

Ashlyn D'Aoust
Legal Counsel, Corporate Finance

Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, Alberta T2P 0R4
Fax: 403-355-4347

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Office of the Superintendent of Securities, Government of Newfoundland and Labrador
Department of Community Services, Government of Yukon
Office of the Superintendent of Securities, Government of the Northwest Territories
Legal Registries Division, Department of Justice, Government of Nunavut

RE: CSA Notice of Republication and Request for Comment regarding Proposed National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers* Proposed Amendments to National Instrument 41-101 *General Prospectus Requirements*, National Instrument 44-101 *Short Form Prospectus Distributions* and National Instrument 45-106 *Prospectus and Registration Exemptions* and Proposed Related Consequential Amendments

Dear Sirs and Madams,

Please accept the following as my comments regarding the above proposed changes.

Specifically, I am commenting on the proposal that TSX Venture Exchange Capital Pool Companies ("CPCs") will not be exempt from Annual and Interim Reporting Requirements of Part 3 to the proposed NI 51-103. In addition I am responding to Question 13, Rule 12.1 and 12.2 regarding whether or not CPC's should be eligible for an exemption from additional requirements.

For the record, I have assisted in taking over 100 CPCs public over the past 18 years.

It is not correct to state that a CPC is a listed company like any other. At the lowest denominator, a CPC carries a ".P" designation that signals that it is separate and distinct from other TSX Venture Exchange ("TSXV") listed companies. In particular, a CPC is prohibited from carrying on any business other than the identification and evaluation of assets or businesses with a view to completing a proposed Qualifying Transaction (a "QT"). Clearly, a CPC is not the same as all other listed companies. TSXV Policy 2.4 (the "**CPC Policy**") provides a very specific set of rules and requirements governing CPCs until completion of a QT. I draw your attention to the CPC Policy.

With all due respect, it is not logical to state that: "*the progress of the CPC towards a qualifying transaction merits periodic updating.*" It is clearly stated in a CPC Prospectus that a CPC's lot in life is to investigate and identify potential business's in order to complete a CPC. There is no need for a periodic update, the raison d'être of a CPC is tattooed right on it's very existence. If a CPC has in fact identified a qualifying transaction, that is a material change, the stock would be halted, and a press release

would be issued. I see no grey area here. It is pointless and costly for a CPC to have to spend a good portion of it's treasury to state that it is still looking for a QT, just like it said it would do in it's prospectus.

The only material matter of interest in the absence of a QT, is how much money is left in the CPC treasury. We must assume that fraud is not being committed and thus a management statement in the interim of the unaudited balance should suffice.

The costs associated with a CPC not being exempt from the proposed Annual and Interim Reporting Requirements are prohibitive. While I acknowledge that the CSA has provided a CPC with a limited ability to incorporate certain information (items 16 & 17 of Part 2 of the proposed Form 51-103F1) by reference to its CPC prospectus. It is worth noting, again, with the exception of management the sole asset of a CPC is the money it has in treasury to pursue a QT. If a CPC is forced to comply, it will be necessary to expend more money in relation to compliance. I suspect that CPCs will have to disclose in the CPC prospectus that a large amount of the funds raised in a CPC will be spent on complying with securities regulations. In fact, it may be the case that for some of the smaller CPCs, a majority funds in treasury may be used up complying with securities regulations. The irony here is that you will be forcing CPCs to raise more money for compliance. How is that of any value to the subscribers in a CPC? We end up with a pool of compliant CPCs that are all out of money.

A decision to not allow CPCs to be exempt from the additional requirements will be the end of the 25 year old highly successful CPC program.

Darrin Hopkins

Darrin Hopkins BA MBA

Vice President | Public Venture Capital Division | Macquarie Private Wealth Inc.
440 – 2nd Avenue South West, Suite 2200, Calgary, AB T2P 5E9
T: 403 260 3877 | TF: 1 800 661 1596 | F: 403 269 7870
darrin.hopkins@macquarie.com www.macquarieprivatewealth.ca



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