KINGSDALE Advisors

August 7, 2026

To: Canadian Securities Administrators

From: Kingsdale Advisors

Re: Proposed Amendments to Issuer Bid, Take-Over Bid and Beneficial Ownership Reporting Regimes

Introduction

Kingsdale Advisors ("Kingsdale") appreciates the opportunity to comment on the Canadian Securities Administrators' (the "CSA") proposed amendments to the issuer bid, take-over bid and beneficial ownership reporting regimes (the "Proposed Amendments").

Kingsdale is Canada's leading shareholder advisory firm, providing strategic advice and execution support to issuers, boards of directors, acquirors and dissident shareholders across proxy contests, strategic transactions, shareholder activism campaigns and complex corporate actions.

Our comments are informed by extensive experience advising on contested and non-contested transactions and are focused primarily on the practical implications of the Proposed Amendments. We offer observations regarding the appropriate balance between transparency and market functioning, the preservation of tactical flexibility in time-sensitive situations, the treatment of intermediaries and the interaction between ownership reporting obligations and modern shareholder engagement practices.

Balancing Transparency and Market Functioning

Kingsdale supports the **CSA's objective** of **promoting transparency, market integrity and investor confidence**. However, we believe it is equally important that any amendments preserve the flexibility necessary for markets to function efficiently and avoid introducing unintended consequences that may impede legitimate shareholder engagement, transaction execution or the ability of market participants to respond effectively in dynamic environments.

In our experience, **overly prescriptive disclosure frameworks risk distorting behavior** without improving investor outcomes.

Proxy Contests as Dynamic Environments

Proxy contests, take-over bids, and other strategic transactions are inherently dynamic. Information evolves rapidly; shareholder sentiment shifts in real time, and campaign strategies frequently adapt in response to changing circumstances.

From a market practitioner's perspective, flexibility is not a feature of these processes; it is a necessity. Overly prescriptive disclosure requirements may inadvertently impair the ability of market participants to respond efficiently to developments as they arise. In our experience, regulatory frameworks are most effective when they promote decision-useful transparency while preserving the flexibility required to facilitate informed shareholder engagement and orderly market functioning.

The CSA should therefore carefully consider whether certain aspects of the Proposed Amendments could encourage formalistic compliance without materially improving investor outcomes.

Intermediaries and Agency Relationships

A key consideration arising from the Proposed Amendments is the **potential application of disclosure and reporting obligations to intermediaries acting solely in an agency capacity.**

As a market practitioner, Kingsdale believes it is critical that the final amendments clearly distinguish between principals and the advisors retained to support them. Proxy solicitors, communications advisors, legal counsel and other professional intermediaries do not exercise independent voting authority, investment discretion or control over securities. Rather, they act exclusively pursuant to client instructions and play an essential role in facilitating shareholder engagement, transaction execution and the orderly functioning of Canada's capital markets.

In contested situations in particular, intermediaries serve as a conduit between issuers, shareholders and other market participants, helping ensure that shareholders receive timely information and can make informed decisions. Their role is operational and advisory and not determinative.

Without explicit clarification, the Proposed Amendments may introduce unnecessary uncertainty, increase execution risk in time-sensitive situations, and create unintended obligations for intermediaries without materially enhancing transparency.

From a policy perspective, Kingsdale does not believe that imposing principal-level obligations on agents would provide meaningful additional disclosure to the market. Instead, it would introduce complexity into processes that depend on speed, clarity and efficient coordination among multiple stakeholders.

Accordingly, we respectfully recommend that the CSA expressly confirm that intermediaries acting solely in an agency capacity are not subject to reporting or disclosure obligations under the Proposed Amendments.

Targeted Responses to CSA Consultation Questions

Question 1: New Selective Repurchase Exemption

Response:

Kingsdale supports the CSA's objective of providing issuers with greater flexibility to pursue selective repurchases in appropriate circumstances. In our experience, issuer bids and selective transactions are frequently employed as legitimate tools to address capital allocation priorities, respond to shareholder feedback and navigate periods of market dislocation.

