



British Columbia
Securities Commission

Regulatory Update

Regulatory update and what's on the horizon?





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Regulatory update and what's on the horizon?

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This presentation

- **Project updates**
 - **Reducing regulatory burden (non-investment funds)**
 - **Non-GAAP measures**
 - **Climate Change-related disclosure**
- **Cannabis sector – quick update**
- **What else is on the horizon?**

Reducing regulatory burden projects



- Quick recap - how did we get here?
- **CSA Consultation Paper 51-404 *Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers***

Reducing regulatory burden projects

CSA Staff Notice 51-353 Update

- Facilitating ATM offerings
- BAR – modify requirements
- Alternative prospectus model
- Revisiting ‘primary business’ requirements
- CD requirements
- Electronic delivery

Facilitating at-the-market offerings



- **Project to codify relief with a few 'extras'**
- **Proposed amendments issued May 9 – comment period closed Aug. 7 – what did we hear?**
- **Next steps**

Business acquisition reporting (BAR)

A high jumper in a blue singlet and black shorts is captured mid-air, performing a Fosbury Flop over a white bar with red accents. The athlete is upside down, with their back to the ground and arms extended upwards. The background is a clear blue sky with light clouds.

- **Consultation feedback - increase thresholds, remove or modify certain tests**
- **Proposed amendments published for comment Sept. 5**

Business acquisition reporting (BAR)

- The goal – reducing the regulatory burden in certain instances, without compromising investor protection
- The proposal - *Two-trigger test with significance measured at 30%*
- How did we get there:
 - We analyzed
 - each BAR filed for a three-year period
 - each BAR relief application for a three-year period
 - We considered 18 different options
- Note – changes only affect non-venture issuers
- Comment period closes on December 4, 2019

Alternative prospectus model

A photograph of a rolled-up document in a cardboard tube, a piece of grey fabric, a yellow measuring tape, a pair of scissors, and a white eraser on a brown paper surface.

- **To date:**
 - **18 local and national consultations**
 - **Data analysis – all prospectuses and PP offerings in 2017 (2400+)**
 - **Surveys and research**
- **Findings**
- **Next steps**

A photograph showing two people in business attire sitting at a table, reviewing financial documents. The documents contain various charts, including bar graphs, line graphs, and pie charts. One person is pointing at a document with a pen, while the other is holding a pen over another document. The scene is brightly lit, and the focus is on the hands and the documents.

- Revisiting ‘primary business’

- Goal – Harmonize approach to ‘primary business’ in an IPO prospectus
- Progress to date

