



Report on Statement of Priorities For Fiscal 2014-2015

Introduction

The 2014-2015 Statement of Priorities set out a series of specific priorities and projects that the OSC would undertake to progress against the OSC's five strategic goals. For each of these goals the OSC identified a series of initiatives, some multi-year, in support of achieving each particular goal. This document reports on the OSC's performance against the priorities set out in the 2014-2015 Statement of Priorities and how the OSC performed against its commitment to Quality Service.

Highlights and accomplishments for each of the 2014-2015 priorities are presented in table format. Positive feedback from stakeholders and investors determine the relative success of several priorities. Annex A - OSC Service Commitment Summary, outlines how the relevant OSC Branches performed against the target timelines for providing services such as answering inquiries, responding to requests for information, submitting offering documents and applications for review and other filings.

A broader discussion of OSC accomplishments during the year is available in the 2014-2015 OSC Annual Report, to be published on the OSC website (www.osc.gov.on.ca).

Goal 1: Deliver Strong Investor Protection

The OSC continued to support strong investor protection through awareness, education and outreach activities across Ontario. *OSC in the Community* events were held in Toronto, Ottawa, Kitchener-Waterloo and Burlington with high attendance and very positive feedback. The registrant outreach program offered two educational seminars dedicated to matters relating to the Ombudsman for Banking Services and Investments (OBSI).

Further progress to protect investors was made with developments on the best interest standard, embedded fees, and point of sale initiatives. The OSC completed its first mystery shop exercise and a final report of the findings is being prepared for publication in summer of 2015. Staff conducted research on advisor compensation to inform an assessment of the need for a best interest duty. Work continues on the analysis of data requested from fund managers across Canada on the influence of embedded advisor compensation and other types of compensation on fund flows. The final rules implementing pre-sale delivery of the Fund Facts for mutual funds were published in December.

<p>Priority 1: Best Interest Duty to Investors</p> <p>Investors expect the OSC to clearly demonstrate and communicate how they are protecting their interests. Investors expect a fair and transparent client/advisor relationship. The OSC will take steps to examine and better understand the potential impacts on dealers, advisors and investors of imposing a best interest duty</p>	
<p>Success Measures:</p> <ul style="list-style-type: none"> a. Mystery shop research completed on time and within budget. Data collected, analysed and areas for potential remediation identified b. Report on mystery shop published including guidance issued on what constitutes non-compliant advice, compliant advice and good advice. Key findings used to inform targeting of future OSC suitability sweeps and best interest duty policy development c. Status of advisor compensation research published. Options evaluated and recommendations developed 	
<p>Action Plan</p>	<p>Progress against Action Plan/Target Outcomes</p>
<p>a. Complete the joint OSC/ IIROC/ MFDA mystery shop research sweep of advisors to gauge the suitability of advice currently being provided to investors</p>	<p><u>Accomplishments</u></p> <p>The OSC, Investment Industry Regulatory Organization of Canada (IIROC) and Mutual Funds Dealer Association (MFDA) undertook mystery shop research of advisors in Ontario to evaluate the quality of advice provided to retail investors.</p> <p>The mystery shops were completed in Q3 and the data was collected and analyzed. A final report of results will be published by summer 2015.</p>
<p>b. Conduct research on advisor compensation to study the alignment of compensation with</p>	<p><u>Accomplishments</u></p> <p>Staff conducted research on advisor compensation in order to determine actual advisor compensation practices in the</p>

