

January 17, 2014

**SENT VIA E-MAIL**

British Columbia Securities Commission  
Alberta Securities Commission  
Financial and Consumer Affairs Authority of  
Saskatchewan  
Manitoba Securities Commission  
Autorité des marchés 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

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File: 777001.0118

Dear Sirs/Mesdames:

**Re: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders (the “CSA Notice”)**

We write in response to the request for comments under the CSA Notice.

We are in support of this exemption and welcome its implementation.

In response to certain of the questions posed in the CSA Notice we provide the following comments:

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

We believe that the proposed exemption should be available not only to issuers listed on the TSX Venture Exchange but also to issuers listed on other Canadian markets. We are uncertain as to why the exemption should be limited to TSX Venture Exchange issuers. Issuers listed on other Canadian markets would generally be subject to the same continuous disclosure obligations under applicable securities laws and therefore existing shareholders of issuers listed on other exchanges would have access to information that is subject to similar standards of disclosure in order to make informed investment decisions.

*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?*

We would suggest that the appropriate record date for shareholders be one day before the announcement of the offering. A prescribed record date allowing for more of an extended period does not necessarily mean that an investor will have greater familiarity with an issuer and setting any other date would be largely arbitrary. With respect to the possible concerns noted in the CSA Notice regarding the risk of a “pump and dump”, we believe that current regulations against insider tipping should adequately address those concerns. As the securities commissions would receive reports of exempt distribution listing the names of investors under the exemption, the securities commissions could monitor whether the exemption was being abused in this manner.

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

To ensure a level playing field with other private placement investors, a four month hold would be appropriate. A private placement to new investors would be typically undertaken utilizing other capital raising exemptions with an associated four month restricted hold period. If investors under the proposed exemption were subject only to a seasoning period, they would effectively have no hold periods and would receive a significant advantage over other investors.

Apart from the above comments, we also would like to suggest that the exemption clearly define the term “*offering material*”, as such term is used in section 7 of the exemption. Under section 7, any “offering material” provided to a purchaser in connection with a distribution under the proposed exemption must be filed on SEDAR. We expect that in many cases, issuers may reach out to their shareholders with correspondence or “email blasts” to advise them of the opportunity for existing shareholders to invest in a private placement utilizing the exemption. The correspondence may refer shareholders to the issuer’s website, for example, to obtain additional information on the issuer. An issuer should have clarity as to what materials would need to be filed. For example, is “offering material” the same as how the Ontario *Securities Act* defines an “offering memorandum” which means “a document purporting to describe the business and affairs of an issuer that has been prepared primarily for, delivery to and review by a prospective purchaser to make an investment decision.” We think this is the intention and this should be made more clear.

We hope the above comments are of assistance.

Yours truly,

MILLER THOMSON LLP

Per: “*Dwight D. Dee*”

Dwight D. Dee  
DDD/ck

