

JULY 2022

The Alberta Capital Market

2022 REPORT

A|S|C
Alberta Securities Commission

TABLE OF CONTENTS

3	Executive Summary
9	Listed issuer markets
9	Listed reporting issuers
18	Foreign reporting issuers
20	Focus on listed reporting issuers in Alberta
27	Reported financings by Alberta issuers
30	Prospectus markets in Alberta
31	Prospectus-exempt markets
31	Issuers in the prospectus-exempt market
33	Prospectus-exempt financings by Alberta issuers
40	Investments in the prospectus-exempt market by Albertans
46	Registration
48	Energy markets
49	Appendix: Methodology
49	Listed issuer markets
53	Prospectus financings
54	Contacts

Each year the ASC issues four reports: the Annual Report, the Alberta Capital Markets Report, the Energy Matters Report (formerly the Oil and Gas Review Report) and the Corporate Finance Disclosure Report. These reports are created to provide timely and relevant information for market participants and reporting issuers. They can be found at asc.ca.

Executive Summary

ABOUT THIS REPORT

The Alberta Capital Market Report is an annual publication by the Alberta Securities Commission (ASC) that provides a descriptive analysis of the Alberta capital market in relation to other major capital markets in Canada. The report offers market context for ASC staff, market participants and the general public. The report draws on information from ASC records, the TMX Group Limited (TMX), Intercontinental Exchange, Inc. (ICE), the System of Electronic Document Analysis and Retrieval (SEDAR), and Bloomberg Finance L.P. (a financial information service). Combining these sources allows for the analysis of:

- all listed reporting issuers¹ (RIs) on the basis of principal regulator² (PR) or issuer head office³;
- prospectus and prospectus-exempt financings;
- the Alberta registrant community; and
- energy commodity contracts transacted in Alberta.

The Appendix outlines the methodology used to assemble the combined data of RIs. Data is presented in this report as of December 31, as an annual total or average, unless otherwise noted.

New presentation

As of 2021, this report presents issuers on the basis of head office location, rather than PR. For issuers headquartered in Canada, location of head office and PR are generally the same. However, this change was made because foreign issuers that are RIs will select as PR the Canadian jurisdiction with which they have the closest connection. Because the market capitalization of foreign issuers has increased significantly in the last few years, including them in the data can make it difficult to distinguish trends in the data from issuers headquartered in Alberta. The change to the head office basis enables a clearer analysis of local and foreign issuers.

Alberta issuers

Chart 1 shows the number of RIs with an Alberta head office listed on an exchange, which would be considered by many investors to be the “public market” (this excludes RIs, such as many (non-ETF) mutual funds that are not listed on any exchange). At the end of 2021, there were 331 such issuers, which was a 1.5 per cent decline from a year earlier, continuing a declining trend in the province, which over the past four years totals 12 per cent.⁴ However, as shown in this report, Alberta experienced significant increases in 2021 in aggregate listed RI market capitalization, total financings, number of non-reporting issuers, and financings in emerging industries.

¹ References in this report to reporting issuers means reporting issuers that report in Alberta. There are several ways that an issuer may be a reporting issuer as defined in section 1 (ccc) the *Securities Act* (Alberta). Reporting issuers are not required to have listed securities, although reporting issuers typically do have one or more securities listed on at least one exchange. In addition, issuers are not required to report in all jurisdictions.

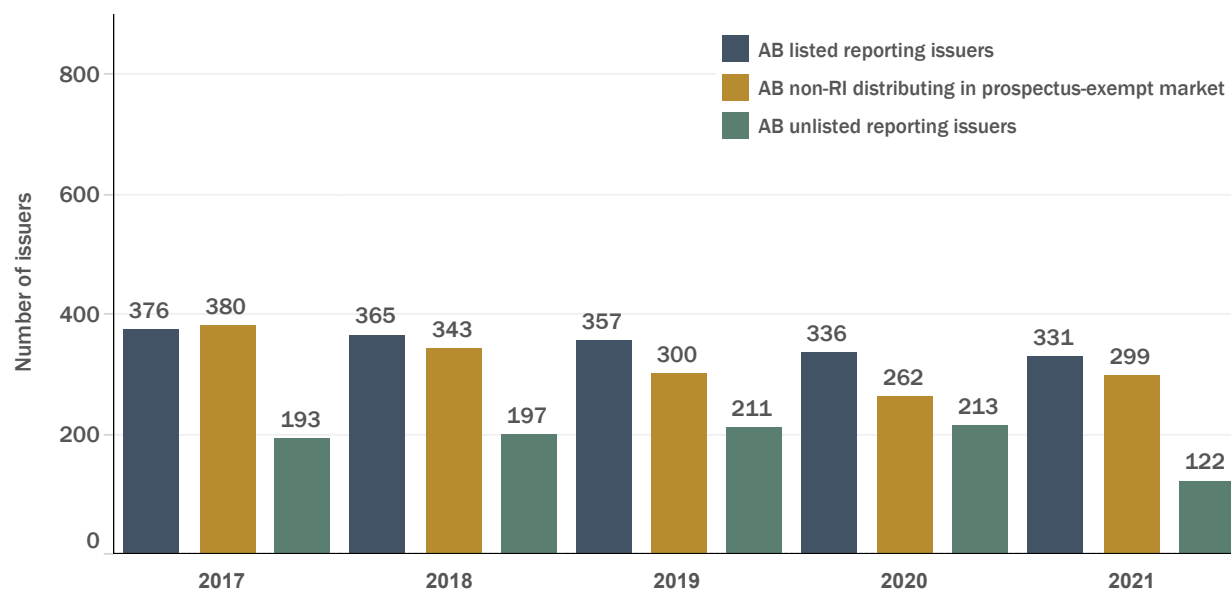
² An issuer’s principal regulator (PR) is the securities regulatory authority or regulator as determined in Multilateral Instrument 11-102 *Passport System*. Most often an issuer’s PR is the securities regulatory authority or regulator of the province or territory in which the issuer has its head office (or for investment funds in which the investment fund manager has its head office), or to which it has the most significant connection.

³ An issuer’s head office location is sourced from SEDAR or TMX data.

⁴ Listed and unlisted reporting issuers that were cease traded as at the date of the data have been excluded.

As shown in Chart 1, the declining trend in the number of non-reporting Alberta issuers raising capital has also been significant, with 2021 being an exception. The issuers counted as non-reporting (and unlisted) are those issuers headquartered in Alberta that actively raised capital under an available prospectus exemption during the year. Many market participants would refer to this as the “exempt market” or “private market.” In 2021, there were at least 299 Alberta-based non-reporting issuers active in the prospectus-exempt market, down 21 per cent since the end of 2017, but up 14 per cent from 2020.⁵ Unlisted reporting issuers, which includes many mutual funds, are also shown in the chart of which there were 122 in 2021, significantly less than the 213 in 2020, which was mostly due to the change of head office of several investment fund issuers.

Chart 1: Number of Alberta head office issuers



There were a total of 4,290 listed issuers that were reporting issuers in Alberta (including issuers for which Alberta is not the PR). Alberta listed RIs represented 9.2 per cent of the total with a total market capitalization at December 31, 2021 of \$638 billion. The market capitalization of listed Alberta RIs increased by 43 per cent (\$192 billion) in 2021, reversing the decline in 2020, and Alberta was the jurisdiction that increased the most on a percentage basis. The Canadian market in general benefited from stimulus spending and hopes of a global economic recovery, while the Alberta energy industry was positively affected by global demand and strong commodity prices for energy. Of Alberta-listed RIs, the industry that increased the most in 2021 was oil and gas, up 40 per cent, followed by utilities and pipelines, up 35 per cent from 2020.

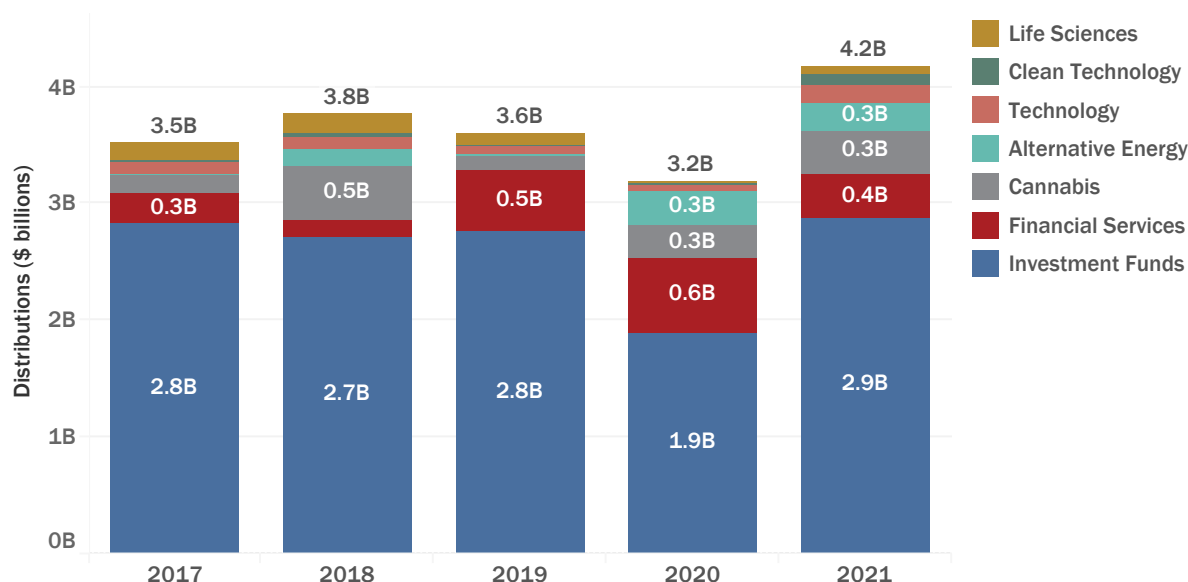
The market capitalization of listed RIs engaged in the oil and gas industry is generally impacted by energy commodity prices. Western Canadian Select (WCS) crude oil increased by 90 per cent in 2021, compared to a 15 per cent increase in 2020. AECO natural gas prices increased by 69 per cent during 2021, compared to an increase of 12 per cent during the previous year.⁶

⁵ Non-reporting issuers do not have a PR. Thus, this report used the location of the issuer’s head office, as identified in regulatory filings.

⁶ AECO CAD/GJ as of December 31, 2021: \$3.98, as of December 31, 2020: \$2.35. Western Canadian Select (CAD/Bbl) as of December 31, 2021: \$80.36, as of December 31, 2019: \$42.35. Sources: Bloomberg.

Although Alberta-listed RIs have traditionally predominantly been engaged in the oil and gas and pipelines industries, the Alberta capital market is diversifying, including certain emerging industries⁷ as shown in Chart 2. The amount of capital Alberta issuers (RI and non-RI) in Chart 2 have raised in the prospectus and prospectus-exempt markets grew by 31 per cent from \$3.2 billion in 2020 to \$4.2 billion in 2021, representing about 15 per cent of total capital raised by Alberta issuers.⁸

Chart 2: Alberta issuer financings for select industries in 2021, reporting and non-reporting



Issuers may raise capital from investors under a prospectus or under available prospectus exemptions, such as the frequently used accredited investor exemption.⁹ Prospectuses are used for initial public offerings (IPOs) and subsequent financings for issuers that are already reporting issuers. In 2021, 128 reporting issuers with an Alberta head office were active in the prospectus-exempt market, an increase from 111 in 2020.

In 2021, there were 469 Alberta issuers, including both reporting and non-reporting issuers that raised capital under a prospectus or in the prospectus-exempt market, up 18 per cent from 396 in 2020.

Chart 3 (on page 6) depicts total reported financings by Alberta issuers in 2021 of \$28.7 billion, including total prospectus distributions and prospectus-exempt distributions, an increase of 21 per cent compared to \$23.7 billion in 2020.¹⁰ Of the total financings at least 13 per cent of the capital raised was from Alberta investors.¹¹ As in 2021, this report includes prospectus distributions based on regulatory data from prospectuses and other documents filed with the ASC. Additional data on financings is shown starting on page 27.

⁷ Industries shown in the chart are based on data from a combination of TMX, Bloomberg, NAICS, and staff interpretations, and may differ from industries depicted elsewhere in this report.

⁸ Since the 2021 Alberta Capital Market report, several issuers updated the location of their head office on SEDAR, which is retroactive in the ASC database, hence the totals in some previous years have changed.

⁹ See National Instrument 45-106 *Prospectus Exemptions* for the most commonly used exemptions.

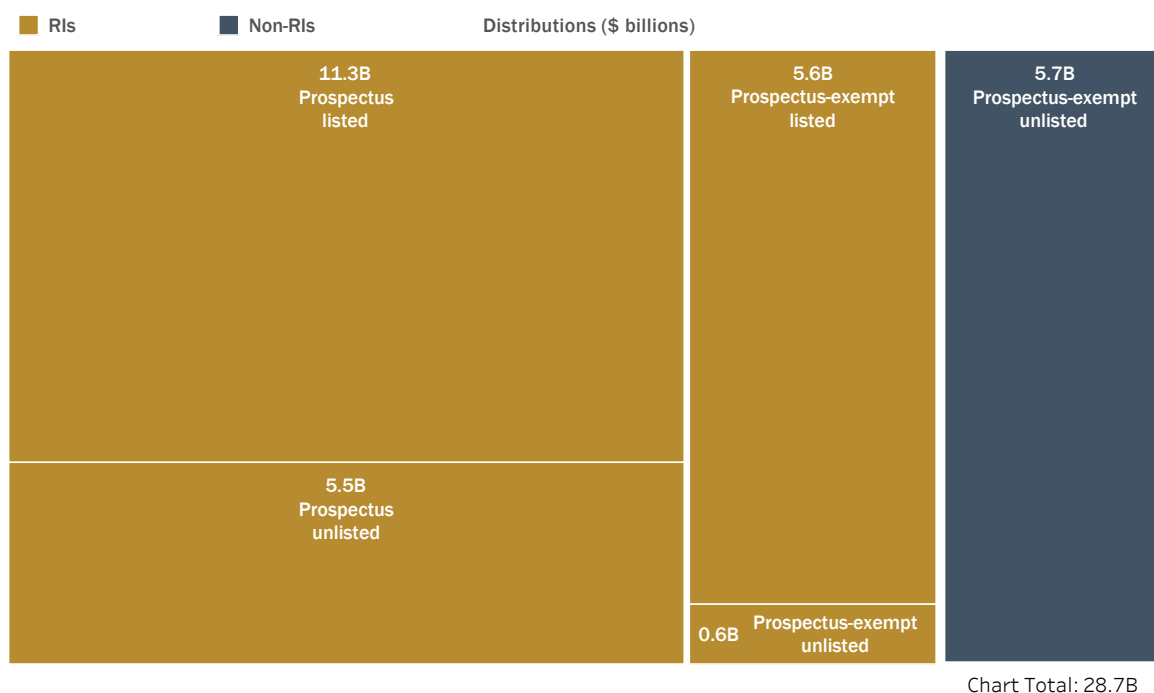
¹⁰ Non-reporting issuers that are “private issuers” (as defined in National Instrument 45-106 *Prospectus Exemptions*) are not required to report their financings to the ASC. Accordingly, those financings are not reflected in these statistics.

¹¹ Based on reports of exempt distribution and notice of proceeds filed with the ASC.

Financings are categorized based on whether the issuer was reporting or non-reporting, whether the financing was by prospectus or prospectus exemption, and whether the securities were listed on an exchange or unlisted. Reporting issuers raised \$23.0 billion, or 80 per cent of total reported financings, while non-reporting issuers raised the remaining \$5.7 billion, or 20 per cent. For comparison, in 2020, reporting issuers raised \$20.7 billion, or 88 per cent of the total reported financings, while non-reporting issuers raised the remaining \$2.9 billion, or 12 per cent.

Of financings by RIs, prospectus financings was the largest category at \$11.3 billion (49 per cent) followed by listed issuer prospectus-exempt distributions at \$5.6 billion (24 per cent). Unlisted issuer prospectus financings was the next largest category at \$5.5 billion (24 per cent), while unlisted RIs distributing securities in the prospectus-exempt market made up \$0.6 billion or 2.6 per cent of the total. Of financings by non-reporting issuers, the entire amount was made up of prospectus-exempt distributions (\$5.7 billion).

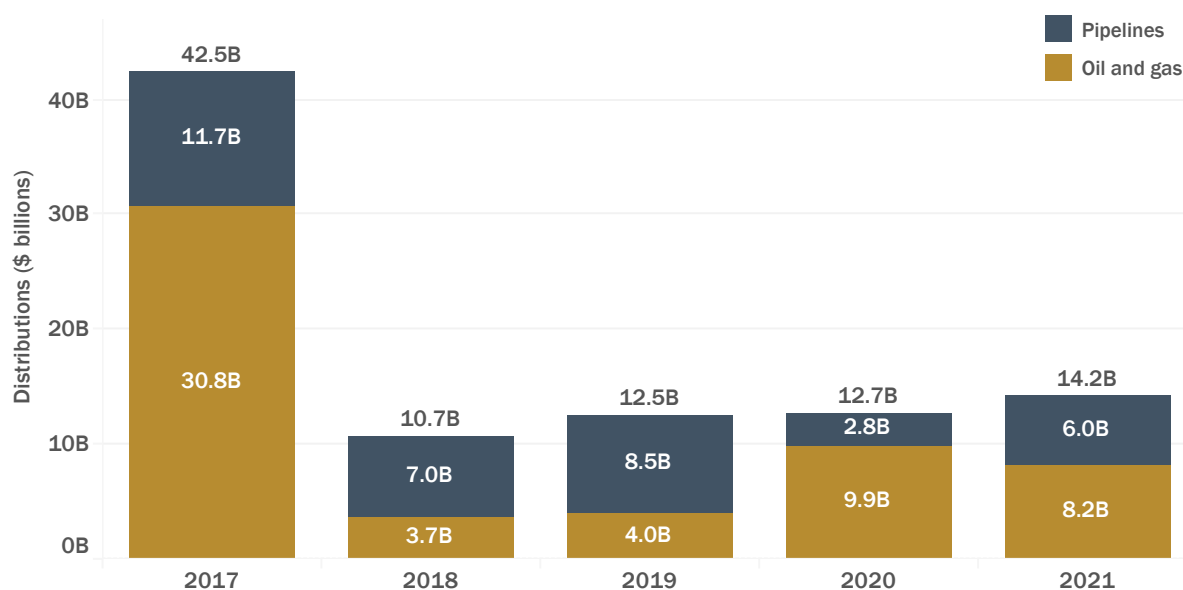
Chart 3: Reported financings by Alberta head office issuers in 2021, reporting and non-reporting



Financings in 2021 by oil and gas and pipelines issuers specifically are reflected in Chart 4. Total financings under prospectuses and prospectus exemptions by Alberta oil and gas and pipelines issuers totaled \$14.2 billion, up 12.4 per cent from \$12.7 billion in 2020. Even though financings from the two industries combined remain depressed from pre-2018 levels, 2021 marks the third continuous year of increases.

Of note, in 2021, Enbridge Inc. was the first Alberta RI to issue sustainability-linked bonds (US\$1 billion senior notes into the U.S. market and a \$1.1 billion prospectus offering of medium term notes in Canada) while AIMCo Realty Investors LP and Windrise Wind LP were the first Alberta RIs to issue green bonds, according to ASC analysis (prospectus-exempt distributions by AIMCo of \$0.5 billion senior notes and Windrise of \$0.2 billion senior bonds).^{12,13}

Chart 4: Oil and gas and pipelines financings by Alberta issuers in 2021, reporting and prospectus-exempt



Alberta registrants

In general, market participants that are in the business of trading or advising in securities or derivatives or managing investment funds are required to be registered with securities regulators and/or through self-regulatory organizations as a dealer or adviser (similar to licensing used in some foreign jurisdictions). There are a number of registration categories, the most common being investment dealer, exempt market dealer, mutual fund dealer, portfolio manager and investment fund manager. In Alberta, investment dealers are overseen by the Investment Industry Regulatory Organization of Canada (IIROC) and mutual fund dealers are overseen by the Mutual Fund Dealers Association (MFDA), both self-regulatory organizations overseen by the ASC and other securities regulators in Canada.¹⁴

Under the passport system, regulation and oversight of other dealers and advisers is principally conducted by the securities regulator in the jurisdiction where the firm's head office is located. As of December 31, 2021, there were 109 firms for which the ASC was the principal regulator (compared to 120 firms a year ago), out of a total of 970 registered firms in Alberta. Out of the 109 firms, 90 were directly overseen by the ASC, 14 by IIROC and five by the MFDA.

¹² Only the Canadian issuance is included in the charts in this report.

¹³ Green bonds are fixed-income financial instruments which are used to fund projects that have positive environmental or climate benefits. Sustainability-linked bonds are a fixed income instrument where its financial or structural characteristics are tied to predefined sustainability/ESG objectives. Source: Wikipedia.

¹⁴ A CSA project to combine the SROs is targeted for completion December 31, 2022.

Of all Alberta PR registered firms, 57 firms (48 per cent) were registered in a single category (52 firms in 2020), 16 firms (13 per cent) were registered in two categories (16 firms in 2020) and 47 firms (39 per cent) were registered in three categories (47 firms in 2020).

Energy markets

The oil and gas industry and related utilities and pipelines industry accounted for 75 per cent of the market capitalization of Alberta issuers in 2021 versus 74 per cent in 2020. Compared to 2020, the oil and gas industry percentage was larger in 2021 at 40 per cent (32 per cent in 2019) and the utilities and pipelines industry was smaller at 35 per cent (43 per cent in 2020). In 2021, the number of issuers in the oil and gas industry represented 38 per cent of the total number of Alberta issuers, with the utilities and pipelines industry representing 3.3 per cent, similar to 2020.

