



British Columbia
Securities Commission

Regulatory Update from the BCSC

January 15, 2020

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This Presentation



- Overview of BC Capital Market
- Recurring issues relevant to various industry sectors
- Developments re Crypto-asset & Cannabis sectors
- CSA Policy Projects – upcoming changes

BC Capital Market

- Capital raising strong
- Investment funds and corporate entities
- Findings confirm BC is a venture capital market
- Key sectors:
 - Mining
 - Cannabis
 - Real Estate
 - Crypto
 - Technology

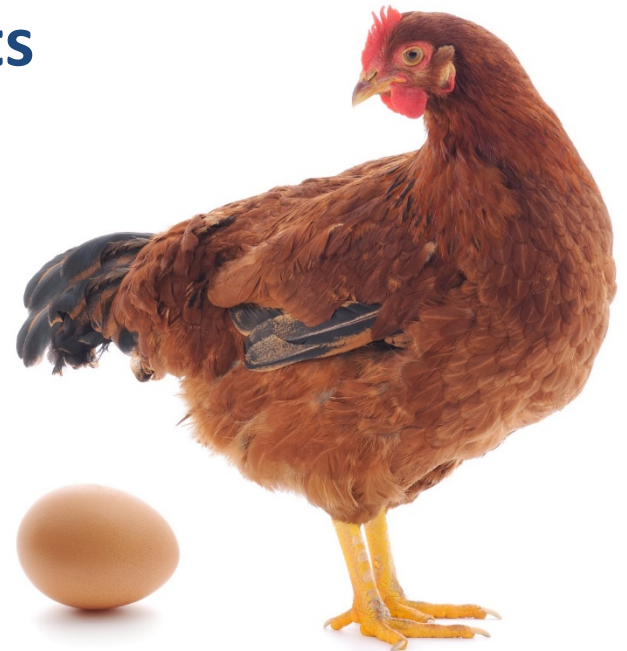
Acquisitions, Restructuring – Complexity

- Item 32 of Form 41-101F1 – who is an “issuer”?
 - Applicable in a prospectus or document requiring prospectus-level disclosure
- Use of “business” in securities legislative requirements versus definition in IFRS 3



Early – stage businesses

- Limited operational or financial history
- Examples – license, app, or a plan
- Consider proportion of expenses on investor relations or promotional activities
- “Stub period” financial statements



Recurring F/S and MD&A issues

- **Transactions with related parties, incl. non-cash**
 - **Non-GAAP financial measures**
 - **Fair value measurement & disclosure**
 - **Disclosure related to other entities**
 - **Significant equity investees**
 - **Concentrated investments**
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Crypto-asset sector



- Audit guidance
- F/S & MD&A disclosure

Crypto-asset sector update

- **CSA Consultation Paper 21-402 *Proposed Framework for Crypto-Asset Trading Platforms* March 2019**
- **Working group – CPA Canada – guidance**
- **Audit Risk – CPA Canada & CPAB publications**
- **Staff reviews:**
 - **all disclosure (white paper, website)**
 - **if audit not in scope for CPAB, staff may ask questions re audit**

Crypto-asset sector update

- The IFRS IC agenda decision June 2019 – IAS 2 or IAS 38 , and additional relevant info

CSA Staff views - additional relevant information:

- the quantity of each type of cryptocurrency an issuer holds at the financial reporting dates
- a continuity schedule for each type of cryptocurrency, differentiating between increases due to mining and due to acquisitions in the market
- fair value information

Cannabis

Staff Notice 51-357 *Staff review of reporting issuers in the Cannabis Industry*

- Fair value – measurement, impact
- Accounting policies for biological assets
- Production estimates

IFRS IC agenda decision Sept. 2019 – costs incurred during biological transformation



CSA Policy Projects Update



CSA Policy Projects Update

- **NI 52-112 *Non-GAAP and Other Financial Measures Disclosure***


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

Business acquisition reporting (BAR)

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- Proposed change for non-venture issuers: two-trigger test with significance at 30%
 - Comment period ended Dec 4/19

Revisiting 'primary business'

