

## CSA Notice and Request for Comment

### Proposed Amendments to National Instrument 45-106 *Prospectus Exemptions* relating to Reports of Exempt Distribution

August 13, 2015

#### Introduction

The Canadian Securities Administrators (**CSA** or **we**), are publishing for a 60-day comment period proposed amendments (the **Proposed Amendments**) to National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**) that would introduce a new harmonized report of exempt distribution (the **Proposed Report**) and make related changes to Companion Policy 45-106CP *Prospectus Exemptions* (**45-106CP**). For Alberta, Saskatchewan, Ontario and New Brunswick, the Proposed Amendments constitute a republication of the March 2014 Proposals (as defined below).

The Proposed Report is set out in Annex A of this notice. The text of other Proposed Amendments is set out in Annex B, Annex C and, as applicable, in Annex H regarding local matters. This notice will also be available on the following websites of CSA jurisdictions:

[www.bcsc.bc.ca](http://www.bcsc.bc.ca)  
[www.albertasecurities.com](http://www.albertasecurities.com)  
[www.fcaa.gov.sk.ca](http://www.fcaa.gov.sk.ca)  
[www.msc.gov.mb.ca](http://www.msc.gov.mb.ca)  
[www.osc.gov.on.ca](http://www.osc.gov.on.ca)  
[www.lautorite.qc.ca](http://www.lautorite.qc.ca)  
[www.fcnb.ca](http://www.fcnb.ca)  
[nssc.novascotia.ca](http://nssc.novascotia.ca)

#### Substance and Purpose

##### *The Proposed Report*

Currently, issuers who rely on certain prospectus exemptions to distribute securities are required to file a report of exempt distribution within the prescribed timeframe. In all CSA jurisdictions except British Columbia, the form of report is Form 45-106F1 *Report of Exempt Distribution* (**Form 45-106F1**). In British Columbia, the form of report is Form 45-106F6 *British Columbia Report of Exempt Distribution* (**Form 45-106F6**, which together with Form 45-106F1 are referred to as the **Current Reports**).

The Proposed Amendments would replace the Current Reports with the Proposed Report.

The Proposed Report is intended to:

1. reduce the compliance burden for issuers and underwriters by having a harmonized report of exempt distribution; and
2. provide securities regulators with the necessary information to facilitate more effective regulatory oversight of the exempt market and improve analysis for policy development purposes.

### *Filing Deadlines for Investment Funds*

Currently, investment funds using certain prospectus exemptions have the option to report annually within 30 days after their financial year-end instead of within 10 days after a distribution. We propose to change the deadline for investment funds reporting annually to be within 30 days after the *calendar year-end* (i.e. by January 30) to improve the comparability and timeliness of the information collected. The March 2014 Proposals contemplated that investment funds would be required to report on a quarterly basis. The jurisdictions that published the March 2014 Proposals have decided not to proceed with the quarterly filing requirement.

### *Transition*

Beginning on the date the Proposed Amendments come into force, all issuers required to file a report of exempt distribution, including investment funds that file annually, must file the Proposed Report. We do propose a transition period for the change in the filing deadline for investment funds. Investment funds filing on an annual basis would be expected to file the Proposed Report within 30 days after their financial year-end until the end of the calendar year that the Proposed Amendments come into force. By January 30 of the calendar year following the coming into force of the Proposed Amendments, all investment funds that file annually would be required to conform to the amended filing deadline requirement.

## **Background**

There were two prior proposals by CSA jurisdictions related to the Current Reports, as summarized below. Comments from the prior proposals have informed this proposal.

### *The February 2014 Proposals*

On February 27, 2014, the CSA published for comment proposed amendments to the Current Reports in conjunction with proposed amendments to NI 45-106 relating to the accredited investor and minimum amount investment prospectus exemptions (the **February 2014 Proposals**).

The February 2014 Proposals proposed to gather additional information related to:

- the category of accredited investor for each purchaser,
- updated industry categories, and

- any person being compensated in connection with the distribution, including identifying the purchasers in respect of which the person received compensation.

### *The March 2014 Proposals*

On March 20, 2014, Alberta, Saskatchewan, Ontario and New Brunswick published for comment two new proposed forms for reporting exempt distributions (the **March 2014 Proposals**):

- proposed Form 45-106F10 *Report of Exempt Distribution For Investment Fund Issuers* (**Proposed Form 45-106F10**), and
- proposed Form 45-106F11 *Report of Exempt Distribution For Issuers Other Than Investment Funds* (**Proposed Form 45-106F11**).

Proposed Form 45-106F10 and Proposed Form 45-106F11 were intended to streamline exempt market reporting in applicable jurisdictions and obtain additional information about issuers, registrants and investors to enhance our ability to monitor exempt market activity. The Proposed Report has a similar objective. Notable differences between the March 2014 Proposals and the Proposed Report are summarized in Annex G.

### **Summary of Key Comments Received**

A list of commenters who responded to the February 2014 Proposals and the March 2014 Proposals can be found in Annex D.

### *The February 2014 Proposals*

The comment period on the February 2014 Proposals expired on May 28, 2014. The CSA received written submissions that addressed the proposed amendments to the Current Reports from 15 commenters, which can be viewed on the Alberta Securities Commission (**ASC**) website at [www.albertasecurities.com](http://www.albertasecurities.com), the Ontario Securities Commission (**OSC**) website at [www.osc.gov.on.ca](http://www.osc.gov.on.ca) and the Autorité des marchés financiers (**AMF**) website at [www.lautorite.qc.ca](http://www.lautorite.qc.ca).

### *The March 2014 Proposals*

The comment period on the March 2014 Proposals expired on June 18, 2014. The ASC, Financial and Consumer Affairs Authority of Saskatchewan, OSC and Financial and Consumer Services Commission (New Brunswick) received written submissions from 30 commenters, which can be viewed on the ASC website at [www.albertasecurities.com](http://www.albertasecurities.com) and on the OSC website at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

We thank all commenters for their input. Summaries of their comments, together with our responses, are contained in Annex E and Annex F.

## Summary of Proposed Changes to the March 2014 Proposals

After considering the comments received, the Proposed Amendments reflect changes to the March 2014 Proposals as set out in Annex G.

### Summary of the Proposed Amendments

The Proposed Report requires disclosure of the following information:

- details about the issuer including its size and primary business activity,
- identities of the directors, executive officers, control persons and promoters of certain issuers,
- details about the securities distributed and, for certain jurisdictions, details about the documents provided in connection with the distribution,
- specific details about the exemptions relied on, both on an aggregate and per investor basis, and
- details about compensation paid to registrants, connected persons, insiders and employees of the issuer or the investment fund manager (**IFM**) involved in the distribution.

For investment fund issuers, the Proposed Report also requires disclosure regarding the size of the fund, the general category of the fund and net proceeds to the fund.

The Proposed Report contemplates carve-outs from certain information requirements for:

- investment fund issuers,
- reporting issuers and their wholly owned subsidiaries,
- foreign public issuers and their wholly owned subsidiaries, and
- issuers distributing eligible foreign securities only to permitted clients.

### *Framework of the Proposed Report*

We have streamlined the Proposed Report not to require certain information that can be gathered through an issuer's continuous disclosure filings, an issuer's profile on the System for Electronic Document Analysis and Retrieval (**SEDAR**) or a registrant firm's National Registration Database (**NRD**) profile.

The table below describes the key differences between the Proposed Report and the Current Reports together with an explanation of the rationale for the requirement.

Information Requested	Rationale
<b>Identifiers</b>	
<b>Firm NRD number for the underwriter, IFM and registrant being compensated</b>	Disclosure of this unique identifier would allow securities regulators to accurately link information available through NRD to assist in our compliance program. Disclosure would also reduce duplication

Information Requested	Rationale
	where information required to be disclosed in the Proposed Report is available in NRD.
<b>SEDAR profile number</b>	Disclosure of the SEDAR profile number would assist securities regulators to access information about the issuer that is filed on SEDAR and part of the issuer's SEDAR profile. Issuers that provide a SEDAR profile number would not be required to complete certain sections of the Proposed Report.
<b>Legal entity identifier of issuer</b>	<p>The Global Legal Entity Identifier System is a system that provides a globally accepted standard for unique identification of parties to financial transactions. This system is overseen by the Legal Entity Identifier Regulatory Oversight Committee. Reporting the legal entity identifier for issuers that have one would help:</p> <ul style="list-style-type: none"> <li>• address long-standing issues with entity identification,</li> <li>• provide a mechanism for linking exempt market reporting with derivative transaction reporting as well as other information collected for the purpose of monitoring systemic risk, and</li> <li>• build a more comprehensive risk profile for entities that operate in the exempt market.</li> </ul>
<b>CUSIP number</b>	A CUSIP number is a nine character alphanumeric identifier that uniquely identifies a financial security. Disclosure of CUSIP numbers, if available, would facilitate additional information gathering about the issuer and the securities being distributed to better inform policy making and monitor exempt market activity.
<b>Item 4 – Issuer Information (Non-Investment Fund Issuers)</b>	
<b>Primary industry of issuer</b>	<p>The Current Reports require the issuer to select its industry group from a limited number of CSA-selected categories that do not match any standard industry classification. These categories also do not include all issuer industries resulting in a large proportion of uncategorized issuers.</p> <p>To resolve these issues, we propose to change the industry categories to align with the North American Industry Classification System (NAICS) that is</p>

Information Requested	Rationale
	<p data-bbox="678 254 1370 432">maintained in Canada by Statistics Canada. NAICS is widely used in North America by a number of government agencies (e.g. Canada Revenue Agency, Industry Canada and British Columbia Statistics) to track industry statistics.</p> <p data-bbox="678 468 1395 684">The Proposed Report would require issuers to disclose the six-digit NAICS code that most closely corresponds to their main business activity. Based on our research, we believe NAICS will be familiar to many issuers. Statistics Canada also provides a web-based search tool for issuers to locate their relevant industry category.</p> <p data-bbox="678 720 1403 898">The use of a comprehensive and standardized industry classification system would enable us to better understand exempt market activity and link it with other macro-level statistics to assist in more informed policy making.</p> <p data-bbox="678 934 1398 1150">The Proposed Report would also require issuers in the mining industry to disclose their stage of operations and issuers involved in certain investment activities to disclose their primary asset holdings. We believe these classifications are consistent with how these industries are often analyzed.</p>
<p data-bbox="201 1184 586 1255"><b>Number of employees of the issuer</b></p>	<p data-bbox="678 1184 1386 1329">We propose to require issuers to indicate their number of employees, which will serve as a proxy for the size of the issuer. The Proposed Report lists four broad ranges of employee numbers for issuers to select.</p> <p data-bbox="678 1365 1403 1436">The selected ranges representing the number of employees provide a sufficient metric for size because:</p> <ul data-bbox="727 1457 1403 1890" style="list-style-type: none"> <li data-bbox="727 1457 1377 1598">• they are broadly consistent with those used by Statistics Canada to differentiate between small, medium and large businesses and so will already be familiar to some issuers,</li> <li data-bbox="727 1604 1370 1709">• reporting such a range is likely to be less commercially sensitive than reporting the actual number of employees or revenue of the issuer, and</li> <li data-bbox="727 1715 1403 1890">• information about the size of the issuer would assist us in policy development, such as by helping to assess whether capital raising prospectus exemptions are benefiting small and medium sized businesses.</li> </ul>

Information Requested	Rationale
<p><b>Additional information from issuers without a SEDAR profile</b></p>	<p>Certain information about an issuer can be obtained from its SEDAR profile.</p> <p>The Proposed Report would require disclosure of the following if the issuer does not have a SEDAR profile:</p> <ul style="list-style-type: none"> <li>• date of formation,</li> <li>• financial year-end,</li> <li>• jurisdictions where reporting,</li> <li>• stock exchange listings, and</li> <li>• size of assets.</li> </ul> <p>We believe this information is relevant for our analysis of exempt market activity and allows us to have comparable information across all issuers. Also refer to “Filing Systems” below.</p>
<p><b>Item 5 - Directors, Executive Officers, Control Persons and Promoters of Non-Investment Fund Issuers</b></p>	
<p><b>Name, title and province, state or country of residence of directors, executive officers, control persons or promoters</b></p>	<p>The British Columbia Securities Commission (<b>BCSC</b>) currently requires disclosure of this information for directors, executive officers, control persons and promoters of certain non-reporting issuers in Form 45-106F6. If the control person or promoter is not an individual, information about the directors and executive officers of that control person or promoter would also be required. The collection of this type of information would be new for jurisdictions that currently require filing of Form 45-106F1.</p> <p>We believe that this information is important to bring greater transparency to the exempt market, facilitate our oversight of this market and enhance our compliance programs. This information would allow us to identify connections between issuers through related executives, directors and control persons. We think this information would also assist investors by:</p> <ul style="list-style-type: none"> <li>• providing them with useful information for performing due diligence about an issuer, and</li> <li>• leveling the playing field between investors and an issuer’s insiders and promoters.</li> </ul> <p>The Proposed Report would not require this information from:</p> <ul style="list-style-type: none"> <li>• reporting issuers and their wholly owned</li> </ul>

Information Requested	Rationale
	<p>subsidiaries,</p> <ul style="list-style-type: none"> <li>• foreign public issuers and their wholly owned subsidiaries, and</li> <li>• issuers distributing eligible foreign securities only to permitted clients.</li> </ul> <p>We do not believe that it is necessary to require this information in the Proposed Report if the information would be publicly available for the issuer or its parent, or where the issuer is distributing an eligible foreign security only to permitted clients.</p>
<p><b>Number and total amount paid for voting securities of the issuer beneficially owned or directly or indirectly controlled</b></p>	<p>The BCSC currently requires reporting of the number and type of securities owned by directors, executive officers, control persons and promoters in Form 45-106F6, in addition to the total price paid for such securities. The collection of this type of information would be new for jurisdictions that currently require filing of Form 45-106F1.</p> <p>We think that this information would increase transparency in the exempt market and provide investors with an understanding of who controls the voting securities of the issuer and how much the management and principals of the issuer have invested in the business. The Proposed Report would not require this information from certain issuers as explained above.</p>
<p><b>Item 6 – Investment Fund Issuer Information</b></p>	
<p><b>Type of investment fund</b></p>	<p>Non-investment fund issuers are required to identify their industry type in the Current Reports. We propose to require investment fund issuers to identify what type of investment fund they are in order to better understand fund types that are most active in the exempt market.</p> <p>This reporting would also increase our ability to profile exempt market activity by the investment fund industry and support the CSA’s evidence-based policy initiatives.</p>
<p><b>Net asset value (NAV)</b></p>	<p>Information about the NAV of a fund will assist securities regulators to understand the size of funds operating in the exempt market, such as foreign investment funds accessing the Canadian market, and further inform policy development for investment funds.</p>



Information Requested	Rationale
<b>Other</b>	<p>The Proposed Report would require the following information from investment fund issuers that would provide additional insight into the profile of issuers that operate in the exempt market:</p> <ul style="list-style-type: none"> <li>• date of formation,</li> <li>• financial year-end,</li> <li>• jurisdictions where reporting, and</li> <li>• stock exchange listings.</li> </ul>
<b>Item 7 - Information About the Distribution</b>	
<b>Type of securities distributed</b>	<p>While the Current Reports require a description of the type of securities distributed, the Proposed Report would require this information to be provided in a more structured format, using specific 3-letter codes.</p> <p>Receiving this information in a structured format would improve the consistency of the information we receive in reports, making our oversight processes more efficient. Having greater insight into the types of securities that are being distributed in the exempt market would assist us in trend analysis, compliance programs and policy development.</p>
<b>Net proceeds to the investment fund</b>	<p>The information from the Current Reports reflects purchases only and not redemptions of investment fund securities. As most investment funds offer some redemption rights, the purchase amount likely overstates the size of the market.</p> <p>We believe that gathering information about redemptions as well as purchases would provide a more complete picture of fund flows by investment fund issuers in the exempt market.</p>
<b>Offering materials</b>	<p>The Proposed Report would require filers to list all offering materials that are required to be filed or delivered in connection with the distribution under the securities legislation of Saskatchewan, Ontario, Québec, New Brunswick and Nova Scotia. For example, the issuer or underwriter would be required to list:</p> <ul style="list-style-type: none"> <li>• offering memoranda and any other documents that are required to be filed under section 2.9 [<i>Offering memorandum</i>] of NI 45-106.</li> </ul>

Information Requested	Rationale
	<ul style="list-style-type: none"> <li>offering memoranda that are voluntarily provided, and required to be delivered to the OSC under section 5.4 [<i>Delivery of offering memorandum</i>] of OSC Rule 45-501 <i>Ontario Prospectus and Registration Exemptions</i>.</li> </ul> <p>This is a reporting requirement only; the Proposed Amendments would not impose any new requirements to file or deliver offering documents. However, to the extent that new requirements to file or deliver offering materials arise in the applicable jurisdictions, issuers would be required to list such materials. For instance, on March 20, 2014, certain jurisdictions published for comment proposals to require delivery of offering materials in connection with proposed Multilateral Instrument 45-108 <i>Crowdfunding</i> as well as the delivery of marketing materials and financial statements in connection with proposed changes to the offering memorandum prospectus exemption. These proposals remain under consideration by separate CSA initiatives.</p> <p>Notably, there are no proposals that contemplate extending the requirement to provide marketing materials to apply to distributions under the accredited investor prospectus exemption and such materials are not required to be listed in the Proposed Report.</p>
<b>Item 8 – Compensation Information</b>	
<b>Identity of insiders, registrants or other individuals or entities being compensated</b>	<p>The BCSC currently requires disclosure in Form 45-106F6 of whether the person being compensated is a registrant or insider of the issuer. The Proposed Report would continue to require this information.</p> <p>The Proposed Report would also require further information about persons being compensated, such as whether that person is an employee of the issuer or connected to the issuer. This additional information would enable us to assess the prevalence of financial relationships among connected persons and issuers.</p> <p>Having detailed information about these arrangements would allow us to enhance our existing compliance oversight program of the exempt market, as well as make future improvements to securities regulations impacting the exempt market.</p>

Information Requested	Rationale
<b>Schedule 1 – Addresses of Directors, Executive Officers, Control Persons and Promoters<sup>1</sup></b>	
<b>Full residential address</b>	<p>While the BCSC currently requires disclosure of municipality and country in Form 45-106F6, the collection of full residential address information for issuers that are required to complete item 5 of the Proposed Report would be new for all jurisdictions.</p> <p>We believe that this information would assist us to more effectively allocate compliance resources.</p>
<b>Business contact information for CEO of issuer</b>	<p>Consistent with the reporting requirement in item 5, the Proposed Report would require the filer to provide the email address of the chief executive officer of certain issuers.</p> <p>We are requesting this information to assist us in addressing past challenges with contacting persons at issuers who are capable of answering questions about the distribution.</p>
<b>Schedule 2 - Purchaser Information<sup>2</sup></b>	
<b>Information about exemption relied on</b>	<p>To assist in our compliance programs and future policy development, the Proposed Report would require the issuer or underwriter to identify the exemption relied upon in more detail, by requiring the section, subsection and paragraph of the exemption, where applicable.</p> <p>For example, the Proposed Report would require the issuer or underwriter to specify which category of accredited investor or eligible investor the purchaser met.</p> <p>The Proposed Report would only require the issuer or underwriter to identify one category, as opposed to all categories for which a purchaser is eligible, as proposed in the February 2014 Proposals and the March 2014 Proposals.</p>

<sup>1</sup> Address information will not be publicly available.