There is an active energy trading market in Alberta. Total energy contracts transacted on ICE NGX Canada Inc. (ICE NGX) in 2021 was 11,741 petajoules (PJ), up 9.1 per cent from 11,612 PJ in 2020.¹⁵ The bulk of trading continued to be physical Canadian natural gas (contracts with physical settlement), which accounted for 82 per cent of total trading on ICE NGX in 2022. The second-largest volume of trading was in physical U.S. natural gas at 11 per cent of the total.

¹⁵ There are other regulated entities and trading venues in Alberta where commodities can be traded. This report only uses NGX data as an indicator of trading natural gas and power contracts.

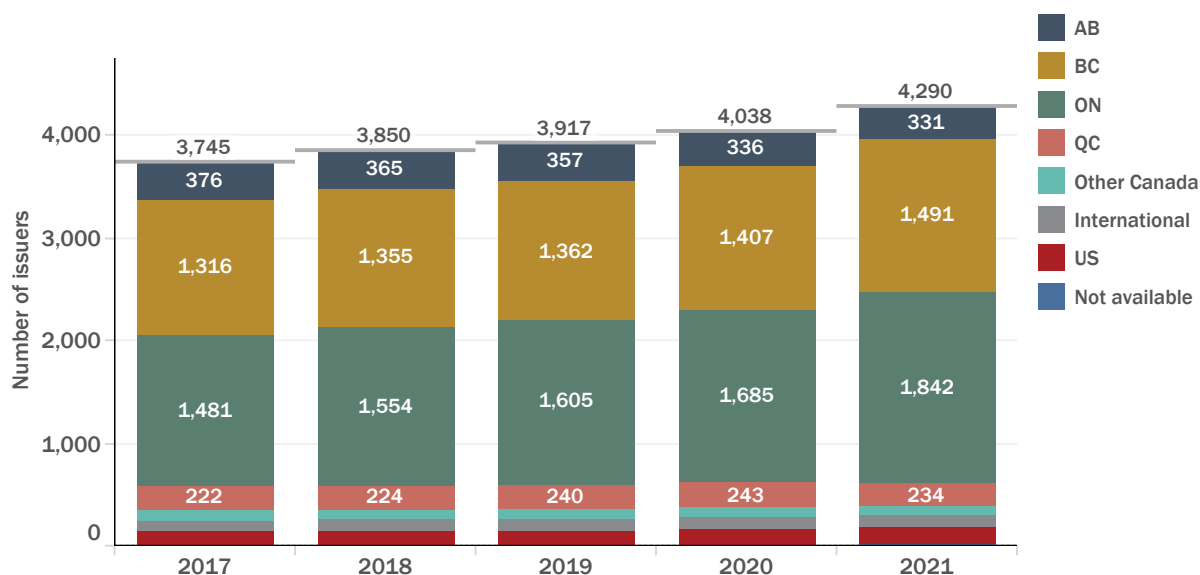
Listed issuer markets

This section provides a comparative analysis of the number and size of the listed RIs in Canada and financings in the public market. The analysis includes all issuers listed on the TSX and TSXV, as well as issuers listed on other exchanges that are reporting issuers¹⁶ in Alberta. The information was based on data from the TMX, supplemented with data from the ASC, SEDAR, and Bloomberg.

Creating a more comprehensive dataset required some assumptions, such as industry classifications, which are discussed where relevant. The Appendix contains technical details on methodology and some analysis of the assumptions made. All data is based on calendar year-end. Monetary amounts originally in a foreign currency were converted to Canadian dollars based on the prevailing spot foreign exchange rate as of December 31, 2021.

LISTED REPORTING ISSUERS

Chart 5: Number of listed reporting issuers, by issuer head office location



¹⁶ See footnote 1.

Chart 6: Market capitalization at December 31 of listed reporting issuers, by issuer head office location

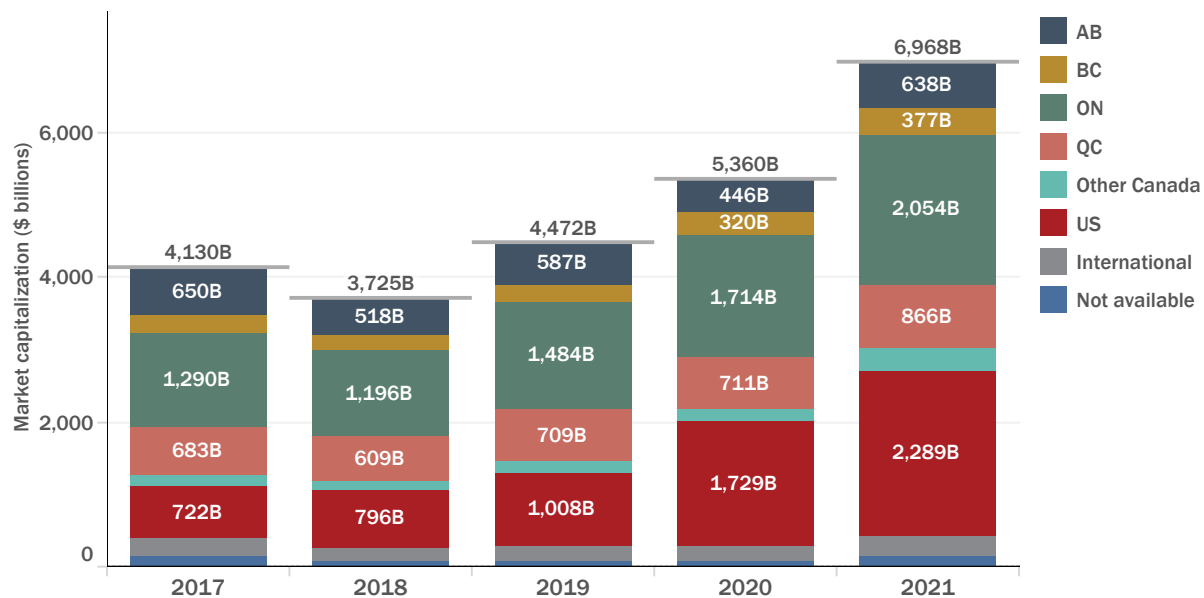


Chart 6 shows that the market capitalization of all listed reporting issuers in Canada (including foreign-based issuers) increased 30 per cent in 2021 to \$7.0 trillion from \$5.4 trillion in 2020, which is the highest amount in at least five years. There was an increase in the market capitalization of listed reporting issuers in each of the jurisdictions in the chart from 2020 to 2021. The largest increases were in respect of issuers who had their head office in the U.S. or Ontario, which increased by \$560 billion (32 per cent) and \$340 billion (20 per cent), respectively. The market capitalization of Alberta-based RIs increased by the next largest amount at \$192 billion (43 per cent).

The increase by U.S. issuers was driven mostly by the addition of Bank of America Corporation as a RI with Ontario as PR. The addition accounted for 82 per cent of the increase in market capitalization of issuers headquartered in the U.S. from 2020 to 2021. Advanced Micro Devices, Inc. and Morgan Stanley also significantly contributed to the year-over-year increase with market capitalization changes of 14 per cent and 12 per cent, respectively.

Half of the increase in market capitalization of Ontario head office issuers was due to increases in three issuers and the addition of one (The Toronto-Dominion Bank: up 33 per cent, Waste Connections, Inc.: new addition, Brookfield Asset Management Inc.: up 50 per cent, and Shopify Inc.: up 24 per cent).

For Alberta, approximately half of the increase in market capitalization from 2020 to 2021 was due to increases in four issuers (Canadian Natural Resources Limited: up 74 per cent, Canadian Pacific Railway Limited: up 13 per cent, Cenovus Energy Inc.: up 236 per cent, and Enbridge Inc.: up 22 per cent. The increase in the market capitalization of Alberta issuers in 2021 reversed the decrease in 2020 and was the greatest total since 2017 (\$650 billion).

Market capitalization of issuers from Other Canada¹⁷ increased by \$162 billion (103 per cent), Quebec issuers by \$155 billion (22 per cent), International issuers by \$60 billion (29 per cent), and British Columbia issuers increased by the least amount at \$56 billion (18 per cent).

The market capitalization of listed RIs with a Canadian head office increased by 27 per cent in 2021 to \$4.3 trillion from \$3.5 trillion.

Chart 7: Average market capitalization of reporting issuers, by issuer head office location

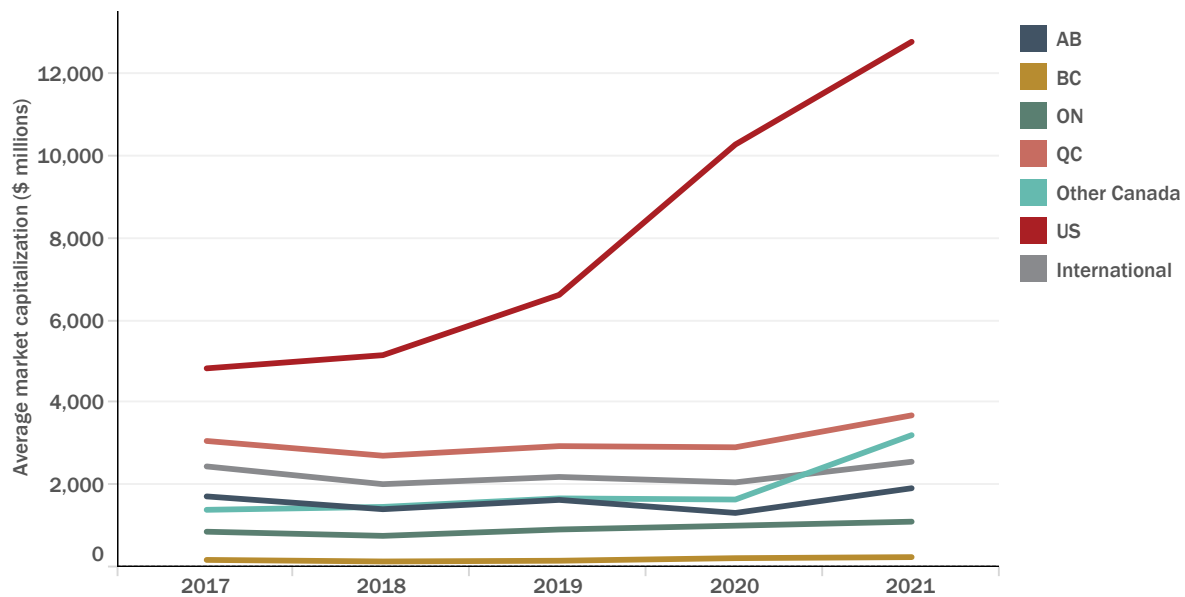
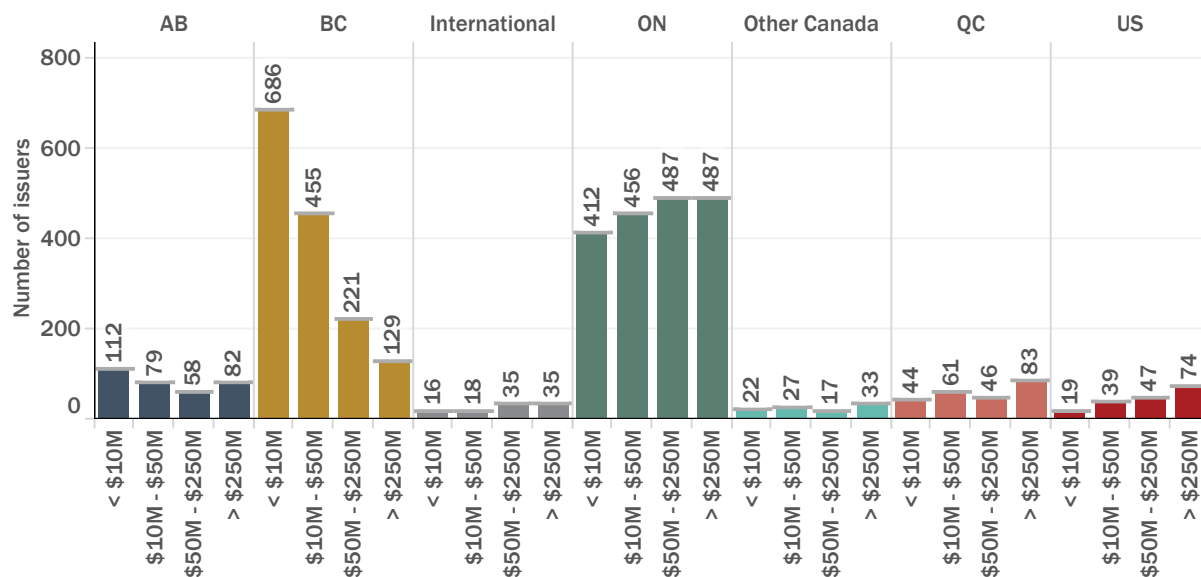


Chart 7 shows average market capitalization by issuer head office location for reporting issuers. The jurisdiction with the largest average issuer market capitalization was the U.S. at \$12,788 million, followed by Quebec, with an average of \$3,701 million, and then Other Canada at \$3,220 million. International issuers had an average of \$2,572 million and Alberta had an average of \$1,928 million. British Columbia had the smallest average market capitalization in 2021 at \$253 million.

Quebec had the fewest number of listed RIs out of the largest Canadian jurisdictions. The average market capitalization for Quebec issuers was considerably influenced by the market capitalization of the Royal Bank of Canada, headquartered in Quebec, with an average monthly market capitalization of \$194 billion in 2021. However, even excluding the Royal Bank of Canada, the average market capitalization for Quebec issuers was \$2,884 million – still larger than most jurisdictions. As implied by the previous two charts, British Columbia issuers tend to have a much smaller market capitalization than issuers in other jurisdictions as there are many junior mineral exploration companies in the province. British Columbia issuers had an average market capitalization of \$253 million at the end of 2021, far less than Ontario, the next smallest average of the four provinces, with an average market capitalization of \$1,115 million.

¹⁷ Other Canada refers to provinces and territories in Canada other than those shown in the chart.

Chart 8: Distribution of reporting issuers by market capitalization, for 2021



As noted previously, the distribution of listed RIs by market capitalization was quite different across the major jurisdictions. Chart 8 shows the distribution of RIs by issuer head office location at the end of 2021, by market capitalization. There were 112 Alberta issuers in the less-than-\$10 million category, which was 37 per cent more than the 82 issuers in the greater-than-\$250 million category. However, there were 432 per cent more British Columbia issuers in the less-than-\$10 million category than the greater-than-\$250 million category. This reflects the tendency for British Columbia issuers to have a smaller market capitalization than RIs in other provinces. Quebec had 47 per cent fewer issuers in the less-than-\$10 million category than the greater-than-\$250 million category. In Ontario, there was 15 per cent fewer issuers in the less-than-\$10 million category than the greater-than-\$250 million category. U.S. and International issuers were concentrated in the greater-than-\$250 million category.

Compared with 2020 (data not shown), the number of Alberta issuers in 2021 increased in the greater-than-\$250 million and \$10 million - \$50 million categories and decreased in the other categories.

Chart 9: Percentage of TSX listed issuers that graduated from tsxv, by issuer head office location

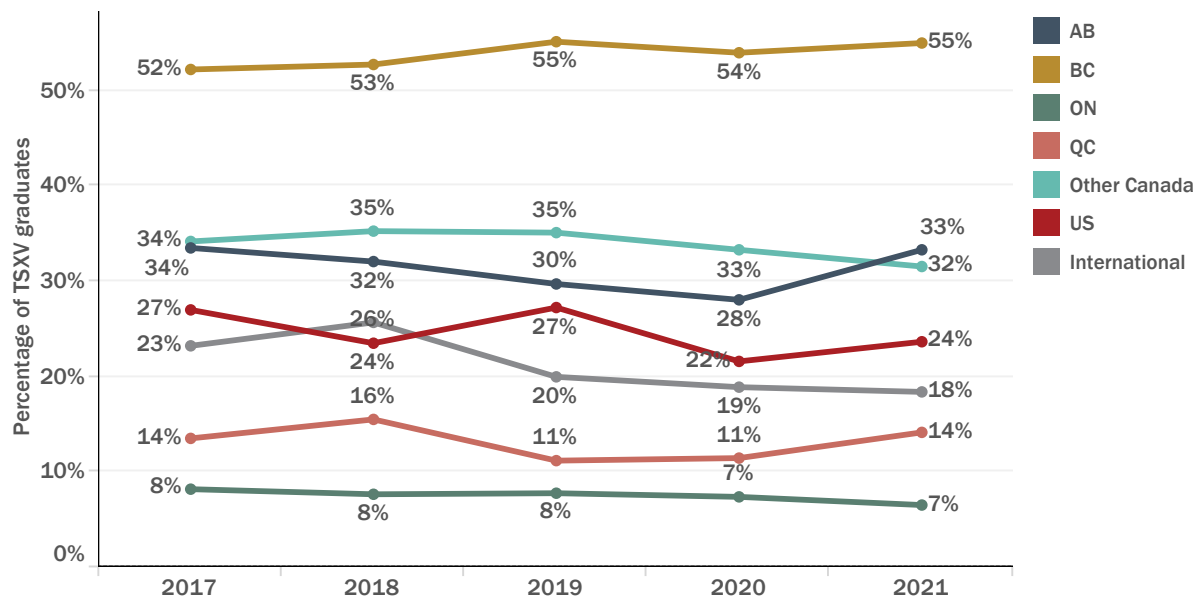


Chart 9 is based only on TMX data, which has a field indicating whether each issuer listed on the TSX is a TSXV “graduate.” This means that the issuer was at one time listed on the TSXV and subsequently met the listing requirements to move its listing to the TSX, Canada’s biggest exchange for larger issuers.¹⁸ Alberta and British Columbia have significant resource-based economies, which is reflected by the industry classifications of issuers in these provinces (see Chart 12 and Chart 13 for further industry details). Many issuers in oil and gas and mining begin as small, private issuers and may, in time, progress to be listed on the TSXV, and later the TSX. Chart 9 shows that at the end of 2021, 33 per cent of Alberta issuers listed on the TSX were once listed on the TSXV, up from 28 per cent in 2020. This was exceeded only by British Columbia issuers at 55 per cent. In contrast, only 6.5 per cent of Ontario PR issuers and 14 per cent of Quebec issuers were TSXV graduates at the end of 2021. For U.S. issuers, 24 per cent were graduates, and for International issuers, 19 per cent.

¹⁸ The amount of time an issuer has been listed on the exchange impacts the proportion of TSXV graduates. For example, if issuers listed on the TSX are filtered to include only those listed in the last 10 years (compared to no time limit as used in the chart), in 2020, the percentage of Quebec graduates increases to 21 per cent (from 12 per cent) and for B.C. to 74 per cent (from 54 per cent) while Alberta and Ontario are relatively unchanged.

Chart 10: Number of listings of reporting issuers by exchange or region

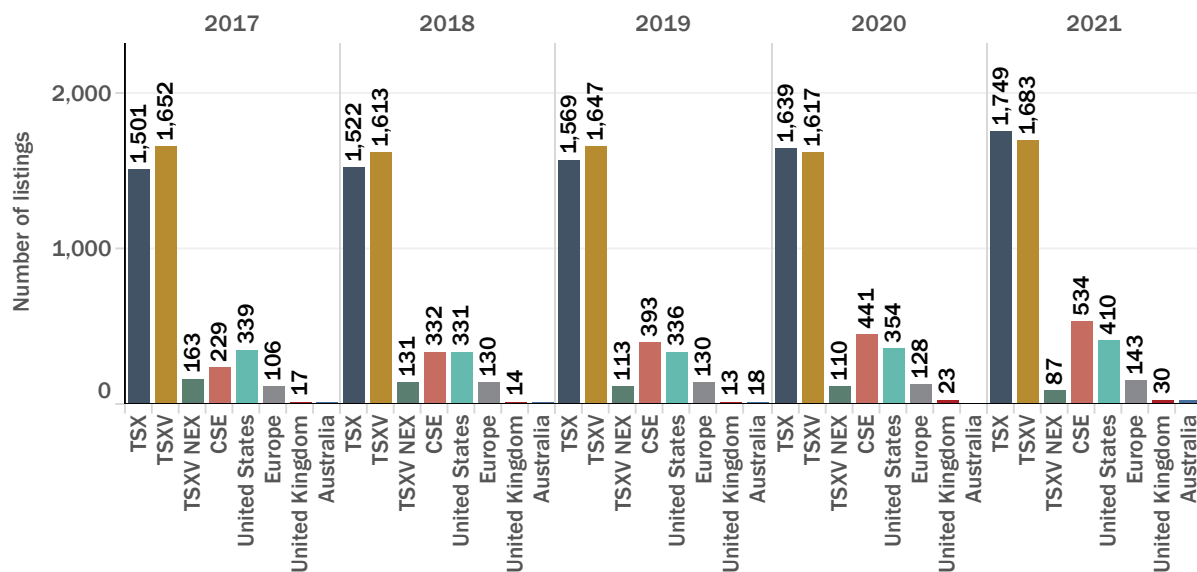


Chart 10 displays Canadian RIs¹⁹ listed on major Canadian exchanges as well as listed on exchanges in other countries or regions. Issuers may be inter-listed, which means they are listed on multiple exchanges. Listings data in this report was compiled from the TMX, Bloomberg and SEDAR.

There were 344 more listings in 2021, or 8.0 per cent more than in 2020. The TSX experienced a 6.7 per cent increase in 2021 versus 2020 while the TSXV had a 4.1 per cent decrease. 2021 continued the trend that began in 2020 in which the TSX had more listed issuers than the TSXV. The Canadian exchange with the largest increase was the TSX, followed by the CSE (increase of 93 issuers). Alberta RIs listed on the CSE have been increasing since 2014, which could be a function of competition in the exchange industry as well as smaller companies entering into emerging industries.

