses were \$2.0 million (17.2%) higher compared to 2022 mainly as a result of spend on digital transformation projects, including the redevelopment of the OSC's investor website, GetSmarterAboutMoney.ca, spend on the implementation of a new enterprise resource planning system, and spend on the development of the SEDAR+ integration initiative.

Professional services expenses were \$1.7 million (10.8%) lower compared to budget primarily as a result of lower external engagement services required by the Office of Economic Growth and Innovation and the timing of the annual OSC Dialogue event.

As a member of the CSA, the OSC paid 37.9% (38.5% in 2022) 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 2023, total CSA spending on shared projects was \$3.8 million (\$3.1 million in 2022). The OSC contributed \$1.4 million (\$1.2 million in 2022).

Occupancy

2023 Actual	\$4.9M
2023 Budget	\$5.7M
2022 Actual	\$4.0M

Occupancy consists of rent costs for non-lease component payments (i.e. common area maintenance). Occupancy expenses were \$0.9 million (23.8%) higher compared to 2022, primarily as a result of higher lease costs. Occupancy expenses were \$0.8 million (13.6%) lower compared to budget due to lower spend on office maintenance and repairs.

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 2023, \$0.5 million in recoveries of enforcement costs were recorded (\$0.3 million in 2022).

Recovery 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”). With the proclamation of the *Securities Commission Act* (SCA), effective April 29, 2022, section 3.4 of the *Securities Act* (Ontario) was repealed and replaced by section 19(2)(b) of the SCA which continues to allow the Commission to fund investor education and for promoting or otherwise enhancing knowledge and information of persons regarding the operation of the securities and financial markets.

During the year, the OSC recorded \$5.1 million in recoveries of investor education and knowledge enhancement costs from funds held pursuant to settlements and sanction orders (\$3.3 million in 2022). The increase is primarily due to expanded outreach and financial literacy initiatives that meet the definition of eligible recoverable activities as defined in section 3.4(2) of the *Securities Act* (Ontario), superceded by section 19 of the SCA, and approved by the OSC Board. For details on the recovery of investor education and knowledge enhancement costs, see Note 20 of the financial statements.

Liquidity and Financial Position

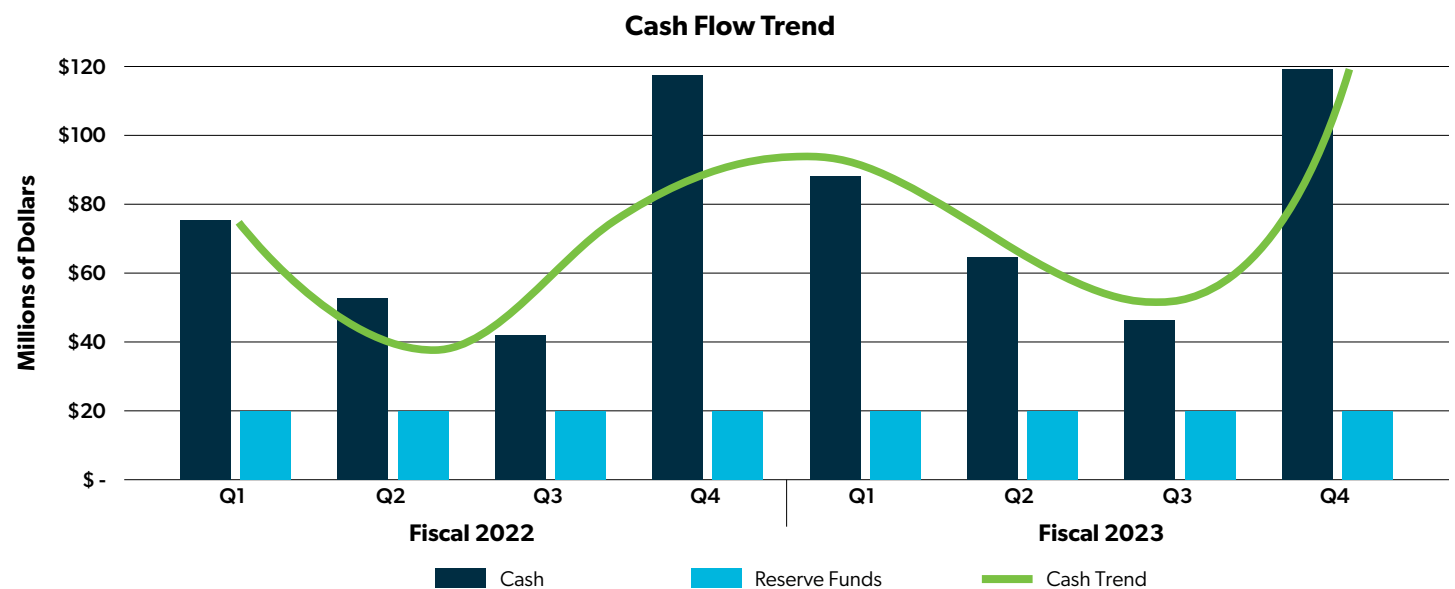
A discussion of our liquidity, cash flows, financing activities and changes in our financial position

Liquidity

As of March 31, 2023, the OSC held \$119.5 million in cash (\$117.9 million in 2022) and \$20.0 million in reserve fund assets (\$20.0 million in 2022),

for a combined total of \$139.5 million (\$137.9 million in 2022). 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 the 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, 2024, as approved by the Minister of Finance.

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, 2023, the OSC had current assets of \$132.7 million (\$127.8 million in 2022) and current liabilities of \$30.2 million (\$27.8 million in 2022) for a current ratio of 4.4:1 (4.6:1 in 2022).

Cash Flows

In 2023, no reserve fund assets were used, and neither was the revolving line of credit. This was true in 2022 as well, for both the reserve funds and the line of credit. Cash flows from operating activities produced an inflow of \$12.7 million (\$26.4 million

in 2022). Cash flows used in investing activities amounted to \$8.6 million (\$7.9 million in 2022). Cash flows used in financing activities amounted to \$2.6 million (\$2.2 million in 2022).

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 settlements and sanction 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 \$112.0 million (\$142.0 million in 2022).

