



leadership beyond finance

June 29, 2020

Chief Accountant
Ontario Securities Commission
20 Queen St W,
Toronto, ON M5H 3S8

Dear Cameron McInnis

Re: Comments on National Instrument 52-112, Non-GAAP and Other Financial Measures Disclosure

The Committee on Corporate Reporting (CCR) of Financial Executives International Canada (FEI Canada) is pleased to respond to the request for comment on the *National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure*.

FEI Canada is the all-industry professional membership association for senior financial executives. With 12 chapters and over 1600 members, FEI Canada provides professional development, networking opportunities, thought leadership and advocacy services to its members. The association membership, which consists of Chief Financial Officers, Audit Committee Directors and senior executives in the Finance, Controller, Treasury and Taxation functions, represents a significant number of Canada's leading and most influential corporations.

CCR is one of several thought leadership committees of FEI Canada. CCR is devoted to improving the awareness of issues and educating FEI members on the implications of the issues it addresses and is focused on continually improving the standards and regulations impacting corporate reporting.

CCR and FEI Canada would like to thank you for the opportunity to comment on the CSA Second Notice and Request for Comment – Proposed National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure, Proposed Companion Policy 52-112, Related Proposed Consequential Amendments and Changes (NI 52-112).

Our Summary Comments on the revised NI 52-112 are outlined below in this letter. FEI Canada has been an active participant in this project, and we have been very closely observing the proposed changes made in the Second Notice.

As an overall document, the updated draft is a substantial improvement on the previous version and addresses many of our earlier comments or/and concerns. We would like to congratulate the Ontario Securities Commission team that has spent significant time and effort on reviewing and incorporating comments from the previous version.

Summary Comments

- We observed that some of the sections in the paper have been written in the negative action, and not the positive action. We specifically see this in paragraphs 6 and 8 where "An issuer must not disclose" unless the following apply... We would prefer it if the language was written that "if an issuer chooses to disclose, the following disclosures must be made". This issue of defining "in the negative action" is unnecessarily complex when reading the definition of a "supplementary financial measure". Presumably this definition can lead one to the conclusion that key performance measures, such as same store sales or cost per ounce, etc are supplementary financial measures but the definition is not at all clear if that is the case. Additionally, some examples of each would be helpful in aiding understanding of the definitions.
- In the Companion Policy on page 1323 under "Source of Reconciling Items", there are several disclosure requirements if the reconciling item is not from the entity's financial statements. This statement should be clear that if a reconciling item is disclosed in a note to the financial statements, the disclosure requirements are not applicable.
- The staff paper should emphasize more on the importance of governance and controls that an entity's board, audit committee and management must exercise on the Non-GAAP measures procedures. Some examples of a control framework may be helpful to preparers of financial statements.

We appreciate the role the Ontario Securities Commission has to protect investors and feel that the proposed revised papers reflect a good balance of investor protection while enabling companies, projects and start-ups to provide additional information that will be beneficial to their investors.

Sincerely,



Celine Arsenault

Chair – Committee on Corporate Reporting