¹⁹ Other exchanges and major foreign regions with few listings of Alberta RIs are not represented in this chart including the Neo Exchange, exchanges categorized by the issuer as 'other' on SEDAR, the region of Asia, as well as exchanges from international countries with few data points.

Chart 11: Total market capitalization of all reporting issuers, by industry

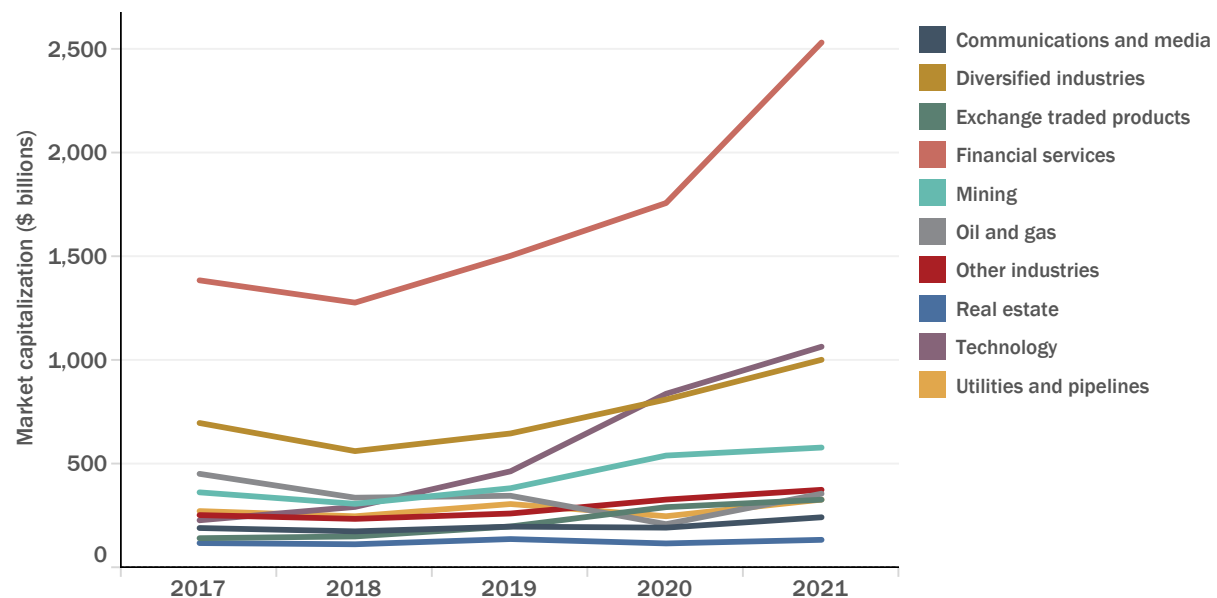


Chart 11 shows the change in total market capitalization of major industries for all RIs over the last five years.²⁰ Nationally, financial services was the largest industry in terms of market capitalization among RIs in each of the last five years. It had a market capitalization of \$2,533 billion at the end of 2021, up 44 per cent from 2020 and represented 36 per cent of the total market. As previously mentioned, Bank of America Corporation was added in 2021 as an Ontario PR issuer and as a financial services company, it made up the majority of the increase in that industry. Even without Bank of America, financial services would have had the largest increase in market capitalization.

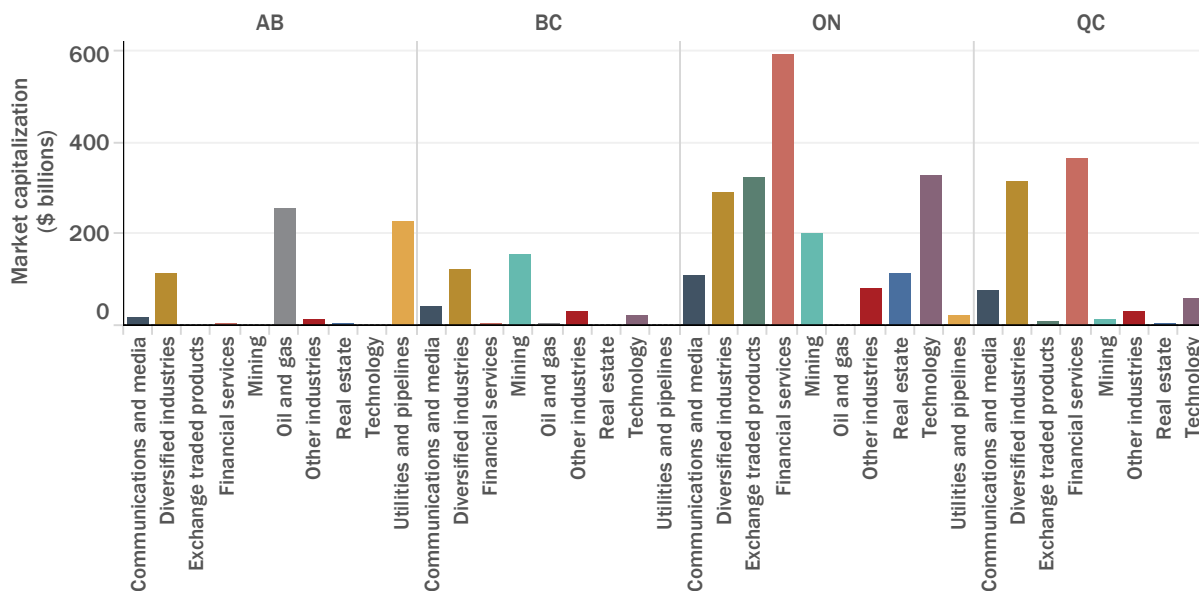
Nationally, technology²¹ remained the second largest industry for two years in a row and increased by 27 per cent from 2020. Of note, the largest three issuers in technology accounted for 71 per cent of the market capitalization in 2021 (Advanced Micro Devices, Inc., Shopify Inc., Adobe Systems Incorporated), two of which are foreign issuers from the U.S. (Advanced Micro and Adobe). The third largest industry was diversified industries, which increased by 14 per cent.

Market capitalization of the oil and gas industry increased the most on a percentage basis increasing by 69 per cent in 2021 to reach \$359 billion, up from \$212 billion in 2020. Utilities and pipelines increased by 32 per cent to reach \$331 billion, up from \$251 billion.

²⁰ For this analysis, the industry classification by the TMX was preferred, with the SEDAR industry classification used if the issuer was not listed on either the TSX or TSXV. The SEDAR industry classification was changed to a TMX industry classification when reasonable; otherwise the issuers were classified to other industries. A detailed discussion about this methodology is available in the Appendix.

²¹ Due to its growing proportion of total market capitalization, the technology industry was broken out into its own industry category in 2020 (technology was included in the 'other industries' category in prior years).

Chart 12: Total market capitalization of reporting issuers by industry and head office location, for 2021



As shown in Chart 12, regional industry differences become more apparent when broken down by issuer head office location. Chart 12 shows total market capitalization by industry and issuer head office location for year-end 2021 for the largest Canadian market capitalization regions. In this chart, the dominance of oil and gas and related utilities and pipelines among Alberta issuers stands out. The oil and gas and utilities and pipelines industries represented a combined market capitalization of \$482 billion (75 per cent) of Alberta issuers (more specific analysis of Alberta issuers begins on page 20). British Columbia issuers in the mining industry represented \$156 billion (41 per cent) of the total in British Columbia. Among Ontario issuers, financial services stood out as the largest industry (and largest industry among all jurisdictions in the chart) totalling \$590 billion (29 per cent), followed next by the technology industry totaling \$329 billion (16 per cent). In Quebec, financial services represented \$365 billion (42 per cent) while diversified industries represented \$315 billion (three per cent) of market capitalization.

Chart 13: Total number of reporting issuers by industry and issuer head office location, for 2021

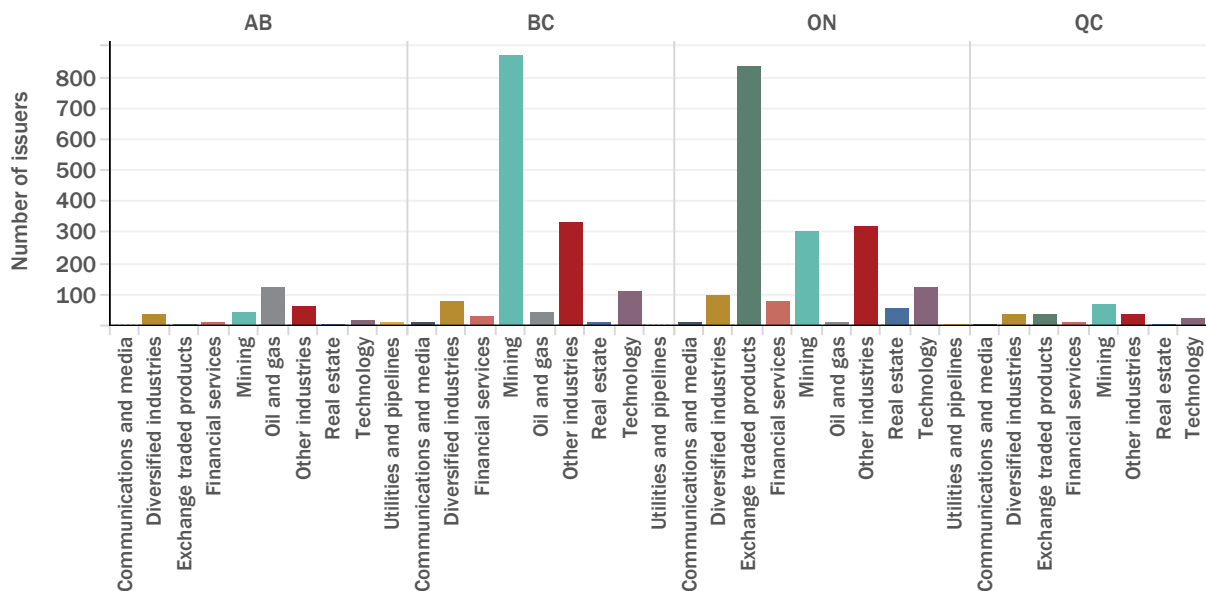


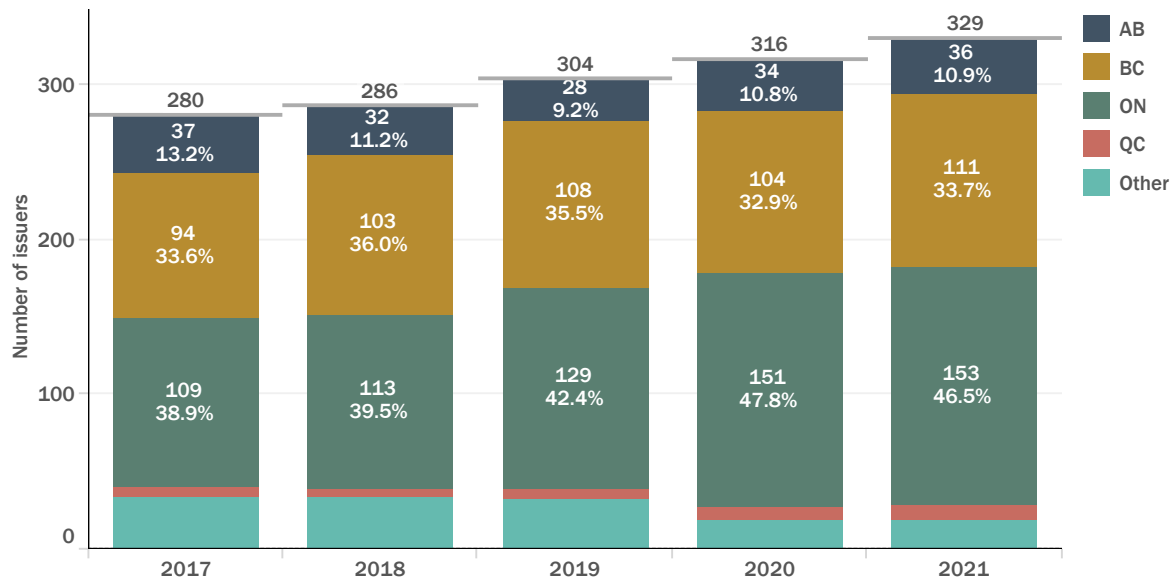
Chart 13, like Chart 12, shows a breakdown based on industry and head office but Chart 13 looks at the number of issuers rather than market capitalization. Among Alberta-listed RIs, oil and gas (including oil and gas services) was still the leading industry, represented by 126 issuers (38 per cent) out of 331 issuers. While the oil and gas industry in Alberta was by far the most dominant industry by number of issuers, there were still a significant number of issuers engaged in other industries: 60 (18 per cent) in other industries, 38 (11 per cent) in the diversified industries, and 46 (14 per cent) in the mining industry. By number of issuers, utilities and pipelines issuers ranked seventh at 11 issuers (3.3 per cent), but ranked second and represented 35 per cent on a market capitalization basis.

Of British Columbia issuers, a total of 871 (58 per cent) out of 1,491 issuers were engaged in the mining industry followed by 333 (22 per cent) in other industries. For Ontario issuers, the exchange traded products industry represented the largest component of the total 1,842 issuers, with 833 (45 per cent) in 2021. Other significant industries by number of issuers in Ontario were 321 (17 per cent) issuers in other industries and 305 (17 per cent) issuers in the mining industry. In Quebec, 71 (30 per cent) issuers were in mining, 39 (17 per cent) were in diversified industries, 39 (17 per cent) were in other industries and 35 (15 per cent) were in the exchange traded products industry. Among Other Canada issuers (not shown), mining was the most common industry making up 38 per cent of issuers in that category.

Of foreign-based issuers (not shown), the category that accounted for the most U.S. issuers was other industries (45 per cent), followed by mining (22 per cent). For international issuers (not shown), mining was the industry with the most issuers (53 per cent).

FOREIGN REPORTING ISSUERS

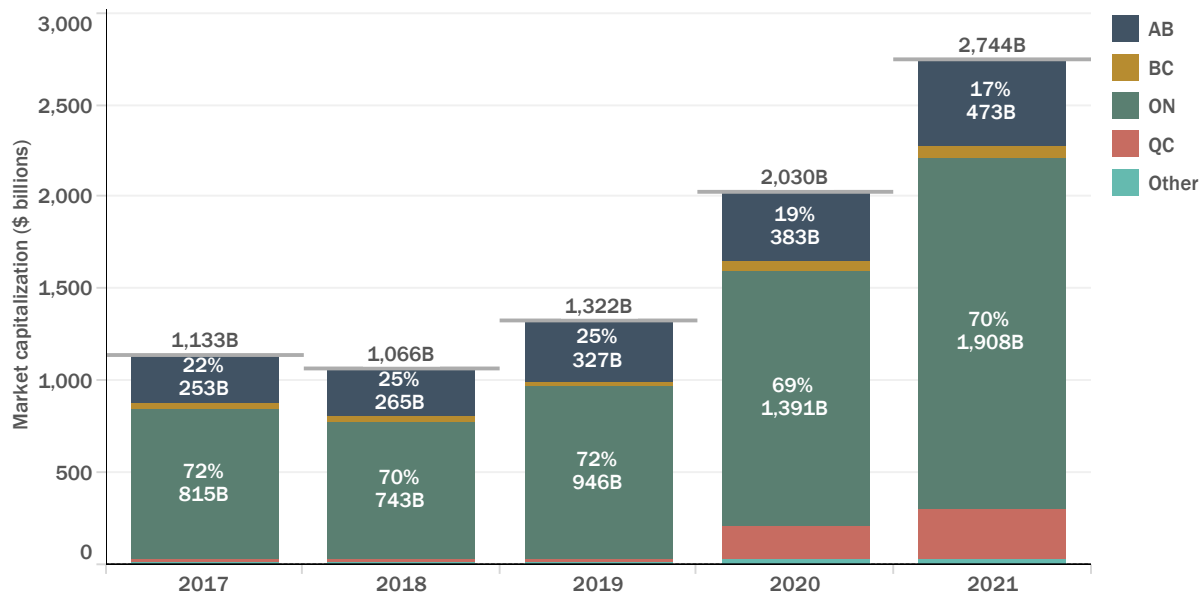
Chart 14: Number of foreign reporting issuers, by PR



The percentage of RIs headquartered outside Canada has stayed steady over the last five years, averaging 6.5 per cent. Chart 14 shows the total number of foreign issuers, determined by the head office reported on SEDAR. The 329 foreign issuers at the end of 2021 was a slight increase from the 316 foreign issuers at the end of 2020, and continues the upward trend. Also shown in Chart 14 is the breakdown of foreign issuers by PR.²² The number of foreign issuers was greatest in Ontario at 153 (47 per cent), followed by British Columbia at 111 (34 per cent), Alberta at 36 (11 per cent) and Quebec at 10 (3.0 per cent). Foreign RIs with Alberta as the PR represented 9.7 per cent of all Alberta PR issuers at the end of 2021.

²² Foreign issuers listing in Canada have to choose a PR jurisdiction in Canada.

Chart 15: Total market capitalization of foreign reporting issuers by PR



As the number of RIs with foreign headquarters has been growing each year since 2017 (previous chart), so has the market capitalization of these issuers as shown in Chart 15. In 2021, the market capitalization of foreign issuers increased by 35 per cent to reach \$2.7 trillion, up from \$2.0 trillion in 2020. The bulk of the change (64 per cent) was from the addition of Bank of America Corporation as an Ontario PR issuer. Two issuers, Advanced Micro Devices, Inc. and Morgan Stanley, increased by 11 per cent and 9.0 per cent, respectively, which were the next largest significant contributors.

It should also be noted that not all of these issuers had securities listed on a Canadian exchange and the market capitalization of the issuers' listed equity on a foreign exchange in Canadian dollars has been used in calculating the totals.²³

²³ Some foreign issuers choose to become RIs in Canada to facilitate capital raising in Canada, but do not necessarily list on a Canadian exchange if they already have a listing on another exchange.

FOCUS ON LISTED REPORTING ISSUERS IN ALBERTA

This section uses two different formats for displaying issuer data. Chart 16 and Chart 21 display data for issuers that have a head office in Alberta, whereas Chart 20 and Chart 22 display data for issuers for which Alberta is PR but their head offices are not in Alberta (i.e. foreign issuers that are RIs in Alberta).

Chart 16: Total market capitalization of industries for Alberta head office issuers

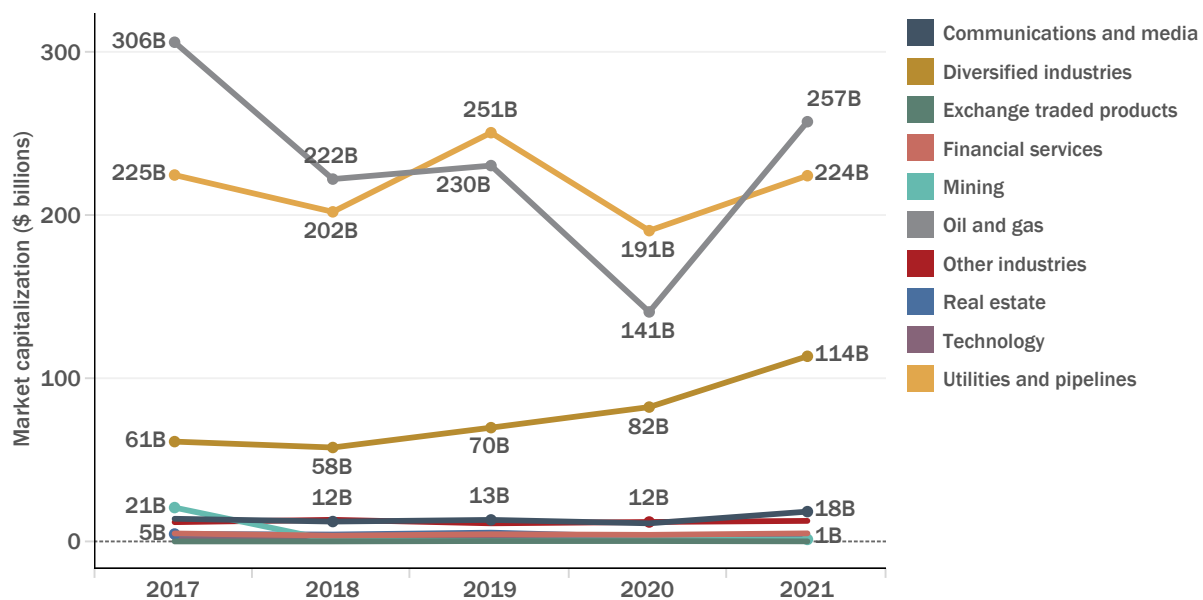


Chart 16 shows a breakdown by industry of listed Alberta RIs, representing a total market capitalization of \$638 billion at the end of 2021. The largest industry in 2021, oil and gas, increased by \$116 billion (83 per cent) to \$257 billion, from \$141 billion in 2020, and made up 40 per cent of the total market capitalization, up from 32 per cent in 2020. Utilities and pipelines had the next largest market capitalization in 2021 at \$224 billion, an increase of 18 per cent from 2020, and made up 35 per cent of the total in 2021 (down from 43 per cent in 2020). In Chart 16, oil and gas services are included within oil and gas. Oil and gas services comprised \$10.2 billion of the industry at the end of 2021, the market cap of which increased by 50 per cent from 2020. Excluding oil and gas services, the oil and gas industry increased by 85 per cent since 2020.

