

Annex D
National Instrument 33-105
Underwriting Conflicts
(NI 33-105)
Summary of comments and CSA responses

No.	Subject (references are to current or proposed sections, items and paragraphs)	Summarized Comment	CSA Response
General comments on the proposed amendments			
1.	General support for the proposals	Five commenters ¹ expressed general support for the proposed amendments and the CSA's efforts to provide better access to investment opportunities to sophisticated Canadian investors.	We acknowledge these comments of general support for the CSA's efforts to provide better access to investment opportunities to sophisticated Canadian investors.
2.	General concerns with the proposals	<p>Six commenters noted that the proposed amendments would continue to limit the ability of sophisticated Canadian investors to purchase securities issued or guaranteed by foreign governments and offerings not registered in the United States.</p> <p>Five commenters cited concerns that the proposed amendments would continue to preclude Canadian investors from new issues, forcing them to purchase securities at higher prices on secondary markets.</p> <p>Two commenters stated that the proposed amendments are not sufficient because Canadian investors will continue to lose opportunities as a result of the need for dealers to determine whether or not a wrapper is required for an offering of international bonds into Canada and, if applicable, to prepare the wrapper. According to the commenters, this is</p>	<p>We acknowledge the general concerns raised with the proposed amendments.</p> <p>We are proposing changes to the amendments as originally published for comment, as described more fully below, in order to address certain concerns raised by commenters.</p>

¹ Four comment letters were received, however two letters were from multiple commenters. In all, seven commenters responded to the proposal.

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		<p>exacerbated by the fact that the size of the Canadian investor base is such that issuers or dealers are often unable to justify the time and expense in addressing compliance with any additional Canadian requirements.</p>	
3.	Overall approach to relief	<p>One commenter stated that the proposed amendments should allow securities of non-Canadian issuers to be offered in Canada on the same basis as they are offered in the United States and elsewhere, not to create more onerous disclosure obligations for offerings to Canadian investors.</p> <p>Two commenters noted that in order for Canadian institutional investors to be provided with the same access to foreign offerings as is provided to institutional investors in the United States and elsewhere around the world, it will be necessary for Canadian legal requirements to be capable of being addressed in the same manner as in other jurisdictions, namely through short, standardized disclosure that can be inserted into an offering document, without the necessity of making a determination whether or not the disclosure suffices for a particular distribution or requires customization.</p> <p>One commenter stated that Canadian requirements for the offering of foreign securities by private placement would remain the most onerous in the world if current proposals are put into effect.</p>	<p>We understand that in certain cases, the Canadian disclosure requirements on conflicts of interest are different from requirements in other international jurisdictions with respect to disclosure of conflicts of interest between issuers and dealers.</p> <p>The goal of this initiative is to facilitate participation by sophisticated Canadian investors that qualify as permitted clients in foreign securities offerings, including offerings by foreign governments and corporations.</p> <p>As a result of the comments received, we are proposing certain changes that are intended to address the concern that the proposed amendments will not achieve the stated objective of reducing barriers to sophisticated Canadian investors participating in foreign offerings. Please see the more detailed description of these changes below.</p>

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Commentary on the nature of the problem			
4.	General commentary on the market for foreign offerings	<p><u>Foreign offerings generally</u> One commenter stated that the major impetus for extending foreign offerings into Canada is dealers responding to demand from institutional investors in Canada, rather than issuer interest in expanding into Canada.</p> <p>Five commenters noted that demand for offerings of foreign securities (including foreign government securities) is usually strong and the entire offering sells quickly. As a result of this large demand, foreign issuers are usually unconcerned that Canadian investors are unable to purchase the securities.</p> <p>There is a willingness on the part of issuers and dealers to address Canadian disclosure requirements only if demand for an offering is poor.</p> <p><u>International bond markets</u> Two commenters noted that Canadian bond markets represent 2.48% of the world's total outstanding debt securities and that Canadian investors look to international investment alternatives for opportunities to enhance yield and to diversify and reduce risk.</p> <p>The vast majority of issuers, particularly governments and corporate issuers outside the United States, lack familiarity with Canadian securities laws, as do many of the dealers' syndicate desks. The size of the Canadian investor base is not viewed</p>	We thank commenters for providing this information on the foreign offering process and the international bond markets, including information on the problems faced by Canadian institutional investors in participating in international offerings.

