Section 1

Identification questions submitted via e-form through the CSA website

November 3, 2026 - Delivered via e-form through the CSA website

Publication title

CSA Consultation Paper 51-406 Modernizing the Regulation of Public Companies

Comment addressed to participating jurisdictions:

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, 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
Superintendent of Securities, Nunavut

Identification

Instrument Number:
51-406

Publication Date:
07/17/2026

Name:
Rucsandra Moldovan

Email:
[redacted]

Place of residence:
Quebec, CA

Are you commenting on behalf of an organization?
No

Rucsandra Moldovan, PhD

Associate Professor
Department of Accountancy
John Molson School of Business
Concordia University
Montréal, Québec
[redacted]

November 3, 2026

Canadian Securities Administrators

Submitted via the CSA consultation portal https://www.securities-administrators.ca/consultations/

Re: CSA Consultation Paper 51-406, *Modernizing the Regulation of Public Companies*. Comments on Part A (Proportionate regulation), Part D (Material change reporting) and Part F, Question F3 (Enhanced disclosure for retail investors).

Dear Members of the Canadian Securities Administrators:

I. Introduction

I am an accounting academic researcher at the John Molson School of Business, Concordia University. I am also a member of the Canadian Accounting Standards Board (AcSB). I write this letter in my individual capacity. The views expressed herein are my own and do not represent my employer, the AcSB, or any other professional or academic organization.

The evidence in this letter relies on academic literature that I synthesize and on public or commercial data sources that I analyze (SEDAR+ document search, the TMX Group issuer lists, Compustat North America Fundamentals and Security files, and the U.S. Securities and Exchange Commission's EDGAR). The code and data behind every table and figure are available to CSA staff on request.

The Consultation Paper proposes to achieve modernization largely through a reduction in the cost to issuers of producing disclosure. I am concerned that a more important cost is ignored: the cost to investors of using the disclosure. The research on information processing costs distinguishes three such costs: becoming aware that information exists, acquiring it, and integrating it into a decision (e.g., Blankespoor, deHaan and Marinovic 2020). Each part of the Consultation Paper that I address speaks to one or several of these costs. Part A is about determining how much information each tier of issuer produces. Part D is about determining whether a categorized, regulator-held record of material changes should be maintained. Question F3 is about whether the regulatory filings record can be read by the software through which investors now receive most of their information. I argue that the cheapest modernization with the largest investor payoff can be achieved by reducing the cost to process that disclosure, which starts with SEDAR+ itself.

1455 De Maisonneuve Blvd. W., Montreal, Quebec, Canada H3G 1M8
Tel. 514-848-2424 concordia.ca/johnmolson

II. Part A – Proportionate regulation

1. Time-trend in number of issuers, large venture issuers, and small non-venture issuers

The Consultation Paper reports approximately 3,000 listed issuers, 76% of them venture issuers, with 12% of issuers above $1 billion in market capitalization accounting for most of the overall market value, and makes the point that some large issuers remain venture issuers despite their size and maturity, while some small issuers lose their venture status simply because they obtain secondary listings on foreign (outside Canada and non-U.S.) exchanges. My analysis below provides some quantitative context for this point raised in the Consultation Paper that I believe is useful when weighing the proposals in Part A.

I use the TMX Group issuer lists from 2008 to 2026 and the NI 51-102 definition of "venture issuer" to classify TSXV listed companies into venture vs. non-venture; by definition, all TSX listed companies are non-venture issuers.[1] I remove exchange-traded funds, closed-end funds, structured products, capital pool companies, and SPACs. Next, I use the market capitalization of each issuer at calendar year-end, as per the TMX issuer lists, to count the very large issuers (above $250, $500, and $1,000 million) or very small issuers (below $25, $75, and $100 million). Since there is no agreed-upon definition of very large or very small issuer, I present several size thresholds. Table 1 shows the number of issuers across these different groups, for 2008 (first year TMX issuer lists are available), 2016, and 2020 through 2025. Data across all years is available upon request.

Figure 1 shows the counts including all years. Panel A shows the evolution of the number of operating companies that are venture and non-venture issuers over time. Panel B shows the number of very large issuers across the two groups, choosing $250 million as the market capitalization size for very large issuers. Panel C shows the number of very small issuers across the two groups, choosing $100 million as the market capitalization size for very small issuers.

Three results stand out from this analysis. First, the number of both venture and non-venture operating companies has been shrinking over time, while the number of funds and non-operating products has been increasing over time (not shown in the data above). This means that there are fewer regulated operating companies, be they venture or non-venture, that represent regulated investment opportunities for Canadians. Relaxing mandatory disclosure rules is unlikely to fix this overall problem, which is largely (though not entirely) due to the intangible-intensive nature of many new businesses these days (e.g., Doidge et al. 2018 p. 16).[2] Second, the large venture issuer group is rather small: at December 2025, 86 (7%) venture issuers were above $250 million, and 10 (0.8%) were above $1 billion market cap. Third, and in comparison, the overlap at the bottom of the non-venture issuer group is much larger: at December 2025, 134 (19%) non-venture issuers were at or below $100 million, and 43 (6%) were at or below $25 million. If proportionality is the principle, the same evidence that justifies tightening requirements for very large venture issuers also bears on Question A3(a), i.e., whether some requirements should be scaled for the non-venture issuers that are smaller than many venture issuers.

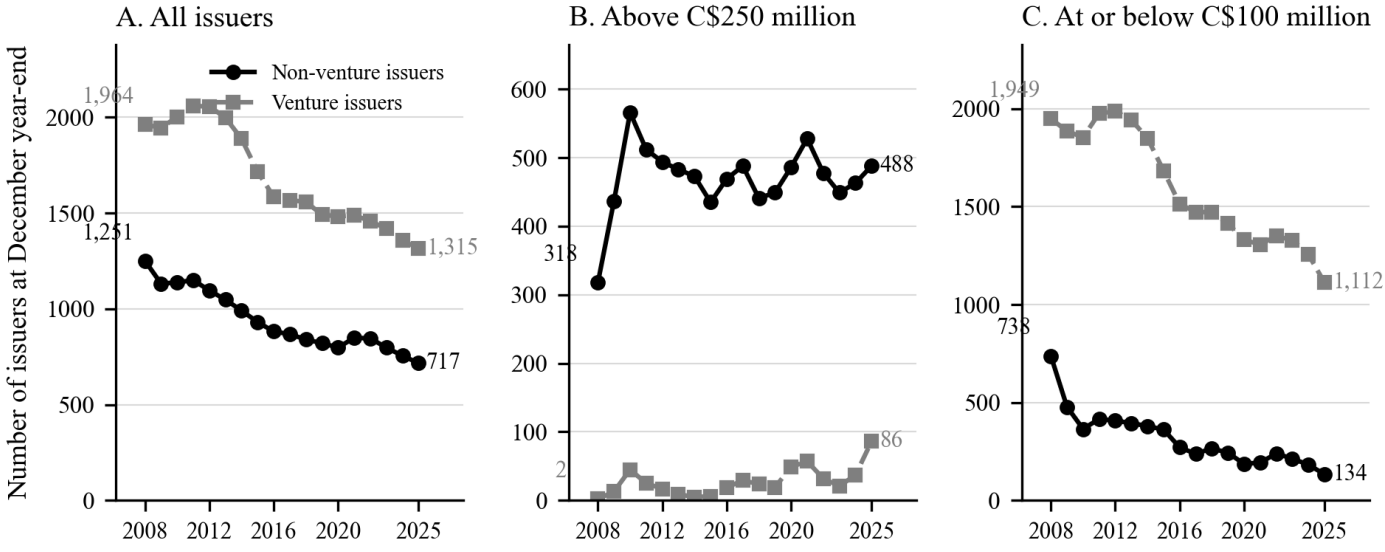
[1] https://www.tsx.com/en/listings/current-market-statistics/mig-archives accessed October 11, 2026 and November 2, 2026.
[2] Finance and accounting research investigates different possible explanations behind the shrinking number of publicly listed firms, including: merger and acquisition waves, abundant private capital, intangibles and proprietary costs, international differences in private-firm transparency that attract capital away from public markets. I do not review this literature here.