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)	2023 Actual	2022 Actual	Variance	
			\$	%
ASSETS				
CURRENT				
Cash	\$ 119,451	\$ 117,947	\$ 1,504	1.3%
Trade and other receivables	5,912	5,753	159	2.8%
Prepayments	7,302	4,085	3,217	78.8%
NON-CURRENT				
Funds held pursuant to settlements and sanction orders *	\$ 123,667	\$ 119,296	\$ 4,371	3.7%
Funds restricted for CSA Systems operations and redevelopment **	112,027	141,961	(29,934)	-21.1%
Reserve funds	20,000	20,000	-	0.0%
Lease receivable	2,947	3,117	(170)	-5.5%
Right of use assets	38,895	45,547	(6,652)	-14.6%
Property, plant & equipment	7,132	7,815	(683)	-8.7%
Intangible assets	18,718	11,170	7,548	67.6%
LIABILITIES				
CURRENT				
Trade and other payables	\$ 27,320	\$ 25,238	\$ 2,082	8.2%
Lease liabilities	2,887	2,525	362	14.3%
NON-CURRENT				
Lease liabilities	\$ 42,651	\$ 49,375	\$ (6,724)	-13.6%
Pension liabilities	4,411	4,915	(504)	-10.3%
Funds held pursuant to settlements and sanction orders *	123,667	119,296	4,371	3.7%
Funds restricted for CSA Systems operations and redevelopment **	112,027	141,961	(29,934)	-21.1%

* Represents funds recognized from settlements and sanction orders restricted for use in accordance with section 3.4(2)(b) of the *Securities Act* (Ontario), superseded by section 19 of the *Securities Commission 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 Statement of Financial Position.

Cash

2023	\$119.5M
2022	\$117.9M

Cash increased by \$1.5 million (1.3%) in 2023, primarily as a result of an excess of revenues over expenses, offset by expenditures on intangible assets, and property plant and equipment.

Prepayments

2023	\$7.3M
2022	\$4.1M

Prepayments increased by \$3.2 million (78.8%), primarily as a result of investments in cloud hosted software for new technology platforms.

Funds Held Pursuant to Settlements and Sanction Orders

2023	\$123.7M
2022	\$119.3M

(i) Background on Monetary Sanctions

If an individual or organization contravenes Ontario securities law or commodity futures law, the OSC can bring an enforcement proceeding against them. Proceedings are heard by the Capital Markets Tribunal, an independent division of the OSC established by the *Securities Commission Act, 2021*. Some of these cases are heard by a panel of independent adjudicators, who have the power to impose monetary sanctions. The Capital Markets Tribunal 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) Settlements and Sanction Orders 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, and for authorized uses defined in section 19(2) of the *Securities Commission Act*. Third party recipients of these funds have included harmed investors, whistleblowers, and organizations dedicated to advancing the interests of investors.

(Thousands of dollars)	2023	2022
Total monetary sanctions assessed during the year	\$ 23,610	\$ 17,889
Total amount paid or payable to investors	143	728
Total amount recovered by the OSC for investor education and knowledge enhancement activities	4,638	2,859
Total amount paid to whistleblowers	481	240

Total amounts paid or payable to harmed investors by the OSC amounted to \$0.1 million (\$0.7 million in 2022). In 2023, total amounts for the recovery of OSC investor education and knowledge enhancement costs approved by the Board amounted to \$4.6 million (\$2.9 million in 2022). In 2023, the OSC paid \$0.5 million to whistleblowers (\$0.2 million in 2022).

As at March 31, 2023, the accumulated balance of funds held pursuant to settlements and sanction orders was \$123.7 million (\$119.3 million in 2022). Of this amount, \$122.9 million was held in cash (\$119.2 million in 2022) and \$0.8 million in receivables (\$0.1 million in 2022). After considering funds set aside for possible allocation to harmed investors, \$120.6 million (\$116.6 million in 2022) of the funds on hand are available for use by the Commission in accordance with authorized uses defined in section 19(2) of the *Securities Commission Act*. The increase in funds in 2023 is mainly due the collections of orders assessed in the year and higher interest earned on balances held in bank accounts. Of the \$120.6 million, a total of \$119.1 million has been earmarked for authorized uses defined in section 19(2) of the *Securities Commission Act* (\$43.4 million in 2022 for authorized uses under section 3.4(2) of the *Securities Act* (Ontario)).

For more information on funds held pursuant to settlements and sanction 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 2023 to 30.3% from 35.6% in 2022 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.

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

(Thousands of dollars) 2023	Assessed*	Collected**	% Collected
Settlements	\$ 8,392	\$ 7,142	85.1%
Contested hearings	15,218	17	0.1%
Total	\$ 23,610	\$ 7,159	30.3%
2022	Assessed*	Collected**	% Collected
Settlements	\$ 6,408	\$ 6,360	99.3%
Contested hearings	11,482	3	0.0%
Total	\$ 17,889	\$ 6,363	35.6%

*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

2023	\$112.0M
2022	\$142.0M

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

The CSA continues its activities to implement an integrated system to replace the core CSA National Systems. CGI Information Systems and Management Consultants Inc. has been contracted to design, build and implement the integrated solution. For more information on CSA National Systems contractual arrangements and financial results, see Note 7 and Note 18 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

2023	\$38.9M
2022	\$45.5M

Right of use assets decreased by \$6.7 million (14.6%) due to the amortization of the lease for office space and printer equipment, and the surrender of a floor. For more information on right of use assets, see Note 12 of the financial statements.

Intangible Assets

2023	\$18.7M
2022	\$11.2M

Intangible assets increased by \$7.5 million (67.6%) in 2023 primarily due to spending on the development of the SEDAR+ integration initiative and the building of an integrated regulatory case management and workflows platform. For more information on intangible assets, see Note 10 of the financial statements.

Trade and Other Payables

2023	\$27.3M
2022	\$25.2M

Trade and other payables increased by \$2.1 million (8.2%) mainly as a result of the timing of vendor and employee compensation accruals. For more information on trade and other payables, see Note 11 of the financial statements.

Non-Current Lease Liabilities

2023	\$42.7M
2022	\$49.4M

Non-current lease liabilities decreased by \$6.7 million (13.6%) due to payments made on the lease contracts and the surrendering of a floor. For more information on lease liabilities, see Note 12 of the financial statements.

2024 Strategy

Our plans and outlook for fiscal year ending 2024

Every year, the OSC publishes a *Statement of Priorities* outlining our specific areas of focus. We publish a draft of the *Statement of Priorities* to give stakeholders the opportunity to comment on the draft document before it is finalized and incorporated into our business plan. In the fall of 2022, we received feedback on our draft *Statement of Priorities* for fiscal year ending 2024.

.....

The last few years have been filled with unprecedented change, from the lasting influence of COVID-19 on capital markets, the implementation of a new governance and regulatory structure, an expanded mandate, rapidly changing capital markets and the implementation of various Modernization Taskforce and Value-for-Money recommendations. The

business plan from the previous year was transformative, laying the foundation to respond to these changes by building our capacity and modernizing our regulatory programs and business operations.

