

Multilateral CSA Notice

Request for Comment Proposed Amendments to National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)* and Multilateral Instrument 13-102 *System Fees for SEDAR and NRD*

June 30, 2015

Introduction

The members of the Canadian Securities Administrators (the **CSA**), except for the Ontario Securities Commission (**OSC**) and the British Columbia Securities Commission (**BCSC**) (the **participating jurisdictions** or **we**), are publishing for a 60-day comment period proposed amendments to National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)* (**NI 13-101**) and Multilateral Instrument 13-102 *System Fees for SEDAR and NRD* (the **proposed amendments**).

The proposed amendments would require the following documents (the **exempt market filings**), which exist or are proposed under prospectus exemptions, to be filed in electronic format on SEDAR in accordance with NI 13-101 in the participating jurisdictions:

- Form 45-106F1 *Report of Exempt Distribution*;
- the offering memorandum and any other document, such as financial statements or marketing materials, that may be required in the future to be filed or delivered under section 2.9 [*Offering memorandum*] of National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**);
- in Saskatchewan, Manitoba, Québec, New Brunswick and Nova Scotia, the offering document and Form 5 – *Start-up Crowdfunding – Report of Exempt Distribution* under the Start-up Crowdfunding Prospectus and Registration Exemptions and the offering document, distribution materials, financial statements and notices under proposed Multilateral Instrument 45-108 - *Crowdfunding* (together the **crowdfunding exemptions**);
- in Québec, any disclosure document delivered to subscribers under section 37.2 of the *Securities Regulation* (Québec).¹

¹ Section 37.2 of *Securities Regulation* (Québec) requires that, when a distribution is made pursuant to an exemption, any disclosure document delivered to subscribers, even if such document is not required by the *Securities Act* (Québec) or the Regulations, be filed without delay with the Autorité des marchés financiers, unless it has previously been filed.

The proposed amendments would also impose a SEDAR system fee of \$25 per filing of a report of exempt distribution prepared in accordance with either Form 45-106F1 *Report of Exempt Distribution* or Form 5 – *Start-up Crowdfunding – Report of Exempt Distribution* (a **report of exempt distribution**). This fee would be in addition to any filing fee required in the participating jurisdictions.

We expect the proposed amendments to be adopted in each of the participating jurisdictions either as an amendment to a rule or as an amendment to a regulation.

Background

Issuers that rely on certain prospectus exemptions, including those listed in section 6.1 of NI 45-106 (such as section 2.3 [*Accredited investor*] and section 2.9 [*Offering memorandum*] (the **OM exemption**)), are generally required to file in each jurisdiction where the distribution takes place a report of exempt distribution no later than 10 days² after the distribution. Also, issuers that rely on the OM exemption must file a copy of the offering memorandum (**OM**) within 10 days after the distribution under the OM. Similar filing requirements are provided under the crowdfunding exemptions.

In Québec, when a distribution is made pursuant to an exemption, any disclosure document delivered to subscribers, even if such document is not required by the *Securities Act* (Québec) or the Regulations, is required to be filed without delay unless it has previously been filed.

Currently, the participating jurisdictions collectively receive thousands of exempt market filings each year from both reporting and non-reporting issuers. These exempt market filings are currently filed in paper format, which limits our ability to analyze the information in the documents and increases the administrative burden of handling the filings. Also, receiving the filing in paper format impacts the timeliness and ease with which we can make public the publicly available information in the filings. As a result, the participating jurisdictions are proposing that exempt market filings be made on SEDAR.

Using SEDAR will provide benefits to issuers, including:

- enabling issuers to make filings in multiple jurisdictions through a single electronic system;
- allowing both reporting and non-reporting issuers to have their filings, including exempt market filings, in one location under a SEDAR profile, while still maintaining confidential treatment of sensitive investor information; and
- allowing issuers to verify the accuracy and completeness of their filing record without having to make an information request to the applicable jurisdictions.

² An issuer is not subject to the 10 day filing deadline if it qualifies for one of the exceptions listed in section 6.2 of NI 45-106.

SEDAR Filings

Making filings on SEDAR

In order to make a filing on SEDAR, an issuer could either become a SEDAR subscriber and make the filing itself or hire a filing agent to make the filing. Filing agents include law firms, financial printers, trust companies acting as transfer agents and registrars and other service providers.

Becoming a SEDAR subscriber currently involves:

1. downloading and reading the information outlined in the [SEDAR Information Package](#), which includes the necessary forms and information;
2. completing and signing SEDAR Form 1 – *Application for SEDAR Filing Services*;
3. signing SEDAR Form 2 – *Filing Service Subscriber's Agreement*;
4. returning SEDAR Form 1 and SEDAR Form 2 to the SEDAR Filing Service Contractor; and
5. downloading and installing the SEDAR desktop client software at no charge.

To download the SEDAR desktop client software, the filer would need internet access and a computer that meets the minimum hardware and software requirements set out in the SEDAR [Installation Guide](#). These requirements would include a computer with one of the following operating systems:

- Microsoft Windows XP Professional,
- Microsoft Windows 7 Professional (32 or 64-bit), or
- Microsoft Windows Vista Business (32-bit).

Currently, the SEDAR desktop client software cannot be installed on a computer with Microsoft Windows 8 or newer operating systems since they are not supported. Mac computers are also not supported. The CSA is currently reviewing options to address this issue.

Making electronic payments on SEDAR

If there is a fee payable to a securities regulatory authority in connection with a filing made on SEDAR, the fee is paid electronically through SEDAR using an electronic data interchange account (**EDI account**). An issuer making an exempt market filing on SEDAR that has an associated fee would need to either retain a filing agent to make the required electronic payment or open an EDI account to make the electronic payment directly. To obtain a list of filing agents, please contact the CSA IT Systems Office at EMFonSEDAR-Support@csa-acvm.ca. A list of the various financial institutions through which an EDI account can be opened is available here ([List of contacts at EDI Compliant Financial Institutions](#)) and on the SEDAR website.

Cost to an issuer to make a filing on SEDAR

There is currently no charge to become a SEDAR subscriber or to maintain a SEDAR subscription. However, an issuer that chooses to become a SEDAR subscriber and make its own filings would need to invest the time to learn how to use the SEDAR system. In addition, there would be a cost to set up and maintain an EDI account, through a financial institution.

If an issuer uses a filing agent to make filings and/or the electronic fee payment, the filing agent would charge the issuer for their filing services.

