The OSC SME Institute

Hot Topics in Continuous Disclosure

(for non-investment fund reporting issuers)

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OSC ONTARIO SECURITIES COMMISSION

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Presentation Outline

OSC SME Institute — Objectives

- Help SMEs navigate regulatory waters
- Demystify disclosure requirements so issuers can focus on building their business
- Help SMEs reduce the cost of compliance
- Provide an opportunity for informal dialogue with OSC staff

Disclosure requirements, including those for technical reporting, are a cornerstone of investor confidence

Management's Discussion & Analysis (MD&A)

MD&A – General Considerations

- Focus on material information
- Would a reasonable investor's decision whether or not to buy, sell or hold securities of the Company likely be influenced or changed if the information in question was omitted or misstated?
  - If yes, then likely material
- Explain the why's
- Ensure that financial information reconciles with financial statements
- Ensure that discussion reconciles with technical report, if one has been filed
- Ensure technical disclosure complies with NI 43-101 and NI 51-101
- Use plain language

MD&A – Common Deficiencies

- Discussion of Operations
- Liquidity & Capital Resources
- Forward-Looking Information
- Non-GAAP Financial Measures

Discussion of Operations

Discussion of Operations

- Companies should provide an in-depth analysis of:
  - Net sales or total revenues by operating segment
  - Cost of sales or gross profit
  - Significant projects that have not generated operating revenues
  - Previous financing

Simply repeating variances that can be calculated from the financial statements does not help investors understand trends. Omitting the analysis of a material variance or simply qualitatively explaining a variance without quantifying the impact of the explanation is not sufficient.

Issuers with revenue

Observations

Discussion of revenue often does not include analysis of selling prices, quantity, or the introduction of new products or services.

Why important?

A fulsome analysis of revenue helps investors understand how key factors impact the issuer's revenue.

Revenue analysis should include changes in amounts caused by selling prices, quantities, or the introduction of new products and services

Example #1 of Boilerplate Disclosure

Repetition from financial statements

No discussion of variances

The Company reported revenue of $7,600,000 for the year ended December 31, 2016, compared with $7,000,000 a year earlier, an increase of 9%. The growth is mainly due to the sale of X products.

Example #1 of Entity-specific Disclosure

Discussion of variances

Quantification of factors

Relationship with volume of sales

During fiscal 2016, the Company's sales increased by 9%. The Company undertook a new activity, namely the distribution of X product in the Canadian manufacturing sector. As at year end, because of a delay in the manufacturing of X products, this activity had not yet reached the level that management had anticipated. The sales of X products increased sales by 7%. Since 30% of sales are made in US dollars, the depreciation of the Canadian dollar had a positive impact on sales. This impact was a 3% increase in sales.

Despite the positive effect of the introduction of X product and of the exchange rate, the arrival of a new competitor forced the Company to decrease its sale price on product Y. With this decrease, the Company was able to maintain the sale volume of product Y. Due to the quality and reputation of product Y, management believes that no other decrease of the sale price will be necessary to maintain the sale volume of product Y in the future. The decrease in the sale price caused a 1% decrease in sales.

Projects not yet generating revenue

Observations

Discussion of significant projects that have not yet generated revenue often do not include status updates against originally projected plans.

Why important?

Investors want information on the progress of significant projects to assess management, the company's performance, as well as future prospects.

Project updates should discuss status, expenditures made, and anticipated timing and costs to reach the next phase or milestone.

Example #2 of Boilerplate Disclosure

No quantification

Vague disclosure of progress

No quantification

In 2016, the Company continued its exploration efforts on the XYZ Lake property including additional drilling on the Fire Zone which continued to intersect significant zone of mineralization. In addition, geophysical surveys identified several targets for testing which may represent zones of mineralization similar to the Fire Zone.

In 2017, the Company expects to continue its drilling efforts to outline the Fire Zone mineralization and also drill test the geophysical targets. The Company anticipates it will be in a position to disclose an initial mineral resource estimate on the XYZ Lake property in 2017.

Example #2 of Entity-specific Disclosure

Enhanced discussion of expenditures

In 2016, the Company spent $873,100 on exploration expenses on the XYZ Lake property which consisted mainly of two phases of diamond drilling on the Fire Zone (totaling 25 holes for 4,820 metres) which were completed in February, 2016 and September, 2016. This drilling continued to outline significant zones of mineralization, the results of which were reported by the Company in news releases on May 30, 2016, June 24, 2016 and November 29, 2016. In addition, an airborne geophysical survey (703 line km) was completed in the summer which identified several targets for testing which may represent zones of mineralization similar to the Fire Zone.

