



2023 REPORT

The Alberta Capital Market

A|S|C
Alberta Securities Commission



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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 capital markets in Canada. The report offers market context for ASC staff, market participants and the general public. The report draws on information from ASC records, the TMX Group Limited (TMX), Intercontinental Exchange, Inc. (ICE), the System for Electronic Document Analysis and Retrieval (SEDAR), and Bloomberg Finance L.P. (a financial information service). Combining these sources allows for the analysis of:

- all reporting issuers¹ (RIs), listed and unlisted, on the basis of principal regulator² (PR) or head office;³
- 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 respecting RIs. Data is presented in this report as of December 31, as an annual total or average, unless otherwise noted.

New presentation

As of 2021, this report presents issuers on the basis of their head office location, rather than their PR. For issuers headquartered in Canada, location of head office and PR are generally the same. However, this change was made because foreign issuers that are RIs will select as PR the Canadian jurisdiction with which they have the closest connection. Because the market capitalization of foreign issuers has increased significantly in the last few years, including them in the data as an “Alberta issuer” can make it difficult to distinguish trends in the data respecting issuers headquartered in Alberta. The change to focus on head office basis enables us to distinguish local and foreign issuers for which the ASC is PR.

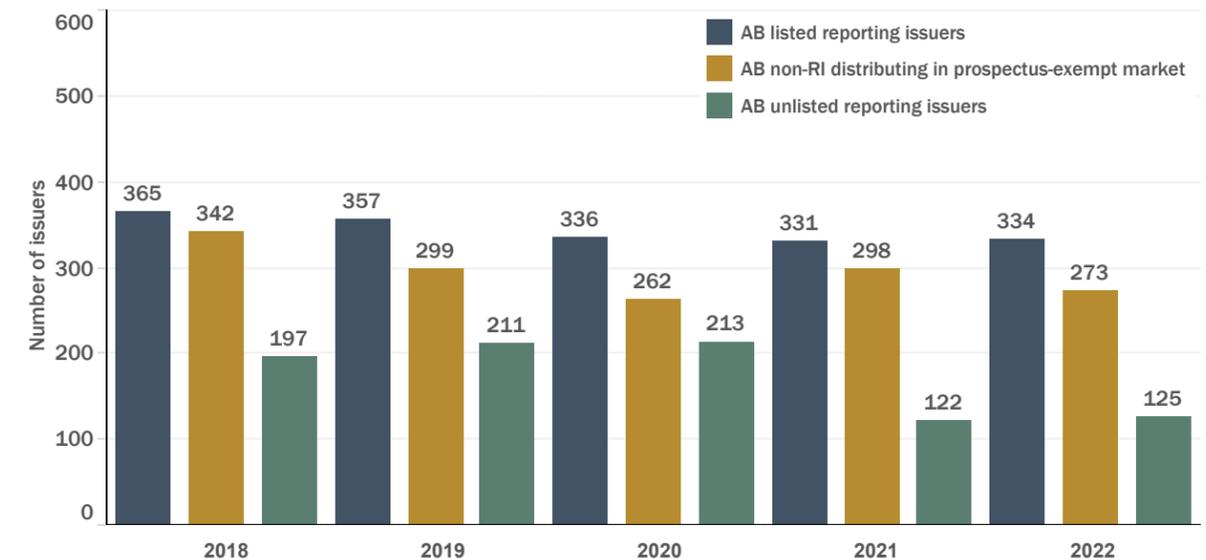
ALBERTA ISSUERS

Chart 1 shows the number of RIs with an Alberta head office (Alberta issuers) that are participating in the “public market” (i.e. that are listed on an exchange). It excludes unlisted issuers such as (non-ETF) mutual funds that are not listed on any exchange. At the end of 2022, there were 334 such issuers, which was a 0.9 per cent increase from a year earlier and the first increase since at least 2018.

Many non-public issuers raise capital under prospectus exemptions. As shown in Chart 1, the decline in the number of non-reporting Alberta issuers raising capital over the past four years has been significant, decreasing 20 per cent from 2018 to 2022. Noted later in the report, there has also been a decline in the amount of capital

raised in the prospectus-exempt market by non-RIs (see Chart 29). 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 market participants would refer to this as the “exempt market” or “private market.” In 2022, there were at least 273 Alberta-based non-RIs active in the prospectus-exempt market, down 8.4 per cent from 2021.⁴ Unlisted RIs, which include many mutual funds, are also shown in the chart of which there were 125 in 2022, up slightly from 122 in 2021.⁵

Chart 1: Number of Alberta head office issuers



There were a total of 4,401 listed issuers that were RIs in Alberta (including issuers for which Alberta is not the PR). Alberta-listed RIs represented 7.7 per cent of the total with a total market capitalization of \$742 billion at December 31, 2022. The market capitalization of listed Alberta RIs increased by 16 per cent (\$103 billion) in 2022, continuing the upward trend since 2020. Of Alberta-listed RIs, the industry that increased the most in 2022 was oil and gas, up 38 per cent, followed by diversified industries, up 5.3 per cent from 2021.

The market capitalization of listed RIs engaged in the oil and gas industry is generally impacted by energy commodity prices, with the degree of impact depending on a number of factors including type of commodity exposure (i.e. crude oil vs natural gas) and cost structure. For reference, Western Canadian Select (WCS) crude oil decreased by 5.7 per cent in 2022 (compared to a 42 per cent increase in 2021), while the Alberta Natural Gas Reference price increased by 42 per cent from 2021 (compared to an increase of 66 per cent during the previous year).⁶ Commodity prices have a direct impact on revenue and cash flow (and in general, market caps) of oil and gas issuers according to their particular production of each type of commodity. Issuers producing primarily natural gas would have experienced generally rising revenue, cash flow and market capitalization in 2021 and 2022.

⁴ Non-RIs do not have a PR. Thus, this report used the location of the issuer’s head office, as identified in regulatory filings.

⁵ The large decrease in 2021 from 2020 was in large part due to the change of head office of several investment fund issuers.

⁶ Alberta Natural Gas Reference Price CAD/GJ as of December 2022: \$5.65, as of December 2021: \$3.99. Western Canadian Select (CAD/Bbl) as of December 2022: \$64.07, as of December 2021: \$67.94. Source: Alberta Energy.

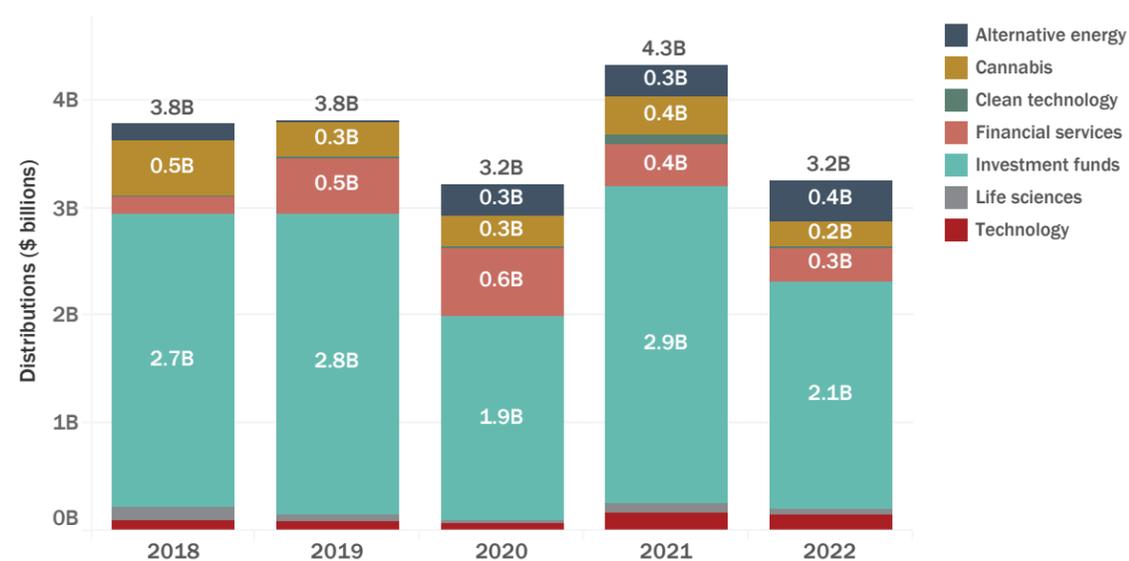
¹ References in this report to reporting issuers (RIs) means RIs that report in Alberta. There are several ways that an issuer may be a RI as defined in section 1 (ccc) of the *Securities Act* (Alberta). RIs are not required to have listed securities, although they typically do have one or more securities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

² An issuer’s principal regulator (PR) 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 An issuer’s head office location is sourced from SEDAR or TMX data.

Although Alberta-listed RIs have traditionally predominantly been engaged in the oil and gas and pipelines industries, the Alberta capital market is diversifying, including in certain emerging industries.⁷ As shown in Chart 2, the amount of capital Alberta issuers in select emerging industries (RI and non-RI) have raised in the prospectus and prospectus-exempt markets decreased by 25 per cent from \$4.3 billion in 2021 to \$3.2 billion in 2022, representing about 18 per cent of total capital raised by Alberta issuers.⁸

Chart 2: Alberta issuer financings for select industries in 2022, reporting and non-reporting



Issuers may raise capital from investors under a prospectus or under available prospectus exemptions, such as the frequently used accredited investor exemption.⁹ Prospectuses are used for initial public offerings (IPOs). Issuers that are already RIs can conduct subsequent financings by prospectus or prospectus-exempt financings. In 2022, 115 RIs with an Alberta head office were active in the prospectus-exempt market, a decrease from 137 in 2021.

In 2022, there were 393 Alberta issuers, including both reporting (139 issuers) and non-reporting (254 issuers) that raised capital under a prospectus or in the prospectus-exempt market, down 18 per cent from 478 in 2021.

⁷ Industries shown in the chart are based on data from a combination of TMX, Bloomberg, NAICS, and staff interpretations, and may differ from industries depicted elsewhere in this report.

⁸ Since the 2021 Alberta Capital Market report, several issuers updated the location of their head office on SEDAR, which is retroactive in the ASC database, hence the totals in some previous years have changed.

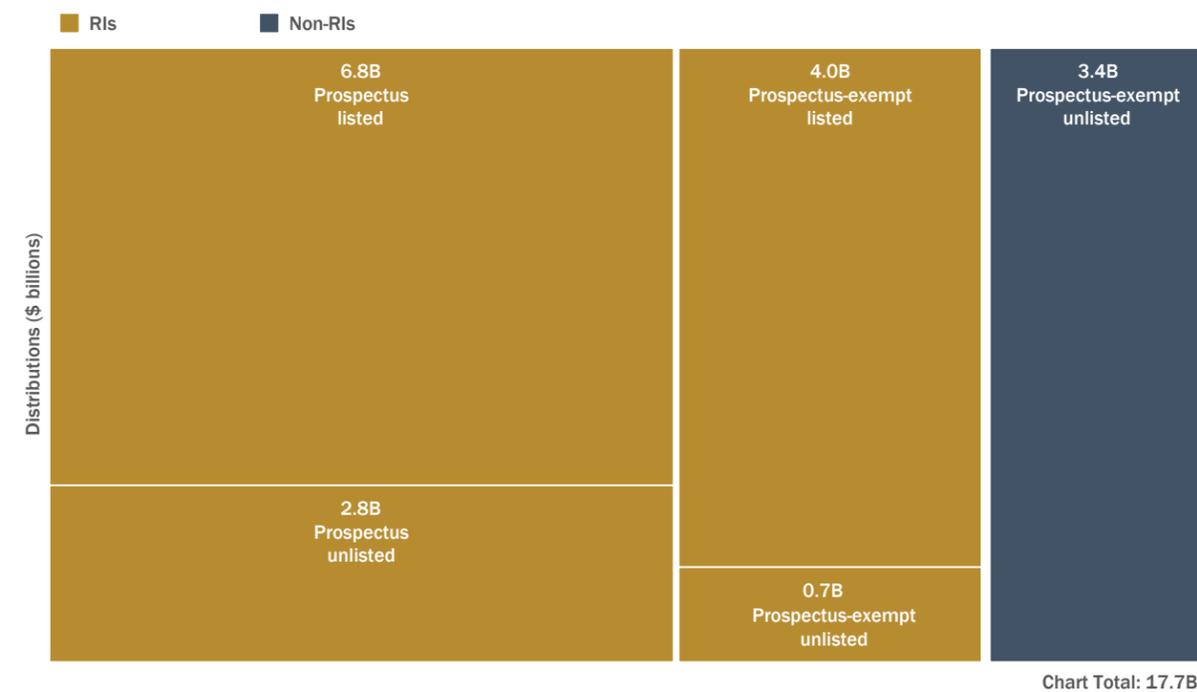
⁹ See National Instrument 45-106 *Prospectus Exemptions* for the most commonly used exemptions.

Chart 3 depicts total reported financings by Alberta issuers in 2022 of \$17.7 billion, including total prospectus distributions and prospectus-exempt distributions, a decrease of 39 per cent compared to \$28.7 billion in 2021.¹⁰ As in 2022, this report includes prospectus distributions based on regulatory data from prospectuses and other documents filed with the ASC. Additional data on financings is shown starting on page 28.

Financings are categorized based on whether the issuer was reporting or non-reporting, whether the financing was by prospectus or prospectus exemption, and whether the securities were listed on an exchange or unlisted. RIs raised \$14.3 billion, or 81 per cent of total reported financings, while non-RIs raised the remaining \$3.4 billion, or 19 per cent. For comparison, in 2021, RIs raised \$23.1 billion, or 80 per cent of the total reported financings, while non-RIs raised the remaining \$5.7 billion, or 20 per cent.

Of financings by RIs, prospectus financings by listed issuers was the largest category at \$6.8 billion (48 per cent) followed by listed issuer prospectus-exempt distributions at \$4.0 billion (28 per cent). Unlisted issuer prospectus financings was the next largest category at \$2.8 billion (19 per cent), while unlisted RIs distributing securities in the prospectus-exempt market made up \$0.7 billion or 5.1 per cent of the total. Of financings by non-RIs, the entire amount was made up of prospectus-exempt distributions (\$3.4 billion), or 19 per cent of total financings.

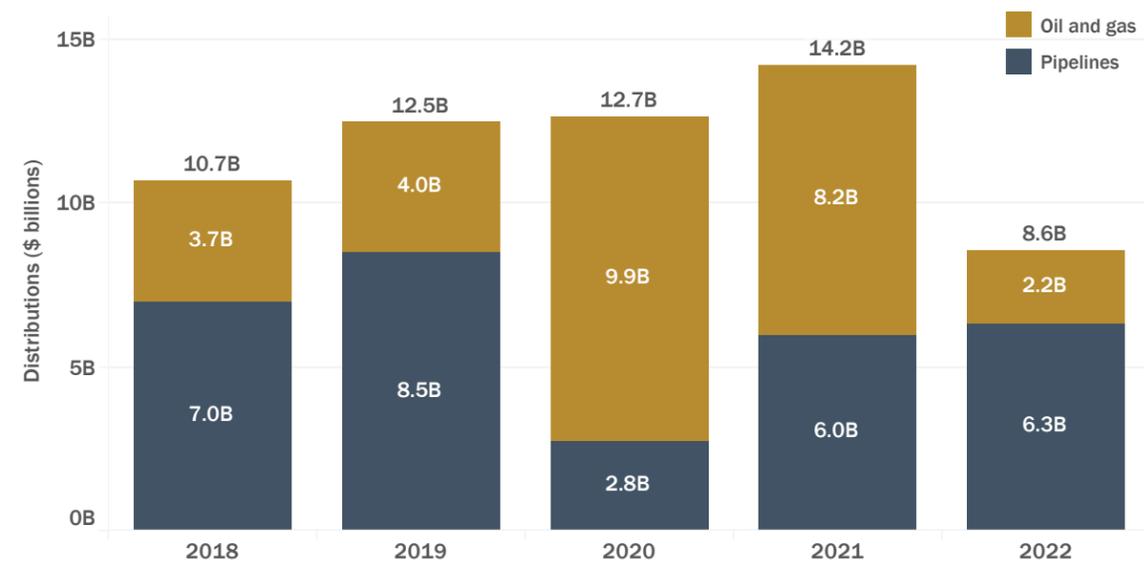
Chart 3: Reported financings by Alberta head office issuers in 2022, reporting and non-reporting



¹⁰ Non-RIs that are "private issuers" (as defined in National Instrument 45-106 *Prospectus Exemptions*) are not required to report their financings to the ASC. Accordingly, those financings are not reflected in these statistics.

Financings in 2022 by issuers in the oil and gas and pipelines industries specifically are reflected in Chart 4. Total financings under prospectuses and prospectus exemptions by Alberta oil and gas and pipelines issuers in 2022 totaled \$8.6 billion, down 39.8 per cent from \$14.2 billion in 2021. Financings from issuers in these two industries combined had been gradually increasing since 2018 until the decrease in 2022.

Chart 4: Oil and gas and pipelines financings by Alberta issuers in 2022, prospectus and prospectus-exempt



ALBERTA REGISTRANTS

In general, market participants that are in the business of trading or advising in securities or derivatives or managing investment funds are required to be registered¹¹ with securities regulators and/or through self-regulatory organizations as a dealer or adviser. There are a number of registration categories, the most common being investment dealer, exempt market dealer, mutual fund dealer, portfolio manager and investment fund manager. The Canadian Investment Regulatory Organization (CIRO) was recently created through the merger of the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Funds Dealers Association of Canada (MFDA).¹² Prior to the merger, IIROC oversaw the regulation of investment dealers and the MFDA oversaw the regulation of many mutual fund dealers. CIRO (as were IIROC and the MFDA) is overseen by the ASC and other securities regulators in Canada.

Under the passport system, regulation and oversight of other dealers and advisers is principally conducted by the securities regulator in the jurisdiction where the firm's head office is located. As of December 31, 2022, there were 110 firms for which the ASC was the principal regulator (compared to 109 firms the prior year), out of a total of 999 registered firms in Alberta. Out of the 110 firms, 91 were directly overseen by the ASC, 14 by IIROC and five by the MFDA.

¹¹ The concept of being registered is similar to the concept of licensing, as used in some foreign jurisdictions.

¹² IIROC and the MFDA merged on January 1, 2023.

ENERGY MARKETS

The oil and gas industry and related utilities and pipelines industry accounted for 79 per cent of the market capitalization of Alberta issuers in 2022 versus 76 per cent in 2021. Compared to 2021, the oil and gas industry percentage was larger in 2022 at 48 per cent (40 per cent in 2021) and the utilities and pipelines industry was smaller at 31 per cent (35 per cent in 2021). In 2022, the number of issuers in the oil and gas industry represented 36 per cent of the total number of Alberta issuers, with the utilities and pipelines industry representing 3.5 per cent, similar to 2021.

There is an active energy trading market in Alberta. Total energy contracts transacted on ICE NGX Canada Inc. (ICE NGX) in 2022 was 12,187 petajoules (PJ), up 3.8 per cent from 11,741 PJ in 2021.¹³ The bulk of trading continued to be physical Canadian natural gas (contracts with physical settlement), which accounted for 78 per cent of total trading on ICE NGX in 2022. The second-largest volume of trading was in physical U.S. natural gas at 14 per cent of the total.

¹³ There are other regulated entities and trading venues in Alberta where commodities can be traded. This report only uses NGX data as an indicator of trading natural gas and power contracts.

