



**Autorité
des marchés
financiers**

May 2024

Summary of oversight and regulatory activities

Direction principale du financement des sociétés

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

NOTE: For ease of reading, the full names of regulations (including
forms), policy statements and notices are listed in the Appendix.

Legal Deposit – Bibliothèque et Archives nationales du Québec, 2024

ISSN 2561-200X (PDF)

ISBN 978-2-550-94707-3 (PDF)

Message from the Senior Director, Corporate Finance

I am pleased to present capital market participants with the summary of oversight and regulatory activities of the Direction principale du financement des sociétés (Corporate Finance) of the Autorité des marchés financiers (AMF) for the year ended December 31, 2023.

AMF Corporate Finance is responsible for ensuring that investors are protected and that markets operate in an orderly manner. Part of its mandate is to oversee compliance with continuous disclosure, securities distribution, bid and insider reporting requirements. In line with Orientation 2 of the AMF's 2021-2025 strategic plan—"to be an influential regulator supporting Québec's financial sector"—AMF Corporate Finance provides leadership on current and emerging issues affecting local, national and international capital markets while adjusting its regulatory approaches and reducing market participants' compliance burden.

Despite a strong performance by the Canadian and U.S. stock market indexes, prospectus financings by Québec companies fell significantly in 2023. Inflationary pressures, sustained interest rate hikes, the global financial climate, and various armed conflicts and geopolitical tensions around the world combined to create a more uncertain economic environment for companies and capital markets in Québec and abroad. On a positive note, Québec companies managed to increase the amounts raised on the exempt market by more than 27% despite these challenges.

The first section of the summary provides statistics on Québec companies and the distributions completed by them.

The second section presents the findings from our document reviews and spotlights a range of identified regulatory issues with a view to helping companies and their advisors improve the level of disclosure in offering and continuous disclosure documents.

The "Regulatory initiatives" section summarizes our various regulatory initiatives, including projects to reduce regulatory burden and address emerging environmental, social and governance issues.

The last part of the summary addresses a diverse range of topics of interest, including our international work and considerations relating to the use of SEDAR+.

I would like to conclude by thanking the members of AMF Corporate Finance for the quality of their work and the high level of engagement they displayed throughout the year.

We hope you find this summary both interesting and informative.

Benoît Gascon

Senior Director, AMF Corporate Finance

Table of contents

Message from the senior director, corporate finance	5	Specific financial reporting-related considerations	29
Abbreviations and acronyms used in this summary	7	(7) Finding related to CSA Staff Notice 41-307 (Revised) – Concerns regarding an issuer’s financial condition	29
PORTRAIT OF COMPANIES – FINANCINGS	8	(8) Non-GAAP and other financial measures as defined in Regulation 52-112	31
(A) In figures	8	(9) Finding related to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	32
(B) TSX- and TSXV-listed Québec companies	9	(10) Reminders concerning IFRS	33
(C) Public market offerings by Québec companies	11		
(D) Exempt market offerings by Québec companies	14		
Main deficiencies identified in continuous disclosure and prospectus reviews	20	Specific considerations related to new regulations	34
Specific regulatory compliance-related considerations	22	(11) Listed issuer financing exemption conditions	34
(1) Base shelf prospectus – Determination of the offering amount to indicate in the prospectus	22	(12) Cryptoasset trading platforms: New terms and conditions for trading value-referenced cryptoassets with clients	35
(2) Clarification of certain requirements in Regulation 61-101 respecting Protection of Minority Security Holders in Special Transactions	23	Regulatory initiatives	38
(3) Technical or scientific disclosure on websites	24	Other topics of interest	44
(4) Virtual annual meetings	26	SEDAR+	44
(5) Disclosure of the cost or anticipated cost incurred for proxy solicitations made by employees or soliciting agents	27	Diversity on boards and in executive officer positions	48
(6) Administrative reminders	27	The AMF in Canada and on the international stage	49
Applications for exemptive relief	27	Significant developments in sustainability reporting in Canada and around the world	50
Exemptive relief from requirements to prepare documents in French	28	Appendix	51
Management cease trade orders	28	List of certain regulations, policy statements and notices prescribed for companies	51
Start-up crowdfunding	28		

Abbreviations and acronyms used in this summary

AMF:	Autorité des marchés financiers	IPO:	Initial public offering
ASC:	Alberta Securities Commission	ISSB:	International Sustainability Standards Board
BCSC:	British Columbia Securities Commission	NASDAQ:	National Association of Securities Dealers Automated Quotations
BCA:	<i>Canada Business Corporations Act</i>	NRD:	National Registration Database
CPC:	Capital pool company	OSC:	Ontario Securities Commission
CSA:	Canadian Securities Administrators	SEC:	U.S. Securities and Exchange Commission
CSE:	Canadian Securities Exchange	SEDAR:	System for Electronic Document Analysis and Retrieval
CSSB:	Canadian Sustainability Standards Board	SEDAR+:	System for Electronic Document Analysis and Retrieval +
CTP:	Cryptoasset trading platform	SPAC:	Special purpose acquisition company
GAAP:	Generally accepted accounting principles	TMX:	TMX Group
GDP:	Gross domestic product	TSX:	Toronto Stock Exchange
IAASB:	International Auditing and Assurance Standards Board	TSXV:	TSX Venture Exchange
IASB:	International Accounting Standards Board		
IFRS:	International Financial Reporting Standards		
IOSCO:	International Organization of Securities Commissions		

Portrait of companies¹ – financings

(A) In figures

1,176² reporting issuers in Québec

252³ reporting issuers for which the AMF is the principal regulator

52% venture issuers 48% other issuers

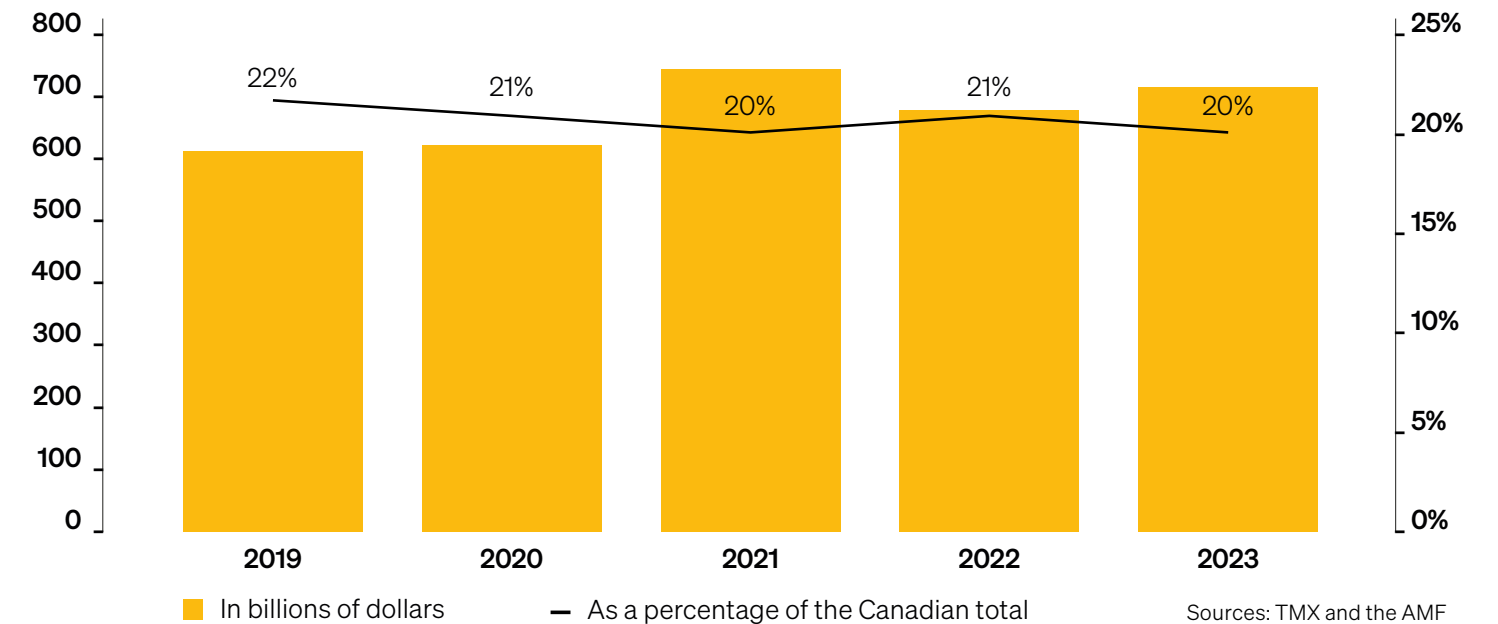
(B) TSX- and TSXV-listed Québec companies⁴

The following graph shows the changes in the total market capitalization of TSX- and TSXV-listed Québec companies. It also shows the total market capitalization of Québec companies as a percentage of the total market capitalization of all companies in Canada from 2019 to 2023.

The past year was generally marked by an upward trend in the market capitalization of TSX- and TSXV-listed companies. The market capitalization of Québec companies rose 6%, from \$677.5 billion in 2022 to \$717.4 billion in 2023. The market capitalization of non-Québec Canadian companies increased 8%, from \$2.6 trillion in 2022 to \$2.8 trillion in 2023.

The increase observed for Québec companies was slightly smaller when expressed as a share of total market capitalization of Canadian companies. In fact, the market capitalization of Québec companies accounted for 20% of Canadian market capitalization in 2023, whereas it was 21% in 2022. For 2023, Québec companies' share of the market capitalization of all Canadian companies (20%) was slightly higher than Québec's share of Canadian GDP (19.5%).⁵

Market capitalization of TSX- and TSXV-listed Québec companies



¹ Unless otherwise indicated, all figures are as at December 31, 2023.

² Excluding 497 reporting issuers that have been under cease trade orders for more than 12 months.

³ Excluding 255 reporting issuers that have been under cease trade orders for more than 12 months.

⁴ Companies for which the AMF is the principal regulator within the meaning of [Regulation 11-102](#). The term "Québec companies" as used in parts (B) and (C) of the summary is to be given a wider meaning to encompass all forms of entity, including, for example, banks and insurance companies.

⁵ Québec's share of Canadian GDP in the fourth quarter of 2023. Sources: Statistics Canada and the Institut de la statistique du Québec. Gross domestic product at market prices by expenditure account – nominal data, seasonally adjusted at annual rates.

