



Canadian Securities
Administrators

Autorités canadiennes
en valeurs mobilières

CSA Notice and Request for Comment
Proposed Amendments to National Instrument 51-102 *Continuous Disclosure Obligations* and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers

- and -

Seeking Feedback on a Proposed Framework for Semi-Annual Reporting – Venture Issuers on a Voluntary Basis

May 20, 2021

PART 1 - Introduction

The Canadian Securities Administrators (CSA or we) are publishing for a 120-day comment period

- proposed amendments to National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102), including the proposed repeal of Form 51-102F1 *Management's Discussion and Analysis* (the **Current MD&A Form**) and Form 51-102F2 *Annual Information Form* (the **Current AIF Form**) and the proposed introduction of Form 51-102F1 *Annual Disclosure Statement* and Form 51-102F2 *Interim Disclosure Statement*,
- proposed changes to Companion Policy 51-102CP *Continuous Disclosure Obligations* (51-102CP),
- proposed amendments to existing rules as set out in Annex E,
- proposed changes to existing policies as set out in Annex F, and
- proposed amendments and changes to local securities laws and policies as set out in Annex H

(collectively, the **Proposed Amendments**).

We are issuing this Notice to solicit your comments on the Proposed Amendments and a proposed framework to allow semi-annual reporting on a limited basis as set out in Annex G.

The public comment period expires on **September 17, 2021**.

The text of the Proposed Amendments is contained in Annexes A through F of this Notice and will also be available on websites of CSA jurisdictions, including:

www.lautorite.qc.ca
www.albertasecurities.com
www.bcsc.bc.ca
www.gov.ns.ca/nssc
www.fcnb.ca
www.osc.gov.on.ca
www.fcaa.gov.sk.ca
www.msc.gov.mb.ca

PART 2 – Substance and Purpose of the Proposed Amendments

Securities regulators have a role to play in promoting disclosures that yield decision-useful information for investors. However, we also must be mindful of challenges reporting issuers face in preparing their disclosure. Regulatory requirements and the associated compliance costs should be balanced against the significance of the regulatory objectives sought to be realized and the value provided by such regulatory requirements to investors and other stakeholders.

The proposed amendments to NI 51-102 change the annual and interim filing requirements of reporting issuers (other than investment funds)¹. Specifically, they streamline and clarify certain disclosure requirements for the management's discussion and analysis (**MD&A**) and the annual information form (**AIF**). In addition, they combine the financial statements, MD&A and, where applicable, AIF into one reporting document called the annual disclosure statement for annual reporting purposes, and the interim disclosure statement for interim reporting purposes.

The proposed amendments to NI 51-102 will also result in certain consequential amendments and changes to other rules and policies applicable to reporting issuers. In many cases, the amendments and changes involve adding references to the annual disclosure statement and interim disclosure statement and updating existing references to NI 51-102 to reference the amended NI 51-102 requirements.

In certain instruments, amendments are proposed to align certain prospectus form requirements with the continuous disclosure form requirements. In addition, some housekeeping revisions are proposed to clarify existing requirements or guidance, delete provisions that are no longer applicable or redundant, correct outdated references and reflect the name change of Aequis NEO Exchange Inc. to "Neo Exchange Inc.". In these limited cases, the revisions are not consequential to the proposed amendments to NI 51-102. For a list of the existing rules that are proposed to be amended, as well as the amending instruments, please see Annex E. For a list of the existing policies that are proposed to be changed, as well as the change documents, please see Annex F.

We expect the Proposed Amendments will reduce regulatory burden by fostering streamlined reporting and increasing reporting efficiency for reporting issuers. We also believe the Proposed

¹ All references to reporting issuers in this notice refer to non-investment fund reporting issuers.

Amendments will increase the quality and usability of the disclosure to be provided to investors. Accordingly, we believe the Proposed Amendments will not compromise investor protection or the efficiency of the capital markets.

PART 3 – Background on Prior Consultation on Reducing Regulatory Burden

In April 2017, the CSA published CSA Consultation Paper 51-404 *Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers (Consultation Paper 51-404)* to identify and consider areas of securities legislation that could benefit from a reduction of undue regulatory burden, without compromising investor protection or the efficiency of the capital markets. Part 2 of Consultation Paper 51-404 focused on, among other things, options to reduce the regulatory burden associated with the ongoing costs of remaining a reporting issuer.

The Proposed Amendments are informed by the comment letters received in response to Consultation Paper 51-404 and other stakeholder feedback respecting the disclosure requirements in annual and interim filings.²

Comments received reflected a wide range of suggestions. Many stakeholders generally supported examining whether the volume of information in annual and interim filings could be reduced in order to prevent excessive disclosure from obscuring key information or otherwise improve the quality and accessibility of disclosure. Some stakeholders specifically supported eliminating duplicative disclosure among the financial statements, MD&A and other NI 51-102 forms. Other stakeholders supported consolidating two or more of the financial statements, MD&A and AIF into one reporting document.

In light of the feedback received from stakeholders, we conducted a review of disclosure requirements for annual and interim filings, with a view to reducing the burden of disclosure on reporting issuers, while enhancing the usefulness and understandability of the disclosure for investors. The Proposed Amendments are meant to address the feedback noted above.

PART 4 – Summary of the Proposed Amendments

Existing requirements

NI 51-102 sets out the obligations of reporting issuers with respect to financial statements, MD&A, AIF, and other continuous disclosure related matters. It also prescribes the forms for certain required disclosures, including MD&A and AIF.

The Current MD&A Form and the Current AIF Form were introduced in 2004, although most of the prescribed disclosure requirements were derived from pre-existing forms with some enhancements. Since then, the forms have been amended a number of times (for example, as a result of the 2015 amendments to streamline and tailor disclosure by venture issuers).

² The comment letters were summarized in CSA Staff Notice 51-353 *Update on CSA Consultation Paper 51-404 Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers*.

Proposed Amendments

The Proposed Amendments would

- streamline the disclosure requirements currently set out in the Current MD&A Form and the Current AIF Form,
- combine the financial statements, MD&A and, where applicable, AIF into one reporting document, and
- address current gaps in disclosure.

These three changes are discussed in more detail below.

1. Streamline the disclosure requirements

The Proposed Amendments streamline the existing disclosure requirements by eliminating, consolidating or clarifying them.

| Type of change | Description |
|--|---|
| Eliminate disclosure requirements | <p><u>Duplication or overlap</u> Where there is duplication or overlap between the current disclosure requirements for the financial statements, MD&A and AIF, the Proposed Amendments eliminate the duplicative requirements. This will reduce burden as a reporting issuer does not have to repeat information that is already disclosed elsewhere, and investors in general will have less disclosure to read and can better focus on the key information.</p> <p>For example, the Proposed Amendments</p> <ul style="list-style-type: none"> • eliminate the current MD&A requirement to disclose information regarding critical accounting estimates, which is required to be included in the financial statements under Canadian GAAP applicable to publicly accountable enterprises, and • eliminate the current AIF requirement to disclose cash dividends or distributions declared, as well as any restrictions on payment of dividends or distributions, which are duplicative of requirements under Canadian GAAP applicable to publicly accountable enterprises. <p><u>Redundant information</u> In addition, the Proposed Amendments eliminate current requirements that are redundant or where the burden on the reporting issuer to provide the disclosure is greater than the benefit that investors obtain from having the disclosure. This will reduce burden as the reporting issuer will have fewer disclosure requirements overall.</p> |

| Type of change | Description |
|--|--|
| | <p>For example, the Proposed Amendments</p> <ul style="list-style-type: none"> • eliminate the current MD&A requirement to disclose summary information for the 8 most recently completed quarters given that this information can be easily located in previous continuous disclosure filings, and • eliminate the current AIF requirement to disclose security price ranges and volumes traded on a Canadian marketplace given that this information can be easily obtained from the marketplaces. |
| Consolidate disclosure requirements | <p>Where there is more than one current requirement to disclose similar information in different ways, the Proposed Amendments consolidate the requirements. This will reduce burden as reporting issuers will not be required to prepare repetitive disclosure in response to similar disclosure requirements contained in multiple forms or sections. Investors will also benefit from a shorter and more focused document.</p> <p>For example, the Proposed Amendments</p> <ul style="list-style-type: none"> • consolidate the current MD&A requirements to discuss liquidity and capital resources of the reporting issuer, and • consolidate the current AIF requirement to disclose research and development elements with the current MD&A requirement to discuss operations. |
| Clarify disclosure requirements | <p>Where current requirements are vague or otherwise unclear, the Proposed Amendments provide clarification by specifically identifying what we expect from reporting issuers through changes to the requirements or instructions. This will reduce burden as reporting issuers should better understand the disclosure that is required. In addition, this should dissuade reporting issuers from providing unnecessary disclosure to ensure that they are not in default of disclosure requirements.</p> <p>For example, the Proposed Amendments</p> <ul style="list-style-type: none"> • clarify that the discussion of a reporting issuer's financial condition, financial performance and cash flows in the MD&A must include an analysis of the most recently completed financial year as compared to the prior year, and • clarify that a summary from a technical report can be used to satisfy the AIF requirement applicable to reporting issuers with mineral projects, and the entire technical report is not required to be incorporated by reference into the AIF. |

For a discussion of the key changes made to specific disclosure requirements, please see the annotated versions of Form 51-102F1 *Annual Disclosure Statement* and Form 51-102F2 *Interim Disclosure Statement* set out in Annexes B and C.

2. Combine documents

The Proposed Amendments combine the financial statements, MD&A and, where applicable, AIF as follows.

| Type of filings | Proposed combination of documents |
|-----------------|--|
| Annual filings | <ul style="list-style-type: none"> For a reporting issuer that is not a venture issuer - combine in one filing the annual financial statements, MD&A and AIF. For a venture issuer - combine in one filing the annual financial statements and MD&A. <p>If a venture issuer intends to be short form prospectus eligible under section 2.2 of National Instrument 44-101 <i>Short Form Prospectus Distributions</i> (NI 44-101), it has the option to file a standalone AIF (in addition to the combined annual financial statements and MD&A) or combine in one filing the annual financial statements, MD&A and AIF.</p> |
| Interim filings | <ul style="list-style-type: none"> For all reporting issuers – combine in one filing the interim financial report and MD&A (or where appropriate, quarterly highlights). |

We are of the view that the combination of documents will reduce burden by fostering streamlined reporting and increasing reporting efficiency for reporting issuers. Having fewer reporting documents to review or having information combined in one place will improve usability for investors and analysts. A combined document should also be more intuitive for most cross-border investors as they are already familiar with the presentation of the financial statements, MD&A and AIF in one reporting document, such as the Form 10-K, which is required to be filed with the U.S. Securities and Exchange Commission (SEC) under the 1934 Act.

3. Address gaps in disclosure

While the Proposed Amendments will reduce reporting issuers' regulatory burden overall, they also introduce a small number of new requirements, including

- disclosure requirements for investment entities and non-investment entities recording investments at fair value³, and
- a requirement for venture issuers to provide a description of their business in their MD&A.

While these requirements, on their own, may be viewed as increasing regulatory burden, the Proposed Amendments will achieve overall burden reduction as a result of a greater number of requirements being eliminated, consolidated or clarified. In addition, the new requirements are generally to clarify CSA staff expectations that have been communicated in staff notices or comment letters.

³ New disclosure requirements for investment entities and non-investment entities recording investments at fair value are proposed to be introduced to address a number of disclosure concerns as identified and discussed in CSA Multilateral Staff Notice 51-349 *Report on the Review of Investment Entities and Guide for Disclosure Improvements*.

For a discussion of the key changes made to specific disclosure requirements, please see the annotated versions of Form 51-102F1 *Annual Disclosure Statement* and Form 51-102F2 *Interim Disclosure Statement* set out in Annexes B and C.

Transition

Subject to this notice and comment process and required approvals, the final amendments are expected to be published in September 2023 and be effective on December 15, 2023. We propose to include transition provisions in the amending instrument for NI 51-102 that will require an issuer to comply with the amended version of NI 51-102 from the date (the **issuer effective date**) the issuer will be required to file an annual disclosure statement for its first financial year ending on or after December 15, 2023, or the issuer will voluntarily file an annual disclosure statement or an interim disclosure statement on or after December 15, 2023. Until the issuer effective date, the issuer must comply with the requirements of NI 51-102 as they read on December 14, 2023.

To further assist reporting issuers and their advisors, and to increase transparency, certain jurisdictions plan to post at the time of or after the publication of final amendments, two different unofficial consolidations of NI 51-102 on their websites:

- the version of NI 51-102 as at December 14, 2023 (including the Current MD&A Form and the Current AIF Form); and
- the amended version of NI 51-102 as at December 15, 2023 (including the annual disclosure statement form and the interim disclosure statement form).

We propose to include similar transition provisions in the amending instruments for certain other amended rules to align with the transition provisions for NI 51-102. Since we do not plan to include transition provisions in any documents that change any companion policy or national policy, a reporting issuer will not be expected to apply the proposed changes to any policy until the issuer effective date and will be able to reference the version of the policy as at December 14, 2023 for guidance. Certain jurisdictions plan to post, at the time of or after the publication of final amendments, two different unofficial consolidations of the rules that will be subject to transition provisions, and the related companion policies, on their websites.

Filing an interim disclosure statement as the first filing after the adoption of the Proposed Amendments

On or after December 15, 2023, a reporting issuer may elect to voluntarily file an interim disclosure statement, prior to filing an annual disclosure statement for its first financial year ending on or after December 15, 2023. This issuer must include in that interim disclosure statement an MD&A in the form of Part 2 of Form 51-102F1 *Annual Disclosure Statement* to ensure that the first filing includes a full MD&A that meets the amended disclosure requirements. The date these issuers voluntarily file the interim disclosure statement becomes their issuer effective date and, thereafter, these issuers must comply with the requirements of the Proposed Amendments.

Other proposed noteworthy changes

Other proposed noteworthy changes include the following.

- Materiality qualifiers – In reviewing the Current MD&A Form and the Current AIF Form, we noted that each form instructs issuers to focus on material information, but then certain provisions separately reference a type of materiality qualifier such as "material", "significant", "critical", "major" and "fundamental". We propose to generally remove these materiality qualifiers and have all disclosure requirements subject to the qualification that issuers are to focus on material information as set out in general instructions to Form 51-102F1 *Annual Disclosure Statement* and Form 51-102F2 *Interim Disclosure Statement* (subject to the limited exceptions explicitly noted in the forms). We propose to retain materiality qualifiers where the materiality qualifier is part of a defined term (such as significant acquisition) or reflect a term used in our prospectus rules.
- Delivery requirements – The Proposed Amendments modify the delivery requirement such that a reporting issuer is required to deliver the annual disclosure statement to its investors. As a result, the requirement to deliver would apply to an AIF that is prepared as part of an annual disclosure statement. We propose these changes in light of the "access equals delivery" model outlined in CSA Consultation Paper 51-405 *Consideration of an Access Equals Delivery Model for Non-Investment Fund Reporting Issuers* that is currently under consideration by the CSA. Under the proposed "access equals delivery" model, providing electronic "access" to an annual disclosure statement and publishing a related notice that the annual disclosure statement is available would constitute delivery.
- Relocation of certain sections from NI 51-102 to Form 51-102F1 *Annual Disclosure Statement* – The Proposed Amendments relocate sections 5.3 *Additional Disclosure for Venture Issuers Without Significant Revenue* and 5.4 *Disclosure of Outstanding Share Data* of NI 51-102 to Form 51-102F1 *Annual Disclosure Statement*. We propose the relocations so that all MD&A and AIF disclosure requirements can be found in one form. No change in substance is intended from the proposed relocations.
- Existing exemptions – We propose to modify the existing exemption provision in NI 51-102 to allow reporting issuers to rely on exemptions, waivers or approvals that relate to the requirements to prepare, file or deliver annual or interim filings, and that were granted by a securities regulatory authority prior to the effective date of the Proposed Amendments. As a result, any reporting issuer that is exempted from preparing, filing or delivering annual or interim filings will also be exempted from preparing, filing or delivering an annual disclosure statement or an interim disclosure statement, as applicable.

PART 5 – Proposed Text

The text of the Proposed Amendments is published with this notice in the following annexes:

- Annex A – Proposed Amendments to NI 51-102
- Annex B – Proposed Annotated Form 51-102F1 *Annual Disclosure Statement*
- Annex C – Proposed Annotated Form 51-102F2 *Interim Disclosure Statement*
- Annex D – Proposed Changes to 51-102CP
- Annex E – Proposed Amendments to Existing Rules
- Annex F – Proposed Changes to Existing Policies
- Where applicable, Annex H – Local Matters (including any local amendments)

PART 6 – Seeking Feedback on a Proposed Framework for Semi-Annual Reporting – Venture Issuers on a Voluntary Basis

While we are not proposing amendments to introduce semi-annual reporting at this time, we seek feedback on a proposed framework to allow semi-annual reporting on a limited basis (the **Proposed Semi-Annual Reporting Framework**).

How does the Proposed Semi-Annual Reporting Framework differ from previous proposals⁴?

In Consultation Paper 51-404 referred to in Part 3 above, we explored whether a semi-annual reporting option should be offered to reporting issuers and, if so, under what circumstances. We also specifically asked whether, if pursued, semi-annual reporting should be limited to smaller reporting issuers.

We received a range of feedback:

- 9 commenters supported semi-annual reporting for all reporting issuers,
- 17 commenters expressed support for semi-annual reporting in certain circumstances (e.g. for issuers with no significant revenue or for MD&A but not financial statements), and
- 16 commenters did not support semi-annual reporting.

In Consultation Paper 51-404, we did not present a specific framework but rather solicited general feedback in response to broad questions. Now, we propose a specific framework that includes the following key attributes.

- Limited to venture issuers that are not SEC issuers – The Proposed Semi-Annual Reporting Framework would be limited to reporting issuers that are subject to the provisions of NI 51-102 applicable to non-SEC venture issuers.

⁴ We consulted under Consultation Paper 51-404, under proposed National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers* (published in 2011 and republished in 2012), and under proposed CSA Multilateral Consultation Paper 51-403 *Tailoring Venture Issuer Regulation* (published in 2010).

- Semi-annual reporting would be voluntary – The Proposed Semi-annual Reporting Framework would be optional, not mandatory. This would allow venture issuers to report at a frequency that reflects their situation and investor expectations.
- Alternative disclosure would be provided – Alternative disclosure would be required for interim periods where financial statements and MD&A would not be filed.

How will the market receive adequate ongoing disclosure under the Proposed Semi-Annual Reporting Framework?

Ensuring adequate and timely disclosure is central to the Proposed Semi-Annual Reporting Framework. The Proposed Semi-Annual Reporting Framework would add a new requirement that an issuer files alternative disclosure within 60 days of the end of the issuer's interim period for which financial statements and MD&A would not be filed. Further details regarding these disclosure requirements are outlined in Annex G.

What are the potential benefits?

The Proposed Semi-Annual Reporting Framework offers the following benefits.

- Lower financial reporting costs - The quarterly reporting regime imposes a proportionately greater regulatory burden on smaller issuers having more limited resources. Eliminating two quarterly reporting periods could meaningfully reduce burden for the approximately 2,500 venture issuers listed on the TSX Venture Exchange (TSXV) and the Canadian Securities Exchange (CSE), allowing these issuers to reallocate resources from reporting to operational matters.
- Provides streamlined disclosure for Q1 and Q3 periods - Investors of issuers reporting semi-annually would receive alternative disclosure regarding the issuer that would provide an update for interim periods where financial statements and MD&A would not be filed.
- Provides choice - It would provide participating venture issuers with the choice of semi-annual or quarterly reporting, based on their available resources and the expectations of their investors.

What are the potential risks?

The Proposed Semi-Annual Reporting Framework poses the following risks:

- Less timely interim financial statements for participating venture issuers — Investors may have concerns about losing information contained in the Q1 and Q3 financial statements. Semi-annual reporting under a different structure has worked successfully in some foreign jurisdictions (Australia, the United Kingdom, and certain European

Union countries)⁵, although with the voluntary nature of those regimes, some companies have decided to report quarterly to meet the expectations of their investors. Semi-annual reporting has not been implemented in the United States, although it continues to be discussed.

- Option available to larger venture issuers – The Proposed Semi-Annual Reporting Framework would be available to all venture issuers that are not SEC issuers, regardless of size. While the market capitalization of most venture issuers is relatively low, a small number of venture issuers, predominantly in the cannabis sector, have market capitalizations exceeding \$100 million. Some investors may have concerns with permitting issuers of this size to report on a semi-annual basis. Australia, the United Kingdom, and certain European Union countries permit semi-annual reporting by all issuers.
- Selective disclosure – The possibility of selective disclosure could increase under a semi-annual reporting model. Alternative disclosure for interim periods where financial statements and MD&A would not be filed would be required. Existing prohibitions regarding selective disclosure and insider trading would apply, but participating venture issuers may have to be more diligent in administering their insider trading policies.

What are the material details of the Proposed Semi-Annual Reporting Framework?

Annex G outlines the material details of the Proposed Semi-Annual Reporting Framework including additional disclosure requirements, interaction with offering requirements and transition.

PART 7 – Alternatives Considered

No alternatives to rule-making were considered.

We think that it is important to propose changes rather than maintain the status quo. As noted in Part 3, we received comments in response to Consultation Paper 51-404 as well as other stakeholder feedback respecting the disclosure requirements in annual and interim filings. As many stakeholders generally supported reducing the volume of information in annual and interim filings and improving the quality and accessibility of disclosure, we are of the view that it is important to take steps aimed at reducing the burden of disclosure while enhancing the usefulness and understandability of the disclosure.

In preparing the Proposed Amendments, we reviewed the annual and interim reporting obligations in the U.S., the United Kingdom and Australia. We also reviewed amendments and proposed amendments published by the SEC to modernize Regulation S-K and the reporting regime in the United States.⁶ We will continue to monitor international developments to further inform our

⁵ Certain foreign jurisdictions require semi-annual financial statements to be reviewed by external auditors.

⁶ We are proposing certain amendments to the MD&A and AIF requirements based on our review of the SEC's *FAST Act Modernization and Simplification of Regulation S-K, Request for Comment on Earnings Releases and Quarterly Reports, Modernization of Regulation S-K Items 101, 103, and 105* and the SEC's *Amendments to Regulation S-K*:

approach to reducing regulatory burden for reporting issuers without compromising investor protection.

An alternative to the Proposed Amendments would be not to consolidate the AIF and MD&A into the annual disclosure statement. While this would have provided some benefits by eliminating duplication, it would not have provided the long-term benefits of consolidation. Moreover, it would not have addressed an important recommendation made by some stakeholders in response to Consultation Paper 51-404.

PART 8 – Local Matters

Where applicable, Annex H is being published in any local jurisdiction that is making related changes to local securities laws, including local notices or other policy instruments in that jurisdiction. It also includes any additional information that is relevant to that jurisdiction only.

PART 9 – Request for Comments

We welcome your comments on the Proposed Amendments and also invite comments on the following specific questions.

Question relating to additional disclosure for venture issuers without significant revenue

We have kept the current disclosure requirement in section 5.3 of NI 51-102 (as proposed section 8 of Form 51-102F1 *Annual Disclosure Statement*) to apply only to venture issuers that have not had significant revenue from operations in either of their last two financial years. However, for non-venture issuers that have significant projects not yet generating revenue, an itemized breakdown of material components of the following may help investors understand how the reporting issuer performed during the period covered by the MD&A:

- exploration and evaluation assets or expenditures;
 - general and administrative expenses; and
 - other material costs.
1. Do you think this requirement should apply more broadly or more narrowly? For example, should we extend this disclosure requirement to non-venture issuers that have significant projects not yet generating revenue as well? Why or why not?

Questions relating to risk factors

We have retained instruction (i) to section 5.2 of the Current AIF Form (as proposed section 16 of Form 51-102F1 *Annual Disclosure Statement*) which requires a reporting issuer to disclose risks in order of seriousness from the most serious to least serious. Proposed instruction (3) to the same section suggests that "seriousness" refers to impact/probability assessment.

Management's Discussion and Analysis, Selected Financial Data, and Supplementary Financial Information, which were adopted on November 19, 2020.

2. Would it be beneficial for reporting issuers if we provided further clarity on what "seriousness" means and how to determine the "seriousness" of a risk?

SEC's *Modernization of Regulation S-K Items 101, 103, and 105* adopts amendments which require the following:

- grouping similar risks together;
 - disclosing generic risks under the heading "general risks"; and
 - requiring a summary of risk factor disclosure if the risk factor disclosure exceeds 15 pages.
3. If we adopted similar requirements to the SEC's amendments, what would be the benefits and costs for investors and reporting issuers?

Questions relating to the requirement to name authors of technical reports

Subsection 5.4(1) of the Current AIF Form requires reporting issuers to cite the date and title of the current technical report for each material mineral project and name the author(s) of the report. The Current AIF Form also contains disclosure requirements for mineral projects which may be satisfied, at the option of the reporting issuer, by incorporating by reference into the AIF some or all of the information in the current technical reports. There is no requirement to incorporate by reference technical reports, as a whole, into the AIF.

The short form prospectus requirements for expert consents in paragraph 4.2(a)(vii) of NI 44-101 and subsection 10.1(1.1) of National Instrument 41-101 *General Prospectus Requirements (NI 41-101)* require technical report authors who are named in the AIF to file expert consents for a short form prospectus filing. This is the case even if the technical report is not incorporated by reference and the mineral project disclosure in the prospectus is prepared or approved by another qualified person (QP). The impact of providing an expert consent is that the consenting QP assumes personal liability for the disclosure for which they provide a consent.

4. What challenges, if any, do reporting issuers face in obtaining technical report author consents for short form prospectus offerings?
5. If the requirement to name the technical report authors in the AIF (and as a result, provide consents for short form prospectus offerings) were removed, would reporting issuers continue to obtain approval of prospectus disclosure from technical report authors or would they rely more on internal or external non-author QPs?
6. If reporting issuers were to rely on internal or external non-author QPs for purposes of providing consents for short form prospectus offerings, in your view, would investor protection be impacted? Would relying on an internal QP for consent purposes (where an external QP authored the original report) raise potential conflict of interest concerns?

Question relating to impact of refiling on auditor's report

7. Considering that the annual disclosure statement will include annual financial statements, MD&A and, where applicable, AIF, do you think there will be an impact, including on auditing requirements, if a reporting issuer amends or re-files only one of these documents, or re-files the annual disclosure statement in its entirety?

Question relating to proposed amendments to Form 41-101F1 Information Required in a Prospectus and Form 44-101F1 Short Form Prospectus

8. To align the continuous disclosure and prospectus regimes, we are proposing to remove certain prospectus disclosure requirements. Are there any concerns with the removal of this information from a prospectus? Please explain.

Questions relating to semi-annual reporting for certain venture issuers on a voluntary basis

9. Should we pursue the Proposed Semi-Annual Reporting Framework for voluntary semi-annual reporting for venture issuers that are not SEC issuers? Please explain.
10. Are there specific types of venture issuers for which semi-annual reporting would not be appropriate? For instance, should semi-annual reporting be limited to venture issuers below a certain market capitalization or those not generating significant revenue? Please explain.
11. Would the proposed alternative disclosure requirements under the Proposed Semi-Annual Reporting Framework provide adequate disclosure to investors? Would any additional disclosure be required? Is any of the proposed disclosure unnecessary given the existing requirements for material change reporting and the timely disclosure requirements of the venture exchanges? Please explain.
12. Do you have any other feedback relating to the Proposed Semi-Annual Reporting Framework?

Questions relating to transition provisions

13. Do you think the proposed transition provisions are sufficiently clear? If not, how can we make them clearer?
14. Do you think the transition provisions in the amending instrument for NI 51-102 would provide reporting issuers with sufficient time to review the Proposed Amendments and prepare and file an annual disclosure statement for a financial year ending on, for example, December 31, 2023 if the final amendments are published in September 2023? Do you think more time should be afforded to smaller reporting issuers (such as venture issuers)?

PART 10 – How to Provide Comments

Please submit your comments in writing on or before September 17, 2021. If you are not sending your comments by email, please send us an electronic file containing the submissions (in Microsoft Word Format).

Address your submission to all of the CSA as follows:

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
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Service NL
Northwest Territories Office of the Superintendent of Securities
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Nunavut

Deliver your comments only to the addresses listed below. Your comments will be distributed to the other participating CSA jurisdictions.

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor, Box 55
Toronto, Ontario
M5H 3S8
Fax: 416-593-2318
comment@osc.gov.on.ca

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
Fax: 514-864-8381
consultation-en-cours@lautorite.qc.ca

Comments received will be publicly available

We cannot keep submissions confidential because securities legislation in certain provinces requires publication of the written comments received during the comment period. All comments received will be posted on the websites of each of the Alberta Securities Commission at www.albertasecurities.com, the Autorité des marchés financiers at www.lautorite.qc.ca and the Ontario Securities Commission at www.osc.gov.on.ca. Therefore, you should not include personal information directly in comments to be published. It is important that you state on whose behalf you are making the submission.

PART 11 – Questions

If you have any questions, please contact any of the CSA staff listed below.

British Columbia Securities Commission

Allan Lim
Manager, Corporate Finance
604 899-6780
alim@bcsc.bc.ca

Laura Lam
Senior Legal Counsel, Corporate Finance
604 899-6792
llam@bcsc.bc.ca

Sabina Chow
Senior Securities Analyst, Corporate Finance
604 899-6797
schow@bcsc.bc.ca

Alberta Securities Commission

Timothy Robson
Manager, Legal, Corporate Finance
403 355-6297
timothy.robson@asc.ca

Danielle Mayhew
Legal Counsel, Corporate Finance
403 592-3059
danielle.mayhew@asc.ca

Rebecca Moen
Securities Analyst, Corporate Finance
403 297-4846
rebecca.moen@asc.ca

Financial and Consumer Affairs Authority of Saskatchewan

Heather Kuchuran
Director, Corporate Finance
306 787-1009
heather.kuchuran@gov.sk.ca

Manitoba Securities Commission

Patrick Weeks
Corporate Finance Analyst
204 945-3326
patrick.weeks@gov.mb.ca

Ontario Securities Commission

Jo-Anne Matear
Manager, Corporate Finance
416 593-2323
jmatear@osc.gov.on.ca

Marie-France Bourret
Manager, Corporate Finance
416 593-8083
mbourret@osc.gov.on.ca

Mandy Tam
Senior Accountant, Corporate Finance
416 597-7221
mtam@osc.gov.on.ca

Jessie Gill
Senior Legal Counsel, Corporate Finance
416 593-8114
jessiegill@osc.gov.on.ca

Autorité des marchés financiers

Michel Bourque
Senior Regulatory Advisor,
Direction de l'information continue
514 395-0337, ext. 4466
michel.bourque@lautorite.qc.ca

Nadine Gamelin
Senior Analyst,
Direction de l'information financière
514 395-0337, ext. 4417
nadine.gamelin@lautorite.qc.ca

Sylvia Pateras
Senior Legal Counsel,
Direction des affaires juridiques
514 395-0337, ext. 2536
sylvia.pateras@lautorite.qc.ca

Financial and Consumer Services Commission, New Brunswick

Joseph Adair
Senior Securities Analyst
506 643-7435
joe.adair@fcnb.ca

INCLUDES COMMENT LETTERS RECEIVED

Nova Scotia Securities Commission

Jack Jiang
Securities Analyst, Corporate Finance
902 424-7059
jack.jiang@novascotia.ca

INCLUDES COMMENT LETTERS RECEIVED

ANNEX A

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 51-102 *CONTINUOUS DISCLOSURE OBLIGATIONS*

1. *National Instrument 51-102 Continuous Disclosure Obligations is amended by this Instrument.*
2. *Subsection 1.1(1) is amended*

(a) *by replacing the definition of "AIF" with the following:*

"AIF" means,

- (a) in the case of an issuer other than an SEC issuer, a completed Part 3 of Form 51-102F1 *Annual Disclosure Statement*; or
- (b) in the case of an SEC issuer, a completed Part 3 of Form 51-102F1 *Annual Disclosure Statement* or an annual report or transition report under the 1934 Act on Form 10-K or Form 20-F;

(b) *by adding the following definitions:*

"annual disclosure statement" means,

- (a) in the case of an issuer other than an SEC issuer, a completed Part 1 and Part 2 and, if any, a completed Part 3 of Form 51-102F1 *Annual Disclosure Statement*; or
- (b) in the case of an SEC issuer, a completed Form 51-102F1 *Annual Disclosure Statement* or an annual report or transition report under the 1934 Act on Form 10-K or Form 20-F;

"interim disclosure statement" means,

- (a) in the case of an issuer other than an SEC issuer, a completed Form 51-102F2 *Interim Disclosure Statement*; or
- (b) in the case of an SEC issuer, a completed Form 51-102F2 *Interim Disclosure Statement* or an interim report or transition report under the 1934 Act on Form 10-Q;

(c) *by replacing the definition of "MD&A" with the following:*

"MD&A" means,

- (a) in the case of an issuer other than an SEC issuer, a completed
 - (i) Part 2 of Form 51-102F1 *Annual Disclosure Statement*; or

- (ii) Part 2 of Form 51-102F2 *Interim Disclosure Statement*; or
- (b) in the case of an SEC issuer, a completed
 - (i) Part 2 of Form 51-102F1 *Annual Disclosure Statement* or management's discussion and analysis prepared in accordance with Item 303 of Regulation S-K under the 1934 Act; or
 - (ii) Part 2 of Form 51-102F2 *Interim Disclosure Statement* or management's discussion and analysis prepared in accordance with Item 303 of Regulation S-K under the 1934 Act; **and**
- (d) ***in paragraph (a) of the definition of "venture issuer" by replacing "Parts 4 and 5 of this Instrument and Form 51-102F1 " with "Part 3A of this Instrument".***

3. ***The following is added after Part 3:***

PART 3A ANNUAL AND INTERIM DISCLOSURE STATEMENTS

3A.1 Filing of Annual Disclosure Statement

A reporting issuer must file an annual disclosure statement that, for greater certainty, is comprised of

- (a) annual financial statements required under section 4.1,
- (b) an MD&A required under subsection 5.1(1), and
- (c) if applicable, an AIF required under section 6.1.

3A.2 Filing Deadline for Annual Disclosure Statement

The annual disclosure statement required to be filed under section 3A.1 must be filed,

- (a) in the case of a reporting issuer other than a venture issuer, on or before the earlier of
 - (i) the 90th day after the end of its most recently completed financial year, and
 - (ii) the date the reporting issuer files, in a foreign jurisdiction, annual financial statements for its most recently completed financial year, or
- (b) in the case of a venture issuer, on or before the earlier of

- (i) the 120th day after the end of its most recently completed financial year, and
- (ii) the date the venture issuer files, in a foreign jurisdiction, annual financial statements for its most recently completed financial year.

3A.3 Filing of Interim Disclosure Statement

A reporting issuer must file an interim disclosure statement that, for greater certainty, is comprised of

- (a) an interim financial report required under subsection 4.3(1), and
- (b) an MD&A required under subsection 5.1(2).

3A.4 Filing Deadline for Interim Disclosure Statement

An interim disclosure statement required to be filed under section 3A.3 must be filed,

- (a) in the case of a reporting issuer other than a venture issuer, on or before the earlier of
 - (i) the 45th day after the end of the interim period, and
 - (ii) the date the reporting issuer files, in a foreign jurisdiction, an interim financial report for a period ending on the last day of the interim period, or
- (b) in the case of a venture issuer, on or before the earlier of
 - (i) the 60th day after the end of the interim period, and
 - (ii) the date the venture issuer files, in a foreign jurisdiction, an interim financial report for a period ending on the last day of the interim period.

3A.5 Approval of Annual and Interim Disclosure Statements

- (1) An annual disclosure statement that a reporting issuer is required to file under section 3A.1 must be approved by the board of directors before it is filed.
- (2) An interim disclosure statement that a reporting issuer is required to file under section 3A.3 must be approved by the board of directors before it is filed.

- (3) For the purposes of subsection (1), the board of directors must not delegate the approval of the annual disclosure statement.
- (4) For the purposes of subsection (2), the board of directors must not delegate the approval of the interim disclosure statement other than to the audit committee of the board of directors.

3A.6 Delivery of Annual and Interim Disclosure Statements and Certain Other Continuous Disclosure Documents

- (1) Subject to subsection (2), a reporting issuer must send annually a request form to the registered holders and beneficial owners of its securities, other than debt instruments, that the registered holders and beneficial owners may use to request a copy of any of the following:
 - (a) the reporting issuer's annual disclosure statement or annual financial statements and related MD&A;
 - (b) the reporting issuer's interim disclosure statement or interim financial report and related MD&A;
 - (c) the annual financial statements or interim financial reports filed under section 4.7 and subsection 4.10(2).
- (2) For the purposes of subsection (1), the reporting issuer must, in accordance with NI 54-101, send the request form to the beneficial owners of its securities who are identified under that Instrument as having chosen to receive all securityholder materials sent to beneficial owners of securities.
- (3) If a registered holder or beneficial owner of securities, other than debt instruments, of a reporting issuer requests a copy of a document under paragraphs (1)(a) or (b), the reporting issuer must send the requested document to the person or company that made the request, without charge, on or before the later of 10 calendar days after the reporting issuer receives the request and,
 - (a) in the case of a reporting issuer other than a venture issuer, 10 calendar days after the filing deadline in subparagraphs 3A.2(a)(i) or 3A.4(a)(i), as applicable, and
 - (b) in the case of a venture issuer, 10 calendar days after the filing deadline in subparagraphs 3A.2(b)(i) or 3A.4(b)(i), as applicable.
- (4) If a registered holder or beneficial owner of securities, other than debt instruments, of a reporting issuer requests a copy of a document under paragraph (1)(c), the reporting issuer must send the requested document to the person or company that made the request, without charge, on or before the later of 10 calendar days after the reporting issuer receives the request and,

- (a) in the case of a reporting issuer other than a venture issuer, 10 calendar days after the filing deadline in section 4.7 or subsection 4.10(2), as applicable, and
 - (b) in the case of a venture issuer, 10 calendar days after the filing deadline in section 4.7 or subsection 4.10(2), as applicable.
- (5) A reporting issuer is not required to send a copy of a document under subsections (3) and (4) if the document was filed more than one year before the reporting issuer receives the request for the document.
- (6) Subsection (1), and subsections (3) and (4) with respect to an annual disclosure statement and annual financial statements, do not apply to a reporting issuer that, in accordance with NI 54-101, sends its annual disclosure statement and annual financial statements to the registered holders and beneficial owners referred to in subsections (1), (3) and (4), within 140 days of the reporting issuer's financial year-end..

4. *Section 4.1 is replaced with the following:*

4.1 Requirement to File Audited Comparative Annual Financial Statements as Part of an Issuer's Annual Disclosure Statement

- (1) For the purposes of paragraph 3A.1(a), and subject to subsection 4.8(6), a reporting issuer must file annual financial statements that include the following:
- (a) a statement of comprehensive income, a statement of changes in equity, and a statement of cash flows for
 - (i) the most recently completed financial year; and
 - (ii) the financial year immediately preceding the most recently completed financial year, if any;
 - (b) a statement of financial position as at the end of each of the periods referred to in paragraph (a);
 - (c) in the following circumstances, a statement of financial position as at the beginning of the financial year immediately preceding the most recently completed financial year:
 - (i) the reporting issuer discloses in its annual financial statements an unreserved statement of compliance with IFRS, and
 - (ii) the reporting issuer
 - (A) applies an accounting policy retrospectively in its annual financial statements,

- (B) makes a retrospective restatement of items in its annual financial statements, or
- (C) reclassifies items in its annual financial statements;
- (d) in the case of the reporting issuer's first IFRS financial statements, the opening IFRS statement of financial position at the date of transition to IFRS;
- (e) notes to the annual financial statements.
- (2) Annual financial statements filed under subsection (1) must be audited.
- (3) If a reporting issuer presents the components of profit or loss in a separate income statement, the separate income statement must be displayed immediately before the statement of comprehensive income filed under subsection (1)..
5. *Section 4.2 is repealed.*
6. *Section 4.3 is replaced with the following:*

4.3 Requirement to File Interim Financial Report as Part of an Issuer's Interim Disclosure Statement

- (1) For the purposes of paragraph 3A.3(a), and subject to subsections 4.7(4), 4.8(7), 4.8(8) and 4.10(3), a reporting issuer must file an interim financial report for each interim period ended after it became a reporting issuer, that includes all of the following:
- (a) a statement of financial position as at the end of the interim period and a statement of financial position as at the end of the immediately preceding financial year, if any;
- (b) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows, all for the year-to-date interim period, and comparative financial information for the corresponding interim period in the immediately preceding financial year, if any;
- (c) for interim periods other than the first interim period in a reporting issuer's financial year, a statement of comprehensive income for the 3 month period ending on the last day of the interim period and comparative financial information for the corresponding period in the immediately preceding financial year, if any;

- (d) in the following circumstances, a statement of financial position as at the beginning of the immediately preceding financial year:
- (i) the reporting issuer discloses in its interim financial report an unreserved statement of compliance with International Accounting Standard 34 *Interim Financial Reporting*, and
 - (ii) the reporting issuer
 - (A) applies an accounting policy retrospectively in its interim financial report,
 - (B) makes a retrospective restatement of items in its interim financial report, or
 - (C) reclassifies items in its interim financial report;
 - (e) in the case of the reporting issuer's first interim financial report required to be filed in the year of adopting IFRS, the opening IFRS statement of financial position at the date of transition to IFRS; and
 - (f) notes to the interim financial report.
- (2) If a reporting issuer presents the components of profit or loss in a separate income statement, the separate income statement must be displayed immediately before the statement of comprehensive income filed under subsection (1).
- (3) **Disclosure of Auditor Review of an Interim Financial Report –**
- (a) If an auditor has not performed a review of an interim financial report required to be filed under subsection (1), the interim financial report must be accompanied by a notice indicating that the interim financial report has not been reviewed by an auditor.
 - (b) If a reporting issuer engaged an auditor to perform a review of an interim financial report required to be filed under subsection (1) and the auditor was unable to complete the review, the interim financial report must be accompanied by a notice indicating that the auditor was unable to complete a review of the interim financial report and the reasons why the auditor was unable to complete the review.
 - (c) If an auditor has performed a review of the interim financial report required to be filed under subsection (1) and the auditor has expressed a reservation of opinion in the auditor's interim review report, the interim financial report must be accompanied by a written review report from the auditor.

(4) **SEC Issuer – Restatement of an Interim Financial Report**

- (a) An SEC issuer that is a reporting issuer must comply with the requirements in paragraph (b)
 - (i) if the SEC issuer has filed an interim financial report prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises for one or more interim periods since its most recently completed financial year for which annual financial statements have been filed, and
 - (ii) if the SEC issuer prepares its annual financial statements or an interim financial report for the period immediately following the periods referred to in subparagraph (a)(i) in accordance with U.S. GAAP.
- (b) An SEC issuer that is a reporting issuer that meets the conditions in subparagraphs (a)(i) and (ii) must
 - (i) restate the interim financial report for the periods referred to in subparagraph (a)(i) in accordance with U.S. GAAP, and
 - (ii) file the restated interim financial report referred to in subparagraph (b)(i) by the filing deadline for the financial statements referred to in subparagraph (a)(ii)..

7. ***Sections 4.4 to 4.6 are repealed.***

8. ***Section 4.7 is amended***

- (a) ***in paragraph (2)(b) by replacing "in section 4.2" with "prescribed under section 3A.2 for the annual disclosure statement",***
- (b) ***in paragraph (3)(b) by replacing "in section 4.4" with "prescribed under section 3A.4 for the interim disclosure statement", and***
- (c) ***in paragraph (4)(a) by replacing "subsection 4.3(2)" with "subsection 4.3(1)".***

9. ***Section 4.8 is amended***

- (a) ***in paragraph (1)(b) by replacing "sections 4.2 and 4.4" with "sections 3A.2 and 3A.4 for the annual disclosure statement and the interim disclosure statement",***
- (b) ***in the following provisions by adding "prescribed under section 3A.2 or 3A.4, as applicable" after "the filing deadline":***
 - (i) ***paragraph (2)(a);***

(ii) *paragraph (2)(b),*

(c) *by replacing paragraph (3)(f) with the following:*

(f) the filing deadlines, prescribed under sections 3A.2 and 3A.4, for the annual disclosure statement and interim disclosure statement for the reporting issuer's transition year., *and*

(d) *in paragraph (7)(a) by replacing "subsection 4.3(2)" with "subsection 4.3(1)".*

10. *Paragraph 4.10(3)(a) is amended by replacing "subsection 4.3(2)" with "subsection 4.3(1)".*

11. *Section 5.1 is replaced with the following:*

5.1 Requirement to File an MD&A as Part of an Issuer's Annual or Interim Disclosure Statement

(1) For the purposes of paragraph 3A.1(b), a reporting issuer must file an MD&A relating to its annual financial statements required under Part 4.

(2) For the purposes of paragraph 3A.3(b), a reporting issuer must file an MD&A relating to its interim financial report required under Part 4.

(3) Despite subsections (1) and (2), a reporting issuer is not required to file an MD&A relating to the annual financial statements and each interim financial report required under sections 4.7 and 4.10 for financial years and interim periods that ended before the issuer became a reporting issuer..

12. *Sections 5.2 to 5.7 are repealed.*

13. *Section 6.1 is replaced with the following:*

6.1 Requirement to File an AIF as Part of An Issuer's Annual Disclosure Statement

For the purposes of paragraph 3A.1(c), a reporting issuer that is not a venture issuer must file an AIF..

14. *Section 6.2 is repealed.*

15. *Paragraph 9.1.1(2)(b) is amended by replacing "which may be part of" with "which, for that purpose, may be included in an annual disclosure statement or".*

16. *Section 11.5 is replaced with the following:*

11.5 Refiling Documents

- (1) If a reporting issuer makes one of the decisions set out below and the information in the refiled document or restated financial information will differ materially from the information originally filed, the issuer must immediately file and issue a news release authorized by an executive officer disclosing the nature and substance of the change or proposed changes:
 - (a) refile, in whole, a document filed under this Instrument;
 - (b) refile, in part, a document filed under section 3A.1 or 3A.3;
 - (c) restate financial information for comparative periods in financial statements for reasons other than retrospective application of a change in an accounting standard or policy or a new accounting standard.
- (2) If a reporting issuer refiles a document in whole under paragraph (1)(a) relating to a previously filed annual disclosure statement or interim disclosure statement, the document must
 - (a) include the following statement on the cover page:

“Amended and Restated [identify interim or annual disclosure statement] dated [insert date of amendment], amending and restating [identify interim or annual disclosure statement] dated [insert date of interim or annual disclosure statement being amended].”, and
 - (b) include an explanatory note on its cover page that indicates the reasons for the refiling or restatement and the locations within the document of all information which differs materially from the information originally filed.
- (3) If a reporting issuer refiles a document in part under paragraph (1)(b), the amendment must
 - (a) include the following statement on the cover page:

“Amendment no. [insert amendment number] dated [insert date of amendment] to [identify interim or annual disclosure statement] dated [insert date of interim or annual disclosure statement being amended]”, and
 - (b) include an explanatory note on its cover page that indicates the reasons for the amendment.
- (4) Despite subsection (3), a reporting issuer that restates financial statements contained in Part 1 of Form 51-102F1 *Annual Disclosure Statement* or Part 1 of Form 51-102F2 *Interim Disclosure Statement* must restate the Part in whole..

17. ***Subsection 11.6(1) is amended by deleting "and that does not file an AIF that includes the executive compensation disclosure required by Item 18 of Form 51-102F2".***

18. *Section 12.3 is replaced with the following:*

12.3 Time for Filing of Documents

- (1) If the making of a document required to be filed under sections 12.1 and 12.2 constitutes a material change for the reporting issuer, the document must be filed no later than the time the reporting issuer files, or is required to file, a material change report in Form 51-102F3.
- (2) If the making of a document required to be filed under sections 12.1 and 12.2 does not constitute a material change for the reporting issuer, and
 - (a) if the reporting issuer is required to file an AIF as part of the annual disclosure statement, and
 - (i) files its annual disclosure statement on or before the date on which it is required to be filed, the document must be filed no later than the date the reporting issuer files its annual disclosure statement, if the document was made or adopted before that date; or
 - (ii) does not file its annual disclosure statement on or before the date on which it is required to be filed, the document must be filed
 - (A) no later than the date the reporting issuer is required to file its annual disclosure statement, if the document was made or adopted before that date, and
 - (B) no later than the date the reporting issuer files its annual disclosure statement, if the document was made or adopted before that date and has not been previously filed under clause (2)(a)(ii)(A); or
 - (b) if the reporting issuer is not required to file an AIF as part of the annual disclosure statement, the document must be filed no later than the earlier of
 - (i) 120 days after the end of the reporting issuer's most recently completed financial year, if the document was made or adopted before the end of the reporting issuer's most recently completed financial year, and
 - (ii) the date the reporting issuer files an AIF, if the document was made or adopted before the end of the reporting issuer's most recently completed financial year..

19. *Section 13.2 is replaced with the following:*

13.2 Existing Exemptions

- (1) A reporting issuer that was entitled to rely on an exemption, waiver or approval granted to it by a regulator or securities regulatory authority relating to continuous disclosure requirements of securities legislation or securities directions existing immediately before this Instrument came into force is exempt from any substantially similar provision of this Instrument to the same extent and on the same conditions, if any, as contained in the exemption, waiver or approval.
- (2) A reporting issuer that was entitled to rely on an exemption, waiver or approval granted to it by a regulator or securities regulatory authority relating to the requirements to prepare, file or deliver annual financial statements, an MD&A and an AIF, if applicable, existing immediately before the amendments on **[December 15, 2023]** came into force is exempt from the requirements to prepare, file or deliver an annual disclosure statement under Part 3A to the same extent and on the same conditions, if any, as contained in the exemption, waiver or approval.
- (3) A reporting issuer that was entitled to rely on an exemption, waiver or approval granted to it by a regulator or securities regulatory authority relating to the requirements to prepare, file or deliver an interim financial report and an MD&A existing immediately before the amendments on **[December 15, 2023]** came into force is exempt from the requirements to prepare, file or deliver an interim disclosure statement under Part 3A to the same extent and on the same conditions, if any, as contained in the exemption, waiver or approval.
- (4) A reporting issuer must, at the time that it first intends to rely on subsections (1), (2) or (3) in connection with a filing requirement under this Instrument, inform the securities regulatory authority in writing of
 - (a) the general nature of the exemption, waiver or approval and the date on which it was granted; and
 - (b) the requirement under prior securities legislation or securities directions, or prior to the amendments on **[December 15, 2023]** coming into force, in respect of which the exemption, waiver or approval applied and the substantially similar provision of this Instrument.

20. *Section 14.2 is repealed.*

21. *Form 51-102F1 MANAGEMENT'S DISCUSSION & ANALYSIS is replaced with the following form:*

**Form 51-102F1
ANNUAL DISCLOSURE STATEMENT**

[NTD: include ADS once finalized].

22. *Form 51-102F2 ANNUAL INFORMATION FORM is replaced with the following form:*

**Form 51-102F2
INTERIM DISCLOSURE STATEMENT**

[NTD: include IDS once finalized].

23. *Section 16.1 of Form 51-102F5 INFORMATION CIRCULAR is amended by replacing "financial statements and MD&A" with "annual disclosure statement, interim disclosure statements, annual financial statements, interim financial reports and management reports of fund performance relating to the financial statements".*

Transition – general

24. (1) In this section, "issuer's effective date" means, in relation to an issuer, the earlier of
- (a) the date the issuer is required to file an annual disclosure statement for its first financial year ending on or after **[December 15, 2023]**, and
 - (b) the date, on or after **[December 15, 2023]**, the issuer files an annual disclosure statement or an interim disclosure statement.
- (2) The provisions of National Instrument 51-102 *Continuous Disclosure Obligations*, as amended by this Instrument, do not apply to an issuer until the issuer's effective date.
- (3) Until the issuer's effective date, an issuer must comply with National Instrument 51-102 *Continuous Disclosure Obligations* as it read on **[December 14, 2023]**.

Transition – interim disclosure statements

25. Despite subsection 24(2), if an issuer files an interim disclosure statement under National Instrument 51-102 *Continuous Disclosure Obligations*, as amended by this Instrument, and the issuer has not filed an MD&A under Part 2 of Form 51-102F1 *Annual Disclosure Statement*, as enacted by this Instrument, the issuer must include in the interim disclosure statement an MD&A prepared in accordance with Part 2 of Form 51-102F1 *Annual Disclosure Statement* as enacted by this Instrument.

Effective date

26. This Instrument comes into force on **[December 15, 2023]**.

INCLUDES COMMENT LETTERS RECEIVED

ANNEX B

PROPOSED ANNOTATED FORM 51-102F1 ANNUAL DISCLOSURE STATEMENT

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GENERAL INSTRUCTIONS

General Instructions Annotation Note #1

Description of proposed change

We propose to relocate and reorganize applicable general instructions for the current Form 51-102F1 *Management's Discussion & Analysis* (**Current MD&A Form**) and the current Form 51-102F2 *Annual Information Form* (**Current AIF Form**) as general instructions for the annual disclosure statement form (the **Form**).

Rationale

The Current MD&A Form and the Current AIF Form contain general instructions which are applicable to the annual disclosure statement. In some cases, the instructions are duplicative. Relocating and reorganizing these instructions as general instructions for this Form would allow for consolidation or elimination of overlapping instructions.

- (1) *An annual disclosure statement is required to be filed annually under Part 3A of National Instrument 51-102 Continuous Disclosure Obligations. The annual disclosure statement is intended to provide a comprehensive overview of your company's business, financial performance, financial condition and cash flows.*

For a reporting issuer that is not a venture issuer, the annual disclosure statement is comprised of 3 parts:

- *Part 1 – Annual financial statements*

The annual financial statements required to be filed under section 4.1 of National Instrument 51-102 Continuous Disclosure Obligations.

- *Part 2 – Management's discussion and analysis*

A management's discussion and analysis (MD&A) relating to your company's annual financial statements required to be filed under sections 5.1 and 5.2 of National Instrument 51-102 Continuous Disclosure Obligations.

- *Part 3 – Annual information form*

An annual information form (AIF) required to be filed annually under section 6.1 of National Instrument 51-102 Continuous Disclosure Obligations.

For a reporting issuer that is a venture issuer, the annual disclosure statement is comprised of the following parts: Part 1 and Part 2, and Part 3 if the venture issuer voluntarily chooses to include that Part in the annual disclosure statement.

- (2) *The word “company” is used in this Form for simplicity and readability of the Form. Wherever this Form uses the word “company”, that term means an issuer, other than an investment fund issuer, regardless of the issuer’s form of organization.*
- (3) *The disclosure in the annual disclosure statement is supplemented throughout the year by continuous disclosure filings including, for greater certainty, news releases, material change reports, business acquisition reports and interim disclosure statements. Disclose in your company’s annual disclosure statement that additional information relating to your company may be found on SEDAR at www.sedar.com.*
- (4) *If a term is used but not defined in this Form or Part 1 of National Instrument 51-102 Continuous Disclosure Obligations, refer to National Instrument 14-101 Definitions.*
- (5) *This Form uses accounting terms that are defined or used in Canadian GAAP applicable to publicly accountable enterprises.*
- (6) *This Form uses the term “financial condition”. Financial condition reflects the overall health of your company and includes its financial position (as shown on the statement of financial position) and other factors that may affect its liquidity, capital resources and solvency.*
- (7) *This Form uses the term “financial performance”. Financial performance reflects the level of performance of your company over a specified period of time, expressed in terms of profit or loss and other comprehensive income during that period.*

General Instructions Annotation Note #2 for Instruction (7)

Description of proposed change

We propose to add this instruction to provide a description of the term “financial performance”.

Rationale

This is to provide clarity for issuers when they are assessing the nature and extent of the disclosure required by this Form.

- (8) *Your company is not required to repeat information disclosed elsewhere in the annual disclosure statement. If disclosure in the annual disclosure statement refers explicitly or implicitly to disclosure in another section of the annual disclosure statement, include a reference to the other disclosure. Repeat the information disclosed in the financial statements to which the MD&A relates if it assists with an understanding of the information included in the MD&A.*

General Instructions Annotation Note #3 for Instruction (8)

Description of proposed change

We propose to add the second and third sentences of this instruction.

Rationale

This is to clarify that while repeating information disclosed elsewhere is not necessary, it is important to include a reference to the other disclosure so that investors can easily locate it and to repeat information from the financial statements in the MD&A if it assists with an understanding of the MD&A disclosure.

- (9) *Your company may use innovative approaches to disclosure (including, for greater certainty, use of hyperlinks to reference a disclosure in the annual disclosure statement and creative use of charts, tables and graphs) in a manner consistent with the requirements of this Form and other applicable requirements of securities legislation.*

General Instructions Annotation Note #4 for Instruction (9)

Description of proposed change

We propose to add this instruction and add guidance in Companion Policy 51-102CP *Continuous Disclosure Obligations (Companion Policy)* regarding what we mean by “innovative”.

Rationale

This is to clarify that issuers may use innovative disclosure approaches consistent with CSA formatting requirements (for example, while embedded video is not acceptable, hyperlinks and creative use of charts, tables and graphs are encouraged if they assist with readability) to prepare disclosure that reduces burden for them and is most meaningful for their business.

- (10) *Your company may include a table of contents for the annual disclosure statement. The table of contents may be a hyperlinked version.*

General Instructions Annotation Note #5 for Instruction (10)

Description of proposed change

We propose to add this instruction.

Rationale

This is to encourage the use of tools to facilitate navigation, searchability and online readability.

GENERAL INSTRUCTIONS FOR PART 2 AND PART 3

- (11) *In preparing the information required under Part 2 and Part 3 of this Form, your company must take into account information available up to the date of filing so that the MD&A and AIF are not misleading when filed.*
- (12) *Focus your company's disclosure on material information. Your company is not required to disclose information that is not material. You must exercise judgment when you*

determine whether information is material in respect of your company. Would a reasonable investor's decision whether or not to buy, sell or hold securities in your company likely be influenced or changed if the information in question was omitted or misstated? If so, the information is likely material.

General Instructions Annotation Note #6 for Instruction (12)

Description of proposed change

We propose to generally remove materiality qualifiers included in specific disclosure requirements in the Current MD&A Form and the Current AIF Form such as "material", "significant", "critical", "major" and "fundamental" and have all disclosure requirements in the annual disclosure statement subject to the qualification that issuers are to focus on material information as set out in instruction (12). In some circumstances, we consider all disclosure required under a particular section to be material. See for example section 24 and instruction (1) to that section relating to cease trade orders, bankruptcies, penalties and sanctions. We propose to retain materiality qualifiers in a disclosure requirement where the materiality qualifier is part of a defined term (such as significant acquisition) or reflects a term used in our prospectus rules.

Rationale

Currently, there are materiality qualifiers in certain disclosure requirements in the Current MD&A Form and the Current AIF Form, but not in others and the rationale for that is not always clear. In addition, as noted above, there are a variety of materiality qualifiers used and it is not always clear if the terms are to be interpreted differently. The proposed change is to reduce uncertainty resulting from the absence of a materiality qualifier in certain requirements and the use of a materiality qualifier other than "material" and to simplify requirements by generally using one materiality qualifier that all disclosure requirements are subject to.

- (13) *If your company has mineral projects, the disclosure must comply with National Instrument 43-101 Standards of Disclosure for Mineral Projects, including, for greater certainty, the requirement that all scientific and technical disclosure be based on a technical report or other information prepared by or under the supervision of a qualified person.*
- (14) *If your company has oil and gas activities, the disclosure must comply with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.*
- (15) *The numbering and ordering of sections included in Part 2 and Part 3 of this Form are intended as guidelines only. Your company is not required to include the numbering or follow the order of sections in Part 2 or Part 3 of this Form. Your company is not required to respond to any section in Part 2 or Part 3 of this Form that is inapplicable, and your company may omit negative answers.*
- (16) *Your company may incorporate information required to be included under Part 2 or Part 3 of this Form by referencing another document filed on its SEDAR profile, other than a prior MD&A or AIF (unless expressly permitted by this Form). If incorporating by reference, your company must clearly identify the document or any excerpt of it in the text that incorporates it. Unless your company has already filed under its SEDAR profile*

the referenced document or excerpt, including, for greater certainty, any documents incorporated by reference into the document or excerpt, your company must file it with the annual disclosure statement or standalone AIF, as applicable. Your company must also disclose that the referenced document is on SEDAR at www.sedar.com.

PART 1 ANNUAL FINANCIAL STATEMENTS

Annual financial statements

1. Include annual financial statements meeting the requirements of Part 4 of National Instrument 51-102 *Continuous Disclosure Obligations*.

PART 2 MANAGEMENT'S DISCUSSION AND ANALYSIS

MD&A Annotation Note #1

Description of proposed changes

We propose to eliminate the following requirements and instructions in the Current MD&A Form:

- paragraph (o) *Available Prior Period Information* under Part 1,
- subsection 1.3(1) *Selected Annual Information* (i.e., financial data for the 3 most recently completed financial years) (inclusive of instructions (i) and (ii) to section 1.3 as these instructions relate specifically to subsection 1.3(1)),
- section 1.5 *Summary of Quarterly Results* (inclusive of instructions (i), (ii), (iv) and (v) to section 1.5 as these instructions relate specifically to section 1.5),
- section 1.8 *Off-Balance Sheet Arrangements*,
- section 1.12 *Critical Accounting Estimates*,
- section 1.13 *Changes in Accounting Policies including Initial Adoption*,
- section 1.14 *Financial Instruments and Other Instruments*, and
- subparagraph 1.15(b)(iii) *Other MD&A Requirements* (i.e., additional disclosure for reporting issuers with significant equity investees) (see MD&A Annotation Note #23 for further details).

Rationale

The above-noted requirements and instructions are duplicative of disclosure requirements under the accounting standards.

INCLUDES COMMENT LETTERS RECEIVED

GENERAL INSTRUCTIONS FOR PART 2

- (1) *An MD&A under this Part is a narrative explanation, provided through the eyes of management, of how your company performed during the period covered by the financial statements, and of its financial condition and future prospects. The MD&A complements your company's financial statements but does not form part of them.*

The objective of the MD&A is to supplement your company's overall financial disclosure by giving a balanced discussion of its financial condition, financial performance and cash flows, openly reporting bad news as well as good news. The MD&A must

- (a) *help investors understand what the financial statements show and do not show, and*
- (b) *provide information about the quality and potential variability of your company's profit or loss and cash flows to assist investors in determining if past performance will likely be indicative of future performance.*

MD&A Annotation Note #2 for General Instruction (1)

Description of proposed change

We propose to add the term "cash flows" to the second paragraph of this instruction and re-arrange the order of "financial performance and financial condition" to "financial condition, financial performance, and cash flows".

Rationale

This is to allow for a complete and consistent presentation of the issuer's financial disclosure requirements.

- (2) *If an acquisition is a reverse takeover, the MD&A must be based on the reverse takeover acquirer's financial statements.*

Date

2. (1) Specify the date of the annual MD&A.
- (2) The date of the annual MD&A must be no earlier than the date of the auditor's report on the annual financial statements to which the annual MD&A relates.

Overall performance

3. (1) Provide a discussion of your company's overall performance that is necessary to understand your company's business, financial condition, financial performance and cash

flows, including why changes have occurred or expected changes have not occurred, supported by an analysis of factors that caused these changes to occur or not to occur.

MD&A Annotation Note #3 for Section 3

Description of proposed changes

1. We propose to consolidate section 1.2 *Overall Performance*, subsection 1.3(2) *Selected Annual Information*, section 1.4 *Discussion of Operations* (inclusive of instructions) and instruction (iii) to section 1.5 *Summary of Quarterly Results* of the Current MD&A Form into one section.
2. We also propose to eliminate subparagraph 1.2(b)(ii) of the Current MD&A Form relating to disclosure where there are legal or other restrictions on the flow of funds from one part of an issuer's business to another.

Rationale

Proposed change #1 - Consolidation of these sections would allow for the streamlining and elimination of duplicative requirements (i.e., an overall discussion under section 1.2, an annual discussion under section 1.3, and a more focused discussion of current operations under section 1.4 of the Current MD&A Form). It would also allow issuers to refer to one section for overall performance disclosure requirements.

Proposed change #2 – Subparagraph 1.2(b)(ii) of the Current MD&A Form is duplicative of disclosure requirements under the accounting standards.

- (2) Describe the business of your company and its reportable segments as that term is interpreted in the issuer's GAAP, including
 - (a) its lines of business, products and services and principal markets,

MD&A Annotation Note #4 for Subsection 3(2), Paragraph 3(2)(a) and Instruction (8) to Section 3

Description of proposed change

We propose to add a requirement to provide a general description of the business, including its lines of business, products and services and principal markets. We also propose to add instruction (8) so that issuers concurrently filing an annual information form (AIF) will not be required to repeat this disclosure.

Rationale

While the requirement to provide a description of the business is new for venture issuers that do not currently file an AIF, we believe that an understanding of the issuer's business is fundamental to understanding the issuer's overall performance discussion.

- (b) changes in the direction of your company's business or other subdivisions (e.g., geographic areas, product lines) if they have affected your company's financial condition, financial performance and cash flows or are reasonably likely to affect them in the future,

- (c) legal, regulatory, industry and economic factors affecting its performance or operations, and

MD&A Annotation Note #5 for Paragraph 3(2)(c)

Description of proposed change

We propose to revise the requirement to add the words “legal” and “regulatory”.

Rationale

We are of the view that the requirement in paragraph 1.2(c) of the Current MD&A Form to describe industry and economic factors affecting an issuer’s performance is already broad enough to capture legal and regulatory factors. The additional language, however, would provide clarity.

- (d) known trends, demands, commitments, events, risks or uncertainties that have affected its business, financial condition, financial performance and cash flows or are reasonably likely to affect them in the future.
- (3) Discuss and analyze the financial condition, financial performance and cash flows of your company as a whole and for each reportable segment, for the most recently completed financial year compared to the prior year, including

MD&A Annotation Note #6 for Subsection 3(3)

Description of proposed change

We propose to add the words “compared to the prior year” to this requirement to clarify that the issuer’s discussion and analysis of the most recently completed year must include a comparison to the prior year.

Rationale

This is to clarify that the MD&A must provide an explanation of how the issuer performed during the period covered by the financial statements, including a comparison to the prior year. The clarification is to ensure issuers focus their discussion and analysis on why a change in a financial statement item year over year has occurred or an expected change has not occurred.

- (a) total revenue, including any changes caused by selling prices, volume or quantity of goods or services being sold, or the introduction of new products or services,
- (b) any other factors that caused changes in total revenue or gross profit,
- (c) cost of sales,
- (d) expenses,
- (e) unusual or infrequent events or transactions,

- (f) the effect of any discontinued operations, changes in accounting policies, significant acquisitions or dispositions, write-offs, abandonments or other similar actions on current operations, and
- (g) changes in its profit or loss, if not otherwise included in the discussion required by paragraphs (a) to (f).

MD&A Annotation Note #7 for Paragraph 3(3)(g)

Description of proposed change

We propose to add this requirement to discuss changes in the issuer's profit or loss, if the discussion is not otherwise provided under subsection 3(3).

Rationale

With the proposed removal of subsection 1.3(1) of the Current MD&A Form (i.e., selected annual information relating to the 3 most recently completed financial years), the requirement to specifically disclose profit or loss from continuing operations and profit or loss in total and on a per-share and diluted per-share basis under paragraphs 1.3(1)(b) and (c) of the Current MD&A Form would also be eliminated. The proposed requirement to discuss changes in the issuer's profit or loss (unless provided elsewhere) is to ensure that this important GAAP metric is sufficiently highlighted in an issuer's MD&A.

- (4) If your company has not yet generated significant revenue, has projects or business activities that have not yet generated revenue or is changing its business model, describe each project, business activity or group of related business activities, including
 - (a) your company's plan, including, for greater certainty, any significant milestones and the status of the milestones relative to that plan,
 - (b) expenditures made and how these relate to anticipated timing and costs to advance to the next milestone of the plan, and
 - (c) whether your company plans to expend additional funds, including an estimate of costs and timing.

MD&A Annotation Note #8 for Subsection 3(4)

Description of proposed changes

1. We propose to revise the requirement in paragraph 1.4(d) of the Current MD&A Form to clarify that the discussion of an issuer's "plan" must include a discussion of any significant milestones.
2. We propose to revise paragraph 1.4(d) of the Current MD&A Form to clarify that "issuers that have significant projects that have not yet generated revenue" includes:
 - issuers that have not yet generated significant revenue,

- issuers that have significant projects or business activities that have not yet generated revenue, and
- issuers changing their business model.

Rationale

Proposed change #1 - This is to clarify that a discussion of the issuer's "plan" must also include a discussion of significant milestones for that plan.

Proposed change #2 - While we are of the view that the existing requirement to disclose "projects" should be viewed broadly, taking into account the issuer's business as a whole or any new business venture, the term "project" may be applied too narrowly as an activity that has a beginning and end. This proposed change is to clarify our expectations, which are consistent with comments raised in continuous disclosure reviews (**CD Reviews**) and CSA Staff Notice 51-355 *Continuous Disclosure Review Program Activities for the fiscal years ended March 31, 2018 and March 31, 2017 (SN 51-355)* (disclosure deficiencies summarized in Appendix A of SN 51-355).

- (5) For products and services that are not fully developed or if the products are not at the commercial production stage, discuss
- (a) whether your company is conducting its own research and development, is subcontracting out the research and development or is using a combination of those methods, and
 - (b) to the extent not included in the disclosure required by subsection (4),
 - (i) the timing and stage of research and development programs, and
 - (ii) the additional steps required to reach commercial production and an estimate of costs and timing.

MD&A Annotation Note #9 for Subsection 3(5) and Instruction (9) to Section 3

Description of proposed changes

1. We propose to relocate research and development discussion requirements in subparagraph 5.1(1)(a)(iv) of the Current AIF Form as an MD&A requirement under this subsection.
2. We propose to add instruction (9) to section 3 so that subsection 3(5) of this Form does not apply to disclosure that is subject to National Instrument 43-101 *Standards of Disclosure for Mineral Projects* or National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*.

Rationale

Proposed change #1 – This is for consolidation purposes as disclosure of similar information is required in the Current MD&A Form.

Proposed change #2 – Instruction (9) clarifies that this research and development discussion is not required for disclosure that is subject to National Instrument 43-101 *Standards of Disclosure*

for Mineral Projects or National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.

- (6) For resource issuers with producing mines or mines under development, describe each mineral project on a property material to your company and identify any milestone, including, for greater certainty, mine expansion plans, productivity improvements, plans to develop a new deposit, or production decisions, and whether the milestone is based on a technical report filed under National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.
- (7) Provide a comparison in tabular form of previous disclosure of how your company was going to use proceeds (other than working capital) from any financing, including an explanation of variances and the impact of the variances, if any, on your company's ability to achieve its business objectives and milestones.

INSTRUCTIONS

- (1) *In discussing and analysing its overall performance, your company must not only disclose the amount of the change in a financial statement item from period to period. Your company must explain the nature and reason for the change to investors. Where the financial statements reflect material differences from period-to-period in one or more line items, including, for greater certainty, where material differences within a line item offset one another, describe the underlying reasons for these material differences in quantitative and qualitative terms. Your company must present qualitative and quantitative disclosure to support this analysis. In providing this analysis, it may be helpful to include a discussion of business drivers that management is utilizing in managing the business such as production, volumes sold, square footage, occupancy rates or number of subscribers.*

MD&A Annotation Note #10 for Instruction (1) to Section 3

Description of proposed change

We propose to add this instruction to clarify that the issuer's discussion and analysis of overall performance:

- must be both quantitative and qualitative to support the analysis, and
- should, when helpful, present key drivers management is utilizing in managing the business.

Rationale

These additions are to assist issuers in preparing a narrative explanation of their overall performance. We are of the view that adding quantitative information to the narrative is necessary to an understanding of the changes reflected in the financial statements. It also encourages issuers that have identified key business drivers to incorporate those key business drivers that we believe will improve understandability and usability of such disclosure. This proposed instruction is consistent with comments raised in staff's CD Reviews and SN 51-355 as

well as previous publications of the CSA Staff Notice *Continuous Disclosure Review Program Activities*.

- (2) *If your company believes that information from the face of the financial statements is helpful to investors in understanding its overall performance discussion, your company may present the information in a tabular form for readability. If a tabular presentation is included, it must be accompanied by an appropriate discussion and analysis of this data.*

MD&A Annotation Note #11 for Instruction (2) to Section 3

Description of proposed change

We propose to add this instruction to provide issuers with an option to present information from the face of the financial statements in a tabular format.

Rationale

This is to encourage the use of tools to promote readability. We note that section 1.5 of the Companion Policy provides guidance on plain language, which includes the use of charts and tables as an example.

- (3) *The discussion and analysis of the financial condition, financial performance and cash flows by reportable segment is applicable only to the extent that information for each reportable segment is required to be disclosed under the issuer's GAAP.*
- (4) *The following factors may be relevant for your company's disclosure:*
- (a) *changes in customer buying patterns, including, for greater certainty, changes due to new technologies and changes in demographics;*
 - (b) *changes in selling practices, including, for greater certainty, changes due to new distribution arrangements or a reorganization of a direct sales force;*
 - (c) *changes in competition, including an assessment of your company's resources, strengths and weaknesses relative to those of its competitors;*
 - (d) *the effect of exchange rates;*
 - (e) *the effect of inflation;*
 - (f) *changes in the relationship between costs and revenue, including, for greater certainty, changes in costs of labour or materials, price changes or inventory adjustments;*
 - (g) *changes in pricing of inputs, constraints on supply, order backlog, or other input-related matters;*
 - (h) *changes in production capacity, including, for greater certainty, changes due to plant closures and work stoppages;*

- (i) *changes in volume of discounts granted to customers, volumes of returns and allowances, excise and other taxes or other amounts reflected on a net basis against revenue;*
 - (j) *changes in the terms and conditions of service contracts;*
 - (k) *progress in achieving previously announced milestones;*
 - (l) *for resource issuers with producing mines, changes to cash flows caused by changes in production throughput, head-grade, cut-off grade, and metallurgical recovery, or any expectation of future changes to cash flows caused by those factors; and*
 - (m) *if your company has a significant equity investee, the nature of the investment and its significance to your company.*
- (5) *Your company must include information for a period longer than 2 financial years if it is helpful in explaining a trend.*
- (6) *For purposes of subsections (4) and (6), your company must describe each mineral project on a property material to it by providing current information, including*
- (a) *project location, mineral title, and your company's obligations to retain its interest,*
 - (b) *mineral commodities of interest,*
 - (c) *general geological setting,*
 - (d) *exploration and drilling results to date,*
 - (e) *mineral resource or reserve estimates as at the end of your company's financial year, and*
 - (f) *mining and processing operations.*

MD&A Annotation Note #12 for Instruction (6) to Section 3

Description of proposed change

We propose to add this instruction to provide issuers with guidance on the level of disclosure required in respect of an issuer's mineral project on a property material to it.

Rationale

This proposed instruction is consistent with comments raised in staff's CD Reviews and SN 51-355 as well as previous publications of the CSA Staff Notice *Continuous Disclosure Review Program Activities*.

- (7) *For purposes of subsection (4), discuss factors that have affected the value of the project such as a change in commodity prices, land use or political or environmental issues.*
- (8) *Your company is not required to include the following under this Part if your company is disclosing the required information under Part 3 of this Form:*
 - (a) *the description of its business and its reportable segments under subsection (2);*
 - (b) *the description of each mineral project on a property material to it under subsection (4);*
 - (c) *the discussion of its producing mines or mines under development under subsection (6).*
- (9) *Subsection (5) does not apply to disclosure that is subject to requirements in National Instrument 43-101 Standards of Disclosure for Mineral Projects or National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.*

Fourth quarter

- 4. Discuss fourth quarter events or items that affected your company's financial condition, financial performance or cash flows, including, for greater certainty, year-end and other adjustments, seasonal aspects of its business, discontinued operations, significant acquisitions or dispositions and changes in the direction of its business.

MD&A Annotation Note #13 for Section 4

Description of proposed change

We propose to relocate the fourth quarter disclosure requirement (such that it is presented directly after the overall performance disclosure requirements) and add "discontinued operations, significant acquisitions or dispositions and changes in the direction of your business" to the listed events and items an issuer should discuss when analyzing fourth quarter events.

Rationale

The relocation of the fourth quarter discussion requirement is to allow for a more logical flow of the requirements.

The addition of events and items to this section is for consistency with the list of factors included in the overall performance discussion in section 3 of this Form, which aligns with subsection 1.3(2) of the Current MD&A Form.

Liquidity and capital resources

5. (1) The liquidity and capital resources discussion must address your company's ability to generate sufficient amounts of cash and cash equivalents, in the short term and the long term, to meet existing known or reasonably likely future cash requirements, to maintain its capacity, to meet its planned growth or to fund development activities.

MD&A Annotation Note #14 for Section 5

Description of proposed change

We propose to consolidate sections 1.6 *Liquidity* and 1.7 *Capital Resources* of the Current MD&A Form into one section and rearrange the disclosure requirements into the following categories:

1. cash requirements,
2. sources of funds,
3. expected fluctuations in liquidity and capital resources, and
4. management of liquidity risks.

Rationale

There are some duplicative requirements in sections 1.6 and 1.7 of the Current MD&A Form. Given that liquidity and capital resources are integrated, and many issuers combine their discussions of these items, consolidating and re-arranging the requirements would facilitate more streamlined disclosures.

- (2) Discuss your company's cash requirements, including, for greater certainty,
- (a) its working capital requirements, including whether it has or expects to have a working capital deficiency,
 - (b) commitments, including, for greater certainty, commitments for capital expenditures, as of the date of the financial statements,
 - (c) expenditures not yet committed but required to maintain its capacity, to meet its planned growth or to fund development activities, and
 - (d) the nature and purpose of the commitments and expenditures referred to in paragraphs (b) and (c).
- (3) Discuss your company's expected sources of funds available for the uses described in subsection (2), taking into account
- (a) available capital resources,
 - (b) sources of financing arranged but not yet used, and

- (c) any impact to expected sources of funds described in paragraphs (a) and (b) resulting from any legal or practical restrictions on the ability of its subsidiaries to transfer funds to it.
- (4) Discuss the expected fluctuations in your company's liquidity and capital resources, taking into account
 - (a) known trends, demands, commitments, contingencies, events or uncertainties,
 - (b) changes in the mix and relative cost of capital resources, and
 - (c) statement of financial position conditions or profit or loss attributable to owners of the parent or cash flow items that may affect its liquidity.
- (5) Discuss how your company manages its liquidity risks in relation to items set out in subsections (2) to (4), including
 - (a) its ability to meet obligations as they become due and its plans for remedying any deficiency in the sources of funds available for the uses described in subsection (2),

MD&A Annotation Note #15 for Paragraph 5(5)(a)

Description of proposed change

Paragraph 1.6(e) of the Current MD&A Form requires a discussion of the issuer's ability to meet obligations when the issuer has or expects to have a working capital deficiency and how the issuer expects to remedy the deficiency. We propose to expand the requirement to include issuers that have an overall deficiency in the quantity of funds available to fund cash requirements.

Rationale

Broadening the requirement to apply to issuers that have a deficiency in the sources of funds available (versus a narrower consideration of working capital deficiency) would provide clarity and is consistent with the requirement in paragraph 1.6(a) of the Current MD&A Form to provide a discussion of the issuer's ability to generate sufficient amounts of cash and cash equivalents in the short term and the long term, to maintain the issuer's capacity, to meet planned growth or to fund development activities.

This proposed change is consistent with comments raised in staff's CD Reviews where there are concerns with an issuer's financial condition.

- (b) qualitative and quantitative disclosure of any debt covenants to which it is subject, including, for greater certainty, actual ratios or amounts, and

MD&A Annotation Note #16 for Paragraph 5(5)(b)

Description of proposed change

We propose to add this requirement to provide qualitative and quantitative disclosure of any debt covenants to which the issuer is subject.

Rationale

The proposed addition is to provide clarity on staff's expectation for disclosure related to debt covenants.

- (c) defaults or arrears or risk of defaults or arrears on
 - (i) distributions or dividend payments, lease payments, interest or principal payment on debt,
 - (ii) debt covenants, and
 - (iii) redemption or retraction or sinking fund payments, and
- (d) how it intends to cure the default or arrears or address the risk set out in paragraph (c).

INSTRUCTIONS

- (1) *In discussing and analysing your company's liquidity and capital resources, your company must present qualitative and quantitative disclosure to support this analysis.*

MD&A Annotation Note #17 for Instruction (1) to Section 5

Description of proposed change

We propose to add this instruction to clarify that the issuer's discussion of liquidity and capital resources must be both quantitative and qualitative to support the analysis.

Rationale

This is to clarify that quantitative information is necessary for an understanding of the changes in liquidity and capital resources. This proposed instruction is consistent with comments raised in staff's CD Reviews and previous publications of the CSA Staff Notice *Continuous Disclosure Review Program Activities*.

- (2) *Working capital requirements are the amount of funds required by your company to meet its short-term cash requirements, which may include funds required for working capital obligations and those required to fund operating activities and other business-related expenses in the short-term. Examples of working capital requirements may include situations where your company must maintain inventory to meet customers' delivery requirements or any situations involving extended payment terms.*

MD&A Annotation Note #18 for Instruction (2) to Section 5

Description of proposed change

We propose to add the first sentence of this instruction to clarify what “working capital requirements” mean.

Rationale

This proposed addition draws on the concepts introduced in subsection 4.3(1) of Companion Policy 41-101CP *Companion Policy to National Instrument 41-101 General Prospectus Requirements (41-101CP)*, which provision encourages disclosure of funding of any anticipated negative cash flow from operating activities in prospectuses. The proposed addition would provide clarity and is consistent with comments raised in staff’s CD Reviews where concerns arise with an issuer’s financial condition.

- (3) *In discussing your company’s commitments, your company may include a tabular presentation by type, including timing and amounts of payments required to meet these commitments. The tabular presentation may be accompanied by footnotes to describe provisions that create, increase or accelerate commitments. The disclosure must contain all details necessary for an understanding of the timing and amount of your company’s commitments.*

MD&A Annotation Note #19 for Instruction (3) to Section 5

Description of proposed change

We propose to revise instruction (iv) to section 1.6 of the Current MD&A Form to remove the contractual obligations table requirement for non-venture issuers and to encourage all issuers to present their analysis of commitments in tabular form.

Rationale

The information provided in a contractual obligations table is broadly duplicative of disclosure requirements under the accounting standards. While investors would have access to this information in the financial statements and the proposed liquidity and capital resources disclosure requirements, the presentation of information in tabular form would allow investors to better understand the timing and amount required to meet specified commitments, especially for an issuer that has a significant number of commitments. Issuers would still maintain the flexibility to prepare the information in a manner that best presents the maturity analysis.

- (4) *In discussing your company’s cash requirements under subsection (2), identify and quantify exploration and development, or research and development expenditures required to maintain properties or agreements in good standing.*
- (5) *Capital resources are financing resources available to your company and may include cash from operating activities, debt, equity, off-balance sheet financing arrangements and any other financing arrangements that it reasonably considers will provide financial resources. If your company anticipates additional funds from other sources of financing that it has arranged but not yet used, describe whether those funds are firm or contingent. If the funds are contingent, describe the nature of the contingency.*

MD&A Annotation Note #20 for Instruction (5) to Section 5

Description of proposed change

We propose to expand this instruction to clarify that an issuer that anticipates additional funds from other sources of financing it has arranged but not yet used must describe whether those funds are firm or contingent and, if the funds are contingent, describe the nature of the contingency.

Rationale

Paragraph 1.7(c) and instruction (i) to section 1.6 of the Current MD&A Form require an analysis of the sources of financing that the issuer has arranged but not used and a description of the circumstances that could affect sources of funding that are reasonably likely to occur. The proposed instruction would provide clarity on this requirement and is consistent with the concepts in subsection 4.2(3) of 41-101CP which encourages similar disclosure in prospectuses.

- (6) *Examples of circumstances that may affect your company's sources of funding include market or commodity price changes, economic downturns, defaults on guarantees and contractions of operations.*
- (7) *In discussing trends or expected fluctuations in your company's liquidity and liquidity risks in relation to items set out in subsections (2) to (4), your company may include:*
 - (a) *provisions in debt, lease or other arrangements that could trigger an additional funding requirement or early payment, such as provisions linked to credit rating, profit or loss, cash flows or share price, and*
 - (b) *circumstances that could impair its ability to undertake a transaction considered essential to operations, such as the inability to maintain an investment grade credit rating, earnings per-share, cash flows or share price.*
- (8) *To the extent a deficiency in the quantity of funds available to fund your company's cash requirements is identified, discuss how the available capital resources will be used, explaining how it intends to meet its cash requirements and maintain operations, what business objectives your company intends to accomplish as well as the priority of how the capital resources will be used. If your company intends to rely on other sources of financing in these situations, disclose that fact and an assessment of whether this financing will continue to be available and on what terms, and the impact of raising this amount on its liquidity, operations, capital resources and solvency.*

INCLUDES COMMENT LETTERS RECEIVED

MD&A Annotation Note #21 for Instruction (8) to Section 5

Description of proposed change

We propose to add this instruction to clarify that if there is a deficiency in the quantity of funds available to fund the issuer's cash requirements, it is important to include a discussion of the business objectives that the issuer intends to accomplish and the priority of how the capital resources will be used to allow investors to make an informed investment decision.

Rationale

The proposed instruction is consistent with the concepts in subsection 4.2(3) of 41-101CP, which provision encourages similar disclosure in prospectuses. It is also consistent with CD Review comments when there are concerns with an issuer's financial condition.

Transactions between related parties

6. (1) Discuss all transactions between related parties as defined by the issuer's GAAP, including both qualitative and quantitative characteristics that are necessary for an understanding of the transaction's business purpose and economic substance.
- (2) In your company's discussion under subsection (1), include
 - (a) the identity of the related persons or entities,
 - (b) the nature of the related party relationship,
 - (c) the business purpose of the transaction,
 - (d) the recorded amount of the transaction and a description of the measurement basis used, and
 - (e) any ongoing contractual or other commitments resulting from the transaction.

MD&A Annotation Note #22 for Section 6

Description of proposed change

We propose to combine the instructions and the requirements under section 1.9 of the Current MD&A Form into one section.

Rationale

The accounting standards have some overlap with the MD&A but do not sufficiently address all of the MD&A requirements. A frequent observation is that issuers simply repeat the financial statement related party note without addressing the full requirements in the MD&A. The proposed section 6 would set out all MD&A requirements for related party transactions in one section and provide clarity.

Proposed transactions

7. (1) If senior management has made a decision to proceed with a proposed asset or business acquisition or disposition, and senior management believes that confirmation of the decision by the board of directors is probable, discuss the expected effect of the proposed transaction on your company's financial condition, financial performance and cash flows.
- (2) For a proposed transaction identified in subsection (1), discuss the status of any required shareholder or regulatory approvals.

INSTRUCTION

Your company is not required to disclose this information if it has filed a Form 51-102F3 Material Change Report under section 7.1 of National Instrument 51-102 Continuous Disclosure Obligations regarding the transaction on a confidential basis and that report is confidential at the time the annual disclosure statement is filed.

Additional disclosure for venture issuers without significant revenue

8. (1) If your company is a venture issuer that has not had significant revenue from operations in either of its last 2 financial years, disclose, for its 2 most recently completed financial years, a breakdown of the components of
 - (a) exploration and evaluation assets,
 - (b) exploration and evaluation expenditures,
 - (c) expensed research and development costs,
 - (d) intangible assets arising from development,
 - (e) general and administration expenses, and
 - (f) any costs, whether expensed or recognized as assets, not referred to in paragraphs (a) through (e).
- (2) If your company is subject to subsection (1) and its business primarily involves mining exploration and development, present the analysis of exploration and evaluation assets and expenditures in paragraphs (1)(a) and (1)(b) on a property-by-property basis.

Disclosure of outstanding share data

9. (1) Disclose the designation and number or principal amount of
 - (a) each class and series of voting or equity securities of your company for which there are securities outstanding,

- (b) each class and series of securities of your company for which there are securities outstanding if the securities are convertible into, or exercisable or exchangeable for, voting or equity securities of your company, and
 - (c) subject to paragraph (b), each class and series of voting or equity securities of your company that are issuable on the conversion, exercise or exchange of outstanding securities of your company.
- (2) If the exact number or principal amount of voting or equity securities of your company that are issuable on the conversion, exercise or exchange of outstanding securities of your company is not determinable, disclose the maximum number or principal amount of each class and series of voting or equity securities of your company that is issuable on the conversion, exercise or exchange of outstanding securities of your company and, if that maximum number or principal amount is not determinable, describe the exchange or conversion features and the manner in which the number or principal amount of voting or equity securities of your company will be determined.
- (3) The disclosure under subsections (1) and (2) must be prepared as of the latest practicable date.

MD&A Annotation Note #23 for Sections 8 and 9

Description of proposed changes

1. We propose to move sections 5.3 *Additional Disclosure for Venture Issuers Without Significant Revenue* and 5.4 *Disclosure of Outstanding Share Data* of National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) into sections 8 and 9 of this Form.
2. We also propose to eliminate subparagraph 1.15(b)(iii) of the Current MD&A Form that references section 5.7 *Additional Disclosure for Reporting Issuers with Significant Equity Investees* of NI 51-102.

Rationale

Proposed change #1 - Moving requirements under sections 5.3 and 5.4 of NI 51-102 into this Form would place all MD&A disclosure requirements in one form and reduce the risk of issuers missing a disclosure requirement that applies to them.

Proposed change #2 - This is as a result of our proposal to eliminate section 5.7 of NI 51-102, which sets out disclosure requirements that overlap with the accounting standards.

Additional disclosure for investment entities and non-investment entities recording investments at fair value

10. (1) If your company is an investment entity or a non-investment entity recording investments at fair value, discuss the performance of its investments for its 2 most recently completed financial years, including

- (a) a schedule of investments, including the investee's name, and the cost and fair value for each investment held,
 - (b) changes to the composition of the investment portfolio, and
 - (c) drivers of fair value changes by investment, including a discussion of both unrealized and realized gains and losses.
- (2) If subsection (1) applies and your company has concentrated holdings, disclose summarized financial information of the investee, including, for greater certainty, the aggregated amounts of assets, liabilities, revenue and profit or loss along with a discussion of the results of the investee.

MD&A Annotation Note #24 for Section 10

Description of proposed change

We propose to add disclosure requirements for investment entities and non-investment entities recording investments at fair value, similar to the disclosure requirements outlined in CSA Multilateral Staff Notice 51-349 *Report on the Review of Investment Entities and Guide for Disclosure Improvements* (SN 51-349)*.

Rationale

In many jurisdictions, staff have seen an increase in the number of issuers that have determined they are an investment entity or a non-investment entity that measure substantially all of their investments at fair value through profit and loss. While some investment entities and non-investment entities recording investments at fair value have provided detailed disclosures in continuous disclosure filings, staff continue to raise comments in CD Reviews and improvements are required in many areas to provide sufficient disclosure to investors about the underlying investments of these issuers.

SN 51-349 was published to summarize staff's disclosure expectations and provide guidance to assist investment entities and non-investment entities recording investments at fair value in meeting their continuous disclosure obligations. The concluding section of SN 51-349 outlines that there would be a continued evaluation of the disclosure of issuers that are investment entities and non-investment entities recording investments at fair value and the need for policy changes would be considered if it is determined that these issuers are not providing sufficient disclosure to their investors. The proposed disclosure requirements are consistent with the messaging in SN 51-349.

* SN 51-349 was titled "A Guide for Disclosure Improvements by Investment Entities and Non-Investment Entities that Record Investments at Fair Value" in certain participating jurisdictions.

INSTRUCTIONS

- (1) In this section, "investment entity" has the same meaning as that term is defined in the issuer's GAAP.

- (2) *If a material portion of your company's business is invested in other operating entities and those investments are recorded on a fair value basis, your company is a "non-investment entity recording investments at fair value".*

MD&A Annotation Note #25 for Instructions (1) and (2) to Section 10

Description of proposed change

We propose to add these instructions to provide descriptions of the terms "investment entity" and "non-investment entity recording investments at fair value".

Rationale

See discussion in the MD&A Annotation Note #24 for section 10.

- (3) *The investment portfolio must be presented with sufficient disaggregation and transparency to allow an investor to understand the characteristics of the portfolio composition, including the associated risks and the drivers of any changes in fair value. Your company must provide an analysis of the financial and operational trends for the investments that led to the current determination of fair value.*
- (4) *A concentrated holding is considered to be a single investment that represents 30% or more of the fair value of your company's investment portfolio. In calculating the fair value of its investment portfolio, exclude investments that are temporary and non-strategic in nature such as cash and cash equivalents, temporary investments and hedging derivative instruments.*

Other annual MD&A requirements

- 11.** Include in the annual MD&A disclosure required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* and, as applicable, Form 52-109F1 *Certification of Annual Filings Full Certificate*, Form 52-109F1R *Certification of Refiled Annual Filings*, or Form 52-109F1 - *AIF Certification of Annual Filings in Connection with Voluntarily Filed AIF*.

**PART 3
ANNUAL INFORMATION FORM**

GENERAL INSTRUCTIONS FOR PART 3

- (1) *An AIF is a disclosure document intended to provide material information about your company and its business at a point in time in the context of its historical and possible future development. The AIF describes your company, its operations and prospects, risks and other external factors that impact your company specifically, openly reporting bad news as well as good news.*

- (2) *Requirements in sections 15 to 19, 26, 27, 29 and 30 and subsection 28(1) of this Part that are applicable to “your company” apply to your company, your company’s subsidiaries, joint ventures to which your company is a party and entities in which your company has an investment accounted for by the equity method.*
- (3) *If your company is a structured entity, as that term is defined in Canadian GAAP applicable to publicly accountable enterprises, or the term equivalent to structured entity under the issuer’s GAAP, modify the disclosure requirements in this Part to reflect the nature of your company’s business.*

AIF Annotation Note #1 for General Instruction (3)

Description of proposed change

We propose to replace “special purpose entity” in the Current AIF Form with “structured entity”.

Rationale

The prior concept and discussion of “special purpose entities” has been replaced by the concept and discussion of “structured entities” as the latter term has superseded the former term under Canadian GAAP applicable to publicly accountable enterprises.

Date and Filing

12. (1) Specify the date of the AIF.

- (2) The date must be no earlier than the date of the auditor’s report on the financial statements for your company’s most recently completed financial year.
- (3) The AIF must be dated within 10 days before the filing date.
- (4) Unless otherwise specified in this Part, present the information in the AIF as at the last day of its most recently completed financial year.

INSTRUCTION

For information presented as at any date other than the last day of your company’s most recently completed financial year, your company must specify the relevant date in the disclosure.

Corporate structure

- 13. (1)** State your company’s full corporate name or, if your company is an unincorporated entity, the full name under which it exists and carries on business.
- (2) State the statute under which your company is incorporated, continued or organized or, if your company is an unincorporated entity, the jurisdiction of Canada or the foreign jurisdiction under which it is established and exists.

- (3) Describe the substance of any amendments to the articles or other constating or establishing documents of your company since the date of your company's incorporation or formation.

INSTRUCTION

For the purposes of subsection (3), if the disclosure provided in one of your company's prior AIFs or prospectuses remains current, your company may incorporate by reference such previous disclosure to satisfy this requirement.

AIF Annotation Note #2 for Instruction to Section 13

Description of proposed change

We propose to include this instruction so that issuers can refer to previous disclosure of any amendments to the articles or other constating or establishing documents of the issuer in a prior AIF or prospectus.

Rationale

We are of the view that the burden on issuers to reproduce the disclosure in the AIF is greater than the benefit that investors would obtain from having the disclosure. This would reduce burden as issuers would not have to repeat information that is already disclosed elsewhere.

Intercompany relationships

- 14. (1)** Describe, by way of a diagram or otherwise, the intercompany relationships among your company and its subsidiaries.
- (2)** For each subsidiary, state all of the following:
- (a) the percentage of votes attaching to all voting securities of the subsidiary beneficially owned, or controlled or directed, directly or indirectly, by your company;
 - (b) the percentage of each class of restricted securities of the subsidiary beneficially owned, or controlled or directed, directly or indirectly, by your company;
 - (c) where it was incorporated, continued, formed or organized.

INSTRUCTIONS

- (1)** *Your company may omit disclosure about a particular subsidiary if, at your company's most recent financial year-end,*
- (a) *the total assets of the subsidiary do not exceed 10% of the consolidated assets of your company, and*

(b) *the revenue of the subsidiary does not exceed 10% of the consolidated revenue of your company.*

(2) *The condition in*

(a) *subparagraph (1)(a) of these instructions is not satisfied if the aggregate of all of your company's subsidiaries otherwise omitted under paragraph (1) of these instructions exceed 20% of your company's consolidated assets, and*

(b) *subparagraph (1)(b) of these instructions is not satisfied if the aggregate of all your company's subsidiaries otherwise omitted under paragraph (1) of these instructions exceed 20% of your company's consolidated revenue.*

AIF Annotation Note #3 for Removal of General Development of the Business

Description of proposed changes

1. We propose to remove section 4.1 of the Current AIF Form which requires disclosure of how the issuer's business has developed over the last 3 completed financial years; and
2. We propose to remove section 4.2 of the Current AIF Form which requires disclosure of any significant acquisitions completed during the most recently completed financial year.

Rationale

Proposed change #1 - We want to place greater emphasis on what happened to the issuer in the most recently completed financial year. As a result, we do not think that issuers should be required to provide a 3 year retrospective of its development.

Proposed change #2 - Significant acquisitions would be disclosed under other disclosure requirements in NI 51-102 (e.g., Part 8 *Business Acquisition Report* or Part 5 *MD&A*).

Describe the business

15. Describe the business of your company and its reportable segments as that term is interpreted in the issuer's GAAP.

INSTRUCTIONS

- (1) *Your company's business description must include a discussion of the following for each reportable segment, or for your company as a whole if it has a single reportable segment:*
 - (a) *a description and summary of your company's products and services, principal markets, distribution methods, actual or proposed method of production or providing services, and the status of any new product or service that has been announced;*
 - (b) *a description of your company's business environment, including*

- (i) *the competitive conditions in your company's principal markets and geographic areas, including, if reasonably possible, an assessment of your company's competitive position,*
- (ii) *the extent to which the business is cyclical or seasonal,*
- (iii) *any contract upon which your company's business is substantially dependent,*
- (iv) *your company's dependence upon foreign operations, and*
- (v) *the likely effect of any changes your company reasonably expects from renegotiation or termination of contracts or sub-contracts;*
- (c) *a description of your company's business resources, including*
- (i) *the sources, pricing and availability of raw materials, component parts or finished products, and*
- (ii) *the importance, duration and effect of identifiable intangible assets, such as brand names, circulation lists, copyrights, franchises, licences, patents, software, subscription lists and trademarks, on your company.*
- (2) *Your company's business description must include a discussion of the following for your company as a whole:*
- (a) *a description of your company's human capital resources, including*
- (i) *any specialized skill and knowledge requirements and the extent to which the skill and knowledge are available to your company, and*
- (ii) *the number of employees as at the end of your company's most recently completed financial year or the average number of employees over the year, whichever is more meaningful to understand your company's business;*
- (b) *a description of*
- (i) *the effects of environmental protection legislation on your company's operations, capital expenditures, financial performance or competitive position for your company's most recently completed financial year and the expected effect in future years, and*
- (ii) *any social or environmental policies implemented by your company, such as policies regarding your company's relationship with the environment*

or with the communities in which it does business, or human rights policies, and the steps your company has taken to implement them.

- (c) *a description of the investment policies and lending and investment restrictions with respect to your company's lending operations.*

AIF Annotation Note #4 for Section 15

Description of proposed changes

1. We propose to make the following changes to section 5.1 of the Current AIF Form:
 - (a) relocate the content of the requirements to instructions (1) and (2) under this section, and
 - (b) regroup the requirements such that certain requirements apply to each reportable segment, or to the issuer as a whole, if it has a single reportable segment, and other requirements apply only to the issuer as a whole.
2. We propose to remove the requirements in subparagraph 5.1(1)(a)(iii) and subsections 5.1(2) and 5.1(3) of the Current AIF Form to disclose (i) for the 2 most recently completed financial years, revenue for each category of products or services that accounted for 15% or more of total consolidated revenue, (ii) bankruptcies and similar procedures within the 3 most recently completed financial years, and (iii) reorganizations within the 3 most recently completed financial years.
3. We propose to relocate the research and development elements in subparagraph 5.1(1)(a)(iv) of the Current AIF Form to Part 2 of this Form.

Rationale

Proposed change #1 –

- (a) This would provide issuers the flexibility to determine what disclosure is applicable under this section while at the same time retaining most of the content for instructional purposes.
- (b) We are of the view that certain disclosure (for example, description of products and services and business conditions) is necessary for each reportable segment as opposed to the issuer as a whole, in order to be meaningful to investors.

Proposed change #2 - Disclosure of these events would be included in the issuer's financial statements, MD&A or other mandated continuous disclosure documents.

Proposed change #3 - This is for consolidation purposes as disclosure of similar information is required in the issuer's MD&A. See also MD&A Annotation Note #9.

Risk factors

16. Disclose risk factors relating to your company and its business, such as cash flow and liquidity problems, if any, experience of management, the general risks inherent in the business carried on by your company, environmental and health risks, reliance on personnel, regulatory constraints, economic or political conditions and financial history and any other matter that would be most likely to influence an investor's decision to

purchase securities of your company. If there is a risk that securityholders of your company may become liable to make an additional contribution beyond the price of the security, disclose that risk.

INSTRUCTIONS

- (1) *Disclose the risks in order of seriousness from the most serious to the least serious.*
- (2) *A risk factor must not be de-emphasized by including, for greater certainty, excessive caveats or conditions.*
- (3) *Consider presenting risk factor disclosure in a manner, such as the tabular form below or any other suitable manner, that clearly identifies, for each risk factor*
 - (a) *the nature of the risk factor,*
 - (b) *its description,*
 - (c) *your company's impact/probability (i.e., its seriousness), and*
 - (d) *your company's risk mitigation strategy relating to it.*

RISK FACTORS

| Nature of Risk Factor | Description | Impact / Probability Assessment | Risk Mitigation Strategy |
|-----------------------|-------------|---------------------------------|--------------------------|
|-----------------------|-------------|---------------------------------|--------------------------|

AIF Annotation Note #5 for Instruction (3) to Section 16

Description of proposed change

We propose to include this instruction to signal explicitly to issuers the option to provide risk factor disclosure (including risk mitigation strategy for each risk factor) in a tabular form or other alternative format and to clarify that the “seriousness” of a risk factor refers to an impact/probability assessment.

Rationale

The references to risk mitigation strategy and impact/probability assessment in the proposed instruction are consistent with guidance on risk factor disclosure provided in prior CSA staff notices including CSA Multilateral Staff Notice 51-347 *Disclosure of Cyber Security Risks and Incidents* and CSA Staff Notice 51-333 *Environmental Reporting Guidance*, and staff expectations generally.

Companies with asset-backed securities outstanding

17. If your company had asset-backed securities outstanding that were distributed under a prospectus, disclose the following information:
- (a) a description of any events, covenants, standards or preconditions that may reasonably be expected to affect the timing or amount of any payments or distributions to be made under the asset-backed securities;
 - (b) for the 3 most recently completed financial years of your company or the lesser period commencing on the first date on which your company had asset-backed securities outstanding, financial disclosure that described the underlying pool of financial assets servicing the asset-backed securities relating to
 - (i) the composition of the pool as of the end of each financial year or partial period,
 - (ii) profit and losses from the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets,
 - (iii) the payment, prepayment and collection experience of the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets,
 - (iv) servicing and other administrative fees, and
 - (v) any variances experienced in the matters referred to in subparagraphs (i) through (iv);
 - (c) if any of the financial disclosure made in accordance with paragraph (b) has been audited, the existence and results of the audit;
 - (d) the investment parameters applicable to investments of any cash flow surpluses;
 - (e) the amount of payments made during the 3 most recently completed financial years or the lesser period commencing on the first date on which your company had asset-backed securities outstanding, in respect of principal and interest or capital and yield, each stated separately, on the outstanding asset-backed securities of your company;
 - (f) the occurrence of any event that has led to, or with the passage of time could lead to, the accelerated payment of principal, interest or capital of asset-backed securities;
 - (g) the identity of any principal obligors for the outstanding asset-backed securities of your company, the percentage of the pool of financial assets servicing the asset-

backed securities represented by obligations of each principal obligor and whether the principal obligor has filed an AIF in any jurisdiction or a Form 10-K or Form 20-F in the United States.

INSTRUCTIONS

- (1) *Present the information required under paragraph (b) in a manner that enables an investor to easily determine the status of the events, covenants, standards and preconditions referred to in paragraph (a).*
- (2) *If the information required under paragraph (b) is not compiled specifically on the pool of financial assets servicing the asset-backed securities, but is compiled on a larger pool of the same assets from which the securitized assets are randomly selected so that the performance of the larger pool is representative of the performance of the pool of securitized assets, your company may comply with paragraph (b) by providing the information required based on the larger pool and disclosing that it has done so.*
- (3) *In the case of a new company, where the pool of financial assets servicing the asset-backed securities will be randomly selected from a larger pool of the same assets so that the performance of the larger pool will be representative of the performance of the pool of securitized assets to be created, your company may comply with paragraph (b) by providing the information required based on the larger pool and disclosing that it has done so.*

Companies with mineral projects

18. Provide the following information for each mineral project on a property material to your company:
 - (a) the title, author, and date of the most recent technical report on the property filed in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects*;
 - (b) the location of the project and means of access;
 - (c) the nature and extent of your company's title to or interest in the project, including, for greater certainty, surface rights, obligations that must be met to retain the project, and the expiration date of claims, licences and other property tenure rights;
 - (d) the terms of any royalties, overrides, back-in rights, payments or other agreements and encumbrances to which the project is subject;
 - (e) to the extent known, any significant factors or risks that might affect access or title, or the right or ability to perform work on, the property, including, for greater certainty, permitting and environmental liabilities to which the project is subject;

- (f) to the extent known, the prior exploration and development of the property, including, for greater certainty, the type, amount, and results of any exploration work undertaken by previous owners, any significant historical estimates, and any previous production on the property;
- (g) the regional, local, and property geology;
- (h) a description of significant mineralized zones encountered on the property, the surrounding rock types and relevant geological controls, and the length, width, depth and continuity of the mineralization together with a description of the type, character and distribution of the mineralization;
- (i) the mineral deposit type or geological model or concepts being applied;
- (j) the nature and extent of all relevant exploration work other than drilling, conducted by or on behalf of your company, including a summary and interpretation of the relevant results;
- (k) the type and extent of drilling and a summary and interpretation of all relevant results;
- (l) a description of sampling and assaying, including
 - (i) sample preparation methods and quality control measures employed before dispatch of samples to an analytical or testing laboratory,
 - (ii) the security measures taken to ensure the validity and integrity of samples taken,
 - (iii) a description of assaying and analytical procedures used and the relationship, if any, of the analytical or testing laboratory to your company, and
 - (iv) quality control measures and data verification procedures, and their results;
- (m) if mineral processing or metallurgical testing analyses have been carried out, a description of the nature and extent of the testing and analytical procedures, and a summary of the relevant results and, to the extent known, a description of any processing factors or deleterious elements that could have a significant effect on potential economic extraction;
- (n) a description of the mineral resources and mineral reserves, if any, including
 - (i) the effective date of the estimates,

- (ii) the quantity and grade or quality of each category of mineral resources and mineral reserves,
 - (iii) the key assumptions, parameters, and methods used to estimate the mineral resources and mineral reserves, and
 - (iv) the extent to which the estimate of mineral resources and mineral reserves may be materially affected by metallurgical, environmental, permitting, legal, title, taxation, socio-economic, marketing, political, and other relevant issues;
- (o) for advanced properties,
- (i) a description of the current or proposed mining methods, including a summary of the relevant information used to establish the amenability or potential amenability of the mineral resources or mineral reserves to the proposed mining methods,
 - (ii) a summary of current or proposed processing methods and reasonably available information on test or operating results relating to the recoverability of the valuable component or commodity,
 - (iii) a description of the infrastructure and logistic requirements for the project,
 - (iv) a description of the reasonably available information on environmental, permitting, and social or community factors related to the project,
 - (v) a summary of capital and operating cost estimates, with the major components set out in tabular form, and
 - (vi) an economic analysis with forecasts of annual cash flow, net present value, internal rate of return, and payback period, unless exempted under Instruction (1) to Item 22 of Form 43-101F1 *Technical Report*;
- (p) a description of your company's current and contemplated exploration, development, or production activities, and any milestone, including for greater certainty, mine expansion plans, productivity improvements, plans to develop a new deposit, or production decisions, and whether the milestone is based on a technical report filed under National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.

INSTRUCTION

Your company may satisfy the disclosure requirements in this section for each mineral project on a property material to your company by reproducing in the AIF the summary from the technical report, if the summary contains all disclosure required under this section.

AIF Annotation Note #6 for Instruction to Section 18

Description of proposed change

We propose to add the words “if the summary contains all disclosure required under this section” and to remove reference to having to “incorporate the detailed disclosure in the technical report into the AIF by reference”.

Rationale

This is to clarify that a summary from the technical report may be used to satisfy the disclosure requirements in section 18 only if the summary contains all disclosures required under section 18. This is also to clarify that the technical report is not required to be incorporated by reference.

Companies with oil and gas activities

19. If your company is engaged in oil and gas activities, as defined in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*, all of the following apply:
 - (a) in the case of information that, for purposes of Form 51-101F1 *Statement of Reserves Data and Other Oil and Gas Information*, is to be prepared as at the end of a financial year, disclose that information as at your company’s most recently completed financial year-end;
 - (b) in the case of information that, for purposes of Form 51-101F1 *Statement of Reserves Data and Other Oil and Gas Information*, is to be prepared for a financial year, disclose that information for your company’s most recently completed financial year;
 - (c) include with the disclosure under paragraph (a) a report in the form of Form 51-101F2 *Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor*, on the reserves data included in the disclosure required under paragraph (a);
 - (d) include with the disclosure under paragraph (a) a report in the form of Form 51-101F3 *Report of Management and Directors on Oil and Gas Disclosure* that refers to the information disclosed under paragraph (a);
 - (e) to the extent not reflected in the information disclosed in response to paragraph (a), disclose the information contemplated by Part 6 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* in respect of material changes that occurred after your company’s most recently completed financial year-end.

Description of capital structure and dividends or distributions policy

- 20. (1)** Describe your company's capital structure. State the designation of each class of authorized securities, and describe the characteristics of each class of authorized securities, including, for greater certainty, voting rights, provisions for exchange, conversion, exercise, redemption and retraction, dividend rights and rights upon dissolution or winding-up.
- (2)** If there are constraints imposed on the ownership of securities of your company to ensure that your company has a required level of Canadian ownership, describe the mechanism, if any, by which the level of Canadian ownership of the securities is or will be monitored and maintained.
- (3)** If your company has asked for and received a credit rating, or if your company is aware that it has received any other kind of rating, including, for greater certainty, a stability rating or a provisional rating, from one or more credit rating organizations for securities of your company that are outstanding, or will be outstanding, and the rating or ratings continue in effect, disclose the following:
- (a) each rating received from a credit rating organization;
 - (b) for each rating disclosed under paragraph (a), the name of the credit rating organization that has assigned the rating;
 - (c) a definition or description of the category in which each credit rating organization rated the securities and the relative rank of each rating within the organization's overall classification system;
 - (d) an explanation of what the rating addresses and what attributes, if any, of the securities are not addressed by the rating;
 - (e) any factors or considerations identified by the credit rating organization as giving rise to unusual risks associated with the securities;
 - (f) a statement that a credit rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the credit rating organization;
 - (g) any announcement made by, or any proposed announcement known to your company that is to be made by, a credit rating organization to the effect that the organization is reviewing or intends to revise or withdraw a rating previously assigned and required to be disclosed under this subsection.

- (4) If payments were, or reasonably will be, made to a credit rating organization that provided a rating described under subsection (3), state that fact and state whether any payments were made to the credit rating organization in respect of any other service provided to your company by the credit rating organization during the last 2 years.
- (5) Disclose your company's current dividend or distribution policy and any intended change in dividend or distribution policy.

INSTRUCTIONS

- (1) *Subsection (1) may be complied with by providing a summary of the matters referred to in that subsection. The provisions attaching to different classes of securities are not required to be set out in full. As part of the disclosure of the description of capital structure, include the disclosure required under subsection 10.1(1) of National Instrument 51-102 Continuous Disclosure Obligations.*
- (2) *For purposes of paragraph (3)(d), there may be factors relating to a security that are not addressed by a credit rating organization when they give a rating. For example, in the case of cash-settled derivative instruments, factors in addition to the creditworthiness of the issuer, such as the continued subsistence of the underlying interest, or the volatility of the price, value or level of the underlying interest, may be reflected in the rating analysis. Rather than being addressed in the rating itself, these factors may be described by a credit rating organization by way of a superscript or other notation to a rating. Your company must discuss any such attributes as required under paragraph (3)(d).*
- (3) *A provisional rating received before your company's most recently completed financial year is not required to be disclosed under this section.*

AIF Annotation Note #7 for Removal of Dividends and Distributions

Description of proposed changes

1. We propose to remove the following requirements in the Current AIF Form:
 - (a) subsection 6.1(1), which requires disclosure of cash dividends or distributions declared for the 3 most recently completed financial years; and
 - (b) subsection 6.1(2), which requires disclosure of any restrictions on payment of dividends or distributions.
2. We propose to relocate subsection 6.1(3) of the Current AIF Form as subsection 20(5) of this Form.

Rationale

Proposed change #1 – Subsections 6.1(1) and (2) of the Current AIF Form are duplicative of requirements under the accounting standards.

Proposed change #2 – We believe that the information in subsection 6.1(3) of the Current AIF Form remains material and the relocation of the requirement is to allow for a more logical flow of requirements.

Market for securities

- 21. (1)** For each class of securities of your company that is traded or quoted on a Canadian or foreign marketplace for which your company has applied for and received a listing, identify all such marketplaces.
- (2)** If a Canadian marketplace is not identified under subsection (1) in respect of a class of securities of your company, but one or more foreign marketplaces are identified under subsection (1) in respect of that class, identify the foreign marketplace on which the greatest volume of trading or quotation generally occurs and provide either of the following in respect of that class:
- (a) the price ranges and volume traded or quoted on a monthly basis for each month or, if applicable, partial months of the most recently completed financial year;
 - (b) the address of the website or other publicly available source where the information required under paragraph (a) can be found.

AIF Annotation Note #8 for Section 21

Description of proposed changes

1. With respect to subsection 21(1), we propose to
 - remove the requirement in subsection 8.1(1) of the Current AIF Form to identify the price ranges and volume traded or quoted on a Canadian marketplace, and
 - require the identification of all Canadian and foreign marketplaces on which the issuer has applied for and received a listing.
2. With respect to subsection 21(2), we propose to revise the requirements in subsections 8.1(2) and 8.1(3) of the Current AIF Form so that disclosure is only required if a Canadian marketplace is not identified in respect of a class of securities and the issuer has applied for and received a listing on a foreign marketplace. Canadian marketplace is not

identified in respect of a class of securities and the issuer has applied for and received a listing on a foreign marketplace.

3. We propose to add paragraph 21(2)(b) so that if information required under paragraph 21(2)(a) is available through a publicly available source, the issuer can identify that source instead.

Rationale

Proposed change #1 –

- Investors would be able to locate the pricing and trading volume information easily from the Canadian marketplaces themselves.
- Issuers are able to easily identify Canadian and foreign marketplaces on which the issuer has applied for and received a listing and this information may be beneficial for investors to determine where they can trade securities of the issuer.

Proposed change #2 - We are of the view that an issuer should not be required to include disclosure for marketplaces where it has not taken formal steps to list its securities, particularly where the issuer is unaware its securities might be traded or quoted on such marketplaces.

Proposed change # 3 - If an issuer identifies the publicly available source, investors would be able to access this information themselves.

AIF Annotation Note #9 for Removal of *Prior Sales*

Description of proposed change

We propose to remove section 8.2 *Prior Sales* of the Current AIF Form, which requires disclosure of prior sales of securities of the issuer during the most recently completed financial year.

Rationale

This information is typically available in other disclosure made by the issuer, such as the MD&A or publicly available Form 45-106F1 *Report of Exempt Distribution*, where the issuer has filed such forms in connection with private placements.

Escrowed securities and securities subject to contractual restriction on transfer

22. (1) State, in substantially the following tabular form, the number of securities of each class of your company held, to your company's knowledge, in escrow or that are subject to a contractual restriction on transfer, and the percentage that number represents of the outstanding securities of that class for your company's most recently completed financial year.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

| Designation of class | Number of securities held in escrow or that are subject to a contractual restriction on transfer | Percentage of class |
|----------------------|--|---------------------|
| | | |

- (2) In a note to the table, disclose the name of the depository, if any, and the date of and conditions governing the release of the securities from escrow or the date the contractual restriction on transfer ends, as applicable.

INSTRUCTIONS

- (1) *For the purposes of this section, “escrow” includes securities subject to a pooling agreement.*
- (2) *For the purposes of this section, information in respect of securities subject to contractual restrictions on transfer as a result of pledges made to lenders is not required to be disclosed.*

Directors and executive officers – general

- 23. (1)** List the name, province or state, and country of residence of each director and executive officer of your company and indicate their respective positions and offices held with your company and their respective principal occupations during the 5 years before the date of the AIF.
- (2) State the period or periods during which each director has served as a director and when his or her term of office will expire.
- (3) State the number and percentage of securities of each class of voting securities of your company or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by all directors and executive officers of your company as a group.
- (4) Identify the members of each committee of the board.
- (5) If the principal occupation of a director or executive officer of your company is acting as an officer of a person or company other than your company, disclose that fact and state the principal business of the person or company.

INSTRUCTION

For the purposes of subsection (3), securities of subsidiaries of your company that are beneficially owned, or controlled or directed, directly or indirectly, by directors or executive officers through ownership, or control or direction, directly or indirectly, over securities of your company, are not required to be included.

Cease trade orders, bankruptcies, penalties or sanctions

24. (1) If a director or executive officer of your company is, as at the date of the AIF, or was within 10 years before the date of the AIF, a director, chief executive officer or chief financial officer of any company (including, for greater certainty, your company) that was subject to any of the following, state that fact and describe the basis on which the order was made and whether the order is still in effect:

- (a) an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer;
- (b) an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

(2) For the purposes of subsection (1), “order” means any of the following:

- (a) a cease trade order;
- (b) an order similar to a cease trade order;
- (c) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

(3) State if any of the following apply to a director or executive officer of your company, or a shareholder holding a sufficient number of securities of your company to affect materially the control of your company:

- (a) the person is, as at the date of the AIF, or has been within the 10 years before the date of the AIF, a director or executive officer of any company (including, for greater certainty, your company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;

- (b) the person or company has, within the 10 years before the date of the AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.
- (4) Describe the penalties or sanctions imposed and the grounds on which they were imposed, or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a director or executive officer of your company, or a shareholder holding a sufficient number of securities of your company to affect materially the control of your company, has been subject to any:
 - (a) penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has, within the 10 years before the date of the AIF, entered into a settlement agreement with a securities regulatory authority and

AIF Annotation Note #10 for Paragraph 24(4)(a)

Description of proposed change

We propose to revise paragraph 10.2(2)(a) of the Current AIF Form and delete subsection 10.2(3) of the Current AIF Form in order to reduce the look back relating to the requirement to disclose any settlement agreements entered into with a securities regulatory authority by directors, officers or significant shareholders to a 10-year period.

Rationale

We are of the view that the cost of disclosing settlement agreements entered into with a securities regulatory authority by directors, officers or significant shareholders which dates back more than 10 years may outweigh the benefits investors will obtain from the information.

- (b) other penalties or sanctions imposed by a court or regulatory body that would likely be considered material to a reasonable investor in making an investment decision.

INSTRUCTIONS

- (1) *Your company must disclose all individual cease trade orders and bankruptcies required under subsections (1) and (3), and all penalties, sanctions and settlement agreements required under paragraph (4)(a), because they are material.*
- (2) *The disclosure required under subsections (1), (3) and (4) also applies to any personal holding companies of any of the persons referred to in subsections (1), (3) and (4).*
- (3) *A management cease trade order which applies to directors or executive officers of a company is an “order” for the purposes of paragraph (1)(a) and must be disclosed, whether or not the director, chief executive officer or chief financial officer was named in the order.*

- (4) *Paragraph (1)(a) applies only if the director or executive officer was a director, chief executive officer or chief financial officer when the order was issued against the company. Your company is not required to provide disclosure if the director or executive officer became a director, chief executive officer or chief financial officer after the order was issued.*
- (5) *A late filing fee, such as a filing fee that applies to the late filing of an insider report, is not considered to be a "penalty or sanction".*

Promoters

- 25.** For a person or company that has been, within the 2 most recently completed financial years or during the current financial year, a promoter of your company or of a subsidiary of your company, state
- (a) the person or company's name, and
 - (b) the number and percentage of each class of voting securities and equity securities of your company or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly.

Legal proceedings

- 26. (1)** Describe any legal proceedings your company is or was a party to, or that any of its property is or was the subject of, during your company's most recently completed financial year.
- (2)** Describe any such legal proceedings your company knows to be contemplated.
- (3)** For each proceeding described under subsections (1) and (2), include the name of the court or agency, the date instituted, the principal parties to the proceeding, the nature of the claim, the amount claimed, if any, whether the proceeding is being contested, and the present status of the proceeding.

INSTRUCTION

Your company is not required to include information with respect to any proceeding that involves a claim for damages if the amount involved, exclusive of interest and costs, does not exceed 10% of the current assets of your company. However, if any proceeding presents in large degree the same legal and factual issues as other proceedings pending or known to be contemplated, your company must include the amount involved in the other proceedings in computing the percentage.

Regulatory actions

27. Describe any

- (a) penalties or sanctions imposed against your company by a court relating to securities legislation or by a securities regulatory authority during your financial year,
- (b) other penalties or sanctions imposed by a court or regulatory body against your company, and
- (c) settlement agreements your company entered into before a court relating to securities legislation or with a securities regulatory authority during your financial year.

INSTRUCTIONS

- (1) *Your company must disclose all penalties, sanctions and settlement agreements required under paragraphs (a) and (c), because they are material.*
- (2) *A late filing fee, such as a filing fee that applies to the late filing of an insider report, is not considered to be a “penalty or sanction”.*

Interest of management, promoters and others in transactions and other conflicts of interest

- 28. (1)** Describe, and state the approximate amount of, any interest, direct or indirect, of any of the following persons or companies in any transaction within the 3 most recently completed financial years or during the current financial year that has affected or is reasonably expected to affect your company:
- (a) a director or executive officer of your company;
 - (b) a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 % of any class or series of your outstanding voting securities;
 - (c) an associate or affiliate of any of the persons or companies referred to in paragraph (a) or (b).
- (2)** For any transaction identified under subsection (1), provide a brief description of the transaction that includes the name of each person or company whose interest in the transaction is described and the nature of the relationship to your company.
- (3)** For any transaction identified under subsection (1) involving the purchase or sale of assets by or to your company or a subsidiary of your company, state the cost of the assets

to the purchaser, and the cost of the assets to the seller if acquired by the seller within 3 years before the transaction.