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		<p>by issuers or dealers as justifying any time and expense in addressing compliance with Canadian requirements.</p> <p>Bond offerings are announced with little advance warning. This time constraint accentuates the problem of syndicate desks being unfamiliar with Canadian securities legislation and preferring not to deal with it. This is a market for which Canadian wrappers are rarely prepared.</p> <p><u>Lack of access to international investment opportunities</u></p> <p>Rather than preparing customized disclosure or even addressing the question of whether or not customized Canadian disclosure is required (including dealing with the distinction between connected issuers and related issuers), dealers find it easier to sell to Canadian investors in the secondary market immediately after a new offering. This means the initial attractive pricing is not available to the Canadian investors. This also results in Canadian investors acquiring the same securities they were unable to acquire in the primary offering, without receiving any of the disclosure required by Canadian legislation.</p> <p>When an existing issue is re-opened, Canadian investors may already hold the securities in one or more portfolios but are unable to add to a position at an attractive price due to the exclusion of Canadian investors from participating in the offering.</p> <p>Reduced access to favourable investment</p>	

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		<p>opportunities hurts the ability of Canadian fund managers to compete internationally with non-Canadian fund managers who have a performance advantage as a result of their greater ability to participate in new issues at favourable pricing. Investors look at performance when deciding how to allocate funds and even small performance differences can have a significant difference over time.</p>	
5.	Impact of the Wrapper Relief ²	<p>Two commenters noted that use of the Wrapper Relief has been disappointing. There is a lack of understanding in the market as to how the Wrapper Relief works and an unwillingness to take the time to consider whether the relief applies to a particular offering. Dealers have little or no incentive to be educated on whether and how the Wrapper Relief will apply to a particular offering, given the speed of offerings and their popularity. Educating dealers would be a constant process due to the multitude of different markets in which such dealers are based and ongoing personnel changes.</p> <p>Two commenters noted that dealers who obtained exemptive relief as a result of the Wrapper Relief have been failing to take advantage of this relief because they find it</p>	<p>We acknowledge these comments and appreciate the input on how the Wrapper Relief is being used in practice.</p> <p>Based on data received from dealers that have obtained Wrapper Relief to date, we note that a certain number of transactions are occurring. It may be difficult to know to what extent the problem relates to the specifics of the Wrapper Relief versus the fact that the Canadian market is such a small part of the international markets. However, we have taken these comments into consideration in proposing further changes to the proposed amendments, as described more fully below.</p>

² A number of dealers have been granted exemptive relief from certain Canadian securities law disclosure requirements, including requirements of NI 33-105, for offerings of foreign securities made on an exempt basis to permitted clients in Canada (the Wrapper Relief). The Wrapper Relief granted substantially the same relief as set out in the proposed amendments, and also granted relief that is reflected in proposed Ontario amendments to OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions* (proposed amendments to OSC Rule 45-501) and National Instrument 45-106 *Prospectus and Registration Exemptions* published for comment on April 25, 2013 as well as proposed Multilateral Instrument 45-107 *Listing Representation and Rights of Action Disclosure Exemptions* (proposed MI 45-107) published for comment on November 28, 2013.

