



2022-2025

CSA BUSINESS PLAN

CSA/ACVM

Canadian Securities Administrators
Autorités canadiennes en valeurs mobilières



I am privileged to be taking on the role of Chair of the Canadian Securities Administrators (CSA) and to be sharing the Business Plan outlining our key priorities for the next three years. In particular, the 2022-2025 Business Plan sets out six strategic goals focused on maintaining investor confidence in the Canadian capital markets and facilitating their efficient operation.

Just as our capital markets evolve, so too does the focus of the CSA. This Plan provides a forward-looking framework that re-affirms the CSA members' commitment to responsive and harmonized regulation that is built on the best ideas and input from across the country.

To accomplish this Plan it will require passion, dedication, and a shared commitment. I look forward to delivering it in close collaboration with my colleagues at the CSA Secretariat and CSA Members across the country.



This document represents the collective effort by the Canadian Securities Administrators (CSA) to set out, in a clear and comprehensive manner, the priorities that they have committed to pursue collaboratively over the next three years. This document was approved on June 9, 2022.



The CSA is the umbrella organization of Canada’s provincial and territorial securities regulators whose objective is to improve, coordinate and harmonize regulation of the Canadian capital markets to ensure the smooth operation of Canada’s securities industry.

MISSION

The CSA remains committed to its mission to give Canada a harmonized securities regulatory system that:

- i. provides protection to investors from unfair, improper or fraudulent practices;
- ii. fosters fair and efficient capital markets; and
- iii. reduces risks to market integrity and maintains investor confidence in the markets, while retaining the regional flexibility and innovation that characterize our system of provincial and territorial regulation.

STRUCTURE

The CSA functions through a Secretariat, an Information Technology Systems Office, standing, steering and project committees and national filing systems. Collectively, CSA members undertake the development of harmonized regulation and rules, and coordinate under passport and other interface policies the approval of prospectuses and decisions regarding discretionary exemptions and applications for registration, designation and recognition as well as reviews of market participants. To fulfill our mission, CSA members also work in close collaboration and coordinate enforcement actions.

As of July 1, 2022, the CSA Chair is Mr. Stan Magidson, Chair and Chief Executive Officer of the Alberta Securities Commission and the Vice-Chair is Mr. David Cheop, Chair and Chief Executive Officer of the Manitoba Securities Commission.

The Policy Coordination Committee (PCC) provides oversight and coordination of policy initiatives and facilitates decision-making among CSA members. The current Chair of the PCC is Mr. Grant Vingoe, Chief Executive Officer of the Ontario Securities Commission.

CSA standing, steering and project committees handle policy development for the delivery of regulatory programs.

The CSA Secretariat manages, coordinates, monitors and reports on all CSA projects and policy initiatives as well as facilitates CSA activities, including strategic planning and budgeting for the CSA.

The CSA IT Systems Office provides information and technology management services for CSA members and market participants and develops and implements multi-year strategies related to the CSA national systems.

For more information, please see the [CSA Terms of Reference](#).



Our **three-year Business Plan** sets out **six strategic goals** that reflect the CSA members' commitment to maintain investor confidence in the Canadian capital markets and ensure their efficient operation.

The CSA delivers a capital markets regulatory system based on highly harmonized provincial and territorial securities laws and regulation, centralized filing systems (SEDAR, NRD and SEDI), recognized self-regulatory organizations and the Passport system.

Over the next three years, we will focus on **six strategic goals** as follows:

1. Strengthen the capital markets regulatory system by implementing a single self-regulatory organization, pursuing collaboration with federal agencies, modernizing the CSA IT National Systems, incorporating Indigenous issues and perspectives in CSA policy work and refining our data strategy to support more efficient and effective regulation.

And in relation to the CSA's two primary mandates:

Investor protection. The CSA adopts a balanced regulatory framework to enhance investor protection by effectively involving people with experience in investors' issues and delivering strong education programs. The strategic goals are:

2. Optimize investors' ability to contribute to policymaking and expand investor education outreach; and
3. Improve investor protection by enhancing investors' ability to obtain redress and strengthening the advisor-client relationship;

Fostering fair and efficient markets. The CSA continually assesses market developments and determines the need for regulatory responses to maintain fairness and stability in the financial markets. The strategic goals are:

4. Address emerging issues and trends, including the environmental, social and governance (ESG) issues and emerging technologies and business models;
5. Deliver smart and responsive regulation protecting investors while reducing regulatory burden; and
6. Promote the integrity and financial stability through effective market oversight.

The CSA members are adopting this Business Plan in the context of rapidly evolving market technologies, expanding market channels and product offerings, and alongside changing demographics towards both a growing number of millennials becoming active investors and an aging population.

