

December 23, 2025

To:

British Columbia Securities Commission
 Alberta Securities Commission
 Financial and Consumer Affairs Authority of Saskatchewan
 The 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
 Office of the Yukon Superintendent of Securities
 Northwest Territories Office of the Superintendent of Securities
 Superintendent of Securities, Nunavut

VIA EMAIL

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The Secretary
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Re: Proposed Coordinated Blanket Order 51-933 *Exemptions to Permit Semi-Annual Reporting for Certain Venture Issuers* (the “Consultation”)

The Canadian Advocacy Council of CFA Societies Canada (the “CAC”)¹ appreciates the opportunity to comment on the Canadian Securities Administrators’ (the “CSA”’s) proposed multi-year pilot project which would allow eligible venture issuers to voluntarily adopt semi-annual financial reporting.

While we support the CSA’s overarching objective of reducing regulatory burden for smaller public issuers, we must reiterate our significant and longstanding reservations regarding a reduction in financial reporting frequency as a tenable stand-alone solution

¹ The CAC is an advocacy council for CFA Societies Canada, representing the 12 CFA Institute Member Societies across Canada and over 21,000 Canadian CFA charterholders. The council includes investment professionals across Canada who review regulatory, legislative, and standard setting developments affecting investors, investment professionals, and the capital markets in Canada. Visit www.cfacanada.org to access the advocacy work of the CAC.

As the global association of investment professionals, CFA Institute sets the standards for professional excellence and credentials. We champion ethical behavior in investment markets and serve as the leading source of learning and research for the investment industry. We believe in fostering an environment where investors’ interests come first, markets function at their best, and economies grow. With more than 210,000 charterholders worldwide across more than 160 markets, CFA Institute has 9 offices and 158 local societies. Find us at www.cfainstitute.org or follow us on [LinkedIn](https://www.linkedin.com/company/cfa-institute/).

to the decline in Canadian listings. Drawing upon our related previous submissions from 2017 (CSA Consultation Paper 51-404), 2020 (to the Ontario Capital Markets Modernization Taskforce), and 2021 (CSA Proposed Amendments to NI 51-102), we offer the following detailed comments on the SAR Pilot.

Executive Summary

We respectfully urge the CSA to reconsider implementing the SAR Pilot in isolation, and instead focus on considering the SAR pilot within a broader package of reforms focused on modernizing Canadian corporate reporting infrastructure and requirements to support high-quality, high-frequency disclosure that meets the needs of today's investors and capital markets, in concert with reforms that address the broader health of Canada's investment ecosystem, and attractiveness as both a listing and investing jurisdiction, acknowledging increasingly competitive dynamics from other jurisdictions. Our key concerns on the SAR Pilot as-proposed are as follows:

- **Reiteration of Unaddressed Prior Concerns:** Quarterly reporting serves critical market functions including facilitating price discovery and contributing to market integrity. Reducing reporting frequency in isolation risks increased information asymmetry disadvantaging investors relative to insiders, reduced comparability within peer groups over time and across geographies, and undermining investor access to high-quality management-produced issuer information.
- **Lack of Success Metrics:** The absence of pre-defined, quantitative (or qualitative) success metrics for the SAR Pilot in the Notice of Consultation is a significant concern. Without clear benchmarks for measuring cost savings and other impacts (cost of capital, liquidity, analyst coverage) on participating eligible issuers versus a comparable peer group of non-participating issuers, and impacts on market integrity systemically, the CSA cannot objectively evaluate whether the SAR Pilot project should be continued, expanded, or abandoned as a direction for future policy.
- **Missed Technology Opportunities:** The proposal fails to consider emerging and complementary solutions for relieving issuer burden within the existing quarterly cadence. Modern disclosure taxonomies (XBRL/iXBRL) and AI-driven applications for production and review of disclosure information could meaningfully reduce issuer burden without sacrificing the frequency of information provided to the market. There is no evidence that this has been substantively explored, and it would appear Canada is continuing to lag competing issuer destinations in this regard.
- **Investment Ecosystem and Competitive Dynamics:** The proposal may inadvertently harm the competitive position of Canadian venture issuers, disincentivize capital allocation to smaller companies in Canada, create disharmony for cross-listed issuers, and degrade trust in the integrity of Canada's venture markets.

1. Reiteration of Unaddressed Prior Concerns: Frequency vs. Quality

Consistent with our prior submissions, the CAC maintains that reducing reporting frequency should not be the primary attempted mechanism for listed issuer burden

reduction. The concerns we raised in response to prior proposals and related topics in 2017, 2020, and 2021 remain applicable and, if anything, have been reinforced by subsequent market developments and research relating to short-termism concerns and information asymmetry, and the development of promising alternative avenues to issuer cost efficiencies relating to corporate reporting.

