



**VIA E-MAIL:** comments@osc.gov.on.ca

January 12, 2026

The Secretary  
Ontario Securities Commission  
20 Queen Street West, 22nd Floor  
Toronto Ontario M5H 3S8

**Re: OSC Notice 11-7101 – Statement of Priorities – Request for Comments Regarding Statement of Priorities for Fiscal Year 2026-2027**

The Portfolio Management Association of Canada (**PMAC**) is pleased to have the opportunity to submit the following comments regarding OSC Notice 11-7101 – *Statement of Priorities – Request for Comments Regarding Statement of Priorities for Fiscal Year 2026-2027* (the **Statement of Priorities**).

PMAC represents over [330 investment management firms](#) registered to do business in Canada as portfolio managers (**PMs**) with the members of the Canadian Securities Administrators (**CSA**). PMAC's members encompass both large and small firms managing total assets in excess of \$4 trillion as fiduciaries for institutional and private client portfolios. Over 60% of PMAC's members are also registered as investment fund managers (**IFMs**). PMAC's mission statement is "advancing standards". We are consistently supportive of measures that elevate standards in the industry, enhance transparency, improve investor protection, and benefit the capital markets as a whole.

**GENERAL COMMENTS**

PMAC is generally in agreement with the OSC's goals and priorities set out in the Statement of Priorities, as well as the work plans intended to support those goals. We recognize the breadth of initiatives underway and planned, and we appreciate the OSC's continued engagement with stakeholders.

For the purposes of this submission, PMAC has focused on high-level, strategic matters, rather than restating detailed positions already provided in numerous comment letters and discussion papers submitted in response to specific OSC and CSA consultations addressing initiatives referenced in, or related to, the Statement of Priorities. We ask the OSC to consider those submissions as part of the broader context for its work, and confirm that PMAC will continue to provide project-specific, substantive feedback as individual initiatives progress.

Within this context, PMAC wishes to underscore two matters of critical importance to our members. We encourage the OSC to:

- 1. Join the CSA passport system; and**
- 2. Refrain from delegating any further registration responsibilities to the Canadian Investment Regulatory Organization (CIRO).**

These issues are addressed first below, followed by additional comments related to regulatory burden, proportionality, and targeted areas where further refinement would support the objective of right-sizing regulation.

### **1. OSC Participation in the Passport System and Regulatory Harmonization** (Goal 3, Priorities 1 and 2; Goal 5)

PMAC has long advocated for greater harmonization within Canada's securities regulatory framework and for enhanced collaboration among CSA members. In our view, OSC participation in the CSA passport system for registration, prospectus review, and exemptive relief represents the single most effective step the Commission could take to advance Goal 3 of the Statement of Priorities.

Ontario remains the only CSA jurisdiction that has not adopted the passport system. As a result, firms operating nationally are subject to duplicative reviews, extended timelines, and additional costs solely due to Ontario's non-participation. These inefficiencies disproportionately affect firms headquartered outside Ontario, who are unable to rely on their principal regulator's passported decision and must instead file parallel applications in both Ontario and their home jurisdiction.<sup>1</sup> This undermines the principle of a single principal regulator, and acts as a barrier to interprovincial business activity, innovation, and capital formation.

PMAC acknowledges the OSC's longstanding view that remaining outside the passport system allows it to leverage its expertise and resources to elevate regulatory standards and mitigate regulatory arbitrage. We recognize and value the OSC's leadership role in identifying emerging risks, raising substantive issues, and contributing meaningfully to the integrity of Canada's capital markets.

However, these objectives can be achieved within the passport framework, through proportionate and less burdensome means. Enhanced CSA-level coordination, targeted escalation mechanisms for novel or policy-sensitive matters, and continued OSC leadership in policy development and guidance would preserve high standards without imposing duplicative processes and costs on registrants, especially for non-novel matters. If disparities in standards are preventing the OSC from joining the passport system, we believe

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<sup>1</sup> One of PMAC's members, whose principal regulator is BCSC, provided the following example: The firm recently applied for relief regarding certain employee transactions. Since it has employees in Alberta, Ontario and Quebec, in addition to BC, it had to file a dual application rather than a passport application. This consisted of a fee of \$4,500 to BC and \$7,000 to Ontario. Had Ontario been the principal regulator and the firm needed the relief in BC as well, BC would not have charged the firm its fee.

other jurisdictions should elevate their standards, resulting in a mutually beneficial outcome.

Joining the passport system would materially reduce regulatory burden, improve timeliness and certainty for market participants, and enhance Canada's competitiveness, while allowing the OSC to continue to exert meaningful influence nationally. In PMAC's view, failure to address this issue undermines the objective of right-sizing regulation and runs counter to broader public policy efforts to reduce internal trade barriers.

The Ontario and Federal governments have emphasized the need to unlock free trade within Canada by focusing on labour mobility and reducing barriers.

The Ontario budget 2025 noted:

...[B]arriers to interprovincial trade have held back Ontario's economy from reaching its full potential. Reducing these barriers, especially at times of economic uncertainty, can lower business costs and increase labour mobility, which reduce inflationary pressures. Reducing barriers to trade will also boost competitiveness and productivity, while creating new jobs.<sup>2</sup>

Ontario has recently entered into agreements with other provinces to achieve these goals. As noted in a [news release dated December 31](#):

"By streamlining the process for certified professionals from other Canadian jurisdictions to work in Ontario, we're opening doors for talent and driving economic growth," said David Piccini, Minister of Labour, Immigration, Training and Skills Development. "These changes create new opportunities for workers and businesses, strengthen our province's competitiveness and use a Canada-first approach to take on global economic uncertainty."

...

Mutual recognition of goods and services will play a substantial role in supporting economic integration across Canada and removing internal trade barriers that cost the economy up to \$200 billion every year... As Canada's largest interprovincial trader, Ontario's initiatives are creating pan-Canadian momentum to tear down barriers and unlock access to new internal markets and customers in the face of global market instability and volatility. By reducing barriers and streamlining labour mobility, Ontario is enabling workers and businesses to seize opportunities across provinces and drive economic growth.

This would also support the Government of Canada's priority to harmonize regulation between provinces, in an effort to remove barriers to the movement of services and labour within Canada. The Federal Budget 2025 noted that "[c]apital markets and financial institutions have a key role to play to ensure that Canadian companies and projects can access capital and grow the economy. They create investment opportunities, drive

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<sup>2</sup> [2025 Ontario Budget: A Plan to Protect Ontario](#), at page 44

innovation, support job growth, and strengthen retirement savings. Canadian companies need access to capital in Canada to grow and thrive, building prosperity for all Canadians.”<sup>3</sup>

Ontario joining the passport system represents one of the most significant actions that could be taken to advance these key priorities.

## **2. Delegation of additional registration functions to CIRO (Goal 3, Priority 9)**

PMAC strongly opposes the proposed delegation of additional registration responsibilities to CIRO. It is not clear which responsibilities will be delegated, but we assume that registration of additional categories of registrants (including portfolio managers and exempt market dealers) is intended. While framed in the Statement of Priorities<sup>4</sup> as an efficiency-oriented modernization initiative, this proposal would in fact constitute a fundamental and high-risk restructuring of the regulatory framework governing fiduciary asset managers.

