CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Staff Notice 51-357
Staff Review of Reporting Issuers in the Cannabis Industry

October 10, 2018

1. Executive Summary

Staff of the Canadian Securities Administrators (**Staff** or **we**) are publishing this notice based on a review conducted by the securities regulatory authorities in Alberta, British Columbia, Ontario and Québec. Staff reviewed the disclosure of 70 reporting issuers operating in the cannabis[1] industry. This review included reporting issuers with varying levels of involvement in the industry and with operations in different countries.

The purpose of this notice is to highlight good disclosure practices for issuers in the cannabis industry so that investors are provided with transparent information about financial performance and risks and uncertainties, to support informed investing decisions.

The cannabis industry has benefited from increasingly permissive legal frameworks and has grown significantly as an emerging public market sector. Our review identified industry specific disclosure deficiencies, which are notable given the recent rapid growth of this industry.

Our results identified the following key areas where we expect issuers to improve their disclosure:

- Licensed cannabis producers (**LPs**) often did not provide sufficient information in their financial statements and management's discussion and analysis (**MD&A**) for an investor to understand their financial performance. International Financial Reporting Standards (**IFRS**) require issuers to record growing cannabis plants at their fair value[2]. 100% of the LPs we reviewed needed to improve their fair value and fair value related disclosures,
- Some issuers did not consistently comply with securities requirements for forward-looking information, guidance for providing balanced disclosure and certain other requirements, and
- 74% of issuers with cannabis operations in the U.S. did not provide sufficient disclosure about the risks related to their U.S. operations to satisfy the disclosure expectations set out in CSA Staff Notice 51-352 (Revised) *Issuers with U.S. Marijuana-Related Activities* (the **U.S. Disclosure Expectations Notice**).

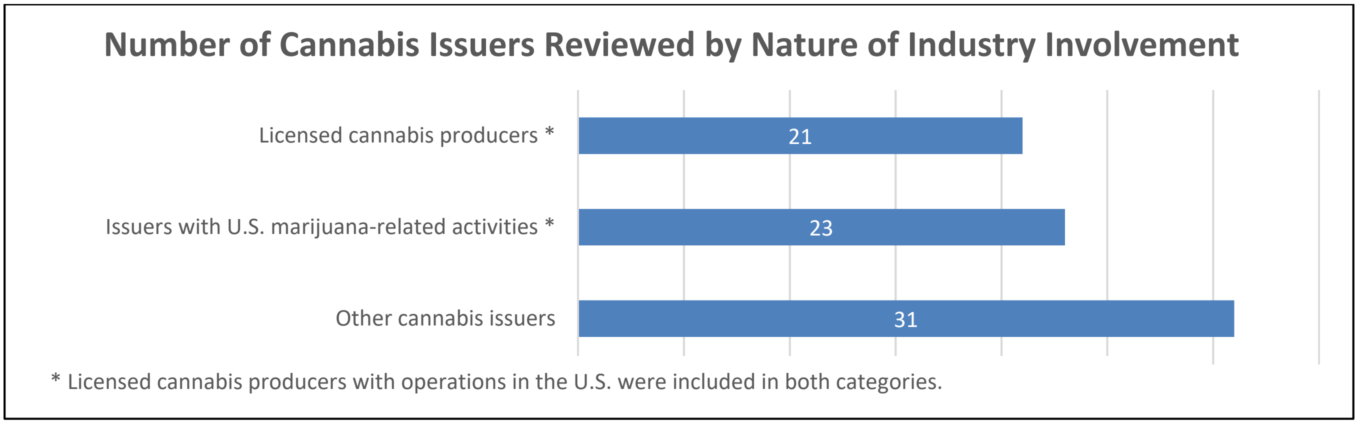
Where deficient disclosure was identified during our review, issuers either committed to prospective improvements or, when the deficiencies were pervasive, refiled certain documents.

[1] The terms cannabis and marijuana are used interchangeably in this notice.

[2] In the context of growing cannabis plants intended for harvest, references throughout this notice to fair value are understood to represent fair value less costs to sell. Refer to International Accounting Standard 41 *Agriculture* (**IAS 41**).

