

**CSA Notice and Request for Comment  
Proposed Amendments to National Instrument 51-102 *Continuous Disclosure Obligations* and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers**

**- and -**

**Seeking Feedback on a Proposed Framework for Semi-Annual Reporting –  
Venture Issuers on a Voluntary Basis**

**May 20, 2021**

**PART 1 - Introduction**

The Canadian Securities Administrators (**CSA** or **we**) are publishing for a 120-day comment period

- proposed amendments to National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**), including the proposed repeal of Form 51-102F1 *Management's Discussion and Analysis* (the **Current MD&A Form**) and Form 51-102F2 *Annual Information Form* (the **Current AIF Form**) and the proposed introduction of Form 51-102F1 *Annual Disclosure Statement* and Form 51-102F2 *Interim Disclosure Statement*, as set out in Annex A
- proposed changes to Companion Policy 51-102CP *Continuous Disclosure Obligations* (**51-102CP**), as set out in Annex B
- proposed amendments to existing rules as set out in Annex C,
- proposed changes to existing policies as set out in Annex D, and
- proposed amendments and changes to local securities laws and policies as set out in Annex F.

(collectively, the **Proposed Amendments**).

We are issuing this Notice to solicit your comments on the Proposed Amendments and a proposed framework to allow semi-annual reporting on a limited basis as set out in Annex E.

The public comment period expires on **September 17, 2021**.

The text of the Proposed Amendments is contained in Annexes A through E of this Notice and will also be available on websites of CSA jurisdictions, including:

[www.lautorite.qc.ca](http://www.lautorite.qc.ca)

[www.albertasecurities.com](http://www.albertasecurities.com)

[www.bsc.bc.ca](http://www.bsc.bc.ca)

[www.gov.ns.ca/nssc](http://www.gov.ns.ca/nssc)

[www.fcnb.ca](http://www.fcnb.ca)

## **PART 2 – Substance and Purpose of the Proposed Amendments**

Securities regulators have a role to play in promoting disclosures that yield decision-useful information for investors. However, we also must be mindful of challenges reporting issuers face in preparing their disclosure. Regulatory requirements and the associated compliance costs should be balanced against the significance of the regulatory objectives sought to be realized and the value provided by such regulatory requirements to investors and other stakeholders.

The proposed amendments to NI 51-102 change the annual and interim filing requirements of reporting issuers (other than investment funds)<sup>1</sup>. Specifically, they streamline and clarify certain disclosure requirements for the management’s discussion and analysis (**MD&A**) and the annual information form (**AIF**). In addition, they combine the financial statements, MD&A and, where applicable, AIF into one reporting document called the annual disclosure statement for annual reporting purposes, and the interim disclosure statement for interim reporting purposes.

The proposed amendments to NI 51-102 will also result in certain consequential amendments and changes to other rules and policies applicable to reporting issuers. In many cases, the amendments and changes involve adding references to the annual disclosure statement and interim disclosure statement and updating existing references to NI 51-102 to reference the amended NI 51-102 requirements.

In certain instruments, amendments are proposed to align certain prospectus form requirements with the continuous disclosure form requirements. In addition, some housekeeping revisions are proposed to clarify existing requirements or guidance, delete provisions that are no longer applicable or redundant, correct outdated references and reflect the name change of Aequitas NEO Exchange Inc. to “Neo Exchange Inc.”. In these limited cases, the revisions are not consequential to the proposed amendments to NI 51-102. For a list of the existing rules that are proposed to be amended, as well as the amending instruments, please see Annex C. For a list of the existing policies that are proposed to be changed, as well as the change documents, please see Annex D.

We expect the Proposed Amendments will reduce regulatory burden by fostering streamlined reporting and increasing reporting efficiency for reporting issuers. We also believe the Proposed Amendments will increase the quality and usability of the disclosure to be provided to investors. Accordingly, we believe the Proposed Amendments will not compromise investor protection or the efficiency of the capital markets.

## **PART 3 – Background on Prior Consultation on Reducing Regulatory Burden**

In April 2017, the CSA published CSA Consultation Paper 51-404 *Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers (Consultation Paper 51-404)* to identify and consider areas of securities legislation that could benefit from a reduction of undue regulatory burden, without compromising investor protection or the efficiency of the capital markets. Part 2 of Consultation Paper 51-404 focused on, among other things, options to reduce the regulatory burden associated with the ongoing costs of remaining a reporting issuer.

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<sup>1</sup> All references to reporting issuers in this notice refer to non-investment fund reporting issuers.

The Proposed Amendments are informed by the comment letters received in response to Consultation Paper 51-404 and other stakeholder feedback respecting the disclosure requirements in annual and interim filings.<sup>2</sup>

Comments received reflected a wide range of suggestions. Many stakeholders generally supported examining whether the volume of information in annual and interim filings could be reduced in order to prevent excessive disclosure from obscuring key information or otherwise improve the quality and accessibility of disclosure. Some stakeholders specifically supported eliminating duplicative disclosure among the financial statements, MD&A and other NI 51-102 forms. Other stakeholders supported consolidating two or more of the financial statements, MD&A and AIF into one reporting document.

In light of the feedback received from stakeholders, we conducted a review of disclosure requirements for annual and interim filings, with a view to reducing the burden of disclosure on reporting issuers, while enhancing the usefulness and understandability of the disclosure for investors. The Proposed Amendments are meant to address the feedback noted above.

## **PART 4 – Summary of the Proposed Amendments**

### **Existing requirements**

NI 51-102 sets out the obligations of reporting issuers with respect to financial statements, MD&A, AIF, and other continuous disclosure related matters. It also prescribes the forms for certain required disclosures, including MD&A and AIF.

The Current MD&A Form and the Current AIF Form were introduced in 2004, although most of the prescribed disclosure requirements were derived from pre-existing forms with some enhancements. Since then, the forms have been amended a number of times (for example, as a result of the 2015 amendments to streamline and tailor disclosure by venture issuers).

### **Proposed Amendments**

The Proposed Amendments would

- streamline the disclosure requirements currently set out in the Current MD&A Form and the Current AIF Form,
- combine the financial statements, MD&A and, where applicable, AIF into one reporting document, and
- address current gaps in disclosure.

These three changes are discussed in more detail below.

#### **1. Streamline the disclosure requirements**

The Proposed Amendments streamline the existing disclosure requirements by eliminating, consolidating or clarifying them.

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<sup>2</sup> The comment letters were summarized in CSA Staff Notice 51-353 *Update on CSA Consultation Paper 51-404 Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers*.

Type of change	Description
<p><b>Eliminate disclosure requirements</b></p>	<p><u>Duplication or overlap</u> Where there is duplication or overlap between the current disclosure requirements for the financial statements, MD&amp;A and AIF, the Proposed Amendments eliminate the duplicative requirements. This will reduce burden as a reporting issuer does not have to repeat information that is already disclosed elsewhere, and investors in general will have less disclosure to read and can better focus on the key information.</p> <p>For example, the Proposed Amendments</p> <ul style="list-style-type: none"> <li>• eliminate the current MD&amp;A requirement to disclose information regarding critical accounting estimates, which is required to be included in the financial statements under Canadian GAAP applicable to publicly accountable enterprises, and</li> <li>• eliminate the current AIF requirement to disclose cash dividends or distributions declared, as well as any restrictions on payment of dividends or distributions, which are duplicative of requirements under Canadian GAAP applicable to publicly accountable enterprises.</li> </ul> <p><u>Redundant information</u> In addition, the Proposed Amendments eliminate current requirements that are redundant or where the burden on the reporting issuer to provide the disclosure is greater than the benefit that investors obtain from having the disclosure. This will reduce burden as the reporting issuer will have fewer disclosure requirements overall.</p> <p>For example, the Proposed Amendments</p> <ul style="list-style-type: none"> <li>• eliminate the current MD&amp;A requirement to disclose summary information for the 8 most recently completed quarters given that this information can be easily located in previous continuous disclosure filings, and</li> <li>• eliminate the current AIF requirement to disclose security price ranges and volumes traded on a Canadian marketplace given that this information can be easily obtained from the marketplaces.</li> </ul>
<p><b>Consolidate disclosure requirements</b></p>	<p>Where there is more than one current requirement to disclose similar information in different ways, the Proposed Amendments consolidate the requirements. This will reduce burden as reporting issuers will not be required to prepare repetitive disclosure in response to similar disclosure requirements contained in multiple forms or sections. Investors will also benefit from a shorter and more focused document.</p> <p>For example, the Proposed Amendments</p> <ul style="list-style-type: none"> <li>• consolidate the current MD&amp;A requirements to discuss liquidity and capital resources of the reporting issuer, and</li> <li>• consolidate the current AIF requirement to disclose research and development elements with the current MD&amp;A requirement to discuss operations.</li> </ul>
<p><b>Clarify disclosure requirements</b></p>	<p>Where current requirements are vague or otherwise unclear, the Proposed Amendments provide clarification by specifically identifying what we expect from reporting issuers through changes to the requirements or instructions. This will</p>

Type of change	Description
	<p>reduce burden as reporting issuers should better understand the disclosure that is required. In addition, this should dissuade reporting issuers from providing unnecessary disclosure to ensure that they are not in default of disclosure requirements.</p> <p>For example, the Proposed Amendments</p> <ul style="list-style-type: none"> <li>• clarify that the discussion of a reporting issuer’s financial condition, financial performance and cash flows in the MD&amp;A must include an analysis of the most recently completed financial year as compared to the prior year, and</li> <li>• clarify that a summary from a technical report can be used to satisfy the AIF requirement applicable to reporting issuers with mineral projects, and the entire technical report is not required to be incorporated by reference into the AIF.</li> </ul>

For a discussion of the key changes made to specific disclosure requirements, please see the annotated versions of Form 51-102F1 *Annual Disclosure Statement* and Form 51-102F2 *Interim Disclosure Statement*.

## 2. Combine documents

The Proposed Amendments combine the financial statements, MD&A and, where applicable, AIF as follows.

Type of filings	Proposed combination of documents
<b>Annual filings</b>	<ul style="list-style-type: none"> <li>• For a reporting issuer that is not a venture issuer - combine in one filing the annual financial statements, MD&amp;A and AIF.</li> <li>• For a venture issuer - combine in one filing the annual financial statements and MD&amp;A.</li> </ul> <p>If a venture issuer intends to be short form prospectus eligible under section 2.2 of National Instrument 44-101 <i>Short Form Prospectus Distributions (NI 44-101)</i>, it has the option to file a standalone AIF (in addition to the combined annual financial statements and MD&amp;A) or combine in one filing the annual financial statements, MD&amp;A and AIF.</p>
<b>Interim filings</b>	<ul style="list-style-type: none"> <li>• For all reporting issuers – combine in one filing the interim financial report and MD&amp;A (or where appropriate, quarterly highlights).</li> </ul>

We are of the view that the combination of documents will reduce burden by fostering streamlined reporting and increasing reporting efficiency for reporting issuers. Having fewer reporting documents to review or having information combined in one place will improve usability for investors and analysts. A combined document should also be more intuitive for most cross-border investors as they are already familiar with the presentation of the financial statements, MD&A and AIF in one reporting document, such as the Form 10-K, which is required to be filed with the U.S. Securities and Exchange Commission (SEC) under the 1934 Act.

### 3. Address gaps in disclosure

While the Proposed Amendments will reduce reporting issuers' regulatory burden overall, they also introduce a small number of new requirements, including

- disclosure requirements for investment entities and non-investment entities recording investments at fair value<sup>3</sup>, and
- a requirement for venture issuers to provide a description of their business in their MD&A.

While these requirements, on their own, may be viewed as increasing regulatory burden, the Proposed Amendments will achieve overall burden reduction as a result of a greater number of requirements being eliminated, consolidated or clarified. In addition, the new requirements are generally to clarify CSA staff expectations that have been communicated in staff notices or comment letters.

For a discussion of the key changes made to specific disclosure requirements, please see the annotated versions of Form 51-102F1 *Annual Disclosure Statement* and Form 51-102F2 *Interim Disclosure Statement*.

#### **Transition**

Subject to this notice and comment process and required approvals, the final amendments are expected to be published in September 2023 and be effective on December 15, 2023. We propose to include transition provisions in the amending instrument for NI 51-102 that will require an issuer to comply with the amended version of NI 51-102 from the date (the **issuer effective date**) the issuer will be required to file an annual disclosure statement for its first financial year ending on or after December 15, 2023, or the issuer will voluntarily file an annual disclosure statement or an interim disclosure statement on or after December 15, 2023. Until the issuer effective date, the issuer must comply with the requirements of NI 51-102 as they read on December 14, 2023.

To further assist reporting issuers and their advisors, and to increase transparency, certain jurisdictions plan to post at the time of or after the publication of final amendments, two different unofficial consolidations of NI 51-102 on their websites:

- the version of NI 51-102 as at December 14, 2023 (including the Current MD&A Form and the Current AIF Form); and
- the amended version of NI 51-102 as at December 15, 2023 (including the annual disclosure statement form and the interim disclosure statement form).

We propose to include similar transition provisions in the amending instruments for certain other amended rules to align with the transition provisions for NI 51-102. Since we do not plan to include transition provisions in any documents that change any companion policy or national policy, a reporting issuer will not be expected to apply the proposed changes to any policy until the issuer effective date and will be able to reference the version of the policy as at December 14, 2023 for guidance. Certain jurisdictions plan to post, at the time of or after the publication of final amendments, two different unofficial consolidations of the rules that will be subject to transition provisions, and the related companion policies, on their websites.

#### *Filing an interim disclosure statement as the first filing after the adoption of the Proposed Amendments*

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<sup>3</sup> New disclosure requirements for investment entities and non-investment entities recording investments at fair value are proposed to be introduced to address a number of disclosure concerns as identified and discussed in CSA Multilateral Staff Notice 51-349 *Report on the Review of Investment Entities and Guide for Disclosure Improvements*.

On or after December 15, 2023, a reporting issuer may elect to voluntarily file an interim disclosure statement, prior to filing an annual disclosure statement for its first financial year ending on or after December 15, 2023. This issuer must include in that interim disclosure statement an MD&A in the form of Part 2 of Form 51-102F1 *Annual Disclosure Statement* to ensure that the first filing includes a full MD&A that meets the amended disclosure requirements. The date these issuers voluntarily file the interim disclosure statement becomes their issuer effective date and, thereafter, these issuers must comply with the requirements of the Proposed Amendments.

### **Other proposed noteworthy changes**

Other proposed noteworthy changes include the following.

- Materiality qualifiers – In reviewing the Current MD&A Form and the Current AIF Form, we noted that each form instructs issuers to focus on material information, but then certain provisions separately reference a type of materiality qualifier such as “material”, “significant”, “critical”, “major” and “fundamental”. We propose to generally remove these materiality qualifiers and have all disclosure requirements subject to the qualification that issuers are to focus on material information as set out in general instructions to Form 51-102F1 *Annual Disclosure Statement* and Form 51-102F2 *Interim Disclosure Statement* (subject to the limited exceptions explicitly noted in the forms). We propose to retain materiality qualifiers where the materiality qualifier is part of a defined term (such as significant acquisition) or reflect a term used in our prospectus rules.
- Delivery requirements – The Proposed Amendments modify the delivery requirement such that a reporting issuer is required to deliver the annual disclosure statement to its investors. As a result, the requirement to deliver would apply to an AIF that is prepared as part of an annual disclosure statement. We propose these changes in light of the “access equals delivery” model outlined in CSA Consultation Paper 51-405 *Consideration of an Access Equals Delivery Model for Non-Investment Fund Reporting Issuers* that is currently under consideration by the CSA. Under the proposed “access equals delivery” model, providing electronic “access” to an annual disclosure statement and publishing a related notice that the annual disclosure statement is available would constitute delivery.
- Relocation of certain sections from NI 51-102 to Form 51-102F1 *Annual Disclosure Statement* – The Proposed Amendments relocate sections 5.3 *Additional Disclosure for Venture Issuers Without Significant Revenue* and 5.4 *Disclosure of Outstanding Share Data* of NI 51-102 to Form 51-102F1 *Annual Disclosure Statement*. We propose the relocations so that all MD&A and AIF disclosure requirements can be found in one form. No change in substance is intended from the proposed relocations.
- Existing exemptions – We propose to modify the existing exemption provision in NI 51-102 to allow reporting issuers to rely on exemptions, waivers or approvals that relate to the requirements to prepare, file or deliver annual or interim filings, and that were granted by a securities regulatory authority prior to the effective date of the Proposed Amendments. As a result, any reporting issuer that is exempted from preparing, filing or delivering annual or interim filings will also be exempted from preparing, filing or delivering an annual disclosure statement or an interim disclosure statement, as applicable.

## **PART 5 – Proposed Text**

The text of the Proposed Amendments is published with this notice in the following annexes:

- Annex A – Proposed Amendments to NI 51-102
- Annex B – Proposed Changes to 51-102CP
- Annex C – Proposed Amendments to Existing Rules
- Annex D – Proposed Changes to Existing Policies
- Where applicable, Annex F – Local Matters (including any local amendments)

## **PART 6 – Seeking Feedback on a Proposed Framework for Semi-Annual Reporting – Venture Issuers on a Voluntary Basis**

While we are not proposing amendments to introduce semi-annual reporting at this time, we seek feedback on a proposed framework to allow semi-annual reporting on a limited basis (the **Proposed Semi-Annual Reporting Framework**).

### **How does the Proposed Semi-Annual Reporting Framework differ from previous proposals<sup>4</sup>?**

In Consultation Paper 51-404 referred to in Part 3 above, we explored whether a semi-annual reporting option should be offered to reporting issuers and, if so, under what circumstances. We also specifically asked whether, if pursued, semi-annual reporting should be limited to smaller reporting issuers.

We received a range of feedback:

- 9 commenters supported semi-annual reporting for all reporting issuers,
- 17 commenters expressed support for semi-annual reporting in certain circumstances (e.g. for issuers with no significant revenue or for MD&A but not financial statements), and
- 16 commenters did not support semi-annual reporting.

In Consultation Paper 51-404, we did not present a specific framework but rather solicited general feedback in response to broad questions. Now, we propose a specific framework that includes the following key attributes.

- Limited to venture issuers that are not SEC issuers – The Proposed Semi-Annual Reporting Framework would be limited to reporting issuers that are subject to the provisions of NI 51-102 applicable to non-SEC venture issuers
- Semi-annual reporting would be voluntary – The Proposed Semi-annual Reporting Framework would be optional, not mandatory. This would allow venture issuers to report at a frequency that reflects their situation and investor expectations.
- Alternative disclosure would be provided – Alternative disclosure would be required for interim periods where financial statements and MD&A would not be filed.

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<sup>4</sup> We consulted under Consultation Paper 51-404, under proposed National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers* (published in 2011 and republished in 2012), and under proposed CSA Multilateral Consultation Paper 51-403 *Tailoring Venture Issuer Regulation* (published in 2010).

## **How will the market receive adequate ongoing disclosure under the Proposed Semi-Annual Reporting Framework?**

Ensuring adequate and timely disclosure is central to the Proposed Semi-Annual Reporting Framework. The Proposed Semi-Annual Reporting Framework would add a new requirement that an issuer files alternative disclosure within 60 days of the end of the issuer's interim period for which financial statements and MD&A would not be filed. Further details regarding these disclosure requirements are outlined in Annex E.

## **What are the potential benefits?**

The Proposed Semi-Annual Reporting Framework offers the following benefits.

- Lower financial reporting costs - The quarterly reporting regime imposes a proportionately greater regulatory burden on smaller issuers having more limited resources. Eliminating two quarterly reporting periods could meaningfully reduce burden for the approximately 2,500 venture issuers listed on the TSX Venture Exchange (TSXV) and the Canadian Securities Exchange (CSE), allowing these issuers to reallocate resources from reporting to operational matters.
- Provides streamlined disclosure for Q1 and Q3 periods - Investors of issuers reporting semi-annually would receive alternative disclosure regarding the issuer that would provide an update for interim periods where financial statements and MD&A would not be filed.
- Provides choice - It would provide participating venture issuers with the choice of semi-annual or quarterly reporting, based on their available resources and the expectations of their investors.

## **What are the potential risks?**

The Proposed Semi-Annual Reporting Framework poses the following risks:

- Less timely interim financial statements for participating venture issuers — Investors may have concerns about losing information contained in the Q1 and Q3 financial statements. Semi-annual reporting under a different structure has worked successfully in some foreign jurisdictions (Australia, the United Kingdom, and certain European Union countries)<sup>5</sup>, although with the voluntary nature of those regimes, some companies have decided to report quarterly to meet the expectations of their investors. Semi-annual reporting has not been implemented in the United States, although it continues to be discussed.
- Option available to larger venture issuers – The Proposed Semi-Annual Reporting Framework would be available to all venture issuers that are not SEC issuers, regardless of size. While the market capitalization of most venture issuers is relatively low, a small number of venture issuers, predominantly in the cannabis sector, have market capitalizations exceeding \$100 million. Some investors may have concerns with permitting issuers of this size to report on a semi-annual basis. Australia, the United Kingdom, and certain European Union countries permit semi-annual reporting by all issuers.

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<sup>5</sup> Certain foreign jurisdictions require semi-annual financial statements to be reviewed by external auditors.

- Selective disclosure – The possibility of selective disclosure could increase under a semi-annual reporting model. Alternative disclosure for interim periods where financial statements and MD&A would not be filed would be required. Existing prohibitions regarding selective disclosure and insider trading would apply, but participating venture issuers may have to be more diligent in administering their insider trading policies.

### **What are the material details of the Proposed Semi-Annual Reporting Framework?**

Annex E outlines the material details of the Proposed Semi-Annual Reporting Framework including additional disclosure requirements, interaction with offering requirements and transition.

#### **PART 7 – Alternatives Considered**

No alternatives to rule-making were considered.

We think that it is important to propose changes rather than maintain the status quo. As noted in Part 3, we received comments in response to Consultation Paper 51-404 as well as other stakeholder feedback respecting the disclosure requirements in annual and interim filings. As many stakeholders generally supported reducing the volume of information in annual and interim filings and improving the quality and accessibility of disclosure, we are of the view that it is important to take steps aimed at reducing the burden of disclosure while enhancing the usefulness and understandability of the disclosure.

In preparing the Proposed Amendments, we reviewed the annual and interim reporting obligations in the U.S., the United Kingdom and Australia. We also reviewed amendments and proposed amendments published by the SEC to modernize Regulation S-K and the reporting regime in the United States.<sup>6</sup> We will continue to monitor international developments to further inform our approach to reducing regulatory burden for reporting issuers without compromising investor protection.

An alternative to the Proposed Amendments would be not to consolidate the AIF and MD&A into the annual disclosure statement. While this would have provided some benefits by eliminating duplication, it would not have provided the long-term benefits of consolidation. Moreover, it would not have addressed an important recommendation made by some stakeholders in response to Consultation Paper 51-404.

#### **PART 8 – Local Matters**

Where applicable, Annex F is being published in any local jurisdiction that is making related changes to local securities laws, including local notices or other policy instruments in that jurisdiction. It also includes any additional information that is relevant to that jurisdiction only.

#### **PART 9 – Request for Comments**

We welcome your comments on the Proposed Amendments and also invite comments on the following specific questions.

#### **Question relating to additional disclosure for venture issuers without significant revenue**

<sup>6</sup> We are proposing certain amendments to the MD&A and AIF requirements based on our review of the SEC's *FAST Act Modernization and Simplification of Regulation S-K, Request for Comment on Earnings Releases and Quarterly Reports, Modernization of Regulation S-K Items 101, 103, and 105* and the SEC's *Amendments to Regulation S-K: Management's Discussion and Analysis, Selected Financial Data, and Supplementary Financial Information*, which were adopted on November 19, 2020.

We have kept the current disclosure requirement in section 5.3 of NI 51-102 (as proposed section 8 of Form 51-102F1 *Annual Disclosure Statement*) to apply only to venture issuers that have not had significant revenue from operations in either of their last two financial years. However, for non-venture issuers that have significant projects not yet generating revenue, an itemized breakdown of material components of the following may help investors understand how the reporting issuer performed during the period covered by the MD&A:

- exploration and evaluation assets or expenditures;
- general and administrative expenses; and
- other material costs.

1. Do you think this requirement should apply more broadly or more narrowly? For example, should we extend this disclosure requirement to non-venture issuers that have significant projects not yet generating revenue as well? Why or why not?

### **Questions relating to risk factors**

We have retained instruction (i) to section 5.2 of the Current AIF Form (as proposed section 16 of Form 51-102F1 *Annual Disclosure Statement*) which requires a reporting issuer to disclose risks in order of seriousness from the most serious to least serious. Proposed instruction (3) to the same section suggests that “seriousness” refers to impact/probability assessment.

2. Would it be beneficial for reporting issuers if we provided further clarity on what “seriousness” means and how to determine the “seriousness” of a risk?

SEC’s *Modernization of Regulation S-K Items 101, 103, and 105* adopts amendments which require the following:

- grouping similar risks together;
  - disclosing generic risks under the heading “general risks”; and
  - requiring a summary of risk factor disclosure if the risk factor disclosure exceeds 15 pages.
3. If we adopted similar requirements to the SEC’s amendments, what would be the benefits and costs for investors and reporting issuers?

### **Questions relating to the requirement to name authors of technical reports**

Subsection 5.4(1) of the Current AIF Form requires reporting issuers to cite the date and title of the current technical report for each material mineral project and name the author(s) of the report. The Current AIF Form also contains disclosure requirements for mineral projects which may be satisfied, at the option of the reporting issuer, by incorporating by reference into the AIF some or all of the information in the current technical reports. There is no requirement to incorporate by reference technical reports, as a whole, into the AIF.

The short form prospectus requirements for expert consents in paragraph 4.2(a)(vii) of NI 44-101 and subsection 10.1(1.1) of National Instrument 41-101 *General Prospectus Requirements (NI 41-101)* require technical report authors who are named in the AIF to file expert consents for a short form prospectus filing. This is the case even if the technical report is not incorporated by reference and the mineral project disclosure in the prospectus is prepared or approved by another qualified person (**QP**).

The impact of providing an expert consent is that the consenting QP assumes personal liability for the disclosure for which they provide a consent.

4. What challenges, if any, do reporting issuers face in obtaining technical report author consents for short form prospectus offerings?
5. If the requirement to name the technical report authors in the AIF (and as a result, provide consents for short form prospectus offerings) were removed, would reporting issuers continue to obtain approval of prospectus disclosure from technical report authors or would they rely more on internal or external non-author QPs?
6. If reporting issuers were to rely on internal or external non-author QPs for purposes of providing consents for short form prospectus offerings, in your view, would investor protection be impacted? Would relying on an internal QP for consent purposes (where an external QP authored the original report) raise potential conflict of interest concerns?

**Question relating to impact of refiling on auditor's report**

7. Considering that the annual disclosure statement will include annual financial statements, MD&A and, where applicable, AIF, do you think there will be an impact, including on auditing requirements, if a reporting issuer amends or re-files only one of these documents, or re-files the annual disclosure statement in its entirety?

**Question relating to proposed amendments to Form 41-101F1 Information Required in a Prospectus and Form 44-101F1 Short Form Prospectus**

8. To align the continuous disclosure and prospectus regimes, we are proposing to remove certain prospectus disclosure requirements. Are there any concerns with the removal of this information from a prospectus? Please explain.

**Questions relating to semi-annual reporting for certain venture issuers on a voluntary basis**

9. Should we pursue the Proposed Semi-Annual Reporting Framework for voluntary semi-annual reporting for venture issuers that are not SEC issuers? Please explain.
10. Are there specific types of venture issuers for which semi-annual reporting would not be appropriate? For instance, should semi-annual reporting be limited to venture issuers below a certain market capitalization or those not generating significant revenue? Please explain.
11. Would the proposed alternative disclosure requirements under the Proposed Semi-Annual Reporting Framework provide adequate disclosure to investors? Would any additional disclosure be required? Is any of the proposed disclosure unnecessary given the existing requirements for material change reporting and the timely disclosure requirements of the venture exchanges? Please explain.
12. Do you have any other feedback relating to the Proposed Semi-Annual Reporting Framework?

**Questions relating to transition provisions**

13. Do you think the proposed transition provisions are sufficiently clear? If not, how can we make them clearer?

14. Do you think the transition provisions in the amending instrument for NI 51-102 would provide reporting issuers with sufficient time to review the Proposed Amendments and prepare and file an annual disclosure statement for a financial year ending on, for example, December 31, 2023 if the final amendments are published in September 2023? Do you think more time should be afforded to smaller reporting issuers (such as venture issuers)?

## **PART 10 – How to Provide Comments**

Please submit your comments in writing on or before September 17, 2021. If you are not sending your comments by email, please send us an electronic file containing the submissions (in Microsoft Word Format).

Address your submission to all of the CSA as follows:

British Columbia Securities Commission  
Alberta Securities Commission  
Financial and Consumer Affairs Authority of Saskatchewan  
Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
Financial and Consumer Services Commission, New Brunswick  
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island  
Nova Scotia Securities Commission  
Office of the Superintendent of Securities, Service NL  
Northwest Territories Office of the Superintendent of Securities  
Office of the Yukon Superintendent of Securities  
Superintendent of Securities, Nunavut

Deliver your comments only to the addresses listed below. Your comments will be distributed to the other participating CSA jurisdictions.

The Secretary  
Ontario Securities Commission  
20 Queen Street West  
22nd Floor, Box 55  
Toronto, Ontario  
M5H 3S8  
Fax: 416-593-2318  
[comment@osc.gov.on.ca](mailto:comment@osc.gov.on.ca)

Me Philippe Lebel  
Corporate Secretary and Executive Director, Legal Affairs  
Autorité des marchés financiers  
Place de la Cité, tour Cominar  
2640, boulevard Laurier, bureau 400  
Québec (Québec) G1V 5C1  
Fax: 514-864-8381  
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## **Comments received will be publicly available**

We cannot keep submissions confidential because securities legislation in certain provinces requires publication of the written comments received during the comment period. All comments received will be posted on the websites of each of the Alberta Securities Commission at [www.albertasecurities.com](http://www.albertasecurities.com), the Autorité des marchés financiers at [www.lautorite.qc.ca](http://www.lautorite.qc.ca) and the Ontario Securities Commission at [www.osc.gov.on.ca](http://www.osc.gov.on.ca). Therefore, you should not include personal information directly in comments to be published. It is important that you state on whose behalf you are making the submission.

## **PART 11 – Questions**

If you have any questions, please contact any of the CSA staff listed below.