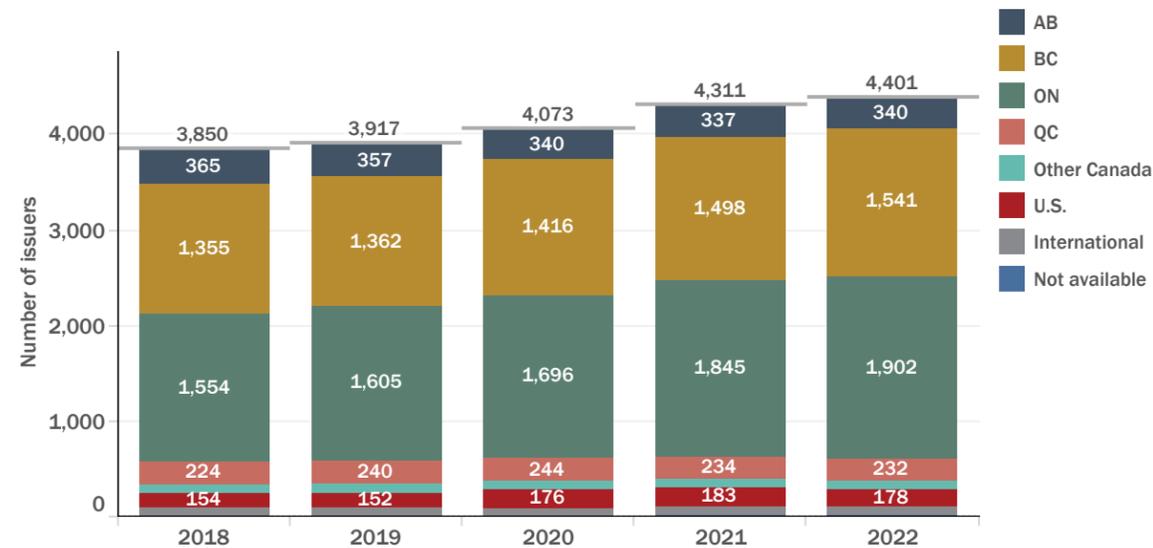
Listed issuer markets

This section provides a comparative analysis of the number and size of the listed RIs 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 RIs¹⁴ 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, 2022.

LISTED REPORTING ISSUERS

Chart 5: Number of listed reporting issuers, by issuer head office location



¹⁴ See footnote 1.

Chart 6: Market capitalization at December 31 of listed reporting issuers, by issuer head office location

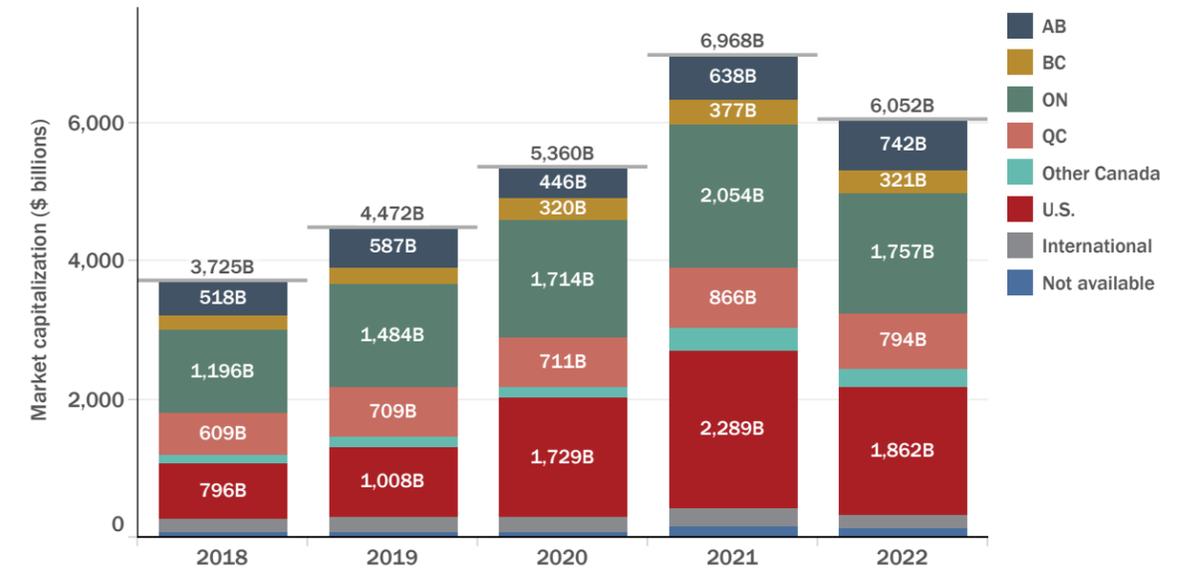


Chart 6 shows that the market capitalization of all listed RIs in Canada (including foreign-based issuers) decreased 13 per cent in 2022 to \$6.1 trillion from \$7.0 trillion in 2021. There was a decrease in the market capitalization of listed RIs in each of the jurisdictions in the chart except Alberta, which increased by 16 per cent.

For Alberta, 75 per cent of the increase in market capitalization from 2021 to 2022 was due to increases in six issuers (Canadian Natural Resources Limited: up 32 per cent, Cenovus Energy Inc., up 60 per cent, Suncor Energy Inc., up 26 per cent, Tourmaline Oil Corp., up 71 per cent, Canadian Pacific Railway Limited, up 11 per cent, and Imperial Oil Limited, up 23 per cent). The increase in market capitalization of Alberta issuers in 2022 continued the upward trend since 2020, and was the greatest total in the last five years.

On a market capitalization basis, U.S. issuers decreased the most, by \$427 billion or 19 per cent from 2021 to 2022. Large decreases were experienced by Adobe Inc., down 38 per cent, Bank of America Corporation, down 22 per cent, Advanced Micro Devices, Inc., down 36 per cent, and General Motors, down 40 per cent.

Ontario issuers also saw a significant decrease in market cap, down by \$297 billion or 14 per cent from 2021 to 2022. The issuers that decreased the most were Shopify Inc. (down \$151 billion or 76 per cent), Canadian Imperial Bank of Commerce (down \$18 billion or 26 per cent), and The Toronto-Dominion Bank (down \$18 billion or 10 per cent).

Chart 7: Average market capitalization of reporting issuers, by issuer head office location

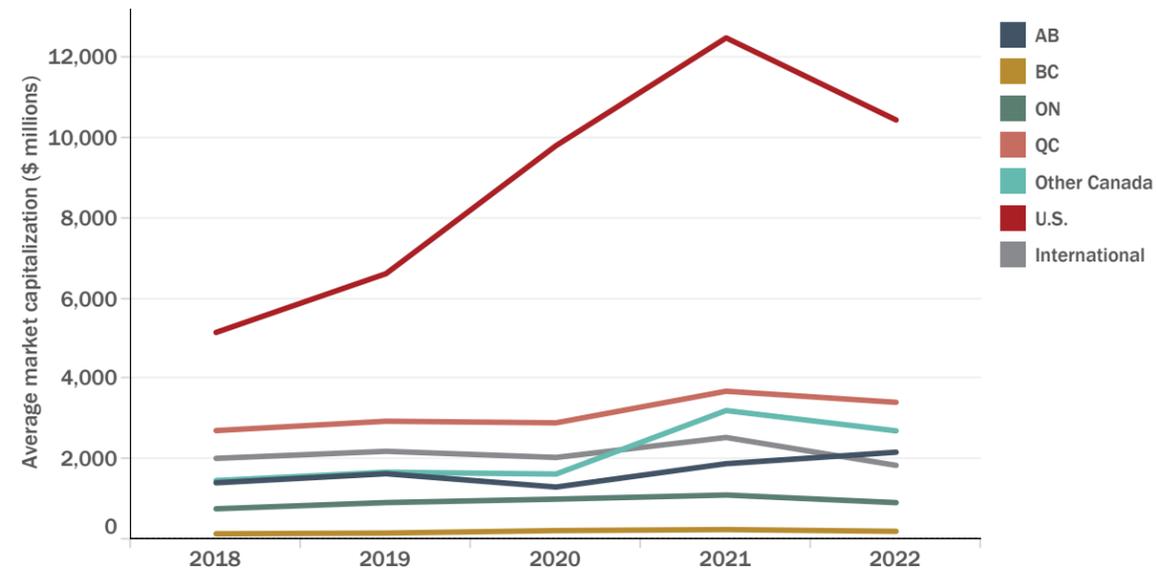
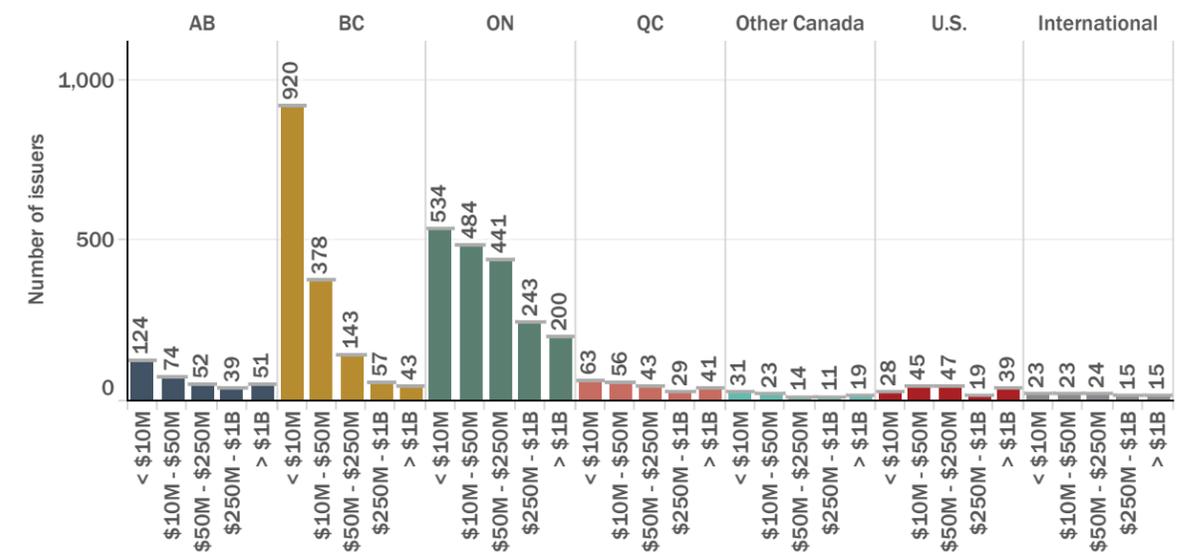


Chart 7 shows average market capitalization by issuer head office location for RIs. The jurisdiction with the largest average issuer market capitalization was the U.S. at \$10,641 million, followed by Quebec, with an average of \$3,469 million, and then Other Canada at \$2,713 million. Alberta issuers had an average of \$2,220 million and International issuers had an average of \$1,870 million. Ontario and British Columbia had the smallest average market capitalizations in 2022 at \$926 million and \$209 million, respectively.

Quebec had the fewest number of listed RIs out of the four largest Canadian jurisdictions. The average market capitalization for Quebec issuers was considerably influenced by the market capitalization of the Royal Bank of Canada, headquartered in Quebec, with an average monthly market capitalization of \$178 billion in 2022. However, even excluding the Royal Bank of Canada, the average market capitalization for Quebec issuers was \$2,667 million – still larger than most other individual jurisdictions. As implied by the previous two charts, British Columbia issuers tend to have a much smaller market capitalization than issuers in other jurisdictions as there are many junior mineral exploration companies in the province. British Columbia issuers had an average market capitalization of \$209 million at the end of 2022, far less than Ontario, the next smallest average of the four provinces, with an average market capitalization of \$926 million.

Chart 8: Distribution of reporting issuers by market capitalization, for 2022



As noted previously, the distribution of listed RIs by market capitalization was quite different across the major jurisdictions. Chart 8 shows the distribution of RIs by issuer head office location at the end of 2022, by market capitalization. There were 124 Alberta issuers in the less-than-\$10 million category, which was 143 per cent more than the 51 issuers in the greater-than-\$1 billion category. However, there were 2,040 per cent more British Columbia issuers in the less-than-\$10 million category than the greater-than-\$1 billion category. This reflects the tendency for British Columbia issuers to have a smaller market capitalization than RIs in other provinces. Quebec had 54 per cent more issuers in the less-than-\$10 million category than the greater-than-\$1 billion category. In Ontario, there was 167 per cent greater issuers in the less-than-\$10 million category than the greater-than-\$1 billion category. U.S. and International issuers were concentrated in the categories over \$250 million.

Compared with 2021 (data not shown), the number of Alberta issuers in 2022 increased in the greater-than-\$1 billion, \$250 million - \$1 billion, and under \$10 million categories, and decreased in the other categories.

Chart 9: Percentage of TSX listed issuers that graduated from TSXV, by issuer head office location

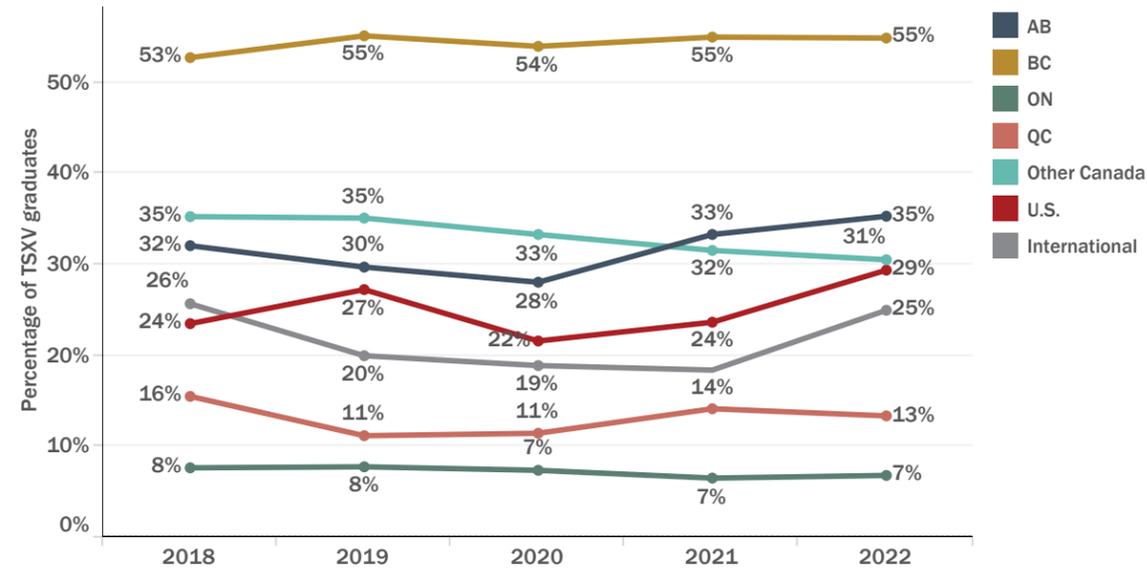


Chart 9 is based only on TMX data, which has a field indicating whether each issuer listed on the TSX is a TSXV “graduate.” This means that the issuer was at one time listed on the TSXV and subsequently met the listing requirements to move its listing to the TSX, Canada’s biggest exchange for larger issuers.¹⁵ Alberta and British Columbia have significant resource-based economies, which is reflected by the industry classifications of issuers in these provinces (see Chart 12 and Chart 13 for further industry details). Many issuers in oil and gas begin as small, private issuers and may, in time, progress to be listed on the TSXV and later the TSX. Mineral exploration issuers may start off as smaller public companies on the TSXV prior to graduating to the TSX. Chart 9 shows that at the end of 2022, 35 per cent of Alberta issuers listed on the TSX were once listed on the TSXV, up from 33 per cent in 2021. This was exceeded only by British Columbia issuers at 55 per cent. In contrast, only 6.8 per cent of Ontario PR issuers and 13 per cent of Quebec issuers were TSXV graduates at the end of 2022. For U.S. issuers, 29 per cent were graduates, and for International issuers, 25 per cent.

¹⁵ The amount of time an issuer has been listed on the exchange impacts the proportion of TSXV graduates. For example, if issuers listed on the TSX are filtered to include only those listed in the last 10 years (compared to no time limit as used in the chart), in 2020, the percentage of Quebec graduates increases to 21 per cent (from 12 per cent) and for B.C. to 74 per cent (from 54 per cent) while Alberta and Ontario are relatively unchanged.

Chart 10: Number of listings of reporting issuers by exchange or region

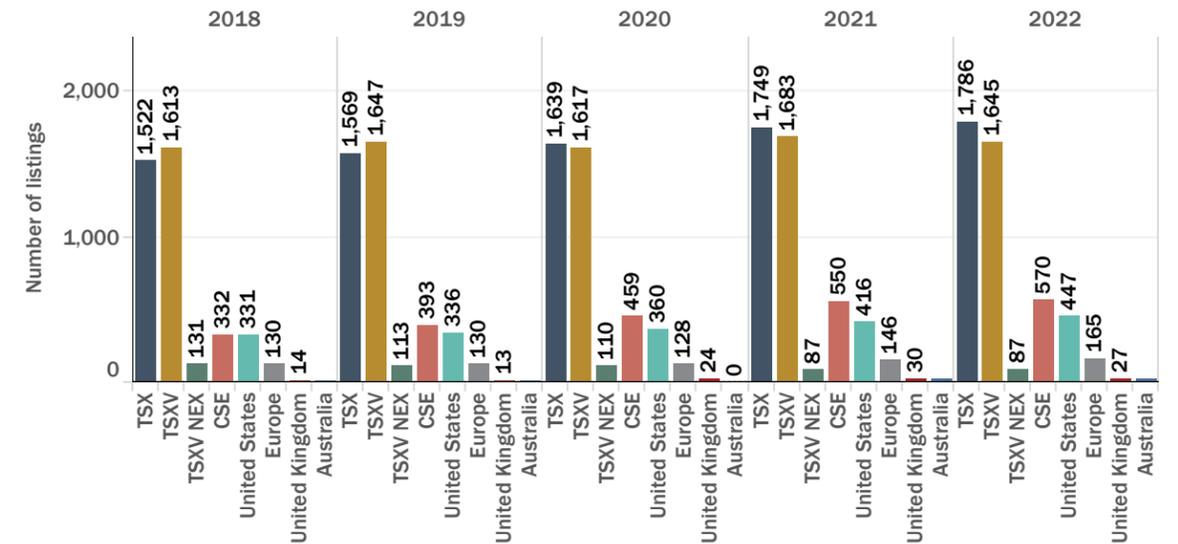


Chart 10 displays Canadian RIs¹⁶ listed on major Canadian exchanges as well as listed on exchanges in other countries or regions. Issuers may be inter-listed, which means they are listed on multiple exchanges. Listings data in this report was compiled from the TMX, Bloomberg and SEDAR.

There were 72 more listings in 2022, or 1.5 per cent more than in 2021. The TSX experienced a 2.1 per cent increase in 2022 versus 2021 while the TSXV had a 2.3 per cent decrease. 2022 continued the trend that began in 2020 in which the TSX had more listed issuers than the TSXV. It should be noted that exchange traded funds (ETFs) made up almost half of the TSX-listed issuers in 2022, and if ETFs were excluded, the number of issuers on the TSX slightly declined over the past five years. The Canadian exchange with the largest increase was the TSX (increase of 37 issuers), followed by the CSE (increase of 20 issuers). Alberta RIs listed on the CSE have been increasing since 2014, which could be a function of competition in the exchange industry as well as smaller companies entering into emerging industries.

¹⁶ Other exchanges and major foreign regions with few listings of Alberta RIs are not represented in this chart including the Neo Exchange, exchanges categorized by the issuer as ‘other’ on SEDAR, the region of Asia, as well as exchanges from international countries with few data points.