- (4) Unless disclosed under subsection (1), disclose particulars of existing or potential conflicts of interest between your company or a subsidiary of your company and any director or officer of your company or of a subsidiary of your company.
- (5) For each promoter identified under section 25, state the following:
 - (a) the nature and amount of anything of value, including, for greater certainty, money, property, contracts, options or rights of any kind received or to be received by the promoter directly or indirectly from your company or from a subsidiary of your company, and the nature and amount of any assets, services or other consideration received or to be received by your company or a subsidiary of your company in return;
 - (b) for an asset acquired within the 2 most recently completed financial years or during the current financial year, or an asset to be acquired, by your company or by a subsidiary of your company from a promoter
 - (i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined,
 - (ii) the person or company making the determination referred to in subparagraph (i) and the person or company's relationship with your company, the promoter, or an associate or affiliate of your company or of the promoter, and
 - (iii) the date at which the asset was acquired by the promoter and the cost of the asset to the promoter.

INSTRUCTIONS

- (1) *For purposes of subsection (1), the materiality of the interest is to be determined in light of all the circumstances of the particular case, including, for greater certainty, the amount and the percentage of the interest, the relationship of the parties to the transaction with each other and the value of the transaction.*
- (2) *Section 28 does not apply to any interest arising from the ownership of securities of your company if the securityholder receives no extra or special benefit or advantage not shared on an equal basis by all other holders of the same class of securities or all other holders of the same class of securities who are resident in Canada.*
- (3) *Your company is not required to include information under this section for a transaction if any of the following apply:*

- (a) *the rates or charges involved in the transaction are fixed by law or determined by competitive bids;*
 - (b) *the interest of a specified person or company in the transaction is solely that of a director of another company that is a party to the transaction;*
 - (c) *the transaction involves services as a bank or other depository of funds, a transfer agent, registrar, trustee under a trust indenture or other similar services;*
 - (d) *the transaction does not involve remuneration for services and the interest of the specified person or company arose from the beneficial ownership, for greater certainty, direct or indirect, of less than 10% of any class of equity securities of another company that is party to the transaction and the transaction is in the ordinary course of business of your company or your company's subsidiaries.*
- (4) *For the purposes of subsection (2), your company must describe all transactions not excluded by instruction (3) that involve remuneration (including, for greater certainty, an issuance of securities), directly or indirectly, to any of the specified persons or companies for services in any capacity unless the interest of the person or company arises solely from the beneficial ownership, for greater certainty, direct or indirect, of less than 10% of any class of equity securities of another company furnishing the services to your company or your company's subsidiaries.*

AIF Annotation Note #11 for Section 28

Description of proposed change

We propose to combine the following sections of the Current AIF Form into one section:

- section 10.3 *Conflicts of Interest*
- section 11.1 *Promoters*
- section 13.1 *Interest of Management and Others in Material Transactions* and instruction (iii) to section 13.1

Rationale

This is to address, on a centralized basis, all relevant actual or potential self-dealing and conflict matters involving the issuer, its management, its promoters and others.

AIF Annotation Note #12 for Removal of *Transfer Agents and Registrars*

Description of proposed change

We propose to remove Item 14 *Transfer Agents and Registrars* of the Current AIF Form, which requires disclosure of the issuer's transfer agents, registrars and the location of the registers of transfers.

Rationale

This information is already required to be disclosed in each issuer's SEDAR profile. We also note that transfer agent and share registry services are almost always provided by one entity (i.e., the "transfer agent").

Material contracts

29. (1) Give particulars of the following:

- (a) any material contract required to be filed under section 12.2 of the National Instrument 51-102 *Continuous Disclosure Obligations* at the time this AIF is filed, as required under section 12.3 of that Instrument;
 - (b) any material contract that would be required to be filed under section 12.2 of the National Instrument 51-102 *Continuous Disclosure Obligations* at the time this AIF is filed, as required under section 12.3 of that Instrument, but for the fact that it was previously filed.
- (2)** Present a complete list of all contracts for which particulars must be given in accordance with this section, indicating where the particulars are disclosed.

INSTRUCTIONS

- (1) Your company must give particulars of any material contract that was entered into within the last financial year or before the last financial year if the contract is still in effect, and that is required to be filed under section 12.2 of National Instrument 51-102 Continuous Disclosure Obligations or would be required to be filed under section 12.2 of that Instrument but for the fact that it was previously filed. For the purposes of paragraph (1)(b), if those particulars have been provided in one of your company's prior AIFs or prospectuses and remain current, your company may incorporate by reference that previous disclosure to satisfy this requirement.*

AIF Annotation Note #13 for Instruction (1) to Section 29

Description of proposed change

We propose to add the last sentence of this instruction so that issuers can incorporate by reference material contract particulars if they have been provided in a previous AIF or prospectus of the issuer and such disclosure remains current.

Rationale

This would reduce burden as issuers would not have to repeat information that is already disclosed elsewhere.

- (2) Particulars of contracts must include the dates of, parties to, consideration provided for in, and general nature and terms of, the contracts.*

Interests of experts

30. (1) Name each person or company

- (a) who is named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made under National Instrument 51-102 *Continuous Disclosure Obligations* by your company during, or relating to, your company's most recently completed financial year, and
- (b) whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company.

(2) Disclose all of the following registered or beneficial interests, for greater certainty, direct or indirect, in any securities or other property of your company or of one of your associates or affiliates:

- (a) registered or beneficial interests held by an expert named under subsection (1) and, if the expert is not an individual, by the designated professionals of that expert, when that expert prepared the report, valuation, statement or opinion referred to in paragraph (1)(a);
- (b) registered or beneficial interests received by an expert named under subsection (1) and, if the expert is not an individual, by the designated professionals of that expert, after the time specified in paragraph (2)(a);
- (c) registered or beneficial interests to be received by an expert named under subsection (1) and, if the expert is not an individual, by the designated professionals of that expert.

(3) If a person or a director, officer or employee of a person or company referred to in subsection (2) is or is expected to be elected, appointed or employed as a director, officer or employee of your company or of any associate or affiliate of your company, disclose the fact or expectation.

INSTRUCTIONS

(1) *Subsection (2) does not apply to*

- (a) *auditors of a business acquired by your company provided they have not been or will not be appointed as your company's auditor subsequent to the acquisition, and*
- (b) *your company's predecessor auditors, if any, for periods when they were not your company's auditor.*

(2) *Subsection (2) does not apply to registered or beneficial interests, for greater certainty, direct or indirect, held through mutual funds.*

- (3) *For the purposes of subsection (2), a “designated professional” means, in relation to an expert named under subsection (1),*
- (a) *each partner, employee or consultant of the expert who participated in and who was in a position to directly influence the preparation of the report, valuation, statement or opinion referred to in paragraph (1)(a), and*
 - (b) *each partner, employee or consultant of the expert who was, at any time during the preparation of the report, valuation, statement or opinion referred to in paragraph (1)(a), in a position to directly influence the outcome of the preparation of the report, valuation, statement or opinion, including, for greater certainty,*
 - (i) *any person who recommends the compensation of, or who provides direct supervisory, management or other oversight of, the partner, employee or consultant in the performance of the preparation of the report, valuation, statement or opinion referred to in paragraph (1)(a), including, for greater certainty, those at all successively senior levels through to the expert's chief executive officer,*
 - (ii) *any person who provides consultation regarding technical or industry-specific issues, transactions or events for the preparation of the report, valuation, statement or opinion referred to in paragraph (1)(a), and*
 - (iii) *any person who provides quality control for the preparation of the report, valuation, statement or opinion referred to in paragraph (1)(a).*
- (4) *For the purposes of subsection (2), if the person's or company's interest in the securities represents less than 1% of your company's outstanding securities of the same class, a general statement to that effect is sufficient.*
- (5) *Despite subsection (2), an auditor who is independent in accordance with the auditor's rules of professional conduct in a jurisdiction of Canada or who has performed an audit in accordance with U.S. PCAOB GAAS or U.S. AICPA GAAS is not required to provide the disclosure required under subsection (2) if there is disclosure that the auditor is independent in accordance with the auditor's rules of professional conduct in a jurisdiction of Canada or that the auditor has complied with the SEC's rules on auditor independence.*

AIF Annotation Note #14 for Instructions (3), (4) and (5) to Section 30

Description of proposed change

We propose to relocate subsections 16.2(1.1), 16.2(2) and 16.2(2.1) of the Current AIF Form to instructions (3), (4) and (5).

Rationale

We are of the view that these items are more in the nature of instructions rather than substantive requirements.

Additional information

- 31.** If your company is required to distribute a Form 51-102F5 *Information Circular* to any of its securityholders, include a statement that additional information, including, for greater certainty, directors' and officers' remuneration and indebtedness, directors' principal occupation, principal holders of your company's securities and securities authorized for issuance under equity compensation plans, as applicable, is contained in your company's information circular for its most recent annual meeting of securityholders that involved the election of directors.

INSTRUCTION

If your company is not a venture issuer you must provide additional information in its AIF as set out in Form 52-110F1 Audit Committee Information Required in an Annual Information Form.

Additional disclosure for companies not sending information circulars

- 32.** If either of the following applies to your company, disclose in the AIF the information required under Items 6, 7, 9, 10, 12 and 13 of Form 51-102F5 *Information Circular*, as modified below:
- (a) your company is not required to send a Form 51-102F5 *Information Circular* to any of its securityholders;
 - (b) your company is required to send a Form 51-102F5 *Information Circular* to its securityholders but has not filed such document within the past 12 months of the date of the AIF.

| <u>Form 51-102F5 Reference</u> | <u>Modification</u> |
|---|--|
| Item 6 - Voting Securities and Principal Holders of Voting Securities | Include the disclosure specified in section 6.1 without regard to the phrase “entitled to be voted at the meeting”. Do not include the disclosure specified in sections 6.2, 6.3 and 6.4. Include the disclosure specified in section 6.5. |
| Item 7 – Election of Directors | Disregard the preamble of section 7.1. Include the disclosure specified in section 7.1 without regard to the word “proposed” throughout. Do not include the disclosure specified in section 7.3. |
| Item 9 – Securities Authorized for Issuance under Equity Compensation Plans | Disregard subsection 9.1(1). |
| Item 10 – Indebtedness of Directors and Executive Officers | Include the disclosure specified throughout; however, replace the phrase “date of the information circular” with “date of the AIF” throughout. Disregard paragraph 10.3(a). |
| Item 12 – Appointment of Auditor | Name the auditor. If the auditor was first appointed within the last 5 years, state the date when the auditor was first appointed. |

AIF Annotation Note #15 for Section 32

Description of proposed change

We propose to remove the requirement to disclose executive compensation under Item 8 of Form 51-102F5 *Information Circular*.

Rationale

This requirement is duplicative. For issuers that are required to send an information circular but have not yet done so, this information is required under subsection 9.3.1(2.2) of NI 51-102. For issuers that are not required to send an information circular, this information is required under section 11.6 of NI 51-102.

| <u>Form 51-102F5 Reference</u> | <u>Modification</u> |
|---|--|
| Item 6 - Voting Securities and Principal Holders of Voting Securities | Include the disclosure specified in section 6.1 without regard to the phrase “entitled to be voted at the meeting”. Do not include the disclosure specified in sections 6.2, 6.3 and 6.4. Include the disclosure specified in section 6.5. |
| Item 7 – Election of Directors | Disregard the preamble of section 7.1. Include the disclosure specified in section 7.1 without regard to the word “proposed” throughout. Do not include the disclosure specified in section 7.3. |
| Item 9 – Securities Authorized for Issuance under Equity Compensation Plans | Disregard subsection 9.1(1). |
| Item 10 – Indebtedness of Directors and Executive Officers | Include the disclosure specified throughout; however, replace the phrase “date of the information circular” with “date of the AIF” throughout. Disregard paragraph 10.3(a). |
| Item 12 – Appointment of Auditor | Name the auditor. If the auditor was first appointed within the last 5 years, state the date when the auditor was first appointed. |

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Description of proposed change

We propose to remove the requirement to disclose executive compensation under Item 8 of Form 51-102F5 *Information Circular*.

Rationale

This requirement is duplicative. For issuers that are required to send an information circular but have not yet done so, this information is required under subsection 9.3.1(2.2) of NI 51-102. For issuers that are not required to send an information circular, this information is required under section 11.6 of NI 51-102.

ANNEX C

PROPOSED ANNOTATED FORM 51-102F2 *INTERIM DISCLOSURE STATEMENT*

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- 5 Other interim MD&A requirements

GENERAL INSTRUCTIONS

General Instructions Annotation Note #1

Description of proposed change

We propose to relocate and reorganize applicable general instructions for the current Form 51-102F1 *Management's Discussion & Analysis (Current MD&A Form)* and the current Form 51-102F2 *Annual Information Form (Current AIF Form)* as general instructions for the interim disclosure statement form (the **Form**).

Rationale

The Current MD&A Form and the Current AIF Form contain general instructions which are applicable to the interim disclosure statement. In some cases, the instructions are duplicative. Relocating and reorganizing these instructions as general instructions for this Form would allow for the consolidation or elimination of overlapping instructions.

- (1) *An interim disclosure statement is required to be filed for each interim period under Part 3A of National Instrument 51-102 Continuous Disclosure Obligations. The interim disclosure statement is intended to provide a comprehensive overview of changes and updates in your company's business, financial performance, financial condition and cash flows since the end of the last annual reporting period.*

The interim disclosure statement is comprised of 2 parts:

- *Part 1 – Interim financial report*

An interim financial report required to be filed under section 4.3 of National Instrument 51-102 Continuous Disclosure Obligations.

- *Part 2 – Management's discussion and analysis*

A management's discussion and analysis (MD&A) relating to your company's interim financial report required to be filed under sections 5.1 and 5.2 of National Instrument 51-102 Continuous Disclosure Obligations.

- (2) *The word "company" is used in this Form for simplicity and readability of the Form. Wherever this Form uses the word "company", that term means an issuer, other than an investment fund issuer, regardless of the issuer's form of organization.*
- (3) *The disclosure in the interim disclosure statement is supplemented throughout the year by continuous disclosure filings including, for greater certainty, news releases, material change reports and business acquisition reports. Disclose in your company's interim disclosure statement that additional information relating to your company may be found on SEDAR at www.sedar.com.*
- (4) *If a term is used but not defined in this Form or Part 1 of National Instrument 51-102 Continuous Disclosure Obligations, refer to National Instrument 14-101 Definitions.*
- (5) *This Form uses accounting terms that are defined or used in Canadian GAAP applicable to publicly accountable enterprises.*
- (6) *This Form uses the term "financial condition". Financial condition reflects the overall health of your company and includes its financial position (as shown on the statement of financial position) and other factors that may affect its liquidity, capital resources and solvency.*
- (7) *This Form uses the term "financial performance". Financial performance reflects the level of performance of your company over a specified period of time, expressed in terms of profit or loss and other comprehensive income during that period.*

General Instructions Annotation Note #2 for Instruction (7)

Description of proposed change

We propose to add this instruction to provide a description of the term “financial performance”.

Rationale

This is to provide clarity for issuers when they are assessing the nature and extent of the disclosure required by this Form.

- (8) *Your company is not required to repeat information disclosed elsewhere in the interim disclosure statement. If disclosure in the interim disclosure statement refers explicitly or implicitly to disclosure in another section of the interim disclosure statement, include a reference to the other disclosure. Repeat the information disclosed in the financial statements to which the MD&A relates if it assists with an understanding of the information included in the MD&A.*

General Instructions Annotation Note #3 for Instruction (8)

Description of proposed change

We propose to add the second and third sentences of this instruction.

Rationale

This is to clarify that while repeating information disclosed elsewhere is not necessary, it is important to include a reference to the other disclosure so that investors can easily locate it and to repeat information from the financial statements in the MD&A if it assists with an understanding of the MD&A disclosure.

- (9) *Your company may use innovative approaches to disclosure (including, for greater certainty, use of hyperlinks to reference a disclosure in the interim disclosure statement and creative use of charts, tables and graphs) in a manner consistent with the requirements of this Form and other applicable requirements of securities legislation.*

General Instructions Annotation Note #4 for Instruction (9)

Description of proposed change

We propose to add this instruction and add guidance in Companion Policy 51-102CP *Continuous Disclosure Obligations (Companion Policy)* regarding what we mean by “innovative”.

Rationale

This is to clarify that issuers may use innovative disclosure approaches consistent with CSA formatting requirements (for example, while embedded video is not acceptable, hyperlinks and creative use of charts, tables and graphs are encouraged if they assist with readability) to prepare disclosure that reduces burden for them and is most meaningful for their business.

- (10) *Your company may include a table of contents for the interim disclosure statement. The table of contents may be a hyperlinked version.*

General Instructions Annotation Note #5 for Instruction (10)

Description of proposed change

We propose to add this instruction.

Rationale

This is to encourage the use of tools to facilitate navigation, searchability and online readability.

**PART 1
INTERIM FINANCIAL REPORT**

Interim financial report

1. Include an interim financial report meeting the requirements of Part 4 of National Instrument 51-102 *Continuous Disclosure Obligations*.

**PART 2
MANAGEMENT'S DISCUSSION AND ANALYSIS**

GENERAL INSTRUCTIONS FOR PART 2

- (1) *An MD&A under this Part is a narrative explanation, provided through the eyes of management, of how your company performed during the period covered by the financial statements and of its financial condition and future prospects. The MD&A complements your company's financial statements, but does not form part of them.*

The objective of the MD&A is to supplement your company's overall financial disclosure by giving a balanced discussion of its financial condition, financial performance and cash flows, openly reporting bad news as well as good news. The MD&A must

- (a) *help investors understand what the financial statements show and do not show, and*

- (b) *provide information about the quality and potential variability of your company's profit or loss and cash flows to assist investors in determining if past performance will likely be indicative of future performance.*

MD&A Annotation Note #1 for General Instruction (1)

Description of proposed change

We propose to add the term "cash flows" to the second paragraph of this instruction and re-arrange the order of "financial performance and financial condition" to "financial condition, financial performance, and cash flows".

Rationale

This is to allow for a complete and consistent presentation of the issuer's financial disclosure requirements.

- (2) *In preparing the information required under Part 2 of this Form, your company must take into account information available up to the date of filing so that the MD&A is not misleading when filed.*
- (3) *Focus your company's disclosure on material information. Your company is not required to disclose information that is not material. You must exercise judgment when you determine whether information is material in respect of your company. Would a reasonable investor's decision whether or not to buy, sell or hold securities in your company likely be influenced or changed if the information in question was omitted or misstated? If so, the information is likely material.*

Annotation Note #2 for Instruction (3)

Description of proposed change

We propose to generally remove materiality qualifiers included in specific disclosure requirements in the Current MD&A Form and the Current AIF Form such as "material", "significant", "critical", "major" and "fundamental" and have all disclosure requirements in the interim disclosure statement subject to the qualification that issuers are to focus on material information as set out in instruction (3). We propose to retain materiality qualifiers in a disclosure requirement where the materiality qualifier is part of a defined term (such as significant acquisition) or reflects a term used in our prospectus rules.

Rationale

Currently, there are materiality qualifiers in certain disclosure requirements in the Current MD&A Form and the Current AIF Form, but not in others and the rationale for that is not always

clear. In addition, as noted above, there are a variety of materiality qualifiers used and it is not always clear if the terms are to be interpreted differently. The proposed change is to reduce uncertainty resulting from the absence of a materiality qualifier in certain requirements and the use of a materiality qualifier other than “material” and to simplify requirements by generally using one materiality qualifier that all disclosure requirements are subject to.

- (4) *If your company has mineral projects, the disclosure must comply with National Instrument 43-101 Standards of Disclosure for Mineral Projects, including, for greater certainty, the requirement that all scientific and technical disclosure be based on a technical report or other information prepared by or under the supervision of a qualified person.*
- (5) *If your company has oil and gas activities, the disclosure must comply with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.*
- (6) *The numbering and ordering of sections included in Part 2 of this Form are intended as guidelines only. Your company is not required to include the numbering or follow the order of sections in Part 2 of this Form. Your company is not required to respond to any section in Part 2 of this Form that is inapplicable, and your company may omit negative answers.*
- (7) *Your company may incorporate information required to be included under Part 2 of this Form by referencing another document filed on its SEDAR profile, other than a prior MD&A. If incorporating by reference, your company must clearly identify the document or any excerpt of it in the text that incorporates it. Unless your company has already filed under its SEDAR profile the referenced document or excerpt, including, for greater certainty, any documents incorporated by reference into the document or excerpt, your company must file it with the interim disclosure statement. Your company must also disclose that the referenced document is on SEDAR at www.sedar.com.*
- (8) *If an acquisition is a reverse takeover, the MD&A must be based on the reverse takeover acquirer’s financial statements.*

Date

2. Specify the date of the interim MD&A.

Interim MD&A

- 3.(1) The interim MD&A must update the annual MD&A for all disclosure required under Part 2 of Form 51-102F1 *Annual Disclosure Statement*.
- (2) The disclosure in the interim MD&A must include
 - (a) a discussion and analysis of

- (i) your company's current quarter and year-to-date results, including, for greater certainty, a comparison of financial performance to the corresponding periods in the previous year,
- (ii) a comparison of your company's cash flows to the corresponding period in the previous year,
- (iii) changes in your company's financial condition, financial performance and cash flows, that are not related to ongoing business operations, and

MD&A Annotation Note #3 for Subparagraph 3(2)(a)(iii)

Description of proposed change

We propose to add the words "financial condition" and "cash flows" to this requirement.

Rationale

This is to allow for a complete and consistent presentation of the issuer's financial disclosure requirements.

- (iv) any seasonal aspects of your company's business that affect its financial position, financial performance or cash flows, and
- (b) a comparison of your company's interim financial condition to its financial condition as at its most recently completed financial year-end.
- (3) Despite subparagraph (2)(a)(i), your company is not required to include the comparison of the financial performance of your company's current quarter results to the corresponding period in the previous year if your company's discussion and analysis of the current quarter results includes a comparison of financial performance to the immediately preceding quarter and that comparison is suitable for comparative purposes.
- (4) If the alternative comparison referred to in subsection (3) is used, provide
 - (a) in the MD&A,
 - (i) summary financial information for the immediately preceding quarter or include a reference to the location of that information, and
 - (ii) a discussion of the reasons for using the alternative comparison or include a reference to the location of that information, and
 - (b) comparisons to the immediately preceding quarter and the corresponding period in the previous year when the alternative comparison is first used.

MD&A Annotation Note #4 for Subsections 3(3) and 3(4) and Instruction (4) to Section 3

Description of proposed change

We propose to add these provisions to allow issuers to compare the financial performance of their current quarter with the immediately preceding quarter, where appropriate, rather than to the corresponding period in the previous year. An issuer that elects to use this option will need to provide summary financial information of that immediately preceding quarter or include a reference to the location of that information. The issuer will also need to discuss reasons for changing the basis of comparison.

We also propose to add instruction (4) to explain that this option would not be appropriate where the issuer's business is seasonal.

Rationale

This is to allow issuers additional flexibility to provide an analysis that they believe is most relevant to an understanding of their performance while also ensuring that investors have appropriate information to assess the comparisons being presented.

INSTRUCTIONS

- (1) *For the purposes of subparagraph (2)(a)(i) and subsection (3), consider presenting the current quarter with greater prominence than the comparison period.*
- (2) *For the purposes of paragraph (2)(b), assume investors have access to your company's annual MD&A. Your company is not required to duplicate the discussion and analysis of financial condition in its annual MD&A. For example, if economic and industry factors are unchanged, your company may make a statement to this effect.*
- (3) *In discussing your company's financial condition, financial performance or cash flows for an interim period, disclose changes in specified contractual obligations during the interim period.*
- (4) *For purposes of subsection (3), consider whether it would be appropriate to include a comparison of financial performance to the immediately preceding quarter as an alternative to the corresponding period in the previous year if the latter comparison is not suitable for comparative purposes. A comparison of financial performance to the immediately preceding quarter is not suitable for comparative purposes when a company's business is seasonal.*
- (5) *The disclosure required under sections 8 and 10 of Form 51-102F1 Annual Disclosure Statement is only required for your company's most recent year-to-date interim period and its corresponding comparative year-to-date interim period.*
- (6) *An interim MD&A is not required for your company's fourth quarter (see section 4 of*

Form 51-102F1 Annual Disclosure Statement).

- (7) *Your company's annual MD&A is not required to include all the information required under Part 2 of Form 51-102F1 Annual Disclosure Statement if it was a venture issuer as at the end of its last financial year. If your company ceased to be a venture issuer during the interim period, it is not required to restate the MD&A previously filed. Instead, provide the disclosure for the additional sections in Part 2 of Form 51-102F1 Annual Disclosure Statement that it was exempt from as a venture issuer in its next interim MD&A filed. Base the disclosure for those sections on its interim financial report.*

Quarterly highlights

- 4.(1) If your company is a venture issuer, it has the option of meeting the requirements under section 3 by instead providing a short discussion about its business, financial condition, financial performance, and cash flows.
- (2) If the interim MD&A is prepared using quarterly highlights under subsection (1), discuss
- (a) your company's financial condition, financial performance and cash flows and any factors that have caused period to period variations in those measures,
 - (b) known trends, risks or demands,
 - (c) significant operating milestones,
 - (d) commitments, expected or unexpected events, or uncertainties that have affected its operations, liquidity and capital resources in the interim period or are reasonably likely to affect them in the future,
 - (e) any changes from disclosure previously made about how it was going to use proceeds from any financing and an explanation of variances,
 - (f) any transactions between related parties, and
 - (g) the effects resulting from a change to its accounting policies during the interim period.
- (3) Title the quarterly highlights, "Interim MD&A – Quarterly Highlights".

INSTRUCTIONS

- (1) *Provide a short, focused discussion that gives a balanced and accurate picture of your company's business during the interim period. The purpose of the quarterly highlights is to provide a brief narrative update about your company's business, financial condition, financial performance and cash flows. While summaries are to be clear and concise, they are subject to the normal prohibitions against false and misleading statements.*

- (2) *Quarterly highlights are not required for your company's fourth quarter as relevant fourth quarter content will be contained in its annual MD&A (see section 4 of Form 51-102F1 Annual Disclosure Statement).*

MD&A Annotation Note #5 for Instructions to Sections 3 and 4

Description of proposed change

We propose to eliminate instruction (i) to sections 2.2 and 2.2.1 in the Current MD&A Form, which requires that an issuer's first interim MD&A after becoming a reporting issuer contains all disclosure required under Item 1 of the Current MD&A Form.

Rationale

An issuer filing its first interim MD&A after becoming a reporting issuer would be able to rely on the previous annual MD&A included in a long-form prospectus, information circular, filing statement, listing statement or other similar document. The requirement that the interim MD&A update the annual MD&A would provide sufficient information to investors.

Other interim MD&A requirements

5. Include in the interim MD&A the disclosure required under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* and, as applicable, the disclosure required under Form 52-109F2 *Certification of Interim Filings – Full Certificate* or Form 52-109F2R *Certification of Refiled Interim Filings*.

ANNEX D

**PROPOSED CHANGES TO
COMPANION POLICY 51-102CP TO NATIONAL INSTRUMENT 51-102
CONTINUOUS DISCLOSURE OBLIGATIONS**

1. *Companion Policy 51-102CP to National Instrument 51-102 Continuous Disclosure Obligations is changed by this Document.*

2. *Subsection 1.4(2) is changed by replacing "Section 1.8 of Companion Policy 44-101CP" with "Subsection 1.3(1) of Companion Policy 41-101CP".*

3. *Section 1.5 is changed by adding the following after the last paragraph:*

We also encourage you to use common readability measures, like the Flesch-Kincaid Grade Level or the Gunning Fog Index, to assess the readability of your disclosure documents..

4. *Section 1.10 is changed by replacing the second sentence with the following:*

In this situation, the reporting issuer is expected to comply with the Instrument by filing an amended and restated version of the previously filed document in whole under paragraph 11.5(1)(a) of the Instrument or by filing an amendment to the previously filed document under paragraph 11.5(1)(b) of the Instrument, which does not restate the document in whole..

5. *Part 1 is changed by adding the following section after section 1.10:*

1.11 Innovative Disclosure

Reporting issuers can use innovative disclosure approaches consistent with CSA formatting requirements to prepare disclosure that reduces burden for them and is most meaningful for their business. For example, while embedded video is not acceptable, hyperlinks within the same document and creative use of charts, tables and graphs are encouraged if they assist with readability..

6. *Subsection 3.1(2) is changed by replacing "first financial statements are due" with "first annual disclosure statement or interim disclosure statement is due".*

7. *Section 3.2 is changed by replacing "Section 4.1 of the Instrument requires a reporting issuer to file annual financial statements" with "For the purposes of filing an annual disclosure statement, a reporting issuer is required under section 4.1 of the Instrument to file annual financial statements".*

8. *Section 3.3 is replaced with the following:*

3.3 Filing Deadline for Annual Financial Statements and Auditor's Report

Section 3A.2 of the Instrument sets out filing deadlines for annual disclosure statements that include annual financial statements required under Part 4 of the Instrument. While section 3A.2 of the Instrument does not address the auditor's report date, a reporting issuer is encouraged to file its annual disclosure statement as soon as practicable after the date of the auditor's report. The delivery obligations set out in section 3A.6 of the Instrument are not tied to the filing of the annual disclosure statement..

9. *Section 3.5 is replaced with the following:*

3.5 Delivery of Annual and Interim Disclosure Statements and Certain Other Disclosure Documents

- (1) Subsection 3A.6(1) of the Instrument requires a reporting issuer to send a request form to the registered holders and beneficial owners of its securities, other than debt instruments. The registered holders and beneficial owners may use the request form to request a copy of the reporting issuer's annual disclosure statement or annual financial statements and related MD&A, interim disclosure statement or interim financial report and related MD&A and annual financial statements or interim financial reports filed under section 4.7 and subsection 4.10(2) of the Instrument.

In addition, the request form also may (but is not required to) be used to request a copy of the information circular and the annual disclosure statement or annual financial statements where a reporting issuer uses notice-and-access to deliver proxy-related materials.

A reporting issuer is only required to deliver its annual disclosure statement, interim disclosure statements, annual financial statements and related MD&A or interim financial reports and related MD&A to the person or company that requests them. As a result, if a beneficial owner requests any of these documents through its intermediary, the reporting issuer is only required to deliver the requested documents to the intermediary.

Failing to return the request form or otherwise specifically requesting a copy of these documents from the reporting issuer will override the beneficial owner's standing instructions under NI 54-101 in respect of the financial statements.

The Instrument does not prescribe when the request form must be sent, or how it must be returned to the reporting issuer.

- (2) Subsection 3A.6(6) of the Instrument provides that subsection 3A.6(1) and subsections 3A.6(3) and (4) with respect to an annual disclosure statement and annual financial statements, do not apply to a reporting issuer that sends its annual disclosure statement and annual financial statements to its securityholders, other than holders of debt instruments, within 140 days of the reporting issuer's financial

year-end and in accordance with NI 54-101. Notice-and-access can be used to send the annual disclosure statement or annual financial statements and related MD&A under subsection 3A.6(6). Notice-and-access is consistent with the principles for electronic delivery set out in National Policy 11-201 *Electronic Delivery of Documents*.

10. Subsection 4.1(1) is changed by replacing the first two sentences with the following:

Subsection 3A.5(1) of the Instrument requires that each annual disclosure statement be approved by the board of directors before filing. Subsections 3A.5(2) and 3A.5(3) of the Instrument require that each interim disclosure statement be approved by the board of directors or by the company's audit committee before filing.

11. Section 5.1 is deleted.

12. Section 5.2 is changed by replacing "Section 5.3 of the Instrument requires" with "Section 8 of Form 51-102F1 *Annual Disclosure Statement* and subsection 3(1) of Form 51-102F2 *Interim Disclosure Statement* require".

13. Section 5.3 is changed

- (a) **by replacing "Section 5.4 of the Instrument requires" with "Section 9 of Form 51-102F1 *Annual Disclosure Statement* and subsection 3(1) of Form 51-102F2 *Interim Disclosure Statement* require", and**
- (b) **by replacing "MD&A" with "annual disclosure statement or interim disclosure statement".**

14. Section 5.4 is deleted.

15. Section 5.6 is changed

- (a) **in subsection (1)**
 - (i) **by replacing "section 2.2.1 of Form 51-102F1" with "section 4 of Form 51-102F2 *Interim Disclosure Statement*", and**
 - (ii) **by adding the following after the last sentence:**

In addition, to comply with the requirement to discuss the issuer's financial condition, financial performance and cash flows and any factors that have caused period to period variations in those measures, a venture issuer that is an investment entity or a non-investment entity recording investments at fair value should update the quarterly highlights for all disclosure required by section 10 of Form 51-102F1 *Annual Disclosure Statement*.

(b) *in subsection (2)*

(i) *by replacing in the first sentence "full interim MD&A" with "a full interim MD&A in accordance with section 3 of Form 51-102F2 Interim Disclosure Statement", and*

(ii) *by replacing the last sentence with the following:*

Venture issuers will likely take the needs of their investors into consideration when determining whether to provide quarterly highlights or a full interim MD&A., *and*

(c) *in subsection (3) by replacing the first sentence with the following:*

For greater certainty, a reference to an interim MD&A is a reference to the quarterly highlights a venture issuer has the option of providing in accordance with section 4 of Form 51-102F2 *Interim Disclosure Statement*..

16. *Part 5 is changed by adding the following sections after section 5.6:*

5.7 Overall Performance

Subsection 3(4) of Form 51-102F1 *Annual Disclosure Statement* requires a reporting issuer that is changing its business model to disclose certain information regarding its plans, milestones and expenditures. Examples of situations that would warrant a discussion under subsection 3(4) include when a reporting issuer:

- (a) has entered into material agreements relating to the change in its business model;
- (b) has incurred material expenses relating to the change in its business model; and
- (c) anticipates that the change in its future revenues will be material as a result of the change in its business model.

5.8 Additional Disclosure for Investment Entities and Non-Investment Entities Recording Investments at Fair Value

- (1) Standalone financial statements as contemplated by National Policy 41-201 *Income Trust and Other Indirect Offerings* may be necessary for an investor to make an informed investment decision where the operation of the reporting issuer as an investment entity or non-investment entity recording investments at fair value are dependent on a single investment.
- (2) Investment entities or non-investment entities recording investments at fair value with material mining or oil and gas investments need to consider the applicability of technical disclosure requirements in National Instrument 43-101 *Standards of Disclosure for Mineral Projects* and National Instrument 51-101 *Standards of*

Disclosure for Oil and Gas Activities in their filings. For example, the disclosure of technical information relating to a material investee may trigger the requirement to file a technical report under National Instrument 43-101 *Standards of Disclosure for Mineral Projects*. In addition, if the investment entity or non-investment entity recording investments at fair value files an annual disclosure statement, disclosure requirements of sections 18 or 19 of Form 51-102F1 *Annual Disclosure Statement* may apply..

17. Section 6.2 is changed

- (a) in subsection (1) by replacing "section 5.3 of Form 51-102F2" with "section 17 of Form 51-102F1 *Annual Disclosure Statement*", and**
- (b) in subsection (2) by replacing "Paragraph 5.3(2)(a) of Form 51-102F2" with "Paragraph 17(b)(i) of Form 51-102F1 *Annual Disclosure Statement*".**

18. Subsection 10.3(8) is changed in the second bullet, by adding "which, for that purpose, may be included in an annual disclosure statement or an annual report," after "annual MD&A".

19. Section 11.2 is replaced with the following:

11.2 Refiling Documents or Restating Financial Information

- (1) If a reporting issuer decides to refile a document in whole or in part, or restate financial information for comparative periods in financial statements for reasons other than retroactive application of a change in an accounting standard or policy or a new accounting standard, and the refiled or restated information is likely to differ materially from the information originally filed, the reporting issuer should disclose in the news release required by subsection 11.5(1) of the Instrument when it makes that decision**
 - (a) the facts underlying the changes,**
 - (b) the general impact of the changes on previously filed information, and**
 - (c) the steps the reporting issuer would take before filing an amended document, or filing restated financial information, if the reporting issuer is not filing amended information immediately.**
- (2) If a reporting issuer refiles a document or restates financial information under paragraphs 11.5(1)(b) or (c) of the Instrument by filing an amendment to a previously filed annual disclosure statement or interim disclosure statement, it is not required to restate the previously filed document in whole but should include all disclosure required in order to understand the nature and context of the amendment. For example, a reporting issuer amending its proposed transaction disclosure under subsections 7(1) and (2) of Form 51-102F1 *Annual Disclosure Statement* should include the complete text of this section, as amended, rather than just the amended or additional text.**

- (3) A reporting issuer should also consider refiling the document in whole if:
- (a) there are a large number of sections that are being amended;
 - (b) the amendments are extensive;
 - (c) the document has been amended more than once; or
 - (d) the document includes hyperlinks that do not link to the amendment..

20. Section 13.1 is replaced with the following:

13.1 Prior Exemptions, Waivers and Approvals

Section 13.2 of the Instrument essentially allows a reporting issuer, in certain circumstances, to continue to rely upon an exemption, waiver or approval relating to continuous disclosure obligations obtained prior to the Instrument coming into force or prior to the amendments on [December 15, 2023] coming into force, as applicable, if the exemption, waiver or approval relates to a substantially similar provision in the Instrument and the reporting issuer provides written notice to the securities regulatory authority or regulator of its reliance on such exemption, waiver or approval. Upon receipt of such notice, the securities regulatory authority or regulator, as the case may be, will review it to determine if the provision of the Instrument referred to in the notice is substantially similar to the provision from which the exemption, waiver or approval was granted. The written notice should be sent by email to each jurisdiction where the prior exemption, waiver or approval is relied upon, using the relevant address or addresses listed in section 5.5 of National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions*..

21. Appendix A is replaced with the following:

APPENDIX A

**EXAMPLES OF FILING REQUIREMENTS FOR CHANGES IN THE YEAR
END**

The following examples assume the old financial year ended on December 31, 20X0

| Number of Months Financial Year End Changed By | Up to 3 months | Up to 3 months | 4 to 6 months | 7 or 8 months | 9 to 11 months |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|-----------------------------|
| Transition Year | 2 months ended 2/28/X1 | 14 months ended 2/28/X2 | 6 months ended 6/30/X1 | 7 months ended 7/31/X1 | 10 months ended 10/31/X1 |
| Comparative Annual Financial | 12 months ended 12/31/X0 | 12 months ended 12/31/X0 | 12 months ended 12/31/X0 | 12 months ended 12/31/X0 | 12 months ended 12/31/X0 |

| | | | | | |
|--|--|--|--|--|--|
| Statements to Transition Year | | | | | |
| New Financial Year | 2/28/X2 | 2/28/X3 | 6/30/X2 | 7/31/X2 | 10/31/X2 |
| Comparative Annual Financial Statements to New Financial Year | 2 months ended 2/28/X1 and 12 months ended 12/31/X0* | 14 months ended 2/28/X2 | 6 months ended 6/30/X1 and 12 months ended 12/31/X0* | 7 months ended 7/31/X1 and 12 months ended 12/31/X0* | 10 months ended 10/31/X1 |
| Interim Periods for Transition Year | Not applicable | 3 months ended 3/31/X1 6 months ended 6/30/X1 9 months ended 9/30/X1 12 months ended 12/31/X1 Or 2 months ended 2/28/X1 5 months ended 5/31/X1 8 months ended 8/31/X1 11 months ended 11/30/X1 | 3 months ended 3/31/X1 | 3 months ended 3/31/X1 Or 4 months ended 4/30/X1 | 3 months ended 3/31/X1 6 months ended 6/30/X1 Or 4 months ended 4/30/X1 7 months ended 7/31/X1 |
| Comparative Interim Periods to Interim Periods in Transition Year | Not applicable | 3 months ended 3/31/X0 6 months ended 6/30/X0 9 months ended 9/30/X0 12 months ended 12/31/X0 Or | 3 months ended 3/31/X0 | 3 months ended 3/31/X0 Or 3 months ended 3/31/X0 | 3 months ended 3/31/X0 6 months ended 6/30/X0 Or 3 months ended 3/31/X0 6 months ended 6/30/X0 |

| | | | | | |
|---|--|--|--|--|---|
| | | 3 months ended 3/31/X0 6 months ended 6/30/X0 9 months ended 9/30/X0 12 months ended 12/31/X0 | | | |
| Interim Periods for New Financial Year | 3 months ended 5/31/X1 6 months ended 8/31/X1 9 months ended 11/30/X1 | 3 months ended 5/31/X2 6 months ended 8/31/X2 9 months ended 11/30/X2 Or 3 months ended 5/31/X2 6 months ended 8/31/X2 9 months ended 11/30/X2 | 3 months ended 9/30/X1 6 months ended 12/31/X1 9 months ended 3/31/X2 | 3 months ended 10/31/X1 6 months ended 1/31/X2 9 months ended 4/30/X2 Or 3 months ended 10/31/X1 6 months ended 1/31/X2 9 months ended 4/30/X2 | 3 months ended 1/31/X2 6 months ended 4/30/X2 9 months ended 7/31/X2 Or 3 months ended 1/31/X2 6 months ended 4/30/X2 9 months ended 7/31/X2 |
| Comparative Interim Periods to Interim Periods in New Financial Year | 3 months ended 6/30/X0 6 months ended 9/30/X0 9 months ended 12/31/X0 | 3 months ended 6/30/X1 6 months ended 9/30/X1 9 months ended 12/31/X1 Or 3 months ended 5/31/X1 6 months ended 8/31/X1 | 3 months ended 9/30/X0 6 months ended 12/31/X0 9 months ended 3/31/X1 | 3 months ended 9/30/X0 6 months ended 12/31/X0 9 months ended 3/31/X1 Or 3 months ended 9/30/X0 6 months ended 12/31/X0 | 3 months ended 12/31/X0 6 months ended 3/31/X1 9 months ended 6/30/X1 Or 3 months ended 12/31/X0 7 months ended 4/30/X1 10 months ended 7/31/X1 |

| | | | | | |
|--|--|-------------------------|--|-------------------------|--|
| | | 9 months ended 11/30/X1 | | 10 months ended 4/30/X1 | |
|--|--|-------------------------|--|-------------------------|--|

* Statement of financial position required only at the transition year end date

The following examples assumes a new financial year ending on December 31, 20X1 or December 31, 20X2

| Number of Months Financial Year End Changed By | Up to 3 months | Up to 3 months | 4 to 6 months | 7 or 8 months | 9 to 11 months |
|--|---|---|---|---|--|
| Transition Year | 2 months ended 12/31/X1 | 14 months ended 12/31/X2 | 5 months ended 12/31/X1 | 8 months ended 12/31/X1 | 10 months ended 12/31/X1 |
| Comparative Annual Financial Statements to Transition Year | 12 months ended 10/31/X1 | 12 months ended 10/31/X1 | 12 months ended 7/31/X1 | 12 months ended 4/30/X1 | 12 months ended 2/28/X1 |
| New Financial Year | 12/31/X2 | 12/31/X3 | 12/31/X2 | 12/31/X2 | 12/31/X2 |
| Comparative Annual Financial Statements to New Financial Year | 2 months ended 12/31/X1 and 12 months ended 10/31/X1* | 14 months ended 12/31/X2 | 5 months ended 12/31/X1 and 12 months ended 7/31/X1* | 8 months ended 12/31/X1 and 12 months ended 4/30/X1* | 10 months ended 12/31/X1 |
| Interim Periods for Transition Year | Not applicable | 3 months ended 1/31/X2 6 months ended 4/30/X2 9 months ended 7/31/X2 12 months ended 10/31/X2 Or 2 months ended 12/31/X1 | 3 months ended 10/31/X1 Or 2 months ended 9/30/X1 | 3 months ended 7/31/X1 6 months ended 10/31/X1 Or 2 months ended 6/30/X1 5 months ended 9/30/X1 | 3 months ended 5/31/X1 6 months ended 8/31/X1 Or 4 months ended 6/30/X1 7 months ended 9/30/X1 |

| | | | | | |
|--|--|--|--|--|--|
| | | 5 months ended 3/31/X2 8 months ended 6/30/X2 11 months ended 9/30/X2 | | | |
| Comparative Interim Periods to Interim Periods in Transition Year | Not applicable | 3 months ended 1/31/X1 6 months ended 4/30/X1 9 months ended 7/31/X1 12 months ended 10/31/X1 Or 3 months ended 1/31/X1 6 months ended 4/30/X1 9 months ended 7/31/X1 12 months ended 10/31/X1 | 3 months ended 10/31/X0 Or 3 months ended 10/31/X0 | 3 months ended 7/31/X0 6 months ended 10/31/X0 Or 3 months ended 7/31/X0 6 months ended 10/31/X0 | 3 months ended 5/31/X0 6 months ended 8/31/X0 Or 3 months ended 5/31/X0 6 months ended 8/31/X0 |
| Interim Periods for New Financial Year | 3 months ended 3/31/X2 6 months ended 6/30/X2 9 months ended 9/30/X2 | 3 months ended 3/31/X3 6 months ended 6/30/X3 9 months ended 9/30/X3 Or 3 months ended 3/31/X3 6 months ended 6/30/X3 9 months ended 9/30/X3 | 3 months ended 3/31/X2 6 months ended 6/30/X2 9 months ended 9/30/X2 Or 3 months ended 3/31/X2 6 months ended 6/30/X2 9 months ended 9/30/X2 | 3 months ended 3/31/X2 6 months ended 6/30/X2 9 months ended 9/30/X2 Or 3 months ended 3/31/X2 6 months ended 6/30/X2 9 months ended 9/30/X2 | 3 months ended 3/31/X2 6 months ended 6/30/X2 9 months ended 9/30/X2 Or 3 months ended 3/31/X2 6 months ended 6/30/X2 9 months ended 9/30/X2 |

INCLUDES COMMENT LETTERS RECEIVED

| | | | | | |
|---|---|--|--|--|---|
| Comparative Interim Periods to Interim Periods in New Financial Year | 3 months ended 4/30/X1 6 months ended 7/31/X1 9 months ended 10/31/X1 | 3 months ended 4/30/X2 6 months ended 7/31/X2 9 months ended 10/31/X2 | 3 months ended 4/30/X1 6 months ended 7/31/X1 9 months ended 10/31/X1 | 3 months ended 4/30/X1 6 months ended 7/31/X1 9 months ended 10/31/X1 | 3 months ended 2/28/X1 6 months ended 5/31/X1 9 months ended 8/31/X1 |
| | | Or 3 months ended 3/31/X2 6 months ended 6/30/X2 9 months ended 9/30/X2 | Or 3 months ended 4/30/X1 6 months ended 7/31/X1 8 months ended 9/30/X1 | Or 3 months ended 4/30/X1 5 months ended 6/30/X1 8 months ended 9/30/X1 | Or 3 months ended 2/28/X1 7 months ended 6/30/X1 10 months ended 9/30/X1 |

* Statement of financial position required only at the transition year end date..

22. These changes become effective on **[December 15, 2023]**.

ANNEX E

PROPOSED AMENDMENTS TO EXISTING RULES

Consequential and housekeeping amendments

The proposed amendments to NI 51-102 result in certain consequential amendments to existing rules applicable to reporting issuers. Consequential amendments involve adding definitions of and references to annual disclosure statement and interim disclosure statement and updating existing references to NI 51-102 to reference the amended NI 51-102 requirements.

In addition to consequential amendments, housekeeping amendments are proposed for certain rules to clarify existing requirements, correct outdated references to "interim financial statements" by replacing them with "interim financial report" and reflect the name change of "Aequitas NEO Exchange Inc." to "Neo Exchange Inc.".

For the following rules, only consequential and housekeeping amendments are proposed:

- Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*
- National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*
- National Instrument 43-101 *Standards of Disclosure for Mineral Projects*
- National Instrument 44-102 *Shelf Distributions*
- National Instrument 45-106 *Prospectus Exemptions*
- Multilateral Instrument 45-108 *Crowdfunding*
- National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*
- Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*
- National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*
- National Instrument 52-110 *Audit Committees*
- National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*
- National Instrument 55-104 *Insider Reporting Requirements and Exemptions*
- National Instrument 58-101 *Disclosure of Corporate Governance Practices*
- Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*
- National Instrument 62-103 *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues*
- National Instrument 81-101 *Mutual Fund Prospectus Disclosure*

Amendments to align prospectus disclosure requirements with continuous disclosure requirements

In addition to consequential and housekeeping amendments, we are proposing amendments to certain prospectus form requirements in NI 41-101 and NI 44-101. These proposed amendments correspond to the proposed amendments to the continuous disclosure requirements. The objective of these proposed amendments is to maintain alignment between the prospectus and continuous disclosure regimes.

National Instrument 41-101 *General Prospectus Requirements*

We propose to amend Form 41-101F1 *Information Required in a Prospectus* as follows:

- Update references to "special purpose entity" by replacing them with "structured entity" as the latter term has superseded the former term under Canadian GAAP applicable to publicly accountable enterprises.
- Amend certain disclosure requirements relating to market for securities and trading price and volume
 - to allow reporting issuers to identify the exchanges and quotation systems only where the issuer has applied for and received a listing,
 - to remove requirement to disclose trading price and volume traded or quoted for Canadian marketplaces as this information is available in other publicly available sources, and
 - to provide an option for issuers that have securities traded or quoted on a foreign marketplace to disclose the website or other publicly available source rather than providing trading price and trading volume information.
- Repeal the following disclosure requirements as they are duplicative to requirements in Form 51-102F1 *Annual Disclosure Statement* that apply to an issuer for the purposes of filing a long form prospectus in Form 41-101F1 *Information Required in a Prospectus*:
 - subsection 5.1(4);
 - section 8.4;
 - section 8.6;
 - section 16.3;
 - paragraphs 22.1(1)(c);
 - paragraph 22.1(1)(d).
- Repeal certain disclosure requirements relating to cash dividends or distributions since they are duplicative of requirements under the accounting standards.
- Add an instruction to the risk factor disclosure requirement to signal explicitly to issuers the option to provide risk factor disclosure (including risk mitigation strategy for each risk factor where applicable) in a tabular form or other alternative format.

- Amend certain disclosure requirements relating to settlement agreements entered into by promoters with a securities regulatory authority to limit the lookback period to 10 years.
- Repeal the disclosure requirement relating to transfer agents, registrars, trustees or other agents, since this information is usually available on the issuer's SEDAR profile or other publicly available sources.

National Instrument 44-101 *Short Form Prospectus Distributions*

We propose to amend Form 44-101F1 *Short Form Prospectus* as follows:

- Update references to "special purpose entity" by replacing them with "structured entity" as the latter term has superseded the former term under Canadian GAAP applicable to publicly accountable enterprises.
- Amend certain disclosure requirements relating to market for securities and trading price and volume
 - to allow reporting issuers to identify the exchanges and quotation systems only where the issuer has applied for and received a listing,
 - to remove requirement to disclose trading price and volume traded or quoted for Canadian marketplaces as this information is available in other publicly available sources, and
 - to provide an option for issuers that have securities traded or quoted on a foreign marketplace to disclose the website or other publicly available source rather than providing trading price and trading volume information.
- Repeal the disclosure requirement relating to prior sales given that some related information may be available in continuous disclosure or other publicly available source.
- Add an instruction to the risk factor disclosure requirement to signal explicitly to issuers the option to provide risk factor disclosure (including risk mitigation strategy for each risk factor where applicable) in a tabular form or other alternative format.
- Amend certain disclosure requirements relating to settlement agreements entered into by promoters with a securities regulatory authority to limit the lookback period to 10 years.

Amendments to provide appropriate exemptions from continuous disclosure requirements for foreign issuers

For the following rule, we are proposing amendments to exempt designated foreign issuers and SEC foreign issuers from the requirements to prepare, approve, file and deliver annual disclosure statements and interim disclosure statements.

National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*

- Include new provisions to specify how designated foreign issuers and SEC foreign issuers can meet the securities legislation requirements relating to the preparation, approval, filing and delivery of annual disclosure statements and interim disclosure statements.

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**PROPOSED AMENDMENTS TO
MULTILATERAL INSTRUMENT 11-103 *FAILURE-TO-FILE CEASE TRADE ORDERS
IN MULTIPLE JURISDICTIONS***

1. *Multilateral Instrument 11-103 Failure-to-File Cease Trade Orders in Multiple Jurisdictions is amended by this Instrument.*
2. *Section 1 is amended by*
 - (a) *adding the following definitions:*

"annual disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

"interim disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;; **and**
 - (b) *replacing the definition of "specified default" with the following:*

"specified default" means a failure by a reporting issuer to comply with the requirement to file, within the time period prescribed, one or more of the following:

 - (a) an annual disclosure statement;
 - (b) an interim disclosure statement;
 - (c) annual financial statements;
 - (d) an interim financial report;
 - (e) an annual or interim management's discussion and analysis;
 - (f) an annual or interim management report of fund performance;
 - (g) an annual information form;
 - (h) a certificate required under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*..
3. This Instrument comes into force on **[December 15, 2023]**.

**PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 13-101 *SYSTEM FOR ELECTRONIC DOCUMENT
ANALYSIS AND RETRIEVAL (SEDAR)***

1. *National Instrument 13-101 System for Electronic Document Analysis and Retrieval (SEDAR) is amended by this Instrument.*
2. *Part I of Appendix A is amended in section 2 under the heading "B. Continuous Disclosure" by replacing "Interim Financial Statements/Report" with "Interim Financial Report".*
3. *Part II of Appendix A is amended under the subheading "(a) General Filings:" under the heading "B. Continuous Disclosure"*
 - (a) *by replacing in section 4 "Interim Financial Statements/Report" with "Interim Financial Report", and*
 - (b) *by adding the following sections*
 23. Annual Disclosure Statement
 24. Interim Disclosure Statement.
4. This Instrument comes into force on **[December 15, 2023]**.

INCLUDES COMMENT LETTERS RECEIVED

**PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 41-101 GENERAL PROSPECTUS REQUIREMENTS**

1. *National Instrument 41-101 General Prospectus Requirements is amended by this Instrument.*
2. *Section 1.1 is amended*
 - (a) *by deleting the definition of "Aequitas personal information form",*
 - (b) *in the definition of "Form 51-102F1" by replacing "Form 51-102F1 Management's Discussion & Analysis" with "Form 51-102F1 Annual Disclosure Statement",*
 - (c) *in the definition of "Form 51-102F2" by replacing "Form 51-102F2 Annual Information Form" with "Form 51-102F2 Interim Disclosure Statement",*
 - (d) *in the definition of "IPO venture issuer" by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc.",*
 - (e) *by adding the following definition:*

"NEO personal information form" means a personal information form for an individual prepared pursuant to NEO Exchange Inc. Form 3, as amended from time to time;, *and*
 - (f) *in the definition of "personal information form" by replacing paragraph (c) with the following:*
 - (c) a completed NEO personal information form submitted by an individual to NEO Exchange Inc., to which is attached a completed certificate and consent in the form set out in Schedule 1 – Part B of Appendix A;
3. *Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended under the heading "GENERAL INSTRUCTIONS"*
 - (a) *by replacing subsection (8) with the following:*
 - (8) *If the issuer is a structured entity, as that term is defined in Canadian GAAP applicable to publicly accountable enterprises, or the term equivalent to structured entity under the issuer's GAAP, modify the disclosure requirements in this Form to reflect the nature of the issuer's business.,*
 - (b) *in subsection (12) by replacing "Form 51-102F2" with "Part 3 of Form 51-102F1", and*

- (c) *in subsection (14) by replacing the first sentence with "Where requirements in this Form make reference to, or are substantially similar to, requirements in Form 51-102F1 or Form 51-102F2, issuers may apply subsection (12) of General Instructions for Part 2 and Part 3 of Form 51-102F1 and subsection (5) of General Instructions for Part 2 of Form 51-102F2."*
4. ***Subsection 1.9(4) of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc."***
5. ***Section 5.1 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended by***
- (a) *replacing subsection (1) with the following:*
- (1) Describe the business of the issuer and its reportable segments as that term is interpreted in the issuer's GAAP. Disclose information for each reportable segment of the issuer in accordance with section 15 of Form 51-102F1", *and*
- (b) *repealing subsection (4).*
6. ***Section 5.3 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended by replacing "section 5.3 of Form 51-102F2" with "section 17 of Form 51-102F1".***
7. ***Section 5.4 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended by***
- (a) *replacing "section 5.4 of Form 51-102F2" with "section 18 of Form 51-102F1", and*
- (b) *deleting "For the purposes of this section, the alternative disclosure permitted in Instruction (ii) to section 5.4 of Form 51-102F2 does not apply."*
8. ***Section 7.1 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended by repealing subsections (1) and (2).***
9. ***Section 8.1 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended***
- (a) *by replacing subsection (1) with the following:*
- (1) For the purposes of this Item, "MD&A" has the same meaning as in NI 51-102.,

- (b) *in subsection (2) by replacing "in the form of Form 51-102F1" with "in the form of Part 2 of Form 51-102F1 and Part 2 of Form 51-102F2",*
- (c) *in paragraph (2)(a) by replacing "Form 51-102F1" with "Part 2 of Form 51-102F1 and Part 2 of Form 51-102F2",*
- (d) *by replacing subparagraph (2)(b)(i) with the following:*
- (ii) the Instruction to section 7 of Form 51-102F1, and,
- (e) *by repealing subparagraph (2)(b)(ii),*
- (f) *in paragraph (2)(c) by replacing "section 1.10" with "section 4", and*
- (g) *under the heading "INSTRUCTION" by replacing "section 1.10" with "section 4".*
10. *The sentence after the heading "GUIDANCE" under section 8.2 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is replaced with the following:*
- Under section 4 of Form 51-102F2, venture issuers, or IPO venture issuers, have the option of meeting the requirement to provide interim MD&A under section 3 of Form 51-102F2 by providing quarterly highlights disclosure..*
11. *Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended by repealing sections 8.4, 8.6 and 8.8.*
12. *Section 13.2 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is replaced with the following:*
- 13.2(1)**For each class or series of securities of the issuer distributed under the prospectus or securities of the issuer into which those classes or series of securities are convertible or exchangeable that is traded or quoted on a Canadian or foreign marketplace for which the issuer has applied for and received a listing, identify all such marketplaces.
- (2) If a Canadian marketplace is not identified under subsection (1) in respect of a class or series of securities of the issuer distributed under the prospectus or securities of the issuer into which those classes or series of securities are convertible or exchangeable, but one or more foreign marketplaces are identified under subsection (1) in respect of that class or series, identify the foreign marketplace on which the greatest volume of trading or quotation generally occurs and provide either of the following in respect of that class or series:

- (a) the price ranges and volume traded or quoted on a monthly basis for each month or, if applicable, partial months of the 12-month period before the date of the prospectus;
- (b) the address of the website or other publicly available source where the information required under paragraph (a) can be found..

13. ***Subsection 16.1(1) of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended by replacing "section 10.1 of Form 51-102F2" with "section 23 of Form 51-102F1".***

14. ***Section 16.2 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended by replacing "section 10.2 of Form 51-102F2" with "section 24 of Form 51-102F1".***

15. ***Section 16.3 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is repealed.***

16. ***Section 20.11 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc.".***

17. ***Section 21.1 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended under the heading "INSTRUCTIONS" by replacing subsection (2) with the following:***

- (2) *A risk factor must not be de-emphasized by including, for greater certainty, excessive caveats or conditions..*

18. ***Section 21.1 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended under the heading "INSTRUCTIONS" by adding the following after subsection (2):***

- (3) *Consider presenting risk factor disclosure in a manner, such as the tabular form below or any other suitable manner, that clearly identifies, for each risk factor*
 - (a) *the nature of the risk factor,*
 - (b) *its description,*
 - (c) *the issuer's impact/probability (i.e., its seriousness), and*
 - (d) *the issuer's risk mitigation strategy relating to it.*

RISK FACTORS

| Nature of Risk Factor | Description | Impact / Probability Assessment | Risk Mitigation Strategy |
|-----------------------|-------------|---------------------------------|--------------------------|
| | | | |

19. **Section 22.1 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended**
- (a) **in paragraph (1)(a) by adding "and" after ",",**
 - (b) **in paragraph (1)(b) by replacing "company," with "company.",**
 - (c) **by repealing paragraphs (1)(c) and (d),**
 - (d) **in paragraph (5)(a) by adding "within the 10 years before the date of the preliminary prospectus" before "entered into a settlement agreement", and**
 - (e) **by repealing subsection (6).**
20. **Section 24.1 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended by replacing "section 13.1 of Form 51-102F2" with "section 28 of Form 51-102F1".**
21. **Section 24.2 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended by replacing "section 13.1 of Form 51-102F2" with "subsection 28(1) of Form 51-102F1".**
22. **Section 26.2 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is repealed.**
23. **Section 28.2 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended by**
- (a) **replacing "section 16.2 of Form 51-102F2" with "subsections 30(2) and (3) of Form 51-102F1", and**
 - (b) **replacing "section 16.1 of Form 51-102F2" with "subsection 30(1) of Form 51-102F1".**

Transition

- 24.(1) In this section, "prospectus" means a preliminary prospectus, an amendment to a preliminary prospectus, a final prospectus or an amendment to a final prospectus.
- (2) In this section, "issuer's effective date" means, in relation to an issuer, the earlier of
- (a) the date the issuer is required to include in a prospectus an MD&A for its first financial year ending on or after **[December 15, 2023]**, and

- (b) the date, on or after **[December 15, 2023]**, the issuer includes in a prospectus an MD&A that is prepared under National Instrument 51-102 *Continuous Disclosure Obligations*.
- (3) The provisions of National Instrument 41-101 *General Prospectus Requirements*, as amended by this Instrument, do not apply to an issuer until the issuer's effective date.
- (4) Until the issuer's effective date, an issuer must comply with National Instrument 41-101 *General Prospectus Requirements* as it read on **[December 14, 2023]**.
- (5) If, after **[December 14, 2023]** and before the issuer is required to include in a prospectus an MD&A for its first financial year ending on or after **[December 15, 2023]**, an issuer includes in a prospectus an MD&A prepared under National Instrument 51-102 *Continuous Disclosure Obligations*, and the prospectus includes no other MD&A for prior interim periods or prior financial years that is prepared under Part 2 of Form 51-102F1 *Annual Disclosure Statement*,
- (a) the MD&A must be prepared under Part 2 of Form 51-102F1 *Annual Disclosure Statement*, and
- (b) an MD&A for interim periods and financial-year ends subsequent to the MD&A must be prepared under Part 2 of Form 51-102F2 *Interim Disclosure Statement*, or Part 2 of Form 51-102F1 *Annual Disclosure Statement*, as applicable.
25. This Instrument comes into force on **[December 15, 2023]**.

**PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 43-101 *STANDARDS OF DISCLOSURE FOR MINERAL
PROJECTS***

1. *National Instrument 43-101 Standards of Disclosure for Mineral Projects is amended by this Instrument.*
2. *Section 1.1 is amended by adding the following definition:*

"annual disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;
3. *Section 4.2 is amended*
 - (a) *by replacing paragraph (1)(f) with the following:*
 - (f) an annual disclosure statement or an annual information form; **and**
 - (b) *in subsection (6) by replacing "annual information form" wherever it occurs with "annual disclosure statement".*

Transition

- 4.(1) In this section, "issuer's effective date" means, in relation to an issuer, the earlier of
 - (a) the date the issuer is required to file an annual disclosure statement for its first financial year ending on or after **[December 15, 2023]**, and
 - (b) the date, on or after **[December 15, 2023]**, the issuer files an annual disclosure statement or an interim disclosure statement under National Instrument 51-102 *Continuous Disclosure Obligations*.
- (2) The provisions of National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, as amended by this Instrument, do not apply to an issuer until the issuer's effective date.
- (3) Until the issuer's effective date, an issuer must comply with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* as it read on **[December 14, 2023]**.

Effective Date

5. This Instrument comes into force on **[December 15, 2023]**.

**PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 44-101 *SHORT FORM PROSPECTUS DISTRIBUTIONS***

1. *National Instrument 44-101 Short Form Prospectus Distributions is amended by this Instrument.*
2. *Section 1.1 is amended*
 - (a) *in the definition of "current AIF" by replacing subparagraph (b)(ii) with the following:*
 - (ii) the issuer is not yet required under the applicable CD rule to have filed its annual disclosure statement or annual financial statements for its most recently completed financial year,;
 - (b) *in the definition of "current annual financial statements" by replacing subparagraph (b)(ii) with the following:*
 - (ii) the issuer is not yet required under the applicable CD rule to have filed its annual disclosure statement or annual financial statements for its most recently completed financial year,; **and**
 - (c) *in the definition of "short form eligible exchange" by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc.".*
3. *Section 2.7 is amended by*
 - (a) *replacing paragraph (1)(a) with the following:*
 - (a) the issuer is required under the applicable CD rule to file an annual disclosure statement or annual financial statements within a prescribed period after its financial year end, but the issuer has not yet been required under the applicable CD rule to file its annual disclosure statement or annual financial statements, and,
 - (b) *replacing paragraph (1.1)(a) with the following:*
 - (a) the issuer has filed, as required under the applicable CD rule
 - (i) an annual disclosure statement which does not include an AIF, or
 - (ii) annual financial statements, and,

(c) ***replacing paragraph (2)(a) with the following:***

- (a) the successor issuer is required under the applicable CD rule to file an annual disclosure statement or annual financial statements within a prescribed period after its financial year end, but the successor issuer has not yet, since the completion of the restructuring transaction or the reorganization described in paragraph (b) of the definition of “successor issuer”, which resulted in the successor issuer, been required under the applicable CD rule to file an annual disclosure statement or annual financial statements, and, ***and***

(d) ***replacing paragraph (3)(a) with the following:***

- (a) the issuer is required under the applicable CD rule to file an annual disclosure statement or annual financial statements within a prescribed period after its financial year end, but the issuer has not yet, since the completion of a qualifying transaction or reverse takeover (as both terms are defined in the TSX Venture Exchange Corporate Finance Manual, as amended from time to time) been required under the applicable CD rule to file an annual disclosure statement or annual financial statements, and.

4. ***Form 44-101F1 SHORT FORM PROSPECTUS is amended under the first instance of the heading "INSTRUCTIONS" by replacing subsection (9) with the following:***

- (9) *If the issuer is a structured entity, as that term is defined in Canadian GAAP applicable to publicly accountable enterprises, or the term equivalent to structured entity under the issuer's GAAP, modify the disclosure requirements in this Form to reflect the nature of the issuer's business..*

5. ***Section 5.4.1 of Form 44-101F1 SHORT FORM PROSPECTUS is amended by replacing "section 13.1 of Form 51-102F2" with "subsection 28(1) of Form 51-102F1".***

6. ***Section 7A.1 of Form 44-101F1 SHORT FORM PROSPECTUS is repealed.***

7. ***Section 7A.2 of Form 44-101F1 SHORT FORM PROSPECTUS is replaced with the following:***

7A.2 Trading Price and Volume

- (1) For each class or series of securities of the issuer distributed under the short form prospectus or securities of the issuer into which those classes or series of securities are convertible or exchangeable that is traded or quoted on a Canadian or foreign marketplace for which the issuer has applied for and received a listing, identify all such marketplaces.

- (2) If a Canadian marketplace is not identified under subsection (1) in respect of a class or series of securities of the issuer distributed under the short form prospectus or securities of the issuer into which those classes or series of securities are convertible or exchangeable, but one or more foreign marketplaces are identified under subsection (1) in respect of that class or series, identify the foreign marketplace on which the greatest volume of trading or quotation generally occurs and provide either of the following in respect of that class or series:
- (a) the price ranges and volume traded or quoted on a monthly basis for each month or, if applicable, partial months of the 12-month period before the date of the short form prospectus;
 - (b) the address of the website or other publicly available source where the information required under paragraph (a) can be found..

8. ***Section 9.1 of Form 44-101F1 SHORT FORM PROSPECTUS is amended by replacing "section 5.4 of Form 51-102F2" wherever it occurs with "section 18 of Form 51-102F1".***

9. ***Section 11.1 of Form 44-101F1 SHORT FORM PROSPECTUS is amended***

(a) in subsection (1)

(i) by replacing paragraph 1 with the following:

1. The issuer's current AIF, if it has one, and if the current AIF is not included in the issuer's annual disclosure statement referred to in paragraph 2.,

(ii) by replacing paragraph 2 with the following:

2. The issuer's annual disclosure statement that includes the issuer's current annual financial statements, if any, or the issuer's current annual financial statements, if any, and related MD&A.,

(iii) in paragraph 3 by

(A) replacing "interim financial report" with "interim disclosure statement or interim financial report and related MD&A", and

(B) deleting ", and the related interim MD&A", and

(iv) in subparagraph 8(a) by replacing "is in the form of Form 51-102F2" with "contains the disclosure required under section 19 of Form 51-102F1", and

- (b) *in subsection (1) under the heading "INSTRUCTIONS" by replacing the second sentence with the following:*

However, if the financial statements from which the information in the news release has been derived have been filed, then the annual disclosure statement or interim disclosure statement including the financial statements or the financial statements, as applicable, must be incorporated by reference..

10. *Subsection 11.3(1) of Form 44-101F1 SHORT FORM PROSPECTUS is amended by replacing "a current AIF and current annual financial statements and related MD&A under section 11.1" with "the documents referred to in paragraphs 1 and 2 of subsection 11.1(1)".*

11. *Section 11.5 of Form 44-101F1 SHORT FORM PROSPECTUS is replaced with the following:*

11.5 Additional Disclosure for Issuers of Asset-Backed Securities

If the issuer has not filed or has not been required to file an interim financial report and related MD&A in respect of an interim period subsequent to the financial year in respect of which it has included annual financial statements in the short form prospectus because it is not a reporting issuer and is qualifying to file the short form prospectus under section 2.6 of the Instrument, include the documents referred to in paragraph 3 of subsection 11.1(1) that the issuer would have been required to incorporate by reference if the issuer were a reporting issuer at the relevant time..

12. *Section 15.2 of Form 44-101F1 SHORT FORM PROSPECTUS is amended by*

- (a) *replacing "section 16.2 of Form 51-102F2" with "subsections 30(2) and (3) of Form 51-102F1", and*
- (b) *replacing "section 16.1 of Form 51-102F2" with "subsection 30(1) of Form 51-102F1".*

13. *Section 16.1 of Form 44-101F1 SHORT FORM PROSPECTUS is amended*

- (a) *in paragraph (5)(a) by adding ", within the 10 years before the date of the preliminary short form prospectus, "before" entered into a settlement agreement", and*
- (b) *by repealing subsection (6).*

14. *Section 17.1 of Form 44-101F1 SHORT FORM PROSPECTUS is amended under the heading "INSTRUCTIONS" by replacing subsection (2) with the following:*

- (2) *A risk factor must not be de-emphasized by including, for greater certainty, excessive caveats or conditions..*

15. **Section 17.1 of Form 44-101F1 SHORT FORM PROSPECTUS is amended under the heading "INSTRUCTIONS" by replacing subsection (3) with the following:**

- (3) *Consider presenting risk factor disclosure in a manner, such as the tabular form below or any other suitable manner, that clearly identifies, for each risk factor*
- (a) *the nature of the risk factor,*
 - (b) *its description,*
 - (c) *the issuer's impact/probability (i.e., its seriousness), and*
 - (d) *the issuer's risk mitigation strategy relating to it.*

RISK FACTORS

| Nature of Risk Factor | Description | Impact / Probability Assessment | Risk Mitigation Strategy |
|--------------------------|-------------|---------------------------------------|-----------------------------|
| | | | |

Transition

- 16.(1) In this section, "prospectus" means a preliminary prospectus, an amendment to a preliminary prospectus, a final prospectus or an amendment to a final prospectus.
- (2) In this section, "issuer's effective date" means, in relation to an issuer, the earlier of:
- (a) the date the issuer is required to include in a prospectus, directly or by incorporation, an annual disclosure statement for its first financial year ending on or after **[December 15, 2023]**, and
 - (b) the date, on or after **[December 15, 2023]**, the issuer includes in a prospectus, directly or by incorporation, an annual disclosure statement or an interim disclosure statement prepared under National Instrument 51-102 *Continuous Disclosure Obligations*.
- (3) The provisions of National Instrument 44-101 *Short Form Prospectus Distributions*, as amended by this Instrument, do not apply to an issuer until the issuer's effective date.
- (4) Until the issuer's effective date, an issuer must comply with National Instrument 44-101 *Short Form Prospectus Distributions* as it read on **[December 14, 2023]**.

Effective Date

17. This Instrument comes into force on **[December 15, 2023]**.

**PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 44-102 *SHELF DISTRIBUTIONS***

1. *National Instrument 44-102 Shelf Distributions is amended by this Instrument.*
2. *Subsection 9.4(2) is amended by replacing "management discussion and analysis" with "MD&A".*
3. This Instrument comes into force on **[December 15, 2023]**.

INCLUDES COMMENT LETTERS RECEIVED

**PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 45-106 PROSPECTUS EXEMPTIONS**

1. *National Instrument 45-106 Prospectus Exemptions is amended by this Instrument.*
2. *Section 1.1 is amended*
 - (a) *by adding the following definitions:*

"annual disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

"interim disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;; **and**
 - (b) *in the definition of "qualifying issuer" by replacing "annual statements" with "annual financial statements".*
3. *Section 2.22 is amended in the definition of "listed issuer" by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc.".*
4. *Subparagraph 5.2(e)(i) is amended*
 - (a) *by replacing clause (A) with the following:*

(A) the AIF, if it is not included in the issuer's annual disclosure statement referred to in clause (B),,
 - (b) *by replacing clause (B) with the following:*

(B) the most recent annual disclosure statement or annual financial statements and the MD&A relating to those financial statements,, **and**
 - (c) *in clause (C), by adding "interim disclosure statements or" before "unaudited interim financial reports".*
5. *Form 45-106F3 OFFERING MEMORANDUM FOR QUALIFYING ISSUERS is amended in the Instructions for Completing Form 45-106F3 Offering Memorandum for Qualifying Issuers*
 - (a) *by replacing section 1 under the heading "C. Required Updates to the Offering Memorandum" with the following:*
 1. If the offering memorandum does not incorporate by reference the issuer's AIF and audited financial statements, or annual disclosure statement for its

most recently completed financial year, revise the offering memorandum to incorporate by reference any annual disclosure statement, interim disclosure statement or financial statements that are required to be filed prior to the distribution to incorporate by reference the documents as soon as the documents are filed on SEDAR.,

- (b) ***in section 2 under the heading "C. Required Updates to the Offering Memorandum" by replacing "interim financial reports" with "interim disclosure statements",***
- (c) ***by replacing paragraph 1(a) under the heading "D. Information about the Issuer" with the following:***
 - (a) if the issuer's annual disclosure statement referred to in D.1(d) does not include an AIF, the issuer's AIF for its most recently completed financial year for which an annual disclosure statement or annual financial statements are either required to be filed or has been filed.,
- (d) ***by replacing paragraph 1(c) under the heading "D. Information about the Issuer" with the following:***
 - (c) the interim disclosure statement for the issuer's most recently completed interim period that is required to be filed or has been filed and which ends after the most recently completed financial year referred to in D.1(d),,
- (e) ***by replacing paragraph 1(d) under the heading "D. Information about the Issuer" with the following:***
 - (d) for the issuer's most recently completed financial year for which an annual disclosure statement or comparative financial statements are required to be filed or have been filed, the annual disclosure statement or comparative financial statements, including the accompanying auditor's report.,
- (f) ***in paragraph 1(f) under the heading "D. Information about the Issuer", by deleting "D.1(c) and",***
- (g) ***by replacing subparagraph 1(i)(i) under the heading "D. Information about the Issuer" with the following:***
 - (i) the issuer's current AIF contains the disclosure required under section 19 of Form 51-102F1 *Annual Disclosure Statement*; or, ***and***
- (h) ***in section 2 under the heading "D. Information about the Issuer", by replacing "section 5.4 of Form 51-102F2" wherever it occurs with "section 18 of Form 51-102F1 Annual Disclosure Statement".***

Transition

- 6.(1) In this section, "document" means a document required to be filed under National Instrument 45-106 *Prospectus Exemptions*.
- (2) In this section, "issuer's effective date" means, in relation to an issuer, the earlier of
- (a) the date the issuer is required to include in a document, directly or by incorporation, an annual disclosure statement for its first financial year ending on or after **[December 15, 2023]**, and
 - (b) the date, on or after **[December 15, 2023]**, the issuer includes in a document, directly or by incorporation, an annual disclosure statement or an interim disclosure statement prepared under National Instrument 51-102 *Continuous Disclosure Obligations*.
- (3) The provisions of National Instrument 45-106 *Prospectus Exemptions*, as amended by this Instrument, do not apply to an issuer until the issuer's effective date.
- (4) Until the issuer's effective date, an issuer must comply with National Instrument 45-106 *Prospectus Exemptions* as it read on **[December 14, 2023]**.

Effective Date

7. This Instrument comes into force on **[December 15, 2023]**.

**PROPOSED AMENDMENTS TO
MULTILATERAL INSTRUMENT 45-108 CROWDFUNDING**

1. *Multilateral Instrument 45-108 Crowdfunding is amended by this Instrument.*
2. *Section 1 is amended by adding the following definitions:*

"annual disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

"interim disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;
3. *Form 45-108F1 is amended*
 - (a) *in section 6.3 by replacing "or management discussion & analysis" with ", annual disclosure statement, or interim disclosure statement", and*
 - (b) *under the heading "What would be presented in an issuer's financial statements if the issuer has not completed a financial year" in Schedule A by adding "The financial statements would be a stand-alone document and not form part of an annual disclosure statement." after "The financial statements would not include a comparative period."*
4. This Instrument comes into force on **[December 15, 2023]**.

INCLUDES COMMENT LETTERS RECEIVED

**PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 51-101 *STANDARDS OF DISCLOSURE FOR OIL AND GAS
ACTIVITIES***

1. *National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities is amended by this Instrument.*
2. *Section 1.1 is amended by adding the following definition:*

"annual disclosure statement" has the same meaning as in National Instrument 51-102 Continuous Disclosure Obligations;
3. *Section 2.1 is amended by replacing "audited financial statements" with "an annual disclosure statement".*

Transition

- 4.(1) In this section, "issuer's effective date" means, in relation to an issuer, the earlier of
 - (a) the date the issuer is required to file an annual disclosure statement under National Instrument 51-102 *Continuous Disclosure Obligations* for its first financial year ending on or after **[December 15, 2023]**, and
 - (b) the date, on or after **[December 15, 2023]**, the issuer files an annual disclosure statement or an interim disclosure statement under National Instrument 51-102 *General Prospectus Requirements*.
- (2) The provisions of National Instrument 51-101 *Standards of Disclosure for Mineral Projects*, as amended by this Instrument, do not apply to an issuer until the issuer's effective date.
- (3) Until the issuer's effective date, an issuer must comply with National Instrument 51-101 *Standards of Disclosure for Mineral Projects* as it read on **[December 14, 2023]**.

Effective Date

5. This Instrument comes into force on **[December 15, 2023]**.

INCLUDES COMMENT LETTERS RECEIVED

**PROPOSED AMENDMENTS TO
MULTILATERAL INSTRUMENT 51-105 ISSUERS QUOTED IN THE U.S. OVER-THE-
COUNTER MARKETS**

1. *Multilateral Instrument 51-105 Issuers Quoted in the U.S. Over-the-Counter Markets is amended by this Instrument.*
2. *Section 1 is amended in the definition of "OTC issuer" by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc."*
3. This Instrument comes into force on **[December 15, 2023]**.

INCLUDES COMMENT LETTERS RECEIVED

**PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 52-109 CERTIFICATION OF DISCLOSURE IN ISSUERS'
ANNUAL AND INTERIM FILINGS**

1. *National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings is amended by this Instrument.*
2. *Section 1.1 is amended*
 - (a) *by adding the following definitions:*

"annual disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

"interim disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;
 - (b) *by replacing the definition of "annual filings" with the following:*

"annual filings" means an issuer's AIF, if any, and annual disclosure statement filed under securities legislation in respect of a financial year, including, for greater certainty, all documents and information that are incorporated by reference into the AIF or the annual disclosure statement;
 - (c) *by replacing the definition of "interim filings" with the following:*

"interim filings" means an issuer's interim disclosure statement filed under securities legislation for an interim period, including, for greater certainty, all documents and information that are incorporated by reference into the interim disclosure statement; **and**
 - (d) *in the definition of "venture issuer" by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc."*
3. *Section 4.1 is amended*
 - (a) *by replacing subsection (2) with the following:*

(2) A reporting issuer must file a certificate required under subsection (1) on the date it files its annual disclosure statement, **and**
 - (b) *in subsection (3), by replacing "annual financial statements, annual MD&A" with "annual disclosure statement".*

4. ***Part 6 is amended in the title by replacing "REFILED FINANCIAL STATEMENTS, MD&A or AIF" with "REFILED, IN WHOLE OR IN PART, ANNUAL DISCLOSURE STATEMENT, AIFS OR INTERIM DISCLOSURE STATEMENTS".***
5. ***Section 6.1 is replaced with the following:***
- 6.1 ***Refiled annual disclosure statement, in whole or in part*** – If an issuer refiles its annual disclosure statement, in whole or in part, for a financial year, it must file separate annual certificates for that financial year in Form 52-109F1R on the date that it refiles the annual disclosure statement, in whole or in part..
6. ***Section 6.2 is replaced with the following:***
- 6.2 ***Refiled interim disclosure statement, in whole or in part*** – If an issuer refiles its interim disclosure statement, in whole or in part, for an interim period, it must file separate interim certificates for that interim period in Form 52-109F2R on the date that it refiles the interim disclosure statement, in whole or in part..
7. ***Form 52-109F1 CERTIFICATION OF ANNUAL FILINGS FULL CERTIFICATE is amended by replacing section 1 with the following:***
1. ***Review:*** I have reviewed the annual disclosure statement, including, for greater certainty, the AIF, if any, and all documents and information that are incorporated by reference into the MD&A and the AIF (together, the "annual filings") of <identify issuer> (the "issuer") for the financial year ended <state the relevant date>..
8. ***Form 52-109FV1 CERTIFICATION OF ANNUAL FILINGS VENTURE ISSUER BASIC CERTIFICATE is amended by replacing section 1 with the following:***
1. ***Review:*** I have reviewed the annual disclosure statement, including, for greater certainty, the AIF, if any, and all documents and information that are incorporated by reference into the MD&A and the AIF (together, the "annual filings") of <identify the issuer> (the "issuer") for the financial year ended <state the relevant date>..
9. ***Form 52-109F1 – IPO/RTO CERTIFICATION OF ANNUAL FILINGS FOLLOWING AN INITIAL PUBLIC OFFERING, REVERSE TAKEOVER OR BECOMING A NON-VENTURE ISSUER is amended by replacing section 1 with the following:***
1. ***Review:*** I have reviewed the annual disclosure statement, including, for greater certainty, the AIF, if any, and all documents and information that are incorporated by reference into the MD&A and the AIF (together, the "annual filings") of <identify issuer> (the "issuer") for the financial year ended <state the relevant date>..

10. ***Form 52-109F1R CERTIFICATION OF REFILED ANNUAL FILINGS is amended by replacing section 1 with the following:***
1. ***Review:*** I have reviewed the AIF, if any, and the annual disclosure statement, including, for greater certainty, the AIF, if any, and all documents and information that are incorporated by reference into the MD&A and the AIF (the "annual filings") of the issuer for the financial year ended *<state the relevant date>..*
11. ***Form 52-109F1 – AIF CERTIFICATION OF ANNUAL FILINGS IN CONNECTION WITH VOLUNTARILY FILED AIF is amended by replacing section 1 with the following:***
1. ***Review:*** I have reviewed the AIF and the annual disclosure statement, including, for greater certainty, all documents and information that are incorporated by reference into the MD&A and the AIF (together, the "annual filings") of the issuer for the financial year ended *<state the relevant date>..*
12. ***Form 52-109F2 CERTIFICATION OF INTERIM FILINGS FULL CERTIFICATE is amended by replacing section 1 with the following:***
1. ***Review:*** I have reviewed the interim disclosure statement, including, for greater certainty, all documents and information that are incorporated by reference into the MD&A (together, the "interim filings") of *<identify the issuer>* (the "issuer") for the interim period ended *<state the relevant date>..*
13. ***Form 52-109FV2 CERTIFICATION OF INTERIM FILINGS VENTURE ISSUER BASIC CERTIFICATE is amended by replacing section 1 with the following:***
1. ***Review:*** I have reviewed the interim disclosure statement, including, for greater certainty, all documents and information that are incorporated by reference into the MD&A (together, the "interim filings") of *<identify the issuer>* (the "issuer") for the interim period ended *<state the relevant date>..*
14. ***Form 52-109F2 – IPO/RTO CERTIFICATION OF INTERIM FILINGS FOLLOWING AN INITIAL PUBLIC OFFERING, REVERSE TAKEOVER OR BECOMING A NON-VENTURE ISSUER is amended by replacing section 1 with the following:***
1. ***Review:*** I have reviewed the interim disclosure statement, including, for greater certainty, all documents and information that are incorporated by reference into the MD&A (together, the "interim filings") of *<identify the issuer>* (the "issuer") for the interim period ended *<state the relevant date>..*

15. ***Form 52-109F2R CERTIFICATION OF REFILED INTERIM FILINGS is amended by replacing section 1 with the following:***

1. ***Review:*** I have reviewed the interim disclosure statement, as amended or as amended and restated, including, for greater certainty, all documents and information that are incorporated by reference into the MD&A of the issuer for the interim period ended *<state the relevant date>..*

Transition

- 16.(1) In this section, "issuer's effective date" means, in relation to an issuer, the earlier of
 - (a) the date the issuer is required to file an annual disclosure statement under National Instrument 51-102 *Continuous Disclosure Obligations* for its first financial year ending on or after **[December 15, 2023]**, and
 - (b) the date, on or after **[December 15, 2023]**, the issuer files an annual disclosure statement or an interim disclosure statement under National Instrument 51-102 *General Prospectus Requirements*.
- (2) The provisions of National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, as amended by this Instrument, do not apply to an issuer until the issuer's effective date.
- (3) Until the issuer's effective date, an issuer must comply with National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* as it read on **[December 14, 2023]**.

Effective Date

17. This Instrument comes into force on **[December 15, 2023]**.

**PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 52-110 *AUDIT COMMITTEES***

1. *National Instrument 52-110 Audit Committees is amended by this Instrument.*
2. *Section 1.1 is amended in the definition of "venture issuer" by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc."*
3. This Instrument comes into force on **[December 15, 2023]**.

INCLUDES COMMENT LETTERS RECEIVED

**PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 54-101 COMMUNICATION WITH BENEFICIAL OWNERS
OF SECURITIES OF A REPORTING ISSUER**

1. *National Instrument 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer is amended by this Instrument.*
2. *Section 1.1 is amended by adding the following definitions:*

"annual disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

"interim disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;
3. *Paragraph 2.7.1(2)(b) is amended by replacing " , which may be part of an annual report. " with "which, for that purpose, may be included in an annual disclosure statement or an annual report. ".*
4. *The following provisions are amended by adding "annual disclosure statements," before "financial statements":*
 - (a) *clause 3.3(b)(iv)(B);*
 - (b) *clause 3.3(b)(v)(B).*
5. *Section 9.1 is amended*
 - (a) *in the heading, by adding "Annual Disclosure Statement," before "Audited Annual Financial Statements or Annual Report", and*
 - (b) *by replacing "annual financial statements or an annual report if the statements or report are sent" with "annual financial statements, which, for that purpose, may be included in an annual disclosure statement or an annual report, if any of these materials are sent".*
6. This Instrument comes into force on **[December 15, 2023]**.

**PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 55-104 *INSIDER REPORTING REQUIREMENTS AND
EXEMPTIONS***

1. *National Instrument 55-104 Insider Reporting Requirements and Exemptions is amended by this Instrument.*
2. *Section 1.1 is amended by adding the following definition:*

"MD&A" has the same meaning as in National Instrument 51-102 Continuous Disclosure Obligations;.
3. *Subsection 1.3(1) is amended by replacing "under section 5.4 of National Instrument 51-102 Continuous Disclosure Obligations" with "in an MD&A".*
4. This Instrument comes into force on **[December 15, 2023]**.

INCLUDES COMMENT LETTERS RECEIVED

**PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 58-101 *DISCLOSURE OF CORPORATE GOVERNANCE
PRACTICES***

1. *National Instrument 58-101 Disclosure of Corporate Governance Practices is amended by this Instrument.*
2. *Section 1.1 is amended*
 - (a) *by adding the following definitions:*

"annual disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

"interim disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*; **and**
 - (b) *in the definition of "venture issuer" by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc."*
3. *Section 2.3 is amended by replacing "financial statements" with "annual disclosure statement or interim disclosure statement".*

Transition

- 4.(1) In this section, "issuer's effective date" means, in relation to an issuer, the earlier of
 - (a) the date the issuer is required to file an annual disclosure statement under National Instrument 51-102 *Continuous Disclosure Obligations* for its first financial year ending on or after **[December 15, 2023]**, and
 - (b) the date, on or after **[December 15, 2023]**, the issuer files an annual disclosure statement or an interim disclosure statement under National Instrument 51-102 *Continuous Disclosure Obligations*.
- (2) The provisions of National Instrument 58-101 *Disclosure of Corporate Governance Practices*, as amended by this Instrument, do not apply to an issuer until the issuer's effective date.
- (3) Until the issuer's effective date, an issuer must comply with National Instrument 58-101 *Disclosure of Corporate Governance Practices* as it read on **[December 14, 2023]**.

Effective Date

5. This Instrument comes into force on **[December 15, 2023]**.

**PROPOSED AMENDMENTS TO
MULTILATERAL INSTRUMENT 61-101 *PROTECTION OF MINORITY SECURITY
HOLDERS IN SPECIAL TRANSACTIONS***

1. *Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions is amended by this Instrument.*
2. *In the following provisions ", or section 5.4 of National Instrument 51-102 Continuous Disclosure Obligations" is replaced with "or its MD&A":*
 - (a) *paragraph 2.4(2)(b);*
 - (b) *paragraph 2.4(3)(b);*
 - (c) *paragraph 4.4(2)(b);*
 - (d) *paragraph 4.4(3)(b).*
3. *Paragraph 4.4(1)(a) is amended by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc."*
4. *Subsection 5.5(b) is amended by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc."*
5. *Subparagraph 5.7(1)(b)(i) is amended by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc."*
6. This Instrument comes into force on **[December 15, 2023]**.

**PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 62-103 *THE EARLY WARNING SYSTEM AND RELATED
TAKE-OVER BID AND INSIDER REPORTING ISSUES***

1. *National Instrument 62-103 The Early Warning System and Related Take-Over Bid and Insider Reporting Issues is amended by this Instrument.*
2. *Subsection 1.1(1) is amended by adding the following definition:*

"MD&A" has the same meaning as in National Instrument 51-102 Continuous Disclosure Obligations;.
3. *Subsection 2.1(1) is amended by replacing "under section 5.4 of National Instrument 51-102 Continuous Disclosure Obligations" with "an MD&A".*
4. This Instrument comes into force on **[December 15, 2023]**.

INCLUDES COMMENT LETTERS RECEIVED

**PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 71-102 *CONTINUOUS DISCLOSURE AND OTHER
EXEMPTIONS RELATING TO FOREIGN ISSUERS***

1. *National Instrument 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers is amended by this Instrument.*

2. *Section 1.1 is amended by*

(a) *replacing the definition of "AIF" with the following:*

"AIF" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

(b) *replacing the definition of "MD&A" with the following:*

"MD&A" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;, **and**

(c) *adding the following definitions:*

"annual disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

"interim disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

3. *Section 4.3 is amended by removing ", approval".*

4. *Section 4.4 is amended by*

(a) *replacing "preparation, approval, filing and delivery" with "preparation and filing",*

(b) *adding "and" at the end of paragraph (b), and*

(c) *repealing paragraph (c).*

5. *Part 4 is amended by adding the following after section 4.4:*

4.4.1 Annual Disclosure Statement and Interim Disclosure Statement

An SEC foreign issuer satisfies securities legislation requirements relating to the preparation, approval, filing and delivery of annual disclosure statements and

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**PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 81-101 *MUTUAL FUND PROSPECTUS DISCLOSURE***

1. *National Instrument 81-101 Mutual Fund Prospectus Disclosure is amended by this Instrument.*
2. *Section 1.1 is amended*
 - (a) *by deleting the definition of "Aequitas personal information form",*
 - (b) *by adding the following definition:*

"NEO personal information form" means a personal information form for an individual prepared pursuant to NEO Exchange Inc. Form 3, as amended from time to time;, *and*
 - (c) *in the definition of "personal information form" by replacing paragraph (c) with the following:*
 - (c) a completed NEO personal information form submitted by an individual to NEO Exchange Inc., to which is attached a completed certificate and consent in the form set out in Schedule 1 – Part B of Appendix A to National Instrument 41-101 *General Prospectus Requirements*;
3. This Instrument comes into force on **[December 15, 2023]**.

ANNEX F

PROPOSED CHANGES TO EXISTING POLICIES

Consequential and housekeeping changes

The proposed amendments to NI 51-102 result in certain consequential changes to existing policies applicable to reporting issuers. Consequential changes involve adding references to annual disclosure statement and interim disclosure statement and updating existing references to NI 51-102 to reference the amended NI 51-102 requirements.

In addition to consequential changes, housekeeping changes are proposed for certain policies to clarify existing guidance, delete guidance that are no longer applicable or redundant, and correct outdated references.

For the following policies, only consequential and housekeeping changes are proposed:

- National Policy 11-201 *Electronic Delivery of Documents*
- National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications*
- National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*
- National Policy 12-202 *Revocation of Certain Cease Trade Orders*
- National Policy 12-203 *Management Cease Trade Orders*
- National Policy 41-201 *Income Trusts and Other Indirect Offerings*
- Companion Policy 43-101CP to National Instrument 43-101 *Standards of Disclosure for Mineral Projects*
- Companion Policy 45-106CP *Prospectus Exemptions*
- National Policy 46-201 *Escrow for Initial Public Offerings*
- Companion Policy 51-101CP *Standards of Disclosure for Oil and Gas Activities*
- National Policy 51-201 *Disclosure Standards*
- Companion Policy 52-109CP to National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*
- Companion Policy 52-110CP to National Instrument 52-110 *Audit Committees*
- Companion Policy 54-101CP to National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*
- Companion Policy 71-102CP *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*

Changes to reflect alignment of certain prospectus disclosure requirements with continuous disclosure requirements

In addition to consequential and housekeeping changes, for the following companion policies, changes are being proposed to reflect alignment of certain prospectus disclosure requirements with the continuous disclosure requirements:

Companion Policy 41-101CP to National Instrument 41-101 *General Prospectus Requirements*

- Update references to "special purpose entity" by replacing them with "structured entity", as the latter term has replaced the former term under Canadian GAAP applicable to publicly accountable enterprises.
- Delete section 4.4 as a result of repealing section 8.6 of Form 41-101F1 *Information Required in a Prospectus*.

Companion Policy 44-101CP to National Instrument 44-101 *Short Form Prospectus Distributions*

- Update references to "special purpose entity" by replacing them with "structured entity", as the latter term has replaced the former term under Canadian GAAP applicable to publicly accountable enterprises.

**PROPOSED CHANGES TO
NATIONAL POLICY 11-201 *ELECTRONIC DELIVERY OF DOCUMENTS***

1. *National Policy 11-201 Electronic Delivery of Documents is changed by this Document.*
2. *Section 1.1 is changed by adding the following definitions:*

"annual disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

"interim disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;
3. *Subsection 1.4(1) is changed by adding "annual disclosure statements, interim disclosure statements," before "financial statements".*
4. These changes become effective on **[December 15, 2023]**.

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**PROPOSED CHANGES TO
NATIONAL POLICY 11-206 *PROCESS FOR CEASE TO BE A REPORTING ISSUER
APPLICATIONS***

1. *National Policy 11-206 Process for Cease to be a Reporting Issuer Applications is changed by this Document.*
2. *Section 2 is changed by adding the following definitions:*

"annual disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

"interim disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;
3. *Section 21 is changed by adding "annual disclosure statements, interim disclosure statements or" before "financial statements".*
4. These changes become effective on **[December 15, 2023]**.

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**PROPOSED CHANGES TO
NATIONAL POLICY 11-207 FAILURE-TO-FILE CEASE TRADE ORDERS AND
REVOCATIONS IN MULTIPLE JURISDICTIONS**

1. ***National Policy 11-207 Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions is changed by this Document.***
2. ***Section 3 is changed by adding the following definitions:***

"annual disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

"interim disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;
3. ***Subsection 24(1) is changed by replacing "annual or interim financial statements, MD&A or MRFP, and certification of filings" with "annual disclosure statement, interim disclosure statement, annual information form, annual financial statements, interim financial report, MD&A or MRFP, and certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings".***
4. ***Section 25 is changed***
 - (a) ***by adding "interim disclosure statements," before "interim financial reports" wherever it occurs, and***
 - (b) ***in subsection (a) by adding "annual disclosure statements," before "audited annual financial statements".***
5. These changes become effective on **[December 15, 2023]**.

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**PROPOSED CHANGES TO
NATIONAL POLICY 12-202 *REVOCATION OF CERTAIN CEASE TRADE ORDERS***

1. *National Policy 12-202 Revocation of Certain Cease Trade Orders is changed by this Document.*
2. *Section 2 is changed by adding the following definitions:*

"annual disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

"interim disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;
3. *Section 6 is changed*
 - (a) *by adding "interim disclosure statements," before "interim financial reports" wherever it occurs, and*
 - (b) *in subsection (a) by adding "annual disclosure statements," before "audited annual financial statements".*
4. These changes become effective on **[December 15, 2023]**.

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**PROPOSED CHANGES TO
NATIONAL POLICY 12-203 MANAGEMENT CEASE TRADE ORDERS**

1. *National Policy 12-203 Management Cease Trade Orders is changed by this Document.*

2. *Section 2 is changed by*

(a) *adding the following definitions:*

"annual disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

"interim disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;; **and**

(b) *replacing the definition of "specified requirement" with the following:*

"specified requirement" means the requirement to file within the time period prescribed by securities legislation one or more of the following:

(a) an annual disclosure statement;

(b) an interim disclosure statement;

(c) annual financial statements;

(d) an interim financial report;

(e) an annual or interim MD&A;

(f) an annual or interim MRFP;

(g) an annual information form;

(h) a certificate required under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*;;

3. *Section 12 is changed by replacing the second paragraph with the following:*

If a reporting issuer is in default of a specified requirement, the issuer must still comply with all other applicable continuous disclosure requirements, other than requirements reasonably linked to the specified requirement in question. For example, an issuer that has not filed its annual disclosure statement on time will also be unable to comply with the requirement to file a certification of annual filings under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*. However, failure to

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comply with a requirement to file an annual disclosure statement in accordance with the requirements of Part 3A of National Instrument 51-102 *Continuous Disclosure Obligations* does not excuse compliance with other requirements of that instrument such as the requirement to file material change reports in accordance with Part 7 or an information circular in accordance with Part 9..

4. ***Subsection 19(c) is changed by replacing "Subsection 10.2(1) of Form 51-102F2 Annual Information Form" with "Subsection 24(1) of Form 51-102F1 Annual Disclosure Statement".***
5. ***Appendix A is changed by replacing subsections 5.a. to c. with the following:***
 - a. *an annual disclosure statement, as required by Part 3A of National Instrument 51-102 Continuous Disclosure Obligations; and*
 - b. *CEO and CFO certificates relating to the annual disclosure statement, as required by National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (collectively, the required filings)]..*
6. These changes become effective on **[December 15, 2023]**.

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**PROPOSED CHANGES TO
COMPANION POLICY 41-101CP TO NATIONAL INSTRUMENT 41-101 *GENERAL
PROSPECTUS REQUIREMENTS***

1. *Companion Policy 41-101CP to National Instrument 41-101 General Prospectus Requirements is changed by this Document.*
2. *Section 2.7 is changed by*
 - (a) *replacing "“special purpose” entity" with "structured entity",*
 - (b) *replacing "special purpose issuers of asset-backed securities" with "structured entities distributing asset-backed securities", and*
 - (c) *replacing "where an entity establishes a special purpose issuer" with "where an entity establishes a structured entity".*
3. *Section 4.4 is deleted.*
4. *Section 4.5 is changed by replacing "a special purpose issuer of asset-backed securities" with "a structured entity that has distributed asset-backed securities".*
5. These changes become effective on **[December 15, 2023]**.

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**PROPOSED CHANGES TO
NATIONAL POLICY 41-201 *INCOME TRUSTS AND OTHER INDIRECT OFFERINGS***

1. *National Policy 41-201 Income Trusts and Other Indirect Offerings is changed by this Document.*
2. *Section 3.7 is changed by*
 - (a) *deleting "section 10.8 of Ontario Securities Commission Form 41-501F1 Information Required in a Prospectus (or its successor), section 10.8 of Schedule 1 Information Required in a Prospectus to Quebec's Regulation Q-28 respecting General Prospectus Requirements (or its successor)," and*
 - (b) *replacing "item 7.3 of Form 51-102F2" with "subsections 20(3) and (4) of Form 51-102F1 Annual Disclosure Statement".*
3. *Section 3.11 is changed by replacing "Item 5.2 of Form 51-102F2" with "section 16 of Form 51-102F1 Annual Disclosure Statement".*
4. *Section 6.5.1 is changed by replacing "Form 51-102F1" wherever it occurs with "Part 2 of Form 51-102F1 Annual Disclosure Statement and Part 2 of Form 51-102F2 Interim Disclosure Statement".*
5. *Section 6.5.2 is changed by replacing "Although the instructions in Form 51102F1 do not specifically state it, to meet the disclosure requirements for liquidity in Form 51102F1" with "To meet the disclosure requirements for liquidity and capital resources in Part 2 of Form 51-102F1 Annual Disclosure Statement and Part 2 of Form 51-102F2 Interim Disclosure Statement".*
6. These changes become effective on **[December 15, 2023]**.

**PROPOSED CHANGES TO
COMPANION POLICY 43-101CP TO NATIONAL INSTRUMENT 43-101 *STANDARDS
OF DISCLOSURE FOR MINERAL PROJECTS***

1. *Companion Policy 43-101CP to National Instrument 43-101 Standards of Disclosure for Mineral Projects is changed by this Document.*
2. *Subsection 4.2(6) is changed by replacing "Under paragraph 1.4(e) of" with "As required under".*
3. This change becomes effective on **[December 15, 2023]**.

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**PROPOSED CHANGES TO
COMPANION POLICY 44-101CP TO NATIONAL INSTRUMENT 44-101 *SHORT
FORM PROSPECTUS DISTRIBUTIONS***

1. *Companion Policy 44-101CP to National Instrument 44-101 Short Form Prospectus Distributions is changed by this Document.*

2. *Section 1.7 is changed*

(a) *by replacing subsection (3) with the following:*

- (3) Current AIF – An issuer's AIF filed under the applicable CD rule is a "current AIF" until the issuer files an AIF for the next financial year, or is required by the applicable CD rule to have filed its annual disclosure statement or annual financial statements for the next financial year. If an issuer fails to file a new AIF by the filing deadline under the applicable CD rule for its annual disclosure statement or annual financial statements, it will not have a current AIF and will not qualify under NI 44-101 to file a prospectus in the form of a short form prospectus. If an issuer files a revised or amended AIF for the same financial year as an AIF that has previously been filed, the most recently filed AIF will be the issuer's current AIF.

An issuer that is a venture issuer for the purpose of NI 51-102, and certain investment funds, may have no obligation under the applicable CD rule to file an AIF. However, to qualify under NI 44-101 to file a prospectus in the form of a short form prospectus, that issuer will be required to file an AIF in accordance with the applicable CD rule so as to have a "current AIF". A current AIF filed by an issuer that is a venture issuer for the purposes of NI 51-102 can be expected to expire later than a non-venture issuer's AIF, due to the fact that the deadlines for filing an annual disclosure statement under NI 51-102 are later for venture issuers than for other issuers., *and*

(b) *by replacing subsection (4) with the following:*

- (4) Current annual financial statements— An issuer's comparative annual financial statements filed under the applicable CD rule, together with the accompanying auditor's report, are "current annual financial statements" until the issuer files, or is required under the applicable CD rule to have filed, its annual disclosure statement or comparative annual financial statements for the next financial year. If an issuer fails to file its annual disclosure statement or comparative annual financial statements by the filing deadline under the applicable CD rule, it will not have current annual financial statements and will not be qualified under NI 44-101 to file a prospectus in the form of a short form prospectus.

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Where there has been a change of auditor and the new auditor has not audited the comparative period, the report of the predecessor auditor on the comparative period must be included in the prospectus. The issuer may file the report of the predecessor auditor on the comparative period with the annual disclosure statement or the annual financial statements that are being incorporated by reference into the short form prospectus, and clearly incorporate by reference the predecessor auditor's report in addition to the new auditor's report. Alternatively, the issuer can incorporate by reference into the short form prospectus its annual disclosure statement or its comparative financial statements filed for the previous year, including the audit reports thereon..

3. ***Subsection 2.4(1) is changed by replacing "“special purpose issuers” wherever it occurs with “structured entities”.***
4. ***Subsection 4.4(1) is changed by replacing “section 5.2 in NI 51-102F2” with “section 16 of Form 51-102F1”.***
5. ***Section 4.5 is changed by replacing “a special purpose issuer of asset-backed securities” with “a structured entity distributing asset-backed securities”.***
6. ***Section 4.11 is replaced with the following:***

4.11 General Financial Statement Requirements – A reporting issuer is required under the applicable CD rule to file its annual disclosure statement or its annual financial statements and related MD&A 90 days after year end (or 120 days if the issuer is a venture issuer as defined in NI 51-102). An interim disclosure statement must be filed 45 days after the last day of an interim period (or 60 days for a venture issuer) or for investment fund issuers, an interim financial report and related MD&A must be filed 60 days after the end of the most recent interim period. The financial statement requirements in NI 44-101 are based on these continuous disclosure reporting time frames and do not impose accelerated filing deadlines for a reporting issuer's annual disclosure statement, interim disclosure statement or financial statements. However, to the extent an issuer has filed an annual disclosure statement, interim disclosure statement or financial statements in advance of the deadline for doing so, those documents must be incorporated by reference in the short form prospectus. We are of the view that directors of an issuer should endeavor to consider and approve an annual disclosure statement, interim disclosure statement or financial statements in a timely manner and should not delay the approval and filing of these documents for the purpose of avoiding their inclusion in a short form prospectus. Once the annual disclosure statement, interim disclosure statement or financial statements have been approved, they should be filed as soon as possible..

7. These changes become effective on **[December 15, 2023]**.

**PROPOSED CHANGES TO
COMPANION POLICY 45-106CP PROSPECTUS EXEMPTIONS**

1. *Companion Policy 45-106CP Prospectus Exemptions is changed by this Document.*
2. *Subsection 3.8(2) is changed by replacing the second sentence with the following:*

Form 45-106F3 requires qualifying issuers to incorporate by reference their annual disclosure statement or annual financial statements and related management's discussion and analysis (MD&A), and AIF, if it is not included in the issuer's annual disclosure statement, and subsequent specified continuous disclosure documents required under NI 51-102..

3. This change becomes effective on **[December 15, 2023]**.

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**PROPOSED CHANGES TO
NATIONAL POLICY 46-201 ESCROW FOR INITIAL PUBLIC OFFERINGS**

1. *National Policy 46-201 Escrow for Initial Public Offerings is changed by this Document.*
2. *Subsection 3.2(a.1) is changed by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc." wherever it occurs.*
3. *Paragraph 3.3(2)(c) is changed by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc.".*
4. *Paragraph 4.4(1)(a) is changed by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc.".*
5. *Form 46-201F1 ESCROW AGREEMENT is changed in subsection 3.1(a) by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc.".*
6. These changes become effective on **[December 15, 2023]**.

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**PROPOSED CHANGES TO
COMPANION POLICY 51-101CP STANDARDS OF DISCLOSURE FOR OIL AND GAS
ACTIVITIES**

1. *Companion Policy 51-101CP Standards of Disclosure for Oil and Gas Activities is changed by this Document.*
2. *Section 2.4 is changed*
 - (a) *in subsection (1) by deleting the second sentence, and*
 - (b) *in subsection (2) by replacing "Form 51-102F2 Annual Information Form allows the information required by section 2.1 of NI 51-101 to be included in the" with "A reporting issuer can include the information required by section 2.1 of NI 51-101 in its".*
3. These changes become effective on **[December 15, 2023]**.

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**PROPOSED CHANGES TO
NATIONAL POLICY 51-201 *DISCLOSURE STANDARDS***

1. *National Policy 51-201 Disclosure Standards is changed by this Document.*
2. *Footnote 38 is changed by replacing "interim financial statements" wherever it occurs with "interim financial reports".*
3. *Footnote 40 is deleted.*
4. These changes become effective on **[December 15, 2023]**.

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**PROPOSED CHANGES TO
COMPANION POLICY 52-109CP TO NATIONAL INSTRUMENT 52-109
CERTIFICATION OF DISCLOSURE IN ISSUERS' ANNUAL AND INTERIM FILINGS**

1. *Companion Policy 52-109CP to National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings is changed by this Document.*
2. *Section 12.1 is changed by replacing "annual MD&A, including the required disclosure concerning DC&P and ICFR, before it is filed" with "annual disclosure statement, including the required disclosure concerning DC&P and ICFR in its annual MD&A, before it is filed".*
3. This change becomes effective on **[December 15, 2023]**.

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**PROPOSED CHANGES TO
COMPANION POLICY 52-110CP TO NATIONAL INSTRUMENT 52-110 *AUDIT
COMMITTEES***

1. *Companion Policy 52-110CP to National Instrument 52-110 Audit Committees is changed by this Document.*
2. *Footnote 1 is deleted.*
3. This change becomes effective on **[December 15, 2023]**.

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**PROPOSED CHANGES TO
COMPANION POLICY 54-101CP TO NATIONAL INSTRUMENT 54-101
COMMUNICATION WITH BENEFICIAL OWNERS OF SECURITIES OF A REPORTING
ISSUER**

1. *Companion Policy 54-101CP to National Instrument 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer is changed by this Document.*
2. *Section 4.1 is replaced with the following:*

4.1 Client Response Form

- (1) By completing a client response form as provided in Part 3 of the Instrument, a beneficial owner gives notice of its choices concerning the receipt of materials and the disclosure of ownership information concerning it. Pursuant to section 3.4 of the Instrument, a beneficial owner may, by notice to the intermediary through which it holds, change any prior instructions given in a client response form. Proximate intermediaries should alert their clients to the costs and other consequences of the options in the client response form.
- (2) Section 3A.6 of National Instrument 51-102 *Continuous Disclosure Obligations* requires reporting issuers to send annually a request form to the registered holders and beneficial owners of its securities who are identified under NI 54-101 as having chosen to receive all securityholder materials sent to beneficial owners of securities. The beneficial owners may use the request form to request a copy of the reporting issuer's annual disclosure statement or annual financial statements and related MD&A, interim disclosure statements or interim financial reports and related MD&A, and annual financial statements or interim financial reports filed under section 4.7 and subsection 4.10(2) of National Instrument 51-102 *Continuous Disclosure Obligations*. Failing to return the request form or otherwise specifically request a copy of the annual disclosure statement or annual financial statements and related MD&A, interim disclosure statement or interim financial reports and related MD&A, or annual financial statements or interim financial reports filed under section 4.7 and subsection 4.10(2) from the reporting issuer will override the beneficial owner's standing instructions under this Instrument in respect of the financial statements.
- (3) Financial statements received by beneficial owners in accordance with the owner's standing instructions under this Instrument may be included in an annual disclosure statement or annual report..

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3. *Section 5.4 is changed*

(a) *in subsection (2) by replacing "annual financial statements and annual MD&A" wherever it occurs with "annual financial statements and annual MD&A, which, for that purpose, may be included in an annual disclosure statement or annual report", and*

(b) *in subsection (10)*

(i) *in the second bullet by replacing "annual financial statements and annual MD&A" with "annual financial statements and annual MD&A, which, for that purpose, may be included in an annual disclosure statement or annual report,"*

(ii) *by replacing the text of the third bullet with the following:*

Section 3A.6 of National Instrument 51-102 *Continuous Disclosure Obligations* ("NI 51-102") establishes an annual request form mechanism for registered holders and beneficial owners to request copies of a reporting issuer's annual disclosure statement or annual financial statements and annual MD&A for the following year. A request for these documents can also contain a request that the notice package for the registered holder or beneficial owner contain a paper copy of the information circular., *and*

(iii) *by replacing the fourth bullet with the following:*

Notice-and-access also can be used to send annual financial statements and annual MD&A, which, for that purpose, may be included in an annual disclosure statement or annual report, pursuant to subsection 3A.6(6) of NI 51-102. Notice-and-access is consistent with the principles for electronic delivery set out in National Policy 11-201 *Electronic Delivery of Documents* ("NP 11- 201")..

4. *Section 7.2 is replaced with the following*

7.2 Delay of annual disclosure statement, audited annual financial statements or annual report — Section 9.1 of the Instrument recognizes that corporate law or securities legislation may permit a reporting issuer to send its audited annual financial statements, which may be included in an annual disclosure statement or annual report, to registered holders of its securities later than other proxy-related materials. The Instrument provides that the time periods applicable to sending proxy-related materials prescribed in the Instrument do not apply to the sending of proxy-related materials that are annual financial statements, an annual disclosure statement or an annual report if any of these materials are sent by the reporting issuer to beneficial owners of the securities within the time limitations established in applicable corporate law and securities legislation for the sending of the

statements or report to registered holders of the securities. Reporting issuers are nonetheless encouraged to send their annual disclosure statement, annual financial statements or an annual report at the same time as other proxy-related materials..

5. These changes become effective on **[December 15, 2023]**.

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**PROPOSED CHANGES TO
COMPANION POLICY 71-102CP CONTINUOUS DISCLOSURE AND OTHER
EXEMPTIONS RELATING TO FOREIGN ISSUERS**

1. *Companion Policy 71-102CP Continuous Disclosure and Other Exemptions Relating to Foreign Issuers is changed by this Document.*
2. *Section 4.1 is changed by replacing the last two sentences with the following:*

For example, a foreign issuer may wish to file its U.S. Form 20F to satisfy the conditions relating to the financial statement exemption, AIF exemption, MD&A exemption and the annual disclosure statement exemption. The foreign issuer could file the Form 20F on SEDAR under **[the annual disclosure statement category]** or **[one of the annual financial statement category, the AIF category or the MD&A category]**, and under the other categories would file a letter giving the SEDAR project number under which the Form 20F is filed..
3. This change becomes effective on **[December 15, 2023]**.

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ANNEX G

SEMI-ANNUAL REPORTING FOR CERTAIN VENTURE ISSUERS ON A VOLUNTARY BASIS

How will the market receive adequate ongoing disclosure under the Proposed Semi-Annual Reporting Framework?

Ensuring adequate and timely disclosure is central to the Proposed Semi-Annual Reporting Framework. The Proposed Semi-Annual Reporting Framework would add a new requirement that an issuer files alternative disclosure within 60 days of the end of the issuer's interim period for which financial statements and MD&A would not be filed to

- provide an update on the issuer's operations, major operating milestones, commitments, unexpected events, risks that are likely to materially affect operations going forward, and explain any significant changes from previous disclosures regarding the use of proceeds from any financing, and
- disclose information and events that are material, including those related to the following:
 - the issue or cancellation of any securities;
 - new or modified litigation or liabilities;
 - new or modified financing arrangements;
 - defaults under financing arrangements;
 - changes to the financial condition of the issuer;
 - the inability to pay debts as they become due;
 - related party transactions.

Other existing regulatory and exchange requirements include

- the material change reporting requirements under Part 7 of NI 51-102 to immediately issue and file a news release disclosing a material change,
- the business acquisition report requirements under Part 8 of NI 51-102 for significant acquisitions, and
- for listed venture issuers, the timely disclosure requirements of the venture exchanges, including TSXV Policy 3.3 – *Timely Disclosure* and CSE Policy 5 *Timely Disclosure, Trading Halts and Posting Requirements*.

1. Continuous Disclosure – NI 51-102

| Policy area | How semi-annual reporting would be implemented on a voluntary basis |
|--|---|
| Filing of interim disclosure statement – interim financial reports and interim MD&A (Part 3A) | <i>A venture issuer could elect to only file an interim disclosure statement for its interim period ending six months before the end of the financial year⁷.</i> |
| Alternative disclosure for interim periods where it does not file an interim disclosure statement (new) | <p><i>A venture issuer using semi-annual reporting must, for each interim period where the issuer does not file an interim disclosure statement, file alternative disclosure in a news release to</i></p> <ul style="list-style-type: none"> <i>• provide updates on the issuer's operations, major operating milestones, commitments, unexpected events, risks that are likely to materially affect operations going forward, and explain any significant changes from previous disclosures regarding the use of proceeds, and</i> <i>• disclose information and events that are material, including those related to:</i> <ul style="list-style-type: none"> <i>○ the issue or cancellation of any securities;</i> <i>○ new or modified litigation or liabilities;</i> <i>○ new or modified financing arrangements;</i> <i>○ defaults under financing arrangements;</i> <i>○ changes to the financial condition of the issuer;</i> <i>○ the inability to pay debts as they become due;</i> <i>○ related party transactions.</i> |
| Filing of financial statements after becoming a reporting issuer (section 4.7) | <i>A venture issuer can elect to only file an interim financial report for its interim period ending six months before the end of the financial year if it will be taking advantage of semi-annual reporting when it becomes a reporting issuer.</i> |
| Impact on change in year-end requirements (section 4.8) | <i>A venture issuer can change its year-end and retain the ability to use semi-annual reporting on a voluntary basis.</i> |
| Impact on financial statements of a reverse takeover acquirer for periods before a reverse takeover (section 4.10) | <i>Under a reverse take-over, if the reverse take-over acquirer will qualify as a venture issuer and intends to use semi-annual reporting upon becoming a reporting issuer then it can elect to use the semi-annual reporting provisions when applying this section.</i> |

⁷ The phrase "interim period ending six months before the end of the financial year" is used to describe the period covered by semi-annual reporting.

| Policy area | How semi-annual reporting would be implemented on a voluntary basis |
|---|---|
| Inclusion of semi-annual interim financial report for an acquired business required to be filed in a BAR (subsection 8.4(3)) | <i>A venture issuer using semi-annual reporting that has made a significant acquisition can elect to only include an interim financial report for an acquired business for an interim period ending six months before the end of the financial year of the acquired business.</i> |
| Allowing an earlier interim financial report for an acquired business required to be filed in a BAR (subsection 8.4(4)) | <i>A venture issuer using semi-annual reporting that has made a significant acquisition can elect to only include an interim financial report for an acquired business for an interim period ending six months before the end of the financial year of the acquired business.</i> |
| Additional Filing Requirement - Change of status report – a venture issuer voluntarily ‘opts into/out of’ semi-annual reporting (Part 11) | <i>A venture issuer must file a notice promptly after either opting into or out of semi-annual reporting.</i> |
| Transition provisions (Part 14) | <i>Transition would have the following guiding principles</i> <i>(a) eligible issuers must file a notice advising the market when it enters or exits the semi-annual reporting regime,</i> <i>(b) opting in/out must be done at the beginning of a fiscal year and that the commitment would be for at least one complete year unless an issuer becomes ineligible due to becoming a SEC issuer or ceasing to be a venture issuer, and</i> <i>(c) if an issuer loses eligibility during a year under (b), it must file all applicable interim filings (Q1 and Q3) that were not otherwise filed prior to the date that it no longer qualified for semi-annual reporting.</i> |

2. CEO/CFO Certification – NI 52-109 Certification of Disclosure in Issuers’ Annual and Interim Filings

| Policy area | How semi-annual reporting would be implemented on a voluntary basis |
|---------------------------------|---|
| Certification of interim filing | <i>A venture issuer using semi-annual reporting would be required to certify as to their interim disclosure statement for the semi-annual reporting period. The venture issuer would not be required to file an interim certificate as to their alternative disclosure in a news release.</i> |

3. Acceptable Accounting Principles and Auditing Standards – NI 52-107 *Acceptable Accounting Principles and Auditing Standards*

No substantive changes are required to accommodate semi-annual reporting.

4. IPO Offerings and Secondary Offerings using a Long Form Prospectus - NI 41-101 *General Prospectus Requirements*

| Policy area | How semi-annual reporting would be implemented on a voluntary basis |
|--|---|
| Filing of Interim Financial Report and interim MD&A | <i>Allow a venture issuer to elect to include only an interim financial report and interim MD&A for its most recent interim period ending six months before the end of the financial year, if applicable, if it</i> <i>(a) qualifies as an IPO venture issuer and intends to use semi-annual reporting upon becoming a reporting issuer, or</i> <i>(b) is already a reporting issuer and has opted in to semi-annual reporting.</i> |
| Ensure that the guidance related to recent and proposed acquisitions is updated to reflect the possibility that an issuer may use semi-annual reporting for a proposed acquisition | <i>Update guidance related to recent and proposed acquisitions to reflect the possibility that a venture issuer may use semi-annual reporting for a proposed acquisition.</i> |

5. Secondary Offerings using a Short Form Prospectus - NI 44-101 *Short Form Prospectus Distributions*, NI 44-102 *Shelf Distributions* and NI 44-103 *Post-Receipt Pricing*

| Policy area | How semi-annual reporting would be implemented on a voluntary basis |
|--|---|
| Use of short form prospectuses | <i>A venture issuer using semi-annual reporting would be eligible to use the short form offering system. The current short form prospectus regime can accommodate a change to allow semi-annual reporting on a voluntary basis.</i> |
| Ensure that the alternative disclosure in a news release required under the continuous disclosure regime is incorporated by reference in a short form prospectus | <i>Update the requirement to incorporate by reference any additional filing (i.e. quarterly update by news release).</i> |

| | |
|--|---|
| Ensure that the guidance related to recent and proposed acquisitions is updated to reflect the possibility that an issuer may use semi-annual reporting for a proposed acquisition | <i>Update guidance related to recent and proposed acquisitions to reflect the possibility that a venture issuer may use semi-annual reporting for a proposed acquisition.</i> |
|--|---|

6. Exempt Distributions – Offering Memorandum for Non-qualifying issuers - Form 45-106F2 Offering Memorandum for Non-Qualifying Issuers

| Policy area | How semi-annual reporting would be implemented on a voluntary basis |
|--|--|
| Filing of an Interim Financial Report | <i>A venture issuer can elect to only include an interim financial report for its most recent interim period ending six months before the end of the financial year, if applicable, if it:</i> <i>(a) qualifies as an IPO venture issuer and intends to use semi-annual reporting upon becoming a reporting issuer; or</i> <i>(b) is already a reporting issuer and has opted in to semi-annual reporting.</i> |
| Ensure that the guidance related to recent and proposed acquisitions is updated to reflect the possibility that an issuer may use semi-annual reporting for a proposed acquisition | <i>Update the guidance related to recent and proposed acquisitions to reflect the possibility that a venture issuer may use semi-annual reporting for a proposed acquisition.</i> |

7. Exempt Distributions – Offering Memorandum for Qualifying issuers⁸ Form 45-106F3 Offering Memorandum for Qualifying Issuers

Note: This form relies on NI 51-102 for determination of what is required to be incorporated by reference. Therefore, changes to NI 51-102 above will consequentially affect the disclosure required in an offering memorandum for qualifying issuers.

⁸ "qualifying issuer" is defined under NI 45-106 to mean a reporting issuer in a jurisdiction of Canada that is a SEDAR filer, has filed all documents required to be filed under the securities legislation of that jurisdiction, and has filed a current AIF.

8. Other continuous disclosure documents reviewed – no expected impact from the Proposed Semi-Annual Reporting Framework

We do not think any of the following instruments are affected by the proposal:

- NI 43-101 *Standards of Disclosure for Mineral Projects*;
- NI 51-101 *Standards of Disclosure for Oil and Gas Activities*;
- NP 58-201 *Corporate Governance Guidelines*;
- MI 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*;
- NI 52-108 *Auditor Oversight*;
- NI 52-110 *Audit Committees*.

ANNEX H

LOCAL AMENDMENTS

In connection with the CSA Proposed Amendments, the Alberta Securities Commission is also publishing for comment

- proposed amendments to Alberta Securities Commission Rule 13-501 *Fees*, and
- proposed amendments to Alberta Securities Commission Policy 51-601 *Reporting Issuers List*.