<sup>2</sup> Purchaser information will not be publicly available.

Information Requested	Rationale
<p><b>Identification of whether the purchaser is an insider of the issuer or a registrant</b></p>	<p>While the BCSC currently requires disclosure of whether the purchaser is a registrant or an insider of the issuer in Form 45-106F6, collection of this information would be new for jurisdictions that currently require filing of Form 45-106F1.</p> <p>We believe this information would be useful for identifying connections between purchasers and issuers, which would facilitate our oversight of the exempt market and enhance our compliance programs.</p>
<p><b>Identification of person or firm being compensated for each purchaser</b></p>	<p>The Proposed Report would require the issuer or underwriter to specifically identify the person that was compensated for a distribution made to each purchaser. This information would enhance our compliance programs, provide us with better information about the financial relationships that exist between issuers and the person(s) being compensated, and allow us to monitor unregistered finders, compensation rates of finders and whether registrants are trading in jurisdictions where they are not registered.</p>

### *Filing Systems*

In British Columbia and Ontario, issuers and underwriters are required to file reports electronically. We have designed the Proposed Report to be filed using the current filing systems available in these provinces. We have also considered how the Proposed Report would be filed using SEDAR, as contemplated by an initiative of all CSA jurisdictions other than British Columbia and Ontario.<sup>3</sup>

For a cross-country distribution, we anticipate that an issuer or underwriter would be able to file the Proposed Report by completing the OSC's electronic form and subsequently filing an electronic copy of the report generated by the OSC's system on BCSC eServices and SEDAR. Furthermore, an issuer or underwriter that prepares a report for filing on SEDAR would be able to file that same report on BCSC eServices and vice versa.

A longer-term CSA project is underway to create a single integrated filing system for reports of exempt distribution that would further reduce regulatory burden on market participants. The integrated filing system would be part of the larger CSA systems renewal project for which a Request for Proposal was released and responses are currently being evaluated.

<sup>3</sup> See 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*, published on June 30, 2015.

## Local Matters

In addition to the notice regarding British Columbia ministerial approval below, Annex H is being published in British Columbia, Saskatchewan and Ontario in order to set out related proposed changes to local securities legislation or provide additional information that is relevant to those jurisdictions only.

### *Notice – British Columbia ministerial approval in principle*

The *Rule Making Procedure Regulation* under the *Securities Act* (British Columbia) generally requires the BCSC, before making a rule or amending an existing rule, to obtain the minister's approval in principle. However, the *Rule Making Procedure Regulation* allows the BCSC to proceed to publish a proposed rule without the minister's approval in principle provided the notice states that the minister's approval in principle for the proposed rule had not been obtained by the date of publication. The BCSC had not obtained the minister's approval in principle for the Proposed Amendments by the date of publication.

## Request for Comments

We welcome your comments on the Proposed Amendments. In addition to any general comments you may have, we also invite comments on the following specific questions:

1. The information collected in the Proposed Report would enhance our understanding of exempt market activity and, as a result, facilitate more effective regulatory oversight of the exempt market and inform our decisions about regulatory changes to the exempt market. Do the reporting requirements of the Proposed Report strike an appropriate balance between: (i) the benefits of collecting this information, and (ii) the compliance burden that may result for issuers and underwriters? If not, please explain.
2. Are there reasons why any of the information requested in the Proposed Report should not be required? Is there any alternative or additional information, including as requested in the March 2014 Proposals, that would better support compliance or policy analysis?
3. The Proposed Report would require information about the issuer's size by number of employees, size of total assets or, for investment funds, net asset value. Are there other metrics that would be more appropriate to assess the issuer's size? Do the pre-selected ranges compromise sensitive financial or operational information about non-reporting issuers that participate in the exempt market?
4. The Proposed Report would require issuers, other than investment funds, to use the NAICS codes to identify their primary industry. As noted above, using a standard industry classification is intended to provide securities regulators with more consistent information on the industries accessing the exempt market and to facilitate more direct comparison to other statistical information using the same classification, such as reports from Statistics Canada. Would the application of NAICS present challenges for issuers? Are there alternative standard industry classification systems that may be more appropriate? If so, please specify.

5. The Proposed Report would not require: (i) foreign public issuers and their wholly owned subsidiaries, or (ii) issuers that distribute eligible foreign securities only to permitted clients, to disclose information about their directors, executive officers, control persons and promoters. Do these carve-outs provide appropriate relief to issuers that are either subject to certain foreign reporting regimes or have their mind and management outside of Canada? If not, please explain.
6. The Proposed Report would require public disclosure of the number of the issuer's voting securities owned or controlled by directors, executive officers, control persons and promoters of certain non-reporting issuers, and the amount paid for them. This information is intended to provide valuable information for investors and increase transparency in the exempt market. Would disclosure of the percentage of voting securities owned or controlled by directors, executive officers, control persons and promoters of the issuer also be useful information for potential or existing investors?
7. The Proposed Report would require the disclosure of the residential address of directors, executive officers, control persons and promoters of certain non-reporting issuers in a separate schedule that would not be publicly available. Do you have any concerns regarding the requirement to disclose this information to securities regulators?
8. The information collected in the Proposed Report will be publicly available with the exception of the information required in Schedule 1 and Schedule 2. Does the Proposed Report appropriately delineate between public and non-public information? In particular:
  - a. Would non-reporting issuers have specific concerns regarding the public disclosure of this information and, if so, why?
  - b. Is the publication of firm NRD number, which will help identify the involvement of a registrant in a distribution for compliance purposes, appropriate?
9. In an effort to simplify and streamline the exempt market reporting regime for market participants, the Proposed Amendments would create one form for all issuers, with some items applicable only to non-investment fund issuers and some items applicable only to investment fund issuers. Should we require a specific form for investment fund issuers, as proposed in the March 2014 Proposals and, if so, why?
10. The Proposed Report would change the deadline for investment funds reporting annually to within 30 days after the calendar year-end (i.e. by January 30), rather than 30 days following their financial year-end. The purpose of this proposed change is to improve the timeliness and comparability of information from all investment fund issuers, regardless of their different financial year-ends. Would this proposed change present a significant burden for investment fund issuers?
11. The Proposed Report includes Schedule 1 and Schedule 2, which would be required to be filed in electronic format. We anticipate that filing in electronic format will improve our

information collection, enhance our ability to conduct compliance and policy analysis, and potentially lead to technological efficiencies for filers. If we were to provide templates in Excel format, would there be any specific technological barriers that would be burdensome for filers to overcome? If so, are there other formats that would be less burdensome and would accomplish the same goals of filing in the proposed format?

Please submit your comments in writing on or before October 13, 2015. If you are not sending your comments by email, please send a CD or USB drive containing the submissions (in Microsoft Word format).

Address your submission to all of the CSA as follows:

British Columbia Securities Commission  
Alberta Securities Commission  
Financial and Consumer Affairs Authority of Saskatchewan  
Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
Financial and Consumer Services Commission (New Brunswick)  
Nova Scotia Securities Commission  
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island  
Securities Commission of Newfoundland and Labrador  
Superintendent of Securities, Yukon Territory  
Superintendent of Securities, Northwest Territories  
Superintendent of Securities, Nunavut

Deliver your comments **only** to the addresses below. Your comments will be distributed to the other participating CSA jurisdictions.

The Secretary  
Ontario Securities Commission  
20 Queen Street West  
22<sup>nd</sup> Floor  
Toronto, Ontario M5H 3S8  
Fax: 416-593-2318  
[comments@osc.gov.on.ca](mailto:comments@osc.gov.on.ca)

Me Anne-Marie Beaudoin  
Corporate Secretary  
Autorité des marchés financiers  
800, square Victoria, 22e étage  
C.P. 246, tour de la Bourse  
Montréal, Québec H4Z 1G3  
Fax: 514-864-6381  
[consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca)

We cannot keep submissions confidential because securities legislation in certain provinces requires publication of a summary of the written comments received during the comment period. Please note that comments received will be made publicly available and posted on websites of the ASC at [www.albertasecurities.com](http://www.albertasecurities.com), the OSC at [www.osc.gov.on.ca](http://www.osc.gov.on.ca) and the AMF at [www.lautorite.qc.ca](http://www.lautorite.qc.ca), and may be posted on the websites of certain other securities regulatory authorities. You should not include personal information directly in the comments to be published. It is important that you state on whose behalf you are making the submission.

### **Content of Annexes**

This notice contains the following annexes:

Annex A – Proposed Report

Annex B – Other Proposed Amendments to NI 45-106

Annex C – Proposed Changes to 45-106CP

Annex D – List of Commenters

Annex E – Summary of Comments on the February 2014 Proposals

Annex F – Summary of Comments on the March 2014 Proposals

Annex G – Summary of Notable Differences between the March 2014 Proposals and the Proposed Report



## Questions

Please refer your questions to any of the following:

### **Jo-Anne Matear**

Manager, Corporate Finance Branch  
Ontario Securities Commission  
416-593-2323  
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## **INSTRUCTIONS FOR COMPLETING AND FILING FORM 45-106F1**

### **1. Filing instructions**

An issuer or underwriter that is required under Canadian securities legislation to file a report of exempt distribution and pay the applicable fee must file the report as follows:

- **In British Columbia** – through BCSC eServices at <http://www.bcsc.bc.ca>.
- **In Ontario** – through the online e-form available at <http://www.osc.gov.on.ca>.
- **In all other jurisdictions** – submit to each applicable securities regulatory authority and regulator to the addresses listed at the end of this report.

The issuer or underwriter must file the report in a jurisdiction of Canada if the distribution occurs in the jurisdiction. If a distribution is made in more than one jurisdiction of Canada, the issuer or underwriter must complete a single report identifying all purchasers, and file the report in each jurisdiction of Canada in which the distribution occurs.

In order to determine the applicable fee in a particular jurisdiction of Canada, consult the securities legislation of that jurisdiction. Filing fees payable in a particular jurisdiction are not affected by identifying all purchasers in a single report.

### **2. Determining jurisdiction of distribution**

A distribution may occur in more than one jurisdiction. Issuers and underwriters should consult applicable securities legislation, securities directions and case law to determine if a distribution has taken place in a jurisdiction of Canada.

In each jurisdiction of Canada, a distribution includes a distribution made to a purchaser resident in that jurisdiction. A distribution may also occur in a jurisdiction of Canada where the distribution is made from that jurisdiction to purchasers resident in another jurisdiction of Canada or a foreign jurisdiction. Generally, in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, the Northwest Territories and Nunavut, a distribution is considered to occur in the jurisdiction if the issuer of the securities is located in, or has a significant connection to, that jurisdiction. For example, a distribution by an issuer whose head office is in Alberta made to a purchaser resident in Saskatchewan may be a distribution in both Alberta and Saskatchewan, requiring the issuer to file Form 45-106F1 *Report of Exempt Distribution* with both the Alberta Securities Commission and the Financial and Consumer Affairs Authority of Saskatchewan.

A distribution by an issuer in Ontario may or may not be a distribution in Ontario that gives rise to the requirement to file a report. Whether a distribution occurs in Ontario will depend on whether, in light of relevant connecting factors including the likelihood that the securities will come to rest in Ontario, there is a sufficient connection between the distribution and the province. If an issuer or underwriter is uncertain as to whether a distribution has occurred, the issuer or underwriter should file the report.

Generally, if the issuer is located outside of Canada, only include information about purchasers resident in Canada in the report.

### **3. Multiple distributions**

An issuer may use one report for multiple distributions occurring within 10 days of each other, provided the report is filed on or before the 10th day following the first distribution date. However, an investment fund issuer that is relying on the exemptions set out in subsection 6.2(2) of NI 45-106 may file the report annually in accordance with that subsection.

### **4. References to purchaser**

References to a purchaser in this report are to the beneficial owner of the securities. For example, if an individual acquires securities in the distribution which are registered in the name of the investment advisor, provide the name of the individual beneficial owner, not the name of the investment advisor; the investment advisor in this case is the registered owner, not the beneficial owner. If a trust company, trust corporation, or registered adviser has purchased the securities on behalf of a fully managed account under subsections 2.3(2) and (4) [*Accredited Investor*] of NI 45-106, provide

information about both the trust company, trust corporation or registered adviser and the beneficial owner of the fully managed account.

#### 5. References to issuer

References to issuer in the report include investment fund issuers and non-investment fund issuers, unless otherwise specified.

#### 6. Investment fund issuers

If the issuer is an investment fund, complete Items 1, 2, 3 (if applicable), Items 6-10 and Schedule 2 of the report.

#### 7. Mortgage investment entities

If the issuer is a mortgage investment entity, complete all applicable items of the report other than Item 6.

#### 8. Language

The report must be filed in English or in French. In Québec, the issuer or underwriter must comply with linguistic rights and obligations prescribed by Québec law.

#### 9. Currency

All dollar amounts in the report must be in Canadian dollars. If the distribution was made or any compensation was paid in connection with the distribution in a foreign currency, convert currency used to Canadian dollars using the daily noon exchange rate of the Bank of Canada on the distribution date. If the distribution was not made in Canadian dollars, the foreign currency should be noted in Item 7(a) of the report.

#### 10. Date of information in report

Unless otherwise indicated in the report, provide the information as of the distribution end date.

#### 11. Date of formation

For date of formation, provide the date on which the issuer was incorporated, continued or organized (formed), including being formed as a result of an amalgamation, arrangement, merger or reorganization.

#### 12. Security Codes

Wherever the report requires disclosure of the type of security, use the following security codes:

Security Code	Securities Description
BND	Bonds
CER	Certificates <i>(including pass-through certificates, trust certificates)</i>
CMS	Common shares
CVD	Convertible debentures
CVN	Convertible notes
CVP	Convertible preferred shares
DEB	Debentures
FTS	Flow-through shares
FTU	Flow-through units
LPU	Limited partnership units
NOT	Notes <i>(include all types of notes except convertible notes)</i>
OPT	Options
PRS	Preferred shares
RTS	Rights
UBS	Units of bundled securities <i>(such as a unit consisting of a common share and a warrant)</i>
UNT	Units <i>(exclude units of bundled securities; include trust units and mutual fund units)</i>
WNT	Warrants
OTH	Other securities not included above <i>(if selected, provide details of security type in Item 7d)</i>

# Form 45-106F1 Report of Exempt Distribution

[Note to reader: This is an illustration of the proposed Form 45-106F1.

The examples set out below are fictitious and for illustrative purposes only. Any resemblance to a person or place is coincidental.]

## IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT

### REPORT TYPE

New report

Amended report    If amended, provide filing date of report that is being amended

### ITEM 1 - PARTY CERTIFYING THE REPORT

Indicate the party certifying the report (only select one). For direction regarding whether an issuer is an investment fund, refer to section 1.1 of National Instrument 81-106 Investment Fund Continuous Disclosure and the companion policy to 81-106.

Investment fund issuer

Issuer (other than an investment fund)

Underwriter

### ITEM 2 - ISSUER NAME AND OTHER IDENTIFIERS

Provide the following information about the issuer. If the issuer is an investment fund, provide the following information for the fund.

Full legal name

Previous full legal name   
(if changed in the last 12 months)

Website

If the issuer has a legal entity identifier, provide below. Refer to subsection 6.1(0.1) of NI 45-106 for the definition of "legal entity identifier".

Legal entity identifier

### ITEM 3 - UNDERWRITER INFORMATION

If an underwriter is completing this report, provide the underwriter's firm NRD number and full legal name.

Full legal name

Firm NRD number  (if applicable)

If the underwriter does not have a firm NRD number, provide the following business contact information of the underwriter.

Head office address

Municipality

Province/State

Country

Postal code/Zip code

Telephone number

Website

## ITEM 4 – ISSUER INFORMATION

If the issuer is an investment fund, do not complete Item 4.

