OSC

ONTARIO
SECURITIES
COMMISSION

OSC Staff Notice 51-736

Corporate Finance Division
2024 Annual Report

December 6, 2024

Ontario

Message from the Senior Vice President

We are pleased to share our first annual report as the Corporate Finance Division (**Division**). The Report provides an overview of our operational and policy work for the 2023-2024 fiscal year and guidance about our expectations and interpretation of regulatory requirements in certain areas.

In May 2024, the OSC released its six-year Strategic Plan setting out its vision of working together to make Ontario's capital markets inviting, thriving and secure. This vision is underpinned by six strategic goals that set out a robust response to changes in today's capital markets including rapid technological innovation, changing investor demographics, and shifting preferences in how investors interact with our market. The OSC is taking important steps to become a more agile, responsive and proactive regulator.

With the plan's strategic goals in mind, three operating departments - Corporate Finance, the Chief Accountant (led by Cameron McInnis, Chief Accountant) and Mergers & Acquisitions (led by Jason Koskela, Vice President) – now form the Division. The Division remains focused on improving the transparency, trustworthiness and efficiency of capital markets through our regulatory oversight of Ontario's reporting issuers and other important market participants.

Throughout fiscal 2023-2024, the Division, with its partners in the Canadian Securities Administrators, continued to advance its policy work, including projects related to climate disclosures, prospectus exemptions to promote capital formation and reducing regulatory burden.

These initiatives continue to be part of the Division's main policy focus in fiscal 2025. In addition, we continue to monitor and consider new market trends and potential areas of concern that may warrant a regulatory response.

We hope that this report provides insight into our work during the past year and the work we will conduct under our newly implemented structure. Further, we hope that the report serves as a guide to better understand disclosure and other regulatory obligations under applicable Ontario securities law. We welcome any questions or feedback that you may have.

Best regards,

Winnie Sanjoto
Senior Vice President, Corporate Finance Division
Ontario Securities Commission

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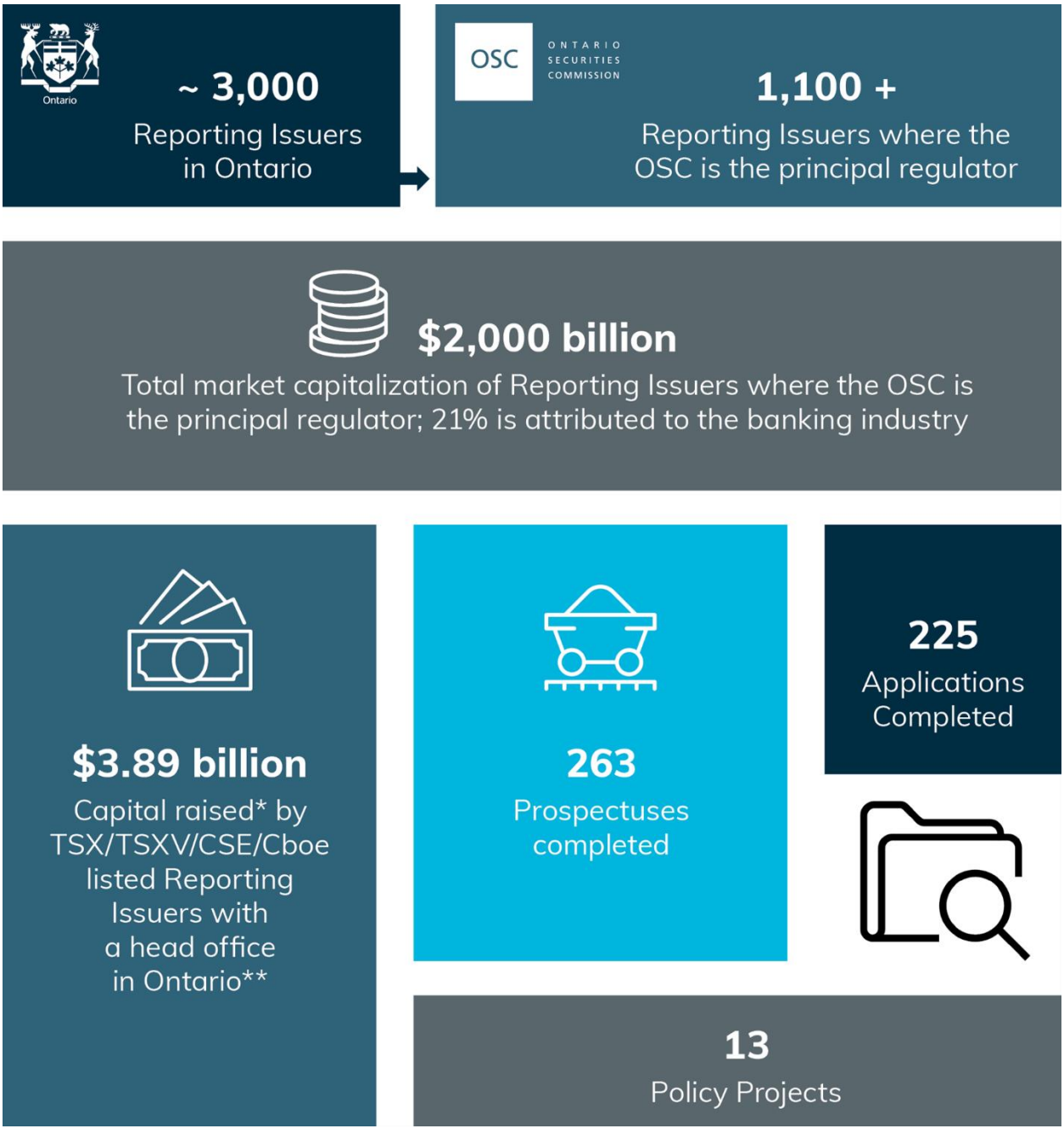
Fiscal 2024 Snapshot



* Note: all figures are as at / for Fiscal 2024 and are approximate or rounded.

** Includes public offerings and private placements of equity and convertible debentures.

Introduction

This Corporate Finance Division 2024 Annual Report (**Report**) provides an overview of the Division's operational and policy work during the fiscal year ended March 31, 2024 (**Fiscal 2024**), including a summary of key findings and outcomes from our regulatory oversight programs and a status report of ongoing Issuer-related policy initiatives. The report is intended for entities and individuals we regulate, their advisors, as well as investors.

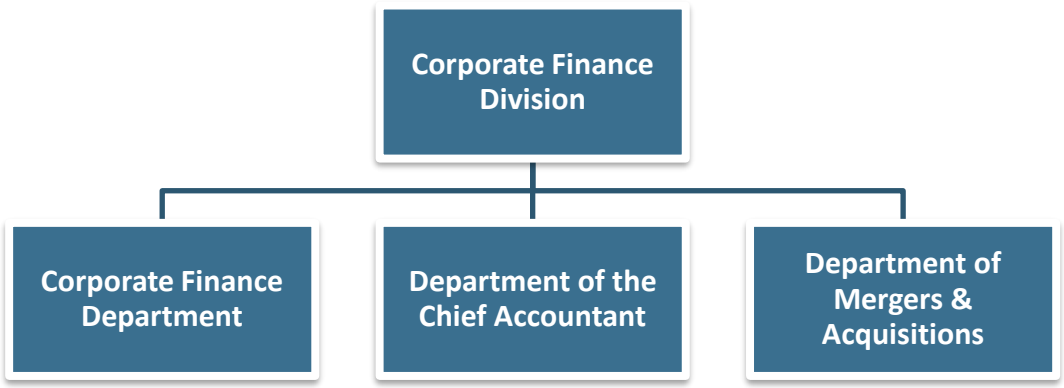
In publishing this report we aim to

- **REINFORCE** the importance of complying with regulatory obligations;
- **PROVIDE GUIDANCE** to improve compliance;
- **HIGHLIGHT** trends in the capital markets; and
- **INFORM AND UPDATE** stakeholders on new and ongoing policy initiatives.

Corporate Finance Division: Who We Are & What We Do

Through our oversight role, we support the OSC's goal to improve transparency, trustworthiness, and efficiency in Ontario's capital markets.

The Corporate Finance Division comprises the following three departments:



Corporate Finance Department

The Corporate Finance Department focuses on the oversight of Reporting Issuers in Ontario.

To do this, our operational work includes:

- ✓ assessing, using risk-based criteria, whether Reporting Issuers in Ontario are providing the required level of disclosure of material information to investors so they can make informed investment decisions, including through the review of
  - public offerings of securities;
  - capital raising activities in the exempt market;
  - continuous disclosure (**CD)** filed by Reporting Issuers;
- ✓ reviewing and considering applications for exemptive relief from regulatory requirements;
- ✓ responding to inquiries and complaints;
- ✓ reviewing insider reporting;
- ✓ reviewing credit rating agencies that are designated rating organizations;
- ✓ overseeing designated benchmarks and benchmark administrators;
- ✓ overseeing the listed Issuer function for OSC-recognized exchanges;
- ✓ engaging with stakeholders, including external advisory committees;
- ✓ providing guidance to stakeholders through staff notices that communicate expectations and interpretations of regulatory requirements in certain areas; and
- ✓ delivering Issuer education and outreach programs.

Department of the Chief Accountant

The Department of the Chief Accountant (**DCA**) provides advisory services relating to accounting and assurance for all divisions in the OSC and is involved with policy initiatives focussed on financial reporting. The DCA also engages with various external stakeholders that are involved with financial reporting, including standard setters, audit regulators, and professional accounting firms.

Its operational work includes:

- ✓ overseeing securities rules and regulations related to financial reporting frameworks (e.g., IFRS Accounting Standards);
- ✓ providing advisory services to the OSC for complex accounting or assurance issues;
- ✓ advising the OSC on the impact of new financial reporting developments; and
- ✓ engaging with external stakeholders on significant financial reporting matters.

Department of Mergers & Acquisitions

The Department of Mergers and Acquisitions (**DM&A**) is responsible for the regulation of mergers and acquisition (**M&A**) transactions and the unique risks faced by shareholders in evolving capital markets. The department focuses on take-over bid requirements, issuer bid requirements, early warning requirements, conflict of interest transactions, defensive tactics and minority shareholder rights.

Its operational work includes:

- ✓ real-time monitoring and supervising M&A transactions;
- ✓ responding to complaints regarding M&A transactions;
- ✓ responding to inquiries;
- ✓ reviewing and considering exemptive relief applications;
- ✓ participating in M&A hearings, including making submissions and working with parties to narrow issues and navigate procedural matters; and
- ✓ engaging with stakeholders on emerging trends and policy issues.

Part A: Corporate Finance Department

1. Continuous Disclosure Review Program

2. Other Ongoing Regulatory Oversight

3. Public Offerings

4. Exemptive Relief Applications

5. Insider Reporting

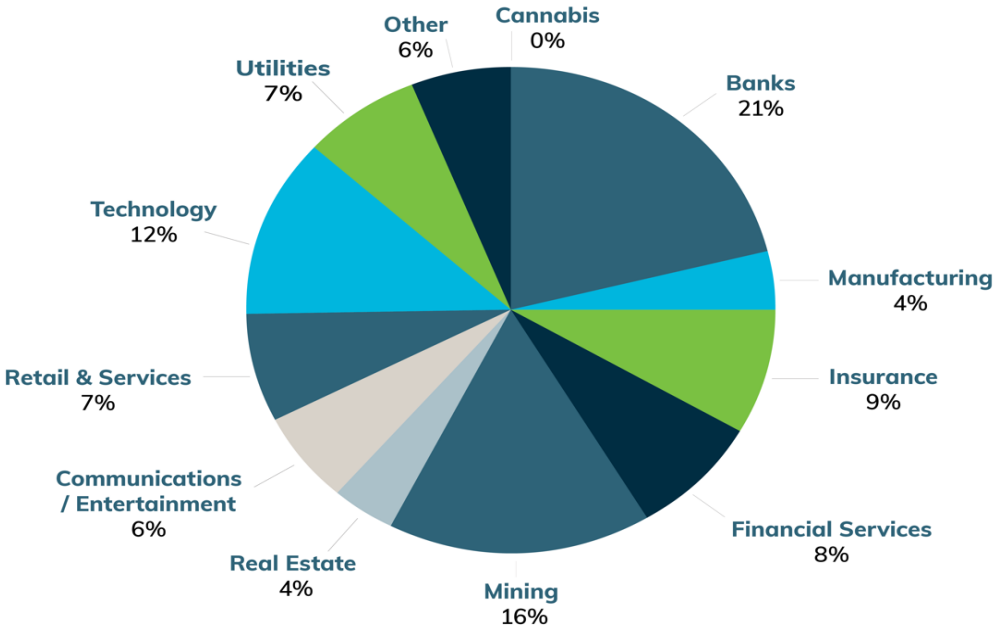
1. Continuous Disclosure Review Program

This section provides an overview of the key findings and outcomes from our Fiscal 2024 continuous disclosure review program (**CDR Program**). We discuss key or novel issues, suggest best practices, and specify applicable legislation and relevant guidance to assist Issuers in addressing each of the topic areas.