<p>client's interests and inform our assessment of the need for a best interest duty</p>	<p>Canadian market and inform our assessment of the need for a best interest duty.</p> <p>Staff gathered commentary from academic and other sources, as well as requested information from a representative group of firms across the registration spectrum. While the review of the data and materials is ongoing, there is early indication that some advisor compensation practices will require further review.</p>
<p>c. Evaluate the options and recommend an approach for this project</p>	<p>The OSC did not settle on an approach for best interest duty in 2014-2015. However, in 2015-2016 the OSC will develop and evaluate regulatory provisions to create a best interest duty and targeted regulatory reforms under NI 31-103 to improve the client/advisor relationship.</p>
<p>Priority 2: Embedded Fees in Mutual Funds</p> <p>Investors are at risk if advisors fail to provide suitable investment advice or manufacturers fail to offer product choices due to compensation structures. The OSC will undertake a targeted analysis of how compensation models influence advisor behaviour to inform a decision on whether or not to cap or ban embedded commissions and other types of compensation arrangements</p>	
<p>Success Measures:</p> <p>a. Research completed as per plan (on time and within budget) by early 2015</p> <p>b. Actionable results identified and a recommendation made about whether or not to cap or ban embedded commissions</p> <p>c. Staff notice setting out key findings and status will be published by early 2015</p>	
<p>Action Plan</p>	<p>Progress against Action Plan/Target Outcomes</p>
<p>a. Complete third-party research to determine whether and to what extent the perceived conflicts of interests associated with various forms of commission compensation (including product imbedded commissions) influence advisor behaviour. The research will aim to:</p> <p>i. quantify the degree to which various forms of compensation for distribution affect fund sales</p> <p>ii. assess whether the use of fee-based compensation materially changes the advice given to the client and has the potential to lead to enhanced long-term investment outcomes relative to the use</p>	<p><u>Accomplishments</u></p> <p>Professor Douglas Cumming and the Brondesbury Group were contracted to conduct third-party research on two discrete topics, respectively:</p> <p>(i) the influence of embedded advisor compensation and other forms of tied compensation on fund flows; and</p> <p>(ii) a literature review of the impact of fee-based vs. commission-based models on the investment outcomes of Canadian retail investors.</p> <p>Professor Cumming requested data from all fund managers in Canada offering public mutual funds and has now collected a sufficiently large and statistically relevant response to proceed with the research. Staff expect to publish the key findings in summer, 2015. The Brondesbury Group's report was completed and will be published with an accompanying staff</p>

of commission compensation (including embedded commissions)	notice in June, 2015.
b. Encourage expansion of product choices across distribution platforms	Staff continued to facilitate discussions between members of the CSA, the Canadian ETF Association, MFDA and IIROC regarding the potential sale of ETFs through the MFDA channel. We also continue to review new products and series/classes geared towards different distribution platforms.
<p>Priority 3: Point of Sale Disclosure for Investors</p> <p>Investor protection can be improved by providing more meaningful and accessible information to investors to support more informed investment decisions. The OSC will publish rules introducing pre-sale delivery of Fund Facts for mutual funds and introduce a new summary disclosure document and delivery regime for ETFs</p>	
<p>Success Measures:</p> <p>a. Positive feedback from stakeholders on the consultation process</p> <p>b. Final rules will be published by March 2015, subject to Minister approval</p> <p>Note: Effectiveness of pre-sale delivery of Fund Facts to be considered in 2015-2016 following implementation (i.e. costs savings to industry stakeholders on delivery; greater investor awareness of key risks and costs).</p>	
Action Plan	Progress against Action Plan/Target Outcomes
<p>a. The CSA Point of Sale (POS) initiative for mutual funds will:</p> <p>Publish final rules introducing pre-sale delivery of the Fund Facts.</p> <p>Work with the CSA to consider mandating a risk classification methodology to improve the comparability of risk ratings of mutual funds in the Fund Facts</p>	<p><u>Accomplishments</u></p> <p>Final rules implementing pre-sale delivery of the Fund Facts came into force on February 12, 2015. Effective May 30, 2016, dealers will be required to deliver the Fund Facts to a purchaser before accepting an instruction for the purchase of a mutual fund, with the prospectus continuing to be available to investors upon request.</p> <p>In January, the OSC, along with the CSA, published a proposed mutual fund risk classification methodology for use in Fund Facts. Rule proposals are expected to be published for comment in December 2015.</p>
<p>b. Publish rules for comment by December 2014 that create a new summary disclosure document for ETFs and require it to be delivered. Legislative changes may be necessary before rules can be finalized</p>	<p><u>Accomplishments</u></p> <p>Document testing with investors of a prototype of the ETF Facts was completed. Final results have been reviewed and incorporated into the proposed disclosure document.</p> <p>The CSA plans to publish for comment in June 2015 proposed rules aimed at introducing a new summary disclosure document for ETFs (ETF Facts) along with a corresponding delivery obligation that covers all trades, including secondary market trades.</p>

Goal 2: Deliver Responsive Regulation

The OSC's commitment to delivering responsive regulation continued as it advanced its policy work in a number of key areas. A series of prospectus and registration exemptions were finalized, making it easier for issuers to raise capital. Staff worked with industry stakeholders to update and improve the efficiency of markets and to facilitate the introduction of new exchanges. The Commission adopted disclosure requirements on gender diversity and, as part of its efforts to enhance regulation of the fixed income market, completed an overview of the fixed income market.