### a) Primary industry

Provide the issuer's North American Industry Classification Standard (NAICS) code. For more information on finding your NAICS industry code go to [Statistics Canada's NAICS industry search tool](#). Provide an industry code that corresponds to your main business activity.

Issuer's (6-digit) NAICS industry code

If the issuer is in the **mining industry** indicate the stage of operations, if applicable. This does not apply to issuers that provide services to issuers operating in the mining industry.

Exploration  Development  Production

If the issuer's primary business is to invest all or substantially all of its assets in any of the following, indicate all that apply.

Mortgages  Real estate  Commercial/business debt  Consumer debt

### b) Size of issuer

Number of employees:  Under 50  50 - 99  100 - 499  500 or more

### c) SEDAR profile number

Does the issuer have a [SEDAR](#) profile?

No  Yes If yes, provide SEDAR profile number

If the issuer does not have a SEDAR profile complete Item 4(d) – (h).

### d) Head office address

Street address  Province/State   
Municipality  Postal code/Zip code   
Country  Telephone number

### e) Date of formation and financial year-end

Date of formation    Financial year-end

### f) Reporting issuer status

Is the issuer a reporting issuer in Canada?  No  Yes

If yes, indicate the jurisdiction(s) of Canada in which the issuer is a reporting issuer.

All  AB  BC  MB  NB  NL  NT  
 NS  NU  ON  PE  QC  SK  YT

### g) Public listing status

If the issuer has a CUSIP number, provide below (first 6 digits only)

CUSIP number

If the issuer is publicly listed, provide the name(s) of all exchange(s) on which its securities are listed. Include only the names of exchanges for which the issuer has applied for and received a listing, which excludes, for example, automated trading systems.

Exchange name(s):

### h) Size of issuer's assets

Provide the size of the issuer's assets as at the issuer's most recent financial year-end (Canadian \$). If the issuer has not existed for a full financial year, provide the size of assets at the distribution end date.

Under \$5M  \$5M to under \$25M  \$25M to under \$100M  
 \$100M to under \$500M  \$500M to under \$1B  \$1B or over

## ITEM 5 - DIRECTORS, EXECUTIVE OFFICERS, CONTROL PERSONS AND PROMOTERS OF THE ISSUER

If the issuer is an investment fund, do not complete Item 5.

Indicate whether the issuer is any of the following (indicate all that apply):

- Reporting issuer
- Foreign public issuer
- Wholly owned subsidiary of a reporting issuer<sup>1</sup>  
Provide name of reporting issuer
- Wholly owned subsidiary of a foreign public issuer<sup>1</sup>  
Provide name of foreign public issuer
- Issuer distributing eligible foreign securities only to permitted clients<sup>2</sup>
- Check here if the issuer is none of the above** and complete **Item 5(a) - (c)** below; otherwise proceed to Item 6

<sup>1</sup>An issuer is a wholly owned subsidiary of a reporting issuer or a foreign public issuer if all of the issuer's outstanding voting securities, other than securities that are required by law to be owned by its directors, are beneficially owned by the reporting issuer or the foreign public issuer, respectively.

<sup>2</sup>Check this box if it applies to the current distribution even if the issuer made previous distributions of other types of securities to non-permitted clients. Refer to the definitions of "eligible foreign security" and "permitted client" in subsection 6.1(0.1) of NI 45-106.

### a) Directors, executive officers, control persons and promoters of the issuer

Provide the following information for each director, executive officer, control person and promoter of the issuer. For locations within Canada and the United States, state the province or state; otherwise state the country. For "Relationship to issuer", "D" – Director, "O" – Executive Officer, "C" – Control Person, "P" – Promoter. Provide the actual amount paid for the voting securities, not the deemed value of such securities.

Organization or company name	Family name	Given name(s)	Business location of non-individual or residential jurisdiction of individual	Relationship to issuer (indicate all that apply)				All voting securities beneficially owned or directly or indirectly controlled, including any purchased under this distribution	
			Province/State or Country	D	O	C	P	Number of voting securities	Total amount paid for all voting securities (Canadian \$)
Investacorp Inc.			Ontario			X		1,000,000	1,000
	Doe	John III	Alberta	X	X			100	-
	Doe	Jane	Ontario	X			X	1,000	5,000
RE Brokers Inc.			Connecticut				X	1,000	100

### b) Corporate control person or promoter information

If the control person or promoter listed above is not an individual, provide the following information for each director and executive officer of the control person or promoter. For locations within Canada and the United States state the province or state; otherwise state the country. For "Relationship to control person or promoter", "D" – Director, "O" – Executive Officer.

Organization or company name	Family name	Given name(s)	Residential jurisdiction of individual	Relationship to control person or promoter (indicate all that apply)	
			Province/State or Country	D	O
Investacorp Inc.	Doe	John Jr.	Ireland	X	X
RE Brokers Inc.	Doe	Jane H.	UAE	X	

### c) Residential address of each individual

Complete **Schedule 1** to this report indicating the full residential address for each individual listed in Item 5(a) and (b) and attach with the report.

## ITEM 6 - INVESTMENT FUND ISSUER INFORMATION

If the issuer is an investment fund, provide the following information about the investment fund manager and the investment fund.

### a) Investment fund manager information

Full legal name

Firm NRD Number  (if applicable)

If the investment fund manager does not have a firm NRD number, provide the following information about the investment fund manager.

Street Address

Municipality

Province/State

Country

Postal code/Zip code

Website

Telephone number

### b) Type of investment fund

Type of investment fund that most accurately identifies the issuer (only check one).

Money market

Equity

Fixed income

Balanced

Alternative strategies

Other (describe):

Indicate whether the following apply to the investment fund.

Invests primarily in other investment fund issuers

Is a UCITs Fund<sup>3</sup>

<sup>3</sup> Undertaking for the Collective Investment of Transferable Securities funds (UCITs Funds) are investment funds regulated by the European Union (EU) directives that allow collective investment schemes to operate throughout the EU on a passport basis on authorization from one member state.

### c) Date of formation and financial year-end of the investment fund

Date of formation

Financial year-end

### d) Reporting issuer status of the investment fund

Is the investment fund a reporting issuer in Canada?  No  Yes

If yes, indicate the jurisdiction(s) of Canada in which the investment fund is a reporting issuer.

All  AB  BC  MB  NB  NL  NT

NS  NU  ON  PE  QC  SK  YT

### e) Public listing status of the investment fund

If the investment fund has a CUSIP number, provide below (first 6 digits only).

CUSIP number

If the investment fund is publicly listed, provide the name(s) of all exchange(s) on which its securities are listed. Include only the names of exchanges for which the investment fund has applied for and received a listing, which excludes, for example, automated trading systems.

Exchange name(s):

### f) Net asset value (NAV) of the investment fund

Provide the NAV of the investment fund as of the date of the most recent NAV calculation (Canadian \$).

Under \$5M

\$5M to under \$25M

\$25M to under \$100M

\$100M to under \$500M

\$500M to under \$1B

\$1B or over

Date of NAV calculation:



## ITEM 7 - INFORMATION ABOUT THE DISTRIBUTION

Generally, if the issuer is located outside of Canada, only include information about purchasers resident in Canada in Item 7 and Schedule 2. Do not include in Item 7 securities issued as payment of commissions or finder's fees disclosed in Item 8. The information provided in Item 7 must reconcile with the information provided in Schedule 2 of the report.

### a) Foreign currency

Indicate the currency in which the distribution was made.

Canadian dollars  Other currency, indicate the foreign currency

### b) Distribution date(s)

State the distribution start and end dates. If the report is being filed for securities distributed on only one distribution date, provide the distribution date as both the start and end dates.

Start date:

End date:

### c) Detailed purchaser information

Complete **Schedule 2** to this report for each purchaser and attach the schedule to this report.

### d) Types of securities distributed

Provide the following information for all distributions that take place in a jurisdiction of Canada on a per security basis. See the instructions on how to indicate the security code. If providing the CUSIP, indicate the full 9 digit CUSIP number assigned to the security being distributed.

Security Code	CUSIP (if applicable)	Description of securities distributed	Number of securities	Canadian \$		
				Single or lowest price	Highest price	Total amount (Canadian \$)
C   E   R	555555555	Mortgage pass-through certificates, Series A	1,000	1,000		1,000,000
N   O   T	555555555	5% Senior notes due Jan 1, 2020	5,000	1,000		5,000,000
N   O   T	555555555	2.5% Senior notes due Jan 1, 2015	100	1,000		100,000
W   N   T		100 shares at \$10/share over 5 years	1	-	-	-

### e) Details of rights and convertible/exchangeable securities

If any rights (e.g. warrants, options) or convertible/exchangeable securities were distributed, provide the following additional information for each right or security when applicable or indicate "N/A".

Security code	Underlying security code	Exercise price (Canadian \$)		Expiry date	Conversion ratio	Describe other terms (if applicable)
		Min	Max			
W   N   T	C   M   S	\$20	\$20	2020-01-01	N/A	100 shares

### f) Summary of the distribution by jurisdiction and exemption

State the total dollar amount of securities distributed and the number of purchasers for each Canadian and foreign jurisdiction where a distribution has occurred and for each exemption relied on in Canada for that distribution. For locations within Canada, state the province or territory; otherwise state the country. For issuers located outside of Canada, only report distributions to purchasers in a jurisdiction of Canada.

Jurisdiction	Exemption relied on	Number of purchasers	Total amount (Canadian \$)
Québec	NI 45-106-2.3	10	2,500,000
Québec	NI 45-106-2.9	5	1,000,000
Alberta	NI 45-106-2.9	5	2,000,000
BC	BC Instrument 45-534	2	500,000
France	NI 45-106-2.3	1	100,000
<b>Total dollar amount of securities distributed</b>			<b>6,100,000</b>
<b>Total number of unique purchasers<sup>4</sup></b>		<b>18</b>	

<sup>4</sup>Provide the total number of purchasers to which the issuer distributed securities; count each purchaser only once, regardless of whether the issuer distributed multiple types of securities to, and relied on multiple exemptions for, that purchaser.

**g) Net proceeds to the investment fund by jurisdiction**

If the issuer is an investment fund, provide the net proceeds by jurisdiction (Canadian and foreign).<sup>5</sup> For jurisdictions within Canada, state the province or territory; otherwise state the country.

Jurisdiction	Net proceeds (Canadian \$)
Ontario	500,000
Québec	1,000,000
Alberta	100,000
<b>Total net proceeds to the investment fund (Canadian \$)</b>	<b>1,600,000</b>

<sup>5</sup>Net proceeds" mean the gross proceeds realized in the jurisdiction from the distribution(s) for which this report is being filed, less the gross redemptions relating to such distribution(s).

**h) Offering materials - This section applies in Saskatchewan, Ontario, Québec, New Brunswick and Nova Scotia.**

If a distribution has occurred in Saskatchewan, Ontario, Québec, New Brunswick or Nova Scotia, complete the table below by listing the offering materials that are required to be filed with or delivered to the securities regulatory authority or regulator in those jurisdictions.

	Description	Date of document or other material (YYYY-MM-DD)	Previously filed with or delivered to regulator? (Y/N)	Date previously filed or delivered
1.	Offering memorandum	2015-01-01	Y	2015-01-02
2.	Marketing materials (presentation)	2015-01-01	N	
3.				

## ITEM 8 - COMPENSATION INFORMATION

Provide information for each person (as defined in NI 45-106) to whom the issuer directly provides, or will provide, any compensation as a result of the distribution.

Indicate whether any compensation was paid in connection with the distribution:

 No

 Yes

If yes, indicate number of person(s) compensated:

### a) Registration status and name of person compensated

Indicate whether the person compensated is a registrant.

 No

 Yes

If the person being compensated is an individual, provide the name of the individual.

Full legal name of individual

Family name

Given name(s)

If the person being compensated is not an individual, provide the following information.

Full legal name of non-individual

XYZ Investment Management Inc.

Indicate whether the person compensated facilitated the distribution of the issuer's securities through a funding portal or an internet-based portal.

 No

 Yes

Firm NRD number

5 5 5 5 5 5 5 (if applicable)

### b) Business contact information

If an NRD number is not provided in Item 8 (a) above, provide the business contact information of the person being compensated.

Street address

111 Wicker Park Drive

Municipality

Chicago

Province/State

Illinois

Country

USA

Postal code/Zip code

05555

Email address

xyz@email.com

Telephone number

555-555-5555

### c) Relationship to issuer or investment fund manager

Indicate the person's relationship with the issuer or investment fund manager (indicate all that apply). Refer to the definition of "connected" in subsection 6.1(0.2) of NI 45-106 and the definition of "control" in section 1.4 of NI 45-106 in completing this section.

Connected with the issuer or investment fund manager

Insider of the issuer (other than an investment fund)

Director or officer of the investment fund or investment fund manager

Employee of the issuer or investment fund manager

None of the above

### d) Compensation details

Provide details of all compensation paid or to be paid in Canadian \$ to the person identified in Item 8(a) in connection with the distribution. Include cash commissions, securities-based compensation, gifts, discounts or other compensation. Do not report payments for services incidental to the distribution, such as clerical, printing, legal or accounting services. An issuer is not required to ask for details about or report on internal allocation arrangements with the directors, officers or employees of a non-individual compensated by the issuer.

Cash commissions paid

\$1,500,000

Value of all securities distributed as compensation<sup>6</sup>

Security code(s)

Security code 1			Security code 2			Security code 3		

Describe terms of warrants, options or other rights

Other compensation<sup>7</sup>

Describe

**Total compensation paid**

\$1,500,000

Check box if the person will or may receive any deferred compensation (describe the terms and estimated amount below)

<sup>6</sup>Provide the aggregate value of all securities distributed as compensation, excluding options, warrants or other rights exercisable to acquire additional securities of the issuer. Indicate the security codes for all securities distributed as compensation, including options, warrants or other rights exercisable to acquire additional securities of the issuer.

<sup>7</sup>Do not include deferred compensation.

## ITEM 8 - COMPENSATION INFORMATION (CONTINUED)

Provide information for each person (as defined in NI 45-106) to whom the issuer directly provides, or will provide, any compensation as a result of the distribution.

Indicate whether any compensation was paid in connection with the distribution:

No  Yes If yes, indicate number of person(s) compensated:

### a) Registration status and name of person compensated

Indicate whether the person compensated is a registrant.

No  Yes

If the person being compensated is an individual, provide the name of the individual.

Full legal name of individual

If the person being compensated is not an individual, provide the following information.

Full legal name of non-individual

Indicate whether the person compensated facilitated the distribution of the issuer's securities through a  No  Yes funding portal or an internet-based portal.

Firm NRD number        (if applicable)

### b) Business contact information

If an NRD number is not provided in Item 8 (a) above, provide the business contact information of the person being compensated.

Street address   
 Municipality  Province/State   
 Country  Postal code/Zip code   
 Email address  Telephone number

### c) Relationship to issuer or investment fund manager

Indicate the person's relationship with the issuer or investment fund manager (indicate all that apply). Refer to the definition of "connected" in subsection 6.1(0.2) of NI 45-106 and the definition of "control" in section 1.4 of NI 45-106 in completing this section.

- Connected with the issuer or investment fund manager  
 Insider of the issuer (other than an investment fund)  
 Director or officer of the investment fund or investment fund manager  
 Employee of the issuer or investment fund manager  
 None of the above

### d) Compensation details

Provide details of all compensation paid or to be paid in Canadian \$ to the person identified in Item 8(a) in connection with the distribution. Include cash commissions, securities-based compensation, gifts, discounts or other compensation. Do not report payments for services incidental to the distribution, such as clerical, printing, legal or accounting services. An issuer is not required to ask for details about or report on internal allocation arrangements with the directors, officers or employees of a non-individual compensated by the issuer.

Cash commissions paid

Value of all securities distributed as compensation<sup>6</sup>

Security code(s) 

Security code 1			Security code 2			Security code 3		
W	N	T	C	M	S			

Describe terms of warrants, options or other rights

Other compensation<sup>7</sup>

Describe

**Total compensation paid**

Check box if the person will or may receive any deferred compensation (describe the terms and estimated amount below)

<sup>6</sup>Provide the aggregate value of all securities distributed as compensation, excluding options, warrants or other rights exercisable to acquire additional securities of the issuer. Indicate the security codes for all securities distributed as compensation, including options, warrants or other rights exercisable to acquire additional securities of the issuer.

<sup>7</sup>Do not include deferred compensation.

## ITEM 9 – CERTIFICATION

Provide the following certification and business contact information of the officer or director of the issuer/underwriter. If the issuer/underwriter is not a company, an individual who performs functions similar to that of a director or officer may certify the report. For example, if the issuer is established as a trust, the report may be certified by the issuer's trustee. If the issuer is an investment fund, a director or officer of the investment fund manager (or individual who performs similar functions if the investment fund manager is not a company) may certify the report if the director or officer has been authorized to do so by the investment fund.

The signature on the report must be in typed form rather than handwritten form. The report may include an electronic signature provided the name of the signatory is also in typed form.

### IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT

By completing the information below, I certify to the securities regulatory authority or regulator that:

- I have read and understand this report; and
- all of the information provided in this report is true.

Full legal name

Title

Organization

Telephone number  Email address

Signature  Date

## ITEM 10 – CONTACT PERSON

Provide the following business contact information for the individual that the securities regulatory authority or regulator may contact with any questions regarding the contents of this report, if different than the individual certifying the report in Item 9.

Same as individual certifying report

Full legal name   Title

Name of Company

Email address  Telephone number

### Notice - Collection and use of personal information

The personal information required under this form is collected on behalf of and used by the securities regulatory authority or regulator under the authority granted in securities legislation for the purposes of the administration and enforcement of the securities legislation.

