

December 21, 2015

Cooperative Capital Markets Regulatory System

Re: *Capital Markets Act* Prospectus Exemptions

Dear Sirs/Mesdames,

We are happy to hear that the *Capital Markets Act* will keep the new Crowdfunding Exemption and the expanded Offering Memorandum Exemption. Those exemptions let for-profit and cooperative social enterprises raise money at costs proportionate to their size and average investment. Small organizations need simple routes to capital, with rules that strive to protect investors yet minimize extraneous burden. Social enterprises without such routes struggle to raise the capital they need.

As you develop the *Capital Market Act's* prospectus exemption rules, we encourage you to maintain the spirit of accessibility behind the Crowdfunding and Offering Memorandum Exemptions. We suggest you take a hard look at exemption conditions and eliminate those out-of-proportion to investor risk. Keeping in mind the low per-investor dollar caps on the Crowdfunding and Offering Memorandum Exemptions, we recommend paying particular attention to:

- 1) Issuer disclosure conditions (especially audit requirements)
- 2) Investor disclosure conditions
- 3) Suitability conditions

Straightforward, low-cost rules allow investors to diversify their portfolios and issuers to serve the common good. While investments in small and early-stage entities will always carry risk, we think a combination of sensible rules and competition between issuers will best protect investors.

As you draft the prospectus exemption rules, we would be glad to help in whatever way we can. Please contact Sarah Doyle at sdoyle@marsdd.com or Duncan Farthing-Nichol at dfarthing-nichol@marsdd.com if we may be of any assistance.

Sincerely,

MaRS Centre for Impact Investing