Comparison of the Ontario Capital Markets Modernization Taskforce Recommendations in the Initial Report and the Final Report

The following chart summarizes and compares the key recommendations contained in the initial report (the Initial Report) of the Ontario Capital Markets Modernization Taskforce (the Taskforce) published on July 9, 2020 and the final report (the Final Report) of the Taskforce published on January 22, 2021. The chart summarizes any response of the Ontario government from the 2021 provincial budget released on March 24, 2021 (the Budget).

Recommendation No.[1]	Initial Report	Final Report
Capital Markets Act		
1.	This recommendation is new and was not included in the Initial Report.	*Introduce the Capital Markets Act in Ontario as the legislative vehicle to implement the Taskforce's recommendations* The Taskforce indicates that its final recommendations would require major changes to Ontario's capital markets legislation that would better fit with a modern Act than the current structure. The Taskforce acknowledges the work being done with the draft *Capital Markets Act* (the CMA), a new capital markets legislation being drafted under the Cooperative Capital Markets Regulatory System (the CCMR) to replace the current *Securities Act* (Ontario) and *Commodity Futures Act* (Ontario), and recommends that the CMA be used to facilitate the implementation of the Taskforce's recommendations in the Final Report. In the Budget, the Ontario government acknowledges the work being done on the CMA, and announced it would publish a draft CMA for stakeholder consultation in the coming months.

[1] Recommendation numbers used in this chart correspond to those in the Final Report, which may differ from the applicable recommendation numbers used in the Initial Report.

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Structure and mandate of the Ontario Securities Commission (the OSC)		
2.	*Expand the mandate of the OSC to include fostering capital formation and competition in the markets* Expand the mandate of the OSC to include fostering capital formation and competition in the capital markets in order to encourage economic growth and facilitate capital raising.	*Expand the mandate of the OSC to include fostering capital formation and competition in the capital markets and change the name of the OSC to Ontario Capital Markets Authority* In addition to the recommendation in the Initial Report, the Taskforce's Final Report includes the recommendation to change the name of the OSC to the "Ontario Capital Markets Authority", in order to encompass all regulatory activities it undertakes, and reiterate the significant changes proposed within the organization, its regulatory structure and efforts to modernize the system. The Budget indicates that the Ontario government is moving forward with legislative amendments to support the proposal of the OSC's expanded mandate, but does not indicate whether it would proceed with the recommendation to change the name of the OSC.
3.	This recommendation in the Initial Report was included in the recommendation titled "*Separate regulatory and adjudicative functions at the OSC*".	*Separate the current combined Chair and Chief Executive Officer position into two distinct positions* • **Separate the current combined Chair and CEO position:** Separate the board of directors, led by the Chair, which would focus on strategic oversight and corporate governance of the OSC, and the CEO, which would be responsible for overall management of the organization and execution of the OSC's mandate. • **Appointment of CEO:** The first CEO would be appointed by the Lieutenant Governor in Council (LGIC), on the recommendation of the Minister of Finance, and report to the board of directors of the OSC. • **CEO as Head of Institution under Freedom of Information and Protection of Privacy Act (FIPPA):**

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		Designate the OSC CEO as the Head of Institution under FIPPA, to be consistent with other government agencies. • **CEO to make and delegate the power to make investigation orders:** Currently, any OSC Commissioner can make investigation orders, but the Commission is prohibited from delegating this power. The Taskforce recommends the OSC CEO or a delegate be allowed to make investigative orders. The Budget indicates that the Ontario government is moving forward with legislative amendments to support this proposal.
4.	*Separate regulatory and adjudicative functions at the OSC* Separate the regulatory and adjudicative function of the OSC, by either: • Separating the tribunal within the current OSC structure; or • Creating a new capital markets adjudicative tribunal as a separate entity from the OSC. The new tribunal should be independent from the OSC and report directly to the Minister of Finance. The board of directors of the OSC, led by the Chair, would focus on strategic oversight and corporate governance of the OSC. The CEO, a separate position from the Chair, would focus on the day-to-day management of the OSC. A Chief Adjudicator should be appointed to oversee the adjudicative responsibilities of the tribunal.	*Separate regulatory and adjudicative functions at the OSC* • **Separate adjudicative tribunal: The** Taskforce's final recommendation is to separate the regulatory and adjudicative functions of the OSC by separating the adjudicative tribunal within the current OSC structure and creating a new Chief Adjudicator position to lead the new tribunal. • **Tribunal establishment***:* The Chief Adjudicator and other tribunal members would be appointed directly by the LGIC, on the recommendation of the Minister of Finance. • **Tribunal members' term:** Extend the initial term of appointment for tribunal members to up to five years in order to attract experienced and skilled tribunal members who can commit to lengthy hearings and develop their capital markets expertise. The Budget indicates that the Ontario government is moving forward with legislative amendments to support this proposal.