Cost to take the project to next stage

Timing to take the project to next stage

In early 2017, the Company expects to spend approximately $800,000 conducting additional diamond drilling on the Fire Zone as well as follow-up drill testing of the high priority geophysical targets. It is expected that both drilling programs will consist of approximately 20 drill holes totaling about 5,000 metres. By the third quarter of 2017, the Company anticipates it will have completed a sufficient amount for drilling in order to commission an initial independent NI 43-101 mineral resource estimate on the Fire Zone which is expected to be disclosed by the end of 2017.

Discussion of Operations - *Regulatory Observations*

Have changes to **revenue** and **costs** caused by the following factors been disclosed?

- **Selling prices**
- **Volume** / quantity of goods and services
- Introduction of **new products** or services

Has the timing and cost to take the project to the next stage been disclosed for significant projects that have not yet generated revenue?

Has the Issuer considered additional disclosure requirements for venture issuers without significant revenue?

Liquidity & Capital Resources

Liquidity

- Companies should discuss the following:
  - How they intend on generating sufficient amounts of cash in the short and long term
  - If a working capital deficiency exists, its ability to meet obligations and how the company intends on remedying the deficiency
  - Trends or expected fluctuations in liquidity
  - Liquidity risks associated with financial instruments
  - Significant risks of defaults or arrears
  - How the company intends to cure the default or arrears or address the risk
- Repeating cash flow information that is readily available from the financial statements is not sufficient.

While these disclosures are required for all issuers, they are especially important when issuers have negative cash flows from operations, negative working capital position or deteriorating financial condition

Capital Resources

- Companies should provide an analysis of capital resources including:
  - Commitments for capital expenditures as of the date of the financial statements detailing:
    - the amount, nature and purpose of these commitments
    - the expected source of funds to meet these commitments
    - the expenditures not yet committed but required to maintain capacity, to meet growth or fund development activities
  - Known trends or expected fluctuations in company's capital resources
  - Sources of financing that the company has arranged but not yet used

Disclosure should include an explanation of the planned activities to meet growth and fund development activities, along with a quantification of the capital expenditures to be incurred for those activities.

Example of Boilerplate Disclosure

Identifies working capital deficiency

No explanation of how deficiency will be remedied

No explanation of how they will meet obligations

At year end, the company had cash of $10,000, total current assets of $500,000 and total current liabilities of $700,000. This resulted in a working capital deficiency of $200,000. Nonetheless, management is confident that the company has adequate financial resources to address its requirements and can arrange alternative sources of financing, if necessary.

Example of Entity-specific Disclosure

The Company had $500,000 of working capital at year end. Fixed costs to maintain operations, pay taxes and royalties and upkeep are about $60,000 per annum. Corporate and general costs to maintain the requirements of a listed company were $95,000 in both 2016 and 2015. Therefore, minimum working capital requirements are estimated at $155,000 per year.

<u>Estimated Working Capital Requirements 2017</u>

- $300,000 Complete Preliminary Economic Assessment
- $155,000 Corporate & general
- $1,200,000 Convertible note repayment

Total $ 1,655,000

Expected costs to fund development activities

Example of Entity-specific Disclosure (cont'd)

Sources of financing

As at December 31, 2016, the Company's cash and cash equivalents were $684,000. The Company has access to sufficient funds to meet its current overhead requirements. The Company also has sufficient cash to fund the PEA. The resulting PEA report will provide the basis of a decision to advance development, finance further exploration or consider other options. The Company does not currently have sufficient resources to repay the convertible notes in December 2017. The Company plans to complete an offering of new debt securities in the fall to fund the repayment.

Liquidity & Capital Resources – *Regulatory Observations*

Are **working capital requirements** disclosed?

Is there an analysis of the company's **ability to generate sufficient cash** in short term and long term?

Has the nature, amount and purpose of **commitments**, and expected source of funds to meet these commitments been disclosed?

What are the expenditures required to maintain capacity, meet planned growth, or fund development?

Have the expected **sources of financing** that are being pursued been identified?

Additional Disclosure for Venture Issuers Without Significant Revenue

Venture issuer disclosures — NI 51-102 – section 5.3

- A venture issuer that has not had significant revenue from operations in either of its last two financial years, must disclose in its MD&A, a breakdown of material components of:
  - Exploration and evaluation assets or expenditures;
  - Expensed research and development costs;
  - Intangible assets arising from development;
  - General and administration expenses; and
  - Any other material costs, whether expensed or recognized as assets.

- If the venture issuer's business primarily involves mining exploration and development, the analysis of exploration and evaluation assets or expenditures must be presented on a property-by-property basis.