<p>Priority 4: Market Structure Evolution</p> <p>The OSC needs to address issues that arise as a result of the evolution of the market including the impact of the order protection rule</p>	
<p>Success Measures:</p> <ul style="list-style-type: none"> a. Proposed changes to update the order protection rule are published b. Industry feedback confirms that the proposed changes to the order protection rule will improve efficiency and are aligned with current market needs 	
<p>Action Plan</p>	<p>Progress against Action Plan/Target Outcomes</p>
<ul style="list-style-type: none"> a. Publish proposals to update the order protection rule (OPR) to respond to the evolution of the Canadian capital market structure 	<p><u>Accomplishments</u></p> <p>Proposals to amend the OPR and regulate trading and data fees were published in May 2014. The comment period closed in September 2014 and 27 comment letters were received and reviewed. The OSC continues to work with the CSA to consider the comments received and determine next steps.</p>
<p>Priority 5: Improve Capital Formation</p> <p>The current capital raising regime in Ontario needs to better meet the needs of market participants, especially SMEs. The OSC will look at options to expand opportunities for businesses to raise capital</p>	
<p>Success Measures:</p> <ul style="list-style-type: none"> a. Rule amendments delivered to Minister for approval and publication of amendments in final form b. Proposals for streamlining the existing rights offering exemption published for public comment 	
<p>Action Plan</p>	<p>Progress against Action Plan/Target Outcomes</p>
<ul style="list-style-type: none"> a. Complete our review of stakeholder feedback on the following proposed new capital raising prospectus exemptions (offering memorandum, family, friends and business associates, existing security holder and crowd funding exemptions) 	<p><u>Accomplishments</u></p> <p>Four proposed prospectus exemptions and two proposed reports of exempt distribution were published for comment in March 2014. Since the close of the comment period in June 2014 approximately 815 comment letters were received and reviewed.</p>

<p>b. Subject to considering the feedback received, develop and publish proposed rules implementing these exemptions</p>	<p><u>Accomplishments</u></p> <p><i>Existing Security Holder Exemption</i></p> <p>The existing security holder prospectus exemption was finalized in November 2014. The Minister approved the rule amendments and they came into force on February 11, 2015.</p> <p>The following exemptions were finalized in February 2015 and came into force on May 5, 2015:</p> <ul style="list-style-type: none"> • Family, Friends and Business Associates • Accredited Investor • Minimum Amount Investment • Short-Term Debt <p><i>Offering Memorandum Exemption and Crowdfunding Regime</i></p> <p>Staff developed recommendations to respond to comments on these two exemptions. Staff will seek final Commission approval of these exemptions early in the 2015-2016 fiscal year.</p>
<p>c. Develop proposals for streamlining the existing rights offering exemption to improve its efficiency and effectiveness for reporting issuers</p>	<p><u>Accomplishments</u></p> <p>The CSA published for comment changes to the prospectus-exempt rights offering regime in November 2014. The comment period ended February 2015 and staff are reviewing the comments.</p>
<p>Priority 6: Regulation of Fixed Income Securities</p> <p>Fixed income is a significant but less transparent segment of our capital markets. Retail participation is high as investors seek opportunities for higher yields. The OSC will examine ways to improve the transparency of this market</p>	
<p>Success Measures:</p> <p>a. The proposal will be published by March 2015</p>	
<p>Action Plan</p>	<p>Progress against Action Plan/Target Outcomes</p>
<p>a. Review transparency in the corporate bond market and develop a proposal to increase post trade information available to the market</p>	<p><u>Accomplishments</u></p> <p>A research report on the fixed income market in Canada was published in April 2015, along with a staff notice outlining steps that will be taken to address areas that can be improved in the regulation of the fixed income markets.</p> <p>These areas include enhancing post-trade transparency, overseeing the implementation of IROC's fixed income</p>