If you have any questions about the collection and use of this information, contact the securities regulatory authority or regulator in the local jurisdiction(s) where the report is filed, at the address(es) listed at the end of the report.

The attached Schedules 1 and 2 may contain personal information of individuals and details of the distribution(s). The information in Schedules 1 and 2 will not be placed on the public file of any securities regulatory authority or regulator. However, freedom of information legislation in certain jurisdictions may require the securities regulatory authority or regulator to make this information available if requested.

By signing this report, the issuer/underwriter confirms that each individual listed in Schedules 1 and 2 of the report who is resident in a jurisdiction of Canada:

- a) has been notified by the issuer/underwriter of the delivery to the securities regulatory authority or regulator of the information pertaining to the individual as set out in Schedules 1 and 2, that this information is being collected by the securities regulatory authority or regulator under the authority granted in securities legislation, that this information is being collected for the purposes of the administration and enforcement of the securities legislation of the local jurisdiction, and of the title, business address and business telephone number of the public official in the local jurisdiction, as set out in this report, who can answer questions about the securities regulatory authority's or regulator's indirect collection of the information, and
- b) has authorized the indirect collection of the information by the securities regulatory authority or regulator.

## SCHEDULE 1 TO FORM 45-106F1 (CONFIDENTIAL DIRECTOR, EXECUTIVE OFFICER, CONTROL PERSON AND PROMOTER INFORMATION)

[Note to reader: The following describes the information that would be required to be provided in Schedule 1 to proposed Form 45-106F1. Schedule 1 must be filed in the form of an Excel spreadsheet or a delimited text file (CSV).]

Complete the following only if Item 5(a) has been completed.

The information in this schedule will not be placed on the public file of any securities regulatory authority or regulator. However, freedom of information legislation in certain jurisdictions may require the securities regulatory authority or regulator to make this information available if requested.

**a) General information (to be indicated only once)**

1. Name of issuer
2. Distribution end-date

**b) Business contact information of Chief Executive Officer (if not provided in Item 9 or 10 of report)**

1. Email address
2. Phone number

*Provide the following information for each director, executive officer, control person and promoter of the issuer at the time of the distribution. If the control person or promoter is not an individual, only provide the following information for each director and executive officer of the control person or promoter. (Note: name(s) must be consistent with individual's name(s) indicated in Item 5 of report if provided)*

**c) Residential address of directors, executive officers, control persons and promoters of the issuer**

1. Family name
2. Given name(s)
3. Residential street address *(including apartment number)*
4. Municipality
5. Province/State
6. Postal code/Zip code
7. Country

## SCHEDULE 2 TO FORM 45-106F1 (CONFIDENTIAL PURCHASER INFORMATION)

[Note to reader: The following describes the information that would be required to be provided in Schedule 2 to proposed Form 45-106F1. Schedule 2 must be filed in the form of an Excel spreadsheet or a delimited text file (CSV).]

The information in this schedule will not be placed on the public file of any securities regulatory authority or regulator. However, freedom of information legislation in certain jurisdictions may require the securities regulatory authority or regulator to make this information available if requested.

**a) General Information (to be indicated only once)**

1. Name of issuer
2. Distribution end-date

*Provide the following information for each purchaser that participated in the distribution. For each purchaser, create separate entries for each distribution date, security type and exemption relied on for the distribution.*

**b) Legal name of purchaser**

1. Family name
2. Given name(s)
3. Full name of non-individual *(if applicable)*

**c) Contact information of purchaser**

1. Street address *(including suite or apartment number)*
2. Municipality
3. Province/State
4. Postal code/Zip code
5. Country
6. Telephone number
7. Email address

**d) Details of securities purchased**

1. Date of distribution (YYYY-MM-DD)
2. Number of securities
3. Security code
4. Total purchase price (Canadian \$)

**e) Details of exemption relied on**

1. Rule, order, blanket order number
2. Section
3. Subsection *(if applicable)*
4. If relying on section 2.3 [*Accredited investor*] of NI 45-106, provide the paragraph number in the definition of accredited investor that is applicable to the purchaser. *(indicate only one)*
5. If relying on section 2.5 [*Family, friends and business associates*] of NI 45-106, provide:
  - a. the paragraph under section 2.5 that is applicable to the purchaser *(indicate only one)*; and
  - b. if relying on paragraphs b to i, provide:
    - i. the name of director, executive officer, control person, or founder of the issuer claiming a relationship to the purchaser. *(Note: If Item 5(a) has been completed, the name of the director, executive officer, control person or founder must be consistent with the name provided in Item 5 and Schedule 1.)*
    - ii. position of director, executive officer, control person, or founder of the issuer claiming a relationship to the purchaser.
6. If relying on section 2.9 [*Offering memorandum*] of NI 45-106 and the purchaser is an eligible investor, provide the paragraph number in the definition of eligible investor that is applicable to the purchaser. *(indicate only one)*

**f) Other information**

1. Is the purchaser a registrant? (Y/N)
2. Is the purchaser an insider of the issuer? (Y/N) *(not applicable if the issuer is an investment fund)*
3. Name of person compensated for distribution to purchaser. *Provide the full legal name of the person compensated. If the person compensated is a registered firm provide the firm NRD number only. (Note: the name must be consistent with name of person compensated as provided in Item 8.)*

## INSTRUCTIONS FOR SCHEDULE 2

Any securities issued as payment for commissions or finder's fees must be disclosed in Item 8 of the report, not in Schedule 2.

**Details of exemption relied on** – When identifying the exemption the issuer relied on for the distribution to each purchaser, refer to the specific section and, if applicable, subsection and/or paragraph of securities legislation that provides the exemption. For example, if the issuer is relying on an exemption in a National Instrument, refer to the number of the National Instrument, and the subsection or paragraph number of the specific provision. If the issuer is relying on an exemption in a local blanket order, refer to the blanket order by number.

For exemptions that require the purchaser to meet certain characteristics, such as the exemption in section 2.3 [*Accredited investor*], section 2.5 [*Family, friends and business associates*] or section 2.9 [*Offering memorandum*] of NI 45-106, also provide the specific paragraph in the definition of those terms that applies to each purchaser.

**Reports filed under paragraph 6.1(1)(j) [*TSX Venture Exchange offering*] of NI 45-106** – For reports filed under paragraph 6.1(1)(j) [*TSX Venture Exchange offering*] of NI 45-106, Schedule 2 only needs to list the total number of purchasers by jurisdiction instead of including the name, residential address and email address of each purchaser.

### Questions:

Refer any questions to:

#### **Alberta Securities Commission**

Suite 600, 250 – 5th Street SW  
Calgary, Alberta T2P 0R4  
Telephone: (403) 297-6454  
Toll free in Canada: 1-877-355-0585  
Facsimile: (403) 297-2082

#### **British Columbia Securities Commission**

P.O. Box 10142, Pacific Centre  
701 West Georgia Street  
Vancouver, British Columbia V7Y 1L2  
Inquiries: (604) 899-6854  
Toll free in Canada: 1-800-373-6393  
Facsimile: (604) 899-6581  
Email: [inquiries@bcsc.bc.ca](mailto:inquiries@bcsc.bc.ca)

#### **The Manitoba Securities Commission**

500 – 400 St. Mary Avenue  
Winnipeg, Manitoba R3C 4K5  
Telephone: (204) 945-2548  
Toll free in Manitoba 1-800-655-5244  
Facsimile: (204) 945-0330

#### **Financial and Consumer Services Commission (New Brunswick)**

85 Charlotte Street, Suite 300  
Saint John, New Brunswick E2L 2J2  
Telephone: (506) 658-3060  
Toll free in Canada: 1-866-933-2222  
Facsimile: (506) 658-3059  
Email: [info@fcbn.ca](mailto:info@fcbn.ca)

#### **Government of Newfoundland and Labrador Financial Services Regulation Division**

P.O. Box 8700  
Confederation Building  
2nd Floor, West Block  
Prince Philip Drive  
St. John's, Newfoundland and Labrador A1B 4J6  
Attention: Director of Securities  
Telephone: (709) 729-4189

Facsimile: (709) 729-6187

#### **Government of the Northwest Territories Office of the Superintendent of Securities**

P.O. Box 1320  
Yellowknife, Northwest Territories X1A 2L9  
Attention: Deputy Superintendent, Legal & Enforcement  
Telephone: (867) 920-8984  
Facsimile: (867) 873-0243

#### **Nova Scotia Securities Commission**

Suite 400, 5251 Duke Street  
Duke Tower  
P.O. Box 458  
Halifax, Nova Scotia B3J 2P8  
Telephone: (902) 424-7768  
Facsimile: (902) 424-4625

#### **Government of Nunavut Department of Justice**

Legal Registries Division  
P.O. Box 1000, Station 570  
1st Floor, Brown Building  
Iqaluit, Nunavut X0A 0H0  
Telephone: (867) 975-6590  
Facsimile: (867) 975-6594

#### **Ontario Securities Commission**

20 Queen Street West, 22<sup>nd</sup> Floor  
Toronto, Ontario M5H 3S8  
Telephone: (416) 593- 8314  
Toll free in Canada: 1-877-785-1555  
Facsimile: (416) 593-8122  
Email: [OSCExemptMarket@osc.gov.on.ca](mailto:OSCExemptMarket@osc.gov.on.ca)  
Public official contact regarding indirect collection of information: Inquiries Officer



**Prince Edward Island Securities Office**

95 Rochford Street, 4th Floor Shaw Building  
P.O. Box 2000  
Charlottetown, Prince Edward Island C1A 7N8  
Telephone: (902) 368-4569  
Facsimile: (902) 368-5283

**Autorité des marchés financiers**

800, Square Victoria, 22e étage  
C.P. 246, Tour de la Bourse  
Montréal, Québec H4Z 1G3  
Telephone: (514) 395-0337  
Or 1-877-525-0337  
Facsimile: (514) 873-6155 (For filing purposes only)  
Facsimile: (514) 864-6381 (For privacy requests only)  
Email: [financementdassocies@lautorite.qc.ca](mailto:financementdassocies@lautorite.qc.ca)

**Financial and Consumer Affairs Authority of Saskatchewan**

Suite 601 - 1919 Saskatchewan Drive  
Regina, Saskatchewan S4P 4H2  
Telephone: (306) 787-5879  
Facsimile: (306) 787-5899

**Government of Yukon****Department of Community Services**

Law Centre, 3rd Floor  
2130 Second Avenue  
Whitehorse, Yukon Y1A 5H6  
Telephone: (867) 667-5314  
Facsimile: (867) 393-6251

**Annex B**  
**Other Proposed Amendments to NI 45-106**

**AMENDING INSTRUMENT FOR NATIONAL INSTRUMENT 45-106 PROSPECTUS  
EXEMPTIONS**

**1. *National Instrument 45-106 Prospectus Exemptions is amended by this Instrument.***

**2. *This Instrument is amended by adding the following section:***

**1.8** Designation of insider – In Ontario, for the purpose of this Instrument, the following classes of persons are designated as insiders:

- (a) a director or an officer of an issuer;
- (b) a director or an officer of a person that is an insider or a subsidiary of an issuer;
- (c) a person that has
  - (i) beneficial ownership of, or control or direction over, directly or indirectly securities of an issuer carrying more than 10% of the voting rights attached to all the issuer's outstanding voting securities, excluding, for the purpose of the calculation of the percentage held, any securities held by the person as underwriter in the course of a distribution, or
  - (ii) a combination of beneficial ownership of, and control or direction over, directly or indirectly securities of an issuer carrying more than 10% of the voting rights attached to all the issuer's outstanding voting securities, excluding, for the purpose of the calculation of the percentage held, any securities held by the person as underwriter in the course of a distribution;
- (d) an issuer that has purchased, redeemed or otherwise acquired a security of its own issue, for so long as it continues to hold that security..

**3. *Section 6.1 is amended by***

***a. adding the following subsections:***

**(0.1)** For the purpose of Form 45-106F1

**“designated foreign jurisdiction”** means Australia, France, Germany, Hong Kong, Italy, Japan, Mexico, the Netherlands, New Zealand, Singapore, South Africa, Spain, Sweden, Switzerland or the United Kingdom of Great Britain and Northern Ireland;

**“eligible foreign security”** means a security offered primarily in a foreign jurisdiction as part of a distribution of securities in either of the following circumstances:

- (a) the security is issued by an issuer
  - (i) that is incorporated, formed or created under the laws of a foreign jurisdiction,
  - (ii) that is not a reporting issuer in a jurisdiction of Canada,
  - (iii) that has its head office outside of Canada, and
  - (iv) that has a majority of the executive officers and a majority of the directors ordinarily resident outside of Canada;
- (b) the security is issued or guaranteed by the government of a foreign jurisdiction;

**“foreign public issuer”** means an issuer where any of the following apply:

- (a) the issuer has a class of securities registered under section 12 of the 1934 Act;
- (b) the issuer is required to file reports under section 15(d) of the 1934 Act; or
- (c) the issuer is required to provide disclosure relating to the issuer and the trading in its securities to the public, to securityholders of the issuer or to a regulatory authority and that disclosure is publicly available in a designated foreign jurisdiction;

**“Global Legal Entity Identifier System”** means the system developed by The Legal Entity Identifier Regulatory Oversight Committee for the identification of parties to financial transactions;

**“legal entity identifier”** means

- (a) in the case when the Global Legal Entity Identifier System is available to a person, a unique identification code assigned to the person in accordance with the standards set by the Global Legal Entity Identifier System, or
- (b) in the case when the Global Legal Entity Identifier System is unavailable to a person, a unique identification code assigned to the person which complies

with the standards established by the Legal Entity Identifier Regulatory Oversight Committee for pre-legal entity identifiers;

**“permitted client”** has the same meaning as in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*;

**“SEDAR filer profile”** means a profile required under section 5.1 [*Electronic filing of Filer Profile Information*] of National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*;

**“The Legal Entity Identifier System Regulatory Oversight Committee”** means the international working group established by the Finance Ministers and the Central Bank Governors of the Group of Twenty nations and the Financial Stability Board, under the Charter of the Regulatory Oversight Committee for the Global Legal Entity Identifier System dated November 5, 2012.;

**(0.2)** For the purpose of Form 45-106F1, a person is connected with an issuer or an investment fund manager if either of the following apply:

- (a) one of them is controlled by the other;
- (b) each of them is controlled by the same person.; **and**

**b. adding “completed” immediately after “file a” in subsection (1).**

**4. Subsection 6.2(2) is amended by replacing “financial year-end of the investment fund” with “calendar year-end”.**

**5. Section 6.3 is amended by**

**a. replacing subsection (1) with the following:**

**(1)** The required form of report under section 6.1 [*Report of exempt distribution*] is Form 45-106F1., **and**

**b. deleting “, or in British Columbia, Form 45-106F6” from subsection (2).**

**6. Section 6.6 is repealed.**

**7. The Instrument is amended by replacing Form 45-106F1 Report of Exempt Distribution with the following:**

**[Note to reader: Please see the Proposed Report set out in Annex A].**

**8. Form 45-106F6 British Columbia Report of Exempt Distribution is repealed.**

9. (1) Subject to subsection (2), this Instrument comes into force on [●].

(2) Section 4 of this Instrument comes into force on December 31, 201[●].

**Annex C**  
**Proposed Changes to 45-106CP**

**PART 5 – FORMS**

**5.1 Report of exempt distribution**

(1) Requirement to file

An issuer that has distributed a security of its own issue under any of the prospectus exemptions listed in section 6.1 of NI 45-106 is required to file a report of exempt distribution, on or before the 10th day after the distribution. Alternatively, if an underwriter distributes securities acquired under section 2.33 of NI 45-106, either the issuer or the underwriter may complete and file the form. If there is a syndicate of underwriters, the lead underwriter may file the form on behalf of the syndicate or each underwriter may file a form relating to the portion of the distribution it was responsible for. The required form of report is Form 45-106F1 *Report of Exempt Distribution* ~~in all jurisdictions except British Columbia. In British Columbia, the required form of report is Form 45-106F6 *British Columbia Report of Exempt Distribution*.~~

In determining if it is required to file a report in a particular jurisdiction, the issuer or underwriter should consider the following questions:

- (a) Is there a distribution in the jurisdiction? (Please refer to the securities legislation of the jurisdiction for guidance, if any, on when a distribution occurs in the jurisdiction.)
- (b) If there is a distribution in the jurisdiction, what exemption from the prospectus requirement is the issuer relying on for the distribution of the security?
- (c) Does the exemption referred to in paragraph (b) trigger a reporting requirement? (Reports of exempt distribution are required for distributions made in reliance on the prospectus exemptions listed in section 6.1 of NI 45-106.)

A distribution may occur in more than one jurisdiction. In this case, the issuer is required to file a single report in each Canadian jurisdiction where the distribution has occurred; ~~except British Columbia.~~ The report will set out all distributions in each Canadian jurisdiction.

~~If the distribution occurs in British Columbia and one or more other jurisdictions, the issuer is required to file Form 45-106F6 with the British Columbia Securities Commission and file Form 45-106F1 in the other applicable jurisdictions.~~

(2) Access to information ~~in jurisdictions other than British Columbia~~

The securities legislation of several provinces requires that information filed with the securities regulatory authority or, ~~where applicable,~~ the regulator under such securities legislation, be made available for public inspection during normal business hours except for information that the securities regulatory authority or, ~~where applicable,~~ the regulator,

- (a) believes to be personal or other information of such a nature that the desirability of avoiding disclosure thereof in the interest of any affected individual outweighs the desirability of adhering to the principle that information filed with the securities regulatory authority or the regulator, ~~as applicable,~~ be available to the public for inspection,
- (b) in Alberta, considers that it would not be prejudicial to the public interest to hold the information in confidence, and
- (c) in Québec, considers that access to the information could result in serious prejudice.

