

March 24, 2016

Amy Natterson Kroll, Esq.
Morgan, Lewis & Bockius LLP
1111 Pennsylvania Avenue, NW
Washington, DC 20004

**Re: In the Matter of Canaccord Genuity Inc.
Waiver of Disqualification under Rule 506(d)(2)(ii) of Regulation D
Waiver of Disqualification under Rule 262(b)(2) of Regulation A
Securities Act Release No. 10059, March 24, 2016
Securities Exchange Act Release No. 77436, March 24, 2016
Administrative Proceeding File No. 3-17178**

Dear Ms. Kroll:

This letter is in response to your letter dated March 14, 2016 (“Waiver Letter”), written on behalf of Canaccord Genuity Inc. (“Canaccord”) and constituting an application for waivers of disqualification under Rule 506(d)(2)(ii) of Regulation D and Rule 262(b)(2) of Regulation A under the Securities Act of 1933. In the Waiver Letter, you requested relief from any disqualification that will arise as to Canaccord under Rule 506 of Regulation D and Rule 262 of Regulation A by virtue of the Commission’s order entered March 24, 2016 in the Matter of Canaccord Genuity Inc. pursuant to Section 8A of the Securities Act of 1933, Release No. 10059, and Section 15(b) of the Securities Exchange Act of 1934, Release No. 77436, (the “Order”).

Based on the facts and representations in the Waiver Letter and assuming Canaccord complies with the Order, the Division of Corporation Finance, acting for the Commission pursuant to delegated authority, has determined that Canaccord has made a showing of good cause under Rule 506(d)(2)(ii) of Regulation D and Rule 262(b)(2) of Regulation A that it is not necessary under the circumstances to deny reliance on Rule 506 of Regulation D or Regulation A by reason of the entry of the Order. Accordingly, the relief requested in the Waiver Letter regarding any disqualification that may arise as to Canaccord under Rule 506 of Regulation D or Regulation A by reason of the entry of the Order is granted on the condition that Canaccord fully complies with the terms of the Order. Any different facts from those represented or failure to comply with the terms of the Order would require us to revisit our determination that good cause has been shown and could constitute grounds to revoke or further condition the waiver. The Commission reserves the right, in its sole discretion, to revoke or further condition the waiver under those circumstances.

Very truly yours,

/s/ Elizabeth Murphy

Elizabeth Murphy
Associate Director
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March 14, 2016

Eun Ah Choi
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
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Re: In the Matter of Canaccord Genuity Inc.

Dear Ms. Choi:

We submit this letter on behalf of our client Canaccord Genuity Inc. (“Canaccord” or the “Firm”), a broker-dealer registered with the U.S. Securities and Exchange Commission (“SEC” or “Commission”), in connection with the settlement of the above referenced administrative proceeding by the SEC.

Canaccord engages in a wide array of investment services, including, but not limited to, offering or otherwise facilitating sales of securities to be sold in reliance on the exemptions found in Regulation D under the Securities Act of 1933 (the “Securities Act”). As a result of the above referenced administrative proceeding, Canaccord will become disqualified under Regulation D, in particular Rule 506(d), as well as under Rule 262 of Regulation A, if Canaccord does not receive a waiver from those disqualifications when the SEC issues its final order (the “Order”). The Commission has the authority to waive the Regulation D and Regulation A disqualifications upon a showing of good cause that it is not necessary under the circumstances that an exemption be denied. Therefore, Canaccord hereby respectfully requests, for the reasons described below, that the Commission (or the Director of the Division of Corporation Finance (“Division”), pursuant to the delegation of authority of the Commission) waive the disqualifications under Rule 506 under Regulation D and Rule 262 of Regulation A that will result when the Commission enters the Order. Canaccord requests that this determination be effective upon the entry of the Order against Canaccord.

