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November 17, 2010

BY E-MAIL

Leslie Rose, Senior Legal Counsel, Corporate Finance
British Columbia Securities Commission
701 West Georgia Street
Vancouver, BC V7Y 1L2
E-mail: lrose@bcsc.bc.ca

Dear Madame:

Re: Request for Comment on Proposed Form 45-106F6 British Columbia Report on Exempt Distribution and Amendments to National Instrument 45-106 Prospectus and Registration Exemptions (“NI 31-103”) (the “Proposed Amendments”)

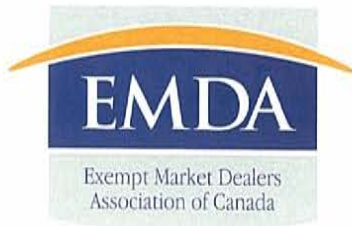
This submission is made by the Exempt Market Dealers Association of Canada (the “EMDA”) in response to the request for comments published by the British Columbia Securities Commission (“BCSC”) on September 9, 2010 in connection with the Proposed Amendments.

The EMDA (formerly the Limited Market Dealers Association of Canada) is a not-for-profit association founded in 2002 by a group of Canadian business people whose firms were active in the exempt securities market. The purpose of the EMDA is to:

- assist its members with understanding and implementing their regulatory responsibilities;
- ensure the highest standards of business conduct amongst its membership across Canada;
- increase public and industry awareness of the exempt market and its role;
- be the voice of the exempt market dealers locally and nationally to securities regulators, government agencies, other industry associations and the capital markets;
- provide valuable services and cost saving opportunities to its members; and
- connect its members across Canada for business opportunity networking.

Additional information about the EMDA is located on our web site at: <http://www.emdacanada.com>.

We thank you for the opportunity to provide our comments in connection with the Proposed Amendments.



We generally support BCSC's desire to provide additional disclosure and improve transparency in the market to assist British Columbia ("BC") investors in making more informed investment decisions. However, at this time the EDMA does not necessarily agree nor disagree with the Proposed Amendments, since we are having difficulty evaluating them without having additional information involving the policy rationale and BC experience that is now necessitating such increased disclosure. Below are the matters the EMDA respectfully requests the BCSC address and consider in its deliberations involving the Proposed Amendments.

Further Explanation of the Policy Rationale

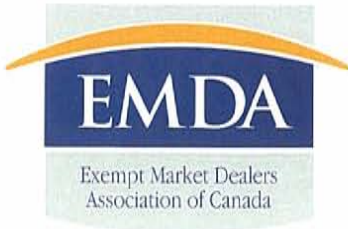
The BCSC has identified the requirement for a new BC form as a BC issue. Based on our review of your commentary to the Proposed Amendments, it is not clear why this initiative is only a local BC concern as opposed to a national concern best discussed at the national level by the Canadian Securities Administrators (the "CSA"). We would greatly appreciate if you can provide us with BC's prior experience with Form 20 and currently Form 45-106F1 and why Form 45-106F6 is required and the best solution at this time. We believe your explanation will assist us and others in understanding the historical evolution of this form filing requirement and how the new form will address the disclosure problems you seek to remedy.

Disclosure of Securities Owned by Insiders and Promoters of Non-Reporting Issuers - Item 4 Disclosure in Form 45-106F6

Some Canadian market participants are of the view that information about shareholdings of non-reporting issuers is a private matter and generally should not be disclosed. We understand this is not the case under BC corporate law. However, in certain CSA jurisdictions, such as Ontario for example, only registered holders and beneficial owners of shares and creditors of a non-reporting issuer and their agents and legal representatives may examine the share register of a non-reporting issuer. Accordingly, with this different approach in different jurisdictions, such disclosure matters might best be addressed at the CSA level.

Nevertheless, Item 4 of Form 45-106F6 will now require the disclosure of the number and type of securities of an issuer beneficially owned or directly or indirectly controlled on the distribution date by each insider and promoter of the issuer (the "**Item 4 Disclosure**"). In effect, this appears to be an insider reporting requirement that is being imposed on the individual of the issuer/underwriter who is responsible for signing Form 45-106F6.

