



December 12, 2012

Zafar Khan  
Policy Counsel  
Listed Issuer Services  
27<sup>th</sup> Floor, 650 West Georgia Street  
P.O. Box 11633  
Vancouver, BC V6B 4N9  
T (604) 602-6982  
F (604) 488-3121  
zafar.khan@tsx.com

**BY EMAIL**

British Columbia Securities  
Alberta Securities Commission  
Saskatchewan Financial Services Commission  
Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
Nova Scotia Securities Commission  
New Brunswick Securities Commission  
Prince Edward Island Securities Office  
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

c/o **Ashlyn D'Aoust**  
**Legal Counsel, Corporate Finance**  
**Alberta Securities Commission**

**Anne-Marie Beaudoin**  
**Corporate Secretary**  
**Autorité des marchés financiers**

Dear Sirs/Mesdames:

**Re: Proposed National Instrument 51-103**

In response to the Notice of Republication and Request for Comment (the “**Notice**”) published by the Canadian Securities Administrators (the “**CSA**”) on September 23, 2012 in respect of Proposed National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers* (the “**Proposed NI**”), TSX Venture Exchange (“**TSXV**” or the “**Exchange**”) provides the following comments and feedback.

**A. General Comments**

1. **Annual Reports for Capital Pool Companies:** It is noted that per section 6 of Form 51-103F1 *Annual and Interim Reports* (“**Form 51-103F1**”), a Capital Pool Company (a “**CPC**”) may, in satisfying the disclosure requirements for an Annual Report, incorporate by reference the disclosure required in sections 16 and 17 of Form 51-103F1 from its initial public offering prospectus (the “**CPC Prospectus**”) provided that it remains current. The

Exchange requests that this incorporation by reference concession available to CPCs be expanded to include Items 17, 19, 23 to 27, 30 and 35 to 37 of Form 51-103F1 provided that such information is fully disclosed in the CPC Prospectus and such disclosure remains current as of the date of the Annual Report.

The Exchange is of the view that expanding the incorporation by reference concession in the manner described above would not compromise the publicly available disclosure in respect of a CPC given that the relevant disclosure is, by virtue of the nature of a CPC, relatively static and the relevant disclosure could only be incorporated by reference if it actually existed in the CPC Prospectus and it remained current as of the date of the Annual Report.

By expanding the incorporation by reference concession in the manner described above, the costs of preparing an Annual Report for a CPC would potentially be decreased and the CPC would correspondingly have greater available resources to seek out and pursue a potential Qualifying Transaction. This would correspond with the expectations and best interests of the shareholders of the CPC and can reasonably be viewed as a better use of the CPC's financial resources as compared to paying the costs associated with preparing continuous disclosure documents that are of limited utility to the CPC's shareholders and the market in general given the existence of identical disclosure in the CPC Prospectus.

2. **Reverse Takeover Circulars as Alternative AIF:** TSXV requests that the proposed definition of "alternative AIF" to be added to National Instrument 45-106 *Prospectus and Registration Exemptions* ("NI 45-106") be expanded to include a current information circular or filing statement prepared by an issuer in accordance with TSXV Form 3D1/3D2 – *Information Required in an Information Circular for a Reverse Takeover or Change of Business/Information Required in a Filing Statement for a Reverse Takeover or Change of Business* (an "RTO circular").

It is noted that, at present, a current "QT circular" is included within the proposed definition of "alternative AIF" (which corresponds with the inclusion of a current "QT circular" within the existing definition of AIF in NI 45-106). On this basis, it would be reasonable to include a current RTO circular within the proposed definition of "alternative AIF" given that the disclosure requirements for a QT circular and an RTO circular are substantially identical to one another with both being required to include prospectus-level disclosure.

The principal benefit of including a current RTO circular within the definition of alternative AIF is that greater flexibility will be provided to issuers conducting a Reverse Takeover or Change of Business (as defined in TSXV policies) with respect to financing alternatives, in particular under Part 5 of NI 45-106.

3. **Implementation of the Proposed NI and Educating Issuers:** Given the scope of the changes that will be given effect upon implementation of the Proposed NI, the Exchange recommends that the CSA be proactive in its efforts to educate venture issuers and their advisors on the impact of the Proposed NI to the disclosure and governance regime applicable to venture issuers. To the extent that the Exchange can assist the CSA in this regard, the Exchange welcomes the opportunity to participate in this process. In this regard, please do not hesitate to contact the undersigned to coordinate such matters.

**B. Comments Related to Drafting**

TSXV provides the following comments in respect of certain drafting matters.

1. For drafting consistency, the wording of sections 30(3) to (5) of Form 51-103F1 *Annual and Interim Reports* (“**Form 51-103F1**”) and the wording of sections 14(1) to (5) of Form 51-103F4 *Information Circular* (“**Form 51-103F4**”) should be conformed with one another.
2. For drafting consistency and to correct ambiguous wording, the wording of Instruction 5 of Form 51-103F2 *Report of Material Change or other Material Information* (“**Form 51-103F2**”) should be conformed with the wording of Instruction 2 of Form 51-103F4. In particular, the reference to “a venture issuer” in the wording “another document filed by a venture issuer” in Instruction 5 of Form 51-103F2 should be replaced with “the venture issuer” similar to what is done in Instruction 2 of Form 51-103F4. In the absence of this change, it may be inferred under Form 51-103F2 that an issuer can incorporate by reference disclosure provided in another document filed by any venture issuer and not just by the issuer itself.
3. In section 12(4) of Form 51-103F4, it appears that the two cross-references to subsection (2) should actually be to subsection (3).

Thank you for the opportunity to provide our comments and feedback in respect of the Proposed NI. If you require any clarification of our comments and feedback, please do not hesitate to contact the undersigned at your convenience.

Regards,

**TSX VENTURE EXCHANGE INC.**

Per: (signed) “*Zafar Khan*”

Zafar Khan  
Policy Counsel