

June 29, 2022

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 of New Brunswick
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut

The Secretary
Ontario Securities Commission
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M^e Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
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Dear Sir/Madam,

Re: CSA Notice and Request for Comment – Proposed Amendments and Proposed Changes to Implement an Access Equals Delivery Model for Non-Investment fund Reporting Issuers

We have reviewed the above referenced *CSA Notice and Request for Comment – Proposed Amendments and Proposed Changes to Implement an Access Equals Delivery Model for Non-Investment fund Reporting Issuers* (the CSA Proposal) and we thank the Canadian Securities Administrators (CSA) for the opportunity to provide you with our comments.

CCGG’s members are Canadian institutional investors that together manage approximately \$6 trillion in assets on behalf of pension funds, mutual fund unit holders, and other institutional and individual investors. CCGG promotes good governance practices, including the governance of environmental and social matters, at Canadian public companies and assists institutional investors in meeting their stewardship responsibilities. CCGG also works toward the improvement of the regulatory environment to best align the interests of boards and management with those of their investors and to increase the efficiency and effectiveness of the Canadian capital markets. A list of our members is attached to this submission.

CCGG supports the CSA’s goal of reducing regulatory burden on issuers while ensuring that investor protection is not compromised. CCGG further supports the CSA’s recognition that information is an important and useful tool in improving communication with investors and its commitment to facilitating electronic access to documents where appropriate. CCGG’s focus is on ensuring that institutional investors have the information they need to make good investment decisions and to monitor those investments.

GENERAL COMMENTS

CCGG has existing positions on access equals delivery, most recently articulated in our March 2020 submission to the CSA in response to *CSA Consultation Paper 51-405 – Considerations of an Access Equals Delivery Model for Non-Investment Fund Reporting Issuers* and in our September 2020 response to the *Ontario Capital Markets Modernization Task Force’s draft recommendations*¹.

CCGG is generally supportive of enhancing electronic delivery of documents and movement toward a default electronic delivery for a limited scope of documents, provided that institutional investors retain a right to “opt in” to receive a paper copy.

¹ CCGG, [Submission to Canadian Securities Administrators re CSA Consultation Paper 51-405 – Considerations of an Access Equals Delivery Model for Non-Investment Fund Reporting Issuers](#), March 5, 2020; CCGG, [Submission to Capital Markets Modernization Taskforce re: Consultation – Modernizing Ontario’s Capital Markets](#), September 7, 2020.

ELEMENTS OF THE CSA PROPOSAL CCGG SUPPORTS

Scope of the Proposal

The CSA is proposing to introduce access equals delivery for prospectuses, annual financial statements, interim financial reports and related MD&A. Such documents would be deemed delivered once posted on SEDAR and where applicable, a news release is issued and filed on SEDAR.

The CSA is expressly **not** proposing an access equals delivery model for documents such as proxy-related materials, and take-over bid and issuer bid circulars that require shareholders to take action. We agree strongly with this approach and it aligns with our recommendations in response to earlier consultations on this topic.

For the same reasons as set out in our prior submissions, which we are restating below, we would also like to emphasize that we would **not** be supportive of the CSA extending access equals delivery to documents requiring shareholder action in the future. CCGG is of the view that proxy-related materials, and other documents upon which investors rely in order to exercise their rights as shareholders should not be deemed “delivered” by issuers under an electronic access equals delivery model, absent prior notice and consent. This is distinct from electronic delivery which can still be achieved under a notice and consent model.

Information related to the timing as to when and for what purpose an issuer may call a shareholder meeting is within the purview of the issuer and it is the responsibility of the issuer to proactively ensure that shareholders are made aware of such events and have timely access to the information they require to exercise their rights. Voting is one of the key mechanisms investors have to exercise oversight over the companies in which they are invested and therefore it is important for companies to be required to continue to provide notice to shareholders to facilitate shareholder participation in votes on both routine (e.g. election of directors) and special resolutions, whether included on the ballot at an Annual General Meeting or through a special meeting of shareholders. Requiring clear communication in this regard, prevents companies from seeking to game voting outcomes through reduced shareholder participation.

Conversely, absent the provision of notice, some companies, especially those with a dispersed or retail investor heavy shareholder base, may have difficulty achieving quorum, ultimately creating barriers for issuers with respect to a company’s ability to pursue corporate initiatives.

Paper copies and standing instructions

We were pleased to note that the CSA Proposal does not remove an investor’s ability to request paper copies or from receiving financial statements and related MD&A based on the investor’s standing instructions. This approach is in line with CCGG’s position in prior submissions and we are pleased to see that the CSA Proposal incorporates this approach.

ELEMENTS OF THE PROPOSAL CCGG QUESTIONS

Clear risk to retail investors

While CCGG's members are sophisticated institutional investors familiar with accessing and tracking company disclosures on SEDAR, we view the protection of all investors as paramount to the Canadian capital markets regulatory environment and we do have concerns that the CSA Proposal creates a risk for retail investors.

The CSA Proposal is premised on the following assumption: "SEDAR is a common, standardized platform that provides ease and convenience of use for investors, allowing them to access and search for specific information in a document more efficiently than they would otherwise be able to with paper copies of documents"².

The CSA has provided no empirical evidence to support this assumption. In fact, while this may be true for institutional investors, 2021 research conducted by True North Marketing Insights (on behalf of Broadridge and provided to the CSA in September 2021) surveying Canadian retail investors found the converse assumption to be true. The survey revealed that 82% of retail investors are not aware of SEDAR and don't use it; only 4% of retail investors use SEDAR once a year and only 6% use it more than once per year; and lack of awareness is greater among more vulnerable segments of retail investors such as older investors, those with lower income, wealth and education³.

