Fixing the Securities Industry Plumbing The CSA Announce Plans for a New Issuer

June 11, 2019

The Canadian Securities Administrators (CSA) recently announced their progress in developing a new integrated national information and filing system (referred to as the Renewed System), which would replace existing electronic filing systems, including the System for Electronic Document Analysis and Retrieval (SEDAR), the System for Electronic Disclosure by Insiders (SEDI), the National Registration Database (NRD) and the various provincial online filing portals. Details of the Renewed System have not yet been released, but the CSA describe it as a "modernized, more secure and centralized system." The stated intent is to create a single point of access for market participants that is simplified, more user-friendly and cost effective, with modern, browser-based interface and better search capabilities.

The Renewed System would be launched in four phases. The first phase, proposed to begin in early 2021, would replace the following issuer-related systems and filings: SEDAR, the National Cease Trade Order Database, the Disciplined List, certain filings in the BCSC eServices system and the OSC electronic filing portal. The CSA explain that future phases will address filings made by insiders, registrants, derivatives market participants and regulated entities (such as marketplaces, self-regulatory bodies and clearing agencies), including through SEDI and NRD. No timetable has been provided for the remaining system updates.

The CSA's recent publication includes proposed National Instrument 13-103 *System Replacement Rule*(NI 13-103). Proposed NI 13-103 would require a person or company to electronically transmit through the Renewed System any document that the person or company is required or permitted to file with, or deliver to, a member of the CSA. Certain documents would be excluded from filing through the Renewed System, including documents delivered in connection with a hearing, compliance review, proceeding or investigation. Along with NI 13-103, the CSA published proposed ancillary amendments to many other instruments — essentially to replace references to SEDAR with references to the Renewed System. In conjunction with adopting NI 13-103, the CSA would repeal National Instrument 13-101 *System for Electronic Document Analysis and Retrieval,*as well as the SEDAR filer manual.

Consistent with the CSA's phased approach to instituting the Renewed System, NI 13-103, once adopted, will firstly generally only apply to filings required to be made by issuers (including investment funds). Notably filings to be made by issuers under

National Instrument 45-106 *Prospectus Exemptions* —that is, reports of exempt distributions — will be captured in the first phase. NI 13-103 contains a detailed appendix that provides a jurisdiction-by-jurisdiction list of filings that cannot be made under the Renewed System (at least initially). This includes marketplace filings, registrant regulation filings, crowdfunding filings, insider reports and derivative filings. In Ontario and Alberta, participation fee filings to be made by issuers will also be required to be filed under the Renewed System as part of the first phase.

Concurrently with the proposal to launch the Renewed System, the CSA are also proposing to repeal and replace Multilateral Instrument 13-102 *System Fees for SEDAR and NRD* (MI 13-102)1to overhaul their approach to system fees (essentially fees payable to use the Renewed System). The existing fee model would be replaced with a flat-fee model with user fees paid only to a filer's principal regulator. Certain system fees would be eliminated while new user fees would be introduced. This approach to fees has the potential to significantly improve the simplicity of calculating, inputting and transmitting system user fees. The CSA anticipate that these proposed amendments would result in a reduction in annual system fee revenue of approximately $1.7 million. The CSA acknowledge that certain issuers, most notably investment funds, will see their fees increase under this new system. There are also significant fee increases applicable to non-Canadian firms who rely on the international adviser and international dealer exemptions provided for in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, but the CSA will not implement those fee increases until registrant filings are required to be made under the Renewed System.

The package of rule proposals and amendments, including NI 13-103 and MI 13-102, have been published for a 90-day comment period, which ends July 31, 2019. It may be appropriate for issuers to propose that the CSA allow user-testing of the Renewed System prior to its launch. Given our heavy use of SEDAR on behalf of our clients and our expertise in its operations, we expect to make such a comment in response to the CSA's publication.

New SEDAR Security Measure Due to be Implemented June 15, 2019 — Action May be Required!

