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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. I am strongly opposed to imposing annual investment limits for non-accredited investors.

I have been in the financial services industry since 1994 and since that time it has always been my goal to provide my clients with financial education and best-in-class products and opportunities to protect and enhance their income and assets. I initially started with an insurance licence, which I continue to hold, and a Mutual Fund licence, which I decided to drop in 2013.

After the market losses of 2008, I became disillusioned with traditional mutual fund investing and was actively seeking alternative investment strategies. It became apparent to me that the Public Equity Markets were exposing my clients to far more risk than anticipated, considering that many of my clients were in balanced portfolios. In 2013, I became an Exempt Market Dealing Representative, so that I could offer my clients diversification in the Private Equity Markets, which are not subject to the fluctuations of the more liquid Public Equity Markets.

As a proponent of saving for retirement, it is my goal to help and advise my family, friends and clients about the options available to them within the market place. My goals are to protect principal, maintain steady returns, create wealth and minimize tax consequences to the best of my ability. I strongly believe and support The Offering Memorandum Exemption and the Canadian Exempt Market because it allows me to provide these strategies and outcomes to my clients.

Traditional opportunities within the market place (ie. Mutual funds) have become very volatile due to many macro and micro economic factors resulting in a decrease in confidence and investment in the public market. These opportunities have also been over saturated with replication and redundancies resulting in more volatility, increased degrees of separation between clients and their money, and the highest management fees in the world averaging 2.5%. The Offering Memorandum Exemption and the Canadian Exempt Market mitigates all of these concerns for my clients.

Having the opportunity to provide the same options to my clients that have been traditionally only available to high net worth investors, institutional investors and pension plans allows hard working Ontarians the options to **diversify** their portfolios, **increase** their returns and **mitigate risk** and market volatility while **protecting their principal**

within real asset classes like the Canada Pension Plan and OMERS Pension Plan has. The Offering Memorandum Exemption and the Canadian Exempt Market allows the "every day investor" the options to invest in the growth of Canada's economy.

As a Dealing Representative in the Canadian Exempt Market, I am very proud to work for Pinnacle Wealth Brokers. I chose Pinnacle Wealth Brokers because, in my personal opinion, they are a leader in the Canadian Exempt Market when it comes to compliance, due diligence and investor protection. Pinnacle sets risk mitigation standards for Know Your Client information before entering the market place. They mandate over- exposure guidelines within the market and into one single issuer or product. They have a national extensive compliance team as well as mandatory weekly know your product calls for representatives and a mandatory annual compliance and know your product two day conference. Pinnacle strives to protect and inform each Canadian investor about the advantages and risks associated with the exempt market as indicated and enforced through the 2009 appointed investor protection regime, National Instrument 31-103.

I believe the implementation of NI 31-103 with its emphasis on Client Suitability has had a very positive effect on the industry and provided excellent guidelines for conversations with clients about investment selections.

I am extremely concerned that imposing annual investment limits for non-accredited investors would negatively impact my current and future clients in the following ways:

- Clients would be unable to properly diversify if they can only put \$30,000 per year into the Exempt Markets.
- Clients with larger amounts of investible assets who are looking to move money out of the public markets, or out of a company pension plan, will not be able to deploy all of their desired capital in the same year, leaving them vulnerable to the volatility of the public markets.
- Clients who are successfully exiting out of projects where they have already invested more than \$30,000 would not be able to re-invest the full amount of their capital and/or growth into the same Private Equity Markets that offered them the successful, profitable experience.
- Without the opportunity to invest a meaningful portion of their assets in cash-flowing investments with a predictable return (e.g., 8% annual return, paid monthly), my clients near or in retirement will have to resort to public market investments that are volatile to try to achieve the same cash flow, or accept a much lower cash flow and begin to deplete their capital.

My clients and I have had many intelligent, educational conversations about the benefits and risks of both Public and Private Equity Markets. An arbitrarily imposed \$30,000 annual investment limit is both insulting and detrimental to my clients who have made their decision to diversify in the Private Equity Markets.

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 larry.craig@pinnaclewealth.ca.

Sincerely,



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