

2018 REPORT

The Alberta Capital Market

A|S|C

Alberta Securities Commission

MAY 2018

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Each year the ASC issues four reports, created to provide timely and relevant information for market participants and reporting issuers. These reports include the annual report, the Alberta capital market report, the oil and gas review and the corporate finance disclosure review. These reports can be found on www.albertasecurities.com.

Executive Summary

About this Report

The Alberta Capital Market Report is an annual publication by the Alberta Securities Commission (ASC) that provides a descriptive analysis of the Alberta capital market in relation to other major Canadian capital markets. The report offers market context for ASC staff, market participants and the general public. It includes analysis of both publicly available and regulatory data, such as prospectus-exempt financings and Alberta registrants. The report draws on information from ASC records, the TMX Group Limited (TMX), Intercontinental Exchange, Inc. (ICE), the System of Electronic Document Analysis and Retrieval (SEDAR), and Bloomberg Finance L.P. Combining these sources allow analysis of:

- all listed reporting issuers¹ (RIs) on the basis of principal regulator² (PR);
- prospectus and prospectus-exempt financings;
- the Alberta registrant community; and
- energy commodity contracts transacted in Alberta.

The Appendix outlines the methodology used to assemble the combined data of reporting issuers.

Alberta Issuers

Chart 1 shows the number of active Alberta PR reporting issuers listed on an exchange, which would be considered by many investors to be the “public market.” The ASC had primary regulatory responsibility for 442 such issuers at year-end 2017, which was 7.7 per cent fewer than a year earlier and 33 per cent fewer than five years prior.³

The decline in the number of Alberta issuers has also been significant for non-reporting issuers,

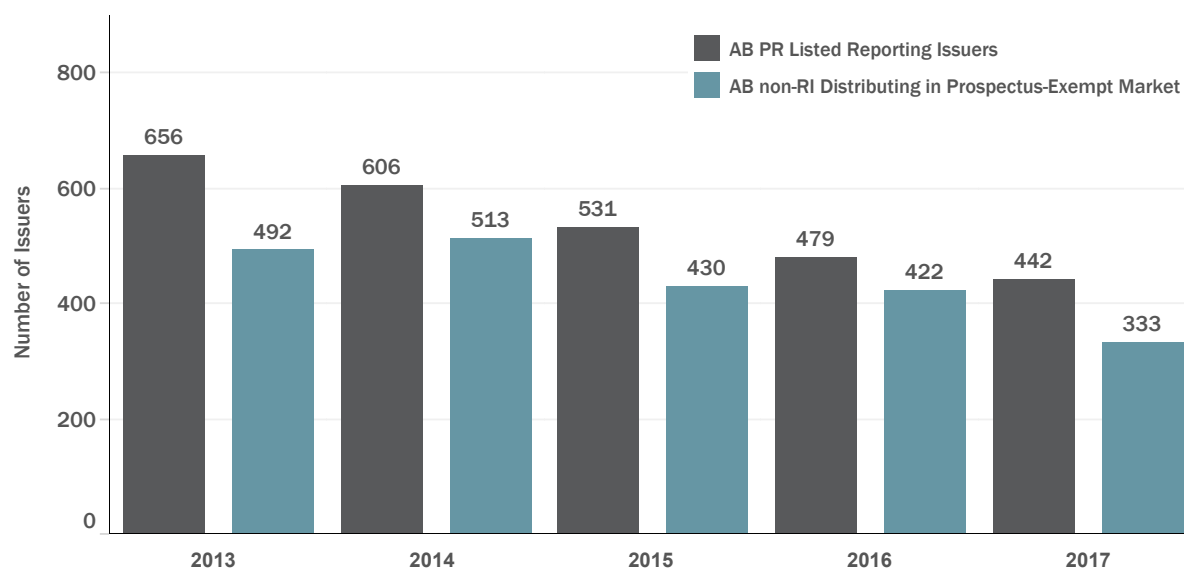
¹ References in this report to reporting issuers means reporting issuers that report in Alberta. There are several ways that an issuer may be a “reporting issuer” as defined in the *Securities Act* (Alberta), under section 1 (ccc). Reporting issuers are not required to have listed securities, although reporting issuers typically do have one or more securities listed on at least one exchange. In addition, issuers are not required to report in all jurisdictions.

² An issuer’s “principal regulator” is the securities regulatory authority or regulator as determined in Multilateral Instrument 11-102 *Passport System*. Most often an issuer’s PR is the securities regulatory authority or regulator of the province or territory in which the issuer has its head office (or, for investment funds, in which the investment fund manager has its head office), or to which it has the most significant connection.

³ Unlisted reporting issuers (135 with Alberta PR at December 31, 2017 and 133 at December 31, 2016) have not been included because they are not part of the public market and their market capitalization cannot be determined. However, unlisted issuers raising funds under a reportable prospectus exemption have been included in the analysis of the prospectus-exempt market. Listed reporting issuers that were cease traded, and therefore not available to be traded, have also been excluded.

also shown in Chart 1. The issuers counted as non-reporting (and unlisted) are those issuers headquartered in Alberta that actively raised capital under an available prospectus exemption during the year. Many investors would refer to this as the “prospectus-exempt market” or “private market.” In 2017, there were at least 333 Alberta-based, non-reporting issuers active in the prospectus-exempt market, down 21 per cent from 2016 and down 32 per cent since the end of 2013.⁴

Chart 1: Number of Alberta issuers



While Alberta PR reporting issuers represented 12 per cent of the total 3,746 reporting issuers in Alberta listed on at least one exchange, these issuers represented 22 per cent, or \$904 billion, of total market capitalization of all reporting issuers in Canada in 2017. The market capitalization of all listed Alberta PR issuers increased 9.2 per cent during the year to surpass the previous high point in 2013 of \$878 billion. The market capitalization of \$904 billion in 2017 was the highest on record for the Alberta Capital Market (ACM) Report.⁵

Oil and Gas issuers continue to be the largest industry in Alberta, with a combined market capitalization of \$447 billion in 2017, or 49 per cent of the total market capitalization of Alberta PR issuers; while these amounts are substantial, they are down from \$461 billion and 56 per cent, respectively, in 2016. Utilities and Pipelines was the second largest industry in 2017 with a market capitalization of \$224 billion, or 25 per cent of the total market capitalization of Alberta PR issuers, up from \$182 billion and 22 per cent, respectively, in 2016.

The decline in market capitalization of Oil and Gas issuers paralleled a dip in commodity prices in 2017, with western Canadian crude declining 8.5 per cent during the year and AECO natural gas prices falling 23 per cent. Although commodity prices waned, lowering the cash flow expectations for

⁴ Non-reporting issuers do not have a “principal regulator.” Thus, this report used the location of the issuer’s head office, as identified on regulatory filings.

⁵ Data for the ACM using the current methodology starts in 2010, when the market capitalization of all listed Alberta PR issuers was \$644 billion.

Oil and Gas issuers, the Utilities and Pipelines industry performed comparatively better, based on investors' expectations that new pipelines will eventually be built.

Listed reporting issuers regularly access capital through the prospectus-exempt market. This market is attractive to issuers as they can raise money without the time and expense of preparing a prospectus, but only if certain conditions are met. Of the 442 Alberta PR reporting issuers over one-in-four, or 124, were active in the exempt market.

There were a total of 775 active issuers (either listed on an exchange or raising capital in the exempt market) under the jurisdiction of the ASC in 2017, down 14 per cent from 901 in 2016. The general decline over the last five years in the number of active Alberta issuers could be due to a variety of reasons, including consolidation among listed issuers, takeovers by foreign entities, or going-private transactions.

There are numerous ways that issuers may raise capital from investors, including through a prospectus or an available prospectus exemption. Prospectuses may be for initial public offerings (IPOs) or subsequent financings for issuers already listed on an exchange, and there are many prospectus exemptions such as the frequently used accredited investor exemption.⁶

As shown in Chart 2, Alberta issuers raised \$35.4 billion in 2017, which was down 6.6 per cent from \$37.9 billion in 2016, but still significantly higher than previous years shown. The chart shows that Alberta PR reporting issuers listed on the TSX or TSXV raised \$13.2 billion in 2017, down 52 per cent from \$27.7 billion in 2016.⁷ The chart also shows that the total capital raised by Alberta-based issuers in the prospectus-exempt market (whether listed or unlisted) was \$22.2 billion in 2017, more than double the \$10.2 billion raised in 2016. As shown later in this report in Chart 24, 85 per cent of the \$22.2 billion raised in the prospectus-exempt market was raised by reporting issuers, of which \$10.6 billion was raised by two issuers in the Oil and Gas industry.

⁶ See National Instrument 45-106 *Prospectus Exemptions* for the most commonly available exemptions.

⁷ "Private placements" of listed securities were excluded from the TSX and TSXV data in Chart 2 to avoid double counting of the prospectus-exempt financings, which would be reported to the ASC and included in the prospectus-exempt data in Chart 2.

Chart 2: Total financings by Alberta issuers, reporting and prospectus exempt

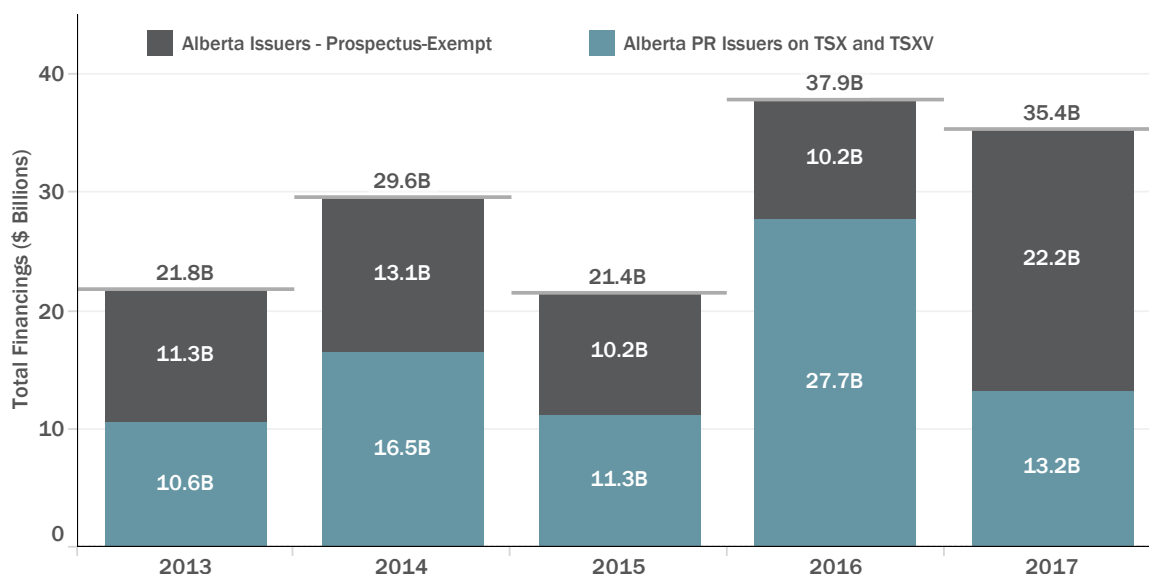
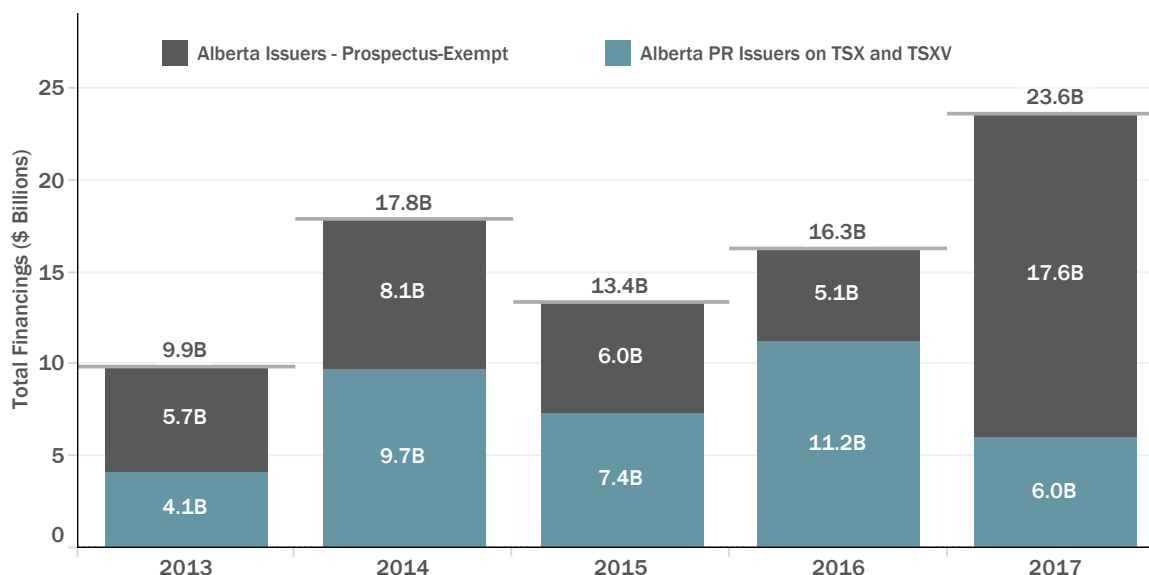


Chart 3 considers financings by Oil and Gas issuers specifically. Total financings in 2017 in the prospectus and prospectus-exempt market by Alberta issuers totalled \$23.6 billion, up 45 per cent from \$16.3 billion in 2016. The increase was led by prospectus-exempt offerings, which raised 3.5 times more than the prior year, while offerings by prospectus raised 46 per cent less than in 2016.

Chart 3: Total oil and gas financings by Alberta issuers, reporting and prospectus exempt



Alberta Registrants

In general, market participants that are in the business of trading or advising in securities or managing investment funds are subject to the registration requirement. Firms are usually principally regulated by the securities regulatory authority in the jurisdiction where the firm's head office is located, similar to the principal regulator concept for reporting issuers. As of May 1, 2018, there were 123 firms principally regulated by the ASC, up slightly from 120 a year ago. Of these firms, 53 were registered in one category, 21 were registered in two categories and 49 were registered in three categories. The most common category of registration was Investment Fund Manager with 71 firms, followed by Exempt Market Dealer with 63 firms, Portfolio Manager with 54 firms, Restricted Portfolio Manager with 31 firms, Investment Dealer with 16 firms and Mutual Fund Dealer with six firms.

Energy Markets

In market capitalization, the Oil and Gas industry and related Utilities and Pipelines industry accounted for 74 per cent of the market capitalization of Alberta PR issuers (49 per cent and 25 per cent, respectively). This was down from 78 per cent the year in total the year prior (56 per cent Oil and Gas, 22 per cent Utilities and Pipelines).

In terms of the number of issuers, the Oil and Gas industry represented 44 per cent and related Utilities and Pipelines 2.9 per cent of all Alberta PR issuers. This was generally in-line with 2016, when 43 per cent of Alberta PR issuers were active in Oil and Gas and 2.7 were in the Utilities and Pipelines industry.

There is an active energy trading market in Alberta. Total energy contracts transacted on ICE NGX (Natural Gas Exchange Inc., part of Intercontinental Exchange, Inc.) in 2017 was 13,847 PJ (petajoules), up negligibly 0.3 per cent from 13,793 PJ in 2016. The bulk of trading continued to be Physical Canadian Natural Gas (contracts with physical settlement), which accounted for 86 per cent of total trading on NGX in 2017. The second largest volume of trading was in Physical U.S. Natural Gas at 7.5 per cent of the total.

Listed Issuer Markets

This section provides a comparative analysis of the number and size of the listed reporting issuers in Canada and financings in the public market. The analysis includes all issuers listed on the TSX and TSXV, as well as issuers listed on other exchanges that are reporting issuers in Alberta. The information was based on data from the TMX, supplemented with data from the ASC, SEDAR, and Bloomberg.

Creating a more comprehensive dataset required some assumptions, such as industry classifications, which are discussed where relevant. The Appendix contains technical details on methodology and some analysis of the assumptions made. All data is based on calendar year-end. Monetary amounts originally in a foreign currency were converted to Canadian dollars based on the prevailing spot foreign exchange rate as of December 31, 2017.