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		<p>to be overly confusing and they consider it to require a time-consuming, case-by-case analysis.</p> <p>Dealers are reluctant to incur the extra time and cost associated with preparing a wrapper or determining the possible availability of exemptive relief.</p> <p>The current Wrapper Relief is most likely to be relied on in the case of issuers having lower credit quality for which demand, including potential Canadian interest, is weak.</p>	
Definitions			
6.	<p>Definition of “designated foreign security” – issuer requirements (proposed section 3A.1 of NI 33-105)</p>	<p><u>Not a reporting issuer</u> Six commenters stated that the condition that an issuer not be a ‘reporting issuer in a jurisdiction of Canada’ should be removed. A common concern with this requirement is that it necessitates checking the list of reporting issuers maintained by each provincial and territorial securities regulatory authority.</p> <p>Three commenters expressed the view that the status of an issuer as a reporting issuer in a Canadian jurisdiction does not make a class of its securities more “Canadian” (or less foreign) than a class of securities of a non-Canadian issuer that is not a reporting issuer.</p> <p>Four commenters noted that no policy basis has been suggested for the</p>	<p>We do not agree that the definition of “designated foreign security”³ should include securities issued by reporting issuers. In our view, the policy basis for excluding reporting issuers is the fact that by choosing to become reporting issuers, issuers take active steps to engage with and participate in the Canadian securities regulatory regime and as a result such issuers should be required to comply with NI 33-105 (and other applicable Canadian securities law requirements).</p> <p>In our view, issuers should know if they are a reporting issuer in a Canadian jurisdiction, as this will impact the various requirements (in addition to requirements under NI 33-</p>

³ Note that the term “eligible foreign security” is now proposed to be used instead of “designated foreign security”.

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		<p>requirement that a designated foreign issuer cannot be a reporting issuer. They suggested that there is an insufficient policy rationale for excluding securities of non-Canadian issuers from the benefits of the proposed amendments merely because of Canadian reporting issuer status.</p> <p>One commenter cited the same issue with proposed MI 45-107.</p> <p><u>Other conditions</u> According to six of the commenters, the other restrictions in the definition of “designated foreign security” are acceptable.</p>	<p>105) that must be complied with under Canadian securities law.</p>
7.	Use of the term “specified firm registrant”	<p>One commenter raised an issue with the use of the term “specified firm registrant”. The current definition of “specified firm registrant” in NI 33-105 includes a person or company registered, or required to be registered, under securities legislation as a registered dealer, registered advisor or registered investment fund manager, but does not refer to a person or company relying on the international dealer exemption.</p> <p>This definition is inconsistent with the Wrapper Relief. Based on the proposed amendments, it would suggest that an exempt international dealer would have to provide disclosure in a Canadian wrapper in respect of another underwriter in the transaction that is not selling into Canada but is a “specified firm registrant”. However, if that specified firm registrant itself chose to sell into Canada in that</p>	<p>We have proposed to amend use of the term “specified firm registrant” and replace it with the terms “registered dealer” and “international dealer”. This approach aligns with the use of these terms in the proposed amendments to OSC Rule 45-501.</p> <p>We also note that this aligns with the exemptive relief in the Wrapper Relief which was granted specifically to certain registered dealers and international dealers.</p>

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		<p>offering, it would not have to provide that disclosure because the exemption would be available to it.</p> <p>The commenter also noted that the definition in NI 33-105 is inconsistent with proposed amendments to OSC Rule 45-501 <i>Ontario Prospectus and Registration Exemptions</i> (proposed amendments to OSC Rule 45-501), which specifically uses the terms “registered dealer” and “international dealer” instead of the term “specified firm registrant”. The commenter recommends adopting the same approach as in the proposed amendments to OSC Rule 45-501.</p> <p>Another commenter noted that the definition of “specified firm registrant” may be interpreted to include persons or companies that rely on the international dealer exemption in s. 8.18 of National Instrument 31-103 <i>Registration Requirements, Exemptions and Ongoing Registrant Obligations</i>, but that an interpretation that such persons are not specified firm registrants is also tenable on the basis that a person or company relying on an exemption from the registration requirement has ceased to be a person required to be registered. As such, the definition should be amended to clarify whether it includes persons relying on an exemption from the registration requirement.</p>	