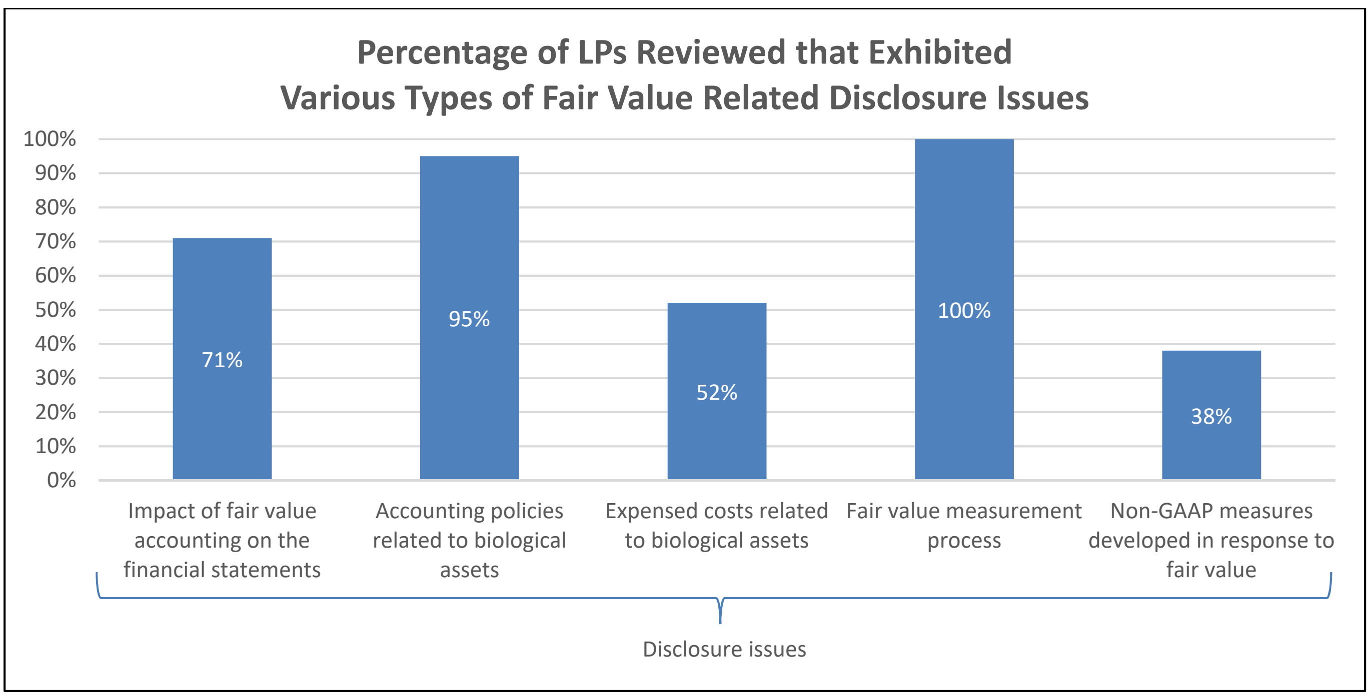
2. Review Scope

As outlined in the following table, we reviewed issuers with any type of involvement in the cannabis industry, including issuers that are not directly involved in the production or sale of cannabis and issuers that are planning cannabis-related activities but have not yet commenced operations.

