

## **Annex D**

### **List of commenters and summary of comments received on proposed ASC Rule 45-516 *Prospectus Exemptions for Retail Investors and Existing Security Holders***

#### **List of Commenters**

- James Price, CFA, Director Capital Markets Products, Richardson GMP Limited;
- Darrin Hopkins, BA, MBA, Director Co-Head Public Venture Capital Division, Richardson GMP Limited;
- Richard Pong, CFA, Chair, Canadian Advocacy Council for Canadian CFA Institute Societies;
- Susan Copland, B. Comm., LLB, Managing Director on behalf of Investment Industry Association of Canada (IIAC);
- Gordon Keep, Fiore Financial Corporation;
- Ungad Chadda, Senior Vice President, Toronto Stock Exchange and John McCoach, President, TSX Venture Exchange.

#### **Summary of Comments**

##### **1. General Support**

Commenters expressed strong support for the proposed exemption. Submissions generally said that the exemption would be beneficial to the public venture capital market by helping issuers access capital in a cost-efficient manner, while balancing investor protection interests.

##### **2. Harmonization across Canada**

Four of the six submissions expressed strong support for harmonization of the proposed exemption across all jurisdictions in Canada.

##### **3. Making exemption available to issuers listed on other Canadian markets**

One commenter expressed concern about the exchanges included in the proposed exemption and two of the commenters expressed support for expanding to other markets. We have not made any changes to the proposed exemption but will monitor use of the exemption for possible future changes.

##### **4. Expanding beyond registered investment dealers**

Most submissions expressed a lack of support to expanding the exemption beyond registered investment dealers, citing concerns about investor protection.

## **5. Investment dealer due diligence**

Submissions expressed a lack of support for confirmation from an investment dealer respecting the issuer's statement of no undisclosed material facts. This confirmation would require due diligence on behalf of the investment dealer. One commenter suggested that the issuer is in the proper position to provide such a confirmation and indicated that not providing such a confirmation would be more consistent with similar existing exemptions. Another commenter was concerned about the additional cost and delays associated with such a confirmation.

## **6. Additional investor protection**

One commenter suggested that an issuer be required to provide to subscribers a copy of its most recent annual and quarterly financial statements and management discussion and analysis. As this information would be readily available in the issuer's public disclosure record on SEDAR, we did not make this change.

One commenter suggested implementing a statutory best interest standard for all registrants. This is outside the scope of this exemption but we will consider this comment for future projects.

## **7. Limit on size of offering**

Most submissions did not support specifying a limit on the size of offerings and one commenter suggested that a limit relating to the market capitalization of the issuer be implemented. We have not changed the proposed exemption to include such a limit but will monitor use of the exemption for possible future changes.

## **8. Limit on Investor's Investment**

Most submissions did not support specifying a limit on an investor's investment. One commenter suggested a limit of \$25,000. We have not changed the proposed exemption to include such a limit but will monitor use of the exemption for possible future changes. Several commenters noted that investment dealers are required to provide advice based on suitability and that this should address concerns on this issue.