SEDAR filers were recently notified by the CSA SEDAR operational staff of a new security measure, which will be effective on or after June 15, 2019. Subject to certain exemptions, for any filings made on and after this date by a third party, such as BLG, on behalf of an issuer, the CSA will ask for verification that the third party,*i.e.* BLG, is authorized to make the filing. If this verification is necessary, the issuer will be required to provide the CSA with two contacts who must, at the request of the CSA, verify that the third party is authorized to make the filing. The CSA explain that until this verification is provided (which request will be made by telephone and email), the third party will not be able to complete the filing on behalf of the issuer. The key will be to provide contacts who are largely available and will provide prompt verification to the CSA when such verification is requested in order to avoid delays in filings.

Filings that are made by third parties on behalf of issuers where the third party filed in the same SEDAR group profile within the past 18 months will be exempt from this verification. This means that BLG will be able to file for you if we previously did a filing for you at any time on or after December 14, 2017. For investment fund issuers,

provided the new filing is made within the same “group profile” for which we filed for those issuers on or after December 14, 2017, no verification will be required. New investment fund issuers filing under a new group profile (*e.g.*stand-alone prospectus documents for a new fund launch) will require you to verify that we can file on your behalf, even if we have filed for the investment fund family in the past. All verifications (grandfathered and new) are permanent until revoked by the issuer.

We expect that this new security measure will take some period of adjustment. In order to continue making filings on your behalf after June 15, 2019, we will ask you to provide us with authority to make the filings and to provide us with names of two contacts that, if prompted by SEDAR, we can provide in the system to allow for any required verification. Information about this new measure has been sent out to all SEDAR subscribers and issuers and will be publicly available on June 15, 2019.

Contact Us

Please contact the authors of this bulletin, your usual lawyer or the leaders of BLG's Securities & Capital Markets and Investment Management groups, if you have any questions about the Renewed System, the proposed amendments and how they may affect you.

Our securities law clerks are experts in SEDAR and are familiar with the new post-June 15, 2019 verification process. Please contact Gianni Chiazzese, Senior Coordinator, Paraprofessional Services – Business Group or Joan Reynar, Securities Law Clerk if you have any questions.

1 Manitoba will adopt a regulation (amendments to Regulation 158/2013) with similar effect, but will not be part of the Multilateral Instrument.

By

Rebecca A. Cowdery, Stephen P. Robertson, Chelsea Papadatos

Expertise

Capital Markets

BLG | Canada's Law Firm

As the largest, truly full-service Canadian law firm, Borden Ladner Gervais LLP (BLG) delivers practical legal advice for domestic and international clients across more practices and industries than any Canadian firm. With over 800 lawyers, intellectual property agents and other professionals, BLG serves the legal needs of businesses and institutions across Canada and beyond – from M&A and capital markets, to disputes, financing, and trademark & patent registration.

blg.com

BLG Offices

Calgary

Centennial Place, East Tower
520 3rd Avenue S.W.
Calgary, AB, Canada
T2P 0R3

T 403.232.9500
F 403.266.1395

Ottawa

World Exchange Plaza
100 Queen Street
Ottawa, ON, Canada
K1P 1J9

T 613.237.5160
F 613.230.8842

Vancouver

1200 Waterfront Centre
200 Burrard Street
Vancouver, BC, Canada
V7X 1T2

T 604.687.5744
F 604.687.1415

Montréal

1000 De La Gauchetière Street West
Suite 900
Montréal, QC, Canada
H3B 5H4

T 514.954.2555
F 514.879.9015

Toronto

Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, ON, Canada
M5H 4E3

T 416.367.6000
F 416.367.6749

The information contained herein is of a general nature and is not intended to constitute legal advice, a complete statement of the law, or an opinion on any subject. No one should act upon it or refrain from acting without a thorough examination of the law after the facts of a specific situation are considered. You are urged to consult your legal adviser in cases of specific questions or concerns. BLG does not warrant or guarantee the accuracy, currency or completeness of this publication. No part of this publication may be reproduced without prior written permission of Borden Ladner Gervais LLP. If this publication was sent to you by BLG and you do not wish to receive further publications from BLG, you may ask to remove your contact information from our mailing lists by emailing unsubscribe@blg.com or manage your subscription preferences at blg.com/MyPreferences. If you feel you have received this message in error please contact communications@blg.com. BLG's privacy policy for publications may be found at blg.com/en/privacy.

© 2026 Borden Ladner Gervais LLP. Borden Ladner Gervais LLP is an Ontario Limited Liability Partnership.