NOVEMBER 2025

Corporate Finance Disclosure Report

ASC
Alberta Securities Commission

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Introductory remarks

For 35 years, the Alberta Securities Commission has provided insight to reporting issuers (RIs) through our annual Corporate Finance Disclosure Report. We are pleased to share the 2025 edition, continuing our educational effort to assist RIs in ensuring high-quality financial reporting.

Each year, our Corporate Disclosure & Financial Analysis team conducts reviews of the disclosure made by RIs for which the ASC is the principal regulator and prepares this report to highlight key findings and insights to support compliance. Of course, accurate, timely and reliable disclosure is critical to providing investors with the material information necessary for informed investment decisions and foundational to ensuring a fair, efficient and thriving capital market.

This year we provide guidance on certain emerging disclosure issues we have encountered in relation to RIs engaged in businesses involving carbon credits, crypto assets and artificial intelligence (AI). We also address the increasing use of non-offering prospectuses as a means of going public and issues that have arisen in that context.

An area of continued focus for us is the pursuit of efforts to ensure a competitive Canadian capital market that, while continuing to protect investors from misleading disclosure, explores ways to reduce unnecessary regulatory burden in the public markets and facilitates the efficient capital formation necessary to support economic growth. Recent initiatives that support this work include the proposed pilot to permit semi-annual financial reporting by smaller venture issuers, the expansion of the listed issuer financing exemption (LIFE), the implementation of the well-known seasoned issuer (WKSI) prospectus-offering regime and the proposed expansion of the self-certified investor prospectus exemption.

Turning to Government of Canada activities that intersect with securities regulation, we are pleased that the federal government will pursue proposed amendments to the *Competition Act* (Canada) relating to the greenwashing provisions. We note that the liability regime contemplated remains different than that under securities legislation. We will be assessing to understand the implications for voluntary sustainability disclosure to investors.

We also welcome the federal government publication of the proposed *Stablecoin Act* (Canada) and look forward to ongoing dialogue and cooperation to ensure complementary regimes, both addressing the risks and providing an internationally competitive regulatory environment.

While in the past, crypto asset regulation was something of a niche area of securities regulation, we are increasingly seeing interest in applying distributed ledger technology (DLT) to traditional assets and using it to represent securities, such as debt and fund units through tokenization. While some aspects of tokenization have analogues in traditional securities regulation (e.g., the regulation of Canadian depository receipts, use of fractional shares, and the sale of undivided interests in land), DLT introduces new risks along with new opportunities. So, this too is expected to be an area of focus for us as this innovation evolves.

Please feel free to reach out to us should you have feedback or questions. Our contact information is provided at the end of this report.

For a more in-depth review of key items within this report, please join us on Thursday, January 22, 2026 for an online information session hosted by our team. More information and registration details are available on the Events & Presentations section of asc.ca.

Best regards,

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Each year the ASC issues four reports: the *Annual Report*, the *Alberta Capital Market Report*, the *Energy Matters Report* and the *Corporate Finance Disclosure Report*. These reports are created to provide timely and relevant information for market participants and reporting issuers. These reports can be found in the Reports and Publications section of asc.ca.

1. Continuous disclosure review process

The ASC continuous disclosure (**CD**) review program is a key priority for the Corporate Finance division. In accordance with this program, we conduct CD reviews of reporting issuers (**RIs**) for which the ASC is the principal Canadian Securities Administrators (**CSA**) regulator to assess compliance with securities legislation and to provide direct feedback on how to improve their disclosure. Our program involves two types of CD reviews: full CD reviews and issue-oriented reviews (**IORs**).

Issuers may be selected for a full CD review based on risk methodology used to identify higher-risk RIs and transactions, a screening process, random sampling and complaints. In addition, a full CD review is conducted in respect of RIs that file a notice of intention to use the short form prospectus system. The scope of our full CD reviews is comprehensive and will usually include an assessment of an RI's annual and interim filings for the most recently completed annual and interim periods, including financial statements, management's discussion and analysis (**MD&A**), chief executive officer (**CEO**) and chief financial officer (**CFO**) certifications and, where applicable, the annual information form (**AIF**). It will also include other CD filings such as information circulars, statements of executive compensation, material change reports (**MCRs**) and business acquisition reports. We also review and assess voluntary disclosures such as websites, social media platforms, webcasts and investor presentation materials.

An IOR is a more limited review focused on particular issues, requirements or types of disclosure. IORs may be undertaken to support a CSA or ASC policy project, in which case they are typically conducted on a broad base of RIs. Alternatively, IORs are initiated to address a specific disclosure concern with an individual RI. We conduct some IORs on a coordinated basis with other members of the CSA, while others are conducted only by ASC staff.

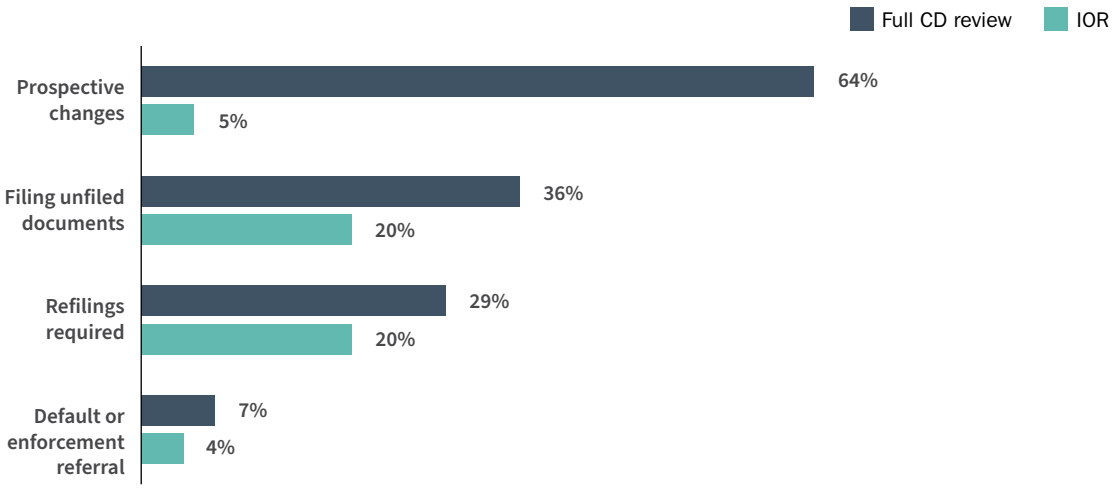
When a review identifies deficiencies in disclosure, we may request that the RI prospectively make changes in its disclosure practices, file unfiled documents or refile certain documents. We typically request that an RI make changes in its future disclosure when we conclude that a deficiency is not sufficiently serious or misleading to warrant a refiling of previously filed documents. We request the filing of unfiled documents when we identify unfiled documents that are required to be filed under securities legislation. Refiling of certain documents may be required when previously filed documents contain deficiencies requiring immediate correction. In more serious instances, when an RI does not promptly rectify a deficiency, our reviews may result in the RI being noted in default of securities legislation or cease traded. When serious disclosure or other concerns are identified, those may also be referred to the ASC's Enforcement division for further investigation and action.

When preparing their CD, RIs should carefully review the relevant securities legislation and obtain legal advice as needed.

In addition to annually providing this report to assist RIs in preparing their CD, we have included on our website in the Issuer and Insider Toolkit section a series of introductory educational videos under the heading Continuous Disclosure 101 Series (**CD 101**). CD 101 and the other available resources are intended to help inform issuers regarding applicable requirements and may be useful for issuers and their advisers that are new to securities legislation. It may also be helpful for issuers considering going public.

2025 CD REVIEW OUTCOMES

12-months ended October 31, 2025



As illustrated above, 64 per cent of our full CD reviews in 2025 resulted in the RI being requested to make prospective changes. In some cases, we requested that the RI make prospective changes and file/refile documents.

WHAT SHOULD I DO IF MY RI IS SELECTED FOR A CD REVIEW?

- Reach out to ASC staff by phone or email if a comment is unclear or you require additional information.
- Engage with your legal and/or accounting advisors, as necessary.
- Provide thorough and specific responses, referencing International Financial Reporting Standards **(IFRS)** and applicable securities legislation where relevant.
- Take note of the deadline imposed for your response. In appropriate circumstances, an extension of the response deadline may be granted. If you require more time to provide a response, request an extension prior to the deadline and explain why the extension is needed.
- Pursuant to section 60.2 of the *Securities Act* (Alberta) (the **Act**) provide any information and documents requested that are reasonably relevant to the review. A failure to deliver information and documents requested that are reasonably relevant to a disclosure review can result in an RI being noted in default on the list of reporting issuers without prior notification.

2. Notable continuous disclosure review observations

A. FORWARD-LOOKING INFORMATION

Forward-looking information (**FLI**) continues to be a key area of focus of our CD reviews as staff frequently identify deficiencies in the disclosure of such information. While FLI can provide meaningful insight to investors, it is important to comply with disclosure requirements to ensure that investors are able to understand the basis for such disclosure and the associated risks.

What is FLI?

National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) defines "forward-looking information" as:

> *"Disclosure regarding possible events, conditions or financial performance that is based on assumptions about future economic conditions and courses of action and includes future-oriented financial information with respect to prospective financial performance, financial position or cash flows that is presented as a forecast or a projection."*

FLI is most frequently observed in disclosures relating to future operational plans, anticipated economic conditions, expected future financial results, revenue outlooks, or other events or milestones that are expected to be achieved within a certain timeframe.

Where is FLI most frequently disclosed?

The disclosure requirements in NI 51-102 apply to all FLI, other than oral statements and so would include both required CD filings and voluntary disclosure documents. Staff most frequently observe FLI in the following types of disclosure, though this list is not exhaustive:

- News releases;
- Corporate presentations;
- MD&As;
- Social media posts; and
- Investor reports.

Prohibition on unreasonable FLI

FLI, like all information disclosed by issuers, must not be false or misleading in a material respect. In addition, RIs are specifically prohibited from disclosing any FLI unless they have a reasonable basis for that FLI.

What are the requirements relating to FLI?

Parts 4A and 4B, and section 5.8 of NI 51-102 set out the requirements for FLI and Part 4A and section 5.5 of the companion policy (**51-102CP**) provide helpful guidance. These requirements are meant to help investors identify material FLI, understand the material factors and assumptions used to develop it, and assess any material risks that may cause actual results to differ materially from expectations. They are also intended to ensure investors receive certain updates on previously disclosed FLI.

There are supplementary requirements that apply to FLI that is about prospective financial performance, financial position or cash flows, based on assumptions about future economic conditions and courses of action. Where that FLI is presented in the format of a historical statement of financial position, statement of comprehensive income or statement of cash flows, it is referred to as a "future-oriented financial information" (**FOFI**) and when presented in a different format it is referred to as a "financial outlook."

