

**Exchange  
Income  
Corporation**

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March 1, 2021

The Secretary  
Ontario Securities Commission  
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Toronto, Ontario M5H 3S8  
Fax: (416) 593-2318  
E-mail: [comments@osc.gov.on.ca](mailto:comments@osc.gov.on.ca)

Me Philippe Lebel  
Corporate Secretary and Executive Director, Legal Affairs  
Autorité des marchés financiers  
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cc:  
British Columbia Securities Commission  
Alberta Securities Commission  
Financial and Consumer Affairs Authority of Saskatchewan  
The Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
Financial and Consumer Services Commission (New Brunswick)  
Superintendent of Securities, Prince Edward Island  
Nova Scotia Securities Commission  
Superintendent of Securities, Newfoundland and Labrador  
Superintendent of Securities, Yukon Territory  
Superintendent of Securities, Northwest Territories  
Superintendent of Securities, Nunavut

Dear Secretary and Me Lebel,

**Re: CSA Consultation Paper 25-403 - *Activist Short Selling***

We commend the Canadian Securities Administrators (CSA) for addressing this issue and for their diligence in undertaking the extensive research and analysis presented in the Consultation Paper.

Activist short sellers, who have no relationship with the company, have the ability to issue a short report that could have a material impact on a company's reputation, its valuation and its shareholder's assets without

any regulatory oversight, detailed disclosure requirements or recourse. On behalf of Exchange Income Corporation, a TSX-listed issuer, we support the recommendations noted below as included in the submission from the Canadian Investor Relations Institute (CIRI) dated February 25, 2021 responding to the above referenced CSA Consultation Paper.

### **Recommendations**

CIRI recommends the CSA introduce a regulatory regime:

- that requires the activist short seller to provide their report to the issuer in advance of publishing, to ensure factual accuracy;
- that requires all short sellers disclose their opening, changes in and closing positions as well as their identity and that such disclosure be made daily;
- that bans the practice that allows shares to be sold short without first borrowing the security, in line with the Capital Markets Modernization Taskforce recommendations;
- that implements a 10-day minimum holding period that would apply to any short seller who opens a short position and disseminates market-moving information; and
- that includes recourse for activist short sellers that disclose inaccurate or misleading information.

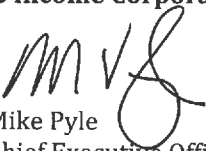
CIRI also recommends the CSA reviews the impact the removal of the tick test has had on the market since 2012.

As a publicly listed issuer in Canada, we support and encourage a regulatory regime including disclosure requirements around activist short selling, as outlined above. The adoption of these recommendations would improve the efficiency and transparency of the Canadian capital market.

Sincerely,

**Exchange Income Corporation**

Per:



Mike Pyle  
Chief Executive Officer