

May 16th, 2014

denise.weeres@asc.ca

Denise Weeres
Manager, Legal, Corporate Finance
Alberta Securities Commission
250 – 5th Street SW
Calgary, Alberta T2P 0R4

and

consultation-en-cours@lautorite.qc.ca

Me Anne-Marie Beaudoin
Directrice du secrétariat
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal, Québec H4Z 1G3

comments@osc.gov.on.ca

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

and

Government of Saskatchewan
Financial and Consumer Affairs Authority
Suite 601, 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2

Re: CSA Proposed Amendments Relating to the Offering Memorandum Exemption

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. I am strongly opposed to imposing annual investment limits for non-accredited investors.

I have been in the financial services industry since 1987. Over the course of my career I have experienced many changes and evolutions within the insurance and investment industry. In a constantly changing environment I've seen my practice evolve through the mutual fund and segregated fund world and eventually into the private equity Exempt Market world. It is only in recent years that my clients have had the opportunity to include Exempt Market products within their investment portfolios as part of their diversification strategy. It has become an important factor to them to be able to include products that are not directly correlated to the gyrations of the stock markets.

In the past this was an opportunity that most of them could never dream of participating in as it was reserved only for the very wealthy. Many of my clients now enjoy the benefits of Exempt Market holdings to generate steady, substantial and dependable income and capital growth. Many would not have this opportunity if we had maintained the previous status quo exemplified by the failures and irreconcilable losses suffered in the traditional stock market driven investment environment. For this reason many of my clients currently own a healthy helping of well diversified Exempt Market products within their retirement plans. Therefore, I fully support the current 75% net liquid asset rule limiting Exempt Market Products (EMP) and owning no more than 25% of these products with any one EMP provider.

Many of my clients do not understand why they are being asked to compromise their portfolios by having to reduce future ownership in EMP's in exchange for their previously poor experience in the markets. As well, they have expressed anger and insult at being dictated to and limited in their investment decisions. In short, they are being told to simply step backwards into the past. They are being asked to reconsider GIC desolation and mediocre market returns as a reasonable solution in exchange for securing their capital. The rationale that this will somehow create a more secure investment portfolio is not an acceptable answer for the discerning investor.

I believe that the proposed reduction to \$30,000 of purchases per year for eligible investors seriously undermines my ability to build a well-rounded diversified investment portfolio and limits my ability to select products for my client's remaining investment capital. The proposed \$30,000 ceiling limit per investor per year isn't even a percentage amount of the eligible investor's net liquid assets. It's simply a set arbitrary figure that has no relationship to the size of an investor's portfolio assets. For example, I can't imagine trying to explain to my client that I am restricted to a \$30,000

limit of mutual fund holdings within his \$400,000 investment portfolio. I would be left to fill the balance of the client's portfolio with second and third rate choices in order to allocate his or her capital or send them to the bank to buy \$360,000 worth of GIC's. The investment planning model would be vastly flawed and definitely broken and certainly not in the best interests of the client.

Like the public markets, the private markets now offer a vast array of investment products and categories to choose from allowing me to create maximum diversification through a variety of investment choices. By using EMP's I can build a diversified portfolio that includes capital growth, income and dividend considerations as well as tax efficient strategies to maximize my clients' future returns.

Recent changes and regulatory requirements to satisfy NI 31-103 have created a marked change in the EMD world that was certainly timely and necessary. I welcome the enhancements and safeguards that this regulation has brought to the EMP industry. On the other hand there are no restrictions for investors as to how much of their net financial assets they can place within the public markets. As a result many investors have suffered debilitating losses in the public markets and had to abandon any and all plans for retiring on their target date or even retiring at all.

Private equity and private enterprise are the driving and sustaining factor in the economic growth of our nation. Therefore, restricting Canadian citizens' abilities to participate voluntarily within a rational regulated environment has a detrimental effect on the economic growth of our nation.

I believe that it is every Canadian's fundamental right to make investment decisions based on sound advice from a reputable investment advisor. I have spent the greater part of my 27 years as an advisor confined solely within public market product limitations providing that kind of advice to my clients. Today, my clients continue to rely on the same sound advice with the added enhancement of being able to provide EMP's as part of their well thought out financial plan. After all, it has always been and still is really all about doing the right thing and providing what is in the investors' best interests.

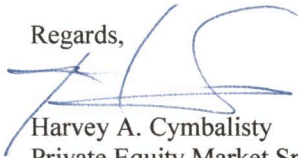
I constantly strive to educate my clients about the risks and rewards of investing in all markets and investment categories. In the end they make choices based on the value of what they have learned. I am constantly amazed and horrified at how little many investors have learned from their traditional advisors and the financial institutions that they entrust with their financial legacies. It's difficult to believe that most have absolutely no idea what their bank has sold them or what they own in their portfolio. Yet there is no restriction on the investment percentages or dollar limits that these institutions can secure from a client. So, why does it not surprise me that there is a great push to diminutively limit the amount that a single eligible investor can place in the EMP investment world?

I trust that in the end common sense and reasoning will prevail and that the unreasonable proposed limitation changes will simply be discarded like the bad idea that they truly are.

This submission is being made on my own behalf.

If you would like further elaboration on my comments, please feel free to contact me.

Regards,



Harvey A. Cymbalisky
Private Equity Market Specialist
Pinnacle Wealth Brokers
Saskatoon, Saskatchewan
306-933-2480

CC:

Cora Pettipas
Vice President, National Exempt Market Association
cora@nemaonline.ca