

COVID-19 RESOURCE CENTER

CSA Guidance on the Content of Continuous Disclosure Documents Relating to COVID-19

May 11, 2020

In these uncertain times, it is difficult for companies to know what to say regarding the impact of the COVID-19 pandemic on the company. The Canadian Securities Administrators (the “**CSA**”) have provided some guidance for companies undertaking this task.

On [May 6, 2020 the CSA also released guidance – COVID-19: Continuous Disclosure Obligations and Considerations for Issuers](#). The primary focus of the guidance is on the content of management’s discussion and analysis (“**MD&A**”), financial information and material change reports (“**MCRs**”) relating to the COVID-19 pandemic.

With respect to the MD&A and specifically the discussion of operations the CSA suggests that companies should discuss specific impacts on their company and operational responses to COVID-19, examples given are the percentage of decrease in sales, cancelled contracts, human resources, any shifts in the business model, store or office closures and deferred CAPEX projects. For liquidity and capital resources, CSA suggest discussing government subsidies, OPEX reductions, any revolving line of credit, deferred CAPEX and halting of dividends, defaults or arrears on distributions or dividend payments, lease payments, interest or principal on debt and debt covenants. For previously disclosed forward-looking information, there should be disclosure and discussion of material differences between actual results and previously disclosed forward-looking information. There should be specific risk factors of the current COVID-19 pandemic, which will differ by industry, geography and company.

With respect to financial information, for areas that may be subject to significant judgment and estimation uncertainty, new judgements or estimates may be needed as a result of COVID-19, which must be included in interim financial statements. The CSA also notes that given the uncertainty in the current environment, there may be a limited basis for management to conclude that a loss or expense is non-recurring, infrequent or unusual. The CSA also cautions against characterizing an impairment as COVID-19 related, where indicators of impairment existed prior to the COVID-19 pandemic that are unrelated to COVID-19.

With respect to MCRs, the CSA indicates that if COVID-19 has an equal effect throughout an issuer's industry, a material change report may not be required. However, COVID-19 may result in material issuer-specific implications. Issuers should be aware of impacts of COVID-19, or resulting governmental or regulatory policies, that may be unique or more significant to them than others in their industry.



Teresa Tomchak
Partner
604 661 1711
ttomchak@farris.com
Bio

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