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VIA EMAIL

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor
Toronto, Ontario
M5H 3S8

September 28, 2016

Dear Sirs/Mesdames:

Re: Proposed Amendments to OSC Rule 72-503 – Distributions Outside of Canada (the "Proposed Rule")

We are writing in response to the request for comments on the Proposed Rule dated June 30, 2016. We appreciate the opportunity to comment on the Proposed Rule.

Invesco Canada Ltd. ("Invesco Canada") is a wholly-owned subsidiary of Invesco Ltd. ("Invesco"). Invesco is a leading independent global investment management company, dedicated to helping people worldwide build their financial security. As of August 31, 2016, Invesco and its operating subsidiaries had assets under management of approximately US$821 billion. Invesco operates in more than 20 countries in North America, Europe and Asia.

We support the effort of the Commission in seeking to clarify the rules relating to prospectus and dealer exemptions as they relate to distributions of securities of Canadian issuers or distributions by Canadian resident selling securityholders of securities of issuers to non-Canadian residents. We have two concerns with the Proposed Rule: (1) its application to distributions of securities of Canadian domiciled investment funds and; (2) certain aspects of the proposed exemption to facilitate dispositions of foreign securities by Canadian resident selling securityholders.

Application to distribution of securities of Canadian domiciled investment funds

As currently drafted, the Proposed Rule will capture distributions of securities of Canadian domiciled investment funds (both retail mutual funds that are prospectus cleared and privately placed investment funds). We disagree with the application of the Proposed Rule to these funds because it is not necessary in order to achieve the stated purposes of the Proposed Rule, as set forth in the Introduction of the Request for Comments.

The first concern expressed in the Request for Comments is the possibility that the securities distributed to non-Canadian residents without a prospectus in Ontario

would come to rest in the hands of Ontario residents, thus creating a distribution in Ontario in circumstances where prospectus exemptions do not exist. This concern does not apply to conventional investment funds as securities of these funds are generally not traded or exchanged amongst investors; rather securities are purchased and redeemed directly from the applicable investment fund. Accordingly, there is little to no chance of the securities distributed to non-Canadian residents ever landing in the hands of Ontario residents. In the case of Canadian-domiciled investment funds that trade on an exchange like ETFs, this factor may apply as once the security is sold via private placement to a non-Canadian resident, the ETF security can be traded to other investors who may be Canadian persons or companies. However, from a practical perspective the private placement of securities of an ETF to a non-Canadian resident is rare and this rare occurrence should not be the sole rationale for subjecting all Canadian domiciled investment funds to the Proposed Rule.

The second concern expressed in the Request for Comments is that these distributions have a "real and substantial connection" or "sufficient connecting factors" to Ontario at common law and, combined with serious misconduct, may result in bringing the reputation of the Ontario capital markets into disrepute. By bringing these distributions into the ambit of Ontario securities law, presumably the Commission believes it can initiate enforcement proceedings when foreign activities threaten the reputation of Ontario capital markets. For Canadian-domiciled investment funds, however, this is unnecessary because these funds conduct all of their activities through investment fund managers ("IFMs"). Given the connection to Ontario, whether the IFM is resident or not, they are required to register with the Commission. As a registrant, all of the IFM's activities (including cross border distributions) are subject to the jurisdiction of the Commission. Accordingly, expansion of this jurisdiction to Canadian-domiciled investment funds pursuant to this Proposed Rule is simply unnecessary because the Commission already has the jurisdiction over IFMs and may initiate public interest proceedings when foreign activities threaten to bring Ontario's capital markets into disrepute.

The Proposed Rule as currently drafted requires an issuer to file a Form 72-503F within 10 days of a distribution. For a conventional mutual fund that is in continuous distribution, this filing requirement may arise as frequently as every 10 days, amounting to potentially 36 filings annually. For the 12 month period ending August 31, 2016, 63 investment funds managed by Invesco Canada (the "Invesco Canada Funds") issued securities to non-Canadian residents in over 880 purchase transactions. If the Proposed Rule was in force, at a minimum, 63 such filings would have had to be made by Invesco Canada on behalf of the Invesco Canada Funds. However, given that these transactions occurred throughout the year, it is highly likely that many of these funds would have been required to file multiple Form 72-503Fs. The creation and filing of these multiple forms would impose additional costs on the applicable funds which we, in aggregate, estimate at $100,000 being the cost of additional staffing and overhead. Accordingly, there are real costs associated with this Proposed Rule which did not previously exist for investment funds. As no rationale has been provided by the Commission for the need to receive the information contained in Form 72-503, it is difficult to comment on the benefit garnered by the Commission by the receipt of this information. Further as Invesco Canada is under the jurisdiction of the Commission, the Commission may, at any time, demand provision of this information and Invesco Canada would be required to comply. Accordingly, it is clear that the Commission has access to this information and this, in our view, should be adequate particularly as the information relates to distributions to non-Canadian residents who are protected by the securities laws in their home jurisdiction and thus do not require protection by the Commission at the first instance.

Based on the foregoing, the Proposed Rule should be revised to state that it does not apply to the distribution of investment fund securities that may be redeemed on demand at the net asset value of the security.

Extent of the Proposed Rule as it relates to distributions by Canadian resident selling securityholders

We understand that the Proposed Rule is also designed to provide additional private placement resale options to Canadian resident selling securityholders (like the Invesco Canada Funds) that purchased securities of issuers trading on a foreign exchange on a private placement basis. At first glance, the Proposed Rule is positive as it eliminates the need for Canadian resident selling securityholders to obtain comfort from the issuer that Canadian persons or companies do not own more than 10% of the outstanding securities of the issuer and do not represent more than 10% of the total number of owners of the issuer – a requirement under section 2.14 of National Instrument 45-102 *Resale of Securities (*the "10% Comfort Requirement"). However, the Proposed Rule requires that a resale be to a non-Canadian person or company, which is challenging because when one sells securities on any stock exchange (either domestic or abroad), the identity of the buyer is unknown. Accordingly, it is not possible for the Canadian resident selling securityholder to definitively satisfy itself that it has sold the securities to a non-Canadian person or company when selling on a stock exchange. The only way to satisfy this requirement would be to re-sell the security on a private placement basis to a non-Canadian person. Re-selling on a private placement basis in these circumstances results in potentially higher costs or having to sell the securities at a discount because paperwork is likely required to confirm that the buyer is non-Canadian and the buyer must be willing to execute or provide documentation evidencing their non-Canadian residency status. It is unlikely that the foreign buyer would be willing to do this unless the securities are sold at a discount because the securities can be purchased freely and with no hassle on a stock exchange. Further, if the resale occurs on a private placement basis, the buyer may have to meet certain sophistication or asset/income levels in their home jurisdiction so the available set of buyers may be restricted.

The Proposed Rule should be modified to address this issue either by: (i) recasting the requirement to sell to a non-Canadian person or company to a requirement that the Canadian resident selling securityholder has no reason to believe that the buyer is a Canadian person or company; or (ii) explicitly deeming the sale of a security on a foreign stock exchange to be a sale to a non-Canadian person or company.

Thank you for the opportunity to comment on these matters. We would be pleased to discuss our comments with you at any time.

Yours Truly,

Invesco Canada Ltd.

"Caroline Mingfok"

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Vice President & Senior Legal Counsel