

**For Immediate Release
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Canadian Securities Regulators Propose New Exemption for Distributions to Existing Security Holders

Vancouver – The securities regulatory authorities in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Yukon, Northwest Territories, Nunavut, and Prince Edward Island today published for comment a proposed prospectus exemption that would, subject to certain conditions, allow issuers listed on the TSX Venture Exchange (TSX-V) to raise money by distributing securities to their existing security holders.

Currently, if a TSX-V issuer wants to distribute securities to its existing security holders who are not accredited investors, they must use a prospectus or a prospectus exemption that requires a disclosure document, such as an offering memorandum or a rights offering circular.

Data shows that TSX-V issuers rarely use prospectus offerings or prospectus exemptions that require disclosure documents. This means that retail security holders who want to make an additional investment in a TSX-V issuer must generally buy securities on the secondary market at the market price and pay brokerage fees. This also means that the TSX-V issuers do not have access to a potential source of capital.

“The proposed exemption would allow TSX-V issuers to distribute securities to existing security holders, relying on their continuous disclosure record, thereby reducing the cost for investors and providing issuers with access to an additional source of financing,” said Bill Rice, Chair of the CSA and Chair and Chief Executive Officer of the Alberta Securities Commission.

In order to acquire securities under this exemption, an existing security holder would have to confirm in writing that they were a security holder as of the record date for the offering. This limits use of the exemption to investors that have already made an investment decision in the issuer. Other key conditions designed for investor protection include:

- unless the investor has obtained advice regarding the suitability of the investment from a registered investment dealer, the aggregate amount invested by the investor in the last 12 months under the exemption must not be more than \$15,000, and
- the investor must be provided with rights of action in the event of a misrepresentation in the issuer’s continuous disclosure record.

All participating CSA jurisdictions are inviting comments until January 20, 2014.

A copy of the CSA notice and proposed exemption is available on participating CSA member websites.

The CSA, the council of the securities regulators of Canada's provinces and territories, coordinates and harmonizes regulation for the Canadian capital markets.

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