



British Columbia
Securities Commission

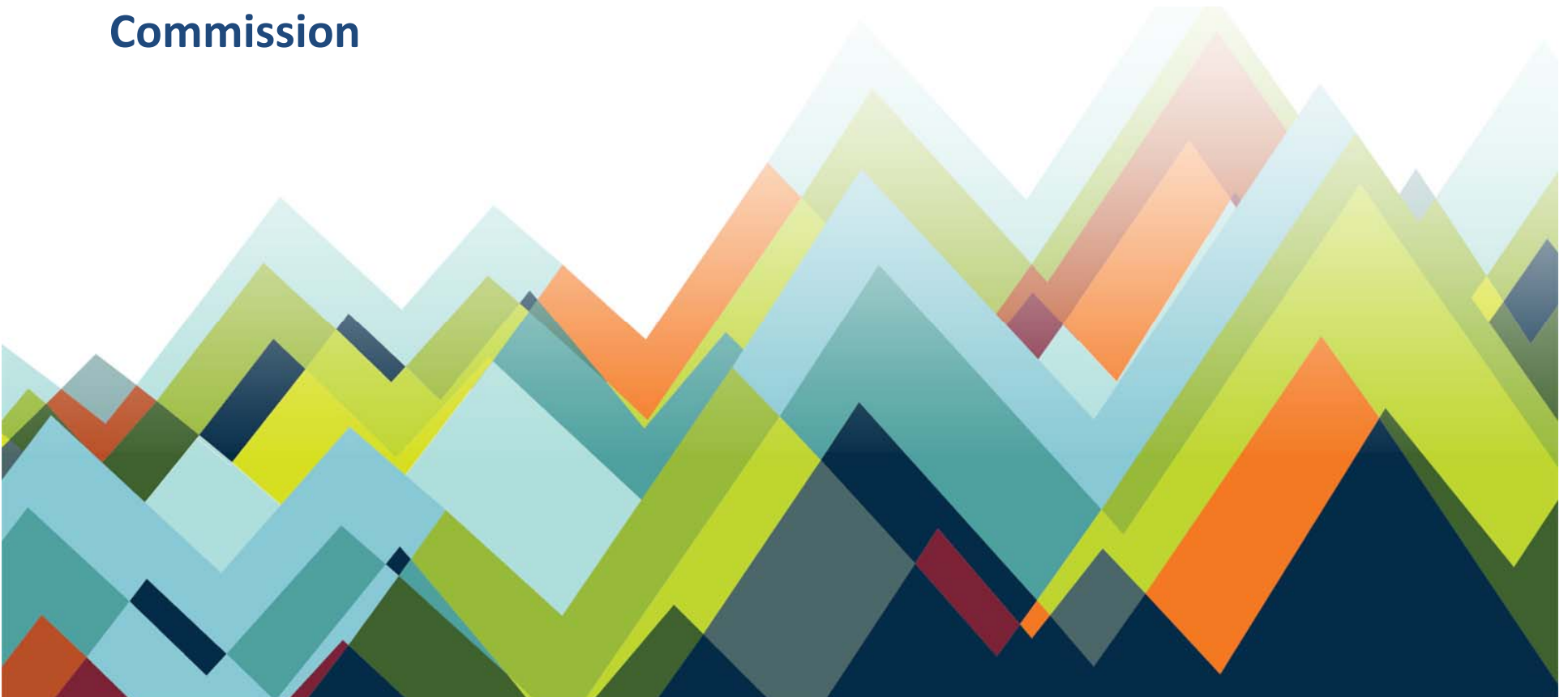
Regulatory Update

October 28, 2020



Regulatory Update

Michael Moretto – Chief of Corporate Disclosure, BC Securities Commission



Michael Moretto

CPA, CA, CPA (IL)



- Michael is the Chief of Corporate Disclosure at the BCSC
- After receiving his Bachelor of Commerce degree from the University of Saskatchewan, he worked in public practice at one of the Big 4 accounting firms
- He is active on policy development and legislative initiatives involving financial reporting matters, and we are happy to have him back again!

