



TD Securities Inc.

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Dear Ms. Mayhew & Ms. Greenglass,

Please find enclosed TD Securities Inc.'s ("TDSI") response to the Toronto Stock Exchange's ("TSX") request for comments related to amending Section 606 – Prospectus Offerings of the TSX Company Manual.

1. Do you agree with the TSX's overall approach with respect to how it proposes to view public offerings under Section 606 of the Manual as described in the request for comment document?

TDSI generally agrees with the TSX's overall approach with respect to how it proposes to view public offerings under Section 606 of the Manual. Where an offering is Broadly Marketed under a prospectus and insiders are not being given any sort of preferential treatment, deference should be given to the issuer's board of directors to assess if an offering price is appropriate. TDSI proposes that there is no discount limit where insiders are participating on no more than a pro rata basis (i.e. where the discount is greater than 15% and the insider participation is pro rata or less, the private placement rules not apply to the insider purchase).

2. In determining what level of discount exists, where insiders receive standby or commitment fees, or do not purchase via underwriters and subsequently the issuer does not pay the underwriting fee on the insiders' purchase, TSX intends to consider the net proceeds received by the issuer from the prospectus offering, rather than the discounted price paid by the subscriber. Pursuant to this proposed approach, TSX would require disclosure by the issuer of the actual proceeds paid by subscribers benefiting from receiving fees or who are exempt from underwriting fees. Note that where the net proceeds received by the issuer from insiders are, in fact, less than other subscribers, TSX would take the view that this is a different purchase price and therefore would apply the Private Placement Rules to the insider purchase, rather than regard it as part of the prospectus offering. Is this approach appropriate? Are there concerns with the perception that insiders are offered securities at a lower price than other subscribers?

Where an insider receives a commitment fee or reduced purchase price relative to the purchasers under the prospectus offering, TDSI does not believe the commitment fee should be included in the calculation of the discount level where the commitment fee is of a standard amount (as described below) and therefore the Private Placement Rules should not apply.

Standard commitment fees should be defined as a commitment fee that is no greater than the underwriting commission payable to the underwriters on the prospectus offering. Commitment fees are typically set equal to or less than the commission on the prospectus offering such that the issuer is receiving the same net price or more per share offered on the purchase by the insiders and the purchasers under the prospectus offering.

If the issuer does not pay a commission on the insider's purchase and the insider purchase is made at the same offering price as the prospectus offering and is purchased under the prospectus, the TSX should not apply Private Placement Rules.

3. With respect to pricing a prospectus offering where there is material undisclosed information, the Staff Notice states that TSX typically views five days as an appropriate benchmark for the dissemination of material information. However, where an abbreviated period of time is required by an issuer, TSX will take into consideration certain factors as set out in this Staff Notice. Given the speed and manner in which market information is now disseminated and TSX's desire to: (i) decrease the burden of TSX pre-clearance; and (ii) increase transparency and predictability of our policies, TSX is considering reducing the number of days required for the dissemination of Material Information (as defined in the Staff Notice) from five days to one day. Does this approach raise any concerns?

In circumstances where the share price is required to season following the dissemination of Material Information, TDSI believes the TSX should align with IIROC practices as it relates to halting for news. IIROC will generally halt trading of a stock for 30 minutes in order to allow for dissemination of the news. The TSX should allow for 30 minutes of trading following the dissemination of Material Information. As stated in the question above, the manner and speed in which market information is now disseminated allows for market participants to receive and digest news instantaneously.

4. The Proposed Amendments introduce a definition for "Broadly Marketed". Is the proposed definition appropriate? Are there other measures that TSX should consider? Is "Broadly Marketed" a reasonable standard for public offerings that are led by investment dealers outside of Canada?

TDSI believes that the Broadly Marketed definition is appropriate but suggests the following clarifying points:

(i) ~~it is anticipated that the~~ ~~distributes the~~ offered securities will be distributed to at least 50 purchasers; or (ii) ~~makes~~ the offer will be marketed broadly to institutional and retail investors. ~~known to the selling group and/or equity capital markets desks at all Canadian investment dealers.~~

The above proposed changes will expand the definition to include marketing to institutional investors. The proposed definition is also applicable to public offerings that are led by investment dealers outside of Canada who also have the ability to make an offering broadly available to both institutional and retail investors.