Chart 17: Total market capitalization of select industries for issuers with a head office in Alberta

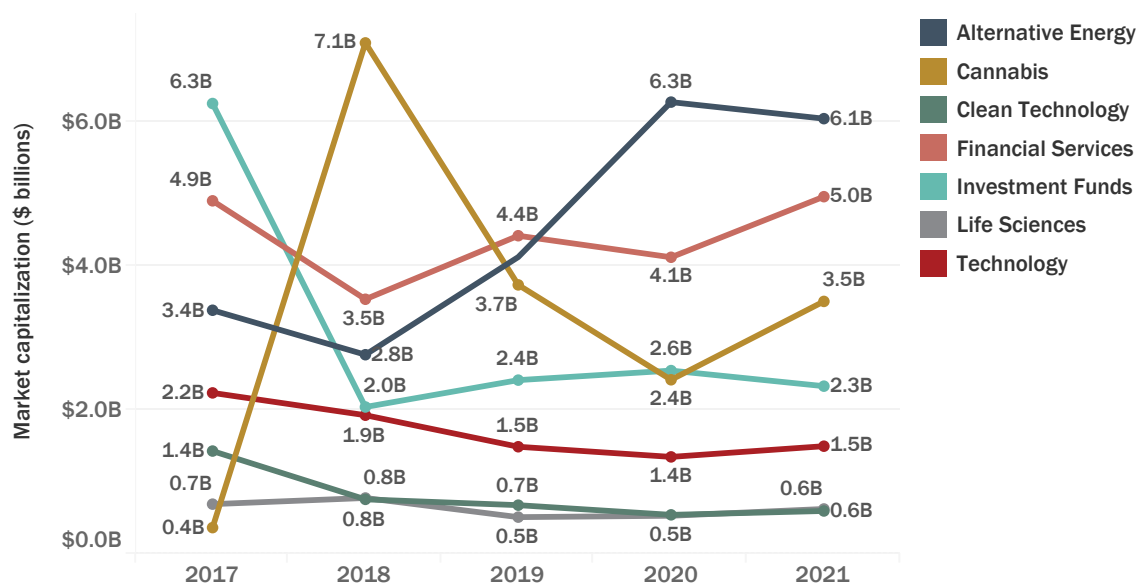


Chart 17 focuses on a subset of smaller market capitalization industries for Alberta head office issuers.²⁴ The industries in the chart, despite their smaller market capitalizations, are an important and emerging component of Alberta's economy. Chart 17 shows only listed issuers and does not include non-reporting issuers.

In 2021, the cannabis industry grew the most (on a market capitalization basis) from \$2.4 billion to \$3.5 billion (45 per cent) from 2020. The increase was mostly due to gains in the market capitalization of Sundial Growers Inc., which increased by \$0.9 billion or 87 per cent during the timeframe. The second largest growth was seen in financial services which increased \$0.8 billion (20 per cent), mostly driven by increases in Canadian Western Bank (up 23 per cent). Alternative energy,²⁵ while relatively flat with a decrease of 3.7 per cent from 2020, was buoyed by the addition of Tidewater Renewables Ltd., which completed its IPO in 2021 and made up 8.4 per cent of the market capitalization of the industry.

²⁴ Industries shown in the chart are based on data from a combination of TMX, Bloomberg, NAICS and staff interpretations, and may differ from industries depicted elsewhere in this report.

²⁵ Alternative energy companies produce, operate or create technology for alternative energy in areas including solar, wind, waste gas, thermal and biofuels, among others, but which may also be involved in other more traditional forms of energy. In addition, some Alberta issuers with hydrocarbon energy-based businesses have segments in the alternative energy sector, such as Enbridge Inc., TransAlta Corporation and Capital Power Corporation.

Chart 18: Number of issuers with a head office in Alberta by industry

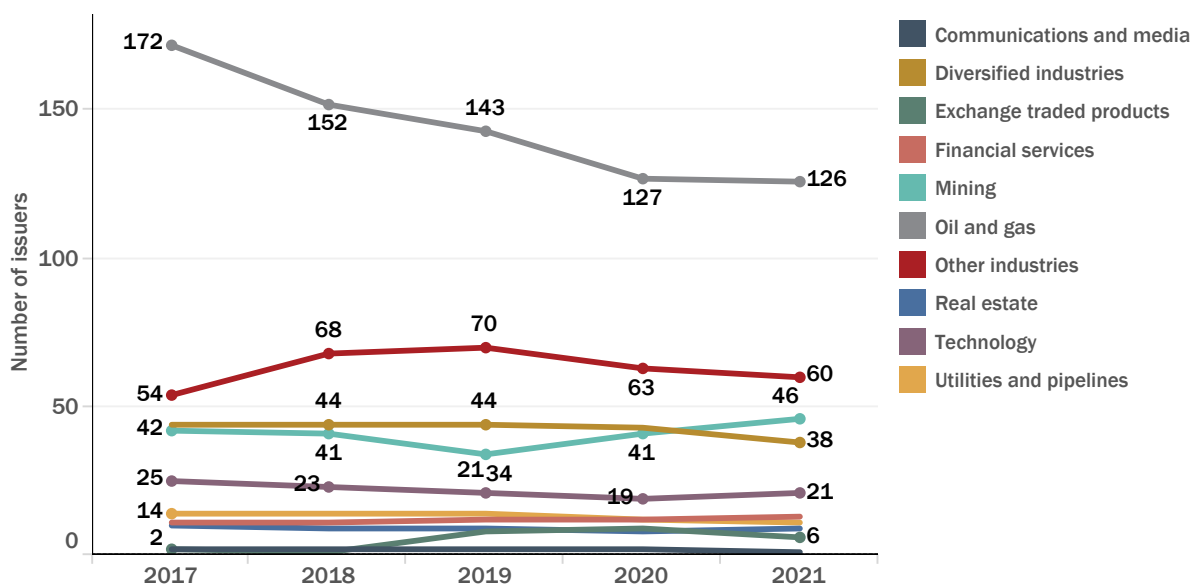


Chart 18 displays the number of listed RIs with a head office in Alberta by industry. The number of oil and gas issuers has been decreasing steadily since 2017 from 172 to 126 in 2021, a decrease of 27 per cent (46 fewer issuers), although the decrease was only one issuer in the past year. The most notable increase since 2016 (besides other industries) was exchange traded products which increased from two to six issuers.

From 2020 to 2021, the overall number of issuers decreased by five (one per cent). Most industries experienced a slight decline, although some increased, notably mining which was up the most (by five issuers) or 12 per cent. Of note, despite the decrease in the number of issuers, the market capitalization of Alberta-listed RIs increased from 2020 to 2021, leading to a higher average market capitalization per issuer (see Chart 7).

Chart 19: Number of issuers with a head office in Alberta by select industry

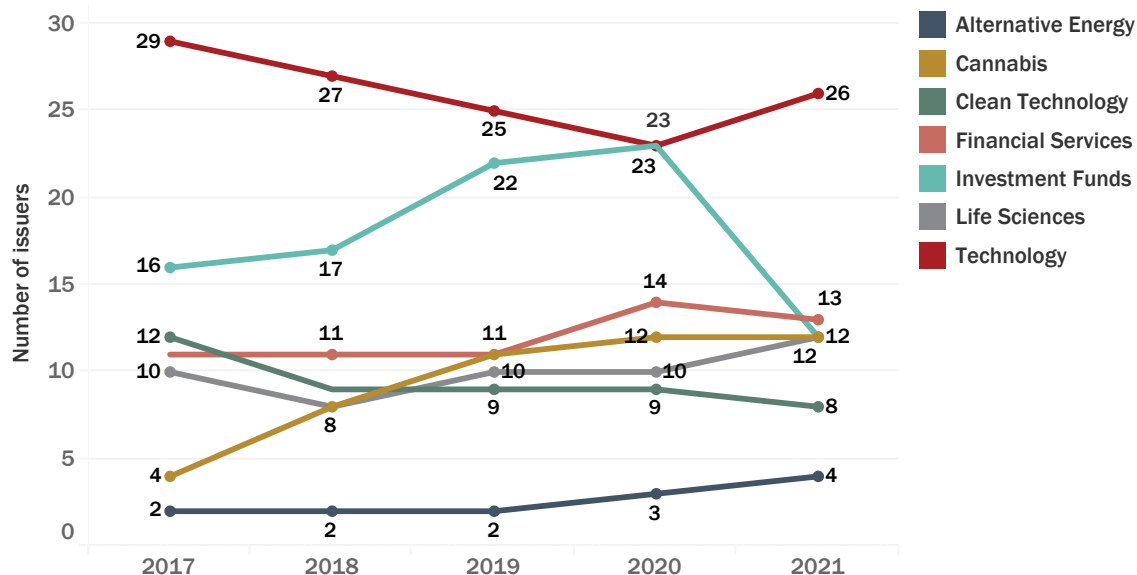


Chart 19 focuses on smaller Alberta issuer industries that may be important emerging parts of the Alberta economy. From 2020 to 2021 the overall number of issuers fell by seven (seven per cent) to 87 from 94 in 2020. Issuers in the technology industry increased the most, by three, followed by life sciences and alternative energy. The number of cannabis issuers were unchanged at 12. Investment funds changed the most out of all industries falling by 11 issuers or 48 per cent.²⁶

²⁶ The decrease in the number of investment funds was in large part due to a change in the location of the head office for several issuers according to data from SEDAR.

Chart 20: Distribution of Alberta PR issuers by market capitalization, by industry and domicile, for 2021

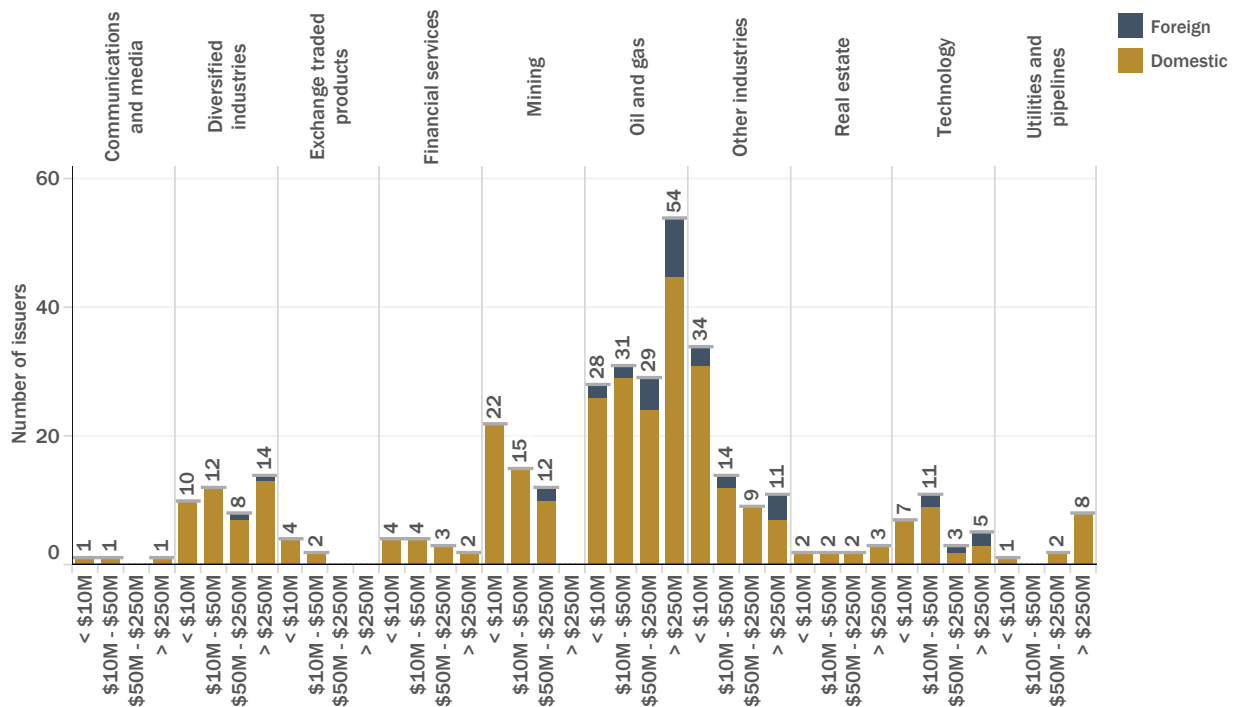


Chart 20 shows the distribution by industry of the market capitalization of Alberta PR issuers at the end of 2021.²⁷ The chart also shows a split by foreign or domestic headquarters. In the case of oil and gas (including oil and gas services), the number of Alberta PR issuers in the highest market capitalization range increased compared with 2020 (from 42 to 54), as depicted in Table A.

Table A: Distribution of Alberta PR oil and gas issuers, 2021 versus 2020

Category	Number of oil and gas issuers		
	2021	2020	Change
<\$10M	28	44	36 per cent decrease
\$10M - \$50M	31	25	24 per cent increase
\$50M - \$250M	29	32	9.4 per cent decrease
>\$250M	54	42	29 per cent increase
Total	142	143	0.7 per cent decrease

Eighteen oil and gas issuers (13 per cent) were foreign RIs in Alberta, the same as in 2020. This was slightly higher than the average of 9.7 per cent for all Alberta PR issuers in 2021 (9.1 per cent in 2020).

²⁷ Diversified industries includes mostly issuers from the industrial and consumer products industries, of which one of the largest by market capitalization is CP Rail. "Other industries" includes the smaller industries of CPCs, clean technology, life sciences and closed-end funds, among others.

Chart 21: Total market capitalization of oil and gas sectors for Alberta head office issuers

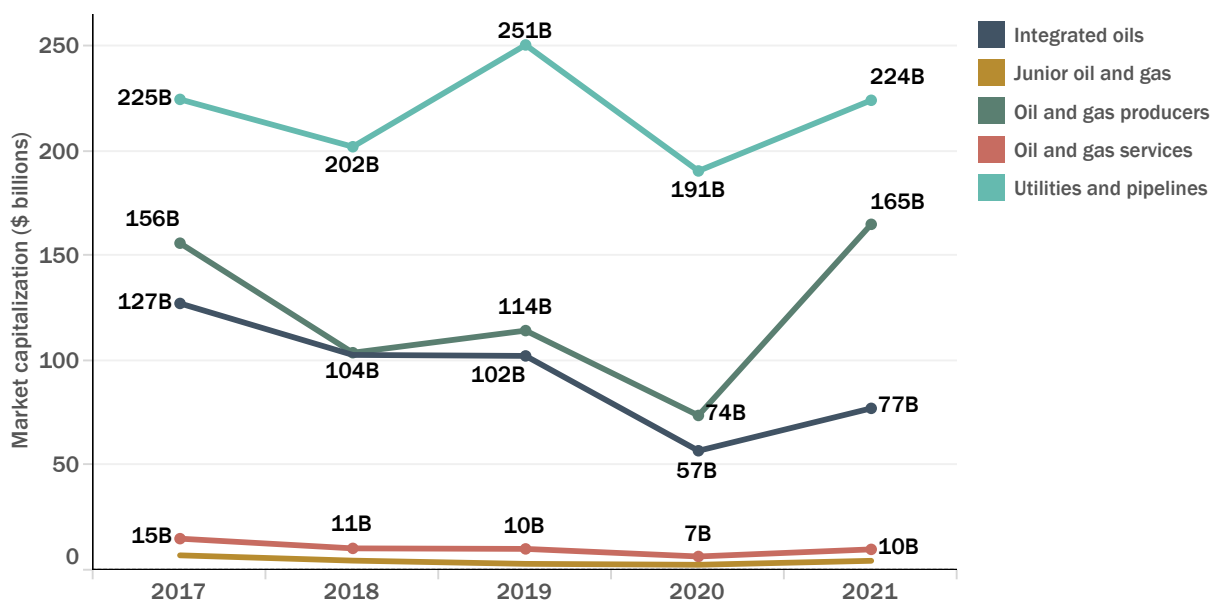


Chart 21 and Chart 22 focus more specifically on the oil and gas and utilities and pipelines industries. For this analysis (explained in more detail in the Appendix), the sub-categorization available in issuers' profiles on SEDAR has been used to further refine the classification of issuers listed on the TSX or TSXV reported in oil and gas and diversified industries, or industrial products and services categories by the TMX.²⁸ If the industry of an RI was not listed on the TSX or TSXV, the classification was based on the issuer's SEDAR profile. It should be noted that issuers select their industry classification on SEDAR.

By market capitalization, utilities and pipelines was the largest sector among Alberta oil and gas RIs, amounting to \$224 billion in 2021, up 18 per cent from 2020. The next largest sector was oil and gas producers, with a market capitalization of \$165 billion, an increase of 123 per cent from the end of 2020. Integrated oils increased by 35 per cent to \$77 billion. Junior oil and gas, and oil and gas services were each only a small fraction of the other categories at \$4.7 billion and \$10.2 billion respectively. The junior oil and gas sector increased by 67 per cent from 2020 while the oil and gas services sector increased by 50 per cent.

²⁸ The TMX includes oil and gas services in diversified industries or industrial products and services. Oil and gas services have been separated from diversified industries and industrial products and services in this report and instead included in oil and gas.

Chart 22: Distribution of oil and gas Alberta PR issuers by market capitalization and domicile, for 2021

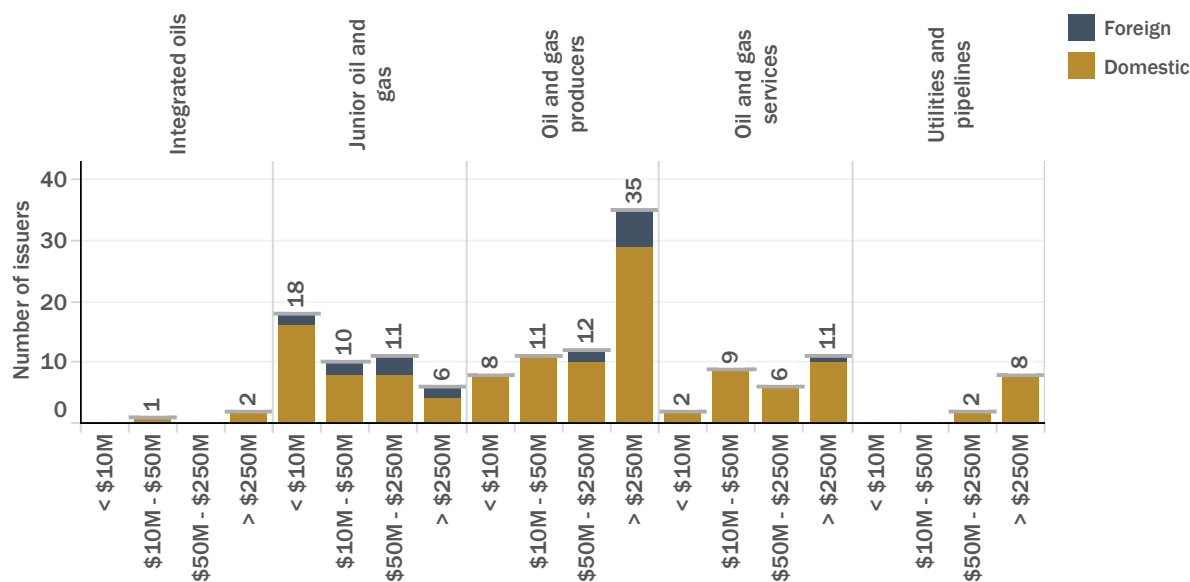


Chart 22 shows the distribution of Alberta PR issuers in oil and gas and utilities and pipelines by market capitalization for 2021. This chart is similar to Chart 20 except that it shows greater detail for the oil and gas issuers. As expected, there was a greater concentration of junior oil and gas issuers in the less-than-\$10 million range and, conversely, a greater concentration of oil and gas producers in the greater-than-\$250 million range. Compared with 2020 (not shown), oil and gas producers experienced an increase in the greater-than-\$250 million and \$10 - \$50 million categories.

Reported financings by Alberta issuers

The ASC has created a database of prospectus distributions based on issuer filings, which includes listed and unlisted securities distributed by prospectus. This section is an analysis of distributions by prospectus and by prospectus exemption.²⁹

Chart 23: Financings by Alberta head office issuers, prospectus and prospectus-exempt distributions

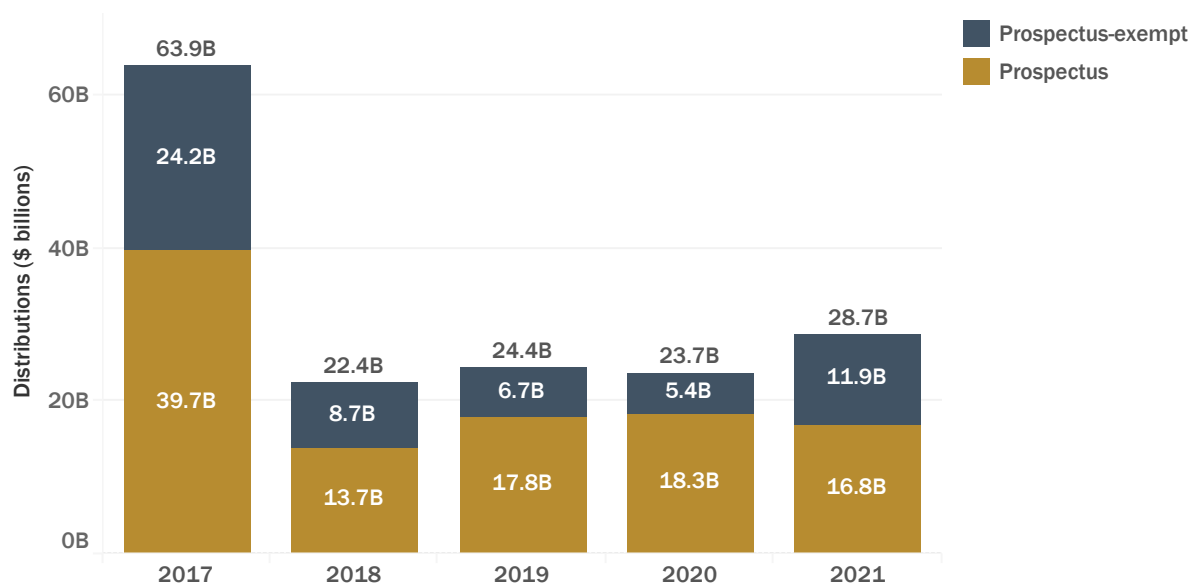


Chart 23 displays the amount of capital raise³⁰ in these two markets from 2017 to 2021. Since the substantial drop in 2018, financings have remained relatively flat prior to increasing by 21 per cent in 2021 to \$28.7 billion from \$23.7 billion in 2020. The increase in 2021 was mostly the result of prospectus-exempt distributions increasing by \$6.5 billion, or 121 per cent, to \$11.9 billion, the largest total since 2017. Prospectus offerings decreased slightly by \$1.5 billion in 2021, or eight per cent.

