

February 14, 2025

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Ontario Securities Commission  
Autorité des Marchés Financiers  
Financial and Consumer Services Commission,  
New Brunswick

Superintendent of Securities, Prince Edward Island  
Nova Scotia Securities Commission  
Superintendent of Securities, Newfoundland and  
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The Secretary  
Ontario Securities Commission  
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**Re: Proposed Amendments and Proposed Changes to Implement an Access Model for Certain Continuous Disclosure Documents of Non-Investment Fund Reporting Issuers (“Proposed Amendments” or “Proposal”)**

Dear Madam/Sir:

Broadridge Financial Solutions, Inc. (“Broadridge”)<sup>1</sup> appreciates the opportunity to comment on the Proposed Amendments. Broadridge is aligned with regulators, non-investment fund reporting issuers

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<sup>1</sup> Broadridge Investor Communications Corporation is a wholly owned indirect subsidiary of Broadridge (a global fintech leader with over \$6 billion in revenues) and an industry leader in the Canadian Fintech marketplace

(“issuers”) and other stakeholders on the goals of making disclosure regulations more effective for Canadian investors and more efficient for issuers.

The Proposed Amendments are a positive step toward improving the delivery framework for issuers continuous disclosures for retail investors. Based on survey data and the experiences of other jurisdictions with a notice & access disclosure frameworks, the proposed delivery model would provide investors with more effective notice than a news release alone or by subscription to SEDAR+, which many will not do. In addition, the framework provides investors with easy ways to obtain information by mail or electronically, as needed, or continuously by standing instruction. The proposed notifications can be delivered by issuers at low or no additional cost because they can be combined with the deliveries of annual proxy communications and leverage existing infrastructure to fulfill requests for copies by mail or email.

Although not proposed, we believe the access framework could be further improved for investors and issuers alike with the creation of understandable MD&A summary disclosures sent directly to investors, use of data tagging in disclosure filings, and greater adoption of electronic delivery.

## **1. Comments on Components of the Proposed Amendments**

### *SEDAR+ notifications functionality and the proposed “annual reminder”*

We support the CSA’s development of technology features, such as SEDAR+ notifications. The Proposal recognizes the impracticality of relying on SEDAR+ notifications alone to notify retail investors -- because few investors use SEDAR+ or are aware of it.<sup>2</sup> For retail investors, especially those less sophisticated and vulnerable, it would be ineffective and unfair to shift the delivery obligation to them.<sup>3</sup> The proposed separate “annual reminder” would help to notify and remind retail investors, including “Do-It-Yourself” investors, of the availability of important regulatory disclosures pertaining to their investments.

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providing critical infrastructure that powers investing, corporate governance and communications to enable better financial outcomes for individuals and institutions.

<sup>2</sup> See Broadridge’s 2021 Comment Letter (and True North Survey Results) to the CSA Consultation Paper 51-405 – Consideration of an Access Equals Delivery Model for Non-Investment Fund Reporting Issuers (Jan 9, 2020), (82% of retail investors are either not aware of SEDAR or don’t use it), [https://www.osc.ca/sites/default/files/2021-09/com\\_20210917\\_51-102\\_broadridge.pdf](https://www.osc.ca/sites/default/files/2021-09/com_20210917_51-102_broadridge.pdf)

<sup>3</sup> *Id.* (Low levels of awareness of SEDAR are especially the case among the most vulnerable segments of investors, e.g., those with lower levels of income, wealth, and educational attainment, and older investors.)

*Before providing electronic access to continuous disclosure documents/Ceasing to provide electronic access to continuous disclosure documents*

Few retail investors monitor news releases.<sup>4</sup> They indicate that direct notification is more likely to make them aware that disclosures are available.<sup>5</sup>

*Sending a separate document*

The Proposed Amendments would require delivery of a separate document to investors. This could be provided by issuers at low or no additional delivery cost because it would replace the existing reminder notice and can be combined in deliveries of proxy information. Based on operational data, as of 2024, 62% of investors have opted out of receiving proxy materials and the annual request form for continuous disclosures.

The separate document could be enhanced for investors through the addition of: (1) Links, QR codes, or other methods to access materials online or make requests for them, (2) Instructions on how to request mailed or electronic copies, and (3) Instructions to sign up for electronic delivery of regulatory communications (this will lead to more robust disclosure).