Issuers that make a limited number of exempt market filings will likely find it more convenient and/or cost effective to hire a filing agent rather than becoming a SEDAR subscriber and setting up and maintaining an EDI account.

System fees for exempt market filings on SEDAR

Each report of exempt distribution would be subject to a \$25 SEDAR system fee. The system fee would be offset by a reduction in the administrative cost for the issuer to file the exempt market filing in paper format in each participating jurisdiction in which the distribution occurs.

Access levels for exempt market filings on SEDAR

A report of exempt distribution is divided into two sections: the body of the report, which is generally public information; and, Schedule 1 of the report, which includes personal information about each investor, which is generally confidential information. Since the information on Schedule 1 is generally kept confidential, a filer will need to detach Schedule 1 from the body of the report of exempt distribution and file it with a separate access level on SEDAR that allows the Schedule 1 information to remain private.

Currently, SEDAR documents can be set to one of the following access levels:

- Auto-public – public immediately, displays on SEDAR.com within 15 minutes;
- Private – initially private, but if/when the principal regulator marks it public, it will display on SEDAR.com within 15 minutes; and
- Private non-public – will remain private, never displays on SEDAR.com.

It is anticipated that the exempt market filings will have the following access levels on SEDAR:

Filing	Access Level
Report of exempt distribution, excluding Schedule 1	Auto-public
Schedule 1 of the report of exempt distribution	Private non-public
Offering memorandum	Auto-public
Disclosure document (Section 37.2 of <i>Securities Regulation</i> in Québec)	Private
Offering document, distribution materials, financial statements and notices (crowdfunding exemptions)	Private

The SEDAR website will provide clear instructions that filers must remove Schedule 1, which contains sensitive personal information, prior to filing the main body of the report of exempt distribution at the “auto-public” access level. The filer will also be prompted by the SEDAR system to acknowledge that it has removed Schedule 1 from the report of exempt distribution prior to making such a filing at the “auto-public” access level. The system will not accept such filings until the filer acknowledges this removal. This required acknowledgement is intended to assist filers in complying with their obligation to protect the personal information of investors from an unauthorized and mistaken public disclosure of a Schedule 1 on the SEDAR website.

Format of documents filed on SEDAR

We plan to require the body and/or the Schedule 1 of the report of exempt distribution to be prepared using a specific template provided by the CSA and to be filed in a specific format, such as PDF, XML or CSV. Requiring the use of specific templates and formats will enable the participating jurisdictions to receive the information in the report of exempt distribution in a manner that can be more easily analyzed. The proposed amendments to NI 13-101 will permit the participating jurisdictions to mandate the form and manner in which the report of exempt distribution is filed and the specific templates that must be used.

Making exempt market filings in non-participating jurisdictions

An issuer will not be permitted to make an exempt market filing on SEDAR with the BCSC or the OSC. An issuer must use [BCSC eServices](#) to file in British Columbia and the OSC's [Electronic Filing Portal](#) to file in Ontario.

Foreign issuers

A foreign issuer that falls within the definition of "foreign issuer (SEDAR)", as defined in NI 13-101, is not required to make electronic filings on SEDAR. The proposed amendments will not change a foreign issuer's filing requirements. It may continue to file its exempt market filings in paper format in the participating jurisdictions. However, a foreign issuer can elect to be subject to NI 13-101 and make its filings, including exempt market filings, on SEDAR. This election is made by completing and filing a SEDAR Form 5 *Notice of Election by Foreign Issuer (SEDAR)* with the securities regulatory authority in each applicable jurisdiction.

Request for comments

We welcome your comments on the proposed amendments. To allow for sufficient review, we are providing you with 60 days to comment.

Please submit your comments in writing on or before **August 31, 2015**. If you are not sending your comments by email, please send a CD containing the submissions (in Microsoft Word format).

Please note that comments received will be made publicly available and posted on the websites of the Autorité des marchés financiers at www.lautorite.qc.ca and the Alberta Securities Commission at www.albertasecurities.com and may be posted on the websites of certain other securities regulatory authorities. You should not include personal information directly in comments to be published. It is important that you state on whose behalf you are making the submission.

Where to send your comments

Please **address** your submission as follows:

Alberta Securities Commission
 Autorité des marchés financiers
 Financial and Consumer Affairs Authority of Saskatchewan
 Financial and Consumer Services Commission (New Brunswick)
 Manitoba Securities Commission
 Nova Scotia Securities Commission
 Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
 Securities Commission of Newfoundland and Labrador
 Superintendent of Securities, Northwest Territories
 Superintendent of Securities, Yukon
 Superintendent of Securities, Nunavut

Please **deliver** your comments **only** to the two addresses below. Your comments will be distributed to the other participating jurisdictions.

Ashlyn D'Aoust
 Senior Legal Counsel, Corporate Finance
 Alberta Securities Commission
 250 - 5th Street S.W.
 Calgary, Alberta, T2P 0R4
 E-mail: ashlyn.daoust@asc.ca

Me Anne-Marie Beaudoin
 Corporate Secretary
 Autorité des marchés financiers
 800, square Victoria, 22^e étage
 C.P. 246, tour de la Bourse
 Montréal (Québec) H4Z 1G3
 Fax : 514-864-6381
 E-mail: consultation-en-cours@lautorite.qc.ca

Contents of Annexes

The following annexes form part of this Notice:

Annex A – Proposed Amendments to National Instrument 13-101 *System for Electronic Document Analysis and Retrieval* (SEDAR)

Annex B – Proposed Amendments to Multilateral Instrument 13-102 *System Fees for SEDAR and NRD*

Annex C – Local Matters

Questions

Please refer your questions to any of the following:

Jonathan Taylor
Manager, CD Compliance & Market Analysis
Alberta Securities Commission
403-297-4770
jonathan.taylor@asc.ca

Kevin Redden
Director, Corporate Finance
Nova Scotia Securities Commission
902-424-5343
kevin.redden@novascotia.ca

Suzanne Boucher
Senior Analyst, Investment Funds
Autorité des marchés financiers
514-395-0337, ext. 4477
Or 1-877-525-0337, ext. 4477
suzanne.boucher@lautorite.qc.ca

Wayne Bridgeman
Deputy Director, Corporate Finance
Manitoba Securities Commission
204-945-4905
wayne.bridgeman@gov.mb.ca

Ashlyn D'Aoust
Senior Legal Counsel, Corporate Finance
Alberta Securities Commission
403-355-4347
ashlyn.daoust@asc.ca