Registration is not merely a mechanical, administrative, or clerical exercise. It is a core gatekeeping responsibility that requires the exercise of regulatory judgment and is inextricably linked to supervision, enforcement, and policy development. Dividing the registration and oversight functions between different regulators would introduce fragmentation, duplication, higher direct and indirect costs, diminished accountability, material execution risk, and investor protection risks, without any identified market failure or demonstrated investor protection benefit.

We cannot overstate the importance of this issue to our members – over 60% of which are registered as both PMs and IFMs. These registration categories are inextricably linked and should not be considered in isolation. Fragmenting registration of these categories between the OSC and CIRO would lead to duplication, confusion and delay.

The proposal is also inconsistent with international regulatory practice. In all major peer jurisdictions, including the United States, the United Kingdom, and Australia, discretionary asset managers are subject to direct oversight by statutory regulators, not self-regulatory organizations. In the United States, similar proposals were carefully examined and ultimately rejected after extensive consultation due to concerns about cost, accountability, and regulatory effectiveness. If Ontario were to proceed with this additional delegation of the registration function for portfolio managers to CIRO, it would stand effectively alone among comparable jurisdictions in adopting this model.

PMAC urges the OSC to abandon this priority. At a minimum, the OSC should not proceed without robust, evidence-based analysis of the regulatory, operational, and market impacts of delegation and without transparent, meaningful consultation with affected stakeholders.

In the [CSA Position Paper 25-404 – New Self-Regulatory Organization Framework](#), the CSA specifically committed to consult with stakeholders prior to proceeding with “Phase 2” (at page 8):

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<sup>3</sup> [Canada Strong: Budget 2025](#), page 95

<sup>4</sup> [OSC Statement of Priorities for the fiscal year 2026-2027](#), page 16.

## **Phase 2**

Following Phase 1, **a formal consultation with extensive stakeholder engagement will be initiated** by the CSA through the formation of a distinct CSA SRO Working Group, which will coordinate with the CSA Registration Steering Committee to consider incorporating other registration categories (e.g., PMs, EMDs, SPDs) into the New SRO, including a review to assess the merits of proficiency-based registration categories and a consideration to extend IPF coverage to these other registration categories. (*Emphasis added*)

In our view, such a consultation must take place before any further delegation occurs, including with respect to registration functions. Advancing delegation in the absence of such consultation would undermine transparency, exclude those most directly affected, and materially increase the risk that significant policy, operational, and investor-protection consequences go unidentified. It would also depart from established commitments to transparency. Robust consultation is essential to ensuring that delegation decisions are well-informed, fair, and capable of achieving their intended objectives.

The detailed basis for PMAC's position, including analysis of international experience, cost implications, capacity risks, and alternative paths to efficiency, is set out in **Appendix A**, attached to this submission.

### **3. Right-Sizing Regulation Through Proportionality, Burden Reduction, and Modernization**

Beyond the specific issues addressed above, PMAC supports the OSC's broader commitment under Goal 3 to dynamically right-size regulation in response to evolving market structures, business models, and risks. In PMAC's view, achieving this objective requires a regulatory framework that is evidence-based, proportionate, and adaptable, and that makes effective use of technology and supervisory tools to improve outcomes without imposing unnecessary burden. We have the following comments on this goal:

#### ***a) Evidence-based and proportionate regulation*** (Goal 3)

PMAC encourages the OSC to continue strengthening regulatory discipline by ensuring that new rules, guidance, and supervisory initiatives are grounded in clearly articulated policy objectives and supported by evidence of an identified gap and data supporting the proposed solution(s). Right-sizing regulation requires not only identifying risks, but also calibrating regulatory responses so that they are appropriately targeted and no more prescriptive than necessary to achieve investor protection and market integrity outcomes. In this regard, PMAC encourages the OSC to:

- Clearly articulate the policy problem each initiative seeks to address, including why existing regulatory tools are insufficient, and to link proposed measures to defined and measurable outcomes that can be evaluated over time.
- Maintain clear boundaries between rules and guidance. Guidance should clarify expectations and promote consistency, not introduce new substantive obligations that have not been subject to formal rulemaking, notice-and-comment, and cost-benefit analysis. PMAC also encourages the OSC to exercise caution in issuing joint guidance or conducting joint regulatory or supervisory initiatives with self-regulatory organizations where such approaches may result in overly prescriptive or uniform interpretations that do not appropriately reflect differences in registrants' business models, size, or client base.
- Adopt a flexible and principles-based approach to compliance reviews, particularly in relation to new or recently implemented requirements. Supervisory reviews should allow registrants reasonable latitude to tailor compliance frameworks to their specific business models, client types, and risk profiles, provided core investor protection objectives are met. Where requirements are principles-based by design, early-stage compliance reviews should focus on good-faith implementation efforts, governance, and outcomes rather than rigid or checklist-driven expectations.
- Explicitly consider cumulative and disproportionate impacts, particularly on smaller firms, specialized business models, and new market entrants. Even incremental requirements can, in aggregate, impose material costs that are not aligned with incremental investor protection benefits.

For example, PMAC has initiated a discussion with OSC staff regarding exemptive relief from Total Cost Reporting (TCR) requirements for PM firms holding transferred-in publicly traded investment funds in client accounts, that were transferred in incidental to client onboarding and held because of adverse tax or other financial consequences, or at the client's direction. We note that TCR would likely pose a greater burden to smaller or start-up firms, as firms will be required to set up systems to comply with TCR, which will likely include obtaining fund information from a new external provider, at a cost. Increases in costs often affect smaller firms and newer firms disproportionately to larger firms.

- Where appropriate, align regulatory requirements with international standards and practices. PMAC encourages the OSC, when developing new rules, guidance, or supervisory approaches, to actively consider how comparable issues have been addressed in peer jurisdictions and to align with international standards, except where Ontario-specific risks or market characteristics warrant a different approach. In such cases, the OSC should clearly articulate the rationale for departing from established international practices. Greater international alignment would reduce friction for firms operating across borders, support competitiveness, and help ensure that Canadian regulation benefits from global regulatory experience.

***b) Distinguishing Institutional and Retail Investors*** (Goals 2 and 3)

PMAC supports regulatory frameworks that are calibrated to the sophistication, resources, and risk profile of different investor types. While Goal 2 appropriately focuses on enhancing the experience and protection of individual investors, proportionality under Goal 3 requires that institutional investors not be subject to retail-oriented requirements that offer limited incremental benefit. Regulation should be principles-based, to allow firms to tailor their operations to their various business models and clients.

In practice, certain investors that are clearly institutional in nature fall outside existing bright-line definitions, including the "permitted client" definition, resulting in regulatory requirements that are misaligned with actual risk. Examples include:

- Health and welfare trusts (distinct entities under the Income Tax Act (Canada));
- Unions and union-related benefit plans;
- Multi-employer benefit plans;
- Some foundations and registered charities;
- Some overflow pension accounts (associated with pension plans, but not pension plans themselves);
- Supplemental employee retirement plans;
- Disability Plans;
- First Nations trust vehicles (i.e., for government monies); and
- Retirement Compensation Arrangements.

