

March 6, 2020

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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  
Securities Commission of Newfoundland and Labrador  
Superintendent of Securities, Northwest Territories  
Superintendent of Securities, Yukon  
Superintendent of Securities, Nunavut

**To the Attention of:**

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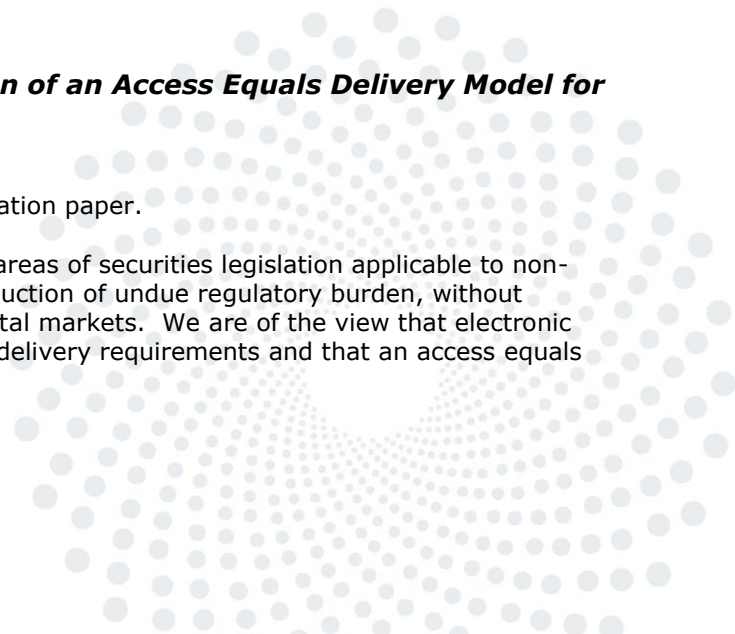
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Dear Sir/Mesdames:

**RE: CSA Consultation Paper 51-405 Consideration of an Access Equals Delivery Model for Non-Investment Fund Reporting Issuers**

We are pleased to provide our comments on the above consultation paper.

We strongly support the CSA's efforts to identify and consider areas of securities legislation applicable to non-investment fund reporting issuers that could benefit from a reduction of undue regulatory burden, without compromising investor protection and the efficiency of the capital markets. We are of the view that electronic access should be expanded to reduce the use of paper to fulfil delivery requirements and that an access equals



delivery model has the potential to significantly reduce regulatory burden on issuers and enhance accessibility of information for investors. In addition, an access equals delivery framework has significant environmental benefits. We support the concept of delivery of a document being accomplished by the issuer alerting investors that the document is publicly available on the System for Electronic Document Analysis and Retrieval (**SEDAR**) and the issuers website. We also support prioritizing a policy initiative in this area for prospectuses and certain continuous disclosure documents.

#### Specific Questions

1. Do you think it is appropriate to introduce an access equals delivery model into the Canadian market?

We believe it is appropriate to introduce access equals delivery model into the Canadian market. An important factor in determining whether an access equals delivery model is appropriate for the Canadian market is the extent to which Canadians have access to the internet. According to a 2018 survey by Statistics Canada (released October 29, 2019), 94% of Canadians had home internet access. The share of Canadians aged 15 and older who used the internet was 91%, with 71% of seniors reporting Internet use. Results from the previous survey cycle indicated that 83% of Canadians had used the internet in 2012, with the proportion of seniors online at 48%. Also, according to a Statistics Canada survey conducted in 2018 (Canadian Internet Use Survey) 88.1% of Canadians have a smartphone, which is another avenue by which shareholders can conveniently access information that has been posted on SEDAR or a company website. We would suggest that internet access and use of this magnitude leaves little doubt that the internet is a valid mechanism for investors to access information about companies in which they are invested.

2. In your view, what are the potential benefits or limitations of an access equals delivery model?

The potential benefits of an access equals delivery model are lower costs for issuers and their shareholders and the environmental benefit of issuers not mailing out hundreds of pages of documents. A potential limitation is that a small, and likely diminishing, number of investors may feel that going online to view the documents, instead of automatically receiving a paper copy, is an inconvenience. However, respectfully suggest that as many investors read the document online, mailing paper copies of documents to investors who have not specifically requested the mailing is likely to be unnecessary and a waste of resources. As such, a system that mails paper copies to large numbers of investors is costly for issuers and their shareholders and harmful to the environment.

3. Do you agree that the CSA should prioritize a policy initiative focusing implementing an access equals delivery model for prospectuses and financial statements and related MD&A?

We are in favor of the CSA prioritizing a policy initiative that is focused on implementing an access equals delivery model for prospectuses and financial statements and related MD&A. These documents are often quite large and as such, cost savings for issuers and their shareholders and environmental benefits would be significant. In addition, as the information contained in a prospectus in respect of a financing transaction is often particularly time-sensitive in nature, it can be expected that the vast majority of investors who wish to view the documents will access them online. Further, as noted in the Consultation Paper, access equals delivery models have been implemented for prospectuses in the U.S., European Union and Australia. We see no reason why Canada's securities markets should not take the same approach.

4. If you agree that an access equals delivery model should be implemented for prospectuses:

- a. Should it be the same model for all types of prospectuses (i.e. long-form, short-form, preliminary, final, etc.)?