Particularly in the context of shareholder activism, boards must retain the ability to consider a range of alternatives when acting in the best interests of the corporation and its shareholders. Selective repurchases can, in certain circumstances, serve as an effective mechanism for resolving disputes, optimizing capital structures and facilitating value-enhancing outcomes.

Accordingly, we encourage the CSA to ensure that any exemption is sufficiently principles-based and does not inadvertently constrain boards' ability to respond to evolving circumstances. Overly restrictive conditions may have the unintended consequence of limiting legitimate corporate action without delivering corresponding benefits to investors.

Question 2: New Selective Repurchase Exemption

Response:

From a practical perspective, flexibility remains a critical component of effective corporate governance.

Boards are increasingly operating in environments characterized by heightened shareholder scrutiny, activism and rapidly evolving market conditions. The ability to pursue selective transactions where appropriate can provide issuers with an important degree of optionality, particularly where broader issuer bid processes may not be commercially or operationally feasible.

While transparency and shareholder protection should remain central considerations, Kingsdale believes the regulatory framework should continue to provide boards with sufficient latitude to evaluate transaction alternatives based on the specific facts and circumstances before them.

Question 7: New Selective Repurchase Exemption

Response:

Kingsdale believes the CSA should be mindful of the broader market implications associated with limiting the availability of selective repurchase transactions. As a market practitioner, we have observed that transactions are rarely one-size-fits-all. Boards frequently face unique considerations, including shareholder composition, timing constraints and strategic objectives that necessitate tailored solutions.

Accordingly, we recommend that the CSA adopts a framework that promotes transparency while preserving the flexibility required to facilitate efficient and value-enhancing outcomes for shareholders.

<u>Question 11: New Selective Repurchase Exemption</u>

Response:

In our view, the success of any selective repurchase framework will ultimately depend on its ability to strike an appropriate balance between investor protection and practical utility.

Issuers should not be placed in a position where compliance requirements effectively discourage the use of otherwise appropriate and value-enhancing transactions. Regulatory frameworks function most effectively when they provide certainty, preserve flexibility and recognize the operational realities faced by market participants.

We therefore encourage the CSA to adopt an approach that is sufficiently adaptable to accommodate the diverse circumstances under which selective repurchases may arise.

<u>Question 13: Enhanced Disclosure of Equity Equivalent Derivatives in Specified Circumstances</u>

Response:

Kingsdale supports the CSA's efforts to enhance transparency regarding material economic interests in reporting issuers. At the same time, we believe disclosure obligations should remain focused on positions that confer meaningful economic alignment, influence or the potential to affect control or voting outcomes. Overly expansive definitions risk capturing transitory, hedging or otherwise immaterial arrangements that do not advance the CSA's policy objectives.

From a shareholder's perspective, disclosure is most useful when it is clear, concise and decision relevant. Excessive reporting requirements may ultimately obscure, rather than enhance, transparency by increasing the volume of information available without providing additional insight into an investor's intentions or influence.

We therefore encourage the CSA to adopt a principles-based approach that distinguishes between material economic exposure and arrangements that are unlikely to be relevant to investors.

<u>Question 15: Enhanced Disclosure of Equity Equivalent Derivatives in Specified Circumstances</u>

Response (Critical):

The CSA should explicitly confirm that disclosure obligations apply to principals, and not to market intermediaries acting solely in an agency capacity.

Proxy solicitors, communications advisors, legal counsel and other professional advisors do not exercise independent voting authority, investment discretion or control over securities. Rather, they act strictly in accordance with client instructions and serve an important role in facilitating shareholder communications and transaction execution.

Absent explicit exclusions, the Proposed Amendments risk creating uncertainty regarding the application of disclosure obligations in contested situations. Such uncertainty could have unintended consequences, including duplicative reporting obligations, increased execution risk and potential disruptions to well-established market practices.

From a policy perspective, we do not believe these outcomes advance the CSA's stated objectives. To the contrary, imposing principal-level obligations on intermediaries would create additional complexity without enhancing transparency or investor protection.

Accordingly, we respectfully recommend that the CSA explicitly confirm that market intermediaries acting solely in an agency capacity are not subject to reporting obligations under the Proposed Amendments.