Alex Wu
Senior Securities Officer
Financial and Consumer Services Commission
(New Brunswick)
506-643-7695
alex.wu@fcnb.ca

Marc-Olivier St-Jacques
Analyst, Corporate Finance
Autorité des marchés financiers
514-395-0337, ext. 4424
Or 1-877-525-0337, ext. 4424
marco.st-jacques@lautorite.qc.ca

Heather Kuchuran
Senior Securities Analyst, Corporate Finance
Financial and Consumer Affairs Authority of
Saskatchewan
306-787-1009
heather.kuchuran@gov.sk.ca

For questions regarding obtaining the services of a filing agent or the SEDAR software, please refer your questions to:

EMFonSEDAR-Support@csa-acvm.ca

ANNEX A

**Proposed amendments to
National Instrument 13-101 System for Electronic Document Analysis
and Retrieval (SEDAR)**

- 1. National Instrument 13-101 System for Electronic Document Analysis and Retrieval (SEDAR) is amended by this instrument.**
- 2. Section 2.2 is amended by adding the following:**
 - (1.1) Except in British Columbia and Ontario, an electronic filer that is required to file Form 45-106F1 *Report of Exempt Distribution* must file that report in the form and manner and using the templates specified in the SEDAR Filer Manual.
 - (1.2) In Saskatchewan, Manitoba, Québec, New Brunswick and Nova Scotia, an electronic filer that is required to file a Form 5 – *Start-up Crowdfunding – Report of Exempt Distribution* must file that report in the form and manner and using the templates specified in the SEDAR Filer Manual..
- 3. Appendix A – Mandated Electronic Filings is amended by adding the following:**
 - (a) to section I Mutual Fund Issuers:**

D. Exempt Market Offerings and Disclosure

- | | |
|--|--|
| 1. Form 45-106F1 <i>Report of Exempt Distribution</i> | Alta, Sask, Man, Que,
NB, PEI, NS, Nfld, YK,
NWT, NU |
| 2. Material required to be filed or delivered under section 2.9 of National Instrument 45-106 <i>Prospectus Exemptions</i> | Alta, Sask, Man, Que,
NB, PEI, NS, Nfld, YK,
NWT, NU |
| 3. Disclosure document delivered to subscribers under section 37.2 of the <i>Securities Regulation</i> (Québec) | Que |

(b) to section II Other Issuers (Reporting/Non-reporting):

E. Exempt Market Offerings and Disclosure

- | | | |
|----|--|--|
| 1. | Form 45-106F1 <i>Report of Exempt Distribution</i> | Alta, Sask, Man, Que,
NB, PEI, NS, Nfld, YK,
NWT, NU |
| 2. | Material required to be filed or delivered under section 2.9 of National Instrument 45-106 <i>Prospectus Exemptions</i> | Alta, Sask, Man, Que,
NB, PEI, NS, Nfld, YK,
NWT, NU |
| 3. | Disclosure document delivered to subscribers under section 37.2 of the <i>Securities Regulation</i> (Québec) | Que |
| 4. | Form 5 – <i>Start-up Crowdfunding – Report of Exempt Distribution</i> and offering document required to be filed or delivered under the start-up crowdfunding prospectus and registration exemptions | Sask, Man, Que, NB, NS |
| 5. | Offering document, distribution materials, financial statements and notices required to be filed or delivered by an issuer under Multilateral Instrument 45-108 <i>Crowdfunding</i> | Sask, Man, Que, NB, NS |

4. This Instrument comes into force on ●.

ANNEX B

**Proposed amendments to
Multilateral Instrument 13-102 System fees for SEDAR and NRD**

1. *Multilateral Instrument 13-102 System fees for SEDAR and NRD is amended by this instrument.*
2. *Appendix B – Other SEDAR System Fees (Section 4) is amended by adding the following:*

22	Investment fund issuers/ exempt market offerings and disclosure	Form 45-106F1 <i>Report of Exempt Distribution</i>	\$25.00	-
23	Other issuers/ exempt market offerings and disclosure	Form 45-106F1 <i>Report of Exempt Distribution</i>	\$25.00	-
24	Other issuers/ exempt market offerings and disclosure	Form 5 – <i>Start-up Crowdfunding – Report of Exempt Distribution</i>	\$25.00	-

3. This Instrument comes into force on ●.

ANNEX C**Local Matters**

In Alberta, Schedule – Fees of the *Securities Regulation* incorporates by reference Multilateral Instrument 13-102 *System fees for SEDAR and NRD* (**MI 13-102**), as amended from time to time. The amendments in Annex B will apply in Alberta upon the amended MI 13-102 coming into effect.

LIST OF COMMENTERS**MULTILATERAL CSA NOTICE ON PROPOSED AMENDMENTS TO NATIONAL
INSTRUMENT 13-101 *SYSTEM FOR ELECTRONIC DOCUMENT ANALYSIS AND
RETRIEVAL* (SEDAR) AND MULTILATERAL INSTRUMENT 13-102 *SYSTEM FEES
FOR SEDAR AND NRD***

Request for Comment by August 31, 2015

	COMMENTER	NAME	DATE
1.	The Canadian Advocacy Council for Canadian CFA Institute Societies (CAC)	Robin Pond	August 28, 2015
2.	National Exempt Market Association (NEMA)	Craig Skauge and Cora Pettipas	August 28, 2015
3.	McDougall Gauley LLP	William A. (Bill) Nickel	August 31, 2015
4.	Davies Ward Phillips & Vineberg LLP	Brooke M. Jamison	August 31, 2015
5.	Stikeman Elliott LLP.	Alix d'Anglejan-Chatillon and Ramandeep K. Grewal	August 31, 2015
6.	Private Capital Markets Association of Canada (PCMA)	Brian Koscak and Geoffrey Ritchie	August 31, 2015

August 28, 2015

BY EMAIL

Alberta Securities Commission
Autorité des marchés financiers
Financial and Consumer Affairs Authority of Saskatchewan
Financial and Consumer Services Commission (New Brunswick)
Manitoba Securities Commission
Nova Scotia Securities Commission
Superintendent of Securities, Department of Justice and Public Safety,
Prince Edward Island
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon
Superintendent of Securities, Nunavut

Ashlyn D'Aoust
Senior Legal Counsel, Corporate Finance
Alberta Securities Commission
250 - 5th Street S.W.
Calgary, Alberta, T2P 0R4
E-mail: ashlyn.daoust@asc.ca

and

M^e Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22^e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3
E-mail: consultation-en-cours@lautorite.qc.ca

Dear Sirs/Mesdames:

Re: Multilateral CSA Notice Request for Comment - Proposed Amendments to National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)* and Multilateral Instrument 13-102 *System Fees for SEDAR and NRD* (the "Proposed Amendments")

The Canadian Advocacy Council¹ for Canadian CFA Institute² Societies (the CAC) appreciates the opportunity to provide the following general comments relating to the Proposed Amendments.

