

October 19, 2018

British Columbia Securities Commission

Alberta Securities Commission

Manitoba Securities Commission

Ontario Securities Commission

Autorité des marchés financiers

Financial and Consumer Affairs Authority of Saskatchewan

Financial and Consumer Services Commission of New Brunswick

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

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Dear Sirs/Mesdames:

**Re: CSA Notice and Request for Comment – Proposed Amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* and to Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations* dated June 21, 2018 (the “Proposed Amendments”)**

We are writing on behalf of McDougall Gauley LLP in response to the request for comment by the Canadian Securities Administrators (the “CSA”) with respect to the Proposed Amendments. Our firm actively represents registrants and issuers and as a result we are very interested in the proposed amendments and we appreciate the opportunity to provide our comments to you.

McDougall Gauley LLP represents securities industry participants in the public and exempt markets throughout Canada, with a focus on western Canada. Raising capital has been an ongoing challenge in western Canada, and more particularly in Saskatchewan. Saskatchewan’s economy and capital markets have seen tremendous change and growth in the last 10 years. Because of Saskatchewan’s size and proximity to robust large scale economies such as Alberta, Saskatchewan has traditionally struggled to develop its own capital markets.

We salute the CSA’s efforts in the Proposed Amendments to increase investor protections and better align the interests of securities advisors and dealers with the interests of their clients. Though the overall principles and approach of the Proposed Amendments are laudable, it is important to be mindful of the impact that the Proposed Amendments have on local and smaller

markets. We take issue with the changes to the referral arrangements in section 13.7, 13.8, and 13.8.1 in the Proposed Amendments. Limiting referrals to registrants only and limiting the amount of the referral fee will unnecessarily restrict raising capital in smaller markets like Saskatchewan. Referral networks in small markets are an important component to capital raising and the smaller issuers and registrants rely on these networks. When an investor is referred to a dealer, ultimately that same investor is afforded the full and thorough required analysis and review at the time of the investment by the registrant. The existing referral regime does not place investors at risk because they have the ultimate stop gap protection of meeting with a registrant who must discharge their regulatory duty towards the investor. Changing the existing referral regime does not provide any greater protection to the investor that is not already there, but has the negative impact of adversely affecting smaller markets, smaller issuers and smaller dealers.

Thank you for the opportunity to comment on the Notice. Should you have any questions about the forgoing, please contact the writer.

Yours truly,

McDOUGALL GAULEY LLP

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Partner

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