Question 17: Early Warning Reporting Triggers and Thresholds

Response:

Kingsdale recognizes the policy rationale underpinning more timely disclosure requirements and supports efforts to ensure investors receive meaningful information on a timely basis. However, any reduction in reporting timelines must account for the operational realities faced by market participants.

In practice, ownership positions may evolve rapidly, particularly during strategic transactions, activist campaigns and contested situations. Excessively compressed timelines may increase the likelihood of incomplete or inaccurate reporting, thereby undermining the quality of disclosure available to investors.

We recommend that the CSA adopt reporting timelines that are both operationally feasible and proportionate to the policy objectives being pursued. In addition, consideration should be given to distinguishing between passive accumulation strategies and acquisitions undertaken for strategic or activist purposes, as the underlying policy considerations may differ significantly.

Question 18: Early Warning Reporting Triggers and Thresholds

Response:

Kingsdale believes the effectiveness of the early warning reporting regime is ultimately dependent on balancing timeliness with accuracy.

As a practical matter, market participants require sufficient time to confirm ownership positions, coordinate internal approvals and ensure filings accurately reflect evolving circumstances. While more timely disclosure may benefit the market, such benefits should not come at the expense of reliability.

We recommend the CSA adopt an approach that recognizes the operational complexities associated with ownership reporting while continuing to advance its transparency objectives.

Question 21: Settlement Period

Response:

Kingsdale supports the CSA's objective of aligning the payment period for tendered securities with Canada's transition to a T+1 settlement cycle. However, from an operational perspective, we respectfully submit that a maximum payment period of two business days represents a more appropriate standard than a mandatory one-business-day requirement.

Although the industry has successfully transitioned to T+1 settlement, payment following a tender offer involves additional processes that extend beyond securities settlement alone, including entitlement verification, exception management and coordination among issuers, paying agents and intermediaries.

A two-business-day standard would preserve the intended policy objective while providing market participants with sufficient flexibility to complete these processes accurately and efficiently. In our view, this approach appropriately balances market efficiency with operational resiliency.

Question 22: Settlement Period

Response:

While Kingsdale supports continued modernization of Canada's securities framework, we believe a mandatory one-business-day payment period would introduce unnecessary operational risk.

Payment processing requires the validation of shareholder information, reconciliation of entitlements, coordination of funding arrangements and the resolution of exceptions that frequently arise in practice. These considerations become particularly relevant in transactions involving significant shareholder participation or multiple intermediaries.

Further, not all market participants operate within fully automated environments. A compressed one-day timeline could disproportionately affect smaller transfer agents and paying agents, increasing the potential for processing errors and adversely impacting the shareholder experience.

In our view, a maximum payment period of two business days strikes the appropriate balance. It materially improves upon the existing framework, aligns substantively with the objectives of T+1 settlement and reflects the operational realities associated with transaction execution.

Conclusion

Kingsdale supports the CSA's efforts to modernize Canada's issuer bid, take-over bid and beneficial ownership reporting regimes. As a market participant that regularly advises issuers, boards, acquirors and shareholders in some of the country's most significant and time-sensitive transactions, we recognize the importance of ensuring that Canada's regulatory framework continues to promote transparency, market integrity and investor confidence.

At the same time, we believe modernization should not come at the expense of market efficiency. The most effective regulatory frameworks are those that provide investors with meaningful, decision-useful information while preserving the flexibility necessary for shareholder engagement, transaction execution and effective capital formation.

Accordingly, we respectfully submit that the Proposed Amendments should:

- Promote transparency without introducing unnecessary complexity;
- Preserve tactical flexibility in contested and time-sensitive situations;
- Clearly distinguish between principals and intermediaries acting in an agency capacity;
- Avoid unintended constraints on shareholder engagement and market functioning; and
- Reflect the operational realities faced by market participants.

Kingsdale would welcome the opportunity to engage further with the CSA as it considers the Proposed Amendments and would be pleased to provide additional perspectives informed by our experience advising clients across Canada's capital markets.

Respectfully submitted,

KINGSDALE ADVISORS

[redacted]

Aaron Boles

President

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