Looking ahead at fiscal 2023-2024, the OSC will focus most of our resources on sustaining our core regulatory operations, while

continuing to invest in, and advance key policy initiatives and established multi-year programs continued from the previous year.

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: Building Trust and Fairness in Ontario's Capital Markets

Promote trust and fairness in Ontario's capital markets among market participants and investors:

- Advance Work on Environmental, Social, and Governance Disclosures for Reporting Issuers
- Enhance Fee Transparency Through Total Cost Reporting
- Consider Broader Diversity on Boards and in Executive Roles at Reporting Issuers*
- Advance Cooperation with Indigenous Peoples and Work to Integrate their Perspectives and Interests
- Complete the Development of the Over-the-Counter Derivatives Regulatory Framework
- Implement the New Single Enhanced Self-Regulatory Organization and Investor Protection Fund
- Enhance Information Sharing with the Canadian Public Accountability Board

* For Corporate Finance / Business Issuers Only

GOAL 2: Strengthening Investor Safeguards

Expand efforts to strengthen investor protection with changing investor attitudes and needs.

- Expand the Focus on Retail Investors Through Specific Education, Policy, Research and Behavioural Science Activities
- Strengthen Investor Redress and the Ombudsman for Banking Services and Investments
- Monitor and Respond to the Impacts of the Deferred Sales Charges Ban and Order-Execution-Only Ban

GOAL 3: Adapting Regulation to Align with Innovation and Evolving Markets

Adapt and evolve the regulatory framework in line with Ontario's changing capital markets.

- Strengthen Oversight and Enforcement in the Crypto Asset Sector
- Streamline Periodic Disclosure Requirements for Corporate Finance and Investment Fund Reporting Issuers
- Modernize Delivery Options of Regulatory and Continuous Disclosure Filings for Issuers
- Complete Transition to SEDAR+
- Facilitate Financial Innovation
- Further Initiatives that Promote Capital Formation and Foster Competition

GOAL 4: Enabling the Organization to Deliver Effective Regulation

Advance operational effectiveness and enhance staff capability, further enabling the organization to deliver on its regulatory mandate.

- Attract, Develop and Retain Talent
- Execute OSC's Inclusion and Diversity Strategy
- Integrate Data and Processes to Support Effective Decision Making and Risk Monitoring

Fiscal 2024 Financial Outlook

The OSC is budgeting an excess of revenue over expenses of \$7.2 million in fiscal 2024. The excess is primarily attributed to higher revenues due to new fees for entities that trade OTC derivatives, and to a lesser extent market growth. OSC's operating and capital budgets prioritize spend in core operations, while also delivering on multi-year regulatory and technology programs.

Budgeted revenues in fiscal 2024 of \$168.5 million are \$10.3 million (6.5%) higher compared to fiscal 2023 actual results, primarily from fee rule amendments including \$13.5 million in participation fees for entities engaging in OTC derivatives transactions, partially offset by \$6.1 million in fee reductions to most market participants.

Budgeted expenses in fiscal 2024 of \$161.3 million are \$12.2 million (8.2%) higher compared to fiscal 2023 actual results. The increase is primarily driven from the following:

- An increase in staff resources to support core regulatory operations, including additional staff resources to strengthen OTC derivatives regulatory oversight.
- Costs from the implementation of new system platforms from the digital transformation program.
- Integrating local OSC systems within SEDAR+.
- Vendor inflationary adjustments.

The budgeted increases are partially offset by a recovery of \$2.4 million for Innovation Office costs from Designated Funds, which is subject to government approval of a new regulation made under the *Securities Commission Act, 2021* (SCA).

Capital expenditures in fiscal 2024 are budgeted at \$11.0 million, primarily comprised of the following costs:

- New regulatory platforms and tools.
- Workplace modernization spending to transform office space to support a hybrid working environment.
- Resources to integrate the new SEDAR+ system with OSC local systems.
- Regular infrastructure refresh projects, including the replacement of certain aged office furniture.

Critical Accounting Estimates

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

In preparing financial statements consistent with International Financial Reporting Standards (IFRS), 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 settlements and sanction 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
Digital transformation	Outdated technology, data, and processes increase regulatory burden for market participants and impede effectiveness and efficiency	<ul style="list-style-type: none"> ■ 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 ■ Agile implementation and dedicated pod/support model have been established to support various initiatives
Regulatory burden	OSC regulations, processes, and operational systems impede fair and efficient markets and inhibit capital formation	<ul style="list-style-type: none"> ■ 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 ■ Regulatory impact analyses, including cost-benefit analyses, are completed for new policy projects ■ 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
Enforcement effectiveness	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"> ■ Using a centralized intake process to identify matters that reflect OSC strategic priorities and factors relating to public harm ■ Standardizing and making visible our planning and reporting process (from investigation to litigation) to identify key violations and use appropriate enforcement tools ■ 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
Systemic risk in capital markets	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"> ■ Increasing oversight of systemically important market infrastructure ■ Monitoring compliance with rules designed to minimize systemic risks ■ Working groups and committees including the OSC systemic risk working group, CSA and IOSCO working groups increase collaboration efforts

Risk	Risk description	Mitigating controls
Business continuity	A significant disruption of business operation occurs	<ul style="list-style-type: none"> ■ Updating the formal business continuity plan (BCP) and pandemic plan including an annual BCP systems recovery plan, scenario testing, and emergency staff communications tests ■ Forming reciprocal arrangements with other securities regulators to create continuity of regulatory services (e.g. prospectus and application reviews)
Information technology	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"> ■ Regularly reviewing established IT policy, procedures, and controls ■ Annual audits include testing of IT key controls ■ Ongoing monitoring of OSC systems and establishing support agreements and service-level agreements with key vendors ■ Creating fall-back plans and system back-ups as required
Information security	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"> ■ A multi-year information security operations roadmap has been formulated that adheres to the National Institute of Standards and Technology (NIST) cybersecurity framework ■ 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
Workforce management	Misalignment and gaps between the OSC's existing workforce and the workforce required to deliver on its objectives	<ul style="list-style-type: none"> ■ 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 ■ Reprioritizing various projects, deadlines, and deliverables to balance work demands across the organization, when needed ■ Administering compensation and benefits to remain an attractive and competitive employer
Project delivery	The OSC is unsuccessful in delivering on major projects regarding objective, scope, budget and schedule	<ul style="list-style-type: none"> ■ 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 ■ The OSC technology enablement framework is in place to govern initiation, prioritization, and execution of OSC-led technology related initiatives

Risk	Risk description	Mitigating controls
Confidence in OSC's ability to deliver on its mandate	Loss of confidence by stakeholders in the OSC's ability to execute its mandate	<ul style="list-style-type: none"> <li data-bbox="737 310 1468 373">■ Executive-level messaging and regular public appearances that clearly communicate the OSC's mandate and authority <li data-bbox="737 394 1451 457">■ Consulting with stakeholders on various policy matters to obtain feedback <li data-bbox="737 478 1419 510">■ Publishing rules and national instruments for comment <li data-bbox="737 531 1419 625">■ Impact on reputation is incorporated into the risk management process for all key risks at the branch and enterprise levels

Internal Control Over Financial Reporting (ICFR)

A summary of our ICFR program results

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, 2023. 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.

