
September 29, 2023

BY EMAIL

Alberta Securities Commission
Autorité des marchés financiers
British Columbia Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Financial and Consumer Services Commission, New Brunswick
Manitoba Securities Commission
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Newfoundland and Labrador
Office of the Superintendent of Securities, Northwest Territories
Office of the Superintendent of Securities Nunavut
Office of the Yukon Superintendent of Securities
Ontario Securities Commission
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island

The Secretary
Ontario Securities Commission
20 Queen Street West, 22nd floor, Toronto, Ontario M5H 3S8
comments@osc.gov.on.ca

and

M^e Philippe Lebel
Secrétaire et directeur général des affaires juridiques
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400, Québec (Québec) G1V 5C1
consultation-en-cours@lautorite.qc.ca

RE: CSA Staff Notice 58-315 - *Proposed Amendments To Form 58-101f1 Corporate Governance Disclosure Of National Instrument 58-101 Disclosure Of Corporate Governance Practices*

Proposed Changes To National Policy 58-201 Corporate Governance Guidelines (CSA 58-315 or Staff Notice)

CNSX Markets Inc., operator of the Canadian Securities Exchange (CSE), thanks the Canadian Securities Administrators (CSA) for the opportunity to provide feedback on CSA 58-315. We would first like to commend the staff involved in the preparation of the Staff Notice for their careful analysis of corporate governance disclosure requirements as they relate to diversity.

We at the CSE fully support diversity, equity, inclusion, and belonging (DEIB). It is a social goal that is long past overdue.

We applaud the securities regulatory authorities in considering steps that would, albeit not directly, try to move the dial to have more diversity in boardrooms across Canada. We agree that different perceptions and different lenses provide perspectives that can only enhance shareholder value and social objectives both in the short and long term.

We do, however, want to take this opportunity to flag the reality of many micro-cap and small issuers. Many of these issuers are run by very small teams, and even smaller boards. In the initial phases of building the issuer's business, the issuer's founders often act as not just the board but also the management team. Their main concern is just that, building the business, achieving the initial goals of the issuer, and achieving a revenue positive position. Because of this focus, a focus on the diversity of the board or the management team may not be top of mind.

In addition, there may be fewer people willing to act on these boards due to the risks of serving on smaller issuer boards such as, for example, the increased likelihood of shareholder actions against the board or expensive insurance. We agree that having DEIB goals is important, and can, and likely would increase the profitability of the issuer in later stages of the issuer's growth. However, we ask that the regulators consider the reality of small and micro-cap companies in determining what disclosure should be provided regarding this very important social objective.

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We would be pleased to work Staff of the CSA to meet and discuss the issues that we have raised and provide thoughts and suggestions around enhancing the regulatory framework.

Sincerely,



Tracey Stern
Chief Legal Officer, General Counsel, and Corporate Secretary

