

Activity Report

for the Continuous
Disclosure Review Program



September 2014

Companies

 **AUTORITÉ
DES MARCHÉS
FINANCIERS**

10ans
Au cœur du secteur financier depuis 2004

Legal deposit – Library and Archives Canada, 2014
Legal deposit – *Bibliothèque et Archives nationales du Québec*, 2014

ISSN 1913-7478 (On-line)

This document is published on the website
of the *Autorité des marchés financiers* at: www.lautorite.qc.ca

Also published in French

Table of contents

Message from the Senior Director, Investment Funds and Continuous Disclosure	5
---	---

Continuous Disclosure Review Program for Companies...	6
---	---

1. REVIEW RESULTS	8
2. COMMON DEFICIENCIES IDENTIFIED	8
2.1 Financial statements	9
2.2 Management's discussion and analysis	10
2.3 Other continuous disclosure documents	11
2.4 Disclosure for mineral projects	12
2.5 Issue-oriented reviews	14
3. AREAS OF FOCUS FOR 2014-2015	16
3.1 Regulatory overview	16
3.2 Current and planned reviews	18

Conclusion.....	19
-----------------	----

Appendix 1 – Principal regulations prescribed for companies	20
--	----

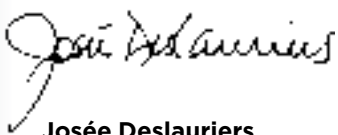
Message from the Senior Director, Investment Funds and Continuous Disclosure

The monitoring activities carried out within the scope of the Continuous Disclosure Review Program (CDR Program) form part of the mission of the *Autorité des marchés financiers* (AMF) to oversee the securities markets. They aim to ensure that the documents companies are required to provide to their investors, and on which investors may rely when making investment decisions, comply with applicable laws and regulations, and to improve the quality of those documents.

We are very pleased to note that Québec companies are increasingly aware of the importance of providing the market with high quality continuous disclosure documents. We firmly believe that our monitoring efforts through the CDR Program have contributed to that awareness.

Nonetheless, there are certain areas that can still be improved upon. This report discusses, among other things, the common deficiencies identified during our reviews. Whether these deficiencies pertain to the financial statements, the MD&A or other documents, we are setting them out so that you can make the necessary corrections in future documents, where applicable.

We hope this Activity Report will be a useful reference for all key individuals involved in the preparation of continuous disclosure documents. We are convinced that, together, we can play a part in offering the market documents that meet the highest standards of quality.



Josée Deslauriers

Senior Director, Investment Funds and Continuous Disclosure

Continuous Disclosure Review Program for Companies



This year marks the twelfth consecutive year that the *Autorité des marchés financiers* (AMF) is publishing the results of reviews conducted within the scope of the Continuous Disclosure Review Program (CDR Program). The CDR Program was established to review the compliance and general quality of the continuous disclosure documents of reporting issuers for whom the AMF is the principal regulator.¹

Reporting issuers can be divided into two main groups: companies subject to [Regulation 51-102](#)² or [Regulation 51-105](#) (“companies”), and investment funds subject to [Regulation 81-106](#) or the [Regulation respecting Development Capital Investment Fund Continuous Disclosure](#).

This Activity Report, which covers the period from April 1, 2013 to March 31, 2014, deals with our reviews of companies. In addition to the results of our reviews and the most common deficiencies identified in continuous disclosure documents, it provides a brief overview of recent amendments to continuous disclosure obligations as well as a glimpse at the reviews contemplated for the period from April 1, 2014 to March 31, 2015.

1 The principal regulator is the securities regulator in the jurisdiction in which the company's head office is located or in which the investment fund manager's head office is located.

2 For the sake of conciseness, the full names of regulations and notices are listed in the appendix.

Under the Act and the regulations,³ companies must file various documents with the AMF in order to satisfy their continuous disclosure obligations. The documents reviewed under the CDR Program include the following:

- financial statements;
- management’s discussion and analysis (MD&A);
- annual information forms (AIF);
- information circulars;
- technical reports; and
- press releases and material change reports.

The following are the various reviews of companies we conduct:

» **Systematic summary reviews**

These reviews target all companies and, among other things, examine compliance with deadlines for the filing of financial statements and other documents. The reviews also check for the inclusion and presentation of the elements prescribed by regulation.

» **Full reviews**

These reviews target a sampling of companies and cover all continuous disclosure documents filed over the 12- to 15-month period preceding the review.