Note that financing data sourced from ASC filings differs materially compared to the analysis of financings by listed issuers sourced from TMX data. The primary difference between the two data sources is that the ASC data includes debt financings (which makes up the bulk of the dollar value of the financings) whereas the TMX data only contains equity financings and securities convertible to equity. For a full reconciliation please see Chart 48 in the Appendix.

²⁹ Prospectuses and reports of exempt distribution are required to be filed with the ASC by issuers distributing securities by prospectus or by reportable prospectus exemptions. The prospectus data reported in this section excludes distributions from issuers that are investment funds or scholarship funds, and for prospectuses that are considered at-the-market (ATM) offerings, exchange offerings (exchanging one type of debt for another), and qualifying securities prospectuses where no new proceeds are raised.

³⁰ Distributions based on the total of proceeds as reported on the report of exempt distribution and the final amount raised at the closing of the prospectus offering plus over-allotment option amounts, if exercised, as reported by issuers to the ASC.

Chart 24: Prospectus offerings and prospectus-exempt distributions by Alberta head office issuers, by security type

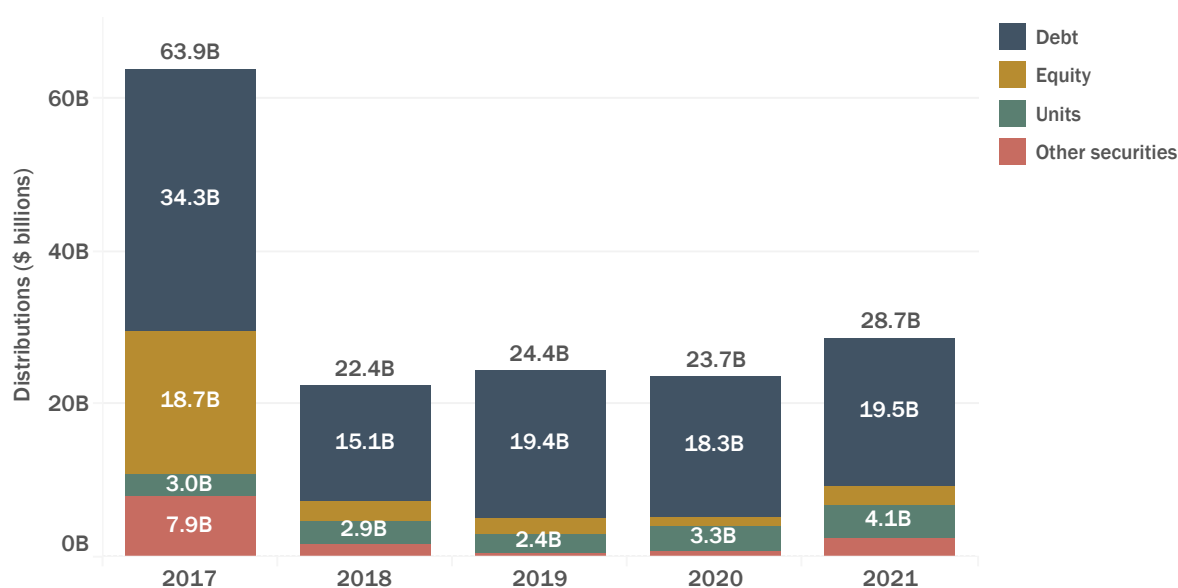


Chart 24 shows a breakdown by security type of distributions by issuers with an Alberta head office from 2017 to 2021. Debt securities were the most common security type issued over the past five years and in 2021 accounted for \$19.5 billion (68 per cent) of the total amount raised. Equity made up 9.0 per cent, units 14.2 per cent, and other securities amounted to 9.0 per cent of the total.

Equity issuances are still down substantially from pre-2018 levels, while debt securities have continued for both prospectus and prospectus-exempt offerings. Note that units and other securities may contain securities that are combinations of equity and debt securities.

Chart 25: Prospectus offerings and prospectus-exempt distributions by Alberta head office issuers, by industry

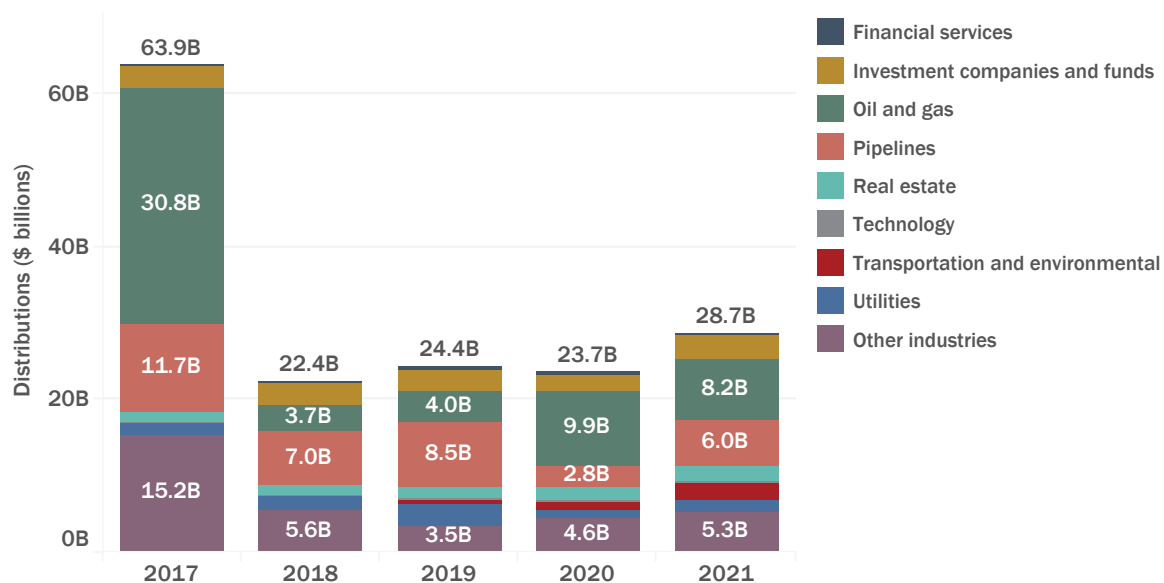


Chart 25 displays the amount of securities distributed by issuers with an Alberta head office via prospectus offerings and prospectus-exempt distributions by industry.³¹ In 2021, the industry that raised the greatest amount of capital was oil and gas, at \$8.2 billion (29 per cent of the total), a decrease of 17 per cent or \$1.7 billion from the 2020 amount of \$9.9 billion (42 per cent of the total). Of note, despite the decrease versus 2020, the amount of capital raised by the oil and gas industry was substantially above the lows of 2018 and 2019. In 2020, the pipelines industry raised the second largest amount of capital and increased substantially (by 117 per cent) from the previous year. Besides the other industries³² category, investment companies and funds raised the next highest amount of capital in 2021 followed by transportation and environmental services, which has been growing steadily over the past few years.

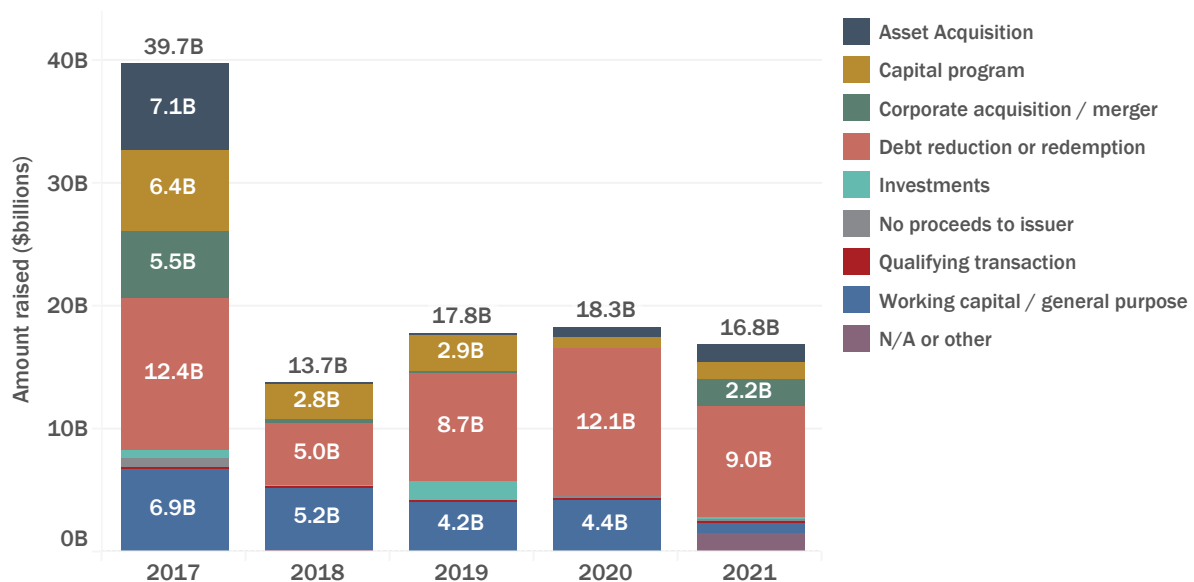
³¹ Industry categories are based on the industry that issuers specified in their SEDAR profile supplemented with other sources when appropriate. Note that the categorization used in this chart is different than the industry classification used in the prospectus-exempt markets section of this report, which is based on NAICS codes for recent years that are reported by issuers on the report of exempt distribution. The industry classification also differs from the form used in other sections of this report for public financings which utilized a combination of TMX and Bloomberg data.

³² The other category includes industries not otherwise specified in the chart.

Prospectus markets in Alberta

The following two charts focus only on prospectus offerings from issuers with an Alberta head office.

Chart 26: Prospectus offerings by Alberta head office issuers, by primary use of proceeds



In Chart 26, the primary use of proceeds is displayed for prospectus filings by Alberta head office issuers, which is sourced from public information filed by issuers. In 2021, debt reduction or redemption, was the use of proceeds most often stated by issuers, making up 54 per cent of the total. Corporate acquisition/merger was the reason second-most cited by issuers, accounting for 13 per cent of the total followed by N/A or other at 9.5 per cent.

A major focus of Alberta RIs since 2018 has been debt reduction or redemption. This had been increasing in dollar value and percentage terms since 2018, but decreased in 2021. Possible reasons for the increase in use of capital for debt reduction or redemption is that issuers may be experiencing higher debt levels and therefore higher debt service requirements and/or a lack of growth opportunities.

Follow-on offerings (not shown) have made up the majority of prospectus financings each year, decreasing to \$16.6 billion in 2021 (99 per cent of the total), down 5.4 per cent from \$17.6 billion in 2020. In 2021, IPOs (not shown) by Alberta issuers amounted to \$0.2 billion, or 1.0 per cent of total 2021 prospectus financings, which is a decrease from \$0.7 billion and 3.8 per cent in 2020. Secondary offerings in 2021 (where existing security holders sell their shares and no proceeds are received by the issuer) amounted to \$0.3 billion or 2.0 per cent of the total, about the same as in 2020.

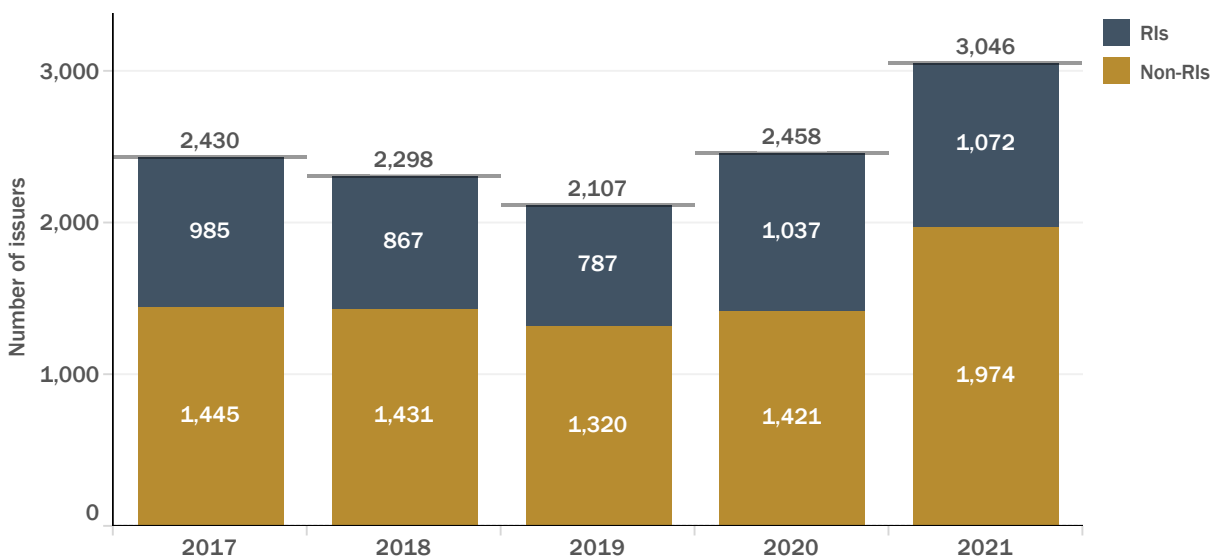
Prospectus-exempt markets

ISSUERS IN THE PROSPECTUS-EXEMPT MARKET

In Canada, the general requirement for any issuer raising capital by issuing securities is to do so via prospectus. There are a number of prospectus exemptions available in National Instrument 45-106 Prospectus Exemptions, some of which require the distributions to be reported to a securities regulator using a particular form – the report of exempt distribution.³³ The analysis in this section is based on the distributions reported to the ASC. However, this data is unfortunately incomplete as various financings (e.g. by issuers relying on the private issuer prospectus exemption) are not required to be reported.

Chart 27 shows the number of issuers that accessed capital in the prospectus-exempt market in Alberta during the calendar year, independent of the location of the issuers' head office. In 2021, using the information available, 3,046 issuers were active in Alberta, of which RIs made up 1,072 (35 per cent). One reason RIs may choose to raise capital in the prospectus-exempt market is that it can be a more cost-effective means of raising funds than in the public market where a prospectus is required.

Chart 27: Number of issuers active in the Alberta prospectus-exempt market during the calendar year



³³ See part 6 of NI 45-106 and Form 45-106F1 *Report of Exempt Distribution*.

Chart 28: Number of Alberta head office issuers active in the prospectus-exempt market during the calendar year

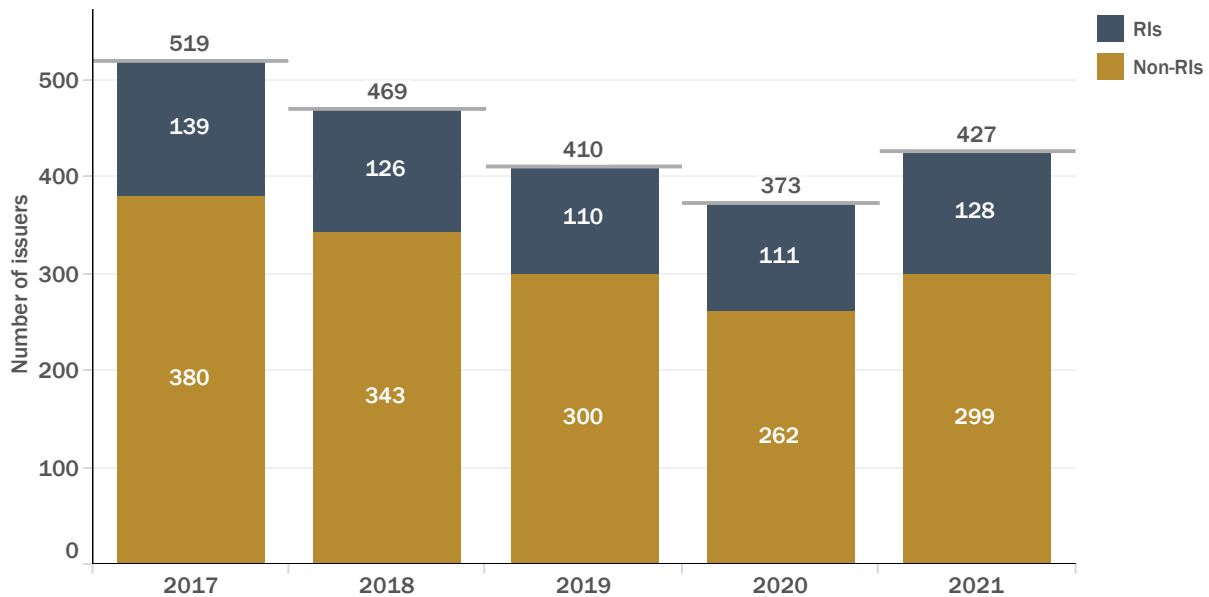


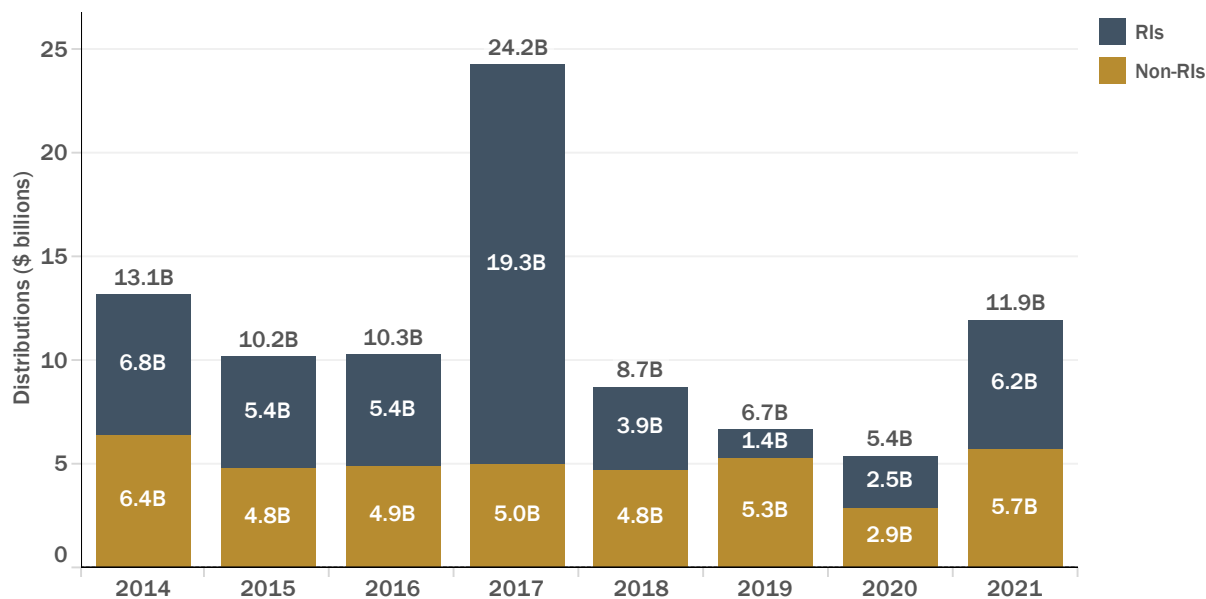
Chart 28 shows the number of issuers with an Alberta head office that accessed capital in the prospectus-exempt market during the calendar year. Of issuers that filed reports of exempt distribution that have been filed and processed for 2021, 128 (30 per cent) were RIs, out of a total of 427 issuers. In 2020, 111 filed reports of exempt distribution which also made up 30 per cent of the 373 Alberta-based issuers active in the prospectus-exempt market. Since at least 2017, there has consistently been more exempt-market financings by non-RIs than RIs.

The Alberta capital market is not a closed system. Alberta issuers can distribute securities anywhere in the world where local securities laws permit. Similarly, Alberta investors may purchase securities of any issuer, provided the issuer meets the requirements of Alberta securities law.

Prominent industries also vary by province and country, where capital raising can occur with or without a prospectus. For these reasons, when analyzing the prospectus-exempt market, it is necessary and more informative to analyze issuers and investors separately, which is the approach in the following two sections.

PROSPECTUS-EXEMPT FINANCINGS BY ALBERTA ISSUERS

Chart 29: Total raised in the exempt market by Alberta head office issuers, by reporting type



For prospectus exemptions that are reportable, Alberta securities law requires Alberta-based issuers to report exempt distributions to the ASC, regardless of the jurisdiction of the investor. This is because distributions to investors outside of Alberta are considered distributions “from” Alberta. Chart 29 shows the total capital raised by issuers with an Alberta head office over the last five years, segmented by whether the issuer was an RI or a non-RI. Typically, more than half of the capital raised in the prospectus-exempt market has been by RIs choosing to rely on a prospectus exemption.

