PROSPECTORS & DEVELOPERS ASSOCIATION OF CANADA | ASSOCIATION CANADIENNE DES PROSPECTEURS ET ENTREPRENEURS

January 6th, 2026

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor, Box 55
Toronto, Ontario M5H 3S8
Fax: 416-593-2318
comments@osc.gov.on.ca

**RE: Commentary on Proposed Multilateral Instrument 45-111 Self-Certified Investor Prospectus Exemption**

Dear Canadian Securities Administrators (CSA),

The Prospectors & Developers Association of Canada (PDAC) appreciates the opportunity to comment on the proposed Multilateral Instrument 45-111 Self-Certified Investor Prospectus Exemption (MI 45-111) and express our support in this initiative.

PDAC is the leading voice of the mineral exploration and development industry. Representing over 8,200 individual and corporate members in Canada and around the world, PDAC's work centers on supporting a competitive, responsible, and sustainable mineral industry. The mineral industry is the largest group of public issuers in Canada, accounting for approximately a third of all companies listed on Canadian exchanges and half of all equity raises in the Canadian capital marketplace in 2024 and 2025.

In recent years, we have been encouraged by and supportive of the implementation of pilot initiatives relating to the self-certified prospectus exemption in several provinces, including Ontario, Alberta, Saskatchewan, and Manitoba. We commend CSA members for taking the next step by advancing these pilot initiatives into a multilateral instrument that makes the exemption available on a broader and more consistent basis across jurisdictions.

**Revisit the annual investment limit**

In response to Question 1(a), we have significant reservations regarding the proposed maximum annual investment limit of $50,000 per investor. We support CSA's intentions to increase the limit from $30,000, however, we submit that the proposed threshold remains too low to address all likely investment scenarios or materially affect capital-formation outcomes.

Our understanding of the rationale articulated by CSA for imposing a $50,000 investment limit is that it is intended to mitigate the risk of loss for investors under the proposed instrument. While we appreciate this objective, we view the proposed annual investment cap as a form of overprotection that appears inconsistent with the way risk-taking is addressed in other regulatory

contexts. This raises a fundamental question as to why such heightened protection is warranted in this specific case.

This question is particularly salient in light of CSA's own characterization of the investors eligible under the proposed instrument. CSA notes that:

> *"The Qualifying Criteria in the Proposed Instrument are intended to demonstrate financial and investment knowledge and, in this way, can be viewed as a form of investment sophistication and a rational extension from the Accredited Investor Exemption."*

If the qualifying criteria are intended to establish a meaningful degree of financial and investment sophistication, it is unclear why investors who meet these criteria should nevertheless be subject to a highly restrictive annual investment cap. The existence of such a cap appears difficult to reconcile with CSA's own framing of these investors as possessing a level of sophistication comparable, in relevant respects, to accredited investors.

CSA further explains the rationale for differential treatment between accredited and self-certified investors as follows:

> *"In setting a limit on investment under the Proposed Instrument, we recognized that a policy rationale for the Accredited Investor Exemption is ability to withstand loss. Purchasers investing under the Proposed Instrument are likely not accredited investors and can be assumed to have annual income of less than $200,000."*

This explanation relies on income as a proxy for an investor's ability to withstand loss. However, it is important to recognize that self-certified investors who earn less than $200,000 per annum may nevertheless have meaningful alternative sources of investment capital. Such capacity can be reflected, for example, through measures of net worth or net realizable financial assets - both of which already form part of the eligibility framework under the Accredited Investor exemption.

More broadly, irrespective of whether accredited and self-certified investors are assumed to have different capacities to withstand loss, it remains unclear how the specific proposed limit of $50,000 was determined. We are not aware of any articulated policy rationale or empirical basis supporting this particular threshold, which makes it difficult to assess whether it appropriately balances investor protection with capital-formation objectives.

To ensure that the proposed prospectus exemption meaningfully improves access to capital while remaining consistent with CSA's stated policy objectives, we recommend that CSA consider adjustments to the investment-limit framework.

In addition to a straightforward increase in the annual investment limit, we suggest the following alternative approaches for consideration:

- Replace the annual limit with a per-transaction limit, which would provide greater flexibility while managing transaction-specific risk.
- Calibrate investment limits to net worth or net realizable financial assets, allowing self-certified investors who do not meet the Accredited Investor criteria to invest a defined portion of their financial capacity, in addition to any baseline limit.
- Permit the reinvestment of prior gains, allowing self-certified investors to reinvest cumulative earnings from previous investments, in addition to the proposed annual limit.

**Support in employment history criterion (a)**

In response to Question 4(a) in the request for comments, we support the inclusion of employment history criterion (a), which establishes eligibility under the proposed instrument where "the investor has a minimum of five years of management, engineering, product development, or other relevant operational experience at a business operating in the same industry or sector as the issuer."

The CSA note that they have heard concerns that, in such cases, investors may not fully appreciate the financial or investment considerations relevant to investing, even if they understand the issuer's industry. We respectfully disagree with this characterization. In technical industries such as mineral exploration and mining, deep familiarity with the underlying business, operational risks, and development pathways can provide meaningful alternative sources of investment insight and judgment that may not be readily available to other investors.

In addition, we wish to clarify our view that mineral exploration constitutes, in essence, the research and development (R&D) phase of the mineral value chain. Accordingly, investors with a minimum of five years of experience in mineral exploration should qualify as self-certified investors under the *'product development'* component of employment history criterion (a).

We welcome continued engagement with CSA on the self-certified investor exemption. Please contact Jeff Killeen, PDAC's Director, Policy & Programs at jkilleen@pdac.ca if there are questions or clarifications required for the content in this letter.

Sincerely,

Jeff Killeen

Director, Policy & Programs

Prospectors & Developers Association of Canada (PDAC)

**CC:**

Alberta Securities Commission

Financial and Consumer Affairs Authority of Saskatchewan

Financial and Consumer Services Commission of New Brunswick

Manitoba Securities Commission

Nova Scotia Securities Commission

Ontario Securities Commission

Financial and Consumer Services Division, Department of Justice and Public Safety, Prince Edward Island

Office of the Superintendent of Securities, Newfoundland and Labrador

Office of the Superintendent of Securities, Northwest Territories

Office of the Superintendent of Securities, Nunavut

Office of the Yukon Superintendent of Securities