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[comments@osc.gov.on.ca](mailto:comments@osc.gov.on.ca)

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.

I am strongly opposed proposed to the implementation of a \$30,000 person per year limit on investing in private enterprises in Alberta. I do not believe the changes to NI 45-106 are beneficial to the public.

As a business owner and investor, I have been involved with raising private capital since 2008. My business would not have survived without the access to eligible investor capital. This access is crucial to other small businesses who want to grow and make life better for their families, their communities, and the province in general. It is not just the business owner who benefits – as businesses grow they provide direct employment to their employees, indirect employment by buying goods and services from a range of suppliers, and contribute to the civic and provincial ledger by paying taxes.

The Exempt Market is a different world now than it was several years ago. It has been known as the arena of scoundrels and charlatans. While there have been a number of highly public financial disasters, there have been many more sound offerings which have treated investors fairly and lucratively – however a consistent rate of return is not a headline which will turn heads and benefit the news companies.

The changes implemented in Sept 2009 by NI 31-103 have gone a long way to professionalizing the market space. The investment opportunities are now very closely scrutinized by Exempt Market Dealer (EMDs), better understood by the licensed and monitored dealing representatives (DRs) and more closely aligned with the investors' risk tolerances. The EMDs are tasked with ensuring the underlying offering are well thought out, vetted by independent parties, and are stress tested to evaluate multiple outcome scenarios. The DRs are mandated to continuously refresh their knowledge on the details of all the offerings they represent and then pass this information on their clients, who in turn can make more informed decisions. In addition the DRs must perform a suitability assessment to fully understand the goals, risk tolerances, and investing timelines of their clients; an important feature which was lacking in the past.

While the proposal to remove the \$150,000 single investment exemption and the requirement for firms to have ongoing audited financial reports adds an additional layer of protection to investor, the single cap on how much a single person can invest will not, in my opinion, help investors. It will only constrain the flow capital resulting in less efficient markets, poorer product offerings for investors, and a make it more difficult for small business to grow and hire employees. This cap will again place the opportunity to invest in private deals back into the hands of the small population of wealthy people (less than 4% of the population are accredited investors) and restrict the ability of the middle class to connect themselves directly with the companies who are driving the economic engine of Alberta and Canada. This is a poorly conceived piece of legislation that, while making the jobs of the regulators easier, will constrain the flow of capital, negatively impacting the business community and the lives of thousands of Albertans.

I urge you to reconsidering implementing this \$30,000 yearly restriction on eligible investors and let the current framework of NI 31-103 work as it was implemented.

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

Sincerely,



Stuart McPhail

CC:

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