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

December 17, 2013

Dear Ms. Clark,

As an officer and director of a number of junior public companies, I am very happy to see the Securities commissions proposing new exemptions that I feel will help all junior public companies raise the capital needed to continue to move forward. I am sure an exemption such as this will be utilized by many of the companies on the TSXV.

That being said, below are my comments related to certain of the requirements in the proposed exemption.

**Record Date**

I do not see that the requirement for the Record Date will be one day prior to a press release announcing the financing as being necessary. This requirement makes the exemption essentially a Rights Offering. And at present time we have Rights offering exemptions that are not utilized very often, so this requirement may make this proposed exemption less effective than I think it could be. In order to make this proposed exemption more attractive to companies and therefore more effective to help public companies access capital, I would suggest that this requirement be removed. As there is a limit on the amount any individual investor can invest, the risk to the public market integrity is small. If an investor purchases shares on the open market on the day of the press release to gain access to this exemption, the most they could then invest is limited by the cap and at a \$15,000 limit, and that should not create a situation where the public integrity is an issue. I think that if the record date was specified in the press release and was within the timeframe needed to still meet the specified closing date, then this would allow the exemption to be better utilized the company.

**Four Month Hold Period**

As there is a limit to the amount that an investor can invest under the proposed exemption, I feel that the imposition of a four month hold will restrict a number of the investors that will take advantage of this proposed exemption. With a \$15,000 limit such as this, the exemption will more than likely be utilized by individual retail investors, who would currently not meet other exemptions, such as the accredited investor. These types of investors have generally never had the opportunity to assist the companies that they want to hold shares in, raise money, as they could only buy shares in the secondary market. Any shares they would have

purchased in the open market would always be free trading. By restricting the trading through imposing a four month hold on a small investment amount, I feel it would be a deterrent to them making that type of investment, versus investing the amount in the secondary market as they always have. I understand the requirement for a hold period on private placements, where individual investments may be significantly larger than the proposed limit with this exemption, but in the situation with this proposed exemption, I do not understand the reasoning for this hold period.

### **Annual Maximum Investment**

I understand and agree that there needs to be a limit on the amount of the investment that can be made pursuant to this proposed exemption, but I have two comments in regard to this. Firstly, an annual limit of \$15,000 for any individual is quite low, and as such I would see this as basically restricting an investor to one such investment per year under this exemption. I do understand that the amount can be made larger if the investor has received advice from a registered investment dealer, but this requirement can be problematic for the issuer, as they will not know if any individual shareholder has received advice on the placement they are proposing, or on any other placements that investor has participated in during the year. As a suggestion perhaps the limit could be two fold, \$15,000 per issuer to a maximum of \$60,000 per year.

The second concern is if the issuer is going to have to ascertain the amounts the investor has invested under this proposed exemption for any annual period. If the issuer only is required to obtain a written confirmation from the investor this will not be an issue, but if the issuer has to obtain other confirmation it will be difficult.

In summary, I want to reiterate, as an issuer involved in the junior public market, how important I think it is that the Securities Commissions act and act quickly make changes such as this proposal. Changes such as this proposal can help many of the TSXV companies access capital that until now was not available to them.

Regards,



Dave Antony