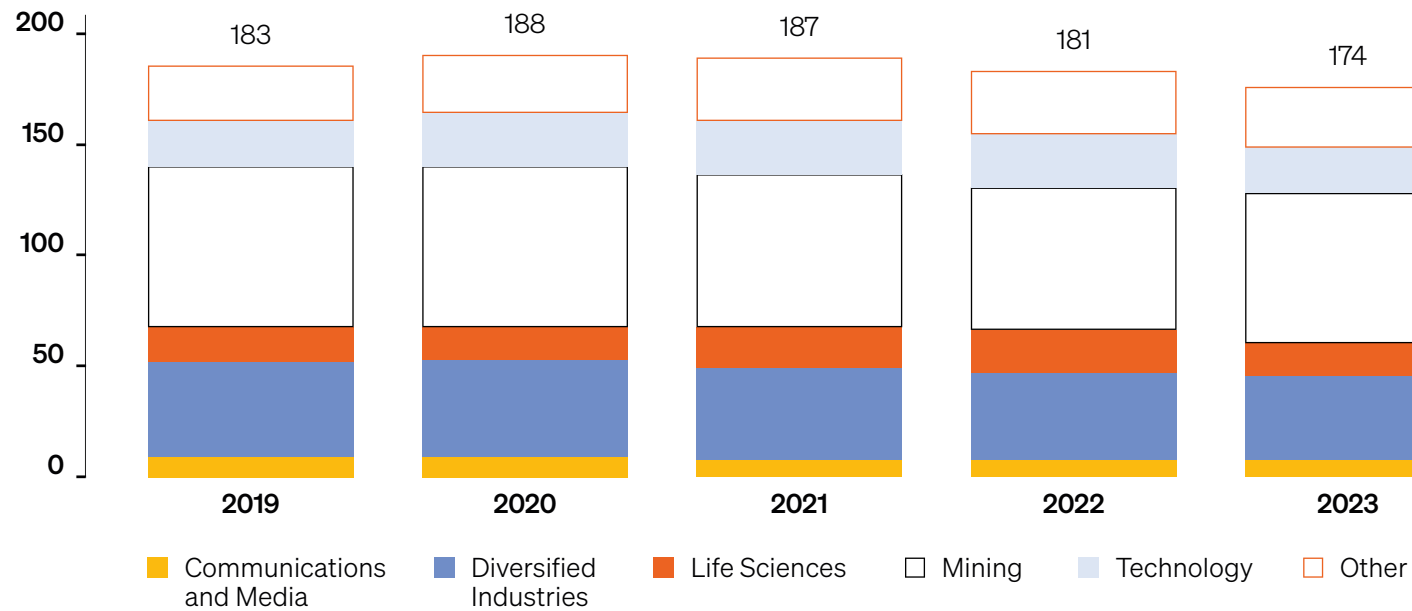
In contrast to the upward trend in companies' market capitalization, the number of TSX- and TSXV-listed companies continued to decline over the past year. The number of Québec companies listed on the TSX or TSXV slipped 4% in 2023, versus 3% in 2022, from 181 to 174. This decrease was slightly larger than for the rest of Canada, where the number of non-Québec Canadian companies listed on the TSX or TSXV was down 2%, from 1,844 in 2022 to 1,812 in 2023.

The following graph shows the number of Québec companies listed on the TSX or TSXV by industry sector.

CSE and NASDAQ

In addition to Québec companies listed on the TSX or TSXV, nine Québec companies were listed on the CSE and 14 on the NASDAQ in 2023, up from eight and 12, respectively, in 2022.

Number of TSX- and TSXV-listed Québec companies by industry sector



Sources: TMX and the AMF

(C) Public market offerings by Québec companies

In 2023, 276 prospectuses were filed in Canada,⁶ down from 300⁷ in 2022, for an 8% decrease. This downward trend was steeper for the number of prospectuses filed in all provinces except Québec, which fell 32% to stand at 52 in 2023, down from 77 in 2022. Similarly, the number of prospectuses filed in some provinces, including Québec in certain cases, decreased 5%, from 129 in 2022 to 123 in 2023. Conversely, the total number of prospectuses filed simultaneously in all provinces registered a slight 7% increase, from 94 in 2022 (31% of all prospectuses filed in Canada) to 101 in 2023 (37% of all prospectuses filed in Canada).

In 2023, the number of IPOs⁸ filed by TSX- and TSXV-listed companies decreased, confirming the downward trend observed since 2021. Only two IPOs were filed in 2023, and those were completed by two non-Québec Canadian companies.⁹ In 2022, 19 IPOs had been filed,¹⁰ including one by a Québec company. This decrease affected the value of IPOs in Canada, which dipped sharply in 2023 to approximately \$0.15 billion,¹¹ down 88% from \$1.3 billion in 2022.

Québec companies raised \$0.4 billion¹² on the public markets in 2023, a steep decline of 75% from the \$1.6 billion¹³ raised in 2022. This decline is in line with the downward trend for public distributions by non-Québec companies in the rest of Canada, though it was less pronounced, decreasing 19%, from \$15.6 billion¹⁴ in 2022 to \$12.7 billion in 2023.¹⁵ Most of the public distributions were by TSX-listed companies.

⁶ Source: SEDAR+, AMF calculations and www.avantisai.com. Prospectuses included in this number are those for which a final receipt was issued, excluding non-offering prospectuses and prospectuses related to special warrant and subscription receipt offerings.

⁷ Prospectuses included in this number are those for which a final receipt was issued, excluding non-offering prospectuses and prospectuses related to special warrant and subscription receipt offerings.

⁸ Not including IPOs completed by CPCs and SPACs.

⁹ Two companies obtained receipts from the AMF for prospectuses they filed for the sole purpose of becoming reporting issuers.

¹⁰ Source: TMX.

¹¹ Source: TMX. Excludes the value of the IPOs of CPCs, SPACs and CSE-listed companies.

¹² Source: TMX. Excludes public distributions by TSX- and TSX-listed CPCs and SPACs.

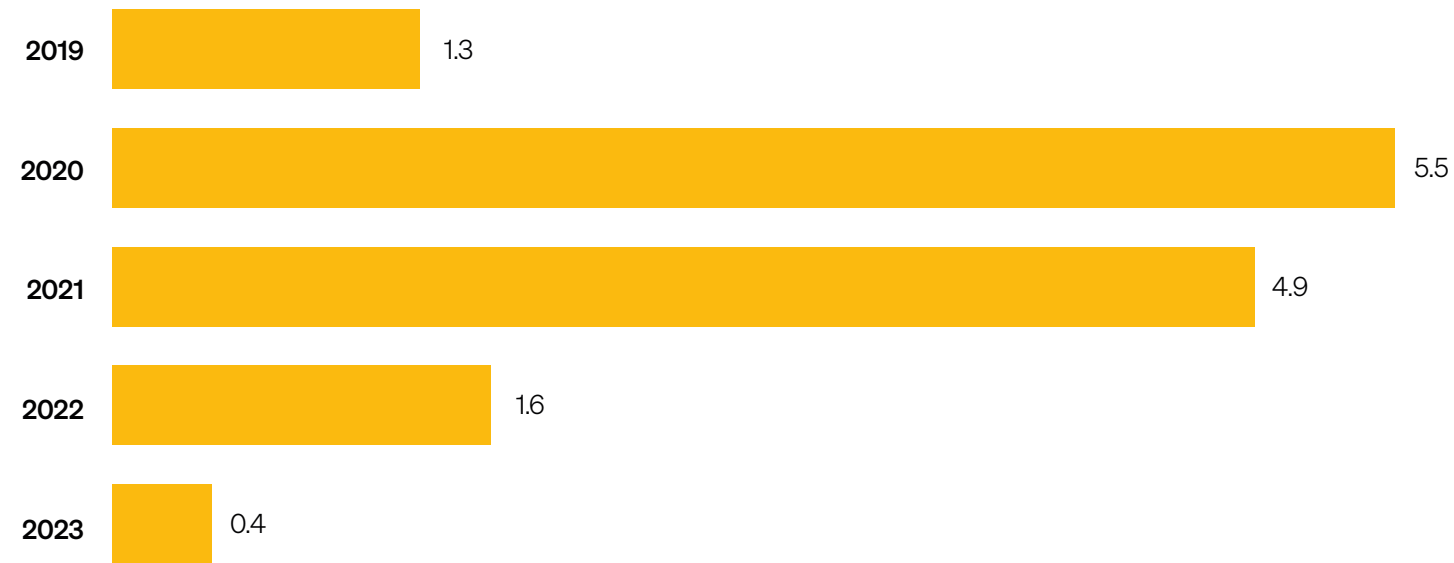
¹³ Idem note 10.

¹⁴ Idem note 10.

¹⁵ Idem note 10.

The following graph shows the amounts raised on the public markets from 2019 to 2023 by TSX- and TSXV-listed Québec companies.

Amounts raised on the public markets by Québec companies (in billions of dollars)¹⁶

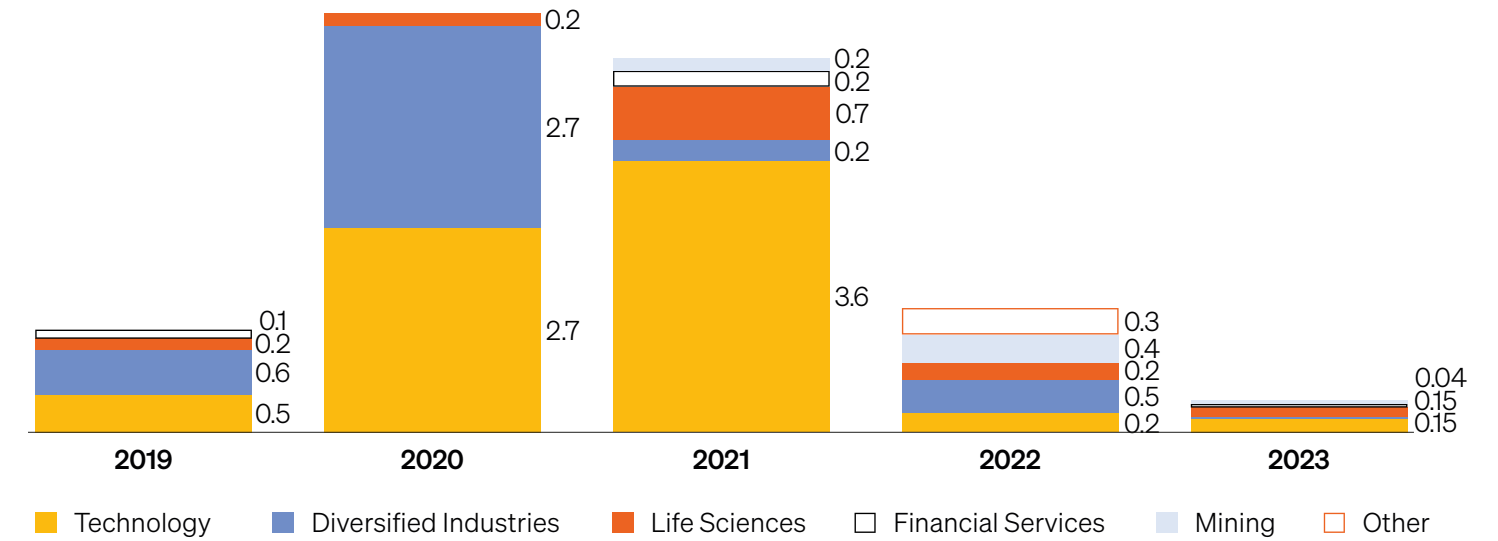


Sources: TMX and the AMF

¹⁶ Not including linked note offerings made under a prospectus by banks headquartered in Québec for which the AMF is the principal regulator.

The following graph shows the distributions made by TSX- or TSXV-listed Québec companies from 2019 to 2023 by industry sector.

Distributions by TSX- and TSXV-listed Québec companies (in billions of dollars)¹⁷



Sources: TMX and the AMF

As can be seen from the graph, distributions by Québec companies were down sharply across all industry sectors in 2023 compared with 2022.

Québec companies in Mining, Financial Services and Diversified Industries¹⁸ accounted for respectively 59%, 15% and 14% of total capital raised in 2023.

¹⁷ Not including linked note offerings made under a prospectus by banks headquartered in Québec for which the AMF is the principal regulator.

¹⁸ In this summary, sectors are classified according to the sector classification used by the TMX. Diversified Industries includes Consumer Products and Services, Industrial Products and Services and Real Estate.