Pursuant to sections 223(hh.5) and 224(1) of the *Securities Act* (Alberta)(the **Act**), we also propose to prescribe the annual disclosure statement and the interim disclosure statement each as a core document for the purpose of the “core document” definition in section 211.01(b) of the Act. Specifically, we propose to make the following rule:

In Alberta, each of the following documents is prescribed as a core document for the purpose of the “core document” definition in section 211.01(b):

- (a) the annual disclosure statement;
- (b) the interim disclosure statement.

**PROPOSED AMENDMENTS TO
ALBERTA SECURITIES COMMISSION RULE 13-501 FEES**

1. *Alberta Securities Commission Rule 13-501 is amended by this Instrument.*
2. *Subparagraph 17(1)(e)(ii) is amended by deleting "or section 5.2".*
3. **Form 13-501F6 SUBSIDIARY EXEMPTION NOTICE** is amended by replacing in subparagraph (e)(ii) "sections 5.2 and" *with* "section".
4. This Instrument comes into force on **[December 15, 2023]**.

INCLUDES COMMENT LETTERS RECEIVED

**PROPOSED CHANGES TO
ALBERTA SECURITIES COMMISSION POLICY 51-601 *REPORTING ISSUERS LIST***

1. *Alberta Securities Commission Policy 51-601 is changed by this Document.*
2. *Appendix A is changed in section 1 by*
 - (a) *deleting "or" in paragraph (n), and*
 - (b) *adding the following after paragraph (o):*
 - (p) annual disclosure statement; or
 - (q) interim disclosure statement..
3. This change becomes effective on **[December 15, 2023]**.

INCLUDES COMMENT LETTERS RECEIVED



***The Canadian Venture Building
82 Richmond Street East, Toronto, Ontario, Canada, M5C 1P1
Tel: (416) 361-0737 Fax: (416) 361-0923***

July 28, 2021

BY EMAIL

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
Superintendent of Securities, Department of Justice and Public
Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Service NL
Northwest Territories Office of the Superintendent of Securities
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Nunavut

c/o The Secretary
Ontario Securities Commission
20 Queen Street West, 22nd Floor, Box 55
Toronto, Ontario M5H 3S8
comment@osc.gov.on.ca

c/o Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
consultation-en-cours@lautorite.qc.ca

Dear Sirs and Mesdames:

Re: Proposed Amendments to National Instrument 51-102 Continuous Disclosure Obligations and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers and Seeking Feedback on a Proposed Framework (Part 9 – Questions 9-12)

INCLUDES COMMENT LETTERS RECEIVED

In response to the above-noted request by the Canadian Securities Administrators for feedback on a proposed framework to allow semi-annual reporting by venture issuers on a limited basis, we are pleased to provide the following comments for your consideration.

Questions relating to semi-annual reporting for certain venture issuers on a voluntary basis

9. *Should we pursue the Proposed Semi-Annual Reporting Framework (“the Framework”) for voluntary semi-annual reporting for venture issuers that are not SEC issuers? Please explain.*

In a word, no. Transparent, standardized and timely reporting are fundamental to the fair and efficient operation of public financial markets.

Allowing reporting issuers to opt for a semi-annual disclosure regime materially reduces information available to investors, indirectly creating an incentive for these companies to choose a reporting standard that meets their strategic needs rather than those of their investors. In the case of junior public companies, liquidity and operational issues often present themselves rapidly, the implications of which will only serve to be magnified by the blind spots created by the reduction of timely information provided to markets. The Framework will create a two tier reporting standard which will create challenges to regulators and their proxies, specifically with respect to oversight and enforcement. Given that interim financial statements are unaudited, the current quarterly reporting requirements do not currently place any undue financial or administrative burdens on junior reporting issuers that would be minimized as a result of the Framework. However, any delays in compiling the necessary financial information or seeking auditor input, where required, that may result from the proposed Framework could cause a significant backlog for audit firms. For some time now, regulators have been increasing the responsibilities of the independent auditors of reporting issuers in terms of the depth and scope of their work. This has resulted in a required increase in employment of resources by audit firms at all levels and significant upward pressure on audit fees. Furthermore, changes within the accounting profession resulting from the 2014 agreement to merge the various tiered designations has not had the desired effect on the number of professionals in audit. This and other demographic changes have led to increasing staffing issues at public accounting firms, resulting in delayed, late, or refused audit engagements based on staffing constraints. As a result, the diminished requirements for public disclosure under the Framework would increase the incentive for reporting issuers to pare back internal compliance resources to meet the minimum standard. Additionally, the need for a semi-annual review places further reliance on an overtaxed audit profession with a limited ability to scale.

Finally, we note that the operations of many junior issuers are seasonal in nature, such as those issuers which are engaged in the mineral resource sector. Accordingly, dependent upon the timing of an issuer’s fiscal periods and the nature of its operations, shareholders may not receive certain material information regarding an issuer’s operations under the proposed Framework for up to eight months. For example, an issuer with a fiscal year end of July 31 would not be required to provide any subsequent financial disclosure until March 31 of the following year (being 60 days after the end of the six month period ended January 31). In these circumstances, any seasonal mineral exploration program that was completed in August would not be captured in the annual financial statements for the period ended July 31, and would not be available to shareholders until March 31 of the following year. It is our submission that this potential for extended periods between reports of material financial developments would have a material adverse effect on the public disclosure regime and the Canadian capital markets in general.

10. *Are there specific types of venture issuers for which semi-annual reporting would not be appropriate? For instance, should semi-annual reporting be limited to venture issuers below a certain market capitalization or those not generating significant revenue? Please explain.*

Companies with a small market capitalization are the most vulnerable to diminished reporting standards. Companies in this market segment are subject to more volatile liquidity concerns, and benefit the most from accountability afforded by frequent public disclosure. Transparency is critical.

11. (i) *Would the proposed alternative disclosure requirements under the Proposed Semi-Annual Reporting Framework provide adequate disclosure to investors?*

As detailed above, no. The Framework will do a disservice to investors, creating a two-tiered reporting framework and reducing transparency. Quarterly reporting gives investors the opportunity to better understand the risks associated with companies and the transactions they undertake allowing for an informed shareholder, including those expenses and risks that are incurred on a seasonal or quarterly basis.

(ii) *Would any additional disclosure be required?*

Yes. Please see the response to item 11(iii) below.

(iii) *Is any of the proposed disclosure unnecessary given the existing requirements for material change reporting and the timely disclosure requirements of the venture exchanges? Please explain.*

The MD&A in its current form is not a meaningful document. Inclusion of a disclosure document requiring a budget to actual analysis (based on a board approved budget), and use of funds disclosure for material increases in liquidity are far more beneficial to the investor than the exhaustive document currently in place. This disclosure, coupled with related party cash and non-cash disclosure (ie Shares, options, DSU or other equity based compensation), and a description of major agreements entered into would be a more meaningful disclosure. The MD&A as it currently stands does very little on metric of accountability, and often contains excessive precedent disclosure which only serves to obscure key information that would be most valuable to investors. The MD&A also in some cases replicates the requirements of the financial statements, which does not provide any additional useful information to investors.

12. *Do you have any other feedback relating to the Proposed Semi-Annual Reporting Framework?*

- Six months is a tremendous gap with respect to market events. It leaves significant discretion as to what management decides is a material event between these reporting periods, reducing shareholder accountability.
- Moving to the Framework would likely not result on a meaningful focus upon long-term growth as the corresponding reduction in disclosure and transparent accountability would keep the focus on six-month accountability intervals.
- Investors need access to timely information about new risks to the company and a quarterly formal report provides that.
- Quarterly reporting helps build trust between shareholders and the reporting issuer's CEO and management.

- Reduced public accountability resulting from the Framework could foster an environment in which insider trading activity could take place.
- With less frequent earnings reports, investors may turn to alternative information sources, leading to investment decisions based on incomplete or incorrect third party information.
- Academic research suggests that more transparent and timely information reduces the benefits of private information, and reduces insider trading.
- Quarterly reporting strengthens the position of the US capital markets, which are widely considered liquid and safe – a move to twice-yearly reporting could affect the perceived transparency of Canadian markets as compared to those in US financial markets.
- The quarterly reporting requirements do not place any undue financial or regulatory burden on issuers, and provide an adequate balance between regulatory obligations, investor protections and capital market efficacy.

We thank you for the opportunity to provide feedback on the foregoing matters. Should you have any questions regarding any of the foregoing, please do not hesitate to contact me.

Yours truly,



President
Marrelli Support Services Inc.



Broadridge Investor Communications Corporation
2601 14th Avenue
Markham ON L3R 0H9

www.broadridge.com

September 13, 2021

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
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Service NL
Northwest Territories Office of the Superintendent of Securities
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Nunavut

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor, Box 55
Toronto, Ontario
M5H 3S8
comment@osc.gov.on.ca

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
consultation-en-cours@lautorite.qc.ca

Re: Proposed Amendments to National Instrument 51-102 *Continuous Disclosure Obligations* and other Amendments and Changes Relating to Annual and Interim Filings on Non-Investment Fund Reporting Issuers

We have attached a report on survey findings by an independent market research firm that provides insights from 2,000 retail investors. The online survey was completed by corporate equity, mutual fund and ETF investors from May 11-20, 2021.

The survey included investors that were at least 18 years of age that are the primary or shared investment decision makers in the household. The survey included investors from all Canadian provinces and territories and was balanced to the census on province, gender, age and income, and was available in both English and French.



Broadridge®

Investors provided their views on the usefulness of continuous disclosure documents, how they want to receive them, and preferred notification model.

Broadridge will provide additional comments on the proposed amendments in our upcoming submission.

Sincerely,

A handwritten signature in black ink, appearing to read 'Martha Moen'.

Martha Moen
General Manager, Investor Communication Solutions, Canada

Canada Investor Quantitative Report



Broadridge®

Research Findings

July 2021

Background & Objectives

The Canadian Securities Administrators (CSA) are considering changes to companies and investment funds reporting, filing and disclosure requirements, including recently proposed changes to National Instrument 51-102 *Continuous Disclosure Obligations for Non-Investment Funds* (the “Proposal”).

True North Market Insights ("TNMI") was commissioned by Broadridge Financial Solutions to survey Canadian retail investors. The purpose of the survey is to gather and understand their views on the corporate issuer and investment fund disclosure framework. TNMI asked investors questions to understand:

- how useful certain disclosures are to them;
- their views on the relative importance of information contained in certain disclosures;
- their awareness of the SEDAR* system;
- their preferences for how they wish to receive information; and
- their views on the disclosure of their personal information.

The disclosure documents tested included:

- Fund Facts and ETF Facts
- Management Report of Financial Performance (MRFP)
- Management Discussion and Analysis (MD&A)
- Financial Statements

See the Appendix for the TNMI Survey Methodology

*Public companies, mutual funds and ETFs are required to post updated disclosure documents electronically on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("SEDAR").

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- Usefulness of Disclosures
- Importance of Information
- Awareness
- Delivery Preferences
- Privacy/Choice

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- Age
- Education
- Income
- Wealth
- Disability

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- Sampling Methodology
- Demographics
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Key Findings

Usefulness/Importance of Disclosures:

- The Fund Facts and ETF Facts are popular with investors. 88% of investors are aware of them and 86% say they are helpful when comparing investments.
- By contrast, when it comes to the MRFPs and Financial Statements...
 - 34% are not aware of them,
 - and 49% who are aware do not find them useful.
- However, when shown examples of the MRFP and Financial Statement, most investors say that the information contained in them is *important*.
 - In particular, they say that information on fees, performance, risks, holdings, and financial highlights is especially important.
 - 70% say that knowledge of material changes is important/very important (another 26% say it is somewhat important).
- But 42% find MRFPs and Financial Statements difficult to understand.
- Approximately a third indicated that summaries would be more useful to them.

Key Findings (continued)

• Awareness:

- Approximately 60% of investors recall receiving an annual reminder that they may request free copies of MD&As, MRFPs and Financial Statements.
 - But most investors (95%) would like to be notified of updated documents.
- Few investors are aware of SEDAR (32%) or use it (4% use it once a year and 6% use it more than once a year).
 - Lack of awareness is greater among segments of investors with *lower income, lower wealth, less education, or among older investors.*

• Delivery Preferences:

- Over 89% of investors say they want to be notified when updated disclosures are available or when there are material changes.
- A majority wish to receive disclosure documents automatically.
 - Of those that want to request them, 66% want to receive them by email.
- Older investors are more likely than younger investors to prefer mail.

• Privacy/Choice:

- 92% of investors want a choice in whether their personal information is shared with the companies and funds they invest in.
- Given the choice, over half would opt out.

1

Key Findings

2

Detailed Findings

- Usefulness of Disclosures
- Importance of Information
- Awareness
- Delivery Preferences
- Privacy/Choice

3

Demographic Differences in the Findings

4

Appendix

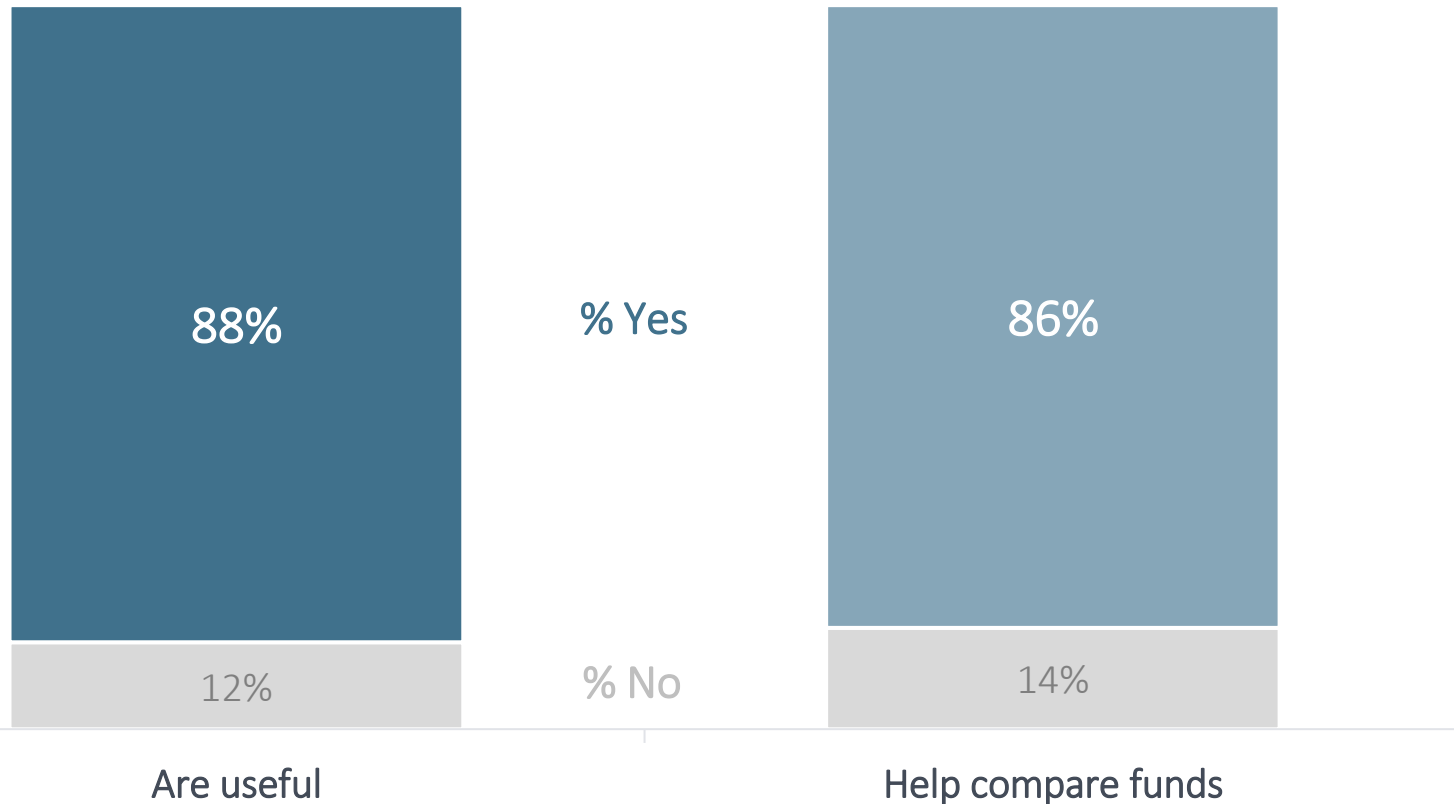
Usefulness of the disclosures: Fund Facts and ETF Facts

88% of fund investors say the **Fund Facts and ETF Facts** are useful when making purchase decisions; 86% say the documents help them to compare funds.

Documents Are Useful When Purchasing and Help Compare Funds

Question (A1): Are the documents useful when purchasing funds?

Question (A2): Do the documents help you compare funds?



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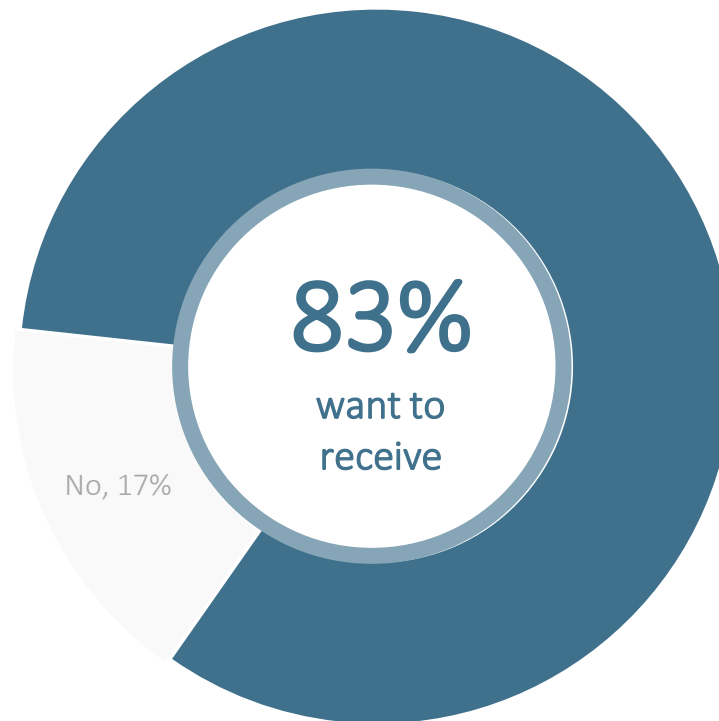
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83% of investors who have advisor managed accounts want to receive the Fund/ETF Facts when their advisor purchases funds on their behalf.

Want to Receive Documents

Question (A3): Do you want to receive the documents when your advisor buys a fund or ETF on your behalf?



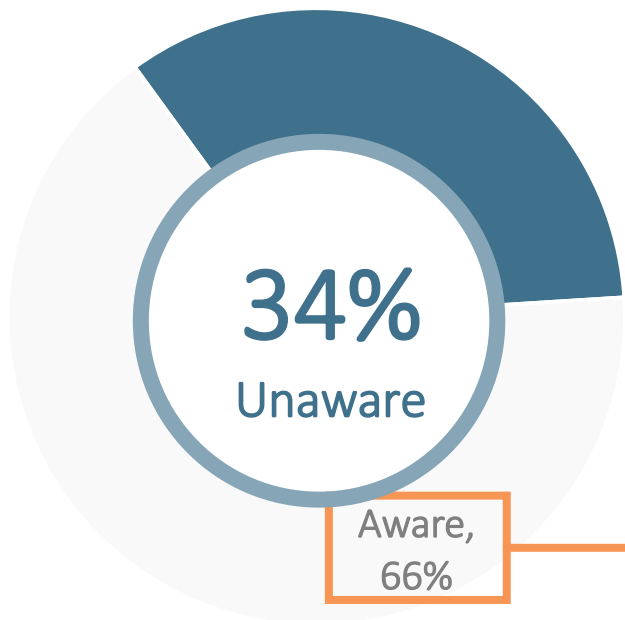
Usefulness of the disclosures / Importance of Information: MRFP and Financial Statements

34% of investors are not aware of MRFPs and Financial Statements and 49% of those who are aware do not find them useful for monitoring and evaluating their investments.

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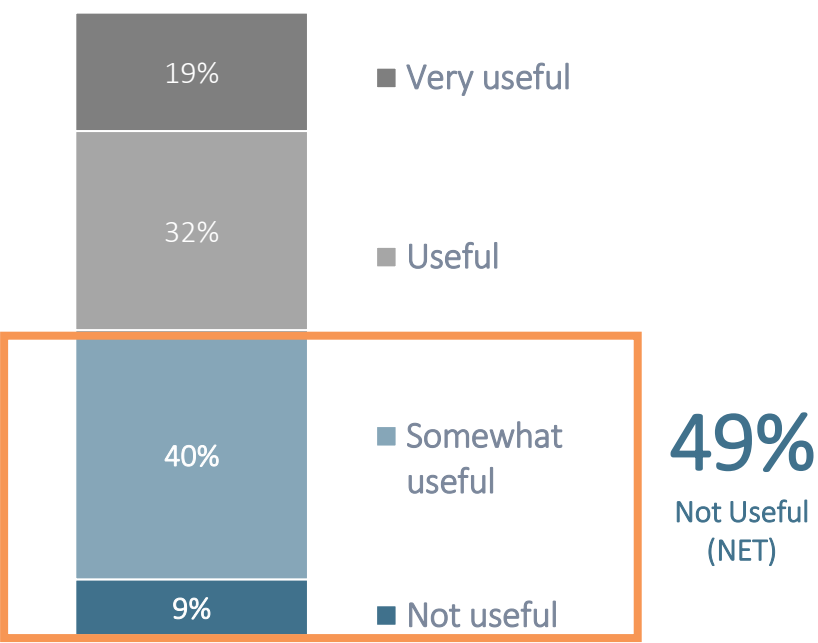
Awareness

Question (B1): Are you aware of these disclosure documents?



Usefulness

Question (B2 – Reduced based, those who are aware of MRFP or Financial Statements =1,116): How useful are these disclosure documents for monitoring and evaluating your funds?

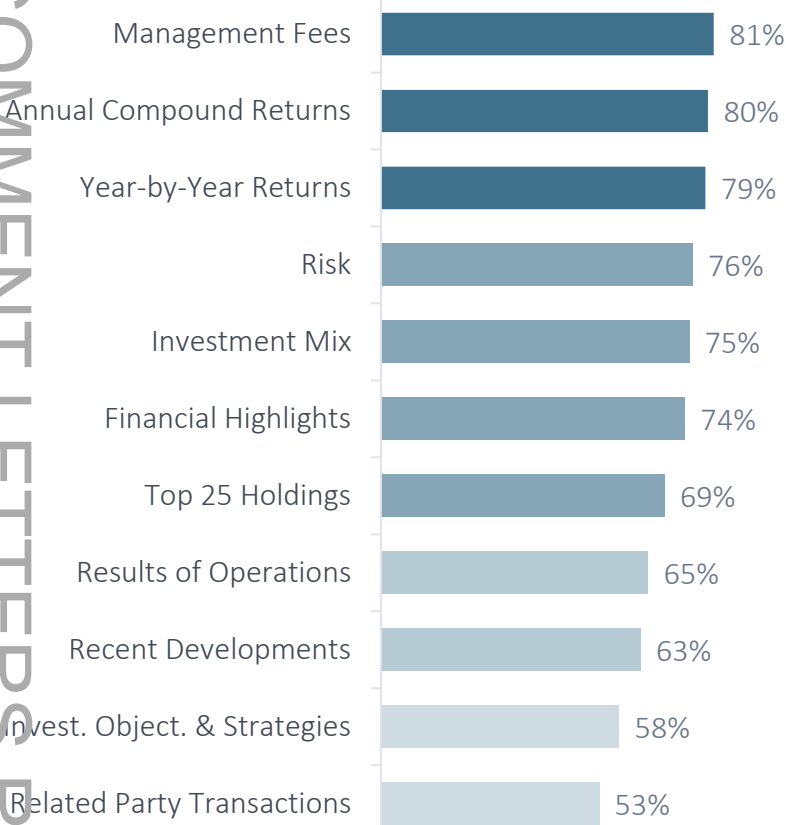


Investors rated the importance of information in disclosure documents.

Most found the information contained in the MRFP and Financial Statement to be important.
In particular, fees, performance, risks, holdings, and financial highlights.

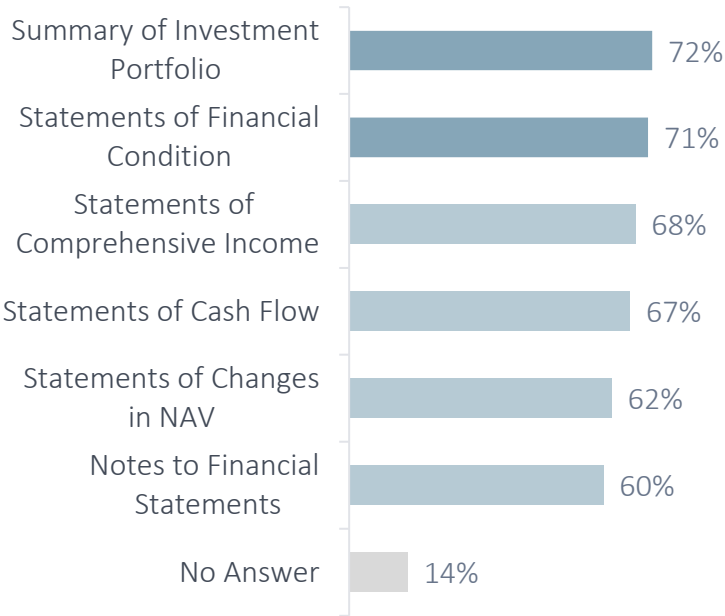
MRFP – Top 2 Box (Very Important/Important)

Question (B4): Please indicate the level of importance to you of each of the following sections found in an MRFP.



Financial Statement – Top 2 Box (Very Important/Important)

Question (B5): Please indicate the level of importance to you of each of the following sections found in a Financial Statement.



Base: All Mutual Fund and ETF Owners (n=1,691). Evaluated the Annual report (n=492), evaluated the Interim report (n=485).

Additional information investors want to see in the MRFP.

Question (B6): What other information, if any, do you want to see in the MRFP?

32 Comments

- *"Performance comparison relative to the general market, other"*
- *"Risk assessment"*
- *"More analysis rather than raw data"*
- *"The salary of the fund manager"*
- *"Advantages and disadvantages (e.g., risk tolerance compatibility)"*
- *"TER as well as MER"*
- *"Something in English, please. But even then, I rely on my advisor"*
- *"I would like to know if the companies that are invested in are good"*
- *"Compensation to person(s) managing the funds"*
- *"Clear info on return and fees"*
- *"For example... new and upcoming opportunities"*
- *"Maximum level of disclosure as required by regulations"*
- *"Fees associated"*
- *"Plain clear explanation of fees"*
- *"Last year's profits"*

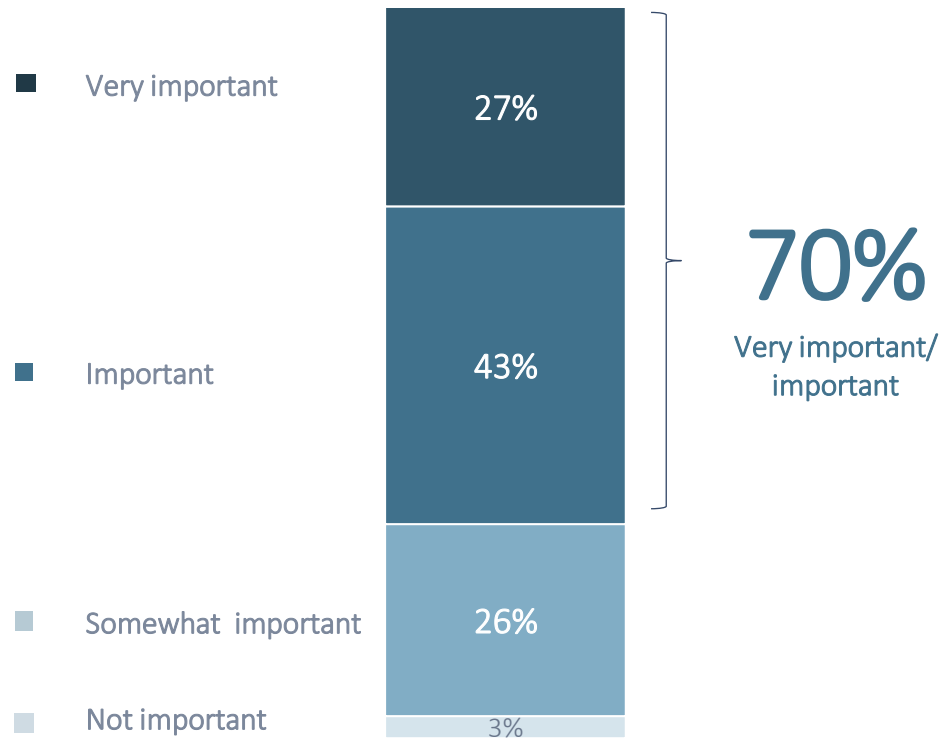
- *"Fees"*
 - *"Future outlook"*
 - *"General knowledge"*
 - *"I can't understand anything in these documents."*
 - *"If the fund is worth keeping"*
 - *"Risks associated with stranded assets"*
 - *"I want it easier to understand"*
 - *"More information on management fees"*
 - *"Political stability in the company's environment"*
 - *"All of the above & more"*
 - *"A sustainability index"*
 - *"All holdings"*
 - *"Comparisons to benchmarks"*
 - *"I don't want any it's my financial advisor's job to go through them"*
 - *"A simplified summary for beginner investors"*
 - *"Comparisons for funds in its class"*
- *"Un résumé plus facile à lire" = "A summary which is easier to read"*

70% say that knowledge of material changes is important/very important in monitoring their funds.

Another 26% say it is somewhat important.

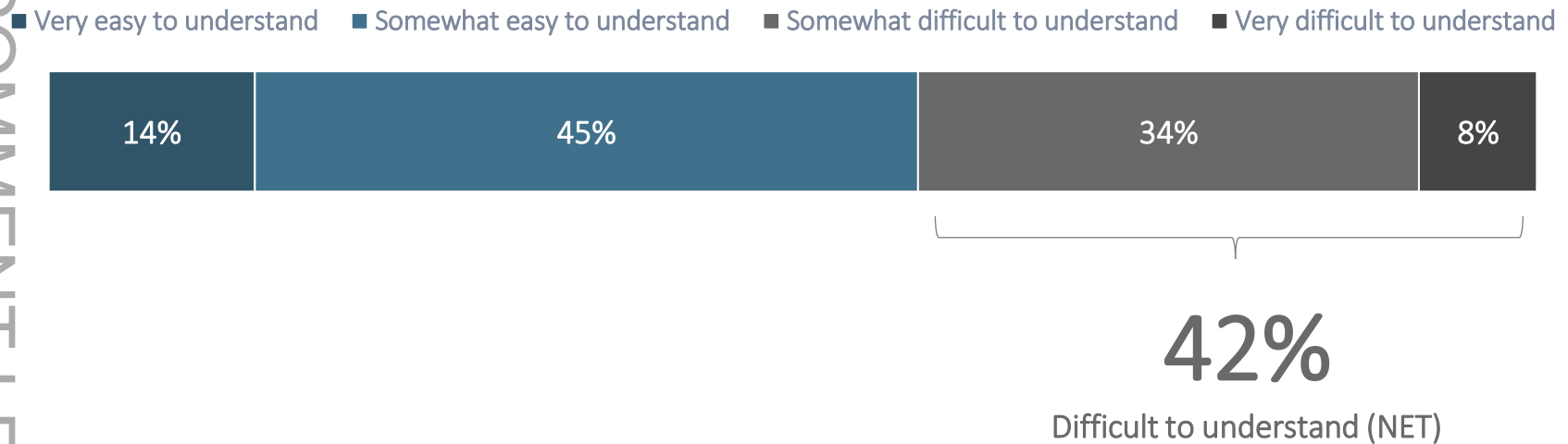
Knowledge of Material Changes – Top 2 Box (Very Important/ Important)

Question (B13): From time to time there are material changes in a fund's investment objectives, risks, fees, portfolio management and other information. Is knowledge of material changes important in monitoring your funds?



42% of investors find the MRFP and Financial Statement difficult to understand.

Question (B3): How easy or difficult are they to understand?

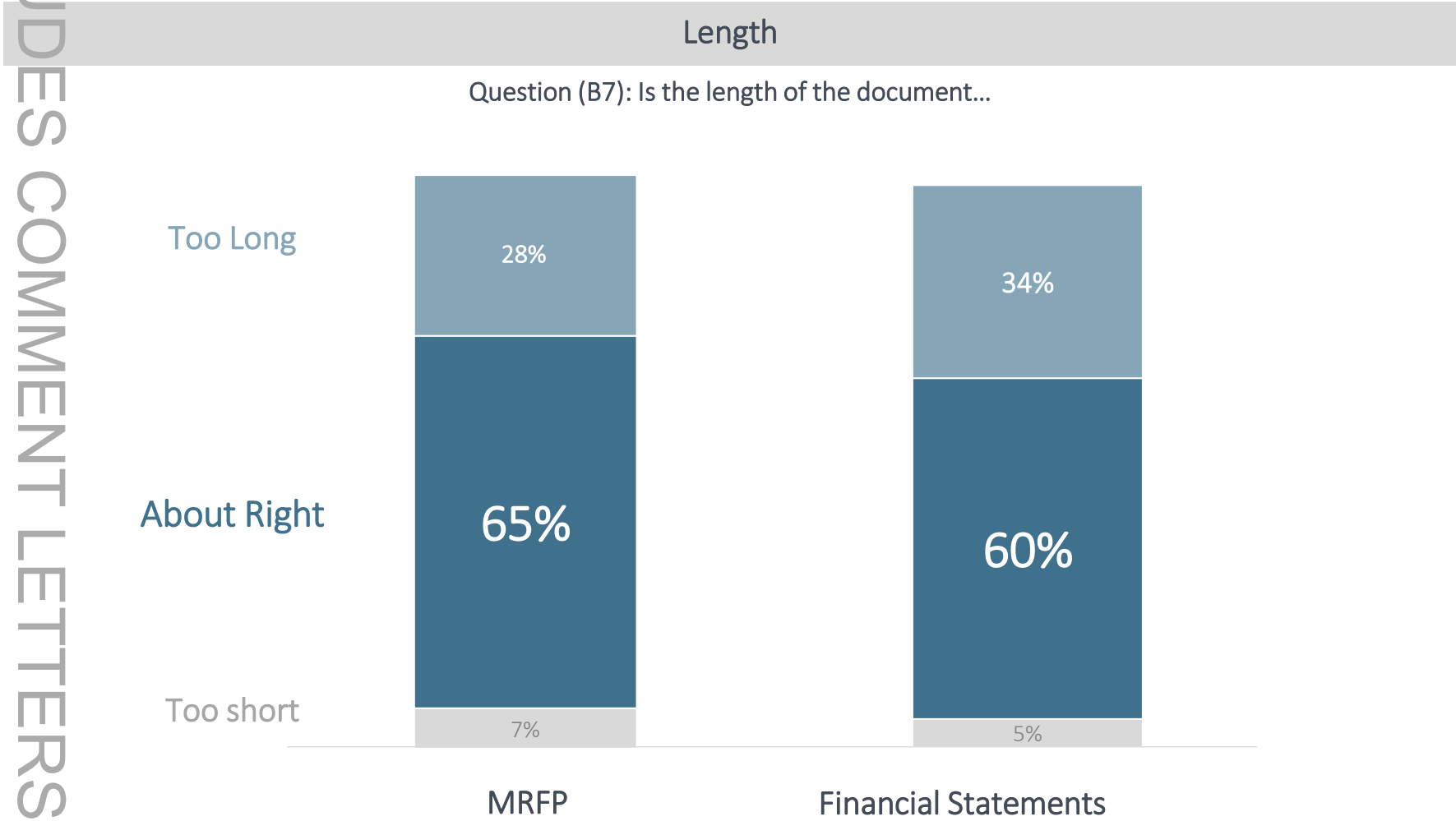


Significant differences by demographic segments*

Those with **lower education levels, lower income, or older** find them more difficult to understand.

60% or more say the MRFP and Financial Statements are the right length.

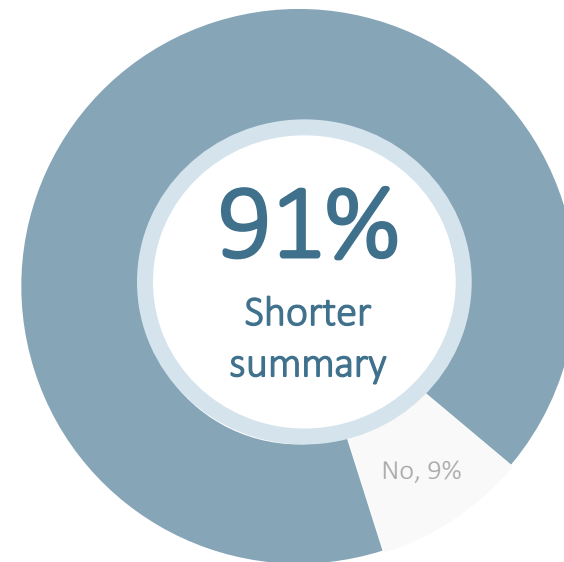
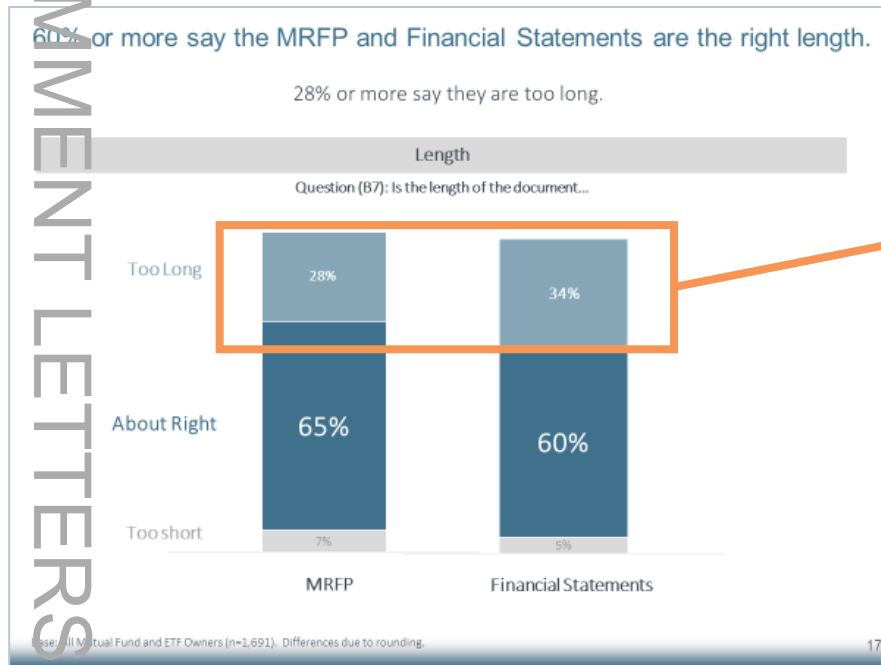
28% or more say they are too long.



Of those rating them as too lengthy, 91% would prefer shorter summary documents with more detailed information found online.

Prefer Shorter Summary

Question (B8 – Reduced based, those who think either MRFP or Financial Statement documents are too long n=735): Would you prefer shorter summary documents with more detailed information found online?



Awareness: MRFP & MD&A

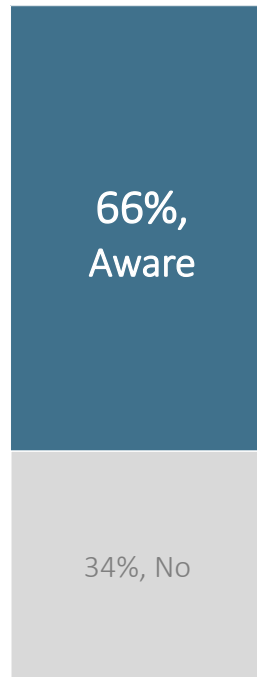
INCLUDES COMMENT LETTERS REQ

66% of fund/ETF investors are **aware** of MRFPs and Financial Statements.

60% recall receiving an annual reminder to request copies of the documents.

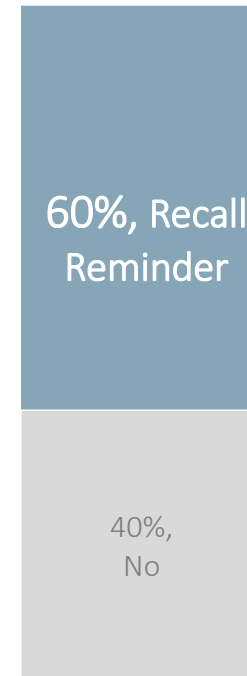
MRPF Awareness

Question (B1): Are you aware of these disclosure documents?



Recall Reminder

Question (B9): Funds are required to remind you once each year that you can request free copies of these disclosure documents. In the last 12 months, do you recall being notified that you can request them?



Significant differences among demographic segments*

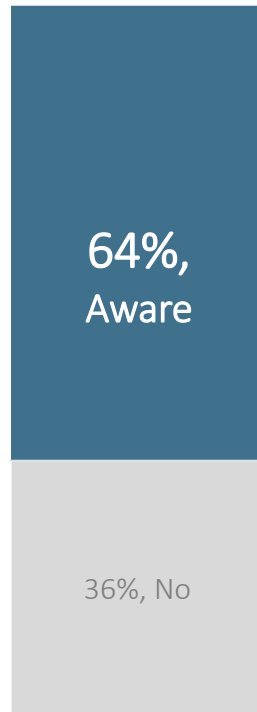
Higher awareness observed with the highest education, income level or assets, and **lower awareness among investors with less education, lower income, or assets.**

64% of stock investors are **aware** of MD&As and Financial Statements.

58% recall receiving an annual reminder to request copies of the documents.

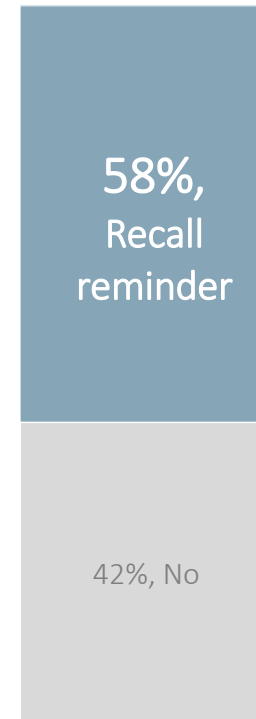
MD&A Awareness

Question (C1): Are you aware of these disclosure documents?



Recall Reminder

Question (C2): Companies are required to remind you once each year that you can request free copies of these disclosure documents. In the last 12 months, do you recall being notified that you can request them?



Significant differences among demographic segments*

Higher awareness by investors with the highest education, income level or most assets **and lower awareness among investors with less education, lower income, or assets.**

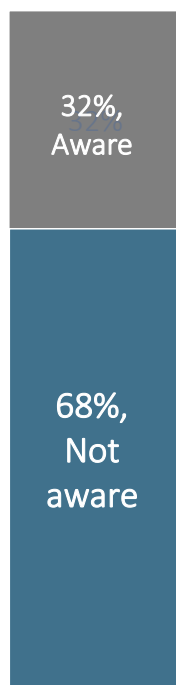
Awareness: SEDAR

INCLUDES COMMENT LETTERS REC

82% of investors either are not aware of SEDAR or do not use it.

SEDAR Awareness

Question (Q1): Are you aware of SEDAR?



SEDAR Awareness & Use

Question (Q2): Have you used SEDAR to access and review updated disclosure information on your investments?

- Aware and use
- Aware but do not use
- Not aware



82%
Not aware or
do not use

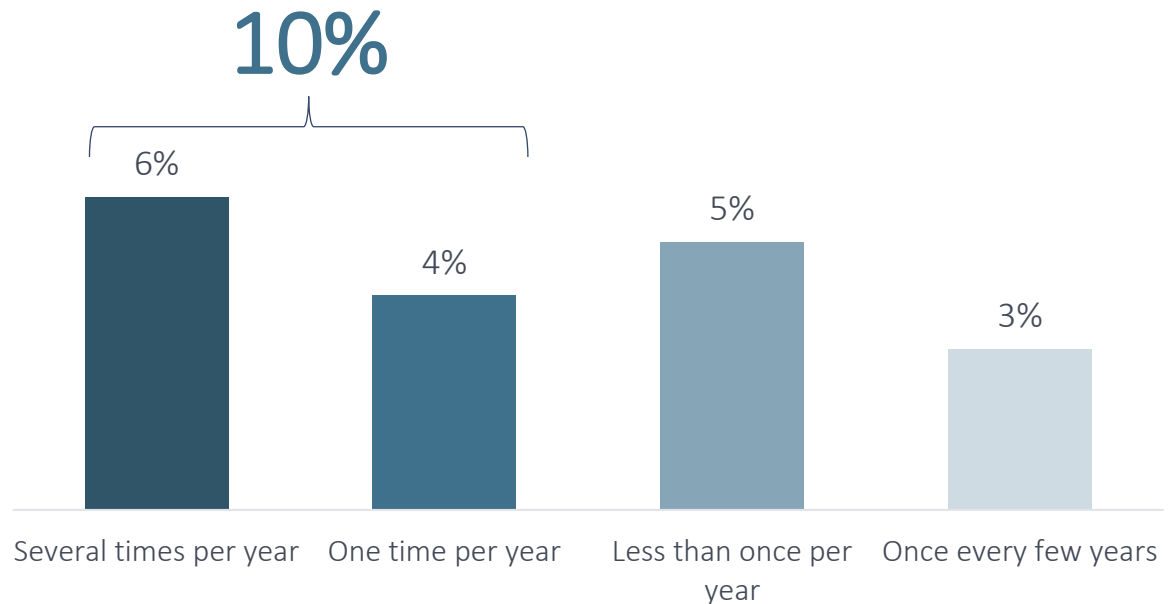
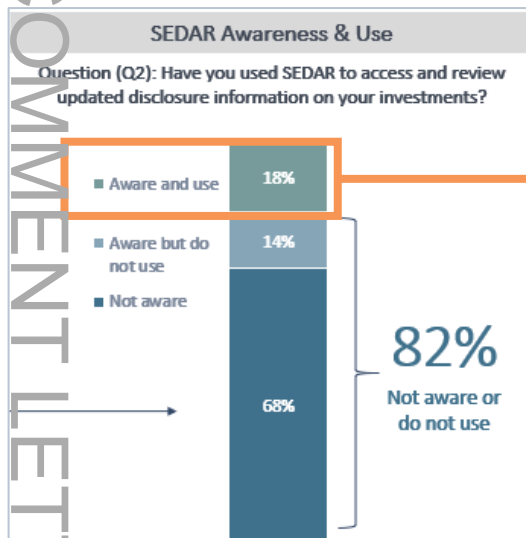
Significant differences among segments*

There is higher awareness among those with higher income, wealth, or more education; and lower awareness for investors with less income, less wealth, less education, or seniors.

Only 10% of investors use SEDAR once a year or more.

Frequency of Use

Question (Q3) (Reduced base, those who have used SEDAR n=362): How often do you use SEDAR to access and review updated information on your investments?

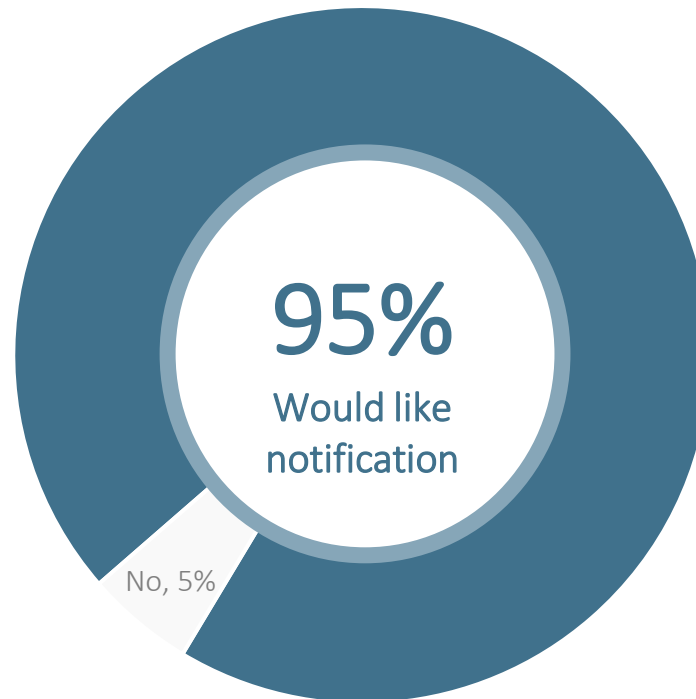


Delivery Preferences: MRFP

95% of fund investors want to be notified when updated documents are available.

Notification

Question (B12): Would you like to be notified when updated documents are available?

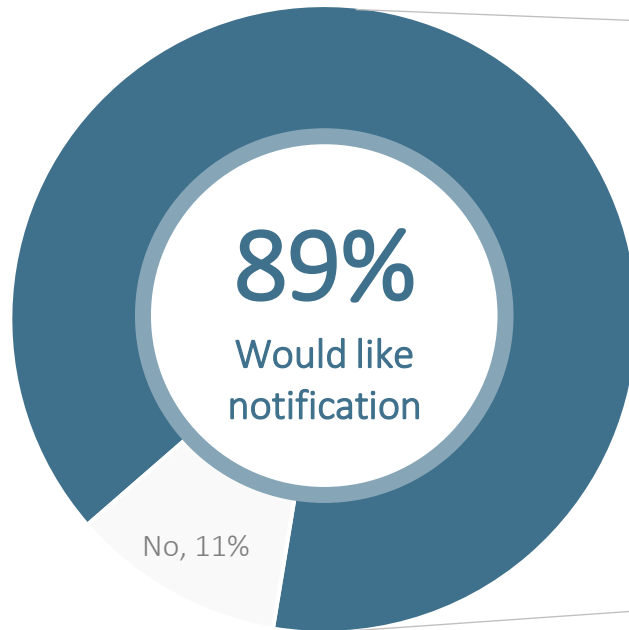


89% want to be notified of material changes to their funds.

71% would like to receive the changes highlighted, while 29% want to see only the information that has changed.

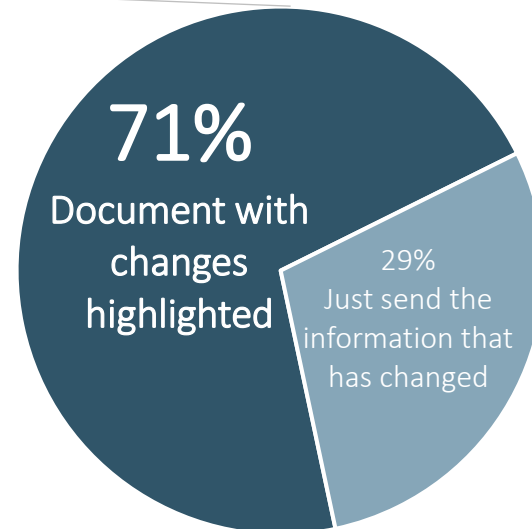
Notification About Changes

Question (B14): Would you like to be notified when there are material changes in your funds?



Preferred Notification

Question (B15) – reduced based, those who would like to be notified of changes, n=1,507): Which would you prefer?

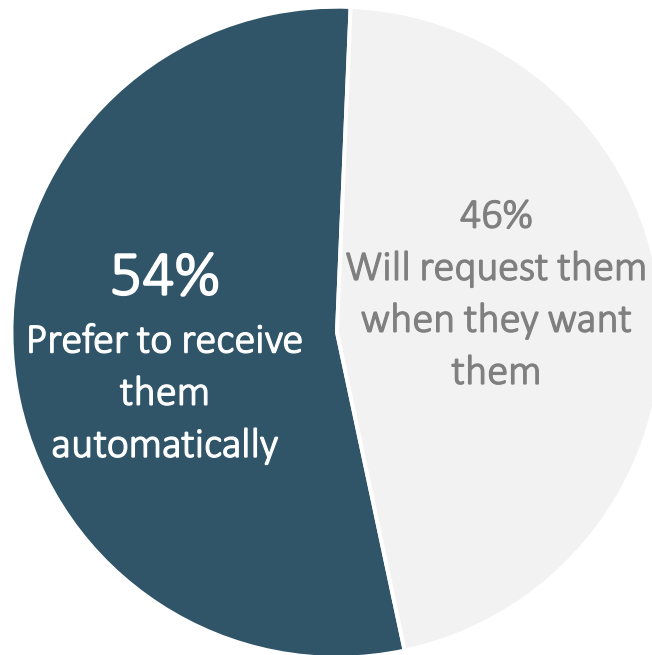


54% of fund investors want documents sent to them automatically.

INCLUDES COMMENT LETTERS REC

Delivery Preference

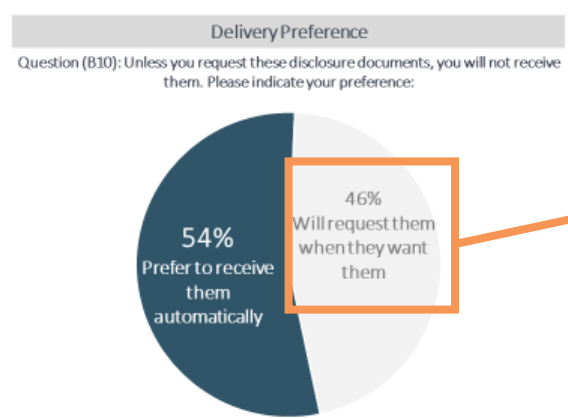
Question (B10): Unless you request these disclosure documents, you will not receive them. Please indicate your preference:



Among fund investors who say they will request documents, 66% prefer to receive them by e-mail (80% by a combination of mail and e-mail).

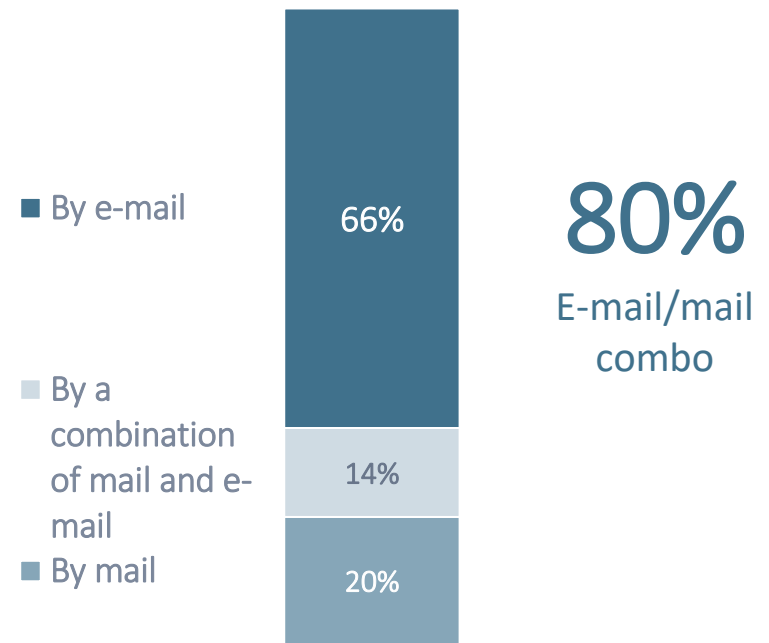
INCLUDES COMMENT LETTERS REC

54% of fund investors want documents sent to them automatically.



Preferred Delivery Method

Question (B11 – reduced base, those who prefer to request documents, n=775): How would you prefer to receive the reminder letter?



Significant differences among demographic segments*

Younger investors prefer to receive the updated documents by e-mail, while older investors prefer to receive the information by mail at higher rates.

Base: All Mutual Fund and ETF Owners (n=1,691). See Appendix for demographic segment differences (slide 43).

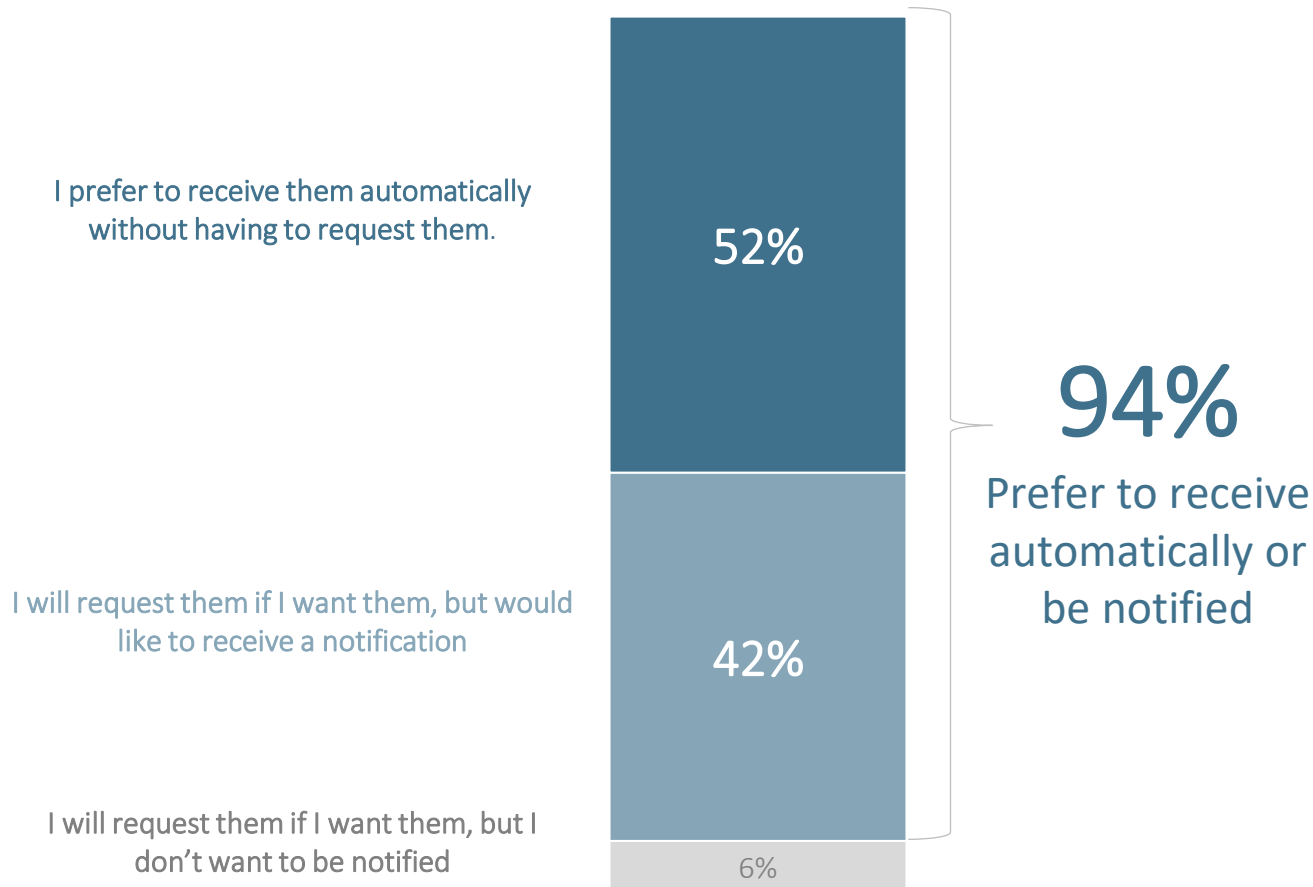
Delivery Preferences: MD&A & Proxy Materials

94% of stock investors say they prefer to receive MD&As and Financial Statements automatically or be notified of updated documents.

MD&A - Preferred Notification

Question (C3): Unless you request these disclosure documents, you will not receive them. Please indicate your preference:

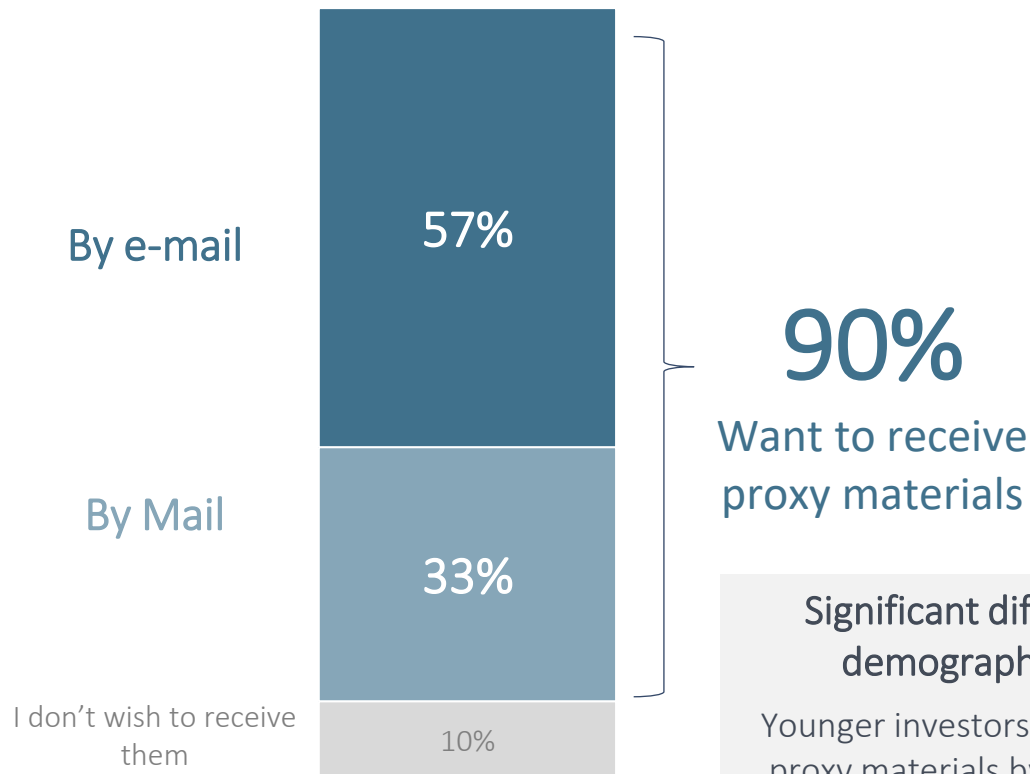
Question (C4): Would you like to be notified when updated documents are available?



90% of stock investors want to receive proxy materials.

Proxy Materials - Preferred Delivery Method

Question (D1): How do you prefer to receive your proxy materials and ballots?



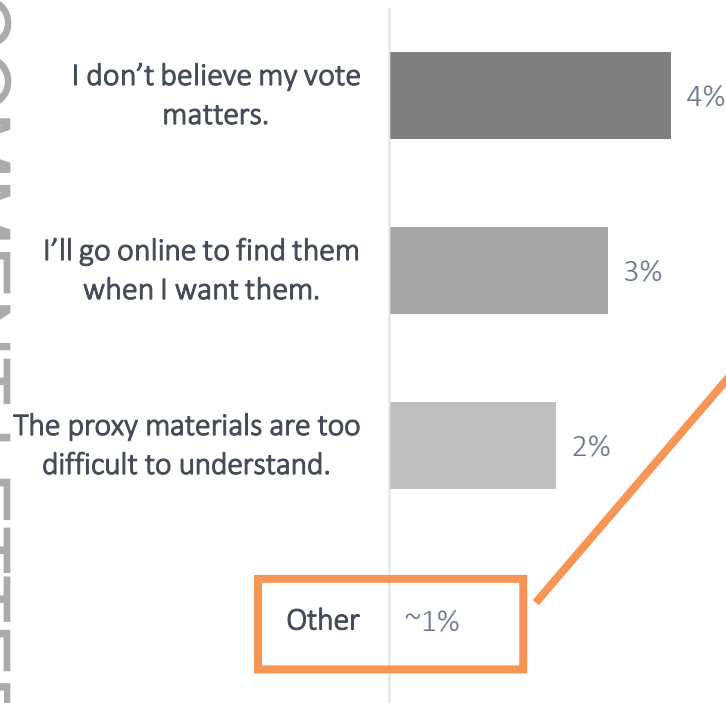
Significant differences among demographic segments*

Younger investors prefer to receive the proxy materials by e-mail. While older respondents prefer to receive them by mail at a higher rates than younger investors.

... only 10% don't want to receive proxy materials. The reasons why...

Reasons for Not Wanting Materials

Question (D2): (All Stock/Equity Owners) You indicated you do not wish to receive proxy materials and ballots. Please select the option that best explains why.



Verbatim Feedback (Illustrative)*

- "Small investor"
- "My broker takes care of it"
- "My advisor does it"
- "I mostly day trade so it's not relevant"
- "I find them to be a waste of time and paper"
- "I don't vote not interested"
- "I am not a voting share holder"

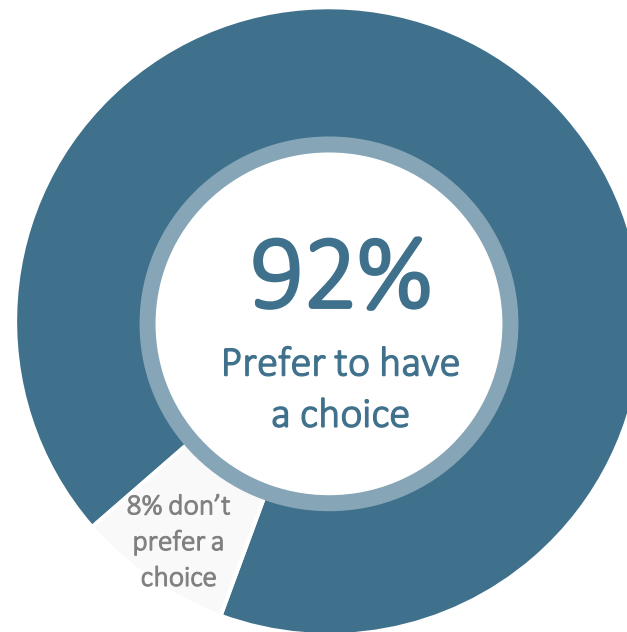
Privacy / Choice

INCLUDES COMMENT LETTERS REC

92% of investors want a **choice** of whether their personal information is shared with corporate issuers and third parties.

Rule Preference

Question (E1): Under current rules, investors have a choice on whether their brokerage firm may share their name, address, e-mail address and share-amount information with the companies and funds they invest in, and with their proxy solicitors. Under a proposed rule, investors would no longer have a choice on whether their personal information is shared. Please indicate which rule you prefer. I prefer current rules where I have a choice. I prefer a proposed rule where I no longer have a choice.

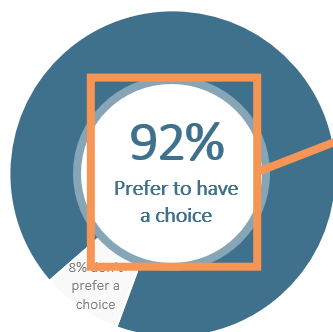


Given the choice, 54% of investors do not want their personal information to be shared.

92% of investors want a **choice** of whether their personal information is shared with corporate issuers and third parties.

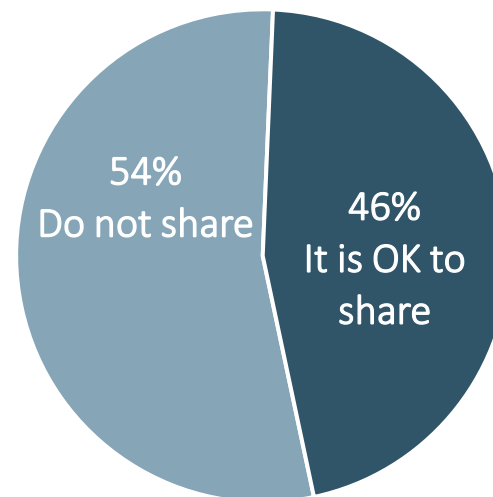
Rule Preference

Question (E1): Please indicate which rule you prefer.



Sharing Information Preference

Question (E2— reduced based, those who prefer to have a choice, n=1,837): You indicated you prefer to have a choice. Given the choice, please indicate your preference.



Significant differences among demographic segments*

Older investors and those with disabilities are more likely to be concerned with sharing of their personal information.

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Demographic Differences in the Findings

- Age
- Education
- Income
- Wealth
- Disability

4

Appendix

Those with lower educational attainment, lower income, or older in age are more likely to find the **MRFP and Financial Statements** difficult to understand.

Understanding (Very/Somewhat Difficult to Understand)

Question (B3): How easy or difficult are they to understand?

| | | Age | | | | | HH Income | | | | |
|------------------------------|--|-------|-------|-------|-------|-----|-----------|-----------------|----------------|----------------|---------|
| | | 18-34 | 35-44 | 45-54 | 55-64 | 65+ | <\$50K | \$50K- <100K | 100K- <150K | 150K- <220K | \$220K+ |
| Base | | 249 | 260 | 208 | 221 | 178 | 225 | 374 | 285 | 163 | 69 |
| Difficult (Very/Somewhat) | | 27% | 41% | 38% | 49% | 59% | 46% | 43% | 41% | 38% | 33% |

| | | Education | | | | | |
|------------------------------|--|--------------------------|--------------------------------|--------------------------------|--------------------|----------------------|-----------------------------|
| | | Less than high school | High school / equivalent | Some college/ university | College diploma | University degree | Post- graduate degree |
| Base | | 11* | 110 | 116 | 207 | 455 | 217 |
| Difficult (Very/Somewhat) | | 45% | 45% | 53% | 44% | 41% | 35% |

Base: Mutual Fund and ETF Owners who are Aware of MRFP (n=1,116).

*Caution: small base sizes, view as directional only.

Significantly higher than sub-group(s) at 90% confidence level.

There is **lower awareness of SEDAR** among older investors and those with less income or wealth, or lower education.

SEDAR Awareness

Question (Q1): Are you aware of SEDAR?

| | HH Income | | | | | HH Investable Assets | | | | | | |
|------|-----------|-----------------|----------------|----------------|---------|----------------------|------------------|-------------------|--------------------|--------------------|------------------|-------|
| | <\$50K | \$50K- <100K | 100K- <150K | 150K- <220K | \$220K+ | Under \$10K | \$10K- <\$25K | \$25K- <\$100K | \$100K- <\$250K | \$250K- <\$500K | \$500K- <\$1M | \$1M+ |
| Base | 487 | 661 | 499 | 257 | 100 | 84 | 123 | 542 | 550 | 320 | 227 | 158 |
| Yes | 24% | 31% | 35% | 34% | 47% | 20% | 23% | 26% | 31% | 35% | 41% | 48% |
| No | 76% | 69% | 65% | 66% | 53% | 80% | 77% | 74% | 69% | 65% | 59% | 52% |

| | Age | | | | | Education | | | | | |
|------|-------|-------|-------|-------|-----|-----------------------------|--------------------------------|--------------------------------|--------------------|----------------------|-----------------------------|
| | 18-34 | 35-44 | 45-54 | 55-64 | 65+ | Less than high school | High school / equivalent | Some college/ university | College diploma | University degree | Post- graduate degree |
| Base | 457 | 420 | 384 | 408 | 335 | 30* | 213 | 265 | 398 | 767 | 331 |
| Yes | 45% | 31% | 29% | 25% | 27% | 30% | 21% | 29% | 25% | 34% | 44% |
| No | 55% | 69% | 71% | 75% | 73% | 70% | 79% | 71% | 75% | 66% | 56% |

Base: All Investors (n=2,004).

*Caution: small base sizes, view as directional only.

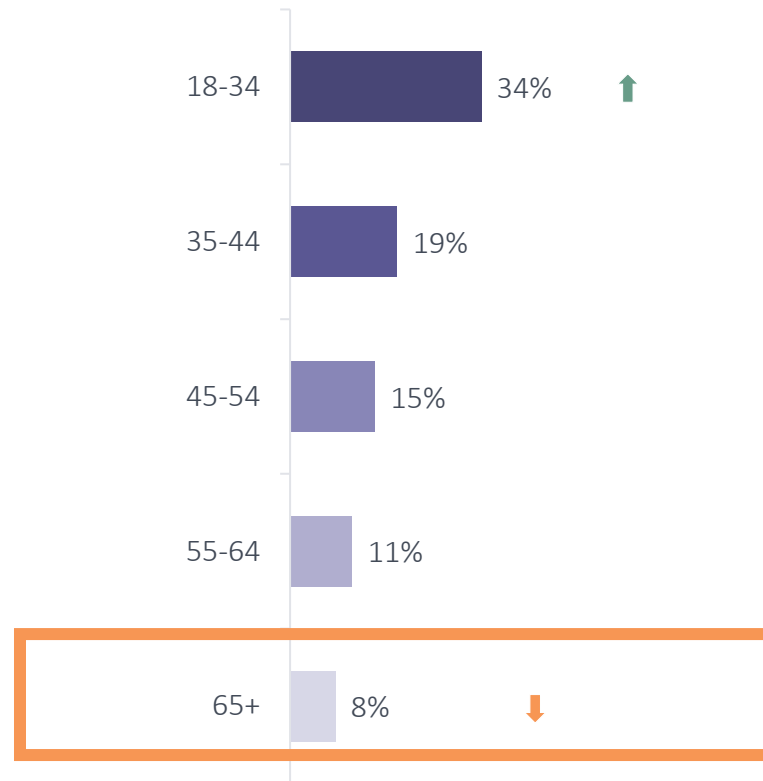
Significantly **higher** awareness than sub-group(s) at 90% confidence level.

Significantly **lower** awareness than sub-group(s) at 90% confidence level.

34% of younger investors have used SEDAR; while only 8% of older investors have used it.

SEDAR Use by Age Group - % Yes

Question (Q2): Have you used SEDAR to access and review updated disclosure information on your investments?



There is less awareness of MRFPs and Financial Statements by investors with lower education, income or assets.

MRFP Documents and Request Form Awareness

Question (B1): Are you aware of these disclosure documents?

Question (B9): Funds are required to remind you once each year that you can request free copies of these disclosure documents. In the last 12 months, do you recall being notified that you can request them?

COMMENT LETTERS

| | HH Income | | | | | HH Investable Assets | | | | | | |
|-----------------------------------|--------------------------|-----------------|--------------------------------|----------------|--------------------------------|----------------------|--------------------|-------------------|----------------------|--------------------|-----------------------------|-------|
| | <\$50K | \$50K- <100K | 100K- <150K | 150K- <220K | \$220K+ | Under \$10K | \$10K- <\$25K | \$25K- <\$100K | \$100K- <\$250K | \$250K- <\$500K | \$500K- <\$1M | \$1M+ |
| Base | 371 | 556 | 442 | 228 | 94 | 50* | 89 | 449 | 477 | 287 | 200 | 139 |
| Awareness - % Yes | 61% | 67% | 64% | 71% | 73% | 52% | 61% | 60% | 66% | 70% | 72% | 79% |
| Recall Request Form - % Yes | 55% | 60% | 58% | 65% | 71% | 44% | 48% | 56% | 56% | 62% | 71% | 75% |
| Education | | | | | | | | | | | | |
| | Less than high school | | High school / equivalent | | Some college/ university | | College diploma | | University degree | | Post- graduate degree | |
| Base | 20* | | 174 | | 210 | | 326 | | 666 | | 295 | |
| Awareness % Yes | 55% | | 63% | | 55% | | 63% | | 68% | | 74% | |
| Recall Request Form - % Yes | 65% | | 51% | | 55% | | 58% | | 61% | | 67% | |

Base: All Mutual Fund and ETF Owners (n=1,691).

*Caution: small base sizes, view as directional only.

Significantly **higher** than sub-group(s) at 90% confidence level.

Significantly **lower** than sub-group(s) at 90% confidence level.

There is less awareness of MD&A and Financial Statements by investors with less education, income or assets.

MD&A Documents and Reminder Awareness

Question (C1): Are you aware of these disclosure documents?

Question (C2): Companies are required to remind you once each year that you can request free copies of these disclosure documents. In the last 12 months, do you recall being notified that you can request them?

| | | HH Income | | | | | HH Investable Assets | | | | | | |
|----------------------------|--|-----------|-----------------|----------------|----------------|---------|----------------------|------------------|-------------------|--------------------|--------------------|------------------|-------|
| | | <\$50K | \$50K- <100K | 100K- <150K | 150K- <220K | \$220K+ | Under \$10K | \$10K- <\$25K | \$25K- <\$100K | \$100K- <\$250K | \$250K- <\$500K | \$500K- <\$1M | \$1M+ |
| Base | | 266 | 405 | 331 | 183 | 78 | 45* | 70 | 316 | 337 | 196 | 169 | 130 |
| Awareness - % Yes | | 54% | 63% | 69% | 66% | 81% | 40% | 51% | 58% | 63% | 67% | 73% | 82% |
| Recall Reminder - % Yes | | 53% | 58% | 58% | 62% | 65% | 33% | 53% | 53% | 58% | 57% | 66% | 72% |

| | | Education | | | | | |
|----------------------------|--|--------------------------|--------------------------------|--------------------------------|--------------------|----------------------|-----------------------------|
| | | Less than high school | High school / equivalent | Some college/ university | College diploma | University degree | Post- graduate degree |
| Base | | 17* | 118 | 151 | 232 | 518 | 227 |
| Awareness - % Yes | | 41% | 54% | 54% | 60% | 68% | 73% |
| Recall Reminder - % Yes | | 47% | 53% | 54% | 53% | 60% | 65% |

Base: All Stocks / Equities Owners (n=1,263).

*Caution: small base sizes, view as directional only.

Significantly **higher** than sub-group(s) at 90% confidence level.

Significantly **lower** than sub-group(s) at 90% confidence level.

Younger investors, those with lower income or investable assets, minorities or those with disabilities have a higher preference to receive MRFPs and Financial Statements automatically.

MRFP Delivery Preferences

Question (B10): Unless you request these disclosure documents, you will not receive them. Please indicate your preference:

| | Age | | | | | Ethnicity | | | | | | Disability | |
|---------------------------------|-------|-------|-------|-------|-----|-----------|-------|-------|------------|----------|-------|------------|------|
| | 18-34 | 35-44 | 45-54 | 55-64 | 65+ | Asian | White | Black | Indigenous | Hispanic | Other | Yes | No |
| Base | 373 | 379 | 335 | 349 | 255 | 360 | 1166 | 59* | 17* | 21* | 45* | 173 | 1496 |
| Prefer to receive automatically | 67% | 59% | 53% | 47% | 40% | 56% | 53% | 71% | 59% | 52% | 60% | 67% | 53% |
| Will request | 33% | 41% | 47% | 53% | 60% | 44% | 47% | 29% | 41% | 48% | 40% | 33% | 47% |

Base: All Mutual Fund and ETF Owners (n=1,691).

*Caution: small base sizes, view as directional only.

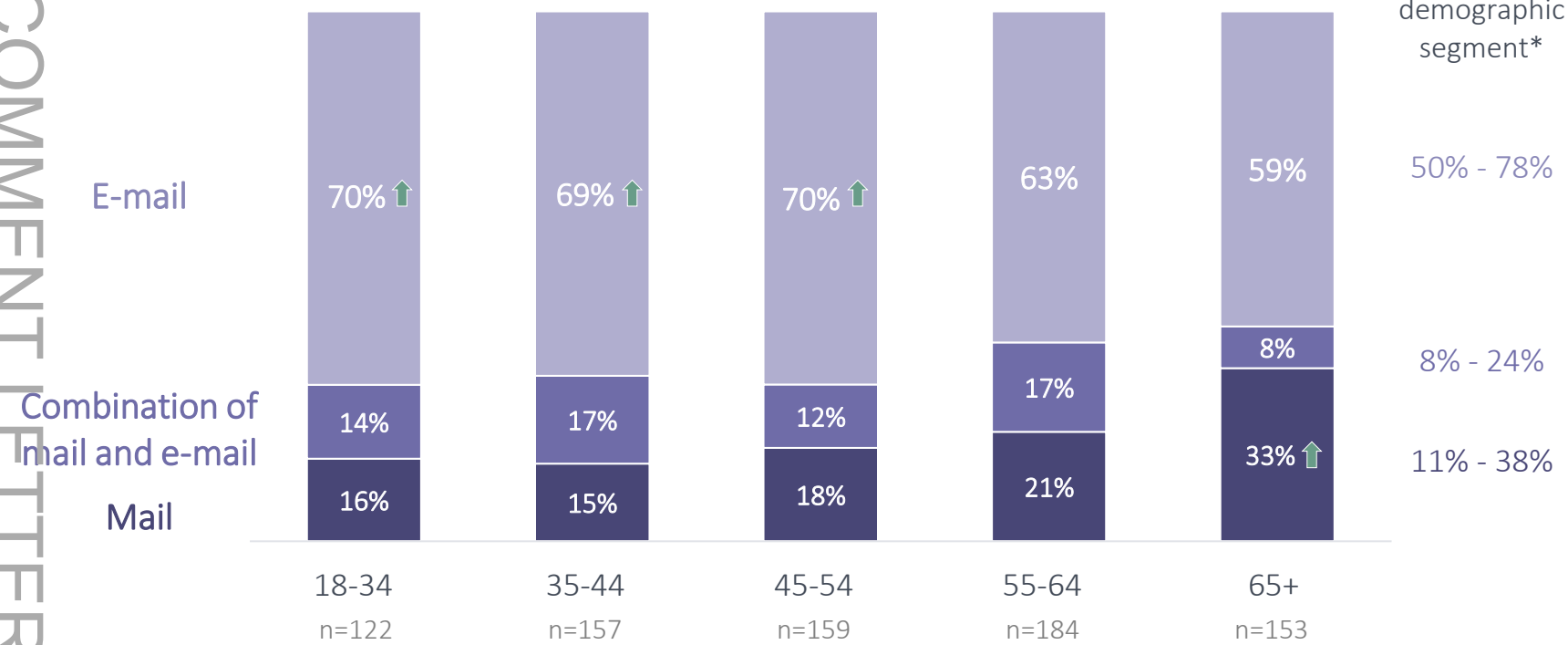
Significantly higher than sub-group(s) at 90% confidence level.

Investors under age 55 prefer to receive the updated **MRFP documents by e-mail**, while investors over age 55 prefer to receive them by mail at higher rates than younger investors.

MRFP Preferred Delivery Method by Age Group

Question (B11) – reduced base, those who prefer to request documents, n=775):
How would you prefer to receive the reminder letter?

Range of averages for each demographic segment*



Base: All Mutual Fund and ETF Owners (n=1,691).

*Segments include Age, Income, Wealth, Gender, and Education.

↑ Significantly higher than sub-group(s) at 90% confidence level.

Younger investors prefer to receive the changes highlighted in the MRFP, while older investors are more likely to prefer to receive just the information that has changed.

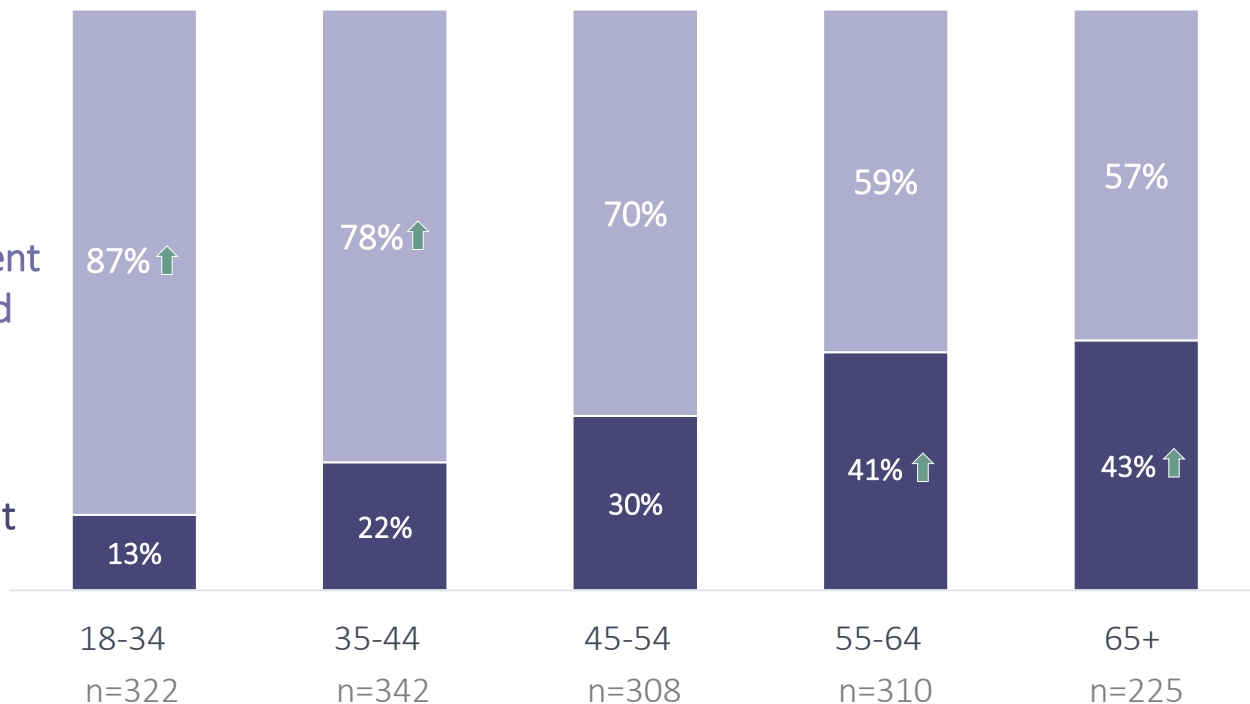
MRFP Preferred Notification of Changes

Question (B15) – Which would you prefer?

Range of averages
for each
demographic
segment*

Updated document
with highlighted
changes

Just send the
information that
has changed



47% - 87%

13% - 53%

Base: Mutual Fund and ETF Owners who would like to receive notifications with changes (n=1,507).

* Segments include Age, Income, Wealth, Gender, and Education.

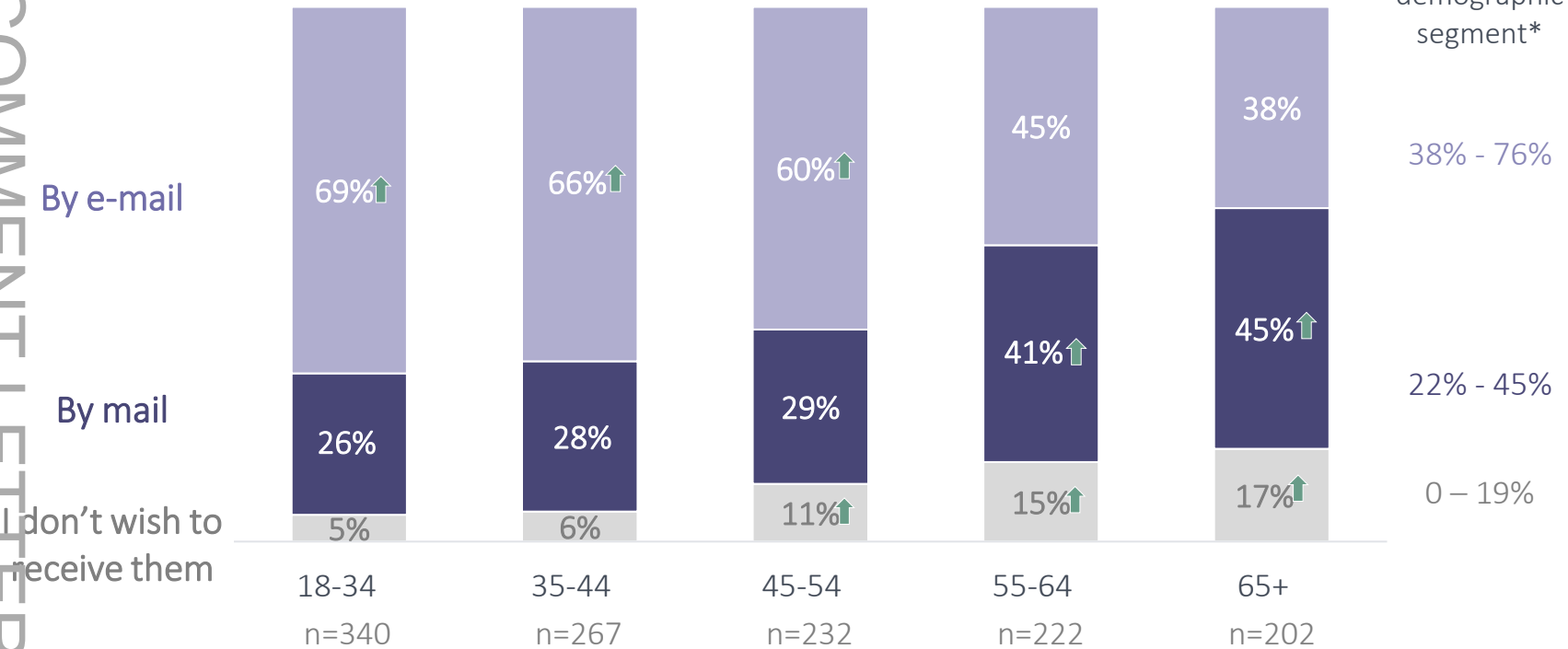
↑ Significantly higher than sub-group(s) at 90% confidence level. 45

Younger investors prefer to receive **proxy materials by e-mail**, while older respondents prefer to receive them by mail at higher rates than younger investors.

Proxy Materials - Delivery Preference

Question (D1) – How do you prefer to receive your proxy materials and ballots?

Range of averages for each demographic segment*



Base: All Stocks / Equities Owners (n=1,263).

*Segments include Age, Income, Wealth, Gender, and Education.

↑ Significantly higher than sub-group(s) at 90% confidence level.

Older investors are more likely to be concerned with **sharing of their personal information.**

INCLUDES COMMENT LETTERS RECEIVED

Privacy Preferences

Question (E2): You indicated you prefer to have a choice. Given the choice, please indicate your preference.

| | | Age | | | | |
|---|------|-------|-------|-------|-------|-----|
| | | 18-34 | 35-44 | 45-54 | 55-64 | 65+ |
| | Base | 418 | 378 | 348 | 380 | 313 |
| I am fine if my brokerage firm shares my personal information with the companies and funds I invest in, and with their proxy solicitors. | | 59% | 50% | 42% | 39% | 37% |
| I do not want my brokerage firm to share my personal information with the companies and funds I invest in, and with their proxy solicitors. | | 41% | 50% | 58% | 61% | 63% |

Base: All Investors preferring to have a choice (n=1,837).
*Caution: small base sizes, view as directional only.

Significantly higher than sub-group(s) at 90% confidence level.

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Demographic Differences in the Findings

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Appendix

- Sampling Methodology
- Demographics
- Sample Source
- Documents Viewed By Respondents

Survey Methodology

A total of 2,004 online surveys were completed among stock, mutual fund and ETF Canadian investors from May 11 –20, 2021. The margin of error for this sample is +/- 3%. They were shown generic examples of Fund Facts, ETF Facts, Management Report of Financial Performance (MRFP) and Financial Statements and asked a series of questions.

Respondent qualifications:

All respondents currently hold stocks, mutual funds or ETFs outside of employer-sponsored retirement plans and Registered Education Savings Plans. Also, respondent screening included:

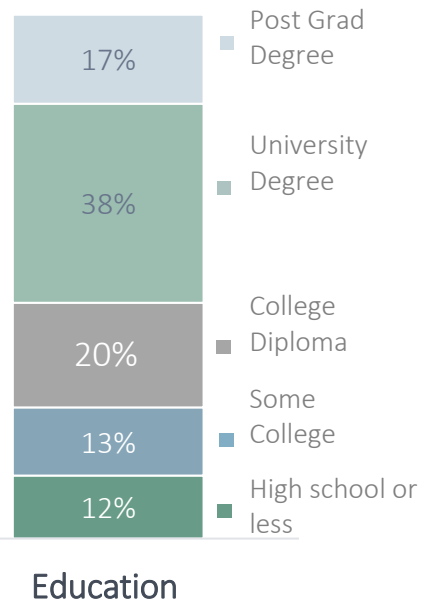
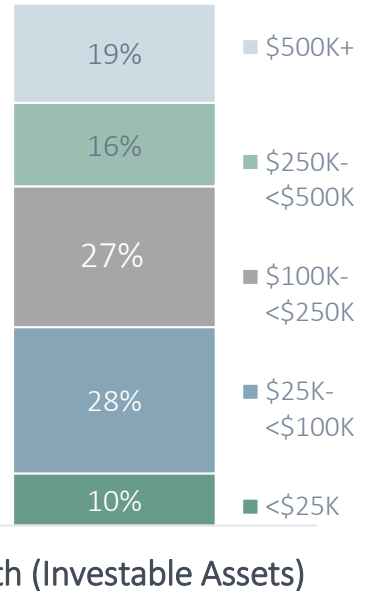
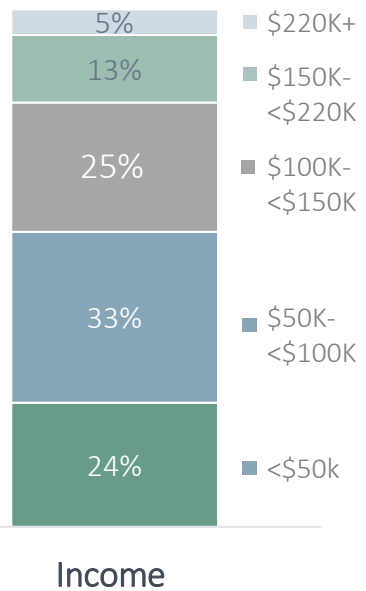
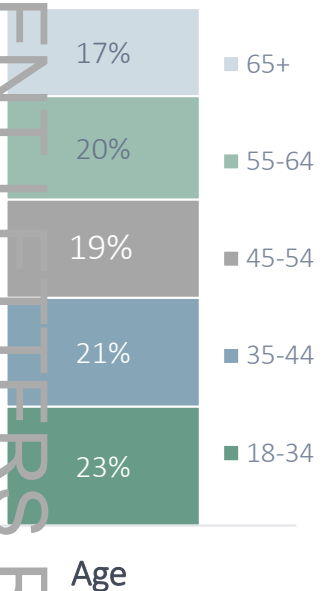
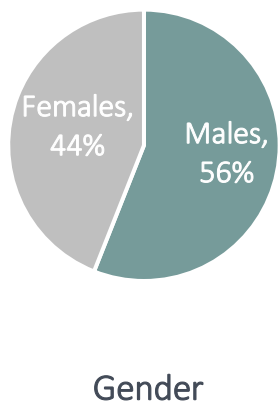
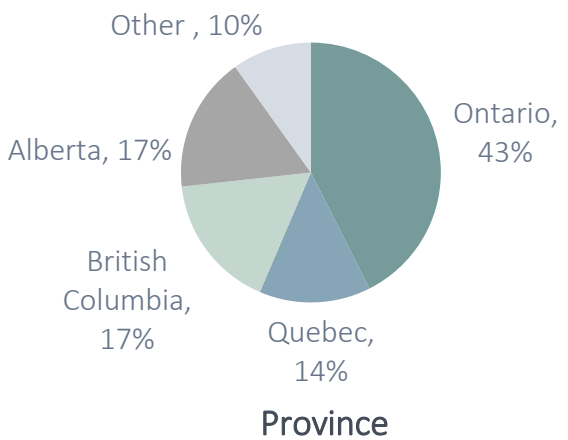
- At least 18 years of age.
- Primary or shared investment decision making in the household.
- English or French speakers.

In order to provide a representative sample, this study was balanced as follows:

- Initial outbound invitations were deployed to be balanced to the Canadian census on province, gender, age and income.
- The survey “starts” were balanced to the Canadian census on province, gender, age and income.
- Those qualifying to complete the survey were representative of investors with stocks, mutual funds and ETFs outside of employer-sponsored retirement and Registered Education Savings Plans.
- Respondents who had mutual funds or ETFs were randomly assigned to view either the sample Annual MRFP or the sample Interim MRFP.
- Respondents were given a choice of taking the survey either in English or French. All sample disclosures were available in both languages.

Demographics

Respondents' Profile



INCLUDES COMMENT LETTERS REQ

Respondent Source

Dynata National Online Panel

Dynata is the world's largest first-party data and insights platform.

Dynata serves nearly 6,000 market research, media and advertising agencies, publishers, consulting and investment firms and corporate customers in North America (including Canada), South America, Europe, and Asia-Pacific. America, South America, Europe, and Asia-Pacific. They have more than 44 offices worldwide.

Dynata works to optimally blend our proprietary sample sources by conducting comparability tests and modeling the blend that will achieve the closest match to census and social benchmarks. They have a reach that encompasses 60+ million people globally.

As part of the Total Research Quality system, Dynata monitors the quality of the data through various quality checks such as participation limits, screening questions, digital fingerprinting, random and illogical responding, capturing and removing flatliners and speeders.



THE AMERICAS | 30M+

NORTH

UNITED STATES
CANADA
MEXICO

SOUTH

ARGENTINA
BRAZIL
COLOMBIA
CHILE

The only market research online sample supplier evaluated by MRC to win an award for five consecutive years, with 2019 marking the sixth year as the combined company Dynata.

We also topped its nearest competitor in the "Best Quality Deliverables" category by almost 10% in the 2019 survey.



Documents Viewed By Respondents

Click the links below to view the documents that investors viewed in the survey:

- Fund Facts [English/French] <https://bit.ly/3rh7SzI>
- ETF Facts [English/French] <https://bit.ly/3ep40ah>
- Management Report of Fund Performance [English/French] <https://bit.ly/3rjWi6D>
- Financial Statement [English/French] <https://bit.ly/3ejnkpq>

Rapport quantitatif relatif aux investisseurs canadiens



Broadridge®

Résultats de la recherche

Juillet 2021

Contexte et objectifs

Les Autorités canadiennes en valeurs mobilières (ACVM) envisagent de modifier les exigences en matière de rapports, de déclaration et d'information applicables aux sociétés et aux fonds d'investissement, y compris des modifications récemment proposées au Règlement 51-102 *sur les obligations d'information continue pour les fonds autres que d'investissement* (la « Proposition »).

La firme True North Market Insights (« TNMI ») a été mandatée par Broadridge Financial Solutions pour sonder les investisseurs individuels canadiens. L'objectif du sondage est de recueillir et de comprendre leurs points de vue sur le cadre d'information applicable aux sociétés émettrices et aux fonds d'investissement. TNMI a posé des questions aux investisseurs pour comprendre :

- à quel point certaines informations leur sont utiles;
- leurs points de vue sur l'importance relative des renseignements contenus dans certaines informations;
- leur connaissance du système SÉDAR*;
- leurs préférences quant à la manière dont ils souhaitent recevoir les renseignements; et
- leurs opinions sur la divulgation de leurs renseignements personnels.

Les documents de divulgation testés comprenaient :

- Aperçu du fonds et Aperçu du FNB
- Rapport de la direction sur le rendement financier (RDRF)
- Rapport de gestion (RG)
- États financiers

Voir l'annexe pour la méthodologie du sondage de TNMI

* Les entreprises cotées en bourse, les fonds communs de placement et les FNB sont tenus d'afficher électroniquement des documents de divulgation mis à jour sur le Système électronique de données, d'analyse et de recherche (SÉDAR) des Autorités canadiennes en valeurs mobilières.

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- Connaissance
- Préférences de livraison
- Confidentialité/choix

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- Éducation
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- Échantillonnage
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- Démographie
- Documents consultés par les répondants

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Résultats principaux

Utilité/importance des divulgations :

- L'Aperçu du fonds et l'Aperçu du FNB sont populaires auprès des investisseurs. 88 % des investisseurs les connaissent et 86 % disent qu'ils sont utiles pour comparer les placements.
- Par contre, en ce qui concerne les RDRF et les États financiers...
 - 34 % ne les connaissent pas,
 - et les 49 % qui les connaissent ne les trouvent pas utiles.
- Cependant, lorsqu'on leur montre des exemples de RDRF et d'États financiers, la plupart des investisseurs disent que l'information qu'ils contiennent est *importante*.
 - En particulier, ils disent que les informations sur les frais, le rendement, les risques, les titres et les faits saillants financiers sont particulièrement importantes.
 - 70 % disent que la connaissance des changements matériels est importante/très importante (26 % disent qu'elle est assez importante).
- Mais 42 % trouvent les RDRF et les États financiers difficiles à comprendre.
- Environ un tiers ont indiqué que des résumés leur seraient plus utiles.

Résultats principaux (suite)

• Connaissance :

Environ 60 % des investisseurs se souviennent avoir reçu un rappel annuel leur indiquant qu'ils peuvent réclamer des exemplaires gratuits des RG, des RDRF et des États financiers.

- Mais la plupart des investisseurs (95 %) aimeraient être informés des documents mis à jour.

Peu d'investisseurs connaissent SÉDAR (32 %) ou l'utilisent (4 % l'utilisent une fois par année et 6 % l'utilisent plus d'une fois par année).

- Le manque de connaissance est plus important parmi les segments d'investisseurs à *faible revenu, à faible patrimoine, moins scolarisés ou parmi les investisseurs plus âgés.*

• Préférences de livraison :

- Plus de 89 % des investisseurs déclarent vouloir être informés lorsque des informations mises à jour sont disponibles ou lorsqu'il y a des changements importants.
- Une majorité d'eux souhaitent recevoir automatiquement les documents de divulgation.
 - Parmi ceux qui souhaitent en faire la demande, 66% souhaitent les recevoir par courriel.
- Les investisseurs plus âgés sont plus susceptibles que les investisseurs plus jeunes de préférer le courrier.

• Confidentialité/choix :

- 92 % des investisseurs veulent avoir le choix de partager ou non leurs renseignements personnels avec les entreprises et les fonds dans lesquels ils investissent.
- S'ils avaient le choix, plus de la moitié exerceraient l'option de refus.

1

Résultats principaux

2

Résultats détaillés

- Utilité des divulgations
- Importance des informations
- Connaissance
- Préférences de livraison
- Confidentialité/choix

3

Différences démographiques dans les résultats

4

Annexe

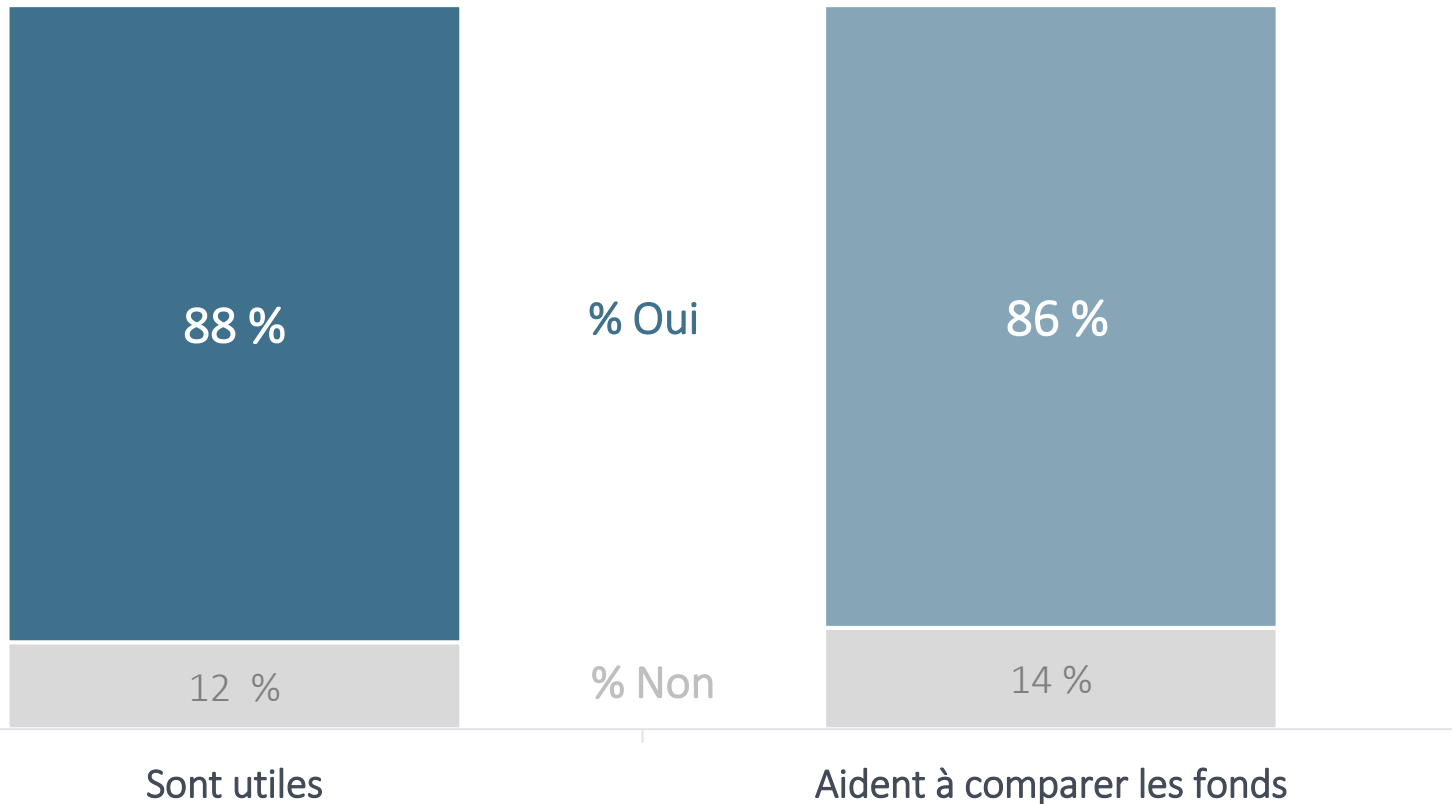
Utilité des divulgations : Aperçu du fonds et Aperçu du FNB

88 % des investisseurs de fonds déclarent que **l'Aperçu du fonds et l'Aperçu du FNB** sont utiles pour prendre des décisions d'achat; 86 % déclarent que les documents les aident à comparer les fonds.

Les documents sont utiles lors de l'achat et aident à comparer les fonds

Question (A1) : Les documents sont-ils utiles lors de l'achat de fonds?

Question (A2) : Les documents vous aident-ils à comparer les fonds?



INCLUDES COMMENT LETTERS RECEIVED

Utile et pertinent

Question (A1) : Les documents sont-ils utiles lors de l'achat de fonds?

Question (A2) : Les documents vous aident-ils à comparer les fonds?

Question (A1)

| | C'est la fréquence à laquelle vous vous êtes senti(e) en danger | | | |
|-------|---|-------|--------|------------|
| | 1 à 3 | 4 à 6 | 7 à 10 | Plus de 10 |
| Base | 954 | 524 | 121 | 92 |
| % Oui | 87 % | 90 % | 92 % | 91 % |

Question (A2)

| | Nombre de fonds/FNB détenus | | | |
|-------|-----------------------------|-------|--------|------------|
| | 1 à 3 | 4 à 6 | 7 à 10 | Plus de 10 |
| Base | 954 | 524 | 121 | 92 |
| % Oui | 85 % | 88 % | 84 % | 91 % |

Base : tous les propriétaires de fonds communs de placement et de FNB (n=1 691).

83 % des investisseurs qui ont des comptes gérés par un conseiller souhaitent recevoir l'Aperçu du fonds/FNB lorsque leur conseiller achète des fonds en leur nom.

Souhait de recevoir des documents

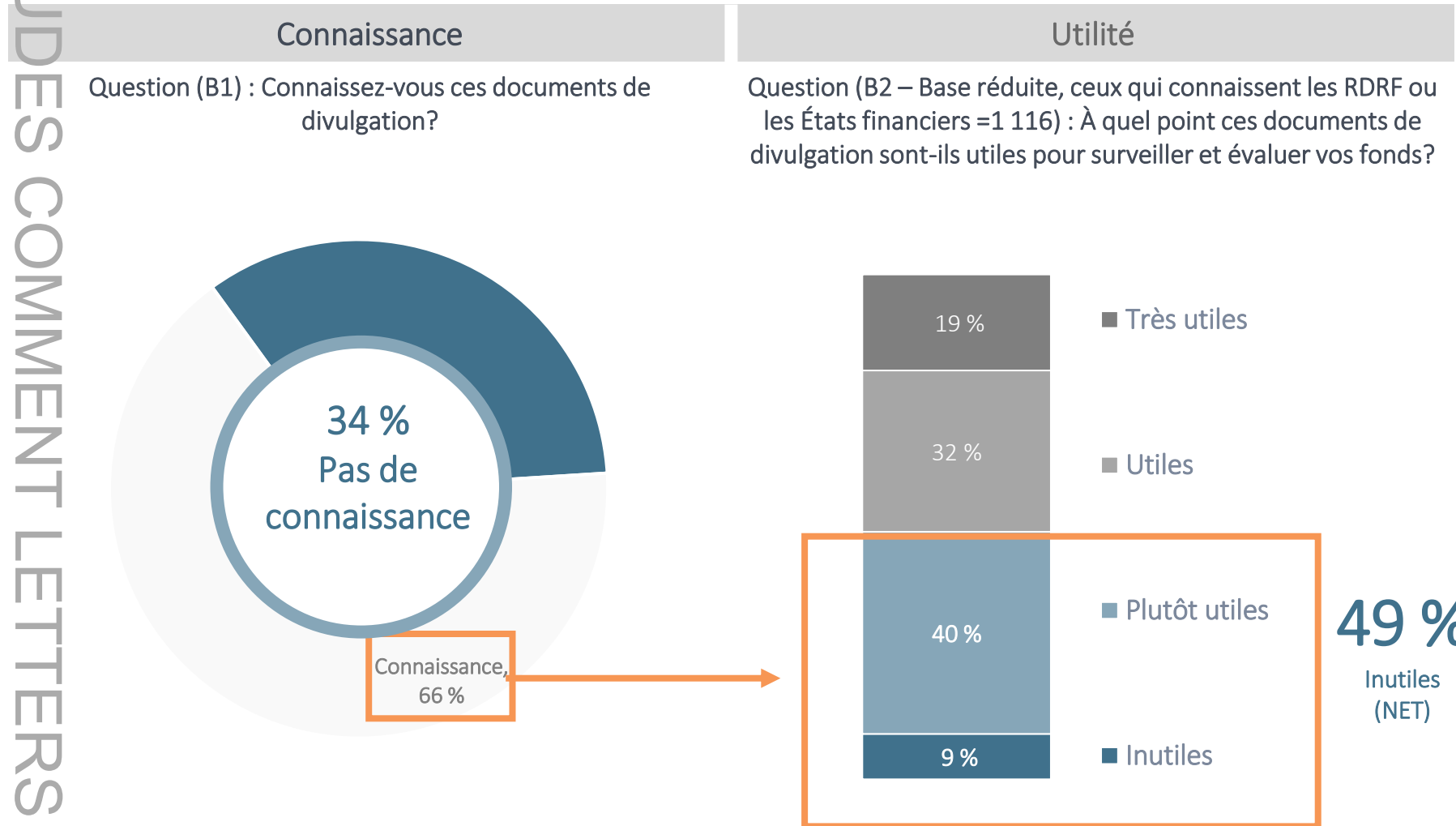
Question (A3) : Souhaitez-vous recevoir les documents lorsque votre conseiller achète un fonds ou un FNB en votre nom?



Utilité des divulgations/importance des informations : RDRF et États financiers

34 % des investisseurs ne connaissent pas les RDRF et les États financiers et 49 % de ceux qui les connaissent ne les trouvent pas utiles pour la surveillance et l'évaluation de leurs placements.

INCLUDES COMMENT LETTERS REC



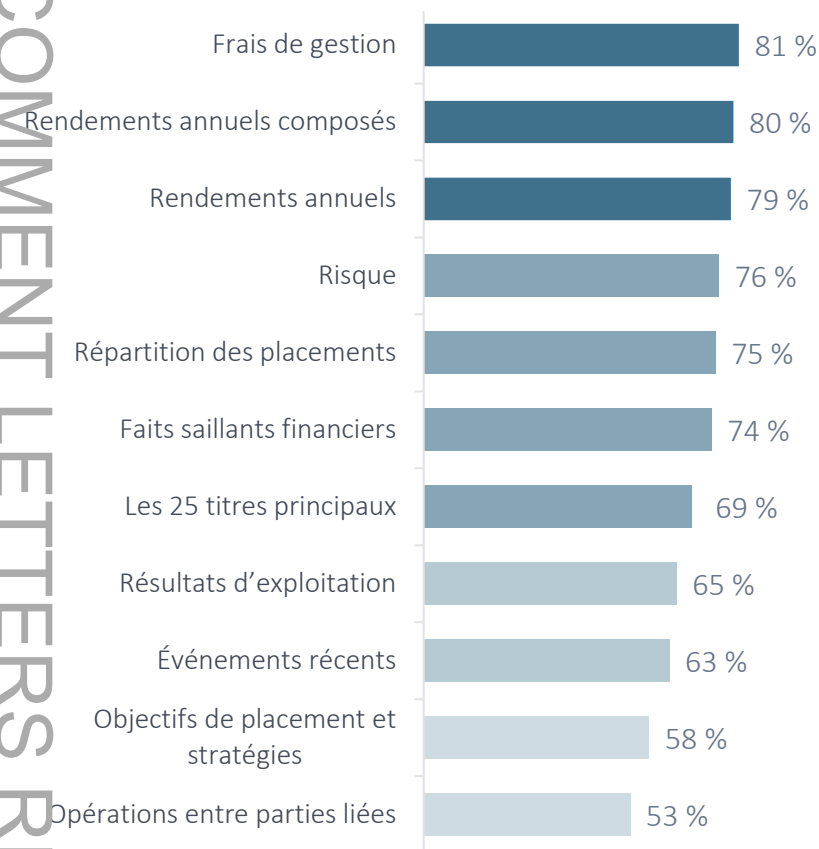
Basé sur tous les propriétaires de fonds communs de placement et de FNB (n=1 691).

Les investisseurs ont évalué l'importance de l'information contenu dans les documents de divulgation.

La plupart ont trouvé que l'information contenue dans les RDRF et les États financiers était importante. En particulier, les frais, les rendements, les risques, les titres et les faits saillants

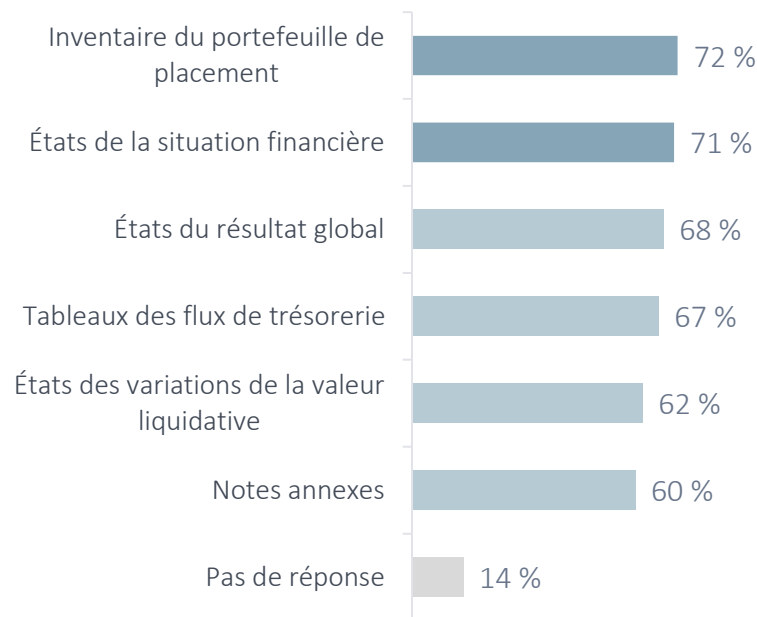
RDRF – 2 premières cases (Très importante/importante)

Question (B4): Veuillez indiquer le niveau d'importance à votre avis de chacune des sections suivantes trouvées dans un RDRF.



États financiers - 2 premières cases (Très importante/importante)

Question (B5): Veuillez indiquer le niveau d'importance à votre avis de chacune des sections suivantes trouvées dans les États financiers.



Informations supplémentaires que les investisseurs souhaitent voir dans le RDRF.

Question (B6): Le cas échéant, quelles autres informations souhaiteriez-vous trouver dans le RDRF?

32 commentaires

« Comparaison des performances par rapport au marché général, autre »

« Évaluation des risques »

« Davantage d'analyses que de données brutes »

« Le salaire du gestionnaire de fonds »

« Avantages et inconvénients (par ex. compatibilité avec la tolérance au risque) »

« Le RFO aussi bien que le RFG »

« Quelque chose dans un langage simple, s'il vous plaît. Mais même dans ce cas, je compte sur mon conseiller »

« Je voudrais savoir si les entreprises dans lesquelles on investit sont bonnes »

« Rémunération de la ou des personnes gérant les fonds »

« Informations claires sur les rendements et les frais »

« Par exemple... des possibilités nouvelles et à venir »

« Niveau maximal de divulgation tel que requis par la réglementation »

« Frais associés »

« Explication claire et simple des frais »

« Bénéfices de l'année dernière »

▪ « Frais »

▪ « Perspectives d'avenir »

▪ « Connaissance générale »

▪ « Je ne comprends rien à ces documents. »

▪ « Si le fonds vaut la peine d'être conservé »

▪ « Risques liés au délaissement d'actifs »

▪ « Je veux que ce soit plus facile à comprendre »

▪ « Davantage d'informations sur les frais de gestion »

▪ « Stabilité politique dans l'environnement de l'entreprise »

▪ « Tout ce qui précède et plus »

▪ « Un indice de durabilité »

▪ « Tous les titres »

▪ « Comparaisons aux références »

▪ « Je n'en veux pas, c'est le travail de mon conseiller financier de les parcourir »

▪ « Un résumé simplifié pour les investisseurs débutants »

▪ « Comparatifs avec les fonds de sa catégorie »

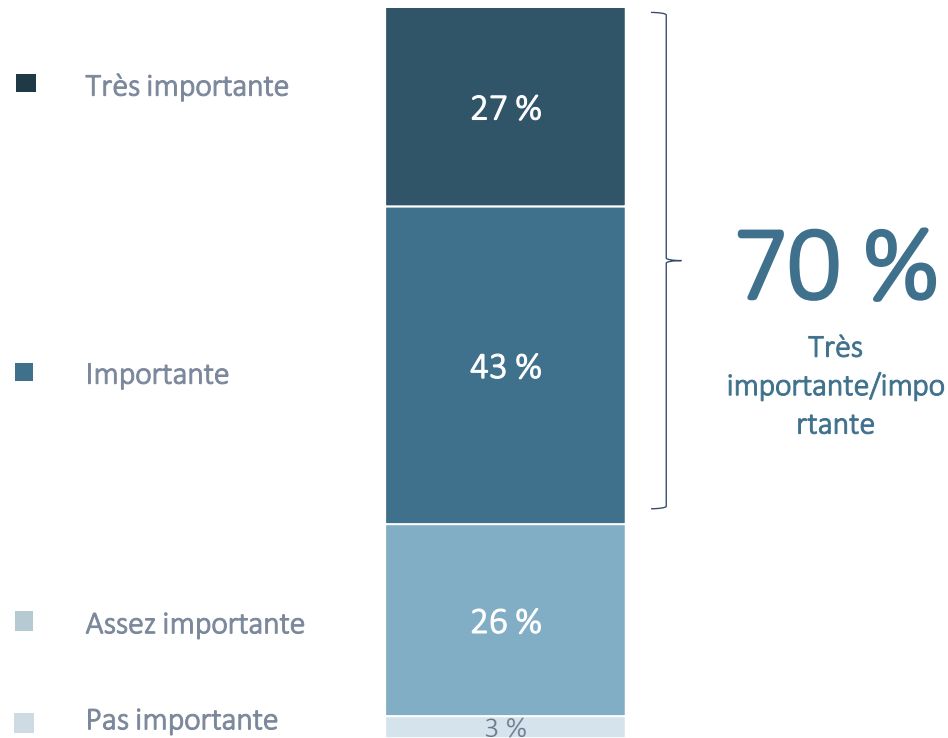
▪ « A summary which is easier to read » = « Un résumé plus facile à lire »

70 % déclarent que la connaissance des changements matériels est importante/très importante dans la surveillance de leurs fonds

26 % déclarent que cela est plutôt important.

Connaissance des changements matériels - 2 premières cases (Très importante/importante)

Question (B13): Des changements matériels sont apportés occasionnellement aux objectifs de placement du fonds, aux risques, aux frais, à la gestion du portefeuille et à d'autres informations. Est-ce qu'une connaissance de ces changements matériels est importante dans la surveillance de vos fonds?



42 % des investisseurs trouvent le RDRF et les États financiers difficiles à comprendre.

Question (B3) : À quel point sont-ils faciles ou difficiles à comprendre?



42 %

Difficiles à comprendre (NET)

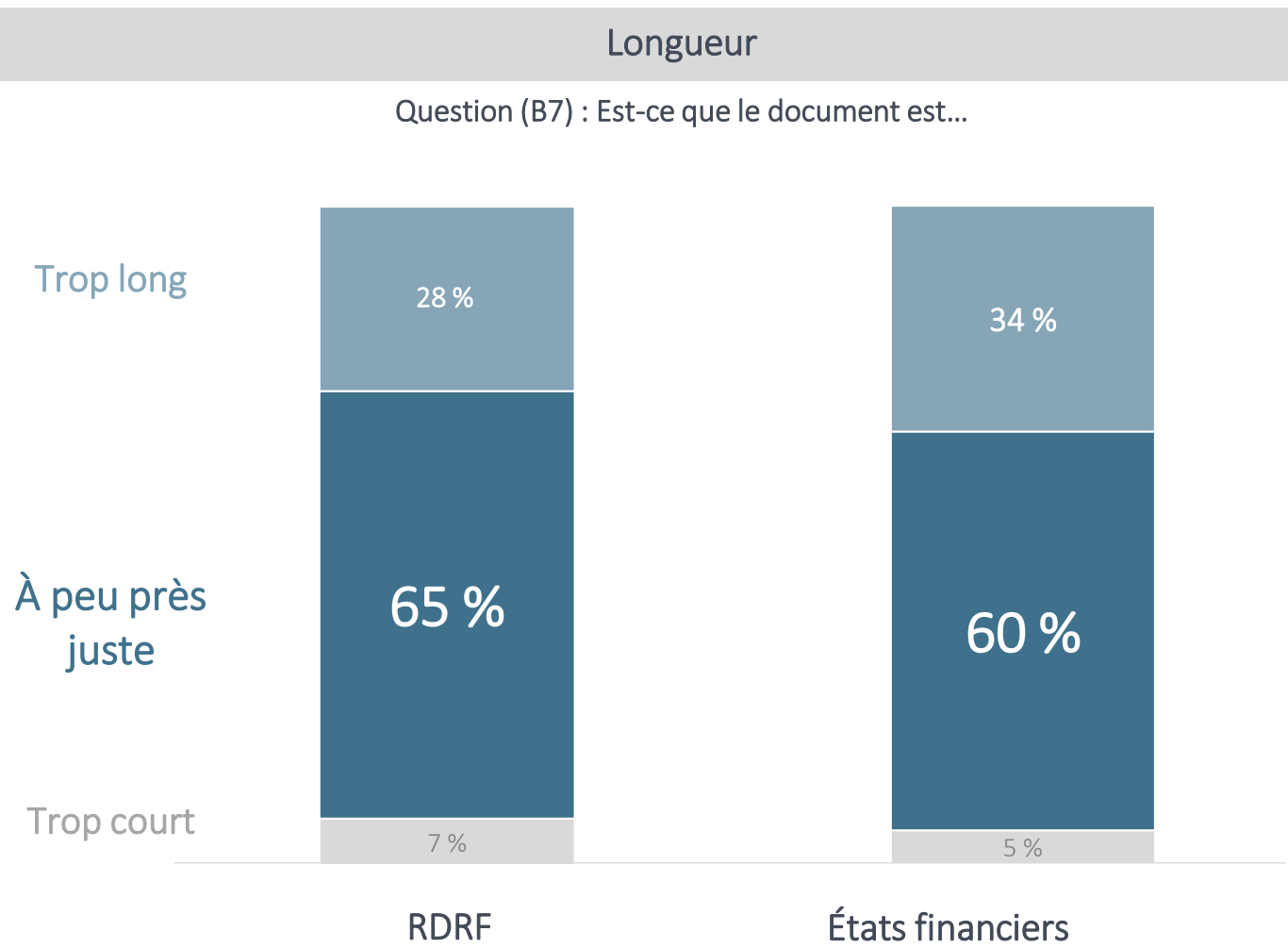
Différences significatives selon les segments démographiques*

Ceux qui ont des niveaux d'éducation inférieurs, des revenus inférieurs ou sont plus âgés les trouvent plus difficiles à comprendre.