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## ANNEX A

### PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 51-102 *CONTINUOUS DISCLOSURE OBLIGATIONS*

1. *National Instrument 51-102 Continuous Disclosure Obligations is amended by this Instrument.*

2. *Subsection 1.1(1) is amended*

(a) *by replacing the definition of "AIF" with the following:*

"AIF" means,

- (a) in the case of an issuer other than an SEC issuer, a completed Part 3 of Form 51-102F1 *Annual Disclosure Statement*; or
- (b) in the case of an SEC issuer, a completed Part 3 of Form 51-102F1 *Annual Disclosure Statement* or an annual report or transition report under the 1934 Act on Form 10-K or Form 20-F;

(b) *by adding the following definitions:*

"annual disclosure statement" means,

- (a) in the case of an issuer other than an SEC issuer, a completed Part 1 and Part 2 and, if any, a completed Part 3 of Form 51-102F1 *Annual Disclosure Statement*; or
- (b) in the case of an SEC issuer, a completed Form 51-102F1 *Annual Disclosure Statement* or an annual report or transition report under the 1934 Act on Form 10-K or Form 20-F;

"interim disclosure statement" means,

- (a) in the case of an issuer other than an SEC issuer, a completed Form 51-102F2 *Interim Disclosure Statement*; or
- (b) in the case of an SEC issuer, a completed Form 51-102F2 *Interim Disclosure Statement* or an interim report or transition report under the 1934 Act on Form 10-Q;

(c) *by replacing the definition of "MD&A" with the following:*

"MD&A" means,

- (a) in the case of an issuer other than an SEC issuer, a completed
  - (i) Part 2 of Form 51-102F1 *Annual Disclosure Statement*; or
  - (ii) Part 2 of Form 51-102F2 *Interim Disclosure Statement*; or

- (b) in the case of an SEC issuer, a completed
  - (i) Part 2 of Form 51-102F1 *Annual Disclosure Statement* or management's discussion and analysis prepared in accordance with Item 303 of Regulation S-K under the 1934 Act; or
  - (ii) Part 2 of Form 51-102F2 *Interim Disclosure Statement* or management's discussion and analysis prepared in accordance with Item 303 of Regulation S-K under the 1934 Act; **and**
- (d) *in paragraph (a) of the definition of "venture issuer" by replacing "Parts 4 and 5 of this Instrument and Form 51-102F1" with "Part 3A of this Instrument".*

**3. The following is added after Part 3:**

**PART 3A ANNUAL AND INTERIM DISCLOSURE STATEMENTS**

**3A.1 Filing of Annual Disclosure Statement**

A reporting issuer must file an annual disclosure statement that, for greater certainty, is comprised of

- (a) annual financial statements required under section 4.1,
- (b) an MD&A required under subsection 5.1(1), and
- (c) if applicable, an AIF required under section 6.1.

**3A.2 Filing Deadline for Annual Disclosure Statement**

The annual disclosure statement required to be filed under section 3A.1 must be filed,

- (a) in the case of a reporting issuer other than a venture issuer, on or before the earlier of
  - (i) the 90th day after the end of its most recently completed financial year, and
  - (ii) the date the reporting issuer files, in a foreign jurisdiction, annual financial statements for its most recently completed financial year, or
- (b) in the case of a venture issuer, on or before the earlier of
  - (i) the 120th day after the end of its most recently completed financial year, and
  - (ii) the date the venture issuer files, in a foreign jurisdiction, annual financial statements for its most recently completed financial year.

**3A.3 Filing of Interim Disclosure Statement**

A reporting issuer must file an interim disclosure statement that, for greater certainty, is comprised of

- (a) an interim financial report required under subsection 4.3(1), and
- (b) an MD&A required under subsection 5.1(2).

#### **3A.4 Filing Deadline for Interim Disclosure Statement**

An interim disclosure statement required to be filed under section 3A.3 must be filed,

- (a) in the case of a reporting issuer other than a venture issuer, on or before the earlier of
  - (i) the 45th day after the end of the interim period, and
  - (ii) the date the reporting issuer files, in a foreign jurisdiction, an interim financial report for a period ending on the last day of the interim period, or
- (b) in the case of a venture issuer, on or before the earlier of
  - (i) the 60th day after the end of the interim period, and
  - (ii) the date the venture issuer files, in a foreign jurisdiction, an interim financial report for a period ending on the last day of the interim period.

#### **3A.5 Approval of Annual and Interim Disclosure Statements**

- (1) An annual disclosure statement that a reporting issuer is required to file under section 3A.1 must be approved by the board of directors before it is filed.
- (2) An interim disclosure statement that a reporting issuer is required to file under section 3A.3 must be approved by the board of directors before it is filed.
- (3) For the purposes of subsection (1), the board of directors must not delegate the approval of the annual disclosure statement.
- (4) For the purposes of subsection (2), the board of directors must not delegate the approval of the interim disclosure statement other than to the audit committee of the board of directors.

#### **3A.6 Delivery of Annual and Interim Disclosure Statements and Certain Other Continuous Disclosure Documents**

- (1) Subject to subsection (2), a reporting issuer must send annually a request form to the registered holders and beneficial owners of its securities, other than debt instruments, that the registered holders and beneficial owners may use to request a copy of any of the following:
  - (a) the reporting issuer's annual disclosure statement or annual financial statements

- and related MD&A;
- (b) the reporting issuer's interim disclosure statement or interim financial report and related MD&A;
  - (c) the annual financial statements or interim financial reports filed under section 4.7 and subsection 4.10(2).
- (2) For the purposes of subsection (1), the reporting issuer must, in accordance with NI 54-101, send the request form to the beneficial owners of its securities who are identified under that Instrument as having chosen to receive all securityholder materials sent to beneficial owners of securities.
- (3) If a registered holder or beneficial owner of securities, other than debt instruments, of a reporting issuer requests a copy of a document under paragraphs (1)(a) or (b), the reporting issuer must send the requested document to the person or company that made the request, without charge, on or before the later of 10 calendar days after the reporting issuer receives the request and,
- (a) in the case of a reporting issuer other than a venture issuer, 10 calendar days after the filing deadline in subparagraphs 3A.2(a)(i) or 3A.4(a)(i), as applicable, and
  - (b) in the case of a venture issuer, 10 calendar days after the filing deadline in subparagraphs 3A.2(b)(i) or 3A.4(b)(i), as applicable.
- (4) If a registered holder or beneficial owner of securities, other than debt instruments, of a reporting issuer requests a copy of a document under paragraph (1)(c), the reporting issuer must send the requested document to the person or company that made the request, without charge, on or before the later of 10 calendar days after the reporting issuer receives the request and,
- (a) in the case of a reporting issuer other than a venture issuer, 10 calendar days after the filing deadline in section 4.7 or subsection 4.10(2), as applicable, and
  - (b) in the case of a venture issuer, 10 calendar days after the filing deadline in section 4.7 or subsection 4.10(2), as applicable.
- (5) A reporting issuer is not required to send a copy of a document under subsections (3) and (4) if the document was filed more than one year before the reporting issuer receives the request for the document.
- (6) Subsection (1), and subsections (3) and (4) with respect to an annual disclosure statement and annual financial statements, do not apply to a reporting issuer that, in accordance with NI 54-101, sends its annual disclosure statement and annual financial statements to the registered holders and beneficial owners referred to in subsections (1), (3) and (4), within 140 days of the reporting issuer's financial year-end..

**4. Section 4.1 is replaced with the following:**

**4.1 Requirement to File Audited Comparative Annual Financial Statements as Part of an Issuer's Annual Disclosure Statement**

- (1) For the purposes of paragraph 3A.1(a), and subject to subsection 4.8(6), a reporting issuer must file annual financial statements that include the following:
  - (a) a statement of comprehensive income, a statement of changes in equity, and a statement of cash flows for
    - (i) the most recently completed financial year; and
    - (ii) the financial year immediately preceding the most recently completed financial year, if any;
  - (b) a statement of financial position as at the end of each of the periods referred to in paragraph (a);
  - (c) in the following circumstances, a statement of financial position as at the beginning of the financial year immediately preceding the most recently completed financial year:
    - (i) the reporting issuer discloses in its annual financial statements an unreserved statement of compliance with IFRS, and
    - (ii) the reporting issuer
      - (A) applies an accounting policy retrospectively in its annual financial statements,
      - (B) makes a retrospective restatement of items in its annual financial statements, or
      - (C) reclassifies items in its annual financial statements;
  - (d) in the case of the reporting issuer's first IFRS financial statements, the opening IFRS statement of financial position at the date of transition to IFRS;
  - (e) notes to the annual financial statements.
- (2) Annual financial statements filed under subsection (1) must be audited.
- (3) If a reporting issuer presents the components of profit or loss in a separate income statement, the separate income statement must be displayed immediately before the statement of comprehensive income filed under subsection (1)..

**5. Section 4.2 is repealed.**

**6. Section 4.3 is replaced with the following:**

#### **4.3 Requirement to File Interim Financial Report as Part of an Issuer's Interim Disclosure Statement**

- (1) For the purposes of paragraph 3A.3(a), and subject to subsections 4.7(4), 4.8(7), 4.8(8) and 4.10(3), a reporting issuer must file an interim financial report for each interim period ended after it became a reporting issuer, that includes all of the following:
  - (a) a statement of financial position as at the end of the interim period and a statement of financial position as at the end of the immediately preceding financial year, if any;
  - (b) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows, all for the year-to-date interim period, and comparative financial information for the corresponding interim period in the immediately preceding financial year, if any;
  - (c) for interim periods other than the first interim period in a reporting issuer's financial year, a statement of comprehensive income for the 3 month period ending on the last day of the interim period and comparative financial information for the corresponding period in the immediately preceding financial year, if any;
  - (d) in the following circumstances, a statement of financial position as at the beginning of the immediately preceding financial year:
    - (i) the reporting issuer discloses in its interim financial report an unreserved statement of compliance with International Accounting Standard 34 *Interim Financial Reporting*, and
    - (ii) the reporting issuer
      - (A) applies an accounting policy retrospectively in its interim financial report,
      - (B) makes a retrospective restatement of items in its interim financial report, or
      - (C) reclassifies items in its interim financial report;
  - (e) in the case of the reporting issuer's first interim financial report required to be filed in the year of adopting IFRS, the opening IFRS statement of financial position at the date of transition to IFRS; and
  - (f) notes to the interim financial report.
- (2) If a reporting issuer presents the components of profit or loss in a separate income statement, the separate income statement must be displayed immediately before the statement of comprehensive income filed under subsection (1).
- (3) **Disclosure of Auditor Review of an Interim Financial Report –**

- (a) If an auditor has not performed a review of an interim financial report required to be filed under subsection (1), the interim financial report must be accompanied by a notice indicating that the interim financial report has not been reviewed by an auditor.
- (b) If a reporting issuer engaged an auditor to perform a review of an interim financial report required to be filed under subsection (1) and the auditor was unable to complete the review, the interim financial report must be accompanied by a notice indicating that the auditor was unable to complete a review of the interim financial report and the reasons why the auditor was unable to complete the review.
- (c) If an auditor has performed a review of the interim financial report required to be filed under subsection (1) and the auditor has expressed a reservation of opinion in the auditor's interim review report, the interim financial report must be accompanied by a written review report from the auditor.

**(4) SEC Issuer – Restatement of an Interim Financial Report**

- (a) An SEC issuer that is a reporting issuer must comply with the requirements in paragraph (b)
  - (i) if the SEC issuer has filed an interim financial report prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises for one or more interim periods since its most recently completed financial year for which annual financial statements have been filed, and
  - (ii) if the SEC issuer prepares its annual financial statements or an interim financial report for the period immediately following the periods referred to in subparagraph (a)(i) in accordance with U.S. GAAP.
- (b) An SEC issuer that is a reporting issuer that meets the conditions in subparagraphs (a)(i) and (ii) must
  - (i) restate the interim financial report for the periods referred to in subparagraph (a)(i) in accordance with U.S. GAAP, and
  - (ii) file the restated interim financial report referred to in subparagraph (b)(i) by the filing deadline for the financial statements referred to in subparagraph (a)(ii)..

**7. Sections 4.4 to 4.6 are repealed.**

**8. Section 4.7 is amended**

- (a) **in paragraph (2)(b) by replacing "in section 4.2" with "prescribed under section 3A.2 for the annual disclosure statement",**
- (b) **in paragraph (3)(b) by replacing "in section 4.4" with "prescribed under section 3A.4 for the interim disclosure statement", and**

(c) *in paragraph (4)(a) by replacing "subsection 4.3(2)" with "subsection 4.3(1)".*

**9. Section 4.8 is amended**

(a) *in paragraph (1)(b) by replacing "sections 4.2 and 4.4" with "sections 3A.2 and 3A.4 for the annual disclosure statement and the interim disclosure statement",*

(b) *in the following provisions by adding "prescribed under section 3A.2 or 3A.4, as applicable" after "the filing deadline":*

(i) *paragraph (2)(a);*

(ii) *paragraph (2)(b),*

(c) *by replacing paragraph (3)(f) with the following:*

(f) the filing deadlines, prescribed under sections 3A.2 and 3A.4, for the annual disclosure statement and interim disclosure statement for the reporting issuer's transition year., *and*

(d) *in paragraph (7)(a) by replacing "subsection 4.3(2)" with "subsection 4.3(1)".*

**10. Paragraph 4.10(3)(a) is amended by replacing "subsection 4.3(2)" with "subsection 4.3(1)".**

**11. Section 5.1 is replaced with the following:**

**5.1 Requirement to File an MD&A as Part of an Issuer's Annual or Interim Disclosure Statement**

(1) For the purposes of paragraph 3A.1(b), a reporting issuer must file an MD&A relating to its annual financial statements required under Part 4.

(2) For the purposes of paragraph 3A.3(b), a reporting issuer must file an MD&A relating to its interim financial report required under Part 4.

(3) Despite subsections (1) and (2), a reporting issuer is not required to file an MD&A relating to the annual financial statements and each interim financial report required under sections 4.7 and 4.10 for financial years and interim periods that ended before the issuer became a reporting issuer..

**12. Sections 5.2 to 5.7 are repealed.**

**13. Section 6.1 is replaced with the following:**

**6.1 Requirement to File an AIF as Part of An Issuer's Annual Disclosure Statement**

For the purposes of paragraph 3A.1(c), a reporting issuer that is not a venture issuer must file an AIF..

**14. Section 6.2 is repealed.**

15. **Paragraph 9.1.1(2)(b) is amended by replacing "which may be part of" with "which, for that purpose, may be included in an annual disclosure statement or".**

16. **Section 11.5 is replaced with the following:**

### **11.5 Refiling Documents**

- (1) If a reporting issuer makes one of the decisions set out below and the information in the refiled document or restated financial information will differ materially from the information originally filed, the issuer must immediately file and issue a news release authorized by an executive officer disclosing the nature and substance of the change or proposed changes:
  - (a) refile, in whole, a document filed under this Instrument;
  - (b) refile, in part, a document filed under section 3A.1 or 3A.3;
  - (c) restate financial information for comparative periods in financial statements for reasons other than retrospective application of a change in an accounting standard or policy or a new accounting standard.
- (2) If a reporting issuer refiles a document in whole under paragraph (1)(a) relating to a previously filed annual disclosure statement or interim disclosure statement, the document must
  - (a) include the following statement on the cover page:

*“Amended and Restated [identify interim or annual disclosure statement] dated [insert date of amendment], amending and restating [identify interim or annual disclosure statement] dated [insert date of interim or annual disclosure statement being amended].”, and*
  - (b) include an explanatory note on its cover page that indicates the reasons for the refiling or restatement and the locations within the document of all information which differs materially from the information originally filed.
- (3) If a reporting issuer refiles a document in part under paragraph (1)(b), the amendment must
  - (a) include the following statement on the cover page:

*“Amendment no. [insert amendment number] dated [insert date of amendment] to [identify interim or annual disclosure statement] dated [insert date of interim or annual disclosure statement being amended]”, and*
  - (b) include an explanatory note on its cover page that indicates the reasons for the amendment.
- (4) Despite subsection (3), a reporting issuer that restates financial statements contained in Part 1 of Form 51-102F1 *Annual Disclosure Statement* or Part 1 of Form 51-102F2 *Interim Disclosure Statement* must restate the Part in whole..

17. *Subsection 11.6(1) is amended by deleting "and that does not file an AIF that includes the executive compensation disclosure required by Item 18 of Form 51-102F2".*

18. *Section 12.3 is replaced with the following:*

### **12.3 Time for Filing of Documents**

- (1) If the making of a document required to be filed under sections 12.1 and 12.2 constitutes a material change for the reporting issuer, the document must be filed no later than the time the reporting issuer files, or is required to file, a material change report in Form 51-102F3.
- (2) If the making of a document required to be filed under sections 12.1 and 12.2 does not constitute a material change for the reporting issuer, and
  - (a) if the reporting issuer is required to file an AIF as part of the annual disclosure statement, and
    - (i) files its annual disclosure statement on or before the date on which it is required to be filed, the document must be filed no later than the date the reporting issuer files its annual disclosure statement, if the document was made or adopted before that date; or
    - (ii) does not file its annual disclosure statement on or before the date on which it is required to be filed, the document must be filed
      - (A) no later than the date the reporting issuer is required to file its annual disclosure statement, if the document was made or adopted before that date, and
      - (B) no later than the date the reporting issuer files its annual disclosure statement, if the document was made or adopted before that date and has not been previously filed under clause (2)(a)(ii)(A); or
  - (b) if the reporting issuer is not required to file an AIF as part of the annual disclosure statement, the document must be filed no later than the earlier of
    - (i) 120 days after the end of the reporting issuer's most recently completed financial year, if the document was made or adopted before the end of the reporting issuer's most recently completed financial year, and
    - (ii) the date the reporting issuer files an AIF, if the document was made or adopted before the end of the reporting issuer's most recently completed financial year..

19. *Section 13.2 is replaced with the following:*

**13.2 Existing Exemptions**

- (1) A reporting issuer that was entitled to rely on an exemption, waiver or approval granted to it by a regulator or securities regulatory authority relating to continuous disclosure requirements of securities legislation or securities directions existing immediately before this Instrument came into force is exempt from any substantially similar provision of this Instrument to the same extent and on the same conditions, if any, as contained in the exemption, waiver or approval.
- (2) A reporting issuer that was entitled to rely on an exemption, waiver or approval granted to it by a regulator or securities regulatory authority relating to the requirements to prepare, file or deliver annual financial statements, an MD&A and an AIF, if applicable, existing immediately before the amendments on **[December 15, 2023]** came into force is exempt from the requirements to prepare, file or deliver an annual disclosure statement under Part 3A to the same extent and on the same conditions, if any, as contained in the exemption, waiver or approval.
- (3) A reporting issuer that was entitled to rely on an exemption, waiver or approval granted to it by a regulator or securities regulatory authority relating to the requirements to prepare, file or deliver an interim financial report and an MD&A existing immediately before the amendments on **[December 15, 2023]** came into force is exempt from the requirements to prepare, file or deliver an interim disclosure statement under Part 3A to the same extent and on the same conditions, if any, as contained in the exemption, waiver or approval.
- (4) A reporting issuer must, at the time that it first intends to rely on subsections (1), (2) or (3) in connection with a filing requirement under this Instrument, inform the securities regulatory authority in writing of
  - (a) the general nature of the exemption, waiver or approval and the date on which it was granted; and
  - (b) the requirement under prior securities legislation or securities directions, or prior to the amendments on **[December 15, 2023]** coming into force, in respect of which the exemption, waiver or approval applied and the substantially similar provision of this Instrument.

20. *Section 14.2 is repealed.*

21. *Form 51-102F1 MANAGEMENT'S DISCUSSION & ANALYSIS is replaced with the following form:*

**“Form 51-102F1  
ANNUAL DISCLOSURE STATEMENT**

*GENERAL INSTRUCTIONS*

**General Instructions Annotation Note #1**

*Description of proposed change*

We propose to relocate and reorganize applicable general instructions for the current Form 51-102F1 *Management's Discussion & Analysis (Current MD&A Form)* and the current Form 51-102F2 *Annual Information Form (Current AIF Form)* as general instructions for the annual disclosure statement form (the **Form**).

*Rationale*

The Current MD&A Form and the Current AIF Form contain general instructions which are applicable to the annual disclosure statement. In some cases, the instructions are duplicative. Relocating and reorganizing these instructions as general instructions for this Form would allow for consolidation or elimination of overlapping instructions.

- (1) *An annual disclosure statement is required to be filed annually under Part 3A of National Instrument 51-102 Continuous Disclosure Obligations. The annual disclosure statement is intended to provide a comprehensive overview of your company's business, financial performance, financial condition and cash flows.*

*For a reporting issuer that is not a venture issuer, the annual disclosure statement is comprised of 3 parts:*

- *Part 1 – Annual financial statements*

*The annual financial statements required to be filed under section 4.1 of National Instrument 51-102 Continuous Disclosure Obligations.*

- *Part 2 – Management's discussion and analysis*

*A management's discussion and analysis (MD&A) relating to your company's annual financial statements required to be filed under sections 5.1 and 5.2 of National Instrument 51-102 Continuous Disclosure Obligations.*

- *Part 3 – Annual information form*

*An annual information form (AIF) required to be filed annually under section 6.1 of National Instrument 51-102 Continuous Disclosure Obligations.*

*For a reporting issuer that is a venture issuer, the annual disclosure statement is comprised of the following parts: Part 1 and Part 2, and Part 3 if the venture issuer voluntarily chooses to include that Part in the annual disclosure statement.*

- (2) *The word "company" is used in this Form for simplicity and readability of the Form. Wherever this Form uses the word "company", that term means an issuer, other than an investment fund issuer, regardless of the issuer's form of organization.*
- (3) *The disclosure in the annual disclosure statement is supplemented throughout the year by continuous disclosure filings including, for greater certainty, news releases, material change reports, business acquisition reports and interim disclosure statements. Disclose in your company's annual disclosure statement that additional information relating to your company may be found on SEDAR at [www.sedar.com](http://www.sedar.com).*

- (4) *If a term is used but not defined in this Form or Part 1 of National Instrument 51-102 Continuous Disclosure Obligations, refer to National Instrument 14-101 Definitions.*
- (5) *This Form uses accounting terms that are defined or used in Canadian GAAP applicable to publicly accountable enterprises.*
- (6) *This Form uses the term “financial condition”. Financial condition reflects the overall health of your company and includes its financial position (as shown on the statement of financial position) and other factors that may affect its liquidity, capital resources and solvency.*
- (7) *This Form uses the term “financial performance”. Financial performance reflects the level of performance of your company over a specified period of time, expressed in terms of profit or loss and other comprehensive income during that period.*

**General Instructions Annotation Note #2 for Instruction (7)**

*Description of proposed change*

We propose to add this instruction to provide a description of the term “financial performance”.

*Rationale*

This is to provide clarity for issuers when they are assessing the nature and extent of the disclosure required by this Form.

- (8) *Your company is not required to repeat information disclosed elsewhere in the annual disclosure statement. If disclosure in the annual disclosure statement refers explicitly or implicitly to disclosure in another section of the annual disclosure statement, include a reference to the other disclosure. Repeat the information disclosed in the financial statements to which the MD&A relates if it assists with an understanding of the information included in the MD&A.*

**General Instructions Annotation Note #3 for Instruction (8)**

*Description of proposed change*

We propose to add the second and third sentences of this instruction.

*Rationale*

This is to clarify that while repeating information disclosed elsewhere is not necessary, it is important to include a reference to the other disclosure so that investors can easily locate it and to repeat information from the financial statements in the MD&A if it assists with an understanding of the MD&A disclosure.

- (9) *Your company may use innovative approaches to disclosure (including, for greater certainty, use of hyperlinks to reference a disclosure in the annual disclosure statement and creative use of charts, tables and graphs) in a manner consistent with the requirements of this Form and other applicable requirements of securities legislation.*

**General Instructions Annotation Note #4 for Instruction (9)**

*Description of proposed change*

We propose to add this instruction and add guidance in Companion Policy 51-102CP *Continuous Disclosure Obligations (Companion Policy)* regarding what we mean by “innovative”.

*Rationale*

This is to clarify that issuers may use innovative disclosure approaches consistent with CSA formatting requirements (for example, while embedded video is not acceptable, hyperlinks and creative use of charts, tables and graphs are encouraged if they assist with readability) to prepare disclosure that reduces burden for them and is most meaningful for their business.

- (10) *Your company may include a table of contents for the annual disclosure statement. The table of contents may be a hyperlinked version.*

**General Instructions Annotation Note #5 for Instruction (10)**

*Description of proposed change*

We propose to add this instruction.

*Rationale*

This is to encourage the use of tools to facilitate navigation, searchability and online readability.

**GENERAL INSTRUCTIONS FOR PART 2 AND PART 3**

- (11) *In preparing the information required under Part 2 and Part 3 of this Form, your company must take into account information available up to the date of filing so that the MD&A and AIF are not misleading when filed.*
- (12) *Focus your company's disclosure on material information. Your company is not required to disclose information that is not material. You must exercise judgment when you determine whether information is material in respect of your company. Would a reasonable investor's decision whether or not to buy, sell or hold securities in your company likely be influenced or changed if the information in question was omitted or misstated? If so, the information is likely material.*

**General Instructions Annotation Note #6 for Instruction (12)**

*Description of proposed change*

We propose to generally remove materiality qualifiers included in specific disclosure requirements in the Current MD&A Form and the Current AIF Form such as "material", "significant", "critical", "major" and "fundamental" and have all disclosure requirements in the annual disclosure statement subject to the qualification that issuers are to focus on material information as set out in instruction (12). In some circumstances, we consider all disclosure required under a particular section to be material. See for example section 24 and instruction (1) to that section relating to cease trade orders, bankruptcies, penalties and sanctions. We propose to retain materiality qualifiers in a disclosure requirement where the materiality qualifier is part of a defined term (such as significant acquisition) or reflects a term used in our prospectus rules.

*Rationale*

Currently, there are materiality qualifiers in certain disclosure requirements in the Current MD&A Form and the Current AIF Form, but not in others and the rationale for that is not always clear. In addition, as noted above, there are a variety of materiality qualifiers used and it is not always clear if the terms are to be interpreted differently. The proposed change is to reduce uncertainty resulting from the absence of a materiality qualifier in certain requirements and the use of a materiality qualifier other than "material"

and to simplify requirements by generally using one materiality qualifier that all disclosure requirements are subject to.

- (13) *If your company has mineral projects, the disclosure must comply with National Instrument 43-101 Standards of Disclosure for Mineral Projects, including, for greater certainty, the requirement that all scientific and technical disclosure be based on a technical report or other information prepared by or under the supervision of a qualified person.*
- (14) *If your company has oil and gas activities, the disclosure must comply with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.*
- (15) *The numbering and ordering of sections included in Part 2 and Part 3 of this Form are intended as guidelines only. Your company is not required to include the numbering or follow the order of sections in Part 2 or Part 3 of this Form. Your company is not required to respond to any section in Part 2 or Part 3 of this Form that is inapplicable, and your company may omit negative answers.*
- (16) *Your company may incorporate information required to be included under Part 2 or Part 3 of this Form by referencing another document filed on its SEDAR profile, other than a prior MD&A or AIF (unless expressly permitted by this Form). If incorporating by reference, your company must clearly identify the document or any excerpt of it in the text that incorporates it. Unless your company has already filed under its SEDAR profile the referenced document or excerpt, including, for greater certainty, any documents incorporated by reference into the document or excerpt, your company must file it with the annual disclosure statement or standalone AIF, as applicable. Your company must also disclose that the referenced document is on SEDAR at [www.sedar.com](http://www.sedar.com).*

## **PART 1 ANNUAL FINANCIAL STATEMENTS**

### **Annual financial statements**

1. Include annual financial statements meeting the requirements of Part 4 of National Instrument 51-102 *Continuous Disclosure Obligations*.

## **PART 2 MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **MD&A Annotation Note #1**

#### *Description of proposed changes*

We propose to eliminate the following requirements and instructions in the Current MD&A Form:

- paragraph (o) *Available Prior Period Information* under Part 1,
- subsection 1.3(1) *Selected Annual Information* (i.e., financial data for the 3 most recently completed financial years) (inclusive of instructions (i) and (ii) to section 1.3 as these instructions relate specifically to subsection 1.3(1)),
- section 1.5 *Summary of Quarterly Results* (inclusive of instructions (i), (ii), (iv) and (v) to section 1.5 as these instructions relate specifically to section 1.5),
- section 1.8 *Off-Balance Sheet Arrangements*,

- section 1.12 *Critical Accounting Estimates*,
- section 1.13 *Changes in Accounting Policies including Initial Adoption*,
- section 1.14 *Financial Instruments and Other Instruments*, and
- subparagraph 1.15(b)(iii) *Other MD&A Requirements* (i.e., additional disclosure for reporting issuers with significant equity investees) (see MD&A Annotation Note #23 for further details).

*Rationale*

The above-noted requirements and instructions are duplicative of disclosure requirements under the accounting standards.

**GENERAL INSTRUCTIONS FOR PART 2**

- (1) *An MD&A under this Part is a narrative explanation, provided through the eyes of management, of how your company performed during the period covered by the financial statements, and of its financial condition and future prospects. The MD&A complements your company's financial statements but does not form part of them.*

*The objective of the MD&A is to supplement your company's overall financial disclosure by giving a balanced discussion of its financial condition, financial performance and cash flows, openly reporting bad news as well as good news. The MD&A must*

- (a) *help investors understand what the financial statements show and do not show, and*
- (b) *provide information about the quality and potential variability of your company's profit or loss and cash flows to assist investors in determining if past performance will likely be indicative of future performance.*

**MD&A Annotation Note #2 for General Instruction (1)**

*Description of proposed change*

We propose to add the term “cash flows” to the second paragraph of this instruction and re-arrange the order of “financial performance and financial condition” to “financial condition, financial performance, and cash flows”.

*Rationale*

This is to allow for a complete and consistent presentation of the issuer's financial disclosure requirements.

- (2) *If an acquisition is a reverse takeover, the MD&A must be based on the reverse takeover acquirer's financial statements.*

**Date**

- 2. (1) Specify the date of the annual MD&A.
- (2) The date of the annual MD&A must be no earlier than the date of the auditor's report on the annual financial statements to which the annual MD&A relates.

**Overall performance**

3. (1) Provide a discussion of your company’s overall performance that is necessary to understand your company’s business, financial condition, financial performance and cash flows, including why changes have occurred or expected changes have not occurred, supported by an analysis of factors that caused these changes to occur or not to occur.

**MD&A Annotation Note #3 for Section 3**

*Description of proposed changes*

1. We propose to consolidate section 1.2 *Overall Performance*, subsection 1.3(2) *Selected Annual Information*, section 1.4 *Discussion of Operations* (inclusive of instructions) and instruction (iii) to section 1.5 *Summary of Quarterly Results* of the Current MD&A Form into one section.
2. We also propose to eliminate subparagraph 1.2(b)(ii) of the Current MD&A Form relating to disclosure where there are legal or other restrictions on the flow of funds from one part of an issuer’s business to another.

*Rationale*

Proposed change #1 - Consolidation of these sections would allow for the streamlining and elimination of duplicative requirements (i.e., an overall discussion under section 1.2, an annual discussion under section 1.3, and a more focused discussion of current operations under section 1.4 of the Current MD&A Form). It would also allow issuers to refer to one section for overall performance disclosure requirements.

Proposed change #2 – Subparagraph 1.2(b)(ii) of the Current MD&A Form is duplicative of disclosure requirements under the accounting standards.

- (2) Describe the business of your company and its reportable segments as that term is interpreted in the issuer’s GAAP, including
- (a) its lines of business, products and services and principal markets,

**MD&A Annotation Note #4 for Subsection 3(2), Paragraph 3(2)(a) and Instruction (8) to Section 3**

*Description of proposed change*

We propose to add a requirement to provide a general description of the business, including its lines of business, products and services and principal markets. We also propose to add instruction (8) so that issuers concurrently filing an annual information form (AIF) will not be required to repeat this disclosure.