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Capital raising		
12.	*Mandate that securities issued by a reporting issuer using the accredited investor prospectus exemption be subject to only a seasoning period* Securities issued by a reporting issuer using the accredited investor exemption should be subject to only a seasoning period, whereby secondary trades are permitted so long as the issuer has been a reporting issuer for four months preceding the trade. The Taskforce believes this would invigorate the secondary market and provide issuers with additional capital raising opportunities. The Taskforce is seeking input as to, among other things, whether this proposal would impact the willingness of issuers to do prospectus offerings.	*Mandate that securities issued by a qualified reporting issuer using the accredited investor prospectus exemption should be subject to a reduced hold period of 30 days, and be eliminated within two years* Securities distributed under the accredited investor exemption by reporting issuers who have developed a continuous disclosure record of at least 12 months after filing, and obtaining a receipt for a prospectus or the filing of a filing statement in the case of a reverse-takeover transaction (RTO) or Capital Pool Company (CPC), should be subject to a reduced hold period of 30 days. After the Ontario Securities Commission (the OSC) reviews the impacts of this change for two years, the Taskforce recommends that the 30-day hold period be eliminated. This recommendation is aimed at increasing liquidity to invigorate the secondary market and represents a shift towards greater reliance on continuous disclosure.
16.	*Introduce an alternative offering model for reporting issuers* Introduce an alternative offering model prospectus exemption for reporting issuers that have securities listed on an exchange and are in full compliance with their continuous disclosure requirements. The exemption would require that the issuer be a reporting issuer for 12 months, be up to date with its continuous disclosure and would be subject to an annual maximum. To use the exemption, the issuer would file a short disclosure document with the OSC to update its continuous disclosure record and certify its accuracy. Investors would not receive the protections against misrepresentation that would apply to a prospectus	*Introduce an alternative offering model for reporting issuers* The Taskforce's final recommendation is substantially similar to their proposal in the Initial Report. However, the Taskforce has added that the annual maximum under this exemption should be set at 10 per cent of market capitalization as of the beginning of a set annual period. For smaller issuers with a market capitalization under $50 million, the annual maximum should be the lesser of $5 million or 100 per cent of the issuer's market capitalization. This annual maximum is intended to reflect an increased reliance on continuous disclosure while ensuring appropriate investor protection. Offerings beyond these limits would continue to require a prospectus filing.

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	offering, but would have available the remedies associated with purchases in the secondary market.	
17.	*Develop a well-known seasoned issuer model* Amend the *Securities Act* (Ontario) (the Act) to allow the OSC to develop a well-known seasoned issuer model (WKSI) model to issue shelf prospectus receipts automatically for WKSIs, streamlining the shelf prospectus process for large issuers that meet the prescribed thresholds and making it more cost-efficient for such issuers to raise capital.	*Develop a well-known seasoned issuer model* The Taskforce's final recommendation is that the appropriate threshold for an issuer to qualify for the WKSI classification is a public float of a minimum of $500 million, and that the OSC, together with the Canadian Securities Administrators (the CSA), should consider implementing additional changes to the shelf prospectus system to provide similar accommodations to those available to WKSIs in the U.S. The Taskforce also clarified that the WKSI model would not result in a change to the approval requirements for novel derivatives offered under a shelf prospectus supplement.
19.	*Introduce greater flexibility to gauge interest from institutional investors prior to filing a preliminary prospectus* Liberalize the ability for reporting issuers to pre-market transactions to institutional accredited investors prior to filing a preliminary prospectus, accompanied by increased monitoring and compliance examinations by regulators of the trading for those with advance information. The Taskforce believes that a greater ability to communicate with potential investors to gauge demand would minimize the risk of failed transactions.	*Introduce greater flexibility to gauge interest from institutional investors prior to filing a preliminary prospectus* The Taskforce's final recommendation is substantially similar to their proposal in the Initial Report. The Taskforce also notes that in 2019, the U.S. Securities and Exchange Commission (the SEC) enabled all issuers to engage in test-the-waters communications with qualified institutional buyers and institutional accredited investors regarding a contemplated and registered securities offering prior to, or following, the filing of a registration statement related to such offering. The Taskforce recommends allowing pre-marketing of transactions to proceed on a similar basis under the U.S. regulatory regime. While there should be more flexibility for reporting issuers to pre-market transactions to institutional accredited investors, the Taskforce recommends that regulators should review the trading patterns to deter insider trading and tipping. To assist with this, investment dealers would be required to keep a list of contacted investors that will