Assuming there is a reasonable basis for the FLI to be disclosed, the following table outlines the specific requirements with respect to FLI that is not oral:

Application	Applies to FLI disclosed by an RI, including, but not limited to, in required filings, news releases, websites and marketing materials, except in oral statements.[1]
Identification	All material FLI must be clearly identified as FLI. This will enable readers to readily understand that material FLI is being presented.
Material factors or assumptions	All material factors or assumptions used in developing the material FLI must be disclosed. These should be relevant, entity-specific and quantified, where possible.
Risk factors and cautionary language	Disclosure must include cautionary language advising that actual results may differ from the material FLI disclosed and describe the material risk factors that could cause such differences.
Updating of FLI	If events or circumstances occurred during an annual or interim financial period that are reasonably likely to cause actual results to differ materially from the previously disclosed material FLI, an RI is required to discuss that in its MD&A for that period (or in an earlier news release). This should generally include the expected differences. An RI must also disclose its policy for updating FLI if it has additional procedures beyond those specified above.
Withdrawal of FLI	If an RI decides to withdraw previously disclosed material FLI, it must disclose this in its MD&A (for the period in which the decision was made) and discuss the events and circumstances that led to the withdrawal. It is also required to include a discussion of the assumptions underlying the FLI that are no longer valid.
Additional requirements for FOFI and financial outlooks	
Comparison to actual	Once actual results are available, RIs must compare them to previously-disclosed FOFI and financial outlooks and explain any material variances.
Time period	FLI that is FOFI or a financial outlook must be limited to a time period for which the information can be reasonably estimated.

[1] The requirements do not apply to disclosure of FOFI or a financial outlook that is required by National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (**NI 51-101**) or National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (**NI 43-101**).

EXAMPLES THAT *DID NOT* MEET OUR EXPECTATIONS

News release issued in 2025

ABC RI disclosed a multi-year sales commitment of $X.X million for a product that had not yet reached commercialization.

Through correspondence with the RI, it was revealed that the underlying agreement was a wholesaling and distribution agreement that did not contain a firm sales commitment, and the sales commitment figure was based on the RI's internal estimates.

Staff comments

Given that commercialization had yet to be reached and there were no firm sales, staff was of the view that the RI did not have a reasonable basis for the FLI and the disclosure was overly promotional and potentially misleading to investors.

When staff identify materially deficient disclosure such as this, staff generally require that the RI issue a news release to retract the information and explain why it has been withdrawn. We may also require the refiling of CD documents, such as an MD&A, that include the deficient disclosure.

Had it been appropriate to disclose the forward-looking sales figure, staff would also have expected to see disclosure of the material factors and assumptions used to derive the FLI along with the risk factors that might cause actual results to differ from it.

News release issued in 2025

XYZ RI announced future growth plans, including their intention to increase plant capacity by XX% over the next five years. The news release included an accompanying disclaimer that stated that expansion would involve significant costs, which had not yet been determined, and that no funding was in place.

Staff comments

Staff was of the view that the RI did not have a reasonable basis for the disclosure given the absence of cost estimates and reasonable assurance that funding would be available. Generally, when we see this type of deficient disclosure staff will request that the RI cease providing the disclosure until more information is available. Depending on the materiality of the disclosure, staff may require refiling of the relevant document and the issuance of a news release withdrawing the FLI as described above.

Website disclosure in 2025

Staff identified an instance where an RI provided links on its website to analyst reports. In some cases, it was clearly disclosed that these reports were paid for by the RI, and in other cases this was less apparent. In all instances, staff noted that these reports included FLI that was not accompanied by the required FLI disclosure, nor included as part of the RI's CD record.

Staff comments

Staff requested that the material FLI be included in the RI's MD&A, along with the required FLI disclosures, to prevent selective disclosure. Additionally, staff requested that reports paid for by the RI include the required FLI disclosure. As explained in CSA Staff Notice 51-348 *Staff's Review of Social Media Used by Reporting Issuers* (**CSA SN 51-348**), staff are of the view that providing a link to a third-party report constitutes endorsement of the content and as such, the disclosure requirements under NI 51-102 must be met. Additionally, in accordance with CSA SN 51-348, staff requested that future reports prominently disclose that they were paid for by the RI to avoid misleading readers who might otherwise believe that the analyst reports were independently prepared.

CLIMATE-RELATED DISCLOSURE

Staff note that some RIs have disclosed future plans to reduce greenhouse gas (GHG) emissions or obtain a carbon-neutral position.

As noted in CSA Staff Notice 51-365 *Continuous Disclosure Review Program Activities for the fiscal years ended March 31, 2024 and March 31, 2023* (**CSA SN 51-365**) disclosure about future plans to reduce GHG emissions or to obtain a carbon neutral position may constitute FLI.

Pursuant to section 4A of NI 51-102, disclosed FLI must have a reasonable basis, and for material FLI the RI must disclose the material factors and assumptions and material risk factors as described above. Also, as noted in CSA SN 51-365, disclosure about a target to transition to net zero can be misleading if the issuer does not indicate what is included in its net zero target. Issuers will also want to consider whether they have a credible plan to achieve the target. If there is no reasonable basis for the target, the RI would be prohibited from disclosing it.

In accordance with subsection 5.8(2) of 51-102, RIs must update previously disclosed material FLI with a discussion of events or circumstances that occurred during the period that are reasonably likely to cause actual results to differ materially from the material FLI for a period that is not yet complete. The expected differences must also be discussed. Plans to reduce carbon emissions or targets to transition to net zero often have medium- to long-term time horizons, such as 10 or more than 25 years into the future. The longer the time horizon, the more likely actual results will differ materially from the target or plan previously disclosed. If the targets or plans constitute material FLI, RIs will need to continue to address the updating requirements for the duration of the period contemplated by the material FLI unless the material FLI is withdrawn by providing the required disclosure of the withdrawal and any assumptions that are no longer valid.

B. NON-GAAP MEASURES

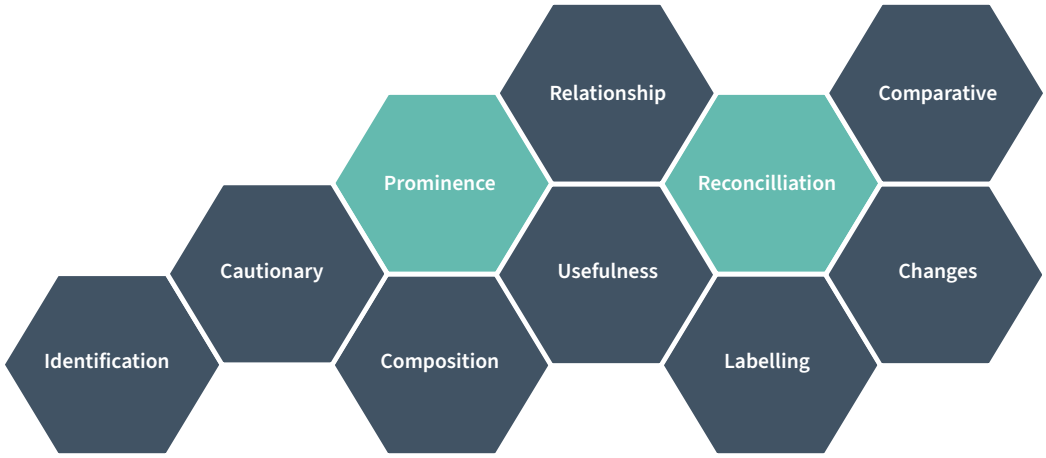
National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure* (**NI 52-112**) sets out specific disclosure requirements for non-GAAP financial measures, non-GAAP ratios, and other financial measures, which are capital management measures, supplementary financial measures, and total of segments measures. Collectively, these measures are referred to as specified financial measures and Appendix A to the companion policy (**52-112CP**) provides a useful flow chart to help RIs categorize these measures.

The instrument applies to all RIs with the exception of investment funds, designated foreign issuers and SEC foreign issuers. It also applies to non-RIs when a specified financial measure is disclosed in a document that is made available to the public and is related to certain filings, such as initial public offerings and offering memoranda, or documents submitted to a stock exchange in connection with a qualifying transaction, reverse takeover, change of business, listing application, significant acquisition or similar transaction.

NI 52-112 covers all documents made available to the public as well as other written communications that are intended to be, or are reasonably likely to be, made available to the public, such as websites and social media platforms.

Of the required attributes related to the disclosure of historical non-GAAP financial measures (shown in the diagram below), staff frequently raise comments with respect to the prominence of the non-GAAP measure and the required reconciliation to the most directly comparable financial measure.

Required attributes



Prominence

Disclosure requirements regarding the prominence of a specified financial measure differ depending on the type of specified financial measure. For non-GAAP financial measures that are historical information, the non-GAAP financial measure must be presented with no more prominence in the document than that of the most directly comparable financial measure disclosed in the primary financial statement of the entity to which the measure relates. For a non-GAAP financial measure presented on a forward-looking basis, the prominence requirement is that the measure be presented with no more prominence than its equivalent historical non-GAAP financial measure.

Determining the relative prominence of a non-GAAP financial measure is a matter of judgment, involving consideration of the overall disclosure and the facts and circumstances in which the disclosure is made. Examples of situations where we would generally conclude the prominence requirements had not been met include:

- An RI omitting the most directly comparable financial measure from a news release headline or caption that includes a non-GAAP financial measure;
- Presenting a non-GAAP financial measure using a presentation style that emphasizes the non-GAAP financial measure over the most directly comparable financial measure; or
- Discussing the non-GAAP financial measure in a more prominent location than a similar discussion of the most directly comparable financial measure.

Reconciliation

Disclosure requirements regarding the reconciliation of certain specified financial measures also differ depending on the type of specified financial measure. For non-GAAP financial measures that are historical information, RIs are required to disclose a quantitative reconciliation between the measure and the most directly comparable financial measure presented in the primary financial statements. The RI must directly disclose or incorporate by reference (where permitted) the reconciliation in proximity to the first instance that the non-GAAP financial measure is included in the document. The reconciliation must also separately itemize and explain each significant reconciling item. To ensure that the reconciliation is prepared in a clearly understandable way, RIs are encouraged to review 52-112CP for additional guidance on the level of expected detail, the source of reconciling items and entity-specific inputs.

Other deficiencies

Other, less frequent disclosure deficiencies noted by staff include labelling requirements and concerns regarding the usefulness of the measure. Any label or term used to describe a non-GAAP financial measure, or adjustments in a reconciliation, must be appropriate given the nature of information. For example, in presenting earnings before interest, taxes, depreciation and amortization (**EBITDA**) as a non-GAAP financial measure, it would be inappropriate to exclude amounts for items other than interest, taxes, depreciation and amortization. Reconciling items should not be described as "non-recurring", "infrequent" or "unusual", if a loss or gain of a similar nature is reasonably likely to occur within the entity's two financial years that immediately follow the disclosure, or has occurred during the entity's two financial years that immediately precede the disclosure.

