CORBY

July 28, 2017

BY E-MAIL

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

The Secretary
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Email: comments@osc.gov.on.ca

Me. Anne-Marie Beaudoin, Corporate Secretary
Autorité des marchés financiers
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C.P. 246, tour de la Bourse
Montreal, Québec H4Z 1G3
Email: consultation-en-cours@lautorite.qc.ca

Dear Sirs/Mesdames:

Re: CSA Consultation Paper 51-404 – *Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers (the "Consultation Paper")*

Corby Spirit and Wine Limited ("we" or "Corby") is pleased to have the opportunity to participate in the review process by making this submission, and providing responses to the specific questions set out under heading 2.3(c) – *Permitting Semi-Annual Reporting* of the Consultation Paper. For ease of reference, we have reproduced your questions below, using the numbering set out in the Consultation Paper.

Corby is a leading Canadian marketer of spirits and importer of wines. Corby's national leadership is sustained by a diverse brand portfolio that allows the Company to drive profitable organic growth with strong, consistent cash flows. Corby markets a full range of domestically produced and imported spirits and wines, including J.P. Wiser's® Canadian whisky, Lamb's® rum, Polar Ice® vodka, McGuinness® liqueurs and Ungava® gin, as well as leading international brands such as Absolut® vodka, Chivas Regal®, The Glenlivet® and Ballantine's® Scotch whiskies, Jameson® Irish whiskey, Beefeater® gin, Malibu® rum, Kahlúa® liqueur, Mumm® champagne, and Jacob's Creek®, Wyndham Estate®, Stoneleigh®, Campo Viejo®, Graffigna® and Kenwood® wines.

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

Response:

We believe that, while quarterly reporting provides benefits to investors such as access to more frequent disclosure of financial information concerning the expenditures and cash flow of an issuer and instills management with a certain diligence in financial reporting, the value of such benefits varies depending on the nature of the particular issuer's business and quarterly reporting carries with it several associated burdens and concerns that we propose the Canadian Securities Administrators ("**CSA**") consider in weighing its overall value.

Corby's business fluctuates on a seasonal basis, and as a result, as with other seasonal issuers, quarterly information and reporting is less meaningful than that provided on an annual or semi-annual basis. For example, our sales are typically strong in the first and second quarters, while our third quarter sales usually decline after the end of the retail holiday season, and our fourth quarter sales typically increase again for the summer season. While our MD&A includes specific notes regarding the seasonality of our business, to clarify our quarterly results to our investors and caution them that results in any given quarter are not necessarily indicative of performance across the full fiscal year, shifting to semi-annual reporting would afford issuers with seasonal businesses like us the opportunity to capture a broader spectrum of sales and other information that fluctuates on a seasonal basis, which has the potential to produce more even and meaningful results across reporting periods.

One of the principal drawbacks of quarterly reporting is the impact on administrative resources and expenses. Quarterly reporting requires issuers to expend significant time and resources, including internal resources and external expenses (such as legal and auditing costs). The resources dedicated to preparing quarterly disclosure limit the resources available to be expended on an issuer's business activities.

We are also of the view that the potential of quarterly reporting to contribute to investor data overload should be considered. As other commenters have noted in their responses to the Consultation Paper, the volume of information being disclosed on a quarterly basis is sizeable and sometimes duplicative, and significant information can be overwhelmed by the mass of other information to the point that many investors may not bother to review all of the information provided. While this is not purely a symptom of quarterly reporting, it would certainly help trim the volume of information if issuers had less information to disclose on a less frequent basis.

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?*

Response:

We support providing reporting issuers with the option of semi-annual financial reporting. Semi-annual financial reporting would enable reporting issuers to reduce the amount of time and resources dedicated to preparing financial reports and related disclosure and re-allocate this time and these resources to focus on pursuing business activities, while continuing to have the opportunity to communicate with investors. In addition, it would allow reporting issuers with seasonal businesses to provide more meaningful disclosure. In our view, given the burdens and concerns with quarterly reporting discussed above, and the fact that reporting issuers will continue to be bound by the timely reporting requirements of securities laws, as we discuss below, we are supportive of providing reporting issuers with the option to adopt semi-annual financial reporting as they consider appropriate.

Determining whether a quarterly or semi-annual approach to financial reporting is appropriate for a given reporting issuer is a decision we believe is best left to the management of that reporting issuer, as there are unique circumstances for each reporting issuer. Management will need to weigh the costs of quarterly reporting in terms of time and resources required against the resources at the disposal of the reporting issuer. Other factors management may weigh include considerations such as seasonality of the business, access of shareholders to ongoing information and whether there are other considerations that would make one approach more appealing over the other. These factors are bound to be unique to each issuer and, with the possible exception of the size of the reporting issuer, do not easily lend themselves to clear bright-line tests for suitability.

While the benefits of semi-annual financial reporting will likely be more significant for smaller reporting issuers with fewer resources than larger reporting issuers, we do not believe this is the only consideration, or that the option of adopting semi-annual financial reporting should be limited only to smaller reporting issuers, and are supportive of making it available to all issuers. The existing distinction between venture issuers and non-venture issuers can be somewhat imperfect – for example, larger venture issuers can intentionally delay in graduating to a non-venture issuer exchange – and setting a size test could result in an issuer fluctuating back and forth across the boundary between the two categories, leading to confusion in the test's application. Accordingly, to avoid misuse of the applicable rules or confusion in their application, we are of the view that the most practical approach is to leave the door open to all issuers and have management adopt the approach it believes is in the issuer's best interests and will make its disclosure more meaningful to investors.

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

Response:

We believe that semi-annual reporting will provide sufficiently frequent disclosure and, for issuers with seasonal businesses, may be more meaningful. A reporting issuer that elects to adopt a semi-annual approach to financial reporting will continue to be bound by the timely disclosure requirements of securities laws, such as the obligation to disclose material changes in the affairs of the issuer and file a material change report under securities laws, as well as the obligation to disclose material information as required by applicable stock exchange policies.

To the extent investors and analysts would prefer to receive more frequent financial disclosure than semi-annually, we note some reporting issuers that have adopted semi-annual reporting in jurisdictions that permit it publish quarterly supplementary financial information. Such an approach could be imported into the policies the CSA is considering as a compromise between the valuable goal of reducing inefficiencies and administrative burdens on reporting issuers while still providing reasonably frequent disclosure of key information and metrics for investors and analysts.

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

Response:

We are supportive of providing non-venture issuers with the option to replace interim MD&A with quarterly highlights. Such an approach can assist in addressing the concern of investor data overload, as the quarterly highlights can focus on key information in the quarter (such as liquidity and capital resources and progress toward achieving corporate goals).

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Thank you for the opportunity to provide our comments on these issues. Should you have any questions with respect to the foregoing, please do not hesitate to contact the undersigned at (416) 479-2404.

Yours very truly,

Marc Valencia,
General Counsel, Corporate Secretary and VP, Public Affairs
Corby Spirit and Wine Limited