*Rationale*

While the requirement to provide a description of the business is new for venture issuers that do not currently file an AIF, we believe that an understanding of the issuer’s business is fundamental to understanding the issuer’s overall performance discussion.

- (b) changes in the direction of your company’s business or other subdivisions (e.g., geographic areas, product lines) if they have affected your company’s financial condition, financial performance and cash flows or are reasonably likely to affect them in the future,
- (c) legal, regulatory, industry and economic factors affecting its performance or operations, and

**MD&A Annotation Note #5 for Paragraph 3(2)(c)**

*Description of proposed change*

We propose to revise the requirement to add the words “legal” and “regulatory”.

*Rationale*

We are of the view that the requirement in paragraph 1.2(c) of the Current MD&A Form to describe industry and economic factors affecting an issuer’s performance is already broad enough to capture legal and regulatory factors. The additional language, however, would provide clarity.

- (d) known trends, demands, commitments, events, risks or uncertainties that have affected its business, financial condition, financial performance and cash flows or are reasonably likely to affect them in the future.
- (3) Discuss and analyze the financial condition, financial performance and cash flows of your company as a whole and for each reportable segment, for the most recently completed financial year compared to the prior year, including

**MD&A Annotation Note #6 for Subsection 3(3)**

*Description of proposed change*

We propose to add the words “compared to the prior year” to this requirement to clarify that the issuer’s discussion and analysis of the most recently completed year must include a comparison to the prior year.

*Rationale*

This is to clarify that the MD&A must provide an explanation of how the issuer performed during the period covered by the financial statements, including a comparison to the prior year. The clarification is to ensure issuers focus their discussion and analysis on why a change in a financial statement item year over year has occurred or an expected change has not occurred.

- (a) total revenue, including any changes caused by selling prices, volume or quantity of goods or services being sold, or the introduction of new products or services,
- (b) any other factors that caused changes in total revenue or gross profit,
- (c) cost of sales,
- (d) expenses,
- (e) unusual or infrequent events or transactions,
- (f) the effect of any discontinued operations, changes in accounting policies, significant acquisitions or dispositions, write-offs, abandonments or other similar actions on current operations, and
- (g) changes in its profit or loss, if not otherwise included in the discussion required by paragraphs (a) to (f).

**MD&A Annotation Note #7 for Paragraph 3(3)(g)**

*Description of proposed change*

We propose to add this requirement to discuss changes in the issuer’s profit or loss, if the discussion is not otherwise provided under subsection 3(3).

*Rationale*

With the proposed removal of subsection 1.3(1) of the Current MD&A Form (i.e., selected annual information relating to the 3 most recently completed financial years), the requirement to specifically disclose profit or loss from continuing operations and profit or loss in total and on a per-share and diluted per-share basis under paragraphs 1.3(1)(b) and (c) of the Current MD&A Form would also be eliminated. The proposed requirement to discuss changes in the issuer's profit or loss (unless provided elsewhere) is to ensure that this important GAAP metric is sufficiently highlighted in an issuer's MD&A.

- (4) If your company has not yet generated significant revenue, has projects or business activities that have not yet generated revenue or is changing its business model, describe each project, business activity or group of related business activities, including
- (a) your company's plan, including, for greater certainty, any significant milestones and the status of the milestones relative to that plan,
  - (b) expenditures made and how these relate to anticipated timing and costs to advance to the next milestone of the plan, and
  - (c) whether your company plans to expend additional funds, including an estimate of costs and timing.

**MD&A Annotation Note #8 for Subsection 3(4)**

*Description of proposed changes*

1. We propose to revise the requirement in paragraph 1.4(d) of the Current MD&A Form to clarify that the discussion of an issuer's "plan" must include a discussion of any significant milestones.
2. We propose to revise paragraph 1.4(d) of the Current MD&A Form to clarify that "issuers that have significant projects that have not yet generated revenue" includes:
  - issuers that have not yet generated significant revenue,
  - issuers that have significant projects or business activities that have not yet generated revenue, and
  - issuers changing their business model.

*Rationale*

Proposed change #1 - This is to clarify that a discussion of the issuer's "plan" must also include a discussion of significant milestones for that plan.

Proposed change #2 - While we are of the view that the existing requirement to disclose "projects" should be viewed broadly, taking into account the issuer's business as a whole or any new business venture, the term "project" may be applied too narrowly as an activity that has a beginning and end. This proposed change is to clarify our expectations, which are consistent with comments raised in continuous disclosure reviews (**CD Reviews**) and CSA Staff Notice 51-355 *Continuous Disclosure Review Program Activities for the fiscal years ended March 31, 2018 and March 31, 2017 (SN 51-355)* (disclosure deficiencies summarized in Appendix A of SN 51-355).

- (5) For products and services that are not fully developed or if the products are not at the commercial production stage, discuss
- (a) whether your company is conducting its own research and development, is subcontracting out the research and development or is using a combination of those methods, and

- (b) to the extent not included in the disclosure required by subsection (4),
  - (i) the timing and stage of research and development programs, and
  - (ii) the additional steps required to reach commercial production and an estimate of costs and timing.

**MD&A Annotation Note #9 for Subsection 3(5) and Instruction (9) to Section 3**

*Description of proposed changes*

1. We propose to relocate research and development discussion requirements in subparagraph 5.1(1)(a)(iv) of the Current AIF Form as an MD&A requirement under this subsection.
2. We propose to add instruction (9) to section 3 so that subsection 3(5) of this Form does not apply to disclosure that is subject to National Instrument 43-101 *Standards of Disclosure for Mineral Projects* or National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*.

*Rationale*

Proposed change #1 – This is for consolidation purposes as disclosure of similar information is required in the Current MD&A Form.

Proposed change #2 – Instruction (9) clarifies that this research and development discussion is not required for disclosure that is subject to National Instrument 43-101 *Standards of Disclosure for Mineral Projects* or National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*.

- (6) For resource issuers with producing mines or mines under development, describe each mineral project on a property material to your company and identify any milestone, including, for greater certainty, mine expansion plans, productivity improvements, plans to develop a new deposit, or production decisions, and whether the milestone is based on a technical report filed under National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.
- (7) Provide a comparison in tabular form of previous disclosure of how your company was going to use proceeds (other than working capital) from any financing, including an explanation of variances and the impact of the variances, if any, on your company’s ability to achieve its business objectives and milestones.

**INSTRUCTIONS**

- (1) *In discussing and analysing its overall performance, your company must not only disclose the amount of the change in a financial statement item from period to period. Your company must explain the nature and reason for the change to investors. Where the financial statements reflect material differences from period-to-period in one or more line items, including, for greater certainty, where material differences within a line item offset one another, describe the underlying reasons for these material differences in quantitative and qualitative terms. Your company must present qualitative and quantitative disclosure to support this analysis. In providing this analysis, it may be helpful to include a discussion of business drivers that management is utilizing in managing the business such as production, volumes sold, square footage, occupancy rates or number of subscribers.*

**MD&A Annotation Note #10 for Instruction (1) to Section 3**

*Description of proposed change*

We propose to add this instruction to clarify that the issuer's discussion and analysis of overall performance:

- must be both quantitative and qualitative to support the analysis, and
- should, when helpful, present key drivers management is utilizing in managing the business.

*Rationale*

These additions are to assist issuers in preparing a narrative explanation of their overall performance. We are of the view that adding quantitative information to the narrative is necessary to an understanding of the changes reflected in the financial statements. It also encourages issuers that have identified key business drivers to incorporate those key business drivers that we believe will improve understandability and usability of such disclosure. This proposed instruction is consistent with comments raised in staff's CD Reviews and SN 51-355 as well as previous publications of the CSA Staff Notice *Continuous Disclosure Review Program Activities*.

- (2) *If your company believes that information from the face of the financial statements is helpful to investors in understanding its overall performance discussion, your company may present the information in a tabular form for readability. If a tabular presentation is included, it must be accompanied by an appropriate discussion and analysis of this data.*

**MD&A Annotation Note #11 for Instruction (2) to Section 3**

*Description of proposed change*

We propose to add this instruction to provide issuers with an option to present information from the face of the financial statements in a tabular format.

*Rationale*

This is to encourage the use of tools to promote readability. We note that section 1.5 of the Companion Policy provides guidance on plain language, which includes the use of charts and tables as an example.

- (3) *The discussion and analysis of the financial condition, financial performance and cash flows by reportable segment is applicable only to the extent that information for each reportable segment is required to be disclosed under the issuer's GAAP.*
- (4) *The following factors may be relevant for your company's disclosure:*
- (a) *changes in customer buying patterns, including, for greater certainty, changes due to new technologies and changes in demographics;*
  - (b) *changes in selling practices, including, for greater certainty, changes due to new distribution arrangements or a reorganization of a direct sales force;*
  - (c) *changes in competition, including an assessment of your company's resources, strengths and weaknesses relative to those of its competitors;*
  - (d) *the effect of exchange rates;*
  - (e) *the effect of inflation;*
  - (f) *changes in the relationship between costs and revenue, including, for greater certainty, changes in costs of labour or materials, price changes or inventory adjustments;*

- (g) *changes in pricing of inputs, constraints on supply, order backlog, or other input-related matters;*
  - (h) *changes in production capacity, including, for greater certainty, changes due to plant closures and work stoppages;*
  - (i) *changes in volume of discounts granted to customers, volumes of returns and allowances, excise and other taxes or other amounts reflected on a net basis against revenue;*
  - (j) *changes in the terms and conditions of service contracts;*
  - (k) *progress in achieving previously announced milestones;*
  - (l) *for resource issuers with producing mines, changes to cash flows caused by changes in production throughput, head-grade, cut-off grade, and metallurgical recovery, or any expectation of future changes to cash flows caused by those factors; and*
  - (m) *if your company has a significant equity investee, the nature of the investment and its significance to your company.*
- (5) *Your company must include information for a period longer than 2 financial years if it is helpful in explaining a trend.*
- (6) *For purposes of subsections (4) and (6), your company must describe each mineral project on a property material to it by providing current information, including*
- (a) *project location, mineral title, and your company's obligations to retain its interest,*
  - (b) *mineral commodities of interest,*
  - (c) *general geological setting,*
  - (d) *exploration and drilling results to date,*
  - (e) *mineral resource or reserve estimates as at the end of your company's financial year, and*
  - (f) *mining and processing operations.*

**MD&A Annotation Note #12 for Instruction (6) to Section 3**

*Description of proposed change*

We propose to add this instruction to provide issuers with guidance on the level of disclosure required in respect of an issuer's mineral project on a property material to it.

*Rationale*

This proposed instruction is consistent with comments raised in staff's CD Reviews and SN 51-355 as well as previous publications of the CSA Staff Notice *Continuous Disclosure Review Program Activities*.

- (7) *For purposes of subsection (4), discuss factors that have affected the value of the project such as a change in commodity prices, land use or political or environmental issues.*
- (8) *Your company is not required to include the following under this Part if your company is disclosing the required information under Part 3 of this Form:*
- (a) *the description of its business and its reportable segments under subsection (2);*
- (b) *the description of each mineral project on a property material to it under subsection (4);*
- (c) *the discussion of its producing mines or mines under development under subsection (6).*
- (9) *Subsection (5) does not apply to disclosure that is subject to requirements in National Instrument 43-101 Standards of Disclosure for Mineral Projects or National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.*

#### **Fourth quarter**

4. Discuss fourth quarter events or items that affected your company’s financial condition, financial performance or cash flows, including, for greater certainty, year-end and other adjustments, seasonal aspects of its business, discontinued operations, significant acquisitions or dispositions and changes in the direction of its business.

#### **MD&A Annotation Note #13 for Section 4**

##### *Description of proposed change*

We propose to relocate the fourth quarter disclosure requirement (such that it is presented directly after the overall performance disclosure requirements) and add “discontinued operations, significant acquisitions or dispositions and changes in the direction of your business” to the listed events and items an issuer should discuss when analyzing fourth quarter events.

##### *Rationale*

The relocation of the fourth quarter discussion requirement is to allow for a more logical flow of the requirements.

The addition of events and items to this section is for consistency with the list of factors included in the overall performance discussion in section 3 of this Form, which aligns with subsection 1.3(2) of the Current MD&A Form.

#### **Liquidity and capital resources**

5. (1) The liquidity and capital resources discussion must address your company’s ability to generate sufficient amounts of cash and cash equivalents, in the short term and the long term, to meet existing known or reasonably likely future cash requirements, to maintain its capacity, to meet its planned growth or to fund development activities.

#### **MD&A Annotation Note #14 for Section 5**

##### *Description of proposed change*

We propose to consolidate sections 1.6 *Liquidity* and 1.7 *Capital Resources* of the Current MD&A Form into one section and rearrange the disclosure requirements into the following categories:

1. cash requirements,
2. sources of funds,
3. expected fluctuations in liquidity and capital resources, and
4. management of liquidity risks.

*Rationale*

There are some duplicative requirements in sections 1.6 and 1.7 of the Current MD&A Form. Given that liquidity and capital resources are integrated, and many issuers combine their discussions of these items, consolidating and re-arranging the requirements would facilitate more streamlined disclosures.

- (2) Discuss your company's cash requirements, including, for greater certainty,
  - (a) its working capital requirements, including whether it has or expects to have a working capital deficiency,
  - (b) commitments, including, for greater certainty, commitments for capital expenditures, as of the date of the financial statements,
  - (c) expenditures not yet committed but required to maintain its capacity, to meet its planned growth or to fund development activities, and
  - (d) the nature and purpose of the commitments and expenditures referred to in paragraphs (b) and (c).
- (3) Discuss your company's expected sources of funds available for the uses described in subsection (2), taking into account
  - (a) available capital resources,
  - (b) sources of financing arranged but not yet used, and
  - (c) any impact to expected sources of funds described in paragraphs (a) and (b) resulting from any legal or practical restrictions on the ability of its subsidiaries to transfer funds to it.
- (4) Discuss the expected fluctuations in your company's liquidity and capital resources, taking into account
  - (a) known trends, demands, commitments, contingencies, events or uncertainties,
  - (b) changes in the mix and relative cost of capital resources, and
  - (c) statement of financial position conditions or profit or loss attributable to owners of the parent or cash flow items that may affect its liquidity.
- (5) Discuss how your company manages its liquidity risks in relation to items set out in subsections (2) to (4), including
  - (a) its ability to meet obligations as they become due and its plans for remedying any deficiency in the sources of funds available for the uses described in subsection (2),

**MD&A Annotation Note #15 for Paragraph 5(5)(a)**

*Description of proposed change*

Paragraph 1.6(e) of the Current MD&A Form requires a discussion of the issuer's ability to meet obligations when the issuer has or expects to have a working capital deficiency and how the issuer expects to remedy the deficiency. We propose to expand the requirement to include issuers that have an overall deficiency in the quantity of funds available to fund cash requirements.

*Rationale*

Broadening the requirement to apply to issuers that have a deficiency in the sources of funds available (versus a narrower consideration of working capital deficiency) would provide clarity and is consistent with the requirement in paragraph 1.6(a) of the Current MD&A Form to provide a discussion of the issuer's ability to generate sufficient amounts of cash and cash equivalents in the short term and the long term, to maintain the issuer's capacity, to meet planned growth or to fund development activities.

This proposed change is consistent with comments raised in staff's CD Reviews where there are concerns with an issuer's financial condition.

- (b) qualitative and quantitative disclosure of any debt covenants to which it is subject, including, for greater certainty, actual ratios or amounts, and

**MD&A Annotation Note #16 for Paragraph 5(5)(b)**

*Description of proposed change*

We propose to add this requirement to provide qualitative and quantitative disclosure of any debt covenants to which the issuer is subject.

*Rationale*

The proposed addition is to provide clarity on staff's expectation for disclosure related to debt covenants.

- (c) defaults or arrears or risk of defaults or arrears on distributions or dividend payments, lease payments, interest or principal payment on debt, debt covenants, and redemption or retraction or sinking fund payments, and
- (d) how it intends to cure the default or arrears or address the risk set out in paragraph (c).

**INSTRUCTIONS**

- (1) *In discussing and analysing your company's liquidity and capital resources, your company must present qualitative and quantitative disclosure to support this analysis.*

**MD&A Annotation Note #17 for Instruction (1) to Section 5**

*Description of proposed change*

We propose to add this instruction to clarify that the issuer's discussion of liquidity and capital resources must be both quantitative and qualitative to support the analysis.

*Rationale*

This is to clarify that quantitative information is necessary for an understanding of the changes in liquidity and capital resources. This proposed instruction is consistent with comments raised in staff's CD Reviews and previous publications of the CSA Staff Notice *Continuous Disclosure Review Program Activities*.

- (2) *Working capital requirements are the amount of funds required by your company to meet its short-term cash requirements, which may include funds required for working capital obligations and those required to fund operating activities and other business-related expenses in the short-term. Examples of working capital requirements may include situations where your company must maintain inventory to meet customers' delivery requirements or any situations involving extended payment terms.*

**MD&A Annotation Note #18 for Instruction (2) to Section 5**

*Description of proposed change*

We propose to add the first sentence of this instruction to clarify what "working capital requirements" mean.

*Rationale*

This proposed addition draws on the concepts introduced in subsection 4.3(1) of Companion Policy 41-101CP *Companion Policy to National Instrument 41-101 General Prospectus Requirements (41-101CP)*, which provision encourages disclosure of funding of any anticipated negative cash flow from operating activities in prospectuses. The proposed addition would provide clarity and is consistent with comments raised in staff's CD Reviews where concerns arise with an issuer's financial condition.

- (3) *In discussing your company's commitments, your company may include a tabular presentation by type, including timing and amounts of payments required to meet these commitments. The tabular presentation may be accompanied by footnotes to describe provisions that create, increase or accelerate commitments. The disclosure must contain all details necessary for an understanding of the timing and amount of your company's commitments.*

**MD&A Annotation Note #19 for Instruction (3) to Section 5**

*Description of proposed change*

We propose to revise instruction (iv) to section 1.6 of the Current MD&A Form to remove the contractual obligations table requirement for non-venture issuers and to encourage all issuers to present their analysis of commitments in tabular form.

*Rationale*

The information provided in a contractual obligations table is broadly duplicative of disclosure requirements under the accounting standards. While investors would have access to this information in the financial statements and the proposed liquidity and capital resources disclosure requirements, the presentation of information in tabular form would allow investors to better understand the timing and amount required to meet specified commitments, especially for an issuer that has a significant number of commitments. Issuers would still maintain the flexibility to prepare the information in a manner that best presents the maturity analysis.

- (4) *In discussing your company's cash requirements under subsection (2), identify and quantify exploration and development, or research and development expenditures required to maintain properties or agreements in good standing.*

- (5) *Capital resources are financing resources available to your company and may include cash from operating activities, debt, equity, off-balance sheet financing arrangements and any other financing arrangements that it reasonably considers will provide financial resources. If your company anticipates additional funds from other sources of financing that it has arranged but not yet used, describe whether those funds are firm or contingent. If the funds are contingent, describe the nature of the contingency.*

**MD&A Annotation Note #20 for Instruction (5) to Section 5**

*Description of proposed change*

We propose to expand this instruction to clarify that an issuer that anticipates additional funds from other sources of financing it has arranged but not yet used must describe whether those funds are firm or contingent and, if the funds are contingent, describe the nature of the contingency.

*Rationale*

Paragraph 1.7(c) and instruction (i) to section 1.6 of the Current MD&A Form require an analysis of the sources of financing that the issuer has arranged but not used and a description of the circumstances that could affect sources of funding that are reasonably likely to occur. The proposed instruction would provide clarity on this requirement and is consistent with the concepts in subsection 4.2(3) of 41-101CP which encourages similar disclosure in prospectuses.

- (6) *Examples of circumstances that may affect your company's sources of funding include market or commodity price changes, economic downturns, defaults on guarantees and contractions of operations.*
- (7) *In discussing trends or expected fluctuations in your company's liquidity and liquidity risks in relation to items set out in subsections (2) to (4), your company may include:*
- (a) *provisions in debt, lease or other arrangements that could trigger an additional funding requirement or early payment, such as provisions linked to credit rating, profit or loss, cash flows or share price, and*
  - (b) *circumstances that could impair its ability to undertake a transaction considered essential to operations, such as the inability to maintain an investment grade credit rating, earnings per-share, cash flows or share price.*
- (8) *To the extent a deficiency in the quantity of funds available to fund your company's cash requirements is identified, discuss how the available capital resources will be used, explaining how it intends to meet its cash requirements and maintain operations, what business objectives your company intends to accomplish as well as the priority of how the capital resources will be used. If your company intends to rely on other sources of financing in these situations, disclose that fact and an assessment of whether this financing will continue to be available and on what terms, and the impact of raising this amount on its liquidity, operations, capital resources and solvency.*

**MD&A Annotation Note #21 for Instruction (8) to Section 5**

*Description of proposed change*

We propose to add this instruction to clarify that if there is a deficiency in the quantity of funds available to fund the issuer's cash requirements, it is important to include a discussion of the business objectives

that the issuer intends to accomplish and the priority of how the capital resources will be used to allow investors to make an informed investment decision.

*Rationale*

The proposed instruction is consistent with the concepts in subsection 4.2(3) of 41-101CP, which provision encourages similar disclosure in prospectuses. It is also consistent with CD Review comments when there are concerns with an issuer's financial condition.

**Transactions between related parties**

6. (1) Discuss all transactions between related parties as defined by the issuer's GAAP, including both qualitative and quantitative characteristics that are necessary for an understanding of the transaction's business purpose and economic substance.
- (2) In your company's discussion under subsection (1), include
  - (a) the identity of the related persons or entities,
  - (b) the nature of the related party relationship,
  - (c) the business purpose of the transaction,
  - (d) the recorded amount of the transaction and a description of the measurement basis used, and
  - (e) any ongoing contractual or other commitments resulting from the transaction.

**MD&A Annotation Note #22 for Section 6**

*Description of proposed change*

We propose to combine the instructions and the requirements under section 1.9 of the Current MD&A Form into one section.

*Rationale*

The accounting standards have some overlap with the MD&A but do not sufficiently address all of the MD&A requirements. A frequent observation is that issuers simply repeat the financial statement related party note without addressing the full requirements in the MD&A. The proposed section 6 would set out all MD&A requirements for related party transactions in one section and provide clarity.

**Proposed transactions**

7. (1) If senior management has made a decision to proceed with a proposed asset or business acquisition or disposition, and senior management believes that confirmation of the decision by the board of directors is probable, discuss the expected effect of the proposed transaction on your company's financial condition, financial performance and cash flows.
- (2) For a proposed transaction identified in subsection (1), discuss the status of any required shareholder or regulatory approvals.

## INSTRUCTION

*Your company is not required to disclose this information if it has filed a Form 51-102F3 Material Change Report under section 7.1 of National Instrument 51-102 Continuous Disclosure Obligations regarding the transaction on a confidential basis and that report is confidential at the time the annual disclosure statement is filed.*

### **Additional disclosure for venture issuers without significant revenue**

- 8. (1)** If your company is a venture issuer that has not had significant revenue from operations in either of its last 2 financial years, disclose, for its 2 most recently completed financial years, a breakdown of the components of
- (a) exploration and evaluation assets,
  - (b) exploration and evaluation expenditures,
  - (c) expensed research and development costs,
  - (d) intangible assets arising from development,
  - (e) general and administration expenses, and
  - (f) any costs, whether expensed or recognized as assets, not referred to in paragraphs (a) through (e).
- (2)** If your company is subject to subsection (1) and its business primarily involves mining exploration and development, present the analysis of exploration and evaluation assets and expenditures in paragraphs (1)(a) and (1)(b) on a property-by-property basis.

### **Disclosure of outstanding share data**

- 9. (1)** Disclose the designation and number or principal amount of
- (a) each class and series of voting or equity securities of your company for which there are securities outstanding,
  - (b) each class and series of securities of your company for which there are securities outstanding if the securities are convertible into, or exercisable or exchangeable for, voting or equity securities of your company, and
  - (c) subject to paragraph (b), each class and series of voting or equity securities of your company that are issuable on the conversion, exercise or exchange of outstanding securities of your company.
- (2)** If the exact number or principal amount of voting or equity securities of your company that are issuable on the conversion, exercise or exchange of outstanding securities of your company is not determinable, disclose the maximum number or principal amount of each class and series of voting or equity securities of your company that is issuable on the conversion, exercise or exchange of outstanding securities of your company and, if that maximum number or principal amount is not determinable, describe the exchange or conversion features and the manner in

which the number or principal amount of voting or equity securities of your company will be determined.

- (3) The disclosure under subsections (1) and (2) must be prepared as of the latest practicable date.

#### **MD&A Annotation Note #23 for Sections 8 and 9**

##### *Description of proposed changes*

1. We propose to move sections 5.3 *Additional Disclosure for Venture Issuers Without Significant Revenue* and 5.4 *Disclosure of Outstanding Share Data* of National Instrument 51-102 *Continuous Disclosure Obligations (NI 51-102)* into sections 8 and 9 of this Form.
2. We also propose to eliminate subparagraph 1.15(b)(iii) of the Current MD&A Form that references section 5.7 *Additional Disclosure for Reporting Issuers with Significant Equity Investees* of NI 51-102.

##### *Rationale*

Proposed change #1 - Moving requirements under sections 5.3 and 5.4 of NI 51-102 into this Form would place all MD&A disclosure requirements in one form and reduce the risk of issuers missing a disclosure requirement that applies to them.

Proposed change #2 - This is as a result of our proposal to eliminate section 5.7 of NI 51-102, which sets out disclosure requirements that overlap with the accounting standards.

#### **Additional disclosure for investment entities and non-investment entities recording investments at fair value**

- 10. (1)** If your company is an investment entity or a non-investment entity recording investments at fair value, discuss the performance of its investments for its 2 most recently completed financial years, including
- (a) a schedule of investments, including the investee's name, and the cost and fair value for each investment held,
  - (b) changes to the composition of the investment portfolio, and
  - (c) drivers of fair value changes by investment, including a discussion of both unrealized and realized gains and losses.
- (2)** If subsection (1) applies and your company has concentrated holdings, disclose summarized financial information of the investee, including, for greater certainty, the aggregated amounts of assets, liabilities, revenue and profit or loss along with a discussion of the results of the investee.

#### **MD&A Annotation Note #24 for Section 10**

##### *Description of proposed change*

We propose to add disclosure requirements for investment entities and non-investment entities recording investments at fair value, similar to the disclosure requirements outlined in CSA Multilateral Staff Notice 51-349 *Report on the Review of Investment Entities and Guide for Disclosure Improvements (SN 51-349)*\*.

##### *Rationale*

In many jurisdictions, staff have seen an increase in the number of issuers that have determined they are an investment entity or a non-investment entity that measure substantially all of their investments at fair value through profit and loss. While some investment entities and non-investment entities recording investments at fair value have provided detailed disclosures in continuous disclosure filings, staff continue to raise comments in CD Reviews and improvements are required in many areas to provide sufficient disclosure to investors about the underlying investments of these issuers.

SN 51-349 was published to summarize staff's disclosure expectations and provide guidance to assist investment entities and non-investment entities recording investments at fair value in meeting their continuous disclosure obligations. The concluding section of SN 51-349 outlines that there would be a continued evaluation of the disclosure of issuers that are investment entities and non-investment entities recording investments at fair value and the need for policy changes would be considered if it is determined that these issuers are not providing sufficient disclosure to their investors. The proposed disclosure requirements are consistent with the messaging in SN 51-349.

\* SN 51-349 was titled "A Guide for Disclosure Improvements by Investment Entities and Non-Investment Entities that Record Investments at Fair Value" in certain participating jurisdictions.

## INSTRUCTIONS

- (1) *In this section, "investment entity" has the same meaning as that term is defined in the issuer's GAAP.*
- (2) *If a material portion of your company's business is invested in other operating entities and those investments are recorded on a fair value basis, your company is a "non-investment entity recording investments at fair value".*

### **MD&A Annotation Note #25 for Instructions (1) and (2) to Section 10**

#### *Description of proposed change*

We propose to add these instructions to provide descriptions of the terms "investment entity" and "non-investment entity recording investments at fair value".

#### *Rationale*

See discussion in the MD&A Annotation Note #24 for section 10.

- (3) *The investment portfolio must be presented with sufficient disaggregation and transparency to allow an investor to understand the characteristics of the portfolio composition, including the associated risks and the drivers of any changes in fair value. Your company must provide an analysis of the financial and operational trends for the investments that led to the current determination of fair value.*
- (4) *A concentrated holding is considered to be a single investment that represents 30% or more of the fair value of your company's investment portfolio. In calculating the fair value of its investment portfolio, exclude investments that are temporary and non-strategic in nature such as cash and cash equivalents, temporary investments and hedging derivative instruments.*

## **Other annual MD&A requirements**

- 11.** Include in the annual MD&A disclosure required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* and, as applicable, Form 52-109F1 *Certification of Annual Filings Full Certificate*, Form 52-109F1R *Certification of Refiled Annual*

**PART 3  
ANNUAL INFORMATION FORM**

*GENERAL INSTRUCTIONS FOR PART 3*

- (1) *An AIF is a disclosure document intended to provide material information about your company and its business at a point in time in the context of its historical and possible future development. The AIF describes your company, its operations and prospects, risks and other external factors that impact your company specifically, openly reporting bad news as well as good news.*
- (2) *Requirements in sections 15 to 19, 26, 27, 29 and 30 and subsection 28(1) of this Part that are applicable to “your company” apply to your company, your company’s subsidiaries, joint ventures to which your company is a party and entities in which your company has an investment accounted for by the equity method.*
- (3) *If your company is a structured entity, as that term is defined in Canadian GAAP applicable to publicly accountable enterprises, or the term equivalent to structured entity under the issuer’s GAAP, modify the disclosure requirements in this Part to reflect the nature of your company’s business.*

**AIF Annotation Note #1 for General Instruction (3)**

*Description of proposed change*

We propose to replace “special purpose entity” in the Current AIF Form with “structured entity”.

*Rationale*

The prior concept and discussion of “special purpose entities” has been replaced by the concept and discussion of “structured entities” as the latter term has superseded the former term under Canadian GAAP applicable to publicly accountable enterprises.

**Date and Filing**

**12. (1)** Specify the date of the AIF.

- (2) The date must be no earlier than the date of the auditor’s report on the financial statements for your company’s most recently completed financial year.
- (3) The AIF must be dated within 10 days before the filing date.
- (4) Unless otherwise specified in this Part, present the information in the AIF as at the last day of its most recently completed financial year.

**INSTRUCTION**

*For information presented as at any date other than the last day of your company’s most recently completed financial year, your company must specify the relevant date in the disclosure.*

## Corporate structure

13. (1) State your company's full corporate name or, if your company is an unincorporated entity, the full name under which it exists and carries on business.
- (2) State the statute under which your company is incorporated, continued or organized or, if your company is an unincorporated entity, the jurisdiction of Canada or the foreign jurisdiction under which it is established and exists.
- (3) Describe the substance of any amendments to the articles or other constating or establishing documents of your company since the date of your company's incorporation or formation.

