

June 30, 2017

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Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon
Superintendent of Securities, Nunavut

Re: CSA Consultation Paper 51-404

Thank-you for taking the time to review our comments on CSA Consultation paper 51-404. We are supportive of the CSA's initiatives on this front and wish to submit comments in respect of selected consultation questions as follows:

- 2.3 Reducing ongoing disclosure requirements
 - (b) Reducing disclosure requirements in annual and interim filings – Question #22
 - (c) Permitting semi-annual reporting – Questions #23-#26

- 2.4 Eliminating overlap in regulatory requirements – Questions #27-#29

Our responses to these topics are attached as **Appendix A**.

Sincerely,



Andrew Yorke
Vice-President, Corporate Finance
The Co-operators Group Limited

Appendix A – Responses to Selected Questions for CSA Consultation Paper 51-404

2.3 Reducing ongoing disclosure requirements

(b) Reducing disclosure requirements in annual and interim filings

22. Are there disclosure requirements for which we could provide more guidance or clarity? For example, we could clarify that discussion of only significant trends and risks is required, or that the filing of immaterial amendments to material contracts is not required under NI 51-102.

While we did not consider the question in detail, we do wish to voice our support for adding clarification for the two examples noted (i.e. we support clarifying that discussion of only significant trends and risks is required and the filing of immaterial amendments to material contracts is not required).

(c) Permitting semi-annual reporting

23. What are the benefits of quarterly reporting for reporting issuers? What are the potential problems, concerns or burdens associated with quarterly reporting?

We are supportive of measures that promote a focus on sustainability and long-term value creation. A balance is required between timely information and possibly better reporting rigour on the one hand vs. short-termism and the costs to prepare on the other hand. We believe the costs do outweigh the benefits of quarterly reporting in some circumstances and have outlined one specific situation in Question #24.

24. Should semi-annual reporting be an option provided to reporting issuers and if so under what circumstances? Should this option be limited to smaller reporting issuers?

While we have not considered this question from a size-based threshold, we do wish to highlight that some reporting issuers do not have traded common shares. We are an example of this: 100% of our common shares are ultimately held by our co-operative holding company and we are only a public company because of our preferred share holdings. Investors are concerned primarily with our long-term capital strength and credit worthiness; quarterly reporting of operational performance is less of a focus. We would support a semi-annual reporting option for these types of situations and believe there is merit in exploring the semi-annual reporting option more broadly.

25. Would semi-annual reporting provide sufficiently frequent disclosure to investors and analysts who may prefer to receive more timely information?

As noted under question #24, we do feel semi-annually reporting is sufficient for certain situations, such as ours, where investors are primarily focussed on a company's rating and capital strength. Further, if a significant credit event did occur, issuance of a material change report would continue to be required, just as we would do today.

26. Similar to venture issuers, should non-venture issuers have the option to replace interim MD&A with quarterly highlights?

If the semi-annual reporting option was not pursued broadly, we would be supportive of reduced quarterly disclosures for circumstances such as ours. Perhaps this option could be applied to an issuers Q1 and Q3 filings with more robust disclosures semi-annually.

2.4 Eliminating overlap in regulatory requirements

27. Would modifying any of the above areas in the MD&A form requirements result in a loss of significant information to an investor? Why or why not?

We do not believe there would be a loss of significant information to an investor as we feel existing disclosure requirements under IFRS adequately cover these areas. To the extent there is a perceived shortfall, as a general rule, we think it would be better to require/recommend additional disclosures in the financial statements rather than having additional disclosure in a separate section of the MD&A in a piecemeal or duplicative manner.

28. Are there other areas where the MD&A form requirements overlap with existing IFRS requirements?

Yes, we have observed duplication in these three reports. A portion of this arises because of the different cross-referencing requirements for the MD&A vs. the AIF. While cross-referencing is allowed for in the AIF generally (i.e. Part 1 (f) states "You may incorporate information required to be included in your AIF by reference to another document"), doing so in your MD&A is not allowed unless specifically stated.

In addition to the examples noted in the consultation paper, which we agree with, some additional examples of duplication we have identified include:

- Company need for cautionary language regarding forward-looking statements (included in the AIF & MD&A)
- Corporate structure & business descriptions (included in all three documents)
- Several financial tables and disclosures including dividend information, details on shareholders' equity and off-balance sheet and contractual arrangements (included in MD&A & FS)
- Additional duplication of risk disclosures (included in MD&A & FS)

- Transactions between related parties (included in MD&A & FS)
- Significant accounting judgements, estimates and assumptions (included in MD&A & FS)
- Accounting policies and future accounting changes (included in MD&A & FS)

29. Should we consolidate the MD&A, AIF (if applicable) and financial statements into one document? Why or why not?

We are supportive of measures that bring clarity and conciseness to the disclosure documents and focus disclosures on what is material and relevant to an investor. A reduction of duplicative disclosures should be in the best interest of both issuers and investors.

For this reason, we would be supportive of a move to consolidate these three documents and would expect robust and harmonized cross-referencing requirements would be in place as part of any change to existing disclosure requirements.

The MD&A instructions section of 1.8, item (iv), states “*The discussion need not repeat information provided in the notes to the financial statements if the discussion clearly cross-references to specific information in the relevant notes and integrates the substance of the notes into the discussion in a manner that explains the significance of the information not included in the MD&A*”. If a consolidation of the documents proceeds, we believe this statement could be applied to the entire MD&A and not just specific sections.

If this proposal were to proceed, one challenge our organization will need to consider is timelines. Currently we prepare and issue the AIF at a later date than the MD&A and financial statements.