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Exemption based on U.S. disclosure			
8.	Exemption based on U.S. disclosure (proposed section 3A.2 of NI 33-105) – General comments	<p>All seven commenters expressed concerns with the proposed amendments regarding compliance with underwriter conflicts of interest disclosure requirements applicable to U.S. registered offerings, whether or not such offerings are in fact registered in the United States.</p> <p>Four commenters stated that the requirement to comply with underwriter conflicts of interest disclosure requirements applicable to a U.S. registered offering remains a major impediment to extending non-U.S. registered offerings into Canada. This approach will substantially limit the utility of the proposed amendments where a registered offering is not made in the U.S. and will continue to prevent Canadian investors from participating in global offerings in the same manner as U.S. institutional investors.</p> <p>Six commenters stated that the main problem is complying with the technical requirements for providing “prominent disclosure” applicable to a U.S. registered offering for disclosure of underwriter conflicts of interest.</p> <p>Six commenters noted that the requirement to impose U.S. registered offering standards regardless of whether the securities are registered in the U.S. requires issuers and dealers to provide Canadian investors with disclosure beyond that which is required to be provided to</p>	<p>We thank commenters for information on how this proposed requirement remains an impediment to extending non-U.S. registered offerings to Canadian investors.</p> <p>We have reconsidered this condition in light of the comments received and have amended the proposed exemption so that unregistered offerings also made to U.S. investors can also be offered in Canada, provided that the same disclosure that is provided to U.S. investors is also provided to Canadian investors.</p> <p>The purpose of these changes is to allow unregistered offerings that are made in the U.S. to U.S. investors to also be made to Canadian investors, without requiring the conflicts of interest disclosure required by NI 33-105.</p> <p>In our view, most offerings of interest to Canadian investors will also be made into the U.S.</p> <p>We agree with commenters that it is not necessary to impose more stringent requirements than those required for U.S. investors.</p>

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		<p>investors under the laws of the home jurisdiction of the issuer or primary jurisdiction of the offering.</p> <p>Three commenters stated that in a global offering made primarily outside of Canada, Canadian institutional investors do not need to receive additional disclosure than is provided to a U.S. institutional investor for securities distributed on a private placement basis. These commenters recommended that the exemption allow securities of non-Canadian issuers to be offered in Canada on the same basis as they are being offered in the United States and elsewhere.</p> <p>Two commenters stated that compliance with the requirements of U.S. registered offerings should apply only to U.S. registered offerings.</p> <p>Two commenters stated that if the requirement to comply with the disclosure requirements relating to underwriter conflicts of interest for U.S. registered offerings is retained for distributions of non-government securities, compliance with the disclosure requirements for public offerings in other jurisdictions that apply to the offering document should be permitted as an alternative.</p>	
9.	Applicability of U.S. disclosure requirements (proposed section 3A.2 of NI 33-105)	Two commenters stated that proposed section 3A.2 [<i>exemption based on U.S. disclosure</i>] should only apply to designated foreign securities other than foreign government securities and the relevant section should make this clear.	Proposed section 3A.2 was originally intended to also be available to offerings of foreign government securities, to the extent proposed section 3A.3 could not be relied on (for example, if a foreign government

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			<p>offering involved a related issuer).</p> <p>However, we have now proposed to broaden the exemption for offerings of foreign government securities. The proposed exemption will provide relief from both the related and connected issuer disclosure requirements for offerings of foreign government securities. As a result, we have clarified that proposed section 3A.4 is applicable to foreign government securities and proposed section 3A.3 is applicable to non-government foreign securities⁴.</p>
10.	<p>Scope of U.S. disclosure requirements (proposed section 3A.2 of NI 33-105)</p>	<p>All commenters suggested that the scope of the U.S. disclosure requirements to be complied with is too broad. Proposed paragraph 3A.2(c) of NI 33-105 would require broad compliance with the requirements of section 229.508 of U.S. Securities Exchange Commission (SEC) Regulation S-K under the 1933 Act and FINRA Rule 5121. However, there are elements of 229.508 of SEC Regulation S-K and FINRA Rule 5121 that have nothing to do with underwriter conflicts of interest disclosure and are therefore outside the scope of NI 33-105.</p> <p>As well, one commenter pointed out that a situation can arise where an offering is subject to SEC Regulation S-K, but not subject to FINRA Rule 5121 and thus it may not be possible for the preliminary version of the offering document to</p>	<p>As a result of broadening the exemption to include non-registered offerings made in the U.S., we have removed these section references.</p>