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		be filed with the Investment Industry Regulatory Organization of Canada (IIROC).
22.	*Allow exempt market dealers (EMDs) to participate in prospectus offerings and be sponsors of reverse-takeover transactions* OSC and TMX should allow EMDs to act as "selling group members" in the distribution of securities under a prospectus offering, which would include CPC offerings. The Taskforce also proposes that the OSC work with stock exchanges to allow EMDs to act as sponsors in reverse-takeover transactions.	*Allow EMDs to participate in prospectus offerings and be sponsors of reverse-takeover transactions* The Taskforce's final recommendation further provides that the OSC should set conditions on EMDs to be eligible to act as selling group members in prospectus offerings, such as: (i) an investment dealer acts as an underwriter in connection with the distribution and signs an underwriter certificate; and (ii) the commissions, fees or other compensation paid to the EMD should not exceed 50 per cent of the commissions, fees or other compensation paid to the investment dealer that acts as underwriter. These conditions would ensure that investment dealers remain involved in the offering.
23.	*Introduce additional accredited investor categories* Expand the accredited investor definition to include individuals who have completed relevant proficiency requirements, such as the Canadian Securities Course Exam, the Exempt Market Products Exam or the CFA Charter, in order to create greater investment opportunities for these individuals, even though they may not otherwise qualify as accredited investors.	*Introduce additional accredited investor categories* The Taskforce's final recommendation is substantially similar to their proposal in the Initial Report. The Taskforce also mentions the SEC's recent update of the definition of "accredited investor" under its rules in August 2020, which expanded new categories of accredited investor to include professional knowledge, experience or certifications, "knowledgeable employees" (such as executive officers and directors) of a private fund and "family offices" with at least US$5 million in assets. The one difference between the Taskforce's final recommendation and its initial proposal is that the proficiency requirement of completion of the Canadian Securities Course Exam should also be in conjunction with another proficiency exam.

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26.	*Prohibit short selling in connection with prospectus offerings and private placements* The OSC consider adopting a rule that would prohibit market participants and investors that have previously sold short securities of the same type as offered under a prospectus or private placement from acquiring securities under the prospectus or private placements.	*Prohibit short selling in connection with prospectus offerings and private placements* The Taskforce's Final Report further provides that a simple requirement that does not require regulators to prove intent would be preferable, in order to create provide greater clarity for all market participants, but mentions that exemptions for certain activities such as market-making by registered dealers, should be considered.
34.	*Prohibit registrants from benefiting from tying or bundling capital market and commercial lending services* Amend the Act to extend the provisions of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103) to prohibit registrants, as a consequence of an exclusivity arrangement, from providing capital markets services under certain circumstances. The proposal would also require a senior officer of a specified firm registrant to attest that no such prohibited conduct has occurred each time the registrant provides such capital markets services to a reporting issuer with whom it had a commercial banking relationship. Such a registrant would also be considered "connected" to the issuer, such that an independent underwriter would also be required under National Instrument 33-105 (NI 33-105). The Taskforce asks for input on whether a specific percentage of all underwriting arrangements should be mandated to be comprised of non-bank owned investment dealers, or whether there should be a blanket prohibition against any registrant providing capital market advisory or	*Enhance restrictions on tying commercial lending services and capital markets activities to facilitate growth of independent dealers and ensure issuer choice* The Taskforce's final recommendation is similar to its initial recommendation. In addition to the requirement that the definition of a "connected issuer" in NI 33-105 be expanded to include an issuer that has a commercial lending relationship with an affiliate of the registered firm, and that at least one independent underwriter must be required in a syndicate, the Final Report also includes a recommendation that the independent underwriter be required to underwrite at least 20 per cent of the offering or receive at least 20 per cent of the fees. The Taskforce further recommends a ban on certain restrictive clauses in capital markets engagement letters, which includes agreements that restrict a client's choice of future providers of capital market services, such as "right to act" and "right of first refusal" clauses where a commercial lending and capital markets relationship exists.

