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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 Sirs or 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 licensed Exempt Market Dealing Representative, I commend you for taking steps to standardize the Exempt Market industry across Canada. I believe this is being done with good intentions of being a step forward for investors and the industry as a whole.

But I am very concerned about the impact of the proposed $30,000 maximum per non-accredited investor annually. I believe this makes this new proposal actually a step backwards instead of a step forwards. I believe this will hinder investors, licensed dealing representatives and EMD's.

Though I believe the $30,000 annual restriction was meant to reduce investor losses due to fraud, there are already sufficient protection mechanisms in place by the regulations of the OSC. Currently, when an investor invests through a dealing representative that is licensed by the OSC, because of the due diligence by the EMD and the regulation protocols already in place by the OSC, I believe there is sufficient oversight and regulation to minimize investor fraud and losses. Also, this exemption indicates that $30,000 is an acceptable loss. I don't believe any loss is acceptable.

I work hard to diversify my clients' portfolios, and this limit will hinder me in putting clients into several products to lower their risk. Many exempt market products have a $25,000 limit, which would require the investor, if they want to invest in that product, must put the whole $30,000 in one product.

This limitation encourages a mechanical, "non-thinking' approach when getting to know your client. How can investors be limited by the regulators to only invest $30,000 if they have the means and knowledge to invest more? I don't believe it should be regulated so that an investor with an income of $75,000 as opposed to the investor with income much higher (ie. Up to $199,000), should have the same maximum investment. This hinders, rather than helps, many investors from choosing products for their portfolio that will help them stabilize and reduce their risk by investing in different asset classes. It is my responsibility as a licensed dealing representative to get to know my client (far beyond the scope of the KYC) so that I can guide them in setting exempt market investment limits and diversifying their overall investment portfolio.

There are also large ramifications for those clients who have invest $30,000 in the future or already have more than $30,000 into exempt products using registered funds (RSP, TFSA, etc.). When these clients' investments come due and they are ready to reinvest, how do they take advantage of the growth they have experienced in that registered investment to reinvest it into one or more exempt market products? As TFSA contributions are at $31,000, does that mean investors will only be able to invest $30,000 and will have to leave the balance in a low interest opportunity? I believe this is extremely restrictive and unfair to clients who are already invested in exempt products already or will invest $30,000 in the future and will have over $30,000 to reinvest when their investments mature.

I believe this could have a catastrophic negative effect on the Exempt Market industry that the OSC has so carefully built and regulated in order to provide safer and higher quality investment opportunities to investors. This limitation could make it extremely difficult for dealing representatives to be able to earn a living and EMD's would have a much more difficult time to raise the capital for businesses, and therefore could prove to not be viable in the long term. Investors who have had access to great Private capital products and are enjoying steady returns that help their portfolios grow and stay well ahead of inflation, will now be forced to move all but $30,000 annually to public market products, thus diversifying them less and increasing investor's overall portfolio risk.

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

Regards,

Pamela J. Stewart

Dealing Representative

Pinnacle Wealth Brokers

CC:

Cora Pettipas

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