

# TARANIS RESOURCES INC.

Wednesday, March 04, 2020

**Subject:** Rule S7-14-19 Proposal

**Via:** email: rule-comments@sec.gov

Dear Sir/Madam,

Recently, I was looking at some correspondence for a proposed regulation called S7-14-19. There is no question that there are many “pump and dump” schemes, and as the CEO of a publicly traded company that is listed in Canada on the TSX-V (TRO) that also has an OTCQB listing (TNREF) for our American shareholders, I have advocated for the removal of such nefarious companies both in Canada and the United States.

The issue is that there are many legitimate companies that operate in the small cap sector that rely upon the public markets both in Canada and the United States to raise capital, and these are being lumped-in with the nefarious, ill intent companies. It is easy to enact broad and far-reaching legislation that is designed to eradicate the dubious companies from the markets, but the problem is that it would also ‘capture’ legitimate companies in the process. Companies and investors are severely impacted or curtailed in the process.

Our company has minimal trading volume and also a very modest share price. It does not rely on massive volumes and manipulation of share price as the ‘pump and dump’ companies utilize and these companies are easy to spot on the basis of market trading alone. Our shareholders are long-term shareholders in the company and know that it is speculative in nature, yet – for the most part – hold onto their equity positions hoping that eventually it will yield a margin on their original investment. If you eliminate/hamper their ability to hold and trade their securities, our company would be starved for capital and would no longer be able to deliver on our growth strategy. No bid-ask would essentially mean the death of our company.

Shares that have been increasing in value for many, many years may now become worthless in investors' accounts. If there is no market in the United States (OTC or otherwise) for these types of shares, their value will be shown as zero in their accounts. Our current US investors would be left holding the bag with worthless share positions. This is not only not fair, it is arguably illegal to incapacitate our current valued shareholders.

I know that the SEC polices the sector and does a very admirable job to ensure that fraud happens as little as possible, but there is no way the SEC alone can be pro-active enough to stop some of these “pump and dumps”. There are simply too many companies and too many individuals. What I have found is that there are many other ways of enforcing this sector like issuing halt-trades that will serve to protect the shareholders, or setting triggers on small cap stocks that monitor their trading. Perhaps you can propose a new change that limits the purchasing of these thinly-traded securities to accredited investors who, by definition, don't need protection. This already happens in Canada where only accredited investors can participate in these more-risky investments – they are generally very knowledgeable investors

and understand the business, and are prepared to accept the risk. They are also prepared to capitalize on the huge margins if the company is successful.

Thanks for taking time to listen to me, and I hope you take instances like our company into perspective. I am always willing to help in doing my part to keep the markets reputable and upstanding.

Your sincerely,

[signed]  
John Gardiner  
President and CEO  
Taranis Resources Inc.

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