Financial Statements

For the Fiscal Year
ended March 31, 2023



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.

Original signed by

Grant Vingoe
Chief Executive Officer

Original signed by

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

June 23, 2023



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, 2023, 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, 2023, 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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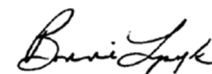
Auditor's Responsibilities for the Audit of the Financial Statements

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.



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

Toronto, Ontario
June 23, 2023

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Statement of Financial Position

(in Canadian dollars)

As at March 31, 2023	Note(s)	2023	2022
ASSETS			
Current			
Cash		\$ 119,450,786	\$ 117,946,691
Trade and other receivables	4, 5	5,912,178	5,752,708
Prepayments		7,302,472	4,084,678
Total current		\$ 132,665,436	\$ 127,784,077
Non-current			
Funds held pursuant to settlements and sanction orders	3(e), 6	\$ 123,666,708	\$ 119,295,539
Funds restricted for CSA Systems operations and redevelopment	2, 7, 18	112,027,307	141,960,636
Reserve funds	8	20,000,000	20,000,000
Lease receivable	12	2,946,766	3,116,596
Right of use assets	12	38,895,290	45,546,808
Property, plant & equipment	9	7,131,989	7,815,101
Intangible assets	10	18,717,973	11,170,385
Total non-current		\$ 323,386,033	\$ 348,905,065
Total assets		\$ 456,051,469	\$ 476,689,142
LIABILITIES			
Current			
Trade and other payables	11	\$ 27,319,652	\$ 25,237,772
Lease liabilities	12	2,886,746	2,524,821
Total current		\$ 30,206,398	\$ 27,762,593
Non-current			
Lease liabilities	12	\$ 42,651,397	\$ 49,375,458
Pension liabilities	13(b)	4,411,012	4,915,315
Funds held pursuant to settlements and sanction orders	3(e), 6	123,666,708	119,295,539
Funds restricted for CSA Systems operations and redevelopment	2, 7, 18	112,027,307	141,960,636
Total non-current		\$ 282,756,424	\$ 315,546,948
Total liabilities		\$ 312,962,822	\$ 343,309,541
SURPLUS			
General		\$ 123,088,647	\$ 113,379,601
Reserve	8, 14	20,000,000	20,000,000
Operating surplus		\$ 143,088,647	\$ 133,379,601
Total liabilities and surplus		\$ 456,051,469	\$ 476,689,142

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

On behalf of the board of the Commission.



Kevan Cowan
Chair



Frances Kordyback
Chair, Audit and Finance Committee

Statement of Comprehensive Income

(in Canadian dollars)

For the year ended March 31, 2023	Note(s)	2023	2022
REVENUE			
Fees	3(d), 15	\$ 154,075,169	\$ 159,352,952
Miscellaneous		637,994	662,360
Interest income		3,484,272	636,980
		\$ 158,197,435	\$ 160,652,292
EXPENSES			
Salaries and benefits	16	\$ 111,768,402	\$ 103,682,457
Administrative	17	15,444,332	11,644,550
Occupancy		4,924,401	3,978,351
Professional services		13,858,824	11,824,522
Depreciation	9, 12	5,446,211	5,277,097
Amortization	10	1,217,944	1,985,051
Other		373,872	27,610
		\$ 153,033,986	\$ 138,419,638
Finance costs	12	1,672,420	1,826,712
Recoveries of enforcement costs	3(h)	(451,358)	(341,365)
Recoveries of investor education and knowledge enhancement costs	3(h), 20	(5,149,407)	(3,348,372)
		\$ 149,105,641	\$ 136,556,613
Excess of revenue over expenses		\$ 9,091,794	\$ 24,095,679
OTHER COMPREHENSIVE INCOME			
Remeasurements of defined benefit pension plans	13(b)	\$ 617,252	\$ 302,115
Other comprehensive gain		\$ 617,252	\$ 302,115
Total comprehensive income		\$ 9,709,046	\$ 24,397,794

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, 2023	Note(s)	2023	2022
Operating surplus, beginning of year		\$ 133,379,601	\$ 108,981,807
Total comprehensive income		9,709,046	24,397,794
Operating surplus, end of year		\$ 143,088,647	\$ 133,379,601
Represented by:			
General		\$ 123,088,647	\$ 113,379,601
Reserve	8, 14	20,000,000	20,000,000
		\$ 143,088,647	\$ 133,379,601

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

Statement of Cash Flows

(in Canadian dollars)

For the year ended March 31, 2023	Note(s)	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenue over expenses		\$ 9,091,794	\$ 24,095,679
Adjusted for:			
Interest received		3,013,484	594,739
Interest income		(3,484,272)	(636,980)
Pension liabilities		112,949	105,740
Loss on disposal of property, plant & equipment	9	128,805	3,324
Depreciation - right of use asset	12	2,890,483	3,036,744
Depreciation	9	2,555,728	2,240,353
Amortization	10	1,217,944	1,985,051
		\$ 15,526,915	\$ 31,424,650
Changes in non-cash working capital:			
Trade and other receivables		\$ 327,624	\$ (2,276,336)
Prepayments		(3,217,794)	(1,591,928)
Trade and other payables		97,173	(1,162,614)
		\$ (2,792,997)	\$ (5,030,878)
Net cash flows from operating activities		\$ 12,733,918	\$ 26,393,772
CASH FLOWS USED IN INVESTING ACTIVITIES			
Principal payments on lease receivable	12	\$ 153,524	\$ 133,799
Purchase of intangible assets	10	(6,758,756)	(4,044,276)
Purchase of property, plant & equipment	9	(2,023,490)	(4,007,865)
Net cash used in investing activities		\$ (8,628,722)	\$ (7,918,342)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Principal payments on lease liabilities	12	\$ (2,601,101)	\$ (2,211,636)
Net cash used in financing activities		\$ (2,601,101)	\$ (2,211,636)
Net increase in cash position		\$ 1,504,095	\$ 16,263,794
Cash, beginning of year		117,946,691	101,682,897
Cash, end of year		\$ 119,450,786	\$ 117,946,691
SUPPLEMENTAL CASH FLOW INFORMATION			
Finance costs paid		\$ 1,672,420	\$ 1,826,712
Finance income received		110,512	115,333
Property, plant & equipment and intangible assets funded by trade and other payables		2,042,291	1,936,531

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, 2023 for the year then ended and includes comparatives. These financial statements were authorized for issue by the Board of Directors on June 23, 2023.