### INSTRUCTION

*For the purposes of subsection (3), if the disclosure provided in one of your company's prior AIFs or prospectuses remains current, your company may incorporate by reference such previous disclosure to satisfy this requirement.*

#### **AIF Annotation Note #2 for Instruction to Section 13**

##### *Description of proposed change*

We propose to include this instruction so that issuers can refer to previous disclosure of any amendments to the articles or other constating or establishing documents of the issuer in a prior AIF or prospectus.

##### *Rationale*

We are of the view that the burden on issuers to reproduce the disclosure in the AIF is greater than the benefit that investors would obtain from having the disclosure. This would reduce burden as issuers would not have to repeat information that is already disclosed elsewhere.

## Intercorporate relationships

14. (1) Describe, by way of a diagram or otherwise, the intercorporate relationships among your company and its subsidiaries.
- (2) For each subsidiary, state all of the following:
  - 4.1 the percentage of votes attaching to all voting securities of the subsidiary beneficially owned, or controlled or directed, directly or indirectly, by your company;
  - 4.2 the percentage of each class of restricted securities of the subsidiary beneficially owned, or controlled or directed, directly or indirectly, by your company;
  - 4.3 where it was incorporated, continued, formed or organized.

### INSTRUCTIONS

- (1) *Your company may omit disclosure about a particular subsidiary if, at your company's most recent financial year-end,*

- (a) *the total assets of the subsidiary do not exceed 10% of the consolidated assets of your company, and*
  - (b) *the revenue of the subsidiary does not exceed 10% of the consolidated revenue of your company.*
- (2) *The condition in*
- (a) *subparagraph (1)(a) of these instructions is not satisfied if the aggregate of all of your company's subsidiaries otherwise omitted under paragraph (1) of these instructions exceed 20% of your company's consolidated assets, and*
  - (b) *subparagraph (1)(b) of these instructions is not satisfied if the aggregate of all your company's subsidiaries otherwise omitted under paragraph (1) of these instructions exceed 20% of your company's consolidated revenue.*

**AIF Annotation Note #3 for Removal of *General Development of the Business***

*Description of proposed changes*

1. We propose to remove section 4.1 of the Current AIF Form which requires disclosure of how the issuer's business has developed over the last 3 completed financial years; and
2. We propose to remove section 4.2 of the Current AIF Form which requires disclosure of any significant acquisitions completed during the most recently completed financial year.

*Rationale*

Proposed change #1 - We want to place greater emphasis on what happened to the issuer in the most recently completed financial year. As a result, we do not think that issuers should be required to provide a 3 year retrospective of its development.

Proposed change #2 - Significant acquisitions would be disclosed under other disclosure requirements in NI 51-102 (e.g., Part 8 *Business Acquisition Report* or Part 5 *MD&A*).

**Describe the business**

15. Describe the business of your company and its reportable segments as that term is interpreted in the issuer's GAAP.

**INSTRUCTIONS**

- (1) *Your company's business description must include a discussion of the following for each reportable segment, or for your company as a whole if it has a single reportable segment:*
- (a) *a description and summary of your company's products and services, principal markets, distribution methods, actual or proposed method of production or providing services, and the status of any new product or service that has been announced;*
  - (b) *a description of your company's business environment, including*
    - (i) *the competitive conditions in your company's principal markets and geographic areas, including, if reasonably possible, an assessment of your company's competitive position,*

- (ii) *the extent to which the business is cyclical or seasonal,*
  - (iii) *any contract upon which your company's business is substantially dependent,*
  - (iv) *your company's dependence upon foreign operations, and*
  - (v) *the likely effect of any changes your company reasonably expects from renegotiation or termination of contracts or sub-contracts;*
  - (c) *a description of your company's business resources, including*
    - (i) *the sources, pricing and availability of raw materials, component parts or finished products, and*
    - (ii) *the importance, duration and effect of identifiable intangible assets, such as brand names, circulation lists, copyrights, franchises, licences, patents, software, subscription lists and trademarks, on your company.*
- (2) *Your company's business description must include a discussion of the following for your company as a whole:*
- (a) *a description of your company's human capital resources, including*
    - (i) *any specialized skill and knowledge requirements and the extent to which the skill and knowledge are available to your company, and*
    - (ii) *the number of employees as at the end of your company's most recently completed financial year or the average number of employees over the year, whichever is more meaningful to understand your company's business;*
  - (b) *a description of*
    - (i) *the effects of environmental protection legislation on your company's operations, capital expenditures, financial performance or competitive position for your company's most recently completed financial year and the expected effect in future years, and*
    - (ii) *any social or environmental policies implemented by your company, such as policies regarding your company's relationship with the environment or with the communities in which it does business, or human rights policies, and the steps your company has taken to implement them.*
  - (c) *a description of the investment policies and lending and investment restrictions with respect to your company's lending operations.*

#### **AIF Annotation Note #4 for Section 15**

##### *Description of proposed changes*

1. We propose to make the following changes to section 5.1 of the Current AIF Form:
  - (a) relocate the content of the requirements to instructions (1) and (2) under this section, and

- (b) regroup the requirements such that certain requirements apply to each reportable segment, or to the issuer as a whole, if it has a single reportable segment, and other requirements apply only to the issuer as a whole.
- 2. We propose to remove the requirements in subparagraph 5.1(1)(a)(iii) and subsections 5.1(2) and 5.1(3) of the Current AIF Form to disclose (i) for the 2 most recently completed financial years, revenue for each category of products or services that accounted for 15% or more of total consolidated revenue, (ii) bankruptcies and similar procedures within the 3 most recently completed financial years, and (iii) reorganizations within the 3 most recently completed financial years.
- 3. We propose to relocate the research and development elements in subparagraph 5.1(1)(a)(iv) of the Current AIF Form to Part 2 of this Form.

*Rationale*

Proposed change #1 –

- (a) This would provide issuers the flexibility to determine what disclosure is applicable under this section while at the same time retaining most of the content for instructional purposes.
- (b) We are of the view that certain disclosure (for example, description of products and services and business conditions) is necessary for each reportable segment as opposed to the issuer as a whole, in order to be meaningful to investors.

Proposed change #2 - Disclosure of these events would be included in the issuer's financial statements, MD&A or other mandated continuous disclosure documents.

Proposed change #3 - This is for consolidation purposes as disclosure of similar information is required in the issuer's MD&A. See also MD&A Annotation Note #9.

**Risk factors**

- 16. Disclose risk factors relating to your company and its business, such as cash flow and liquidity problems, if any, experience of management, the general risks inherent in the business carried on by your company, environmental and health risks, reliance on personnel, regulatory constraints, economic or political conditions and financial history and any other matter that would be most likely to influence an investor's decision to purchase securities of your company. If there is a risk that securityholders of your company may become liable to make an additional contribution beyond the price of the security, disclose that risk.

*INSTRUCTIONS*

- (1) *Disclose the risks in order of seriousness from the most serious to the least serious.*
- (2) *A risk factor must not be de-emphasized by including, for greater certainty, excessive caveats or conditions.*
- (3) *Consider presenting risk factor disclosure in a manner, such as the tabular form below or any other suitable manner, that clearly identifies, for each risk factor*
  - (a) *the nature of the risk factor,*
  - (b) *its description,*
  - (c) *your company's impact/probability (i.e., its seriousness), and*

(d) your company's risk mitigation strategy relating to it.

### RISK FACTORS

Nature of Risk Factor	Description	Impact / Probability Assessment	Risk Mitigation Strategy
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#### AIF Annotation Note #5 for Instruction (3) to Section 16

##### *Description of proposed change*

We propose to include this instruction to signal explicitly to issuers the option to provide risk factor disclosure (including risk mitigation strategy for each risk factor) in a tabular form or other alternative format and to clarify that the “seriousness” of a risk factor refers to an impact/probability assessment.

##### *Rationale*

The references to risk mitigation strategy and impact/probability assessment in the proposed instruction are consistent with guidance on risk factor disclosure provided in prior CSA staff notices including CSA Multilateral Staff Notice 51-347 *Disclosure of Cyber Security Risks and Incidents* and CSA Staff Notice 51-333 *Environmental Reporting Guidance*, and staff expectations generally.

#### Companies with asset-backed securities outstanding

17. If your company had asset-backed securities outstanding that were distributed under a prospectus, disclose the following information:
- (a) a description of any events, covenants, standards or preconditions that may reasonably be expected to affect the timing or amount of any payments or distributions to be made under the asset-backed securities;
  - (b) for the 3 most recently completed financial years of your company or the lesser period commencing on the first date on which your company had asset-backed securities outstanding, financial disclosure that described the underlying pool of financial assets servicing the asset-backed securities relating to
    - (i) the composition of the pool as of the end of each financial year or partial period,
    - (ii) profit and losses from the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets,
    - (iii) the payment, prepayment and collection experience of the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets,
    - (iv) servicing and other administrative fees, and
    - (v) any variances experienced in the matters referred to in subparagraphs (i) through (iv);
  - (c) if any of the financial disclosure made in accordance with paragraph (b) has been audited, the existence and results of the audit;

- (d) the investment parameters applicable to investments of any cash flow surpluses;
- (e) the amount of payments made during the 3 most recently completed financial years or the lesser period commencing on the first date on which your company had asset-backed securities outstanding, in respect of principal and interest or capital and yield, each stated separately, on the outstanding asset-backed securities of your company;
- (f) the occurrence of any event that has led to, or with the passage of time could lead to, the accelerated payment of principal, interest or capital of asset-backed securities;
- (g) the identity of any principal obligors for the outstanding asset-backed securities of your company, the percentage of the pool of financial assets servicing the asset-backed securities represented by obligations of each principal obligor and whether the principal obligor has filed an AIF in any jurisdiction or a Form 10-K or Form 20-F in the United States.

#### **INSTRUCTIONS**

- (1) Present the information required under paragraph (b) in a manner that enables an investor to easily determine the status of the events, covenants, standards and preconditions referred to in paragraph (a).*
- (2) If the information required under paragraph (b) is not compiled specifically on the pool of financial assets servicing the asset-backed securities, but is compiled on a larger pool of the same assets from which the securitized assets are randomly selected so that the performance of the larger pool is representative of the performance of the pool of securitized assets, your company may comply with paragraph (b) by providing the information required based on the larger pool and disclosing that it has done so.*
- (3) In the case of a new company, where the pool of financial assets servicing the asset-backed securities will be randomly selected from a larger pool of the same assets so that the performance of the larger pool will be representative of the performance of the pool of securitized assets to be created, your company may comply with paragraph (b) by providing the information required based on the larger pool and disclosing that it has done so.*

#### **Companies with mineral projects**

- 18.** Provide the following information for each mineral project on a property material to your company:
- (a) the title, author, and date of the most recent technical report on the property filed in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects*;
  - (b) the location of the project and means of access;
  - (c) the nature and extent of your company's title to or interest in the project, including, for greater certainty, surface rights, obligations that must be met to retain the project, and the expiration date of claims, licences and other property tenure rights;

- (d) the terms of any royalties, overrides, back-in rights, payments or other agreements and encumbrances to which the project is subject;
- (e) to the extent known, any significant factors or risks that might affect access or title, or the right or ability to perform work on, the property, including, for greater certainty, permitting and environmental liabilities to which the project is subject;
- (f) to the extent known, the prior exploration and development of the property, including, for greater certainty, the type, amount, and results of any exploration work undertaken by previous owners, any significant historical estimates, and any previous production on the property;
- (g) the regional, local, and property geology;
- (h) a description of significant mineralized zones encountered on the property, the surrounding rock types and relevant geological controls, and the length, width, depth and continuity of the mineralization together with a description of the type, character and distribution of the mineralization;
- (i) the mineral deposit type or geological model or concepts being applied;
- (j) the nature and extent of all relevant exploration work other than drilling, conducted by or on behalf of your company, including a summary and interpretation of the relevant results;
- (k) the type and extent of drilling and a summary and interpretation of all relevant results;
- (l) a description of sampling and assaying, including
  - (i) sample preparation methods and quality control measures employed before dispatch of samples to an analytical or testing laboratory,
  - (ii) the security measures taken to ensure the validity and integrity of samples taken,
  - (iii) a description of assaying and analytical procedures used and the relationship, if any, of the analytical or testing laboratory to your company, and
  - (iv) quality control measures and data verification procedures, and their results;
- (m) if mineral processing or metallurgical testing analyses have been carried out, a description of the nature and extent of the testing and analytical procedures, and a summary of the relevant results and, to the extent known, a description of any processing factors or deleterious elements that could have a significant effect on potential economic extraction;
- (n) a description of the mineral resources and mineral reserves, if any, including
  - (i) the effective date of the estimates,
  - (ii) the quantity and grade or quality of each category of mineral resources and mineral reserves,

- (iii) the key assumptions, parameters, and methods used to estimate the mineral resources and mineral reserves, and
- (iv) the extent to which the estimate of mineral resources and mineral reserves may be materially affected by metallurgical, environmental, permitting, legal, title, taxation, socio-economic, marketing, political, and other relevant issues;
- (o) for advanced properties,
  - (i) a description of the current or proposed mining methods, including a summary of the relevant information used to establish the amenability or potential amenability of the mineral resources or mineral reserves to the proposed mining methods,
  - (ii) a summary of current or proposed processing methods and reasonably available information on test or operating results relating to the recoverability of the valuable component or commodity,
  - (iii) a description of the infrastructure and logistic requirements for the project,
  - (iv) a description of the reasonably available information on environmental, permitting, and social or community factors related to the project,
  - (v) a summary of capital and operating cost estimates, with the major components set out in tabular form, and
  - (vi) an economic analysis with forecasts of annual cash flow, net present value, internal rate of return, and payback period, unless exempted under Instruction (1) to Item 22 of Form 43-101F1 *Technical Report*;
- (p) a description of your company’s current and contemplated exploration, development, or production activities, and any milestone, including for greater certainty, mine expansion plans, productivity improvements, plans to develop a new deposit, or production decisions, and whether the milestone is based on a technical report filed under National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.

**INSTRUCTION**

*Your company may satisfy the disclosure requirements in this section for each mineral project on a property material to your company by reproducing in the AIF the summary from the technical report, if the summary contains all disclosure required under this section.*

**AIF Annotation Note #6 for Instruction to Section 18**

*Description of proposed change*

We propose to add the words “if the summary contains all disclosure required under this section” and to remove reference to having to “incorporate the detailed disclosure in the technical report into the AIF by reference”.

*Rationale*

This is to clarify that a summary from the technical report may be used to satisfy the disclosure requirements in section 18 only if the summary contains all disclosures required under section 18. This is also to clarify that the technical report is not required to be incorporated by reference.

### **Companies with oil and gas activities**

- 19.** If your company is engaged in oil and gas activities, as defined in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*, all of the following apply:
- (a) in the case of information that, for purposes of Form 51-101F1 *Statement of Reserves Data and Other Oil and Gas Information*, is to be prepared as at the end of a financial year, disclose that information as at your company's most recently completed financial year-end;
  - (b) in the case of information that, for purposes of Form 51-101F1 *Statement of Reserves Data and Other Oil and Gas Information*, is to be prepared for a financial year, disclose that information for your company's most recently completed financial year;
  - (c) include with the disclosure under paragraph (a) a report in the form of Form 51-101F2 *Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor*, on the reserves data included in the disclosure required under paragraph (a);
  - (d) include with the disclosure under paragraph (a) a report in the form of Form 51-101F3 *Report of Management and Directors on Oil and Gas Disclosure* that refers to the information disclosed under paragraph (a);
  - (e) to the extent not reflected in the information disclosed in response to paragraph (a), disclose the information contemplated by Part 6 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* in respect of material changes that occurred after your company's most recently completed financial year-end.

### **Description of capital structure and dividends or distributions policy**

- 20. (1)** Describe your company's capital structure. State the designation of each class of authorized securities, and describe the characteristics of each class of authorized securities, including, for greater certainty, voting rights, provisions for exchange, conversion, exercise, redemption and retraction, dividend rights and rights upon dissolution or winding-up.
- (2)** If there are constraints imposed on the ownership of securities of your company to ensure that your company has a required level of Canadian ownership, describe the mechanism, if any, by which the level of Canadian ownership of the securities is or will be monitored and maintained.
- (3)** If your company has asked for and received a credit rating, or if your company is aware that it has received any other kind of rating, including, for greater certainty, a stability rating or a provisional rating, from one or more credit rating organizations for securities of your company that are outstanding, or will be outstanding, and the rating or ratings continue in effect, disclose the following:
- (a) each rating received from a credit rating organization;

- (b) for each rating disclosed under paragraph (a), the name of the credit rating organization that has assigned the rating;
  - (c) a definition or description of the category in which each credit rating organization rated the securities and the relative rank of each rating within the organization's overall classification system;
  - (d) an explanation of what the rating addresses and what attributes, if any, of the securities are not addressed by the rating;
  - (e) any factors or considerations identified by the credit rating organization as giving rise to unusual risks associated with the securities;
  - (f) a statement that a credit rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the credit rating organization;
  - (g) any announcement made by, or any proposed announcement known to your company that is to be made by, a credit rating organization to the effect that the organization is reviewing or intends to revise or withdraw a rating previously assigned and required to be disclosed under this subsection.
- (4) If payments were, or reasonably will be, made to a credit rating organization that provided a rating described under subsection (3), state that fact and state whether any payments were made to the credit rating organization in respect of any other service provided to your company by the credit rating organization during the last 2 years.
- (5) Disclose your company's current dividend or distribution policy and any intended change in dividend or distribution policy.

#### *INSTRUCTIONS*

- (1) *Subsection (1) may be complied with by providing a summary of the matters referred to in that subsection. The provisions attaching to different classes of securities are not required to be set out in full. As part of the disclosure of the description of capital structure, include the disclosure required under subsection 10.1(1) of National Instrument 51-102 Continuous Disclosure Obligations.*
- (2) *For purposes of paragraph (3)(d), there may be factors relating to a security that are not addressed by a credit rating organization when they give a rating. For example, in the case of cash-settled derivative instruments, factors in addition to the creditworthiness of the issuer, such as the continued subsistence of the underlying interest, or the volatility of the price, value or level of the underlying interest, may be reflected in the rating analysis. Rather than being addressed in the rating itself, these factors may be described by a credit rating organization by way of a superscript or other notation to a rating. Your company must discuss any such attributes as required under paragraph (3)(d).*
- (3) *A provisional rating received before your company's most recently completed financial year is not required to be disclosed under this section.*

## **AIF Annotation Note #7 for Removal of Dividends and Distributions**

### *Description of proposed changes*

1. We propose to remove the following requirements in the Current AIF Form:
  - (a) subsection 6.1(1), which requires disclosure of cash dividends or distributions declared for the 3 most recently completed financial years; and
  - (b) subsection 6.1(2), which requires disclosure of any restrictions on payment of dividends or distributions.
2. We propose to relocate subsection 6.1(3) of the Current AIF Form as subsection 20(5) of this Form.

### *Rationale*

Proposed change #1 – Subsections 6.1(1) and (2) of the Current AIF Form are duplicative of requirements under the accounting standards.

Proposed change #2 – We believe that the information in subsection 6.1(3) of the Current AIF Form remains material and the relocation of the requirement is to allow for a more logical flow of requirements.

## **Market for securities**

21. (1) For each class of securities of your company that is traded or quoted on a Canadian or foreign marketplace for which your company has applied for and received a listing, identify all such marketplaces.
- (2) If a Canadian marketplace is not identified under subsection (1) in respect of a class of securities of your company, but one or more foreign marketplaces are identified under subsection (1) in respect of that class, identify the foreign marketplace on which the greatest volume of trading or quotation generally occurs and provide either of the following in respect of that class:
  - (a) the price ranges and volume traded or quoted on a monthly basis for each month or, if applicable, partial months of the most recently completed financial year;
  - (b) the address of the website or other publicly available source where the information required under paragraph (a) can be found.

## **AIF Annotation Note #8 for Section 21**

### *Description of proposed changes*

1. With respect to subsection 21(1), we propose to
  - remove the requirement in subsection 8.1(1) of the Current AIF Form to identify the price ranges and volume traded or quoted on a Canadian marketplace, and
  - require the identification of all Canadian and foreign marketplaces on which the issuer has applied for and received a listing.
2. With respect to subsection 21(2), we propose to revise the requirements in subsections 8.1(2) and 8.1(3) of the Current AIF Form so that disclosure is only required if a Canadian marketplace is not identified in respect of a class of securities and the issuer has applied for and received a listing on a foreign marketplace.
3. We propose to add paragraph 21(2)(b) so that if information required under paragraph 21(2)(a) is available through a publicly available source, the issuer can identify that source instead.

### *Rationale*

Proposed change #1 –

- Investors would be able to locate the pricing and trading volume information easily from the Canadian marketplaces themselves.
- Issuers are able to easily identify Canadian and foreign marketplaces on which the issuer has applied for and received a listing and this information may be beneficial for investors to determine where they can trade securities of the issuer.

Proposed change #2 - We are of the view that an issuer should not be required to include disclosure for marketplaces where it has not taken formal steps to list its securities, particularly where the issuer is unaware its securities might be traded or quoted on such marketplaces.

Proposed change # 3 - If an issuer identifies the publicly available source, investors would be able to access this information themselves.

### **AIF Annotation Note #9 for Removal of *Prior Sales***

#### *Description of proposed change*

We propose to remove section 8.2 *Prior Sales* of the Current AIF Form, which requires disclosure of prior sales of securities of the issuer during the most recently completed financial year.

#### *Rationale*

This information is typically available in other disclosure made by the issuer, such as the MD&A or publicly available Form 45-106F1 *Report of Exempt Distribution*, where the issuer has filed such forms in connection with private placements.

### **Escrowed securities and securities subject to contractual restriction on transfer**

22. (1) State, in substantially the following tabular form, the number of securities of each class of your company held, to your company’s knowledge, in escrow or that are subject to a contractual restriction on transfer, and the percentage that number represents of the outstanding securities of that class for your company’s most recently completed financial year.

#### **ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER**

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class

- (2) In a note to the table, disclose the name of the depository, if any, and the date of and conditions governing the release of the securities from escrow or the date the contractual restriction on transfer ends, as applicable.

#### *INSTRUCTIONS*

- (1) *For the purposes of this section, “escrow” includes securities subject to a pooling agreement.*
- (2) *For the purposes of this section, information in respect of securities subject to contractual restrictions on transfer as a result of pledges made to lenders is not required to be disclosed.*

## **Directors and executive officers – general**

- 23. (1)** List the name, province or state, and country of residence of each director and executive officer of your company and indicate their respective positions and offices held with your company and their respective principal occupations during the 5 years before the date of the AIF.
- (2)** State the period or periods during which each director has served as a director and when his or her term of office will expire.
- (3)** State the number and percentage of securities of each class of voting securities of your company or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by all directors and executive officers of your company as a group.
- (4)** Identify the members of each committee of the board.
- (5)** If the principal occupation of a director or executive officer of your company is acting as an officer of a person or company other than your company, disclose that fact and state the principal business of the person or company.

### *INSTRUCTION*

*For the purposes of subsection (3), securities of subsidiaries of your company that are beneficially owned, or controlled or directed, directly or indirectly, by directors or executive officers through ownership, or control or direction, directly or indirectly, over securities of your company, are not required to be included.*

## **Cease trade orders, bankruptcies, penalties or sanctions**

- 24. (1)** If a director or executive officer of your company is, as at the date of the AIF, or was within 10 years before the date of the AIF, a director, chief executive officer or chief financial officer of any company (including, for greater certainty, your company) that was subject to any of the following, state that fact and describe the basis on which the order was made and whether the order is still in effect:
  - (a)** an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer;
  - (b)** an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.
- (2)** For the purposes of subsection (1), “order” means any of the following:
  - (a)** a cease trade order;
  - (b)** an order similar to a cease trade order;
  - (c)** an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

- (3) State if any of the following apply to a director or executive officer of your company, or a shareholder holding a sufficient number of securities of your company to affect materially the control of your company:
- (a) the person is, as at the date of the AIF, or has been within the 10 years before the date of the AIF, a director or executive officer of any company (including, for greater certainty, your company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
  - (b) the person or company has, within the 10 years before the date of the AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.
- (4) Describe the penalties or sanctions imposed and the grounds on which they were imposed, or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a director or executive officer of your company, or a shareholder holding a sufficient number of securities of your company to affect materially the control of your company, has been subject to any:
- (a) penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has, within the 10 years before the date of the AIF, entered into a settlement agreement with a securities regulatory authority and

**AIF Annotation Note #10 for Paragraph 24(4)(a)**

*Description of proposed change*

We propose to revise paragraph 10.2(2)(a) of the Current AIF Form and delete subsection 10.2(3) of the Current AIF Form in order to reduce the look back relating to the requirement to disclose any settlement agreements entered into with a securities regulatory authority by directors, officers or significant shareholders to a 10-year period.

*Rationale*

We are of the view that the cost of disclosing settlement agreements entered into with a securities regulatory authority by directors, officers or significant shareholders which dates back more than 10 years may outweigh the benefits investors will obtain from the information.

- (b) other penalties or sanctions imposed by a court or regulatory body that would likely be considered material to a reasonable investor in making an investment decision.

**INSTRUCTIONS**

- (1) *Your company must disclose all individual cease trade orders and bankruptcies required under subsections (1) and (3), and all penalties, sanctions and settlement agreements required under paragraph (4)(a), because they are material.*

- (2) *The disclosure required under subsections (1), (3) and (4) also applies to any personal holding companies of any of the persons referred to in subsections (1), (3) and (4).*
- (3) *A management cease trade order which applies to directors or executive officers of a company is an “order” for the purposes of paragraph (1)(a) and must be disclosed, whether or not the director, chief executive officer or chief financial officer was named in the order.*
- (4) *Paragraph (1)(a) applies only if the director or executive officer was a director, chief executive officer or chief financial officer when the order was issued against the company. Your company is not required to provide disclosure if the director or executive officer became a director, chief executive officer or chief financial officer after the order was issued.*
- (5) *A late filing fee, such as a filing fee that applies to the late filing of an insider report, is not considered to be a “penalty or sanction”.*

### **Promoters**

- 25.** For a person or company that has been, within the 2 most recently completed financial years or during the current financial year, a promoter of your company or of a subsidiary of your company, state
- (a) the person or company’s name, and
  - (b) the number and percentage of each class of voting securities and equity securities of your company or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly.

### **Legal proceedings**

- 26. (1)** Describe any legal proceedings your company is or was a party to, or that any of its property is or was the subject of, during your company’s most recently completed financial year.
- (2)** Describe any such legal proceedings your company knows to be contemplated.
- (3)** For each proceeding described under subsections (1) and (2), include the name of the court or agency, the date instituted, the principal parties to the proceeding, the nature of the claim, the amount claimed, if any, whether the proceeding is being contested, and the present status of the proceeding.

### **INSTRUCTION**

*Your company is not required to include information with respect to any proceeding that involves a claim for damages if the amount involved, exclusive of interest and costs, does not exceed 10% of the current assets of your company. However, if any proceeding presents in large degree the same legal and factual issues as other proceedings pending or known to be contemplated, your company must include the amount involved in the other proceedings in computing the percentage.*

### **Regulatory actions**

- 27.** Describe any

- (a) penalties or sanctions imposed against your company by a court relating to securities legislation or by a securities regulatory authority during your financial year,
- (b) other penalties or sanctions imposed by a court or regulatory body against your company, and
- (c) settlement agreements your company entered into before a court relating to securities legislation or with a securities regulatory authority during your financial year.

## *INSTRUCTIONS*

- (1) Your company must disclose all penalties, sanctions and settlement agreements required under paragraphs (a) and (c), because they are material.*
- (2) A late filing fee, such as a filing fee that applies to the late filing of an insider report, is not considered to be a "penalty or sanction".*

## **Interest of management, promoters and others in transactions and other conflicts of interest**

- 28. (1)** Describe, and state the approximate amount of, any interest, direct or indirect, of any of the following persons or companies in any transaction within the 3 most recently completed financial years or during the current financial year that has affected or is reasonably expected to affect your company:
- (a) a director or executive officer of your company;
  - (b) a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 % of any class or series of your outstanding voting securities;
  - (c) an associate or affiliate of any of the persons or companies referred to in paragraph (a) or (b).
- (2)** For any transaction identified under subsection (1), provide a brief description of the transaction that includes the name of each person or company whose interest in the transaction is described and the nature of the relationship to your company.
- (3)** For any transaction identified under subsection (1) involving the purchase or sale of assets by or to your company or a subsidiary of your company, state the cost of the assets to the purchaser, and the cost of the assets to the seller if acquired by the seller within 3 years before the transaction.
- (4)** Unless disclosed under subsection (1), disclose particulars of existing or potential conflicts of interest between your company or a subsidiary of your company and any director or officer of your company or of a subsidiary of your company.
- (5)** For each promoter identified under section 25, state the following:
- (a) the nature and amount of anything of value, including, for greater certainty, money, property, contracts, options or rights of any kind received or to be received by the promoter directly or indirectly from your company or from a subsidiary of your company,

and the nature and amount of any assets, services or other consideration received or to be received by your company or a subsidiary of your company in return;

- (b) for an asset acquired within the 2 most recently completed financial years or during the current financial year, or an asset to be acquired, by your company or by a subsidiary of your company from a promoter
  - (i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined,
  - (ii) the person or company making the determination referred to in subparagraph (i) and the person or company's relationship with your company, the promoter, or an associate or affiliate of your company or of the promoter, and
  - (iii) the date at which the asset was acquired by the promoter and the cost of the asset to the promoter.

### *INSTRUCTIONS*

- (1) *For purposes of subsection (1), the materiality of the interest is to be determined in light of all the circumstances of the particular case, including, for greater certainty, the amount and the percentage of the interest, the relationship of the parties to the transaction with each other and the value of the transaction.*
- (2) *Section 28 does not apply to any interest arising from the ownership of securities of your company if the securityholder receives no extra or special benefit or advantage not shared on an equal basis by all other holders of the same class of securities or all other holders of the same class of securities who are resident in Canada.*
- (3) *Your company is not required to include information under this section for a transaction if any of the following apply:*
  - (a) *the rates or charges involved in the transaction are fixed by law or determined by competitive bids;*
  - (b) *the interest of a specified person or company in the transaction is solely that of a director of another company that is a party to the transaction;*
  - (c) *the transaction involves services as a bank or other depository of funds, a transfer agent, registrar, trustee under a trust indenture or other similar services;*
  - (d) *the transaction does not involve remuneration for services and the interest of the specified person or company arose from the beneficial ownership, for greater certainty, direct or indirect, of less than 10% of any class of equity securities of another company that is party to the transaction and the transaction is in the ordinary course of business of your company or your company's subsidiaries.*
- (4) *For the purposes of subsection (2), your company must describe all transactions not excluded by instruction (3) that involve remuneration (including, for greater certainty, an issuance of securities), directly or indirectly, to any of the specified persons or companies for services in any capacity unless the interest of the person or company arises solely from the beneficial ownership,*

*for greater certainty, direct or indirect, of less than 10% of any class of equity securities of another company furnishing the services to your company or your company's subsidiaries.*

#### **AIF Annotation Note #11 for Section 28**

##### *Description of proposed change*

We propose to combine the following sections of the Current AIF Form into one section:

- section 10.3 *Conflicts of Interest*
- section 11.1 *Promoters*
- section 13.1 *Interest of Management and Others in Material Transactions* and instruction (iii) to section 13.1

##### *Rationale*

This is to address, on a centralized basis, all relevant actual or potential self-dealing and conflict matters involving the issuer, its management, its promoters and others.

