

Ontario proposes quicker consultations for OSC, FSRA

Legislative changes would cut minimum comment period to 60 days

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James Langton

The Ontario government is proposing to cut the minimum consultation period for regulatory policy proposals from the Ontario Securities Commission (OSC) and the Financial Services Regulatory Authority of Ontario (FSRA).

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Under proposed revisions to financial sector legislation, the minimum comment period for rulemaking initiatives would be cut from 90 days to 60 days.

“The proposed amendments would allow reduced consultation time and more timely enactment of simple, straightforward rules to respond to market changes and sector developments,” the government said in a notice detailing the proposed change.

Additionally, it said the reduced time for policy consultations “would provide the OSC and FSRA with the flexibility to streamline the rule development process and reduce regulatory burden, while having the ability to set out longer consultation periods for stakeholder consideration of more complex rules.”

Reducing the minimum comment period would align with other provinces that have shorter minimum periods, or no minimum at all, it also noted.

And it said that shorter consultations would make it easier to work with government, as regulatory initiatives “would not be delayed due to a statutory minimum consultation period.”

As a result, the regulators would also be able to “respond more quickly to a rapidly evolving sector development and more effectively fulfil policy objectives such as improving investor and consumer protection, ensuring compliance with securities and financial services laws, and supporting the financial services sector.”

Faster, more responsive regulation “would help Ontario’s financial sector competitiveness and protect investors and consumers more promptly,” it said.

The latest review of the OSC by Ontario’s Office of the Auditor General flagged the time it takes to bring rulemaking initiatives to fruition — particularly rules involving investor protection — as an issue at the regulator.

“We found that the process of making rules for capital markets is exceedingly slow,” the AG said in its report.

However, it flagged the need to find consensus with the rest of the Canadian Securities Administrators (CSA) as a major factor in slowing down the rulemaking process, and it highlighted government interference with regulatory policymaking as a source of delay too.

Among other things, that report recommended speeding up the process by empowering the OSC to go it alone and adopt rules without CSA agreement if necessary, and increasing the OSC’s focus on “managing risks relating to investor protection.” It also recommended measures to improve transparency around government involvement in rulemaking.

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The proposed legislative change is now out for comment until Dec. 4.
