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The Secretary
Ontario Securities Commission
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Corporate Secretary and Executive Director, Legal Affairs
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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.