

CSA Notice and Request for Comment**Proposed Amendments to National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure***

November 13, 2025

Introduction

The Canadian Securities Administrators (the **CSA** or **we**) are publishing for a 90-day comment period proposed amendments to:

- National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure* (the **Proposed Amendments**),

proposed changes to:

- Companion Policy 52-112 *Non-GAAP and Other Financial Measures Disclosure* (the **Proposed Changes**),

and related proposed consequential amendment to:

- Multilateral Instrument 11-102 *Passport System*,

(collectively, the **Proposed Materials**).

The comment period will end on February 11, 2026.

The text of the Proposed Materials is contained in Annexes A through C of this Notice and will also be available on the websites of CSA jurisdictions, including:

www.lautorite.qc.ca

www.asc.ca

www.bcsc.bc.ca

<https://nssc.novascotia.ca/>

www.nbsc-cvmnb.ca

www.osc.gov.on.ca

www.fcaa.gov.sk.ca

www.mbsecurities.ca

Substance and Purpose

Further to a new IFRS[®] Accounting Standard, IFRS 18 *Presentation and Disclosure in Financial Statements (IFRS 18)*, that requires disclosure of management-defined performance measures

(MPMs) in a note to the financial statements, the Proposed Amendments primarily seek to ensure that such measures, that have historically been subject to the requirements of National Instrument 52-112 (NI 52-112) remain subject to its requirements.

In addition, the Proposed Amendments:

- Require that additional subtotals are disclosed outside of the financial statements with appropriate context.
- Allow incorporation by reference of certain information to the notes to the financial statements, under certain circumstances, to avoid duplicative disclosure.
- Codify and consolidate existing exemptions currently found in blanket orders as well as Ontario Rule 52-503 that provide relief to certain issuers from certain requirements of NI 52-112 (other than British Columbia's existing blanket order, BC Instrument 52-513, which will continue to apply).

The Proposed Amendments address, in a narrow-scope manner, the consequences arising from IFRS 18 on NI 52-112 and aim to minimize disruption to existing disclosure practices. Under the Proposed Amendments, issuers would not be required to materially change their reporting practices for non-GAAP financial measures disclosed *outside* the financial statements.

The Proposed Changes provide guidance on how we will interpret and apply the Proposed Amendments.

Background

On May 27, 2021, the CSA published NI 52-112 and Companion Policy 52-112 *Non-GAAP and Other Financial Measures Disclosure* (CP 52-112). Together, NI 52-112 and CP 52-112 address stakeholder demands, including reducing uncertainty regarding issuers' disclosure obligations and investors' need for consistent, transparent, and high-quality disclosure for certain financial measures presented outside of financial statements, such as non-GAAP financial measures.

On April 9, 2024, the International Accounting Standard Board (IASB) issued IFRS 18, which is effective for annual reporting periods beginning on or after January 1, 2027. Among other things, IFRS 18 requires entities to disclose information about certain financial measures in a note to the financial statements, when specific criteria in IFRS 18 are met (e.g., if an entity uses such measures in public communications *outside* financial statements – such as MD&A, earnings release, investor presentations).

Currently, such financial measures are disclosed outside the financial statements as non-GAAP financial measures. In developing the requirements for MPMs, the IASB and its staff acknowledged that in many jurisdictions, public entities have existing systems and processes in place to monitor and control their public communications to comply with laws and regulations – that regulate from the *onset* the type of information permitted to be provided to the market, such as those relating to non-GAAP financial measures – and that existing regulatory requirements for non-GAAP financial measures, if any, would continue to apply in regulated documents, even if those financial measures are identified as MPMs in a note to the financial statements.

Accordingly, in a Canadian reporting issuer context, for a financial measure to be an MPM it must *first* be disclosed *outside* financial statements and therefore comply with securities legislation, most notably NI 52-112 *before* it is disclosed as an MPM in a note to the financial statements.

Since NI 52-112 currently defines a non-GAAP financial measure as, among other things, a financial measure that is *not* disclosed in the financial statements of the entity, without the Proposed Amendments, many measures that have historically been considered non-GAAP financial measures (e.g., adjusted net income, adjusted EBITDA) would no longer meet the definition of a non-GAAP financial measure in NI 52-112 if those measures are disclosed in the financial statements as MPMs under IFRS 18. Therefore, without the Proposed Amendments, those measures would not be subject to the disclosure requirements in NI 52-112 when disclosed outside of the financial statements.