1455 De Maisonneuve Blvd. W., Montreal, Quebec, Canada H3G 1M8
Tel. 514-848-2424 concordia.ca/johnmolson

Table 1. *Number of venture and non-venture issuers, median market capitalization per group, and number of very large and very small issuers*

	2008	2016	2020	2021	2022	2023	2024	2025
Number of issuers								
Non-venture issuers	1,251	882	798	849	846	798	755	717
of which listed on the TSX	1,236	854	762	795	783	747	707	670
of which TSXV issuers with U.S. or non-AIM foreign listing	15	28	36	54	63	51	48	47
Venture issuers	1,964	1,585	1,483	1,488	1,459	1,418	1,357	1,315
Median market capitalization, $ millions								
Non-venture issuers	63.4	308.4	424.2	467.7	363.1	389.4	465	684.4
Venture issuers	2.4	5.7	13.1	15.7	9.7	8.5	8.3	15.2
Very large issuers, by market cap								
Non-venture issuers above each size line								
above $250 million	318	469	486	528	478	449	463	488
above $500 million	224	365	372	413	369	362	369	407
above $1,000 million	148	274	263	301	276	271	284	309
Venture issuers above each size line								
above $250 million	2	19	49	57	32	21	37	86
above $500 million	1	4	19	18	8	9	11	34
above $1,000 million	0	1	5	8	2	5	4	10
Very small issuers, by market cap								
Non-venture issuers at or below each size line								
at or below $25 million	409	93	56	49	89	75	79	43
at or below $75 million	669	226	157	152	209	179	149	107
at or below $100 million	738	271	187	193	239	214	182	134
Venture issuers at or below each size line								
at or below $25 million	1,839	1,298	964	926	1,050	1,044	995	806
at or below $75 million	1,938	1,486	1,279	1,254	1,317	1,292	1,215	1,058
at or below $100 million	1,949	1,514	1,331	1,307	1,350	1,329	1,256	1,112

Figure 1. *Time trend in number of issuers, very large, and very small issuers, by venture and non-venture groups*



1455 De Maisonneuve Blvd. W., Montreal, Quebec, Canada H3G 1M8
Tel. 514-848-2424 concordia.ca/johnmolson

2. What academic research says about size thresholds

A body of evidence from the U.S. and Europe speaks to how firms respond to "bright line" thresholds. This evidence is relevant for any move from an exchange-based line to a size-based one (Option B) or a size-based graduation requirement (Option C). Three findings are robust.

Thresholds change firm behaviour. Firms near the US$75 million public-float threshold for Sarbanes-Oxley Section 404 stayed small by undertaking less investment, paying more cash dividends, reducing the number of shares held by non-affiliates, and reporting lower earnings compared to control firms (Gao, Wu and Zimmerman 2009). Compliance was costly for those firms while leading to more conservative reported earnings, which could be interpreted as earnings of higher quality (Iliev 2010). In the same U.S. setting, Ewens, Xiao and Xu (2024) document bunching below the US$25 million, US$75 million and US$700 million float thresholds which trigger various regulations and estimate that the regulatory costs of being public amount to 4.3% of market capitalization for the median U.S. firm, a cost that plays into private firms' IPO decisions. European private firms manage their size downward to stay under disclosure thresholds drawn from the income statement, with at least 8% of firms near a threshold managing size downward at a cost of more than 6% of their assets (Bernard, Burgstahler and Kaya 2018).

Scaled disclosure saves issuers less than assumed and ends up costing investors. Emerging growth companies in the first three years under the U.S. JOBS Act saw no reduction in the direct costs of going public but had higher underpricing, an indirect cost borne by issuers (Chaplinsky, Hanley and Moon 2017), and their reduced disclosure raised investors' information uncertainty, attracted investors who rely more on private information, and led to more disclosures post-IPO so the mitigates the increased information uncertainty (Barth, Landsman and Taylor 2017). The additional IPO volume was concentrated in firms with high proprietary disclosure costs, mainly biotechnology (Dambra, Field and Gustafson 2015). Smaller reporting companies that cut disclosure when permitted experienced adverse market consequences, consistent with mandatory disclosure acting as a commitment device, and replacing such mandatory disclosure with voluntary disclosure is only partially effective in reducing information asymmetry (Cheng, Liao and Zhang 2013). Imposing disclosure on small, lightly regulated firms has historically benefited the investors in the firms that stayed public (Bushee and Leuz 2005; Greenstone, Oyer and Vissing-Jorgensen 2006; see Leuz and Wysocki 2016 for a review).

Canada's junior market works because of its regulation, not despite it.[3] The Capital Pool Company rules raised the quality of junior issuers and their underwriters and reduced fraud (Pandes and Robinson 2014). TSXV companies that graduate to the TSX outperform venture-capital-backed IPOs by about 28 percentage points over three years (Meoli, Pandes, Robinson and Vismara 2018), while penny-stock IPOs that do not graduate have poor survival and returns (Carpentier and Suret 2011). London's Alternative Investments Market (AIM), a junior market with lighter, privately administered regulation, shows weak post-listing performance (Gerakos, Lang and Maffett 2013). The exchange-based definition thus works as an advantage because it pairs the regulatory tier with an exchange that applies its own listing oversight to the same population.

[3] Overall, there is less academic research on the Canadian setting compared to the U.S. or Europe.

1455 De Maisonneuve Blvd. W., Montreal, Quebec, Canada H3G 1M8
Tel. 514-848-2424 concordia.ca/johnmolson

3. Revenue as potential size measure (Question A4(a))

Question A4(a) lists revenue, total assets, market capitalization and public float as candidate metrics. Revenue has an obvious appeal because it is audited and relatively stable. The SEC added a revenue test to the definition of smaller reporting company (revenue below US$100 million and public float up to US$700 million). Whether a revenue-based size test would work in Canada depends on what the revenue of Canadian issuers looks like; my analysis below aims to provide some insight.

For this analysis, I download Compustat North America Fundamentals to obtain the revenue information for Canadian issuers for the latest fiscal year available. I merge the TMX list at December 31, 2025, selected as for Table 1, with the latest annual revenue for fiscal year 2024 or 2025 from Compustat, converted to Canadian dollars for the issuers that report in USD. The merge is done on firm ticker and fuzzy-matching of company name. For each issuer, I continue to use the market capitalization as reported by TMX at calendar year-end. Compustat coverage is about 95% for non-venture issuers but only a third for venture issuers (coverage improves with firm size). The covered venture issuers are larger than the tier as a whole, with a median market capitalization of $31 million against $15 million for all 1,315 venture issuers.[4] I consider that missing or negative revenue is zero revenue, and apply the year-end exchange rate to convert revenue reported in USD to CAD.

Table 2 reports the distribution of revenue across groups of issuers. Of the venture issuers that Compustat covers, 63% report zero revenue, 9% report less than $1 million, 8% between $1 and $10 millions, 14% between $10 and $100 million, and 6% above $100 million. Non-venture issuers are the mirror image, with 68% reporting $100 million or more, and 16% reporting zero revenue. Based on these descriptive statistics, revenue appears to track the tiers.

Figure 3 shows the share of issuers with no revenue by market capitalization. Among venture issuers, the share is flat across size: 68% below $10 million market cap, 72% between $100 and $250 million, 74% between $250 and $500 million; above $500 million market cap, 53% of venture issuers have zero revenue. Overall, among venture issuers, revenue is not useful for ranking because most of these issuers have no revenue. Looking at the sector provides further insight. Of the Compustat-covered venture issuers, 84% issuers in the mining sector are pre-revenue (and mining is two thirds of the venture tier); in contrast, only 11% of venture technology are pre-revenue. Therefore, a revenue test sorts exploration-stage resource issuers from other operating companies, and not small issuers from large ones, which would not be useful for a size test.

Revenue would also not work well were it to be used as a targeted adjustment to the exchange-based definition (Option A). The purpose of the adjustment is to bring the largest venture issuers under the non-venture regime. Of the 63 Compustat-covered venture issuers worth $250 million or more in market cap, 59% report no revenue, and only 24% report revenue of $100 million or more. A $100 million revenue test would leave 94% of venture issuers where they are, including most of the largest by market value, while moving 30% of TSX non-venture issuers the other way. Among TSX issuers above $1 billion in market capitalization, 7.5% report no revenue, i.e., development-stage mining and life-sciences companies that a revenue test would call small.

[4] Reweighting the covered issuers to the population by size changes the results by only a few points and does not change the overall interpretation, so I report the covered sample.

