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May 28, 2014

Re: Proposed Amendments to NI 45-106 *Prospectus and Registration Exemptions* (the “Proposed Amendments”)

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

The Association supports initiatives that enable issuers to raise capital in an efficient and cost effective manner, while maintaining strong protections for investors.

Proposed Amendments to the Accredited Investor Exemption (the “AI Exemption”)

The IIAC is pleased that the CSA is not proposing changes to the thresholds applicable to the AI Exemption. As noted by the CSA, very few Canadians meet the current thresholds, and as such, any increase in the thresholds would reduce an already very narrow pool of investors.

The IIAC also supports the proposed amendment to the accredited investor definition in Ontario which harmonizes the definition to allow fully managed accounts to purchase invested fund securities under the managed account exemption. It is extremely important to the efficiency and effectiveness of Canadian capital markets to ensure regulation is consistent among Canadian jurisdictions.

In respect of the requirement for investors to sign Form 45-106F9 *Risk Acknowledgment Form for Individual Accredited Investors*, IIAC notes that comparable risk language, as well as information regarding the exemption qualifications and securities being sold is currently included in existing subscription agreements that investors complete when purchasing offerings. If more detail is required, we recommend that it be included in the subscription agreement. Currently syndication desks spend considerable time having to track IA’s down to submit forms. Requiring a separate form adds another procedural step that will contribute to delays.

If the CSA requires the addition of this separate form, it is critical that this form be uniform across all Canadian jurisdictions. Implementing different forms for different jurisdictions will lead to inefficiency, particularly for inter-jurisdictional financings, and will result in potential confusion and differences in investor treatment.

IIAC also seeks clarification in respect of section 1.9 of the Companion Policy, which states that “A person distributing or trading securities is responsible for determining when an exemption is available.” The existing draft does not make it clear whether both the issuer and any dealer involved in the financing is responsible for conducting the due diligence necessary to establish that the exemption is being used appropriately. Where an IIROC registered dealer is involved in the transaction, we view it as unnecessary and inefficient for issuers to duplicate this function. Such duplication would unnecessarily delay the capital raising process. Issuers counsel should be responsible for outlining and incorporating the available exemptions into the subscription agreements. Dealers should be responsible for ensuring any client participating through the dealer meets one of the available exemptions. Issuers should be able to rely on the representations of appropriately registered dealers, who have stringent Know-Your-Client and Suitability obligations in respect of the applicability of the exemption to particular clients. This should be made clear in the Companion Policy.

Where a transaction is being conducted without the use of a registered dealer, and the issuer is relying on the AI Exemption, the Companion Policy should be clear that the issuer is responsible for the appropriate due diligence, subject to privacy safeguards, in these circumstances.

In respect of actual Risk Acknowledgement Form 45-106F9, IIAC questions the requirement that original signed copies be provided. This requirement does not reflect business practices in the digital age. Requiring all three parties to physically sign and deliver the original documents would in many cases, result in significant delays in the financing process. The use of electronic signatures is long established practice and is been governed by the various provincial Electronic Signatures Acts.

We also question how the use of Form 45-106F9 would apply in respect of investors undertaking investments through a self-directed brokerage.

Proposed Amendments to Minimum Amount Exemption

The Association supports the restriction of the Minimum Amount Exemption to non-individual investors.

Thank you for considering our comments. If you have any questions please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S. Copland', with a stylized flourish at the end.

Susan Copland

