

# Goodmans<sup>LLP</sup> Update

## Canadian Securities Administrators Propose Amendments to Business Acquisition Report Requirements

On September 5, 2019, the Canadian Securities Administrators (CSA) published for comment proposed amendments to the business acquisition report (BAR) filing requirements for non-venture issuers. If implemented, the changes would raise the threshold for determining the significance of acquisitions that trigger the filing of a BAR. This proposal is the latest effort in the CSA's ongoing initiative to reduce the regulatory burden on market participants. No changes are currently proposed to the BAR requirements for venture issuers.

The comment period for the proposed amendments is open until December 4, 2019.

### Background

Since 2017, the CSA has been exploring ways to reduce the regulatory compliance burden on Canadian public companies. Notably on March 27, 2018, the CSA announced six new policy projects based on feedback received in response to Consultation Paper 51-404 – *Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers*, published in April 2017. One of those projects included the removal or modification of the BAR requirements.

For further details, see our January 28, 2019 Update, *OSC Continues Ongoing Efforts to Reduce Regulatory Burden*, March 29, 2018 Update, *Canadian Securities Regulators Announce Upcoming Policy Projects Aimed to Reduce Regulatory Burden on Canadian Public Companies*, and April 20, 2017 Update, *Canadian Securities Regulators Considering How To Reduce Regulatory Burden on Canadian Public Companies*.

### The Proposal

Currently, a reporting issuer that is not a venture issuer must file a BAR in respect of an acquisition if any one of the three significance tests set out in National Instrument 51-102 – *Continuous Disclosure Obligations* exceeds 20%.

If adopted, the proposed amendments will:

- increase the significance threshold from 20% to 30%; and
- require that at least two of the three significance tests be exceeded.

In drafting the proposed amendments, the CSA took into account feedback received during the consultation process and data collected by the CSA to assess the impact of the proposed changes on a look-back basis. The CSA believes that a two-trigger test will be more effective in eliminating anomalous results that have been observed on some occasions from the application of the current rules (such as where the profit or loss test would trigger a BAR for an acquisition that was well below the 20% threshold on the asset and investment tests). The CSA also believes that increasing the significance threshold from 20% to 30% will meaningfully reduce the regulatory burden on reporting issuers without compromising the benefits investors receive from BAR disclosure.

For further information on the proposal or to discuss potential changes to securities legislation that could impact your business, please contact any member of our [Corporate Securities Group](#).

All Updates are available at [www.goodmans.ca](http://www.goodmans.ca). This Update is intended to provide general comment only and should not be relied upon as legal advice. © Goodmans LLP, 2019.

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## Authors



Bill Gorman  
bgorman@goodmans.ca  
416.597.4118



Brenda Gosselin  
bgosselin@goodmans.ca  
416.597.4254



Brad Ross  
bross@goodmans.ca  
416.849.6010

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