Listed Reporting Issuers

Chart 4: Number of listed reporting issuers, by PR

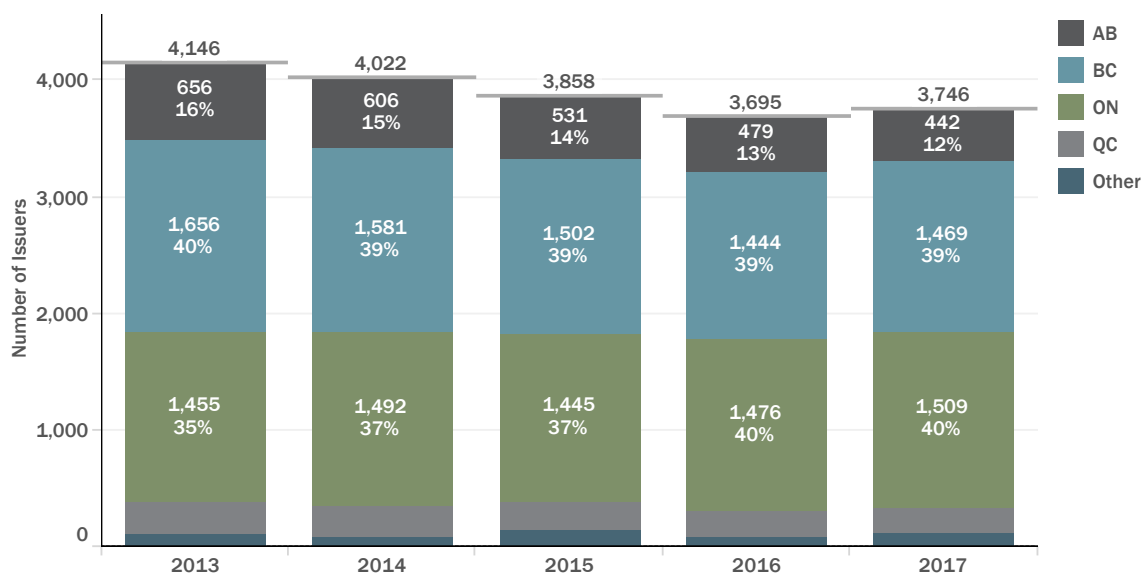


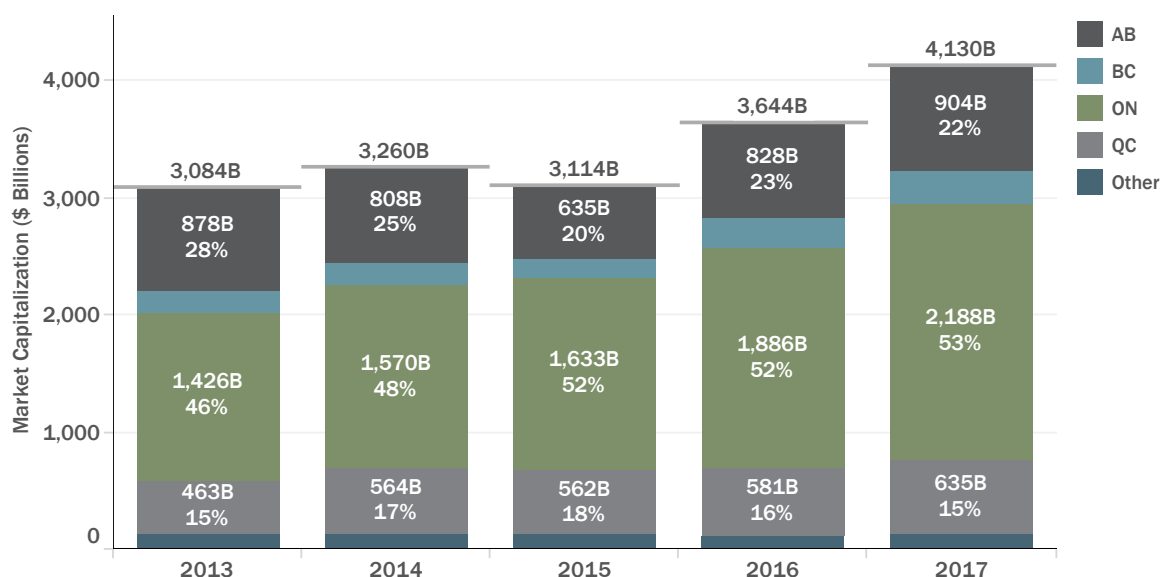
Chart 4 shows the number of listed reporting issuers over the last five calendar years, with a breakdown by the largest four PRs – Alberta, British Columbia, Ontario, and Québec – and the remaining Canadian jurisdictions grouped into Other. In 2017, 442 reporting issuers had an Alberta PR, 12 per cent of all listed reporting issuers. This proportion exhibited a decline from a five-year high of 16 per cent in 2013.

Ontario continued to have the greatest number of listed reporting issuers, with 1,509 issuers (40 per cent). Although the number of listed reporting issuers with Ontario PR increased in 2017 by 2.2 per cent over 2016 and by 3.7 per cent over 2013, it may be useful to note that the growth has been

in Exchange Traded Products (ETPs).⁸ In 2017 there were 516 ETPs, up 14 per cent from 451 in 2016 and up 82 per cent from 284 in 2013. In contrast, all other reporting issuers with Ontario PR decreased by 3.1 per cent in 2017 (993) over 2016 (1,025) and by 15 per cent over 2013 (1,171). By comparison, British Columbia had 1,469 issuers (39 per cent) and Québec had 216 issuers (6 per cent).

The total number of reporting issuers in Canada increased in 2017 for the first time since 2012 (not shown), generally as a result of the growth in ETPs.

Chart 5: Market capitalization at December 31 of listed reporting issuers, by PR



The market capitalization of all listed reporting issuers in Canada (including foreign-based issuers) increased 13 per cent in 2017 to \$4,130 billion, from \$3,644 in 2016. The market capitalization of listed reporting issuers with a Canadian head office increased by 9.0 per cent in 2017 to \$2,920 billion, from \$2,680 billion in the prior year.

The total market capitalization of Alberta PR issuers increased 9.2 per cent in 2017 to \$904 billion. By comparison, the total market capitalization of issuers in British Columbia and Ontario increased by 16 per cent in 2017 to \$278 billion and \$2,188 billion, respectively. The market capitalization of Québec PR issuers increased 9.3 per cent to \$635 billion.

⁸ In Canada, nearly all ETPs are principally regulated by Ontario.

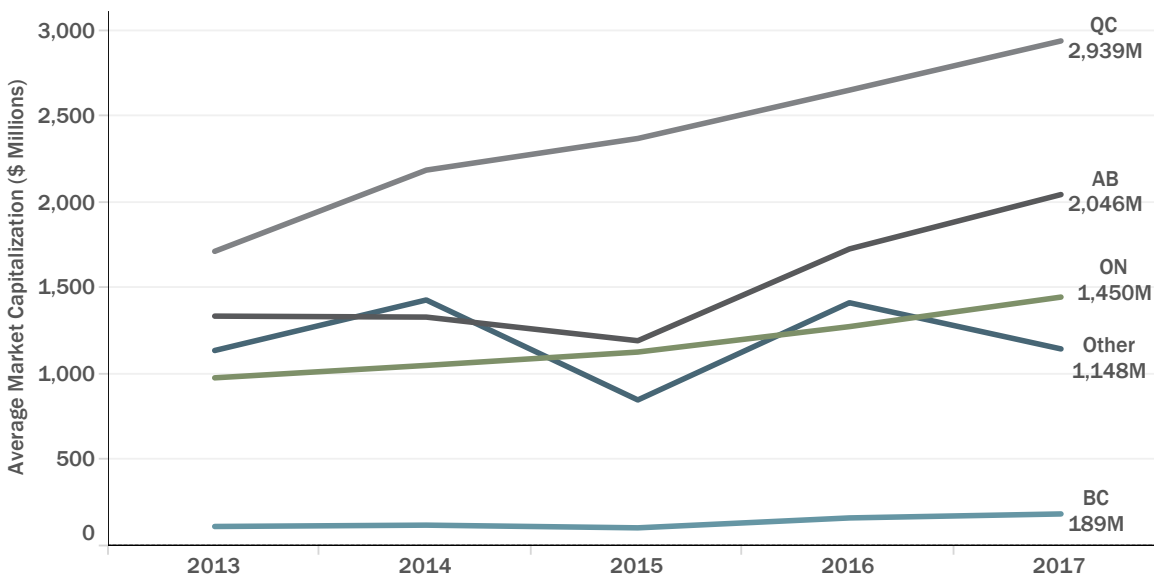
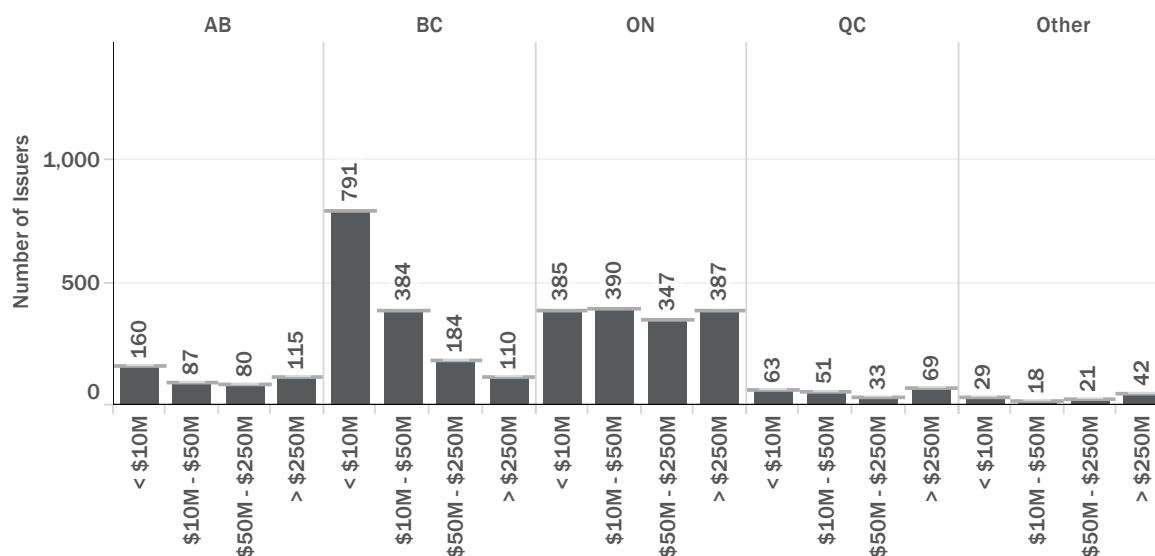
Chart 6: Average market capitalization of reporting issuers, by PR

Chart 6 shows an unweighted average of market capitalization by PR for reporting issuers. As implied by the previous two charts, British Columbia PR issuers tend to have a much smaller market capitalization than issuers in other jurisdictions, as there are many start-up mining companies in the province. British Columbia PR issuers had an average market capitalization of \$189 million at the end of 2017, far less than next-smallest average of the four provinces, Ontario, with an average market capitalization of \$1,450 million. The province with the largest issuer market capitalization was Québec, with an average of \$2,939 million, followed by Alberta at \$2,046 million. The combined jurisdictions in Other had an average issuer market capitalization of \$1,148 million. The average for Québec issuers, which were fewest in number of the four largest provinces, was influenced considerably by the Royal Bank of Canada (RBC), which had a market capitalization of about \$156 billion at the end of 2017. However, excluding RBC, the average market capitalization for Québec issuers was \$2,229 million at the end of 2017 – still significantly larger than other jurisdictions.

Chart 7: Distribution of reporting issuers by market capitalization, for 2017

As noted previously, the distribution of reporting issuers by market capitalization was quite different across the major jurisdictions. Chart 7 shows the distribution of reporting issuers by PR at the end of 2017 by market capitalization.

The “Big Four” jurisdictions (AB/BC/ON/QC) exhibited more issuers with market capitalizations in the two categories associated with lower market capitalization. There were 160 Alberta PR issuers in the less-than-\$10 million category, which was 39 per cent more than the 115 issuers in the greater-than-\$250 million category. However, there were 619 per cent more British Columbia PR issuers in the less-than-\$10 million category than the greater-than-\$250 million category. This reflects the tendency for British Columbia PR issuers to have a smaller market capitalization than reporting issuers in other provinces. In contrast, Québec PR issuers exhibited 9.5 per cent more issuers in the greater-than-\$250 million category than the less-than-\$10 million category. In Ontario, there were almost an equal number of issuers in the less-than-\$10 million category and the greater-than-\$250 million category.

Compared with 2016 (data not shown), a decrease in number of Alberta PR issuers year-over-year (see Chart 4) was exhibited in all categories in Chart 7, except in the \$50 million to \$250 million category, which was flat.

Chart 8: Percentage of TSX listed issuers that graduated from TSXV, by PR

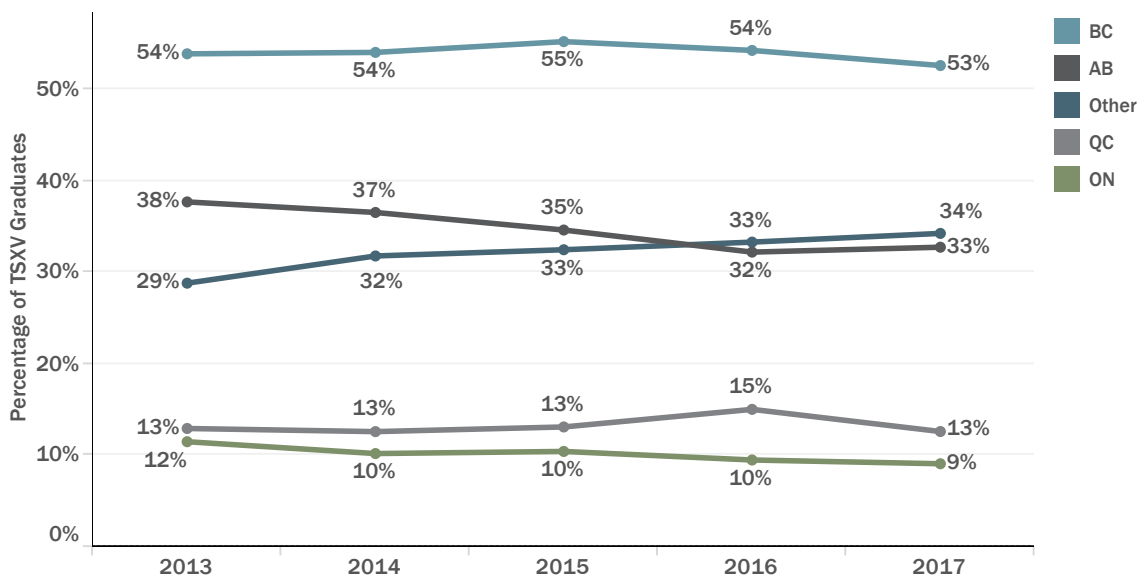


Chart 8 is based only on TMX data, which has a field indicating whether each issuer listed on the TSX is a TSXV “graduate.” This means that the issuer was at one time listed on the TSXV exchange and subsequently met the listing requirements to move its listing to the TSX, Canada’s leading exchange for larger issuers. Alberta and British Columbia have significant resource-based economies (see Chart 11 and Chart 12 for industry details). Many issuers in Oil and Gas and Mining begin as small, private issuers and may, in time, progress to be listed on the TSXV, and later the TSX. Chart 8 shows that at the end of 2017, 33 per cent of Alberta PR issuers listed on the TSX were once listed on the TSXV. This was exceeded by British Columbia PR issuers with 53 per cent and other PR issuers with 34 per cent TSXV graduates. In contrast, only 9 per cent of Ontario PR issuers and 13 per cent of Québec PR issuers were TSXV graduates at the end of 2017.

Chart 9: Number of listings of reporting issuers by exchange or region

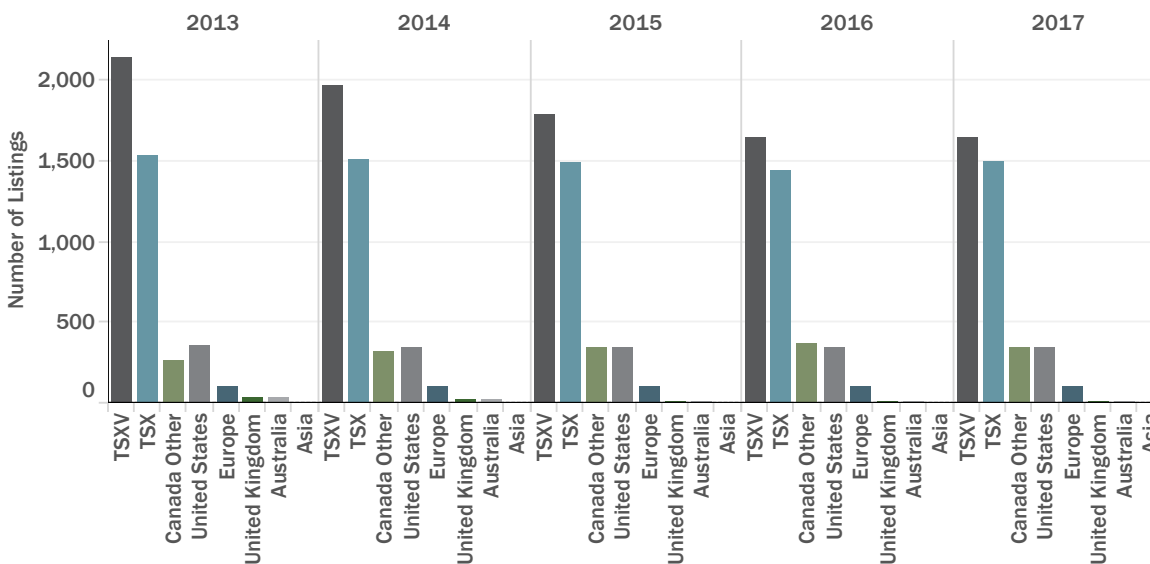


Chart 9 compares the number of listings of Canadian reporting issuers on exchanges in major regions with listings on the TSX, TSXV and other Canadian exchanges. Issuers may be inter-listed, which means having listings on multiple exchanges. Listings on the TSX and TSXV were based on data from the TMX while all other listings for reporting issuers were based on data from SEDAR. Chart 9 indicates a slight increase in listings on the TSX (3.8 per cent) and TSXV (0.3 per cent) in 2017, while listings on other Canadian exchanges decreased by 5.7 per cent.

