

Section 1

Identification questions submitted via e-form through the CSA website

July 31, 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:

Stephen Quin

Email:

[REDACTED]

Place of residence:

BC, Canada

Are you commenting on behalf of an organization?

No

Section 2

Questions answered via e-form through the CSA website

General Comments

Increasingly burdensome regulatory requirements for listed companies impede the flow of capital investment into Canadian companies and deter companies from listing in Canada. Recognizing that there are several orders of magnitude difference in market capitalization, staffing, availability of capital, etc. should be a key objective of any reforms. For junior companies, in particular, the emphasis should be on seeing the maximum amount of \$ going into the ground for productive activities that could create shareholder and national wealth. This does not diminish the need for investor protection, but when the cost of maintaining a listing is a significant percentage of the balance sheet, no one benefits.

A. Proportionate Regulation

1. Does the current method of delineating between venture and non-venture issuers based on exchange listing continue to draw an appropriate line between issuers that should be subject to more or less extensive reporting issuer obligations, i.e., should the status quo be maintained? Why or why not? If you support a change, which of the three Options, if any, do you support and why?

Yes, there should be a distinction maintained and the differences even expanded, so junior venture issuers can spend the maximum dollars possible looking to create value rather than maintaining their existence.

Whether there needs to be some trigger or threshold that forces an uplisting should not be a priority but, were it determined to be necessary, the threshold should be high and based off a sustained. Given the volatility of venture issuer share prices, and therefore market capitalization, passing a market capitalization number should not be a trigger (unless it is very high) as many such companies are, unfortunately, just as likely to pass the threshold on the way down within a year or two or three as a cycle ends. What happens then? A forced downlisting? Are you going to have companies popping in and out of the senior market every few years?

2. What factors influence an issuer's decision to maintain a listing on a venture exchange or a non-venture exchange? In particular, to what extent, if any, do senior issuers remain listed on venture exchanges because of less extensive reporting obligations applicable to venture issuers? Please provide details, including the most significant factors motivating issuers in choosing a listing

Section 2

Questions answered via e-form through the CSA website

venue.

I would say that most companies would look to migrate to the senior exchange if and when their business is developed, sustainable and enduring at a level that warrants such, and in order to access a broader institutional investor base. As the US experience has shown, and recent plans by the SEC are proposed to force many companies to delist from NASDAQ etc. purely based on market capitalization. This is not a good approach. Several years of sustained gross revenue at a scale that makes sense for a senior exchange, perhaps, but carefully considered. In the US and Canada, the implications of uplisting and downlisting are not just regulatory, but can have significant market implications too as indexed funds come in and out and, in the case of the latter, can accentuate the downward pressure on a company's share price, to the detriment of investors.

3a. Are there specific venture issuer requirements that should be extended to smaller non-venture issuers, such as reduced requirements relating to corporate governance disclosure, executive compensation disclosure or business acquisition reporting? If so, which ones and why? Are there other requirements in addition to those we have listed?

Venture issuers often have very small numbers of employees (<10), small boards (<5), and limited budgets with sporadic access to capital. Regulatory requirements often consume 20-50% of annual budgets, which is an unproductive use of capital. Investors know this but get frustrated at the low percentage of their \$ going to productive activities. Simplifying requirements to those that are core to good governance, can be managed and prepared internally by company personnel (as opposed to having to hire external counsel to prepare such), would go some way to reducing the cost of capital to companies and allow them to use the scarce capital more effectively.

Should such approaches and current reduced requirements be extended to smaller non-venture companies, no, as it risks blurring the boundaries between markets. If they want to benefit from such reduced requirements, they should list on the venture exchange.

3b. Conversely, are there aspects of non venture issuer requirements that should be applied to larger or more complex venture issuers? If so, which ones and why?

No, the two markets should have their own set of consistent requirements.

Section 2

Questions answered via e-form through the CSA website

3c. Should foreign exchange listings be considered in assessing venture/non-venture issuer status? Why or why not?

No. Canada should be encouraging secondary listings of foreign companies. Look at the US' OTCQX market, which has been hugely successful in attracting some very large international companies to have secondary listings in the US. The key reason is the limited regulatory threshold for such listings. The Venture Exchange should provide a forum for similar secondary listings.

3d. Are there specific foreign exchanges or marketplaces that should be considered as equivalent to Canadian venture or non-venture marketplaces for the purposes of determining venture issuer status? Why or why not?

