Canadian Forum for Financial Markets
CFFiM
Forum Canadien des Marchés Financiers
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RE: CSA NOTICE AND REQUEST FOR COMMENT – PROPOSED AMENDMENTS AND CHANGES TO THE ISSUER BID, TAKE-OVER BID AND BENEFICIAL OWNERSHIP REPORTING REGIMES

August 12, 2026

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RE: CSA NOTICE AND REQUEST FOR COMMENT – PROPOSED AMENDMENTS AND CHANGES TO THE ISSUER BID, TAKE-OVER BID AND BENEFICIAL OWNERSHIP REPORTING REGIMES (PROPOSED AMENDMENTS)

Dear Sir/Madam,

The Canadian Forum for Financial Markets (the "CFFiM")/ Forum Canadien des Marchés Financiers is dedicated to advancing proposals that foster healthy, competitive financial markets and a resilient Canadian economy.

The CFFiM acknowledges with appreciation the Canadian Securities Administrators' (CSA) efforts to provide more flexibility for issuer repurchases, better alignment with market practice for block/negotiated repurchases and a codification of exemption relief, in directional alignment with CFFiM past recommendations.[1]

The enclosed further recommendations are provided to promote clearness, cross-border workability, and alignment with prevailing Canadian and, where applicable, U.S. market practices.

[1] For example: CFFiM: Standardizing and Enhancing Normal Course Issuer Bids

EXECUTIVE SUMMARY

The proposed selective repurchase exemption is based on meeting U.S. flexibility but has been proposed without comparative analysis of the U.S. framework**.** Most notably, Rule 10b-18 is a conduct-based safe harbour addressing the manner in which purchases are made on a given trading day, whereas the Canadian normal course issuer bid (NCIB) exemption combines daily trading constraints with an aggregate annual ceiling and a prescriptive, exchange-administered authorization process. As a result, an issuer may conduct purchases in a manner that would satisfy the principal market-integrity safeguards of Rule 10b-18 yet exhaust its Canadian NCIB capacity and be required to conduct a formal issuer bid or seek exemptive relief before making further purchases. It is recommended that the CSA undertake a broader review to achieve a more functionally aligned framework with the U.S.

It is also recommended that the CSA adjust the proposed selective repurchase exemption to align more closely with the discretionary relief that CSA staff routinely grant in connection with issuer NCIBs to facilitate block repurchases where a significant market overhang exists. Consideration to exceeding proposed brightline constraints is suggested. Further standardization and enhancement of NCIB rules is also recommended.

The proposed liquidity criteria is overly stringent for many small-cap and micro-cap issuers (including "venture issuers"), particularly those listed on TSX Venture Exchange. According to the CSA's own estimates, fewer than 10% of TSXV-listed issuers would meet the proposed criteria, effectively excluding precisely the issuers for whom a selective repurchase exemption would be most useful.

Due to length of issues addressed, this executive summary is focused on select analysis of the proposed selective repurchase exemption. Recommendations are provided with respect to all proposals. Generally, publishing suggested common interpretive outcomes and providing safe harbours will help ensure the rules capture genuinely coordinated influence while avoiding over-breadth that could deter ordinary-course shareholder communications.

A cost/benefit analysis has not been produced on a national basis. The OSC's cost benefit analysis is transparent regarding its limitations, with further analysis needed of proposals' market effects.

A. THE SELECTIVE REPURCHASE EXEMPTION

i) The U.S. Framework

The Proposed Amendments state in part:

> "Recently, we have observed increased interest in selective repurchases. Various stakeholders have suggested that the Canadian issuer bid regime is overly restrictive, particularly given that selective repurchases are permissible in the United States (U.S.). … These stakeholders have also commented that the Canadian issuer bid regime can inhibit investment since block holders have fewer avenues for liquidity in Canada relative to other jurisdictions."

The Ontario Securities Commission (OSC)'s cost/ benefit analysis at Annex M similarly states that it took into consideration the regulatory context in the U.S.

Though the proposed selective repurchase exemption is based on meeting U.S. flexibility, it has been proposed without comparative analysis of the U.S. framework.