⁴ Section references have changed since publication of the proposed amendments for comment.

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		<p>comply with FINRA Rule 5121 even though the document provides all material disclosure regarding underwriter conflicts.</p> <p>Some commenters stated that the wording of this section should be revised to specifically refer to disclosure of conflicts of interest between the dealer or issuer, rather than specific section references.</p>	
11.	Alternatives to U.S. disclosure requirements	<p>Six commenters were of the view that the exemption should be structured so that it can be used where the offering document is subject to the prospectus requirements of a jurisdiction other than the U.S. regarding the disclosure of underwriter conflicts of interest and where this offering document is sent to Canadian investors.</p> <p>Two commenters also stated that this should be provided with a standardized legend about the inapplicability of particular Canadian disclosure requirements.</p> <p>Two commenters stated that the level of disclosure in a U.S. private placement or global offering, a portion of which is privately placed with U.S. investors, should be considered adequate for Canadian permitted clients.</p> <p>One commenter suggested that the policy objective of the proposed amendments would be satisfied by adopting the materiality standard of section 229.508 of SEC Regulation S-K, which requires issuers to “identify each such underwriter having a material relationship with the</p>	<p>In our view, an exemption based on alternative disclosure from a jurisdiction other than the U.S. is too broad.</p> <p>We agree with those commenters who noted that the level of disclosure provided in a U.S. private placement or global offering, a portion of which is privately placed with U.S. investors, should be adequate for Canadian permitted clients. We have proposed amending the proposed exemption to permit unregistered U.S. offerings made to U.S. investors to also be made to Canadian investors that are permitted clients.</p> <p>We do not believe adopting a materiality standard based on SEC Regulation S-K would address the concerns raised by commenters, as this would still require foreign issuers and dealers to consider whether the Canadian standard applied in the context of a foreign offering.</p>

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		<p>registrant and state the nature of the relationship” without imposing a requirement to comply with other technical disclosure requirements.</p>	
Exemption for foreign government securities			
12.	<p>Exemption for foreign government securities - Distinction between “related” and “connected” issuers (proposed paragraph 3A.3(b) of NI 33-105)</p>	<p>Six commenters recommended deleting paragraph (b) from proposed section 3A.3, namely that a foreign government issuer cannot be a related issuer of a specified firm registrant.</p> <p>One commenter pointed out that foreign government issuers and underwriters often leave out Canada rather than deal with the distinction between related issuers and connected issuers.</p> <p>Two commenters noted that while the requirement to provide related issuer disclosure in the context of foreign government offerings will apply infrequently, the likelihood has increased following the bank bail-outs of the past several years.</p> <p>According to five commenters, the Canadian disclosure requirements for primary offerings of government securities differ from markets of comparable size, as no jurisdiction, other than the Canadian provinces and territories, imposes a disclosure requirement with respect to government securities that has the potential to require individualized analysis as to applicability and disclosure for one group of investors (i.e. Canadian permitted clients) that may require customization.</p>	<p>We acknowledge the comments that suggest the distinction between a “connected” and “related” issuer has proved difficult for foreign issuers and dealers to understand and apply in the context of fast-moving global offerings.</p> <p>We agree that the exemption should provide relief from both the connected and related issuer disclosure requirements for foreign government issuers and have proposed changes to the proposed amendments.</p> <p>In our view, permitted clients would likely consider other factors to be more important than the existence of potential conflicts of interest when making a decision to invest in foreign government securities. For example, risks relating to conflicts of interest would likely be outweighed by other risks such as a foreign government's ability and/or willingness to make debt repayments. As a result, the existence of conflicts of interest between a government issuer and a related underwriter may not have the same impact on the permitted client's decision to invest.</p>