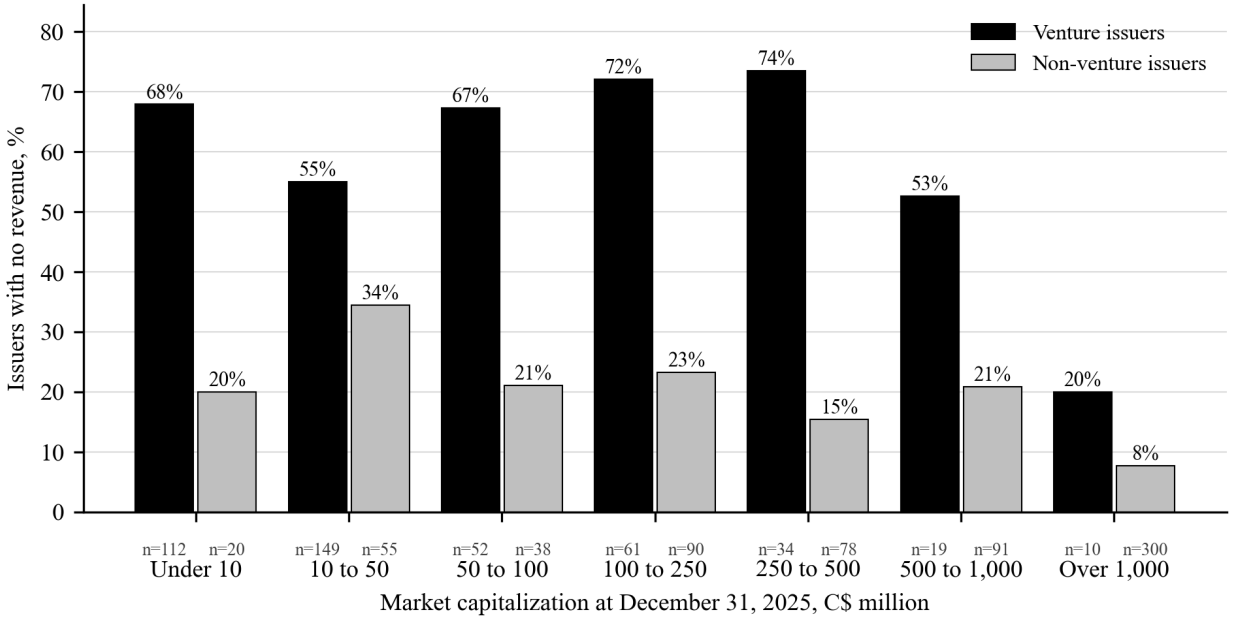
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Tel. 514-848-2424 concordia.ca/johnmolson

Overall, revenue is stable but measures a firm's stage of development and industry, not size or the number of investors exposed. In a market whose venture tier is two thirds exploration-stage, a revenue test would reproduce the sector split and fail to isolate the top of the venture tier, which is what the intention is. If revenue is used at all, it belongs as a second condition beside another size measure, similar to the SEC's test.

Table 2. *Revenue profile of Canadian issuers, by group*

Group	Population of issuers, based on Table 1	With FY2024 or FY2025 statements in Compustat, count (%)	Zero revenue %	Revenue above zero and under $1 million %	Revenue above 1 and under $10 million %	Revenue above 10 and under $100 million %	Revenue above $100 million %	Median revenue (millions, CAD)	Median revenue, among issuers with revenue
All issuers	2032	1109 (54.6)	34.3	4.1	4.9	13.4	43.3	38.03	284.6
Venture	1315	437 (33.2)	62.7	8.9	8.2	14.2	5.9	0	11.87
Non-venture, of which:	717	672 (93.7)	15.8	1	2.7	12.9	67.6	356.43	557.18
TSX non-venture	670	639 (95.4)	13.8	0.9	2.5	13.1	69.6	398.52	587.3
TSXV non-venture	47	33 (70.2)	54.5	3	6.1	9.1	27.3	0	153.79

Figure 2. *Proportion of issuers with zero revenue, by group and by market capitalization*



4. How often would status flip under a size test? (Question A4(b))

Question A4(b) asks at what point in time the criteria for a size test should be assessed and how frequently so that issuers would not be moving repeatedly between venture and non-venture status. For this question, I first looked at what the U.S. requires in Rule 12b-2. An accelerated filer enters this category at US$75 million of public float and exits below US$60 million; a large accelerated filer enters at US$700 million and exits below $560 million; a company that ceases to be a smaller reporting

1455 De Maisonneuve Blvd. W., Montreal, Quebec, Canada H3G 1M8
Tel. 514-848-2424 concordia.ca/johnmolson

company re-qualifies only below US$200 million against an entry line of US$250 million.[5] In other words, for the size measure based on public float, the SEC sets the exit level below the entry level so that an issuer does not lose a status on a small fall in the value of the measure considered. Each exit level is 80% of the entry level. If the CSA were to adopt a similar size test, in Option B or in addition to the exchange-based definition (Option A), the question is whether that design transfers to Canada.

To get some insight into this question, I built a panel of every issuer at the December year-ends from 2008 to 2025 from the TMX Group lists, merging the firm-level observations on TMX's issuer identifier, on the root of the ticker, or on the root of the company name (in this order) and following each issuer through changes in name and ticker and through moves between the two exchanges (404 such moves), with funds, capital pool companies, and other non-operating listings removed as in Table 1. The panel holds 4,868 issuers observed at two or more consecutive year-ends and 41,550 year-to-year transitions. A transition means the same issuer is observed in two consecutive Decembers, such that I know the issuer's venture or non-venture status as at December year *t*-1 and can apply the size test as at December year *t*. Assuming market capitalization is the total capitalization at the calendar year-end as published by TMX, I simulate the application of four size tests (i.e., four different designs) to each issuer's history:

(a) A single threshold of market capitalization tested every year-end,
(b) A 20% band for exit after one year-end below the lower bound (i.e., the SEC test),
(c) A 20% band for exit only after two year-ends below the lower bound, and
(d) Two consecutive year-ends above the test value to enter (i.e., to flip) and two consecutive year-ends below the 20% lower bound to exit (i.e., to flip again).

For each design of the size test, I measure the number of flips per 100 transitions (i.e., a transition is an issuer going from year *t*-1 to year *t*) on which the design of the test could have logically produced a flip. Table 3 reports this measure for each design of the size test, at four different market capitalization thresholds.

Figure 3 takes a different perspective and shows how many issuers would have flipped once, twice, and three or more times during their entire history between 2008 and 2025 around the same four market cap thresholds as in Table 2. The median length of an issuer's history is 8 consecutive years (7 years for venture starters, and 8 years for non-venture starters). Of 5,058 issuers with a history of at least two consecutive years, 18% run the full 18 years, and 10% run exactly two years. Non-venture starters are more often running for the whole 18 years (24% of the 1,579 non-venture starters) because large TSX companies rarely delist. Venture starters are more likely to have short histories.

To benchmark the results of the simulation, column (3) of Table 3 shows the status changes under the current exchange-based definition in the same panel, i.e., graduations, comedowns, interlisting changes, all of which are initiated by the issuer. Under the current exchange-based definition, there have been 1.2 status changes per 100 year-to-year transitions (about 30 changes per year; 507 status changes in total), and every change was initiated by the issuer (i.e., graduations, interlisting changes, comedowns). Venture starters changed at a rate of 1.39 per 100 transitions (mostly graduations; about 23 changes per year; 388 changes in total), non-venture starters at 0.87% (about 7 changes per year; 119 changes in total).

I highlight four main results from this simulation. First, a single threshold multiplies status flips compared to the benchmark (i.e., current exchange-based regime). A $250 million market cap threshold

[5] https://www.law.cornell.edu/cfr/text/17/240.12b-2 accessed on October 11, 2026.

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Tel. 514-848-2424 concordia.ca/johnmolson

tested every year-end would have produced about 4 per 100 transitions for all issuers (about 97 changes per year). About 19% of these changes would have reversed within one year, and about 38% would have reversed within two years.[6] Over the entire history, 19% of all issuers would have flipped at least once and at least 4% would have flipped three or more times, as reported in Panel A of Figure 3.

Second, designing the size test with a band similar to the SEC does not significantly reduce the number of status changes and flips. On its own, an 80% exit level removes between a tenth and a fifth of the changes, depending on the exact value of the threshold. Widening the band does not help, i.e., 30% band gives 2.18 changes per 100 transitions at $250 million (untabulated) compared to 2.26 changes per 100 transitions for the 20% band. The data shows Canadian issuers near a size threshold do not hover beside it, but rather jump across it. Of the transitions that start within 20% of the $250 million market cap value, 43% end on the other side a year later; this is the case for all other market cap values considered. This suggests that designing the size test with a band is not the right lever as Canadian market capitalizations fluctuate significantly year-on-year for (perhaps) macroeconomic reasons that do not reflect firm growth.

Third, persistence seems to be a better lever. Requiring two consecutive year-ends on the other side of the line before status changes removes between 43 and 52% of all changes across the four lines and nearly all of the repeat changes. Reversals within a short timeframe would be reduced by about 40% on average. For instance, at $250 million, the share of issuers changing status three or more times falls from 3.7% to 0.8%.

Fourth, a high size threshold applied to venture issuers is stable under the two consecutive year-ends design. For instance, at $500 million, venture issuers would have changed status at a rate of 0.5 per 100 transitions, 3.3% of them at least once over eighteen years and one in a 1,000 three or more times.

