May 6, 2003

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Ms. Marsha Manolescu
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4th Floor, 300 – 5 Avenue SW
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Dear Madam:

Re: Proposed Amendments to Multilateral Instrument 45-102 – *Resale of Securities* ("MI 45-102")

I. Introduction

We thank you for the opportunity to comment on revised MI 45-102. As the TSX Venture Exchange (the "Exchange") operates a national exchange for emerging companies, we have examined revised MI 45-102 in the context of the junior issuer market.

II. General Comments

In general, we support the direction being taken by the CSA in revised MI 45-102. In particular, we support the following changes:

1. the elimination of the concept of a qualifying issuer, subject to certain exceptions as noted below;

2. the standardization of restricted and seasoning periods to four months;

3. the introduction of the exemption to permit resale of securities without complying with the seasoning requirements where the issuer becomes a reporting issuer by filing a prospectus in one of the approved jurisdictions; and

4. the simplified plain language used in Form 45-102F1 Notice of Intention to Distribute Securities Under Section 2.8 of MI 45-102 Resale of Securities.

We believe that these amendments are a positive step toward harmonizing resale rules and reducing costs for emerging companies. In particular, the uniform resale rules and recognition of seasoning periods across jurisdictions will significantly reduce the complexity, confusion and costs inherent in the existing regime. The CSA is to be commended for these initiatives.

We do, however, have a general concern in respect of the combined application of proposed National instrument 51-102 *Continuous Disclosure Obligations* and the provisions of revised MI 45-102. The most significant concern is that revised MI 45-102 provides no incentive for small business issuers to improve their level of continuous disclosure by filing an AIF. We believe there is a benefit to providing such annual disclosure, and that issuers should be encouraged to do so. Unlike the current regime, the proposals do not provide any reason for issuers to consolidate and update their continuous disclosure in one document.

Although we support the removal of the concept of a 12 month hold period in favour of a four month hold period for all issuers, we are of the view that certain advantages should be retained for issuers that elect to comply with a higher standard of disclosure. For example, we would support limiting the availability of the use of the Short Form Offering Document (“SFOD”) pursuant to Blanket Order 45-507 (AB) and BC Instrument 45-509, to issuers that have filed an AIF.

The disclosure in the SFOD presupposes the presence of a current AIF. We are of the view that it is inappropriate to extend the advantages of this financing instrument to issuers that cannot provide potential investors with this enhanced disclosure base**.**

Further to this point, the disclosure in the AIF is only meaningful in relation to issuers that have an active business, therefore we suggest that the SFOD exemptions only be made available to issuers with an active business as evidenced by their listing on an exchange or a board of an exchange that has continued listing requirements based on the existence of an active business, or issuers undertaking a reactivation, where upon closing of the Short Form financing, the issuer will be fully active and listed on an exchange that has continued listing requirements based on the existence of an active business.

In addition to the use of the SFOD regime, there may be other inducements which can be provided to issuers to encourage them to file AIFs. For example, issuers filing AIFs could access public markets through a simplified disclosure document analogous to the short form prospectus, as contemplated by National Instrument 44-101. This type of inducement would be consistent with the CSA's Integrated Disclosure System proposal, which we understand, is intended to be accommodated by the CSA's recent concept proposal on Uniform Securities Legislation.

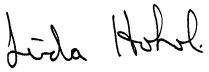
III. Conclusion

In conclusion, subject to the above comments, we support the revisions that you have made to MI 45-102, which we believe will provide substantial benefits for our emerging companies, both from the perspective of assisting them in their capital raising efforts as well as reducing their costs.

If you have questions, please do not hesitate to contact me.

Yours truly,

TSX VENTURE EXCHANGE



Linda Hohol

cc:

British Columbia Securities Commission
Manitoba Securities Commission
Nova Scotia Securities Commission
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