



January 26, 2012

To: British Columbia Securities Commission  
Alberta Securities Commission  
Saskatchewan Financial Services Commission  
Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
New Brunswick Securities Commission  
Superintendent of Securities, Prince Edward Island  
Nova Scotia Securities Commission  
Securities Commission of Newfoundland and Labrador  
Superintendent of Securities, Yukon Territory  
Superintendent of Securities, Northwest Territories  
Superintendent of Securities, Nunavut

C/o: Gordon Smith  
British Columbia Securities Commission  
P.O. Box 10142, Pacific Centre  
701 West Georgia Street  
Vancouver, BC V7Y 1L2  
Fax: (604) 899-6814  
Email: [gsmith@bcsc.bc.ca](mailto:gsmith@bcsc.bc.ca)

Anne-Marie Beaudoin, Secrétaire  
Corporate Secretary  
Autorité des marchés financiers  
Tour de la Bourse  
800, square Victoria, 22<sup>e</sup> étage  
C.P. 246, Tour de la Bourse  
Montréal, QC H4Z 1G3  
Fax: (514) 864-6381  
Email: [consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca)

**Re: 45-401 Review of Minimum Amount and Accredited Investor Exemptions**

Dear Sirs,

Further to your request for comments, please find my responses below to the questions posed:

### Question 1 – Investor Criteria

I would rank the importance of the investor attributes in the following order:

- a) Investment experience
- b) Financial resources
- c) Access to information and advice
- d) Relevant work experience
- e) Educated background

The reason for this ranking is that the investor's ability to make a rational informed decision is based on experience more than resources. However, the financial resources criteria does provide the expectation that to accumulate these resources the investor has been successful and can withstand more financial risk.

### Question 2 – Registrant Involvement

I think the involvement of a registrant is a strong positive as they are subject to "Know Your Client" requirements.

### Questions 3 to 8 – Minimum Amount

I agree that the size does not ensure sophistication, however I disagree that \$150,000 is too low and needs to be adjusted for inflation. I also agree that having a threshold can create the need to invest more than desired. I think the use of the accredited investor ("AI") exemption is a better tool than this limit of size.

I also think that if left as is, there is minimal harm to the capital market as I seldom see this exemption used in the public market. It should not be inflation-indexed in my opinion.

### Questions 9 to 16

I agree that all the listed factors would assist in providing comfort that the exemption is being used properly. There should be no limitations. I have no strong opinion on corporate versus individuals as I seldom see this exemption relied upon. I do not know of any better criteria, but I feel that the AI is an adequate alternative to the minimum amount exemption.

### Questions 17 and 18 – Accredited Investor

I am of the opinion that the individual thresholds are adequate and raising them would exclude investors who do not need prospectus protection. Wealth is not a sole determinant of investor qualification to use the exemption. Investment experience, work experience, education or advice from a registrant is a useful addition to ensure appropriate investments are made.

It would significantly restrict capital-raising if the AI exemption was changed or repealed (the latter being disastrous). The main problems I perceive with the use of the exemption occur in non-reporting issuer situations and that is where further checks and balances may be appropriate.

This does not include situations where the financing is associated with an expected going public transaction.

#### Question 19 – Status Quo

The AI exemption and the definition of “accredited investor” should be retained in their current form.

#### Questions 20 and 21

I think the thresholds may need to be reviewed when it is a non-reporting issuer or if the security is novel or complex. I do not think the investor needs risk disclosure and the involvement of a registrant is helpful but should not be mandatory.

The amounts should not be indexed and any restrictive changes would reduce the amount of capital available.

#### Question 22 – Use of Alternatives

I do not agree with prescriptive size investments or portfolio size as being reflective of qualifications. If the investor has direct work experience or relevant education, they should not need to have any income or asset tests to qualify.

#### Questions 23 to 27

As stated earlier, risk disclosure is not worth the time delay in producing it. However for non-reporting issuers or if the security is novel or complex, this may be where the restrictive focus should be concentrated on. Adding a registrant is helpful but should not be mandatory. Any changes to the “normal” use of the AI exemption would limit the amount of capital available to reporting issuers.

#### Questions 28 to 31

I strongly disagree with the requirement to have a third party certify the AI status. The AI exemption should not be modified for investments with reporting issuers.

Thank you for considering my comments.

Sincerely,

“Gordon Keep”

Gordon Keep  
Executive Vice President  
Fiore Financial Corporation  
Exclusive Advisor to Endeavour Mining Corporation