Chart 10: Total market capitalization of all reporting issuers, by industry

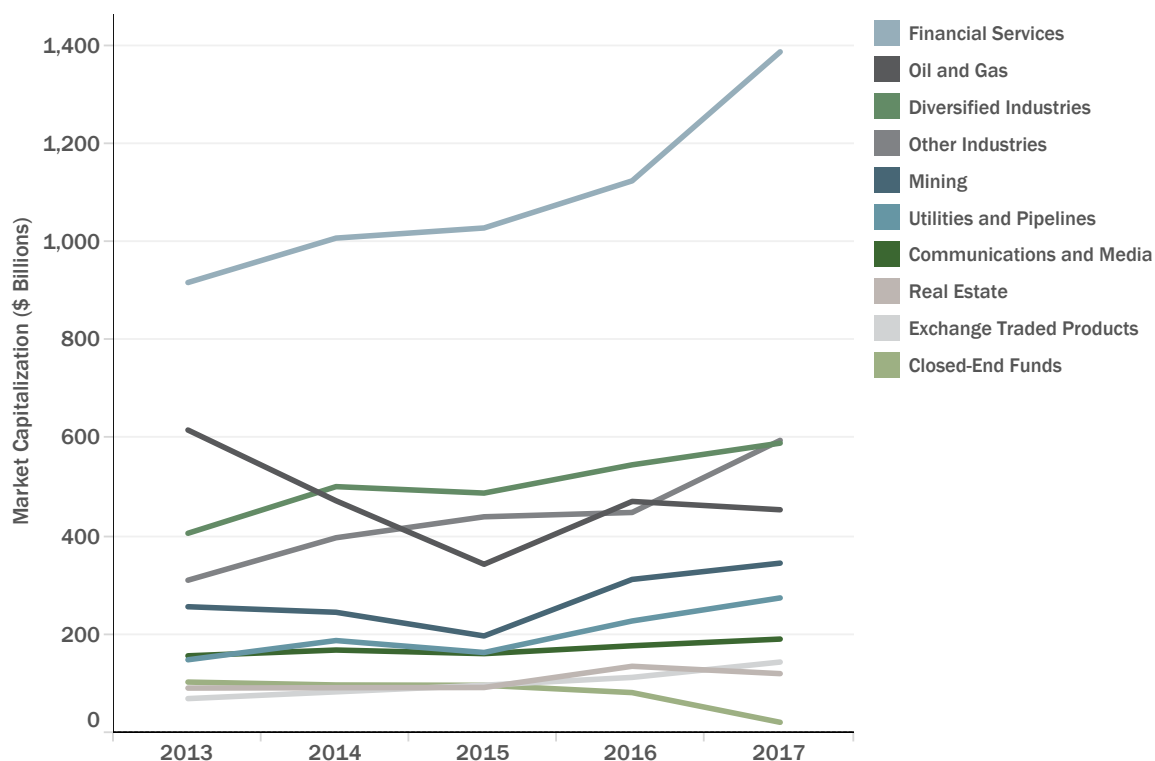


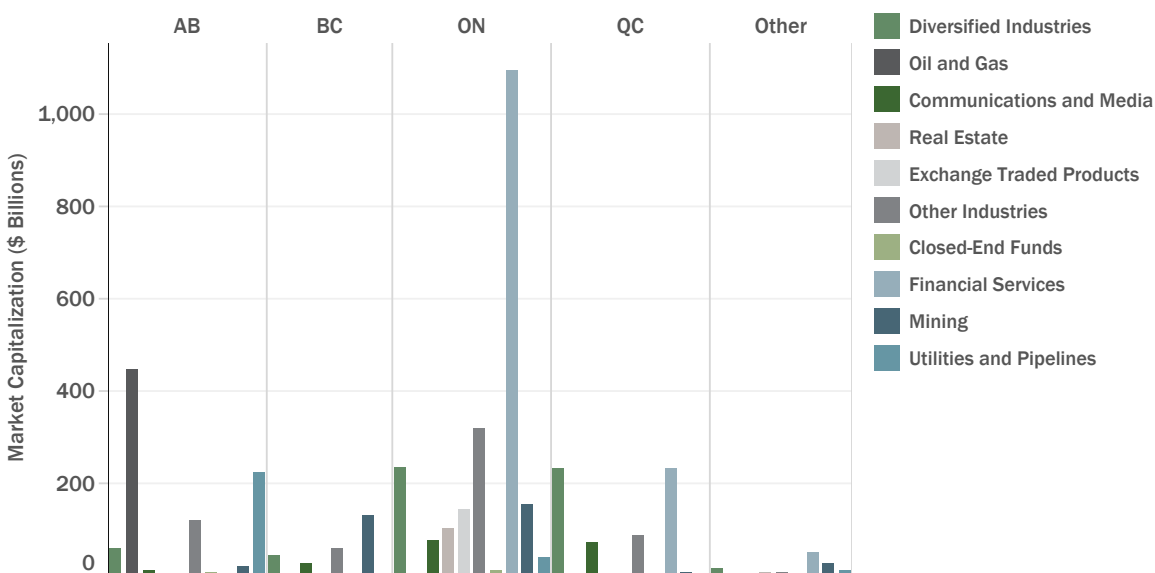
Chart 10 shows the change in total market capitalization of major industries for all reporting issuers over the last five years.⁹ Nationally, Financial Services was the largest industry by market capitalization in each of the last five years. It reached a market capitalization of \$1,387 billion at the end of 2017, up 23 per cent from 2016, and represented 34 per cent of the total market. Ranking second and third, respectively, were Other Industries (\$596 billion or 14 per cent), and Diversified Industries¹⁰ (\$591 billion or 14 per cent). Oil and Gas issuers, ranking fourth, decreased 3.6 per cent in total market capitalization to \$455 billion at the end of 2017 and represented 11 per cent of the market.

⁹ For this analysis, the industry classification by the TMX was preferred, with the SEDAR industry classification used if the issuer was not listed on either the TSX or TSXV. The SEDAR industry classification was changed to a TMX industry classification when reasonable; otherwise the issuers were classified to Other Industries. Other Industries contains nearly 30 industries, mostly categories available to be selected by issuers on SEDAR. A detailed discussion about this methodology is available in the Appendix.

¹⁰ See footnote 8 for discussion of industry methodology. For 2017, Diversified Industries includes Consumer Products & Services and Industrial Products & Services.

Of note, issuers self-report their industry on SEDAR and within Other Industries the five largest companies by market capitalization accounted for more than 50 per cent of the category total in 2017. These issuers were Adobe Systems Incorporated, General Motors Company, Valero Energy Corporation, Johnson Controls International Plc, and Molson Coors Brewing Company.

Chart 11: Total market capitalization of reporting issuers by industry and PR, for 2017



As shown in Chart 11, when broken down by PR jurisdiction, regional industry differences become apparent. Chart 11 illustrates total market capitalization by industry and PR for year-end 2017. In this chart, the dominance of Oil and Gas, and related Utilities and Pipelines, among Alberta PR issuers stands out. These industries represented a combined market capitalization of \$671 billion (74 per cent) of Alberta PR issuers. (More specific analysis of Alberta PR issuers begins on page 22.) The most dominant industries by market capitalization in other jurisdictions include the Mining industry among British Columbia PR issuers (\$131 billion, 47 per cent); Financial Services (\$1,097 billion, 50 per cent) and Other Industries (\$319 billion, 15 per cent) among Ontario PR issuers. In Québec, each of Financial Services and Diversified Industries represented \$232 billion (37 per cent) of market capitalization.¹¹

¹¹ See footnotes 8 and 9 for discussion of industry methodology.

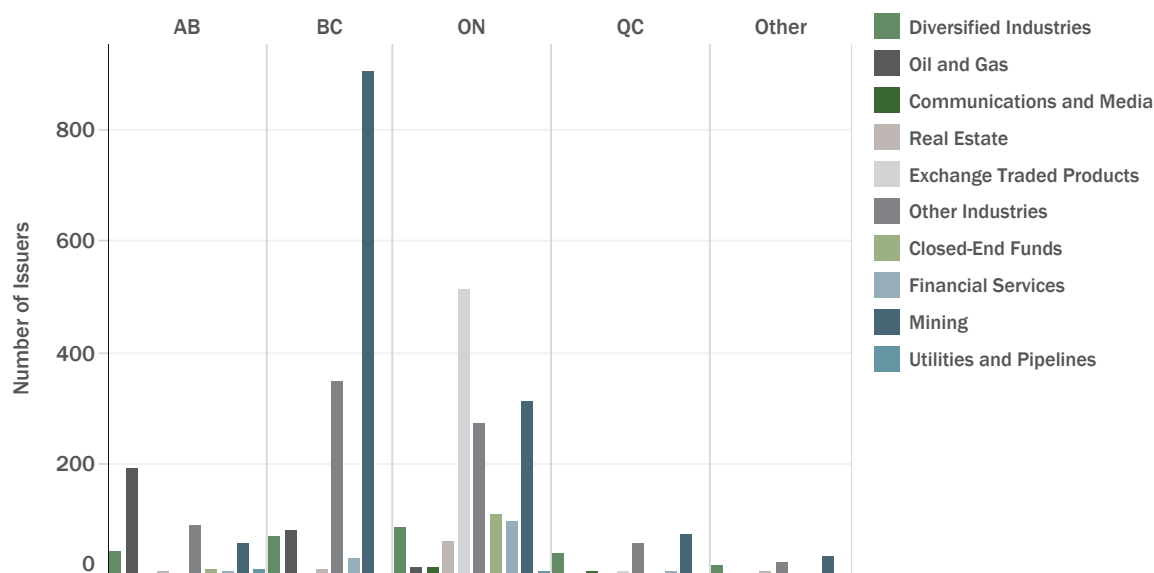
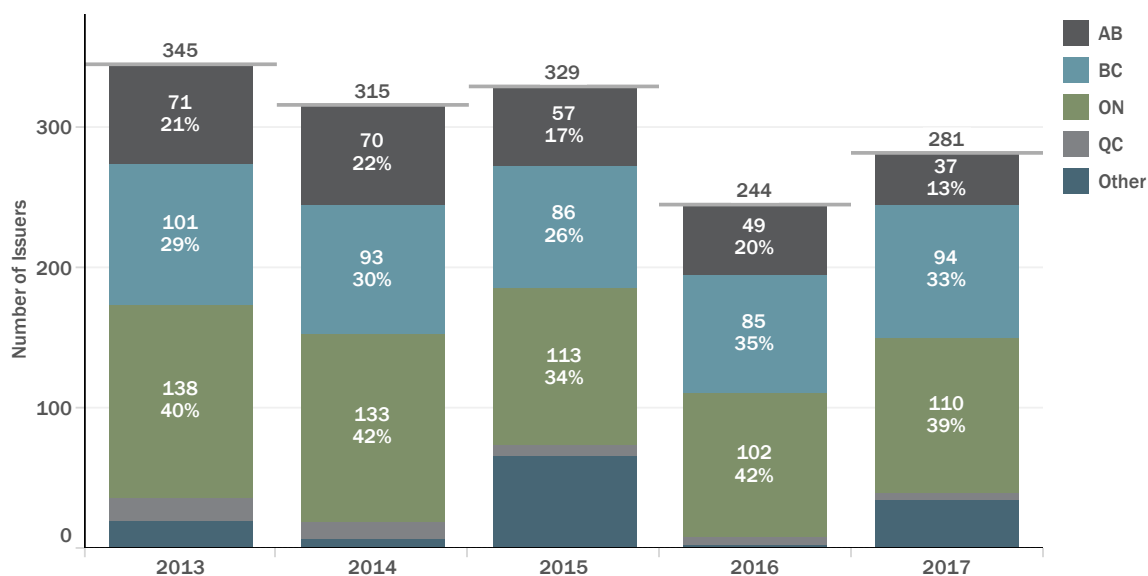
Chart 12: Total number of reporting issuers by industry and PR, for 2017

Chart 12 shows a breakdown similar to Chart 11, but by number of issuers. Among Alberta PR issuers, Oil and Gas, including Oil and Gas Services, was still the leading industry, represented by 194 issuers (44 per cent) of 442 issuers. Therefore, while the Oil and Gas industry in Alberta dominated all others on a market capitalization basis, there were still a significant number of issuers engaged in other industries: 91 (21 per cent) in Other Industries, and 61 (14 per cent) in the Mining industry. The number of Utilities and Pipelines issuers ranked sixth at 13 issuers (2.9 per cent), but represented 25 per cent on a market capitalization basis.

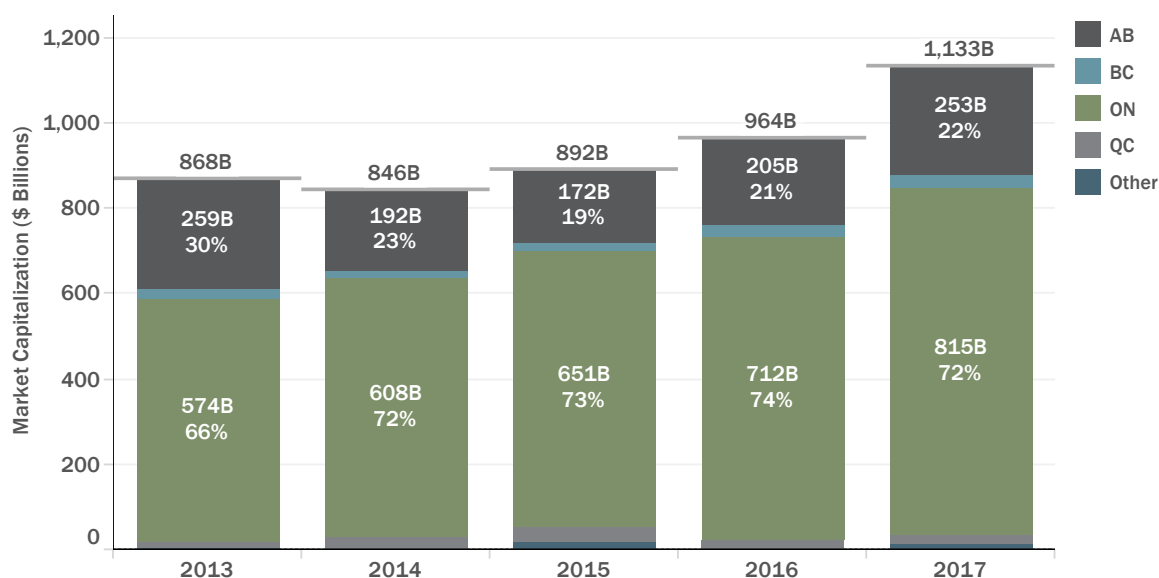
A total of 906 (62 per cent) of British Columbia PR issuers were engaged in the Mining industry followed by 352 (24 per cent) in Other Industries. Ontario PR issuers were perhaps the most evenly distributed across industries with 516 (34 per cent) issuers in Exchange Traded Products, 314 (21 per cent) issuers in Mining, 275 (18 per cent) issuers in Other Industries, 112 (7.4 per cent) issuers in Closed-End Funds, and 98 (6.5 per cent) issuers in Financial Services. In Québec, 75 (35 per cent) issuers were in Mining, 58 (27 per cent) issuers in Other Industries, and 42 (19 per cent) issuers in Diversified Industries.

Foreign Reporting Issuers

Chart 13: Number of foreign reporting issuers, by PR



Foreign issuers may choose to become reporting issuers in Canada to sell securities to the general Canadian public or may become reporting issuers through certain business combinations with a Canadian reporting issuer. The percentage of reporting issuers headquartered outside of Canada has ranged from about 6.6 per cent to 8.5 per cent over the last five years. Chart 13 shows the total number of foreign issuers, determined by the head office location as reported on SEDAR. The 281 foreign issuers at the end of 2017 was up 15 per cent from 244 issuers in 2016. Also shown in Chart 13 is the breakdown of foreign issuers by PR. The number of foreign issuers was greatest in Ontario at 110 (39 per cent), followed by British Columbia at 94 (33 per cent), Alberta at 37 (13 per cent) and Québec at 6 (2 per cent). Foreign reporting issuers with Alberta as the PR represented 8.4 per cent of all Alberta PR issuers at the end of 2017.

Chart 14: Total market capitalization of foreign reporting issuers by PR

As shown in the prior chart, the number of reporting issuers with foreign headquarters in 2017 was smaller than the number in 2013, by about 19 per cent. In contrast, Chart 14 shows that the market capitalization of foreign issuers has increased by 31 per cent over the last five years to \$1,133 billion in 2017 from \$868 billion in 2013. Some of this increase was attributable to a large increase in the market capitalization of Ontario PR foreign-headquartered reporting issuers, which has increased 42 per cent from \$574 billion in 2013 to \$815 billion in 2017. Similarly, the total market capitalization of Ontario PR issuers has been influenced by large issuers like Visa Inc, Barclays Bank PLC, and Credit Suisse AG, which accounted for a combined \$441 billion of market capitalization in 2017. It should be noted that not all of these issuers had securities listed on a Canadian exchange and the market capitalization of the issuers' listed equity in Canadian dollars has been used in calculating the amounts.

Focus on Listed Reporting Issuers Principally Regulated in Alberta

Chart 15: Total market capitalization of industries for Alberta PR issuers

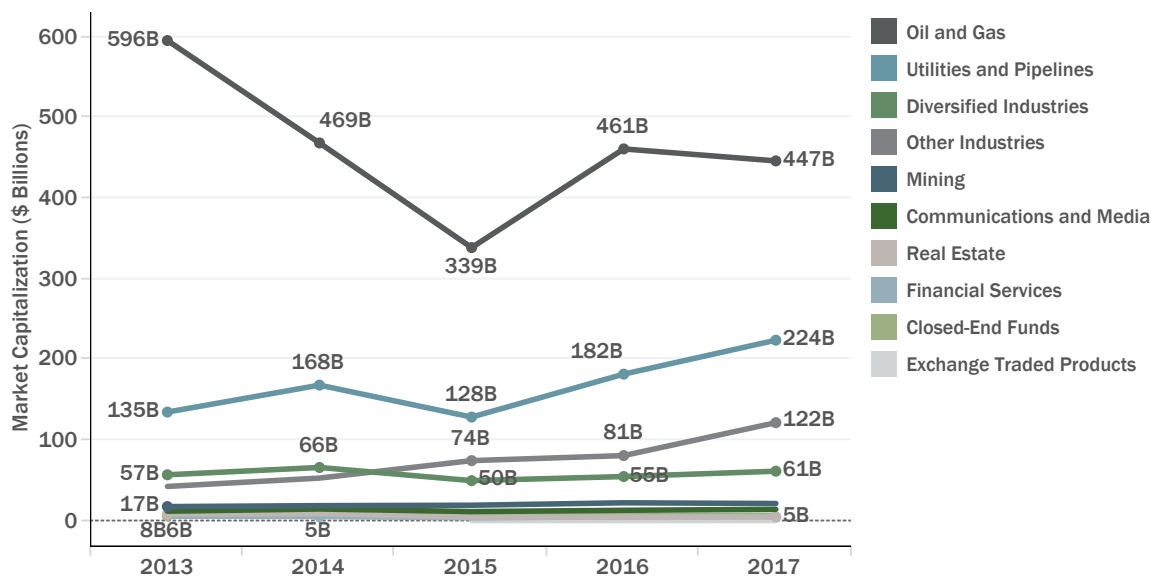


Chart 15 is similar to Chart 10, except that it includes only Alberta's 442 listed PR issuers, which had a total market capitalization of \$904 billion at the end of 2017. As expected, Oil and Gas issuers represented the largest industry on the basis of market capitalization at \$447 billion (49 per cent of the total). Although Oil and Gas issuers experienced a 3.0 per cent decrease in total market capitalization in 2017, their combined market capitalization was still almost two times larger than the next-largest industry, Utilities and Pipelines issuers, which represented a total market capitalization of \$224 billion at the end of 2017, up 23 per cent from 2016. In Chart 15, Oil and Gas Services were included in Oil and Gas, which comprised nearly \$15 billion of the industry at the end of 2017. By comparison to the Oil and Gas industry in total, the market capitalization of Oil and Gas Services decreased by 12 per cent since 2016 (\$17 billion). The remaining industries in aggregate (i.e. other than Oil and Gas, and Utilities and Pipelines) experienced a 26 per cent increase in market capitalization in 2017, rising to \$234 billion from \$185 billion in 2016.

