



## Enrollment opened under the Extractive Sector Transparency Measures Act

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Natural Resources Canada (NRCAN) has opened the enrollment process for companies who meet the definition of a “Reporting Entity” under the [Extractive Sector Transparency Measures Act](#) (ESTMA). Reporting Entities can enrol by downloading a “reporting entity contact form” (available [here](#)) which must be completed and submitted prior to submitting an ESTMA report. Upon enrollment, Reporting Entities will receive an ID Number and notification of new information published on NRCAN’s website.

Enrollment is not required until the initial ESTMA reports are due; however, NRCAN is encouraging early enrolment. Annual reports under ESTMA are due 150 days after a Reporting Entity’s financial year end, beginning with financial years commencing after June 1, 2015. As an example, companies with a December 31 year-end will be required to submit their first annual report by May 30, 2017. Reporting of payments made to aboriginal governments or entities is deferred for a two-year period until June 1, 2017.

NRCAN has also finalized the ESTMA [implementation tools](#) which consist of:

- A guidance document, which provides general information on who is subject to ESTMA, which entities must report payments under ESTMA, and what payments should be reported under ESTMA;
- A technical reporting specifications document, which provides information on the mechanics of reporting under ESTMA (including specifying accounting methods, reporting currency, and reporting in-kind payments); and
- A template for reports under ESTMA.

As described in our earlier blog posts ([here](#), [here](#), and [here](#)) the stated purpose of ESTMA is to foster better transparency to ensure that resource extractive industries support proper development in the countries where they operate, while at the same time making it harder to conceal illicit payments. A “Reporting Entity” under ESTMA refers to a corporation or other type of business enterprise engaged in the commercial development of oil, gas or minerals, which is also:

- listed on a stock exchange in Canada; or
- has a place of business, does business or has assets in Canada and, for at least one of its two most recent financial years, meets at least two of the three thresholds below:
  - has at least C\$20 million in assets;
  - has at least C\$40 million in revenue;

- employs an average of at least 250 employees.

Since we [wrote about the implementation tools in August 2015](#), there have been no updates to NRCAN's assessment as to the substitutability of other jurisdictions' reporting requirements. Reports conforming to the requirements under the European Union's Accounting and Transparency Directives remain the only acceptable substitutes under ESTMA. It remains to be seen whether similar U.S. rules under Section 1504 of the Dodd-Frank Act (SEC Rules) will also be an acceptable substitute once finalized. The SEC Rules were most recently re-proposed on December 11, 2015, and have since been subject to two comment periods, the last ending on February 16, 2016. Under the most recent timetable available, the SEC Rules are expected to be adopted in June 2016. If NRCAN determines the final SEC Rules are an acceptable substitute, reports prepared in compliance with the SEC Rules may be submitted to the Minister of Natural Resources as a substitute for a report prepared under ESTMA.

For further information, please see our earlier blog posts about ESTMA ([here](#), [here](#), and [here](#)).

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