

Date

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and

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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.

As a long time advisor in both Europe (Holland to be specific) and Canada I have seen many changes in landscape and legislation that have all involved the “investor protection” stamp put being put on them. Some of these resulting in a positive change, however some do not achieve the intended result.

Let me start by stating I fully agree with the intent to protect the investor as I am one myself. I also can see the value in something that is easier to monitor. I am writing you this letter from an investor perspective as your proposed amendments affect me that way on a personal level.

I applaud the changes made a few years ago when regulation protected the investor and public by mandating the following : EMD structure, the licensing, the E&O requirements etc etc. It was amazing process to witness, in that it really “cleaned up” the industry on a local level.

I can also see your perspective for the proposed changes, yet believe there are many ways to achieve a solution that satisfies all parties. Granted, there have been some serious issues in our industry, yet it seems unfair and unwarranted if we allow all future decisions to be tainted by past issues. As we used to say in Holland (my place of birth), many roads lead to Rome.....now, which one make sense ? if you know what I mean.

I do not believe putting a annual Cap on a non-accredited investor is serving that investor from multiple angles, of which I will name a few I hope will resonate with you as you consider the impact of this important decision :

- It seems unusual to have one part of the investment spectrum capped with an annual amount. As an investor I would ask : “why cannot I decide for myself what to do with MY money based on my experience and expertise ?
- What happens If I do not see a viable option this year, but see one next year ?. Will this Cap adjust or carry over ?
- What if the viable option is presented to me in October/November yet by the time it “closes” it is January ? Am I now in a new year, did I “lose” the Cap from last year ?
- Will the Cap accumulate over time like the TFSA-room does ? After all, I might sell 400k in (private) equity which would then be available and can now be spread over 10-20 projects ?
- No caps on mutual funds, no caps on stock and bonds and lets be honest, those have unpredictable natures as well. Why should we then be expected tp have such different guidelines on the private equity side ?. Kind of a “stay out of my wallet” where again it should be the investors decisions what to do with their money.
- If a regulator now has the ability to limit/cap my choices, how can I make the right ones for myself as an investor, when they are not then ones involved in the particulars of my situation and/or investments ?
- What if I have a success full and proven investment strategy pay back an amount over the Cap ? I am not allowed to pursue that strategy going forward and secure my financial future if I choose to do so ?
- Will I run the chance as an investor to be approached by hit-and-run salespeople, after all, their only goal could be the 30k annually and no interest in me as a client so suitability becomes an issue maybe ?
- Will I as an investor only be approached with the highest paying product or actually the best suited one for me, again goes back to the “suitability over Cap” point.
- The economic impact of the good projects has to account for something as well. Look at job creation, livelihoods, taxes etc etc. It is said one of the ones I am invested in, the new hotels on Calgary airport have a projected economic impact of 500 mln to the city of Calgary. This now generates jobs, taxes, livelihoods etc
- The Cap seems to send me back to the bank and mutual fund industry which in all reality is a choice I need to be making, not the regulator, is it ?

Now, I do not want to leave you on a negative tone, or have you feel there is no compromise, as I actually see several :

- It really should be about “suitability” of any investment to any client. This alone would serve as a protective measure more than any Cap ever could.
- There can and should be more clearly defined rules for issuers of investments where it pertains to their ability to produce audited financial statements, quarterly reports, background checks, criminal record checks, potential fines and overall clarity of said investment by maybe having a standard OM template. Making the barrier for entry for these firms controlled and reporting bigger would serve protection of said investor way better than an annual cap ever could.
- Another option would be to implement certain educational standards for EMD’s, their reps and advisors in general, something the insurance side is actively doing.
- Put in place a system where an issuer only gets access to the funds by legal mandate when the development or business model is executed as outlined in the OM.
- Make a difference between the clients obtaining advice thru the approved and educated channels like EMD’s, their Reps etc versus the referral arrangements out there.

This submission is being made on my own behalf. It is my 2 cents and intended to secure and strengthen my position as an investor, something I hold in high regard as I do for my clients as well.

I know and realize being in B.C. the proposed changes could be different here yet my investors live in various other provinces as well and from that perspective this was written.

If you would like further elaboration on my comments, please feel free to contact me at info@twinviewfinancial.ca.

Regards,

Ivo Damme C.H.S.

CC:

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