The disclosure requirements for MPMs in IFRS 18 are not inconsistent with the disclosure requirements for non-GAAP financial measures in NI 52-112. To reduce duplicative disclosures, the Proposed Amendments allow incorporation of information by reference to the notes to the financial statements if such notes contain the information required by NI 52-112.

In addition, to promote connectivity with IFRS 18, which requires an additional subtotal presented on the face of a primary financial statement, such as the statement of profit or loss, to be displayed no more prominently than the totals and subtotals required by IFRS Accounting Standards (e.g., operating profit), we are proposing a similar requirement when such an additional subtotal is disclosed *outside* the financial statements. This disclosure would, among other things, help ensure investors are provided with appropriate context when such a financial measure is disclosed outside the financial statements.

For clarity, the Proposed Amendments are focused on disclosures *outside* the financial statements. Nothing in the Proposed Amendments changes or overrides the requirements of IFRS Accounting Standards.

Possible Future Developments

We are aware that the IASB is exploring whether to require the disclosure in the notes to the financial statements of other historically considered non-GAAP financial measures, beyond MPMs (as currently defined), such as certain cash-flow non-GAAP financial measures (e.g., free cash flow).

Since there is no certainty on the direction of the IASB work, the Proposed Amendments have not taken these potential future developments into consideration, resulting in a narrow proposed amendment to the definition of “non-GAAP financial measure” based on the known changes to IFRS Accounting Standards.

We will continue to monitor developments in this area and will assess whether future amendments to NI 52-112 are required.

Summary of the Proposed Amendments

We are proposing the following amendments to existing requirements in NI 52-112:

Definitions

- Amending the definition of “non-GAAP financial measure” to include MPMs.
- Adding new definitions for “additional subtotal” and “management-defined performance measure”.

Incorporating Information by Reference

- Allowing the incorporation of certain information by reference to the notes to the financial statements to avoid duplicative disclosure.

Additional Subtotal Disclosure

- Adding prominence disclosure requirements for an additional subtotal disclosed outside the financial statements.

Exemption for certain issuers

- Adding an exemption for issuers that are currently exempt from NI 52-112 under existing blanket orders and Rule 52-503 in Ontario (other than British Columbia’s existing blanket order, BC Instrument 52-513)¹, under the same conditions.

Consequential Amendment

We propose to amend Multilateral Instrument 11-102 *Passport System* to include NI 52-112 in Appendix D of that Instrument. This amendment will allow any applications pertaining to NI 52-112 to be made under the passport system.

Local Matters

Where applicable, an additional annex is being published in any local jurisdiction that is making related changes to local securities laws, including local notices or other policy instruments in that jurisdiction. It also includes any additional information that is relevant to that jurisdiction only.

Request for Comments

We welcome your comments on the Proposed Materials. We particularly appreciate comments that are specific and accompanied by concrete examples.

Please submit your comments in writing on or before February 11, 2026.

Address your submission to all of the CSA as follows:

¹ As a result, all blanket orders pertaining to NI 52-112 (other than British Columbia’s existing blanket order, BC Instrument 52-513), as well as Rule 52-503 in Ontario, will be rescinded upon adoption of the Proposed Amendments. BC Instrument 52-513 will continue to apply, ensuring uniformity in the application of the existing exemption for issuers across Canada.

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, 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

Deliver your comments only to the addresses below. Your comments will be distributed to the other participating CSA.

The Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario M5H 3S8
Fax: 416-593-2318
comment@osc.gov.on.ca

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
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2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
Fax: 514-864-8381
consultation-en-cours@lautorite.qc.ca

We cannot keep submissions confidential because securities legislation in certain provinces requires publication of the written comments received during the comment period. All comments received will be posted on the websites of each of the Alberta Securities Commission at www.asc.ca, the Autorité des marchés financiers at www.lautorite.qc.ca and the Ontario Securities Commission at www.osc.gov.on.ca. Therefore, you should not include personal information directly in comments to be published. It is important that you state on whose behalf you are making the submission.