#### **AIF Annotation Note #12 for Removal of *Transfer Agents and Registrars***

##### *Description of proposed change*

We propose to remove Item 14 *Transfer Agents and Registrars* of the Current AIF Form, which requires disclosure of the issuer's transfer agents, registrars and the location of the registers of transfers.

##### *Rationale*

This information is already required to be disclosed in each issuer's SEDAR profile. We also note that transfer agent and share registry services are almost always provided by one entity (i.e., the "transfer agent").

#### **Material contracts**

**29. (1)** Give particulars of the following:

- (a) any material contract required to be filed under section 12.2 of the National Instrument 51-102 *Continuous Disclosure Obligations* at the time this AIF is filed, as required under section 12.3 of that Instrument;
  - (b) any material contract that would be required to be filed under section 12.2 of the National Instrument 51-102 *Continuous Disclosure Obligations* at the time this AIF is filed, as required under section 12.3 of that Instrument, but for the fact that it was previously filed.
- (2)** Present a complete list of all contracts for which particulars must be given in accordance with this section, indicating where the particulars are disclosed.

#### **INSTRUCTIONS**

- (1) *Your company must give particulars of any material contract that was entered into within the last financial year or before the last financial year if the contract is still in effect, and that is required to be filed under section 12.2 of National Instrument 51-102 Continuous Disclosure Obligations or would be required to be filed under section 12.2 of that Instrument but for the fact that it was previously filed. For the purposes of paragraph (1)(b), if those particulars have been provided in*

*one of your company's prior AIFs or prospectuses and remain current, your company may incorporate by reference that previous disclosure to satisfy this requirement.*

#### **AIF Annotation Note #13 for Instruction (1) to Section 29**

##### *Description of proposed change*

We propose to add the last sentence of this instruction so that issuers can incorporate by reference material contract particulars if they have been provided in a previous AIF or prospectus of the issuer and such disclosure remains current.

##### *Rationale*

This would reduce burden as issuers would not have to repeat information that is already disclosed elsewhere.

- (2) *Particulars of contracts must include the dates of, parties to, consideration provided for in, and general nature and terms of, the contracts.*

#### **Interests of experts**

##### **30. (1)** Name each person or company

- (a) who is named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made under National Instrument 51-102 *Continuous Disclosure Obligations* by your company during, or relating to, your company's most recently completed financial year, and
  - (b) whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company.
- (2) Disclose all of the following registered or beneficial interests, for greater certainty, direct or indirect, in any securities or other property of your company or of one of your associates or affiliates:
- (a) registered or beneficial interests held by an expert named under subsection (1) and, if the expert is not an individual, by the designated professionals of that expert, when that expert prepared the report, valuation, statement or opinion referred to in paragraph (1)(a);
  - (b) registered or beneficial interests received by an expert named under subsection (1) and, if the expert is not an individual, by the designated professionals of that expert, after the time specified in paragraph (2)(a);
  - (c) registered or beneficial interests to be received by an expert named under subsection (1) and, if the expert is not an individual, by the designated professionals of that expert.
- (3) If a person or a director, officer or employee of a person or company referred to in subsection (2) is or is expected to be elected, appointed or employed as a director, officer or employee of your company or of any associate or affiliate of your company, disclose the fact or expectation.

#### **INSTRUCTIONS**

- (1) *Subsection (2) does not apply to*

- (a) *auditors of a business acquired by your company provided they have not been or will not be appointed as your company's auditor subsequent to the acquisition, and*
  - (b) *your company's predecessor auditors, if any, for periods when they were not your company's auditor.*
- (2) *Subsection (2) does not apply to registered or beneficial interests, for greater certainty, direct or indirect, held through mutual funds.*
- (3) *For the purposes of subsection (2), a "designated professional" means, in relation to an expert named under subsection (1),*
- (a) *each partner, employee or consultant of the expert who participated in and who was in a position to directly influence the preparation of the report, valuation, statement or opinion referred to in paragraph (1)(a), and*
  - (b) *each partner, employee or consultant of the expert who was, at any time during the preparation of the report, valuation, statement or opinion referred to in paragraph (1)(a), in a position to directly influence the outcome of the preparation of the report, valuation, statement or opinion, including, for greater certainty,*
    - (i) *any person who recommends the compensation of, or who provides direct supervisory, management or other oversight of, the partner, employee or consultant in the performance of the preparation of the report, valuation, statement or opinion referred to in paragraph (1)(a), including, for greater certainty, those at all successively senior levels through to the expert's chief executive officer,*
    - (ii) *any person who provides consultation regarding technical or industry-specific issues, transactions or events for the preparation of the report, valuation, statement or opinion referred to in paragraph (1)(a), and*
    - (iii) *any person who provides quality control for the preparation of the report, valuation, statement or opinion referred to in paragraph (1)(a).*
- (4) *For the purposes of subsection (2), if the person's or company's interest in the securities represents less than 1% of your company's outstanding securities of the same class, a general statement to that effect is sufficient.*
- (5) *Despite subsection (2), an auditor who is independent in accordance with the auditor's rules of professional conduct in a jurisdiction of Canada or who has performed an audit in accordance with U.S. PCAOB GAAS or U.S. AICPA GAAS is not required to provide the disclosure required under subsection (2) if there is disclosure that the auditor is independent in accordance with the auditor's rules of professional conduct in a jurisdiction of Canada or that the auditor has complied with the SEC's rules on auditor independence.*

**AIF Annotation Note #14 for Instructions (3), (4) and (5) to Section 30**

*Description of proposed change*

We propose to relocate subsections 16.2(1.1), 16.2(2) and 16.2(2.1) of the Current AIF Form to instructions (3), (4) and (5).

*Rationale*

We are of the view that these items are more in the nature of instructions rather than substantive requirements.

**Additional information**

- 31.** If your company is required to distribute a Form 51-102F5 *Information Circular* to any of its securityholders, include a statement that additional information, including, for greater certainty, directors' and officers' remuneration and indebtedness, directors' principal occupation, principal holders of your company's securities and securities authorized for issuance under equity compensation plans, as applicable, is contained in your company's information circular for its most recent annual meeting of securityholders that involved the election of directors.

*INSTRUCTION*

*If your company is not a venture issuer you must provide additional information in its AIF as set out in Form 52-110F1 Audit Committee Information Required in an Annual Information Form.*

**Additional disclosure for companies not sending information circulars**

- 32.** If either of the following applies to your company, disclose in the AIF the information required under Items 6, 7, 9, 10, 12 and 13 of Form 51-102F5 *Information Circular*, as modified below:
- (a) your company is not required to send a Form 51-102F5 *Information Circular* to any of its securityholders;
  - (b) your company is required to send a Form 51-102F5 *Information Circular* to its securityholders but has not filed such document within the past 12 months of the date of the AIF.

<u>Form 51-102F5 Reference</u>	<u>Modification</u>
Item 6 - Voting Securities and Principal Holders of Voting Securities	Include the disclosure specified in section 6.1 without regard to the phrase “entitled to be voted at the meeting”. Do not include the disclosure specified in sections 6.2, 6.3 and 6.4. Include the disclosure specified in section 6.5.
Item 7 – Election of Directors	Disregard the preamble of section 7.1. Include the disclosure specified in section 7.1 without regard to the word “proposed” throughout. Do not include the disclosure specified in section 7.3.
Item 9 – Securities Authorized for Issuance under Equity Compensation Plans	Disregard subsection 9.1(1).
Item 10 – Indebtedness of Directors and Executive Officers	Include the disclosure specified throughout; however, replace the phrase “date of the information circular” with “date of the AIF” throughout. Disregard paragraph 10.3(a).
Item 12 – Appointment of Auditor	Name the auditor. If the auditor was first appointed within the last 5 years, state the date when the auditor was first appointed.

#### **AIF Annotation Note #15 for Section 32**

##### *Description of proposed change*

We propose to remove the requirement to disclose executive compensation under Item 8 of Form 51-102F5 *Information Circular*.

##### *Rationale*

This requirement is duplicative. For issuers that are required to send an information circular but have not yet done so, this information is required under subsection 9.3.1(2.2) of NI 51-102. For issuers that are not required to send an information circular, this information is required under section 11.6 of NI 51-102.

22. **Form 51-102F2 ANNUAL INFORMATION FORM is replaced with the following form:**

**“FORM 51-102F2  
INTERIM DISCLOSURE STATEMENT**

*GENERAL INSTRUCTIONS*

**General Instructions Annotation Note #1**

*Description of proposed change*

We propose to relocate and reorganize applicable general instructions for the current Form 51-102F1 *Management’s Discussion & Analysis (Current MD&A Form)* and the current Form 51-102F2 *Annual Information Form (Current AIF Form)* as general instructions for the interim disclosure statement form (the **Form**).

*Rationale*

The Current MD&A Form and the Current AIF Form contain general instructions which are applicable to the interim disclosure statement. In some cases, the instructions are duplicative. Relocating and reorganizing these instructions as general instructions for this Form would allow for the consolidation or elimination of overlapping instructions.

- (1) *An interim disclosure statement is required to be filed for each interim period under Part 3A of National Instrument 51-102 Continuous Disclosure Obligations. The interim disclosure statement is intended to provide a comprehensive overview of changes and updates in your company's business, financial performance, financial condition and cash flows since the end of the last annual reporting period.*

*The interim disclosure statement is comprised of 2 parts:*

- *Part 1 – Interim financial report*

*An interim financial report required to be filed under section 4.3 of National Instrument 51-102 Continuous Disclosure Obligations.*

- *Part 2 – Management’s discussion and analysis*

*A management’s discussion and analysis (MD&A) relating to your company’s interim financial report required to be filed under sections 5.1 and 5.2 of National Instrument 51-102 Continuous Disclosure Obligations.*

- (2) *The word “company” is used in this Form for simplicity and readability of the Form. Wherever this Form uses the word “company”, that term means an issuer, other than an investment fund issuer, regardless of the issuer’s form of organization.*
- (3) *The disclosure in the interim disclosure statement is supplemented throughout the year by continuous disclosure filings including, for greater certainty, news releases, material change reports and business acquisition reports. Disclose in your company’s interim disclosure*

*statement that additional information relating to your company may be found on SEDAR at [www.sedar.com](http://www.sedar.com).*

- (4) *If a term is used but not defined in this Form or Part 1 of National Instrument 51-102 Continuous Disclosure Obligations, refer to National Instrument 14-101 Definitions.*
- (5) *This Form uses accounting terms that are defined or used in Canadian GAAP applicable to publicly accountable enterprises.*
- (6) *This Form uses the term “financial condition”. Financial condition reflects the overall health of your company and includes its financial position (as shown on the statement of financial position) and other factors that may affect its liquidity, capital resources and solvency.*
- (7) *This Form uses the term “financial performance”. Financial performance reflects the level of performance of your company over a specified period of time, expressed in terms of profit or loss and other comprehensive income during that period.*

**General Instructions Annotation Note #2 for Instruction (7)**

*Description of proposed change*

We propose to add this instruction to provide a description of the term “financial performance”.

*Rationale*

This is to provide clarity for issuers when they are assessing the nature and extent of the disclosure required by this Form.

- (8) *Your company is not required to repeat information disclosed elsewhere in the interim disclosure statement. If disclosure in the interim disclosure statement refers explicitly or implicitly to disclosure in another section of the interim disclosure statement, include a reference to the other disclosure. Repeat the information disclosed in the financial statements to which the MD&A relates if it assists with an understanding of the information included in the MD&A.*

**General Instructions Annotation Note #3 for Instruction (8)**

*Description of proposed change*

We propose to add the second and third sentences of this instruction.

*Rationale*

This is to clarify that while repeating information disclosed elsewhere is not necessary, it is important to include a reference to the other disclosure so that investors can easily locate it and to repeat information from the financial statements in the MD&A if it assists with an understanding of the MD&A disclosure.

- (9) *Your company may use innovative approaches to disclosure (including, for greater certainty, use of hyperlinks to reference a disclosure in the interim disclosure statement and creative use of charts, tables and graphs) in a manner consistent with the requirements of this Form and other applicable requirements of securities legislation.*

#### **General Instructions Annotation Note #4 for Instruction (9)**

##### *Description of proposed change*

We propose to add this instruction and add guidance in Companion Policy 51-102CP *Continuous Disclosure Obligations* (**Companion Policy**) regarding what we mean by “innovative”.

##### *Rationale*

This is to clarify that issuers may use innovative disclosure approaches consistent with CSA formatting requirements (for example, while embedded video is not acceptable, hyperlinks and creative use of charts, tables and graphs are encouraged if they assist with readability) to prepare disclosure that reduces burden for them and is most meaningful for their business.

- (10) *Your company may include a table of contents for the interim disclosure statement. The table of contents may be a hyperlinked version.*

#### **General Instructions Annotation Note #5 for Instruction (10)**

##### *Description of proposed change*

We propose to add this instruction.

##### *Rationale*

This is to encourage the use of tools to facilitate navigation, searchability and online readability.

## **PART 1 INTERIM FINANCIAL REPORT**

### **Interim financial report**

1. Include an interim financial report meeting the requirements of Part 4 of National Instrument 51-102 *Continuous Disclosure Obligations*.

## **PART 2 MANAGEMENT’S DISCUSSION AND ANALYSIS**

### **GENERAL INSTRUCTIONS FOR PART 2**

- (1) *An MD&A under this Part is a narrative explanation, provided through the eyes of management, of how your company performed during the period covered by the financial statements and of its financial condition and future prospects. The MD&A complements your company's financial statements, but does not form part of them.*

*The objective of the MD&A is to supplement your company’s overall financial disclosure by giving a balanced discussion of its financial condition, financial performance and cash flows, openly reporting bad news as well as good news. The MD&A must*

- (iii) *help investors understand what the financial statements show and do not show, and*
- (iv) *provide information about the quality and potential variability of your company's profit or loss and cash flows to assist investors in determining if past performance will likely be indicative of future performance.*

#### **MD&A Annotation Note #1 for General Instruction (1)**

##### *Description of proposed change*

We propose to add the term “cash flows” to the second paragraph of this instruction and re-arrange the order of “financial performance and financial condition” to “financial condition, financial performance, and cash flows”.

##### *Rationale*

This is to allow for a complete and consistent presentation of the issuer's financial disclosure requirements.

- (2) *In preparing the information required under Part 2 of this Form, your company must take into account information available up to the date of filing so that the MD&A is not misleading when filed.*
- (3) *Focus your company's disclosure on material information. Your company is not required to disclose information that is not material. You must exercise judgment when you determine whether information is material in respect of your company. Would a reasonable investor's decision whether or not to buy, sell or hold securities in your company likely be influenced or changed if the information in question was omitted or misstated? If so, the information is likely material.*

#### **MD&A Annotation Note #2 for Instruction (3)**

##### *Description of proposed change*

We propose to generally remove materiality qualifiers included in specific disclosure requirements in the Current MD&A Form and the Current AIF Form such as “material”, “significant”, “critical”, “major” and “fundamental” and have all disclosure requirements in the interim disclosure statement subject to the qualification that issuers are to focus on material information as set out in instruction (3). We propose to retain materiality qualifiers in a disclosure requirement where the materiality qualifier is part of a defined term (such as significant acquisition) or reflects a term used in our prospectus rules.

##### *Rationale*

Currently, there are materiality qualifiers in certain disclosure requirements in the Current MD&A Form and the Current AIF Form, but not in others and the rationale for that is not always clear. In addition, as noted above, there are a variety of materiality qualifiers used and it is not always clear if the terms are to be interpreted differently. The proposed change is to reduce uncertainty resulting from the absence of a materiality qualifier in certain requirements and the use of a materiality qualifier other than “material”

and to simplify requirements by generally using one materiality qualifier that all disclosure requirements are subject to.

- (4) *If your company has mineral projects, the disclosure must comply with National Instrument 43-101 Standards of Disclosure for Mineral Projects, including, for greater certainty, the requirement that all scientific and technical disclosure be based on a technical report or other information prepared by or under the supervision of a qualified person.*
- (5) *If your company has oil and gas activities, the disclosure must comply with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.*
- (6) *The numbering and ordering of sections included in Part 2 of this Form are intended as guidelines only. Your company is not required to include the numbering or follow the order of sections in Part 2 of this Form. Your company is not required to respond to any section in Part 2 of this Form that is inapplicable, and your company may omit negative answers.*
- (7) *Your company may incorporate information required to be included under Part 2 of this Form by referencing another document filed on its SEDAR profile, other than a prior MD&A. If incorporating by reference, your company must clearly identify the document or any excerpt of it in the text that incorporates it. Unless your company has already filed under its SEDAR profile the referenced document or excerpt, including, for greater certainty, any documents incorporated by reference into the document or excerpt, your company must file it with the interim disclosure statement. Your company must also disclose that the referenced document is on SEDAR at [www.sedar.com](http://www.sedar.com).*
- (8) *If an acquisition is a reverse takeover, the MD&A must be based on the reverse takeover acquirer's financial statements.*

## **Date**

2. Specify the date of the interim MD&A.

## **Interim MD&A**

- 3.(1) The interim MD&A must update the annual MD&A for all disclosure required under Part 2 of Form 51-102F1 *Annual Disclosure Statement*.
- (2) The disclosure in the interim MD&A must include
  - (a) a discussion and analysis of
    - (i) your company's current quarter and year-to-date results, including, for greater certainty, a comparison of financial performance to the corresponding periods in the previous year,
    - (ii) a comparison of your company's cash flows to the corresponding period in the previous year,
    - (iii) changes in your company's financial condition, financial performance and cash flows, that are not related to ongoing business operations, and

**MD&A Annotation Note #3 for Subparagraph 3(2)(a)(iii)**

*Description of proposed change*

We propose to add the words “financial condition” and “cash flows” to this requirement.

*Rationale*

This is to allow for a complete and consistent presentation of the issuer’s financial disclosure requirements.

- (iv) any seasonal aspects of your company’s business that affect its financial position, financial performance or cash flows, and
- (b) a comparison of your company’s interim financial condition to its financial condition as at its most recently completed financial year-end.
- (3) Despite subparagraph (2)(a)(i), your company is not required to include the comparison of the financial performance of your company’s current quarter results to the corresponding period in the previous year if your company’s discussion and analysis of the current quarter results includes a comparison of financial performance to the immediately preceding quarter and that comparison is suitable for comparative purposes.
- (4) If the alternative comparison referred to in subsection (3) is used, provide
  - (a) in the MD&A,
    - (i) summary financial information for the immediately preceding quarter or include a reference to the location of that information, and
    - (ii) a discussion of the reasons for using the alternative comparison or include a reference to the location of that information, and
  - (b) comparisons to the immediately preceding quarter and the corresponding period in the previous year when the alternative comparison is first used.

**MD&A Annotation Note #4 for Subsections 3(3) and 3(4) and Instruction (4) to Section 3**

*Description of proposed change*

We propose to add these provisions to allow issuers to compare the financial performance of their current quarter with the immediately preceding quarter, where appropriate, rather than to the corresponding period in the previous year. An issuer that elects to use this option will need to provide summary financial information of that immediately preceding quarter or include a reference to the location of that information. The issuer will also need to discuss reasons for changing the basis of comparison.

We also propose to add instruction (4) to explain that this option would not be appropriate where the issuer’s business is seasonal.

*Rationale*

This is to allow issuers additional flexibility to provide an analysis that they believe is most relevant to an understanding of their performance while also ensuring that investors have appropriate information to assess the comparisons being presented.

#### *INSTRUCTIONS*

- (1) *For the purposes of subparagraph (2)(a)(i) and subsection (3), consider presenting the current quarter with greater prominence than the comparison period.*
- (2) *For the purposes of paragraph (2)(b), assume investors have access to your company's annual MD&A. Your company is not required to duplicate the discussion and analysis of financial condition in its annual MD&A. For example, if economic and industry factors are unchanged, your company may make a statement to this effect.*
- (3) *In discussing your company's financial condition, financial performance or cash flows for an interim period, disclose changes in specified contractual obligations during the interim period.*
- (4) *For purposes of subsection (3), consider whether it would be appropriate to include a comparison of financial performance to the immediately preceding quarter as an alternative to the corresponding period in the previous year if the latter comparison is not suitable for comparative purposes. A comparison of financial performance to the immediately preceding quarter is not suitable for comparative purposes when a company's business is seasonal.*
- (5) *The disclosure required under sections 8 and 10 of Form 51-102F1 Annual Disclosure Statement is only required for your company's most recent year-to-date interim period and its corresponding comparative year-to-date interim period.*
- (6) *An interim MD&A is not required for your company's fourth quarter (see section 4 of Form 51-102F1 Annual Disclosure Statement).*
- (7) *Your company's annual MD&A is not required to include all the information required under Part 2 of Form 51-102F1 Annual Disclosure Statement if it was a venture issuer as at the end of its last financial year. If your company ceased to be a venture issuer during the interim period, it is not required to restate the MD&A previously filed. Instead, provide the disclosure for the additional sections in Part 2 of Form 51-102F1 Annual Disclosure Statement that it was exempt from as a venture issuer in its next interim MD&A filed. Base the disclosure for those sections on its interim financial report.*

#### **Quarterly highlights**

- 4.(1)** If your company is a venture issuer, it has the option of meeting the requirements under section 3 by instead providing a short discussion about its business, financial condition, financial performance, and cash flows.
- (2) If the interim MD&A is prepared using quarterly highlights under subsection (1), discuss
  - (a) your company's financial condition, financial performance and cash flows and any factors that have caused period to period variations in those measures,
  - (b) known trends, risks or demands,

- (c) significant operating milestones,
  - (d) commitments, expected or unexpected events, or uncertainties that have affected its operations, liquidity and capital resources in the interim period or are reasonably likely to affect them in the future,
  - (e) any changes from disclosure previously made about how it was going to use proceeds from any financing and an explanation of variances,
  - (f) any transactions between related parties, and
  - (g) the effects resulting from a change to its accounting policies during the interim period.
- (3) Title the quarterly highlights, “Interim MD&A – Quarterly Highlights”.

#### **INSTRUCTIONS**

- (1) *Provide a short, focused discussion that gives a balanced and accurate picture of your company’s business during the interim period. The purpose of the quarterly highlights is to provide a brief narrative update about your company’s business, financial condition, financial performance and cash flows. While summaries are to be clear and concise, they are subject to the normal prohibitions against false and misleading statements.*
- (2) *Quarterly highlights are not required for your company’s fourth quarter as relevant fourth quarter content will be contained in its annual MD&A (see section 4 of Form 51-102F1 Annual Disclosure Statement).*

#### **MD&A Annotation Note #5 for Instructions to Sections 3 and 4**

##### *Description of proposed change*

We propose to eliminate instruction (i) to sections 2.2 and 2.2.1 in the Current MD&A Form, which requires that an issuer’s first interim MD&A after becoming a reporting issuer contains all disclosure required under Item 1 of the Current MD&A Form.

##### *Rationale*

An issuer filing its first interim MD&A after becoming a reporting issuer would be able to rely on the previous annual MD&A included in a long-form prospectus, information circular, filing statement, listing statement or other similar document. The requirement that the interim MD&A update the annual MD&A would provide sufficient information to investors.

#### **Other interim MD&A requirements**

- 5. Include in the interim MD&A the disclosure required under National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings* and, as applicable, the disclosure required under Form 52-109F2 *Certification of Interim Filings – Full Certificate* or Form 52-109F2R *Certification of Refiled Interim Filings*.

23. *Section 16.1 of Form 51-102F5 INFORMATION CIRCULAR is amended by replacing "financial statements and MD&A" with "annual disclosure statement, interim disclosure statements, annual financial statements, interim financial reports and management reports of fund performance relating to the financial statements".*

**Transition – general**

24. (1) In this section, "issuer's effective date" means, in relation to an issuer, the earlier of
- (a) the date the issuer is required to file an annual disclosure statement for its first financial year ending on or after **[December 15, 2023]**, and
  - (b) the date, on or after **[December 15, 2023]**, the issuer files an annual disclosure statement or an interim disclosure statement.
- (2) The provisions of National Instrument 51-102 *Continuous Disclosure Obligations*, as amended by this Instrument, do not apply to an issuer until the issuer's effective date.
- (3) Until the issuer's effective date, an issuer must comply with National Instrument 51-102 *Continuous Disclosure Obligations* as it read on **[December 14, 2023]**.

**Transition – interim disclosure statements**

25. Despite subsection 24(2), if an issuer files an interim disclosure statement under National Instrument 51-102 *Continuous Disclosure Obligations*, as amended by this Instrument, and the issuer has not filed an MD&A under Part 2 of Form 51-102F1 *Annual Disclosure Statement*, as enacted by this Instrument, the issuer must include in the interim disclosure statement an MD&A prepared in accordance with Part 2 of Form 51-102F1 *Annual Disclosure Statement* as enacted by this Instrument.

**Effective date**

26. This Instrument comes into force on **[December 15, 2023]**.

## ANNEX B

### PROPOSED CHANGES TO COMPANION POLICY 51-102CP TO NATIONAL INSTRUMENT 51-102 *CONTINUOUS DISCLOSURE OBLIGATIONS*

1. *Companion Policy 51-102CP to National Instrument 51-102 Continuous Disclosure Obligations is changed by this Document.*
2. *Subsection 1.4(2) is changed by replacing "Section 1.8 of Companion Policy 44-101CP" with "Subsection 1.3(1) of Companion Policy 41-101CP".*

3. *Section 1.5 is changed by adding the following after the last paragraph:*

We also encourage you to use common readability measures, like the Flesch-Kincaid Grade Level or the Gunning Fog Index, to assess the readability of your disclosure documents..

4. *Section 1.10 is changed by replacing the second sentence with the following:*

In this situation, the reporting issuer is expected to comply with the Instrument by filing an amended and restated version of the previously filed document in whole under paragraph 11.5(1)(a) of the Instrument or by filing an amendment to the previously filed document under paragraph 11.5(1)(b) of the Instrument, which does not restate the document in whole..

5. *Part 1 is changed by adding the following section after section 1.10:*

#### **1.11 Innovative Disclosure**

Reporting issuers can use innovative disclosure approaches consistent with CSA formatting requirements to prepare disclosure that reduces burden for them and is most meaningful for their business. For example, while embedded video is not acceptable, hyperlinks within the same document and creative use of charts, tables and graphs are encouraged if they assist with readability..

6. *Subsection 3.1(2) is changed by replacing "first financial statements are due" with "first annual disclosure statement or interim disclosure statement is due".*
7. *Section 3.2 is changed by replacing "Section 4.1 of the Instrument requires a reporting issuer to file annual financial statements" with "For the purposes of filing an annual disclosure statement, a reporting issuer is required under section 4.1 of the Instrument to file annual financial statements".*
8. *Section 3.3 is replaced with the following:*

#### **3.3 Filing Deadline for Annual Financial Statements and Auditor's Report**

Section 3A.2 of the Instrument sets out filing deadlines for annual disclosure statements that include annual financial statements required under Part 4 of the Instrument. While section 3A.2 of the Instrument does not address the auditor's report date, a reporting issuer is encouraged to file its annual disclosure statement as soon as practicable after the date of the auditor's report. The delivery obligations set out in section 3A.6 of the Instrument are not tied to the filing of the annual disclosure statement..

**9. Section 3.5 is replaced with the following:**

**3.5 Delivery of Annual and Interim Disclosure Statements and Certain Other Disclosure Documents**

- (1) Subsection 3A.6(1) of the Instrument requires a reporting issuer to send a request form to the registered holders and beneficial owners of its securities, other than debt instruments. The registered holders and beneficial owners may use the request form to request a copy of the reporting issuer's annual disclosure statement or annual financial statements and related MD&A, interim disclosure statement or interim financial report and related MD&A and annual financial statements or interim financial reports filed under section 4.7 and subsection 4.10(2) of the Instrument.

In addition, the request form also may (but is not required to) be used to request a copy of the information circular and the annual disclosure statement or annual financial statements where a reporting issuer uses notice-and-access to deliver proxy-related materials.

A reporting issuer is only required to deliver its annual disclosure statement, interim disclosure statements, annual financial statements and related MD&A or interim financial reports and related MD&A to the person or company that requests them. As a result, if a beneficial owner requests any of these documents through its intermediary, the reporting issuer is only required to deliver the requested documents to the intermediary.

Failing to return the request form or otherwise specifically requesting a copy of these documents from the reporting issuer will override the beneficial owner's standing instructions under NI 54-101 in respect of the financial statements.

The Instrument does not prescribe when the request form must be sent, or how it must be returned to the reporting issuer.

- (2) Subsection 3A.6(6) of the Instrument provides that subsection 3A.6(1) and subsections 3A.6(3) and (4) with respect to an annual disclosure statement and annual financial statements, do not apply to a reporting issuer that sends its annual disclosure statement and annual financial statements to its securityholders, other than holders of debt instruments, within 140 days of the reporting issuer's financial year-end and in accordance with NI 54-101. Notice-and-access can be used to send the annual disclosure statement or annual financial statements and related MD&A under subsection 3A.6(6). Notice-and-access is consistent with the principles for electronic delivery set out in National Policy 11-201 *Electronic Delivery of Documents*.

**10. Subsection 4.1(1) is changed by replacing the first two sentences with the following:**

Subsection 3A.5(1) of the Instrument requires that each annual disclosure statement be approved by the board of directors before filing. Subsections 3A.5(2) and 3A.5(3) of the Instrument require that each interim disclosure statement be approved by the board of directors or by the company's audit committee before filing.

**11. Section 5.1 is deleted.**

12. **Section 5.2 is changed by replacing "Section 5.3 of the Instrument requires" with "Section 8 of Form 51-102F1 Annual Disclosure Statement and subsection 3(1) of Form 51-102F2 Interim Disclosure Statement require".**

13. **Section 5.3 is changed**

(a) **by replacing "Section 5.4 of the Instrument requires" with "Section 9 of Form 51-102F1 Annual Disclosure Statement and subsection 3(1) of Form 51-102F2 Interim Disclosure Statement require", and**

(b) **by replacing "MD&A" with "annual disclosure statement or interim disclosure statement".**

14. **Section 5.4 is deleted.**

15. **Section 5.6 is changed**

(a) **in subsection (1)**

(i) **by replacing "section 2.2.1 of Form 51-102F1" with "section 4 of Form 51-102F2 Interim Disclosure Statement", and**

(ii) **by adding the following after the last sentence:**

In addition, to comply with the requirement to discuss the issuer's financial condition, financial performance and cash flows and any factors that have caused period to period variations in those measures, a venture issuer that is an investment entity or a non-investment entity recording investments at fair value should update the quarterly highlights for all disclosure required by section 10 of Form 51-102F1 Annual Disclosure Statement.,

(b) **in subsection (2)**

(i) **by replacing in the first sentence "full interim MD&A" with "a full interim MD&A in accordance with section 3 of Form 51-102F2 Interim Disclosure Statement", and**

(ii) **by replacing the last sentence with the following:**

Venture issuers will likely take the needs of their investors into consideration when determining whether to provide quarterly highlights or a full interim MD&A., and

(c) **in subsection (3) by replacing the first sentence with the following:**

For greater certainty, a reference to an interim MD&A is a reference to the quarterly highlights a venture issuer has the option of providing in accordance with section 4 of Form 51-102F2 Interim Disclosure Statement..

