CANADIAN FORUM FOR FINANCIAL MARKETS
FORUM CANADIEN DES MARCHÉS FINANCIER
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January 12, 2026

Submitted via E-Mail: comments@osc.gov.on.ca

The Secretary
Ontario Securities Commission
2200-20 Queen Street West
Toronto, ON M5H 3S8

Dear Sir/Mesdames:

RE: OSC NOTICE 11-7101 – STATEMENT OF PRIORITIES FOR FISCAL YEAR 2026-2027

The Canadian Forum for Financial Markets/Forum Canadien des Marchés Financiers (the "**CFFiM**") is a values-driven, purposeful, and reform-minded organization. The CFFiM is dedicated to advancing initiatives that improve the health and competitiveness of Canada's financial markets for the greater good.

We acknowledge with appreciation the OSC's sharpened focus on competitiveness as a top priority, its commitment to fostering capital formation, harmonizing regulation across provinces, reducing interprovincial trade barriers and right-sizing regulation.

KEY RECOMMENTATIONS

Fostering Conditions for Capital Formation and Innovation

- The OSC should expand its Business Plan to specify the *new* initiatives it intends to pursue.
- Revise NI 62-104 and MI 61-101 to permit faster, lower-cost, and scalable repurchases.
- Defer finalization of restrictions on short sellers pending further consultation and revisions.

Enhancing the Experience of Individual Investors

- Support flexible, firm-determined methods for household-level financial advice.
- Endorse CIRO's initiative to enable financial advisors to incorporate.
- Pause finalization of OBSI framework pending a public response and further amendments addressing stakeholder concerns.
- Prioritize scalable and proportionate regulation to reduce burden and market concentration.

Right-Sizing Regulation and Harmonization

- Clarify plans to reduce overlapping regulatory oversight and reconsider OSC registration fees.
- Address multilateral policy divergence by committing to a CSA-wide regulatory approach to promote harmonization.

FOSTERING CONDITIONS FOR CAPITAL FORMATION AND INNOVATION

As the OSC has correctly identified, securities regulators ought to be focused on identifying regulatory actions to improve the efficiency and competitiveness of Canada's capital markets. As a general comment, we recommend that the OSC's Business Plan specifically identify the new proposals and other initiatives that the OSC plans to introduce in 2026-2027 as a means of fostering the conditions for capital formation and innovation. Currently, the OSC's Statement of Priorities only refers to one new policy initiative, that being to "conduct a broader consultation paper on modernizing the regulation of non-investment fund issuers". In addition, we make the following comments for your consideration.

- **More Flexible Private Equity Buy-Back Methods for Canadian Issuers:** Canada's rules currently constrain buybacks and disadvantage Canadian issuers, especially for private-equity owners relative to U.S. peers. Private equity buybacks, when used efficiently, can enhance shareholder value by improving earnings per share, addressing undervaluation, optimizing capital structure, providing tax-efficient returns, and supporting market liquidity and competitiveness. *National Instrument 62-104, Take over Bids and Issuer Bids and Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions*, should be reviewed and revised to enable issuers to conduct quicker, less costly, less complex, and scalable open market repurchases.

  We value the inclusion of our recommendations regarding normal course issuer bids in the Canadian Securities Administrators' ("**CSA**") 2025-2028 Business Plan.

- **Short Sellers**: The OSC's stated intention to "finalize" rule amendments to prohibit short sellers from covering short positions with new stock issued in connection with a public offering or private placement, pre-empts the concerns raised by the CFFiM and other commentators regarding this initiative including the negative impacts that it may have on capital formation.[1] We recommend that the OSC's Business Plan account for further public engagement and amendments required prior to any finalization of this proposal.

ENHANCING THE EXPERIENCE OF INDIVIDUAL INVESTORS

We offer the following considerations for additional matters that ought to be included in the OSC's Business Plan for 2026-2027.

- **Assisting Households:** The OSC should provide greater support, particularly for CIRO members, to accommodate a flexible, holistic, and household-centric approach to managing investor accounts at an investor's option. The OSC's Business Plan should recognize that householding methodologies vary and that reasonable process should be determined by the firm as opposed to the regulator. No amendments to *NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations* or CIRO Rules are required.

