



January 12, 2024

By E-mail

The Secretary
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, ON N5H 3S8
comments@osc.gov.on.ca

Dear Secretary:

RE: Comments Regarding Statement of Priorities for Fiscal Year 2024-25

We have reviewed the OSC Notice 11-798 – Statement of Priorities – Request for Comments Regarding Statement of Priorities for Fiscal Year 2024-2025. The First Nations Financial Management Board (**FMB**) now provides you with our comments on the OSC's Statement of Priorities.

General Comments: the Statement of Priorities is a Step in the Right Direction

We commend the OSC on its priorities for fiscal year 2024-2025. Truth and Reconciliation Call to Action 92 calls on Canada's corporate sector to advance economic reconciliation, and Call to Action 57 calls on the public service to become educated about the true history of Canada's Indigenous Peoples. In our view, the OSC is on the right path.

We encourage the OSC to remain steadfast in its commitment to Indigenous economic reconciliation. The OSC's focus on Indigenous representation and Indigenous perspectives is essential both to reconciliation and to the strength of Canada's capital markets.

Indigenous representation on boards and greater integration of Indigenous perspectives in securities regulation and policy will lead to better outcomes for investors and will increase confidence in the capital markets. Indigenous diversity is essential in Indigenous intensive industries,¹ and will be crucial in the transition to net zero: there is no pathway to net zero that doesn't cross Indigenous lands and territories. Canada's public companies will be major players in the transition. Indigenous decision makers, employees, and perspectives are, in turn, key to the transition. With the Statement of Priorities, the OSC is positioning itself as a leader in the transition to net zero. We encourage you to be bold and stay committed to priorities that focus on reconciliation.

Specific Comments

1. Diversity

The OSC has been a leader in the call for increased diversity disclosure for public companies, and was the first securities regulator to call for disclosure about women on boards. Virtually all Canadian reporting issuers want to distribute into Ontario and must include this disclosure in their prospectuses. Despite not

¹ Industries that disproportionately affect Indigenous Peoples, by operating on their lands or otherwise. These industries include mining, energy, oil and gas, utilities and pipelines, telecommunications, clean technology and renewable energy, and financial services.



all jurisdictions making this disclosure mandatory, it has nonetheless become the *de facto* law because issuers include this disclosure in their prospectuses used to distribute across Canada. Even with these differing jurisdictional requirements, there was no market fragmentation. We think for other diversity disclosure, there will similarly not be market fragmentation.

2. Cooperation and Engagement with Indigenous Peoples

Regarding priority 7, we support the OSC's priority to advance cooperation with Indigenous Peoples, and better understand and incorporate Indigenous perspectives and interests in the OSC's policy and regulatory activities. We recommend and encourage the OSC to engage directly with individual Indigenous rights-holders, Indigenous governments, and Indigenous organizations.

3. Indigenous Consultative Body

It is time to establish an Indigenous consultative body for financial regulators and standard setters. The FMB has developed a solution called the Indigenous Council on Financial Regulation and Reporting Standards (ICFRSS). ICFRSS would provide a forum to review legislation and policy with a two-eyed seeing perspective (i.e. both Indigenous and non-Indigenous views). It would provide a source of best advice on how to comply with Article 19 of the United Nations Declaration on the Rights of Indigenous Peoples.²

We have included our ICFRSS Brief with this letter. We would welcome a conversation with you about the important role this ICFRSS will fill. We encourage you to collaborate with other regulators and standard setters (e.g. OSFI) about the establishment of an Indigenous consultative body.

4. Financial literacy and education

With specific request to priority 9, we recommend that the OSC consider the specific financial literacy and education issues that Indigenous Peoples and governments face. Indigenous Peoples are among Canada's most vulnerable investors, as they have long been excluded from Canada's corporate sector. This systemic exclusion has resulted in Indigenous Peoples having, for example, a lack of education about and familiarity with the capital markets.

Indigenous Peoples may be particularly vulnerable to scams, poor advice and being otherwise exploited when Indigenous communities enter into settlements with government. Through settlements, Indigenous individuals and governments may receive large sums of money and may become targets for being taken advantage of. Ensuring that vulnerable people, including Indigenous Peoples, receive financial education will better protect investors and increase confidence in the capital markets.

5. Diversity reporting about registrants

We recommend that registrants be required to make diversity disclosures in line with the *Canada Business Corporations Act* diversity disclosure requirements. We further recommend that registrants disclose the number of Indigenous employees they have along all business lines. That which is measured can be managed, and increased disclosure about the number of Indigenous directors, executive officers, and employees is material to investors, and would lead to increased Indigenous representation.

² Article 19: States shall consult and cooperate in good faith with the indigenous peoples concerned through their own representative institutions in order to obtain their free, prior and informed consent before adopting and implementing legislative or administrative measures that may affect them.



First Nations
**FINANCIAL
MANAGEMENT
BOARD**

**CONSEIL
DE GESTION
FINANCIÈRE** des
Premières Nations

This disclosure is important. Indigenous investment advisors and other registrants will garner trust from Indigenous clients. This will help avoid Indigenous Peoples being taken advantage of, fostering increased investor confidence for the benefit of all.

Final Remarks

We reiterate that the OSC's Statement of Priorities is a step in the right direction towards Call to Action 92 and 57. We welcome a discussion about ICFRSS. Please advise the undersigned if you have any questions about the foregoing.

Sincerely,

FIRST NATIONS FINANCIAL MANAGEMENT BOARD

Per:

Geordie Hungerford, CFA, CMA, MBA, LLB

CEO