Under Ontario securities law, a Reporting Issuer must provide timely and periodic CD about its business and affairs. The CDR Program seeks to assess whether Reporting Issuers are complying with disclosure obligations and to identify material deficiencies that may affect the reliability and accuracy of a Reporting Issuer's disclosure record. For further information about the CDR Program, refer to CSA Staff Notice 51-312 and our website.

The Division has primary responsibility as principal regulator[1] over approximately **1,100** Reporting Issuers with an aggregate market capitalization of approximately **$2,000 billion** as at March 31, 2024. The three largest industries by market capitalization were banking, mining, and technology.

Market capitalization of Ontario Reporting Issuers by industry as at March 31, 2024



[1] For a prospectus filing, pursuant to NP 11-202, an Issuer's principal regulator is the regulator of the jurisdiction in which the Issuer's head office is located. If the regulator identified is not in a specified jurisdiction, the principal regulator is the regulator in the specified jurisdiction with which the Issuer has the most significant connection. See subsections 3.4(4) – 3.4(8) of NP 11-202.

A) CDR Program outcomes for Fiscal 2024

Our CDR Program is risk-based and outcome-focused. It includes planned full reviews and issue-oriented reviews (**IORs**) based on risk criteria as well as ongoing monitoring through news releases, media articles, complaints, and other sources. The CDR Program is conducted pursuant to the powers in subsection 20.1(1) of the *Securities Act* (Ontario) (**Act**) and is part of a harmonized CDR Program conducted by the CSA.[2]

We track several categories of outcomes of the CDR Program:

- Immediate corrective action is required
    - Includes the refiling of a previously filed CD document or the filing of a document that should have been previously filed, a referral to the Enforcement division or the issuance of a cease trade order.
- Prospective enhancements are required
    - Changes or enhancements are required in the next filing as a result of deficiencies identified but they do not rise to the level of immediate action.
- No action is required
    - Instances where the Issuer does not need to make any corrective changes or additional filings as a result of our review.
- Ongoing Oversight
    - This type of outcome is specific to IORs where we conduct an initial high-level review of a Reporting Issuer's disclosure to determine whether direct engagement with the Reporting Issuer is required or conclude that no further action is required. Examples of this type of IOR include our ongoing monitoring of Reporting Issuers and the regular high-level reviews of technical reports filed on SEDAR+ which are intended to monitor disclosure compliance in real-time with the requirements of NI 43-101 and Form 43-101F1. Similarly, reviews triggered by significant industry developments fall into this category of IORs. If potentially significant disclosure deficiencies are identified, a formal IOR file will be opened, and we will engage with the Reporting Issuer.
    - These types of IORs enable us to take a staged approach to CD reviews and more efficiently allocate staff resources in a timely manner.

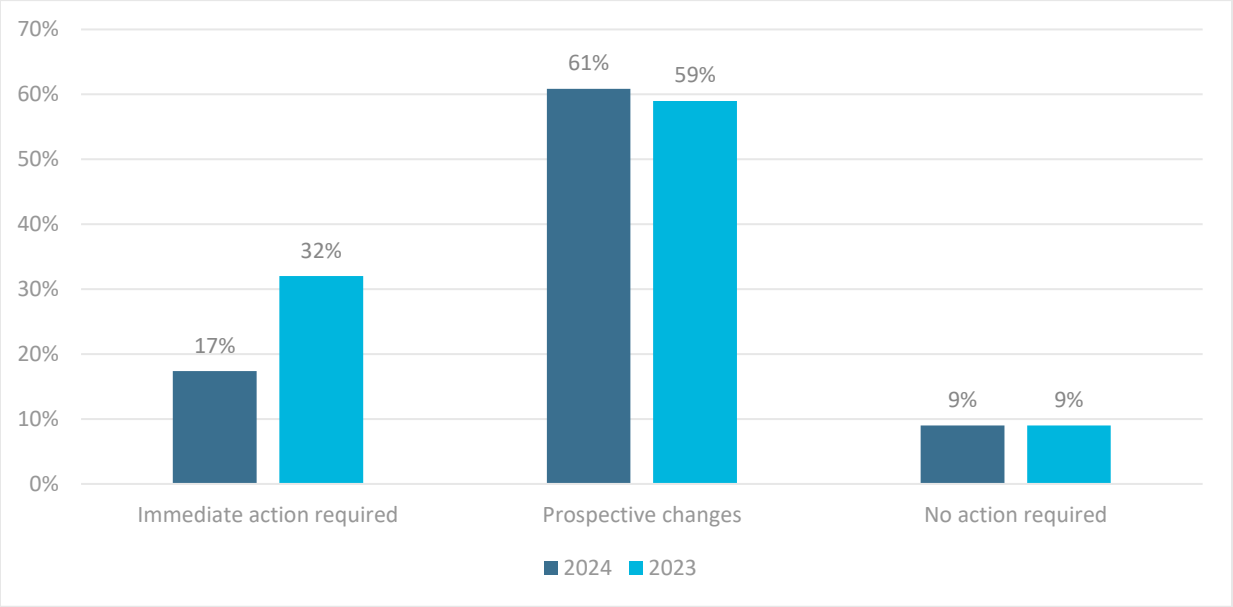
[2] For more information see CSA Staff Notice 51-312 (Revised) *Harmonized Continuous Disclosure Review Program*.

A CD review may result in more than one outcome. For example, a Reporting Issuer may be required to refile certain CD documents while also committing to prospective disclosure enhancements. Tracking these outcomes assists us in planning the CDR Program in subsequent years, including the re-evaluation of existing risk-based factors.

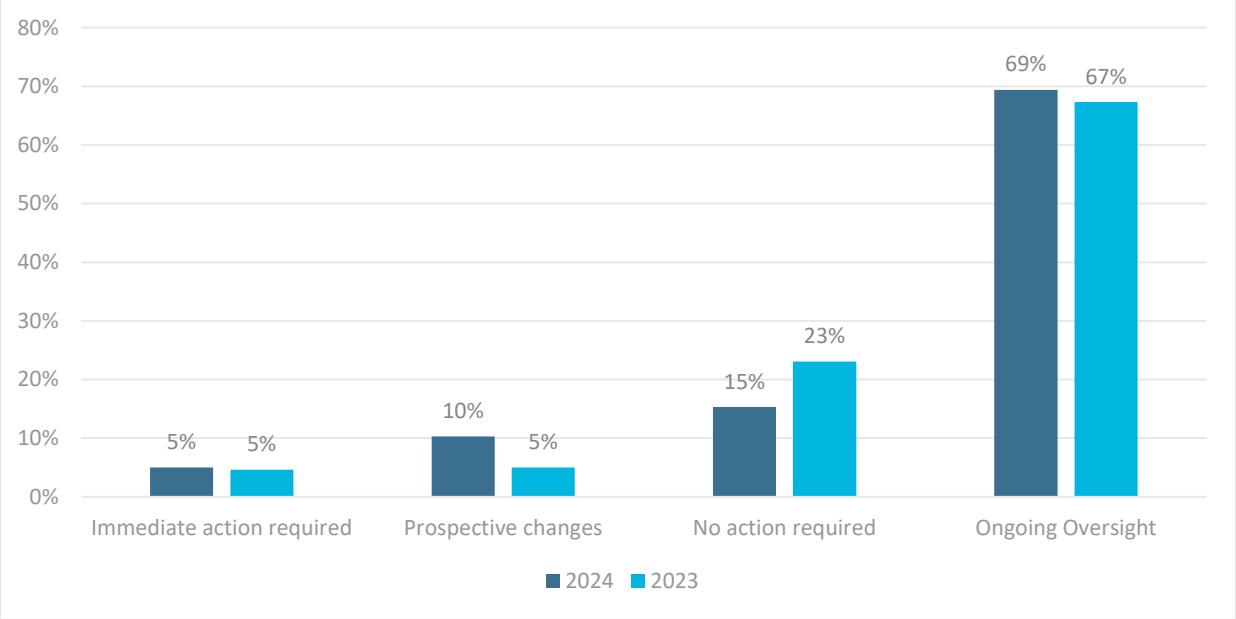
Given our risk-based criteria to identify Reporting Issuers for review, the outcomes on a year-over-year basis should not necessarily be interpreted as trends since the issues and Reporting Issuers reviewed each year are generally different. The nature of the review and the issues identified may impact the number of Reporting Issuers selected for review in any given year. For example, a broad topic (e.g., non-GAAP financial measure disclosure compliance) may result in a larger number of Reporting Issuers being selected for review whereas other topics (e.g., Technical Report compliance) may be more focused or specific to an industry. Similarly, reviews may be issue-specific, focusing on a particular CD requirement for which we have noted widespread deficiencies**.** These reviews may result in an increased number of outcomes categorized as "prospective changes" or "immediate action required" if deficiencies identified are prevalent among several Reporting Issuers.

The following is the summary of the CD review outcomes for Fiscal 2024 and the fiscal year ended March 31, 2023 (**Fiscal 2023**).

Outcomes of full CD reviews



Outcomes of IORs



The most common types of immediate action required from Reporting Issuers were amendments made to their continuous disclosure record, including the following:

- Refiling of financial statements to correct material misstatements;
- Refiling of a Form 51-102F1 where the form was materially deficient and did not meet the form requirements of Form 51-102F1;
- Refiling of management's discussion and analysis (**MD&A**) to address materially deficient disclosure for non-GAAP financial measures;
- Refiling or filing (in instances when documents were not filed in the first place) of material contracts and material change reports (**MCR**);
- Filing of executive compensation and corporate governance disclosure that was required to be filed at an earlier date;
- Refiling of a Technical Report where the report filed was not in compliance with NI 43-101; and
- Failure to file notice of change of auditor.

Reporting Issuers that refile CD documents during our review are placed on the Refilings and Errors List found on our website.

B) Trends and Guidance

This section highlights some of the common deficiencies and areas for improvement that were observed during our CD reviews in Fiscal 2024 and includes best practices and guidance to assist Reporting Issuers and their advisors in meeting their regulatory obligations. We encourage Reporting Issuers to continue to review and improve the quality of their CD, including with reference to the guidance below. We also direct readers to previously published Corporate Finance Annual Reports for further guidance as many of the issues previously noted continue to be areas for improvement.

I) Management's Discussion & Analysis

The MD&A is the cornerstone of an Issuer's overall financial disclosure and is intended to provide an analytical and balanced discussion of the Issuer's results of operations and financial condition through the eyes of management. MD&A disclosure should be specific, useful, and understandable. The MD&A requirements are set out in Part 5 of NI 51-102 and Form 51-102F1.

Over the past year, our markets continued to be impacted by relatively higher interest rates, inflationary pressures, geopolitical tensions, global trade disruptions and overall slower economic growth. These events have generally had a significant negative impact on the economy and continue to pose challenges for many Issuers. It is critical that Issuers provide meaningful disclosure about the impact of these events on their business. An Issuer should consider its specific business and operations, providing clear, transparent and balanced disclosure of the business impacts and potential uncertainties regarding these events in its MD&A. Such information is necessary to meet Ontario securities law requirements and enable investors to make informed investment decisions. It is important that each Issuer tailors its disclosure to provide investors with insight into the specific and material operational challenges, financial impacts, and risks faced, and its related responses. Issuers should also keep in mind that the financial statements may also need to reflect and disclose the impacts of these events.

We discuss certain MD&A deficiencies below and refer Issuers to previous Corporate Finance Annual Reports for information on other MD&A matters that remain relevant.

Issue	Best Practice
Deficiencies discussed in the Corporate Finance 2023 Annual Report	We saw the following issues that we have previously discussed and provided guidance on in the Corporate Finance 2023 Annual Report: 1. Boilerplate discussion of operations (Variance Analysis) (pg. 16); 2. Forward-Looking Information- Lack of disclosure of material factors and assumptions (pg. 19); 3. Non-GAAP Financial Measures (pg. 22 and Corporate Finance 2022 Annual Report pg. 24); and 4. Lack of clear disclosure of business and operations (pg. 40).
Expected credit loss (ECL) and accompanying fair value information	Some Issuers incorrectly apply the impairment requirements when estimating the loss allowance for ECLs, and do not disclose enough information to enable users to evaluate the nature and extent of credit risks arising from such financial assets (i.e. recognition and measurement of ECLs), including information about whether a portion of the cash flows supporting an ECL calculation reflects cash flows from underlying collateral. Issuers are reminded that disclosure about these calculations, including any significant inputs and assumptions, provide important information about the significant judgements and estimates management has applied as part of its financial reporting. For a more detailed discussion on this topic area, including disclosure expectations for an Issuer's financial statements and MD&A, refer to the CSA CD Staff Notice 51-365 published on November 7, 2024.
Liquidity and capital resources	Some Issuers provided incomplete or boilerplate discussion of their liquidity and capital resources or simply reproduced numbers from their financial statements without providing helpful contextual information. Examples of such disclosure include: • "management believes the Issuer has adequate working capital to fund operations"; • "we have adequate cash resources to finance future foreseeable capacity expansions"; and • "we have negative working capital of $2 million".

