

May 5, 2022

CSA NOTICE AND REQUEST FOR COMMENT PROPOSED AMENDMENTS AND PROPOSED CHANGES TO IMPLEMENT AN ACCESS EQUALS DELIVERY (AED) MODEL FOR NON-INVESTMENT FUND REPORTING ISSUER

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Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut

Thank you for the opportunity to provide input on this very important consultation paper.

I get the general concept that in the Information age it can be argued that there may be less need to physically deliver documents because they are accessible in cyberspace. Nevertheless, it is a stretch to say they were delivered (and imply they were received) simply by issuing a news release. I would accept that an email with a hyperlink to the applicable disclosure document constitutes delivery, but chasing down news releases does not.

The SEDAR website is still an unknown for many retail investors:

"Few retail investors are aware of SEDAR; and even fewer use it. Without automatic delivery of continuous disclosure information, or notification of updated information, few investors would find it. • 82% of investors either are not aware of SEDAR or do not use it" - True North Investor Quantitative Report https://www.osc.ca/sites/default/files/2021-09/com_20210917_51-102_broadridge.pdf More CSA investor education is needed.

In addition, the CSA should add the required features to make it easy for retail investors to navigate and use SEDAR. Until SEDAR is made user-friendly, AED **should not** be implemented.

As SEDAR is the critical infrastructure supporting AED, it should be effectively managed with a management team that will ensure continuous improvement, address user complaints and guarantee a very high uptime metric.

The long list of accountability disclaimers is disturbing especially given the fact that investors are directed there by the CSA. The SEDAR **Term of Use** state: " **THE ASC AND THE CSA RELATED PARTIES MAKE NO REPRESENTATIONS, WARRANTIES OR CONDITIONS ABOUT THE ACCURACY, RELIABILITY, COMPLETENESS, CURRENCY, QUALITY, TIMELINESS, SEQUENCE OR USEFULNESS OF THE WEB SITE,...**" What is an investor supposed to make of that statement? No one is accountable? Is it not fit for purpose? Is this an example of "modern" disclosure? The CSA should review these terms and adjust as befits a socially-responsible regulator.

The use of news releases is not 21st century communications technology. Why not give SEDAR a capability for investors to set up email notifications when an issuer filing has been made. This should be relatively easy to do. It would make getting issuer information much easier for Main Street.

Regulators encourage investors to read financial statements. See <https://www.investright.org/informed-investing/know-your-investments/financial-statements-md-a/> This encouragement should be met with a disclosure system that invites retail investor usage. I fail to see how the AED proposal does that.

The proposed AED model requires shareholders/ investors to closely track the news releases of specific issuers. I believe this chore can be partially mitigated if issuers offer shareholders/investors an opportunity to sign-up to receive issuer news releases with links directly connecting to disclosure documents on its website. The issuer would, therefore, *push* the information to investors which is actual delivery and congruent with regulatory intent.

There should be a connection to compliance/ enforcement to deal with those issuers that do not comply with applicable disclosure laws.

The foundation of modern shareholder relations is built on a high degree of transparency in order to enable issuer share prices in the market to fairly reflect their fundamental value. Issuers should therefore be required to maintain a website hosting their investor relations material. This will cut down on paper usage which is a positive for the environment. The location for disclosure materials including news releases should be prominent and easily navigable on the issuer's website.

For shareholders that want/need paper delivery, the AED system should make it free and simple to utilize and make changes to delivery choices.

Can investment dealers play a bigger role in making AED a success? I don't know the answer but I suspect there are opportunities for improvement.

CSA oversight of SEDAR management is required just like the CSA oversee the MFDA, IIROC and OBSI. There should be annual review of performance, user satisfaction metrics, strategic plans, development programs, cybersecurity and continuous improvement progress. The report should be made public.

The CSA and SEDAR management teams should work together to make disclosure documents, not just their delivery, match the needs and wants of the changing user base especially seniors, retail investors and ESG advocates. Inclusion should be paramount in CSA disclosure/ delivery policy design. The SEC has done some innovative work in this regard. AED is really yesterday's approach to disclosure.

Permission is granted for public posting of this letter.

Respectfully,

Stan Gourley