**16. Part 5 is changed by adding the following sections after section 5.6:**

**5.7 Overall Performance**

Subsection 3(4) of Form 51-102F1 *Annual Disclosure Statement* requires a reporting issuer that is changing its business model to disclose certain information regarding its plans, milestones and expenditures. Examples of situations that would warrant a discussion under subsection 3(4) include when a reporting issuer:

- (a) has entered into material agreements relating to the change in its business model;
- (b) has incurred material expenses relating to the change in its business model; and
- (c) anticipates that the change in its future revenues will be material as a result of the change in its business model.

**5.8 Additional Disclosure for Investment Entities and Non-Investment Entities Recording Investments at Fair Value**

- (1) Standalone financial statements as contemplated by National Policy 41-201 *Income Trust and Other Indirect Offerings* may be necessary for an investor to make an informed investment decision where the operation of the reporting issuer as an investment entity or non-investment entity recording investments at fair value are dependent on a single investment.
- (2) Investment entities or non-investment entities recording investments at fair value with material mining or oil and gas investments need to consider the applicability of technical disclosure requirements in National Instrument 43-101 *Standards of Disclosure for Mineral Projects* and National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* in their filings. For example, the disclosure of technical information relating to a material investee may trigger the requirement to file a technical report under National Instrument 43-101 *Standards of Disclosure for Mineral Projects*. In addition, if the investment entity or non-investment entity recording investments at fair value files an annual disclosure statement, disclosure requirements of sections 18 or 19 of Form 51-102F1 *Annual Disclosure Statement* may apply..

**17. Section 6.2 is changed**

- (a) *in subsection (1) by replacing "section 5.3 of Form 51-102F2" with "section 17 of Form 51-102F1 Annual Disclosure Statement", and*
- (b) *in subsection (2) by replacing "Paragraph 5.3(2)(a) of Form 51-102F2" with "Paragraph 17(b)(i) of Form 51-102F1 Annual Disclosure Statement".*

**18. Subsection 10.3(8) is changed in the second bullet, by adding “which, for that purpose, may be included in an annual disclosure statement or an annual report,” after “annual MD&A”.**

**19. Section 11.2 is replaced with the following:**

**11.2 Refiling Documents or Restating Financial Information**

- (1) If a reporting issuer decides to refile a document in whole or in part, or restate financial information for comparative periods in financial statements for reasons other than retroactive application of a change in an accounting standard or policy or a new accounting standard, and the refiled or restated information is likely to differ materially from the information originally filed, the reporting issuer should disclose in the news release required by subsection 11.5(1) of the Instrument when it makes that decision
  - (a) the facts underlying the changes,
  - (b) the general impact of the changes on previously filed information, and
  - (c) the steps the reporting issuer would take before filing an amended document, or filing restated financial information, if the reporting issuer is not filing amended information immediately.
- (2) If a reporting issuer refiles a document or restates financial information under paragraphs 11.5(1)(b) or (c) of the Instrument by filing an amendment to a previously filed annual disclosure statement or interim disclosure statement, it is not required to restate the previously filed document in whole but should include all disclosure required in order to understand the nature and context of the amendment. For example, a reporting issuer amending its proposed transaction disclosure under subsections 7(1) and (2) of Form 51-102F1 *Annual Disclosure Statement* should include the complete text of this section, as amended, rather than just the amended or additional text.
- (3) A reporting issuer should also consider refiling the document in whole if:
  - (a) there are a large number of sections that are being amended;
  - (b) the amendments are extensive;
  - (c) the document has been amended more than once; or
  - (d) the document includes hyperlinks that do not link to the amendment..

**20. Section 13.1 is replaced with the following:**

**13.1 Prior Exemptions, Waivers and Approvals**

Section 13.2 of the Instrument essentially allows a reporting issuer, in certain circumstances, to continue to rely upon an exemption, waiver or approval relating to continuous disclosure obligations obtained prior to the Instrument coming into force or prior to the amendments on **[December 15, 2023]** coming into force, as applicable, if the exemption, waiver or approval relates to a substantially similar provision in the Instrument and the reporting issuer provides written notice to the securities regulatory authority or regulator of its reliance on such exemption, waiver or approval. Upon receipt of such notice, the securities regulatory authority or regulator, as the case may be, will review it to determine if the provision of the Instrument referred to in the notice is substantially similar to the provision from which the exemption, waiver or approval was granted. The written notice should be sent by email to each jurisdiction where the prior exemption, waiver or approval is relied upon, using the relevant address or addresses listed in section 5.5 of

21. *Appendix A is replaced with the following:*

**APPENDIX A**

**EXAMPLES OF FILING REQUIREMENTS FOR CHANGES IN THE YEAR END**

The following examples assume the old financial year ended on December 31, 20X0

<b>Number of Months Financial Year End Changed By</b>	Up to 3 months	Up to 3 months	4 to 6 months	7 or 8 months	9 to 11 months
<b>Transition Year</b>	2 months ended 2/28/X1	14 months ended 2/28/X2	6 months ended 6/30/X1	7 months ended 7/31/X1	10 months ended 10/31/X1
<b>Comparative Annual Financial Statements to Transition Year</b>	12 months ended 12/31/X0	12 months ended 12/31/X0	12 months ended 12/31/X0	12 months ended 12/31/X0	12 months ended 12/31/X0
<b>New Financial Year</b>	2/28/X2	2/28/X3	6/30/X2	7/31/X2	10/31/X2
<b>Comparative Annual Financial Statements to New Financial Year</b>	2 months ended 2/28/X1 and 12 months ended 12/31/X0*	14 months ended 2/28/X2	6 months ended 6/30/X1 and 12 months ended 12/31/X0*	7 months ended 7/31/X1 and 12 months ended 12/31/X0*	10 months ended 10/31/X1
<b>Interim Periods for Transition Year</b>	Not applicable	3 months ended 3/31/X1 6 months ended 6/30/X1 9 months ended 9/30/X1 12 months ended 12/31/X1  Or 2 months ended 2/28/X1	3 months ended 3/31/X1	3 months ended 3/31/X1  Or 4 months ended 4/30/X1	3 months ended 3/31/X1 6 months ended 6/30/X1  Or 4 months ended 4/30/X1 7 months ended 7/31/X1

		5 months ended 5/31/X1 8 months ended 8/31/X1 11 months ended 11/30/X1			
<b>Comparative Interim Periods to Interim Periods in Transition Year</b>	Not applicable	3 months ended 3/31/X0 6 months ended 6/30/X0 9 months ended 9/30/X0 12 months ended 12/31/X0  Or 3 months ended 3/31/X0 6 months ended 6/30/X0 9 months ended 9/30/X0 12 months ended 12/31/X0	3 months ended 3/31/X0	3 months ended 3/31/X0  Or 3 months ended 3/31/X0	3 months ended 3/31/X0 6 months ended 6/30/X0  Or 3 months ended 3/31/X0 6 months ended 6/30/X0
<b>Interim Periods for New Financial Year</b>	3 months ended 5/31/X1 6 months ended 8/31/X1 9 months ended 11/30/X1	3 months ended 5/31/X2 6 months ended 8/31/X2 9 months ended 11/30/X2  Or 3 months ended 5/31/X2	3 months ended 9/30/X1 6 months ended 12/31/X1 9 months ended 3/31/X2	3 months ended 10/31/X1 6 months ended 1/31/X2 9 months ended 4/30/X2  Or 3 months ended 10/31/X1	3 months ended 1/31/X2 6 months ended 4/30/X2 9 months ended 7/31/X2  Or 3 months ended 1/31/X2 6 months ended 4/30/X2 9 months ended 7/31/X2

		6 months ended 8/31/X2 9 months ended 11/30/X2		6 months ended 1/31/X2 9 months ended 4/30/X2	
<b>Comparative Interim Periods to Interim Periods in New Financial Year</b>	3 months ended 6/30/X0 6 months ended 9/30/X0 9 months ended 12/31/X0	3 months ended 6/30/X1 6 months ended 9/30/X1 9 months ended 12/31/X1  Or 3 months ended 5/31/X1 6 months ended 8/31/X1 9 months ended 11/30/X1	3 months ended 9/30/X0 6 months ended 12/31/X0 9 months ended 3/31/X1	3 months ended 9/30/X0 6 months ended 12/31/X0 9 months ended 3/31/X1  Or 3 months ended 9/30/X0 6 months ended 12/31/X0 10 months ended 4/30/X1	3 months ended 12/31/X0 6 months ended 3/31/X1 9 months ended 6/30/X1  Or 3 months ended 12/31/X0 7 months ended 4/30/X1 10 months ended 7/31/X1

\* Statement of financial position required only at the transition year end date

The following examples assumes a new financial year ending on December 31, 20X1 or December 31, 20X2

<b>Number of Months Financial Year End Changed By</b>	Up to 3 months	Up to 3 months	4 to 6 months	7 or 8 months	9 to 11 months
<b>Transition Year</b>	2 months ended 12/31/X1	14 months ended 12/31/X2	5 months ended 12/31/X1	8 months ended 12/31/X1	10 months ended 12/31/X1
<b>Comparative Annual Financial Statements to Transition Year</b>	12 months ended 10/31/X1	12 months ended 10/31/X1	12 months ended 7/31/X1	12 months ended 4/30/X1	12 months ended 2/28/X1

<b>New Financial Year</b>	12/31/X2	12/31/X3	12/31/X2	12/31/X2	12/31/X2
<b>Comparative Annual Financial Statements to New Financial Year</b>	2 months ended 12/31/X1 and 12 months ended 10/31/X1*	14 months ended 12/31/X2	5 months ended 12/31/X1 and 12 months ended 7/31/X1*	8 months ended 12/31/X1 and 12 months ended 4/30/X1*	10 months ended 12/31/X1
<b>Interim Periods for Transition Year</b>	Not applicable	3 months ended 1/31/X2 6 months ended 4/30/X2 9 months ended 7/31/X2 12 months ended 10/31/X2  Or  2 months ended 12/31/X1 5 months ended 3/31/X2 8 months ended 6/30/X2 11 months ended 9/30/X2	3 months ended 10/31/X1  Or  2 months ended 9/30/X1	3 months ended 7/31/X1 6 months ended 10/31/X1  Or  2 months ended 6/30/X1 5 months ended 9/30/X1	3 months ended 5/31/X1 6 months ended 8/31/X1  Or  4 months ended 6/30/X1 7 months ended 9/30/X1
<b>Comparative Interim Periods to Interim Periods in Transition Year</b>	Not applicable	3 months ended 1/31/X1 6 months ended 4/30/X1 9 months ended 7/31/X1 12 months ended 10/31/X1  Or  3 months ended 1/31/X1 6 months ended 4/30/X1	3 months ended 10/31/X0  Or  3 months ended 10/31/X0	3 months ended 7/31/X0 6 months ended 10/31/X0  Or  3 months ended 7/31/X0 6 months ended 10/31/X0	3 months ended 5/31/X0 6 months ended 8/31/X0  Or  3 months ended 5/31/X0 6 months ended 8/31/X0

		9 months ended 7/31/X1 12 months ended 10/31/X1			
<b>Interim Periods for New Financial Year</b>	3 months ended 3/31/X2 6 months ended 6/30/X2 9 months ended 9/30/X2	3 months ended 3/31/X3 6 months ended 6/30/X3 9 months ended 9/30/X3  Or  3 months ended 3/31/X3 6 months ended 6/30/X3 9 months ended 9/30/X3	3 months ended 3/31/X2 6 months ended 6/30/X2 9 months ended 9/30/X2  Or  3 months ended 3/31/X2 6 months ended 6/30/X2 9 months ended 9/30/X2	3 months ended 3/31/X2 6 months ended 6/30/X2 9 months ended 9/30/X2  Or  3 months ended 3/31/X2 6 months ended 6/30/X2 9 months ended 9/30/X2	3 months ended 3/31/X2 6 months ended 6/30/X2 9 months ended 9/30/X2  Or  3 months ended 3/31/X2 6 months ended 6/30/X2 9 months ended 9/30/X2
<b>Comparative Interim Periods to Interim Periods in New Financial Year</b>	3 months ended 4/30/X1 6 months ended 7/31/X1 9 months ended 10/31/X1	3 months ended 4/30/X2 6 months ended 7/31/X2 9 months ended 10/31/X2  Or  3 months ended 3/31/X2 6 months ended 6/30/X2 9 months ended 9/30/X2	3 months ended 4/30/X1 6 months ended 7/31/X1 9 months ended 10/31/X1  Or  3 months ended 4/30/X1 6 months ended 7/31/X1 8 months ended 9/30/X1	3 months ended 4/30/X1 6 months ended 7/31/X1 9 months ended 10/31/X1  Or  3 months ended 4/30/X1 5 months ended 6/30/X1 8 months ended 9/30/X1	3 months ended 2/28/X1 6 months ended 5/31/X1 9 months ended 8/31/X1  Or  3 months ended 2/28/X1 7 months ended 6/30/X1 10 months ended 9/30/X1

- \* Statement of financial position required only at the transition year end date..
- 22. These changes become effective on [**December 15, 2023**].

## ANNEX C

### PROPOSED AMENDMENTS TO EXISTING RULES

#### Consequential and housekeeping amendments

The proposed amendments to NI 51-102 result in certain consequential amendments to existing rules applicable to reporting issuers. Consequential amendments involve adding definitions of and references to annual disclosure statement and interim disclosure statement and updating existing references to NI 51-102 to reference the amended NI 51-102 requirements.

In addition to consequential amendments, housekeeping amendments are proposed for certain rules to clarify existing requirements, correct outdated references to “interim financial statements” by replacing them with “interim financial report” and reflect the name change of “Aequitas NEO Exchange Inc.” to “Neo Exchange Inc.”.

For the following rules, only consequential and housekeeping amendments are proposed:

- Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*
- National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*
- National Instrument 43-101 *Standards of Disclosure for Mineral Projects*
- National Instrument 44-102 *Shelf Distributions*
- National Instrument 45-106 *Prospectus Exemptions*
- Multilateral Instrument 45-108 *Crowdfunding*
- National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*
- Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*
- National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings*
- National Instrument 52-110 *Audit Committees*
- National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*
- National Instrument 55-104 *Insider Reporting Requirements and Exemptions*
- National Instrument 58-101 *Disclosure of Corporate Governance Practices*
- Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*
- National Instrument 62-103 *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues*
- National Instrument 81-101 *Mutual Fund Prospectus Disclosure*

#### Amendments to align prospectus disclosure requirements with continuous disclosure requirements

In addition to consequential and housekeeping amendments, we are proposing amendments to certain prospectus form requirements in NI 41-101 and NI 44-101. These proposed amendments correspond to the proposed amendments to the continuous disclosure requirements. The objective of these proposed amendments is to maintain alignment between the prospectus and continuous disclosure regimes.

#### National Instrument 41-101 *General Prospectus Requirements*

We propose to amend Form 41-101F1 *Information Required in a Prospectus* as follows:

- Update references to “special purpose entity” by replacing them with “structured entity” as the latter term has superseded the former term under Canadian GAAP applicable to publicly accountable enterprises.
- Amend certain disclosure requirements relating to market for securities and trading price and volume
  - to allow reporting issuers to identify the exchanges and quotation systems only where the issuer has applied for and received a listing,
  - to remove requirement to disclose trading price and volume traded or quoted for Canadian marketplaces as this information is available in other publicly available sources, and
  - to provide an option for issuers that have securities traded or quoted on a foreign marketplace to disclose the website or other publicly available source rather than providing trading price and trading volume information.
- Repeal the following disclosure requirements as they are duplicative to requirements in Form 51-102F1 *Annual Disclosure Statement* that apply to an issuer for the purposes of filing a long form prospectus in Form 41-101F1 *Information Required in a Prospectus*:
  - subsection 5.1(4);
  - section 8.4;
  - section 8.6;
  - section 16.3;
  - paragraphs 22.1(1)(c);
  - paragraph 22.1(1)(d).
- Repeal certain disclosure requirements relating to cash dividends or distributions since they are duplicative of requirements under the accounting standards.
- Add an instruction to the risk factor disclosure requirement to signal explicitly to issuers the option to provide risk factor disclosure (including risk mitigation strategy for each risk factor where applicable) in a tabular form or other alternative format.
- Amend certain disclosure requirements relating to settlement agreements entered into by promoters with a securities regulatory authority to limit the lookback period to 10 years.
- Repeal the disclosure requirement relating to transfer agents, registrars, trustees or other agents, since this information is usually available on the issuer’s SEDAR profile or other publicly available sources.

National Instrument 44-101 *Short Form Prospectus Distributions*

We propose to amend Form 44-101F1 *Short Form Prospectus* as follows:

- Update references to “special purpose entity” by replacing them with “structured entity” as the latter term has superseded the former term under Canadian GAAP applicable to publicly accountable enterprises.
- Amend certain disclosure requirements relating to market for securities and trading price and volume

- to allow reporting issuers to identify the exchanges and quotation systems only where the issuer has applied for and received a listing,
  - to remove requirement to disclose trading price and volume traded or quoted for Canadian marketplaces as this information is available in other publicly available sources, and
  - to provide an option for issuers that have securities traded or quoted on a foreign marketplace to disclose the website or other publicly available source rather than providing trading price and trading volume information.
- Repeal the disclosure requirement relating to prior sales given that some related information may be available in continuous disclosure or other publicly available source.
  - Add an instruction to the risk factor disclosure requirement to signal explicitly to issuers the option to provide risk factor disclosure (including risk mitigation strategy for each risk factor where applicable) in a tabular form or other alternative format.
  - Amend certain disclosure requirements relating to settlement agreements entered into by promoters with a securities regulatory authority to limit the lookback period to 10 years.

**Amendments to provide appropriate exemptions from continuous disclosure requirements for foreign issuers**

For the following rule, we are proposing amendments to exempt designated foreign issuers and SEC foreign issuers from the requirements to prepare, approve, file and deliver annual disclosure statements and interim disclosure statements.

National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*

- Include new provisions to specify how designated foreign issuers and SEC foreign issuers can meet the securities legislation requirements relating to the preparation, approval, filing and delivery of annual disclosure statements and interim disclosure statements.

**PROPOSED AMENDMENTS TO  
MULTILATERAL INSTRUMENT 11-103 FAILURE-TO-FILE CEASE TRADE ORDERS IN  
MULTIPLE JURISDICTIONS**

1. *Multilateral Instrument 11-103 Failure-to-File Cease Trade Orders in Multiple Jurisdictions is amended by this Instrument.*

2. *Section 1 is amended by*

(a) *adding the following definitions:*

"annual disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

"interim disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*; **and**

(b) *replacing the definition of "specified default" with the following:*

"specified default" means a failure by a reporting issuer to comply with the requirement to file, within the time period prescribed, one or more of the following:

- (a) an annual disclosure statement;
- (b) an interim disclosure statement;
- (c) annual financial statements;
- (d) an interim financial report;
- (e) an annual or interim management's discussion and analysis;
- (f) an annual or interim management report of fund performance;
- (g) an annual information form;
- (h) a certificate required under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*.

3. This Instrument comes into force on **[December 15, 2023]**.

**PROPOSED AMENDMENTS TO  
NATIONAL INSTRUMENT 13-101 SYSTEM FOR ELECTRONIC DOCUMENT ANALYSIS AND  
RETRIEVAL (SEDAR)**

1. *National Instrument 13-101 System for Electronic Document Analysis and Retrieval (SEDAR) is amended by this Instrument.*
2. *Part I of Appendix A is amended in section 2 under the heading "B. Continuous Disclosure" by replacing "Interim Financial Statements/Report" with "Interim Financial Report".*
3. *Part II of Appendix A is amended under the subheading "(a) General Filings:" under the heading "B. Continuous Disclosure"*
  - (a) *by replacing in section 4 "Interim Financial Statements/Report" with "Interim Financial Report", and*
  - (b) *by adding the following sections*
    23. Annual Disclosure Statement
    24. Interim Disclosure Statement.
4. This Instrument comes into force on **[December 15, 2023]**.

**PROPOSED AMENDMENTS TO  
NATIONAL INSTRUMENT 43-101 STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS**

1. *National Instrument 43-101 Standards of Disclosure for Mineral Projects is amended by this Instrument.*
2. *Section 1.1 is amended by adding the following definition:*  
  
*"annual disclosure statement" has the same meaning as in National Instrument 51-102 Continuous Disclosure Obligations;*
3. *Section 4.2 is amended*
  - (a) *by replacing paragraph (1)(f) with the following:*
    - (f) an annual disclosure statement or an annual information form, *and*
  - (b) *in subsection (6) by replacing "annual information form" wherever it occurs with "annual disclosure statement".*

**Transition**

- 4.(1) In this section, "issuer's effective date" means, in relation to an issuer, the earlier of
  - (a) the date the issuer is required to file an annual disclosure statement for its first financial year ending on or after **[December 15, 2023]**, and
  - (b) the date, on or after **[December 15, 2023]**, the issuer files an annual disclosure statement or an interim disclosure statement under National Instrument 51-102 *Continuous Disclosure Obligations*.
- (2) The provisions of National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, as amended by this Instrument, do not apply to an issuer until the issuer's effective date.
- (3) Until the issuer's effective date, an issuer must comply with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* as it read on **[December 14, 2023]**.

**Effective Date**

5. This Instrument comes into force on **[December 15, 2023]**.

**PROPOSED AMENDMENTS TO  
NATIONAL INSTRUMENT 44-102 *SHELF DISTRIBUTIONS***

1. *National Instrument 44-102 Shelf Distributions is amended by this Instrument.*
2. *Subsection 9.4(2) is amended by replacing "management discussion and analysis" with "MD&A".*
3. This Instrument comes into force on **[December 15, 2023]**.

**PROPOSED AMENDMENTS TO  
NATIONAL INSTRUMENT 45-106 PROSPECTUS EXEMPTIONS**

1. *National Instrument 45-106 Prospectus Exemptions is amended by this Instrument.*
2. *Section 1.1 is amended*
  - (a) *by adding the following definitions:*

**"annual disclosure statement"** has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

**"interim disclosure statement"** has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;, **and**
  - (b) *in the definition of "qualifying issuer" by replacing "annual statements" with "annual financial statements".*
3. *Section 2.22 is amended in the definition of "listed issuer" by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc."*
4. *Subparagraph 5.2(e)(i) is amended*
  - (a) *by replacing clause (A) with the following:*

(A) the AIF, if it is not included in the issuer's annual disclosure statement referred to in clause (B),,
  - (b) *by replacing clause (B) with the following:*

(B) the most recent annual disclosure statement or annual financial statements and the MD&A relating to those financial statements,, **and**
  - (c) *in clause (C), by adding "interim disclosure statements or" before "unaudited interim financial reports".*
5. *Form 45-106F3 OFFERING MEMORANDUM FOR QUALIFYING ISSUERS is amended in the Instructions for Completing Form 45-106F3 Offering Memorandum for Qualifying Issuers*
  - (a) *by replacing section 1 under the heading "C. Required Updates to the Offering Memorandum" with the following:*
    1. If the offering memorandum does not incorporate by reference the issuer's AIF and audited financial statements, or annual disclosure statement for its most recently completed financial year, revise the offering memorandum to incorporate by reference any annual disclosure statement, interim disclosure statement or financial statements that are required to be filed prior to the distribution to incorporate by reference the documents as soon as the documents are filed on SEDAR.,

- (b) *in section 2 under the heading "C. Required Updates to the Offering Memorandum" by replacing "interim financial reports" with "interim disclosure statements",*
- (c) *by replacing paragraph 1(a) under the heading "D. Information about the Issuer" with the following:*
  - (a) if the issuer's annual disclosure statement referred to in D.1(d) does not include an AIF, the issuer's AIF for its most recently completed financial year for which an annual disclosure statement or annual financial statements are either required to be filed or has been filed,,
- (d) *by replacing paragraph 1(c) under the heading "D. Information about the Issuer" with the following:*
  - (c) the interim disclosure statement for the issuer's most recently completed interim period that is required to be filed or has been filed and which ends after the most recently completed financial year referred to in D.1(d),,
- (e) *by replacing paragraph 1(d) under the heading "D. Information about the Issuer" with the following:*
  - (d) for the issuer's most recently completed financial year for which an annual disclosure statement or comparative financial statements are required to be filed or have been filed, the annual disclosure statement or comparative financial statements, including the accompanying auditor's report,,
- (f) *in paragraph 1(f) under the heading "D. Information about the Issuer", by deleting "D.1(c) and",*
- (g) *by replacing subparagraph 1(i)(i) under the heading "D. Information about the Issuer" with the following:*
  - (i) the issuer's current AIF contains the disclosure required under section 19 of Form 51-102F1 *Annual Disclosure Statement*; or, **and**
- (h) *in section 2 under the heading "D. Information about the Issuer", by replacing "section 5.4 of Form 51-102F2" wherever it occurs with "section 18 of Form 51-102F1 *Annual Disclosure Statement*".*

## **Transition**

- 6.(1) In this section, "document" means a document required to be filed under National Instrument 45-106 *Prospectus Exemptions*.
- (2) In this section, "issuer's effective date" means, in relation to an issuer, the earlier of
  - (a) the date the issuer is required to include in a document, directly or by incorporation, an annual disclosure statement for its first financial year ending on or after **[December 15, 2023]**, and

- (b) the date, on or after [**December 15, 2023**], the issuer includes in a document, directly or by incorporation, an annual disclosure statement or an interim disclosure statement prepared under National Instrument 51-102 *Continuous Disclosure Obligations*.
- (3) The provisions of National Instrument 45-106 *Prospectus Exemptions*, as amended by this Instrument, do not apply to an issuer until the issuer's effective date.
- (4) Until the issuer's effective date, an issuer must comply with National Instrument 45-106 *Prospectus Exemptions* as it read on [**December 14, 2023**].

**Effective Date**

- 7. This Instrument comes into force on [**December 15, 2023**].

**PROPOSED AMENDMENTS TO  
MULTILATERAL INSTRUMENT 45-108 CROWDFUNDING**

1. *Multilateral Instrument 45-108 Crowdfunding is amended by this Instrument.*

2. *Section 1 is amended by adding the following definitions:*

"annual disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

"interim disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

3. *Form 45-108F1 is amended*

(a) *in section 6.3 by replacing "or management discussion & analysis" with "*, annual disclosure statement, or interim disclosure statement", *and*

(b) *under the heading "What would be presented in an issuer's financial statements if the issuer has not completed a financial year" in Schedule A by adding "The financial statements would be a stand-alone document and not form part of an annual disclosure statement." after "The financial statements would not include a comparative period."*

4. This Instrument comes into force on [**December 15, 2023**].

**PROPOSED AMENDMENTS TO  
NATIONAL INSTRUMENT 51-101 STANDARDS OF DISCLOSURE FOR OIL AND GAS  
ACTIVITIES**

1. *National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities is amended by this Instrument.*
2. *Section 1.1 is amended by adding the following definition:*  
  
*"annual disclosure statement" has the same meaning as in National Instrument 51-102 Continuous Disclosure Obligations;*
3. *Section 2.1 is amended by replacing "audited financial statements" with "an annual disclosure statement".*

**Transition**

- 4.(1) In this section, "issuer's effective date" means, in relation to an issuer, the earlier of
  - (a) the date the issuer is required to file an annual disclosure statement under National Instrument 51-102 *Continuous Disclosure Obligations* for its first financial year ending on or after **[December 15, 2023]**, and
  - (b) the date, on or after **[December 15, 2023]**, the issuer files an annual disclosure statement or an interim disclosure statement under National Instrument 51-102 *General Prospectus Requirements*.
- (2) The provisions of National Instrument 51-101 *Standards of Disclosure for Mineral Projects*, as amended by this Instrument, do not apply to an issuer until the issuer's effective date.
- (3) Until the issuer's effective date, an issuer must comply with National Instrument 51-101 *Standards of Disclosure for Mineral Projects* as it read on **[December 14, 2023]**.

**Effective Date**

5. This Instrument comes into force on **[December 15, 2023]**.

**PROPOSED AMENDMENTS TO  
MULTILATERAL INSTRUMENT 51-105 ISSUERS QUOTED IN THE U.S. OVER-THE-  
COUNTER MARKETS**

1. *Multilateral Instrument 51-105 Issuers Quoted in the U.S. Over-the-Counter Markets is amended by this Instrument.*
2. *Section 1 is amended in the definition of "OTC issuer" by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc."*
3. This Instrument comes into force on **[December 15, 2023]**.

**PROPOSED AMENDMENTS TO  
NATIONAL INSTRUMENT 52-109 CERTIFICATION OF DISCLOSURE IN ISSUERS' ANNUAL  
AND INTERIM FILINGS**

1. *National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings is amended by this Instrument.*
2. *Section 1.1 is amended*
  - (a) *by adding the following definitions:*

"annual disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

"interim disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;
  - (b) *by replacing the definition of "annual filings" with the following:*

"annual filings" means an issuer's AIF, if any, and annual disclosure statement filed under securities legislation in respect of a financial year, including, for greater certainty, all documents and information that are incorporated by reference into the AIF or the annual disclosure statement;
  - (c) *by replacing the definition of "interim filings" with the following:*

"interim filings" means an issuer's interim disclosure statement filed under securities legislation for an interim period, including, for greater certainty, all documents and information that are incorporated by reference into the interim disclosure statement; **and**
  - (d) *in the definition of "venture issuer" by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc."*
3. *Section 4.1 is amended*
  - (a) *by replacing subsection (2) with the following:*
    - (2) A reporting issuer must file a certificate required under subsection (1) on the date it files its annual disclosure statement, **and**
  - (b) *in subsection (3), by replacing "annual financial statements, annual MD&A" with "annual disclosure statement"*.
4. *Part 6 is amended in the title by replacing "REFILED FINANCIAL STATEMENTS, MD&A or AIF" with "REFILED, IN WHOLE OR IN PART, ANNUAL DISCLOSURE STATEMENT, AIFS OR INTERIM DISCLOSURE STATEMENTS"*.
5. *Section 6.1 is replaced with the following:*

- 6.1 Refiled annual disclosure statement, in whole or in part** – If an issuer refiles its annual disclosure statement, in whole or in part, for a financial year, it must file separate annual certificates for that financial year in Form 52-109F1R on the date that it refiles the annual disclosure statement, in whole or in part..
6. *Section 6.2 is replaced with the following:*
- 6.2 Refiled interim disclosure statement, in whole or in part** – If an issuer refiles its interim disclosure statement, in whole or in part, for an interim period, it must file separate interim certificates for that interim period in Form 52-109F2R on the date that it refiles the interim disclosure statement, in whole or in part..
7. *Form 52-109F1 CERTIFICATION OF ANNUAL FILINGS FULL CERTIFICATE is amended by replacing section 1 with the following:*
1. **Review:** I have reviewed the annual disclosure statement, including, for greater certainty, the AIF, if any, and all documents and information that are incorporated by reference into the MD&A and the AIF (together, the "annual filings") of <identify issuer> (the "issuer") for the financial year ended <state the relevant date>..
8. *Form 52-109FV1 CERTIFICATION OF ANNUAL FILINGS VENTURE ISSUER BASIC CERTIFICATE is amended by replacing section 1 with the following:*
1. **Review:** I have reviewed the annual disclosure statement, including, for greater certainty, the AIF, if any, and all documents and information that are incorporated by reference into the MD&A and the AIF (together, the "annual filings") of <identify the issuer> (the "issuer") for the financial year ended <state the relevant date>..
9. *Form 52-109F1 – IPO/RTO CERTIFICATION OF ANNUAL FILINGS FOLLOWING AN INITIAL PUBLIC OFFERING, REVERSE TAKEOVER OR BECOMING A NON-VENTURE ISSUER is amended by replacing section 1 with the following:*
1. **Review:** I have reviewed the annual disclosure statement, including, for greater certainty, the AIF, if any, and all documents and information that are incorporated by reference into the MD&A and the AIF (together, the "annual filings") of <identify issuer> (the "issuer") for the financial year ended <state the relevant date>..