» **Issue-oriented reviews**

These reviews target a sampling of companies and examine a specific accounting, legal or regulatory issue.

If a document filed by a company contains material deficiencies regarding the application of the Act, the regulations or an accounting standard, the AMF requires that the document be restated and refiled. The AMF may also place a company on its list of issuers in default or ask that a cease trade order be issued against it for failure to comply with continuous disclosure obligations. When other deficiencies are identified, the AMF requires that changes be made in the company’s future filings.

The full reviews and issue-oriented reviews carried out by the AMF are based on the harmonized continuous disclosure review program established by the Canadian Securities Administrators (CSA). [CSA Staff Notice 51-312 \(revised\)](#) provides information about how this program functions.

³ In this report, “the Act and the regulations” means the [Securities Act](#), CQLR, c. V-1.1, as well as the regulations and other texts setting out continuous disclosure obligations. A list of the principal regulations and other texts is set forth in the appendix.

1. REVIEW RESULTS

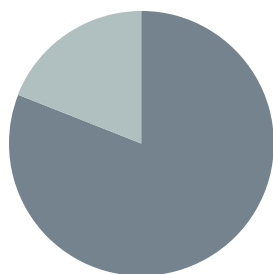
Systematic summary reviews

Following systematic summary reviews of all companies, the AMF imposed general cease trade orders against 17 of them for failure to comply with deadlines for the filing of financial statements and MD&As. These reviews also identified certain basic deficiencies in the certification of disclosure in issuers' annual and interim filings. The deficiencies are presented in table 3.

Full reviews and issue-oriented reviews

Of the 300 or so companies subject to these types of reviews, 59 underwent a full review and 59 underwent an issue-oriented review. While 81% of the companies reviewed were required to make improvements due to the deficiencies identified, only 12 had to refile documents and none of them were subject to a cease trade order. The majority of improvements consisted of prospective changes in future filings.

CONCLUSION OF FULL REVIEWS AND ISSUED-ORIENTED REVIEWS



■	Improvements requested (81%)
■	No improvement requested (19%)

2. COMMON DEFICIENCIES IDENTIFIED

The common deficiencies identified in the continuous disclosure documents with respect to the various accounting requirements and regulatory provisions are presented in tables 1 to 6. They include relevant references and reminders in order to help companies better understand and comply with their continuous disclosure obligations.

Moreover, given the existence of several recurring deficiencies, companies should carefully read the information set out in the tables in order to ensure they make the necessary changes in their future filings, where applicable.

[CSA staff notice 51-341](#), published on July 17, 2014, presents the activities of the pan-Canadian continuous disclosure review program. It contains guidance and examples to help companies better understand their continuous disclosure obligations.

2.1 Financial statements

Table 1 sets out certain common deficiencies identified in the financial statements following our reviews of compliance with IFRS.⁴

Regulation 52-107 prescribes the acceptable accounting principles for preparing company financial statements.

TABLE 1 – DEFICIENCIES IDENTIFIED IN THE FINANCIAL STATEMENTS

Presentation of financial statements

- » Failure to disclose management's judgments in the process of applying the company's accounting policies that have a significant effect on the amounts recognized in the financial statements
- » Failure to properly describe, without the use of boilerplate language, the accounting policy adopted for the recognition of revenue, including the methods adopted to determine the stage of completion of transactions involving the rendering of services
- » Failure to disclose the amount of each significant category of revenue recognized during the period, including revenue arising from the sale of goods, the rendering of services or the receipt of interest

References: IAS 1, *Presentation of Financial Statements*, IAS 18, *Revenue*

REMINDER:

In presenting financial statements, companies must, among other things, consider if the disclosure provided allows investors to understand how transactions are reflected in financial performance and financial position.

Financial instruments

- » Failure to state the valuation techniques and inputs used to determine the fair value of certain financial assets and liabilities
- » Failure to provide disclosure about financial instruments designated as measured at fair value

References: IFRS 7, *Financial Instruments: Disclosures*, IFRS 13, *Fair Value Measurement*

REMINDER:

Companies must provide qualitative and quantitative disclosures so that investors are able to form an overall picture of the nature and extent of the risks arising from financial instruments.