Two other insights are relevant. Status changes under a size test would happen mostly on today's non-venture issuers, whose values are centred on the lines the regulator would consider: at $250 million the single-threshold rate for non-venture issuers is 7.5 per 100 transitions against 2.3 for venture issuers, and 36% of non-venture issuers would have changed status at least once against 11%. Therefore, Option B, a size test for everyone, would reclassify TSX issuers far more often than it would promote venture issuers, which returns the discussion to Question A3(a). The simulation also provides insight into the precedent used for the design of these tests: the SEC design is asymmetric, but that asymmetry would not stabilize status in Canada. Instead, consistency over more than one period seems to be a better way to stabilize status.

Two caveats apply to my simulation. First, I assume that issuers do not change their behavior to respond to the size threshold, which may not be realistic considering the literature synthesized in Section II.2 and which may affect the rate of changing and flipping. Second, I examine only one measure (market capitalization) measured at only one date (calendar year-end) while the SEC considers public float at mid-year and a combination of measures depending on which status they are defining. My analysis should thus be interpreted as illustrative of the changing and flipping rates for any given design of the size test, with the focus being on the *comparison* across the four designs of the size tests.

As a side note, I would expect the CSA has precise data to simulate how often issuers would move between venture and non-venture status based on different versions of the size measures and size test

[6] Reversals within two years are not tabulated in Table 3.

1455 De Maisonneuve Blvd. W., Montreal, Quebec, Canada H3G 1M8
Tel. 514-848-2424 concordia.ca/johnmolson

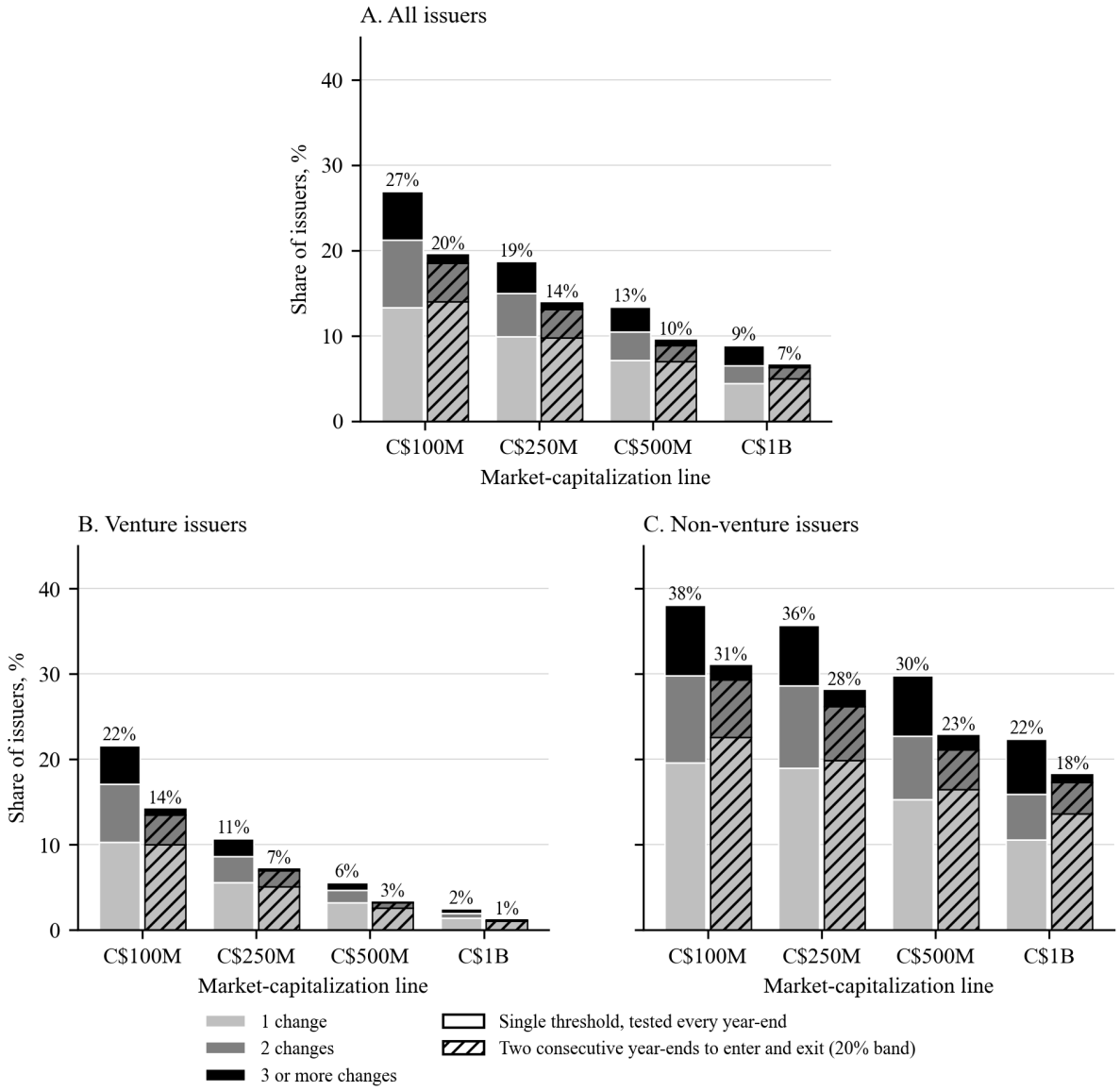
and, if that's the case, I encourage the CSA to publish that analysis with any further proposals it makes on this topic.

Table 3. *Status flip per 100 year-to-year transitions under a market capitalization size test designed in four different ways, December 2008 to December 2025, along with percent of reversals within one and two years for the single threshold test design and for the two consecutive year-ends test design*

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Market cap ($ million)	Group	Benchmark	(a) Single threshold, tested every year-end (% reversals within 1 yr)	(b) 20% band, exit after one year-end below	(c) 20% band, exit after two consecutive year-ends below	(d) Two consecutive year-ends to enter and to exit (% reversals within 2 yrs)
100	All issuers	1.22	5.92 (20.4)	5.26	4.42	3.15 (10.2)
	Venture	1.39	4.76 (21.2)	4.35	3.74	2.34 (12.5)
	Non-venture	0.86	8.28 (19.5)	7.13	5.88	4.79 (8)
250	All issuers	1.22	3.97 (19.3)	3.51	3.03	2.26 (11.6)
	Venture	1.39	2.25 (21.9)	2.02	1.79	1.18 (15)
	Non-venture	0.86	7.48 (17.7)	6.56	5.67	4.43 (10)
500	All issuers	1.22	2.90 (21.3)	2.44	2.05	1.50 (8.6)
	Venture	1.39	1.12 (22.1)	1.03	0.88	0.50 (7.6)
	Non-venture	0.86	6.53 (21.1)	5.32	4.51	3.54 (8.8)
1,000	All issuers	1.22	2.09 (25.9)	1.68	1.40	1.01 (6.6)
	Venture	1.39	0.48 (25.5)	0.46	0.38	0.18 (3.2)
	Non-venture	0.86	5.38 (26)	4.18	3.52	2.71 (6.9)

1455 De Maisonneuve Blvd. W., Montreal, Quebec, Canada H3G 1M8
Tel. 514-848-2424 concordia.ca/johnmolson

Figure 3. *How many times an issuer would have changed in either direction (Panel A), from venture to non-venture (Panel B) and from non-venture to venture (Panel C) under two designs of the size test (a and d) considering four market capitalization thresholds*



5. Large venture issuers are a transient group (Questions A2 and A5)

Question A2 asks why senior issuers remain on venture exchanges and Question A5 asks about mandatory graduation. The panel of issuers over 2008 to 2025 that I put together offers insights into both questions.

I followed every venture issuer at two different thresholds (i.e., at or above $250 and $500 million) of market capitalization at a December calendar year-end from 2008 to 2022 and recorded where they stood one, two, and three years later. I record the following outcomes in each of the three years: (1) still a venture issuer above the threshold; (2) a venture issuer that fell back below the threshold; (3) graduated to the

1455 De Maisonneuve Blvd. W., Montreal, Quebec, Canada H3G 1M8
Tel. 514-848-2424 concordia.ca/johnmolson

TSX; (4) non-venture through a listing in the U.S. or abroad; (5) no longer on either exchange, which is an outcome that covers acquisitions, delistings, and moves to other markets.

Table 4 reports the number of venture issuers at or above each of the three thresholds and the percentage of those issuers for each of the outcomes above at one, two, and three years down the line. Figure 4 expresses the same results visually.

First of all, each cohort at or above threshold is rather small, with 199 venture issuers ever crossing the $250 million threshold, and 68 crossing the $500 million threshold. Of the ventures at or above $250 million, 41% are still at or above the threshold one year later, 22% two years later, and 16 percent three years later. Among the rest, 26% fall below the threshold and 20% graduate to the TSX within one year. Within three years, these percentages are 29 and 30%, respectively. Of the ventures at or above $500 million, the single most common outcome is graduation; 39% graduate within three years, whereas 21% remain at or above the threshold and 16% fall back below the threshold.

