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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.

The proposed CSA contribution limits for exempt market investors under the OM exemption would be a step backwards from the NI 31-103 regime that was already successfully implemented.

I see many issues with the \$30,000 limit:

- 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 Exempt Market that offered them the successful, profitable experience in the first place.

- Pension Plans
 - Currently major Canadian Pension Funds such as, AIMCO and CPP, are increasing their commitment to private investment due to the steady, predictable, real returns. Individual investors who are not members of pension plans, which are many Canadians, would be restricted from such informed, knowledgeable investment options.
 - I have many clients who have moved their pension plans from previous employers into the Exempt Market Products in totals greater than \$30,000. If they transferred over a minimum \$30,000, this would not allow for them to invest inside their annual RRSP contribution.

Therefore, the proposed cap of \$30,000 / year for investors in the exempt market will increase the risks of their current and future investments with Exempt Market Issuers. Access to capital is vital for small and medium sized Canadian firms to grow and continue their mandate as set out in the OM when investors made their choice to add them to their portfolios.

Exempt market issuers create jobs and jobs create taxes for the government. There are far more successful Exempt Market Products than failed.

Canadian investors historically have never been interfered with by government regulators as to where and how much they may invest and I believe capping an investor's right to invest their hard earned money is a violation of their chartered rights and freedoms.

Observations:

First, in my opinion there should be *no limits*, and no categories like eligible and accredited...and certainly no \$30,000 annual investment cap. It's been my own experience that my clients have been offended by being categorized. It places a status of "unworthy" if they are ineligible. If they are simply "eligible" but not

“accredited”, they don’t understand it, they simply take offense that “a limit is placed on them as individuals”. I had been reassuring my clients that this was standard business practice and that the Securities Commission required we gather all the information to safeguard the investor. Since this proposal, I am stepping back and following the same thoughts my clients have shared. I am not aware of any other investment type (Mutual and Segregated Funds, Stocks, GIC’s, etc.) being forced to place any investment “cap” on individuals. How does this apply to the Canadian Charter of Rights and Freedoms?

- Upon reading the 72 page proposal: It’s my observation that there are so many rules, within rules, upon more rules, it makes your head spin. These rules are exhausting. When I take a step back and evaluate all that I just read, I have to ask what will it really achieve? Let’s be honest, will all these rules really protect anyone? It’s an impossible task. I understand, in light of past pre-regulated investments that there were investors that lost investment dollars. There are good practices being implemented that now have allowed this industry to move in the right direction. The public is capable of being responsible for its self, and should be made responsible for themselves. I see this as a huge step in the wrong direction. This would allow for investors to be in a better position to sue over any investment decisions they make for themselves. My point being, why invest all this energy into reinventing the wheel when what is in place is already working and moving the industry in the right direction?

- Why do we as advisors in any investment industry require:
 - investing our time and money into courses to earn designations and write exams to be able to offer investment products
 - implement a KYC, KYP, check off all the requirements before then handing it off to our compliance officers for review (of products our compliance and due diligence/ Exempt Market Dealers have researched before even allowing on our product shelf)
 - all the necessary steps if these proposed rules simply cancel out the need for it.

- Wouldn't this send the message that the Exempt Market Industry is being portrayed the most risky and worrisome investment available to the public due to annual caps?
- It's my observation/perspective that these imposed rules came about without any prior communication within the industry dealers. They appeared to be caught off guard or rather blindsided by the imposed rules and it made the securities commission look inconsistent. It's been my experience that I work within an industry that highly regards the current systems in place with its compliance and due diligence. It aims to build this exempt market space into one of strength, transparency and educating the public in hopes for it to become main-stream to all investors without prejudice. Our industry leaders highly regard the securities commission and stress that they aim to work as a team to better serve this ever growing industry that has helped shape our economy. When I read this 72 page package with all the time and energy and collaborative ideas within it...it reads like the industry leaders themselves were not consulted, like the left hand is unaware of what the right hand is doing when a great deal of input from securities lawyers, CFA's, EMD's, CCO's and the securities regulators themselves, went into creating NI 31-103 to increase investor protection.

In closing, I urge you to take the time to consider all the ripple effects this proposal will have on this industry. Thank you for your time and considering my letter. I wrote this letter on my own behalf and welcome further discussion.

Sincerely,

Glenda Buelow

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