Impairment of assets

- » Failure to provide required disclosure for each cash-generating unit regarding estimates of the recoverable amount of goodwill or intangible assets with an indefinite useful life
- » Failure to disclose each key assumption on which management has based its cash flow projections for the period covered by the most recent budgets or forecasts if the cash-generating unit's recoverable amount is based on value in use

Reference: IAS 36, *Impairment of Assets*

REMINDER:

Companies must provide full disclosure regarding estimates used to measure the recoverable amount of their cash-generating units in order to allow investors to assess the sensitivity of amounts associated with each unit.

⁴ International Financial Reporting Standards

2.2 Management's discussion and analysis

Table 2 sets out certain common deficiencies identified in the MD&A⁵ following our reviews of compliance with the applicable regulatory provisions.

[Form 51-102F1](#) sets out the general provisions and the content of the MD&A.

TABLE 2 - DEFICIENCIES IDENTIFIED IN THE MD&A

Discussion of operations

- » Incomplete discussion of revenue and significant factors that caused revenue variations
- » Incomplete discussion of the cost of sales or gross profit
- » Incomplete discussion of significant projects that have not yet generated revenue

Reference: *Item 1.4, Discussion of Operations, of [Form 51-102F1](#)*

REMINDER

In order to help investors understand the financial statements, companies must clearly explain the factors that contributed to material variations in their operations during the past financial year by openly disclosing good news as well as bad news.

Transactions between related parties

- » Business purpose of the related party transaction omitted
- » Description of the measurement basis for the related party transaction omitted

Reference: *Item 1.9, Transactions Between Related Parties, of [Form 51-102F1](#)*

REMINDER

Companies must discuss the qualitative characteristics of related party transactions and their measurement basis. These are necessary for a proper understanding of the business purpose of transactions and associated obligations.

Other MD&A requirements

- » Failure to provide a breakdown of material components of exploration and evaluation assets and expenditures, expensed research and development costs, and general and administration expenses
- » Failure to disclose outstanding share data

References: *Item 1.15, Other MD&A Requirements, of [Form 51-102F1](#), Section 5.3 of [Regulation 51-102](#), Section 5.4 of [Regulation 51-102](#)*

REMINDER

Companies that qualify as venture issuers and do not have significant revenue must, among other things, provide additional disclosure so that investors can properly understand their exploration and evaluation projects or their research and development projects. Moreover, all companies must provide disclosure of outstanding share data as of the latest practicable date.

⁵ See table 4 for deficiencies identified in disclosures for mineral projects and see table 5 for deficiencies identified in non-GAAP financial measures and additional GAAP measures often presented in the MD&A.

2.3 Other continuous disclosure documents

Table 3 sets out certain common deficiencies identified in the other continuous disclosure documents that companies are required to file, such as circulars, AIFs and certificates, following our reviews of compliance with the applicable regulatory provisions.

TABLE 3 – DEFICIENCIES IDENTIFIED IN THE OTHER CONTINUOUS DISCLOSURE DOCUMENTS

Statement of executive compensation
<ul style="list-style-type: none"> » Incomplete discussion of named executive officer compensation due to failure to adequately describe how each element of compensation is determined, particularly the link between performance goals and reported compensation » Incomplete statement of director compensation, including share-based awards and option-based awards, and other types of compensation granted <p>References: Form 51-102F6, CSA Staff Notice 51-331</p> <p>REMINDER <i>Companies must clearly communicate the compensation of each named executive officer and each director. Executive compensation is an important aspect of the stewardship and governance of a company.</i></p>
Disclosure of corporate governance practices and disclosure about the audit committee
<ul style="list-style-type: none"> » Incomplete description of ethical business conduct, in particular, the way in which the board of directors ensures compliance with the code of conduct and ethics, and the measures taken to encourage and promote a culture of ethical business conduct » Incomplete audit committee's written charter, due to failure to include all prescribed responsibilities <p>References: Regulation 58-101, Regulation 52-110</p> <p>REMINDER <i>Companies must present complete information about corporate governance practices and about the responsibilities of their audit committee. These are elements that contribute to enhanced investor confidence.</i></p>
Certification of disclosure in issuers' annual and interim filings
<ul style="list-style-type: none"> » Inconsistency between disclosure in the certificates and the conclusions of the certifying officers in the MD&A about the effectiveness of the disclosure controls and procedures (DC&P) or the internal control over financial reporting (ICFR), due to the conclusions being omitted or incomplete at times » Certificate changed by omitting or adding text » Dates of financial periods in certificates inaccurate <p>References: Regulation 52-109, CSA Staff Notice 52-327</p> <p>REMINDER <i>The objectives of the obligations under Regulation 52-109 include improving the quality, reliability and transparency of annual and interim filings. Companies must therefore comply with these obligations and ensure that the disclosure provided is accurate.</i></p>

2.4 Disclosure for mineral projects

Table 4 sets out the common deficiencies identified in the disclosure for mineral projects contained in the continuous disclosure documents and on the websites of mining companies following our reviews focusing on compliance with Regulation 43-101.

