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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

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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



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