Contents of Annexes

- Annex A: Proposed Amendments to National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure*
- Annex B: Proposed Changes to Companion Policy 52-112 *Non-GAAP and Other Financial Measures Disclosure*

- Annex C: Proposed consequential amendment to Multilateral Instrument 11-102 *Passport System*
- Annex D: Local Matters

Questions

Please refer your questions to any of the following:

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ANNEX A

PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 52-112 NON-GAAP AND OTHER FINANCIAL MEASURES DISCLOSURE

1. *National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure is amended by this Instrument.*

2. *Section 1 is amended*

(a) by renumbering it subsection 1(1),

(b) by adding the following definitions:

“accounting principles” has the meaning ascribed to it in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

“additional subtotal” means a subtotal that

- (a) is disclosed in the primary financial statements of an entity,
- (b) is not a financial measure that is defined or listed in the accounting principles applied to the preparation of the entity’s financial statements, or the composition of which is set out in those accounting principles, and
- (c) is not a specified financial measure;

“management-defined performance measure” has the meaning ascribed to it in the accounting principles applied to the preparation of an entity’s financial statements;

(c) by replacing the definition of “non-GAAP financial measure” with the following:

“non-GAAP financial measure” means a financial measure disclosed by an issuer, other than a total of segments measure or a capital management measure, that is either of the following:

- (a) a management-defined performance measure;
- (b) a financial measure that
 - (i) depicts the historical or expected future financial performance, financial position or cash flow of an entity,
 - (ii) with respect to its composition, excludes an amount that is included in, or includes an amount that is excluded from, the composition of the most directly comparable financial measure disclosed in the primary financial statements of the entity,
 - (iii) is not disclosed in the financial statements of the entity, and
 - (iv) is not a ratio, fraction, percentage or similar representation;, *and*

(d) by adding the following subsection:

- (2) Terms used in this Instrument but not defined in this Instrument, National Instrument 14-101 *Definitions* or other securities legislation, and defined or used in the accounting principles applied to the preparation of the entity's financial statements, have the meaning ascribed to those terms in such accounting principles..
3. ***Section 2 is amended by replacing “disclosure of a specified financial measure” with “disclosure of a specified financial measure or an additional subtotal”.***
4. ***Section 3 is amended by replacing “disclosure of a specified financial measure” with “disclosure of a specified financial measure or an additional subtotal”.***
5. ***Subsection 4(1) is amended***
 - (a) in subparagraph (d)(i) by replacing “the specified financial measure” with “a specified financial measure or an additional subtotal”,***
 - (b) in paragraph (e) by replacing “disclosure of a specified financial measure” with “disclosure of a specified financial measure or an additional subtotal”,***
 - (c) in subparagraph (e)(i) by replacing “composition of the measure and the measure” with “composition of the measure or subtotal and the measure or subtotal”,***
 - (d) in subparagraph (e)(ii) by replacing “in proximity to the measure,” with “in proximity to the first instance of the measure or subtotal,” and “under which the measure is disclosed” with “under which the measure or subtotal is disclosed”,***
 - (e) in paragraph (f) by replacing “specified financial measure if the calculation of the specified financial measure is derived from” with “specified financial measure or an additional subtotal if the calculation of the measure or subtotal is derived from”,***
 - (f) in paragraph (g) by replacing “in respect of disclosure of a specified financial measure” with “in respect of disclosure of a specified financial measure or an additional subtotal”, and***
 - (g) in subparagraph (g)(ii) by replacing “the measure does not relate” with “the measure or subtotal does not relate”.***
6. ***Section 4 is amended by adding the following subsection:***
 - (3) (a) This subsection does not apply in British Columbia.
 - (b) In this subsection,

“Authority” means the Autorité des marchés financiers established by the *Act respecting the regulation of the financial sector*, CQLR, c. E-6.1;

“eligible issuer” means a reporting issuer that is, or that has a subsidiary or an affiliate that is, a financial institution subject to financial institution guidelines;

“financial institution” means a federal financial institution within the meaning of the *Bank Act* (Canada) or a financial institution that is authorized to carry on business in the Province of Québec under one of the following acts:

