

INVESTOR ADVISORY PANEL

May 26, 2020

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

The Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto ON M5H 3S8
Fax: 416-593-2318
comment@osc.gov.on.ca

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

Re: IAP Response to the Revised Version of Proposed National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure

The Ontario Securities Commission's Investor Advisory Panel (IAP) welcomes this opportunity to provide the Canadian Securities Administrators (CSA) with our response to the revised version of *Proposed National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure* (the Proposed Rule). The IAP is an initiative by the Ontario Securities Commission (OSC) to enable investor concerns and voices to be represented in its rule development and policymaking process. Our mandate is to solicit and represent the views of investors on the Commissions' policy and rulemaking initiatives.

We indicated our support for the original version of the Proposed Rule in our November 20, 2018 letter responding to the CSA's first request for comment, and we remain supportive of the effort to promote transparent and informative disclosure of non-GAAP financial information.

We note, however, that the revised version of the Proposed Rule limits its application to certain issuers and exempts certain disclosures, financial measures, and types of documents. While we understand the need to eliminate unnecessary regulatory burden and limit costs for issuers, we urge the CSA to prioritize full and transparent disclosure to investors when considering any further reductions in scope of the Proposed Rule's application.

At the same time, we caution that misleading measures cannot be made accurate by means of additional disclosure – regulators must ensure that issuers are using appropriate measures in the first place and that there is adequate scrutiny of individual issuers.

Our previous letter commented on the disturbing prevalence of documented deficiencies in issuer continuous disclosure over many years. To the extent that the reporting of non-GAAP financial measures has been a significant contributing factor to these disclosure deficiencies, we urge the CSA to indicate how this problem is addressed through the Proposed Rule.

Alternatively, if the Proposed Rule is not designed to rectify those deficiencies, we would welcome an initiative specifying measures that regulators will take in this area, including the appropriate application of enforcement measures, when necessary, in future.

To echo our letter to OSC Chair Maureen Jensen dated February 14, 2019 (RE: Issuer Continuous Disclosure), we recommend that the OSC, in conjunction with the other members of the CSA, undertake an examination of the effectiveness of current methods and controls used with a view to strengthening overall compliance with continuous disclosure obligations.

Thank you for taking the time to review and consider this letter.

Please let us know if you have any questions or require clarification of our recommendation.

Sincerely,



Neil Gross
Chair, Investor Advisory Panel