- **Goal – harmonize approach to 'primary business' in an IPO prospectus**

Continuous disclosure (CD) requirements

REGULATORY COMPLIANCE

standards risk strategy rules control

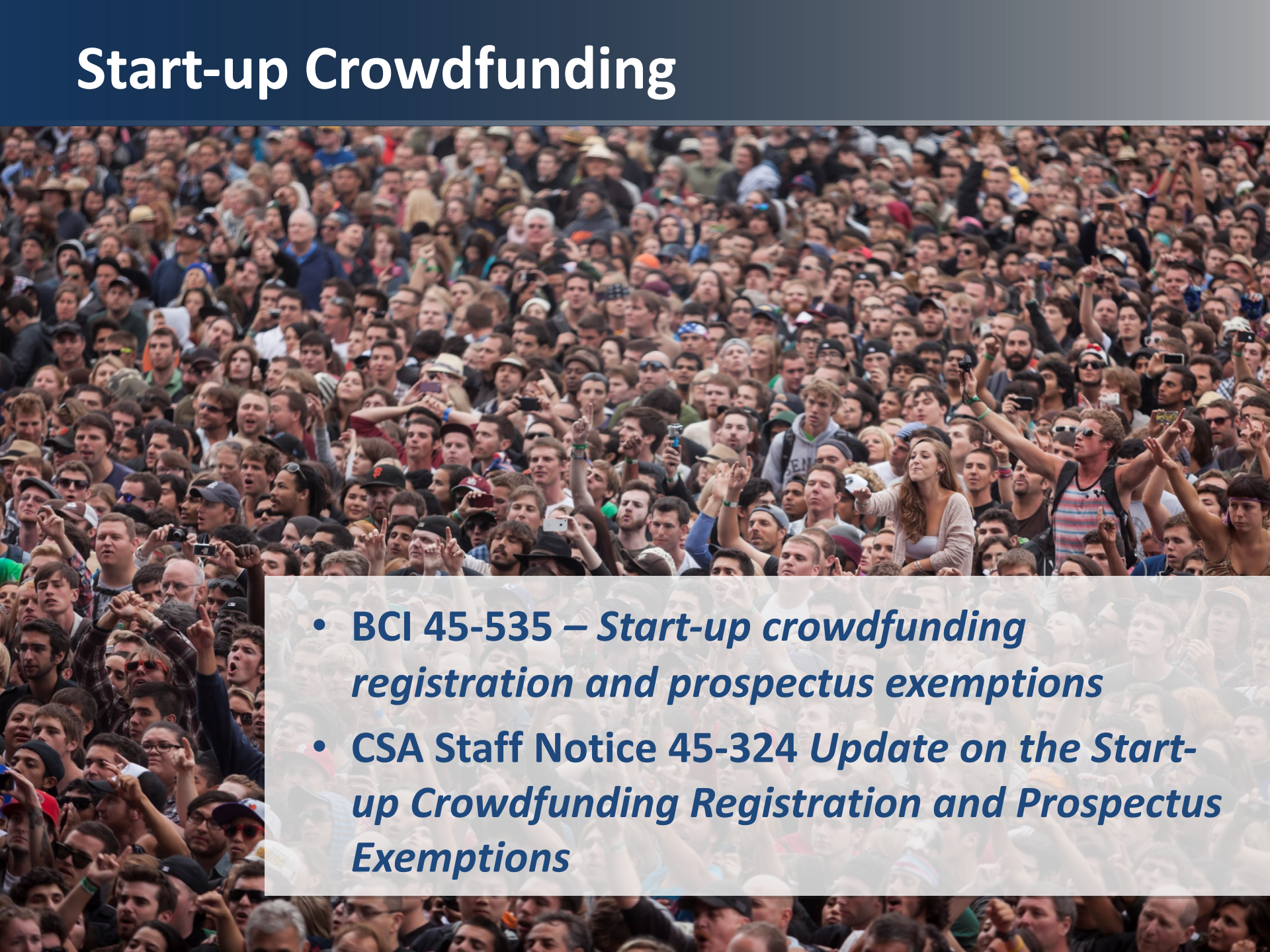
regulation practices governance

policy

- **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

Start-up Crowdfunding

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- BCI 45-535 – *Start-up crowdfunding registration and prospectus exemptions*
 - CSA Staff Notice 45-324 *Update on the Start-up Crowdfunding Registration and Prospectus Exemptions*

For more information

www.bcsc.bc.ca

www.investright.org

