Theodora Lam
Director, Market Regulation Policy
Canadian Investment Regulatory Organization
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Dear Ms. Lam

I have been involved with taking companies public and developing their assets for 45 years, and I have seen a lot of changes over the years. The first decades of my career were not perfect, not all of my companies did well. But some did, with one of them reaching a $3 billion market capitalization, and another $12 billion a few years after I left. My companies have built successful mines. My companies have repatriated ownership of several operating mines and development projects back to Canada.

The past dozen years have been the most difficult, and I believe part of the problem has been the changes to shorting rules. The problem has long been denied by the various authorities who are supposed to be protecting shareholders, for reasons that I can only speculate. I understand the importance of shorting to the market, but regulations should be made for the benefit of the investing public, not the financial industry which stands to gain from this almost unregulated shorting. Contrast the mining industry in Australia, which is more restrictive on shorting, with that of Canada. Big difference.

The result has been a tepid market for small development companies, the virtual death of funds that cater to these companies, and billions in losses for shareholders who have fled en masse. I understand I have watched the trading in some of my companies in horror, as massive sell orders hit the market in the last minute of trading. Sometimes by firms that have never traded in my company before. If I were to buy shares like that at the last minute I'd probably be banned from trading.

The regulations are by necessity complex. But putting a simple spin on it, why can we not:

- Bring back the uptick rule.

-There could be two classes of issuers, based on market capitalization, and for example companies under a $1 billion market cap could have a separate set of shorting rules, and be designated as such 30 days after crossing that threshold.

- Police the shorts. If someone doesn't provide the stock during the day after the trade, it must be bought back in. Penalties must be put in place, for both the shorter and the brokerage firm managing the trade, when this rule is broken.

-Shorters must identify where they are going to borrow the shares before the trade occurs, as is the case in other jurisdictions.

Since the banks control CIRO, it is unlikely they would bring in regulations which would make it more difficult to carry on business, but there should be penalties on brokerage firms that break the shorting rules on behalf of their clients.

Thank you for reading my comments,

Yours truly,

Kerry Knoll

Chairman

Generation Mining Ltd.