**10. Form 52-109F1R CERTIFICATION OF REFILED ANNUAL FILINGS is amended by replacing section 1 with the following:**

1. **Review:** I have reviewed the AIF, if any, and the annual disclosure statement, including, for greater certainty, the AIF, if any, and all documents and information that are incorporated by reference into the MD&A and the AIF (the "annual filings") of the issuer for the financial year ended <state the relevant date>..

**11. Form 52-109F1 – AIF CERTIFICATION OF ANNUAL FILINGS IN CONNECTION WITH VOLUNTARILY FILED AIF is amended by replacing section 1 with the following:**

1. **Review:** I have reviewed the AIF and the annual disclosure statement, including, for greater certainty, all documents and information that are incorporated by reference into the MD&A and the AIF (together, the "annual filings") of the issuer for the financial year ended <state the relevant date>..

**12. Form 52-109F2 CERTIFICATION OF INTERIM FILINGS FULL CERTIFICATE is amended by replacing section 1 with the following:**

1. **Review:** I have reviewed the interim disclosure statement, including, for greater certainty, all documents and information that are incorporated by reference into the MD&A (together, the "interim filings") of <identify the issuer> (the "issuer") for the interim period ended <state the relevant date>..

**13. Form 52-109FV2 CERTIFICATION OF INTERIM FILINGS VENTURE ISSUER BASIC CERTIFICATE is amended by replacing section 1 with the following:**

1. **Review:** I have reviewed the interim disclosure statement, including, for greater certainty, all documents and information that are incorporated by reference into the MD&A (together, the "interim filings") of <identify the issuer> (the "issuer") for the interim period ended <state the relevant date>..

**14. Form 52-109F2 – IPO/RTO CERTIFICATION OF INTERIM FILINGS FOLLOWING AN INITIAL PUBLIC OFFERING, REVERSE TAKEOVER OR BECOMING A NON-VENTURE ISSUER is amended by replacing section 1 with the following:**

1. **Review:** I have reviewed the interim disclosure statement, including, for greater certainty, all documents and information that are incorporated by reference into the MD&A (together, the "interim filings") of <identify the issuer> (the "issuer") for the interim period ended <state the relevant date>..

15. ***Form 52-109F2R CERTIFICATION OF REFILED INTERIM FILINGS is amended by replacing section 1 with the following:***

1. ***Review:*** I have reviewed the interim disclosure statement, as amended or as amended and restated, including, for greater certainty, all documents and information that are incorporated by reference into the MD&A of the issuer for the interim period ended *<state the relevant date>..*

**Transition**

- 16.(1) In this section, "issuer's effective date" means, in relation to an issuer, the earlier of
  - (a) the date the issuer is required to file an annual disclosure statement under National Instrument 51-102 *Continuous Disclosure Obligations* for its first financial year ending on or after **[December 15, 2023]**, and
  - (b) the date, on or after **[December 15, 2023]**, the issuer files an annual disclosure statement or an interim disclosure statement under National Instrument 51-102 *General Prospectus Requirements*.
- (2) The provisions of National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, as amended by this Instrument, do not apply to an issuer until the issuer's effective date.
- (3) Until the issuer's effective date, an issuer must comply with National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* as it read on **[December 14, 2023]**.

**Effective Date**

17. This Instrument comes into force on **[December 15, 2023]**.

**PROPOSED AMENDMENTS TO  
NATIONAL INSTRUMENT 52-110 AUDIT COMMITTEES**

1. *National Instrument 52-110 Audit Committees is amended by this Instrument.*
2. *Section 1.1 is amended in the definition of "venture issuer" by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc."*
3. This Instrument comes into force on [**December 15, 2023**].

**PROPOSED AMENDMENTS TO  
NATIONAL INSTRUMENT 54-101 COMMUNICATION WITH BENEFICIAL OWNERS OF  
SECURITIES OF A REPORTING ISSUER**

1. *National Instrument 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer is amended by this Instrument.*
2. *Section 1.1 is amended by adding the following definitions:*

"annual disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

"interim disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;
3. *Paragraph 2.7.1(2)(b) is amended by replacing "*, which may be part of an annual report." *with* "which, for that purpose, may be included in an annual disclosure statement or an annual report."
4. *The following provisions are amended by adding "annual disclosure statements," before "financial statements":*
  - (a) *clause 3.3(b)(iv)(B);*
  - (b) *clause 3.3(b)(v)(B).*
5. *Section 9.1 is amended*
  - (a) *in the heading, by adding "Annual Disclosure Statement," before "Audited Annual Financial Statements or Annual Report", and*
  - (b) *by replacing "annual financial statements or an annual report if the statements or report are sent" with "annual financial statements, which, for that purpose, may be included in an annual disclosure statement or an annual report, if any of these materials are sent".*
6. This Instrument comes into force on **[December 15, 2023]**.

**PROPOSED AMENDMENTS TO  
NATIONAL INSTRUMENT 55-104 *INSIDER REPORTING REQUIREMENTS AND  
EXEMPTIONS***

1. *National Instrument 55-104 Insider Reporting Requirements and Exemptions is amended by this Instrument.*
2. *Section 1.1 is amended by adding the following definition:*  
  
*"MD&A" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;*
3. *Subsection 1.3(1) is amended by replacing "under section 5.4 of National Instrument 51-102 *Continuous Disclosure Obligations*" with "in an MD&A".*
4. This Instrument comes into force on [**December 15, 2023**].

**PROPOSED AMENDMENTS TO  
NATIONAL INSTRUMENT 58-101 *DISCLOSURE OF CORPORATE GOVERNANCE  
PRACTICES***

1. *National Instrument 58-101 Disclosure of Corporate Governance Practices is amended by this Instrument.*
2. *Section 1.1 is amended*
  - (a) *by adding the following definitions:*

"annual disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

"interim disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*; **and**
  - (b) *in the definition of "venture issuer" by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc."*
3. *Section 2.3 is amended by replacing "financial statements" with "annual disclosure statement or interim disclosure statement".*

**Transition**

- 4.(1) In this section, "issuer's effective date" means, in relation to an issuer, the earlier of
  - (a) the date the issuer is required to file an annual disclosure statement under National Instrument 51-102 *Continuous Disclosure Obligations* for its first financial year ending on or after **[December 15, 2023]**, and
  - (b) the date, on or after **[December 15, 2023]**, the issuer files an annual disclosure statement or an interim disclosure statement under National Instrument 51-102 *Continuous Disclosure Obligations*.
- (2) The provisions of National Instrument 58-101 *Disclosure of Corporate Governance Practices*, as amended by this Instrument, do not apply to an issuer until the issuer's effective date.
- (3) Until the issuer's effective date, an issuer must comply with National Instrument 58-101 *Disclosure of Corporate Governance Practices* as it read on **[December 14, 2023]**.

**Effective Date**

5. This Instrument comes into force on **[December 15, 2023]**.

**PROPOSED AMENDMENTS TO  
MULTILATERAL INSTRUMENT 61-101 PROTECTION OF MINORITY SECURITY HOLDERS  
IN SPECIAL TRANSACTIONS**

1. *Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions is amended by this Instrument.*
2. *In the following provisions "*, or section 5.4 of National Instrument 51-102 Continuous Disclosure Obligations" *is replaced with "or its MD&A":*
  - (a) *paragraph 2.4(2)(b);*
  - (b) *paragraph 2.4(3)(b);*
  - (c) *paragraph 4.4(2)(b);*
  - (d) *paragraph 4.4(3)(b).*
3. *Paragraph 4.4(1)(a) is amended by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc."*.
4. *Subsection 5.5(b) is amended by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc."*.
5. *Subparagraph 5.7(1)(b)(i) is amended by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc."*.
6. This Instrument comes into force on [**December 15, 2023**].

**PROPOSED AMENDMENTS TO  
NATIONAL INSTRUMENT 62-103 THE EARLY WARNING SYSTEM AND RELATED TAKE-  
OVER BID AND INSIDER REPORTING ISSUES**

1. *National Instrument 62-103 The Early Warning System and Related Take-Over Bid and Insider Reporting Issues is amended by this Instrument.*
2. *Subsection 1.1(1) is amended by adding the following definition:*  
  
*"MD&A" has the same meaning as in National Instrument 51-102 Continuous Disclosure Obligations;.*
3. *Subsection 2.1(1) is amended by replacing "under section 5.4 of National Instrument 51-102 Continuous Disclosure Obligations" with "an MD&A".*
4. This Instrument comes into force on **[December 15, 2023]**.

**PROPOSED AMENDMENTS TO  
NATIONAL INSTRUMENT 81-101 MUTUAL FUND PROSPECTUS DISCLOSURE**

1. *National Instrument 81-101 Mutual Fund Prospectus Disclosure is amended by this Instrument.*
2. *Section 1.1 is amended*
  - (a) *by deleting the definition of "Aequitas personal information form",*
  - (b) *by adding the following definition:*

"NEO personal information form" means a personal information form for an individual prepared pursuant to NEO Exchange Inc. Form 3, as amended from time to time; *and*
  - (c) *in the definition of "personal information form" by replacing paragraph (c) with the following:*
    - (c) a completed NEO personal information form submitted by an individual to NEO Exchange Inc., to which is attached a completed certificate and consent in the form set out in Schedule 1 – Part B of Appendix A to National Instrument 41-101 *General Prospectus Requirements*;
3. This Instrument comes into force on **[December 15, 2023]**.

**PROPOSED AMENDMENTS TO  
NATIONAL INSTRUMENT 41-101 GENERAL PROSPECTUS REQUIREMENTS**

1. *National Instrument 41-101 General Prospectus Requirements is amended by this Instrument.*
2. *Section 1.1 is amended*
  - (a) *by deleting the definition of "Aequitas personal information form",*
  - (b) *in the definition of "Form 51-102F1" by replacing "Form 51-102F1 Management's Discussion & Analysis" with "Form 51-102F1 Annual Disclosure Statement",*
  - (c) *in the definition of "Form 51-102F2" by replacing "Form 51-102F2 Annual Information Form" with "Form 51-102F2 Interim Disclosure Statement",*
  - (d) *in the definition of "IPO venture issuer" by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc.",*
  - (e) *by adding the following definition:*

"NEO personal information form" means a personal information form for an individual prepared pursuant to NEO Exchange Inc. Form 3, as amended from time to time; **and**
  - (f) *in the definition of "personal information form" by replacing paragraph (c) with the following:*
    - (c) a completed NEO personal information form submitted by an individual to NEO Exchange Inc., to which is attached a completed certificate and consent in the form set out in Schedule 1 – Part B of Appendix A;
3. *Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended under the heading "GENERAL INSTRUCTIONS"*
  - (a) *by replacing subsection (8) with the following:*
    - (8) *If the issuer is a structured entity, as that term is defined in Canadian GAAP applicable to publicly accountable enterprises, or the term equivalent to structured entity under the issuer's GAAP, modify the disclosure requirements in this Form to reflect the nature of the issuer's business.,*
  - (b) *in subsection (12) by replacing "Form 51-102F2" with "Part 3 of Form 51-102F1", and*
  - (c) *in subsection (14) by replacing the first sentence with "Where requirements in this Form make reference to, or are substantially similar to, requirements in Form 51-102F1 or Form 51-102F2, issuers may apply subsection (12) of General Instructions for Part 2 and Part 3 of Form 51-102F1 and subsection (5) of General Instructions for Part 2 of Form 51-102F2."*

4. ***Subsection 1.9(4) of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc."***
5. ***Section 5.1 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended by***
  - (a) ***replacing subsection (1) with the following:***
    - (1) Describe the business of the issuer and its reportable segments as that term is interpreted in the issuer's GAAP. Disclose information for each reportable segment of the issuer in accordance with section 15 of Form 51-102F1", ***and***
  - (b) ***repealing subsection (4).***
6. ***Section 5.3 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended by replacing "section 5.3 of Form 51-102F2" with "section 17 of Form 51-102F1".***
7. ***Section 5.4 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended by***
  - (a) ***replacing "section 5.4 of Form 51-102F2" with "section 18 of Form 51-102F1", and***
  - (b) ***deleting "For the purposes of this section, the alternative disclosure permitted in Instruction (ii) to section 5.4 of Form 51-102F2 does not apply."***
8. ***Section 7.1 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended by repealing subsections (1) and (2).***
9. ***Section 8.1 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended***
  - (a) ***by replacing subsection (1) with the following:***
    - (1) For the purposes of this Item, "MD&A" has the same meaning as in NI 51-102.,
  - (b) ***in subsection (2) by replacing "in the form of Form 51-102F1" with "in the form of Part 2 of Form 51-102F1 and Part 2 of Form 51-102F2",***
  - (c) ***in paragraph (2)(a) by replacing "Form 51-102F1" with "Part 2 of Form 51-102F1 and Part 2 of Form 51-102F2",***
  - (d) ***by replacing subparagraph (2)(b)(i) with the following:***
    - (ii) the Instruction to section 7 of Form 51-102F1, and,
  - (e) ***by repealing subparagraph (2)(b)(ii),***
  - (f) ***in paragraph (2)(c) by replacing "section 1.10" with "section 4", and***
  - (g) ***under the heading "INSTRUCTION" by replacing "section 1.10" with "section 4".***

10. ***The sentence after the heading "GUIDANCE" under section 8.2 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is replaced with the following:***

*Under section 4 of Form 51-102F2, venture issuers, or IPO venture issuers, have the option of meeting the requirement to provide interim MD&A under section 3 of Form 51-102F2 by providing quarterly highlights disclosure..*

11. ***Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended by repealing sections 8.4, 8.6 and 8.8.***

12. ***Section 13.2 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is replaced with the following:***

**13.2(1)**For each class or series of securities of the issuer distributed under the prospectus or securities of the issuer into which those classes or series of securities are convertible or exchangeable that is traded or quoted on a Canadian or foreign marketplace for which the issuer has applied for and received a listing, identify all such marketplaces.

(2) If a Canadian marketplace is not identified under subsection (1) in respect of a class or series of securities of the issuer distributed under the prospectus or securities of the issuer into which those classes or series of securities are convertible or exchangeable, but one or more foreign marketplaces are identified under subsection (1) in respect of that class or series, identify the foreign marketplace on which the greatest volume of trading or quotation generally occurs and provide either of the following in respect of that class or series:

- (a) the price ranges and volume traded or quoted on a monthly basis for each month or, if applicable, partial months of the 12-month period before the date of the prospectus;
- (b) the address of the website or other publicly available source where the information required under paragraph (a) can be found..

13. ***Subsection 16.1(1) of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended by replacing "section 10.1 of Form 51-102F2" with "section 23 of Form 51-102F1".***

14. ***Section 16.2 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended by replacing "section 10.2 of Form 51-102F2" with "section 24 of Form 51-102F1".***

15. ***Section 16.3 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is repealed.***

16. ***Section 20.11 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc.".***

17. ***Section 21.1 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended under the heading "INSTRUCTIONS" by replacing subsection (2) with the following:***

(2) *A risk factor must not be de-emphasized by including, for greater certainty, excessive caveats or conditions..*

**18. Section 21.1 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended under the heading "INSTRUCTIONS" by adding the following after subsection (2):**

- (3) Consider presenting risk factor disclosure in a manner, such as the tabular form below or any other suitable manner, that clearly identifies, for each risk factor
  - (a) the nature of the risk factor,
  - (b) its description,
  - (c) the issuer's impact/probability (i.e., its seriousness), and
  - (d) the issuer's risk mitigation strategy relating to it.

**RISK FACTORS**

Nature of Risk Factor	Description	Impact / Probability Assessment	Risk Mitigation Strategy
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**19. Section 22.1 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended**

- (a) in paragraph (1)(a) by adding "and" after ",",
- (b) in paragraph (1)(b) by replacing "company," with "company.",
- (c) by repealing paragraphs (1)(c) and (d),
- (d) in paragraph (5)(a) by adding "within the 10 years before the date of the preliminary prospectus" before "entered into a settlement agreement", and
- (e) by repealing subsection (6).

**20. Section 24.1 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended by replacing "section 13.1 of Form 51-102F2" with "section 28 of Form 51-102F1".**

**21. Section 24.2 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended by replacing "section 13.1 of Form 51-102F2" with "subsection 28(1) of Form 51-102F1".**

**22. Section 26.2 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is repealed.**

**23. Section 28.2 of Form 41-101F1 INFORMATION REQUIRED IN A PROSPECTUS is amended by**

- (a) replacing "section 16.2 of Form 51-102F2" with "subsections 30(2) and (3) of Form 51-102F1", and
- (b) replacing "section 16.1 of Form 51-102F2" with "subsection 30(1) of Form 51-102F1".

**Transition**

24.(1) In this section, "prospectus" means a preliminary prospectus, an amendment to a preliminary prospectus, a final prospectus or an amendment to a final prospectus.

- (2) In this section, "issuer's effective date" means, in relation to an issuer, the earlier of
  - (a) the date the issuer is required to include in a prospectus an MD&A for its first financial year ending on or after **[December 15, 2023]**, and
  - (b) the date, on or after **[December 15, 2023]**, the issuer includes in a prospectus an MD&A that is prepared under National Instrument 51-102 *Continuous Disclosure Obligations*.
- (3) The provisions of National Instrument 41-101 *General Prospectus Requirements*, as amended by this Instrument, do not apply to an issuer until the issuer's effective date.
- (4) Until the issuer's effective date, an issuer must comply with National Instrument 41-101 *General Prospectus Requirements* as it read on **[December 14, 2023]**.
- (5) If, after **[December 14, 2023]** and before the issuer is required to include in a prospectus an MD&A for its first financial year ending on or after **[December 15, 2023]**, an issuer includes in a prospectus an MD&A prepared under National Instrument 51-102 *Continuous Disclosure Obligations*, and the prospectus includes no other MD&A for prior interim periods or prior financial years that is prepared under Part 2 of Form 51-102F1 *Annual Disclosure Statement*,
  - (a) the MD&A must be prepared under Part 2 of Form 51-102F1 *Annual Disclosure Statement*, and
  - (b) an MD&A for interim periods and financial-year ends subsequent to the MD&A must be prepared under Part 2 of Form 51-102F2 *Interim Disclosure Statement*, or Part 2 of Form 51-102F1 *Annual Disclosure Statement*, as applicable.
25. This Instrument comes into force on **[December 15, 2023]**.

**PROPOSED AMENDMENTS TO  
NATIONAL INSTRUMENT 44-101 SHORT FORM PROSPECTUS DISTRIBUTIONS**

1. *National Instrument 44-101 Short Form Prospectus Distributions is amended by this Instrument.*
2. *Section 1.1 is amended*
  - (a) *in the definition of "current AIF" by replacing subparagraph (b)(ii) with the following:*
    - (ii) the issuer is not yet required under the applicable CD rule to have filed its annual disclosure statement or annual financial statements for its most recently completed financial year;
  - (b) *in the definition of "current annual financial statements" by replacing subparagraph (b)(ii) with the following:*
    - (ii) the issuer is not yet required under the applicable CD rule to have filed its annual disclosure statement or annual financial statements for its most recently completed financial year; *and*
  - (c) *in the definition of "short form eligible exchange" by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc."*
3. *Section 2.7 is amended by*
  - (a) *replacing paragraph (1)(a) with the following:*
    - (a) the issuer is required under the applicable CD rule to file an annual disclosure statement or annual financial statements within a prescribed period after its financial year end, but the issuer has not yet been required under the applicable CD rule to file its annual disclosure statement or annual financial statements, and,
  - (b) *replacing paragraph (1.1)(a) with the following:*
    - (a) the issuer has filed, as required under the applicable CD rule
      - (i) an annual disclosure statement which does not include an AIF, or
      - (ii) annual financial statements, and,

(c) ***replacing paragraph (2)(a) with the following:***

- (a) the successor issuer is required under the applicable CD rule to file an annual disclosure statement or annual financial statements within a prescribed period after its financial year end, but the successor issuer has not yet, since the completion of the restructuring transaction or the reorganization described in paragraph (b) of the definition of “successor issuer”, which resulted in the successor issuer, been required under the applicable CD rule to file an annual disclosure statement or annual financial statements, and, ***and***

(d) ***replacing paragraph (3)(a) with the following:***

- (a) the issuer is required under the applicable CD rule to file an annual disclosure statement or annual financial statements within a prescribed period after its financial year end, but the issuer has not yet, since the completion of a qualifying transaction or reverse takeover (as both terms are defined in the TSX Venture Exchange Corporate Finance Manual, as amended from time to time) been required under the applicable CD rule to file an annual disclosure statement or annual financial statements, and.

**4. *Form 44-101F1 SHORT FORM PROSPECTUS is amended under the first instance of the heading "INSTRUCTIONS" by replacing subsection (9) with the following:***

- (9) *If the issuer is a structured entity, as that term is defined in Canadian GAAP applicable to publicly accountable enterprises, or the term equivalent to structured entity under the issuer's GAAP, modify the disclosure requirements in this Form to reflect the nature of the issuer's business..*

**5. *Section 5.4.1 of Form 44-101F1 SHORT FORM PROSPECTUS is amended by replacing "section 13.1 of Form 51-102F2" with "subsection 28(1) of Form 51-102F1".***

**6. *Section 7A.1 of Form 44-101F1 SHORT FORM PROSPECTUS is repealed.***

**7. *Section 7A.2 of Form 44-101F1 SHORT FORM PROSPECTUS is replaced with the following:***

**7A.2 Trading Price and Volume**

- (1) For each class or series of securities of the issuer distributed under the short form prospectus or securities of the issuer into which those classes or series of securities are convertible or exchangeable that is traded or quoted on a Canadian or foreign marketplace for which the issuer has applied for and received a listing, identify all such marketplaces.
- (2) If a Canadian marketplace is not identified under subsection (1) in respect of a class or series of securities of the issuer distributed under the short form prospectus or securities of the issuer into which those classes or series of securities are convertible or exchangeable, but one or more foreign marketplaces are identified under subsection (1) in respect of that class or series, identify the foreign marketplace on which the greatest volume of trading or quotation generally occurs and provide either of the following in respect of that class or series:

- (a) the price ranges and volume traded or quoted on a monthly basis for each month or, if applicable, partial months of the 12-month period before the date of the short form prospectus;
- (b) the address of the website or other publicly available source where the information required under paragraph (a) can be found..

8. **Section 9.1 of Form 44-101F1 SHORT FORM PROSPECTUS is amended by replacing "section 5.4 of Form 51-102F2" wherever it occurs with "section 18 of Form 51-102F1".**

9. **Section 11.1 of Form 44-101F1 SHORT FORM PROSPECTUS is amended**

**(a) in subsection (1)**

**(i) by replacing paragraph 1 with the following:**

- 1. The issuer's current AIF, if it has one, and if the current AIF is not included in the issuer's annual disclosure statement referred to in paragraph 2.,

**(ii) by replacing paragraph 2 with the following:**

- 2. The issuer's annual disclosure statement that includes the issuer's current annual financial statements, if any, or the issuer's current annual financial statements, if any, and related MD&A.,

**(iii) in paragraph 3 by**

**(A) replacing "interim financial report" with "interim disclosure statement or interim financial report and related MD&A", and**

**(B) deleting ", and the related interim MD&A", and**

**(iv) in subparagraph 8(a) by replacing "is in the form of Form 51-102F2" with "contains the disclosure required under section 19 of Form 51-102F1", and**

- (b) *in subsection (1) under the heading "INSTRUCTIONS" by replacing the second sentence with the following:*

However, if the financial statements from which the information in the news release has been derived have been filed, then the annual disclosure statement or interim disclosure statement including the financial statements or the financial statements, as applicable, must be incorporated by reference..

10. *Subsection 11.3(1) of Form 44-101F1 SHORT FORM PROSPECTUS is amended by replacing "a current AIF and current annual financial statements and related MD&A under section 11.1" with "the documents referred to in paragraphs 1 and 2 of subsection 11.1(1)".*

11. *Section 11.5 of Form 44-101F1 SHORT FORM PROSPECTUS is replaced with the following:*

**11.5 Additional Disclosure for Issuers of Asset-Backed Securities**

If the issuer has not filed or has not been required to file an interim financial report and related MD&A in respect of an interim period subsequent to the financial year in respect of which it has included annual financial statements in the short form prospectus because it is not a reporting issuer and is qualifying to file the short form prospectus under section 2.6 of the Instrument, include the documents referred to in paragraph 3 of subsection 11.1(1) that the issuer would have been required to incorporate by reference if the issuer were a reporting issuer at the relevant time..

12. *Section 15.2 of Form 44-101F1 SHORT FORM PROSPECTUS is amended by*

- (a) *replacing "section 16.2 of Form 51-102F2" with "subsections 30(2) and (3) of Form 51-102F1", and*
- (b) *replacing "section 16.1 of Form 51-102F2" with "subsection 30(1) of Form 51-102F1".*

13. *Section 16.1 of Form 44-101F1 SHORT FORM PROSPECTUS is amended*

- (a) *in paragraph (5)(a) by adding ", within the 10 years before the date of the preliminary short form prospectus, " before "entered into a settlement agreement", and*
- (b) *by repealing subsection (6).*

14. *Section 17.1 of Form 44-101F1 SHORT FORM PROSPECTUS is amended under the heading "INSTRUCTIONS" by replacing subsection (2) with the following:*

- (2) *A risk factor must not be de-emphasized by including, for greater certainty, excessive caveats or conditions..*

15. *Section 17.1 of Form 44-101F1 SHORT FORM PROSPECTUS is amended under the heading "INSTRUCTIONS" by replacing subsection (3) with the following:*

- (3) *Consider presenting risk factor disclosure in a manner, such as the tabular form below or any other suitable manner, that clearly identifies, for each risk factor*

- (a) *the nature of the risk factor,*
- (b) *its description,*
- (c) *the issuer's impact/probability (i.e., its seriousness), and*
- (d) *the issuer's risk mitigation strategy relating to it.*

### **RISK FACTORS**

Nature of Risk Factor	Description	Impact / Probability Assessment	Risk Mitigation Strategy
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#### **Transition**

- 16.(1) In this section, "prospectus" means a preliminary prospectus, an amendment to a preliminary prospectus, a final prospectus or an amendment to a final prospectus.
- (2) In this section, "issuer's effective date" means, in relation to an issuer, the earlier of:
  - (a) the date the issuer is required to include in a prospectus, directly or by incorporation, an annual disclosure statement for its first financial year ending on or after **[December 15, 2023]**, and
  - (b) the date, on or after **[December 15, 2023]**, the issuer includes in a prospectus, directly or by incorporation, an annual disclosure statement or an interim disclosure statement prepared under National Instrument 51-102 *Continuous Disclosure Obligations*.
- (3) The provisions of National Instrument 44-101 *Short Form Prospectus Distributions*, as amended by this Instrument, do not apply to an issuer until the issuer's effective date.
- (4) Until the issuer's effective date, an issuer must comply with National Instrument 44-101 *Short Form Prospectus Distributions* as it read on **[December 14, 2023]**.

#### **Effective Date**

- 17. This Instrument comes into force on **[December 15, 2023]**.

**PROPOSED AMENDMENTS TO  
NATIONAL INSTRUMENT 71-102 CONTINUOUS DISCLOSURE AND OTHER EXEMPTIONS  
RELATING TO FOREIGN ISSUERS**

1. *National Instrument 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers is amended by this Instrument.*
2. *Section 1.1 is amended by*
  - (a) *replacing the definition of "AIF" with the following:*

"AIF" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;
  - (b) *replacing the definition of "MD&A" with the following:*

"MD&A" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;, **and**
  - (c) *adding the following definitions:*

"annual disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

"interim disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;
3. *Section 4.3 is amended by removing ", approval".*
4. *Section 4.4 is amended by*
  - (a) *replacing "preparation, approval, filing and delivery" with "preparation and filing",*
  - (b) *adding "and" at the end of paragraph (b), and*
  - (c) *repealing paragraph (c).*
5. *Part 4 is amended by adding the following after section 4.4:*

**4.4.1 Annual Disclosure Statement and Interim Disclosure Statement**

An SEC foreign issuer satisfies securities legislation requirements relating to the preparation, approval, filing and delivery of annual disclosure statements and interim disclosure statements if it complies with sections 3.2, 4.3 and 4.4 of this Instrument..
6. *Paragraph 4.7(2)(a) is amended by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc."*
7. *Section 5.4 is amended by removing ", approval".*

8. *Section 5.5 is amended by*
- (a) *replacing "preparation, approval, filing and delivery" with "preparation and filing",*
  - (b) *adding "and" at the end of paragraph (b), and*
  - (c) *repealing paragraph (c).*

9. *Part 5 is amended by adding the following after section 5.5:*

**5.5.1 Annual Disclosure Statement and Interim Disclosure Statement**

A designated foreign issuer satisfies securities legislation requirements relating to the preparation, approval, filing and delivery of annual disclosure statements and interim disclosure statements if it complies with sections 3.2, 5.4 and 5.5 of this Instrument..

10. *Paragraph 5.8(2)(a) is amended by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc."*

**Transition**

- 11.(1) In this section, "issuer's effective date" means, in relation to an issuer, the date the issuer is required to file an annual disclosure statement under National Instrument 51-102 *Continuous Disclosure Obligations* for its first financial year ending on or after **[December 15, 2023]**.
- (2) The provisions of National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*, as amended by this Instrument, do not apply to an issuer until the issuer's effective date.
- (3) Until the issuer's effective date, an issuer must comply with National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* as it read on **[December 14, 2023]**.

**Effective Date**

12. This Instrument comes into force on **[December 15, 2023]**.

## ANNEX D

### PROPOSED CHANGES TO EXISTING POLICIES

#### Consequential and housekeeping changes

The proposed amendments to NI 51-102 result in certain consequential changes to existing policies applicable to reporting issuers. Consequential changes involve adding references to annual disclosure statement and interim disclosure statement and updating existing references to NI 51-102 to reference the amended NI 51-102 requirements.

In addition to consequential changes, housekeeping changes are proposed for certain policies to clarify existing guidance, delete guidance that are no longer applicable or redundant, and correct outdated references.

