



September 16, 2015

**VIA EMAIL, FAX AND REGULAR MAIL**

The Secretary  
Ontario Securities Commission  
20 Queen Street West  
22nd Floor  
Toronto, Ontario M5H 3S8  
Fax: 416-593-2318  
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

**Re: CSA Notice and Request for Comment – Proposed Amendments to National Instrument 45-106  
*Prospectus Exemptions* relating to Reports of Exempt Distribution**

Kindly find enclosed Boyle & Co. LLP's initial comments in connection to CSA Notice and Request for Comment – Proposed Amendments to National Instrument 45-106 *Prospectus Exemptions* relating to Reports of Exempt Distribution.

Please do not hesitate to contact us if you have any questions.

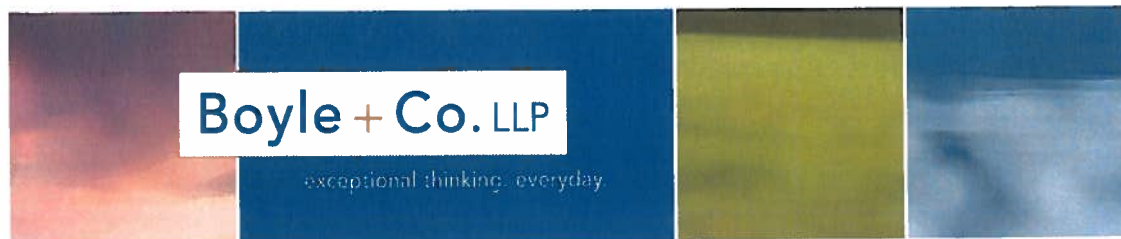
Yours very truly,  
**Boyle & Co. LLP**

A handwritten signature in blue ink, appearing to read 'Jim Boyle', is written over the typed name. The signature is stylized and somewhat abstract.

per: Jim Boyle

JPB/tc

G:\Boyle & Co. LLP\Letters\OSC Comments\CSA 45-106 Exempt Reports - Cover Letter.docx



September 16, 2015

To:

**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**

**Re: CSA Notice and Request for Comment – Proposed Amendments to National Instrument 45-106  
Prospectus Exemptions relating to Reports of Exempt Distribution**

Boyle & Co. LLP is pleased to comment on proposed amendments to NI 45-106 relating to Reports of Exempt Distribution.

**Background - Boyle & Co. LLP**

Boyle & Co. LLP is a law firm in Ontario practicing exclusively in securities law. Our partners have designed and implemented Canada's only direct internet distribution of securities (e-Minerals.com in 1999) and founded the Canadian Securities Exchange, designing both the original regulatory and market models. Our clients include, among others, many small and medium enterprises, non-bank owned investment dealers and exempt market dealers. We are well positioned to observe and comment on the exempt market and securities regulation of the exempt market.

**Proposed Reports**

We note the stated intention of the Proposed Reports is to:

1. reduce the compliance burden for issuers; and
2. provide securities regulators ... more ... regulatory oversight of the exempt market ...

Ontario Experience Instructive

We also note the Ontario Securities Commission (“OSC”) has since February 19, 2014 mandated electronic only filing of reports of exempt distributions. As a result, since February 19, 2014 no summary of reports of exempt distribution have been published in the OSC Bulletin. The OSC Bulletin now simply states each week:

“As a result of the transition to mandated electronic filings, the OSC is considering the most effective manner to make data about filed Reports available to the public, including whether and how this information should be reflected in the Bulletin. In the meantime, Reports filed with the Commission continue to be available for public inspection during normal business hours”.

As a result of mandated electronic filing, all visibility into and transparency of the exempt market in Ontario has disappeared. There is no visibility into the exempt market in Ontario for anyone other than the securities regulator since February, 2014.

Request for Comments – How and Why?

We note the CSA Notice and Request for Comments and accompanying material comprises 87 pages. We reiterate the CSA’s stated intent of the Proposed Report is to reduce compliance burden on issuers.

We note that of the stated rationales for the Proposed Report and the information proposed to be required:

to “assist”, “facilitate”, “enable” or “allow” securities regulators	over 90%
for the purpose of fostering capital markets, fair, efficient, confident or otherwise	0%
advancing the rubric of investor protection concerns	0%

Our Comments

1. The Proposed Reports are axiomatically a significantly increased compliance and regulatory burden for issuers.
2. The Proposed Reports are effectively barriers to access to the exempt market, both by issuers and more importantly by investors.
3. The Proposed Reports are solely for the benefit and convenience of securities regulators.
4. The Proposed Reports will not increase transparency in the exempt market (particularly, if as in Ontario, use results in elimination of published reporting of exempt distributions).
5. The Proposed Reports are stealth mechanisms to impose additional disclosure obligations on exempt distributions.

### Regulator Must Self-Restrain

The CSA must be self-restraining in regulation of the capital markets generally and exempt markets in particular.

The Proposed Reports are emblematic and symptomatic of the trend to substitute regulatory decision making for the inherently self-righting and balancing character of capital markets. Securities regulators risk completely losing sight of their responsibility to capital markets.

Regulation for the sake of regulation is damaging investors, reducing investor confidence and hindering Canadian capital markets. The unarticulated, erroneous underlying assumption that more regulation is better regulation, that more regulation inherently benefits capital markets and investors, must be rethought. It is incumbent upon securities regulators to propose, implement and conduct effective, efficient, principles-based regulation appropriate to capital markets. Only securities regulators have the resources and focus to create enlightened, elegant capital markets regulation.

### Recommendations

1. Current reports of exempt distributions must be compiled, summarized and published regularly; and
2. Electronic filing forms and filing portals must be designed (and tested and proven) to be user (that is filer) friendly.

Yours very truly,  
**Boyle & Co. LLP**

  
per: Jim Boyle

JPB/tc