

## ANNEX C

### Summary of Changes Made in the Proposed Instrument

This annex summarizes the substantive changes made in the Proposed Instrument.

#### *Definitions*

- The defined term “non-GAAP financial measure” has been changed in response to comments received. The new definition is more consistent with CSA Staff Notice 52-306 (Revised) *Non-GAAP Financial Measures* and with rules and guidance of other securities regulators, including the U.S. Securities and Exchange Commission (SEC). This revised definition reduces the scope of financial measures captured compared to the Original Materials. Ratios are specifically excluded from the defined term. The scope of what is captured as a “non-GAAP ratio” has also been substantially reduced. Only ratios where a non-GAAP financial measure is used in the numerator or the denominator, or both, are captured. This is dealt with in a separate section within the Proposed Instrument.
- The defined term “segment measure” has been changed to “total of segments measure”, and the definition has been clarified in response to comments received. This revised term captures only a subtotal or total of two or more reportable segments. This clarifies that not all segment measures are captured within the defined term, for example, measures of a discrete reportable segment.
- The defined term “supplementary financial measure” has been changed to reflect the changes in the defined term “non-GAAP financial measure”.
- Transcripts of an oral statement are specifically excluded. Only oral statements were excluded in the Original Materials.

#### *Application*

- In addition to excluding SEC foreign issuers, we have reduced the scope of application of the Proposed Instrument by:
  - only capturing disclosures by reporting issuers and issuers that are not reporting issuers in a document that is subject to prospectus requirements, filed in connection with reliance on the offering memorandum exemption, and other similar documents submitted to a recognized exchange,
  - excluding issuers that are investment funds as defined in National Instrument 81-106 *Investment Fund Continuous Disclosure* and designated foreign issuers as defined in National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*, and
  - excluding disclosures that are required under National Instrument 43-101 *Standards of Disclosure for Mineral Projects* and National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities (NI 51-101)*, except for voluntary disclosures using oil and gas metrics under section 5.14 of NI 51-101.

- We have expanded the list of specific documents and financial measures that the Proposed Instrument does not apply to including valuations reports and pro forma financial statements.
- We have also excluded financial measures disclosed in compliance with a requirement under law or by an SRO to which the issuer is a member. This includes any system of regulation of a government or governmental authority or SRO that is applicable to the issuer, not just limited to the laws of a jurisdiction of Canada as originally included in the Original Materials.

#### *Incorporating Information by Reference*

- We have introduced a form of cross-referencing in certain discrete documents back to an issuer's MD&A through incorporating information by reference.

#### *Disclosure Requirements*

- Subparagraph 6(b), disclosure requirements for non-GAAP financial measures that are historical information, has been added to clarify that disclosure of a non-GAAP financial measure must be accompanied by the disclosure of the most comparable financial measure presented in the primary financial statements.
- Subparagraph 6(e)(iii), disclosure requirements for non-GAAP financial measures that are historical information, has been added to clarify that disclosure of a non-GAAP financial measure must provide an explanation of the composition of the measure.
- Section 7, disclosure requirements for non-GAAP financial measures that are forward-looking information, has been substantially revised to reduce the disclosure requirements and enhance readability. The requirement for a quantitative reconciliation has been removed and replaced with a requirement to describe each reconciling item between the non-GAAP financial measure that is forward-looking information and the historical non-GAAP financial measure. SEC Issuers, as defined in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*, may instead comply with Regulation G under the 1934 Act to comply with this disclosure requirement.
- Disclosures of non-GAAP financial measures used in ratios has been separated, with reduced disclosure requirements from the Original Materials.
- Subparagraph 10(a)(ii) allows issuers to make certain disclosures related to capital management measures within their financial statements to comply with the Proposed Instrument instead of directly within documents outside the financial statements.
- Section 11, disclosure for supplementary financial measures, has been revised to remove requirements to present the comparative period and explain the reason for a change, if any, from the comparative period.