

ANNEX B

**Summary of Comments and Responses
Multilateral CSA Notice Request for Comment**

Proposed Amendments to National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)* and Multilateral Instrument 13-102 *System Fees for SEDAR and NRD*

No.	Subject	Summarized Comment	Response
General Comments			
1	<i>Support for the proposals</i>	<p>We received six comment letters. Two commenters strongly support the proposals. Two commenters support a move to electronic filing in principle but do not support the proposal in its current form. One commenter does not oppose the idea of electronic filings but does not support the proposal in its current form. Two commenters specifically supported the carve-out in respect of exempt market filing requirements for foreign issuers.</p> <p>One commenter noted that, given the cost of public issuance of securities, more issuers are looking to private markets to raise capital. Accordingly, the availability of offering documents on a commonly used website will assist in providing information to potential investors, as well as allow investors to compare and contrast various issuers more efficiently. The commenter believes that this will “level the playing field” among investors.</p> <p>One commenter supports CSA efforts to improve the ease with which investors can access and search a database of information relating to non-reporting issuers in a way that is similar to reporting issuers. The commenter believes that SEDAR, as a known industry tool, is suitable for this purpose. The commenter also supports the proposal on the grounds that:</p> <ul style="list-style-type: none"> • it will allow both reporting and non-reporting issuers to make filings, including exempt market filings, available in multiple jurisdictions through a single system, 	We acknowledge the comments.

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		<ul style="list-style-type: none"> • it will allow issuers to verify the accuracy of their filing record without having to make an information request to applicable jurisdictions, • investors will have improved access to information about non-reporting issuers, • other issuers could gain insight into competitors' business and money raising practices which could lead to innovation, • securities regulatory authorities would have improved access to information regarding market practices, and • securities industry professionals would have greater access to information for education, comparison, research and related purposes. 	
2	<p><i>Comments on efficiency and whether streamlining will be achieved</i></p>	<p>All commenters noted that if the proposal is given effect, it will result in three different exempt market filing platforms among British Columbia, Ontario and the other jurisdictions. All commenters noted that harmonization across all jurisdictions would be preferable to a fragmented system. Five commenters noted that the existence of multiple platforms will likely work against the CSA's goal of streamlining exempt market filing requirements.</p> <p>One commenter suggested that the CSA undertake a cost benefit analysis of expanding either British Columbia or Ontario's system to accommodate all exempt market filings.</p> <p>Three commenters noted that the SEDAR platform is antiquated and not compatible with modern operating systems.</p> <p>One commenter noted that SEDAR will not meet the long-term needs of the industry.</p> <p>One commenter noted that the proposed amendments should not be</p>	<p>A longer-term CSA project is underway to create a single integrated filing system for exempt market filings that would further reduce regulatory burden on market participants. The integrated filing system will be part of the larger CSA systems renewal project.</p> <p>Expanding SEDAR to include exempt market filings is an interim step until the CSA's integrated filing system is in place. The participating jurisdictions have evaluated electronic filing alternatives and determined that using SEDAR is the best option due to its current availability in each jurisdiction and the relatively low cost and time to implement.</p>

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		<p>made until SEDAR software is made compatible with modern operating systems and that limiting SEDAR access to those who use older operating systems could cause difficulty for a large number of issuers and their advisers. The commenter went on to state that although SEDAR is a known commodity in the industry, its use should not be extended to a new subset of issuers.</p> <p>One commenter noted that, given the difficulty of obtaining SEDAR access due to its lack of compatibility with newer operating systems, issuers may require the services of a third-party SEDAR filer and that situations may then arise where issuers are unable to make timely filings resulting in a default of compliance obligations.</p> <p>One commenter indicated that the current approach to exempt market filings in British Columbia and Ontario seemed more sensible and appropriate. The commenter noted that a similar national regime would be preferable to compelling issuers to create and maintain a SEDAR profile. The commenter stated that the approach in British Columbia and Ontario strikes the correct balance between confidentiality concerns and regulatory oversight of the exempt market. The commenter went on to voice support for an exempt market filing regime that would allow issuers to file reports of exempt distribution only in their principal jurisdiction.</p> <p>Two commenters noted that the proposal will result in added time and expense of requiring a non-reporting issuer to create and maintain a SEDAR profile.</p> <p>One commenter does not see the utility of compelling a non-reporting issuer to create a SEDAR profile solely for the purpose of filing reports of exempt distribution, particularly if exempt distributions are isolated events. The commenter stated that at best, the proposal represents an additional cost of doing business to issuers that use the</p>	<p>The CSA is considering options to address the current SEDAR software compatibility issue.</p> <p>We acknowledge that a certain level of time and expense will be required to file on SEDAR. These costs will be offset by the costs required to make the filings in paper format. The creation of a SEDAR profile is a one-time event and the time and cost required to maintain the profile thereafter are minimal.</p> <p>We acknowledge that there will be different filing systems in the participating jurisdictions, British Columbia and Ontario. However, we are of the view that adding the exempt market filings to SEDAR to allow issuers to file in all participating jurisdictions simultaneously will be an improvement over the current paper filing requirement.</p>

