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Denise Weeres
Manager, Legal, Corporate Finance
Alberta Securities Commission
250 – 5th Street SW
Calgary, Alberta T2P 0R4
denise.weeres@asc.ca

Me Anne-Marie Beaudoin
Directrice du sécretariat
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal, Québec H4Z 1G3
consultation-en-cours@lautorite.qc.ca

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

Re: Multilateral CSA Notice of Publication and Request for Comment – Proposed Amendments to National Instrument 45-106 *Prospectus and Registration Exemptions* Relating to the Offering Memorandum Exemption and in Alberta, New Brunswick and Saskatchewan, Reports of Exempt Distribution

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Dear Madams:

We are writing in regards to the CSA Notice of Publication and Request for Comment published on March 20, 2014.

About TriView Capital

TriView Capital Ltd. ("TriView") is registered as an Exempt Market Dealer in Alberta, British Columbia, Saskatchewan and Manitoba. We operate a broad-based retail business in exempt market through more than two dozen representatives that are licensed by the firm. As an independent dealership, we act as agent for arm's-length issuers seeking to raise money through exempt channels. Through our representatives, TriView has in excess of a thousand retail clients across Western Canada.

Introduction

We would like to start by commending the CSA for the regulatory initiatives completed to date that have been motivated by the real need in our country to provide a modern framework for the funding and development of our small and medium sized companies. Small business is the underpinning of our continued strength as a nation, economic well-being and employment growth going forward.

Furthermore, given the evolution of capital markets and the rise of private and alternative investments as a component of a diversified portfolio we have seen a great deal of growth, interest and development with respect to this asset class. The need for widely based access by the investing public to this important asset class is vital to help insure long-term growth and diversification of their individual balance sheets.

A well understood, fair and open set of regulations helps to foster the needed confidence in our markets in to both help small business build our economy and allow for investors to develop the assets to enable them to fulfill their financial goals and needs in the future. In fact, it is the direct result of work already done by the CSA, including but not limited to National Instrument 31-103, that has created the space for firms like TriView Capital to enter the marketplace to assist with facilitating both of these needs to the issuer community and the investing public.

Purposed Limits on Retail Investors

After reviewing the Request for Comment on the Proposed Amendments to NI 45-106 we have determined that there are aspects that we are generally in favour of as well as some that concern us greatly.

With a view to both facilitating capital formation and the investor protection, both mandates of the CSA, we question the need for the purposed limits on retail investors.

We are very concerned that the placement of an arbitrary limit on the annual investment in Offering Memorandum offerings by eligible investors:

- is overly restrictive and potential punitive,
- is unnecessary given the proper role of a registrant,
- fails to provide for capital formation, and
- introduces, not removes, potential harm to retail investors.

Portfolio Restriction and Retail Investors

It is our strong belief that a well-diversified portfolio is one that contains an appropriate amount of all asset classes. Generally speaking the retail/eligible investors in question have fewer options with respect to their portfolio diversification than high-net worth or professional investors. The market is showing that these types of investors are moving more of their investments into private and alternative markets.

We feel very strongly that retail investors should have the opportunity to also participate in these assets and opportunities and that they should not be the domain of the very rich, the professional investor, or the lucky few who have access through their managed pensions. The proposal pushes retail investors to focus on public traded securities at the expense of other options as it will limit their potential access to this important asset class. Frankly, we believe the purposed limits by the CSA will effectively reduce investors' risk-based returns and limit their ability to engage in prudent diversification.

Also please be aware that several exempt offerings sold through Offering Memorandum are unique products. For example flow through shares and funds are based on tax planning in addition to investment

purposes. The imposition of limits unfairly penalizes investors who are attempting to achieve various financial and planning goals through the use of investment products that may only be available to them through the Offering Memorandum.

The Role of the Registrant

One aspect of the purposed limits that confuses us is how the imposition of limits fits within a framework of a registrant structure. As mentioned above, we feel that since the introduction of NI 31-103 the marketplace has seen a seismic shift in how these investments are sold to the public and has introduced sound regulatory oversight into the sale of these products already.

The role of the registrant is a concept that is very well understood by the capital market and investors in this country, specifically the core pillars of know-your-product, know-your-client and suitability. The establishment of the Exempt Market Dealer, through NI 31-103, has now brought this level of discipline, accountability and oversight to sale of these products. The implementation of an arbitrary limit seems to run exactly counter to the efforts of the registrant to know their client and to gauge suitability.

As defined by assets or income the range of eligible investors is very substantial. Clearly all investors within this class would not have identical investment needs, risk tolerances, financial goals and market knowledge. Yet a limit would have the effect of treating all investors as if they were identical – where is the know-your-client and suitability assessment in this?