(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). With the proclamation of the *Securities Commission Act* (SCA), effective April 29, 2022, section 3.4 of the *Securities Act* was repealed and replaced by section 19(2)(b) of the SCA which continues to allow the Commission to fund investor education and for promoting or otherwise enhancing knowledge and information of persons regarding the operation of the securities and financial markets. 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).

Settlements and sanction orders and recoveries of enforcement costs

Funds held pursuant to settlements and sanction 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 settlements and sanction order amounts deemed to be collectible. Expenses may change based on recoveries of enforcement costs. For more information on settlements and sanction order amounts, 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 settlements and sanction orders are subject to measurement uncertainty due to the credit risk of debtors. See Note 5 and Note 6 for further detail on the trade and other receivables, and funds held pursuant to settlements and sanction orders.

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:

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

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:

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

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 settlements and sanction orders

Funds held pursuant to settlements and sanction 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 settlements and sanction 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 full-time appointees comprised of its current Chief Executive Officer and Chief Adjudicator, 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 increase or decrease 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

settlements and sanction orders, funds restricted for CSA Systems operations and redevelopment and reserve funds are held by Schedule I financial institutions. The bank balances earn interest at a rate of 1.85% below the prime rate. The average rate of interest earned on bank balances for the year was 3.33% (2022 – 0.65%).

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	\$ 50,197	\$ (50,197)
Cash balance	216,348	(216,348)
	\$ 266,545	\$ (266,545)

Credit risk

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

Schedule I financial institutions hold approximately 94.3% of the OSC's financial assets including those held for funds restricted for CSA Systems operations and redevelopment and another 5.7% are held in one credit union in British Columbia (for cash components of funds restricted for CSA Systems operations and redevelopment exclusively). 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. Deposits are guaranteed to a maximum of \$0.1 million by Canada Deposit Insurance Corporation. The remaining balance of financial assets are accounts receivable. 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 settlements and sanction 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 settlements and sanction orders. 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:

2023	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		\$ 5,305,591	\$ 204,776	\$ 78,803	\$ 736,922	\$ 6,326,092
Allowance for credit losses		(8,288)	(3,806)	(3,578)	(398,242)	(413,914)
Total Trade and other receivables	5	\$ 5,297,303	\$ 200,970	\$ 75,225	\$ 338,680	\$ 5,912,178

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)
Total Trade and other receivables	5	\$ 4,316,075	\$ 172,595	\$ 753,349	\$ 510,689	\$ 5,752,708

Reconciliation of allowance for credit losses is as follows:

	Note	March 31, 2023	March 31, 2022
Opening balance		\$ 908,067	\$ 528,561
Current year provision		(235,613)	596,406
Written-off during the year		(258,540)	(216,900)
Closing balance	5	\$ 413,914	\$ 908,067

In 2023, after reviewing the collectability of trade and other receivables, \$0.3 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. Credit losses are calculated at an amount equal to the lifetime expected credit losses. As a result of additional collection efforts made during the year, previously provisioned receivables were collected resulting in a reversal of previous years' provisions and a gain in bad debt expense in 2023 of \$0.2 million.

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, 2023, the OSC had a cash balance of \$119.5 million and reserve fund assets of \$20.0 million to settle current liabilities of \$30.2 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 (2022 - \$0).

The overall assessment of the OSC's exposure to liquidity risk is low and remains unchanged from 2022.

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, 2023	March 31, 2022
Trade receivables		\$ 625,452	\$ 1,352,028
Other receivables		2,502,238	2,745,204
Allowance for credit losses	4	(413,914)	(908,067)
		\$ 2,713,776	\$ 3,189,165
Interest receivable		574,952	104,164
Amount recoverable from investor education and knowledge enhancement costs	20	1,789,339	1,277,961
Sales taxes recoverable		664,281	1,027,894
Lease receivable	12	169,830	153,524
Total Trade and other receivables	4	\$ 5,912,178	\$ 5,752,708

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 Settlements and Sanction Orders

The OSC has a number of settlement agreements and sanction orders arising from enforcement proceedings where monies from these settlements and sanction 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), repealed and replaced by section 19(2)(b) of the *Securities Commission Act* (SCA) effective April 29, 2022. These funds are eligible to be used by 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, and for authorized uses defined in section 19(2) of the *Securities Commission Act*, 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 settlements and sanction orders.

The accumulated funds are held in a segregated bank account and earn interest at the monthly average bank prime rate less 1.90%. Funds are paid to harmed investors where practicable and possible to do so. The remaining funds, are allocated as determined by the Board in accordance with the authorized purposes as set out in subsection 19(2)(b) of the SCA.

As at March 31, 2023 the accumulated balance is determined as follows:

	March 31, 2023	March 31, 2022
Opening balance	\$ 119,295,539	\$ 117,001,434
Assessed during the year	\$ 23,609,717	\$ 17,889,330
Less: Orders deemed uncollectible	(16,250,501)	(11,481,738)
Amount recorded from assessments in year	\$ 7,359,216	\$ 6,407,592
Add: Amounts received from previously deemed uncollectible orders	339,992	633,332
Amounts collected in advance of enforcement hearing	(400,000)	400,000
Interest	4,022,255	752,303
Less: Payments to		
Whistleblowers	(481,092)	(240,000)
OSC for recovery of investor education and knowledge enhancement costs	(4,638,029)	(2,858,748)
External collections firm	(25,690)	(324,732)
Harmed investors	(142,796)	(728,069)
Investor education and advocacy organizations	(1,662,687)	(1,747,573)
Closing balance	\$ 123,666,708	\$ 119,295,539
Represented by:		
Cash	\$ 122,899,206	\$ 119,166,859
Receivable	767,502	128,680
	\$ 123,666,708	\$ 119,295,539

During the year, \$23.6 million (2022 - \$17.9 million) in settlements and sanction orders were assessed, of which \$7.4 million (2022 - \$6.4 million) was collected or deemed collectable and \$16.3 million (2022 - \$11.5 million) was deemed uncollectible. The OSC's average collection rate of settlements and sanction orders assessed during the year was 30.3% (2022 - 35.6%).

