

CSA Notice of Consultation

Draft Regulation respecting National Systems Renewal Program and Related Amendments

May 2, 2019

Introduction

The Canadian Securities Administrators (the **CSA** or **we**) are publishing, for a 90-day comment period:

- draft *Regulation 13-103 respecting System Replacement* (**Regulation 13-103**), including the repeal of *Regulation 13-101 respecting System for Electronic Document Analysis and Retrieval (SEDAR)* (**Regulation 13-101**) and the SEDAR Filer Manual;
- draft *Policy Statement to Regulation 13-103 respecting System Replacement* (**Policy Statement 13-103**);
- draft amendments to existing regulations:
 - *Regulation 11-102 respecting Passport System*;
 - *Regulation 41-101 respecting General Prospectus Requirements*;
 - *Regulation 43-101 respecting Standards of Disclosure for Mineral Projects*;
 - *Regulation 44-101 respecting Short Form Prospectus Distributions*;
 - *Regulation 44-102 respecting Shelf Distributions*;
 - *Regulation 45-102 respecting Resale of Securities*;
 - *Regulation 45-106 respecting Prospectus Exemptions*;
 - *Regulation 45-108 respecting Crowdfunding*;
 - *National Policy 46-201: Escrow for Initial Public Offerings*;
 - *Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities*;
 - *Regulation 51-102 respecting Continuous Disclosure Obligations*;
 - *Regulation 51-105 respecting Issuers Quoted in the U.S. Over-the-Counter Markets*;
 - *Regulation 54-101 respecting Communication with Beneficial Owners of Securities of a Reporting Issuer*;
 - *Regulation 58-101 respecting Disclosure of Corporate Governance Practices*;
 - *Regulation 62-104 respecting Take-Over Bids and Issuer Bids*;
 - *Regulation 81-101 respecting Mutual Fund Prospectus Disclosure*;
 - *Regulation 81-106 respecting Investment Fund Continuous Disclosure*;
- draft amendments to existing policy statements:
 - *Policy Statement to Regulation 11-102 respecting Passport System*;
 - *Policy Statement 11-201 respecting Electronic Delivery of Documents*;

- *Policy Statement 11-202 respecting Process for Prospectus Reviews in Multiple Jurisdictions;*
- *Policy Statement 11-203 respecting Process for Exemptive Relief Applications in Multiple Jurisdictions;*
- *Policy Statement 11-206 respecting Process for Cease to be a Reporting Issuer Applications;*
- *Policy Statement 11-207 respecting Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions;*
- *Policy Statement 12-202 respecting Revocation of Certain Cease Trade Orders;*
- *Policy Statement 12-203 respecting Management Cease Trade Orders;*
- *Policy Statement to Regulation 41-101 respecting General Prospectus Requirements;*
- *Policy Statement 41-201 respecting Income Trusts and Other Indirect Offerings;*
- *Policy Statement to Regulation 43-101 respecting Standards of Disclosure for Mineral Projects;*
- *Policy Statement to Regulation 44-101 respecting Short Form Prospectus Distributions;*
- *Policy Statement to Regulation 44-102 respecting Shelf Distributions;*
- *Policy Statement to Regulation 44-103 respecting Post-Receipt Pricing;*
- *Policy Statement to Regulation 45-102 respecting Resale of Securities;*
- *Policy Statement to Regulation 45-106 respecting Prospectus Exemptions;*
- *Policy Statement to Regulation 45-108 respecting Crowdfunding;*
- *Notice 47-201 relating to Trading Securities Using the Internet and Other Electronic Means;*
- *Policy Statement to Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities;*
- *Policy Statement to Regulation 51-102 respecting Continuous Disclosure Obligations;*
- *Policy Statement to Regulation 51-105 respecting Issuers Quoted in the U.S. Over-the-Counter Markets;*
- *National Policy 51-201: Disclosure Standards;*
- *Policy Statement to Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards;*
- *Policy Statement to Regulation 52-108 respecting Auditor Oversight;*
- *Policy Statement to Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings;*
- *Policy Statement to Regulation 54-101 respecting Communication with Beneficial Owners of Securities of a Reporting Issuer;*
- *Policy Statement 58-201 to Corporate Governance Guidelines;*
- *Policy Statement to Regulation 61-101 respecting Protection of Minority Security Holders in Special Transactions;*

