

March 9, 2020

The Secretary  
Ontario Securities Commission  
20 Queen Street West  
22nd Floor, Box 55  
Toronto, Ontario  
M5H 3S8  
Fax: 416-593-2318  
E-mail: [comment@osc.gov.on.ca](mailto:comment@osc.gov.on.ca)

Me Philippe Lebel  
Corporate Secretary and Executive Director, Legal Affairs  
Autorité des marchés financiers  
Place de la Cité, tour Cominar  
2640, boulevard Laurier, bureau 400  
Québec (Québec) G1V 5C1  
Fax: 514-864-8381  
E-mail: [consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca)

CC: Canadian Securities Administrators (CSA)

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

Dear Secretary and Me Lebel,

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

The Canadian Investor Relations Institute (CIRI), a professional, not-for-profit association of executives responsible for communication between public corporations, investors and the financial community, is pleased to provide comments on the above referenced CSA Notice and Request for Comment, issued January 9, 2020. CIRI membership represents over 230 non-investment fund reporting issuers with a combined market capitalization of \$1.9 trillion. More information about CIRI is provided in Appendix 1.

**General Comment**

CIRI welcomes the opportunity to provide its comments to the CSA in its consideration to adopt an access equals delivery model for non-investment fund reporting issuers. We strongly support this initiative and congratulate the CSA for exploring opportunities to not only reduce regulatory burden on issuers, but to increase the speed at which investors can access information.

As you note in the Consultation Paper, the internet is widely used. This is confirmed by an October 29, 2019 release by Statistics Canada: “In 2018, the share of Canadians aged 15 and older who used the Internet was 91%, with more seniors reporting Internet use (71%). 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%. Overall, 94% of Canadians had home Internet access.<sup>1</sup> In addition, Canadian internet usage is estimated to be higher than other jurisdictions that have already adopted access equals delivery.<sup>2</sup>

CIRI believes this high level of Canadian internet usage provides ample rationale for Canada to successfully implement an access equals delivery model without harm to retail or institutional shareholders.

### Consultation Questions

**1. Do you think it is appropriate to introduce an access equals delivery model into the Canadian market? Please explain why or why not.**

CIRI strongly supports introducing an access equals delivery model into the Canadian market. It advances the Notice and Access procedures adopted in 2013 that, while valuable, are complicated and somewhat restrictive to implement. While Notice and Access allows issuers to reduce printing and mailing costs, the fee charged to issuers who wish to use the Notice and Access option may cancel the potential cost savings, which depends on the size of the mailing.

Under access equals delivery, the Notice and Access card mailing to all shareholders would be replaced by notification through a news release and posting of materials to SEDAR and the issuers’ website. This simplifies procedures significantly and reduces printing and mailing costs substantially. In addition, this e-delivery approach is more sustainable and eco-friendlier.

From the investor perspective, access equals delivery would allow investors to access materials more quickly. As noted in our introductory comments, internet usage in Canada is extremely high and therefore we do not believe that moving to this delivery model will negatively impact investors. This has been demonstrated in other jurisdictions that have successfully adopted a similar approach despite having estimated lower internet usage.

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

As noted in question 1, the access equals delivery model will reduce regulatory burden and costs to issuers while positively impacting the environment. It would also provide a broader audience access to issuer materials in a more timely manner.

While we see no material drawback to introducing this model, it may require investors to follow the news releases of specific issuers more closely. We believe this can be easily mitigated if issuers, as a best practice, offer investors an opportunity to sign-up to receive issuer news releases. The issuer would, therefore, push the information to investors.

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

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<sup>1</sup> <https://www150.statcan.gc.ca/n1/daily-quotidien/191029/dq191029a-eng.htm>

<sup>2</sup> <https://www.internetworldstats.com/stats.htm>

Yes, CIRI agrees that the CSA should initially focus on implementing the model for prospectuses and financial statements and all related MD&As, not just the Q4 and annual MD&As that are currently included under Notice and Access. As soon as feasible, CIRI suggests that additional continuous disclosure (CD) documents be added to the policy. Once investors understand and experience this new delivery model, it can be expanded quickly as the de facto delivery model for additional CD documents.

- 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.)?**

CIRI supports adopting the same model for both long- and short-form prospectuses.

- 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.**

CIRI suggests that the fairest approach would be to calculate the withdrawal period from the date of purchase to ensure the date is clear to the investor.