Regulation 43-101 prescribes the standards of disclosure for mineral projects.

TABLE 4 - DEFICIENCIES IDENTIFIED IN THE DISCLOSURE FOR MINERAL PROJECTS

Technical report

- » Failure to file a technical report for certain material properties presented in the AIF

Reference: Paragraph 4.2 (1) (f) of [Regulation 43-101](#)

REMINDER

Companies are required to clearly state their material projects in the AIF and file an updated technical report to support each material mineral project.

Certificates and consents of qualified persons

- » Failure to file the certificates or consents of the qualified persons who share responsibility for the preparation of a technical report

References: Subsections 8.1 (1) and 8.3 (1) of [Regulation 43-101](#)

- » Incomplete information in the certificate regarding the items of the technical report for which each qualified person is responsible when several qualified persons share responsibility for the preparation of a technical report

Reference: Paragraph 8.1 (2) (e) of [Regulation 43-101](#)

REMINDER

Each technical report must be filed with the consents and certificates of each of the qualified persons responsible for the items of the technical report.

Preliminary economic assessment

- » Failure to include cautionary language when disclosing the results of a preliminary economic assessment

References: Paragraphs 2.3 (3) (a) and 3.4 (e) of [Regulation 43-101](#)

- » Use of the expression “economic viability of mineral resources” instead of the correct expression “potential viability of mineral resources”

Reference: Section 1.1 of [Regulation 43-101](#)

REMINDER

Companies must include the cautionary language prescribed by [Regulation 43-101](#) each time they present the results of an economic analysis based on inferred mineral resources, so as to further draw the attention of investors to the limits of the information disclosed. Moreover, the cautionary language must be given equal prominence with the other information presented.

**TABLE 4 – DEFICIENCIES IDENTIFIED IN THE DISCLOSURE
FOR MINERAL PROJECTS (CONTINUED)**

Ranges of potential quantity and grade

- » Potential quantity and grade of an exploration target not expressed as ranges

References: Subsection 2.3 (2) of [Regulation 43-101](#)

- » Failure to include cautionary language regarding potential quantity and grade

Reference: Paragraph 2.3 (2) (a) of [Regulation 43-101](#)

REMINDER

Companies must include the cautionary language prescribed by [Regulation 43-101](#) each time they present a range of potential quantity and grade, so as to further draw the attention of investors to the limits of the information disclosed. Moreover, the cautionary language must be given equal prominence with the other information presented.

Name of qualified person

- » Failure to provide the name of the qualified person responsible for written scientific or technical information about a mineral project

Reference: Section 3.1 of [Regulation 43-101](#)

REMINDER

Every written disclosure of scientific or technical information about a material mineral project must include the identity of the qualified person responsible for that information. [Regulation 43-101](#) defines “written disclosure” as any writing, picture, map, or other printed representation whether produced, stored or disseminated on paper or electronically, including websites.

Disclosure of historical estimates

- » Failure to provide source and date for historical estimates

Reference: Paragraph 2.4 (a) of [Regulation 43-101](#)

- » Failure to include cautionary language stating that the historical estimates have not been verified as current mineral resources or mineral reserves

Reference: Paragraph 2.4 (g) of [Regulation 43-101](#)

REMINDER

Companies must include the cautionary language prescribed by [Regulation 43-101](#) each time they present historical estimates, as long as they have not verified the historical estimates as current mineral resources or mineral reserves. Moreover, the required cautionary language must be given equal prominence with the other information presented.