PMAC encourages the OSC, along with the rest of the CSA, to expand the “permitted client” definition to capture these types of institutional investors whose governance, sophistication, and risk profile are comparable to those of permitted institutional clients. In the absence of such alignment, firms are required to either comply with, or seek exemptive relief from, each regulatory requirement that are not well suited to these investors, creating unnecessary cost and administrative burden without a corresponding investor-protection benefit. These requirements can also detract from the investor experience, as institutional investors may be required to receive standardized disclosures or reports that are more suitable for retail investors and provide limited practical value in light of their sophistication, or may be unable to tailor or waive certain requirements (e.g., waiving suitability assessments) that they are well positioned to negotiate contractually.

For example, PMAC has requested exemptive relief from the TCR requirements for institutional investors that do not meet the permitted client definition. These clients have unique reporting requirements that are different from retail investors, and this reporting may or may not include TCR. We believe that an exemption is warranted for these types of sophisticated investors, which can negotiate their own terms, and that providing an exemption would balance the regulatory burden in a way that is consistent with the CSA’s policy rationale for implementing TCR.

Furthermore, in order to streamline compliance reviews and reduce regulatory burden, compliance review programs should be tailored to the specific type of business. Policies, procedures, business activities and client types vary greatly among different types of firms. For example, firms that focus on private (individual) clients will have different compliance requirements compared to firms with institutional clients or family offices. In particular, deficiency findings can have a significant negative impact on institutional managers, who may be required to disclose deficiency letters when they compete for new business. Review staff should be trained on these differing business models, clients and their associated compliance requirements. PMAC would be pleased to facilitate this training if this would be of assistance.

### **c) *Registration timelines and service standards* (Goal 3)**

PMAC remains concerned about the length, unpredictability, and overall inefficiency of registration timelines, particularly for non-novel new firm applications and applications to add registration categories. In our view, the current approach does not reflect a proportionate, risk-based application of regulatory resources and is at odds with the objective of dynamically right-sizing regulation.

For non-novel applications, where business models, ownership structures, and proposed activities raise no new or unusual policy issues, the review process should be significantly more streamlined. Subjecting such applications to exhaustive scrutiny, effectively “looking under every rock”, yields limited incremental regulatory benefit while imposing material costs in the form of delay, uncertainty, and foregone business activity. In these cases, the lag associated with protracted reviews is simply not justified by the risk.

PMAC notes that the OSC's current service standard of 120 days for an initial response on non-novel applications is not reasonable by international standards, particularly when that standard is often not met in practice, based on member experience. By comparison, the U.S. Securities and Exchange Commission's service standard for adviser registration is 45–60 days, reflecting a more efficient, risk-based approach to entry into the market. While regulatory frameworks differ, this comparison underscores that significantly shorter timelines are achievable without compromising investor protection.

Persistent delays in registration approvals directly hinder capital markets activity and capital formation. They discourage new market entrants, impede firms' ability to expand services or respond to client demand, and undermine Ontario's attractiveness as a jurisdiction in which to establish and grow investment management businesses.

As discussed above, PMAC is aware that the OSC is considering delegating additional registration functions to CISO partly as a response to these challenges. In our view, however, delegation does not address the root causes of delay and risks introducing new sources of inefficiency and policy friction. Registration is a core gatekeeping function that is inseparable from the OSC's supervisory, enforcement, and policy responsibilities. Fragmenting this function across regulators risks weakening accountability, disrupting the regulatory feedback loop, and increasing coordination costs, without delivering more timely or proportionate outcomes. As set out in Appendix A, improving registration timelines is more appropriately achieved through targeted process reform, prioritization, and resourcing within the OSC, rather than by transferring core regulatory judgment to a separate body.

Another registration related concern is with regard to the CSA's data collection, retention and sharing policies for NRD and other systems, as we expressed in [our letter to the CSA dated October 29, 2025 re: Canadian Securities Administrators' data privacy policies](#). We query whether all of the personal information collected in Form 33-109F4 is necessary for regulatory purposes, such as individuals' personal attributes (height, weight, hair colour, etc.), passport number, immigration information and other personal information as defined by applicable privacy legislation. As stated in the letter, we recommend that the OSC and the CSA limit the information collected at the registration stage to that which is demonstrably necessary to assess fitness for registration and address clearly articulated regulatory risks, and to consider whether certain information collected from registrants during the registration process can be destroyed after a period of time.

Ultimately, in PMAC's view, registration is a core piece of the regulatory "plumbing" that enables markets to function efficiently and with integrity. While it is important for regulators to devote attention to emerging and complex issues, these foundational processes are equally critical to market confidence and capital formation. Absent meaningful improvement, prolonged registration timelines risk becoming a structural impediment to Ontario's competitiveness as a capital markets jurisdiction. PMAC therefore urges the OSC to:

- Adopt a more risk-based and streamlined approach for non-novel applications;

- Re-examine service standards with a view to materially shortening timelines to 45-60 days;
- Allocate sufficient resources to ensure registration processes support, rather than impede, the efficient functioning of Ontario's capital markets; and
- Work with the CSA to review and improve upon its existing data collection, retention and sharing policies for NRD and other systems.

***d) Consider whether PMs need EMD registration*** (Goal 3)

In our view, a PM choosing to include a security (public or exempt) in a client's account is fundamentally "advising" activity, not "dealing". Given the provision in 7.2(2) of NI 31-103 that a "portfolio manager may act as an adviser in respect of any security", we feel that no additional registration should be required for a PM to include a security within a client's managed account. The PM is not raising capital for issuers, and the exempt market activity is ancillary to the PM business. It should not require separate EMD registration. There is no similar registration requirement in the U.S.

We are aware of at least four situations where a PM might also hold an EMD registration:

(i) To include affiliated pooled funds that are "investment funds" in their managed account client portfolios. We understand that this registration is no longer required since s. 8.6 of NI 31-103 came into force. However, many portfolio managers continue to be registered as EMDs even though the registration is no longer needed for this purpose (this is due in part to legacy registration from the Limited Market Dealer category). This may be simply a matter of conducting some education and outreach among PMs to inform them that the registration is not required for this purpose and encouraging PMs to surrender the EMD registration.

(ii) To include unaffiliated investment fund securities in managed account client portfolios. The account would be a discretionary managed account governed by an investment management agreement. Including unaffiliated fund securities in a client's account does not qualify for the s. 8.6 exemption, which is limited to affiliated funds. It is not clear to us what benefit the EMD registration adds to the client in this circumstance, and we view the decision to include unaffiliated fund securities in a client's account to fall under a PM's advising activity. This is the primary example where we believe the EMD registration is not needed, or that an exemption should be provided.

(iii) To include affiliated and unaffiliated non-investment fund securities (e.g., private markets funds, such as real estate funds, infrastructure funds, and other exempt market securities). These types of structures may not meet the definition of "investment fund". The s. 8.6 exemption is strictly limited to affiliated investment funds, and therefore cannot be relied upon in connection with any non-investment fund-related advice, regardless of whether for an affiliated or unaffiliated security. We understand some of our members have an EMD registration solely because they

advise on affiliated non-investment funds, and we believe extending the s. 8.6 exemption to affiliated and unaffiliated non-investment fund securities would provide meaningful regulatory burden reduction.<sup>5</sup>

(iv) To offer proprietary exempt market securities such as pooled funds to institutional clients, where the client has not signed an investment management agreement (**IMA**) with the firm. In some situations, certain institutional clients wish to invest directly in the PM's pooled funds, without signing an IMA. The client effectively becomes a client of the IFM/EMD for this purpose, but is not treated differently from other clients of the PM, from the registrant's perspective. These would usually be permitted clients, many of which waive suitability (they are sophisticated and have either internal capabilities to do due diligence and determine what is suitable for their portfolio or they use external consultants). This situation would not be covered by the exemption in s. 8.6. We do not see an investor protection rationale for the IFM/PM to also register as EMD in this circumstance.