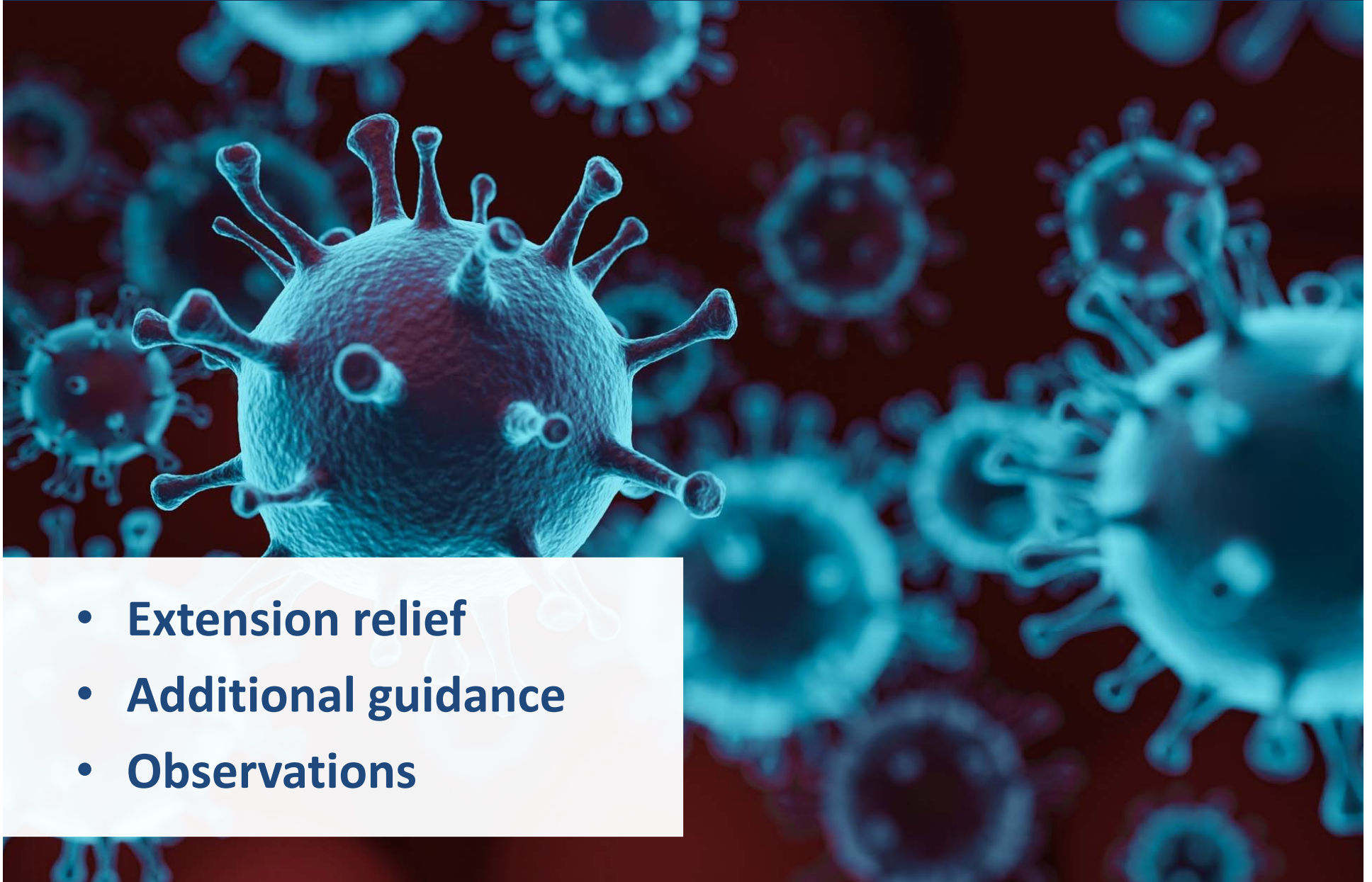
This presentation

TIME FOR A NEW NORMAL

- COVID-19 – a quick recap of regulatory response
- Regulatory burden reduction projects – an update
- What else is on the horizon?



