

TUPPER JONSSON & YEADON

BARRISTERS & SOLICITORS

AN ASSOCIATION OF LAWYERS AND LAW CORPORATIONS

CARL R. JONSSON*
GLENN R. YEADON*
JEFFREY T.K. FRASER*

LEE S. TUPPER*
PAMELA JOE

1710 - 1177 WEST HASTINGS STREET
VANCOUVER, B.C., CANADA
V6E 2L3

Tel: (604) 683-9262

Fax: (604) 681-0139

E-mail: jonsson@securitieslaw.bc.ca

* denotes a Law Corporation

REPLY ATTENTION OF: Carl R. Jonsson
Direct Tel: (604) 640-6357

OUR FILE:

December 4, 2013

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Autorite des marches financiers
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
Prince Edward Island Securities Office
Office of the Yukon Superintendent of Securities
Office of the Superintendent of Securities, Government of the Northwest Territories
Legal Registries Division, Department of Justice, Government of Nunavut

Larissa Streu,
Senior Legal Counsel, Corporate Finance
British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2

Tracy Clark
Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, AB T2P 0R4

Dear Sirs/Mesdames:

This is in response to your request for comments contained in your Notice 45-312 dated November 21, 2013 relating to a proposed new existing shareholder exemption.

I specialize as a securities lawyer and have had very significant experience with a number of clients who have raised, or have attempted to raise, equity funding pursuant to the existing prospectus exemptions that are available and are referred to in your Notice.

Before answering the specifically numbered questions in the Notice I would like to make the following points:

- (a) I am surprised that issuers are not using the Offering Memorandum exemption. I do - and find that it is a relatively simple, inexpensive way for my listed company – and private company – clients to solicit private placement investments in their companies from non-Accredited Investors. Preparing an Offering Memorandum is a very easy way to solicit private placement investments, both from members of the public and existing shareholders. It gives the investors being targeted a reasonable amount of current information and a cooling off period.
- (b) I believe that it is a bit naïve to think that, because existing shareholders have access to information about the companies in which they hold shares that they either knowledgeable about investing or knowledgeable about those companies.
- (c) It is my understanding that, because companies no longer have to send their financial statements and MD & A's to their shareholders, and only have to send them if they are requested, most shareholders do not request them. And, of course, if they do receive the financial statements they probably cannot understand them because the regulators and the accounting profession have created such onerous and confusing requirements with respect to financial statements that I expect that only accountants and others with significant involvement with financial statements can actually read and properly interpret them.

In the case of my clients I know that few – and in some cases none – of the shareholders request that they be on the mailing list to receive financial statements and MD & A's.

- (d) Notwithstanding the above comments I support the idea of creating a new exemption allowing sales to existing securityholders.

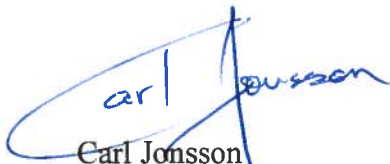
In response to the specific questions posed in your Notice, I comment using the paragraph numbering in the Notice:

1. I am sure that all of my clients would be happy to use the proposed exemption whenever they are undertaking private placement equity financings.
2. I believe the proposed new exemptions should be available to issuers listed on other Canadian markets.
3. Although it is an arbitrarily picked figure I think \$15,000 is a proper 12-month investment limit.
4. I do not think existing securityholders should be able to invest more than \$15,000 under the proposed new exemption. Larger investments can be made if the proposed purchaser receives an Offering Memorandum or is an Accredited Investor.

5. I do not think that there should be no limit in case an investor receives suitability advice from a registered investment dealer. If an investor is to be approached for an investment exceeding \$15,000 he should be given an Offering Memorandum or be an Accredited Investor.
6. I do not agree that being a current securityholder in an issuer necessarily enables the investor to make a more informed investment decision with respect to that issuer.
7. I think that an appropriate record date would be at least 7 days before the announcement. This would discourage the threat referred to in the Notice of promoters inducing a potential investor to buy shares on the secondary market to qualify for the proposed new exemption.
8.
 - (a) I think the 4-month hold period would be appropriate;
 - (b) Filing an AIF would not be of any use. It would be filed after the investment is made by the investor under the new exemption and there is no assurance that the investor would ever access the AIF.
 - (c) I do not consider that any restrictions proposed in this Clause are necessary.
 - (d) I do not think any additional requirements would be needed under this Clause as issuers who are trying to raise money under the new exemption will undoubtedly solicit in every jurisdiction in which it is allowed to use the new exemption.
9. I think that the sales under the proposed new exemption should be subject to the Venture Exchange rules or the rules of the other markets on which the shares are listed for trading – the same as if the sales were being made under one of the existing exemptions.

Please note that these are my views only. I am sending them to you on the letterhead above just to better identify myself to you.

Sincerely,



Carl Jonsson
CRJ:lrh