¹The CAC represents the 14,000 Canadian members of CFA Institute and its 12 Member Societies across Canada. The CAC membership includes portfolio managers, analysts and other investment professionals in Canada who review regulatory, legislative, and standard setting developments affecting investors, investment professionals, and the capital markets in Canada. See the CAC's website at <http://www.cfainstitute.org/cac>. Our Code of Ethics and Standards of Professional Conduct can be found at <http://www.cfainstitute.org/ethics/codes/ethics/Pages/index.aspx>.

² CFA Institute is the global association of investment professionals that sets the standard for professional excellence and credentials. The organization is a champion for ethical behavior in investment markets and a respected source of knowledge in the global financial community. The end goal: to create an environment where investors' interests come

We agree with the statements in the Proposed Amendments with respect to the benefits of the proposed filing requirements for issuers and investors. Given the costs of a public issuance of securities, more and more issuers are turning to the private markets for capital. The availability of information such as offering documents on a commonly used website will make it much faster and easier to access information about private placements, and to the extent they are interested in doing so, potential investors will be able to compare and contrast various issuers in the same industry on a more efficient and transparent basis. While some sophisticated investors already know how to access copies of private placement form information (in various paper formats), improving the delivery mechanism by providing the information electronically may level the playing field among retail investors.

We agree with the steps that will be required to be followed with respect to removing the personal information in Schedule 1 of the exempt trading report prior to accepting the form on SEDAR. It is vital that the personal information of purchasers be protected. The acknowledgement by the filer should be clear (i.e. more than just a check the box; potentially requiring the filer to insert wording acknowledging that the information has been removed) in order to protect from accidental disclosure of a Schedule 1 on SEDAR.

As a result of existing differences in securities rules across the country, the Proposed Amendments indicate that exempt market filings will be required to be filed differently in British Columbia and Ontario. We would strongly encourage members of the CSA to work together to try to harmonize the reporting requirements, both with respect to form and the method by which such forms must be filed, for a more efficient market for investors and issuers.

Concluding Remarks

We thank you for the opportunity to provide these comments. We would be happy to address any questions you may have and appreciate the time you are taking to consider our points of view. Please feel free to contact us at chair@cfaadvocacy.ca on this or any other issue in future.

(Signed) *Robin Pond*

Robin Pond, CFA
Chair, Canadian Advocacy Council

first, markets function at their best, and economies grow. CFA Institute has more than 119,000 members in 147 countries and territories, including 112,000 CFA charterholders, and 143 member societies. For more information, visit www.cfainstitute.org.



August 28, 2016

Ashlyn D'Aoust
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Me Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
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Re: CSA Proposed Amendments to NI 13-101, NI 31-102

Please accept this comment letter in response to the CSA comment period dated June 30, 2015 regarding proposed amendments to *Regulation 13-101 System for Electronic Document Analysis and Retrieval (SEDAR)* and *Regulation 13-102 respecting System Fees for SEDAR and NRD*.

While we applaud the proposed changes of moving from paper filing to electronic format, we do not support this proposal. Our main concern is that exempt filings will (where appropriate) still be filed on the BCSC's eServices filing system, and Ontario will also be excluded with their own separate system, so this is not a harmonized or simplified solution, as we still have 'three islands.' Our suggestion is to do a cost benefit analysis on expanding either Ontario's or BC's system for national exempt market filings.

A second concern with using the SEDAR system is that it was built for publically traded companies to make their information accessible to the public, but is considered cumbersome and antiquated by industry. It would not meet the long term needs of the exempt market. Part of the cost benefit analysis of expanding Ontario and BC's systems could be whether the data could be aggregated in a way to attain more accurate statistics on the exempt market, and their Issuers. This could assist in investor protection, as data collected could later be expanded to include return or exit data and be used by the market to create better risk adjusted pricing, as well as assisting in determining investor risk profiles for products and sector categories. As our members are SMEs and are cost sensitive, cost control and system flexibility should also be a priority.

In summary, we applaud regulator motivations to streamline the process of exempt market filings and going paperless, but SEDAR is not the best solution. We request you consider doing a cost benefit analysis on one harmonized tool that would be a long term solution for industry and its specific needs (low cost, flexibility and data). We look forward to seeing the potential solution you come up with. If you have any questions about this submission, please feel free to contact Cora Pettipas at: 403-992-9809.

Regards,

Craig Skauge

President & Chair

Cora Pettipas DBA (candidate) CFP, FCSI, MSc,

Vice President

Ashlyn D'Aoust

From: NICKEL, Bill <bnickel@mcdougallgauley.com>
Sent: September-14-15 11:33 AM
To: Ashlyn D'Aoust
Cc: Heather Kuchuran
Subject: FW: CSA proposed amendments to NI 13-101 SEDAR filer requirements and NI 45-106 Prospectus Exemptions

Hi Ashlyn

At Heather's request, I'm taking the liberty of forwarding on my comments and suggestions respecting the proposed changes to NI 13-101 and NI 45-106

Let me know if you have any questions or concerns with my comments.

Thanks
Bill Nickel

bnickel@mcdougallgauley.com T: 306-665-5448

MCDUGALL GAULEY LLP BARRISTERS + SOLICITORS

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From: NICKEL, Bill [<mailto:bnickel@mcdougallgauley.com>]
Sent: Monday, August 31, 2015 1:42 PM
To: Kuchuran, Heather FCAA
Subject: CSA proposed amendments to NI 13-101 SEDAR filer requirements and NI 45--106 Prospectus Exemptions

Hi Heather

Please find below my comments on the June 30, 2015, CSA request for comments on the proposed changes to NI 13-101 SEDAR filing requirements proposing that all issuers (whether reporting or non-reporting) file their Reports of Exempt Distribution under NI 45-106 via SEDAR and the subsequent August 13, 2015, CSA request for comments on the proposed changes to NI 45-106 *Prospectus Exemptions* to include disclosure of additional information in future Reports of Exempt Distribution.