	Issuers should discuss material cash requirements and how they intend to fund these requirements, explain how liquidity obligations have been settled or will be settled, and quantify working capital needs and how those needs relate to future business plans or milestones. Refer to Items 1.5 and 1.6 of Form 51-102F1.

Discussion of Operations – Significant Projects Without Revenue

Some Issuers did not provide sufficient information about their significant projects that have not yet generated revenue, as required by Item 1.4(d) of Form 51-102F1. Reporting Issuers should provide information that enables the reader to understand project specific details, including the timeline and costs.

For each significant project, Reporting Issuers should disclose:

- The overall plan for the project and the current status relative to the plan;
- The expected timeline of the project, including the current progress relative to that timeline;
- Any realized or anticipated delays or cost overruns;
- The key milestones in the plan and the specific events that must occur for the completion of each milestone;
- The expenditures made to date for each milestone/phase of the project, and how these expenditures relate to anticipated timing and costs to take the project to the next stage; and
- Details of any necessary licenses or regulatory approvals (the discussion should include anticipated timing and costs associated with obtaining the license/approval, any related risks, and the impact on the project if the license or approval is not obtained).

Disclosure that would **not** meet our expectations:

The fully funded Project XYZ is currently underway with plans to launch in 2026. ABC Corp believes this venture will contribute significantly to its future profits.
☒ **Provides a cursory summary of the project and fails to disclose all required items.**

Improved disclosure that **would** meet our expectations:

Project XYZ, the construction of a new 70,000 sq ft grocery store located in Alpha Plaza in London, Ontario, commenced in July 2023 with an initial timeline to completion of three years.

ABC Corp now expects to complete construction by October 2026 and begin generating revenue starting in November 2026 (a 4-month delay from our initial estimate) through the sale of organic produce, meats, dairy, and other food products. The delay is due to unforeseen electrical issues that resulted in cost overruns of $0.3 million, which have now been resolved. Construction is approximately 30% complete.

In order for the new store to begin generating revenue, ABC Corp must:

- Complete a final inspection and receive the related approvals from the City of London. We expect to initiate this process in Summer 2026;
- Apply for and obtain licenses XYZ for the sale of food products. Initial applications were made in December 2023, and we are awaiting a response;
- Sign contracts with key produce, meat and dairy suppliers, which have not yet been identified; and
- Hire permanent and part-time employees.

We estimate total project costs of $37.8 million, of which $13.7 million has been incurred as follows:

Expense	Incurred ($)	Remaining* ($)
Project salaries	456,000	975,000
Construction		
Materials	7,653,000	10,829,000
Labour	5,244,000	8,344,000
Store fixtures	-	2,200,000
Permits	342,000	1,498,000
Initial inventory	-	250,000
Total	$13,695,000	$24,096,000

*The remaining amounts would be considered forward looking information and would need to be supported by disclosures required by sections 4A and 4B of NI 51-102.

The disclosure above includes a description of the project, the project status relative to the plan, the steps needed to complete the project, and presents the expenditures made to date.

Additional Disclosure for Venture Issuers Without Significant Revenue

Venture Issuers without significant revenue from operations are required, by section 5.3 of NI 51-102, to provide a breakdown of material components of:

- Exploration and evaluation assets or expenditures;
- Expensed research and development costs;
- Intangible assets arising from development; and
- General and administrative expenses.

This disclosure is also required for any material costs, whether expensed or recognized as assets, not covered by the above categories.

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

Disclosure that would **not** meet our expectations:

Exploration and evaluation assets of $2.6 million were capitalized in the period.	
☒	**Only discloses the total expenditures.**

Improved disclosure that would **meet** our expectations:

Exploration and evaluation assets of $1.4m were capitalized in the period relating to Mining Property A and $1.2m relating to Mining Property B. These costs consisted of:

Mineral Property A	Costs ($)
Consulting	220,000
Drilling	65,000
Field equipment	687,000
Fuel	32,000
Geochemical	7,000
Salaries	289,000
Travel	92,000
Total	1,392,000

Mineral Property B	Costs ($)
Drilling	884,000
Salaries	205,000
Travel	86,000
Total	1,175,000

The improved disclosure includes a breakdown of costs by category AND a breakdown of costs by property.

NOTE: We also expect Venture Issuers to provide a discussion of the above costs and the period-over-period variances.

II) Problematic Promotional Disclosures

We observed examples of overly promotional disclosure being included in CD filings, investor presentations, Issuer's websites, and social media platforms that may be misleading to investors. Reporting Issuers should be careful about over-stating in news releases the status of their products, particularly in the development stage or emerging sectors such as artificial intelligence, and COVID-19-related health technologies, as this conduct prevents investors of the ability to make informed investment decisions and if materially misleading, may be a contravention of securities law. It is vital that investors receive complete, factual and balanced information, especially in emerging sectors.

Tip: **Providing balanced disclosure**

We remind Issuers to provide balanced disclosure, which may include:

- Avoiding misleading or untrue statements;
- Relying on factual and supportable statements;
- Disclosing bad news as promptly and completely as good news;
- Disclosing sufficient details for investors to understand the substance of what is being announced;
- Avoiding exaggerated or hyperbolic language; and
- Providing disclosure that includes statements about the barriers, time and costs involved in achieving any positive events being announced, as applicable.

Refer to CSA Staff Notice 51-356 *Problematic Promotional Activities by Issuers*

Disclosure that would **not** meet our expectations:

This is a COVID-cure style breakthrough which will be the play of the decade for early-stage investors.	
☒	**Disclosure is unbalanced and unsupported by specific facts.**

Improved disclosure that would **meet** our expectations:

The Company's drug will have a significant addressable market. We anticipate it will take 2-3 years and $100 million to complete phase 2/3 drug trials and to confirm the drug is safe and effective.	
☑	**Removes the exaggerated language and includes relevant information about the time and costs to develop the product.**

Other Examples of Problematic Promotional Activities

- Bad news buried at the end of a multi-topic press release with positive headlines;
- Overly frequent and non-substantive press releases which make negative and potentially more substantive news harder to identify;
- Announcing positive initiatives (i.e., non-binding LOIs) without subsequent disclosure when the opportunity falls through;
- Unfounded comparisons to more established companies;
- Claims that cannot be supported; and
- Failing to disclose bad news, costs, and barriers to success while favouring disclosure of good news.

III) Executive Compensation

The objective of executive compensation disclosure is to communicate the compensation the company paid, made payable, awarded, granted, gave or otherwise provided to each named executive officer (**NEO**) and director for the financial year, and the decision-making process relating to compensation. The disclosure should provide investors with insight into executive compensation as a key aspect of the overall stewardship and governance of a company allowing investors to understand how boards of directors make decisions about executive compensation.

Some Reporting Issuers provided insufficient discussion in the compensation discussion and analysis (**CD&A**) as required by Form 51-102F6, including how each element of compensation is tied to each NEO's performance. The CD&A often does not fully or accurately describe the process of making executive compensation decisions. For example, some Reporting Issuers did not quantify performance goals that were based on objective measures, such as earnings per share, EBITDA, growth in net sales, and operational targets. The requirement to quantify the objective measures applies regardless of whether the objective measures are guidelines or hard targets. In addition, Reporting Issuers should state what percentage of the NEO's total compensation is tied to each objective measure.

Disclosure that would **not** meet our expectations:

Compensation, Discussion & Analysis

The total compensation of our NEOs is comprised of a base salary and short-term incentives. In determining the total compensation of our NEOs, the Board considers the scope and complexity of each NEO's role, individual performance and specific corporate goals related to operating profit and net sales. In determining the compensation of its NEO's, the Board also considers compensation at comparable companies.

☒	**Insufficient description and explanation of all significant elements of compensation, insufficient description of benchmark group and insufficient disclosure of objective performance goals.**

Disclosure that would **meet** our expectations:

The total compensation of our NEOs is comprised of a base salary and short-term incentives.

In determining a NEO's base salary, the Board uses market data developed by its independent compensation consulting firm. The market data is based on review of compensation practices of companies identified as similar in industry, business focus, comparable revenue, revenue growth and market capitalization to the Company. The comparator group that was used to inform compensation decisions in terms of level of pay and pay mix for our NEOs consisted of the following companies:

ABC Inc., CDE Corp, DEF Limited, EFG Inc., HIJ Ltd., FGH Inc., IJK Corp, DEF Ltd., GHI Corp. and JKL Inc.

In determining the short-term incentives for our NEOs, the Board considers the individual performance and specific corporate goals related to operating profit and net sales. The standard short-term incentive bonus target is 50% of base salary for the CEO and 30% of base salary for the other NEOs of the Company. Bonus awards are based on the achievement of specific corporate goals related to operating profit levels and net sales, as well as individual performance objectives. Each measure has an assigned weighting (as a percentage of base salary), as follows:

Position	Operating Profit	Net Sales	Individual Goals
CEO	15%	15%	20%
All other NEOs	7.5%	7.5%	15%

Threshold, target and maximum levels of performance are established for operating profit and net sales measures. The Company sets the target awards to be challenging, but reasonably attainable. The threshold, target and maximum levels of performance for 202X are as follows:

Measure	Threshold	Target	Maximum
Operating profit	Increase YOY 3%	Increase YOY 6%	Increase YOY 10%
Net sales	Increase YOY 10%	Increase YOY 15%	Increase YOY 20%

The payout under threshold, target and maximum levels of performance are as follows (as a percentage of base salary):

CEO:

Measure	Threshold	Target	Maximum
Operating profit	8%	12%	15%
Net sales	8%	12%	15%

All Other NEOs:

Measure	Threshold	Target	Maximum
Operating profit	3%	5%	7.5%
Net sales	3%	5%	7.5%

The award is not pro-rated for achievement between the above ranges; achievement on operating profit and net sales must at least meet the threshold for any payout to occur.

At the beginning of each fiscal year, corporate objectives and the NEO's individual performance objectives are determined and tabled before the Board for review and approval. To accurately describe the basis upon which each NEO is compensated would require a significant level of detail and disclosing any of these individual performance objectives would seriously prejudice the Company's interests by providing competitors with information regarding the Company's business performance targets and other sensitive information and would adversely impact the Company's competitive position. The undisclosed individual performance goals are challenging, but reasonably attainable. The undisclosed performance goals were achieved in the past, and the undisclosed performance goals are incrementally more difficult to achieve based on prior year results and are intended to promote enhanced performance year over year.

Disclosure provides a description of the elements of compensation and how those elements of compensation are tied to each NEO's performance. The disclosure identifies the group of comparators in the benchmark group and describes the performance goals and how they were met to explain the NEO's compensation.

IV) Mineral Project Disclosure

NI 43-101 governs public disclosure of scientific and technical information about an Issuer's mining and mineral exploration projects including written documents, websites, and oral statements. Issuers must base their scientific and technical disclosure on information provided by a "qualified person" (**QP**), as defined in NI 43-101. NI 43-101 also requires Issuers to file a Technical Report, for significant corporate or mineral project milestones.[3] The purpose of the Technical Report is to support disclosure of the Issuer's exploration, development, and production activities with additional information to assist current and prospective investors in making investment decisions. In some circumstances, QPs authoring the Technical Report must be independent of the Issuer and the mineral project.[4]

Our disclosure reviews resulted in several Technical Reports being refiled due to material non-compliance with the disclosure obligations of NI 43-101. Any refilings during disclosure reviews will result in the Issuer being placed on the Refilings and Errors List. Common deficiencies and examples of material non-compliance with disclosure requirements in Form 43-101F1 and NI 43-101 that may result in the refiling of a Technical Report include:

Form 43-101F1 Requirements:

- **Item 3: Reliance on Other Experts** - Reliance on technical information prepared by others beyond the limited reliance allowed for legal, political, environmental, or tax matters;
- **Item 12: Data Verification** - Lack of data verification performed by the QP, or missing statements about the QP's opinion on adequacy of the data used in the Technical Report;
- **Item 11: Sample Preparation, Analyses, and Security** - Missing information about quality control and quality assurance, sample preparation, assay and analytical procedures, name of laboratory, and the QP's opinion on the adequacy of the sample preparation, security, and analytical procedures;
- **Item 10: Drilling** - Missing information about the location, azimuth, and dip of drill holes, true widths, and higher-grade intervals;
- **Items 16 to 22** on advanced properties - Missing material information related to production activities on mineral projects in operation regardless of existing mineral resources or mineral reserves; and
- **Item 23: Adjacent Properties** - Lack of required cautionary language and including properties controlled by the Issuer.

[3] Sections 4.1 and 4.2 of NI 43-101.

[4] See the definition of "qualified person" in section 1.1 of NI 43-101.

NI 43-101 Requirements:

- **Subsection 8.1(2): Certificates of QPs** - Lack of information including a summary of the QP's experience relevant to the subject matter of the mineral project; and
- **Subsection 5.3(1): Independent QP** - Technical Report authors that are not independent in circumstances requiring independence.

