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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

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 have been working in the exempt market since 2007 and over the last three years, have been working exclusively on conducting 3rd party due diligence on behalf of Exempt Market Dealers. I have seen a significant improvement in the quality of products from Issuers since regulation came into effect in 2010. It is unfortunate that there have been some product failures preceding regulation (or shortly thereafter) that are tarnishing the reputation of this industry and leading the regulators to consider ‘knee jerk’ reactions like those contemplated in the CSA proposed amendments relating to the OM exemption.

The proposed CSA contribution limits for exempt market investors under the OM exemption would be a step backwards from the NI 31-103 regime that was implemented just 3 years ago. This is due to the lack of relevant and substantive (post 31-103) quantitative data that demonstrates that the exempt market in its current form is broken, these investor contribution limits should not be imposed. There is no concrete data currently in existence that conclusively demonstrates that the Exempt Market investments are any riskier than other product categories. This suggests these proposed rules are singling out the Exempt Market based on historical bias rather than facts.

The ultimate, and noble, goal of reducing frauds and investor losses in the Exempt Market is one that should be pursued collaboratively with industry participants, and with constructive solutions. A blanket policy of reducing the amount that anyone can invest is not collaborative or constructive. Fraudsters will still cheat people out of their money (in all registration categories), however innocent in appearance, and sound investment issuers that enrich small business and their investors will lose out. This is punishing all actors for the bad actions of a few.

More beneficial would be a collaborative, industry-wide approach to seek solutions from all Exempt Market participants and their regulators to generate policies and solutions to reduce fraud and investor losses. It is in the interest of all of us that frauds and losses are minimized.

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 **mike@insightemra.com**.

Regards,

A handwritten signature in black ink that reads "M Wellwood". The signature is written in a cursive, slightly slanted style.

Michael Wellwood
Senior Analyst
Insight Exempt Market Research & Analysis Inc.

CC:

Cora Pettipas
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