We would ask the CSA members to consider their good work done to date with respect to the changes in the marketplace since the introduction of NI 31-103 before moving ahead with the imposition of limits as we feel this dulls the purpose of engaging a registrant in the trade. We have seen the ability of the CSA to close and restrict registrants who are not following appropriate and legal means to market and sell securities to the public. We feel that the ability to restrict and remove unsavory registrants is a better mechanism for dealing with the regulatory concerns rather than a blanket restriction that unfairly covers all.

Our view is the CSA has the power and ability to ensure that all retail investors are afforded the services of a registrant in respect to their investments. In doing so it is important to look at the aspects of the marketplace that are not currently under the oversight of the local Market Regulation including the syndicated mortgages in Ontario, the Mortgage Investment Corps in British Columbia and North-West Exemption in Alberta and British Columbia just to name a few examples.

Failure to Forster Capital Formation

One unintended consequence of the imposition of limits, we believe, will be the amount of capital that is raised for small and medium sized business will be less not more as a result of these limits. Companies that otherwise might have considered this as a viable means of capitalization will now in aggregate have access to less than would otherwise have been potentially be available in a system without limits.

Also the imposition of arbitrary limits will discourage, not encourage, market participants form engaging small issuers in their effort to raise money from the public. Many potential issuers will likely find it difficult to secure the services of a market participant to aid them in the raising of capital if such activity becomes uneconomical due to smaller subscription sizes and increased number or transactions to raise a given level of capital.

Our fear also is that by extension, these limits will effectively close the door to new market participants, dealing representative and product innovation in the exempt marketplace. The addition of limits to this one area of the capital markets will drive new firms and representatives away and not to this market. Without that growth and development in the industry the ability of the whole system to help and aid the small issuer community with their capital needs will be in jeopardy.

Potential Harm to Investors

We believe that the imposition of limits will introduce a string of unintended consequences as the annual limit creates a market anomaly at the beginning of each year. Given that issuers will only be able to collectively access $30,000 of investor capital each year we would not be surprised to see a return to higher sales commissions, pressure tactics and questionable incentives as issuers fight over a much more limited pool of investor money.

We would much rather see a system where issuers are not in direct competition for a small amount of money but rather one where investors are given a wide choice of investment opportunities and the time to carefully consider and allocate their investment money over the course of a year.

The purposed system will create a race for investor cash as issues and dealers race to be the first investment purchased each and every year. Investors will not be able to properly time and plan their investments.

Not every great investment is available on January 1st of every year, yet an investor may feel reluctant to wait to see what other opportunities become available during the year and may leap at the first one for fear of not seeing a better one. Without caps the investor has the choice to take advantage of opportunities when they arrive not based on when in the year it is.

Other Matters

We do have many questions and concerns about how such a cap system would be monitored, collected, and disclosed if it were to be adopted. This process would seem to require extensive staff and systems to implement.

As a dealing firm how could we know for certain a given investor had not exceed their limit for a year? Investors may have several exempt and IIROC accounts where these transactions may take place. In addition, we wonder how a specific issuer will be able to protect themselves from accepting investor money that is in excess to their limit if the investor fails to mention or forgets about an earlier trade. Private investments are not easily undone following a close so it is not like the trade can be busted or the position sold.

We wonder, how will the CSA ensure that this information is collect and made available to all market participants to enable us to comply with these limits?

Other Comments

With respect to the remaining purposed changes to the Offering Memorandum Exemption we would like to provide our support specifically to the concept of formalizing the marketing materials within the OM and the thought of providing for annual audited financial statements.

In respect to the annual audited financial statements we generally agree that this makes good sense and would be generally supportive. However, we wonder about ongoing costs and the ability to enforce production of these statements in the years following the conclusion of a capital raise. We would like to see more details about what this proposal would be, how it would be monitored, how it would be enforced and how the information would be collected and housed and by whom.

Also we see merit in the requiring issuers to include their marketing materials in the offering documents as well. Although we wonder if the specific final product versions would be able to be captured in a written document. As issuers may use many formats and styles to communicate the information from

one-page summarizes to full on investor presentations to tweets and social media postings it may be impossible to include all of these at the time of the writing of the Offering Document, however there is no doubt that the content of all these marketing materials must and should be reference and be noted directly to the written content of the Offering Document.

Summary

In closing we would again stress to the members of the CSA that our primary concern is the introduction of limits to the retail investor in Offering Memorandum issuances would not seem to be in keeping with the desire to encourage capital formation for small business nor would be in the best interest of investors.

The limits will discourage capital from being raised for fewer companies than is done so now while at the same time investors will see lower risk-adjusted portfolio returns, be subjected to unnecessary haste and pressure to invest and offered less not more investment choices.

Also we feel that the imposition of limits runs counter to the role of the registrant in these matters and will not enable us as a registrant to discharge our duties with respect to suitability.

We would be happy to provide any further clarity to these issues or provide any further consultation that the members of the CSA may choose to request.

Regards,

C Burrows

Craig Burrows, President and UDP

Richard Korble, CCO

TriView Capital Ltd.

CC:

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