

16<sup>th</sup> June 2014

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## **Re: CSA Notice and Request for Comment**

### **Proposed Amendments to National Instrument 45-106 Prospectus and Registration Exemptions Relating to the Offering Memorandum Exemption in Alberta, New Brunswick and Saskatchewan**

Dear Sir/M'am,

I am writing in response to the proposed amendments to NI 45-106, CSA Staff Notice dated 20<sup>th</sup> March 2014 regarding the proposed annual investment limits for non-accredited investors.

I write to you as an investor, shareholder of an Exempt Market Dealer – Omnus Investments Ltd and as a registered dealing representative.

As an investor I feel the limits will restrict me in my ability to invest in tax products (RRSPs, flow throughs etc) that fall under the exempt category. This violates my rights as a Canadian citizen to restructure my taxation under the Canadian Income tax Act.

**KYC, KYP and suitability obligations are among the most fundamental obligations owed by registrants to their clients, and are cornerstones of our investor protection regime.** As suggested by you I agree with the \$10,000 limit for the non-eligible investors provided an independent registrant has determined the client suitability.

**Registrants are expected to comply not only with the letter of the securities law requirements themselves, but also with the spirit of the requirements.** With that onus the registrants are expected to conduct themselves that is consistent with the securities regulations.

**A meaningful suitability assessment is required.** By limiting an eligible investor to \$30,000 it does not protect the investor and it is best to allow the registrant to determine the amounts based on KYC and suitability.

In my opinion imposing any limit may in fact further expose the client to over concentration especially with issuer registrants.

The private capital markets or exempt as we call them have become quite recognizable for funding SMEs. During economic crisis it is the SMEs, which provide economic stability, unlike the large global Corporations. For their stability, efficiency and profitability the SMEs have become an attractive asset class for pension funds, par funds and endowment funds. So, this limit would restrict the opportunity for the eligible investor.

**Failure to adequately know your client may lead to a distribution of securities by an issuer or dealer in breach of a prospectus exemption, which is a serious breach of securities law.** As regards as investment advice is concerned it depends on whether the registrant is an issuer-EMD or a 'related' registrant. In such situations it is apparent that the 'related' registrant cannot provide impartial investment advice. There should

definitely be a distinction between independent registrants and 'related or non independent' registrants.

In our opinion as an independent EMD we should be able to provide advice similar to investment dealers where there are no set limits.

We really appreciate the regulators for allowing us to comment and value our view from a business perspective and the democratic way of collecting information and comment. We appreciate your efforts in wanting this industry to succeed as much as we do.

Thank you

Regards



Riki Roy  
President

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