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June 14, 2007

**To CSA, Security Regulators.**

**From: Focused Money Solutions Inc.**

**Suite 300 – 508 24<sup>th</sup> Ave S.W.  
Calgary, AB T2S 0K4**

**RE: CANADIAN SECURITIES ADMINISTRATORS (CSA)  
REGISTERED REFORM PROJECT (RRP) / National Instrument 31-103**

**Focused Money Solutions wishes to comment on the proposed  
RPP/NI 31-103.**

The RRP, as proposed, will severely limit the public's access to the "exempt market" place and the availability of good investments and small companies seeking capital for the following reasons:

1. The NI 45-106 is working very well and there are no public demands what we are aware of that would cause a change to a process that is already working fine.
2. Small companies seeking capital would subject to increased costs.
3. The financial entry level (capital, audits and bonding) would cause many brokers to not market except products.
4. The added requirements of education, capital requirements and audits for brokers and dealers are completely not necessary, since all investors acknowledge the Risk by signing a Risk Acknowledgement form and they subscribe on the basis of what is contained in the Offering Memorandum.
5. Audited Financial Statements are required anyway for most offerings. This should give the public comfort that the business is run properly.

Focused Money Solutions Inc. is also concerned that the ability to raise capital for small to medium size companies will be severely limited if not totally dry up. Most IDA firms would raise capital for small companies however they will not look seriously at small companies requiring only \$1-5 Million.

Also suggestions that a form of KYC would be required for investors. Focused Money Solutions Inc. would suggest that a change to the existing Risk Acknowledgement form

be made to include an abbreviated form of their investment objectives and understanding of the level of Risk (0-10), rather than a statement that the investor could loose ALL of their money. It is not practical to assume that a real estate investment in Alberta would result in the investor loosing all their money. Also there are certain products like our Bonded Life Settlements product that offer a guarantee of return by way of a reinsurance bond. In this case it is not practical to assume that they will loose all their money. There seems to us that there is enough disclosure in the Offering Memorandum and that further acknowledgements of Risk and KYC are redundant.

The proposal to have education requirements placed on licensees would only be relevant to the product that is marketed. It would be perhaps much simpler to demonstrate that there is product knowledge and expertise to run the business. This is exactly what investors look for anyway otherwise they will not invest. So attempts to regulate this are just simply adding more red tape to this market place. Eligible and accredited investors already understand this market and what they should be looking for. Again the appropriate Market Risks and Key Personal Risks are disclosed in the Offering Memorandum, which all investors acknowledge they have received and reviewed prior to subscribing to the offering.

How many times do they have to acknowledge the same thing?

Lastly the requirement for free working capital is completely not necessary. The Offering Memorandum clearly states the minimum amount of capital required by the business to operate. The OM is your capital requirements. Requirements for brokers to have a capital requirement is redundant since the money does not go to the Broker, it goes to the issuer, who has already stated the minimum amount of capital required to run the business. Capital requirements for the issuer and the broker are absolutely not required. Such a requirement would force many people out the business and affect many livelihoods.

The RRP is clearly designed to move the exempt market to IDA and MFDA firms at the expense of other industry participants and non-registered exempt issuers. There also has been no demonstration by the CSA that there is factual evidence that would warrant such a change in policy and regulations.

Yours truly,

Vic DeLaet  
President FMSI  
403-229-4420