*Contact information*

Currently, pursuant to NI-54-101, after proxy notices are delivered, shareholder meeting materials are mailed to investors who request them. Investors request free copies by providing a control number on a voting website, calling a toll-free automated telephone number, or speaking with a live agent. Requests are fulfilled within 3 business days of the meeting (or within 10 calendar days when requested after the meeting) and can be made anytime within a year of the date that materials are posted online (on a website other than SEDAR+). This same technology and process can support requests for continuous disclosures.

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<sup>4</sup> See Broadridge's December 23, 2022 Comment Letter (and True North survey results) to the *CSA Notice and Request for Comment - Proposed Amendments and Proposed Changes to Implement an Access-Based Model for Investment Fund Reporting Issuers* (Sept 27, 2022), p. 23 (only 12% of investor prefer to monitor media releases for when a new disclosure document is available), [https://www.osc.ca/sites/default/files/2023-01/com\\_20221223\\_81-106\\_moenm-revised.pdf](https://www.osc.ca/sites/default/files/2023-01/com_20221223_81-106_moenm-revised.pdf)

<sup>5</sup> Broadridge's 2021 Comment Letter, *supra* note 2 (94% of respondents say they want to receive MD&As and Financial Statements automatically or be notified).

### Standing Instructions

Existing technology and processing to support standing instructions for proxy Notice & Access, pursuant to NI 54-101, can be utilized to support standing instructions for issuers' continuous disclosures.<sup>6</sup>

## **2. The Access Framework Could Be Further Improved for Investors and Issuers Alike with the Creation of Understandable MD&A Summaries Sent Directly to Investors, Use of Data Tagging in Disclosure Filings, and Greater Adoption of Electronic Delivery.**

Only 38% of investors receive annual reminders that issuers' continuous disclosures can be requested.<sup>7</sup> And of these investors, less than 2% request them.<sup>8</sup> The Proposed Amendments coupled with a "push" digital delivery model could reach investors who don't receive the annual reminders or monitor new releases. Summary MD&A disclosures using structured data and links sent directly to investors would better engage all investors through a "linking and layering" approach.

### **A. Greater availability of user-friendly summary information in MD&A disclosures**

Investor testing in Canada and the U.S. shows that retail investors prefer the direct delivery of summary disclosures versus undertaking searches to find relevant information.<sup>9</sup> Moreover, summary disclosures have been shown to improve financial literacy because information is more salient and less complex.<sup>10</sup>

The CSA should consider taking up a project to streamline and enhance the continuous disclosure framework, similar to efforts it undertook in proposing changes to National Instrument 81-106 Investment Fund Continuous Disclosure. There is an opportunity to improve investor understanding by use of MD&A summaries that highlight vital information (e.g., significant events, management changes, and key metrics). Digital communications can make the disclosures more personal, interactive, and

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<sup>6</sup> Some development will be needed to add a new preference type for continuous disclosures.

<sup>7</sup> Based on Broadridge processing of beneficial accounts of Canadian issuers on behalf of intermediaries in the U.S. and Canada, approximately 62% of investors do not receive the annual reminder based on how they set their proxy meeting material preference at account opening, in some cases, decades ago.

<sup>8</sup> *Id.*

<sup>9</sup> Broadridge's 2021 Comment Letter, *supra* note 2 (most investors would prefer shorter summary documents with more detailed information found online).

<sup>10</sup> Broadridge's 2022 Comment Letter, *supra* note 4 (testing indicates that a summary disclosure would improve investors' understanding of key information by over 60% and requires a fraction of the time to access it).

engaging (such as by using AI to include video messages from company leadership). The CSA should test an investor-friendly summary MD&A disclosure with key information to help all investors monitor their investments.

Many issuers already create a summary of key information at the beginning of their information circular and MD&A disclosures to make them easier for shareowners to digest. As discussed below, replacing the mailed annual reminder with a digital summary communication would increase accessibility and financial literacy at reduced cost to issuers.

