

July 27, 2017

To: The various Commissions and Superintendents

Re: CSA Consultation Paper 51-404

I choose and manage my investments myself. Before retiring several years ago I spent close to 40 years working on hundreds of public companies as a public accountant. During my career I also completed secondments at the IASB and the OSC.

It is difficult to be a personal investor. It's apparent from what appears in analyst reports, what is said and written in business programming, etc that money managers, analysts and others have access to information that private investors do not have. In this environment it's important that securities regulators not worsen this imbalance.

I believe much of what is viewed as an excessive regulatory burden is self-inflicted pain. I read many interim and annual reports, prospectuses and other documents and find huge amounts of boilerplate, unhelpful, unnecessary and repetitive information, amongst other shortcomings in them. You would find it informative to do further study on this to get a feel for how much disclosure is unnecessary before concluding that requirements should be reduced. More education and guidance might help to reduce this problem.

I would be pleased to elaborate on any of the content of this response.

My responses to selected questions follow:

Q 1

It's not clear that any of the options, except perhaps those related to the elimination of duplication, preserve investor protection. I encourage more outreach to all investors but particularly personal investors. I expect that few personal investors are aware of the paper.

Q3

I think some existing requirements should be reconsidered. For example, the recent requirements for executive compensation disclosure don't seem to be accomplishing much. I find a compensation table and a graph showing comparative performance to be helpful but close to all of the rest of the disclosure isn't worth reading. I've a similar view of disclosure regarding governance.

Q4, 5 and 6

In theory yes, for obvious reasons. That being said, developing appropriate criteria has been a daunting challenge for years and I'm not sure the potential benefit of doing so is worth the trouble. I'm ok with the status quo.

Q 7 and 8

In a very high percentage of cases the third year is easily available at little cost and it is almost always useful so there is no reason to drop the requirement simply because it is occasionally costly to provide.

Q 9

The interim financial statements are often the most important information in a prospectus so dropping the requirement for auditor review of them would be ill-advised.

Q 11 and 12

Much of what is in a short form prospectus is unhelpful. I can't think of anything I need other than the terms of the security being offered and something on recent developments.

Q 13

I don't object to a significant easing of the criteria for using the short form system. I cringe when I see a massive document for a small company that I already know a lot about or could easily find out about from its public documents if I feel the need more more information. The merits of having a system more closely linked to continuous disclosure have been apparent for years and it is time to move in this direction.

Q 18, 19 and 20

I don't find BARs very useful. I suspect most of those who read pro forma financial information don't realize the restrictive criteria placed on the ability to make a pro forma adjustment. I'm not advocating a loosening of those criteria because of the possibility of abuse of less restrictive ones.

Q 21 and 22

I don't like any of the suggestions in the paper. I fear that allowing something like a highlights document instead of md&a will allow too much discretion to tell me what an issuer wants me to know rather than what I want to know. The structure and requirements of md&a make that more difficult.

Q 23-26

Short-termism is pervasive in our society but any connection between the negative consequences of it and quarterly reporting is extremely close to zero. I view quarterly reports as the most important information I get from an investee and would be significantly disadvantaged compared to those with the resources to call, visit and otherwise get more timely information than I can get if quarterly reporting were to be dropped.

Coming at this differently, almost all public companies produce or should produce financial statements on a regular basis (often monthly) so it shouldn't be that difficult to provide financial statements with md&a to investors on a quarterly basis. Quarterly information will exist so if it isn't available publicly some of it will inevitably leak out on a selective basis.

Semi-annual reporting will not provide me with sufficiently frequent disclosure.

Q 27-30

It seems self-evident that some or all of the duplications noted and additional ones that I expect accounting firms and others will identify should be eliminated. Having said that, I am concerned about abdicating responsibility for some of these disclosures to accounting standards setters and those who prepare financial statements. I also find it easier to find and use some of these disclosures in md&a rather than in the financial statements. Perhaps requiring a cross reference to the financial statement location or retaining some guidance in md&a on minimal disclosure requirements should be done.

AIFs are currently provided only well after the year-end, are not distributed to me or made easily available, and contain too much information to read. As a result, I only occasionally use them and only then it is typically just to look for some narrow piece of information. That being said, I acknowledge that they have some useful information for those with the time to spend on them. My preference, then, would be that the md&a, financial statements and AIF be combined into one document. Doing so would also seem to reduce the possibility of duplication and likely to reduce costs.

Q 31-33

I dislike the whole “notice and access” model. It is time-consuming and cumbersome to get the information I want to help me manage my investments but I do request to be sent annual and interim financial statements for most, if not all, investments I hold. I am much more effective reviewing a hard copy of lengthy documents with some complexity to them than trying to do so on-line. On-line reviews are more appropriate for a superficial review that’s not enough to facilitate an appropriate level of engagement as an investor. I think steps should be taken to make it easier to get hard copies of information on a more timely basis.

Proxy materials are particularly problematic. For a variety of reasons it doesn’t help me to offer ways to get access to them. The result is that I sometimes vote on matters by making assumptions about proposals rather than seeing them. Perhaps asking me whether I want to receive proxy materials at the same time I’m asked if I want hard copies of annual and interim financial statements would be possible and an improvement.

Kind regards,

James Saloman