



October 13, 2015

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Re: CSA Proposed Amendments to NI 45-106 Prospectus Exemptions

Dear Sir or Madam:

Please accept this comment letter in response to the CSA comment period dated August 13, 2015 regarding proposed amendments to National Instrument 45-106 *Prospectus Exemptions* related to Reports of Exempt Distribution.

We applaud the proposed changes of moving from paper filing to electronic format. It would be a step forward in meeting the long term needs of the exempt market, in terms of accurate data collection and policy creation. It should also create efficiencies for issuers. It could also assist in investor protection, as data collected could later be expanded to include return or exit data and be used by the market to create better risk adjusted pricing, as well as assist in determining investor risk profiles for products and sector categories we currently do not have in this space. As our members are SMEs and are cost sensitive, cost control and system flexibility should be a priority in terms of implementation and practice.

Here are the comments requested (in black) to the published questions (in blue) on the CSA Proposed Amendments:

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.

Properly implemented, we think the proposal should have an appropriate balance between the benefits of information and the burden to issuers. We applaud your efforts to be cognizant of the ever increasing burdens on issuers, and hope you consistently revisit this issue once the proposed policies are in place.

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?

NEMA has no comments on this question.

2. 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?

We think the metric of number of employees is simple and will not inconvenience the issuers to attain, but the number of employees has no real bearing on the fundamentals underlying an exempt market issuer. For example, many exempt market issuers do not have any employees.

3. 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.

NAICS codes seem like the best solution, although some issuer's activities may cover multiple codes.

4. 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.

NEMA has no comments on this question.

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?

Since the BC F6 Form already requires this information, it should be in the standardized form.

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?

It is understandable that the regulators have this information, and NEMA agrees it should not be publically available, the contact email and phone numbers of the above parties should be more than sufficient for the regulators. Addresses are not necessary and will not provide any material data to the 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?

Non reporting Issuers may have concerns about the public disclosure, as some feel it is part of their competitive advantage. They would have no issue with disclosure to their investors, as well as regulators. Disclosure of how much money is being raised, and by whom, on behalf of an issuer is information that most issuers, EMD's and DR's will not want disclosed. There is no benefit to an investor for such information to be disclosed publically other than perhaps knowing the aggregate amount of funds raised by any one issuer, which an investor could obtain by calculating totals from filed reports.

b. Is the publication of firm NRD number, which will help identify the involvement of a registrant in a distribution for compliance purposes, appropriate?

NEMA has no comment.

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?

Having one form would create efficiencies for the issuers, which would be positive. One form for investment funds and another form for others will simplify the process and eliminate mistakes being made in completion of the form by issuers.

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?

It would increase administration costs, so it is a risk that the regulators will have to monitor.

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?

We support filing electronically as it would add efficiencies for the issuers as well as assist in industry data collection. Providing templates in excel format would also be helpful. The CSA may also want to consider a 'helpline' issuers can call that should be available on an ongoing basis as the proposals will significantly increase the complexity of filing by issuers.

In summary, we support regulator motivations to streamline the process of exempt market filings and going paperless, but are concerned about increased complexity and costs for the issuers. We request regulators continue to keep in mind harmonization efforts, and minimizing the additional costs to our members (in time and resources) when these new policies are implemented. This project will ultimately be successful if the results lead to better data in the exempt market, and then that data is used, along with qualitative industry information, as the foundation for future policy. If you have any questions about this submission, please feel free to contact Cora Pettipas at: 403-992-9809.

Regards,



Craig Skauge

President & Chair



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Vice President