



February 16, 2022

*Via E-mail*

Alberta Securities Commission  
Autorité des marchés financiers  
British Columbia Securities Commission  
Financial and Consumer Services Commission, New Brunswick  
Financial and Consumer Affairs Authority of Saskatchewan  
Manitoba Securities Commission  
Nova Scotia Securities Commission  
Nunavut Securities Office  
Office of the Superintendent of Securities, Newfoundland and Labrador  
Ontario Securities Commission  
Office of the Superintendent of Securities, Northwest Territories  
Office of the Yukon Superintendent of Securities  
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island

- and to -

The Secretary  
Ontario Securities Commission  
20 Queen Street West  
22<sup>nd</sup> Floor, Box 55  
Toronto, Ontario  
M5H 3S8

[comment@osc.gov.on.ca](mailto:comment@osc.gov.on.ca)

- and to -

Me Philippe Lebel  
Corporate Secretary and Executive Director, Legal Affairs  
Autorité des marchés financiers  
Place de la Cité, tour Cominar  
2640, boulevard Laruiet, bureau 400  
Québec (Québec) G1V 5C1

[consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca)

Dear Sirs / Mesdames:

**Re: Consultation Climate-related Disclosure Update and CSA Notice and Request for Comment Proposed National Instrument 51-107 *Disclosure of Climate-related Matters* (NI 51-107)**

The Canadian ETF Association (CETFA) welcomes the opportunity to provide comments on NI 51-107. The CETFA is based in Toronto and is the only exchange-traded fund (ETF) association in Canada and represents 95% of the ETF assets under management in Canada. The mandate of the CETFA is to support the growth, sustainability and integrity of Canada's ETF industry and on behalf of our members,

who are typically ETF managers, we wanted to make sure the Canadian Securities Administrators (CSA) are aware of the following comments from the CETFA and the ETF industry about NI 51-107.

Although NI 51-107 does not apply to investment funds, which includes ETFs, we thought it would still be useful to pass on the following comments regarding NI 51-107:

- The portfolio managers of ETFs (each a **PM**), depending on the investment objective of an ETF, invest in issuers that will be subject to NI 51-107. Accordingly, NI 51-107 will have a direct impact on ETFs and the investment decisions that will be made by the PMs of such ETFs. Ideally, the CETFA and the ETF industry would like to see consistent, comparable and useful disclosure from reporting issuers about their climate-related issues that is useful to the PMs that are managing and making the investment decisions for Canada's ETFs (e.g., in terms of proxy voting based on environmental, social and corporate governance (**ESG**) issues).
- Specifically, the CETFA and the ETF industry hope that NI 51-107 helps facilitate an "equal playing field" as suggested by the CSA and that it helps to better align Canada's disclosure about ESG issues with other international initiatives such that local and international investors are better able to evaluate ESG securities in a similar fashion.
- We also support the use of the four guiding principles of the Task Force on Climate-related Financial Disclosures (**TCFD**) (i.e., governance, strategy, risk management, and metrics and targets) in NI 51-107, as modified by the CSA. In particular, we support the concept in Annex B of the proposed companion policy to NI 51-107 that the governance and risk management objectives of the TCFD are not subject to a materiality threshold, whereas such standard is appropriate when considering strategy, and metrics and targets.
- In addition, the CETFA and the ETF industry welcome further regulatory guidance from the CSA in terms of how ESG issues should be dealt with by reporting issuers for the reasons set out above.
- We would also note that the transition provisions contemplated in NI 51-107 for non-venture issuers and venture issuers seem appropriate under the circumstances.

In terms of the specific questions raised by the CSA with respect to the consultation and the implementation of NI 51-107, our members will, to the extent applicable, provide their thoughts on each of these questions and how it applies to them through their own submissions.

The CEFTA and the ETF industry also appreciate the CSA Staff Notice 81-334 *ESG-Related Investment Fund Disclosure* that was released on January 19, 2022 and will respond to the extent necessary under separate cover with any concerns our members may have about this guidance.

Thank you for this opportunity to express our comments about NI 51-107.

If you have any questions or if we can be of any other assistance, please do not hesitate to contact Pat Dunwoody, Executive Director of the CETFA, at (647) 256-6637 or at [patdunwoody@cetfa.ca](mailto:patdunwoody@cetfa.ca).

Yours truly,

**CANADIAN ETF ASSOCIATION**

By: \_\_\_\_\_  
Pat Dunwoody  
Executive Director