



CANADIAN LISTED COMPANY ASSOCIATION

March 17, 2005

Alberta Securities Commission
British Columbia Securities Commission
Manitoba Securities Commission
New Brunswick Securities Commission
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Department of Justice, Government of the Northwest Territories
Nova Scotia Securities Commission
Registrar of Securities, Legal Registries Division, Department of Justice, Government of Nunavut
Ontario Securities Commission
Office of the Attorney General, Prince Edward Island
Autorité des marchés financiers du Québec
Saskatchewan Financial Services Commission
Registrar of Securities, Government of Yukon
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Re: Proposed National Instrument 45-106 Prospectus and Registration Exemptions Form 45-106F1, Form 45-106F2, Form 45-106F3, Form 45-106F4, Form 45-106F5, and Companion Policy 45-106CP Prospectus and Registration Exemptions

Dear Sirs:

The Canadian Listed Company Association (CLCA) is pleased to provide comments on the proposed revisions to NI 45-106. The Canadian Listed Company Association represents the viewpoint of public Listed Companies (“Issuers”) and conducts education and advocacy programs on their behalf. This letter hasn’t been fully reviewed by our board and we ask that if there are any additions or significant amendments we be permitted to forward those in the next few business days.

Our past comment letters and newsletters can be found on our website www.lcaca.com. Our comments and opinions tend to focus on the following areas:

1. Harmonization must preserve the parts of the securities market that are proven and working well. The challenge is to coordinate and standardize, yet allow for the tremendous difference in size and industries that characterize our markets.

2. One of the key economic advantages to doing business in Canada is the access to a speculative pool of capital at relatively low cost by venture issuers. This access is made possible by our unique venture class regulations in an appropriately regulated market place. In fact a large number of small issuers is not just a western phenomenon.

We are very pleased at the movement toward harmonizing prospectus and registration exemptions. These exemptions are extremely important for the health of Canada's capital raising system as evidenced by the fact well over 80% of funds raised by venture issuers are through these exemptions. We are disappointed there remain differences in rules and refusal by Ontario to adopt some key exemptions that are widely used and proven beneficial in the western provinces. The costs and inefficiencies of conducting a national private placement will be reduced by this proposal but those jurisdictional differences remain.

More Specific Comments Follow:

A. Capital Raising Exemptions

- a. Accredited Investor: We feel the financial criteria is too high for an individual, however the private Investment Club exemption provides an alternative to those affected by the limits to qualify.
- b. Private Issuer: We are very pleased there is uniform acceptance of this exemption.
- c. Family Friends and Business Associates: Ontario has adopted a narrower version and omitted the concept of friends all together, even though it's accepted for private issuers. This will continue to cause confusion, expense, disadvantage to new ventures in Ontario and perhaps some inadvertent non-compliance in multi jurisdiction placements.
- d. Offering Memorandum: We agree with the wider adoption of this exemption although the investment limits and slight differences among the provinces should be removed as they are very close. The failure to adopt this exemption by Ontario and Quebec would be very disappointing and will actually reduce disclosure and director liability as issuers use exemptions requiring no disclosure document or certification of disclosure.

B. Transaction Exemptions

- a. Asset Acquisition: The requirement for a \$150,000 fair value is not applicable to Canada's junior mining exploration industry, which structures deals on an option basis, and small dollar value amounts in shares are often issued. The same concept should apply to Canada's technology sector which often uses licensing arrangements instead of purchases and accordingly would have need to issue small amounts

of shares. This would avoid not disclosing an intent to issue shares in payment and then setting up the issuance as a shares for debt.

- b. Private Investment Club: These are a popular mechanism to share and control risk we fully endorse this proposal.

C. Employee, Executive Officer, Director and Consultant Exemption

- a. Unlisted Reporting Issuer Exemption: The exclusion of CNQ Canada's newest Stock Exchange in the definition of listed issuer is unwarranted as it is a recognized stock exchange and corporate law, and governance requirements apply to compensation and no arms length transactions consistent with the provisions set out here. Differentiating between recognized exchanges causes confusion, expense and inadvertent non-compliance in some cases.

D. Offerings By TSX Venture Exchange Offering Document

- a. Exclusion by Ontario: Ontario has not adopted the Short Form Offering document on the TSX-V which has been well established in Canada and is a system that enhances disclosure and requires due diligence on the part of a member of the Exchange and Investment Dealers Association. As with the omission of the Offering Memorandum, this exclusion will actually reduce disclosure and director liability as issuers use exemptions requiring no disclosure document or certification of disclosure.

In conclusion we fail to understand why key jurisdictions would not adopt exemptions that enhance disclosure and require due diligence be conducted on that disclosure with the personal liability of Directors and Officers at stake.

Thank you for the opportunity to comment on your proposal.

Sincerely,



D. Bruce McLeod, P.Eng.
President & Director

"Donald A. Gordon"

Donald A. Gordon, CFA
Executive Director