We see no compelling reason to distinguish based on the type of prospectus.

- b. How should we calculate an investor's withdrawal right period? Should it be calculated from (i) the date on which the issuer issues and files a news release indicating that the final prospectus is available electronically, (ii) the date on which the investor purchases the securities, or (iii) another date? Please explain.

We believe the withdrawal rights period should be calculated from the date on which the issuer issues and files a news release indicating that the final prospectus is available electronically, as this will make the calculation of the withdrawal rights period simpler and enable the parties to confidently close a transaction once the withdrawal rights period for all investors has expired.

- c. Should a news release be required for both the preliminary prospectus and the final prospectus, or is only one news release for an offering appropriate?

Issuers listed on a stock exchange are generally required to disclose material information immediately upon the information becoming known to management, or in the case of information previously known, forthwith upon it becoming apparent that the information is material. Accordingly, for exchange listed issuers, other than a requirement to issue and file a news release indicating the final prospectus for a securities offering is available electronically (in order to commence the withdrawal rights period), a stand-alone requirement to issue a news release is in our view unnecessary as its only effect will be to require an issuer to issue a news release in respect of a prospectus filing that is not material (e.g. the routine filing of a preliminary or final base shelf prospectus). Notwithstanding stock exchange requirements, we understand that issuers and their underwriters or agents involved in a financing transaction often choose to issue and file a news release to help make prospective investors aware of the pending transaction. Accordingly, it is our view that, other than a requirement to issue and file a news release indicating the final prospectus for a securities offering is available electronically (in order to commence the withdrawal rights period), issuers listed on a stock exchange should not be subject to a stand-alone requirement to issue a news release on the filing of a preliminary or final prospectus.

5. For which documents required to be delivered under securities legislation (other than prospectuses and financial statements and related MD&A) should an access equals delivery model be implemented? Are there any investor protection or investor engagement concerns associated with implementing an access equals delivery model for rights offering circulars, proxy-related materials, and/or takeover bid and issuer bid circulars? In your view, would this model require significant changes to the proxy voting infrastructure (e.g. operational processes surrounding solicitation and submission of voting instructions)?

We believe an access equals delivery model would be appropriate for financial statements (and the corresponding MD&A) and proxy-related materials (collectively, "Meeting Materials"). We believe a news release that sets out how materials can be accessed is adequate. Also, any investors who have provided standing instructions to receive paper copies of financial statements should be sent a notice-and-access type notice informing them of how to access materials online and providing a toll-free phone number to order paper copies at no cost. Regarding standing instructions, we believe many investors check a box when opening an investment account to receive financial statements and MD&A without appreciating the

volume of paper they will ultimately receive. Once standing instructions have been provided the delivery of paper copies will continue until the investor takes the initiative and terminates the mailings. Many investors will simply continue to receive (and either recycle or dispose of) the material rather than take steps to remove their standing instructions. We believe this leads to a considerable amount of waste and could be addressed by requiring investors who have checked a box to receive paper copies to take a small action (e.g. calling a toll-free number) to receive paper copies each year. The requirement to take a small action each year imposed on the small number of investors who genuinely wish to receive paper copies is a worthwhile cost to prevent the waste that occurs when investors are mailed materials they do not want or make use of. If the CSA is not prepared, at this time, to implement an access equals delivery model for Meeting Materials, we would request that section 2.7.6 of National Instrument 54-101 *Communications with Beneficial Owners of Securities of a Reporting Issuer* be amended to allow reporting issuers to mail shareholders who have given standing instructions a notice-and-access type notice instead of paper copies of the Meeting Materials for the reasons articulated above.

6. Under an access equals delivery model, an issuer would be considered to have effected delivery once the document has been filed on SEDAR and posted on the issuer's website.
- a. Should we refer to "website" or a more technologically-neutral concept (e.g. "digital platform") to allow market participants to use other technologies? Please explain.

We believe referring to a website is appropriate at this stage. Most reporting issuers have a website and most investors will understand how to find and access an issuer's website. In time, the CSA could consider expanding to other concepts as technology expands and becomes better understood by investors.

- b. Should we require all issuers to have a website on which the issuer could post documents?

We believe requiring issuers to have a website is reasonable. As stated above, most issuers are likely to have a website. Issuers who do not have a website can establish one at a relatively low cost.

7. Under an access equals delivery model, an issuer would issue and file a news release indicating that the document is available electronically and that a paper copy can be obtained upon request.

- a. Is a news release sufficient to alert investors that a document is available?

We believe that a news release will be sufficient to alert investors that a document is available. For proxy materials and financial statements (including MD&A) many shareholders would be familiar with the approximate timing of release of these documents as they are released annually at approximately the same time.

- b. What particular information should be included in the news release?

The news release should state clearly which documents are available and that they are available on both SEDAR and on the issuer's website. A toll-free phone number could also be provided for shareholders to call if they have questions regarding accessing the documents.

8. Do you have any other suggested changes to or comments on the access equals delivery model described above? Are there any aspects of this model that are impractical or misaligned with current market practices?

Other than as set out in our above responses, we do not have any additional suggested changes to or comments on the access equals delivery model.

Thank you for the opportunity to comment on the consultation paper.

Sincerely,

/s/ Blaine Young

Blaine Young  
Senior Legal Counsel  
Corporate Secretarial Group