Not that i am aware of. The UK's AIM is arguably a similar model, but functions poorly and is unattractive to most issuers.

3e. Are there additional accommodations that should be extended to smaller venture issuers?

None come to mind.

4a. What thresholds or criteria would be most appropriate? Considerations could include revenue, total assets, market capitalization, public float or other.

Perhaps revenue, as assets often see write downs/ write offs in poor parts of a cycle that make comparisons very difficult, market capitalization is too volatile - can change 10x to 100x over the course of a commodities cycle, with the project remaining the same.

4b. At what point in time should these metrics be assessed, and how frequently should an issuer's status be reviewed to prevent issuers from moving repeatedly between venture and non-venture issuer status?

No more than annually, perhaps at mid-year after most company's year end financials are filed. However, a change should only be made after say 3-5 years of being below or above any threshold to avoid a revolving

Section 2

Questions answered via e-form through the CSA website

door...i.e. the change has to be sustained for an extended period.

4c. How could this approach be designed to accommodate smaller non-venture issuers or larger venture issuers to effectively promote proportionality? For example, should there be further tailoring of reporting issuer obligations within the venture and non-venture issuer categories?

No, the two markets should be clearly different and distinct. Don't blur the lines.

4d. Are there other factors or market impacts that we should take into account in considering this approach?

Multiple-tiers within a single market just complicates things. Keep it simple.

5a. What metrics would be relevant in determining whether issuers should graduate from venture to non venture exchange or tiers and why?

As noted above, NOT market capitalization given the inherent volatility and cyclicity of venture companies, especially in the natural resource space, as commodity cycles wax and wane.

5b. Are there other factors or market impacts that we should take into account in considering this approach?

The implications of indexed funds, as noted earlier, which can accentuate the impacts of changes in categories.

6. Are there aspects of regulatory regimes in other jurisdictions, or alternative or hybrid approaches beyond the options described above, that could inform the Canadian framework? If so, please provide details.

None that come to mind.

Section 2

Questions answered via e-form through the CSA website

B. Alternative Financial Reporting Requirements

1. Should the CSA reconsider the current reporting requirements in financial statements for a subset of venture issuers?

The optional 6-month reporting period makes some sense. Likely will take a long time to become common though, given the extended period with quarterly reporting.

1a. If yes, what outcomes or improvements would you like to see?

N/A

1b. If not, why do you think the current requirements remain appropriate or necessary for all issuers regardless of size?

While size makes a difference, the burden is also different as size changes. The time and cost to prepare financial reporting for a very junior explorer is much lower than a much larger company so the burden is effectively lessened.

2. What characteristics (e.g., stage of development, operating complexity, industry, revenue level, or financing frequency) should determine which venture issuers might be eligible for an alternative or proportionate financial statement reporting approach?

Non-producers should have simplified reporting.

3. What specific IFRS Accounting Standards requirements or disclosures present the greatest challenges for venture issuers in terms of cost or complexity? For example, are there particular standards or types of disclosures that require significant judgments, external valuations or specialised advisors?

No comment.

Section 2

Questions answered via e-form through the CSA website

4. As an investor, which aspects of a venture issuer's financial statements are most important to your decision making and which are less relevant, and why?

Balance sheet, statement of cash flows are key. An income statement for a non-producer makes little to no sense, and anyway is often hugely distorted by nonsensical 'mark to market', gains and losses on unexercised warrants, unrealized currency changes, etc. that make the income statement next to useless.

5. What other considerations should the CSA take into account when evaluating whether alternative or proportionate financial statement reporting approaches may be appropriate for certain venture issuers?

No comment

6. Are there aspects relating to the regulatory regime for financial reporting requirements in other jurisdictions that we should consider? If so, please provide details.

No comment

C. Hold Periods for Private Placements by Reporting Issuers

1. Should we reconsider the current hold period regime for reporting issuers? Why or why not?

Yes, the 4 month hold is a considerable deterrent to many investors, including institutional investors, some of which are simply prohibited from investing in such financings, reducing the pool of capital available to companies, especially smaller ones. Further, with shelf-prospectuses, LIFE offerings, etc. these restrictions are often bypassed. If a company is a compliant reporting issuer, with timely disclosure and no undisclosed material information, there should be little to no hold period. With the internet, all investors can be timely and effectively informed at all times.

