

Dear Sirs/Madams:

I write to express my opposition to proposed amendments to NI 45-106 as they relate to yearly investment limits for non-accredited investors. I also oppose restricting Exempt Market Dealers from being able to sell securities of related Issuers.

I am a mortgage broker and the success of my borrowers is tied to the availability of a wide variety of mortgage capital. Apart from conventional insured and uninsured mortgages, Alt-A and B 1<sup>st</sup> and 2<sup>nd</sup> mortgage funds are available almost exclusively through the PRIVATE mortgage market. Mortgage Investment Corporation lenders have provided billions of dollars of alternative mortgage financing for Canadian borrowers for many years. Under the proposed regulations this opportunity for borrowers will be severely diminished, causing considerable harm to the economy.

I support some of the proposed regulatory changes, particularly in areas that improve oversight and enforcement, common standards for Offering Memoranda and consistency in marketing and advertising.

**HOWEVER**, the proposed investment regulatory changes restricting investor rights are certain to severely limit the amount of private mortgage financing available to Canadian borrowers, restricting their choices and increasing borrower costs.

**I DO NOT SUPPORT** some key components of the proposed regulatory changes because they will materially diminish investor rights and restrict the amount of capital that can be raised through the Exempt Market, thus severely limiting access by Canadian borrowers to private non-conventional non-insured mortgage financing.

Two specific components I oppose are:

1. Investors will be subject to severely reduced investment limits (maximum of either \$30,000 or \$10,000 per year, ALL Exempt Market investments included, depending on their income and net investable assets classification), and
2. Investors will be prohibited from dealing directly with related Issuers, being required to make investments through a third party (stock broker, financial planner, investment advisor, EMD, etc.)

In distribution channels such as IIROC, MFDA and online trading there are no restrictions on individual investors either as to the amount they invest or through whom they invest. Even through these so-called less risky independent channels, Canadian investors have, since 2001, experienced high volatility and value reductions in the broad market of 20-35% at least twice. Also, investors individually and through their pension funds have experienced significant losses of up to 100% of their capital in widely held 'blue chip' Canadian stocks including Nortel, Blackberry and - lest we forget - Bre-X Minerals.

**It is important that investors have the right to make informed independent choices regarding the amounts they invest. It is also important that they have the freedom to make informed independent choices as to the selection of their investment dealer. Let the investor make an informed decision.**

This submission is being made on my own behalf.

Regards,

Carol McCaffrey, AMP, Mortgage Architects