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	underwriting services to an issuer receiving commercial lending services from an affiliated financial institution.	
52.	*Allow greater access to capital for start-ups and entrepreneurs* Change current registration requirements to enable angel groups to operate, and thereby encourage investments in early stage issuers. The Taskforce seeks feedback on how this goal can be achieved.	*Allow greater access to capital for start-ups and entrepreneurs* The Taskforce's final recommendation is substantially similar to their proposal in the Initial Report. Additionally, the Taskforce recommends that in the short term, the OSC could consider providing blanket order relief or discretionary relief to angel groups that meet certain specific criteria, which would include: • The angel organization must be a not-for-profit organization; • The angel organization must limit its membership to accredited investors; • No promotion of any investment takes place; • No advice is given on the suitability of any investment opportunities and no activity akin to advising activity is provided to investors; • Fees collected by the angel organization are limited to reasonable membership fees for the ongoing operational expenses of the angel organization; and • The angel organization cannot hold, handle or have access to investor funds or securities.
Continuous disclosure		
14.	*Provide the option of filing semi-annual financial reporting* The Taskforce acknowledges that while quarterly financial statements provide timely information, there can be instances where regulatory and internal costs of preparing	*Provide the option of filing semi-annual financial reporting*

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	such reports exceeds the benefit. The Taskforce is considering changing the requirement for quarterly financial statements to allow for an option for issuers to file semi-annual reporting, and is asking for input on this including whether, if allowed, it should be restricted to smaller issuers.	The Taskforce's final recommendation includes a list of criteria in determining whether a reporting issuer would be eligible for the option to file semi-annual reports: • The issuer has developed a continuous disclosure record of at least 12 months after filing and obtaining a receipt for a final prospectus or filing a filing statement in the case of an RTO or CPC; • The issuer has annual revenue of less than $10 million, as shown on the audited annual financial statements most recently filed by the reporting issuer; • The issuer is not currently, and has not recently been, in default of their continuous disclosure obligations; and • The issuer has received approval by holders of a majority of shares entitled to vote, excluding any related parties of the issuer, to file on a semi-annual basis, and this decision has been reconfirmed at least every three years. Once an issuer achieves a revenue of $10 million or greater, it would be required to resume quarterly filing following the filing of its audited annual financial statements. Additionally, issuers that adopt semi-annual filing would not be eligible to take advantage of the alternative offering model. After a period of two years, the Taskforce recommends that the OSC consider whether the range of issuers that may use this option should be expanded.
20.	*Adopt full use of access equals delivery model of dissemination of information in the capital markets and digitization of the capital markets* Establish an access equals delivery model and full use of electronic delivery of documents prospectuses, annual and	*Adopt full use of access equals delivery model of dissemination of information in the capital markets and digitization of the capital markets* The Taskforce's final recommendation further recommends an electronic delivery model for all other documents that

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	interim financial statements and related MD&A, and management reports of fund performance (MRFP) for investment funds.	investors receive, including electronic delivery of materials that they rely on in order to vote, such as proxy-related materials and notices for regular and annual meetings. The Taskforce further recommends that Ontario adopt full use of the access equals delivery model within six months of publication of the Final Report.
21.	*Consolidate reporting and regulatory requirements* Streamline the reporting and regulatory requirements, including: • Combine the form requirements for the annual information form (AIF), MD&A and financial statements; and • Simplify the content of the business acquisition report (BAR), or revise the significant tests so that BAR requirements apply to fewer significant acquisitions.	*Consolidate reporting and regulatory requirements* The Taskforce determined that changes to BAR reporting are not warranted at this time, but added other recommendations in order to streamline reporting requirements, as follows: • Combine the form requirements for the AIF, MD&A and financial statements; • Streamline the material change report by allowing the filing of a news release containing the required information about a material change; • Eliminate the interim MRFP and streamline the contents of the MRFP; • Streamline certain reporting and regulatory requirements applicable to investment fund issuers; • Combine the simplified prospectus and AIF into one annual disclosure document; • Make changes to financial reporting requirements to eliminate the requirement to include unnecessary non-IFRS items from financial statements; and • Streamline the personal information form (PIF) filing requirement for all issuers.