Section 2

Questions answered via e-form through the CSA website

2. If we were to reconsider the current hold period regime for reporting issuers, a) Should we consider a continuous market access regime like the BCSC proposed in 2004? Why or why not? b) What other areas of securities regulation should be considered in connection with potential changes to the hold period regime?

No comment

3. What are the current benefits to reporting issuers and their investors from a four month hold period? In what circumstances? Would a different hold period be more appropriate to maintain those benefits?

The one downside would be, for unit offerings that include some portion of warrants, there is an increased risk that the warrants will be stripped out and the shares sold, adding pressure to the share price. But the 4-month hold still has that risk.

4. LIFE allows a reporting issuer to issue free trading securities without a prospectus. Are there other circumstances in which a reporting issuer might be permitted to offer securities without a hold period, for example, if it has filed an annual information form and confirms that there are no undisclosed material facts or if investors are provided enhanced civil rights of action in relation to any disclosure provided, similar to the rights in connection with prospectus disclosure?

Yes, if there is a current AIF on file, financials are current and no undisclosed material information, the issuer has prospectus like level of disclosure. Most of the additional information in a prospectus is disclaimers, cautions, warnings, etc.

5. If we were to reconsider the need for hold periods by reporting issuers, how might this affect the use of prospectuses and the benefits associated with the due diligence process that is conducted in connection with a prospectus including by underwriters and experts?

Using a wrap around an AIF, financials and technical reports (incorporating all by reference) would provide

Section 2

Questions answered via e-form through the CSA website

prospectus level disclosure.

To be frank, the due diligence process has become more of a recorded call asking the same questions of everyone ten different ways (is there material undisclosed information? Are your financials correct? Is your technical report current? etc. etc.) and recording it for posterity in case the underwriter gets sued. The simply put all the onus on the company, so they can say they asked. With junior company financings there is little to no serious due diligence...they just want a layer of protection from litigation.

6. There are differences between the primary market civil liability regime applicable to misrepresentations in a prospectus and the secondary market civil liability regime applicable to misrepresentations in certain continuous disclosure documents. For example, the secondary market civil liability regime does not generally extend liability to underwriters and the limits on liability are lower. In addition, the secondary market civil liability regime generally includes seeking permission from the Court before an investor can bring a claim. Could these differences impact whether reporting issuers take adequate care to ensure that their disclosure is fair, balanced and not misleading? Why or why not?

Don't think it makes any difference. Brokers rarely get sued and, if they do, they pull out the due diligence call recording, say they asked the question and the company said "it" was not an issue, so not their fault.

7. Would an exemption such as the QIP exemption benefit capital raising in Canada? Please explain.

Yes, it would broaden the market to include funds prohibited from buying 4-month hold shares, increasing the competitiveness of the Canadian market and availability of capital from what are often VERY large, sophisticated and knowledgeable entities.

8. Would you agree with a definition of "Qualified Institutional Purchaser" that aligns with the following?

There is nothing here to comment on.

Section 2

Questions answered via e-form through the CSA website

9. We are proposing to limit the proposed QIP exemption to investments by institutional investors because we have heard that institutional investors may be subject to restrictions in the types of investments they may hold under their governing legislation and, as a consequence, may be forced to enter into “swap” transactions to allow them to be able to purchase securities that are not subject to resale restrictions. Are there other types of investors that may be subject to similar restrictions? Would this exemption create an unlevel playing field as between Qualified Institutional Purchasers and other types of investors?

No, it is an appropriate separation that provides protection to individuals.

10. Do you agree with the conditions for determining whether an issuer should be considered a qualified issuer (being essentially similar conditions to those required to file a short form prospectus under NI 44-101 or to use LIFE)?

Yes

11. Should a reporting issuer relying on the QIP exemption be expected to confirm that there is no undisclosed material information such that there is no risk of information asymmetry as between the initial investor and a purchaser on resale from the Qualified Institutional Purchaser?

Yes

12. Should there be restrictions on use of the exemption, for example, where the investor has entered into a short sale agreement or similar agreement involving shares of the same class as the shares being purchased?

No comment

13. Do you agree with the proposed condition that distributions must be made

Section 2

Questions answered via e-form through the CSA website

through a registered dealer? Why or why not? Is there an alternative approach to requiring the involvement of a registered dealer? For instance, should we require that the institutional investor provide a certificate to the issuer certifying that the investor is purchasing as principal without a view to distribution?

