BY EMAIL: comments@osc.gov.on.ca and consultation-en-cours@lautorite.qc.ca

February 18, 2025

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission, New Brunswick
Nova Scotia Securities Commission
Financial and Consumer Services Division, Justice and Public Safety, Prince Edward Island
Office of the Superintendent of Securities, Newfoundland and Labrador
Office of the Superintendent of Securities, Northwest Territories
Office of the Yukon Superintendent of Securities
Office of the Superintendent of Securities, Nunavut

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Re: CSA Notice of Republication and Request for Comment – Proposed Amendments and Proposed Changes to Implement an Access Model for Certain Continuous Disclosure Documents of Non-Investment Fund Reporting Issuers (the "Proposed Amendments")

Dear Sirs/Mesdames,

Thank you for the opportunity to provide comments to the Canadian Securities Administrators (the "**CSA**") on the Proposed Amendments.

Fidelity Investments Canada ULC ("**Fidelity**", "**we**", "**us**", "**our**") is the second largest mutual fund company in Canada. As at January 31, 2025, Fidelity managed over $292 billion (CAD) in retail mutual funds, exchange traded funds and institutional assets. For over 75 years, including 38 years in Canada, Fidelity has put investors first by working hard to help them achieve their financial goals.

We are supportive of the CSA taking further steps to implement an access model for the delivery of annual financial statements, interim financial reports and related management's discussion & analysis for non-investment fund reporting issuers (the "**Proposed Access Model**"). We believe that the move towards an access model for continuous disclosure is a positive step in modernizing securities legislation and hope that the CSA will be implementing such an access model for the investment fund industry very soon.

We would also like to take this opportunity to encourage the CSA to take further steps in reducing the industry's reliance on paper-based regulatory communications and respectfully submit the following comments in this regard.

Paperless Investor Communications

Fidelity has consistently advocated for limiting the use of paper for regulatory documents, and we wish to reaffirm the comments in our letter to the CSA dated December 23, 2022[1] on additional ways to modernize the regulatory delivery regime.

While we commend the CSA for continuing to work on a Proposed Access Model, we respectfully submit that the delivery of the remaining regulatory documents can be satisfied by electronic delivery. Electronic delivery is the most practical way to proceed with modernizing securities legislation. It would further reduce the use of paper to fulfill delivery requirements and promote a more environmentally responsible approach to document delivery, as discussed further below. Moreover, digital documents are more navigable than paper disclosures and would enhance the investor experience. With this in mind, we propose that the CSA prioritize switching to electronic delivery as the default method of communication with investors.

Investor Preferences

We appreciate that the CSA recognizes that investors are increasingly accessing and consuming information electronically. Investors expect convenient and effective communication about their investments, yet investment fund disclosure rules continue to reflect an antiquated paper-based world. According to Environics Research, the preference for digital by investors is overwhelmingly clear, as 72% of Canadian investors prefer to receive their investment information in a digital format rather than paper-based materials. What's more, 71% say they're more likely to read investment information in a digital format versus paper.

Fidelity commissioned the Behavioural Insights Team to conduct a study on the impact of digital versus paper communications on investor engagement, preferences, and comprehension. Their research found that:

[1] Comment Letter received from W. Sian Burgess and Stefania Zilinskas (Fidelity Investment Canada ULC) on December 23, 2022: Re: CSA Notice and Request for Comment, Proposed Amendments and Proposed Changes to Implement an Access-Based Model for Investment Fund Reporting Issuers

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- Support for electronic delivery is strong;
- Comprehension of financial documents is higher in digital format;
- Electronic delivery tends to increase engagement;
- Electronic delivery increases use of online tools that promote positive financial outcomes; and
- A digital by default approach is recommended so long as there is an easy and accessible way for investors to opt out to paper documents.[2]

Therefore, by making the shift to paperless options, the CSA would be serving the needs of investors. While most investors would be eager to embrace digital documents, we acknowledge that some individuals may prefer receiving paper documents. By offering a paperless system as the default, the CSA would respond to the preferences of the majority of investors while still providing individuals the option to choose access to paper documents.

