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Via E-Mail

February 26, 2015

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority (Saskatchewan)
Manitoba Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon
Superintendent of Securities, Nunavut

Dear Sirs/Mesdames:

Re: CSA Notice and Request for Comment (November 27, 2014) – Proposed Amendments to Rights Offerings by Reporting Issuers

We are writing in response to the request of the Canadian Securities Administrators (the "**CSA**") for comments in respect of the proposed amendments (the "**Proposed Amendments**") to National Instrument 45-106 *Prospectus and Registration Exemptions*, National Instrument 41-101 *General Prospectus Requirements*, National Instrument 44-101 *Short Form Prospectus Distributions*, and National Instrument 45-102 *Resale Restrictions* and Proposed Repeal of National Instrument 45-101 *Rights Offerings*.

Overall, we are in favour of the implementation of the Proposed Amendments. We welcome the initiative to amend rights offerings so that they will become a viable and more attractive financing method for issuers. Historically, our clients have viewed rights offerings as overwhelmingly negative and a financing "method of last resort" due to the length of and difficulty in predicting the overall timeline and the capital raising limits under the current regime. We believe the Proposed Amendments substantially address the issues which made rights offerings an impractical and undesirable financing method (specifically the increase of permitted dilution in a 12-month period to 100% and removal of the requirement for advanced review and clearance of rights offering circulars by securities regulators).

We offer the CSA two comments that we believe will further increase the efficiency and effectiveness of the Proposed Amendments:

1. We believe that the considered imposition of a restricted period on resale of securities of an issuer by the “stand-by guarantor” whom acquires securities under the proposed “stand-by exemption” is unnecessary.
 - (a) The market participants are already exposed to the securities that are acquired through the subscription privilege, and if the full subscription privilege is met, such number of securities would enter the market with a seasoning period.
 - (b) If such stand-by guarantor is typically a “strategic investor” as you suggest, then this investor would most likely hold the securities for a period of time, thus reducing the exposure, and subsequent liabilities, of such securities to the secondary market.
 - (c) The protections afforded to investors through civil liability for continuous disclosure should be balanced against the need for flexibility from the acquirer of securities under the proposed stand-by exemption.

2. We believe that the Proposed Amendments should not restrict the availability of the rights offering prospectus exemption to reporting issuers.
 - (a) While we agree that securityholders of non-reporting issuers will not have access to the same continuous disclosure as would the case for reporting issuers, this is true for other exemptions as well, such as the accredited investor exemption.
 - (b) We believe that many non-reporting issuers did not use the previous exemption because of its inefficiency. In this regard, the exemption following the Proposed Amendments would be an attractive capital raising method for small and medium sized non-reporting issuers, and increase the flexibility of the same issuers to access capital.

Yours truly,

"Jason Mullins"

Jason Mullins

For and on behalf of

BURSTALL WINGER ZAMMIT LLP