



**HAYWOOD**  
S E C U R I T I E S I N C.

May 9, 2014

To: Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des Marché financiers  
Financial and Consumer Services Commission (New Brunswick)  
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island  
Nova Scotia Securities Commission  
Securities Commission of Newfoundland and Labrador  
Register of Securities, Northwest Territories  
Register of Securities, Yukon  
Superintendent of Securities, Nunavut

To: Leslie Rose  
[lrose@bcsc.bc.ca](mailto:lrose@bcsc.bc.ca)

The Secretary  
Ontario Securities commission  
[comments@osc.on.ca](mailto:comments@osc.on.ca)

Anne-Marie Beaudion  
[Consultation-en-cours@lautorite.qc.ca](mailto:Consultation-en-cours@lautorite.qc.ca)

Re: **CSA Request for Comments on NI 45-106 (the “Request”)**

Dear Sirs:

We are writing in response to the Request dated February 23, 2014.

Haywood Securities Inc. is a full service Investment Dealer primarily known for its activities in the junior and mid-tier resource markets. As a result we are active in capital raising involving prospectus exemptions, primarily marketing offerings by Listed Issuers to Accredited Investors.

We are supportive of the initiatives contained in the Request and our comments are directed towards the procedural aspects of implementation.

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- i.) From our experience, Listed Issuers include Accredited Investor checklists in their subscription agreements and as a result Items 1 and 2 are addressed directly within the subscription agreements. An alternate approach would be to have reliance on the exemption by Issuers being conditional on including this information within the subscription agreement.
- ii.) The proposed Warning to Investors includes only two of the applicable qualifications for classification as an Accredited Investor and could be read to indicate that the other qualifications are no longer available. Perhaps the heading of the Annex could be enhanced to clarify that it is only applicable to Individual Accredited Investors relying on the net worth and income categories.
- iii.) The disclosure of the fees and commissions is a reasonable objective. However the details may be difficult to include in the Risk Acknowledgement. Typically commissions are allocated in a variety of ways – in syndicated offerings the lead agents retain a portion and offer only a portion to selling group members, within firms the commission gets allocated to the firm, payments to the investment banking and research divisions, a portion to institutional teams and a portion to the retail salespeople (which may vary depending upon payout grids). The proposed disclosure “being paid to the salesperson” is therefore often impossible to determine without an in-depth knowledge of all of the relationships.

Again, an alternate approach would be to require Issuers to disclose the gross fees and commissions within the subscription agreement as a condition of reliance on the exemption.

- iv.) The certification by the salesperson will add an administrative burden and should only be required by non-registered or limited registration salespersons. IIROC members are subject to extensive registration and the inherent checks and balances should be sufficient to remove this additional requirement as it adds no regulatory oversight that is not already in place.

Please feel free to contact the undersigned if you have any questions.

Yours truly,

**Haywood Securities Inc.**

Per:



G. Frank Stronach, MBA, CA  
Vice President – Investment Banking