Chart 11: Total market capitalization of all reporting issuers, by industry

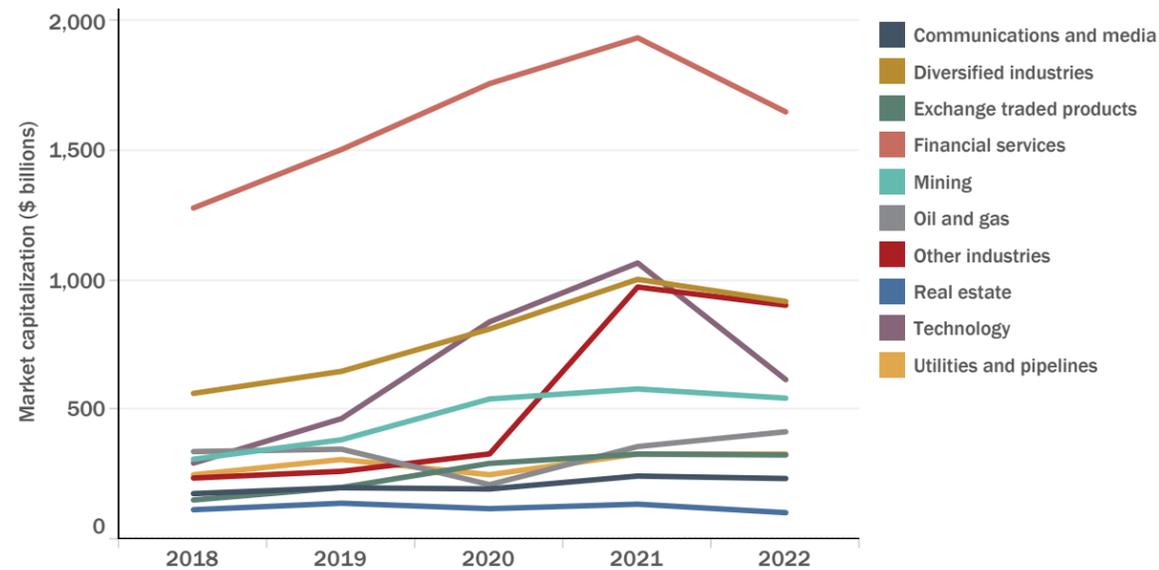


Chart 11 shows the change in total market capitalization of major industries for all RIs over the last five years.¹⁷ Nationally, financial services remains the largest industry among RIs as measured by market capitalization among RIs in each of the last five years. It had a market capitalization of \$1,651 billion at the end of 2022, down 15 per cent from 2021, and represented 27 per cent of the total market.

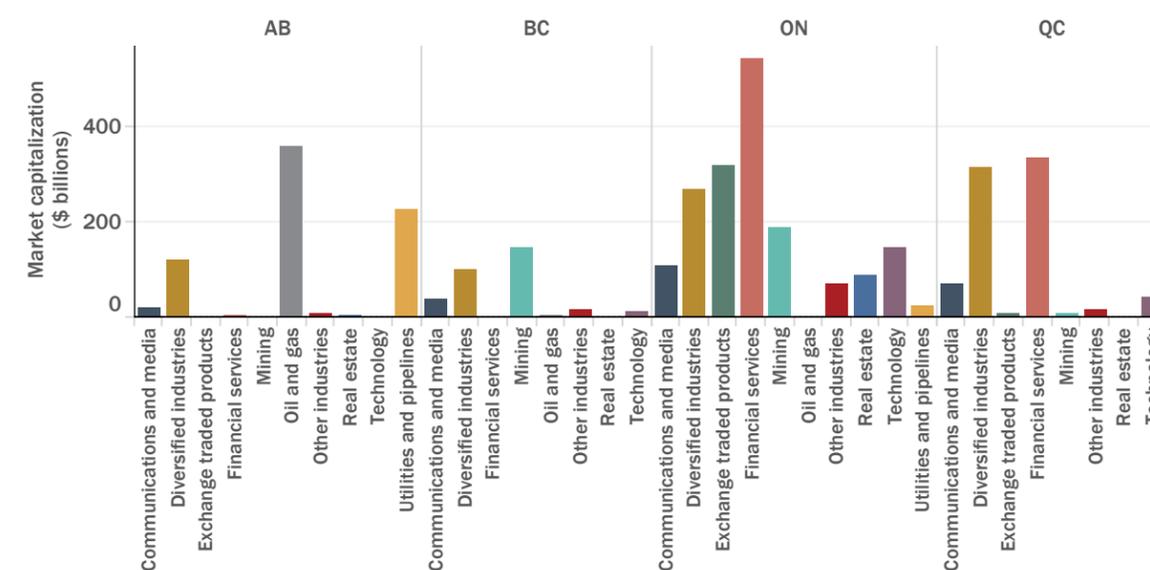
Nationally, diversified industries¹⁸ was the second largest industry, although this decreased by 8.5 per cent from 2021. Besides the other industries category, technology was the third largest industry in 2022, but it fell substantially by 42 per cent (or \$450 billion) from 2021. Of note, the largest two issuers in technology accounted for 57 per cent of the market capitalization of that industry in 2022 (Adobe Inc., and Advanced Micro Devices, Inc.), both of which are U.S. issuers.

The oil and gas industry was the only industry category shown in the chart that increased from 2021, up 16 per cent from \$359 billion to \$416 billion. Utilities and pipelines was largely unchanged, decreasing by less than one per cent to remain at \$331 billion.

¹⁷ 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. A detailed discussion about this methodology is available in the Appendix.

¹⁸ Due to its growing proportion of total market capitalization, the technology industry was broken out into its own industry category in 2020 (technology was included in the 'other industries' category in prior years).

Chart 12: Total market capitalization of reporting issuers by industry and head office location, for 2022



As shown in Chart 12, regional industry differences become more apparent when broken down by issuer head office location. Chart 12 shows total market capitalization by industry and issuer head office location for year-end 2022 for the largest Canadian market capitalization regions. In this chart, the dominance of oil and gas and related utilities and pipelines among Alberta issuers stands out. The oil and gas and utilities and pipelines industries represented a combined market capitalization of \$584 billion (79 per cent) of Alberta issuers (more specific analysis of Alberta issuers begins on page 21). British Columbia issuers in the mining industry represented \$147 billion (46 per cent) of the total in British Columbia.

Among Ontario issuers, financial services stood out as the largest industry (and largest industry among all jurisdictions in the chart) totalling \$542 billion (31 per cent). The total market cap of the financial services industry in Ontario is dominated by large financial institutions, mainly banks, asset management, and insurance companies (over half the market capitalization is made up of large issuers such as The Toronto-Dominion Bank, Brookfield Asset Management Ltd., Canadian Imperial Bank of Commerce and Manulife Financial Corporation). The next largest industry in Ontario is exchange traded products, totaling \$318 billion (18 per cent of the total). In Quebec, financial services represented \$334 billion (42 per cent) while diversified industries represented \$316 billion (40 per cent) of market capitalization.

Chart 13: Total number of reporting issuers by industry and issuer head office location, for 2022

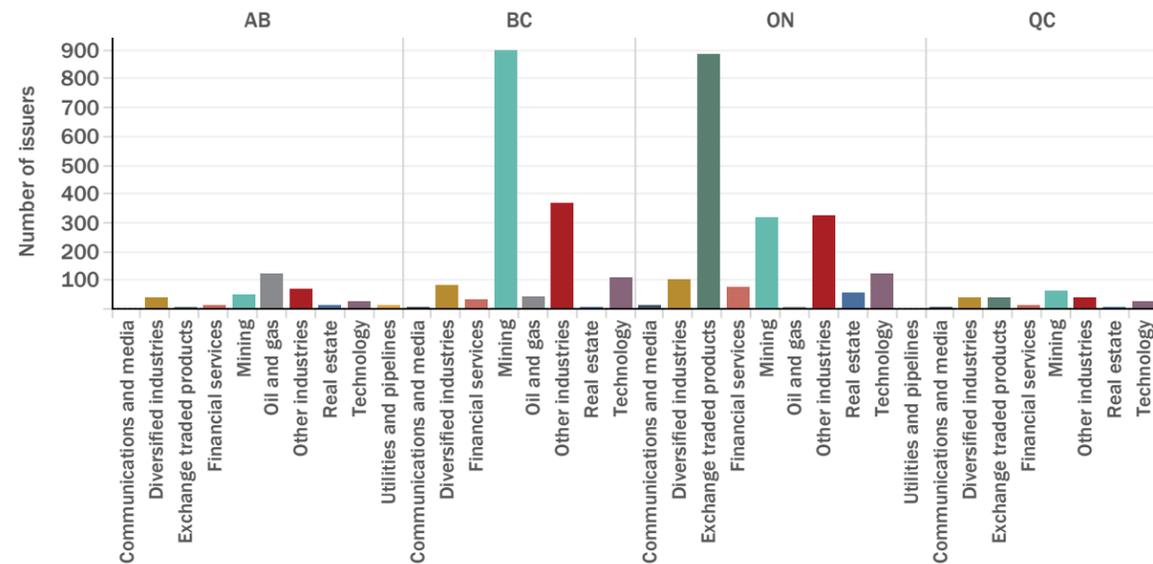


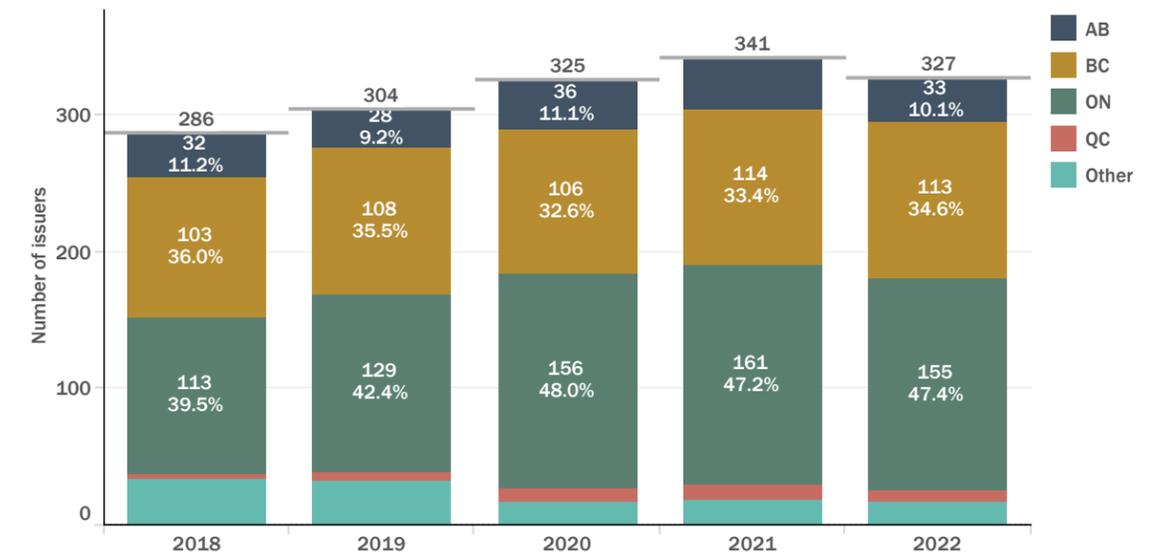
Chart 13, like Chart 12, shows a breakdown based on industry and head office, but Chart 13 shows the number of issuers rather than market capitalization. Among Alberta-listed RIs, oil and gas (including oil and gas services) was still the leading industry by number of issuers, represented by 122 issuers (36 per cent) out of 340 issuers. While the oil and gas industry in Alberta was by far the dominant industry by number of issuers, there were still a significant number of issuers engaged in other industries: 67 (20 per cent) in other industries, 37 (11 per cent) in diversified industries and 48 (14 per cent) in the mining industry. By number of issuers, utilities and pipelines issuers ranked seventh at 12 issuers (3.5 per cent), but ranked second and represented 31 per cent on a market capitalization basis.

Of British Columbia issuers, a total of 898 (58 per cent) out of 1,541 issuers were engaged in the mining industry followed by 367 (24 per cent) in other industries. For Ontario issuers, the exchange traded products industry represented the largest component of the total 1,902 issuers, with 885 (47 per cent) in 2022. Other significant industries by number of issuers in Ontario were 325 (17 per cent) issuers in other industries and 317 (17 per cent) issuers in the mining industry. In Quebec, 66 (28 per cent) issuers were in mining, 40 (17 per cent) were in other industries, 38 (16 per cent) were in exchange traded products and 37 (16 per cent) were in diversified industries. Among other Canadian issuers (not shown), mining was the most common industry making up 41 per cent of issuers in that category.

Of foreign-based issuers (not shown), the category that accounted for the most U.S. issuers was other industries (48 per cent), followed by mining (23 per cent). For international issuers (not shown), mining was the industry with the most issuers (52 per cent).

FOREIGN REPORTING ISSUERS

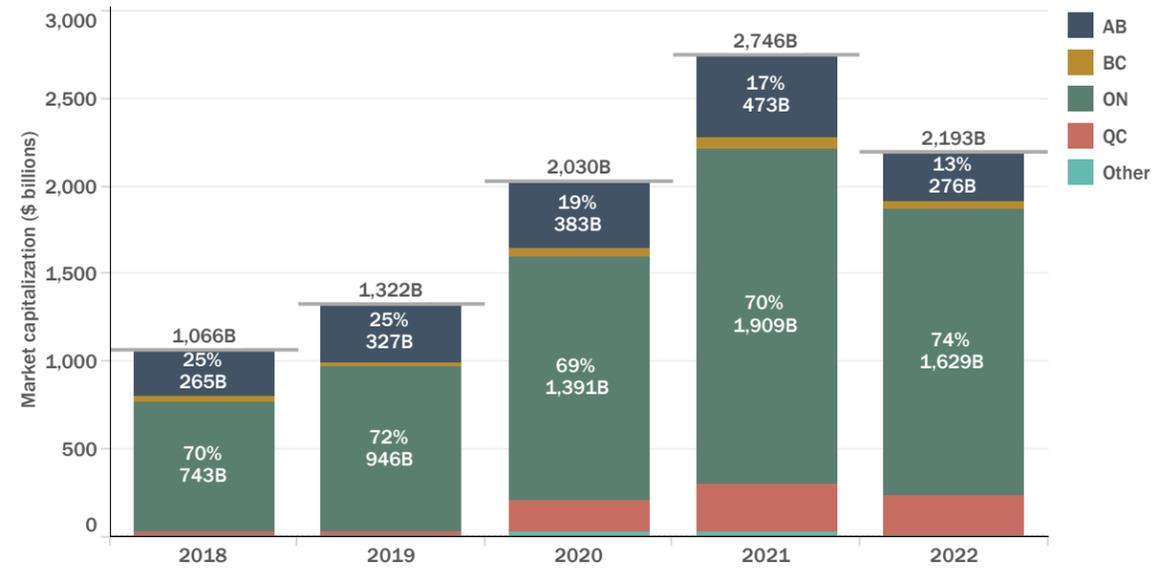
Chart 14: Number of foreign reporting issuers, by PR



The percentage of RIs headquartered outside Canada has stayed steady over the last five years, averaging 7.5 per cent. Over half of the issuers are from the United States. Chart 14 shows the total number of foreign issuers, determined by the head office reported on SEDAR. The 317 foreign issuers at the end of 2022 was a slight decrease from the 334 foreign issuers at the end of 2021. Also shown in Chart 14 is the breakdown of foreign issuers by PR.¹⁹ The number of foreign issuers was greatest in Ontario at 149 (47 per cent), followed by British Columbia at 110 (35 per cent), Alberta at 33 (10 per cent) and Quebec at nine (2.8 per cent). Foreign RIs with Alberta as the PR represented 8.8 per cent of all Alberta PR issuers at the end of 2022.

¹⁹ Foreign issuers listing in Canada have to choose a PR jurisdiction in Canada.

Chart 15: Total market capitalization of foreign reporting issuers by PR



The number of RIs with foreign headquarters has been increasing overall since 2018 (previous chart), and except for 2022, market capitalization of these issuers has been trending upwards as shown in Chart 15. In 2022, the market capitalization of foreign issuers decreased by 20 per cent to \$2.2 trillion, down from \$2.7 trillion in 2021. The issuers that decreased the most in 2022 were Bank of America Corporation (down 22 per cent) and Advanced Micro Devices, Inc. (down 36 per cent), which combined made up 32 per cent of the overall decrease.

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 on a foreign exchange in Canadian dollars has been used in calculating the totals.²⁰

²⁰ Some foreign issuers choose to become RIs in Canada to facilitate capital raising in Canada, but do not necessarily list on a Canadian exchange if they already have a listing on another exchange.

FOCUS ON LISTED REPORTING ISSUERS IN ALBERTA

This section uses two different formats for displaying issuer data. Charts 16 – 19 and Chart 21 display data for issuers that have a head office in Alberta, whereas Chart 20 and Chart 22 display data for issuers for which Alberta is PR (to show foreign issuers with an Alberta PR).

Chart 16: Total market capitalization of industries for Alberta head office issuers

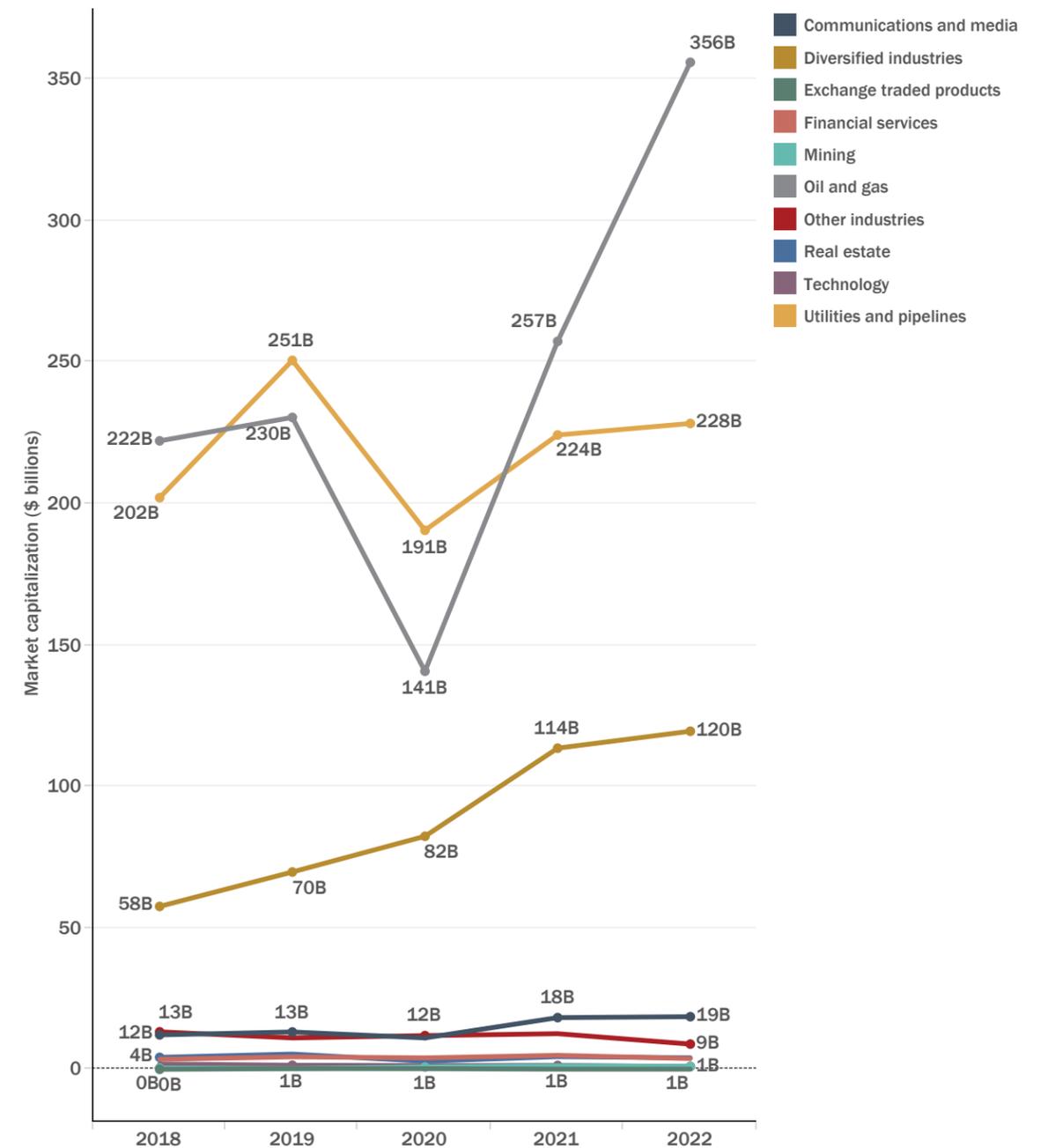


Chart 16 shows a breakdown by industry of listed Alberta RIs, representing a total market capitalization of \$742 billion at the end of 2022. The largest industry in 2022, oil and gas, increased by \$99 billion (38 per cent) to \$356 billion, from \$257 billion in 2021, and made up 48 per cent of the total market capitalization, up from 40 per cent in 2021. The oil and gas industry has been trending up since 2020, after having experienced a significant decline in 2019. Utilities and pipelines had the next largest market capitalization in 2022 at \$356 billion, an increase of 1.8 per cent from 2021, and made up 31 per cent of the total in 2022 (down from 35 per cent in 2021). In Chart 16, oil and gas services are included within oil and gas. Oil and gas services comprised \$14 billion of the industry at the end of 2022, the market cap of which increased by 35 per cent from 2021. Excluding oil and gas services, the oil and gas industry increased by 39 per cent since 2021.