Overall, these descriptive statistics suggest that mandatory graduation (Option C) would mandate what the largest venture issuers mostly do on their own; at $500 million, two in five graduated within three years and the academic evidence that voluntary graduates do well (Meoli, Pandes, Robinson, and Vismara 2018) is evidence about a choice the firm makes, and not an imposed outcome. Mandatory graduation would also fall on issuers whose size is often temporary, since about two in ten issuers fall back below the $500 million threshold within three years. A combination with the exchange listing (Option A) should be designed for the handful of issuers that cross the threshold and then stay there, for instance, a rule similar to the one discussed in Section II.4 that considers two consecutive year-ends above the threshold.

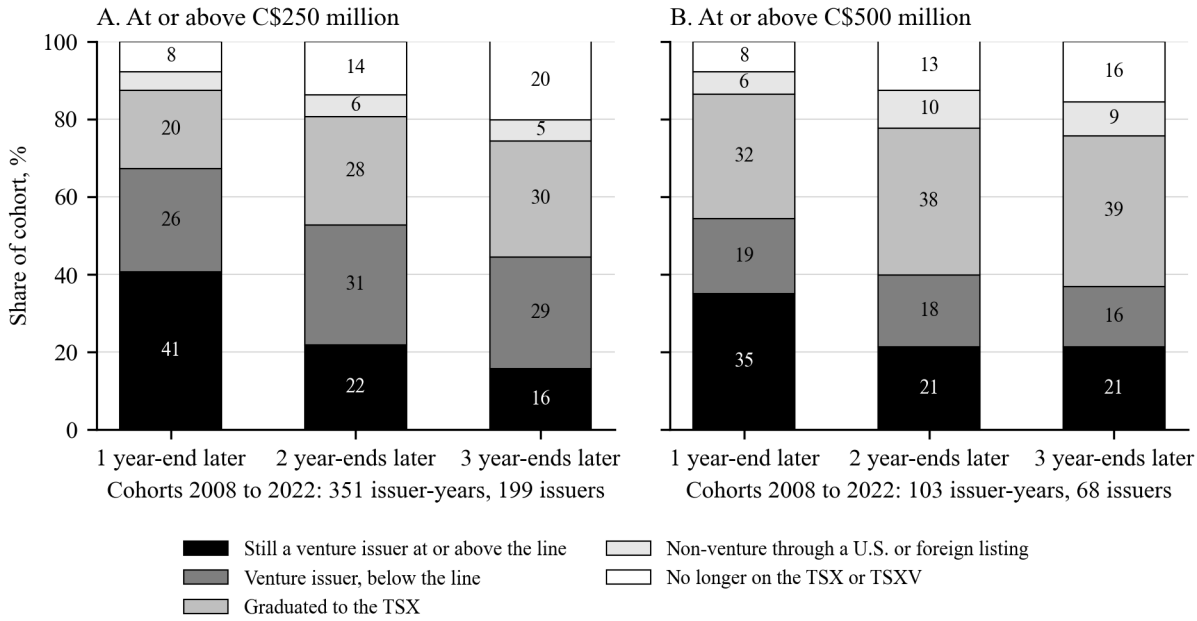
The by-exchange (TSX versus TSXV) version of this analysis gives a similar picture, with 52% of the TSXV issuers above $500 million still on the TSXV three years later and 32% on the TSX; the venture-status version moves part of the first group into the second because interlisted issuers are non-venture already.

Table 4. *Outcomes for venture issuers at or above a market cap threshold one, two, and three years later*

				Outcome (1)	Outcome (2)	Outcome (3)	Outcome (4)	Outcome (5)
Market cap, $ million	Issuer-years at or above threshold	Distinct issuers at or above threshold	Year-ends later	Share, %: venture, at or above the line	Share, %: venture, below the line	Share, %: non-venture, TSX (graduated)	Share, %: non-venture, TSXV (U.S. or foreign listing)	Share, %: gone from both exchanges
250	351	199	1	40.7	26.5	20.2	4.8	7.7
250	351	199	2	21.9	30.8	27.9	5.7	13.7
250	351	199	3	15.7	28.8	29.9	5.4	20.2
500	103	68	1	35	19.4	32	5.8	7.8
500	103	68	2	21.4	18.4	37.9	9.7	12.6
500	103	68	3	21.4	15.5	38.8	8.7	15.5

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Tel. 514-848-2424 concordia.ca/johnmolson

Figure 4. *Visualization of the outcomes for venture issuers at or above a market cap threshold one, two, and three years later*



6. Recommendation on Part A

I recommend Option A with a narrow overlay, designed as follows.

(a) Keep the exchange-based default. It is cheap to administer, transparent to investors, and backed by exchange listing oversight of the same population.

(b) Add a non-venture overlay for TSXV issuers whose total market capitalization exceeds a high line ($500 million) at two consecutive December year-ends, effective from the following fiscal year, with exit only after two consecutive year-ends below 80% of the line. At $500 million this would have affected about 50 issuers at December 2025 and produced almost no repeat changes (Table 2).

(c) Use total market capitalization at a fixed date rather than public float or revenue, for the reasons in Sections II.3 and II.4. A revenue or asset test could be added as a second condition, but on its own it does not separate the tiers.

(d) Treat a listing on a U.S. exchange as non-venture, as the current definition does; the bonding evidence supports this (Doidge, Karolyi and Stulz 2004). For other foreign listings (Question A3(c) and (d)), use an equivalence-of-regime test rather than geography: a listing on a market whose continuous disclosure regime is at least comparable to the TSX's should count.

(e) On Question A3(a), use the same evidence symmetrically. Thirty percent of TSX operating companies are below $250 million. Before extending venture-style accommodations to them, the CSA should identify which requirements it would scale and publish the expected effect on investors, since the research in Section II.2 shows that reduced disclosure has costs that scaled-disclosure regimes have tended to understate.

1455 De Maisonneuve Blvd. W., Montreal, Quebec, Canada H3G 1M8
Tel. 514-848-2424 concordia.ca/johnmolson

III. Material Change Reporting (Part D)

1. Difference between the news release and the material change report

Section 7.1(1)(a) of NI 51-102 requires an issuer to immediately issue and file a *news release* disclosing a material change. Section 7.1(1)(b) requires the *material change report* within 10 days. Every material change therefore (generally) produces two SEDAR+ documents. This is informative for how the Consultation Paper's question should be framed. Compared to the news release, the material change report specific along several dimensions that should be preserved, including:

- *The category.* Among the thousands of news releases filed on SEDAR+ in a typical week, the material change report is the only flag that tells an investor which announcements the issuer itself judged to be material changes. In the two weeks I sampled, issuers filed 1,886 news releases and 269 material change reports. This is the awareness function in the information processing-cost framework (Blankespoor et al. 2020), and Option D3 in the Consultation Paper keeps it.
- *Item 2, the date the change occurred.* A release carries its own date, and could be unclear on the date the actual change occurs. Item 2 starts the 10-day clock and fixes the timeline that matters for insider trading analysis. In the two weeks I sampled, the median gap between the change and the filing was four days. However, in one report in seven the gap exceeded ten days (Section III.2).
- *A written description.* The Consultation Paper states that in most cases issuers simply attach the release. In my sample, three reports in five instead contain a written description, and examining pairs of material change report and news release indicates that these descriptions carry transaction terms, insider participation and the disclosure required by MI 61-101 *Protection of Minority Security Holders in Special Transactions* that the release does not (Section III.3).
- *Items 6 and 7, the statements on confidential filing and omitted information, and Item 8, the officer to contact.* A news release would not typically include any of these.

2. Evidence from two weeks of material change reports (Questions D1, D4 and D7)

I downloaded every material change report returned by the SEDAR+ public search for two non-quarter-end weeks a year apart, September 21 to 25, 2026 and October 20 to 24, 2025, together with the filing timestamps from the search export. After removing investment funds, duplicate copies and one document that was a news release filed in the wrong category, the sample has 269 reports from 239 issuers: 220 from venture issuers (TSXV and CSE), 41 from non-venture issuers and 8 from issuers whose venue I could not establish (e.g., they do not appear in the month-end MiG reports by the TMX or on the most recent CSE list). Venue comes from the TMX and CSE lists. I read every date, classification and flag that a computerized text parser coded in Python could not capture from the PDF documents and supplemented the parsed data in this way. Nine of the 269 reports are U.S. Form 8-Ks filed in the material change category by cross-listed issuers, which shows that the category already accommodates a bright-line form of the kind Question D5 contemplates.