The U.S. framework regulates issuer repurchases principally according to the manner in which they are conducted. SEC Rule 10b-18[2] provides issuers with a voluntary, non-exclusive safe harbour from market-manipulation liability for open-market purchases of their common shares that comply with prescribed conditions relating to the manner, timing, price, and daily volume of purchases. Rule 10b-18 generally permits daily purchases of up to 25% of average daily trading volume, subject to a weekly block-purchase alternative, but does not impose an aggregate annual limit on purchases made in reliance on the safe harbour. SEC Rule 13e-4 separately governs repurchases that constitute issuer tender offers and imposes the disclosure and procedural protections appropriate to broadly solicited offers, including the filing of a Schedule TO[3], a minimum offer period, withdrawal rights, equal treatment, and proration requirements. Privately negotiated repurchases that do not constitute tender offers generally fall outside Rule 13e-4, although they remain subject to applicable anti-fraud, insider-trading, market-manipulation, and disclosure requirements.

The Canadian regime provides some flexibility for open market repurchases through the NCIB exemption in section 4.8 of NI 62-104 and the applicable rules of a designated exchange. For a TSX-listed issuer, those rules generally permit purchases over a 12-month period of up to the greater of 10% of the public float and 5% of the outstanding securities of the class, subject to exchange acceptance of an NCIB notice, advance public disclosure, daily purchase limits generally based on 25% of average daily trading volume, price and execution requirements, restrictions on purchases from insiders and other detailed conditions. The NCIB framework therefore performs some of the same market-integrity functions as Rule 10b-18, but it is not functionally equivalent. Most notably, Rule 10b-18 is a conduct-based safe harbour addressing the manner in which purchases are made on a given trading day, whereas the Canadian NCIB exemption combines daily trading constraints with an aggregate annual ceiling and a prescriptive, exchange-administered authorization process. As a result, an issuer may conduct purchases in a manner that would satisfy the principal market-integrity safeguards of Rule 10b-18 yet exhaust its Canadian NCIB capacity and be required to conduct a formal issuer bid or seek exemptive relief before making further purchases.

These differences are significant in markets as interconnected as those of Canada and the United States. Canadian issuers, particularly inter-listed issuers, compete for capital with U.S. issuers and may trade contemporaneously in both countries, while institutional investors and intermediaries routinely participate in both markets. The cumulative Canadian framework, including the annual NCIB limit, exchange-specific procedures and restrictions, the broad definition of "issuer bid," and the limited exemptions for repurchases outside an NCIB, can constrain capital-allocation decisions that comparable U.S. issuers could implement through Rule 10b-18-compliant market purchases or bona fide privately negotiated transactions. The proposed selective repurchase exemption is a constructive step, but its 5% annual limit, five-person and five-transaction limits, mandatory discount requirement and other

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[2] https://www.sec.gov/rules-regulations/staff-guidance/trading-markets-frequently-asked-questions/division-trading-markets-answers-frequently-asked-questions-concerning-rule-10b-18-safe-harbor

[3] https://www.sec.gov/Archives/edgar/data/1677615/000162363217000877/toschedule.htm

conditions would continue to make negotiated repurchases materially less flexible than under the U.S. regime.

We therefore recommend that the CSA undertake a broader review of the interaction among the NCIB exemption, designated-exchange rules, the proposed selective repurchase exemption and the formal issuer bid requirements. The objective should be a more functionally aligned framework under which: (i) open-market purchases satisfying safeguards comparable to Rule 10b-18 are not unnecessarily constrained by an additional aggregate annual limit; (ii) bona fide privately negotiated repurchases that do not involve a general solicitation or otherwise resemble a tender offer are subject to proportionate conditions rather than the formal issuer bid regime; and (iii) broadly solicited repurchases continue to attract protections comparable to those imposed by Rule 13e-4. Such an approach would regulate each transaction according to the market-integrity and investor-protection risks it presents, reduce unnecessary cross-border differences and compliance costs, and provide Canadian issuers with capital-allocation flexibility more comparable to that available to their U.S. counterparts, while preserving appropriate protections against coercion, unequal treatment, insider trading and market manipulation.

ii) Codifying Discretionary Relief

Additionally, CFFiM recommends that the CSA adjust the proposed selective repurchase exemption to align more closely with the discretionary relief that CSA staff routinely grant in connection with issuer NCIBs to facilitate block repurchases where a significant market overhang exists. That relief is typically conditioned on safeguards that preserve investor protection and market integrity–such as pricing constraints, enhanced disclosure, and limits designed to prevent the issuer from using private block purchases as a substitute for an open-market NCIB while still permitting issuers to address exceptional liquidity circumstances efficiently.