The accumulated balance of settlements and sanction orders funds of \$123.7 million (\$119.3 million in 2022) is comprised of \$122.9 million in cash (\$119.2 million in 2022) and \$0.8 million in receivables (\$0.1 million in 2022). After considering funds set aside for possible allocation to harmed investors, \$120.6 million (\$116.6

million in 2022) of the funds on hand are allocated and available for use by the Commission for authorized uses defined in section 19(2) of the *Securities Commission Act*. Of the \$120.6 million, a total of \$119.1 million has been earmarked for authorized uses defined in section 19(2) of the *Securities Commission Act* (\$43.4 million in 2022 for authorized uses under section 3.4(2) of the *Securities Act*).

During the year, the Board authorized payments of \$7.0 million from funds held pursuant to settlements and sanction orders in accordance with section 19(2) of the SCA (2022 - \$5.9 million). Details on the recipients of these payments are included in the table above.

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 2023 financial results of the CSA Systems operations and redevelopment are presented in the table on the following page. Assets include cash and investments of \$112.0 million (2022 - \$142.0 million) presented on the OSC's Statement of Financial Position. Assets also include intangible assets of \$105.2 million (2022 - \$61.7 million) primarily consisting of costs towards the redevelopment of the CSA Systems.

Summarized Statement of Financial Position

As at March 31	2023	2022
Assets	\$ 225,492,716	\$ 212,087,633
Liabilities	\$22,582,551	\$ 12,622,394
Surplus	202,910,165	199,465,239
Liabilities and surplus	\$ 225,492,716	\$ 212,087,633

Summarized Statement of Comprehensive Income

For the year ended March 31	2023	2022
Revenue	\$ 31,403,125	\$ 30,913,552
Expenses	27,958,199	24,135,751
Excess of revenues over expenses	3,444,926	\$ 6,777,801

Summarized Statement of Cash Flows

For the year ended March 31	2023	2022
Net cash flows from/(used in) operations	\$ (1,766,056)	\$ 6,115,024
Net cash flows from/(used in) investing activities	11,989,309	(17,869,074)
Net increase/(decrease) in cash position	10,223,253	(11,754,050)
Cash, beginning of year	11,483,570	23,237,620
Cash, end of year	\$ 21,706,823	\$ 11,483,570

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.

2023	Office furniture	Office equipment	Computer hardware and related applications	Networks and servers	Leasehold improvements	Total
COST						
Balance as at April 1, 2022	\$ 5,759,902	\$ 226,301	\$ 8,988,193	\$ 3,640,736	\$ 12,747,517	\$ 31,362,649
Additions	930,327	118,761	765,392	244,525	—	2,059,005
Disposals	(100,099)	(47,957)	(2,208,075)	(129,116)	—	(2,485,247)
Adjustments	—	—	—	—	(57,584)	(57,584)
Balance as at March 31, 2023	\$ 6,590,130	\$ 297,105	\$ 7,545,510	\$ 3,756,145	\$ 12,689,933	\$ 30,878,823
ACCUMULATED DEPRECIATION						
Balance as at April 1, 2022	\$ (4,973,323)	\$ (106,532)	\$ (5,210,604)	\$ (2,558,891)	\$ (10,698,198)	\$ (23,547,548)
Depreciation for the year	(107,071)	(32,260)	(1,095,948)	(403,287)	(917,162)	(2,555,728)
Disposals	100,099	32,547	2,186,256	37,540	-	2,356,442
Balance as at March 31, 2023	\$ (4,980,295)	\$ (106,245)	\$ (4,120,296)	\$ (2,924,638)	\$ (11,615,360)	\$ (23,746,834)
Carrying amount as at March 31, 2023	\$ 1,609,835	\$ 190,860	\$ 3,425,214	\$ 831,507	\$ 1,074,573	\$ 7,131,989
2022						
COST						
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)
Balance as at March 31, 2022	\$ 5,759,902	\$ 226,301	\$ 8,988,193	\$ 3,640,736	\$ 12,747,517	\$ 31,362,649
ACCUMULATED DEPRECIATION						
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
Balance as at March 31, 2022	\$ (4,973,323)	\$ (106,532)	\$ (5,210,604)	\$ (2,558,891)	\$ (10,698,198)	\$ (23,547,548)
Carrying amount as at March 31, 2022	\$ 786,579	\$ 119,769	\$ 3,777,589	\$ 1,081,845	\$ 2,049,319	\$ 7,815,101

Work in progress as at March 31, 2023, totalled nil (2022 - nil).

For the year ended March 31, 2023 the OSC disposed of \$2.5 million (2022 - \$0.2 million) of property plant and equipment and realized a loss on disposal of \$0.1 million (2022 - \$3,324).

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.

2023	Purchased software	Software enhancement and development	Total
COST			
Balance as at April 1, 2022	\$ 6,022,820	\$ 12,430,346	\$ 18,453,166
Additions	176,844	8,588,688	8,765,532
Disposals	(2,040,311)	—	(2,040,311)
Balance as at March 31, 2023	\$ 4,159,353	\$ 21,019,034	\$ 25,178,387
ACCUMULATED AMORTIZATION			
Balance as at April 1, 2022	\$ (5,907,803)	\$ (1,374,978)	\$ (7,282,781)
Amortization expense	(237,075)	(980,869)	(1,217,944)
Disposals	2,040,311	—	2,040,311
Balance as at March 31, 2023	\$ (4,104,567)	\$ (2,355,847)	\$ (6,460,414)
Carrying amount as at March 31, 2023	\$ 54,786	\$ 18,663,187	\$ 18,717,973

2022	Purchased software	Software enhancement and development	Total
COST			
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)
Balance as at March 31, 2022	\$ 6,022,820	\$ 12,430,346	\$ 18,453,166
ACCUMULATED AMORTIZATION			
Balance as at April 1, 2021	\$ (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
Balance as at March 31, 2022	\$ (5,907,803)	\$ (1,374,978)	\$ (7,282,781)
Carrying amount as at March 31, 2022	\$ 115,017	\$ 11,055,368	\$ 11,170,385

Intangible assets that are not yet available for use totalled \$16.0 million (2022 - \$9.7 million). No amortization has been taken on these assets.