- (a) *Insurers Act*, CQLR, c. A-32.1;
- (b) *Act respecting financial services cooperatives*, CQLR, c. C-67.3;
- (c) *Deposit Institutions and Deposit Protection Act*, CQLR, c. I-13.2.2; and
- (d) *Trust Companies and Savings Companies Act*, CQLR, c. S-29.02;

“financial institution guideline” means any guideline or advisory guidance of OSFI or the Authority applicable to a financial institution that specifies the composition of a specified financial measure;

“OSFI” means the Office of the Superintendent of Financial Institutions of the Government of Canada;

- (c) Despite sections 2 and 3, this Instrument does not apply to an eligible issuer in respect of disclosure of a specified financial measure pursuant to a financial institution guideline if
 - (i) the measure was determined in accordance with a financial institution guideline, and
 - (ii) in proximity to the first instance of the measure, the eligible issuer discloses the financial institution guideline under which the measure is disclosed..

7. Subsection 5 is amended

(a) **in subsection (1) by replacing “Subject to subsections (3) and (4), an” with “An”.**

(b) **by adding the following subsection:**

(1.1) Despite paragraph (1)(a), an issuer may incorporate by reference the information referred to in subparagraph 6(1)(e)(ii) in respect of a management-defined performance measure if the reference is to the notes to the financial statements of the entity to which the measure relates.,

(c) **in subsection (2)**

(i) by replacing “subsection (1)” with “subsection (1) or (1.1)”,

(ii) in paragraph (b) by replacing “the information in the MD&A” with “the information in the MD&A or in the notes to the financial statements”, and

(iii) in paragraph (c) by replacing “MD&A is available” with “MD&A and the financial statements are available”.

8. *Subsection 5(4) is amended by replacing “Despite subsection (1)” with “Despite subsections (1) and (1.1)”.*

9. *Section 6 is amended*

(a) in subsection (1) by replacing “in a document unless” with “in a document, other than in financial statements about the entity to which the measure relates, unless”,

(b) in paragraph (1)(c) by replacing “the most directly comparable financial measure that is disclosed in the primary financial statements of the entity to which the measure relates” with “the most directly comparable financial measure disclosed in the primary financial statements of the entity to which the financial measure relates that is not a management-defined performance measure”, and

(c) in clause (1)(e)(ii)(C) by adding “referred to in subsection (2)” after “format”.

10. *Paragraph 9(a) is amended by adding “to which the financial measure relates that is not a management-defined performance measure” after “entity”.*

11. *Section 10 is amended*

(a) in subsection (1) by adding “in” before “financial statements”,

(b) in paragraph (1)(a) by adding “to which the financial measure relates that is not a management-defined performance measure” after “entity”, and

(c) in clause (1)(b)(ii)(C) by replacing “primary financial statements of the issuer” with “primary financial statements of the entity to which the financial measure relates that is not a management-defined financial measure”.

12. *Subparagraph 11(a)(ii) is amended by replacing “issuer” with “entity”.*

13. *The following part is added:*

PART 3.1 ADDITIONAL SUBTOTAL DISCLOSURE

11.1. An issuer must not disclose an additional subtotal in a document, other than in the financial statements about the entity to which the subtotal relates, unless both of the following apply:

- (a) the document discloses the most directly comparable financial measure disclosed in the primary financial statements of the entity to which the subtotal relates that is not a management-defined performance measure;
- (b) the subtotal is presented with no more prominence in the document than that of the most directly comparable financial measure referred to in paragraph (a)..

14. (1) This Instrument comes into force on [●].

- (2) In Saskatchewan, despite subsection (1), if these regulations are filed with the Registrar of Regulations after [●], these regulations come into force on the day on which they are filed with the Registrar of Regulations.