Disclosure rules for mineral resources and mineral reserves

- » Failure to comply with applicable mineral resource and mineral reserve categories

References: Sections 1.2 and 1.3 and paragraph 2.2 (a) of [Regulation 43-101](#)

- » Consolidation of total mineral resources without stating the quantity and grade of each category of resources

References: Paragraphs 2.2 (b) and 3.4 (b) of [Regulation 43-101](#)

- » Addition of inferred mineral resources to the other categories of mineral resources

References: Paragraph 2.2 (c) of [Regulation 43-101](#)

REMINDER

Companies must only use the terms measured, indicated and inferred mineral resources, and proven and probable mineral reserves to describe mineral resources and reserves. They must report each category of mineral resources and mineral reserves separately, and never add inferred mineral resources to the other categories of mineral resources.

2.5 Issue-oriented reviews

Two issue-oriented reviews were carried out during the fiscal year. They addressed compliance with [CSA Staff Notice 52-306 \(revised\)](#) and [Regulation 52-109](#).

Table 5 sets out the main deficiencies identified in the continuous disclosure documents and websites of companies following our issue-oriented review focusing on compliance with the guidance in [CSA Staff Notice 52-306 \(revised\)](#), more specifically with respect to disclosure of non-GAAP financial measures and additional GAAP measures.

TABLE 5 - DEFICIENCIES IDENTIFIED WITH RESPECT TO CSA STAFF NOTICE 52-306 (REVISED)

Non-GAAP financial measures ("NGFM")

- » Failure to explain why NGFM provide useful information, or overly general explanations
- » Failure to fully comply with the guidance in CSA Staff Notice 52-306 (revised) when NGFM are presented in press releases or annual reports

Reference: [CSA Staff Notice 52-306 \(revised\)](#)

REMINDER

Companies should explain why the NGFM they present provide useful information. This usefulness should be consistent with the definition of the NGFM and the items included in the quantitative reconciliation between the NGFM and the most directly comparable financial measure calculated in accordance with GAAP and presented in the financial statements.

Additional GAAP measures presented under IFRS ("AGM")

- » Failure to name the AGM
- » Inadequate terms for naming the AGM, because they are not representative of the composition of the AGM

References: [CSA Staff Notice 52-306 \(revised\)](#), IAS 1, *Presentation of Financial Statements*

REMINDER

Companies that present a line item named "results from operating activities" or similar subtotals in their statements of comprehensive income should give consideration to IAS 1 Basis for Conclusions. Paragraph 56 deals with this subject and states:

"The Board recognizes that an entity may elect to disclose the results of operating activities, or a similar line item, even though this term is not defined. In such cases, the Board notes that the entity should ensure that the amount disclosed is representative of activities that would normally be regarded as "operating". In the Board's view, it would be misleading and would impair the comparability of financial statements if items of an operating nature were excluded from the results of operating activities, even if that had been industry practice."

Table 6 set outs the main deficiencies identified following our issue-oriented review focusing on compliance with [Regulation 52-109](#), more specifically with respect to measures implemented to allow certification of disclosure in issuers' annual and interim filings. The purpose of the review was to raise awareness among companies regarding their obligations and obtain reasonable assurances that companies that did not qualify as venture issuers had developed internal control over financial reporting (ICFR) and disclosure controls and procedures (DC&P), and had assessed their operation.

TABLE 6 - DEFICIENCIES IDENTIFIED FOLLOWING THE ISSUE-ORIENTED REVIEW FOCUSING ON REGULATION 52-109

Certification of disclosure in issuers' annual and interim filings

- » Concluding that an ICFR deficiency was not a material weakness merely because it did not result in misstatements in the financial statements
- » Confusing the concepts of designing and evaluating the operation of ICFR and DC&P
- » Difficulty demonstrating that ICFR and DC&P were continuously monitored, particularly when the company faced new risks

Reference: [Regulation 52-109](#)

REMINDER

The severity of a deficiency in ICFR does not depend on whether a misstatement has actually occurred but rather on whether there is a reasonable possibility that the ICFR will fail to prevent or detect a material misstatement on a timely basis. Companies should carefully read the [Policy Statement to Regulation 52-109](#), because it provides guidance for properly interpreting and applying this regulation.

3. AREAS OF FOCUS FOR 2014-2015

3.1 Regulatory overview

The four proposed regulatory amendments discussed below will, if adopted, affect the continuous disclosure obligations of companies. The following is an overview of these amendments.

Draft Regulation to amend Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities

The draft amendments are intended to promote better disclosure of resources other than reserves and associated metrics while at the same time providing increased flexibility for oil and gas reporting issuers that report in a variety of different locations worldwide. The draft amendments are also intended to bring the regulation into harmony with proposed changes to the Canadian Oil and Gas Evaluation Handbook.

