

**CSA ACVM**

Canadian Securities  
Administrators

Autorités canadiennes  
en valeurs mobilières



## **CSA BUSINESS PLAN | 2016-2019**

**ACHIEVEMENT HIGHLIGHTS**

## INTRODUCTION

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 and to secure close collaboration in the delivery of regulatory programs and securities law enforcement.





The CSA strategic priorities over the 2016-2019 period reflected the CSA members' commitment toward the continued protection of investors from unfair, improper and fraudulent practices, the ongoing efficient functioning of capital markets, and the reduction of risks to market integrity and to investor confidence in the markets, through responsive regulation and regulatory harmonization. The CSA sought to achieve the objectives set forth in the 2016-2019 business plan in the context of new challenges and opportunities created by rapidly evolving technology, expanding market channels and product offerings and changing demographics with an aging population and a growing number of millennial investors. The 2016-2019 CSA Business Plan included the following strategic priorities:




- Enhanced Investor Protection
- Fair and Efficient Markets and Reduction of Risks to Market Integrity
- Enhancement of Enforcement Effectiveness
- Enhancement of Information Technology





While the CSA has completed most of the deliverables enumerated in the 2016-2019 Business Plan, some of the priorities were long-term and the CSA will continue delivering on them in the coming years.



**ENHANCED INVESTOR PROTECTION**

CSA PRIORITIES	STATUS	ACHIEVEMENTS
<b>1 - Enhanced Investor Protection</b>		
<b>1.1 Enhance Disclosure to Investors</b>		
<p><i>Complete rulemaking and implement requirement for point of sale disclosure and delivery regime for exchange-traded funds (ETFs)</i></p>	<p>Completed</p> 	<p><b>ETF Facts:</b> The CSA adopted new rules requiring ETFs to produce and file a summary disclosure document similar to the Fund Facts called “ETF Facts”, designed to summarize key elements relevant to an investor’s decision to invest in an ETF. The amendments also introduced a new delivery regime requiring dealers that receive an order to purchase ETF securities to deliver ETF Facts to investors within two days of the purchase.</p> <p>The ETF Facts filing requirement became effective on September 1, 2017, while the ETF Facts delivery requirement for dealers became effective on December 10, 2018.</p>
<p><i>Finalize and implement the CSA risk classification methodology for use in the Fund Facts document and the proposed ETF Facts document to identify the fund’s risk level</i></p>	<p>Completed</p> 	<p><b>Risk Classification Methodology:</b> The CSA adopted a rule requiring fund managers to use a standardized risk classification methodology when determining a risk level for conventional mutual funds and ETFs in the Fund Facts and ETF Facts. This rule significantly improves the transparency and consistency in investment risk level disclosure for mutual funds and ETFs. The risk classification methodology amendments came into effect on September 1, 2017.</p>
<p><i>Assess the need for additional disclosure requirements from audit committees about auditor oversight and appointment and key areas of focus</i></p>	<p>Completed</p> 	<p><b>Additional Audit Committee Disclosure:</b> The CSA has completed research and consultations with key stakeholders regarding additional disclosure requirements for audit committee activities. Due to mixed feedback during targeted consultations and the current CSA priority to review regulatory burden of reporting issuers, the CSA decided not to proceed with a proposal on enhancing audit committee disclosure at this time. CSA staff will continue monitoring changes to the Canadian Auditing and Assurance Standards Board’s (AASB) position on key audit matters, international developments, and results of the CSA’s regulatory burden review.</p>
<b>1.2 Consider whether regulatory action is needed to address conflicts from embedded commissions</b>		
<p><i>Complete stakeholder consultations to determine whether embedded commissions in investment funds should be addressed to better align the interests of investment fund managers and dealers/representatives with those of the investors they serve, and implement a regulatory proposal as appropriate</i></p>	<p>Ongoing</p> 	<p><b>Embedded Commissions:</b> After considering the results of consultations and two independent studies of Canada’s mutual fund fee structure, the CSA published Consultation Paper 81-408 <i>Consultation on the Option of Discontinuing Embedded Commissions</i>. Following the review of the comment letters and results of stakeholder consultations, the CSA published proposed amendments prohibiting investment fund managers from paying upfront sales commissions to dealers, and trailing commissions to those dealers who do not make a suitability determination, such as order-execution-only dealers. These changes would result in more transparent fees on the discount brokerage channel. The CSA has analysed the comment letters received in response to this consultation and will continue seeking the optimal solution to the issues identified through stakeholder consultations, research and analysis of the embedded commissions.</p>




