

April 2, 2014

To: British Columbia Securities Commission

Alberta Securities Commission

Financial and Consumer Affairs Authority (Saskatchewan)

Manitoba Securities Commission

Ontario Securities Commission

Autorité des marchés financiers

Financial and Consumer Services Commission (New Brunswick)

Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island

Nova Scotia Securities Commission

Securities Commission of Newfoundland and Labrador

Registrar of Securities, Northwest Territories

Registrar of Securities, Yukon

Superintendent of Securities, Nunavut

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**Re: CSA Request For Comments NI 45-106 prospectus and Registration Exemptions**

**Delivered via e-mail**

Dear Sirs and Madame's;

I would like to thank the CSA for being proactive in looking at ways to make Canadian securities regulation more effective and efficient.

I will comment specifically on several areas of NI 45-106, and generally with regard to the overall premise of the Accredited Investor Exemption.

#### 45-106 F-9

If I am interpreting the requirements of this document, it will mean that the broker must sign verifying that the purchaser is accredited and the dealer must sign verifying that the purchaser is accredited. In the case of a syndicated deal, that also includes a selling group, I must assume that all dealers and brokers involved must sign these documents, thus creating multiple documents for each purchaser. It follows that there will be required to be an exchange of subscriber information up and down this chain.

Not only is the above scenario a very complicated one to complete, it also creates questions of the sharing of private information and thus creates a concern for me regarding the various Privacy Acts of the different jurisdictions. Further, the requirement basically implies that the regulators do not have comfort that the Know Your Client, Suitability, New Client Application Form process, registrant compliance departments, and registrant corporate finance departments, are sufficient to insure that the exemption in question is being applied correctly. What is the value of becoming a registrant and having to comply with all of its inherent regulation if the regulators are not going to acknowledge and rely upon this process?

I am struggling to understand why the CSA is contemplating putting in place a rule that does not differentiate between registrants and non-registrants? The regulators have allowed dual classes of who can sell securities in Canada, but then they are trying to layer a one size fits all requirement over top of these disparate registrant and non-registrant groups.

#### Accredited Investor

The very premise that the Accredited Investor Exemption is also a one size fits all exemption, makes absolutely no sense at all. Again, what is the value of being a registrant or a publicly traded company if both of these parties are restricted by the same Accredited Investor exemption that can be used by non-registrants and non-public companies?

An enormous amount of money and time is expended by both registrants and public issuers on costs and training related to being a registrant and a public company. Both comply with rules and regulations concerning disclosure, liability, professionalism, compliance, and so on. These facts must be recognized by the CSA and the securities regulators, and this recognition must be reflected in policies regarding the raising of capital from the investing public. It is time to modify the Accredited Investor Exemption so that it correctly reflects the due diligence value of having a registrant and or public company involved.

Underlying all of this is the question of why are we doing this? In order for anyone to comment in a meaningful manner, and in order for the regulators to regulate in a meaningful manner, we must know what the problem is that we are now providing a solution for. Where and what is the data that shows abuse of the Accredited Investor Exemption? If there is abuse, is it largely weighted in the exempt and non-registrant area, or is it in the registrant area? This is critical data that must be provided and discussed in order to create policy that could possibly have a very negative and costly impact on the capital markets.\*

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**\*The above views are those of Darrin Hopkins. These views should in no way be construed to be the views of Darrin Hopkins' employer nor the views of any of the committees of which Darrin Hopkins is a member.**