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The Secretary  
Ontario Securities Commission  
20 Queen Street West  
22nd Floor  
Toronto, Ontario M5H 3S8

**Re: CSA Proposed Amendments Relating to the Offering Memorandum Exemption**

Dear Madams/Sirs:

The proposed amendments to NI 45-106, specifically, the proposed annual investment limits for non-accredited investors under the Offering Memorandum exemption, would be an unnecessary step backwards from the NI 31-103 regime that was implemented only three and a half years ago.

Investor's Rights:

Firstly, Canadians have a right of choice as established in our constitution; that is a right to make their own decisions and with that the right to succeed or to fail. Canadian investors, therefore, should maintain their right to choose how they should invest their own money. Proposing a limit of \$30,000 per investor per twelve months takes away that right. It assumes that all investors need to be protected from themselves and are incapable of making an informed investment decision.

The proposal also assumes that investors are incapable of investing and reinvesting their own money, and that all licenced advisors make unsuitable recommendations to their clients. Setting an arbitrary limit as proposed will infringe on Canadian's rights and insults Canadian's intelligence.

Current Investor Protection Mechanisms:

The exempt market industry took a positive step in September 2010, when NI 31-103 was implemented. This new regulatory regime brought the activity of the exempt market to similar levels of that of the mutual fund and stock brokerage industries. Now, sales of exempt products must be made through an approved Exempt Market Dealer (EMD) who has compliance, administrative, reporting and due-diligence responsibilities. To be an advisors one must pass a proficiency examination and be registered through an approved EMD. Once in business, advisors are required to provide advice to their clients using KYC's, a full and detailed understanding of the products that they

are recommending, and ensure that every recommendation made is suitable for that particular investor. Suitability and appropriateness of each transaction is a critical responsibility of the advisor, as well of the compliance department of the various EMD's. Product knowledge and on-going education is also critically important and rules are put in place by various EMD's to ensure that advisors have sufficient training in this area.

Increasing Costs:

Most investors fund their investments from their RRSP accounts. There are fees associated with holdings these accounts cost and transacting within these accounts. By limiting exempt investments to \$30,000 per twelve months, along with proper investment diversification, fees will consume a larger portion of the gains made with investments making them less attractive to individuals. This decreases overall returns to investors and must be considered.

In a broader view, the exempt market/private market serves an important role in providing capital to small businesses. Imposing arbitrary investment limits will greatly reduce their access to this vital source of capital thus placing constraints on the viability of small business, which in turn impairs the growth and development of those sectors of the economy in which these small businesses operate.

There are many more points to cover here and you have seen many already. The main point though is that an ongoing, collaborative, industry-wide approach to seek solutions from all exempt market participants including regulators to generate and maintain best practices policies and solutions to reduce fraud and investor losses would be much more beneficial than an arbitrary, impersonal amendment like that one proposed.

Thank you for your time and consideration. Please note, this submission is being made on my own behalf. If you would like further elaboration on my comments, please contact me at [kevin.kinnear@pinnaclewealth.ca](mailto:kevin.kinnear@pinnaclewealth.ca).

Regards,

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