



## **BY EMAIL**

January 11, 2022

Kathryn Royal  
Manager, Strategic Planning and Reporting  
Ontario Securities Commission  
[kroyal@osc.gov.on.ca](mailto:kroyal@osc.gov.on.ca)

Dear Kathryn Royal:

**Re: Request for Comments Regarding Statement of Priorities for Financial Year to End March 31, 2024**

We are writing to provide comments with respect to the draft of the Ontario Securities Commission's (the "**OSC**") Statement of Priorities (the "**Statement**") for its financial year ending March 31, 2024.

### **Introduction**

Fidelity Investments Canada ULC ("**Fidelity**") is the third largest mutual fund company in Canada. As at December 19, 2022, Fidelity managed over \$191 billion (CAD) in retail mutual funds, exchange traded funds and institutional assets. For over 75 years, including 35 years in Canada, Fidelity has put investors first by working hard to help them achieve their financial goals.

We are pleased to see that the OSC has included "*Adapting Regulation to Align with Innovation and Evolving Markets*" as a goal reflecting its expanded mandate to promote competition and foster capital formation. We look forward to seeing more initiatives to modernize regulation while strengthening investor protection and confidence in capital markets.

We hope that you will find our comments that follow constructive. We look forward seeing some or all of them reflected in the final statement of priorities for the ultimate benefit of investors.

### **Comments**

We commend the OSC and Canadian Securities Administrators ("**CSA**") for the steps taken so far to modernize the regulatory framework, and we look forward to continuing to engage with the OSC and CSA on issues related to evolving regulation while reducing regulatory burden. Below we have elaborated on some issues of importance relating to this priority.

#### *Digitalization*

We continue to believe that digitalization is critical to the future of the capital markets for retail investment funds and investors. We include in "digitalization":

1. avoiding the use of paper for regulatory materials unless an investor opts to receive paper documents;

2. electronic delivery as the default mechanism for delivery;
3. access-based delivery;
4. e-signatures;
5. digital mailboxes; and
6. removing regulatory barriers to electronic initiatives.

We encourage the OSC to prioritize working with the other regulators to digitalize the investor experience, as we believe it is a fundamental aspect of adapting regulation to changing investor needs.

#### *Access-based delivery*

Fidelity has consistently advocated for an access equals delivery model for investment fund issuers.<sup>1</sup> We strongly support the CSA's intention to introduce an access-based delivery model for delivery of financial statements and interim and annual management reports of fund performance ("MRFPs"). However, we strongly urge the OSC and the CSA to include other investment fund disclosure documents in the access-based delivery regime, while retaining the option for investors to opt out and receive paper documents.

An access-based delivery model will undoubtedly enhance the investor experience by providing investors instant access to current information about their investments that is more navigable than paper disclosures. Moreover, it allows for innovative features, including hyperlinks and document search capabilities. An access-based model will also achieve the dual goal of reducing printing costs and being environmentally conscious in a world where fewer and fewer investors read regulatory documents in paper copy.

We also believe there are two integral initiatives to enable modernization of the regulatory delivery regime:

1. Mandating the collection and provision of investor e-mail addresses and cellphone numbers; and
2. Repealing and replacing National Policy 11-201 - *Electronic Delivery of Documents*.<sup>2</sup>

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<sup>1</sup> [Comment Letter received from W. Sian Burgess \(Fidelity Investments Canada ULC\) on March 13, 2020: Re: CSA Consultation Paper 51-405 – Consideration of an Access Equals Delivery Model for Non-Investment Fund Reporting Issuers \(osc.ca\)](#)

<sup>2</sup> For further information, Fidelity submitted a comment letter in response to the CSA's Notice and Request for Comment on Proposed Amendments and Proposed Changes to Implement an Access-Based Model for Investment Fund Reporting Issuers [https://www.osc.ca/sites/default/files/2022-12/com\\_20221223\\_81-106\\_fidelity.pdf](https://www.osc.ca/sites/default/files/2022-12/com_20221223_81-106_fidelity.pdf)

### *Interim MRFPs*

We are pleased to see that the Statement includes an action item to review National Instrument 81-106 *Investment Fund Continuous Disclosure* with the view to modernize and publish rule amendments on disclosure requirements with a focus on MRFPs and non-IFRS content in investment fund issuers' financial statements.

We continue to encourage the OSC to work together with the CSA to remove the requirement for interim MRFPs altogether in a 'time is of the essence' manner.<sup>3</sup> The Ontario Capital Markets Modernization Taskforce's final recommendations called for the elimination of the interim MRFPs in 2021. The economic benefit to fund companies required to prepare and file the interim MRFPs would be immediate and the savings across our industry could be used to benefit investors in other ways.

We have seen a very low percentage of investors opt-in to receive the interim MRFPs, which leads us to believe that these documents are not meaningful to investors. Yet the interim MRFPs are costly and labour intensive to prepare, review, file and deliver.

We believe this recommendation would not negatively impact investors. Investors would continue to receive the audited financial statements and MRFPs on an annual basis. Investors would also continue to receive meaningful financial information through other disclosure documents, which are updated more frequently.

### *Total Cost Reporting*

Overall, we are highly supportive of the CSA and the Canadian Council of Insurance Regulators working together on the total cost reporting initiative and were pleased to see that the proposed amendments aim to harmonize the cost disclosure requirements for segregated funds and mutual funds, which will allow investors to be able to compare the costs of investing in similar investment products. The amendments, once implemented, will lead to better disclosure for investors and a greater awareness of the total cost paid to invest.

The OSC's Statement indicates that the final amendments to implement total cost reporting disclosures will be published in April 2023, and we appreciate that the OSC is prioritizing to support stakeholder implementation of these final amendments through the transition period. However, we hope that the OSC along with the other regulators have taken into consideration stakeholder feedback that the transition period from the proposal should be extended in order to build the systems and processes necessary to operationalize total cost disclosure.<sup>4</sup>

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<sup>3</sup> [Comment Letter received from Rob Sklar \(Fidelity Investments Canada ULC\) on September 17, 2021: Re: Proposed Amendments to NI 51-102 Continuous Disclosure Obligations and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers \(osc.ca\)](#)  
[Comments received from Fidelity Investments Letter of January 5, 2022 re OSC Notice 11-794 – Statement of Priorities - Request for Comments Regarding Statement of Priorities for Financial Year to End March 31, 2023](#)

<sup>4</sup> [Comments from Sian Burgess \(Fidelity Investments Canada ULC\), Letter of July 27, 2022, Re: 31-103 - CSA and CCIR Joint Notice and Request for Comment – Proposed Amendments to National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations and to Companion Policy 31-103CP Registration Requirements, Exemptions and Ongoing Registrant Obligations and Proposed CCIR Individual Variable Insurance Contract Ongoing Disclosure Guidance Total Cost Reporting for Investment Funds and Segregated Funds \(osc.ca\)](#)

*Crypto asset framework*

Fidelity is supportive of the OSC prioritizing the development of a regulatory framework with appropriate safeguards for investment funds to invest in crypto assets. We look forward to an outcome that provides an appropriate balance that promotes responsible innovation in evolving markets while protecting investors.

**Conclusion**

The interest of investors is of the utmost importance to Fidelity. We are pleased that the OSC's Statement shares our commitment, and we support many of the OSC's priorities. We believe in working closely with regulators and policymakers to put investors first and strengthen protections.

We would like to thank the OSC for the opportunity to comment on the Statement and we would be pleased to discuss any of our comments.

Yours sincerely,

***“Rob Sklar”***

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Fidelity Investments Canada ULC

c.c. Rob Strickland, President  
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