



November 2, 2021

VIA EMAIL

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Service NL
Northwest Territories Office of the Superintendent of Securities
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Nunavut

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Dear Sirs/Mesdames:

Re: CSA Notice and Request for Comment - Proposed Amendments to National Instrument 45-106 Prospectus Exemptions to introduce the Listed Issuer Financing Exemption

TMX Group Limited (“**TMX Group**” or “**we**”) welcomes the opportunity to comment on behalf of its subsidiaries, Toronto Stock Exchange (“**TSX**”) and TSX Venture Exchange (“**TSXV**”) (each, an “**Exchange**” and collectively, the “**Exchanges**”) on the notice and request for comment published on July 28, 2021 by the Canadian Securities Administrators (“**CSA**”) entitled “*Proposed Amendments to National Instrument 45-106 Prospectus Exemptions to introduce the Listed Issuer*

Financing Exemption” (the “**Request for Comment**”). We appreciate the efforts taken by the CSA to conduct consultations and research international markets to develop a more efficient method of capital raising for reporting issuers that have securities listed on a Canadian stock exchange and to develop the proposed Listed Issuer Financing Exemption (“**Proposed Exemption**”). Capitalized terms used in this letter and not otherwise defined have the meaning given to them in the Request for Comment.

TMX Group strongly supports the CSA's efforts to provide retail investors with a greater choice of investments available in the primary public markets and allow smaller issuers access to public markets and retail investors through the use of the Proposed Exemption. The Proposed Exemption may also be a catalyst for additional regulatory development in the public markets in furtherance of these goals. For instance, if and when the Proposed Exemption is to be brought into effect, TSXV intends to seek regulatory approval to eliminate the application of its Exchange Hold Period to securities issued under the Proposed Exemption in order to better facilitate the use of this new prospectus exemption by our listed issuers.

In light of the goal to facilitate the raising of capital, and considering the unique nature of the Proposed Exemption as one that is restricted in use to publicly-listed issuers, we also encourage the CSA to fully consider the potential impact of the Proposed Exemption to ensure there will not be any unintended negative consequences. In this regard, we note the following points for consideration:

1. A significant amount of new capital is currently raised through the issuance of securities in reliance upon the exemption from the prospectus requirement outlined in s.2.3(1) of National Instrument 45-106 (the “**Accredited Investor Exemption**”) for persons who fall within the definition of “accredited investor” (“**Accredited Investor**”), which securities are subject to a four month hold period. However, securities to be issued in reliance upon the Proposed Exemption will not be subject to any such hold period. There exists the possibility that Accredited Investors will insist upon investing in listed issuers in reliance upon the Proposed Exemption, rather than the Accredited Investor Exemption, in order to receive securities that are not subject to a hold period. This may result in listed issuers quickly raising the maximum permitted under the Proposed Exemption from Accredited Investors, rather than from the other retail investors the Proposed Exemption is stated to be designed to attract. Consequently, the desired effect of expanding the pool of new capital available to listed issuers may not actually be achieved if listed issuers end up using the Proposed Exemption primarily to issue securities to investors that would otherwise qualify to subscribe for securities under a different prospectus exemption. Further, Accredited Investors may prefer to invest in listed issuers that are still eligible to issue freely tradeable securities in reliance upon the Proposed Exemption, potentially impeding the capital raising ability of listed issuers that have already raised the maximum permitted under the Proposed Exemption and are only able to offer securities using the prospectus exemptions, such as the Accredited Investor Exemption, with a hold period. Has the CSA considered or conducted any research into whether the Proposed Exemption could potentially have a negative impact on listed issuers' ability to raise capital as a consequence of Accredited Investors choosing to invest only in listed issuers having the ability to issue securities without a hold period using the Proposed Exemption?

2. Frequently, in order to attract investors, listed issuers needing to raise capital will offer to issue securities at a discount to market price. We have observed that this can cause the issuer's share price to fall accordingly. Nevertheless, such a discount may be considered somewhat justified where such securities are subject to a four month hold period and so the discount is essential in order to attract new capital. However, securities issued in reliance upon the Proposed Exemption will not be subject to any hold period. Given the observed connection between hold periods, pricing discounts and downward pressure on share prices, has the CSA considered attaching any parameters or guidance regarding the issue price in order to rely upon the Proposed Exemption to help alleviate the potential impact on share prices?

We appreciate the opportunity to respond to the Request for Comment. Please do not hesitate to contact us if you have any questions regarding any of the above.

Respectfully submitted,

'Loui Anastasopoulos'

Loui Anastasopoulos
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TMX Group Limited