

## Multilateral CSA Notice 45-313

### *Prospectus Exemption for Distributions to Existing Security Holders*

March 13, 2014

#### *Introduction*

The securities regulatory authorities in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Yukon, Northwest Territories and Nunavut (the participating jurisdictions or we) are each publishing a prospectus exemption (exemption) that, subject to certain conditions, allows issuers listed on the TSX Venture Exchange (TSXV), Toronto Stock Exchange (TSX) or Canadian Securities Exchange (CSE) to raise money by distributing securities to their existing security holders.

The participating jurisdictions have made, or expect to implement, the exemption by way of

- blanket order in each of British Columbia, Saskatchewan, Manitoba, Nova Scotia, New Brunswick, Prince Edward Island, the Northwest Territories, Nunavut and Yukon; and
- rule in each of Alberta and Québec.

The exemption will be effective in each participating jurisdiction concurrently with, or as soon as possible after, this notice. Each participating jurisdiction has attached their form of exemption as Annex A to this notice.

#### **Substance and purpose**

The purpose of the exemption is to facilitate capital raising for listed issuers and foster participation of retail investors in private placements, while maintaining appropriate investor protection.

The exemption permits listed issuers to issue listed securities to their existing security holders, subject to a number of conditions. The key conditions are:

- the issuer must have a class of equity securities listed on the TSXV, TSX or CSE;
- the offering can consist only of a class of equity securities listed on the TSXV, TSX, or CSE, or units consisting of the listed security and a warrant to acquire the listed security;
- the issuer must make the offering available to all existing security holders that hold the same type of listed security;
- unless the investor has obtained suitability advice from a registered investment dealer, the investor can only invest a maximum of \$15,000 per issuer under the exemption in a 12-month period;
- the issuer must have filed all timely and periodic disclosure documents as required under applicable securities laws;
- the issuer must issue a news release disclosing the proposed offering, including details of the use of proceeds;
- each investor must confirm in writing to the issuer that, as at the record date, they held the type of listed security offered under the exemption;

- an investor must be provided with certain rights of action in the event of a misrepresentation in the issuer's continuous disclosure record; and
- although an offering document is not required, if an issuer voluntarily provides one, the issuer must file the offering document with the securities regulatory authority and an investor will have certain rights of action in the event of a misrepresentation in it.

The first trade of securities issued under the exemption will be subject to resale restrictions under section 2.5 of National Instrument 45-102 *Resale of Securities*, like most other capital-raising prospectus exemptions. In addition, issuers will have to file a report of exempt distribution within 10 days after each distribution under the exemption.

This is only an exemption from the prospectus requirement. There is no corresponding exemption from the dealer registration requirement. In general, issuers with an active non-securities business do not have to register as a dealer because they are not in the business of trading. See the guidance in Companion Policy 31-103 *CP Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

### *Background*

We published the exemption for comment on November 21, 2013 (the 2013 Proposal). For additional background on the exemption, please refer to the notice we published on November 21, 2013.

### *Summary of Written Comments Received by the Participating Jurisdictions*

The comment period for the 2013 Proposal ended January 20, 2014. During the comment period, we received submissions from 241 commenters. We considered the comments received and thank all of the commenters for their input. The list of commenters is in Annex B to this notice and a summary of comments is contained in Annex C to this notice.

The comment letters can be viewed on the Alberta Securities Commission website at [www.albertasecurities.com](http://www.albertasecurities.com).

### *Summary of Changes to the Exemption*

After considering the comments, we made some revisions to the 2013 Proposal. Those revisions are reflected in the form of exemption each participating jurisdiction is publishing concurrently with this notice. As these changes are not material, we are not republishing the exemption for a further comment period.

The key changes we made to the 2013 Proposal are described below. We also highlight areas where we are not making changes to what was proposed in the 2013 Proposal.

### ***Exchanges***

In the 2013 Proposal, we proposed to limit the availability of the exemption to issuers with equity securities listed on the TSXV. We sought comment on whether the exemption should be available to issuers listed on other Canadian markets.

We received comments indicating that the policy rationale for the exemption applies equally to issuers listed on other Canadian exchanges. We have revised the exemption so that it will be available to issuers with equity securities listed on the TSXV, TSX or CSE.