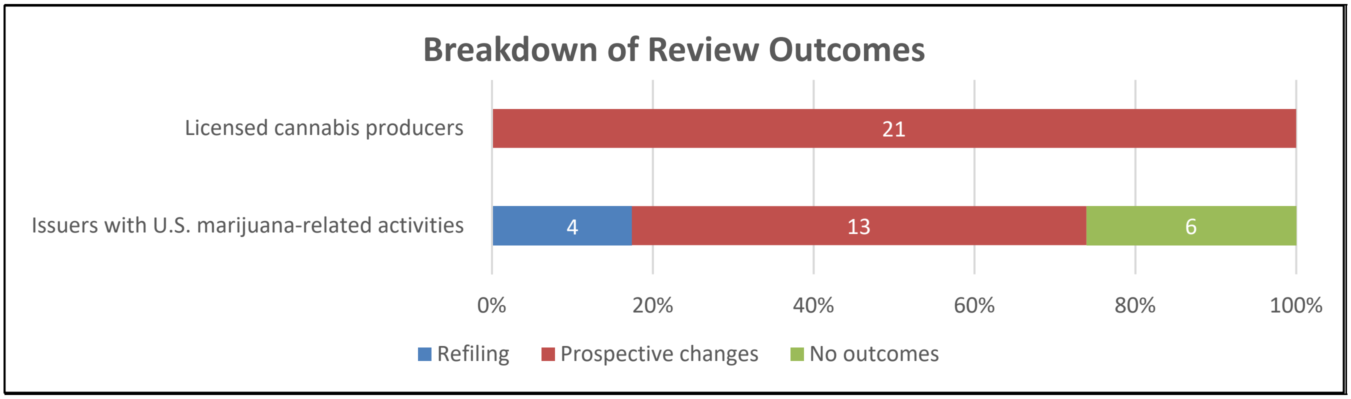


3. Review Outcomes

All of the LPs that we reviewed took action to improve their disclosure in response to issues raised in five main categories, which are summarized below and further explained in section 4. Some of the disclosure concerns that we identified were industry-wide, with most or all LPs having the same or similar issues.



Our review also resulted in 74% of issuers with U.S. marijuana-related activities taking action to improve their disclosure, with 17% refiling their most recent MD&A to correct more pervasive deficiencies.



While some of the review outcomes discussed in this notice may be useful for other types of cannabis issuers, our review results focus on licensed cannabis producers and issuers with U.S. marijuana-related activities. We encourage all issuers in the cannabis sector, including those in ancillary businesses, to consider applicable findings in this notice.

4. Findings for Licensed Cannabis Producers

4.1 Disclosure About the Impact of Fair Value Accounting on the Financial Statements

Issuers with agricultural activities are required to measure living plants, or biological assets, at their fair value under IFRS. As a result, the statement of profit and loss (**P&L**) of an LP often includes unrealized fair value gains related to the growth of biological assets which have not yet been sold.

During our review, we noted that 71% of LPs did not separately disclose all fair value amounts included in the P&L. In these cases, fair value adjustments were often embedded in cost of goods sold. It is critical for investors to be able to understand how much it costs a company to produce its product. Since fair value amounts in the P&L of an LP are not costs that have been incurred related to cannabis sold, it is important for all fair value amounts to be separately disclosed, so that investors can understand a company's cost of sales excluding any fair value amounts.

To ensure investors understand an LPs financial performance, issuers should separately disclose each of the following:[3]

- Unrealized gains/losses resulting from fair value changes on growth of biological assets, and
- Realized fair value amounts included in the cost of inventory sold.

[3] Paragraph 85 of IAS 1 *Presentation of Financial Statements* (**IAS 1**) states that "an entity shall present additional line items… in the statement(s) presenting profit or loss and other comprehensive income when such presentation is relevant to an understanding of the entity's financial performance." Paragraph 97 further states that material income or expense items should be disclosed separately.

The following example illustrates the type of disclosure which was observed during our review, followed by an example of how disclosure can be enhanced.

Example 4.1(a) – Observed disclosure of fair value impacts on the P&L

In the P&L excerpt shown below, changes in fair value of $500,000 arising from the growth of biological assets (unrealized fair value changes) have been separately disclosed as required by paragraph 40 of IAS 41. However, fair value amounts included in inventory sold (realized fair value changes) have not been separately disclosed. Issuers should separately disclose these amounts in order to provide more clear and transparent information to investors.

Revenue	$ 1,000,000
Cost of finished cannabis inventory sold	(1,100,000)
Unrealized fair value gain on growth of biological assets	500,000
Gross profit	**$ 400,000**

Example 4.1(b) – Enhanced disclosure of fair value impacts on the P&L

In the enhanced example, both unrealized and realized fair value amounts are presented as separate line items on the face of the P&L.

