

December 8, 2014

Dear Sirs/Mesdames:

**Re: Cooperative Capital Markets Regulatory System - Consultation Drafts  
of Provincial Capital Markets Act and Capital Markets Stability Act**

We are writing in response to the invitation of the Governments of British Columbia, Ontario, Saskatchewan, New Brunswick and Canada to comment on the draft Provincial Capital Markets Act (“PCMA”) and complementary federal Capital Markets Stability Act (“CMSA”). Our comments at this time are limited to the PCMA. These comments are provided by the partners of Torys LLP who are signatories below, in their personal capacities, and not on behalf of the firm or any of its clients.

In our view, the proposed Cooperative Capital Markets Regulatory System (“CCMRS”) is an important initial step towards building a securities regulatory system that is national in scope and application.

We strongly support the proposed CCMRS and congratulate the governments that have achieved the level of cooperation and vision it represents. Our initial concerns with the PCMA center on the process that has been followed to develop the PCMA and collect comments from knowledgeable parties. As we suggest below, we think our concerns can be addressed in a timely manner and will result in a stronger and more widely supported regulatory framework.

We are optimistic that, with strong leadership and support from the participating jurisdictions, the proposed CCMRS can result in a securities regulatory system in Canada that is superior to our existing system and uniform across all participating jurisdictions, while maintaining the flexibility to adopt rules that address specific local issues in a province without undermining the integrity of a uniform system of securities regulation.

We understand and support the proposed use of “platform” legislation in order to develop a basic legislative structure that is consistent across all participating jurisdictions, complemented with detailed regulations that can be developed and modified as necessary to address changes in financial markets from time to time. In our view, such an approach will be more flexible than having to make amendments to the PCMA to address new developments that will inevitably occur over time.

We also support the use of regulations to flesh out, or complete, the framework established by the PCMA. While there has been some criticism of the proposed scope of the PCMA’s regulation making power, we would note that it is not substantially different (subject to modifications in the consultation and approval process) from the current use of rule making power by provincial securities commissions.

We note that there has been some recent public commentary that is sharply critical of the broad scope of the PCMA and CMSA and the process being followed to introduce and complete the PCMA, CMSA and related regulations. We believe that the substance of those criticisms can be largely addressed through a process that provides better information to interested commentators and allows for a fuller comment and discussion period.

The draft PCMA is being criticized because it is, in parts, incomplete until draft regulations are published, and because it introduces numerous changes to the existing Ontario legislation which is the predominant regulatory form in Canada. Although we appreciate that the demands of the CCMRS process may have dictated that the draft PCMA be published in its current form, the approach taken has generated a predictably negative response. On top of this, the relatively short comment period and lack of any clear process for dialogue has added force to the critical commentary.

In our view the shortcomings in the CCMRS process can be readily addressed in the following manner:

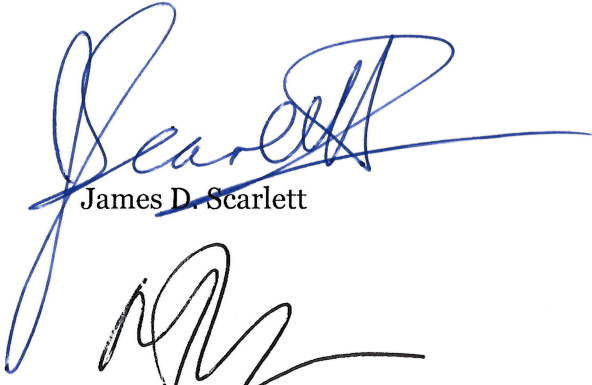
1. Harmonization. As has been noted in public commentary, many of the provisions of the PCMA that are new to Ontario come from existing legislation in other provinces and were included in the PCMA to achieve a harmonized platform statute. We note that a table of concordance between the PCMA and existing provincial legislation was published part way through the initial consultation period. We believe that it would also be appropriate to provide commentary explaining the rationale supporting any particular harmonization choice, and additional detail as to the policy objectives and prior interpretations of the provisions adopted to achieve harmonization.
2. Other changes. To the extent that changes have been made to existing securities legislation that cannot be described as part of a harmonization effort, the participating jurisdictions should identify those changes and explain the rationale for them. This would be consistent with long established practice for introducing regulatory change.
3. Regulations. As has been noted elsewhere, a significant amount of securities regulation under the PCMA will be found in regulations that have not yet been published. It is very difficult to provide informed commentary on the PCMA without having the proposed regulations in hand. If publication of those regulations is not imminent, we would suggest that the participating jurisdictions confirm that regulations that are already harmonized in the form of national instruments will be maintained under the PCMA and that any proposed changes to regulations be identified and their rationale explained (i.e., harmonization or other reasons).

In our view, this level of additional explanation and detail, accompanied by a reasonable extension of the comment period, will enable all interested parties to better understand the intended effect of the PCMA and provide more helpful commentary.

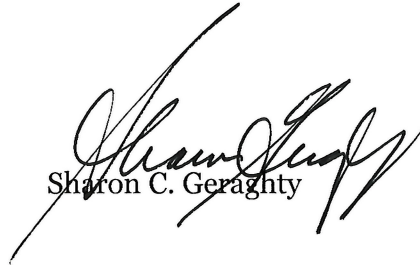
There has been some concern expressed that the 90 day comment period contemplated for the introduction of new regulations may be too brief a period to adequately digest, analyze and modify proposed regulations. Our experience has been that a single 90 day comment period is usually not sufficient to assess and finalize new regulations. We would suggest that consideration be given to adopting a process that requires publication of proposed regulations, a

comment period and a re-publication period (with responses to the comments that have been provided and an explanation of the basis for agreement or disagreement with the comment, and any resulting drafting changes) as is done for rules proposed by the Ontario Securities Commission.

Yours truly,

A handwritten signature in blue ink, appearing to read "Scarlett", with a long horizontal flourish extending to the right.

James D. Scarlett

A handwritten signature in blue ink, appearing to read "Sharon Geraghty", with a long horizontal flourish extending to the right.

Sharon C. Geraghty

A handwritten signature in blue ink, appearing to read "Glen R. Johnson", with a long horizontal flourish extending to the right.

Glen R. Johnson