CSA PRIORITIES	STATUS	ACHIEVEMENTS
<b>1.3 Enhance Advisor-Client Relationship</b>		
<p>Complete public consultations to determine the extent of targeted reforms required to enhance current regulatory requirements in this area, and for some CSA members, decide whether to proceed with the development and introduction of a best interest standard for advisors</p>	<p>Completed</p> 	<p><b>Enhancing Advisor-Client Relationship Consultations:</b> The CSA conducted a series of consultations aimed at defining an appropriate standard of conduct for advisers and dealers, and, in particular, exploring the appropriateness of introducing a statutory best interest duty when advice is provided to retail clients. The CSA has reviewed the current regime and alternatives and published CSA Consultation Paper 33-404 <i>Proposals to Enhance the Obligations of Advisers, Dealers, and Representatives toward their Clients</i>. The consultation paper identified problems with the relationship between clients and their advisers/dealers that warrant regulatory reform, and how those problems may (or may not) be mitigated or eliminated by a regulatory best interest standard for advisers/dealers in addition to targeted reforms to current regulatory requirements. The CSA completed multiple consultations and held roundtables with stakeholders, both locally and CSA wide. In addition, the CSA published CSA Staff Notice 33-318 <i>Review of Practices Firms Use to Compensate and Provide Incentives to Their Representatives</i> and CSA Staff Notice 33-319 <i>Status Report on CSA Consultation Paper 33-404 Proposals to Enhance the Obligations of Advisers, Dealers, and Representatives Toward Their Clients</i>. CSA staff finalized its recommendations on the proposed reforms and next steps.</p>
<p>Implement regulatory reforms as appropriate</p>	<p>Ongoing</p> 	<p><b>Client-focused Reforms:</b> The CSA published proposed amendments introducing changes that would require registrants to address conflicts of interest in the best interest of the client; put the client's interests first when making a suitability determination; and provide clients with greater clarity on what they should expect from their registrants. The CSA analyzed the comment letters received in response to this consultation and outlined the key themes that emerged from the comment letters. Based on the comments received, the CSA will continue refining its proposed client-focused reforms and implementing the necessary reforms to enhance the regulatory standards for registrants and the advisor-client relationship.</p>
<b>1.4 Measure impact of CRM2 and POS Reforms</b>		
<p>Conduct post-implementation analysis of the impact of the Client Relationship Model – Phase 2 and Point of Sale (POS) amendments on investors and industry</p>	<p>Ongoing</p> 	<p><b>Research on the Impact of CRM2 and POS Reforms:</b> On August 22, 2016, the CSA commenced a multi-year research project to measure the impacts of requirements introduced by Phase 2 of the Client Relationship Model (CRM2) and the Point of Sale (POS) amendments on investors and the industry. The research measures outcomes related to the following areas:</p> <ul style="list-style-type: none"> <li>• investor knowledge, attitude, and behavior;</li> <li>• registrant practices, including conflicts of interest and compensation; and</li> <li>• fund fees and product offerings.</li> </ul> <p>The research will cover activity from 2016 through 2019 and is expected to be completed by 2021.</p>

