

May 27, 2014

British Columbia Securities Commission  
Alberta Securities Commission  
Financial and Consumer Affairs Authority (Saskatchewan)  
Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
Financial and Consumer Services Commission (New Brunswick)  
Nova Scotia Securities Commission  
Securities Commission of Newfoundland and Labrador  
Registrar of Securities, Northwest Territories  
Registrar of Securities, Yukon Territory  
Superintendent of Securities, Nunavut

Dear Sir or Madam:

**Re: CSA Notice and Request for Comment Proposed Amendments to National Instrument 45-106 *Prospectus and Registration Exemptions* Relating to the Accredited Investor and Minimum Amount Investment Prospectus Exemptions**

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Walton International Group Inc. ("Walton") welcomes the opportunity to comment on CSA Notice and Request for Comment Proposed Amendments to National Instrument 45-106 *Prospectus and Registration Exemptions* Relating to the Accredited Investor and Minimum Amount Investment Prospectus Exemptions (the "**Proposed Amendments**"). Walton is a manufacturer and promoter of exempt securities in the real estate industry which are sold through registered dealers, including its affiliate, Walton Capital Management Inc., which is a registered exempt market dealer.

Capitalized terms used but not otherwise defined herein have the meanings given to them in the Proposed Amendments.

#### **Proposed Amendment to the MA Exemption**

We agree with the CSA that the threshold of \$150,000 in the MA Exemption is not a proxy for sophistication or the ability to withstand financial loss of individual investors. We support the proposal to make the MA Exemption available only for distributions to non-individuals. It is an arbitrary amount that, as the CSA noted in the Proposed Amendments, may encourage irresponsible behavior, such as borrowing money to meet the terms of the MA Exemption. The issuers promoted by Walton infrequently use the MA Exemption because an investment of \$150,000 or more, in many cases, is not suitable for an individual investor who is not already an accredited investor. We would also encourage the CSA to consider removing the MA Exemption for non-individuals and replacing it with a test that is not tied to an arbitrary investment amount. Doing so would be consistent with the principles-based approach taken in NI 31-103, which focuses on the suitability of the investment for the investor and not the size of the investment.

#### **Proposed Risk Acknowledgement Form 45-106F9**

Subject to the following, we understand and are supportive of the CSA's desire to protect individual accredited investors by requiring them to complete the proposed Form 45-106F9. We are also in agreement that it would be inappropriate to require "permitted clients" to complete the form.

Many purchasers of the securities of Walton issuers are provided with an offering memorandum and complete a Form 45-106F4 in connection with an investment offered pursuant to section 2.9 of NI 45-106, despite also qualifying as an individual accredited investor under section 2.3 of NI 45-106. Where an individual investor satisfies the requirements to purchase a security under both section 2.3 and 2.9 of NI 45-106, we question whether it would be redundant to require the investor to also complete Form 45-106F9. This is especially true where the investor invests through a registered dealer, because, in addition to the investor receiving the offering memorandum and completing Form 45-106F4, the suitability of the investment and the determination of how the investor qualifies to purchase the security would already be scrutinized and determined by the registered dealer with the investor

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pursuant to the “know your client” and “suitability” requirements of NI 31-103. Accordingly, we would suggest that in this scenario no Form 45-106F9 be required.

**Proposed Amendments to Form 45-106F1 and Form 45-106F6**

Walton is amenable to the proposed amendments to Form 45-106F1 and Form 45-106F6 provided the requirement to state the full name of any person compensated for the distribution of the securities is not intended to name the individuals who are ultimately compensated for the sale but rather the firm for whom such individuals are employed. If otherwise, it would be administratively very difficult for an issuer to obtain that information and may be subject to privacy legislation.

**Proposed Amendment to Definition of Accredited Investor**

We agree with the proposed amendment to the definition of “accredited investor” in NI 45-106 to include family trusts established by an accredited investor for his or her family, provided the majority of the trustees of the family trust are accredited investors. This improvement facilitates estate planning and is consistent with the intent of the existing exemption.

We appreciate the CSA's ongoing efforts to improve the functioning of the exempt markets and would be happy to discuss any of the foregoing at your convenience.

Yours very truly,

**WALTON INTERNATIONAL GROUP INC.**

**Mark McKenna**  
President