### ***Record date***

The record date is the date on which a security holder must already hold securities of the issuer to be eligible to acquire securities under the exemption. We did not specify a record date in the 2013 Proposal. Instead, we sought comment on two alternatives: a record date up to one day before the announcement, or a longer period.

Most commenters supported a record date of at least one day prior to the date of the announcement. We have now specified that the record date be a date that is *at least one day* prior to the day that an issuer issues the offering news release.

### ***Requirement to make offer to all existing security holders***

Under the 2013 Proposal, there was no requirement that an issuer make the offering available to all existing security holders. We added a condition that the issuer makes the offer available to all persons who, as of the record date, held a listed security of the issuer of the same class and series as the listed security to be distributed under this exemption. Issuers would therefore be unable to limit the offer to selected security holders.

We think this requirement furthers one of the goals of the exemption, which is to promote fairness by giving investors who do not meet the criteria under other capital-raising exemptions the opportunity to participate in private placements. We do not think this is a burdensome requirement, since we expect issuers will wish to maximize the amount of capital they can raise under the exemption.

**An issuer is only required to make the offer available to security holders who reside in jurisdictions where the exemption or a similar exemption is available.**

### ***Requirement to disclose approach to oversubscriptions***

The offering news release must include reasonable detail of the proposed distribution, including the minimum and maximum number of securities an issuer proposes to distribute. In the 2013 Proposal, we did not specify any disclosure requirements where aggregate subscriptions exceed the maximum number of securities proposed to be distributed. However, to help ensure fairness and transparency in how issuers deal with oversubscriptions, we have added a requirement that issuers describe in the offering news release how they intend to allocate oversubscriptions.

### ***Sunset clause***

In the 2013 Proposal, the participating jurisdictions adopting the exemption by blanket order proposed that the blanket order would expire on December 31, 2015, subject to extension. In

light of the support for the exemption, and given that in two jurisdictions the exemption will be permanently available in a rule, the blanket order will not contain a sunset clause.

### ***Other comments***

We received comments suggesting other changes. We are not making the following changes at this time:

- *Investment limit:* A number of commenters supported increasing the limit, but there was no consensus on the appropriate dollar amount. Instead of delaying implementation to consult further on the appropriate investment limit, we propose to maintain the \$15,000 limit (unless an investor obtains suitability advice). We will monitor the use of the exemption to see if changes to the investment limit are warranted.
- *Resale restrictions:* We propose to maintain the restricted period so securities issued under the exemption will be subject to a four-month hold period. This is consistent with most other capital-raising exemptions. A number of commenters expressed views on hold periods generally. We propose to implement the exemption without delay and defer consideration of hold periods at this time.

### **Ontario**

The Ontario Securities Commission announced on December 4, 2013 that it would publish for comment four new capital raising prospectus exemptions in the first quarter of 2014, including a proposed prospectus exemption for distributions to existing security holders. It intends to publish the proposed prospectus exemptions on or around March 20, 2014.

### **Local Matters**

Annex D is being published in any local jurisdiction that is making related changes to local securities laws, including local notices or other policy instruments in that jurisdiction. It also includes any additional information that is relevant to that jurisdiction only.

### **Annexes**

- A. Form of Exemption in Local Jurisdiction
- B. List of Commenters on 2013 Proposal
- C. Summary of Comments Received on 2013 Proposal
- D. Local Matters

## *Questions*

Please refer your questions to any of the following:

### **Larissa Streu**

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British Columbia Securities Commission  
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### **Nazma Lee**

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British Columbia Securities Commission  
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### **Tracy Clark**

Legal Counsel, Corporate Finance  
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### **Tony Herdzik**

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Financial and Consumer Affairs Authority of Saskatchewan  
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### **Chris Besko**

Deputy-Director - Legal  
The Manitoba Securities Commission  
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### **Sylvie Lalonde**

Director, Policy and Regulation Department  
Autorité des marchés financiers  
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### **Susan Powell**

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**Louis Arki**

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Legal Registries Division, Department of Justice, Government of Nunavut  
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**Annex A**

<b>THE SECURITIES ACT</b>	)	<b>Order No. 6887</b>
	)	
<b>Section 20(1)</b>	)	<b>March 13, 2014</b>