Chart 16: Distribution of Alberta PR issuers by market capitalization, by industry and domicile, for 2017

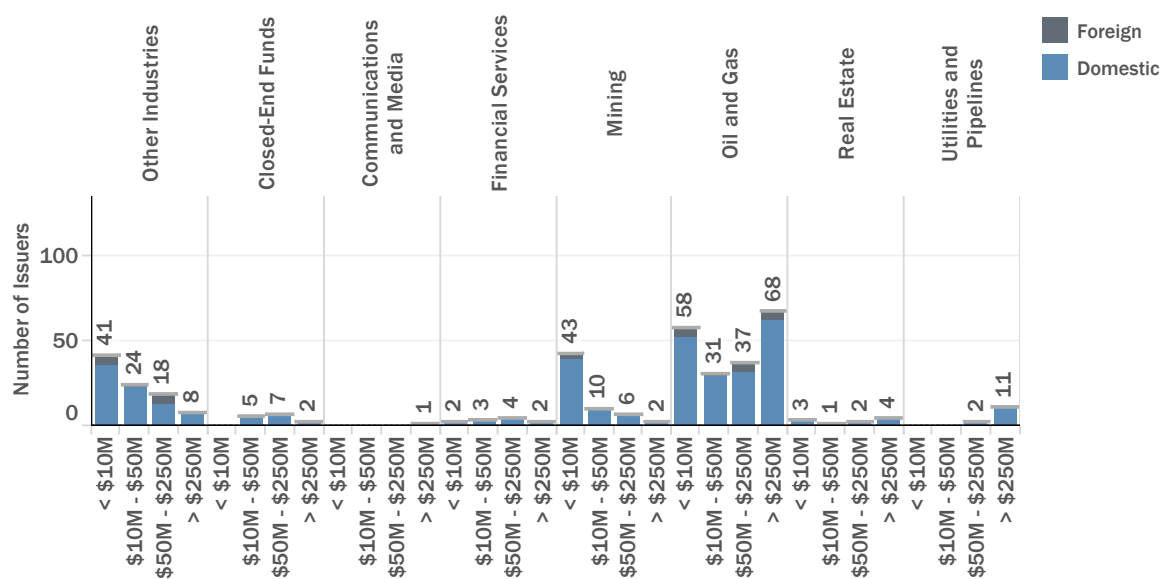


Chart 16 shows the distribution by industry of the market capitalization of Alberta PR issuers at the end of 2017. The chart also shows a split by foreign or domestic headquarters. In the case of Oil and Gas (including Oil and Gas Services), the number of Alberta PR issuers in the lowest and highest market capitalization ranges decreased compared with 2016. The less-than-\$10 million category was the most affected, as detailed in Table A, with the number of issuers decreasing by 18 per cent.

Table A: Distribution of Alberta PR oil and gas issuers, 2017 versus 2016

Category	Number Oil and Gas Issuers		
	2017	2016	Change
<\$10M	58	71	18 per cent decrease
\$10M - \$50M	31	31	No change
\$50M - \$250M	37	34	8.8 per cent increase
>\$250M	68	72	5.6 per cent decrease
Total	194	208	6.7 per cent decrease

Nineteen Oil and Gas issuers (10 per cent) were foreign reporting issuers in Alberta, down from 21 (11 per cent) in 2016. This was slightly higher than the average of 8.4 per cent for all Alberta PR issuers in 2017 (10 per cent in 2016).

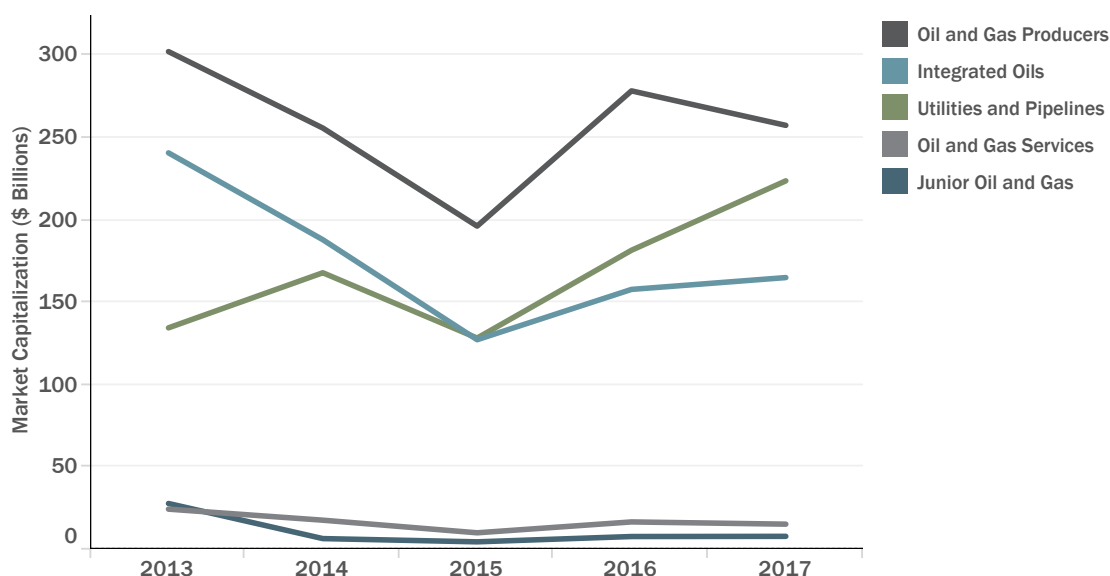
Chart 17: Total market capitalization of oil and gas sectors for Alberta PR issuers

Chart 17 and Chart 18 focus more specifically on the Oil and Gas, and Utilities and Pipelines industries.¹² By market capitalization, Producers were the largest Oil and Gas sector among Alberta PR reporting issuers in each of the last four years. This sector experienced a 7.5 per cent decrease in market capitalization in 2017 to \$258 billion. The next largest was Utilities and Pipelines, with a market capitalization of \$224 billion, an increase of 23 per cent from the end of 2016. Integrated Oils increased 4.4 per cent in 2017 to \$165 billion. Junior Oil and Gas and Oil and Gas Services were each only a small fraction of the other categories at \$8 billion and \$15 billion respectively. This represented no change in market capitalization for the Junior Oil and Gas sector and a decrease of 12 per cent for the Oil and Gas Services sectors in 2017.

¹² For this analysis (explained in more detail in the Appendix), the sub-categorization available in issuers' profiles on SEDAR has been used to further refine the classification of issuers listed on the TSX or TSXV reported in Oil and Gas and Diversified Industries or Industrial Products & Services categories by the TMX. The TMX includes Oil and Gas Services in Diversified Industries or Industrial Products & Services. Oil and Gas Services have been separated from Diversified Industries and Industrial Products & Services in this report and instead included in Oil and Gas. If the industry of a reporting issuer was not listed on the TSX or TSXV, the classification was based on the issuer's SEDAR profile. It should be noted that issuers select their industry classification on SEDAR.

Chart 18: Distribution of oil and gas alberta PR issuers by market capitalization and domicile, for 2017

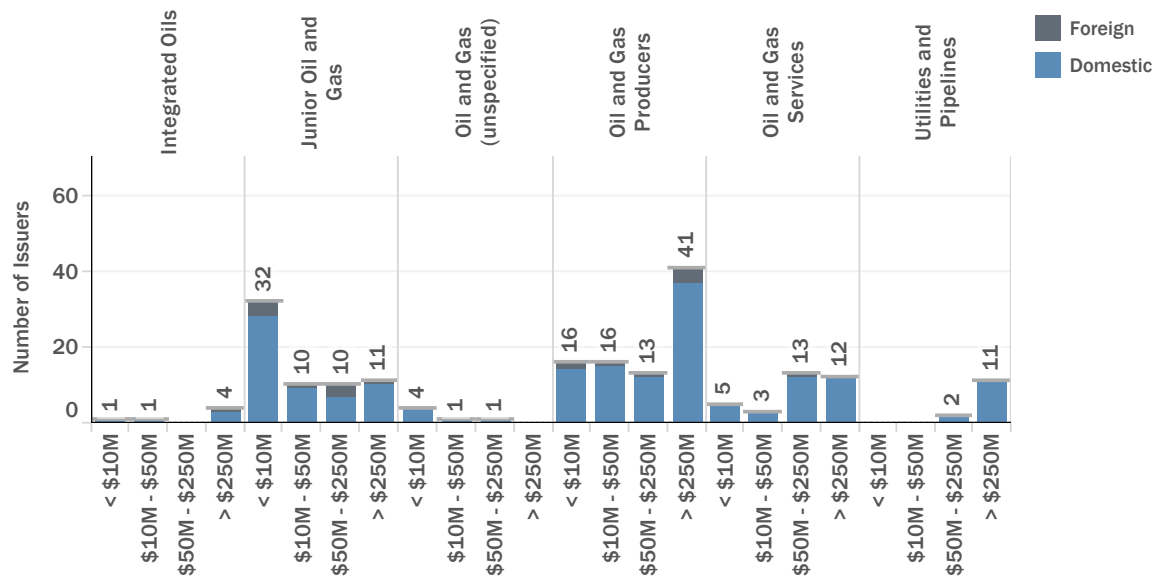


Chart 18 shows the distribution of Alberta PR issuers in Oil and Gas, and Utilities and Pipelines by market capitalization for 2017. This chart is similar to Chart 16 except that it shows greater detail for Oil and Gas issuers. As expected, there was a greater concentration of Junior Oil and Gas issuers in the less-than-\$10 million range and, a greater concentration of Oil and Gas Producers in the greater-than-\$250 million range. Compared with 2016 (not shown), the Integrated Oils and Utilities and Pipelines experienced a decrease in the greater-than-\$250 million category and the less-than-\$10 million category.

Analysis of Financings

The analysis in this section is limited to the financings of reporting issuers that are listed on the TSX or TSXV.

Chart 19: Total equity financings by TSX and TSXV listed issuers, by financing type

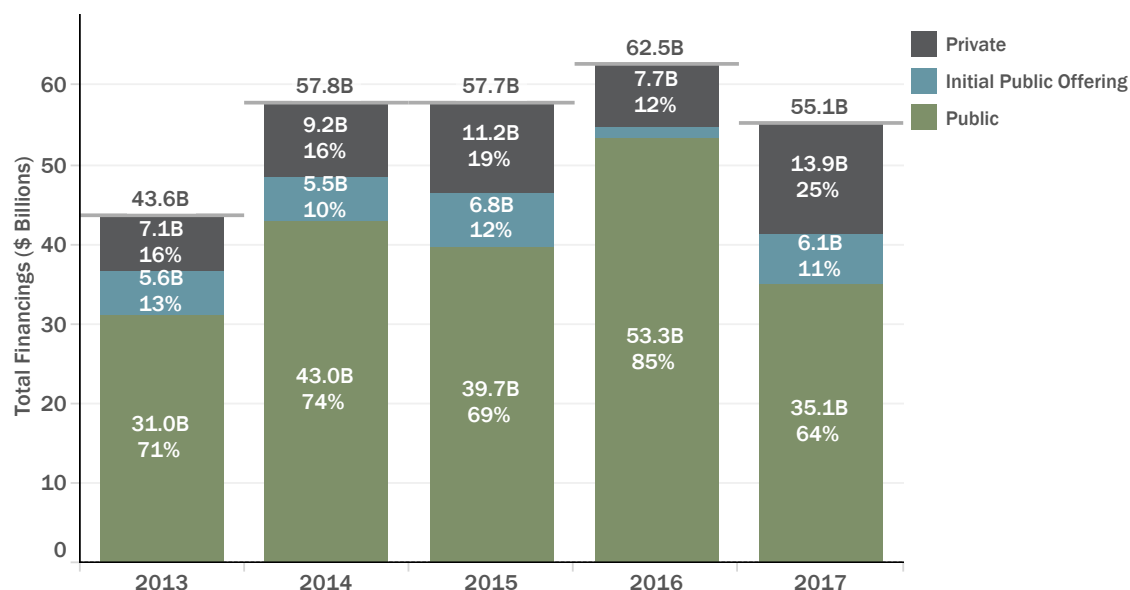
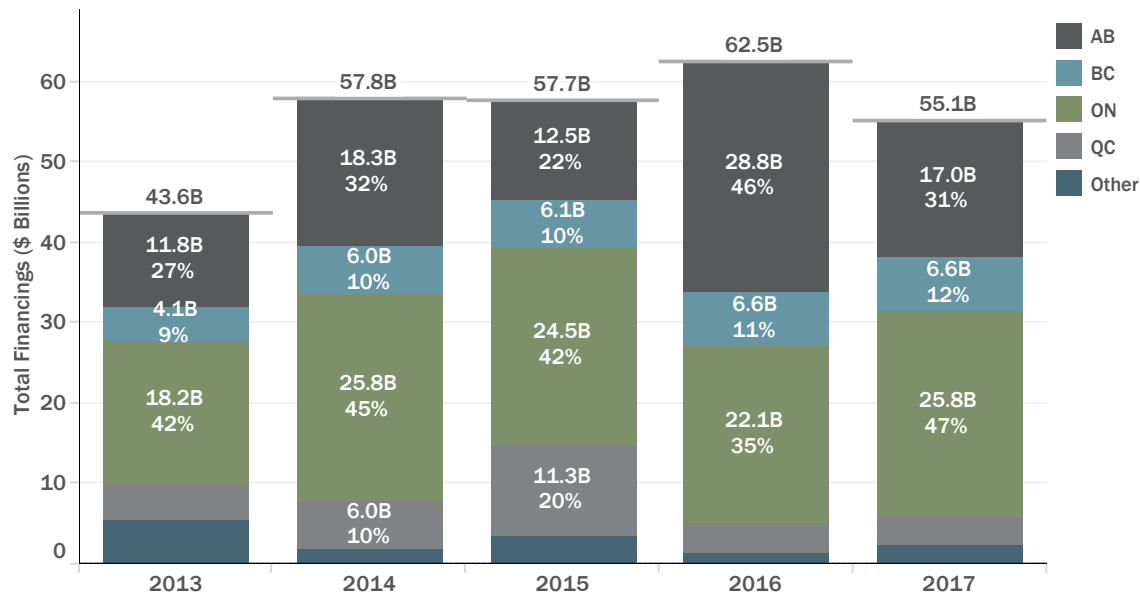


Chart 19 shows equity financings over the last five years by issuers listed on the TSX or TSXV. Total financings by these issuers decreased by 12 percent to \$55.1 billion in 2017 from a five-year high of \$62.5 billion in 2016. The chart also shows financings according to major financing type. All public and IPO financings must be qualified by a prospectus, and could have been grouped together. However, for this chart IPOs have been shown separately as they represent financings where a previously unlisted issuer (private issuer) becomes a listed issuer (public issuer). Private financings are those conducted without a prospectus, where the issuer must have a valid prospectus exemption.¹³ These private financings represented a relatively small subset of the prospectus-exempt market. For a more comprehensive analysis of prospectus-exempt markets see the section beginning on page 30.

As shown in Chart 19, the dominant type of financing of these listed issuers has been non-IPO public financings. In 2017, non-IPO public financings on the TSX and TSXV totalled \$35.1 billion, representing 64 per cent of the total amount raised and down from 85 per cent of the total in 2016. Conversely, there were a larger proportion of private financings in 2017 (25 per cent) than in 2016 (12 per cent) and a larger proportion of IPOs in 2017 (11 per cent) than in 2016 (3.2 per cent).

¹³ Such as those available in National Instrument 45-106 *Prospectus Exemptions*.

Chart 20: Total equity financings by TSX and TSXV listed issuers, by PR

As shown in Chart 20, listed issuers with Alberta as PR represented the second-greatest proportion of total financings at \$17.0 billion (31 per cent) in 2017, which was down from \$28.8 billion (46 per cent) in 2016. This proportion was 9 percentage points greater than the proportion of total market capitalization represented by all reporting issuers with Alberta PR at 22 per cent (Chart 5), indicating the relatively capital-intensive nature of Alberta PR issuers. Ontario PR issuers raised the greatest proportion of total financings at \$25.8 billion (47 per cent) of the total in 2017, compared with \$22.1 billion (35 per cent) raised in 2016. This is 6 percentage points less than Ontario PR issuers' share of total market capitalization at year-end 2016 (53 per cent), indicating a lower capital-intensive nature of Ontario PR issuers than Alberta PR issuers. Québec PR issuers raised a total of \$4 billion (6 per cent) in 2017, which is the same amount raised in 2016. British Columbia PR issuers raised a total of \$6.6 billion (12 per cent) in 2017. Québec PR issuers represented 15 per cent of total market capitalization and British Columbia PR issuers accounted for 7 per cent of total market capitalization.