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Governance		
36.	*Improve corporate board diversity* The Taskforce proposes the following with respect to improving diversity on boards and senior management: • Require TSX-listed companies to set targets and provide data annually on the representation on their boards and senior management of women, as well as black, indigenous and people of colour (BIPOC). • Require TSX-listed companies to adopt a written policy respecting the director nomination process that expressly addresses the identification of candidates who are women and BIPOC during the nomination process. • Set a 10-year maximum tenure limit for directors to encourage an appropriate level of board renewal.	*Improve corporate board diversity* The Taskforce expands its recommendation to capture all publicly-listed issuers in Canada and expands the applicable diversity groups to include not only individuals who self-identify as women or BIPOC, but also persons with disabilities or LGBTQ+. The Taskforce's final recommendations also increase the 10-year maximum tenure limit set out in their initial proposal and recommend the OSC itself represent greater diversity. The Taskforce's final recommendations are as follows: • All publicly-listed issuers in Canada to set targets on the representation on their boards and senior management of women, BIPOC, persons with disabilities or LGBTQ+. The Taskforce further recommends that publicly listed issuers set an aggregated target of 50 per cent for women and 30 per cent for BIPOC, persons with disabilities and LGBTQ+. Implementation of these targets should be completed within five years to meet the target for women, and seven years to meet the target for other diversity groups. • Amend Ontario securities legislation to require publicly-listed issuers to adopt a written policy respecting the director nomination process that addresses the identification of candidates who self-identify as women, BIPOC, persons with disabilities or LGBTQ+. • Set a 12-year maximum tenure limit for directors of publicly-listed issuers, with exceptions for: (i) 15-year maximum tenure limit for the chair of the board; (ii) non-independent directors of family-owned and

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		controlled businesses where such nominees represent a minority of the board; and (iii) no more than one other director who will be deemed not to be independent and will still have a 15-year limit. • Represent diversity, including racial diversity, at the board and executive level of the OSC.
40.	*Require TSX-listed issuers to have an annual advisory shareholders' vote on the board's approach to executive compensation* Adopt mandatory annual advisory votes on executive compensation practices for all TSX-listed issuers. The Taskforce chose not to recommend mandating binding shareholder votes on executive compensation, recognizing the importance of preserving the decision-making process of the board and the risk that shareholder proposal campaigns may become too burdensome on issuers.	*Require TSX-listed issuers to have an annual advisory shareholders' vote on the board's approach to executive compensation* The Taskforce's final recommendation does not differ from their initial recommendation, other than expanding this requirement to all public issuers.
41.	*Require enhanced, standardized disclosure of material environmental, social and governance (ESG) information, including forward-looking information, for TSX-listed issuers* Mandate disclosure of material ESG information that is compliant with one of two global reporting standards, the Sustainability Accounting Standards Board (SASB) framework or the recommendations from the Taskforce on Climate-Related Financial Disclosures (TCFD).	*Require enhanced, standardized disclosure of material environmental, social and governance (ESG) information, including forward-looking information, for public issuers* The Taskforce's final recommendation provides that the mandated disclosure of material ESG information be compliant with TCFD only (not both SASB and TCFD), and expands the requirement to all public issuers. The final recommendation also outlines the key elements of the proposed ESG disclosure requirements, as follows: • The requirements would apply to all reporting issuers (non-investment fund);

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		• The requirements would include:
		  ○ Mandatory disclosure recommended by TCFD related to governance, strategy and risk management (subject to materiality); and
		  ○ Disclosure of Scope 1, Scope 2 and, if appropriate, Scope 3, greenhouse gas emissions on a "comply-or-explain" basis.
		
		The Taskforce further recommends there would be a transition phase for issuers to comply with the new disclosure requirements, the length of which would depend on the issuer's market cap at the time the requirements are implemented.
		
		In the Budget, the Ontario government announced that the OSC will begin policy work to inform further regulatory consultation on ESG disclosure in 2021.