CSA PRIORITIES	STATUS	ACHIEVEMENTS
<b>1.5 Improve Canadian Proxy Voting Infrastructure</b>		
<p><i>Finalize and publish industry protocols clarifying the roles and responsibilities of key entities and providing guidance on the kinds of operational processes that they should implement to support accurate, reliable and accountable meeting vote reconciliation</i></p>	<p>Completed</p> 	<p><b>Publish of Industry Protocols on Proxy Voting:</b> On January 26, 2017, the CSA published CSA Staff Notice 54-305 <i>Meeting Vote Reconciliation Protocols</i>, which outlined CSA staff expectations and guidance for improving the processes involved in the tabulation of proxy votes and introduced voluntary industry protocols related to generating and sending vote entitlement information; setting up vote entitlement accounts; sending proxy vote information and tabulating and recording proxy votes; and informing beneficial owners of any rejected or pro-rated votes.</p>
<p><i>Monitor the implementation of improvements and measure their impact on the accuracy, reliability and accountability of meeting vote reconciliation to determine whether additional rules and policy guidance are required</i></p>	<p>Ongoing</p> 	<p><b>Monitor the Implementation of the Protocols:</b> Following the publication of the industry protocols on proxy voting and during the next two proxy seasons, the CSA has established a technical committee made up of representatives from key service providers involved in the proxy voting process, which has been monitoring the implementation of the protocols and assessing the need for any enhanced regulatory measures.</p> <p>The CSA also continues to encourage and monitor industry initiatives for paperless meeting vote reconciliation and end-to-end vote confirmation.</p>
<b>1.6 Educate Investors</b>		
<p><i>Develop retail investor communication programs to optimize implementation of key CSA policy initiatives, including CRM2 and the new annual reports on costs and performance statements</i></p>	<p>Completed</p> 	<p><b>CRM2 Investor Education Campaign:</b> The CSA held a social media campaign to educate retail investors about changes in investment statements introduced by the Client Relationship Model 2 (CRM2) in conjunction with Investor Education Month in October 2016. The campaign included several short videos that explained in clear words and images various disclosure requirements introduced by CRM2.</p>
<p><i>Pursue programs encouraging investors to confirm their advisor's registration and promoting the use of the CSA National Registration Search engine</i></p>	<p>Completed</p> 	<p><b>NRS Awareness Campaign:</b> From October 2016 through September 2018, the CSA ran an online public awareness campaign explaining that registration helps protect investors because securities regulators will only register firms and individuals if they are properly qualified, highlighting the importance of checking the registration of persons or companies offering an investment, and promoting the use of the CSA's National Registration Search engine (NRS).</p>














**FAIR AND EFFICIENT MARKETS AND  
REDUCTION OF RISKS TO MARKET INTEGRITY**






CSA PRIORITIES	STATUS	ACHIEVEMENTS
<b>2. Fair and Efficient Markets and Reduction of Risks to Market Integrity</b>		
<b>2.1 Closely Monitor Prospectus Exempt Markets</b>		
<i>Engage in risk-based supervision of issuers and registrants using the new and modified capital-raising exemptions</i>	Completed 	<p><b>Exempt Markets Analysis:</b> In 2018, the CSA conducted a comprehensive analysis of the exempt markets in Canada. The analysis included the total amounts raised in 2017 in Canada and in the relevant jurisdictions in the prospectus-exempt market by Canadian, American and other international issuers and an analysis of exempt markets by industry, exemption type and purchaser type. The CSA intends to continue monitoring prospectus exempt markets in the future and utilizing this study and analysis to identify trends and develop recommendations for policy development.</p> <p>In addition, CSA jurisdictions continue engaging in risk-based supervision of exempt market issuers and registrants and evaluating their level of compliance.</p>
<i>Evaluate emerging trends and levels of compliance</i>	Completed 	
<i>Study the current resale regime for prospectus-exempt securities under National Instrument 45-102 Resale of Securities to determine whether the resale provisions continue to be relevant in today's markets and to assess the impact of alternative regulatory approaches</i>	Completed 	<p><b>Resale Regime for Prospectus-Exempt Securities:</b> The CSA jurisdictions published amendments introducing a new prospectus exemption for the resale of securities (and underlying securities) of a foreign issuer if the issuer is not a reporting issuer in any jurisdiction of Canada, and the resale is on an exchange or a market outside of Canada or to a person or company outside of Canada. Alberta and Ontario published the new prospectus exemption for the resale of securities of a foreign issuer who is not a reporting issuer as part of their local instruments in order to provide overall consistency to their approach to cross-border trading for both primary distributions outside Canada and the resale of securities outside Canada.</p>




