



Advancing Standards™

August 7, 2018

Delivered via Email: comment@ccmr-ocrmc.ca

Dear Sirs and Mesdames:

Re: Comments regarding CMRA Regulation 45-501- Prospectus and Registration Exemptions

Overview

The Portfolio Management Association of Canada (**PMAC**), through its Industry, Regulation & Tax Committee, is pleased to have the opportunity to provide the Cooperative Capital Markets Regulatory System (**CCMRS**) with comments on the CMRA Regulation 45-501 – Prospectus and Registration Exemptions (**45-501**, collectively, the **Consultation**).

As background, PMAC represents [over 250 investment management firms](#) registered with one or more members of the Canadian Securities Administrators (**CSA**) to do business Canada as portfolio managers. In addition to this primary registration, the majority of members are dually registered as investment fund managers and/or exempt market dealers. PMAC members encompass both large and small firms managing total assets in excess of \$1.8 trillion for institutional and private client portfolios. Our members provide investment advice to individuals as well as institutional investors such as pension plans, foundations, endowments and first nations from coast to coast.

PMAC has been a strong supporter and vocal advocate for a common securities regulator for many years¹ as we view a national regulator as critical to enhancing investor protection and the global competitiveness of Canada’s capital markets, fostering a strong national economy and monitoring and managing systemic risk.

Importantly, PMAC views the goals of improved investor protection and streamlined regulation leading to operational and financial efficiency as critical objectives for the CCMRS to achieve from its outset.

General Comments

Overall, PMAC views the Consultation on proposed 45-501 as a positive step toward the implementation of an effective national securities regulatory system. Members are appreciative of the reduced filing obligations proposed under 45-501 with respect to prospectus-exempt issuances of securities.

However, PMAC is concerned about the impact of the remaining numerous jurisdictional exemptions in 45-501 which create a non-harmonized instrument within the CCMRS system and members have voiced fears that 45-501 may represent a re-packaging of existing

¹ Please see the [PMAC website](#) for a listing of all government submissions including our [submission dated December 8, 2014](#) with respect to the CMA and the draft *Provincial Capital Markets Stability Act* consultation.

regulations with minimal additional benefit. They expressed serious concern and disappointment that a non-nationally harmonized instrument and, to a lesser extent, the continued availability of certain jurisdiction-specific exemptions, will mean that, in practice, 45-501 may do little to streamline regulation and lead to operational and financial efficiency.

We are also concerned about the silence from the CCMRS on matters including interface between participating and non-participating jurisdictions and fees. We believe that additional harmonization and additional communication regarding these matters can help stakeholders be more prepared for and supportive of the launch of the CCMRS.

Comments on 45-501

Our members generally view the Consultation with respect to 45-501 and the elements of general harmonization (within the CCMRS participating jurisdictions) of certain prospectus exemptions as positive.

Members noted with appreciation the reduced filing burden with respect to reports of exempt distribution. We believe this regulatory burden reduction will be of benefit to all stakeholders, including investors.

We are particularly concerned that preserving a number of jurisdictional exemptions in 45-501 simply adds a layer of definitional and regulatory complexity to the existing capital-raising instruments and does not achieve one of the stated key goals of the CCMRS, namely, to:

foster more efficient and globally competitive markets in Canada and facilitate the raising of capital from investors across Canada and internationally through more integrated markets governed by innovative, responsive and flexible regulation on the basis of common standards reflected in cooperatively-developed regulations consistently applied.² [emphasis added]

The inclusion in 45-501 of jurisdictional exemptions continues to weaken the momentum and progress towards the end goal of a national securities regulator that streamlines and simplifies regulatory requirements.

Comments on Next Steps for the CCMRS

We believe that the publication of roadmap with respect to other aspects of the implementation of the CCMRS (such as interface with non-participating jurisdictions, reporting obligations and fees) is necessary as soon as practicable in order to allow stakeholders to plan for and manage this transition with the least disruption possible.

In light of the Canadian jurisdictions that have not joined the CCMRS, the specter of duplicative or overlapping regulation and new, more complex reporting and approvals processes for securities registrations, exemptions and transactions, continues to be a material concern for stakeholders. We are facing a time of extreme uncertainty in global trade and, volatility in financial markets and PMAC is concerned that any additional uncertainty and added regulatory burden will do a disservice to all stakeholders, including to Canadian investors.

PMAC continues to urge all non-participating jurisdictions to join the CCMRS to permit a truly harmonized national securities regulatory system. We continue to believe that, without full participation from coast-to-coast, the CCMRS will face material challenges in effectively establishing a world-class securities regulatory regime. We therefore urge the Federal government and the participating jurisdictions to continue their ardent pursuit of the

² <http://ccmr-ocrmc.ca/about/>

participation of and constructive negotiations with the remaining non-participating jurisdictions.

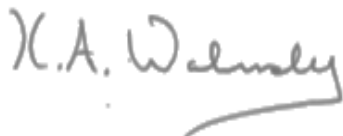
Conclusion

PMAC supports the policy objectives of the CCMRS and we appreciate the magnitude of the task the CMRA have undertaken to make this long-standing vision a reality. While 45-501 is beneficial in and of itself, in the absence of being adopted by all Canadian jurisdictions and, in light of the continued jurisdiction-specific exemptions, PMAC believes 45-501 will necessitate amendments to investment managers' policies and procedures without the corresponding and long-hoped for result of creating one, national set of rules and obligations.

Thank you for the opportunity to participate in this consultation. We would be pleased to continue the dialogue on this important issue and discuss the recommendations included in this submission in more detail.

If you have any questions regarding this submission, please do not hesitate to contact Katie Walmsley (kwalmsley@portfoliomanagement.org) at (416) 504-7018.

Yours truly;
PORTFOLIO MANAGEMENT ASSOCIATION OF CANADA



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