(D) Exempt market offerings by Québec companies¹⁹

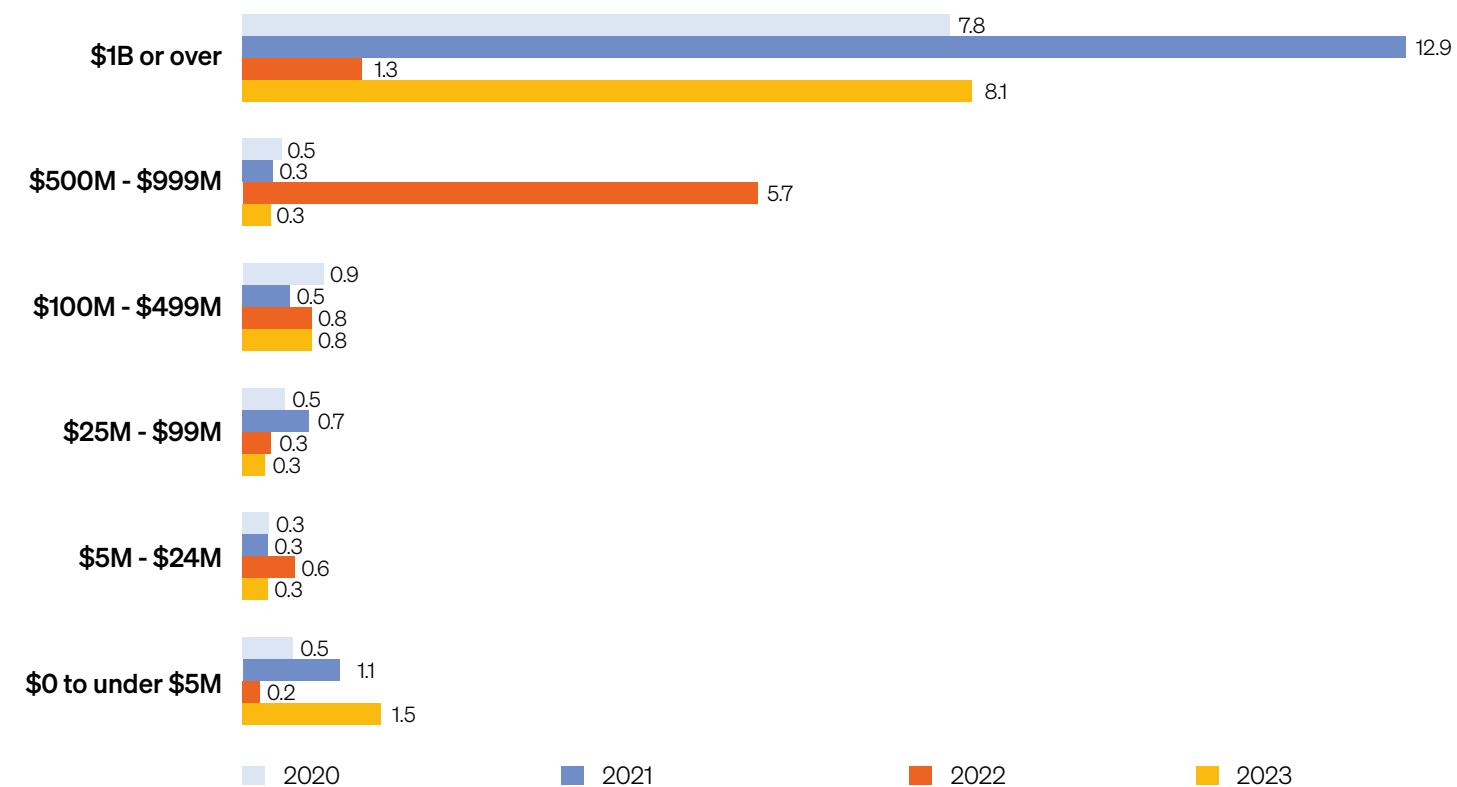
In addition to raising capital on the public markets, Québec companies raised \$11.2 billion in the exempt market in 2023,²⁰ up 27% from \$8.9 billion in 2022.

In 2023, 158 Québec companies filed a total of 602 reports of exempt distribution, up respectively 15% and 31% from 2022, when 137 companies had filed a total of 460 reports.

In 2023, distributions by non-reporting Québec issuers accounted for 64% of all amounts distributed by Québec companies, as compared with the years 2020 to 2022, when distributions by reporting issuers dominated, representing over 70% of all amounts distributed by Québec companies.

Québec companies with total assets in excess of \$1 billion continued to attract most of the capital raised, at 72% in 2023, up from 66% in 2022. The following graph shows exempt market offerings completed from 2020 to 2023 by size of company assets.

Exempt distributions by Québec companies from 2020 to 2023 by size of company assets (in billions of dollars)



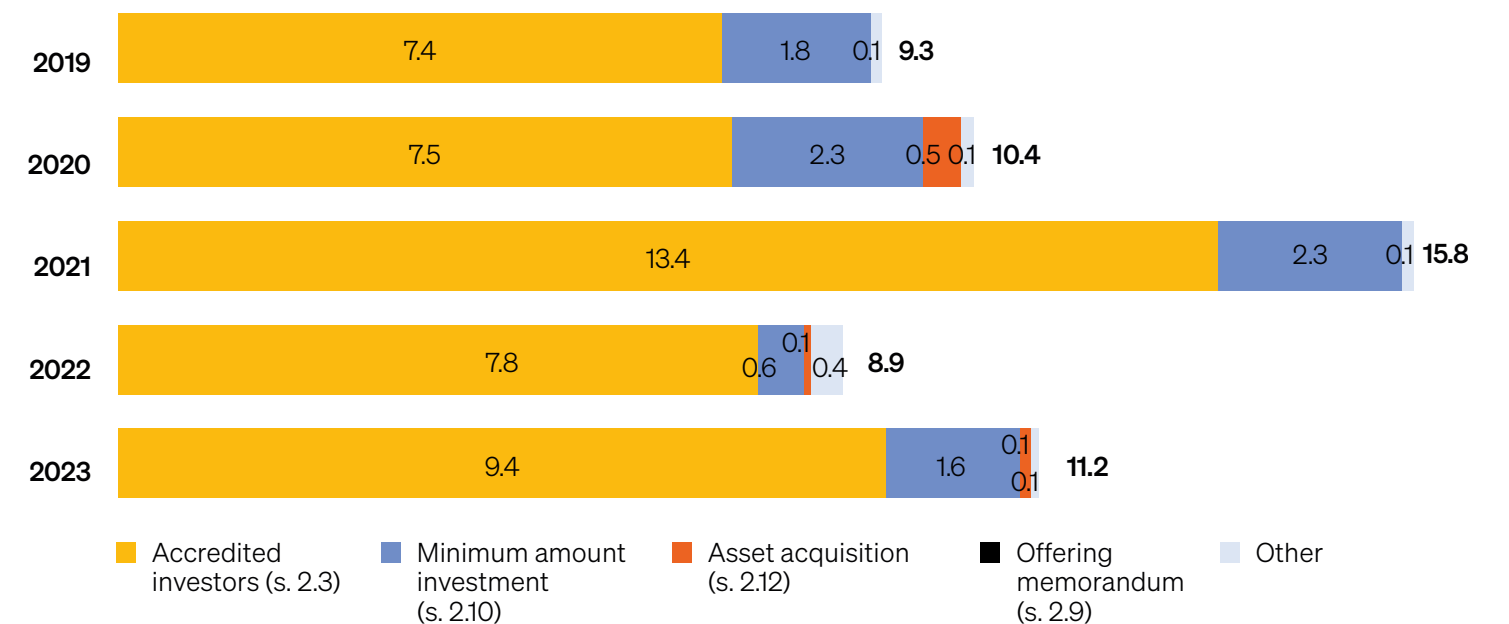
¹⁹ In this part (D), the expression “Québec companies” refers to reporting and non-reporting issuers headquartered in Québec that completed exempt market distributions. The figures provided cover the distributions made by these Québec companies under [Regulation 45-106](#) prospectus exemptions requiring the filing of a report of exempt distribution (45-106F1) where such filing took place in 2023. Amendments to those reports that were filed after January 15, 2024, are not considered.

²⁰ Source: AMF calculations.

In 2023, the accredited investor prospectus exemption (section 2.3 of Regulation 45-106) continued to be the exemption most frequently relied upon by Québec companies, followed by the minimum amount investment

exemption (\$150,000) (section 2.10 of Regulation 45-106). The following graph shows the changes in Québec company distributions from 2019²¹ to 2023.

Changes in exempt distributions by Québec companies from 2019 to 2023 by exemption used (in billions of dollars)²²

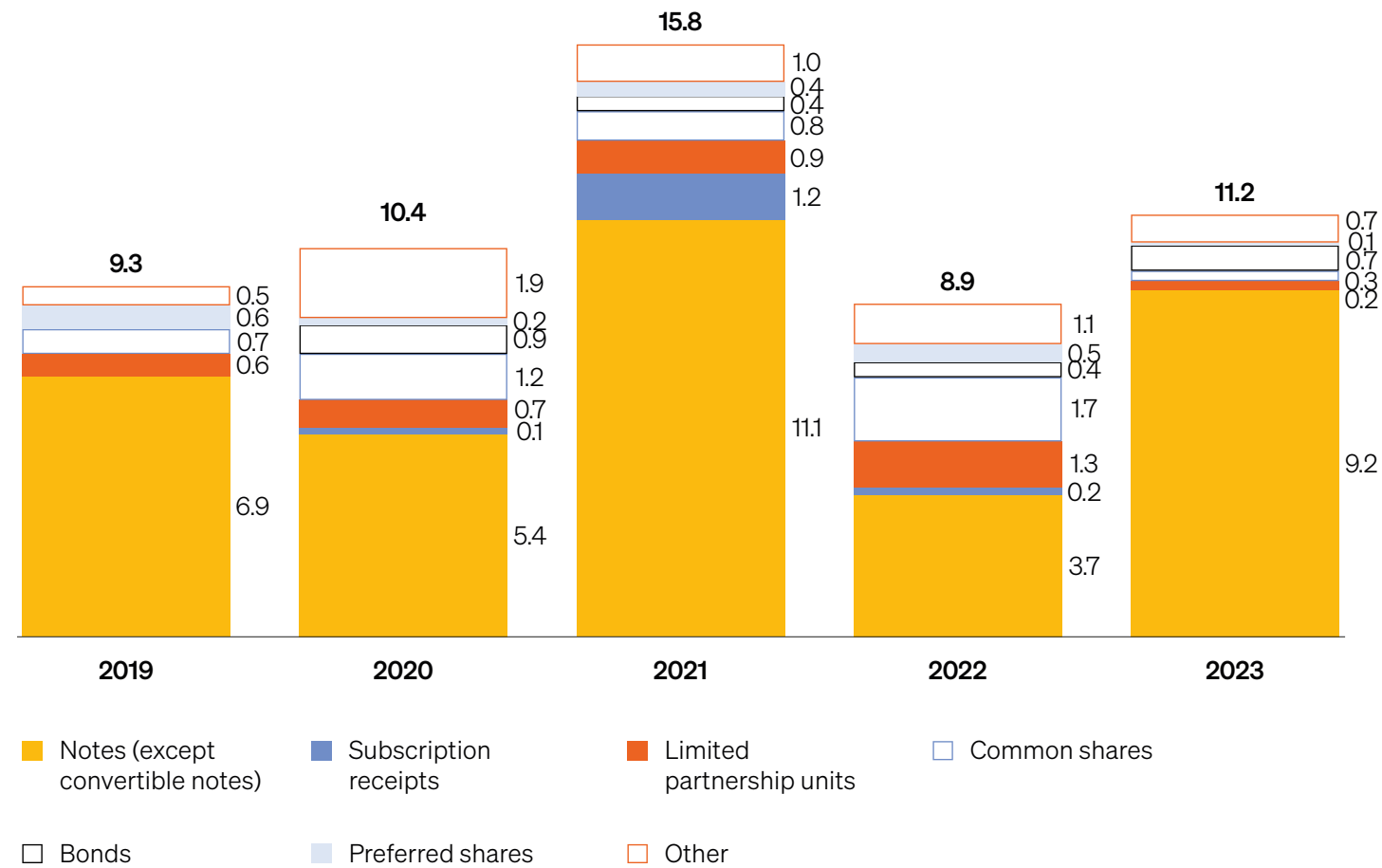


²¹ The figures for exempt market distributions in 2020, 2021 and 2022 have been restated to include the amounts distributed in 2020, 2021 and 2022 and disclosed by companies in their 45-106F1 reports filed or amended after January 15, 2023.