Forward-Looking Information

What is Forward-looking Information (FLI)?

- **Disclosure regarding:**
  - possible events
  - possible financial performance
- **Based on:**
  - future economic conditions
  - future courses of action
  - includes non-financial information such as:
    - key performance indicators
    - FOFI
    - financial outlook
    - targeted efficiencies
    - metal price assumptions
    - projected production levels

- **FOFI**
  Forward-looking financial information presented in the format of historical financial statements.

- **Financial Outlook**
  Forward-looking financial information **NOT** presented in the format of historical financial statements.
  - Examples include:
    - projected EBITDA
    - projected earnings per share (EPS)
    - revenue targets
    - operating ratios
    - R&D spending
    - projected operating costs

Questions to Consider

Is FLI **identified**?

Is there a **reasonable basis** for the FLI?

Have **risk factors** that could cause actual results to vary been identified?

Are the **assumptions** reasonable and entity-specific? Are they **disclosed**?

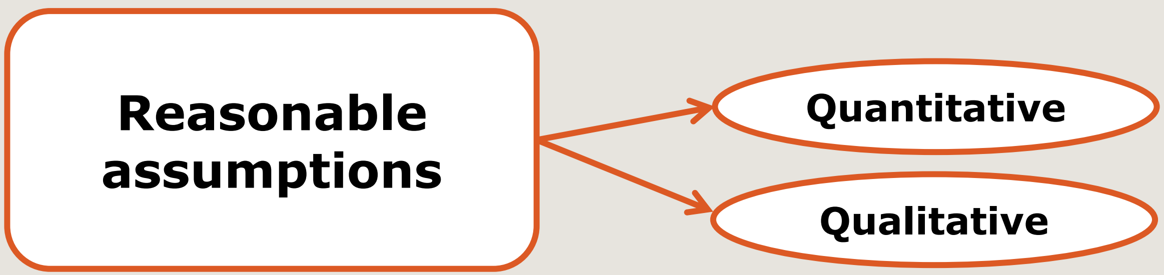
Have users been cautioned that **actual results may vary** from FLI?

Has previously disclosed FLI been **updated** if actual results differed materially?

Corporate Finance Branch Report Observations

- OSC Staff Notice 51-728 - Corporate Finance Branch 2016-2017 Annual Report

- FLI presented for multiple years (e.g. projected store openings)



- Update previously disclosed FLI

- Comparison of actual results to previously disclosed FLI

Example of Boilerplate Disclosure – Comparison to Actual

ABC Company achieved sales growth of 10.5% in 2016 and maintained capital expenditures at $15 million.

No comparison of actual results to financial outlook

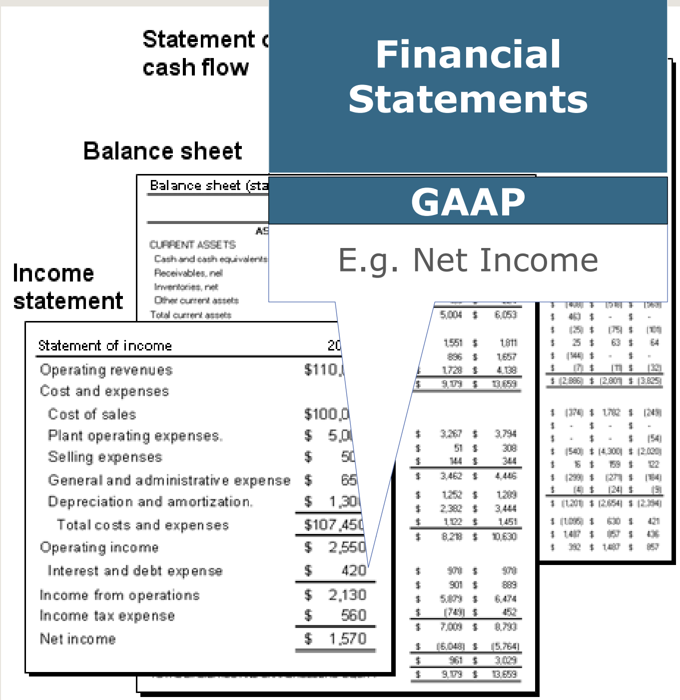
Example of Entity-specific Disclosure

Comparison of Actual Results

2016 Objectives	Accomplishments in 2016
Sales growth of 3 to 4%.	▪ Sales growth of 10.5%. ▪ The increase in sales growth achieved during fiscal 2016 was due to the introduction of product XX in Q3 which resulted in sales growth of 6% and a 75% increase in the sales volume of product R which explains the remaining increase in sales growth.
Capital expenditure of $25 to $35 million.	▪ Capital expenditure of $15 million. ▪ Spending was substantially lower than anticipated due to lower information technology enhancement requirements ($8 million) and less equipment replacements ($7 million).