**Exemption from prospectus requirement for certain trades to existing security holders**

**BLANKET ORDER 45-501**

**Definitions**

1. Terms defined in The Securities Act (the Act) or National Instrument 14-101 *Definitions* have the same meaning in this Instrument.
2. In this Instrument:

“announcement date” is the day that an issuer issues the offering news release;

“investment dealer” has the same meaning as in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*;

“listed security” means a security of a class listed on the TSX Venture Exchange, The Toronto Stock Exchange or the Canadian Securities Exchange;

“offering material” 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 so as to assist the prospective purchaser to make an investment decision in respect of securities being sold in a distribution under this Instrument;

“offering news release” means the news release of an issuer announcing its intention to conduct a distribution under this Instrument;

“record date” is the date that is at least one day prior to the announcement date; and

“warrant” means a warrant issued by an issuer that entitles the holder to acquire a listed security or a fraction of a listed security of the same issuer.

### **Exemption for sales to existing security holders**

3. The prospectus requirement does not apply to a distribution by an issuer of a security of its own issue to a security holder of the issuer if:
  - (a) the issuer is a reporting issuer in at least one jurisdiction of Canada;
  - (b) the issuer's equity securities are listed for trading on the TSX Venture Exchange, The Toronto Stock Exchange, or the Canadian Securities Exchange;
  - (c) the issuer has filed in each jurisdiction of Canada in which it is a reporting issuer all periodic and timely disclosure documents that it is required to have filed in that jurisdiction as required by each of the following;
    - i. applicable securities legislation,
    - ii. an order issued by the regulator or securities regulatory authority,
    - iii. an undertaking to the regulator or securities regulatory authority;
  - (d) the issuer has issued and filed the offering news release;
  - (e) the distribution is of a listed security or a unit consisting of a listed security and a warrant;
  - (f) the issuer makes the offer available to all persons who, as of the record date, held a listed security of the issuer of the same class and series as the listed security to be distributed under this exemption;
  - (g) the purchaser purchases the security as principal;
  - (h) the purchaser represents in writing to the issuer that, on or before the record date, the purchaser acquired and continues to hold, a listed security of the issuer of the same class and series as the listed security to be distributed under this exemption;
  - (i) one of the following applies:
    - i. the purchaser is a person that has obtained advice regarding the suitability of the investment and, if the person is resident in a jurisdiction of Canada, that advice has been obtained from a person that is registered as an investment dealer in the jurisdiction,



- ii. the aggregate acquisition cost to the purchaser for the securities purchased under this Instrument, when combined with the acquisition cost to the purchaser for the purchase of any other security from the issuer under this Instrument in the last 12 months, does not exceed \$15,000.
- 4. The offering news release must include reasonable detail of the proposed distribution and proposed use of gross proceeds including:
  - (a) the minimum and maximum number of securities proposed to be distributed and the minimum and maximum aggregate gross proceeds of the distribution;
  - (b) a description of the principal purposes, with approximate amounts, for which the issuer will use the gross proceeds, assuming both the minimum and maximum offering; and
  - (c) a description of how the issuer intends to allocate securities if aggregate subscriptions for securities under the proposed distribution exceed the maximum number of securities proposed to be distributed.
- 5. The subscription agreement between the issuer and purchaser must contain a contractual right of action against the issuer for rescission or damages that:
  - (a) is available to the purchaser if a document or core document, each as defined in the Act, contains a misrepresentation which was not corrected before the purchaser acquires a security under this exemption, without regard to whether the purchaser relied on the misrepresentation;
  - (b) is enforceable by the purchaser delivering a notice to the issuer
    - i. in the case of an action for rescission, within 180 days after the purchaser signs the agreement to purchase the security, or
    - ii. in the case of an action for damages, before the earlier of
      - A. 180 days after the purchaser first has knowledge of the facts giving rise to the cause of action, or
      - B. 3 years after the date the purchaser signs the agreement to purchase the security;
  - (c) is subject to the defence that the purchaser had knowledge of the misrepresentation;
  - (d) in the case of an action for damages, provides that the amount recoverable

- i. must not exceed the price at which the security was offered, and
    - ii. does not include all or any part of the damages that the issuer proves does not represent the depreciation in value of the security resulting from the misrepresentation; and
  - (e) is in addition to, and does not detract from, any other right of the purchaser.
6. The issuer must represent each of the following to the purchaser in the subscription agreement:
- (a) the issuers “documents” and “core documents” each as defined in the Act, do not contain a misrepresentation.
  - (b) there is no material fact or material change related to the issuer which has not been generally disclosed.
7. Other than the subscription agreement, any offering material provided to a purchaser in connection with a distribution under this Instrument must be filed with the regulator or securities regulatory authority no later than the day that the material was first provided to a purchaser.

