VIA EMAIL

August 12, 2026

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission of New Brunswick
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Service NL
Northwest Territories Office of the Superintendent of Securities
Office of the Yukon Superintendent of Securities
Nunavut Securities Office

Attention:

The Secretary Ontario Securities Commission	Me Phillippe Lebel Corporate Secretary and Executive Director, Legal Affairs Autorité des marchés financiers
comments@osc.gov.on.ca	consultation-en-cours@lautorite.qc.ca

Re: CSA Notice and Request for Comment – *Proposed Amendments and Changes to the Issuer Bid, Take-Over Bid and Beneficial Ownership Reporting Regimes*

The Portfolio Management Association of Canada (**PMAC**) appreciates the opportunity to submit the following comments on the Canadian Securities Administrators' (**CSA**) proposed amendments to the issuer bid, take-over bid and beneficial ownership reporting regimes (the **Proposed Amendments**).

PMAC represents over 320 investment management firms registered to do business in Canada as portfolio managers with the members of the CSA. Approximately 60% of PMAC's members are also registered as investment fund managers. PMAC's members encompass both large and small firms managing total assets in excess of $4 trillion as fiduciaries for institutional and private client portfolios.

GENERAL COMMENTS

We appreciate the CSA's efforts to maintain an effective and responsive insider reporting regime, particularly considering evolving market developments. However, several aspects of the proposed modifications warrant clarification to mitigate the risk of divergent interpretations, which could lead to inconsistencies in application and monitoring.

While the proposals aim to improve transparency, they introduce complexities in key areas including definitions and interpretation, and operational and timing constraints for firms.

These challenges may strain compliance programs, which will require robust systems to monitor derivative activity and counterparty relationships. Similarly, market participants may struggle to apply the rules uniformly. To maintain clarity, further guidance would help to distinguish between issuer obligations and beneficial share ownership reporting by various market participants and financial institutions.

KEY RECOMMENDATIONS

1. **Reconsider the proposed requirement to disclose "plans or future intentions" and the concept that shareholders should be deemed to be acquirors when their joint holdings are over 10%**

   In our view, these proposals, independently and when taken together, create considerable uncertainty and may have unintended consequences such as stifling shareholders' ability to engage in preliminary discussions, and may adversely impact investors if plans change.

2. **Confirm that the guidance in section 3.6 of NP 62-203 is intended to apply only to the early warning reporting regime and is not intended to change the analysis applicable to reporting under the alternative monthly reporting regime.**

   This clarification would promote consistent interpretation and application of the reporting requirements by eligible institutional investors.

3. **Reconsider the proposed disclosure regime and provide additional clarity and examples throughout the publication to ensure consistency in application and avoid under- and over- reporting, and to reduce the compliance burden.**

These recommendations are discussed in more detail below, together with the following comments specific to certain aspects of the Proposed Amendments.

New Selective Repurchase Exemption

We are supportive of the proposal to adopt a Selective Repurchase Exemption, as a separate exemption. However, we have identified the following challenges associated with the proposals.

We request further clarification regarding the requirement for a "liquid market" (derived from Multi-Lateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*). The definition of "liquid market" lacks clear, quantifiable criteria, making it difficult for issuers to determine eligibility for the exemption, which is not the CSA's intention. For example, a requirement that the securities be "highly liquid" would provide additional clarity and maintain flexibility. Alternatively, "liquid market" could be defined with objective metrics (e.g., trading volume or liquidity thresholds). In our view, the liquidity requirement should not require an express determination by the board of directors; rather, it should be framed as a market condition that must be satisfied for the exemption to be available.

The proposed mandate to repurchase at a discount to the closing price, as at the date of the bid, raises questions about how to calculate "discount" in volatile markets or for illiquid securities, increasing the risk of non-compliance due to misinterpretation. The price should be as at the date of the agreement being signed, rather than the date of the bid. Alternatively, guidance and examples of acceptable discount calculations and scenarios could be provided to assist market participants with compliance.

With respect to the proposed repurchase limit, we encourage the CSA to consider a more flexible approach, rather than adopting the proposed 5% limitation. A prescriptive limit may hinder issuers' and boards' ability to act in the best interests of their shareholders. In our view, the proposed requirement for a liquid market, or a higher limit (of 10% of outstanding securities for example) would achieve the desired policy outcomes. In addition, the interaction between the proposed 5% Selective Repurchase limit and NCIB exemptions (up to 10% public float) may create confusion about aggregate repurchase caps.

In our view, the additional proposed news release is not necessary. Existing disclosure requirements regarding material information and material changes and other disclosure requirements may apply to the transaction, and we believe that these disclosure requirements are sufficient. If there is specific additional disclosure that the CSA views as being necessary, this could be included in the issuer's quarterly management discussion and analysis. The proposed requirement to issue a news release before market open after a repurchase may be impractical for transactions finalized late in the day, risking delays or rushed disclosures.