A high-level reminder as to the primary disclosure requirement for each required attribute of a non-GAAP financial measure is provided in the table below.

ATTRIBUTE	DISCLOSURE REQUIREMENT
Labelling	Label appropriately.
Identification	Identify each non-GAAP financial measure.
Relationship	Disclose the most directly comparable primary financial statement measure.
Prominence	Present with no more prominence.
Cautionary	Caution there is not a standardized meaning, and the use may not be comparable to other issuers.
Comparative	Include the non-GAAP financial measure for the comparative period.
Composition	Explain how the non-GAAP measure is composed.
Usefulness	Explain why the measure is considered useful and the additional purposes, if any, for which management includes it.
Reconciliation	Provide a reconciliation to the primary financial statement measure.
Changes	If the label or composition of the non-GAAP financial measure has changed, explain the reasons for the change.

C. REVENUE DISCLOSURE AND ADJUSTMENTS

Revenue disclosure

In accordance with the disclosure objective of IFRS 15 *Revenue from Contracts with Customers* (**IFRS 15**), an RI's revenue disclosure should allow an investor to understand the nature, amount, timing and uncertainty of its revenue and cash flows arising from contracts with customers. The disclosure should clearly describe how an RI generates revenue, including detailed disclosures about their performance obligations and the nature of goods and services they have promised to transfer to customers.[2] Additionally, an RI should outline the criteria

[2] IFRS 15.119C

that must be met for recognition pursuant to IFRS 15, including details about when performance obligations are satisfied and the RI's methods of recognizing revenue.[3] In our reviews, staff have found instances where RIs' revenue disclosures are very broad and vague, leaving readers uncertain about how the RI derives its revenue. Where this occurs, it is also difficult to discern the different types of revenue they generate.

It is important that information about revenue be RI-specific. The disclosure should focus on how the RI applies the requirements of IFRS 15 to its own circumstances, rather than just duplicate or summarize the requirements of the accounting standard.[4] RIs should also ensure that adequate disaggregated information about their individual revenue streams is included and avoid providing disclosure for other incidental activities which are not considered material to an RI's overall performance. RIs should ensure that useful information is not obscured by insignificant details, and ensure that revenue is appropriately disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.[5]

EXAMPLE THAT *DID NOT* MEET OUR EXPECTATIONS

Excerpt from an RI's 2024 annual financial statements

The Company earns contractual product revenue and business-to-business revenue from royalty and service contracts.

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it transfers control over a product or renders services to a customer.

In accordance with IFRS, the Company follows a five-step model for revenue recognition: identify the contract with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to performance obligations in the contract, and recognize revenue when the Company satisfies a performance obligation.

Staff comments

This revenue accounting policy disclosure is generic and only provides a summary of the IFRS 15 requirements. The RI did not clearly disclose the composition of its revenue streams or explain how the requirements of IFRS 15 are applied to its own circumstances and business. Generally, when we see this type of disclosure staff will request that it be amended on a prospective basis to provide RI-specific disclosure about revenue.

Changes in accounting policy, estimates and errors

Whether an adjustment to revenue is due to a change in accounting policy, a change in accounting estimate, or is due to the discovery of a prior period error, International Accounting Standard 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (**IAS 8**) requires that certain disclosure be provided in the financial statements to explain the change. Staff have observed several instances where RIs were missing the required disclosure in their financial statements, the disclosure was insufficient, or it was misleading. Staff have also noted circumstances where RIs miscategorized the revenue adjustment.

[3] IFRS 15.119A and IFRS 15.124
[4] IAS 1.117C
[5] IFRS 15.114

The type of adjustment will determine the required financial statement disclosure. Disclosure should clearly indicate if the material revision or adjustment is due to a change in accounting policy, a change in accounting estimate, or the discovery of a prior period error, and generally staff will expect to see a description of the change, an explanation of why it was made, and the amount(s) of the adjustment(s).

- If a material, prior period error is discovered, an RI must correct it retrospectively in the first set of financial statements authorized for issue after the discovery, and provide the disclosure required by IAS 8.49.
- When an RI makes a change in accounting estimate, which is required to be recognized prospectively, an RI must provide the disclosure required by IAS 8.39 and 40.
- If an RI makes a voluntary change in its revenue accounting policy, it must provide the disclosure required by IAS 8.29.

Staff will likely require refiling of the RI's financial statements if an adjustment was material and the appropriate disclosure was not included, or if an adjustment was mischaracterized in their disclosure.

Staff have observed an increased number of RIs who have revised or changed their revenue recognition accounting policies. Often this has occurred in the fourth quarter when audited annual financial statements are due to be filed, resulting in material downward revisions to revenue recognized throughout the year. Under IAS 8.14, an RI is only permitted to change an accounting policy if it is required by IFRS or if it results in the financial statements providing more reliable and relevant information about the effect of transactions, other events or conditions on an RI's financial position, financial performance or cash flows. If staff see disclosure indicating that an RI has voluntarily changed their accounting policy, we may request that the RI provide staff with an explanation of the change and how it results in more reliable and relevant information for investors.

EXAMPLE THAT *DID NOT* MEET OUR EXPECTATIONS

Excerpt from an RI's news release in 2024

During the fourth quarter, the Company adopted a more conservative revenue recognition policy for its mechanical operations, resulting in a reversal of $XX in previously recognized revenue and the deferral of approximately $XX in Q4 revenue. These adjustments do not reflect impairment or collectability issues. Excluding these changes, performance remained on track across operating units.

Staff comments

Upon further inquiry, staff discovered that a large portion of the adjustments related to material, prior period errors. However, the RI recorded the full impact of the adjustment in the fourth quarter of the current year, rather than correcting the errors retrospectively. The RI did not provide any of the disclosures required by IAS 8 in its financial statements to support the adjustments disclosed in its news release.

Staff also objected to the RI's statement that "Excluding these adjustments, performance remained on track across operating units" as it was not appropriate to include revenue that was not recognized in accordance with IFRS 15 in assessing an operating unit's performance.

Financial statement disclosure considerations

Staff have identified recurring issues with certain revenue recognition disclosures required by IFRS 15. RIs should note that:

- Revenue recognized from contracts with customers is to be separately disclosed from other sources of revenue, pursuant to IFRS 15.113;
- Information about an RIs performance obligations in customer contracts must be disclosed, pursuant to IFRS 15.119; and information about an RIs remaining performance obligations must be disclosed pursuant to IFRS 15.120 through IFRS 15.122;
- Any significant judgements, or changes in judgements in applying IFRS 15 must be disclosed, pursuant to IFRS 15.123;
- Information about the timing of satisfaction of performance obligations over time must be disclosed, pursuant to IFRS 15.124 through IFRS 15.125; and
- Information about the methods, inputs and assumptions used in determining the transaction price and the amounts allocated to performance obligations must be disclosed, pursuant to IFRS 15.126.

MD&A disclosure considerations

Section 1.13 of Form 51-102 F1 *Management's Discussion & Analysis* (**Form 51-102 F1**) requires that the MD&A include a discussion about any changes in an RI's accounting policies. Accordingly, if it is determined that a change in an RI's revenue recognition is appropriate (see discussion above), the RI must disclose the events or transactions that gave rise to the change in accounting policy, how the RI applies the policy in regards to how it recognizes revenue, and its impact on the reporting of the RIs financial performance.

In our CD reviews, staff noted instances where the RI only indicated that they have adopted a new accounting policy without providing adequate discussion of the financial effect of the new policy. It is important for RIs to provide clear disclosure that allows an investor to understand the RI's business, how it generates and recognizes revenue, and how the change in accounting policy has impacted, or is expected to impact, its financial performance. Additionally, as a result of a change in revenue accounting policy, an RI may need to update its discussion of the significant factors that impact revenue, and factors that cause a change in the relationship between costs and revenue, pursuant to subsections 1.4(b) and (f) of Form 51-102F1.

Where an RI's revenue disclosure is considered deficient, staff will generally require an RI to amend and refile their MD&A.

D. REPORTABLE SEGMENTS

During our reviews, staff noted circumstances where RIs did not provide required disclosures in their financial statements for business activities that appeared to meet the definition of a reportable segment.

Under IFRS 8 *Operating Segments*, RIs are required to report certain information separately in their financial statements for business activities that are considered reportable segments. The purpose of this disclosure, which is also the core principle of IFRS 8, is to enable financial statement users to evaluate the nature and financial effects of the business activities in which an RI engages and the economic environments in which it operates.

Determination of reportable segments

Generally, a business activity is a reportable segment when it meets the definition of an operating segment and any of the quantitative thresholds described in paragraph 13 of IFRS 8 regarding revenue, profit or loss, and revenue are met.

In IFRS 8.5 an operating segment is defined as a component of an entity:

a) That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);

b) Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and

c) For which discrete financial information is available.

However, it may not always be clear, based on these criteria, what components of an entity comprise its operating segments. In these situations, RIs should consider the additional guidance provided in paragraphs six to 10 of IFRS 8 to assist them in identifying their operating segments. If it is still not clear which components are its operating segments, an RI should consider the core principle of IFRS 8 to help them make this determination.

The quantitative thresholds for separate reporting of operating segments outlined in paragraph 13 are as follows:

a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments.

b) The absolute amount of its reported profit or loss is 10 per cent or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss.

c) Its assets are 10 per cent or more of the combined assets of all operating segments.

Additionally, operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if an RI believes that information about the segment would be useful to financial statement users.

If staff identify facts or circumstances that suggest that a reportable segment exists but required disclosure has not been provided, a comment will likely be raised requesting that the RI explain how it determines its reportable segments and why a particular operating segment was not identified as such.

Indicators that a reportable segment exists could include:

- Identification on an RI's website of different managers for the various geographic areas or business activities in which the RI operates;
- RIs idling or moving equipment to other regions based on the past sales in a geographic region; and
- RIs disclosing separate information about financial results for business activities or geographic segments on their website, in an investor presentation, or in their MD&A.

Required disclosure for reportable segments

Once identified, an RI must disclose its reportable segments in its financial statements along with a description of the products and services from which each reportable segment derives its revenues. RIs are also required to disclose specified information about segment profit or loss, including specified revenues and expenses, along

with information about segment assets and liabilities. Certain reconciliations of segment items to corresponding entity amounts must also be provided. When operating segments are aggregated into reportable segments pursuant to the aggregation criteria in IFRS 8.12, the judgements made in applying these criteria are required to be disclosed. Finally, to assist readers in understanding the rationale for its reportable segments, RIs must provide a description of the factors that were used to identify the reportable segments and the basis for the RI's organization (i.e., whether based on products and services, geographic area, or some other basis).

Other entity-wide disclosures

IFRS 8 also requires that an RI disclose revenues from each of its main product and service categories, and certain information regarding revenue and non-current assets for the geographic areas in which it operates. This disclosure requirement applies to all RIs including those that have a single reportable segment. However, if the information is not available and the cost to prepare it is excessive, a statement to this effect must be provided. Additionally, an RI must provide information about the extent of reliance on its major customers.

