April 24, 2014

denise.weeres@asc.ca

Denise Weeres
Manager, Legal, Corporate Finance
Alberta Securities Commission
250 – 5th Street SW
Calgary, Alberta T2P 0R4

and

consultation-en-cours@lautorite.qc.ca

Me Anne-Marie Beaudoin
Directrice du sécretariat
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal, Québec H4Z 1G3

comments@osc.gov.on.ca

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor
Toronto, Ontario M5H 3S8

Re: CSA Proposed Amendments Relating to the Offering Memorandum Exemption

---

Dear Madams:

I am writing to comment on the proposed amendments to NI 45-106, in particular the proposed annual investment limits for non-accredited investors.

I am a Due Diligence Analyst working for Insight EMRA, Inc. As an analyst, my job is to assist Exempt Market Dealers in complying with the Know-Your-Product (KYP) requirement through assessing the profitability and risks present in Exempt Market products.

Although the spirit of the proposed amendments is to limit the risk incurred by individuals investing in the Exempt Market, these changes, far from achieving their goal, will adversely affect non-accredited investors and private issuers. The proposed amendments should not take place and these are the reasons why:

- **Impact on Non-Accredited Investors**: The proposed aggregate investment limits of \$10,000 and \$30,000 will generate a significant decrease in the non-accredited investors' ability to diversify their wealth. Considering that a large number of offerings under the OM exemption require minimum investments of \$25,000 and above, individual investors will not be able to reduce risk through diversification, producing exactly the opposite effect intended by the proposed amendments. These are just 3 examples of recent offerings under the OM exemption with minimum subscriptions of \$25,000: InvestPlus Vantage LP, LiveWorkPlay Winnipeg Developments Ltd, Brookdale Realty Corporation. If the amendments are imposed, clearly not eligible investors would not have the chance to invest in these products, and individuals who are not accredited investors will not be able to diversify their wealth in the Exempt Market.

- **Impact on Private Issuers**: The proposed amendments will greatly diminish the private issuers' ability to raise funds for their projects. Some excellent products in the Exempt Market are funded entirely through the OM prospectus exemption. The vast majority of the funds are provided by individual investors. It is hard to measure the negative economic impact that these regulatory changes will generate if they are approved, but these changes will definitely affect the economic growth of local communities.

At the same time, the decision to determine how much an individual should allocate in any investment product should entirely rely on the individual's judgment. There are no regulatory investment limits in the public markets, or in any alternative investments. This makes perfect sense since in a free market supply and demand are never limited, they naturally find their balance. The proposed amendments will not only arbitrarily affect the supply of funds and the demand for Exempt Market products, but will also directly affect the freedom that individuals have to decide regarding where to invest their wealth. Exempt Market Dealers and Exempt Market Representatives already provide investment guidance to individual investors as both EMDs and EMRs have to comply with the KYP and KYC requirements. Moreover, The KYP requirement is reinforced by the Due Diligence conducted by specialized companies such as Insight.

This submission is being made on my own behalf.

If you would like further elaboration on my comments, please feel free to contact me at federico@insightemra.com.

Regards,

Federico Ramirez
MBA, Finance

CC:

Cora Pettipas
Vice President, National Exempt Market Association
cora@nemaonline.ca