

January 15, 2014

VIA EMAIL

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
lstreu@bcsc.bc.ca

Attention: Larissa Streu, Senior Legal Counsel, Corporate Finance

Dear Ms. Streu:

Re: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders - Request for Comments

Clark Wilson LLP writes in response to Multilateral CSA Notice 45-312 *Proposed Prospectus Exemption for Distributions to Existing Security Holders* dated November 21, 2013 (the “**Notice**”) and the summary of terms of the proposed exemption contemplated therein (the “**Proposed Exemption**”). We generally support the Proposed Exemption as it will provide venture issuers with an inexpensive way to access the capital markets. Our responses are numbered in a manner that correspond with your questions as set out the Notice.

1. *If you are a TSXV issuer, will you use the prospectus exemption?*

Response: Although we are not a TSXV issuer, we are legal advisors to many TSXV issuers and our clients have indicated that they will use the Proposed Exemption.

2. *Should the proposed exemption be available to issuers listed on other Canadian markets?*

Response: Yes, we believe the Proposed Exemption should be available to issuers listed on other Canadian markets, including the TSX and the CSE. Furthermore, we believe the Proposed Exemption should be available to reporting issuers in any Canadian jurisdiction that are listed on a recognized stock exchange in Canada or the United States.

3. *Investors will only be able to invest \$15,000 in a 12-month period unless they obtain advice from a registered investment dealer. Is \$15,000 the right investment limit?*

Response: We believe the appropriate limit should be \$25,000.

4. *In what circumstances would it be suitable for an investor that is a retail security holder to invest more than \$15,000 in a TSXV issuer?*

Response: It would be suitable if the investor received advice from a registered investment dealer, or the investor is in the business of buying and selling stock.

5. *Do you agree that there should be no investment limit if an investor receives suitability advice from a registered investment dealer?*

Response: Yes.

6. *Do you agree that being a current security holder of an issuer enables an investor to make a more informed investment decision in that issuer?*

Response: Yes as the security holder has in all likelihood previously received some or all of the issuer's public disclosure, and likely monitors their press releases.

7. *What is the appropriate record date for the exemption? Should it be one day before the announcement of the offering or should it be a more extended period? If you think it should be a more extended period, what would be the appropriate period of time?*

Response: We agree that one day is sufficient but consideration should be given to the T+3 settlement procedures when establishing if a proposed purchaser is a security holder on the record date.

8. *We are currently proposing that the exemption be subject to the same resale restrictions as most other capital raising exemptions (i.e., a four month restricted period). However, there are some similarities between the proposed exemption and the rights offering exemption, which is only subject to a seasoning period.*

- (a) *Do you agree that a four month hold period is appropriate for this exemption?*

Response: Yes, because the securities may be issued at a discount to market price and would be therefore consistent with other private placement exemptions and the policies of the TSXV.

- (b) *Should we require issuers to provide additional continuous disclosure, such as an annual information form?*

Response: No.

- (c) *If we were to consider a seasoning period for this exemption, should we consider some of the restrictions that apply under a prospectus-exempt rights offering, such as "claw-backs" limiting insider participation?*

Response: We believe a seasoning period is not appropriate – See response to number 8(a).

- (d) *If securities offered under the exemption were only subject to a seasoning period, would there be a greater need to ensure investors are made aware of and have an opportunity to participate in the offering?*

Response: We believe a seasoning period is not appropriate – See response to number 8(a).

- (e) *We have not proposed any conditions regarding the structure of the financing, i.e., minimum or maximum price, maximum dilution, or period in which an offering must be completed. We contemplate that the proposed financing would be conducted under the standard private placement rules of the TSXV which, among other things, allow pricing at a discount to market price. Is this appropriate or are there structural requirements that we should make a condition of the exemption?*

Response: We believe this is appropriate.

Clark Wilson LLP is involved in the securities industry as a legal professional and believes that the Proposed Exemption will be beneficial to the public venture capital market. We support the introduction of Proposed Exemption and feel that it will aid venture companies to raise additional capital and will keep shareholders engaged.

Yours truly,

CLARK WILSON LLP

Per: "Craig Rollins"

Craig V. Rollins