Revenue	$ 1,000,000
Cost of finished cannabis inventory sold	(700,000)
Gross profit, excluding fair value items	**300,000**
Realized fair value amounts included in inventory sold	(400,000)
Unrealized fair value gain on growth of biological assets	500,000
Gross profit	**$ 400,000**

While presentation of these amounts as separate line items on the face of the P&L would provide clear and transparent information, disclosure in the financial statement notes may be an acceptable alternative.

During our review, we also noted instances where fair value changes initially appeared to be separately disclosed but in fact were not, for example, because they were disclosed on an aggregate basis with other items such as inventory write-downs. A financial statement line item labelled ‘fair value gain on growth of biological assets and other’ would be inappropriate in the absence of additional disclosure separating fair value changes from any ‘other’ items.

4.2 Disclosure of Accounting Policies Related to Biological Assets

IAS 41 does not prescribe an accounting policy for determining what costs are directly or indirectly attributable to biological assets, nor whether those costs should be capitalized to biological assets or expensed as incurred. Rather, IAS 41 requires biological assets to be measured at their fair value[4], regardless of what costs may or may not be capitalized to them.

While most issuers had a P&L line item within the gross profit subtotal called ‘production costs’ or ‘cost of goods sold’ they generally did not discuss the composition of those line items, such as whether they included all of the direct and indirect costs related to biological assets and inventory sold. In some cases we found that items such as depreciation expense for equipment related to biological asset production was included in a ‘depreciation and amortization’ P&L line item below gross profit, without any disclosure to indicate that not all the direct and/or indirect costs of production were included within gross profit. In these cases, the use of the subtotal ‘gross profit’ could be misleading for investors since it may be understood as revenue less costs of goods sold, where cost of goods sold is determined using the principles outlined in IAS 2 *Inventories* (**IAS 2**).

We similarly found that most issuers did not clearly disclose whether they were capitalizing or expensing costs directly and indirectly related to biological assets.

As noted in section 4.1 above, investors may refer to the P&L subtotal ‘gross profit, excluding fair value items’ to understand an LPs financial performance.[5] It is important for investors to understand what costs are included in this subtotal and when those costs are recognized as an expense. Therefore, as part of their significant accounting policy disclosure, we expect issuers to clearly disclose: [6]

- What they consider to be the direct and indirect costs of production associated with biological assets,
- Which P&L line item(s) these direct and indirect costs are recorded in,[7] and
- Whether the direct and indirect costs of biological assets are capitalized, or whether they are expensed as incurred.

We sent comment letters to all of the LPs that we reviewed seeking clarification about their accounting policies for biological assets. The following example illustrates the type of disclosure which was observed, followed by an example of how disclosure can be enhanced.

[4] Refer to paragraph 12 of IAS 41.

[5] If this subtotal is not presented, investors may rely on similar information derived from the issuer’s other disclosure, including disclosure in the financial statement notes. As a result, the disclosure expectations outlined in this section are important regardless of whether this subtotal is presented.

[6] Paragraph 117 of IAS 1 requires disclosure of significant accounting policies. Refer also to paragraph 10 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

[7] Paragraph 104 of IAS 1 requires additional disclosure about the nature of expenses within P&L line items classified by function.

Example 4.2(a) – Observed disclosure of biological asset accounting policies

Biological assets are measured at their fair value less costs to sell and inventory is measured at the lower of cost and net realizable value, with the initial cost of inventory being the fair value of the biological asset at the time of harvest. All direct and indirect costs related to harvested inventory are capitalized.

Example 4.2(b) – Enhanced disclosure of biological asset accounting policies

Biological Assets
While the Company's biological assets are within the scope of IAS 41 *Agriculture*, the direct and indirect costs of biological assets are determined using an approach similar to the capitalization criteria outlined in IAS 2 *Inventories*. They include the direct cost of seeds and growing materials as well as other indirect costs such as utilities and supplies used in the growing process. Indirect labour for individuals involved in the growing and quality control process is also included, as well as depreciation on production equipment and overhead costs such as rent to the extent it is associated with the growing space. All direct and indirect costs of biological assets are capitalized as they are incurred and they are all subsequently recorded within the line item 'cost of goods sold' on the P&L in the period that the related product is sold. Unrealized fair value gains/losses on growth of biological assets are recorded in a separate line on the face of the P&L. Biological assets are measured at their fair value less costs to sell on the balance sheet.

