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VIA EMAIL

January 31, 2022

Toronto Stock Exchange
100 Adelaide Street West, Suite 300
Toronto, Ontario M5H 1S3
Email: tsxrequestforcomments@tsx.com

Attention: Danielle Mayhew
Legal Counsel, Regulatory Affairs

RE: Request for Comments – Amendments to Toronto Stock Exchange Manual (Section 606 – Prospectus Offerings)

Canaccord Genuity Corp. ("**CGC**") appreciates the opportunity to comment on the proposed amendments to the Toronto Stock Exchange ("**TSX**") Company Manual (the "**Manual**"), specifically Section 606 – Prospectus Offerings.

By way of background, CGC is a wholly-owned Canadian investment dealer and a subsidiary of Canaccord Genuity Group Inc. ("**CGGI**"), a leading independent, full-service financial services firm publicly traded on the TSX. CGC is Canada's largest independent, non-bank owned, investment dealer registered with the New Self-Regulatory Organization of Canada (formerly, the Investment Industry Regulatory Organization of Canada), with over $33 billion in assets under administration and over 1,000 employees in Canada. CGC consistently ranks among the top investment banks in equity league tables. CGC's equity research group covers over 280 Canadian public companies. Futher, CGGI's global platform and active practices in other regulatory environments and geographies informs our views on the proposed amendments on capital formation.

We applaud the efforts of the TSX in addressing and providing clearer guidance on TSX listing rules regarding public offerings in Canada. As an active participant in capital raising in Canada we are on the frontlines of how the current framework has impinged upon issuers' ability to raise capital, especially during challenging market conditions.

As initial participants in the TSX's industry consultations on this topic, we continue to support the amendments and believe that they will have a positive impact on corporate issuers seeking access to the capital markets.

Responses to the TSX's Questions under the Request for Comments

We have set out below our responses to the specific questions posed by the TSX as part of its Request for Comments.

Question 1:
Do you agree with TSX's overall approach with respect to how it proposes to view public offerings under Section 606 of the Manual as described herein?

We support these changes as it provides greater transparency and addresses the concern that unwritten rules that have become adopted market practice have impacted issuers' ability to raise capital. We believe that the TSX is focusing its attention on the correct constituents by addressing the activities of insiders

and considering the appropriate disclosure to potential investors while deferring to corporate boards to determine the appropriate price of an offering pursuant to their fiduciary duty to the issuer they serve.

Question 2:
In determining what level of discount exists, where insiders receive standby or commitment fees, or do not purchase via underwriters and subsequently the issuer does not pay the underwriting fee on the insiders' purchase, TSX intends to consider the net proceeds received by the issuer from the prospectus offering, rather than the discounted price paid by the subscriber. Pursuant to this proposed approach, TSX would require disclosure by the issuer of the actual proceeds paid by subscribers benefiting from receiving fees or who are exempt from underwriting fees. Note that where the net proceeds received by the issuer from insiders are, in fact, less than other subscribers, TSX would take the view that this is a different purchase price and therefore would apply the Private Placement Rules to the insider purchase, rather than regard it as part of the prospectus offering. Is this approach appropriate? Are there concerns with the perception that insiders are offered securities at a lower price than other subscribers?

We understand the issue that the TSX is trying to remedy and agree that disclosure around different offering prices could be helpful. With that said, as a general statement, standy or commitment fees are rare in Canadian capital markets transactions and, in our experience, are equal or less than the gross underwriting commission so the proposed net proceeds test does not effectively address the TSX's concern. In fact, in our experience, the issuer's net proceeds from insiders, on average, is typicllay higher than the issuer's net proceeds from other subscribers. In the specific context of an insider receiving commitment fees such that the net proceeds to the issuer from the insider is less than that from other subscribers, we would agree that the Private Placement Rules ought to apply. We would also note that concerns regarding the perception that insiders participate at different prices compared to other subscribers is valid and we support the TSX's initiative in ensuring market participants understand that the playing field is even.

Question 3:
With respect to pricing a prospectus offering where there is material undisclosed information, the Staff Notice states that TSX typically views five days as an appropriate benchmark for the dissemination of material information. However, where an abbreviated period of time is required by an issuer, TSX will take into consideration certain factors as set out in this Staff Notice. Given the speed and manner in which market information is now disseminated and TSX's desire to: (i) decrease the burden of TSX pre-clearance; and (ii) increase transparency and predictability of our policies, TSX is considering reducing the number of days required for the dissemination of Material Information (as defined in the Staff Notice) from five days to one day. Does this approach raise any concerns?

We support the change from five days to one day for the dissemination of Material Information. Access to information has accelerated materially over time while the market windows to tap equity capital markets has narrowed. We believe that this is a reasonable adjustment reflecting the modernization of the exchange and markets. We also acknowledge the burden that TSX pre-clearance places on all market participants including the TSX, service providers and issuers and believe it to be a sensible change.

Question 4:
The Proposed Amendments introduce a definition for "Broadly Marketed". Is the proposed definition appropriate? Are there other measures that TSX should consider? Is "Broadly Marketed" a reasonable standard for public offerings that are led by investment dealers outside of Canada?

We believe that the introduction of "Broadly Marketed" as a test for a "bona fide" public offering is both appropriate and consistent with established market practice. The concept of a "selling group" is defined in the Investment Industry Association of Canada ("IIAC") Equity Capital Markets New Issue Practices Handbook and aligns in practice with the proposed "Broadly Marketed" definition. We laud the consistency and ease of implementation this would bring to capital markets transactions. We believe that this standard would be applicable for both Canadian and international investment dealers. Many international dealers have subsidiaries registered as investment dealers in Canada that are familiar and accustomed to these definitions.

We appreciate the opportunity to provide our thoughts and recommendations to the TSX in connection with its review of the Manual, particularly Section 606. We welcome the opportunity to discuss any of the above at your convenience.

Sincerely,

CANACCORD GENUITY CORP.

"Len Sauer"

Len Sauer
Managing Director, Equity Capital Markets

cc: Susan Greenglass, Director, Market Regulation, Ontario Securities Commission
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