No, the option of a non-brokered transaction should be considered. Several very large institutions object to paying broker fees and comment that they do not rely on broker due diligence anyway, they do their own. This is why you often see parallel non-brokered placements by a large fund, as they refused to pay brokerage fees. Often such institutions have made direct contact with the company and no broker was involved.

14. We have suggested that a RED would be required in connection with distributions under the QIP exemption. Do you agree with this requirement? Why or why not? Are there alternative forms of reporting that we should consider given that the exemption would be limited to sophisticated institutional investors?

No comment

15. Are there other factors or considerations we should consider?

None come to mind

D. Material Change Reporting

1. Does the filing of a material change report provide useful and timely information to the market beyond what is typically disclosed in the news release?

No, and NEVER look at them. Just read the news release.

Section 2

Questions answered via e-form through the CSA website

2. Is there a more effective alternative to the current material change reporting framework for disclosing the occurrence of a material change to the market? If so, please describe it.

Just set out the minimum requirements for inclusion in a news release.

3. We continue to think it is important that material changes be immediately disclosed. However, should we consider allowing a reporting issuer to satisfy the material change report requirement by filing a news release on SEDAR+ in the category for a material change report if the news release contains all information otherwise required in Form 51-102F3?

Yes

4. If we were to remove the requirement to file a material change report but instead require that the news release disclosing the material change be a designated news release containing the same information currently required in a material change report, a) would this meaningfully reduce burden? b) would this create challenges for investors and regulators in readily identifying which news constituted a material change? c) are there any consequences we should consider?

It would not materially reduce the burden but eliminate a largely pointless filing.

If deemed necessary, could require that the news release state that this is deemed a material change.

5. Should we consider designating certain events and changes as material changes for greater certainty, in addition to (and not in place of) the current principles-based definition? If so, what events and changes should automatically be material changes?

The current principles based approach is adequate.

Section 2

Questions answered via e-form through the CSA website

6. Should we consider providing updated guidance (for example, through updates to National Policy 51-201 Disclosure Standards) to identify examples of events typically considered to be material changes?

No, as examples will always be incomplete

7. Do you have any other concerns or suggestions regarding the existing requirements to disclose material changes?

No

E. Developments in the United States

1. Would expanding our current semi-annual reporting framework to all issuers on a voluntary basis be beneficial for Canadian capital markets? Why or why not?

Potentially, but I suspect uptake will be slow as investors will be slow to adapt. Leave it as an option and, as noted above, perhaps for non-producing/revenue generating entities.

2a. If we expanded our current semi-annual reporting framework to all issuers on a voluntary basis: what would be the potential impacts - both positive and negative - on investor protection, market transparency, cost of compliance and market competitiveness?

It makes the playing field somewhat uneven during what is likely to be an extended transition period, but investors will make their preferences known and it will settle out in a place that they want.

2b. If we expanded our current semi-annual reporting framework to all issuers on a voluntary basis: should any criteria or restrictions apply for issuers that choose to use semi-annual reporting when filing a prospectus? Why or why not?

Section 2

Questions answered via e-form through the CSA website

No. If it is permitted, it is permitted.

2c. If we expanded our current semi-annual reporting framework to all issuers on a voluntary basis: should we consider requiring additional or alternative disclosure or otherwise revise our material change and timely disclosure requirements for issuers that choose to use semi-annual reporting? Why or why not?

No, if it is acceptable, adding a substitute reporting process defeats the purpose.

3. Are there any aspects from the statements or proposals made by the SEC that would be beneficial for Canadian capital markets? Please explain and comment on any expected impacts of those proposed amendments on investor protection or any potential competitive disadvantages that could arise if similar approaches are not adopted in Canada.

No comment.

F. General Feedback

1. Which of the proposed changes would have a positive impact on Canadian competitiveness? Would any of the proposed changes have a negative impact on competitiveness or investor protection? Please provide details.

Likely the most beneficial are the reduction of the hold period, and the allowance of a QIP exemption.

2. Beyond the matters addressed in Sections A to E, what other changes or initiatives do you think could improve opportunities for capital raising or reduce regulatory burden?

No comment

Section 2

Questions answered via e-form through the CSA website

3. Are there changes to our regime that could enhance investor protection or provide enhanced disclosure to investors, particularly for retail investors?

More frequent/broader review of technical disclosure (news releases, technical reports) as there are lots of non-compliant ones out there floating about but people are not concerned as their odds of being reviewed are so low.

4. Are there any aspects from other recent international regulatory developments that could inform our regulatory proposals?

No comment