1. Background

Canaccord has engaged in settlement discussions with the staff of the Division of Enforcement and as a result of these discussions, Canaccord has submitted an offer of settlement, pursuant to which

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Canaccord has consented to an order of the Commission. Under the terms of the offer of settlement, Canaccord has neither admitted nor denied any of the findings that will be stated in the Order, except as to jurisdiction and subject matter.

The Order will describe that on one occasion Canaccord violated Section 5(b)(1) of the Securities Act when it initiated research coverage of an issuer (the "Issuer" or "Company") on April 18, 2012, after the Issuer had invited Canaccord to participate as an underwriter for a secondary stock offering to be led by another broker-dealer that the company was planning for mid-May 2012. The Order will state that the initiation report constituted a written "offer" to sell the Issuer's securities. The Order will further describe that on April 19, 2012, the Issuer changed its plans and decided to conduct an accelerated offering the following week and that the Issuer asked Canaccord to act as lead underwriter for the revised offering that took place on April 24. Canaccord acted as the managing underwriter for the U.S. portion of the April 24, 2012 offering.

The Order will state that Canaccord violated Section 5(b)(1) of the Securities Act because the research report issued on April 18, 2012, did not meet the requirements for a prospectus under Securities Act Section 10 or qualify for a safe harbor governing the publication or distribution of research reports because it constituted the initiation of research coverage. The Order will find that Canaccord willfully violated Section 5(b)(1) of the Securities Act, and under the terms of the Order Canaccord will be (1) ordered to cease and desist from committing or causing any violation and any future violations of Section 5 of the Securities Act; and (2) ordered to pay disgorgement of \$407,481, prejudgment interest of \$42,717.20 and a civil monetary penalty of \$100,000.

As discussed later in this request, the Firm has on its own initiative implemented a process in connection with the initiation of research coverage designed specifically to avoid future potential Section 5 violations.

2. Discussion

Rule 506(d)(1)(v)(B) of Regulation D and Rule 262(a)(5)(ii) of Regulation A, respectively, disqualify an issuer from relying on the exemptions from Securities Act registration provided by Rule 506 and Regulation A when any of the following persons or entities are, among other things, the subject of an SEC order ordering the person to cease and desist from committing or causing a violation or future violation of Section 5 of the Securities Act:¹ the issuer; any predecessor of the issuer; any affiliated issuer; any director, executive officer, or other officer participating the offering; any general partner or managing member of the issuer; any beneficial owner of 20% or more of the issuer's outstanding voting equity securities, calculated on the basis of voting power; any promoter connected with the issuer in any capacity at the time of such sale; any person that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with such sale of securities; any general partner or managing member of any solicitor; or any director, executive officer or other officer of solicitor or general partner or managing member of such solicitor participating in the offering. The Order will find that Canaccord violated

¹ See Rule 506(d)(1)(v)(B) of Regulation D.

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Section 5(b)(1) of the Securities Act; as a result, the Order will result in a disqualification of Canaccord under Rule 506 of Regulation D and Rule 262 of Regulation A.

The Commission may waive Regulation D or Regulation A disqualifications upon a showing of good cause that it is not necessary under the circumstances that the exemptions be denied.

In its statement regarding Waivers of Disqualification under Regulation A and Rules 505 and 506 of Regulation D (the "Statement"),² the Division, in its evaluation of whether a party seeking a waiver of the Regulation A or Regulation D disqualifications has shown good cause, considers the following factors:

1. The nature of the violation or conviction and whether it involved the offer and sale of securities;
2. Whether the conduct involved a criminal conviction or scienter-based violation, as opposed to a civil or administrative non-scienter based violation;
3. Who was responsible for, and what was the duration of, the misconduct;
4. What remedial steps have been taken; and
5. What the impact would be if the waiver request is denied.

The Statement also addresses the issuer's burden to show good cause. Notably, the Division states that where there is a criminal conviction or a scienter-based violation involving the offer and sale of securities, the burden on the party seeking the waiver to show good cause that a waiver is justified would be significantly greater.

