

Dear John,

I am writing to voice my concern at the proposed changes to NI 31-103.

My husbands full time employment is with a brokerage that sells only exempt market securities and the following are some of the key issues we both have with the proposed changes:

1) To being with, there seems to be an overwhelming consensus with exempt market participants that there are currently no issues with the industry, so why are these changes being suggested and possibly implemented at all? From what I understand, British Columbia has opted out of any changes to the industry as they are aware of the crippling effects the proposals will have on their market and that most of the changes aren't necessary as there isn't sufficient evidence that there's a "problem". Why is Alberta's position so different?

2) I have a major concern with the implementation of the KYC form into the exempt market. Along with the vast majority of people that work in the exempt market industry, we are NOT financial advisors, planners or analysts and have NO INTENT of becoming either of these. I make it perfectly clear to the people we sell these securities to that we are not financial advisors and we don't have the qualifications or authority to ask for all of their financial info. Firstly, if we use KYC forms it will give clients a false impression of us being 'financial advisors' and secondly, it will force agents in the industry to feel obliged to provide financial advice which is not our intent. Additionally, why would someone want to show you their entire financial picture to make a \$10,000 investment? We are selling a product, not providing financial advice.

3) Another issue I have with KYC forms is that it will clash with the already mandatory Risk Acknowledgement form. How could someone invest in an exempt market security if their risk tolerance level was less than high? This is due to the fact that by the wording afforded by NI 45-106/Offering Memorandums, all exempt market securities are deemed high risk...even if that isn't the case.

4) Carrying of Client Cash. This seemed to be an issue at the Edmonton meeting put on by the Securities Commission. Of everyone I know in the industry, no one carries clients cash on them. The most we ever do is deliver bank drafts or cheques to the offering issuers.

5) From my experience in the industry and speaking with others that participate there hasn't been any real evidence provided to show that there's a problem in the current regime. Why fix something that isn't broken?

I sincerely hope that all of ours voices and opinions can be heard and taken into account. I look forward to your response on these matters of significant importance.

Your Sincerely

Lee-Anne CADzow