Chart 17: Total market capitalization of select industries for issuers with a head office in Alberta

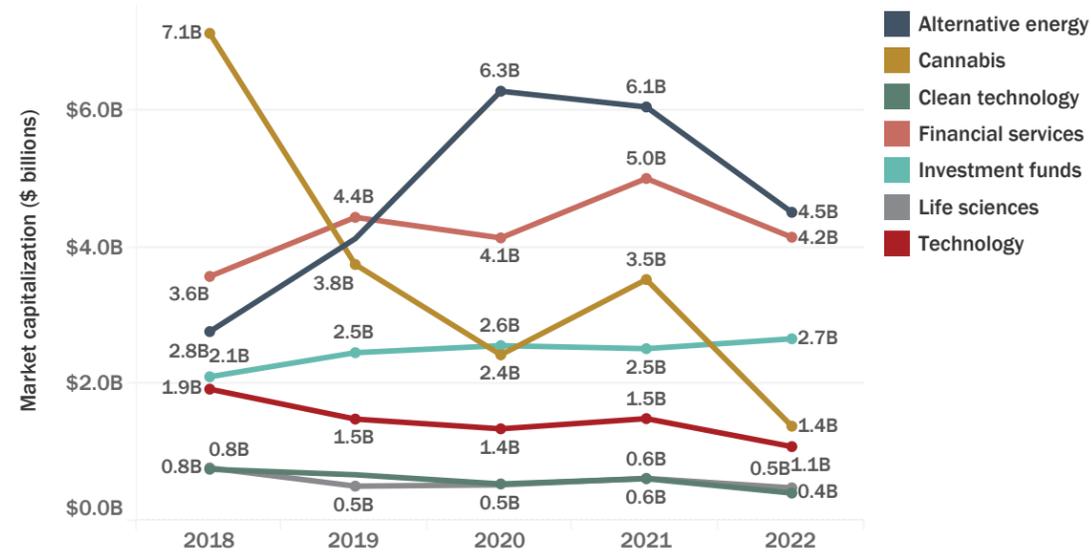


Chart 17 focuses on a subset of smaller market capitalization industries for Alberta head office issuers.²¹ The industries in the chart, despite their smaller market capitalizations, are an important and emerging component of Alberta’s economy. Chart 17 shows only listed issuers and does not include non-RIs.

Over the past five years, alternative energy has been increasing except for the dip in 2022, while the cannabis industry has been decreasing. The remainder of the industries have been moderately increasing or decreasing. In 2022, most of the select industries declined in value with the group falling by 26 per cent from \$20 billion to \$15 billion. The only exception was investment funds, which increased by \$0.1 billion or 5.7 per cent. The industries that decreased the most were cannabis, down 61 per cent or \$2.1 billion, and alternative energy,²² down 25 per cent or \$1.5 billion.

²¹ Industries shown in the chart are based on data from a combination of TMX, Bloomberg, NAICS and staff interpretations, and may differ from industries depicted elsewhere in this report.

²² Alternative energy companies produce, operate or create technology for alternative energy in areas including solar, wind, waste gas, thermal and biofuels, among others, but which may also be involved in other more traditional forms of energy. In addition, some Alberta issuers with hydrocarbon energy-based businesses have segments in the alternative energy sector, such as Enbridge Inc., TransAlta Corporation and Capital Power Corporation.

Chart 18: Number of issuers with a head office in Alberta by industry

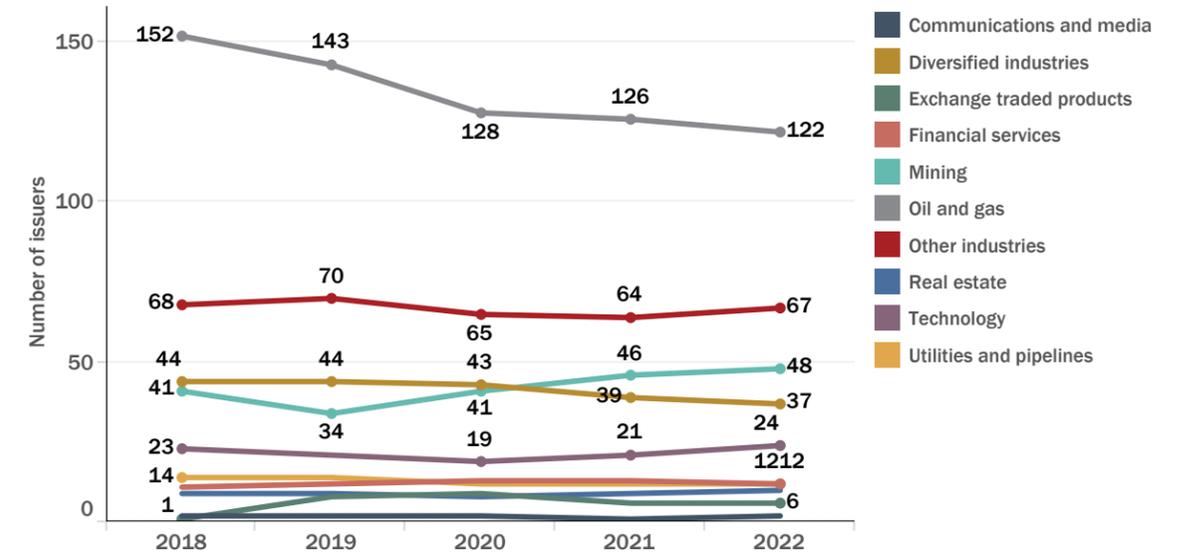


Chart 18 displays the number of listed RIs with a head office in Alberta by industry, of which the largest is the oil and gas industry with 122 issuers or 36 per cent of the total in 2022. The number of oil and gas issuers has been decreasing since 2018, from 152 to 122, a decrease of 20 per cent (30 fewer issuers), although the decrease has levelled off in the past few years. Despite the decrease in the number of oil and gas issuers the market cap has been increasing (as shown in Chart 16) indicating fewer, but larger issuers.

From 2021 to 2022, the overall number of issuers increased slightly by three (one per cent). Of note, along with the increase in the number of issuers, the market capitalization of Alberta-listed RIs increased from 2021 to 2022, leading to a higher average market capitalization per issuer (see Chart 7).

Chart 19: Number of issuers with a head office in Alberta by select industry

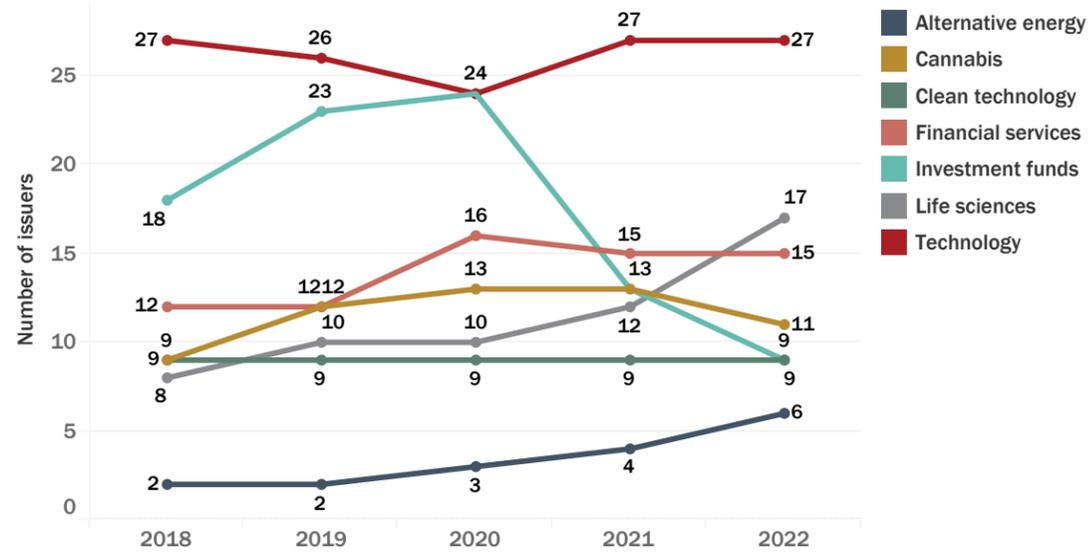


Chart 19 focuses on smaller Alberta issuer industries that may be important emerging parts of the Alberta economy. Overall, alternative energy, life sciences and financial services have been moderately increasing since 2018, while investment funds has declined.²³ The remaining industries were relatively unchanged. From 2021 to 2022 the overall number of issuers increased by one (one per cent) to 94 from 93. Issuers in the life sciences industry increased the most, by five, followed by alternative energy at two. Cannabis issuers decreased by two and investment funds decreased the most, by four issuers.

²³ The decrease in the number of investment funds from 2020 to 2021 was in large part due to a change in the location of the head office for several issuers according to data from SEDAR.

Chart 20: Distribution of Alberta PR issuers by market capitalization, by industry and domicile, for 2022

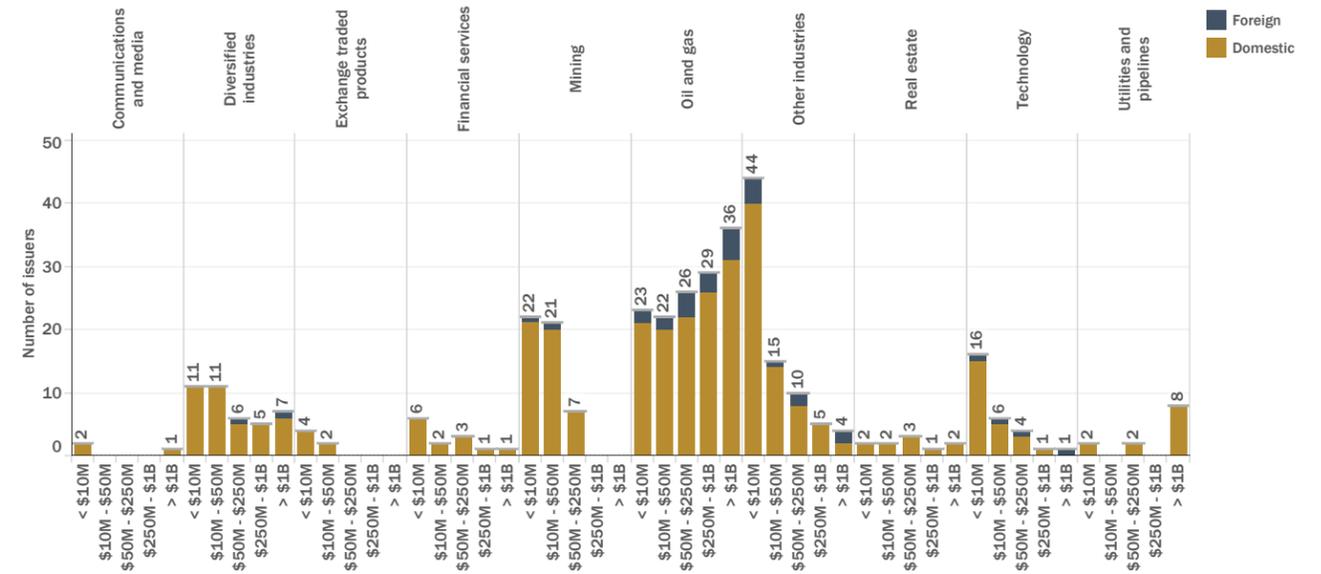


Chart 20 shows the distribution by industry of the market capitalization of Alberta PR issuers at the end of 2022.²⁴ The chart also shows a split by foreign or domestic headquarters. In the case of oil and gas (including oil and gas services), the number of Alberta PR issuers in the highest market capitalization range increased compared with 2021 (from 30 to 36), as depicted in Table A.

Table A: Distribution of Alberta PR oil and gas issuers, 2022 versus 2021

Number of oil and gas issuers			
Category	2021	2022	Change
<\$10M	28	23	18 per cent decrease
\$10M - \$50M	31	22	29 per cent decrease
\$50M - \$250M	29	26	10 per cent decrease
\$250M - \$1B	24	29	21 per cent increase
>1B	30	36	20 per cent increase
Total	142	136	4.2 per cent decrease

²⁴ Diversified industries includes mostly issuers from the industrial and consumer products industries, of which one of the largest by market capitalization is CP Rail. Other industries includes the smaller industries of Capital Pool Companies ("CPCs"), clean technology, life sciences and closed-end funds, among others.

Chart 21: Total market capitalization of oil and gas sectors for Alberta head office issuers

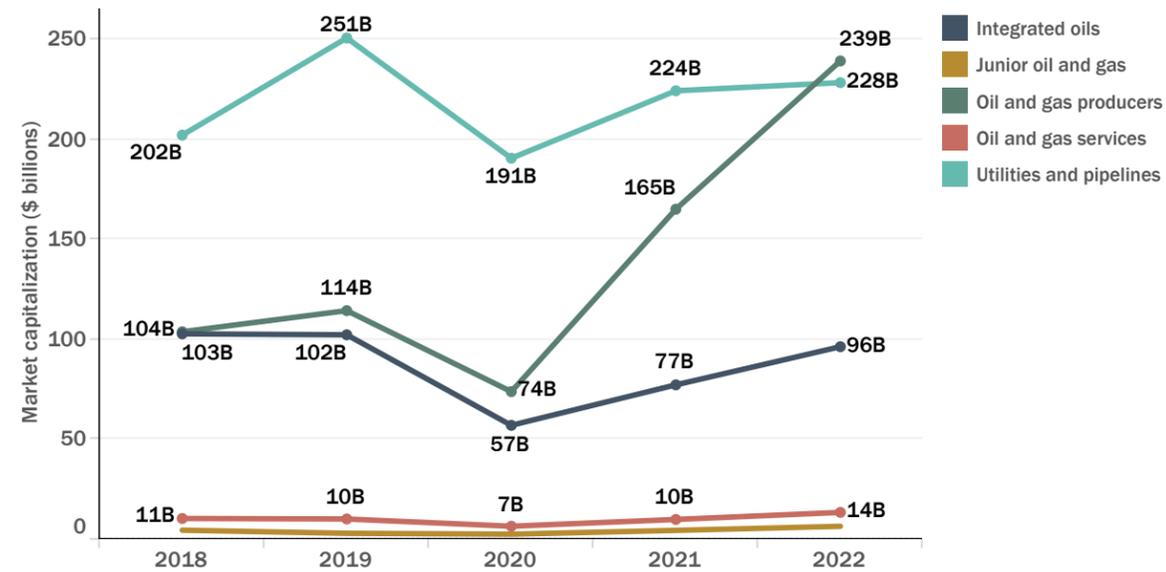


Chart 21 and Chart 22 focus more specifically on the oil and gas and utilities and pipelines industries. For this analysis (explained in more detail in the Appendix), the sub-categorization available in issuers' profiles on SEDAR has been used to further refine the classification of issuers listed on the TSX or TSXV reported in oil and gas and diversified industries, or industrial products and services categories by the TMX.²⁵ If the industry of an RI 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.

By market capitalization, oil and gas producers was the largest sector among Alberta oil and gas RIs, amounting to \$239 billion in 2022, up significantly by 45 per cent from 2021. The next largest sector was utilities and pipelines, with a market capitalization of \$228 billion, an increase of 1.8 per cent from the end of 2021. Integrated oils increased by 25 per cent to \$96 billion. Junior oil and gas, and oil and gas services were each only a small fraction of the other categories at \$6.7 billion and \$13.7 billion respectively. The junior oil and gas sector increased by 43 per cent from 2021 while the oil and gas services sector increased by 35 per cent.

²⁵ The TMX includes oil and gas services in diversified industries or industrial products and services. Oil and gas services has been separated from diversified industries and industrial products and services in this report and instead included in oil and gas.

Chart 22: Distribution of oil and gas Alberta PR issuers by market capitalization and domicile, for 2022

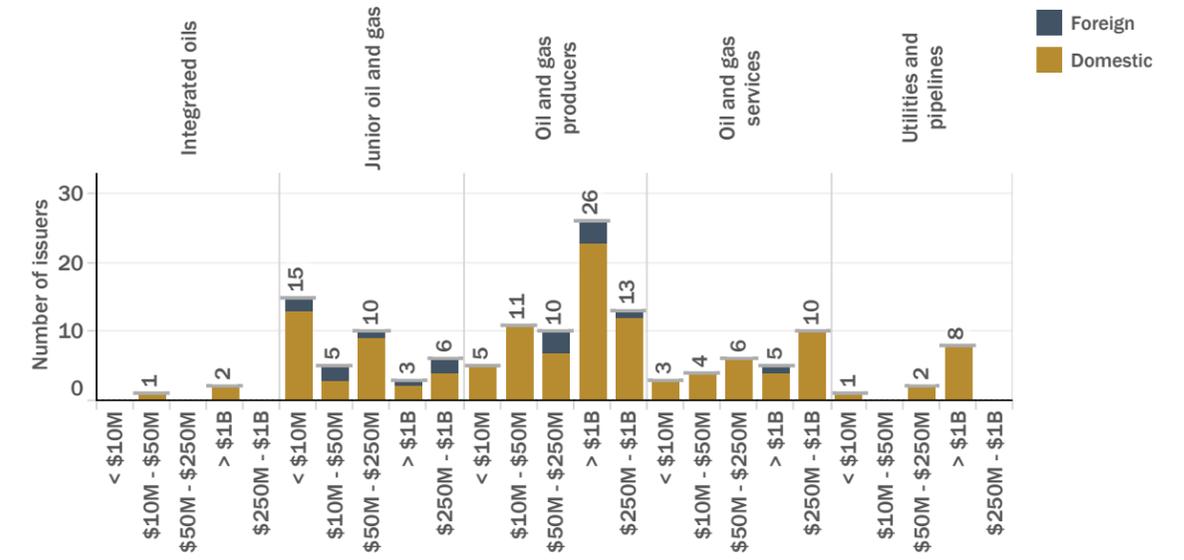


Chart 22 shows the distribution of Alberta PR issuers in oil and gas and utilities and pipelines by market capitalization for 2022. This chart is similar to Chart 20 except that it shows greater detail for the oil and gas issuers. As expected, there was a greater concentration of junior oil and gas issuers in the less-than-\$10 million range and, conversely, a greater concentration of oil and gas producers in the greater-than-\$250 million range. Compared with 2021 (not shown), oil and gas producers experienced an increase in the greater-than-\$250 million and a decrease in the less than \$10 million category.