- **Advisor Incorporation:** We recommend that the OSC actively support CIRO in its pending initiative to permit financial advisors to make use of incorporation, which could enhance the accessibility of advice to Ontario investors.[2] The OSC's Business Plan should identify the OSC's support for permitting advisors to make use of corporations to carry out registerable activities and collect remuneration

[1] Letter from CFFiM to OSC September 3, 2025, Letter from Scotiabank to OSC September 3, 2025
[2] Letter from CFFiM to OSC May 30, 2025, Letter from CFFiM to CSA, November 17, 2025.

- **Ombudsman for Banking Services and Investments:** The OSC's priorities include advancing opportunities for investors to obtain redress by "*finalizing* a fair, accessible and efficient regulatory framework for an independent dispute resolution service, *subject to government approval*, expected to be the Ombudsman for Banking Services and Investments" (the proposed "**OBSI Framework**") [emphasis added].

  The proposed OBSI Framework has been subject to two public consultations, the most recent of which was concluded in September 2025. In the most recent consultation, the CFFiM and other commentators raised substantive concerns with respect to this proposal, including the CSA's proposed oversight framework.[3] The CSA has not published a response to this consultation and the concerns raised by the CFFiM and other commentators remain outstanding. In this context, the OSC's goal of "finalizing" the proposed framework subject only to "government approval" implies that the public consultation has formally concluded and that no further amendments are required. We recommend that the OSC's Business Plan account for further public engagement and amendments required prior to any finalization and government approval of this proposal.

- **Right Sizing Client Focused Reforms (CFRs):** Retail advice in Canada can be fairly described as over-regulated as evidenced by dealer exits and consolidation, with fewer small and independent advisors, more reliance on bank-owned distribution, and rising fixed compliance costs that only large firms can absorb. This reduces choice and increases concentration as increased compliance costs are passed on to clients, and it becomes less economically viable to service smaller accounts. Aspects of CFRs such as a *de facto* "conflict avoidance" standard and a product-by-product comparative analysis requirement result in firms and advisors being regulated primarily on documentation, workflow, and audit trails, with a process creep that results in more time and resources being spent 'proving' advice. In practice, the CFRs apply uniformly across models without meaningful scalability and proportionality, which should be a priority.

FURTHER RIGHT-SIZE REGULATION INFORMED BY CHANGING NEEDS, RISKS, AND PRACTICES

We provide the following recommendations to support the OSC's goal of "right-sizing" securities regulation in Ontario.

- **OSC's Direct Examination of CIRO members:** Despite the delegation of registration functions to CIRO, the Statement of Priorities indicates that the OSC will continue to conduct direct examinations of CIRO member firms through its Registration, Inspection, and Examination Division. This is inconsistent with the OSC's overarching goal of promoting regulatory harmonization, insofar as CIRO and the OSC will maintain overlapping oversight and compliance functions.[4] In addition, despite delegating registration functions to CIRO, the OSC has not indicated whether there will be any impact on the fees that are payable to the OSC as a condition of registration given that the OSC will no longer be responsible for this function. We recommend that the OSC's Business Plan clearly identify whether the OSC is considering any efforts to reduce its duplicitous compliance responsibilities and/or to eliminate or reduce its registration fees.

[3] See, for example: Response letter from CFFiM, September 29, 2025; and Response letter from the Ombudsman for Banking Services and Investments, September 26, 2025.
[4] CFFiM: Patching Together Canada's Fragmented Securities Regulatory System

- **The CSA Processes:** We appreciate that the CSA's members are committed to harmonizing securities regulation but note that there remain areas of policy divergence and the CSA continues to release multilateral proposals that contribute to Canada's patchwork regulatory system. For example, the OSC and other CSA members recently proposed a self-certified investor exemption, which could be beneficial to investors and issuers. However, for reasons that have not been disclosed, British Columbia and Quebec have not participated in this initiative.[5]

  In order to support the important goal of enhancing regulatory harmonization across Canada, we request that the OSC's Business Plan include further details on how the OSC intends to contribute to an enhanced CSA processes.

Respectfully submitted,

Canadian Forum for Financial Markets

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[5] CSA Multilateral Notice and Request for Comment – Proposed Multilateral Instrument 45-111 Self-Certified Investor Prospectus Exemption and Proposed Companion Policy 45-111 Self-Certified Investor Prospectus Exemption; and Proposed Consequential Amendments to National Instrument 45-106 Prospectus Exemptions and National Instrument 45-102 Resale of Securities; and Proposed Consequential Changes to Companion Policy 45-106CP Prospectus Exemptions.