The combined effect of these proposed changes will increase the cost of exempt market offerings to issuers by requiring them to create a SEDAR profile and file their exempt market filings with the applicable regulators via a SEDAR filer (assuming they do not wish to incur the cost of purchasing the SEDAR licensed software themselves) as well as the additional time needed to compile and populate the new Reports of Exempt Distribution with the additional information required.

While I'm not opposed to the idea of electronic filings of reports of exempt distribution I'm not sure that SEDAR is the appropriate forum for such filings. The concern I have with SEDAR (other than it being extremely outdated and cumbersome to use) is the inability to remove stale dated filings. I'm concerned that posting of the exempt marketing materials on SEDAR, thus making them public, will have the effect of only providing potential investors with a small snapshot in time for non-reporting issuers and once filed there is currently no way to remove that information from SEDAR meaning that the posted public disclosure quickly becomes stale dated and can therefore be misleading to potential future investors who look at the information without considering the time that has passed since the filing. I'd suggest that if SEDAR is to be used as the forum for making electronic filings, then all such filings for a non-reporting issuer should be private – non-public. Or alternatively, in the case of a non-reporting issuer, I'd suggest that there should be a mechanism to remove public filings after they are no longer relevant (such as after a period of two years has

passed from the date of the filing) and to post a warning to viewers on the SEDAR webpage that such information may no longer be relevant or accurate (in terms of insider information) and reminding viewers that such issuer may not be required to post continuous disclosure materials via SEDAR. I'd suggest that it is more dangerous to the investing public to keep such stale dated information available when it should have long ago been removed or disclaimed.

As alluded to above, forcing all issuers (both domestic and foreign as well as reporting or non-reporting) to use the archaic SEDAR software is problematic. As the CSA acknowledge in their notice and request for comment, the SEDAR software is archaic and does not run on modern operating systems. SEDAR will only run on computers with operating systems prior to Microsoft Windows 8. In our own office, we've had to set aside a dedicated computer with an outdated operating system, just so that we could continue to engage in SEDAR filings. New issuers (whether domestic or foreign) may not have access to such antiquated systems and so they will be forced to locate and pay a SEDAR filer for that service. While the CSA may not consider such a requirement to be detrimental, such a requirement does restrict an issuer's ability to make timely filings and could potentially put an issuer offside of compliance through no fault of their own. The obvious solution would be to allow issuers to choose whether they will make electronic or paper filings, but of course that would limit the CSA's stated initiative of facilitating compliance reviews across multiple jurisdictions. Perhaps the simplest solution is to allow a non-reporting issuer that engages in an exempt market offering in only one province (as is often the case for start-up companies) to elect whether they will electronically or paper file their report on exempt distribution with the regulator of that province. Having that option would still meet the CSA's desire to facilitate multi-jurisdictional reviews while at the same time allowing single province offerings to be paper filed without the burden of imposing additional cost on those issuers where such cost does not seem to be justified.

When I first received the request for comment I was immediately concerned that an investor's personal information (including name, address and contact information) would become public knowledge as a result of filing the enhance report on Exempt Distribution via SEDAR, but I see the notes to the proposed changes indicate that such personal information is not to be made publically available. My understanding is that it will be necessary for the SEDAR filer to ensure that the report on exempt distribution is broken down into its component parts and submitted correctly so that only trade information is made public and personal information of investors is not. As such, it will be up to the issuer and whomever they use to conduct their electronic filings to ensure that their investor's personal information is filed correctly with the regulators and not inadvertently disclosed publically. In the event such filings for a non-reporting issuer cannot all be made private – non-public as suggested above, and as there is significant potential for human error, my hope is that the CSA will update the SEDAR software to provide a mechanism for removing or refiling incorrectly filed materials.

I'm happy to elaborate further if that would be of assistance.

Best Regards

William A. (Bill) Nickel

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August 31, 2015

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BY E-MAIL

To:

Alberta Securities Commission
 Autorité des marchés financiers
 Financial and Consumer Affairs Authority of Saskatchewan
 Financial and Consumer Services Commission (New Brunswick)
 Manitoba Securities Commission
 Nova Scotia Securities Commission
 Superintendent of Securities, Department of Justice and Public Safety, Prince Edward
 Island
 Securities Commission of Newfoundland and Labrador
 Superintendent of Securities, Northwest Territories
 Superintendent of Securities, Yukon
 Superintendent of Securities, Nunavut

c/o:

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Dear Sirs/Mesdames:

Proposed Amendments to National Instrument 13-101 - System for Electronic Document Analysis and Retrieval (SEDAR) and Multilateral Instrument 13-102 - System Fees for SEDAR and NRD

We are writing to you in response to the request of the Canadian Securities Administrators (the "CSA") for comments in respect of the proposed amendments (the "Proposed Amendments") to *National Instrument 13-101 - System for Electronic Document Analysis and Retrieval (SEDAR)* and *Multilateral Instrument 13-102 - System Fees for SEDAR and*

NRD, all as published on June 30, 2015. We appreciate the opportunity provided by the CSA to provide comments on these initiatives.

Additional Regulatory Burden

The Proposed Amendments will have the effect of requiring issuers that are not reporting issuers in Canada and that rely on certain exemptions from the requirement to deliver a prospectus to investors (including the "accredited investor" exemption) to create a SEDAR profile and to post their reports of exempt trade on SEDAR. This would result in, among others, issuers that issue securities exclusively to accredited investors to expend additional time and expense in creating a SEDAR profile, even if the issuance of securities by such issuer is an isolated event.

We do not see the utility of such issuers being required to create and maintain a SEDAR profile solely for the purpose of filing reports of exempt trade. At best, the proposed additional requirement represents an additional cost of doing business to issuers that issue securities on a regular basis in the exempt market in Canada. At worst, the proposed additional requirement will result in sensitive information of the issuer (such as the number of securities issued, the price at which such securities are issued and the location of the issuer's investors) becoming too easily accessible to the issuer's competitors or the issuer deciding to forego Canada as a viable market in which to raise funds on an exempt basis compared to other jurisdictions.

Potential Disclosure of Sensitive Information

Based on our review of the Proposed Amendments, it is unclear whether issuers that are required to file an offering memorandum even if they are relying on an exemption other than Section 2.9 of *National Instrument 45-106 – Prospectus Exemptions* would be required to file their offering memoranda as "public" documents on SEDAR. In our view, it is important that any offering memoranda be kept "private" regardless of the prospectus exemption being relied on by the issuer. If an issuer is required to file its offering memoranda as public documents, a simple search on SEDAR could give competitors of the issuer access to highly-sensitive and confidential information regarding the issuer's past financial performance, the identity of the issuer's key persons and anchor investors, the issuer's investment strategy and the geographical breakdown of the issuer's investors. In private equity markets, for example, where investors regularly expect to receive an offering memorandum, the requirement that offering memoranda be made public may significantly impact the ability of private equity fund issuers to raise funds, as the issuers may be prevented from including material information regarding their portfolio companies in their offering memoranda due to confidentiality obligations.

