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The Secretary
Ontario Securities Commission
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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 very disappointed in this proposal, as it would jeopardize the industry professionals as well as investors. NI 31-103 was implemented almost four years ago and serves the purpose of investor protection and industry regulation quite well. I cannot see any concrete evidence showing that Exempt Market products involve any more risk than public market investments. The ultimate goal should be consumer(investor) protection and these proposed changes will have negative consequences for everyone. An industry wide collaborative approach would be best for everyone to protect the investors as well as the industry as a whole, not some top down unconstitutional change that will affect many people negatively.

Small Business and the Exempt Market Industry

Many small businesses rely on raising funds in the exempt market industry. Over 95% of small businesses in Canada have less than 20 employees. We have had some land deals, some development deals and some small business management buyouts all done very successfully in my home province of Saskatchewan using these exempt market products. We have had parts of Ontario, British Columbia and Manitoba using these private equity investments with great success. Many areas in Alberta have thrived because of the exempt market has provided great jobs, careers and opportunities, both in the financial industry as well as construction, hospitality and many others. Not to mention allowing Canadian investors to diversify and invest reasonable amounts into the United States and increasing their net worth with those opportunities as well.

Protection

Since the implementation of NI31-103, we already have sufficient protection in place. The key now is to hold the Registered Dealers and the Dealing Representatives accountable in following the rules as well as making sure the issuers are following the OM's and keeping the deals solid and secure. There should also be stricter guidelines in regards to registration and the old school "friends and family" deals as well as dealerships with limited, including only their own, investment options. It is scary when I see people putting their life savings into one project with no diversification.

Education

We shouldn't be looking at restricting amounts investors can invest, we should be looking at raising the education minimums for licensed individuals as well as for clients. Although there are some very educated people in this industry, I believe further education will increasingly make the exempt market industry more beneficial to everyone. I know that myself as well as some of my associates invest an inordinate amount of time furthering their knowledge, with the products and investments, with the industry, with the clients, with other relevant financial information and with other areas. We also spend time educating clients on various options and suitable investments for them. I always review current and future incomes, risk tolerances, investment knowledge, asset base, tax situation, financial goals and succession and estate plans.

Diversification

Diversification is possibly the most important thing when working with a client. Some issuers have minimum investments of \$15,000 or \$25,000. If these proposals came into effect, an average eligible investor could not invest in these companies. Most of the issues that I have seen in this industry has been to a lack of diversification. If we are properly diversifying the portfolios of our clients, and a product does go "sideways" they will usually still be in much better financial shape than they would be with "traditional" investments. When I am looking at diversification and building a portfolio, I am always looking at fixed income/debt instruments/development projects/land developments/natural resources and making sure the client is well diversified. We also look at geographic areas and asset classes such as commercial or residential as well.

Pension Plans

There are all sorts of articles and reports recently in the news how the largest pension companies such as Yale, OMERS and the CPP have substantially increased their private equity holdings. One of our legacy issuing companies (Walton) has recently signed a deal to build a fund for our own Canada pension plan. Many of the large hedge funds and financial institutions are also increasing holdings in private equity. Why can they do this but the average investor will be limited?

Risk Acknowledgment

The risk acknowledgement form that we are required to present and have acknowledged by our clients does not make sense either. It states that these investments are risky. Risky compared to what? It says that "I will not be able to sell these securities except in very limited circumstances" it then says "I may never be able to see these securities". This is a completely false statement for many of the products available in the exempt market industry. Why are we forced to state a blanket statement which is not accurate? I have had funds that are very redeemable and have been redeemed. I have had several investments that have come due and that myself and clients have received all capital back. It is ludicrous that clients should have to acknowledge untrue statements.

Risk

How can we have a blanket statement stating that all of these funds are risky. What about the public markets and the "crashes" that have occurred there? What about the large fund companies take nearly 3% on average from people for losing them money? What about the banks selling and upselling larger mortgages than people will be able to afford, extra credit cards and home equity lines so that people can take extra vacations? How did the investors ultimately do that invested in companies like Wordcom, Enron, Lehman Bros or "great" Canadian companies such as Bre-X, Nortel or RIM? Someone can spend 5 minutes setting up an online account and dump their whole life savings into a junior mining or resource company and that is not high risk with any sort of rules? How does that make sense?

Unconstitutional

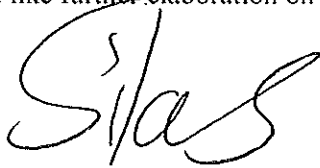
The last thing is that these proposed changes are unconstitutional. How can we have the same set of standards for someone who makes \$60,000 and someone who makes \$200,000. How about someone with a net worth of \$200,000 and a net worth of \$1,000,000? These people should not be treated as the same person in the investment world. It is not right for someone to tell these people who have worked hard all their lives tell them what they can't invest in.

I just hope that some common sense prevails here and that our investors, friends and clients are able to continue to prosper where they have prospered over the past three years. NI31-103 has served it's purpose to date. There is no need for radical changes.

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,



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