²² The sections referenced in this chart are to Regulation 45-106.

In 2023, as in 2022, in consideration of the amounts raised, Québec companies issued mainly debt securities in the exempt market. Notes (other than convertible notes) accounted for over 82% of all distributions. The proportion of the total amount distributed represented by shares shrank 85% in 2023 from 2022, accounting for only 2% of the total amount distributed. The following graph shows amounts distributed by class of securities issued for the years 2019 to 2023.

Changes in Québec company exempt distributions from 2019 to 2023 by class of securities issued (in billions of dollars)

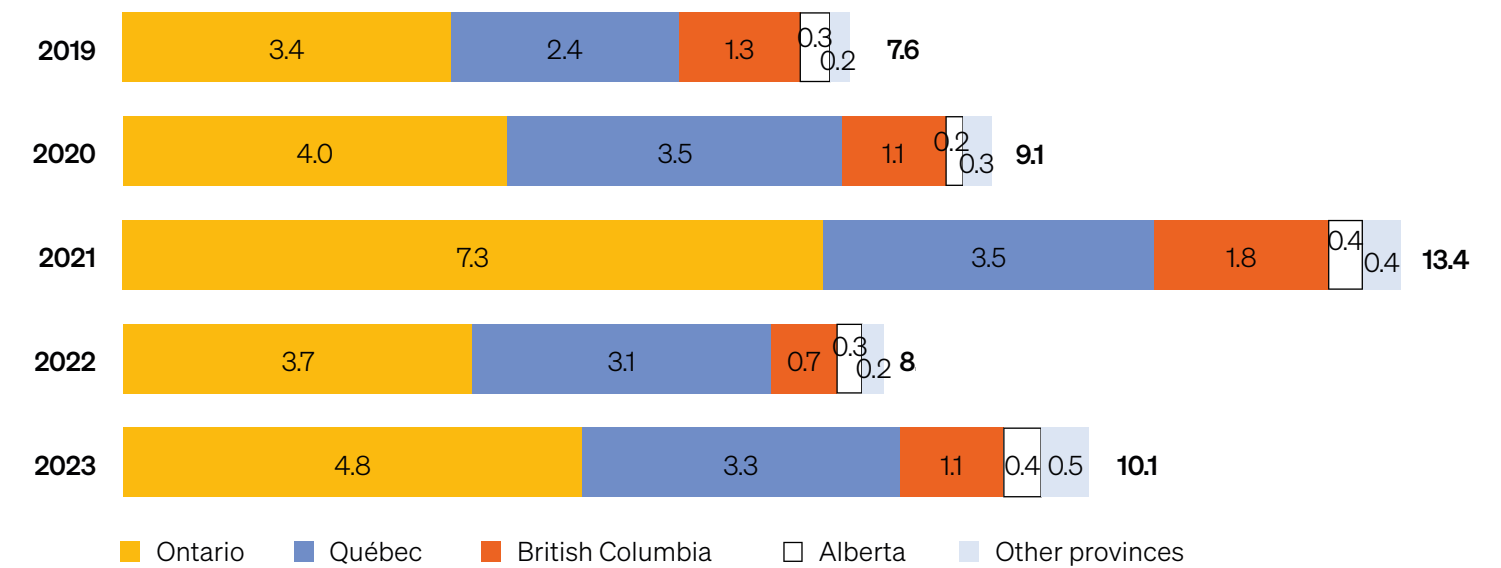


Québec companies continued to distribute the overwhelming majority of their securities to purchasers residing in Canada, who accounted for 90% of the amounts raised in 2023 (same as in 2022), for a total of \$10.1 billion, up from \$8 billion in 2022. The proportion of purchases by U.S. investors in 2023 grew to 7% (approximately CA\$828 million) of the amounts raised by Québec companies, up from 2.5% in 2022. The remaining 3% of amounts raised (approximately CA\$275 million) were distributed to investors residing outside Canada and the United States.

Purchases by Ontario residents in 2023 accounted for close to 47% of amounts raised in Canada by Québec companies, almost the same percentage as in 2022. Québec investors purchased approximately 33% of distributions by Québec companies in 2023, down from 39% in 2022.

The following graph shows exempt distributions to Canadian purchasers by province of residence from 2019 to 2023.

Exempt distributions by Québec companies to Canadian investors from 2019 to 2023 by province of residence (in billions of dollars)



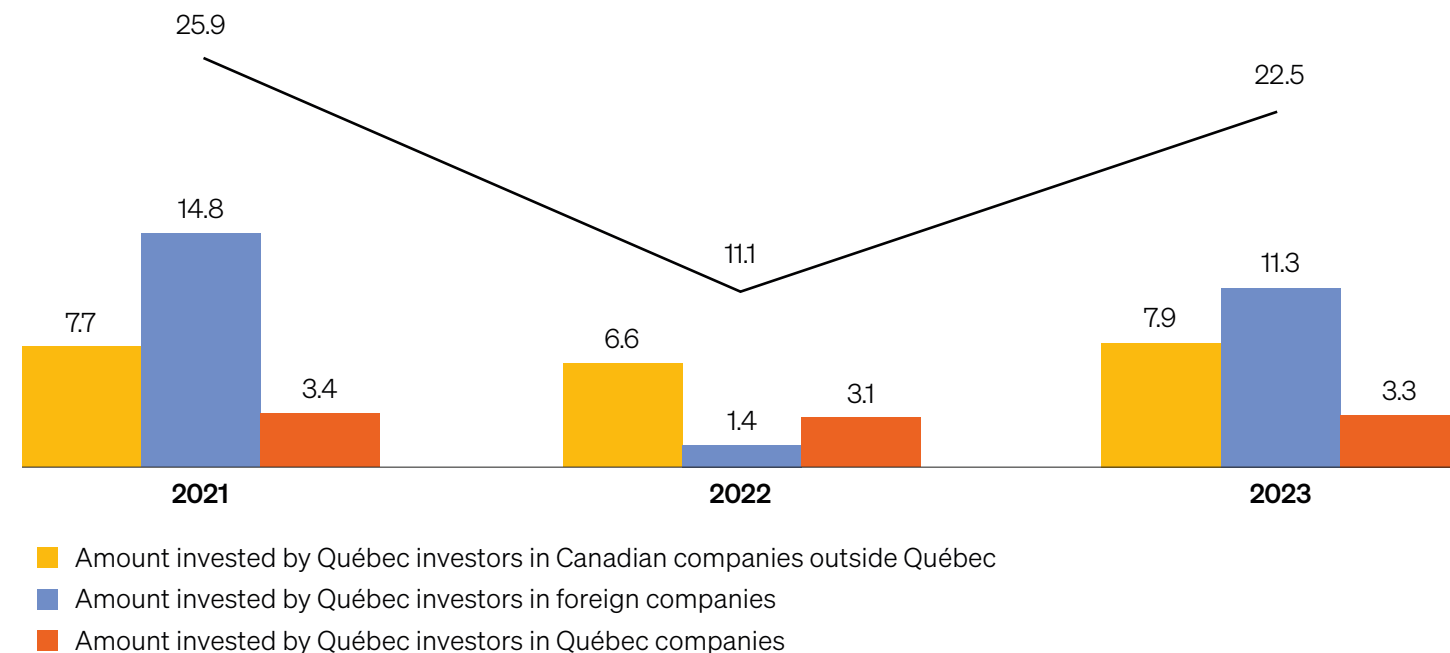
Other exempt market investments by Québec purchasers

In addition to their investments in Québec companies (\$3.3 billion, as shown in the above table), Québec purchasers invested \$19.2 billion in foreign companies and non-Québec Canadian companies, a significant increase of 141% from their previous year's investments in these companies. Of this amount, 59% was invested in foreign companies, in sharp contrast to 2022, when foreign companies represented just 18% of their investments. The accredited investor exemption continued to be the exemption most frequently used by foreign and non-Québec Canadian companies that distributed to Québec purchasers, representing 99% of amounts invested in 2023, up from 94% in 2022.

All told, Québec investors invested close to \$22.5 billion in the exempt market in 2023, up a significant 103% from \$11.1 billion in 2022.

The following graph breaks Québec purchasers' exempt market investments down according to the geographic regions of the head offices of the companies that made exempt distributions between 2021 and 2023.

Total amount invested by Québec investors in the exempt market by geographic region of company head office (in billions of dollars)



Other distributions by Québec companies

In 2023, the AMF agreed to allow Québec companies under section 12 of the [Securities Act](#) to make distributions outside Québec (under a prospectus or a prospectus exemption) eight times for a maximum total amount of US\$152 billion.²³ In 2022, the AMF agreed to allow Québec companies to make distributions outside Québec 14 times for maximum total amounts of CA\$20 billion, US\$83.4 billion and €10 billion.

²³ The amount indicated is the sum of the amounts that were authorized. As there is no requirement to inform the AMF of the amounts that were actually distributed, the amounts that were raised may differ from the amounts that were authorized.

Main deficiencies identified in continuous disclosure and prospectus reviews

AMF Corporate Finance monitors compliance with the legislative and regulatory requirements governing the continuous disclosure documents and prospectuses of Québec companies.

The continuous disclosure regulations ensure that companies provide investors with information they can rely on to make informed investment and voting decisions. Among other things, the review program in place assists companies in understanding the nature and scope of their obligations under those regulations so they can enhance the level, completeness and timeliness of their disclosures.

Under the [Securities Act](#), every person intending to make a distribution of securities must prepare a prospectus subject to a receipt issued by the AMF. One aspect we give particular focus to during our prospectus reviews is the requirement that companies ensure that their prospectuses and the documents incorporated by reference into their prospectuses contain full, true and plain disclosure of all material facts relating to the securities issued or being distributed.

With the aim of promoting high-quality disclosure to investors, we outline in the following pages the main deficiencies identified in our reviews during 2023. We also propose good practices to follow to address those deficiencies and file distribution and continuous disclosure documents consistent with the securities regulations.

Did you know?

We may intervene when a filing does not comply with applicable regulations.

Companies that fail to comply with their obligations under securities legislation or regulations may:

- be required to correct and refile a document
- be required to make changes to subsequent filings
- be placed on a public list of defaulting companies
- become subject to a cease trade order
- be denied a receipt for prospectus financings
- be liable to administrative penalties
- be required to delay a meeting of security holders
- be required to change the composition of their board of directors

Specific regulatory compliance-related considerations

(1) Base shelf prospectus – Determination of the offering amount to indicate in the prospectus

Under section 5.4 of [Regulation 44-102](#), a base shelf prospectus must pertain to no more than the dollar value of securities that the issuer or selling securityholder reasonably expects to distribute within 25 months after the date of the AMF's final receipt. Therefore, the dollar value indicated in the base shelf prospectus must correspond to the reasonably expected value of the distribution.

