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Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Superintendent of Securities, Department of Justice and Public Safety,
Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon
Superintendent of Securities, Nunavut

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Corporate Secretary
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The Secretary
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Dear Mme Anne-Marie Beaudoin

CSA Request for Comment - Proposed National Instrument 52-112

We are pleased to provide our comments to the Canadian Securities Administrators (CSA) on Proposed National Instrument 52-112 “Non-GAAP and Other Financial Measures Disclosure” (the Proposed Instrument) and the related Proposed Companion Policy and consequential amendments and changes.

The CSA have consistently commented on deficiencies in disclosure of Non-GAAP measures over the past few years and we support the concept of issuing a Proposed Instrument that has the force of law to improve the consistency and transparency of disclosures for stakeholders, including investors and analysts.

Work effort and transition requirements

While the Proposed Instrument replicates much of the guidance in Staff Notice 52-306, the instrument in its current form also introduces certain new concepts and categories of measures. Reporting Issuers will need to carefully understand the proposed scope and associated requirements with respect to these items, identify measures falling under the new definitions and ensure compliance with the new rules when they come into effect. The scope of the Proposed Instrument is very broad, applicable to all publicly filed documents and any other communication the content of which would be reasonably expected to affect the market price, including use of social media. The effort required for reporting issuers to comply with the new requirements will not be insignificant and it is possible that for some issuers more substantial work effort will be required. While the Proposed Instrument is silent on transition provisions we believe appropriate time should be provided from

when the Proposed Instrument is finalized to enable effective implementation. In our view the Proposed Instrument should be first made effective at the end of a fiscal year so that the comparisons in the next year's interim periods can be made back to the year end measures.

Application guidance

We understand it may not be appropriate to include illustrative examples in the Proposed Instrument and although the proposed Companion policy does provide additional guidance, it would seem that some additional more specific guidance may be useful especially as the Proposed Instrument will be mandated by law (e.g. in the form of FAQs outside the Proposed Instrument that could be updated periodically). For example, more guidance on determining and disclosing the GAAP equivalent of a Ratio or Forward looking measure or application of the Instrument to Key Performance Indicators (KPIs) would seem useful.

Based on feedback we have received from reporting issuers additional application guidance would be helpful on applying the concept of disaggregation, disclosure of segment measures and how the Proposed Instrument should be applied to social media communications. For example, we propose for social media communications that links to relevant disclosures for Non-GAAP and Other Financial Measures be permitted. There is also some concern that there may be repetitive disclosures of the same reconciliations so consideration could be given to allowing for more cross-referencing between documents to reduce duplicative disclosures whilst at the same time protecting the public interest.

Canadian reporting issuers that are also SEC registrants will have to carefully consider how the proposals and existing SEC requirements to which they are subject will apply to them as the proposals are not fully aligned with SEC requirements. This is another topic that we suggest could be incorporated into an FAQs document to assist with implementation.

We would be pleased to discuss our comments on the Proposed Instrument. If you wish to do so, please contact Kam Grewal (Kam.Grewal@ca.ey.com).

Yours sincerely



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