Based on the above mentioned provisions of securities legislation, the securities regulatory authorities or regulators, ~~as applicable,~~ have determined that the information listed in [Schedule 1 and Schedule 2 of Form 45-106F1 Report of Exempt Distribution](#), ~~Schedule I (“Schedule I”)~~ discloses personal or other information of such a nature that the desirability of avoiding disclosure of this ~~personal~~ information outweighs the desirability of making the information available to the public for inspection. In addition, in Alberta, the regulator considers that it would not be prejudicial to the public interest to hold the information listed in ~~Schedule I~~ [these schedules](#) in confidence. In Québec, the securities regulatory authority considers that access to ~~Schedule I~~ [these schedules](#) by the public in general could result in serious prejudice and consequently, the information listed in ~~Schedule I~~ [these schedules](#) will not be made publicly available.

(3) Filings ~~in British Columbia~~ [Form 45-106F1 Report of Exempt Distribution](#)

For filings made in British Columbia, issuers are required to file Form ~~45-106F6~~ [45-106F1](#) and pay the fees associated with that filing electronically using BCSC ~~e-services~~ [eServices](#). This requirement only applies to filings that are required to be made within 10 days of the distribution. It does not apply to filings made annually by investment funds under [subsection 6.2\(2\) of NI 45-106](#). Please refer to BC Instrument 13-502 *Electronic Filing of Reports of Exempt Distribution* for further information.

[For filings made in Ontario, issuers are required to file Form 45-106F1 electronically through the OSC’s Electronic Filing Portal and pay the applicable fees. The electronic filing requirement applies to all issuers that file Form 45-106F1 including investment fund issuers that file annually in accordance with subsection 6.2\(2\) of NI 45-106. Please see OSC Rule 11-501 \*Electronic Delivery of Documents to the Ontario Securities Commission\* and OSC Rule 13-502 \*Fees\* for further information.](#)

**Annex D**  
**List of Commenters**

**Commenters on February 2014 Materials**

1. Advocis
2. Alternative Investment Management Association
3. Blake, Cassels & Graydon LLP
4. Canadian Advocacy Council for Canadian CFA Institute Societies
5. Cawkell Brodie LLP
6. Davies Ward Phillips & Vineberg LLP
7. Osler, Hoskin & Harcourt LLP
8. Private Capital Markets Association of Canada
9. Prospectors & Developers Association of Canada
10. Portfolio Management Association of Canada
11. RBC Dominion Securities Inc., RBC Phillips Hager & North Investment Counsel Inc. and RBC Global Asset Management Inc.
12. Securities Industry and Financial Markets Association
13. Stikeman Elliott LLP
14. TMX Group Limited
15. Walton International Group Inc.

**Commenters on March 2014 Materials**

1. Advocis
2. Alternative Investment Management Association
3. AUM Law
4. Blair Franklin Asset Management Inc.
5. Blake, Cassels & Graydon LLP
6. Canadian Advocacy Council for Canadian CFA Institute Societies
7. Canadian Foundation for Advancement of Investor Rights
8. Canadian Securities Exchange
9. Chase Alternatives
10. CI Investments Inc.
11. Davies Ward Phillips & Vineberg LLP
12. Equity Crowdfunding Alliance of Canada
13. Investment Funds Institute of Canada
14. Investment Industry Association of Canada
15. KV Capital Inc.
16. McCarthy Tétrault LLP
17. National Crowdfunding Association of Canada
18. National Exempt Market Association
19. Nexus Investment Management Inc.
20. NorthCrest Partners Inc.



21. Open Avenue Inc.
22. Osler, Hoskin & Harcourt LLP
23. Private Capital Markets Association of Canada
24. Prospectors & Developers Association of Canada
25. Portfolio Management Association of Canada
26. Portland Investment Counsel Inc.
27. RBC Dominion Securities Inc., RBC Phillips Hager & North Investment Counsel Inc. and RBC Global Asset Management Inc.
28. SecureCare Capital Inc.
29. Securities Industry and Financial Markets Association
30. Stikeman Elliott LLP

**Annex E**  
**Summary of Comments on the February 2014 Proposals**

No.	Topic	Comments	Responses
<b>Proposed Changes to the Current Reports</b>			
1.	Prioritize harmonizing reporting obligations across Canada	Several commenters expressed concern that Canada has two separate forms for reporting exempt distributions: Form 45-106F6 in British Columbia and Form 45-106F1 in all other jurisdictions. These commenters expressed frustration that the CSA did not harmonize the forms and that issuers are required to file reports in multiple jurisdictions about the same transaction. These commenters asked that the CSA make it a priority to harmonize the forms and the filing requirements.	<p>The CSA recognizes the importance of having harmonized forms. The Proposed Report would be the required form across the CSA.</p> <p>For a cross-country distribution, we anticipate that an issuer or underwriter would be able to file the Proposed Report by completing the OSC's electronic form and subsequently filing a copy of the report generated by the OSC's system on BCSC eServices and SEDAR. Furthermore, an issuer or underwriter that prepares a report for filing on SEDAR would be able to file that same report on BCSC eServices and vice versa.</p> <p>A longer-term CSA project is underway to create a single integrated filing system for reports of exempt distribution.</p>
2.	Support for requiring additional information	One commenter agreed that the additional information required in the proposed amendments to Form 45-106F1 and Form 45-106F6 would be useful information for the regulators and should not be unduly burdensome for issuers to provide.	We acknowledge this comment of support.

No.	Topic	Comments	Responses
3.	Against requiring additional information	<p>Several commenters questioned whether it is necessary to require additional information in the reports of exempt distribution. These commenters expressed concern that requiring this additional information would increase the costs and time involved in capital raising. Other commenters were concerned that some of the additional disclosure requirements would raise privacy concerns.</p> <p>Some of these commenters identified that foreign issuers in particular may decide to exclude Canadian purchasers from their offerings because of these additional requirements. Some of these commenters identified specific areas of concern that are described below.</p>	<p>We received similar comments on the March 2014 Proposals. We have considered these comments in developing the Proposed Report.</p> <p>We think the additional information requested in the Proposed Report is necessary to enhance our understanding of distributions in the exempt market, including the activities of dealers and advisers. This would facilitate more effective regulatory oversight, enhance our compliance programs and inform future policy development.</p> <p>We have provided carve-outs from certain information requirements to:</p> <ul style="list-style-type: none"> <li>• reporting issuers and their wholly owned subsidiaries,</li> <li>• foreign public issuers and their wholly owned subsidiaries,</li> <li>• issuers distributing eligible foreign securities only to permitted clients, and</li> <li>• investment fund issuers.</li> </ul>
4.	Additional information requirements – persons being compensated, applicable categories of accredited investor, information about foreign distributions	<p>Several commenters questioned whether it is necessary to require the following additional information in the report of exempt distribution:</p> <ul style="list-style-type: none"> <li>• naming each person being compensated for the distribution,</li> <li>• identifying all applicable categories of accredited investor that the purchaser qualifies under, and</li> <li>• disclosing each Canadian and foreign jurisdiction where purchasers reside.</li> </ul>	<p>We received similar comments on the March 2014 Proposals. We considered these concerns when developing the Proposed Report.</p> <p>In particular, we have amended the requirements in the Proposed Report to address some of these concerns, as follows:</p> <ul style="list-style-type: none"> <li>• We have clarified that disclosure about compensation is limited to payments made by the issuer directly. For example, if the issuer compensates a firm, the issuer would only be required to report this information, not details of how the firm compensated its</li> </ul>

No.	Topic	Comments	Responses
			<p>employees on an individual basis.</p> <ul style="list-style-type: none"> <li>• The Proposed Report would only require issuers to identify one category of accredited investor that applies to the purchaser in Schedule 2. The issuer or underwriter would no longer be required to list all paragraphs that may apply to the purchaser.</li> <li>• We have clarified that issuers located outside of Canada would only be required to disclose information about distributions to purchasers resident in Canada.</li> <li>• We have provided carve-outs from certain disclosure requirements for: <ul style="list-style-type: none"> <li>○ reporting issuers and their wholly owned subsidiaries,</li> <li>○ foreign public issuers and their wholly owned subsidiaries,</li> <li>○ issuers distributing eligible foreign securities only to permitted clients, and</li> <li>○ investment fund issuers.</li> </ul> </li> </ul>
5.	Additional information requirements – beneficial owners of fully managed accounts	Two commenters questioned whether it is necessary for issuers to disclose the beneficial owner of fully managed accounts.	<p>We received similar comments on the March 2014 Proposals.</p> <p>This is not a new requirement. The Current Reports require issuers to give information about the beneficial owner, even when a registered portfolio manager or trust company is purchasing on behalf of a fully managed account. We use this information in our oversight of registered advisers and to assist with our compliance functions.</p>

No.	Topic	Comments	Responses
6.	Additional information requirements – whether purchaser or person compensated is a registrant or an insider of the issuer	Several commenters questioned whether it is necessary for issuers to identify whether any persons being compensated and any purchasers are registrants or insiders of the issuer. These commenters thought this information may be administratively burdensome, particularly for foreign issuers.	<p>This information is already required in Form 45-106F6 in British Columbia and would be required in the Proposed Report.</p> <p>The Proposed Report would also require information about whether the person being compensated is an employee of, or connected to, the issuer. The additional information about persons being compensated would enable the CSA to assess the prevalence of financial relationships among companies. Having detailed information about these arrangements would allow us to enhance our existing compliance oversight program of the exempt market, as well as make future improvements to securities regulations impacting the exempt market.</p> <p>We think information about whether a purchaser is an insider of the issuer or a registrant would be useful for identifying connections between distributions and issuers that would facilitate our oversight of the exempt market and enhance our compliance programs.</p>
7.	Filing reports in more than one jurisdiction	Two commenters did not agree with the direction in Form 45-106F1 that, if distributions are made in more than one jurisdiction, the issuer or underwriter must complete a single report identifying all distributions and file that report in all jurisdictions in which the distributions were made. One of these commenters did not agree that this should be mandatory; they suggested it be optional for the issuer or underwriter. These same commenters requested that the CSA specify which jurisdictions require reporting by issuers resident in the	<p>We received similar comments on the March 2014 Proposals.</p> <p>This direction already exists in Form 45-106F1. It reflects the position of many CSA jurisdictions concerning when a distribution occurs.</p> <p>The Proposed Report provides more guidance on when a distribution occurs and also clarifies that issuers located outside of Canada are only required to provide information about distributions to purchasers resident in Canada.</p>

No.	Topic	Comments	Responses
		jurisdiction to purchasers outside the jurisdiction.	Many jurisdictions currently use this information to understand how and where issuers in their jurisdiction are accessing capital and for compliance purposes.
8.	Provide more data and transparency about the exempt market and compliance issues in the exempt market	Two commenters suggested that the CSA should make data about the use of prospectus exemptions available to the public. These commenters also suggested that the CSA should be more transparent about compliance issues in the exempt market.	<p>There is a separate initiative in applicable jurisdictions to make the reports of exempt distribution publicly available on SEDAR when a distribution occurs in CSA jurisdictions other than British Columbia and Ontario. In British Columbia, reports of exempt distribution are already publicly available on the BCSC's website. In Ontario, it is anticipated that information regarding exempt market activity would be available electronically on the OSC's website.</p> <p>As noted in the Proposed Report, Schedule 1 and Schedule 2 would not be placed on the public file of any securities regulatory authority or regulator.</p>
9.	Protection of personal information	Two commenters commented that certain information requested in the February 2014 Proposals was personal in nature and should not be publicly available, particularly concerning purchasers. One of the commenters expressed concern about the risk of inadvertent disclosure of personal information. The other commenter stated that Form 45-106F6 already makes too much purchaser information publicly available.	The Proposed Report has been designed to ensure that personal information would be reported in schedules that would be kept confidential. This includes all specific purchaser information.

**Annex F**  
**Summary of Comments on the March 2014 Proposals**

No.	Topic	Comments	Responses
<b>General</b>			
1.	Support for improved information collection	<p>Several comments supported the proposal to improve data collection to better understand activity in the exempt market.</p> <p>One commenter believed the private markets are in need of more information to better calculate trends and market conditions.</p> <p>Another commenter supported improvements to the ability to monitor the use of capital-raising exemptions and the parties involved to better inform policy making in the future. This commenter supported the March 2014 Proposals and other necessary changes in order to collect better information and also supported the publication of this information in order to improve the policy making process. This commenter encouraged all CSA members to adopt the March 2014 Proposals in order to collect the required information on the exempt market.</p>	We acknowledge these comments of support.

No.	Topic	Comments	Responses
2.	Further disharmony in the exempt market reporting regime	<p>Several commenters expressed general concern that the March 2014 Proposals represent a further fragmentation of the CSA, as it could require issuers to file up to four different exempt distribution reports each with unique information and filing requirements.</p> <p>The following are examples of specific concerns provided:</p> <ul style="list-style-type: none"> <li>• Filing various reports in different formats would be time consuming and increase compliance costs which may deter issuers from offering securities in some jurisdictions altogether to reduce their compliance burden.</li> <li>• The March 2014 Proposals would undermine the harmonization principle in section 2.1 of the <i>Securities Act</i> (Ontario).</li> <li>• A cursory review of documents suggests that with some slight re-drafting the various proposed forms could be harmonized into a single reporting document.</li> <li>• The disharmony in regulatory approach paints Canadian securities regulation in a poor light to foreign issuers. This undermines the goal of creating confidence in the capital markets in Canada.</li> </ul> <p>Several of these commenters strongly encouraged the CSA to work to harmonize the exempt market reporting regime in Canada. One commenter acknowledged that while certain prospectus</p>	<p>The CSA recognizes the importance of having harmonized forms. The Proposed Report would be the required form across the CSA.</p>



No.	Topic	Comments	Responses
		<p>exemptions are designed to facilitate early stage and small business financing, which can be local in nature, this local activity does not warrant a fragmented approach to prospectus exemptions or exempt trade reporting. This commenter was of the view that Canada’s capital markets, including investors, intermediaries and issuers operating in local markets only, would greatly benefit from consistent, harmonized securities regulation.</p>	
3.	Benefit of collecting additional information is unclear and may not justify cost and burden of compliance	<p>Some commenters believed that the benefit of collecting some of the additional information is unclear. One of these commenters further noted that some of the proposed items that may provide better information on exempt market activity with respect to transactions that largely involve Canadian entities would not provide better information on exempt market activity in Canada where the transaction has little or no connection with Canada other than a very small number of Canadian institutional investors purchasing securities through exempt international dealers.</p> <p>Several commenters were of the view that the additional cost and burden that would be incurred to comply with the March 2014 Proposals outweigh the benefit of additional information for regulatory authorities.</p>	<p>The Proposed Report is intended to:</p> <ul style="list-style-type: none"> <li>• reduce the compliance burden of exempt distribution for issuers and underwriters by harmonizing the report, and</li> <li>• provide securities regulators with the information that is necessary to enhance its understanding of exempt market activity, including the activities of dealers and advisers in the exempt market, and facilitate more effective regulatory oversight of the exempt market and related policy development.</li> </ul> <p>We have also removed certain requirements from the Proposed Report that were set out in the March 2014 Proposals. The notice describes the information that would be required in the Proposed Report that is not required by the Current Reports, together with the CSA’s rationale for such requirements.</p>

No.	Topic	Comments	Responses
		<p>Examples of concerns raised by commenters include the following:</p> <ul style="list-style-type: none"> <li>• The requirements would likely act as (i) an additional disincentive for investment funds that are currently distributed in the exempt market to continue to do business in Canada, and (ii) a barrier to entry for new investment funds.</li> <li>• Any marginal investor protection benefits which the March 2014 Proposals might create are outweighed by the drag created on capital formation by gathering information in these reports when the information could easily and more reliably be gathered from issuers in a different way.</li> <li>• It is not appropriate for the CSA to download research costs onto the shoulders of stakeholders without first making an effort to minimize the compliance resources of registrants which would be consumed by its information requests.</li> <li>• The March 2014 Proposals would substantially increase the costs of capital raising for Canadian businesses through the significant additional compliance burdens they would impose.</li> <li>• Start-ups and SMEs would be subject to additional compliance costs.</li> <li>• Underwriters should not be subject to filing obligations which they cannot fulfill without the cooperation of issuers and much of the information would not be available in a timely manner for filing purposes.</li> </ul>	<p>Also, as explained in items 4, 6 and 40, the Proposed Report has been designed to reduce duplicate reporting of information that is otherwise available to the CSA. The Proposed Report would also provide carve-outs from certain information requirements where we believe the cost of compliance may exceed the benefit of the information. We have provided carve-outs from certain information requirements to:</p> <ul style="list-style-type: none"> <li>• reporting issuers and their wholly owned subsidiaries,</li> <li>• foreign public issuers and their wholly owned subsidiaries,</li> <li>• issuers distributing eligible foreign securities only to permitted clients, and</li> <li>• investment fund issuers.</li> </ul>