In 2021, the total amount of funds distributed by Alberta-based issuers was \$11.9 billion, a 121 per cent increase from 2020, reversing a downward trend and marking the first year of an increase since 2017, and was the largest amount of distributions since 2014 when there were \$13.1 billion in distributions. Of note, six large distributions in 2021 made up 35 per cent of the total including two \$1 billion distributions from Arc Resources Ltd. and Inter Pipeline Ltd., two \$0.6 billion distributions from Parkland Corporation, and two \$0.5 billion distributions from Brookfield Property Finance ULC and AIMCo Realty Investors LP.

In 2021, the proportion of total capital raised in the exempt market by Alberta-based RIs was 52 per cent, up from 46 per cent in 2020. Many of these RIs have securities listed on an exchange, although not all the securities distributed are listed on an exchange. For example, debt securities (as discussed on page 36) are frequently not listed on an exchange.

Chart 30: Total raised in the prospectus-exempt market by Alberta head office issuers, by industry

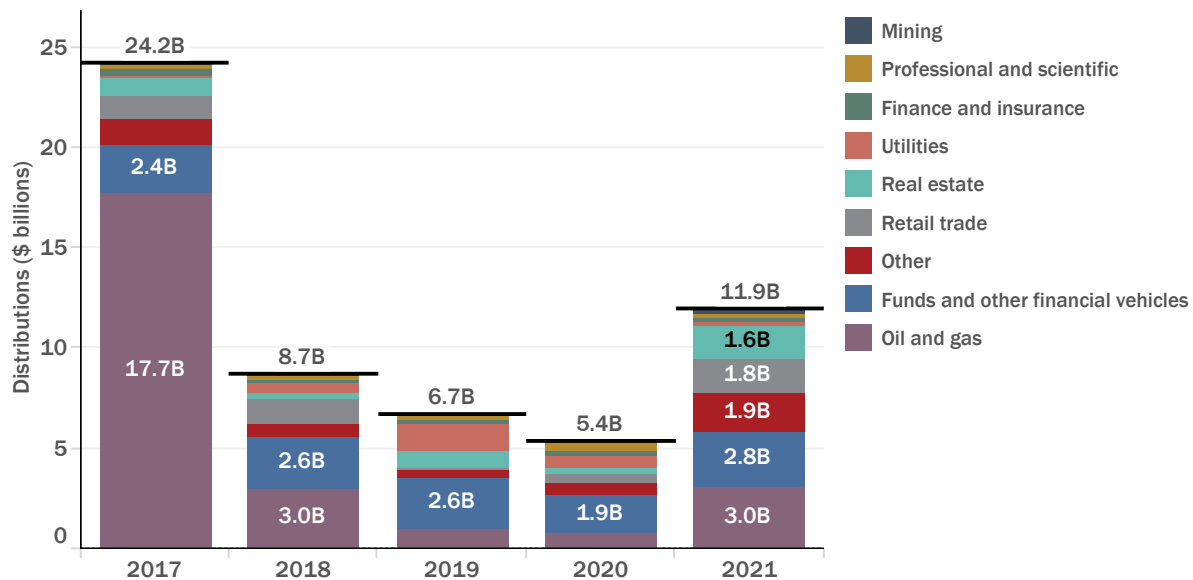
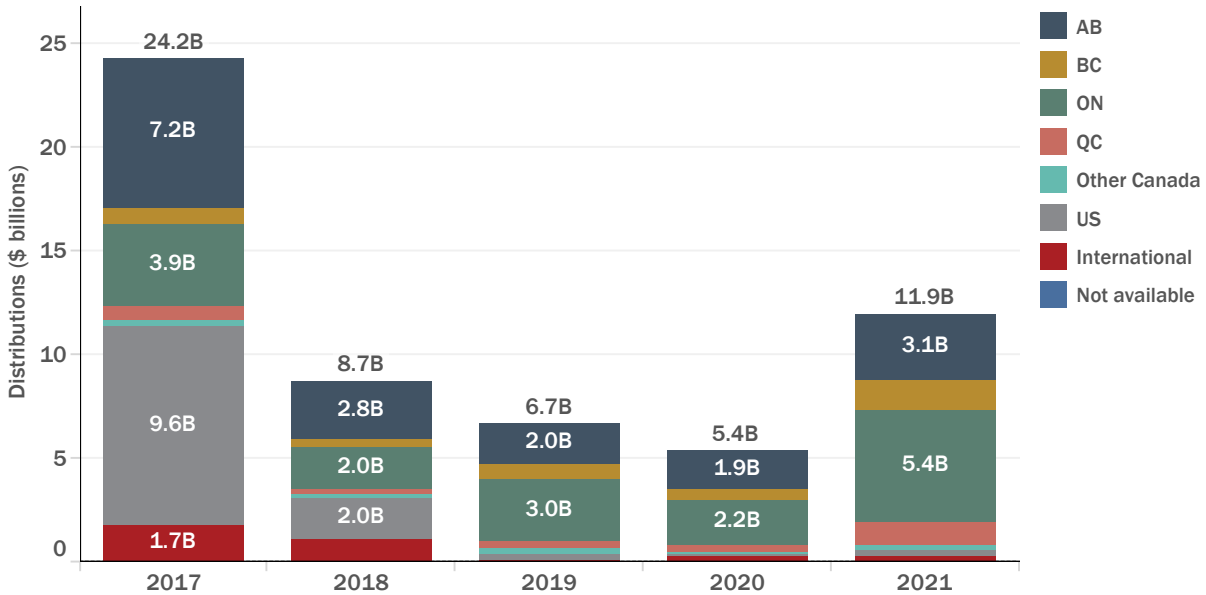


Chart 30 shows capital raised by Alberta issuers in the prospectus-exempt market segmented by industry.³⁴ In Alberta, traditionally the most prominent industry has been oil and gas, as is the case in 2021, with oil and gas distributions totaling 3.0 billion, making up 26 per cent of the total, the largest amount since 2018. This was a reversal of a short-term trend in 2019 and 2020 that saw funds and other financial vehicles in the top spot and oil and gas falling to second place. It is worth noting that in 2017, there were a few large exempt distributions made by oil and gas issuers that made 2017 an anomalously large year. For example, the five largest distributions in 2017 totaled \$12.7 billion compared to \$2.8 billion in 2016. Funds and other financial vehicles was the industry with the second largest amount of distributions in 2021 at 2.8B, which was the largest amount in the past five years.

“Other” industries (includes industry categories that are not otherwise shown and which, prior to the changes in industry reporting referred to above, issuers selected if none of the other categories applied) made up the third largest category and 16 per cent of the total. Retail trade and real estate industries increased significantly over the past year at 19 and 21 per cent, respectively, and made up the fourth and fifth largest industries.

³⁴ On June 30, 2016, issuers filing reports of exempt distribution were required to disclose which industry they operated in using North American Industry Classification System (NAICS) codes. Previously, issuers chose from broader industry categories in the report of exempt distribution. For comparative purposes, the results in Chart 25 are displayed using the NAICS codes and the legacy industry classification system has been mapped to the NAICS categories accordingly. Please note that the two systems are not directly comparable and certain assumptions have been made for analytical purposes.

Chart 31: Total raised in the exempt market by Alberta head office issuers, by investor location



As shown in Chart 31, on average, Alberta-based issuers have raised in aggregate approximately one-third of their capital in the prospectus-exempt market from Albertans over the past five years. As has been the case for the past three years, in 2021, Ontario investors made up the largest proportion of purchasers at 45 per cent (\$5.4 billion), a 150 per cent increase over the year before. Alberta investors made up the second largest group having purchased \$3.1 billion of distributions in 2021, up 64 per cent from 2020. The amount of Alberta-issuer distributions purchased by U.S. investors has been decreasing since 2017, but reversed in 2021, with U.S. investors purchasing \$0.3 billion, up from \$0.1 billion in 2020.

Chart 32: Total raised in the prospectus-exempt market by Alberta head office issuers, by security type

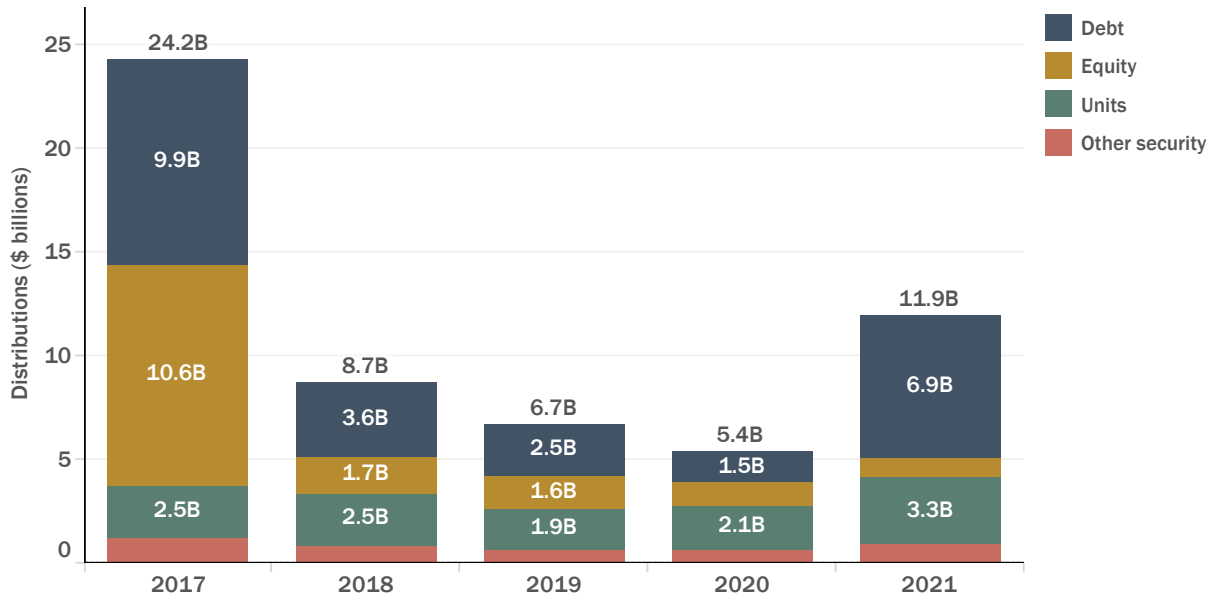


Chart 32 shows a broad breakdown by type of security distributed by Alberta-based issuers. In 2021, the most prevalent type of security issued was debt at \$6.9 billion, making up 58 per cent of the total, a \$5.4 billion (367 per cent) increase over the previous year. Units were the second most common type of security issued in 2021 at \$3.3 billion, up 54 per cent from 2020. Other securities and equity made up 7.4 and 7.2 per cent of the total, respectively.

Chart 33: Total raised in the prospectus-exempt market by Alberta head office issuers, by exemption

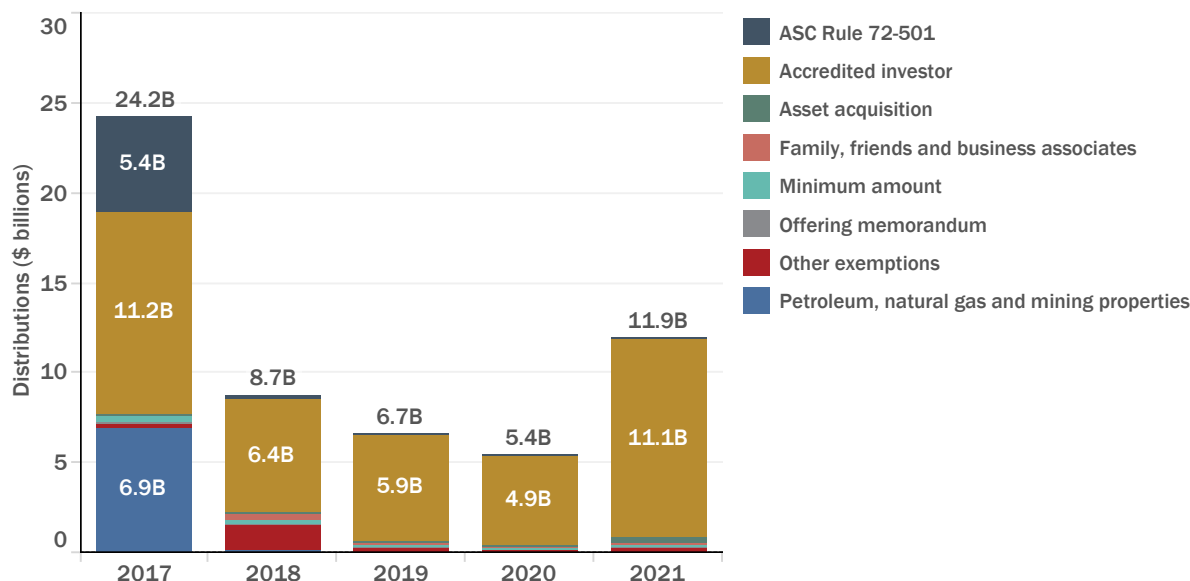


Chart 33 shows the capital raised by issuers with an Alberta head office in the prospectus exempt market, segmented by exemption.³⁵ The greatest amount of capital was raised under the accredited investor (AI) exemption at approximately \$11.1 billion in 2021 (93 per cent of the total), a 95 per cent increase from 2020. Asset acquisitions accounted for the second largest dollar amount of prospectus exemption used (besides “Other exemptions”), followed by the minimum amount exemption (which allows for investments by non-individuals where the investment is not less than \$150K). Amounts distributed by issuers relying on ASC Rule 72-501, which provides exemptions to facilitate distributions to investors outside of Canada, was \$0.03 billion,³⁶ a slight increase from 2020. For the offering memorandum (OM) exemption, \$0.05 billion was distributed in 2021, approximately equal to 2020.

Each of the exemptions shown in Chart 33 are available when specific conditions are met by the issuer. These conditions may be found in the relevant sections of National Instrument 45-106 *Prospectus Exemptions* and ASC Rule 72-501 *Distributions to Purchasers Outside Alberta*. However, exemptions shown in Chart 33 also depend on the circumstances of the purchaser, summarized in Table B (on the next page) as context to the data in this report.

³⁵ Specific examples shown in Chart 31 are Section 2.12 Asset Acquisition, Section 2.13 Petroleum, Natural Gas and Mining Properties, Section 2.3 Accredited Investor, Section 2.5 Family, Friends and Business Associates, Section 2.9 Offering Memorandum and Section 2.10 Minimum Amount Investment, as well as other exemptions available in National Instrument 45-106 *Prospectus Exemptions* and reported to the ASC under Part 6. ASC Rule 72-501 *Distributions to Purchasers Outside Alberta* is also included in Chart 30.

³⁶ In August 2018, the ASC amended ASC Rule 72-501. The new rule expanded upon the exemptions available when an Alberta issuer seeks to distribute securities to investors outside of Canada. It also provides a prospectus exemption for distributions made under the OM exemption within Canada and an exemption for the resale of securities outside of Canada. See ASC Rule 72-501 *Distributions to Purchasers Outside Alberta*.

Table B: Data sources for combined dataset

Exemption	Summary of certain provisions applicable to individuals
Accredited investor	Specified institutions as well as individuals who are accredited based on meeting specified income, net financial asset or net asset thresholds.
Family, friends and business associates	Investors who are a director, executive officer or control person of the issuer, or of an affiliate of the issuer, and specified family members, close personal friends or close business associates of such persons.
Offering memorandum	Investors who have received a valid Form 45-106F2 Offering Memorandum of the issuer and in the case of individuals are either purchasing not more than \$10,000 of securities under the offering memorandum exemption within a 12-month period or are an eligible investor based on meeting specified income or net asset thresholds. Eligible investors are limited to \$30,000 invested in a 12-month period, or \$100,000 if the investor receives advice ³⁷ that the investment is suitable.
Minimum amount	Non-individual investors purchasing a minimum of \$150,000 of securities in a single transaction from a single issuer.
ASC Rule 72-501	The securities distributed cannot be beneficially owned by an Alberta resident.

³⁷ From a portfolio manager, investment dealer or exempt market dealer registered under National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

Chart 34 : Total number of reports of exempt distribution filed by Alberta head office issuers, by industry

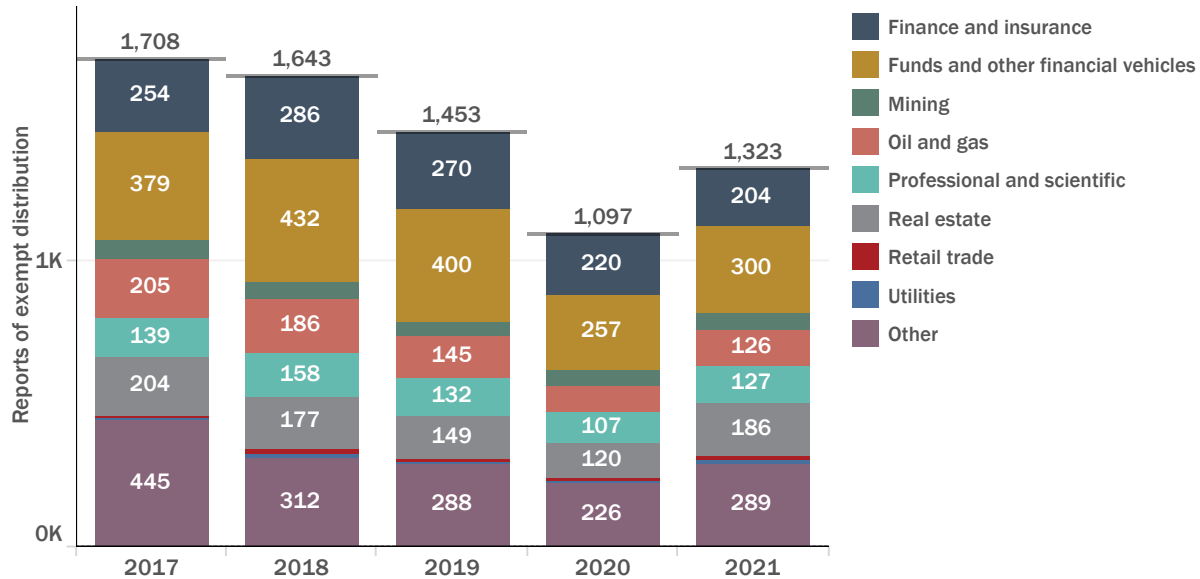


Chart 34 displays the number of reports of exempt distribution filed by Alberta head office issuers, segmented by industry. Overall, there were 1,323 reports of exempt distribution filed in 2021, an increase of 21 per cent from the 1,097 recorded in 2020. The increased number of reports is the first increase since 2015 (not shown in the chart). This indicates an increase in the number of financings.

The greatest number of reports of exempt distribution in 2021 were filed by funds and other financial vehicles at 300, an increase of 17 per cent from the 2020 figure of 257. The industry category that filed the next greatest number of reports (besides other) was finance and insurance at 204, a decrease of seven per cent from the 220 reports filed in 2020. Oil and gas issuers in Alberta filed 126 reports of exempt distribution in 2021, an increase of 10 per cent from the 92 filed in 2020.

INVESTMENTS IN THE PROSPECTUS-EXEMPT MARKET BY ALBERTANS

This section analyzes the capital invested by Albertans versus capital raised by Alberta issuers, which reveals some significant differences. As shown in Chart 36, the greatest proportion of investments by Albertans in the prospectus-exempt market from 2017-2021 was in investment funds.

Chart 35 shows a breakdown by Albertans' investments in RIs versus non-RIs in the prospectus-exempt market. In 2021, there was \$29 billion in distributions purchased by Albertans, which is the largest amount since at least 2009 and an increase of \$10.5 billion, or 56 per cent, from 2020. Notably, two large distributions by foreign investment funds totalled \$7.6 billion making up 26 per cent of the total in 2021. The primary reason for the greater concentration of non-RIs in Chart 35 is that the majority of investments in the prospectus-exempt market by Albertans were in investments which tend to be non-RIs.