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		According to these commenters, sophisticated Canadian investors would be protected by receiving the same disclosure received by sophisticated investors in the U.S. and elsewhere.	
Requirement to provide notice of exemption			
13.	Notice to permitted clients (proposed section 3A.5 of NI 33-105) - Requirement to describe terms and conditions	One commenter submitted that the requirement to describe the ‘terms and conditions of the exemptions being relied on’ is unnecessary. The commenter submitted that, at most, the requirement should be to provide a statement to the effect that the dealer is relying on an exemption from the disclosure requirements of NI 33-105 with a cross-reference to the applicable section number. Describing the exemption is unnecessary because any permitted client can read the exemption if they are provided with the appropriate section reference. As such, a description would add no value and be an unnecessary compliance burden for dealers.	We agree that it should not be necessary to describe the terms and conditions of the exemption being relied on, given that the exemptions will be specifically included in NI 33-105. We have made changes to the proposed amendments to remove the requirement to include a description of the terms and conditions of the exemption being relied on.
14.	Manner of notice (proposed section 3A.6 of NI 33-105)	Six commenters were supportive of the proposed section 3A.6 that includes alternative ways for the notice required by section 3A.5 to be provided to investors, on the basis that it will facilitate use of the proposed exemptive relief. One commenter noted that the deletion of the requirement to obtain an acknowledgment from investors and the availability of alternatives for providing notice to investors is a marked improvement over the notice and	We acknowledge the comments in support of alternative ways that notice can be provided. The proposed amendments were drafted to provide flexibility in how notice of reliance on the exemption was provided to permitted clients. Thus notice of reliance on the exemption may be provided in a separate stand-alone notice, or in the offering document itself. We note the comments with respect to

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		<p>acknowledgment conditions of the Wrapper Relief. Permitting the notice to be provided in the offering document and not requiring receipt of an acknowledgment will enable better centralization for particular offerings, including assuring that all underwriters authorized to sell into the applicable jurisdiction are able to rely on the exemption.</p> <p>Three commenters stated that dealers may be reluctant to use the option in proposed section 3A.6 if they are required to include in an offering document the same lengthy description of statutory rights of action currently included in Canadian wrappers in order to comply with the requirements in New Brunswick, Nova Scotia, Ontario and Saskatchewan.</p> <p>Five commenters supported a requirement to provide only a notification of the existence of statutory rights of action, rather than a description of those rights.</p>	<p>disclosure of statutory rights of action and will consider those comments in our review of the comments received in response to the proposed amendments to OSC Rule 45-501 and proposed MI 45-107.</p>
15.	<p>Inconsistencies between the notice requirements in proposed sections 3A.5 and 3A.6 of NI 33-105 and the disclosure requirements in proposed MI 45-107 and the proposed amendments to OSC Rule 45-501</p>	<p>One commenter cited inconsistencies between the notice requirement in section 3A.5 and disclosure requirements under proposed MI 45-107. The commenter recommended further amendments to section 3A.5 to include a form of notice as set out in a schedule attached to the commenter's letter.</p> <p>Two commenters submitted that, while they are generally supportive of section 3A.6 (and, in particular, subparagraph (b)(ii)) on the basis that the provision enables notice to be provided in the</p>	<p>We note the comments with respect to requirements related to the disclosure of statutory rights of action in an offering document and will consider those comments when reviewing the comments received on the proposed amendments to OSC Rule 45-501 and proposed MI 45-107.</p>