No.	Topic	Comments	Responses
		<ul style="list-style-type: none"> <li>It has not been demonstrated that there are significant issues in exempt distributions of investment funds, which demand increased information requests.</li> </ul>	
4.	Increased compliance burden placed on foreign issuers, IFMs and dealers may result in less choice for Canadian investors	<p>Several commenters expressed concern that the administrative burden placed on foreign issuers and dealers to comply with the March 2014 Proposals may provide a disincentive for foreign issuers to conduct offerings in Canada, resulting in less choice for Canadian investors.</p> <p>Examples of concerns raised by commenters include the following:</p> <ul style="list-style-type: none"> <li>Foreign dealers would be required to obtain and disclose information regarding foreign issuers and Canadian investors to which they do not have access, have a legal right to receive and which would be difficult to obtain within the prescribed 10-day filing deadline.</li> <li>Foreign dealers operating under the “international dealer” exemption would be unable to comply with the new reporting requirements on a cost effective basis, if at all. As a result, Canadian institutional and other accredited investors would not be able to continue purchasing non-Canadian securities on a private placement basis, because foreign dealers may not be able to obtain the information required by the new reporting forms.</li> </ul>	<p>Offerings by foreign issuers represent a significant portion of exempt market activity in Canada. The CSA’s primary source of information on the exempt market is reports of exempt distribution. We believe that better information is necessary to more effectively inform policy development and to better understand the participants in the exempt market in Canada.</p> <p>However, the Proposed Amendments do not contemplate certain requirements that were included in the March 2014 Proposals applying to certain foreign issuers. For example, the Proposed Report carves out foreign public issuers and issuers distributing an eligible foreign security only to permitted clients from the proposed requirement to provide information regarding an issuer’s directors, executive officers, control persons and promoters. We believe that the remaining information requested of foreign issuers in the Proposed Report is information that filers would be able to provide.</p> <p>Please also refer to response 33 for a discussion of marketing materials.</p>

No.	Topic	Comments	Responses
		<ul style="list-style-type: none"> <li>• The March 2014 Proposals may be considered a step backward as the granting of the “wrapper” exemption orders was an attempt to make it easier for international offerings to be extended to the Canadian institutional market. Requiring foreign issuers to seek legal advice regarding certain Canadian concepts is also inconsistent with the purpose of the exempt system which is intended to permit foreign issuers to access the Canadian market without having to examine these concepts which apply to Canadian reporting issuers.</li> <li>• Given the size of the Canadian investor base, global capital market practice generally would not adapt to meet Canadian requirements, which would result in the exclusion of foreign offerings from Canada or particular Canadian provinces to the detriment of Canadian investors and Canada as a financial centre.</li> </ul> <p>One commenter also suggested further consideration of the aggregate impact of changes to the reporting regime contemplated by the March 2014 Proposals, including the filing of marketing materials, on Multilateral Instrument 51-105 <i>Issuers Quoted in the U.S. Over-the-Counter Markets</i> and the IFM registration requirements in certain provinces. In particular, this commenter suggested regulators consider whether the benefit justifies the compliance cost along with the extent to which Canadian institutional investors would be excluded from participating in offerings by foreign issuers. This</p>	

No.	Topic	Comments	Responses
		<p>commenter also suggested the CSA establish a committee of Canadian institutional investors to solicit feedback on access to foreign investment opportunities.</p> <p>Another commenter proposed that as an alternative to satisfying the proposed reporting requirements, a foreign investment fund should be able to provide a foreign filed report as a schedule to Proposed Form 45-106F10 or incorporate by reference a publicly filed foreign document.</p>	
5.	Requirements are inconsistent with original purpose of reports	One commenter noted that the March 2014 Proposals are inconsistent with the original purpose of the reports of exempt distribution which was to allow regulators to monitor compliance with available exemptions and hold periods, and not as a tool for regulators to enhance their understanding of exempt market activity at the expense of filers.	Exempt market activity has grown and evolved, resulting in a need for better information than what is being provided in the Current Reports to more effectively oversee compliance in the exempt market. The Proposed Report and Proposed Amendments would improve information collection, which is intended to better inform future policy development.
6.	Duplication of existing information	Several commenters were of the view that much of the new information requested in the March 2014 Proposals is already available to regulators. To the extent information can otherwise be obtained, these commenters recommended exclusion from the proposals to reduce administrative burden for issuers and underwriters. Commenters suggested that information can be obtained from other sources such as NRD, continuous disclosure filings and documents that IFMs already produce and make available to investors.	<p>As compared to the March 2014 Proposals, the Proposed Report contemplates not requiring issuers or underwriters to report certain information that would be available to the CSA through alternative sources. For example:</p> <ul style="list-style-type: none"> <li>• information that would be readily available from an issuer's SEDAR profile if the issuer provides its SEDAR profile number,</li> <li>• information about directors, executive officers, control persons and promoters for</li> </ul>

No.	Topic	Comments	Responses
			<p>reporting issuers, foreign public issuers and wholly owned subsidiaries of such issuers, and</p> <ul style="list-style-type: none"> <li>• specific information about registered firms that is readily available from NRD, if the firm’s NRD number is provided.</li> </ul>
7.	Static information for investment funds	<p>As certain information in Proposed Form 45-106F10 would likely not change from quarter to quarter, several commenters suggested that Proposed Form 45-106F10 and/or the reporting system be changed to allow investment funds to rely upon information provided in previously filed reports in order to ease the administrative burden. One approach would be to divide the information in Proposed Form 45-106F10 to two types – Fund Information and Distribution Data. The former would generally be unchanged from report to report; whereas, the latter would be different for each report. The system can then be designed to setup the fund initially with Fund Information and update accordingly, and the Distribution Data can be uploaded on a quarterly basis.</p>	<p>The Proposed Report contemplates excluding certain information that can be obtained from an IFM’s NRD number, if the NRD number is provided.</p> <p>These suggestions will be considered as part of any future review of filing systems. Also, as further discussed in response 8 below, investment fund issuers will continue to be able to file annually, or more frequently if desired.</p>
<b>Change in Filing Requirements for Investment Fund Issuers</b>			
8.	Increased frequency of reporting would increase compliance costs	<p>Some commenters were of the view that the alternative filing frequency for investment funds should not be increased from annually to quarterly, as this would increase compliance costs, which would ultimately be borne by investors.</p>	<p>After reviewing the comments from market participants, we have determined not to change the filing frequency at this time. However, we are instead proposing to change the annual filing option for investment funds from financial year</p>

No.	Topic	Comments	Responses
	and burden	<p>A few commenters said that as details pertaining to an investment fund change infrequently, an annual report should be more than sufficient to keep regulators informed and questioned why annual reporting was insufficient so as to require a shift to quarterly reporting.</p> <p>In addition, one commenter noted that as the original purpose of annual reporting was to lessen the frequency of exempt market reporting, for investment funds in continuous distribution, the CSA should retain the annual reporting regime instead of moving to quarterly reporting.</p>	reporting to calendar year reporting. This change would improve the comparability and timeliness of the information collected for the investment fund industry.
9.	Increased activity fees	<p>Several commenters said that a change from annual to quarterly filing requirements would result in increased activity fees for investment funds that are in continuous distribution. Some of these commenters said that it is not necessary to charge fund managers the requisite activity fees per quarter to provide information that is generally already available to the regulators, especially investment funds with relatively small assets under management and/or not enough activity to justify the increased fees. These commenters expressed concern that there may be instances when there is infrequent activity, for example, when there is only one distribution per quarter across all or most of an IFM's funds, which would result in a four-fold increase in the number of reports filed and corresponding activity fees.</p>	As noted above, we have determined not to change the frequency of reporting at this time. As a result, there will be no increase in activity fees because of more frequent filings.

No.	Topic	Comments	Responses
<b>Proposed Form 45-106F10 and Proposed Form 45-106F11: Foreign Currency</b>			
10.	Using foreign currency	Some commenters stated that dollar amounts in the March 2014 Proposals should be provided in the issuer's currency in order to reduce the risks associated with converting values to Canadian dollars.	It is important that issuers report values associated with the distribution in Canadian dollars for the purpose of calculating fees and information comparability. The Proposed Report would allow filers to provide specific details regarding the currency of the distribution and includes an instruction regarding the conversion of foreign currencies for the purpose of the Proposed Report.
<b>Proposed Form 45-106F10 – Item 1 and Item 7 and Proposed Form 45-106F11 – Item 2 and 3.2: Business Email Address</b>			
11.	Business email address of CEO of issuer, CEO of underwriter and IFM	<p>Five commenters had concerns with the proposed requirement to provide this information due to one or more of the following reasons:</p> <ul style="list-style-type: none"> <li>• designated contact information for the issuer and underwriter is provided elsewhere on the form,</li> <li>• the CEO would be reluctant to disclose and the public disclosure of a CEO's email address may give rise to abuse and hacking attempts,</li> <li>• there are no other requirements to provide information about the CEO of an exempt international dealer including in a registration exemption filing,</li> <li>• the CEO of the issuer may not and the CEO of the underwriter would not have any involvement in the distribution,</li> <li>• it is ordinarily an underwriter that handles the post-trade filings with Canadian securities</li> </ul>	<p>We are seeking more meaningful contact information of the issuer to address past challenges with contacting the persons at organizations who are capable of answering questions about the distribution. We believe business email communication is an effective, efficient and commonly used method of communication.</p> <p>While the March 2014 Proposals included the disclosure of the business email address of the IFM and the CEO of the issuer and underwriter, the Proposed Report does not require the business email address of the CEO at the underwriter. Consistent with the reporting requirements in item 5, the Proposed Report would only require the filer to provide the email address of the CEO of certain issuers in a confidential schedule of the Proposed Report.</p>



No.	Topic	Comments	Responses
		<p>regulators, with no involvement in the filing on the part of the issuer,</p> <ul style="list-style-type: none"> <li>• the CEO of a foreign issuer whose securities are distributed globally may not be aware that the securities are being sold, for example, into Ontario, and</li> <li>• this may be information that the issuer is unwilling to provide or is not known to the dealer.</li> </ul> <p>One of these commenters also suggested that the CEO of a foreign issuer may consider it inappropriate to provide this information to the public, or even privately to a Canadian regulator, where it is not required by other foreign regulators or in the home jurisdiction, potentially impacting offerings to Canadian investors.</p>	
<b>Proposed Form 45-106F10 – Item 1 and Proposed Form 45-106F11 – Item 3.3.1: Date of Formation</b>			
12.	Difficulty in providing information regarding the date of formation (for a non-investment fund issuer) or date created (for an investment fund)	<p>Some commenters expressed concern that many issuers may be entities that have undergone various reorganizations and transformations over a long period of time and identifying the date on which they were formed may not be straightforward. The need to obtain this specific information may cause the underwriters to forego offering securities to Canadian investors.</p> <p>Another commenter expressed concern that unless this information is clearly stated in the offering document the preparer would have to contact the</p>	<p>This information is already provided by issuers that have a SEDAR profile.</p> <p>The Proposed Report would require issuers that do not have a SEDAR profile number to report this information in order to enhance our understanding of issuers that are operating in the exempt market and their stage of development.</p> <p>As underwriters and filing agents adjust to the requirements of the Proposed Report, they would have an opportunity to streamline their processes for</p>

No.	Topic	Comments	Responses
		<p>issuer to obtain this information, as it would not likely be known to the dealer. For investment fund issuers, the same commenter noted that this information may be difficult to obtain for a service provider as the investment fund’s formation documents would not necessarily have this information.</p>	<p>obtaining the requisite information from issuers.</p>
<p><b>Proposed Form 45-106F10 – Item 2 and Proposed Form 45-106F11 – Item 3.3.2 and 3.3.3: Reporting Issuer Status and Listing Status</b></p>			
14.	<p>Relevance of naming all the exchanges or marketplaces on which securities of the issuer are listed or traded</p>	<p>One commenter stated that the definition of “marketplace” in National Instrument 21-101 <i>Marketplace Operations</i> is broad, and may capture locations of which the issuer may itself be unaware. The same commenter also questioned the relevance of naming all the exchanges or marketplaces on which the issuer is listed or traded, especially when that relates to securities other than those being reported.</p> <p>One commenter noted that issuers may be listed without having applied for, and without knowledge of, such listing. As such, the issuers should only be required to name exchanges they have applied for and received a listing or on which the issuer has its primary listing.</p> <p>Another commenter expressed concern that the preparer would have to obtain this information from the dealer who would have to consult a third party source in order to supply a comprehensive list.</p>	<p>The Proposed Report contemplates not requiring this information for issuers that provide this information in a SEDAR profile. For other issuers, the instructions to the Proposed Report clarify that the information to be provided is limited to exchanges where an issuer has applied for and received a listing and excludes automated trading systems.</p>

No.	Topic	Comments	Responses
15.	Foreign issuers – difficulty in determining reporting issuer status	One commenter noted that in the case of foreign issuers, it is difficult to certify that it is not a reporting issuer in Canada, as it may have elected not to file on SEDAR and there is no national reporting issuer list.	The Proposed Report retains this requirement from the Current Reports.
<b>Proposed Form 45-106F10 - Item 4 and Item 8: Directors and Executive Officers of the Investment Fund and IFM</b>			
16.	Concerns with providing information	<p>One commenter noted that a general partner of a limited partnership may be a limited partnership itself and, accordingly, additional guidance should be provided as to reporting in such instances. This same commenter also noted privacy concerns for private limited partnerships and general partners who would be required to report such non-public information.</p> <p>One commenter noted that the identification of “executive officers”, as defined in NI 45-106, involves significant analysis and would be burdensome solely for the purposes of a post-closing trade report, especially for large foreign issuers with numerous directors and officers.</p> <p>One commenter noted that names listed in offering documents may not be full legal names and would be impractical to obtain. This commenter also noted that titles and jurisdictions of residence may change from time to time, which would require a service provider to conduct an ongoing update to ensure this information is correct for an investment fund’s proposed quarterly filings.</p>	In the Proposed Report, investment fund issuers would not be required to provide director and executive officer information as this information is collected as part of the registration of the IFM and available on NRD.

No.	Topic	Comments	Responses
		<p>Furthermore, this commenter expressed that an unaffiliated fund manager is not obligated to provide this information to an investment fund and would be unlikely to provide this information solely to conduct a private placement in Canada. According to this commenter, this information goes beyond what is required for the purposes of compliance with the registration requirements for non-resident managers.</p> <p>Another commenter stated that the requirement to provide director and executive officer information should not apply where (a) the entity is formed outside of Canada, or (b) the entity is a reporting issuer in Canada as this information may not be required to be provided in foreign jurisdictions and is made publicly available by reporting issuers.</p>	
<b>Proposed Form 45-106F10 - Item 5: Type of Investment Fund</b>			
17.	Further guidance	One commenter sought further guidance and clarification as to the definitions of “money market fund”, “hedge fund” and “other investment fund”.	The categories and instructions of investment fund types have been updated to assist issuers to accurately identify their fund type based on general industry classifications.
<b>Proposed Form 45-106F10 - Item 6: Size of Investment Fund</b>			
18.	Net asset value (NAV) of investment fund	Some commenters noted that the assets under management reported in 3 of the 4 reporting periods would not be an audited value and may put a filer offside the certification requirement under Item 18. One commenter noted that an investment fund	In addition to ensuring compliance with prospectus exemptions, the reports of exempt distribution are our primary sources of information of activity in the Canadian exempt market, which is necessary to support policy development.

No.	Topic	Comments	Responses
		<p>would not be able to provide this information for the specific date required as per Proposed Form 45-106F10 as this information is generally only available on specific dates for record keeping or reporting purposes. Another commenter suggested that it would be more practicable to require investment funds to provide the size of the investment fund as at the date of their most recent NAV calculation rather than as at the date of the report.</p> <p>Two commenters questioned the utility of this information and how it relates to prospectus exemptions.</p>	<p>We have revised the Proposed Report to permit issuers to indicate the size of the investment fund based on the following ranges, as of the date of their most recent NAV calculation:</p> <ul style="list-style-type: none"> <li>• under \$5 million</li> <li>• \$5 million to under \$25 million</li> <li>• \$25 million to under \$100 million</li> <li>• \$100 million to under \$500 million</li> <li>• \$500 million to under \$1 billion</li> <li>• \$1 billion or over</li> </ul>
<b>Proposed Form 45-106F10 - Item 7: IFM Information</b>			
19.	Benefit of collecting information	<p>One commenter questioned the benefit of collecting this information where the IFM is registered as it duplicates information that is already required to be provided to the regulators.</p>	<p>The Proposed Report has been streamlined from the March 2014 Proposals in response to comments and retains this requirement when the IFM is not registered.</p> <p>While the March 2014 Proposals contemplated disclosure of the business email address of the IFM’s CEO, the Proposed Report would require disclosure of the business email address of a person that could answer questions about the report. This change addresses the concern that the CEO may not have involvement with the distribution. In addition, we note that this particular information may not be ascertainable from prior registration.</p>

No.	Topic	Comments	Responses
<b>Proposed Form 45-106F10 - Item 9: Principal Service Providers</b>			
20.	Cost vs. benefit of information	Some commenters questioned the utility of this information in the context of a post-trade report, especially a foreign investment fund with limited connection to Canada. One commenter stated that the compliance burden on dealers, who would have to obtain this information from the investment fund, would greatly exceed any benefit to the CSA. This same commenter said that, at a minimum, this requirement should not apply where either the fund is formed outside of Canada or is a reporting issuer for reasons noted above.	We have removed this requirement in the Proposed Report.
<b>Proposed Form 45-106F10 –Item 10: First Report</b>			
21.	Limit requirement	<p>One commenter noted that an investment fund should only be required to indicate whether it is the first report of exempt distribution filed in Canada.</p> <p>Another commenter suggested this may discourage foreign issuers who had not previously reported (through inadvertence or misinformation about Canadian law) from selling into Canada and reporting under this report, on the basis that regulators are likely to ask why they have never filed before.</p>	We have removed this requirement in the Proposed Report.