In particular, CFFiM suggests that the CSA consider expressly permitting a selective repurchase that exceeds one or more of the proposed bright-line constraints (for example, the transaction/person limits or other quantitative conditions) where the issuer can demonstrate that (i) the block represents an identifiable overhang that is reasonably expected to impair orderly trading, (ii) the issuer's securities otherwise trade in a sufficiently liquid market to protect non-participating holders, and (iii) the repurchase is effected at a price that does not disadvantage other securityholders (for example, at a discount to the unaffected market price).

To maintain consistency with established NCIB-based relief and to mitigate concerns about preferential treatment, CFFiM further recommends that any such "overhang" flexibility be conditioned on the repurchased securities being included in, and counted toward, the maximum number of securities the issuer is permitted to purchase under its NCIB (where an NCIB is in place). This approach would preserve the integrity of exchange-administered NCIB limits, reduce incentives to shift repurchases into private transactions, and better reflect the practical framework that market participants have relied on under existing discretionary relief.

Subject to the above recommendations, the following comments are provided. They include key issues in Questions 1-11.

iii) Proposed 5% Repurchase Limit in any 12-Month Period

The CFFiM supports the concept of a selective repurchase exemption. A 5% cap over 12 months can be a material limitation can unduly restrict block repurchases, particularly where there is block overhang. The cap could be increased to at least 7.5% over 12 months, as a reasonable starting point that accommodates meaningful block liquidity while constraining market impact with a view to a near future increase to at least 10% if data indicates no adverse liquidity or fairness effects for non-participating holders. A mandatory 24-month sunset review should be conducted to consider expansion.

iv) Proposed Limits of 5 Persons and 5 Transactions in any 12-Month Period[4]

Hard caps can help prevent structures that circumvent the NCIB framework. Bright-line person/transaction limits to deter de facto recurring buyback programs. However, an issuer may need limited flexibility for settlement mechanics or counterparty consolidation. Limits on the number of persons from whom securities may be acquired and the number of transactions permitted over any 12-month period under the exemption may subject to increase, if data indicates no adverse liquidity or fairness effects for non-participating holders. A mandatory 24-month sunset review should be conducted to consider expansion.

In addition, stipulating that multiple short term partial fills with a single counterparty constitute a single "transaction" for counting purposes, and that agency or nominee structures are appropriately looked through in line with the proposed anti-avoidance text is recommended.

To avoid inadvertently sweeping in legitimate one-off or infrequent bilateral negotiations, we recommend stipulating how to count "transactions" and what constitutes a programmatic series. Specifically, we recommend the following:

- Replace references to practices that emulate an NCIB with clearer terminology that captures the policy concern. The following wording to describe the prohibited pattern is proposed: "a series of repeated, privately negotiated repurchases with the same selling securityholder (or a small group of selling securityholders) that, in substance, functions like an ongoing repurchase program outside the NCIB framework."

- Stipulate that operational execution mechanics should not fragment a single negotiated deal. We recommend that "partial fills or staged closings over a short period (for example, up to [5] business days) with a single counterparty" be deemed a single "transaction" for counting purposes, provided pricing and core terms are fixed at signing and disclosed accordingly.

v) Proposed Liquid Market Criteria and Thresholds

It is acknowledged that availability of the exemption may be conditioned on a liquid market.

However, the proposed liquidity criteria are overly stringent for many small-cap and micro-cap issuers (including "venture issuers"), particularly those listed on TSX Venture Exchange. According to the CSA's own estimates, fewer than 10% of TSXV-listed issuers would meet the proposed criteria, effectively excluding precisely the issuers for whom a selective repurchase exemption would be most useful.

It is recommended that the CSA consider either or both (i) a calibrated, venture-stage alternative test using scaled trading value and market value thresholds and/or (ii) a board liquidity determination supported by an independent financial advisor opinion in lieu of strict quantitative gates.

It is therefore proposed, in addition to the existing text, the following proposals for scaled venture criteria:

- Venture scaled dollar thresholds: (a) for small cap issuers, reduce the aggregate value traded threshold over the prior 12 months from $15,000,000 to $7,500,000 (while retaining proposed clauses 1.12(b)-(i), (ii) and (iii)); and reduce the market value threshold in sub-section 1.12(1)(c) from $75,000,000 to $40,000,000.