The CSA will continue monitoring developments in the economy, investor disclosure needs, and market participants' business models, product offerings and behaviour. Current areas of focus include:

- climate change risks and sustainable investments;
- diversity on corporate boards and in executive positions;
- reconciliation with Indigenous Peoples;
- technological innovations;
- social media trends, and
- new investment products and business models, like crypto assets, including DeFi, and investment gamification.

The CSA will pursue actions outlined in this Business Plan in cooperation with other branches of government within Canada and international organizations in a broader context of the economic impact of the COVID-19 pandemic and rising tensions among some nations.

STRATEGIC GOAL 1

Strengthen the capital markets regulatory system



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Strengthen the capital markets regulatory system

The CSA seeks to improve the Canadian capital markets regulatory system by modernizing the self-regulatory framework, enhancing collaboration with federal agencies to monitor and mitigate systemic risk, incorporating Indigenous Peoples' perspectives in our policy work and modernizing the electronic filing and data access systems that underpin Canadian securities regulation.

CSA INITIATIVES

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| 1.1 | <i>Lead the creation of a new self-regulatory organization (SRO) for the investment industry and a new investor protection fund (IPF)</i> | Lead the creation and implementation of a new SRO, which will consolidate the functions of the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA), and a new IPF independent of the new SRO, which will combine two existing investor protection funds – the Canadian Investor Protection Fund and the MFDA Investor Protection Corporation, consistent with CSA Position Paper 25-404. Following implementation of the new SRO, a formal consultation will be initiated by the CSA to consider incorporating other registration categories into the new SRO. |
| 1.2 | <i>Pursue collaboration with Federal Agencies on systemic risk, enforcement and other matters relating to the financial markets</i> | <p>The CSA will continue to enhance its collaboration with federal and provincial agencies on the monitoring of systemic risks, in support of the development of mitigation strategies where appropriate. Notably, the CSA will continue to engage with other agencies through the Systemic Risk Surveillance Committee (SRSC), which was established in 2020 to support collaboration among member agencies for the purpose of monitoring and assessing systemic risk. The SRSC reports to the Heads of Regulatory Agencies (HoA). In addition, in the context of the HoA, the CSA will continue to address other matters relating to the financial markets that may require a multi-agency approach. The Federal Agencies represented at the HoA are the Bank of Canada, the Department of Finance Canada and the Office of the Superintendent of Financial Institutions.</p> <p>In the context of our enforcement mandate, the CSA members will continue exploring new cooperation opportunities with federal agencies to strengthen the detection, prosecution and deterrence of white-collar crime and securities law violations.</p> |
| 1.3 | <i>Replace CSA National Filing Systems</i> | Continue to modernize the CSA National Systems including SEDAR, SEDI, NRD, CTO, DL, and NRS to provide a secure, web-based filing and disclosure system for the marketplace and investors supporting data-centric regulation through the implementation of SEDAR+. |
| 1.4 | <i>Incorporate Indigenous Peoples' issues and perspectives in CSA policy work</i> | Through the CSA Taskforce on Indigenous Peoples in the Capital Markets, enhance consideration of Indigenous Peoples and communities and work to integrate these considerations in relevant areas of securities regulation and CSA policy work, and improve ways for engaging Indigenous groups. |
| 1.5 | <i>Advance CSA Data Management and Strategy</i> | The CSA has implemented and will continue to maintain a common set of data principles, standards, security policies, and procedures for the CSA National Systems as well as new guidelines for all policy development. Evolving from these practices, over the next three years, the CSA will develop and begin to implement a data strategy to support greater use of data for policy development and in regulation. |

STRATEGIC GOAL 2

Optimize investors' ability to contribute to policymaking and expand investor education outreach



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Through the establishment of the CSA Investor Advisory Panel, we have created a channel for a more structured and sustained engagement with retail investors to obtain meaningful insight into their concerns and advice in formulating rules that enhance investor protection. The CSA will provide support and an open communication channel for the newly created panel, to enable it to deliver valuable and actionable input to the CSA and its members. Additionally, the CSA aims at delivering targeted education programs in response to emerging trends affecting how retail investors access information and make investment decisions, notably regarding DIY investing, crypto-assets and investment gamification.

CSA INITIATIVES

2.1

Ensure successful launch and operation of the CSA Investor Advisory Panel

Complete launch of the CSA Investor Advisory Panel mandated with providing advice to the CSA on policy initiatives that impact retail investors and ensure the CSA provides the panel the necessary support enabling it to accomplish its mandate. The panel complements the work of existing investor panels or committees of individual CSA members.