#### **Resale restrictions**

8. The first trade of a security acquired under this Instrument is subject to section 2.5 of National instrument 45-102 *Resale of Securities*.

#### **Report of exempt distribution**

9. An issuer that distributes a security under this Instrument must file a report in Manitoba no later than the 10<sup>th</sup> day after the distribution.
10. The required form of report under section 9 is Form 45-106F6.

#### **BY ORDER OF THE COMMISSION**

'R.B. Bouchard'  
**Director – Corporate Finance**

## Annex B

### List of Commenters on 2013 Proposal

Midas Gold	Victor Harwardt
Carl Jonsson	Tom McCandless
Fiore Management & Advisory Corp.	Kensington Court Ventures Inc.
Chamberlain Hutchison	Doug McFaul
Darrin Hopkins	Marion Shaw
The Canadian Advocacy Council for Canadian CFA Institute Societies	Canadian Securities Exchange
Manex Resource Group	Miller Thomson LLP
Dave Antony	Impact Silver Corp.
Venture Capital Markets Association	Canadian International Minerals Inc.
Richard Sutin	Charn Deol and Rajindar Deol
Sean Zaboroski	S. Mark Francis
Rick Moore	Harvey Lawson
Jim Borland	N.C. Carter
Judie Whitby	Guy Chase
Auramex Resource Corp.	Newmac Resources Inc.
Louis Béliveau	Gregory Harris
Ingrid Hibbard	Bennett Jones LLP
Jordan Trimble	L'Association de l'exploration minière du Québec (AEMQ)
Karen Allan	John Kvellestad
Donald Mosher	Investment Industry Association of Canada
Ian Frame	Jordan Capital Markets Inc.
Stuart Ross	Cambridge House International Inc.
Catherine Green	Jennifer Boyle
Brad Farquhar	Global Met Coal Corporation
Tim Termuende	ALQ Gold Corp.
Salley Bowes Harwardt Law Corp.	Cadillac Mining Corporation
Morris McManus	A group of investment dealers
Sharon White	<ul style="list-style-type: none"><li>• Global Securities Corporation</li><li>• Haywood Securities Inc.</li><li>• Jordan Capital Markets Inc.</li><li>• Leede Financial Markets Inc.</li><li>• Mackie Research Capital Corporation</li><li>• Macquarie Capital Markets Canada Ltd. (Vancouver)</li><li>• PI Financial Corp.</li><li>• Wolverton Securities Ltd.</li><li>• Woodstone Capital Inc.</li></ul>
IGC Resources Inc.	TMX Group Limited
Dean Gendron	Boughton Law Corporation
Clark Wilson LLP	Wayne Workun
Tosca Mining Corp.	
G. Trevor Conway	
Critical Outcome Technologies Inc.	
George Stephenson	
US Oil Sands Inc.	
Elmer Stewart	
Paul Bowes	
Mike England	
Mark Fields	

Donald Simon  
Burnet, Duckworth & Palmer LLP  
DuMoulin Black LLP  
Donald Leitch, Peter Yates and Trevor Korsud  
Matt Terriss  
Darford International Inc.  
Carrie Cesarone  
Zahra H. Ramji  
Burstall Winger  
Greg Hogan and Brian Koscak  
McCullough O'Connor Irwin LLP  
Venture Law Corporation  
Exempt Market Dealers Association of Canada  
Canadian Foundation for Advancement of  
Investor Rights  
William Murray  
Chris Bunka  
Greenock Resources Inc.  
Nav Dhaliwal  
David Little  
Prospectors & Developers Association of  
Canada  
Gardiner Roberts LLP  
Gordon Blankstein  
Scott Broughton  
R. Brian Ashton  
Thomas Atkins  
Don Baxter  
Hannah Bernard  
Patrick Butler  
Eric Carlson  
Charles Chebry  
Mike Clark  
Denis Clement  
Bob Cooper  
Terry Coughlan  
David Duggan  
Garth Edgar  
Don Flahiff  
Leonard Gareau  
Ronan Geoghegan  
Shannon Cotnam  
Ethan Heck  
Dave Hodge  
G. Bret Conkin