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		<p>offering document, the notice requirement is inconsistent with the disclosure requirement in proposed MI 45-107 and with the requirement in the proposed amendments to OSC Rule 45-501 because both continue to require a description of the statutory rights of action available in four provinces (New Brunswick, Nova Scotia, Ontario and Saskatchewan). The required notice disclosure should be limited to notification of the existence of statutory rights of action rather than a description of those rights.</p> <p>Proposed MI 45-107 and the proposed amendments to OSC Rule 45-501 only provide for alternative means by which the statutory rights of action could be described. This presents two difficulties:</p> <ul style="list-style-type: none"> • The statutory rights of action differ among the four provinces that have disclosure requirements for the statutory rights of action, resulting in excessively lengthy disclosures; and • Although a fully comprehensive description of the statutory rights of action could be provided, it would be less useful to investors than a description of statutory rights of action tailored to the particular offering. 	

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Other comments			
16.	Multilateral Instrument 51-105 <i>Issuers Quoted in the U.S. Over-the-Counter Markets</i> (MI 51-101)	<p>One commenter noted that MI 51-105 may impose substantial ongoing requirements on issuers whose securities are offered in a province other than Ontario and Québec if the issuer does not have securities listed on a specified exchange or a primary listing on a specified exchange on the basis of a U.S. OTC quotation at the time of the offering. The result is that provinces other than Ontario and Québec may be excluded from offerings even where an exemption may be available as a result of MI 51-105.</p>	We thank commenters for these comments but they are outside the scope of this project.
17.	Multilateral Instrument 32-102 <i>Registration Exemptions for Non-Resident Investment Fund Managers</i> (MI 32-102)	<p>One commenter pointed out that the requirement for a non-Canadian Investment Fund Manager (IFM) to complete and file Form 32-102F2 <i>Notice of Regulatory Action</i> and keep it updated, particularly for IFMs with large numbers of affiliates, can be sufficiently onerous for IFMs to decide not to offer securities into the provinces that have implemented MI 32-102.</p> <p>For example, IFM registration requirements may become onerous where special purpose investment funds are set up with the same adviser but different general partners. Just a single permitted client in each of the relevant jurisdictions investing in each fund would require each general partner acting as an IFM to make the required filings for exemptive relief under MI 32-102.</p> <p>Given the breadth of the definition of investment fund, which may extend to exchange listed, actively managed</p>	We thank commenters for these comments but they are outside the scope of this project.

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		<p>mortgage and real estate investment trusts, for example, the impact of MI 32-102 on the utility of the proposed amendments is greater than it might appear. As such, the commenter submitted that the CSA should reconsider the application of the IFM registration requirement to IFMs that manage foreign funds offshore.</p>	
18.	Concerns with approach to relief ⁵	<p>One commenter expressed concern about piecemeal changes to the applicable rules relating to foreign securities offerings in Canada and fragmentation in market practice.</p> <p>The commenter noted that the exemptive relief granted to some dealers under NI 33-105 for offering documents prepared in compliance with U.S. disclosure requirements was premised on the assumption that those requirements are substantially similar to those mandated under the “connected issuer” and “related issuer” standards contained in NI 33-105. There are material and substantive differences between the U.S. disclosure standards and those contained in NI 33-105, with the effect that the Canadian disclosure requirements are more robust and provide investors with additional conflicts of interest disclosure.</p>	<p>We acknowledge the comment regarding piecemeal changes to applicable rules. Since the publication for comment of the NI 33-105 amendments, CSA staff have endeavoured to work together on the NI 33-105 amendments, the proposed amendments to OSC Rule 45-501 and proposed MI 45-107. We are publishing all of these amendments in final form at the same time.</p> <p>We are aware that there are differences between Canadian and U.S. disclosure requirements related to conflicts of interest between issuers and dealers. However, in the context of the proposed exemption, which relates to foreign securities offered on a private placement basis to permitted clients, we are satisfied that disclosure provided in accordance with U.S. requirements is an appropriate alternative to the disclosure required by NI 33-105.</p>

⁵ These comments were included in one commenter’s submission in response to the proposed amendments to OSC Rule 45-501.