2.2

Increase Canadian investors' awareness of emerging issues and threats

Develop campaigns to raise awareness of issues as they pertain to investor education and protection (for example, crypto assets, on-line advisors and DIY investing). Continue to develop materials that support Canadians' knowledge of investor education and protection issues (such as checking registration, understanding risk, fees and embedded commissions, types of investments and client focused reforms).

STRATEGIC GOAL 3

Improve investor protection by enhancing investors' ability to obtain redress and strengthening the advisor-client relationship



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Improve investor protection by enhancing investors' ability to obtain redress and strengthening the advisor-client relationship

Initiatives identified under this goal will further investors' confidence in our capital markets. Foundational to that confidence is the investor's ability to seek redress in cases where registrants' actions cause investors harm. Enhancing the proficiency of registrants, ensuring titles are not used in a misleading manner and expanding the information investors receive on costs will directly contribute to fostering a relationship of trust between investors and advisors.

CSA INITIATIVES

3.1	<i>Strengthen Ombudsman for Banking Services and Investments' powers</i>	Improve investor access to redress for losses, where warranted, by supporting and strengthening OBSI as an independent dispute resolution service, with a focus on developing and recommending a binding authority framework that is fair, efficient, and accessible.
3.2	<i>Review title and proficiency requirements</i>	Consistent with Client Focused Reforms, continue work to better align the interests of registrants with the interests of their clients by reviewing registrant requirements such as client-facing titles, proficiency, and designations.
3.3	<i>Enhance fee transparency through total cost reporting</i>	Improve investors' awareness of embedded fees associated with their investment funds by mandating enhancements to the reports that registrants must currently provide to their clients and ensure requirements for segregated funds are as closely harmonized as possible by working with insurance regulators on joint proposals.
3.4	<i>Support the implementation of the framework addressing financial exploitation and cognitive impairment of older and vulnerable investors</i>	Support stakeholders through the implementation of the framework and continue our efforts to address issues of financial exploitation and cognitive impairment among older and vulnerable investors.
3.5	<i>Conduct targeted sweeps to ensure the implementation of Client Focused Reforms</i>	Conduct targeted examinations of registered firms focused specifically on Client Focused Reform requirements, which were introduced to promote the concept that the interests of the client should come first in the client-registrant relationship, assess their effectiveness and take appropriate measures in order to promote investor confidence in the client-registrant relationship.
3.6	<i>Continue the modernization of mutual fund sales practices</i>	Review and modernize NI 81-105 <i>Mutual Fund Sales Practices</i> and contemplate whether amendments are necessary in light of the Client Focused Reforms - including reviewing principal distributors' practices, considering whether amendments are needed to clarify the circumstances in which a principal distributor model should be available and whether such a model remains appropriate in light of the Reforms.

STRATEGIC GOAL 4

Address Emerging Market Issues and Trends



STRATEGIC GOAL 4

Address Emerging Market Issues and Trends

As investor demand for and interest in environmental, social and governance disclosure continues to increase, the CSA will move ahead with reporting requirements tailored to Canadian capital markets. CSA will consider investors' calls for enhanced market participant disclosure related to sustainable finance matters, including those related to climate change and diversity.

A broader digital ecosystem is growing both in Canada and globally. It includes developments such as crypto lending, crypto derivatives, stablecoin arrangements, and decentralized finance applications. Another emerging trend includes the use of social media as a source of information to make investment decisions, DIY investing and investment gamification. The initiatives under this goal aim notably at identifying the emerging issues related to technology that require regulatory action or clarifying and developing a tailored and effective response.