Proxy system		
38.	*Introduce a regulatory framework for proxy advisory firms (PAF)* Introduce a framework for PAFs that would: • Provide issuers with a statutory right to "rebut" PAF reports where the PAF is recommending its clients to vote against management's recommendations; and • Restrict PAFs from providing consulting services to issuers in respect of which the PAF also provides clients with voting recommendations.	*Introduce a regulatory framework for proxy advisory firms (PAF)* In addition to the recommendations in its Initial Report, the Taskforce further recommends that where an issuer intends to exercise its right of rebuttal, it must file the management information circular (MIC) at least 30 days prior to the date of the applicable meeting (corporate and securities laws permit issuers to send and file an MIC less than 30 days prior to the date of the applicable shareholder meeting), in order to provide the PAF with enough time to include the rebuttal in its report.

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42.	*Require use of universal proxy ballots for contested meetings and mandate voting disclosure to each side in a dispute when universal ballots are used* Use "universal proxy ballots" – a single ballot that lists the director nominees of each side of a contested election of directors and allows a shareholder to vote for a combination of nominees – in order to provide shareholders who vote by proxy with greater voting flexibility. The Taskforce also proposes mandatory voting disclosure to each side in a dispute where universal ballots are used, to provide issuers and dissidents with greater transparency.	*Require use of universal proxy ballots for contested meetings and mandate voting disclosure to each side in a dispute when universal ballots are used* The Taskforce's final recommendation does not differ significantly from its initial proposal, other than also mentioning that this recommendation would require consideration of additional related requirements necessary to facilitate the use of universal proxies, such as notice requirements and minimum solicitation requirements applicable to dissidents, as well as form requirements for universal proxies.
43.	*Provide additional requirements and guidance on the role of independent directors in conflict of interest transactions* The Taskforce believes that the best practices for independent committees as described in Multilateral Staff Notice 61-302 *Staff Review and Commentary on MI 61-101* should be codified so minority shareholders have greater confidence in the role of the independent committee when an issuer is engaging in a transaction involving a conflict of interest.	*Provide additional requirements and guidance on the role of independent directors in conflict of interest transactions* The Taskforce's final recommendation further provides that in particular, it recommends mandating the formation of independent committees to oversee material conflicts of interest transactions and the adoption of policy guidance on independent committee practices.
45.	*Introduce rules to prevent over-voting* The Taskforce proposes the following rules to prevent over-voting, which would codify best practices in CSA Staff Notice 54-305 *Meeting Vote Reconciliation Protocols*: • An intermediary must not submit proxy votes for a beneficial owner unless it has confirmed that vote entitlement documentation has been provided to the meeting tabulator;	*Prohibit voting with borrowed shares and introduce rules to prevent over-voting* The Taskforce expanded its initial recommendation after investors expressed concerns about the risk of empty or negative voting by an investor that has acquired shares through a securities borrowing arrangement, or has hedged its economic interest such that the investor is effectively an empty or negative voter in respect of their shares being voted.

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	• An intermediary that holds securities on behalf of another intermediary must provide appropriate vote entitlement documentation to the meeting tabulator; • The reporting issuer and any person that submits proxy votes must be notified if such proxy votes are rejected or pro-rated because of insufficient vote entitlements; and • A reporting issuer must obtain the DTC omnibus proxy so that its meeting tabulator can verify the vote entitlements of U.S. intermediaries.	The Taskforce recommends that the OSC set up a technical implementation committee to address any issues involved in operationalizing the additional rules to prevent over-voting, as listed in its initial recommendation.
46.	*Eliminate the non-objecting beneficial owner (NOBO) and objecting beneficial owner (OBO) status, allow issuers to access the list of all owners of beneficial securities, regardless of where security holders reside and facilitate electronic delivery of proxy-related materials to security holders* Remove NOBO/OBO status in Canada in order to enable issuers to solicit voting instructions directly from all beneficial owners of their securities. The Taskforce also proposes that intermediaries provide beneficial owners' email addresses, along with their physical addresses, to reporting issuers that wish to deliver proxy materials electronically.	*Allow reporting issuers to obtain beneficial ownership data* The Taskforce recommends that, as of September 1, 2022, public companies and other reporting issuers be able to obtain the identities and holdings of all beneficial owners of their securities. In the interim, the Taskforce recommends that beneficial owner transparency be increased by amending securities law so that NOBO status is the default for beneficial owners.
Ownership transparency		
39.	*Decrease ownership threshold for early warning reporting disclosure from 10 to 5 per cent* Decrease the shareholder reporting threshold in Ontario from 10 to 5 per cent, and revisit this requirement to	*Decrease ownership threshold for early warning reporting disclosure from 10 to 5 per cent* Decrease the shareholder reporting threshold in Ontario from 10 to 5 per cent for non-passive investors. Disclosure of significant holdings starting at the 5 per cent level would only