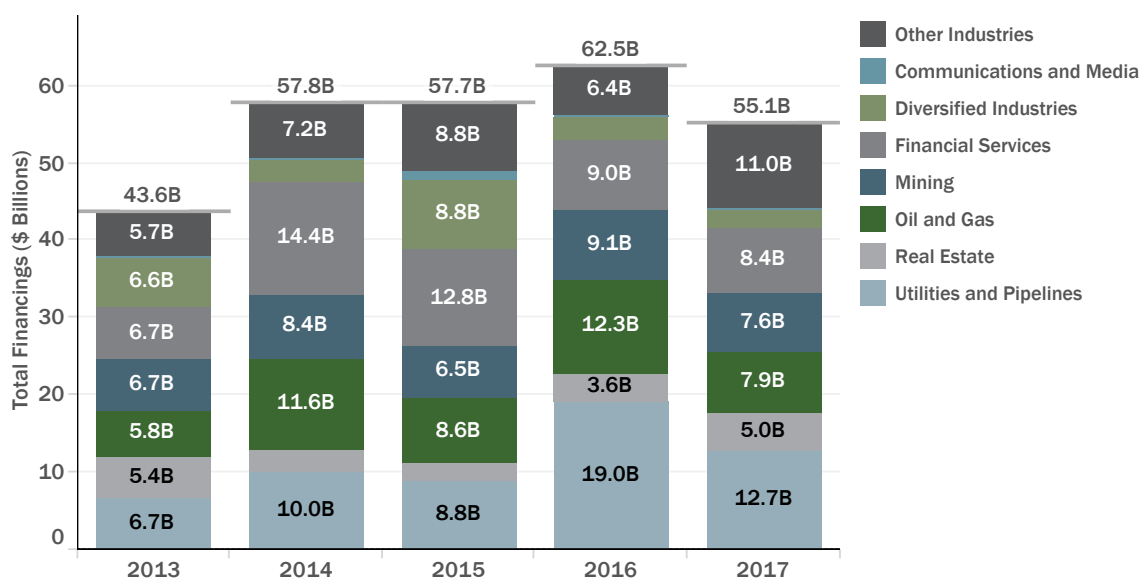
Chart 21: Total equity financings by TSX and TSXV listed issuers, by industry

Chart 21 shows a break down by TMX industry classification for issuers listed on the TSX or TSXV. Over the last five years, the industries that have collectively raised the greatest amount of capital are Utilities and Pipelines, Financial Services, and Oil and Gas. In 2017, Utilities and Pipelines raised the greatest amount of capital for the second year in a row, raising \$12.7 billion. Financings by Other Industries issuers ranked second at \$11.0 billion. Capital raised by Financial Services ranked third at \$8.4 billion and Oil and Gas ranked fourth at \$7.9 billion in 2017. Capital raised by Communications and Media issuers declined the most in 2017, by 83 per cent, while Other Industries increased the most (71 per cent) in 2017.

Prospectus-Exempt Markets

Issuers in the Prospectus-Exempt Market

In Canada, the general requirement for any issuer raising capital by issuing securities is to do so via prospectus. There are a number of prospectus exemptions available in National Instrument 45-106 *Prospectus Exemptions*, some of which require the distributions to be reported to a securities regulator using the report of exempt distribution.¹⁴ Distributions reported to the ASC are the source for the analysis in this report.

It is important to note that securities law prior to June 30, 2016 permitted investment funds to file 30 days following the fund's fiscal year-end. Given that the fiscal year-end of an investment fund may not be the same as the calendar year-end, the data reported by investment funds in previous years was typically incomplete at the time of publication of previous Alberta Capital Market Reports. Subsequent publications of the Report included revised data for the prior year in cases of investment funds that reported following the publication of the Report. The effect of the lag was more pronounced when analyzing distributions to Alberta investors than by Alberta issuers, as investment funds tend to be headquartered outside Alberta.¹⁵

On June 30, 2016 the filing deadline for investment funds was changed to 30 days following the end of the calendar year.¹⁶ The change in filing deadline for investment funds was part of amendments made to revise the report of exempt distribution, which included the streamlining of certain information requirements and the introduction of new requirements.¹⁷ Data for distributions in 2017 that have been recorded to date have been included in this report. This information will be updated when additional data is available.

Chart 22 shows the number of issuers that accessed capital in the prospectus-exempt market in Alberta (distributed securities to Albertans) during the calendar year, independent of the location of the issuer's head office. In 2017, using the information available, 1,691 issuers were active in Alberta, of which 835 were reporting issuers (49 per cent). As mentioned above, this information will be updated when additional data is available. One reason that reporting issuers may choose to raise capital in the prospectus-exempt market is that it can be a more cost-effective means of raising funds than in the public market, in which a prospectus is required.

¹⁴ See part 6 of NI 45-106 and Form 45-106F1 *Report of Exempt Distribution*.

¹⁵ For example, the amount of investment by Albertans for calendar 2015 was reported in the 2016 Alberta Capital Market (ACM) Report as \$6.9 billion, which was revised to \$17.3 billion in the 2017 ACM Report. In contrast, the amount of investment by Albertans for calendar 2016 was reported in the 2017 ACM Report as \$14.9 billion, which has been revised to \$15.8 billion in this report.

¹⁶ See subsection 6.2(2) of NI 45-106.

¹⁷ For further information about the changes to Form 45-106F1 *Report of Exempt Distribution* and reporting requirements, see CSA *Notice of Amendments to National Instrument 45-106 Prospectus Exemptions relating to Reports of Exempt Distribution*, published on April 7, 2016.

Chart 22: Number of issuers active in the Alberta prospectus-exempt market during the calendar year

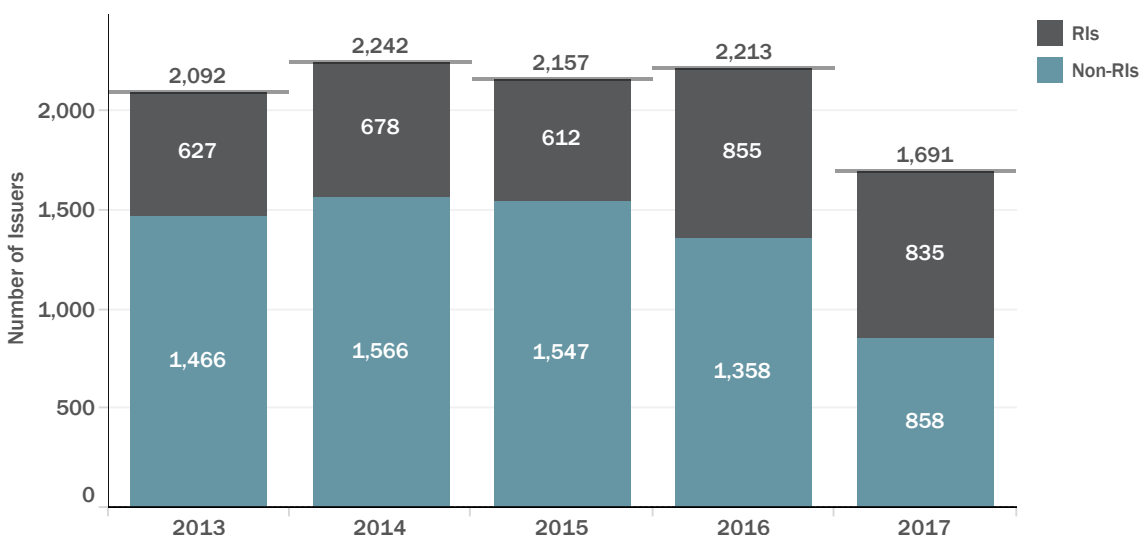


Chart 23: Number of Alberta-based issuers active in the prospectus-exempt market during the calendar year

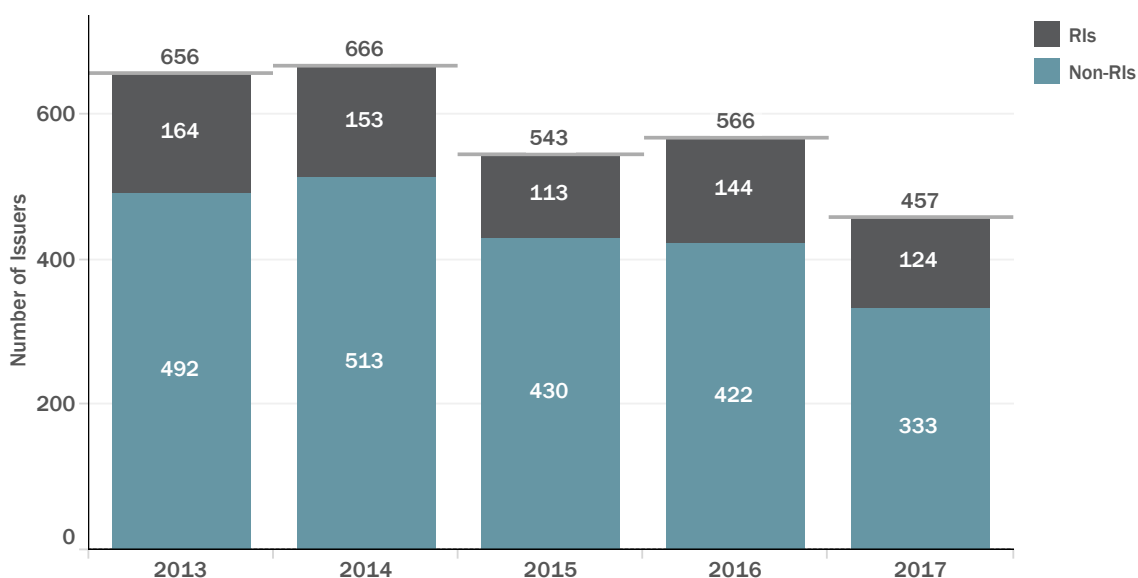


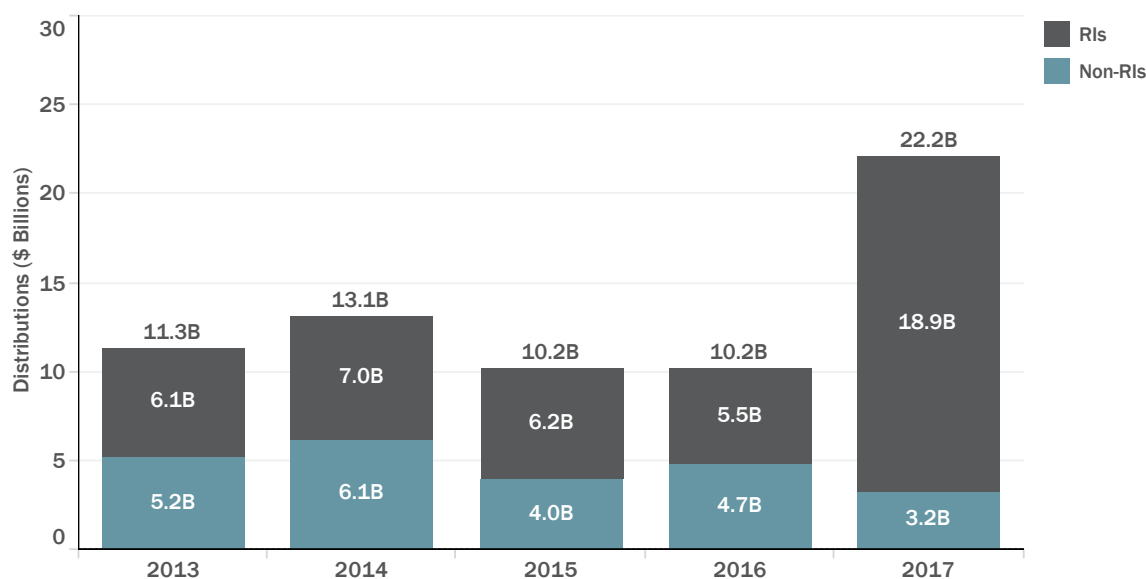
Chart 23 shows the number of Alberta-based issuers that accessed capital in the prospectus-exempt market during the calendar year. Of the reports of exempt distribution that have been filed and processed for 2017, 124 (27 per cent) were reporting issuers. In 2016, 144 (25 per cent) of the Alberta-based issuers active in the prospectus-exempt market were reporting issuers.

The Alberta capital market is open beyond provincial borders. Alberta issuers can distribute securities anywhere in the world where local securities laws permit. Similarly, Alberta investors may purchase securities of any issuer, provided the issuer meets the requirements of Alberta securities

laws. Prominent industries also vary by province and country, where capital raising can occur with or without a prospectus. For these reasons, when analyzing the prospectus-exempt market it is important, and more informative, to analyze issuers and investors separately, which is the approach in the following two sections.

Prospectus-Exempt Financings by Alberta Issuers

Chart 24: Total raised in the exempt market by Alberta-based issuers, by reporting type



For prospectus exemptions that are reportable, Alberta securities law requires Alberta-based issuers to report exempt distributions to the ASC regardless of the jurisdiction of the investor. This is because distributions to investors outside of Alberta are considered distributions “from” Alberta.

Chart 24 shows the total capital raised by Alberta-based issuers over the last five years, segmented by whether the issuer was a reporting issuer or non-reporting issuer. Many reporting issuers have securities listed on an exchange, although not all the securities distributed are listed on an exchange. For example, debt securities (as discussed on page 36) are frequently not listed on an exchange. Prior to 2017, approximately half of the capital raised in the prospectus-exempt market has been by reporting issuers choosing to rely on a prospectus exemption. The proportion of total capital raised by reporting issuers in the exempt market was 85 per cent in 2017, up from 54 per cent in 2016. The capital raised in the prospectus-exempt market in 2017 by Alberta issuers was heavily influenced by Cenovus Energy Inc. raising \$6.6 billion and Canadian Natural Resources Limited raising \$4.0 billion, or \$10.6 billion combined, representing 48 per cent of capital raised by Alberta issuers in the prospectus-exempt market in 2017. Both of these companies are listed reporting issuers with the choice of raising capital in either the prospectus or prospectus-exempt market.

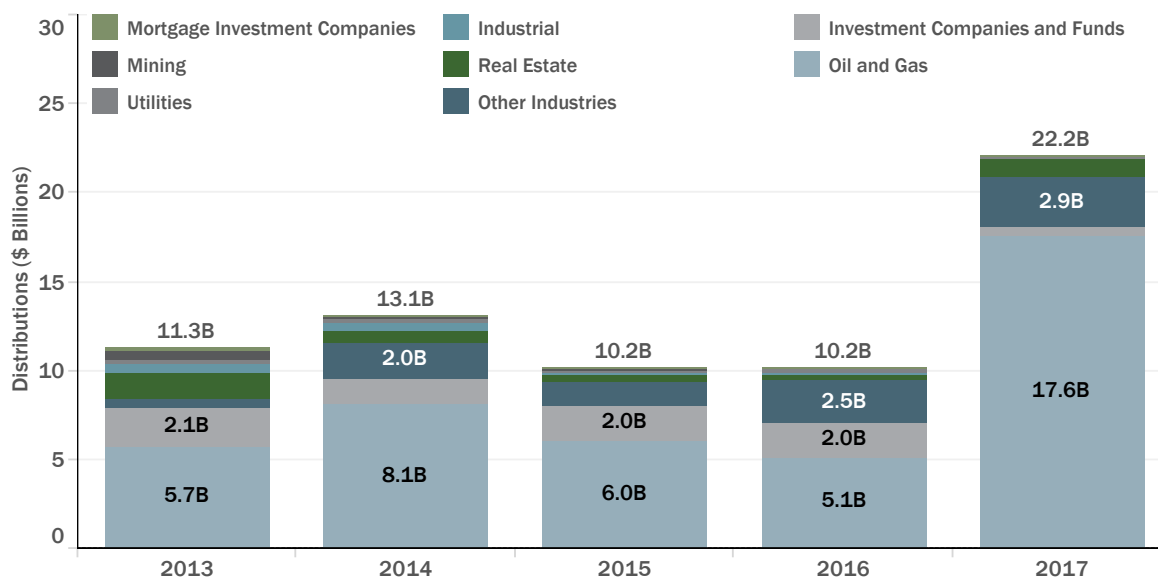
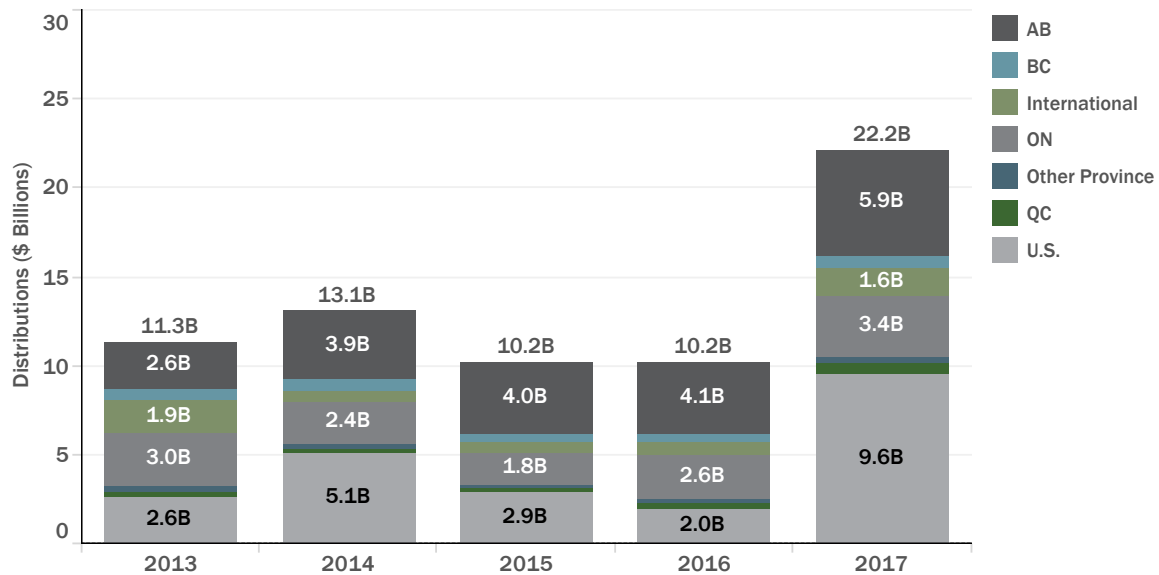
Chart 25: Total raised in the prospectus-exempt market by Alberta-based issuers, by industry

Chart 25 shows capital raised by Alberta issuers in the prospectus-exempt market segmented by industry.¹⁸ In Alberta, the most prominent industry over the last five years was Oil and Gas, by a considerable margin, totalling \$17.6 billion in 2017. Compared with 2016, exempt distributions by Oil and Gas issuers in 2017 increased by 246 per cent due in part to several large exempt distributions being made by Oil and Gas issuers. For example, the top 5 largest distributions in 2017 totalled \$12.7 billion compared to \$2.8 billion in 2016.

Based on data available for this report, Investment Companies and Funds raised \$0.5 billion in 2017, which was down from \$2.0 billion raised in 2016. (This amount will increase, however, as reports of exempt distribution are processed.) In Chart 25, several industries have been included under the category Other Industries.¹⁹

¹⁸ On, June 30, 2016, issuers filing Reports of Exempt Distribution were required to disclose which industry they operated in using NAICS codes (North American Industry Classification System). Previously, issuers chose from broader industry categories in the Report of Exempt Distribution. For comparative purposes the results in Chart 25 are displayed using the legacy industry classification system. Please note that the two systems are not directly comparable and certain assumptions have been made for analytical purposes.