The draft amendments include the following measures:

- » additional obligations regarding the disclosure of contingent and prospective resources
- » inclusion and refinement of product type definitions in the regulation
- » definition of and obligations related to the disclosure of abandonment and reclamation costs
- » deletion of the obligation to match the presentation of reserves not directly held by the reporting issuer in the statement prepared in accordance with Form 51-101F1 to the presentation of the assets in the financial statements
- » removal of the obligation to obtain independent qualified reserves evaluator consent before disclosing results from the annual evaluation outside of the required annual filings
- » revision of the date at which the independent qualified reserves evaluator takes responsibility for information related to the reserves evaluation
- » clarification of required disclosure when an issuer has no reserves

The consultation period regarding these amendments ended on January 17, 2014.

Reference: [Draft Regulation to amend Regulation 51-101](#)

Draft Regulation to amend Regulation 51-102 respecting Continuous Disclosure Obligations and concordant regulations

The draft amendments are intended to streamline the disclosure obligations of venture issuers. They include the following measures:

- » if the venture issuer does not have significant revenue, allowing the requirement for MD&A for interim financial periods to be satisfied by a streamlined and highly focused report on quarterly highlights
- » implementing a new tailored form of executive compensation disclosure
- » reducing the instances in which a business acquisition report (BAR) must be filed
- » creating a new obligation for audit committees to have a majority of independent members
- » amending the prospectus disclosure obligations to reduce the number of years of audited financial statements required for venture issuers becoming reporting issuers and to conform the disclosure obligations to the proposed amendments related to continuous disclosure

The draft amendments also include the following measures for venture issuers as well as non-venture issuers:

- » revising the AIF disclosure for mining issuers to conform to the amendments made to Regulation 43-101 in 2011
- » clarifying the executive compensation disclosure filing deadlines

The consultation period regarding these amendments ended on August 20, 2014.

Reference: [Draft Regulation to amend Regulation 51-102 and concordant regulations](#)

Regulation 52-108 respecting Auditor Oversight

New Regulation 52-108 includes the following measures:

- » requiring a public accounting firm to notify its reporting issuer clients if it is not in compliance with certain provisions in the regulation
- » changing the obligations for notices to the securities regulatory authorities in order to draw their attention to the types of remedial action imposed by the Canadian Public Accountability Board (“CPAB”), regardless of the labels CPAB attaches to them (e.g., “sanction” or “restriction”)
- » reducing the period for filing the change of auditor notice required by Regulation 51-102 from 30 days to 14 days
- » requiring the new auditor and the predecessor auditor to notify the securities regulatory authorities if the issuer has not filed the change of auditor notice required by Regulation 51-102

New Regulation 52-108 will come into force on September 30, 2014.

Reference: [Regulation 52-108](#)

Draft Regulation to amend Regulation 58-101 respecting Disclosure of Corporate Governance Practices

The draft amendments would require non-venture issuers to provide annual disclosure about the representation of women on the board and in executive officer positions, more specifically:

- » term limits for the directors
- » policies regarding the representation of women on the board
- » consideration by the board or nominating committee of the representation of women in the director identification and selection process
- » consideration by the issuer of the representation of women in executive officer appointments
- » targets regarding the representation of women on the board and in executive officer positions
- » the number of women on the board and in executive officer positions

The consultation period regarding these amendments ended on September 2, 2014.

Reference: [Draft Regulation to amend Regulation 58-101](#)

3.2 Current and planned reviews

The full reviews planned for the 2014-15 fiscal year will examine financial statement compliance with IFRS and compliance of MD&A and other continuous disclosure documents required to be filed, with applicable regulatory provisions. We are also planning to continue certain issue-oriented reviews and initiate new ones, including:

» **Issue-oriented review of the measures implemented to allow certification of disclosure in issuers' annual and interim filings**

This review will examine company compliance with [Regulation 52-109](#). We will review the measures established by certifying officers in order to ensure that representations set forth in the certificates are adequate. This review is the continuation of an initiative launched during the 2013-2014 fiscal year and for which the initial results are set out in table 6 of this report.

» **Issue-oriented review of disclosure for mineral projects**

This review will examine compliance by mining companies with [Regulation 43-101](#). Among other things, it will review the validity of technical reports and their updates.