An offering memorandum of an issuer that operates solely in the exempt market space should not be easily accessible by other market participants, even if it is filed with one of

the provincial or territorial securities regulatory authorities.¹ To impose such a disclosure requirement will not aid the effective functioning of the capital markets in Canada but could instead disincentivize issuers from delivering offering memoranda to prospective investors when they are relying on the accredited investor exemption. In other words, the Proposed Amendments could be to the detriment of investors in the exempt market space.

Further, the requirement that offering memoranda of exempt market issuers be made publicly available seems inconsistent with the public policy basis for the existence of the exempt market. The ability of a limited subset of investors to make investments on a prospectus exempt basis is premised on the basis that such investors, whether due to their level of association with the issuer or their financial wherewithal, do not require the same level of regulatory protection as investors participating in prospectus offerings. It seems inconsistent with this premise to require that offering memoranda be publicly disclosed in the same manner as prospectuses. In addition, imposing this disclosure requirement could cause confusion amongst investors, who may believe they are entitled to the same rights and protections as investors that purchase securities that are qualified by a prospectus due to the public nature of the documents.

Efficiency Concerns

We understand that the CSA wishes to provide for a better system for filing reports of exempt trade that will enable the CSA to analyze the information in the reports and to decrease the administrative burden of handling the filings. In our view, this goal can be achieved without requiring issuers to create a SEDAR profile in order to file a report of exempt trade. For example, under the current rules in Ontario and British Columbia, issuers are required to file electronic reports of exempt trade but such reports are not required to be filed on SEDAR.

The current approach in Ontario and British Columbia seems sensible and appropriate to us, as it strikes the right balance between confidentiality concerns and regulatory oversight of the exempt market. The current approach could be further improved by creating a more uniform reporting regime and permitting issuers to file reports of exempt trade only in their principal jurisdiction, rather than requiring reports to be filed in each jurisdiction where trades are made. In this regard, we understand that the CSA has published a request for comments, dated August 13, 2015, regarding the introduction of a new harmonized report of exempt distribution. We appreciate the CSA's initiative to create a uniform report of exempt trade across the country. Our specific comments regarding the August 13, 2015 notice will be provided separately.

¹ We understand that under the current regime, the provincial securities regulatory authorities do not post offering memoranda that are filed with them on their website or make offering memoranda that are filed with them available to the public. In our view, this is the appropriate approach and should not change as a result of the Proposed Amendments.

We note that the Proposed Amendments do not fully coordinate the reporting regime for reports of exempt trades, because the existing regimes in Ontario and British Columbia (which require the electronic delivery of documents through the Ontario and British Columbia portals) will continue in effect. Therefore, notwithstanding that the CSA desires to improve the system for reporting exempt trades, issuers will continue to be subject to a fragmented approach across Canada. In this regard, the Proposed Amendments appear to offer limited improvements from an efficiency perspective, as issuers will continue to be required to file their reports of exempt trade in different ways depending on the location of their investors and the regulatory regime applicable in each province or territory.

We would be pleased to discuss our concerns with you.

Yours very truly,

(signed) Brooke Jamison

Brooke M. Jamison

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August 31, 2015

Alberta Securities Commission
Autorité des marchés financiers
Financial and Consumer Affairs Authority of Saskatchewan
Financial and Consumer Services Commission (New Brunswick)
Manitoba Securities Commission
Nova Scotia Securities Commission
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon
Superintendent of Securities, Nunavut

c/o

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Ladies and Gentlemen,

RE: Request for Comment on Proposed Amendments to National Instrument 13-101 *System for Electronic Document Access and Retrieval (SEDAR)* (“**NI 13-101**”) and Multilateral Instrument 13-102 *System Fees for SEDAR and NRD* (“**MI 13-102**”) dated June 30, 2015

Thank you for the opportunity to comment on the proposed amendments to NI 13-101 and MI 13-102 (the “**Proposed Amendments**”).

This letter represents the general comments of certain members of the Financial Products & Services practice group at Stikeman Elliott LLP (and not those of the firm generally or any client of the firm) and are submitted without prejudice to any position taken or that may be taken by our firm on its own behalf or on behalf of any client.

1. Issues with public access to confidential offering documents

While we are generally supportive of the stated policy objective of facilitating data analysis and reducing the administrative burden associated with paper filings, we respectfully submit that public access to confidential and/or sensitive offering documents is not required in order to further these stated objectives. Further, while we acknowledge the potential benefit from a regulatory perspective, we also do not agree that the prejudice potentially suffered by issuers and the resulting loss of financing opportunities to Canadian investors generally would justify the stated policy objectives underlying the Proposed Amendments.

Our primary concern is that the Proposed Amendments would require that any document required to be filed per section 37.2 of the *Securities Regulation* enacted pursuant to the *Securities Act* (Québec) (the “*Securities Regulation*”) could be made public at the discretion of the principal regulator. The scope of section 37.2 is broad. It includes “any disclosure document delivered to subscribers [in connection with a distribution made pursuant to an exemption], even if such document is not required by the Act or the Regulations”. Therefore, under the Proposed Amendments, any disclosure document, including confidential private placement memoranda, term sheets or investor presentations, provided in connection with a distribution under any prospectus exemption in Québec, although marked “Private” under the Proposed Amendments, could be made public at the discretion of the principal regulator with no notice to the issuer.¹

This result is very problematic. A confidential offering or private placement offering memorandum, for example, often discloses confidential, proprietary and commercially sensitive financial and strategic information about an issuer. Any public disclosure of such information is likely to be highly prejudicial to the issuer. Further, this is not an occasional occurrence but, based on our experience advising a broad range of Canadian and non-

¹¹ As contemplated in the Proposed Amendments, the access level for section 37.2 disclosure documents would be set at “Private,” which is defined as “initially private, but if/when the principal regulator makes it public, it will display on SEDAR.com within 15 minutes.”