V) Material Change Reports

Timing of Filing Stipulated in Agreements

We have noticed an increase in the number of transactions that include provisions in transaction documents that stipulate when the MCR should be filed. We are concerned about any provision in an agreement for a business transaction between a Reporting Issuer and a third party that provides that the Reporting Issuer will not file an MCR earlier than the 10th day after the date on which a material change occurs. In our view, such a provision is contrary to the requirement in subsection 7.1(1) of NI 51-102, that the MCR be filed *"as soon as practicable, and in any event within 10 days of the date on which the change occurs"*.

Changes to the board of directors or executive management

We have noted that certain Reporting Issuers may not have been assessing whether changes to their board of directors or executive management constitute a material change that would require a news release and a MCR to be filed under section 7.1 of NI 51-102.

Sections 4.2 and 4.3 of NP 51-201 provide guidance on materiality determinations and a list of examples of the types of events or information which may be material. These include changes to the board of directors or executive management, including the departure of the Reporting Issuer's CEO, Chief Financial Officer, Chief Operating Officer or president (or persons in equivalent positions). We remind Reporting Issuers of the importance to assess the materiality of such events to determine whether to file a news release and MCR on SEDAR+.

VI) Greenwashing

Disclosure pertaining to an Issuer's Environmental, Social and Governance (**ESG**) and/or sustainability impact in CD documents, news releases, website disclosure and voluntary documents such as sustainability or ESG reports has grown rapidly in recent years.

We have observed an increase in Issuers making potentially misleading, unsubstantiated or otherwise incomplete claims about business operations or the sustainability of a product or service being offered, conveying a false impression commonly referred to as "greenwashing".

In the context of ESG disclosure, Issuers are expected to have a reasonable basis for statements respecting future targets or plans and must disclose the material factors or assumptions underpinning those targets or plans and the material risks to achieving those targets or plans.

For a discussion and expectations on this type of disclosure, refer to the CSA CD Staff Notice 51-365 published on November 7, 2024 as well as the Corporate Finance 2023 Annual Report.

VII) Audit Committees

Procedures for the receipt, retention and treatment of complaints

NI 52-110 contains requirements for the responsibilities, composition, authority and reporting obligations of audit committees. Subsection 2.3(7) of NI 52-110, requires the audit committee of a Reporting Issuer to establish procedures for the receipt, retention and treatment of complaints received by the Reporting Issuer regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of the Reporting Issuer of concerns regarding questionable accounting or auditing matters.

When establishing these policies and procedures, a Reporting Issuer's audit committee must carefully consider whether such policies and procedures directly or indirectly impede a person or company's ability to communicate information about an act, internally or externally, where the person or company believes that such act may be contrary to Ontario securities law, or a by-law or other regulatory instrument of a recognized self-regulatory organization.

We have observed several instances where Reporting Issuers have established policies and procedures that require an employee to communicate their concerns or complaints solely to a senior employee of the Reporting Issuer, an officer of the Reporting Issuer, or a director of the Reporting Issuer (in most cases, the chair of the audit committee) or to first receive consent from the Reporting Issuer before the employee can communicate their concerns to the OSC, a recognized self-regulatory organization or a law enforcement agency. In our view, any such requirement is contrary to the requirement to establish policies and procedures relating to the confidential, **anonymous** submission by employees of concerns regarding questionable accounting or auditing matters.

We expect that policies and procedures established pursuant to subsection 2.3(7) of NI 52-110 will not directly or indirectly impede an employee's ability to communicate information about an act, internally or externally, where the employee reasonably believes that such act may be contrary to Ontario securities law or a by-law or other regulatory instrument of a recognized self-regulatory organization.

Policies that would **not** meet our expectations:

If an employee becomes aware of suspected improper activities or would like to report questionable accounting or auditing matters as a violation of the Code of Business Conduct, the employee should report the violation to their immediate supervisor, the supervisor's manager or the chair of the audit committee.
☒ **The policy does not facilitate confidential and anonymous submission to Issuers of concerns regarding questionable accounting or auditing matters. The policy also does not facilitate communication with the OSC, a recognized self-regulatory organization or law enforcement agency.**

Policies that would **meet** our expectations:

If an employee becomes aware of suspected improper activities or would like to report a violation of the Code of Business Conduct, the employee should report the violation to their immediate supervisor, the supervisor's manager, the Company's lead director or the third-party confidential Reporting Hotline. Nothing in this Code of Business Conduct prevents an employee from reporting improper activities or violation of the Code of Business Conduct to the OSC, a recognized self-regulatory organization or law enforcement agency.
☑ **The policy facilitates confidentiality and anonymity and communication with the OSC, a recognized self-regulatory organization or law enforcement agency.**

VIII) Disclosure considerations pertaining to geopolitical events

Geopolitical instability and risks continued to be a constant throughout Fiscal 2024. Reporting Issuers that have been or could be materially impacted by any geopolitical event should provide timely, meaningful, transparent, and balanced disclosures about the impact and the uncertainties to allow investors to make informed investment decisions. We refer Issuers to guidance provided in the Corporate Finance 2023 Annual Report regarding the disclosures relating to Russia's invasion of Ukraine, and to refer to the updated FAQs on Canadian sanctions, including interpretation of the Special Economic Measures (Russia) Regulations to consider whether their disclosure needs to be modified

2. Other Ongoing Regulatory Oversight

A) Financial Benchmarks and Designated Rating Organizations

As part of our oversight function for the financial benchmarks and designated ratings organizations (**DRO**s), we conduct risk-based compliance reviews of financial benchmarks administrators and DROs.

I) Financial Benchmarks

On July 13, 2021, MI 25-102, which establishes a comprehensive regime for the designation and regulation of financial benchmarks and those that administer them, came into force in Ontario.

In Canada, the OSC and the Autorité des marchés financiers (**AMF**) have designated Term CORRA as a designated interest rate benchmark and CanDeal Benchmark Administration Services Inc. as its designated benchmark administrator.

II) Designated Rating Organizations

In April 2012, the CSA implemented a regulatory oversight regime for credit rating agencies (**CRAs**) through NI 25-101. There are currently five CRAs that have been designated as DROs[5] in Canada under NI 25-101.

B) Exempt Market Reviews

During Fiscal 2024, we continued our oversight of capital-raising activities in the exempt market in Ontario, including by non-reporting Issuers. Much of our focus has been on Issuers that have raised capital from Ontario investors in reliance on the offering memorandum prospectus exemption in section 2.9 of NI 45-106 (**OM Exemption**), which is primarily used by retail investors. During our reviews of offering memoranda filed in connection with the OM Exemption, we have noticed that not all Issuers are using the correct form of offering memorandum. Issuers are reminded that on March 8, 2023, amendments to the OM Exemption came into force that introduced a new Form 45-106F2 *Offering Memorandum for Non-Qualifying Issuers*. The amendments also set out additional disclosure requirements for Issuers that are engaged in "real estate activities" and Issuers that are "collective investment vehicles, when those Issuers are preparing an offering memorandum.

We have also observed Issuers that fail to comply with the ongoing disclosure obligations on Issuers that rely on the OM Exemption in Ontario. Generally, subsection 2.9(17.5) of NI 45-106 requires those Issuers to deliver their annual financial statements to the OSC within 120 days

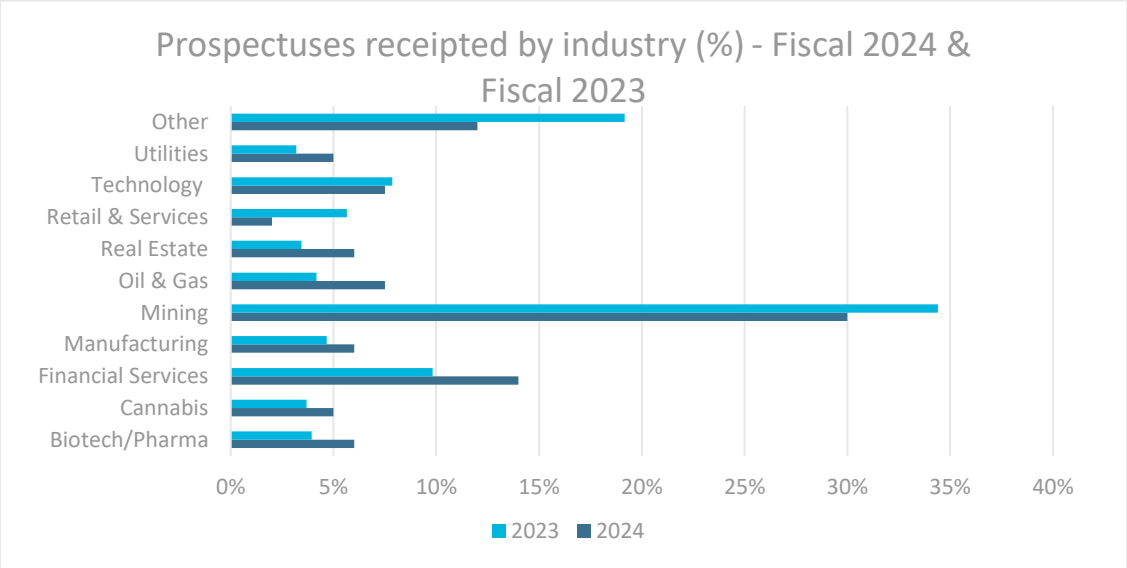
[5] DBRS Limited, Fitch Ratings, Inc., Kroll Bond Rating Agency, Moody's Canada Inc., S&P Global Ratings Canada

after the end of each financial year. The annual financial statements, which are required to be audited and prepared according to IFRS, must be made reasonably available to holders of securities acquired under the OM Exemption and must also be accompanied by a notice detailing the use of proceeds raised under the OM Exemption in accordance with Form 45-106F16 *Notice of Use of Proceeds*. Issuers that raise capital from investors in Ontario using the OM Exemption are expected to comply with these important ongoing disclosure obligations. We would have serious concerns with Issuers that are in material non-compliance with these requirements, continuing to raise capital in Ontario's exempt market, including in reliance on the accredited investor and the family, friends and business associates prospectus exemptions.

3. Public Offerings

Under Ontario securities law, to distribute securities, an Issuer must file and obtain a receipt for a prospectus or rely upon a prospectus exemption. Another key component of our compliance oversight of Issuers in Ontario's capital markets is the review of prospectuses in connection with public offerings. This section outlines data and trends with respect to public offerings and provides guidance on common issues that arise during our prospectus reviews.

In Fiscal 2024, **263** prospectuses were filed in Ontario (Fiscal 2023: 407). These filings covered a wide range of industries with mining, financial services and technology being the most active sectors[6] based on the number of offerings.



A) Trends and Guidance

Fiscal 2024 was another tumultuous year for the economy and financial markets, driven by high inflation and escalating interest rates. In response to tightening economic conditions, capital market activities continued to decline in Fiscal 2024, evidenced by lower prospectus filings as compared to Fiscal 2023.

[6] "Other" includes sectors such as communications, cryptocurrency, environmental, gaming, hospitality, SPACs, CPCs and transportation.

Key takeaways from our reviews of prospectuses in Fiscal 2024 are set out below.

> Tip: The guidance in this section also applies to prospectus-level disclosure included in an information circular in connection with a proposed significant acquisition or a restructuring transaction as required by item14.2 of Form 51-102F5.

I) Prospectus Filings

The following summary highlights some of the common deficiencies and areas for improvement that were observed during our reviews of prospectus filings. We also note that the discussion in the continuous disclosure section of this Report is also applicable to prospectus filings.

Previous Corporate Finance Annual Reports are also a good source of guidance as they contain important and relevant information about prospectus filings.

Issue	Guidance
Prospectus Issues that continue to persist in 2024	We observed issues that were previously discussed in prior years, and refer readers to the Corporate Finance 2023 Annual Report for guidance on the following topics: 1. Promoter guidance (pg. 42); 2. Filing of non-offering prospectus (pg. 36); and 3. Prospectus pre-filing vs inquiries (pg. 35)
Inactivity during Prospectus Review	We saw smaller Issuers file a non-offering preliminary prospectus that is incomplete and/or poorly prepared. This can lead to unnecessary and lengthy delays and the requirement to amend or withdraw and refile the prospectus. In addition, we have observed that Issuers have been unable to address our comments within a timeframe that meets the statutory requirements in subsection 2.3(1.2) of NI 41-101 thereby restarting the process again by filing a preliminary prospectus soon after the lapse date. In these situations, we recommend that the Issuer file a new preliminary prospectus only when it is able to fully address our comments on a timely basis.

