

CSA Notice and Request for Comment

Proposed National Systems Renewal Program Rule and Related Amendments

May 2, 2019

Introduction

The Canadian Securities Administrators (the **CSA** or **we**) are publishing for a 90-day comment period:

- proposed National Instrument 13-103 [*System Replacement Rule*] (**NI 13-103**), including the repeal of National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)* (**NI 13-101**) and the SEDAR Filer Manual;
- proposed Companion Policy 13-103 [*System Replacement Rule*] (**CP 13-103**);
- proposed amendments to existing rules:
 - Multilateral Instrument 11-102 *Passport System*;
 - National Instrument 41-101 *General Prospectus Requirements*;
 - National Instrument 43-101 *Standards of Disclosure for Mineral Projects*;
 - National Instrument 44-101 *Short Form Prospectus Distributions*;
 - National Instrument 44-102 *Shelf Distributions*;
 - National Instrument 45-102 *Resale of Securities*;
 - National Instrument 45-106 *Prospectus Exemptions*;
 - Multilateral Instrument 45-108 *Crowdfunding*;
 - National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*;
 - National Instrument 51-102 *Continuous Disclosure Obligations*;
 - Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*;
 - National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*;
 - National Instrument 58-101 *Disclosure of Corporate Governance Practices*;
 - National Instrument 62-104 *Take-Over Bids and Issuer Bids*;
 - National Instrument 81-101 *Mutual Fund Prospectus Disclosure*;
 - National Instrument 81-106 *Investment Fund Continuous Disclosure*;
 - National Instrument 81-107 *Independent Review Committee for Investment Funds*;
 - and
- proposed changes to existing policies:
 - Companion Policy 11-102CP *Passport System*;
 - National Policy 11-201 *Electronic Delivery of Documents*;

- National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions*;
- National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions*;
- National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications*;
- National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*;
- National Policy 12-202 *Revocation of Certain Cease Trade Orders*;
- National Policy 12-203 *Management Cease Trade Orders*;
- Companion Policy 41-101CP *General Prospectus Requirements*;
- National Policy 41-201 *Income Trusts and Other Indirect Offerings*;
- Companion Policy 43-101CP *Standards of Disclosure for Mineral Projects*;
- Companion Policy 44-101CP *Short Form Prospectus Distributions*;
- Companion Policy 44-102CP *Shelf Distributions*;
- Companion Policy 44-103CP *Post-Receipt Pricing*;
- Companion Policy 45-102CP *Resale of Securities*;
- Companion Policy 45-106CP *Prospectus Exemptions*;
- Companion Policy 45-108CP *Crowdfunding*;
- National Policy 46-201 *Escrow for Initial Public Offerings*;
- National Policy 47-201 *Trading Securities Using the Internet and Other Electronic Means*;
- Companion Policy 51-101CP *Standards of Disclosure for Oil and Gas Activities*;
- Companion Policy 51-102CP *Continuous Disclosure Obligations*;
- Companion Policy 51-105CP *Issuers Quoted in the U.S. Over-the-Counter Markets*;
- National Policy 51-201 *Disclosure Standards*;
- Companion Policy 52-107CP *Acceptable Accounting Principles and Auditing Standards*;
- Companion Policy 52-108CP *Auditor Oversight*;
- Companion Policy 52-109CP *Certification of Disclosure in Issuers' Annual and Interim Filings*;
- Companion Policy 54-101CP *Communication with Beneficial Owners of Securities of a Reporting Issuer*;
- National Policy 58-201 *Corporate Governance Guidelines*;
- Companion Policy 61-101CP *Protection of Minority Security Holders in Special Transactions*;
- National Policy 62-203 *Take-Over Bids and Issuer Bids*;
- Companion Policy 71-102CP *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*;
- Companion Policy 81-101CP *Mutual Fund Prospectus Disclosure*;
- Companion Policy 81-102CP *Investment Funds*;
- Companion Policy 81-106CP *Investment Fund Continuous Disclosure*; and

- Policy Statement to Regulation 81-107 *Respecting Independent Review Committee for Investment Funds*.

In this Notice, NI 13-103, CP 13-103, the proposed amendments to existing rules and the proposed changes to existing policies are referred to collectively as the **Phase 1 Amendments**. The CSA is also publishing today a separate notice seeking comment on proposed amendments to Multilateral Instrument 13-102 *System Fees for SEDAR and NRD*.

The text of the Phase 1 Amendments is published with this Notice and is also available on the websites of the following CSA jurisdictions:

www.bcsc.bc.ca
www.albertasecurities.com
www.fcaa.gov.sk.ca
www.mbsecurities.ca
www.osc.gov.on.ca
www.lautorite.qc.ca
www.fcnb.ca
nssc.novascotia.ca

Substance and Purpose

The National Systems Renewal Program (**NSRP**) is an initiative of the CSA that aims to replace CSA national systems (the System for Electronic Document Analysis and Retrieval (**SEDAR**), the National Cease Trade Order Database, the Disciplined List, the System for Electronic Disclosure by Insiders, the National Registration Database and the National Registration Search) with a more centralized CSA IT system (the **Renewed System**). Every CSA member is participating in NSRP.