Non-GAAP Financial Measures

Non-GAAP Financial Measures Defined



Financial Statements	Outside Financial Statements
GAAP	**Non-GAAP**
E.g. Net Income	E.g. Adjusted Net Income

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Other Examples:
- Adjusted EBIT, EBITDA, EBITDAR
- Core, Normalized, Comparable Earnings
- Free Cash Flow
- Cash Costs, All-in Costs / Sustaining

- Press Releases
- MD&A
- Prospectuses
- Websites, Social media etc.

A non-GAAP financial measure is a numerical measure of an issuer's historical or future financial performance, financial position or cash flow that is not specified, defined or determined under the issuer’s and is not presented in an issuer’s financial statements. A non-GAAP financial measure excludes amounts that are included in, or includes amounts that are excluded from, the most directly comparable measure specified, defined or determined under the issuer’s GAAP.

CSA Staff Notice 52-306 (Revised)

In order to ensure that a non-GAAP financial measure does not mislead investors, an issuer should:

1. Explain the usefulness
2. Reconcile to GAAP measure
3. State there is no standardized meaning
4. Present the GAAP measure with equal or greater prominence
5. Explain changes in calculation of the non-GAAP measure

Refer to CSA Staff Notice 52-306 (Revised)

Regulatory Observations

Identification

Not identifying a measure as a non-GAAP financial measure.

Naming

Does not represent the composition.

Does not distinguish from GAAP measure.

Inappropriately described as non-recurring, infrequent or unusual.

Usefulness

Not explaining why the non-GAAP financial measure provides useful information.

Prominence

Greater prominence given to the non-GAAP financial measure in comparison to the most directly comparable GAAP financial measure.

Breadth

Large number of non-GAAP financial measures being used.

Reconciliation

The non-GAAP financial measure is not reconciled to the most directly comparable GAAP measures, or in some cases, no reconciliation is provided.

Questions to Consider

Are our non-GAAP measures **more prominent** than our GAAP measures?

Is our GAAP number *first*? In earnings releases, MD&A etc.

'Operating Earnings' excluding impairment?

Are non-GAAP measures "**changing our story**"?

How many non-GAAP measures do we really need to tell our story?

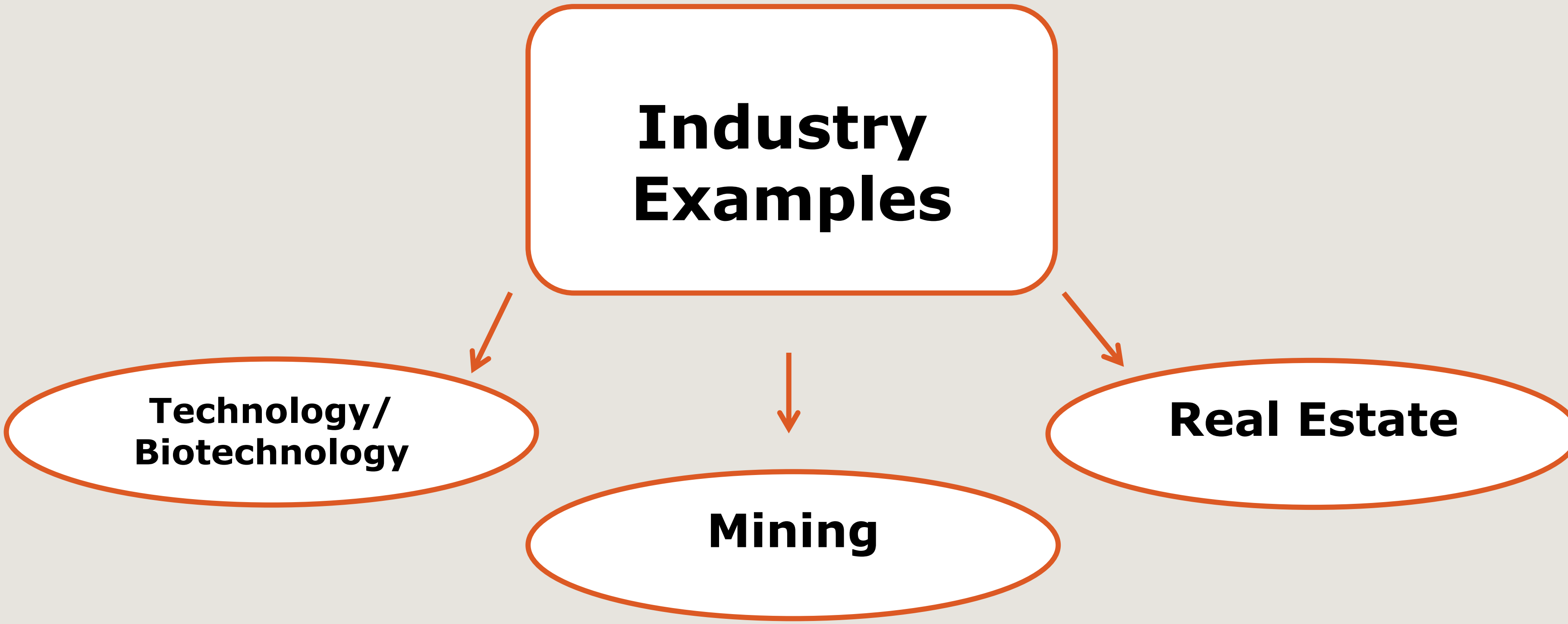
Non-GAAP disclosure overload?

