

Mr. John Stevenson
Secretary
Ontario Securities Commission
Via E-mail

The Honorable Iris Evans
Minister of Finance, Province of Alberta
Via E-mail

Re: Proposed National Instrument 31-103 / Registration Reform Project

Mr. John Stevenson and Honorable Iris Evans,

I am writing to comment on the proposed National Instrument 31-103. As an individual and business owner who has been the beneficiary of offering securities under the current exempt regulations, I must first of all congratulate the various provincial regulators for their determination in providing a forum for comment instead of simply steamrolling reactionary rules and regulations and forcing them on the public.

In the main, I agree that there needs to be a certain amount of oversight and enforcement in the marketing of securities. I am concerned, however, regarding several of the proposals that have been brought forth. My concern stems from the appearance that the regulatory proposals are not in reaction to any particular cases of abuse of the current regulations, but instead to the realization that the fund raising efforts of those involved in dealing in exempt securities have been so successful. ASC commission staff have commented that the need for regulation has arisen from the increase in dollar volume of exempt securities. In other words, the exemption has been successful from the standpoint of compliance (issuers have been faithful in reporting their activities) and as a vehicle for providing investment capital in a cost effective basis for businesses that would otherwise not have access to that capital.

Know Your Client Forms -We have always required every individual to sign a risk acknowledgement form that explicitly states their understanding that the investment they are purchasing is risky and that they can lose all of their money. With this acknowledgment, investors agree to be responsible for their own decisions. What can possibly be better than this? In asking for this acknowledgment, we are asking investors to know themselves, as in fact they are truly the only ones who can ascertain whether an investment is suitable for them. Why are we suggesting that the investing public is incapable of making intelligent decisions?

Securities Course requirements – I see this proposal as simply an educational hurdle, something to put in the way of agents in order to determine whether they have at least the amount of intelligence and determination required to pass the various tests. It has been stated elsewhere that very little of the material in the Canadian Securities course is actually applicable to the types of securities that are typically sold via the exempt market. Why not institute a more appropriate hurdle, such as a test that is specifically tailored to this industry, similar to the Investment Fund Institute of Canada, and have some ongoing continuing education requirements? I would welcome this, and gladly pay for the ongoing process for anyone working for me.

Conclusion – I agree with Rick Skauge, in his comments on submitted on May 14, 2008, that the provisions in the proposed National Instrument would have the effect of providing investors with a false sense of security. The current scheme has been tremendously successful in providing business' access to capital and individuals access to investments that normally might be beyond their grasp. Despite numerous requests, none of the various regulatory bodies have provided any evidence of gross abuse of the current system, aside from vague references to a number of complaints. Neither have we been provided with a comparison of abuses and enforcement actions of the regulated securities industry versus the non-regulated. By all means, ask us to register, provide the names of our agents, our financial statements. These things promotes transparency and disclosure, and the ability of investors to make informed decisions. The proposed layers, especially the Canadian Securities Course requirement and the Know Your Client form, simply obfuscate simple disclosure. As well, many of the proposed rules would simply add layers of cost which would simply reduce the return on investment.

There has been a tremendous amount of success generated from the access to capital provide through the current exempt securities provisions. I would appeal to all of those concerned, regulators, elected officials and participants, that we find ways to build on this success instead of impairing it.

I thank you for this opportunity to comment,

Douglas Thiessen, President
Taurean Global Properties