

# RESPONSE TO THE MULTILATERAL CSA NOTICE 45-312 Proposed Exemptions



## Submitted by Jennifer L. Boyle, B.A., LL.B.

- Director Carlisle Goldfields Limited (TSX:CRJ)
- President, CEO and Director Satori Resources Inc. (TSXV:BUD)
- Director, Nevada Exploration Inc. (TSXV:NGE)
- Founder and former President, CEO and Director Takara Resources Inc. (TSXV:TKK)

=====

- Former Securities Lawyer, Calgary, AB listing JCP's on the ASE
- Former member of the TSXV Local Committee, Montreal branch
- Founder and Co-founder of various Canadian publicly traded companies, listed both on Venture and TSX

401 Bay Street, Suite 2702

Toronto, ON, M5H 2Y4

416 904 2714

[jennifer@capexgroupinc.com](mailto:jennifer@capexgroupinc.com)

1/20/2014

**To:** 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

**c/o**

**Larissa Streu**  
Senior Legal Counsel, Corporate Finance  
British Columbia Securities Commission  
P.O. Box 10142, Pacific Centre  
701 West Georgia Street  
Vancouver, British Columbia V7Y 1L2  
Fax: 604-899-6581  
[lstreu@bcsc.bc.ca](mailto:lstreu@bcsc.bc.ca)

**Tracy Clark**  
Legal Counsel, Corporate Finance  
Alberta Securities Commission  
Suite 600, 250-5<sup>th</sup> Street SW  
Calgary, Alberta T2P 0R4  
Fax: 403-297-2082  
[tracy.clark@asc.ca](mailto:tracy.clark@asc.ca)

**RE: Comments in respect of Specific Consultation Questions  
Multilateral CSA Notice 45-312  
Proposed Prospectus Exemptions for Distributions to Existing Security Holders**

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

I would use the proposed exemption often.

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

Given that volatility in the markets affects industry sectors, it only makes sense that the proposed Rule be applicable to all Canadian Exchanges.

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?

An adjustment is required, whether it be to the amount invested, or to the prescribed time period since last investment.

Either increase to \$25,000, or reduce the time period from last investment to 6 months. Reducing the time period is coincident with companies funding ongoing exploration programs and takes into consideration a need for additional financing based on results from work programs.

See specific answer in item 6 below.

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?

Where the Issuer files a Material Change Report evidencing changes in the Issuer's business operations.

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

Given the "Know your Client" requirements, it would make sense that there should be no limit where advice is sought from a registered investment dealer.

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?

Given that numerous differing factors support a decision to invest or to not invest, it is arguable that being a current security holder does enable an investor to be more informed in respect of an investment decision. Conversely, it can also provide a false sense of Lottery ticket mentality.

Therefore, in addition to the above, I submit that the Rule further be opened up to non-accredited investors who are not already security holders on more restrictive terms, namely, that:

- i. the limit be \$15,000 in each twelve month period to non-accredited investors who are not already security holders and who seek the advice of a registered investment dealer;

- ii. the prescribed time since last investment by existing security holders be reduced from the proposed 12 months to 6 months; and
- iii. should item (ii) above not be acceptable, then the threshold amount of \$15,000 be increased to \$25,000.

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?

One day is acceptable. It denotes prior investigation, which is the policy reason driving the requirement to be an existing security holder.

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?

Yes.

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

It would be acceptable to impose an AIF Requirement.

- 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?

No. It is the insiders that support the companies when markets are difficult.

- d. Would there be a greater need to ensure investors are made aware of and have an opportunity to participate in the offering?

No comment.

9. 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?

No.