Base : propriétaires de fonds communs de placement et de FNB qui connaissent le RDRF (n=1 116). Différences dues aux arrondis. * Voir l'annexe pour les différences entre les segments démographiques (diapositive 38).

60 % ou plus disent que le RDRF et les États financiers sont de la bonne longueur.

28 % ou plus disent qu'ils sont trop longs.



Base : tous les propriétaires de fonds communs de placement et de FNB (n=1 691). Différences dues aux arrondis.

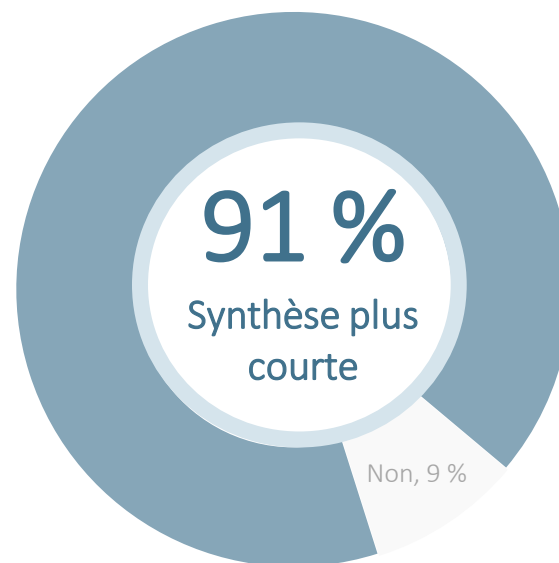
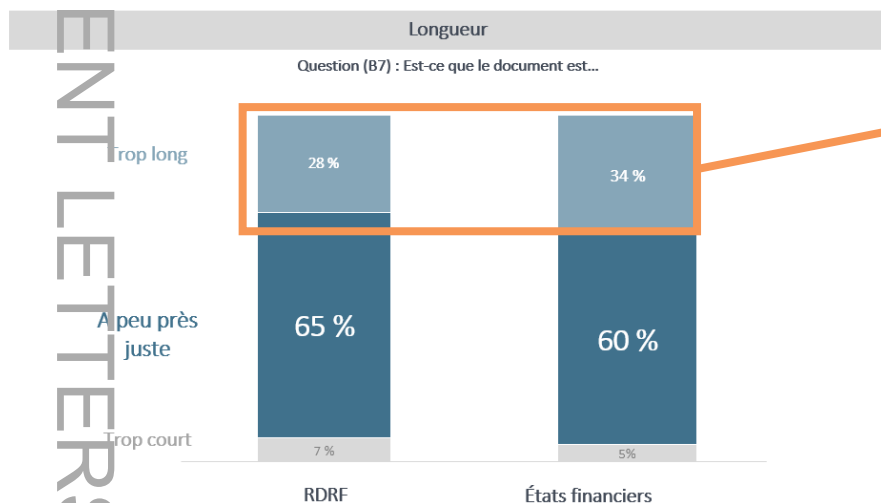
Parmi ceux qui les trouvent trop longs, 91 % préféreraient des documents de synthèse plus courts, avec plus d'information en ligne.

Préfèrent une synthèse plus courte

Question (B8 – Base réduite, ceux qui pensent que les documents du RDRF ou des États financiers sont trop longs, n=735) : Préférez-vous des documents de synthèse plus courts, avec plus d'information en ligne?

60 % ou plus disent que le RDRF et les États financiers sont de la bonne longueur.

28 % ou plus disent qu'ils sont trop longs.



Base : tous les propriétaires de fonds communs de placement et de FNB (n=1 691).
Différences dues aux arrondis.

Base : tous les propriétaires de fonds communs de placement et de FNB (n=1 691).

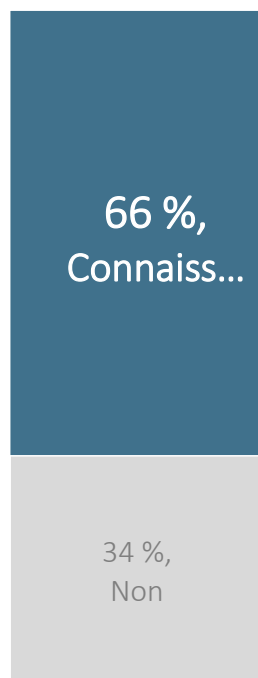
Connaissance : RDRF et RG

66 % des investisseurs de fonds/FNB **connaissent** les RDRF et les États financiers.

60 % se souviennent avoir reçu un rappel annuel pour réclamer des copies des documents.

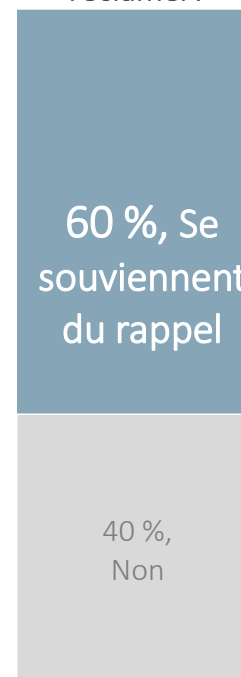
Connaissance du RDRF

Question (B1) : Connaissez-vous ces documents de divulgation?



Se souviennent du rappel

Question (B9) : Les fonds doivent vous rappeler une fois par année que vous pouvez réclamer des copies gratuites de ces documents de divulgation. Au cours des 12 derniers mois, vous souvenez-vous d'avoir été informé(e) que vous pouviez les réclamer?



Différences significatives entre les segments démographiques*

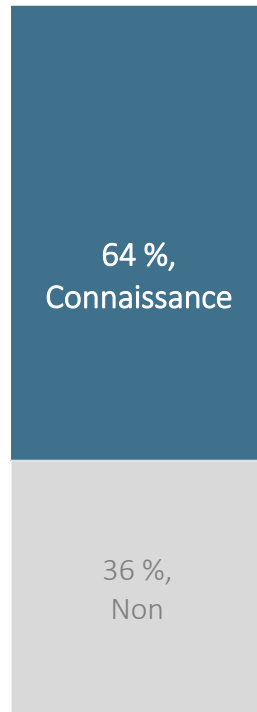
Connaissance plus élevée observée chez les investisseurs ayant les niveaux les plus élevés d'éducation, de revenu ou d'actifs, **et connaissance plus faible chez les investisseurs moins instruits, ayant un revenu ou des actifs inférieurs.**

64 % des investisseurs en actions **connaissent** les RG et les États financiers.

58 % se souviennent avoir reçu un rappel annuel pour réclamer des copies des documents.

Connaissent le RG

Question (C1) : Connaissez-vous ces documents de divulgation?



Se souviennent du rappel

Question (C2) : Les compagnies doivent vous rappeler une fois par année que vous pouvez réclamer des copies gratuites de ces documents de divulgation. Au cours des 12 derniers mois, vous souvenez-vous d'avoir été informé(e) que vous pouviez les réclamer?



Différences significatives entre les segments démographiques*

Connaissance plus élevée chez les investisseurs ayant les niveaux les plus élevés d'éducation, de revenu ou d'actifs, **et connaissance plus faible chez les investisseurs moins instruits, ayant un revenu ou des actifs inférieurs.**

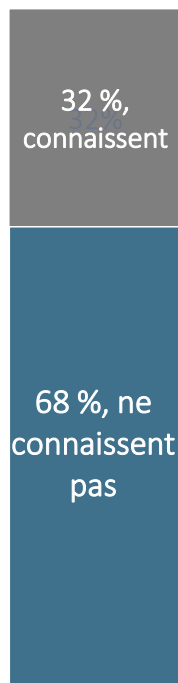
Connaissance : SÉDAR

INCLUDES COMMENT LETTERS REC

82 % des investisseurs ne connaissent pas SÉDAR ou ne l'utilisent pas.

Connaissance de SÉDAR

Question (Q1) : Connaissez-vous SÉDAR?



Connaissance et utilisation de SÉDAR

Question (Q2) : Avez-vous utilisé le SÉDAR pour obtenir et consulter des documents de divulgation mis à jour concernant vos placements?

- Connaît et utilise
- Connaît mais n'utilise pas
- Ne connaît pas



82 %
Ne connaissent pas ou n'utilisent pas

Différences significatives entre les segments*

Il y a une plus grande connaissance parmi ceux qui ont un revenu, un patrimoine ou une éducation plus élevés; et une connaissance moindre chez les investisseurs ayant moins de revenus, moins de patrimoine, moins d'éducation ou qui sont des personnes âgées.

Base : tous les investisseurs (n=2 004). * Voir l'annexe pour les différences entre les segments démographiques (diapositives 39 à 40).

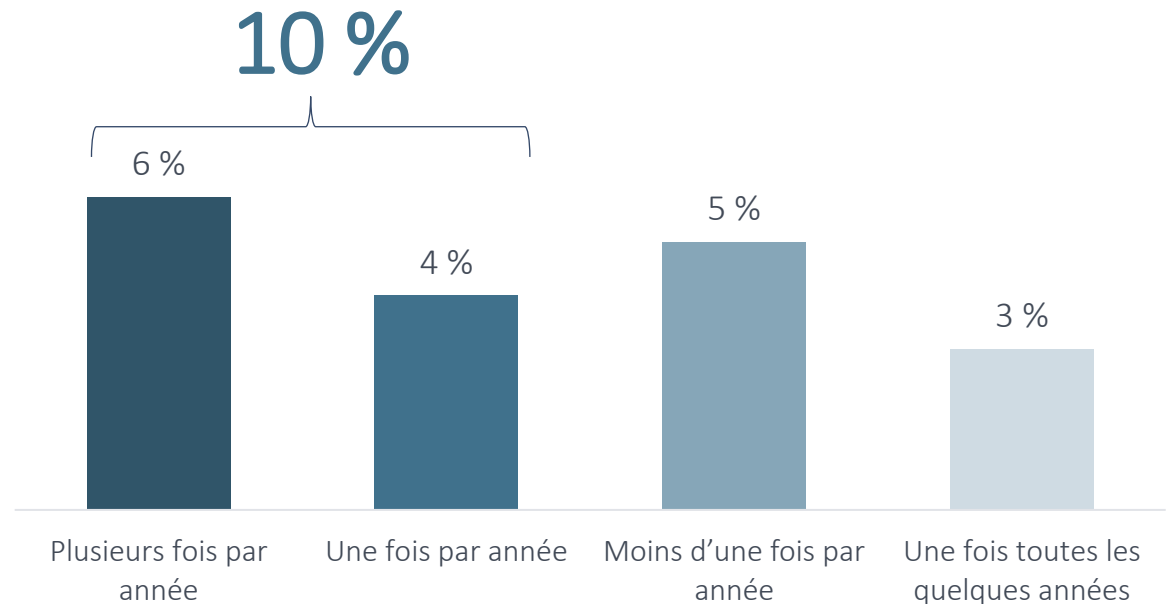
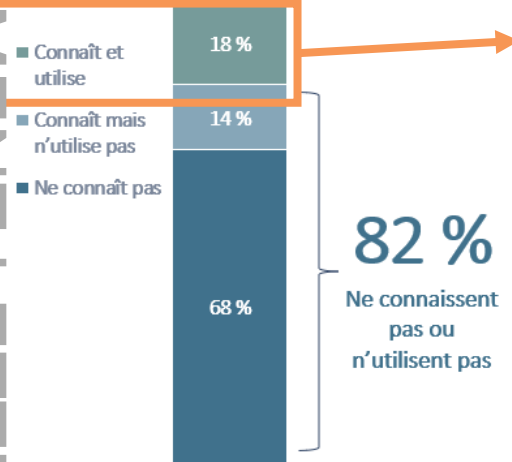
Seulement 10 % des investisseurs utilisent SÉDAR une fois par an ou plus.

Fréquence d'utilisation

Question (Q3) (Base réduite, ceux qui ont utilisé SÉDAR n=362) : : À quelle fréquence utilisez-vous le SÉDAR pour obtenir et consulter des documents de divulgation mis à jour concernant vos placements?

Connaissance et utilisation de SÉDAR

Question (Q2) : Avez-vous utilisé le SÉDAR pour obtenir et consulter des documents de divulgation mis à jour concernant vos placements?

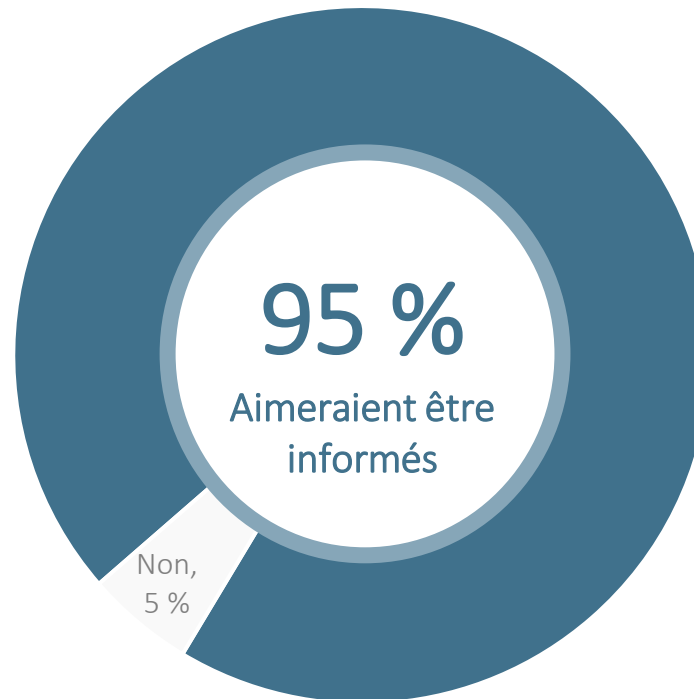


Préférences de livraison : RDRF

95 % des investisseurs de fonds souhaitent être informés lorsque des documents mis à jour sont disponibles.

Notification

Question (B12) : Aimeriez-vous être informé(e) quand des documents mis à jour sont disponibles?

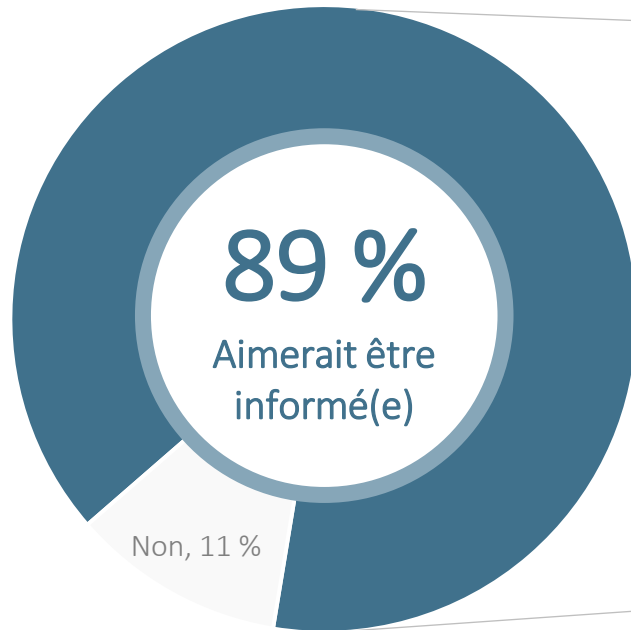


89 % souhaitent être informés des changements matériels apportés à leurs fonds.

71 % aimeraient recevoir les changements soulignés, tandis que 29 % souhaitent voir uniquement l'information qui a changé.

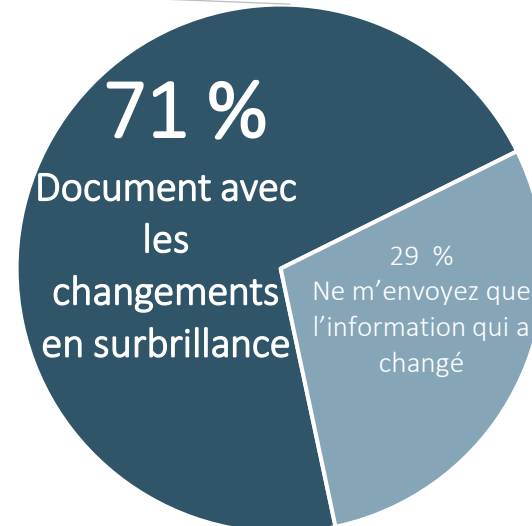
Notification sur les changements

Question (B14) : Souhaiteriez-vous être informé(e) lorsque des changements matériels surviennent à vos fonds?



Notification préférée

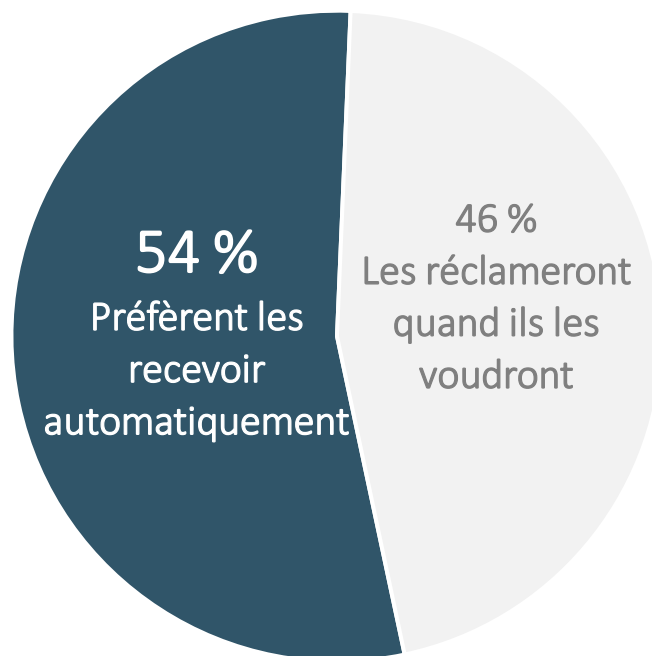
Question (B15) – base réduite, ceux qui aimeraient être informés des changements, n=1 507) : Que préféreriez-vous?



54 % des investisseurs de fonds souhaitent que les documents leur soient envoyés automatiquement.

Préférence de livraison

Question (B10) : Si vous ne réclamez pas ces documents de divulgation, vous ne les recevrez pas. Veuillez indiquer votre préférence :



Parmi les investisseurs de fonds qui déclarent réclamer des documents, 66 % préfèrent les recevoir par courriel (80 % par combinaison entre courrier et courriel).

Mode de livraison préféré

Question (B11 – base réduite, ceux qui préfèrent réclamer les documents, n=775) : Comment préféreriez-vous recevoir la lettre de rappel?

■ Par courriel

66 %

■ Une combinaison de courrier et de courriel

14 %

■ Par courrier

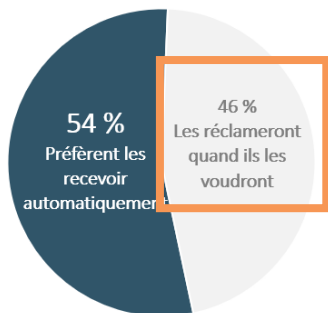
20 %

80 %
Combinaison
courrier/
courriel

54 % des investisseurs de fonds souhaitent que les documents leur soient envoyés automatiquement.

Préférence de livraison

Question (B10) : Si vous ne réclamez pas ces documents de divulgation, vous ne les recevrez pas. Veuillez indiquer votre préférence :



Base : tous les propriétaires de fonds communs de placement et de FNB (n=1 691). Voir l'annexe pour les différences entre les segments démographiques (diapositive 43).

Différences significatives entre les segments démographiques*

Les jeunes investisseurs préfèrent recevoir les documents mis à jour par courriel, tandis que les investisseurs plus âgés préfèrent recevoir l'information par courrier à des tarifs plus élevés.

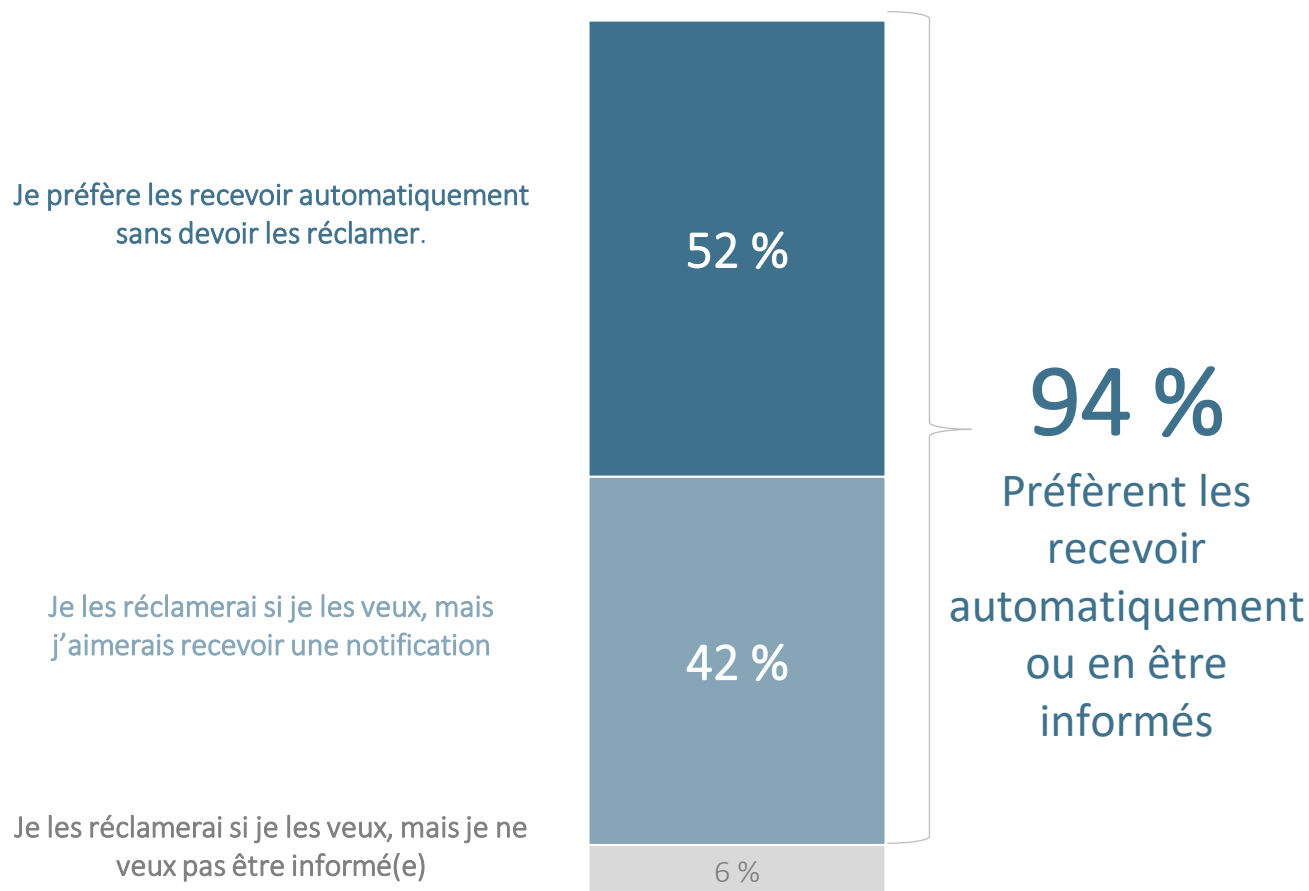
Préférences de livraison : RG et documents de sollicitation de procurations

94 % des investisseurs en actions déclarent préférer recevoir les RG et les États financiers automatiquement ou être informés des documents mis à jour.

RG - Notification préférée

Question (C3) : Si vous ne réclamez pas ces documents de divulgation, vous ne les recevrez pas. Veuillez indiquer votre préférence :

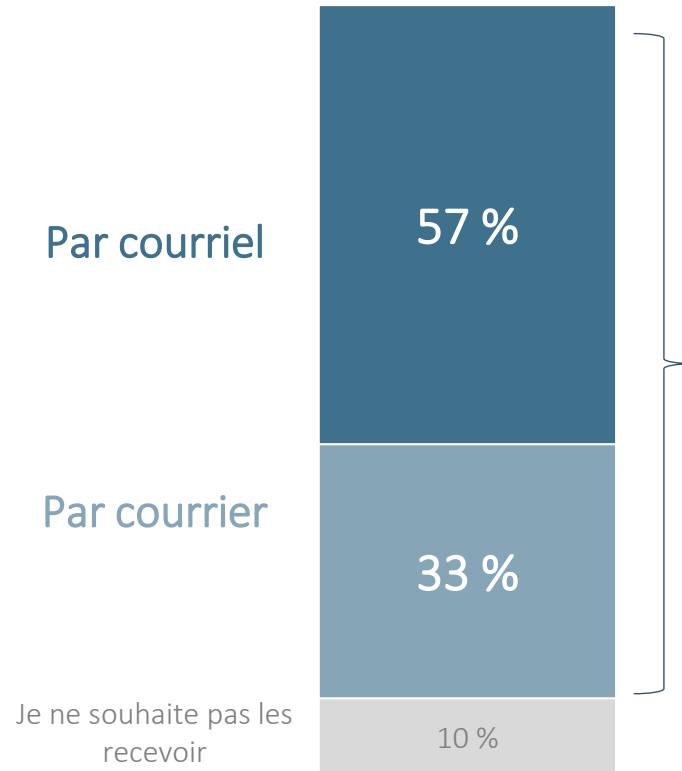
Question (C4) : Aimeriez-vous être informé(e) quand des documents mis à jour sont disponibles?



90 % des investisseurs en actions souhaitent recevoir des documents de sollicitation de procurations.

Documents de sollicitation de procurations - Mode de livraison préféré

Question (D1) : Comment préférez-vous recevoir vos documents de sollicitation de procurations et vos bulletins de vote?



90 %

Souhaitent recevoir les documents de sollicitation de procurations

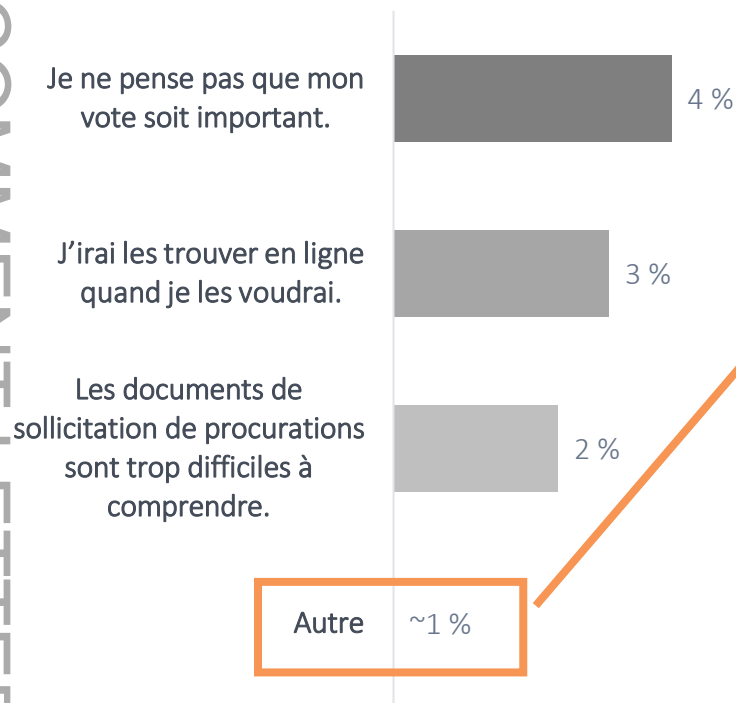
Différences significatives entre les segments démographiques*

Les jeunes investisseurs préfèrent recevoir les documents de sollicitation de procurations par courriel. Alors que les répondants plus âgés préfèrent les recevoir par la poste à des tarifs plus élevés que les jeunes investisseurs.

... seulement 10 % ne souhaitent pas recevoir de documents de sollicitation de procurations. Les raisons...

Raisons de ne pas souhaiter recevoir les documents

Question (D2) : (tous les propriétaires d'actions) Vous avez indiqué ne pas souhaiter recevoir les documents de sollicitation de procurations et les bulletins de vote. Veuillez choisir la raison qui explique le mieux votre décision.



Commentaires textuels (à titre indicatif)*

- « *Petit investisseur* »
- « *Mon courtier s'en occupe* »
- « *Mon conseiller le fait* »
- « *Je fais surtout des opérations de spéculation sur séance, donc cela n'est pas pertinent* »
- « *Je trouve que c'est une perte de temps et de papier* »
- « *Je ne vote pas, je ne suis pas intéressé(e)* »
- « *Je ne suis pas actionnaire avec droit de vote* »

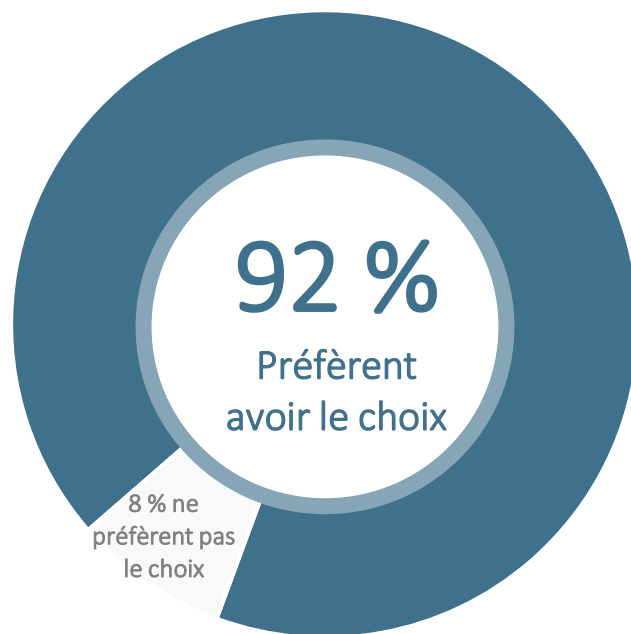
Confidentialité/choix

INCLUDES COMMENT LETTERS REQ

92 % des investisseurs souhaitent avoir le **choix** de partager ou non leurs renseignements personnelles avec les sociétés émettrices et les tiers.

Préférence de règle

Question (E1) : En vertu des règles actuelles, les investisseurs peuvent décider si leur firme de courtage peut partager leur nom, leur adresse, leur adresse de courriel et leur participation avec les compagnies et les fonds dans lesquels ils investissent, et avec leurs solliciteurs de procurations. En vertu d'une règle proposée, les investisseurs n'auraient plus le choix concernant le partage de leurs informations personnelles. Veuillez indiquer quelle règle vous préférez. Je préfère les règles actuelles qui me donnent un choix. Je préfère la règle proposée où je n'aurais plus de choix.

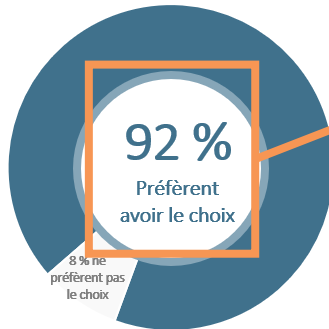


Face à ce choix, 54 % des investisseurs ne souhaitent pas que leurs renseignements personnelles soient partagées.

92 % des investisseurs souhaitent avoir le **choix** de partager ou non leurs informations personnelles avec les sociétés émettrices et les tiers.

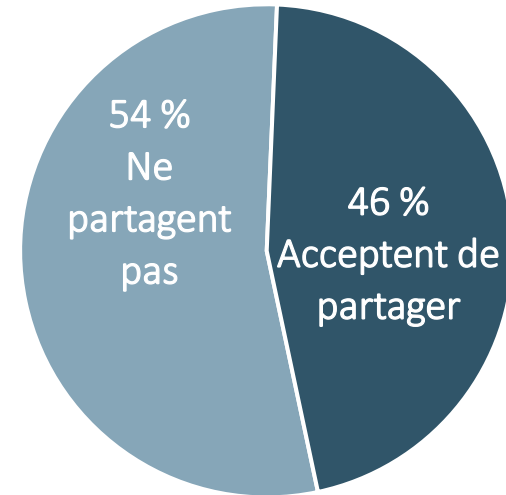
Préférence de règle

Question (E1) : En vertu des règles actuelles, les investisseurs peuvent décider si leur firme de courtage peut partager leur nom, leur adresse, leur adresse de courriel et leur participation avec les compagnies et les fonds dans lesquels ils investissent, et avec leurs courtiers de procurations. En vertu d'une règle proposée, les investisseurs n'auraient plus le choix concernant le partage de leurs informations personnelles. Veuillez indiquer quelle règle vous préférez. Je préfère les règles actuelles qui me donnent un choix. Je préfère la règle proposée où je n'aurais plus de choix.



Préférence de partage d'informations

Question (E2 – base réduite, ceux qui préfèrent avoir le choix, n=1 837) : Vous avez indiqué que vous préférez avoir un choix. Face à ce choix, veuillez indiquer votre préférence.



Différences significatives entre les segments démographiques*

Les investisseurs plus âgés et les personnes avec un handicap sont plus susceptibles d'être préoccupés par le partage de leurs informations personnelles.

1

**Résultats
principaux**

2

**Résultats
détaillés**

3

**Différences
démographiques
dans les
résultats**

- Âge
- Éducation
- Revenu
- Patrimoine
- Invalidité

4

Annexe

Les personnes ayant un niveau de scolarité inférieur, un revenu inférieur ou un âge plus avancé sont plus susceptibles de trouver **le RDRF et les États financiers** difficiles à comprendre.

INCLUDES COMMENT L'ÉTAT DES REVENUS

Difficiles (très/assez)

Difficiles (très/assez)

Base : propriétaires de fonds communs de placement et de FNB qui connaissent le RDRF (n=1 116).
 * Attention : tailles de base petites, à voir uniquement à titre directionnel.

Significativement **supérieur(e)** à celui/celle de(s) sous-groupe(s) à un seuil de confiance de 90 %.

Compréhension (très/assez difficiles à comprendre)

Question (B3) : À quel point sont-ils faciles ou difficiles à comprendre?

| Âge | | | | | Revenu du ménage | | | | |
|-------------|-------------|-------------|-------------|----------------|--------------------|---------------------------------|----------------------------------|----------------------------------|--------------------|
| 18 à 34 ans | 35 à 44 ans | 45 à 54 ans | 55 à 64 ans | 65 ans ou plus | Moins de 50 000 \$ | 50 000 \$ à moins de 100 000 \$ | 100 000 \$ à moins de 150 000 \$ | 150 000 \$ à moins de 220 000 \$ | 220 000 \$ ou plus |
| Base 249 | 260 | 208 | 221 | 178 | 225 | 374 | 285 | 163 | 69 |
| 27 % | 41 % | 38 % | 49 % | 59 % | 46 % | 43 % | 41 % | 38 % | 33 % |

| Éducation | | | | | |
|--|--|--|-------------------|---------------------------------|------------------------------|
| Études secondaires non complétées ou moins | Diplôme d'études secondaires ou certificat d'équivalence | Certaines études universitaires - pas de diplôme | Diplôme collégial | Diplôme d'études universitaires | Diplôme d'études supérieures |
| Base 11* | 110 | 116 | 207 | 455 | 217 |
| 45 % | 45 % | 53 % | 44 % | 41 % | 35 % |

Il y a une connaissance moindre de SÉDAR parmi les investisseurs plus âgés et ceux dont le revenu ou le patrimoine ou le niveau d’instruction sont inférieurs.

Connaissance de SÉDAR

Question (Q1) : Connaissez-vous SÉDAR?

| | Revenu du ménage | | | | | Actifs à investir du ménage | | | | | | |
|------|--------------------|---------------------------------|----------------------------------|----------------------------------|--------------------|-----------------------------|--------------------------------|---------------------------------|----------------------------------|----------------------------------|------------------------------------|----------------------|
| | | | | | | | | | | | | |
| | Moins de 50 000 \$ | 50 000 \$ à moins de 100 000 \$ | 100 000 \$ à moins de 150 000 \$ | 150 000 \$ à moins de 220 000 \$ | 220 000 \$ ou plus | Moins de 10 000 \$ | 10 000 \$ à moins de 25 000 \$ | 25 000 \$ à moins de 100 000 \$ | 100 000 \$ à moins de 250 000 \$ | 250 000 \$ à moins de 500 000 \$ | 500 000 \$ à moins de 1 000 000 \$ | 1 000 000 \$ ou plus |
| Base | 487 | 661 | 499 | 257 | 100 | 84 | 123 | 542 | 550 | 320 | 227 | 158 |
| Oui | 24 % | 31 % | 35 % | 34 % | 47 % | 20 % | 23 % | 26 % | 31 % | 35 % | 41 % | 48 % |
| Non | 76 % | 69 % | 65 % | 66 % | 53 % | 80 % | 77 % | 74 % | 69 % | 65 % | 59 % | 52 % |

| | Âge | | | | | Éducation | | | | | |
|------|-------------|-------------|-------------|-------------|----------------|--|--|--|-------------------|---------------------------------|------------------------------|
| | | | | | | | | | | | |
| | 18 à 34 ans | 35 à 44 ans | 45 à 54 ans | 55 à 64 ans | 65 ans ou plus | Études secondaires non complétées ou moins | Diplôme d'études secondaires ou certificat d'équivalence | Certaines études universitaires - pas de diplôme | Diplôme collégial | Diplôme d'études universitaires | Diplôme d'études supérieures |
| Base | 457 | 420 | 384 | 408 | 335 | 30* | 213 | 265 | 398 | 767 | 331 |
| Oui | 45 % | 31 % | 29 % | 25 % | 27 % | 30 % | 21 % | 29 % | 25 % | 34 % | 44 % |
| Non | 55 % | 69 % | 71 % | 75 % | 73 % | 70 % | 79 % | 71 % | 75 % | 66 % | 56 % |

Base : tous les investisseurs (n=2 004).

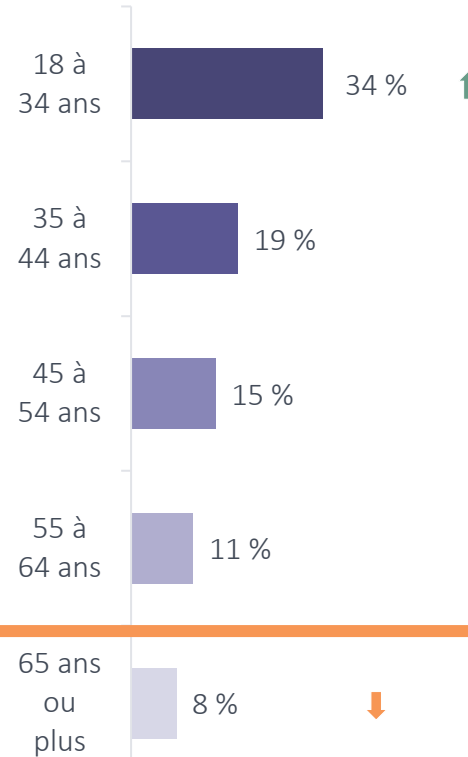
* Attention : tailles de base petites, à voir uniquement à titre directionnel.

 Connaissance significativement **supérieure** à celle de(s) sous-groupe(s) à un seuil de confiance de 90 %.
 Connaissance significativement **inférieure** à celle de(s) sous-groupe(s) à un seuil de confiance de 90 %.

34 % des investisseurs jeunes ont utilisé SÉDAR; alors que seulement 8 % des investisseurs plus âgés l'ont utilisé.

Utilisation de SÉDAR par groupe d'âge - % Oui

Question (Q2) : Avez-vous utilisé le SÉDAR pour obtenir et consulter des documents de divulgation mis à jour concernant vos placements?



Base : tous les investisseurs (n=2 004).

Significativement supérieur(e)/inférieur(e) à celui/celle de(s) sous-groupe(s) à un seuil de confiance de 90 %.

Il y a une connaissance moindre des RDRF et des États financiers parmi les investisseurs ayant un niveau de scolarité, un revenu ou des actifs inférieurs.

Connaissance des documents des RDRF et du formulaire de demande

Question (B1) : Connaissez-vous ces documents de divulgation?

Question (B9) : Les fonds doivent vous rappeler une fois par année que vous pouvez réclamer des copies gratuites de ces documents de divulgation. Au cours des 12 derniers mois, vous souvenez-vous d'avoir été informé(e) que vous pouviez les réclamer?

| | Revenu du ménage | | | | | Actifs à investir du ménage | | | | | | |
|---|--------------------|---------------------------------|----------------------------------|----------------------------------|--------------------|-----------------------------|--------------------------------|---------------------------------|----------------------------------|----------------------------------|------------------------------------|----------------------|
| | Moins de 50 000 \$ | 50 000 \$ à moins de 100 000 \$ | 100 000 \$ à moins de 150 000 \$ | 150 000 \$ à moins de 220 000 \$ | 220 000 \$ ou plus | Moins de 10 000 \$ | 10 000 \$ à moins de 25 000 \$ | 25 000 \$ à moins de 100 000 \$ | 100 000 \$ à moins de 250 000 \$ | 250 000 \$ à moins de 500 000 \$ | 500 000 \$ à moins de 1 000 000 \$ | 1 000 000 \$ ou plus |
| Base | 371 | 556 | 442 | 228 | 94 | 50* | 89 | 449 | 477 | 287 | 200 | 139 |
| Connaissance - % Oui | 61 % | 67 % | 64 % | 71 % | 73 % | 52 % | 61 % | 60 % | 66 % | 70 % | 72 % | 79 % |
| Se souviennent du formulaire de demande - % Oui | 55 % | 60 % | 58 % | 65 % | 71 % | 44 % | 48 % | 56 % | 56 % | 62 % | 71 % | 75 % |

| | Éducation | | | | | |
|---|--|--|--|-------------------|---------------------------------|------------------------------|
| | Études secondaires non complétées ou moins | Diplôme d'études secondaires ou certificat d'équivalence | Certaines études universitaires - pas de diplôme | Diplôme collégial | Diplôme d'études universitaires | Diplôme d'études supérieures |
| Base | 20* | 174 | 210 | 326 | 666 | 295 |
| Connaissance - % Oui | 55 % | 63 % | 55 % | 63 % | 68 % | 74 % |
| Se souviennent du formulaire de demande - % Oui | 65 % | 51 % | 55 % | 58 % | 61 % | 67 % |

— Significativement supérieur(e) à celui/celle de(s) sous-groupe(s) à un seuil de confiance de 90 %.

— Significativement inférieur(e) à celui/celle de(s) sous-groupe(s) à un seuil de confiance de 90 %.

Base : tous les propriétaires de fonds communs de placement et de FNB (n=1 691).

* Attention : tailles de base petites, à voir uniquement à titre directionnel.

Il y a une connaissance moindre des RG et des États financiers parmi les investisseurs ayant un niveau de scolarité, un revenu ou des actifs inférieurs.

Connaissance des documents du RG et du rappel

Question (C1) : Connaissez-vous ces documents de divulgation?

Question (C2) : Les compagnies doivent vous rappeler une fois par année que vous pouvez réclamer des copies gratuites de ces documents de divulgation. Au cours des 12 derniers mois, vous souvenez-vous d'avoir été informé(e) que vous pouviez les réclamer?

| | Revenu du ménage | | | | | Actifs à investir du ménage | | | | | | |
|----------------------------------|--|--|--|----------------------------------|---------------------------------|------------------------------|--------------------------------|---------------------------------|----------------------------------|----------------------------------|------------------------------------|----------------------|
| | Moins de 50 000 \$ | 50 000 \$ à moins de 100 000 \$ | 100 000 \$ à moins de 150 000 \$ | 150 000 \$ à moins de 220 000 \$ | 220 000 \$ ou plus | Moins de 10 000 \$ | 10 000 \$ à moins de 25 000 \$ | 25 000 \$ à moins de 100 000 \$ | 100 000 \$ à moins de 250 000 \$ | 250 000 \$ à moins de 500 000 \$ | 500 000 \$ à moins de 1 000 000 \$ | 1 000 000 \$ ou plus |
| Base | 266 | 405 | 331 | 183 | 78 | 45* | 70 | 316 | 337 | 196 | 169 | 130 |
| Connaissance - % Oui | 54 % | 63 % | 69 % | 66 % | 81 % | 40 % | 51 % | 58 % | 63 % | 67 % | 73 % | 82 % |
| Se souviennent du rappel - % Oui | 53 % | 58 % | 58 % | 62 % | 65 % | 33 % | 53 % | 53 % | 58 % | 57 % | 66 % | 72 % |
| | Éducation | | | | | | | | | | | |
| | Études secondaires non complétées ou moins | Diplôme d'études secondaires ou certificat d'équivalence | Certaines études universitaires - pas de diplôme | Diplôme collégial | Diplôme d'études universitaires | Diplôme d'études supérieures | | | | | | |
| Base | 17* | 118 | 151 | 232 | 518 | 227 | | | | | | |
| Connaissance - % Oui | 41 % | 54 % | 54 % | 60 % | 68 % | 73 % | | | | | | |
| Se souviennent du rappel - % Oui | 47 % | 53 % | 54 % | 53 % | 60 % | 65 % | | | | | | |

Significativement **supérieur(e)** à celui/celle de(s) sous-groupe(s) à un seuil de confiance de 90 %.

Significativement **inférieur(e)** à celui/celle de(s) sous-groupe(s) à un seuil de confiance de 90 %.

Base : tous les propriétaires d'actions (n=1 263).

* Attention : tailles de base petites, à voir uniquement à titre directionnel.

Les investisseurs jeunes, ceux dont les revenus ou les actifs à investir sont plus faibles, les minorités ou les personnes avec un handicap ont une préférence plus élevée de recevoir automatiquement les RDRF et les États financiers.

Préférences de livraison des RDRF

Question (B10) : Si vous ne réclamez pas ces documents de divulgation, vous ne les recevrez pas. Veuillez indiquer votre préférence :

| | Âge | | | | | Identité ethnique | | | | | | Invalidité | |
|--|-------------|-------------|-------------|-------------|----------------|-------------------|---------------|---------|----------|------------|-------|------------|------|
| | 18 à 34 ans | 35 à 44 ans | 45 à 54 ans | 55 à 64 ans | 65 ans ou plus | Asiatique | Caucasien(ne) | Noir(e) | Indigène | Hispanique | Autre | Oui | Non |
| | Base | | | | | | | | | | | | |
| | 373 | 379 | 335 | 349 | 255 | 360 | 1166 | 59* | 17* | 21* | 45* | 173 | 1496 |
| Préfèrent les recevoir automatiquement | 67 % | 59 % | 53 % | 47 % | 40 % | 56 % | 53 % | 71 % | 59 % | 52 % | 60 % | 67 % | 53 % |
| En feront la demande | 33 % | 41 % | 47 % | 53 % | 60 % | 44 % | 47 % | 29 % | 41 % | 48 % | 40 % | 33 % | 47 % |

Base : tous les propriétaires de fonds communs de placement et de FNB (n=1 691).
* Attention : tailles de base petites, à voir uniquement à titre directionnel.

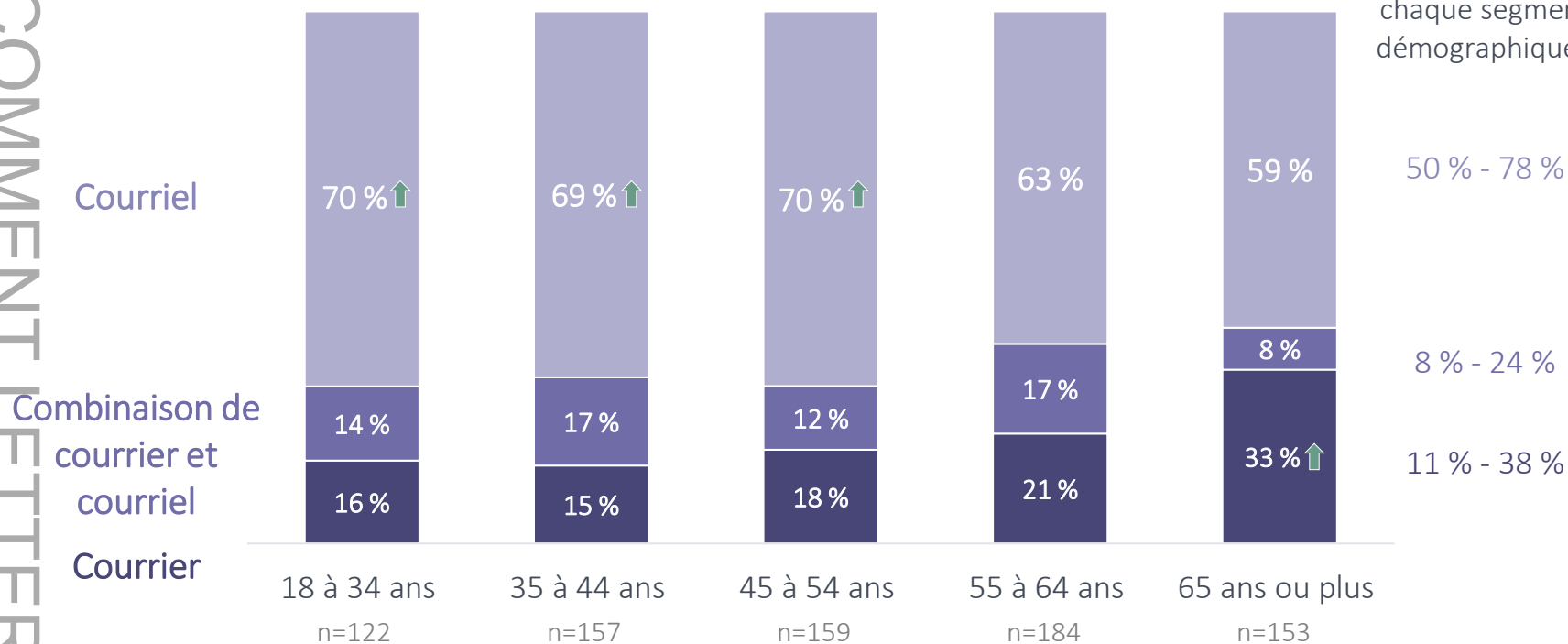
■ Significativement supérieur(e) à celui/celle de(s) sous-groupe(s) à un seuil de confiance de 90 %.

Les investisseurs de moins de 55 ans préfèrent recevoir les **documents des RDRF mis à jour par courriel**, tandis que les investisseurs de plus de 55 ans préfèrent les recevoir par la poste à des tarifs plus élevés que les investisseurs plus jeunes.

Méthode de livraison préférée des RDRF par groupe d'âge

Question (B11) – base réduite, ceux qui préfèrent réclamer les documents, n=775 :
Comment préféreriez-vous recevoir la lettre de rappel?

Gamme de moyennes pour chaque segment démographique*



Base : tous les propriétaires de fonds communs de placement et de FNB (n=1 691).

* Les segments incluent l'âge, le revenu, le patrimoine, le sexe et l'éducation.

↑ Significativement **supérieur(e)** à celui/celle de(s) sous-groupe(s) à un seuil de confiance de 90 %.

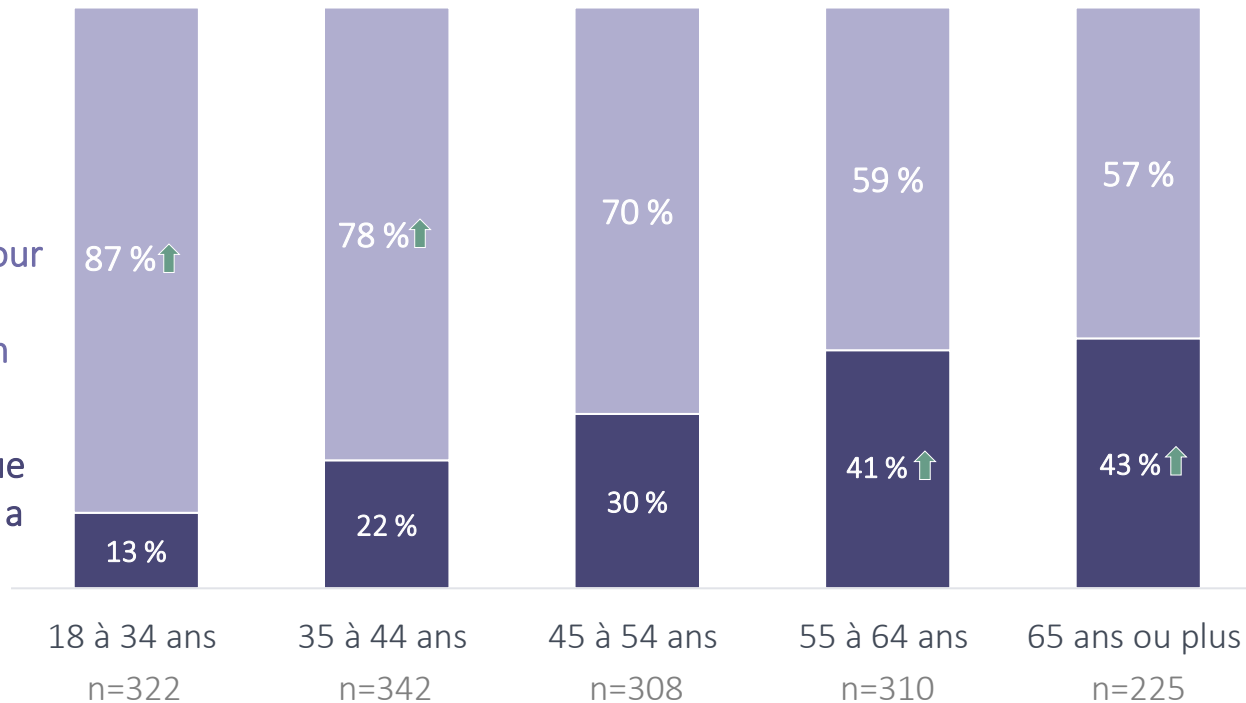
Les investisseurs jeunes préfèrent recevoir les changements soulignés dans le RDRF, tandis que les investisseurs plus âgés sont plus susceptibles de préférer recevoir uniquement l'information qui a changé.

Notification préférée des changement du RDRF

Question (B15) – Que préféreriez-vous?

Gamme de moyennes pour chaque segment démographique*

Document mis à jour avec les changements en surbrillance
Ne m'envoyez que l'information qui a changé



47 % - 87 %

13 % - 53 %

Base : propriétaires de fonds communs de placement et de FNB qui souhaitent recevoir des notifications concernant les changements (n=1 507).

* Les segments incluent l'âge, le revenu, le patrimoine, le sexe et l'éducation.

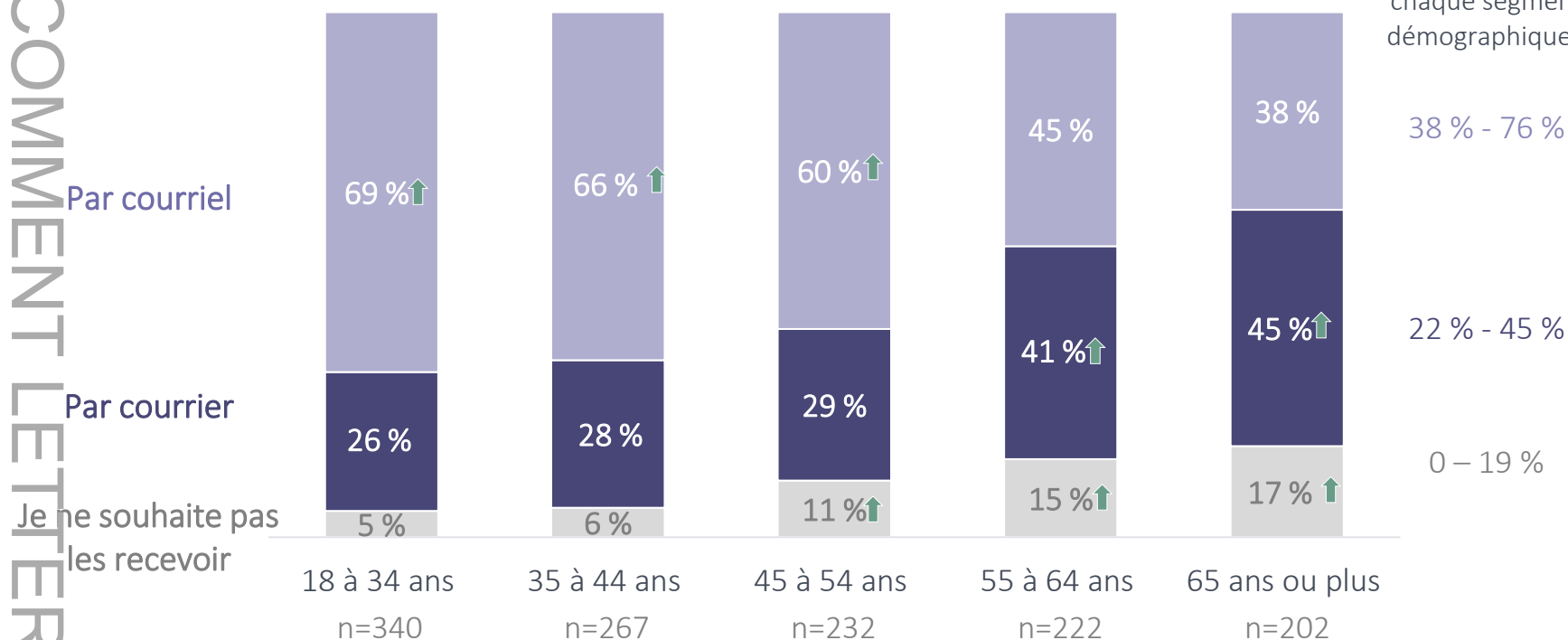
↑ Significativement supérieur(e) à celui/celle de(s) sous-groupe(s) à un seuil de confiance de 90 %.

Les investisseurs jeunes préfèrent recevoir les **documents de sollicitation de procurations par courriel**, tandis que les répondants plus âgés préfèrent les recevoir par la poste à des tarifs plus élevés que pour les investisseurs jeunes.

Documents de sollicitation de procurations - préférence de livraison

Question (D1) – Comment préférez-vous recevoir vos documents de sollicitation de procurations et vos bulletins de vote?

Gamme de moyennes pour chaque segment démographique*



Base : tous les propriétaires d'actions (n=1 263).

* Les segments incluent l'âge, le revenu, le patrimoine, le sexe et l'éducation.

↑ Significativement **supérieur(e)** à celui/celle de(s) sous-groupe(s) à un seuil de confiance de 90 %.

Les investisseurs plus âgés sont plus susceptibles d'être préoccupés par le partage de leurs renseignements personnelles.

Préférences de confidentialité

Question (E2) : Vous avez indiqué que vous préférez avoir un choix. Face à ce choix, veuillez indiquer votre préférence.

| | | Âge | | | | |
|---|------|-------------|-------------|-------------|-------------|----------------|
| | | 18 à 34 ans | 35 à 44 ans | 45 à 54 ans | 55 à 64 ans | 65 ans ou plus |
| | Base | 418 | 378 | 348 | 380 | 313 |
| Cela ne me gêne pas que ma firme de courtage partage mes informations personnelles avec les compagnies et les fonds dans lesquels j'investis, et avec leurs sollicitateurs de procurations. | | 59 % | 50 % | 42 % | 39 % | 37 % |
| | | 41 % | 50 % | 58 % | 61 % | 63 % |

Base : tous les investisseurs préférant avoir un choix (n=1 837).

* Attention : tailles de base petites, à voir uniquement à titre directionnel.

■ Significativement **supérieur(e)** à celui/celle de(s) sous-groupe(s) à un seuil de confiance de 90 %.

1

**Résultats
principaux**

2

**Résultats
détaillés**

3

**Différences
démographiques
dans les résultats**

4

Annexe

- Méthodologie d'échantillonnage
- Démographie
- Source de l'échantillon
- Documents consultés par les répondants

Méthodologie du sondage

Au total, 2 004 sondages en ligne ont été réalisés auprès d'investisseurs canadiens en actions, fonds communs de placement et FNB du 11 au 20 mai 2021. La marge d'erreur pour cet échantillon est de +/- 3 %. On leur a montré des exemples génériques d'Aperçus de fonds, d'Aperçus de FNB, de rapport de la direction sur le rendement financier (RDRF) et d'États financiers et on leur a posé une série de questions.

Qualités des répondants :

Tous les répondants détiennent actuellement des actions, des fonds communs de placement ou des FNB en dehors des régimes de retraite d'employeur et des régimes enregistrés d'épargne-études. De plus, la sélection des répondants comprenait les critères suivants :

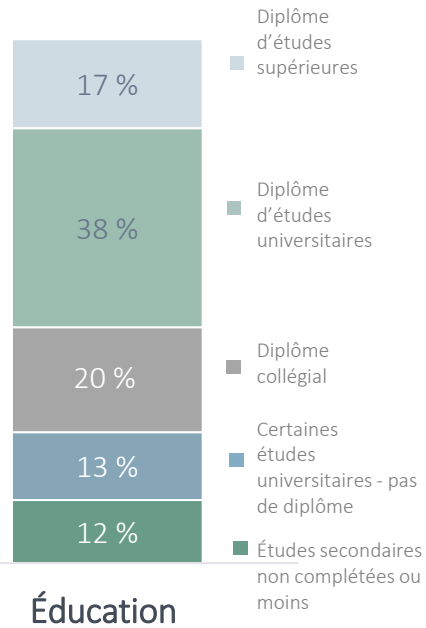
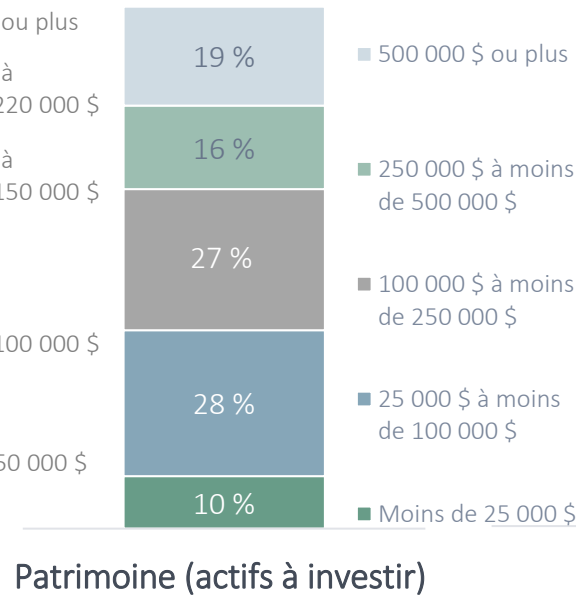
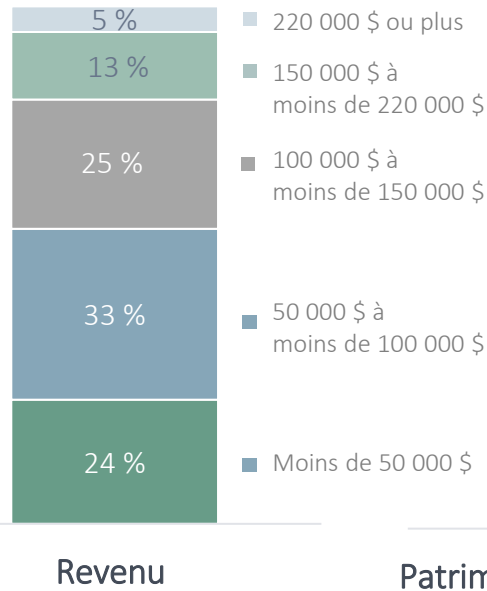
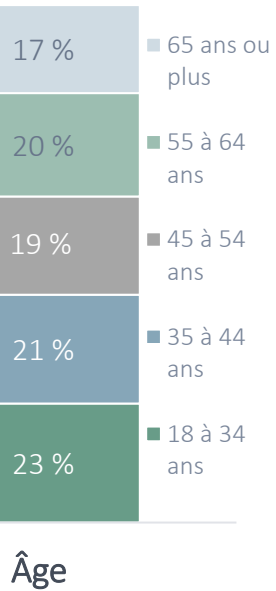
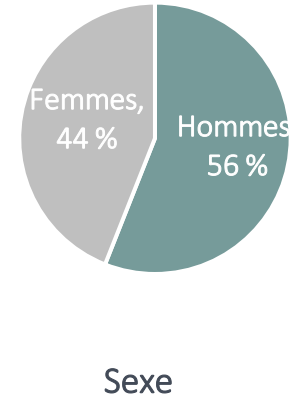
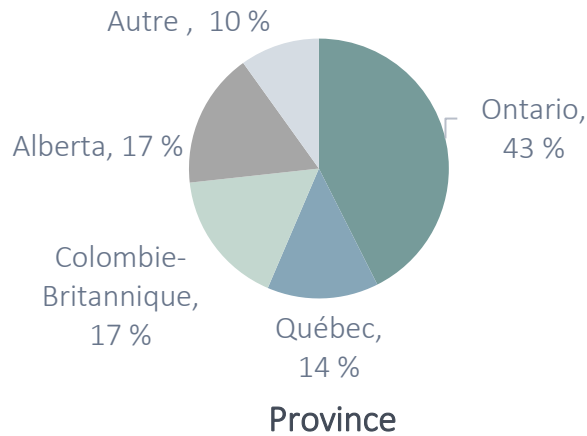
- Au moins 18 ans.
- Responsabilité principale ou partagée de prise de décision concernant les placements dans le ménage.
- Répondants anglophones ou francophones.

Afin de fournir un échantillon représentatif, cette étude a été équilibrée comme suit :

- Les invitations sortantes initiales ont été déployées pour être équilibrées dans le recensement canadien sur la province, le sexe, l'âge et le revenu.
- Les « débuts » de sondage ont été équilibrés par rapport au recensement canadien sur la province, le sexe, l'âge et le revenu.
- Les personnes qualifiées pour répondre au sondage étaient représentatives des investisseurs ayant des actions, des fonds communs de placement et des FNB en dehors des régimes de retraite d'employeur et des régimes enregistrés d'épargne-études.
- Les répondants qui détenaient des fonds communs de placement ou des FNB ont été assignés au hasard pour afficher soit l'échantillon de RDRF annuel, soit l'échantillon de RDRF intermédiaire.
- Les répondants avaient le choix de répondre au sondage en anglais ou en français. Tous les échantillons de divulgation étaient disponibles dans les deux langues.

Démographie

Profil des répondants



Source de répondants

Panel national en ligne Dynata

Dynata est la plus grande plate-forme de données et d'informations de première partie au monde.

Dynata sert près de 6 000 agences d'études de marché, de médias et de publicité, d'éditeurs, de sociétés de conseil et d'investissement et d'entreprises clientes en Amérique du Nord (y compris au Canada), en Amérique du Sud, en Europe et en Asie-Pacifique. Elle compte plus de 44 bureaux dans le monde.

Dynata s'efforce de mélanger de manière optimale nos sources d'échantillons propriétaires en effectuant des tests de comparabilité et en modélisant le mélange qui atteindra la correspondance la plus proche avec le recensement et les références sociales. Elle a une portée qui englobe plus de 60 millions de personnes dans le monde.

Dans le cadre du système global de qualité de la recherche, Dynata surveille la qualité des données grâce à divers contrôles de qualité tels que les limites de participation, les questions de sélection, les empreintes digitales, les réponses aléatoires et illogiques, la capture et la suppression de personnes qui répondent selon une ligne droite ou de manière excessivement rapide.



Les Amériques 30M+

NORD

États Unis
Canada
Mexique

SUD

Argentine
Brésil
Colombie
Chili

Le seul fournisseur d'échantillons d'études de marché en ligne évalué par MRC à remporter un prix pendant cinq années consécutives, 2019 marquant la sixième année en tant que société combinée Dynata.

Nous avons également dépassé notre concurrent le plus proche dans la catégorie « Livrables de meilleure qualité » de près de 10 % dans le sondage 2019.



Documents consultés par les répondants

Cliquez sur les liens ci-dessous pour afficher les documents que les investisseurs ont consultés dans le sondage :

- Aperçu du fonds [anglais/français] <https://bit.ly/3rh7Szl>
- Aperçu du FNB [anglais/français] <https://bit.ly/3ep40ah>
- Rapport de la direction sur le rendement du fonds [anglais/français] <https://bit.ly/3rjWi6D>
- États financiers [anglais/français] <https://bit.ly/3ejnkpq>



Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trademark Agents
595 Burrard Street, P.O. Box 49314
Suite 2600, Three Bentall Centre
Vancouver BC V7X 1L3 Canada
Tel: 604-631-3300 Fax: 604-631-3309

VIA E-MAIL

September 16, 2021

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
Superintendent of Securities, Department of Justice and Public
Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Service NL
Northwest Territories Office of the Superintendent of Securities
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Nunavut

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor, Box 55
Toronto, Ontario
M5H 3S8
Fax: 416-593-2318
comment@osc.gov.on.ca

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
Fax: 514-864-8381
consultation-en-cours@lautorite.qc.ca

Dear Sirs and Mesdames:

RE: Request for Comments: Proposed Amendments to National Instrument 51-102 Continuous Disclosure Obligations and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers, and Seeking Feedback on a Proposed Framework for Semi-Annual Reporting - Venture Issuers on a Voluntary Basis



We write to you in response to the CSA Notice and Request for Comment: *Proposed Amendments to National Instrument 51-102 Continuous Disclosure Obligations* and to submit our comments for further consideration by the Canadian Securities Administrators (the “CSA”).

These comments are those of the writers noted below and do not necessarily reflect the views of clients or of others in our firm.

The commentary is divided into three sections:

- Section 1: Structural Comments – General Instrument Amendments
- Section 2: Drafting Comments – General Instrument Amendments
- Section 3: Missed Opportunities – General Instrument Amendments

As such, please find below a summary of our comments:

Section 1: Structural Comments - General Instrument Amendments

1. Proposed Risk Factor Amendments¹

We submit that the proposed requirements and accompanying instructions related to the disclosure of risks in an Annual Disclosure Statement should be revisited.

Currently, an annual information form (and prospectus) provides disclosure of risk factors relating to a reporting issuer and its business. Such disclosure highlights to investors the risks that are most likely to influence an investor’s decision to purchase securities of issuer (or, in the case of a prospectus, the factors material to the issuer that a reasonable investor would consider relevant to an investment in the securities being distributed). The CSA also further instructs issuers that “A risk factor must not be de-emphasized by including excessive caveats or conditions.” Such disclosure by issuers includes a discussion of the potential for the risks to materially and adversely impact the issuer’s business, prospects, financial condition, financial performance and cash flows, as well as its ability to pay dividends and/or interest to holders of its securities and the trading price of the issuer’s securities which could decline such that investors could lose all or part of their investment in such securities.

Currently, a management’s discussion & analysis (“MD&A”) provides disclosure of, among other risk-related matters, important trends and risks that have affected the financial statements, and trends and risks that are reasonably likely to affect them in the future. MD&A includes both a discussion of the potential impacts of such matters should they occur, as well as the potential or expected costs of preventing or such mitigating risks.

¹ *Proposed Amendments to National Instrument 51-102 Continuous Disclosure Obligations and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers and Seeking Feedback on a Proposed Framework for Semi Annual Reporting – Venture Issuers on a Voluntary Basis*, Canadian Securities Administrators, CSA Request for Comments (20 May 2021), (2021) 44 OSCB 4205 at 4246-4247.



We submit that the foregoing annual information form and MD&A disclosure requirements are distinctly different from one another and serve different purposes, which although they may overlap in some respects, are not the same. Accordingly, combining such risk disclosures into one form requirement in an Annual Disclosure Statement is not workable. For example, the proposed instruction, carried over from the current annual information form requirements, that “A risk factor must not be de-emphasized by including, for greater certainty, excessive caveats or conditions.”, which is irreconcilable with the newly-created instruction for risk disclosure to include “your company’s risk mitigation strategy relating to it.” Any de-emphasizing of a risk factor through proximate disclosure of the issuer’s risk mitigation strategy relating to it serves to expose the issuer to the potential for additional, unnecessary liability should the risk occur and also may inappropriately give a potential investor the impression that an investment in securities of the issuer is safer than it really is.

We further submit, if the CSA wishes to pursue this risk factor table format, then it would be beneficial for the CSA to provide a set list of example risk nature types. A uniform set of descriptors would be helpful in creating consistency among disclosure across issuers.

2. Requirement to Name Authors of Technical Reports²

Question 3: If we adopted similar requirements to the SEC’s amendments, what would be the benefits and costs for investors and reporting issuers?

We submit that permitting grouping together similar risks makes sense (and is already a practice followed by many issuers), . However, we do not believe that requirements for grouping should be prescriptive, as different groupings will make sense for different issuers. An unintended consequence of requiring a summary of risk factors if the disclosure exceeds 15 pages is that issuers may inappropriately edit their disclosure specifically to keep their disclosure under 15 pages. We do not believe that investors will benefit from less description of the risks of investments.

Question 4: “What challenges, if any, do reporting issuers face in obtaining technical report author consents for short form prospectus offerings”

Many offerings contain multiple technical reports from various experts. The often large number of experts creates logistical issues in engaging with experts in a wide array of geographic locations and time zones.

Question 5: “If the requirement to name the technical report authors in the AIF (and as a result, provide consents for short form prospectus offerings) were removed, would reporting issuers continue to obtain approval of prospectus disclosure from technical report authors or would they rely more on internal or external non-author QPs?”

We submit that if this requirement were to be removed then reporting issuers would rely on internal QPs (for example, in-house geologists) and their opinions.

² *Ibid* at 4213.



Question 6: *"If reporting issuers were to rely on internal or external non-author QPs for purposes of providing consents for short form prospectus offerings, in your view, would investor protection be impacted? Would relying on an internal QP for consent purposes (where an external QP authored the original report) raise potential conflict of interest concerns?"*

We submit that in practice issuers do not substantively revise the disclosure in technical reports which is summarized in the disclosure in the annual information form. Therefore, we submit that reliance on the internal QP consent would not likely impact investor protection because the technical disclosure is typically the same as the disclosure prepared by the external QP.

Question 10: *"Are there specific types of venture issuers for which semi-annual reporting would not be appropriate? For instance, should semi-annual reporting be limited to venture issuers below a certain market capitalization or those not generating significant revenue? Please explain."*

We submit that few companies would be willing to adopt the proposed semi-annual reporting regime if it exposed them to a possibility of having to create retroactive filings. Retroactive filings would be a costly burden on issuers. This is of particular concern when companies "graduate" from the TSXV to the TSX, as in this case such issuers would have to develop a previously exempted quarterly report to fulfill TSX listing requirements. The CSA should develop regulations that preclude the use of so-called "lookback" disclosure requirements. Importantly, this should not be a mere temporary delay in the requirement to file these statements, but an express guarantee that prior-exempted disclosure will not need to be produced at a later date.

We submit that the proposed semi-annual reporting regime should not be restricted to a further category of venture issuers (whether based on market capitalization, revenue size, etc.). "Venture issuer" is already a well-defined and sufficiently tailored category of issuers and the imposition of further criteria is unnecessary and increases burden on issuers.

Furthermore, market pressures will serve to address the stated concerns of commentators—that larger venture issuers will adopt this more relaxed reporting regime—as investors will still expect detailed quarterly disclosure from more sophisticated venture issuers. Practically, if investors are not satisfied that an issuer is making sufficient disclosure in the adoption of the new semi-annual reporting regime, the share price will reflect this dissatisfaction and ultimately drive issuers to continue with quarterly reporting.

Nonetheless, the general concern that the proposed semi-annual reporting regime will allow venture issuers to conceal negative financial information should be directly addressed in the comment letter. Similarly, if the CSA does adopt further eligibility requirements for this new regime, a criterion based on revenue/expenses is preferable to market capitalization; as such information more effectively conveys whether a venture issuer operates as a "shell" and thus does not need to provide as frequent disclosure as those that operate fully.



3. Use of Hyperlinks in Disclosure³

We seek clarification as to whether the use of hyperlinks within disclosure documents deem the documents to which they reference as being incorporated within the disclosure document.

Section 2: Drafting Comments - General Instrument Amendments

This section outlines explicit changes and comments to the proposed language. The relevant parts and sections have been cited and refer to NI 51-102 as proposed by the *CSA Request for Comments*.

1. Part 1 – s. 3(2)(a)-(c)⁴

Make the addition of “compared to prior year” to align this change with the change made to s. 3(3).

| | |
|-------------------|---|
| Existing Language | Describe the business of your company and its reportable segments as that term is interpreted in the issuer’s GAAP, including ... |
| Proposed Language | Describe the business of your company and its reportable segments as that term is interpreted in the issuer's GAAP, for the most recently completed financial year compared to the prior year , including ... |

2. Part 1 – s. 3(4)(a)-(c)⁵

The descriptions should all relate to the specific project or activity which has not yet generated revenue, as opposed to the business generally. Additionally, the language should reflect the distinction between “change of business” and “change of business model”.

3. Part 1 – Instruction 1 to s. 3⁶

The first and second sentences should be combined by adding the word “rather”, as indicated below.

| | |
|-------------------|--|
| Existing Language | In discussing and analysing its overall performance, your company must not only disclose the amount of the change in a financial statement item from period to period. Your company must explain the nature and reason for the change to investors. |
| Proposed Language | In discussing and analysing its overall performance, your company must not only disclose the amount of the change in a financial statement item from period to period, rather your , Your company must explain the nature and reason for the change to investors. |

³ *Ibid* at 4227.

⁴ *Ibid* at 4231.

⁵ *Ibid* at 4232.

⁶ *Ibid* at 4234.



4. Part 1 – Instruction 8 to s. 5⁷

We submit, this proposed section adds unnecessary additional disclosure requirements which are not appropriate for an MD&A. Although the disclosure is consistent with concepts in a prospectus, we seek clarification as to the rational for importing disclosure required for the purpose an offering into a quarterly reporting context. We suggest disclosure required by subsection 3(6) is sufficient to allow investors to make informed decisions regarding any deficiencies in quantity of funds available.

5. Part 1 – Instruction to s. 13⁸

References to AIF or prospectus should be expanded to also include other disclosure documents such as Listing or Filing Statements.

6. Part 1 – Instruction 1 to s. 29⁹

References to AIF or prospectus should be expanded to also include other disclosure documents such as Listing or Filing Statements.

7. Annex C – Instruction 8¹⁰

Add permissive language, as opposed to required language, at the beginning of the last sentence.

| | |
|-------------------|--|
| Existing Language | Your company is not required to repeat information disclosed elsewhere in the interim disclosure statement. If disclosure in the interim disclosure statement refers explicitly or implicitly to disclosure in another section of the interim disclosure statement, include a reference to the other disclosure. Repeat the information disclosed in the financial statements to which the MD&A relates if it assists with an understanding of the information included in the MD&A. |
| Proposed Language | Your company is not required to repeat information disclosed elsewhere in the interim disclosure statement. If disclosure in the interim disclosure statement refers explicitly or implicitly to disclosure in another section of the interim disclosure statement, include a reference to the other disclosure. <u>Your Company may repeat</u> Repeat the information disclosed in the financial statements to which the MD&A relates if it assists with an understanding of the information included in the MD&A. |

⁷ *Ibid* at 4239.

⁸ *Ibid* at 4244.

⁹ *Ibid* at 4257.

¹⁰ *Ibid* at 4263.



Section 3: Missed Opportunities – General Instrument Amendments

8. Regarding Cautionary Notes

We submit that a proposal should be made to clarify what is expected of the disclosure in the cautionary notes of disclosure documents. In practice, the application of Section 4A of 51-102 and 4A of CP 51-102 has resulted in disclosure which is duplicative of the risk factors. We submit, in practice the current forward looking statements regime does not add to clarity, nor does it enhance the protection of investors.

We suggest that the proposal should centre around the adoption of a concise, universally applicable opening cautionary note that serves to highlight the risks of forward-looking information contained in the documents. This type of section would denote the use of forward-looking information throughout disclosure documents, namely, to alert investors of such information in a more efficient manner. This change should make it clear that issuers have fulfilled their obligations to disclose risk of forward-looking information, and thus, preserve the same protections that are offered by the current cautionary notes.

9. Regarding Definitions

We submit that a proposal should be made to add a definition of “subsidiary” to NI 51-102 and “parent” to National Instrument 52-110. While NI 51-102 currently explains the meaning of “affiliate” and “control”, the absence of a definition for the term “subsidiary” appears to be an oversight. Similarly, while National Instrument 52-110 explains the meaning of “affiliated entity”, “subsidiary entity” and “control”, absence of a definition for the term “parent” appears to be an oversight.

We trust you find the above satisfactory; however, should you have any questions concerning the comments in this letter, please do not hesitate to contact Steven McKoen (604.631.3319, steven.mckoen@blakes.com) or Matthew Merkley (416.863.3328, matthew.merkley@blakes.com).

Yours truly,

(signed) “*Steven McKoen*”

(signed) “*Matthew Merkley*”


CPA

 CHARTERED
PROFESSIONAL
ACCOUNTANTS
CANADA

 COMPTABLES
PROFESSIONNELS
AGRÉÉS
CANADA

Chartered Professional Accountants of Canada
277 Wellington Street West Toronto ON CANADA M5V 3H2
T. 416 977.3222 F. 416 977.8585
www.cpacanada.ca

Comptables professionnels agréés du Canada
277, rue Wellington Ouest Toronto (ON) CANADA M5V 3H2
T. 416 977.3222 Téléc. 416 977.8585
www.cpacanada.ca

September 16, 2021

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
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Service NL
Northwest Territories Office of the Superintendent of Securities
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Nunavut

c/o

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor, Box 55
Toronto, Ontario M5H 3S8
Fax: 416-593-2318
comment@osc.gov.on.ca

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
Fax: 514-864-8381
consultation-en-cours@lautorite.qc.ca

Dear Sirs/Mesdames,

Re: Proposed Amendments to National Instrument 51-102 Continuous Disclosure Obligations and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers and Seeking Feedback on a Proposed Framework for Semi-Annual Reporting – Venture Issuers on a Voluntary Basis

Chartered Professional Accountants of Canada (CPA Canada) appreciates the opportunity to respond to the Canadian Securities Administrators (CSA) on the proposed amendments to National Instrument 51-102 and other amendments and changes relating to annual and interim filings of non-investment fund reporting issuers (Proposed Amendments) and provide feedback on the proposed framework for semi-annual reporting (Proposed Semi-Annual Reporting Framework). In developing our response, we consulted with our Canadian Performance Reporting Board and Mining and Oil and Gas Industry Task Forces.

We are supportive of the CSA's efforts to reduce disclosure burden while enhancing the usefulness and understandability of information for investors.

We support the proposals related to combining the financial statements, management's discussion and analysis (MD&A) and annual information form (AIF) into one reporting document because we believe this will provide benefits to investors and reduce the potential for duplication. However, we heard from some issuers that the combination will result in increased regulatory burden because of the requirement to file all three documents at the same time and the cost of having auditors involved with the AIF. We also question whether the current proposals go far enough in improving the quality of information given to investors. We believe more effort should be made to modernize and streamline the requirements and provide some examples later of improvements that could be made.

We believe there are merits to pursuing the Proposed Semi-Annual Reporting Framework but only for specific types of venture issuers. We heard concerns that voluntary semi-annual reporting would reduce transparency where information currently provided is important to investors. However, we also heard that semi-annual reporting may be beneficial to specific types of venture issuers, such as start-up entities and/or entities with no operating revenue, and that the provision of alternative information may be appropriate in such circumstances. Additional feedback on the Proposed Semi-Annual Reporting Framework is included in the Appendix.

We also noted several new disclosure requirements were introduced in areas like risk factors, quantitative information and debt covenants which go beyond clarifying existing proposals. In general, we think these new requirements require further consideration and guidance.

We elaborate further on these and other areas we believe require additional attention below. Responses to select questions in the Request for Comments are included in the Appendix to this letter.

1. Combining of Documents

We heard from stakeholders that combining the financial statements, MD&A and AIF is good in theory and provides an opportunity to streamline the three documents. However, stakeholders noted that the existing disclosure requirements for each of the documents were largely left intact without enough consideration of how they integrate with one another. While the Proposed Amendments eliminate some of the duplication between the financial statements, MD&A and AIF, there are certain areas where overlap in disclosure continues to exist. For example, we think there is still overlap between the MD&A requirements for disclosure of contractual obligations and related party transactions with those in International Financial Reporting Standards (IFRS) that could be reduced.

As noted in our response letter to the 2017 CSA Consultation Paper 51-404, *Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers*, we believe reducing regulatory burden should not be isolated from the need for broader consideration of the overall effectiveness of the existing reporting regime. While the combining of documents is a good start, we encourage securities regulators to initiate a comprehensive evaluation of existing reporting requirements to ensure they continue to meet the evolving needs of investors. This could result in a reduction of regulatory burden for issuers and a better reporting package for investors.

Stakeholders also expressed concern that filing all three documents at the same time will increase the burden on some reporting issuers and their auditors (e.g., additional requirement for issuers to prepare and for auditors to consider the AIF within the same time frame as the financial statements and MD&A). The adoption of these proposals may have other unintended consequences such as reduced quality of reporting, as some smaller issuers may have limited capacity to do more in a shorter period of time, and less timely reporting, as issuers delay issuing financial statements and MD&A until the AIF is complete.

Additional feedback on potential audit implications related to the annual disclosure statement is included in the Appendix.

2. Risk Factors

We repeatedly hear that risk factor disclosures are too generic and lack insightful information and we appreciate the CSA's efforts to make risk factor disclosure more informative. While improvement in risk

reporting is needed, a number of concerns were raised about both the existing and proposed disclosure requirements. We elaborate on these concerns in the Appendix.

3. Debt Covenants

Stakeholders noted that an issuer's list of debt covenants is often extensive, and that the proposals related to the disclosure of "any" debt covenants would increase regulatory burden. We believe that reporting of debt covenants should be limited to information material to investors. Further clarification on the objectives of these proposals and guidance on how they should be applied is needed.

4. Comparison with U.S. Reporting Requirements

We heard from stakeholders that it would be helpful for the CSA to highlight similarities and differences between the Proposed Amendments and U.S. regulatory reporting requirements and to confirm there are no impacts on the multi-jurisdictional disclosure system (MJDS) for cross-border issuers.

It also appears that certain proposals would result in Canadian reporting requirements becoming more onerous than those of the SEC (e.g., the proposals related to quantitative and qualitative disclosure of any debt covenants as per Paragraphs 5(5)(b) of the MD&A, the new requirements to provide a quantitative and qualitative analysis in the discussion of overall performance as per Instruction 1 to Section 3 of the MD&A). For the issues we have identified, we do not believe it is appropriate to have a greater regulatory burden for Canadian companies.

5. Sustainability/Environmental, Social and Governance (ESG) Disclosures

We noted the Proposed Amendments include no additional disclosure requirements for expanded sustainability information. We believe there are opportunities to better integrate and improve the quality of sustainability disclosures within current regulatory reporting. It would be helpful to understand the CSA's current and future plans in this area given growing investor demand for sustainability disclosures.

We would be pleased to discuss our comments in greater detail and answer any questions you may have related to them. Please contact Rosemary McGuire, Director, Research, Guidance and Support (rmcguire@cpacanada.ca).

Yours truly,



Gordon Beal, CPA, CA, M.Ed
Vice-President, Research, Guidance & Support

Appendix

Question 2: Would it be beneficial for reporting issuers if we provided further clarity on what “seriousness” means and how to determine the “seriousness” of a risk?

We believe it would be beneficial for reporting issuers if the CSA provides further clarification of the term “seriousness”.

Stakeholders expressed concern with the existing reporting requirement to rank risks in order of seriousness from the most serious to the least serious. While it may be helpful in certain circumstances to think of “seriousness” in terms of impact and probability assessments, this implies quantification of risks and not all risks can be easily quantified (e.g., a pandemic risk). Further, the criteria for conducting risk assessments differ among issuers and involve significant judgment by management.

We encourage the CSA to provide additional guidance on the requirement to rank risks in order of seriousness (e.g., through use of illustrative examples) and to clarify whether ranking of risks using alternative methods (e.g., grouping of risks by “high”, “medium” and “low”) is acceptable.

Question 3: If we adopted similar requirements to the SEC’s amendments, what would be the benefits and costs for investors and reporting issuers?

Stakeholders were not supportive of adopting similar requirements to the SEC’s amendments. The costs of providing this additional risk information outweigh the benefits.

Question 7: Considering that the annual disclosure statement will include annual financial statements, MD&A and, where applicable, AIF, do you think there will be an impact, including on auditing requirements, if a reporting issuer amends or re-files only one of these documents, or re-files the annual disclosure statement in its entirety?

From an audit perspective, we understand that for certain issuers, the AIF will now fall within the scope of the auditor’s responsibilities. This constitutes a change from existing practice where the AIF is currently out of scope, resulting in incremental work for the auditors and increased costs for reporting issuers.

In the event an issuer amends or re-files only one of these documents or re-files the annual disclosure statement in its entirety, there will be an impact on the auditor’s responsibilities. For example, if the issuer amends or re-files the financial statements, the auditor may need to reconsider the auditor’s responsibilities relative to the other information, including potentially issuing an updated auditor’s report. The auditor reporting guide, *Reporting Implications of the Canadian Auditing Standards (CAS)*¹, includes further information on the auditor’s responsibilities for other information and the impact on the auditor’s responsibilities and reporting under different scenarios.

¹ Auditor reporting guide: Reporting Implications of Canadian Auditing Standards (CAS) (cpacanada.ca)

Question 9: Should we pursue the Proposed Semi-Annual Reporting Framework for voluntary semi-annual reporting for venture issuers that are not SEC issuers? Please explain.

Question 10: Are there specific types of venture issuers for which semi-annual reporting would not be appropriate? For instance, should semi-annual reporting be limited to venture issuers below a certain market capitalization or those not generating significant revenue? Please explain.

Question 11: Would the proposed alternative disclosure requirements under the Proposed Semi-Annual Reporting Framework provide adequate disclosure to investors? Would any additional disclosure be required? Is any of the proposed disclosure unnecessary given the existing requirements for material change reporting and the timely disclosure requirements of the venture exchanges? Please explain

Question 12: Do you have any other feedback relating to the Proposed Semi-Annual Reporting Framework?

Please note the following comments relate to questions 9 to 12 inclusive:

As noted in our covering letter, we heard views both opposed to and in favour of various approaches to semi-annual reporting.

Those who believed semi-annual reporting should not be permitted indicated that investors are increasingly requiring more (not less) information and that quarterly reporting provides important disclosures that satisfy investor needs. They added that many issuers may not choose semi-annual reporting (despite having the option) due to ever-increasing stakeholder demands for information. Creating a reporting regime that may have minimal utilization does not seem to be a worthwhile objective.

Those who supported semi-annual reporting for some issuers believed it is fitting in the context of the Canadian landscape, which consists of many small reporting issuers. Semi-annual reporting may help alleviate pressure and costs for smaller issuers, particularly those still in the start-up phase and/or generating zero operating revenues, and the provision of alternative information may satisfy the needs of their investors.

In light of the above, we are open to the CSA exploring the option of semi-annual reporting for specific types of venture issuers. Specific rules outlining how to make the transition between reporting frequencies (i.e., transition from semi-annual reporting to quarterly reporting and vice-versa) will need to be established.

It was also noted that semi-annual reporting may prove onerous to issuers and their auditors in the event certain scenarios materialize (e.g., in the event of an offering, if an issuer initially adopts semi-annual reporting and then switches to quarterly reporting). Further consideration of these scenarios and additional guidance is required.



Broadridge Investor Communications Corporation
2601 14th Avenue
Markham ON L3R 0H9

www.broadridge.com

Via email to: comment@osc.gov.on.ca
consultation-en-cours@lautorite.qc.ca

September 17, 2021

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
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Service NL
Northwest Territories Office of the Superintendent of Securities
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Nunavut

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor, Box 55
Toronto, Ontario
M5H 3S8
comment@osc.gov.on.ca

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
consultation-en-cours@lautorite.qc.ca

Re: Proposed Amendments to National Instrument 51-102 *Continuous Disclosure Obligations* and other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers

Dear Mesdames and Sirs,

Broadridge Investor Communications Corporation ("Broadridge") appreciates the opportunity to provide data from a recent survey of Canadian investors along with information on regulatory communications delivery cost savings related to current instruments and other comments on proposed amendments to



National Instrument 51-102 – *Continuous Disclosure Obligations* (“NI 51-102” or “proposed amendments”).¹

We have collected data from recent surveys of North American investors. The data from the surveys suggests that the proposed “access equals delivery” model for providing continuous disclosures would have the unintended consequence of reducing investors’ awareness and use of them. Investors say the disclosures are important to them and they express a preference to receive summary information and updates automatically rather than through a news release, as proposed. The survey data suggests that an access equals delivery method would be unpopular with investors. It would make it more difficult for investors to access information and would in turn make them less likely to read or review information. Further, the survey responses indicate that an access equals delivery model could negatively impact certain disadvantaged demographic groups.²

Responses to the surveys show that investors prefer summary information in lieu of lengthy disclosure documents. To the extent that a combined continuous disclosure document, as proposed, were to include a concise summary, the Canadian Securities Administrators (“CSA”) could make the disclosure more understandable to investors. With direct digital delivery, the information would also be made more accessible than it would be under the proposal’s requirement that investors monitor new releases and search for key information in a long-form document.³ In this regard, the CSA’s successful Fund Facts and ETF Facts disclosure initiatives provide a helpful guide to re-imagine the combined Disclosure Statement.

Broadridge supports the CSA’s goals of reducing paper and postage costs for industry participants. In the 12-months ending June 30, 2021, Broadridge’s technologies and processing saved issuers an estimated \$164 million on paper and postage in connection with CSA instruments for notice-and-access, e-delivery, and the annual reminder to request continuous disclosure documents. We estimate that the savings will grow to \$234 million in 2024, even without the adoption of the proposed amendments. In addition, issuers could save an additional \$30 million on paper and postage if the existing regulatory framework was modified, and more issuers adopted notice-and-access and electronic methods of delivery.

¹ Broadridge is a global Fintech leader with over \$4.5 billion in revenues and an industry leader in the Canadian Fintech marketplace providing critical infrastructure that powers investing, corporate governance and communications to enable better financial lives.

² One of the stated goals of CSA Consultation Paper 51-405 - *Consideration of an Access Equals Delivery Model for Non-Investment Fund Reporting Issuers* - is to enhance accessibility of information for investors. (See Page 1, available at https://www.osc.ca/sites/default/files/pdfs/irps/csa_20200109_51-405_fund-reporting-issuers.pdf)

National Policy 11-201 is clear that “access equals delivery” requires separate notice of a disclosure’s availability. In section (2.3(2)), the Policy states:

“...permitting intended recipients to access a document posted to a website should not assume that the availability of the document will be known to recipients without separate notice of its availability.”

³ Broadridge is providing the survey data, concepts and illustrations to assist the CSA in its cost-benefit analysis and consideration of regulatory alternatives.

With technology, there are alternatives to access equals delivery that provide additional savings and improve, rather than eliminate, investors' awareness of information that they use to monitor their investments. For example, the annual reminders that companies are currently required to send to investors could be made more efficient and more useful if they contained Quick Response ("QR") codes. This would provide an easier way to enroll in electronic delivery to access disclosure information, allowing investors to be notified when updated information is available, and further reducing issuers' costs. Technology can eliminate the need for them to monitor websites or news releases to learn when updates are available.

Our comments below illustrate how technology can make continuous disclosures both more valuable to investors and cost effective for issuers - showing how "layered" disclosures push key summary information directly to investors and provide easy access to more detailed information, with a minimum of steps, digitally.

1. Investors say the information in continuous disclosures is important; they want it delivered to them automatically.

A. True North Investor Survey

To assist regulators and other market participants in evaluating potential amendments to the regulatory disclosure framework, Broadridge retained an independent market research firm, True North Market Insights,⁴ to survey 2,000 Canadian retail investors residing in all provinces and territories.⁵ Survey participants were shown sample disclosure documents and asked a series of questions about them, including questions on:

- Usefulness of certain disclosures
- Views on the relative importance of information contained in certain disclosures
- Awareness of the SEDAR filing system
- Delivery preferences for disclosure information
- Privacy preferences to manage personal information

Respondents were profiled based on self-reported demographic information (e.g., gender, age, income, level of educational attainment, and household assets) to understand how views on disclosure usefulness and delivery preferences vary by group. The survey was provided in English and French.

True North conducted the research between May 11 and May 20, 2021. The responses are summarized below, and the full report is provided in the Attachment.

⁴ True North Market Insights is an independent, market research boutique comprised of individuals with many years of experience in fielding surveys of consumers and individual investors.

⁵ The survey included several questions suggested by staff at the Ontario Securities Commission ("OSC").

Summary of key findings:

Investors say that the information in mutual fund and ETF continuous disclosure documents is important and useful to them in monitoring their investments:

- Fund Facts and ETF Facts are popular with investors.
 - 88% of investors are aware of them and 86% say they are helpful when comparing investments.
- By contrast, when it comes to the Management Report of Fund Performance (“MRFP”) and Financial Statements.
 - 34% are not aware of them,
 - and 49% who are aware of them do not find them useful.
- However, when shown examples of the MRFP and Financial Statements, most investors say that much of the information contained in them is *important*.
 - They say that information on fees, performance, risks, holdings, and financial highlights is especially important.
 - 70% say that knowledge of material changes is important/very important (another 26% say it is somewhat important).
- 42% find MRFPs and Financial Statements difficult to understand.

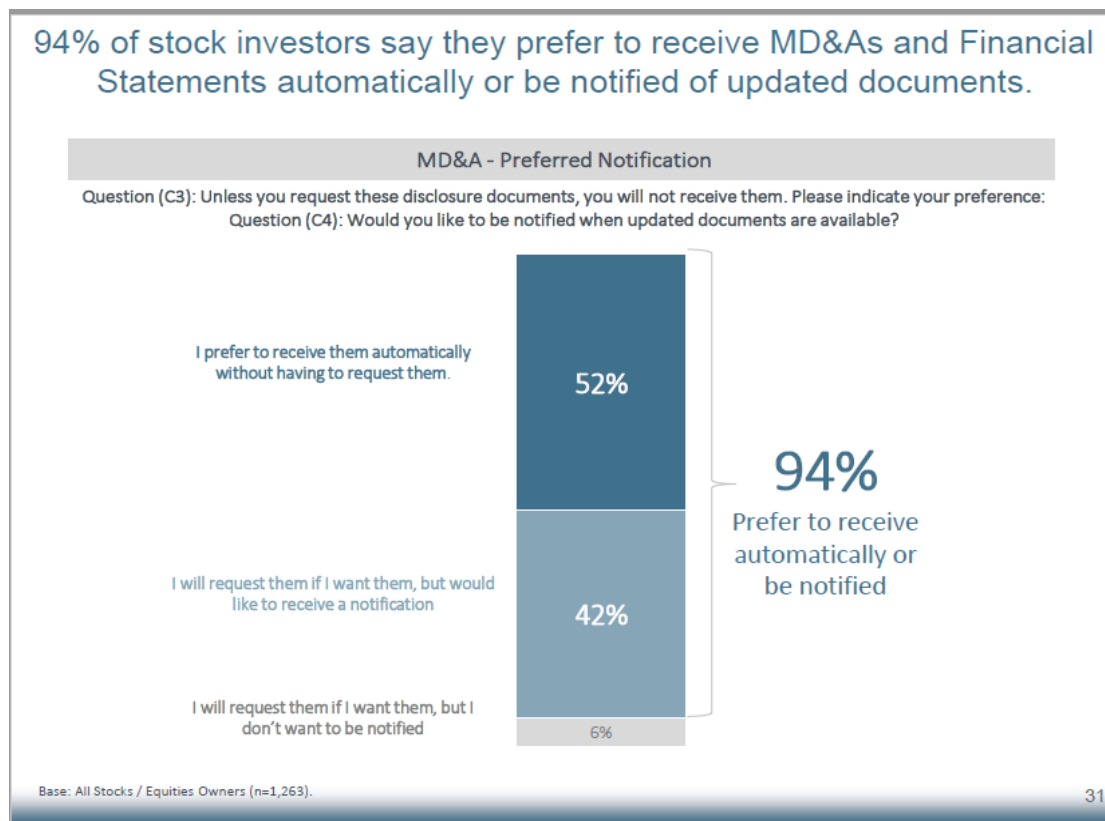
Few retail investors are aware of SEDAR; and even fewer use it. Without automatic delivery of continuous disclosure information, or notification of updated information, few investors would find it.

- 82% of investors either are not aware of SEDAR or do not use it.
- Lack of awareness is greater among segments of investors with *lower income, lower wealth, and less education, as well as among older investors*.

Retail investors want continuous disclosures sent to them automatically, or to receive a digital notification: (See Figure 1 below):

- 94% of investors wish to either receive corporate issuers’ Management Discussion & Analysis (“MD&A”) automatically (52%) or be sent a notice of its availability (42%).
- 66% of those who prefer notification, would like to be notified by e-mail.
- Older investors are more likely than younger investors to prefer mail, but a majority of them also prefer e-mail.

Figure 1. 94% of investors want to receive MD&As and Financial Statements automatically or be notified when updated documents on their investments are available.



Source. *True North Canada Investor Quantitative Report, July 2021.*

B. Other Surveys of Investors

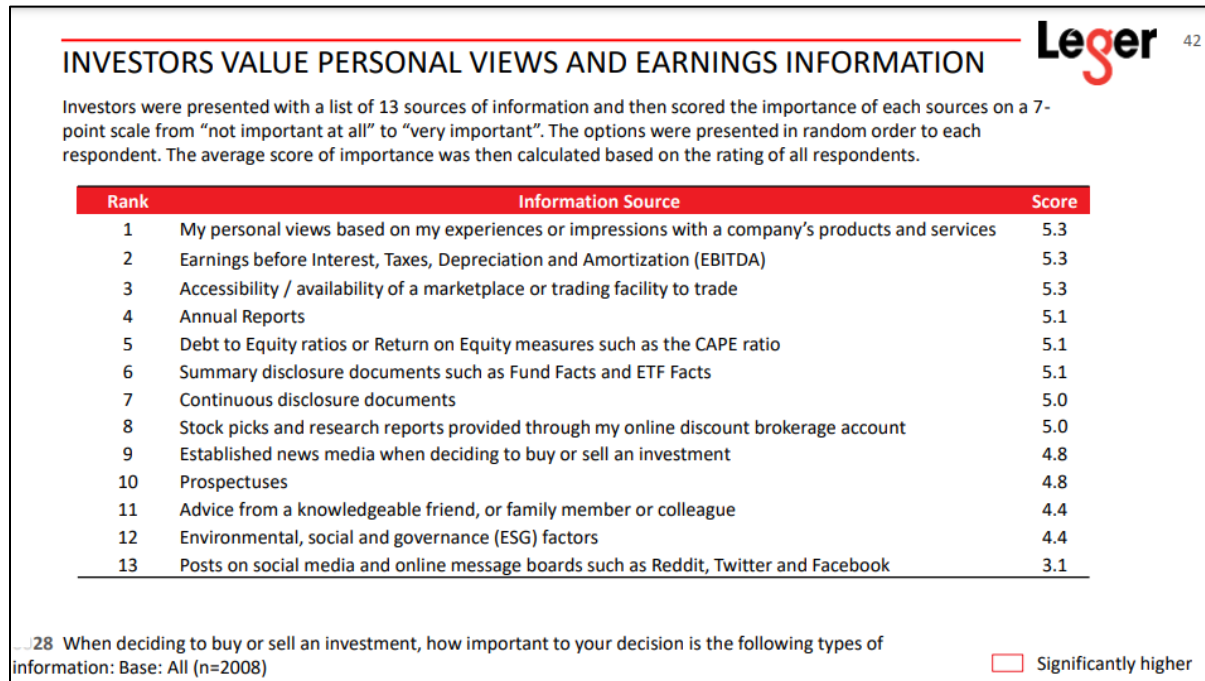
The findings of two surveys conducted in 2021 on behalf of the Ontario Securities Commission (“OSC”) are consistent with the True North findings:

- Retail investors say annual reports and continuous disclosure documents are as important to them as Fund Facts and ETF Facts.⁶ (See Figure 2 below.)
- For “Do-it-Yourself” (DIY) investors, continuous disclosure documents were rated as the most important source of information. Summary disclosures, such as Fund Facts and ETF Facts, are also highly valued by DIY investors, who reference them as the second most important source of investment information.⁷
- Investors want to have clear, understandable sources of information.⁸

⁶ OSC Self-Directed Investors: Insights and Experiences, April 21, 2021, available at https://www.osc.ca/sites/default/files/2021-04/inv_research_20210421_self-directed-investor-survey.pdf

⁷ Investor Office, OSC and Leger Marketing Inc., Information and the Investor Experience, May 19, 2021, available at https://www.osc.ca/sites/default/files/2021-05/inv_research_20210519_investor-experience.pdf

Figure 2. Source. Ontario Securities Commission Self-Directed Investors: Insights and Experiences, April 21, 2021



In addition to the True North and OSC surveys, surveys in the United States validate that retail investors want clear disclosures delivered to them automatically. They say this would make them more likely to read or review the information. For example, a survey by Forrester said 92% of investors agree that they are more likely to read a summary document than a more detailed report⁹ and surveys by the Securities and Exchange Commission (SEC), Financial Industry Regulatory Authority (FINRA) and Forrester found that less than 10% of investors want to search for disclosures online.¹⁰

⁸ *Id.*

⁹ Refer to Broadridge's April 28, 2020 comment letter to SEC file no. S7-12-18 and report by Forrester Consulting commissioned by Broadridge, "Quantifying Investor Preferences For Shareholder Reports" (Feb. 2020), p.30, available at <https://www.sec.gov/comments/s7-12-18/s71218-7124539-216090.pdf>

¹⁰ *Id.* at pp. 37-44.

2. The current regulatory framework is substantially reducing regulatory burden. Additional cost savings are available with certain clarifications and greater use of technology.

A. Regulatory reforms implemented by the CSA are providing significant and growing savings on paper and postage costs for issuers.

The following instruments provide ongoing efficiencies with communications based on investor preferences:

- National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* - allows investors to choose whether to receive all proxy related materials, proxy materials for special meetings only, or decline to receive materials in connection with securityholder meetings -- and provides for delivery of notices in lieu of full sets of proxy materials (i.e., notice-and-access).
- National Instrument - 51-102 - *Continuous Disclosure Obligations* - allows issuers to send an annual request in lieu of delivering financial statements and MD&As.
- National Policy 11-201 - *Electronic Delivery of Documents* - sets out the requirements for the delivery of materials electronically.

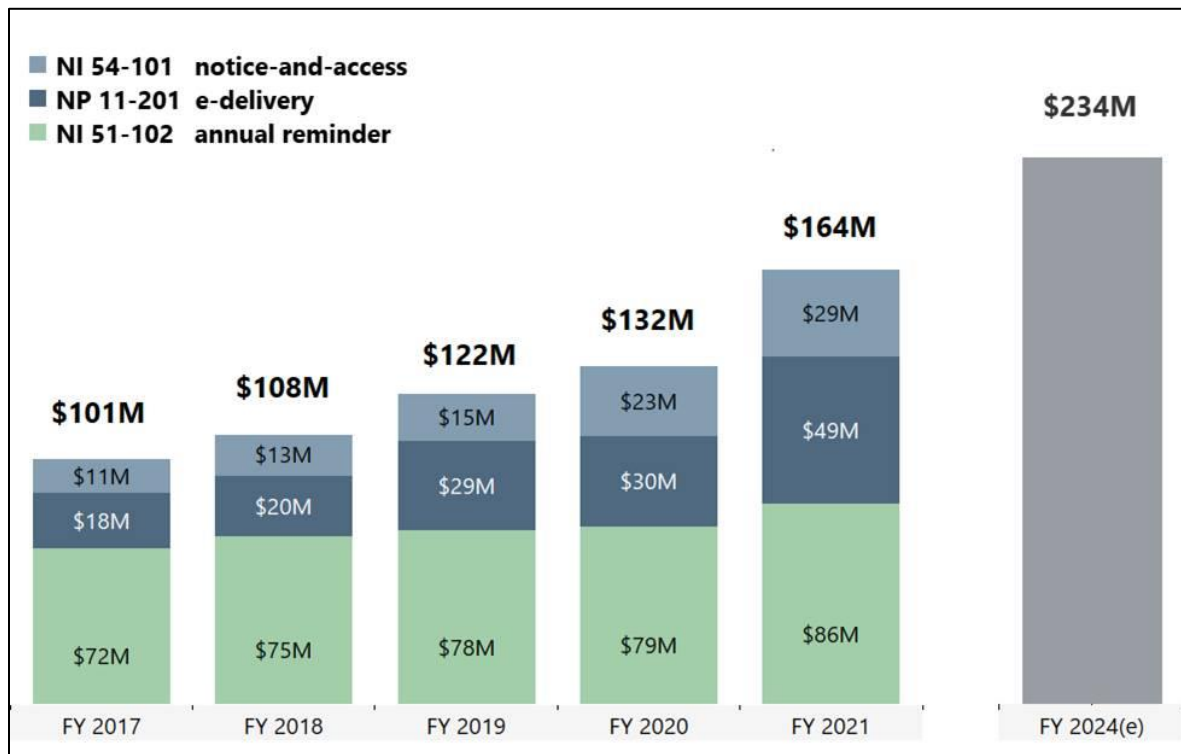
In the 12-months ending June 30, 2021, Broadridge's technologies and processing saved issuers an estimated \$164 million on paper and postage in connection with CSA instruments for notice and access, e-delivery, and the annual reminder to request continuous disclosure documents.¹¹ (See Figure 3 below.)

Based on average annual growth rates over the past 5 years, with no growth in the number of shareholders, we estimate that the annual savings under these instruments will grow to \$234 million in 2024 without the adoption of the proposed amendments to NI 51-102.¹²

¹¹ Based on Broadridge's processing of communications for shares held with financial intermediaries. Savings for notice-and-access were based on the average cost of print and postage of a full package of proxy materials. In the case of annual reminders and e-delivery, the savings net out the print and postage costs of full reports that were provided based on investor requests.

¹² The average growth rates exclude the highest and lowest values to eliminate disruptions of COVID 19.

Figure 3. There are growing annual savings under current instruments.



Source. Based on Broadridge processing of beneficial accounts of Canadian issuers on behalf of intermediaries in the U.S. and Canada.

B. Additional cost savings are available with modifications to notice-and-access requirements, and greater use of technology.

i. Modification to the notice-and-access requirements for proxy materials

Notice-and-access reflects the fundamental principle of pushing information to investors rather than expecting them to know when the information is available or take additional steps to find it. Notice-and-access reduces paper and postage costs for issuers and promotes digital delivery to investors.

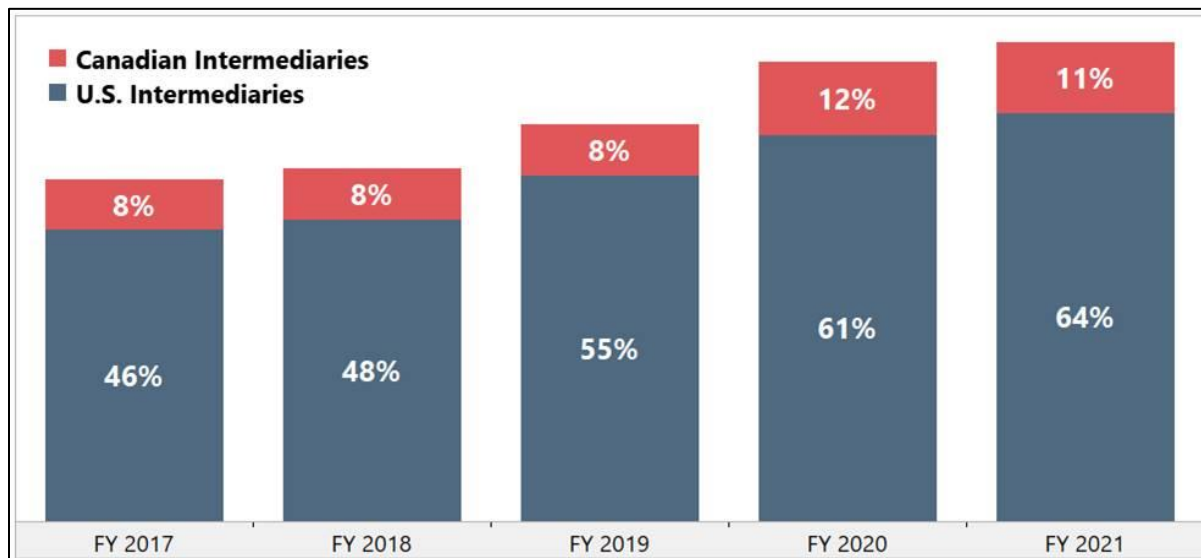
Although adoption of notice-and-access for proxies has increased over the past five years, only 27% of issuers are using it. Adoption of notice-and-access would increase significantly if the *Canada Business Corporations Act* (“CBCA”) were amended so that federally incorporated issuers could utilize notice-and-access without having to seek exemptive relief. If 50% of issuers adopted notice-and-access, there would be an additional \$10 million in annual savings on paper and postage and with 100% adoption, \$20 million in annual savings.

ii. Greater use of technology to expand e-delivery and to streamline the annual reminder process

Increased savings from electronic delivery can be realized when materials are delivered in investors' preferred manner and investors are encouraged to convert to digital delivery. For example, in 2021 brokers mailed issuers' physical documents to over 1.8 million investors that had previously consented to electronic delivery. If materials were posted on issuer websites (or third-party websites), brokers would be able to deliver these materials electronically. Electronic delivery to these investors alone would save an additional \$9 million in annual paper and postage costs.

In general, the overall adoption of e-delivery by Canadian investors lags that of U.S. investors. In 2021, only 11% of proxy distributions to Canadian investors were delivered electronically. By contrast, 64% of Canadian issuers' proxies were delivered electronically to U.S. investors in Canadian securities.

Figure 4. E-delivery rates for Canadian issuers are 6x greater for U.S. investors than Canadian investors.



Source. Based on Broadridge processing of beneficial accounts of Canadian issuers on behalf of intermediaries in the U.S. and Canada.

Efforts by the CSA and other regulators to encourage e-delivery could yield substantial additional savings to Canadian issuers without the negative impact that access equals delivery would have on awareness of important information and effective access to it. In partnership with private sector initiative, the process by which investors provide their consent to e-delivery could be vastly improved. See section 3.B below for a discussion of how the investor consent process can be improved.

The cost savings under NI 51-102 can be further improved with greater use of technology for annual reminders. In most cases, investors are asked to hand write their name and address on a paper request form, supply a return envelope, affix postage, and mail the form back. The annual reminders, which are not a significant expense for issuers because they are typically integrated into the proxy mailing, could be made more efficient and more useful if they contained Quick Response ("QR") codes. This would



provide an easier way to access disclosure information, including the proposed Disclosure Statement, and to enroll in electronic delivery for all reminder notices, further reducing issuer's costs. An example is provided below.

3. Examples to illustrate how continuous disclosures can be re-imagined by using digital delivery.

Cost-effective digital delivery and engaging communications could utilize a linking and layering framework to modernize Canadian issuer disclosures for investors. Such a framework should leverage SEDAR as the core document and data repository while innovative digital interfaces could provide a more accessible, personalized and interactive experience.

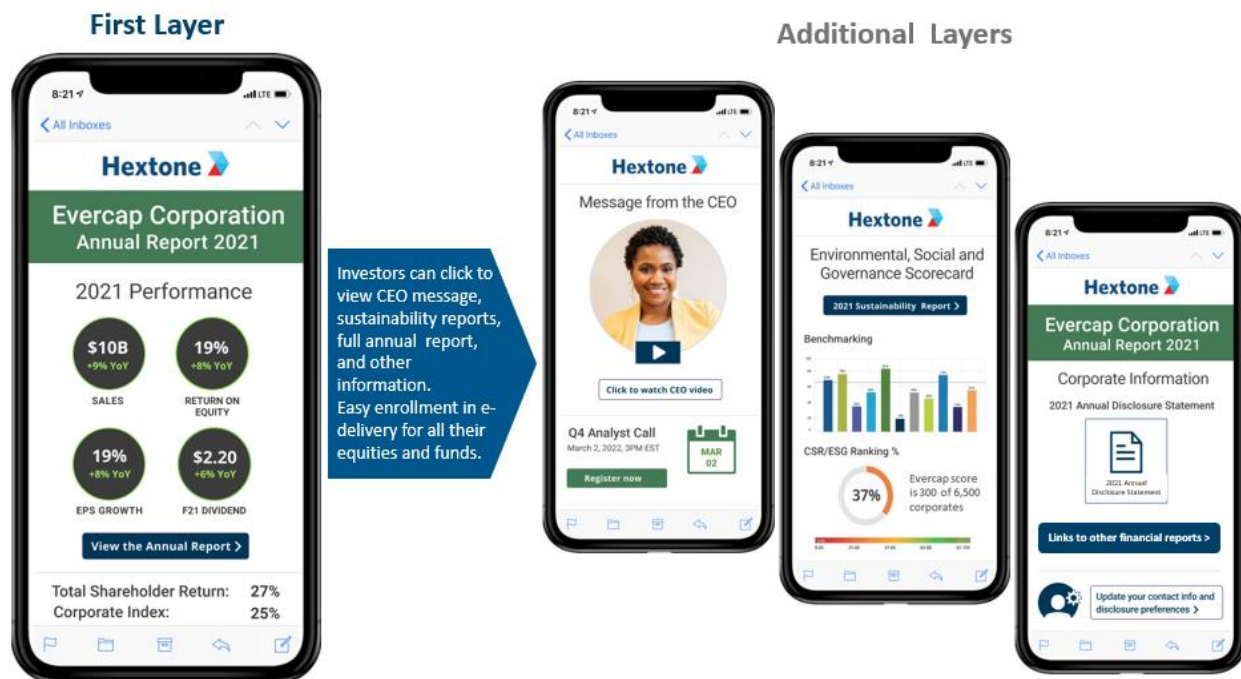
To the extent that continuous disclosures are hosted online in SEDAR or in other publicly accessible websites, notifications could provide first layer (including summary disclosures) and facilitate access to more detailed information online. QR codes could be utilized on mailed notices to create a smooth path to a better digital experience.

A. Improve the digital experience

Investor comfort with electronic delivery is a function of the quality of the technology interface for receiving and reviewing information. Many electronic deliveries consist of e-mail messages with a link to a static pdf. Figure 5 below shows how technology can improve the digital experience where regulatory documents would otherwise be difficult to consume on a mobile device.



Figure 5. With enhanced digital notifications via e-mail or investor apps, investors can access summary information with links to detailed disclosures and interactive features.



- Tagged data enables content from continuous disclosures to be placed into the body of e-mail messages or into other forms of digital notification making the information more accessible.
- The “first layer” is viewable without extra steps. It invites investors to look further.
- Microsites can provide additional functionality, including videos, tools, and widgets.

B. Modernizing investor preference management

Frequently visited websites like proxyvote.com and brokers’ client-facing websites can be used to develop robust and platform-agnostic investor preference management interface (IPM) platforms. IPM platforms enable investors to provide standing instructions for their delivery preferences, as well as e-mail addresses. These consents can be applied to all securities held in an investor’s brokerage account so that by consenting once all issuers and funds can benefit from increased electronic delivery.

Collecting standing instructions via an IPM, in lieu of an annual reminder, also means that investors who want to receive annual and/or interim disclosures could be efficiently notified when updated disclosures are available. The process eliminates the use of “stale” mail lists that result in the delivery of disclosures to investors who no longer hold the security.

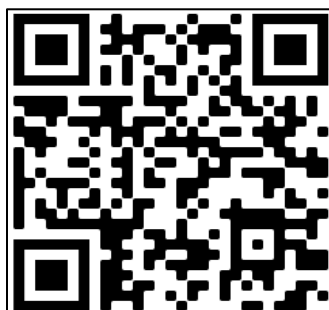
Standing instructions exist today for investment funds in NI 81-106 - *Investment Fund Continuous Disclosure* under section 5.2(5) - and could be extended to corporate issuers with a few enhancements.

Investment funds must deliver a reminder to those investors who request to be advised of their standing delivery instructions and how to contact the investment company if they want to change them. This requirement for both investment and non-investment funds could be modified to allow for digital reminders.

C. Use of QR codes

QR codes on mailed notices can create a smooth path to a better digital experience. With a simple “tap” on a mobile phone, they make it easy for investors to view disclosures online or consent to electronic delivery, without having to take multiple steps that often result in disengagement. They can also facilitate a linking and layering disclosure approach by including them in summary disclosure in a notice or streamlined print document allowing easy access to more details online. In the U.S., the SEC has provided this flexibility in their rule (Rule 30e-3) for mutual fund and ETF notices and in a proposed rule on Tailored Shareholder Reports. (See Figure 6.)

Figure 6. QR codes provide a smooth path to e-delivery.



Focusing a smart phone camera on the QR code opens an illustrative, personalized fund report disclosure that is readable on a mobile device. The information is for a hypothetical mutual fund, “EvercapFunds Income Fund Class A Shares.” This could also include interactive features, like CEO video messages or ESG tools.

D. Connecting IPMs with SEDAR+

SEDAR is an effective repository of the filings of Canadian issuers and investment funds. As part of the NI 51-102 initiative, there is an opportunity to leverage Application Programming Interface (“API”) technologies to create a user-friendly interface that would expand and extend SEDAR’s current functionalities. For example, agnostic user interfaces could be connected to SEDAR+ to forward continuous disclosure documents, when updated, based on investor preferences and standing instructions.

E. Greater use of data tagging

Data tagging unlocks innovations in how regulatory information can be presented. There are benefits to both retail and institutional investors when data and information in filings are tagged (e.g., using Inline-XBRL (“iXBRL”)):

- Issuers, fund companies, intermediaries, and technology service providers can create personalized and interactive experiences, at scale.



- Tagging the data allows e-mail templates (or other digital notifications) to be populated with information that is ingested from filings.
- Technology innovators can efficiently ingest the data to provide comparison tools and analyses.

The Canadian Coalition for Good Governance (“CCGG”) is supportive of data tagging because it makes it simpler and less costly for institutional investors to monitor data systemically across their investments. Data tagging could become increasingly necessary with new requirements to disclose information on climate risks and sustainability. As has been done by regulators in the U.S., Canadian regulators could take an incremental approach and begin to require certain information in filings to be tagged, with longer implementation requirements for smaller firms.

F. The proposed combined Disclosure Statement should include summary information.

The CSA is proposing to remove duplication by combining the annual information form (“AIF”), MD&A and Financial Statements into annual and interim disclosure statements. This will provide investors with information in a single disclosure. The CSA should use the opportunity to introduce an investor-friendly summary section that provides investors with an overview and key information (e.g., significant events over the previous year, management changes, key metrics, links to short videos from the CEO, or other important information).

In 2016, Canadian regulators introduced summary prospectus disclosures for Fund Facts and ETF Facts. The same logic could be applied to corporate issuer disclosures.

Conclusion

Recent surveys indicate that investors find the information in continuous disclosure documents important, and they want to be notified when new disclosures are available. However, the proposed amendments for an access equals delivery framework would reduce investors’ awareness of the information they say is important to them in monitoring their investments.

Under current instruments, issuers saved an estimated \$164 million in paper and postage in the 12-months ending June 30, 2021. The savings will continue to increase and are estimated to exceed \$200 million annually in 2024. Additional cost savings are available with certain clarifications and greater use of technology. For example, more issuers would benefit from the cost savings of a notice-and-access method for proxies if the need to obtain exemptive relief were eliminated. Moreover, greater use of technology to expand e-delivery and to streamline the annual reminder process would also provide meaningful cost savings to issuers.