CSA PRIORITIES	STATUS	ACHIEVEMENTS
<b>2.2 Improve Access, Transparency and Fairness in Fixed Income Market</b>		
<i>Implement public transparency of corporate fixed income trading data, with IIROC acting as the information processor for corporate debt</i>	Completed 	<b>Information Processor for Corporate Debt Securities:</b> The CSA published CSA Staff Notice 21-318 <i>Information Processor for Corporate Debt Securities</i> , which announced that IIROC would act as an information processor for corporate debt securities, effective July 4, 2016. As an information processor, IIROC collects and makes publicly available transaction information for corporate debt securities. From IIROC's website, the public can access and search online data relating to corporate debt securities two days after a trade occurs (T+2) free of charge. The corporate debt data displayed includes the issuer name and the price, coupon rate, yield and volume, subject to volume caps. IIROC publishes retail and institutional trade data for corporate bonds reported to it.
<i>Monitor fixed income data to consider the impact of transparency and timeliness of information</i>	Completed 	
<i>Conduct a review of dealers' allocation practices for new debt issues</i>	Completed 	
<i>Consider transparency requirement for government debt data</i>	Ongoing 	<b>Government Debt Transparency Framework:</b> The CSA published for comment CSA Staff Notice 21-323 <i>Proposal for Mandatory Post-Trade Transparency of Trades in Government Debt Securities, Expanded Transparency of Trades in Corporate Debt Securities and Proposed Amendments to National Instrument 21-101 Marketplace Operation and Related Companion Policy</i> , introducing mandatory post-trade transparency requirements for government debt securities, which would require a person or company that executes trades in government debt securities to provide information regarding these trades to the information processor. IIROC will serve as information processor for government debt securities. The CSA is finalizing these requirements for final publication.

CSA PRIORITIES	STATUS	ACHIEVEMENTS
<b>2.3 Finalize and Implement OTC Derivatives Framework</b>		
<p><i>Pursue the development and implementation of its rules for an OTC Derivatives regulatory framework. In particular, it plans to:</i></p> <ul style="list-style-type: none"> <li><i>develop and implement rules for the mandatory clearing of OTC derivatives</i></li> <li><i>develop and implement rules for customer clearing and protection of collateral for derivatives market participants</i></li> <li><i>consult on margin and collateral requirements for non-centrally cleared derivatives</i></li> <li><i>implement rules for OTC derivatives trade reporting</i></li> </ul>	<p>Completed</p> 	<p>The CSA has undertaken numerous regulatory initiatives aimed at enhancing the supervision of the over-the-counter (OTC) derivatives markets to mitigate and reduce systemic risk in Canada and ensure that Canada is compliant with its international commitments. In the past three years, the CSA has adopted rules for mandatory central counterparty clearing, aimed at reducing counterparty risk in the OTC derivatives market by requiring certain counterparties to clear certain prescribed derivatives through a central clearing counterparty. The CSA also adopted rules for customer clearing and protection of customer positions and collateral, ensuring that the clearing of a local customer's OTC derivatives is carried out in a manner that protects the customer's positions and collateral and improves derivatives clearing agencies' resilience to default by a clearing intermediary. To improve transparency in the derivatives market and ensure that designated trade repositories operate in a manner that promotes the public interest, CSA jurisdictions had adopted provincial rules on trade repositories and derivatives data reporting. Over the past three years, the CSA implemented a number of operational initiatives aimed at the implementation of the rules, including compliance and audit reviews, system reporting, and coordinated processes.</p> <p>In addition, the CSA published for comment CSA Consultation Paper 95-401 <i>Margin and Collateral Requirements for Non-Centrally Cleared Derivatives</i> and proposed amendments to the derivatives mandatory central counterparty clearing rule. The CSA also published CSA Staff Notice 94-303 <i>Variation, Amendment or Revocation of certain Blanket Orders Exempting Certain Counterparties from the Requirement to Submit a Mandatory Clearable Derivative for Clearing and Update on Proposed Amendments to NI 94-101</i>.</p>
<ul style="list-style-type: none"> <li><i>develop and implement a registrant regulation framework for derivatives market participants</i></li> <li><i>develop and implement rules for derivatives trading facilities</i></li> <li><i>implement rule/policy framework for clearing agencies to incorporate CPMI/IOSCO revised standards</i></li> </ul>	<p>Ongoing</p> 	<p>The CSA published for comment proposed NI 93-101 <i>Derivatives: Business Conduct</i> (for second comment period) and proposed NI 93-102 <i>Derivatives: Registration</i>, and it continues monitoring international developments, analysing the issues and formulating recommendations for the next steps with respect to derivatives trading facilities and margin and collateral requirements for non-centrally cleared derivatives.</p> <p>Finally, the CSA published for comment proposed amendments to NI 24-102 <i>Clearing Agency Requirements</i>, implementing revised international standards for central counterparties, central securities depositories and securities settlement systems, published by the Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO). The main objective of this rule was to enhance the safety and efficiency of clearing agencies, limit systemic risk, and foster financial stability. The proposed amendments would also incorporate the experience to date with NI 24-102 and the results of an international assessment carried out by the CPMI and IOSCO regarding implementation of international risk management standards that form part of the instrument.</p>