We found in reviewing these prospectuses that the dollar value indicated by some issuers was unreasonable given certain contextual factors, such as the proposed use of proceeds (including concrete development milestones), previous distributions under a prospectus, the issuer's market capitalization, and other relevant financial indicators. These factors must be consistent with the information contained in the continuous disclosure documents and the proposed value of the base shelf prospectus offering in order to, among other things, mitigate the risk of generating any unwarranted interest in the security at the time the prospectus is filed.

For example, we may ask a company proposing a \$50 million base shelf prospectus offering whose market capitalization is also \$50 million to justify the high dollar amount of the offering. If the company's justification is insufficient or if certain contextual factors are unreasonable, we may intervene to require that the issuer reduce the dollar value of the proposed base shelf prospectus offering.

Did you know?

"Well-known seasoned issuers"²⁴ do not have to state the dollar amount of the securities they intend to distribute under their base shelf prospectus, because they are exempt from this requirement owing to their size and the compliance of their continuous disclosure documents.

24 Refer to CSA Staff Notice 44-306 to learn more about these issuers.

(2) Clarification of certain requirements in Regulation 61-101 respecting Protection of Minority Security Holders in Special Transactions

Information required in the news release to be issued and filed for a related party transaction

During the year, we noted that the news releases issued and filed for a related party transaction referred to in [Regulation 61-101](#) in many cases contained erroneous information, possibly due to a poor understanding of the requirements set out in paragraph 5.2(2) of Regulation 61-101.

A company that completes a related party transaction referred to in Regulation 61-101 and files a material change report must, when required, make disclosure under paragraph 5.2(2) of Regulation 61-101. Therefore, when the material change report is filed less than 21 days before the expected date of the closing of the transaction, the company must explain in the news release and in the material change report prepared under [Regulation 51-102](#) why the shorter period is reasonable or necessary in the circumstances.

If the news release issued and filed for a related party transaction provides the information required by paragraph 5.2(2) of Regulation 61-101 regarding the shorter period for filing of the material change report, we expect a material change report to be filed for the transaction as soon as practicable, and in any event within 10 days of the date on which the change occurs (the time limit indicated in subparagraph 7.1(1)(b) of Regulation 51-102).

Conversely, if a related party transaction referred to in Regulation 61-101 does not constitute a material change in the affairs of the company and the company is therefore not required to file a material change report under subparagraph 7.1(1)(b) of Regulation 51-102, the news release issued and filed for the transaction does not have to provide an explanation for the timeframe within which it is filed.

Disclosure required in respect of the transaction review and approval process adopted by the company's board of directors in connection with a related party transaction

Under subparagraph 5.2(1)(e) of Regulation 61-101, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, is required to be disclosed in the material change report for the related party transaction unless this information will be included in another disclosure document for the transaction. In this regard, we ask companies to ensure they indicate in the appropriate document whether, if applicable, one or more directors participating in the related party transaction abstained from voting on the transaction. Simply indicating that the transaction was approved unanimously without specifying if the director participating in the transaction abstained from voting on the resolution does not satisfy subparagraph 5.2(1)(e) of Regulation 61-101.

(3) Technical or scientific disclosure on websites

During the past year, we noted several cases of non-compliance with the regulatory provisions for the disclosure of technical or scientific information on the websites of mining companies.

The technical or scientific disclosure on a mining company's website is generally subject to [Regulation 43-101](#). This regulation establishes standards for disclosure of scientific and technical information regarding mineral projects and requires that the disclosure be based on a technical report or other information prepared by or under the supervision of a qualified person.

Regulation 43-101 applies to any oral statement or written disclosure made by or on behalf of a mining company and intended to be made available to the public in a jurisdiction of Canada. The technical and scientific information may be disclosed in various ways, including in public documents and corporate presentations posted on websites and on social media.

Qualified person

A mining company that chooses to publicly disclose technical or scientific information on a property material to the company must, regardless of the media used, include in the written disclosure the name and the relationship to the company of the qualified person who:

- prepared or supervised the preparation of the information that forms the basis for the written disclosure; or
- approved the written disclosure.

Requirements concerning the qualified person

The person retained as a qualified person must be an engineer or geoscientist with a university degree, or equivalent accreditation, in an area of geoscience, or engineering, relating to mineral exploration or mining. The person must also meet the other conditions listed in section 1.1 of Regulation 43-101 regarding their experience and be in good standing with a professional association. [Policy Statement 43-101](#) includes the prerequisites for being designated as a qualified person and specifies the individuals who may not act in that capacity.

Independence of the qualified person

The qualified person must be independent when preparing, or supervising the preparation of, a technical report where that report is required under certain specific provisions,²⁵ including, but not limited to, the following situations:

- Where a preliminary prospectus is filed;
- Where a valuation is required to be filled under securities legislation;
- Where certain documents disclose for the first time mineral resources, mineral reserves or the results of a preliminary economic assessment on a property material to the mining company; and
- Where certain documents disclose a 100% or greater change in the mineral resources or mineral reserves on a property material to the mining company since the company's most recently filed independent technical report in respect of the property.

Did you know?

The continuous disclosure documents filed by a company that carries out a transaction referred to in Regulation 61-101 are reviewed by us in real time, and we may intervene to obtain more details about the transaction and bring any deficiencies we have identified to the company's attention.

²⁵ The situations are listed in section 5.3 of Regulation 43-101.

(4) Virtual annual meetings

On February 22, 2024, the CSA issued a [news release](#) providing companies with updated guidance on virtual shareholder meetings. The CSA had previously issued a news release on the topic on February 25, 2022, following informal consultations held with market participants and other stakeholders. Certain corporate statutes in Canada have subsequently been amended to expressly permit virtual shareholder meetings. Some shareholders have continued to raise concerns regarding challenges in exercising their rights during virtual-only shareholder meetings and difficulties in accessing and participating in such meetings.

Although the conduct of virtual meetings is primarily governed by corporate law and a company's organizing documents, the CSA considers the guidance to be appropriate given the relationship that exists between applicable securities law disclosure requirements in respect of shareholder meetings and shareholders' experience at such meetings.

The news release reiterates the guidance published in February 2022 and provides additional guidance to assist companies in fulfilling their disclosure requirements and facilitating shareholder participation at virtual meetings. Specifically, the CSA recommends providing clear and comprehensive instructions in proxy-related materials on how shareholders can access and participate in the virtual meeting, including information on the registration and authentication process, the procedures for sending or asking questions in advance of and/or during the meeting, how shareholder questions will be addressed, and instructions for voting at the meeting. Moreover, companies are encouraged to simplify registration and authentication procedures, facilitate meaningful engagement and use an appropriate technological platform to enable shareholders to easily and actively participate in virtual shareholder meetings. Companies are encouraged to take all the steps necessary to make shareholders' experience at a virtual shareholder meeting comparable to that of an in-person meeting.

We are also recommending that companies consult and follow accepted best practices in this area, including considering holding hybrid meetings to allow both in-person and virtual participation by shareholders.

We will continue to monitor the practice of virtual shareholder meetings, including reviewing company disclosures in proxy-related materials, and further guidance and updates may be issued as required.

(5) Disclosure of the cost or anticipated cost incurred for proxy solicitations made by employees or soliciting agents

Item 3.3 of Form 51-102F5 of Regulation 51-102 requires that a company describe, in the information circular, the method employed if a proxy solicitation is to be made other than by mail. Moreover, if the solicitation is to be made by specially engaged employees or soliciting agents, the company must state in the information circular the parties to and material features of any contract or arrangement for the solicitation and the cost or anticipated cost thereof.

We found that companies do not always comply with these requirements and that the information provided on these topics by some companies is general and vague.

We reiterate the importance of complying with these requirements by including the cost or anticipated cost, knowing that this information is relevant for investors, particularly during proxy contests.

(6) Administrative reminders

Applications for exemptive relief

To ensure efficiency and meet companies' expectations for the timeframe for processing an exemption application, we reiterate the importance of supporting such an application with sufficient reasons demonstrating that the granting of the requested exemption is not detrimental to the protection of investors.

Therefore, an exemption application should contain:

- All provisions of securities legislation and regulations under which the application is being filed and from which the filer is seeking to be exempted;
- A full factual description of the filer (and that of any other party involved), including its area of activity, status as a reporting issuer or registrant, the characteristics of the securities listed on an exchange or traded on an alternative trading system, the number of outstanding securities of the issuers involved, the connecting factor with Québec (i.e., the number of beneficial owners of securities who reside in Québec and the number of securities they hold) or any other information relevant to the processing of the application;
- The general context of the transaction or situation that is the source of the application;
- Detailed reasons and all submissions, including those of a legal nature, that support the application and justify the granting by the Authority of the requested exemption;
- Reference to similar previously granted exemptions, if applicable, together with an analysis of their relevance to the application and any distinctions to be considered; and
- A draft decision document in French (in Word format), including the representations made by the filer and the parties involved, the exemptions requested, and the proposed terms and conditions.

For more information on this matter, refer to the discretionary exemption applications page of the AMF website.

Exemptive relief from requirements to prepare documents in French

We found that many applications for exemptive relief from the requirements under section 40.1 of the [Securities Act](#) to prepare distribution documents in French are filed late, requiring processing to be expedited.

You are reminded that, barring exceptional circumstances, discretionary exemption applications must be submitted in a timely manner in order to not only allow for a reasonable amount of time to analyze the applications and render a decision on their merit but also give filers sufficient time to fulfill their filing obligations in the event of refusal.

The minimum processing time is three working days for an application for temporary exemptive relief from the translation requirements or an application for exemptive relief from the translation requirements in respect of an at-the-market distribution and five working days for an application for permanent exemptive relief from the translation requirements.

Management cease trade orders

[Policy Statement 12-203](#) includes the eligibility criteria that must be met to obtain a management cease trade order (or MCTO) when a company anticipates that it will be unable to fulfill its annual or interim filing requirements.

A company that satisfies the eligibility criteria and wishes to obtain an MCTO in lieu of having a general cease trade order imposed on it must contact the AMF in writing at least two weeks before the filing deadline. We believe that, in most cases, a company exercising reasonable diligence should be able to determine whether it will be able to comply with its filing requirements within that timeframe.

We will generally not accept MCTO applications that are not submitted at least two weeks before the filing deadline. We realize, however, that there will be situations where a company will be unable to file the application within that timeframe. In such a case, the company must include in its application the reasons why the application is being filed late.

Start-up crowdfunding

Under [Regulation 45-110](#), a crowdfunding distribution must close no later than the 90th day after the date the offering document referred to under Form 45-110F1 is first made available to a prospective purchaser.

We found that some companies believe that the 90-day period may be interrupted by, among other things, the filing of an amendment to the offering document. However, amendments made by a company to an offering document do not at any time extend the 90-day period set out in subparagraph 5(1)(i) of Regulation 45-110 for the closing of a crowdfunding distribution. In addition, pursuant to that same requirement, a company cannot restart the 90-day time period by withdrawing its offering document from its platform and then making it available again in order to pursue or restart its crowdfunding distribution. Such practices do not comply with the spirit of Regulation 45-110 regarding the time allotted to a company to make a crowdfunding distribution.

Specific financial reporting-related considerations

(7) Finding related to [CSA Staff Notice 41-307 \(Revised\)](#) – Concerns regarding an issuer’s financial condition

We found that some companies failed to properly describe financial condition concerns in their prospectuses or prospectus supplements.