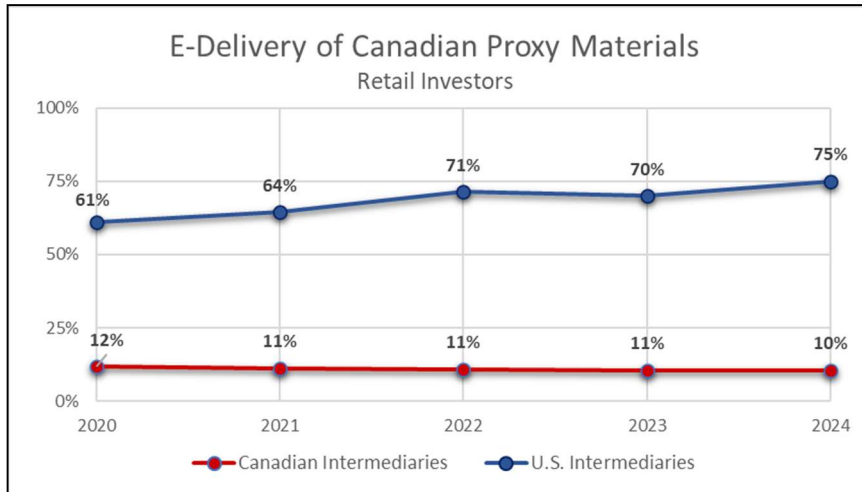
### **B. Greater adoption of electronic delivery**

In general, the overall adoption of electronic delivery by Canadian investors is flat and lags that of U.S. investors. In 2024, only 10% of proxy distributions to Canadian investors were delivered electronically. By contrast, 75% of proxies were delivered electronically to U.S. investors in Canadian securities. We have commented previously and below on simple solutions (without the need for regulatory intervention) to encourage the digital transformation and increase digital delivery adoption.<sup>11</sup> The U.S. model for electronic delivery is based on known principles of effective disclosures, including direct delivery each time a new regulatory communication is available, and the use of summary information together with “linking and layering” to detailed information provided online.

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<sup>11</sup> See Broadridge’s January 31, 2025 Comment Letter to the CSA’s *Notice and Request for Comment – Proposed Amendments and Proposed Changes to Modernize the Continuous Disclosure Regime for Investment Funds* (September 19, 2024) pp. 13-16, [https://www.osc.ca/sites/default/files/2025-01/com\\_20250131\\_81-101\\_donowitzm-lombardor.pdf](https://www.osc.ca/sites/default/files/2025-01/com_20250131_81-101_donowitzm-lombardor.pdf)

**Figure 1. For Canadian issuers, electronic delivery rates are 7x greater for U.S. investors than Canadian investors.**



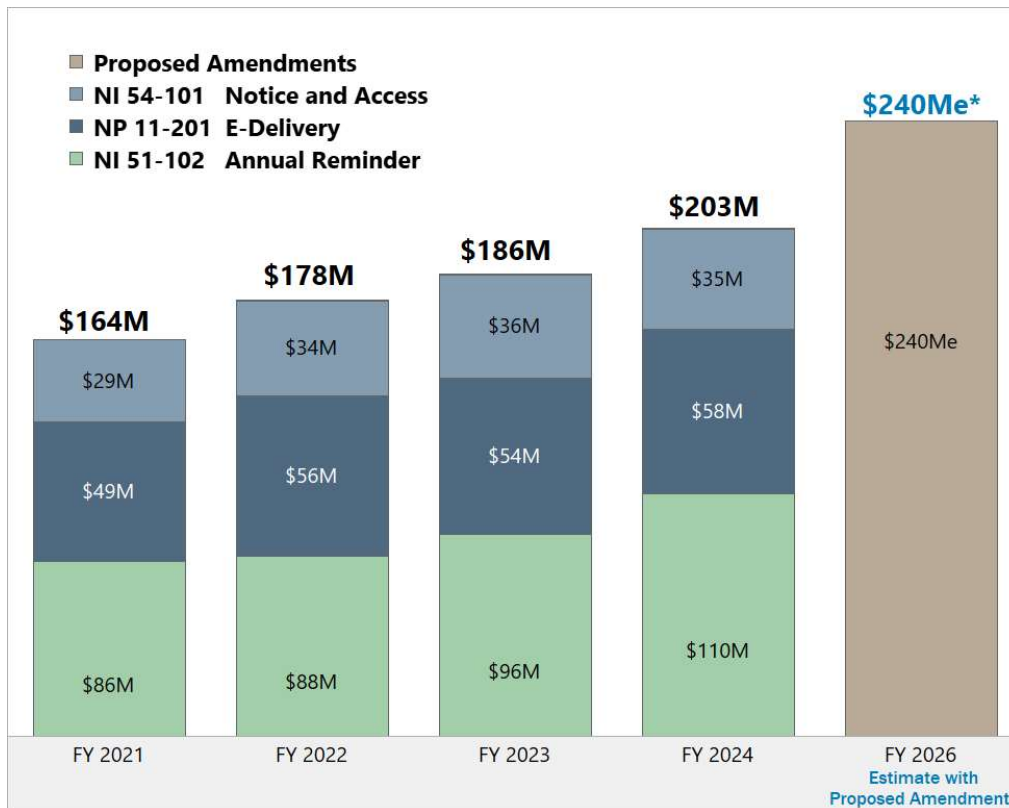
Source. Based on Broadridge processing of beneficial accounts of Canadian issuers on behalf of intermediaries in the U.S. and Canada.

