

TO:

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The Secretary Ontario Securities Commission
20 Queen Street West 22nd Floor
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April 25, 2014

Me Anne-Marie Beaudoin - Directrice du secrétariat
Autorité des marchés financiers
800, square Victoria, 22e étage
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Ladies and Gentlemen:

I have recently learned of the proposed amendments to NI 45-106, in particular the proposed annual investment limits for non-accredited investors like myself. The proposed changes are a cause of great concern and distress to me. As a reasonably sophisticated investor, I believe I have the ability to complete the due diligence required to assure me of a solid, and potentially more profitable investment in the exempt market, than in the public market more often than not.

Throughout my financial history, I have made investments in both the public and Exempt Markets. I find the proposed changes that would have a regulatory body imposing artificial limits on how much I can invest in non-public equities, are not only incredible and shocking, but quite frankly patronizing. They go entirely against what I believe is my right of independent choice in a free market/laissez-faire economy. As a resident of BC, I already have that right.

As a small investor I am keenly aware of my level of risk comfort, and my investment decisions are not made lightly. I have found that there are private equity investments with higher risk and some with lower risk. I do not believe the investments I have in the stock market are any less risky than private market offerings. In some cases they carry a lot more risk than private equity because their value is not always reflected by how well the company is performing. Rather, public share values are often driven purely by the emotions of investors participating in the market.

The idea that public equities carry less risk than private ones, is contradicted by quotations I have read by some of the managers of the larger pension plans in Canada. They state that private equity, real estate and infrastructure have less risk and can produce more predictable returns than what you, the regulators would have me invest most of my money in: the volatile and unpredictable public markets.

Imposing annual investment limits that remove my right to invest just because I do not earn \$200,000 per year or have over \$1 million in investment assets, is not only

ludicrous but worse, discriminatory. Several of my friends who meet these qualifications are far less knowledgeable than I and are no better suited to making sound investment decisions than myself or the next person.

I think most people are highly concerned and selective respecting their personal investment decisions. Hence they take considerable time and careful effort to learn about and understand their investment opportunities, and can very well decide for themselves those which are best suited to them.

The exception to this is the great number of people (myself included), who have purchased mutual funds without really understanding how volatile they can be and how the many hidden fees reduce one's ability to earn a reasonable return. However, mutual fund managers seem to get away with this practice while the regulators allow it to continue, often and simply because these fund managers are big market players.

Some of us have relationships with people who are registered to offer exempt market investments through their registered Exempt Market Dealers. I value the time and care taken by my advisor/agent to ensure my comfort and knowledge respecting the investments I am offered, how long my money will be tied up for, what the security is (if any) that offers some protection of my capital, and what the expected return is likely to be. I have already been shown several examples of investments that I would really like to invest in but because there is no offering memorandum, I am prohibited from purchasing them.

There must surely be provisions in the Charter of Rights and Freedoms that protect me against regulators who are bent on making policy that would treat unaccredited investors like myself, as unknowledgeable and unsophisticated, and would severely restrict our rights to make personal informed investment decisions, and hence meaningful returns in an often shorter timeframe.

I appreciate that we have an existing regulated Exempt Market. One wonders why the CSA, OSC and other regulators seem to conduct themselves as if they are purely a Public Securities Commission, instead of a Public AND Private Securities Commission. Perhaps more staff, effort and resources from the regulators should be directed towards monitoring and ensuring compliance in both private and public markets; especially given that even in the public markets, compliance enforcement by the regulators often seems to fall abysmally short.

Finally, it seems to me that the proposed policy changes will only succeed in keeping ordinary, unaccredited investors from building wealth and economic gain, while the proverbial "rich get richer."

Please respect individuals' rights and freedom (whether or not they are accredited), to chart the course of their own personal financial futures. The proposed restrictions are in my view well outside the mandate of the regulators, and investors would be far better served if the regulators adequately performed the duties they already have.

Thank you for your time and attention. Should you have questions on my view expressed herein, please feel free to contact me.

Sincerely,

Susan L. Fraser
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