Canadian issuers and funds, is true of most confidential offering memoranda. These concerns are especially acute with respect to private issuers and private funds because these issuers have made the strategic decision not to become public issuers, and therefore, are not obligated to make broad-based disclosure of confidential business information under securities legislation. For certain issuers, the ability to retain and protect commercially sensitive, proprietary or otherwise confidential information is a key part of their business strategy and operations. For a private issuer or fund to have to proactively apply for discretionary relief to seek confidential treatment of these types of materials (e.g., under section 296 of the *Securities Act* (Québec)) to guard against a decision to render such materials fully accessible on SEDAR is unduly onerous and would likely lead to the decision by certain private issuers and funds to discontinue offerings into Québec or other jurisdictions for which access to such materials on SEDAR is a risk. The proposed SEDAR access level for these types of materials would, therefore, very likely result in the loss of investment opportunities by investors.

The securities legislation of certain provinces recognizes that the public disclosure of certain information can result in “serious prejudice” to an issuer and contemplates measures to minimize this risk. For example, section 296 of the *Securities Act* (Québec) provides that:

296. Any person may have access to all documents required to be filed under this Act or the regulations, except documents filed by a registrant otherwise than pursuant to the requirements prescribed in Title III.

Where the Authority deems that the communication of a document could result in serious prejudice, it may declare the document inaccessible.

This section applies notwithstanding section 9 of the Act respecting Access to documents held by public bodies and the Protection of personal information (chapter A-2.1).² (emphasis added)

The Proposed Amendments would undermine the intent of this provision. Further, in our view, the volume of filings under section 37.2 of the *Securities Regulation* has the potential to be considerable. While we believe, as discussed above, that the most likely result of issuers wanting to avoid SEDAR access to their materials would be to discontinue offerings into Québec, should issuers raise concerns with the *Autorité des marchés financiers* (“AMF”) under section 296 of the *Securities Act* (Québec) with respect to filed disclosure documents, a high volume of such filings may risk precluding AMF staff from giving due consideration to concerns raised by issuers in connection with such filings. To the extent that issuers do file section 296 applications with respect to materials filed under section 37.2 of the *Securities*

² Section 140(2) of the *Securities Act* (Ontario) similarly provides that:

Despite subsection (1), the Commission may hold material or any class of material required to be filed by Ontario securities law in confidence so long as the Commission is of the opinion that the material so held discloses intimate financial, personal or other information and that the desirability of avoiding disclosure thereof in the interests of any person or company affected outweighs the desirability of adhering to the principle that material filed with the Commission be available to the public for inspection. (emphasis added)

Regulation, it would be incumbent upon the AMF to give due consideration to all such applications in the absence of a blanket order providing equivalent relief, and therefore, the potentially increased regulatory burden should be considered when weighing the costs and benefits of the Proposed Amendments.

In consideration of the foregoing, it is respectfully submitted that the Proposed Amendments should be modified so that documents required to be filed pursuant to section 37.2 of the *Securities Regulation* are either: (i) not required to be filed on SEDAR; or (ii) if they are required to be filed on SEDAR, they are subject to the “private non-public” access level such that the documents are never displayed on SEDAR.com.

2. Public access to filed documents should be substantially similar across Canada

In devising a filing regime, the participating jurisdictions should consider establishing substantially similar public access rights to filed documents across Canada. In other words, the public access afforded to documents filed pursuant to NI 13-101 should be no greater than the access levels for materials filed on the British Columbia Securities Commission’s eServices utility and the Ontario Securities Commission’s Electronic Filing Portal. Failing this, issuers may be reluctant to extend an offering into jurisdictions in which there is any risk of confidential filings becoming publicly accessible. For example, other than the confidential portions thereof, Form 45-106F1 *Report of Exempt Distribution* and Form 45-106F6 *British Columbia Report of Exempt Distribution* are publicly filed. However, such documents are not widely publicly accessible, for example, by being posted on SEDAR. The disparity in public access levels may encourage some issuers to limit an offering to jurisdictions that afford more privacy to public filings. We also urge the CSA to consider the additional burden of having different obligations for the same documents in different Canadian jurisdictions. If the Proposed Amendments are adopted, issuers will have multiple filing obligations to satisfy, since filings will be required to be made via SEDAR, the British Columbia Securities Commission’s eServices utility and the Ontario Securities Commission’s Electronic Filing Portal, and by paper in jurisdictions where, for example, offering memoranda are required to be delivered to regulators. This appears to be at odds with the CSA’s stated objective of streamlining post-trade reporting obligations.

3. Implementation should be delayed until the compatibility issues are resolved

The implementation of the Proposed Amendments should be delayed until the SEDAR desktop client software is made compatible with all operating systems including Mac OS and Windows 8 or newer operating systems. Limiting SEDAR access to those who run an older version of Windows on their computers has the potential to cause difficulty to a large number of issuers and their advisors. While we acknowledge that this is not a new problem since reporting issuers must comply with existing SEDAR filing requirements despite the compatibility issues, we urge the CSA not to exacerbate the problem by extending these difficulties more widely to private and/or foreign issuers (as applicable) which are not currently required to be SEDAR filers.

4. Proposed Amendments correctly exempt foreign issuers from SEDAR filings

We agree with the Proposed Amendments in that a foreign issuer should not be required to make electronic filings on SEDAR unless it elects to do so. A foreign issuer generally does not maintain a SEDAR profile and will often market a distribution of securities on a private placement basis in Canada as a supplement to a much larger international offering. With the wrapper relief amendments expected to come into force on September 8, 2015, Canadian securities regulators are focused on streamlining the ability of foreign issuers to make offerings of foreign securities in Canada. We therefore support the continued streamlining of the private placement process in Canada by foreign issuers and support the participating jurisdictions in not increasing the regulatory burden on such issuers by exempting them from this requirement.

* * *

We thank the Canadian Securities Administrators and its participating members for the opportunity to comment on the Proposed Amendments and would be pleased to discuss these issues further.

Submitted on behalf of members of the Financial Products & Services practice group at Stikeman Elliott LLP by,

Alix d'Anglejan-Chatillon

Ramandeep K. Grewal



August 31, 2015

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Dear Sir and Mesdames:

Re: Proposed amendments to National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)* (**NI 13-101**) and Multilateral Instrument 13-102 *System Fees for SEDAR and NRD* (the **Proposed Amendments**)

The Private Capital Markets Association of Canada (the **PCMA**) is pleased to provide our comments and support of the Proposed Amendments for the reasons set out below under "Comments and Analysis of the Proposed Amendments".

Who is the PCMA?

The PCMA is a not-for-profit association founded in 2002 as the national voice of exempt market dealers (**EMDs**), issuers and industry professionals in the private capital markets across Canada.