Canadian regulatory instruments and policies are providing savings to issuers by eliminating many direct communications (mail and email) and combining mailings:

- National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* - allows investors to choose whether to receive all proxy related materials, proxy materials for special meetings only, or decline to receive materials in connection with securityholder meetings -- and provides for delivery of notices in lieu of full sets of proxy materials (i.e., notice-and-access). In 2024, issuers saved \$35 million by sending proxy notices instead of proxy packages (up from \$29 million in 2021).
- National Instrument 51-102 - *Continuous Disclosure Obligations* - allows issuers to send an annual request in lieu of delivering financial statements and MD&As. In 2024, issuers saved \$110 million by eliminating mailings of financials statements and MD&As (up from \$86 million in 2021).
- National Policy 11-201 - *Electronic Delivery of Documents* - sets out the requirements for the delivery of materials electronically. In 2024, issuers saved \$58 million by emailing proxies instead of mailing proxy packages (up from \$49 million in 2021).

We estimate that issuers savings will grow to \$240 million in 2026 through these instruments and policies, inclusive of implementation of the Proposed Amendments (see Figure 2).<sup>12</sup>

**Figure 2. Annual savings to issuers are projected to continue to grow with the Proposed Amendments.**



Source. Based on Broadridge processing of beneficial accounts of Canadian issuers on behalf of intermediaries in the U.S. and Canada (Fiscal years ("FY") end on 6/30). \*The FY26 estimate for the Proposed Amendment assumes 5-year average stock record growth, 2.55 CPI on fees, and a 25% increase in postage due to Canada Post's January 2025 increase. There would be additional annual savings (through the elimination of print and postage costs) by moving to a direct digital notification model.

<sup>12</sup> Based on Broadridge's processing of communications for shares held with financial intermediaries. Savings for notice-and-access were based on the average cost of print and postage of a full package of proxy materials. In the case of annual reminders and e-delivery, the savings net out the print and postage costs of full reports that were provided based on investor requests.

There are many opportunities to foster wider adoption of electronic delivery of non-investment fund continuous disclosures, to provide more effective disclosure to investors and even greater cost savings to issuers. Industry groups and others are discussing how to work together to drive greater adoption of e-delivery among Canadian. Among the ideas that are being discussed are use of a universal consent and central clearing houses to process data that leverages broker-dealers' existing e-delivery databases, without compromising investor choice or privacy or unduly exposing personal information to cybersecurity risks and data.<sup>13</sup> The idea is similar to a program used successfully in the U.S to facilitate and accelerate the transition to digital.<sup>14</sup> As noted above, digital delivery also provides opportunities for greater investor engagement.<sup>15</sup>

### **C. Canadian securities markets can be made more modern with greater use of structured data.**

Although corporate filings in structured data formats are not required in Canada, the CSA has previously considered implementing such requirements.<sup>16</sup> Investors the world over are demanding and using data in machine readable formats, and markets that do not facilitate data tagging of regulatory filings run the risk of falling behind. See Attachment for a discussion of how other jurisdictions are using and benefitting from structured data.

Structured data provides benefits to investors, issuers, regulators, and capital markets. Investors (directly and through third-party aggregators) can more easily monitor investments, e.g., through

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<sup>13</sup> Broadridge's January 31, 2025 Comment Letter, *supra* note 11.

<sup>14</sup> SEC Approval Order [Release No. 34-70720; File No. SR-NYSE-2013-07] (October 18, 2013), <https://www.federalregister.gov/documents/2013/10/24/2013-24920/self-regulatory-organizations-new-york-stock-exchange-llc-order-granting-approval-to-proposed-rule>.