Rav Mlait  
Tim Kenny  
Farhan Lalani  
Joe Markevich  
Reza Mohammed  
Luke Montaine  
Travis McPherson  
Paul Pawelec  
Brian Peel  
G.P. Schroeder  
Richard Silas  
Daniel Southern-Dwyer  
Tom Steer  
Peter Yew  
Dan Stuart  
Adrian Sydenham  
James Tobbe  
Brian Thomas  
Sean Tufford  
A.H. Von Kursell  
Terri Anne Welyki  
Bruce Winfield  
Aditya\*  
Jason Allen  
Tom Anderson  
Victoria Anderson  
John Archibald  
Antonio Arias  
J.K. Arias  
Jon Armes  
Saadia Syed  
Rebecca Badowich  
Erez Bahar  
James Black  
Grant Block  
G. Bodnarchuk\*  
Douglas Bowie  
Clifford Boychok  
Carl Burrows\*  
Jesse Campbell  
David A. Caulfield  
David Chandra  
W. Coetzer  
Nicole Chartrand  
Harrison Cookenboo

*\*illegible or incomplete name*

Bruce Counts  
David Coweur  
Steve Davidson  
Lyle Davis  
Paul Dickson  
Peter M. Dimmell  
Nathalie Dion  
Mario Drolet  
Peter Eberhardt  
Hani El Rayess  
Donald Erickson  
Robert Fisher  
Taryn Flint  
Sandy Gardner  
Jason Gigliotti  
A. Paul Gill  
Ravneet Gill  
Kuba Graboski  
Brian Gusko  
Ronald L. Handford  
Brian Hawes  
Augustin Henriques  
Eugene Hodgson  
Carleigh Hofman  
Kirsty Hogg  
Alison Holditch  
Yuliya Inopina  
Caleb Jefferies  
Twila Jensen  
Bernie Kennedy  
Richard Kgosana  
Terry Killey\*  
Jan Kindler  
Peter Krah  
M. Kiesman  
Paul Kuhn  
Preeth Kumar  
Michael Lake  
John Lando  
David S. Larsen  
Roger Leschuk  
Nastassia Macky  
Jim Marsh

Jeremy Martin  
Stephen Martin\*  
Nancy Massicotte  
James K. Mortensen  
Murray McChristian\*  
Sean McCole  
Brock McMichael  
Chad McMillan  
James Nelson  
Jason Nickel  
Kevan O'Brien  
Justus Parmar  
James Paterson  
Brian Petsnick  
Randy\* (at PI Financial)  
Chris Reynolds  
Brent Rusin  
Rick\*  
Jay Roberge  
George Rodriguez  
Mark Saxon  
Rick Schafer  
Lowell Scott\*  
Tim Shearcroft  
Cody Simpson  
G. W.\*  
Kevin Spiro  
Jeremy Strautman  
Al Stan  
Kyle Steveson  
O. Tielens  
Jordon Trimble  
Riley Trimble  
Josh Trujillo  
Rob Turner  
John A. Versfelt  
Matt Watson  
Steve Williams  
Young Xiao  
Christine Lai

## Annex C

### Summary of Comments Received on 2013 Proposal

#### 1. General support

Commenters overwhelmingly supported the proposed exemption. Many commenters said that the exemption would be beneficial to the public venture capital market by helping issuers (especially venture issuers) raise financing in a cost-effective manner. A number of commenters also noted the exemption would keep retail investors engaged.

Many commenters urged us to adopt the exemption as quickly as possible.

#### 2. Making exemption available to issuers listed on other Canadian markets

In the 2013 Proposal, we proposed that the exemption would only be available to issuers with a class of equity securities listed on the TSXV. We sought comment on whether the proposed exemption should be available to issuers listed on other Canadian markets.

Commenters who provided comments on this question overwhelmingly supported making the exemption available to issuers listed on the TSX and the CSE, in addition to the TSXV. Reasons for extending the exemption to issuers listed on the TSX and CSE included the following:

- All issuers listed on an exchange in Canada are subject to continuous disclosure obligations under securities laws, so security holders 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.
- Issuers listed on other Canadian markets face similar financing challenges to those listed on the TSXV.