E. SYSTEM FOR ELECTRONIC DISCLOSURE BY INSIDERS (SEDI)

In connection with a CD review, staff will review insider reports and compare them to other disclosures to determine if any required reports have been omitted. Insider compliance reviews are also conducted by staff outside of the CD review process.

National Instrument 55-104 *Insider Reporting Requirements and Exemptions* (**NI 55-104**) requires that "reporting insiders" of an RI file insider reports in accordance with National Instrument 55-102 *System for Electronic Disclosure by Insiders* (SEDI) (**NI 55-102**). While these requirements are not new, staff have noted that many reporting insiders have failed to keep their SEDI records up to date. New reporting insiders and new RIs should familiarize themselves with the requirements in NI 55-104 and the guidance provided in the companion policy (**55-104CP**).

Who is required to report?

The following individuals and entities are "reporting insiders," as defined in NI 55-104, and are required to file insider reports:

a) the CEO, CFO or COO of the RI, of a significant shareholder of the RI or of a major subsidiary of the RI;
b) a director of the RI, of a significant shareholder of the RI or of a major subsidiary of the RI;
c) a person or company responsible for a principal business unit, division or function of the RI;
d) a significant shareholder of the RI;
e) a significant shareholder based on post-conversion beneficial ownership of the RI's securities and the CEO, CFO, COO and every director of the significant shareholder based on post-conversion beneficial ownership;
f) a management company that provides significant management or administrative services to the RI or a major subsidiary of the RI, every director of the management company, every CEO, CFO and COO of the management company, and every significant shareholder of the management company;
g) an individual performing functions similar to the functions performed by any of the insiders described in paragraphs (a) to (f);

h) the RI itself, if it has purchased, redeemed or otherwise acquired a security of its own issue, for so long as it continues to hold that security; or

i) any other insider that

   a. in the ordinary course receives or has access to information as to material facts or material changes concerning the RI before the material facts or material changes are generally disclosed; and

   b. directly or indirectly exercises, or has the ability to exercise, significant power or influence over the business, operations, capital or development of the RI.

What must be reported?

Insider reports must be filed when an individual or entity becomes a reporting insider and when changes occur to a reporting insider's:

- Direct or indirect beneficial ownership of securities of the RI;
- Direct or indirect control or direction over securities of the RI; or
- Interest in, or right or obligation associated with, a related financial instrument involving a security of the RI.

Additional clarification on terms such as "beneficial ownership" and "control or direction" can be found in 55-104CP.

Filing deadlines

Initial report: Reporting insiders are required to file reports within 10 calendar days of becoming a reporting insider if they have beneficial ownership of, or control or direction over, whether direct or indirect, securities of the RI, or interest in, or right or obligation associated with, a related financial instrument involving a security of the RI.[6]

Subsequent reports: Reporting insiders are required to file reports within five calendar days of any change in their beneficial ownership of, or control or direction over, whether direct or indirect, securities of the RI, or interest in, or right or obligation associated with, a related financial instrument involving a security of the RI.

Reporting exemptions

Exemptions to the reporting requirements are available in certain circumstances. RIs and reporting insiders should review NI 55-104 for details about exemptions.

Late fees

Reporting insiders may be subject to late filing fees if they have not reported transactions involving securities of an RI on a timely basis. Pursuant to section 50 of ASC Rule 13-501 Fees, late fees of $50 per day, to a maximum of $1,000 per RI per calendar year may be charged.

[6] As outlined in NI 55-104, in Alberta a related financial instrument is an instrument, agreement, security or exchange contract the value, market price or payment obligations of which are derived from, referenced to or based on the value, market price or payment obligations of a security, or, any other instrument, agreement, or understanding that affects, directly or indirectly, a person or company's economic interest in a security or an exchange contract.

Requirements applicable to RIs

RIs are required to maintain their SEDI issuer profile supplement. This includes identifying any outstanding securities and class of outstanding securities held by any of their reporting insiders as per section 2.3(3) of NI 55-102. RIs should also review NI 55-104 for obligations and information applicable to RIs.

F. REPORTS OF EXEMPT DISTRIBUTION

RIs and other issuers frequently utilize a prospectus exemption to issue securities without filing a prospectus. The issuance of securities under most prospectus exemptions triggers a requirement to file a report in Form 45-106F1 *Report of Exempt Distribution* (**RED**) and related schedules and to pay an associated fee. Staff note that some issuers fail to file REDs on time or at all. RIs should review the reporting requirements for such distributions to ensure that they comply with securities legislation. A brief summary of requirements is provided below.

What is a RED?

A RED is a regulatory filing that is required when an issuer sells securities under certain prospectus exemptions, most of which are located in National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**). Commonly used prospectus exemptions include the "accredited investor" exemption and the "family, friends and business associates" exemption.

The RED provides securities regulators with key information about the securities that were sold, such as who invested, which prospectus exemptions were used, and how much money was raised by the issuer.

Filing deadline and fees

The filing deadline for a RED is typically within 10 calendar days of the distribution. If a prospectus-exempt financing involves multiple closings (e.g., shares are issued on various dates spaced more than 10 days apart), it will likely require multiple reports to be filed. The fee for filing a RED is 0.025 per cent of the gross proceeds realized in Alberta, subject to a minimum of $200. A fee calculator is available on the ASC website to allow issuers to work out in advance how much they will be expected to pay.

How to file a RED

REDs are filed electronically through SEDAR+. There are three parts to a RED:

a) The main body of Form 45-106F1;

b) Schedule 1 – Purchaser Information; and

c) Schedule 2 – Directors, Executive Officers, Promoters and Control Persons.

The main body of Form 45-106F1 is filled directly in SEDAR+. Schedules 1 and 2 are required to be submitted as Excel documents. The Schedule 1 template Excel document is available on the ASC website and the CSA website and must be used without any alteration to its format. Schedule 2 will be auto-generated in SEDAR+ in Excel format and pre-populated with certain information from the Form 45-106F1.

CSA Staff Notice 45-308 *Guidance for Preparing the Filing Reports of Exempt Distribution* contains a number of helpful tips to assist issuers, underwriters and advisors in completing and filing the report. Staff have also provided the video "How to file a report of exempt distribution" on our website in the "Issuer and Insider Toolkit" section, that may be helpful.

3. Emerging issues in continuous disclosure

A. CURRENT EVENTS – DISCLOSURE CONSIDERATIONS

Canadian RIs are currently facing several significant challenges shaped by global and domestic events, including geopolitical instability, evolving trade policies, commodity price movements and business interruptions. RIs must consider these events and circumstances, assess the impact, or potential impact, on their business, and provide sufficient disclosure to inform investors about them. These evolving conditions have increased uncertainty in financial reporting, placing greater emphasis on the importance of completeness of disclosures in financial statements, MD&A, and other regulatory filings. Below are several areas where these types of events and their potential implications should be considered and addressed in an RI's CD.

Discussion of operations

Items 1.2 and 1.4 of Form 51-102F1 require a detailed discussion of known trends, demands, commitments, events or uncertainties that have, or are reasonably likely to have, an effect on an RI's business. The discussion should incorporate both quantitative and qualitative elements to offer a comprehensive view of the RIs current financial condition and future outlook. When preparing the MD&A, it is important to consider all information available up to the date of the document.

Risk factors

RIs must disclose in their MD&A and AIF, if required, the risks associated with their business. In addressing these risks, it is important that disclosure be specific to the RI and its business, and that the RI avoids the use of boilerplate language or vague disclosure. To achieve this, RIs need to tailor the risk disclosure to their particular circumstances and clearly articulate the potential effects on the business. For instance, as a result of tariff changes, some companies may experience increased costs, reduced demand or supply-chain disruptions. As economic conditions evolve, RIs should regularly review and update their risk factors as necessary to reflect material developments.

Liquidity and capital resources

Items 1.6 and 1.7 of Form 51-102F1 require that RIs provide an analysis of their capital resources and ability to generate sufficient cash to meet their operating needs in the current market environment. To provide investors with a full understanding of an RI's financial circumstances, this disclosure should also include trends and expected fluctuations in liquidity and commitments for capital expenditures. Activities to address the potential impact that events and other uncertainties may have on liquidity should also be described. For example, RIs adopting currency and commodity hedging should disclose these practices in the MD&A.

Critical accounting estimates

Several accounting estimates may be impacted by economic uncertainty, including those related to provisions, contingencies and impairments. Where a non-venture issuer is required to make assumptions about matters that are highly uncertain, Item 1.12 of the MD&A, Form 51-102F1, requires that the RI provide information about how the accounting estimates were made, how they might change, and how they impact an RI's financial position. To fully address the requirements of this section, non-venture RIs should discuss the methodology used and assumptions applied in making its critical accounting estimates and describe how an RI's accounting estimates

might vary as circumstances change and develop. Any changes made to critical accounting estimates during the past two financial years must also be disclosed. It should be noted that this section of the MD&A should enhance and complement an RI's financial statement accounting policy disclosure rather than simply restate it.

Going concern considerations

The assessment of an RI's ability to continue as a going concern is management's responsibility. When management is aware of material uncertainties related to events or conditions that may cast significant doubt upon its ability to continue as a going concern, management must ensure those uncertainties are disclosed in the financial statements, as set out in IAS 1.25 *Financial Statement Presentation* (**IAS 1**). In assessing whether the going concern assumption is appropriate, management should take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period.

Even when management determines that there is no material uncertainty regarding the RI's ability to continue as a going concern, disclosure is still warranted if significant judgment was involved in reaching that conclusion. In such cases, the disclosure requirements under IAS 1.122 require management to explain the key judgments made in concluding that no events or conditions exist that could cast significant doubt on the RI's ability to continue as a going concern, or in concluding that despite significant doubts, mitigating actions have been judged sufficient to make the going concern determination appropriate.

In addition, the MD&A should supplement the financial statement disclosure and provide further insight into management's reasons for determining the ability of the RI to continue as a going concern in light of these uncertainties. Item 1.2 of Form 51-102F1 requires that RIs describe their overall financial condition, financial performance and any known trends, demands, commitments, events or uncertainties that are reasonably likely to have an effect on the RI's business.

Forward-looking information and financial outlooks

Economic and other events may cause actual results to differ materially from previously disclosed material FLI. As noted earlier in this report, when this occurs, RIs are required under section 5.8 of NI 51-102 to discuss these events and circumstances and the expected differences between actual and forecasted results in the MD&A or in a news release.

Amid evolving economic uncertainty, some RIs have opted to limit or withhold financial outlooks and FLI. As noted above, however, RIs are still required to discuss in their MD&A known trends, events and uncertainties that are reasonably likely to affect their business, even in the absence of specific financial forecasts.