PCMA plays a critical role in the private capital markets by:

- assisting its hundreds of dealer and issuer member firms and individuals to understand and implement their regulatory responsibilities;
- providing high-quality and in-depth educational opportunities to private capital markets professionals;
- encouraging the highest standards of business conduct amongst its membership across Canada;
- increasing public and industry awareness of the private capital markets in Canada;
- being the voice of the private capital market to securities regulators, government agencies, other industry associations and the public capital markets;
- providing valuable services and cost-saving opportunities to its member firms and individual dealing representatives; and
- connecting its members across Canada for business and professional networking.

Additional information about the PCMA is available on our website at:

www.pcmacanada.com

Who Are Exempt Market Dealers?

EMDs are fully registered dealers who engage in the business of trading in securities to qualified exempt market clients. EMDs are subject to full dealer registration and compliance requirements and are directly regulated by the provincial securities commissions. The regulatory framework for EMDs is set out in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations (**NI 31-103**) and it applies in every jurisdiction across Canada.

EMDs must satisfy substantially the same "Know-Your-Client" (**KYC**), "Know-Your-Product", (**KYP**) and trade suitability obligations as other registered dealers who are registered investment dealers and members of the Investment Industry Regulatory Organization of Canada and mutual fund dealers and members of the Mutual Fund Dealers Association of Canada. NI 31-103 sets out a comprehensive dealer regulatory framework (substantially the same for all categories of dealer), which requires EMDs to satisfy a number of regulatory obligations including:

- educational proficiency;



- capital and solvency standards;
- insurance;
- audited financial statements;
- KYC, KYP and trade suitability;
- compliance policies and procedures;
- books and records;
- trade confirmations and client statements;
- relationship disclosure, including disclosure of conflicts of interest and referral arrangements;
- complaint handling;
- internal dispute resolution procedures, and external dispute resolution for clients through the Ombudsman for Banking Services and Investments;
- cost, product and account fees disclosure;
- maintenance of internal controls and supervision sufficient to manage risks associated with its business;
- prudent business practices requirements;
- registration obligations; and
- submission to regulatory oversight and dealer compliance reviews.

EMDs may focus on certain market sectors (*e.g.*, oil and gas, real estate, mining or minerals, technology, venture financing, etc.) or may have a broad cross-sector business model. EMD clients may be companies, institutional investors, accredited investors or investors who purchase exempt securities pursuant to an offering memorandum or another available prospectus exemption.

EMDs provide many valuable services to small and medium size enterprises, large businesses, investment funds, merchant banks, financiers, entrepreneurs, and individual investors, through their ability to participate in the promotion, distribution and trading of securities, as either a principal or agent.



Comments and Analysis of the Proposed Amendments

The PCMA supports the Proposed Amendments for the reasons set out below.

1. Need for accessible database - There is an urgent and pressing need for a publicly accessible and searchable database for information and documents involving non-reporting issuers in the private capital markets similar to that of SEDAR for reporting issuers in the public markets. We commend the CSA for proposing such an initiative and believe there is merit in extending SEDAR, as a commonly known industry tool, into this new area of the private markets.
2. Need for searchable database for reports of trade – We also believe there is a need for having a searchable database rather than a non-searchable database of exempt market filings. We believe such search capabilities should be more than just document type. As discussed in the Proposed Amendments, we concur with the CSA that it would be very helpful to break down the sections of an F1 and F6 report of exempt distribution into a specific template provided by the CSA and filed in a certain format. We commend the CSA for taking this approach which would require using specific templates and formats that will enable the CSA, issuers, academics, industry, investors and others to receive the information in the report of exempt distribution in a manner that can be more easily analyzed.
3. Need for search capabilities for offering memoranda - The PCMA requests that such search functions be available in a template form and filed in certain formats for offering memoranda prepared under the offering memorandum exemption set out in s. 2.9 of NI 45-106. However, we believe this may be more appropriately addressed during Phase II of the Exempt Market Review when the CSA will examine the prescribed form of disclosure form used in connection with the offering memorandum exemption.
4. Issuer benefits under the Proposed Amendments - The Proposed Amendments state that the benefits to issuers for using SEDAR for exempt market filings include:
 - a. enabling issuers to make filings in multiple jurisdictions through a single electronic system;
 - b. allowing both reporting and non-reporting issuers to have their filings, including exempt market filings, in one location under a SEDAR profile,



while still maintaining confidential treatment of sensitive investor information; and

- c. allowing issuers to verify the accuracy and completeness of their filing record without having to make an information request to the applicable jurisdictions.

We agree that these are compelling reasons, however, there are additional considerations as noted below.

5. Other benefits and advantages of introducing the Proposed Amendments - The PCMA submits that there are also benefits for others if issuers are required to use SEDAR for exempt market filings. These include,
 - a. *investors* who may want to research and read certain exempt market filings to assist them in making an investment decision;
 - b. *other issuers* who may want to see what their competitors are doing, or innovate by doing something different in terms of an offering and its structure;
 - c. *securities regulatory authorities* who may want to assess current market practices; and
 - d. *securities industry professionals* who want the transparency of having publicly available information for educational, comparable, research, precedent and industry purposes.
6. System fee - The system fee of \$25 is nominal and we have no issue with imposing such a cost in lieu of the benefits of having this information available.
7. Harmonization and nationalized requirements - For the sake of having a harmonized and nationalized filing system, it would be preferred that the BCSC and OSC be a part of the Proposed Amendments. We recognize that currently the BCSC is the only jurisdiction in Canada to require the electronic filing of offering documents under, for example, the offering memorandum exemption under s. 2.9 of National Instrument 45-106 and it may be difficult to adopt a new system. However, we believe it is more important for the private markets to have such an electronic filing system in all markets than not, albeit three



different systems (*i.e.*, Ontario BC and the other jurisdictions if they all were to adopt the Proposed Amendments), with the hope that the OSC and BCSC will work towards adopting the SEDAR platform in the future.

We note that it would be helpful if the CSA explain why the OSC and BCSC have decided not to adopt the SEDAR platform for exempt market filings and more importantly, its views as to future harmonization.

8. Filings by foreign issuers – We support the CSA maintaining the status quo for foreign issuers who may continue to file its exempt market filings in paper format or elect to do so electronically on SEDAR.

We thank for considering our submissions and we would be pleased to respond to any questions or meet with you to discuss our comments.

Regards,

“Brian Koscak”

PCMA Vice Chair

“Geoffrey Ritchie”

PCMA Executive Director