- 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?**

CIRI supports issuing a news release for both the preliminary and final prospectus to ensure maximum exposure and notification for investors.

- 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 take-over 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)? Please explain.**

CIRI recommends that the CSA implement access equals delivery for the Management Information Circular and Letters of Transmittal for Corporate Actions. Again, issuers incur significant printing and mailing costs for these documents. Extending this model to broader communications, such as these, would also have a positive impact on the environment.

Issuers often use Notice and Access for NOBOs and OBOs but the overall proportion of shareholders who manually elect for e-delivery is relatively low. The default setting for new brokerage accounts is printed copies for issuer materials which CIRI believes contributes significantly to the low adoption of e-delivery. CIRI suggests that the default should, instead, be set to e-delivery, with investors requiring to manually select print copies when opening a new brokerage account.

Once investors become accustomed to the access equals delivery model, CIRI believes there would be no negative consequences for extending this model to rights offering circulars, proxy-related materials, take-over bid and issuer bid circulars. That said, consideration would need to be given to the dissemination process for proxy-related materials since they contain a confidential proxy control number.

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.**

CIRI suggests the CSA refer to ‘website’ to avoid issuer and investor confusion.

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

Yes, CIRI supports requiring all issuers to have a website on which they could post documents. The documents should be posted in the section that houses all investor-related information.

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?**

Since the CSA-adopted standard for disclosing material issuer changes is a news release, CIRI believes a news release is sufficient to alert investors that a document is available. In addition, issuers could provide shareholders with an option to join a mailing list so that the issuer can notify them directly when a news release is issued. CIRI would not recommend establishing a mailing list as a regulatory requirement but as a best practice.

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

The news release should include the name of the disclosure documents being issued with links directly to these documents as well as a form to request print copies if desired. CIRI would suggest that the title of the news release flag to investors what disclosure documents have been made available online.

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?**

CIRI does not see any aspects of the model that are impractical or misaligned with current market practices. We believe it rightly acknowledges and leverages how embedded the use of the internet is in Canadian households and, importantly, reduces the regulatory burden on issuers while providing investors with timelier access to materials.

CIRI is pleased to provide the CSA with its comments regarding *Consultation Paper 51-405* and looks forward to further proposals aimed at reducing the regulatory burden on capital market participants, particularly reporting issuers. Should you wish to discuss this submission further, please let me know.

Sincerely yours,



Yvette Lokker  
President & Chief Executive Officer  
Canadian Investor Relations Institute

## Appendix 1

### **The Canadian Investor Relations Institute**

The Canadian Investor Relations Institute (CIRI) is a professional, not-for-profit association of executives responsible for communication between public corporations, investors and the financial community. CIRI contributes to the transparency and integrity of the Canadian capital market by advancing the practice of investor relations, the professional competency of its members and the stature of the profession.

### **Investor Relations Defined**

*Investor relations is the strategic management responsibility that integrates the disciplines of finance, communications and marketing to achieve an effective two-way flow of information between a public company and the investment community, in order to enable fair and efficient capital markets.*

The practice of investor relations involves identifying, as accurately and completely as possible, current shareholders as well as potential investors and key stakeholders and providing them with publicly available information that facilitates knowledgeable investment decisions. The foundation of effective investor relations is built on the highest degree of transparency in order to enable reporting issuers to achieve prices in the marketplace that accurately and fully reflect the fundamental value of their securities.

CIRI is led by an elected Board of Directors of senior IR practitioners, supported by a staff of experienced professionals. The senior staff person, the President and CEO, serves as a continuing member of the Board. Committees reporting directly to the Board include: Human Resource and Corporate Governance; Audit; Membership; and Issues.

CIRI Chapters are located across Canada in Ontario, Quebec, Alberta and British Columbia. Membership is close to 500 professionals serving as corporate investor relations officers in over 230 reporting issuer companies, consultants to issuers or service providers to the investor relations profession.

CIRI is a founding member of the Global Investor Relations Network (GIRN), which provides an international perspective on the issues and concerns of investors and shareholders in capital markets beyond North America. The President and CEO of CIRI has been a member of the Continuous Disclosure Advisory Committee (CDAC) of the Ontario Securities Commission. In addition, several members, including the President and CEO of CIRI, are members of the National Investor Relations Institute (NIRI), the corresponding professional organization in the United States.