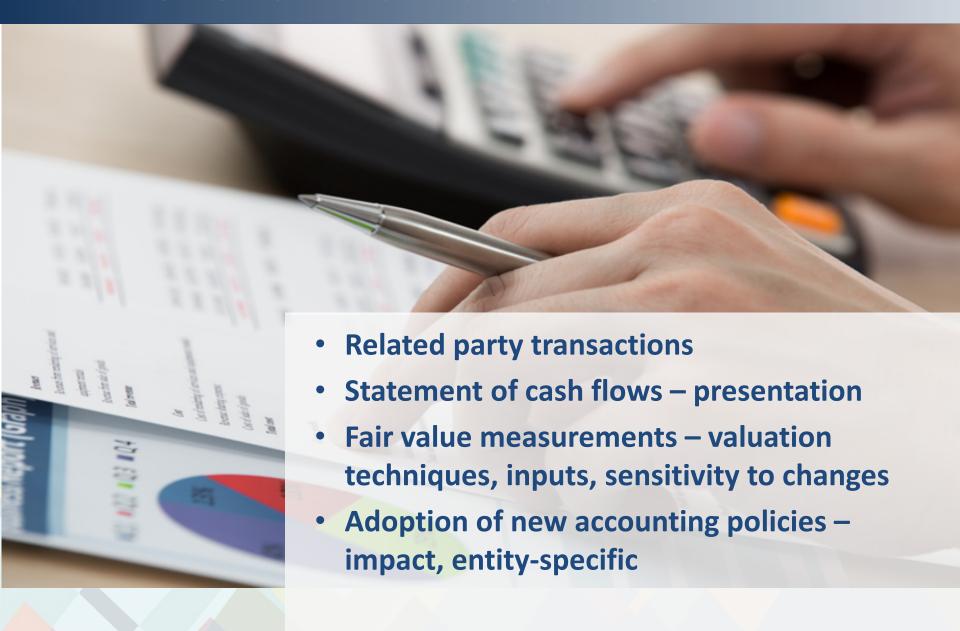


Regulatory Update from the BCSC

January 16, 2019



CD Reviews - financial statements



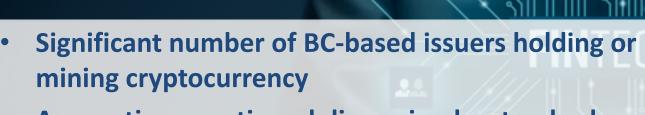
Cannabis



Cannabis



Cryptocurrency



- Accounting: continued discussion by standard setters; disclosure is key
- Auditing: views evolving
- CPA Canada Audit Considerations Relating to Crypto Currency August 2018; Blog October 2018
- CPAB "Call to auditors" August 2018, "Auditing in the Crypto-Asset Sector" December 2018

Cryptocurrency



Problematic Promotional Activities — CSA SN 51-356

Problems include:

- Marketing materials with unsupported assertions
- Numerous news releases but no new facts
- Promotional expenditures without disclosure
- Announce a change without supporting plan
- Announce a significant planned transaction but no follow-through

Securities laws & guidance

- Prohibition against false or misleading statements, and acts/conduct resulting in misleading appearance of trading activity or artificial price
- Forward-looking info must have a reasonable basis and accompanying disclosure of risks, assumptions, updates
- NP 51-201 Disclosure Standards, CSA Multilateral SN 51-366 Issuers
 Using Mass Advertising, CSA SN 51-348 Staff's Review of Social Media
 Used by Reporting Issuers

Other Regulatory Initiatives



- Auditor Oversight plan to publish in early 2019 proposed amendments to address CPAB's access to inspect audit work done by significant component auditors
- Non-GAAP & Other Financial Measures evaluating responses to proposed NI 52-112

