Blair Franklin
ASSET MANAGEMENT

June 13, 2014

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor
Toronto, Ontario, M5H 3S8
Fax: 416-593-2318
Email : comments@osc.gov.on.ca

Dear Sirs/Mesdames:

Re: Notice and Request for Comment - Introduction of Proposed Prospectus Exemptions and Proposed Reports of Exempt Distribution in Ontario (the "Proposed Amendments")

Blair Franklin Asset Management Inc. ("BFAM") is pleased to have this opportunity to submit its comments on the Proposed Amendments. BFAM is a registered portfolio manager, commodity trading manager, investment fund manager and exempt market dealer in Ontario and other provinces of Canada. BFAM has approximately $625 million of assets under management through the management of two privately offered investment funds. BFAM's clients are all Canadian, primarily made up of high net worth individuals and family offices, with foundations, endowments, pension plans and institutions as well. BFAM manages two principal absolute return strategies that depend on, among other things, BFAM's ability to access private placements of securities by domestic and foreign issuers. Although many of the securities that BFAM seeks to purchase are available in the secondary market, pricing is not as attractive for the purchaser.

BFAM will therefore be impacted by the Proposed Amendments, not just as an investment fund manager that relies on prospectus exemptions to distribute securities of the funds we manage, but also as an institutional purchaser of securities offered through the exempt market. Our concerns lie with the impact the Proposed Amendments will have on our ability to access investment grade fixed income securities of foreign issuers. We believe that the Proposed Amendments will add an additional layer of regulatory burden that will discourage foreign issuers from making investment grade bonds available in Canada. Ultimately this will serve to prejudice our Canadian investors, as it will negatively impact our ability to provide access to global markets and achieve our investment objectives.

Background

In April 2013, the Ontario Securities Commission published for comment proposed amendments to OSC Rule 45-501 and NI 45-106 with a view to easing certain disclosure requirements (the "Canadian wrapper requirements") imposed on foreign issuers selling securities on an exempt basis

to permitted clients. This publication coincided with the release of a decision of the OSC, as principal regulator, to grant relief to a limited number of applicant dealers from certain of the Canadian wrapper requirements.

The decision and the proposed amendments to the Canadian wrapper requirements were a response to concerns that had been put forward by the applicant dealers, and by institutional investors, that securities regulation designed to protect retail investors was in fact having the opposite effect on institutional and other sophisticated investors. As institutional investors, we do not require the protections purportedly offered by the Canadian wrapper requirements, and in fact we're finding that an increasing number of foreign issuers were balking at offering their securities in Canada because of the inconsistency of regulation across the various provinces and territories and the unnecessarily burdensome nature of those requirements in the context of sales to sophisticated investors. This is of particular issue in offerings targeted to non-Canadian markets in which BFAM nonetheless wishes to participate, due to attractive pricing or other security-specific characteristics. Those foreign issuers have sufficient capital available to them from countries other than Canada that do not impose such burdensome regulatory requirements.

BFAM is fully in support of the initiative of the OSC to expand the availability of the relief that had been granted by the decision through the wrapper relief amendments. However we were somewhat disappointed that the wrapper relief amendments did not go farther to eliminate unnecessary red tape. In particular, the wrapper relief does not extend to 144A/REGS securities or equivalent offering in European markets. Further, we are concerned that the small advances that had been made will be undermined by the Proposed Amendments.

The Proposed Amendments

The OSC states in the Proposed Amendments that one of its goals is to maintain an appropriate level of investor protection and regulatory oversight. You also state that there is a need to obtain better information on exempt market activity than is presently provided.

BFAM believes that the investor protections that the Proposed Amendments are intended to provide cannot be achieved by adding onerous reporting requirements on issuers. Furthermore we encourage you to recognize the impact that unnecessary regulatory reporting requirements will have on the desire of foreign issuers to offer securities in Canada. We believe that, based on discussions we have had with many foreign issuers and their selling agents, the additional regulatory burden will serve only to deprive BFAM and other institutional investors of the ability to invest in securities of many of those foreign issuers. In our view the Proposed Amendments do not strike an appropriate balance between the benefits of collecting information and the compliance burden that will be imposed. We are also concerned that the different reporting requirements and reporting format of the various camps of Canadian securities regulators will only add further burden and confusion.