<sup>15</sup> Currently, under NI 54-101, *Communications with Beneficial Owners of Securities of a Reporting Issuer*, approximately 62% of investors do not receive the annual reminder based on how they set their proxy meeting material preference at account opening, in some cases, decades ago. With the rise of Do-It-Yourself investors, it is even more important that investors receive and review continuous disclosures to help them monitor their investments.

<sup>16</sup> In 2006, the CSA launched a survey "to help us understand the level of awareness of Extensible Business Reporting Language (XBRL) in our marketplace and assess the need for information in this format." (CSA Notice 52-314, Securities Regulators Want Your Feedback on XBRL), <https://www.osc.ca/en/securities-law/instruments-rules-policies/5/52-314/csa-notice-52-314-securities-regulators-want-your-feedback-xbrl>; In 2007, the CSA established a voluntary XBRL filing program for reporting issuers filing financial statements: "The purpose of the voluntary program is to help the Canadian marketplace gain practical knowledge and experience in preparing, filing and using XBRL information. It will also help the CSA assess the usefulness of XBRL as it considers whether to make filing in this format a requirement." (CSA 51-323 XBRL filing program and request for volunteers), <https://www.osc.ca/en/securities-law/instruments-rules-policies/5/51-323>.



analysis and comparisons of disclosures against other investments and time-periods. For issuers, structured data enhances the efficiency of disclosure and improves the quality of data through automation of data audit and validation.<sup>17</sup> Moreover, structured data allows regulators to analyze information more efficiently using automated tools, and this provides system- and market-wide benefits.<sup>18</sup> When all stakeholders can view, analyze and compare data across all issuers, confidence and efficiency are improved.<sup>19</sup>

\* \* \*

As always, Broadridge is committed to investments in technology to make investor communications more effective and efficient. We look forward to continuing the work with regulators, companies, and investor advocates on these important goals.

We welcome any questions you may have.

Sincerely,



Mike Donowitz  
Vice President, Regulatory Affairs

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<sup>17</sup> SEC 2024 Semi-Annual Report to Congress, (The Report notes that issuers have gained from decreased audit fees and increased timeliness of audit, as well as “... higher liquidity; lower cost of capital; higher return on investment; and improved performance benchmarking and acquisition analysis.”), <https://www.sec.gov/files/2024-fdta-machine-readable-data-report.pdf>

<sup>18</sup> *Id.* at p.4. (“machine-readable disclosures have facilitated the [SEC’s] investor protection efforts, enabling staff to analyze large quantities of information in support of risk assessment, rulemaking, and enforcement activities, including as part of its internally developed structured data applications.”)

<sup>19</sup> *Id.* (“[M]aking corporate disclosures machine-readable has decreased information asymmetry between firms and investors by reducing information processing costs, making stock prices more informative (i.e., more reflective of firm-specific information), and reducing market inefficiencies and risks. Machine-readability has enhanced market competition by, for example, reducing insider advantages relative to non-insiders and local investor advantages relative to non-locals. The reduction in information processing costs has heightened monitoring of issuers by investors and other external parties (e.g., financial analysts, press) which often helps to inform investors and markets. Greater monitoring has driven firms to provide more quantitative disclosure and report earnings in a more consistent manner.”)



Robert Lombardo  
General Manager, Investor Communications Solutions, Canada

**Attachment:** How Other Jurisdictions Are Using and Benefitting from Structured Data

## Attachment

### How Other Jurisdiction Are Using and Benefitting from Structured Data.

Globally, data tagging has been adopted in a growing number of jurisdictions, with over 60 countries requiring XBRL.<sup>20</sup> Beginning in 2009, in the U.S., the SEC has required public operating companies, mutual funds, and exchange-traded funds (ETFs) to tag financial data. Data tagging has become commonplace since then in new and amended rulemakings. In 2018, the SEC transitioned to requiring iXBRL data tagging given the greater efficiencies.