Too many measures, reconciliations, explanations, etc.?

Corporate Finance Branch Report Observations

- OSC Staff Notice 51-728 - Corporate Finance Branch 2016-2017 Annual Report
- Prominence of disclosure
- Labelling of adjustments as “non-recurring”

Corporate Finance Branch Report – Industry Observations



Non-GAAP Financial Measures – Example

	2017	2016
Net earnings	$3,453	$2,768
Interest expense	335	326
Current and deferred taxes	522	468
Depreciation and amortization	45	48
Impairment charges	350	520
Restructuring charges	240	120
Foreign exchange loss	85	65
EDITDA	**5,030**	**4,315**

Non-GAAP Financial Measures – Example

	2017	2016
Net earnings	$3,453	$2,768
Interest expense	335	326
Current and deferred taxes	522	468
Depreciation and amortization	45	48
EBITDA	**4,355**	**3,610**
Impairment charges	350	520
Restructuring charges	240	120
Foreign exchange loss	85	65
Adjusted EBITDA	**5,030**	**4,315**

Non-GAAP Financial Measures

Next Steps

CSA Staff Notice 52-306 Non-GAAP Financial Measures

Securities Law

Venture Issuer Regulation

What Changed?

Amendments to NI 51-102, NI 41-101, and 52-110

- MD&A quarterly highlights
- Business acquisition reporting
- Executive compensation disclosure
- Prospectus disclosure
- Audit committee requirements

Venture Issuer Reporting

New rules for venture issuers issued by CSA in April 2015. In effect June 30, 2015:

Area	Changes
MD&A Quarterly Highlights	• Full quarterly MD&A not required ▪ Tailored and focused ▪ Discusses material information ▪ Only for interim periods ▪ Optional
Business Acquisition Reports (BAR)	• Significance threshold increased from 40% to 100% (reduced instances in which BAR must be filed) • Requirement for pro forma financial statements removed
Executive Compensation	• Simplified executive compensation form (Form 51-102F6V) ▪ 3 NEOs (instead of 5) ▪ 2 years of information (instead of 3) ▪ No grant date fair value • Explicit filing deadlines – 180 days after financial year end

Venture Issuer Reporting

New rules for venture issuers issued by CSA in April 2015. In effect June 30, 2015:

Area	Changes
Prospectus Disclosures	• 2 years of audited historical financial statements (down from 3)
Audit Committee Composition	• Must have 3+ directors • Majority independent directors

Social Media

Staff Notice 51-348 – *Staff's Review of Social Media Used by Reporting Issuers*

Social media - Background

- Staff recently conducted a review of reporting issuers' use of social media
- Staff Notice 51-348 – *Staff's Review of Social Media Used by Reporting Issuers* (published March 9, 2017) summarizes the results of this review

Social media – Scope of review

- Staff in Alberta, Ontario and Quebec reviewed the social media disclosure provided by 111 issuers. This included a review of information on various websites such as:

Facebook	LinkedIn
Twitter	Instagram
YouTube	GooglePlus

- 72% of the issuers that we reviewed were actively using social media.
- We assessed social media disclosure against the guidance in National Policy 51-201 *Disclosure Standards.*
- While the social media venue was unique to this review, the types of issues that we found on social media (i.e., selective, misleading and unbalanced disclosure) were similar to those we often observe in traditional disclosure formats.

Social media – Review findings

- During our review we noted instances of:
  - Selective disclosure, including forward-looking information posted only on social media websites, or material information posted on social media before being generally disclosed to the marketplace.
  - Unbalanced or misleading disclosure, including the provision of promotional or untrue statements and reports.
- As a result of these issues, 30% of the issuers we reviewed that were using social media we're asked to take action to improve their disclosure practices, including by:
  - Filing clarifying disclosure and/or editing or removing disclosure provided on social media websites.
  - Making prospective commitments to improve social media disclosure.
  - Making improvements to internal disclosure controls or governance policies.