Table 5 and Figure 5 report the timing, measured in calendar days from the date of the change in Item 2 to the SEDAR+ filing timestamp. Note that if multiple material change events are reported, I retain the earliest date. Table 6 reports the content of Item 5, that is, whether Item 5 contains a written description of the material change, a cross-reference to the news release, or the text of the news release pasted into Form 51-102F3.

1455 De Maisonneuve Blvd. W., Montreal, Quebec, Canada H3G 1M8
Tel. 514-848-2424 concordia.ca/johnmolson

The Consultation Paper's premise that issuers in most cases simply attach the release describes 35% of the reports; 60% contain a written description with a median of 383 words, and 46% of those run past 400 words. Venture issuers cross-reference more often than non-venture issuers (37% against 24%), and non-venture issuers write a description of the change in Item 5 more often (77% against 56%). None of the reports relied on the confidential-filing provision in section 7.1(2), and none reported omitted information under Item 7 (though recall that I have only sampled two random weeks of material change reports).

The topics the material change reports cover matter for Questions D4(b) and D5. I used a Large Language Model (LLM) and a list of keywords to classify the title and the summary in Item 4; 42% of the reports are about the firm's financing activities, 20% about a change of directors or officers, 18% about an acquisition, option or joint-venture agreement, 7% exploration or operating results, 5% a change of name, consolidation or capital, 2% a listing or exchange change, and 6% about other miscellaneous topics. Reports about director and officer changes are the ones most often late (26%) and most often reduced to a cross-reference (45%); reports about financing activities are late in 11% of cases. Results releases filed as material changes, closer to the over-filing the Consultation Paper describes, are 7% of the sample. Question D5 asks whether a list of presumptive material changes would help; the results on the topic mix suggests what such a list would mostly contain financing activities, changes of directors and officers, and acquisitions, which together account for four material change reports in five.

Table 5. *Timing of material change reports filed in the weeks of September 21 to 25, 2026 and October 20 to 24, 2025*

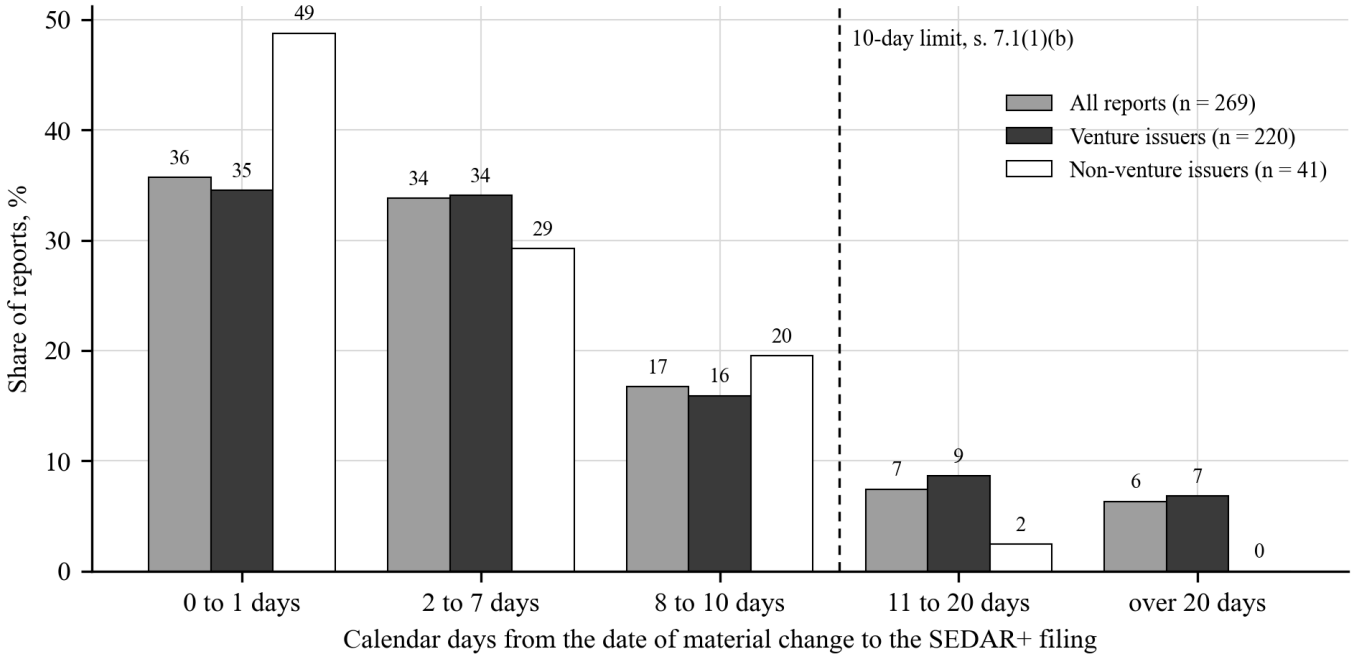
Days from the material change to the SEDAR+ filing	All reports (n = 269)	Venture issuers (n = 220)	Non-venture issuers (n = 41)
0 or 1	36%	35%	49%
2 to 7	34%	34%	29%
8 to 10	17%	16%	20%
More than 10 (late)	14%	16%	2%
More than 20	6%	7%	0%
Median (days)	4	5	2

Table 6. *Content of Item 5 in 259 material change reports on Form 51-102F3 (the nine Form 8-K excluded, as well as one material change report that is a scanned PDF document which is not machine-readable)*

What Item 5 contains	Reports	Share	Median words in Item 5	Release attached to the report
A written description of the change	155	60%	383	5%
A cross-reference to the attached news release	90	35%	10	92%
The text of the release pasted into the form	14	5%	275	14%

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Tel. 514-848-2424 concordia.ca/johnmolson

Figure 5. *Days from the material change (Item 2) to the SEDAR+ filing for 269 material change reports, by venture status*



3. Evidence from pairs of material change report-news release (Questions D1 and D4(c))

Whether the written description adds anything cannot be judged from the material change report alone. For a stratified random sample of 40 reports with a written description (20 per week), I manually downloaded the news releases the issuer filed on SEDAR+ around the date given in Item 3, paired each report with the news release based on date and topic, and compared Item 5 with that news release phrase by phrase and sentence by sentence. A sentence counts as new when fewer than a third of its four-word sequences appear anywhere in the release. Legal legends, exchange disclaimers and fragments of the form itself are removed prior to this analysis. In addition, where the issuer filed several releases in the month before the report, I also compared Item 5 with all of them together, which would cover the instances of material change report that consolidates several news releases.

About a third of the written descriptions restate the release nearly verbatim, so for those reports the duplication concern holds. Most of the remainder, however, add material. The 138 new sentences, classified by keyword, set out warrant and option terms (22), board and management detail (22), approvals and closing conditions (9), finder's fees (5) and use of proceeds (4); 19 carry the related-party content that MI 61-101 requires and the explanation required when the report is filed less than 21 days before closing; the rest (57) are other miscellaneous sentences that do not meaningfully share keywords. Eleven of the 40 pairs carry MI 61-101 disclosure in Item 5, nine of them in sentences the news release does not contain. Non-venture issuers restate the least and add the most: of the seven document pairs, all add at least one substantive new sentence, compared to 18 of the 29 document pairs by venture issuers. Ten of the document pairs by venture issuers are verbatim copies.

