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The Secretary
Ontario Securities Commission
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Re: CSA Proposed Amendments Relating to the Offering Memorandum Exemption

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Dear Madams:

I am writing to comment on the proposed amendments to NI 45-106, in particular the proposed annual investment limits for non-accredited investors / eligible investors. While I applaud this proposed opening of the exempt market, I have a number of concerns of the potential unintended consequences of the proposed amendments not only for investors but issuers, Exempt Market Dealers, and the Canadian economy during these difficult economic times.

It is clear the CSA's main objective is to "protect" the financial well being of market participants and therefore the majority of this letter will focus on this objective.

In an effort to protect investors and limit "the risks associated with an investment by a retail investor in illiquid securities", the proposed $30,000 annual limit, while thoughtful in its intent, goes against the very fabric that allows the both exempt and public capital markets to exist.

Building an investment portfolio is a highly individualized process based on a number of factors including investor objectives, timelines, financial ability, and sophistication.

If the CSA is proposing an annual investment limit to protect investors from losing "too much money" due to the perceived "risk" associated with the illiquid nature of these investments, then I ask "how much is too much money and for who?". The answer is not that simple.

Exempt market dealers must follow the same "Know Your Client" procedures **as all other registered dealers** which ensures that each client's personal, financial, and investment profile is understood and confirmed prior to any trading activity. Exempt market dealers must also ensure that any exempt security is suitable for a particular client by considering the particular investment product as well as each individual client's investment goals and profile.

The CSA has not proposed investment limitations for any of the other dealer categories for "risk mitigation" which clearly demonstrates the CSA believes in the KYC & suitability framework. Therefore the KYC and suitability should continue to guide how appropriate or inappropriate any one, or volume of one, or some securities might be for an investor's portfolio **not an arbitrary proposed contribution limit.**

If an investor has gone through the KYC and suitability process and it's determined they have a $100,000 to deploy into the exempt market, under the proposal it would take them over three years to deploy the capital and build their portfolio. This simply isn't efficient nor good financial planning. Additionally, under the proposed regulation, where and how will regulators find the resources to monitor how much each investor deploys into the exempt market, when investors can work with several EMD's?

Lastly, it is the investor's money and their choice. Today individuals have the freedom to:

- Deploy an entire life savings into a publically traded, highly illiquid, microcap mining or tech stock listed on the TSX-V
- Build an investment portfolio based 100% on "highly illiquid" gold or diamonds.
- Borrow money to purchase mutual funds they can't afford
- Gamble their every pay cheque away

If investors don't find good opportunities to grow their capital, their funds will flow elsewhere and that is a potential unintended consequence of this proposal. The proposal could force more capital into higher risk behavior like the examples above, or even leave this country since you can now buy a house in Detroit for under $5,000; imagine the portfolio one could build deploying $100,000 into US real estate…if you know what you're doing.

Did you know you can die crossing the street? It is risky too. With proper education one can access and decrease the risk associated with crossing the street and soon cross the street without holding the hand of an adult. As an investor, I do not see illiquidity as risk but rather a tool to lower the volatility in my portfolio and like crossing the street, a tool to help me get to where I want to go. Risk is a characteristic, like income or growth, and comes with its own pros and cons to individualized portfolio.

An arbitrary cap does nothing for investors. The most important thing regulators can do to help protect investors is to help investors them help themselves. Education is the greatest tool when making any kind of decision. It is one thing to go through the KYC and suitability process, it is another to understand the investment risks and rewards associated with an investment deemed as suitable for you. And this applies to every market space, exempt or public.

It is unfortunate that the majority of public awareness regarding the exempt market if based on a handful of investments that were either fraudulent or simply went sideways when the vast majority of exempt market investments have helped create billions of dollars of wealth in this country and supported our economy.

The challenge is people don't take time to report their successes to the regulators or the media but both fraud and investments gone sideways sell headline news. Both fraud and investment risk exist in both the exempt and public markets as well as in liquid and illiquid securities. Aside from the people who have been the victims of fraud, do not let the outcries brought to your attention by a few people who had no idea what they were doing or refuse to take accountability for their actions or inaction cloud the fact that the exempt market, OM (eligible investor) exemption and KYC and suitability framework are a success.

Investor education explaining simple concepts like how businesses operate, financial statements, rate of return, risk, and understanding the chances of those risks, will enable investors to make better investment decisions and allow regulators to focus on protecting the markets from fraud rather than investors from themselves.

There are several other unintended consequences of the proposed limit which could affect the exempt market industry including making the space economically unviable. Imagine the processing cost of raising $10,000,000/year in $10,000 increments and how onerous it would be for licensed exempt market representative to make a decent living. It is very possible that the very intent to open up the exempt market to the eligible investor with this proposed cap could result in it vanishing.

This submission is being made on my own behalf.

If you would like further elaboration on my comments, please feel free to contact me at [redacted]

Regards,
Christine Kopr

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