Social media – Review findings

- 77% of the issuers we reviewed had not developed specific policies and procedures which would promote internal governance and compliance with securities law in relation to their use of social media.
- We also noted a smaller number of examples where issuers provided selective, misleading or unbalanced disclosure on social media, resulting in material stock price movements.

Social media – Considerations

- Some considerations to prevent unbalanced, misleading or selective disclosure:

Topic	Disclosure Expectations
Unbalanced & Misleading Disclosure	• Do not make a statement that is misleading or untrue, or which omits a relevant fact that is necessary to make the statement not misleading • Announcements of material changes should be factual and balanced • Disclose unfavorable news as promptly and as completely as favorable news • Sufficient detail in the press release • Avoid unnecessary details, exaggerated reports, promotional commentary
Selective Disclosure	• Generally prohibited from informing anyone of material, non-public information before that information has been "generally disclosed" • Posting material information on a website is not acceptable as the sole means of satisfying the requirement to "generally disclose"

Assessing Material Information and Providing Balanced Disclosure

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Assessing Material Information

- **Materiality Standard**
  - The definitions of “material change” and “material fact” under subsection 1(1) of the *Securities Act* are based on a market impact test:

    Material change: When used in relation to an issuer other than an investment fund, means,

    (i) a change in the business, operations or capital of the issuer that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the issuer, or

    (ii) a decision to implement a change referred to in subclause (i) made by the board of directors or other persons acting in a similar capacity or by senior management of the issuer who believe that confirmation of the decision by the board of directors or such other persons acting in a similar capacity is probable.

    Material fact: When used in relation to securities issued or proposed to be issued, means a fact that would reasonably be expected to have a significant effect on the market price or value of the securities.

Assessing Material Information (cont'd)

- **A "material change" requires timely disclosure!**
  - Issue and file a new release – subsection 75(1) of the *Securities Act*:

    Subject to subsection (3), where a material change occurs in the affairs of a reporting issuer, it shall forthwith issue and file a news release authorized by a senior officer disclosing the nature and substance of the change.

  - File a material change report within 10 days – subsection 75(2) of the *Securities Act*:

    Subject to subsection (3), the reporting issuer shall file a report of such material change in accordance with the regulations as soon as practicable and in any event within ten days of the date on which the change occurs.

  - See also Part 7 of National Instrument 51-102 *Continuous Disclosure Obligations* and Form 51-102F3 *Material Change Report*.

Assessing Material Information (cont'd)

- **Material information should be disclosed in MD&A and AIF:**
  - Form 51-102F1 *Management's Discussion & Analysis*:
    - The MD&A should discuss **material information** that may not be fully reflected in the financial statements, such as contingent liabilities, defaults under debt, off-balance sheet financing arrangements, or other contractual obligations.
    - Part 1(e) Focus on Material Information:

      Focus your MD&A on material information. You do not need to disclose information that is not material. Exercise your judgment when determining whether information is material.
    - Part 1(f): What is Material?

      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.
  - See also parts 1(d) and 1(e) of Form 51-102F2 *Annual Information Form*.

Assessing Material Information (cont'd)

- **Materiality Determinations (s. 4.2 of NP 51-201)**
  - No simple bright-line standard or test
    - Take into account a number of factors, including the nature of the information itself, the volatility of the company's securities and prevailing market conditions.
    - May vary between companies according to their size, the nature of their operations and many other factors
    - Companies should avoid taking an overly technical approach to determining materiality
  - Companies should monitor the market's reaction
    - Helpful when making materiality judgments in the future
  - If there is any doubt, err on the side of materiality and release information publicly

Assessing Material Information (cont'd)

- **Examples of Potentially Material Information (s. 4.3 of NP 51-201)**
  - Examples of types of events or information which may be material:
    - Changes in corporate structure
    - Changes in capital structure
    - Changes in financial results
    - Changes in business and operations
    - Acquisitions and dispositions
    - Changes in credit arrangements
  - This list is not exhaustive.
  - Issuers should exercise judgment in making materiality determinations.

Providing Balanced Disclosure

- ***Securities Act*, R.S.O. 1990, c. S.5**
  - Subsection 126.2(1) on misleading or untrue statements:

    A person or company shall not make a statement that the person or company knows or reasonably ought to know,

    (a) in a material respect and at the time and in the light of the circumstances under which it is made, is misleading or untrue or does not state a fact that is required to be stated or that is necessary to make the statement not misleading; and

    (b) would reasonably be expected to have a significant effect on the market price or value of a security, derivative or underlying interest of a derivative.