Canaccord believes that in this case it clearly satisfies the requirements of establishing good cause under the factors discussed in the Statement. For these and the other reasons described in detail below, Canaccord respectfully requests that the Commission waive any disqualification under Rule 506 of Regulation D and Regulation A that will result when the Commission enters the Order.

a. The Violations Are Not Scienter-Based

Section 5 of the Securities Act is a strict liability section of the statute, and Canaccord will be found to have violated only Section 5. The Order will not find that Canaccord violated any scienter-based sections of the federal securities laws. Therefore, Canaccord's violation will not be scienter-based.

b. The Violations Will Not Result in Criminal Convictions

The violations described in the Order will not give rise to or constitute a criminal conviction.

² Available at <http://www.sec.gov/divisions/corpfin/guidance/disqualification-waivers.shtml> (Mar. 13, 2015).

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c. The Activities Described in the Order Involved an Offering Under the Securities Act

As described above, the Order will include one finding of a violation of Section 5(b)(1) of the Securities Act resulting from the initiation of research coverage of the Issuer, days after the Issuer invited Canaccord to participate as an underwriter for a secondary stock offering to be led by another broker-dealer that the Company planned for mid-May 2012, after the Company's earnings call on May 15 (with an organizational meeting to be held the week after the call). The Order will further state that the initiation report constituted a written "offer" to sell the Issuer's securities, and that Canaccord violated Section 5(b)(1) of the Securities Act because the report did not meet the requirements for a prospectus under Securities Act Section 10 or qualify for any of the safe harbors governing the publication or distribution of research reports.

The Order will further describe that on April 19, 2012, the Issuer decided to conduct an accelerated offering the following week and asked Canaccord to act as lead underwriter for the revised deal that took place on April 24, 2012. Canaccord acted as the managing underwriter for the U.S. portion of the revised offering.

As discussed below, Canaccord has taken and will continue to take steps to ensure that violations of Section 5(b)(1) of the Securities Act do not occur in the future due to the publication of research reports.

d. The Responsibility for and Duration of the Violation

The Section 5(b)(1) violation described in the Order occurred because the banker discussing the potential offering with the Issuer believed that his discussions with the Issuer prior to the initiation of coverage by issuing a research report were too preliminary to trigger a violation.³ At the time of the violation described in the Order, the Firm's process for publication of a research report initiating coverage at the time was not designed to identify the risk of a Section 5 violation when discussions with an issuer were sufficiently preliminary that the issuer was not yet placed on the Firm's grey list.⁴

As described above, this matter involves a single violation of Section 5(b)(1) of the Securities Act that occurred on April 18, 2012, the date that the initiation research report was published, which the Order states was days after the Issuer invited Canaccord to participate in the May 2012 offering.

³ As discussed in Section 2.e.i, the decision to add an issuer to the Firm's coverage universe is made at some point prior to the time that research coverage actually is initiated with the issuance of an initial research report.

⁴ The grey list is a tool employed by the Firm as provided for in its written policies and procedures with regard to the maintenance of "information barriers" for the protection of material non-public information as required pursuant to Section 15(g) of the Securities Exchange Act of 1934. The grey list typically identifies issuers that are the subject of investment banking transactions that have not yet become known within the Firm and more publicly; as a result, the grey list is a highly confidential list.

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e. Remedial Steps Taken and to Be Taken

Canaccord and its counsel evaluated the events underlying the Commission's order and concluded that the most effective way to prevent recurrence of such events was to impose additional checks in the research initiation process and the deal approval process, and also to train all investment bankers and research analysts on the limitations of Section 5 of the Securities Act. In addition, Canaccord revised its written policies and procedures to memorialize and institutionalize the changes and training.

i. Processes for Research Initiation and for Approval of Participation in Public Offerings