These documents must contain clear disclosure of the company’s financial condition, including any short-term liquidity concerns. This disclosure is important to investors because it provides warnings about significant risks that the company is facing or may face in the short term and may help investors avoid or minimize negative consequences when making investment decisions.

How to comply with the guidance in CSA Staff Notice 41-307 (Revised)

A company with negative cash flow from operating activities in its most recently completed financial year should:

- prominently disclose that fact in the use of proceeds section of the prospectus;
- disclose whether, and if so, to what extent, it will use the proceeds of the distribution to fund any anticipated negative cash flow from operating activities in future periods; and
- disclose negative cash flow from operating activities as a risk factor.

It may also be appropriate for the company to disclose the following:

- the company’s most current working capital amount;
- the company’s cash burn rate on a monthly or quarterly basis;
- the period of time that the proceeds of the offering are expected to fund operations; and
- any significant debt obligations maturing in the short term.

For risk factor disclosure about financial condition, companies should consider disclosing the following:

- quantification of losses, working capital deficit, negative cash flow from operating activities and debt levels;
- how the company expects to remedy the liquidity or solvency issues;
- other sources of financing available to the company; and
- the implications to the company's liquidity, capital resources, operations (i.e., scaling back exploration activities, capital expenditures, research and development expenditures, general and administrative expenditures, etc.) and its ability to remain a going concern.

In addition, a company with going concern risk should include the following disclosure:

- the period of time the proceeds raised under the prospectus are expected to fund operations;
- the estimated total operating costs necessary for the company to achieve its stated business objectives during that period of time; and
- the estimated amount of other material capital expenditures during that period of time.

We will continue to raise comments in respect of the financial condition of companies and the sufficiency of proceeds from a prospectus offering in the situations discussed above. We may also require additional disclosure in a prospectus or prospectus supplement.

Don't forget!

Where we have significant concerns regarding the sufficiency of proceeds from an offering, we may also recommend that a receipt for a prospectus not be issued.

(8) Non-GAAP and other financial measures as defined in [Regulation 52-112](#)

We note that many companies give too much importance to non-GAAP financial measures compared to the information disclosed in their primary financial statements²⁶ or that they omit certain disclosures that must accompany the statements.

How to comply with the requirements in Regulation 52-112

Non-GAAP financial measures often present a more positive picture of financial performance by omitting or including an amount for certain financial measures presented in the primary financial statements. Measures such as "adjusted EBITDA" and "adjusted cash flow from operations" lack standard definitions and, therefore, differ from one company to the next, even though the term is the same. Companies are reminded that the presentation of a non-GAAP financial measure should not in any way confuse or obscure the presentation of the most directly comparable financial measure that is presented in the primary financial statements.

We remind companies that they must present:

- the financial measures in their primary financial statements with equal or greater prominence than the non-GAAP financial measures;
 - each non-GAAP financial measure that is used as a component of a non-GAAP ratio (including non-GAAP financial measures that are forward-looking information);
 - an explanation of how each non-GAAP financial measure provides useful information to an investor;
- and
- an explanation of the reconciling items, depending on their nature and complexity.

Don't forget!

It is important to highlight the potential impacts of the current economic environment on companies' operating performance and financial position. Regulatory action may be taken if companies disclose information in a manner considered misleading.

²⁶ Term defined in Regulation 52-112.

(9) Finding related to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*

During the year, we found that some companies did not correctly measure the allowance for expected credit losses on certain financial instruments in their financial statements.

During times of economic uncertainty, the credit risk on a financial instrument, such as trade receivables, may increase significantly, and companies must determine whether to recognize lifetime expected credit losses rather than 12-month expected credit losses. Under the simplified approach, companies must measure expected credit losses in a way that reflects reasonable and supportable information about current conditions and forecasts of future economic conditions.

We also noted that the credit risk information presented by companies is sometimes incomplete in that it does not enable investors to understand the effects of credit risk on the amount, timing and uncertainty of future cash flows.

How to comply with the requirements of IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments:* *Disclosures*

Companies must measure expected credit losses weighted by the probability of a default occurring, which must reflect reasonable and supportable information about past events, current conditions and forecasts of future economic conditions that are specific to the company's activities.

When companies prepare disclosure in changing and uncertain times, there is an increased level of uncertainty about the accounting estimates, as the assumptions used to prepare the estimates may change considerably in the near term. Companies should carefully consider the impact of the economic environment on the factors used to measure expected credit losses so that they reflect the effects of the conditions that are not relevant to the future contractual cash flows.

Companies must include the following in their financial statements:

- A description of the inputs, assumptions and estimation techniques used in measuring expected credit losses;
- How forward-looking information has been incorporated into the determination of expected credit losses (such forward-looking information may include, without limitation, macroeconomic information, such as interest rate forecasts); and
- A company's default definitions, including information to help users understand how the requirements of IFRS 9 have been applied.

(10) Reminders concerning IFRS

IFRS 15 *Revenue from Contracts with Customers*

Under IFRS 15, companies must disaggregate revenue into categories to enable investors to understand how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

In order to comply with this requirement, companies must consider how the revenue disclosure is presented for other purposes, including in their MD&As, news releases and investor presentations on their website. The extent to which revenue is disaggregated in order to satisfy the requirements of IFRS 15 depends on the facts and circumstances that pertain to the entity. Some companies may need to use more than one type of category to meet the objective for disaggregating revenue. For example, revenue information that is disclosed by product line or type of customer in the MD&A must be considered when preparing the disclosure in the notes to the financial statements in accordance with the requirements of paragraph 114 of IFRS 15 and paragraphs B87 to B89 of its application guidance.

IFRS 17 *Insurance Contracts*

In view of the coming into effect of IFRS 17 on January 1, 2023, we remind companies that this standard applies to all entities that have entered into insurance contracts as defined in the standard.

IFRS 17 clearly has significant impacts on the information disclosed by insurance companies in their financial statements. This new disclosure enables investors to better assess the effect that insurance contracts have on companies' financial position, financial performance and cash flows.

Given that this standard only recently came into effect, we will pay special attention to its application by companies in our reviews during the fiscal year.

Specific considerations related to new regulations

(11) Listed issuer financing exemption conditions

The listed issuer financing exemption under Part 5A of Regulation 45-106 came into effect in November 2022. To ensure compliance with the conditions of this exemption, we conducted issue-oriented reviews in 2023 on, among other things, the condition requiring that, at the time of distribution, the issuer have sufficient funds to meet its business objectives and liquidity requirements for a period of 12 months following the distribution (requirement set out in subparagraph (i) of Part 5A.2 of Regulation 45-106).

We found that some companies that had filed an offering document under the listed issuer financing exemption were not in compliance with this condition. Moreover, some companies failed to include in the offering document all the information on the available funds upon the closing of the offering and how they will be used.

Any company that wishes to use the listed issuer financing exemption must, before filing its offering document, reasonably estimate that it will have sufficient funds to meet its business objectives and liquidity requirements for a period of 12 months following the distribution.

The company must disclose the following in its offering document:

- What the available funds will be after the offering. If the company plans to combine additional sources of funding with the offering proceeds to achieve its principal purpose for raising capital, it must provide details about each additional source of funding;
- An explanation of any significant decline in its working capital that has occurred since the most recently audited annual financial statements;
- A detailed description of each of the principal purposes, with approximate amounts, for which the net proceeds of the distribution will be used; and
- If applicable, a statement that the company's most recently filed audited annual financial statements or interim financial report included a going concern note and an explanation of how the offering is anticipated to address any uncertainties that affect the decision on whether a going concern note is included in the next audited annual financial statements.

Did you know?

- We may decide to interrupt a distribution if we deem that a company has not complied with all the conditions of the listed issuer financing exemption.
- [CSA Staff Notice 45-330](#) was issued to answer some of the frequently asked questions on the listed issuer financing exemption.

(12) Cryptoasset trading platforms: New terms and conditions for trading value-referenced cryptoassets with clients

In the past year, the cryptoasset sector continued to be a source of reflection for regulators, including on actions to take to maintain appropriate oversight and supervision.

Generally, the activities of CTPs are subject to the [Securities Act](#) and may trigger the prospectus filing and dealer registration requirements. CTPs may not permit Canadian clients to trade, or obtain exposure to, any cryptoasset that is itself a security and/or a derivative. On October 5, 2023, the CSA published [CSA Staff Notice 21-333](#) to provide further guidance on an interim approach in respect of fiat-backed cryptoassets²⁷ offered by CTPs on or before February 22, 2023.

This notice is a follow-up to [CSA Staff Notice 21-332](#), published on February 22, 2023, in which the CSA specified that, to continue to operate while their applications for registration were reviewed, CTPs were expected to provide a pre-registration undertaking to the CSA within 30 days of the publication of the notice.

CSA Staff Notice 21-333 sets out the terms and conditions for which the CSA would provide consent to a registered CTP, or a CTP that provided a pre-registration undertaking, to allow their clients either to buy or deposit fiat-backed cryptoassets ("FBCAs") or to enter into crypto contracts to buy or deposit FBCAs. These terms and conditions are subject to a requirement that the issuer of the FBCA has filed an undertaking acceptable to the CSA that is substantially in the form set out in CSA Staff Notice 21-333 by December 1, 2023. To date, no issuers of FBCAs have filed an undertaking acceptable to the CSA.

On November 16, 2023, IOSCO published a [final report](#) including its policy recommendations for the regulation of cryptoasset and digital asset markets. With a view to addressing concerns related to market integrity and investor protection arising from the activities of cryptoasset service providers, IOSCO's recommendations cover six key areas: (i) conflicts of interest arising from vertical integration of activities and functions, (ii) market manipulation, insider trading and fraud, (iii) custody and client asset protection, (iv) operational and technological risk, (v) retail access, suitability, and distribution, and (vi) cross-border risks and regulatory co-operation.

On December 19, 2023, IOSCO published a [final report](#) setting out nine complementary policy recommendations for decentralized finance (DeFi).

As a member of IOSCO, we strongly encourage cryptoasset market participants to carefully consider the expectations and outcomes articulated in the recommendations contained in these two reports.

²⁷ Value-referenced cryptoassets that seek to replicate the value of a single fiat currency where the issuer sets aside an adequate reserve of assets denominated in the fiat currency.

Did you know?

- CTPs subject to securities or derivatives legislation are prohibited from permitting Canadian clients to trade, or obtain exposure to, any cryptoasset that is itself a security and/or a derivative. CTPs are expected to have established policies and procedures to determine whether each cryptoasset they provide exposure to is a security and/or derivative.
- Cryptoassets or financial products relating to cryptoassets are high-risk investments. These risks could result from, among other things, CTP non-compliance with registration terms and conditions or undertakings, interconnectedness within the crypto sector, insolvency, hacks, price volatility and uncertain value propositions for individual assets. Quebeckers are urged to exercise caution and consider seeking advice from a dealing representative of an investment dealer before investing in these products.
- The AMF publishes a list of platforms registered with the AMF and those that have provided a PRU, as well as a list of websites, companies and individuals whose activities are high-risk. Refer to our website www.lautorite.gc.ca to check it out!



Regulatory initiatives

The following is an overview of recent and ongoing policy initiatives relating to company financing and continuous disclosure requirements and CSA staff notices published during the year.