¹⁹ Bio-tech, Forestry, Hi-tech, and Other, which was available as a choice in the prior version of the Report of Exempt Distribution if none of the industry categories applied to the issuer. Note that Mining Exploration/Development and Mining Production have been grouped under Mining in this report.

Chart 26: Total raised in the exempt market by Alberta-based issuers, by investor location

As shown in Chart 26, Alberta-based issuers have raised approximately one-third of their capital in the prospectus-exempt market from Albertans in each of the last five years. Another significant source of capital for Alberta-based issuers is from investors based in Ontario and the U.S., which have a larger institutional investor base. In 2017, \$9.6 billion of the funds raised by Alberta-based issuers was from investors in the U.S., or 43 per cent, which is a considerable increase from \$2.0 billion and 19 per cent in 2016. Of the \$9.6 billion raised by Alberta-based issuers from investors in the U.S., \$6.3 billion was raised by Cenovus Energy Inc.

Chart 27: Total raised in the prospectus-exempt market by Alberta-based issuers, by security type

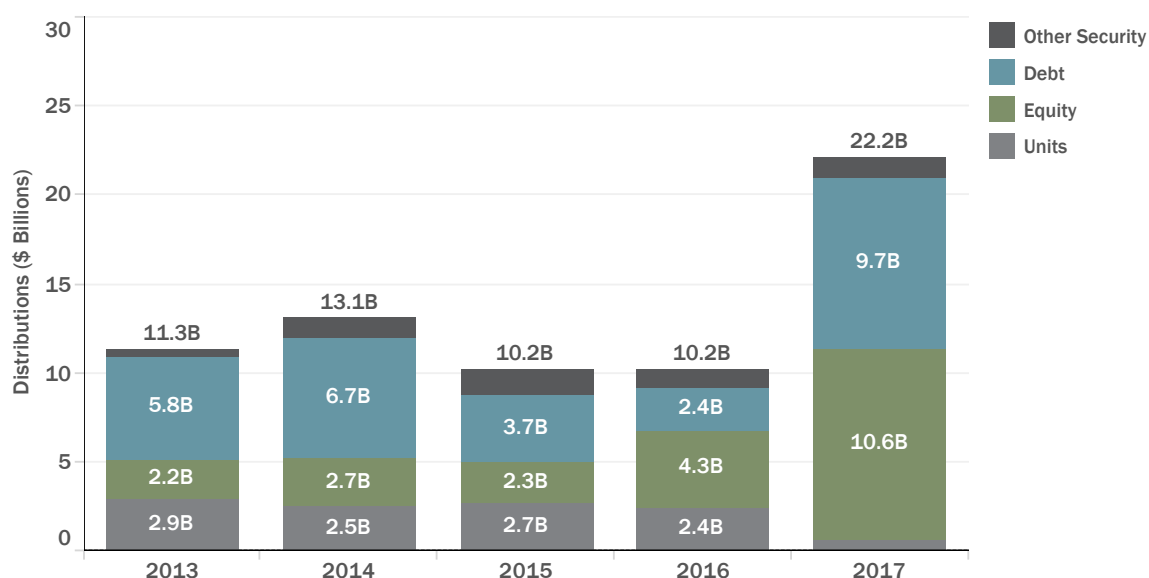


Chart 27 shows a broad breakdown by type of security distributed by Alberta-based issuers. In three of the past five years (based on distributions reported to date), Debt securities have been the most common type (or tied for the most common type) of securities issued. This trend changed in 2016 and continued in 2017 with Equity securities making up the largest portion of securities issued, accounting for 48 per cent of the total in 2017 using information available to-date. Note that the amount of Units issued in 2017 is down from 2016 but will likely rise once all investment fund issuer data is processed for the year.

Chart 28: Total raised in the prospectus-exempt market by Alberta-based issuers, by exemption

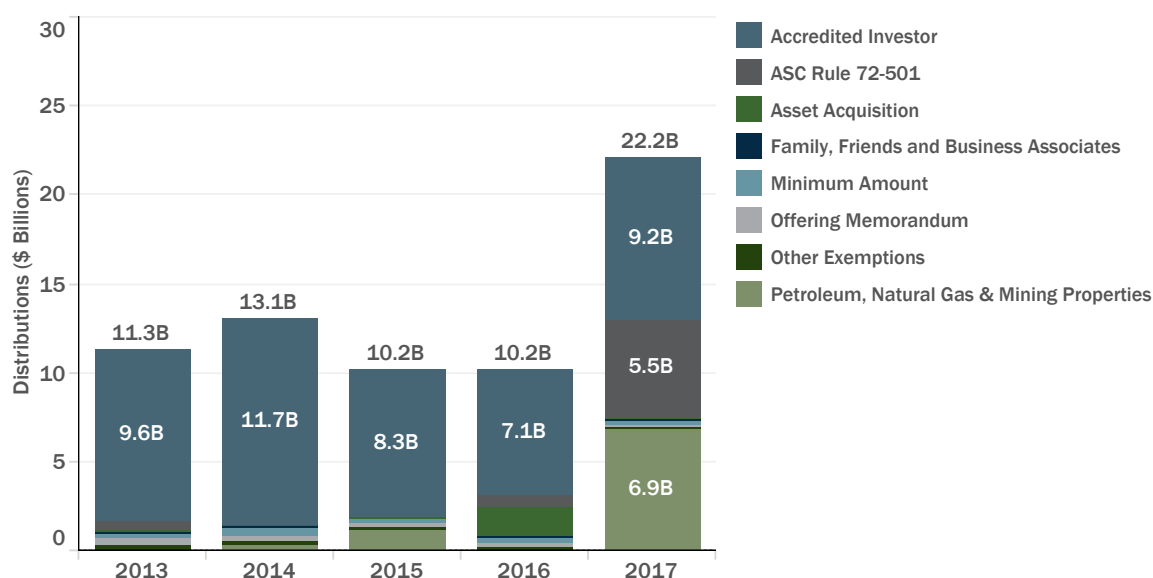


Chart 28 shows the prospectus exemptions relied on by Alberta-based issuers to raise capital in the prospectus-exempt market.²⁰ The most capital was raised under the Accredited Investor (AI) exemption at approximately \$9.2 billion in 2017 (42 per cent of the total), compared with \$7.1 billion (69 per cent) in 2016. The exemption utilized to raise the second largest amount of capital in 2017 was the Petroleum, Natural Gas & Mining Properties exemption at \$6.9 billion (31 per cent of the total). Issuers raised \$5.5 billion in capital (25 per cent of the total) utilizing ASC Rule 72-501. Approximately \$0.1 billion was raised under the Offering Memorandum (OM) exemption in 2017, relatively equal to the 2016 amount.

Each of the exemptions shown in Chart 28 are available when specific conditions are met by the issuer. These conditions may be found in the relevant sections of National Instrument 45-106 *Prospectus Exemptions* and Alberta Securities Commission Rule 72-501 *Distributions to Purchasers Outside Alberta*. However, exemptions shown in Chart 28 also depend on the circumstances of the purchaser, summarized in Table B as context to the data in this report.

²⁰ Specifically shown in Chart 28 are section 2.12 Asset Acquisition, section 2.13 Petroleum, Natural Gas & Mining Properties, section 2.3 Accredited Investor, section 2.5 Family, Friends and Business Associates, section 2.9 Offering Memorandum, section 2.10 Minimum Amount Investment, as well as other exemptions available in National instrument 45-106 *Prospectus Exemptions* and reported to the ASC under Part 6. In addition to the above exemptions, ASC Rule 72-501 – Distributions to Purchasers Outside Alberta, is also included in Chart 28.

Table B: Data sources for combined dataset

Exemption	Summary of Certain Provisions Applicable to Individuals
Accredited Investor	Individuals who are accredited based on exceeding specified income, net financial asset or net asset thresholds.
Family, Friends and Business Associates	Individuals who are a director, executive officer or control person of the issuer, or of an affiliate of the issuer, and specified family members, close personal friends or close business associates of such persons.
Offering Memorandum	Individuals who have received a valid Form 45-106F2 Offering Memorandum of the issuer and are either purchasing not more than \$10,000 of securities under the offering memorandum exemption within a 12-month period (prior to April 30th, 2016 the limit was \$10,000 per distribution) or are an eligible investor based on exceeding specified income or net asset thresholds. Effective April 30, 2016, eligible investors are limited to \$30,000 invested in a 12-month period, or \$100,000 if the investor receives advice ²¹ that the investment is suitable.
Minimum Amount	Investors purchasing a minimum of \$150,000 of securities in a single transaction from a single issuer. Effective May 5, 2015 this exemption was no longer available to issuers distributing to individuals.
ASC Rule 72-501	The securities distributed cannot be beneficially owned by an Alberta resident.

Chart 29: Total number of reports of exempt distribution filed by Alberta-based issuers, by industry

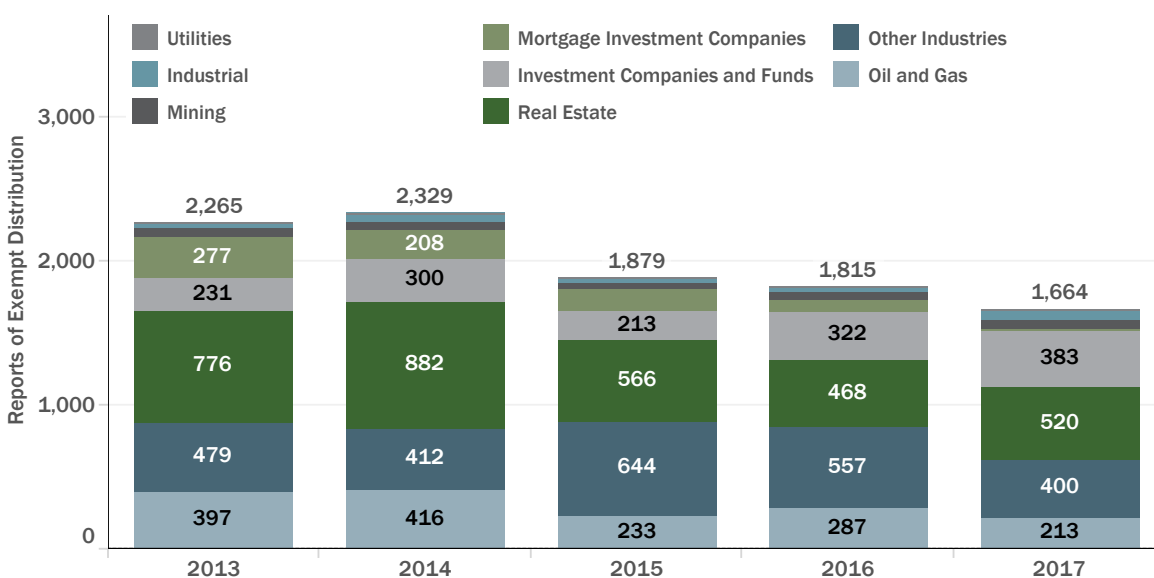


Chart 29 displays the number of reports of exempt distribution filed by Alberta-based issuers, using data available to-date, segmented by industry. Overall, reports of exempt distribution in 2017 amounted to 1,664, a decrease of 8 per cent from the 1,815 recorded in 2016. The decrease in number of reports continued a downward trend that began in 2015, a year in which total reports fell by 19 per cent over the prior year.

²¹ From a portfolio manager, investment dealer, or exempt market dealer registered under National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

Issuers in the Real Estate industry filed the greatest number of reports of exempt distribution in 2017, increasing 11 percent to 520 from 468 in 2016. Other Industries filed the next greatest number of reports, 400, a decrease of 28 per cent from 557 reports filed in 2016. Oil & Gas issuers in Alberta filed 213 reports of exempt distribution in 2017, a decrease of 26 per cent from 2016.

Investments in the Prospectus-Exempt Market by Albertans

This section analyzes the capital invested by Albertans versus capital raised by Alberta issuers, which reveals some significant differences. As shown in Chart 31, the greatest proportion of investments by Albertans in the prospectus-exempt market from 2013-2016 were investment funds. As previously mentioned, the 2017 investment funds data is not yet complete therefore the discussion in this section will focus mostly on 2016 and prior years' data.

Chart 30 shows a breakdown by Albertans' investments in reporting issuers versus non-reporting issuers in the prospectus-exempt market. For 2016, \$12.7 billion (80 per cent) was invested in non-reporting issuers. The proportion of investment in non-reporting issuers by Albertans was much greater than the proportion of capital raised by Alberta-based reporting issuers shown in Chart 24, which showed that only 46 per cent of Alberta-based issuers were non-reporting in 2016 (39 per cent in 2015). The primary reason for the greater concentration of non-reporting issuers in Chart 30 versus Chart 24 is that investment funds distributing securities in the prospectus-exempt market tend to be non-reporting issuers.

Chart 30: Total invested in the prospectus-exempt market by Albertans, by issuer reporting type

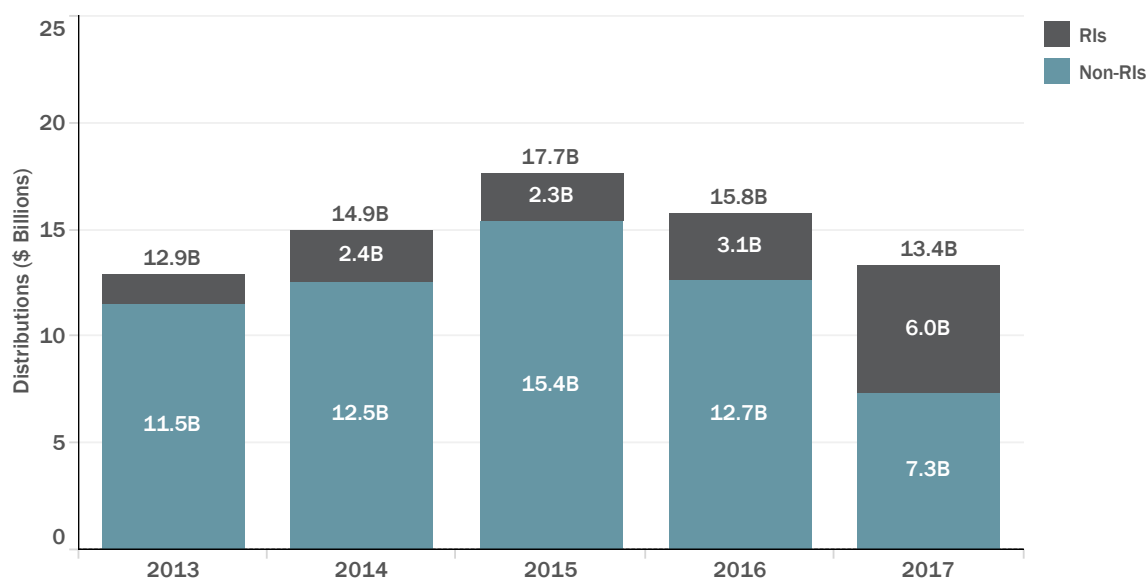
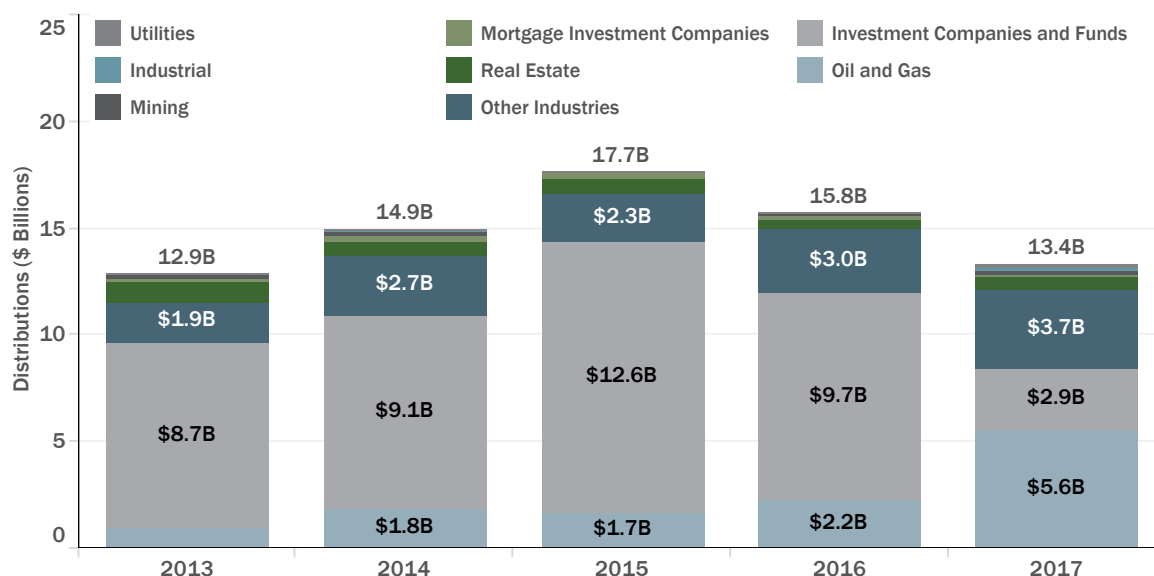


Chart 31: Total invested in the prospectus-exempt market by Albertans, by industry



As shown in Chart 31, the greatest proportion of new capital from Alberta-based investors in 2013-2016 was invested in the Investment Companies and Funds industry. In 2016, \$9.7 billion (62 per cent) of investments by Albertans were in investment funds, compared with 72 per cent in 2015.

With information available to date, investments in Oil and Gas issuers increased to \$5.6 billion in 2017 from \$2.2 billion in 2016 and Other Industries investments increased to \$3.7 billion in 2017 from \$3.0 billion in 2016. Note that the Investment Companies and Funds category will be updated when additional data is available. Based on filings received, an estimated \$9 billion of distributions to Albertans in 2017 remain to be processed, nearly all of which will likely be attributed to Investment Companies and Funds. These additional filings would bring the total for 2017 to more than \$22 billion and the total for Investment Companies and Funds to more than \$11 billion.

