June 10, 2014

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 sécretariat
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

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Dear Madams:

I have been a CA in public practice for almost 40 years (primarily serving small and medium sized local businesses). I have invested in the exempt market for many years. Upon my retirement roughly one year ago, I joined an EMD and became a dealing representative.

The new proposed rule limiting individuals who are not accredited to an investment of $30,000/year, should, in my opinion, be eliminated or significantly altered.

Why? I could provide a number of reasons but one is most important.

Arbitrary limit vs. serious assessment of what is suitable – This flat dollar limit could easily, in practice, mean that a $30,000 yearly limit per person would be acceptable as long as the person is eligible. And this is the limit unless the person is accredited. So a couple with a net worth of say $410,000 (say a house worth $610,000, a $200,000 mortgage and no investments) is treated the same as a couple with a 2 Million dollar clear title house, solid pensions and $950,000 in stock market investments. Clearly these 2 couples are dramatically different. I doubt that I would sell anything to the first couple while the second couple may well wish to move $100,000 or more to the right exempt market investments.

In public accounting, CAs in the USA loved arbitrary rules because it makes them difficult to sue. But the rest of the world adopted IFRS because the use of professional judgment typically produces far better decisions. Those documented judgments can be reviewed by others (and poor judgments can and should be open to lawsuits and the discipline of regulators).

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My own experience in this new industry is that my own EMD takes these judgments very seriously and provides very serious training in this area. It is very useful when clients push for excessive investing in a single product, to say that regardless if they want to buy this and even if they could persuade me, that my dealership simply would not allow this. Your legislation is new and I am sure everyone is still learning. However, I understand there is no data to point out the problems you are seeing. If the problems relate to the days before there was legislation, why move to fix what might not be broken?

Overall, I strongly suggest you hold EMDs and Dealing Representatives heavily accountable for poor judgments on what is suitable. This is how the industry will mature and provide another useful avenue for investors to diversify. But giving a wild disparate group of Canadians the same arbitrary rule is a highly dangerous course of action. Public accountants, all over the world, have learned to favor judgment vs. arbitrary rules. Surely this a mistake you can avoid.

If you would like further elaboration on my comments, please feel free to contact me at ojackson@raintreeemd.com.

Regards,

Sent via e-mail

Owen Jackson, CA
(Dealing Representative with Raintree Financial Solutions)

cc: Honourable Doug Horner
Minister of Finance, Alberta
doug.horner@gov.ab.ca

Honourable Charles Sousa
Minister of Finance, Ontario
charles.sousa@ontario.ca

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