	reporting rule and analyzing debt transaction data going forward for information on market trends and to assist in policy formulation.
Priority 7: Corporate Governance – Women on Boards	
There are growing expectations for better board governance and transparency, including increased transparency regarding the representation of women in leadership roles at reporting issuers	
Success Measures:	
<ul style="list-style-type: none"> a. Rule amendments delivered to the Minister of Finance for approval and final amendments published b. The criteria and process to select senior management and the Board will be more transparent to shareholders 	
Action Plan	Progress against Action Plan/Target Outcomes
a. Complete review of stakeholder feedback on our proposed disclosure requirements requiring TSX listed and other non-venture issuers to provide disclosure regarding the representation of women on boards and in executive management positions	<p><u>Accomplishments</u></p> <p>A multilateral CSA notice proposing disclosure requirements relating to women on boards and in executive officer positions was published for comment in July 2014. The OSC received and reviewed seventy submissions.</p>
b. Subject to considering the feedback received, develop and publish proposed rules requiring disclosure about the number of women on boards and in executive management positions	<p><u>Accomplishments</u></p> <p>In October 2014, rule amendments were introduced to require TSX listed issuers to disclose the criteria and processes used to select executive officers and Board members. The new rules came into effect on December 31, 2014.</p>
Priority 8: Shareholder Democracy	
The OSC is taking a leadership role in looking for ways forward with the proxy voting system, and improving the accuracy and reliability of the proxy voting infrastructure	
Success Measures:	
<ul style="list-style-type: none"> a. Progress report published by December 2014 b. Significant stakeholder engagement on the issues and positive stakeholder feedback on the consultation process 	
Action Plan	Progress against Action Plan/Target Outcomes
a. Publish a progress report with preliminary recommendations on the status of our review of the proxy	<p><u>Accomplishments</u></p> <p>Staff reviewed the proxy voting system using three workstreams: CD reviews of issuer reports of voting results</p>

voting system	<p>to identify reasons for rejected votes; consultations with a Technical Work Group comprised of participants in the proxy voting system; and targeted inquiries of intermediaries regarding voting entitlement reconciliation practices. In January, 2015 the OSC published a progress report outlining key recommendations including: the need to ensure meeting tabulators receive accurate and complete information; establishing communication between meeting tabulators and intermediaries about that status of proxy votes; and modernising how meeting tabulators receive information about who is entitled to vote.</p> <p>Positive feedback was received from the advisory groups and key stakeholders such as issuers, directors and institutional investors on both the consultation process and reports.</p>
b. Review the feedback received on CSA Consultation Paper 54-401 Review of the Proxy Voting Infrastructure through the comment letter process and the related OSC roundtable to target specific concerns and potential solutions	<p><u>Accomplishments</u></p> <p>Based on findings from the three workstreams, the next phase of work includes a proxy contest review and the development of industry protocols for meeting vote reconciliation. The proxy contest review is underway and will be completed in 2015-2016.</p>

Goal 3: Deliver Effective Enforcement and Compliance

The Enforcement Branch published a consultation paper proposing a framework for a new Whistleblower Program to encourage the reporting of serious misconduct under securities law to the OSC. The program would be the first of its kind for securities regulators in Canada. In April, the RCMP's Integrated Market Enforcement Team (IMET) was co-located at the OSC's offices. The uniting of the OSC and IMET strengthens the relationship that began with the establishment of the Joint Serious Offences Team (JSOT) in 2013. The Commission entered into an important "no contest" settlement with certain registrants in connection with excess fees being charged to clients. The settlement included an agreement to pay compensation of more than \$13.5 million directly to affected clients.

The OSC continued efforts to work with Registrants to improve compliance through its Outreach program. Over 1,800 participants attended 12 events, including six in-person and six webinar outreach sessions. Sessions focussed on topics such as amendments to registrant regulation, Participation Fees, the requirement to join OBSI for complaint handling, and some were dedicated to each of the PM, IFM and EMD registration categories.