ANNEX B

PROPOSED CHANGES TO COMPANION POLICY 52-112 *NON-GAAP AND OTHER FINANCIAL MEASURES DISCLOSURE*

1. *Companion Policy 52-112 Non-GAAP and Other Financial Measures Disclosure is changed by this Document.*
2. *The section entitled “Introduction” is changed*
 - (a) *by adding the following after the first sentence:*

In addition, the Instrument sets out specific disclosure requirements for additional subtotals, as defined in the Instrument., *and*
 - (b) *by adding “and additional subtotals” after “specified financial measures” in the second to last sentence.*
3. *The subsection entitled “Document” is changed by adding the following after the first sentence:*

The disclosures for specified financial measures or additional subtotals required by the Instrument must be made in documents other than the financial statements, although information contained in notes to the financial statements may, in certain circumstances, be incorporated by reference..
4. *The subsection entitled “Specified Financial Measures Disclosed by an Issuer and Financial Statements of an Entity” is changed*
 - (a) *by adding “or Additional Subtotals” after “Specified Financial Measures” in the title of the subsection,*
 - (b) *by adding “or an additional subtotal” after “specified financial measure” wherever the expression occurs in the first paragraph, and*
 - (c) *by adding the following after the last bullet point in the subsection:*

Issuers should ensure they use the same label when disclosing a financial measure both inside and outside of the financial statements..
5. *The subsection entitled “Financial Measures” is changed by adding “or an additional subtotal” after “specified financial measure” wherever the expression occurs in the first paragraph.*
6. *The subsection entitled “Financial Reporting Framework, Accounting Principles, and Accounting Policies” is changed by replacing “IFRS” with “IFRS® Accounting Standards”.*

7. *The subsection entitled “Misleading disclosure still prohibited” is changed by adding “or an additional subtotal” after “specified financial measure”.*
8. *The following sections are added before the section entitled “Section 1 - Definition of a non-GAAP financial measure”:*

Section 1 – Definition of additional subtotal

The Instrument defines an additional subtotal as a subtotal disclosed in the primary financial statements of an entity, that is not a financial measure defined or listed in the accounting principles applied to the preparation of the entity’s financial statements, that is not a financial measure the composition of which is set out in those accounting principles, and that is not a specified financial measure.

Although the presentation of an additional subtotal may be required by IFRS Accounting Standards, such as paragraph 24 of IFRS 18 *Presentation and Disclosure in Financial Statements* (IFRS 18), when the composition of the subtotal is defined by management or where the composition of the subtotal may vary, and may not necessarily be comparable with measures sharing similar labels or descriptions provided by other entities, that particular subtotal would be an additional subtotal.

Examples of subtotals disclosed in the primary financial statements of the entity which are defined or listed in IFRS Accounting Standards or the composition of which is set out in IFRS Accounting Standards include but are not limited to the totals and subtotals that the entity must present in the statement of profit or loss (e.g., “operating profit or loss”, “profit or loss before financing and income taxes”, and “profit or loss”) and subtotals of income or expenses listed in paragraph 118 of IFRS 18 (e.g., “gross profit or loss”). These subtotals would not be “additional subtotals” under the Instrument.

Section 1 – Definition of management-defined performance measure

The Instrument defines a “management-defined performance measure” to be consistent with the definition of this term in the accounting principles applied to the preparation of an entity’s financial statements, for example, as defined by IFRS Accounting Standards. Accordingly, issuers should consider the associated definition and the related authoritative application guidance in IFRS 18..

9. *The section entitled “Section 1 - Definition of a non-GAAP financial measure” is changed by replacing the title with “Section 1 – Paragraph (b) of the definition of a non-GAAP financial measure”.*
10. *The following subsection is added after the subsection entitled “Non-Financial Information”:*

Anti-avoidance

An issuer should not disclose or refer to a financial measure in the notes to the financial statements for the purpose of avoiding application of the Instrument.

Although accounting standards may permit an issuer to provide additional information in the notes to the financial statements if an issuer believes such information to be useful for users of the financial statements, we expect that an issuer will apply the requirements of the Instrument pertaining to non-GAAP financial measures to a financial measure disclosed or referred to for such purpose in the notes to the financial statements if the other conditions set out in the definition of non-GAAP financial measure apply to such measure..

11. ***The following section is added before the section entitled “Section 2 – Application to reporting issuers”:***

Subsection 1(2) – Accounting terms

The Instrument uses accounting terms that are defined or used in the accounting principles applied to the preparation of the entity’s financial statements. In certain cases, some of those terms are defined differently in securities legislation. In deciding which meaning applies, you should consider that National Instrument 14-101 *Definitions* provides that a term used in the Instrument and defined in the securities statute of a local jurisdiction has the meaning given to it in the statute unless: (a) the definition in that statute is restricted to a specific portion of the statute that does not govern continuous disclosure; or (b) the context otherwise requires..