#### Evolution of SEC Data Tagging in the United States:

<b>Public Operating Companies</b>	
2009	XBRL tagging of 10Ks/Qs (3-year, phased-in approach based on company size) and posting on websites. The data tagging (Interactive Data Files) were separate files from the HTML filing of the 10-K/10-Q.
	First Year of Tagging – All numbers in financial statements as well as text block tagging of notes to financial statements.
	Second Year of Tagging – Text block tagging of accounting policies and tables, and detailed tagging of all values contained in the notes to financial statements.
2018	Foreign private issuers (no phase in)

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<sup>20</sup> In June 2023, the SEC released its first Semi-Annual Report to Congress Regarding Public and Internal Use of Machine-Readable Data for Corporate Disclosures showing strong evidence that the availability of machine-readable data has been beneficial to reporting issuers, investors and the public, <https://www.sec.gov/files/fdta-report-12-2023.pdf>

2019	“Inline” XBRL (iXBRL) tagging of 10Ks/Qs and cover page of all 8K filings
2023	Executive Compensation Disclosures in proxy statements
2024	iXBRL for cybersecurity breaches (8Ks), and policies (10Ks), and for foreign issuers (20-Fs and 6-Ks)
2024	iXBRL tagging of fee exhibits for registration statements (phased-in approach)
Mutual Funds/ETFs	
2009	Risk/Return prospectus information in XBRL and posting on websites
2019	iXBRL replaces XBRL
2022	Adopted Tailored Shareholder Reports rule - must be iXBRL tagged starting in 2024
2024	iXBRL tagging of fee exhibits for registration statements (phased-in approach)

Requiring filings in a structured data format benefits retail and institutional investors, as well as regulators, academics and other stakeholders:<sup>21</sup>

*Studies suggest XBRL requirements increase the information content of prices, reduce the informational advantages held by insiders over public investors, heighten the relevance, understandability, and comparability of financial information for non-professional investors, and enhance the reports and recommendations published by financial analysts,*

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<sup>21</sup> SEC Tailored Shareholder Report Adopting Release (October 26, 2022), (“The use of Inline XBRL will allow retail investors and other market participants to use automated analytical tools to extract the information sought wherever it may be located within a filing.”), <https://www.sec.gov/files/rules/final/2022/33-11125.pdf>

*thereby indirectly benefitting retail investors for whom such analysts represent a significant source of investment information.*<sup>22</sup>

The European Securities and Markets Authority (ESMA) mandated digital financial reporting in 2020 for all EU-listed firms and the UK Financial Reporting Council recently published a discussion paper for public comment on opportunities for future UK digital reporting.<sup>23</sup> A recent study by Deloitte Access Economics found that by 2030, the Australian economy would be roughly AUD\$7.7 billion larger per year if all large businesses in that country adopted digital reporting of financial disclosures and that the economic benefit could be even greater if digital reporting is extended to sustainability and climate disclosures.<sup>24</sup>

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<sup>22</sup> *Id.* at n.570 (“The Commission has an open source Inline XBRL Viewer that allows the user to make an Inline XBRL data human-readable and allows filers to more readily filter and identify errors. Anyone with a recent standard internet browser can view any Inline XBRL filing on EDGAR at no cost. More information about the Commission’s Inline XBRL Viewer is available at <https://www.sec.gov/structureddata/osd-inline-xbrl.html>. Studies suggest XBRL requirements increase the information content of prices, reduce the informational advantages held by insiders over public investors, heighten the relevance, understandability, and comparability of financial information for non-professional investors, and enhance the reports and recommendations published by financial analysts, thereby indirectly benefitting retail investors for whom such analysts represent a significant source of investment information. See Proposing Release, *supra* footnote 8, at n.852.”)

<sup>23</sup> Financial Reporting Council, Opportunities for future UK digital reporting (August 2024), <https://www.frc.org.uk/consultations/discussion-paper-opportunities-for-the-future-of-digital-reporting/>

<sup>24</sup> Deloitte Report: *Embracing the power of digital corporate reporting – A mandate for change* (2023), [https://images.content.deloitte.com.au/Web/DELOITTEAUSTRALIA/%7Bead78b2d-d844-4661-87b4-a95e41e878a5%7D\\_au-audit-embracing-power-of-digital-reporting-2023-report.pdf?\\_ga=2.18707069.577816908.1737559506-1389159567.1737559506](https://images.content.deloitte.com.au/Web/DELOITTEAUSTRALIA/%7Bead78b2d-d844-4661-87b4-a95e41e878a5%7D_au-audit-embracing-power-of-digital-reporting-2023-report.pdf?_ga=2.18707069.577816908.1737559506-1389159567.1737559506)