Issue	Guidance
	Please see the Corporate Finance 2023 Annual Report for guidance on the filing of a non-offering prospectus (pg. 36) and expectations about prospectus lapse dates (pg. 46). Also see Legal Representation below.
Confidential Pre-File Prospectus	We have encountered lengthy periods of inactivity, similar to above, for confidential pre-file prospectus reviews. We remind Issuers that (i) pre-filed prospectuses should be substantially complete and contain disclosure that is at the standard required of a public preliminary prospectus and (ii) if a pre-file has not been completed within 180 days from the initial pre-filing date, similar to the timing requirements in section 2.3 of NI 41-101, we may close the file and the Issuer will be required to re-submit a new pre-file and pay the associated fees. Refer to the *Confidential Pre-file Prospectus Review* in the Corporate Finance 2022 Annual Report for further guidance.
Legal Representation	We strongly encourage Issuers to be represented by securities law counsel during a prospectus filing, which extends to telephone calls and written correspondence with us, so that any concerns raised by us during the review are understood and adequately addressed.
Overnight Marketed Deals	An Issuer considering filing a preliminary prospectus for an offering that is an "overnight marketed deal" should ensure that the offering is consistent with the guidance on the definition of an "overnight marketed deal" in subsection 6.4(12) of Companion Policy 41-101. For information on timing guidelines for "overnight marketed deals", see OSC Staff Notice 41-702.
Required documents for an amendment to a prospectus	Pursuant to subsection 6.2(c) of NI 41-101, when Issuers file an amendment to a prospectus, they are also required to file or deliver any supporting documents required to be delivered under NI 41-101, unless the documents originally filed or delivered are correct as of the date the amendment is filed. We have observed several instances where Issuers have not filed or delivered all the required supporting documents with an amendment to a final prospectus, in particular PIFs for executive officers or directors who were appointed or elected subsequent to the filing of the final prospectus. Failure to file or

Issue	Guidance
	deliver all required supporting documents with an amendment to a prospectus may delay the review process.
SEDAR+ Profiles of Issuers under an IPO	Issuers planning to complete an IPO and become a Reporting Issuer in Canada must create a SEDAR+ profile prior to filing documents with securities regulators. When a SEDAR+ profile is created, the profile is automatically deemed "Public". To prevent the SEDAR+ profile from becoming public and prematurely signaling the market of the planned IPO, the Issuer should create the SEDAR+ profile with the help of the CSA Helpdesk. Upon creation of the SEDAR+ profile, the CSA operator will immediately turn the status of the SEDAR+ profile to "Private".

II) Financial Condition and Sufficiency of Proceeds

The prospectus must contain clear disclosure on how the Issuer intends to use the proceeds raised in the offering as well as disclosure of the Issuer's financial condition, including any liquidity concerns. This disclosure is important to investors because it provides warnings about significant risks that the Issuer is facing or may face in the short term and may help investors avoid or minimize negative consequences when making investment decisions. Relevant information in this context may include disclosure and discussion of negative cash flow from operating activities, working capital deficiencies, net losses and significant going concern risks.

Where there are concerns regarding the financial condition of an Issuer and/or the sufficiency of proceeds in the context of a prospectus offering, these concerns may affect our ability to recommend that a receipt be issued for a prospectus. A decision maker is prohibited from issuing a receipt for a prospectus if it appears that the proceeds from the prospectus offering, along with the Reporting Issuer's other resources, will be insufficient to accomplish the purpose of the issue stated in the prospectus (the sufficiency of proceeds receipt refusal provision in the Act). A principal purpose of the sufficiency of proceeds receipt refusal provision is to protect the integrity of the capital markets, which would be harmed if an Issuer ceased operations on account of insufficient funds shortly after completing a public offering.

In particular, we see Issuers with financial condition concerns relating to a significant amount of debt becoming due within the next twelve months. If an Issuer's financial condition is dependent on the renewal or refinancing of that debt, the Issuers should be able to demonstrate that the debt will be or already has been renewed or refinanced by having a binding commitment letter from a lender or an executed refinancing debt agreement that is non-contingent. Proceeds

from debt financing should only be included in an Issuer's financial condition analysis where there is certainty of proceeds. For example, if the commitment letter signed with a lender is non-binding or otherwise contingent, the proceeds from that lending commitment would not be included in the Issuer's financial condition analysis.

III) Material Contracts

We note that applicable prospectus and continuous disclosure rules require that certain material contracts of a Reporting Issuer, or an Issuer filing a preliminary prospectus, be filed on SEDAR+ and disclosed in either a long form prospectus or an annual information form.

We have noted the following frequently occurring deficiencies regarding material contracts:

- The description of a material contract in a long form prospectus did not follow the instructions under item 27.1 of Form 41-101F1;
- The description of a material contract in an annual information form (**AIF**) did not follow the instructions under item 15.1 of Form 51-102F2 *Annual Information Form*;
- An Issuer did not file a material contract that is required to be filed under applicable prospectus and continuous disclosure rules;
- A long form prospectus or AIF refers to amendments to a material contract, but the amendments have not been filed on SEDAR+;
- The version of a material contract filed on SEDAR+ does not contain the schedules or appendices referred to in the material contract;
- A material contract contains redactions of information that is otherwise public;
- A material contract contains redactions that do not meet the test for redactions in subsection 12.2(3) of NI 51-102 and subsection 9.3(3) of NI 41-101;, and
- A material contract contains redactions that are prohibited under subsection 12.2(4) of NI 51-102 and subsection 9.3(4) of NI 41-101.

For example, subsection 12.2(4)(c) of NI 51-102 and subsection 9.3(4)(c) of NI 41-101 prohibit the redaction of "terms necessary for understanding the impact of the material contract on the business" of the Issuer. We note that early-stage pharmaceutical Issuers will often redact information on milestones that the Issuer must achieve under a licensing agreement with the patent owner of a drug in order to keep the license. If information on milestones is redacted, it will be difficult for an investor to ascertain whether the Issuer is on track to meet the milestones or if the Issuer will soon lose the license.

IV) President's List

A president's list is a list of potential investors in a securities offering that is provided by management of an Issuer to the underwriters. Where an Issuer proposes a president's list, the underwriting agreement may provide that the underwriters will receive a reduced commission

(or no commission) on the securities sold to the investors on the president's list since the underwriters did not market the securities to them.

Reporting Issuers using a president's list should be prepared to provide the following information to us:

- How the Issuer identified the investors on the president's list;
- The composition of the purchasers on the president's list (for example, whether the purchasers on the president's list are existing investors or new investors identified by the Issuer or by third parties); and
- Indicate if any person or company, other than the underwriters, will receive any form of compensation directly or indirectly in connection with the sale of securities to the investors.

Furthermore, as described on page 41 of the Corporate Finance 2022 Annual Report, we may request that the Issuer include a statement in the "Statutory Rights of Withdrawal and Rescission" section of the prospectus that purchasers who are president's list purchasers will have the same rights for rescission and/or damage against the Issuer and the underwriters, as the case may be, as purchasers who acquired securities through the underwriters.

V) Preliminary Non-Offering Prospectus Where the Issuer has an Existing Equity Line of Credit

We note that an Issuer who is publicly listed in a foreign jurisdiction may file a preliminary non-offering prospectus with the OSC for the purpose of becoming a Reporting Issuer in Ontario. If the Issuer has an existing equity line of credit arrangement with a foreign purchaser, we suggest that the Issuer first submit a confidential pre-filing with the OSC before filing the preliminary prospectus.

While the Issuer may not be seeking to have the non-offering prospectus qualify distributions of securities under the equity line of credit or have any securities listed on a Canadian stock exchange, this situation may raise public interest and investor protection concerns with respect to the issuance of a receipt for a final non-offering prospectus of an Issuer seeking to become a Reporting Issuer in Canada while it has an existing equity line of credit with a foreign purchaser.

We generally take the view that, in order to operate an equity line in Canada, both the Issuer and the equity line purchaser require exemptive relief from the requirements of Ontario securities law. This is because, in an equity line:

- A distribution of securities to the purchaser may represent an indirect distribution of securities by the Issuer to the public (i.e., investors in the secondary market) through the purchaser, acting as an intermediary; and

- The purchaser may be purchasing securities "with a view to distribution" (i.e., the resale of such securities and/or of identical borrowed securities) and may therefore be considered an "underwriter" as defined in subsection 1(1) of the Act.

For more information about the OSC staff position in relation to equity lines, please refer to OSC Staff Notice 33-752 at pages 36-37 and the Corporate Finance 2021 Annual Report at page 47.

VI) Conditional Approval Letter

An Issuer that makes an application to list securities on an exchange in Canada, pursuant to subsection 9.2(b)(ii) of NI 41-101 and subsection 4.2(b)(ii) of NI 44-101, must provide us with a copy of written communication from the exchange stating that the application for listing has been made and accepted subject to certain conditions. The exchanges customarily provide this communication in the form of a conditional listing approval letter. As indicated in the Corporate Finance 2023 Annual Report, conditional approval from the respective exchange is required **prior** to getting cleared for final.

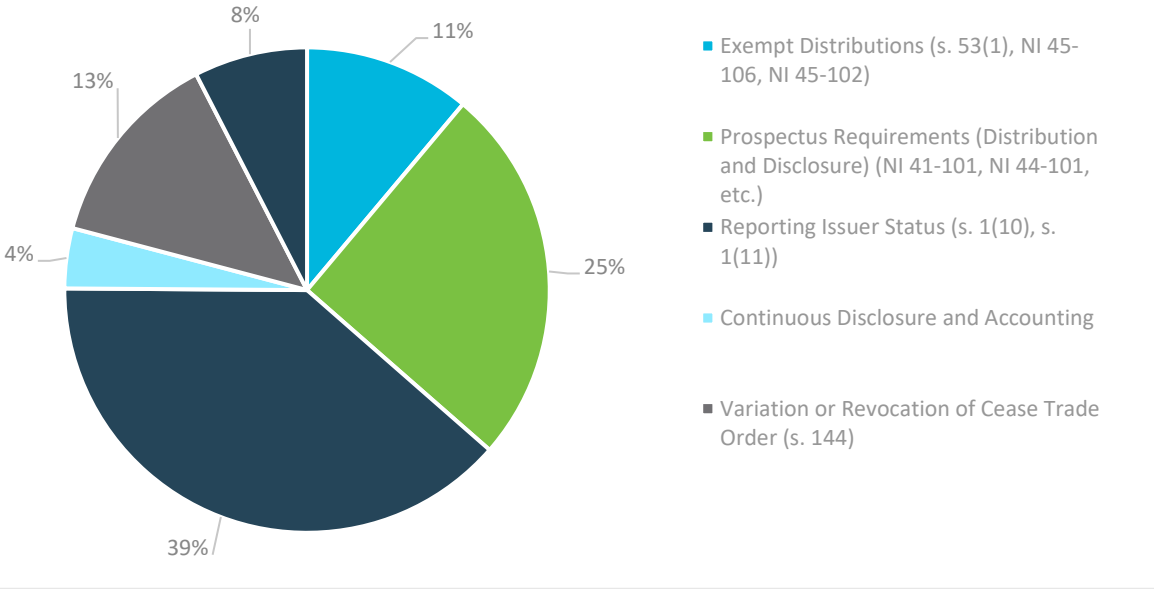
Exchange-imposed listing conditions form part of a prospectus review; as such, we will need a reasonable amount of time to review the conditional listing approval letter. We have observed that an increasing number of conditional approval letters contain non-customary listing conditions. In particular, conditional listing approval letters have included conditions that are outside the control of the Issuer, such as the receipt of a permit or the completion of a private placement for a certain amount of net proceeds. Since non-customary listing conditions may require additional consideration during a prospectus review, we remind Issuers to submit conditional approval letters as soon as practicably possible.

4. Exemptive Relief Applications

We review and make recommendations to appropriate decision makers on applications for exemptive relief. The review standard for granting relief varies, but it generally requires a decision maker to determine that granting the requested relief would not be prejudicial to the public interest. For further information about the process for exemptive relief applications, refer to NP 11-203.

In Fiscal 2024, we completed reviews of **225** applications for exemptive relief from various Ontario securities law requirements, 3% lower than Fiscal 2023.

Exemptive Relief Applications by Type – Fiscal 2024



A) Trends and Guidance

The number of applications decreased slightly in Fiscal 2024 compared to Fiscal 2023, with the majority of applications made in connection with relief from certain prospectus requirements and Reporting Issuer status. These two types of applications for relief have remained the most common. We will continue to monitor the types of applications we receive and the exemptive relief granted to determine whether we should consider changes to our rules or policies. Key

takeaways from our exemptive relief work in Fiscal 2024 are set out below.[7] Also refer to prior year Corporate Finance Annual Reports for tips and guidance on submitting an exemptive relief application.

I) Full Revocation of a Failure to File Cease Trade Order

Issuers that have been subject to a failure-to-file cease trade order (**FFCTO**) for several years will often file an application for the full revocation of the FFCTO so that the Issuer can proceed with a new business plan that may involve the issuance or transfer of securities of the Issuer. In this regard:

- If the FFCTO was issued **after** June 23, 2016, procedures for the application are set out in Part 5 of NP 11-207; and
- If the FFCTO was issued **before** June 23, 2016, procedures for the application are set out in NP 12-202.