- Alternative percentage-based test: (b)As an alternative path for small cap issuers, permit a percentage-of-market-cap approach: aggregate value traded of at least [10%] of market capitalization over the prior 12 months, plus a minimum number of trades of at least [1,000] and a minimum public float of at least [20%]. This approach scales with issuer size while maintaining breadth-of-trading and float dispersion safeguards.

vi) Effects on Formal Bids/NCIBs and Liquidity

We do not expect material curtailment of NCIBs or formal bids. Properly designed, the exemption should marginally improve liquidity by reducing overhang from large blocks and facilitating orderly transfers without disadvantaging other holders.

vii) Conditioning Availability on an Operative NCIB

We do not support limiting availability of the exemption to issuers with an operative NCIB. That constraint could reduce the exemption's utility for issuers without NCIBs for administrative or timing reasons. [If adopted, a minimal executed NCIB threshold should be modest [for example, repurchases of at least [1%] of outstanding shares over the prior 12months]].

viii) Addressing Potential Implementation Challenges

The following practical mitigants are recommended to address potential implementation challenges:

a. Determining "liquid market" and the principal market for dual- or multi-listed issuers

i. **Challenge:** Where an issuer's securities trade on both Canadian and non-Canadian venues, issuers will need to identify a single "principal market" for pricing reference and disclosure and confirm "liquid market" status across venues without double counting volume or misidentifying the economically dominant market. Complexities include ADRs/secondary lines, trading through inter-listed dark/ATS venues, time-zone effects, and differing holiday calendars.

ii. **Magnitude:** Common for mid-to-large issuers with cross-border listings; frequency is moderate to high; severity is significant because an incorrect designation can misstate discount compliance and impair reliability of disclosure.

iii. **CFFiM Recommendation:** We recommend CSA guidance adopting objective, hierarchical criteria to determine the principal market over a lookback window [for example, 60 or

90 calendar days], applied consistently until a documented re-assessment trigger occurs. Suggested criteria include:

1. Primary listing venue as evidenced by issuer's designated home listing.

2. Highest share of consolidated dollar trading volume in the issuer's equity (including ATS/dark venues in that jurisdiction), averaged over the lookback.

3. Highest share of consolidated trade count and number of active participants.

b. Timing of disclosure when overnight settlement or after-hours execution occurs

i. **Challenge:** Transactions agreed after market close and settled overnight may require news release issuance before the next opening while details (for example, share count after netting fractional fills, FX, or taxes) finalize close to the deadline.

ii. **Magnitude**: Moderate frequency; severity medium because timing missteps can result in technical non-compliance or incomplete disclosure.

iii. **CFFiM Recommendation**: Provide a safe harbour such that where a transaction is executed after the close, the issuer may issue a preliminary news release by [8 am] local time containing core terms (counterparty anonymized as permitted, total consideration, pricing reference and discount, maximum shares) and file an amendment with final immaterial adjustments by [the next business day at 5 pm]. Clarify that immaterial differences within [±1%] of share count or consideration may be corrected in the amendment without constituting a breach.

c. Counterparty Confidentiality Versus Meaningful Disclosure

i. **Challenge**: Balancing transparency with privacy where naming a holder could signal trading strategies or chill legitimate block liquidity, especially for funds with parallel mandates. Confidentiality may be a condition to transact.

ii. **Magnitude**: High concern in practice; severity medium to high where confidentiality is a condition to transact.

iii. **CFFiM Recommendation:** Provide examples of acceptable anonymization, including categorical descriptors (for example, "institutional fund," "financial intermediary," "founder-affiliated entity," or "activist fund") paired with an explicit statement whether the seller is an insider/related party and whether any ongoing arrangements exist. Permit deferral of naming the counterparty unless the seller is an insider/related party or the facts would otherwise render the disclosure misleading. Include a safe harbour permitting redaction of unique identifier details where disclosure would reasonably be expected to prejudice the seller's legitimate interests without adding investor protection value.

d. Counting Persons and Transactions: Nominee and Agency Structures

i. **Challenge**: Accurately counting "persons" and "transactions" where holdings sit in nominee/prime brokerage or where a single negotiated deal closes in tranches across settlement systems.

ii. **Magnitude**: Moderate frequency; severity medium due to risk of breaching hard caps.