Providing Balanced Disclosure (cont'd)

- **National Instrument 51-102 *Continuous Disclosure Obligations***
  - Governs requirements on the timing and content of a reporting issuer's continuous disclosure record.
  - Part 1(a) of Form 51-102F1:

    What is MD&A?

    ….

    Your objective when preparing the MD&A should be to improve your company's overall financial disclosure by giving a balanced discussion of your company's financial performance and financial condition including, without limitation, such considerations as liquidity and capital resources - openly reporting bad news as well as good news.

Providing Balanced Disclosure (cont'd)

- **National Policy 51-201 *Disclosure Standards***
  - Guidance on the importance of providing balanced disclosure to investors in other disclosure documents
  - Subsection 2.1(2):

    Announcements of material changes should be factual and balanced. Unfavourable news must be disclosed just as promptly and completely as favourable news. Companies that disclose positive news but withhold negative news could find their disclosure practices subject to scrutiny by securities regulators. A company's press release should contain enough detail to enable the media and investors to understand the substance and importance of the change it is disclosing. Avoid including unnecessary details, exaggerated reports or promotional commentary.

Providing Balanced Disclosure (cont'd)

- **Recent guidance:**
  - CSA Staff Notice 51-342 *Staff Review of Issuers Entering Into Medical Marijuana Business Opportunities:*
    - Announcements about significant events and business developments should contain balanced disclosure about any associated risks, uncertainties or barriers to achieving the events being announced, rather than promotional commentary.
  - CSA Staff Notice 51-348 *Staff's Review of Social Media Used by Reporting Issuers:*
    - We noted a number of instances where social media postings were, individually or in the aggregate, sufficiently promotional or unbalanced that they raised concerns under securities law:
      - Misleading or Untrue Statements (e.g.: non-GAAP financial measures)
      - Analyst Reports and Other Articles

Providing Balanced Disclosure (cont'd)

- **Things to consider**
  - Have a policy on corporate disclosure
  - Once a decision to issue a press release or material change report has been made, the issuer needs to consider the level of disclosure to be provided, which should include:
    - Information regarding time and resources required to complete the change in business
    - Barriers and obligations involved in realizing the change (i.e.. risks and uncertainties)
  - Provide subsequent updates about previously announced business opportunities in a timely manner, including when such updates may be considered negative news.

CSA Multilateral Staff Notice 58-309

Staff Review of Women on Boards and in Executive Officer Positions – Compliance with NI 58-101 Disclosure of Corporate Governance Practices

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Disclosure Requirements
National Instrument 58-101 - *Disclosure of Corporate Governance Practices*

Number of Women on Boards and in Executive Officer Positions
Policy Adoption
Targets
Director Term Limits and Other Mechanisms of Board Renewal
Consideration of the Representation of Women

CSA Multilateral Staff Notice 58-309

- Published October 5, 2017
- 660 TSX listed issuers
- Trends observed in three reviews

Key Findings

Percentage of issuers with at least one woman on their board

49% 2015 → **55%** 2016 → **61%** 2017

Percentage of board seats occupied by women

11% 2015 → **12%** 2016 → **14%** 2017

Key Findings

Percentage of issuers with at least one woman in executive officer positions

2015	2016	2017
60%	59%	62%

Percentage of issuers that adopted a policy relating to the representation of women on their board

2015	2016	2017
15%	21%	35%

Key Findings

Percentage of issuers that adopted targets for the representation of women

7% 2015 → 9% 2016 → 11% 2017

Percentage of issuers that adopted director term limits

19% 2015 → 20% 2016 → 21% 2017

Annual Filing Deadlines

Filing Due Dates Calendar:
http://www.osc.gov.on.ca/en/Companies_filing-calendar_index.htm

Annual Filing Deadlines

Document	Venture	Non-Venture
Audited annual financial statements	120 days after year-end	90 days after year-end

- Comparative financial information
- Audited
- Must comply with National Instrument 52-107 *Accounting Principles and Auditing Standards*
- Must be approved by company's board of directors before filing
- **Requirement:**
    - Part 4 of National Instrument 51-102 *Continuous Disclosure Obligations*

Annual Filing Deadlines (cont'd)

Document	Venture	Non-Venture
Management's Discussion & Analysis	120 days after year-end	90 days after year-end