A problem for PM firms in this situation is that, when distributing securities in this manner, the (PM) IFM/EMD is required to provide detailed trade confirmations and statements to the client, which represents a significant burden. In most cases, these institutional clients do not wish to receive this reporting; they have direct access to the account through the custodian and can obtain the trading information whenever they need it. It would significantly reduce the regulatory burden if the (PM) IFM/EMD did not have to provide the trade confirmations and account statements in this scenario (or if the institutional client had the option to waive these requirements).

### **e) Supporting Emerging Managers** (Goals 3 and 5)

The OSC, in coordination with the CSA, should take active steps to support emerging and start-up asset managers, including through engagement with initiatives such as the Canadian Asset Management Entrepreneurship Alliance (CAMEA) – please see [HOME | CAMEA Canadian Asset Management Entrepreneurship Alliance](#)). Targeted support for emerging managers would help foster a stronger and more diverse investment management ecosystem in Ontario, while advancing broader public policy objectives such as enhanced capital formation, improved productivity, economic diversification, and the creation of high-quality jobs. In this regard, PMAC encourages consideration of an Emerging Manager Program that would fund and oversee direct capital allocations to selected Ontario-based investment managers. Such a program would meaningfully advance the objective of right-sizing regulation by aligning regulatory frameworks with the needs of smaller and innovative firms (Goal 3), while also supporting the development of competitive capital markets and long-term economic growth in Ontario (Goal 5), ultimately strengthening the province's ability to attract and retain domestic and global capital investment.

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<sup>5</sup> To achieve this, the conditions in NI 31-103 would also have to exclude s. 8.6(1)(a.1), the requirement that the adviser or an affiliate act as an investment fund manager, since no investment fund manager would be required to manage a fund that is not an investment fund.

**f) Form 45-106F1 reporting (Goal 3)**

PMAC encourages the OSC to review the form, filing frequency and fee structure for Form 45-106F1 *Report of Exempt Distribution* with a view to reducing unnecessary regulatory burden while maintaining investor protection. Under the current framework, most non-investment fund issuers must file a report within 10 days of each exempt distribution and pay a fee with each filing. For issuers that raise capital on an ongoing basis, this results in repeated filings, high cumulative fees, and significant administrative effort.

The requirement to file Form 45-106F1 within 10 calendar days following the date of the distribution represents a significant burden. Members have indicated that, particularly for private investment vehicles such as private equity funds, the 10-day post distribution timeframe is difficult to meet (e.g., if the underlying products are illiquid, the valuation process can be lengthy or complex). The difficulty in meeting the timeframe is exacerbated when the product engages sub-advisers. In addition, it is not clear to our members how the detailed information for every investor is being used and whether these frequent filings are truly necessary, particularly for private investment vehicles that operate similarly to investment funds but do not technically meet the definition of an investment fund under securities legislation.

Members have also raised concerns regarding the significant costs absorbed by firms as a result of the repeated filings. For example, a PMAC member estimated that compliance with the current Form 45-106F1 filing requirements costs approximately \$40,000 to \$50,000 annually for a single fund structure, driven by the need to prepare and file multiple reports throughout the year.

Members question whether the volume and granularity of information required to be filed on a per-distribution basis is proportionate in circumstances where no regulatory concern has been identified, and where the OSC already has the authority and capability to request targeted information from issuers as needed.

We note that vehicles that meet the definition of an "investment fund" in securities legislation are permitted to satisfy their NI 45-106 reporting obligations through a single annual filing within 30 days of financial year-end, reflecting a regulatory recognition that per-distribution reporting is not necessarily proportionate for continuous or repeat offering models. PMAC submits that this principle should be applied more broadly, to include products such as private equity funds that operate in substance like investment funds, but do not technically meet the definition of an "investment fund" under securities legislation.

PMAC supports a single annual filing within 30 days of calendar year-end as a meaningful improvement over the current 10-day post-distribution requirement. At the same time, members note that year-end is a period of concentrated regulatory, financial reporting, audit, and investor disclosure obligations. PMAC therefore encourages the OSC, in considering an annual reporting framework, to consider whether a modestly extended filing deadline (for example, 45–90 days following year-end) could further enhance compliance quality without undermining the timeliness or usefulness of the information provided.

Allowing such products to rely on annual reporting would preserve regulatory oversight while materially reducing compliance costs and barriers to capital formation, and would be aligned with the OSC's stated objective of simplifying capital raising in the exempt market and dynamically right-sizing regulation.

**g) Access to disclosure models for non-investment fund and investment fund issuers** (Goal 3, priority 12)

We support this priority and, consistent with our long-standing position, continue to advocate for an access-based delivery model for investment fund continuous disclosure as an efficient and investor-appropriate approach.

PMAC [commented](#) on 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*. PMAC has long been in favour of an access-based delivery model. We emphasized that a true access-based model would be preferable and recommended that the CSA focus on educating investors with respect to the ability to access documents via the issuer's website and SEDAR+. PMAC supports moving to a true access-based system for investment fund reporting issuers, where notifications are not required, as recommended by the Ontario Capital Markets Modernization Taskforce in its Final Report. We recommended that investor notification features be made available through SEDAR+.

**4. Blanket relief** (Goals 1, 3, 5)

PMAC understands and supports the policy rationale for using blanket relief sparingly. As a general matter, permanent exemptions and carve-outs should be implemented through the formal rule-making process, including notice, comment, and appropriate cost-benefit analysis. That process promotes transparency, accountability, and regulatory legitimacy, and PMAC does not suggest that blanket relief should be used as a substitute for proper rule-making where enduring policy change is intended.

At the same time, blanket relief plays an important and distinct role in the regulatory toolkit. It is often used where the expected benefits to stakeholders clearly outweigh the risks, where regulatory burden has been identified as disproportionate, or where regulators wish to test alternative approaches and measure their impact before committing to statutory or rule-based reform. In these circumstances, blanket relief can deliver timely, practical benefits while preserving regulatory oversight and optionality.

PMAC submits that the current maximum duration of blanket relief in Ontario (i.e., 18 months, with the possibility of a single extension) is too short to serve these objectives effectively. In practice, the work required to assess outcomes, consult internally, and pursue an extension must begin well in advance of the initial expiry, significantly compressing the period during which relief operates with certainty. This creates unnecessary administrative churn and regulatory uncertainty for both regulators and market participants. PMAC encourages consideration of extending the initial duration of blanket relief to 24 or 36 months, or, in limited and low-risk circumstances, permitting indefinite blanket relief where

doing so would provide meaningful and immediate benefits and where the risks are well understood and manageable. Such an approach would preserve the primacy of formal rule-making while allowing the regulatory framework to respond more nimbly and proportionately in appropriate cases.

## **5. Regulatory Systems Modernization (Goals 1 and 3)**

PMAC supports continued investment in regulatory systems and data infrastructure, including NRD and SEDAR+, consistent with Goal 1 objectives relating to regulatory effectiveness and oversight. From a registrant perspective, these initiatives are also closely tied to Goal 3, as well-designed systems can significantly reduce operational friction and compliance burden.