Priority 9: Serious Securities-related Misconduct

The OSC needs to better demonstrate the effectiveness and efficiency of its enforcement and compliance efforts. The OSC will seek to limit potential harm to investors by focusing enforcement efforts on cases involving fraud, manipulation and other serious securities related misconduct

The OSC will focus its compliance oversight on registrants that are most likely to have material compliance issues, including risk of harm to investors, or significant effect on the capital markets if there is a compliance breach

Success Measures:

- a. The OSC JSOT will:
 - i. Increase the number of cases investigated for fraudulent activity and recidivist offenders
 - ii. Work with law enforcement to proactively use Criminal Code tools in JSOT investigations
- b. Visible and effective enforcement actions in cases of unacceptable or egregious issuer or registrant misconduct will result in improved market conduct and have a deterrent effect on future misconduct
- c. Increase the number of reviews of registrants that reveal significant compliance issues
- d. Respond on a timely basis to industry wide compliance issues or concerns

Action Plan	Progress against Action Plan/Target Outcomes
<p>a. Bring forward more cases involving fraudulent activity that harms investors and affects the integrity of our market by leveraging strategic partnerships with law enforcement agencies, the Ministry of the Attorney General and relevant international regulatory authorities</p>	<p><u>Accomplishments</u></p> <p>JSOT laid charges in eight quasi-criminal matters and two Criminal Code matters, and executed 69 search warrants. There are currently 15 matters before the courts awaiting trials or other resolution. JSOT staff continue to focus on recidivist offenders and fraudulent conduct.</p> <p>A total of 79 requests for assistance were received from domestic and international agencies and a total of 40 requests for information were sent out by OSC Enforcement staff.</p> <p>OSC Enforcement staff referred five matters to other domestic and international securities regulatory authorities this fiscal year.</p>
<p>b. Bring forward more cases where issuer or registrant misconduct is harming market integrity or eroding confidence in Ontario's capital markets</p>	<p><u>Accomplishments</u></p> <p>The OSC pursued 58 matters requiring potential regulatory action (such as suspension of registration or custom terms and conditions) due to potential registrant misconduct. This represented a 67% increase over last year. Of those, 12 matters were referred to OSC Enforcement staff.</p>
<p>c. Select registrants for compliance reviews that are most likely to have material compliance issues, are new registrant firms, or are involved in a specific topic or industry sector</p>	<p><u>Accomplishments</u></p> <p>The OSC completed compliance reviews of a sample of 32 new registrants who have been in the business for three years or less. The OSC also implemented a new program, "Registration as a First Compliance Review,"</p>

that is of concern	where a further in-depth review of certain registrants is completed during the process of assessing their initial application for registration; the OSC has conducted 21 of these pre-registration reviews.
d. Issue and analyze a Risk Assessment Questionnaire to gather information necessary to risk rate our registrant population	<p><u>Accomplishments</u></p> <p>The Risk Assessment Questionnaire was issued in June 2014 to over 1,000 firms registered in Ontario and the OSC received a 100% response rate.</p> <p>A quantitative risk-assessment model, along with other information, was used to focus compliance reviews on aspects of registrant business models or issues that were considered high risk. By year-end, 19 reviews were completed, of which nine resulted in findings of numerous significant deficiencies, and two resulted in further assessment for potential regulatory action. Reviews will continue into the next fiscal year.</p>

Goal 4: Support and Promote Financial Stability

The OSC, in collaboration with the CSA and other domestic and international regulators, made significant progress in advancing the regulation of OTC derivatives. OSC representatives on IOSCO committees and task forces proactively advocated for the development of international standards that are aligned with the OSC's policy priorities. The Commission is also chairing an international group of regulators tasked by the G20 and FSB to address and minimize cross border implementation issues involving OTC Derivatives. Staff consulted with industry stakeholders and hosted a Federal-Provincial Regulatory Summit on segregation and portability in Canada. A number of consultation papers, proposed rules, and amendments were published this year including the Derivatives Trading Facilities Consultation paper, the Central Counterparty Clearing Rule and amendments to the Trade Repositories and Derivatives Data Reporting Rule.

