

Goodmans^{LLP} Update

Canadian Securities Administrators Provide Update on Filing Delays Due to COVID-19

The Canadian Securities Administrators (CSA) recently provided an [update](#) in light of the escalating COVID-19 outbreak. The CSA encourage reporting issuers to contact their principal regulator regarding potential impacts of the outbreak on their disclosure and other obligations, such as filing deadlines and delivery of meeting materials.

Management Cease Trade Orders

The CSA advise issuers that may not be able to file their financial statements by the prescribed filing deadline, to consider applying for a management cease-trade order (MCTO). An MCTO restricts certain officers and directors from trading and may be issued by a regulator instead of a failure-to-file cease-trade order. Under [National Policy 12-203 – Management Cease Trade Orders](#) (“NP 12-203”) an issuer’s principal regulator may issue an MCTO where the outstanding filing is expected to be filed relatively quickly, the default is not expected to be recurring and the issuer meets certain other eligibility criteria.

If an MCTO is issued, the issuer must comply with alternative information guidelines as provided in NP 12-203 until the required documents are filed. Under these guidelines, a default announcement containing certain prescribed information that is authorized by the issuer’s chief executive officer or chief financial officer (or equivalent) and approved by the issuer’s board or audit committee, must generally be issued as soon as the issuer determines it will not make its filing deadline. During the period of the MCTO, bi-weekly default status reports in the form of news releases must also be issued. A material change report is required if the default, or the circumstances leading to the default, represents a material change in the issuer’s business. MCTOs issued in these circumstances will not be considered required disclosure in future documents.

Generally, an MCTO application should be filed at least two weeks before the issuer’s filing due date. Given the circumstances presented by the COVID-19 outbreak, however, the CSA will work to accommodate shorter application timelines where necessary.

The CSA are continuing to monitor the impact of the outbreak on Canadian capital markets and may issue further guidance in due course.

In the meantime, reporting issuers should assess their ability to meet filing deadlines and if necessary, consider making an MCTO application as early as possible to comply with the requirements under NP 12-203 and avoid a failure-to-file cease trade order.

For further information on this development, please contact any member of our [Corporate Finance and Securities Group](#).

All Updates are available at www.goodmans.ca. This Update is intended to provide general comment only and should not be relied upon as legal advice.

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