



October 27, 2011

BY EMAIL

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

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Anne-Marie Beaudoin
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Dear Mesdames/Sirs:

Re: Proposed National Instrument 51-103 Ongoing Governance and Disclosure Requirements for Venture Issuers ("NI 51-103")

We appreciate this opportunity to comment on the proposed new regulatory regime for the venture market. CNSX Markets Inc. ("CNSX Markets") is supportive of initiatives which work to streamline regulatory requirements for venture issuers while serving to improve the quality of disclosure as a whole.

Background – CNSX Markets

CNSX Markets is a recognized stock exchange in Ontario, and authorized or exempt in Quebec, British Columbia, Alberta and Manitoba. We operate two distinct markets: the Canadian National Stock Exchange ("CNSX") and the Pure Trading facility ("Pure").

General Comments

As an exchange, we have created a relatively simple rule structure that is readily comprehensible to CNSX listed issuers and enables investors to see that the companies are in compliance with our Policies. We require enhanced disclosure of the companies' activities in management-prepared monthly progress reports and require the companies to certify compliance with our rules and those of applicable securities regulatory authorities. This disclosure material is publicly available through our website. In addition, our listed companies must provide enhanced quarterly reporting and an annually updated listing statement containing prospectus level disclosure. However, we have been careful not to introduce rules that overlap with regulatory requirements. Instead, we adopt the latter by reference or defer to them so as to simplify the overall regulatory environment for the listed companies. If NI 51-103 is adopted we will carefully review our own requirements to ensure that there is no unintended burden resulting from a conflict or duplication.

CNSX employs a regulation model that is designed to provide enhanced disclosure benefiting our listed issuers and investors in two ways: the company is not pre-occupied with compliance with duplicate regulation to the detriment of their businesses and investors are more informed. More informed investors are better equipped to make investment decisions.

Elimination of First and Third Quarter Financials:

While we are cognizant that quarterly financial data may be made on a voluntary basis under NI 51-103, we still strongly believe that the utility of these financial statements to investors outweighs any benefit that would accrue to venture issuers from their elimination. Shareholders and prospective investors rely on the quarterly disclosure of financial data to determine the investment quality of an Issuer and eliminating the first and third quarter financials are likely to have negative consequences with respect to informed decision making. Six months between reports on a Company's financial position, operating results or changes in financial position is too long in our opinion. Since the preparation and dissemination of these reports is relatively straightforward and not expensive, it seems unnecessary to eliminate them. We would, however, be supportive of requiring the filing of first and third quarter financial statements without the associated MD&A and certifications.

In conclusion, we support the concept of streamlining the securities regulatory environment and reducing costs for venture issuers while concomitantly providing better quality disclosure for investors. As noted, our exchange employs a regulatory model in keeping with the spirit of NI 51-103. However, while proportionate regulation of the venture market is a worthy goal, it is also important that in the case of quarterly financials we don't try to fix something that isn't broken.

Yours truly,

CNSX Markets Inc.

|
"Rob Theriault"

Director – Listings & Regulation

cc: Richard Carleton, Interim CEO
Robert Cook, President
Mark Faulkner, Vice President, Listings & Regulation
Cindy Petlock, General Counsel & Corporate Secretary