

February 7, 2025

**Without Prejudice  
By E-mail**

The Secretary  
Ontario Securities Commission  
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Dear Sirs/Mesdames:

**Re: Ontario Securities Commission Consultation Paper 81-737 *Opportunity to Improve Retail Investor Access to Long-Term Assets through Investment Fund Product Structures***

We submit the following comments in response to the request for feedback on the issues outlined in Ontario Securities Commission Consultation Paper 81-737 *Opportunity to Improve Retail Investor Access to Long-Term Assets through Investment Fund Product Structures* (the “**Consultation Paper**”), published on October 10, 2024.

Thank you for the opportunity to respond to the Consultation Paper. This letter represents the general comments of certain individual members of our securities practice group (and not those of the firm generally or of any client of the firm), submitted without prejudice to any position taken or that may be taken by our firm on its own behalf or on behalf of any client.

We are broadly supportive of the Ontario Securities Commission’s (“**OSC**”) initiative to facilitate retail investment in a range of long-term illiquid assets (“**Long-Term Assets**”) through a new investment fund product structure, referred to as an “**Ontario Long-Term Fund**” or “**OLTF**” (the “**Proposal**”). While we leave it to other capital markets participants that may be better situated to respond to many of the specific questions posed, we agree that the Proposal has the potential to benefit both investors and businesses and to promote increased investment in capital-intensive assets, such as infrastructure, natural resource projects and other long-term interests.

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We appreciate that the Proposal aims to further, and balance, two competing goals under the OSC’s mandate; specifically, the goals of: (i) enhancing the experience of individual investors, which includes positioning investors to make better life-cycle investment decisions, minimizing regulatory and structural barriers to efficient investing and reducing investor harm; and (ii) fostering conditions for capital formation and innovation in public and private markets, which includes enabling businesses in Ontario to raise more capital to meet their needs for growth, improving financing availability at all stages of business growth across the private and public markets and expanding investment opportunities for a broad range of investors.

As the OSC has recognized in the Consultation Paper, Long-Term Assets may offer investors with extended investment horizons potential advantages relative to more conventional asset classes. While there may be additional risks associated with Long-Term Assets, we agree that some of these risks might be mitigated through a robust regulatory framework that supports careful consideration of, among other things, market access, information asymmetry, an investor's financial goals and investment horizon, as well as the overall risks of holding an investment.

We generally support the Proposal favouring inclusive parameters for Long-Term Assets, including that OLTFS not be limited to assets located within Ontario. However, we believe that, to the extent possible, the Proposal should be extended across Canada, through a coordinated and harmonized approach. This would eliminate an immediate barrier and further entice market participants to devote the substantial time and costs that would likely be required to set up OLTFS, as sales of such products would not be limited to a single Canadian jurisdiction. Further, it could make it easier for OLTFS to seek a listing on a marketplace in Canada.

We appreciate that such extension would require the participation of the other members of the Canadian Securities Administrators ("**CSA**"). As such, we query whether the Proposal could be implemented as a new exemption from the prospectus requirement, available in Ontario (and any other Canadian jurisdiction that decides to participate), rather than as a new category of public investment fund. There is an existing market of private funds that invest in Long-Term Assets that currently offer their securities solely through the exempt market. An additional prospectus exemption, with appropriate disclosure limits, governance requirements and investment caps, could be a more efficient means of providing retail investors with access to exposure in Long-Term Assets in funds that have an existing track record.

Further, we would strongly encourage the OSC to consider additional enhancements to reduce the regulatory burden and bolster uptake by market participants. This could include giving OLTFS the flexibility to choose their organizational structure (instead of requiring them to be structured as corporations) and reconsidering the requirement that OLTFS invest alongside sophisticated long-term investors such as pension funds or other institutional investors. It is also paramount that retail investors be permitted to hold investments in OLTFS in tax-advantaged accounts.

We would encourage the OSC and any participating CSA regulators to monitor the experience of the European Long-Term Investment Fund (ELTIF) and UK Long-Term Asset Fund (LTAF) structures closely and identify potential improvements that might serve to further enhance the features and attractiveness of the OLTF and any similar alternative structure in the Canadian market.

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We once again thank you for the opportunity to respond to the Consultation Paper. Please do not hesitate to contact any of the undersigned should you wish to discuss any of the foregoing comments in greater detail.

Yours truly,

Nick Badeen

on my own behalf and on behalf of

Alix d'Anglejan-Chatillon  
Darin R. Renton  
Jeffrey R. Elliott  
Halyna Chumak