Inventory
The direct and indirect costs of inventory initially include the fair value of the biological asset at the time of harvest. They also include subsequent costs such as materials, labour and depreciation expense on equipment involved in packaging, labeling and inspection. All direct and indirect costs related to inventory are capitalized as they are incurred and they are subsequently recorded within 'cost of goods sold' on the P&L at the time cannabis is sold, except for realized fair value amounts included in inventory sold which are recorded as a separate line on the face of the P&L. Inventory is measured at lower of cost or net realizable value on the balance sheet.

4.3 Disclosure Issues for LPs that Expense Costs Related to Biological Assets as Incurred

48% of the LPs that we reviewed capitalized all direct and indirect costs related to biological assets. The findings in this section relate specifically to the remaining 52% of LPs who expensed these costs as incurred.

4.3.1 Disclosure About the Cost of Cannabis Sold in the Period

When issuers elect to expense direct and indirect costs related to biological assets, the P&L will typically include costs incurred in the current period related to cannabis which has not yet been sold. As a result, investors may not be able to determine which costs relate to cannabis sold in the period. Issuers in other industries (e.g. manufacturing) that are within the scope of IAS 2, but that do not have biological assets, will generally provide this information because IAS 2 requires the capitalization of costs which are directly and indirectly related to the production of inventories. Investors in the cannabis industry may want information about the cost of cannabis sold in the period, regardless of whether an issuer elects to capitalize or expense biological asset costs under IAS 41.

Issuers who expense biological asset costs as incurred should consider whether this accounting policy results in information that is relevant to the decision-making needs of investors[8]. These issuers are encouraged to provide supplemental information in their MD&A such as, for example, information about the impact that capitalization of direct and indirect costs related to biological assets would have had on the P&L.[9] This type of information may be useful to investors who want to compare gross profit between different issuers.

4.3.2 Presentation of a Gross Profit Subtotal

The presentation of a gross profit subtotal may be misleading when that amount does not include all of the direct and indirect costs of production for cannabis sold during the period. The term 'gross profit' may be understood to consist exclusively of the direct and/or indirect costs of cannabis sold during the period. Since the P&L of issuers that expense the direct and indirect costs of biological assets includes costs incurred on goods which have not yet been sold, these issuers should consider whether the presentation of a gross profit P&L subtotal could mislead investors.

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[8] Paragraph 10 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* indicates that "in the absence of an IFRS that specifically applies to a transaction, other event or condition, management shall use its judgement in developing and applying an accounting policy that results in information that is… relevant to the economic decision-making needs of users."

[9] Issuers who provide such disclosure should ensure they meet the disclosure expectations outlined in CSA Staff Notice 52-306 (Revised) *Non-GAAP Financial Measures and Additional GAAP Measures* (**SN 52-306**).

4.4 Disclosure About the Fair Value Measurement Process

The processes and assumptions used by LPs to determine the fair value of biological assets are subjective and involve significant judgements. Growing cannabis plants may progress through various stages prior to harvest, requiring management to make judgements at each financial reporting date. Investors should be able to understand these judgements. While IFRS requires certain disclosures about these processes and assumptions[10], all of the LPs we reviewed were providing deficient disclosure in this area. In most cases, LPs were not providing:

- A description of the valuation techniques and processes,
- A description of the inputs used in the fair value measurement including quantitative information about significant unobservable inputs,
- The level of the fair value hierarchy within which the fair value measurement is categorized,
- The sensitivity of the fair value measurement to changes in certain inputs, and
- A discussion of any interrelationships between significant unobservable inputs and how they may affect fair value measurement.

The following example illustrates the type of disclosure which was observed, followed by an example of how disclosure could be enhanced.

