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VIA E-MAIL

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, Northwest Territories
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Nunavut

c/o Gordon Smith
British Columbia Securities Commission
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Vancouver, British Columbia V7Y 1L2
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M^e Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
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Dear Sirs and Mesdames:

Re: CSA Staff Consultation Note 45-401 Review of Minimum Amount and Accredited Investor Exemptions

I submit the following comments in response to CSA Staff Consultation Note 45-401 published on November 10, 2011.

Consultation Questions:

1. What is the appropriate basis for the minimum amount exemption and the AI exemption?

I am of the opinion that no amount of money invested should imply a level of investor sophistication to which no disclosure from an issuer is required. An exemption based solely on this criteria creates no real basis of protection for an investor no matter what their level of investment is.

I have the same opinion with respect to the AI exemption. Regardless of the exemption being relied upon, a minimum amount of information should be presented to prospective investors under the AI and MA exemptions.

2. Does the involvement in the distribution of a registrant who has an obligation to recommend only suitable investments to the purchaser address any concerns?

Only marginally in that without a minimum level of disclosure relative to the issuer and the offering, there is a limited amount of investment specific advice a registrant can provide to an investor.

3. Do you have comments on the issues described in background #3?

See my comments with respect to Question 1.

4. Are there other issues you may have with the minimum amount exemption?

No.

5. Do you agree with maintaining the minimum amount exemption in its current form?

No.

6. How much should the minimum investment threshold be increased?

As I have suggested above, I believe it would be in the best interest of investors and the exempt market as a whole if this exemption were repealed rather than being amended.

Would your answer to this question change depending on whether:

- **any disclosure is provided to investors, including risk factor disclosure?** No.
- **the purchaser is an individual, instead of an institutional investor?** No.
- **the security is novel or complex?** Whether a security or the offering to which the security relates is novel or complex is a subjective issue relative to each individual investor and as such I don't believe either of these considerations can be applied as a baseline consideration with respect to application of the MA exemption.
- **the issuer of the security is a reporting issuer?** No.
- **a registrant is involved in the distribution who has an obligation to recommend only suitable investments to the purchaser?** No.

7. Should the \$150,000 threshold be periodically indexed to inflation?

If the MA exemption were to continue I suggest that the threshold limit should be periodically reviewed to ensure the underlying assumptions on which it is based continues to apply in light of the current market circumstances existing at the time of the review.

8. If we changed the \$150,000 threshold what would the impact be on capital raising?

An increase of the MA threshold has the potential to have a negative effect on the ability of certain issuers to raise capital. A greater concern would be if the minimum thresholds of the AI exemption were adjusted upward as a far greater amount of issuers (particularly in Ontario) rely on this exemption. If the AI threshold were to be increased, consideration would have to be given in Ontario toward possibly adopting the OM exemption so as to create an alternative to the AI exemption for issuers in raising funds in that province.

9. Should individuals be able to acquire securities under the minimum amount exemption?

No. Please see my comments above.

Would your answer to this question change depending on whether:

- **any disclosure is provided to investors, including risk factor disclosure?** No.
- **the security is novel or complex?** No.
- **the issuer of the security is a reporting issuer?** No.
- **a registrant is involved in the distribution who has an obligation to recommend only suitable investments to the purchaser?** No.

10. If individuals are able to acquire securities under the minimum amount exemption, should there be any limitations?

No. Please see my comments above.

11. If we limited the use of the exemption to persons who are not individuals, what would the impact be on capital raising?

Were you to do this, you would be disallowing individuals in jurisdictions with the absence of other suitable exemptions the ability to participate in the exempt market with their RSPs. This would cause a material adverse impact on capital raising given the size of the RRSP pool in Canada.

12. Are there alternative qualification criteria for the minimum amount exemption?

No.

13. Are there other limitations that should be imposed on the use of the minimum amount exemption?

No.

14. Should the minimum amount exemption be repealed? Yes.

Yes. See my comments above.

15. If the minimum amount exemption was repealed:

- **would that materially affect issuers' ability to raise capital?** No, I would suggest in the majority of cases investors relying on the MA exemption could most likely qualify under the AI exemption.
- **is the AI exemption (in its current or modified form) an adequate alternative to the minimum amount exemption?**

Yes.

16. Are there other options for modifying the minimum amount exemption that we should consider?

No.

17. Do you have comments on the issues described above?

I agree that the AI exemption is often relied on dishonestly with investors misrepresenting their financial status.

18. Are there any other issues you may have with the AI exemption?

No.

19. Do you agree with retaining the AI exemption and the definition of "accredited investor" in their current form?

We agree with maintaining the definition of an accredited investor in its current form; however, we do believe a modification should be made to the exemption itself whereby issuers are required to provide a prescribed minimum amount of disclosure to prospective accredited investors.

20. What should the income and asset thresholds be?

Current thresholds that define an accredited investor are sufficient.

With respect to your questions as to certain criteria that would change our answer to this question, please see my response to Question 9.

21. Should the income and asset thresholds be periodically indexed to inflation?

Please see my response to Question 7.

22. If we changed the income and asset thresholds, what would the impact be on capital raising?

In jurisdictions other than Ontario, the OM exemption would simply be relied on more frequently. However the exempt market would all but cease to exist in Ontario if this were the case unless the OM exemption were adopted.

23. What qualification criteria should be used in the AI exemption for individual investors?

The current criteria in place are adequate.

With respect to your questions as to certain criteria that would change our answer to this question, please see my response to Question 9.

24. If we changed the qualification criteria, what would the impact be on capital raising?

Unless there were alternative exemptions available in a jurisdiction beyond the AI exemption, changing the criteria in a limiting manner would reduce an issuer's ability to raise funds.

25. Should individuals be able to acquire securities under the AI exemption?

Yes. Please see my response to Question 9.

26. Should an investment limit be imposed on accredited investors who are individuals?

No.

27. If investment limitations for individuals were imposed, what would the impact be on capital raising?

See my response to Question 24.

28. An issue with the AI exemption is ensuring compliance with the qualification criteria. One way to improve compliance with the AI exemption would be to require an investor's accredited investor status to be certified by an independent third party, such as a lawyer or qualified accountant. Should this be considered in a review of the AI exemption?

I suggest not. The cost, logistics and liability considerations (with respect to the third party) associated with this proposal outweigh the possible benefits.

29. Do you agree with imposing such a requirement?

No.

30. Are there alternatives that we should consider?

See my response to Question 31.

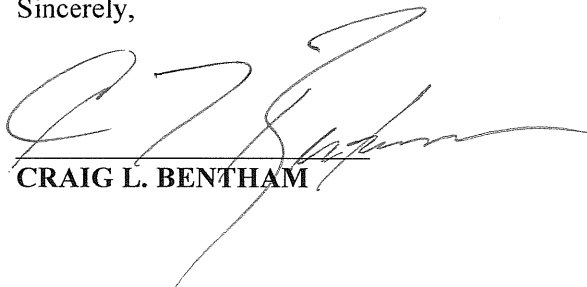
31. Are there other options we should consider for revising the AI exemption or for substituting an alternative exemption?

Consideration should be given to creating a short-form OM-like instrument (a Term Sheet) that has minimum form requirements pursuant to which an AI offering must be made.

General Commentary & Conclusion

Should you wish, I would be happy to further discuss the contents of my letter with you.

Sincerely,



CRAIG L. BENTHAM