For the following policies, only consequential and housekeeping changes are proposed:

- National Policy 11-201 *Electronic Delivery of Documents*
- National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications*
- National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*
- National Policy 12-202 *Revocation of Certain Cease Trade Orders*
- National Policy 12-203 *Management Cease Trade Orders*
- National Policy 41-201 *Income Trusts and Other Indirect Offerings*
- Companion Policy 43-101CP to National Instrument 43-101 *Standards of Disclosure for Mineral Projects*
- Companion Policy 45-106CP *Prospectus Exemptions*
- National Policy 46-201 *Escrow for Initial Public Offerings*
- Companion Policy 51-101CP *Standards of Disclosure for Oil and Gas Activities*
- National Policy 51-201 *Disclosure Standards*
- Companion Policy 52-109CP to National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*
- Companion Policy 52-110CP to National Instrument 52-110 *Audit Committees*
- Companion Policy 54-101CP to National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*
- Companion Policy 71-102CP *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*

#### Changes to reflect alignment of certain prospectus disclosure requirements with continuous disclosure requirements

In addition to consequential and housekeeping changes, for the following companion policies, changes are being proposed to reflect alignment of certain prospectus disclosure requirements with the continuous disclosure requirements:

Companion Policy 41-101CP to National Instrument 41-101 *General Prospectus Requirements*

- Update references to “special purpose entity” by replacing them with “structured entity”, as the latter term has replaced the former term under Canadian GAAP applicable to publicly accountable enterprises.
- Delete section 4.4 as a result of repealing section 8.6 of Form 41-101F1 *Information Required in a Prospectus*.

Companion Policy 44-101CP to National Instrument 44-101 *Short Form Prospectus Distributions*

- Update references to “special purpose entity” by replacing them with “structured entity”, as the latter term has replaced the former term under Canadian GAAP applicable to publicly accountable enterprises.

**PROPOSED CHANGES TO  
NATIONAL POLICY 11-201 *ELECTRONIC DELIVERY OF DOCUMENTS***

1. *National Policy 11-201 Electronic Delivery of Documents is changed by this Document.*

2. *Section 1.1 is changed by adding the following definitions:*

"annual disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

"interim disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

3. *Subsection 1.4(1) is changed by adding "annual disclosure statements, interim disclosure statements," before "financial statements".*

4. These changes become effective on **[December 15, 2023]**.

**PROPOSED CHANGES TO  
NATIONAL POLICY 11-206 *PROCESS FOR CEASE TO BE A REPORTING ISSUER  
APPLICATIONS***

1. *National Policy 11-206 Process for Cease to be a Reporting Issuer Applications is changed by this Document.*
2. *Section 2 is changed by adding the following definitions:*

"annual disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

"interim disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;
3. *Section 21 is changed by adding "annual disclosure statements, interim disclosure statements or" before "financial statements".*
4. These changes become effective on **[December 15, 2023]**.

**PROPOSED CHANGES TO  
NATIONAL POLICY 11-207 FAILURE-TO-FILE CEASE TRADE ORDERS AND  
REVOCATIONS IN MULTIPLE JURISDICTIONS**

1. *National Policy 11-207 Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions is changed by this Document.*
2. *Section 3 is changed by adding the following definitions:*

"annual disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

"interim disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;
3. *Subsection 24(1) is changed by replacing "annual or interim financial statements, MD&A or MRFP, and certification of filings" with "annual disclosure statement, interim disclosure statement, annual information form, annual financial statements, interim financial report, MD&A or MRFP, and certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings".*
4. *Section 25 is changed*
  - (a) *by adding "interim disclosure statements," before "interim financial reports" wherever it occurs, and*
  - (b) *in subsection (a) by adding "annual disclosure statements," before "audited annual financial statements".*
5. These changes become effective on **[December 15, 2023]**.

**PROPOSED CHANGES TO  
NATIONAL POLICY 12-202 REVOCATION OF CERTAIN CEASE TRADE ORDERS**

1. *National Policy 12-202 Revocation of Certain Cease Trade Orders is changed by this Document.*
2. *Section 2 is changed by adding the following definitions:*

"annual disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

"interim disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;
3. *Section 6 is changed*
  - (a) *by adding "interim disclosure statements," before "interim financial reports" wherever it occurs, and*
  - (b) *in subsection (a) by adding "annual disclosure statements," before "audited annual financial statements".*
4. These changes become effective on **[December 15, 2023]**.

**PROPOSED CHANGES TO  
NATIONAL POLICY 12-203 MANAGEMENT CEASE TRADE ORDERS**

**1. *National Policy 12-203 Management Cease Trade Orders is changed by this Document.***

**2. *Section 2 is changed by***

**(a) *adding the following definitions:***

"annual disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

"interim disclosure statement" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;, **and**

**(b) *replacing the definition of "specified requirement" with the following:***

"specified requirement" means the requirement to file within the time period prescribed by securities legislation one or more of the following:

(a) an annual disclosure statement;

(b) an interim disclosure statement;

(c) annual financial statements;

(d) an interim financial report;

(e) an annual or interim MD&A;

(f) an annual or interim MRFP;

(g) an annual information form;

(h) a certificate required under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*;

**3. *Section 12 is changed by replacing the second paragraph with the following:***

If a reporting issuer is in default of a specified requirement, the issuer must still comply with all other applicable continuous disclosure requirements, other than requirements reasonably linked to the specified requirement in question. For example, an issuer that has not filed its annual disclosure statement on time will also be unable to comply with the requirement to file a certification of annual filings under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*. However, failure to comply with a requirement to file an annual disclosure statement in accordance with the requirements of Part 3A of National Instrument 51-102 *Continuous Disclosure Obligations* does not excuse compliance with other requirements of that instrument such as the requirement to file material change reports in accordance with Part 7 or an information circular in accordance with Part 9..

4. ***Subsection 19(c) is changed by replacing "Subsection 10.2(1) of Form 51-102F2 Annual Information Form" with "Subsection 24(1) of Form 51-102F1 Annual Disclosure Statement".***
5. ***Appendix A is changed by replacing subsections 5.a. to c. with the following:***
  - a. *an annual disclosure statement, as required by Part 3A of National Instrument 51-102 Continuous Disclosure Obligations; and*
  - b. *CEO and CFO certificates relating to the annual disclosure statement, as required by National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (collectively, the required filings)].*
6. These changes become effective on **[December 15, 2023]**.

**PROPOSED CHANGES TO  
NATIONAL POLICY 41-201 INCOME TRUSTS AND OTHER INDIRECT OFFERINGS**

1. *National Policy 41-201 Income Trusts and Other Indirect Offerings is changed by this Document.*
2. *Section 3.7 is changed by*
  - (a) *deleting "section 10.8 of Ontario Securities Commission Form 41-501F1 Information Required in a Prospectus (or its successor), section 10.8 of Schedule 1 Information Required in a Prospectus to Quebec's Regulation Q-28 respecting General Prospectus Requirements (or its successor)," and*
  - (b) *replacing "item 7.3 of Form 51-102F2" with "subsections 20(3) and (4) of Form 51-102F1 Annual Disclosure Statement".*
3. *Section 3.11 is changed by replacing "Item 5.2 of Form 51-102F2" with "section 16 of Form 51-102F1 Annual Disclosure Statement".*
4. *Section 6.5.1 is changed by replacing "Form 51-102F1" wherever it occurs with "Part 2 of Form 51-102F1 Annual Disclosure Statement and Part 2 of Form 51-102F2 Interim Disclosure Statement".*
5. *Section 6.5.2 is changed by replacing "Although the instructions in Form 51102F1 do not specifically state it, to meet the disclosure requirements for liquidity in Form 51102F1" with "To meet the disclosure requirements for liquidity and capital resources in Part 2 of Form 51-102F1 Annual Disclosure Statement and Part 2 of Form 51-102F2 Interim Disclosure Statement".*
6. These changes become effective on **[December 15, 2023]**.

**PROPOSED CHANGES TO  
COMPANION POLICY 43-101CP TO NATIONAL INSTRUMENT 43-101 STANDARDS OF  
DISCLOSURE FOR MINERAL PROJECTS**

1. *Companion Policy 43-101CP to National Instrument 43-101 Standards of Disclosure for Mineral Projects is changed by this Document.*
2. *Subsection 4.2(6) is changed by replacing "Under paragraph 1.4(e) of" with "As required under".*
3. This change becomes effective on **[December 15, 2023]**.

**PROPOSED CHANGES TO  
COMPANION POLICY 45-106CP PROSPECTUS EXEMPTIONS**

1. *Companion Policy 45-106CP Prospectus Exemptions is changed by this Document.*
2. *Subsection 3.8(2) is changed by replacing the second sentence with the following:*

Form 45-106F3 requires qualifying issuers to incorporate by reference their annual disclosure statement or annual financial statements and related management's discussion and analysis (MD&A), and AIF, if it is not included in the issuer's annual disclosure statement, and subsequent specified continuous disclosure documents required under NI 51-102..

3. This change becomes effective on [**December 15, 2023**].

**PROPOSED CHANGES TO  
NATIONAL POLICY 46-201 ESCROW FOR INITIAL PUBLIC OFFERINGS**

1. *National Policy 46-201 Escrow for Initial Public Offerings is changed by this Document.*
2. *Subsection 3.2(a.1) is changed by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc." wherever it occurs.*
3. *Paragraph 3.3(2)(c) is changed by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc."*
4. *Paragraph 4.4(1)(a) is changed by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc."*
5. *Form 46-201F1 ESCROW AGREEMENT is changed in subsection 3.1(a) by replacing "Aequitas NEO Exchange Inc." with "NEO Exchange Inc."*
6. These changes become effective on **[December 15, 2023]**.

**PROPOSED CHANGES TO  
COMPANION POLICY 51-101CP STANDARDS OF DISCLOSURE FOR OIL AND GAS  
ACTIVITIES**

1. *Companion Policy 51-101CP Standards of Disclosure for Oil and Gas Activities is changed by this Document.*
2. *Section 2.4 is changed*
  - (a) *in subsection (1) by deleting the second sentence, and*
  - (b) *in subsection (2) by replacing "Form 51-102F2 Annual Information Form allows the information required by section 2.1 of NI 51-101 to be included in the" with "A reporting issuer can include the information required by section 2.1 of NI 51-101 in its".*
3. These changes become effective on **[December 15, 2023]**.

**PROPOSED CHANGES TO  
NATIONAL POLICY 51-201 DISCLOSURE STANDARDS**

1. *National Policy 51-201 Disclosure Standards is changed by this Document.*
2. *Footnote 38 is changed by replacing "interim financial statements" wherever it occurs with "interim financial reports".*
3. *Footnote 40 is deleted.*
4. These changes become effective on **[December 15, 2023]**.

**PROPOSED CHANGES TO  
COMPANION POLICY 52-109CP TO NATIONAL INSTRUMENT 52-109 CERTIFICATION OF  
DISCLOSURE IN ISSUERS' ANNUAL AND INTERIM FILINGS**

1. *Companion Policy 52-109CP to National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings is changed by this Document.*
2. *Section 12.1 is changed by replacing "annual MD&A, including the required disclosure concerning DC&P and ICFR, before it is filed" with "annual disclosure statement, including the required disclosure concerning DC&P and ICFR in its annual MD&A, before it is filed".*
3. This change becomes effective on **[December 15, 2023]**.

**PROPOSED CHANGES TO  
COMPANION POLICY 52-110CP TO NATIONAL INSTRUMENT 52-110 AUDIT  
COMMITTEES**

1. *Companion Policy 52-110CP to National Instrument 52-110 Audit Committees is changed by this Document.*
2. *Footnote 1 is deleted.*
3. This change becomes effective on **[December 15, 2023]**.

**PROPOSED CHANGES TO  
COMPANION POLICY 54-101CP TO NATIONAL INSTRUMENT 54-101 COMMUNICATION  
WITH BENEFICIAL OWNERS OF SECURITIES OF A REPORTING ISSUER**

1. *Companion Policy 54-101CP to National Instrument 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer is changed by this Document.*
2. *Section 4.1 is replaced with the following:*

**4.1 Client Response Form**

- (1) By completing a client response form as provided in Part 3 of the Instrument, a beneficial owner gives notice of its choices concerning the receipt of materials and the disclosure of ownership information concerning it. Pursuant to section 3.4 of the Instrument, a beneficial owner may, by notice to the intermediary through which it holds, change any prior instructions given in a client response form. Proximate intermediaries should alert their clients to the costs and other consequences of the options in the client response form.
- (2) Section 3A.6 of National Instrument 51-102 *Continuous Disclosure Obligations* requires reporting issuers to send annually a request form to the registered holders and beneficial owners of its securities who are identified under NI 54-101 as having chosen to receive all securityholder materials sent to beneficial owners of securities. The beneficial owners may use the request form to request a copy of the reporting issuer's annual disclosure statement or annual financial statements and related MD&A, interim disclosure statements or interim financial reports and related MD&A, and annual financial statements or interim financial reports filed under section 4.7 and subsection 4.10(2) of National Instrument 51-102 *Continuous Disclosure Obligations*. Failing to return the request form or otherwise specifically request a copy of the annual disclosure statement or annual financial statements and related MD&A, interim disclosure statement or interim financial reports and related MD&A, or annual financial statements or interim financial reports filed under section 4.7 and subsection 4.10(2) from the reporting issuer will override the beneficial owner's standing instructions under this Instrument in respect of the financial statements.
- (3) Financial statements received by beneficial owners in accordance with the owner's standing instructions under this Instrument may be included in an annual disclosure statement or annual report..

3. **Section 5.4 is changed**

(a) **in subsection (2) by replacing "annual financial statements and annual MD&A" wherever it occurs with "annual financial statements and annual MD&A, which, for that purpose, may be included in an annual disclosure statement or annual report", and**

(b) **in subsection (10)**

(i) **in the second bullet by replacing "annual financial statements and annual MD&A" with "annual financial statements and annual MD&A, which, for that purpose, may be included in an annual disclosure statement or annual report,"**

(ii) **by replacing the text of the third bullet with the following:**

Section 3A.6 of National Instrument 51-102 *Continuous Disclosure Obligations* ("NI 51-102") establishes an annual request form mechanism for registered holders and beneficial owners to request copies of a reporting issuer's annual disclosure statement or annual financial statements and annual MD&A for the following year. A request for these documents can also contain a request that the notice package for the registered holder or beneficial owner contain a paper copy of the information circular., **and**

(iii) **by replacing the fourth bullet with the following:**

Notice-and-access also can be used to send annual financial statements and annual MD&A, which, for that purpose, may be included in an annual disclosure statement or annual report, pursuant to subsection 3A.6(6) of NI 51-102. Notice-and-access is consistent with the principles for electronic delivery set out in National Policy 11-201 *Electronic Delivery of Documents* ("NP 11-201").

4. **Section 7.2 is replaced with the following**

**7.2 Delay of annual disclosure statement, audited annual financial statements or annual report** — Section 9.1 of the Instrument recognizes that corporate law or securities legislation may permit a reporting issuer to send its audited annual financial statements, which may be included in an annual disclosure statement or annual report, to registered holders of its securities later than other proxy-related materials. The Instrument provides that the time periods applicable to sending proxy-related materials prescribed in the Instrument do not apply to the sending of proxy-related materials that are annual financial statements, an annual disclosure statement or an annual report if any of these materials are sent by the reporting issuer to beneficial owners of the securities within the time limitations established in applicable corporate law and securities legislation for the sending of the statements or report to registered holders of the securities. Reporting issuers are nonetheless encouraged to send their annual disclosure statement, annual financial statements or an annual report at the same time as other proxy-related materials..

5. These changes become effective on **[December 15, 2023]**.

**PROPOSED CHANGES TO  
COMPANION POLICY 71-102CP CONTINUOUS DISCLOSURE AND OTHER EXEMPTIONS  
RELATING TO FOREIGN ISSUERS**

1. *Companion Policy 71-102CP Continuous Disclosure and Other Exemptions Relating to Foreign Issuers is changed by this Document.*

2. *Section 4.1 is changed by replacing the last two sentences with the following:*

For example, a foreign issuer may wish to file its U.S. Form 20F to satisfy the conditions relating to the financial statement exemption, AIF exemption, MD&A exemption and the annual disclosure statement exemption. The foreign issuer could file the Form 20F on SEDAR under [**the annual disclosure statement category**] or [**one of the annual financial statement category, the AIF category or the MD&A category**], and under the other categories would file a letter giving the SEDAR project number under which the Form 20F is filed..

3. This change becomes effective on [**December 15, 2023**].

**PROPOSED CHANGES TO  
COMPANION POLICY 41-101CP TO NATIONAL INSTRUMENT 41-101 GENERAL  
PROSPECTUS REQUIREMENTS**

1. *Companion Policy 41-101CP to National Instrument 41-101 General Prospectus Requirements is changed by this Document.*
2. *Section 2.7 is changed by*
  - (a) *replacing* "“special purpose” entity" *with* "structured entity",
  - (b) *replacing* "special purpose issuers of asset-backed securities" *with* "structured entities distributing asset-backed securities", *and*
  - (c) *replacing* "where an entity establishes a special purpose issuer" *with* "where an entity establishes a structured entity".
3. *Section 4.4 is deleted.*
4. *Section 4.5 is changed by replacing* "a special purpose issuer of asset-backed securities" *with* "a structured entity that has distributed asset-backed securities".
5. These changes become effective on **[December 15, 2023]**.

**PROPOSED CHANGES TO  
COMPANION POLICY 44-101CP TO NATIONAL INSTRUMENT 44-101 SHORT FORM  
PROSPECTUS DISTRIBUTIONS**

1. *Companion Policy 44-101CP to National Instrument 44-101 Short Form Prospectus Distributions is changed by this Document.*

2. *Section 1.7 is changed*

(a) *by replacing subsection (3) with the following:*

- (3) Current AIF – An issuer’s AIF filed under the applicable CD rule is a "current AIF" until the issuer files an AIF for the next financial year, or is required by the applicable CD rule to have filed its annual disclosure statement or annual financial statements for the next financial year. If an issuer fails to file a new AIF by the filing deadline under the applicable CD rule for its annual disclosure statement or annual financial statements, it will not have a current AIF and will not qualify under NI 44-101 to file a prospectus in the form of a short form prospectus. If an issuer files a revised or amended AIF for the same financial year as an AIF that has previously been filed, the most recently filed AIF will be the issuer’s current AIF.

An issuer that is a venture issuer for the purpose of NI 51-102, and certain investment funds, may have no obligation under the applicable CD rule to file an AIF. However, to qualify under NI 44-101 to file a prospectus in the form of a short form prospectus, that issuer will be required to file an AIF in accordance with the applicable CD rule so as to have a "current AIF". A current AIF filed by an issuer that is a venture issuer for the purposes of NI 51-102 can be expected to expire later than a non-venture issuer’s AIF, due to the fact that the deadlines for filing an annual disclosure statement under NI 51-102 are later for venture issuers than for other issuers., *and*

(b) *by replacing subsection (4) with the following:*

- (4) Current annual financial statements— An issuer’s comparative annual financial statements filed under the applicable CD rule, together with the accompanying auditor’s report, are “current annual financial statements” until the issuer files, or is required under the applicable CD rule to have filed, its annual disclosure statement or comparative annual financial statements for the next financial year. If an issuer fails to file its annual disclosure statement or comparative annual financial statements by the filing deadline under the applicable CD rule, it will not have current annual financial statements and will not be qualified under NI 44-101 to file a prospectus in the form of a short form prospectus.

Where there has been a change of auditor and the new auditor has not audited the comparative period, the report of the predecessor auditor on the comparative period must be included in the prospectus. The issuer may file the report of the predecessor auditor on the comparative period with the annual disclosure statement or the annual financial statements that are being incorporated by reference into the short form prospectus, and clearly incorporate by reference the predecessor auditor’s report in addition to the new auditor’s report. Alternatively, the issuer can

incorporate by reference into the short form prospectus its annual disclosure statement or its comparative financial statements filed for the previous year, including the audit reports thereon..

3. *Subsection 2.4(1) is changed by replacing "“special purpose issuers” wherever it occurs with “structured entities”.*
4. *Subsection 4.4(1) is changed by replacing “section 5.2 in NI 51-102F2” with “section 16 of Form 51-102F1”.*
5. *Section 4.5 is changed by replacing “a special purpose issuer of asset-backed securities” with “a structured entity distributing asset-backed securities”.*
6. *Section 4.11 is replaced with the following:*

**4.11 General Financial Statement Requirements** – A reporting issuer is required under the applicable CD rule to file its annual disclosure statement or its annual financial statements and related MD&A 90 days after year end (or 120 days if the issuer is a venture issuer as defined in NI 51-102). An interim disclosure statement must be filed 45 days after the last day of an interim period (or 60 days for a venture issuer) or for investment fund issuers, an interim financial report and related MD&A must be filed 60 days after the end of the most recent interim period. The financial statement requirements in NI 44-101 are based on these continuous disclosure reporting time frames and do not impose accelerated filing deadlines for a reporting issuer’s annual disclosure statement, interim disclosure statement or financial statements. However, to the extent an issuer has filed an annual disclosure statement, interim disclosure statement or financial statements in advance of the deadline for doing so, those documents must be incorporated by reference in the short form prospectus. We are of the view that directors of an issuer should endeavor to consider and approve an annual disclosure statement, interim disclosure statement or financial statements in a timely manner and should not delay the approval and filing of these documents for the purpose of avoiding their inclusion in a short form prospectus. Once the annual disclosure statement, interim disclosure statement or financial statements have been approved, they should be filed as soon as possible..
7. These changes become effective on **[December 15, 2023]**.

## ANNEX E

### SEMI-ANNUAL REPORTING FOR CERTAIN VENTURE ISSUERS ON A VOLUNTARY BASIS

#### How will the market receive adequate ongoing disclosure under the Proposed Semi-Annual Reporting Framework?

Ensuring adequate and timely disclosure is central to the Proposed Semi-Annual Reporting Framework. The Proposed Semi-Annual Reporting Framework would add a new requirement that an issuer files alternative disclosure within 60 days of the end of the issuer’s interim period for which financial statements and MD&A would not be filed to

- provide an update on the issuer’s operations, major operating milestones, commitments, unexpected events, risks that are likely to materially affect operations going forward, and explain any significant changes from previous disclosures regarding the use of proceeds from any financing, and
- disclose information and events that are material, including those related to the following:
  - the issue or cancellation of any securities;
  - new or modified litigation or liabilities;
  - new or modified financing arrangements;
  - defaults under financing arrangements;
  - changes to the financial condition of the issuer;
  - the inability to pay debts as they become due;
  - related party transactions.

Other existing regulatory and exchange requirements include

- the material change reporting requirements under Part 7 of NI 51-102 to immediately issue and file a news release disclosing a material change,
- the business acquisition report requirements under Part 8 of NI 51-102 for significant acquisitions, and
- for listed venture issuers, the timely disclosure requirements of the venture exchanges, including TSXV Policy 3.3 – *Timely Disclosure* and CSE Policy 5 *Timely Disclosure, Trading Halts and Posting Requirements*.

#### 1. Continuous Disclosure – NI 51-102

Policy area	How semi-annual reporting would be implemented on a voluntary basis
Filing of interim disclosure statement – interim financial reports and interim MD&A (Part 3A)	<i>A venture issuer could elect to only file an interim disclosure statement for its interim period ending six months before the end of the financial year<sup>7</sup>.</i>

<sup>7</sup> The phrase “interim period ending six months before the end of the financial year” is used to describe the period covered by semi-annual reporting.

Policy area	How semi-annual reporting would be implemented on a voluntary basis
Alternative disclosure for interim periods where it does not file an interim disclosure statement (new)	<p><i>A venture issuer using semi-annual reporting must, for each interim period where the issuer does not file an interim disclosure statement, file alternative disclosure in a news release to</i></p> <ul style="list-style-type: none"> <li>• <i>provide updates on the issuer’s operations, major operating milestones, commitments, unexpected events, risks that are likely to materially affect operations going forward, and explain any significant changes from previous disclosures regarding the use of proceeds, and</i></li> <li>• <i>disclose information and events that are material, including those related to:</i> <ul style="list-style-type: none"> <li>○ <i>the issue or cancellation of any securities;</i></li> <li>○ <i>new or modified litigation or liabilities;</i></li> <li>○ <i>new or modified financing arrangements;</i></li> <li>○ <i>defaults under financing arrangements;</i></li> <li>○ <i>changes to the financial condition of the issuer;</i></li> <li>○ <i>the inability to pay debts as they become due;</i></li> <li>○ <i>related party transactions.</i></li> </ul> </li> </ul>
Filing of financial statements after becoming a reporting issuer (section 4.7)	<p><i>A venture issuer can elect to only file an interim financial report for its interim period ending six months before the end of the financial year if it will be taking advantage of semi-annual reporting when it becomes a reporting issuer.</i></p>
Impact on change in year-end requirements (section 4.8)	<p><i>A venture issuer can change its year-end and retain the ability to use semi-annual reporting on a voluntary basis.</i></p>
Impact on financial statements of a reverse takeover acquirer for periods before a reverse takeover (section 4.10)	<p><i>Under a reverse take-over, if the reverse take-over acquirer will qualify as a venture issuer and intends to use semi-annual reporting upon becoming a reporting issuer then it can elect to use the semi-annual reporting provisions when applying this section.</i></p>
Inclusion of semi-annual interim financial report for an acquired business required to be filed in a BAR (subsection 8.4(3))	<p><i>A venture issuer using semi-annual reporting that has made a significant acquisition can elect to only include an interim financial report for an acquired business for an interim period ending six months before the end of the financial year of the acquired business.</i></p>
Allowing an earlier interim financial report for an acquired business required to be filed in a BAR (subsection 8.4(4))	<p><i>A venture issuer using semi-annual reporting that has made a significant acquisition can elect to only include an interim financial report for an acquired business for an interim period ending six months before the end of the financial year of the acquired business.</i></p>
Additional Filing Requirement - Change of status report – a venture	<p><i>A venture issuer must file a notice promptly after either opting into or out of semi-annual reporting.</i></p>

<b>Policy area</b>	<b>How semi-annual reporting would be implemented on a voluntary basis</b>
issuer voluntarily ‘opts into/out of’ semi-annual reporting (Part 11)	
Transition provisions (Part 14)	<p><i>Transition would have the following guiding principles</i></p> <ul style="list-style-type: none"> <li><i>(a) eligible issuers must file a notice advising the market when it enters or exits the semi-annual reporting regime,</i></li> <li><i>(b) opting in/out must be done at the beginning of a fiscal year and that the commitment would be for at least one complete year unless an issuer becomes ineligible due to becoming a SEC issuer or ceasing to be a venture issuer, and</i></li> <li><i>(c) if an issuer loses eligibility during a year under (b), it must file all applicable interim filings (Q1 and Q3) that were not otherwise filed prior to the date that it no longer qualified for semi-annual reporting.</i></li> </ul>

**2. CEO/CFO Certification – NI 52-109 Certification of Disclosure in Issuers’ Annual and Interim Filings**

<b>Policy area</b>	<b>How semi-annual reporting would be implemented on a voluntary basis</b>
Certification of interim filing	<i>A venture issuer using semi-annual reporting would be required to certify as to their interim disclosure statement for the semi-annual reporting period. The venture issuer would not be required to file an interim certificate as to their alternative disclosure in a news release.</i>

**3. Acceptable Accounting Principles and Auditing Standards – NI 52-107 Acceptable Accounting Principles and Auditing Standards**

No substantive changes are required to accommodate semi-annual reporting.

**4. IPO Offerings and Secondary Offerings using a Long Form Prospectus - NI 41-101 General Prospectus Requirements**

<b>Policy area</b>	<b>How semi-annual reporting would be implemented on a voluntary basis</b>
Filing of Interim Financial Report and interim MD&A	<p><i>Allow a venture issuer to elect to include only an interim financial report and interim MD&amp;A for its most recent interim period ending six months before the end of the financial year, if applicable, if it</i></p> <ul style="list-style-type: none"> <li><i>(a) qualifies as an IPO venture issuer and intends to use semi-annual reporting upon becoming a reporting issuer, or</i></li> <li><i>(b) is already a reporting issuer and has opted in to semi-annual reporting.</i></li> </ul>

<b>Policy area</b>	<b>How semi-annual reporting would be implemented on a voluntary basis</b>
Ensure that the guidance related to recent and proposed acquisitions is updated to reflect the possibility that an issuer may use semi-annual reporting for a proposed acquisition	<i>Update guidance related to recent and proposed acquisitions to reflect the possibility that a venture issuer may use semi-annual reporting for a proposed acquisition.</i>

**5. Secondary Offerings using a Short Form Prospectus - NI 44-101 Short Form Prospectus Distributions, NI 44-102 Shelf Distributions and NI 44-103 Post-Receipt Pricing**

<b>Policy area</b>	<b>How semi-annual reporting would be implemented on a voluntary basis</b>
Use of short form prospectuses	<i>A venture issuer using semi-annual reporting would be eligible to use the short form offering system. The current short form prospectus regime can accommodate a change to allow semi-annual reporting on a voluntary basis.</i>
Ensure that the alternative disclosure in a news release required under the continuous disclosure regime is incorporated by reference in a short form prospectus	<i>Update the requirement to incorporate by reference any additional filing (i.e. quarterly update by news release).</i>
Ensure that the guidance related to recent and proposed acquisitions is updated to reflect the possibility that an issuer may use semi-annual reporting for a proposed acquisition	<i>Update guidance related to recent and proposed acquisitions to reflect the possibility that a venture issuer may use semi-annual reporting for a proposed acquisition.</i>

**6. Exempt Distributions – Offering Memorandum for Non-qualifying issuers - Form 45-106F2 Offering Memorandum for Non-Qualifying Issuers**

<b>Policy area</b>	<b>How semi-annual reporting would be implemented on a voluntary basis</b>
Filing of an Interim Financial Report	<i>A venture issuer can elect to only include an interim financial report for its most recent interim period ending six months before the end of the financial year, if applicable, if it:</i> <ul style="list-style-type: none"> <li><i>(a) qualifies as an IPO venture issuer and intends to use semi-annual reporting upon becoming a reporting issuer; or</i></li> <li><i>(b) is already a reporting issuer and has opted in to semi-annual reporting.</i></li> </ul>

Ensure that the guidance related to recent and proposed acquisitions is updated to reflect the possibility that an issuer may use semi-annual reporting for a proposed acquisition	<i>Update the guidance related to recent and proposed acquisitions to reflect the possibility that a venture issuer may use semi-annual reporting for a proposed acquisition.</i>
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**7. Exempt Distributions – Offering Memorandum for Qualifying issuers<sup>8</sup> Form 45-106F3  
*Offering Memorandum for Qualifying Issuers***

Note: This form relies on NI 51-102 for determination of what is required to be incorporated by reference. Therefore, changes to NI 51-102 above will consequentially affect the disclosure required in an offering memorandum for qualifying issuers.

**8. Other continuous disclosure documents reviewed – no expected impact from the Proposed Semi-Annual Reporting Framework**

We do not think any of the following instruments are affected by the proposal:

- NI 43-101 *Standards of Disclosure for Mineral Projects*;
- NI 51-101 *Standards of Disclosure for Oil and Gas Activities*;
- NP 58-201 *Corporate Governance Guidelines*;
- MI 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*;
- NI 52-108 *Auditor Oversight*;
- NI 52-110 *Audit Committees*.

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<sup>8</sup> “qualifying issuer” is defined under NI 45-106 to mean a reporting issuer in a jurisdiction of Canada that is a SEDAR filer, has filed all documents required to be filed under the securities legislation of that jurisdiction, and has filed a current AIF.