

## Schedule A

### BC Instrument 13-502 *Electronic Filing of Reports of Exempt Distribution*

#### Summary of comments and Commission responses

##### List of Commenters

1. Gowling Lafleur Henderson LLP
2. VECTOR Corporate Finance Lawyers
3. PJW Consulting Services Ltd.

##### **1. Support for the Rule**

Commenters expressed support for the electronic filing system and the elimination of paper.

##### **Response**

We thank the commenters for their support.

##### **2. National System or SEDAR category**

Despite general support for an electronic filing system, commenters were concerned that it was to be available only in British Columbia. They expressed concern that filers will still be required to file paper copies of the reports in the other provinces. Commenters suggested that the Commission consider adding a new category to SEDAR to include reports of exempt distribution. This would allow filings of the report to be made on a national basis using an existing electronic filing and payment system. Commenters also expressed concern that other jurisdictions may design their own electronic filing and payment systems.

##### **Response**

We have not made any changes to the Rule in response to this comment. We appreciate the commenters' suggestion and will consider it in the future.

At this time, no other jurisdictions are interested or prepared to accommodate the electronic filing of reports of exempt distribution, through SEDAR or otherwise. Although we have considered using SEDAR for filings of reports with the BCSC, we have rejected this option for three reasons:

- The costs of changing SEDAR to include this category of filing are not warranted for one jurisdiction.
- SEDAR is not able to accommodate the type of data collection and fee calculation already available through BCSC e-services. BCSC e-services is already in place and available for these filings on a voluntary basis.
- Non-reporting issuers file the majority of reports of exempt distribution in British Columbia. Non-reporting issuers are not required to have a SEDAR user account. Requiring non-reporting issuers to set up and pay for a SEDAR user account to file these reports would significantly increase their filing costs.

### ***3. Cheque payment option***

One commenter requested that the Commission continue to provide the option to pay fees by cheque. The commenter regularly files reports using e-services on behalf of clients and has been doing so for years. The commenter always arranges for the client to submit the filing fees directly to the Commission by cheque.

#### ***Response***

We have not made any changes to the Rule in response to this comment. It is our view that we should accept only electronic payment. In the long term, we think that mandatory electronic payments will ultimately reduce filing agents' costs, because of:

- increased accuracy (because BCSC e-services calculates the filing fee)
- reduced cheque processing and storage costs
- reduced exposure to fraud (25% of fraud in Canada is cheque-related)

We have tried to minimize the processing costs by giving filers two alternatives for electronic fee payment: through an electronic fund transfer or by credit card (VISA or Mastercard). The majority of filings of reports of exempt distribution attract the minimum fee of \$100, so credit limit troubles are unlikely. Paying by credit card enables filing agents to defer payment for several weeks, which should be sufficient time to collect client receivables.