iii. **CFFiM Recommendation**: Stipulate that: (i) multiple settlement tranches under one signed agreement with fixed price and material terms within [5] business days count as one transaction; (ii) look-through applies to nominees such that beneficial owners under common control count as one "person" when selling from multiple accounts under a single negotiation; and (iii) agency crosses arranged by a single dealer on behalf of multiple beneficial sellers count as multiple "persons" but one "transaction" if executed under a single agreement at a single price.

e. Unintended Consequences or Misuse

Potential concerns include perceived preferential treatment and prospects for greenmail. These are mitigated by: discount pricing, liquid market, and prompt disclosure, as well adherence to related party transaction rules in Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (to the extent applicable). Boards should be encouraged to obtain independent advice where the seller has recently threatened or initiated a control transaction or proxy contest Boards should also document fairness considerations and that any repurchase from an activist with a contemporaneous demand should be subject to heightened scrutiny by independent directors.

B. PROPOSED 'EQUITY EQUIVALENT DERIVATIVE CONCEPT AND 90%–110% REPLICATION BAND

The below addresses key issues in Questions 12-16.

We support the concept and the 90%–110% replication guidance, as a rebuttable presumption, with regard to instruments whose equity replication is not well-captured by instantaneous delta alone. We recommend brief explanatory language recognizing "path-dependent or barrier features that materially replicate equity exposure outside simple delta measures," for example:

- Barrier options (knock-in/knock-out) that activate or extinguish equity-like exposure upon crossing specified price levels.
- Digital/binary structures with fixed payoffs triggered by equity price events that, in combination or sizing, can approximate equity participation over relevant ranges.
- Autocallables where redemption mechanics and coupons produce equity-correlated outcomes over the term.
- Lookback options for whose payoffs depend on extrema of the equity price path, aligning closely with realized equity performance.

- Asian options with average-price features that smooth volatility but still track equity total return over the measurement window; and

- Structured notes embedding combinations of these options that, over targeted bands, yield near-equity economics despite low point-in-time delta.

We remain supportive of a guidance-based approach to capture combinations whose realized or expected payoffs substantially replicate equity returns over relevant horizons, without sweeping in bona fide hedges that do not yield equity-equivalent economics.

We also encourage the publication of examples distinguishing ordinary-course hedging from purpose-built economic exposure designed to influence control outcomes and the expansion of examples illustrating joint actor deeming at formation/cessation, issuer action adjustments, and when equity-linked structures meet the equity equivalent derivative concept, including the path-dependent instruments listed in question 12.

C. EARLY WARNING REPORTING TRIGGERS

The below includes key issues in Questions 17 -18.

i) Deemed Acquisition at Reporting Issuer Conversion Event

We support the deeming provision but only for the purpose of ensuring the relevant disclosure is set forth in the prospectus or information circular filed in respect of the issuer becoming a reporting issuer, but not to require a separate filing of report by the 10+%holder.

ii) Deemed Acquisitions/Dispositions upon Formation/Cessation of Joint Actor Relationships

We support the approach to ensure timely market visibility of joint actor positions. We recommend the publication of examples illustrating common coordination scenarios (for example, voting agreements limited to a single meeting, expense-sharing arrangements, shared counsel with information barriers) to help distinguish joint actors from mere parallel conduct. We further recommend that CSA guidance include the following elements to promote clearness and reduce unnecessary filings:

a. Policy Intent and Boundaries

- Articulate that the deeming rules address coordinated action to acquire, hold, vote or dispose that has a material effect on influence or control, and are not intended to capture ordinary-course shareholder dialogue or coincidental parallel conduct absent coordination.

- Emphasize proportionality: the objective is timely visibility of meaningful coordinated positions, not to chill engagement or require speculation-based filings.

b. Practical Indicators of Acting Jointly or in Concert.

Provide non-exhaustive indicators with contextual weightings:

- *Strong indicators of joint action:* (i) explicit agreements to acquire, dispose or vote together beyond a single meeting or agenda item; (ii) coordinated solicitation planning or shared budgets for a campaign; (iii) reciprocal standstills, lock-ups, or profit-sharing relating to the issuer's securities; (iv) deliberate information sharing of non-public strategy with an expectation of coordinated execution; (v) appointment of a common agent with authority to direct trading or voting across participants.