No.	Topic	Comments	Responses
<b>Proposed Form 45-106F10 –Item 15 and Proposed Form 45-106F11 – Item 4.4.1: Aggregated Purchaser Information</b>			
22.	Jurisdiction of distribution	<p>Two commenters encouraged the regulators to clarify in the instructions when there is a distribution in the local jurisdiction and accurately reflect the law in each jurisdiction as current guidance and instructions published by the CSA are confusing.</p> <p>One commenter suggested that the table should be completed “for each purchaser in the local jurisdiction, and each purchaser outside of the local jurisdiction where the distribution to that purchaser is a distribution in the local jurisdiction”, as the current drafting implies that a foreign issuer with no connection to Canada that distributes into Canada is required to identify each purchaser in every jurisdiction globally.</p> <p>The same commenter did not believe that a single Form 45-106F1 identifying all purchasers, including purchasers that do not reside in the jurisdiction, should be mandatory as issuers should not be required to disclose purchasers in one jurisdiction to a regulator in another jurisdiction. The filing of a single form should be optional.</p>	<p>The instructions to the Proposed Report provide greater detail regarding when there is a distribution in the local jurisdiction than was reflected in the February 2014 Proposals, the March 2014 Proposals or the current Form 45-106F1. However, it is important to refer to applicable securities legislation, securities directions and case law to determine whether a distribution has taken place in a local jurisdiction.</p> <p>We have considered the commenter’s suggestion and clarified that if the issuer is located outside of Canada, the Proposed Report only requires information about purchasers resident in Canada.</p> <p>However, consistent with CSA Staff Notice 45-308 <i>Guidance for Preparing and Filing Reports of Exempt Distribution under National Instrument 45-106 Prospectus Exemptions</i>, when distributions are made in more than one jurisdiction by a Canadian issuer, the issuer or underwriter must complete a single current Form 45-106F1 that identifies all purchasers, including purchasers that reside in other jurisdictions. The issuer or underwriter must then file the report in each of the Canadian jurisdictions in which the distribution is made. Issuers located outside of Canada would be required to identify all purchasers resident in Canada and file the report</p>

No.	Topic	Comments	Responses
			<p>in each Canadian jurisdiction where there is a distribution.</p> <p>Many jurisdictions currently use this information to understand how and where issuers in their jurisdiction are accessing capital and for compliance purposes.</p>
23.	Reporting of each Canadian and foreign jurisdiction where purchaser resides	Some commenters were of the view that requiring the reporting of all sales by an investment fund regardless of where the purchaser resides would result in the extra-territorial application of a local rule and provide a disincentive for foreign investors to acquire securities of Canadian investment funds.	<p>The instructions to the Proposed Report provide greater clarity regarding the law in each jurisdiction and the reporting requirements when there is a distribution in the local jurisdiction. The reporting of sales by an investment fund, regardless of where the purchaser resides, is the application of the local rule as a distribution may also occur in a particular jurisdiction if the issuer is located in or has a significant connection to the jurisdiction.</p> <p>As discussed above, if the issuer is located outside of Canada, the Proposed Report clarifies that only information about purchasers resident in Canada is required.</p>
24.	Reporting of information relating to the total value of all redemptions	Several commenters stated that information on redemptions requested in the first report of exempt distribution would be unduly burdensome and difficult to collect for any investment fund which has been in existence for several years, especially for foreign domiciled investment funds, which are required to report based on redemptions received world-wide. One commenter did not understand	<p>We have simplified this item in the Proposed Report by asking for the net proceeds (purchases minus redemptions) to the investment fund issuer by jurisdiction for the period reported.</p> <p>We note that the information from the Current Reports for investment fund issuers reflects purchases only and not redemptions of</p>



No.	Topic	Comments	Responses
		<p>how this information would be of assistance or relevant to the CSA, or help in assessing the performance of an investment fund. This same commenter noted that this information is publicly available for reporting issuers.</p> <p>One commenter noted that the Proposed Form 45-106F10 is not clear as to whether redemption information is required only for the distributed securities which are the subject of the Proposed Form 45-106F10 or for all securities of the investment fund.</p>	<p>investment funds. As most investment funds offer some redemption rights, we believe the purchase information likely overstates the size of the market for investment fund issuers.</p> <p>The requirement to provide net proceeds would provide better information and further guide our evidence-based policy making.</p>
<b>Proposed Form 45-106F10 – Instruction 8 and Proposed Form 45-106F11 – Instruction 9: Reference to Purchaser</b>			
25.	Beneficial owners of fully managed accounts	<p>Three commenters noted that it would not be possible to obtain information regarding beneficial owners of fully managed accounts as the purchaser to which it is confirming the sale would be the discretionary manager, who is not required to identify the underlying beneficial owner of the account.</p> <p>Two commenters suggested the instruction should read as follows: References to a purchaser in this report are to the beneficial owner of the securities. However, if a trust company or a registered advisor has purchased securities on behalf of a fully managed account under subsections 2.3(2) and (4) of NI 45-106, provide the information solely in respect of the trust company or registered advisor, as the case may be.</p>	<p>We note that references to a purchaser as being to the beneficial owner of the securities is an existing requirement in the Current Reports. The instructions in the March 2014 Proposals sought to provide further clarity and guidance as to specific instances where disclosure of the beneficial owner of the securities is required. We use this information in our oversight of registered advisors and to assist with our compliance functions.</p>

No.	Topic	Comments	Responses
<b>Proposed Form 45-106F11 – Item 3.1: Name of issuer and parent</b>			
26.	The name of the issuer’s parent, if applicable	Two commenters expressed concern that if not disclosed in the offering memorandum, or if no offering memorandum was used, the preparer would have to seek out the issuer or an individual at the dealer who is sufficiently knowledgeable about the issuer to provide this information.	We have removed this requirement in the Proposed Report.
<b>Form 45-106F11 – Item 3.3.1: Size of issuer</b>			
27.	Relevance and burden of providing approximate number of employees of the issuer	<p>Six commenters questioned the requirement to provide the approximate number of employees of the issuer for reasons including the following:</p> <ul style="list-style-type: none"> <li>• The number of employees of an issuer has no bearing on the size or type of offering that it may undertake, the type of investors who may purchase the offered securities or on whether or not there is an available prospectus exemption to effect the distribution.</li> <li>• If not stated in the offering document, the preparer would have to seek this information from the issuer, who may not be willing to provide it, or attempt to conduct research to obtain this information from a publicly available source which may not have reliable or current information.</li> </ul> <p>One of these commenters was also unclear as to whether this would require reporting the number of employees outside of Canada and employees of</p>	<p>The Proposed Report retains this requirement with broader ranges to approximate the total number of employees of the issuer.</p> <p>We believe information about the approximate size of the issuer is important to our assessment of whether capital raising prospectus exemptions are benefiting small and medium sized issuers and may inform our policy development in this regard. We believe that ranges representing the number of employees provide an appropriate metric for size because:</p> <ul style="list-style-type: none"> <li>• the ranges selected are largely consistent with those used by Statistics Canada to represent distinctions between small, medium and large businesses and as such would already be familiar to some issuers, and</li> <li>• reporting such a range is likely less commercially sensitive than reporting the</li> </ul>

No.	Topic	Comments	Responses
		subsidiaries of the issuer. This commenter supported the removal of this requirement or, in the alternative, limiting the requirement to the number of employees in Canada excluding subsidiaries.	actual number of employees.
<b>Proposed Form 45-106F11 – Item 3.3.4: Primary industry of the issuer</b>			
28.	Definitions or guidance as to what is meant by industry categories	One commenter suggested that further guidance be provided regarding industry categories to avoid ambiguity and to assist with completing Form 45-106F11.	<p>We have proposed to change the categories of industries to align with the NAICS in order to gain a better understanding of which industries are raising money in the exempt market and to reduce the number of issuers that select the “other” category. NAICS is maintained in Canada by Statistics Canada.</p> <p>We believe NAICS would be familiar to many issuers and is less subjective to use. Statistics Canada also provides a web-based search tool for issuers to locate their relevant industry category. For more information on the NAICS, refer to the notice.</p>
<b>Proposed Form 45-106F11 – Item 3.3.5: Directors and executive officers, including title and jurisdiction of residence</b>			
29.	Information required duplicates information provided by Canadian reporting issuers in other filings	Some commenters believed that the burden of providing this information exceeds the benefit of collecting it because it duplicates information provided by reporting issuers in other filings.	The Proposed Report would not require disclosure for directors, executive officers, control persons or promoters of reporting issuers or wholly owned subsidiaries of reporting issuers.

No.	Topic	Comments	Responses
30.	For issuances of securities by foreign issuers, this disclosure requirement imposes an additional compliance burden	<p>Four commenters were of the view that this disclosure requirement imposes an additional compliance burden for issuances of securities of foreign issuers that would impact offerings extended to Canadian investors.</p> <p>Examples of concerns raised include the following:</p> <ul style="list-style-type: none"> <li>• The information about directors, officers, control persons and promoters may or may not be publicly available and issuers may be unwilling to provide it, particularly in circumstances where the information is not required to be publicly disclosed in their home jurisdictions.</li> <li>• A foreign issuer may require advice from Canadian counsel in order to determine who in their organization is an “executive officer” and who is an “insider” or a “promoter” of their organization under Canadian law, as those concepts may not be recognized under their local law. Even if Canadian legal advice is received, they might not have the internal means to determine who falls into the relevant categories without expending resources as this information may not be readily available.</li> <li>• The identification of executive officers, as defined in NI 45-106, would be unnecessarily burdensome especially for large foreign issuers with numerous officers and directors.</li> </ul>	<p>The Proposed Report would not require disclosure for directors, executive officers, control persons or promoters of foreign public issuers, wholly owned subsidiaries of foreign public issuers or issuers distributing eligible foreign securities only to permitted clients.</p> <p>We believe this information is important for other foreign issuers to assist in our compliance function and in our understanding of the participants in exempt market activity in Canada. We note that this disclosure requirement applies under Form 45-106F6.</p>

No.	Topic	Comments	Responses
31.	Difficulty in obtaining this information	Two commenters expressed general concern that it is unlikely that this information would appear in an offering document or be readily available to the dealer. In addition, the issuer might be unwilling or unable to provide this information.	See responses 29 and 30 above.
32.	Alternative approach for requiring information	Two commenters suggested that the requirement to provide director and executive officer information should not apply where (a) the entity is formed outside of Canada, or (b) the entity is a reporting issuer in Canada as this information may not be required to be provided in foreign jurisdictions and is made publicly available by reporting issuers. In the alternative, this commenter proposed an exemption from the requirement to provide this information if all of the purchasers in Canada are accredited investors.	<p>The Proposed Report contemplates that the following issuers would not be required to provide disclosure regarding directors and executive officers:</p> <ul style="list-style-type: none"> <li>• reporting issuers and their wholly owned subsidiaries,</li> <li>• foreign public issuers and their wholly owned subsidiaries, and</li> <li>• issuers distributing eligible foreign securities only to permitted clients.</li> </ul>
<b>Proposed Form 45-106F11 – Item 4.3: Documents provided in connection with the distribution – presentations or other marketing materials</b>			
33.	Requirement would be novel and goes beyond what is required in the United States or any other jurisdiction	<p>Five commenters expressed concern regarding the filing of all marketing materials by foreign issuers if not required in other jurisdictions and the impact this would have on foreign issuers extending offerings into the Canadian market.</p> <p>Examples of specific concerns provided include:</p> <ul style="list-style-type: none"> <li>• In nearly all United States registered or Rule 144A offerings, road show communications (including slides or other visual aids available</li> </ul>	Neither the March 2014 Proposals nor the Proposed Amendments would necessitate the filing or delivery of marketing materials for offerings that are open only to institutional investors or other accredited investors, which typically rely on the accredited investor prospectus exemption. While the March 2014 Proposals contemplated the submission of marketing materials in connection with distributions under certain prospectus

No.	Topic	Comments	Responses
		<p>only as part of that road show) are not required to be filed with the Securities and Exchange Commission or any other regulatory body in the United States. Foreign issuers and dealers will no longer extend offerings (including those which are conducted primarily in the United States) into Canada on a private placement basis if they are required to provide this information, particularly when no similar requirement exists in the United States.</p> <ul style="list-style-type: none"> <li>• The proposed requirement in connection with a private placement is broader than the requirement to file "marketing materials" in connection with an IPO or other long-form prospectus offering in Canada. Specifically, Section 13.12(1)(a) of National Instrument 41-101 <i>General Prospectus Requirements</i> provides an exemption from the requirement to file marketing materials in connection with a "U.S. cross-border offering" where, among other things, there is a reasonable expectation that the securities will be sold primarily in the United States. It is unclear why the CSA is proposing a more stringent requirement in connection with private placements, which are limited to Canada's most sophisticated investors, than would be required in connection with a United States cross-border public offering, which may be sold to retail investors in Canada.</li> </ul> <p>One of the above commenters also questioned the public interest purpose for filing with Canadian</p>	<p>exemptions that would be available to retail investors, this proposal did not extend to marketing materials provided in connection with the accredited investor prospectus exemption.</p> <p>Rather than imposing new requirements to file or deliver marketing materials, the Proposed Report contemplates reporting that such materials have been filed or delivered only where otherwise required by applicable securities legislation of a local jurisdiction. The proposals regarding marketing materials in the March 2014 Proposals remain under consideration as part of a separate CSA initiative.</p>

No.	Topic	Comments	Responses
		<p>regulators marketing materials that are prepared solely for institutional investors who are able to assess and conduct their own due diligence to protect the interests of their investors and/or stakeholders.</p> <p>Other commenters recommended exemptions from this requirement in certain circumstances such as cross-border exempt distributions to permitted clients, or if purchasers in Canada are accredited investors or in the alternative permitted clients.</p>	
34.	Difficulty in identifying which marketing documents have been delivered to investors	Some commenters believed that it may be difficult to identify what documents have been delivered to particular investors in specific provinces after the completion of an offering. One commenter noted this would be a specific concern in a global transaction.	<p>We expect issuers to keep track of the marketing materials that they provide to investors.</p> <p>There are separate proposals under consideration by some CSA jurisdictions to require that any marketing materials used in the context of the offering memorandum prospectus exemption be incorporated by reference into the offering memorandum and be filed or delivered with the securities regulatory authorities of certain jurisdictions. Requirements to deliver marketing materials have been proposed in connection with the crowdfunding exemption in proposed Multilateral Instrument 45-108 <i>Crowdfunding</i>. Filing or delivery of marketing materials is an important investor protection mechanism in the context of exemptions that are available to issuers distributing to retail investors.</p>

No.	Topic	Comments	Responses
35.	Format of marketing materials may not permit reproduction	One commenter noted that investor presentation materials are often made available by way of the internet, on a basis that does not permit the viewer to download, record or print the contents.	The proposals regarding marketing materials that were published for comment on March 20, 2014 remain under consideration as part of a separate CSA initiative.
36.	Filed vs. delivered marketing materials	One commenter noted that subsection 2.9(17.2) of proposed amendments to NI 45-106 that were published in the March 2014 Proposals refers to the delivery of offering memorandum marketing materials and not the filing of such materials, and suggested Form 45-106F11 be amended to reflect the requirements of the proposed amendments to NI 45-106.	<p>The proposals regarding the filing or delivery of marketing materials under the offering memorandum prospectus exemption in certain jurisdictions that were published for comment on March 20, 2014 remain under consideration as part of a separate CSA initiative.</p> <p>In Saskatchewan, Ontario, Québec, New Brunswick and Nova Scotia, the Proposed Amendments would require issuers or underwriters to list and provide certain details regarding any marketing materials that are required to be filed with or delivered to the securities regulatory authority or regulator under applicable securities legislation.</p>
<b>Proposed Form 45-106F10 and Proposed Form 45-106F11 - Schedule 1</b>			
37.	Public funds not required to report purchaser information	<p>Some commenters noted that public funds generally do not report information about purchasers to the regulators, and question why investment funds distributing in the exempt market should be required to do so.</p> <p>One commenter believed that the proposed requirement to provide more detailed purchaser information is irrelevant to the accredited investor</p>	<p>Purchaser information is required to be provided to the regulators as this information is used by regulators to monitor compliance with available exemptions. The reporting requirement applies to any issuer relying on certain exemptions, whether the issuer is a reporting issuer or not.</p> <p>While we acknowledge that the original purpose of the reports was to monitor compliance, they</p>



No.	Topic	Comments	Responses
		<p>criteria (i.e. age range, location of foreign purchasers, personal e-mail addresses).</p> <p>Several commenters noted the additional administrative burden to be placed on issuers by requiring them to collect the additional information from each purchaser.</p> <p>A few commenters noted some purchaser information is not necessarily made available to issuers, such as individual email addresses or telephone numbers.</p>	<p>are also the CSA's primary source of information on the exempt market. The proposed changes to reporting would improve information collection and help support the evidence-based policy making desired by stakeholders.</p> <p>Based on feedback from commenters, we have removed the requirement to provide certain purchaser information in the Proposed Report, such as a purchaser's age range and information on foreign purchasers if the issuer is located outside of Canada.</p>
38.	Concerns regarding additional information relating to applicable paragraphs of the accredited investor prospectus exemption	<p>Several commenters questioned the instructions to this requirement since collecting all paragraphs under which the purchaser could qualify, for example as an accredited investor, is unnecessary and administratively burdensome. For example, in the context of institutional investors, the requirement to list all applicable paragraphs of the accredited investor prospectus exemption is inconsistent with industry practice and other regulatory standards.</p> <p>Some commenters submitted that, for sales to institutional investors, it is reasonable to rely on a representation from the prospective purchaser that it is eligible to purchase the securities in reliance on the applicable prospectus exemption as the CSA accepted this reasoning in granting the wrapper relief and allowed the named dealers to distribute foreign securities to "permitted clients" on the basis</p>	<p>We believe how a purchaser specifically qualifies as an accredited investor is critical to our compliance function and understanding of exempt market activity. We do not believe this information is unduly burdensome to the issuer, underwriter or the purchaser as the determination must be made in order to rely on the exemption.</p> <p>The Proposed Report clarifies that the issuer or underwriter need only identify one category of accredited investor that applies to the purchaser. The issuer or underwriter is not required to list all paragraphs that may apply.</p>

