Friday, July 31, 2026

Via CSA portal: https://www.securities-administrators.ca/consultations/
And by email: consultation-en-cours@lautorite.qc.ca

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

And

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour PwC
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Re. CSA Proposed Amendments and Changes to the Issuer Bid, Take-Over Bid and Beneficial Ownership Reporting Regimes, Published on May 14, 2026

The Canadian Independent Finance and Innovation Counsel (CIFIC) appreciates the opportunity to provide comments to the CSA regarding the proposed amendments and changes to the issuer bid, take-over bid and beneficial ownership reporting regimes.

The Canadian Independent Finance and Innovation Counsel represents over 40 national Investment Dealers and their industry's position on securities regulation, public policy, and industry issues. We represent notable CIRO-regulated Investment Dealers in the Canadian securities industry.

Industry View

We support the CSA's objective of maintaining fair, transparent, and efficient capital markets. We also support providing issuers with greater flexibility to repurchase securities and increasing transparency around synthetic derivative exposures.

The Investment Dealers we represent support efforts to modernize regulatory frameworks where doing so improves clarity, enhances transparency, and reduces unnecessary regulatory burden.

Unintended Consequences

At the same time, the Investment Dealers we represent believe that certain aspects of the proposed amendments, as currently drafted, could result in unintended operational, competitive, and capital markets consequences.

The regulatory framework should remain practical, proportionate, and flexible, with a focus on the substance of transactions rather than the particular derivative structure used. For example, the Investment Dealers we represent are supportive of the proposed "Selective Repurchase Exemption" but believe the current conditions are too restrictive for many legitimate capital markets transactions, particularly those involving over-the-counter (OTC) equity derivatives. The same would apply to hedging arrangements. We believe the proposed framework should allow participants sufficient flexibility to manage their capital without creating unnecessary constraints.

To address these concerns, Investment Dealers recommend increasing the proposed limits under the Selective Repurchase Exemption, including both the maximum percentage of outstanding securities that may be repurchased and the limits on the number of purchasers and transactions. Additional clarity should also be provided regarding whether issuers may repurchase securities from insiders and control persons under this exemption.

The proposed amendments should also avoid interfering with normal capital markets activity, including equity offerings, convertible debt transactions, OTC derivative hedging, capital management initiatives, and other legitimate risk management activities. These transactions play an important role in supporting efficient and competitive capital markets and should not be inadvertently discouraged. More concerns will be shared below.

Codification of Existing Exemptive Relief

We support the CSA's efforts to codify exemptive relief that has historically been granted on a case-by-case basis. Incorporating commonly granted relief directly into the regulatory framework should improve regulatory certainty, reduce administrative costs, and allow market participants to operate more efficiently.

Modernization and Clarification of Reporting Requirements

We support efforts to clarify ownership reporting requirements and eliminate uncertainty regarding reporting obligations. Clear and predictable requirements benefit all market participants and reduce the risk of inconsistent interpretations.

Focus on Meaningful Transparency

We support regulatory initiatives that improve transparency regarding positions that may influence control or significant ownership of reporting issuers. Investors should have access to information that is material to understanding the ownership and control dynamics of public companies.

Concern - Expansion of Reporting Obligations for Derivatives Positions

While we understand the CSA's objective of increasing transparency regarding equity-equivalent derivatives positions, we encourage regulators to carefully consider the practical implications of the proposed framework.

Independent Investment Dealers routinely engage in trading, hedging, market-making, underwriting, client facilitation, and other legitimate capital markets activities. While derivatives may provide economic exposure to an issuer's securities, they do not necessarily convey legal ownership, voting rights, or control. Any reporting framework should clearly distinguish between positions that may provide a meaningful ability to influence or control an issuer and positions arising from ordinary-course business activities. The regulatory framework should continue to distinguish between economic exposure and beneficial ownership, and disclosure obligations should reflect that distinction.

Without clear limitations and guidance, market participants may face uncertainty regarding reporting obligations, resulting in increased compliance costs and the potential for inconsistent application across the industry.

Concern - Operational and Compliance Burden

The proposed amendments may require firms to implement new monitoring, reporting, and recordkeeping processes. While large financial institutions may have extensive resources dedicated to ownership reporting and surveillance, many independent Investment Dealers operate with smaller compliance and technology teams.

We encourage the CSA to ensure that any new requirements are proportionate to the risks being addressed and that implementation expectations are practical for firms of all sizes.

Concern - Potential Impact on Market Liquidity and Capital Formation

Canadian capital markets benefit from active participation by Dealers that provide liquidity, facilitate client transactions, support financing activities, and assist issuers in raising capital.

Regulatory requirements that are overly broad, complex, or uncertain may discourage certain activities or increase operational costs without producing a corresponding regulatory benefit. We encourage the CSA to carefully assess whether the proposed requirements appropriately balance transparency objectives with the need to maintain efficient and competitive capital markets.

Furthermore, maintaining the international competitiveness of Canadian capital markets is also important. If the proposed requirements are more restrictive than those in comparable jurisdictions, Canadian issuers could be placed at a competitive disadvantage, particularly when competing for capital with U.S. issuers.

Additional News Release Requirements

The Investment Dealers we represent do not believe additional news release requirements are necessary, as existing disclosure obligations already provide investors with appropriate transparency. They also support the proposal that repurchases completed under the Selective Repurchase Exemption should not reduce an issuer's available Normal Course Issuer Bid (NCIB) capacity.

Confirmation Needed

Finally, Investment Dealers request confirmation that call options entered into as part of bona fide convertible bond hedging arrangements will not be treated as issuer bids.

Recommendations

To support the successful implementation of the proposal, we recommend that the CSA:

- provide clear guidance regarding the treatment of ordinary-course Dealer activities, including hedging, underwriting, market-making, inventory management, and client facilitation activities;
- ensure that reporting requirements focus on positions that create a genuine ability to influence or affect control of an issuer;

- reconsider the proposed approach to equity equivalent derivatives to ensure that economic exposure is not automatically treated as equivalent to beneficial ownership for disclosure purposes;
- consider exemptions, safe harbours, or other accommodations for activities that do not raise the policy concerns underlying the proposal; and
- provide sufficient transition periods and implementation guidance to allow firms to adapt systems and compliance processes efficiently.

Conclusion

CIFIC supports the CSA's objective of modernizing Canada's ownership reporting framework and enhancing market transparency. We believe these objectives can be achieved while preserving the efficiency and competitiveness of Canadian capital markets.

We encourage the CSA to ensure that the final framework remains clear, proportionate, and practical to administer, particularly for independent Investment Dealers engaged in ordinary-course capital markets activities.

Thank you for considering our comments on this important proposal.

As always, we are available to discuss the content of this submission further, address any concerns you may have, or provide additional information as needed. Your feedback is invaluable to us, and we are committed to ensuring that we all achieve our objectives effectively and efficiently.

Please feel free to contact us with any questions, comments, or to schedule a call to discuss any aspects of the letter or explore potential next steps. We look forward to our continued collaboration on this matter.

Sincerely,

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