Regulatory initiatives that recently came into force	Summary	Important dates
Regulation to amend Regulation 45-106 respecting Prospectus Exemptions (offering memorandum prospectus exemption)	The CSA adopted new disclosure requirements applicable to real estate issuers and issuers that are “collective investment vehicles” when they prepare their offering memorandum. The new requirements are intended to set out a clear disclosure framework for these issuers, giving them more certainty as to what they must disclose to provide better information to investors. General amendments are being made to the offering memorandum exemption to clarify it and make it easier to understand for issuers and investors.	Published on December 8, 2022, and coming into force on March 8, 2023.
CSA Coordinated Blanket Order 51-930 Exempting Reporting Issuers Incorporated under the Canada Business Corporations Act from the Director Election Form of Proxy Requirement	<p>The CSA published an exemption from the director election form of proxy requirement for reporting issuers incorporated under the CBCA in respect of the uncontested election of directors.</p> <p>The purpose of the exemption, which was implemented through local blanket orders that are substantially harmonized across Canada, is to exempt these issuers from the requirement, under Regulation 51-102, to provide an option in the form of proxy for the securityholder to specify that the securities registered in the name of the securityholder must be voted or withheld from voting. Under the CBCA and the related regulation, the form of proxy must allow the shareholder to cast their vote “for” or “against” each candidate nominated for director. The exemption aims to avoid uncertainty in the market as to the application of these new provisions.</p> <p>The CSA is considering whether future proposed amendments to Regulation 51-102 are appropriate. Any such amendments would be adopted on a coordinated basis by the CSA through the normal rule-making procedures.</p>	Published on January 31, 2023, and coming into force on that same date.

Regulatory initiatives that recently came into force	Summary	Important dates
Regulation respecting real estate prospectus and registration exemptions	The Regulation prescribes the framework for certain real estate distributions while proposing, with conditions, a prospectus and registration exemption for sales of real estate investment contracts specified in the Regulation. A real estate offering document must be delivered to the purchaser, and certain disclosures are required under the Regulation. The Regulation proposes a prospectus and registration exemption for distributions of securities giving the holder a right of exclusive use of an immovable or a portion of the immovable.	Published on March 8, 2023, and coming into force on that same date.
Regulation 13-103 respecting System for Electronic Data Analysis and Retrieval + (SEDAR+)	<p>The CSA implemented Regulation 13-103, which provides the requirement for filers to transmit through SEDAR+ each document required or permitted to be filed with or delivered to a regulator or securities regulatory authority pursuant to securities legislation.</p> <p>This initiative is in line with the work to implement SEDAR+, the centralized IT system, and is part of the first phase to replace SEDAR, the national cease trade order database, the disciplined list and the local records filing systems in some jurisdictions.</p>	Published on March 23, 2023, and coming into force on June 9, 2023.
Regulation 13-102 respecting System Fees	<p>The CSA repealed Regulation 13-102 respecting System Fees for SEDAR and NRD and replaced it by Regulation 13-102 respecting System Fees.</p> <p>In conjunction with the systems renewal, the CSA has revised the fees for specified filings made by market participants to align them to projected SEDAR+ operating costs and to provide for future developments and enhancements.</p>	Published on March 23, 2023, and coming into force on June 14, 2023.

Regulatory initiatives that recently came into force	Summary	Important dates
Coordinated blanket orders respecting exemptions from certain filing requirements in connection with the launch of the System for Electronic Data Analysis and Retrieval + ²⁸	<p>The CSA published time-limited exemptions from certain requirements to file documents through SEDAR+. Every member of the CSA implemented the relief through a local blanket order that was substantively harmonized.</p> <p>The blanket orders essentially provided filers with an extension to file documents that are required to be transmitted through SEDAR+ during the cutover period to accommodate the transfer of system data required for the launch of SEDAR+. The launch, which was originally planned for June 13, 2023, was postponed to July 25, 2023, to ensure that the data migration met strict quality control standards. Filers were required to continue using SEDAR and the other systems until the beginning of the new cutover period.</p>	Published and coming into force on May 11, June 8 and July 17, 2023.
Coordinated Blanket Order 13-933 Temporary exemption from the requirement to transmit a report of exempt distribution through SEDAR+ in connection with distributions of eligible foreign securities to permitted clients	<p>The CSA published, through local blanket orders that were substantively harmonized, exemptions from the requirement to transmit a Form 45-106F1 Report of Exempt Distribution through SEDAR+ for a distribution of an “eligible foreign security” to a “permitted client”, as such terms are defined in the Report of Exempt Distribution.</p> <p>The exemption is available to enable required enhancements to be made to the functionality of SEDAR+.</p>	Published on July 20, 2023, and coming into force on July 21, 2023.
Regulation to amend Regulation 41-101 respecting General Prospectus Requirements and concordant – Amendments to Implement an Access Model for Prospectuses of Non-Investment Fund Reporting Issuers	<p>The CSA published in final form amendments to implement an access model for prospectuses, generally, for non-investment fund reporting issuers. The purpose of the access model is to modernize the way prospectuses are made accessible to investors and reduce regulatory burden on reporting issuers. The access model for prospectuses offers benefits for both issuers and investors by providing a more cost-efficient, timely and environmentally friendly manner of communicating information to investors than paper delivery.</p> <p>Furthermore, the CSA is considering ways to enhance the access model proposed in April 2022 for continuous disclosure documents and intends to publish a revised model in due course.</p>	Published on January 11, 2024, and coming into force on April 16, 2024.

²⁸ [Coordinated Blanket Order 13-930](#) respecting exemptions from certain filing requirements in connection with the launch of the System for Electronic Data Analysis and Retrieval +, [Coordinated Blanket Order 13-931](#) respecting exemptions from certain filing requirements in connection with the deferred launch of the System for Electronic Data Analysis and Retrieval + and [Coordinated Blanket Order 13-932](#) respecting exemptions from certain filing requirements in connection with the launch of the System for Electronic Data Analysis and Retrieval +.

Ongoing policy initiatives	Summary	Important dates
Draft Regulation 51-107 respecting Disclosure of Climate-Related Matters	Further to the publication for comment of Draft Regulation 51-107, the CSA is reviewing which changes should be made to the proposed requirements for disclosure of climate change-related matters. See the heading “Significant developments in sustainability reporting in Canada and around the world” for more information on this topic.	The comment period ended on February 16, 2022.
CSA Consultation Paper 43-401 Consultation on Regulation 43-101 respecting Standards of Disclosure for Mineral Projects	Further to the publication of CSA Consultation Paper 43-401 Consultation on Regulation 43-101 respecting Standards of Disclosure for Mineral Projects, the CSA is assessing ways to update and enhance the mineral disclosure requirements in order to continue providing investors with consistent, comparable and useful information to assist them in making informed investment decisions.	The comment period ended on September 13, 2022.
Draft Regulation to amend Regulation 58-101 respecting Disclosure of Corporate Governance Practices and Draft Amendments to Policy Statement 58-201 to Corporate Governance Guidelines	<p>The CSA published for comment draft amendments pertaining to board nominations, board renewal and diversity beyond the representation of women. The draft amendments build upon the existing disclosure requirements.</p> <p>The objectives of the draft amendments are to increase transparency about diversity on boards and in executive officer positions, provide investors with decision-useful information to assist with their investment and voting decisions, and provide guidance to reporting issuers on related good governance practices. The consultation, which sought feedback on two different approaches, will help determine which approach best meets the needs of stakeholders.</p>	The comment period ended on September 29, 2023.

Ongoing policy initiatives	Summary	Important dates
Draft Regulation to amend Regulation 44-102 respecting Shelf Distributions (well-known seasoned issuers)	<p>The CSA published for comment draft amendments introducing an expedited shelf prospectus regime for well-known seasoned issuers in Canada. This initiative is aligned with the CSA's work to reduce regulatory burden for reporting issuers, without compromising investor protection or the efficiency of the capital markets.</p> <p>The objective of the draft amendments is to facilitate capital raising by eligible issuers that satisfy certain conditions. The regime permits these issuers to file a final base shelf prospectus and be deemed to receive a receipt for that prospectus without first filing a preliminary base shelf prospectus, omit certain disclosure from their base shelf prospectus and benefit from receipt effectiveness for a period of 37 months from the date of its deemed issuance, subject to the issuer's annual reassessment of its qualification to use the regime.</p> <p>In the meantime, well-known seasoned issuers that meet certain conditions may benefit from this regime under exemptions implemented through local blanket orders that are substantively harmonized in all jurisdictions. In this regard, see CSA Staff Notice 44-306.</p>	The comment period ended on December 20, 2023.

Staff notices	Summary	Important dates
CSA Staff Notice 21-332 Crypto Asset Trading Platforms: Pre-Registration Undertakings Changes to Enhance Canadian Investment Protection	CSA staff published a notice to describe a change in practice in connection with CTPs that continue to operate in Canada while they seek registration and related exemptive relief and to provide additional guidance to CTPs.	Published on February 22, 2023.
CSA Staff Notice 45-330 - Frequently Asked Questions about the Listed Issuer Financing Exemption	CSA staff published a notice to answer some of the frequently asked questions on the listed issuer financing exemption adopted by all securities regulatory authorities in Canada in November 2022.	Published on June 1, 2023.

Staff notices	Summary	Important dates
CSA Staff Notice 51-324 (Revised) Glossary to Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities	<p>CSA staff published a revised notice presenting the glossary that explains much of the terminology used in Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities, and its forms and the policy statement.</p> <p>Part 1 of the glossary is provided to assist users in better understanding the purpose and application of Regulation 51-101. Part 2 focuses on the reserves explanations and is derived from the Canadian Oil and Gas Evaluation (COGE) Handbook.</p>	Published on June 9, 2023.
CSA Multilateral Staff Notice 58-316 Review of Disclosure Regarding Women on Boards and in Executive Officer Positions – Year 9 Report	Certain CSA members published a report that outlines key trends from the ninth review of public disclosure regarding women on boards and in executive officer positions.	Published on October 5, 2023.
CSA Staff Notice 21-333 Crypto Asset Trading Platforms: Terms and Conditions for Trading Value-Referenced Crypto Assets with Clients	The notice expands upon the CSA staff's views that value-referenced crypto assets may constitute securities and/or derivatives in several jurisdictions.	Published on October 5, 2023.

Other topics of interest

SEDAR+

With the implementation of SEDAR+ in 2023, the AMF now has new tools to monitor documents filed by companies. The new platform has, in some respects, changed how filings and records are managed. Certain areas of focus relating to the use of SEDAR+ are presented below.

SEDAR+ profiles

We remind issuers of the importance of updating their SEDAR+ profile information and ensuring that it is accurate and complete.

This information is important, as SEDAR+ automation systems rely on it to trigger certain requirements, identify defaults and calculate deadlines and fees. For example, a company that has changed its financial year end and that fails to modify its profile to reflect the change could be automatically placed on the default list, as the system would determine, based on the company's profile information, that it is in default of having filed its financial statements.

The following is a non-exhaustive list of items in a company's profile that need to be updated on an ongoing basis:

Issuer profile field	Why it's important
Full legal name in English and French	This information is required to ensure the accuracy of the issuer's name displayed in the reporting issuers list.
Year end	This information is used to calculate deadlines and late fees.
Contact information	Accurate contact information is necessary for us to contact issuers.
Profile information	Accurate information is necessary for us to contact issuers and carry out certain analyses.
Listed or quoted on an exchange or other market	This information is used to calculate fees.
NAICS – North American Industry Classification Standard	This information is used to analyze data provided regarding distributions made.
Exchangeable security issuer or credit support issuer	This information is used to calculate fees.

A company is required to report any changes to its SEDAR+ profile at the earlier of:

- the next time the company transmits a document through SEDAR+ after the date on which the company knew or reasonably should have known that the information contained in the profile is inaccurate; and
- ten days after the date on which the company knew or reasonably should have known that the information contained in the profile is inaccurate.²⁹

²⁹ Section 4.2 of Regulation 13-103.

