

Annex A
List of Commenters

No.	Commenter	Date
1.	The Canadian Advocacy Council of CFA Societies Canada	October 18, 2019
2.	The Real Property Association of Canada	November 26, 2019
3.	Canadian Coalition for Good Governance	November 27, 2019
4.	Investment Industry Association of Canada (IIAC)	November 28, 2019
5.	Magna International Inc.	December 2, 2019
6.	Cenovus Energy Inc.	December 3, 2019
7.	Quebec Bourse	December 4, 2019
8.	Canadian Investor Relations Institute	December 4, 2019
9.	Stikeman Elliott LLP	December 4, 2019
10.	Ernst & Young LLP	December 4, 2019
11.	McCarthy Tétrault LLP	December 4, 2019
12.	Chartered Professional Accountants of Canada	December 4, 2019
13.	Portfolio Management Association of Canada	December 4, 2019
14.	TSX Inc. and TSX Venture Exchange Inc.	December 4, 2019
15.	PricewaterhouseCoopers LLP	December 19, 2019
16.	Veritas Investment Research	January 6, 2020

Annex B
Summary of Comments and CSA Responses

No.	Subject	Summarized Comment	Response
1	General Support	<p>13 commenters supported the proposed amendments.</p> <p>One commenter strongly opposed to the proposed amendments.</p>	<p>We thank the commenters for their views.</p> <p>We acknowledge the views expressed in the comment letter opposing the proposed amendments. However, we think the proposed amendments achieve the right balance between investor protection and reducing regulatory burden.</p>
2	Adoption of the two-trigger test to determine significance	<p>Ten commenters explicitly expressed support for the two-trigger test.</p> <p>One commenter specifically objected to the adoption of the two-trigger test.</p>	<p>We thank the commenters for their views.</p> <p>We acknowledge the views expressed in the comment letter objecting to the two-trigger test. However, our analysis indicates that the two-trigger test is more effective in reducing anomalous results arising from the current tests than most of the other options considered, including those suggested by certain commenters.</p>
3	30% significance threshold for the two-trigger test	<p>Seven commenters explicitly supported increasing the significance threshold to 30%.</p> <p>Three commenters recommended CSA provide further information to help them better understand</p> <ul style="list-style-type: none"> • the relative importance between the two proposed amendments with respect to the anticipated impact on the number of expected filings, and 	<p>We thank the commenters for their views.</p> <p>We note that increasing the significance test threshold is consistent with the consultation feedback received and with the CSA’s strategic plan to reduce regulatory burden while maintaining investor protection.</p> <p>Our analysis of the BARs filed and the BAR exemptive relief granted on a</p>

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		<ul style="list-style-type: none"> the rationale behind the proposed increase of the significance test threshold from 20% to 30%. 	<p>look-back basis indicates that the two-trigger test is more effective in reducing anomalous results than most of the other options considered. This analysis also helped the CSA conclude that increasing the significance test threshold to 30% would achieve an appropriate balance between investor protection and reduction of burden.</p>
4	<p>Keeping the significance test threshold at 20% for the two-trigger test</p>	<p>Two commenters objected to increasing the significance test threshold from 20% to 30%.</p>	<p>Additionally, we received feedback that the 30% threshold more appropriately recognizes the profile of Canadian issuers when compared with US issuers and the burden of preparing a BAR for smaller transactions.</p>
5	<p>Increasing the significance threshold to 50% or higher for the two-trigger test</p>	<p>Three commenters recommended increasing the significance test threshold to 50% or 75%.</p>	<p>Finally, we considered the suggestions to further increase the significance threshold but determined that the reduction in burden did not justify a potentially significant loss of information to investors.</p>
6	<p>Eliminating the BAR</p>	<p>Four commenters recommended eliminating the BAR, citing only modest relevance or limited value.</p> <p>Among these four commenters, one commenter recommended replacing the BAR with a detailed news release and/or a material change report.</p> <p>Among these four commenters, two commenters recommended eliminating the BAR for all issuers, including venture issuers.</p>	<p>We thank the commenters for their views.</p> <p>At this time, we are not proposing to eliminate the BAR entirely as we think that the BAR provides investors with relevant information for their decision-making purposes.</p>