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	maintain harmonization of these rules if changes are made under the U.S. regulatory framework.	apply if the investor intends to make a take-over bid, proposes a transaction that would result in the investor gaining control or solicits proxies against any director nominee or corporate action proposed by management. Non-passive investors who cross the 5 per cent threshold should be required to file a news release and early warning report disclosing ownership, but would not be subject to a moratorium on further acquisitions following disclosure of their ownership until their ownership increases to the 10 per cent level.
N/A	*Adopt quarterly filing requirements for institutional investors of Canadian companies* Because institutional investors are generally not required to disclose their holdings in Canadian reporting issuers, unless the 10 per cent reporting threshold is crossed, the Taskforce indicated this lack of transparency hinders the ability for issuers to respond to shareholder concerns. The Taskforce proposes adopting a regime that requires institutional investors who own above a certain dollar threshold to disclose their holdings in securities of Canadian reporting issuers on a quarterly basis.	This recommendation was not included in the Final Report.
Fund management and product distribution		
35.	*Increase access to the bank-owned dealers' shelf for independent products* The Taskforce supports regulatory initiatives to ensure that bank-owned dealers are not biased towards distribution of proprietary products. The Taskforce recommends that they not be permitted to have closed-product or proprietary-only shelves. Bank-owned dealers should be required to include independent products on their shelves, if requested by an	*Increase access to the bank-owned dealers' shelf for independent products* The Taskforce's final recommendation includes the following measures to be taken, in addition to the client-focused reform initiative of the OSC: • OSC should publish guidance to address product shelf issues and outline the makeup of New Product Committees, which would include dealing

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	independent product manufacturer, unless the dealer has sufficient rationale not to include such products.	representative representation. Dealers with open shelves should be required to consider new securities to be made available to clients where those securities are proposed for inclusion on the shelf by their dealing representatives, and that they include them on their shelves unless there is a reasoned basis for exclusion. • OSC should work with the SROs to develop a regime that clarifies titles for all registrant categories and provide clarity to investors with respect to proprietary channels. • All dealers that sell proprietary products should be required by the OSC to document their rationale when independent products are refused access to their product shelves. Additionally, these dealers should also be required to report to the OSC on a quarterly basis the percentage of proprietary versus independent products on their product shelves, and the percentage of proprietary versus independent products sold to clients. • Independent product manufacturers should be encouraged to report to the OSC on a confidential basis instances where their products are refused access to a product shelf. The OSC should track this information and provide a dedicated channel for these concerns to be submitted.
37.	*OSC should establish and permit a retail private equity investment fund structure* The OSC should establish a retail private equity investment fund proposal and review the "interval fund" concepts operating in the U.S.	*OSC should establish and permit a retail private equity investment fund structure* The Taskforce's final recommendation on this topic does not differ from their initial recommendation, other than adding that such a proposal must be appropriately balanced with investor protection safeguards.

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71.	*Designated dispute resolution services organizations, such as the Ombudsman for Banking Services and Investments (OBSI), should issue binding decisions ordering registered firms to pay compensation to harmed investors and OBSI should have increased compensation limits* Regulatory framework should allow the OSC to designate dispute resolution services, such as OBSI, and make the service's decisions binding on a registered firm if the harmed investor accepts the recommendation. The OSC would oversee the dispute resolution services and ensure necessary changes are made to processes to provide procedural fairness for registered firms and investors. An appeal process will be necessary, with no appeals to be made to the OSC. OBSI should have a one-time increase of its limit on compensation recommendations to $500,000, with subsequent increases every two years based on a cost of living adjustment calculation.	*Provide the OSC with authority to designate a dispute resolution services (DRS) organization that would have the power to issue binding decisions* The Taskforce's final recommendation provides the following proposals to enhance the DRS regulatory framework: • Give the OSC power to designate a DRS with binding decision powers; • Select the best DRS approach for Ontario among two options: (i) create a new DRS that is a made-in-Ontario system that would be given the power to issue binding decisions; or (ii) improve OBSI by imposing requirements to further enhance OBSI's governance structure, public transparency and professionalism, as a condition for being given the power to issue binding decisions; and • Impose a limit on the DRS's compensation decisions at $500,000 initially, with subsequent increases every two years based on a cost of living adjustment calculation.