- A narrative explanation "through the eyes of management"
- Should complement and supplement the company's financial statements
- Must be approved by company's board of directors before filing
- Prepared in accordance with Form 51-102F1 *Management's Discussion & Analysis*
- **Requirement:**
  - Part 5 of National Instrument 51-102 *Continuous Disclosure Obligations*

Annual Filing Deadlines (cont'd)

Document	Venture	Non-Venture
CEO and CFO Certifications	120 days after year-end	90 days after year-end

- Each certifying officer, usually CEO and CFO, must certify
- Must be dated the same date as when they are filed
- CEO and CFO certificates must be filed using proper form:
  - Venture: Form 52-109FV1
  - Non-venture: Form 52-109F1
  - Other forms re: IPO/RTO/becoming non-venture issuer or re-filings
- **Requirement:**
  - National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*

Annual Filing Deadlines (cont'd)

Document	Venture	Non-Venture
Annual Information Form (AIF)	N/A - but may elect to file	Usually 90 days after year-end

- Describes company and its operations, prospects, risks and other factors that impact its business
- Venture issuers may elect to prepare an AIF so they can qualify for filing a short-form prospectus
- Prepared in accordance with Form 51-102F2 *Annual Information Form*

Requirement:

- Part 6 of National Instrument 51-102 *Continuous Disclosure Obligations*

Considerations in preparing for annual filings

- Focus on material information
- Use plain language

Filing

- Filing fees (see Part 2 of OSC Rule 13-502 *Fees*)
  - Participation fees due by the earliest of:
    - Filing due date of annual financial statements
    - Date of filing of annual financial statements
  - Fill out the appropriate participation fee calculation form
  - Late fee:
    - 0.1% of the unpaid portion of the participation fee for each business day
    - Late document fee of $100 for each business day

- Filing documents on SEDAR (see National Instrument 13-101 *System For Electronic Document Analysis And Retrieval (SEDAR)*)
  - Continuous disclosure documents must generally be filed on SEDAR so investors can view them at www.sedar.com
  - Companies must keep their SEDAR profile up-to-date

Questions?

OSC
ONTARIO
SECURITIES
COMMISSION

Appendices

Key References and Contact Information

Appendix A – Key References

Topic	Reference
Forward-Looking Information	▪ *OSC Staff Notice 51-728 - Corporate Finance Branch 2016-2017 Annual Report* ▪ CSA Staff Notice 51-721 *Forward Looking Information Disclosure*
Non-GAAP Financial Measures	▪ CSA Staff Notice 52-306 (Revised) – *Non-GAAP Financial Measures* ▪ OSC Staff Notice 52-722 *Report on Staff's Review of Non-GAAP Financial Measures and Additional GAAP Measures*
Women on Boards	▪ NI 58-101 - *Disclosure of Corporate Governance Practice* ▪ CSA Multilateral Staff Notice 58-309 - *Staff Review of Women on Boards and in Executive Officer Positions – Compliance with NI 58-101 Disclosure of Corporate Governance Practices*
MD&A	▪ Form 51-102F1 of NI 51-102 - *Continuous Disclosure Obligations*
Assessing Material Information	▪ *Securities Act (Ontario)* ▪ NI 51-102 - *Continuous Disclosure Obligations* ▪ National Policy 51-201 *Disclosure Standards*
Venture Issuer Regulation	▪ NI 51-102 *Continuous Disclosure Obligations*, NI 41-101 *General Prospectus Requirements* and NI 52-110 *Audit Committees*

Appendix B – Contact Information

Contact	Information
General	
OSC Contact Centre	▪ Email: **inquiries@osc.gov.on.ca** ▪ Phone: **416-593-8314** or **1-877-785-1555**
Eden Williams *Manager, Regulatory Administration,* *Corporate Finance*	▪ Email: **ewilliams@osc.gov.on.ca** ▪ Phone: **416-593-8338**
Sheryl Antonio *Financial Examiner (# - E),* *Corporate Finance*	▪ Email: **santonio@osc.gov.on.ca** ▪ Phone: **416-595-8941**
Andy Nguyen *Financial Examiner (F – N),* *Corporate Finance*	▪ Email: **anguyen@osc.gov.on.ca** ▪ Phone: **416-263-7662**
Amy Fraser *Financial Examiner (O – Z),* *Corporate Finance*	▪ Email: **afraser@osc.gov.on.ca** ▪ Phone: **416-593-3674**

Appendix B – Contact Information (cont'd)

Contact	Information
Corporate Finance	
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Tamara Driscoll *Accountant*	▪ Email: **tdriscoll@osc.gov.on.ca** ▪ Phone: **416-596-4292**
Ray Ho *Accountant*	▪ Email: **rho@osc.gov.on.ca** ▪ Phone: **416-593-8106**