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and

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The Secretary  
Ontario Securities Commission  
20 Queen Street West  
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Toronto, Ontario M5H 3S8

**Re: CSA Proposed Amendments Relating to the Offering Memorandum Exemption**

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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 what is considered to be an 'eligible' investor, and I have made a number of investments in the exempt market, as well as in other investment areas, both domestically and internationally. [I also make and manage investments – in the exempt, and other, markets - as a principal of a corporation, though I recognize that this proposed amendments does not affect me in that capacity *at this time*.]

To be very frank, I cannot fathom what the thinking is behind this initiative by the securities commissions. Yes I realize that it is being spun as a means to try to 'limit the risk' to investors, but it is very much 'nanny state'-ism that presumes that individual investors are irresponsible and cannot manage their own money, and that the 'authorities' must step in and 'help' us. This proposed change is, from my perspective, unprecedented, misguided, farcical, and perhaps even unlawful. It infringes on my rights to invest my after-tax dollars in a manner that I choose, and probably does not really address any actual problem if there is one.

Let me state very firmly my view that it is not securities commissions' responsibilities to control my investments by limiting my participation in certain, or any, investment areas, as is being proposed by the NI 45-106 amendments.

Why should there be 'capital controls' in *any* market, let alone the exempt market (which is supposedly being 'regulated' by the exchange commissions). There are no investment or spending controls in other markets, so why are the securities commissions attempting to unfairly restrict/punish the exempt market and industry by creating a non-level playing field? As individuals, we can freely invest (or spend) large sums of money in many other areas where no 'limits' exist - for example, the futures market (through international brokers), domestic and foreign real estate (through domestic or international agencies), precious metals, collectibles, the general stock market, recreational vehicles, lottery tickets, and, yes, even the casino. In all of those areas the basic rule 'caveat emptor' (i.e. 'buyer beware') applies, as it has for hundreds of years in the free world. Why is there now an attempt to control (limit) investment capital

(spending) in only one area (the exempt market) of the Canadian investment marketplace? This proposal is baffling.

If the securities commissions are truly concerned about risky investments in the exempt market, then they should focus their attention on addressing (regulating) such 'risky' developers or developments, rather than placing limits in *all* investments in the exempt market and trying to control how individuals invest their after-tax money. This is like wrapping all school children in bubble-wrap for recess because a few children (the exceptions) had incidents and were injured.

If allowed to proceed, these amendments will have serious (likely unintended) consequences. This will choke off the flow of development capital to private developers, which capital will be redirected into other investment areas. For example, in my case, I will not hesitate to invest my money in 'offshore' opportunities, where there are no spending caps. I suspect that many other investors will do the same, and therefore the net result would be that this change would curtail Canadian investments and redirect dollars to investments outside of Canada. Surely, that is not a desirable outcome!

It is equally silly that a 'fixed dollar' amount is being considered as a form of capital control. Surely there are many individuals with large sums of money available for investment, such that \$30,000 is only a small fraction of their overall (annual) investment capability. If a limit were to be assigned (which I strongly disagree with), then it makes no sense to apply a *fixed dollar* amount when there is clearly an extremely large range of investor capabilities. Such limitations will constrain the ability of investors to 'roll over' their money from one investment to another, again, choking off potential investment in legitimate opportunities in the exempt market.

In closing, I request that the securities commissions seriously reconsider these proposed amendments to NI 45-106, and revisit their mandates in 'protecting' the public. A famous politician once said something like "the government has no business in the bedrooms of the nation". I trust that my comments will be taken seriously.

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 [pgei@telus.net](mailto:pgei@telus.net).

Regards,



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