

May 16, 2014

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cc: Cora Pettipas, NEMA (cora@nemaonline.ca)

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 very glad to see the exempt market growing and evolving. The growing pains are apparent as regulators and stakeholders strive to balance investor protection with capital raising efficiency.

I appreciate the 30,000 annual limit being considered and am sure, in light of all the crowd funding opportunities the internet affords, it would help limit an investors exposure to loss.

However, there should be no absolute limit on an investor who is using a registered dealing representative and, in turn, an exempt market dealer.

I believe the existing method of know your client and know your product should be maintained.

There is no fairer and reliable method to balance investor protection and capital raising efficiency than by the current custom approach.

The hard cap approach is akin to saying all people must wear shoes size 6 or smaller.

The current KYC/KYP suitability approach is the intuitive, measure your feet and purchase the shoe that accommodates your size approach.

I also believe technology is rapidly evolving capital raising activities. These new crowd funding activities could rightfully be given a hard cap as a temporary band aid to assist regulators struggling to keep pace with change but should not replace existing KYC/KYP regulations.

I am pleased the regulators are seeking to improve access to private investments through regulation. Please make it a process of layers and evolutionary refinement instead of a demolition and rebuild project.

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 james.okano@pinnaclewealth.ca

Regards,

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