Example 4.4(a) – Observed disclosure about the fair value measurement process

Biological assets are measured at their fair value less costs to sell. Significant assumptions used in determining fair value include the sales price of finished cannabis inventory and post-harvest costs. A 10% increase/decrease in these significant assumptions on a combined basis would have increased/decreased the fair value of biological assets by $1,000 in aggregate.

[10] Refer to paragraphs 91, 92 and 93 of IFRS 13 *Fair Value Measurement*.

Example 4.4(b) – Enhanced disclosure about the fair value measurement process

The Company measures its biological assets at their fair value less costs to sell. This is determined using a model which estimates the expected harvest yield in grams for plants currently being cultivated, and then adjusts that amount for the expected selling price per gram and also for any additional costs to be incurred, such as post-harvest costs.

The following significant unobservable inputs, all of which are classified as level 3 on the fair value hierarchy, were used by management as part of this model:

- Selling price – calculated as the weighted average historical selling price for all strains of cannabis sold by the Company, which is expected to approximate future selling prices
- Stage of growth – represents the weighted average number of weeks out of the 15 week growing cycle that biological assets have reached as of the measurement date
- Yield by plant – represents the expected number of grams of finished cannabis inventory which are expected to be obtained from each harvested cannabis plant
- Wastage – represents the weighted average percentage of biological assets which are expected to fail to mature into cannabis plants that can be harvested
- Post-harvest costs – calculated as the cost per gram of harvested cannabis to complete the sale of cannabis plants post harvest, consisting of the cost of direct and indirect materials and labour related to labelling and packaging

The following table quantifies each significant unobservable input, and also provides the impact a 10% increase/decrease in each input would have on the fair value of biological assets.

	December 31 20X7	**December 31 20X6**	**10% Change as at 12/31/20X7**	**10% Change as at 12/31/20X6**
Selling price	$7.50	$7.00	$10,000	$9,000
Stage of growth	12 weeks	6 weeks	$9,000	$8,000
Yield by plant	100 grams	90 grams	$7,000	$6,000
Wastage	1%	5%	$1,000	$5,000
Post-harvest costs	$0.50	$0.60	$4,000	$5,000

Biological assets were on average at a more advanced stage of growth in 20X7 (i.e. 12 weeks grown vs. 6 in 20X6). As a plant matures the likelihood of wastage declines. As a result, wastage estimates were lower in 20X7.

The Company accretes fair value on a straight line basis according to stage of growth. As a result, a cannabis plant that is 50% through its 15 week growing cycle would be ascribed approximately 50% of its harvest date expected fair value (subject to wastage adjustments).

4.5 Disclosure About Non-GAAP Financial Measures Developed in Response to Fair Value
48% of LPs that we reviewed disclose a non-GAAP financial measure similar to 'cash cost per gram' to portray their cost of production, after excluding non-cash fair value adjustments. While this measure is often calculated differently by individual LPs, the way in which it has been calculated should be understandable to investors.[11]

In many cases, the composition of a non-GAAP financial measure was unclear because it was difficult to understand what costs had been included in the GAAP measure that formed the starting point in calculating cash cost per gram. Sections 4.1, 4.2 and 4.3 above provide examples of how issuers can ensure that investors understand the nature of costs included in a line item presented in the financial statements, from which a non-GAAP financial measure such as cash cost per gram may be derived.

In other cases, the composition of a non-GAAP financial measure was unclear because the reconciling items used to calculate it were not sufficiently explained. Issuers should ensure that the nature of any reconciling items is sufficiently explained and that any significant judgements made in quantifying the reconciling item are also provided.

For example, several issuers did not sufficiently explain significant judgements used in determining what represents a gram for the purposes of calculating cash cost per gram. In some cases a gram represented a gram sold and in other cases it represented a gram harvested. In other cases, for LPs that sell both dried cannabis as well as cannabis oils, an undisclosed equivalency factor was used to determine how many grams of dried cannabis were used in the production of a millilitre of oil sold. These and any other significant assumptions should be clearly disclosed.