CSA PRIORITIES	STATUS	ACHIEVEMENTS
<b>2.4 Monitor Recent Market Structure Changes</b>		
<p><i>Complete and implement amendments necessary to shorten the settlement cycle (T+2) and mitigate settlement risk</i></p>	<p>Completed  </p>	<p><b>Transition to the T+2 Settlement Cycle:</b> The CSA adopted amendments introducing a regulatory framework for a shortened standard settlement cycle for trades, reduced from three days after a trade (T+3) to two days after a trade (T+2). The transition to T+2 occurred on September 5, 2017, concurrently with the U.S. A shorter settlement cycle mitigates risk in securities clearing and settlement by reducing counterparty exposure between the parties to a trade. All CSA jurisdictions also adopted amendments that shortened the settlement cycle for conventional mutual funds to T+2.</p>
<p><i>Conduct a review of market share thresholds for protected markets</i></p>	<p>Completed  </p>	<p><b>Review of Market Share Thresholds:</b> Following the adoption of amendments introducing a market share threshold set at 2.5 per cent market share of the adjusted volume and value traded equally weighted over a one-year period, the CSA has been conducting periodic reviews of the market impact of the threshold.</p>
<b>2.5 Review Aspects of Corporate Governance Regime</b>		
<p><i>Conduct a targeted review of certain aspects of the corporate governance regime, including the independence of board and committee members, to assess whether they remain appropriate in today's environment</i></p>	<p>Completed  </p>	<p><b>Director Independence Consultation:</b> The CSA published CSA Consultation Paper 52-404 <i>Approach to Director and Audit Committee Member Independence</i>, which solicited comments on the appropriateness of, or need for, any changes to the current approach to director independence for all issuers in the Canadian market, including for controlled companies. Following the review and analysis of the comment letters received, it published CSA Staff Notice 52-330 <i>Update on CSA Consultation Paper 52-404 Approach to Director and Audit Committee Member Independence</i>, advising that it is appropriate to maintain its current approach to determining director and audit committee member independence.</p>