Enhanced Disclosure of Equity Equivalent Derivatives in Specified Circumstances

In principle, we support the proposed enhanced disclosures with respect to interests in equity equivalent derivatives which have the effect of altering economic exposure to an issuer, but these should be limited to the context of formal take-over bids and proxy solicitations.

The proposed definition of "equity equivalent derivative" (a derivative providing 90–110% of the economic exposure of a reference security) may be challenging to apply in practice, especially for complex or customized derivatives. Market participants may struggle to determine whether their instruments fall within this range.

In addition, the proposed requirement to disclose interests in equity equivalent derivatives and related agreements for the 6-month period preceding a take-over bid (Item 8.1 of Form 62-104F1) could be burdensome, as participants may not have retained detailed records or may face difficulty reconstructing historical positions.

We believe that the instrument should make it clear that the disclosure obligation applies only to insiders, and that other market participants be clearly excluded from the requirement. Absent clear language, other market participants would be required to track client ownership of securities, which is impractical for securities held indirectly, and clients that are not insiders.

In our view, the market can achieve robust transparency without the immense operational hurdles of mandatory position aggregation by introducing a more balanced, streamlined reporting framework. Below are some suggested disclosure models that could be used:

- Implement separate line-item disclosure – where physical shareholdings and cash settled equity derivatives could be listed independently within the same filing, preventing a complex, real-time delta-weighting aggregation methodology. This would also allow investors to retain visibility into the investor total economic footprint without distorting actual voting control (since cash-settled derivatives provide financial exposure, but many not grant the holder voting control).
- Quarterly position reporting – establish a routine schedule for substantial derivative holdings similar to the U.S. 13F framework, rather than tying disclosures to volatile daily early warning thresholds.
- Transactional triggers – as noted above, in our view, the proposed special disclosure requirements and deemed beneficial ownership rules for equity equivalent derivatives should be restricted to active capital market events such as a formal take-over bid, issuer bid, or a proxy contest. We agree that in certain circumstances, such as an activist shareholder taking public action with respect to its investment, additional disclosure should be required, including with respect to equity equivalent derivatives. Limiting the additional disclosure requirement in this way will help to achieve an appropriate balance between the competing interests of issuers, shareholders and activists.

We believe these changes would limit compliance burden by removing the requirement to track and report minor, daily economic exposure adjustments during routine market periods.

Disclosure and Timing Requirements for Acquirors' Plans or Future Intentions

We urge the CSA to reconsider the proposed requirement to disclose "plans or future intentions". We are concerned that this proposed requirement is vague and creates considerable uncertainty as to when the disclosure obligation arises. It is not clear when a preliminary consideration becomes a "plan". The same is true for what qualifies as "material" information; these provisions risk under- or over-disclosure. We have similar comments with respect to the proposed changes to joint actor disclosures, discussed below. Taken together, these changes may negatively impact market efficiency and improperly influence share prices.

We are also concerned that these proposed provisions may limit shareholders' ability to communicate without triggering disclosure requirements. One solution would be to define the terms "plans" and "intentions" with objective criteria (e.g., board approval, signed term sheets), and to provide materiality guidelines based on transaction size or impact. Detailed illustrative examples of disclosure triggers could be included in the Companion Policy.

Early Warning Reporting Triggers and Thresholds

As noted above, we disagree with the concept that shareholders should be deemed to be acquirors when their joint holdings are over 10%. We are concerned that this could unduly restrict discussions that shareholders should be able to engage in before deciding on a course of action. Disclosure of future intentions exposes acquirors to liability risks if plans change; the rules offer no safe harbour for revised strategies. Premature disclosure also risks investor harm, if the potential course of action does not materialize, and the market responds accordingly.

There are several concepts in the Early Warning Reporting (**EWR**) section that are vague, which creates uncertainty and compliance difficulties. Concepts such as "significant influence" and "control" are open to interpretation, and may lead to inconsistencies as to when reporting obligations begin. We recommend that terms such as "control" and "influence" be defined with objective criteria (e.g., specific ownership percentages or board representation).

Divergent reporting timelines (e.g., 2 vs. 5 business days) across regions create compliance challenges for cross-border transactions. We recommend that reporting timelines and exemptions be harmonized across jurisdictions.

"Prompt" reporting requirements are impractical for complex transactions requiring legal/board approvals, risking non-compliance. Short deadlines conflict with operational realities (e.g., weekend/holiday closures). We recommend that more flexibility be introduced and that deadlines be extended for complex transactions and that the proposals clarify holiday/weekend rules.