There was no impairment loss to software enhancement and development (2022 - \$0.3 million).

For the year ended March 31, 2023 the OSC disposed of \$2.0 million of fully amortized purchased software that is no longer in use (2022- \$0.3 million).

11. Trade and Other Payables

	March 31, 2023	March 31, 2022
Payroll accruals	\$ 19,358,174	\$ 18,432,109
Other accrued expenses	7,400,982	6,405,255
Trade payables	270,432	400,408
Decommissioning provision	163,264	—
Deferred revenue	126,800	—
Total Trade and other payables	\$ 27,319,652	\$ 25,237,772

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. On August 30, 2022, the OSC exercised its existing right under the lease to surrender a floor. The OSC intends to surrender the floor on February 29, 2024. The terms and conditions for the remaining lease are unchanged and as a result, the lease liability for that specific floor was remeasured.

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, 2023:

2023 - Right of use assets	Premise Lease(s)	Office Equipment Lease(s)	Total
COST			
Balance as at April 1, 2022	\$ 57,712,103	\$ 511,279	\$ 58,223,382
Additions - new contracts	—	—	—
Lease reassessment	(3,761,035)	—	(3,761,035)
Sublease to Government of Canada	(3,668,596)	—	(3,668,596)
Balance as at March 31, 2023	\$ 50,282,472	\$ 511,279	\$ 50,793,751
ACCUMULATED DEPRECIATION			
Balance as at April 1, 2022	\$ (8,803,466)	\$ (204,512)	\$ (9,007,978)
Depreciation expense	(2,788,227)	(102,256)	(2,890,483)
Balance as at March 31, 2023	\$ (11,591,693)	\$ (306,768)	\$ (11,898,461)
Carrying amount as at March 31, 2023	\$ 38,690,779	\$ 204,511	\$ 38,895,290

2022 - Right of use assets	Premise Lease(s)	Office Equipment Lease(s)	Total
COST			
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)
Balance as at March 31, 2022	\$ 54,043,507	\$ 511,279	\$ 54,554,786
ACCUMULATED DEPRECIATION			
Balance as at April 1, 2021	\$ (5,868,978)	\$ (102,256)	\$ (5,971,234)
Depreciation expense	(2,934,488)	(102,256)	(3,036,744)
Balance as at March 31, 2022	\$ (8,803,466)	\$ (204,512)	\$ (9,007,978)
Carrying amount as at March 31, 2022	\$ 45,240,041	\$ 306,767	\$ 45,546,808

2023 - Lease liabilities	Premise Lease(s)	Office Equipment Lease(s)	Total
Balance as at April 1, 2022	\$ 51,595,511	\$ 304,768	\$ 51,900,279
Additions - new contracts	—	—	—
Lease reassessment	(3,761,035)	—	(3,761,035)
Balance as at March 31, 2023	\$ 47,834,476	\$ 304,768	\$ 48,139,244
Increase(s) to Lease liabilities- finance costs	\$ 1,667,391	\$ 5,029	\$ 1,672,420
Decrease(s) to Lease liabilities- lease payments	(4,165,945)	(107,576)	(4,273,521)
Lease liabilities balance as at March 31, 2023	\$ 45,335,922	\$ 202,221	\$ 45,538,143
Non-current portion of Lease liabilities	\$ 42,553,740	\$ 97,657	\$ 42,651,397
Current portion of Lease liabilities	2,782,182	104,564	2,886,746
Lease liabilities balance as at March 31, 2023	\$ 45,335,922	\$ 202,221	\$ 45,538,143
2022 - Lease liabilities	Premise Lease(s)	Office Equipment Lease(s)	Total
Balance as at April 1, 2021	\$ 53,706,579	\$ 405,336	\$ 54,111,915
Additions - new contracts	—	—	—
Balance as at March 31, 2022	\$ 53,706,579	\$ 405,336	\$ 54,111,915
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)
Lease liabilities balance as at March 31, 2022	\$ 51,595,511	\$ 304,768	\$ 51,900,279
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
Lease liabilities balance as at March 31, 2022	\$ 51,595,511	\$ 304,768	\$ 51,900,279

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, 2023, depreciation and finance costs were \$2.9 million (2022 – \$3.0 million) and \$1.7 million (2022 – \$1.8 million), respectively.

The lease liability for the surrendered floor was remeasured, using a revised discount rate of 4.2%, resulting in a \$3.8 million decrease to both the lease liability and associated right-of-use asset with no one-time impact to excess of revenues over expenses.

For the year ended March 31, 2023, payments of lease principal and interest on the leases recorded as lease liabilities were \$4.3 million (2022 – \$4.0 million). The following table sets forth the OSC's future aggregate undiscounted lease payments over the lease term:

	March 31, 2023	March 31, 2022
Less than one year	\$ 8,876,260	\$ 8,936,157
Between one and five years	32,356,170	36,149,853
More than five years	75,939,668	93,603,293
	\$ 117,172,098	\$ 138,689,303

The OSC had no office equipment leases that qualify as short-term leases in 2023 (2022 – nil). 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, 2023, \$4.3 million (2022 – \$3.7 million) was recognized within occupancy costs in the Statement of Comprehensive Income. As of March 31, 2023 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, 2023, sublease payments totalling \$0.2 million (2022 – \$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, 2023, sublease

payments totalling \$0.3 million (2022 – \$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, 2023:

Lease receivable	Note(s)	March 31, 2023	March 31, 2022
Opening balance		\$ 3,270,120	\$ 3,403,919
Sublease payments		(264,036)	(249,132)
Finance income		110,512	115,333
Closing balance		\$ 3,116,596	\$ 3,270,120
Current portion of Lease receivable	5	\$ 169,830	\$ 153,524
Non-current portion of Lease receivable		2,946,766	3,116,596
Total Lease receivable		\$ 3,116,596	\$ 3,270,120

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

	March 31, 2023	March 31, 2022
Less than one year	\$ 493,390	\$ 476,760
Between one and five years	1,098,736	1,098,736
More than five years	2,586,608	2,861,292
	\$ 4,178,734	\$ 4,436,788

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, 2023 was \$7.3 million (2022 – \$7.0 million), which is included under salaries and benefits in the Statement of Comprehensive Income. The expected contributions for the plan for 2024 are \$8.0 million.

(b) Supplemental pension plans

The OSC also has unfunded supplemental defined benefit pension plans for full-time appointed current and former Chairs, Vice-Chairs, Chief Executive Officer, and Chief Adjudicator. 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 10 years (2022 – 11 years).