CSA PRIORITIES	STATUS	ACHIEVEMENTS
<b>2.6 Review Regulatory Burden for Reporting Issuers</b>		
<p><i>Review requirements applicable to reporting issuers, including continuous disclosure, to identify areas that would benefit from a reduction of any undue regulatory burden and seek to streamline these requirements without reducing investor protection or the efficiency of markets</i></p>	<p>Completed</p> 	<p><b>Regulatory Burden Reduction for non-Investment Fund Issuers:</b> Following a broad consultation with market participants and other stakeholders, including through CSA Consultation Paper 51-404 <i>Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers</i>, the CSA identified six areas for developing regulatory and policy changes to reduce regulatory burden for non-investment fund reporting issuers: researching and identifying an alternative and streamlined offering regime for reporting issuers, streamlining certain continuous disclosure requirements, reviewing the Business Acquisition Report requirements, revisiting the primary business requirements, facilitating at-the-market offerings, and enhancing the electronic delivery of documents.</p>
	<p>Ongoing</p> 	<p><b>Rationalization of the Investment Fund Disclosure:</b> The CSA is also developing rule amendments and a consultation paper to remove redundant and ineffective disclosure and reporting requirements in order to reduce the regulatory burden for investment funds and provide more streamlined and useful disclosure for investors. The CSA has completed a comprehensive review of the current investment fund disclosure regime; a comparative review of the non-investment fund reporting issuer regime; international benchmarking and consultations with stakeholders such as dealers, institutional investors and SROs.</p> <p>In the upcoming years, the CSA will continue streamlining regulation and reducing regulatory burden without compromising investor protection or the efficiency of the capital markets. It will remain committed to ensuring that the CSA's approach to regulation reflects the evolving realities of the Canadian capital markets and allows the Canadian market participants to remain competitive.</p>
<b>2.7 Enhance Cybersecurity</b>		
<p><i>Improve collaboration and communication on cybersecurity issues with market participants, including reporting issuers, registrants and other regulated entities</i></p>	<p>Completed</p> 	<p>The CSA held multiple consultations and roundtables on cybersecurity issues with representatives of marketplaces, clearing agencies, registrants, reporting issuers, regulatory bodies and cybersecurity experts. It also issued a number of publications highlighting the importance of being vigilant about cyber risks; informing stakeholders about recent and upcoming CSA initiatives and referencing existing standards and work published by IIROC, the MFDA and international regulatory authorities and standard-setting bodies, including CSA Staff Notices 11-332 <i>Cyber Security</i>, 11-336 <i>Summary of CSA Roundtable on Response to Cyber Security Incidents</i> and 11-338 <i>CSA Market Disruption Coordination Plan</i>.</p> <p>Cybersecurity and stability of the markets remains a key priority for the CSA. In the upcoming years, it will continue testing and updating the CSA Market Disruption Coordinating Plan, which was introduced by the CSA in October 2018 and which includes steps for information sharing and coordination in the event of a large-scale market disruption.</p>
<p><i>Assess the level of market participant cybersecurity resilience, including measures for protection of personal investor data</i></p>	<p>Completed</p> 	
<p><i>Improve market participants' understanding of CSA members' cybersecurity oversight activities, including providing guidance on expectations for market participants' cybersecurity preparedness</i></p>	<p>Completed</p> 	



CSA PRIORITIES	STATUS	ACHIEVEMENTS
<b>2.8 Monitor and Assess Implications of Fintech Innovations</b>		
<p><i>Gain a better understanding of how certain disruptive technology innovations, including blockchain, robo advising, online crowdfunding portals and peer-to-peer lending are impacting capital markets, and assess the scope and nature of regulatory implications that may be required</i></p>	<p>Ongoing</p> 	<p>On February 23, 2017, the CSA launched the Regulatory Sandbox to foster innovative technology-focused or digital business models whose activities trigger the application of securities laws. The innovative business models may include online platforms such as crowdfunding portals, marketplace lenders, angel investor networks, any business models using artificial intelligence for trades or recommendations, cryptocurrency or distributed-ledger technology-based ventures, and technology service providers to the securities industry. The CSA Regulatory Sandbox considers applications, including for time-limited registrations and exemptive relief, on a coordinated and flexible basis.</p> <p>The CSA published CSA Staff Notice 46-307 <i>Cryptocurrency Offerings</i> to provide guidance on various aspects of cryptocurrency offerings which may involve sales of securities; CSA Staff Notice 46-308 <i>Securities Law Implications for Offerings of Tokens</i>, providing additional guidance on the applicability of securities laws to offerings of coins or tokens, including “utility tokens”, and an investor alert on crypto-asset trading platforms advertised as “exchanges”.</p> <p>Finally, the CSA and Investment Industry Regulatory Organization of Canada (IIROC) published Joint CSA/IIROC Consultation Paper 21-402 <i>Proposed Framework for Crypto-Asset Trading Platforms</i>, seeking input from the fintech community, market participants, investors and other stakeholders on how regulatory requirements may be tailored for crypto-asset trading platforms (platforms) operating in Canada</p>






