



October 5, 2016

BY EMAIL

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

Robert Blair, Secretary (Acting)
Ontario Securities Commission
20 Queen Street West, Suite 2200
Toronto, ON M5H 3S8
Fax: 416-593-2390
E-mail: comments@osc.gov.on.ca

- and -

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
E-mail: consultation-en-cours@lautorite.gc.ca

Dear Sirs/Mesdames:

**Re: CSA Notice and Request for Comment - Proposed Amendments to NI 31-103
Registration Requirements, Exemptions and Ongoing Registrant Obligations,
Companion Policy 31-103CP Registration Requirements, Exemptions and
Ongoing Registrant Obligations, NI 33-109**

PearTree Securities Inc. is very supportive of rule changes that enhance market integrity and foster fair and efficient capital markets. We are one of only a few dealers (primarily EMDs) that provide a service to clients that wish to participate in offerings of flow through shares for charitable giving purposes. If regulators want to foster market efficiency and promote consumer choice, the ability of these EMDs to facilitate such transactions when the offering is conducted as a prospectus offering should be preserved.

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We support the requirement that only clients that would otherwise qualify as accredited investors be permitted to subscribe to a prospectus offering through an EMD. Permitting their participation in these transactions provides greater investor protection than is available in a private placement. EMDs are required to collect the information and conduct the inquiries necessary to establish a client's eligibility to participate in a transaction as an accredited investor. If a particular EMD is not meeting these obligations, the appropriate response is to sanction the particular dealer, or impose terms and conditions on their registration, but not to deprive an entire class of sophisticated investor from accessing securities because they are being sold by prospectus.

We strongly urge the regulators to permit EMDs to trade a security purchased under a prospectus to complete a flow through donation financing. We have no objection to opening an omnibus account with an investment dealer. In our experience, investment dealers are not willing to open accounts for the clients of EMDs offering the niche flow through share donation service. If omnibus accounts are not an option, these clients are prejudiced. In addition, most flow through offerings are conducted by junior exploration companies which have limited financing options. The flow through market has evolved over the past several years such that the largest source of capital comes from subscribers acquiring shares for donation purposes. Removing this segment of the market from participating in prospectus offerings is a significant limitation on these issuers' access to capital. In this regard, we also submit that in the context of a firm such as ours acting as a selling group member under a prospectus, we would be taking on the same responsibilities as all other IROC selling group members, and therefore should not be treated differently from such firms.

In summary, the Canadian securities regulators acknowledge that their mandate is to create conditions that improve access to capital for issuers while providing investors with both adequate choice and protection. We respectfully submit that changes proposed to limit the activities of exempt market dealers, particularly those that serve the flow through donation financing market, will result in an outcome that deprives sophisticated investors of opportunities to participate in suitable financings and deprives issuers from accessing their much needed capital.

Thank you for the opportunity to comment.

Lisa G. Davis
CEO