Chart 35 : Total invested in the prospectus-exempt market by Albertans, by issuer reporting type

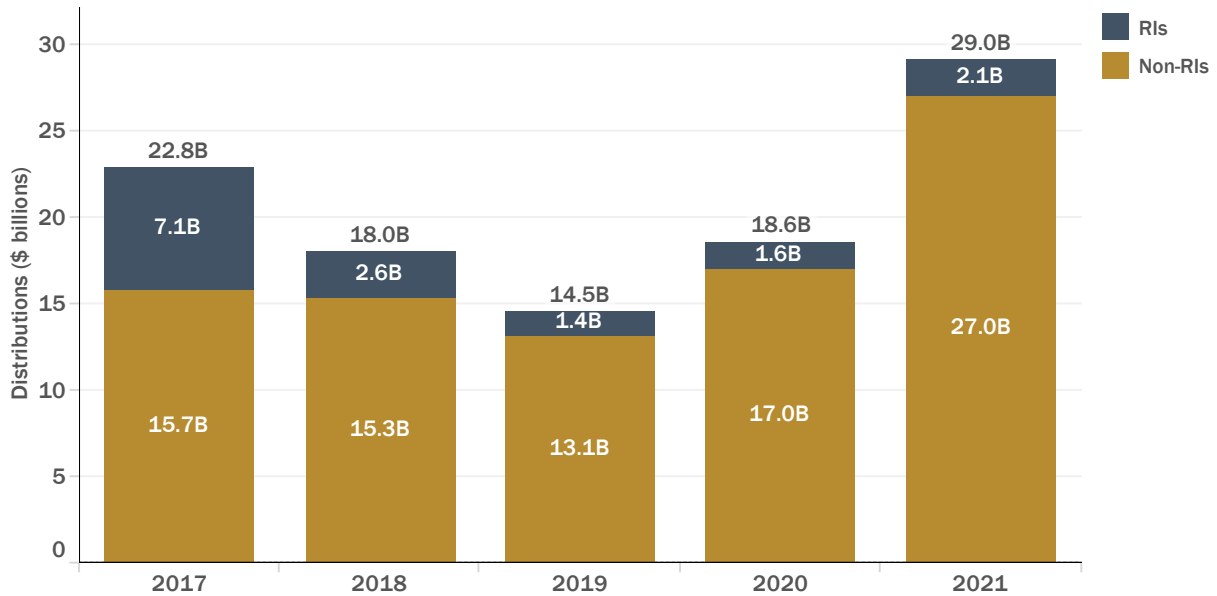
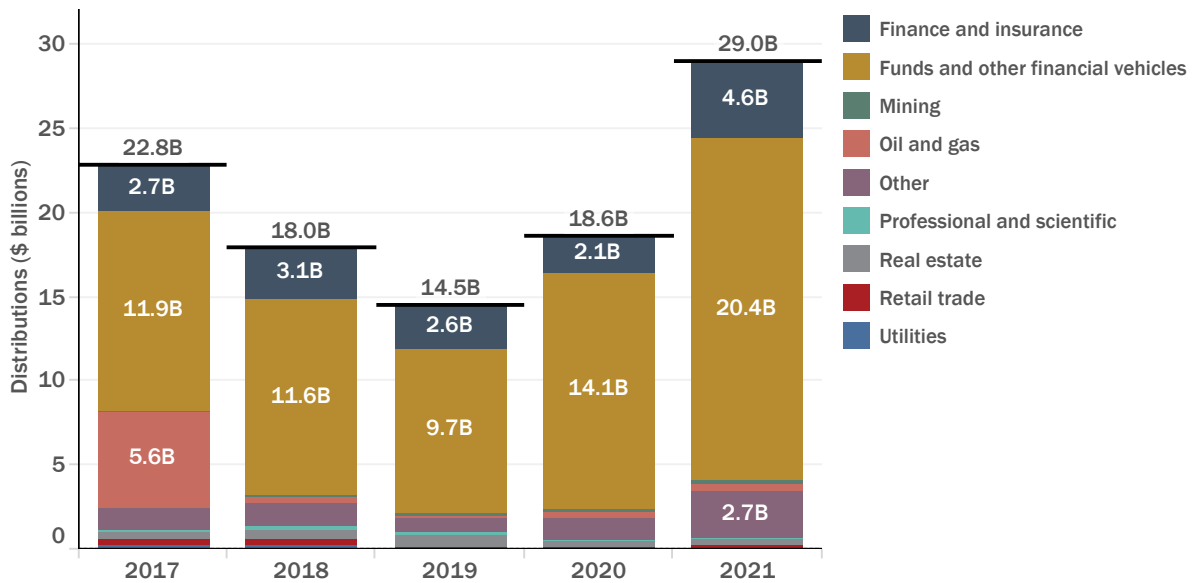


Chart 36: Total invested in the prospectus-exempt market by Albertans, by industry



As shown in Chart 36, the greatest proportion of new capital from Alberta-based investors in 2017-2021 was invested in the funds and other financial vehicles industry, which totalled \$20.4 billion (70 per cent of total distributions) in 2021, up 44 per cent from 2020. The second largest industry invested in by Albertans in 2019 was finance and insurance which totalled \$4.6 billion, up 116 per cent from 2020. In 2021, investments in oil and gas issuers increased by 53 per cent to \$0.4 billion from \$0.3 billion in 2020. As noted above (see page 40), there were two large distributions by international funds totalling \$7.6 billion, which made up nearly half of the funds and other financial vehicles distribution amounts.³⁸

³⁸ JPMorgan Liquidity Funds – USD Treasury CNAV Fund and Goldman Sachs US\$ Treasury Liquid Reserves Fund.

Chart 37 : Total invested in the prospectus-exempt market by Albertans, by issuer location

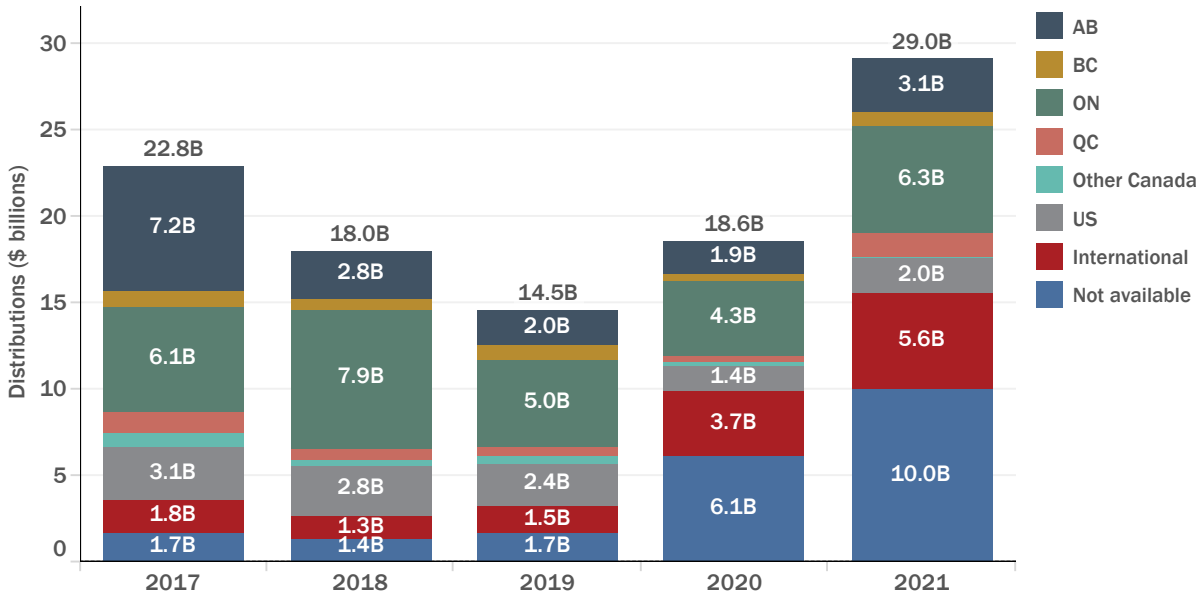


Chart 37 shows the major jurisdictions in which Albertans invested in the prospectus-exempt market over the last five years.³⁹ In 2021, the largest amount of capital (excluding issuers where the data for head office location was not available), \$6.3 billion, was invested in issuers located in Ontario, which was approximately 22 per cent of the \$29.0 billion total raised. Alberta investors purchased \$5.6 billion in distributions from international issuers in 2021, 19 per cent of the total and the largest amount in at least five years. In 2021, Albertans invested \$3.1 billion (11 per cent) in Alberta-based issuers, a 64 per cent increase from 2020. The amount of distributions Albertans invested in from U.S. issuers totalled \$2.0 billion in 2021, up from \$1.4 billion in 2020.

³⁹ For the category, “not available”, issuer location information was not available for this report due to a variety of reasons including data processing inconsistencies, incomplete data and inaccurate forms from issuers, among other reasons.

Chart 38: Total invested in the prospectus-exempt market by Albertans, by security type

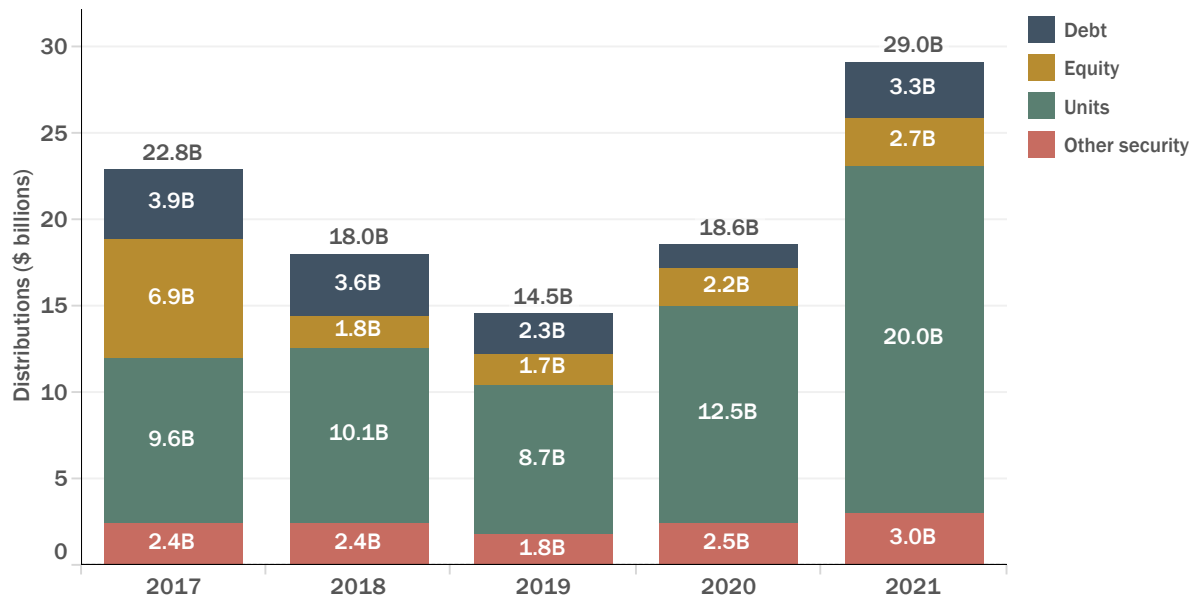


Chart 38 segments total funds invested by Albertans by the type of security purchased. Based on the significant investment in investment funds, it is not surprising that the most purchased type of security was units in 2021, for a total of \$20.0 billion (69 per cent). Non-investment fund issuers typically raise capital through equity or debt securities. In 2021, \$3.3 billion of debt securities were purchased by Albertans in the prospectus-exempt market, 332 per cent more than the \$1.4 billion raised in 2020. In 2021, \$2.7 billion of equity securities were purchased by Albertans in the prospectus-exempt market, up 24 per cent from the \$2.2 billion invested in 2020.

Chart 39: Total invested in the prospectus-exempt market by Albertans, by exemption relied on by issuer

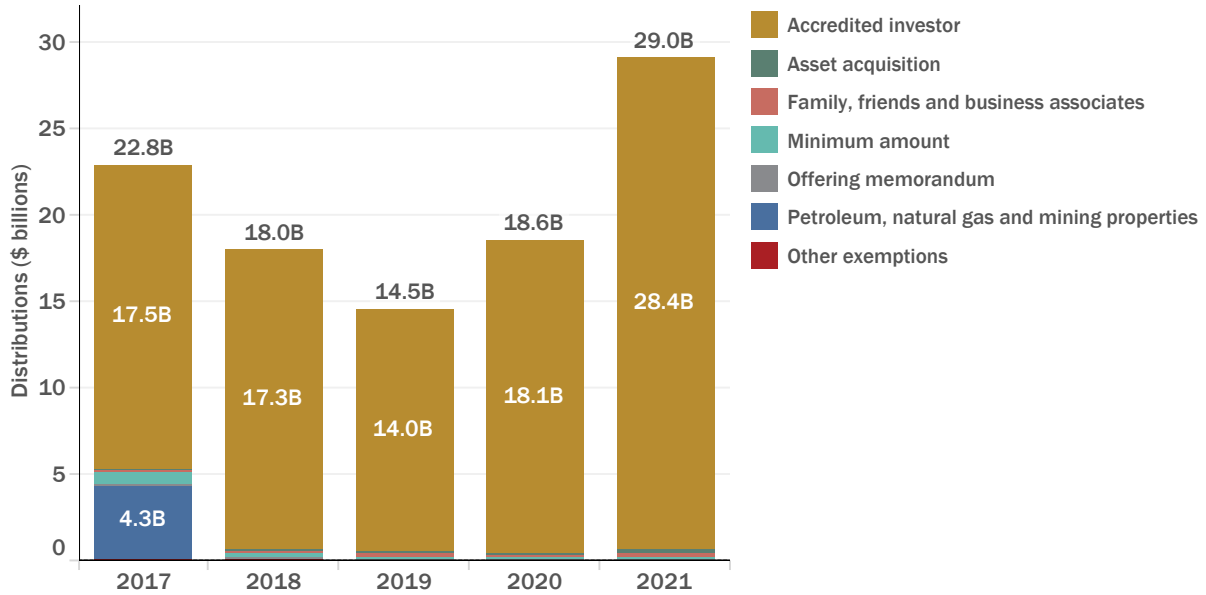
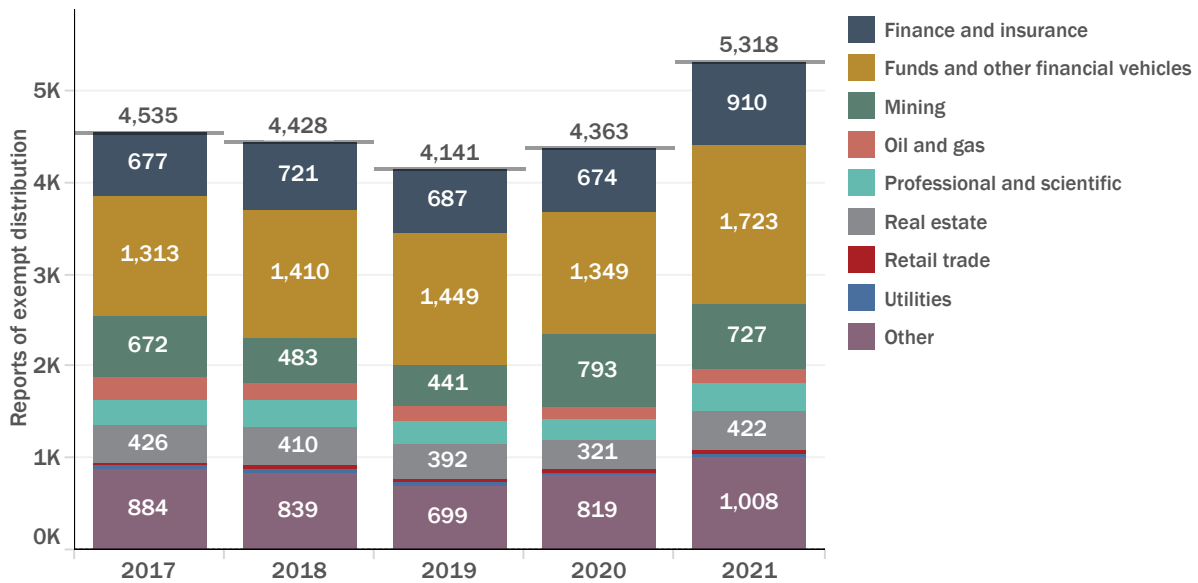


Chart 39 illustrates the dominant reliance on the accredited investor (AI) exemption by issuers to distribute prospectus-exempt securities to Albertans.⁴⁰ In 2021, \$28.4 billion (98 per cent) of the total \$29.0 billion was invested by Albertans who qualified as accredited investors. The remainder of the exemptions combined amounted to only 2.4 per cent of the total.

⁴⁰ Although the conditions of some of the exemptions shown here (accredited investor, family, friends and business associates, minimum amount invested, offering memorandum and ASC Rule 72-501) are based on the investor, it is still the issuer that relies on the prospectus exemption to distribute the securities. See Table B on page 38 for a summary.

Chart 40 Total number of reports of exempt distribution for Alberta investors, by industry

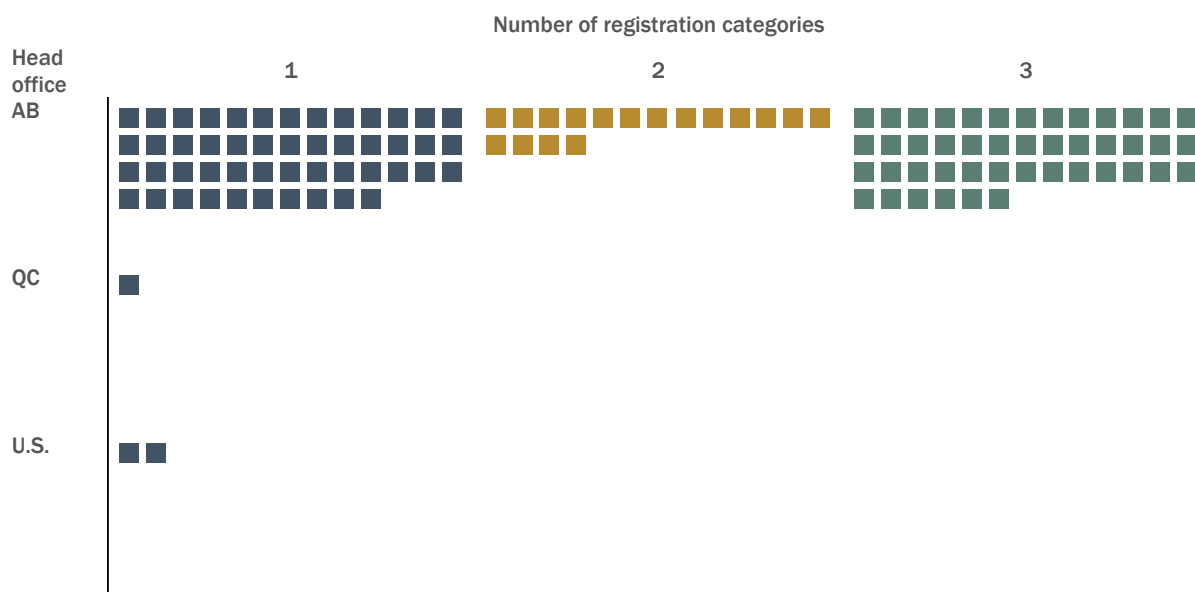


In Chart 40, the number of reports of exempt distribution for Alberta investors is shown by industry. In 2021, 5,318 reports of exempt distribution were filed, an increase of 22 per cent compared to the 2020 figure of 4,363. In 2021, the industry category that filed the most reports of exempt distribution was funds and other financial vehicles at 1,723 (32 per cent of the total), followed by the other category (19 per cent of the total), and then the finance and insurance industry (17 per cent of the total). Mining was the industry with the next highest number of reports at 14 per cent of the total, followed by real estate which made up 7.9 per cent of the total.

Registration

Market participants must register if they are in the business of trading or advising in securities or managing investment funds, unless the firm is able to rely on an available exemption.⁴¹ There are several categories of firm registration. These include dealer categories, adviser categories and the investment fund manager category. This section provides an overview of the registered firms that are principally regulated by the ASC and the categories in which they are registered.

Chart 41: Distribution of Alberta PR firms by number of registration categories



As of December 31, 2021, there were 109 firms principally regulated in Alberta, versus 120 firms a year earlier. Chart 41 shows how many firms were registered in one, two or three categories as of June 1, 2022. Of all Alberta PR registered firms, 50 firms (45 per cent) were registered in a single category (52 firms in 2020), 17 firms (15 per cent) were registered in two categories (16 firms in 2020) and 45 firms (40 per cent) were registered in three categories (47 firms in 2020). The firms registered in two categories were typically registered in the investment fund manager and either the portfolio manager or restricted portfolio manager category. The firms registered in three categories were typically registered in the exempt market dealer, investment fund manager, and either the portfolio manager or restricted portfolio manager category.

⁴¹ See National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

Chart 42: Number of Alberta PR firms in each registration category

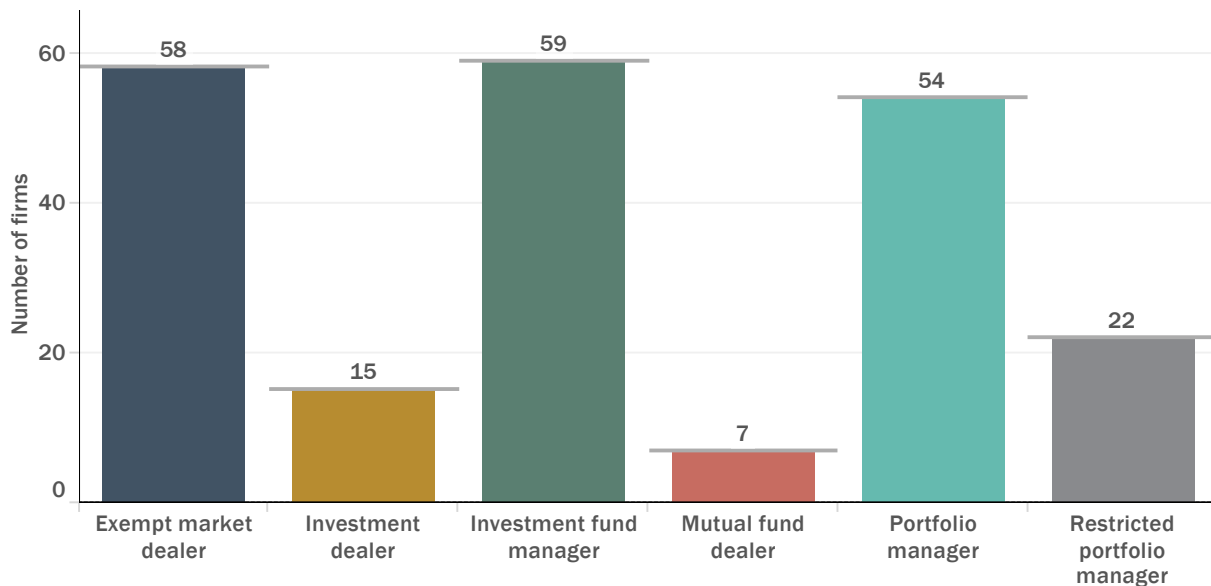


Chart 42 shows the total number of registrations in each category.⁴² Since firms may register in multiple categories, the sum of all registrations is not the same as the total number of firms principally regulated by the ASC. As of the date of this report, the most common category of registration among Alberta PR firms was investment fund manager, with 59 firms registered (compared to 64 in 2020), followed by exempt market dealer, with 58 firms registered (59 in 2020). The next most common was portfolio manager with 54 firms (54 in 2020) and restricted portfolio manager with 22 firms (24 in 2019). There were also 14 firms registered in the investment dealer category (16 in 2020) and seven firms registered in the mutual fund dealer category (seven in 2020).

