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**BY E-MAIL**

May 27, 2008

British Columbia Securities Commission  
Alberta Securities Commission  
Saskatchewan Financial Services Commission  
Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
New Brunswick Securities Commission  
Registrar of Securities, Prince Edward Island  
Nova Scotia Securities Commission  
Superintendent of Securities, Newfoundland and Labrador  
Registrar of Securities, Northwest Territories  
Registrar of Securities, Yukon Territory  
Registrar of Securities, Nunavut

Dear Sirs and Mesdames:

**Proposed National Instrument 45-106, Prospectus and Registration Exemptions**

Thank you for your invitation to provide comments on the proposed National Instrument 45-106 (the “**Rule**”) and the forms required thereunder, published in January 2008.

Our comments are restricted to the revised Form 45-106F2 – Offering Memorandum for Non-Qualifying Issuers.

**Section 3.1 – Compensation and Securities Held**

For the following reasons, we respectfully disagree with the added disclosure requirement, as drafted, of compensation paid by a related party to a director, officer, promoter or insider of the issuer (“**Named Persons**”). Unfortunately, there was no commentary in any of the published materials that discussed the rationale for this additional disclosure requirement and so our comments must be read in absence of a clear understanding of the CSA’s reasoning behind this addition.

The definition of related party in the instructions to Form 45-106F2 defines a related party to include the Named Persons, control persons, certain blood relatives and spouses, and certain companies controlled by these persons or, if these persons are not individuals, the persons that control these non-individuals. The instructions to Form 45-106F2 further state that an Offering Memorandum (“**OM**”) must provide a prospective purchaser with sufficient information to make an informed investment decision, but is not required to include the level of detail and extent of disclosure required by a prospectus. Although the general OM instructions do allow the issuer to skip non-applicable disclosure items, the revision as drafted does not, in our view, clearly allow the issuer to not disclose compensation paid by a related party based on inapplicability.

In our view, in most instances, disclosure of compensation paid to a Named Person by a related party is not relevant information for a potential investor of the issuer unless the compensation is in effect being paid indirectly by the issuer, such as the situation where the funds being raised under the OM offering or other funds of the issuer are paid to the related party that is paying the compensation for its own use, or the payment of compensation by the related party otherwise has recourse to the issuer, such as the creation of a debt between the issuer and the related party, or the creation of a defined benefit to the issuer.

Absent some form of recourse back or defined benefit to the issuer for payment of this compensation by a related party or impact on the issuer's financial position or offering proceeds, we fail to see the relevance of disclosure respecting compensation payments made to the Named Persons by a related party. Given the definition of related party in Form 45-106F2, we can envision more situations where compensation paid to a Named Person by a related party is entirely irrelevant to the issuer and its potential investors than those where it is relevant disclosure for an OM offering. For example, compensation paid by a grandparent in a completely unrelated family venture or by a company controlled by a director of the issuer that is completely unrelated to the issuer or its business. With the requirement as drafted, these payments could be viewed as applicable since the payments were made to a Named Person by a related party, but are entirely irrelevant to the issuer, the offering, or a potential investor's investment decision and, therefore, should not be required to be disclosed.

We believe that this disclosure should be restricted to compensation paid to the named persons in and for their employment, contract for services or position (director or officer) with the issuer, paid directly or indirectly by the issuer or for which a defined benefit to the issuer is clearly evident from the fact that the compensation has been paid by a related party, but should not extend to payments which are completely non-recourse, or unrelated, to the issuer, its business, funds or securities.

We ask that this added requirement be removed or limited, such as requiring disclosure of compensation to the Named Persons for their employment, contract for services or position (director or officer) with the issuer, paid directly or indirectly by the issuer or by a related party if such payment has direct recourse back to the issuer. Alternatively or additionally, we would like to see instructions added to the form instructions specifically outlining when disclosure under this item is applicable (as suggested above) or not applicable thereby providing issuers with some comfort when making a determination of inapplicability and skipping this disclosure item.

Thank you for your consideration of our comments.

Yours very truly,

*“Susan Belcher”*

**CareVest Capital Inc.**  
**Susan M. Belcher, General Counsel**