These savings can be realized without a negative impact on investors. Continuous disclosures can be re-imagined by using digital delivery. Investor-friendly summaries containing key information from a combined disclosure document could be provided via QR codes, notifications in apps, and e-mails that deliver personalized and interactive information. This would encourage more investors to engage with regulatory disclosures and drive greater acceptance of e-delivery to further reduce costs for issuers.



Broadridge has long been committed to supporting the CSA and other market participants in developing and implementing technologies to make regulatory communications more engaging for investors and more efficient for issuers and fund companies. We would be pleased to meet with representatives from the CSA (and others) to provide additional input or answer any questions you may have.

Sincerely,

A handwritten signature in black ink, appearing to read "Martha Moen".

Martha Moen
General Manager, Investor Communication Solutions, Canada

Attachment:

Canada Investor Quantitative Report by True North Market Insights, July 2021 (English, French)



Attachment

**Canada Investor Quantitative Report by True North Market Insights, July 2021
(English and French versions)**

Canada Investor Quantitative Report



Broadridge®

Research Findings

July 2021

Background & Objectives

The Canadian Securities Administrators (CSA) are considering changes to companies and investment funds reporting, filing and disclosure requirements, including recently proposed changes to National Instrument 51-102 *Continuous Disclosure Obligations for Non-Investment Funds* (the “Proposal”).

True North Market Insights ("TNMI") was commissioned by Broadridge Financial Solutions to survey Canadian retail investors. The purpose of the survey is to gather and understand their views on the corporate issuer and investment fund disclosure framework. TNMI asked investors questions to understand:

- how useful certain disclosures are to them;
- their views on the relative importance of information contained in certain disclosures;
- their awareness of the SEDAR* system;
- their preferences for how they wish to receive information; and
- their views on the disclosure of their personal information.

The disclosure documents tested included:

- Fund Facts and ETF Facts
- Management Report of Financial Performance (MRFP)
- Management Discussion and Analysis (MD&A)
- Financial Statements

See the Appendix for the TNMI Survey Methodology

*Public companies, mutual funds and ETFs are required to post updated disclosure documents electronically on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("SEDAR").

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- Importance of Information
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- Wealth
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Key Findings

Usefulness/Importance of Disclosures:

- The Fund Facts and ETF Facts are popular with investors. 88% of investors are aware of them and 86% say they are helpful when comparing investments.
- By contrast, when it comes to the MRFPs and Financial Statements...
 - 34% are not aware of them,
 - and 49% who are aware do not find them useful.
- However, when shown examples of the MRFP and Financial Statement, most investors say that the information contained in them is *important*.
 - In particular, they say that information on fees, performance, risks, holdings, and financial highlights is especially important.
 - 70% say that knowledge of material changes is important/very important (another 26% say it is somewhat important).
- But 42% find MRFPs and Financial Statements difficult to understand.
- Approximately a third indicated that summaries would be more useful to them.

Key Findings (continued)

• Awareness:

- Approximately 60% of investors recall receiving an annual reminder that they may request free copies of MD&As, MRFPs and Financial Statements.
 - But most investors (95%) would like to be notified of updated documents.
- Few investors are aware of SEDAR (32%) or use it (4% use it once a year and 6% use it more than once a year).
 - Lack of awareness is greater among segments of investors with *lower income, lower wealth, less education, or among older investors.*

• Delivery Preferences:

- Over 89% of investors say they want to be notified when updated disclosures are available or when there are material changes.
- A majority wish to receive disclosure documents automatically.
 - Of those that want to request them, 66% want to receive them by email.
- Older investors are more likely than younger investors to prefer mail.

• Privacy/Choice:

- 92% of investors want a choice in whether their personal information is shared with the companies and funds they invest in.
- Given the choice, over half would opt out.

1

Key Findings

2

Detailed Findings

- Usefulness of Disclosures
- Importance of Information
- Awareness
- Delivery Preferences
- Privacy/Choice

3

Demographic Differences in the Findings

4

Appendix

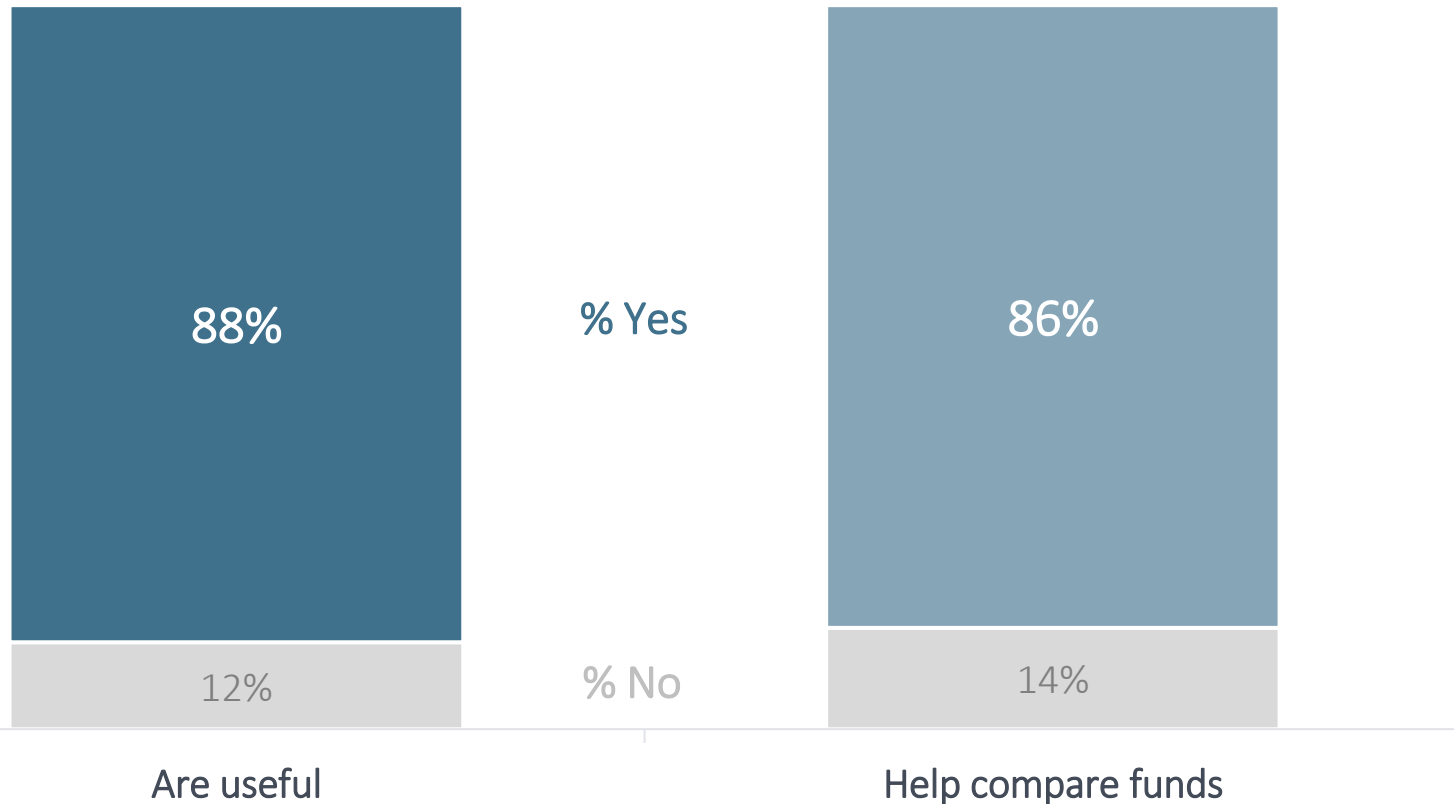
Usefulness of the disclosures: Fund Facts and ETF Facts

88% of fund investors say the **Fund Facts and ETF Facts** are useful when making purchase decisions; 86% say the documents help them to compare funds.

Documents Are Useful When Purchasing and Help Compare Funds

Question (A1): Are the documents useful when purchasing funds?

Question (A2): Do the documents help you compare funds?



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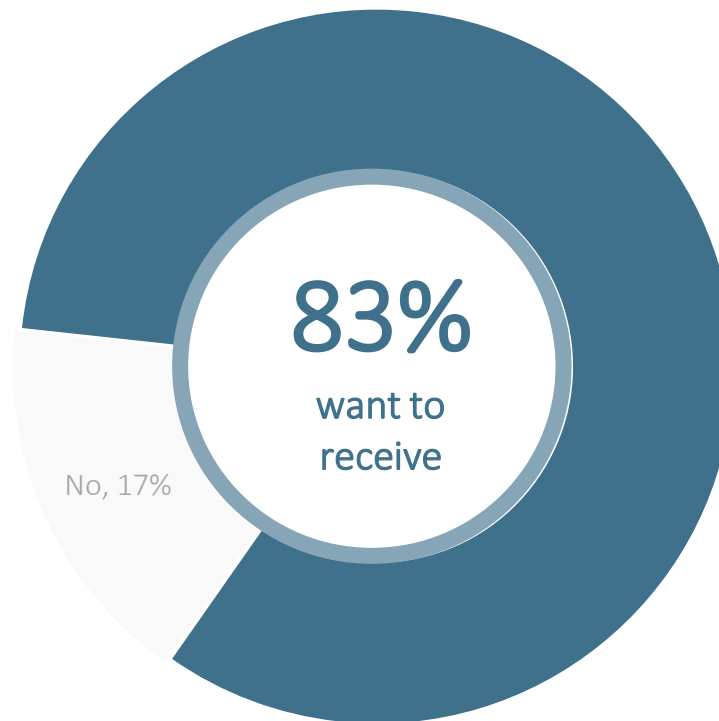
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83% of investors who have advisor managed accounts want to receive the Fund/ETF Facts when their advisor purchases funds on their behalf.

Want to Receive Documents

Question (A3): Do you want to receive the documents when your advisor buys a fund or ETF on your behalf?



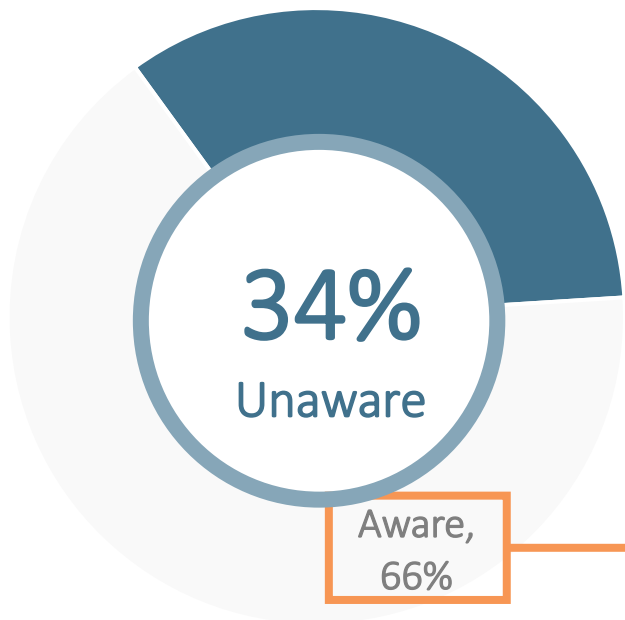
Usefulness of the disclosures / Importance of Information: MRFP and Financial Statements

34% of investors are not aware of MRFPs and Financial Statements and 49% of those who are aware do not find them useful for monitoring and evaluating their investments.

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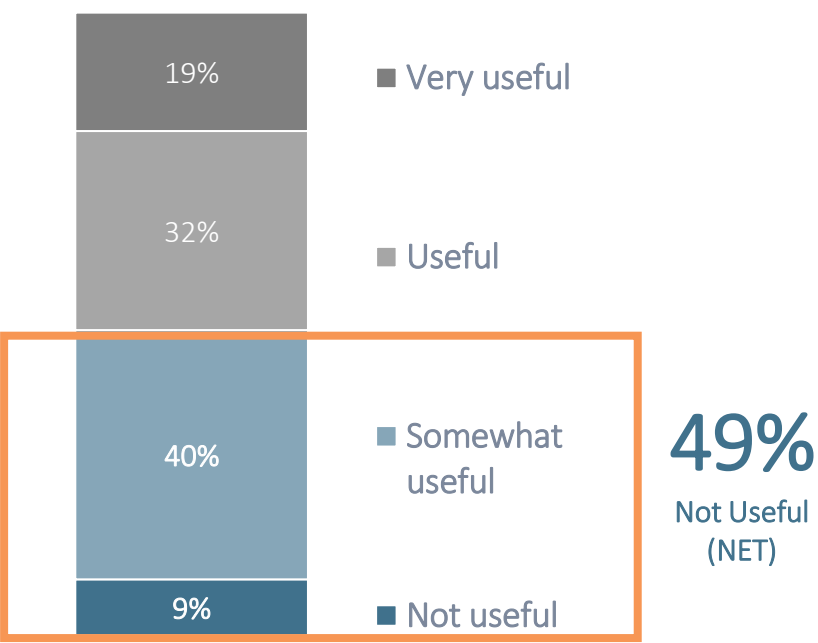
Awareness

Question (B1): Are you aware of these disclosure documents?



Usefulness

Question (B2 – Reduced based, those who are aware of MRFP or Financial Statements =1,116): How useful are these disclosure documents for monitoring and evaluating your funds?



Investors rated the importance of information in disclosure documents.

Most found the information contained in the MRFP and Financial Statement to be important.
In particular, fees, performance, risks, holdings, and financial highlights.

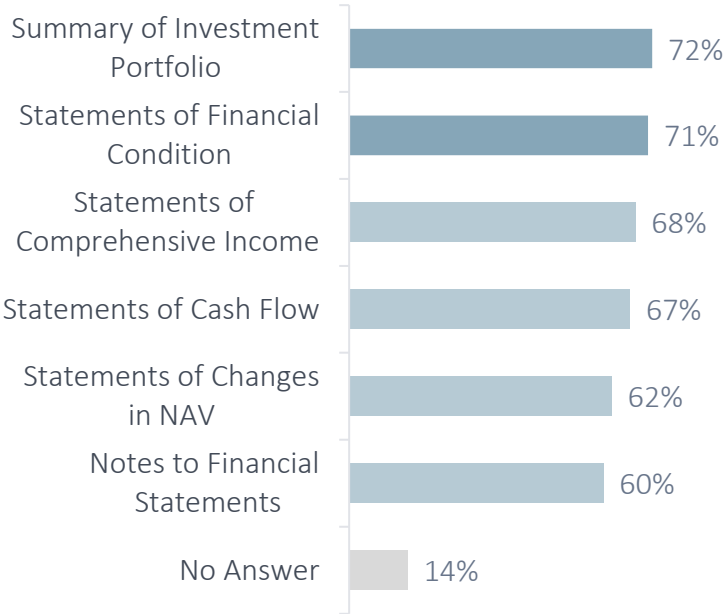
MRFP – Top 2 Box
(Very Important/Important)

Question (B4): Please indicate the level of importance to you of each of the following sections found in an MRFP.



Financial Statement – Top 2 Box
(Very Important/Important)

Question (B5): Please indicate the level of importance to you of each of the following sections found in a Financial Statement.



Base: All Mutual Fund and ETF Owners (n=1,691). Evaluated the Annual report (n=492), evaluated the Interim report (n=485).

Additional information investors want to see in the MRFP.

Question (B6): What other information, if any, do you want to see in the MRFP?

32 Comments

- *"Performance comparison relative to the general market, other"*
- *"Risk assessment"*
- *"More analysis rather than raw data"*
- *"The salary of the fund manager"*
- *"Advantages and disadvantages (e.g., risk tolerance compatibility)"*
- *"TER as well as MER"*
- *"Something in English, please. But even then, I rely on my advisor"*
- *"I would like to know if the companies that are invested in are good"*
- *"Compensation to person(s) managing the funds"*
- *"Clear info on return and fees"*
- *"For example... new and upcoming opportunities"*
- *"Maximum level of disclosure as required by regulations"*
- *"Fees associated"*
- *"Plain clear explanation of fees"*
- *"Last year's profits"*

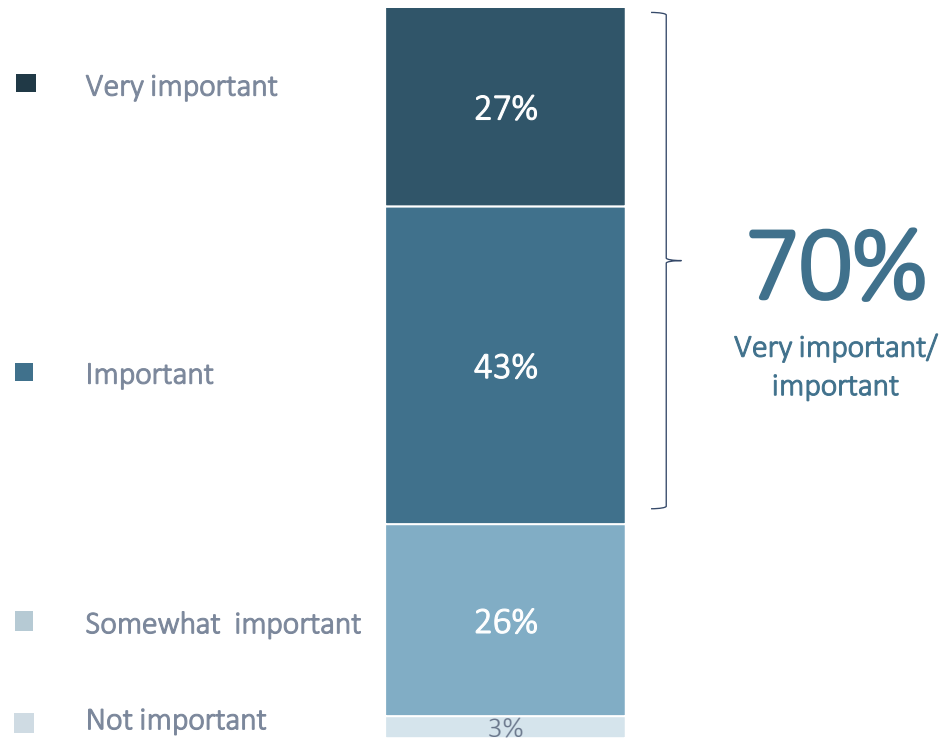
- *"Fees"*
 - *"Future outlook"*
 - *"General knowledge"*
 - *"I can't understand anything in these documents."*
 - *"If the fund is worth keeping"*
 - *"Risks associated with stranded assets"*
 - *"I want it easier to understand"*
 - *"More information on management fees"*
 - *"Political stability in the company's environment"*
 - *"All of the above & more"*
 - *"A sustainability index"*
 - *"All holdings"*
 - *"Comparisons to benchmarks"*
 - *"I don't want any it's my financial advisor's job to go through them"*
 - *"A simplified summary for beginner investors"*
 - *"Comparisons for funds in its class"*
- *"Un résumé plus facile à lire" = "A summary which is easier to read"*

70% say that knowledge of material changes is important/very important in monitoring their funds.

Another 26% say it is somewhat important.

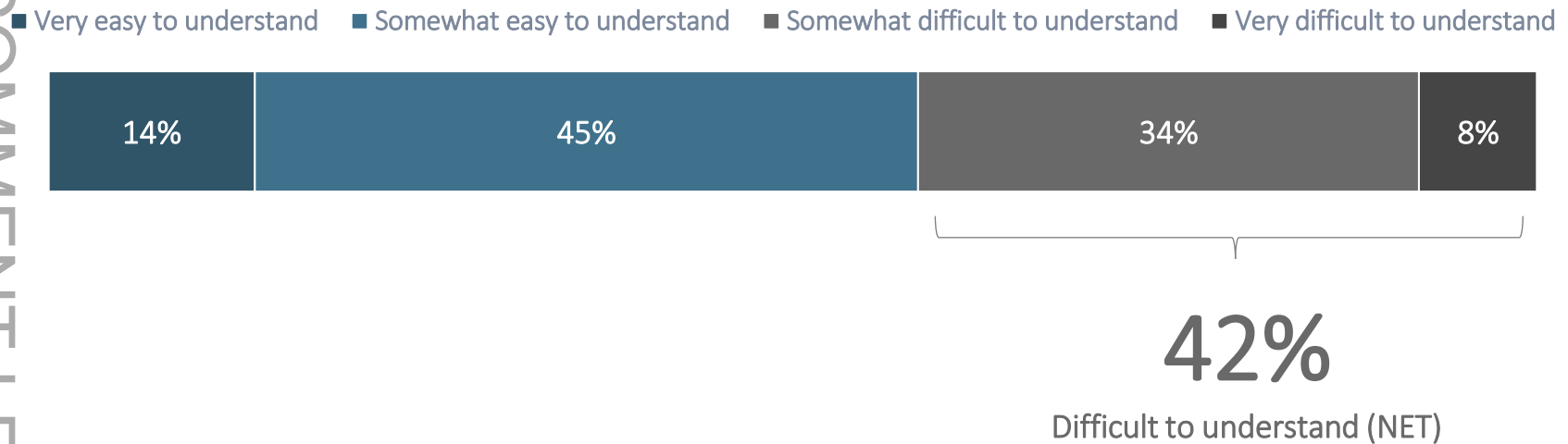
Knowledge of Material Changes – Top 2 Box (Very Important/ Important)

Question (B13): From time to time there are material changes in a fund's investment objectives, risks, fees, portfolio management and other information. Is knowledge of material changes important in monitoring your funds?



42% of investors find the MRFP and Financial Statement difficult to understand.

Question (B3): How easy or difficult are they to understand?

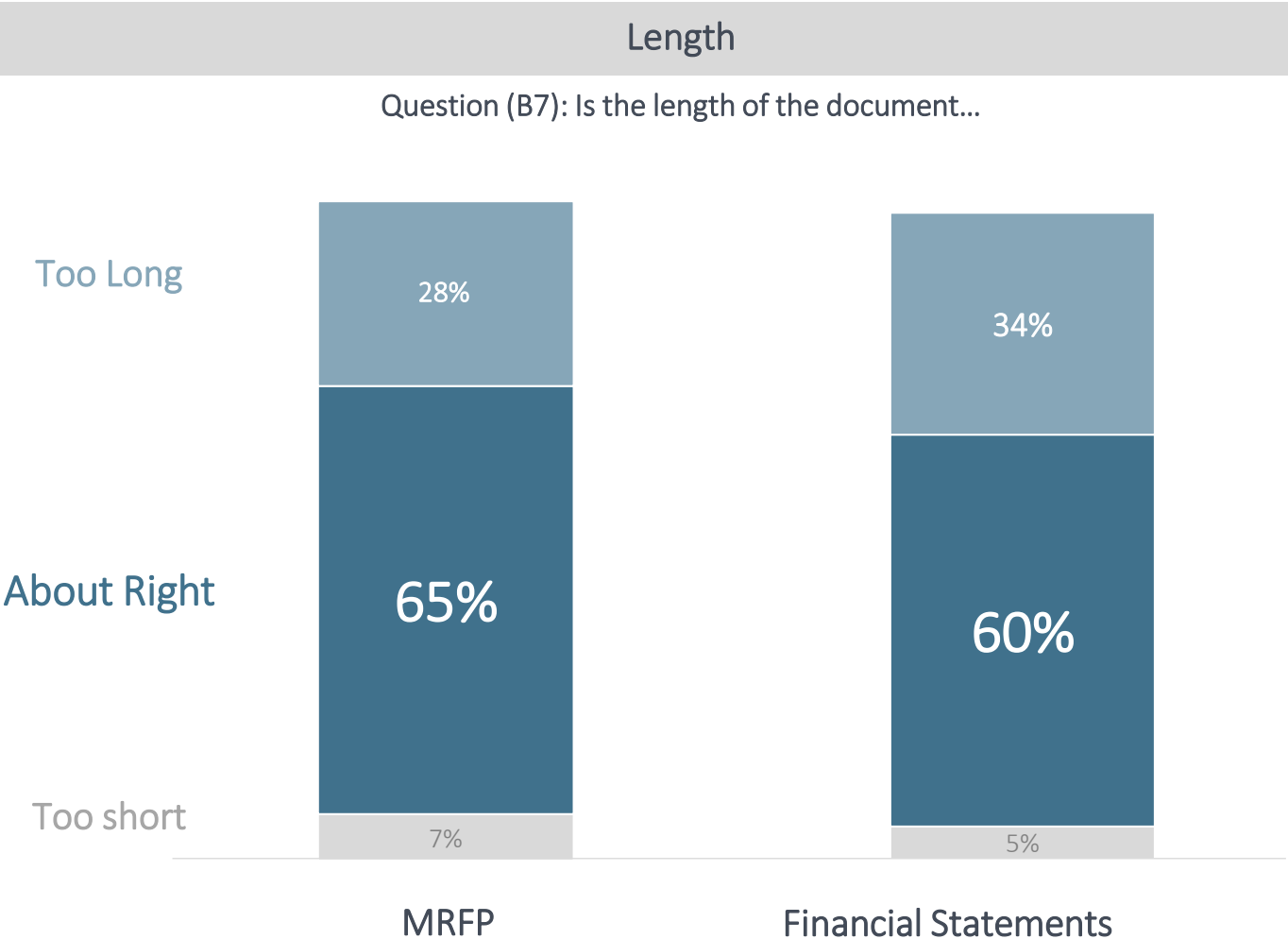


Significant differences by demographic segments*

Those with **lower education levels, lower income, or older** find them more difficult to understand.

60% or more say the MRFP and Financial Statements are the right length.

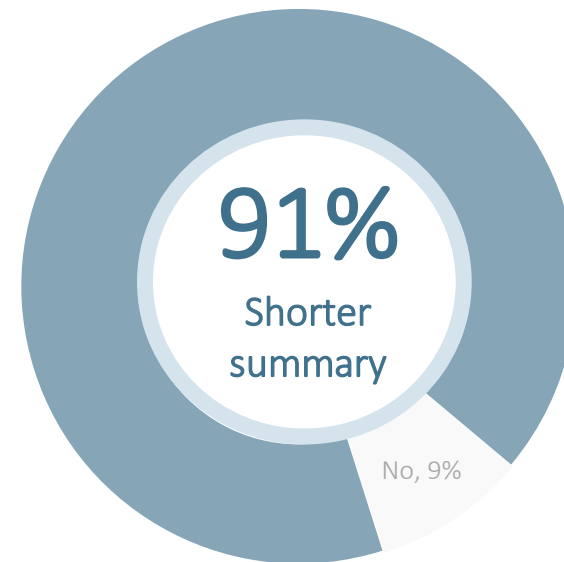
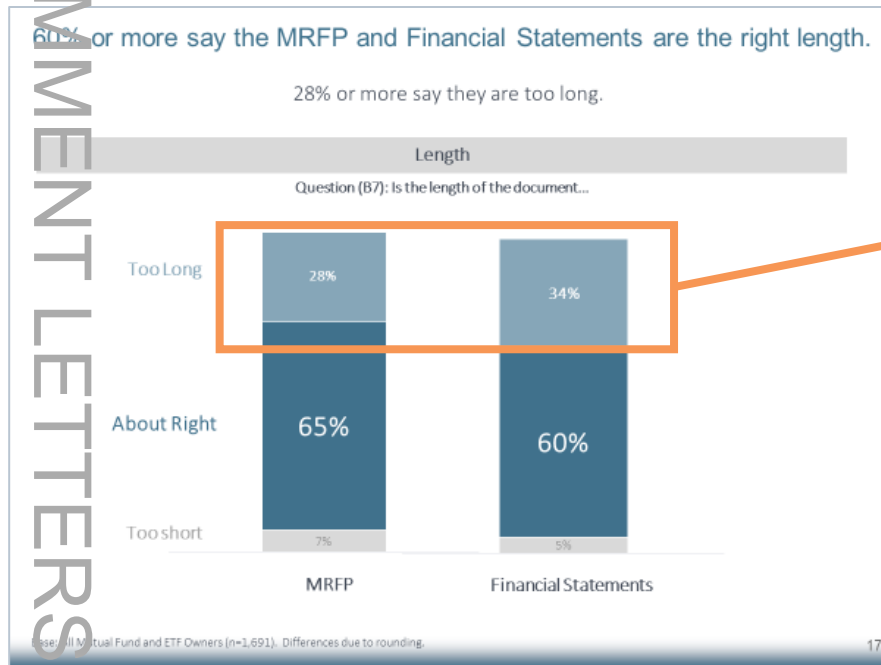
28% or more say they are too long.



Of those rating them as too lengthy, 91% would prefer shorter summary documents with more detailed information found online.

Prefer Shorter Summary

Question (B8 – Reduced based, those who think either MRFP or Financial Statement documents are too long n=735): Would you prefer shorter summary documents with more detailed information found online?



Awareness: MRFP & MD&A

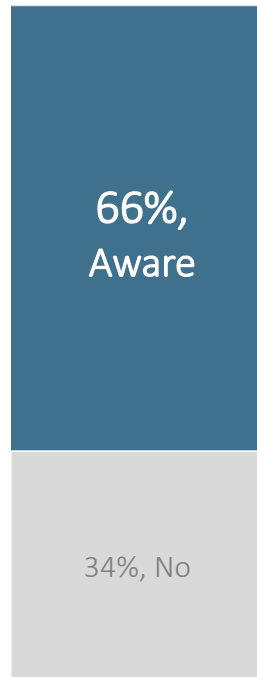
INCLUDES COMMENT LETTERS REQ

66% of fund/ETF investors are **aware** of MRFPs and Financial Statements.

60% recall receiving an annual reminder to request copies of the documents.

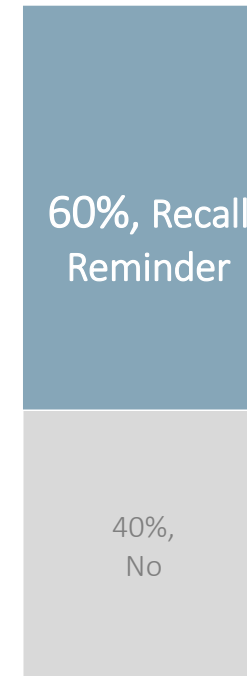
MRPF Awareness

Question (B1): Are you aware of these disclosure documents?



Recall Reminder

Question (B9): Funds are required to remind you once each year that you can request free copies of these disclosure documents. In the last 12 months, do you recall being notified that you can request them?



Significant differences among demographic segments*

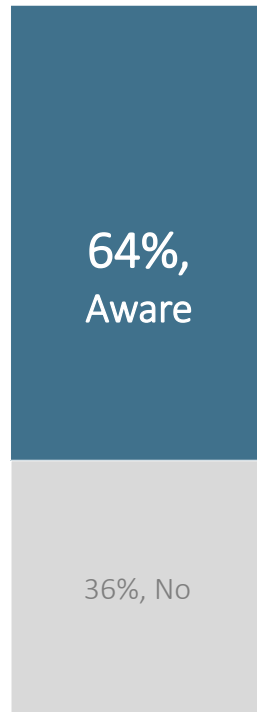
Higher awareness observed with the highest education, income level or assets, and **lower awareness among investors with less education, lower income, or assets.**

64% of stock investors are **aware** of MD&As and Financial Statements.

58% recall receiving an annual reminder to request copies of the documents.

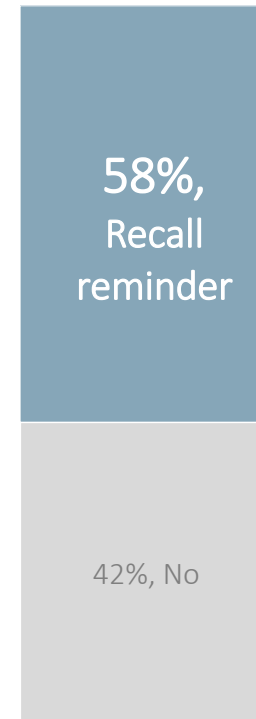
MD&A Awareness

Question (C1): Are you aware of these disclosure documents?



Recall Reminder

Question (C2): Companies are required to remind you once each year that you can request free copies of these disclosure documents. In the last 12 months, do you recall being notified that you can request them?



Significant differences among demographic segments*

Higher awareness by investors with the highest education, income level or most assets **and lower awareness among investors with less education, lower income, or assets.**

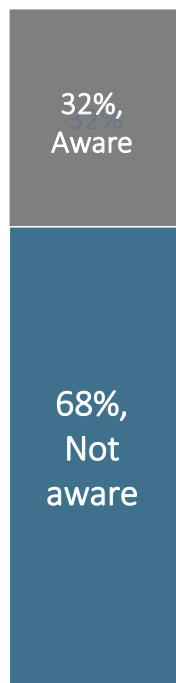
Awareness: SEDAR

INCLUDES COMMENT LETTERS REC

82% of investors either are not aware of SEDAR or do not use it.

SEDAR Awareness

Question (Q1): Are you aware of SEDAR?



SEDAR Awareness & Use

Question (Q2): Have you used SEDAR to access and review updated disclosure information on your investments?

- Aware and use
- Aware but do not use
- Not aware



82%
Not aware or
do not use

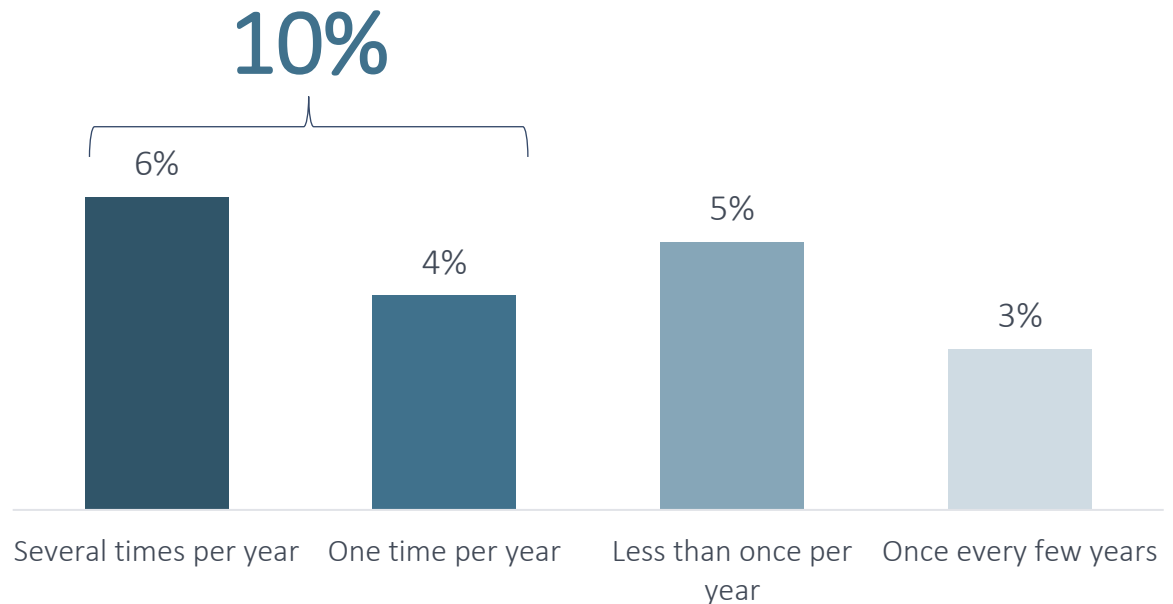
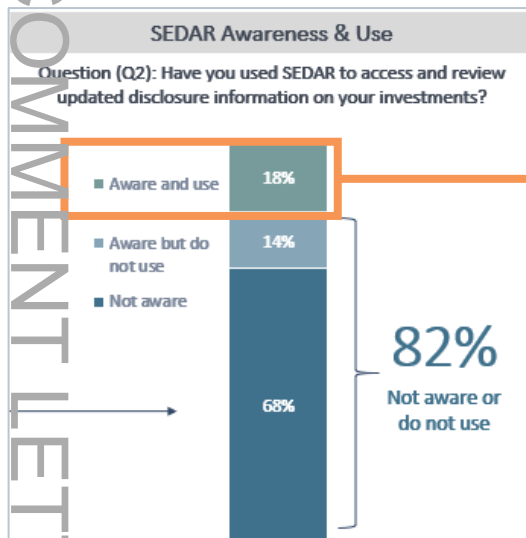
Significant differences among segments*

There is higher awareness among those with higher income, wealth, or more education; and lower awareness for investors with less income, less wealth, less education, or seniors.

Only 10% of investors use SEDAR once a year or more.

Frequency of Use

Question (Q3) (Reduced base, those who have used SEDAR n=362): How often do you use SEDAR to access and review updated information on your investments?

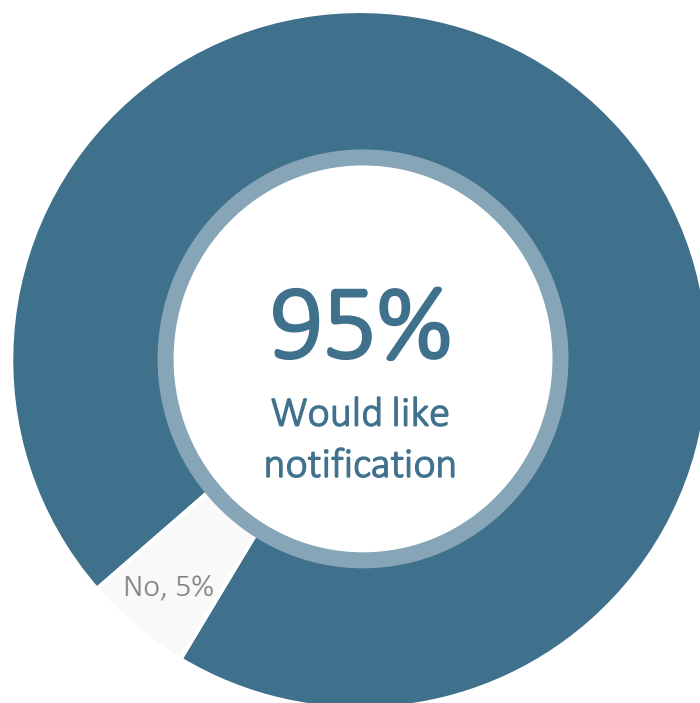


Delivery Preferences: MRFP

95% of fund investors want to be notified when updated documents are available.

Notification

Question (B12): Would you like to be notified when updated documents are available?

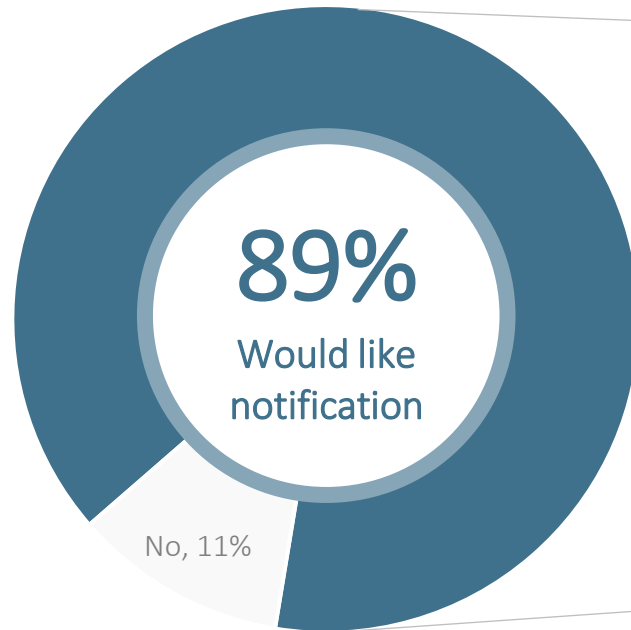


89% want to be notified of material changes to their funds.

71% would like to receive the changes highlighted, while 29% want to see only the information that has changed.

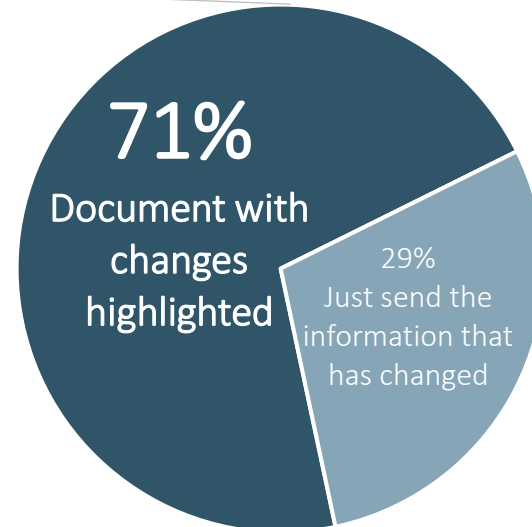
Notification About Changes

Question (B14): Would you like to be notified when there are material changes in your funds?



Preferred Notification

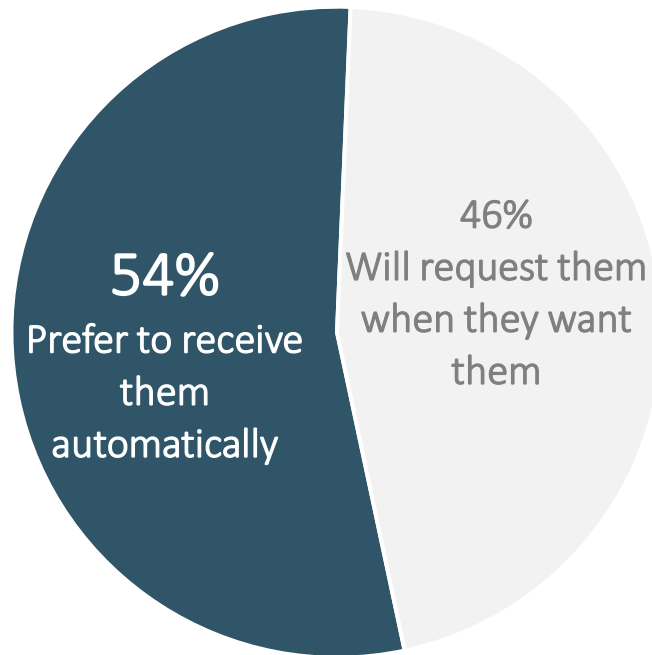
Question (B15) – reduced based, those who would like to be notified of changes, n=1,507): Which would you prefer?



54% of fund investors want documents sent to them automatically.

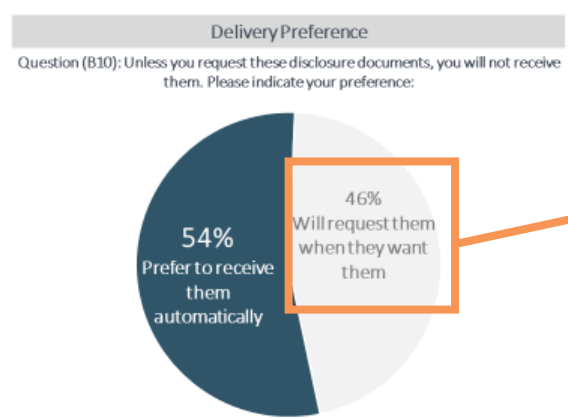
Delivery Preference

Question (B10): Unless you request these disclosure documents, you will not receive them. Please indicate your preference:



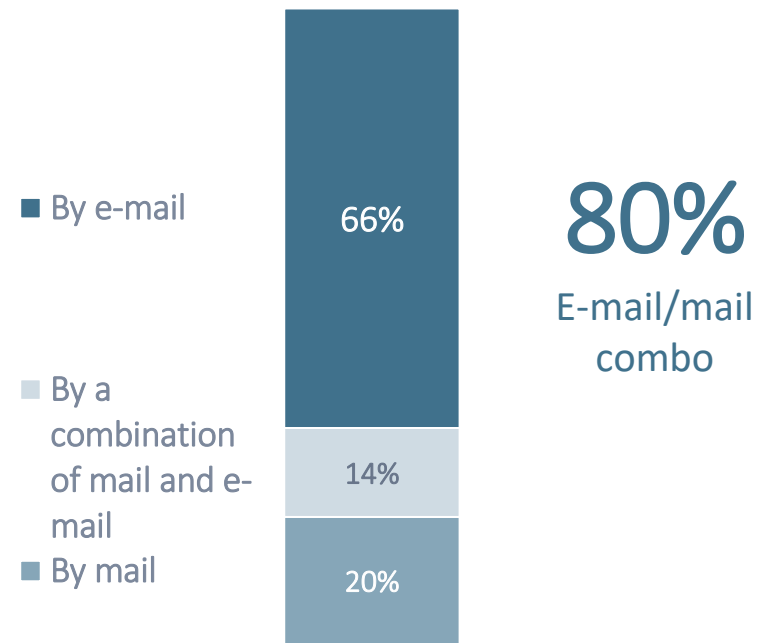
Among fund investors who say they will request documents, 66% prefer to receive them by e-mail (80% by a combination of mail and e-mail).

54% of fund investors want documents sent to them automatically.



Preferred Delivery Method

Question (B11 – reduced base, those who prefer to request documents, n=775): How would you prefer to receive the reminder letter?



Significant differences among demographic segments*

Younger investors prefer to receive the updated documents by e-mail, while older investors prefer to receive the information by mail at higher rates.

Base: All Mutual Fund and ETF Owners (n=1,691). See Appendix for demographic segment differences (slide 43).

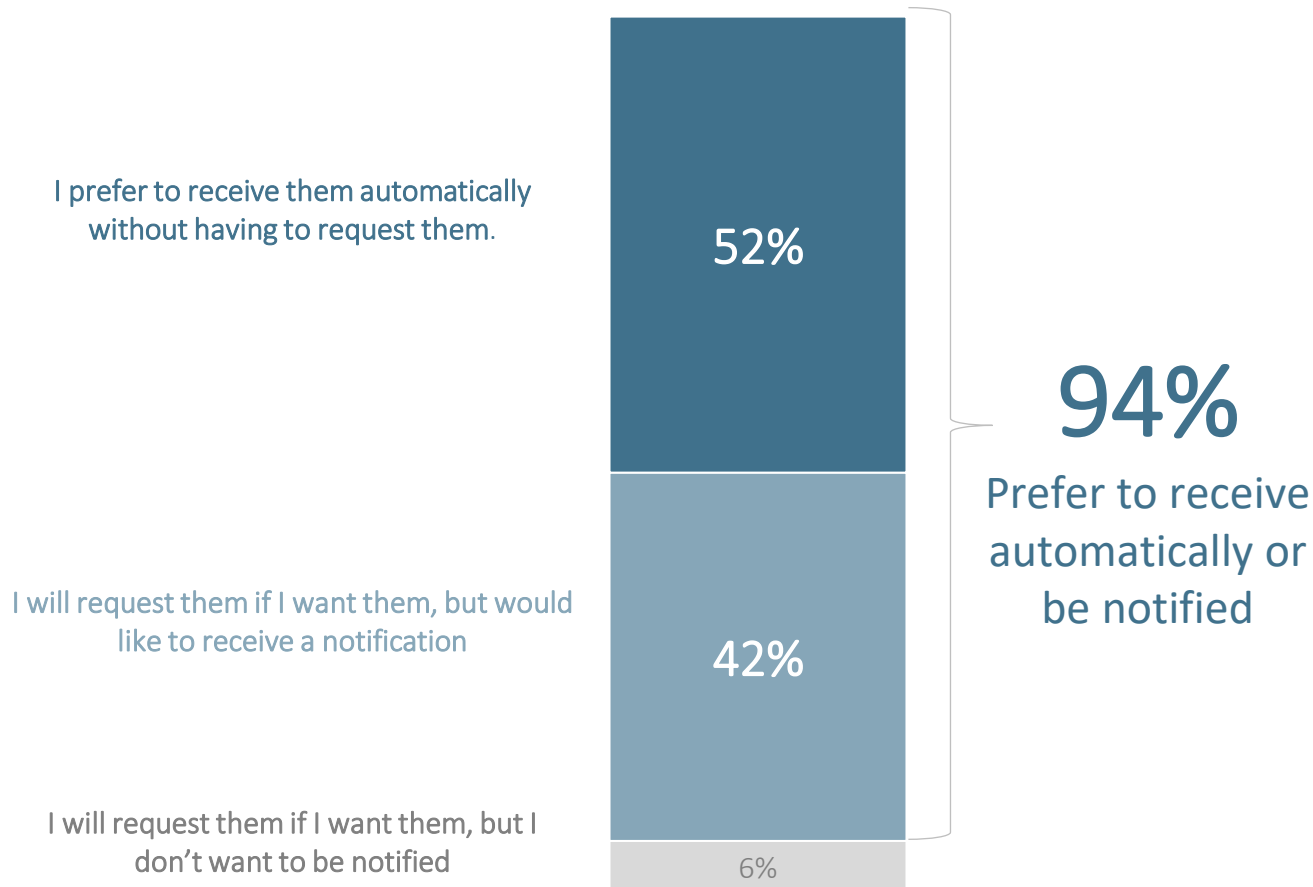
Delivery Preferences: MD&A & Proxy Materials

94% of stock investors say they prefer to receive MD&As and Financial Statements automatically or be notified of updated documents.

MD&A - Preferred Notification

Question (C3): Unless you request these disclosure documents, you will not receive them. Please indicate your preference:

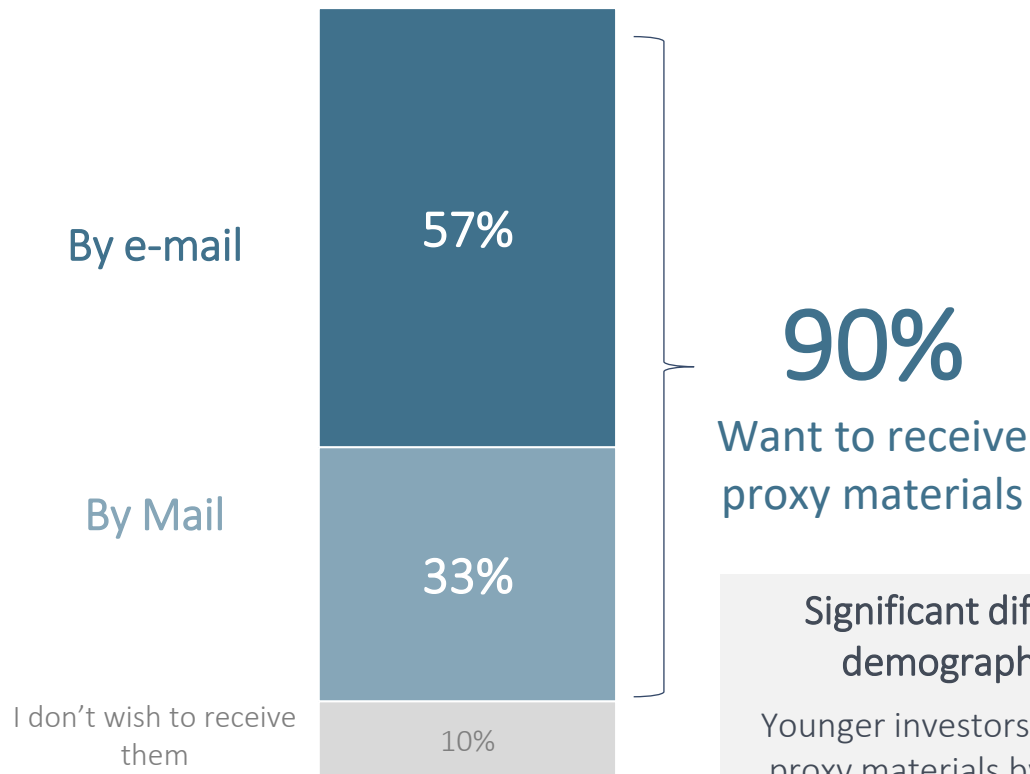
Question (C4): Would you like to be notified when updated documents are available?



90% of stock investors want to receive proxy materials.

Proxy Materials - Preferred Delivery Method

Question (D1): How do you prefer to receive your proxy materials and ballots?



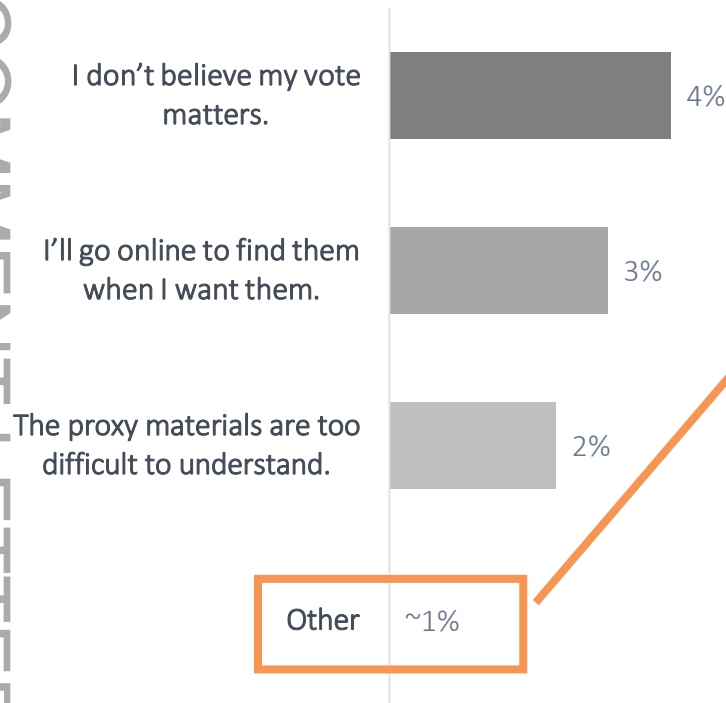
Significant differences among demographic segments*

Younger investors prefer to receive the proxy materials by e-mail. While older respondents prefer to receive them by mail at a higher rates than younger investors.

... only 10% don't want to receive proxy materials. The reasons why...

Reasons for Not Wanting Materials

Question (D2): (All Stock/Equity Owners) You indicated you do not wish to receive proxy materials and ballots. Please select the option that best explains why.



Verbatim Feedback (Illustrative)*

- "Small investor"
- "My broker takes care of it"
- "My advisor does it"
- "I mostly day trade so it's not relevant"
- "I find them to be a waste of time and paper"
- "I don't vote not interested"
- "I am not a voting share holder"

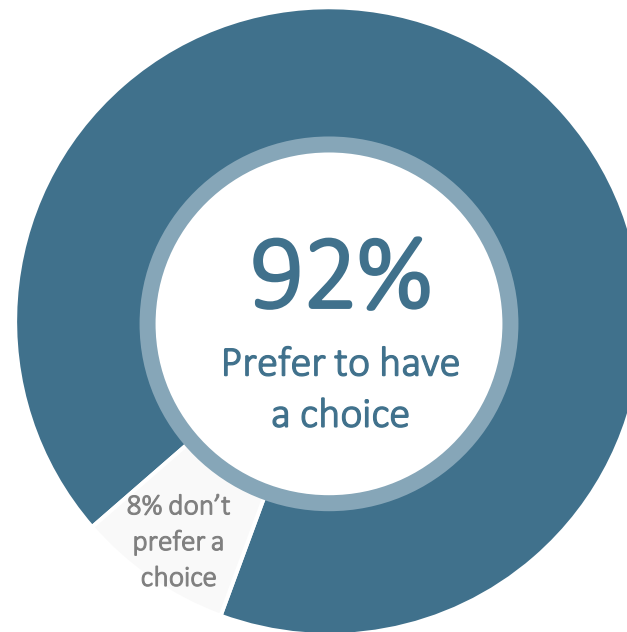
Privacy / Choice

INCLUDES COMMENT LETTERS REC

92% of investors want a **choice** of whether their personal information is shared with corporate issuers and third parties.

Rule Preference

Question (E1): Under current rules, investors have a choice on whether their brokerage firm may share their name, address, e-mail address and share-amount information with the companies and funds they invest in, and with their proxy solicitors. Under a proposed rule, investors would no longer have a choice on whether their personal information is shared. Please indicate which rule you prefer. I prefer current rules where I have a choice. I prefer a proposed rule where I no longer have a choice.

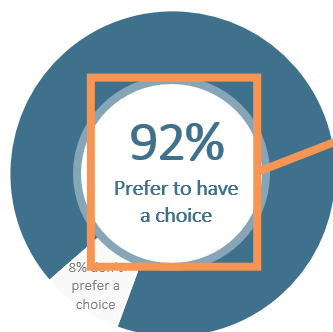


Given the choice, 54% of investors do not want their personal information to be shared.

92% of investors want a **choice** of whether their personal information is shared with corporate issuers and third parties.

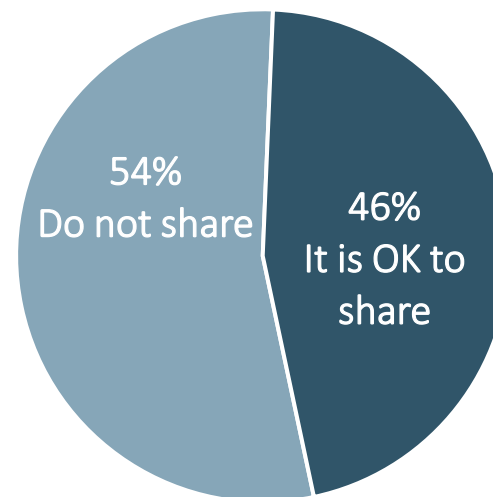
Rule Preference

Question (E1): Please indicate which rule you prefer.



Sharing Information Preference

Question (E2— reduced based, those who prefer to have a choice, n=1,837): You indicated you prefer to have a choice. Given the choice, please indicate your preference.



Significant differences among demographic segments*

Older investors and those with disabilities are more likely to be concerned with sharing of their personal information.

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Demographic Differences in the Findings

- Age
- Education
- Income
- Wealth
- Disability

4

Appendix

Those with lower educational attainment, lower income, or older in age are more likely to find the **MRFP and Financial Statements** difficult to understand.

Understanding (Very/Somewhat Difficult to Understand)

Question (B3): How easy or difficult are they to understand?

| | | Age | | | | | HH Income | | | | |
|------------------------------|------|-------|-------|-------|-------|-----|-----------|-----------------|----------------|----------------|---------|
| | | 18-34 | 35-44 | 45-54 | 55-64 | 65+ | <\$50K | \$50K- <100K | 100K- <150K | 150K- <220K | \$220K+ |
| Difficult (Very/Somewhat) | Base | 249 | 260 | 208 | 221 | 178 | 225 | 374 | 285 | 163 | 69 |
| | | 27% | 41% | 38% | 49% | 59% | 46% | 43% | 41% | 38% | 33% |

| | | Education | | | | | |
|------------------------------|------|--------------------------|--------------------------------|--------------------------------|--------------------|----------------------|-----------------------------|
| | | Less than high school | High school / equivalent | Some college/ university | College diploma | University degree | Post- graduate degree |
| Difficult (Very/Somewhat) | Base | 11* | 110 | 116 | 207 | 455 | 217 |
| | | 45% | 45% | 53% | 44% | 41% | 35% |

Base: Mutual Fund and ETF Owners who are Aware of MRFP (n=1,116).

*Caution: small base sizes, view as directional only.

Significantly higher than sub-group(s) at 90% confidence level.

There is **lower awareness of SEDAR** among older investors and those with less income or wealth, or lower education.

SEDAR Awareness

Question (Q1): Are you aware of SEDAR?

| | HH Income | | | | | HH Investable Assets | | | | | | |
|------|-----------|-------------|------------|------------|---------|----------------------|--------------|---------------|----------------|----------------|--------------|-------|
| | <\$50K | \$50K-<100K | 100K-<150K | 150K-<220K | \$220K+ | Under \$10K | \$10K-<\$25K | \$25K-<\$100K | \$100K-<\$250K | \$250K-<\$500K | \$500K-<\$1M | \$1M+ |
| Base | 487 | 661 | 499 | 257 | 100 | 84 | 123 | 542 | 550 | 320 | 227 | 158 |
| Yes | 24% | 31% | 35% | 34% | 47% | 20% | 23% | 26% | 31% | 35% | 41% | 48% |
| No | 76% | 69% | 65% | 66% | 53% | 80% | 77% | 74% | 69% | 65% | 59% | 52% |

| | Age | | | | | Education | | | | | |
|------|-------|-------|-------|-------|-----|-----------------------|--------------------------|---------------------------|-----------------|-------------------|----------------------|
| | 18-34 | 35-44 | 45-54 | 55-64 | 65+ | Less than high school | High school / equivalent | Some college / university | College diploma | University degree | Post-graduate degree |
| Base | 457 | 420 | 384 | 408 | 335 | 30* | 213 | 265 | 398 | 767 | 331 |
| Yes | 45% | 31% | 29% | 25% | 27% | 30% | 21% | 29% | 25% | 34% | 44% |
| No | 55% | 69% | 71% | 75% | 73% | 70% | 79% | 71% | 75% | 66% | 56% |

Base: All Investors (n=2,004).

*Caution: small base sizes, view as directional only.

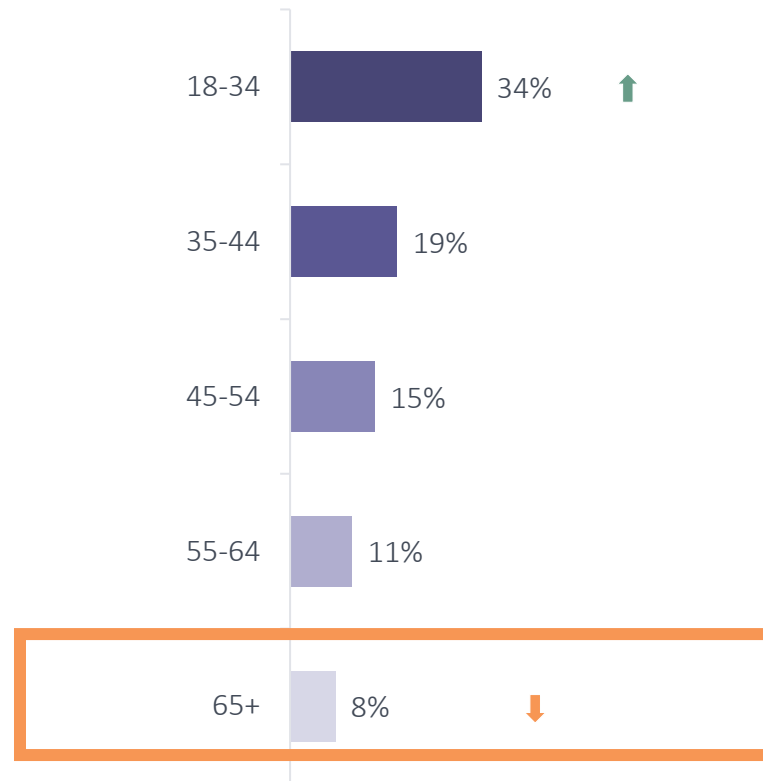
Significantly **higher** awareness than sub-group(s) at 90% confidence level.

Significantly **lower** awareness than sub-group(s) at 90% confidence level.

34% of younger investors have used SEDAR; while only 8% of older investors have used it.

SEDAR Use by Age Group - % Yes

Question (Q2): Have you used SEDAR to access and review updated disclosure information on your investments?



There is less awareness of MRFPs and Financial Statements by investors with lower education, income or assets.

MRFP Documents and Request Form Awareness

Question (B1): Are you aware of these disclosure documents?

Question (B9): Funds are required to remind you once each year that you can request free copies of these disclosure documents. In the last 12 months, do you recall being notified that you can request them?

| | | HH Income | | | | | HH Investable Assets | | | | | | |
|--------------------------------|--|------------------|----------------|----------------|----------------|---------|----------------------|------------------|-------------------|--------------------|--------------------|------------------|-------|
| | | \$50K- <\$50K | 100K- <100K | 150K- <150K | 220K- <220K | \$220K+ | Under \$10K | \$10K- <\$25K | \$25K- <\$100K | \$100K- <\$250K | \$250K- <\$500K | \$500K- <\$1M | \$1M+ |
| Base | | 371 | 556 | 442 | 228 | 94 | 50* | 89 | 449 | 477 | 287 | 200 | 139 |
| Awareness - % Yes | | 61% | 67% | 64% | 71% | 73% | 52% | 61% | 60% | 66% | 70% | 72% | 79% |
| Recall Request Form - % Yes | | 55% | 60% | 58% | 65% | 71% | 44% | 48% | 56% | 56% | 62% | 71% | 75% |

| | | Education | | | | | |
|--------------------------------|--|--------------------------|--------------------------------|--------------------------------|--------------------|----------------------|-----------------------------|
| | | Less than high school | High school / equivalent | Some college/ university | College diploma | University degree | Post- graduate degree |
| Base | | 20* | 174 | 210 | 326 | 666 | 295 |
| Awareness % Yes | | 55% | 63% | 55% | 63% | 68% | 74% |
| Recall Request Form - % Yes | | 65% | 51% | 55% | 58% | 61% | 67% |

Base: All Mutual Fund and ETF Owners (n=1,691).

*Caution: small base sizes, view as directional only.

Significantly **higher** than sub-group(s) at 90% confidence level.

Significantly **lower** than sub-group(s) at 90% confidence level.

There is less awareness of MD&A and Financial Statements by investors with less education, income or assets.

MD&A Documents and Reminder Awareness

Question (C1): Are you aware of these disclosure documents?

Question (C2): Companies are required to remind you once each year that you can request free copies of these disclosure documents. In the last 12 months, do you recall being notified that you can request them?

| | | HH Income | | | | | HH Investable Assets | | | | | | |
|----------------------------|--|-----------|-----------------|----------------|----------------|---------|----------------------|------------------|-------------------|--------------------|--------------------|------------------|-------|
| | | <\$50K | \$50K- <100K | 100K- <150K | 150K- <220K | \$220K+ | Under \$10K | \$10K- <\$25K | \$25K- <\$100K | \$100K- <\$250K | \$250K- <\$500K | \$500K- <\$1M | \$1M+ |
| Base | | 266 | 405 | 331 | 183 | 78 | 45* | 70 | 316 | 337 | 196 | 169 | 130 |
| Awareness - % Yes | | 54% | 63% | 69% | 66% | 81% | 40% | 51% | 58% | 63% | 67% | 73% | 82% |
| Recall Reminder - % Yes | | 53% | 58% | 58% | 62% | 65% | 33% | 53% | 53% | 58% | 57% | 66% | 72% |

| | | Education | | | | | |
|----------------------------|--|--------------------------|--------------------------------|--------------------------------|--------------------|----------------------|-----------------------------|
| | | Less than high school | High school / equivalent | Some college/ university | College diploma | University degree | Post- graduate degree |
| Base | | 17* | 118 | 151 | 232 | 518 | 227 |
| Awareness - % Yes | | 41% | 54% | 54% | 60% | 68% | 73% |
| Recall Reminder - % Yes | | 47% | 53% | 54% | 53% | 60% | 65% |

Base: All Stocks / Equities Owners (n=1,263).

*Caution: small base sizes, view as directional only.

Significantly **higher** than sub-group(s) at 90% confidence level.

Significantly **lower** than sub-group(s) at 90% confidence level.

Younger investors, those with lower income or investable assets, minorities or those with disabilities have a higher preference to receive MRFPs and Financial Statements automatically.

MRFP Delivery Preferences

Question (B10): Unless you request these disclosure documents, you will not receive them. Please indicate your preference:

| | Age | | | | | Ethnicity | | | | | | Disability | |
|---------------------------------|-------|-------|-------|-------|-----|-----------|-------|-------|-----------------|----------|-------|------------|------|
| | 18-34 | 35-44 | 45-54 | 55-64 | 65+ | Asian | White | Black | Indige- nous | Hispanic | Other | Yes | No |
| Base | 373 | 379 | 335 | 349 | 255 | 360 | 1166 | 59* | 17* | 21* | 45* | 173 | 1496 |
| Prefer to receive automatically | 67% | 59% | 53% | 47% | 40% | 56% | 53% | 71% | 59% | 52% | 60% | 67% | 53% |
| Will request | 33% | 41% | 47% | 53% | 60% | 44% | 47% | 29% | 41% | 48% | 40% | 33% | 47% |

Base: All Mutual Fund and ETF Owners (n=1,691).

*Caution: small base sizes, view as directional only.

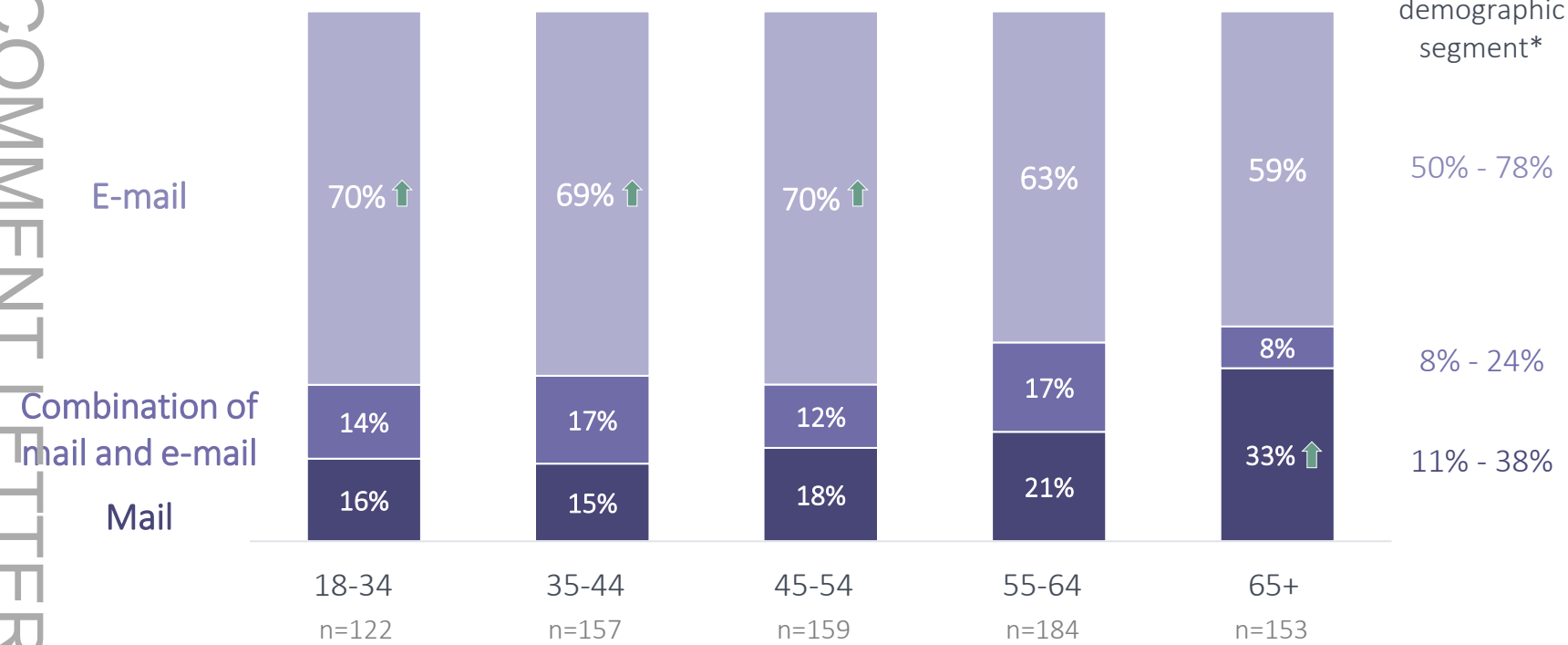
Significantly higher than sub-group(s) at 90% confidence level.

Investors under age 55 prefer to receive the updated **MRFP documents by e-mail**, while investors over age 55 prefer to receive them by mail at higher rates than younger investors.

MRFP Preferred Delivery Method by Age Group

Question (B11) – reduced base, those who prefer to request documents, n=775):
How would you prefer to receive the reminder letter?

Range of averages for each demographic segment*

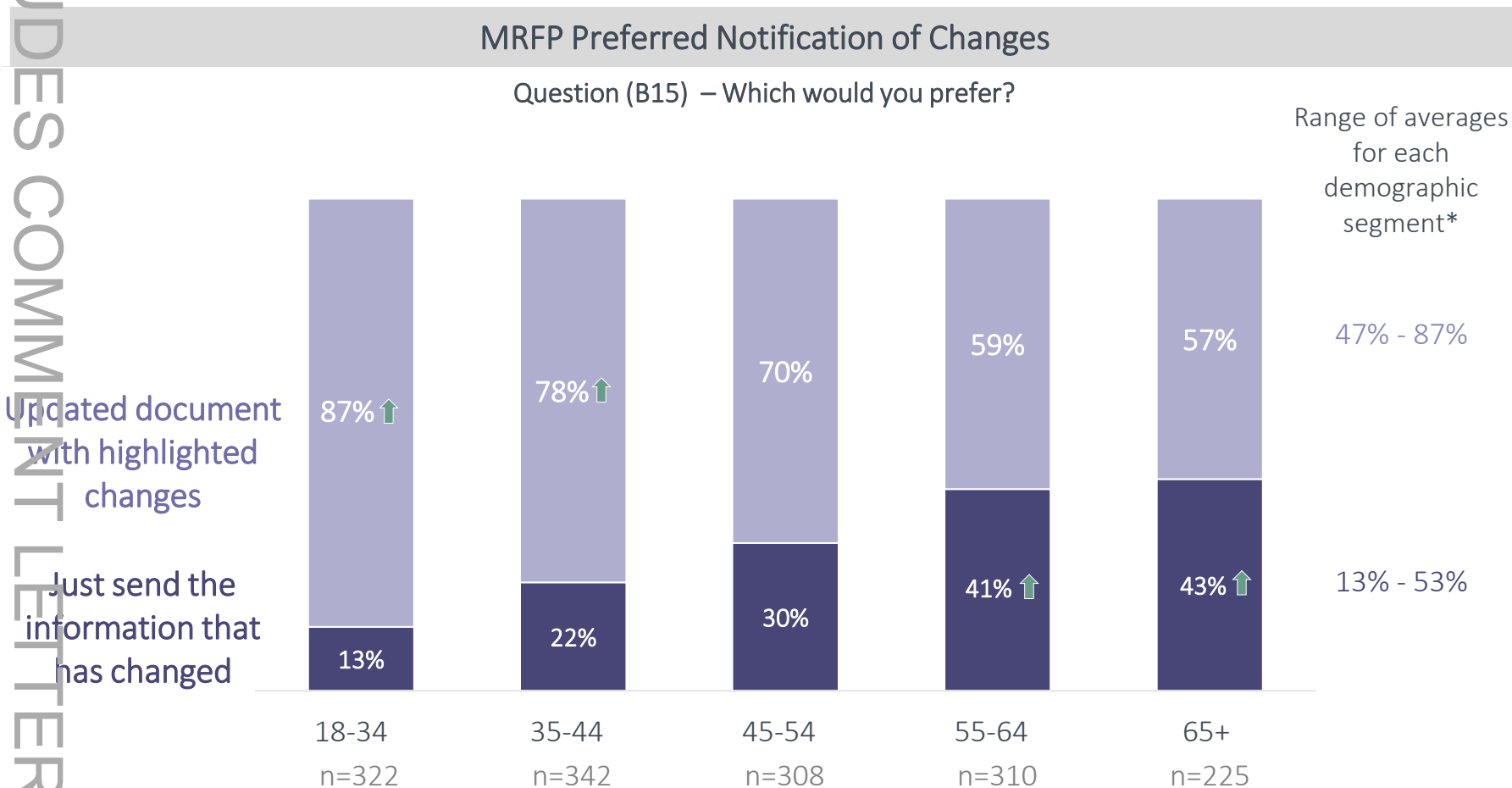


Base: All Mutual Fund and ETF Owners (n=1,691).

*Segments include Age, Income, Wealth, Gender, and Education.

↑ Significantly higher than sub-group(s) at 90% confidence level.

Younger investors prefer to receive the changes highlighted in the MRFP, while older investors are more likely to prefer to receive just the information that has changed.



Base: Mutual Fund and ETF Owners who would like to receive notifications with changes (n=1,507).

* Segments include Age, Income, Wealth, Gender, and Education.

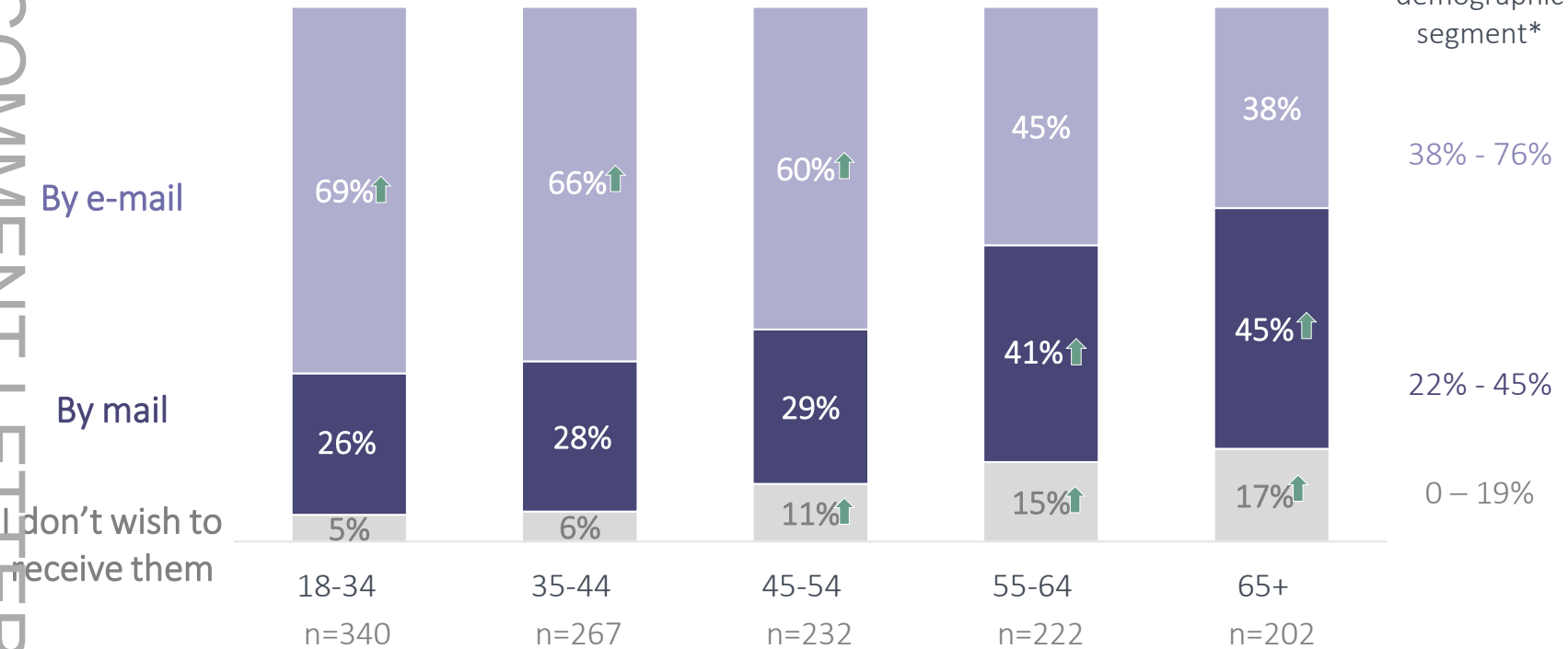
↑ Significantly higher than sub-group(s) at 90% confidence level. 45

Younger investors prefer to receive **proxy materials by e-mail**, while older respondents prefer to receive them by mail at higher rates than younger investors.

Proxy Materials - Delivery Preference

Question (D1) – How do you prefer to receive your proxy materials and ballots?

Range of averages for each demographic segment*



Base: All Stocks / Equities Owners (n=1,263).

*Segments include Age, Income, Wealth, Gender, and Education.

↑ Significantly higher than sub-group(s) at 90% confidence level.

Older investors are more likely to be concerned with **sharing of their personal information.**

INCLUDES COMMENT LETTERS RECEIVED

Privacy Preferences

Question (E2): You indicated you prefer to have a choice. Given the choice, please indicate your preference.

| | | Age | | | | |
|---|------|-------|-------|-------|-------|-----|
| | | 18-34 | 35-44 | 45-54 | 55-64 | 65+ |
| | Base | 418 | 378 | 348 | 380 | 313 |
| I am fine if my brokerage firm shares my personal information with the companies and funds I invest in, and with their proxy solicitors. | | 59% | 50% | 42% | 39% | 37% |
| I do not want my brokerage firm to share my personal information with the companies and funds I invest in, and with their proxy solicitors. | | 41% | 50% | 58% | 61% | 63% |

Base: All Investors preferring to have a choice (n=1,837).
*Caution: small base sizes, view as directional only.

Significantly higher than sub-group(s) at 90% confidence level.

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Demographic Differences in the Findings

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Appendix

- Sampling Methodology
- Demographics
- Sample Source
- Documents Viewed By Respondents

Survey Methodology

A total of 2,004 online surveys were completed among stock, mutual fund and ETF Canadian investors from May 11 –20, 2021. The margin of error for this sample is +/- 3%. They were shown generic examples of Fund Facts, ETF Facts, Management Report of Financial Performance (MRFP) and Financial Statements and asked a series of questions.

Respondent qualifications:

All respondents currently hold stocks, mutual funds or ETFs outside of employer-sponsored retirement plans and Registered Education Savings Plans. Also, respondent screening included:

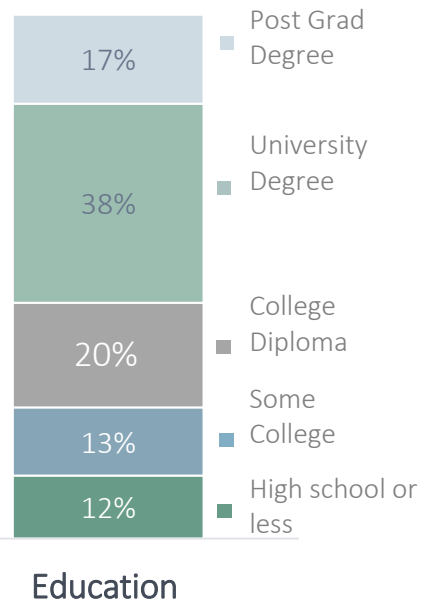
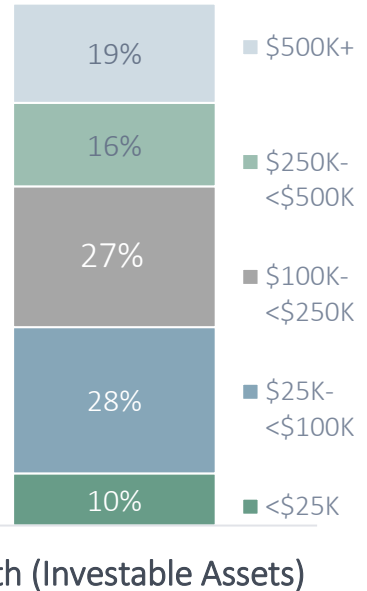
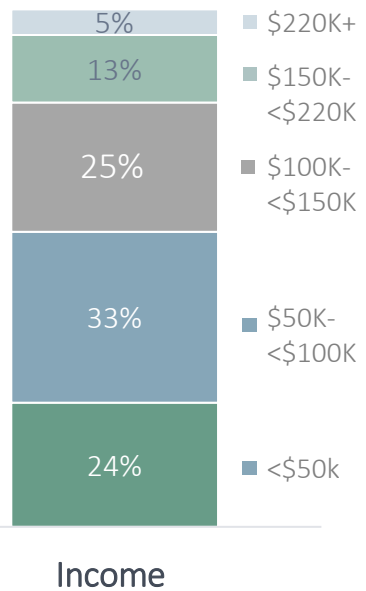
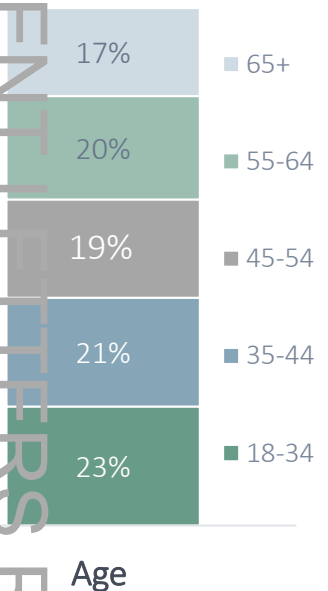
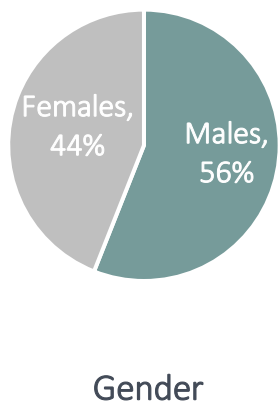
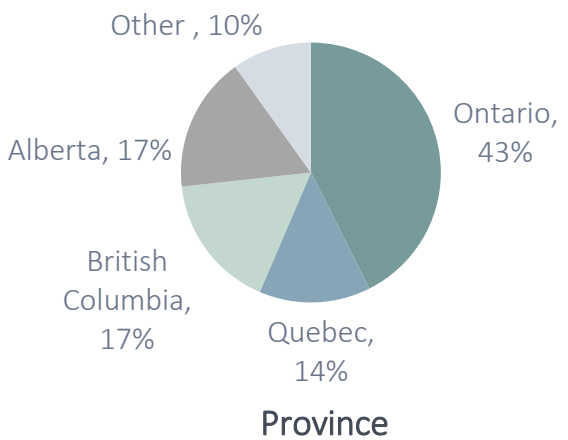
- At least 18 years of age.
- Primary or shared investment decision making in the household.
- English or French speakers.

In order to provide a representative sample, this study was balanced as follows:

- Initial outbound invitations were deployed to be balanced to the Canadian census on province, gender, age and income.
- The survey “starts” were balanced to the Canadian census on province, gender, age and income.
- Those qualifying to complete the survey were representative of investors with stocks, mutual funds and ETFs outside of employer-sponsored retirement and Registered Education Savings Plans.
- Respondents who had mutual funds or ETFs were randomly assigned to view either the sample Annual MRFP or the sample Interim MRFP.
- Respondents were given a choice of taking the survey either in English or French. All sample disclosures were available in both languages.

Demographics

Respondents' Profile



INCLUDES COMMENT LETTERS REQ

Respondent Source

Dynata National Online Panel

Dynata is the world's largest first-party data and insights platform.

Dynata serves nearly 6,000 market research, media and advertising agencies, publishers, consulting and investment firms and corporate customers in North America (including Canada), South America, Europe, and Asia-Pacific. America, South America, Europe, and Asia-Pacific. They have more than 44 offices worldwide.

Dynata works to optimally blend our proprietary sample sources by conducting comparability tests and modeling the blend that will achieve the closest match to census and social benchmarks. They have a reach that encompasses 60+ million people globally.

As part of the Total Research Quality system, Dynata monitors the quality of the data through various quality checks such as participation limits, screening questions, digital fingerprinting, random and illogical responding, capturing and removing flatliners and speeders.



THE AMERICAS | 30M+

NORTH

UNITED STATES
CANADA
MEXICO

SOUTH

ARGENTINA
BRAZIL
COLOMBIA
CHILE

The only market research online sample supplier evaluated by MRC to win an award for five consecutive years, with 2019 marking the sixth year as the combined company Dynata.

We also topped its nearest competitor in the "Best Quality Deliverables" category by almost 10% in the 2019 survey.



Documents Viewed By Respondents

Click the links below to view the documents that investors viewed in the survey:

- Fund Facts [English/French] <https://bit.ly/3rh7SzI>
- ETF Facts [English/French] <https://bit.ly/3ep40ah>
- Management Report of Fund Performance [English/French] <https://bit.ly/3rjWi6D>
- Financial Statement [English/French] <https://bit.ly/3ejnkpq>

Rapport quantitatif relatif aux investisseurs canadiens



Broadridge®

Résultats de la recherche

Juillet 2021

Contexte et objectifs

Les Autorités canadiennes en valeurs mobilières (ACVM) envisagent de modifier les exigences en matière de rapports, de déclaration et d'information applicables aux sociétés et aux fonds d'investissement, y compris des modifications récemment proposées au Règlement 51-102 *sur les obligations d'information continue pour les fonds autres que d'investissement* (la « Proposition »).

La firme True North Market Insights (« TNMI ») a été mandatée par Broadridge Financial Solutions pour sonder les investisseurs individuels canadiens. L'objectif du sondage est de recueillir et de comprendre leurs points de vue sur le cadre d'information applicable aux sociétés émettrices et aux fonds d'investissement. TNMI a posé des questions aux investisseurs pour comprendre :

- à quel point certaines informations leur sont utiles;
- leurs points de vue sur l'importance relative des renseignements contenus dans certaines informations;
- leur connaissance du système SÉDAR*;
- leurs préférences quant à la manière dont ils souhaitent recevoir les renseignements; et
- leurs opinions sur la divulgation de leurs renseignements personnels.

Les documents de divulgation testés comprenaient :

- Aperçu du fonds et Aperçu du FNB
- Rapport de la direction sur le rendement financier (RDRF)
- Rapport de gestion (RG)
- États financiers

Voir l'annexe pour la méthodologie du sondage de TNMI

* Les entreprises cotées en bourse, les fonds communs de placement et les FNB sont tenus d'afficher électroniquement des documents de divulgation mis à jour sur le Système électronique de données, d'analyse et de recherche (SÉDAR) des Autorités canadiennes en valeurs mobilières.

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Résultats détaillés

- Utilité des divulgation
- Importance des informations
- Connaissance
- Préférences de livraison
- Confidentialité/choix

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Différences démographiques dans les résultats

- Âge
- Éducation
- Revenu
- Patrimoine
- Invalidité

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Annexe

- Échantillonnage
- Méthodologie
- Démographie
- Documents consultés par les répondants

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Résultats principaux

Utilité/importance des divulgations :

- L'Aperçu du fonds et l'Aperçu du FNB sont populaires auprès des investisseurs. 88 % des investisseurs les connaissent et 86 % disent qu'ils sont utiles pour comparer les placements.
- Par contre, en ce qui concerne les RDRF et les États financiers...
 - 34 % ne les connaissent pas,
 - et les 49 % qui les connaissent ne les trouvent pas utiles.
- Cependant, lorsqu'on leur montre des exemples de RDRF et d'États financiers, la plupart des investisseurs disent que l'information qu'ils contiennent est *importante*.
 - En particulier, ils disent que les informations sur les frais, le rendement, les risques, les titres et les faits saillants financiers sont particulièrement importantes.
 - 70 % disent que la connaissance des changements matériels est importante/très importante (26 % disent qu'elle est assez importante).
- Mais 42 % trouvent les RDRF et les États financiers difficiles à comprendre.
- Environ un tiers ont indiqué que des résumés leur seraient plus utiles.

Résultats principaux (suite)

• Connaissance :

Environ 60 % des investisseurs se souviennent avoir reçu un rappel annuel leur indiquant qu'ils peuvent réclamer des exemplaires gratuits des RG, des RDRF et des États financiers.

- Mais la plupart des investisseurs (95 %) aimeraient être informés des documents mis à jour.

Peu d'investisseurs connaissent SÉDAR (32 %) ou l'utilisent (4 % l'utilisent une fois par année et 6 % l'utilisent plus d'une fois par année).

- Le manque de connaissance est plus important parmi les segments d'investisseurs à *faible revenu, à faible patrimoine, moins scolarisés ou parmi les investisseurs plus âgés.*

• Préférences de livraison :

- Plus de 89 % des investisseurs déclarent vouloir être informés lorsque des informations mises à jour sont disponibles ou lorsqu'il y a des changements importants.
- Une majorité d'eux souhaitent recevoir automatiquement les documents de divulgation.
 - Parmi ceux qui souhaitent en faire la demande, 66% souhaitent les recevoir par courriel.
- Les investisseurs plus âgés sont plus susceptibles que les investisseurs plus jeunes de préférer le courrier.

• Confidentialité/choix :

- 92 % des investisseurs veulent avoir le choix de partager ou non leurs renseignements personnels avec les entreprises et les fonds dans lesquels ils investissent.
- S'ils avaient le choix, plus de la moitié exerceraient l'option de refus.

1

Résultats principaux

2

Résultats détaillés

- Utilité des divulgations
- Importance des informations
- Connaissance
- Préférences de livraison
- Confidentialité/choix

3

Différences démographiques dans les résultats

4

Annexe

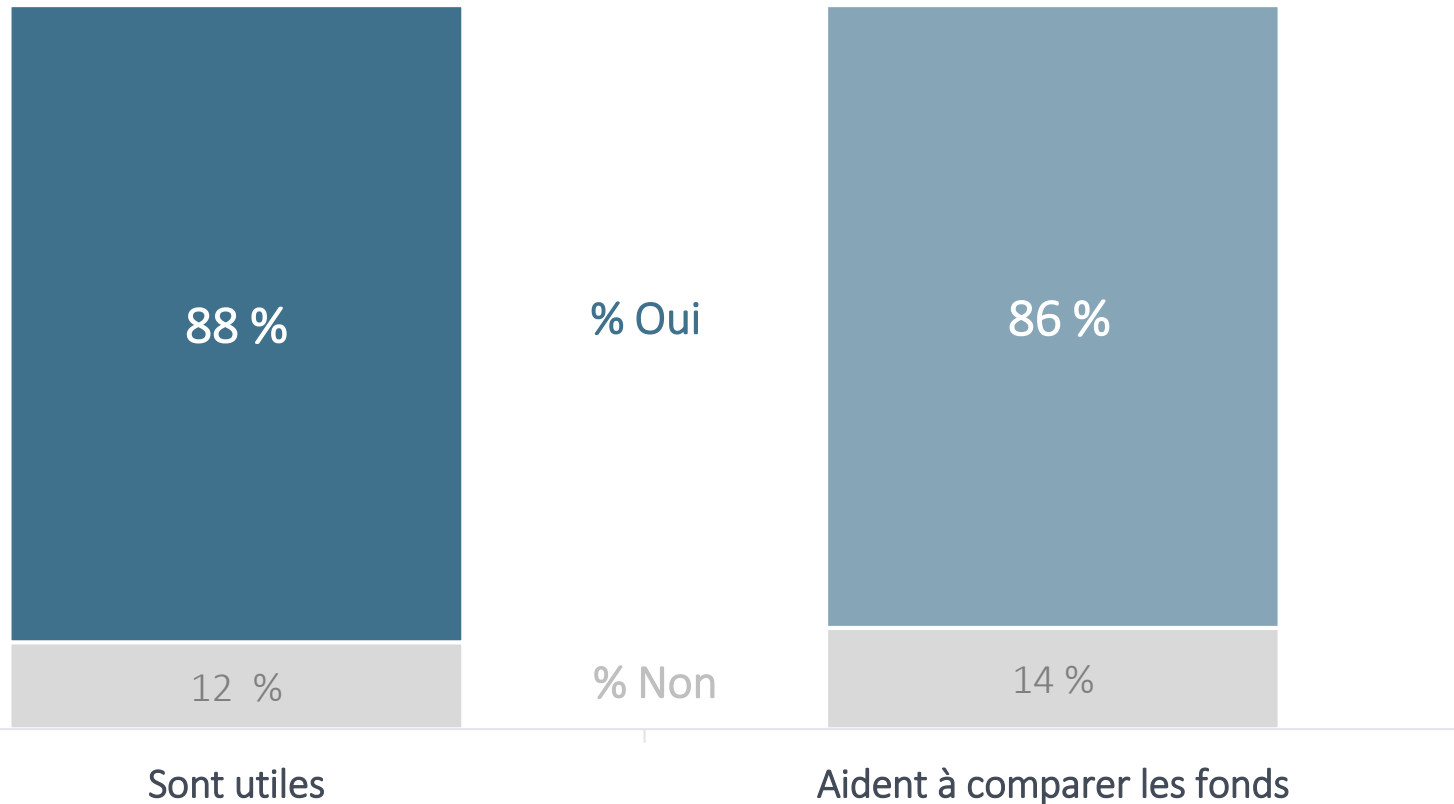
Utilité des divulgations : Aperçu du fonds et Aperçu du FNB

88 % des investisseurs de fonds déclarent que **l'Aperçu du fonds et l'Aperçu du FNB** sont utiles pour prendre des décisions d'achat; 86 % déclarent que les documents les aident à comparer les fonds.

Les documents sont utiles lors de l'achat et aident à comparer les fonds

Question (A1) : Les documents sont-ils utiles lors de l'achat de fonds?

Question (A2) : Les documents vous aident-ils à comparer les fonds?



INCLUDES COMMENT LETTERS RECEIVED

Utile et pertinent

Question (A1) : Les documents sont-ils utiles lors de l'achat de fonds?

Question (A2) : Les documents vous aident-ils à comparer les fonds?

Question (A1)

| | C'est la fréquence à laquelle vous vous êtes senti(e) en danger | | | |
|-------|---|-------|--------|------------|
| | 1 à 3 | 4 à 6 | 7 à 10 | Plus de 10 |
| Base | 954 | 524 | 121 | 92 |
| % Oui | 87 % | 90 % | 92 % | 91 % |

Question (A2)

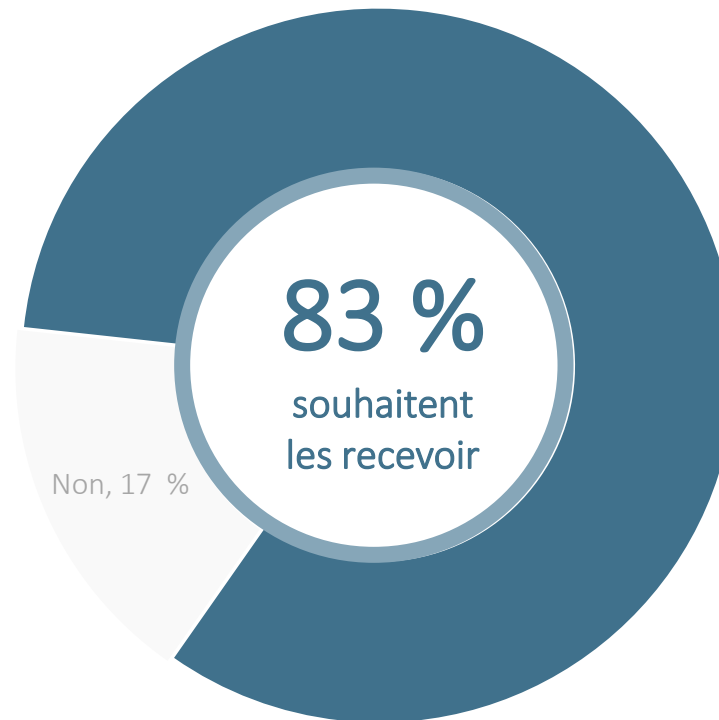
| | Nombre de fonds/FNB détenus | | | |
|-------|-----------------------------|-------|--------|------------|
| | 1 à 3 | 4 à 6 | 7 à 10 | Plus de 10 |
| Base | 954 | 524 | 121 | 92 |
| % Oui | 85 % | 88 % | 84 % | 91 % |

Base : tous les propriétaires de fonds communs de placement et de FNB (n=1 691).

83 % des investisseurs qui ont des comptes gérés par un conseiller souhaitent recevoir l'Aperçu du fonds/FNB lorsque leur conseiller achète des fonds en leur nom.

Souhait de recevoir des documents

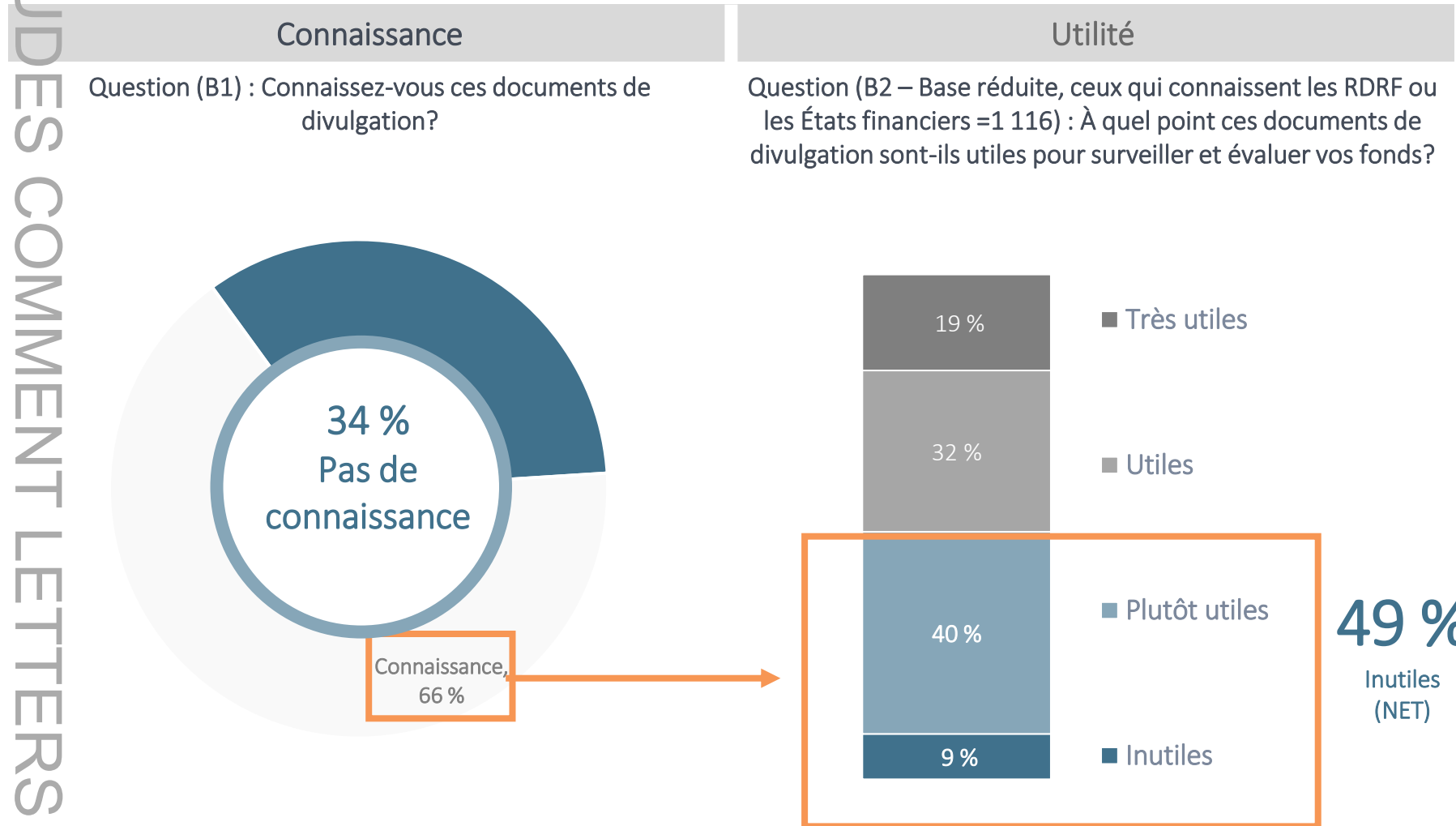
Question (A3) : Souhaitez-vous recevoir les documents lorsque votre conseiller achète un fonds ou un FNB en votre nom?



Utilité des divulgations/importance des informations : RDRF et États financiers

34 % des investisseurs ne connaissent pas les RDRF et les États financiers et 49 % de ceux qui les connaissent ne les trouvent pas utiles pour la surveillance et l'évaluation de leurs placements.

INCLUDES COMMENT LETTERS REC



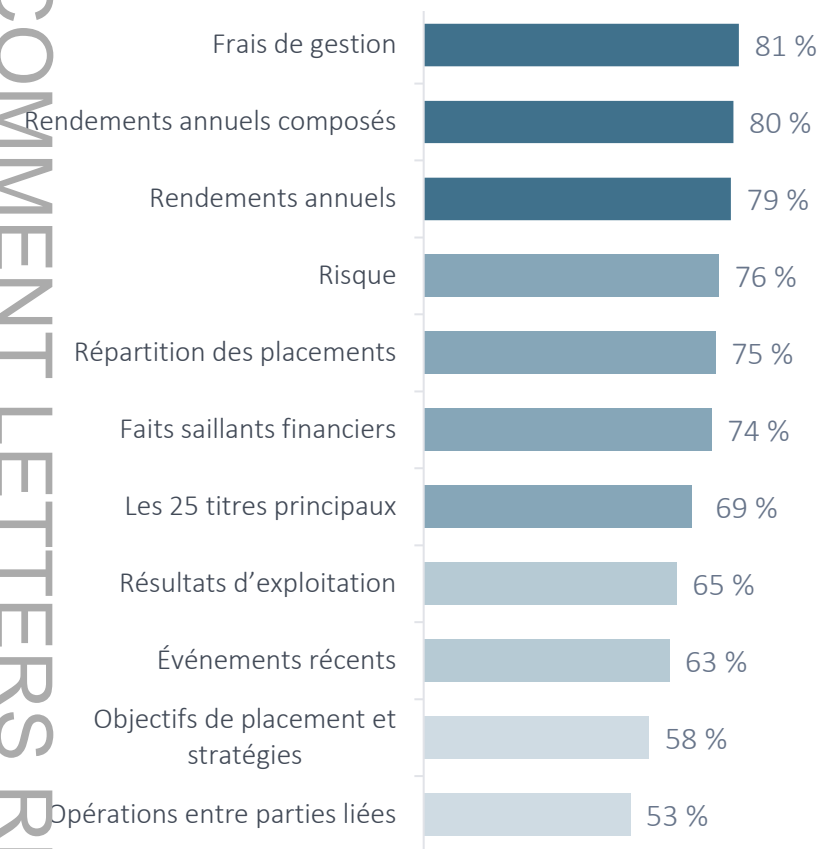
Basé sur tous les propriétaires de fonds communs de placement et de FNB (n=1 691).

Les investisseurs ont évalué l'importance de l'information contenu dans les documents de divulgation.

La plupart ont trouvé que l'information contenue dans les RDRF et les États financiers était importante. En particulier, les frais, les rendements, les risques, les titres et les faits saillants

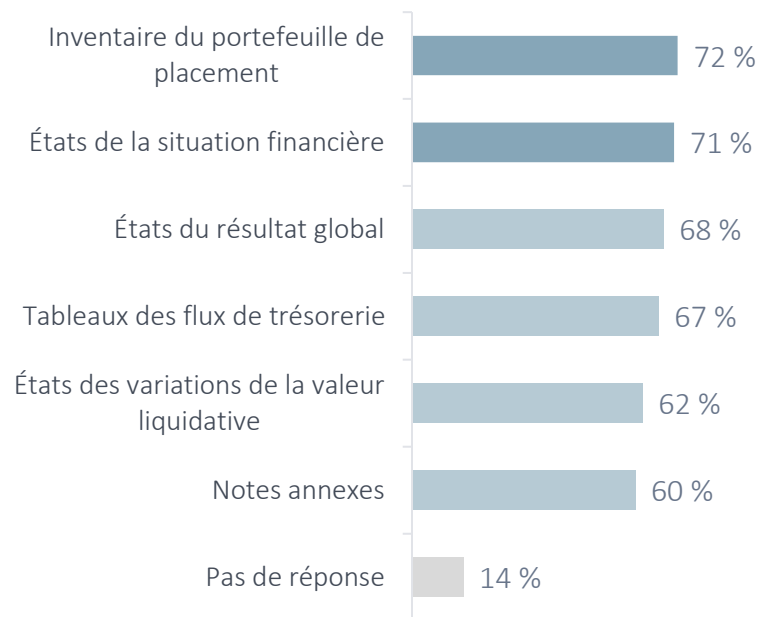
RDRF – 2 premières cases (Très importante/importante)

Question (B4): Veuillez indiquer le niveau d'importance à votre avis de chacune des sections suivantes trouvées dans un RDRF.



États financiers - 2 premières cases (Très importante/importante)

Question (B5): Veuillez indiquer le niveau d'importance à votre avis de chacune des sections suivantes trouvées dans les États financiers.



Informations supplémentaires que les investisseurs souhaitent voir dans le RDRF.

Question (B6): Le cas échéant, quelles autres informations souhaiteriez-vous trouver dans le RDRF?

32 commentaires

« Comparaison des performances par rapport au marché général, autre »

« Évaluation des risques »

« Davantage d'analyses que de données brutes »

« Le salaire du gestionnaire de fonds »

« Avantages et inconvénients (par ex. compatibilité avec la tolérance au risque) »

« Le RFO aussi bien que le RFG »

« Quelque chose dans un langage simple, s'il vous plaît. Mais même dans ce cas, je compte sur mon conseiller »

« Je voudrais savoir si les entreprises dans lesquelles on investit sont bonnes »

« Rémunération de la ou des personnes gérant les fonds »

« Informations claires sur les rendements et les frais »

« Par exemple... des possibilités nouvelles et à venir »

« Niveau maximal de divulgation tel que requis par la réglementation »

« Frais associés »

« Explication claire et simple des frais »

« Bénéfices de l'année dernière »

▪ « Frais »

▪ « Perspectives d'avenir »

▪ « Connaissance générale »

▪ « Je ne comprends rien à ces documents. »

▪ « Si le fonds vaut la peine d'être conservé »

▪ « Risques liés au délaissement d'actifs »

▪ « Je veux que ce soit plus facile à comprendre »

▪ « Davantage d'informations sur les frais de gestion »

▪ « Stabilité politique dans l'environnement de l'entreprise »

▪ « Tout ce qui précède et plus »

▪ « Un indice de durabilité »

▪ « Tous les titres »

▪ « Comparaisons aux références »

▪ « Je n'en veux pas, c'est le travail de mon conseiller financier de les parcourir »

▪ « Un résumé simplifié pour les investisseurs débutants »

▪ « Comparatifs avec les fonds de sa catégorie »

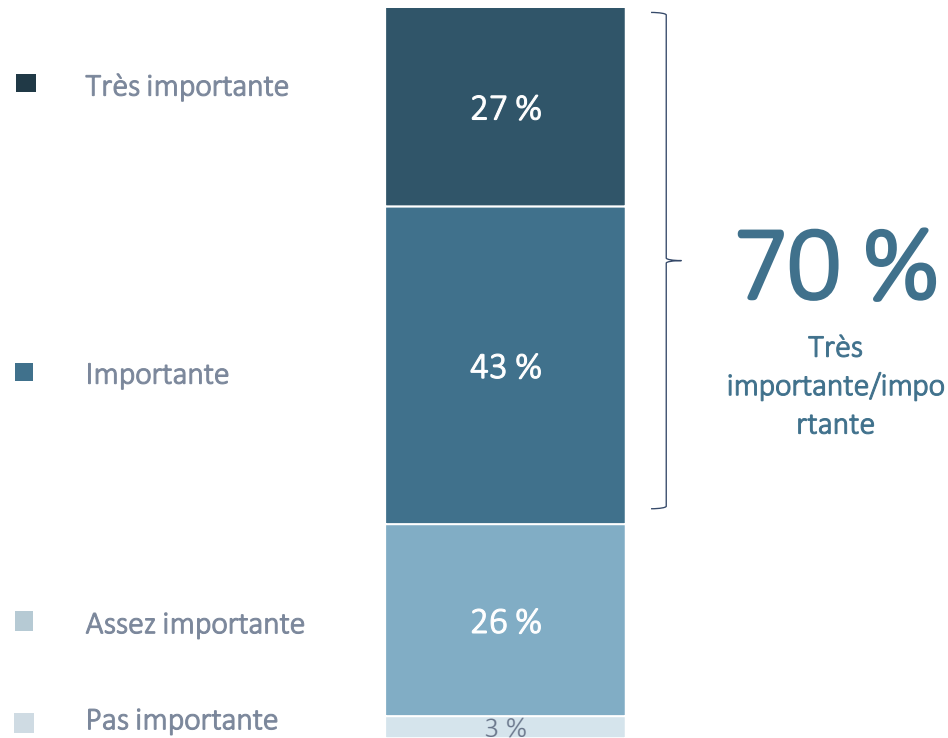
▪ « A summary which is easier to read » = « Un résumé plus facile à lire »

70 % déclarent que la connaissance des changements matériels est importante/très importante dans la surveillance de leurs fonds

26 % déclarent que cela est plutôt important.

Connaissance des changements matériels - 2 premières cases (Très importante/importante)

Question (B13): Des changements matériels sont apportés occasionnellement aux objectifs de placement du fonds, aux risques, aux frais, à la gestion du portefeuille et à d'autres informations. Est-ce qu'une connaissance de ces changements matériels est importante dans la surveillance de vos fonds?



42 % des investisseurs trouvent le RDRF et les États financiers difficiles à comprendre.

Question (B3) : À quel point sont-ils faciles ou difficiles à comprendre?



42 %

Difficiles à comprendre (NET)

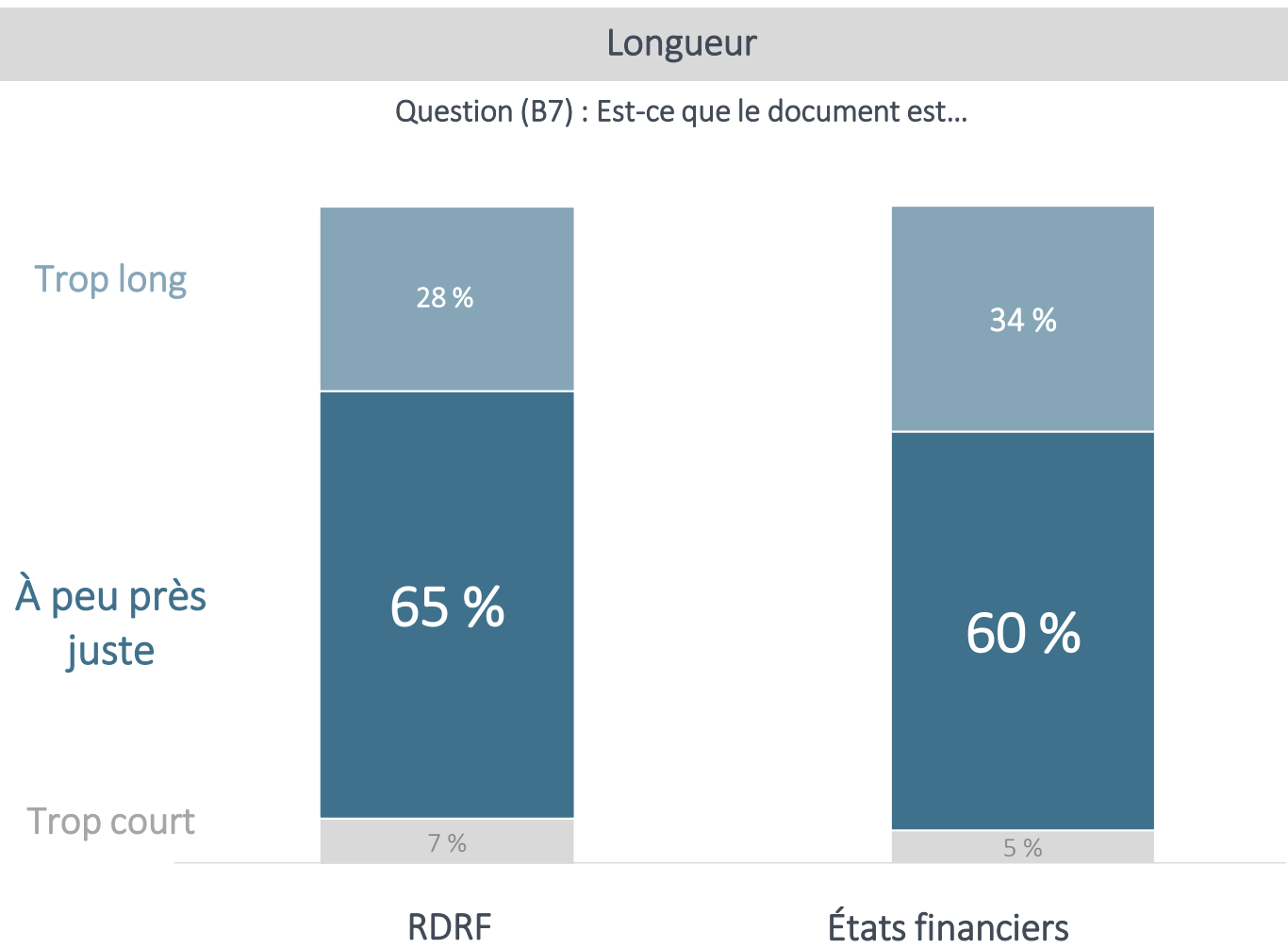
Différences significatives selon les segments démographiques*

Ceux qui ont des niveaux d'éducation inférieurs, des revenus inférieurs ou sont plus âgés les trouvent plus difficiles à comprendre.

Base : propriétaires de fonds communs de placement et de FNB qui connaissent le RDRF (n=1 116). Différences dues aux arrondis. * Voir l'annexe pour les différences entre les segments démographiques (diapositive 38).

60 % ou plus disent que le RDRF et les États financiers sont de la bonne longueur.

28 % ou plus disent qu'ils sont trop longs.



Base : tous les propriétaires de fonds communs de placement et de FNB (n=1 691). Différences dues aux arrondis.

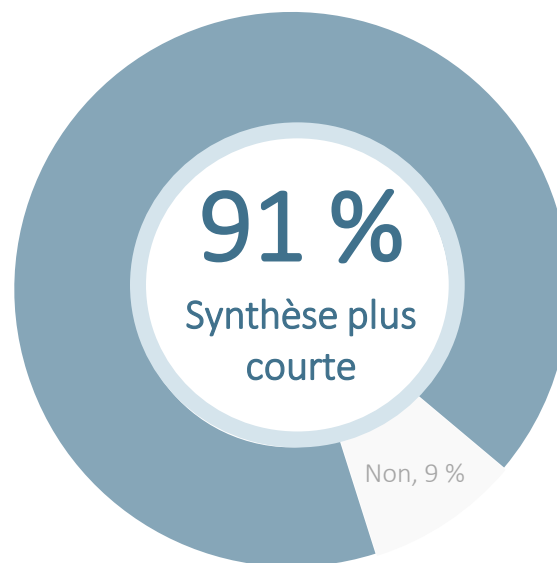
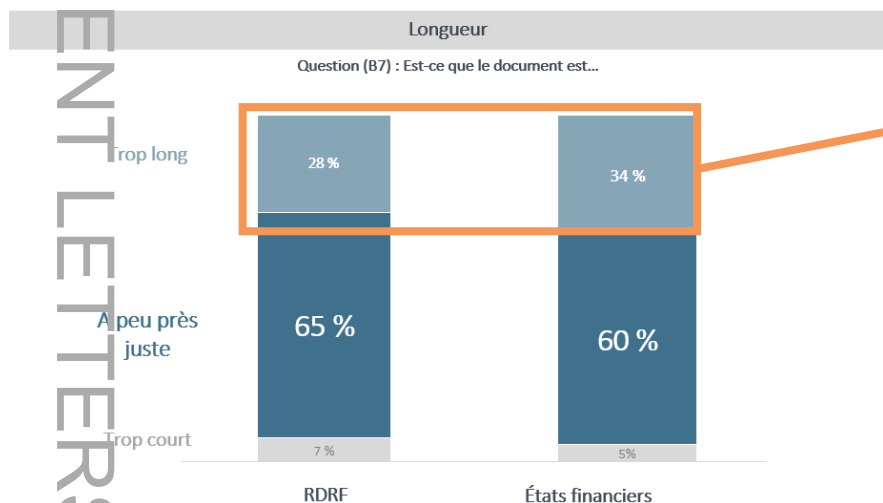
Parmi ceux qui les trouvent trop longs, 91 % préféreraient des documents de synthèse plus courts, avec plus d'information en ligne.

Préfèrent une synthèse plus courte

Question (B8 – Base réduite, ceux qui pensent que les documents du RDRF ou des États financiers sont trop longs, n=735) : Préférez-vous des documents de synthèse plus courts, avec plus d'information en ligne?

60 % ou plus disent que le RDRF et les États financiers sont de la bonne longueur.

28 % ou plus disent qu'ils sont trop longs.



Base : tous les propriétaires de fonds communs de placement et de FNB (n=1 691).
Différences dues aux arrondis.

Base : tous les propriétaires de fonds communs de placement et de FNB (n=1 691).

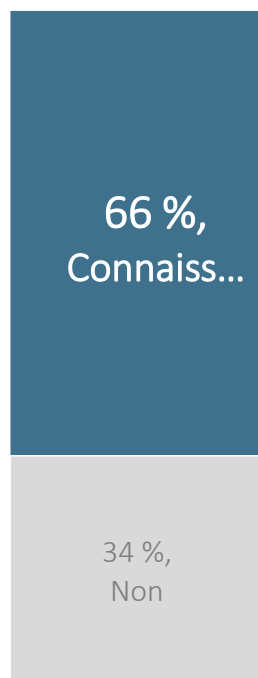
Connaissance : RDRF et RG

66 % des investisseurs de fonds/FNB **connaissent** les RDRF et les États financiers.

60 % se souviennent avoir reçu un rappel annuel pour réclamer des copies des documents.

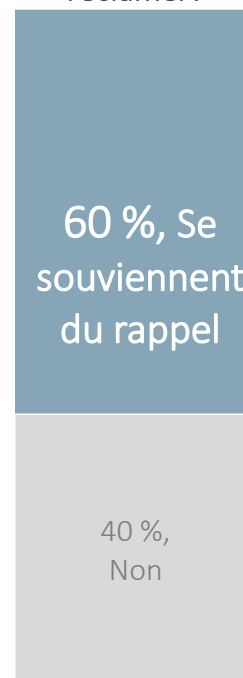
Connaissance du RDRF

Question (B1) : Connaissez-vous ces documents de divulgation?



Se souviennent du rappel

Question (B9) : Les fonds doivent vous rappeler une fois par année que vous pouvez réclamer des copies gratuites de ces documents de divulgation. Au cours des 12 derniers mois, vous souvenez-vous d'avoir été informé(e) que vous pouviez les réclamer?



Différences significatives entre les segments démographiques*

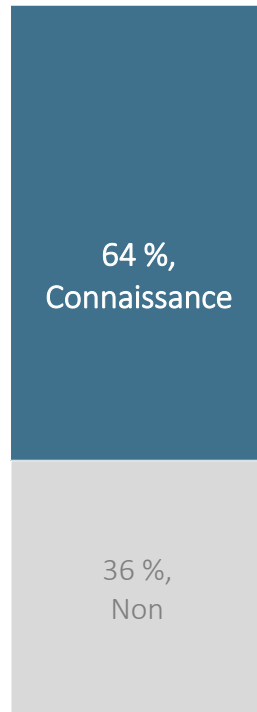
Connaissance plus élevée observée chez les investisseurs ayant les niveaux les plus élevés d'éducation, de revenu ou d'actifs, **et connaissance plus faible chez les investisseurs moins instruits, ayant un revenu ou des actifs inférieurs.**

64 % des investisseurs en actions **connaissent** les RG et les États financiers.

58 % se souviennent avoir reçu un rappel annuel pour réclamer des copies des documents.

Connaissent le RG

Question (C1) : Connaissez-vous ces documents de divulgation?



Se souviennent du rappel

Question (C2) : Les compagnies doivent vous rappeler une fois par année que vous pouvez réclamer des copies gratuites de ces documents de divulgation. Au cours des 12 derniers mois, vous souvenez-vous d'avoir été informé(e) que vous pouviez les réclamer?



Différences significatives entre les segments démographiques*

Connaissance plus élevée chez les investisseurs ayant les niveaux les plus élevés d'éducation, de revenu ou d'actifs, **et connaissance plus faible chez les investisseurs moins instruits, ayant un revenu ou des actifs inférieurs.**

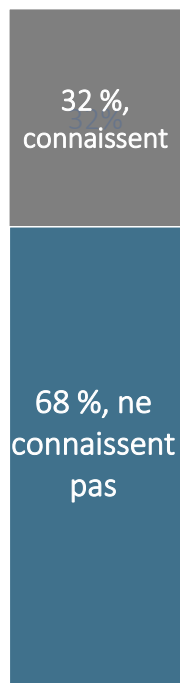
Connaissance : SÉDAR

INCLUDES COMMENT LETTERS REC

82 % des investisseurs ne connaissent pas SÉDAR ou ne l'utilisent pas.