12. ***The subsection entitled “Websites and Social Media” is changed***

- (a) ***by replacing “of its disclosure, on a website and social media, of a specified financial measure” with “of its disclosure in a document, including on a website and social media, of a specified financial measure or an additional subtotal”, and***
- (b) ***by replacing “A” at the beginning of the second sentence with “For example, a”.***

13. ***The section entitled “Section 3 – Application to issuers that are not reporting issuers” is changed by adding “or an additional subtotal” after “specified financial measure”.***

14. ***The section entitled “Subparagraphs 4(1)(c)(i) and (ii) – Mineral Projects” is changed***

- (a) ***by adding “estimates” after “costs” and “forecasts of” before “annual” in the first paragraph,***
- (b) ***by adding “or an additional subtotal” after “specified financial measure” in the second paragraph, and***
- (c) ***by replacing “is” with “may be” in the second paragraph.***

15. ***The section entitled “Subparagraph 4(1)(d)(i) – Reports prepared by a person or company other than the issuer or entity that is the subject of the specified financial measure” is changed***
 - (a) ***by adding “or the additional subtotal” after “specified financial measure” in the title of the section,***
 - (b) ***by adding “or the additional subtotal” after “specified financial measure” in the first paragraph, and***
 - (c) ***by adding “or an additional subtotal” after “a specified financial measure” and “or additional subtotal” after “this specified financial measure” in the third paragraph.***
16. ***The section entitled “Paragraph 4(1)(e) – Financial measures required under law or by an SRO” is changed***
 - (a) ***by replacing the title with “Paragraph 4(1)(e) – Specified financial measures or additional subtotals required under law or by an SRO”,***
 - (b) ***by replacing “financial measures” with “specified financial measures or additional subtotals” in the first paragraph,***
 - (c) ***by replacing “financial measure” with “specified financial measure or additional subtotal” in the second instance of the second paragraph and in the first instance of the third paragraph, and***
 - (d) ***by adding “, unless the exception in subsection 4(3) applies” at the end of the last sentence.***
17. ***The section entitled “Paragraph 4(1)(f) – Specified financial measure where its calculation is derived from a financial covenant in a written agreement” is changed***
 - (a) ***by adding “or additional subtotal” after “Specified financial measure” in the title of the section, and***
 - (b) ***by adding “or an additional subtotal” after “specified financial measure” in the first instance of the first sentence.***
18. ***The section entitled “Paragraph 4(1)(g) – Specified financial measure disclosed in a document by a registered firm that is intended to be, or is reasonably likely to be, made available to a client or a prospective client of the registered firm” is changed***
 - (a) ***by adding “or additional subtotal” after “Specified financial measure” in the title of the section, and***
 - (b) ***by adding “or an additional subtotal” after “specified financial measure” in the first sentence.***

19. *The following section is added after the section entitled “Subsection 4(2) – Statement of Executive Compensation”:*

Subsection 4(3) – Financial institutions

The Instrument includes an exemption for certain financial institutions that were exempt from the Instrument under local blanket orders and Rule 52-503 in Ontario. This exemption does not apply in British Columbia. British Columbia’s existing blanket order, BC Instrument 52-513, continues to apply, ensuring uniformity in the application of the exemption across Canada..

20. *The section entitled “Section 5 – Incorporation by reference” is replaced with the following sections and subsections:*

Section 5 – Incorporating information by reference

Subsection 5(1) – Incorporation by reference to the issuer’s MD&A

The Instrument allows an issuer to incorporate by reference certain disclosure, when the MD&A includes the information required under the provisions referenced in paragraphs 5(1)(a) to (f), and if the reference is to the issuer’s MD&A.

Subsection 5(1.1) – Incorporation by reference to the notes to the financial statements of the entity to which the measure relates

An issuer may incorporate by reference the information required under subparagraph 6(1)(e)(ii) if the reference is to the notes to the financial statements of the entity to which the measure relates and if the financial measure is a management-defined performance measure (see definition of management-defined performance measure in section 1 of the Instrument).

