



To: The Secretary, Ontario Securities Commission (OSC)
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Email: comments@osc.gov.on.ca

Subject: Feedback on the Ontario Securities Commission's Proposed Statement of Priorities for Fiscal Year 2025-2026

Dear Secretary,

PFSL Investments is pleased to provide our comments on the Ontario Securities Commission's (OSC) proposed Statement of Priorities (SoP) for the fiscal year 2025-2026. We commend the OSC for its commitment to fostering investor protection, regulatory proportionality, and financial inclusion, and we welcome the opportunity to contribute to the development of policies that align with these objectives.

We are encouraged by several aspects of the proposed SoP, particularly the following, but would also like to offer some cautions:

1. **Measured Regulatory Approaches:** The OSC's stated commitment to "right-sizing" regulations to ensure they remain proportionate and relevant is a positive step. This approach acknowledges the need to balance investor protection with fostering a diverse, innovative, competitive and inclusive financial marketplace.
2. **Focus on Investor Inclusion:** The OSC's emphasis on enhancing access to financial advice for underserved communities aligns with PFSL's mission to provide financial knowledge and guidance to modest-income households. We appreciate the OSC's recognition of the unique challenges faced by these investor segments and encourage the OSC to recognize that the cost of delivery can vary significantly between models. We further encourage the OSC to consider measures to attract new advisors to serve underserved investors and being mindful of any barriers to licensing and entrance into the industry.
3. **Regulatory Burden and Proportionality:** We appreciate the OSC's focus on modernizing regulations. We want to emphasize that it is critical to ensure that compliance costs and administrative burdens do not disproportionately impact firms serving smaller accounts. We recommend a streamlined compliance framework for firms focusing on modest-income clients. This approach would align with the OSC's goals of fostering financial inclusion and ensuring that underserved communities continue to have access to affordable advice. . We also encourage the OSC to continue to introduce regulation to address client harm that is clearly substantiated, and evidence based. This will help ensure regulation is added where required, and not beyond.
4. **Working towards re-aligning certain functions between OSC and CIRO:** Promoting improved and streamlined regulation of securities dealers, with better allocation of resources across the regulatory ecosystem is commendable. However, we caution that

the OSC must maintain its mandate to facilitate an efficient and competitive marketplace in Ontario and guard against regulatory priorities of other jurisdictions inadvertently being imposed on Ontario's vibrant securities industry through a national self-regulatory organization. Further, any functions delegated to CIRO, such as registration, licensing and proficiency, must ensure that the role that mutual funds play in Ontarians' long-term investment goals such as retirement, is not ignored and the new CIRO regime ensure that the mutual fund registration requirements remain distinct and proportionate.

5. **Commitment to Stakeholder Engagement:** The OSC's approach of consulting stakeholders on emerging trends and regulatory changes will ensure that diverse perspectives are considered. This collaboration will foster policies that are both effective and inclusive of various market participants.

Conclusion

The OSC SoP's general direction is commendable. However, we encourage the OSC to adopt evidence-based regulations that recognize the importance of different business models in promoting financial inclusion. Lessons from global markets, such as the UK's Retail Distribution Review, highlight the risk of widening the advice gap when commission structures are overly restricted. We urge the OSC to consider these findings when evaluating future regulatory changes. Further, we encourage the OSC to refrain from taking regulatory positions that favour certain business models over others, inevitably leading to interference in a competitive marketplace.

PFSL Investments remains committed to working collaboratively with the OSC to achieve shared goals of investor protection, financial inclusion, and regulatory modernization. We believe that a balanced, evidence-based regulatory approach will best serve Ontario's investors and ensure the continued vitality of the capital markets.

We appreciate the OSC's openness to stakeholder input and look forward to engaging further on these important issues. Should you have any questions or require additional information, please do not hesitate to contact us.

Sincerely,
Original signed by
John A. Adams, CEO
PFSL Investments