Reported financings by Alberta issuers

The ASC has created a database of prospectus distributions based on issuer filings, which includes listed and unlisted securities distributed by prospectus. This section is an analysis of distributions by prospectus and by prospectus exemption.²⁶

Chart 23: Financings by Alberta head office issuers, prospectus and prospectus-exempt distributions

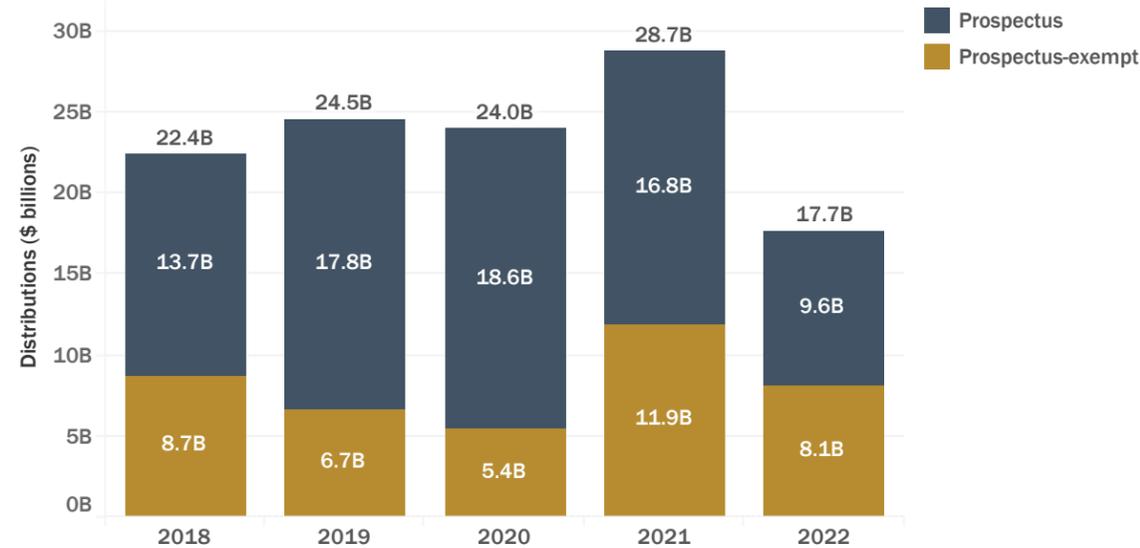


Chart 23 displays the amount of capital raised²⁷ in these two markets from 2018 to 2022. Total financings were \$17.7 billion in 2022, down 39 per cent from the 2021 level of \$28.7 billion. In 2022, prospectus financings totaled \$9.6 billion, down 43 per cent from 2021, while prospectus exempt financings amounted to \$8.1 billion, down 32 per cent from 2021. Over the last five years prospectus financings made up 65 per cent of total financings on average but this has been trending down since 2020 to make up 54 per cent in 2022.

²⁶ Prospectuses and reports of exempt distribution are required to be filed with the ASC by issuers distributing securities by prospectus or by reportable prospectus exemptions. The prospectus data reported in this section excludes distributions from issuers that are investment funds or scholarship funds, and for prospectuses that are considered at-the-market (ATM) offerings, exchange offerings (exchanging one type of debt for another), and qualifying securities prospectuses where no new proceeds are raised.

²⁷ Distributions based on the total of proceeds as reported on the report of exempt distribution and the final amount raised at the closing of the prospectus offering plus over-allotment option amounts, if exercised, as reported by issuers to the ASC.

Chart 24: Prospectus offerings and prospectus-exempt distributions by Alberta head office issuers, by security type

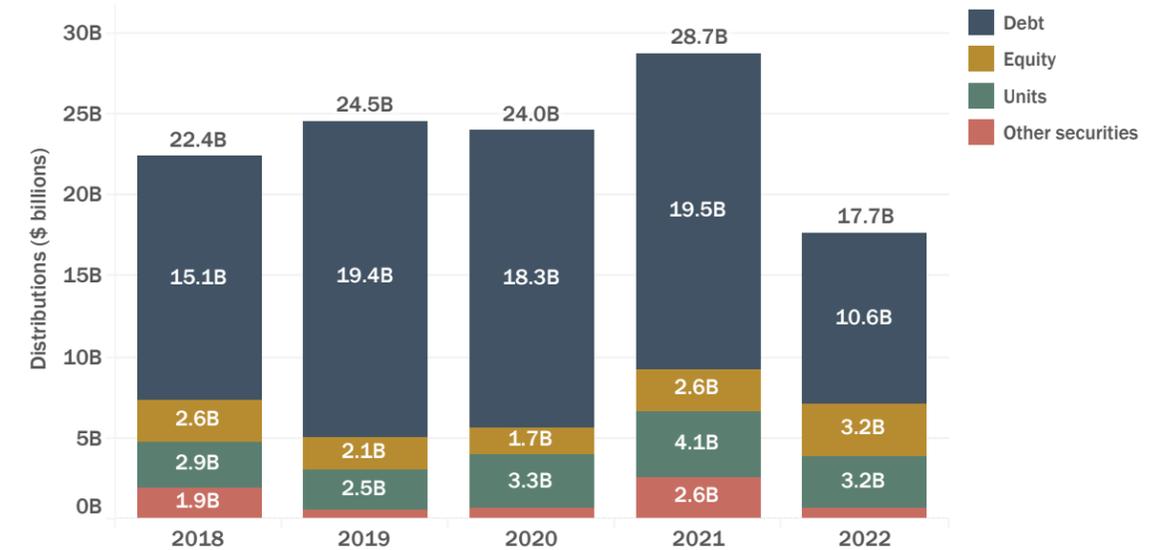


Chart 24 shows a breakdown by security type of distributions by issuers with an Alberta head office from 2018 to 2022. Debt securities were the most common security type issued over the past five years and in 2022 accounted for \$10.6 billion (60.0 per cent) of the total amount raised. Units made up 17.9 per cent, equity 18.0 per cent, and other securities amounted to 4.1 per cent of the total.

Debt issuances were down from the five-year average of 70 per cent making up 60.0 per cent in 2022. Equity and units issuances were higher than the five-year averages with equity making up 18.0 per cent in 2022 (compared to a five year average of 10.8 per cent) and units equating to 17.9 per cent (versus a five year average of 13.8 per cent). Note that units and other securities may contain securities that are combinations of equity and debt securities.

Chart 25: Prospectus offerings and prospectus-exempt distributions by Alberta head office issuers, by industry

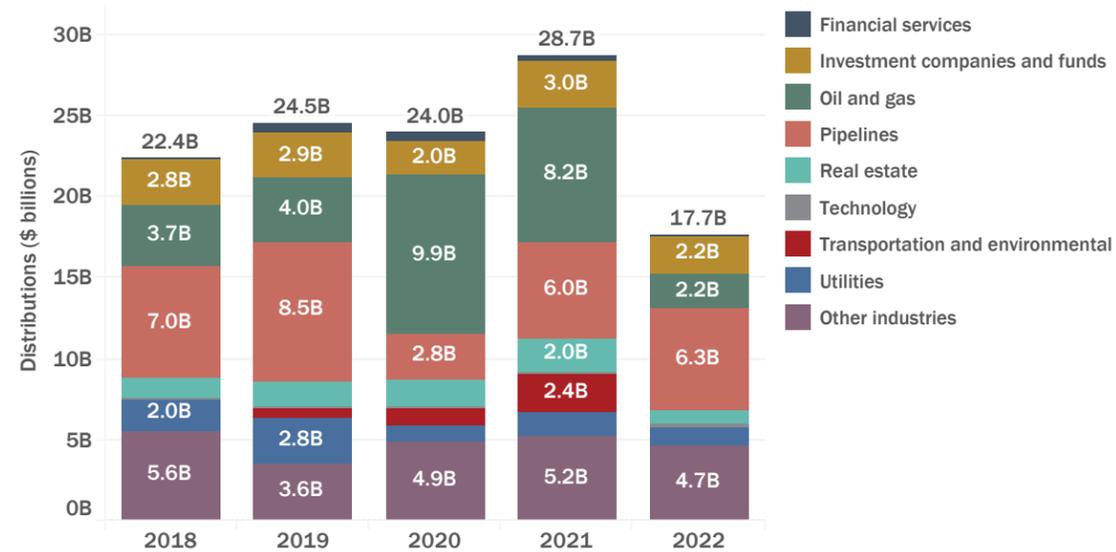


Chart 25 displays the amount of securities distributed by issuers with an Alberta head office via prospectus offerings and prospectus-exempt distributions by industry.²⁸ In 2022, the industry that raised the greatest amount of capital was pipelines at \$6.3 billion (35.7 per cent of the total), an increase of 5.4 per cent or \$0.3 billion from the 2021 amount of \$6.0 billion (20.9 per cent of the total). In 2022, besides the other industries²⁹ category, oil and gas raised the second highest amount of capital at \$2.2 billion, down 72.8 per cent from 2021. Investment companies and funds raised the third most amount of capital at just under \$2.2 billion, up 12.4 per cent from 2021.

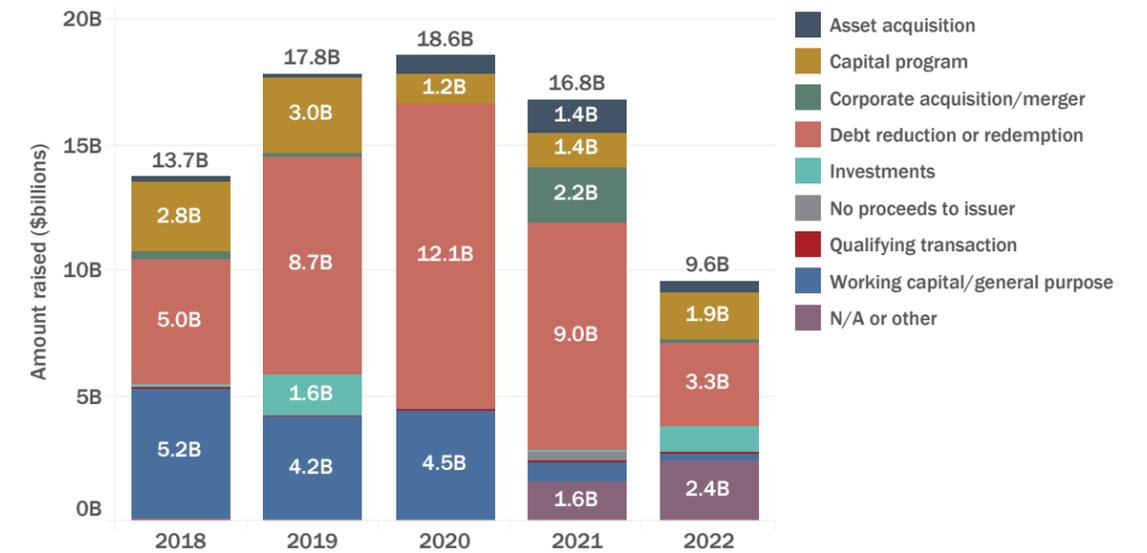
²⁸ Industry categories are based on the industry that issuers specified in their SEDAR profile supplemented with other sources when appropriate. Note that the categorization used in this chart is different than the industry classification used in the prospectus-exempt markets section of this report, which is based on NAICS codes for recent years that are reported by issuers on the report of exempt distribution. The industry classification also differs from the form used in other sections of this report for public financings which utilized a combination of TMX and Bloomberg data.

²⁹ The other category includes industries not otherwise specified in the chart.

Prospectus markets in Alberta

The following chart focuses only on prospectus offerings from issuers with an Alberta head office.

Chart 26: Prospectus offerings by Alberta head office issuers, by primary use of proceeds



In Chart 26, the primary use of proceeds is displayed for prospectus filings by Alberta head office issuers, which is sourced from public information filed by issuers. In 2022, debt reduction or redemption was the use of proceeds most often stated by issuers, making up 34 per cent of the total. The ongoing capital program was the second-most cited reason by issuers (besides the N/A or other category), accounting for 20 per cent of the total, followed by investments at 11 per cent.

A major focus of Alberta RIs since 2018 has been debt reduction or redemption. This had been increasing in dollar value and percentage terms since 2018, but decreased in 2021 and again in 2022. The least amount of capital was allocated to debt reduction in 2022 compared to the four prior years. Capital program spending has increased from 2020 year-over-year.

Follow-on offerings (not shown) have made up the majority of prospectus financings each year, amounting to \$9.6 billion or over 99 per cent of the total in 2022. In 2022, IPOs (not shown) by Alberta issuers amounted to \$22 million, or 0.2 per cent of total, down from \$0.2 billion (1.1 per cent of the total) in 2021. Secondary offerings in 2022 (where existing security holders sell their shares and no proceeds are received by the issuer) amounted to \$0.5 billion or 5.7 per cent of the total in 2022, slightly up from \$0.3 billion or 2.0 per cent of the total in 2021.

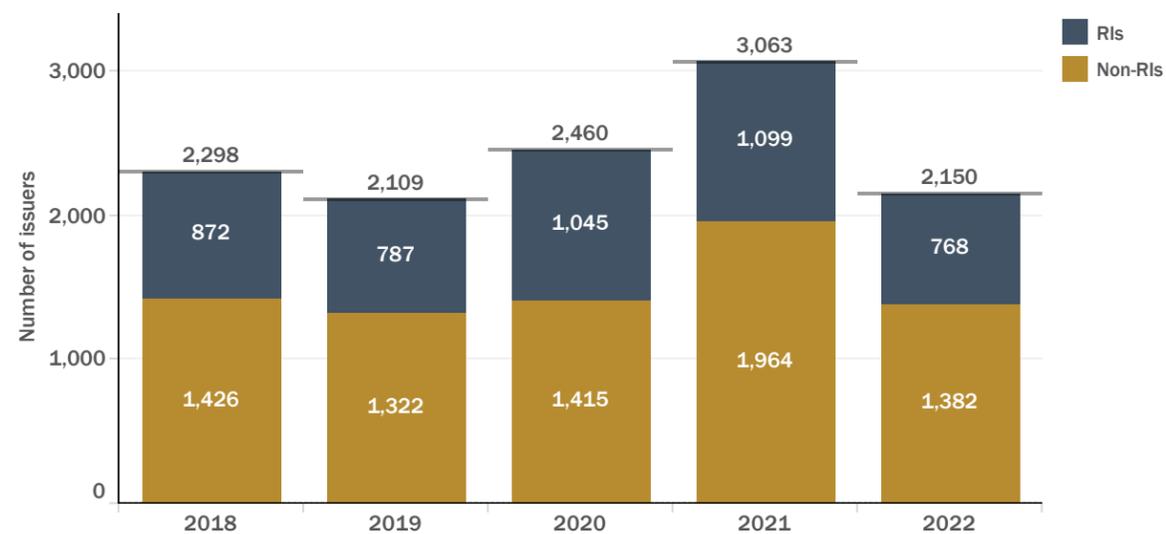
Prospectus-exempt markets

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. However, 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 a particular form – the report of exempt distribution.³⁰ The analysis in this section is based on the distributions reported to the ASC. However, this data is unfortunately incomplete as various financings (e.g. by issuers relying on the private issuer prospectus exemption) are not required to be reported.

Chart 27 shows the number of issuers that accessed capital in the prospectus-exempt market in Alberta during the calendar year, independent of the location of the issuers' head office. In 2022, using the information available, 2,150 issuers were active in Alberta, of which RIs made up 768 (36 per cent). One reason RIs 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 where a prospectus is required.

Chart 27: Number of issuers active in the Alberta prospectus-exempt market during the calendar year



³⁰ See part 6 of NI 45-106 and Form 45-106F1 *Report of Exempt Distribution*.

Chart 28: Number of Alberta head office issuers active in the prospectus-exempt market during the calendar year

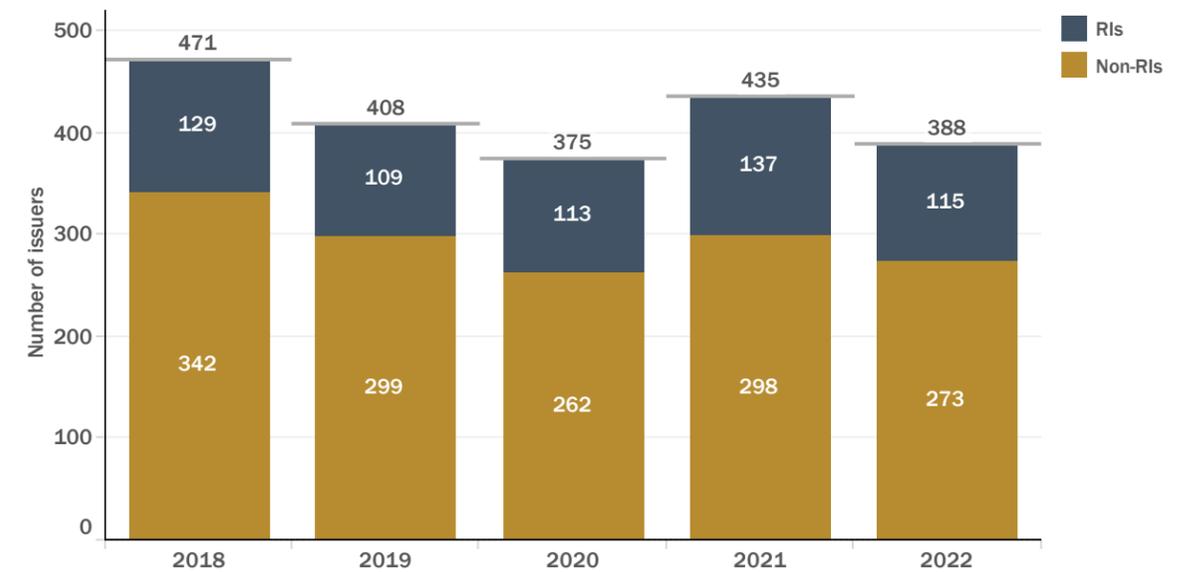


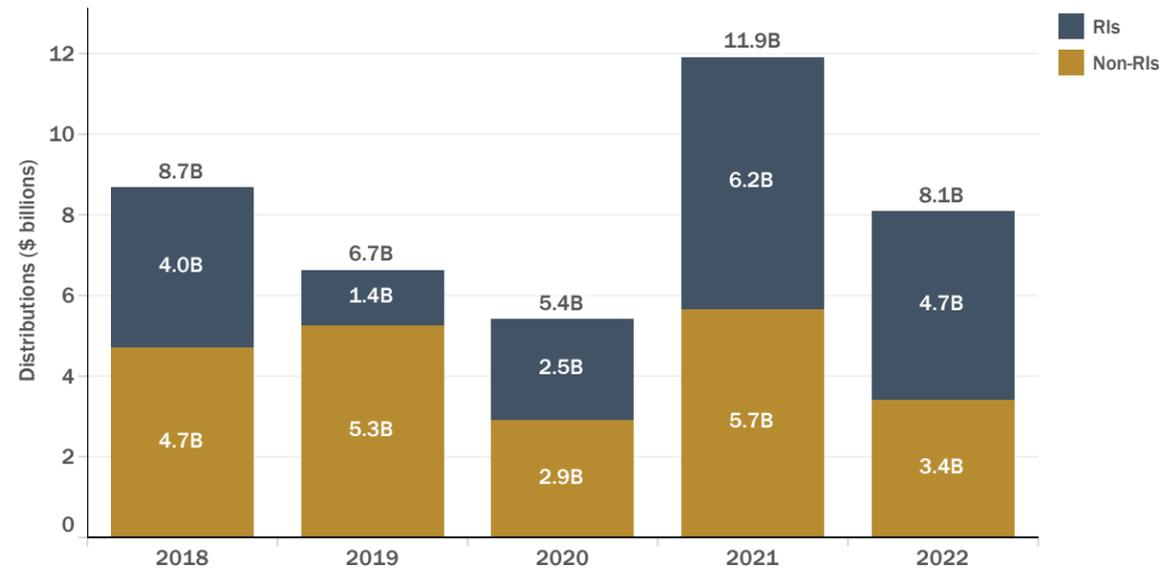
Chart 28 shows the number of issuers with an Alberta head office that accessed capital in the prospectus-exempt market during the calendar year. Of issuers that filed reports of exempt distribution that have been filed and processed for 2022, 115 (30 per cent) were RIs, out of a total of 388 issuers. In 2021, 137 filed reports of exempt distribution which made up 32 per cent of the 435 Alberta-based issuers active in the prospectus-exempt market. Since at least 2018, there has consistently been more exempt-market financings by non-RIs than RIs.