Where the OSC is the principal regulator for an application for the full revocation of a FFCTO that has been in effect for several years, OSC staff require that the Issuer include in the draft decision document representations specifying:

- All past continuous disclosure documents that were not filed by the Issuer by the required deadline since the FFCTO was issued; and
- The remedial continuous disclosure documents that have now been filed by the Issuer.

These representations should reflect the effective date of any new CD requirements that came into force after the FFCTO was issued.

II) Dual Failure to File Cease Trade Orders and Statutory Reciprocal Orders

A dual FFCTO is an FFCTO issued in respect of an Issuer by its principal regulator where the principal regulator is a CSA regulator other than the OSC, the Issuer is a Reporting Issuer in Ontario and the OSC, as a non-principal regulator, confirms that it has opted into the FFCTO. The decision document for a dual FFCTO will note that it is also evidencing the decision of the regulator or securities regulatory authority in Ontario. Full or partial revocation of a dual FFCTO requires a dual application described in NP 11-207.

[7] Prior OSC orders and exemptive relief decisions can be found on the our website or on CanLII at https://canlii.org/en/on/onsec/.

Statutory Reciprocal Orders

Effective December 4, 2023, the Government of Ontario proclaimed into force amendments to section 127.0.1 of the Act and section 60.0.1 of the *Commodity Futures Act* (Ontario) which effectively provide for the immediate [automatic] reciprocation in Ontario for a cease trade order issued by another Canadian securities regulator against an Issuer for failing to comply with their continuous disclosure obligations.

Therefore, if a FFCTO was issued by another Canadian securities regulator on or after December 4, 2023, and the order does not name Ontario, it is unnecessary for the Issuer to apply to Ontario for any amendment, variation or revocation of the FFCTO, and the Issuer need only apply to the securities regulator that issued the FFCTO using the passport procedures in NP 11-203. A small number of FFCTOs were issued on or after December 4, 2023 that named Ontario in the FFCTO, and for administrative clarity, the affected Issuers should apply for any amendment, variation or revocation to both the issuing Canadian regulator as well as Ontario.

Tip: *Outstanding Fees*

A filer submitting an application for the revocation of a CTO will be required to pay all outstanding fees to each CSA regulator in whose jurisdiction the filer is a Reporting Issuer pursuant to NP 11-207. Outstanding fees generally include, where applicable, all activity and participation fees, and late filing fees. Depending on how long the CTO has been in effect, and whether the Reporting Issuer filed documents in a timely manner, the amount of outstanding fees can be considerable. **Issuers are reminded that fee waivers are not typically granted for activity fees, participation fees and late fees that are outstanding in Ontario.**

Before submitting an application, the filer should contact each relevant CSA regulator to confirm the fees that will be payable.

5. Insider Reporting

For information about the insider reporting compliance program and frequently asked questions, refer to our website as well as prior year Corporate Finance Annual Reports.

Part B: Department of the Chief Accountant

The DCA advises the OSC on emerging, novel, or complex accounting, auditing, and related financial reporting issues. The following are notable topics that the DCA has recently been involved with that impact market participants.

A) IFRS 18 Presentation and Disclosure in Financial Statements

I) Early Adoption of IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the International Accounting Standard Board **(IASB**) issued IFRS 18 *Presentation and Disclosure in Financial Statements* (**IFRS 18**) effective for annual reporting periods beginning on or after January 1, 2027, with earlier adoption permitted. For Reporting Issuers with calendar year ends, adoption of the new standard would initially be required for the interim financial statements for the period ended March 31, 2027.

The objective of IFRS 18 is aimed at improving the usefulness and relevance of information presented and disclosed in financial statements. We are pleased that IFRS 18 responds to investor demands for more transparent and comparable information about financial performance, thereby enabling better investment decisions.

II) National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure

Among other things, IFRS 18 introduces the concept of "management-defined performance measures" (**MPMs**) and requires such financial measures to be disclosed in a note to the financial statements. MPMs are subtotals of income and expenses that meet specific criteria outlined in IFRS 18. Prior to the introduction of MPMs, such measures have traditionally been considered non-GAAP financial measures (e.g., adjusted operating income), which historically have only been disclosed outside the financial statements in disclosure documents such as MD&A, earnings releases, and investor presentations.

We are currently assessing the implications of IFRS 18 and exploring what amendments are necessary to National Instrument *52-112 Non-GAAP and Other Financial Measures Disclosure* (NI 52-112). Among other things, we expect to update NI 52-112 to ensure that all financial

measures traditionally considered "non-GAAP" continue to be regulated under NI 52-112 when disclosed *outside* the financial statements.

A process to amend NI 52-112 would include a public consultation and final amendments would be subject to the requisite approvals across the Canadian Securities Administrators. In the meantime, if an Issuer is considering early adoption of IFRS 18, we recommend that the Issuer:

- consult with their principal securities regulator regarding the implications of early adoption of IFRS 18 on disclosures *outside* the financial statements, and
- continue to apply NI 52-112 to those financial measures disclosed outside the financial statements that, other than for the fact that they are now identified as MPMs and disclosed in the financial statements of the entity, would have met the definition of a non-GAAP financial measure in NI 52-112 prior to the Issuer's adoption of IFRS 18.

III) Reflecting on non-GAAP financial measures disclosed

Reporting Issuers may also want to reflect on the nature, extent, and manner of non-GAAP financial measures they disclose *outside* the financial statements as they may consequently be required to be disclosed *inside* the financial statements under IFRS 18, and thus subject to any financial statement audit.

IV) Disclosing the impact of IFRS 18

When an entity has not applied a new IFRS that has been issued but is not yet effective, IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* requires disclosure of "known or reasonably estimable information relevant to assessing the possible impact that application of the new IFRS will have on the entity's financial statements in the period of initial application".

We expect to see increasingly detailed disclosure about the expected effects of IFRS 18 as Reporting Issuers make progress in their implementation efforts and the effective date approaches. As the implementation of IFRS 18 progresses, the impact should become more reasonably estimable, and Reporting Issuers should be able to provide progressively more detailed information.

We also remind Reporting Issuers of the requirements under item 1.13 of Form 51-102F1, to discuss and analyze changes resulting from a change in accounting standards such as the methods of adoption that the company expects to use, the expected effect on the company's financial statements, and potential effect on the company's business including changes in business practices.

We intend to monitor the quality and extent of disclosure in financial reports leading up to adoption and may raise questions with Reporting Issuers if there is an inadequate level of transparency in this area.

B) IFRS 19 Subsidiaries without Public Accountability: Disclosures (IFRS 19)

In May 2024, the IASB issued IFRS 19, which permits certain subsidiaries of reporting companies, that are not themselves subject to public accountability, to provide reduced financial statement disclosures. IFRS 19 is part of IFRS Accounting Standards, so an eligible subsidiary that applies IFRS 19 will assert its compliance with IFRS Accounting Standards and state it has applied IFRS 19.

IFRS 19 specifies that eligible subsidiaries that voluntarily elect to apply the standard must provide additional disclosures when it determines that information is necessary to enable financial statement users to understand the effect of transactions, events, and conditions on the subsidiary's financial position and financial performance. In some cases, this may result in a level of disclosure substantially similar to financial statements that comply with IFRS without applying IFRS 19.

IFRS 19 is not applicable to financial statements of entities that have public accountability, which are entities that:

- Have debt or equity instruments traded in a public market (e.g., Reporting Issuers);
- Are in the process of issuing debt or equity instruments for trading in a public market (e.g., entity undertaking an initial public offering); and
- Hold assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (e.g., banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks).

Although the scope of IFRS 19 is limited to entities that do not have public accountability, there are limited situations when financial statements that apply IFRS 19 could potentially be included in a securities regulatory filing, such as financial statements for a significant acquisition included within a business acquisition report. In these situations, we anticipate the requirements of IFRS 19 are likely to necessitate additional disclosures in the financial statements because such financial statements are intended for use by investors in our public capital markets for making investment and voting decisions.

In certain situations, if the acceptability or application of IFRS 19 in a securities regulatory filing is unclear, we would encourage Issuers and their advisors to consult with us in advance of filing financial statements that apply IFRS 19.

As part of our on-going efforts to promote high-quality financial reporting, we have established an external consultation process for consultations on unusual or complex technical accounting

issues and financial statement disclosures. Refer to the Guidelines for Requests for Consultations with the Office of the Chief Accountant. Note that this protocol does not replace and is not a substitute for the existing process for pre-filings and applications made under NP 11-203.

C) New "IFRS Accounting Standard" Terminology

In November 2022, the IFRS Foundation updated its Trade Mark Guidelines (**Guidelines**). With two standard setting boards - the IASB and the International Sustainability Standards Board (**ISSB**) now under the IFRS Foundation and working independently on accounting standards and sustainability standards, the Guidelines are intended to provide information on how constituents should refer to these bodies and their respective standards. The Guidelines require, amongst other things, that the set of standards issued by the IASB, be referred to as "IFRS Accounting Standards".

Despite securities legislation not having been revised to reflect the updated Guidelines, we do not object to Issuer financial statements or auditor's reports referring to "IFRS Accounting Standards", despite securities legislation not having been explicitly updated in this regard. However, we note that both the financial statements and auditor's report must be consistent in referencing the accounting framework being used. For example, if the audit firm plans to refer to "IFRS Accounting Standards" in the auditor's report then the Issuer must also refer to the framework as "IFRS Accounting Standards" in their financial statement notes.

In addition, while we plan to amend securities legislation in the future to address this terminology change, we will also not object to the use of "IFRS" or "IFRS as issued by the IASB" given that readers of financial statements will continue to understand these references despite the updates to the Guidelines.

D) CPAB Information Sharing

Information sharing between regulatory bodies, such as the Canadian Public Accountability Board (**CPAB**), helps enable the OSC to effectively oversee market participants, resulting in increased investor confidence in the financial reporting of Reporting Issuers in Ontario. In May 2024, the OSC and CPAB renewed their Memorandum of Understanding regarding the mutual assistance and the exchanging of information on a confidential basis to assist each organization in fulfilling its respective mandate. This cooperation will primarily be achieved through ongoing informal discussions, consultation and communication, supplemented, when necessary, by more in-depth and formal cooperation and written communication.

We recognize that it is in the public interest for the OSC and other provincial securities regulators to receive the same types of relevant information in connection with CPAB's

inspection, supervision, investigation and oversight of public accounting firms and their Reporting Issuer audits. To support this need for consistent communication, the renewed Memorandum for Understanding now includes reference to a Protocol for Communications and an Investigation Reporting Protocol that will be implemented by all members of the CSA.

Part C: Department of Mergers & Acquisitions

The DM&A provides robust oversight of M&A transactions, a dynamic and evolving area of our capital markets and one which brings unique risks for shareholders. Transactional matters are often time-sensitive, complex and subject to competing interests. Moreover, transactional matters typically involve both corporate and securities law obligations and have the potential to engage the Commission's public interest jurisdiction. We strive to oversee M&A transactions in a manner that is responsive to, and mindful of, all of these various considerations when advancing the OSC's mandate.

Real-Time Review Program

The DM&A conducts real-time reviews of circulars for various transactions, including business combinations and related party transactions regulated by MI 61-101, as well as take-over bids, issuer bids and dissident proxy solicitations. We also review MCRs in respect of transactions subject to the enhanced disclosure requirements of MI 61-101. Further information on the policy considerations underlying our real-time review program can be found in CSA Staff Notice 61-302.

The purpose of the real-time review program is to identify and resolve securities regulatory issues in real-time, before a transaction is put before security holders or closed, so as to reduce the risk of harm to minority security holders. To this end, we screen and selectively review circulars and MCRs promptly after they have been filed to assess, as applicable, compliance with disclosure requirements (including concerning the board's review and approval process); the availability of, and satisfaction of conditions to, exemptions relied upon; the proper delineation of minority shareholder vote composition; and potential public interest concerns. In fiscal 2024, the DM&A conducted substantive reviews of 101 circulars and 41 MCRs.

If we identify concerns with a circular or MCR, we will engage in a timely manner to resolve any issues promptly and pragmatically to avoid impacting the expected transaction timing if possible. Disclosure deficiencies can generally be addressed through remedial supplemental disclosure by way of a press release issued and filed sufficiently in advance of the applicable shareholder meeting; however more significant or pervasive deficiencies may result in us requesting a delay of the meeting and potentially the remailing and filing of an amended information circular. In instances of inappropriate purported reliance on MI 61-101 exemptions

or other serious non-compliance, we will expect prompt remedial action to address those issues without compromising shareholder rights. Where satisfactory remedial action is not possible to address serious compliance issues or public interest concerns, we will consider enforcement action.

Trends and Guidance

This section highlights some of the common deficiencies that were observed during our real-time reviews of information circulars in fiscal 2024 and includes best practices and guidance to assist Reporting Issuers and their advisors in meeting their regulatory obligations.