We were dismayed to learn of the CIRO cybersecurity breach in 2025, which potentially affected thousands of individual and firm registrants. Incidents like this highlight potential weaknesses in data systems (such as NRD) and provide an opportunity to re-examine privacy and data protection policies. As noted above, in a [letter to the CSA](#) we urged a review of (i) the types of personal data being collected from registrants, (ii) the purposes of collection and use of the data, (iii) data retention and destruction policies, and (iv) sharing and transfer of data within and between CSA jurisdictions, and with CIRO. We encourage the OSC to undertake similar reviews on an on-going basis, and to invest in modernizing systems to prevent such incidents from occurring in future.

With respect to NRD navigability, we have heard from members that the technology remains cumbersome and that usability could be improved. For example, it is difficult to locate the firm's previous Form 33-109F6 in order to update the firm's organization chart. It is challenging to see what was previously submitted, in order to accurately update and reconcile a new organizational chart. PMAC commented on the SEDAR+ implementation in [our comments on the 2024-25 OSC Statement of Priorities](#), noting that systems improvements could reduce user friction, confusion, and unnecessary frustration, especially as it relates to NRD and SEDAR+ filings.

With respect to SEDAR+, we noted difficulties with the onboarding of new users, as well as broader challenges with day-to-day filing and general system use, including issues with search functionality, document retrieval, and overall workflow efficiency when compared to the legacy SEDAR system. Members have indicated that, in practice, SEDAR+ is more time-consuming and difficult to use for routine filings and general navigation than its predecessor.

As systems evolve, PMAC encourages the OSC to prioritize usability, reliability, and efficiency, particularly in light of recent increases in system-related fees. Effective regulatory technology should support both oversight objectives and a proportionate, efficient regulatory experience for market participants.

## **6. Artificial Intelligence and Emerging Technologies (Goals 1 and 3)**

PMAC acknowledges that the OSC has situated artificial intelligence and advanced analytics within Goal 1, reflecting their importance in supporting effective oversight, enforcement, and market integrity. PMAC supports these objectives.

From the perspective of registrants, the regulatory treatment of artificial intelligence is also closely connected to Goal 3, particularly the objective of dynamically right-sizing regulation in light of evolving tools and practices. AI is increasingly used to support compliance, risk management, portfolio construction, operational efficiency, and client servicing, and has the potential to improve outcomes while reducing costs and operational friction.

PMAC encourages the OSC to approach AI through a principles-based, technology-neutral framework that focuses on outcomes, accountability, and governance, rather than prescriptive requirements tied to specific technologies. In many cases, existing regulatory expectations relating to supervision, controls, recordkeeping, and fiduciary obligations can appropriately address AI-related risks without the need for AI-specific rules.

Such an approach would support the OSC's objectives under both Goal 1 and Goal 3, while avoiding premature or inflexible regulation that could discourage beneficial innovation and reduce the competitiveness of the Canadian investment and technology landscape.

## **7. International Engagement (Goal 6)**

PMAC supports the OSC's continued international engagement under Goal 6 to enhance market access, support capital formation, and promote effective cross-border regulatory cooperation. Recent initiatives, such as the MOU entered into with the Hong Kong Securities and Futures Commission, demonstrate the tangible benefits of international engagement when aligned with domestic regulatory objectives. These initiatives have the potential to increase opportunities for Canadian asset managers in global jurisdictions, improving their competitiveness and diversification.

PMAC encourages the OSC to continue pursuing international initiatives in close coordination with its CSA counterparts. Presenting a unified Canadian regulatory position internationally would strengthen Canada's influence, reinforce interprovincial harmonization efforts, and support both domestic and global market competitiveness.<sup>6</sup>

Beyond facilitating market access, international engagement plays a critical role in supporting sound domestic regulatory design. PMAC encourages the OSC to use its international relationships not only to promote Canadian interests abroad, but also to draw on the experience, analysis, and lessons learned by peer regulators when addressing

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<sup>6</sup> For example, we have previously raised with the OSC the lack of harmonization with respect to registration requirements and exemptions for non-Canadian resident investment fund managers. See MI 31-102 *Registration Requirement for Investment Fund Managers* / MI 32-102 *Registration Exemptions for Non-Resident Investment Fund Managers*. These international exemptions are often the first point of contact that larger, international firms have with the Canadian securities regulatory system, and these two instruments, in particular, suggest that Canada is a fractured union and doing business here will be complicated and expensive.

common policy challenges. Early engagement with international counterparts can help avoid unnecessary duplication, identify unintended consequences before implementation, and reduce the need for firms operating globally to navigate materially divergent regulatory regimes.

## **CONCLUSION**

Subject to our comments above, PMAC is supportive of the key priorities set out in the Statement of Priorities, as well the work plans set out in support of those goals. We look forward to continuing to work collaboratively with and assisting the OSC, where possible, in attaining the priorities set out in the Statement of Priorities.

If you have any questions regarding the comments set out above, please do not hesitate to contact Katie Walmsley at (416) 504-7018 or Victoria Paris at (416) 802-4347.

Yours truly,

## **PORTFOLIO MANAGEMENT ASSOCIATION OF CANADA**

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## APPENDIX A

### OSC Statement of Priorities for Fiscal 2026–2027 – Goal 3 and Proposed Delegation of Registration Responsibilities to CIRO

#### 1. Introduction

The Portfolio Management Association of Canada (**PMAC**) appreciates the opportunity to comment on the Ontario Securities Commission's (**OSC** or the **Commission**) proposed Statement of Priorities for fiscal year 2026–2027 (the **Statement of Priorities**).

Given the fundamental importance of the proposal under Goal 3, Priority 9, contemplating the delegation of portfolio manager firm registration to the Canadian Investment Regulatory Organization (**CIRO**), PMAC has determined that this issue warrants focused and detailed treatment. Accordingly, PMAC is providing this detailed response to address that specific proposal, an appendix to PMAC's more general response to the OSC's Statement of Priorities.

PMAC represents over 330 investment management firms registered to do business in Canada as portfolio managers (**PMs**) with the members of the CSA. PMAC's members encompass both large and small firms managing total assets in excess of \$4 trillion as fiduciaries for institutional and private client portfolios. Over 60% of PMAC's members are also registered as investment fund managers (**IFMs**). PMAC's mission statement is "advancing standards". We are consistently supportive of measures that elevate standards in the industry, enhance transparency, improve investor protection, and benefit the capital markets as a whole.

PMAC supports the OSC's stated objectives of protecting investors, fostering fair and efficient capital markets, reducing unnecessary regulatory burden, and improving regulatory coordination and harmonization. For this reason, PMAC is unequivocally opposed to any delegation of portfolio manager firm registration to the CIRO, as contemplated under Goal 3, Priority 9 of the Statement of Priorities. In PMAC's view, delegating portfolio manager registration is not a technical or administrative change. It would constitute a fundamental restructuring of the regulatory framework for

fiduciary asset managers, with significant adverse implications for regulatory coherence, cost, effectiveness and potentially investor protection.

As PMAC has consistently submitted across multiple consultations<sup>7</sup>, direct regulation of portfolio managers by the CSA is functioning effectively. No market failure or investor protection concern has been identified that would justify transferring this core regulatory function to a self-regulatory organization (**SRO**). On the contrary, the available evidence indicates that the current principles-based, fiduciary-focused regime produces strong outcomes for investors<sup>8</sup>, while allowing regulatory oversight to remain proportionate to the risks posed by portfolio management firms.