The Alberta capital market is not a closed system. 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 law.

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 necessary 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 29: Total raised in the exempt market by Alberta head office 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 29 shows the total capital raised by issuers with an Alberta head office over the last five years, segmented by whether the issuer was an RI or a non-RI. Typically, approximately half of the capital raised in the prospectus-exempt market has been by RIs choosing to rely on a prospectus exemption.

In 2022, the total amount of funds distributed by Alberta-based issuers was \$8.1 billion, a 32 per cent decrease from 2021. Of note, two issuers, Inter Pipeline Ltd. and Enbridge, made up 31 per cent of the total distribution amount in 2022.

In 2022, the proportion of total capital raised in the exempt market by Alberta-based RIs was 58 per cent, up from 52 per cent in 2021. Many of these RIs 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 37) are frequently not listed on an exchange.

Chart 30: Total raised in the prospectus-exempt market by Alberta head office issuers, by industry

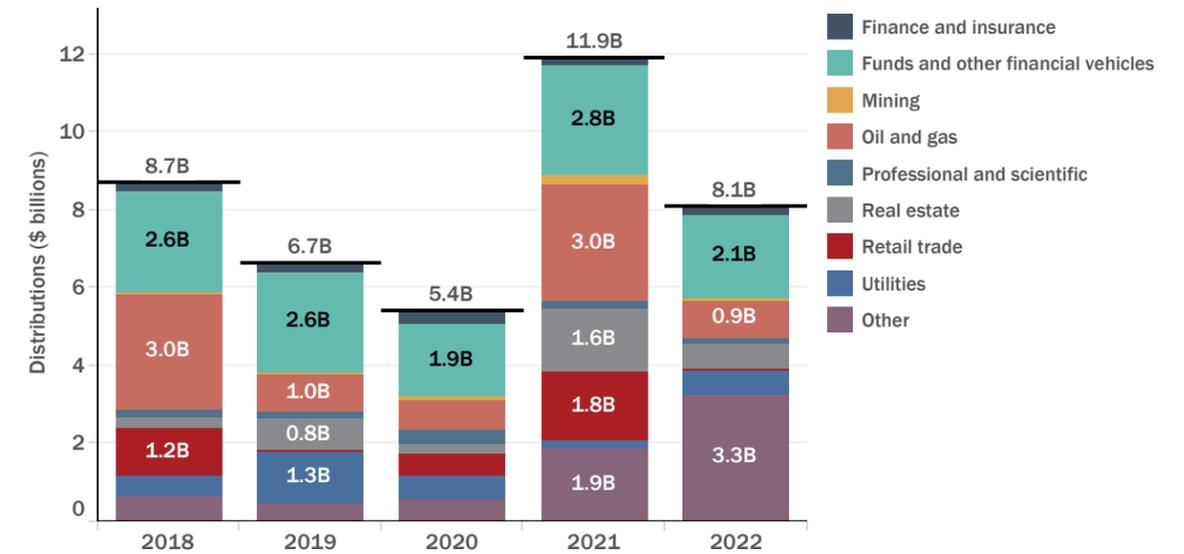
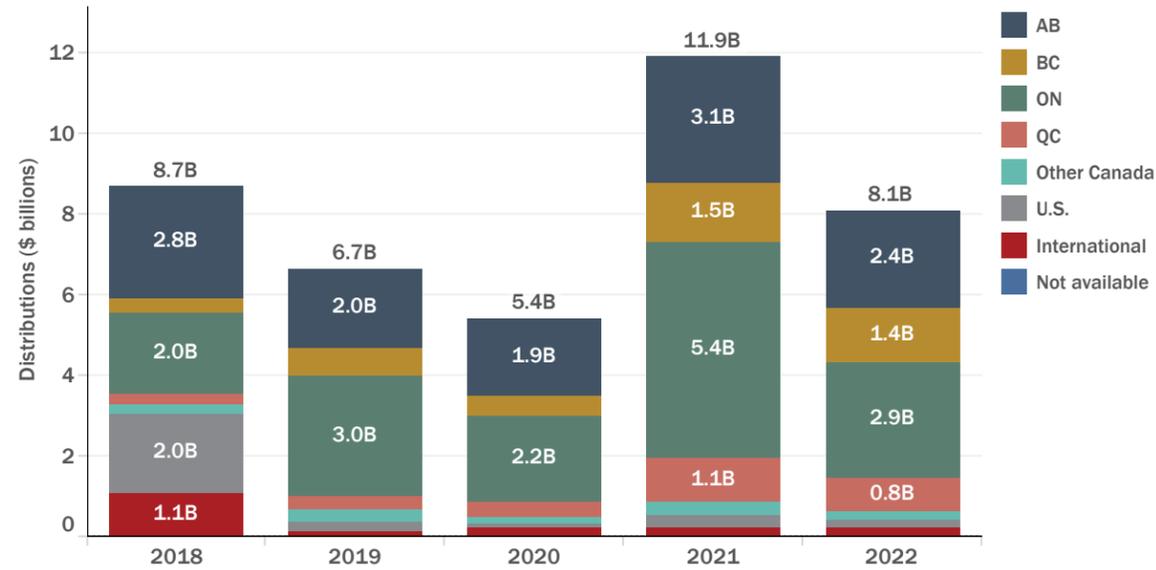


Chart 30 shows capital raised by Alberta issuers in the prospectus-exempt market segmented by industry. In Alberta, traditionally the most prominent industry has been oil and gas, however in 2022 oil and gas distributions were the second highest industry category (not including the Other category³¹). In 2022, oil and gas distributions decreased 70 per cent to \$0.9 billion (11 per cent of the total), down from \$3.0 billion (26 per cent of the total) in 2021. Funds and other financial vehicles made up the largest proportion of distributions in 2022 at \$2.1 billion or 26 per cent, down from \$2.8 billion or 24 per cent in 2021. Real estate was the third largest industry category in 2022 at \$0.6 billion, down 60 per cent from 2021.

³¹ The Other industry category includes industry categories that are not otherwise shown and which, prior to the changes in industry reporting referred to above, issuers selected if none of the other categories applied.

Chart 31: Total raised in the exempt market by Alberta head office issuers, by investor location



As shown in Chart 31, on average, Alberta-based issuers have raised in aggregate approximately one-third of their capital in the prospectus-exempt market from Albertans over the past five years. Alberta investors made up the second largest group of distributions in 2022 having purchased \$2.4 billion of distributions, down 23 per cent from 2021. Ontario-based issuers have typically made up the largest proportion of distributions which in 2022 amounted to \$2.9 billion or 35 per cent of the total, down from \$5.4 billion or 45 per cent of the total in 2021.

Chart 32: Total raised in the prospectus-exempt market by Alberta head office issuers, by security type

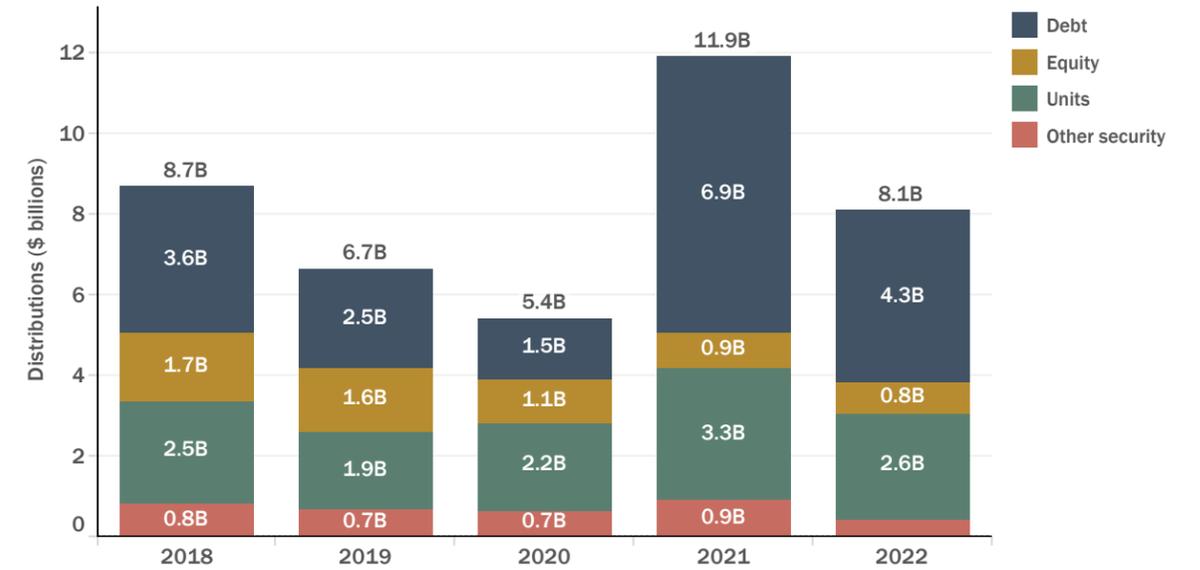


Chart 32 shows a broad breakdown by type of security distributed by Alberta-based issuers. In 2022, the most prevalent type of security issued was debt, making up 53 per cent or \$4.3 billion of the total, down 38 per cent from 2021. Units³² made up the second largest amount at \$2.6 billion or 32 per cent of the total in 2022, a \$0.7 billion (21 per cent) decrease from 2021. Equity securities have been decreasing since at least 2018, making up only 9.8 per cent in 2022 compared to 20 per cent in 2018.

³² Units includes securities typically issued by entities structured as trusts, funds or limited partnerships, as well as units of bundled securities.

Chart 33: Total raised in the prospectus-exempt market by Alberta head office issuers, by exemption

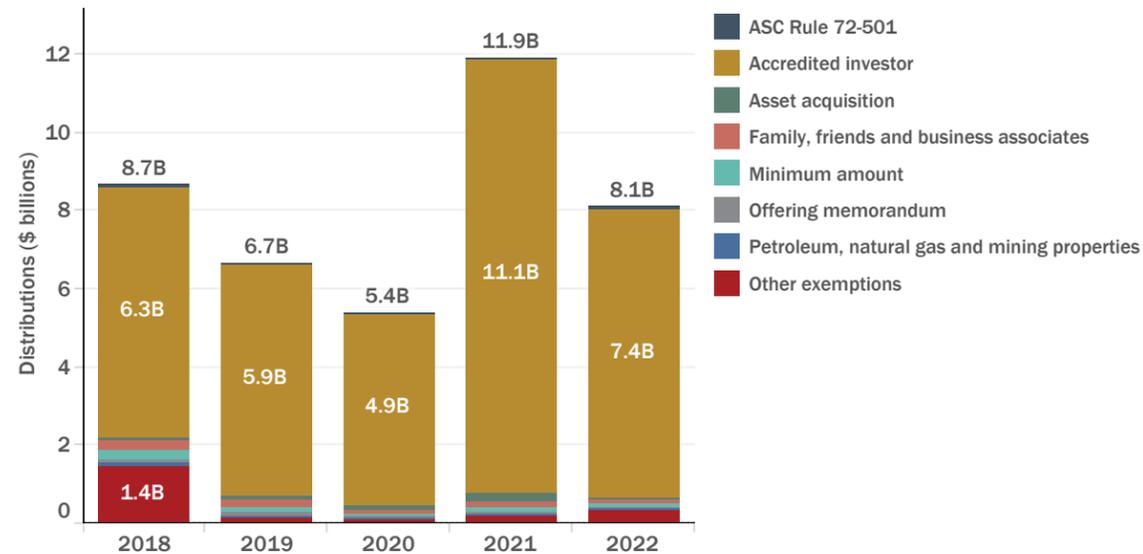


Chart 33 shows the capital raised by issuers with an Alberta head office in the prospectus exempt market, segmented by exemption.³³ The greatest amount of capital was raised under the accredited investor exemption at approximately \$7.4 billion in 2022 (91 per cent of the total), a 34 per cent decrease from 2021. With the exception of “Other exemptions,” all exemption types were approximately 1.0 per cent or less of the total.

Each of the exemptions shown in Chart 33 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 ASC Rule 72-501 *Distributions to Purchasers Outside Alberta*. However, exemptions shown in Chart 33 also depend on the circumstances of the purchaser, summarized in Table B (on the next page) as context to the data in this report.

³³ Specific examples shown in Chart 33 are Section 2.12 Asset Acquisition, Section 2.13 Petroleum, Natural Gas and Mining Properties, Section 2.3 Accredited Investor, Section 2.5 Family, Friends and Business Associates, Section 2.9 Offering Memorandum and 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. ASC Rule 72-501 *Distributions to Purchasers Outside Alberta* is also included.

Table B: Data sources for combined dataset

Exemption	Summary of certain provisions applicable to individuals
Accredited investor	Specified institutions as well as individuals who are accredited based on meeting specified income, net financial asset or net asset thresholds.
Family, friends and business associates	Investors 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	Investors who have received a valid Form 45-106F2 <i>Offering Memorandum</i> of the issuer and in the case of individuals are either purchasing not more than \$10,000 of securities under the offering memorandum exemption within a 12-month period or are an eligible investor based on meeting specified income or net asset thresholds. Eligible investors are limited to \$30,000 invested in a 12-month period, or \$100,000 if the investor receives advice ³⁴ that the investment is suitable.
Minimum amount	Non-individual investors purchasing a minimum of \$150,000 of securities in a single transaction from a single issuer.
ASC Rule 72-501	The securities distributed cannot be beneficially owned by an Alberta resident.

Chart 34: Total number of reports of exempt distribution filed by Alberta head office issuers, by industry

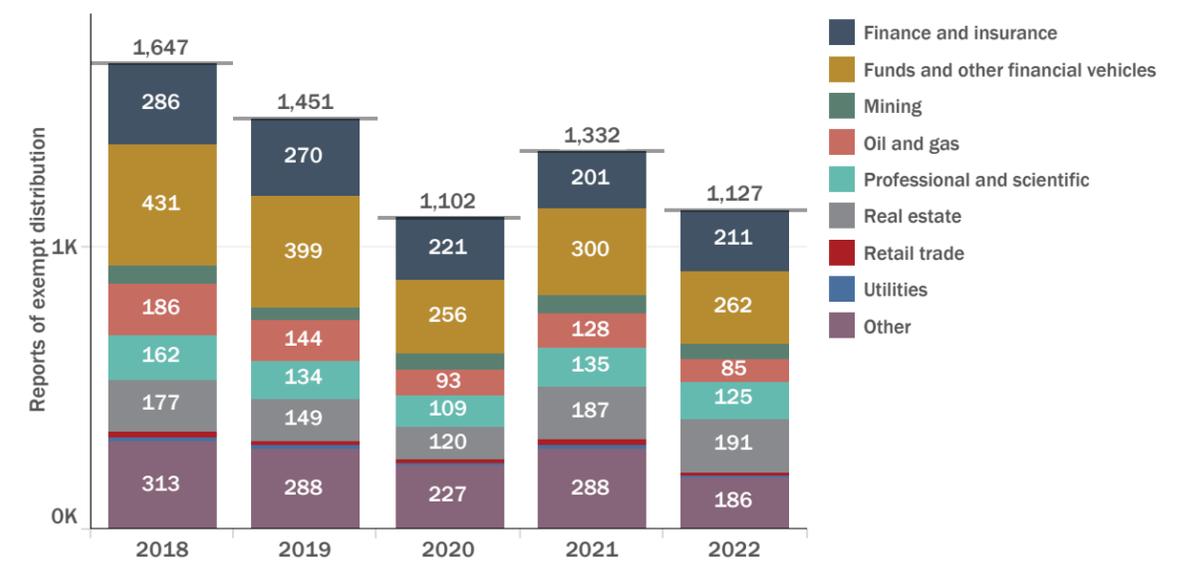


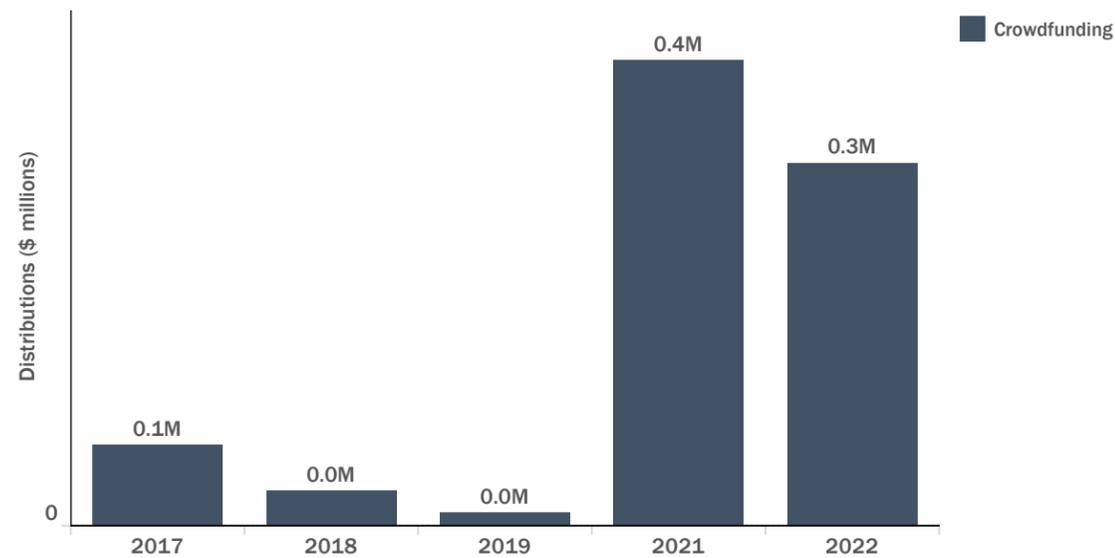
Chart 34 displays the number of reports of exempt distribution filed by Alberta head office issuers, segmented by industry. Overall, there were 1,127 reports of exempt distribution filed in 2022, a decrease of 15 per cent from the 1,332 recorded in 2021, and slightly higher than the amount in 2020.

³⁴ From a portfolio manager, investment dealer or exempt market dealer registered under National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

The greatest number of reports of exempt distribution in 2021 were filed by funds and other financial vehicles at 262, a decrease of 13 per cent from the 2021 figure of 300. The industry category that filed the next greatest number of reports was finance and insurance at 211, an increase of five per cent from the 201 reports filed in 2021. Oil and gas issuers in Alberta filed 85 reports of exempt distribution in 2022, a decrease of 34 per cent from the 128 filed in 2021.