Non-GAAP and other financial measures

NI 52-112 outlines the disclosure requirements of specified financial measures in CD documents. If an RI chooses to disclose a specified financial measure, it is important to consider the impact of economic uncertainty and ensure that the specified financial measure is not presented or disclosed in a way that would be misleading. For example, it is generally not appropriate to describe a reconciling item as "non-recurring," "infrequent," or "unusual," or to use a similar term, if a loss or gain of a similar nature is reasonably likely to occur within the next two financial years, or has occurred in the prior two years.

Other items

Additional areas that may be affected by increased economic uncertainty include expected credit losses, compliance with debt covenants, impairment of non-financial assets, financial instruments valuation, events after the reporting period and material change reporting. Other areas may also be impacted and the matters discussed in this report are not exhaustive. RIs should focus on providing disclosures that are material and relevant to their specific circumstances and ensure that all material impacts of the economic environment are appropriately addressed in their CD.

B. NEW BUSINESSES AND INDUSTRIES

i. General disclosure obligations

Alberta is home to several RIs developing innovative technologies and operating in emerging sectors such as sustainable energy, crypto assets and artificial intelligence (**AI**). As emerging and developing industries, these industries may have their own unique risks and challenges. Therefore, it is important that an RI's disclosure be clear and comprehensible so that investors can understand the businesses. In our CD reviews, staff have observed instances where required disclosure is missing, insufficient or written in such a manner that it cannot be readily understood.

It is important that an RI's disclosure realistically reflect its stage of development and isn't misleading or overly promotional relative to the current status of the business. Promotional statements can constitute FLI. As discussed previously, RIs must have a reasonable basis for disclosing any FLI, and must identify it as such, caution that actual results may vary, outline the material risk factors that could cause actual results to differ materially from FLI, and state the material factors or assumptions used to develop FLI.

To be able to make an informed investment decision, investors must be able to understand the nature of the business and what it aims to achieve. If the RI is developing new or emerging technology, pursuant to subsection 1.4(d) of Form 51-102F1, MD&A disclosure should include a description of each project, the project plan and its status relative to that plan, and expenditures made and how these relate to anticipated timing and costs to take the project to the next stage of the project plan. Leading up to commercialization, RIs should provide a detailed description of the RI's products or services, a clear outline of anticipated revenue streams and associated costs, and key terms of any material agreements with third parties and their expected impact on the RI.

It is also important that RIs in emerging industries clearly disclose industry-specific and issuer-specific risks, so investors understand those risks that are unique to their specific business model and circumstances. Risks that staff would expect to be addressed by RIs in emerging industries include limited operating history, unproven market demand and customer base, challenges accessing capital, underdeveloped supply chains, and regulatory uncertainty, including licensing and permitting requirements.

ii. Carbon credits

Staff have noted several RIs reference entering into businesses that seek to enhance sustainability, including the creation and sale of carbon credits (or carbon offsets) in the voluntary carbon market (VCM). This emerging industry is unique and can be complex, so it is important that these RIs provide sufficient disclosure to allow investors to understand and evaluate their business.

A carbon credit is an asset that typically represents one metric tonne of carbon dioxide equivalent that is removed, avoided or reduced from the atmosphere. Carbon credits can be purchased in the compliance carbon market to offset an entity's GHG emissions and allow it to meet its regulatory GHG emission limits, or in the VCM to further voluntarily offset its GHG emissions. Carbon credits in the VCM are generated through the development of projects that either reduce or avoid emissions (i.e., development of renewable energy) or remove carbon from the atmosphere (i.e., carbon capture).

Though policies and regulations in the industry are still evolving, projects in the VCM must generally go through some prescribed steps to have their carbon credits certified and issued. Projects must be designed according to the requirements of a carbon crediting program; an independent third-party verifier must opine as to whether the design and methodologies of the proposed project meet the standards of that program; and the project developer must apply to have the project listed on a registry. Once the project is executed, throughout its lifecycle (which can be lengthy) a process of measurement, reporting and verification of GHG emissions must be implemented and validated by the third-party verifier. If satisfied that the project achieved its stated outcomes, the carbon crediting program will certify the carbon credits and issue them to the registry.[7]

Given that the RI's value will ultimately flow from the perceived value of the carbon credits it produces, or will produce, the RI should provide clear and comprehensible disclosure that will allow investors to assess the quality of the project(s) and related carbon credits. Disclosure should be balanced and discuss the risks of each project as well as the benefits the developer expects to flow from them. Information that will generally be important to investors in understanding the RI's material projects include the following:

- A description of the project including the name, location, age, type of project (avoidance/reduction vs. removal), and how it impacts GHG emissions;
- The certification process stage of the project, expenditures made to date, and the expected cost and timeline to the issuance of carbon credits;
- The name of the carbon credit program and where information about the program and the project relative to that program can be found;
- The name of any third-party verifier that has been engaged and whether a validation report has been obtained; and
- If the project has been registered, the registry name and where project registration information can be found.

[7] Chartered Professional Accountants of Canada (CPA Canada), Institute for Sustainable Finance (ISF), and the International Federation of Accountants (IFAC). *Understanding Voluntary Carbon Markets: Key Considerations for Professional Accountants and Purchasers on the Carbon Credit Lifecycle* (New York: IFAC, 2024) at 28-29, online: https://smith.queensu.ca/centres/isf/pdfs/projects/voluntary-carbon-markets-full-EN.pdf

iii. Corporate investments in crypto assets

Corporate investment in crypto assets presents distinct considerations for financial reporting, risk management and disclosure. CSA Staff Notice 51-363 *Observations on Disclosure by Crypto Asset Reporting Issuers* outlines staff's disclosure expectations in areas such as safeguarding of crypto assets, risk factors, material changes and promotional activities. It also provides staff's guidance on complex accounting and auditing issues related to crypto activities. The following are key disclosure considerations for RIs with crypto assets held as corporate investments.

Material changes

All RIs have an obligation to consider whether an event constitutes a material change for which reporting is required under Part 7 of NI 51-102. National Policy 51-201 *Disclosure Standards* provides guidance on materiality determinations. For RIs holding crypto assets as corporate investments, the following are examples of events that may constitute material changes:

- **Acquisition or disposition of a significant amount of crypto assets**, particularly where such transactions represent a strategic shift or materially affect the RI's financial position.
- **Loss or theft of crypto assets** including incidents resulting from cybersecurity breaches or wallet compromises, where the impact is material to the RI's operations or asset base.
- **Regulatory developments** such as a public statement or action by a securities regulator indicating that a crypto asset to which the RI has material exposure may be classified as a security or derivative.
- **Significant change in corporate strategy** involving crypto asset holdings, including a shift in investment approach, treasury management or risk profile.

Material contracts

For RIs that hold a significant amount of crypto assets as corporate investments, certain agreements may constitute material contracts required to be filed on SEDAR+ under Part 12 of NI 51-102. Examples of agreements that may be considered material include:

- **Debt or equity financing arrangements** undertaken primarily to fund the acquisition of crypto assets, where the RI's ability to execute its treasury strategy is substantially dependent on such financings.
- **Collateral agreements** where crypto assets are pledged as collateral to secure financing that is material to the RI's liquidity or solvency.
- **Crypto asset loan agreements** where the RI lends or borrows crypto assets, particularly where its financial viability or ability to meet obligations is substantially dependent on the terms or performance of such loans.
- **Custody or safekeeping agreements** with third-party custodians or service providers responsible for safeguarding crypto assets, including but not limited to disclosure of the custodian's identity, jurisdiction, insurance coverage and any limitations on liability.

Applicable regulatory regime

Staff encourage RIs with investments in crypto assets to assess, for each jurisdiction in which they operate, how their holdings are classified (e.g., as securities, derivatives, commodities or other regulated products). Where classification differs across jurisdictions, RIs should consider disclosing these differences, and explain the implications for their business, investment strategy and compliance obligations, as this information may be material to investors. This disclosure should be included in prospectuses and other required CD documents, such as the AIF, MD&A, financial statements and, where applicable, marketing materials.

Risk factors

Risk factor disclosure should be specific to the RI and sufficiently detailed to enable a reasonable investor to understand the nature and potential impact of each material risk. For RIs that hold crypto assets as part of their corporate investment strategy, relevant risks may include, but are not limited to:

Market value risk:	Liquidity risk:	Custody risk:	Legal and regulatory risk:
The potential for significant declines in the market value of crypto assets, which may adversely affect the issuer's financial position (e.g., due to price volatility or market corrections).	Constraints that may limit the issuer's ability to dispose of crypto holdings in an orderely and timely manner, particularity during periods of market stress or low trading volumes.	Exposure to loss arising from insolvency, fraud, or operational failure of third-party custodians or trading platforms responsible for safeguarding the crypto assets.	Uncertainty due to changes in laws, regulations, or interpretations that may alter the classification, treatment, or permissibility of holding certain crypto assets.

Where relevant, the disclosure should distinguish between the risks associated with different classes of crypto assets. For example, the risks of holding more established cryptocurrencies, such as Bitcoin or Ether, may be significantly different from investments in other crypto assets, such as digital tokens.

Financial reporting

RIs are expected to provide entity-specific disclosure in their financial statements and MD&A regarding the accounting policies applied to crypto assets, the basis of measurement, and the resulting impact on their financial position and performance, and to avoid boilerplate disclosure.

C. ARTIFICIAL INTELLIGENCE

Rapid innovation in AI has expanded its application across business operations and product development, with RIs increasingly incorporating AI technologies. As RIs incorporate the use of AI systems into their operations, it is important that they consider their disclosure obligations under securities laws, ensuring that investors have the necessary material information to inform their investment decisions. CSA Staff Notice and Consultation 11-348 *Applicability of Canadian Securities Laws and the use of Artificial Intelligence Systems in Capital Markets* (**CSA SN 11-348**) provides some guidance on preparing disclosure in connection with an RI's use, or intended use, of AI systems.

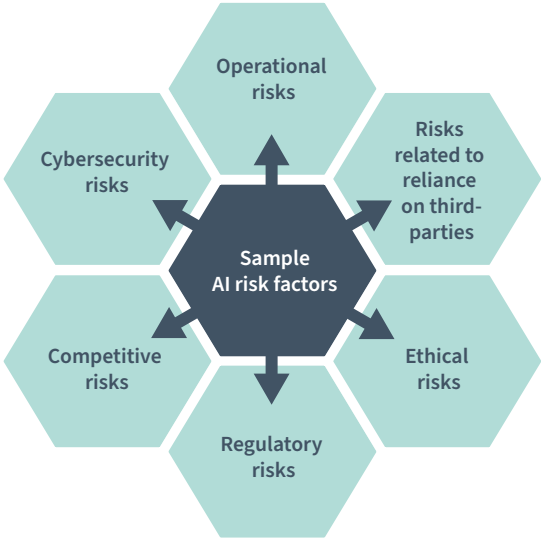
Disclosure of current AI systems business use

To facilitate an investor's understanding of the use of AI systems in their business and operations, RIs should provide relevant disclosure in their applicable CD documents. Disclosure should be entity-specific, allowing investors to understand the operational impact, financial impact and risk profile related to the use of AI systems. Examples of specific disclosure may include, but are not limited to, information relating to the following:

- How AI is defined by the RI;
- How AI systems are being used or applied, their benefits and associated risks;
- The nature of AI products or services being developed or delivered;
- The current or anticipated impact that the use or development of AI systems will likely have on the RI's business and financial condition;
- Any material contracts relating to the use of AI systems;
- Any events or conditions that have influenced the general development of the RI, including any material investment in AI systems; and
- How the adoption of AI systems will impact the RI's competitive position in its primary markets.

