

June 21, 2014

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The Secretary
Ontario Securities Commission
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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 understand the need to protect foolish people from themselves as they demand that of our elected leaders in times when their foolish choices hurt themselves. However, I am troubled when the response to that demand lumps the thoughtful people in with the foolish ones.

I have been investing in Exempt Market Products for quite a number of years now. In doing so, I have carefully reviewed all the documents provided and have come to believe that the sponsors of the products in which I have invested are honest and forthright people who are trying their best to do right by their investors. Not all of the investments have worked out as planned, but I was fully aware of that possibility when I first decided to make my investment. In fact, I was prepared for my investment to be worthless as a worst case situation. I was attracted by the upside potential but prepared for the downside possibility.

About a year ago, I attended a meeting called by one of these sponsors because they had run into problems with implementing their plan as they envisioned it. It was to communicate clearly with the investors and keep us informed of the steps they were taking to rectify the situation. What I observed illustrates the need for protecting the foolish from themselves. I heard people say that they had put all of their funds into one of the projects and that they could lose everything if it didn't work out. I heard others express the opinion that they were prepared to take up to a 90% loss if they could get some of their money out of the investment immediately. Contrast that with the proposal by the sponsors in which they were asking for some time to unwind the investments systematically to try to recover as much of the investment as possible to return to the investors. In the end, I received only 15% of my original investment back. I believe that had to do with the panicky investors rather than the sponsors. Had the sponsors been given the time they needed to implement their plan, I believe my recovered funds would have been much higher (possibly higher than 50%).

The investments I made represented only a very small portion of my overall portfolio. While the outcomes weren't what I was hoping for, I am not financially impaired by the poor outcomes. I continue to build up my financial assets and these poor outcomes are merely minor setbacks that I will make up in other areas of my investing.

I do not have any perfect solutions for this situation. However, limiting the absolute size of the investment doesn't seem to be a very good solution. May I suggest that having the potential investor make full disclosure of their financial situation and limiting their investment to a maximum percentage (say 5% in this class of investment) of their overall investable capital may be a better approach. Some people may not have reached the level of an accredited investor, but they may be able to participate on a more limited scale in these products. I believe that this would prevent people from "putting all of their eggs in one basket" when their greed takes over.

If they are dishonest enough to hide their true financial situation, then the burden needs to rest on their shoulders where it properly belongs. No amount of legislation nor due diligence on the part of the sponsor is able to overcome this. At some point, personal responsibility needs to come into the picture.

This submission is humbly being made on my own behalf.

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

[REDACTED]

Regards,

Ken Wong

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