

GORDON KEEP

VANCOUVER, BC

February 12, 2015

To: British Columbia Securities Commission
Larissa M. Streu
Senior Legal Counsel, Corporate Finance
lstreu@bcsc.bc.ca

Re: Proposed Amendments to NI 45-106

Dear Sirs,

Further to your Request for Comments on Proposed Amendments to NI 45-106 dated November 27, 2014, please find enclosed my comments to your questions using the same numbering system in the Request.

Questions:

- 1) I think the exercise period could be reduced to 10 or 15 days and still meet all requirements for sufficient time for shareholders to act. Another possible metric would be that it needs to trade for a minimum of 10 days, so all market participants are aware and can buy and sell the Rights.
- 2) I do not see any challenges with the requirement.
- 3) I do not see challenges with sending Notices as it mostly goes to intermediaries and filing the circular on SEDAR is sufficient.
- 4) I think that the proposed changes covers the key areas.
- 5) The closing news release disclosure is appropriate.
- 6) I think that Rights should trade to ensure that shareholders who can't exercise get some value for the discounted offering. The only advantage I can think of is that if it does not trade the issue could be closed quicker i.e. 10 days total, however as stated earlier I think they should have to trade for everyone to benefit.
- 7) I agree with removing the pre-offering review and the benefits outweigh the risks. I think the post distribution review should be focused on adherence to the policy and not the specifics as to the sufficient funds etc.
- 8) It is appropriate to use the civil liability for secondary market disclosure. I am unsure of the contractual right of action consequences.

- 9) I disagree with the concept of separating out the basic and additional subscription privilege. The key purpose is to get the company funded and any delay or complications will put the financing at risk. More information is always of value but the risks outweigh the benefits. Even in possible control situations this should not be split. The control issue would likely only be caused by insiders or guarantors taking up the additional subscription. If concern that an insider could become a control person, then the policy should make it a requirement for them to disclose in the circular as to their intent of exceeding 20%.
- 10) No comment as I have limited experience.
- 11) I do not think a four month hold is necessary for guarantors or new shareholders. The success of most financings by Rights is because you have a guarantor. Any restrictions will limit their willingness to act. If they are not needed to exercise the guarantee, all the shares are free trading so the market is not prejudiced because they needed to exercise the stand by commitment and received free trading shares
- 12) No four month hold period for any guarantor including broker firms. The fact that a fee is paid is not relevant to this process. At most the fee could be subject to a hold period if paid in securities. However, no restrictions is my preference. If a four month hold is imposed, the cost of the guarantor/stand by commitment will increase significantly.
- 13) No contemplated challenges.

Yours Truly,



Gordon Keep