Although, an issuer arguably should know who its shareholders are, the EMDA is concerned about situations where an insider (who is not an officer or director of an issuer) owns securities of the issuer through various entities owned and/or controlled by him or her and is unwilling and not forthcoming in providing this information to the issuer/underwriter. In such circumstances, the EMDA is concerned that the individual signing the form could have liability attributed to him or her in what would be a misrepresentation in Form 45-106F6. Accordingly, the EMDA submits that Form 45-106F6 should be qualified by a statement that the individual signing the form is signing it to the best of his or her knowledge, having made due inquiry, as of the date Form 45-106F6 is signed.



Do Accredited Investors and \$150K Investors Need Protection?

As you are aware, not every exempt distribution triggers the filing of an exempt distribution report. Form 45-106F6 will be required to be filed in BC for exempt distributions involving, among others, accredited investors (“AIs”) and those who invest \$150,000 or more (“\$150K Investors”).

The EMDA is aware of a public perception by some market participants (rightly or wrongly) that AIs and \$150K Investors do not need the protections of securities legislation based on, among other things, their deemed sophistication which is based on various financial tests or the amount they have invested. Accordingly, Item 4 disclosure would not be required for these types of investors, however, it may be required for other types of investors which would trigger the filing of Form 45-106F6. Therefore, the EMDA would greatly appreciate your policy analysis involving such matters which could clarify any misunderstanding held by market participants.

Timing Concerns

You have stated that additional disclosure should help BC investors make more informed investment decisions and improve transparency in the market. As you know, Form 45-106F6 will be required to be filed within 10 days after a trade has occurred. It is not clear whether it is your intention to protect new investors before an investment decision is made or whether such disclosure is required for some other purpose. If this information is meant to help new investors with their investment decision before the trade is completed, then arguably it has not fully accomplished its purpose. However, we do note that the last Form 45-106F6 disclosure would be on record and assumingly publicly available and easily accessible which would be of some value to investors.

Privacy Concerns

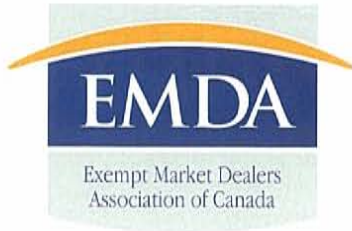
We have assumed that additional disclosure (*e.g.*, the holdings of insiders and promoters in Form 45-106F6 does not violate any privacy legislation and respectfully request that the BCSC to clarify such matters in any further publications it may provide on the Proposed Amendments.

Request for Public Posting of All Comment Letters involving the Proposed Amendments

The EMDA encourages the BCSC to post all comment letters involving the Proposed Amendments on its web site since it improves the transparency for all stakeholders and is consistent with the practice of other Canadian securities regulatory authorities.

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The above comments are respectfully submitted by the Exempt Market Dealers Association of Canada on behalf of its membership.



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We thank you for the opportunity to provide you with our comments on the Proposed Amendments. If you have any questions or concerns, we ask that you direct them to Brian Koscak, Chair of the EMDA's NI 45-106F6 Comment Committee, at bkoscak@emdacanada.com or 416-860-2955.

Yours very truly,

Board of Directors
Exempt Market Dealers Association of Canada

cc: Members of the EMDA NI 45-106F6 Comment Committee*:

Brian Koscak, Chair of the EMDA's NI 45-106F6 Comment Committee, EMDA Director and Partner, Cassels Brock & Blackwell LLP

Geoffrey Bird, EMDA Director

David Gilkes, EMDA Director and Principal and Vice-President of Sutton Boyce Gilkes Regulatory Consulting Group Inc.

Brian Prill, EMDA President and Director and Partner, McLean and Kerr LLP

Geoff Ritchie, EMDA Executive Director and Director

Morley Salmon, EMDA Chairman and Executive Chairman, Bloom Burton & Co.

** This letter represents the comments of the individual in his or her capacity as a director and/or officer of the EMDA and not those of the firm where the individual is employed and is submitted without prejudice to any position taken or that may be taken by that individual's firm on its own behalf or on behalf of any client.*

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