**ENHANCEMENT OF ENFORCEMENT EFFECTIVENESS**

CSA PRIORITIES	STATUS	ACHIEVEMENTS
<b>3. Enhancement of Enforcement Effectiveness</b>		
<b>3.1 Improve Market Analytics Capacity</b>		
<p><i>Develop and implement a new marketplace surveillance and analytical system to replace MICA</i></p>	<p>Ongoing</p> 	<p><b>Market Analysis Platform (MAP):</b> The CSA is in the process of developing a next-generation market analytics platform designed to identify, assess and investigate potential market abuse cases, which will replace the current CSA system. It will capture a broad array of market and transaction data to improve insight and support market integrity. This is a significant project that will be continued throughout the coming years.</p>
<b>3.2 Strengthen Enforcement Technology Capabilities and Strategies</b>		
<p><i>Identify and address internal and external Enforcement related technology challenges and opportunities that we can most effectively meet together</i></p>	<p>Ongoing</p> 	<p><b>Enforcement Technology and Analytics Coordination:</b> The CSA has created an internal expert group (i) developing an inventory of internal tools used by members to detect, investigate and prosecute securities violations, (ii) facilitating cooperative information sharing and developing staff training on topics such as electronic evidence management, eDiscovery, advanced analytics, surveillance, and work product management, and (iii) identifying technology trends and monitoring developments in the field of computer science (i.e. artificial intelligence and machine learning) with a focus on the development and implementation of detection and investigation tools.</p> <p>In the upcoming years, the CSA will continue identifying and addressing internal and external Enforcement-related technology challenges and opportunities and developing a successful strategy for data collection, analysis and management to support its enforcement and deterrence efforts.</p>

CSA PRIORITIES	STATUS	ACHIEVEMENTS
<b>3.3 Identify and Respond to Emerging Issues and Trends</b>		
<p><i>Coordinate expertise to develop a timely response to minimize threats to capital markets and investors, such as binary options, including coordinated action, education, creation of a task force and increased public awareness.</i></p>	<p>Completed</p> 	<p><b>Binary Options Taskforce:</b> The CSA created a Binary Options Taskforce to combat the threat of binary options fraud in Canada, which implemented many highly successful prevention and deterrence measures, in addition to traditional investigation and enforcement actions. It created an investment fraud intelligence database; developed relationships with credit card companies and financial institutions to have them restrict payments to binary options companies using credit cards or bank wires; and developed relationships with partner agencies, including the Canadian Anti-Fraud Centre, the FBI, the SEC and Europol. The Taskforce presented its recommendations and findings at various national and international conferences involving law enforcement, financial and social media companies, including the FBI, SEC, IRS, Visa, MasterCard, Amex, Apple, Google, and Twitter. In addition, the Taskforce identified and contacted domain registry and website hosting companies used by binary option marketers targeting Canadians in an effort to have the identified websites shut down. The CSA also conducted an investor education campaign to raise public awareness of what binary options fraud looks like, how to protect yourself and others and how to report incidences of binary options fraud. The Binary Options Task Force continues operating as the Investment Fraud Task Force, whose aim is to identify and target emerging investment frauds, such as fraudulent schemes involving cryptocurrencies and initial coin offerings, using strategies developed by this working group against binary options schemes.</p> <p>The CSA also adopted a rule which made it illegal to advertise, offer, sell or otherwise trade binary options shorter than 30 days with any individual.</p>
<p><i>Enhance regulators' capacity to address issues such as legal privilege, by developing a collective strategy</i></p>	<p>Completed</p> 	<p><b>Legal Privilege:</b> CSA staff have developed a number of tools providing a practical reference for staff in each jurisdiction on appropriate privilege protection mechanisms in various circumstances, including an internal database of key court and tribunal decisions relating to legal privilege.</p>



## ENHANCEMENT OF INFORMATION TECHNOLOGY

CSA PRIORITIES	STATUS	ACHIEVEMENTS
<b>4. Enhancement of Information Technology</b>		
<b>4.1 Replace CSA National Filing Systems</b>		
<p><i>Develop and build a new national filing system to replace the core CSA national systems (SEDAR, SEDI, NRD, NRS, CTO, DL), including a national exempt distribution reporting system</i></p>	<p>Ongoing</p> 	<p><b>National Systems Renewal Program:</b> CSA members continue developing a unified renewed filing system that will replace the current CSA national systems and databases, including SEDAR, SEDI, NRD, NRS, the CTO Database and Disciplined List. The goal of this project is to develop one modern, accessible, integrated, searchable and secure national database and system. In addition, the CSA is taking steps to carry out regulatory and policy changes to create the necessary legal foundation for the new CSA system. This is a comprehensive, phased, multi-year project that will continue in the coming years.</p>