Introducing an additional regulatory layer at the registration stage risks imposing significant and ongoing compliance burden on firms. It would also create structural fragmentation, with registration, supervision, enforcement, and policy development divided across different regulators. Such fragmentation increases the likelihood of duplication, inconsistent expectations, and information silos, all of which undermine efficiency rather than enhance it.

These additional costs and complexities would not be absorbed in isolation by firms. Over time, they would be borne indirectly by investors through higher fees, reduced choice, or diminished market competitiveness, without a clear corresponding improvement in investor protection. For these reasons further explained below, PMAC strongly urges the OSC to not proceed with the proposed delegation of portfolio manager registration to CIRO.

## **2. Registration is Not Merely a “Technical” Exercise**

The Statement of Priorities refers to delegating additional registration responsibilities “to promote improved and streamlined regulation, better allocation of resources across the regulatory ecosystem, and enhanced investor protection.”<sup>9</sup> This priority is framed as part of a broader effort to modernize regulation and improve efficiency. This framing risks understating the nature of what is being proposed.

Registration is not merely a mechanical, administrative, or clerical exercise. It is the primary gatekeeping function through which the OSC determines whether a firm

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<sup>7</sup> [PMAC, Comment Letter on “Consultation – Modernizing Ontario’s Capital Markets” \(4 September 2020\)](#); [PMAC, Comment Letter on “CSA Consultation Paper 25-402 – Self-Regulatory Organization Framework” \(23 October 2020\)](#); [PMAC, Comment Letter on “CSA Position Paper 25-404 – New Self-Regulatory Organization Framework” \(4 October 2021\)](#); [PMAC, Comment Letter on “CSA Staff Notice and Request for Comment 25-304 – Application for Recognition of New Self-Regulatory Organization” \(27 June 2022\)](#).

<sup>8</sup> [Ombudsman for Banking Services and Investments, Annual Report \(2024\)](#). Of 1,297 OBSI-participating registrant firms, 327 were portfolio managers and 416 were dual-registered PM/EMDs (approximately 57% of participating firms). These firms accounted for 8 of 649 cases opened (approximately 1.2%) and 3 of 223 cases concluded in favour of the complainant (approximately 1.3%).

<sup>9</sup> Statement of Priorities, page 16.

should be permitted to operate in Ontario’s capital markets at all. It requires the exercise of regulatory judgment informed by policy objectives, supervisory experience, and enforcement history.

At the point of registration, OSC staff undertake a comprehensive, judgment-based assessment of both the firm and the individuals seeking registration, referred to as “registration as first compliance review”.<sup>10</sup> This includes, among other things:

- assessing the integrity, proficiency, and fitness of registered individuals (including advising representatives, chief compliance officers, and ultimate designated persons);
- reviewing whether the firm’s ownership and control structure raises concerns, including with respect to integrity, undue influence, or other risk factors;
- assessing how the firm identifies, manages, and escalates conflicts of interest;
- reviewing the firm’s financial viability and solvency; and
- determining whether the firm has appropriate internal controls, compliance policies, and procedures to meet its securities law obligations and manage the risks associated with its business.

These assessments are not formulaic; they require experience-informed judgment. Critically, these determinations are forward-looking. They inform how a firm will be supervised over time, how regulatory resources will be allocated, and how early intervention will occur if risks emerge.<sup>11</sup> Registration is therefore inseparable from ongoing supervision, enforcement, and policy development.

### **3. Lack of Clarity on What “Delegation” Would Mean in Practice**

To date, the proposed delegation of additional registration categories has been framed as a policy priority without any details on which categories are contemplated, the rationale for their inclusion, or how such delegation would operate in practice.

#### ***a) Unresolved Scope and Cost Implications***

Before any further steps are taken toward additional delegation, it is essential that the OSC provide sufficient detail to allow stakeholders to assess whether the proposal is proportionate, workable, and capable of enhancing investor protection. At a minimum, this requires clear, public answers to the following threshold questions:

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<sup>10</sup> See [OSC 2014 Annual Summary Report for Dealers, Advisers and Investment Fund Managers, at page 23](#), referenced in [OSC Staff Notice 33-759 Registration, Inspections and Examinations Division 2025 Annual Report](#), at page 21

<sup>11</sup> This statement is based on our understanding that the OSC typically uses a risk assessment model to select firms for compliance reviews, as it allows the OSC to allocate resources more effectively and efficiently by targeting firms with higher risk rankings. See [OSC compliance reviews](#).

- **Regulatory scope and framework:** whether portfolio manager firms would be required to become CIRO member firms and, if so, whether they would be subject, in whole or in part, to a prescriptive, dealer-oriented rule set developed for fundamentally different business models;
- **Direct fee impacts:** what the resulting fee implications would be for firms, including whether portfolio managers would be required to pay registration and ongoing regulatory fees to both CIRO and the OSC, and if so, the magnitude of any cumulative increase; whether any delegation of registration or oversight functions to CIRO would be accompanied by corresponding reductions in fees payable to the OSC, such that firms are not subject to duplicative regulatory fees for the same supervisory activities; and
- **Indirect compliance costs:** what additional indirect compliance costs would arise, including the need to:
  - update or replace compliance systems and internal controls to meet CIRO requirements;
  - maintain higher levels of regulatory capital, creating opportunity costs that are not aligned with the risk profile of a discretionary asset management business; and
  - undergo Form 1 audits by CIRO panel auditors, which are materially more complex, intrusive, and costly than compliance with the current NI 31-103 financial reporting regime.

In this regard, PMAC notes that section 143.2 of the *Securities Act* reflects a legislative expectation that significant regulatory changes be supported by transparency, analysis, and meaningful public scrutiny. While PMAC is not suggesting that the OSC proceed to formal rulemaking, the principles embedded in section 143.2 are instructive. A proposal of this magnitude cannot be advanced on the basis of a high-level statement of intent in a Statement of Priorities alone. Without clear information on alternatives considered, anticipated costs and benefits, and the practical regulatory consequences for affected firms, stakeholders cannot meaningfully assess whether additional delegation would be proportionate, effective, or in the public interest, and any decision to proceed should not be made on an accelerated or incomplete basis.

These concerns are validated by the CSA's prior commitments in [CSA Position Paper 25-404 New Self-Regulatory Organization Framework](#). In that document, the CSA explicitly committed to consult with stakeholders prior to proceeding with "Phase 2" reforms, which include consideration of whether additional registration categories (such as portfolio managers) should be incorporated into the New SRO framework. As the CSA stated (at page 8):

## Phase 2

Following Phase 1, **a formal consultation with extensive stakeholder engagement will be initiated** by the CSA through the formation of a distinct CSA SRO Working Group, which will coordinate with the CSA Registration Steering Committee to consider incorporating other registration categories (e.g., PMs, EMDs, SPDs) into the New SRO, including a review to assess the merits of proficiency-based registration categories and a consideration to extend IPF coverage to these other registration categories. (*Emphasis added*)

In our view, a robust consultation process must take place before any further delegation occurs, including with respect to registration functions. Advancing delegation in the absence of such consultation would undermine transparency, exclude those most directly affected, and materially increase the risk that significant policy, operational, and investor-protection consequences go unidentified. It would also depart from established commitments to transparency. Meaningful consultation is essential to ensuring that delegation decisions are well-informed, fair, and capable of achieving their intended objectives.