PROSPECTUS-EXEMPT FINANCINGS UNDER CROWDFUNDING, ESE, IDE AND LIFE

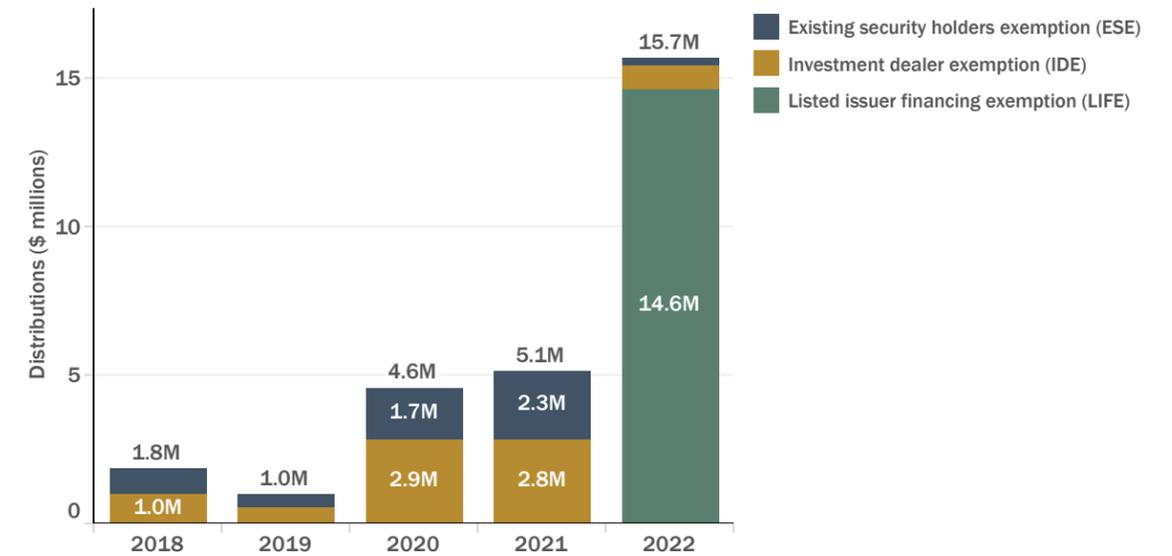
Chart 35: Total raised in the prospectus-exempt market by Alberta head office issuers – crowdfunding



Prospectus exemptions are introduced for various reasons including keeping up-to-date with evolving capital markets and providing additional means of efficiently raising capital, while balancing investor protection. Issuers raising capital through crowdfunding exemptions³⁵ are an example of a more recent development of prospectus exemptions, which are highlighted in the above chart. These amounts are included in other exemptions in Chart 33. The amount of capital raised through crowdfunding exemptions has increased over the last five years to \$0.3 million in 2022, a marked jump from pre-2021 levels. Because of wide availability to investors, the crowdfunding exemptions have relatively low investment limits (see NI 45-110) compared with other prospectus exemptions.

³⁵ Crowdfunding exemptions have evolved over the years. For simplicity the above chart amalgamates several different crowdfunding exemptions into one category. Exemptions included in the data include ASC Rule-517 *Prospectus Exemption for Start-Up Businesses*, ASC Blanket Order 45-521 *Start-Up Crowdfunding*, BCI 45-535 *Start-Up Crowdfunding*, MI 45-108 *Crowdfunding*, and NI 45-110 *Start-Up Crowdfunding & Registration Exemptions*.

Chart 36: Total raised in the prospectus-exempt market by Alberta head office issuers – ESE/IDE/LIFE



A recent prospectus exemption came into effect on November 21, 2022: the listed issuer financing exemption (LIFE). In general, LIFE allows listed issuers to raise up to \$10 million in a 12-month period subject to certain eligibility requirements (see NI 45-106 *Prospectus Exemptions*). The issuer is required to prepare a brief offering document but relies significantly on its existing continuous disclosure. A characteristic that distinguishes LIFE from other exemptions is that investors will generally obtain freely tradeable securities. Distributions under LIFE totalled \$14.6 million in 2022.

For comparison, other relatively recent prospectus exemptions – the existing security holders exemption (ESE) and the investment dealer exemption (IDE) – that were designed to assist smaller RIs to raise money from retail investors without a prospectus, instead relying on their continuous disclosure record, are also shown in the above chart. Combined, distributions for the ESE and IDE exemptions have varied between \$1.0 and \$5.1 million over the past five years. The amounts in the chart above are included in other exemptions in Chart 33.

INVESTMENTS IN THE PROSPECTUS-EXEMPT MARKET BY ALBERTANS

This section analyzes the capital invested by Albertans, which yields some notable differences compared to the previous section which analyzed capital raised by issuers.

Chart 37 shows a breakdown by Albertans' investments in RIs versus non-RIs in the prospectus-exempt market. In 2022, there was \$27.4 billion in distributions purchased by Albertans, which was a decrease of \$1.7 billion, or 5.9 per cent, from 2021. The greater concentration of non-RIs in Chart 37 reflects that the majority of investments in the prospectus-exempt market by Albertans were in private investment funds.

Chart 37: Total invested in the prospectus-exempt market by Albertans, by issuer reporting type

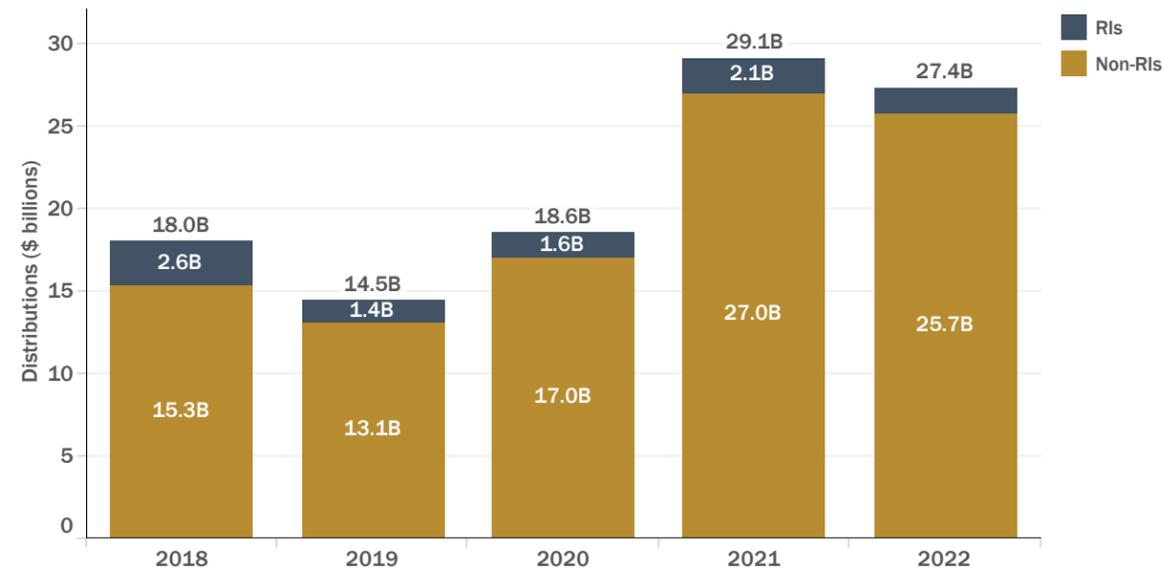
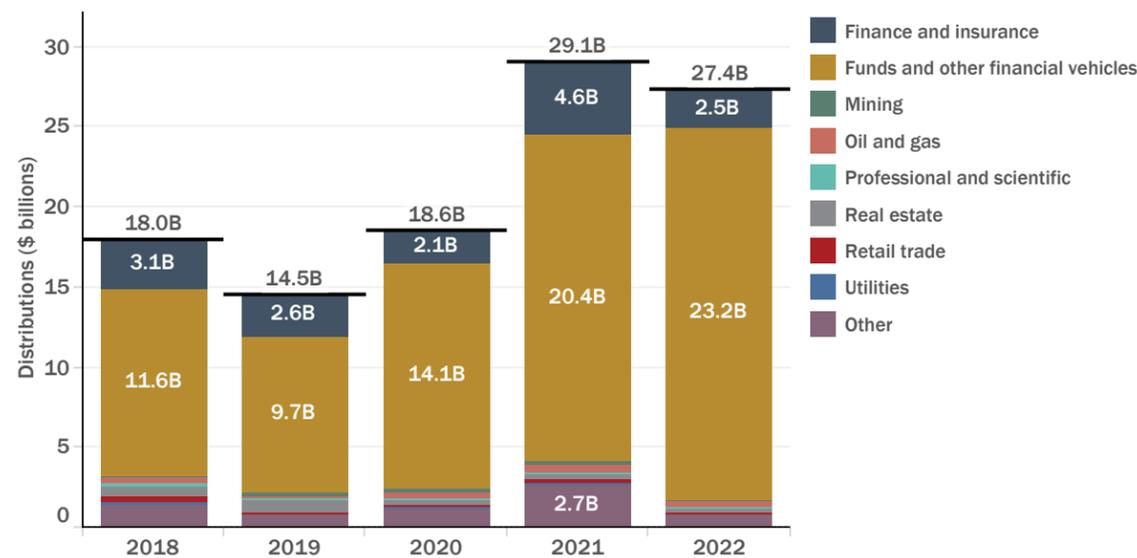


Chart 38: Total invested in the prospectus-exempt market by Albertans, by industry



As shown in Chart 38, the greatest proportion of new capital from Alberta-based investors in 2018-2022 was invested in the funds and other financial vehicles industry, which totalled \$23.2 billion (85 per cent of total distributions) in 2022, up 14 per cent from 2021. The second largest industry invested in by Albertans in 2022 was finance and insurance which totalled \$2.5 billion, down 46 per cent from 2021. In 2022, investments in oil and gas issuers decreased by 30 per cent to \$0.3 billion from \$0.4 billion in 2021.

Chart 39: Total invested in the prospectus-exempt market by Albertans, by issuer location

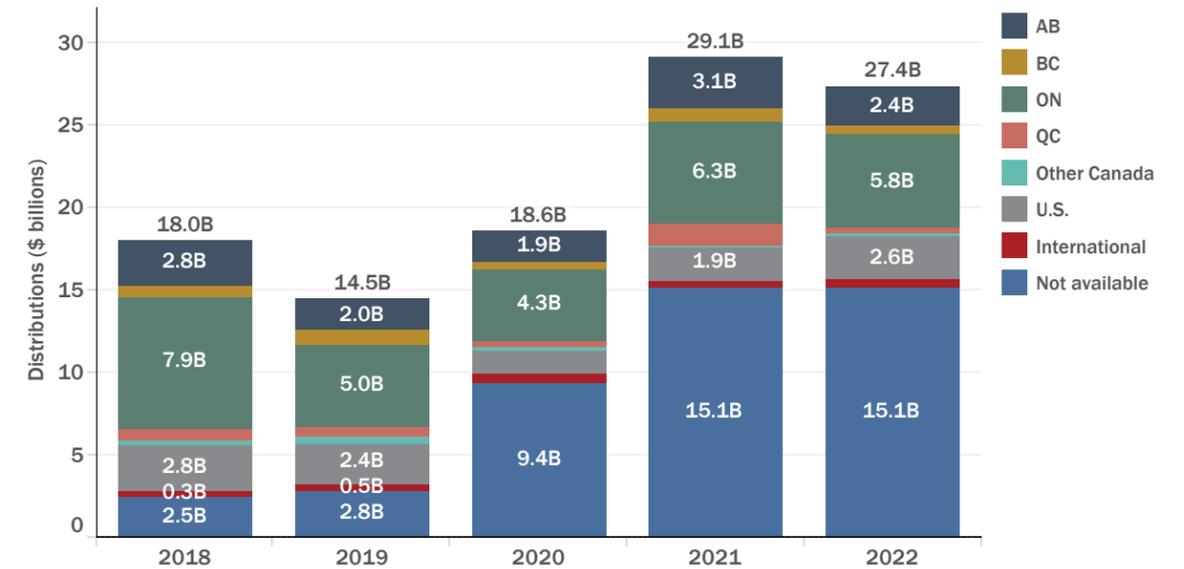


Chart 39 shows the major jurisdictions in which Albertans invested in the prospectus-exempt market over the last five years.³⁶ In 2022, the largest amount of capital (excluding issuers where the data for head office location was not available), \$5.8 billion, was invested in issuers located in Ontario, approximately 21 per cent of the \$27.4 billion total raised. The U.S. was the next largest location where Albertans invested, at \$2.6 billion or 9.6 per cent of the total. Alberta was the third largest at \$2.4 billion (8.8 per cent), down 23 per cent from 2021.

³⁶ For the "Not available" category, issuer location information was not available for this report due to a variety of reasons including data processing inconsistencies, incomplete data, and inaccurate forms from issuers, among other reasons.

Chart 40: Total invested in the prospectus-exempt market by Albertans, by security type

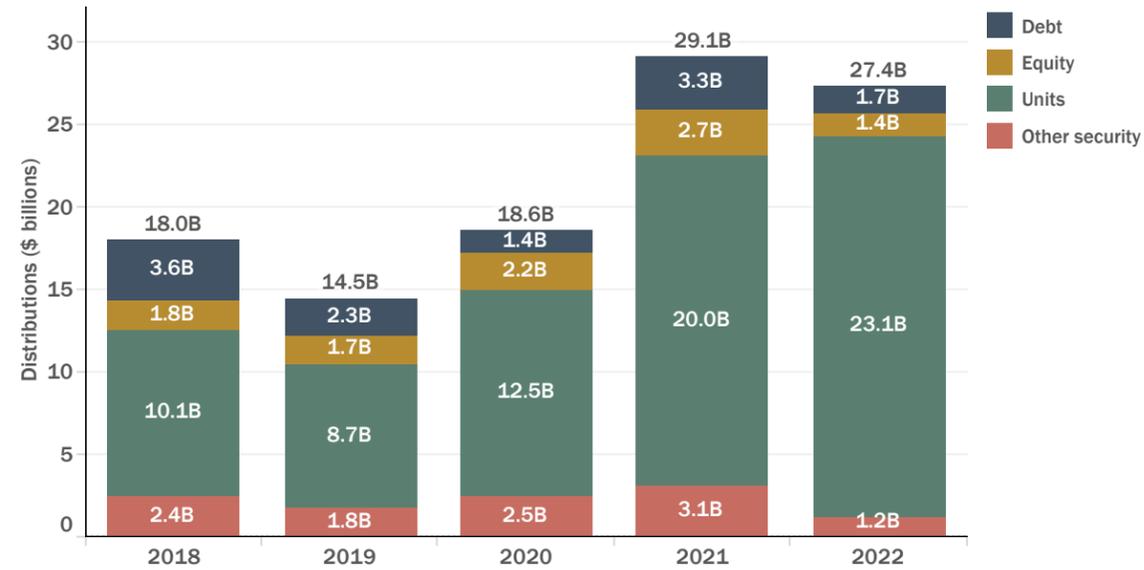


Chart 40 segments total funds invested by Albertans by the type of security purchased. Based on the significant investment in investment funds, it is not surprising that the most purchased type of security was units in 2022, for a total of \$23.1 billion (84 per cent). Non-investment fund issuers typically raise capital through equity or debt securities. In 2022, \$1.7 billion of debt securities were purchased by Albertans in the prospectus-exempt market, 48 per cent less than the \$3.3 billion raised in 2021. In 2022, \$1.4 billion of equity securities were purchased by Albertans in the prospectus-exempt market, down 51 per cent from the \$2.7 billion invested in 2021.

Chart 41: Total invested in the prospectus-exempt market by Albertans, by exemption relied on by issuer

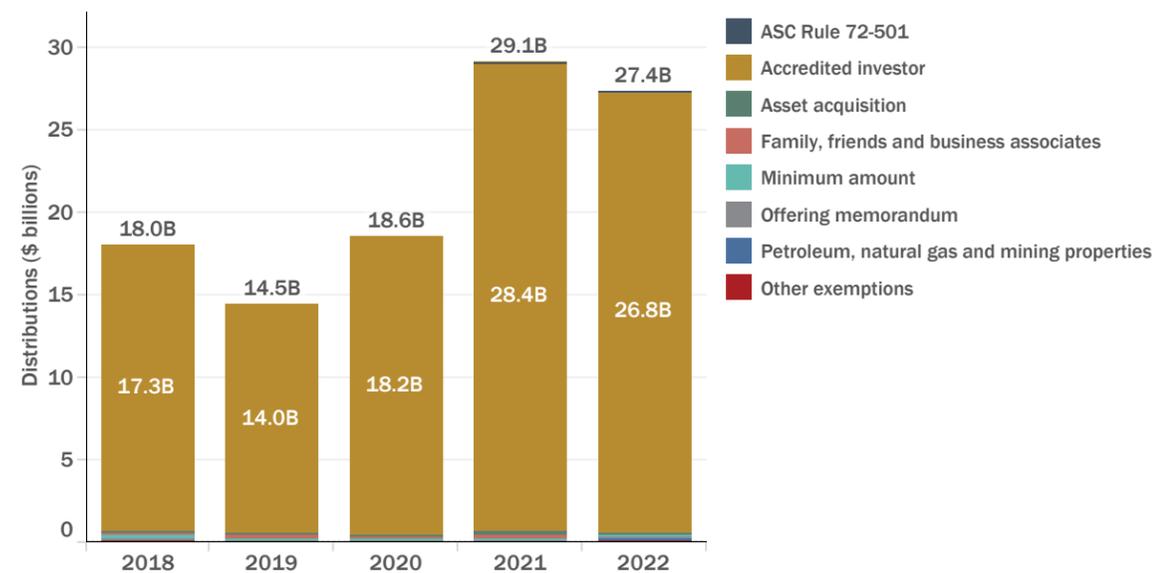
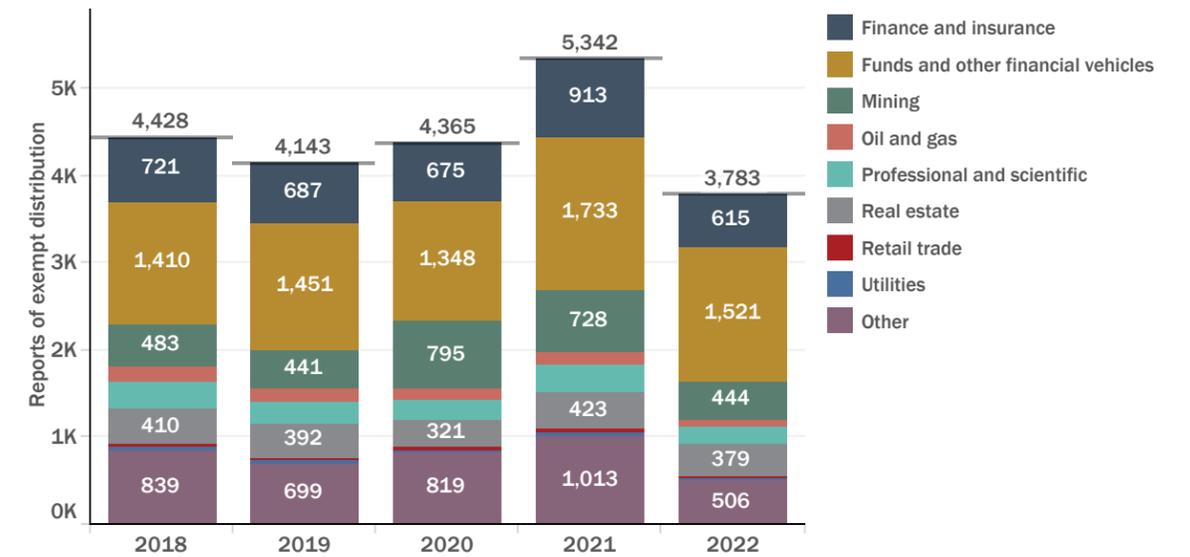


Chart 41 illustrates the dominant reliance on the accredited investor exemption by issuers to distribute prospectus-exempt securities to Albertans.³⁷ In 2022, \$26.8 billion (98 per cent) of the total \$27.4 billion was invested by Albertans who qualified as accredited investors. The remainder of the exemptions combined amounted to approximately two per cent of the total.

