



October 19, 2018

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British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of
Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission
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Superintendent of Securities, Department of
Justice and Public Safety, Prince Edward
Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and
Labrador
Registrar of Securities, Northwest Territories
Registrar of Securities,
Yukon Territory Superintendent of Securities,
Nunavut

Delivered to

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor, Box 55
Toronto, Ontario M5H 3S8
comments@osc.gov.on.ca

Me Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
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Montréal (Québec) H4Z 1G3
consultation-en-cours@lautorite.qc.ca

Dear Sirs/Mesdames,

RE: CSA Notice and Request for Comment – Proposed Amendments to NI 31-103 and Companion Policy 31-103CP – Reforms to Enhance the Client-Registrant Relationship

We are writing in response to CSAs request for comment dated June 21, 2018. We are appreciative of the opportunity to comment on this initiative. Over the last several months, our firm took part in IIAC's working group on client targeted reforms. We are very supportive of the comments made in IIAC's comment letter.

One topic we feel needs particular attention is the proposed Know Your Product ("KYP") rules. Interpreting how these rules will affect firms is difficult in the current draft of these rules and it is unclear what level of analysis is required. The proposed rules appear to require a security by security

risk assessment that would be expensive and time consuming to perform and would bring unnecessary bias against early stage and venture companies. System requirements and time spent on implementing such a system that allows an ongoing security by security review would cost our firm well in excess of \$100,000 annually.

We suggest that language used in the KYP rule be modified to take into account the work already performed by other marketplace stakeholders, as well as continuous disclosure requirements. For instance, exchanges have listing rules which could be leveraged to meet the KYP requirement. Firms should not have to independently go through the exercise of reviewing every security listed on the TSX or other regulated exchanges, this is costly and redundant. If this approach was adopted, the focus would be aimed at reviewing the properties of securities that do not have ongoing reporting requirements or are unique in other respects. Maintaining a list of securities that is already 'vetted' by other stakeholders would be significantly more cost effective.

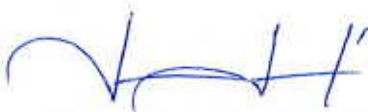
If proposed KYP rules are implemented, there will be significant consequences. Firms that do not want to take on additional compliance costs will shorten their product shelf. The additional cost of compliance will become a larger barrier to entry into the industry and may force more investment dealers to close their doors. Junior issuers will have greater difficulty accessing capital and the capital markets will not regenerate. Restricting access to higher risk securities could also negatively affect client returns.

A healthy capital market requires regulations that balance the support of early stage companies with appropriate rules that protect the investor without crippling the investment dealer ecosystem. We believe current IROC rules largely achieve this.

We appreciate the opportunity to comment on these reforms. If you have any questions or further inquiry, please feel free to contact us.

Sincerely,

Leede Jones Gable Inc.



Jason Jardine, CPA, CA

Manager, Regulatory & New Initiatives