⁴² Categories with zero Alberta PR firms have not been shown.

Energy markets

Chart 43: Energy transacted on NGX

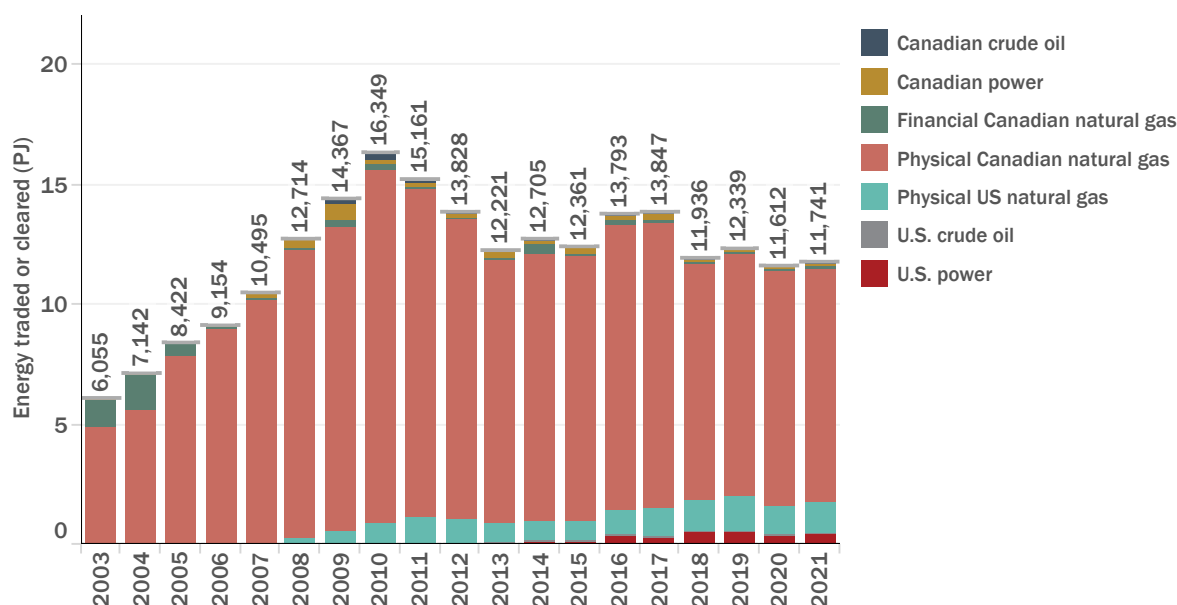


Chart 43 shows the total energy contracts traded or cleared on ICE NGX each year since 2003.⁴³ Total volume transacted in 2021 increased 1.1 per cent to 11,741 PJ versus 2020 when 11,612 PJ was transacted across all natural gas, crude oil and power contracts. Combined, natural gas activity amounted to 95 per cent of the energy transactions on ICE NGX in 2021, consistent with the 2020 amount. Physical Canadian natural gas (contracts with physical settlement) accounted for 82 per cent of total transactions in 2021, which totaled 9,668 PJ, down 1.0 per cent from 9,768 PJ in 2020. The second-largest volume of transactions was in physical U.S. natural gas, which totaled 1,326 PJ in 2021 (11 per cent of the total), 13 per cent more than 2020 volumes of 1,171 PJ (10 per cent). Financial Canadian natural gas (i.e. contracts with financial settlement and no physical delivery) increased 24 per cent to 116 PJ (1.0 per cent) in 2021 from 93 PJ (0.8 per cent) in 2020. Canadian power contracts increased by 7.0 per cent in 2021 to 158 PJ (1.3 per cent) of total volumes, down from 148 PJ (1.3 per cent) in 2020, while U.S. power totaled 473 PJ (4.0 per cent), up 9.3 per cent from 2020.

⁴³ There are other regulated entities and trading venues in Alberta where commodities can be traded. This report only uses NGX data as an indicator of trading natural gas and power contracts.

Appendix: Methodology

LISTED ISSUER MARKETS

For the analysis of listed RIs, data has been combined from ASC records, the TMX, SEDAR and Bloomberg. This allowed the report to include all listed RIs in Alberta. This section summarizes how this combined data was created and highlights some differences between key fields.

ASC records

The ASC maintains a record of all issuers reporting in Alberta, based on reporting by issuers on SEDAR, which includes issuers listed on the TSX, TSXV and other exchanges. This record includes the following fields of interest, among others:

- industry;
- location of issuers' head office;
- issuers' principal regulator; and
- the exchanges on which the issuer is listed.

TMX data

The TMX has data for issuers listed on the TSX and TSXV exchanges as of December 31 each year. The dataset includes the following fields of interest, among others:

- market capitalization at December 31;
- industry, as defined by the TMX;
- location of the issuers' head office; and
- whether the issuer graduated from the TSXV, in the case of TSX-listed issuers.

Combined data

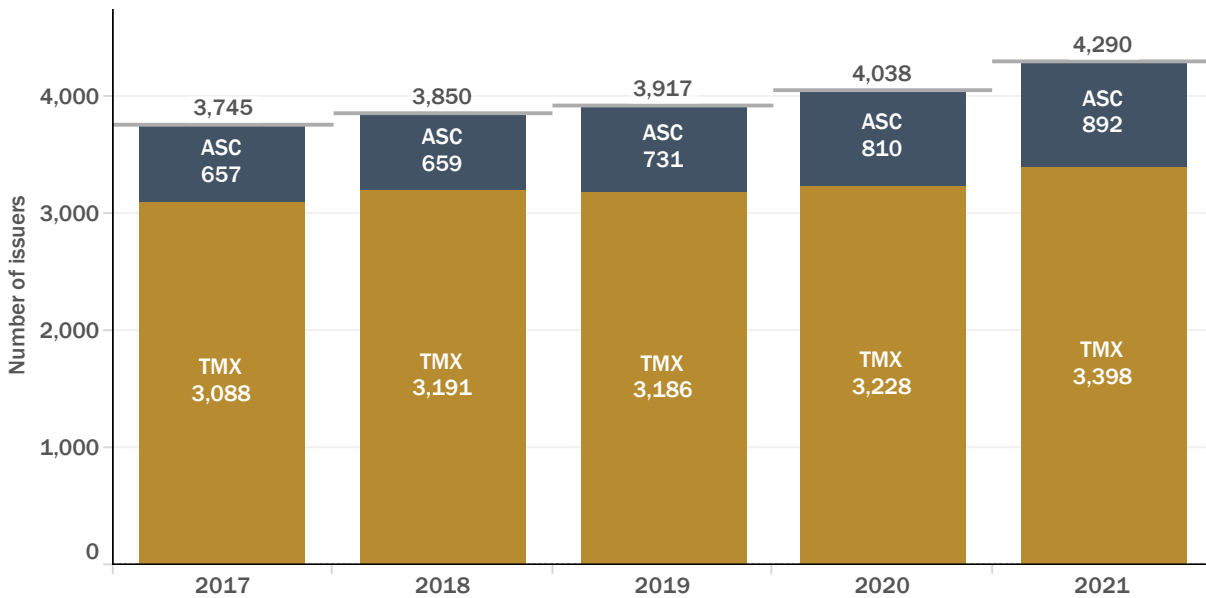
Table C shows the primary source for data used in the analysis of listed reporting issuers in this report.

Table C: Data sources for combined dataset

Data field	Source
Market capitalization	TMX when available, otherwise Bloomberg, with foreign currencies converted into Canadian dollars as at December 31 based on the spot foreign exchange rate at the time. Also, the market capitalization from Bloomberg was used when it was more than two times the market capitalization from TMX.
Industry	TMX when available, otherwise SEDAR. TMX oil and gas, and diversified industries were segmented for this report based on the SEDAR industry selections.
Principal regulator	ASC records.
Issuer head office	SEDAR, otherwise TMX.
TSXV graduate	TMX.

As shown in Chart 44 and Chart 45, the combined data provides a more comprehensive picture of the total number of RIs and the market capitalization of those issuers.

Chart 44: Number of issuers by data source



As shown in Chart 44, the number of issuers included in the data is about 24 per cent greater on average with the addition of RIs listed on other exchanges. “TMX” indicates the number of issuers for which the data was sourced from the TMX, and “ASC” indicates the number of issuers for which the data was sourced from ASC records for the purposes of this report.

Chart 45: Market capitalization of issuers by data source

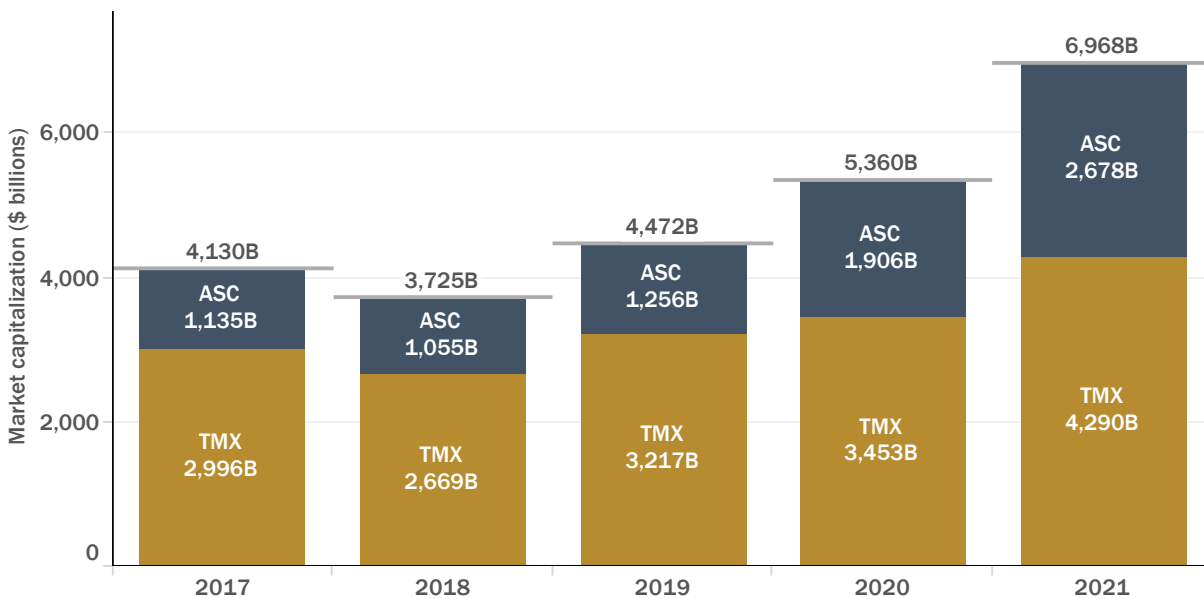
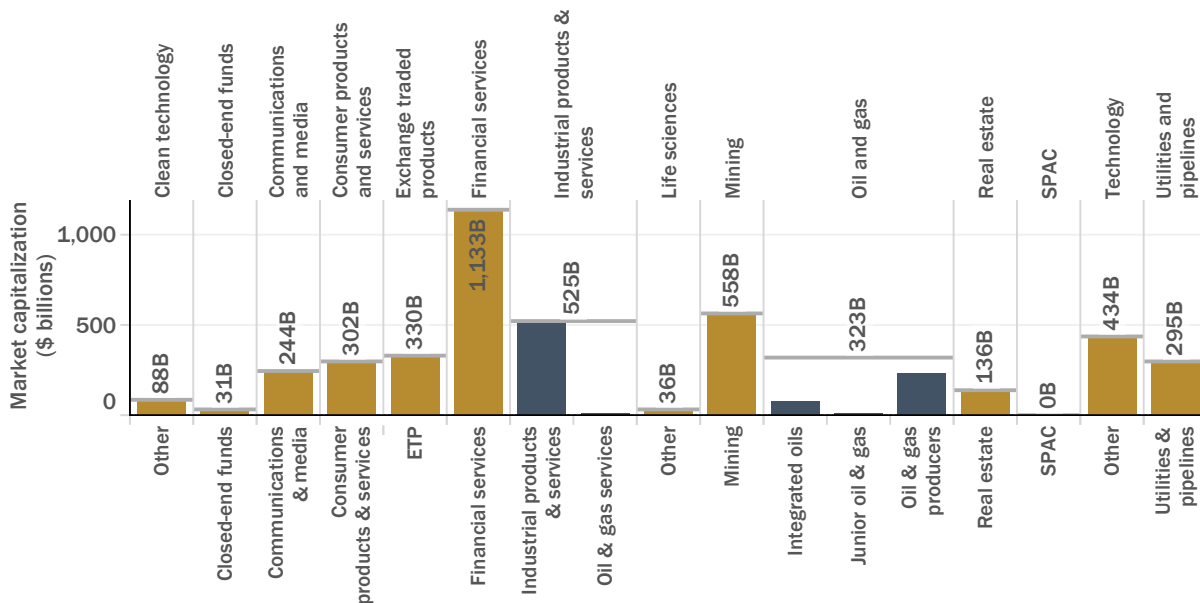


Chart 45 shows that the total market capitalization of all issuers included in the data is about 47 per cent greater on average with the addition of RIs listed on other exchanges.

Chart 46: Total market capitalization by TMX industry (top) vs. Sedar (bottom) for 2021

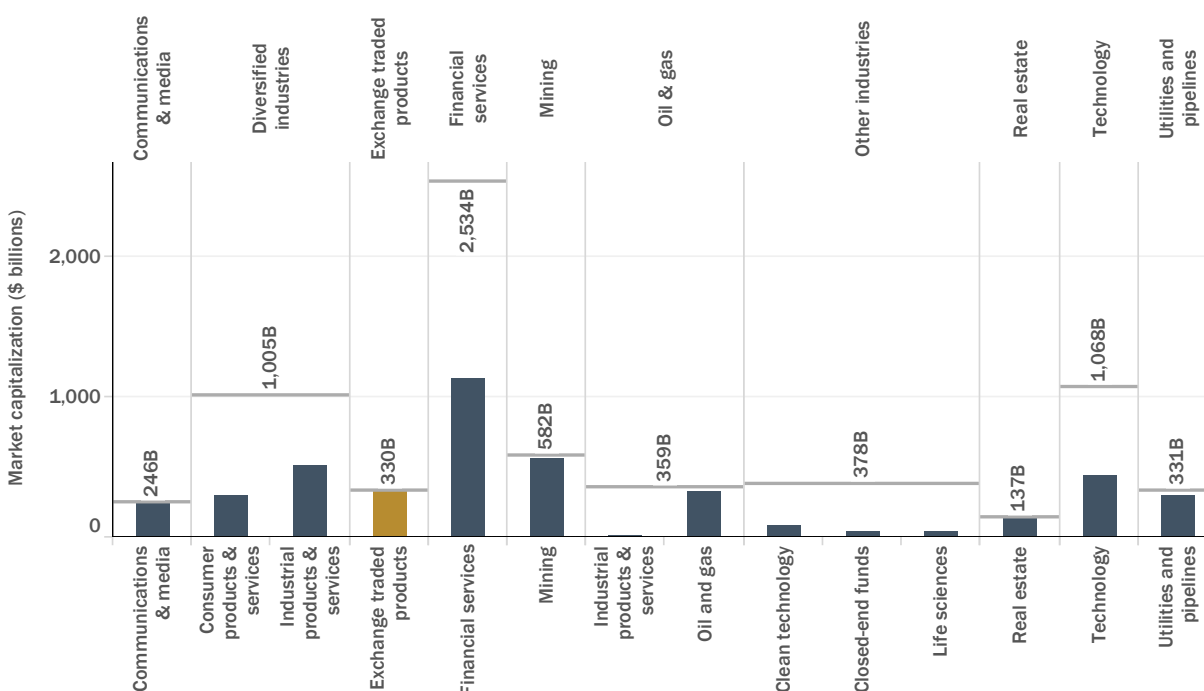


The industry classifications used by the TMX and SEDAR are different, with greater segmentation in the SEDAR sub-categories. For those issuers listed on the TSX or TSXV exchanges, the TMX classification was chosen, with two notable exceptions for the purposes of analysis of the oil and gas industry. All oil and gas issuers are grouped

by the TMX in one category, while SEDAR has four sub-sectors: integrated oils, junior oil and gas, oil and gas producers and oil and gas services. Where oil and gas issuers in the TMX data could be mapped to SEDAR, the SEDAR industry classification was used for the purposes of greater segmentation. The TMX also includes oil and gas services in diversified industries and industrial products & services. For the purposes of this report, these issuers were reclassified where possible to oil and gas services. In aggregation, oil and gas services were included in the oil and gas category for purposes of this report, not in diversified industries.

Chart 46 shows the effect of this reclassification for issuers in the TMX dataset, on the basis of market capitalization for 2020, with the differences between the TMX and SEDAR classifications distinguished by colour. The TMX industries are listed on the top axis and SEDAR industries are listed on the bottom. Note that certain TMX industry categories were classified into other for purposes of this report.

Chart 47: Total market capitalization by Sedar industry (top) vs. TMX (bottom) for 2021



Note: blanks show additional reporting issuers not classified by the ASC into TMX classifications.

For RIs listed on other exchanges, the SEDAR industry classification was used, with the placement of issuers into the existing TMX classification where the categories seemed to be consistent. All additional categories were moved to other.

Chart 47 shows the main differences of this placement, on the basis of market capitalization, for all RIs in 2021. The SEDAR classification is shown on top (with sub-categories aggregated) and the TMX category on the bottom. Note that there are several blanks on the bottom axis. These blanks represent issuers listed on other exchanges where the SEDAR-reported industry could not be mapped to an equivalent TMX industry.

PROSPECTUS FINANCINGS

Chart 48: TMX financing data reconciliation to ASC filings

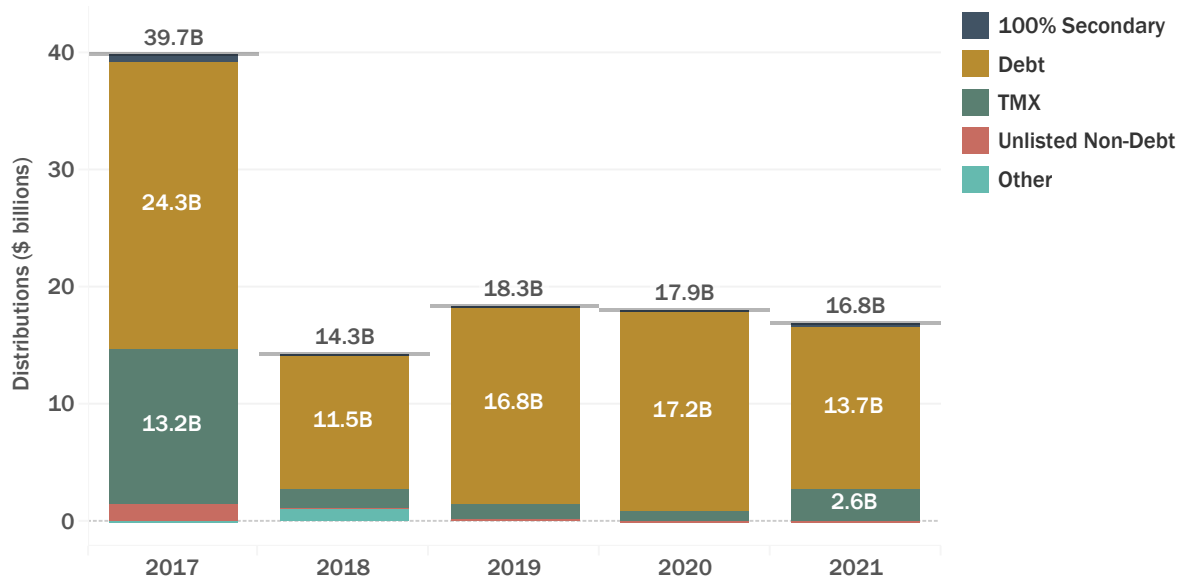


Chart 48 displays the differences between the Alberta issuer financing data sourced from the TMX Group and the data sourced from ASC filings for prospectus distributions. The total for each year corresponds to the total of prospectus distributions reported to the ASC. Note that this comparison does not include information for exempt distributions.

As shown in the chart, the primary difference between the two sources is debt financings (not including convertible debentures), which the TMX data does not include. Debt financings makes up predominantly the entire difference in 2021 (97 per cent), similar to previous years. Additional differences that occur in other years are that the ASC data includes prospectus offerings for non-listed securities (e.g. Trans Canada Trust), secondary offerings (i.e. when existing shareholders sell their shares via prospectus), and when applicable, non-TMX offerings from other exchanges such as the Canadian Securities Exchange (CSE). Other minor variances include differences in the exchange rates used to calculate amounts raised for non-Canadian offerings and whether over-allotment options were captured in the data or not.

CONTACTS

Steven Weimer
Manager, Compliance, Data & Risk

(403) 355-9035
steven.weimer@asc.ca

Steven Clow
Data & Risk Analyst

(403) 592-3057
steven.clow@asc.ca

Ellen Liu
Regulatory Filings Analyst

(403) 297-2073
ellen.liu@asc.ca

www.asc.ca



[ASC.CA](http://asc.ca)

SUITE 600, 250-5TH ST. SW, CALGARY, ALBERTA, T2P 0R4