Priority 10: Support and Promote Financial Stability

Increasingly interconnected global financial markets present systemic risk to financial market stability. OTC derivatives represent a significant potential source of systemic risk in Canada. The OSC will develop and implement an OTC derivatives regulatory framework to reduce potential risks to the financial system posed by unregulated entities

The OSC supports implementation of a cooperative securities regulator that will deliver more efficient and effective regulation of the capital markets and effectively oversee sources of systemic risk

Success Measures:

- a. Clearing and reporting rules for OTC derivatives that align with international standards and meet G20 commitments will be in place
- b. Systems for oversight and to facilitate systemic analysis of the Ontario derivatives markets will be

in place on time and within budget	
Action Plan	Progress against Action Plan/Target Outcomes
a. Develop rules for the clearing of OTC derivatives and implement trade reporting rules for OTC derivatives	<p><u>Accomplishments</u></p> <p>Proposed Instrument 94-101 Mandatory Central Counterparty Clearing of Derivatives was published for comment in February 2015.</p> <p>91-507 - Trade Repository and Derivatives Data Reporting - Additional amendments to the Rule have been finalized.</p>
b. Work with CSA colleagues to create a harmonized and efficient OTC derivatives regime in Canada	<p><u>Accomplishments</u></p> <p>92-401 - Derivatives Trading Facilities - Consultation paper was completed and published for comment on January 29, 2015.</p> <p>91-404 - Segregation and Portability in OTC Derivatives Clearing - Rule has been revised and publication is now planned for November, 2015.</p>
c. Develop and implement a web portal for trade reports that are unable to be accepted by a designated trade repository	<p>This work was discontinued. After further discussions with the Trade Repositories it was determined they are able to accept all trades.</p>
d. Develop a plan for implementing data analysis for systemic risk oversight and market conduct purposes including the development of analytical tools and the creation of snapshot descriptions of the Canadian OTC derivatives market	<p><u>Accomplishments</u></p> <p>The OSC continues to support the Legal Entity Identifier (LEI) project and is an Executive Committee member of the Regulatory Oversight Committee (ROC). LEIs will allow regulators to better monitor OTC derivatives trading. The ROC is currently transitioning operational oversight of the LEI system to the Global LEI Foundation (GLEIF) and work continues on the drafting of a Memorandum of Understanding between the ROC, the GLEIF and the federation of local utilities that currently issue LEIs globally.</p>
e. Pursue a leadership role internationally to influence the development of global securities regulation that works for Canada	<p><u>Accomplishments</u></p> <p>OSC representatives engaged in international G20, FSB and IOSCO initiatives and proactively advocated for the development of international standards and approaches that are aligned with the OSC's policy priorities.</p> <p>Specifically, the OSC:</p> <ul style="list-style-type: none"> • Supported initiatives that will reinforce commitments made by G20 members to implement new standards for Derivatives Market Intermediary (DMI) Regulation; • Contributed to IOSCO work that produced international

	<p>standards on Risk Mitigation Requirements for Non-centrally Cleared Derivatives;</p> <ul style="list-style-type: none"> • Co-lead an IOSCO group that developed international standards for Trading Venues to effectively manage electronic trading risk and plan for business continuity; and • Worked with the Committee on Payments and Market Infrastructures (CPMI) in developing international data standards on Legal Entity Identifiers (LEIs), Unique Transaction Identifiers (UTIs), and Unique Product Identifiers (UPIs) that will facilitate the ability of regulators to monitor trading and the potential build-up of systemic risk. <p>The OSC Chair also began chairing the OTC Derivatives Regulators Group (ODRG). The ODRG reports to the FSB and is working to address implementation issues associated with differences in the OTC Derivatives regulatory frameworks among countries, with a view to minimizing differences, arbitrage opportunities, and regulatory burden for market participants.</p>
<p>f. Work with the Ontario, B.C. and Federal governments to support the creation of a Co-operative Capital Markets Regulator</p>	<p><u>Accomplishments</u></p> <p>The OSC participated in and contributed significantly to the intergovernmental working groups tasked with creating the legislative framework as well as developing a plan for the legal establishment of the CMRA. Staff are also involved in all Phase 2 workstreams focused on the transition of the participating organizations into the CMRA.</p>

Goal 5: Run a Modern, Accountable and Efficient Organization

The OSC continuously looks for ways to reduce the regulatory burden in both time and the costs of compliance. There are opportunities to reduce regulatory burden where regulatory requirements may no longer be appropriate or required due to market evolution. The OSC is also committed to ensuring that any proposed regulation, policy and operational change is proportionate and effective and does not act as an unnecessary barrier to new firms entering the industry and does not constrain innovation and growth.