1.1 Price Discovery and Volatility

We believe less frequent corporate reporting impedes critical market functions, specifically price discovery and contribution to securities valuation. Periodic financial statements provide the market with structured, management-produced information that anchors security prices to corporate updates and fundamental value.

Research from CFA Institute examining the United Kingdom's experience - where quarterly reporting was mandatory from 2007 to 2014 before reverting to semi-annual - demonstrates that mandatory quarterly reporting was associated with an increase in analyst coverage and an improvement in the accuracy of analyst earnings forecasts.² These are precisely the market infrastructure elements that Canadian venture issuers need to attract and retain investor capital.

1.2 Information Asymmetry

Less frequent reporting places most investors at an informational disadvantage relative to insiders and substantial security holders, and those with increased incentives to seek non-public information on corporate performance. While existing prohibitions regarding selective disclosure and insider trading remain in place, as noted in related commentary on less-frequent corporate reporting, Sandra Peters of CFA Institute noted, "six months is a long time for leakage of information."³ The extended reporting interval creates greater opportunities for information asymmetry to develop and persist, ultimately harming retail investors who lack alternative channels to obtain timely information about issuer performance, and in doing so degrading perceptions of market fairness and market integrity.

We acknowledge the CSA's reference to material change reporting requirements and exchange listing rules as mitigating factors. However, material change reporting requirements are defined by legislation to only certain material events in the discretion of management, whereas quarterly financial statements provide regular, comprehensive updates on an issuer's financial condition and material facts, regardless of whether management has determined that a "material change" has occurred. The market benefits from this regular cadence of complete facts and financial information.

1.3 Comparability

² Impact of Reporting Frequency on UK Public Companies (2017), Pozen, Nallareddy, and Rajgopal (CFA Institute Research Foundation) [Online](#)

³ [Trump Wants to Scrap Quarterly Earnings Reports. SEC Prioritizes the Plan. - Barron's](#)

Scaling down disclosure based on issuer size limits the usability of information for comparison purposes. Investors require the same breadth of information to allocate capital rationally, regardless of issuer size or geography. A voluntary SAR regime creates a fragmented disclosure landscape within (often geographically agnostic) peer groups - some issuers reporting quarterly and others semi-annually - making it significantly more difficult for investors to conduct meaningful comparative analysis when evaluating investment opportunities among venture issuers. If this phenomenon is only to apply in Canada, it's possible that this relative analytical complexity may serve as a deterrent to analysis and investment in eligible Canadian-listed venture issuers.

As noted in the OSC's own regulatory impact analysis, "a voluntary SAR regime may also harm the broader venture market and increase the cost of capital for all issuers since it is difficult to compare or evaluate issuers that continue to report quarterly against their peers that choose only SAR." We share this concern and believe it warrants greater weight in the CSA's analysis.

1.4 Investor Demand for Quarterly Reports

Quarterly reports remain vital to investors because they provide structured, certified information and updates on risks and other corporate updates, not merely earnings. CFA Institute survey data⁴ from 2019 demonstrates the continued importance of quarterly reporting to investment professionals:

- 68% indicate that reducing reporting frequency will increase the need for periodic information filings with securities regulators.
- 69% indicate that reducing reporting frequency will result in the uneven release of information to investors—given the extended time between reports—and disadvantage certain investors.
- 87% feel that allowing companies different or flexible reporting frequencies will make comparability between companies and between industries even more difficult for investors.

Given the decreased transparency, decreased comparability, and increased complexity resulting from reducing reporting frequency, respondents are not in favor of reducing reporting frequency or allowing companies any flexibility as to their reporting frequency. **Some 65% of respondents state the benefits of quarterly reporting to investors exceed the costs.**

It is difficult to conclude from this data that investors are seeking changes in the frequency with which companies report. Rather, the evidence suggests strong demand for quarterly reporting across all issuer categories.

⁴ Page 22 - Reporting Frequency (CFA Institute) [Online](#)

2. Lack of Identified Success Metrics for the Pilot

We express significant concern regarding the absence of clearly identified success metrics for the SAR Pilot within the Notice of Consultation. While the CSA intends to use "learnings from the SAR Pilot" to inform future rulemaking, there is no clarity on how "success" will be defined or measured, either quantitatively or qualitatively.

Without pre-defined metrics and criteria - such as specific targets for cost savings for participating issuers versus potential increases in the cost of capital, impacts on liquidity, changes in analyst coverage, trading volume patterns, or monitoring of selective disclosure events - it is unclear how the CSA will objectively evaluate whether the benefits of the pilot outweigh the potentially systemic detriments to investor protection and market efficiency.