### ***b) Disproportionate Fees and Incremental Compliance Burdens***

In the absence of the additional information outlined above, certain consequences of delegating portfolio manager registration to a dealer-oriented self-regulatory organization are foreseeable. CISO's regulatory framework was developed for transaction-intermediating firms that often custody client assets, and entails prescriptive requirements relating to membership fees, capital, financial reporting, audits, and supervisory oversight that are not calibrated to the risk profile or business model of discretionary advisory firms.

As a result, the proposed delegation would predictably introduce a material increase in regulatory costs and compliance obligations for portfolio managers. These impacts would fall most heavily on smaller firms, for whom cumulative compliance costs could be existential, forcing exits from the market, accelerating consolidation, and ultimately reducing competition, innovation, and investor choice.

Absent clearly articulated, measurable, and proportionate benefits, the imposition of such additional burden would be inconsistent with the principles of risk-based and outcomes-focused regulation. The resulting costs would ultimately be borne by investors, without a corresponding public-interest justification.

### ***c) National Disharmonization and Competitive Impacts***

To PMAC's knowledge, Ontario is currently the only CSA jurisdiction that has publicly signalled an intention to delegate additional registration categories beyond

investment dealers and mutual fund dealers to CIRO. If Ontario were to proceed unilaterally, the result would be increased disharmonization across Canada at the registration stage, adding complexity for firms seeking to operate nationally.

In practical terms, firms would face a more complex pathway to registration across Canada, including the prospect of differing entry requirements, duplicative processes, and inconsistent expectations depending on the principal regulator and the jurisdictions in which they operate. This would raise regulatory burden without any demonstrated benefits to investors or the broader capital market.

Even if other CSA jurisdictions were to follow Ontario at some later date, alignment would take time. The intervening period during which nationally active firms would face heightened friction, cost, and uncertainty cannot be treated as a minor transitional issue. That interim burden would be real, costly, and competitively distortive, particularly for smaller and newer firms. The likely effect would be reduced entry and expansion, diminished competition, and fewer choices for investors, contrary to the OSC's stated objectives of reducing unnecessary regulatory burden and improving coordination and harmonization.

More broadly, this direction would be difficult to reconcile with ongoing national efforts to reduce interprovincial regulatory barriers and improve the efficiency and integration of Canada's internal market.

#### ***d) Structural and Accountability Concerns***

Under the approach implied by the Statement of Priorities, CIRO would make initial registration decisions, while the OSC would retain responsibility for policy development, ongoing supervision, and enforcement. This division of responsibilities raises fundamental concerns about accountability, coherence, and the effectiveness of the registration regime that must be addressed before any delegation proceeds.

Fundamentally, it would separate the authority to determine whether a firm should be permitted to enter the market from the authority responsible for supervising that firm once registered and, where necessary, imposing terms and conditions, suspending registration, or removing the firm from the industry altogether. A model in which one regulator determines who is allowed into the market, while another bears responsibility for addressing risks that emerge after entry, weakens gatekeeping and obscures accountability for regulatory outcomes.

In practical terms, if CIRO admits a firm into the market, the OSC will likely encounter that firm for the first time only after registration has already been granted, reducing opportunities for early intervention at the point where regulatory leverage is most effective. Conversely, where the OSC later determines that a firm should not have

been registered, or should be subject to additional terms and conditions, it is unclear how such determinations would be reconciled with CIRO's initial registration decision.

This structural separation also creates ambiguity around decision-making authority and responsibility, increasing the risk of delay, inconsistent outcomes, and regulatory friction. These risks are compounded by the fragmentation of the regulatory feedback loop. Splitting these functions across institutions increases coordination costs and heightens the risk of information silos, notwithstanding information-sharing arrangements.

In this context, key unanswered questions include:

- how disagreements or inconsistencies between CIRO and the OSC would be resolved, including circumstances in which CIRO declines, delays, or conditions a registration application that would otherwise meet OSC standards, or where the OSC subsequently determines that registration should not have been granted or should be subject to additional terms and conditions, and what procedural rights would be available to affected firms, including notice, reasons, and access to meaningful review or appeal;
- what training, resourcing, and transfer of expertise would be provided to CIRO to ensure it has the requisite knowledge and experience to assess portfolio manager registration applications and apply a principles-based framework distinct from transaction-oriented dealer oversight;
- how information sharing, reporting, and coordination between CIRO and the OSC would operate on an ongoing basis, so that the OSC's policy, oversight, and supervisory functions are not unduly disconnected from information generated through front-line registration activity; and
- how this information sharing, reporting and coordination between CIRO and other members of the CSA would operate.

Registration is not merely the "front end" of regulation. It is part of a continuous regulatory cycle that functions most effectively when responsibility for market entry, supervision, enforcement, and policy rests with a single accountable authority.

#### ***e) PM and IFM Functions Are Operationally Integrated***

PMAC understands that the OSC may be considering delegating adviser and dealer registration to CIRO, but not investment fund manager (**IFM**) registration. For firms that are both PMs and IFMs, this would result in fragmented oversight of closely intertwined activities.

In practice, for many firms that manage investment funds, the portfolio management and investment fund management functions are inseparable. These firms typically:

- make all investment decisions in their capacity as portfolio manager;
- act as IFM to investment funds for which they also serve as portfolio manager; and
- maintain an integrated compliance, risk management, and governance framework across both activities.

Dividing the registration and regulation of these functions between different regulators would increase costs, complicate supervision, and weaken accountability, without a clear policy rationale or investor protection benefit.

We note that in the United States, there is no separate investment fund manager registration category; the functions performed by an investment fund manager are carried out under the registration of an investment adviser. This reflects a regulatory recognition that portfolio management and fund management functions are inherently integrated and are most effectively overseen within a single fiduciary framework.

#### **4. International Practice and the U.S. Experience**

Internationally, regulation of discretionary asset managers is overwhelmingly conducted through direct government regulation, not through a self-regulatory organization. In most developed markets, including in the United Kingdom, Australia, and the United States, fiduciary investment advisers are overseen by statutory regulators exercising direct registration, supervisory, and enforcement authority.

In the United States, proposals to delegate investment adviser oversight to the Financial Industry Regulatory Authority (**FINRA**) were considered on several occasions and rejected each time, most recently over ten years ago. These proposals arose in a specific historical and institutional context in which the SEC had publicly acknowledged limitations in its examination capacity and was dependent on congressional appropriations for funding. Delegation to an SRO was considered, in part, as a potential response to those resource constraints.<sup>12</sup>

Ultimately, however, policymakers decided against this delegation based on extensive stakeholder feedback that transferring core regulatory functions away from the SEC risked higher costs, diminished accountability, and weaker investor protection.<sup>13</sup> Rather than delegate regulatory judgment, the U.S. chose to retain adviser

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<sup>12</sup> U.S. Securities and Exchange Commission Staff, [“Study on Enhancing Investment Adviser Examinations As Required by Section 914 of the Dodd-Frank Wall Street Reform and Consumer Protection Act”](#) (January 2011).

