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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 an investor and an exempt dealing representative, I am in disbelief of the proposed amendments to impose a limit of \$30,000 per year for non-accredited investors.

I am a registered dealing representative of one of Canada's largest exempt market dealers – Pinnacle Wealth Brokers Inc.

I hold the following designations: Certified financial planner - CFP and Certified health specialist - CHS.

When NI 31-103 was implemented in October 2010, I felt this was a big step in the right direction to ensure investor risk and suitability was first priority.

Prior to October 2010, investor well-being was not top priority – no KYC, no third party due diligence, no compliance review of investors subscriptions, no KYP for advisors, no certification for advisors and the biggest concern and still is; no regulation on the product issuers.

Since the establishment of the exempt market dealers with NI 31-103, investors are protected for suitability, risk and have third party compliance/due diligence information with the products they are investing in.

I believe the CSA is misguided in focusing their efforts on capping a \$30,000 per year limit and focus their efforts on the exempt product issuers.

We as advisors and EMDs can ensure the investors risk, suitability, full disclosure and product education have been addressed, but all of these steps will **NOT** protect investors from any fraudulent or misappropriation of funds by the product issuer.

The reason CSA wants to clamp down on investor limits is to prevent massive financial losses due to catastrophic failures from a product issuer.

If there were greater supervision and procedures placed on product issuers this would greatly reduce any companies failing from any kind of criminal acts and deviation from the offering memorandums.

The EMDs do their best to “police” the product issuers, but there needs to be greater restrictions placed on issuers.

The exempt market is important to provide capital to private companies (these companies otherwise would not likely receive lending from banks), which in turn help the economy grow and prosper.

- Job creation
- New tax revenue from real estate developments
- Wealth creation for investors who would not have the large sums of money required to pursue the types of investments exempt markets present.
- Private companies are vital to economic growth. (factoring, bridge lending and oil/gas investment)

With a \$30,000 limit, I am unable to diversify my clients. The exempt market allows me to truly diversify my client into an uncorrelated sector. A large portion of the public market is correlated, the variance being low, medium and high risk funds that have different standard deviations. I believe there is a need for public and exempt securities to help investors obtain wealth creation with the lowest amount of volatility.

I conduct thorough conversations with my clients in regards to the exempt market securities. To ensure investors have an understanding that ALL exempt products are considered high risk, they could lose all their money, liquidity risk, unknown time horizon, product fraud and misappropriation of funds are all factors to consider before investing.

The NI 31-103 is working; I believe the maximum of 25% if NFA into one exempt product and 75% of NFA limit into exempt products should remain as is. Should investors want to invest more as their right to do what they want with their money – a client suitability acknowledgement must be signed to invest over these imposed limits.

NI 31-103 has allowed the industry to grow and strengthen since its October 2010 adoption. Imposing low limits will have negative consequences on private companies and the local economy they thrive in.

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 scott.pollock@pinnaclewealth.ca

Regards,

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CC:Cora Pettipas

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