We urge the CSA to establish a data-driven and cohorted measurement and evaluation framework to assess the pilot results over time before considering any pilot expansion or permanent rule changes. Such a framework should include at a minimum:

- **Baseline measurements:** Costs of reporting compliance for participating issuers prior to adoption, and those for a cohort of similar but non-participating issuers over time for comparison;
- **Cost of capital monitoring:** Tracking changes over time in cost of equity and debt financing for participating versus non-participating issuers, on an absolute and relative basis;
- **Liquidity metrics:** Bid-ask spreads, trading volume, and market depth for participating issuers versus non-participating peers, and in relation to market-wide liquidity metrics over the period;
- **Analyst coverage:** Changes in analyst following for participating issuers vs non-participating, and relative to market-wide analyst coverage;
- **Volatility analysis:** Stock price volatility comparison between reporting periods, using the same cohorted and market-wide measurement methods; and
- **Selective disclosure monitoring:** Enhanced surveillance for potential selective disclosure events or pursuit of non-public information among participating issuers and their investors.

3. Lack of Complementary Solutions: Technology and AI

We are concerned by the lack of proposed complementary solutions designed to ease issuer burden within the existing corporate reporting cadence. Rather than simply removing data points, the regulator should focus on modernizing how data is produced and consumed for regulatory and investor purposes, and how to ease this process and related costs through technology adoption and utility-developed and deployed solutions.

3.1 Modernization over Reduction

The CAC has long advocated for the adoption of disclosure taxonomies and technology, such as XBRL (Extensible Business Reporting Language) or iXBRL (Inline XBRL), which are becoming the norm globally. The United States, European Union, United Kingdom,

Japan, and numerous other jurisdictions have mandated structured data reporting to enhance the efficiency and usefulness of financial disclosures.

Machine-readable financial data reduces the burden on both issuers and information consumers. For issuers, structured reporting can be integrated into existing accounting systems to automate the preparation of regulatory filings. For investors and analysts, structured data enables automated analysis and comparison across issuers without manual data extraction.

When paired with emerging automation and AI-driven technologies, the importance of structured and tagged information as a key enabler is only amplified.

3.2 AI and Modern Tools

There is a missed opportunity to explore the development of technologies, tools, and AI-driven applications that could streamline issuer production of quarterly reports or facilitate the CSA's consumption of this information. Modern generative AI tools are increasingly capable of assisting with the preparation and validation of narrative disclosures such as MD&A, analyzing financial data for anomalies or trends requiring disclosure, and automating formatting and filing processes.

The CSA should use structured data as a strategic enabler for regulation to reduce redundant requests for information and streamline regulatory oversight of issuers. A coordinated effort to develop or endorse technology solutions could provide meaningful burden relief without sacrificing the frequency of information provided to the market.

4. Investment Ecosystem and Competitive Dynamics

We note a lack of complementary proposals for improving the overall quality of the investment ecosystem in Canada for both issuers and investors. The proposal to reduce reporting frequency in isolation may inadvertently harm the competitive position of Canadian venture issuers relative to other listing and investment ecosystems.

4.1 Capital Allocation

Investors may be disincentivized from directing capital into smaller companies if they perceive heightened risks due to asymmetric information or stale disclosures. The venture market serves a critical function in providing growth capital to emerging Canadian businesses. Any regulatory change that increases perceived investment risk - even if intended to reduce issuer burden - may ultimately harm the issuers it is designed to help by increasing their cost of capital or reducing their access to public market financing. At a minimum, it decreases the comparability of these companies given the non-uniform reporting frequency and associated analytical complexity. At the margin, investors may opt to bypass this complexity in pursuit of investment opportunities.

4.2 Global Competitiveness

Moving to a semi-annual cycle will disharmonize reporting for these issuers with their peers cross-listed on U.S. or other international exchanges, potentially frustrating international investors and increasing the aggregate cost of capital for affected issuers. Canadian venture issuers competing for capital in global markets must meet investor expectations shaped by other jurisdictions' and investors' disclosure standards. A perception of complexity in that some Canadian issuers provide less timely information than their international peers could disadvantage Canadian capital markets.

4.3 Market Integrity

A robust continuous disclosure regime is essential to maintaining a "level playing field" in the secondary market. Diluting this regime risks degrading trust in the integrity and efficiency of Canada's venture markets. The venture exchanges serve an important capital formation function for Canadian entrepreneurs and investors. Maintaining high disclosure standards - even where they impose costs on issuers - is essential to preserving investor confidence in these markets and lowering their cost of capital.

Responses to Specific Consultation Questions

Question 1: Eligibility Criteria and Conditions

Do you agree with the eligibility criteria and conditions in the Blanket Order for the SAR Pilot? Are there any other eligibility criteria that should disqualify issuers from participating in the SAR Pilot? Are there any other conditions that issuers participating in the SAR Pilot should be subject to?