We expect the Renewed System to be implemented in 4 phases beginning in 2020. The first phase (**Phase 1**) will replace SEDAR, the National Cease Trade Order Database, the Disciplined List and certain filings in the British Columbia Securities Commission eServices system and the Ontario Securities Commission Electronic Filing Portal. Accordingly, filings made by issuers, including foreign issuers, will be incorporated into the Renewed System in Phase 1. We expect filings made by insiders, registrants, derivatives market participants and regulated entities (such as marketplaces, self-regulatory bodies and clearing agencies) to be addressed in future phases of the Renewed System. At this time, we are only proposing amendments relating to Phase 1.

The purposes of the Phase 1 Amendments are to:

- introduce NI 13-103, which is the new central rule that provides the requirements and the procedure for the electronic transmission of documents through the Renewed System. NI 13-103 will mandate that all documents required or permitted to be filed with or delivered to a securities regulatory authority or regulator be transmitted electronically in accordance with the rule, unless specifically excluded;
- help market participants understand how we will apply and interpret NI 13-103 by providing guidance in CP 13-103;

- update the existing filing requirements related to SEDAR, the British Columbia Securities Commission eServices system and the Ontario Securities Commission Electronic Filing Portal so that they work with the Renewed System;
- amend existing rules and policies that refer to how market participants are required or permitted to transmit documents to a securities regulatory authority or regulator; and
- repeal NI 13-101, which includes the SEDAR Filer Manual.

Summary of NI 13-103 and CP 13-103

NI 13-103 provides that:

- filers must transmit electronically through the Renewed System each document required or permitted to be filed with or delivered to a securities regulatory authority or regulator under securities legislation;
- NI 13-103 does not apply to certain documents required or permitted to be filed or delivered pursuant to securities legislation set out in Column A of the Appendix. As part of the phased implementation of the Renewed System, certain filers referred to in Column B of the Appendix are nevertheless required to file in the Renewed System in Phase 1;
- some documents, specified in subsections 3(a) to (e) of NI 13-103, will never be filed or delivered through the Renewed System. These include documents filed or delivered in connection with a hearing, compliance review, proceeding or investigation;
- filers must complete a profile containing the information specified in the Renewed System, and must keep their profile current; and
- regulatory and system fees must be paid through the Renewed System.

The Renewed System will also offer online help that will guide filers in navigating and using the system. This online help feature will replace the SEDAR Filer Manual.

CP 13-103 provides guidance on different aspects of NI 13-103 including:

- the documents that are required to be filed through the Renewed System, and those that are excluded to reflect the phased implementation of the Renewed System;
- how jurisdiction is determined for the purposes of payment of system fees;
- the manner and format, and templates if any, that filers should use in transmitting information; and

- the public accessibility of documents.

Amendments to Existing Rules and Policies

The Phase 1 Amendments are also intended to update the existing rules and policies to include necessary references to the Renewed System and remove references to existing CSA systems. For example, references to SEDAR are replaced with references to the Renewed System, where appropriate. In many cases, the amendments involve revising or deleting references to format (electronic or otherwise). In certain instruments, some housekeeping amendments are proposed, such as repealing or deleting transitional provisions that are no longer applicable and correcting grammatical or typographical errors. In these limited cases, the changes are not related to the Renewed System.

Anticipated Costs and Benefits

Once fully implemented, the Renewed System will provide more secure, single-window access for market participants to file documents and pay fees. The filing process will be more uniform, and the system will enforce modern access controls and expand public search functionality. Some filers may have to adapt their internal processes and systems.

We believe that the benefits of a modernized, more secure and centralized system with improved search capabilities will outweigh the costs associated with the Phase 1 Amendments.

Local Matters

Annex E is being published in any local jurisdiction that is making related changes to local securities laws, including local notices or other policy instruments in that jurisdiction. It also includes any additional information that is relevant to that jurisdiction only.

Request for Comments

We are issuing this Notice to solicit comments on the Phase 1 Amendments. Please note that between the date of this Notice and the final publication of Phase 1 Amendments we may include reference to additional securities legislation in the Appendix of NI 13-103, as necessary to reflect the phased implementation of the Renewed System.

The public comment period expires on July 31, 2019. Please submit your comments in writing on or before July 31, 2019. If you are not sending your comments by email, please also send a CD containing the submissions (in Microsoft Word format).

Address your submissions to all of the CSA as follows:

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers

Financial and Consumer Services Commission of New Brunswick
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Northwest Territories
Registrar of Securities, Yukon Territory
Superintendent of Securities, Nunavut

Deliver your comments only to the addresses below. Your comments will be distributed to the other participating CSA.

Me Anne-Marie Beaudoin
Corporate Secretary
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consultation-en-cours@lautorite.qc.ca

The Secretary
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20 Queen Street West
22nd Floor
Toronto, Ontario M5H 3S8
Fax: 416-593-2318
comments@osc.gov.on.ca

We cannot keep submissions confidential because securities legislation in certain provinces requires publication of the written comments received during the comment period. All comments received will be posted on the website of each of the Alberta Securities Commission at www.albertasecurities.com, the Autorité des marchés financiers at www.lautorite.qc.ca and the Ontario Securities Commission at www.osc.gov.on.ca. Therefore, you should not include personal information directly in comments to be published. It is important that you state on whose behalf you are making the submissions.

Contents of Annexes

The following annexes form part of this CSA Notice:

- Annex A – Proposed National Instrument 13-103 [*System Replacement Rule*];
- Annex B – Proposed Companion Policy 13-103 [*System Replacement Rule*];
- Annex C – Proposed Amendments to Existing Rules;
- Annex D – Proposed Changes to Existing Policies; and

- Annex E – Local Matters.

Questions

Please refer your questions to any of the following:

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