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7	Keeping the current BAR requirements	One commenter strongly opposed the proposed amendments based on the view that historical financial information contained in the BAR is useful for making investment decisions.	<p>We thank the commenter for its view.</p> <p>We agree that the BAR contains relevant information that may be helpful for making investment decisions. We think the proposed amendments achieve the right balance between investor protection and reducing regulatory burden.</p>
8	Alignment with SEC	Five commenters recommended some form of consideration or alignment with the SEC proposed amendments, such as modifying the investment test to reflect the fair value of the acquired business, and otherwise monitoring developments.	<p>We thank the commenters for their views. We have monitored international developments, including the SEC final amendments published in May 2020.</p> <p>We think that the proposed amendments provide an appropriate solution to address concerns raised by stakeholders in the Canadian market.</p>
9	Pro forma financial statements	Three commenters recommended eliminating pro forma financial statements, citing only modest relevance or limited value.	We thank the commenters for their views. At this time, we are not proposing to eliminate pro forma financial statements as we think they provide useful information to some investors for making investment decisions.
10	Profit or loss test	<p>Four commenters recommended the following changes to the profit or loss test:</p> <ul style="list-style-type: none"> • replace the profit or loss test with alternatives such as EBITDA • make substantive amendments to the BAR requirements to address the challenges related to the profit or loss test 	<p>We thank the commenters for their views. At this time, we are not proposing to make changes to the profit or loss test.</p> <p>We understand from the consultation feedback that the primary concern with the profit or loss test was that it often produces anomalous results. Our data analysis indicates that the two-trigger</p>

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		<ul style="list-style-type: none"> • align with the SEC’s proposal to add a revenue component • increase the significance test threshold from 20-30% 	<p>test is more effective in reducing anomalous results than the other suggestions raised during the consultation, such as removing the profit or loss test or introducing a revenue test etc.</p>
11	Other specific recommendations to BAR requirements	<p>One commenter suggested the following:</p> <ul style="list-style-type: none"> • clarifying the specific time-frame that applies to consider acquisitions of related businesses on a combined basis; • narrowing the definition of “acquisition of a related business”. <p>One commenter suggested modifying the BAR requirements to treat the required significance tests as a filtering mechanism for the optional significance tests.</p>	<p>We thank the commenters for their views.</p> <p>At this time, we are not proposing to make further changes to other areas of the BAR requirements. We acknowledge the suggestions and continue to welcome feedback that may lead to policy projects in the future.</p>
12	51-102CP amendments – S. 8.1(4)	<p>One commenter indicated that the proposed amendments add ambiguity in determining whether or not an acquisition would be considered a business for regulatory purposes versus IFRS purposes.</p>	<p>We thank the commenter for its view. We remind issuers that the evaluation of the term “business” for securities regulatory purposes should be conducted separately from the determination for accounting purposes.</p>
13	Tailoring the BAR requirements to specific industry	<p>Three commenters recommended changes tailored to issuers in specific industries.</p>	<p>We thank the commenters for their views. At this time, we are not proposing any industry specific rules or amendments.</p>

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14	Other disclosure requirements	Three commenters made specific recommendations to other continuous disclosure requirements, including for instance, permitting semi-annual reporting.	We thank the commenters for their views. Commenters are encouraged to continue providing their views to the other relevant policy initiatives as a result of the other CSA reducing regulatory burden efforts.
15	Application to non-venture issuers	No commenter objected to the application of the proposed amendments to non-venture issuers only. One commenter explicitly agreed that no further changes are required for venture issuers.	We thank the commenters for their views.