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June 9, 2008

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Securities Act, s. 48, 76 Exemption from registration and prospectus requirements for situations other than a corporate acquisition or reorganization; trades to business associates; debt settlements; or trades involving employee investment plans and consultants – An issuer is seeking first trade relief for securities that it has previously issued under exemptions from the registration and prospectus requirements of securities legislation – Trading on the TSX Venture Exchange will not commence until four months and one day after the issuer became a reporting issuer; every shareholder of the issuer will hold their shares for at least the equivalent of the hold period prescribed by NI 45-102; the issuer is required to file on SEDAR the public disclosure documents required to be filed by a reporting issuer under Canadian securities laws during the hold period

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 34(1)(a), 48, 61 and 76

In the Matter of
the Securities Legislation of
Alberta and British Columbia
(the Jurisdictions)

and

In the Matter of
the Mutual Reliance Review System for Exemptive Relief Applications

and

In the Matter of
CounterPath Corporation
(the Filer)

MRRS Decision Document

Background

- ¶ 1 The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) granting an exemption from the prospectus requirements (the Prospectus Requirements) of the

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Legislation for the first trade of any of the common shares of the Filer that were distributed:

- (a) pursuant to an exemption contained in National Instrument 45-106 *Prospectus and Registration Exemptions*;
 - (b) without the legend (the Canadian Legend) specified in subparagraph 2.5(2)3.(b) of National Instrument 45-102 *Resale of Securities* (NI 45-102); and
 - (c) prior to April 21, 2008 (Restricted Shares),
- (collectively, the Requested Relief).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) the British Columbia Securities Commission is the Principal Regulator for this application; and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

- ¶ 2 Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are defined in this decision.

Representations

- ¶ 3 This decision is based on the following facts represented by the Filer:
- 1. the Filer was incorporated under the laws of the State of Nevada on April 18, 2003 under the name Broad Scope Enterprises, Inc;
 - 2. the Filer has an authorized capital of 83,076,900 shares of common stock (Common Shares) and 100,000,000 shares of preferred stock;
 - 3. the Filer is registered as an extraprovincial company under the *Business Corporation Act* (British Columbia) and has been registered since June 10, 2004;
 - 4. the Filer's head office and management are located in British Columbia;

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5. on May 5, 2008, the Filer had 25,921,797 Common Shares issued and outstanding;
6. the Filer's Common Shares are registered under section 12(g) of the 1934 Act and the Filer has been filing periodic reports with the Securities and Exchange Commission since December, 2003;
7. on April 21, 2008, the Filer (i) became a reporting issuer in the Jurisdictions, and (ii) listed its Common Shares on the TSX Venture Exchange (TSX-V);
8. to the best of its knowledge, the Filer is not in default of any of the requirements of the Legislation, the regulations made under the Legislation, or any other securities or corporate legislation to which it was subject;
9. at the request of the Filer, trading on the TSX-V will not commence until August 22, 2008, four months and one day after the date on which the Filer became a reporting issuer in the Jurisdictions;
10. prior to April 21, 2008, the Filer issued Restricted Shares to both residents and non-residents of Canada;
11. prior to April 21, 2008, holders of Restricted Shares who were also residents of British Columbia could rely on an exemption from the Prospectus Requirements provided by BCI 72-502 *Trades in Securities of U.S. Registered Issuers* (BCI 72-502) to trade the Restricted Shares, notwithstanding that the Restricted Shares did not contain the Canadian Legend; because BCI 72-502 is not available to persons trading securities of a reporting issuer, BCI 72-502 ceased to be available to holders of the Restricted Shares on and after April 21, 2008;
12. Section 2.14 of NI 45-102 provides an exemption from the Prospectus Requirements only for trades made through an exchange or market outside of Canada; as such, all holders of Restricted Shares cannot trade such shares on the TSX-V under this exemption;
13. holders of Restricted Shares cannot trade such shares on the TSX-V in reliance on Part 2.5 of NI 45-102 because the Restricted Shares do not contain the Canadian Legend; and
14. the holders of Restricted Shares are indefinitely limited to trading the Restricted Shares through exemptions to the Prospectus Requirements or through an exchange or marketplace outside of Canada notwithstanding that,

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as a reporting issuer in the Jurisdictions, the Filer will develop a significant public disclosure record.

Decision

- ¶ 4 Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that:

- (a) the Filer is and has been a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the trade;
- (b) at least four months have elapsed since the distribution of the Restricted Shares;
- (c) the trade is not a control distribution;
- (d) no unusual effort is made to prepare the market or to create a demand for the security that is the subject of the trade;
- (e) no extraordinary commission or consideration is paid to a person or company in respect of the trade; and
- (f) if the selling securityholder is an insider or officer of the Filer, the selling securityholder has no reasonable grounds to believe that the Filer is in default of securities legislation.

Martin Eady, CA
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British Columbia Securities Commission