29 Glendale Avenue South,
Hamilton, ON
L8M 3E9

March 21st, 2013

Ontario Securities Commission
Attn.: Mr. John Stevenson, Secretary,
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario
M5H 3S8

Re: Changes to the Exempt Market Regulations

Dear Mr. Stevenson,

I am writing to you in response to the public consultation regarding possible changes to the exempt market rules.

In order to place my comments into the proper context, I would like to tell you a little about myself.

I am a graduate with Honours of the School of Business at Queen's University. I am a Certified Management Accountant in good standing. I also serve as the local sub-district Chair of that organization. I have been employed in progressively senior management positions at a major steelmaking operation and have operated my own businesses.

I have also been employed at what is now called Burgeonvest Bick Securities Limited as the Corporate Finance Associate and Corporate Accountant. While at Burgeonvest, I did successfully complete the Partners, Directors and Senior Officers Qualifying Exam.

I am currently the President of Ingenuity Alliance Inc and its US subsidiary, Ingenuity Alliance America Inc.

As a business owner, the greatest impediment to growth is the availability of capital.

Our banks generally eschew loans to small or mid-sized business and effectively limit their investment to what equity a person has in their home and a percentage of business receivables. They generally will avoid funding progressive firms and concentrating more on established cash flows. The bank owned investment firms generally will not touch clients for capital raises less than $ 25 million. Further, we will

not try to fund a new business or even an established business with revenues under $ 50 million annually.

From a business owner's perspective, there is effectively no cost competitive or timely method to raise capital without going venture capital funds or, in the case of more established firms, private equity funds. If the funds are raised, it is often done at terms that are no favourable to the business owner.

It is these small to medium sized businesses that are the engine of job creation and innovation. By freeing up the burden of red tape for these businesses, the US Congress passed in a bipartisan approach, the JOBS Act 2012. From a business perspective, the Act did free up the ability to raise very small amounts of capital but not likely enough capital to be meaningful for a small to mid-sized business. The Act makes provision for capital raises up to $ 50 million by removing certain reporting regulations.

In Canada, we have both the exempt market as well as the CPC route to raise capital for small business.

As for the former regulatory regime, you are relegated either to the PE/VC pool (one to three placees) or to the sophisticated investors for more investors albeit with lesser funds per placee raised.

As for the CPC route, it incurs certain costs but does not expedite the funding of a small business. It gets you a listing and very little more. By going this route, you still have the issue of raising capital and the paperwork involved in a reverse takeover.

The word "crowdfunding" is very problematic. It has been tied to more community or charitable tasks.

Extending that model into the raising of capital for small business is a problem is I need say $ 5 or $ 10 million as part of a capital raise for a $ 60 million dollar plant which creates 200 jobs. The "know your client" and "know your product" rules go out the door. The investor has no protection using a third party service. However, the business owner seeking capital does not have the resources to fund the legals et al for an IPO.

So, the question is, how can we spur economic growth while providing protection to investors?

I would suggest that the slow CPC in advance of an IPO route be eliminated. Business owners need something faster and cost effective.

I would also suggest that the US styled crowdfunding approach method be avoided in Canada. This approach does not provide the client with advice or even a prospectus like document on which to base a prudent investment decision.

I would suggest that an accelerated IPO process be developed which would allow smaller firms to come to market on terms that make sense to them. I would likely place a cap at $ 25 million raised. Anything beyond this could be for the major bank owned firms to do a traditional IPO. These smaller issues could provide a needed light for the smaller investment dealers.

Rather than an exhaustive lawyer written IPO, I would suggest that the traditional prospectus disclosures be used as a guideline but for a package that is less legalese than a normal IPO. Unless audited statements are already prepared by the issuer, I would not want them to incur the added cost.

The IPO document would be uploaded onto a regulated investment dealer site where potential investors could review and make subscriptions. The role of the investment dealer would be:

- to provide some cautionary advice as to the new or small issuer risk
- to affirm that the minute books are current
- to affirm that all of the tax and regulatory filings have been made
- to affirm that the principals have no adverse character flaws (legal, tax or securities matters).

Rather than the normal underwriter sign off, I would be opined to say that the principals of the issuer attest that the document is of full, fair and plain disclosure. This places the onus on them to be law abiding.

On a going forward basis, the issuer would be required to perform audits, hold annual meetings and follow the routine disclosure rules.

As for market transparency, perhaps trades in these issuers could be handled through a special section on the TSX or other small issuer exchange.

However, the big difference that I can see is that the fees for all of the work be variable with the amounts raised say no more than 10% of the amount raised.

Kind regards,

Peter Swire, CMA