Connaissance de SÉDAR

Question (Q1) : Connaissez-vous SÉDAR?



Connaissance et utilisation de SÉDAR

Question (Q2) : Avez-vous utilisé le SÉDAR pour obtenir et consulter des documents de divulgation mis à jour concernant vos placements?

- Connaît et utilise
- Connaît mais n'utilise pas
- Ne connaît pas



82 %
Ne connaissent pas ou n'utilisent pas

Différences significatives entre les segments*

Il y a une plus grande connaissance parmi ceux qui ont un revenu, un patrimoine ou une éducation plus élevés; et une connaissance moindre chez les investisseurs ayant moins de revenus, moins de patrimoine, moins d'éducation ou qui sont des personnes âgées.

Base : tous les investisseurs (n=2 004). * Voir l'annexe pour les différences entre les segments démographiques (diapositives 39 à 40).

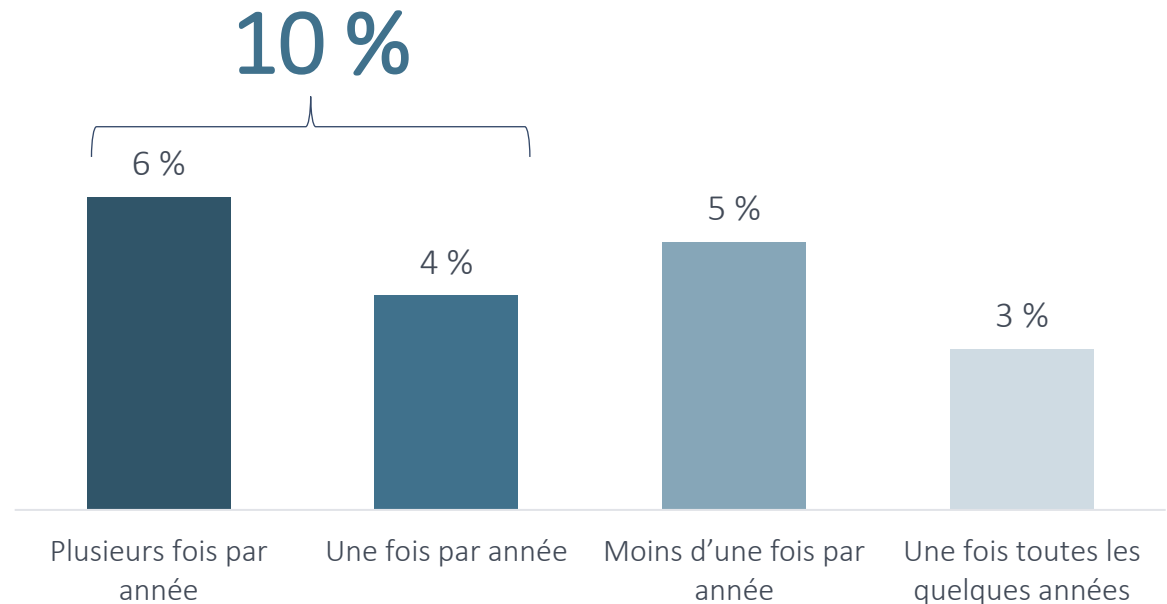
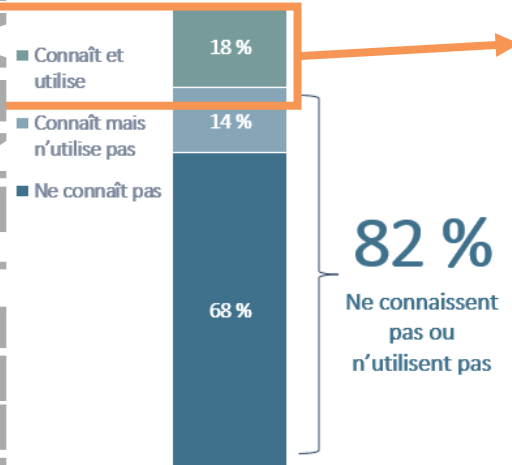
Seulement 10 % des investisseurs utilisent SÉDAR une fois par an ou plus.

Fréquence d'utilisation

Question (Q3) (Base réduite, ceux qui ont utilisé SÉDAR n=362) : : À quelle fréquence utilisez-vous le SÉDAR pour obtenir et consulter des documents de divulgation mis à jour concernant vos placements?

Connaissance et utilisation de SÉDAR

Question (Q2) : Avez-vous utilisé le SÉDAR pour obtenir et consulter des documents de divulgation mis à jour concernant vos placements?

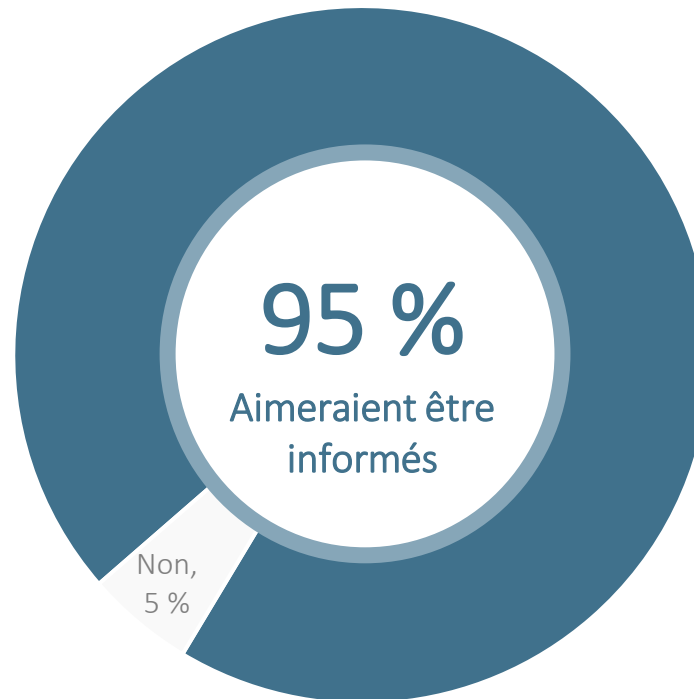


Préférences de livraison : RDRF

95 % des investisseurs de fonds souhaitent être informés lorsque des documents mis à jour sont disponibles.

Notification

Question (B12) : Aimerez-vous être informé(e) quand des documents mis à jour sont disponibles?

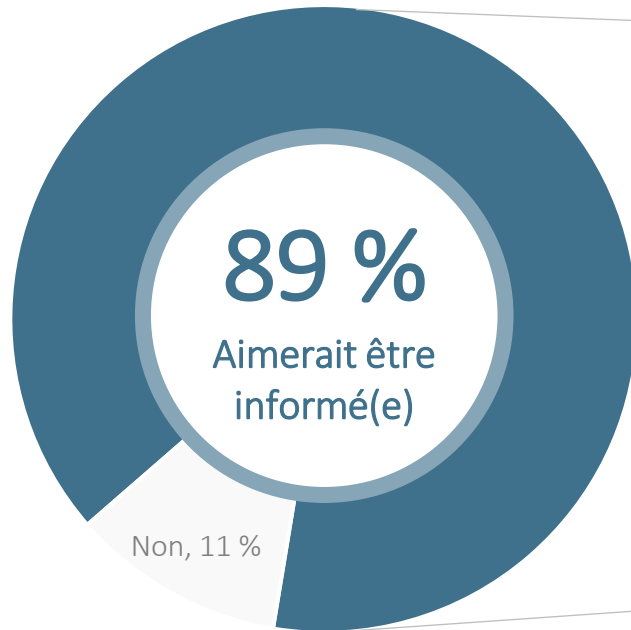


89 % souhaitent être informés des changements matériels apportés à leurs fonds.

71 % aimeraient recevoir les changements soulignés, tandis que 29 % souhaitent voir uniquement l'information qui a changé.

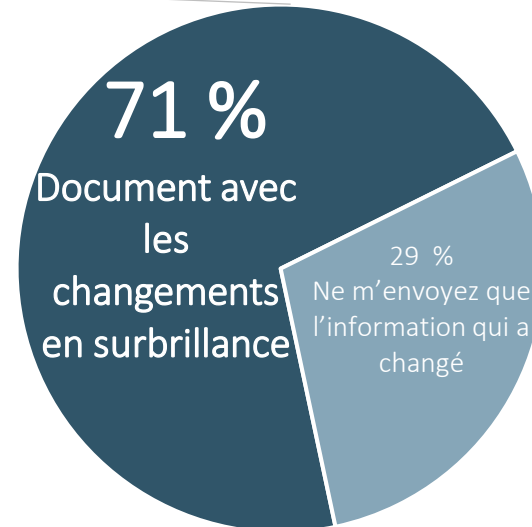
Notification sur les changements

Question (B14) : Souhaiteriez-vous être informé(e) lorsque des changements matériels surviennent à vos fonds?



Notification préférée

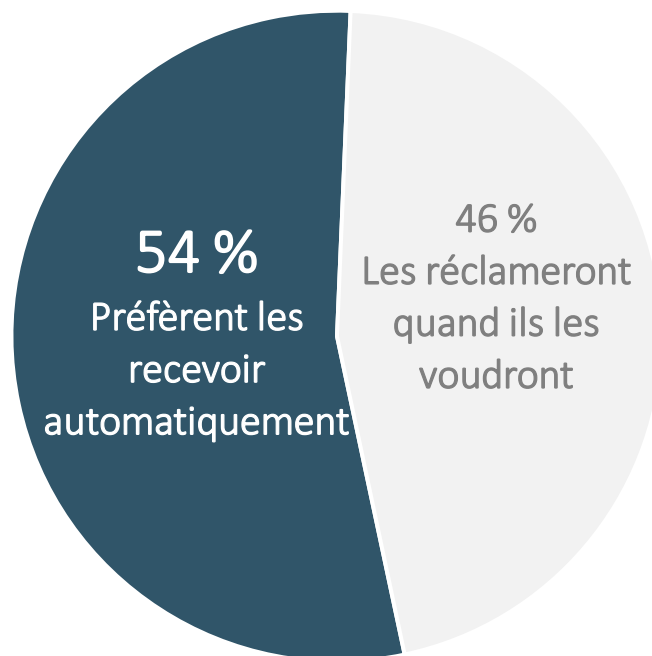
Question (B15) – base réduite, ceux qui aimeraient être informés des changements, n=1 507) : Que préféreriez-vous?



54 % des investisseurs de fonds souhaitent que les documents leur soient envoyés automatiquement.

Préférence de livraison

Question (B10) : Si vous ne réclamez pas ces documents de divulgation, vous ne les recevrez pas. Veuillez indiquer votre préférence :



Parmi les investisseurs de fonds qui déclarent réclamer des documents, 66 % préfèrent les recevoir par courriel (80 % par combinaison entre courrier et courriel).

Mode de livraison préféré

Question (B11 – base réduite, ceux qui préfèrent réclamer les documents, n=775) : Comment préféreriez-vous recevoir la lettre de rappel?

■ Par courriel

66 %

■ Une combinaison de courrier et de courriel

14 %

■ Par courrier

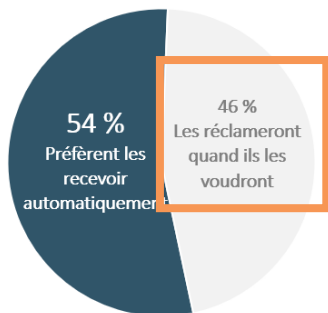
20 %

80 %
Combinaison
courrier/
courriel

54 % des investisseurs de fonds souhaitent que les documents leur soient envoyés automatiquement.

Préférence de livraison

Question (B10) : Si vous ne réclamez pas ces documents de divulgation, vous ne les recevrez pas. Veuillez indiquer votre préférence :



Base : tous les propriétaires de fonds communs de placement et de FNB (n=1 691). Voir l'annexe pour les différences entre les segments démographiques (diapositive 43).

Différences significatives entre les segments démographiques*

Les jeunes investisseurs préfèrent recevoir les documents mis à jour par courriel, tandis que les investisseurs plus âgés préfèrent recevoir l'information par courrier à des tarifs plus élevés.

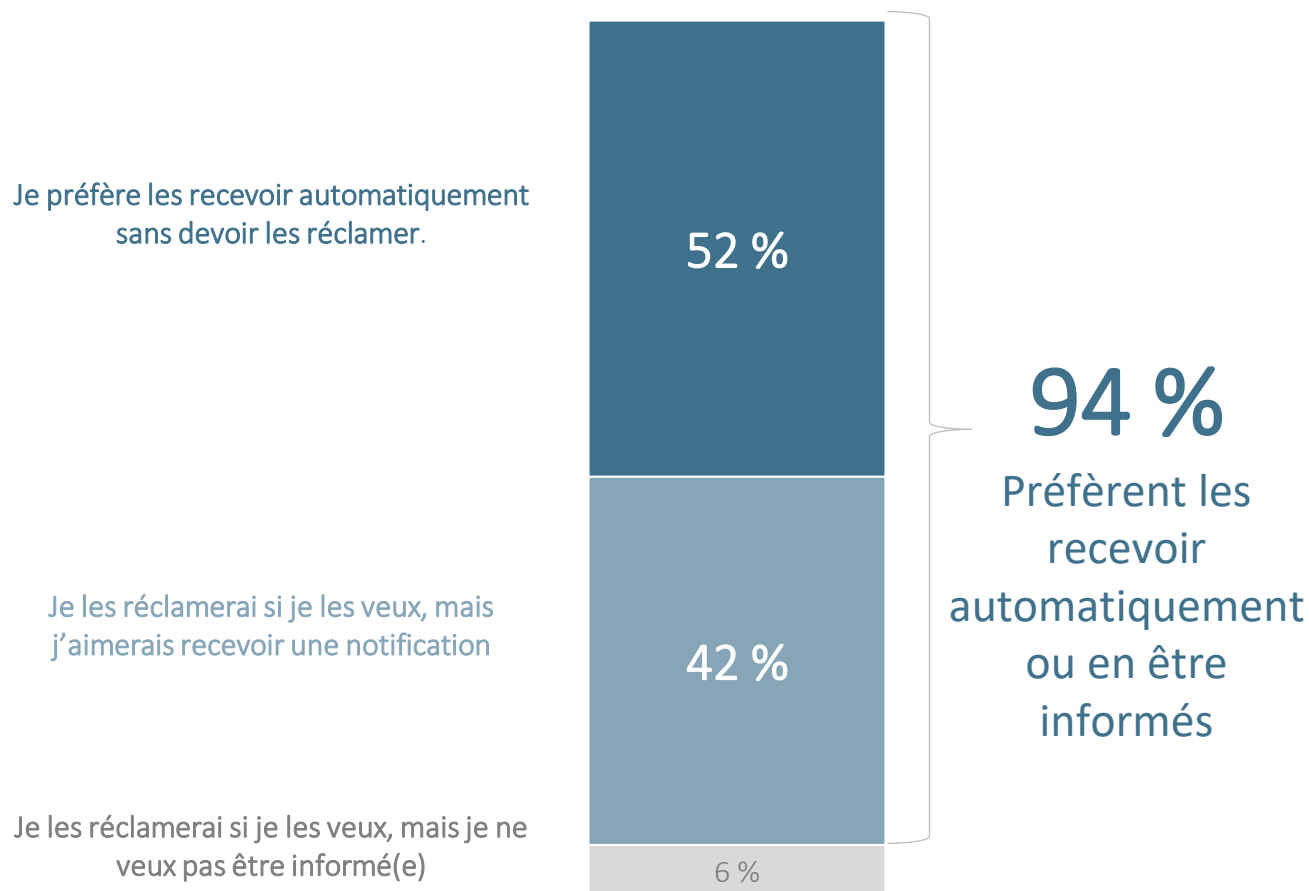
Préférences de livraison : RG et documents de sollicitation de procurations

94 % des investisseurs en actions déclarent préférer recevoir les RG et les États financiers automatiquement ou être informés des documents mis à jour.

RG - Notification préférée

Question (C3) : Si vous ne réclamez pas ces documents de divulgation, vous ne les recevrez pas. Veuillez indiquer votre préférence :

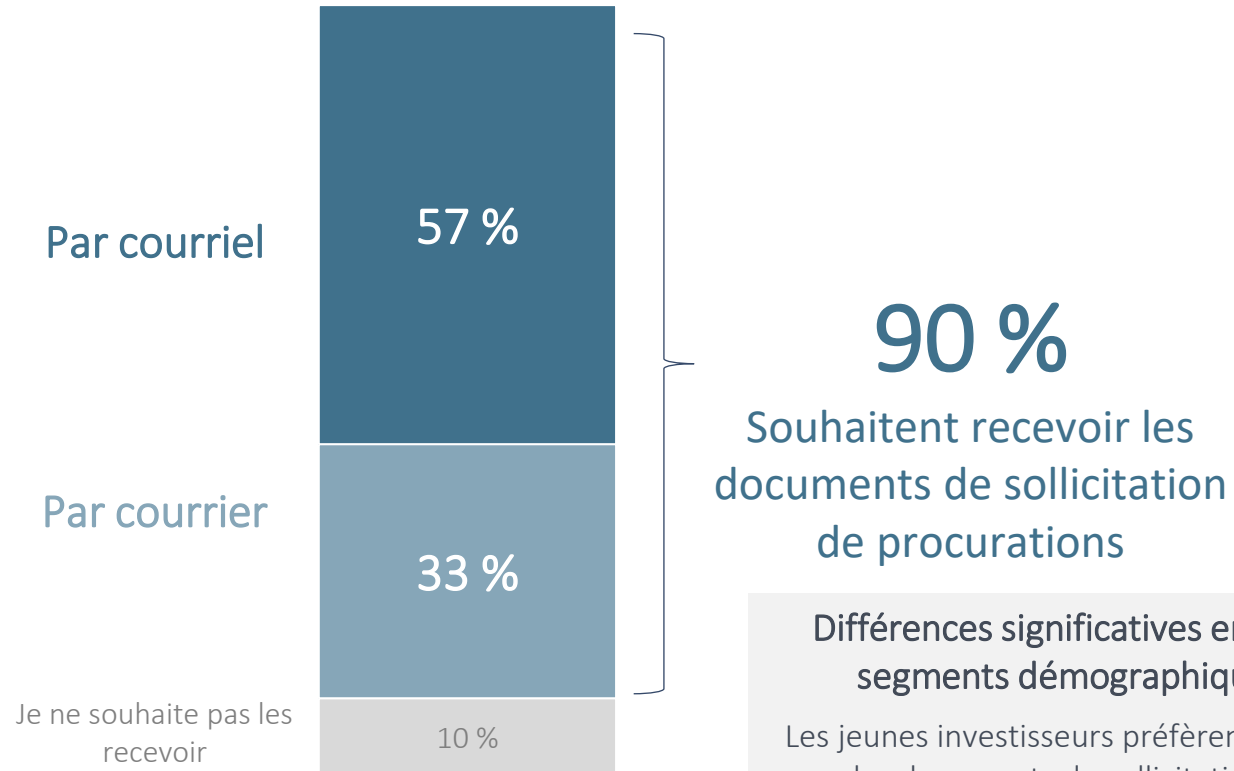
Question (C4) : Aimeriez-vous être informé(e) quand des documents mis à jour sont disponibles?



90 % des investisseurs en actions souhaitent recevoir des documents de sollicitation de procurations.

Documents de sollicitation de procurations - Mode de livraison préféré

Question (D1) : Comment préférez-vous recevoir vos documents de sollicitation de procurations et vos bulletins de vote?



90 %

Souhaitent recevoir les documents de sollicitation de procurations

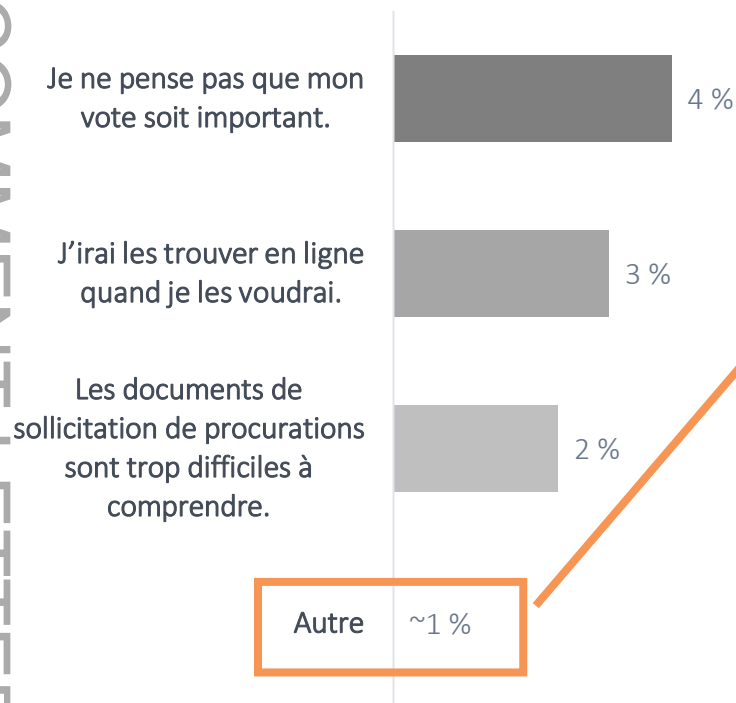
Différences significatives entre les segments démographiques*

Les jeunes investisseurs préfèrent recevoir les documents de sollicitation de procurations par courriel. Alors que les répondants plus âgés préfèrent les recevoir par la poste à des tarifs plus élevés que les jeunes investisseurs.

... seulement 10 % ne souhaitent pas recevoir de documents de sollicitation de procurations. Les raisons...

Raisons de ne pas souhaiter recevoir les documents

Question (D2) : (tous les propriétaires d'actions) Vous avez indiqué ne pas souhaiter recevoir les documents de sollicitation de procurations et les bulletins de vote. Veuillez choisir la raison qui explique le mieux votre décision.



Commentaires textuels (à titre indicatif)*

- « *Petit investisseur* »
- « *Mon courtier s'en occupe* »
- « *Mon conseiller le fait* »
- « *Je fais surtout des opérations de spéculation sur séance, donc cela n'est pas pertinent* »
- « *Je trouve que c'est une perte de temps et de papier* »
- « *Je ne vote pas, je ne suis pas intéressé(e)* »
- « *Je ne suis pas actionnaire avec droit de vote* »

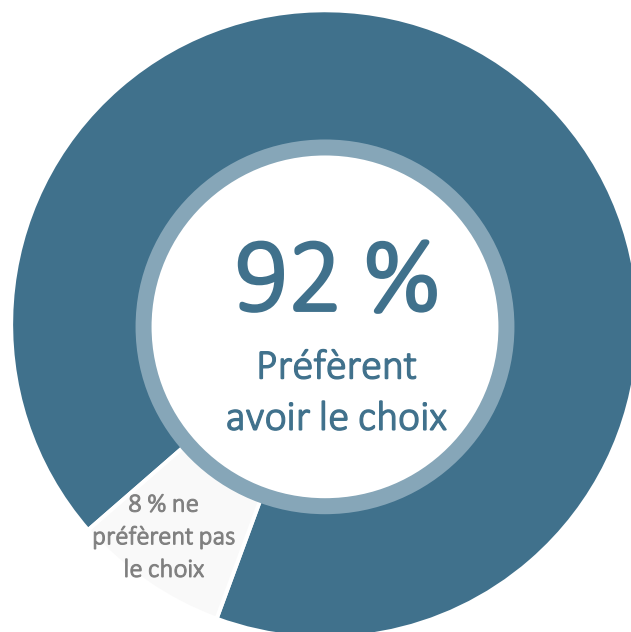
Confidentialité/choix

INCLUDES COMMENT LETTERS REQ

92 % des investisseurs souhaitent avoir le **choix** de partager ou non leurs renseignements personnelles avec les sociétés émettrices et les tiers.

Préférence de règle

Question (E1) : En vertu des règles actuelles, les investisseurs peuvent décider si leur firme de courtage peut partager leur nom, leur adresse, leur adresse de courriel et leur participation avec les compagnies et les fonds dans lesquels ils investissent, et avec leurs solliciteurs de procurations. En vertu d'une règle proposée, les investisseurs n'auraient plus le choix concernant le partage de leurs informations personnelles. Veuillez indiquer quelle règle vous préférez. Je préfère les règles actuelles qui me donnent un choix. Je préfère la règle proposée où je n'aurais plus de choix.

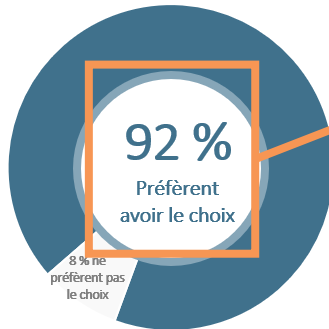


Face à ce choix, 54 % des investisseurs ne souhaitent pas que leurs renseignements personnelles soient partagées.

92 % des investisseurs souhaitent avoir le **choix** de partager ou non leurs informations personnelles avec les sociétés émettrices et les tiers.

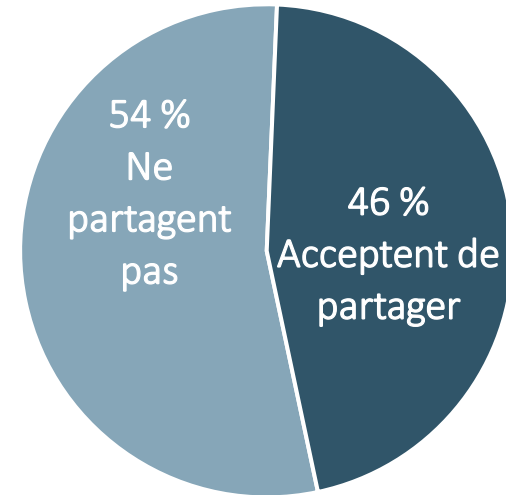
Préférence de règle

Question (E1) : En vertu des règles actuelles, les investisseurs peuvent décider si leur firme de courtage peut partager leur nom, leur adresse, leur adresse de courriel et leur participation avec les compagnies et les fonds dans lesquels ils investissent, et avec leurs courtiers de procurations. En vertu d'une règle proposée, les investisseurs n'auraient plus le choix concernant le partage de leurs informations personnelles. Veuillez indiquer quelle règle vous préférez. Je préfère les règles actuelles qui me donnent un choix. Je préfère la règle proposée où je n'aurais plus de choix.



Préférence de partage d'informations

Question (E2 – base réduite, ceux qui préfèrent avoir le choix, n=1 837) : Vous avez indiqué que vous préférez avoir un choix. Face à ce choix, veuillez indiquer votre préférence.



Différences significatives entre les segments démographiques*

Les investisseurs plus âgés et les personnes avec un handicap sont plus susceptibles d'être préoccupés par le partage de leurs informations personnelles.

1

**Résultats
principaux**

2

**Résultats
détaillés**

3

**Différences
démographiques
dans les
résultats**

- Âge
- Éducation
- Revenu
- Patrimoine
- Invalidité

4

Annexe

Les personnes ayant un niveau de scolarité inférieur, un revenu inférieur ou un âge plus avancé sont plus susceptibles de trouver **le RDRF et les États financiers** difficiles à comprendre.

INCLUDES COMMENT LETTERS REC

Difficiles
(très/assez)

Difficiles (très/assez)

Base : propriétaires de fonds communs de placement et de FNB qui connaissent le RDRF (n=1 116).
 * Attention : tailles de base petites, à voir uniquement à titre directionnel.

Significativement **supérieur(e)** à celui/celle de(s) sous-groupe(s) à un seuil de confiance de 90 %.

Compréhension (très/assez difficiles à comprendre)

Question (B3) : À quel point sont-ils faciles ou difficiles à comprendre?

| Âge | | | | | Revenu du ménage | | | | |
|-------------|-------------|-------------|-------------|----------------|--------------------|---------------------------------|----------------------------------|----------------------------------|--------------------|
| 18 à 34 ans | 35 à 44 ans | 45 à 54 ans | 55 à 64 ans | 65 ans ou plus | Moins de 50 000 \$ | 50 000 \$ à moins de 100 000 \$ | 100 000 \$ à moins de 150 000 \$ | 150 000 \$ à moins de 220 000 \$ | 220 000 \$ ou plus |
| Base 249 | 260 | 208 | 221 | 178 | 225 | 374 | 285 | 163 | 69 |
| 27 % | 41 % | 38 % | 49 % | 59 % | 46 % | 43 % | 41 % | 38 % | 33 % |

| Éducation | | | | | |
|--|--|--|-------------------|---------------------------------|------------------------------|
| Études secondaires non complétées ou moins | Diplôme d'études secondaires ou certificat d'équivalence | Certaines études universitaires - pas de diplôme | Diplôme collégial | Diplôme d'études universitaires | Diplôme d'études supérieures |
| Base 11* | 110 | 116 | 207 | 455 | 217 |
| 45 % | 45 % | 53 % | 44 % | 41 % | 35 % |

Il y a une connaissance moindre de SÉDAR parmi les investisseurs plus âgés et ceux dont le revenu ou le patrimoine ou le niveau d’instruction sont inférieurs.

Connaissance de SÉDAR

Question (Q1) : Connaissez-vous SÉDAR?

| | Revenu du ménage | | | | | Actifs à investir du ménage | | | | | | |
|------|--------------------|---------------------------------|----------------------------------|----------------------------------|--------------------|-----------------------------|--------------------------------|---------------------------------|----------------------------------|----------------------------------|------------------------------------|----------------------|
| | | | | | | | | | | | | |
| | Moins de 50 000 \$ | 50 000 \$ à moins de 100 000 \$ | 100 000 \$ à moins de 150 000 \$ | 150 000 \$ à moins de 220 000 \$ | 220 000 \$ ou plus | Moins de 10 000 \$ | 10 000 \$ à moins de 25 000 \$ | 25 000 \$ à moins de 100 000 \$ | 100 000 \$ à moins de 250 000 \$ | 250 000 \$ à moins de 500 000 \$ | 500 000 \$ à moins de 1 000 000 \$ | 1 000 000 \$ ou plus |
| Base | 487 | 661 | 499 | 257 | 100 | 84 | 123 | 542 | 550 | 320 | 227 | 158 |
| Oui | 24 % | 31 % | 35 % | 34 % | 47 % | 20 % | 23 % | 26 % | 31 % | 35 % | 41 % | 48 % |
| Non | 76 % | 69 % | 65 % | 66 % | 53 % | 80 % | 77 % | 74 % | 69 % | 65 % | 59 % | 52 % |

| | Âge | | | | | Éducation | | | | | |
|------|-------------|-------------|-------------|-------------|----------------|--|--|--|-------------------|---------------------------------|------------------------------|
| | | | | | | | | | | | |
| | 18 à 34 ans | 35 à 44 ans | 45 à 54 ans | 55 à 64 ans | 65 ans ou plus | Études secondaires non complétées ou moins | Diplôme d'études secondaires ou certificat d'équivalence | Certaines études universitaires - pas de diplôme | Diplôme collégial | Diplôme d'études universitaires | Diplôme d'études supérieures |
| Base | 457 | 420 | 384 | 408 | 335 | 30* | 213 | 265 | 398 | 767 | 331 |
| Oui | 45 % | 31 % | 29 % | 25 % | 27 % | 30 % | 21 % | 29 % | 25 % | 34 % | 44 % |
| Non | 55 % | 69 % | 71 % | 75 % | 73 % | 70 % | 79 % | 71 % | 75 % | 66 % | 56 % |

Connaissance significativement supérieure à celle de(s) sous-groupe(s) à un seuil de confiance de 90 %.

Connaissance significativement inférieure à celle de(s) sous-groupe(s) à un seuil de confiance de 90 %.

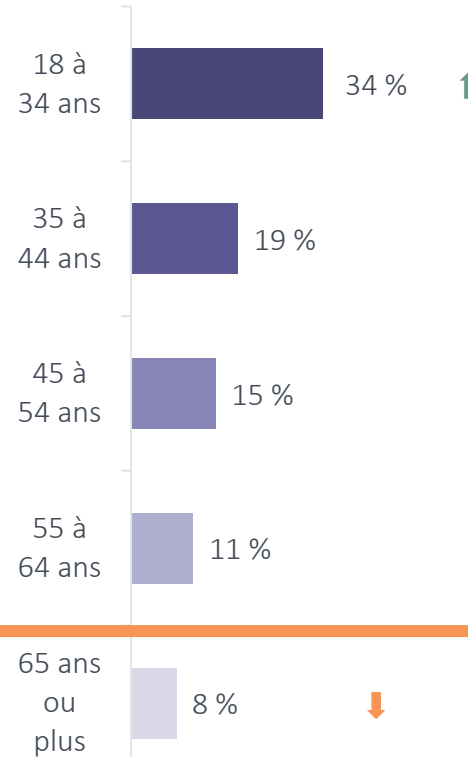
Base : tous les investisseurs (n=2 004).

* Attention : tailles de base petites, à voir uniquement à titre directionnel.

34 % des investisseurs jeunes ont utilisé SÉDAR; alors que seulement 8 % des investisseurs plus âgés l'ont utilisé.

Utilisation de SÉDAR par groupe d'âge - % Oui

Question (Q2) : Avez-vous utilisé le SÉDAR pour obtenir et consulter des documents de divulgation mis à jour concernant vos placements?



Base : tous les investisseurs (n=2 004).

Significativement supérieur(e)/inférieur(e) à celui/celle de(s) sous-groupe(s) à un seuil de confiance de 90 %.

Il y a une connaissance moindre des RDRF et des États financiers parmi les investisseurs ayant un niveau de scolarité, un revenu ou des actifs inférieurs.

Connaissance des documents des RDRF et du formulaire de demande

Question (B1) : Connaissez-vous ces documents de divulgation?

Question (B9) : Les fonds doivent vous rappeler une fois par année que vous pouvez réclamer des copies gratuites de ces documents de divulgation. Au cours des 12 derniers mois, vous souvenez-vous d'avoir été informé(e) que vous pouviez les réclamer?

| | Revenu du ménage | | | | | Actifs à investir du ménage | | | | | | |
|---|--------------------|---------------------------------|----------------------------------|----------------------------------|--------------------|-----------------------------|--------------------------------|---------------------------------|----------------------------------|----------------------------------|------------------------------------|----------------------|
| | Moins de 50 000 \$ | 50 000 \$ à moins de 100 000 \$ | 100 000 \$ à moins de 150 000 \$ | 150 000 \$ à moins de 220 000 \$ | 220 000 \$ ou plus | Moins de 10 000 \$ | 10 000 \$ à moins de 25 000 \$ | 25 000 \$ à moins de 100 000 \$ | 100 000 \$ à moins de 250 000 \$ | 250 000 \$ à moins de 500 000 \$ | 500 000 \$ à moins de 1 000 000 \$ | 1 000 000 \$ ou plus |
| Base | 371 | 556 | 442 | 228 | 94 | 50* | 89 | 449 | 477 | 287 | 200 | 139 |
| Connaissance - % Oui | 61 % | 67 % | 64 % | 71 % | 73 % | 52 % | 61 % | 60 % | 66 % | 70 % | 72 % | 79 % |
| Se souviennent du formulaire de demande - % Oui | 55 % | 60 % | 58 % | 65 % | 71 % | 44 % | 48 % | 56 % | 56 % | 62 % | 71 % | 75 % |

| | Éducation | | | | | |
|---|--|--|--|-------------------|---------------------------------|------------------------------|
| | Études secondaires non complétées ou moins | Diplôme d'études secondaires ou certificat d'équivalence | Certaines études universitaires - pas de diplôme | Diplôme collégial | Diplôme d'études universitaires | Diplôme d'études supérieures |
| Base | 20* | 174 | 210 | 326 | 666 | 295 |
| Connaissance - % Oui | 55 % | 63 % | 55 % | 63 % | 68 % | 74 % |
| Se souviennent du formulaire de demande - % Oui | 65 % | 51 % | 55 % | 58 % | 61 % | 67 % |

Base : tous les propriétaires de fonds communs de placement et de FNB (n=1 691).

* Attention : tailles de base petites, à voir uniquement à titre directionnel.

— Significativement **supérieur(e)** à celui/celle de(s) sous-groupe(s) à un seuil de confiance de 90 %.

— Significativement **inférieur(e)** à celui/celle de(s) sous-groupe(s) à un seuil de confiance de 90 %.

Il y a une connaissance moindre **des RG et des États financiers** parmi les investisseurs ayant un niveau de scolarité, un revenu ou des actifs inférieurs.

Connaissance des documents du RG et du rappel

Question (C1) : Connaissez-vous ces documents de divulgation?

Question (C2) : Les compagnies doivent vous rappeler une fois par année que vous pouvez réclamer des copies gratuites de ces documents de divulgation. Au cours des 12 derniers mois, vous souvenez-vous d’avoir été informé(e) que vous pouviez les réclamer?

| | Revenu du ménage | | | | | Actifs à investir du ménage | | | | | | |
|----------------------------------|--|--|--|----------------------------------|---------------------------------|------------------------------|--------------------------------|---------------------------------|----------------------------------|----------------------------------|------------------------------------|----------------------|
| | Moins de 50 000 \$ | 50 000 \$ à moins de 100 000 \$ | 100 000 \$ à moins de 150 000 \$ | 150 000 \$ à moins de 220 000 \$ | 220 000 \$ ou plus | Moins de 10 000 \$ | 10 000 \$ à moins de 25 000 \$ | 25 000 \$ à moins de 100 000 \$ | 100 000 \$ à moins de 250 000 \$ | 250 000 \$ à moins de 500 000 \$ | 500 000 \$ à moins de 1 000 000 \$ | 1 000 000 \$ ou plus |
| Base | 266 | 405 | 331 | 183 | 78 | 45* | 70 | 316 | 337 | 196 | 169 | 130 |
| Connaissance - % Oui | 54 % | 63 % | 69 % | 66 % | 81 % | 40 % | 51 % | 58 % | 63 % | 67 % | 73 % | 82 % |
| Se souviennent du rappel - % Oui | 53 % | 58 % | 58 % | 62 % | 65 % | 33 % | 53 % | 53 % | 58 % | 57 % | 66 % | 72 % |
| | Éducation | | | | | | | | | | | |
| | Études secondaires non complétées ou moins | Diplôme d'études secondaires ou certificat d'équivalence | Certaines études universitaires - pas de diplôme | Diplôme collégial | Diplôme d'études universitaires | Diplôme d'études supérieures | | | | | | |
| Base | 17* | 118 | 151 | 232 | 518 | 227 | | | | | | |
| Connaissance - % Oui | 41 % | 54 % | 54 % | 60 % | 68 % | 73 % | | | | | | |
| Se souviennent du rappel - % Oui | 47 % | 53 % | 54 % | 53 % | 60 % | 65 % | | | | | | |

Significativement **supérieur(e)** à celui/celle de(s) sous-groupe(s) à un seuil de confiance de 90 %.

Significativement **inférieur(e)** à celui/celle de(s) sous-groupe(s) à un seuil de confiance de 90 %.

Base : tous les propriétaires d’actions (n=1 263).

* Attention : tailles de base petites, à voir uniquement à titre directionnel.

Les investisseurs jeunes, ceux dont les revenus ou les actifs à investir sont plus faibles, les minorités ou les personnes avec un handicap ont une préférence plus élevée de recevoir automatiquement les RDRF et les États financiers.

Préférences de livraison des RDRF

Question (B10) : Si vous ne réclamez pas ces documents de divulgation, vous ne les recevrez pas. Veuillez indiquer votre préférence :

| | Âge | | | | | Identité ethnique | | | | | | Invalidité | |
|--|-------------|-------------|-------------|-------------|----------------|-------------------|----------------|---------|----------|------------|-------|------------|------|
| | 18 à 34 ans | 35 à 44 ans | 45 à 54 ans | 55 à 64 ans | 65 ans ou plus | Asiatique | Caucasien(-ne) | Noir(e) | Indigène | Hispanique | Autre | Oui | Non |
| | Base | | | | | | | | | | | | |
| | 373 | 379 | 335 | 349 | 255 | 360 | 1166 | 59* | 17* | 21* | 45* | 173 | 1496 |
| Préfèrent les recevoir automatiquement | 67 % | 59 % | 53 % | 47 % | 40 % | 56 % | 53 % | 71 % | 59 % | 52 % | 60 % | 67 % | 53 % |
| En feront la demande | 33 % | 41 % | 47 % | 53 % | 60 % | 44 % | 47 % | 29 % | 41 % | 48 % | 40 % | 33 % | 47 % |

Base : tous les propriétaires de fonds communs de placement et de FNB (n=1 691).
* Attention : tailles de base petites, à voir uniquement à titre directionnel.

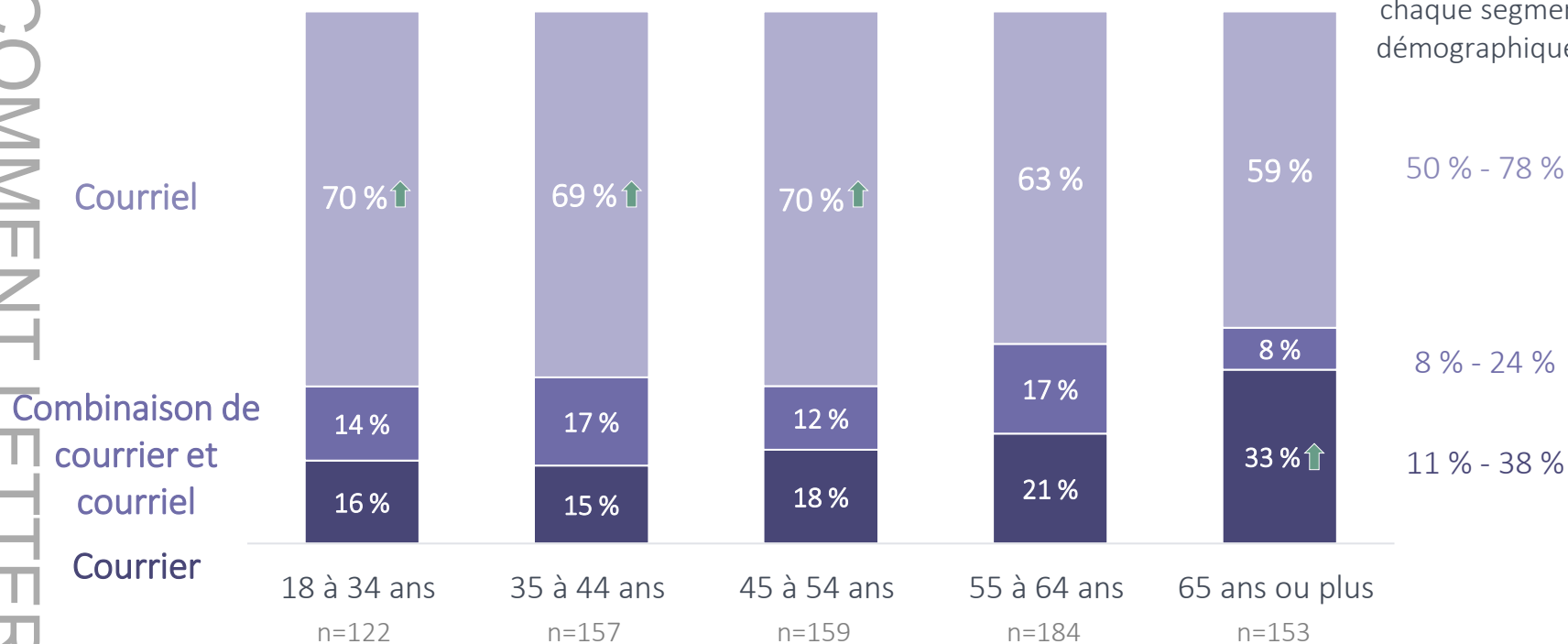
■ Significativement supérieur(e) à celui/celle de(s) sous-groupe(s) à un seuil de confiance de 90 %.

Les investisseurs de moins de 55 ans préfèrent recevoir les **documents des RDRF mis à jour par courriel**, tandis que les investisseurs de plus de 55 ans préfèrent les recevoir par la poste à des tarifs plus élevés que les investisseurs plus jeunes.

Méthode de livraison préférée des RDRF par groupe d'âge

Question (B11) – base réduite, ceux qui préfèrent réclamer les documents, n=775 :
Comment préféreriez-vous recevoir la lettre de rappel?

Gamme de moyennes pour chaque segment démographique*



Base : tous les propriétaires de fonds communs de placement et de FNB (n=1 691).

* Les segments incluent l'âge, le revenu, le patrimoine, le sexe et l'éducation.

↑ Significativement **supérieur(e)** à celui/celle de(s) sous-groupe(s) à un seuil de confiance de 90 %.

Les investisseurs jeunes préfèrent recevoir les changements soulignés dans le RDRF, tandis que les investisseurs plus âgés sont plus susceptibles de préférer recevoir uniquement l'information qui a changé.

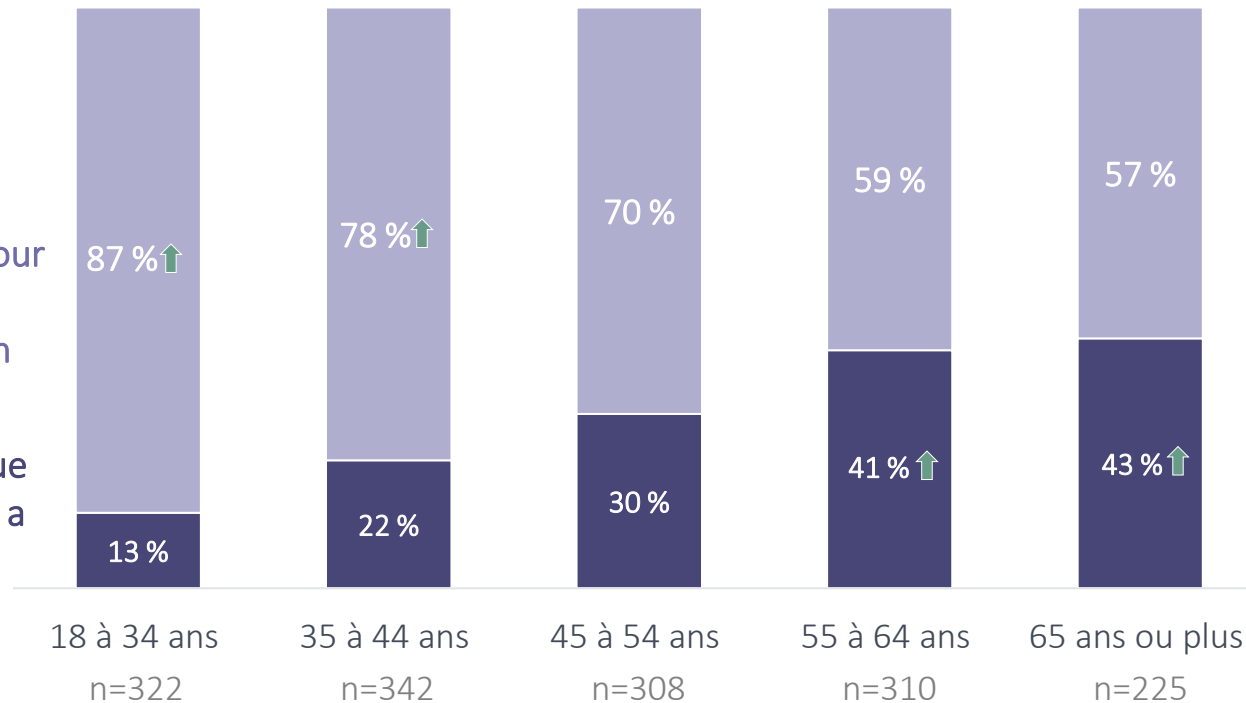
Notification préférée des changement du RDRF

Question (B15) – Que préféreriez-vous?

Gamme de moyennes pour chaque segment démographique*

47 % - 87 %

13 % - 53 %



Document mis à jour avec les changements en surbrillance
Ne m'envoyez que l'information qui a changé

Base : propriétaires de fonds communs de placement et de FNB qui souhaitent recevoir des notifications concernant les changements (n=1 507).

* Les segments incluent l'âge, le revenu, le patrimoine, le sexe et l'éducation.

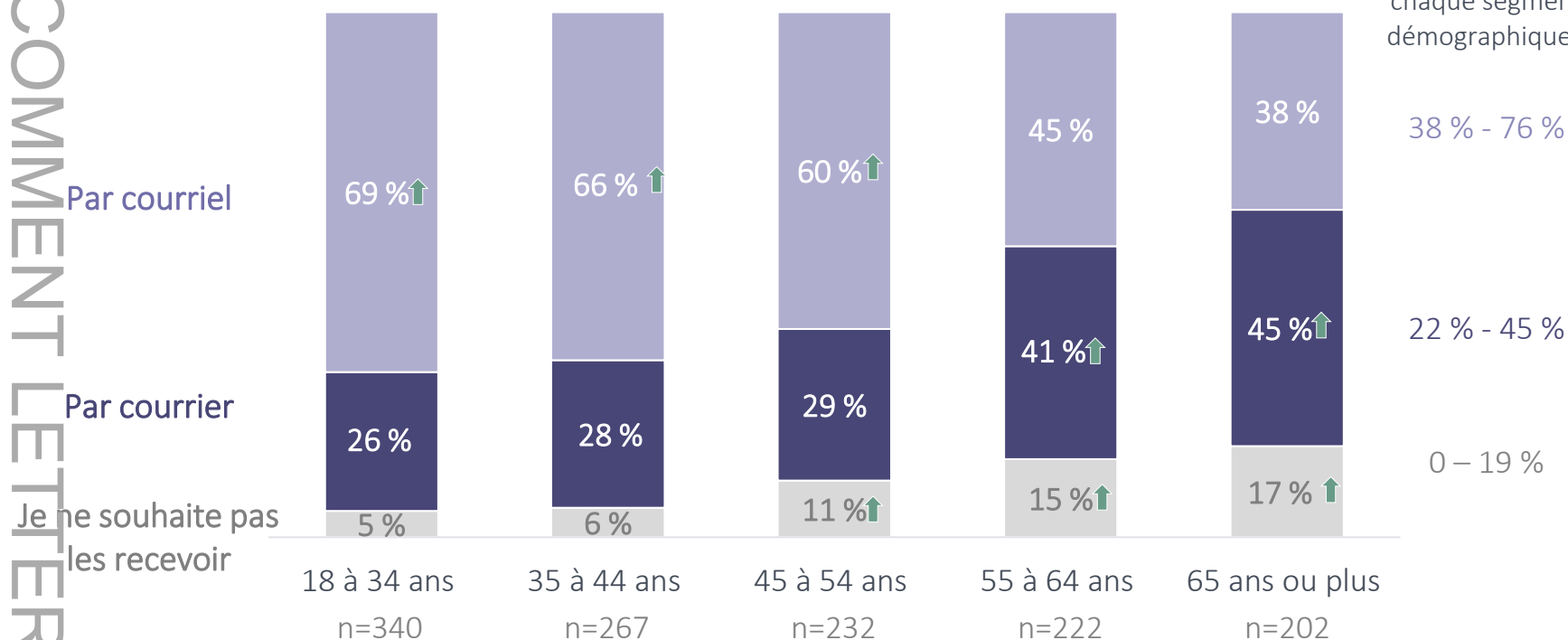
↑ Significativement **supérieur(e)** à celui/celle de(s) sous-groupe(s) à un seuil de confiance de 90 %.

Les investisseurs jeunes préfèrent recevoir les **documents de sollicitation de procurations par courriel**, tandis que les répondants plus âgés préfèrent les recevoir par la poste à des tarifs plus élevés que pour les investisseurs jeunes.

Documents de sollicitation de procurations - préférence de livraison

Question (D1) – Comment préférez-vous recevoir vos documents de sollicitation de procurations et vos bulletins de vote?

Gamme de moyennes pour chaque segment démographique*



Base : tous les propriétaires d'actions (n=1 263).

* Les segments incluent l'âge, le revenu, le patrimoine, le sexe et l'éducation.

↑ Significativement **supérieur(e)** à celui/celle de(s) sous-groupe(s) à un seuil de confiance de 90 %.

Les investisseurs plus âgés sont plus susceptibles d’être préoccupés par le partage de leurs renseignements personnelles.

Préférences de confidentialité

Question (E2) : Vous avez indiqué que vous préférez avoir un choix. Face à ce choix, veuillez indiquer votre préférence.

| | | Âge | | | | |
|---|------|-------------|-------------|-------------|-------------|----------------|
| | | 18 à 34 ans | 35 à 44 ans | 45 à 54 ans | 55 à 64 ans | 65 ans ou plus |
| | Base | 418 | 378 | 348 | 380 | 313 |
| Cela ne me gêne pas que ma firme de courtage partage mes informations personnelles avec les compagnies et les fonds dans lesquels j’investis, et avec leurs sollicitateurs de procurations. | | 59 % | 50 % | 42 % | 39 % | 37 % |
| | | 41 % | 50 % | 58 % | 61 % | 63 % |

Base : tous les investisseurs préférant avoir un choix (n=1 837).

* Attention : tailles de base petites, à voir uniquement à titre directionnel.

■ Significativement **supérieur(e)** à celui/celle de(s) sous-groupe(s) à un seuil de confiance de 90 %.

1

**Résultats
principaux**

2

**Résultats
détaillés**

3

**Différences
démographiques
dans les résultats**

4

Annexe

- Méthodologie d'échantillonnage
- Démographie
- Source de l'échantillon
- Documents consultés par les répondants

Méthodologie du sondage

Au total, 2 004 sondages en ligne ont été réalisés auprès d'investisseurs canadiens en actions, fonds communs de placement et FNB du 11 au 20 mai 2021. La marge d'erreur pour cet échantillon est de +/- 3 %. On leur a montré des exemples génériques d'Aperçus de fonds, d'Aperçus de FNB, de rapport de la direction sur le rendement financier (RDRF) et d'États financiers et on leur a posé une série de questions.

Qualités des répondants :

Tous les répondants détiennent actuellement des actions, des fonds communs de placement ou des FNB en dehors des régimes de retraite d'employeur et des régimes enregistrés d'épargne-études. De plus, la sélection des répondants comprenait les critères suivants :

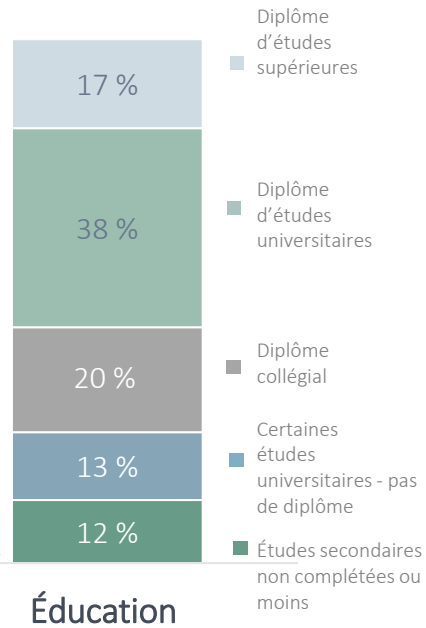
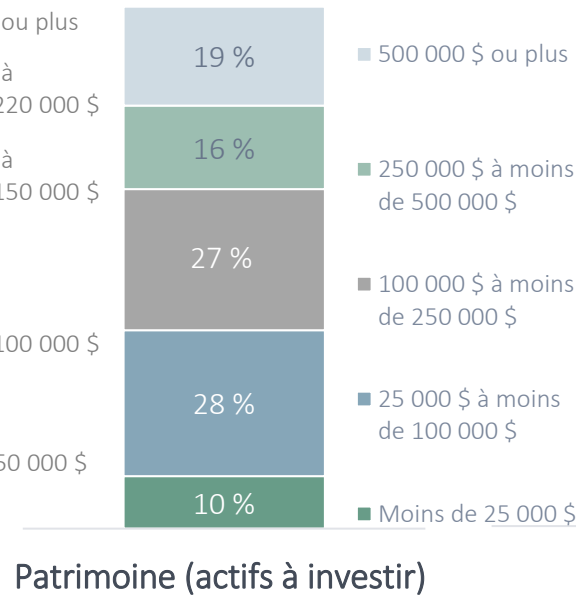
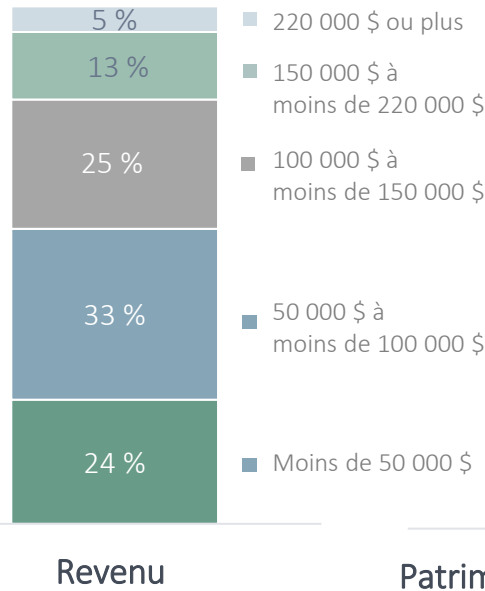
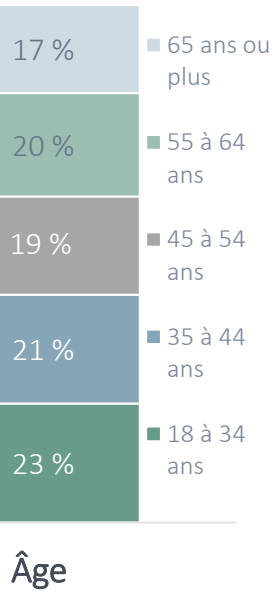
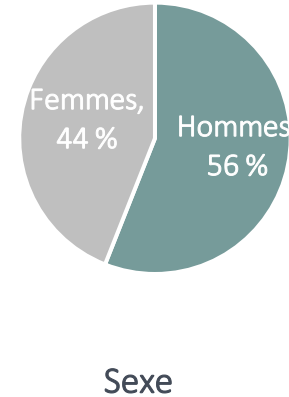
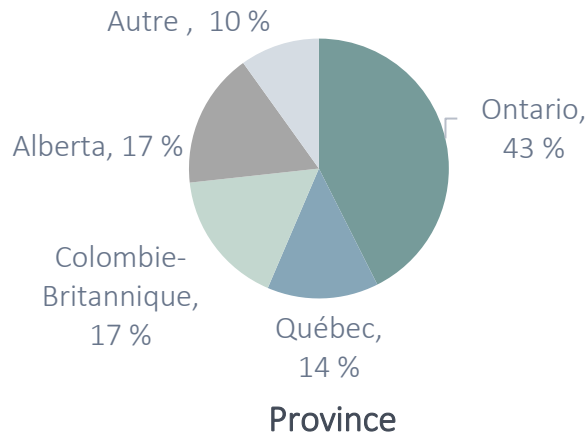
- Au moins 18 ans.
- Responsabilité principale ou partagée de prise de décision concernant les placements dans le ménage.
- Répondants anglophones ou francophones.

Afin de fournir un échantillon représentatif, cette étude a été équilibrée comme suit :

- Les invitations sortantes initiales ont été déployées pour être équilibrées dans le recensement canadien sur la province, le sexe, l'âge et le revenu.
- Les « débuts » de sondage ont été équilibrés par rapport au recensement canadien sur la province, le sexe, l'âge et le revenu.
- Les personnes qualifiées pour répondre au sondage étaient représentatives des investisseurs ayant des actions, des fonds communs de placement et des FNB en dehors des régimes de retraite d'employeur et des régimes enregistrés d'épargne-études.
- Les répondants qui détenaient des fonds communs de placement ou des FNB ont été assignés au hasard pour afficher soit l'échantillon de RDRF annuel, soit l'échantillon de RDRF intermédiaire.
- Les répondants avaient le choix de répondre au sondage en anglais ou en français. Tous les échantillons de divulgation étaient disponibles dans les deux langues.

Démographie

Profil des répondants



Source de répondants

Panel national en ligne Dynata

Dynata est la plus grande plate-forme de données et d'informations de première partie au monde.

Dynata sert près de 6 000 agences d'études de marché, de médias et de publicité, d'éditeurs, de sociétés de conseil et d'investissement et d'entreprises clientes en Amérique du Nord (**y compris au Canada**), en Amérique du Sud, en Europe et en Asie-Pacifique. Elle compte plus de 44 bureaux dans le monde.

Dynata s'efforce de mélanger de manière optimale nos sources d'échantillons propriétaires en effectuant des tests de comparabilité et en modélisant le mélange qui atteindra la correspondance la plus proche avec le recensement et les références sociales. Elle a une portée qui englobe plus de 60 millions de personnes dans le monde.

Dans le cadre du système global de qualité de la recherche, Dynata surveille la qualité des données grâce à divers contrôles de qualité tels que les limites de participation, les questions de sélection, les empreintes digitales, les réponses aléatoires et illogiques, la capture et la suppression de personnes qui répondent selon une ligne droite ou de manière excessivement rapide.



Les Amériques 30M+

NORD

États Unis
Canada
Mexique

SUD

Argentine
Brésil
Colombie
Chili

Le seul fournisseur d'échantillons d'études de marché en ligne évalué par MRC à remporter un prix pendant cinq années consécutives, 2019 marquant la sixième année en tant que société combinée Dynata.

Nous avons également dépassé notre concurrent le plus proche dans la catégorie « Livrables de meilleure qualité » de près de 10 % dans le sondage 2019.



Documents consultés par les répondants

Cliquez sur les liens ci-dessous pour afficher les documents que les investisseurs ont consultés dans le sondage :

- Aperçu du fonds [anglais/français] <https://bit.ly/3rh7Szl>
- Aperçu du FNB [anglais/français] <https://bit.ly/3ep40ah>
- Rapport de la direction sur le rendement du fonds [anglais/français] <https://bit.ly/3rjWi6D>
- États financiers [anglais/français] <https://bit.ly/3ejnkpq>

September 17, 2021

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
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Service NL
Northwest Territories Office of the Superintendent of Securities
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Nunavut

Ms. Grace Knakowski
Secretary to the Commission
Ontario Securities Commission
20 Queen Street West
22nd Floor, Box 55
Toronto, Ontario
M5H 3S8
Fax: 416-593-2318
comment@osc.gov.on.ca

M^e Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
Fax: 514-864-8381
consultation-en-cours@lautorite.qc.ca

Re: Proposed Amendments to National Instrument 51-102 Continuous Disclosure Obligations and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers and Seeking Feedback on a Proposed Framework for Semi-Annual Reporting – Venture Issuers on a Voluntary Basis

Dear Ms. Knakowski and M^e Lebel,

The Canadian Bankers Association (CBA) would like to take this opportunity to provide comments on the proposed amendments to NI 51-102 noted above. Overall, we are supportive of these amendments; however, some comments are outlined below for your consideration.

As an opportunity to further streamline the MD&A, kindly consider the following recommendations:

- Consistent with the proposal to remove the requirement related to the eight-quarter trend review, eliminate the requirement to review current year fourth quarter performance against prior year fourth quarter financial performance in the annual MD&A.
- Streamline/eliminate overlap of disclosure requirements regarding directors and officers and governance matters (i.e., name, residence, principal occupation, length of service, committee memberships, etc.) and the audit committee charter and related audit committee disclosure (e.g. financial literacy, etc.). Most of this information is available in other disclosures, such as the proxy circular, and it is easily found on an issuer's Investor Relations webpage. This change should not negatively impact investor protections. Further, such disclosure requirements could be required for inclusion in the proxy circular.
- Eliminate the AIF requirement to provide an explanation of the approach to credit ratings and outlook utilized by applicable rating agencies as this information relates to rating agencies rather than the issuer, and users should be able to obtain this information from the rating agencies directly.

In addition, we also kindly ask that you consider the following comments and recommendations:

- Consider clarifying the distinction, if any, between the requirements set out in section 3(2)(d) with respect to known trends, demands, commitments, events, risks or uncertainties that have affected an issuer's business, financial condition, financial performance and cash flows or are reasonably likely to affect them in the future and the requirement set out in section 16 with respect to risk factors.
- Consider clarifying whether the proposed transactions in section 7 are limited to material transactions.
- In the past, the description of social or environmental policies was only required where fundamental to an issuer's operations. Consider clarifying whether this remains the case or has this requirement been broadened to all issuers.
- Consider providing an illustrative disclosure for the new "annual disclosure statement" to enable issuers to visualize the document or determine whether cross references are needed between the AIF/MD&A/FS sections.
- Also, with respect to re-filings, we ask for clarification as to whether we should be considering our annual disclosure statement as one single document or if we should be treating as three distinct documents.

Lastly, in addition to the comments above, our response to a few of the specific questions outlined in this proposal are attached in Appendix A.

We would be pleased to discuss any questions you may have and would like to thank the OSC for the opportunity to express our views and opinions on these proposed amendments.

Regards,

"Darren Hannah"

Attached Appendix A

Appendix A – Responses to CSA’s request for comment items

Question #2

We have retained instruction (i) to section 5.2 of the Current AIF Form (as proposed section 16 of Form 51-102F1 Annual Disclosure Statement) which requires a reporting issuer to disclose risks in order of seriousness from the most serious to least serious. Proposed instruction (3) to the same section suggests that “seriousness” refers to impact/probability assessment. Would it be beneficial for reporting issuers if we provided further clarity on what “seriousness” means and how to determine the “seriousness” of a risk?

CBA response: We agree that additional clarity is required around the meaning of “seriousness”. Further, while we recognize the benefits of providing this disclosure in a tabular format, we would appreciate flexibility in presentation, which will allow us to best meet the needs of our investors.

Question #3

SEC’s Modernization of Regulation S-K Items 101, 103, and 105 adopts amendments which require the following:

- grouping similar risks together;*
- disclosing generic risks under the heading “general risks”; and*
- requiring a summary of risk factor disclosure if the risk factor disclosure exceeds 15 pages.*

If we adopted similar requirements to the SEC’s amendments, what would be the benefits and costs for investors and reporting issuers?

CBA response: The benefit of adopting similar requirements to the SEC’s amendments would be increased alignment with these SEC disclosure requirements, which would be beneficial to issuers that issue securities into the U.S. market.

Question #7

Considering that the annual disclosure statement will include annual financial statements, MD&A and, where applicable, AIF, do you think there will be an impact, including on auditing requirements, if a reporting issuer amends or re-files only one of these documents, or re-files the annual disclosure statement in its entirety?

CBA response: The CSA should be specific where re-filings will require complete or partial re-filings. Feedback from the relevant professional accounting firms or bodies should also be considered.



September 17, 2021

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 of New Brunswick
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor, Box 55
Toronto, Ontario, M5H 3S8
comment@osc.gov.on.ca

M^e Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
consultation-en-cours@lautorite.qc.ca

Dear Madam/Sir,

Re: Proposed amendments to National Instrument 51-102 Continuous Disclosure Obligations and Other Amendments and Changes Relating to Annual and Interim Filings for Non-Investment Fund Reporting Issuers and Seeking Feedback on a Proposed Framework for Semi-Annual Reporting – Venture Issuers on a Voluntary Basis

We have reviewed the above referenced consultation document and we thank the Canadian Securities Administrators (CSA) for the opportunity to provide you with our comments.

CCGG's members are Canadian institutional investors that together manage approximately \$5 trillion in assets on behalf of pension funds, mutual fund unit holders, and other institutional and individual investors. CCGG promotes good governance practices, including the governance of environmental and social matters, at Canadian public companies and assists institutional investors in meeting their stewardship responsibilities. CCGG also works toward the improvement of the regulatory environment to best align the interests of boards and management with those of their investors and to increase the efficiency and effectiveness of the Canadian capital markets. A list of our members is attached to this submission.

OVERVIEW/GENERAL COMMENTS

As noted in its [July 2017](#) submission to the CSA in response to Consultation Paper 51-404 Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers, and its [February 2019](#) submission to the Ontario Securities Commission OSC Staff Notice 11-784: Burden Reduction, CCGG is generally supportive of the proposal to streamline disclosure requirements currently set out in the MD&A, the Annual Information Form (AIF) and the financial statements into a single reporting document, the Annual Disclosure Statement. Overall, we consider the approach taken by the CSA in developing the Annual Disclosure Statement to be reasonable, as it is focused on eliminating disclosure requirements only where they overlap, duplicate other disclosure or are redundant (such as elimination of summary information for the prior eight quarters which is otherwise available in previous filings, and the elimination of disclosure of security price ranges and volumes on the basis that this information is otherwise easily obtained in the marketplace).

With respect to the proposed semi-annual reporting framework for non-SEC venture issuers (as described in more detail below), CCGG is not supportive of the CSA pursuing this initiative. CCGG has consistently advocated against Canadian regulators pursuing changes to the current disclosure reporting cycle that would have the effect of creating different disclosure cycles for different kinds of issuers and that would remove information from the public realm that is useful to investors. Further, we are of the view that smaller cap venture companies, especially those relatively new to public markets, benefit from the discipline of quarterly reporting in the monitoring of changes to operating performance and risk management. While we reiterate our positions in response to the specific questions posed by the CSA in this consultation, we would also refer the CSA to our response to Consultation Paper 51-404 (as noted above) and to our submission to the Ontario Capital Markets Modernization Taskforce of [September 2020](#), which responded to a similar recommendation in the context of the recommendations made by that Taskforce.

In the remainder of our submission, we have provided responses to the consultation questions most relevant to CCGG's Members and its corporate governance focused mission.

CONSULTATION QUESTIONS

Questions relating to risk factors

The consultation document indicates that the CSA is proposing to retain instruction (i) to section 5.2 of the Current AIF Form (as proposed section 16 of Form 51-102F1 Annual Disclosure Statement) which requires a reporting issuer to disclose risks in order of seriousness from the most serious to least serious. Proposed instruction (3) to the same section suggests that “seriousness” refers to impact/probability assessment.

In addition, the consultation notes that the SEC’s Modernization of Regulation S-K Items 101, 103, and 105 adopts amendments which require the following:

- grouping similar risks together;
- disclosing generic risks under the heading “general risks”; and
- requiring a summary of risk factor disclosure if the risk factor disclosure exceeds 15 pages.

Finally, the CSA flags, as a “noteworthy change” that it intends to remove materiality qualifiers such as “material”, “significant”, “critical”, “major” and “fundamental”, and “have all disclosure requirements subject to the qualification that issuers are to focus on material information”, except where there are explicit exceptions noted in the disclosure instructions or where the qualifier is otherwise part of a defined term¹.

In light of the foregoing the consultation poses the following questions:

2. Would it be beneficial for reporting issuers if we provided further clarity on what “seriousness” means and how to determine the “seriousness” of a risk?

CCGG is of the view that in light of the proposal by the CSA to remove materiality qualifiers, guidance as to what is meant by “seriousness” and how to determine “seriousness” as between identified material risks would be helpful to both issuers and investors. Given increasing investor interest in disclosure of environmental, social and governance risks, especially with respect to climate change impacts, one aspect of determining “seriousness” that may be useful to build into such guidance, could be a consideration of time horizon and the impact of time horizon on the assessment of impact and probability². It would also be helpful to require the issuer to provide context in which the seriousness of the risk was assessed (for example, risk to revenues, risk to asset values, to customer relationships, risk of cost escalation impacting probability, etc.) and a materiality threshold such as, by way of example, a 10% impact on revenues or asset value.

¹ Chapter 6 Request for Comments, (2021), 44 OSCB 4209-10 (May 20, 2021).

² See [CCGG The Directors E&S Guidebook](#), May 2018 Guiding Principle II Risk Management, recommendation 5: “In reviewing risk assumptions, the board should be comfortable that the methodology captures the long-term nature of E&S risks, including how their inherent and residual risk factors may evolve and manifest over a various time horizons” at 15-16.

3. If we adopted similar requirements to the SEC's amendments, what would be the benefits and costs for investors and reporting issuers?

CCGG is supportive of adopting similar risk disclosure requirements as the SEC on the basis that this approach supports transparency and consistency in disclosure and will also support the ability of investors to compare issuer disclosures as between peers and across sectors. We are not of the view that this approach would increase costs for investors.

Questions relating to semi-annual reporting for certain venture issuers on a voluntary basis

The CSA is seeking feedback on the following proposed framework relating to semi-annual reporting for certain venture issuers on a voluntary basis:

- Semi-annual reporting would be limited to venture issuers that are not SEC issuers (but would not be otherwise restricted by the market capitalization of the non-SEC venture issuer);
- Semi-annual reporting would be voluntary; and
- Alternative disclosure would be provided (through a news release, within 60 days of the end of the issuer's interim period for which financials and MD&A would not be filed).

9. Should we pursue the Proposed Semi-Annual Reporting Framework for voluntary semi-annual reporting for venture issuers that are not SEC issuers? Please explain.

No.

General Observations:

CCGG is not supportive of the proposed voluntary semi-annual reporting framework for venture issuers that are not SEC issuers.

As noted above, CCGG reiterates its opposition to semi-annual reporting as outlined in its response to the CSA's 2017 Consultation Paper 51-404 – Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers, and more recently in its response to the recommendations of the Ontario Capital Markets Modernization Taskforce. Nothing in the current proposed framework has altered our view and we would encourage the CSA not to pursue this initiative.

Timely, predictable and consistent information is essential to assessing and monitoring the quality of an investment. CCGG's members strongly regard the information provided by quarterly financial reports to be important and relevant. In order for investors and analysts to have timely financial information available to them, the current quarterly reporting obligation should be maintained. As one of our members stated, "information gives confidence".

Semi-annual reporting should not be optional:

The recommendation suggests that the right to file semi-annually should be optional or voluntary for non-SEC venture issuers. For reasons of both principle and practicality, CCGG does not agree that non-SEC venture issuers should be provided with a voluntary option to file semi-annual reports.

A voluntary disclosure requirement would lead to inconsistent reporting among issuer peers, decreasing comparability among issuers reporting in different time frames. It would be confusing and increase the monitoring burden on investors. The proposed framework permits eligible issuers to file a notice opting in or out of the semi-annual reporting cycle annually at the beginning of the issuer's fiscal year for a minimum commitment of one year, subject to some exceptions including if it becomes an SEC listed issuer or if it ceases to be a venture issuer³. Monitoring venture issuer notices in order to determine which issuers are in which reporting framework annually will increase the administrative and resource burden on investors. There is also a concern with respect to selective reporting; those issuers which investors perceive to be most in need of quarterly reporting may be the ones most likely to opt in or out of the semi-annual framework strategically to delay providing unfavourable information to the market. Notwithstanding the issuer's material change reporting obligations, it is important to note that often venture capital companies are issuers with less experience in the capital markets and therefore less experience in assessing whether or not disclosure of specific information and corporate developments will have a material positive or negative impact on its share price, making regular quarterly reporting a key protection for investors.

Limiting semi-annual disclosures to non-SEC venture issuers is self-defeating:

We understand the intuitive logic behind the CSA's proposal to limit the availability of semi-annual reporting to non-SEC listed venture issuers, as SEC cross-listed venture issuers will still be subject to the SEC's quarterly reporting requirement. In our view, however, this distinction will likely make adoption of a semi-annual reporting regime unattractive or unworkable for many non-SEC venture issuers on the basis that it will make such issuers less attractive to investors and competitive pressures will lower the likelihood of issuers implementing reduced disclosure.

Even for non-SEC listed venture issuers, there is practical and financial value in maintaining consistency with the U.S. quarterly reporting cycle. Dual-listed venture issuers will have to continue to report quarterly. Research in other jurisdictions has shown that where issuers are permitted to voluntarily adopt a more, or in the case of the CSA's proposal, a less frequent reporting schedule, there is a loss of investor attention away from semi-annual reporters in favour of more frequent quarterly reporters, which demonstrates an investor preference for issuers providing more information rather than less. A voluntary move to semi-annual reporting could therefore have an impact on the ability of non-SEC venture issuers to attract

³ [Chapter 6 Request for Comments, \(2021\), 44 OSCB 4328 at Annex G \(May 20, 2021\).](#)

capital, impacting their market value, cost of capital and access to liquidity in comparison to U.S. and Canadian cross-listed counterparts where more frequent reporting is available⁴.

In addition, Canadian venture issuers whose peers are subject to SEC quarterly reporting requirements are likely to continue to supply quarterly financials to remain competitive for investor attention. The experience of other jurisdictions that have moved away from mandatory quarterly reporting demonstrates that when voluntary semi-annual reporting is available there is not significant uptake of this opportunity where peers continue to report quarterly. A 2019 study of EU reporting practices after the deregulation of mandatory quarterly reporting in Europe revealed that only 11.1 percent of eligible firms had stopped reporting quarterly two years after the requirement to report quarterly was removed. The same study also observed that companies which did opt-in to a reduced reporting schedule experienced a reduction in liquidity, which the authors attributed to the idea that “incremental transparency” is important to investor decision-making and that investors were unable to obtain the information they needed from other publicly available sources⁵.

10. Are there specific types of venture issuers for which semi-annual reporting would not be appropriate? For instance, should semi-annual reporting be limited to venture issuers below a certain market capitalization or those not generating significant revenue? Please explain

The CSA proposal is to permit all non-SEC venture issuers to voluntarily opt-in to semi-annual disclosures notwithstanding their size. We do not agree with this approach. The privilege of access to public markets comes with corresponding obligations of accountability and responsibility. Although we recognize that concessions are made for smaller or less mature companies in some circumstances, such as with respect to the different listing requirements of the TSX Venture Exchange, CCGG has long held the view that venture issuers are not *prima facie* in less need of robust governance and disclosure practices and the risk to investors of the lack thereof does not diminish with the size or maturity of the company. In fact, as noted above, in our view the opposite is true; these companies have less experience in the capital markets in gauging market relevant disclosures.

As noted by the CSA, most venture issuers have a small market cap. However, there are some large market cap companies who would be eligible to report semi-annually under the proposed framework, notably, as flagged by the CSA in the consultation document, the cannabis sector.

⁴ De George, Emmanuel T. and Phan, Minh and Stoumbos, Robert C., Negative Externalities of Financial Reporting Frequency: Peer Reporting Choice and the Loss of Investor Attention (August 5, 2019). University of Miami Business School Research Paper No. 3433828, Available at

SSRN: <https://ssrn.com/abstract=3433828> or <http://dx.doi.org/10.2139/ssrn.3433828>

⁵ Hitz, Joerg-Markus and Moritz, Florian, Turning Back the Clock on Disclosure Regulation? – Evidence from the Termination of the Quarterly Reporting Mandate in Europe (September 11, 2019). Available at

SSRN: <https://ssrn.com/abstract=3451938> or <http://dx.doi.org/10.2139/ssrn.3451938>. Somewhat contrastingly, though, this research also observed an increase in long-term investment over short-term performance goals in a subset of firms who reverted to semi-annual reporting where such firms were providing particularly comprehensive information before.

The cannabis sector has experienced significant volatility and corporate governance challenges. It has also struggled to secure long-term institutional investors due to concerns about governance and risk oversight⁶. Further reducing transparency and available information in this sector does not address these challenges and may exacerbate them.

For the reasons noted above, we do not agree that the CSA should move forward with the proposal to permit semi-annual reporting and we do not generally support the idea of differential standards applying to different sizes of companies or different categories of companies. That said, we note that the Ontario Capital Markets Modernization Taskforce's final recommendation, after conducting its own extensive consultation process on this topic, included a recommendation that semi-annual reporting should only be available to venture issuers with revenue of less than \$10 million annually. This represented a significant change from its initial recommendation which was broad in scope⁷. While not endorsing the Taskforce's recommended approach, we encourage the CSA to review the Taskforce's rationale for this qualifier (and the other safe-guards it proposed to support its recommendation in particular seeking shareholder approval, as discussed below).

11. Would the proposed alternative disclosure requirements under the Proposed Semi-Annual Reporting Framework provide adequate disclosure to investors? Would any additional disclosure be required? Is any of the proposed disclosure unnecessary given the existing requirements for material change reporting and the timely disclosure requirements of the venture exchanges? Please explain

We have concerns about the proposed alternative disclosure. The proposal is that this disclosure is to be issued in a news release, and that it will be selective and heavily narrative in nature and will not include financial reports⁸. The proposed format would potentially be difficult for investors to interpret and compare as between issuers. This would increase the burden on investors.

We also have some concerns that there does not appear to be any mandated CEO/CFO certification or board oversight of these disclosures, which raises questions as to internal accountability for their quality. For example, Appendix G states: "A venture issuer using semi-annual reporting would be required to certify as to their interim disclosure statement for the semi-annual reporting period. The venture issuer would not be required to file an interim

⁶ [Cannabis companies must address the 'G' in ESG to attract institutional investors: panel | Benefits Canada.com](#)

⁷ [Ontario Capital Markets Modernization Taskforce: Consultation Draft Report, July 2020, see recommendation 6 \(Streamlining the timing of disclosure \(e.g., semi-annual reporting\)\)](#) as compared to: [Ontario Capital Markets Modernization Taskforce: Final Report January 2021, see recommendation 14 Streamline the timing of disclosure \(e.g., semi-annual reporting\)](#).

⁸ Chapter 6 Request for Comments, (2021), 44 OSCB 4328 at Annex G (May 20, 2021). The proposed disclosure includes: operational updates, major operating milestones, commitments, unexpected events, risks that are likely to materially affect operations going forward, and explanations of significant challenges from previous disclosures regarding the use of proceeds, and disclosure of material events including: the issue or cancellation of securities, new or modified litigation or liabilities, new or modified financing arrangements, changes to the financial condition of the issuer, the inability to pay debts as they become due, and related party transactions.

certificate as to their alternative disclosure in a news release”⁹. This raises concerns with respect to issuer accountability and internal controls applicable to the alternative disclosure and may undermine the extent to which investors rely on such disclosure. Including fully audited financials in each semi-annual report may alleviate some of this concern among investors but is unlikely to be considered a burden reduction by venture issuers or create an incentive to adopt semi-annual reporting¹⁰.

Additionally, in our view, existing requirements for material change reporting and the timely disclosure requirements of the venture exchange do not make alternative disclosures unnecessary and in fact eligibility to opt-in to a semi-annual reporting framework should be contingent on setting a high bar for issuers with respect to such disclosures. This point was expressly noted in the final recommendations made by the Ontario Taskforce which included, among other restrictions, a requirement that to be eligible for semi-annual reporting an issuer must have a continuous disclosure record of 12 months and must not be in default of its continuous disclosure obligations, which restrictions were paired with an acknowledgement that a shift toward semi-annual reporting increased the importance of material change reporting and regulatory compliance oversight of the continuous reporting¹¹. CCGG is of the view that unlike large cap mature public companies, venture issuers have considerably less expertise in assessing what constitutes a material change with respect to gauging what the impact on its share price would be in the event of disclosure – one of the key considerations in deeming a corporate development to be a material change to be reported. We would encourage the CSA to review the Taskforce’s recommendations and the capacity of provincial regulators to prioritize the necessary enhanced oversight of continuous disclosure compliance prior to moving forward with a semi-annual reporting framework.

12. Do you have any other feedback relating to the Proposed Semi-Annual Reporting Framework?

Impact on financial disclosures for issuers using a short form prospectus:

The proposed framework suggests that a “venture issuer using semi-annual reporting would be eligible to use the short form offering system. The current short form prospectus regime can accommodate a change to allow semi-annual reporting on a voluntary basis”¹². While CCGG

⁹ Chapter 6 Request for Comments, (2021), 44 OSCB 4328 at Annex G (May 20, 2021).

¹⁰ [FCLT Global, SEC Request for Public Comment on Earnings Releases and Quarterly Reports \[Release No. 33-10588, 34-84842; File No. S7-26-18\]](#); which floats as an option (although not for venture issuers only), changing the quarterly reporting regime by implementing a third model with “full financial and related reporting on a six-month basis (2Q and 3Q/Year End) with abbreviated interim trading updates (1Q and 3Q not subject to full 10-Q requirements)”.

¹¹ Ontario [Capital Markets Modernization Taskforce: Final Report January 2021, see recommendation 14 Streamline the timing of disclosure \(e.g., semi-annual reporting\)](#). Also see [FCLT Global, SEC Request for Public Comment on Earnings Releases and Quarterly Reports \[Release No 33-10588, 34-84842; File No. S7-26-18\]](#) which floats as an option, allowing companies to choose between disclosure frameworks, but if they opt to move to a semi-annual reporting model it would only be permitted if they adopt a higher bar for interim disclosures of new material information.

¹² Chapter 6 Request for Comments, (2021), 44 OSCB 4329 at Annex G (May 20, 2021).

does not support semi-annual reporting, if pursued, we would urge the CSA to require semi-annual reporting issuers using a short form prospectus to supplement their financial disclosure if more than a quarter has passed since their most recent financial statements.

Response to the recommendations of the Ontario Capital Markets Modernization Taskforce:

We note that the CSA's proposed framework does not directly address or respond to the recommendations of the Ontario Taskforce. In our view, it would be helpful for the CSA to provide some commentary on its views with respect to the recommendation in the final report. While CCGG does not in principle support the proposal to implement a voluntary semi-annual reporting regime for any public issuer and does not agree with all of the Taskforce's recommendations with respect to semi-annual reporting, should the CSA determine it wishes to pursue a pilot project or other initiative in this area, we do see some merit in some of the restrictions and requirements proposed by the Taskforce. In addition to those mentioned above in the context of continuous disclosure and regulatory compliance oversight, we would note in particular the Taskforce's recommendations with respect to requiring approval by shareholders which would be reconfirmed every three years (excluding related party).

CONCLUSION

We thank you again for the opportunity to provide you with our comments. If you have any questions regarding the above, please feel free to contact our Executive Director, Catherine McCall, at cmccall@ccgg.ca or our Director of Policy Development, Sarah Neville at sneville@ccgg.ca.

Yours truly,

"Marcia Moffat"

Marcia Moffat
Chair, Canadian Coalition for Good Governance

CCGG MEMBERS 2021

- Alberta Investment Management Corporation (AIMCo)
- Alberta Teachers' Retirement Fund (ATRF)
- Archdiocese of Toronto
- BlackRock Asset Management Canada Limited
- BMO Global Asset Management Inc.
- Burgundy Asset Management Ltd.
- Caisse de dépôt et placement du Québec
- Canada Pension Plan Investment Board (CPPIB)
- Canada Post Corporation Registered Pension Plan
- CIBC Asset Management Inc.
- Colleges of Applied Arts and Technology Pension Plan (CAAT)
- Connor, Clark & Lunn Investment Management Ltd.
- Desjardins Global Asset Management
- Fiera Capital Corporation
- Forthlane Partners Inc.
- Fondation Lucie et André Chagnon
- Franklin Templeton Investments Corp.
- Galibier Capital Management Ltd.
- Healthcare of Ontario Pension Plan (HOOPP)
- Hillsdale Investment Management Inc.
- IGM Financial Inc.
- Investment Management Corporation of Ontario (IMCO)
- Industrial Alliance Investment Management Inc.
- Jarislowsky Fraser Limited
- Leith Wheeler Investment Counsel Ltd.
- Letko, Brousseau & Associates Inc.
- Lincluden Investment Management Limited
- Manulife Investment Management Limited
- NAV Canada Pension Plan
- Northwest & Ethical Investments L.P. (NEI Investments)
- Ontario Municipal Employee Retirement System (OMERS)
- Ontario Teachers' Pension Plan (OTPP)
- OPSEU Pension Trust
- PCJ Investment Counsel Ltd.
- Pension Plan of the United Church of Canada Pension Fund
- Public Sector Pension Investment Board (PSP Investments)
- QV Investors Inc.
- RBC Global Asset Management Inc.
- Régimes de retraite de la Société de transport de Montréal (STM)
- RPIA
- Scotia Global Asset Management
- Sionna Investment Managers Inc.
- SLC Management Canada
- State Street Global Advisors, Ltd. (SSgA)
- Summerhill Capital Management Inc.
- TD Asset Management Inc.
- Teachers' Pension Plan Corporation of Newfoundland and Labrador
- Teachers' Retirement Allowances Fund
- UBC Investment Management Trust Inc.
- University Pension Plan Ontario (UPP)
- University of Toronto Asset Management Corporation (UTAM)
- Vestcor Inc.
- Workers' Compensation Board - Alberta
- York University Pension Fund

September 17, 2021

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor, Box 55
Toronto, Ontario
M5H 3S8
e-mail: comment@osc.gov.on.ca

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
e-mail: consultation-en-cours@lautorite.qc.ca

cc – Canadian Securities Administrators (CSA):
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
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Service NL
Northwest Territories Office of the Superintendent of Securities
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Nunavut

Dear Secretary and Me Lebel,

Re: Proposed Amendments to National Instrument 51-102 Continuous Disclosure Obligations and Feedback on a Proposed Framework for Semi-Annual Reporting – Venture Issuers on a Voluntary Basis

The Canadian Investor Relations Institute (CIRI), a professional, not-for-profit association of executives responsible for communication between public corporations, investors and the financial community, is pleased to provide (a) comments on the *Proposed Amendments to National Instrument 51-102* (Proposed Amendments) and (b) feedback on the *Proposed Framework for Semi-Annual Reporting* (Proposed Framework). CIRI membership represents approximately 200 non-investment fund reporting issuers with a combined market capitalization of \$3.1 trillion. More information about CIRI is provided in Appendix A.



General Comments

CIRI appreciates the opportunity to review the Proposed Amendments and recognizes the considerable effort by the Canadian Securities Administrators (CSA) to respond to comments provided in response to the 2017 CSA *Consultation Paper 51-404 Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers*. CIRI and our members agree in principle with the objective of the CSA to implement a regulatory regime that reduces the regulatory burden on reporting issuers while continuing to protect investors. CIRI believes that the emphasis should be on the quality of reporting, not the quantity, and that good disclosure without duplication can contribute to efficient and transparent capital markets.

Proposed Amendments

The CSA has focussed on eliminating duplicative, overlapping and redundant disclosure requirements; consolidating disclosure requirements; and clarifying disclosure requirements. CIRI, who has long been an advocate for reducing the regulatory burden on issuers, and our members are strongly supportive of the amendments that have been proposed. That said, CIRI encourages the CSA to continue to review disclosure requirements to identify areas for further streamlining to the benefit of issuers and investors.

Responses to Specific Questions

CIRI has addressed all questions in the Request for Comments and included results from a survey of its members where applicable.

1. *Do you think this requirement (additional disclosure for venture issuers lacking significant revenue) should apply more broadly or more narrowly? For example, should we extend this disclosure requirement to non-venture issuers that have significant projects not yet generating revenue as well?*

CIRI believes that this additional disclosure requirement should NOT be extended to non-venture issuers with projects not yet generating significant revenue. The collection and development of the information to meet such a disclosure requirement, particularly for those issuers with multiple ongoing projects, would be significantly onerous without generating commensurate benefit to stakeholders.

2. *Would it be beneficial for reporting issuers if we provided further clarity on what “seriousness” means and how to determine the “seriousness” of a risk?*

Yes, two-thirds of our survey respondents believe that providing additional clarity on the definition of “seriousness” would contribute to issuers’ ability to provide improved disclosure. Further guidance on how best to rank various types of risk together with suggested approaches for quantifying the seriousness of risk would ultimately result in more meaningful disclosure to aid investors in their decisions.

3. *If we adopted similar requirements to the SEC’s amendments, what would be the benefits and costs for investors and reporting issuers?*

Two-thirds of survey respondents believe adopting requirements for risk reporting along the lines currently in place by the SEC would likely be beneficial for investors. However, almost 20% of respondents cited concerns that this approach may in fact increase regulatory burden and that the summary may lead to additional complications and confusion.

There will be some additional time and cost for the issuer to meet these additional disclosure requirements but the magnitude of each is unknown.

4. *What challenges, if any, do reporting issuers face in obtaining technical report author consents for short form prospectus offerings?*

Three-quarters of survey respondents indicated that there would be no significant challenges with obtaining technical author consents for short form prospectus offerings but that it may require some effort to track down Qualified Persons (QPs) if they have moved on to other firms.

5. *If the requirement to name the technical report authors in the AIF (and as a result, provide consents for short form prospectus offerings) were removed, would reporting issuers continue to obtain approval of prospectus disclosure from technical report authors or would they rely more on internal or external non-author QPs?*

Given that survey respondents did not have a clear view on whether they would continue to obtain approval of prospectus disclosure from technical report authors or rely more on internal or external non-author QPs, we have chosen not to comment.

6. *If reporting issuers were to rely on internal or external non-author QPs for purposes of providing consents for short form prospectus offerings, in your view, would investor protection be impacted? Would relying on an internal QP for consent purposes (where an external QP authored the original report) raise potential conflict of interest concerns?*

Half of survey respondents indicated that investor protection would be impacted if issuers were to rely on internal or external non-author QPs for consent purposes while the other half were unsure. In addition, half of respondents indicated that relying on an internal QP for consent purposes would raise potential conflict of interest concerns while 25% indicated that they would not. The sentiment was that QPs would not risk their designation or career to consent on disclosure they do not agree with.

7. *Considering that the annual disclosure statement will include annual financial statements, MD&A and, where applicable, AIF, do you think there will be an impact, including on auditing requirements, if a reporting issuer amends or re-files only one of these documents, or re-files the annual disclosure statement in its entirety?*

Since the AIF is not currently a document that is reviewed by auditors, the annual disclosure statement auditing requirements would be impacted only if there was a need to amend and/or re-file the financial statements or the MD&A. Survey respondents were divided on whether the amended document only or the annual disclosure statement in its entirety were to be re-filed. However, since the annual disclosure statement is a combination document, CIRI believes it would be best practice to re-file the entire statement, whether the section impacted was audited or not. In addition, CIRI believes that the changes that required the document to be re-filed should be summarized and/or explained up front in the re-filed document.

8. *To align the continuous disclosure and prospectus regimes, we are proposing to remove certain prospectus disclosure requirements. Are there any concerns with the removal of this information from a prospectus? Please explain.*

CIRI has no comments.

Proposed Framework

As previously expressed to the CSA, CIRI and our members support all issuers having the opportunity to choose whether semi-annual reporting is appropriate for them.

Responses to Specific Questions

9. *Should we pursue the Proposed Semi-Annual Reporting Framework for semi-annual reporting for venture issuers that are not SEC issuers? Please explain.*

As mentioned above, CIRI believes that the Proposed Framework for voluntary semi-annual reporting should be available to all issuers, including venture and non-venture issuers. This view is supported by 60% of survey respondents.

It should be noted that other international jurisdictions including Australia, the U.K. and Germany, have instituted various forms of semi-annual reporting with success. Semi-annual reporting has been well received by the investment community in the U.K. The Investment Association's "members widely referred to quarterly reporting as a distraction that shifted company resources away from long-term strategic considerations. In particular, members expressed concern at the potential for the practice to promote myopic behaviour by senior management by channeling its focus on short-term fluctuations in performance, resulting in the risk of it managing the market, rather than managing the business."¹ Their "members prefer that companies adopt longer term horizons in reporting to shareholders" and they called "on companies to stop issuing quarterly reports and quarterly earnings guidance in favour of greater attention being given to longer-term performance and strategic issues."²

It would seem that semi-annual reporting, with the option to do so at the issuer's discretion, is a favourable new approach that is welcomed by both reporting issuers as well as a significant portion of the investor/stakeholder community.

10. *Are there specific types of venture issuers for which semi-annual reporting would not be appropriate? For instance, should semi-annual reporting be limited to venture issuers below a certain market capitalization or those not generating significant revenue? Please explain.*

Given that survey respondents did not have a clear view on this question, we have chosen not to comment.

11. *Would the proposed alternative disclosure requirements under the Proposed Semi-Annual Reporting Framework provide adequate disclosure to investors? Would any additional disclosure be required? Is any of the proposed disclosure unnecessary given the existing requirements for material change reporting and the timely disclosure requirements of the venture exchanges? Please explain.*

Yes, CIRI believes that the proposed alternate disclosure requirements would be adequate since issuers are required to disclose material changes within a 10-day period.

12. *Do you have any other feedback relating to the Proposed Semi-Annual Reporting Framework?*

No, CIRI has no further comments.

¹ [Public Position Statement: Quarterly Reporting and Quarterly Earnings Guidance](#), The Investment Association

² [The Investment Association Long Term Reporting Guidance](#), The Investment Association, May 2017

Transition Questions

13. Do you think the proposed transition provisions are sufficiently clear? If not, how can we make them clearer?

While the transition provisions are somewhat clear, they do not allow sufficient time for issuers to make the transition.

14. Do you think the transition provisions in the amending instrument for NI 51-102 would provide reporting issuers with sufficient time to review the Proposed Amendments and prepare and file an annual disclosure statement for a financial year ending on, for example, December 31, 2023 if the final amendments are published in September 2023? Do you think more time should be afforded to smaller reporting issuers (such as venture issuers)?

The timeline for transitioning to the Proposed Amendments to NI 51-102 may be challenging for many issuers. Some members have expressed concerns that the proposed deadlines for preparing and filing an annual disclosure statement may be too tight in order to adequately incorporate all the Proposed Amendments, particularly if their operations are large and complex with multiple operating units or if they are smaller with limited resources.

It has been suggested that six months between the publication of the final amendments and the requirement to file under the amended rule would be necessary. Provided the final amendments are published September 2023 as planned, issuers would be required to file at the end of the first quarter rather than the immediately prior year end. This would give reporting issuers more time for the Proposed Amendments to be implemented in order to fully incorporate the changes into the issuer's reporting infrastructure.

In addition, the language around timing seems to be somewhat convoluted and expressed in terminology that is more like a legal document. Issuers are encouraged to introduce plain language in much of their disclosure and it would seem that this section of the Proposed Amendments could be simplified.

CIRI appreciates the opportunity to provide comments on the Proposed Amendments and Proposed Framework and commends the CSA's efforts to reduce regulatory burden on issuers while protecting investors.

Sincerely yours,

"Yvette Lokker"

Yvette Lokker
President & Chief Executive Officer
Canadian Investor Relations Institute

Appendix A

The Canadian Investor Relations Institute

The Canadian Investor Relations Institute (CIRI) is a professional, not-for-profit association of executives responsible for communication between public corporations, investors and the financial community. CIRI contributes to the transparency and integrity of the Canadian capital market by advancing the practice of investor relations, the professional competency of its members and the stature of the profession.

Investor Relations Defined

Investor relations is the strategic management responsibility that integrates the disciplines of finance, communications, marketing, securities law compliance and sustainability to achieve an effective flow of information between a company, the investment community and other stakeholders, in order to support an informed valuation of the company's securities and enable fair and efficient capital markets.

The practice of investor relations involves identifying, as accurately and completely as possible, current shareholders as well as potential investors and key stakeholders and providing them with publicly available information that facilitates knowledgeable investment decisions. The foundation of effective investor relations is built on the highest degree of transparency in order to enable reporting issuers to achieve prices in the marketplace that accurately and fully reflect the fundamental value of their securities.

CIRI is led by an elected Board of Directors of senior IR practitioners, supported by a staff of experienced professionals. The senior staff person, the President and CEO, serves as a continuing member of the Board. Committees reporting directly to the Board include: Human Resource and Corporate Governance; Audit; Membership; and Issues.

CIRI Chapters are located across Canada in Ontario, Quebec, Alberta and British Columbia. Membership is close to 500 professionals serving as corporate investor relations officers in over 230 reporting issuer companies, consultants to issuers or service providers to the investor relations profession.

CIRI is a founding member of the Global Investor Relations Network (GIRN), which provides an international perspective on the issues and concerns of shareholders in capital markets beyond North America. The President and CEO of CIRI has been a member of the Continuous Disclosure Advisory Committee (CDAC) of the Ontario Securities Commission. In addition, several members, including the President and CEO of CIRI, are members of the National Investor Relations Institute (NIRI), the corresponding professional organization in the United States.



September 17, 2021

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)
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Northwest Territories
Registrar of Securities, Yukon Territory
Superintendent of Securities, Nunavut

Re: CSA Notice and Request for Comment - Proposed Amendments to National Instrument 51-102 "Continuous Disclosure Obligations" and Other Amendments and Changes to Annual and Interim Filings of Non-Investment Fund Reporting Issuers

Dear Commissions:

Canadian Natural Resources Limited ("Canadian Natural") is pleased to respond to the Canadian Securities Administrators ("CSA") Notice and Request for Comment - Proposed Amendments to National Instrument 51-102 "Continuous Disclosure Obligations" and Other Amendments and Changes to Annual and Interim Filings of Non-Investment Fund Reporting Issuers (the "Proposed Amendments").

Canadian Natural is a senior independent oil and gas exploration and production company headquartered in Calgary, Alberta, Canada, with operations in Western Canada, the North Sea, and Offshore Africa. Our shares are publicly traded on the Toronto Stock Exchange and the New York Stock Exchange.

As an overall comment, we applaud the CSA on its efforts to streamline the continuous disclosure requirements for Reporting Issuers. Specific comments on the Proposed Amendments are discussed below.

Streamline the Disclosure Requirements and Combine Documents

Canadian Natural supports the Proposed Amendments to streamline the disclosure requirements by eliminating duplicate or redundant information, eliminating disclosure requirements for information that is readily available through previous disclosures or other sources, consolidating related disclosures into one section of the filing, and clarifying disclosure requirements. We agree that these Proposed Amendments will reduce the time and effort required to prepare duplicate or unnecessary disclosure. We believe that the proposed amendments will also result in a more concise document that will be easier for users to follow.

Canadian Natural Resources Limited

Suite 2100, 855 - 2nd Street SW, Calgary, Alberta, T2P 4J8 T 403.517.6700 F 403.514.7677 www.cnrl.com

INCLUDES COMMENT LETTERS RECEIVED

In general, Canadian Natural also supports the proposals to combine the Annual Financial Statements, Management Discussion and Analysis ("MD&A"), and Annual Information Form ("AIF") documents into a single consolidated Annual Disclosure Statement (and similarly the Interim Financial Statements and MD&A into a single consolidated Interim Disclosure Statement). However, we have two specific questions with respect to the impact of combining documents that we would like to raise with the CSA.

1. Currently, many companies initially issue interim fourth quarter financial statements and MD&A, then subsequently issue the annual financial statements, MD&A and AIF at a later date. Under the proposed amendments, would a company still be allowed to issue their fourth quarter financial statements and MD&A first, and then issue a combined Annual Disclosure Statement document that also includes the AIF at a later date?
2. Has the CSA ensured that the proposed changes to combine the reporting documents, along with the previously noted proposed amendments to streamline the disclosure requirements, will not negatively impact the current MJDS filing option?

Risk Factors

The CSA has asked whether it would be beneficial to provide clarity on what "seriousness" means and how to determine the "seriousness" of a risk. Canadian Natural believes that it would be beneficial to provide clarity on those items, since seriousness is not a term that is commonly used or defined in securities legislation. It would also be beneficial to clarify whether the requirement to disclose risks in order of seriousness is a strict numerical ranking, or whether it refers to ranking based on a continuum such as high, medium or low. We note that strict numerical ranking may be highly subjective.

Transition Provisions

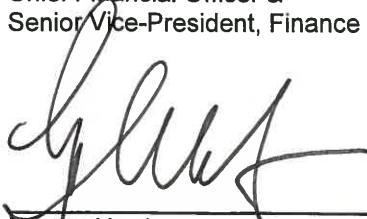
Canadian Natural is concerned that there would not be sufficient time to implement the Proposed Amendments for fiscal years ending December 31, 2023 if the final amendments aren't published until September 2023. A delay of the effective date to 2024 may be more appropriate in order to provide preparers with additional time to review the amendments and prepare and file the Annual Disclosure Statement.

If you have any questions or wish to discuss our comments in more detail, please do not hesitate to contact the undersigned.

Sincerely,



Mark Stainthorpe
Chief Financial Officer &
Senior Vice-President, Finance



Murray Harris
Vice-President, Finance – Oil Sands Mining



Victor Darel
Vice-President, Finance &
Principal Accounting Officer



Bob Finlayson
Vice-President, Finance and E&P Accounting



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Canadian Public
Accountability Board
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September 17, 2021

Submitted electronically

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
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Service NL
Northwest Territories Office of the Superintendent of Securities
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Nunavut

c/o The Secretary
Ontario Securities Commission
comment@osc.gov.on.ca

c/o Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
consultation-en-cours@lautorite.qc.ca

Dear Canadian Securities Administrators:

Response to Request for Comments – Proposed Amendments to National Instrument 51-102 Continuous Disclosure Obligations and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers and Seeking Feedback on a Proposed Framework for Semi-Annual Reporting – Venture Issuers on a Voluntary Basis

The Canadian Public Accountability Board (CPAB) is Canada's independent audit regulator responsible for overseeing firms that audit Canadian reporting issuers. Our mandate is to promote high quality, independent auditing that contributes to public confidence in the integrity of financial reporting.



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CPAB is pleased to respond to the Canadian Securities Administrators (CSA) Request for Comments.

CPAB's mandate as an audit regulator does not extend to all continuous disclosure obligations as required by National Instrument 51-102 but rather is focused on audits. As such we have limited our response to the Proposed Framework for Semi-Annual Reporting.

Overall comment

We are concerned that less frequent reporting as contemplated under the Proposed Semi-Annual Reporting Framework could reduce the quality and integrity of financial reporting, and ultimately investor protection, by reducing the consistency and frequency with which reporting issuers perform and assess their internal control processes. We are also mindful that less frequent reporting would reduce access to information for many investors and increase the potential for information asymmetry.

Proposed Framework for Semi-Annual Reporting – Venture Issuers on a Voluntary Basis

Internal controls over financial reporting

CPAB is concerned that moving to a semi-annual reporting framework would result in reporting issuers performing internal controls over financial reporting semi-annually instead of quarterly. It is our view that consistent discipline and focus throughout the year by reporting issuers increases the quality of internal controls over financial reporting. Quarterly reporting reinforces existing processes and allows more frequent opportunities to identify areas for improvement. Even with current quarterly reporting requirements, in recent years CPAB has observed a steady increase in the number of findings in audits of reporting issuers not listed on the Toronto Stock Exchange (TSX) including venture issuers.

Reducing the frequency with which internal controls over financial reporting are performed could adversely impact the quality of financial reporting, reduce the effectiveness of internal controls and result in reporting issuers underinvesting in their financial reporting functions.

The comments contained within this letter are focused on the proposed semi-annual reporting framework for venture issuers and the matters currently under consultation. For instances where securities rules currently allow for semi-annual reporting, such as investment funds, we are not recommending changes as the financial reporting, internal control and broader fund disclosure frameworks appear to be appropriate in the circumstances.

Fraud

Reduced reporting frequency could also impact a reporting issuer's ability to deter and detect fraud. In 2019, CPAB carried out a thematic review on fraud to evaluate auditors' compliance with International Standards on Auditing (ISA) 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*. We

noted that effectively designed anti-fraud controls by management act as a strong deterrent to fraud. Conversely, poorly designed controls create opportunities for fraud to occur and remain concealed. If the frequency of management's anti-fraud controls decreases from quarterly to semi-annually there is a heightened risk of fraud occurring and not being detected for a longer period. Maintaining quarterly reporting is important to reduce the risk of deterioration in the quality and frequency of anti-fraud controls and their effectiveness to prevent and detect fraud in a timely manner.

Going concern

Venture issuers may be at an elevated risk for going concern issues due to the nature and maturity of their operations. International Accounting Standard (IAS) 1, *Presentation of financial statements* paragraph 25 requires management to assess an entity's ability to continue as a going concern when preparing financial statements. If management were to only assess the entity's ability to continue as a going concern semi-annually, there is a risk that relevant information reflecting a reporting issuer's ability to continue operating would not be made available to investors in a timely manner. In addition, there is a risk that the alternative disclosure approach within the Proposed Semi-Annual Reporting Framework may not achieve the level of responsiveness to public interest that is currently provided under existing, well-defined going concern assessment and disclosure processes.

Investor ability to access relevant and timely information

Removing quarterly reporting requirements for all venture issuers would provide less access to information for smaller investors compared to management and larger shareholders. Management would likely continue to prepare financial information on a monthly basis, that may be shared with management and board members with the potential for that information to be shared with others including bankers and other third parties. However, under the proposed framework investors would not have access to such information outside of alternative disclosures, impacting their ability to make informed investment decisions in a timely manner.

The proposed requirement that a reporting issuer disclose material information and events, including those related to changes to the financial condition of the reporting issuer, may help fill in the blanks left by the absence of quarterly reporting. However, there is a risk that the proposed alternative disclosures may not contain sufficient information to drive well-informed capital allocation decisions which could undermine trust in financial reporting. For certain reporting issuers, depending on company maturity, industry, and seasonality of operations, financial and operational issues may occur quickly between reporting periods. Increasing the length of time between reporting periods would only increase the risk that investors do not have access to relevant information in a timely manner.



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Streamlining the disclosure requirements

CPAB supports efforts to eliminate duplication and overlap in the information reported by reporting issuers in Canada. Eliminating duplicative disclosure requirements could allow management teams to focus more time and effort on the quality of financial reporting and internal control processes.

If you have any questions about our response or wish to discuss any of our observations in more detail, please contact me (carol.paradine@cpab-ccrc.ca).

Yours truly,

Carol A. Paradine, FCPA, FCA
Chief Executive Officer



September 17, 2021

The Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, ON M5H 3S8

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec)
G1V 5C1

Re: Proposed Amendments to National Instrument 51-102 Continuous Disclosure Obligations and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers

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
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Service NL
Northwest Territories Office of the Superintendent of Securities
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Nunavut

Dear Sirs/Mesdames:

Cenovus Energy Inc. ("Cenovus" or "we") appreciates the opportunity to provide comments on the *Proposed Amendments to National Instrument 51-102 Continuous Disclosure Obligations and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers* (the "Proposed Amendments").

Cenovus is listed on both the Toronto and New York stock exchanges. We are the third largest Canadian-based oil and natural gas producer and the second largest Canadian refiner and upgrader. Our upstream operations include conventional crude oil, natural gas and natural gas liquids projects across Western Canada and offshore Newfoundland and Labrador, as well as international operations in offshore China and Indonesia. Our downstream operations include upgrading, refining and retail operations across Canada and the United States.

Disclosure Burden

We appreciate the ongoing efforts of the Canadian Securities Administrators (the "CSA") to reduce disclosure burden experienced by issuers. We are strongly supportive of the Proposed Amendments to eliminate duplicative or overlapping disclosure requirements between an issuer's financial statements, management's discussion and analysis ("MD&A") and annual information form ("AIF").

The proposed General Instruction (8) and General Instructions Annotation Note #3 indicate that issuers are not required to repeat information disclosed elsewhere in the annual disclosure statement; however, it is important to repeat information from the financial statements in the MD&A if it assists with understanding the MD&A. The Proposed Amendments are intended to foster streamlined reporting and increasing reporting efficiency for issuers. The requirement to repeat identical information from the financial statements in the MD&A would appear to contradict these efforts, when both the financial statements and MD&A are

CENOVUS.COM

P 403.766.2000
F 403.766.7600

225 6 AVE SW
PO BOX 766

CALGARY, AB
T2P 0M5



included in the annual disclosure statement. The MD&A is a supporting document to the financial statements and is to be read in conjunction with the financial statements. Including a cross reference to other disclosure within the annual disclosure statement should be sufficient to allow a reader to understand the MD&A and more closely aligns with the goal of streamlining disclosure. Accordingly, we are of the view that the Proposed Amendments should permit issuers to include, where applicable to assist with the understanding of the MD&A, clear cross references to information contained in the financial statements and the requirement to duplicate information in the MD&A should be removed. If issuers are required to repeat information in both the financial statements and MD&A, we see no benefit to, or efficiencies from, creating an annual disclosure statement.

We strongly support an “access equals delivery” model whereby alerting investors that a document is publicly available on the System for Electronic Document Analysis and Retrieval (SEDAR) and the issuer’s website would constitute delivery. This initiative is environmentally friendly and a reasonable modernization given widespread access to the internet.

Risk Factor Disclosure

We strongly disagree with the possibility of including a two-page summary of risk factors when an issuer’s risk discussion exceeds 15 pages. A summary of risk factors would provide little benefit to investors and increase the disclosure burden for reporting issuers, contradicting efforts to reduce duplicate disclosure requirements. A summary would, by its very nature, be incomplete and may expose issuers to legal liability if investors relied solely on the summary disclosure. The preparation of risk factor disclosure is a meticulous, time consuming process, often involving the assistance of external legal counsel. A two-page summary would increase the preparation time and cost for issuers. If risk factors continue to be disclosed from most serious to least serious, investors would benefit more from reading the first two pages of risk disclosures as they are currently drafted than from reading a summary. Summary form disclosure of such risks could be misleading to readers and encourage readers not to read the more fulsome and complete disclosure relating to an issuer’s risks contained elsewhere in the document, which is more decision-useful information for investors.

We would welcome clarification regarding the definition of “seriousness” as well as how to determine the “seriousness” of a risk. It would also be helpful to provide guidance on the circumstances in which an impact/probability assessment would be required to be disclosed by an issuer and the detail required to be included in such disclosure. Although we generally support the use of an impact/probability assessment to assist with ranking risk factors in order of seriousness, we would not be in favor of disclosing a detailed impact/probability assessment for each risk. The impact/probability assessment for each risk factor is determined through the eyes of Management based on, among other things, information available, and circumstances reasonably foreseeable, at the applicable time. By its nature, such an assessment involves an evaluation of potential future outcomes, which are uncertain and subject to change. Detailed disclosure of each impact/probability assessment would require additional lengthy disclosure to be added in order to fulsomely explain, and provide the necessary context, assumptions and qualifications in each instance. Requiring such disclosure would contradict the CSA’s goals of reducing regulatory burden, fostering streamlined reporting and increasing reporting efficiency. We believe this additional disclosure would be of little value to readers since, not only may readers assign a different impact/probability assessment based on their individual priorities, or focus on the assessment rating rather than the description of risk factors and mitigating actions taken by Management, the potential impact/probability of an issuer’s risks can be inferred from the ordering of the risk factors by “seriousness” and general disclosure of potential impacts that issuers typically currently include in their risk factors.

The proposal to group similar risks appears to contradict the requirement to rank risks from the most serious to least serious. Risks may be ranked by seriousness or grouped together by nature; however, it’s unlikely that these two approaches will result in the same order of risks for disclosure purposes. We recommend retaining the current approach of disclosing risks in order of seriousness as this will best meet investor’s needs.

Audit Services

Under current legislation, the financial statements are audited, with the MD&A and AIF requiring only a ‘consistency’ check by the auditors to ensure the information disclosed conforms with the financial statements. While section 4(1)(revised) indicates the financial statements are audited, the MD&A and AIF sections are silent regarding auditing. Clarification that the final instrument will be consistent with current legislation with respect to audited and non-audited financial information would be welcomed. We also suggest adding clarity to readers on the level of assurance provided for each section within the annual disclosure statement.



Thank you for the opportunity to provide commentary on this important area of Canadian securities regulations.

Yours truly,

Cenovus Energy Inc.

A handwritten signature in black ink, appearing to read "Gary F. Molnar", written over a horizontal line.

Gary F. Molnar
Senior Vice-President, Legal, General Counsel & Corporate Secretary

A handwritten signature in black ink, appearing to read "Neil W. Robertson", written over a horizontal line.

Neil W. Robertson
Senior Vice-President & Comptroller

DAVIES155 Wellington Street West
Toronto, ON M5V 3J7 Canada

dwpv.com

September 17, 2021

BY EMAIL

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
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Service NL
Northwest Territories Office of the Superintendent of Securities
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Nunavut

c/o

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor, Box 55
Toronto, Ontario
M5H 3S8
Fax: 416-593-2318
comments@osc.gov.on.ca

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
Fax: 514-864-8381
consultation-en-cours@lautorite.qc.ca

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DAVIES

Dear Sirs/Mesdames:

CSA Notice and Request for Comment – Proposed Amendments to National Instrument 51-102 *Continuous Disclosure Obligations* and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers and Seeking Feedback on a Proposed Framework for Semi-Annual Reporting – Venture Issuers on a Voluntary Basis

We are writing in response to CSA Notice and Request for Comment – Proposed Amendments to National Instrument 51-102 *Continuous Disclosure Obligations* and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers and Seeking Feedback on a Proposed Framework for Semi-Annual Reporting – Venture Issuers on a Voluntary Basis (the “**Proposed Amendments**”).

We commend the CSA for its regulatory burden reduction initiatives and the thoughtful approach to continuous disclosure obligations under Canadian securities laws evidenced by the Proposed Amendments. We recognize that in preparing the Proposed Amendments, the CSA must balance the competing priorities of investor protection against the significant cost and burden of compliance imposed on reporting issuers in Canada under our public company disclosure regime. We commend the efforts of the CSA to streamline disclosure obligations and eliminate certain disclosure requirements which are not particularly useful for investors.

As often noted, the volume of continuous disclosure required to be produced by reporting issuers and provided to the market under Canadian securities laws can have a counter-productive effect. Voluminous disclosure is not necessarily good disclosure and has a tendency to obfuscate or overwhelm the key matters described in an issuer’s disclosure. As noted in our comments, there may be further opportunities for the CSA to reduce or streamline continuous disclosure obligations for the benefit of Canadian reporting issuers and investors, to increase the utility of the Proposed Amendments for all interested parties.

Capitalized terms used and not otherwise defined herein have the meaning ascribed thereto in the Proposed Amendments.

RESPONSES TO QUESTIONS INCLUDED IN THE PROPOSED AMENDMENTS

Question relating to additional disclosure for venture issuers without significant revenue

1. Do you think this requirement should apply more broadly or more narrowly? For example, should we extend this disclosure requirement to non-venture issuers that have significant projects not yet generating revenue as well? Why or why not?

We agree that the broadening of disclosure requirements relating to significant projects of issuers that have generated significant revenue represents good disclosure which should be useful to the investing public. In line with the approach to these disclosure requirements in item 3.(6) of Form 51-102F1 in the Proposed Amendments which refers to mineral project on a property “material to your company”, and notwithstanding General Instruction (12) of Form 51-102F1, it would be helpful for the CSA to explicitly

DAVIES

confirm in items 3.(4) and (5) of Form 51-102F1 that the disclosure relating to projects, business activities or groups of related business activities that have not yet generated revenue and products and services not fully developed or not yet at the commercial production stage, respectively, should in each be made only where material or reasonably expected to be material to the company.

Questions relating to risk factors

2. Would it be beneficial for reporting issuers if we provided further clarity on what “seriousness” means and how to determine the “seriousness” of a risk?

We do not believe there is any need to clarify the meaning of “seriousness” as it appears in the instructions to item 16 of Form 51-102F1 of the Proposed Amendments, item 18 of the Proposed Amendments to National Instrument 41-101 GENERAL PROSPECTUS REQUIREMENTS or item 16 of the Proposed Amendments to National Instrument 44-101 SHORT FORM PROSPECTUS DISTRIBUTIONS (together, the “**Risk Factor Amendments**”), particularly in light of the elaborating language already included in instruction (3)(c) in each such case.

Notwithstanding the foregoing, we have serious concerns with several aspects of the approach to risk factor disclosure contemplated by the Risk Factor Amendments. The proposed requirement to disclose the issuer’s risk mitigation strategy in relation to each risk factor is potentially harmful and we foresee that many issuers may take the opportunity as a result of this instruction to disclose risk mitigation strategies which are misleading or unlikely to be impactful. The inclusion of a discussion of such risk mitigation strategies in the risk factor disclosure may in many circumstances reduce the gravity of the risk factor in the evaluation of the investing public or contribute to a potentially misleading view that a particular risk is or can be appropriately managed by the issuer. Risk mitigation is more appropriate discussed in the context of the discussion of an issuer’s ongoing business in the issuer’s MD&A, where such discussion has traditionally been found. An affirmative requirement to disclose risk mitigation strategies as part of the risk factors themselves could weaken the risk factor disclosure and could significantly increase the risk that issuers may be alleged to have mislead their investors, creating new and unwarranted litigation risk for Canadian reporting issuers.

We recognize that the CSA is seeking to add additional context for investors weighting the seriousness of a potential risk factor against the risk mitigation strategies of the issuer by proposing the inclusion of the impact / probability assessment of the issuer in relation to each risk factor. Inclusion of the impact / probability assessment of the issuer in relation to a risk could partially ameliorate concerns described above relating to the potential for issuers to minimize or understate their risks by including overly optimistic or ineffective risk mitigation strategies in their risk factor disclosure. Our primary concern with the impact / probability assessment is that this disclosure itself will contribute further unwarranted litigation risk for reporting issuers in Canada, to the extent that the impact / probability assessment is under-represented by an issuer in relation to risks which will ultimately come to fruition. This enhanced litigation risk will create exposure for issuers even where the issuer accurately predicted the probability and impact of a particular risk factor without any wrongdoing or malfeasance. Even risks with a low probability will on occasion come to fruition, and following each such occurrence investors will with hindsight expect that it should have been obvious to the issuer that the risk was much more likely than disclosed in its risk factor impact / probability assessment.

DAVIES

An obvious example of this issue would have arisen for reporting issuers if reporting risk factor disclosure pursuant to the Risk Factor Amendments in 2020, prior to the start of the COVID-19 pandemic. Many issuers at that time would have appropriately given a low weighting to the impact / probability of a pandemic outbreak, as there had been no significantly impactful global pandemic in over 100 years. In fact, many Canadian issuers would not have included any explicit reference to potential pandemics in their risk factors at that time. As this example highlights, the evaluation of the impact / probability of a risk factor is very difficult in practice and the benefits of such disclosure to investors do not outweigh the enhanced risk for Canadian reporting issuers. Risk factors are inherently forward-looking. Requiring issuers to contextualize the impact / probability of a risk factor is in effect asking the issuer to include in its disclosure its best guess of the impact of an unknowable future, with potential liability attaching to the extent that the issuer is wrong in respect of any risk that results in a negative impact on the share price of the issuer.

While we understand the rationale for the proposed risk mitigation and impact / probability assessment disclosure proposed by the CSA in the Proposed Amendments and concede that it is potentially informative for the investing public, we would ask the CSA to reconsider such inclusions as contributing to significant enhanced liability risk for Canadian reporting issuers. Further, it is not clear in the Proposed Amendments whether the impact / probability assessment disclosure is meant to be quantitative or qualitative and we are not convinced that this disclosure requirement will be easy for reporting issuers to interpret or comply with. We believe that risk factor disclosure is already addressed appropriately and comprehensively under Canadian securities laws.

We are also worried about the proposed divergence from the approach to risk factor disclosure under U.S. securities laws represented by the Risk Factor Amendments and the potential enhanced risk this poses for MJDS issuers, which constitute a material segment of reporting issuers in Canada and the overwhelming majority of Canadian reporting issuers with significant market capitalizations. The Securities and Exchange Commission ("**SEC**") has not even imposed an obligation to order risk factors by perceived seriousness out of concern for possible liability implications for U.S. public companies, though it recently considered making such a change to the risk factor disclosure obligations under U.S. securities laws. We would ask that the CSA consider and reflect upon the work done by the SEC in this area, which demonstrates a more balanced approach to the interests of investors and providing adequate protection from unwarranted liability risk for reporting issuers.

3. If we adopted similar requirements to the SEC's amendments, what would be the benefits and costs for investors and reporting issuers?

We do not see any added benefit to adopting the SEC's Modernization of Regulation S-K amendments referenced in the Proposed Amendments, we believe that Canadian capital markets are more familiar with the traditional Canadian approach of ordering risk factors by seriousness and that the grouping of risk factors could create confusion in this context. We do not feel that the added burden of preparing a summary of risk factors is of material benefit to investors, as such investors will invariably focus on such summary without reading the full risk factor disclosure, thereby missing potentially important aspects of such risks. The fact that risk factor disclosure is already voluminous is not ameliorated by including additional summary disclosure. In Canada, our forward-looking information disclosure

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requirements pursuant to Part 4A of National Instrument 51-102 already requires a summary of risk factors impacting forward looking information in the relevant disclosure document.

Questions relating to the requirement to name authors of technical reports

4. What challenges, if any, do reporting issuers face in obtaining technical report author consents for short form prospectus offerings?