Chart 32: Total invested in the prospectus-exempt market by Albertans, by issuer location

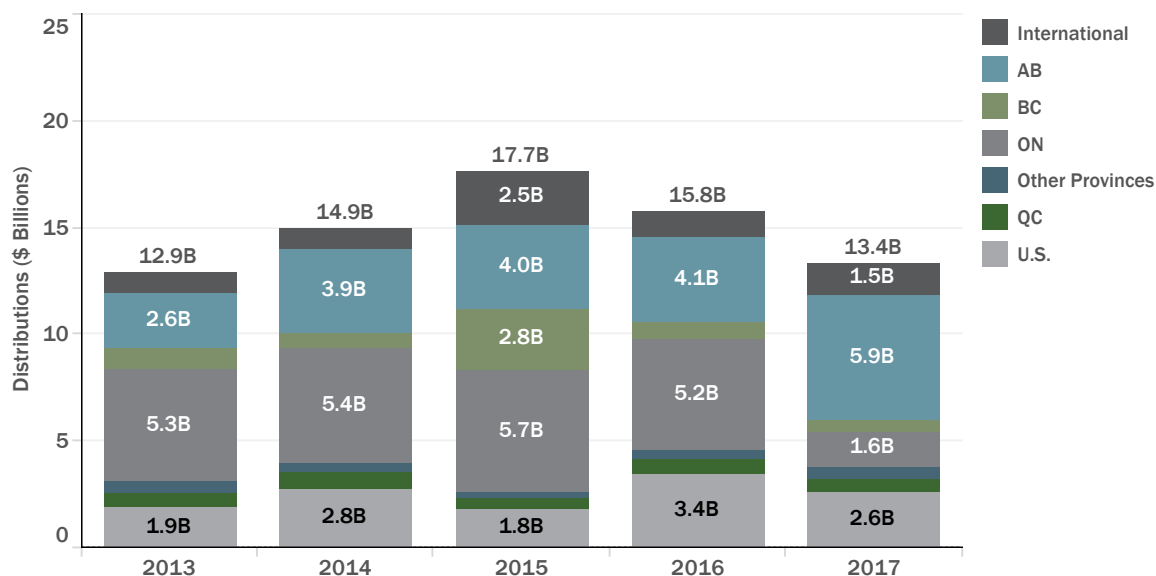


Chart 32 shows the major jurisdictions where Albertans invested in the prospectus-exempt market over the last five years. In 2016, the largest amount of capital, \$5.2 billion, was invested in issuers located in Ontario, which was approximately 33 per cent of the \$15.8 billion total raised. Of the information available for 2017, Albertans invested \$5.9 billion (45 per cent) in Alberta-based issuers and \$2.6 billion (20 per cent) in issuers located in the U.S. Note that investment fund issuers typically have head offices in Ontario therefore the 2017 amount for Ontario issuers in the above chart will likely be revised upwards in subsequent reports when the complete set of data has been processed.

Chart 33: Total invested in the prospectus-exempt market by Albertans, by security type

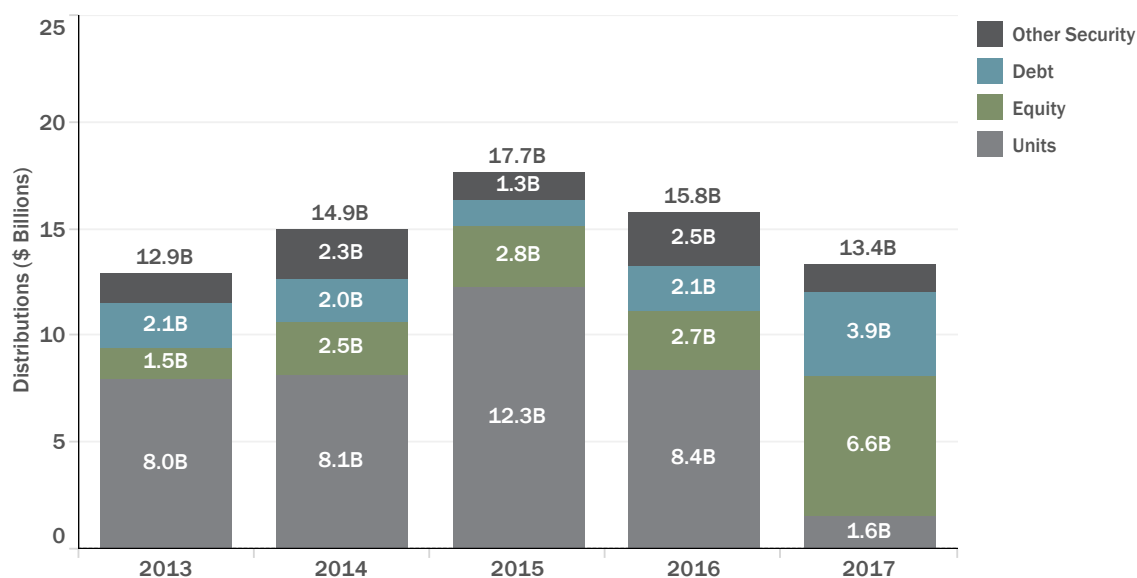
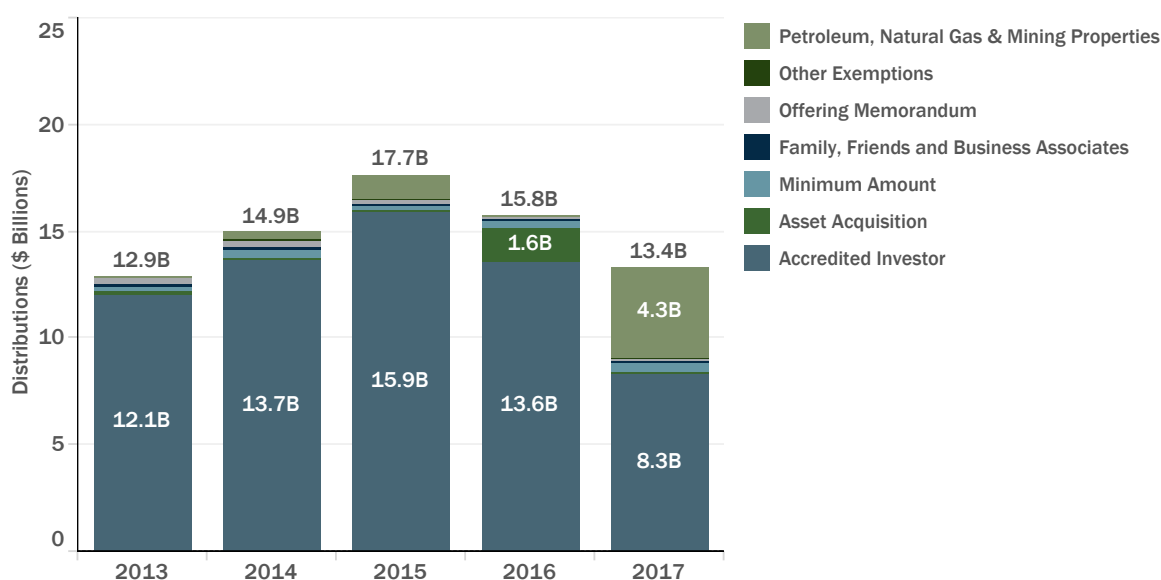


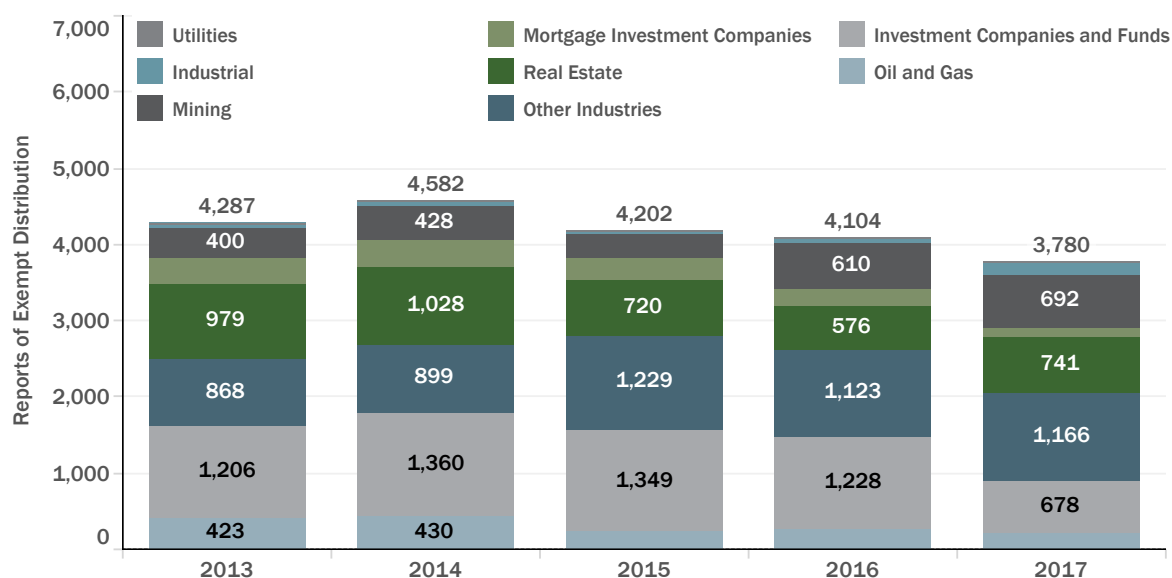
Chart 33 segments the total funds invested by Albertans by the type of security purchased. Based on the significant investment in investment funds, it is not surprising that the type of security purchased in the greatest amount in 2016 was Units, which totalled \$8.4 billion (53 per cent). Non-investment fund issuers typically raise capital through Equity or Debt securities. In 2017, \$6.6 billion of Equity securities were purchased by Albertans in the prospectus-exempt market, 141 per cent greater than the \$2.7 billion raised in 2016. In 2017, \$3.9 billion of Debt securities were purchased by Albertans in the prospectus-exempt market, up 83 per cent from the \$2.1 billion invested in 2016. The amount invested in Units by Albertans in 2017 is expected to be revised upwards in subsequent reports when additional data is available.

Chart 34: Total invested in the prospectus-exempt market by Albertans, by exemption relied on by issuer



The most apparent element in Chart 34 is the dominant use of the AI exemption by issuers to distribute prospectus-exempt securities to Albertans.²² In 2016, \$13.6 billion (86 per cent) of the total \$15.8 billion was invested by Albertans that qualified as accredited investors. In 2017, using the information available to-date, the AI exemption was the exemption utilized by issuers that raised the most amount of capital, at \$8.3 billion, followed by Petroleum, Natural Gas & Mining Properties at \$4.3 billion.

²² Although the conditions of some of the exemptions shown here, Accredited Investor, Family, Friends and Business Associates, Minimum Amount Invested, and Offering Memorandum, are based on the investor, it is still the issuer that relies on the prospectus exemption to distribute the securities. See Table B on page 35 for a summary.

Chart 35: Total number of reports of exempt distribution for Alberta investors, by industry

In Chart 35, above, the number of reports of exempt distribution for Alberta investors is shown by industry. In 2016, 4,104 reports of exempt distribution were filed, a decrease of 2 per cent compared to the 2015 figure of 4,202. In 2016, the industry category that filed the most reports of exempt distribution was Investment Companies and Funds at 1,228 (30 per cent of the total).

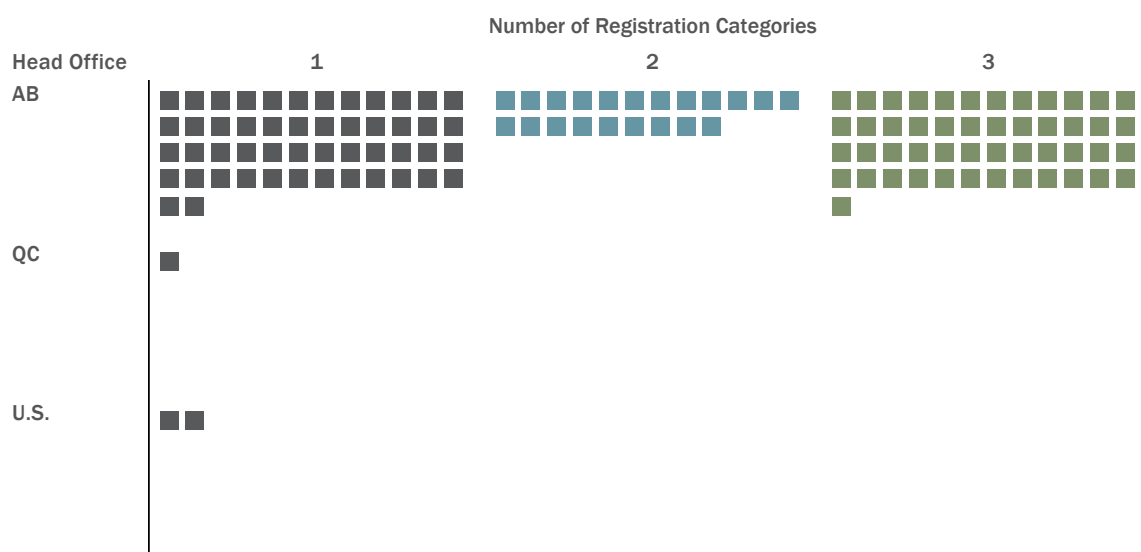
Interestingly, the Oil & Gas industry ranked lower in the number of reports of exempt distribution issued per industry in 2016 (ranked 5th) compared with its ranking in Chart 31 showing the dollar amount Albertans invested in exempt distributions per industry (ranked 3rd). These ranking results are due to the Oil and Gas industry issuing a higher-than-average dollar amount per report of exempt distribution compared with the average report of distribution for all industries.

Using the information available to-date, 3,780 reports of exempt distribution were filed in 2017 with the largest industry of issuance being Other Industries at 1,166.

Registration

Market participants must register if they are in the business of trading or advising in securities, or managing investment funds, unless the firm is able to rely on an available exemption.²³ There are several categories of firm registration. These include dealer categories, adviser categories and the investment fund manager category. This section provides an overview of the registered firms that are principally regulated by the ASC and the categories in which they are registered.

Chart 36: Distribution of Alberta PR firms by number of registration categories



As of May 1, 2018, there were 123 firms principally regulated by the ASC, versus 120 firms a year earlier. Chart 36 shows how many firms were registered in one, two or three categories; each square represents one firm, with 123 firms in total in the chart. Of all Alberta PR registered firms, 53 firms (43 per cent) were registered in a single category (52 firms in 2017), 21 firms (17 per cent) were registered in two categories (20 firms in 2017) and 49 (40 per cent) firms were registered in three categories (48 firms in 2017). The firms in two categories were typically registered as an Investment Fund Manager and either a Portfolio Manager or Restricted Portfolio Manager. The firms in three categories were typically registered as an Exempt Market Dealer, Investment Fund Manager, and either a Portfolio Manager or Restricted Portfolio Manager.

²³ See National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

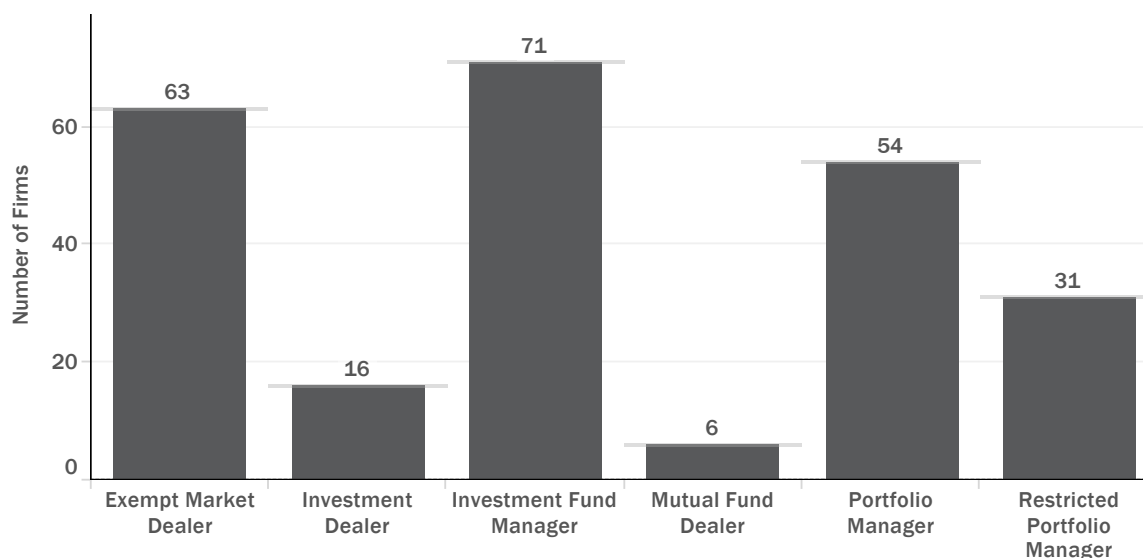
Chart 37: Number of Alberta PR firms in each registration category

Chart 37 shows the total number of registrations in each category.²⁴ Since firms may register in multiple categories, note that the sum of all registrations is not the same as the total number of firms principally regulated by the ASC. As of the date of this report, the most common category of registration among Alberta PR firms was Investment Fund Manager, with 71 firms registered (compared to 69 in 2017), followed by Exempt Market Dealer, with 63 firms registered (no change). The next most common was Portfolio Manager with 54 firms (51 in 2017) and Restricted Portfolio Manager with 31 firms (no change). There were also 16 firms registered in the Investment Dealer category (16 in 2017) and six firms registered in the Mutual Fund Dealer category (no change).

²⁴ Categories with zero Alberta PR firms have not been shown.