When incorporating by reference, the notes to the financial statement should therefore include, for *each* management-defined performance measure, *all* of the information required under subparagraph 6(1)(e)(ii).

IFRS 18 outlines that management-defined performance measures relate to the same reporting period as the financial statements. Accordingly, when using the incorporation by reference provision in subsection 5(1.1), the reference to the notes to the financial statements of the entity to which this management-defined performance measure relates is for the *same* reporting period.

Subsection 5(2) – Required statements with the use of the incorporation by reference provisions in subsection 5(1) or (1.1)

To meet the requirement that the MD&A or the financial statements be available on SEDAR+ under paragraph 5(2)(c) of the Instrument, the MD&A or the financial statements must be filed on SEDAR+ before, or simultaneously with the document, in order for this MD&A or the financial statements to be used to incorporate any information by reference into the document. For example, if an issuer is filing an annual information form that includes

a specified financial measure and the issuer is incorporating certain information in the MD&A by reference to satisfy the disclosure requirements of the Instrument, that MD&A would have to be filed on SEDAR+ before or simultaneously with the filing of the annual information form.

Paragraph 5(2)(b) requires the identification of the specific location of the required information in the MD&A or the financial statements. To comply with this requirement, identify where the required information is specifically located within the MD&A or the exact note to the financial statements (e.g., identify the specific MD&A including a reference to the date of the MD&A, its reporting period, and the specific section or page reference within the MD&A) or provide a hyperlink to the specific section or page within the MD&A or the financial statements where the information is located. Issuers would not satisfy this requirement with a general hyperlink to the relevant MD&A or the financial statements.

Subsection 5(4) – Quantitative reconciliation requirements in an earnings release

The Instrument allows an issuer to incorporate by reference certain required disclosure in a news release; however, subsections 5(1) and (1.1) do not apply to the quantitative reconciliation requirements under clause 6(1)(e)(ii)(C), paragraph 7(2)(d) or 9(c), or clause 10(1)(b)(ii)(C) if the document that contains the specified financial measure is an earnings release filed by the issuer under section 11.4 of NI 51-102..

21. *The section entitled “Paragraphs 6(1)(e), 7(2)(d), 8(c), 9(c), 10(1)(b), 11(b) – Proximity to the first instance” is changed*

- (a) *by adding “and subparagraphs 4(1)(e)(ii) and 4(3)(c)(ii)” after “11(b)” in the title of the section, and***
- (b) *by adding “and subparagraphs 4(1)(e)(ii) and 4(3)(c)(ii)” after “11(b)” in the first and second instances.***

22. *The following subsection is added after the subsection entitled “Presentation in the Form of a Primary Financial Statement”:*

Presentation of a ‘two-step’ reconciliation

An issuer may present a quantitative reconciliation in a ‘two-step’ format – i.e., reconcile a specified financial measure to a total or subtotal that is not presented in the primary financial statements of the entity, if that total or subtotal is then reconciled to the most directly comparable financial measure disclosed in the primary financial statements of the entity to which the financial measure relates that is not a management-defined performance measure..

23. *The section entitled “Section 9 – Disclosure of total of segments measures” is changed by replacing “the Policy” with “this Policy”.*

