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BY EMAIL

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The Secretary
Ontario Securities Commission
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Dear Sirs and Mesdames:

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

Jordan Capital Markets Inc. is an Investment Industry Regulatory Organization of Canada (the "IIROC") member firm headquartered in Vancouver, British Columbia with one branch in Calgary, Alberta. We have one wholly-owned subsidiary, Jordan Advisory Services Inc., which is a Portfolio Manager licenced with the BCSC, ASC and OSC. We employ sixty people and we are growing, despite the current state of the Canadian capital markets. Our primary source of revenue is derived from the financing of venture issuers.

We are aligned with the Canadian Securities Administrators' ("CSA") in ensuring the protection of our clients. We also support the streamlining of Canadian securities regulation, oversight and the capital raising process for junior issuers to enable them to access capital in a more cost efficient and timely manner. We strongly support the Proposed Exemption and look forward to its timely implementation. We believe the Proposed Exemption is a first step towards the overall goal of simplification of the regulatory framework under which both IIROC member firms and junior issuers operate.

In Response to your Questions

If you are a TSXV issuer, will you use the Proposed Exemption?

N/A.

2. Should the Proposed Exemption be available to issuers listed on other Canadian markets?

Yes. As the Proposed Exemption is for the benefit of existing shareholders, there should be no exchange specific barriers imposed on listed issuers choosing to utilize the Proposed Exemption. We are hopeful the Proposed Exemption will become available to issuers listed on other Canadian markets. Furthermore, we do not believe the initial provincial jurisdictions putting forward the Proposed Exemption should have to wait if one or two jurisdictions choose to delay adoption in their respective jurisdictions.

We believe junior issuers will be the primary users of the Proposed Exemption as senior issuers have access to Rights Offerings.

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?

We would propose a lower limit for investors who don't have the protection of prospectus-level disclosure or participation through an IIROC member firm however, the proposed \$15,000 maximum limit is not unreasonable.

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

First, we support unlimited investment if the investor participates through an IIROC member firm, as suitability reviews are already conducted. Second, investor protection is of paramount importance and the CSA should not impose arbitrary limits on the size of a citizen's individual investment decision. Each investment opportunity is unique as is each retail investor. Additional one size fits all regulation is not helpful in an environment where there are already significant policies, procedures and controls in place to protect investors.

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

If an IIROC member firm in conjunction with their client determines the investment is suitable, we see no reason to impose an investment limit. We do not support the view that investors need saving from themselves and regulators should not impose arbitrary limits on their investment decisions.

Over the past decade, venture issuers have reduced their reliance on brokered private placements whether for cost savings, expediency or a combination of both. We believe this has been done at the expense of due diligence protection for the retail investor. Reduced due diligence is not the correct path of action and we are cognizant the Proposed Exemption does not contemplate whether a private placement is brokered or non-brokered.

As we anticipate the trend towards the use of non-brokered private placements will continue, we recommend the IIROC and the CSA consider implementing a more limited know your product "KYP" standard on IIROC member firms who assist junior issuers utilizing the Proposed Exemption. Should the CSA and provincial commissions fail to consider this aspect of the Proposed Exemption we anticipate there will be reduced take up by the larger, bank-owned IIROC member firms.

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?

Yes. An existing shareholder has previously made an informed investment decision and has at least a rudimentary understanding of the merits and pitfalls of the issuer. Thus, the existing shareholder should require less additional disclosure than a non-shareholder.

7. What is the appropriate record date for the Proposed 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 more extended period what would be the appropriate period of time?

The appropriate date is the day immediately prior to the public announcement of the offering.

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?

The hold period applicable to this exemption should be consistent with those applicable to other exemptions.

However, we believe hold periods should be revisited for all exempt financings. Current hold periods no longer serve their initial purpose which was primarily to permit investors time to receive information via post. Electronic dissemination now permits material information to be received virtually instantaneously.

Furthermore, hold periods limit the ability of issuers to raise capital because retail investors have a deference to locking-up their capital for extended periods of time. While not part of the Proposed Exemption process, we recommend hold periods prescribed for all exemptions be eliminated.

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

No, the purpose of the Proposed Exemption should be to reduce the time and cost of the capital raising process. We are also of the opinion that most retail investors are bombarded with regulatory required disclosure documentation to the point they no longer read or absorb it. The protection of all investors is paramount but disclosure needs to be simplified.

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.

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?

The disclosure should be in the form of a news release that announces the terms of the offering, the use of the exemption, the use of proceeds and any other material information (such as a standby guarantee or backstop).

In addition, IIROC member firm Investment Advisors and Exempt Market Dealer employees will certainly notify their clients of the opportunity to invest via the Proposed Exemption. There should be no need to mandate additional disclosure methods or formats.

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 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?

Conducting the Proposed Exemption under the pricing and private placement rules of the applicable exchange is appropriate and should not be amended by the CSA, the provincial commissions or the IIROC. Pricing should be consistent with the existing discount structure on the exchange on which the relevant issuer is listed.

The regulators must remain conscious of the fact that the majority of existing shareholders hold their shares in 'street form' inside IIROC member firm accounts and the engagement of the investment dealer community will be paramount to the success of the Proposed Exemption.

We also suggest it would be inappropriate for any "finder's fees" to be payable when utilizing the Proposed Exemption unless the investor has been provided with "suitability" advice through a registered IIROC member firm.

Conclusions

We support the Proposed Exemption and we thank the participating jurisdictions for taking the initiative to propose this additional tool for raising capital. We believe the Proposed Exemption maintains a balance between process expediency, cost efficiencies for issuers and maintaining the integrity of the capital markets.

Should you have further questions please do not hesitate to contact me.

Yours truly,
JORDAN CAPITAL MARKETS INC.



Mark Redcliffe
Chief Executive Officer