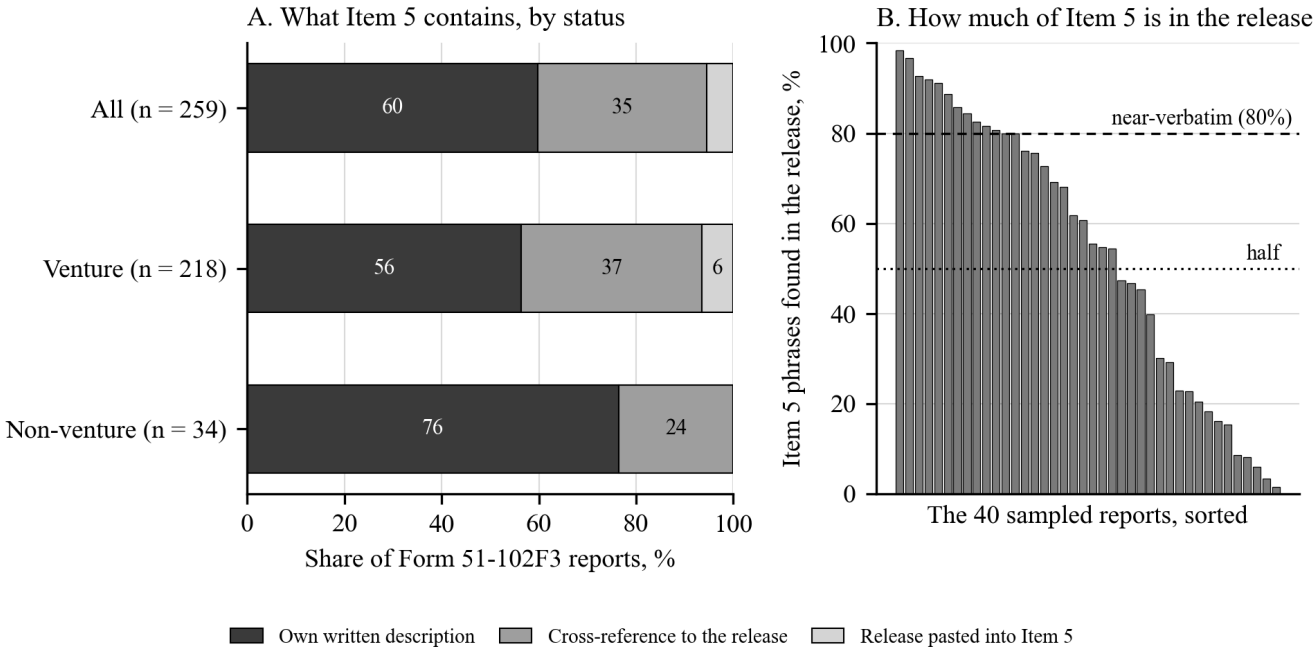
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Tel. 514-848-2424 concordia.ca/johnmolson

This finding bears directly on Question D4(c). Section 5.2 of MI 61-101 routes related-party disclosure for a transaction that is a material change through the material change report itself, and the Consultation Paper mentions this in passing. In practice it is the single most common reason a material change report says something the news release does not: across all 155 written descriptions in Item 5 of material change reports in the two weeks (not only the 40 randomly sampled pairs of documents), 28% carry MI 61-101 content, and among the 71 descriptions longer than 400 words, half do. Any regime that removes the material change report must ensure the MI 61-101 disclosure is provided elsewhere.

Table 7. *Comparison of Item 5 with the matched news release for 40 randomly sampled material change reports with a written description*

Measure	Result (n = 40)
Median share of Item 5 phrases that also appear in the release	58%
Reports that are near-verbatim restatements (80% or more of phrases in the release)	30%
Reports with half or less of their phrases in the release	43%
Reports with at least one substantive new sentence	70%
Reports with at least one number not in the release	28%
Median share of Item 5 words in new sentences	13%
Reports carrying MI 61-101 related-party disclosure in Item 5	11 of 40
Median share of the news release's phrases covered by Item 5	15%

Figure 6. *Contents of Item 5, by venture status, for the 259 reports (Panel A) and comparison between Item 5 and corresponding news release for 40 randomly sampled pairs of documents (Panel B)*



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Tel. 514-848-2424 concordia.ca/johnmolson

4. How many news releases become material change reports (Questions D4(b) and D5)

The Consultation Paper's concern under D4(b) is that smaller issuers file a material change report for nearly everything they announce. To test this directly, I export all news releases filed on SEDAR+ in the two weeks I also used above.

Issuers do not file a report for everything they announce. In a typical week there is one material change report for every seven news releases, and only one issuer in eight that issues a release also files a material change report. Among the issuers that do file a report, 86% file at least as many reports as releases that week, and 31% file a report in a week with no release at all (this is also possible because the release and the report straddle the week boundary). The pattern is the same in both weeks and similar across venture and non-venture issuers.

Table 8. *Material change reports against news releases filed on SEDAR+ in the same weeks*

Measure	Both weeks	Sept 21 to 25, 2026	Oct 20 to 24, 2025
News releases filed by non-fund issuers	1,886	880	1,006
Material change reports in scope	269	111	158
Material change reports per news release	0.14	0.13	0.16
Issuers filing at least one news release	1,470	684	786
Of these, issuers that also filed a material change report that week	12%	11%	13%
Material change report-filing issuer-weeks with no news release in the week	31%	31%	30%

5. What academic research says about event-driven reports

The closest research setting is the U.S. Form 8-K. When the SEC expanded the list of 8-K events and shortened the deadline to four business days in 2004, the new filings were informative, with abnormal volume and returns around them (Lerman and Livnat 2010), and price formation improved while information asymmetry fell (McMullin, Miller and Twedt 2019). Managers time unfavourable 8-Ks strategically, after hours and before weekends (Segal and Segal 2016) but firms also manage the volume and timing of press releases around transactions (Ahern and Sosyura 2014), which is a reason to keep a regulator-defined category rather than rely on issuer-designated releases alone.

Because 8-Ks are a categorized filing (i.e., on a specific form), the number of 8-Ks an issuer files is itself informative: 8-K frequency predicts stock returns and tracks disclosure quality (Zhao 2017; He and Plumlee 2020). The same property gives a regulator a screen that news releases alone cannot provide: an issuer that files many news releases but no material change report would be immediately visible; in addition, the timeliness of the whole population can be measured (as Figure 5 above does). In addition, investors often use the records of company regulatory filings retrospectively. For instance, requests for

1455 De Maisonneuve Blvd. W., Montreal, Quebec, Canada H3G 1M8
Tel. 514-848-2424 concordia.ca/johnmolson

historical filings on EDGAR rise with reporting complexity, accounting discretion and negative shocks (Drake, Roulstone and Thornock 2016).

The U.S. structure is the mirror image of Canada's. In the U.S. there is no general requirement to file press releases with the SEC; a release reaches EDGAR only as an exhibit to a Form 8-K, which must be filed within four business days (mandatory for earnings releases under Item 2.02 and voluntary under Items 7.01 and 8.01). The form is the system-of-record document, and the news release is the optional attachment. In Canada, the news release is mandatory and the form comes second. Both regimes end with a regulator-held, categorized record but they differ in which document is primary. A news release only, without event tags, would move Canada further from the 8-K model. A news release with the Form 51-102F3 fields as metadata and a list of presumptive event types (Question D5) would bring the two regimes closer.

5. Recommendation on Part D

I support option D3: a news release filed on SEDAR+ in the material change category, carrying the content now required by Form 51-102F3, should satisfy the reporting obligation. For this to work, based on the insights from the analyses above, I believe other conditions should be met.

(a) The filing must be made on SEDAR+ in the material change category. No website posting, dissemination-only rule or hyperlink should substitute for it. If the designated news release refers to another document, it should cite that document's SEDAR+ reference, not an external address.
(b) The Form 51-102F3 fields (date of the change, confidential reliance, omitted information, contact officer) should become structured metadata on the designated news release, captured by SEDAR+ at filing. This preserves Item 2 and further aligns with my recommendations in Section IV.
(c) Incorporation by reference into short-form and shelf prospectuses under NI 44-101 and NI 44-102 must continue to work for the designated news release.
(d) The confidential-filing route in section 7.1(2) must remain available, which means Form 51-102F3 cannot disappear entirely.
(e) MI 61-101 section 5.2 disclosure must be given an explicit home in the designated news release, with the same 21-day rule. One written description in four in my sample carried this disclosure.

On Question D5, I support designating a non-exhaustive list of presumptive material changes alongside the principles-based definition, on the 8-K model, with each event type carrying a machine-readable tag on SEDAR+. The evidence from the 2004 8-K expansion is that bright-line events produced informative filings; the tags are what would let investors and their software filter the category.

On the deadline, the sample shows 36% of reports filed within a day and 13% filed late. While there are some substantive sentences that differ from the news release when Item 5 includes a description, my evidence does not indicate that the 10-day window is used to assemble additional facts. Thus, the deadline should not become longer.

On cost, the SEC's Paperwork Reduction Act estimate for a Form 8-K is 8.4 hours per response, of which 6.3 hours are the issuer's own time.[7] A Canadian material change report that cross-references its news release likely costs a fraction of that, and a material change report that carries a written description

[7] https://www.federalregister.gov/documents/2024/07/01/2024-14392/proposed-collection-comment-request-extension-exchange-act-form-8-k

1455 De Maisonneuve Blvd. W., Montreal, Quebec, Canada H3G 1M8
Tel. 514-848-2424 concordia.ca/johnmolson

costs more because it carries some additional content. Nevertheless, the burden and the duplication the Consultation Paper describes cannot both (at the same time) be large.