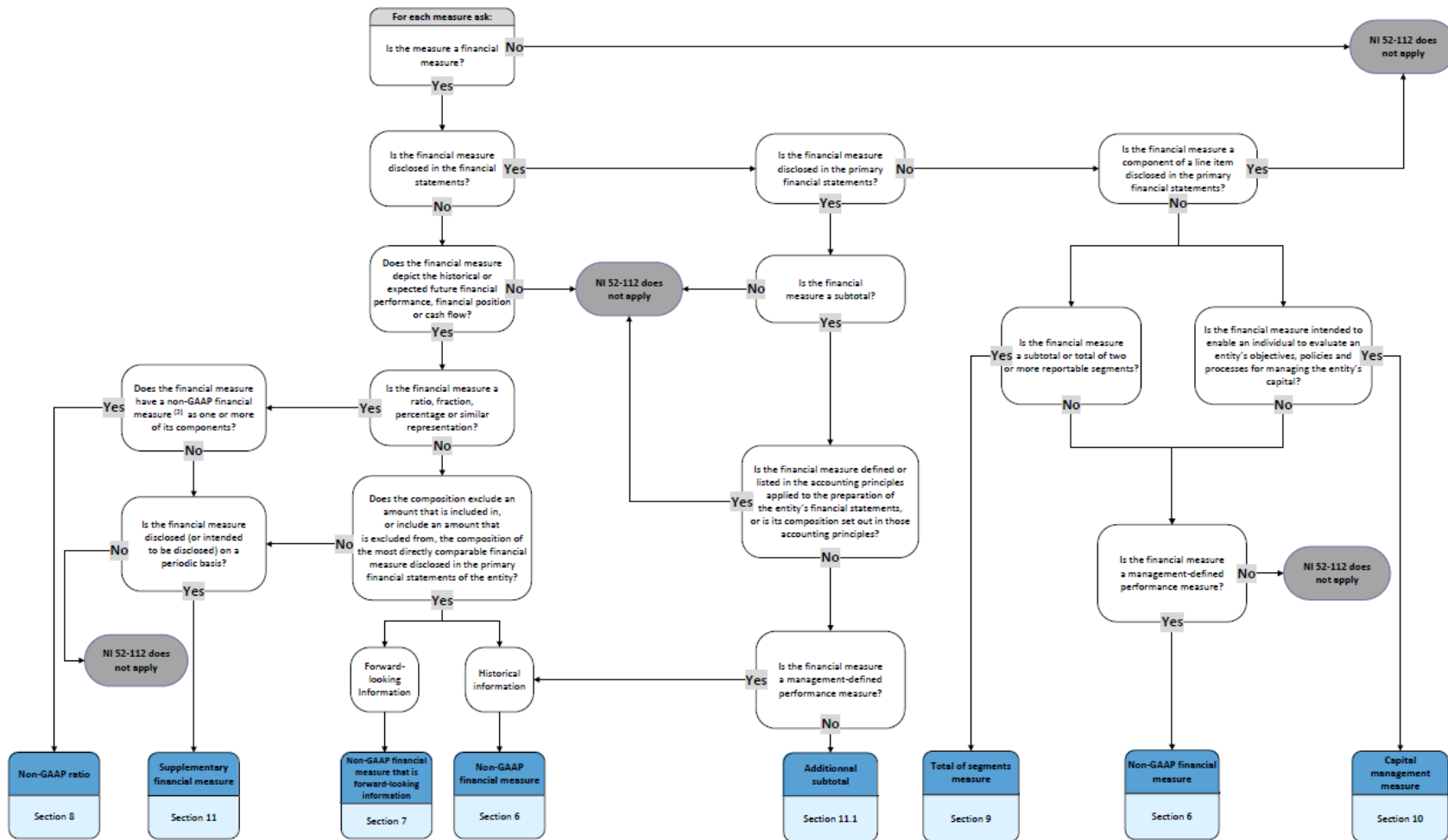
24. *The section entitled “Section 10 – Disclosure of capital management measures” is changed*

(a) *by replacing* “in IFRS under IAS 1 Presentation of Financial Statements” *with* “in IFRS Accounting Standards under IFRS 18”, *and*

(b) *by replacing* “the Policy” *with* “this Policy”.

25. *Appendix A is changed by replacing the flowchart with the following:*

General Overview of Non-GAAP and Other Financial Measures Disclosure ^[1]



[1] This is a simplified overview. To ensure compliance, users should refer to the Instrument itself and its Policy.

[2] An issuer should assess each component of a financial measure presented in the form of a ratio, fraction, percentage or similar representation, to determine whether it is a non-GAAP financial measure.

26. These changes become effective on [●].

ANNEX C

**PROPOSED AMENDMENTS TO MULTILATERAL INSTRUMENT 11-102
PASSPORT SYSTEM**

1. *Multilateral Instrument 11-102 Passport System is amended by this Instrument.*
2. *Appendix D is amended in the table by adding the following row after the row entitled, in the “Provision” column, “Audit committees”:*

Non-GAAP and other financial measures disclosure	NI 52-112
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3. (1) This Instrument comes into force on [●].

(2) In Saskatchewan, despite subsection (1), if these regulations are filed with the Registrar of Regulations after [●], these regulations come into force on the day on which they are filed with the Registrar of Regulations.