COVID-19 - regulatory response



- **Extension relief**
- **Additional guidance**
- **Observations**

COVID-19 - regulatory response

- **Extension relief – Corporate issuers**

- BC Instrument 51-515 - Temporary Exemption from Certain Corporate Finance Requirements
- BC Instrument 51-516 - Temporary Exemptions from Certain Requirements to File or Send Securityholder Materials
- Instrument 51-517 - Temporary Exemption from Certain Corporate Finance Requirements with Deadlines during the Period from June 2 to August 31, 2020

COVID-19 - regulatory response

- **Extension relief – Investment Funds**

- BC Instrument 81-519 - Extension of Certain Filing, Sending, Delivering and Prospectus Renewal Requirements of Investment Funds
- BC Instrument 81-520 - Temporary Variation from Borrowing Limit to Accommodate Redemption Requests of Mutual Funds Investing in Fixed Income Securities
- BC Instrument 81-521 - Extension of Certain Filing, Sending, Delivering and Prospectus Renewal Requirements of Investment Funds with Deadlines during the Period from June 2 to September 30, 2020

COVID-19 - regulatory response

- **Additional Guidance**

- CSA Staff Notice 51-360 - Frequently asked questions regarding filing extension relief granted by way of a blanket order in response to COVID-19 (Updated)
- CSA Guidance - COVID 19: Continuous Disclosure Obligations and Considerations for Issuers – presentation on BCSC website –
[https://www.bcsc.bc.ca/About Us/Events/Industry Events/COVID-19 Continuous Disclosure Obligations and Considerations for Issuers/](https://www.bcsc.bc.ca/About_Us/Events/Industry_Events/COVID-19_Continuous_Disclosure_Obligations_and_Considerations_for_Issuers/)

COVID-19 - regulatory response

- **Observations**

- Reliance on the extensions – general trends
- Evolution over time
- Other



Burden reduction projects – an update



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

Facilitating at-the-market offerings

- **Changes to NI 44-102 *Shelf Distributions***
- **project goal - codification of ATM relief with enhancements**
 - Prospectus delivery and form requirements
 - Removal of 10% aggregate cap
 - No daily liquidity cap or highly liquid securities requirement
 - Removal of references to ATM exchange
- **Effective date – August 31, 2020**



Business acquisition reporting (BAR)

- **Changes to NI 51-102 *Continuous Disclosure Obligations***
- **Significance for non-venture issuers – must trigger two of three existing tests (previously only one test)**
- **threshold for significance increases from 20 per cent to 30 per cent**
- **Effective date – November 18, 2020**



Alternative prospectus model



- **To date:**
 - ~20 local and national consultations
 - Data analysis – all prospectuses and PP offerings in 2017 (2400+)
 - Surveys and research
- **Findings**
- **Next steps**

- Revisiting ‘primary business’

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


- **CD requirements**

- **Goals:**

- Eliminate duplication/overlap
- Consider combining CD documents
- Amend or eliminate excessive disclosure that has limited benefit

- **Progress to date**

- **Electronic delivery**

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- **Goal – Enhance electronic delivery**
 - **Consultation paper (*CSA 51-504*) on access equal delivery model**
 - **Next steps**

Recent publication

- **Recent publications**

- CSA Staff Notice 51-361 *Continuous Disclosure Review Program Activities for the fiscal years ended March 31, 2020 and March 31, 2019* – stay tuned
- Notice and Request for Comment – Proposed amendments to National Instrument 45-106 Prospectus Exemptions (Offering Memorandum)
- CSA Staff Notice 43-311 *Review of Mineral Resource Estimates in Technical Reports*
- CSA Staff Notice 43-310 *Confidential Pre-File Review of Prospectuses (for non-investment fund issuers)*
- National Instrument 45-110 *Start-Up Crowdfunding Registration and Prospectus Exemptions* (published for comment)

What else is on the regulatory horizon?



- **Policy projects related to financial reporting**
 - Non-GAAP and Other Financial Measures
 - Investment funds – burden reduction
 - Other
- **National Systems Renewal Project**

More information

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Questions

