



Susan Copland, B.Comm, LLB.
Director

Jessie Gill, Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, AB T2P 0R4

December 9, 2015

Dear Sir/Madame:

Re: Proposed Multilateral Instrument 45-109 *Prospectus Exemption for Start-Up Businesses* (the “Proposed Exemption”)

The Investment Industry Association of Canada (the “IIAC” or the “Association”) appreciates the opportunity to comment on the Proposed Exemption.

While we support the Commissions’ goals of assisting small companies in raising capital, the IIAC has a number of concerns about the Proposed Exemption.

The Proposed Exemption introduces another, non-harmonized prospectus exemption into the already complex and differentiated regulatory framework that exists within Canada. While we understand that the Alberta Securities Commission and the Nunavut Securities Office (the “Participating Jurisdictions”) are attempting to provide an improved means of fundraising, which addresses certain of the concerns raised by the Start-Up Crowdfunding exemption enacted in several other jurisdictions, the creation of yet another multi-facted exemption, available in only two provinces, adds more complexity and inefficiency into the Canadian capital markets.

The Proposed Exemption introduces new criteria, forms, and means of creating liability. It is not clear that the gaps in existing regulation, including the proposed Investment Dealer prospectus exemption and recently announced streamlined Offering Memorandum exemption justify the creation of this relatively complex new exemption.

Adding to the complexity, is the manner in which the Proposed Exemption interacts with the Start-Up Crowdfunding Exemption, which is in effect in certain other jurisdictions, but not the Participating Jurisdictions. While the criteria tying the two exemptions together may help limit investor losses in start-up issuers, however, the record keeping and tracking of investor purchases using either or both exemptions in different jurisdictions will very likely pose significant practical problems, and may reduce the compliance with the proposed investment limits.

It is unclear from the Notice whether research was conducted to determine if the intended target group of non reporting issuers that are unable to access the other available exemptions (due to cost or potential investor base issues) is of a significant enough size to justify the creation of this new, geographically limited exemption.

Although we question the need for, and the limited application of the Proposed Exemption, the IIAC supports the acknowledgment, within the Proposed Amendment, that the potential investment limits be in part, determined by the presence of a registered dealer. It is appropriate that investors utilizing dealers with regulatory obligations related to suitability and product knowledge be subject to higher investment limits than those dealing directly with the issuer. However, given the continued compliance issues raised in commission reviews of Exempt Market Dealers, we recommend that if this exemption is enacted, the higher investment limits only apply to IIROC investment dealers.

Thank you for considering our comments.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S. Copland', written in a cursive style.

Susan Copland