

John Stevenson

Secretary

Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario
M5H 3S8
Fax (416) 593-2318
Email: jstevenson@osc.gov.on.ca

Anne-Marie Beaudoin

Directrice du secrétariat

Autorité des marchés financiers
Tour de la Bourse
800, square Victoria
C.P. 246, 22 étage
Montreal, Québec
H4Z 1G3
Fax: (514) 864-8381
Email: consultation-en-cours@lautorite.qc.ca

Re: Canadian Securities Administrators Registered Reform Project (RRP) and Proposed National Instrument 31 – 103 (NI 31-103)

The objective of this letter is to voice great concern over the proposed changes and introduction of NI 31 – 103.

I am writing to you as an investor and would ask that you consider my information when deciding my fate as such.

At anytime, if you wish to contact me directly, I welcome your questions and dialogue. You may contact me, Chris Charron at (403) 241-2255.

Background:

I have been investing for many years. I have, in the past, invested in mutual funds and the stock market. My experience has been dismal with mediocre results from fund dealers who are paid based on fee schedules and not on performance of the investments themselves. And, investing in companies such as Nortel Networks, Bre-X and the those run by the likes of Conrad Black.

While investing in the Exempt Market offerings, I have had excellent results and have come to know many of the players in the industry. My results have provided excellent returns.

I utilize professional advice such as legal and accounting firms as part of my due diligence process and look for investments that are:

1. real estate based investments
2. issued by reputable companies – with track records that are stellar
3. competitive investments – offering investors an array of many types of investment structures and returns that have met and exceeded projections
4. secured by titles, first mortgages, and property in general
5. bought by us as testament to our faith in the due diligence that we provide

Items that will adversely impact my investments:

1. the requirement for Exempt Market agents to carry \$50,000 to \$200,000 in working capital. The reason behind this requirement is neither outwardly apparent nor explained by the ASC. To me, it appears to be a vehicle to bar entry and eliminate/limit competition to the Investment Dealers Association (IDA) and the Mutual Fund Dealers Association (MFDA).

What happened to the free market system allowing for competition? Alberta has deregulated many aspects of enterprise. Why are we re-regulating this market segment? And, if the real purpose was to punish individuals or companies for serious offences through fines, then why are we not using the legal system that is already in place to properly punish the wrong-doers or criminals when fraud is committed?

2. The requirement for an institutional bond. The purpose of an institutional bond is for those that are actually holding investor funds. The reality is that my investments are purchased from a company that represents Issuers and I pay my money directly to those Issuers. I fail to see the purpose for this requirement, except, as in point 1 above, to restrict entry to small companies and limit or eliminate competition into this marketplace.

These 2 requirements will have a financial burden that cannot be borne by the small company I use to purchase Exempt Market offerings. The impact will be either:

- I will be subjected to additional costs that must be passed on to me or,
 - the costs are onerous and will force out those small companies I have been so successful in investing with and are in the business of raising capital and providing good investments to the average investor.
3. become a registered entity. I am not averse to this requirement but am concerned that fees charged by the ASC will be large. The reason why I anticipate this to happen is to fund their regulatory activities. The activities will include creating an administrative arm that, in my opinion, will be mired in bureaucracy due to the proposed changes being enacted.

In summary, these offerings are unique and must not be treated with broad-brush legislation that tries to make them into mutual funds and stocks. The proposed actions will ensure that entrepreneurs are restricted to conventional financing or eliminate access to this capital, as investors will no longer have the ability to invest in these lucrative opportunities. Small companies and/or single agents similar to those I have been working with will be forced out

of this industry due to onerous regulations and controls that do not protect anyone. In fact, these controls will kill free enterprise.

I believe that the harmonization process will take us to the most restrictive common denominator, all in the name of 'protecting the public'. The average investor will get shut out from investing in a no-fee investment arena and will not be allowed to make choices if agents are shut out as well. Issuers will have difficulty in finding capital without the performance-based agents.

Please consider my concerns and help me address the proposed actions that will effectively eliminate my choices in the market place and destroy a valuable service to entrepreneurs and investors alike.

Respectfully,

Chris Charron