Energy Markets

Chart 38: Energy transacted on ICE NGX

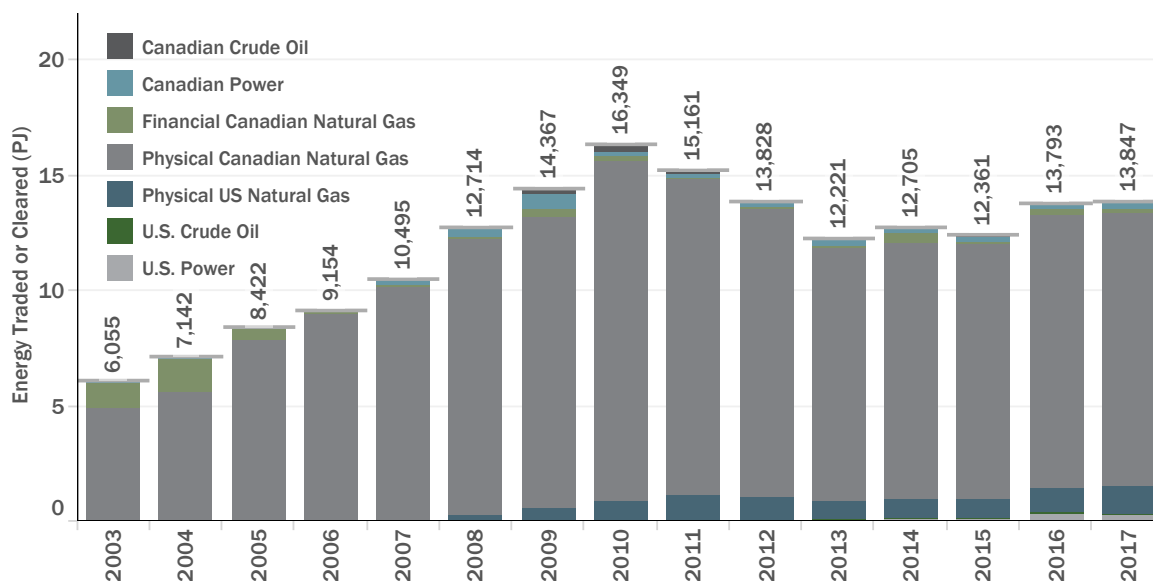


Chart 38 shows the total energy contracts traded or cleared on ICE NGX each year since 2003. Total volume transacted in 2017 increased slightly, by 0.3 per cent to 13,847 PJ versus 2016 when 13,793 PJ was transacted across all natural gas, crude oil, and power contracts. Combined, natural gas activity amounted to 95 per cent of the energy transactions on ICE NGX in 2016, down from 97 per cent in 2016. Physical Canadian Natural Gas (i.e. contracts with physical settlement) accounted for 86 per cent of total transactions in 2017, which totalled 11,840 PJ, down 0.1 per cent from 11,853 PJ in 2016. The second largest volume of transactions was in Physical U.S. Natural Gas, which totalled 1,202 PJ in 2017 (8.7 per cent of the total), about 17 per cent greater than 2016 volumes of 1,028 PJ (7.5 per cent). Financial Canadian Natural Gas (i.e. contracts with financial settlement) decreased 36 per cent to 147 PJ (1.1 per cent) in 2017 from 228 PJ (1.7 per cent) in 2016. Canadian power contracts increased by 21 per cent in 2017 to 329 PJ (2.4 per cent) of total volumes, up from 272 PJ (2.0 per cent) in 2016, while U.S. Power totalled 329 PJ (2.4 per cent), down 20 per cent from 412 PJ (3.0 per cent) a year earlier.

Appendix: Methodology

Listed Issuer Markets

For the analysis of listed reporting issuers, data has been combined from ASC records, the TMX, SEDAR and Bloomberg. This allowed the report to include all listed reporting issuers in Alberta and conduct analysis by principal regulator, instead of head office location. This section summarizes how this combined data was created and highlights some differences between key fields.

ASC Records

The ASC maintains a record of all issuers reporting in Alberta, based on reporting by issuers on SEDAR, which includes issuers listed on the TSX, TSXV and other exchanges. This record includes the following fields of interest, among others:

- industry;
- location of issuers' head office;
- issuers' principal regulator; and
- the exchanges on which the issuer is listed.

TMX Data

The TMX has data for issuers listed on the TSX and TSXV exchanges as of December 31 each year. The dataset includes the following fields of interest, among others:

- market capitalization at December 31;
- industry, as defined by the TMX;
- location of the issuers' head office; and
- whether the issuer graduated from the TSXV, in the case of TSX-listed issuers.

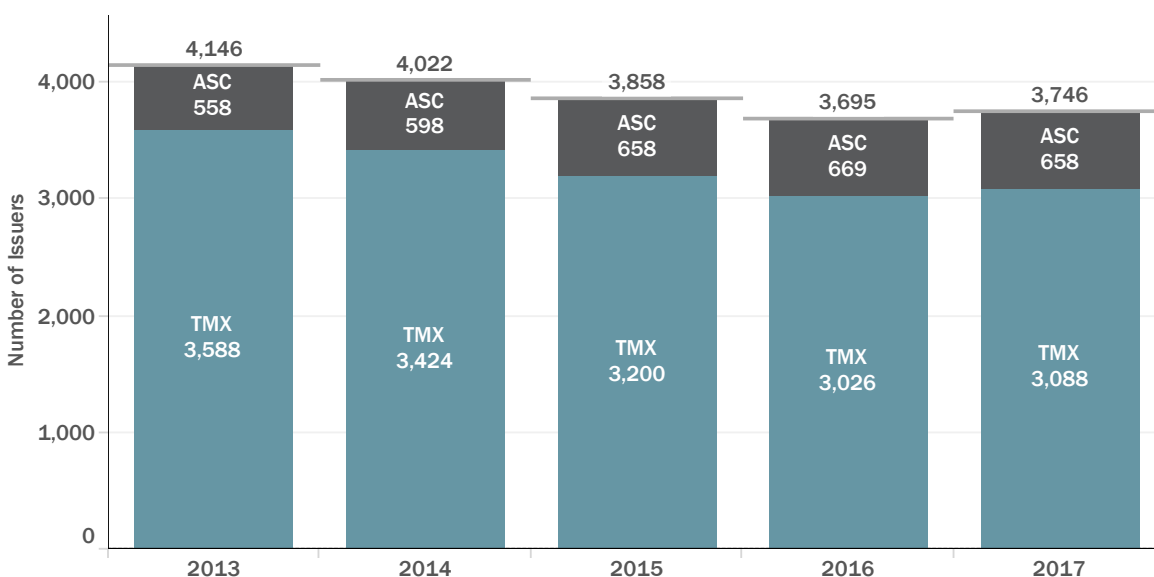
Combined Data

Table C shows the primary source for data used in the analysis of listed reporting issuers in this report.

Table C: Data sources for combined dataset

Data Field	Source
Market capitalization	TMX when available, otherwise Bloomberg, with foreign currencies converted into Canadian dollars as at December 31 based on the spot foreign exchange rate at the time. Also, the market capitalization from Bloomberg was used when it was more than two times the market capitalization from TMX.
Industry	TMX when available, otherwise SEDAR. TMX oil and gas, and diversified industries were segmented for this report based on the SEDAR industry selections.
Principal regulator	ASC records.
TSXV graduate	TMX.

As shown in Chart 39 and Chart 40, the combined data provides a more comprehensive picture of the total number of reporting issuers and the market capitalization of those issuers.

Chart 39: Number of issuers by data source

As shown in Chart 39, the number of issuers included in the data for the section on Listed Issuer Markets is about 18 per cent greater on average with the addition of reporting issuers listed on other exchanges. “TMX” indicates the number of issuers for which the data was sourced from the TMX, and “ASC” indicates the number of issuers for which the data was sourced from ASC records for purposes of this report.

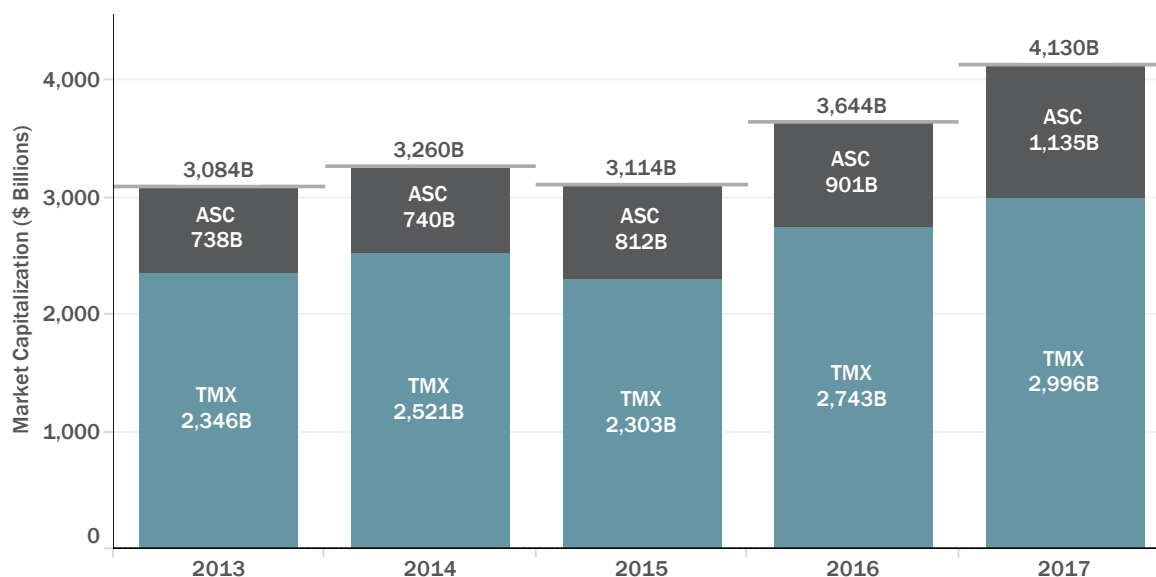
Chart 40: Market capitalization of issuers by data source

Chart 40 shows that the total market capitalization of all issuers included in the data is about 24 per cent greater on average with the addition of reporting issuers listed on other exchanges.

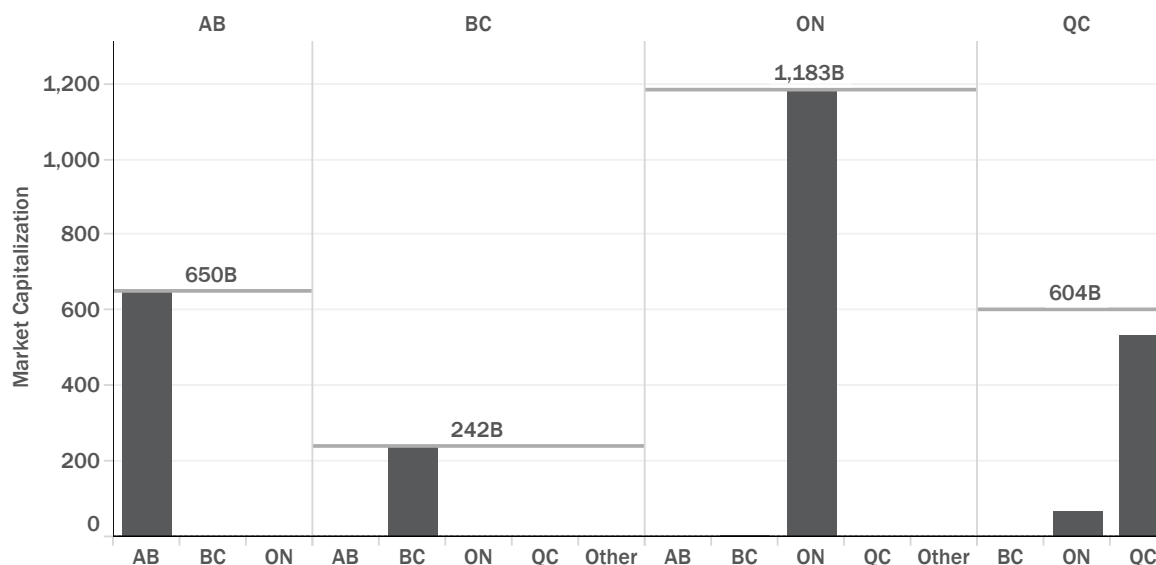
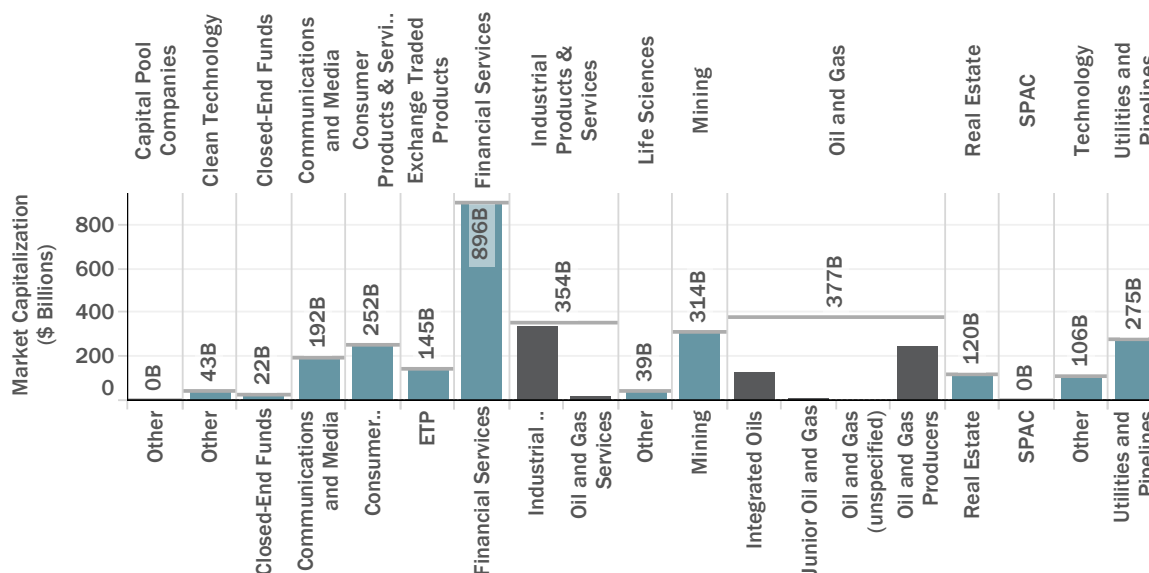
Chart 41: Total market capitalization by SEDAR head office (top) and PR (bottom) for 2017

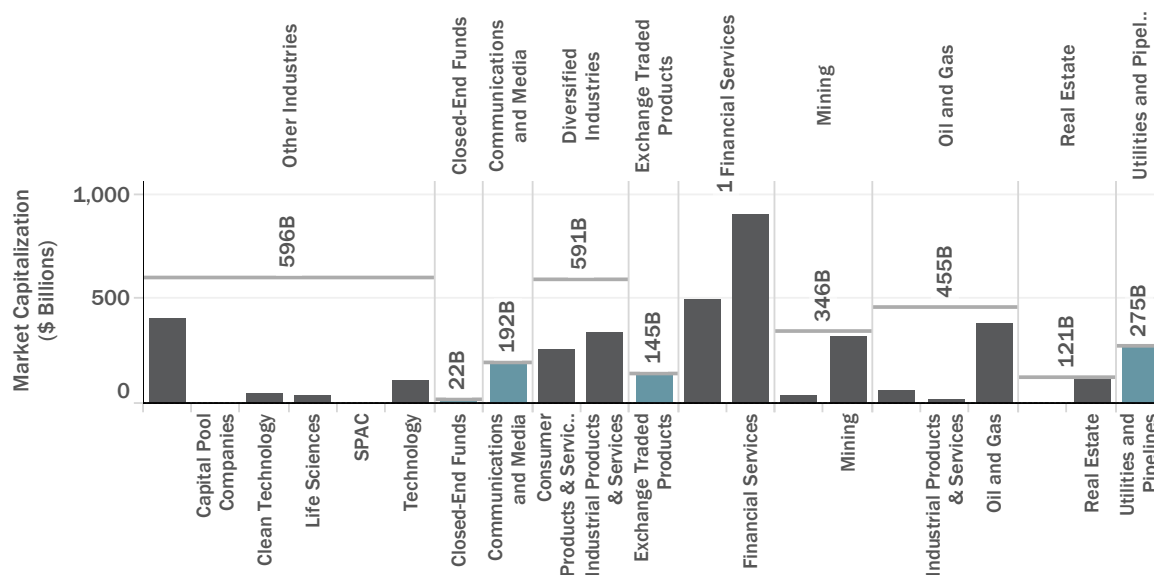
Chart 41 shows total market capitalization of issuers in 2017 with the SEDAR-reported head office on the top axis and the PR on the bottom axis. There are relatively few cases where the two are not the same. The most noticeable exception is one large issuer headquartered in Québec with Ontario as its PR. While this report has been prepared on the basis of PR instead of head office location as in prior reports, the overall conclusions drawn on the basis of PR should apply if using head office location as well.

Chart 42: Total market capitalization by TMX industry (top) vs. SEDAR (bottom) for 2017



The industry classifications used by the TMX and SEDAR are different, with greater segmentation in the SEDAR sub-categories. For those issuers listed on the TSX or TSXV exchanges, the TMX classification was chosen, with two notable exceptions for the purposes of analysis of the Oil and Gas industry. All Oil and Gas issuers are grouped by the TMX in one category, while SEDAR has four sub-sectors: Integrated Oils, Junior Oil and Gas, Oil and Gas Producers and Oil and Gas Services. Where Oil and Gas issuers in the TMX data could be mapped to SEDAR, the SEDAR industry classification was used for the purposes of greater segmentation. The TMX also includes Oil and Gas Services in Diversified Industries and Industrial Products & Services. For the purposes of this report, these issuers were reclassified where possible to Oil and Gas Services. In aggregation, Oil and Gas Services were included in the Oil and Gas category for purposes of this report, not in Diversified Industries.

Chart 42 shows the effect of this reclassification for issuers in the TMX dataset, on the basis of market capitalization for 2017, with the differences between the TMX and SEDAR classifications distinguished by colour. The TMX industries are listed on the top axis and SEDAR industries are listed on the bottom. Note that certain TMX industry categories were classified into Other for purposes of this report.

Chart 43: Total market capitalization by SEDAR industry (top) vs. TMX (bottom) for 2017

Note: blanks show additional reporting issuers not classified by the ASC into TMX classifications.

For reporting issuers listed on other exchanges, the SEDAR industry classification was used, with the placement of issuers into the existing TMX classification where the categories seemed to be consistent. All additional categories were moved to Other.

Chart 43 shows the main differences of this placement, on the basis of market capitalization, for all reporting issuers in 2017. The SEDAR classification is shown on top (with sub-categories aggregated) and the TMX category on the bottom. Note that there are several blanks on the bottom axis. These blanks represent issuers listed on other exchanges where the SEDAR-reported industry could not be mapped to an equivalent TMX industry.

Contact information

We welcome your input and questions.

Steven Weimer

Team Lead, Compliance, Data & Risk

(403) 355-9035

steven.weimer@asc.ca

www.albertasecurities.com