Disclosure relating to Material Conflict of Interest Transactions

Issue	Best Practice
Background to the Transaction and Review and Approval Process	Genesis of the transaction: We observed instances where Reporting Issuers do not indicate in background disclosure whether the transaction was first proposed by the Issuer or the related party. The genesis of a conflict transaction is important information for shareholders to understand how the conflict was managed by the board and special committee. Reporting Issuers should clearly disclose who first proposed the transaction and, if it was a related party, what the immediate response to that proposal was. Determination of fairness: We observed instances where Reporting Issuers do not include fulsome disclosure explaining how the board and special committee determined that the subject transaction (including the consideration to be received by shareholders and the implied value of the transaction based on such consideration) is fair to shareholders. While there are exemptions to the requirement to obtain a formal valuation in MI 61-101, disclosure provided to shareholders in all cases should explain how the board and special committee determined that the transaction is fair to minority shareholders from a financial point of view, including consideration of any financial advice and opinions received.
Collateral Benefits	We observed collateral benefit disclosure that is qualitative only or sometimes missing entirely.

Issue	Best Practice
	If the transaction is a business combination or a related party transaction for which minority approval is required, Item 14 of Form 62-104F2 requires a statement of the direct or indirect benefit to directors, officers and other persons. This disclosure should be quantitative in nature. It is helpful to shareholders when a Reporting Issuer includes its analysis as to why a transaction is not a business combination in the information circular for the transaction. In doing so, the Reporting Issuer should consider including such information as is necessary for shareholders to understand the analysis, which may include qualitative or quantitative disclosure regarding any benefits received by related parties that could be collateral benefits. We also continue to see instances where Reporting Issuers do not account for securities underlying convertible securities that a related party is deemed to beneficially own pursuant to MI 61-101 for purposes of the ownership thresholds used in determining whether a benefit is a collateral benefit. Reporting Issuers are reminded that in determining beneficial ownership for the purposes of MI 61-101, securities that a person has the right or obligation to acquire within 60 days are deemed to be beneficially owned by that person. This includes options that have vested or will vest within 60 days.
Bona Fide Prior Offers	We observed Reporting Issuers providing disclosure that makes reference to a prior offer where it is not clear if that offer would constitute a "bona fide prior offer". When a Reporting Issuer has received a "bona fide prior offer", MI 61-101 requires a description of the offer and the background to the offer. Reporting Issuers should consider including disclosure that explains why it has determined that a prior offer is not a "bona fide prior offer" so shareholders understand the nature and significance of the prior offer.
Prior Valuations	We observed Reporting Issuers omitting reference to the existence or not of any prior valuations in information circulars for business combinations and related party transactions.

Issue	Best Practice
	Section 6.8(2) of MI 61-101 requires an explicit statement that there are no prior valuations. Including this statement will avoid a Reporting Issuer receiving a request from Staff to confirm this fact after the disclosure document is filed.

The 25% of Market Capitalization Exemption and $2.5 million Securities for Cash Exemption – Convertible Securities and Contingent Payments

We observed Reporting Issuers that inappropriately rely on the valuation and minority approval exemptions in section 5.5(a) and 5.7(1)(a) of MI 61-101, respectively, by not properly including the fair market value of securities issuable upon exercise of convertible securities or future consideration to be received, or payable, by the Issuer.

Specifically, pursuant to subsection 5.5(a)(iv) of MI 61-101 the Reporting Issuer is required to include the fair market value, as of the time of the initial related party transaction, of any securities issuable pursuant to convertible securities, or any other consideration the Issuer may be required to issue or pay in the future. In doing so, Reporting Issuers should not use the fair market value of the convertible security itself and should not factor in the exercise price or expiry date of the convertible security or whether the exercise or payment is contingent.

Example:

A Reporting Issuer has a market capitalization, calculated in accordance with MI 61-101, of $40,000,000 and its common shares are trading at a price of $1.00 per common share.

The Reporting Issuer conducts a private placement of units comprised of one common share and one common share purchase warrant exercisable into one common share at $1.50. Each unit is sold for $1.00 per unit.

Assuming the fair market value of a common share at the time the private placement is agreed to is $1.00, the fair market value of a common share issuable upon exercise of a warrant is also $1.00 at the time the transaction is agreed to. Therefore, the fair market value of the total number of securities issuable pursuant to the purchase of one unit would be $2.00.

As 25% of the market capitalization of the Issuer is $10,000,000, the Reporting Issuer would be permitted to issue $5,000,000 of units to related parties in reliance on the 25% of Market Capitalization Exemption.

More generally, a Reporting Issuer must include the full amount of any future cash payment, regardless of whether it is contingent or payable at a later date, in determining whether the fair market value of the transaction exceeds the 25% threshold.

We remind Reporting Issuers that the same approach as above is required with respect to the Fair Market Value Not More than $2,500,000 exemption from the minority approval in section 5.7(1)(b) of MI 61-101.

Rollover Shareholders – Differential Treatment and Minority Approval

Where related parties of a Reporting Issuer are provided with the opportunity to maintain or acquire an equity interest in the Issuer, or in a successor to the business of the Issuer, upon completion of a business combination, the business combination will generally be subject to minority approval under MI 61-101 excluding the votes of shares held by interested parties. We have seen a relative increase in business combinations where certain shareholders that are not related parties of the Reporting Issuer are provided with such an opportunity to rollover their equity interest.

As per section 2.1(5) of Companion Policy 61-101CP, we are of the view that, as a general principle, security holders should be treated equally in the context of a business combination, and that differential treatment is only justified if its benefits to the general body of security holders outweigh the principle of equal treatment. Although shareholders may understand why existing management or certain board members are asked to rollover their equity interest by a purchaser, it is not always clear why shareholders with smaller holdings and no ongoing involvement with the operations of the Reporting Issuer are provided that opportunity while others are not. We expect the justification for this differential treatment to be included in the disclosure of the review and approval process adopted by the board of directors and the special committee, if any, required by MI 61-101.

Where minority approval is required for a business combination, we expect that the votes attached to any shares held by rollover shareholders be excluded on the basis that their interest in the transaction is fundamentally different than the minority shareholders whose rights may be terminated and who have no option to rollover their interest.

M&A Hearings

The DM&A will be involved in any M&A transactional matter brought before the Capital Markets Tribunal, typically with litigation support from our General Counsel's Office. Our role in M&A hearings can involve:

- Working with parties to focus issues/scope of the matters;

- Working with parties on procedural matters relating to the hearing;
- Negotiating resolutions with parties; and
- Advising the Tribunal by providing the Commission's views as a party in the hearing.

In fiscal 2024 there were two transactional matters that proceeded to a Tribunal hearing.

Re Mithaq Canada Inc. et al

In December 2023 the Tribunal heard an application by Mithaq Canada Inc. to cease trade a proposed private placement by Aimia Inc. on the basis that the financing was an abusive defensive tactic against Mithaq's unsolicited take-over bid or, in the alternative, that the TSX had erred in not requiring disinterested shareholder approval for the private placement.

The hearing was the first contested M&A matter before the Tribunal since it was established in 2021 and the first hearing concerning a private placement defensive tactic allegation since *Re Hecla Mining Company* in 2016.

The DM&A was significantly engaged in the hearing, including by making written and oral submissions to the Tribunal. We took the position that there was an insufficient basis to conclude that the private placement was an abusive defensive tactic, and that the Tribunal should defer to the TSX's decision. The Tribunal dismissed Mithaq's application and later issued full reasons for its decision.

Re Aimia Inc. and Mithaq Capital SPC

In April 2024 the Tribunal held a preliminary hearing in respect of an application by Aimia Inc. against Mithaq Capital SPC alleging that Mithaq had failed to comply with applicable take-over bid rules in early 2023. Aimia's allegations of non-compliance were premised on a determination that Mithaq and two other parties had been acting jointly or in concert when previously transacting in Aimia shares.

Mithaq brought a motion before the Tribunal to dismiss Aimia's application at a preliminary stage without a merits hearing. The DM&A was engaged as a party to the proceeding and we were supportive of the motion to dismiss primarily on the basis that Aimia's application was retrospective and enforcement in nature. The Tribunal granted Mithaq's application to dismiss and later issued full reasons for its decision.

Policy and Engagement

The DM&A has a prominent role within the CSA in advancing regulatory initiatives to ensure high regulatory standards and respond to market developments. We also strive to facilitate dialogue with market participants on M&A regulatory policy issues. Refer to Part D: Responsive Regulation for an update on our policy projects.

Guidance on Virtual Shareholder Meetings

The DM&A has been involved in considering regulatory policy issues associated with the adoption of virtual shareholder meetings.

On February 22, 2024, the CSA issued a news release providing companies with updated guidance on virtual shareholder meetings. While certain corporate statutes in Canada have been amended to expressly permit virtual shareholder meetings, some stakeholders have continued to raise concerns based on their experience participating in virtual-only shareholder meetings. The news release sets out guidance to assist Reporting Issuers in fulfilling their obligations under securities legislation and to encourage the adoption of practices that facilitate shareholder participation.

As advised in the news release, we recommend that Reporting Issuers consult and follow accepted best practices relating to the conduct of shareholder meetings. We will continue to monitor the practice of virtual shareholder meetings, including reviewing Issuer disclosures in proxy-related materials, and further guidance and updates may be issued as required.

7th International Take-Over Regulators' Conference

In early May 2024, the CSA hosted the 7th International Take-Over Regulators' Conference in Toronto. The three-day event provided an opportunity for securities regulatory authorities from around the world to discuss issues of common interest, cultivate networks, and foster collaboration and information-sharing on M&A subjects. The meetings facilitated consultation on transactional and policy matters that have cross-border aspects and provided participating regulators with a better understanding of how M&A transactional and policy issues are dealt with in different jurisdictions. This year's conference tackled topics including acting jointly and in concert, insider participation in take-overs, mandatory bids, the scope of take-over bid regulation, dual class shares and defensive tactics.

CSA M&A Conference

Following the International Take-Over Regulators' event, the CSA held a Mergers & Acquisitions Conference for Canadian market participants. That public event accommodated over 170 attendees from the M&A community, including Issuers, financial advisors, stakeholder representatives, legal counsel, academics and securities regulators. The conference included panel discussions on the M&A market landscape, global M&A regulatory issues, the legacy of the Supreme Court of Canada's *BCE* decision, shareholder activism and a fireside chat with Leo Strine, former Chief Justice of the Delaware Supreme Court.

The DM&A played a leading role in the development of both CSA conferences.

Part D: Responsive Regulation

The following summary provides a description and status of our current policy projects, all of which are aimed at making Ontario's capital markets inviting, thriving and secure.

Policy Project	Brief Description	Status
Access model	Implementing an access model for certain prospectuses and CD documents will provide a more cost-efficient, timely and environmentally friendly way of communicating information to investors than paper delivery. Generally, access will be provided once the document is filed on SEDAR+ and a news release is issued that advises that the document is accessible on SEDAR+ and how to obtain an electronic or paper copy of the document.	The final rule amendments, to implement an access model for certain prospectuses of non-investment fund Reporting Issuers were published on January 11, 2024 and came into force on April 16, 2024. In response to stakeholder feedback on the proposed access model for annual financial statements, interim financial reports and related MD&A of non-investment fund Reporting Issuers, the CSA considered ways to enhance the access model for these documents from an investor perspective. Provided all necessary approvals are obtained, the CSA anticipates publishing for comment a revised access model for these CD documents in 2024.
Continuous disclosure requirements	On May 20, 2021, the CSA proposed changes to modernize the CD requirements for non-investment fund Reporting Issuers. The proposed changes are to streamline and clarify certain disclosure requirements in the MD&A and AIF, eliminate certain requirements that are redundant or no longer applicable, combine the financial statements, MD&A and, where applicable, AIF into one reporting document and to introduce a small number of new requirements to address gaps in disclosure. Although the feedback was generally supportive, we believe that the objectives of these proposed changes would be best achieved when combined with a model for electronic access to information.	Until work on the access model advances, the CSA does not anticipate implementing the amendments that would introduce the annual and interim disclosure statements.

Policy Project	Brief Description	Status
Well-known seasoned issuers (WKSI)	On December 6, 2021, the CSA published temporary exemptions from certain base shelf prospectus requirements for qualifying WKSIs through local blanket orders that are substantively harmonized across the country. In Ontario, the blanket order relief was extended by OSC Rule 44-502. Since the blanket orders came into effect, the CSA has had an opportunity to evaluate the appropriateness of the eligibility criteria and other conditions, consider feedback from various stakeholders and determine how best to implement a Canadian WKSI regime through rule amendments. On September 21, 2023, the CSA published proposed rule amendments to create a permanent WKSI regime in Canada.	On July 30, 2024, the OSC made, as a rule, OSC Rule 44-503. The Rule will come into effect on January 4, 2025, if the Minister of Finance approves the Rule or takes no further action. In Ontario, the blanket order relief, as extended by OSC Rule 44-502, will cease to be effective on January 4, 2025. The purpose of the Rule is to make permanent the blanket order exemption in Ontario until the proposed rule amendments are adopted by the CSA through the normal rule making procedures on a coordinated basis. The comment period for the proposed rule amendments closed on December 20, 2023. The CSA is currently considering the comments received; further publication regarding the proposed rule amendments is expected in early 2025.
Self-certified investor prospectus exemption	On January 30, 2024, the OSC published OSC Rule 45-508, which extends Ontario Instrument 45-507 Self-Certified Investor Prospectus Exemption (Interim Class Order) (**OI 45-507**) by 18 months to October 25, 2025. OI 45-507 introduced a new prospectus exemption that allows investors in Ontario who can adequately assess and understand the risk of investment and who meet certain other conditions (but who may not meet any of the accredited investor criteria) to invest in non-investment fund Issuers with a head office in Ontario.	On May 9, 2024, the OSC published Ontario Instrument 45-509 Report of Distributions under the Self-Certified Investor Prospectus Exemption (Interim Class Order) (**OI 45-509**). The class order, which is in effect until October 25, 2025, allows Issuers raising capital under OI 45-507 to use a streamlined Form 45-509F1 to report distributions less frequently and without an associated fee. The extension of OI 45-507 and the introduction of OI 45-509 are part of a larger OSC TestLab program that uses testing to accelerate the evaluation of capital market innovations and new approaches to regulation to advance responsible innovation in Ontario's capital markets and economic growth for Ontario. The OSC will be collecting data on the use of the exemptions to inform future policy making.