IV. Modernizing SEDAR+: Machine-Readable Filings and Open Access (Question F3)

1. Information processing cost is a major constraint on retail investors

Question F3 asks what would enhance investor protection and disclosure for retail investors in particular. Academic research provides a consistent answer. Individual investors disregard accounting information mainly because of the costs of knowing it exists and obtaining it (Blankespoor, deHaan, Wertz and Zhu 2019), they invest more in firms whose disclosures are more accessible (Lawrence 2013), and search-facilitating technology improves non-professional investors' use of financial reports (Hodge, Kennedy and Maines 2004). However, few retail investors go to the regulator's website for filings. In a 2021 survey of about 2,000 Canadian retail investors, 68% were unaware of SEDAR.[8] On EDGAR, the average annual report is requested about 28 times by people in the days after it is filed (Loughran and McDonald 2017). What retail investors read often reaches them through brokerage platforms, data vendors, news and, increasingly, language-model tools, all of which need machine-readable filings. When the Associated Press began publishing automated earnings articles generated from machine-readable earnings data, trading volume and liquidity rose for thousands of firms that had previously received little or no coverage (Blankespoor, deHaan and Zhu 2018). That is the mechanism by which an exploration company with no analyst following reaches a retail investor; it is a mechanism that requires software to reach the regulatory filings.

The dissemination infrastructure itself has real effects: the staggered implementation of SEC's EDGAR in 1993 to 1996 raised liquidity, lowered the cost of equity and increased corporate investment (Goldstein, Yang and Zuo 2023). This finding indicates that a central electronic repository is not just "nice to have", rather it moves the cost of capital through the effect on information processing costs.

The reader of a filing today is more often a machine than a person. Most downloads from EDGAR are made by automated agents (Loughran and McDonald 2017), firms write disclosures with machine readers in mind (Cao, Jiang, Yang and Zhang 2023), and the market incorporates filings faster when software can process them (Allee, DeAngelis and Moon 2018). Large language models (LLM) have changed what "machine-readable" demands. A LLM can read prose and tables, so the premium on tagged data has fallen since the SEC's XBRL mandate, whose benefits for smaller investors and for firm-specific information are documented (Bhattacharya, Cho and Kim 2018; Dong, Li, Lin and Ni 2016) along with a first-year cost for small firms (Blankespoor, Miller and White 2014). However, the premium on reachability has risen. A data-extraction pipeline run through a LLM will fail if it meets a search page it cannot actually search; what such data extraction needs is a text layer it can read (not scanned PDFs), the whole set of filings it can fetch, and an interface it can query. Numbers extracted by a model from prose still carry error, so tagging remains the better route for financial statement figures, but tagging is the smaller of the two gaps SEDAR+ has.

The comparison with other regimes is stark. SEDAR+ is PDF-centric, has no *public* bulk download, has no application programming interface, and refuses automated access to its public search. EDGAR has required official filings in ASCII or HTML since 1999, with a PDF accepted only as an unofficial copy

[8] https://www.osc.ca/sites/default/files/2021-09/com_20210913_51-102_moenm.pdf

1455 De Maisonneuve Blvd. W., Montreal, Quebec, Canada H3G 1M8
Tel. 514-848-2424 concordia.ca/johnmolson

(Regulation S-T, Rule 104; SEC Release 33-7684); it offers full-text search, bulk data sets and a public interface at data.sec.gov under an open licence; the U.S. Financial Data Transparency Act of 2022 directs federal financial regulators to adopt machine-readable data standards. The European Union's European Single Electronic Format, the United Kingdom's Companies House and Japan's EDINET all deliver filings in formats that software reads directly.

2. Canadian issuers already produce machine-readable statements for U.S. investors

Canadian issuers already feed such a repository. Every issuer that filed a Form 40-F, 20-F or 10-K on EDGAR in calendar 2025 was profiled through EDGAR's submissions interface, and an issuer counts as Canadian if its profile shows Canadian incorporation or a Canadian head office, if Compustat records it as Canadian-incorporated, or if it files on Form 40-F, which only Canadian issuers may use. Table 9 reports the count. Over 300 Canadian issuers filed machine-readable financial statements with the SEC in 2025, into a repository that any software can query. The 56 OTC-only issuers have no U.S. exchange listing, so their only exchange is a Canadian one, yet their annual report sits in machine-readable form on EDGAR and as a PDF on SEDAR+. What that means in practice is best shown by a concrete example.

Almaden Minerals, is a TSXV venture issuer quoted on the U.S. over-the-counter (OTC) market and filing Form 20-F in Canadian dollars. One request to EDGAR's interface, with no login and no parsing beyond reading the response, returns 136 tagged facts with their values, units, periods, and source filings. Revenue is not among them because the company has none, which is the typical venture profile of Table 3. The balance sheet is there: total assets of $76.4 million in 2020, $87.2 million in 2021, $78.1 million in 2022, $12.7 million in 2023 after the write-down of its Ixtaca project, $11.8 million in 2024 and $6.7 million in 2025, with cash, equity and comprehensive income for each year. A pre-revenue exploration company with a $6.7 million balance sheet is fully readable by software in one system and only by a person, one PDF at a time, in the other.

The point of this example is not necessarily the tagging, but that the SEC's repository allows any reader, whether human or machine, access to the whole record of an issuer in one request. SEDAR+ is still very far from this benchmark.

The data required for the analyses presented in this comment letter are themselves evidence on Question F3, because for each one I had to work around SEDAR+. The two weeks of material change reports had to be downloaded by hand in batches, with one export per search, because SEDAR+ does not allow automated requests. One of the 269 material change reports had no text layer (scanned PDF) so its text could not be processed by a software. The form's own fields are not captured as data, are not consistently formatted, so typos and errors abound (e.g., year typed as 20256; a material change report dated 2022 for a filing made in 2025; a release month typed as Otcober instead of October, and others).

Table 9. *Canadian issuers filing annual reports with XBRL financial statements on EDGAR in calendar year 2025, by form, with current Canadian listing (EDGAR form indices and submissions data).*

Form	Canadian issuers filing in 2025	Of which quoted on a U.S. exchange	Of which, quoted on U.S. OTC only	Of which, no ticker or exchange recorded on the EDGAR profile
40-F	143	125	8	10
20-F	66	32	27	7
10-K	118	72	21	25
Total	327	229	56	42

1455 De Maisonneuve Blvd. W., Montreal, Quebec, Canada H3G 1M8
Tel. 514-848-2424 concordia.ca/johnmolson

3. Recommendation on Question F3

If the CSA modernizes one thing for investors, it should be SEDAR+. I recommend, the following, in order of payoff:

(a) Free, *public* bulk download of every filing and a public application programming interface under an open-data licence, as EDGAR provides at data.sec.gov. This is the single change that lets brokerage platforms, data aggregators, automated news and language-model tools reach Canadian filings at all, and it costs issuers nothing.

(b) Text-based formats (HTML or XHTML) for all continuous disclosure filings, with PDF accepted only as an unofficial copy and image-only PDFs refused, as EDGAR has done since 1999. A text layer is the minimum that any reader, human or machine, requires.

(c) Structured metadata on every filing, captured by SEDAR+ at submission.

(d) An issuer master file, continuously updated and published as open data: the issuer's legal entity identifier, its exchange and each listed security, its venture or non-venture status with effective dates, and its history of names and predecessors. Every question the Consultation Paper asks about venture issuers depends on knowing who they are, and today that knowledge sits in exchange lists and commercial databases, not in the regulator's system.

(e) Machine-readable financial statement data. Canadian issuers filing with the SEC already produce it; the first-year cost for small firms documented after the SEC's mandate would support a phasing of such a decision.

V. Conclusion

The Consultation Paper asks how to reduce the cost of producing disclosure. The evidence I present in this letter suggests measuring the result by the cost of using the disclosure. On Part A, the exchange-based line is working; what needs attention is a narrow overlay for very large venture issuers, designed so that status does not flip, and the recognition that revenue cannot do the job. On Part D, the news release is already the permanent record; the contribution of the material change report is the category, the date, the description and the legal status, and option D3 can preserve all four if the conditions in Section III.5 are met. On Question F3, 327 Canadian issuers already produce machine-readable financial statements for a foreign regulator; the CSA can require the same at home, and open SEDAR+ to the types of software which (retail) investors actually use these days to get their data.

I would welcome the opportunity to discuss this evidence with CSA staff, and the data and code are available on request.

Respectfully,

[redacted]

Rucsandra Moldovan, PhD
Associate Professor
John Molson School of Business
Concordia University

1455 De Maisonneuve Blvd. W., Montreal, Quebec, Canada H3G 1M8
Tel. 514-848-2424 concordia.ca/johnmolson

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1455 De Maisonneuve Blvd. W., Montreal, Quebec, Canada H3G 1M8
Tel. 514-848-2424 concordia.ca/johnmolson

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1455 De Maisonneuve Blvd. W., Montreal, Quebec, Canada H3G 1M8
Tel. 514-848-2424 concordia.ca/johnmolson

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1455 De Maisonneuve Blvd. W., Montreal, Quebec, Canada H3G 1M8
Tel. 514-848-2424 concordia.ca/johnmolson