CSA INITIATIVES

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| 4.1 | <i>Finalize climate change-related disclosure requirements for reporting issuers</i> | Pursue climate change disclosure based on comments received on proposed National Instrument 51-107 Disclosure of Climate-related Matters and taking into consideration international developments. To this purpose, we will engage in further targeted consultations as the framework for climate change related disclosure is finalized. |
| 4.2 | <i>Consider diversity disclosure and related governance issues</i> | Consider potential next steps to incorporate broader diversity in the CSA disclosure framework, building on the previous disclosure requirements and guidance with respect to women on boards and in executive officer positions. |
| 4.3 | <i>Build regulatory capacity for emerging digital business models</i> | Take a proactive and coordinated approach to building regulatory capacity for emerging digital business models that may pose risks to investors. Continue reviewing time-limited registration and/or exemptive relief initiated by a firm with an innovative business model that relies on technology or has a digital component, with the objective of adapting securities legislation to the business model. Work towards the introduction of cohort-based testing environments which would allow multiple eligible businesses to test novel ideas or solutions based on themes proactively determined by the CSA. In addition, the CSA will also analyze and develop, as necessary, new regulatory and oversight frameworks concerning new trends in marketing approaches, such as gamification and Artificial Intelligence-driven trading prompts. |
| 4.4 | <i>Continue developing a comprehensive and coordinated regulatory, oversight, compliance and enforcement regime for crypto asset trading platforms</i> | The CSA will bring crypto asset trading platforms and other businesses offering or facilitating the trade in crypto asset products into compliance with securities laws by coordinating their registration and related exemptive relief applications. In addition, we will develop and apply pre-registration measures to those crypto asset trading businesses that are awaiting registration and related exemptive relief; consider policy issues relating to crypto asset trading platforms' offering of margin, leverage or staking service and, in collaboration with IIROC, provide guidance outlining expectations on custody of client crypto assets. Finally, we will coordinate monitoring, deterrence and enforcement actions aimed at addressing unregistered crypto-asset trading activity. |

STRATEGIC GOAL 4

Address Emerging Market Issues and Trends (con't)



STRATEGIC GOAL 4

CSA INITIATIVES

- Explore regulatory implications of stablecoins in the capital markets including their use in connection with crypto asset trading*

4.5

The CSA will monitor and assess the presence and role of stablecoins in Canadian capital markets and work collaboratively to identify and respond to regulatory implications and risks.
- Monitor ESG related investment fund disclosure*

4.6

Continue to monitor the disclosure in regulatory documents and sales communications of investment funds with investment objectives that reference environmental, social and governance (ESG) factors or that market themselves as ESG or sustainable funds and other funds that use ESG strategies and to ensure compliance with the guidance issued by the CSA.
- Monitor investment fund liquidity risk management*

4.7

Continue to monitor investment funds liquidity risk management to assess the adoption of good liquidity risk management practices set out in guidance issued by the CSA and continue to promote liquidity risk management tools and disclosure.
- Address market abuse and abusive promotional activity*

4.8

Analyse and address abusive promotions and trading in venture markets and identify ways to improve detection, investigation and prosecution of such activities, monitor and analyze electronic media used in stock promotions, and deliver clear direction to exchanges and SRO to improve detection, disruption, investigation and prosecution of such activities as part of their surveillance responsibilities.
- Enhance enforcement through improving technological and analytical capacity*

4.9

Strengthen enforcement technology capabilities and strategies: continue to identify and develop surveillance, forensic and analytical tools, improve data delivery standards and share enforcement technology knowledge and expertise across the CSA jurisdictions.

STRATEGIC GOAL 5

Deliver Smart and Responsive Regulation Protecting Investors while Reducing Regulatory Burden



STRATEGIC GOAL 5

Deliver Smart and Responsive Regulation Protecting Investors while Reducing Regulatory Burden

The CSA will continue to adapt its regulation to the evolving needs of Canadian market participants. Both over-regulation and under-regulation can undermine the competitiveness of our capital markets. The CSA will continue to modernize its regulatory regime to ensure that disclosure is clear and meaningful, and that companies and investment fund requirements continue to be appropriate, necessary and relevant.

CSA INITIATIVES	5.1	<i>Streamline certain continuous disclosure requirements for non-investment fund issuers</i>	Eliminate duplicative continuous disclosure among the financial statements, management discussion and analysis and annual information form and amend or eliminate any excessive disclosure requirements negatively impacting the quality of information.
	5.2	<i>Develop alternative offering system for Canadian well-known seasoned issuers</i>	Develop and implement amendments to the shelf prospectus system to facilitate capital raising and reduce regulatory burden, without compromising investor protection, for a new category of larger, well-known seasoned reporting issuers in Canada.
	5.3	<i>Implement the access model for corporate issuers and investment funds</i>	Implement rule amendments and policy changes aimed at modernizing the way certain documents are made available to investors and reducing costs associated with the printing and mailing of documents for corporate and investment fund issuers. An access model will provide a more cost-efficient, timely and environmentally friendly manner of communicating information to investors than physical delivery.
	5.4	<i>Modernize prospectus filing system for investment funds</i>	Streamline the prospectus filing model for investment funds without affecting the currency or accuracy of information available to investors to make an informed investment decision. Under this initiative, the CSA will implement rule amendments to reduce the frequency of prospectus filings by extending the lapse date period for pro forma prospectuses filed by investment funds in continuous distribution and repeal the requirement to file a final prospectus no more than 90 days after the preliminary prospectus receipt. Consult on possible adaptations to the shelf prospectus filing model for investment funds in continuous distribution.
	5.5	<i>Modernize continuous disclosure for investment funds</i>	Streamline and simplify relevant information for investors associated with continuous disclosure obligations for investment fund issuers by proposing amendments to remove certain non-International Financial Reporting Standards content that is not useful and examining opportunities to organize disclosure in a manner that is more useful for investors in the management report of fund performance, material change and conflict of interest reporting requirements.

