



Canadian Foundation *for*
Advancement *of* Investor Rights
Fondation canadienne *pour* l'avancement
des droits *des* investisseurs

May 10, 2019

Mr. Louis Morisset

Chair, Canadian Securities Administrators
President and Chief Executive Officer, Autorité des marchés financiers
800, square Victoria, Suite 2510
C.P. 400, tour de la Bourse
Montréal, QB H4Z 1J2

RE: Exemptive relief granted by Canadian securities regulators in connection with automatic stock disposition plans (“ASDP”)

Dear Mr. Morisset,

Thank you for your timely response of May 8 to our letter of May 6 with respect to the above-named matter.

Thank you for advising that the CSA members have initiated a process to reexamine ASDP exemptions in general.

Bombardier

However, we wish to repeat our recommendation that a formal investigation be conducted into the trades that occurred pursuant to the Bombardier Inc. ASDP. Your letter does not address this recommendation. We ask that you please advise whether or not the AMF is going to conduct a formal investigation.

At a minimum, the Bombardier executives who participated in the ASDP should be immediately required to make complete insider trading reports disclosing the details of the trades that occurred under the ASDP. Your letter does not address this recommendation. We ask the you please advise whether or not the AMF is going to require the insiders to immediately file complete insider trading reports disclosing details of the trades that occurred under the ASDP.

ASDPs in General

In addition, given there is no timeframe provided for any action to be taken by the CSA members arising from a re-examination of ASDP exemptions and given that the CSA members

may take a significant period of time before completing the re-examination and reforming this problematic area, we repeat our recommendation that all existing ASDP exemptions that do not require insider trading reports within the normal 5 day period should be immediately revoked and new applications required. Your letter does not address this recommendation. Please advise.

We also recommend that:

- i) Any new applications for ASDP exemptions should only be granted with the requirement for insider reporting within 5 days;
- ii) The ASDP be required to operate using a fixed formula or algorithm, which would evenly space the trades over the course of the life of the ASDP;
- iii) Be subject to a 3 month waiting period after the ASDP is created before engaging in any automated trading; and
- iv) Be prohibited from termination or suspension of the ASDP and implementation of a new ASDP at the convenience of the directors or officers.

Your letter does not specifically state that there will be a moratorium on ASDP exemptions or that any new exemptions will be required to meet these requirements. Please advise.

We look forward to your response and would be pleased to discuss this letter with you at your convenience. Please feel free to contact Ermanno Pascutto, Executive Director, FAIR Canada at 647-256-6693 or ermanno.pascutto@faircanada.ca.

We copy this letter to the CSA Members consistent with your letter of May 8. Please note that we plan to publish our correspondence with respect to this matter in our Newsletter. We would be pleased to publish your further response.

Sincerely,



Ermanno Pascutto, Executive Director
FAIR Canada

c.c. CSA Members