Chart 42 Total number of reports of exempt distribution for Alberta investors, by industry



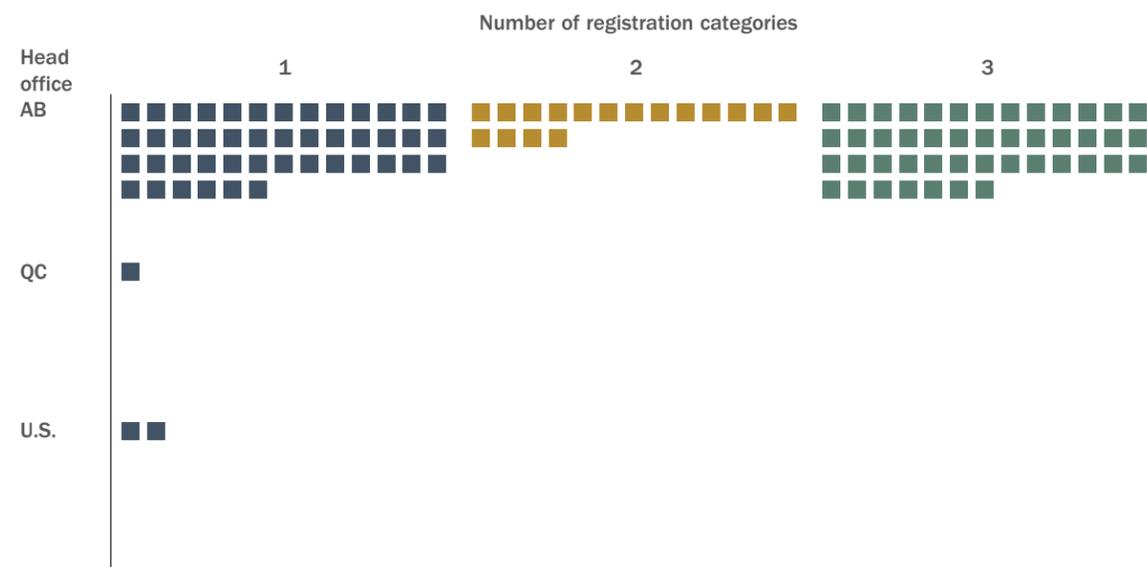
In Chart 42, the number of reports of exempt distribution for Alberta investors is shown by industry. In 2022, 3,783 reports of exempt distribution were filed, a decrease of 29 per cent compared to the 2021 figure of 5,342, and the lowest amount since at least 2018. In 2022, the industry category that filed the most reports of exempt distribution was funds and other financial vehicles at 1,521 (40 per cent of the total), followed by finance and insurance at 615 (16 per cent of the total). The oil and gas industry filed 88 reports of exempt distribution, down from 143 in 2021.

³⁷ Although the conditions of some of the exemptions shown here (accredited investor, family, friends and business associates, minimum amount invested, offering memorandum and ASC Rule 72-501) 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 39 for a summary.

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.³⁸ 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 43: Distribution of Alberta PR firms by number of registration categories



As of December 31, 2022, there were 110 firms for which the ASC was the principal regulator (compared to 109 firms a year ago). Chart 43 shows how many firms were registered in one, two or three categories as of April 7, 2023. Of all Alberta PR registered firms, 45 firms (42 per cent) were registered in a single category (42 firms in 2022), 17 firms (16 per cent) were registered in two categories (17 firms in 2022) and 46 firms (43 per cent) were registered in three categories (45 firms in 2022). The firms registered in two categories were typically registered in the investment fund manager and either the portfolio manager or restricted portfolio manager categories. The firms registered in three categories were typically registered in the exempt market dealer, investment fund manager, and either the portfolio manager or restricted portfolio manager categories.

³⁸ See National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

Chart 44: Number of Alberta PR firms in each registration category

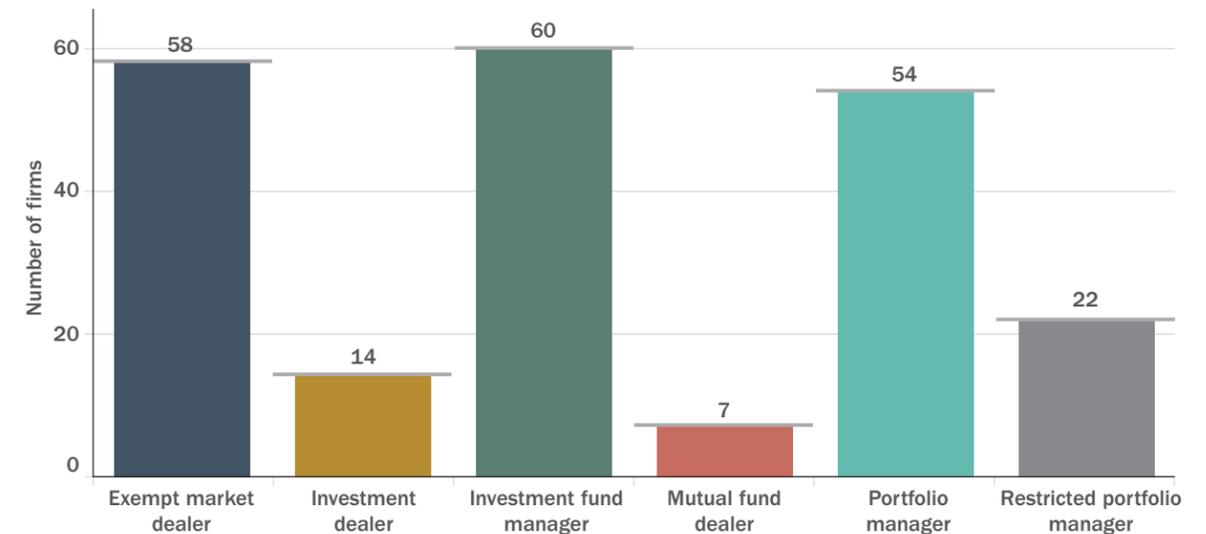


Chart 44 shows the total number of registrations in each category.³⁹ Since firms may register in multiple categories, the sum of all registrations is not the same as the total number of firms principally regulated by the ASC. As of the date of this report, the most common category of registration among Alberta PR firms was investment fund manager, with 60 firms registered (compared to 59 in 2022), followed by exempt market dealer, with 58 firms registered (58 in 2022). The next most common was portfolio manager with 54 firms (54 in 2022) and restricted portfolio manager with 22 firms (22 in 2022). There were also 14 firms registered in the investment dealer category (14 in 2022) and seven firms registered in the mutual fund dealer category (seven in 2022).

³⁹ Categories with zero Alberta PR firms have not been shown.

Energy markets

Chart 45: Energy transacted on NGX

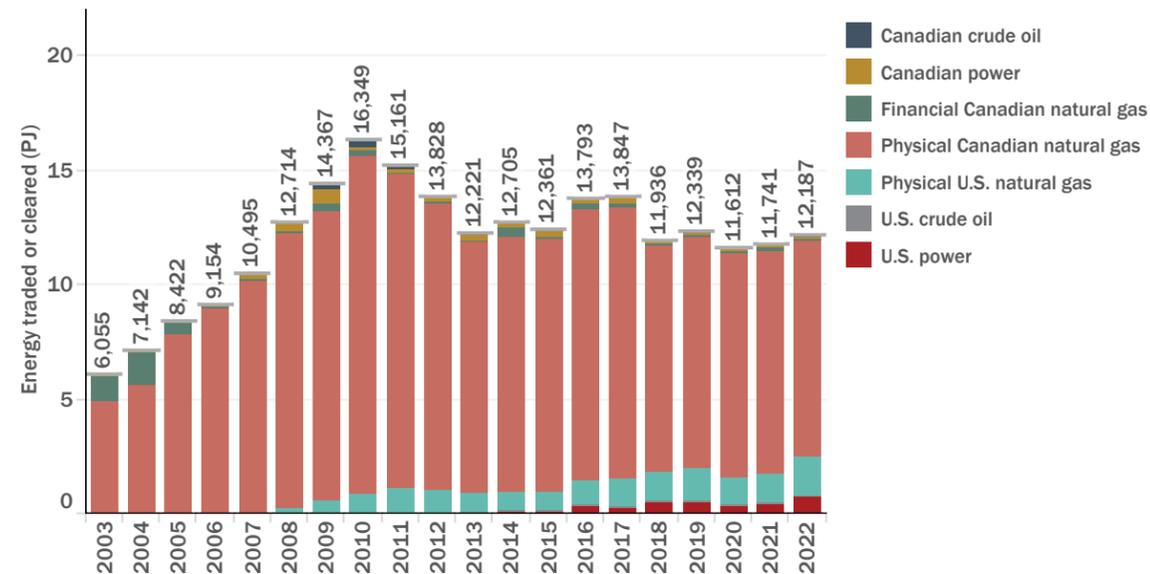


Chart 45 shows the total energy contracts traded or cleared on ICE NGX each year since 2003.⁴⁰ Total volume transacted in 2022 increased 3.8 per cent to 12,187 PJ versus 2021 when 11,741 PJ was transacted across all natural gas, crude oil and power contracts. Combined, natural gas activity amounted to 92 per cent of the energy transactions on ICE NGX in 2022, consistent with the 2021 amount. Physical Canadian natural gas (contracts with physical settlement) accounted for 78 per cent of total transactions in 2022, which totaled 9,488 PJ, down 1.9 per cent from 9,668 PJ in 2021. The second-largest volume of transactions was in physical U.S. natural gas, which totaled 1,646 PJ in 2022 (14 per cent of the total), 24 per cent more than 2021 volumes of 1,326 PJ (11 per cent). Financial Canadian natural gas (i.e. contracts with financial settlement and no physical delivery) decreased 32 per cent to 79 PJ (0.6 per cent) in 2022 from 116 PJ (1.0 per cent) in 2021. Canadian power contracts increased by 13 per cent in 2022 to 178 PJ (1.5 per cent) of total volumes, up from 158 PJ (1.3 per cent) in 2021, while U.S. power totaled 797 PJ (6.5 per cent), up 69 per cent from 2021.

⁴⁰ There are other regulated entities and trading venues in Alberta where commodities can be traded. This report only uses NGX data as an indicator of trading natural gas and power contracts.

Appendix: Methodology

LISTED ISSUER MARKETS

For the analysis of listed RIs, data has been combined from ASC records, the TMX, SEDAR and Bloomberg. This allowed the report to include all listed RIs in Alberta. 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

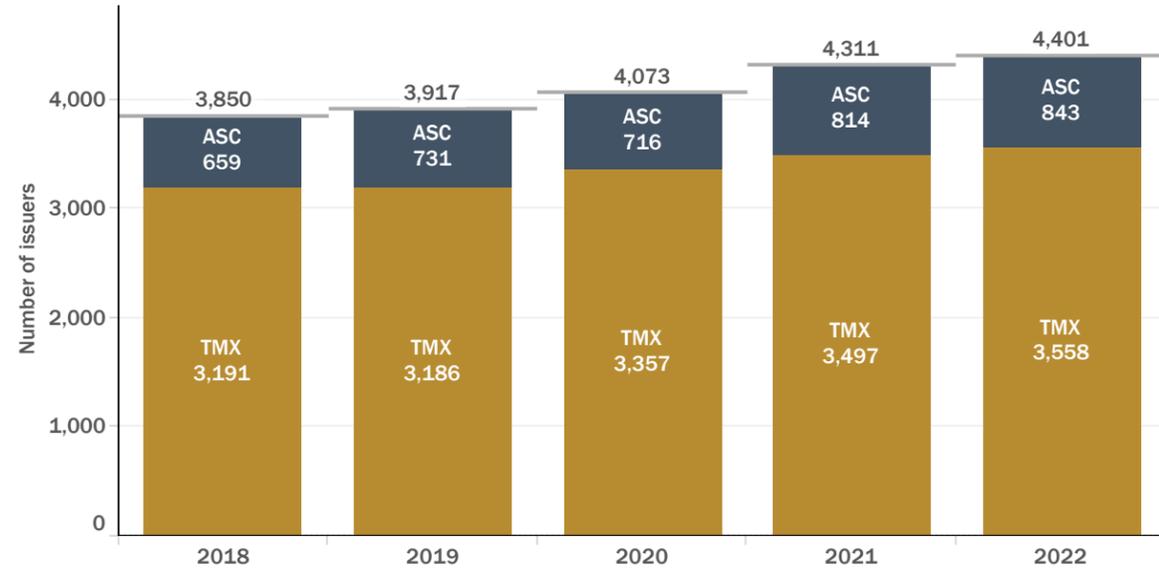
Table C shows the primary source for data used in the analysis of listed reporting issuers in this report.

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.
Issuer head office	SEDAR, otherwise TMX.
TSXV graduate	TMX.

As shown in Chart 46 and Chart 47, the combined data provides a more comprehensive picture of the total number of RIs and the market capitalization of those issuers.

Chart 46: Number of issuers by data source



As shown in Chart 46, the number of issuers included in the data is about 22 per cent greater on average with the addition of RIs 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 the purposes of this report.

Chart 47: Market capitalization of issuers by data source

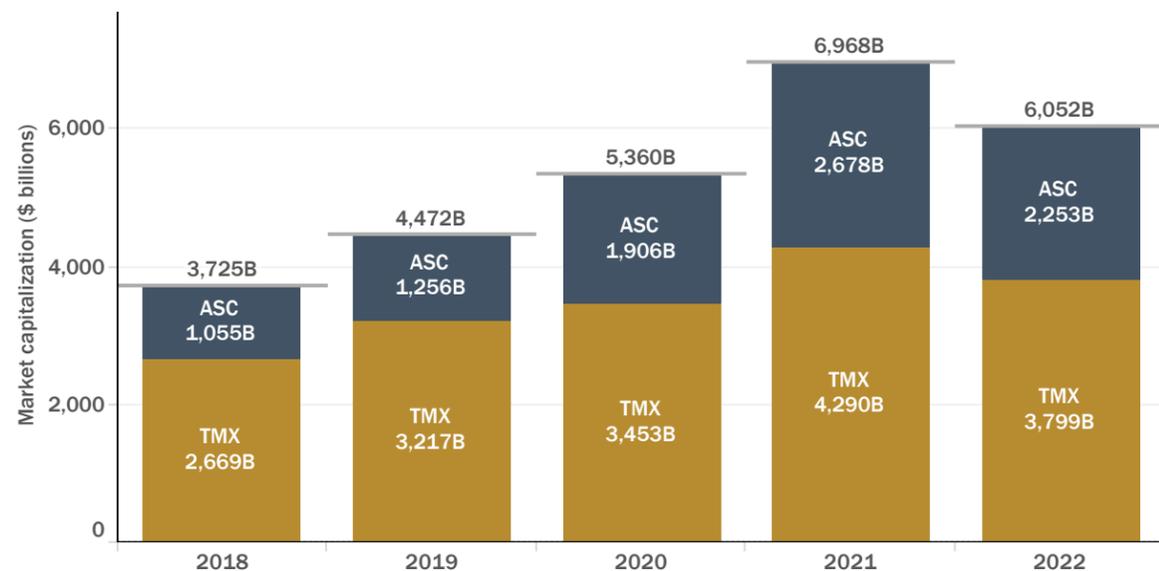
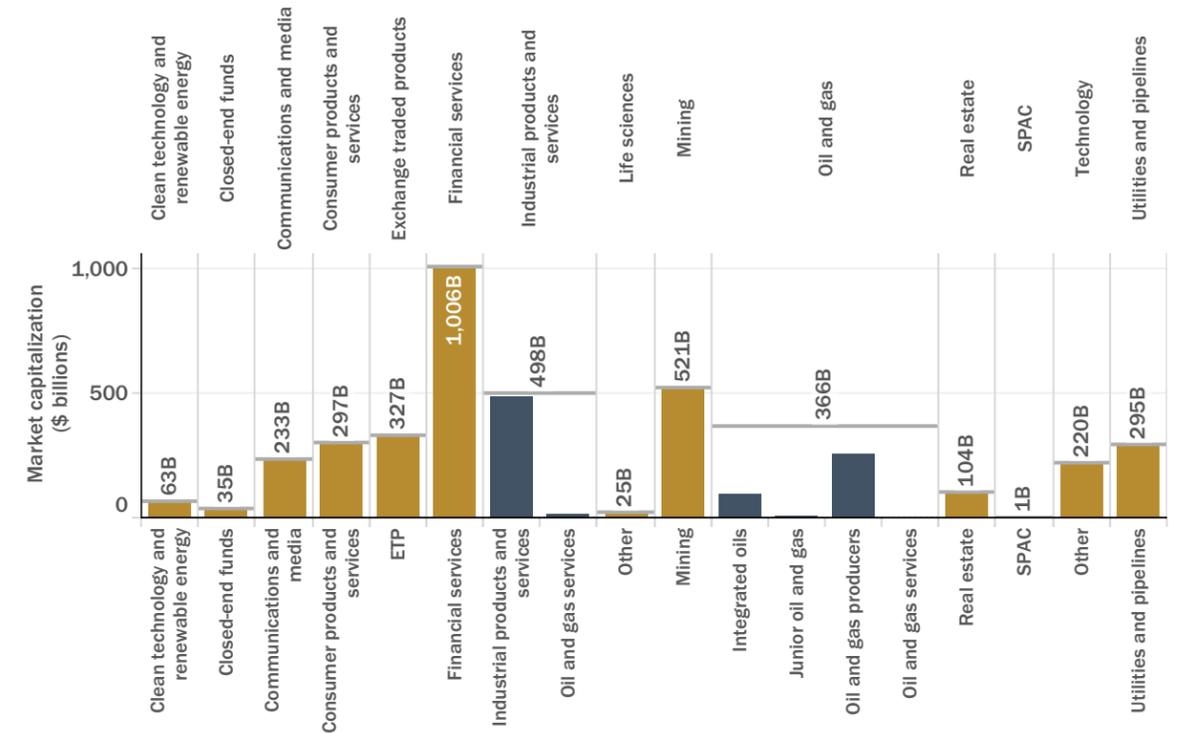


Chart 47 shows that the total market capitalization of all issuers included in the data is about 51 per cent greater on average with the addition of RIs listed on other exchanges.

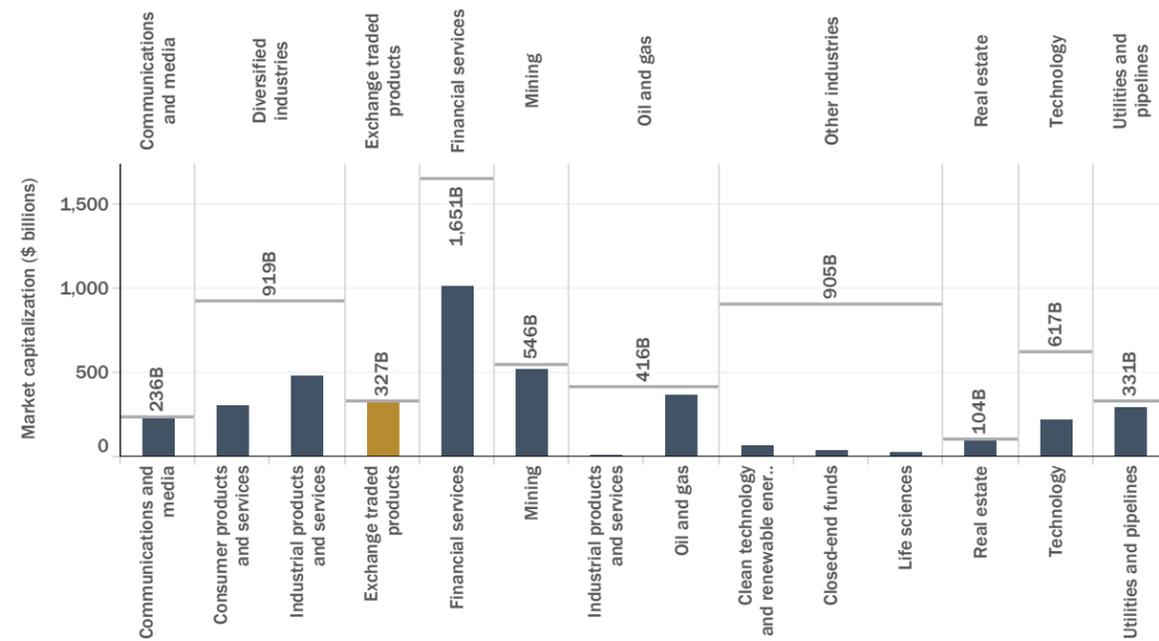
Chart 48: Total market capitalization by TMX industry (top) vs. SEDAR (bottom) for 2022



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 48 shows the effect of this reclassification for issuers in the TMX dataset, on the basis of market capitalization for 2022, 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 49: Total market capitalization by SEDAR industry (top) vs. TMX (bottom) for 2022



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

For RIs 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 49 shows the main differences of this placement, on the basis of market capitalization, for all RIs in 2022. 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.

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