#### 3. Investment limit

In the 2013 Proposal, we proposed an investment limit of \$15,000, unless an investor obtains suitability advice from a registered investment dealer. We sought comment on the investment limit and whether it was appropriate to set no limit where suitability advice has been obtained.

There were many comments on the proposed investment limit. While some commenters agreed that \$15,000 was a reasonable investment limit, many commenters thought the limit was too low and suggested limits ranging from \$25,000 to \$100,000 to “no limit”. Reasons for increasing the limit included the following:

- Retail investors are not limited to investing any particular amount when purchasing securities of a listed issuer on the secondary market, so they should not be limited in the amount they purchase under the proposed exemption.
- The success of the exemption will be measured both by how many retail investors participate and by the capital issuers are able to raise in reliance on the exemption. While limiting the amount of total loss is a valid consideration in implementing a prospectus

exemption, a higher limit strikes a fairer balance between the need to protect investors, the right of investors to make their own investment decisions and the need to allow junior issuers to raise meaningful levels of capital in reliance on the exemption.

- Many security holders may choose not to reinvest in an issuer given current market conditions, so those who do choose to participate should be able to invest a larger amount.

Some commenters suggested alternatives for calculating individual investment limits. One commenter suggested basing the investment limit on a *pro rata* allocation consistent with investors' current holdings. Another commenter suggested basing the limit on the greater of \$15,000 and the current market value of the security holder's investment in the issuer. Another commenter suggested a calculation that would permit security holders with a significant position to participate beyond the \$15,000 limit to the extent of their current holding multiplied by the offering price.

A few commenters suggested expanding the category of registrants who could provide suitability advice beyond registered investment dealers.

#### **4. Record date**

In the 2013 Proposal, we did not specify a record date but sought comment on different alternatives as short as one day before the announcement of the offering. While some commenters felt the record date should be a more extended period, with suggestions ranging from at least 5 days before the announcement of the offering to 90 days, the majority of commenters favoured a record date of at least one day before the announcement of the offering. Reasons for this included the following:

- A record date allowing for an extended period does not necessarily mean that an investor will have greater familiarity with an issuer. With respect to possible "pump and dump" concerns, current regulations against insider tipping should adequately address those concerns.
- Setting a record date as the date that is immediately prior to the public announcement of the offering ties into the TSXV's pricing policy.
- Whether an investor purchased securities of an issuer 60 days previously or two days previously does not matter. What matters is that an investment decision was made.

#### **5. Resale restrictions**

The majority of commenters providing feedback on the resale restrictions agreed that the exemption should be subject to a four-month restricted period. Reasons for this included the following:

- A four-month hold period ensures consistent treatment with other capital-raising exemptions. The four-month hold period meets the objectives of allowing retail investors to get the discounted price, avoid commissions, and acquire sweeteners, but does not provide advantages over other exemptions like "friends and family" or accredited investor.

- Although the rights offering exemption (where only a seasoning period is imposed) is similar to the exemption, it is also different in many important ways, including with respect to the disclosure requirements.
- A four-month hold period will be helpful to discourage investors from using the exemption for speculation purposes.

Some commenters provided feedback on the concept of hold periods generally and whether hold periods continue to serve a useful function.

## **6. Additional structural requirements**

We did not propose any conditions regarding the structure of the financing and sought comment on whether the financings should be conducted under the standard private placement rules of the exchange. Most commenters agreed with this approach, however one commenter suggested making the private placement rules of the TSXV an integral part of the exemption, including an aggregate limit on the amount raised to no more than 25% of the number of the existing outstanding securities of the class to be issued in any twelve-month period.

We also asked if there are other structural requirements that we should make a condition of the exemption. A few commenters suggested capping the amount that issuers could raise under the exemption in a twelve-month period. Some commenters suggested that investment dealers be allowed to backstop offerings and be entitled to additional compensation for doing so.

Commenters generally disagreed with requiring issuers to provide additional continuous disclosure, such as an annual information form, as a condition of the exemption. One commenter did, however, suggest requiring additional disclosure in the offering news release regarding insider holdings and intention to participate in the offering.