Environmental Concerns

Implementing a digital by default approach would also help to decrease the carbon footprint associated with the current production and distribution of paper regulatory documents.

On behalf of Fidelity, KPMG completed a study entitled "Estimating the Carbon Footprint of Fidelity Investments and the Broader Canadian Investment Industry's Required Regulatory Mail Outs" which found that Fidelity distributed an average of 92 tonnes of paper between the years 2019 and 2021.[3] KPMG estimated that when extrapolated to the broader Canadian investment management industry, 882 tonnes of paper material are generated annually, which is conceptually equivalent to 57 CN towers in height.[4] These findings help demonstrate that there is a significant environmental impact to outdated regulatory delivery obligations.

Unreliability

Another important consideration is the unreliability of mailing paper documents to investors. As we saw recently, the Canada Post strike severely impacted the timely delivery of important documents, creating delays and uncertainty for investors and the industry.

Email Collection

We agree with the CSA that information technology is an important and useful tool in facilitating communication with investors. In order to move forward with the greater adoption of electronic delivery, we believe a key initiative is to mandate the collection and provision of investor email addresses and cell phone numbers as part of client onboarding. For certain market participants who do not have direct client access, for example investment fund manufacturers, it must be mandated that such information be passed

[2] Behavioural Insights Team, "Behavioural Research on Investor Communications: Final Results" (September 2023).
[3] KPMG LLP, "Estimating the Carbon Footprint of Fidelity Investments and the Broader Canadian Investment Industry's Required Regulatory Mail Outs" (December 2022) ("**KPMG Study**"). This figure was generated assuming a conservative 5 g per paper sheet and per envelope.
[4] KPMG Study.

through to market participants down the chain of communication such that an electronic system of delivery could be adopted equitably and comprehensively.

Canadian Regulators

Increased regulatory attention is being paid to electronic communications throughout Canada.

In November 2023, the Canada Revenue Agency ("**CRA**") began permitting issuers of T4A and T5 slips to distribute them using an employer or payer's secure electronic portal without obtaining written or electronic consent from the employees or recipients before distributing the slips.[5] Previously, issuers of these slips were required to request express consent in order to provide the slips electronically. The CRA recognizes that by making this change, issuers can simplify their processes and distribute these slips in a faster and more convenient electronic format. This change will also ensure that recipients receive their slips on time, even with printing and mail challenges, and any future events that may cause service disruptions.

In May 2019, the Canadian Association of Pension Supervisory Authorities updated *Guideline No. 2 - Electronic Communication in the Pension Industry*[6], which encouraged jurisdictions that have not already done so to adopt legislation that permits electronic communications as a **default** form of communication or recognizes deemed consent.

In response, on December 10, 2019, the *Pension Benefits Act* (Ontario)[7] was amended to include new provisions pertaining to the electronic delivery of certain documents required to be delivered to pension plan members. Provided a notice is sent to the pension plan member's last known address that contains certain specified information, the pension plan member will be deemed to have consented to electronic delivery of documents on a go forward basis. These changes acknowledge that e-communications allow plan administrators to communicate with plan members and retirees in an efficient and effective manner.

These examples show that there is already successful precedent for defaulting to electronic delivery in Canada.

Once again, we would like to thank the CSA for the opportunity to comment on the Proposed Amendments and we would be pleased to discuss any of our comments in more detail.

Yours sincerely,

[redacted]

Robyn Mendelson
Vice President, Legal and Procurement

[5] Issuers of tax slips can now distribute T4, T4A and T5 slips more conveniently and efficiently - Canada.ca
[6] https://www.capsa-acor.org/Documents/View/14
[7] Pension Benefits Act, R.S.O. 1990, c. P.8, available at: https://www.ontario.ca/laws/statute/90p08

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