

February 17, 2025

Submitted via Email

Attention:

Philippe Lebel

Corporate Secretary and Executive Director, Legal Affairs
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The Secretary

Ontario Securities Commission
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Dear Mr. Sir/Madam:

RE: CSA NOTICE OF REPUBLICATION AND REQUEST FOR COMMENT – PROPOSED AMENDMENTS AND PROPOSED CHANGES TO IMPLEMENT AN ACCESS MODEL FOR CERTAIN CONTINUOUS DISCLOSURE DOCUMENTS OF NON-INVESTMENT FUND REPORTING ISSUERS

We appreciate the opportunity to comment on the amendments described the above noted Notice of Republication and Request for Comment (the “**Proposed Amendments**”).

EXECUTIVE SUMMARY

We support the implementation of an access equals delivery model (an “**AED**” model) for financial statements and management discussion and analyses (“**CD Documents**”) as a substitute for the continuous disclosure requirements that currently apply to non-investment fund reporting issuers.

However, as currently structured, the Proposed Amendments place increased and unnecessary burdens on reporting issuers. The Proposed Amendments include new provisions that require reporting issuers to disclose their use of the proposed AED model through new releases and notices posted on each issuer’s website. At the same time, the Proposed Amendments include a

provision that mirrors the existing requirement to send annual notices to security holders by mail. As a result, the Proposed Amendments fail in their objective to address the inefficiencies of the current regulatory regime.

We recommend that the CSA revise the Proposed Amendments to create an AED model that is reflective of market realities including the clear and ongoing proliferation of electronic communication and online resources. Today, it should come as no surprise to any security holder that an issuer's CD Documents are available online.

In order to reduce regulatory burden and address the environmental issues that arise from the current disclosure regime, we recommend that the CSA revise its Proposed Amendments to remove the notice requirements found in s. 4.5.3 (sending a separate document) and 4.5.5 (ceasing to provide electronic access to financial statements) and amend the notice requirements found in s. 4.5.1 (electronic access to annual financial statements) and 4.5.2 (electronic access to interim financial reports).

COMMENTS ON THE PROPOSED AMENDMENTS

The Separate Document Requirement

Section 4.5.3 of the Proposed Amendments requires reporting issuers to send a letter sized document to security holders with its proxy-related materials to notify security holders of the functionality of SEDAR+ including that CD Documents are available on SEDAR+, that security holders can request a copy of the CD Documents from the issuer, and that the issuer will continue to follow standing instructions for delivery of CD Documents (the "**Separate Document**" requirement).

We strongly recommend that the CSA remove the Separate Document requirement from the Proposed Amendments. The substance and purpose of this proposed rule and the existing requirement in s. 4.6(1) of National Instrument 51-102, *Continuous Disclosure Obligations*, to deliver an annual request form to security holders are substantially the same and create the same burdens for issuers. As a result, the Separate Document requirement nullifies the environmental benefits and efficiencies that would otherwise be created by the Proposed Amendments.

On the other side of the scale, the Separate Document requirement does not provide any material benefits to security holders. Practically speaking, this requirement will only serve those security holders that: (a) do not have access to or make use of the internet; and (d) do not trade through a broker. The CSA's request for comments does not provide any statistics or other information on the number of investors that fit this profile. In the absence of this information, we question whether the purported benefits of the Separate Document requirement justify the costs that will be imposed on issuers.

If the CSA retains the Separate Document, we recommend that it be amended to require delivery of this notice only in the initial year that an issuer adopts the proposed AED model for CD

Documents. It is unnecessary and impractical to continually remind security holders of the AED model and the fact that CD Documents are available online. If mailing a paper notice is deemed necessary, a one-time delivery of the Separate Document would provide sufficient notice to security holders.

News Releases for Interim and Final Financial Statements

Sections 4.5.1(3) and 4.5.2(3) of the Proposed Amendments provide that reporting issuers must file a news release *on the same day* that the issuer files its CD Documents and stipulates that *the title* of the news release must state that CD Documents are available on SEDAR+. We recommend that these sections of the Proposed Amendments be revised to allow for a more flexible approach.

First, we recommend that the above noted sections of the Proposed Amendments be revised to require the prescribed news release to be published *within 24 hours* of the day on which the relevant CD Documents are filed. We note that an earnings news releases are sometimes issued the night prior to filing CD Documents on SEDAR+. In addition, it is possible for the filing of a CD Document and/or news releases to be delayed inadvertently due to technological or administrative issues. The Proposed Amendments ought to be flexible to account for these possibilities.

Second, we recommend that the above noted sections be revised to allow issuers to notify investors that CD Documents are available on SEDAR+ by including that information in the subtitle or body of the news release rather than the title. As a practical matter, reporting issuers may choose to disclose this information in their earnings news releases to avoid additional costs and any confusion that may be caused by issuing multiple news releases. In practice, issuers tend to use the title of their earnings news releases to convey the most critical information on the reporting period. It is impractical and problematic for issuers to be required to use the title of an earnings news release to provide investors with administrative information on, for example, the availability of CD Documents on SEDAR+. Again, given the proliferation of electronic communications and online resources, it is fair and reasonable to expect that security holders will be aware or are otherwise able to determine the CD Documents are available online.

Opting Out of the AED Model

Section 4.5.5 provides that if a reporting issuer has complied with the AED requirements in s. 4.5.1 and 4.5.2, the issuer must continue to comply with those requirements unless it files a news release 25 days prior filing its CD Documents. The news release must be in substantially the following form:

Ceasing to provide electronic access to documents

[Insert the reporting issuer's name] no longer intends to provide electronic access to its [insert annual financial statements and annual MD&A or interim financial reports and interim MD&A, as applicable] in accordance with securities

legislation. *[Insert the reporting issuer’s name] will continue to file its annual financial statements and annual MD&A and interim financial reports and interim MD&A on SEDAR+ at www.sedarplus.com, the official site to access public documents and information filed by issuers with Canadian securities regulatory authorities [...] [emphasis added]*

Section 4.5.5 is unnecessary and should be removed from the Proposed Amendments. If a reporting issuer elects to opt-out of the AED model, it will nonetheless be required to comply with s. 4.6 of NI 51-102 and deliver an annual request form to security holders. As such, security holders will remain informed on how they may obtain an issuer’s CD Document, making s. 4.5.5 redundant.

(We note that the above noted text of s. 4.5.5 is imprecise and likely to cause confusion among security holders. If an issuer opts-out of the proposed AED model, does that mean that the security holder is “ceasing to provide electronic access” or “no longer intends to provide electronic access” to its CD Documents?)

All CD Documents that an issuer files on SEDAR+ will continue to be publicly accessible and security holders will still be able to subscribe to and receive notifications from SEDAR+. Reporting issuers may also continue to post CD Documents on their websites despite opting out of the AED model.

Respectfully submitted,

Investment Industry Association of Canada