Given the high proportion of Canadian reporting issuers that are mineral resource companies, requirements in Canadian securities laws which necessitate the filing of QP consents with prospectuses are extremely burdensome on a significant number of Canadian reporting issuers. The requirement to track down and obtain QP consents result in issuers being forced to trace and track-down QPs around the world and can be particularly tricky where such QPs have left employment with a company that was responsible for preparing the relevant technical report or where an employee of the issuer was a QP in respect of a technical report and left employment with the issuer on less than amicable terms. Unfortunately and inevitably, certain QPs also pass away giving rise to issues for Canadian reporting issuers seeking to access capital markets. Significant effort can be expended in obtaining the required QP consents in connection with certain offerings and at times such consents are unavailable notwithstanding the herculean efforts of the issuer.

The inability to obtain required QP consents contributes to filing delays and uncertainty in Canadian public offerings and has resulted in numerous issuers being forced to make hasty requests for exemptive relief. The burden borne by Canadian reporting issuers due to the need to file QP consents in connection with prospectus offerings is exacerbated for issuers with multiple mineral projects and issuers that relying on older but still valid technical reports. The foregoing burden significantly disadvantages this important segment of the Canadian capital markets.

5. If the requirement to name the technical report authors in the AIF (and as a result, provide consents for short form prospectus offerings) were removed, would reporting issuers continue to obtain approval of prospectus disclosure from technical report authors or would they rely more on internal or external non-author QPs?

Reporting issuers with producing mineral properties generally have internal QPs who are named in their AIF as being responsible for the technical disclosure therein pursuant to instruction (i) of item 5.4 of Form 51-102F2 as currently in force. For issuers with producing properties, internal QPs are already permitted to author technical reports in the circumstances contemplated by sections 5.3(2), (3) and (4) of National Instrument 43-101. These internal QPs are generally responsible for any and all updates of technical disclosure incorporated in the issuer's continuous disclosure and prospectuses and rarely consult with the original authors of the relevant technical report in connection with (i) ordinary course depletion of a mineral project, which section 4.2(10) of the Companion Policy to National Instrument 43-101 confirms does not represent new material scientific or technical information, or (ii) other immaterial changes to the information contained in a technical report which do not require the preparation of an updated technical report pursuant to National Instrument 43-101. Author QPs (who are not internal QPs or otherwise responsible for the issuer's continuous disclosure) providing their consents in connection with a prospectus filing under Canadian securities laws are not verifying or in any way certifying

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updated disclosure relating to a mineral project by virtue of providing their consent to the filing of a prospectus, but are instead confirming that based on their historical knowledge of the relevant mineral property, they are not aware of a misrepresentation in the prospectus.

If provided with a path to avoiding the need to obtain external QP author consents in connection with future prospectus offerings pursuant to Canadian securities laws, most Canadian reporting issuers with mineral properties would seek to do so. If the requirement to name technical report authors in the AIF was eliminated, most issuers would cease to obtain consents from technical report authors in connection with technical disclosure in prospectuses, and would rely solely on their internal QPs to take responsibility for preparing the disclosure in their AIF and/or MD&A and prospectuses, whenever possible. Where the issuer does not have an internal QP, it would most likely rely upon an external QP, who may or may not be an author of one or more of the issuer's technical reports, to take responsibility for the issuer's technical disclosure.

6. If reporting issuers were to rely on internal or external non-author QPs for purposes of providing consents for short form prospectus offerings, in your view, would investor protection be impacted? Would relying on an internal QP for consent purposes (where an external QP authored the original report) raise potential conflict of interest concerns?

As noted in our response to Question 5, above, internal QPs are already permitted to prepare technical reports pursuant to National Instrument 43-101 for producing issuers, indicating that the CSA is comfortable with the potential conflicts arising in such scenario. In reality, even external QPs are subject to a version of the same conflict of interest faced by internal QPs when preparing technical reports on behalf of issuers, in that their compensation and future business from the issuer can create pressures which could influence the work of an unscrupulous QP.

It is our expectation that given the gravity and potential criminal, civil and professional consequences of perpetrating a fraud on the market by falsifying or misreporting technical information, instances where the inherent conflict of interest arising as a result of being compensated to prepare or report on an issuer's technical results actually gives rise to a falsification or misreporting of results will be exceedingly rare. CSA members have authority, standing and adequate enforcement powers to sufficiently address any such fraud which is uncovered. In our view, the risk of any such fraud occurring will not be materially greater where author QP consents are no longer required to be filed with prospectuses.

Question relating to impact of refiling on auditor's report

7. Considering that the annual disclosure statement will include annual financial statements, MD&A and, where applicable, AIF, do you think there will be an impact, including on auditing requirements, if a reporting issuer amends or re-files only one of these documents, or re-files the annual disclosure statement in its entirety?

This question is best answered by firms providing audit services in Canada.

DAVIES

Question relating to proposed amendments to Form 41-101F1 Information Required in a Prospectus and Form 44-101F1 Short Form Prospectus

8. To align the continuous disclosure and prospectus regimes, we are proposing to remove certain prospectus disclosure requirements. Are there any concerns with the removal of this information from a prospectus? Please explain.

Subject to our comment below, we are generally supportive of the suggested deletions from the long form and short form prospectus requirements included in Form 41-101F1 and Form 44-101F1 in the Proposed Amendments. Ideally, the CSA would be willing to make even more far reaching changes to the requirements of Form 41-101F1 and Form 44-101F1 to further reduce the regulatory burden of issuers filing prospectuses pursuant to the respective prospectus regimes. Please see our comments below under "Other Substantive Comments - Other Proposed Deletions from Form 41-101F1" and "Other Substantive Comments - Other Proposed Deletions from Form 44-101F1" for our suggestions in respect of these forms.

The deletion of the disclosure obligations contained in item 8.4 Disclosure of outstanding security data of Form 41-101F1 relating to outstanding securities data is problematic and particularly puzzling in light of the continued inclusion of provisions such as item 12.1 Options to purchase securities, item 13.1 Prior sales and item 14 Escrowed Securities and Securities Subject to Contractual Restriction on Transfer. Continued requirements relating to disclosure of securities issuable have less relevance and will be difficult to contextualize if the prospectus does not contain complete information relating to the issued and outstanding voting and equity securities of the issuer.

Questions relating to semi-annual reporting for certain venture issuers on a voluntary basis

9. Should we pursue the Proposed Semi-Annual Reporting Framework for voluntary semi-annual reporting for venture issuers that are not SEC issuers? Please explain.

We understand the CSA's interest in transitioning from a quarterly reporting cycle to a longer half-year cycle, as other jurisdictions have done, but question the necessity of implementing the Proposed Semi-Annual Reporting Framework in the context of the CSA's burden reduction initiatives. We believe that this proposal is less of a burden reduction initiative, and more of an attempt by the CSA to address, like other regulators have attempted to, the short-term mindedness of capital market participants and refocus on the longer-term. This is a different conversation and set of issues.

Reducing the number of financial reporting periods may be alluring, initially, from a burden reduction perspective; however, the Proposed Semi-Annual Reporting Framework nevertheless calls for alternative disclosure in the interim periods, so issuers will provide an update on various facts and developments, which is already what many issuers that do not yet generate significant revenues use their interim reporting for. We do not believe this effectively reduces the burden on issuers, but rather creates a new format for reporting distinct from the current financials and MD&A which issuers and their advisors are familiar with.

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We are also concerned that this will put issuers that choose to report on a semi-annual cycle at a disadvantage to the rest of their North American peers, as the SEC has no current plans to shift to a semi-annual reporting platform. The deep integration between the Canadian and US markets means that any issuer that chooses to go to semi-annual reporting will be at a disadvantage with Canadian and US peers who report on a more frequent basis.

This being said, in the event the CSA decides to pursue the Proposed Semi-Annual Reporting Framework, we support the proposal to make it optional, allowing issuers to report on the cycle that best suits their needs and those of their investors.

10. Are there specific types of venture issuers for which semi-annual reporting would not be appropriate? For instance, should semi-annual reporting be limited to venture issuers below a certain market capitalization or those not generating significant revenue? Please explain.

We would caution against further distinguishing between classes of issuers eligible to use the Proposed Semi-Annual Reporting Framework. We have expressed our concerns previously with respect to the adoption thereof and would urge caution not to further isolate and disadvantage certain classes of venture issuers that already, at times, struggle to raise capital in an integrated North American capital market.

11. Would the proposed alternative disclosure requirements under the Proposed Semi-Annual Reporting Framework provide adequate disclosure to investors? Would any additional disclosure be required? Is any of the proposed disclosure unnecessary given the existing requirements for material change reporting and the timely disclosure requirements of the venture exchanges? Please explain.

In our view, quarterly reporting serves as a useful milestone to “flush out” any disclosure that does not constitute a material change and for which an issuer may not have issued a press release pursuant to the timely disclosure requirements of the venture exchanges. The proposed alternative disclosure requirements, as they are, seem sufficiently broad to cover the necessary elements – in fact, we are concerned that such alternative disclosure requirements are so broad and prescriptive that the burden reduction benefits that the Proposed Semi-Annual Reporting Framework seeks to achieve will be altogether compromised, as we have alluded to earlier, turning a “burden reduction” initiative in something that will only increase regulatory burden for issuers that make the switch.

12. Do you have any other feedback relating to the Proposed Semi-Annual Reporting Framework?

No.

Questions relating to transition provisions

DAVIES

13. Do you think the proposed transition provisions are sufficiently clear? If not, how can we make them clearer?

The differentiation between the implementation timelines provided for in sections 24.(1)(a) and (b) of National Instrument 51-102 in the Proposed Amendments could be more clear. We suggest making the following change to section 24.(1)(b) to help readers differentiate between the intended application of these clauses:

24.(1)(b) the date, on or after [December 15, 2023], the issuer voluntarily files an annual disclosure statement or an interim disclosure statement.

14. Do you think the transition provisions in the amending instrument for NI 51-102 would provide reporting issuers with sufficient time to review the Proposed Amendments and prepare and file an annual disclosure statement for a financial year ending on, for example, December 31, 2023 if the final amendments are published in September 2023? Do you think more time should be afforded to smaller reporting issuers (such as venture issuers)?

We are concerned that the two-and-a-half to three month period proposed between the publication of the final amending instrument (the "**Final Instrument**") to the proposed effective date of December 15, 2023 will not give reporting issuers sufficient time to fully absorb and reformulate their continuous disclosure documentation to appropriately reflect the requirements of the Final Instrument in light of the new disclosure obligations contained in Part 2 of Form 51-102F1 in the Proposed Amendments. We feel that a longer period of at least six months between publication and effectiveness would be much more appropriate given the extent of the changes reflected in the Proposed Amendments.

The impact on the continuous disclosure reporting obligations reflected in the Proposed Amendments will be most acute for venture issuers who do not currently prepare an AIF. For those issuers, and in particular, for those issuers who have mineral projects, the new disclosure obligations contained in Part 2 of Form 51-102F1 in the Proposed Amendments, and most particularly in item 3.(6) therein and the new accompanying guidance in Instruction (6) to item 3., may have significant impacts and may necessitate updated technical reports for certain issuers, which can be very time consuming and expensive to prepare. Instruction (6) to item 3. significantly alters the impact and interpretation of item 3.(6), which is otherwise unchanged, and given its potentially significant impact the CSA should consider actually incorporating these disclosure requirements into the instrument itself in item 3.(2) description of the business.

As the CSA is aware, mineral resource companies comprise a significant portion of venture issuers in Canada and the changes to Part 2 of Form 51-102F1 will be very burdensome for many of these issuers and could contribute to financial and liquidity issues for a segment of these issuers. As a result of these potentially significant implications, the CSA should consider granting an even longer implementation period of at least one year for venture issuers to reflect the fact that these issuers will be disproportionately burdened as a result of the Proposed Amendments.

DAVIES

OTHER SUBSTANTIVE COMMENTS

General Comments on Form 51-102F1 and Form 51-102F2

- *The versions of Form 51-102F1 and Form 51-102F2 included in the Proposed Amendments omit the helpful subheadings that appear in the current versions of Form 51-102F1 and Form 51-102F2. We request that equivalent subheadings be reinserted in the Final Instrument.*
- *The General Instructions to Form 51-102F1 and Form 51-102F2 in the Proposed Amendments should include a version of the plain language instruction Part 1(n) in the current version of Form 51-102F1 and Part 1(h) in the current version of Form 51-102F2, given that Plain Language Principles in item 1.5 of the Companion Policy to National Instrument 51-102 have not been deleted or substantively revised by the Proposed Amendments.*
- *General Instruction (9) in each of Form 51-102F1 and Form 51-102F2 in the Proposed Amendments and item 5 in the Proposed Changes to Companion Policy 51-102CP to National Instrument 51-102 Continuous Disclosure Obligations provides for hyperlinking within the relevant form, but not to other documents filed by the issuer on SEDAR. In our view, issuers should be entitled to hyperlink within their annual disclosure statements and interim disclosure statements to any other document filed by the issuer on its SEDAR profile to the extent that the issuer is permitted to incorporate such disclosure by reference pursuant to the applicable Form requirements.*
- *In various instances in Form 51-102F1 in the Proposed Amendments, the instrument includes lists without incorporating "and" / "or" references in respect of such lists which may be necessary to correctly interpret whether the list in such provision is inclusive or exclusive. See for instance, instruction (6) following item 6, item 14(2)(b), instruction (2)(b)(ii) of item 15, item 17(f), item 18(o), item 24(1)(a), item 24(2)(b), item 24(3)(a) and item 28(1)(b). For the sake of clarity and consistency with the drafting elsewhere in Form 51-102F1, clarifying "and" / "or" references should be included in each list throughout the Form and anywhere else in the Proposed Amendments where such references have been omitted.*

Burdensome Impact of Form 51-102F1 for Venture Issuers

As referenced above in our response to Question 14, the impact on the continuous disclosure reporting obligations reflected in the Proposed Amendments give rise to burdensome new annual disclosure obligations for venture issuers who do not currently prepare an AIF. For those issuers, and in particular, for those issuers who have mineral projects, the new disclosure obligations contained in Part 2 of Form 51-102F1 in the Proposed Amendments, and most particularly in Instruction (6) to item 3., will have significant impacts and will necessitate more frequent preparation of technical reports, which will impose a significant financial burden on these issuers and make it more difficult to navigate the delicate balance of mineral project exploration, disclosure and financing which is the crux of the business of this important segment of the Canadian capital markets.

DAVIES

As the CSA is aware, mineral resource companies comprise a significant portion of venture issuers in Canada and the changes to Part 2 of Form 51-102F1 will be very burdensome for many of these issuers. Certain issuers may need to prepare a new technical report in order to comply with the requirements of Form 51-102F1 given the new Instruction (6) to item 3., as contemplated in the Proposed Amendments, and certain issuers may not have sufficient liquidity or time to do so based on the timeline for implementation contemplated in the Proposed Amendments.

While we understand the CSA's rationale for proposing to impose certain AIF form requirements on venture issuers who do not currently prepare an AIF, there is a principled and well accepted rationale for exempting venture issuers from the obligation to prepare an AIF or comply with AIF disclosure obligations. The more circumscribed disclosure obligations of venture issuers is well understood and accepted in Canadian markets and is both proportionate and supportive of fostering business growth and development for junior issuers. Allowing venture issuers to voluntarily prepare such AIF disclosure has been a valuable tool for venture issuers whose business has matured and have progressed in stage and development, and supports successful venture issuers as they prepare to graduate to a more senior exchange or raise capital on a more frequent basis.

The current continuous disclosure regime applicable to venture issuers in National Instrument 51-102 has made Canada a very attractive jurisdiction for capital formation, particularly for companies with mineral projects. The added cost and burden on junior mining companies of the incorporation of AIF disclosure requirements in the MD&A contemplated in the Proposed Amendments could result in reduced attractiveness of Canadian capital markets as a preferred organizational jurisdiction for the financing of mineral projects, which could have far reaching implications and result in broader negative impacts on the Canadian economy. We would ask that the CSA be thoughtful in its approach to any such added disclosure required of venture issuers and to make sure that the cost and burden of such additional disclosure requirements is appropriately weighted against the CSA's investor protection rationale.

Other Proposed Deletions from Form 41-101F1

Given the proposed deletion by the CSA of the requirement to disclose social and environmental policies adopted by an issuer by repealing item 5.1(4) of Form 41-101F1, the CSA should also consider whether there are aspects of the continuous disclosure obligations contained in Form 58-101F1 and Form 58-101F2 which could be excluded from inclusion in Form 44-101F1 on the same basis: that such disclosure will be included in the annual filings of the issuer and is not of the same level of relevance to the investing public to warrant inclusion in the already voluminous long-form prospectus disclosure. The exclusion of certain disclosures from Form 58-101F1 and Form 58-101F2 would further reduce regulatory burden in respect of long form prospectuses, without detracting in any significant way from the protection of investors. We would suggest that the CSA consider only requiring in Form 41-101F1 item 19.2(1), the disclosure obligations contained in item 1 of Form 58-101F1, and in Form 41-101F1 item 19.2(2), the disclosure obligations contained in items 1 and 2 of Form 58-101F2.

DAVIES

Other Proposed Deletions from Form 44-101F1

In addition to the deletions to Form 44-101 included in the Proposed Amendments, we would propose that the CSA also consider deleting the requirements contained in:

- item 1.5 Name and Address of Issuer, relating to the head and registered address of the issuer, as this requirement has been deleted from the AIF form requirements (section 13(1) of Part 3 of Form 51-102F1 in the Proposed Amendments), presumably on the basis that sufficient contact information relating to the issuer is available on its SEDAR profile; and*
- item 2.1 Summary Description of the Business, as this disclosure is already appropriately and comprehensively addressed in the documents incorporated by reference in any such short form prospectus.*

DRAFTING COMMENTS

Annex A Proposed Amendments to National Instrument 51-102 CONTINUOUS DISCLOSURE OBLIGATIONS

11. Sections 5.1(1) and 5.1(2)

Comment:

The respective references to "paragraph 3A.1(b)" and "paragraph 3A.3(b)" in sections 5.1(1) and 5.1(2) of National Instrument 51-102 should be changed to "section 3A.1(b)" and "section 3A.3(b)".

12. Sections 5.2 to 5.7 are repealed.

Comment:

In light of the proposed relocation of certain of the disclosure obligations formerly contained in sections 5.2 to 5.7 of National Instrument 51-102 to Form 51-102F1, the CSA should consider adding a cross-referencing item in Form 51-102F1 Part 2 reminding issuers to comply with their reporting obligations under section 5.8 of National Instrument 51-102, to the extent applicable, or consider relocating these disclosure requirements to Part 2 of Form 51-102F1 as well.

Annex B Proposed Annotated Form 51-102F1 Annual Disclosure Statement

General Instruction (3)

Comment:

The second sentence of General Instruction (3) in Form 51-102F1 should be moved to Part 2 of the Form and included as a disclosure obligation, consistent with the approach in item 17.1(1) of the current version of Form 51-102F2.

DAVIES

29.(2)

Comment:

Item 29.(2) of Part 3 of Form 51-102F1 is duplicative of Item 29.(1) and need not be included in light of the new instruction language which makes it clear that the material contract disclosure can be incorporated by reference. If the CSA is concerned that the incorporation by reference may not be detailed enough, a version of item 29.(2) should be added in the instructions clarifying that the disclosure responsive to item 29.1 should include a list of all relevant contracts where incorporation by reference is used.

30.(2)(a), (b) and (c)

Comment:

The words "registered or beneficial interests" at the beginning of each subsection (a), (b) and (c) of item 30.(2) should be deleted, as these words are duplicative of the same words included in the first sentence of item 30.(2).

32. If either of the following applies to your company, disclose in the AIF the information required under Items 6, 7, 9, 10, 12 and 13 of Form 51-102F5 Information Circular, as modified below:

Comment:

To avoid confusion relating to the continued relevance of the disclosure required by item 8 of Form 51-102F5, which incorporates the onerous requirements of Form 51-102F6, the following change should be made to section 32 of Appendix B of the Proposed Amendments:

32. If either of the following applies to your company, disclose in the AIF the information required under Items 6, 7, 8, 9, 10, 12 and 13 of Form 51-102F5 Information Circular, as modified below, to the extent applicable:

Annex C Proposed Annotated Form 51-102F2 Interim Disclosure Statement

General Instruction (3)

Comment:

The second sentence of General Instruction (3) in Form 51-102F2 should be moved to Part 2 of the Form and reframed as a disclosure obligation, consistent with the approach in item 17.1(1) of the current version of Form 51-102F2.

DAVIES

Proposed Amendments to National Instrument 41-101 GENERAL PROSPECTUS REQUIREMENTS

9.(d) by replacing subparagraph (2)(b)(i) with the following:

(ii) the Instruction to section 7 of Form 51-102F1, and,

9.(e) by repealing subparagraph (2)(b)(ii),

Comment:

The foregoing sections of the Proposed Amendment should be replaced with the following:

9.(d) by replacing subparagraph (2)(b) with the following:

must disregard the Instruction to section 4 of Form 51-102F1, and,

24.2.(b) the date, on or after [December 15, 2023], the issuer includes in a prospectus an MD&A that is voluntarily prepared under National Instrument 51-102 Continuous Disclosure Obligations.

Comment:

Further to our response to Question 13, above, the word "voluntarily" should be inserted in section 24.2(b) as indicated above.

Proposed Amendments to National Instrument 52-109 CERTIFICATION OF DISCLOSURE IN ISSUERS' ANNUAL AND INTERIM FILINGS

10. Form 52-109F1R CERTIFICATION OF REFILED ANNUAL FILINGS is amended by replacing section 1 with the following:

1. **Review:** I have reviewed the AIF, if any, and the annual disclosure statement, including, for greater certainty, the AIF, if any, and all documents and information that are incorporated by reference into the MD&A and the AIF (the "annual filings") of the issuer for the financial year ended **<state the relevant date>**.

Comment:

The foregoing text appearing in the Proposed Amendments should be replaced with the following:

1. **Review:** I have reviewed the annual disclosure statement, as amended or amended and restated, including, for greater certainty, the AIF, if any, and all documents and information that are incorporated by reference into the MD&A and the AIF (together, the "annual filings") of the issuer for the financial year ended **<state the relevant date>**.

DAVIES

15. Form 52-109F2R CERTIFICATION OF REFILED INTERIM FILINGS is amended by replacing section 1 with the following:

1. **Review:** I have reviewed the interim disclosure statement, as amended or amended and restated, including, for greater certainty, all documents and information that are incorporated by reference into the MD&A (together, the "interim filings") of the issuer for the interim period ended **<state the relevant date>**.

Comment:

The underlined text included above has been omitted and should be inserted in the Final Amendments.

Proposed Changes to National Policy 41-201 INCOME TRUSTS AND OTHER INDIRECT OFFERINGS

- 5. Section 6.5.2 is changed by replacing** "Although the instructions in Form 51102F1 do not specifically state it, to meet the disclosure requirements for liquidity in Form 51102F1" with...

Comment:

Hyphens have been omitted and should be inserted in the first two references to Form 51-102F1 in this section.

Proposed Amendments to Companion Policy National Instrument 52-110 AUDIT COMMITTEES

- 2. Footnote 1 is deleted.**

Comment:

Consider deleting all footnotes in this instrument, as all relate to historical matters which are no longer relevant, other than footnote 4, which should be updated to reference Part 3 of Form 51-102F1 if such footnote is not also deleted. Please note that the footnotes in National Instrument 52-110 AUDIT COMMITTEES do not appear in the current version of the Consolidated Ontario Securities Act, Regulations and Rules by Borden Ladner Gervais LLP, supporting our contention that these footnotes are not necessary for a proper understanding of this instrument.

DAVIES

The following partners at our firm participated in the preparation of this comment letter and may be contacted directly should you have any questions regarding our submissions.

Robin Upshall
416.367.6981
rupshall@dwpv.com

Sebastien Roy
514.841.6493
sroy@dwpv.com

Yours very truly,

DAVIES WARD PHILLIPS & VINEBERG LLP



Deloitte LLP
Bay Adelaide East
8 Adelaide Street West
Suite 200
Toronto ON M5H 0A9
Canada

September 17, 2021

Tel: 416-601-6150
Fax: 416-874-3889
www.deloitte.ca

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
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Service NL
Northwest Territories Office of the Superintendent of Securities
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Nunavut

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor, Box 55
Toronto, Ontario
M5H 3S8
Fax: 416-593-2318
comment@osc.gov.on.ca

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
Fax: 514-864-8381
consultation-en-cours@lautorite.qc.ca

RE: Proposed amendments to National Instrument 51-102 Continuous Disclosure Obligations and other amendments and changes relating to annual and interim filings of non-investment fund reporting issuers ("Proposed Amendments"); and Proposed framework for semi-annual reporting – venture issuers on a voluntary basis ("Proposed Framework")

Dear Sirs/Mesdames,

We are pleased to provide our comments on the Proposed Amendments including the proposed repeal of Form 51-102F1 *Management's Discussion and Analysis* and Form 51-102F2 *Annual Information Form* and the proposed introduction of Form 51-101F1 *Annual Disclosure Statement* and Form 51-102F2 *Interim Disclosure Statement*, as well as the proposed changes to the companion policy, and amendments and changes to existing rules, policies and securities laws. We are supportive of the Proposed Amendments, and have provided our comments on the following specific matters.

With respect to risk factor disclosures, we believe that it would be beneficial for reporting issuers to be provided additional clarity on what “seriousness” means and how to determine the “seriousness” of a risk, particularly as it relates to “material” information (as defined in the general instructions for Part 2 and Part 3 of the Proposed Amendment) or specific risk factors that, if omitted from the disclosure, may be viewed by a reasonable investor as having altered the relevant information available when making an informed investment decision.

Adopting similar requirements to the SEC’s amendments would enhance the informational value of the risk factor disclosures for investors by consolidating similar risks in such a way that enhances readability of risk factor disclosures and makes it easier for an investor to identify those risks which may be more relevant. We also believe that adopting similar requirements would better align entity disclosures across the North American capital markets.

With respect to the impact of the Proposed Amendments on the auditor’s report, we understand that the annual disclosure statement will be comprised of different parts which will allow a reporting issuer to refile individual documents within the annual disclosure statement, as well as in its entirety, so we do not foresee any impact on auditing requirements if a reporting issuer is required to refile one or all of these documents.

In Canada, it is currently understood that the AIF is not within the scope of “other information” defined in CAS 720 upon which the auditor is required to consider when issuing an audit opinion on the financial statements. The standard references the “annual report” which is defined as:

- A document, or combination of documents, prepared typically on an annual basis by management or those charged with governance in accordance with law, regulation or custom, the purpose of which is to provide owners (or similar stakeholders) with information on the entity's operations and the entity's financial results and financial position as set out in the financial statements. An annual report contains or accompanies the financial statements and the auditor's report thereon and usually includes information about the entity's developments, its future outlook and risks and uncertainties, a statement by the entity's governing body, and reports covering governance matters.

In light of the introduction of an “annual disclosure statement”, we expect that amendments will be required to CAS 720, specifically paragraph CA5A, to clarify that an “annual disclosure statement” is akin to an annual report considered under CAS 720, and as such the AIF when included in an “annual disclosure statement” will also be considered other information as defined under CAS 720.

We will be pleased to discuss any of our comments further if required. Any questions can be directed to Deanne Kennedy (deakennedy@deloitte.ca) or Andrew Macartney (amacartney@deloitte.ca).

Yours truly,



Chartered Professional Accountants
Licensed Public Accountants

INCLUDES COMMENT LETTERS RECEIVED



Ernst & Young LLP
EY Tower
100 Adelaide Street West, PO Box 1
Toronto, ON M5H 0B3

Tel: +1 416 864 1234
Fax: +1 416 864 1174
ey.com

September 17, 2021

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

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor, Box 55
Toronto, Ontario
M5H 3S8
Fax: 416-593-2318
comment@osc.gov.on.ca

M^e Philippe Lebel
Corporate Secretary and Executive Director,
Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
Fax: 514-864-8381
Consultation-en-cours@lautorite.qc.ca

Dear Secretary of the Ontario Securities Commission and M^e Philippe Lebel,

CSA Request for Comment – Proposed Amendments to National Instrument 51-102

We are pleased to provide our comments to the Canadian Securities Administrators (CSA) on the Proposed Amendments to National Instrument 51-102 *Continuous Disclosure Obligations* and other amendments and changes relating to annual and interim filings and non-investment fund reporting issuers as well as the feedback request for semi-annual reporting of venture issuers on a voluntary basis.

Below we respond to question #7 with respect to our view on the impact to the auditor's responsibilities in connection with the refiling or amendment of the annual disclosure statement, in whole or in part.

#7. Considering that the annual disclosure statement will include annual financial statements, MD&A and, where applicable, AIF, do you think there will be an impact, including on auditing requirements, if a reporting issuer amends or re-files only one of these documents, or re-files the annual disclosure statement in its entirety?



Ernst & Young LLP
EY Tower
100 Adelaide Street West, PO Box 1
Toronto, ON M5H 0B3

Tel: +1 416 864 1234
Fax: +1 416 864 1174
ey.com

The proposed amendments to combine the annual financial statements, MD&A and where applicable, AIF into an annual disclosure statement will result in the annual disclosure statement meeting the definition of an “annual report” under Canadian Auditing Standards (CAS) 720, *Other Information*. As such, the auditor’s responsibilities under CAS 720 will now extend to the AIF portion of the annual disclosure statement; whereas currently the AIF does not meet the definition of an “annual report” for purposes of CAS 720. The financial or non-financial information (other than financial statements and the auditor’s report thereon) included in a reporting issuers annual disclosure statement will be considered other information (“OI”) under CAS 720 and must be read by the auditor and considered to determine whether the OI is materially inconsistent with the financial statements or the auditor’s knowledge obtained in the audit or otherwise appears to be materially misstated.

We believe that the impact on auditing requirements if a reporting issuer amends or re-files only one of these documents, or re-files the annual disclosure statement in its entirety is not dependent upon whether the annual disclosure statement is amended in whole or in part, but rather it is dependent on whether or not there is an amendment to the reporting issuer’s financial statements. Accordingly, we have considered the two scenarios below:

Scenario 1: Re-filing of the annual disclosure statement with no change/amendment to the previously issued financial statements (i.e. re-filing, in whole or in part, of either the MD&A and/or AIF portions of the annual disclosure statement)

If a reporting issuer re-files the annual disclosure statement, either wholly or in part, and in doing so amends/re-files the MD&A or AIF portions of the annual disclosure statement and not the financial statements, there is no impact on the auditor’s report and the auditor would not be required to reissue the auditor’s report, including the Other Information section of the Auditor’s report, which will refer to the originally issued annual disclosure statement.

However, an amendment to the OI would require the auditor to read and consider the amended OI in the same manner that auditors are required to read and consider OI that is received after the auditor’s report date. Only in the event that reading the amended OI results in the discovery of a material inconsistency or material misstatement that is not appropriately resolved by the reporting issuer, would the auditor consider modifying the Other Information section of the auditor’s report and reissuing the auditor’s report accordingly in order to bring the material misstatement of the OI to the attention of users of the auditor’s report. We expect such circumstances to be rare.

Further, in reading and considering the amended OI, the auditor may identify matters that require amendments to be made the previously issued financial statements (refer to Scenario 2, below).

Scenario 2: Re-filing of restated financial statements upon which we have previously issued an auditor’s report



Ernst & Young LLP
EY Tower
100 Adelaide Street West, PO Box 1
Toronto, ON M5H 0B3

Tel: +1 416 864 1234
Fax: +1 416 864 1174
ey.com

If a reporting issuer re-files the annual disclosure statement, either wholly or in part, and in doing so amends the financial statements, the auditor would be required to reissue their auditor's report and in doing so would consider whether revisions to the Other Information section of the auditor's report are necessary. CAS 560, *Subsequent Events* provides the auditors requirements with respect to subsequent events in an audit of financial statements. There are two scenarios to consider:

Scenario 2.1: Under CAS 560, the auditor restricts their audit procedures only to those subsequent events that caused the amendment ("Dual dating")

In cases where dual dating is permitted by the applicable financial reporting framework (e.g. US GAAP), or is otherwise determined to be appropriate, the auditor's responsibilities under this scenario would be limited to audit procedures on the specific amendment to the financial statements and determining whether the subsequent event that gave rise to the amendment requires an update to the OI that was originally identified in the previously issued auditor's report. If such OI is amended, the auditor would need to revise the OI section of the auditor's report (reissued in accordance with the requirements of CAS 560) to refer to the amended OI. However, auditors would not be required to report on any OI obtained after the date of the original auditor's report.

Scenario 2.2: Under CAS 560, the auditor **does not** restrict their audit procedures on subsequent events only to those subsequent events that caused the amendment

In this scenario, in addition to audit procedures on the specific amendment to the financial statements the auditor would need to perform audit procedures to obtain sufficient appropriate audit evidence that all events occurring between the date of the financial statements and the reissued auditors report that require adjustment of, or disclosure in, the amended financial statements have been identified. Further, the auditor would need to perform procedures in accordance with CAS 720 over all OI obtained as of the date of the reissued auditor's report and refer to such OI in the Other Information section of the reissued auditor's report. This would include any additional OI that was obtained between the original auditor's report date and the date of the reissued auditor's report, including any amendments to other parts of the annual disclosure statement. Furthermore, for audits of listed entities, auditor's would need to update the Other Information section of the auditor's report to include any OI that is expected to be obtained after the date of the reissued auditor's report.

We appreciate the opportunity to comment on the Proposed Amendments. Please contact Luke Baxter (Professional Practice Partner) or Laney Doyle (Professional Practice Director) if you wish to discuss these or any other matters.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants



leadership beyond finance

Chief Accountant
Ontario Securities Commission
20 Queen St W,
Toronto, ON M5H 3S8

September 17, 2021

Dear Cameron McInnis

Re: Comments on the Amendment to National Instrument 51-102 Continuous Disclosure Obligations and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers and Seeking Feedback on a Proposed Framework (the Amendment to National Instrument 52-102)

The Committee on Corporate Reporting (CCR) of Financial Executives International Canada (FEI Canada) is pleased to respond to the request for comment on the *Amendment to National Instrument 52-102*.

FEI Canada is the all-industry professional membership association for senior financial executives. With 12 chapters and over 1600 members, FEI Canada provides professional development, networking opportunities, thought leadership and advocacy services to its members. The association membership, which consists of Chief Financial Officers, Audit Committee Directors and senior executives in the Finance, Controller, Treasury and Taxation functions, represents a significant number of Canada's leading and most influential corporations.

CCR is one of several thought leadership committees of FEI Canada. CCR is devoted to improving the awareness of issues and educating FEI members on the implications of the issues it addresses and is focused on continually improving the standards and regulations impacting corporate reporting.

CCR and FEI Canada would like to thank you for the opportunity to comment on the Amendment. FEI broadly supports the Amendment and believes these changes will be helpful in streamlining disclosure requirements and addressing current gaps/burdens in disclosures. Detailed responses to specific questions in the Amendment are provided in the Appendix to this letter.

Once again, thank you for the opportunity to respond to this amendment.

Sincerely,

Celine Arsenault

Chair – Committee on Corporate Reporting

Appendix - Proposed Amendments to National Instrument 51-102 and Feedback on the Framework

PART-9 Comments on Specific Questions

The table below outlines feedback on the Specific Questions as outlined in Part-9 of the document.

| Specific Questions | Responses |
|--|--|
| <i>Re: Question relating to additional disclosure for venture issuers without significant revenue</i> | |
| 1. Do you think this requirement should apply more broadly or more narrowly? For example, should we extend this disclosure requirement to non-venture issuers that have significant projects not yet generating revenue as well? Why or why not? | <p>We believe a more appropriate approach is to reduce disclosures in Financial Statements (F/S), MD&A and Annual Information Form and this should be extended to all issuers, venture and non-venture alike. For example, this can be achieved by removing duplicate disclosures, or removing requirements for disclosure of multi-period historical data that can be available in past filings, etc.</p> <p>Removing or exempting certain issuers based on market capitalization or lack of revenue may not be appropriate and may cause more confusion for market participants. For instance, some of these issuers may be participating in business combinations, RTOs or may have significant expense items on their income statement.</p> |
| <i>Re: Question relating to Risk Factors</i> | |
| 2. Would it be beneficial for reporting issuers if we provided further clarity on what "seriousness" means and how to determine the "seriousness" of a risk? | <p>Most of the reporting issuers, if not all, are formally or informally, utilizing various forms of risk assessment methodologies in their respective organizations. Risk rating on the basis of impact and probability (likelihood) is a common practice. We agree that the following steps will be useful:</p> <ul style="list-style-type: none"> • grouping similar risks together; • disclosing generic risks under the heading "general risks"; and <p>We believe the seriousness of the risk may be defined as the "expected outcome" of impact and probability (likelihood) assessments, which will be well understood by the issuers. The term seriousness itself is a vague term and should be more closely aligned with concepts of risk assessment.</p> <p>We also suggest that any reference to limiting the risk section of a report to page numbers (~15) is not appropriate and open to manipulation through use of font sizing and spacing.</p> |
| <i>Re: Questions relating to the requirement to name authors of technical reports</i> | |
| 4. What challenges, if any, do reporting issuers face in obtaining technical | We believe a Short Form Prospectus is an important document and obtaining a Technical Report author |

| Specific Questions | Responses |
|--|---|
| report author consents for short form prospectus offerings? | consent is an essential part of the due diligence and disclosure process. Further we believe that most companies that qualify for Short Form Prospectus approval are up to date in their Technical Reports and therefore obtaining author's consent is not a challenging step. |
| 5. If the requirement to name the technical report authors in the AIF (and as a result, provide consents for short form prospectus offerings) were removed, would reporting issuers continue to obtain approval of prospectus disclosure from technical report authors or would they rely more on internal or external non-author QPs? | <p>We believe as part of a sound system of internal controls over disclosures, management and board of directors will continue to obtain approval of prospectus disclosure from technical report authors.</p> <p>Further, we believe that relying on internal or external non-author QPs will still require those QPs to perform their necessary reviews before signing off, and therefore does not necessary result in the issuer saving significant time and costs in the process.</p> |
| 6. If reporting issuers were to rely on internal or external non-author QPs for purposes of providing consents for short form prospectus offerings, in your view, would investor protection be impacted? Would relying on an internal QP for consent purposes (where an external QP authored the original report) raise potential conflict of interest concerns? | We believe that all QPs are professionals and abide by the code of ethics issued by their respective professional associations / institutes. An internal or external non-author QP providing consent would therefore not raise potential conflict of interest, as long as the professional abides by the rules laid out of by their respective professional associations / institutes. |
| <i>Question relating to impact of refiling on auditor's report</i> | |
| 7. Considering that the annual disclosure statement will include annual financial statements, MD&A and, where applicable, AIF, do you think there will be an impact, including on auditing requirements, if a reporting issuer amends or re-files only one of these documents, or re-files the annual disclosure statement in its entirety? | <p>We believe that combining the financial statements, MD&A and AIF into a single annual disclosure statement will pose certain problems, as discussed below:</p> <ul style="list-style-type: none"> • Section 4(1) (revised) requires the annual financial statements be audited. However, there is no reference to an audit requirement for the MD&A and AIF and only a "consistency" check is performed by the auditors to ensure that information disclosed conforms with the financial statements. This is consistent with current practice, but it could be helpful to issuers if the revised regulations confirmed the status quo. • Combining audited and un-audited information in single document (i.e., annual disclosure statement) may cause confusion to readers. In addition, combining these documents may increase audit scope and related costs. • Restating and reporting prior period information within a combined document may be a challenge. |

| Specific Questions | Responses |
|---|---|
| <i>Question relating to proposed amendments to Form 41-101F1 Information Required in a Prospectus and Form 44-101F1 Short Form Prospectus</i> | |
| 8. To align the continuous disclosure and prospectus regimes, we are proposing to remove certain prospectus disclosure requirements. Are there any concerns with the removal of this information from a prospectus? Please explain. | There are no concerns with the removal of the information from a prospectus. |
| <i>Questions relating to semi-annual reporting for certain venture issuers on a voluntary basis</i> | |
| 9. Should we pursue the Proposed Semi-Annual Reporting Framework for voluntary semi-annual reporting for venture issuers that are not SEC issuers? Please explain. | <p>We have two point of views on this proposal:</p> <ul style="list-style-type: none"> • The revised reporting framework should not be voluntary as this might cause confusion among users. Lack of comparability may force most of the issuers to stay with the quarterly reporting frequency, thus providing little or no relief for most issuers. • We propose that instead of entirely skipping a reporting quarter, the companies on the venture exchange may report semi-annually (F/S and MD&A), with Q1 and Q3 Operational Updates or Business Reviews. For further information and examples, please refer to the reporting framework in Australia. |
| 10. Are there specific types of venture issuers for which semi-annual reporting would not be appropriate? For instance, should semi-annual reporting be limited to venture issuers below a certain market capitalization or those not generating significant revenue? Please explain. | <p>We understand that the intent of regulators to reduce regulatory reporting burden is an important goal. However, for the reasons outlined in the response to Question 1 and Question 9 above, we do not recommend that semi-annual reporting should be allowed, on an opt-in basis.</p> <p>As highlighted above, a reduction in reporting requirements can be achieved through (i) reduced disclosures or (ii) a hybrid approach including first/third quarter reporting in the form of Operational Updates or Business Reviews that would apply equally to all venture issuers. Full F/S and MD&A could be reported for H1 and H2 period ends.</p> |
| 11. Would the proposed alternative disclosure requirements under the Proposed Semi-Annual Reporting Framework provide adequate disclosure to investors? Would any additional disclosure be required? Is any of the proposed disclosure unnecessary given the existing requirements for material change reporting and the timely disclosure requirements of the venture exchanges? Please explain. | |
| 12. Do you have any other feedback relating to the Proposed Semi-Annual Reporting Framework? | |
| <i>Questions relating to transition provisions</i> | |

| Specific Questions | Responses |
|--|--|
| <p>13. Do you think the proposed transition provisions are sufficiently clear? If not, how can we make them clearer?</p> <p>14. Do you think the transition provisions in the amending instrument for NI 51-102 would provide reporting issuers with sufficient time to review the Proposed Amendments and prepare and file an annual disclosure statement for a financial year ending on, for example, December 31, 2023 if the final amendments are published in September 2023? Do you think more time should be afforded to smaller reporting issuers (such as venture issuers)?</p> | <p>We believe that the current transition timeline is not sufficient to provide issuers the time to understand and apply the new rules. We also suggest that the new framework should be effective from the first quarter of the reporting year, and instead of the year-end when the issuers are busy with annual audits. Assessing and applying new reporting requirements close to such a busy time of the year may be very inconvenient for the issuers.</p> |



BY ELECTRONIC MAIL: comment@osc.gov.on.ca, consultation-en-cours@lautorite.qc.ca

September 17, 2021

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
 Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
 Nova Scotia Securities Commission
 Office of the Superintendent of Securities, Service NL
 Northwest Territories Office of the Superintendent of Securities
 Office of the Yukon Superintendent of Securities
 Superintendent of Securities, Nunavut

The Secretary
 Ontario Securities Commission
 20 Queen Street West
 22nd Floor, Box 55
 Toronto, Ontario M5H 3S8
comment@osc.gov.on.ca

M^e Philippe Lebel
 Corporate Secretary and Executive Director, Legal Affairs
 Autorité des marchés financiers
 Place de la Cité, tour Cominar
 2640, boulevard Laurier, bureau 400
 Québec (Québec) G1V 5C1
consultation-en-cours@lautorite.qc.ca

Dear Sirs / Mesdames:

RE: Proposed Amendments to NI 51-102 Continuous Disclosure Obligations and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers ("Proposed Amendments")

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

Fidelity Investments Canada ULC ("Fidelity") is the 3rd largest mutual fund company in Canada. Fidelity currently manages over \$200 billion in retail mutual funds, exchange traded funds and institutional assets. Many Canadians entrust us with their savings and we take their trust very seriously.

We commend the CSA for taking steps to reduce regulatory burden for non-investment fund issuers. We were, however, surprised that the CSA did not consider investment funds as part of this initiative. In our view, this was another missed opportunity. The rationale for supporting the Proposed Amendments are equally, if not more, applicable to investment funds than public issuer securities as nearly 50% of Canadians with savings or investments own investment funds and investment funds account for half of Canadians' retirement savings¹. Therefore, had the CSA included investment funds as part of this initiative, it could have had an even greater impact on Canadian investors than focusing on non-investment fund issuers alone.

Following the Ontario Capital Markets Modernization Taskforce's final recommendations published in January 2021 (the "**Taskforce Report**"), Fidelity thought this was a perfect opportunity for the CSA to coordinate its efforts among its members to: (i) streamline disclosure for investment funds at the same time as non-investment fund issuers; and (ii) proceed with a timely transition to an access equals delivery ("**AED**") model for all continuous disclosure and prospectus documents. A combined publication would have itself resulted in less burden on market participants, especially because there are many similarities between the documents referenced in the Proposed Amendments and the ones required for investment funds.

To quote the CSA from the Proposed Amendments, "Securities regulators have a role to play in **promoting disclosures that yield decision-useful information for investors.**" [*Emphasis added.*] In 2020 alone, 1.98% of our total accounts requested to receive a fund's annual financial statement and/or MRFP and 1.22% of our total accounts requested to receive a fund's interim financial statement and/or MRFP. We believe these figures are generally consistent with competitor opt-in rates as well. It is therefore evident from our extremely low opt-in rates that investors do not find that these documents provide meaningful or *decision-useful information*.

In the Taskforce Report, the Taskforce called for the elimination of the interim MRFPs in 2021. We encourage the OSC and CSA to remove this requirement altogether and in a 'time is of the essence' manner. There would be an immediate economic benefit to fund companies that are required to prepare and file the interim MRFPs – savings of approximately \$50 million across our industry that could be used to benefit investors in other ways. We also believe that this change would not negatively impact investors. Investors would continue to receive the audited financial statements and MRFPs on an annual basis and have access to meaningful financial information through other disclosure documents, which are updated more frequently. Of course, in a digitalized world, for investors that have opted-in to receive these documents and do not have access to the Internet or email, they should continue to receive them by mail.

Fidelity has consistently advocated for an AED model. In this day and age where the default should be online or electronic, rules are still written in a paper-based world. The Taskforce recommended that Ontario adopt an AED model for the disclosure documents of all issuers and investment funds within 6 months of the date of its report. The Taskforce recognized that this recommendation would likely be most effective when harmonized across Canada. We could not agree more and hope that the OSC and CSA work towards a quick transition.

¹ Investment Funds Institute of Canada - <https://www.ific.ca/en/articles/who-we-are-our-industry/>

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.

Yours sincerely,

“Rob Sklar”

Rob Sklar
Manager, Legal Services and Senior Legal Counsel
Fidelity Investments Canada ULC

c.c. Rob Strickland, President
W. Sian Burgess, Senior Vice President, Fund Oversight
Robyn Mendelson, VP, Legal and Procurement

September 17, 2021

British Columbia Securities Commission
Alberta Securities Commission
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Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission, New Brunswick
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Service NL
Northwest Territories Office of the Superintendent of Securities
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Nunavut

Via email to:

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor, Box 55
Toronto, ON M5H 3S8
comment@osc.gov.on.ca

Via email to:

M^e Philippe Lebel
Corporate Secretary and Executive Director,
Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
consultation-en-cours@lautorite.qc.ca

Re: Request for comments on proposed amendments by the Canadian Securities Administrators (“CSA”) to National Instrument 51-102 Continuous Disclosure Obligations and other amendments and changes relating to annual and interim filings of non-investment fund reporting issuers

We appreciate the opportunity to comment on proposed amendments to National Instrument 51-102 Continuous Disclosure Obligations (“NI 51-102”), and to annual and interim filings of non-investment fund reporting issuers (together, the “Proposed Amendments”) issued by the CSA on May 20, 2021.

Great-West Lifeco Inc. (TSX: GWO) (“Lifeco”) is an international financial services holding company with interests in the investment management, life insurance, health insurance, retirement savings and reinsurance businesses. Lifeco operates primarily in Canada, the United States and Europe through its subsidiaries.

Lifeco supports the CSA in its ongoing initiative to reduce regulatory burden on reporting issuers and we believe the proposed amendments will help further that goal. In particular, we support initiatives to streamline disclosure that improves its usability by investors and analysts, and where the benefit investors may derive from having the disclosure is greater than the burden on reporting issuers to

provide the disclosure. We are also pleased that the Proposed Amendments recognize that certain information is already accessible from public sources and reiterate our support of the access equals delivery model for non-investment fund issuers in the Canadian market.

Requirement to include the AIF in the Annual Disclosure Statement

We note the proposed requirement for issuers that are not venture issuers to include an AIF as part of their Annual Disclosure Statement (ADS). The effect of such requirement will be to significantly increase the length of the annual report delivered to shareholders. Further, not all issuers can use existing “notice and access” delivery options given that their governing legislation (e.g., the *Insurance Companies Act* or *Bank Act*) prevents them from using the delivery options that are available to other issuers. Without further legislative changes, such issuers will not have the ability to use “access equals delivery” in the future. Consequently, for some issuers the Proposed Amendments would result in increased mailing costs, more complex logistics, and a negative environmental impact. Requiring such issuers to prepare and deliver an ADS that includes the AIF is greater than the benefit to investors, who can access the AIF electronically.

Additional opportunities to streamline disclosures

First, most ratings-related information required to be included in the AIF can be found in other publicly available sources including rating agencies’ websites, and in issuers’ press releases and on issuers’ websites. If AIF ratings disclosure requirements are retained, issuers should be permitted to satisfy the disclosure requirements by referring in the AIF to such publicly available sources.

Second, the requirements to include certain information about directors in the AIF is duplicative. Such information is most appropriately conveyed in the document used by investors when voting in favour of a director: an issuer’s information circular.

Third, the requirement to include the text of the audit committee charter in the AIF can be more efficiently satisfied by permitting the issuer to refer to the current audit committee’s charter on the issuer’s website. The benefit to readers of including this lengthy text in the AIF is limited, when significant amendments to this document are rare and the text can be easily accessed on an issuer’s website.

Additional disclosure of any debt covenants to which a company is subject is unnecessary

We believe that the proposed requirement to provide additional qualitative and quantitative disclosure of any debt covenants to which an issuer is subject (including actual ratios or amounts) would create an additional burden on issuers. We believe that this additional burden is greater than the benefit investors and analysts would get from having such disclosure. We believe the current requirements in 51-102F1 (to provide an analysis of an issuer’s liquidity in its MD&A) strike the appropriate balance between burden on the issuer and benefit to the investor or analyst.

Disclosure of the issuer’s risk mitigation strategy and impact / probability assessment is unnecessary

We believe that the disclosure of risk mitigation strategies could add significantly to the length of disclosure, even if provided in tabular form. Further, we believe that an impact/probability assessment for an issuer’s risk factors is subjective and, without detailed guidance on how to conduct and disclose

such assessments in light of issuers' dynamic risk profiles, the proposed disclosure would be unduly burdensome to issuers.

Responses to select consultation questions

Question 2: *Would it be beneficial for reporting issuers if we provided further clarity on what "seriousness" means and how to determine the "seriousness" of a risk?*

Lifeco does not believe that that it would be beneficial for the CSA to provide further guidance on what "seriousness" means or how to determine the "seriousness" of a particular risk. We believe that each reporting issuer should determine "seriousness" in the context of its business and risk profile.

Question 3: *If we adopted similar requirements to the SEC's amendments (Modernization of Regulation S-K Items 101, 103, and 105), what would be the benefits and costs for investors and reporting issuers?*

If the CSA were to adopt the SEC's Modernization of Regulation S-K items 101, 103 and 105, we agree with grouping similar risks together, which Lifeco already does, organizing risk factors into principal categories of risk. However, we do not believe that the proposed requirement to provide a summary of risk factors disclosure (if the risk factor disclosure exceeds 15 pages) would benefit investors. A summary of risks will not necessarily assist a reader in understanding the various risks inherent in the operations of, and an investment in, an issuer. The proposed requirement could also have the unintended effect of encouraging issuers to reduce risk disclosures to not exceed 15 pages, which could reduce the quality of the issuer's risk disclosure. The decision of whether to include a summary should reside with the issuer, in consideration of what would be most helpful to readers of its disclosure.

Question 14: *Do you think the transition provisions in the amending instrument for NI 51-102 would provide reporting issuers with sufficient time to review the Proposed Amendments and prepare and file an annual disclosure statement for a financial year ending on, for example, December 31, 2023 if the final amendments are published in September 2023? Do you think more time should be afforded to smaller reporting issuers (such as venture issuers)?*

Lifeco believes publishing the final amendments in September 2023 with an effective date of December 31, 2023 would not allow issuers with a December 31st financial year-end enough time to prepare and file an annual disclosure statement. Issuers must engage a host of stakeholders (including senior management, the board of directors, external auditors, translators, and printers) to prepare such disclosures and, as such, issuers would need the final amendments published by about April 2023.

Thank you for the opportunity to provide input on this important initiative. Please contact me if you wish to discuss or require additional information.

Yours very truly,

GREAT-WEST LIFECO INC.

(signed) Jeremy W. Trickett

Jeremy W. Trickett, Senior Vice-President and Chief Governance Officer

**E-MAIL:**

comments@osc.gov.on.ca; consultation-en-cours@lautorite.gc.ca

September 17, 2021

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
 Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
 Nova Scotia Securities Commission
 Office of the Superintendent of Securities, Service NL
 Northwest Territories Office of the Superintendent of Securities
 Office of the Yukon Superintendent of Securities
 Superintendent of Securities, Nunavut

The Secretary
 Ontario Securities Commission
 20 Queen Street West
 22nd Floor, Box 55
 Toronto, Ontario M5H 3S8

M^e Philippe Lebel
 Corporate Secretary and Executive Director, Legal Affairs
 Autorité des marchés financiers
 Place de la Cité, tour Cominar
 2640, boulevard Laurier, bureau 400
 Québec (Québec) G1V 5C1

Re: CSA Notice and Request for Comment – Proposed Amendments to National Instrument 51-102 *Continuous Disclosure Obligations* and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers (the “Proposed Amendments”)

On behalf of IGM Financial Inc. (“IGM”), we are pleased to provide comments on the Proposed Amendments.

Our Company

IGM is a leading wealth and asset management company supporting financial advisors, the clients they serve in Canada, and institutional investors throughout North America, Europe and Asia. Through its operating companies, IGM provides a broad range of financial planning and investment management services to help Canadians meet their financial goals. Our services are carried out principally through our subsidiaries, namely IG Wealth Management, Mackenzie Financial Corporation, and Investment Planning Counsel Inc. Each company operates distinctly within the wealth and asset management segments of the financial services market. IGM is a member of the

Power Corporation of Canada group of companies. IGM's head office is located in Winnipeg, Manitoba, and its common shares trade on the Toronto Stock Exchange (TSX: IGM).

Support for the Proposed Amendments

We agree with the Canadian Securities Administrators ("CSA"). The Proposed Amendments will reduce regulatory burden by fostering streamlined reporting and increasing reporting efficiency for reporting issuers. We also believe the Proposed Amendments will increase the quality and usability of the disclosure to be provided to investors. We broadly support the Proposed Amendments and believe the CSA must move forward with the aspects of the proposals that, if adopted, would:

- streamline the disclosure requirements currently set out in the current management discussion analysis ("MD&A") form and annual information form ("AIF");
- combine the financial statements, MD&A and, where applicable, AIF into one reporting document; and
- clarify disclosure requirements.

Streamlining disclosure by removing duplicative and redundant information will reduce burden as a reporting issuer will not have to repeat information that is already disclosed elsewhere and will have fewer disclosure requirements overall. Importantly, investors will also benefit as they will have less and more clear disclosure to read, better enabling them to focus on the key information. Combining the financial statements, MD&A, and AIF into one reporting document will further foster streamlined reporting and also improve the useability and readability of the disclosure documents. We also welcome the aspects of the Proposed Amendments that aim to clarify current requirements that are vague or otherwise unclear. Specifically identifying what the CSA expects through changes to the requirements or instructions will help better position reporting issuers to meet their reporting obligations.

In light of the requirement for a reporting issuer to deliver the contemplated annual disclosure statement to its investors, we offer our strong and continued support for the "Access Equals Delivery" model outlined in CSA Consultation Paper 51-405 *Consideration of an Access Equals Delivery Model for Non-Investment Fund Reporting Issuers* that is currently under consideration by the CSA. "Access Equals Delivery" will provide a significant costs savings that will also benefit the environment through reduced printing and mailing. Investor protection will not be reduced as investors will still be able to access required disclosure, and can always request it from the reporting issuer if preferred.

Conclusion

We thank you for the opportunity to provide comments on the Proposed Amendments. Please feel free to contact Kelly MacWilliam at kelly.macwilliam@ig.ca or Andrew Papini at andrew.papini@igmfinancial.com if you wish to discuss our feedback further or require additional information. We would be pleased to engage further with you on this important initiative.

Yours truly,

IGM Financial Inc.



Ian Lawrence
SVP Finance
IGM Financial Inc.



INVESTMENT INDUSTRY ASSOCIATION OF CANADA
ASSOCIATION CANADIENNE DU COMMERCE DES VALEURS MOBILIÈRES

701 West Georgia Street | Suite 1500
Vancouver, BC | V7Y 1C6
604.637.1677 | www.iiac.ca

www.iiac.ca

Susan Copland, LLB, BComm
Managing Director
scopland@iiac.ca

September 17, 2021

The Secretary
Ontario Securities Commission
comment@osc.gov.on.ca

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorite des marches financiers
Consultation-en-cours@lautorite@qc.ca

Dear Sir/Madam:

Re: Proposed Amendments to NI 51-102 Continuous Disclosure Obligations and Proposed Framework for Semi-Annual Reporting – Venture Issuers on a Voluntary Basis (the “Proposals”)

The Investment Industry Association of Canada (the “IIAC” or “Association”) appreciates the opportunity to comment on the Proposals.

Summary: The IIAC supports amendments to NI 51-102 and its CP that help investors focus on the salient information needed to make an investment decision and that provide issuers with an efficient process.

Recommendations: Some key recommendations from the IIAC include the following:

- The combination of financial statements, MD&A and AIF to create an “Annual Filing” document and the combination of interim financial reports and MD&A to create an “Interim Filing”
- A focus on material information and the removal of the materiality qualifiers
- The removal of ‘seriousness’ from risk factor disclosure requirements. Risk factors should be organized logically with relevant headings consistent with SEC amendments so that investors have an ‘apples to apples’ comparison
- An “access equals delivery” model for relevant documents

- Voluntary semi-annual reporting for venture issuers that are not SEC issuers
- Optional disclosure comparing quarterly results from the previous year, and the previous quarter

In its continued efforts to help investors focus on the material facts for any given issuer, the IIAC does not support certain 'one size fits all' requirements such as mandatory expanded disclosure for all non-venture issuers or proposed reporting requirements for ratios and debt covenants.

These and other recommendations are detailed below.

The Association supports CSA efforts to examine and address areas of regulation that contribute to the regulatory burden without commensurate investor protection benefits.

The IIAC was pleased to see that many of the recommendations contained in the Proposals reflected our feedback in our letter dated July 28, 2017, in respect of the consultation on *Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers*.

The Proposals that eliminate duplication and overlap of disclosure and eliminate redundant information will benefit investors by allowing them to focus on the salient information needed to make an investment decision while reducing the regulatory burden on issuers.

Clarifying disclosure requirements will also facilitate a more efficient drafting and review process by reducing the consultation required between the issuers and regulators in the approval process.

The combination of financial statements, MD&A and AIF to create an "Annual Filing" document and interim financial reports and MD&A for an "Interim Filing" will streamline and simplify the filing process and provide a consolidated document that is easier to read and analyze. The similarity to the presentation of these documents to SEC requirements will also benefit issuers undertaking cross border financings.

We support the removal of the materiality qualifiers in favour of an instruction to focus on material information as set out in the general instructions to Form 51-102F1 and Form 51-102F2. These qualifiers introduced uncertainty and did not enhance disclosure to investors.

As noted in our previous submissions, we are supportive of adopting an "access equals delivery" model for relevant documents.

In addition, we agree that the relocation of certain sections from NI 51-102 to form 51-102F1 will improve disclosure by grouping the relevant disclosure in one form.

We do not support the requirement in Section 5.5(b) of Part 2 (MD&A) of proposed Form 51-102F1 to require the actual ratios and amounts for an issuer's debt covenants. While this may be meaningful disclosure in cases where an issuer may have limited capacity to incur further debt, we do not think it is

necessary or appropriate to impose a 'one-size-fits-all' requirement to all issuers to provide this qualitative disclosure regardless of their available sources of liquidity and financial condition.

Notably, the calculation of ratios and permitted debt 'baskets' can include adjustments that require estimates and, in some cases, forecasts (e.g., with respect to anticipated synergies). It may also require disclosure of commercially sensitive information. In our view, the better approach is to include an instruction that, in order to disclose all material facts in respect of their liquidity and capital resources, issuers may need to disclose actual (or estimated) ratios and amounts of their debt 'baskets' (e.g., to the extent there are or may become materially constrained in their ability to borrow further funding by virtue of the associated debt covenants and, as a result, may not have sufficient liquidity for their strategic objectives).

In addition, we do not agree with a number of the requirements added within Section 16 (Risk Factors) of proposed Form 51-102F1. Most of our concerns with these requirements are addressed in our responses to Questions 2 and 3 below. In addition, new instruction (3)(d) should be removed. While we agree that disclosure as to how issuer manages risk may be useful to certain investors, we believe the better place for this type of disclosure is within an issuer's enterprise risk management discussion in its MD&A, allowing an issuer to align this risk mitigation disclosure using the risk categories it applies for risk management purposes.

While it may be manageable to include this disclosure in the "Risk Factors" section, there is a real potential for conflict between the proposed "risk mitigation" disclosure required by instruction (3)(d) of Section 16 and the requirement to not de-emphasize risks in the preceding instruction (2). In addition, the inclusion of any risk mitigation disclosure in the Risk Factors section would be out of step with U.S. practice.

In respect of the questions articulated in the Notice, we have the following comments.

CSA Questions

Question relating to additional disclosure for venture issuers without significant revenue

- 1. Do you think this requirement should apply more broadly or more narrowly? For example, should we extend this disclosure requirement to non-venture issuers that have significant projects not yet generating revenue as well? Why or why not?**

We do not support a mandatory expanded disclosure requirement for non-venture issues that have significant projects not yet generating revenue. The decision to include such disclosure should be left up to the individual issuers, based on their circumstances and the preferences of their investor base. Issuers are best situated to determine whether this type of disclosure would be helpful to their investors.

Questions relating to risk factors

- 2. Would it be beneficial for reporting issuers if we provided further clarity on what "seriousness" means and how to determine the "seriousness" of a risk?**

Instead of focusing on the narrower question of what "seriousness" means, we think consideration should first be given to whether to amend instruction (1) of Section 16, which requires risks to be disclosed in

order of seriousness, and to remove the concept of “seriousness” altogether from the risk factor disclosure requirements.

Risk factors are inherently forward-looking. They deal with evolving or uncertain circumstances that are unknown or difficult to quantify. As a result, it is very difficult (and, in many cases, impossible) to assess the impact/probability of a risk factor with any certainty. In addition, the assessed “seriousness” of a risk to an issuer is very likely to shift over time, as the facts and assumptions underpinning the earlier assessment change.

As a result, any requirement for an issuer to assess the impact / probability of its risk factors, and then disclose that assessment, will add burden, increase costs, take time and effort and expose the issuer to potential liability if that assessment is, ultimately, wrong. It also raises problematic questions as to how and when that issuer should be required to keep its disclosed risk assessment current. An issuer’s assessment disclosure may be subject to second guessing in hindsight to the extent any of the assessed risks come to fruition, raising the risk of unwarranted liability and reputational harm to the issuer for an assessment that, at the time it made it, was reasonable. To mitigate that risk, issuers may over-disclose the severity of all risks, or may qualify their assessment of those risks with a laundry list of assumption and other factors, all resulting in worse disclosure for investors and a larger disclosure burden on issuers.

On its face, the proposed requirement in instruction (3)(c) to present risk factor disclosure in a manner that “clearly identifies, for each risk factor ... your company’s impact/probability (i.e., its “seriousness”) seems to be asking an issuer to, in effect, make an educated guess as to the impact of an unknowable future. However, because no further detail is provided in proposed Section 16 as to the type of disclosure required by this instruction, it is unclear what level of disclosure would be responsive. It may be that what is expected is only qualitative disclosure, and that very general and caveated conclusions as to probability are acceptable (e.g., “unlikely”, “probable”). However, regardless of whether the expected disclosure is to be quantitative or qualitative, or broad or specific, we do not support the addition of this new instruction or any other requirement that an issuer disclose its assessment of the impact / probability (or “seriousness” as defined in the Proposals) of its risk factors for the reasons noted above. At most, issuers should be required to qualitatively disclose how a risk affects it or an investment in the issuer’s securities (in line with what is required by the SEC) without addressing quantum or probability. While issuers could always choose to provide a more detailed assessment of the impact or probability of a risk where these are reasonably measurable, this disclosure should not be mandated.

Notably, there is no equivalent U.S. securities law requirement to disclose the impact/probability of a risk factor. In fact, there is not even a U.S. requirement to order risk factors by seriousness. Ordering by seriousness was included in the SEC’s initially proposed amendments to the U.S. requirements for risk factor disclosure; however, the SEC ultimately determined to remove this requirement due to, among other things, concerns that it could be difficult to evaluate and rank often equally significant and evolving risk factors.¹ There was also significant concern from those commenting on the SEC’s amendments that merely purporting to order risk factors by priority (or seriousness) could result in unwarranted liability. All of the concerns that the SEC and commenters highlighted with respect to ordering by seriousness would have been exacerbated had the SEC gone a step further and proposed specific disclosure as to the assessment of that seriousness. In light of all of the above considerations, consider removing instruction

(1) altogether or replacing instruction (1) with alternate instruction that align with the manner in which risk factors are to be organized pursuant to SEC requirements. See our response to Question 3 below.

3. If we adopted similar requirements to the SEC's amendments, what would be the benefits and costs for investors and reporting issuers?

The SEC's requirement for issuers to group similar or related risk factors and add a summary of their "principal" risk factors to the extent their Risk Factor section exceeds 15 pages may benefit investors by allowing them to more efficiently identify risks that are key to their own investment decision.

Also, a requirement to order risk factors by grouping similar risks may conflict with the existing Canadian requirement to order by seriousness (the same ordering requirement is proposed to be carried forward in instruction 1 to Section 16). To address this conflict, and for the other reasons noted earlier, we think the best approach is to replace instruction (1) with an instruction to the effect that the risk factors "be organized logically with relevant headings" consistent with SEC amendments. Aligning this Canadian risk factor ordering instruction with the equivalent SEC ordering requirement should also be beneficial for investors as it would afford them an 'apples to apples' comparison of risk factors of peer issuers subject to US disclosure regime. Without this alignment, investors might mistakenly assume the ordering of risk factors under Canadian requirements are intended to follow the U.S. approach.

On balance, we do not believe there is sufficient benefit to adopt the SEC requirement to disclose generic risk factors at the end of the Risk Factors section under the caption "General Risk Factors". Some investors might errantly perceive risks under "General Risk Factors" as less important simply due to their different characterization or placement. In addition, it could be difficult for issuers to differentiate which risks are "generic" for this purpose.

Questions relating to the requirement to name authors of technical reports

4. What challenges, if any, do reporting issuers face in obtaining technical report author consents for short form prospectus offerings?

Currently, some issuers may experience difficulties in tracking down the technical report author, due to the nature of the work, which often takes such individuals to different international locations, without a consistent employer. This can lead to some issues where deadlines on financings are involved, however, for the most part, issuers are able to manage this situation.

5. If the requirement to name the technical report authors in the AIF (and as a result, provide consents for short form prospectus offerings) were removed, would reporting issuers continue to obtain approval of prospectus disclosure from technical report authors or would they rely more on internal or external non-author QPs?

If the requirement to name an obtain consents from the technical report authors were removed, it is likely that many reporting issuers would allow internal or external non-author QPs to minimize time and cost pressures.

- 6. If reporting issuers were to rely on internal or external non-author QPs for purposes of providing consents for short form prospectus offerings, in your view, would investor protection be impacted? Would relying on an internal QP for consent purposes (where an external QP authored the original report) raise potential conflict of interest concerns?**

Reliance on an internal QP raises significant due diligence and conflict-of-interest concerns, which would likely result in a perception that Canada has lower standards of due diligence. In particular, this concern would be significant in respect of junior issuers, which may not have appropriate in-house expertise to provide meaningful and trustworthy opinions. Such an approach would also result in Canadian rules not aligning with the US rules as, typically, in the filing of a U.S. registration statement by non-MJDS issuer, the author of a technical report summary in respect of a material property would be required to file a consent and have expert liability.

Question relating to impact of refiling on auditor's report

- 7. Considering that the annual disclosure statement will include annual financial statements, MD&A and, where applicable, AIF, do you think there will be an impact, including on auditing requirements, if a reporting issuer amends or re-files only one of these documents, or re-files the annual disclosure statement in its entirety?**

We defer to the expertise of accounting professionals in respect of this question.

Question relating to proposed amendments to Form 41-101F1 Information Required in a Prospectus and Form 44-101F1 Short Form Prospectus

- 8. To align the continuous disclosure and prospectus regimes, we are proposing to remove certain prospectus disclosure requirements. Are there any concerns with the removal of this information from a prospectus? Please explain.**

We support the removal of repetitive and unnecessary disclosure from the prospectus requirements as proposed.

Questions relating to semi-annual reporting for certain venture issuers on a voluntary basis

- 9. Should we pursue the Proposed Semi-Annual Reporting Framework for voluntary semi-annual reporting for venture issuers that are not SEC issuers? Please explain.**

The IIAC supports the initiative to permit voluntary semi-annual reporting for venture issuers that are not SEC issuers. We reiterate our position, stated in our submission to the Ontario Capital Markets Modernization Taskforce Consultation Report that although semi-annual reporting is not appropriate for senior issuers, it may be advantageous to provide smaller issuers, such as those listed on the TSXV or CSE, with the option of quarterly or semi-annual reporting. Given that fewer smaller companies are accessing public markets for capital, in part due to the reporting demands on time, costs and other resources, the increasing proportion of private versus public companies means investors have access to fewer public companies to invest in.

Overall, moving from quarterly to semi-annual reporting should not significantly reduce the transparency of information, and may convince more smaller companies to go public to access capital.

It is essential that the initiative be voluntary, to allow such issuers to balance the time and resources that are required for issuers to report on a quarterly basis, with the fact that any change to a less frequent reporting cycle would be a departure from best practices in the capital markets and may make the issuer less attractive to global investors that are used to quarterly reporting that is typical in North America, South America and Asia. The success of similar initiatives in Australia, the UK and certain EU countries (albeit on an expanded basis) provide a degree of comfort that this accommodation will not put Canada in a position where its standards out-of-step internationally.

Given that a considerable number of these issuers are not at a revenue-generation stage, they may view the cost concerns of quarterly reporting as a higher priority issue. Granting these issuers an option to report on a semi-annual basis may provide cost benefits that would allow them to grow to a stage where it would be appropriate to adopt quarterly reporting, whether due to investor interest, or when they reach a stage where they are a candidate to graduate to a senior exchange.

Small issuers that opt to report on a semi-annual basis should, where otherwise eligible, continue to have access to the short-form prospectus system. However, in order to ensure that their disclosure meets the “full, true and plain” standard, they may, depending on their circumstances, be required to supplement their disclosure if more than a quarter has passed since their most recent financial statements, including any related MD&A. Alternatively, the reporting regime could require that issuers that wish to avail themselves of the short form prospectus system to include interim financial statements (and associated MD&A) for a quarter, if the issuer would otherwise have been required to include interim quarterly financial information if it were reporting quarterly. However, in order to preserve the integrity and availability of the U.S. (or ‘southbound’) multi-jurisdictional disclosure system (“US MJDS”), issuers filing a prospectus without the quarterly financial information that would otherwise be required to be included should not be able to have any prospectus cleared by Canadian securities regulators that purports to qualify securities that will be sold through US MJDS.

10. Are there specific types of venture issuers for which semi-annual reporting would not be appropriate? For instance, should semi-annual reporting be limited to venture issuers below a certain market capitalization or those not generating significant revenue? Please explain.

For simplicity sake, it is appropriate that venture issuers be defined as those listed on the TSXV or CSE. The TSX Venture Exchange and the CSE provide investors a clear means of distinguishing the types of issuers in which they are investing, while providing those issuers with an environment tailored to their specific needs, and a path to graduation. Creating further categorizations, such as sized-based or market-capitalization based thresholds for small issuers would create confusion, and would dilute the

benefits of having specific marketplaces serving junior issuers and their investors. For instance, the significant fluctuation in smaller companies' market capitalizations could have the effect of moving between disclosure regimes, even with the creation of a grace period.

- 11. Would the proposed alternative disclosure requirements under the Proposed Semi-Annual Reporting Framework provide adequate disclosure to investors? Would any additional disclosure be required? Is any of the proposed disclosure unnecessary given the existing requirements for material change reporting and the timely disclosure requirements of the venture exchanges? Please explain.**

The proposed alternative disclosure requirements would provide adequate disclosure to investors.

- 12. Do you have any other feedback relating to the Proposed Semi-Annual Reporting Framework?**

Our response above articulates our position

Questions relating to transition provisions

- 13. Do you think the proposed transition provisions are sufficiently clear? If not, how can we make them clearer?**

The proposed transition provisions are clear.

- 14. Do you think the transition provisions in the amending instrument for NI 51-102 would provide reporting issuers with sufficient time to review the Proposed Amendments and prepare and file an annual disclosure statement for a financial year ending on, for example, December 31, 2023 if the final amendments are published in September 2023? Do you think more time should be afforded to smaller reporting issuers (such as venture issuers)?**

The transition provisions, which amount to a 3-month transition, would not provide reporting issuers with sufficient time to review the Proposed Amendments, prepare and file the annual disclosure statement. There is a material amount of time required to prepare and file such statements, and the time needed to review, understand and implement the process and disclosure changes to produce a revamped disclosure statement is more than one quarter. In addition, it is important that investors be adequately informed so that the changes are consistent with their expectations. We suggest that at least 6 months be provided prior to the implementation date.

Other issues

In addition to the items addressed in the Proposals, we believe it would be beneficial to provide issuers with an option to provide disclosure comparing quarterly results from the previous year, in addition to the previous quarter. This would provide investors with a broader viewpoint of the performance of an issuer, particularly where there have been material differences in short term performance.

Thank you for considering our comments. If you have any questions, please don't hesitate to contact me.

Yours sincerely,

“Susan Copland”

INCLUDES COMMENT LETTERS RECEIVED



KPMG LLP
 Bay Adelaide Centre
 Suite 4600
 333 Bay Street
 Toronto ON M5H 2S5
 Tel 416-777-8500
 Fax 416-777-8818
 www.kpmg.ca

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)
 Superintendent of Securities, Department of
 Justice and Public Safety, Prince Edward Island
 Nova Scotia Securities Commission
 Office of the Superintendent of Securities,
 Service NL
 Northwest Territories Office of the Superintendent
 of Securities
 Office of the Yukon Superintendent of Securities
 Superintendent of Securities, Nunavut

Our ref CSA Notice and
 Request for
 Comment

c/o The Secretary
 Ontario Securities Commission
 20 Queen Street West
 22nd Floor, Box 55
 Toronto, Ontario
 M5H 3S8

c/o
 Me Phillipe Lebel
 Corporate Secretary and Executive Director,
 Legal Affairs
 Autorité des marchés financiers
 Place de la Cité, tour Cominar
 2640, boulevard Laurier, bureau 400
 Québec (Québec)
 G1V 5C1



Ontario Securities Commission - CSA Notice and Request for Comment

17 September 2021

17 September 2021

To whom it may concern:

Thank you for the opportunity to comment and provide feedback on the Canadian Securities Administrators (CSA) proposed amendments to National Instrument 51-102 *Continuous Disclosure Obligations* and the Proposed Framework for Semi-Annual Reporting – Venture Issuers on a Voluntary Basis.

Overall, we support the proposed amendments to National Instrument 51-102 *Continuous Disclosure Obligations*. We support the effort to streamline disclosure requirements and reduce redundancies by combining in an annual disclosure document the financial statements, management's discussion and analysis (MD&A), and, where applicable, the annual information form (AIF) into one annual disclosure document. We also support having an interim disclosure document.

With respect to the question directed specifically at auditors regarding whether we think there will be an impact, on auditing requirements, if a reporting issuer amends or re-files only one of these documents, or re-files the annual disclosure statement in its entirety. We believe there will be a change in responsibilities with respect to the AIF. CAS 720 *The Auditor's Responsibility Relating to Other Information* addresses our responsibility related to other information (other than financial statements and the auditor's report thereon), included in an entity's annual report. CAS 720 notes that "an entity's annual report may be a single document or a combination of documents that serve the same purpose". Today, the annual report encompasses MD&A, but it excludes the AIF, as the basis for conclusions for CAS 720 indicates that the AIF is normally considered outside the scope of CAS 720. However, we believe that including the current AIF contents into one document also containing the financial statements will require us to perform CAS 720 procedures such as reading the AIF contents in the annual disclosure document and consider whether there is a material inconsistency between the other information and the financial statements and our knowledge obtained from performing the audit. We would also be required to compare selected amounts or other items in the other information with amounts or other items in the financial statements. If the financial statements were refiled and our audit updated, we would need to reperform our CAS 720 procedures, same as today, but this would extend to the entire annual disclosure document including the AIF portion. If the AIF portion alone were refiled, we would consider under CSOA 5000 *Use of the Practitioner's Communication or Name* whether the use of our report remains appropriate.

With respect to the Proposed Framework for Semi-Annual Reporting – Venture Issuers on a Voluntary Basis, we believe analysts and investors are in the best position to advise whether receiving information on a semi-annual basis will suit their needs.



Ontario Securities Commission - CSA Notice and Request for Comment

17 September 2021

Please contact Brad Owen at (416) 777-8595 or Laura Moschitto at (416) 777-8068 should you wish to discuss any of our comments.

Yours sincerely

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, stylized font. Below the signature is a single horizontal line.

Brad Owen
Partner, KPMG Department of
Professional Practice (DPP)

Laura Moschitto
Partner, KPMG Department of
Professional Practice (DPP)

James D. Gallagher
General Counsel
Manulife

September 17, 2021

Sent by e-mail to:

comment@osc.gov.on.ca

consultation-en-cours@lautorite.gc.ca

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

Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island

Nova Scotia Securities Commission

Office of the Superintendent of Securities, Service NL

Northwest Territories Office of the Superintendent of Securities

Office of the Yukon Superintendent of Securities

Superintendent of Securities, Nunavut

The Secretary

Ontario Securities Commission

20 Queen Street West

22nd Floor, Box 55

Toronto, ON M5H 3S8

comment@osc.gov.on.ca

Me Philippe Lebel

Corporate Secretary and Executive Director, Legal Affairs

Autorité des marchés financiers

Place de la Cité, tour Cominar

2640, boulevard Laurier, bureau 400

Québec (Québec) G1V 5C1

consultation-en-cours@lautorite.gc.ca



Dear Sirs and Mesdames:

Re: Proposed Amendments to National Instrument 51-102 *Continuous Disclosure Obligations* and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers

Manulife Financial Corporation (“Manulife”) is pleased to have the opportunity to submit comments to the Canadian Securities Administrators (CSA) on Proposed Amendments to National Instrument 51-102 *Continuous Disclosure Obligations* and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers published on May 20, 2021 (together, the “Proposed Amendments”).

Overview

Manulife strongly supports the CSA’s objectives of promoting disclosures that yield decision-useful information for investors and reducing regulatory burden by fostering streamlined reporting and increasing reporting efficiency for reporting issuers. We believe that the Proposed Amendments if implemented will help to further these goals. In particular, we support the efforts to eliminate duplicative disclosure as well as to eliminate disclosure where the burden on the reporting issuer to provide the disclosure is greater than the benefit that investors obtain from it. We are also pleased that the CSA recognizes that certain information can be easily obtained from publicly available sources and in that case need not be required to be included in an issuer’s disclosure documents.

Despite our support for the purpose of the Proposed Amendments, we believe there are several areas where improvements can be made and we suggest alternative proposals in our comments below.

Specific Comments

1. Requirement for issuers other than venture issuers to include the AIF in the Annual Disclosure Statement

Manulife does not support the proposal to require issuers that are not venture issuers to include as part of their Annual Disclosure Statement (ADS), an AIF. Instead, we propose that all issuers be given the option to decide whether to include the AIF as part of their ADS, or continue to prepare and file the AIF with regulators as a stand-alone document at the same time as the ADS is filed.

- We do not believe there is a demand to include in an Annual Report the information currently disclosed in the AIF and the rationale for introducing such a requirement is not clear.
- With the inclusion of the AIF in the ADS, the Annual Report that issuers deliver to shareholders will become significantly longer (we estimate approximately 20 to 30 pages longer in Manulife’s case, even after taking into account the proposed elimination of certain AIF disclosure). We understand that the CSA proposes these delivery changes in light of the



Manulife

“access equals delivery” model outlined in CSA Consultation Paper 51-405 *Consideration of an Access Equals Delivery Model for Non-Investment Fund Reporting Issuers*. Because of their governing legislation (e.g. the *Insurance Companies Act* or *Bank Act*), not all issuers are able to use the existing “notice and access” delivery options in the same manner as other issuers subject to different governing legislation, nor without further legislative changes will they have a similar ability to use “access equals delivery” in the future. Consequently, for Manulife and some other issuers, the Proposed Amendments could result in an increase in Annual Report preparation and mailing costs, more complex logistics, and a greater negative environmental impact. In our view, the burden of requiring issuers to prepare and deliver an ADS that includes the AIF is greater than the benefit to investors, especially considering that the AIF can continue to be made available electronically to those stakeholders who choose to read it.

2. Additional Streamlining of AIF Content

Manulife appreciates the CSA’s efforts to streamline the content of the AIF by removing duplicative disclosure requirements and by recognizing that some of the information is available from alternative public sources. We believe there are further opportunities to remove duplicative and publicly available information including the following:

- Ratings Information.** Manulife believes that the requirement in Section 20. (3) of the Proposed ADS Form to include ratings information should be eliminated, or alternatively can be satisfied by an issuer referencing in the AIF where the information is publicly available. Most of the ratings-related information required to be included in the AIF is obtainable by stakeholders from other sources. Current ratings are generally available through news releases published by the rating agencies and posted on their websites. The lengthiest part of the required AIF disclosure relating to ratings is the definitions or descriptions of the categories in which the credit rating organization rated the securities and the relative rank of each rating within the organization’s overall classification system. This information, which is the same for all issuers who are rated by the same agency, is available to the public at each credit rating agency’s website. Stakeholders can therefore access the most current ratings information by accessing the websites of the rating agencies. If the CSA determines to retain the ratings disclosure requirements in the AIF, we recommend that issuers be permitted to satisfy the requirements by referencing in the AIF the publicly available sources of any part of the required information, including the issuer’s own website.
- Directors and Executive Officers.** Manulife believes that the requirements in the AIF as they relate to directors are duplicative of the requirements in Part 2, item 7.1 of Form 51-102F5 – *Information Circular*. Item 7.1 requires information about each person proposed to be nominated for election as a director of the issuer and about each other person whose term of office as a director will continue after the meeting. We believe that an information circular related to the election of directors is the more appropriate location for this information so that investors have the benefit of it when determining whether to vote in favour of a director. The purpose of largely repeating the information in the AIF is unclear. In addition to being duplicative of the disclosure in the information circular, it is also a potential source of confusion given that the effective dates of the AIF and the information circular are different and therefore the director lists can be different, even though the two documents are issued



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relatively close together. We therefore propose that the AIF requirements be amended to remove the disclosure requirements relating to directors provided that an issuer has filed an information circular in the form required by Form 51-102F5 within the previous 12 months. This would allow issuers to avoid repeating information that investors can easily access elsewhere. It would also avoid potential confusion among readers of the AIF and the information circular.

- *Audit Committee Charter.* The Instruction to Section 31 of the Proposed ADS Form provides that issuers must provide additional information in their AIF as set out in Form 52-110F1 *Audit Committee Information Required in an Annual Information Form*. The first item of Form 52-110F1 requires an issuer to disclose the text of the audit committee's charter. Manulife recommends that Form 52-110F1 be amended, so that an issuer has the option to satisfy item 1 by stating in the AIF that its audit committee charter is publicly available on its website and/or on SEDAR. The audit committee charter is a lengthy document that typically changes modestly over time. We believe that the benefit to readers of including the text of the charter in the AIF does not justify the burden to the issuer, when readers can be provided with easy access to the charter elsewhere.

3. Risk Factors

We note that instruction (3) to Section 16 of the Proposed ADS Form is new and intended to clarify that the "seriousness" of a risk factor refers to an impact/probability assessment and asks whether additional guidance is required. Manulife does not believe that it would be beneficial for the CSA to provide further guidance on what "seriousness" means and how to determine the "seriousness" of a risk. This determination should be left to each issuer in the context of its business.

The CSA has also asked for comments about what would be the benefits and costs for investors and reporting issuers if the CSA adopted similar requirements relating to risk factor disclosure as the SEC has in its modernization of Regulation S-K. We offer the following comments.

- Grouping similar risks together makes sense and this is something that Manulife already does, by organizing our detailed risk factors into several principal categories of risk.
- The CSA has proposed requiring disclosure of generic risks under a "general risks" heading, however we do not believe there are many, if any, risks that could be categorized as "generic". Risks are experienced differently, and with varying level of "seriousness" depending on the specific nature of an issuer's business and we are concerned that labelling a risk as "generic" may give readers the incorrect impression that these risks are the same for all issuers and, therefore, do not think it is a helpful category.
- We do not think that it will benefit investors to require issuers to include a summary of risk factor disclosure if the risk factor disclosure exceeds 15 pages. We believe that investors will be less likely to read a detailed discussion of risk factors if there is a summary, and that having a summary will not necessarily aid readers in their understanding of the risks inherent an issuer's operations. In addition, some issuers may shorten their detailed risk factor disclosure



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to fall below the 15-page trigger for a summary, reducing the quality of their disclosure. In our opinion, it is best to let the issuer decide whether or not to include a summary. Instead of making it a requirement to include a summary of risk factors, we propose that issuers be instructed to consider whether a summary would or would not be helpful to readers.

4. Transition and Effective Date

Manulife believes that the proposed transition period is not long enough.

- The CSA Notice and Request for Comment relating to the Proposed Amendments explains at page 7 that on or after December 15, 2023, a reporting issuer may elect to voluntarily file an interim disclosure statement (IDS), prior to filing an ADS for its first financial year ending on or after December 15, 2023. In such case, the issuer must include in the IDS an MD&A in the form of Part 2 of Form 51-102F1 *Annual Disclosure Statement*. Since the MD&A that accompanies an issuer's audited annual financial statements typically contains more and/or some different information than the MD&A relating to interim financial reporting, this creates a burden on issuers that voluntarily file an IDS prior to when they are first required to file an ADS. This burden increases for each successive quarter occurring prior to the filing of the first ADS. For example, a bank with an October 31, 2023 financial year end would have to file an IDS for Q1, Q2 and Q3, containing MD&A that complies with the ADS requirements. This creates a disincentive for issuers to make any voluntary filing and it could be that few issuers will choose to do so. We think that it would be simpler and more effective to require all issuers to comply with the amended disclosure requirements beginning with their first ADS required to be filed after the effective date of the amendments, subject to our next comment below.
- The proposed time between publication of the final amendments in September 2023, and their effective date in December 2023 will not provide issuers who have a December 31, 2023 financial year end with enough time to prepare the content and address the logistics of preparation of their first ADS. This challenge will be even greater if the CSA requires that the AIF be included in the ADS for non-venture issuers. The preparation and delivery of an ADS or an IDS requires substantial planning and coordination. Participants assisting the issuer, include senior management, the board, external auditors, in house and external legal counsel, translators, layout designers and printers. This process, including budgeting and planning the layout of the document, cannot properly begin until the final amendments to NI 51-102 are published by the CSA and their impact upon the document is determined. We recommend that the CSA revise the proposals to ensure that the transition period between publication of the final amendments and an issuer's effective date (i.e. the date of filing their first ADS) be at least six months. There are various ways the CSA could achieve this. For example, the CSA could require issuers to comply commencing with the filing of an ADS on the date that an ADS is required to be filed under the amendments, provided that next ADS filing date is at least six months after the publication date of the amendments, or the CSA could publish the final rule by June 2023.



5. Disclosure requirements for non-investment entities recording assets at fair value

Manulife requests clarity on the definition of “non-investment entities recording investments at fair value” that are subject to the additional disclosures required by Section 10 of the Proposed ADS Form (MD&A notation note #24). To assist issuers in determining whether they are a non-investment entity recording investments at fair value, we request that the CSA provide greater clarity in Instruction (2). Specifically, we request clarity about what constitutes an investment in “other operating entities”. It is not clear to us whether this is intended to include an individual holding of bonds and equities at fair value, where the issuer does not have a significant interest. It is also not clear to us whether Section 10 is intended to capture holding companies with a number of unconsolidated entities below the holdco. Subject to clarification about the scope of Section 10, it appears to us that some issuers to whom Section 10 applies could have a substantial new reporting burden.

6. Liquidity and capital resources

Manulife requests guidance, perhaps in the Instructions, about the intended scope of the debt covenant disclosure required by Section 5(5)(b) of the Proposed ADS Form. For example, we request clarity on whether this new requirement is intended to apply broadly to all types of liquidity and capital resources, including undrawn credit lines and outstanding external debt/capital instruments; whether financial and non-financial covenants are equally relevant; and whether the disclosure for this item should focus only on those covenants that have a connection to liquidity risks. In light of the scope and complexity of the debt covenants applicable to many large public issuers, further guidance would be helpful in facilitating disclosure that is most responsive to the Form and most useful to readers.

7. Impact upon The Multijurisdictional Disclosure System

Since the CSA does not propose any housekeeping changes to NI 71-101 *The Multijurisdictional Disclosure System* in Annex F of the Proposed Amendments, we assume that the CSA has determined that the Proposed Amendments will not have any impact upon NI 71-101 and that the U.S. Securities and Exchange Commission will accept the new IDS and ADS disclosure documents when filed by a Canadian issuer under the MJDS, in place of separately filed financial statements, MD&A and AIF. If this understanding is not correct, we request that the CSA provide clarification.

Thank you for the opportunity to provide comments. We would be happy to provide additional information or further discuss our comments at your request.

Yours truly,

A handwritten signature in blue ink that reads "James D. Gallagher".

James D. Gallagher
General Counsel
Manulife



McCarthy Tétrault LLP
PO Box 48, Suite 5300
Toronto-Dominion Bank Tower
Toronto ON M5K 1E6
Canada
Tel: 416-362-1812
Fax: 416-868-0673

Jessica Brown
Partner
Direct Line: (403) 260-3654
Email: jmbrown@mccarthy.ca

Michael J. Eldridge
Counsel
Direct Line: (416) 601-8979
Email: meldridge@mccarthy.ca

September 17, 2021

Delivered by Email : comment@osc.gov.on.ca, consultation-en-cours@lautorite.qc.ca

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
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Service NL
Northwest Territories Office of the Superintendent of Securities
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Nunavut

Attention

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor, Box 55
Toronto ON M5H 3S8

Me Philippe Lebel
Corporate Secretary and Executive Director,
Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640 boulevard Laurier, bureau 400
Québec, QC G1V 5C1

Re: Proposed Amendments to National Instrument 51-102 *Continuous Disclosure Obligations* and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers

We are pleased to provide comments in response to the Proposed Amendments outlined in the CSA Notice and Request for Comment published on May 20, 2021 (the "**Notice**") concerning amendments to NI 51-102 and certain changes relating to annual and interim filings of non-investment fund reporting issuers.

Capitalized terms used in this letter that are not otherwise defined herein have the meanings given to them in the Notice. This letter is submitted on behalf of and contains comments of certain members of our Capital Markets Practice Group. Our comments are submitted without prejudice to any position that has been or may be taken by our Firm, whether on behalf of any client of our Firm or otherwise.

General Comments on the Proposed Amendments

We welcome the Proposed Amendments and applaud the CSA for undertaking this initiative to reduce some of the regulatory burden facing non-investment fund reporting issuers. We note in particular the positive steps taken in the Proposed Amendments to eliminate certain duplicative and redundant disclosure obligations with respect to financial statements, MD&A and the AIF. This is a commendable outcome.

We note that the removal of the requirement to name the technical report authors in the AIF (and as a result, provide consents for short form prospectus offerings) would level the playing field between producing and non-producing mining issuers as internal non-author QPs could review the applicable disclosure for purposes of providing consents for short form prospectus offerings.

Opportunities to Further Refine the Proposed Amendments

Notwithstanding the anticipated benefits of the Proposed Amendments, we note there may be additional challenges relating to the filing and reporting requirements that are not addressed by the Proposed Amendments, including:

1. Combined Documents May Result in Delayed Reporting and Other Complications

An annual disclosure statement that includes the annual financial statements, MD&A and the AIF may lead to a delay as to when certain issuers report financial results, as some issuers have historically chosen to file their AIF after their annual financial statements and MD&A. This is especially likely in the first year of implementation of the new regime. In addition, we note that amending or refiling some or all of the documents in the annual disclosure statement, or amending or refiling the annual disclosure statement in its entirety, could trigger an obligation to have the issuer's auditors review the revised document. Currently, this potential situation does not arise if an issuer amends or refiles its MD&A or AIF.

2. Transition Period May Result in Inconsistent and Confusing Disclosure

We are also of the view that there may be unintended consequences of allowing voluntary compliance during the transition period. In particular, we note concerns relating to:

- Investor confusion with issuers potentially filing different disclosure documents during the transition period. An alternative is to provide a longer transition period with a single path that all issuers, regardless of financial year-end, must follow as of a certain date.
- Specifically, the proposed transition period will result in a lack of clarity regarding how reporting issuers with financial years ending in 2023 prior to December 15, 2023 will report for the first interim period following December 15, 2023, particularly issuers in the financial sector. While providing flexibility for the aforementioned reporting issuers is helpful, in practice, it is likely that the majority of issuers that are afforded with this flexibility will take a similar approach, i.e. a market practice will develop, in determining whether to file an interim disclosure statement as the first filing after the adoption of the Proposed Amendments.

3. Risk Factors

We believe issuers generally understand the current approach which requires a reporting issuer to disclose risks in order of seriousness from the most serious to least serious and that no further clarity on what “seriousness” means is required. We do not believe there is a clear policy justification for risks to be grouped by section as a potential result is that risks will no longer be listed in order of significance.

Thank you for the opportunity to comment on the Proposed Amendments. We would be happy to discuss any of the above with you further. If you have any questions, please do not hesitate to contact the undersigned at the contact information above or either of Andrew Parker (T: 416-601-7939; E: aparker@mccarthy.ca) or Patrick Boucher (T: 514-397-4237; E: pboucher@mccarthy.ca).

Yours truly,

McCarthy Tétrault LLP

Per:

(Signed) “Jessica Brown”

(Signed) “Michael J. Eldridge”

September 17, 2021

SENT BY ELECTRONIC MAIL

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
 Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
 Nova Scotia Securities Commission
 Office of the Superintendent of Securities, Service NL
 Northwest Territories Office of the Superintendent of Securities
 Office of the Yukon Superintendent of Securities
 Superintendent of Securities, Nunavut

The Secretary
 Ontario Securities Commission
 20 Queen Street West
 19th Floor, Box 55
 Toronto, Ontario M5H 3S8
comment@osc.gov.on.ca

M^e Philippe Lebel
 Corporate Secretary and Executive Director, Legal
 Affairs
 Autorité des marchés financiers
 Place de la Cité, tour Cominar
 2640, boulevard Laurier, bureau 400
 Québec (Québec) G1V 5C1
consultation-en-cours@lautorite.qc.ca

Dear Sirs/Mesdames:

Proposed Amendments to National Instrument 51-102 *Continuous Disclosure Obligations* ("NI 51-102") and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers and Feedback on a Proposed Framework for Semi-Annual Reporting – Venture Issuers on a Voluntary Basis

This letter is provided to you in response to the Notice and Request for Comment on the proposed amendments to NI 51-102 and request for feedback on a proposed framework for semi-annual reporting by venture issuers. Defined terms used in the Notice and Request for Comment will be similarly used in this letter.

MNP LLP ("MNP") supports initiatives to improve the information reporting issuers disclose to investors. We support the Proposed Amendments that streamline disclosure in interim and annual continuous disclosure filings, including the proposal to combine disclosure into an annual disclosure statement and an interim disclosure statement. We also support the CSA's efforts to remove disclosure duplication and clarify the continuous disclosure requirements.

Proposed Framework for Semi-Annual Reporting – Venture Issuers on a Voluntary Basis**1. Should we pursue the Proposed Semi-Annual Reporting Framework for voluntary annual reporting for venture issuers that are not SEC issuers? Please explain.**

Yes, we support a framework that would permit some venture issuers to report financial statements and MD&A semi-annually. We agree that for early-stage companies that do not generate significant revenue and resource exploration companies listed on the TSXV or CSE, first and third quarter interim financial statements and MD&A are of limited benefit to investors, especially if their financial results do not change significantly from quarter-to-quarter.

We believe that the proposed semi-annual reporting framework would significantly reduce regulatory burden for small to mid-size entities and produce significant cost savings for these entities. The current quarterly reporting system imposes a proportionately greater burden on smaller issuers with more limited resources.

Disclosure by venture issuers, including IFRS compliant financial statements, is becoming increasingly complex and difficult to follow for users, mainly due to excessive information that may not be relevant to their requirements. A significant portion of the disclosure includes boilerplate and generic disclosures that have essentially become the norm, as entities pursue a checklist approach to disclosure. There is an issue of information overload, where additional information disclosed sometimes obscures or undermines more important and relevant information.

We acknowledge that a semi-annual reporting system is in place in other foreign jurisdictions. Therefore, regulators in those jurisdictions have determined that the market is provided with all relevant information without reporting issuers being required to file first and third quarter interim financial statements. We encourage the CSA to pursue a semi-annual reporting system in Canada.

2. Are there specific types of venture issuers for which semi-annual reporting would appropriate? For instance, should semi-annual reporting be limited to venture issuers a certain market capitalization or those not generating significant revenue? Please explain.

We do not believe that the eligibility criteria for the venture issuer semi-annual reporting framework should be based on market capitalization or size. The proposed mandatory first and third quarter news release update would provide adequate disclosure to investors for resource and shell venture issuers, regardless of market capitalization or size. First and third quarter interim financial statements and MD&A would not provide additional material relevant information for these issuers.

We believe that a significant portion of venture issuers would opt to continue to file quarterly interim financial statements and MD&A, particularly if the companies that the venture issuer is benchmarked against report quarterly (e.g. the issuer's peers are SEC registrants), or to meet analyst or investors' expectations.

3. Would the proposed alternative disclosure requirements under the Proposed Semi-Reporting Framework provide adequate disclosure to investors? Would any additional disclosure be required? Is any of the proposed disclosure unnecessary given the existing requirements for material change reporting and the timely disclosure requirements venture exchanges? Please explain.

We believe that the proposed framework for semi-annual financial statements and MD&A, combined with the proposed mandatory first and third quarter news release and existing material change report requirements, would result in material information being adequately disclosed to investors.

If the CSA decides to proceed with the proposed semi-annual reporting framework, we believe that additional guidance should be provided about the alternative news release disclosure. For example, the nature of information expected to be disclosed in the news release regarding modified litigation.

4. Do you have any other feedback relating to the Proposed Semi-Annual Reporting Framework?

If a reporting issuer who is a Capital Pool Company completes a qualifying transaction, or a shell company completes a significant acquisition or reorganization during a financial year, management may wish to opt into the quarterly reporting system after the completion of these significant transactions. We suggest that the CSA consider permitting reporting issuers to opt into the quarterly reporting framework during a fiscal year upon the completion of specified events such as major business acquisitions or dispositions, changes in the issuer's primary business, material debt or equity offerings with complex accounting, or covenant breaches.

We support the CSA's proposal to amend the financial statement and MD&A disclosure requirements in the prospectus rules so that these requirements continue to be harmonized with the semi-annual reporting framework for continuous disclosure purposes.

Proposed Amendments to NI 51-102

5. Do you think the transition provisions in the amending instrument for NI 51-102 provide issuers with sufficient time to review the Proposed Amendments prepare and file an annual disclosure statement for a financial year ending on, for example, December 31, 2023 if the final amendments are published in September 2023? Do you more time should be afforded to smaller reporting issuers (such as venture issuers)?

We believe that more time should be provided for issuers to implement the amendments to NI 51-102. The amendments should be effective for financial reporting periods beginning approximately six months after publication of the amendments to allow a sufficient period for effective implementation.

For example, venture issuers will be required to file their third quarter (September 30) 2023 interim filings at the end of November 2023 and their year-end 2023 annual filings at the end of April 2024. If the the final amendments are published in September 2023, and are effective for financial years ending on December 31, 2023, venture issuers would need to complete a detailed analysis of the final amendments, combine their disclosure documents, and prepare the new disclosure document at the same time as preparing their third quarter 2023 interim filings and their year-end 2023 financial statement preparation and audit which we believe would create significant challenges for smaller entities who have limited resources.

Other comments

- **MD&A Disclosure for Investment Entities and Non-investment Entities Recording Investments at Fair Value**

Many small to mid-size reporting issuers do not currently have access to summarized financial information for their investees, particularly where the reporting issuer does not control or have significant influence over the investee. Additionally, where the investee is a private entity there may be confidentiality restrictions that prohibit the disclosure of available financial information. Therefore, we have significant concerns about the proposed requirement for issuers to disclose summarized financial information for investees in which they have a concentrated holding. We believe that there would be significant challenges for some issuers to comply with this requirement on a timely basis and compliance would require considerable time and cost to implement. We also question the relevance and reliability of this financial information. Investees that are private entities often do not prepare financial information that complies with IFRS.

Regarding the proposed requirement to disclose “drivers of fair value changes by investment”, we believe that management of some reporting issuers may not have the knowledge and expertise to determine this information and that external experts may need to be engaged to assist with this disclosure requirement. This would create additional cost and regulatory burden. In particular, for investees in emerging industries where there is significant volatility in fair values, it may be particularly challenging to determine the drivers of fair value changes and this could result in boilerplate and generic disclosure.

- **Canadian GAAP applicable to publicly accountable enterprises**

General instruction (5) to Proposed Form 51-102F1 and General instruction (5) to Proposed Form 51-102F2 refer to accounting terms that are defined or used in Canadian GAAP applicable to publicly accountable enterprises, however, some reporting issuers do not prepare financial statements using Canadian GAAP.

MNP is one of Canada’s largest chartered accountancy and business advisory firms. Our clients include small to mid-size owner-managed businesses in agriculture, agribusiness, retail and manufacturing as well as credit unions, co-operatives, First Nations, medical and legal professionals, not-for-profit organizations and municipalities. In addition, our client base includes a sizable contingent of publicly traded companies.

Yours truly,

MNP LLP



David Danziger, CPA, CA

Senior Vice President, Assurance & National Leader, Public Companies

September 17, 2021

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
 Superintendent of Securities, Department of Justice and
 Public Safety, Prince Edward Island
 Nova Scotia Securities Commission
 Office of the Superintendent of Securities, Service NL, Newfoundland and Labrador
 Northwest Territories Office of the Superintendent of Securities
 Office of the Yukon Superintendent of Securities
 Superintendent of Securities, Nunavut

To the attention of:

The Secretary
 Ontario Securities Commission
 20 Queen Street West
 22nd Floor, Box 55
 Toronto, Ontario M5H 3S8
 Fax: 416-593-2318
 Email: comment@osc.gov.on.ca

Me Philippe Lebel
 Corporate Secretary and Executive Director,
 Legal Affairs
 Autorité des marchés financiers
 Place de la Cité, tour Cominar
 2640, boulevard Laurier, bureau 400
 Québec (Québec) G1V 5C1
 Fax: 514-864-8381
 E-mail: consultation-en-cours@lautorite.qc.ca

Comments on CSA Draft Regulation to amend Regulation 51-102 respecting Continuous Disclosure Obligations and Other Draft Amendments Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers

1 INTRODUCTION

This letter is submitted in response to the CSA Notice of Consultation (the **Notice of Consultation**) regarding Draft Regulation to amend Regulation 51-102 respecting Continuous Disclosure Obligations (the **Amending Regulation**) and Other Draft Amendments Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers (collectively, the **Draft Amendments**) issued by the Canadian Securities Administrators (the **CSA**) on May 20, 2021. This letter reflects the views of a working group consisting of issuers having a combined market capitalization of more than CAD \$250 billion (the **Working Group** or **we**).

Members of the Working Group welcome the CSA's initiative to streamline and clarify certain disclosure requirements in a general effort to lighten the regulatory burden faced by reporting issuers in Canada. With a view to contributing to these efforts, we provide herewith comments in respect to the Draft Amendments and our responses to some of the specific questions asked by the CSA in its Notice of Consultation. We thank you for affording us the opportunity to comment on this important matter, and we trust that the CSA will consider the views expressed in this letter in finalizing the Draft Amendments.

2 GENERAL COMMENTS

After studying the Draft Amendments, we are of the view that the proposed amendments should reduce the reporting issuers' regulatory burden in the long term by providing a more efficient set of continuous disclosure rules. The following comments and suggestions aim at further refining the Draft Amendments so as to contribute to this general effort based on the Working Group members' practical experience.

2.1 Possibility for further consolidation

(a) *Overlap between AIF and proxy circular*

Despite the Draft Amendments, certain duplication or overlap remains, especially between the annual information form (**AIF**) and proxy circular requirements. For instance, Sections 23 and 24 of the new AIF form are mostly duplicative of proxy circular requirements in the current Form 51-102F5, Items 7.1 and 7.2 as they relate to directors. We would therefore propose to remove these requirements from the new AIF form. Investors will still be able to find the information in the proxy circular and will benefit from a shorter and more focused AIF.

As for details regarding members of management, we believe that issuers should be given the flexibility to include such information in the proxy circular or the AIF, or the ability to incorporate by reference in the AIF information set out in the proxy circular that has been filed or that will be filed within a reasonable period of time following the AIF. Similarly to SEC practice, issuers should be given latitude to incorporate by reference in the AIF information in the proxy circular, provided that the proxy circular is filed within 180 days following the end of the fiscal year covered by the AIF.¹

(b) *AIF disclosure required under Form 52-110F1*

Members of the Working Group also believe that relocating general governance-related disclosure items from the AIF to the proxy circular might also contribute to the clarification and simplification effort of the CSA. The proxy circular, which is typically reviewed annually by investors and proxy advisors, is generally the most appropriate document for the centralized disclosure of governance-related matters.

In that respect, we note that certain audit committee-related disclosure in the AIF may be more appropriately located in the proxy circular. While we understand that an in-depth review of the requirements of Regulation 52-110 is currently outside the scope of the Draft Amendments, we would nonetheless respectfully recommend considering the following changes to disclosure required pursuant to Form 52-110F1 as it affects the AIF:

- Removing the requirement to include the text of the Audit Committee Charter in the AIF (as per Item 1) if the text of the charter is available on the issuer's website. Including the text of the Audit Committee Charter lengthens the AIF with information that is usually already otherwise available to investors. We are of the view that including a statement to the effect that the text of the Audit Committee Charter is available on the issuer's website should be sufficient.
- Moving the remaining requirements of Form 52-110F1 to the proxy circular.

2.2 Concept of materiality – alignment of terminology

We generally agree with the decision to remove unnecessary and duplicative materiality qualifiers in the relevant instruments and instructions, which might create confusion as to their significance. Aligning the

¹ See General Instruction G(3) to Form 10-K. The Working Group believes that although this General Instruction refers to 120 days, in our view, 180 days is more appropriate given the disclosure practices of many Canadian issuers.

terminology with the general requirement to only disclose information that is material is helpful. However, additional guidance as to the regulator's expectations relating to materiality in some instances should be included in the related instructions, similar to Sections 24 and 28 of the new AIF form.

For instance, Section 13(3) of the new AIF form requires issuers to "describe the substance of any amendments to the articles or other constituting or establishing documents of your company since the date of your company's incorporation or formation". The corresponding disclosure in the current AIF form (Item 3.1) includes the materiality qualifier. By removing the materiality qualifier and adding the words "since the date of your company's incorporation or formation", the new requirement might be perceived as requiring the description of all amendments, such amendments being automatically considered as material. This could be particularly burdensome for companies formed or incorporated a long time ago, even if the new language allows incorporation of previous disclosure by reference. Moreover, such information would be of limited usefulness to investors. We recommend reinserting the materiality qualifier and that such disclosure be limited to amendments made in the previous financial year only.

Another example relates to Section 27(b) of the new AIF form, which now requires a description of "other penalties or sanctions imposed by a court or regulatory body against your company". The corresponding requirement in Item 12.2(b) of the current AIF Form includes the following materiality qualifier at the end of the requirement: [...] "that would likely be considered important to a reasonable investor in making an investment decision". While the new Instruction (1) to Section 27 indicates that no materiality threshold applies to subparagraphs 27(a) and (c) as these are all material, it does not provide guidance as to how subparagraph (b) should be interpreted. In our view, it would be helpful to clarify in the corresponding instruction that Section 27(b) is subject to a materiality qualifier similar to the language included in Item 12.2(b) of the current AIF Form. In that respect, we also suggest that disclosure under Section 27(b) be limited to the last financial year, as this is the case under Section 27(a) and (c).

On a similar note, we would recommend that disclosure on penalties and sanctions under Section 24(4)(a) and (b) of the new AIF form be limited to the previous financial year only. Should a long disclosure period be deemed necessary, we recommend that it be limited to the last 10 years before the date of the AIF, as required for settlement agreements under Item 24(4)(a) of the new AIF form and as it is proposed for promoters in the prospectuses amendments in Item 22.1 of 41-101F1 and Item 16.1 of 44-101F1.

2.3 Risk factors

(a) *Disclosure of the issuer's risk mitigation strategy*

We respectfully submit that the disclosure of risk mitigation strategies (Section (3)(d) of Instruction to Section 16 of the new AIF form) should not be mandatory for the following reasons:

- Such requirement could be seen as being inconsistent with Instruction (2), which states: "A risk factor must not be de-emphasized by including, for greater certainty, excessive caveats or conditions". By including mitigation strategies in close proximity to the related risk factors, the issuer could thereby potentially be neutering the disclosure impacts of the risk factor.
- As risk management or mitigation disclosure would de-emphasize the related risk factor, such requirement could expose companies to greater primary or secondary market liability in that it would diminish the protection afforded by the risk factor disclosure, especially as it relates to the safe harbour defence regarding forward-looking statements.
- Such new disclosure will be burdensome for issuers, who we believe will feel the need to describe at length their mitigation strategies. Even if presented in a tabular form, this will add to the regulatory burden.

- Such disclosure is not necessarily useful to investors. Not only might the disclosure of mitigation strategies give investors a false sense of comfort (given that the effects of mitigation strategies are inherently uncertain, and their disclosure may imply that the risk factor disclosed would no longer be a material risk), but mitigation strategies are often dynamic and evolutive such that the disclosure of these strategies in anything but general and boilerplate terms may quickly become obsolete or incomplete.
- Some risks, by their very nature, cannot be controlled or mitigated by issuers such as, for example, the risk that stock prices as reported in the AIF change.

The Working Group is of the view that including such risk mitigation strategies often offers little tangible benefit to an investor's understanding of the material risk factors. Moreover, given that such disclosure may be inconsistent with the underlying principles outlined hereinabove, we are of the view that the disclosure of risk mitigation strategies should be excluded from the mandatory continuous disclosure requirements of Regulation 51-102 and should be left to the discretion of issuers to decide whether or not, and to what extent, to provide risk mitigation strategies disclosure on a voluntary basis. This approach would keep Canadian disclosure practices closer to those in the U.S., where the SEC has explicitly stated that mitigation language should be avoided, including clauses that begin with "while", "although" or "however".²

(b) Impact / probability assessment

Furthermore, we are strongly of the view that issuers should not be required to disclose the impact/probability assessment for each risk factor because of the potential for legal exposure related to such disclosure. Such assessment is subjective and could potentially be held against the issuer with the benefit of hindsight should an issuer's assessment of the impact/probability assessment turn out to be incorrect. However, if the CSA decide to nonetheless require such disclosure, guidance on the manner of establishing such assessment and how to disclose it should be provided (i.e., Should disclosure be limited to high, medium or low impact/probability or is a more substantial assessment required? Should the assessment put a greater emphasis on short-term or long-term impact/probability? Should the assessment be weighted against the other risk factors being disclosed?). In addition, if this disclosure requirement is maintained, the CSA should clarify that there would be no requirement to quantify the impact/probability or to provide a sensitivity analysis. Such quantification would be impracticable for many risks, and therefore not meaningful or helpful to investors, considering the level of assumptions issuers would have to make.

2.4 Order in Annual Disclosure Statement

We agree with the decision to combine the financial statements, MD&A and, where applicable, AIF into a single annual disclosure statement so as to streamline disclosure. However, we do not agree with the ordering of these documents as presented in Part 3A and by General Instruction 1, which seems to mandate that Part I contain the financial statements, Part II contain the MD&A and, where applicable, Part III contain the AIF. Unless the order of these documents is left to the issuer's discretion, we would suggest that the required organization of the annual disclosure statement be the AIF (where applicable), MD&A and financial statements, in that order. This would allow general alignment with prevailing practice in the U.S., notably annual report Forms 10-K and 20-F. While we acknowledge that the contemporary electronic form of disclosure presents extensive and accessible hyperlinks and tagging, meaning that the sequencing of any particular section is less relevant than in a time when the printed document prevailed, we nevertheless believe that the sequencing that we have suggested is more consistent with market participant's expectations in North America. The order we propose would also allow issuers to present

² See, for example, "Staff Observations in the Review of Smaller Reporting Company IPOs" available at <https://www.sec.gov/divisions/corpfin/guidance/cfsmallcompanyregistration.htm>

explanations of their operations and financial results before presenting the financial statements themselves, which would give investors and other stakeholders useful information for a meaningful understanding of the financial statements.

2.5 MD&A Quantitative Discussion (Instruction (1) to Section 3):

We generally agree that issuers should provide both a quantitative and qualitative analysis of the business of their company and its overall performance. However, in the spirit of CSA's initiative to lighten the regulatory burden faced by reporting issuers in Canada, mandatory quantitative disclosure should be limited to what is already required from issuers under the International Financial Reporting Standards (IFRS). That said, issuers should not be required to duplicate in the MD&A what is already disclosed in their interim and annual financial statements in accordance with the IFRS. After all, the purpose of the MD&A is to provide a narrative explanation to accompany and give investors context when reading financial statements. Moreover, we wish to confirm that issuers will not be subject to said quantitative disclosure unless the information is material for the company as a whole, whether or not the disclosure pertains to the issuer or a particular reportable segment.

In our view, it should generally be sufficient to provide a narrative explanation of overall performance, and mandatory quantitative disclosure should be limited to only what is material for the issuer. Otherwise, issuers may be discouraged from volunteering qualitative analysis with respect to useful but not material information to avoid lengthening the disclosure by being required to provide a corresponding quantitative analysis.

2.6 Other comments – MD&A form

We respectfully submit that the requirement under Section 5(5)(b) of the new MD&A form that requires issuers to provide qualitative and quantitative disclosure of any debt covenants to which the issuer is subject should be removed. We believe that the current disclosure requirements and financial statement requirements result in sufficient and appropriate disclosure. Additional disclosure on debt covenants, which are often heavily-negotiated and nuanced, may necessarily be lengthy and complex in the abstract, with limited utility for investors. In addition, such incremental requirements may force issuers to make disclosures that are commercially or strategically sensitive or adverse, and may open unintended road-maps for opportunistic and hostile activity against Canadian issuers. Finally, debt covenants to which issuers are subject are often calculated based on non-IFRS measures that may differ from otherwise disclosed non-IFRS measures upon which Regulation 52-112 disclosure is based. The proposed quantitative disclosure required under this section could therefore be misleading and create confusion for investors consulting an issuer's disclosures.

As regards the proposed disclosures in Section 5(5)(c) regarding risk of default on debt covenants, we would submit that the existing disclosure requirements – which are set at the “significant risk of default” threshold – are appropriate and the disclosure threshold should not be lowered. We believe that the current requirements and practices in risk factor disclosure and in the MD&A requirements (Section 1.6(h)) have produced meaningful and appropriate information for investors regarding the issuer's debt covenants and significant risks of default. Lower thresholds may result in more speculative-type disclosure that may place Canadian reporting issuers at a relative disadvantage against hostile activity and potentially exposed to the vagaries of market confidence based on interpretation of abstract or generic MD&A disclosure. In addition, in certain industries and for certain issuers, debt covenant amendments are routine, without posing material risks to the issuer or investors. The proposed additional MD&A disclosure requirement may thus result in boilerplate information that is de-coupled from significant risks, potentially resulting in confusing disclosure.

In addition, we note that Section 7(1) of the new MD&A form has been amended to remove the concept of disclosure when the board of directors has decided to proceed with the transaction, leaving only the concept of senior management believing that the confirmation of the decision by the board of directors is

probable. This amendment is, in our view, undesirable and, again, would place Canadian issuers in a comparatively disadvantaged position relative to other jurisdictions. In many situations, it would be imprudent for issuers to disclose a transaction in the absence of a board approval, and disclosure may be confusing or even misleading in a scenario where a board decides not to approve a course of action. Indeed, such a requirement runs counter to the general principles of disclosure under which public disclosure is necessary only once a decision has been crystalized. The current text on disclosure of proposed transactions under Section 1.11 of the current MD&A Form, which parallels the approach regarding “material changes” under Regulation 51-102, reflects a more logical and consistent disclosure scheme.

3 SPECIFIC QUESTIONS OF THE CSA

Please find below the answers of members of the Working Group to certain questions posed in the Notice of Consultation that were most relevant to them.

3.1 Questions relating to risk factors:

(a) *Would it be beneficial for reporting issuers if we provided further clarity on what “seriousness” means and how to determine the “seriousness” of a risk?*

We do not believe that there is a need to provide more clarity on what “seriousness” means and we submit that the seriousness determination should be left to the issuers’ judgment. However, should the CSA opt to provide more clarity on what “seriousness” means and how to determine the “seriousness” of a risk by reference to an impact/probability assessment (as is currently proposed in Instruction (3) to Section 16), the CSA should clarify the type of impact/probability assessment that is expected. Please also refer to our comment under section 2.3(b) above with respect to impact/probability assessment for each risk factor.

(b) *The SEC’s Modernization of Regulation S-K Items 101, 103, and 105 adopts amendments which require the following:*

- *grouping similar risks together;*
- *disclosing generic risks under the heading “general risks”; and*
- *requiring a summary of risk factor disclosure if the risk factor disclosure exceeds 15 pages.*

If we adopted similar requirements to the SEC’s amendments, what would be the benefits and costs for investors and reporting issuers?

The Working Group believes that it is more relevant to list the risk factors by order of seriousness rather than by groups of topics. As such, grouping should be optional for issuers. Also, in our view, a summary of risk factors, if the risk factor disclosure exceeds 15 pages, would simply increase the number of pages of risk disclosure without being particularly useful to the reader. Finally, it may increase the potential exposure of issuers given that not all aspects of risk factors can be explained in a summary. The CSA should instead remind issuers that disclosure of risk factors should be focused on what is material to issuers and be written in plain language that will be easily understandable.

3.2 Question relating to impact of refiling on auditor's report

- (a) *Considering that the annual disclosure statement will include annual financial statements, MD&A and, where applicable, AIF, do you think there will be an impact, including on auditing requirements, if a reporting issuer amends or re-files only one of these documents, or re-files the annual disclosure statement in its entirety?*

Members of the Working Group are of the view that maximum flexibility should be provided in that respect, so that if only a portion of the annual disclosure statement needs to be refiled, issuers are allowed to do so. Requiring the entirety of the annual disclosure statement to be updated and refiled in the event that only a portion needs updating could impose additional and onerous costs on issuers.

3.3 Questions relating to semi-annual reporting for certain venture issuers on a voluntary basis

At this time, we do not wish to provide any substantial comments in this regard. However, we note that if semi-annual reporting is allowed for all issuers in the United States in the future, Canadian issuers should benefit from the same flexibility.

3.4 Questions relating to transition provisions

- (a) *Do you think the proposed transition provisions are sufficiently clear? If not, how can we make them clearer?*

In reading the transition section, it is in our view not apparent in what way the text constitutes a "transition" as it appears to simply explain how the effective date of the new rules is to be applied. We would appreciate further clarity in this regard.

- (b) *Do you think the transition provisions in the amending regulation for Regulation 51-102 would provide reporting issuers with sufficient time to review the Draft Amendments and prepare and file an annual disclosure statement for a financial year ending on, for example, December 31, 2023 if the final amendments are published in September 2023? Do you think more time should be afforded to smaller reporting issuers (such as venture issuers)?*

Given the significant impact of such amendments on issuers' internal organization in preparing and considerably revising the annual and interim disclosures and in view of the new alignment of filing deadlines for the financial statements, MD&A and AIF, we respectfully submit that, in order to allow sufficient time for issuers to fully adapt to the new rules, the final amendments should be published earlier. Issuing the final rules in September 2023 with an entry into force in December 2023 does not provide sufficient time for companies to review the final version of the Draft Amendments and prepare and file an annual disclosure statement for companies that have a December 31 year-end.

For an effective date of December 2023, the final rules should in our view be issued at the latest in September 2022, to allow all companies, regardless of their size, to appropriately review, analyze and update their processes in line with the new rules in advance of the next annual reporting period. Processes for many organizations take time to modify and implement, even in furtherance of the most welcome changes.

We also note that, under the current rules, some issuers choose to file their financial statements before other documents, such as the AIF, in response to general expectations of the analysts and investors prevalent in certain industries. For companies using this anticipated filing, the Draft Amendments have even more considerable impacts on organization timelines, including the time for drafting the documents and having them approved by the appropriate committees and the Board. Hence, a sufficiently long transition period would be required.

Canadian Securities Administrators
September 17, 2021



Finally, it is crucial that the rules on “access equals delivery” be in force prior to or concurrently with the entering into force of the Draft Amendments. Otherwise, the requirement to deliver the annual disclosure statement will be unduly burdensome for issuers.

4 CONCLUSION

Thank you again for allowing us to provide comments on the Draft Amendments. Members of the Working Group appreciate the efforts of the CSA at reducing the regulatory burden by providing a more efficient set of continuous disclosure rules. They hope that the comments and suggestions set forth in this letter will further contribute to provide meaningful information to the market, in a user-friendly format.

Yours very truly,

(signed) Norton Rose Fulbright Canada LLP



September 17, 2021

Delivered by Email: comment@osc.gov.on.ca; consultation-en-cours@lautorite.qc.ca

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
 Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
 Nova Scotia Securities Commission
 Office of the Superintendent of Securities, Service NL
 Northwest Territories Office of the Superintendent of Securities
 Office of the Yukon Superintendent of Securities
 Superintendent of Securities, Nunavut

Attention:

The Secretary
 Ontario Securities Commission
 20 Queen Street West
 22nd Floor, Box 55
 Toronto, Ontario
 M5H 3S8
 Fax: 416-593-2318
comment@osc.gov.on.ca

Me Philippe Lebel
 Corporate Secretary and Executive Director, Legal Affairs
 Autorité des marchés financiers
 Place de la Cité, tour Cominar
 2640, boulevard Laurier, bureau 400
 Québec (Québec) G1V 5C1
 Fax: 514-864-8381
consultation-en-cours@lautorite.qc.ca

Re: CSA NOTICE AND REQUEST FOR COMMENT –

PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 51-102 *CONTINUOUS DISCLOSURE OBLIGATIONS AND OTHER AMENDMENTS AND CHANGES RELATING TO ANNUAL AND INTERIM FILINGS OF NON-INVESTMENT FUND REPORTING ISSUERS*

Dear Sirs and Mesdames:

This letter is submitted in response to the Request for Comment regarding proposed amendments to National Instrument 51-102 *Continuous Disclosure Obligations* dated May 20, 2021 (the “proposed amendments”). Nutrien Ltd. is the world’s largest provider of crop inputs and services, with a market capitalization of approximately US \$36 billion. Our shares are publicly traded on the New York Stock Exchange and the Toronto Stock Exchange.