- *Policy Statement 62-203 respecting Take-Over Bids and Issuer Bids;*
- *Policy Statement to Regulation 71-102 respecting Continuous Disclosure and Other Exemptions Relating to Foreign Issuers;*
- *Policy Statement to Regulation 81-101 respecting Mutual Fund Prospectus Disclosure;*
- *Policy Statement to Regulation 81-102 respecting Investment Funds;*
- *Policy Statement to Regulation 81-106 respecting Investment Fund Continuous Disclosure; and*
- *Policy Statement to Regulation 81-107 respecting Independent Review Committee for Investment Funds.*

In this Notice, Regulation 13-103, Policy Statement 13-103, the draft amendments to existing regulations and the draft amendments to policy statements are referred to collectively as the **Phase 1 Amendments**. The CSA is also publishing today a separate notice seeking comment on proposed amendments to *Regulation 13-102 respecting System Fees for SEDAR and NRD*.

The text of the Phase 1 Amendments is published with this Notice and is also available on the websites of the following CSA jurisdictions:

www.bcsc.bc.ca
www.albertasecurities.com
www.fcaa.gov.sk.ca
www.mbsecurities.ca
www.osc.gov.on.ca
www.lautorite.qc.ca
www.fcnb.ca
nssc.novascotia.ca

Substance and Purpose

The National Systems Renewal Program (**NSRP**) is an initiative of the CSA that aims to replace CSA national systems (the System for Electronic Document Analysis and Retrieval (**SEDAR**), the National Cease Trade Order Database, the Disciplined List, the System for Electronic Disclosure by Insiders, the National Registration Database and the National Registration Search) with a more centralized CSA IT system (the **Renewed System**). Every CSA member is participating in NSRP.

We expect the Renewed System to be implemented in 4 phases beginning in early 2021. The first phase (**Phase 1**) will replace SEDAR, the National Cease Trade Order Database, the Disciplined List and certain filings in the British Columbia Securities Commission eServices system and the Ontario Securities Commission Electronic Filing Portal. Accordingly, filings made by issuers, including foreign issuers, will be incorporated into the Renewed System in Phase 1. We expect filings made by insiders, registrants, derivatives market participants and regulated entities (such as marketplaces, self-regulatory bodies and clearing agencies) to be addressed in future phases of the Renewed System. At this time, we are only proposing amendments relating to Phase 1.

The purposes of the Phase 1 Amendments are to:

- introduce Regulation 13-103, which is the new central regulation that provides the requirements and the procedure for the electronic transmission of documents through the Renewed System. Regulation 13-103 will mandate that all documents required or permitted to be filed with or delivered to a regulator, except in Québec, or securities regulatory authority be transmitted electronically in accordance with the regulation, unless specifically excluded;
- help market participants understand how we will apply and interpret Regulation 13-103 by providing guidance in Policy Statement 13-103;
- update the existing filing requirements related to SEDAR, the British Columbia Securities Commission eServices system and the Ontario Securities Commission Electronic Filing Portal so that they work with the Renewed System;
- amend existing regulations and policy statements that refer to how market participants are required or permitted to transmit documents to a regulator, except in Québec, or securities regulatory authority; and
- repeal Regulation 13-101, which includes the SEDAR Filer Manual.