We also noted instances where a non-GAAP financial measure similar to cash cost per gram had been disclosed without being identified as a non-GAAP financial measure. Issuers should ensure that all non-GAAP financial measures are identified as non-GAAP financial measures and that they are reconciled to the most directly comparable GAAP measure presented in the financial statements, with the appropriate related disclosures.[12]

While cash cost per gram gives investors information about an issuer's cash cost incurred, it generally does not provide a fulsome understanding of the cost of cannabis sold for issuers who expense the costs of biological assets as they are incurred. We refer issuers that expense direct and indirect costs of biological assets to the disclosure expectations outlined in section 4.3 above, in addition to the disclosure expectations noted in this section.

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[11] Refer to the disclosure expectations outlined in SN 52-306.
[12] ibid

5. OTHER REVIEW FINDINGS

During the course of our review, we noted the following other issues which issuers should consider in preparing their public filings.

5.1 Production Estimates

Issuers who make announcements about anticipated production capacity in a new facility under construction should disclose the material factors and assumptions related to that projection. Assumptions for financial projections should be specific and comprehensive, particularly with respect to quantitative details, such that an investor is able to clearly understand how each assumption contributes to the projection. Issuers should also ensure that this forward looking information is updated, as required by securities law.[13]

The following example illustrates the type of disclosure which was observed, followed by an example of how disclosure could be enhanced.

Example 5.1(a) – Observed disclosure about production estimates

The Company is in the process of building a second greenhouse directly adjacent to its current facility. While construction has commenced, it is still at an early stage, with only the foundation having been poured. The second greenhouse, once constructed and approved/licensed by Health Canada, will be able to produce approximately 100,000 kilograms of dried cannabis per year.

Example 5.1(b) – Enhanced disclosure about production estimates

The Company is in the process of building a second greenhouse directly adjacent to its current facility. While construction has commenced, it is still at an early stage, with only the foundation having been poured. The second greenhouse, once constructed and approved/licensed by Health Canada, will be able to produce approximately 100,000 kilograms of dried cannabis per year. This forward looking estimate is based on the following material factors and assumptions:

- The facility size will be approximately 800,000 square feet(1), with all of that space being used for cultivation.
- The ratio of dried cannabis cultivated per square foot of facility space will be consistent with historical output in our existing facility.
- Costs to construct the facility will be approximately $100 million(1), where only a deminimis amount has been incurred to date.
- The second greenhouse facility is expected to be fully constructed and ready for final inspection by Health Canada by December 1, 20X9(1).

(1) These statements constitute forward-looking information related to possible events, conditions or financial performance based on future economic conditions and courses of action. These statements involve known and unknown risks, assumptions, uncertainties and other factors that may cause actual results or events to differ materially. The Company believes there is a reasonable basis for the expectations reflected in the forward-looking statements, however these expectations may not prove to be correct.

13 Refer to Part 4A *Forward-Looking Information* and Section 5.8 *Disclosure Relating to Previously Disclosed Material Forward-Looking Information* of National Instrument 51-102 *Continuous Disclosure Obligations*.

5.2 Misleading or Unbalanced Disclosure

Issuers considering entering the cannabis industry, or issuers considering new investments in the cannabis industry, should ensure that announcements about these new opportunities are balanced and that they are not misleading to investors as a result.[14]

The following example illustrates disclosure that is unbalanced because it does not fully discuss material contingencies and terms to events being announced, followed by an example of how this disclosure can be improved.

Example 5.2(a) – Unbalanced disclosure about plans to enter the cannabis industry

On July 5, 20X8 the Company entered in to a binding arrangement to acquire Cannabis Co., an entity that has applied for a recreational marijuana dispensary licence in the U.S. state of Colorado. Other than the license application, Cannabis Co. has no other material assets. The expected purchase price of $50 million will be paid in cash.

We expect the acquisition to close on December 1, 20X8.

Example 5.2(b) – Enhanced disclosure about plans to enter the cannabis industry

On July 5, 20X8 the Company entered in to a binding arrangement to acquire Cannabis Co., an entity that has applied for a recreational marijuana dispensary licence in the U.S. state of Colorado. Other than the license application, Cannabis Co. has no other material assets. The expected purchase price of $50 million will be paid in cash.

