

## The Cassels Conspectus\* - No. 1: Financial Blackout Periods

Gregory Hogan, André Boivin, Alexander Pizale, Timon Li, Mohammad Ameli

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From policies to plans, from contracts to compensation, several times each year, we will select a topic of interest to survey and analyze. The Cassels Conspectus will look at the choices that public companies make on a range of topics and issues. What is typical or atypical? Is there a conventional approach? Are you too conservative or too aggressive? What might you be missing? Let the team at Cassels help answer your questions and keep you informed of what's going on in market.

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### No. 1: Financial Blackout Periods

#### The Purpose of Blackout Periods

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*financial blackouts*

*may*

*Cassels Conspectus*

#### Our Review

- *Market Capitalization*<sup>2</sup>: Market capitalizations ranged from \$4 million to \$43 billion. 24 issuers were under \$100 million and 15 issuers were above \$1 billion, with 18 in between.
- *Sector*<sup>3</sup>: The population consists of 14 cannabis issuers, 5 technology issuers, 16 mining issuers, 10 energy issuers, 3 life science issuers, 4 “clean tech” issuers, and 5 “diversified” issuers (comprised of companies in the communications services, financial services, and industrials sectors).
- *Exchange*: 27 issuers are listed on the Toronto Stock Exchange (TSX), 15 issuers are listed on the TSX Venture Exchange (TSXV) and 15 issuers are listed on the Canadian Securities Exchange

(CSE). No Aequitas listed companies were selected for this specific review.

- *Start of the Period:* We identified the reference point for start of the blackout period, the number of days before or after the financial period that the blackout period started, and whether the blackout period began before or after the financial period ended.
- *End of the Period:* In all cases, the reference point for the end of the blackout period was the earnings release date. Typically, blackout periods end after a given number of business, trading or calendar days have elapsed following the public disclosure of financial results.
- *Overall Length of the Period:* Using each issuer's start and end dates, we calculated the theoretical maximum blackout period to compare the duration of blackout periods between issuers.
- *Correlations:* From our dataset, we drew certain preliminary correlations between the periods and the size of the issuer, the sector of the issuer and the exchange on which the issuer is listed.

## Our Findings

### Start & End Dates of Blackout Periods

#### Start of the Blackout Period

Exchange	Financial Period End		Earnings Release Date		Earnings Review Date		No Fixed Trigger
	No.	Avg Days Before	No.	Avg Days Before	No.	Avg Days Before	
TSX (27 Issuers)	14	6	8	14 (13.88)	2	22	3
TSXV (15 issuers)	4	5	4	17.5	3	18	4
CSE (15 issuers)	5	14	5	12.75	2	9.5	3

Figure A: Quarterly Blackout Start Dates

financial

period end

earnings release date

# Cassels

earnings review date

financial period end

*after*

*before*

*after*

earnings review date

***End of the Blackout Period***

**Overall Length of the Blackout Period**

Exchange	Total Issuers Surveyed	Mean Blackout Duration (Days)	Median Blackout Duration (Days)
TSX	27	34.75	41.5
TSXV	15	38.27	33
CSE	15	37	23

*Figure B: Quarterly Blackout Duration – Mean and Median Values*

***Correlations***

## Sector-Specific Analysis

**Cannabis (14 Issuers)**

**Mining (16 Issuers)**

**Energy (10 Issuers)**

## Discretionary Exemptions During Blackout Period

**Who Can Approve an Exemption?**

## Reasons Permitting an Exemption

all

*The Cassels Conspectus is brought to you by our Securities Group and is edited by Greg Hogan. This issue features contributions from André Boivin, Alex Pizale, and articling students Timon Li and Mohammad Ameli.*

<sup>1</sup> See section 6.11 of *National Policy 51-201 Disclosure Standards*.

<sup>2</sup> As at May 31<sup>st</sup>, 2022.

<sup>3</sup> Using sectors used by TMX Group, and adding another grouping for cannabis issuers. CSE listed companies were assigned to appropriate sectors.

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