Policy Project	Brief Description	Status
Definition of "venture issuer" and majority voting blanket order	On August 1, 2024, the CSA published for comment proposed amendments and changes to certain National Instruments and Policies to address a number of matters, including matters related to: (i) the uncertainty about the form of proxy required under NI 51-102 to be provided to securityholders of CBCA-incorporated Reporting Issuers as a result of amendments to the CBCA regarding "majority voting" requirements; (ii) the name changes of Aequitas NEO exchange and the PLUS Markets; (iii) the need to modernize the form of escrow agreement so it no longer has to be signed, sealed and delivered by securityholders in the presence of a witness; and (iv) the creation of a Senior Tier by the CSE. The proposed amendments will revise the definition of "venture issuer" to exclude CSE Senior Tier issuers from the definition. The proposed amendments will also ensure that CSE Senior Tier issuers are treated the same way under Ontario securities law as issuers listed on other senior exchanges.	The comment period expired on October 30, 2024.
Climate related disclosures	On October 18, 2021, the CSA published for comment NI 51-107 to address the need for more consistent and comparable climate-related information to help inform investment decisions. Climate-related disclosures continue to be an evolving area, with several developments both domestically and internationally.	The OSC continues to work alongside the CSA on developing a climate-related disclosure regime. On July 5, 2023, the CSA issued a statement welcoming the publication of the first two sustainability disclosure standards from the International Sustainability Standards Board (ISSB) and the operationalization of the Canadian Sustainability Standards Board (**CSSB**). On March 13, 2024, the CSA issued a statement welcoming the CSSB's consultation on sustainability disclosure standards in Canada. The CSA anticipates seeking comment on a revised rule setting out climate-related disclosure requirements and expects that the proposal will be based on the final CSSB standards, with modifications as necessary. The

Policy Project	Brief Description	Status
		CSA will continue to monitor and assess further international developments in this area.
Diversity on boards and in executive officer positions	We are exploring potential changes to diversity-related disclosure requirements, as outlined in our notice and request for comment dated April 13, 2023 about proposed amendments to Form 58-101F1 and proposed changes to NP 58-201. We are continuing to work towards a harmonized national disclosure framework considering feedback received following our publication for comment.	On October 5, 2023 and October 30, 2024 we published our findings from the ninth and tenth annual reviews of disclosure related to women on boards and in executive officer positions in CSA Multilateral Staff Notice 58-316 Review of Disclosure Regarding Women on Boards and in Executive Officer Positions (Year 9 Review) and CSA Multilateral Staff Notice 58-317 *Review of Disclosure Regarding Women on Boards and in Executive Officer Positions - Year 10 Report*, together with the underlying data. We expect that this will be the final year that we conduct a review of these disclosures.
Mineral project disclosure	On April 14, 2022, the CSA published Consultation Paper 43-401 Consultation on National Instrument 43-101 Standards of Disclosure for Mineral Projects seeking comments on Canada's standards for disclosing scientific and technical information about mineral projects.	The comment period closed on September 13, 2023 and the CSA received 85 comment letters. CSA staff have considered the comments received and are in the process of determining how to update and modernize the current mining disclosure requirements.
Review of early warning reporting regime and NI 62-104	We are considering, among other things, the appropriate current scope of disclosure requirements concerning equity derivatives and the sufficiency of the current disclosure and timing requirements concerning acquirers' "plans and future intentions". We are also considering the use of equity derivatives under the take-over bid regime, the five percent market purchase exemption for bidders while a take-over bid is outstanding, and other targeted and house-keeping amendments.	The CSA anticipates publishing proposed amendments and guidance, as applicable, next fiscal year.
Review of protection of minority security holders	The MI 61-101 project considers, among other things: (i) clarifying the role of board of directors and/or special committees of independent directors in negotiating, reviewing, and approving or recommending material conflict of interest transactions, (ii)	The CSA anticipates publishing proposed amendments and guidance, if applicable, next fiscal year.

Policy Project	Brief Description	Status
	enhancing disclosure obligations regarding the background and process for a transaction, the desirability and fairness of a transaction, and board of directors and special committees' recommendations concerning a transaction, and (iii) other updating rule amendments and guidance.	
Financial Benchmarks	On July 13, 2021, MI 25-102, which established a comprehensive regime for the designation and regulation of financial benchmarks and those that administer them, came into force in Ontario. In Canada, the OSC and the AMF designated Term CORRA as a designated interest rate benchmark and CanDeal Benchmark Administration Services Inc. as its designated benchmark administrator.	While the OSC and AMF previously designated the Canadian Dollar Offered Rate (**CDOR**) as a designated critical benchmark and a designated interest rate benchmark and Refinitiv Benchmark Services (UK) Limited as its designated benchmark administrator, those designations were revoked after CDOR ceased to be published on June 28, 2024. On May 30, 2024, proposed amendments to the assurance report provisions in MI 25-102 were published for a 90-day comment period. The comment period ended on August 28, 2024.

Part E: Resources

OSC Website

The Corporate Finance section of our website provides an outline for Issuers on how to comply with Ontario securities and file certain documents with the OSC. We have updated our website to include further information and resources on topics typically discussed in our annual reports. In particular, we provide resources for selling securities in Ontario, continuous disclosure, industry-specific disclosure requirements, insider reporting, etc. It also provides a number of resources available to Issuers and their advisors, including links to prior year Corporate Finance Annual Reports, staff notices, etc.

Home / Industry / Companies

The Ontario Securities Commission (OSC) regulates companies that offer securities for sale to the public in Ontario. It monitors compliance with the requirements of Ontario's Securities Act, as well as with any related rules and policies of the OSC. It also monitors compliance with rules governing take-over bids and special transactions.

Selling securities in Ontario

Find the rules and policies that govern the selling of securities in Ontario and information on how to file a prospectus.

Continuous disclosure

All businesses that sell securities in Ontario are subject to ongoing disclosure requirements. These requirements include the need to comply with International Financial Reporting Standards (IFRS).

Resouces for companies

Resources for issuers and their advisors, including publications and information on seminars.

Industry-specific disclosure requirements

Ontario has additional disclosure considerations for companies in the mining, oil and gas, fintech, and cannabis industries.

Insider reporting

An insider of a company that sells securities to the public is generally required to file reports disclosing information that includes transactions involving the company's securities.

Mergers and acquisitions

Take-over bids and hostile takeovers are regulated by securities law in Ontario. Learn more about these laws and how the OSC regulates mergers and acquisitions.

Filing guidance

Guidance for issuers and their advisors relating to filing of applications, prospectuses, participation fee forms and SEDAR+.

Service Commitments

For Issuers filing a confidential pre-file prospectus, preliminary prospectus or exemptive relief application, refer to our service commitments on our website for information on our timeframes to respond to inquiries, issue comment letters and complete our reviews.

Refer to the Corporate Finance 2022 Annual Report for additional information.

Key Staff Notices

In Fiscal 2024, the Division issued the following staff notice: CSA Multilateral Staff Notice 58-316 *Review of Disclosure Regarding Women on Boards and in Executive Officer Positions (Year 9 Review)*

For a listing of our Key Staff Notices, refer to our website.

Administrative Matters

The OSC Website includes guidance on a number of administrative matters that will be useful for Issuers and their advisors, including tips on filing on SEDAR+ and other filing guidance for applications, prospectuses and CD documents.

SME Institute

The OSC SME Institute was established to provide free educational seminars to help small and medium enterprises (SME) and their advisors understand securities regulatory requirements for being or becoming a public company in Ontario and participating in the exempt market. For more than 10 years, we have provided SMEs with various seminars ranging from raising money in the public markets and the exempt market, continuous disclosure considerations, industry-specific sessions and other seminars to assist them in meeting regulatory requirements. Refer to Resources for Companies on our website for further information.

During Fiscal 2024, we presented two online webinars offered through the SME Institute. The first webinar, *SEDAR+: Practical Tips for Error-Free Filings* focused on using the new SEDAR+ platform. The second webinar, *Problematic Promotional Activities: What SME issuers need to know,* provided a discussion of common deficiencies in CD filings relating to overly promotional and unbalance disclosure, disclosure expectations for previously disclosed forward-looking information and greenwashing.

Video replays of these past presentations are available on OSC's YouTube channel.

Staff Contact Information

Topic	Staff Contact information	
Administrative Matters including insider reporting and cease trade orders	**Eden Williams** **Manager, Regulatory Administration** ewilliams@osc.gov.on.ca	**Evan Marquis** **Business Process Supervisor** emarquis@osc.gov.on.ca
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Appendix A – Glossary

The following terms are used widely throughout the Report and have the meanings set forth below unless otherwise indicated. Words importing the singular number include the plural, and vice versa.

Act: means the Securities Act (*Ontario*) R.S.O. 1990, chapter s.5.
Companion Policy 61-101CP: means Companion Policy 61-101CP to MI 61-101.
Corporate Finance 2021 Annual Report: means *OSC Staff Notice 51-732 Corporate Finance Branch 2021 Annual Report*.
Corporate Finance 2022 Annual Report: means *OSC Staff Notice 51-734 Corporate Finance Branch 2022 Annual Report*.
Corporate Finance 2023 Annual Report: means OSC Staff Notice 51-735 *Corporate Finance Branch 2023 Annual Report*.
CSA Staff Notice 51-312: means CSA Staff Notice 51-312 (Revised) *Harmonized Continuous Disclosure Review Program*.
CSA Staff Notice 61-302: means CSA Staff Notice 61-302 *Staff Review and Commentary on MI 61-101*.
Form 41-101F1: means Form 41-101F1 *Information Required in a Prospectus*.
Form 43-101F1: means Form 43-101F1 Technical Report.
Form 51-102F1: means Form 51-102F1 *Management's Discussion & Analysis*.
Form 51-102F5: means Form 51-102F5 *Information Circular*
Form 51-102F6: means Form 51-102F6 *Statement of Executive Compensation*
Form 58-101F1: means Form 58-101F1 Corporate Governance Disclosure.
Issuer: means an issuer as such term is defined in the Act.
MI 25-102: means Multilateral Instrument 25-102 Designated Benchmarks and Benchmark Administrators.
MI 61-101: means Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*.
NI 13-103: means National Instrument 13-103 *System for Electronic Document Analysis and Retrieval+ (SEDAR+)*.
NI 25-101: means National Instrument *25-101 Designated Rating Organizations*.
NI 41-101: means National Instrument 41-101 *General Prospectus Requirements*.
NI 43-101: means National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.
NI 44-101: means National Instrument 44-101 *Short Form Prospectus Distributions*.

NI 44-102: means National Instrument 44-102 *Shelf Distributions*.
NI 45-106: means National Instrument 45-106 *Prospectus Exemptions*.
NI 51-102: means National Instrument 51-102 *Continuous Disclosure Obligations*.
NI 51-107: means National Instrument 51-107 Disclosure of Climate-related Matters.
NI 52-112: means National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure*.
NI 62-104: means National Instrument 62-104 Take-Over Bids and Issuer Bids.
NI 58-101: means National Instrument 58-101 Disclosure of Corporate Governance Practices
NP 11-202: means National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions*.
NP 11-203: means National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions*.
NP 11-207: means National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*.
NP 12-202: means National Policy 12-202 *Revocation of Certain Cease Trade Orders*.
NP 51-201: means National Policy 51-201 *Disclosure Standards*.
NP 58-201: means National Policy 58-201 Corporate Governance Guidelines.
OSC Staff Notice 33-752: means OSC Staff Notice 33-752 Summary Report for Dealers, Advisers and Investment Fund Managers.
Reporting Issuer: means a reporting issuer as defined in the Act.
SEDAR+: means the system for the transmission of document as such term is defined in NI 13-103.
Technical Report means a report prepared in accordance with NI 43-101 and Form 43-101F1 *Technical Report*.
Venture Issuer: means a venture issuer as defined in NI 51-102