Issuer cost reduction is prioritized over modernization of document delivery

The stated purpose of the CSA Proposal is "to modernize the way documents are made available to investors and reduce costs associated with the printing and mailing of documents"⁴. This purpose appears to conflate effective, electronic delivery with access equals delivery but these two things are distinct. Electronic delivery can be achieved by an effective and modernized notice and access model without removing delivery requirements. This distinction should be made clearer to investors, especially retail investors.

In addition, pushing particularly retail investors toward SEDAR as the tool for accessing important company documents cannot be equated with "modernization" given that important upgrades to the SEDAR platform through implementation of its replacement SEDAR Plus is a longstanding and long-

² April 7, 2002, CSA Notice and Request for Comment – Proposed Amendments and Proposed Changes to Implement an Access Equals Delivery Model for Non-Investment Fund Reporting Issuers (2022), 45 OSCB 3610.

³ Broadridge Investor Communications Corporation, [Letter to CSA re: Proposed Amendments to National Instrument 51-102 Continuous Disclosure Obligations and other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers September 17, 2021](#), at pages 38 and 39.

⁴ *Supra*, note 1. We note that the CSA has recently launched a pilot program for SEDAR Plus and has indicated an intention for the platform to roll out in late 2022 but this has not yet been achieved and access equals delivery should not be implemented until there has been adequate time for investors of all sizes to acclimatize to SEDAR Plus. We also note that education and training resources and focus appears to be focused on issuers as users rather than investors as consumers: [SEDAR+ Frequently Asked Questions - Canadian Securities Administrators \(securities-administrators.ca\)](#)

awaited objective, repeatedly identified as a priority by securities commissions but is still not operational⁵. Implementing access equals delivery prior to delivering a modernized and more user friendly, searchable and intuitive platform for investors to access such documents seems both premature and appears to unfairly advance the stated purpose of reducing issuer costs without providing investors with a modernized platform for accessing documents.

Role of investor education and timing

The Proposal is silent as to when the proposed changes would be implemented and does not provide any guidance as to the steps that the CSA and/or each individual securities commissions would take to both ensure that retail investors are made aware of the change, and that their investor education initiatives are providing resources to educate and raise awareness as to SEDAR and how to access and navigate the information posted there.

CONCLUSION

We thank you again for the opportunity to provide you with our comments. If you have any questions regarding the above, please feel free to contact our Executive Director, Catherine McCall, at cmccall@ccgg.ca or our Director of Policy Development, Sarah Neville at sneville@ccgg.ca.

Yours truly,

'Bruce Cooper'

Chair of the Board of Directors
Canadian Coalition for Good Governance

⁵ See for example, [CCGG's December 16, 2022 letter to the OSC re: Notice 11-794 – Statement of Priorities: Request for Comments regarding Statement of Priorities for Financial Year to End March 31, 2023](#) at 5.

CCGG MEMBERS 2022

- Alberta Investment Management Corporation (AIMCo)
- Alberta Teachers' Retirement Fund (ATRF)
- Archdiocese of Toronto
- BlackRock Asset Management Canada Limited
- BMO Global Asset Management Inc.
- Burgundy Asset Management Ltd.
- Caisse de dépôt et placement du Québec
- Canada Pension Plan Investment Board (CPPIB)
- Canada Post Corporation Registered Pension Plan
- Capital Group Canada
- CIBC Asset Management Inc.
- Colleges of Applied Arts and Technology Pension Plan (CAAT)
- Connor, Clark & Lunn Investment Management Ltd.
- Desjardins Global Asset Management
- Fiera Capital Corporation
- Forthlane Partners Inc.
- Fondation Lucie et André Chagnon
- Franklin Templeton Investments Corp.
- Galibier Capital Management Ltd.
- Healthcare of Ontario Pension Plan (HOOPP)
- Hillsdale Investment Management Inc.
- IGM Financial Inc.
- Investment Management Corporation of Ontario (IMCO)
- Industrial Alliance Investment Management Inc.
- Jarislowsky Fraser Limited
- Leith Wheeler Investment Counsel Ltd.
- Letko, Brousseau & Associates Inc.
- Lincluden Investment Management Limited
- Manulife Investment Management Limited
- NAV Canada Pension Plan
- Northwest & Ethical Investments L.P. (NEI Investments)
- Ontario Municipal Employee Retirement System (OMERS)
- Ontario Teachers' Pension Plan (OTPP)
- OP Trust
- PCJ Investment Counsel Ltd.
- Pension Plan of the United Church of Canada Pension Fund
- Public Sector Pension Investment Board (PSP Investments)
- QV Investors Inc.
- RBC Global Asset Management Inc.
- Régimes de retraite de la Société de transport de Montréal (STM)
- RPIA
- Scotia Global Asset Management
- Sionna Investment Managers Inc.
- SLC Management Canada
- State Street Global Advisors, Ltd. (SSgA)
- Summerhill Capital Management
- Teachers' Pension Plan Corporation of Newfoundland and Labrador
- TD Asset Management
- Teachers' Retirement Allowances Fund
- UBC Investment Management Trust Inc.
- University Pension Plan Ontario (UPP)
- University of Toronto Asset Management Corporation (UTAM)
- Vestcor Inc.
- York University Pension Fund