<sup>13</sup> For a recent summary of the concerns identified, see U.S. Securities and Exchange Commission Investor Advisory Committee, [“Panel Discussion Regarding the Oversight of Investment Advisers: Can Regulators Keep Up with Growth in the Industry”](#) Written Statement of Karen L. Barr, President & CEO Investment Adviser Association (2 March 2023).

registration and oversight within the SEC and state regulators, while addressing resourcing concerns through alternative means.

Today, FINRA's role with respect to investment advisers is limited to providing purely technological and administrative support for registration filings. Regulatory judgment, gatekeeping authority, and enforcement discretion remain firmly with the SEC and the state regulators.<sup>14</sup>

This context is relevant. The conditions that prompted U.S. regulators to contemplate greater reliance on self-regulatory organizations—most notably statutory funding constraints and resource limitations—are not present at the OSC. The OSC is fully self-funded through industry fees and has, for decades, exercised direct, effective oversight of portfolio managers. There is no evidence of a systemic supervisory failure or regulatory gap that would warrant structural intervention through delegation.

Where a statutory regulator possesses both financial independence and deep, accumulated subject-matter expertise, questions of regulatory efficiency should be addressed through internal staffing and resourcing, prioritization, process modernization, and strengthened inter-jurisdictional coordination, rather than by transferring core regulatory functions. In these circumstances, delegation would be neither necessary nor proportionate. It would risk fragmenting regulatory judgment, increasing complexity and cost for registrants, and weakening policy coherence, without delivering a commensurate improvement in investor protection or market integrity.

Ontario should therefore be cautious about moving in a direction that U.S. regulators examined carefully and ultimately declined. If Ontario were to delegate registration or oversight of the portfolio management function to an SRO, it would be alone among OECD jurisdictions in doing so. Before entering territory that other advanced markets have chosen to reject, the OSC should be clear and transparent about the specific policy problem it is seeking to solve and why such a departure from international practice is justified, and what impact it would have.

## **5. Institutional Capacity and Policy Risk**

The OSC's direct oversight of portfolio managers is a critical source of institutional knowledge about evolving asset management business models, emerging risks, and market practices. Transferring registration functions for portfolio managers to CRO risks eroding this institutional expertise over time.

This is not merely an internal governance concern; it is a material policy risk. Regulatory judgment that is disconnected from first-hand supervisory engagement becomes less responsive to market developments and less well calibrated to actual

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<sup>14</sup> U.S. Securities and Exchange Commission, [Frequently Asked Questions on Form ADV and IARD](#).

risk. Over time, this could weaken the effectiveness and adaptability of Ontario's asset management regulatory framework.

There are also serious questions about CIRO's operational capacity to assume responsibility for additional registration categories. The volume of applications received by the OSC far outnumbers applications by CIRO.<sup>15</sup> Delegating portfolio manager registration would therefore represent a transformational expansion in the number and diversity of firms subject to CIRO's processes and systems. How CIRO would resource, staff, and operationalize oversight of such a significantly expanded population, while maintaining service standards, timeliness, and regulatory quality, has not been articulated. In addition to reviewing new firm registration applications, the registration function requires a review of a continuous flow of individual registration applications, changes to business activities, ownership changes, and other regulatory filings associated with registered firms.

These capacity concerns must also be considered in light of CIRO's existing priorities:

- CIRO is currently still in the process of integrating its predecessor organizations, IIROC and MFDA, and consolidating their respective rulebooks and supervisory approaches in their final form, including a new proficiency model.
- CIRO has assumed responsibility for additional registration categories recently delegated by the OSC in April 2025.<sup>16</sup>
- CIRO has taken on oversight of crypto-asset trading platforms that were previously under transitional CSA oversight.<sup>17</sup>
- At the same time, CIRO has been managing the operational and regulatory consequences of a significant cyber incident in August 2025.<sup>18</sup>

Each of these initiatives is substantial in its own right.

Against this backdrop, expanding CIRO's mandate to include the registration of nearly all portfolio managers in Ontario would be a major undertaking with uncertain benefits and material execution risk. Absent a clear demonstration of capacity, resourcing, and added regulatory value, layering this responsibility onto an already

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<sup>15</sup> Our understanding is that CIRO currently oversees approximately 260–270 member firms. By contrast, there are approximately 781 portfolio manager firms and 750 exempt market dealer firms registered in Ontario. OSC, [List of Ontario Registrants as of December 16, 2025](#).

<sup>16</sup> OSC, "[Delegation to CIRO of Registration Function for Investment Dealers, Mutual Fund Dealers and Future Commission Merchants Frequently Asked Questions](#)."

<sup>17</sup> OSC, "[CSA and CIRO expect crypto trading platforms to prioritize applications for investment dealer registration and CIRO membership](#)" (6 August 2024).

<sup>18</sup> CIRO, "[CIRO Cybersecurity Incident](#)."

full and evolving mandate risks straining supervisory effectiveness rather than enhancing it.

## **6. Better Paths to Efficiency Exist**

PMAC shares the OSC's interest in improving timeliness and efficiency. These objectives can be achieved without delegating core regulatory judgment. In particular:

- Full OSC participation in the CSA passport system for registration would materially reduce duplication and delay for nationally active firms.
- Adopting a more risk-based and streamlined approach for non-novel applications.
- Enhancing technological tools could streamline information intake without fragmenting accountability.
- Working with the CSA to review and improve upon its existing data collection, retention and sharing policies for NRD and other systems.

These measures would advance efficiency while preserving coherent, end-to-end regulation.<sup>19</sup>

## **7. Conclusion**

For the reasons outlined above, PMAC strongly urges the OSC not to proceed with the proposed delegation of portfolio manager registration to CIRO. Registration is not an ancillary or technical function that can be reassigned without consequence; it is a core element of the OSC's statutory mandate and a critical source of regulatory judgment, accountability, and institutional expertise. Fragmenting this function would introduce material costs, operational complexity, and policy risk, while weakening the coherence and effectiveness of Ontario's regulatory framework for fiduciary asset managers.

Critically, the Statement of Priorities does not articulate what regulatory outcomes the proposed delegation is intended to achieve, how those outcomes would be measured, or why such outcomes would be realistically attainable, particularly in the absence of harmonized delegation across CSA jurisdictions. Nor has any market failure, investor protection concern, or demonstrable inefficiency been identified that would justify transferring this central core gatekeeping function away from the OSC. In the absence of a clearly defined problem, measurable benefits, and a credible

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<sup>19</sup> Please see also PMAC, *Comment Letter on "OSC Notice 11-7101 – Statement of Priorities – Request for Comments Regarding Statement of Priorities for Fiscal Year 2026-2027"* (12 January 2026), subsection 3(c) for additional commentary on how the OSC can improve registration timelines and service standards.

implementation framework, the proposed delegation appears to be a solution in search of a problem.

At a minimum, the OSC should not advance any further delegation of registration-related functions without first undertaking a transparent, inclusive, and good-faith consultation process that provides stakeholders with sufficient information to assess proportionality, costs, benefits, and systemic implications. Absent such a process, proceeding would risk imposing lasting regulatory fragmentation and burden without delivering commensurate public-interest benefits.

More broadly, proceeding in this manner would be difficult to reconcile with national efforts to reduce interprovincial regulatory barriers and strengthen the efficiency and competitiveness of Canada's internal market.

Thank you for the opportunity to respond to this consultation. If you have any questions regarding the comments set out above, please do not hesitate to contact Katie Walmsley at (416) 504-7018 or Victoria Paris at (416) 802-4347.