# OTHER SIGNIFICANT ACHIEVEMENTS

In addition to performing strategic analysis and developing a business plan for several upcoming years, the CSA takes an agile approach to the ongoing developments impacting financial markets, such as innovative business models and product offerings, changing demographics, rapidly evolving technology and international regulatory trends, and adjusts its priorities and initiatives to meet new challenges. As a result, the CSA has completed or is undertaking several initiatives in addition to the projects outlined in the 2016-2019 Business Plan. Some of these achievements are highlighted below.

## Prospectus, Exemptions and Reporting Obligations

- **Report of Exempt Distribution:** The CSA adopted changes to the Report of Exempt Distribution, which is mandated for issuers and underwriters who rely on certain prospectus exemptions to distribute securities. The amendments provided greater clarity and flexibility regarding the certification requirement of the Report and streamlined certain information requirements, while still providing regulators with the information necessary for oversight and policy development.
- **Women on Boards and in Executive Officer Positions:** Following the implementation of disclosure requirements regarding the representation of women on boards and in executive officer positions, participating CSA jurisdictions have been conducting an annual review of issuers' disclosure in this area, the results of which are published in an annual CSA staff notice. The CSA is also working on the clarification of disclosure requirements regarding women on boards and in executive officer position.
- **Climate Change - related Disclosure:** The CSA has been reviewing the disclosure by reporting issuers of risks and financial impacts associated with climate change and developing new guidance and initiatives to educate issuers about the disclosure of climate change-related risks, opportunities and financial impacts and to improve related governance and oversight processes.
- **Syndicated Mortgages:** The CSA is finalizing proposed rules to harmonize the regulatory framework for syndicated mortgages in Canada.

## Advisers, Dealers and Mutual Funds

- **Custody and Other Requirements for Dealers, Advisers and Investment Fund Managers:** The CSA adopted amendments enhancing custody requirements for certain registered firms involved in the custody of client assets, clarifying activities that may be conducted by exempt market dealers and incorporating previously granted relief from certain Client Relationship Model Phase 2 (CRM2) requirements.
- **Alternative Mutual Funds:** The CSA has implemented a comprehensive regulatory framework for alternative mutual funds (also known as commodity pools) and streamlined the regulation of non-redeemable investment funds.

## Trading and Markets

- **Trading fee cap for non-inter-listed securities:** The CSA adopted amendments to its trading rules, which lowered the cap on active trading fees for securities that are listed on a Canadian exchange, but not listed on a U.S. exchange (non-inter-listed securities), responding to concerns that trading fee costs should reflect the value of the stocks traded, while also addressing liquidity needs in the Canadian marketplace.
- **Designated Rating Organizations (DROs):** The CSA adopted amendments designating Kroll Bond Rating Agency, Inc. as a DRO and recognizing the credit ratings of Kroll for the purposes of the alternative eligibility criteria for issuers of asset-backed securities to file a short-form prospectus or shelf prospectus. In addition, the CSA is finalizing amendments aimed at obtaining the European Union recognition of Canadian DROs under the EU equivalence and certification regime and reflecting the revisions to the IOSCO Code of Conduct Fundamentals for Credit Rating Agencies
- **Benchmark Regime:** The CSA is working to establish a Canadian regulatory regime for the designation and regulation of financial and commodity benchmarks, in accordance with international benchmark standards.
- **Internalization in the Canadian Equity Market:** Jointly with the Investment Industry Regulatory Organization of Canada (IIROC), the CSA initiated a public consultation on the impact of such trading practices as internalization (where a trade is executed with the same dealer as both the buyer and the seller), broker preferencing and segmentation of retail orders on market integrity and investor protection.