	March 31, 2023	March 31, 2022
Defined benefit obligation, beginning of year	\$ 4,915,315	\$ 5,111,690
Current service cost	203,819	230,952
Interest cost	188,634	156,581
Benefit payments	(279,504)	(281,793)
Actuarial (gain)/loss on obligation	(617,252)	(302,115)
Defined benefit obligation, end of year	\$ 4,411,012	\$ 4,915,315

Actuarial assumptions

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

	March 31, 2023	March 31, 2022
Discount rate(s)	4.85%	3.95%
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	\$3,506.67	\$ 3,420.00

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, 2023.

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, 2023	March 31, 2022
Discount rate increased by 0.5% (obligation will decrease by)	4.9%	5.3%
Discount rate decreased by 0.5% (obligation will increase by)	5.4%	5.9%
Life expectancy increased by 1 year (obligation will increase by)	2.4%	2.5%
Life expectancy decreased by 1 year (obligation will decrease by)	2.5%	2.6%
Inflation rate increased by 0.5% (obligation will decrease/(increase) by)	(0.5%)	0.4%
Inflation rate decreased by 0.5% (obligation will increase by)	0.0%	0.9%

The OSC's pension expense relating to the supplemental pension plans for the year ended March 31, 2023 was \$0.4 million (2022 – \$0.4 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, 2022 for two years expiring on 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, 2023	March 31, 2022
Participation fees	\$ 132,802,077	\$ 133,953,161
Activity fees	17,149,188	21,205,152
Late filing fees	4,123,904	4,194,639
	\$ 154,075,169	\$ 159,352,952

16. Salaries and Benefits

	March 31, 2023	March 31, 2022
Salaries	\$ 91,115,675	\$ 85,724,326
Benefits	11,895,870	10,404,635
Pension expense	7,728,914	7,384,079
Severance/termination payments	1,027,943	169,417
	\$ 111,768,402	\$ 103,682,457

17. Administrative

	March 31, 2023	March 31, 2022
Capital Markets Tribunal expenses	\$ 724,287	—
Board regulatory and governance expenses	569,144	—
Commission expenses	63,032	1,087,105
	\$ 1,356,463	\$ 1,087,105
Technology maintenance & support	\$ 9,623,068	\$ 6,508,254
Communications & publications	2,648,360	1,887,489
Miscellaneous expenses	1,102,665	807,227
Training	858,436	686,229
Supplies	92,352	71,840
Bad debt	(237,012)	596,406
	\$ 15,444,332	\$ 11,644,550

Commission expenses include adjudicator and Board regulatory and governance costs up to April 29, 2022 incurred by part-time Commissioners. On April 29, 2022, with the proclamation of the SCA, the Ontario Government appointed Board of Directors to the Commission and separate Adjudicators to the new Capital Markets Tribunal, an independent tribunal within the OSC.

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 2022 and 2023, 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.

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 \$6.7 million (2022 – \$6.1 million). At March 31, 2023, \$0.8 million (2022 – \$0.6 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 settlements and sanction 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 the *Civil Remedies Act*.

(c) Compensation to key management personnel

The OSC's key management personnel are the members of the Board of Directors, Capital Markets Tribunal, Chief Executive Officer, Chief Adjudicator, Chief Administrative

Officer, and Executive Directors. The remuneration of key management personnel includes the following expenses:

	March 31, 2023	March 31, 2022
Short-term employee benefits	\$ 3,969,813	\$ 3,653,600
Post-employment benefits	541,269	523,255
	\$ 4,511,082	\$ 4,176,855

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 settlements and sanction orders as follows:

	March 31, 2023	March 31, 2022
Salaries and benefits	\$ 2,151,191	\$ 1,890,555
Professional services	1,360,985	754,052
Media Campaign costs	931,349	407,789
Website and other IT costs	567,728	165,576
Investor Advisory Panel costs	138,154	130,399
	\$ 5,149,407	\$ 3,348,371

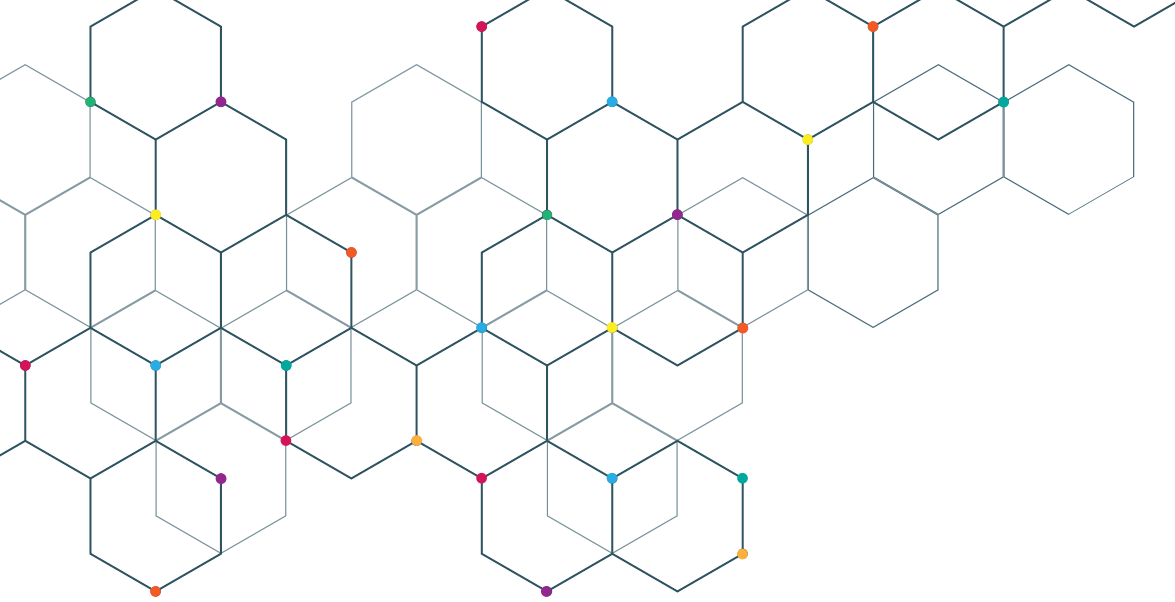
The amount recorded from expenses in the year was \$5.1 million (2022 – \$3.3 million). Of the total amounts recovered, \$1.8 million (2022 – \$1.3 million) was owing to the OSC at March 31, 2023.

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.



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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.