Some specific comments:

NI 45-106 Part 6 – Reporting Requirements – Report of Exempt Distribution

1. We are disappointed that Section 6.3 represents a step backward from the CSA's past initiatives to harmonize regulation in Canada. We believe that the disharmony in regulatory approach paints Canadian securities regulators in a poor light to foreign issuers. In our view, this undermines the goal of creating confidence in the ability of Canadian regulators to effectively regulate the capital markets in Canada.

2. We understand that the filed reports will not be made available to the public. As you have indicated in the forms, however, the documents could be accessed under freedom of information legislation. We would like to bring to your attention that we have increasingly seen investor documentation of US and other issuers attempt to limit the availability of certain sensitive information to their investors if that information may have to be filed with a regulator in a jurisdiction that has freedom of information legislation. The concern is that it could result in the information being later publicly disclosed. That is not in the best interests of investors, as such information may be important to our analysis of the investment opportunity. We encourage the OSC and the other Canadian securities regulators to carefully consider what information they need to collect from market participants and reduce the amount of additional information you are seeking to collect.

Form 45-106F10

3. It is not clear to us why a different form needs to be filed in some jurisdictions and what value the additional information will have if it is not collected in all jurisdictions of Canada.

4. We have some concern that certain questions ("Date investment fund created" and "Indicate whether this is the first report", for example) have no particular value and may only discourage certain issuers, particularly foreign issuers who had not previously reported (through inadvertence or misinformation about Canadian law), from selling into Canada and reporting under this form, on the basis that regulators are likely to ask why they have never filed before. We believe that the regulators need to encourage, rather than further discourage, all issuers to offer their securities in Canada and to report their exempt trades.

5. There is a significant amount of information in this Form that will need to be repeated with each filing (issuer and manager information). Also, much of that information is already available on NRD. We believe that this unnecessarily adds to the reporting burden.

6. We question the value of disclosing service providers other than the selling dealer.

7. Requiring the reporting of sales in foreign jurisdictions raises a jurisdictional issue. There is no consistency across jurisdictions in Canada as to where a distribution is considered to take place. Issuers will certainly consider the securities laws of the jurisdiction where an investor resides and it is not clear whether the laws of the local jurisdiction where the issuer resides must also be complied with. We do not think it appropriate for the regulators to require issuers to "consult securities legislation in the particular jurisdiction for guidance" when such guidance could be provided in this form.

FORM 45-106F11

8. We repeat our comments above, as applicable.

9. We are very concerned with the requirement in section 4.3 to file marketing material, and have been informed by foreign issuers with which we have had dealings that they have significant concerns with that requirement. We understand that not all marketing materials are required to be filed in the other jurisdictions in which those foreign issuers raise capital. Furthermore, we see no public interest purpose for filing with Canadian regulators marketing material that is prepared solely for institutional investors who are able to assess and conduct their own due diligence to protect the interests of their investors and/or

stakeholders. We are concerned that certain important information may no longer be made available to us, or that securities simply will no longer be offered to us, because of this filing requirement, and suggest that the filing requirement will therefore have the opposite effect to investor protection.

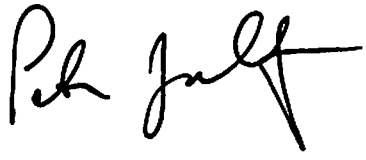
Conclusion

In summary, our principal concern is with not only the existing administrative burden, but the additional burden that will arise from the increased reporting requirements in the Proposed Amendments, which is only made worse by the confusion created by the forms and the inconsistent reporting requirements across Canada. The result of the additional burden and confusion will only provide further disincentive to foreign issuers to make their securities available in Canada. Institutional investors such as BFAM rely on the ability to invest in private placements of foreign issuers in order to gain access to global markets, to meet their investment objectives and to provide the best returns possible to their investors/stakeholders.

It is unfortunate in our view that the combination of unnecessary pre-distribution disclosure obligations under the Canadian wrapper requirements and the onerous post-distribution reporting requirements, which will be exacerbated if the Proposed Amendments are adopted, encourage portfolio management firms such as BFAM to consider engaging non-Canadian sub-advisors and/or creating non-Canadian investment funds in order to gain full access to foreign markets. Even worse, we are concerned that Canadian investors will seek to invest in foreign investment funds that have full access to the securities of foreign issuers. These rules put Canadian portfolio managers at a competitive disadvantage in the global market.

We appreciate the opportunity to provide the OSC with our views on the Proposed Amendments. Please do not hesitate to call Lindsay Quinn, Chief Financial Officer and Chief Compliance Officer at 416-304-3986 should you wish to discuss our comments.

Yours truly,



Peter A. Zaltz
Managing Director and Chief Investment Officer