Conclusion

The CDR Program is an integral part of the AMF's various oversight activities. By ensuring that Québec companies comply with their continuous disclosure obligations, we are contributing to the efficient operation of the securities markets. By listing the common deficiencies identified during our reviews and providing relevant references and reminders, we hope to help management prepare their continuous disclosure documents, because the quality of the continuous disclosure documents intended for investors lies indisputably in management's hands.

The deficiencies identified in the documents we reviewed covered a number of subjects. For example, our requests for changes addressed the disclosure of management's judgments in the process of applying accounting policies (financial statements), the discussion of operations from management's point of view (MD&A), and the disclosure for mineral projects (continuous disclosure documents and company websites).

Over the coming year, we will continue to pursue the objectives of the CDR Program, which are to ensure compliance with the Act and the regulations and foster the improved quality of continuous disclosure documents. We will also implement new initiatives by promoting best oversight practices.

Lastly, we invite the various individuals involved in the preparation of continuous disclosure documents to visit the AMF's website (www.lautorite.qc.ca) on a regular basis so as to consult publications dealing with continuous disclosure obligations, particularly CSA staff notices and new regulations.

APPENDIX 1 – PRINCIPAL REGULATIONS PRESCRIBED FOR COMPANIES

The following regulations and other texts contain the principal provisions of the continuous disclosure system applicable to companies. Other obligations may apply. All these regulations and other texts are published under the heading [Securities and Derivatives – Laws and Regulations](#) on the website of the AMF (www.lautorite.qc.ca).

Regulation 43-101	respecting Standards of Disclosure for Mineral Projects
Regulation 51-101	respecting Standards of Disclosure for Oil and Gas Activities
Regulation 51-102	respecting Continuous Disclosure Obligations
Form 51-102F1	Management's Discussion and Analysis
Form 51-102F2	Annual Information Form
Form 51-102F3	Material Change Report
Form 51-102F4	Business Acquisition Report
Form 51-102F5	Information Circular
Form 51-102F6	Statement of Executive Compensation (in respect of financial years ending on or after December 31, 2008)
Regulation 51-105	respecting Issuers Quoted in the U.S. Over-the-Counter Markets
National Policy 51-201	Disclosure Standards
Regulation 52-107	respecting Acceptable Accounting Principles and Auditing Standards
Regulation 52-108	respecting Auditor Oversight
Regulation 52-109	respecting Certification of Disclosure in Issuers' Annual and Interim Filings
Regulation 52-110	respecting Audit Committees
Regulation 54-101	respecting Communication with Beneficial Owners of Securities of a Reporting Issuer
Regulation 58-101	respecting Disclosure of Corporate Governance Practices

Moreover, the following notices set out the results of certain reviews and provide additional guidance on continuous disclosure reporting.

CSA Staff Notice 11-326	Cyber Security
CSA Staff Notice 51-312 (revised)	Harmonized Continuous Disclosure Review Program
CSA Staff Notice 51-331	Report on Staff's Review of Executive Compensation Disclosure
CSA Staff Notice 51-333	Environmental Reporting Guidance
CSA Staff Notice 51-341	Continuous Disclosure Review Program Activities for the fiscal year ended March 31, 2014
CSA Staff Notice 52-306 (revised)	Non-GAAP Financial Measures and Additional GAAP Measures
CSA Staff Notice 52-327	Certification Compliance Update

Your comments on this report or the CDR Program contribute to the ongoing improvement of our review process. For more information or to provide us with your comments, please contact any of the following persons:

Josée Deslauriers

Josée Deslauriers
Senior Director, Investment Funds and Continuous Disclosure
Telephone: 514-395-0337, ext. 4371
Toll-free: 1-877-525-0337, ext. 4371
E-mail: josee.deslauriers@lautorite.qc.ca

Martin Latulippe

Director, Continuous Disclosure
Telephone: 514-395-0337, ext. 4331
Toll-free: 1-877-525-0337, ext. 4331
E-mail: martin.latulippe@lautorite.qc.ca

Nadine Gamelin

Analyst, Continuous Disclosure
Telephone: 514-395-0337, ext. 4417
Toll-free: 1-877-525-0337, ext. 4417
E-mail: nadine.gamelin@lautorite.qc.ca

Luc Arsenault

Luc Arsenault
Geologist, Continuous Disclosure
Telephone: 514-395-0337, ext. 4373
Toll-free: 1-877-525-0337, ext. 4373
E-mail: luc.arsenault@lautorite.qc.ca