The decision whether to add an issuer to the Firm's research coverage universe is made by the Firm's Director of Research and individual research analysts. Research coverage is actually initiated by the issuance of an initial research report at some point following the decision to initiate coverage. In the fall of 2013 and the winter of 2013-2014, to address the issues related to the initiation research report on the Issuer, Canaccord revised its research policies to ensure that in the future the initiation of research coverage (that is the issuance of an initial research report) would take place under circumstances that would not violate Section 5 of the Securities Act. Such revisions included a requirement that all pending research initiations be approved by a newly formed Research Review Committee ("RRC"), composed of Research Management (including the Director of Research and supervisory analysts) and representatives from the Compliance Department. The RRC was formed in part to address the circumstances of the initiation of research coverage of the Issuer and is separate and apart from the Firm's already existing Investment Banking Commitment Committee.⁵ The practice now is that in connection with each pending initiation (which occurs when an initial research report is published), the Compliance Department communicates with investment banking personnel to confirm whether there are any pending banking transactions (including any discussions regarding possible transactions). If there are, then the pending initiation is escalated to the Chief Compliance Officer and the Legal Department for a review of all relevant facts. In this way, even if the potential issuer has not yet been placed on the Firm's grey list, the Compliance Department may intervene to avoid a potential Section 5 violation. The RRC was formed in December 2013, and the above-described Standard Operating Procedure was finalized and implemented in early 2014.

ii. Training

Canaccord conducted in December 2013 mandatory separate training sessions for senior members of the Investment Banking Department with primary transaction responsibilities, including the banker who had been responsible for the Firm's engagement by the Issuer as described above, and for members of the Research Department (publishing analysts and their associates). This training covered the permissible interactions between research and investment banking employees, as well as the role of analysts in public offerings. These training sessions were designed to address the issues described in the Order in connection with the initiation of research coverage of the Issuer

⁵ The RRC does not participate in the decision to add an issuer to the Firm's coverage universe.

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and included an emphasis on the prohibition against publishing research during an offering period without Chief Compliance Officer or General Counsel approval. In addition, in March 2014 the Firm's Legal Department conducted a mandatory training session for all members of the Investment Banking Department specific to public offerings and the publication of research. This training covered the provisions of Section 5 of the Securities Act, as well as the Firm's specific policies and procedures addressing compliance with Section 5. Since March 2014, the Firm also has circulated training materials (in the form of compliance updates), and will conduct additional periodic training updates that cover this and other matters. Finally, the Firm covers research and banking communications in its orientation procedures for new Research and Investment Banking Department employees.

f. Impact if the Waiver is Denied

Disqualification of Canaccord under Regulation D, and Rule 506 in particular, would have an immediate and ongoing adverse effect on the Firm and its clients. Between October 1, 2013 and September 30, 2015, Canaccord participated in 12 offerings made under Rule 506 of Regulation D on behalf of 11 non-U.S. issuers, raising approximately \$286 million for these companies, and recorded revenue of approximately \$3.7 million for its services.⁶ This revenue reflects approximately .85% of the Firm's overall revenue, and approximately 3% of the Firm's banking revenue during this period.

Non-U.S. issuers look to Canaccord because of the Firm's experience guiding non-U.S. issuers through the process of raising funds in the United States in private placements, including, though not limited to, Rule 506 of Regulation D offerings. Indeed, during the same period of October 1, 2013 through September 30, 2015, Canaccord, together with its Canadian parent and affiliates around the world, raised funds for 24 additional non-U.S. companies and three U.S. companies that relied upon Section 4(a)(2) of the Securities Act and Rule 144A thereunder with regard to securities sold in the United States to raise over \$4.5 billion globally. The discussions with each of these issuers would have included consideration of whether to offer securities in reliance on Regulation D, and Rule 506 specifically, but each of these issuers ultimately decided to rely on Section 4(a)(2) and Rule 144A because the issuers determined to limit offers to qualified institutional buyers as that term is defined in Rule 144A. In addition, Canaccord bankers worldwide, at any given time, are in discussion with current and potential clients that are both U.S. and non-U.S. issuers, about offerings that may be eligible for sale in the United States in reliance on Rule 506.

