

Corporate Securities Law

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CSA Announces Results of Continuous Disclosure Review for Fiscal 2012

The Canadian Securities Administrators recently published the results¹ of its annual continuous disclosure (CD) review program for the fiscal year ended March 31, 2012. The CSA's CD review program is designed to identify material disclosure deficiencies that affect the reliability and accuracy of an issuer's disclosure record and is intended to both educate issuers as to the applicable requirements and ensure compliance.

Using a high level screening system that considers risk factors to select issuers for review, the CSA selected 1,248 out of Canada's approximately 4,200 reporting issuers for its fiscal 2012 review. As a result of the review:

- 2% of issuers were cease-traded, placed on a default list or referred to Enforcement;
- 9% of the reviews resulted in reporting issuers being alerted to specific areas where disclosure enhancements should be considered, as part of the CSA's effort to educate issuers;
- 17% of the reviews resulted in reporting issuers being required to amend or re-file certain CD documents; and
- 28% of the reviews resulted in "prospective changes", requiring reporting issuers to make enhancements to their disclosure in future filings; and
- 44% of issuers were not required to make any changes or additional filings.

The significant percentage of the issuers that were reviewed that were required to make substantive changes reinforces the need for reporting issuers to focus carefully on the specific requirements applicable to them and, in particular, the areas that attracted particular attention from Staff, including financial statements (particularly disclosure relating to first-time adoption of IFRS), MD&A, disclosure under National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, executive compensation disclosure and disclosure of corporate governance practices.

The CSA also alerted issuers that it intends to focus on the first annual IFRS report in its 2013 CD review, and advised that some of the topics that may receive greater attention as part of that program include judgments and sources of estimation uncertainty disclosure, asset impairments and business combinations.

Please contact any member of our Corporate Securities Group to discuss the Staff Notice or continuous disclosure requirements.

¹ The results are described in CSA Staff Notice 51-337 *Continuous Disclosure Review Program Activities for the fiscal year ended March 31, 2012* and can be found at: http://www.osc.gov.on.ca/documents/en/Securities-Category5/csa_20120719_51-337_cd-review-fiscal2012.pdf