Disclosure of AI-related risk factors

Under prospectus and CD requirements, RIs are required to disclose material risk factors that may impact their business. These risk factors should be entity and industry specific, and RIs should avoid the use of boilerplate language in their disclosure. The diagram below illustrates examples of AI-related risk factors that RIs should consider when preparing these disclosures. Overall, issuers should consider and disclose where material: the source and nature of risks associated with the use of AI systems; the potential consequences of such risks; the adequacy of preventative measures; and prior material incidents where AI system use raised regulatory, ethical, or legal concerns, and the resulting impact on the issuer.



Promotional statements and AI washing

Disclosure regarding the development or use of AI systems must be fair and balanced. RIs should have a reasonable basis for discussing their use of AI systems, provide sufficient detail to support their claims, and ensure that any discussion of AI use includes a description of both the benefits and risks to the RI. If these elements are not present in an RI's disclosure, staff may consider the disclosure to be "AI washing."

"AI washing" is when an issuer makes false, misleading or exaggerated claims about its use of AI systems in its products or services, to capitalize on the growing use of and investor interest in AI systems. "AI washing" may appear in various documents like marketing materials, offering documents, term sheets and CD documents like the MD&A. It is important for issuers to ensure that all public disclosures, whether voluntary or required, are factual and balanced to avoid misleading investors. For examples of AI washing observed during staff reviews, see CSA SN 51-365.

Disclosure of FLI related to AI

If RIs plan to make statements about their prospective business use of AI in their CD documents, on their website, or in another public forum, they should consider whether the statements constitute FLI. As previously explained, RIs have reporting obligations under NI 51-102 when material forward-looking statements are made. It is important that RIs provide the relevant disclosure with regards to statements about AI use if it could materially impact an investor's decision to invest.

4. Other matters

A. DEFAULTING ISSUER LIST

We frequently receive inquiries about RIs noted in default including the default process in general, why an RI is noted in default, and where interested parties can find out if an RI is noted in default. Being noted in default may also have implications for the RI.

Why are RIs noted in default?

RIs may be noted in default when they are not in compliance with certain aspects of securities legislation. CSA Notice 51-322 *RI Defaults* (**CSA 51-322**) and ASC Policy 51-601 *Reporting Issuers List* set out a list of deficiencies that may result in an RI being noted in default under applicable securities legislation in a given jurisdiction. As outlined below, these deficiencies fall into one of four default categories.

Category 1 – failure to file a significant CD document

If an RI fails to file required CD documents outlined in CSA 51-322, they may be noted in default under category 1. Examples of such documents include an RI's annual or interim financial statements, MD&A, certificates, and AIF (if required), among other documents.

Category 2 – CD document content deficiencies

An RI will be noted in default under category 2 if a CD document is deficient because:

- The RI's financial statements or the auditor's report accompanying the financial statements, do not comply with the requirements of NI 51-102, National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**) or National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (**NI 52-107**);
- The RI has acknowledged that its financial statements, or the auditor's report accompanying the financial statements, may no longer be relied upon;
- The RI's AIF, MD&A, Management Report of Fund Performance (MRFP), information circular or business acquisition reports do not contain information for each of the content items required by NI 51-102 or NI 81-106; or
- The RI's technical disclosure or other reports do not comply with the disclosure requirements of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (**NI 43-101**) or National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (**51-101**).

Category 3 – failure to pay fees

Failure to pay a fee required under Alberta securities laws will generally result in the RI being noted in default on the list of RIs under category 3.

Category 4 – failure to comply with other CD requirements

Category 4 captures circumstances where an RI fails to meet a CD requirement not covered in categories 1 to 3. It should be noted that failure to deliver information and documents reasonably relevant to a CD review, as required by the Executive Director pursuant to subsection 60.2(2) of the Act, will also generally result in an RI being noted in default on the Reporting Issuers list under this category.

Procedures for noting an RI in default

Some category 1 defaults, including a failure to file annual and interim financial statements, MD&A and certificates, are automatically flagged in our internal systems. When the applicable documents are not filed within the expected timeframe this will result in an RI being noted in default without the RI first being notified. In this circumstance a failure-to-file cease trade order (**FFCTO**) may also be issued against the RI. A category 3 default, which involves a failure to pay fees, will also generally result in an RI being noted in default without prior notification.

For category 1 defaults that are not automatic defaults and category 2 and 4 defaults, related deficiencies are generally identified through staff's CD review program. As part of our communication with the RI regarding our review, staff will normally notify the RI of our intention to note the RI in default before doing so. The RI will then have the opportunity, within a specified time period, to either remedy the deficiency or satisfy staff that there was no deficiency. If the RI remedies the deficiency or satisfies staff that there was no deficiency, staff will take no further action and the RI will not be noted in default. Otherwise, staff will note the RI in default after the specified time period lapses.

Where can you see if an RI is in default?

The ASC publishes a Reporting Issuers list that is updated each business day and identifies those RIs that are currently noted in default. When an RI is noted in default, a standardized code will appear next to the applicable RI's name, within the column labelled 'Nature of Default.' This code includes a number that pertains to the category of default, along with a letter that indicates the applicable document or nature of the default. The Reporting Issuers list, along with the legend that describes the standardized codes, can be found on our website at asc.ca. An RI's SEDAR+ Profile will also indicate if they have been noted in default.

What are the impacts of being in default?

Being noted in default does not mean the securities of the RI are cease traded, but it could hinder the ability of the RI to obtain financing. For example, being in default may preclude an RI from raising money through a prospectus offering and through certain prospectus exemptions under NI 45-106, including the Listed Issuer Financing Exemption and Offering Memorandum exemption.

In certain instances, being noted in default may be followed by the issuance of a cease trade order. Depending on the circumstances and nature of the default, the RI may also be referred to the ASC's Enforcement Division for further investigation and action.

B. NON-OFFERING PROSPECTUSES

Staff have observed an increase in the number of long-form prospectus filings by issuers seeking to become RIs, without undertaking a concurrent public financing. For example, we have seen the following structures:

- No funds being raised under the prospectus or concurrently;
- Private placements that close concurrently with the final receipt of the prospectus; and
- Subscription receipts and special warrants issued prior to the filing of the prospectus that convert upon the final receipt.

In these circumstances staff may seek additional background information regarding the entity's capital structure and promoters including:

- The entity's business history and development efforts to date;
- The number of founders shares issued at nominal prices;
- The timing, amount and pricing of any prior and concurrent financings;
- Insider holdings;
- The depth of the public float; and
- The number of convertible securities outstanding and the associated terms, including the conversion price and expiry date, etc.

Staff are more likely to raise concerns where there is not an underwriter.

The Act provides that the Executive Director shall not issue a receipt for a prospectus in certain circumstances including if:

- The Executive Director considers that an unconscionable consideration has been paid or given, or is intended to be paid or given, for any services or promotional purposes or for the acquisition of property; or
- An escrow or pooling agreement in the form that the Executive Director considers necessary or advisable with respect to the securities has not been entered into.

Upon completion of our review, staff may recommend that a receipt should not be issued given the consideration paid or the issuer's capital structure. Alternatively, staff may recommend that a receipt could be issued provided adequate escrow arrangements are in place to address any public interest concerns including with respect to an orderly market. In certain circumstances it may be appropriate for an escrow agreement to be entered into with respect to all or a subset of the securities outstanding, particularly in the case of securities recently issued at a nominal price or at a significant discount to securities more recently issued.

5. Regulatory update

A. PROPOSED COORDINATED BLANKET ORDER 51-933 *Exemptions to Permit Semi-Annual Reporting for Certain Venture Issuers*

On October 23, 2025, the CSA announced that it intended to introduce a multi-year pilot project to allow eligible venture issuers to voluntarily adopt semi-annual financial reporting (the **SAR Pilot)**. Subject to public comment and necessary approvals, the SAR Pilot is expected to be introduced through a coordinated blanket order, which is expected to include exemptions from certain CD requirements and establish a voluntary semi-annual reporting framework for a subset of venture issuers, subject to certain terms and conditions.

The exemption is expected to be available to allow venture issuers that meet the following conditions, to report on a semi-annual basis:

- Have securities listed on the TSX Venture Exchange Inc. (TSXV) or the CNSX Markets Inc. (CSE);
- Have revenue of no more than $10 million;
- Have at least a 12-month CD record;
- Have filed all periodic and timely CD documents required to be filed; and
- Have issued and filed a news release on SEDAR+ announcing adoption of the SAR Pilot.

An issuer that has filed a short form prospectus would not be able to rely on the exemptions in the blanket order during the period of distribution. An issuer would also be required to cease relying on the exemptions in the blanket order if it has filed a base shelf prospectus and an issuer relying on the exemptions in the blanket order would not be able file a shelf prospectus supplement under a base shelf prospectus that was filed prior to its adoption of the SAR Pilot.

If an RI opts out of or is no longer eligible to rely on the blanket order, it would be required to comply with all quarterly interim financial reporting requirements, including comparative financial information for the corresponding period in the immediately preceding financial year as required by NI 51-102.

The proposed coordinated blanket orders have been published for a 60-day comment period, which expires on December 22, 2025. During the SAR Pilot we anticipate engaging in a broader rule-making project related to voluntary semi-annual reporting (SAR) and will use learnings from the SAR Pilot to inform this initiative. In the interim, we will also continue to monitor international developments relating to SAR.

B. DISCLOSURE OF CLIMATE-RELATED MATTERS

The CSA has paused its work on the development of a new mandatory climate-related disclosure rule. This pause was done to support Canadian markets and issuers as they adapt to recent developments in the U.S. and globally.

Climate-related risks are a mainstream business issue and securities legislation already requires issuers to disclose material climate-related risks affecting their business in the same way that issuers are required to disclose other types of material information. The Canadian Sustainability Standards Board (**CSSB**) issued their inaugural sustainability standards in December 2024, which are generally aligned with the standards issued by the International Sustainability Standards Board. The CSSB standards provide a useful voluntary disclosure framework for sustainability and climate-related disclosure that RIs can refer to when preparing their voluntary disclosures.

The CSA has indicated that it will continue to monitor disclosure practices of RIs and work to address any misleading disclosure, which can include greenwashing, and will provide information and additional guidance as appropriate.