The acquisition is subject to a number of contingencies which must be satisfied prior to closing, including that Cannabis Co. must obtain regulatory approval for its dispensary license on or before December 1, 20X8. If the dispensary licence application is not approved by the state regulator on or prior to December 1, 20X8 then the binding acquisition arrangement may be terminated by either party without penalty.

5.3 Impairment

Issuers with material cannabis-related assets should perform appropriate impairment testing[15] in response to any impairment event, including in the event of an industry-wide change in cannabis-related asset valuations. For example, this may include adverse changes in a regulatory framework with potentially negative impacts on current or future cash flows or revenues.

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[14] Refer to National Policy 51-201 *Disclosure Standards* as well as the disclosure requirements in Part 1(a) of Form 51-102F1 *MD&A*.

[15] Refer to IAS 36 *Impairment of Assets*.

5.4 Material Contracts
Generally speaking, issuers who are substantially dependent on licenses to cultivate or sell cannabis, or on leased facilities in which those activities are performed, should consider filing the related licenses/agreements as material contracts.
5.5 Regulatory Frameworks
Issuers with cannabis operations outside North America should provide disclosure about the foreign regulatory frameworks that are applicable to them, as they would for operations in Canada and the U.S.

We also remind issuers that in light of the illegal treatment of cannabis under U.S. federal law any engagement in cannabis-related activities, both in Canada as well as in foreign jurisdictions, may lead to heightened scrutiny by regulatory bodies and other authorities. For example, recent statements made by the U.S. Customs and Border Protection agency about working in or facilitating the legal cannabis industry, and the impact this involvement may have on admissibility to the U.S. Issuers should ensure that their risk factor disclosure addresses these risks, as well as other relevant risks, as they evolve.

6. FINDINGS FOR ISSUERS WITH U.S. MARIJUANA-RELATED ACTIVITIES

Staff published the U.S. Disclosure Expectations Notice in February 2018 to provide specific disclosure expectations for issuers that currently have, or are in the process of developing, marijuana-related activities in the U.S. where such activity has been authorized within a state regulatory framework (**U.S. Marijuana Issuers**). These disclosure expectations include, but are not limited to:

- A description of the nature of an issuer's involvement in the U.S. marijuana industry,
- Disclosure that marijuana is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk,
- Related risks including, among others, the risk that third party service providers could suspend or withdraw services and the risk that regulatory bodies could impose certain restrictions on the issuer's ability to operate in the U.S.,
- A discussion of the issuer's ability to access public and private capital, including which financing options are and are not available to support continuing operations,
- A quantification of the issuer's balance sheet and operating statement exposure to U.S. marijuana-related activities, and
- As further described in the U.S. Disclosure Expectations Notice, additional disclosures are expected depending on whether an issuer has direct, indirect or ancillary involvement with U.S. marijuana-related activities. For example, issuers with direct involvement are expected to provide a description of applicable regulatory frameworks, a discussion of internal procedures for monitoring compliance and a statement confirming compliance, amongst other things.

These are critically important disclosures about material risks that arise as a result of the unique legal and regulatory environment surrounding marijuana in the U.S. Our review noted inadequate disclosure provided by most U.S. Marijuana Issuers. As noted in section 3 above, our review resulted in 74% of issuers with U.S. marijuana-related activities taking action to improve their disclosure, with 17% refiling their most recent MD&A.

As stated in the U.S. Disclosure Expectations Notice, these disclosures and any related risks should be evaluated, monitored and reassessed by U.S. Marijuana Issuers on an ongoing basis and provided to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations.

7. Conclusion

In light of the relatively recent emergence of the cannabis industry, accounting and disclosure requirements and best practices are evolving. The guidance outlined in this notice aims to help issuers understand their disclosure obligations in order to provide high quality information to the public. We will continue to monitor these areas in our review program activities moving forward. Issuers who do not provide appropriate disclosure may be subject to additional regulatory action.

8. Questions

Please refer your questions to any of the following:

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