We appreciate the opportunity to comment on the proposal as we commend all efforts to improve the quality and accessibility of disclosures for investors.



As we understand it, the stated goals of the proposal as noted in part 2 are to:

- *reduce regulatory burden by fostering streamlined reporting and increasing reporting efficiency for reporting issuers;*
- *increase the quality and usability of the disclosure to be provided to investors; and*
- *not to compromise investor protection or the efficiency of the capital markets.*

We have reviewed the details of the proposed amendments and are in agreement as they relate to eliminating duplication or overlap between the disclosure requirements of financial statements, MD&A and AIF. We agree that a wholistic review of all regulatory filings will potentially reduce administrative burden and minimize duplication.

We have strong concerns over Part 4 of the proposed amendments – section #2: Combine documents into an Annual Disclosure Statement. In our view, the combination of the AIF with the annual financial statements and related MD&A will obfuscate relevant information and will not reduce regulatory burden – instead it will potentially increase the regulatory burden for us. We do agree that the MD&A should be combined with the annual financial statements, as this is already common practice for Canadian reporting issuers in an “annual report”. However, we do not agree with inclusion of the AIF within this combined document. As an alternative, we suggest that inclusion of the AIF in an Annual Disclosure Statement be voluntary or maintain the AIF as a separately filed document.

We understand that 20 commenters supported the inclusion of the AIF in an annual disclosure statement in response to CSA Consultation Paper 51-404 *Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers*. We also noted 13 commenters expressed support for this option *only* if the use of a consolidated document was voluntary and not mandatory, and four commenters did not support this option. We share the concerns raised in the original consultation in response to Consultation Question #29, and we have our own concerns about inclusion of the AIF with the annual financial statements and related MD&A, as follows.

Excessively Long Annual Disclosure Statement

Nutrien is a large reporting issuer in the fertilizer mining and farm supply retail businesses, with approximately 23,000 employees in 13 countries, over 2,000 retail locations, and 26 mines or processing sites. This scale of our business requires lengthy disclosures as we have four separate business units with different economic drivers and risks. Our mining projects require extensive disclosures under NI 43-101 *Standards of Disclosure for Mineral Projects*. For us, an Annual Disclosure Statement, as proposed, could be longer than 300 pages. Several sections would not be pertinent to all readers, such as the text of the audit committee’s charter or summary of the technical reports which are disclosed in the AIF. These sections add to the length and may obfuscate pertinent information. We respectfully submit that a lengthy document would run counter to the CSA intent to have investors benefit from a “shorter and more focused document”.

We view the MD&A and financial statements with a different lens than the AIF since the documents serve different purposes and have a different tone. The MD&A is generally more conversational in tone. The MD&A focuses on discussion of financial position and results of operations as well as narrative explanation from the perspective of management on risks and trends that are reasonably likely to affect the company’s financial position or results of operations. The AIF is required to provide disclosure of the description of issuer’s business, properties, and operations at a point in time (i.e., year-end), and include risks associated. Combining these documents would make this disclosure document overly lengthy and potentially less relevant.

Our primary objective in any disclosure is preserving its relevance to users. We are concerned that producing an excessively long Annual Disclosure Statement will increase regulatory burden and obscure key information. We have strong concerns our investors will read the news release *instead* of the Annual Disclosure Statement, which is meant to provide a complete



review of our company's financial information and is intended to be read together with our news releases, which discloses material information in summary format only. We see this as being potentially counter to the objectives of the proposed amendments.

Coordination with Integrated Reporting

As we look to the future of financial reporting in the realm of continuous disclosure obligations, we note that this proposal does not address the increasing demand and materiality of Environmental, Social and Governance ("ESG") reporting, and potential state of integrated reporting with our continuous disclosure obligations under Canadian securities regulation. This has become a focus point of stakeholders and, as such, the disclosures have increased as well. Our ESG report for 2021 was almost 100 pages; if incorporated in the Annual Disclosure Statement, our filing would near 400 pages. We note that if all these lengthy requirements are included, it is counterproductive to a relevant streamlined document as stated in the goals of the proposed amendments. The CSA should consider the implications of a lengthy combined Annual Disclosure Statement with any future integrated reporting initiatives or requirements.

Ordering of Annual Disclosure Document

With a goal of ensuring that relevant information is prioritized, we noted that Annex B of the proposal suggests the location and organization within the proposed Annual Disclosure Statement: Part 1 – Annual financial statements, Part 2 - MD&A, and Part 3 - AIF. We were unable to ascertain from the proposal if this order is prescribed or not: while General Instruction (15) in the proposed annotated Form 51-102F1 *Annual Disclosure Statement* states that the numbering and ordering of sections included in Part 2 - MD&A and Part 3 - AIF of the Form are intended as guidelines only, there is no express statement to this effect regarding the ordering of Part 1, Part 2 and Part 3 of the Form.

It is our view that users prefer the MD&A to be the first document to review a company's financial performance and financial condition, and this is the current structure of the annual report. We feel that it may be inconvenient to users to search past the 50+ pages of audited annual financial statements, or to scroll through a long PDF, to see the related discussion of financial results and performance and understand the pertinent messaging. While we recognize that the CSA is proposing innovative approaches to disclosure including use of hyperlinks, we note that we have a substantial user population that utilizes paper copies to review our disclosure documents.

If we are required to order the document in such a way that the key points are in the middle of a several hundred-page document, it will be easier for users to locate the pertinent information in a news release, making our full MD&A and financial statements less relevant. Therefore, we propose that the CSA remain flexible on ordering that is traditional with the current annual report that starts with the MD&A, financial statements next, and lastly the AIF (subject to the suggestion that inclusion of the AIF remain voluntary or be excluded from the combined document).

Annual report

Finally, we understand that this proposal does not prohibit alternative disclosures or documents. Commensurate with applicable securities law, we can still file news releases, investor packages and compile a traditional annual report. Due to the reasons noted above regarding preserving relevance and highlighting pertinent information, this may be beneficial for our stakeholders should this proposal proceed. However, it is counterproductive to the goals of the proposal in that it will result in duplication of documents and increase regulatory burden, as this would be produced as an additional document over and above the proposed Annual Disclosure Statement.

**In summary**

Our goal is to keep the MD&A and financial statements as a highly relevant document about our Company and financial performance. However, the changes proposed may result in lengthy continuous disclosure documents including extensive summaries of our 43-101 technical reports. We want to reiterate that the goals in this proposal are commendable and worthwhile pursuing. However, we respectfully submit that the proposed amendments as outlined without a further meaningful reduction in duplicative or extraneous disclosures may not achieve the stated goals and purpose.

We encourage the CSA to reconsider the required combination of the AIF with the financial statements and related MD&A as we do not see the long-term benefits of consolidation as outlined in the proposed amendments. As an alternative, inclusion of the AIF should be voluntary or excluded from the proposed Annual Disclosure Statement. As a further alternative, we would suggest the CSA take additional steps to streamline disclosure requirements by eliminating duplicative or extraneous disclosures such as those in both the AIF and 43-101 technical reports in order to meaningfully reduce the regulatory burden on reporting issuers with material mineral projects.

We have also answered specific questions of part 9 of the proposal in the Appendix and offer some additional suggestions to the proposed amendments.

We appreciate your thoughtful consideration of the views and recommendations provided in this letter. If you have any questions or need additional information, please do not hesitate to contact me.

Respectfully,

(signed) "Janice Anderson"

Janice Anderson CPA, CA
Director, Technical Accounting and Research Advisory Services

Nutrien Ltd.
T 403-255-7026
janice.anderson@nutrien.com
www.nutrien.com

Appendix A – Additional matters

In addition to the concerns noted above, we have the following concerns and recommendations that the CSA may want to consider to further streamline disclosures and reduce regulatory burden:

Access Equals Delivery

There is currently no requirement to deliver the AIF to certain investors as there is for the financial statements and MD&A. The Proposed Amendments provide that reporting issuers will be required to deliver their Annual Disclosure Statement, which will include the AIF and result in increased printing and mailing costs. To reduce this burden, we would suggest that the “access equals delivery” model be adopted and in force contemporaneously with the Proposed Amendments.

Auditor involvement

The AIF is currently not in scope of the auditor’s requirements under CAS 720 *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements* (“CAS 720”). CAS 720 requires auditors to read the other information in scope of the standard to identify material inconsistencies, if any, with the audited financial statements. Some of the data in our AIF, including our summaries of our 43-101 technical reports could be challenging to provide this type of negative assurance. Summaries of our technical reports included in our AIF are approximately 50 pages of data across several projects – with many assumptions about the recoverability, pricing and profitability of our mineral reserves and reporting. Given the length of our AIF, including the scale of summary information about our technical reports, our auditors will require additional time and expertise to review the document for compliance with CAS 720, which will increase the cost of our audit.

Elimination of third statement of financial position

As a further reduction in regulatory burden, we propose that the CSA consider removing the requirement in NI 51-102 section 4.1(1)(c) and 4.3(1)(d) which requires a statement of financial position as at the beginning of the financial year immediately preceding the most recently completed financial year if the reporting issuers either (A) applies an accounting policy retrospectively in its annual/interim financial statements, (B), makes a retrospective restatement of items in its annual/interim financial statements, or (C) reclassifies items in its annual/interim financial statements (i.e. an “opening balance sheet”). IAS 1 *Presentation of financial statements* paragraphs 40A and 40B require an entity to present this information. We respectfully suggest allowing reporting issuers to comply with IFRS, which would also allow the requirement of the presentation of an opening balance sheet to be based on whether the information contained in the opening balance sheet is material to the financial statements. Continuing to include this identical requirement within NI 51-102 contradicts this initiative of the CSA to reduce duplication of disclosures and regulatory burden.

Streamlining AIF disclosure

We have identified two areas for the CSA to consider streamlining disclosure in the AIF: inclusion of the text of the audit committee’s charter (Form 52-110F1 *Audit Committee Information Required in an AIF*, item 1) and summarized technical reports (section 18 of the proposed amendments).

We suggest allowing the audit committee’s charter to be incorporated by reference to a website where it is published and included in the AIF at least once every three years, consistent with the U.S. Securities and Exchange Commission rules and regulations.

We have noted in the proposed amendments that a summary from a technical report can be used to satisfy the AIF requirement applicable to reporting issuers with mineral projects if such summary contains all required disclosure. We



respectively submit that consideration should be given to removing or streamlining certain disclosure reporting obligations in Item 5.4 of NI 51-102 in order to meaningfully reduce the regulatory burden on reporting issuers with mineral projects. Sections 4 to 8, Section 10 and Section 11 of Item 5.4 of NI 51-102 require issuers to include lengthy and highly technical mineral project disclosure that, in our view, is not relevant or meaningful to the average investor given its geological and technical nature. Further, the information covered in these sections is already readily available to potential investors in the reporting issuer's corresponding National Instrument 43-101 Technical Report filed publicly on SEDAR. As such, eliminating or streamlining such onerous disclosure requirements would not only reduce the regulatory burden on reporting issuers with mineral projects, but would help eliminate overlap in regulatory requirements, without impacting investor protection.

Appendix B – Part 9: Request for Comments

| Question | Nutrien response |
|---|--|
| <p>Question relating to additional disclosure for venture issuers without significant revenue</p> <p>1. Do you think this requirement should apply more broadly or more narrowly? For example, should we extend this disclosure requirement to non-venture issuers that have significant projects not yet generating revenue as well? Why or why not?</p> | <p>More narrowly, this proposal should be voluntary. It creates additional burden in certain circumstances.</p> |
| <p>Questions relating to risk factors</p> <p>2. It be beneficial for reporting issuers if we provided further clarity on what “seriousness” means and how to determine the “seriousness” of a risk?</p> <p>3. If we adopted similar requirements to the SEC’s amendments, what would be the benefits and costs for investors and reporting issuers?</p> | <p>Any clarifications or guidance that can be provided on securities regulation is useful to reporting issuers.</p> |
| <p>Questions relating to the requirement to name authors of technical reports</p> <p>4. What challenges, if any, do reporting issuers face in obtaining technical report author consents for short form prospectus offerings?</p> <p>5. If the requirement to name the technical report authors in the AIF (and as a result, provide consents for short form prospectus offerings) were removed, would reporting issuers continue to obtain approval of prospectus disclosure from technical report authors or would they rely more on internal or external non-author QPs?</p> <p>6. If reporting issuers were to rely on internal or external non-author QPs for purposes of providing consents for short form prospectus offerings, in your view, would investor protection be impacted? Would relying on an internal QP for consent purposes (where an external QP authored the original report) raise potential conflict of interest concerns?</p> | <p>We have concerns that we will face challenges if we need to name the authors of technical reports as we are an SEC Issuer as defined under NI 52-107. Given the experience that the Canadian Audit and Assurance Standards Board had with the inclusion of a requirement for the auditor to disclose the engagement partner name during the adoption of CAS 700 <i>Reporting on Audited Financial Statements</i> paragraph 46. We have concerns that a similar challenge may exist in obtaining consent for technical reports. For reference on this matter, we refer to the Basis for Conclusion for CAS 700 (April 2019).</p> |
| <p>Question relating to impact of refiling on auditor’s report</p> <p>7. Considering that the annual disclosure statement will include annual financial statements, MD&A and, where</p> | <p>Yes, we are concerned with this matter. For example, if we need to refile our MD&A, we are concerned if we also need to refile our audited</p> |

| | |
|---|--|
| <p>applicable, AIF, do you think there will be an impact, including on auditing requirements, if a reporting issuer amends or re-files only one of these documents, or re-files the annual disclosure statement in its entirety?</p> | <p>financial statements. We presume we would have to consider how this would impact our audited financial statements in terms of whether we need to consider IAS 10 <i>Events after the reporting period</i>. We also consider that there would be additional procedures that need to be performed by our auditor. It is our view that if we need to refile the MD&A or AIF, that there is an option to only refile one of these documents and not the Annual Disclosure Statement in its entirety. We see this as adding additional time and complexity that would limit our ability to refile on a timely basis.</p> |
| <p>Question relating to proposed amendments to Form 41-101F1 Information Required in a Prospectus and Form 44-101F1 Short Form Prospectus</p> <p>8. To align the continuous disclosure and prospectus regimes, we are proposing to remove certain prospectus disclosure requirements. Are there any concerns with the removal of this information from a prospectus? Please explain.</p> | <p>We support initiatives to reduce required regulatory disclosures. If information is material, relevant or is important to our investors or future stakeholders, we will voluntarily include this information to comply with general requirement for a prospectus to contain full, true and plain disclosure of all material facts relating to the securities being offered under such prospectus.</p> |
| <p>Questions relating to transition provisions</p> <p>13. Do you think the proposed transition provisions are sufficiently clear? If not, how can we make them clearer?</p> <p>14. Do you think the transition provisions in the amending instrument for NI 51-102 would provide reporting issuers with sufficient time to review the Proposed Amendments and prepare and file an annual disclosure statement for a financial year ending on, for example, December 31, 2023 if the final amendments are published in September 2023? Do you think more time should be afforded to smaller reporting issuers (such as venture issuers)?</p> | <p>Any clarifications that can be provided to reporting issuers on adoption of new or amended securities regulation is useful to reporting issuers.</p> |

POWER CORPORATION OF CANADA

751, SQUARE VICTORIA, MONTRÉAL (QUÉBEC) CANADA H2Y 2J3

TELEPHONE (514) 286-7400
TELECOPIER (514) 286-7424



September 17, 2021

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
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Service NL
Northwest Territories Office of the Superintendent of Securities
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Nunavut

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs

Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
Fax: 514-864-8381
consultation-en-cours@lautorite.qc.ca

The Secretary

Ontario Securities Commission
20 Queen Street West
22nd Floor, Box 55
Toronto, Ontario
M5H 3S8
Fax: 416-593-2318
comment@osc.gov.on.ca

Re: Proposed Amendments to National Instrument 51-102 Continuous Disclosure Obligations and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers and Seeking Feedback on a Proposed Framework for Semi-Annual Reporting - Venture Issuers on a Voluntary Basis (the “Proposed Amendments”)

We welcome the opportunity to provide this submission to the Canadian Securities Administrators (the “CSA”) concerning the Proposed Amendments. As both a reporting issuer and an investor, directly or indirectly, holding controlling and minority positions in other reporting issuer investees, we are particularly interested in any opportunity to participate in public dialogue regarding potential revisions to the continuous disclosure regime under securities laws in Canada.

Our Submission Documents

We are part of the working group referred to in the comment letter of Norton Rose Fulbright Canada LLP dated September 17, 2021 and confirm and reiterate the comments made therein, including, in particular, with respect to the proposed changes to the risk factor disclosure requirements in the Proposed Amendments.

The Proposed Amendments also present an opportunity for further consideration of the application of the continuous disclosure regime to reporting issuers (like Power Corporation of Canada (“Power”)) holding interests in reporting issuer investees, to ensure that the regime functions efficiently within such context, without imposing any unnecessary burden on reporting issuer investors that is significantly disproportionate to the potential benefit, if any, for their securityholders.

The Power Group

Power (TSX: POW) is an international management and holding company that focuses on financial services in North America, Europe and Asia. We are major long-term shareholders of companies, including Canadian reporting issuer subsidiaries Great-West Lifeco Inc. (TSX: GWO)¹ and IGM Financial Inc. (TSX: IGM)², in which we hold a controlling interest. Power also indirectly through its alternative asset investment platforms, holds a significant non-controlling equity interest in The Lion Electric Company (TSX: LEV).

Incorporation by Reference

With respect to the ability of a reporting issuer to incorporate by reference disclosure located elsewhere outside of the Annual Disclosure Statement, the Proposed Amendments provide in the General Instructions of Form 51-102F1 as follows:

¹ Power and IGM Financial Inc. hold 66.7% and 4.0%, respectively, of Great-West Lifeco Inc.’s common shares, representing, in aggregate, approximately 65% of the voting rights attached to all outstanding Great-West Lifeco Inc. voting shares.

² Power and The Canada Life Assurance Company, a subsidiary of Great-West Lifeco Inc., hold 61.9% and 3.9%, respectively, of IGM Financial Inc.’s common shares, representing, in aggregate, an approximately 65.8% voting interest in IGM Financial Inc.

(16) Your company may incorporate information required to be included under Part 2 or Part 3 of this Form by referencing another document filed on its SEDAR profile, other than a prior MD&A or AIF (unless expressly permitted by this Form). If incorporating by reference, your company must clearly identify the document or any excerpt of it in the text that incorporates it. Unless your company has already filed under its SEDAR profile the referenced document or excerpt, including, for greater certainty, any documents incorporated by reference into the document or excerpt, your company must file it with the annual disclosure statement or standalone AIF, as applicable. Your company must also disclose that the referenced document is on SEDAR at www.sedar.com.

This is a welcome development, facilitating a reduction in duplicative disclosures, while recognizing the ability of readers to easily locate other clearly identified, publicly available documents on SEDAR to access the applicable information. As a holding company of investments in businesses, including Canadian reporting issuer subsidiaries, we submit that the ability of a reporting issuer investor to incorporate by reference disclosures should also extend to documents (and extracts thereof) filed under the SEDAR profiles of its reporting issuer investees.

For example, the description of the business of Power and its reportable segments necessarily includes a description of the business of Great-West Lifeco Inc. and IGM Financial Inc., which would already be described in detail by such reporting issuers in their Annual Disclosure Statement, as filed under their respective SEDAR profiles. Further, Power inescapably bears the exact same risks associated with being a significant shareholder of these reporting issuer investees, which risks would already be identified by management of such companies and described in detail in their Annual Disclosure Statement, as filed under their respective SEDAR profiles. As a final example, but not to limit the scope of applicability of such concept, to the extent that disclosure by Power includes (for example, per MD&A requirements concerning trends etc.) material forward-looking information disclosed by its reporting issuer investees, the corresponding material assumptions and risks, as identified by management of such reporting issuer investees, would already be included in the safe harbour cautionary statements concerning forward-looking information contained in their Annual Disclosure Statements, as filed under their respective SEDAR profiles.

Requiring a reporting issuer investor like Power to repeat or (extract and) refile extensive public disclosure already made by its reporting issuer investees is an unnecessary regulatory burden. The ability to incorporate by reference disclosure into an issuer's Annual Disclosure Statement from readily available disclosure filed on SEDAR is already an acceptable concept under the Proposed Amendments and should not be limited to disclosure filed under the reporting issuer investor's profile. Clearly identified documents or extracts of documents are just as easily available to readers regardless of whose profile under which they have been filed on SEDAR.

Further, the Proposed Amendments already go even further by (appropriately) eliminating requirements for an issuer to provide disclosure of information that is easily accessible on sources outside of SEDAR (e.g., the elimination of the current AIF requirement to disclose security price ranges and volumes traded on a Canadian marketplace given that this information can be easily obtained from the marketplaces).

Securities laws (e.g., s. 138.4 of the *Securities Act* (Ontario)) already provides for a reporting issuer investor to not be liable for a misrepresentation in disclosure it makes which is derivative information “contained in a document filed by or on behalf of another person or company, other than the responsible issuer, with the Commission or any other securities regulatory authority in Canada or an exchange” if the applicable conditions of such provision are met, including that “the document or public oral statement [of the holding company] contained a reference identifying the document that was the source of the misrepresentation”. Accordingly, requiring a reporting issuer investor to repeat or file such duplicative disclosure under its own SEDAR profile does not impact on the reporting issuer investor’s liability for a misrepresentation therein, meaning that investors do not gain anything by burdening the reporting issuer investor by denying it the ability to incorporate by reference such disclosure from the reporting issuer investee’s SEDAR profile.

The foregoing comments apply equally with respect to an Interim Disclosure Statement.

Conclusion

While we are certainly supportive of the burden reduction initiative underlying the Proposed Amendments, we are hopeful that the CSA will also take this opportunity to consider changes to the continuous disclosure regime that would impact particular burdens borne by reporting issuer investors that are significantly disproportionate to the potential benefit, if any, for their securityholders.

Representatives of Power would be pleased to discuss the foregoing with representatives of the CSA if that would be of assistance.

Yours very truly,

(signed)

Stéphane Lemay
Vice-President, General Counsel and Secretary
Power Corporation of Canada



September 17, 2021

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)
 Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
 Nova Scotia Securities Commission
 Securities Commission of Newfoundland and Labrador
 Registrar of Securities, Northwest Territories
 Registrar of Securities, Yukon Territory
 Superintendent of Securities, Nunavut

Care of:

The Secretary Ontario Securities Commission
comment@osc.gov.on.ca

Me Philippe Lebel Corporate Secretary and Executive Director, Legal Affairs, Autorité des marchés financiers
consultation-en-cours@lautorite.qc.ca

Re: CSA Notice and Request for Comment Proposed Amendments to National Instrument 51-102 *Continuous Disclosure Obligations* and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers and Seeking Feedback on a Proposed Framework for Semi-Annual Reporting - Venture Issuers on a Voluntary Basis (the Proposed Amendments)

We would like to thank the Canadian Securities Administrators (CSA) for their work to date on the Proposed Amendments. Overall, we agree that regulatory requirements and the associated compliance costs should be balanced against the significance of the regulatory objectives and the value provided by such regulatory requirements to investors and other stakeholders.

Our specific observations and recommendations are based on our experiences in working with Canadian regulatory reporting requirements as independent auditors. The body of this letter provides our views on questions raised by the CSA and we hope you find our input useful as you finalize the Proposed Amendments.

Question relating to additional disclosure for venture issuers without significant revenue

We have kept the current disclosure requirement in Section 5.3 of NI 51-102 (as proposed Section 8 of Form 51-102F1 Annual Disclosure Statement) to apply only to venture issuers that have not had

PricewaterhouseCoopers LLP
 PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
 T: +1 416 863 1133, F: +1 416 365 8215, www.pwc.com/ca

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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significant revenue from operations in either of their last two financial years. However, for non-venture issuers that have significant projects not yet generating revenue, an itemized breakdown of material components of the following may help investors understand how the reporting issuer performed during the period covered by the MD&A:

- *exploration and evaluation assets or expenditures;*
- *general and administrative expenses; and*
- *other material costs.*

1. *Do you think this requirement should apply more broadly or more narrowly? For example, should we extend this disclosure requirement to non-venture issuers that have significant projects not yet generating revenue as well? Why or why not?*

We do not believe there is a need to apply this requirement more broadly than currently included in proposed Section 8 of Form 51-102F1 Annual Disclosure Statement (ADS). The current requirements in International Financial Reporting Standards (IFRS) as well as the requirements to describe the overall performance of the company within the proposed annual disclosure statement adequately meet the needs of investors in non-venture issuers.

Questions relating to risk factors

We have retained instruction (i) to Section 5.2 of the Current AIF Form (as proposed Section 16 of Form 51-102F1 Annual Disclosure Statement) which requires a reporting issuer to disclose risks in order of seriousness from the most serious to least serious. Proposed instruction (3) to the same section suggests that “seriousness” refers to impact/probability assessment.

2. *Would it be beneficial for reporting issuers if we provided further clarity on what “seriousness” means and how to determine the “seriousness” of a risk? SEC’s Modernization of Regulation S-K Items 101, 103, and 105 adopts amendments which require the following:*
 - *grouping similar risks together;*
 - *disclosing generic risks under the heading “general risks”; and*
 - *requiring a summary of risk factor disclosure if the risk factor disclosure exceeds 15 pages.*

We support grouping similar risks together as well as disclosing general risks together under a separate heading as this facilitates the understanding of entity specific risks for users of the financial statements. We also support the proposal to suggest including the risks in a tabular format as it makes the information more easily comprehended by the user. Additionally, convergence to SEC rules promotes comparability to US peer companies and therefore we support the grouping of similar risks together, disclosing generic risks under the heading “general risks” and requiring a summary of risk factor disclosure if the risk factor disclosure exceeds a certain length. Both reporting issuers and investors often consider the entirety of North America when defining the peer group of a particular entity and therefore convergence with the SEC rules is beneficial to both groups.



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3. *If we adopted similar requirements to the SEC's amendments, what would be the benefits and costs for investors and reporting issuers?*

We have discussed the benefits above in our response to Question 2. We believe that the matter of cost is a question best answered by reporting issuers.

Questions relating to the requirement to name authors of technical reports

We believe that Questions 4 through 6 are best answered by reporting issuers and authors of technical reports.

Question relating to impact of refiling on auditor's report

7. *Considering that the annual disclosure statement will include annual financial statements, MD&A and, where applicable, AIF, do you think there will be an impact, including on auditing requirements, if a reporting issuer amends or re-files only one of these documents, or re-files the annual disclosure statement in its entirety?*

On the initial filing of the ADS, both the MD&A and AIF (if applicable) will be considered 'other information' for purposes of the auditor's report. Similarly, the filing of the ADS would require the auditor's consent for their report to be included in a designated document (Section 7170) as the financial statements are included in a single document being filed on SEDAR. This extends the auditor's responsibilities for other information as the AIF is not currently considered to be other information and for auditor consent procedures to cover the AIF information, as currently the consent requirements are triggered upon filing of the annual report typically containing only the financial statements and the MD&A. This would result in incremental auditor's procedures over the information in Part 3 of the ADS for all non-venture issuers and those venture issuers that choose to file Part 3 of the ADS, resulting in additional time and cost for auditors to complete these procedures prior to filing.

We observe that the general instruction 11 for Parts 2 and 3 states that the company must take into account information available up to the date of filing so that the MD&A and AIF are not misleading when filed, consistent with the current requirements over filing of the MD&A. We also observe in Item 12 of Part 3 that the AIF must be dated within 10 days before the filing date. It is unclear why the dating and filing requirements for the AIF are different from that of the MD&A if both form part of a single ADS, and issuers may find this confusing as it suggests that a filing within 10 days of the date of the ADS is acceptable as long as there is no information that is misleading when filed. We support the timely filing of financial statements and MD&A as soon as practicable after the respective documents are dated and authorized. We believe that the instruction on the AIF filing is superfluous in the context of the initial filing of an ADS given the general instruction 11. If the instruction is intended to be helpful in other situations, such as a later filing of Part 3 of the ADS then we believe this could be clarified in the instruction.



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When an ADS is refiled in whole or in part (as permitted by proposed Section 11.5), and this includes refiling the annual financial statements, this may trigger a contractual requirement for an auditor's consent for their report to be included in a designated document (Section 7170) as the financial statements are included in a single document being (re)filed on SEDAR. As the ADS is a more comprehensive document this may occur with more frequency.

When a part or a section of a part of the ADS is refiled as an amendment, not including the annual financial statements, we understand there would be one ADS, but with different elements available in two separate filings that must be read together with the amended information dated as at a different date. The auditor would be required to consider update procedures over "other information" that is subsequently amended but would not be required to provide a consent.

Question relating to proposed amendments to Form 41-101F1 Information Required in a Prospectus and Form 44-101F1 Short Form Prospectus

8. *To align the continuous disclosure and prospectus regimes, we are proposing to remove certain prospectus disclosure requirements. Are there any concerns with the removal of this information from a prospectus? Please explain.*

We do not believe that there will be a significant impact of removing these requirements from 41-101F1 and therefore have no concerns with the proposal.

Questions relating to semi-annual reporting for certain venture issuers on a voluntary basis

9. *Should we pursue the Proposed Semi-Annual Reporting Framework for voluntary semi-annual reporting for venture issuers that are not SEC issuers? Please explain.*

We do not believe that the Proposed Semi-Annual Reporting Framework for voluntary semi-annual reporting for venture issuers that are not SEC issuers (Proposed Semi-Annual Reporting Framework) should be pursued for several reasons. We continue to believe there is value in regular and timely communication from management about a company's financial performance and financial condition, including management assertions around uncertainties surrounding the going concern assumption and liquidity risk. Quarterly reporting provides investors with more data points to evaluate trend analysis over time and provides an early warning if something is starting to go wrong.

Firstly, comparability between venture issuers and between venture and non-venture issuers (or venture issuers filing optional interim statements versus those not filing such statements) will be reduced under the Proposed Semi-Annual Reporting Framework because different accounting results may arise because of different financial reporting periods. Under IFRS certain facts are considered only at the end of a reporting period. For example, preparers are only required to assess



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goodwill impairment triggers at the end of a reporting period and as clarified by IFRIC 10 – *Interim Reporting and Impairment*. Two entities with different reporting frequencies may experience differences in the timing and amount of impairment charges. For example, considering the events of the first half of 2020, a reporting issuer that prepared quarterly financial statements at March 31, 2020 may have been required to take a goodwill impairment at that date and would have disclosed information around the uncertainties that the entity faced to allow investors to be able to make timely decisions. Conversely a similar reporting issuer that was permitted to report only half yearly may have avoided a goodwill impairment by assessing triggers at June 30, 2020, by which time many markets had started to recover.

Similar circumstances could arise with certain non-financial impairments and hedge effectiveness testing. Minimum requirements for hedge effectiveness testing are at the end of a reporting period. Furthermore, impairment indicators for non-financial assets are typically evaluated only at the end of a reporting period.

Many venture issuers use the period end close process as a key internal control. The discipline of preparing periodic financial statements and reconciliations as well as the preparation of management discussion and analysis means that such issuers need to consider the reasonableness of the internal financial information they are reporting and can better respond to changing business conditions. This is particularly true for reporting issuers with significant foreign operations where reporting packages subject to external review are often only received quarterly. In addition, the review by the audit committee would typically only occur prior to the end of a financial reporting period.

Although an issuer could maintain the rigour of its internal reporting process for optional interim periods without the requirement to file the underlying financial statements, we believe that when such information is optional, the rigour around internal reporting at these dates may decrease.

Section 7150 of the *CPA Canada Handbook - Assurance* contains certain procedures that an auditor must complete prior to issuing a consent. These rules include performing procedures designed to assess whether management has appropriately identified and dealt with intervening period events indicating the existence of material misstatements in the financial statements on which the auditor has reported. A calendar year company electing mid-year reporting could file a prospectus up to the end of August without having communicated any information on current year financial results to the market. Under the existing rules March 31 information would have been reported. Thus, the auditors intervening period events review will need to be extended to a 6-month period (assuming annual results were filed in March) as will the underwriter's due diligence. The proposals currently contemplate ensuring that the alternative disclosure in a news release required under the continuous disclosure regime is incorporated by reference in a short form prospectus. We believe that the *CPA Canada Handbook - Assurance* will need to be modified to better describe the responsibilities of the auditor where a significant period of time has elapsed since the latest financial reports have been released and to clarify what responsibilities the auditor has for financial



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information disclosed in the news release described above (e.g., does the underlying information have to have been reviewed to issue a consent).

We believe that this change may increase the risk of unreported subsequent events. Directors of venture issuer companies may need to do more due diligence before agreeing to approve a prospectus as will underwriters and auditors.

10. *Are there specific types of venture issuers for which semi-annual reporting would not be appropriate? For instance, should semi-annual reporting be limited to venture issuers below a certain market capitalization or those not generating significant revenue? Please explain.*

While we do not support a move to semi-annual reporting as noted in our response to Question 9, if the proposed framework is adopted, we do not support the view that the distinction between TSX-Venture Exchange issuers and non-venture issuers is sufficient to determine the appropriateness of the application of the Proposed Semi-Annual Reporting Framework. Our current regulatory reporting regime delineates TSX-Venture Exchange issuers and non-venture issuers, permitting the former to comply with continuous disclosure requirements that are generally less onerous than those applied by other reporting issuers. We support an alternative view that a reporting issuer's listing status is not necessarily a proxy for issuer size, and that alternative size-based metrics, such as assets, revenue, market capitalisation, or some combination thereof, should be considered for purposes of determining reporting requirements.

The United States Securities and Exchange Commission (SEC) currently allows for reduced reporting requirements for a category of "smaller reporting companies", which are companies with less than US\$75 million in common equity public float or, in the case of companies without publicly traded float, less than US\$50 million in revenue. The SEC also recognizes different categories of reporting issuers based on the *Accelerated Filer System*, which was initially intended as a way to divide the population of SEC reporting requirements between those that would be required to file Form 10-K and 10-Q on an accelerated basis and those that would be permitted to use the later filing deadlines. Subsequent SEC rulemaking activities have leveraged these designations, such as the adoption of SOX 404. By adopting a regime in Canada similar to the *Accelerated Filer System* applied by the SEC, the CSA could facilitate a more "phased in approach" to the application of new or revised reporting requirements, disclosures and filing deadlines. We do however believe that any such size-based distinction using objectively determinable metrics would have to be set at thresholds that are reflective of the Canadian capital markets.

11. *Would the proposed alternative disclosure requirements under the Proposed Semi-Annual Reporting Framework provide adequate disclosure to investors? Would any additional disclosure be required? Is any of the proposed disclosure unnecessary given the existing requirements for material change reporting and the timely disclosure requirements of the venture exchanges? Please explain.*



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While we do not support a move to semi-annual reporting and do not believe that it would provide adequate disclosure to investors as noted in our response to Question 9, if the Proposed Semi-Annual Reporting Framework is adopted, we support the proposal to require additional disclosure within 60 days of the end of the issuer's interim period for which financial statements and MD&A would not be filed. The furnishing of this information would provide predictable reporting for investors.

12. Do you have any other feedback relating to the Proposed Semi-Annual Reporting Framework?

While the Proposed Semi-Annual Reporting Framework may reduce regulatory burden for certain venture issuers, we believe that there could be unintended consequences for other reporting issuers when interacting with stakeholders such as the stock exchange or the SEC.

It is not uncommon for venture issuers to seek to graduate from the TSX-V to the TSX for various reasons including increased access to capital and attracting institutional investors. While the proposals contemplate a reporting issuer moving from semi-annual reporting to quarterly reporting, IFRS does not specifically address any transition relief from retrospective application for the change in reporting period and how this would affect certain accounting considerations, for example hedge accounting and impairment as discussed in our response to Question 9.

We further believe that there is significant value in the Multi-jurisdictional Disclosure System (MJDS) to reporting issuers, as it reduces the regulatory burden for Canadian reporting issuers seeking to obtain financing in the United States. We would like to encourage the CSA to ensure it is clear on whether such changes will be acceptable to the SEC from an MJDS perspective when concluding on whether to pursue the Proposed Semi-Annual Reporting Framework in order to avoid unintended consequences because losing the ability to use the MJDS system would impose significant costs on Canadian issuers.

Questions relating to transition provisions

13. Do you think the proposed transition provisions are sufficiently clear? If not, how can we make them clearer?

We believe that the proposed transition provisions are sufficiently clear. However, it will be important that whatever changes are made are mirrored by the TSX-V rules to the extent applicable (e.g., for filing statements etc.). To the extent the TSX-V rules impose additional requirements on issuers, the CSA proposals may actually increase complexity. Accordingly, ensuring that the TSX-V considers changes to its rules concurrently is crucial.

14. Do you think the transition provisions in the amending instrument for NI 51-102 would provide reporting issuers with sufficient time to review the Proposed Amendments and prepare and file an annual disclosure statement for a financial year ending on, for example, December 31, 2023 if the



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final amendments are published in September 2023? Do you think more time should be afforded to smaller reporting issuers (such as venture issuers)?

We do not believe that a three-month period between the publication and effective date is sufficient for reporting issuers to transition to the Proposed Amendments as the amendments will take time for reporting issuers to understand, implement and complete the necessary levels of review by both internal and external parties. We believe that a minimum of six months should be afforded to all reporting issuers, and smaller reporting issuers could benefit from a period in excess of six months.

15. *Other comments*

In addition to our comments on the specific questions posed by the CSA we have additional comments on the Proposed Amendments.

Paragraph 5(5)(b) of the document proposes to require qualitative and quantitative information about debt covenants including actual ratios or amounts. The requirement to disclose qualitative and quantitative information is unclear. Specifically, it is unclear whether this means the limits or the actual calculation of the covenants compared to such limits. In addition, it is unclear whether the disclosure is limited to financial covenants or also covers non-financial covenants. Requiring a list of non-financial covenants that would be unlikely to be violated may not be useful information. Therefore, we would suggest additional clarity should be provided on the nature of these disclosures and whether cross-referencing to material debt agreements previously filed is permissible.

We have some concerns regarding the requirements for additional disclosures for investment entities and non-investment entities recording investments at fair value. Firstly, regarding the requirements in Section 10(1) to include a comparative schedule of investments, we believe this would impose stricter rules than those for the 81-106 funds where the statement of investments for the most recent period is required. Further, a requirement to provide disclosures and continuity schedules "by investment" might be excessively granular in many cases and obscure more relevant information. If the CSA believes that this disclosure is necessary as a matter of compliance, we would suggest that optional aggregation be considered.

Finally, as it relates to the definition of a non-investment entity recording investments at fair value, the Proposed Amendments include a definition of such an entity however it is unclear how to apply the definition in practice. We have concerns that certain reporting issuers, for example insurance entities recording investments at FV to match insurance liabilities, may be unintentionally brought into scope of the requirements the way they are currently worded. We would request that if the requirements in Section 10 remain in the final instrument that clarification be provided on determining whether an entity is a non-investment entity recording investments at fair value and whether this designation relates only to certain business models e.g., where investments are managed on a fair value basis, or whether the CSA's intention is to require these disclosures for all material investments carried at fair value.



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September 17, 2021

Should you have any questions regarding our response please contact Michael Walke (416-815-5011) or
Lucy Durocher (416-869-2311).

Yours truly,

PricewaterhouseCoopers LLP

Chartered Professional Accountants



September 17, 2021

The Secretary
Ontario Securities Commission

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers Place de la Cité, tour Cominar

Sent via email to - comment@osc.gov.on.ca , consultation-en-cours@lautorite.qc.ca

Re: CSA Notice and Request for Comment Proposed Amendments to National Instrument 51-102

As the voice of Canada's mineral exploration and development community, representing more than 4,400 corporate and individual members, the Prospectors and Developers Association of Canada (PDAC) takes an active interest in regulatory and policy initiatives that shape the mineral industry landscape. The mineral industry represents the largest cohort of public issuers in Canada, accounting for nearly 60% of the companies listed on the TSXV exchange.

PDAC recognizes the importance of streamlining continuous disclosure obligations and welcome the opportunity to provide input on the NI 51-102 consultation. Many of the proposals address issues previously identified by PDAC, and could improve capital access for venture issuers through elimination of duplicative disclosures and unnecessary processes. We are encouraged by the Canadian Securities Administrators (CSA) in its continued efforts taken to reduce burdens and improve market efficiencies.

The accompanying *Appendix A* provides a number of recommendations and supporting rationale that have been developed after careful consideration by PDAC committees. We recommend that companies must retain the ability to rank and group risks as they deem appropriate for public disclosure, and that non-authors QPs can provide consent for technical reports in short form prospectus offerings. We also support the elimination of repetitive corporate disclosure obligations, and a voluntary semi-annual reporting regime for companies with no significant revenue, irrespective of listing exchange.

We welcome continued engagement with CSA as this consultation progresses and please contact Jeff Killeen, PDAC's Director, Policy & Programs (jkilleen@pdac.ca) if there are any questions or clarifications sought from the content provided in this letter.

Sincerely,

Lisa McDonald

Executive Director

Prospectors & Developers Association of Canada



APPENDIX A – CONSULTATION RESPONSES

A) Question relating to additional disclosure for venture issuers without significant revenue (Q1)

We have kept the current disclosure requirement in section 5.3 of NI 51-102 (as proposed section 8 of Form 51-102F1 Annual Disclosure Statement) to apply only to venture issuers that have not had significant revenue from operations in either of their last two financial years.

However, for non-venture issuers that have significant projects not yet generating revenue, an itemized breakdown of material components of the following may help investors understand how the reporting issuer performed during the period covered by the MD&A:

- exploration and evaluation assets or expenditures;
- general and administrative expenses; and
- other material costs.

1. Do you think this requirement should apply more broadly or more narrowly? For example, should we extend this disclosure requirement to non-venture issuers that have significant projects not yet generating revenue as well? Why or why not?

PDAC response: We think that the determinant for this specific disclosure scheme should be based on a revenue threshold rather than the listing exchange. This would provide greater parity in disclosure requirements between venture and non-venture issuers.

B) Questions relating to risk factors (Q2-3)

We have retained instruction (i) to section 5.2 of the Current AIF Form (as proposed section 16 of Form 51-102F1 Annual Disclosure Statement) which requires a reporting issuer to disclose risks in order of seriousness from the most serious to least serious. Proposed instruction (3) to the same section suggests that “seriousness” refers to impact/probability assessment.

2. Would it be beneficial for reporting issuers if we provided further clarity on what “seriousness” means and how to determine the “seriousness” of a risk?

PDAC response: Further clarity on what seriousness means in relation to risks would be beneficial to issuers, provided clarifications are suggestive and not prescriptive, as companies have very different circumstances, and therefore the risk factors will be unique to most issuers. As such, companies must retain the ability to rank risks as they deem appropriate.

SEC’s Modernization of Regulation S-K Items 101, 103, and 105 adopts amendments which require the following:

- grouping similar risks together;
- disclosing generic risks under the heading “general risks”; and
- requiring a summary of risk factor disclosure if the risk factor disclosure exceeds 15 pages.



3. If we adopted similar requirements to the SEC's amendments, what would be the benefits and costs for investors and reporting issuers?

PDAC response: Following the rationale noted in our response to Question 2, adopting similar requirements to the SEC amendments would be problematic for issuers in Canada, particularly those in the mineral industry. Grouping of what are deemed similar risks may vary significantly from one issuer to another based on factors such as geography, proximity to infrastructure and jurisdiction.

Considering CSA's adoption of similar amendments to those of the SEC, we anticipate there are significant and material differences in the way Canadian issuers' group risks, particularly companies operating in the mineral industry, and this approach would not result in improved disclosure or investor protection.

Regarding a summary of the risk – we do acknowledge that risk disclosure may be very lengthy due to legal reasons, and a summary that presents the most material and relevant risks would be beneficial for investors, as it should not result in a notable increase in burdens for issuers.

C) Questions relating to the requirement to name authors of technical reports (Q4-6)

4. What challenges, if any, do reporting issuers face in obtaining technical report author consents for short form prospectus offerings?

PDAC response: When companies raise capital via short form prospectus offerings, it is often done to take advantage of relatively short periods of market activity and investor demand to ensure a financing is successful. For mineral issuers, it may take an author QP a significant amount of time to review incremental work and information that has been collected subsequent to a technical report being completed on a project, as exploration work on a deposit progresses continuously in most cases. Without performing this review, an author QP may not be able to provide consent at a given point in time. Moreover, an author QP may not be available when an issuer seeks consent or an issuer may not be able to directly contact a QP depending on the amount of time that has lapsed since furnishing a technical report. By the time the consent is obtained in such instances, if at all, the market window available for an issuer to complete a short form prospectus financing may have passed.

Requiring author QP consent also calls into question the ethics and capabilities of both internal and external non-author QPs. If it is satisfactory for non-author QP consent to be relied upon for incremental disclosures and filing of public documents such as Material Change reports subsequent to a technical report being filed, the same level of authority should be afforded to non-author QPs to verify the veracity of a technical report.

The limitations outlined above can prevent mineral exploration companies from using the short form prospectus, regardless if they have complied with all necessary disclosure requirements.



5. If the requirement to name the technical report authors in the AIF (and as a result, provide consents for short form prospectus offerings) were removed, would reporting issuers continue to obtain approval of prospectus disclosure from technical report authors or would they rely more on internal or external non-author QPs?

PDAC response: Yes, it is very likely that if companies were able to rely on non-authors QPs, they would take advantage of this right as it would expedite filing processes and reduce costs for many issuers. However, author QPs are solely relied upon to facilitate all public disclosure for some mineral exploration companies, and in such cases the proposed rule change would likely have no impact on issuer consent or disclosure practices.

6. If reporting issuers were to rely on internal or external non-author QPs for purposes of providing consents for short form prospectus offerings, in your view, would investor protection be impacted? Would relying on an internal QP for consent purposes (where an external QP authored the original report) raise potential conflict of interest concerns?

PDAC response: Consent from an author QP should ideally be obtained by an issuer to support a short form prospectus filing, however, as long as an issuer has disclosed all relevant changes and material information through the continuous disclosure regime, consent by a non-author QP should not negatively impact investors. A non-author QP is most commonly the person managing exploration and will be most familiar with both previously filed technical reports and the current technical status of a project. QPs have professional and ethical standards that they must follow and are tasked with providing unbiased professional opinions. In general, we think that a greater focus on regulatory enforcement of bad actors would be a greater benefit to investor protections and market participants.

D) Question relating to impact of refiling on auditor's report (Q7)

7. Considering that the annual disclosure statement will include annual financial statements, MD&A and, where applicable, AIF, do you think there will be an impact, including on auditing requirements, if a reporting issuer amends or re-files only one of these documents, or re-files the annual disclosure statement in its entirety?

PDAC response: we support the proposed amendment as it aims to consolidate continuous disclosure practices where appropriate and reduce issuer burden without negatively impacting investor protections. However, external auditing is currently only mandatory for an issuers annual financial statements. As part of auditing financial statements, auditors are required to read "other information" included in an Annual Report (e.g. MD&A), and consider whether it is materially consistent with the audited financial statements. Under the proposed amendment, the scope of "other information" may extend to include the AIF, expand an auditor's requirements and, therefore, the external costs associated with 3rd-party audits. This could erode some or all of the potential benefits for an issuer that come from a reduction in internal resources. As such, we recommend that CSA consider:

- Providing further guidance and clarity to issuers regarding the impact of the amendment on auditing practices, particularly in the case where materials other than financial statements are re-filed.
- Working collaboratively with venture issuers to monitor impacts of the proposed amendments, and to address problems as they arise.



E) Question relating to proposed amendments to Form 41-101F1 Information Required in a Prospectus and Form 44-101F1 Short Form Prospectus (Q8)

8. To align the continuous disclosure and prospectus regimes, we are proposing to remove certain prospectus disclosure requirements. Are there any concerns with the removal of this information from a prospectus? Please explain.

PDAC response: We have no concerns regarding the removal of this information from a prospectus.

F) Questions relating to semi-annual reporting for certain venture issuers on a voluntary basis (Q9-12)

9. Should we pursue the Proposed Semi-Annual Reporting Framework for voluntary semi-annual reporting for venture issuers that are not SEC issuers? Please explain.

PDAC response: Yes. Quarterly reporting is an important part of public disclosure, particularly for seasoned issuers that generate significant revenue. However, for small-to-medium size companies that are primarily engaged in activities like R&D or mineral exploration and that generate no significant revenue, market valuations are largely determined by incremental developments and disclosures, and not via quarterly results. Allowing venture issuers that are not SEC listed and that do not generate significant revenue to voluntarily move to semi-annual reporting would reduce unnecessary burden for issuers. A summary report that provides financial highlights to investors on a quarterly basis should be sufficient for investors in our view.

10. Are there specific types of venture issuers for which semi-annual reporting would not be appropriate? For instance, should semi-annual reporting be limited to venture issuers below a certain market capitalization or those not generating significant revenue? Please explain.

PDAC response: We see significant revenue generation as the most important factor from an investor perspective in determining whether an issuer should be able to voluntarily move to semi-annual reporting. As such, semi-annual reporting should be limited to venture issuers that do not generate significant revenue.

11. Would the proposed alternative disclosure requirements under the Proposed Semi-Annual Reporting Framework provide adequate disclosure to investors? Would any additional disclosure be required? Is any of the proposed disclosure unnecessary given the existing requirements for material change reporting and the timely disclosure requirements of the venture exchanges? Please explain.

PDAC response: Yes, the requirements under the proposed reporting framework are adequate disclosure in our view, as it provides the essential information to analyze the financial position of an issuer and other material information on which investors could base their decision.

**12. Do you have any other feedback relating to the Proposed Semi-Annual Reporting Framework?**

PDAC response: We have no additional recommendations or feedback on the semi-annual reporting framework proposal.

G) Questions relating to transition provisions (Q13-14)

13. Do you think the proposed transition provisions are sufficiently clear? If not, how can we make them clearer?

PDAC response: We recommend CSA members ensure sufficient resources are directed towards efficient support mechanisms and staffing that will allow issuers to make inquiries and receive guidance on regulatory compliance practices both before and during the implementation period for the proposed amendments.

14. Do you think the transition provisions in the amending instrument for NI 51-102 would provide reporting issuers with sufficient time to review the Proposed Amendments and prepare and file an annual disclosure statement for a financial year ending on, for example, December 31, 2023 if the final amendments are published in September 2023? Do you think more time should be afforded to smaller reporting issuers (such as venture issuers)?

PDAC response: Given the limitations on available resources in comparison to more seasoned issuers, venture issuers should receive additional time (6-12 months), offered a grace period or similar, to adjust to the many changes proposed in this consultation.

100 Lombard Street, Suite 302, Toronto, ON M5C 1M3

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FIRM

Delivered By Email: comment@osc.gov.on.ca, consultation-en-cours@lautorite.qc.ca

September 17, 2021

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
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Service NL
Northwest Territories Office of the Superintendent of Securities
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Nunavut

Dear Sirs/Mesdames:

Re: CSA Notice and Request for Comment: Proposed Amendments to National Instrument 51-102 *Continuous Disclosure Obligations* and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers and Seeking Feedback on a Proposed Framework for Semi-Annual Reporting – Venture Issuers on a Voluntary Basis

INTRODUCTION

We appreciate the opportunity to respond to the CSA's May 20, 2021 Notice and Request for Comment (the "RFC").

Siskinds LLP is one of the leading plaintiff securities class action firms in Canada. We have substantial experience litigating class actions under Parts XXIII and XXIII.1 of the Ontario *Securities Act* ("*OSA*") relating to defective disclosure. Accordingly, we are well positioned to provide input from an investor protection standpoint. Investor protection is at the very core of what we do.

We set out below our answers to certain questions posed at Part 9 of the RFC. Our recommendations are animated by our desire to enhance investor protection by the regular

**DIRECT
TELEPHONE** (416) 594-4380
FACSIMILE (416) 594-4377

**HEAD OFFICE
TELEPHONE** (519) 672-2121
FACSIMILE (519) 672-6065

4793803.2

disclosure of decision-useful information, and that any changes to issuers' disclosure obligations are harmonized with the civil liability regime under the *OSA* and other provincial securities legislation.

RECOMMENDATIONS

Question 2

We approve of the use of “impact/probability” to describe the seriousness of a risk as it aligns with the well-established probability/magnitude test adopted by the Commission and the courts to evaluate the materiality of risks and contingent events.

More clarity from the CSA on the meaning of the seriousness of a risk is helpful because it allows for better disclosure and more informed investment decisions by market participants. As is evident from the proposed amendments, standardization provides clarity. Thus, rather than suggest that issuers “consider presenting risk factor disclosure ...”, the language of Instruction (3) to Section 16 in Form 51-102F1 ought to be mandatory. There is no reason for reporting issuers to not provide disclosure with respect to the impact/probability (*i.e.*, the seriousness) of each risk factor, in addition to the other items.

Question 3

We support the adoption of the risk factor disclosure requirements similar to the SEC's amendments. Such requirements—for example, grouping generic risks together—would assist market participants by providing clarity that generic risks are, in fact, generic, and thus distinguish them from more specific risks that may be affecting an issuer at a particular point in time based on actual events. Further, a summary of risk factor disclosure where such disclosure exceeds 15 pages would assist by presenting information in a more digestible format, while still providing investors with fulsome non-summary risk disclosure.

Question 6

We recommend maintaining the short form prospectus requirements for expert consents in paragraph 4.2(a)(vii) of NI 44-101 and subsection 10.1(1.1) of NI 41-101, which require technical report authors who are named in the AIF to file expert consents for a short form prospectus filing. Personal liability attaching to the authors of expert reports is important for ensuring accurate disclosure. Specialized expert authors who draft technical reports must be comfortable standing behind what they have set out in their reports in the form of a consent.

Question 9

Semi-annual reporting should not be adopted. Market participants benefit from timely disclosure of accurate, decision-useful information in a core document to which liability attaches under the *OSA*.

The preparation of quarterly disclosure has value for issuers too. The process of preparing quarterly disclosure imposes a discipline on issuers by forcing them to carry out the internal processes and controls that assist in identifying problems, deficiencies and undisclosed material information. In our experience, material information that should have been disclosed at an earlier time is often revealed by issuers during quarterly financial reporting. There is a risk this might not happen under the proposed alternative disclosure regime.

Finally, there is a high degree of integration between Canadian and US markets, which have not adopted semi-annual reporting. There is value in maintaining consistency between the reporting regimes in the two jurisdictions.

Question 10

To the extent that semi-annual reporting is to be introduced (which we are opposed to, as noted above), our view is that for larger venture issuers (market capitalization over \$100 million), semi-annual reporting should not be allowed for two reasons. *First*, the traditional economic justifications for it do not apply insofar as the cost of disclosure is not disproportionate. *Second*, these are likely to be sophisticated issuers whose businesses justify quarterly disclosure to investors.

In our view, there are other useful metrics other than market capitalization. For example, revenues over a certain quantum might be a more useful metric for excluding venture issuers from participating in semi-annual reporting.

Question 11

The CSA has recognized that, if semi-annual reporting is adopted, alternative disclosure is required for the interim periods for which an interim disclosure statement is not filed in order to provide timely information to investors. The RFC indicates that this alternative disclosure will take the form of a news release.

While we endorse the requirement for this mandatory disclosure, it is our view that these news releases must be treated as “core documents” under Part XXIII.1 of the *OSA*. A news release would generally be treated as a non-core document under Part XXIII.1 and thus attract a higher evidentiary burden for a plaintiff. Given the importance of the alternative disclosure in the absence of regular interim disclosure, it is appropriate to treat the alternative disclosure as a core

100 Lombard Street, Suite 302, Toronto, ON M5C 1M3



document. While taking the form of a news release, the content and importance of this disclosure is more akin to an interim MD&A and should be treated in the same way from a liability perspective.

We note that Annex H states that the definition of “core document” will include the new annual disclosure statement and interim disclosure statement. A similar amendment could be made to include the alternative disclosure within the definition of “core document” in section 138.1 of the *OSA*.

CONCLUSION

It is essential that the CSA take steps to recommend improvements to the regulatory system that will enhance investor protection while streamlining disclosure for issuers. The purpose of securities regulation is to protect investors in a manner that inspires confidence in the capital markets and limits systemic risk. We believe our recommendations assist in achieving this purpose.

We would be happy to discuss the foregoing at your convenience.

Yours very truly,

Siskinds LLP

A handwritten signature in black ink that reads "Jared Rosenbaum". The signature is written in a cursive, flowing style.

Per:

Michael Robb, Daniel E. H. Bach, Anthony O’Brien, Alex Dimson and Jared S. Rosenbaum

September 17, 2021

**Without Prejudice
By E-mail**

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
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Service NL
Northwest Territories Office of the Superintendent of Securities
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Nunavut

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor, Box 55
Toronto, Ontario M5H 3S8
Fax: 416-593-2318
comment@osc.gov.on.ca

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
Fax: 514-864-8381
consultation-en-cours@lautorite.qc.ca

Dear Sirs/Mesdames:

Re: CSA Notice and Request for Comment Proposed Amendments to National Instrument 51-102 *Continuous Disclosure Obligations* and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers

- and -

Seeking Feedback on a Proposed Framework for Semi-Annual Reporting – Venture Issuers on a Voluntary Basis

We submit the following comments in response to the Notice and Request for Comments published by the Canadian Securities Administrators (the “CSA”) on May 20, 2021 with respect to proposed amendments (the “**Proposed Amendments**”) to National Instrument 51-102 (“**NI 51-102**”) and soliciting feedback on a proposed framework for semi-annual reporting for venture issuers (the “**Proposed Framework**”).

We have organized our comments below with reference to the proposed rule, policy or form to which the comments relate and, where applicable, with reference to the specific consultation question posed. All references to parts and sections are to the relevant parts or sections of the applicable rule, policy or form.

Thank you for the opportunity to comment on the Proposed Amendments and Proposed Framework. This letter represents the general comments of certain individual members of our securities practice group (and not those of the firm generally or any client of the firm) and are submitted without prejudice to any position taken or that may be taken by our firm on its own behalf or on behalf of any client.

A. General

We are generally supportive of the Proposed Amendments. We are of the view that the reduced regulatory burden that would result from the implementation of the Proposed Amendments would help in reducing some of the unnecessary barriers to becoming a reporting issuer in Canada for smaller companies.

We applaud this effort by the CSA to reduce the regulatory burden that Canadian securities laws may impose on existing and prospective reporting issuers and believe that a reduction in such burden will encourage capital markets activity in Canada. However, any amendments to Canadian securities law, including the national and multilateral instruments and policy statements, should serve to clarify and modernize current rules in an effort to, among other things, ensure that issuers are able to assess their compliance costs up front. We submit that such rules should not be subject to significant CSA Staff discretion and interpretation which effectively reduces the benefit of any transparency and predictability in Canadian capital markets.

1. Section 3A.6 Delivery of Annual and Interim Disclosure Statements and Certain Other Continuous Disclosure Documents

It has been our experience that issuers, along with other capital markets participants, generally want to be able to deliver disclosure documents electronically. We submit that it would be appropriate for a reporting issuer to satisfy delivery requirements of the Proposed Amendments by making the annual disclosure statement and interim disclosure statement electronically available without prior shareholder consent. In particular, we would support electronic delivery of all continuous disclosure documents with an annual notice to investors indicating that documents will be available on SEDAR and the issuer's website unless paper copies are requested. We note that electronic delivery of disclosure documents would not only reduce burden on issuers, but would also be beneficial to the environment and is particularly timely given the increased focus on environmental related disclosure and governance in Canadian (and global) capital markets.

We also note that subsection 3A.6(6) makes reference to both the "annual disclosure statement" and "annual financial statements"; however, Part 1 of the "annual disclosure statement" would be comprised of the issuer's annual financial statements. We respectfully suggest that this subsection be revised to remove the reference to annual financial statements.

2. Section 4.1 Requirement to File Audited Comparative Annual Financial Statements as Part of an Issuer's Annual Disclosure Statement; Section 4.3 Requirement to File Interim Financial Report as Part of an Issuer's Interim Disclosure Statement; Section 5.1 Requirement to File an MD&A as Part of an Issuer's Annual or Interim Disclosure Statement

We respectfully suggest that the language in subsections 4.1(1), 4.3(1) and 5.1(1) and (2) be revised to clarify that the requirement to file annual financial statements, interim financial reports and MD&A is satisfied by the inclusion of such disclosure in the issuer's annual or interim disclosure statement, as applicable.

3. Part 6 Annual Information Form

We respectfully suggest that additional language be added to Part 6 of NI 51-102 indicating that a venture issuer may file an AIF on a voluntary basis and that such AIF may form part of the issuer's annual disclosure statement, as a standalone document or as part of the issuer's interim disclosure statement.

4. Section 11.5 Refiling Documents

We submit that the language of section 11.5(1) be clarified with respect to "the decisions set out below" as it is not completely clear that this language is referring to the decision to refile a document in whole or in part or to restate financial information for comparative periods in financial statements as referenced in (a) – (c) of this subsection. We also suggest that clarification be made to (b) with respect to the ability to file a part of an annual or interim disclosure statement (i.e., the financial statements/report, MD&A or AIF) as a stand alone filing.

5. Form 51-102F1 Annual Disclosure Statement - General Instructions and Form 51-102F2 Interim Disclosure Statement – General Instructions

Instruction (8) provides that a company is not required to repeat information disclosed elsewhere in the annual disclosure statement. We suggest that this instruction be revised to clarify whether the provisions of National Instrument 52-112 *Non-GAAP and Other Financial Measures* that permit incorporation by reference of non-GAAP financial measure disclosure requirements will be available upon the filing of an annual or interim disclosure statement and further, as to whether certain non-GAAP financial measures disclosure requirement that must be in proximity to the first use of the measure (e.g., an explanation that a non-GAAP financial measure is not standardized as per section 6(1)(e)(i) of NI 52-112) will be satisfied by including such disclosure in one Part of the annual or interim disclosure statement or if such disclosure would have to be included in both Part 2 and Part 3 of the disclosure statement.

We are supportive of revisions made to Form 51-102F1 and Form 51-102F2 that eliminate duplicative disclosure requirements from the MD&A and AIF. We do not believe that issuers should be required to provide the same disclosure in two separate documents, nor do we believe that removal of duplicative information would deprive an investor's access to relevant and material information. The consolidation of the MD&A, AIF and financial statements into one document is an efficient way to reduce duplication in an issuer's filings. A single document will also serve to assist issuers with compliance and, in particular, will facilitate greater consistency in an issuers public filings.

B. Questions Relating to Risk Factors

2. Would it be beneficial for reporting issuers if we provide further clarity on what "seriousness" means and how to determine the "seriousness" of a risk?

We are generally supportive of additional clarity from the CSA as we believe that clarity provided greater certainty to issuers and assists with compliance. Alternatively, the concept of "seriousness" could be removed from the instructions altogether and replaced with alternative instructions for the arrangement of risk factors (for example, the SEC model as described in the CSA's Request for Comments).

With respect to the Instructions provided in Part 3 of the proposed Form 51-102F1 related to Item 16 "Risk Factors", we note an inconsistency between instruction (2) which states that "A risk factor must not be de-emphasized by including, for greater certainty, excessive caveats or conditions" and instruction (3) which suggests that issuers present risk factors in a manner (including in tabular format) that "clearly identifies...your company's risk mitigation strategy relating to it." We submit that additional clarification be included here to enable issuers to provide appropriate disclosure that satisfies the form requirements.

3. If we adopted similar requirements to the SEC's amendments, what would be the benefits and costs for investors and reporting issuers?

We understand that many issuers already group similar risk factors together and include a heading for "general risks". Given this practice, the biggest change to Canadian reporting issuers from the adoption of requirements similar to the SEC's amendments would be the requirement that issuers with lengthy risk factors draft a summary of such risk factors. This may impose an additional burden on issuers with very little benefit to investors. It may also lead to issuers becoming more conscious of including lengthy risk factors in their disclosure in order to avoid having to prepare an additional summary. If requirements similar to the SEC's amendments are adopted, it would be helpful for the CSA to provide guidance as to if and how the requirement to disclose risks in order of seriousness would interplay with any requirements to group similar risks together or include a "general risks" section (or, as noted above, to remove the concept of "seriousness" altogether).

C. Questions Relating to Semi-Annual Reporting for Certain Venture Issuers on a Voluntary Basis

9. Should we pursue the Proposed Semi-Annual Reporting Framework for voluntary semi-annual reporting for venture issuers that are not SEC issuers? Please explain.

While the Proposed Framework might reduce regulatory burden for some issuers, we submit that less frequent reporting is contrary to the "efficient market" theory upon which the Canadian disclosure system is based and further increases the chances that an issuer will fail to publicly disclose negative financial results and information during the lengthier 6-month interim period. Additionally, market pressures and practices in other jurisdictions against which Canadian issuers compete, namely the United States, will likely also result in Canadian issuers reporting on a quarterly basis regardless of whether a semi-annual framework is adopted. Other unintended consequences may include increased difficulty for less seasoned, smaller issuers in preparing their annual and bi-annual filings as they will not have turned their attention to financial results and disclosure controls as frequently, and potentially reduced analyst coverage.

10. Are there specific types of venture issuers for which semi-annual reporting would not be appropriate? For instance, should semi-annual reporting be limited to venture issuers below a certain market capitalization or those not generating significant revenue? Please explain.

To the extent that the Proposed Framework is implemented, we note some concerns with further classifying venture issuers. While we acknowledge that size-based distinctions may be appropriate in certain instances, one difficulty of a size-based system is that issuers must monitor their eligibility as unexpected changes to an issuer's business, including increases in revenue, changes in market cap, and market volatility, could lead to increased or different reporting obligations. If a size-based distinction is to be adopted, we suggest that consideration be given to appropriate and sufficiently lengthy transition periods applicable to issuers who could find themselves in a different class of issuer in the middle of a fiscal year and to avoid issuers having to move frequently between different reporting regimes. Maintaining an exchange-based disclosure regime provides issuers with greater certainty as to the costs of compliance and sufficient time to prepare disclosure documents, particularly as "venture issuer" is already a long-standing and well defined term in NI 51-102. Similarly, the exchange-based disclosure regime provides investors with greater certainty as to the disclosure they can expect from issuers listed on a particular exchange and a greater ability to evaluate investment decisions based on consistent disclosure schedules.

We further note that one advantage of the current exchange-based classification system is that issuers have the ability to choose which disclosure regime they prefer through selecting the exchange on which they wish to be listed. We also understand that the CSE is expected to introduce a senior issuer tier in the

near future. Should the CSA choose to adopt a size-based system, we reiterate that any test used to categorize issuers should be transparent and based on a metric that is objective and generally consistent across issuers. The metric should also be easily calculated by capital markets participants.

11. Would the proposed alternative disclosure requirements under the Proposed Semi-Annual Reporting Framework provide adequate disclosure to investors? Would any additional disclosure be required? Is any of the proposed disclosure unnecessary given the existing requirements for material change reporting and the timely disclosure requirements of the venture exchanges? Please explain.

The proposed alternative disclosure requirements are duplicative of requirements that are already imposed on issuers including the requirement to file a material change report and press release upon the occurrence of a material change and to file a press release announcing material information, per the timely disclosure rules of the TSX Venture Exchange and the CSE. Issuers listed on the CSE are also required to post to the CSE website a Monthly Progress Report (Form 7) each month disclosing, among other things, a general business overview and discussion of development of the issuer's business, expiry or termination of any contracts that have been previously announced and securities issuances. These disclosure requirements are to be satisfied on a timely basis and provide better information to the market as they are filed in real time. The proposed alternative disclosure is only required to be filed within 60 days of the end of the issuer's interim period for which financial statements and MD&A will not be filed. Material operational updates should be captured in these types of filings.

12. Do you have any other feedback relating to the Proposed Semi-Annual Reporting Framework?

One additional concern with the Proposed Framework is that issuers would be required to retroactively file financial statements and MD&A for interim periods in which filings were not made if the issuer becomes an SEC Issuer or ceases to be a "venture issuer" in the middle of an annual period. Having to prepare retroactive filings will be burdensome to issuers and may also impact a venture issuer's ability to graduate to a non-venture exchange.

D. Questions Relating to Transition Provisions

13. Do you think the proposed transition provisions are sufficient clear? If not, how can we make them clearer?

14. Do you think the transition provisions in the amending instrument for NI 51-102 would provide reporting issuers with sufficient time to review the Proposed Amendments and prepare and file an annual disclosure statement for a financial year ending on, for example, December 31, 2023 if the final amendments are published in September 2023? Do you think more time should be afforded to smaller reporting issuers (such as venture issuers)?

Similar language was used in the transition provisions of National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure* and has caused some confusion as to when the instrument will actually apply to an issuer. To the extent that the language of these provisions can be clarified, it would be greatly appreciated.

We suggest that a longer transition period (12 months) be adopted to provide issuers and their advisors with sufficient time to prepare updated and meaningful disclosure that is responsive to and compliant with a new annual disclosure statement.

* * * * *

Stikeman Elliott

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Thank you for the opportunity to comment on the Proposed Amendments. Please do not hesitate to contact any of the undersigned if you have any questions in this regard.

Yours truly,

Laura Levine,

on my own behalf and on behalf of

Simon A. Romano
Sean Vanderpol



Melissa Kennedy
EVP & Chief Legal Officer &
Public Affairs

Sun Life Financial Inc.
1 York Street
Suite 3100
Toronto, ON
M5J 0B6
Tel.: (416) 204-3852
melissa.kennedy@sunlife.com
www.sunlife.com

September 17, 2021

By E-Mail

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| British Columbia Securities Commission | Financial and Consumer Services Commission (NB) |
| Alberta Securities Commission | Superintendent of Securities, Prince Edward Island |
| Financial and Consumer Affairs | Nova Scotia Securities Commission |
| Authority of Saskatchewan | Office of the Superintendent of Securities, Service NL |
| Manitoba Securities Commission | Northwest Territories Office of the Superintendent of |
| Ontario Securities Commission | Securities |
| Autorité des marchés financiers | Office of the Yukon Superintendent of Securities |
| | Superintendent of Securities, Nunavut |

Attention:

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor, Box 55
Toronto, ON M5H 3S8
comment@osc.gov.on.ca

Me Philippe Lebel, Corporate Secretary and Executive
Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
consultation-en-cours@lautorite.qc.ca

Dear Sirs/Mesdames:

Re: Proposed Amendments to National Instrument 51-102 *Continuous Disclosure Obligations* and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers

The purpose of this letter is to provide comments to the Canadian Securities Administrators ("CSA") in response to the CSA's Notice and Request for Comment – Proposed Amendments to National Instrument 51-102 *Continuous Disclosure Obligations* and Other Amendments and



Changes Relating to Annual and Interim Filings of Non-investment Fund Reporting Issuers published on May 20, 2021 (collectively, the “**Proposed Amendments**”). Sun Life Financial Inc. (“**Sun Life**”) appreciates the opportunity offered by the CSA to share our perspective on the Proposed Amendments.

Sun Life is supportive of the CSA’s objective of enhancing the usefulness and understandability of disclosures for investors, while also reducing regulatory burden on reporting issuers by streamlining and clarifying disclosure requirements. If implemented, we believe the Proposed Amendments will further this objective and result in more focused, quality disclosure.

However, we believe there are a few areas where the Proposed Amendments may be improved in furtherance of the CSA’s objectives. We have suggested alternative proposals in our comments that follow.

1. Further Streamlining of Content in the Annual Information Form (“AIF”)

Sun Life agrees with streamlining the content of the AIF by removing duplicative disclosure requirements where such information is contained in other disclosure documents or is available from alternative public sources. However, we believe there are opportunities to further advance the CSA’s objective of streamlining the AIF content as identified below.

- a) *Ratings Information.* Given that the information required by Section 20(3) of the Proposed Annual Disclosure Statement (“**ADS**”) Form includes publicly available ratings information, Sun Life recommends that such requirement be removed. In the alternative, Sun Life recommends that the requirement be satisfied by way of cross-reference to a public source where an investor may obtain such information, such as news releases or websites of the rating agencies, or even the issuer’s own website. As currently drafted, the proposed disclosure will result in a substantial amount of otherwise publicly available information being repeated in the ADS. Specifically, Section 20(3)(c) requires disclosure of the definitions or descriptions of the categories in which the credit rating organization rated the securities and the relative rank of each rating within the organization’s overall classification system. This change would increase reporting efficiency as the information is already otherwise available to the public at each credit rating agency’s website and is the same for all issuers who are rated by the same agency.
- b) *Directors and Executive Officers.* Sun Life believes that the requirements in the AIF as they relate to information about directors are duplicative of the requirements in an issuer’s information circular. Specifically, item 7.1 of Form 51-102F5 – *Information Circular* requires information about each person proposed to be nominated for election as a director of the issuer and about each other person whose term of office as a director will



continue after the meeting. Similarly, the AIF also requires information about each director, much of it overlapping with the information circular requirements. Sun Life believes that an information circular related to the election of directors is the more appropriate location for this information so that investors have the benefit of it when determining whether to vote in favour of a director. We therefore propose that the AIF requirements be amended to remove the disclosure requirements relating to directors, provided that an issuer has filed an information circular in the form required by Form 51-102F5 within the previous 12 months. This would reduce burden as issuers would not have to repeat information in the AIF that investors can easily access elsewhere.

- c) *Audit Committee Charter*. Pursuant to the instruction to Section 31 of the Proposed ADS Form, issuers must provide additional information in their AIF as set out in Form 52-110F1 – *Audit Committee Information Required in an Annual Information Form*. The first item of Form 52-110F1 requires an issuer to disclose the text of the audit committee's charter. An issuer's audit committee charter is typically a lengthy document that is subject to only incremental changes over time. The vast majority of issuers make it available on their website. It is quite burdensome to require issuers to duplicate the text of the charter in the AIF when it can be made easily accessed elsewhere, and its inclusion does not increase the quality or useability of the disclosures. Sun Life therefore recommends that Form 52-110F1 be amended to permit an issuer to satisfy item 1 by giving the issuer the option of stating in the AIF that its audit committee charter is publicly available on its website and/or on SEDAR.

Additionally, we would like to highlight to the CSA that eliminating the above-noted duplications will have the added benefit of reducing the burden of printing and mailing costs associated with annual reporting for issuers that are insurance and bank issuers. While the CSA has put forward the Proposed Amendments in the context of the "access equals delivery" model (as outlined in CSA Consultation Paper 51-405 – *Consideration of an Access Equals Delivery Model for Non-Investment Fund Reporting Issuers*), Sun Life and other insurers and banks are subject to regulations under the Insurance Companies Act and the Bank Act that limit their ability to use the notice-and-access delivery options in the same way that other issuers may. Consequently, by further streamlining and reducing unnecessary duplication with otherwise publicly available information, an issuer will be able to decrease the length of its ADS thereby reducing printing and mailing costs and supporting sustainability goals of fewer printed pages.

2. Risk Factors

We note that instruction (3) to Section 16 of the Proposed ADS Form is new and intended to clarify that the "seriousness" of a risk factor refers to an impact/probability assessment. The CSA has also asked issuers to comment on whether it would be beneficial for reporting issuers if it provided further clarity on what "seriousness" means and how to determine the "seriousness" of



a risk. Sun Life takes the view that it would not be beneficial for the CSA to provide further guidance on what “seriousness” means and how to determine the “seriousness” of a risk. Instead, the determination of “seriousness” should be left to each issuer in the context of its own business.

The CSA has also asked for comments regarding the benefits and costs for investors and reporting issuers if the CSA adopted similar risk factor disclosure requirements as the SEC has in its modernization of Regulation S-K, specifically with respect to: (a) grouping similar risks together; (b) disclosing generic risks under the heading “general risks”; and (c) requiring a summary of risk factor disclosure if the risk factor disclosure exceeds 15 pages. Our view with respect to each of these requirements is as follows:

- a) Grouping similar risks: We agree that grouping similar risks together makes sense and enhances readability. We currently follow this practice by organizing our risk factors into various categories of risk.
- b) Disclosure of Generic Risks: We do not believe this is a helpful category of risk and any such risks would be subsumed under one of our current risk categories.
- c) Summary of Risks: Sun Life does not believe that it would be useful to include a summary of risk factor disclosure if such disclosure exceeds 15 pages. Investors will be less likely to read a detailed discussion of risk factors if there is a summary and will therefore neglect information that the issuer has determined is important disclosure for investors. Additionally, some issuers may shorten their detailed risk factor disclosure in order to avoid the 15-page threshold for a summary, thereby reducing the quality of their risk factor disclosure.

3. Transition and Effective Date

Sun Life recommends that the proposed transition period be extended to at least 6 months, with an option for early adoption. We are concerned that the proposed time between publication of the final amendments in September 2023 and the effective date of December 2023 will not be sufficient transition time for issuers with a December 31 financial year end. The preparation and delivery of an ADS will require substantial planning and coordination and involves participation from a wide range of internal functions (including senior management and the board) as well as external advisors (such as legal counsel, translators and printers). Issuers will not be able to begin to plan and coordinate for a transition to a new ADS format until the final amendments to NI 51-102 are published by the CSA in September 2023. This will leave issuers with only a few short months to conduct the transition work, which includes budgeting, planning and layout of the document. This challenge will be exacerbated for certain issuers that must comply with the implementation of International Financial Reporting Standards 17 and 9, which will take effect simultaneously with the Proposed Amendments.



4. Disclosure requirements for non-investment entities recording assets at fair value

We have noted that there are new disclosure requirements in Section 10 that apply to "Non-investment entities recording investments at fair value". These requirements include providing a schedule of investments, including the investee's name and the cost and fair value for each investment held.

The definition of "Non-investment entities recording investments at fair value" and "other operating entities" in both the Proposed Amendments and in the related Staff Notice 51-349 is unclear. As such, based on our interpretation, most financial service issuers would be scoped into these requirements if they report their investments at fair value. If that is not the intention of the CSA, we recommend a clearer definition of "Non-investment entities recording investments at fair value" and "other operating entities" to allow reporting issuers to determine if the section requirements are applicable. We also recommend that the scope of this requirement exclude issuers subject to regulators, such as OSFI, as these issuers are subject to additional reporting requirement intended to provide investors comfort over the quality of their investment portfolio.

Furthermore, we would like to highlight the undue burden caused by the requirements under Section 10(1). For certain large issuers with diversified portfolios, the requirement to provide a list by investee name for the entire investment portfolio would be administratively taxing and would add a significant number of pages to the document, which could result in a new section of disclosure being longer than in the current disclosure documents. This would make the overall document unnecessarily cumbersome. Furthermore, this additional information may not be very useful in allowing investors to make an informed investment decision when an investments portfolio is large and diversified. Similar to Section 10(2), we recommend that Section 10(1) include a requirement to provide information if there is a "concentrated holding". This would allow all investors to understand where there is a concentration of risk within the investment portfolio. We also recommend that this be considered an annual reporting requirement and not a quarterly one.

We would be happy to provide additional information or further discuss our comments if that would be helpful.

Yours truly,

A handwritten signature in black ink that reads "Melissa Kennedy".

Melissa Kennedy
EVP & Chief Legal Officer & Public Affairs
Sun Life Financial Inc.

TC Energy

450 - 1 Street S.W. Calgary, AB
Canada, T2P 5H1



September 17, 2021

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
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Service NL
Northwest Territories Office of the Superintendent of Securities
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Nunavut

c/o

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor, Box 55
Toronto Ontario
M5H 3S8

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1

DELIVERED VIA EMAIL: comment@osc.gov.on.ca and consultation-en-cours@lautorite.qc.ca

Dear Sirs/Mesdames:

**RE: CSA Notice and Request for Comment Proposed Amendments to National Instrument 51-102
Continuous Disclosure Obligations and Other Amendments and Changes Relating to Annual and Interim
Filings of Non-Investment Fund Reporting Issuers**

TC Energy Corporation (**TC Energy**) appreciates the opportunity to provide comments on the CSA's proposed amendments to National Instrument 51-102 *Continuous Disclosure Obligations* and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers published on May 20, 2021 (**the Proposed Amendments**).

TC Energy is a leader in the development and reliable operation of North American energy infrastructure including natural gas and liquids pipelines, power generation and natural gas storage facilities. TC Energy and three of its subsidiary entities are reporting issuers in each province and territory of Canada. In addition, TC Energy and TransCanada PipeLines Limited are subject to reporting obligations in the United States under the Securities Exchange Act of 1934 and file continuous disclosure documents with the Securities and Exchange Commission.

TC Energy is supportive of the Proposed Amendments and believes that they will successfully streamline the continuous disclosure requirements under NI 51-102 and reduce the regulatory burden on issuers without compromising investor protection or the efficiency of the capital markets.

With respect to implementation of the Proposed Amendments, TC Energy offers the following comments:

1. Timing of the Publication of the Final Amendments

Q14: Do you think the transition provisions in the amending instrument for NI 51-102 would provide reporting issuers with sufficient time to review the Proposed Amendments and prepare and file an annual disclosure statement for a financial year ending on, for example, December 31, 2023 if the final amendments are published in September 2023? Do you think more time should be afforded to smaller reporting issuers (such as venture issuers)?

Given that the Proposed Amendments significantly modify the format of an issuer's current disclosure documents, TC Energy requests that the final version of the Proposed Amendments be published in Q2 of 2023 (or earlier) for filing of an annual disclosure statement for the financial year ending on December 31, 2023.

TC Energy requires a relatively long lead time to prepare, review and approve its annual disclosure documents. In a typical year, TC Energy begins preparing annual disclosure beginning in late Q3 of the prior year for a February filing. The Proposed Amendments would require additional lead time given the significant change in format. As a result, TC Energy requests that the final version be published no later than six months prior to the effective date.

2. Delivery Requirements of the AIF


We note, as you are aware, that under the current continuous disclosure regime, there is no requirement to deliver the AIF. However, if the Proposed Amendments are implemented, then issuers will be required to deliver the AIF (as part of the annual disclosure statement) to shareholders who request a paper copy of the MD&A or financial statements. As a result, issuers will bear the additional cost of printing and delivering a much longer document. In our view, this detracts from the objective of the Proposed Amendments. We recognize that the "access equals delivery" model outlined in CSA Consultation Paper 51-405 would obviate this issue and we encourage the CSA to continue to advance "access equals delivery", ideally implementing it simultaneously with the Proposed Amendments.

INCLUDES COMMENT LETTERS RECEIVED

Thank you for advancing this important initiative. Please do not hesitate to contact me if I can elaborate on these comments or if TC Energy can otherwise provide assistance.

Sincerely,

DocuSigned by:



5C36BBABAD39408...

Christine R. Johnston

Vice-President, Law and Corporate Secretary

September 17, 2021

VIA EMAIL

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
 Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
 Nova Scotia Securities Commission
 Office of the Superintendent of Securities, Service NL
 Northwest Territories Office of the Superintendent of Securities
 Office of the Yukon Superintendent of Securities
 Superintendent of Securities, Nunavut

The Secretary, Ontario Securities Commission
 20 Queen Street West 22nd Floor, Box 55
 Toronto, Ontario M5H 3S8
comments@osc.gov.on.ca

Me Philippe Lebel, Corporate Secretary and Executive Director, Legal Affairs
 Autorité des marchés financiers
 Place de la Cité, tour Cominar 2640, boulevard Laurier, bureau 400
 Québec (Québec) G1V 5C1
consultation-en-cours@lautorite.qc.ca

Re: Proposed Amendments to National Instrument 51-102 *Continuous Disclosure Obligations* and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers and Seeking Feedback on a Proposed Framework for Semi-Annual Reporting – Venture Issuers on a Voluntary Basis (the “Proposed Amendments”)

The Canadian Advocacy Council of CFA Societies Canada¹ (the “CAC”) appreciates the opportunity to provide the following comments on the Proposed Amendments.

¹ The CAC is an advocacy council for CFA Societies Canada, representing the 12 CFA Institute Member Societies across Canada and over 19,000 Canadian CFA Charterholders. The council includes investment professionals across Canada who review regulatory, legislative, and standard setting developments affecting investors, investment professionals, and the capital markets in Canada. Visit www.cfacanada.org to access the advocacy work of the CAC.

CFA Institute is the global association of investment professionals that sets the standard for professional excellence and credentials. The organization is a champion of ethical behavior in investment markets and a respected source of knowledge in the global financial community. Our aim is to create an environment where investors' interests come first, markets function at their best, and economies grow. There are over 173,000 CFA Charterholders worldwide in over 160 markets. CFA Institute has nine offices worldwide and there are 161 local member societies. For more information, visit www.cfainstitute.org.

Introductory Comments

We are supportive of the CSA's intent to streamline and reduce duplicative disclosure, which we believe will help convey high quality, important information to the investing public. While we are supportive of many of the Proposed Amendments, our comments below outline some concerns and additional guidance requested with respect to some of the information proposed to be deleted from disclosure requirements, express our lingering concerns with the potential semi-annual reporting framework, and outline some other areas relating to continuous disclosure that we believe should also be a regulatory focus.

We understand that the Proposed Amendments are intended to streamline and clarify disclosure requirements by, among other things, combining the financial statements, management's discussion and analysis ("MD&A") and the annual information form ("AIF") of a reporting issuer into one reporting document. The CSA expects the Proposed Amendments will reduce regulatory burden on issuers and increase the quality of the disclosure provided to investors. We are particularly supportive of this proposed change in reporting requirements because of the harmonized efforts to reduce the regulatory burden on issuers without having a negative impact on investor protection.

We also support the other Proposed Amendments that eliminate duplicative disclosure, provided however, that any disclosure that is removed because the information can be found in another public document is in fact available for free and easily accessible to investors and not only attainable through a paid third-party subscription service. As noted below, we reiterate our view that the existing SEDAR systems' accessibility and (lack of) ease of use and machine readability represent impediments to investor access.

We understand the new disclosure statements will also generally remove certain materiality qualifiers and have all disclosure requirements subject to the qualification that issuers must focus on material information as set out in the instructions. We support clear requirements in this respect but would appreciate confirmation that any such change would conform with the understanding of and thresholds relating to materiality in Canadian accounting standards and under IFRS.

We remain concerned, however, with respect to the potential framework for semi-annual reporting for certain venture issuers, as discussed in more detail in our responses to the specific consultation questions below.

Given the current global policy and regulatory focus on ESG-related disclosure and standards, particularly those relating to issuer disclosure², we were surprised that additional annotations and amendments were not provided with respect to the future integration of ESG reporting which will become an essential part of a reporting issuer's continuous disclosure. We firmly believe that any such mandated disclosure should be an integrated part of annual disclosure statements and not be contained in a stand-alone document for ease of investor access and reference.

² [IOSCO – Report on Sustainability-related Issuer Disclosures, 2021](#)

As set out in our prior comment letters, while not specifically addressed by the Proposed Amendments, we continue to support the SEDAR+ project, and were disappointed by the delay in its implementation. We believe any amendments made to NI 51-102 should of course contemplate any changes for SEDAR+ as it is very important for end investors and analysts to access important documents on a consistent, user-friendly basis. The reality of emerging technologies is such that investors expect information to be much more readily and easily accessible, and if information is too difficult to locate it could discourage those needing the documents from initially seeking them out. As we have noted the CSA should use structured data standards such as XBRL for machine-readability more often as a strategic enabler and generally reduce redundant requests for information from issuers.

With respect to exemptive relief that has previously been granted to reporting issuers, the Proposed Amendments will generally allow a reporting issuer to continue to rely upon such existing exemptions or waivers relating to continuous disclosure obligations if it relates to a substantially similar provision in the revised NI 51-102. The securities regulatory authority will review the notice of reliance on the exemption to determine if in fact the new provision is substantially similar to the provision in the exemption. We believe that market participants would benefit from additional transparency with respect to this process and whether or not there will be any shift in baseline disclosure expectations affecting future exemptions, as a result of continued reliance on the exemptions, or as a result of the Proposed Amendments.

We note that the forms will continue to require certain information with respect to an issuer's credit rating, while removing the requirements for much of this information that can be found by investors elsewhere. Going forward, we suspect some issuers may also wish to include information with respect to their ESG or sustainability rating(s), which may cause some investor confusion if not contextualized as being presented without assurance and properly representing these ratings' assignment by and redistribution from third parties, with appropriate links to respective ratings frameworks and methodologies. Further, it should be made clear that such ratings are not an assurance of performance, and are being passed forward without endorsement, similar to the handling of a credit rating in disclosure materials. In the event there is a future CSA project with respect to disclosure of ratings (either credit, sustainability, or ESG-related) information, we would be pleased to assist and participate in any working group or related consultation.

Responses to Specific Questions

Question relating to additional disclosure for venture issuers without significant revenue

We have kept the current disclosure requirement in section 5.3 of NI 51-102 (as proposed section 8 of Form 51-102F1 Annual Disclosure Statement) to apply only to venture issuers that have not had significant revenue from operations in either of their last two financial years. However, for non-venture issuers that have significant projects not yet generating revenue, an itemized breakdown of material components of the following may help investors understand how the reporting issuer performed during the period covered by the MD&A:

- *exploration and evaluation assets or expenditures;*
- *general and administrative expenses; and*
- *other material costs.*

1. *Do you think this requirement should apply more broadly or more narrowly? For example, should we extend this disclosure requirement to non-venture issuers that have significant projects not yet generating revenue as well? Why or why not?*

The disclosure requirement should be broadened to apply more widely, particularly to certain non-venture reporting issuers that may have significant projects that are not revenue-generative. There are both venture and non-venture reporting issuers with no current revenue-generative business operations, which through their promotional activities attract mainly retail investors, leading to an investor protection concern. We believe this is an area that requires further research and analysis and should form the basis of a future policy project.

Questions relating to risk factors

We have retained instruction (i) to section 5.2 of the Current AIF Form (as proposed section 16 of Form 51-102F1 Annual Disclosure Statement) which requires a reporting issuer to disclose risks in order of seriousness from the most serious to least serious. Proposed instruction (3) to the same section suggests that “seriousness” refers to impact/probability assessment.

2. *Would it be beneficial for reporting issuers if we provided further clarity on what “seriousness” means and how to determine the “seriousness” of a risk?*

SEC’s Modernization of Regulation S-K Items 101, 103, and 105 adopts amendments which require the following:

- *grouping similar risks together;*
- *disclosing generic risks under the heading “general risks”; and*
- *requiring a summary of risk factor disclosure if the risk factor disclosure exceeds 15 pages.*

Reporting issuers and their advisors would benefit from any and all additional guidance and clarifications with respect to how to determine the “seriousness” of a risk in order to appropriately rank the risk factors. Understanding regulatory expectations from the beginning will lead to more consistent and generally higher quality disclosure. We are supportive of requirements to group similar risks together, disclose generic risks under a general heading and, in particular, requiring a summary of risk factor disclosure if it would otherwise exceed 15 pages. We would prefer a shorter threshold such as 10 pages, but understand the downside to disharmonizing with the SEC’s existing requirements. We believe the requirement to prepare a summary will disincentivize behaviour where all possible outcomes regardless of materiality or likelihood are enumerated, leaving the risk disclosure impossible to read and analyze, and instead help focus the disclosure on more concise “must have” information from the applicable business units and operations of the issuer. Reporting issuers should be further encouraged to reduce their general risk disclosure (which has the potential to obfuscate



probable risks) in favour of more issuer-specific, probable risks, which could be expected to change from time to time.

We wish to note, however, that historically the risk factors contained in an AIF and those contained in MD&A have had a slightly different focus, in that as described in an AIF risk factors tended to be described as historical and retrospective, while those in the MD&A were more future focused and prospective. If combined into one document, it will be important for the instructions/annotations to clarify regulatory expectations, including with respect to if or how such risk factors should be grouped together.

Questions relating to the requirement to name authors of technical reports

Subsection 5.4(1) of the Current AIF Form requires reporting issuers to cite the date and title of the current technical report for each material mineral project and name the author(s) of the report. The Current AIF Form also contains disclosure requirements for mineral projects which may be satisfied, at the option of the reporting issuer, by incorporating by reference into the AIF some or all of the information in the current technical reports. There is no requirement to incorporate by reference technical reports, as a whole, into the AIF.

The short form prospectus requirements for expert consents in paragraph 4.2(a)(vii) of NI 44-101 and subsection 10.1(1.1) of National Instrument 41-101 General Prospectus Requirements (NI 41-101) require technical report authors who are named in the AIF to file expert consents for a short form prospectus filing. This is the case even if the technical report is not incorporated by reference and the mineral project disclosure in the prospectus is prepared or approved by another qualified person (QP). The impact of providing an expert consent is that the consenting QP assumes personal liability for the disclosure for which they provide a consent.

4. What challenges, if any, do reporting issuers face in obtaining technical report author consents for short form prospectus offerings?

We are not aware of any challenges faced by reporting issuers in obtaining technical report author consents, and understand such requirements to be in the ordinary course of business in the oil, gas and mining industries. Currently summaries of technical reports are provided in the AIF and should continue to be made available to investors on an annual basis under the Proposed Amendments.

5. If the requirement to name the technical report authors in the AIF (and as a result, provide consents for short form prospectus offerings) were removed, would reporting issuers continue to obtain approval of prospectus disclosure from technical report authors or would they rely more on internal or external non-author QPs?

We are of the view that reporting issuers would (and should) continue to obtain approvals from technical report authors, as the issuers are responsible to investors for the robustness of the disclosure.

6. If reporting issuers were to rely on internal or external non-author QPs for purposes of providing consents for short form prospectus offerings, in your view, would investor



protection be impacted? Would relying on an internal QP for consent purposes (where an external QP authored the original report) raise potential conflict of interest concerns?

Yes, we believe investor protection would be impacted if reporting issuers were to rely on internal or external non-author QPs to provide such consents. It is important to receive verification and consent from an independent third party rather than invite conflict of interest concerns through use of a connected individual in their place.

Question relating to proposed amendments to Form 41-101F1 Information Required in a Prospectus and Form 44-101F1 Short Form Prospectus

8. To align the continuous disclosure and prospectus regimes, we are proposing to remove certain prospectus disclosure requirements. Are there any concerns with the removal of this information from a prospectus? Please explain.

Our concerns relate to the ability of investors to locate the information easily in other documents, as it is clearly easier for investors and analysts to find information for comparability purposes (such as a summary of financial information) if it is located in the same part of every prospectus. We do not believe the onus should be on the reader to locate external material information that used to be contained in an offering document. If the information could be hyperlinked directly to the relevant sections of other prior disclosures/disclosure documents as part of the SEDAR+ project, that would assist both investors and issuers and keeps the onus on the issuer to provide all relevant information in one place.

Questions relating to semi-annual reporting for certain venture issuers on a voluntary basis

9. Should we pursue the Proposed Semi-Annual Reporting Framework for voluntary semi-annual reporting for venture issuers that are not SEC issuers? Please explain.

We do not believe the CSA should pursue the Proposed Semi-Annual Reporting Framework at this time, although further study and analysis could be warranted as part of a dedicated future policy project.

In our July 2017 response to the then CSA Consultation Paper 51-404 *Considerations for Reducing Regulatory Burden for Non-investment Fund Reporting Issuers*, we noted our concerns about proposals aimed at reducing financial disclosure for smaller reporting issuers as it could limit the comparability of financial information between larger and smaller issuers for investors to make informed investment decisions. We argued then that a scaled down disclosure regime for smaller issuers could create a dual-regulatory system that investors might not be familiar with, and as small non-venture issuers may compete for the same capital as more senior venture issuers, it would be prudent for investors to be equipped with the same breadth (and we would argue, frequency) of issuer information to allocate capital rationally. In our view, focusing on improving the quality of disclosure (as opposed to just reducing the volume and frequency) would better serve investors.



Even the alternative of introducing a different reporting frequency for certain issuers in Canada at this time would introduce unnecessary complexity into the continuous disclosure regime for investors, market intermediaries and issuers, and would create a different cadence for disclosure from what currently exists in the U.S., the world's largest and most widely understood financial market. While the regime could benefit the smallest reporting issuers as a result of cost savings, it is likely that such issuers would choose quarterly reporting in any event to satisfy investor information demands, and to appeal to investors that are widely comfortable with quarterly reporting.

Questions relating to transition provisions

13. Do you think the proposed transition provisions are sufficiently clear? If not, how can we make them clearer?

We believe the transition provisions should be revisited, in part so that they are made clearer. All jurisdictions should also release a consolidated, blackline version of the final amendments well in advance of implementation date so that all issuers, investors and their advisors are working off of the same documentation.

14. Do you think the transition provisions in the amending instrument for NI 51-102 would provide reporting issuers with sufficient time to review the Proposed Amendments and prepare and file an annual disclosure statement for a financial year ending on, for example, December 31, 2023 if the final amendments are published in September 2023? Do you think more time should be afforded to smaller reporting issuers (such as venture issuers)?

Issuers of all sizes would benefit from at least an additional three-month transition period – ideally, the final amendments could be published earlier, with all final ministerial or other approvals received by June 2023. The instrument could then apply to the first annual disclosure statement for financial years ending on or after December 15, 2023. If issuers are not provided with sufficient time to review the final approved National Instrument, then we anticipate the resulting disclosure will not be as concise and robust as intended.

Concluding Remarks

We strongly support efforts to reduce regulatory burden while maintaining robust investor protection. Many of the Proposed Amendments which curtail duplicative disclosure and aim to highlight material information for investors in a concise manner are laudable. To the extent information is removed on the basis that investors can locate the disclosure elsewhere, it is important to confirm that such information is in fact easily accessible. Ideally, all such information should be hyperlinked into the relevant annual or interim disclosure statements. Finally, we believe further research and consultations will be required prior to deciding upon a framework for semi-annual reporting for certain venture issuers (or any other issuers in Canada).

We thank you for the opportunity to provide these comments and would be happy to address any questions you may have. Please feel free to contact us at cac@cfacanada.org on this or any other issue in future.



**CFA Societies
Canada**

Canadian Advocacy Council

120 Adelaide Street West, Suite 2205
Toronto, ON M5H 1T1

+1 (416) 366 3658 tel
www.cfacanada.org

(Signed) *The Canadian Advocacy Council of
CFA Societies Canada*

**The Canadian Advocacy Council of
CFA Societies Canada**



79 Wellington St. W., 30th Floor
Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada
P. 416.865.0040 | F. 416.865.7380
www.torys.com

September 17, 2021

By email:

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)
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon
Superintendent of Securities, Nunavut

Re: Proposed amendments to National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) and related amendments concerning annual and interim filings of non-investment fund reporting issuers

Dear staff:

Introduction

We are writing in response to your request for comment dated May 20, 2021 regarding:

- the proposed repeal of Form 51-102F1 *Management's Discussion and Analysis* (Current MD&A Form) and Form 51-102F2 *Annual Information Form* (Current AIF Form);
- the proposed introduction of Form 51-102F1 *Annual Disclosure Statement* (ADS Form) and Form 51-102F2 *Interim Disclosure Statement* (IDS Form);
- proposed changes to Companion Policy 51-102CP *Continuous Disclosure Obligations* (51-102CP); and
- related changes to existing rules and policies (collectively, the Proposed Amendments).

These comments are provided by the partners and counsel of Torys LLP who are signatories below, in their personal capacities, and not on behalf of the firm or any of its clients.

We appreciate the efforts of the Canadian Securities Administrators (CSA) to reduce the regulatory burdens that reporting issuers face when preparing their annual and interim disclosures and promote disclosure that provides decision-useful information for investors.

1. Streamlining disclosure requirements

We support the CSA's proposals to eliminate duplicative, overlapping and/or redundant disclosure requirements, including the proposed elimination of:

- the current MD&A requirement to disclose information regarding critical accounting estimates and the current AIF requirement to disclose cash dividends or distributions declared (as well as restrictions on payment of dividends or distributions);
- the current MD&A requirement to disclose summary information for the eight most recently completed quarters;
- the current MD&A requirement for non-venture issuers to prepare and disclose a contractual obligations table;
- the current AIF requirement to disclose security price ranges and volumes traded on a Canadian marketplace; and
- the current AIF requirement to disclose information about the issuer's transfer agents, registrars and the location of registers of transfers.

2. Consolidation of periodic disclosures into a single disclosure statement

We recognize the potential benefits for issuers and investors of consolidating a reporting issuer's annual financial statements, MD&A and AIF, if any, into a single annual disclosure statement (ADS) and consolidating the interim financial statements and interim MD&A into a single interim disclosure statement (IDS). We believe, however, that reporting issuers should be given the option, for their annual filings, to prepare a separate AIF. This is because some issuers file their financial statements and MD&A first, and then take additional time to prepare their AIF, have the relevant AIF disclosures reviewed and obtain the required certifications from their chief executive officer and chief financial officer. Requiring all issuers to prepare a consolidated ADS could, for example, put significant pressure on issuers with fewer resources available to dedicate to the preparation and review of such documents. Requiring all issuers to prepare a consolidated ADS could also have the unintended consequence of creating incentives for issuers to delay reporting their annual results and filing their annual financial statements and MD&A until the information required by the AIF section in the ADS Form is ready.

3. Materiality qualifiers

We support the CSA's proposal to remove most of the materiality qualifiers in specific sections of the Proposed ADS Form, except where the materiality qualifier is part of a defined term (such as "significant acquisition") or reflects a term used in the prospectus rules. Instead, all disclosure requirements in the Proposed ADS Form will be subject to the general instruction that issuers are to focus on material information. We believe that these changes will reduce uncertainty resulting from the absence of a materiality qualifier in some sections and the use of a materiality qualifier other than "material" in other sections.

4. Risk factor disclosure

Section 5.2 of the Current AIF Form requires an issuer who prepares an AIF to disclose risk factors relating to the issuer and its business, and the instructions to section 5.2 specify that risks must be disclosed in order of seriousness from most to least serious and not be de-emphasized through the use of excessive caveats or conditions. We support the CSA's proposal to incorporate this risk factor disclosure requirement and instructions into the Proposed ADS Form. Also, in our experience, issuers and their advisors do not have much difficulty assessing the relative seriousness of their risk factors and so we do not believe there is demand in the market for additional regulatory guidance on what "seriousness" means.

We have some concerns, however, about the proposed instruction encouraging issuers to consider presenting risk factor disclosure in tabular form or another manner that clearly identifies, for each risk factor (a) the nature of the risk factor, (b) its description, (c) its seriousness for the issuer (in terms of

impact/probability), and (d) the issuer's mitigation strategy for the risk. Although the proposed instruction is framed as a suggestion, we expect that many issuers and their advisors will treat it as a requirement or best practice. We believe that the instruction, if adopted, would increase regulatory burdens for issuers and result in longer disclosure because issuers likely would supplement their existing discussion of risks with the proposed risk table. While we are in favour of encouraging disclosure formats that are easier for investors to understand and digest, we expect that issuers and their advisors are likely to find it challenging to work with a format that requires public disclosure of the impact/probability of risks in tabular form. Risk impact/probability assessments are nuanced, complex and evolving and, as a result, are not easily reduced to snapshot disclosure in a table made as of a fixed date.

We also note that the revised rules on risk factor disclosures recently adopted by the U.S. Securities and Exchange Commission (SEC) do not require or recommend a tabular presentation, and so recommending such an approach for Canadian issuers could result in diverging disclosure practices and increased regulatory burdens for cross-border issuers.

The request for comment also sought feedback on whether the CSA should adopt amendments to risk factor disclosure requirements similar to those recently adopted by the SEC. These amendments require issuers to group similar risks together, disclose generic risks under the heading "general risk" and require a summary of risk factor disclosure if the risk factor disclosure exceeds 15 pages. We do not think it is necessary or advisable for the CSA to adopt similar requirements. We believe that the prevailing market practice in Canada is for issuers to group their disclosures about similar risks together and, therefore, mandating this practice is unnecessary. We do not think that requiring disclosure of generic risks under a "general risk" heading would be particularly useful, and could lead to investors disregarding these risks or incorrectly concluding that they are more remote. Instead, if there are concerns that risks are not being appropriately tailored, issuers could be reminded and encouraged not to include generic or boilerplate risks that are not material to their business. We note that some issuers will also disclose a bulleted list of risk factors (typically in their forward-looking statement disclaimers or elsewhere if such disclosure is considered useful), but this practice has not been universally adopted. We believe that issuers who have elected not to provide a bulleted list of risks have concluded that such a presentation format is not meaningful for investors and unnecessarily adds to already lengthy disclosure documents.

5. Disclosure about debt covenants

If adopted, paragraph 5(5)(b) of the Proposed ADS Form will require a reporting issuer to discuss how it manages its liquidity risks and provide qualitative and quantitative disclosure of any debt covenants to which it is subject, including the actual ratios or amounts. We note that section 29 of the Proposed ADS Form will require issuers to disclose particulars of material contracts. In addition, if there has been a default or there are arrears on a debt covenant, or there is a risk of default or arrears on a material debt covenant, paragraphs 5(5)(c) and (d) will require disclosure of this information and how the issuer intends to cure the default or arrears or address the risk of such default or arrears, as the case may be. We also are aware that the disclosure requirements above are subject to an overall materiality qualifier.

We believe that requiring issuers to disclose detailed information about debt covenants on a routine basis (beyond what is required in section 29) is unnecessary and could disadvantage issuers by requiring them to disclose competitively sensitive information. As an alternative, we suggest that the disclosure in proposed paragraph 5(5)(b) be required only in the circumstances described in paragraph 5(5)(c).

6. Disclosure requirements for investment entities and non-investment entities recording investments at fair value

If the Proposed Amendments are adopted, section 10 of the ADS Form will require any investment entity or non-investment entity recording investments at fair value¹ to disclose in its ADS and IDS²:

¹ Instruction 2 for section 10 states that if a material portion of a company's business is invested in other operating entities and those investments are recorded on a fair value basis, the issuer is considered to be a "non-investment entity recording investments at fair value".

² Subsection 3(1) of the proposed IDS Form provides that an issuer's interim MD&A must update the annual MD&A for all disclosure required under Part 2 of the ADS Form.

- a schedule of investments, including the investee's name, and the cost and fair value for each investment held;
- changes to the composition of the investment portfolio;
- drivers of fair value changes by investment, including a discussion of both unrealized and realized gains and losses; and
- for concentrated holdings, summarized financial information of the investee including the aggregated amount of assets, liabilities, revenue and profit or loss along with a discussion of the results of the investee.

For the following reasons, we question the necessity of proposed section 10 and are concerned about the potential scope, regulatory burden and adverse consequences of introducing such a requirement.

- We believe that existing disclosure requirements incorporated into the proposed ADS Form and IDS Form (including financial statement requirements and disclosure requirements regarding an issuer's performance, business, risk factors, liquidity and capital resources and related party transactions) are sufficient to achieve the objectives of NI 51-102.
- The potential scope of proposed section 10's application to various issuers is unclear. For example, it is unclear how many issuers would be considered to have a material portion of their business invested in other operating entities with such investments recorded on a fair value basis. Accordingly, the potential impact and regulatory burden associated with the proposed requirement has not been assessed.
- We believe more study is needed before introducing a change to the continuous disclosure requirements that, in effect, create a new, significantly lower early warning reporting threshold.
- If an issuer discloses the specific names of privately held entities in its portfolio and its assessment of the fair value of those investments, such disclosure could adversely affect the issuer's relationships with co-investors and the investee if their evaluations of fair value differ from the issuer's assessment.
- Summarized financial information of the investee including the aggregated amount of assets, liabilities, revenue and profit or loss along with a discussion of the results of the investee, particularly for an investment in a private company, may be competitively sensitive and not always available to the issuer (or verifiable by the issuer prior to the deadline for filing its ADS or IDS, as the case might be).

7. Permitting issuers to compare the financial performance of their current quarter to the immediately preceding quarter

We support the CSA's proposal, as reflected in subsections 3(3) and (4) of the MD&A section in the Proposed IDS Form, to permit an issuer (other than an issuer whose business is seasonal) to compare the financial performance of its current quarter with the immediately preceding quarter, rather than the corresponding period in the previous year, as long as the issuer discusses its reasons for changing the basis of comparison and indicates where summary information about the corresponding period in the previous year can be found. We agree that it is appropriate to provide issuers with the flexibility to provide the comparative analysis that they believe is most relevant to an understanding of their performance. The CSA may wish to consider adding guidance through the instructions on how frequently an issuer can choose to alter the basis of its comparison.

8. Transition

We appreciate the CSA's decision to publish the Proposed Amendments more than two years in advance of the proposed December 2023 effective date for the final amendments to NI 51-102. We note, however, that the CSA expects to publish the final amendments in September 2023, only three months prior to this effective date. We believe that issuers would appreciate having more time between publication of the final amendments and effectiveness to prepare and file their first ADS.

Once again, we appreciate the opportunity to comment on the Proposed Amendments and would be happy to discuss any of our comments set out above with you by phone or by email.

Yours truly,

Janet Holmes
Jim S. Hong
Glen R. Johnson
Karrin Powys-Lybbe
Rima Ramchandani
David Seville
Michael Zackheim



Bennett Jones

Bennett Jones LLP
4500 Bankers Hall East, 855 - 2nd Street SW
Calgary, Alberta, Canada T2P 4K7
Tel: 403.298.3100 Fax: 403.265.7219

September 24, 2021

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
Superintendent of Securities, Department of Justice and
Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Service NL
Northwest Territories Office of the Superintendent of
Securities
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Nunavut

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor, Box 55
Toronto, Ontario
M5H 3S8
Fax: 416-593-2318
Via email: comment@osc.gov.on.ca

Me. Philippe Lebel
Corporate Secretary and Executive
Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
Fax: 514-864-8381
consultation-en-cours@lautorite.qc.ca

To whom it may concern:

Re: Submissions on Proposed Amendments to National Instrument 51-102 *Continuous Disclosure Obligations*

On behalf of our clients ATCO Ltd. ("ATCO") and Canadian Utilities Limited ("CU"), we wish to provide comments on the proposed amendments (the "**Amendments**") to National Instrument 51-102 *Continuous Disclosure Obligations* ("**NI 51-102**") proposed by the Canadian Securities Administrators (the "**CSA**"). We welcome the opportunity to make this submission.

The ATCO Group

With approximately \$22 billion in assets and more than 6,200 employees, ATCO is a diversified global corporation with investments in the essential services of Structures & Logistics (workforce and residential housing, innovative modular facilities, construction, site support services, workforce lodging services, facility operations and maintenance, defence operations services and disaster and emergency management services); Utilities (electricity and natural gas transmission and distribution and international electricity operations); Energy Infrastructure (electricity generation, energy storage

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and industrial water solutions); Retail Energy (electricity and natural gas retail sales); Transportation (ports and transportation logistics); and Commercial Real Estate.

ATCO is CU's controlling shareholder and currently controls approximately 90% of CU's outstanding voting shares. ATCO's controlling shareholder currently controls approximately 87% of ATCO's outstanding voting shares. ATCO and CU are Canadian reporting issuers with securities listed on the Toronto Stock Exchange.

The controlling interest in ATCO has been maintained since its formation, and the interest in CU since ATCO acquired it in 1980. The companies are of the belief that the existence of the long-standing majority shareholder is of fundamental importance to their governance and operations, and ensures that there is a high degree of alignment between shareholders. This structure enables the companies' boards and managements to focus on long-term success and profitability.

General

ATCO and CU view effective securities legislation as an essential element for the ongoing success of the companies and their shareholders. Both companies strive to ensure that they provide effective stewardship of their businesses and evaluate their disclosure practices on an ongoing basis with changes made as needed. ATCO and CU also strongly believe that disclosure rules imposed by such securities legislation should not only be as clear and streamlined as possible but should also provide issuers with the flexibility to adopt disclosure policies and practices that both comply with applicable legal requirements and suit their own particular needs and circumstances. Rules that provide as much guidance as possible, while still creating a framework within which ATCO and CU can continue to engage in the practices they deem best suited to their businesses, will allow both companies to remain efficient while still meeting stated policy goals, such as the goal of streamlining disclosure proposed by the Amendments.

In this regard, ATCO and CU are fully supportive of the Amendments that clarify and streamline disclosure obligations and reduce the burden of disclosure on reporting issuers.

Assessing Risk via the Impact/Probability Assessment

The Amendments propose, among other things, that issuers disclose risks in order of seriousness from the most to least serious. "Seriousness", in this instance, will refer to the severity of risk as determined by an impact/probability assessment process.

Under NI 51-102's current requirements, ATCO and CU seek to disclose applicable risks in a manner that both meets applicable securities requirements and is broadly comparable to other issuers in similar industries. In contrast, the Amendments propose that each individual issuer disclose applicable risks ranked via their own impact/probability assessment. However, without a level of standardization in impact/probability assessment across each industry or across issuers generally, risk disclosure under this Amendment may be of dubious value. Additionally, unless issuers also disclose their



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impact/probability assessment processes in a manner accessible to the public, the utility of such risk rankings will be further limited by their opacity.

In connection with this, the proposed Amendments may create difficulty in determining the seriousness of risks disclosed by an issuer. Issuers may weight impact and probability differently, which may potentially lead to different rankings of similar risks. For instance, one issuer may consider credit risk a high-probability but low-impact risk, and thus rank it differently from a similar issuer who may see credit risk as a low-probability but high-impact risk. Without further guidance, the proposed Amendments may cause significant investor confusion in making risk-informed investment decisions.

Accordingly, ATCO and CU recommend that the impact/probability risk assessment disclosure requirements proposed in the Amendments be withdrawn, or alternatively that the CSA develop meaningful guidance to address the concerns identified above. It would be appropriate for any such guidance to reflect the fact that controlled companies may assess the impact and probability of risks differently (particularly, for ATCO and CU, in light of the long-term focus described above) than issuers without a controlling shareholders.

Representatives of ATCO and CU would be pleased to discuss the foregoing with you if it would be of assistance.

Yours truly,

BENNETT JONES LLP

"Bennett Jones LLP"





September 24, 2021

VIA EMAIL

British Columbia Securities Commission
 Alberta Securities Commission
 Financial and Consumer Affairs Authority of Saskatchewan
 Manitoba Securities Commission
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 Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
 Nova Scotia Securities Commission
 Office of the Superintendent of Securities, Service NL
 Northwest Territories Office of the Superintendent of Securities
 Office of the Yukon Superintendent of Securities
 Superintendent of Securities, Nunavut

The Secretary
 Ontario Securities Commission
 20 Queen Street West
 22nd Floor, Box 55
 Toronto, Ontario M5H 3S8
comment@osc.gov.on.ca

Me Philippe Lebel
 Corporate Secretary and Executive Director, Legal
 Affairs
 Autorité des marchés financiers
 Place de la Cité, tour Cominar
 2640, boulevard Laurier, bureau 400
 Québec (Québec) G1V 5C1
consultation-en-cours@lautorite.qc.ca

Dear Sirs/Mesdames:

Re: Proposed Amendments to National Instrument 51-102 Continuous Disclosure Obligations and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers and Seeking Feedback on a Proposed Framework for Semi-Annual Reporting – Venture Issuers on a Voluntary Basis

TMX Group Limited (“**TMX Group**” or “**we**”) welcomes the opportunity to comment on behalf of its subsidiaries, Toronto Stock Exchange (“**TSX**”) and TSX Venture Exchange (“**TSXV**”) (each, an “**Exchange**” and collectively, the “**Exchanges**”), on the notice and request for comment published by the Canadian Securities Administrators (“**CSA**”) entitled “*Proposed Amendments to National Instrument 51-102 Continuous Disclosure Obligations and Other Amendments and Changes*

Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers and Seeking Feedback on a Proposed Framework for Semi-Annual Reporting – Venture Issuers on a Voluntary Basis” (the “Request for Comments”). Capitalized terms used in this letter and not specifically defined have the meaning given to them in the Request for Comments.

TMX Group’s interests are aligned with the CSA’s, as it is vital to our clients and to all investors that the capital markets in Canada remain fair, efficient and competitive. Our businesses rely on our customers’ continued confidence and participation in Canada’s capital markets. We believe that achieving the right balance between investor protection and regulatory burden is essential to creating an environment where companies and the Canadian economy can grow and successfully and sustainably compete on an international level. We are pleased that the Request for Comments is informed by this focus on achieving regulatory balance. We note that many of the potential amendments to reduce regulatory burden discussed in the Request for Comments align with work undertaken by TMX Group. TMX Group looks forward to working with the CSA on initiatives in this area and sharing our expertise with the CSA.

Proposed Amendments to Reduce Regulatory Burden

1. Streamline the Disclosure Requirements

The Exchanges strongly support CSA efforts to reduce burdensome disclosure requirements in annual and interim filings, particularly by removing duplicative form requirements in the disclosure documents. Generally speaking, issuers frequently include repetitive and boilerplate language in their disclosure documents in order to comply with current form requirements, forcing investors to sift through the “filler” language in order to get to the useful disclosure. The amendments to streamline disclosure by removing duplicative form requirements should make it more efficient for issuers to prepare such disclosure, discourage the use of repetitive and boilerplate language and encourage the issuer to focus on disclosing only relevant and material information. This should provide more meaningful disclosure to investors.

The Exchanges caution that some of the amendments for removing disclosure requirements may result in the elimination of information that is important to investors. For example, the summary of quarterly results in the MD&A is valuable information for an investor. This summary puts the current quarter into context and explains the variations over the quarters necessary to understand general trends and the seasonality of the business. Similarly, the Exchanges note that including a tabular summary of quarterly results for the eight most recently completed quarters in the MD&A provides a useful sequential analysis of financial results. It is much more efficient for investors to have this information in one document than to review prior filed disclosure to retrieve this information and create their own analysis. In this instance, reducing the regulatory burden for issuers may be at a cost to investor access to information.

The Exchanges are supportive of the added clarifications in the proposed amendments to the disclosure requirements. In particular, the Exchanges support removing the variety of material qualifiers such as “significant”, “critical”, “major” and “fundamental” throughout the disclosure requirements and having disclosure subject to the general instruction that issuers are to focus on material information. This will create uniformity throughout the requirements and reduce uncertainty for issuers completing the disclosure statements.

2. Combine Documents

The Exchanges support consolidating the MD&A, AIF (if applicable) and annual or interim financial statements, as the case may be, into one disclosure statement. The Exchanges note that in preparing the AIF, many issuers incorporate by reference large sections of the annual financial statements and MD&A. Therefore, a consolidated document will be beneficial to investors because they will no longer have to locate and access numerous documents when looking for current material information regarding the issuer. A consolidated document would also be beneficial to issuers as it would reduce the risk of inconsistent disclosure across three separate documents and eliminate the duplicative internal efforts and resources associated with preparing and reviewing three different documents with three different, but overlapping, sets of form requirements. The Exchanges believe that the combined annual and interim disclosure statements will reduce the time and expense incurred to prepare the disclosure documents and will make key information easier for investors to locate and understand.

3. Address Gaps in Disclosure

The Exchanges are supportive of the addition of certain information in the disclosure statements in order to address gaps in the disclosure. As always, the CSA must take a balanced approach to ensure investor protection without creating undue regulatory burden on issuers. The Exchanges believe that the small number of new requirements will not create undue regulatory burden on issuers, but rather fill gaps in disclosure where such attention is needed. For example, the Exchanges support the amendment to require issuers to provide a description of their business in the MD&A portion of the disclosure statements. This disclosure gives the issuer the opportunity to describe their business, including its lines of business, products, services and principal markets in order to entice potential investors to invest and, in turn, provides a more fulsome picture of the business to the investor. As non-venture issuers currently provide this information in their AIF, the Exchanges believe that these amendments will now address gaps in disclosure for venture issuers without creating undue regulatory burden.

Semi-Annual Reporting for Venture Issuers on a Voluntary Basis

The Exchanges understand that implementing voluntary semi-annual reporting for venture issuers would likely be a big shift for the Canadian market as issuers and investors are familiar with and expect quarterly reporting. Voluntary semi-annual reporting may not be welcomed by some investors who have established investing practices that are shaped by quarterly reporting and some market participants may find it more challenging to compare certain issuers to their sector peers, particularly over short time periods. However, the Exchanges believe that the voluntary nature of the proposal will allow issuers, their shareholders, and the market generally, to determine the best approach for each particular issuer, and, over time, allow the market to acclimate to the new regime as more issuers “test” the semi-annual approach.

The Exchanges also understand that considerable time and resources are required for issuers to report quarterly and, for a subset of issuers, the burden associated with quarterly reporting may outweigh the benefits that investors derive from the quarterly reporting. Generally speaking, venture issuers typically have lower market capitalizations and generate lower revenues than non-venture issuers and experience a proportionately greater regulatory burden than their counterparts for detailed quarterly reporting. Allowing a venture issuer to report semi-annually will help enable those issuers to reallocate resources and attention on the business and operations

rather than on reporting. Therefore, the Exchanges are supportive of semi-annual reporting for venture issuers on a voluntary basis.

1. Voluntary Framework

The Exchanges understand that the CSA must ensure a fair balance between investor protection and regulatory burden. Accordingly, the Exchanges applaud CSA efforts in striking this balance by enabling issuers to voluntarily opt in and out of semi-annual reporting and allowing the issuers to choose what is best for them. Market forces such as institutional investors and U.S. capital markets may impact the decision of a venture issuer to report quarterly or semi-annually, but by having semi-annual reporting as an option, the issuer can determine what frequency of reporting is most appropriate for them. The Exchanges also support the requirement for venture issuers to opt in and out of semi-annual reporting at the beginning of each year by filing a notice advising the market of such election and further support that the commitment must be for one year. This gives the venture issuer flexibility in reporting when things change from year to year and ensures that the investors will know the frequency and type of disclosure to be filed for the ensuing year.

2. Specific Types of Venture Issuers for which Semi-Annual Reporting may not be Appropriate

The Exchanges do not support creating limits as to the type of venture issuer for which semi-annual reporting is available. While we appreciate that some venture issuers have large market capitalizations and revenues that are more akin to non-venture issuers, the Exchanges support a framework for voluntary semi-annual reporting that applies to all venture issuers.

Venture issuers are susceptible to volatile market capitalizations and revenues due to various factors such as the stage of business, business sector, seasonality and other market factors. Setting a maximum market capitalization or amount of revenue generated that an issuer must fall under in order to be able to opt into semi-annual reporting can create an arbitrary limit that an issuer may fluctuate above and below over time. If an issuer rises above or falls below these limits in any given period, confusion may arise as to whether or not the issuer may continue to report semi-annually or must return to quarterly reporting. The current amendments in the Request for Comments suggest that when an issuer loses eligibility during a year to report semi-annually, it must file all applicable interim filings that were not otherwise filed prior to the date that it no longer qualified for semi-annual reporting. If the CSA imposes limits in the semi-annual reporting framework, the Exchanges believe that the CSA should provide specific rules as to what point in time the issuer must evaluate their business to ensure it does not exceed those limits to be able to opt into semi-annual reporting and provide rules on what happens if an issuer rises above the limits during the course of the year. This will help both issuers and investors better understand the framework.

Securities laws have long-established and well understood frameworks for different disclosure and reporting requirements for venture issuers and non-venture issuers. This distinction is logical and provides ease in determining the disclosure requirements applicable to each issuer. Departing from that distinction to include a type of venture issuer that is not appropriate for semi-annual reporting would add confusion to the new reporting regime. The Exchanges believe that all venture issuers should have the flexibility to decide whether or not reporting semi-annually is appropriate for them regardless of size, revenues or market capitalizations.

Final Remarks

Overall, the Exchanges are very supportive of CSA initiatives to reduce the regulatory burden associated with the ongoing costs of remaining a reporting issuer without impeding the ability of the CSA to fulfill their regulatory responsibility to protect investors. Addressing undue regulatory burden on reporting issuers is important for ensuring the vibrancy of Canada's capital markets.

We appreciate the opportunity to respond to the Request for Comments. Should you wish to discuss any of the comments with us in more detail, we would be pleased to respond.

Yours truly,

"Loui Anastasopoulos"

Loui Anastasopoulos
President, Capital Formation and Enterprise Marketing Officer
TMX Group