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Cooperative Capital Markets Regulatory System  
By email: [comment@ccmr-ocrmc.ca](mailto:comment@ccmr-ocrmc.ca)

Dear Sir/Madam:

**Re: Draft Prospectus and Related Registration Exemptions for the Cooperative Capital Markets Regulatory System (the “Proposed Exemptions”)**

The Investment Industry Association of Canada (the “IIAC” or “Association”) appreciates the ability to comment on the Proposed Exemptions. The Association supports efforts of the CMR jurisdictions to harmonize the disparate prospectus and registration exemptions, increasing efficiency and reducing uncertainty for market participants.

The decision to use existing exemptions from various jurisdictions also minimizes confusion and reduces the likelihood of unintended consequences, as the exemptions have been in use by a significant number of participants and the issues are understood, and may have been dealt with. We encourage CMR jurisdictions to minimize the number of local exemptions unique to their region.

We also encourage non-CMR jurisdictions to adopt the Proposed Exemptions, which would reduce regulatory inefficiency for market participants operating across Canada.

In respect of specific prospectus and registration exemptions, we appreciate that the process of choosing between the approach of various jurisdictions involves trade-offs between interests of the various constituents. In general, IIAC members have not expressed strong views on the exemptions that were chosen, however there are a few provisions that merit reconsideration.

We support the limits under the Offering Memorandum exemption, however, we believe it is appropriate to limit the acquisition amount for eligible retail investors to \$30,000 unless they have received advice that the investment is suitable from an IIROC member or portfolio manager. We do not believe that exempt market dealers have appropriate proficiency or oversight to advise retail investors for amounts in excess of the \$30,000 limit.

We support the inclusion of an exception for term sheets within the “offering memorandum” definition in Part 3 of CMRA Regulation 45-501. While a typical term sheet should not in any event constitute an

“offering memorandum”, clarity on this point is helpful. However, the proposed “specified term sheet” exception should not be limited only to circumstances in which prospective purchasers are provided an offering memorandum in addition to the specified term sheet. Accordingly, we recommend amending the “specified term sheet” definition to accommodate private placements for which a term sheet is provided to prospective purchasers but there is no offering memorandum.

In addition, the permitted information for a “specified term sheet” should be expanded to include additional market and other offering specific information that is typically included in a term sheet. For example, a typical term sheet for a debt offering would include the issue spread (together with the benchmark government bond data), issue yield and the credit ratings and CUSIP/ISIN assigned to the offered debt security. We would be pleased to work with regulators to develop a more comprehensive list of terms that would typically be provided in term sheets for private placements that, in our view, should be added as permitted information for a “specified term sheet”.

Further, it is unclear why it is necessary to impose a three line limit (per the “brief description” definition) in respect of certain permitted information. It will be impractical in many offerings to limit the description of the securities and the use of proceeds to no more than three lines of text. We suggest that you remove this “brief description” limitation entirely or, alternatively, limit its application only to the description of the business of the issuer (clause (d)). Finally, a “specified term sheet” should be permitted to include any disclosure required by NI 33-105 to address underwriting conflicts and legal disclaimers and other legends that are standard for private placement term sheets.

We also suggest amending section 100 of CMRA Regulation 45-501 to confirm that the required description of a purchaser’s rights may be satisfied by cross-referencing the disclosure in another document that has been, or is subsequently, delivered to the prospective purchaser. For example, where an investor presentation that constitutes an “offering memorandum” is delivered in connection with a private placement, it should be sufficient to provide notice in that presentation that the prospective purchaser should look to the actual offering memorandum for a detailed description of their remedies (if any) in the event of a misrepresentation.

In respect of crowdfunding provisions, we reiterate our previously stated concerns that the prohibition of registered firms from creating affiliate funding portals creates a non-level playing field among market participants, and restricts members with higher levels of proficiency from participating in crowdfunding activities, to the detriment of investors who would benefit from portals operated by reputable and highly regulated entities.

We note that under the Existing Security Holder exemption, the Ontario approach has been adopted. One of the key differences between the Ontario and BC exemption is the ability for an issuer to issue more than 100% of its outstanding listed securities in the same class in BC. This provision was regarded as important to Venture issuers at the time the exemption was created in BC, given the nature of financing small issuers with low share prices. Prior to imposing this restriction, it would be appropriate to determine if issuers using this exemption in BC have exceeded the 100% threshold, and if so, if there is any evidence that it has a negative effect on the market. Although it is important to harmonize rules, it is also important to recognize differences in the needs of various types of issuers and ensure harmonization is not done at the expense of capital raising.

Thank you for considering our comments. If you have any questions, please don't hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read "S. Copland". The signature is fluid and cursive, with a large initial "S" and a distinct "C" for "Copland".

Susan Copland