Similarly, requirements to disclose "related agreements" or "intentions" are vague and may force over-reporting to avoid penalties. Examples of reportable "related agreements" and exempt passive investments could be included in the guidance.

Calculation of early warning reporting thresholds

The proposed section 3.6 of National Policy 62-203 *Take-Over Bids and Issuer Bids* (**NP 62-203**) includes guidance intended to clarify how early warning reporting thresholds are calculated, including in circumstances involving convertible securities. We understand that the proposed guidance is directed at the operation of the early warning reporting regime under Part 5 of National Instrument 62-104 *Take-Over Bids and Issuer Bids*.

During our review of the Proposed Amendments, a question arose as to whether the guidance in section 3.6 could be interpreted as also applying to the determination of reporting obligations under the alternative monthly reporting (**AMR**) regime in National Instrument 62-103 *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues*. In our view, the proposed guidance appears to be directed to early warning reporting calculations only.

To avoid uncertainty, we request that the CSA confirm in its final publication materials that the guidance in section 3.6 of NP 62-203 is intended to apply only to the early warning reporting regime and is not intended to change the analysis applicable to reporting under the AMR regime. Such clarification would promote consistent interpretation and application of the reporting requirements by eligible institutional investors.

If our interpretation is incorrect and the guidance is intended to make changes to the AMR regime, we strongly urge the CSA not to disrupt the *status quo* for eligible institutional investors that take advantage of the alternative monthly reporting regime.

Amending Exemptions and Codifying Common Discretionary Exemptions

The thresholds for when an exemption requires amendment are unclear (e.g., material vs. minor changes), which could lead to over-filing or risk non-compliance. The same is true for the guidance on whether amended exemptions apply retroactively to existing transactions, which creates a liability concern.

We recommend that the CSA define "material change" with objective metrics (e.g., ownership thresholds, transaction value), publish standardized eligibility criteria for codified exemptions and illustrative examples, and clarify retroactivity rules and provide transition periods for amended exemptions.

Compliance burden

These proposals represent a significant new compliance burden for firms. Compliance teams must track repurchases across multiple exemptions (Selective, NCIB, employee exemptions) to avoid exceeding the 20% aggregate cap, which complicates record-keeping, and reporting. The 5-person/5-transaction annual limit would require rigorous tracking to prevent inadvertent breaches. Ensuring timely, accurate news releases for each selective repurchase demands robust processes to capture transaction details and calculate 12-month rolling totals.

Compliance teams must implement systems to track derivative positions, agreements altering economic exposure, and counterparty relationships continuously, which could strain resources.

The materiality threshold for the proposed requirement to disclose "material terms" of derivatives and agreements (Items 8.1(1)(a) and 8.1(2)(a)) is unclear; additional guidance on what constitutes a "material" term would be helpful to avoid potential over- or under-disclosure.

Tracking ownership across affiliates, subsidiaries, and derivatives demands significant resources and sophisticated systems. In addition, it could be difficult to identify beneficial owners in layered structures (e.g., trusts, SPVs). In our view, non-insider market participants should be explicitly exempted from any additional disclosure requirements placed on insiders.

If the concern is that insiders may use derivatives to understate their overall economic position – a circumstance we believe is likely to be uncommon – a more targeted regulatory solution may be warranted. Rather than broadly amending existing instruments that apply across the industry, the CSA should consider a tailored framework that addresses this specific issue without imposing unnecessary obligations on all market participants. Broad, prescriptive requirements risk increasing compliance costs, discouraging investment, and reducing the competitiveness of Canada's capital markets by making it more challenging to participate in them.

CONCLUSION

We thank the CSA for the opportunity to comment on the proposals.

While we are supportive of certain elements of the proposed regime, the proposals will create considerable additional compliance burden for firms. For this reason, we encourage the CSA to provide additional clarity and examples throughout the publication to improve consistency in application and avoid under- and over- reporting.

We urge the CSA to reconsider the proposed requirement to disclose “plans or future intentions” and the concept that shareholders should be deemed to be acquirors when their joint holdings are over 10%; these changes will create considerable uncertainty and may have unintended consequences for investors.

We also request confirmation that the guidance in section 3.6 of NP 62-203 is intended to apply only to the early warning reporting regime, and is not intended to change the analysis applicable to reporting under the alternative monthly reporting regime.

If you have any questions or wish to discuss this further, please contact Katie Walmsley (kwalmsley@pmac.org) or Victoria Paris (vparis@pmac.org).

Sincerely,

PORTFOLIO MANAGEMENT ASSOCIATION OF CANADA

"Katie Walmsley"	*"Geoff Grove"*
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