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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 secrétariat
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 responding to the proposed amendments to NI 45 – 106 and in particular to the changes relating to the “annual investment limit” for non-accredited investors.

I am a tax consultant and an investor in the “exempt market”; and have seen a number of disasters as it relates to “correlated asset” classes. In many cases monthly income was set up and then in the melt down of the markets this income stream had all but dried up. Individuals had little choice but to find meaningful employment at the age of 70+ years to maintain their life style or sell off securities. They had not only seen monthly incomes evaporate but as well as a decline in the principal portion of their investment portfolio. The “Exempt Market” has allowed these individuals and businesses to restore monthly incomes in a regulated environment. This should be expanded not retracted.

The effort of these amendments appear to be a lobby by the “Mutual Fund” and “Banking” industries in an effort to control how hard working Canadians can invest their investment funds. However there are no such limits or regulations placed on these entities. This attempt is just wrong to limit an investor’s choice and freedom to invest where he or she chooses in a free country.

Presently, investors can invest 100% of their life savings in the TSX, purchase revenue property, leverage their personal residence by 95%, purchase art and even go to the casino and gamble everything without any interference from Government or regulatory bodies.

Exempt Market products provide excellent stability of income for retired folks who for various reasons have not “saved” adequately for their retirement. A 1.5%/2.0% return falls far short of their income requirements. As well, small businesses are able to provide economic growth for Canada by raising funds in this manner. This is a win/win for all parties and for Canadian citizens.

Quite frankly, it is my opinion private equity investments which are properly researched and diversified are not as volatile as the stock market. This is very appealing to the “average investor”. The Exempt Market ensures investors are fully informed on the type of investment, time frame, and expected return of the investment. Many average investors in the “mutual fund” market could not tell you what he or she is invested in nor the anticipated return.

This attempt is an insult to average Canadians and their ability to invest in products that are suitable for their specific and individual needs and circumstances.

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 e.thomas@sasktel.net.

Regards,

Earl Thomas

CC:

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