

Corporate Securities Law

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Canadian Securities Regulators Considering How To Reduce Regulatory Burden on Canadian Public Companies

The Canadian Securities Administrators (CSA) recently released a consultation paper that seeks to identify and evaluate opportunities to reduce the regulatory burden on Canadian public companies (other than investment funds¹) without compromising investor protection or the efficiency of the capital market. The paper identifies a number of specific potential regulatory changes that, if adopted, would drastically impact the way that Canadian public companies raise capital and their ongoing reporting obligations while they remain a public company. The paper also solicits broader feedback from market participants on other possible ways to reduce the regulatory burden on Canadian public companies.

In its most recent Business Plan, the CSA identified a review of the regulatory burden on reporting issuers as one of the CSA's key initiatives for 2016 – 2019. Consultation Paper 51-404 – *Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers* (the “**Consultation Paper**”) represents the first step in that process. Key options specifically identified in the Consultation Paper include:

- *Extending Streamlined Disclosure Rules to More Public Companies.* The CSA are seeking input on whether to extend the streamlined rules that apply to “venture issuers” (i.e., issuers who are listed on the TSX Venture Exchange and certain other junior exchanges) to some (based on criteria to be established) or all other reporting issuers who are

listed on senior exchanges (including the Toronto Stock Exchange). Those streamlined rules include, among others, longer filing deadlines for annual and interim filings, no requirement to file an annual information form and streamlined management's discussion and analysis (“**MD&A**”) disclosure.

- *More Flexible Capital Raising Initiatives.* The Consultation Paper identifies a number of potential changes to the current prospectus rules and offering process (most of which are focused on eliminating or reducing disclosure that may be duplicative or of limited utility), and also considers possible alternatives to the current prospectus model for public companies who are seeking to raise additional capital (including streamlining the process for “at the market” offerings). The Consultation Paper also seeks feedback on initiatives to facilitate cross-border offerings and further liberalize the pre-marketing and marketing regime for prospectus offerings.

- *Reducing Ongoing Disclosure Obligations.* The Consultation Paper considers a number of potential changes to the continuous disclosure obligations of public companies, including eliminating or modifying the criteria for filing a business acquisition report for “significant acquisitions”, reducing disclosure requirements in annual and interim filings, and possibly permitting semi-annual rather than quarterly reporting. More broadly, the Consultation Paper seeks input on areas of continuous disclosure that may be duplicative, with a particular focus on the overlap between financial statements, MD&A and other annual and interim filings.

- *Expanding Electronic Delivery of Documents.* The CSA is seeking feedback on the current “notice-and-access” system and other ways in which electronic delivery of documents could be enhanced through securities legislation.

¹ The consultation paper indicates that the CSA is also considering options to reduce the regulatory burden in other areas of securities legislation, such as reducing disclosure obligations for investment funds.

Goodmans^{LLP} Update

It is unclear at this point whether the process contemplated by the Consultation Paper will ultimately lead to any specific incremental changes to the existing regime or a more fundamental shift in regulatory philosophy. It is, however, encouraging to see Canadian securities regulators taking concrete steps to attempt to ensure that Canadian securities legislation keeps pace with technological innovation and current business realities to help Canadian public companies remain competitive in the global marketplace.

For further information on these proposals or to discuss potential changes to securities legislation that could impact your business, please contact any member of our Corporate Securities Group.