C. DISCLOSURE OF DIVERSITY-RELATED MATTERS

In conjunction with the announcement in relation to climate-related disclosure and for similar reasons, the CSA has paused proposed amendments with respect to diversity-related disclosure. Non-venture issuers will continue to be required to provide disclosure regarding the representation of women on their boards and in executive officer positions based on the existing requirements under National Instrument 58-101 *Disclosure of Corporate Governance Practices*.

The CSA has indicated that it will monitor domestic and international regulatory developments and expects to revisit both diversity-related and climate-related projects in future years.

D. AMENDMENTS TO NATIONAL INSTRUMENT 44-102 *Shelf Distributions* (NI 44-102) RELATING TO WELL-KNOWN SEASONED ISSUERS (WKSIs)

On August 28, 2025, the CSA published final amendments to National Instrument 44-102 *Shelf Distributions* that introduce an expedited shelf prospectus regime for WKSIs in Canada. Specifically, the amendments permit RIs that satisfy the qualification criteria and certain conditions to:

- File a final base shelf prospectus and be deemed to receive a receipt for that prospectus without first filing a preliminary base shelf prospectus or undergoing any regulatory review;
- Omit certain disclosure from the base shelf prospectus (e.g., the aggregate dollar amount of securities that may be raised under the prospectus); and
- Benefit from receipt effectiveness for a period of 37 months from the date of its deemed issuance, subject to the requirement for the issuer to reassess its qualification to use the WKSI regime annually.

The effective date of the amendments is November 28, 2025.

E. PROPOSED MULTILATERAL INSTRUMENT 45-111 *Self-Certified Investor Prospectus Exemption*

On September 25, 2025, the CSA published a Multilateral Notice and Request for Comment on Proposed Multilateral Instrument 45-111 *Self-Certified Investor Prospectus Exemption* (MI 45-111) and a related Companion Policy. The participating jurisdictions are the securities regulatory authorities in Alberta, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Saskatchewan and Yukon.

If implemented, this proposed instrument would introduce a harmonized prospectus exemption for non-investment fund issuers that have their head office in Canada and allow investment opportunities for investors in the participating jurisdictions who can adequately assess and understand the risk of investing but who may not meet the criteria for an accredited investor. Investors may qualify based on:

- Employment history;
- University degree;
- Professional designation; or
- Completion of specified examinations.

This exemption has a proposed annual limit of $50,000 per investor per calendar year.

If the proposed instrument is adopted, we plan to revoke ASC Blanket Order 45-538 *Self-Certified Investor Prospectus Exemption*.

The public comment period will end January 5, 2026.

F. EXPANSION OF THE LISTED ISSUER FINANCING EXEMPTION (LIFE)

On May 14, 2025, the CSA published substantively harmonized relief from certain conditions of the listed issuer financing exemption (**the LIFE exemption**) in NI 45-106 to allow listed issuers to raise more capital in a cost-effective way.

Listed issuers can now raise the greater of $25 million and 20 per cent of the aggregate market value of their listed securities to a maximum of $50 million in a 12-month period, subject to certain conditions, including that the distribution will not result in an increase of more than 50 per cent of the issuer's outstanding listed equity securities during the period. This is a significant increase from the previous $10 million limit under the LIFE exemption.

The exemption was first introduced in November 2022 to offer a more efficient capital-raising option for RIs that are listed on recognized exchanges and have filed all timely and periodic disclosure documents required under Canadian securities legislation.

The relief is implemented through coordinated blanket orders which came into effect on May 15, 2025. Market participants should consult Coordinated Blanket Order 45-935 *Exemptions from Certain Conditions of the Listed Issuer Financing Exemption* for details.

G. CONSULTATION ON PROPOSED AMENDMENTS TO NON-GAAP AND OTHER FINANCIAL MEASURES DISCLOSURE REQUIREMENTS

On April 9, 2024, the International Accounting Standards Board (**IASB**) issued IFRS 18 *Presentation and Disclosure in Financial Statements*, which is effective for annual reporting periods beginning on or after January 1, 2027. Among other things, IFRS 18 requires disclosure of management-defined performance measures (**MPMs**) in a note to the financial statements. The CSA has proposed amendments to NI 52-112 to ensure such measures, that have historically been considered non-GAAP financial measures subject to the requirements of NI 52-112, remain subject to its requirements.

The disclosure requirements for MPMs in IFRS 18 are not inconsistent with the disclosure requirements for non-GAAP financial measures in NI 52-112.

On November 13, 2025, the CSA published for comment proposed amendments to NI 52-112. To reduce duplicative disclosures, the CSA has proposed to allow incorporation of information by reference to the notes to the financial statements if such notes contain the information required by NI 52-112.

The public comment period closes on February 11, 2026.

H. REDUCING REGULATORY BURDEN

In 2017, the CSA published a consultation paper to identify areas of securities legislation (applicable to non-investment fund issuers) that could benefit from a reduction of undue regulatory burden without compromising investor protection or the efficiency of the capital market. Of the seven projects identified, five have been

completed, including introduction of the LIFE expansion and WKSI regime, streamlining at-the-market (ATM) distributions, and amendments to the primary business financial statements and business acquisition report requirements. The chart below outlines the status of the remaining CD projects as part of this initiative.

PROJECT	DESCRIPTION	STATUS
Non-investment fund issuers		
Access equals delivery model	On April 27, 2022, the CSA published proposed amendments aimed at implementing an access model for prospectuses generally, and annual financial statements, interim financial reports and related MD&A for non-investment fund RIs. Under the proposed model, providing access to the documents and alerting investors that the documents are available would have constituted delivery of the documents.	The proposed access model for prospectuses was generally well received by commenters and amendments concerning the implementation of an access model for prospectuses of non-investment fund RIs generally came into force on April 16, 2024. On November 19, 2024, the CSA re-published for comment proposed amendments to implement an access model for certain CD documents. The proposal would allow investors to sign up to receive an email notification through SEDAR+ of the filing of documents, but allow investors to continue to request or provide standing instructions to receive the documents in paper or electronic form. The comment period ended on February 17, 2025, and CSA staff have been considering the comments received.
Streamlining of annual and interim CD obligations	The CSA published proposed amendments to NI 51-102 and related consequential amendments to change the annual and interim filing requirements of RIs by streamlining and clarifying certain disclosure requirements for the MD&A and AIF, as well as combining the financial statements, MD&A and, where applicable, AIF into one reporting document. This proposed reporting document will be called the annual disclosure statement (ADS) for annual reporting purposes and the interim disclosure statement (IDS) for interim reporting purposes.	With amendments to introduce an access model for CD documents now advancing, the CSA has reactivated work on the amendments that would introduce consolidated annual and interim disclosure statements. The CSA will ensure RIs are provided with sufficient time to transition to any new forms and requirements.

The CSA also undertakes various initiatives to modernize the CD regime and reduce regulatory burden for investment fund issuers.

PROJECT	DESCRIPTION	STATUS
Investment funds		
Proposed Amendments to National Instrument 81-101 *Mutual Fund Prospectus Disclosure*, National Instrument 81-102 *Investment Funds*, National Instrument 81-106 *Investment Fund Continuous Disclosure*, National Instrument 81-107 *Independent Review Committee for Investment Funds* and Related Proposed Consequential Amendments	On September 19, 2024, the CSA published for comment proposed amendments to modernize the CD regime for investment funds, improve the quality of disclosure provided to investors, and reduce unnecessary regulatory burden of certain current investment fund CD requirements under securities legislation. The project involves three workstreams. • Workstream 1 contemplates potentially replacing the existing annual and interim MRFP with a new annual and interim Fund Report. • Workstream 2 would provide exemptions from certain conflict of interest reporting requirements in securities legislation if other similar requirements are satisfied. • Workstream 3 would eliminate some required class- or series-level disclosures from investment fund financial statements that are not required by IFRS.	The comment period ended on January 31, 2025. Workstream 2 and 3 are advancing on a faster timeline than Workstream 1 and are expected to be finalized shortly.
CSA Notice and Request for Comment – Proposed Amendments and Proposed Changes to Implement an Access-Based Model for Investment Fund Reporting Issuers	The notice outlines the CSA plan to provide an access-based alternative to delivering financial statements and MRFP for investment fund RIs. The proposed changes would modernize existing delivery practices for investment fund CD documents and reduce the regulatory burden on investment fund RIs.	The comment period ended in December 2022 and CSA staff are engaged in developing the proposed rule amendments.

6. Publications relating to Corporate Finance matters

NOTICE	DESCRIPTION	DATE OF PUBLICATION
ASC Notice Amendments to ASC Rules (General), and Changes to ASC Policy 12-601 *Applications Submitted to the Alberta Securities Commission*, and ASC Policy 15-602 *Whistleblower Program*	The amendments specify that RIs and specified other market participants, including those engaged in investor relations activities maintain books and records for a period of seven years. Previously, these parties were required to maintain books and records in relation to their business transactions, financial affairs, and transactions execution on behalf of others, however there was no prescribed time period for how long these books and records must be kept. The amendments provide these parties with clarity on how long these books and records must be maintained under Alberta securities laws.	September 30, 2025 The effective date of the amendments is October 31, 2025.
CSA Multilateral Notice and Request for Comment – Proposed Multilateral Instrument 45-111 *Self-Certified Investor Prospectus Exemption* and related Companion Policy	The securities regulatory authorities in Alberta, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Saskatchewan and Yukon published for a 90-day comment period proposed MI 45-111. If adopted, the proposed instrument will provide a prospectus exemption to Canadian issuers to allow investment by investors with relevant education and/or investment experience. To mitigate the risk of loss, there is a proposed maximum annual investment limit of $50,000 per investor. The public comment period closes on January 5, 2026.	September 25, 2025
CSA Notice of Amendments to National Instrument 44-102 *Shelf Distributions Relating to Well-known Seasoned Issuers*	The CSA published amendments to NI 44-102 that introduce an expedited shelf prospectus regime for WKSIs in Canada.	August 28, 2025 The effective date of the amendments is November 28, 2025.