<p>Priority 11: Reduce Regulatory Burden</p> <p>Market participants continue to identify regulatory burden as a significant issue. The OSC will look for ways to reduce regulatory burden on market participants</p>
<p>Success Measures:</p> <p>a. At least two opportunities identified where filing requirements could be reduced or eliminated</p>

b. At least 95% of capital and financial statement filings by registrants received electronically	
Action Plan	Progress against Action Plan/Target Outcomes
a. Review current fee rule and issues arising due to market evolution and develop a proposed fee rule for approval by the Minister	<p><u>Accomplishments</u></p> <p>Amendments to OSC Fee Rules 13-502 and 13-503 were effective April 6, 2015. The new Rules addressed industry concerns by removing the reference fiscal year as a basis for calculation and removing certain fees that were considered unnecessary and created a burden.</p>
b. Complete a regulatory impact analysis for all proposed policy projects	<p><u>Accomplishments</u></p> <p>OSC continued to enhance the quality of regulatory impact analyses (RIA) conducted for policy projects to reinforce the need to assess impacts of proposed policies before proceeding with them. OSC staff were trained in the RIA approach and the internal OSC Policy Review Committee reviewed all RIAs for all new policy initiatives during the year.</p>
c. Review filing requirements to identify opportunities to cease collection of data that is not used, lightly used, or readily available elsewhere	<p><u>Accomplishments</u></p> <p>The Commission approved changes to the terms and conditions of its orders recognizing TMX Group Limited, TSX Inc., and Alpha Exchange Inc. to streamline certain requirements and to eliminate certain reporting and other obligations duplicated by other legislative requirements or which were not necessary for staff's oversight activities.</p>
d. Implement electronic solutions to ease submission of data for market participants	<p><u>Accomplishments</u></p> <p>The OSC progressed on the implementation of e-Filing automation initiatives. 100% of capital and financial statement filings of registrants were received electronically through the 31-103F1 eForm.</p>
<p>Priority 12: Timely and Fair Adjudication</p> <p>The OSC needs to improve its adjudicative processes through more transparent policies, practices and procedures and more timely dissemination of its orders, decisions and reasons</p>	
<p>Success Measures:</p> <p>a. The Electronic Case Management System will be implemented on time and within budget</p> <p>b. Hearings will be held electronically, as appropriate</p> <p>c. The efficiency and timeliness of tribunal adjudicative hearing and deliberation processes will be improved. Decisions will be released within six months, where practical</p>	

Action Plan	Progress against Action Plan/Target Outcomes
<p>a. Implement an on-line Electronic Case Management System to receive and distribute electronic filings to improve access to the tribunal and make the hearing process more understandable and efficient</p>	<p><u>Accomplishments</u></p> <p>The OSC continued to prepare for a pilot of the new eHearing system. Staff have researched and tested different multimedia podiums in the hearing rooms and have identified a podium solution to better accommodate electronic hearings.</p>
<p>b. Enhance accessibility for respondents and the public by holding electronic hearings (where practical)</p>	<p><u>Accomplishments</u></p> <p>A pilot e-hearing was conducted with the participation of Enforcement staff, Commissioners, and the Secretary's Office. Areas for improvement have been identified and are being addressed.</p>
<p>c. Adopt and implement a guideline for the timely release of decisions within 6 months, where practical</p>	<p><u>Accomplishments</u></p> <p>A guideline for the timely release of decisions has been implemented and the release of decisions is being monitored against the set timelines.</p>

Annex A - OSC Service Commitment Summary

Service Standards and Timelines

Early in the fiscal year 2014-2015, the OSC published “OSC Service Commitment - Our Service Standards and Timelines” as part of its focus on accountability and transparency. The document outlines what stakeholders can expect when dealing with the OSC by summarizing target timelines for answering questions, responding to requests for information and submitting for review offering documents, applications, and other filings.

The following tables outline how the OSC performed against the target timelines. The status section displays a green box where the targets have been met for the entire year, and a yellow box where the target has not been met through the entire year. The notes section provides an explanation where a target has not been met. In some cases the data for specific activities have been restated to reflect changes in business practices during the course of the year and those adjustments are detailed below the table.