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		<p>exempt market and at worst, sensitive information will become too easily accessible to competitors and the issuer will decide to forego Canada as a viable market in which to raise funds.</p>	
3	<p><i>Comments on privacy and sensitive information</i></p>	<p>Four commenters expressed concerns in relation to greater public accessibility of private or potentially sensitive information.</p> <p>One commenter noted that it is vital that investors’ personal information be protected. The commenter stated that the acknowledgement by the issuer that personal information has been removed should be clear and more than simply a “tick the box” exercise.</p> <p>One commenter noted that in the case that investors’ personal information is mistakenly posted, a mechanism to remove incorrectly posted information would be useful.</p> <p>The commenter also noted that in devising a new filing regime, public access to documents should be substantially similar across jurisdictions. Specifically, public access to documents filed pursuant to NI 13-101 should be no greater than materials filed in British Columbia or Ontario. The commenter noted that a failure to do so may result in reluctance of issuers to extend offerings into certain jurisdictions.</p> <p>It is the view of one commenter that offering memoranda should be kept “private” on SEDAR. The commenter stated that a simple search on SEDAR could give competitors access to highly sensitive information. The commenter also stated that a requirement of publicly accessible offering memorandum may significantly impact the ability of private equity fund issuers to raise funds, as the issuers may be prevented from including material information in their offering memoranda due to confidentiality obligations. This would ultimately be to the detriment of exempt market investors.</p>	<p>We acknowledge the comments.</p> <p>The participating jurisdictions believe that sufficient safeguards will be present on SEDAR to assist filers in complying with their obligation to protect the personal information of investors from an unauthorized and mistaken public disclosure. These will include (1) clear instructions and a warning on SEDAR to remove the sensitive personal information prior to filing the main body of the report of exempt distribution and (2) a requirement for the filer to acknowledge that it has removed such information before the system will accept such filings. If a filer identifies that it has inadvertently made confidential information public, it can contact one of the participating jurisdictions and the filing will be made private upon notification.</p> <p>The participating jurisdictions wish to clarify that the only offering memoranda that will be required to be made public on SEDAR, are</p>

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		<p>One commenter noted that its primary concern is regarding section 37.2 of the <i>Securities Regulation</i> pursuant to the <i>Securities Act</i> (Québec). The commenter noted that under the proposed amendments, any document required to be filed under 37.2 could be made public at any time at the discretion of the principal regulator. The commenter noted that the scope of 37.2 is broad and includes “any disclosure document delivered to subscribers [in connection with a distribution made pursuant to an exemption], even if such document is not required by the Act or the Regulations”. The commenter noted that documents filed under 37.2 often contain confidential, proprietary and commercially sensitive financial and strategic information. Disclosure of such information could be highly prejudicial to the issuer. In addition, many issuers have made the strategic decision to remain private and the ability to keep sensitive, commercial information private may be a key aspect of strategy and operations. The commenter believes that the risk of sensitive information becoming public will incentivize some issuers to refrain from making offerings in certain jurisdictions and ultimately, it is potential investors who will suffer. The commenter also noted that issuers may make proactive applications under section 296 of the <i>Securities Act</i> (Québec) in order to prevent certain documents from becoming public. Regulators would then be required to undertake an in-depth review of these applications, resulting in an increased regulatory burden.</p>	<p>offering memoranda filed in accordance with section 2.9 [Offering memorandum] of NI 45-106 (the OM exemption). This prospectus exemption permits an issuer that meets the requirements to distribute securities to the general public.</p> <p>The exempt market filings that will be made public on SEDAR are filings that are already publicly available upon request from the participating jurisdictions. While the method of access to those documents would change due to required filing on SEDAR, the public availability of the documents will not change. The participating jurisdictions believe that greater access to public information will improve fairness in the market.</p> <p>The Autorité des marchés financiers (Québec) will not change the access level for the disclosure documents filed under section 37.2 of the <i>Securities Regulation</i> (Québec) and these documents will not be publicly available on SEDAR.com. The method to access these documents will not change due to the required filing on SEDAR.</p>

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4	<i>Comment on the quality of information on SEDAR over time</i>	One commenter noted that public filings on SEDAR become stale over time and that SEDAR does not allow those public filings to be removed. The commenter is concerned that exempt market filings may only provide potential investors with a “snapshot in time” of a non-reporting issuer and that such filings may quickly become dated and eventually misleading to potential investors. The commenter suggested that such filings should be “Private non-public” or a mechanism should be made available for documents to be removed after a certain amount of time has passed. The commenter also suggested posting a warning to investors that the information contained in filings may no longer be accurate or relevant.	<p>SEDAR Terms of Use stipulates that investors should not assume that documents available on SEDAR.com are error-free, timely, accurate or complete.</p> <p>Issuers that distribute securities under a prospectus exemption that would require the filing of a public disclosure document on SEDAR, would be required under that exemption to provide investors with current information before completing a distribution. Investors should not need to rely on stale information to make an investment decision.</p>
5	<i>Comments on the system fee</i>	One commenter directly addressed the proposed system fee, stating that it is nominal and the commenter has no issue with the fee in light of the benefits of having this information made available.	We acknowledge the comment.
6	<i>Comments on policy</i>	One commenter noted that requiring that an offering memorandum of an exempt market issuer be made publicly available seems inconsistent with policy considerations underpinning the exempt market. The commenter noted that the ability of a limited group of investors to make investments on a prospectus-exempt basis is premised on the grounds that such investors do not need the same level of regulatory protection. The commenter stated that requiring public disclosure of offering memoranda in the same manner as prospectuses appears inconsistent with the above premise. Further, the commenter noted that it may confuse investors, who, based on the	The participating jurisdictions wish to clarify that the only offering memoranda that will be required to be made public on SEDAR, are offering memoranda filed in accordance with the OM exemption. This prospectus exemption permits an issuer that meets the requirements to distribute securities to the general public.

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		public nature of the documents, may believe that they will be afforded the same rights and protections as investors in a prospectus offering.	Under the OM exemption an issuer is also required to obtain a signed risk acknowledgement from each investor. The risk acknowledgement form outlines some of the key inherent risks of purchasing a non-prospectus qualified security.