

# Douglas G. Reeson

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British Columbia Securities Commission  
Alberta Securities Commission  
Saskatchewan Financial Services Commission  
Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
New Brunswick Securities Commission  
Registrar of Securities, Prince Edward Island  
Nova Scotia Securities Commission  
Superintendent of Securities, Newfoundland and Labrador  
Registrar of Securities, Northwest Territories  
Registrar of Securities, Yukon Territory  
Registrar of Securities, Nunavut

c/o John Stevenson, Secretary  
Ontario Securities Commission  
20 Queen Street West  
19<sup>th</sup> Floor, Box 55  
Toronto ON M5H 3S8

Anne-Marie Beaudoin, Directrice du secretariat  
Autorité des marchés financiers  
Tour de la Bourse, 800, square Victoria  
C.P. 246, 22 étage  
Montréal, QC H4Z 1G3

Dear Sirs and Mesdames:

**Re: Proposed National Instrument 31-103 Registration Requirements**

I have been active in trying to provide access for small companies to Canada's capital markets and keep the cost of capital to reasonable levels since 1980. I am currently involved with six small public companies.

I would like to respond to your request for comments published February 23, 2007 (the "Request for Comments") respecting proposed National Instrument 31-103 Registration Requirements and Companion Policy 31-103 CP ("NI 31-103").

Your proposal extends the limited market dealer registration category (to be called "exempt market dealer") to all or most jurisdictions without including the current exemptions from most of the requirements that apply to dealers generally.

Currently, limited market dealers in Ontario and Newfoundland (and persons performing similar functions without needing registration in other jurisdictions) provide a valuable service in assisting junior issuers in raising capital. These issuers often require financing in amounts that are too small to attract the attention of full service dealers. They rely instead on limited market dealers who can assist them in raising the necessary capital. The proposed new registration requirements would create a burden such that many, if not most, limited market dealers will leave the business.

For example, NI 31-103 would impose minimum capital and insurance requirements that are not currently imposed on limited market dealers. It is difficult to see a rationale for these requirements if a dealer does not hold client assets.

The extensive new record-keeping provisions and new audit requirements proposed in NI 31-103 would also be an impediment to entering (or remaining in) the business.

If the exempt market dealer registration category is introduced, it should also include the exemptions currently applicable to limited market dealers. This has proven a workable compromise in Ontario and should not create an insurmountable barrier in other jurisdictions.

Thank you for this opportunity to comment. Please do not hesitate to contact me for further information

Yours sincerely,

Douglas Reeson