Inquiries and Contact Centre

Activity	Target	2014-2015				Status	Notes
		Q1	Q2	Q3	Q4		
Telephone inquiries	On contact	0.3 days	0.3 days	0.3 days	0.7 days		
Mail and e-mail inquiries	Within 3 bus days	2.6 days	2.3 days	2.6 days	3.6 days		Leaves, secondments
Mail and e-mail complaints	Within 10 bus days	1.5 days	1.3 days	1.7 days	1.0 days		

Corporate Finance Branch

Activity	Target	2014-2015				Status	Notes
		Q1	Q2	Q3	Q4		
Prospectus Comment Letters (Long Form) PR	80% within 10 bus days	100%	100%	100%	100%		
Prospectus Comment Letters (Long Form) NPR	80% within 5 bus days	100%	100%	100%	100%		
Prospectus Comment Letters (Short Form) PR	80% within 3 bus days	100%	100%	100%	100%		
Prospectus Receipts*	80% within 40 bus days	95%	89%	96%	90%		Of the 40 completed prospectuses for which Ontario was principal regulator, two were impacted by filer delays and one involved novel or complex issues
Exemption Applications*	80% within 40 bus days	93%	64%	82%	75%		Of the 28 simplified and non-simplified applications for which Ontario was principal regulator, four were impacted by filer delays and three involved novel or complex issues
Final prospectus receipts	100% if materials filed by noon	100%	100%	100%	100%		
Amendments - Comment Letters	80% within 3 bus days	Not Tracked	Not Tracked	Not Tracked	100%		
Amendments - Receipts	80% within 40 bus days	Not Tracked	Not Tracked	Not Tracked	100%		
Rights-offering Circulars - Comment Letters	80% within 10 bus days	100%	100%	100%	100%		
Rights-offering Circulars - Receipts	80% within 40 bus days	100%	100%	100%	100%		

*Metrics for Prospectus Receipts and Exemption Applications reflect reporting only on files where Ontario is the principal Regulator and include applications due to filer delays or delays caused by novel or substantive new elements.

Compliance and Registrant Regulation Branch

Activity	Target	2014-2015				Status	Notes
		Q1	Q2	Q3	Q4		
New Business Applications - acknowledge receipt	95% within 5 bus days	79%	79%	100%	100%		
New Business Applications - evaluate application	80% within 90 bus days	100%	100%	100%	100%		
New individuals - dealing reps - evaluate application	80% within 5 bus days	92%	95%	96%	95%		
New individuals - advising reps & CCO - evaluate application	80% within 20 bus days	82%	77%	88%	77%		An amnesty period was provided for registrants who submitted long-outstanding outside business activity disclosure up to March 27. As a result, we received an influx of over 1,000 filings, necessitating their prioritized review and impacting day-to-day activities such as the review of applications of advising representatives and CCO's.
Notice of Employment Termination	95% within 5 bus days	100%	99%	100%	99%		
Applications for exemptive relief	80% within 40 bus days	100%	60%	100%	100%		Scheduling of resources (in Q2) resulted in longer time for completion of some applications. The issue does not impact future service commitment metrics related to applications for exemptive relief.

Investment Funds and Structured Products

Activity	Target	2014-2015				Status	Notes
		Q1	Q2	Q3	Q4		
Prospectus Comment Letters - PR	80% within 10 bus days	84%	94%	91%	96%		
Prospectus Comment Letters - NPR	80% within 5 bus days	84%	100%	87%	93%		
Prospectus Receipts	80% within 40 bus days	90%	90%	93%	88%		
Exemption Applications	80% within 40 bus days	88%	82%	86%	68%		Filer delay and novel/substantive new elements in applications
Amendments - Comment Letters	80% within 3 bus days	Not Tracked	Not Tracked	91%	98%		
Amendments - Receipts	80% within 40 bus days	Not Tracked	Not Tracked	100%	95%		

Records & Information Management

Activity	Target	2014-2015				Status	Notes
		Q1	Q2	Q3	Q4		
OSC record request acknowledgement	Issued by end of next bus day	100%	100%	100%	100%		
OSC record request fulfillment	Within 5 bus days	100%	100%	100%	100%		
Registration record request acknowledgement	Issued by end of next bus day	100%	100%	100%	100%		
Registration record request fulfillment	Within 5 bus days	100%	100%	100%	100%		