- *Contextual/medium-weight indicators:* (i) voting agreements limited to a single meeting or a subset of proposals; (ii) expense-sharing limited to a meeting or specific engagement; (iii) sharing public materials or informal discussions with management or other shareholders about governance; (iv) use of shared counsel where information barriers are documented and the counsel does not coordinate trading or voting. Guidance should state that these factors, alone, are not determinative of joint action and require a holistic assessment of coordination intent and effect.

- *Weak indicators (generally not joint action absent other facts):* (i) parallel trading based on public catalysts; (ii) attendance at the same investor presentations; (iii) similar governance preferences expressed independently; (iv) participation in industry groups without issuer-specific coordination.

c. Timing and Mechanics of Deemed Acquisition/Disposition and Reporting Triggers

i) Formation: The deemed acquisition should occur when the facts first support a reasonable conclusion that persons are coordinating to acquire, hold, vote, or dispose, not merely when discussions begin. Provide examples across a spectrum: from an executed voting agreement (clear formation) to a progression of communications culminating in coordinated solicitation materials (formation upon agreement to coordinate outreach).

ii) Cessation: The deemed disposition should occur when coordination terminates or materially subsides such that joint decision-making no longer occurs (for example, expiry of a single-meeting voting agreement, withdrawal of a campaign, or written notice ending coordination).

iii) Gradual or implicit evolution: Where formation or cessation is incremental, guidance should adopt a practical "decision point" test: the trigger occurs when objective evidence shows a transition to (or away from) coordinated decision-making. Provide a safe harbour allowing a short window [for example, two business days] to make the formation/cessation assessment after a pivotal event (for example, signing a cooperation agreement, launching a solicitation website, or terminating a lock-up).

iv) News release and early warning timing: Clarify that the joint actor group must test thresholds on a combined basis as of formation and file the news release/report within the standard deadlines measured from that formation time. On cessation, if the combined position falls below a reporting threshold or changes by 2% or more, the group (or former group members, as applicable) should file within the standard timelines, with guidance on which party files where the group lacks a designated lead.

d. Safe Harbours and Clarifications to Reduce Over-reporting and Chilling Effects

i) Safe harbour for ordinary-course shareholder engagement: Communications among shareholders solely to discuss publicly available information or governance practices, without any agreement or understanding to coordinate trading or voting, should not, without more, constitute joint action.

ii) Single-meeting voting agreements: Clarify that agreements limited to voting the same way for a single meeting on specified proposals, without broader coordination on acquisition/disposition or ongoing governance, will not, by themselves, be treated as forming a joint actor relationship, absent additional coordinating facts.

iii) Shared advisers: Using the same legal or proxy advisers, with documented information barriers and no mandate to coordinate trading or voting, should not alone give rise to joint actor status.

iv) Expense sharing: Cost-sharing for a single event (for example, a meeting or short campaign) without pooled decision-making on trading or ongoing voting should not, without more, constitute joint action.

v) Parallel conduct: Similar trading or voting outcomes based on public catalysts, absent communications evidencing coordination, should not be deemed joint action.

vi) Stipulate that withdrawal from a campaign or expiry of a limited-purpose agreement ends joint actor status without a requirement to obtain affirmative acknowledgements from all former participants, provided the withdrawing party documents the cessation and does not continue coordinating.

e. Mechanics and Attribution

i) Aggregation: Provide examples on how to aggregate across funds under common control, sleeves with independent decision-making, and managed accounts, clarifying when internal information barriers prevent attribution.

ii) Derivatives and lending: Clarify how equity equivalent derivatives and securities lending positions are attributed to a joint actor group, including when rehypothecation or recall rights affect voting/disposal coordination.

iii) Lead filer: Encourage designation of a "lead filer" for the group for practical purposes, while recognizing that each joint actor remains responsible for compliance. Allow cross-referencing to a lead filer's report to reduce duplicative narrative.

f. Early Warning Reporting Calculations – Illustrative Examples for Convertible Securities and Blockers

The CSA has proposed guidance in sections 3.6 and 3.7 of NP 62-203, including illustrative examples, to clarify these calculations of early warning thresholds for convertible securities, and addresses questions regarding whether securities convertible beyond 60 days should be included in the numerator when determining whether early warning requirements have been triggered. We recommend augmenting the examples to address market-standard blocker provisions, including:

(a)60-day notice/issuance restrictions; and

(b)9.99%/10% ownership cap blockers embedded in warrants, preferred shares, convertible notes, and similar instruments.