Canaccord notes that the ultimate decision as to whether to use Rule 506 of Regulation D is largely determined by the issuer, as Rule 506 of Regulation D is an issuer exemption. This determination may not be made until relatively late in the process. As a result, if Canaccord does not have an exemption from Rule 506 disqualification, then Canaccord will be unable to advise issuers in the structuring of offerings that may be made pursuant to Regulation D, and Rule 506 in particular,

⁶ None of the issuers for which Canaccord has acted or currently expects to act as placement agent is a private fund or a fund registered pursuant to the Investment Company Act of 1940 relying on Rule 506 of Regulation D for an exemption under the Securities Act.

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and/or to assist these clients in selling their securities if they decide to rely upon Rule 506 to raise capital.

A disqualification pursuant to Rule 262 of Regulation A also could have a significant impact on Canaccord and its issuer clients, given the Commission's recent approval of so-called Regulation A+,⁷ which increased the amount of capital that can be raised under Regulation A to \$50 million and is now being used by issuers to make offerings of securities that are exempt from the registration requirements of the Securities Act, provided that certain important conditions are met. If Regulation A+ becomes accepted in the marketplace as an attractive capital-raising alternative, then the disqualification of Canaccord from participating in those offerings could have a material impact on issuers that have looked to Canaccord for investment banking services in the past and that would want to rely on the new regulation to raise capital with Canaccord as placement agent. Historically, Canaccord has provided capital-raising services primarily to smaller, growth-oriented companies that would be the primary users of Regulation A.

Canaccord bankers are actively considering whether certain clients planning to raise funds would benefit from doing so pursuant to Regulation A, and therefore Canaccord anticipates that in the near future, as it advises issuers of the exemptions for offerings of securities under the Securities Act, Regulation A will become an option that is discussed. Ultimately, however, the issuer, not Canaccord, decides how it wishes to structure an offering of its securities and often does so near to the time that the offering will actually begin. As a result, as with Rule 506 of Regulation D above, if Canaccord does not have a waiver from Regulation A disqualification, then Canaccord will be unable to advise its issuer clients in the structuring of offerings that may be made pursuant to Regulation A, and/or to assist these clients in selling their securities if the clients decide to rely upon Regulation A to raise capital.

As a result, disqualifications under both Rule 506 of Regulation D and Regulation A would impact not only Canaccord, but also, perhaps more significantly, those issuers, including but not limited to non-U.S. companies, that currently and in the future intend to rely on Canaccord to raise capital in the United States.

g. Disclosure in the Event a Waiver Is Granted

In the event that the Commission (or the Director of the Division pursuant to delegated authority) grants the waiver requested by this letter, Canaccord, for a period of five years from the date of the Order, will furnish (or will cause to be furnished) to each purchaser purchasing through Canaccord in a Regulation A or Rule 506 offering that would otherwise be subject to the disqualification under Rule 262 or Rule 506(d) as a result of the Order a description in writing of the Order a reasonable time period prior to such sale.

⁷ See Securities Act Release No. 9741, *Amendments for Small and Additional Issues Exemptions Under the Securities Act (Regulation A)* Mar. 25, 2015.

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3. Request for Waiver

For the foregoing reasons, Canaccord respectfully submits that, based on the factors described above, it is not necessary under the circumstances for Canaccord to be disqualified under Rule 262, and Rule 506(d) when the Order is issued.

Please do not hesitate to contact me at 202-739-5746 with any questions regarding this request.

Sincerely,



Amy Natterson Kroll

ANK

cc: Mary Gail Gearns, Morgan, Lewis & Bockius LLP
Alexander Koch, Esq., Division of Enforcement, Washington, DC
Anik A. Shah, Esq., Division of Enforcement, Washington, DC