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**VIA EMAIL**

British Columbia Securities Commission  
Alberta Securities Commission  
Financial and Consumer Affairs Authority (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  
Securities Commission of Newfoundland and Labrador  
Registrar of Securities, Northwest Territories  
Registrar of Securities, Yukon  
Superintendent of Securities, Nunavut

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Dear Sirs/Mesdames:

**Re: Request for Comments on Proposed Amendments to National Instrument 45-106 – Prospectus and Registration Exemptions relating to the Accredited Investor and Minimum Amount Investment Prospectus Exemptions**

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 (“**TSX Venture**”) (each, an “**Exchange**” and collectively, the “**Exchanges**”) and Shorcan Brokers Limited, the exempt market dealer who is responsible for the recently announced TSX Private Markets initiative, on the Request for Comments published by the Canadian Securities Administrators (“**CSA**”) on February 27, 2014 entitled Proposed Amendments to National Instrument 45-106 – *Prospectus and Registration Exemptions* relating to the Accredited Investor and Minimum Amount Investment Prospectus Exemptions (the “**Request for Comments**”). Capitalized terms used in this letter and not specifically defined have the meaning given to them in the Request for Comments.

TMX Group recognizes the importance of the exempt market for Canada, and is committed, along with the CSA and other industry participants, to support an exempt market that is both robust and fair to investors while providing the necessary opportunity for issuers to raise capital in a timely and cost-efficient manner. TMX Group is therefore generally supportive of the CSA’s efforts to address certain investor protection concerns through the Proposed Amendments, particularly those pertaining to individuals purchasing securities in the exempt market. We would like to provide the following comments in respect of the Proposed Amendments for your consideration:

1. **New Guidance and Required Procedures for Verifying Purchaser Status:** It is noted that the proposed revised Companion Policy to NI 45-106 (the “**Proposed CP**”) contains substantive revisions to section 1.9 of the existing Companion Policy to NI 45-106 (the “**Existing CP**”). The revisions: (a) provide additional guidance on the existing responsibility of an issuer to ensure that an exemption is available; and (b) create new specified procedural steps and obligations for issuers to verify an investor’s status as an accredited investor, eligible investor, or other applicable investor category.

We have some concerns about the burden these new procedural steps and obligations may place on issuers in terms of the time and cost associated with compliance. Specifically, it appears that the CSA is expecting issuers to carry out additional procedures beyond what is contemplated by section 1.9 of the Existing CP and our concern is that certain of these procedures may unnecessarily complicate the capital raising process. Furthermore, compliance with these additional procedures may add a material cost and time element to an issuer’s ability to complete a financing. This, in turn, could have the consequential effect of negatively impacting the use of and reliance on the exempt market as a means of capital raising.

By way of example, the requirement under the Proposed CP that an issuer must proactively gather information on a prospective investor in order to verify the investor’s status (including the suggestion that the issuer request documentation such as income tax returns, bank statements, investment statements, tax assessments or appraisal reports by independent third parties) may create new burdens or complications within

the capital raising process. For instance, issuers will have to ensure that mechanisms are in place to ensure any such information is gathered, used and maintained in compliance with applicable privacy legislation and it may be that potential investors are unwilling to share such specific personal information with issuers.

We are of the view that the current guidance in section 1.9 of the Existing CP sufficiently apprises issuers of their responsibility to determine if an exemption is available and of their corresponding obligations in terms of verifying an investor's eligibility. Furthermore, the introduction of Form 45-106F9 – *Risk Acknowledgment Form* (“**RAF**”), which we support, provides additional comfort in this regard.

We therefore ask that the CSA reconsider the proposed amendments to section 1.9 of the Existing CP, in particular those that would introduce new specified procedural obligations that must be adhered to by an issuer in respect of verifying an investor's status.

2. **Harmonization of Exemptions:** We continue to strongly support the harmonization of prospectus exemptions across all Canadian jurisdictions and therefore support the amendment to the definition of “accredited investor” in Ontario to allow fully managed accounts to purchase investment fund securities using the managed account category.
3. **Reports of Exempt Distribution:** We support harmonized reporting requirements across all CSA jurisdictions as a way to reduce the regulatory burden and the cost that issuers incur to navigate and comply with regional reporting differences. We believe that the consultation process undertaken in the Request for Comment may present an ideal opportunity for the CSA to further harmonize the Reports of Exempt distribution across all Canadian jurisdictions in a way that collects the information deemed important for investor protection and that supports the CSA's ability to monitor the use of various prospectus exemptions.

Thank you for the opportunity to provide our comments on the Proposed Amendments, the companion policy, forms and consequential amendments. We would be pleased to discuss our comments further at your convenience.

Sincerely,

**TMX GROUP**



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