No.	Topic	Comments	Responses
		<p>of these representations.</p> <p>One commenter noted that in addition to the dealer being unlikely willing or able to obtain information about all the potential subcategories under which an investor may qualify, the dealer is also unlikely to be willing or able to maintain databases or other information systems to keep track of this information comprehensively for all of its Canadian clients. One IFM also noted that existing systems and processes at investment managers will need to be substantially overhauled in order to continually assess and record all of the various bases upon which each client could qualify.</p> <p>As an alternative, it was suggested that this requirement not apply where (a) the investor is not an individual, or (b) the investor is an individual who is a “permitted client” as defined in NI 31-103, as these investors will qualify under multiple criteria as “accredited investors” as defined in NI 45-106.</p>	
39.	Purchaser’s age range (for individual purchasers)	<p>Several commenters noted that the reporting of this information is irrelevant for the purposes of determining whether the securities in question have been validly distributed pursuant to securities legislation, and unreasonable to obtain. One commenter noted that this information should be justified on a cost/benefit basis, as purchasers may raise objections, which could impair sales of the investment fund.</p>	<p>We have reconsidered this requirement based on the comments received.</p> <p>The Proposed Report does not include a requirement to provide a purchaser’s age.</p>

No.	Topic	Comments	Responses
		<p>One commenter was of the view that there is no reason to believe that the dealer would be aware of this information with respect to its individual clients, and it is not reasonable to expect that the dealer would obtain and retain this information for each of its individual clients.</p> <p>Another commenter was of the view that such information would typically be available to registrants who are required to have complete know your client information, but not necessarily collected in the ordinary course by issuers, particularly non-resident issuers.</p>	
<b>Other comments</b>			
40.	Tiered approach for exempt market trade reporting	<p>A few commenters suggested that a tiered approach be used for exempt trade reporting, where simplified reporting is available when securities are distributed to larger institutional investors or other sophisticated investors for the following reasons:</p> <ul style="list-style-type: none"> <li>• The CSA can collect more information about the segments of the exempt market which are most susceptible to abuse, while at the same time avoiding placing new obstacles in the way of sophisticated Canadian investors seeking access to alternative investment opportunities.</li> <li>• Large institutional investors or other sophisticated investors are less in need of regulatory protections, and would likely be willing to forego the benefit of certain</li> </ul>	<p>As the information collected on the reports of exempt distribution would inform compliance, assist in our regulatory oversight function, and better inform policy development, we do not believe a tiered approach for exempt trade reporting is appropriate.</p> <p>However, the Proposed Report has been streamlined as compared to the March 2014 Proposals, for example, by allowing use of an issuer's SEDAR filer profile number or firm's NRD number. The Proposed Report also includes a proposed carve-out from providing information regarding an issuer's directors, executive officers, control persons and promoters for:</p>

No.	Topic	Comments	Responses
		<p>protections in order to have the benefit of continuing to be able to acquire foreign issuer securities for their investment portfolios on a private placement basis.</p> <p>Two of these commenters also suggested that Proposed Form 45-106F10 and Proposed Form 45-106F11 only be used when an issuer relies upon one of the new prospectus exemptions.</p>	<ul style="list-style-type: none"> <li>• reporting issuers and their wholly owned subsidiaries,</li> <li>• foreign public issuers and their wholly owned subsidiaries,</li> <li>• issuers distributing eligible foreign securities only to permitted clients, and</li> <li>• investment fund issuers.</li> </ul>
41.	Alternatives to proposed report for investment funds	<p>Some commenters recommended that regulators consider other ways to obtain targeted information, for example, by one-off requests or conducting a survey of a sample of select IFMs, the results of which would dictate whether or not more frequent data from the Proposed Report is required in order to ease the burden on registrants and regulators.</p> <p>As the stated benefit is “more timely and better data” for regulatory authorities and more meaningful information for monitoring market activity, one commenter suggested that we require quarterly reporting from only large investment funds (i.e. funds with AUM in excess of \$1bn CDN).</p>	<p>We have determined not to change the frequency of reporting for investment funds at this time. Investment funds still have the option to file once a year.</p>
42.	Privacy/freedom of information concerns	<p>Some commenters raised privacy concerns with the Proposed Form 45-106F10 and Proposed Form 45-106F11 as freedom of information legislation may require a regulator to make the information available, which raises concerns given the sensitive information that is required to be disclosed. Investor names, addresses, email addresses, phone numbers</p>	<p>We acknowledge these comments. We note that Schedule 1 and Schedule 2 of the Proposed Report contemplate collecting certain personal information regarding purchasers, as well as directors, executive officers, control persons and promoters in a non-public format. While aspects of this information may be subject to freedom of</p>

No.	Topic	Comments	Responses
		<p>and age ranges were provided as specific examples of such information.</p> <p>One of these commenters believed that the additional information required to better understand the profile of issuers and investors in the exempt market should be balanced with privacy requirements on behalf of individual investors as well as in recognition of the fact that private issuers might not otherwise be required to provide certain information to the regulators.</p> <p>Another commenter noted seeing investor documentation of US and other issuers limiting the availability of certain sensitive information to their investors if that information may have to be filed with a regulator in a jurisdiction that has freedom of information legislation.</p> <p>One commenter also noted that there is an increased risk in privacy violation as a result of information being electronically filed and stored due to data theft.</p>	<p>information requests, such requests would be subject to the protective mechanisms, including the exemption protecting personal privacy, of applicable freedom of information and privacy legislation.</p>
43.	Additional information re: certain registrants who provide advice to retail investors	<p>One commenter suggested that information be collected on the use of certain registrants (i.e. “eligible advisor” under NI 45-106) who provide advice to retail investors in order to obtain correlation data between types of registrants and investor losses and unsuitable advice.</p>	<p>Schedule 2 of the Proposed Report has been revised to require the name of the registrant involved with the purchaser under the reported distribution.</p>

No.	Topic	Comments	Responses
44.	Identify angel investors	<p>One commenter suggested the reports of exempt distribution capture whether or not an investor would classify themselves as an angel investor as statistics to date about the follow-on investment rate of angel-involved companies indicate that angel investors are one of the best economic drivers of job creation in the country with the least amount of government subsidy. Having better statistics to follow the activities would be invaluable to all levels of government.</p>	<p>The Proposed Report does not require the filer to identify investors as an “angel investor”. Although we agree that this would be useful information, this term is not defined in securities legislation.</p>
45.	Method to file reports of exempt distribution	<p>Several commenters noted that there is disharmony in how the reports of exempt distribution are required to be filed – in Ontario the report will be an e-form; whereas, in Alberta, New Brunswick and Saskatchewan, the report will be in paper form.</p> <p>One commenter encouraged all CSA jurisdictions to implement any necessary technological changes in order to obtain the information electronically.</p> <p>Some commenters believed that jurisdictions that are not currently set up to receive electronic filings should be required to accept a paper print-out of the "as-filed" electronic form submitted in the jurisdiction that requires electronic filing. For example, if a distribution occurs in Ontario, Manitoba and Québec, Manitoba and Québec should be required to accept a print-out of the electronic form filed in Ontario.</p>	<p>Members of the CSA other than British Columbia and Ontario have proposed to require issuers to file reports of exempt distribution on SEDAR. See Multilateral CSA Notice Request for Comment Proposed Amendments to National Instrument 13-101 <i>System for Electronic Document, Analysis and Retrieval</i> and Multilateral Instrument 13-102 <i>System Fees for SEDAR and NRD</i> published on June 30, 2015. British Columbia and Ontario currently have electronic filing systems for the submission of the Current Reports.</p> <p>For a cross-country distribution, we anticipate that an issuer or underwriter would be able to file the Proposed Report by completing the OSC’s electronic form and subsequently filing an electronic copy of the report generated by the OSC’s system on BCSC eServices and SEDAR. Furthermore, an issuer or underwriter that</p>

No.	Topic	Comments	Responses
			prepares a report for filing on SEDAR would be able to file that same report on BCSC eServices and vice versa.
46.	Electronic format of reports of exempt distribution	<p>Several commenters suggested that the reports of exempt distribution be delivered in a “flat” data file and electronically uploaded in order to ease the administrative burden, as it is quicker to upload a data file than to fill in fields on an electronic form.</p> <p>One commenter suggested that all CSA jurisdictions adopt an MS Excel format that can be electronically filed and accessible by all regulators for analysis.</p> <p>Several commenters noted that the Ontario e-form does not work with a variety of browsers (i.e. IE v.11, Google Chrome, Apple Safari), which represents a substantial proportion of installed web browsers. These same commenters recommended that we consider the use of these superior browsers as compatible alternatives to those currently available on the web portal.</p>	<p>The Proposed Report would be in a format that allows market participants to easily access and file such reports with the appropriate regulatory authorities.</p> <p>IT systems have been updated, and are continually monitored, to ensure that e-forms work with a variety of browsers in the marketplace.</p> <p>We note that different browser and security settings as well as monthly updates could impact the behaviour of the e-forms.</p>
47.	Public availability of information	<p>Several commenters had concerns around how issuers and the public could potentially access the additional information from the reports of exempt distribution without any centralized CSA database.</p> <p>One commenter also suggested a summary of the information (keeping specific details in confidence as proposed) be made available to industry participants via the OSC Bulletin.</p>	<p>A centralized CSA database is outside the scope of this project but is being considered as part of a broader longer term CSA national system initiative.</p> <p>Currently, there is a separate initiative in applicable jurisdictions to make the reports of exempt distribution publically available on SEDAR when a distribution occurs in these</p>

No.	Topic	Comments	Responses
			<p>jurisdictions. In British Columbia, reports of exempt distribution can be found on the BCSC's website <a href="http://www.besc.bc.ca/">http://www.besc.bc.ca/</a>. In Ontario, it is anticipated that information regarding exempt market activity would be available electronically on the OSC's website. As noted in the Proposed Report, Schedule 1 and Schedule 2 would not be placed on the public file of any securities regulatory authority or regulator.</p>



**Annex G**  
**Summary of Notable Differences between the March 2014 Proposals and the Proposed Report**

The March 2014 Proposals published for comment two new proposed forms of exempt distribution – Proposed Form 45-106F10 for investment funds and Proposed Form 45-106F11 for issuers other than investment funds. In an effort to simplify and streamline the exempt market reporting regime for market participants, we have created one form for all issuers.

In the interests of harmonization across the CSA and in order to respond to comments received on the March 2014 Proposals, we propose a number of changes to the Proposed Reports. Below is a summary of notable differences between the March 2014 Proposals and the Proposed Report.

**A. Removal of Certain Information Requirements**

There were a number of information requirements that were published for comment in the March 2014 Proposals that are not reflected in the Proposed Report. As compared to Proposed Form 45-106F11, the Proposed Report does not require disclosure of the following information:

- age range of purchasers,
- full legal name of the parent of the issuer,
- business email address of the underwriter’s chief executive officer, and
- business email address of the issuer’s chief executive officer for reporting issuers, wholly owned subsidiaries of reporting issuers, foreign public issuers, wholly owned subsidiaries of foreign public issuers or issuers distributing eligible foreign securities only to permitted clients.

In addition, the Proposed Report removes the requirement to provide certain information that can be accessed through a SEDAR filer profile or firm NRD profile and provides for other exclusions for certain issuers as discussed in section C below.

**B. Additional Information Requirements**

In addition to the information requirements contemplated in the March 2014 Proposals, the Proposed Report requires that an issuer provide the following information, for the reasons outlined in the Framework of the Proposed Report in the body of this notice:

- firm NRD number for the underwriter,
- SEDAR profile number, legal entity identifier and CUSIP number if the issuer has such identifiers,
- asset size for issuers that do not provide a SEDAR profile number,
- currency conversion, and
- insider status of purchaser.

### **C. Directors, Executive Officers, Control Persons and Promoters**

Proposed Form 45-106F11 contemplated that issuers would disclose information regarding the directors, executive officers, control persons and promoters of issuers. The Proposed Report requires issuers to provide the following additional information regarding these individuals, consistent with the current requirements of Form 45-106F6:

- number of voting securities of the issuer beneficially owned or, directly or indirectly, controlled on the distribution date, including any securities purchased under the distribution,
- total price paid for the above, and
- information about the directors and executive officers of corporate control persons and promoters.

In addition, residential addresses of these persons would be collected in a non-public schedule.

As a result of comments received regarding the March 2014 Proposals, we have excluded certain issuers from the requirement to provide this information. We do not believe that it is necessary for issuers to provide this information if the information is already publicly available for the issuer or its parent, or if the distribution is of an eligible foreign security only to permitted clients. Since the March 2014 Proposals, we have excluded the following issuers from the requirement to provide this information:

- a reporting issuer or a wholly owned subsidiary of a reporting issuer,
- a foreign public issuer or a wholly owned subsidiary of a foreign public issuer, and
- an issuer distributing eligible foreign securities only to permitted clients.

### **D. Industry Classification**

Like the Proposed Report, the March 2014 Proposals required the filer to select the primary industry of the issuer. However, the industry classifications in the Proposed Report have been revised to conform to the NAICS. This change aligns the industry classifications to a global standard that may already be familiar to issuers. The Proposed Report also requires the stage of development or type of business operations if the issuer is in the mining industry or if the issuer is involved in certain investment activities.

### **E. Number of Employees**

Consistent with the March 2014 Proposals, the Proposed Report requires issuers, other than investment funds, to select a range to approximate the number of employees of the issuer. It also allows other issuers to select from broader employee ranges that are largely consistent with those used by Statistics Canada to represent distinctions between small, medium and large businesses which may be familiar to some issuers.

## **F. Types of Securities Distributed**

The March 2014 Proposals required information regarding the types of securities distributed and contemplated the following broad categories of securities (i) equity and other securities, (ii) debt, and (iii) derivatives. The Proposed Report allows for information to be collected in more specific categories to improve consistency.

## **G. Connection between Purchaser and Person Compensated**

In the March 2014 Proposals, Schedule 1 of Proposed Form 45-106F10 and Schedule 1 of Proposed Form 45-106F11 contemplated the provision of purchaser information. In addition to the information requirements set out in the March 2014 Proposals, the Proposed Report requires disclosure regarding persons compensated in relation to each purchaser. We expect that this information would be helpful for the compliance programs of securities regulators in each local jurisdiction.

## **H. Form Instructions**

In addition to changes noted above, the instructions for the Proposed Report have been revised to provide increased clarity regarding the information requirements. In particular, we have provided further instructions for requirements related to:

- filing instructions including for distributions made in more than one jurisdiction,
- payment of filing fees,
- jurisdiction of distribution,
- multiple distributions,
- references to purchaser,
- mortgage investment entities,
- currency of distribution,
- compensation and relationship to the issuer,
- identification of security type,
- stock exchange listings, and
- how to report distributions of issuers located outside Canada.

## **I. Filing Requirements for Investment Funds**

In the March 2014 Proposals, we had proposed to increase the frequency of the investment fund filings<sup>1</sup> from annually to quarterly. After reviewing the comments from market participants, we have determined not to change the frequency of reporting at this time. However, we are proposing to require reporting based on a calendar year. This change would improve the comparability of the information collected. We are proposing a transition period for this change.

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<sup>1</sup> For distributions under certain prospectus exemptions (including the accredited investor prospectus exemption and minimum amount investment prospectus exemption), investment funds currently have the option to report annually within 30 days after their financial year-end instead of within 10 days after a distribution.

## **J. Other Investment Fund Related Changes**

The following is a list of specific changes for investment fund issuers between the March 2014 Proposals and the Proposed Report.

We have removed the following items, as found in Form 45-106F10, from the Proposed Report:

- Item 1 [*Party Completing the Report*] - the requirement to provide the FundSERV Code,
- Item 3 [*Structure of the Investment Fund*],
- Item 4 [*Directors and Executive Officers of the Investment Fund*],
- Item 8 [*Directors and Executive Officers of the Investment Fund Manager*],
- Item 9 [*Principal Service Providers*],
- Item 10 [*First Report*], and
- Schedule I to Form 45-106F10 – Age Range of Purchasers.

We have modified the following items, as found in Form 45-106F10, in the Proposed Report:

- Item 5 [*Type of Investment Fund*] – We revised this item to indicate whether the issuer is a (i) equity fund; (ii) fixed income fund; (iii) balanced fund; (iv) money market fund; (v) alternative strategy fund; or (vi) other investment fund. In addition, we would seek information on whether the investment fund utilizes a fund-of-fund structure, and for foreign investment fund issuers, whether they are a UCITs fund.
- Item 6 [*Size of the Investment Fund*] – We removed the requirement to indicate the exact size of the investment fund (**NAV**) as of the date of the report and would permit issuers to indicate the size based on the following ranges as of the date of the most recent NAV calculation: (i) under \$5 million; (ii) \$5 million to under \$25 million; (iii) \$25 million to under \$100 million; (iv) \$100 million to under \$500 million; (v) \$500 million to under \$1 billion; and (vi) over \$1 billion.
- Item 15 [*Aggregate Purchaser Information*] – We replaced the requirement to provide the total dollar value of redemptions since last report filed with the net proceeds to the investment fund.