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and

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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**

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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.

As an Exempt Market Dealing Representative who worked in the industry prior to the changes of 2010 and since. I have been happy to see the progress made in the regulating of the industry as I want to see my investors protected. I believe, however, that capping investor annual exempt market investments at \$30,000 per year is both unwise, and a step backwards in the financial industry. There will be numerous consequences to adopting this amendment but I will just address a couple.

The first consequence will be that the ability for investors to properly diversify will be impeded. The percentage of annual investment money will be skewed heavily toward publicly traded stock. With the crash in recent history, this is obviously an unwise move. Perhaps, instead of imposing a blanket \$30,000 cap, would you consider a percentage of financial assets cap? Someone with \$50,000 of financial assets should be considered differently than someone with \$980,000 of financial assets.

The second consequence is that small businesses and entrepreneur ventures will be stunted due to lack of funding. This could cause an unhealthy shift toward financial control dictated by the banks and public markets. If we limit Canadians' rights to invest, we will also destroy much of the economy and Canada's future economic growth.

About 80% of Exempt Market Dealing Representatives left the industry when the September 2010 changes occurred. The remaining ones are working within the new parameters and guidelines. Progress has been made in regulating the exempt industry.

Please reconsider the proposed amendments to NI 45-106. I believe it is important to provide well-diversified options to investors and imposing a \$30,000 per annum for exempt products will only force clients to invest more heavily in volatile public stocks – thereby increasing their risk rather than decreasing it.

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 [darwin.gerber@pinnaclewealth.ca](mailto:darwin.gerber@pinnaclewealth.ca)

Regards,

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