Filing metadata and messages sent through SEDAR+

Depending on the type of document filed, SEDAR+ requires information on the document or its content (e.g., the over-allocation position in connection with a distribution under a prospectus). It is important, therefore, for a filer to provide accurate information in order to ensure the smooth processing of their file and the effective operation of the system. Otherwise, we may have to contact the filer to have it correct errors or file additional information, which may result in delays.

Since the implementation of SEDAR+, we have issued our comment letters through SEDAR+ for prospectuses, discretionary exemption applications and bids. Therefore, it is important for filers to update their profile information in order to, among other things obtain notification from SEDAR+ of a message filed by the AMF.

Dual prospectus – “Clear for Final”

In the course of a final prospectus filing, some issuers found that the OSC’s “Clear for Final” status was no longer displayed after the filing of a response letter. We noted that when a response letter is filed through SEDAR+ in a prospectus filing after the OSC has changed its status to “Clear for Final”, the previously displayed status is automatically removed. As a result, the OSC no longer appears to be “Clear for Final” even though it still is. In order to clarify and confirm the OSC’s status at any time during a prospectus filing, a filer may refer to the “View status history” link at the bottom of the list of recipient agencies on SEDAR+.

Local application – Identification of Québec as principal regulator

During the filing of certain applications, we found that companies confuse their principal regulator as reporting issuers with the principal regulator to which their application is sent. When issuers file a local application with the AMF (e.g., an application for exemption from the requirements to prepare offering documents in French), they must identify Québec as the principal regulator for the application, even if their principal regulator is another regulatory authority.

Failure to identify Québec as the principal regulator in a local application may result in an application being filed late or not filed with the responsible unit, thereby extending the application processing period.

Did you know?

- SEDAR+ now enables us to better monitor the application of securities regulations by providing a more integrated view of market participant data.
- To ensure that the data filed on SEDAR+ is reliable and can be put to best use, it is important to properly input the information that is filed on an ad-hoc basis and update the information that may change over time.
- The AMF may contact you to ask you to correct or update data.

Diversity on boards and in executive officer positions

Since 2015, several CSA members, including the AMF, have disclosed the results of their annual reviews of corporate disclosures relating to women on boards and in executive officer positions.

For information purposes, the table below presents data compiled by the AMF since the coming into force of the disclosure requirements regarding the representation of women for Québec companies listed on the TSX.

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023
Number of companies ³⁰	64	66	64	59	60	55	56	58	55
Board seats held by women	18%	18%	20%	21%	23%	24%	27%	28%	31%
Companies with at least one woman on their board	80%	80%	81%	88%	92%	95%	96%	98%	98%
Companies with at least three women on their board	20%	24%	27%	29%	30%	36%	45%	48%	55%

³⁰ Companies having year-ends between December 31 of the previous year and March 31 of the reference year that filed information circulars before July 31 of the reference year.

The AMF in Canada and on the international stage

CSA Chief Accountants Committee

The AMF is a member of the CSA Chief Accountants Committee, which also includes the OSC, the BCSC and the ASC. The committee monitors financial reporting matters and responds to emerging and contentious issues relating to accounting and assurance standards and issues regarding the oversight of auditors. In so doing, it ensures consistent interpretation and application of standards from jurisdiction to jurisdiction.

During the past year, the committee [commented](#) on Proposed International Standard on Auditing 570 (Revised), Going Concern and Proposed Conforming and Consequential Amendments to Other ISAs (“the proposed amendments”), as published by the IAASB.

The proposed amendments aim to:

- promote consistent practice and behaviour and facilitate effective responses to identified risks of material misstatement related to going concern;
- strengthen the auditor’s evaluation of management’s assessment of going concern, including reinforcing the importance, throughout the audit, of the appropriate exercise of professional skepticism; and
- enhance transparency with respect to the auditor’s responsibilities and work related to going concern where appropriate, including strengthening communications and reporting requirements.

The Chief Accountants Committee is of the view that the proposed amendments will help enhance transparency about going concern and promote consistent practices among auditors. However, the committee is concerned about the overlap of the going concern concept proposed by the IAASB with companies’ applicable financial reporting frameworks. It believes this overlap could lead to potential diversity in the application of the going concern assessment period. The IAASB is currently analyzing the comments received and anticipates that a holistic revision of the standard will be approved in December 2024.

IOSCO

The AMF is a member and active participant in the work of IOSCO. The organization develops, implements and promotes adherence to internationally recognized standards for securities regulation. This year, IOSCO published the following reports of interest to companies:

- **Recommendations on Accounting for Goodwill** (published on December 15, 2023)

This report describes stakeholder concerns about the significant increase in the amount of goodwill being reported by listed companies. IOSCO encourages the IAASB to enhance disclosures so that investors receive relevant information in a timely manner and can better assess companies’ acquisition decisions. The report also includes recommendations for companies, audit committees and external auditors.

- **Statement on the Consultation on the Proposed International Standard on Sustainability Assurance (ISSA) 5000 and the Related Global Outreach Program** (published on December 1, 2023)

This statement provides IOSCO’s observations and key areas for IAASB’s consideration. It states that it is important to establish a public interest framework that is sufficiently detailed to promote consistent application by all assurance practitioners and be suitable for use across all reporting frameworks.

The IOSCO Committee on Issuer Accounting, Audit and Disclosure issued comments on several draft proposals in 2023. These comments can be viewed on the [IOSCO website](#).

Significant developments in sustainability reporting in Canada and around the world

There were many significant developments in sustainability reporting, internationally and in Canada, in 2023 and the early months of 2024.

Internationally

- On June 26, 2023, the ISSB issued its first two sustainability disclosure standards: IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. The CSA welcomed the publication of these standards.
- On July 25, 2023, IOSCO formally endorsed the ISSB's IFRS S1 and IFRS S2 standards calling on its members to consider ways in which they might adopt, apply or otherwise be informed by the ISSB standards within the context of their jurisdictional arrangements, in a way that promotes consistent and comparable climate- and sustainability-related disclosures for investors.
- On March 6, 2024, the SEC's climate-related disclosures rule was approved.
- The CSA continues to monitor and assess international developments in this area.

In Canada

- On June 26, 2023, the CSSB, which is tasked to, among other things, adapt ISSB standards to the Canadian market, announced that it was operational.
- On March 13, 2024, the CSSB launched a consultation on the first two proposed Canadian Sustainability Disclosure Standards (CSDS 1, General Requirements for Disclosure of Sustainability-related Financial Information, and CSDS 2, Climate-related Disclosures), which align with the ISSB's IFRS S1 and IFRS S2 standards.
- In a news release dated March 13, 2024, the CSA welcomed the launch of the CSSB's consultation and pointed out that:
 - In order to become mandatory under Canadian securities legislation, the CSSB standards must first be incorporated into a CSA rule. Once the CSSB consultation is complete and its standards are finalized, the CSA anticipates seeking comment on a revised rule setting out climate-related disclosure requirements. The CSA proposal will consider the final CSSB standards and may include modifications appropriate for the Canadian capital markets. The CSA anticipates adopting only those provisions of the sustainability standards that are necessary to support climate-related disclosures.
 - The CSA remains committed to working towards disclosure requirements that support the assessment of material climate-related risks, reduce market fragmentation, and contribute to efficient capital markets while considering the needs and capabilities of issuers of different sizes. When the CSA publishes its revised rule, it will seek public comments on a number of matters, including the scope of application and the need for additional time and/or guidance for reporting issuers to comply with certain disclosure requirements.

Appendix

List of certain regulations, policy statements and notices prescribed for companies

This appendix lists and provides hyperlinks to the regulations, policy statements and notices referred to in this Summary. All regulations and other texts are published under Securities on the [AMF's website](#).

Number of regulation or policy statement	Name of regulation or policy statement
Regulation 11-102	respecting Passport System
Regulation 13-102	respecting System Fees
Regulation 13-102 (repealed)	respecting System Fees for SEDAR and NRD
Regulation 13-103	respecting System for Electronic Data Analysis and Retrieval + (SEDAR+)
Policy Statement 12-203	respecting Management Cease Trade Orders
Regulation 43-101	respecting Standards of Disclosure for Mineral Projects
Policy Statement 43-101	to Regulation 43-101 respecting Standards of Disclosure for Mineral Projects
Regulation 44-102	respecting Shelf Distributions
Regulation 45-106	respecting Prospectus Exemptions
Form 45-106F1	Report of Exempt Distribution
Regulation 45-110	respecting Start-up Crowdfunding Registration and Prospectus Exemptions
Regulation 51-102	respecting Continuous Disclosure Obligations
Form 51-102F5	Information Circular
Regulation 52-110	respecting Audit Committees
Regulation 52-112	respecting Non-GAAP and Other Financial Measures Disclosure

Number of regulation or policy statement	Name of regulation or policy statement
Regulation 58-101	respecting Disclosure of Corporate Governance Practices
Policy Statement 58-201	to Corporate Governance Guidelines
Regulation 61-101	respecting Protection of Minority Security Holders in Special Transactions

Notice number	Name of notice
CSA Staff Notice 21-332	Crypto Asset Trading Platforms: Pre-Registration Undertakings – Changes to Enhance Canadian Investor Protection
CSA Staff Notice 21-333	Crypto Asset Trading Platforms: Terms and Conditions for Trading Value-Referenced Crypto Assets with Clients
CSA Staff Notice 41-307 (Revised)	Concerns regarding an issuer's financial condition and the sufficiency of proceeds from a prospectus offering
CSA Staff Notice 44-306	Blanket Orders Exempting Well-known Seasoned Issuers from Certain Prospectus Requirements
CSA Staff Notice 45-330	Frequently Asked Questions about the Listed Issuer Financing Exemption
CSA Staff Notice 51-324 (Revised)	Glossary to Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities
CSA Multilateral Staff Notice 58-316	Review of Disclosure Regarding Women on Boards and in Executive Officer Positions – Year 9 Report

Contact information

We welcome comments and suggestions to improve this Summary of Oversight and Regulatory Activities. For more information, or to give us your feedback, please contact any of the following people:

Benoît Gascon

Senior Director, AMF Corporate Finance
Telephone: 514-395-0337, ext. 4401
Toll-free: 1-877-525-0337, ext. 4401
E-mail: benoit.gascon@lautorite.qc.ca

Martine Barry

Director, Supervision of Financial Reporting
Telephone: 514-395-0337, ext. 4411
Toll-free: 1-877-525-0337, ext. 4411
E-mail: martine.barry@lautorite.qc.ca

Michel Bourque

Interim Director, Regulatory Policy
Telephone: 514-395-0337, ext. 4466
Toll-free: 1-877-525-0337, ext. 4466
E-mail: michel.bourque@lautorite.qc.ca

Marie-Claude Brunet-Ladrie

Director, Supervision of Issuers and Insiders
Telephone: 514-395-0337, ext. 4391
Toll-free: 1-877-525-0337, ext. 4391
E-mail: marie-claude.brunet-ladrie@lautorite.qc.ca

Patrick Théorêt

Director, Corporate Finance Transactions
Telephone: 514-395-0337, ext. 4381
Toll-free: 1-877-525-0337, ext. 4381
E-mail: patrick.theoret@lautorite.qc.ca

Toll fee: 1-877-525-0337

lautorite.qc.ca

Québec City

418-525-0337

Place de la Cité, tour PwC

2640, boulevard Laurier, bureau 400

Québec (Québec) G1V 5C1

Montréal

514-395-0337

800, rue du Square-Victoria, bureau 2200

Montréal (Québec) H3C 0B4