STRATEGIC GOAL 6

Promote Integrity & Financial Stability Through Effective Market Oversight



STRATEGIC GOAL 6

Promote Integrity & Financial Stability Through Effective Market Oversight

Through a number of regulatory and operational initiatives, the CSA seeks to maintain effective market oversight in order to identify, mitigate and reduce systemic risk and promote integrity and financial stability while ensuring that the Canadian regulatory system is consistent with international standards.

CSA INITIATIVES

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| 6.1 | <i>Finalize and implement over the counter (OTC) derivatives framework</i> | Implement regulation for OTC derivatives regarding business conduct and trade reporting, develop regulation regarding derivatives trading facilities, develop appropriate and coordinated regulation applicable to derivatives market intermediaries, and monitor data related to the eligibility for the proposed margin rule. Monitor the use of the Canadian Dollar Offered Rate (CDOR) in derivatives transactions during the two-stage transition period leading up to the cessation of CDOR in June 2024. |
| 6.2 | <i>Assess the listing function of exchanges</i> | Recognized exchanges afford alternative mechanisms for companies to become publicly traded, including RTOs; and their continuing listing requirements supplement CSA continuous disclosure requirements. We will review the exchanges' policies to ensure that they satisfy the goals of securities regulation and the public interest. |
| 6.3 | <i>Analyse developments in short selling and assess whether regulatory changes are needed</i> | As the short selling requirements are included in IIROC's rules, oversee IIROC's work and studies in this area, and consider implications to assess whether there are gaps in the regulatory regime that need to be addressed. |
| 6.4 | <i>Implement the T+1 settlement cycle</i> | Monitor industry preparedness in connection with the initiative to shorten the standard settlement cycle for trades in securities from two days after the date of trade (T+2) to one day after the date of trade (T+1) in coordination with the United States and consider any necessary amendments to relevant CSA national instruments. |
| 6.5 | <i>Oversee issues relating to the Canadian Dollar Offered Rate (CDOR)</i> | Oversee the designated benchmark administrator of CDOR and benchmark contributors to CDOR; manage any issues relating to the cessation of CDOR announced by the CSA, the benchmark administrator and the Canadian Alternative Reference Rate working group (CARR) on May 16, 2022 and monitor the transition to risk free rates (CORRA) by market participants; conduct surveillance and enforcement activities related to risk of potential market abuse. |

STRATEGIC GOAL 6

Promote Integrity & Financial Stability Through Effective Market Oversight (con't)



STRATEGIC GOAL 6

CSA INITIATIVES

6.6 *Initiate public consultation regarding Canadian real-time equities market data*

Publish a consultation paper to gather stakeholders' feedback about potential options to address issues related to the access to Canadian real-time market data. In connection with this, continue to review international developments in those jurisdictions that have ongoing market data initiatives and are actively reviewing their market data environment, including the approach to regulating the access to and use of real-time market data and its cost, and whether our model of data consolidation continues to be appropriate.

6.7 *Review the rules relating to special transactions*

Review the rule on the protection of minority security holders in special transactions to consider, among other things: (i) clarifying the role of board of directors and/or special committees of independent directors in negotiating, reviewing, and approving or recommending material conflict of interest transactions, (ii) enhancing disclosure obligations regarding the background and process for a transaction, the desirability and fairness of a transaction, and board of directors and special committees' recommendations concerning a transaction, and (iii) potential revisions to the exemptions under the Instrument.

6.8 *Review the early warning reporting regime*

Review the early warning reporting regime to consider, among other things, the appropriate current scope of disclosure requirements concerning equity derivatives and the sufficiency of the current disclosure and timing requirements concerning acquirers' "plans and future intentions". Also consider the use of equity derivatives under the take-over bid regime and the five percent market purchase rule for bidders while a take-over bid is outstanding.



While the CSA will focus on the above initiatives, it remains strongly committed to other regulatory projects and ongoing initiatives dealing with the improvement of its internal processes and the maintenance of an efficient and seamless relationship among all Canadian securities regulators as well as with federal and foreign regulatory agencies.

The CSA will continue to monitor international developments in areas falling under our mandate and determine the appropriateness of commencing any additional initiatives.

The CSA must also be ready to address new issues and challenges presented by evolving capital market conditions.

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