While we have fundamental concerns about the SAR Pilot itself, we offer the following observations on the proposed eligibility criteria and conditions:

Additional Disqualifying Criteria

We recommend that the following circumstances should disqualify issuers from participating in the SAR Pilot:

- **Material Transactions:** Issuers undergoing or contemplating reverse takeovers (RTOs), significant acquisitions, changes of business, or other fundamental transactions where quarterly disclosure of material facts and financial information is particularly important for investor protection;
- **Sector-Specific Considerations:** The Materials sector represents 58% of eligible issuers. Mining and exploration companies often have project-specific developments, financing activities, and exploration results (collectively, often "Material facts") that investors expect to see contextualized within regular financial reporting. Consideration should be given to whether certain issuer activity profiles or sectors warrant continued quarterly reporting regardless of revenue levels; and
- **Recent Capital Raises:** Issuers that have recently completed a prospectus offering should be required to maintain quarterly reporting for a specified period (e.g., 12 or 24 months) following the offering to ensure investors who participated

in the offering receive timely ongoing disclosure, particularly relating to specified use of proceeds of the offering.

Additional Conditions

We recommend consideration of the following additional condition for SAR Pilot-participating issuers:

- **Investor Communication/Pilot Participation Disclosure:** Require participating issuers to maintain a dedicated investor relations section on their website clearly and prominently indicating their participation in the SAR Pilot, require prominent disclosure from participating issuers as to SAR Pilot participation in their semi-annual disclosures and AIF (if voluntarily filing), and to clearly indicate expected timing of semi-annual filings.

Question 2: Future Rulemaking Considerations

The SAR Pilot is intended to be a multi-year pilot project. The CSA intends to engage in a formal rule-making project to consider whether the SAR Pilot should be adjusted in terms of scope, eligibility and conditions. Please provide any feedback in respect of criteria or conditions that could be considered as part of the future rule-making project.

As indicated throughout this letter, we have fundamental concerns about moving toward semi-annual reporting for any category of reporting issuer, and further concerns about the lack of pre-specific success conditions for the SAR Pilot. If the CSA proceeds with the SAR Pilot, we offer the following recommendations for future rulemaking:

Mandatory Success Metrics/Framework

Before expanding any SAR Pilot framework or related rulemaking, the CSA should be required to publish findings demonstrating that the pilot achieved meaningful cost savings for participating issuers without material specific or systemic adverse effects on cost of capital, liquidity, analyst coverage, price volatility, or market integrity. The framework for measuring these outcomes should be established and published before the pilot begins.

Technology Utility Mandate

Any future SAR Pilot framework or related rulemaking proposals should be paired with a requirement for participating issuers (ideally, all issuers) to file financial statements in XBRL or iXBRL format, alongside the development and deployment of market-utility tools easing the cost of production, review, and filing of this disclosure information. This would ensure that any reduced frequency of reporting is partially offset by enhanced machine-readability and comparability of the information that is provided. It would also encourage the development of utility technology infrastructure that could ultimately benefit all reporting issuers.

Sunset Provision

Any expanded SAR Pilot or proposed permanent SAR rulemaking framework should include a mandatory five-year review with automatic expiry if the review is not completed. This would ensure ongoing assessment of the framework's costs and benefits as market conditions evolve.

Concluding Remarks

We strongly urge the CSA to reconsider core aspects of the SAR Pilot as-proposed and refocus on easing issuer burden through modernizing the reporting infrastructure to support high-quality, high-frequency disclosure that meets the needs of today's digital capital markets. The appropriate response to issuer burden concerns is not to reduce the information available to investors, but rather to invest in technology and processes that make compliance more efficient for all participants. We support the objectives behind the SAR Pilot, but believe these objectives would be better served by taking a more holistic approach to improving the attractiveness of Canada as a listing jurisdiction and the quality of Canada as an investment ecosystem.

Quarterly reporting serves critical functions in price discovery, investor protection, and market integrity. These functions are not diminished simply because an issuer is smaller or has lower revenues. Indeed, smaller issuers with less analyst coverage and lower trading liquidity may be precisely the issuers where regular, comprehensive financial disclosure is most important to assist investors with discovering them, and to grow investor confidence.

If the CSA proceeds with the SAR Pilot, we urge the establishment of clear success metrics and efforts to preserve market integrity. The CAC remains committed to engaging constructively with the CSA on these important issues.

We thank you for the opportunity to provide these comments and would be happy to address any questions you may have. Please feel free to contact us at cac@cfacanada.org on this or any other issue in the future.

(Signed) *The Canadian Advocacy Council of
CFA Societies Canada*

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