- CD requirements

REGULATIONS
COMPLIANT
RISK
STANDARDS
STRATEGY
RULES

regulatory
practices
governance

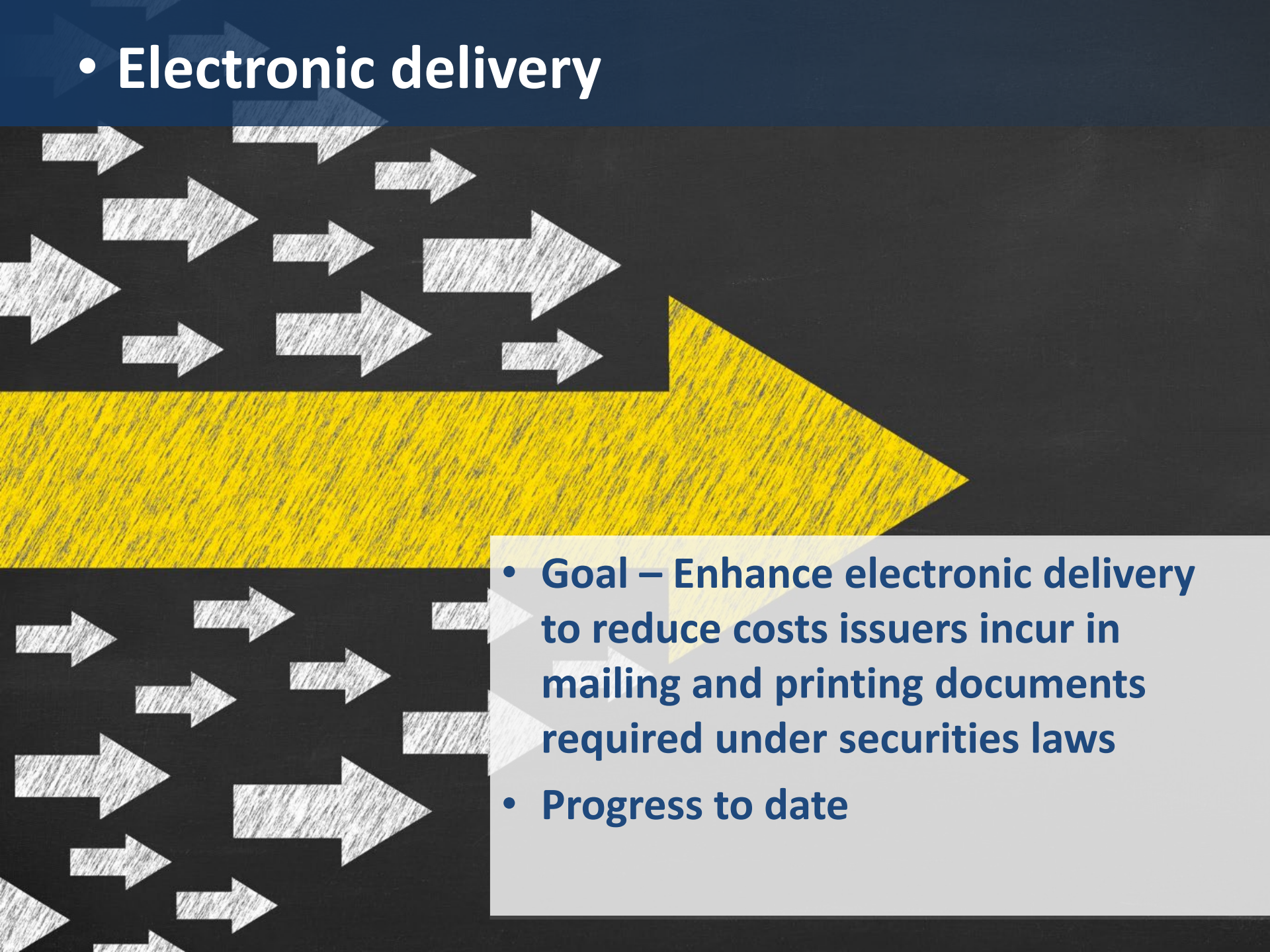
POLICY
FINANCIAL
CORPORATE
CONTROL

- **Goals:**

- Eliminate duplicative/overlapping CD
- Consider combining two or more CD documents into one reporting document
- Amend or eliminate excessive disclosure that has limited benefit

- **Progress to date**

• Electronic delivery

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- **Goal – Enhance electronic delivery to reduce costs issuers incur in mailing and printing documents required under securities laws**
 - **Progress to date**

Non-GAAP financial measures – current



Non-GAAP financial measures – future?



Proposed NI 52-112

- **CSA Notice and Request for Comment Proposed National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure* and Proposed Companion Policy 52-112**
 - **Published for comment in Fall 2018**
 - **42 comment letters received**
- **Also significant outreach**
 - **Consultations (19)**
 - **Awareness raising (12)**
 - **Information requests (7)**

Significant themes of feedback received


- **Most respondents did not object to development of a rule**
- **However, concerns with specific aspects of proposals**
 - **Definition of NGM, including ratios and forward-looking NGM**
 - **Expansion of scope to other financial measures**
 - **Appears inconsistent with objective of reducing regulatory burden**
 - **Cross-referencing**

What's next?

- **Assessing feedback received**
- **Possible timing?**



• Climate change-related disclosure


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- A man in a dark suit is seen from behind, standing in a vast green field. He is looking towards a sunset over a body of water. The sky is a mix of blue and yellow, with clouds. The foreground is a lush green field, and the background shows a distant shoreline with trees.
- Work to date
 - **CSA SN51-358 Reporting of Climate Change-related Risks**
 - Clarifies existing requirements; does not create new ones
 - Should be read in conjunction with CSA SN 51-333

• National Systems Renewal Program



- **Purpose and scope of project**
 - **Phase #1 – SEDAR, National CTO database, Disciplined list, electronic filing systems (BC and ON)**
- **Expected timing?**

Cannabis Sector

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- **A year into full legalization – what are we seeing?**
 - **Existing guidance**
 - [CSA SN51-352](#) –expectations for those with U.S. activities
 - [CSA SN51-357](#) - with growth comes challenges (measurement and disclosure)
 - **Other areas of regulatory focus**

What else is on the regulatory horizon?

- **Other policy projects**

202020

A photograph of a road stretching towards a sunset horizon. The road has a white dashed line down the center. The year '202020' is painted in large white numbers on the asphalt in the foreground. The sky is a mix of orange, yellow, and blue, with mountains visible in the distance.

More information

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Questions

