

January 23, 2026

Alberta Securities Commission
Autorité des marchés financiers
British Columbia Securities Commission
Financial and Consumer Services Commission of New Brunswick
Nova Scotia Securities Commission
Ontario Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
(together, the Participating Jurisdictions)

Submitted via the Canadian Securities Administrators (CSA) consultation page

Re: CSA Multilateral Staff Notice 31-367 – Notice and Consultation Regarding CSA Coordinated Blanket Order 31- 930 Exemption to Allow Exempt Market Dealer (EMD) Participation in Selling Groups in Offerings of Securities Under a Prospectus

FAIR Canada is pleased to provide comments in response to the above-referenced Consultation.

FAIR Canada is a national, independent, non-profit organization known for balanced and thoughtful commentary on public policy matters. Our work includes advancing the rights of investors and financial consumers in Canada through:

- Informed policy submissions to governments and regulators
- Relevant research focused on retail investors
- Public outreach, collaboration, and education
- Proactive identification of emerging issues.¹

A. Introduction

The Participating Jurisdictions are considering whether to issue a new exemption that would permit EMDs to participate in selling groups for prospectus offerings. FAIR Canada does not support this proposal. It would undermine regulatory consistency, investor protection and the broader public interest. Allowing EMD participation in prospectus offering selling groups via a blanket order raises three key issues: (1) there is no clear justification for EMD involvement, (2) it creates inconsistent regulatory standards for the same activity, and (3) such a significant policy change should be made through formal amendments to National Instrument (NI) 31-103 to ensure transparency and proper consultation. Below, we expand on each of these concerns.

¹ Visit www.faircanada.ca for more information.

B. No Rationale for EMD Participation

First, it remains unclear why EMDs should be included in selling groups for prospectus offerings. EMDs do not contribute to the core functions traditionally fulfilled by selling group members. They do not assist in spreading underwriting risk, as they do not sign the underwriting certificate, nor do they have a broader client base than investment dealers (IDs). Moreover, unlike IDs, EMDs lack the qualifications and experience to provide advice on public financings, an essential aspect of supporting clients through a prospectus offering. Because EMDs are prohibited from offering ongoing advice, investors who buy securities from an EMD do not have access to the same service options as those purchasing from an ID. This disparity ultimately leads to inconsistent treatment of investors, undermining the principles of fairness and investor protection.

C. Inconsistent Regulatory Standards

By allowing EMDs to participate in prospectus offerings, the Participating Jurisdictions are effectively establishing two different regulatory standards for the same activity. This approach undermines the principle that similar activities should be subject to consistent regulation to ensure fairness and clarity in the market. This inconsistency creates confusion for market participants and investors and risks diminishing the integrity of the regulatory framework by eroding the distinctions between dealer categories. The Participating Jurisdictions have not articulated how this divergence serves the public interest or why such asymmetry is warranted.

Moreover, this policy direction directly contradicts the CSA's own prior regulatory decisions. In 2017, amendments to NI 31-103 specifically prohibited EMDs from participating in prospectus-qualified offerings. The Consultation does not explain what has changed to justify reversing that position.

D. Blanket Orders are Inappropriate for Fundamental Policy Changes

The manner in which this policy shift has been implemented raises procedural concerns. Instead of proposing amendments to NI 31-103 through the established public policy process, the CSA has introduced this change via a blanket exemption. This approach bypasses the advance public consultation typically required for substantive regulatory changes, resulting in minimal transparency, limited opportunity for stakeholder input, and insufficient justification or analysis. For example, the Consultation references two EMDs that acted as selling group members, yet provides no details regarding their identities, whether they were related to the issuer, or the value they contributed to the offering. There is no analysis of the benefits or rationale for including these EMDs in the selling group, leaving stakeholders without critical information needed to assess the impact or merit of the proposed exemption.

For these reasons, the Participating Jurisdictions should reconsider issuing a new exemption. Aligning dealer obligations and investor-protection standards across distribution channels is essential to maintaining a principled and supportable regulatory framework. A consistent approach will better serve both market participants and the public interest.

Thank you for considering our comments on this critical issue. As investor advocates, we appreciate the opportunity to share our perspective and help shape policies that put investors first. We welcome ongoing dialogue and collaboration with the Participating Jurisdictions and other stakeholders to build fair, transparent, efficient, and resilient capital markets for all Canadians. If you would like to discuss our submission further, please reach out—we are committed to working together to support better outcomes for investors.

Sincerely,



Jean-Paul Bureaud
President, CEO and Executive Director
FAIR Canada | Canadian Foundation for the Advancement of Investor Rights