In Canadian and U.S. market practice, holders and issuers regularly treat such blockers as effective constraints on both exercisability and beneficial ownership aggregation while the blocker is operative, particularly where the instrument's terms strictly prohibit conversion or issuance above the cap absent required notice, issuer consent, or compliance with other conditions. This alignment is important because a significant cohort of Canadian small and mid-cap issuers conducts U.S. registered or private offerings that embed U.S.-style blockers and harmonized calculations. We therefore suggest that the CSA:

(i) Add explicit examples illustrating how to calculate the numerator and denominator where a 9.99%/10% cap applies at the trade date and remains operative.

(ii) Clarify the interaction between cap mechanics and the 60-day test, including when a cap renders a security not convertible within 60 days; and

(iii)Confirm that where a blocker prohibits issuance above the cap, such unissuable portion is excluded from both the "acquiror's securities" and fully/partially diluted denominators until the blocker is lifted (or the requisite notice period and conditions are satisfied).

Clear guidance will promote consistent domestic and cross-border compliance and reduce inadvertent reporting triggers. Any regulatory position which requires a computation that is inconsistent with widely followed market practice over a material period of time should not merely be embodied in example calculations, rather it should be the subject of a rule change following proper processes including public consultation and comments.

Publishing these common interpretive outcomes and providing safe harbours will help ensure the rules capture genuinely coordinated influence while avoiding over-breadth that could deter ordinary-course shareholder communications.

D. NON-REPORTING ISSUER EXEMPTIONS

The below addresses key issues in Questions 19-20.

i) Additional Excluded Categories for Maximum Securityholder Condition

Expanding exclusions to officers, directors, consultants, and specified spouses is sensible. We support adding advisory board members and secondees performing roles analogous to consultants where supported by agreements evidencing their status.

ii) Increasing the Maximum Securityholder Condition beyond 50

We support increasing the Maximum Securityholder Condition for the non-reporting issuer exemptions to at least 75 securityholders after the proposed category expansions. This change reflects the modern prevalence of employee/consultant participation and seed/angel syndication in private companies, reduces routine exemptive relief applications, and remains consistent with the policy rationale that closely held private companies with transfer restrictions and informed holders warrant a lighter take-over/issuer bid regime.

E. SETTLEMENT PERIOD

The below addresses key issues in Questions 21-22.

We do not support implementing a mandatory T+1 tender payment standard. A hard T+1 requirement will not always be operationally feasible due to depositary and intermediary processing cycles, certificated holders, cross-border payment rails, foreign exchange settlement, reconciliation, and cut-off coordination across custodial chains. We support retaining the proposed "promptly" standard with principles-based guidance keyed to prevailing market settlement practices.

F. FURTHER STANDARDIZING AND ENHANCING NCIBs.

Further enhancements may be made improve NCIB through the creation of a single harmonized regime which replaces reliance on differing designated exchange rules. This includes various refinements to better reflect market liquidity and U.S. practice such as[5]:

- A redefinition of the 'average daily trade volume (ADTV) includes all marketplaces and calculate it over a 4-week rolling period rather than a 6-month static period.
- A unified definition of "NCIB" across all exchanges,
- A relaxation of timing restrictions to allow NCIB purchases up to 10 minutes before the close and to permit block purchases at the opening, to support best execution and U.S.-aligned buyback timing.
- The allowance of one block purchase per calendar day under a NCIB block purchase exception, with bundling of blocks from multiple sellers permitted.
- An exemption to permit sales from insiders/control persons up to 25% of an insider block.

[5] For example: [CFFiM: Standardizing and Enhancing Normal Course Issuer Bids]

G. COST BENEFIT ANALYSIS

A cost benefit analysis has not been conducted on a national basis. As stated, the OSC's cost/ benefit analysis at Annex M states that it took into consideration the regulatory context in the U.S. without comparative analysis. The cost/benefit analysis is transparent about its limitations, being a narrow 2021-2013-time window and approach. The approach is limited to an assumption of standardized legal costs for an application, with little analysis of impacts of proposed disclosure and market effects such as liquidity, price impact, transaction flexibility, as central policy effects.

We would be pleased to discuss these comments and provide any suggestions that may be helpful.

Respectfully,

THE CANADIAN FORUM FOR FINANCIAL MARKETS