NOTICE	DESCRIPTION	DATE OF PUBLICATION
CSA Notice of Publication Amendments and Changes to Certain National Instruments and Policies related to the Senior Tier of the Canadian Securities Exchange, the Cboe Canada Inc. and AQSE Growth Market name changes, and Majority Voting form of Proxy Requirements	The amendments and changes are intended to address certain housekeeping matters and other amendments in response to the creation by the Canadian Securities Exchange of a senior tier and name changes affecting certain stock exchanges. They also codify blanket relief granted to issuers incorporated under the *Canada Business Corporations Act* (Canada) to accommodate "majority voting" provisions incorporated into that act in 2022.	June 19, 2025 The effective date of the amendments was September 19, 2025.
CSA issues guidance about regulatory concerns with certain asset or business acquisitions	The notice outlines regulatory concerns with certain asset or business acquisitions – primarily taking place in venture markets – including concerns with misleading disclosure that could constitute market manipulation.	July 3, 2025
CSA Consultation Paper 81-409 *Enhancing Exchange-Traded Fund Regulation: Proposed Approaches and Discussion*	This consultation paper outlines CSA views on potential gaps that may need to be addressed and proposes enhancements to the regulatory framework for exchange-traded funds (**ETFs**). The proposals consider the IOSCO ETF Good Practices and how those principles might be implemented in a manner appropriate for the Canadian market. The comment period closed on October 31, 2025.	June 19, 2025
CSA Notice and Request for Comment to Proposed Repeal and Replacement of National Instrument 43-101 *Standards of Disclosure for Mineral Projects*	The CSA published for comment proposed repeal and replacement of NI 43-101 to update and enhance Canada's mining disclosure regime to address evolving disclosure practices and policy considerations identified by CSA staff, and to reflect changes in the industry and investor expectations. The 90-day comment period closed on October 10, 2025.	June 12, 2025
CSA Notice Coordinated Blanket Order 45-935 *Exemptions from Certain Conditions of the Listed Issuer Financing Exemption*	The CSA published a coordinated blanket order that provides relief from certain provisions of the LIFE exemption to further facilitate capital raising by listed RIs. The blanket order provides relief from these conditions by allowing listed RIs to raise the greater of $25 million and 20 per cent of the aggregate market value of the issuer's listed securities to a maximum of $50 million in a 12-month period, subject to different provisions related to the 50 per cent dilution limit.	May 14, 2025

NOTICE	DESCRIPTION	DATE OF PUBLICATION
CSA Notice Amendments to NI 81-102 ***Investment Funds Pertaining to Crypto Assets***	The CSA published amendments to NI 81-102 pertaining to RI investment funds that seek to invest directly or indirectly in crypto assets (Public Crypto Asset Funds). The Amendments are intended to provide greater regulatory clarity with respect to certain matters including criteria regarding the types of crypto assets that Public Crypto Asset Funds are permitted to purchase, use or hold; restrictions on investing in crypto assets by Public Crypto Asset Funds or other types of RI investment funds; and requirements concerning custody of crypto assets held on behalf of a Public Crypto Asset Fund.	The CSA published notice of implementation of amendments to NI 81-102 on April 17, 2025. The effective date of the amendments was July 16, 2025.
CSA Notice Regarding Coordinated Blanket Orders	The CSA published three coordinated blanket orders in an effort to support market participants that choose to go public, maintain a listing, and contribute to capital formation in Canada.	April 17, 2025
1) Coordinated Blanket Order 41-930 ***Exemptions from Certain Prospectus and Disclosure Requirements***	Under Coordinated Blanket Order 41-930, issuers may: • Exclude audited annual financial statements and operating statements for the third most recently completed financial year in their IPO prospectuses, circulars or material change reports that are filed in relation to restructuring transactions; • Include, subject to certain conditions, prices, total numbers and total dollar amounts of offered securities (or the range of such prices, numbers and amounts, as well as certain other information) information in marketing materials and standard term sheets distributed during the waiting period without first disclosing the information in a preliminary prospectus or an amendment to a preliminary prospectus; and • Exclude promoter certificates from a prospectus where the promoter signs a certificate to the prospectus in another capacity or in Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick and Nova Scotia, where other conditions are met.	

NOTICE	DESCRIPTION	DATE OF PUBLICATION
2) Coordinated Blanket Order 45-930 ***Prospectus Exemption for New Reporting Issuers***	Coordinated Blanket Order 45-930 provides a prospectus exemption for companies that will be going or have recently gone public in Canada through an underwritten IPO, giving them greater flexibility to raise additional capital following the IPO provided certain conditions are met. Conditions include, among others: • The exemption is for a 12-month period following receipt of the final long form prospectus; • The maximum amount that can be raised under the exemption is $100,000,000; • The offering price per security being distributed cannot be less than the price per security distributed under the IPO prospectus (must also be the same class of security as distributed under the IPO); • An offering document (similar to the one required under LIFE) must be filed including details of the offering, a description of the issuer's business objectives, recent developments, planned use of proceeds and use of proceeds from the IPO and subsequent financings; • Proceeds cannot be used for a restructuring transaction or a transaction requiring shareholder approval; and • A venture issuer cannot allocate proceeds to a significant acquisition under Part 8 of NI 51-102 but unlike LIFE, non-venture issuers can. See Coordinated Blanket Order 45-930 for further eligibility conditions and details.	

NOTICE	DESCRIPTION	DATE OF PUBLICATION
3) Coordinated Blanket Order 45-933 ***Exemption from the Investment Limit under the Offering Memorandum Prospectus Exemption to Exclude Reinvestment Amounts***	Under Coordinated Blanket Order 45-933, the investment limit in the offering memorandum exemption will increase for certain eligible investors to allow for reinvestment of proceeds within a 12-month period, subject to certain terms and conditions, (a) in the case of a purchaser that is not an eligible investor, $10,000; (b) in the case of a purchaser that is an eligible investor, $30,000; (c) in the case of a purchaser that is an eligible investor and that received advice from a portfolio manager, investment dealer or exempt market dealer that the investment is suitable, the total of: (i) $100,000, and (ii) all realizable proceeds of disposition during the preceding 12 months of securities of the same issuer to a maximum of $100,000. See Coordinated Blanket Order 45-933 for further eligibility conditions and details.	
CSA Staff Notice and Consultation 11-348 ***Applicability of Canadian Securities Laws and the use of Artificial Intelligence Systems in Capital Markets***	The notice is intended to provide clarity and guidance on how securities legislation applies to the use of AI systems by market participants. The notice also seeks stakeholder feedback through consultation questions on the evolving role of AI systems and the opportunities to tailor or modify current approaches to oversight and regulation in light of these advancements.	December 5, 2024

7. Resources available

Listed below are some commonly used rules and guidance to assist RIs in understanding the requirements and where to find them.

CONTINUOUS DISCLOSURE RULES	NI 51-102
Financial Statements	Part 4
Forward-Looking Information, FOFI and Financial Outlooks	Parts 4A & 4B
Management's Discussion & Analysis	Part 5
Annual Information Form	Part 6
Material Change Reports	Part 7
Business Acquisition Report	Part 8
Information Circulars	Part 9
Material Contracts	Part 12
CONTINUOUS DISCLOSURE FORMS	
Management's Discussion & Analysis	Form 51-102F1
Annual Information Form	Form 51-102F2
Material Change Report	Form 51-102F3
Business Acquisition Report	Form 51-102F4
Information Circular	Form 51-102F5
Statement of Executive Compensation	Form 51-102F6
Statement of Executive Compensation — Venture Issuers	Form 51-102F6V
GENERAL PROSPECTUS RULES	NI 41-101
PROSPECTUS FORMS	
Information Required in a Prospectus	Form 41-101F1
Information Required in Short-Form Prospectus	Form 44-101F1
ACCEPTABLE ACCOUNTING PRINCIPLES AND AUDITING STANDARDS	NI 52-107
CERTIFICATION OF DISCLOSURE	NI 52-109
NON-GAAP AND OTHER FINANCIAL MEASURES DISCLOSURE	NI 52-112

CORPORATE GOVERNANCE	
Audit Committees	NI 52-110
Non-Venture Issuers	Form 52-110F1
Venture Issuers	Form 52-110F2
Corporate Governance Disclosure	NI 58-101
Non-Venture Issuers	Form 58-101F1
Venture Issuers	Form 58-101F2
Corporate Governance Guidelines	NP 58-201
PROTECTION OF MINORITY SECURITY HOLDERS IN SPECIAL TRANSACTIONS	MI 61-101
INTERPRETATION AND GUIDANCE	
Process for Prospectus Reviews in Multiple Jurisdictions	NP 11-202
Share Structure Issues – Initial Public Offerings	SN 41-305
Sufficiency of Proceeds from a Prospectus Offering	SN 41-307
Disclosure Standards	NP 51-201
Environmental Reporting Guidance	SN 51-333
Reporting of Climate Change-related Risks	SN 51-358

The ASC provides additional resources on its website to assist RIs in complying with Alberta securities legislation, including:

- Issuer Toolkit for guidance (including videos) on various requirements, including NI 52-112.
- Energy and oil and gas information, including the Energy Matters Report.
- Fee guides and schedules, including a filing fee calculator.
- Plain language summaries of prospectus exemptions and access to an exempt market dashboard.
- Reports & publications.
- Webinars and seminars on specific securities legislation issues.

To keep up to date on recent and upcoming changes, please subscribe to our updates on asc.ca or follow us on LinkedIn @AlbertaSecuritiesCommission or X (formerly Twitter) @ ASCUpdates.

8. Contact personnel and presentation

We welcome comments on this report and other Corporate Finance matters. Comments may be directed to any of the individuals listed below:

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UPCOMING PRESENTATION

An information session related to this report and other topics is planned for January 22, 2026. Anyone who would like to attend this webinar can sign up to be notified of the presentation date and submit topics or questions they would like us to address by sending an email to cf-report@asc.ca.

Information about past and future seminars and webinars can be found on the Events & Presentations section of asc.ca.

Glossary of terms

The following terms have the meanings set forth below unless otherwise indicated

"**Act**" means the *Securities Act* (Alberta).

"**AIF**" means Annual Information Form; specifically, a completed Form 51-102F2 *Annual Information Form.*

"**ASC**" means the Alberta Securities Commission.

"**CD**" means continuous disclosure.

"**CSA**" means the Canadian Securities Administrators.

"**FLI**" means forward-looking information, as that term is defined in NI 51-102.

"**GAAP**" means generally accepted accounting principles, the accounting principles used to prepare an issuer's financial statements including, without limitation, IFRS and U.S. GAAP.

"**IFRS**" means International Financial Reporting Standards, the standards and interpretations adopted by the International Accounting Standards Board, as amended from time to time.

"**IPO**" means an initial public offering.

"**Issuer**" has the meaning ascribed in the Act and includes an RI. Although most of this report is directed towards RIs for which the ASC is the principal regulator, Alberta securities law applies to non-RIs and issuers that are RIs in Alberta regardless if another CSA jurisdiction is the principal regulator. In some instances, this report is also applicable to issuers that are not yet RIs. The report refers to RIs unless use of the term "issuer" is necessary to make the distinction.

"**MCR**" means a Material Change Report; specifically, a completed Form 51-102F3 *Material Change Report*.

"**MD&A**" means management's discussion and analysis; specifically, a completed Form 51-102F1.

"**Non-venture issuer**" means a RI that is not a venture issuer.

"**RI**" means reporting issuer, as that term is defined in the Act.

"**SEDAR+**" has the same meaning as defined in National Instrument 13-103 *System for Electronic Document Analysis and Retrieval + (SEDAR+)*.

"**SEDI**" has the same meaning as defined in National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)*.

"**Venture issuer**" has the same meaning as defined in NI 51-102 and includes an RI that is unlisted or is listed only on the TSXV or CSE.

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