Summary of Regulation 13-103 and Policy Statement 13-103

Regulation 13-103 provides that:

- filers must transmit electronically through the Renewed System each document required or permitted to be filed with or delivered to a regulator, except in Québec, or securities regulatory authority under securities legislation;
- Regulation 13-103 does not apply to certain documents required or permitted to be filed or delivered pursuant to securities legislation set out in Column A of the Appendix. As part of the phased implementation of the Renewed System, certain filers referred to in Column B of the Appendix are nevertheless required to file in the Renewed System in Phase 1;
- some documents, specified in subsections 3(a) to (e) of Regulation 13-103, will never be filed or delivered through the Renewed System. These include documents filed or delivered in connection with a hearing, compliance review, proceeding or investigation;
- filers must complete a profile containing the information specified in the Renewed System, and must keep their profile current; and
- regulatory and system fees must be paid through the Renewed System.

The Renewed System will also offer online help that will guide filers in navigating and using the system. This online help feature will replace the SEDAR Filer Manual.

Policy Statement 13-103 provides guidance on different aspects of Regulation 13-103 including:

- the documents that are required to be filed through the Renewed System, and those that are excluded to reflect the phased implementation of the Renewed System;
- how jurisdiction is determined for the purposes of payment of system fees;
- the manner and format, and templates if any, that filers should use in transmitting information; and
- the public accessibility of documents.

Amendments to Existing Regulations and Policy Statements

The Phase 1 Amendments are also intended to update the existing regulations and policy statements to include necessary references to the Renewed System and remove references to existing CSA systems. For example, references to SEDAR are replaced with references to the Renewed System, where appropriate. In many cases, the amendments involve revising or deleting references to format (electronic or otherwise). In certain regulations, some housekeeping amendments are proposed, such as repealing or deleting transitional provisions that are no longer applicable and correcting grammatical or typographical errors. In these limited cases, the changes are not related to the Renewed System.

Anticipated Costs and Benefits

Once fully implemented, the Renewed System will provide more secure, single-window access for market participants to file documents and pay fees. The filing process will be more uniform, and the system will enforce modern access controls and expand public search functionality. Some filers may have to adapt their internal processes and systems.

We believe that the benefits of a modernized, more secure and centralized system with improved search capabilities will outweigh the costs associated with the Phase 1 Amendments.

Local Matters

An annex is being published in any local jurisdiction that is making related changes to local securities laws, including local notices or other policy instruments in that jurisdiction. It also includes any additional information that is relevant to that jurisdiction only.

Request for Comments

We are issuing this Notice to solicit comments on the Phase 1 Amendments. Please note that between the date of this Notice and the final publication of Phase 1 Amendments we may include reference to additional securities legislation in the Appendix of Regulation 13-103, as necessary to reflect the phased implementation of the Renewed System.

The public comment period expires on July 31, 2019. Please submit your comments in writing on or before July 31, 2019. If you are not sending your comments by email, please also send a CD containing the submissions (in Microsoft Word format).

Address your submissions to all of the CSA as follows:

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission of New Brunswick
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Registrar of Securities, Northwest Territories
Registrar of Securities, Yukon Territory
Superintendent of Securities, Nunavut

Deliver your comments only to the addresses below. Your comments will be distributed to the other participating CSA.

Me Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, rue du Square-Victoria, 4e étage
C.P. 246, Place Victoria
Montréal, Québec H4Z 1G3
Fax: 514 864-6381
consultation-en-cours@lautorite.qc.ca

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor
Toronto, Ontario M5H 3S8
Fax: 416 593-2318
comments@osc.gov.on.ca

We cannot keep submissions confidential because securities legislation in certain provinces requires publication of the written comments received during the comment period. All comments received will be posted on the website of each of the Alberta Securities Commission at www.albertasecurities.com, the Autorité des marchés financiers at www.lautorite.qc.ca and the Ontario Securities Commission at www.osc.gov.on.ca. Therefore, you should not include personal information directly in comments to be published. It is important that you state on whose behalf you are making the submissions.

Annex

The following annex is published with this Notice:

- Annex A – Local Matters (Québec).

Questions

Please refer your questions to any of the following:

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Annex A

Local Matters (Québec)

In Québec, we are proposing consequential amendments to *Regulation respecting Development Capital Investment Fund Continuous Disclosure* (chapter V-1.1, r. 46). These amendments are intended to update this regulation with references to the [Renewed System] and remove references to SEDAR.